IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the attached prospectus (the "**document**") and you are therefore advised to read this carefully before reading, accessing or making any other use of the attached document. In accessing the document, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from us as a result of such access. You acknowledge that this electronic transmission and the delivery of the attached document is confidential and intended only for you and **you agree you will not forward, reproduce, copy, download or publish this electronic transmission or the attached document (electronically or otherwise) to any other person.**

In the European Economic Area ("**EEA**"), the document is only addressed to, and directed only at, persons in member states of the EEA who are "qualified investors" within the meaning of Article 2(1)(e) of the Prospectus Directive (Directive 2003/71/EC, as amended, including by Directive 2010/73/EU, to the extent implemented in the relevant member state of the EEA (the "**Prospectus Directive**")) and any implementing measure in each relevant member state of the EEA ("**Qualified Investors**"). In addition, in the United Kingdom ("**UK**"), this document is being distributed only to, and is directed only at, Qualified Investors who are: (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Order**"); or (ii) high net worth entities falling within Article 49(2)(a) to (d) of the Order; or (iii) persons to whom it may otherwise lawfully be communicated (all such persons together being referred to as "**Relevant Persons**"). This document must not be acted on or relied on (i) in the UK by persons who are not Relevant Persons, and (ii) in any member state of the EEA other than the UK, by persons who are not Qualified Investors. Any investment or investment activity to which this document relates is available only to Relevant Persons in the UK and Qualified Investors in any member state of the EEA other than the UK, and will be engaged in only with such persons.

THE SECURITIES REFERENCED IN THIS DOCUMENT MAY ONLY BE DISTRIBUTED IN "OFFSHORE TRANSACTIONS" AS DEFINED IN, AND IN ACCORDANCE WITH, REGULATION S UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**") OR WITHIN THE UNITED STATES TO QUALIFIED INSTITUTIONAL BUYERS ("**QIBs**") AS DEFINED IN AND IN ACCORDANCE WITH RULE 144A UNDER THE SECURITIES ACT ("**RULE 144A**"). ANY FORWARDING, REDISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS NOTICE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES OR IN ANY OTHER JURISDICTION AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED IN THE UNITED STATES EXCEPT (1) IN ACCORDANCE WITH RULE 144A TO A PERSON THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVES IS A QIB OR PURSUANT TO ANOTHER EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT; OR (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

Confirmation of your representation: By accepting electronic delivery of this document, you are deemed to have represented to Merrill Lynch International, Deutsche Bank AG, London Branch ("**Deutsche Bank**"), J.P. Morgan Securities plc (which conducts its UK investment banking activities as J.P. Morgan Cazenove) ("**J.P. Morgan Cazenove**"), Morgan Stanley & Co. International plc ("**Morgan Stanley**"), Numis Securities Limited ("**Numis**") (Merrill Lynch International, Deutsche Bank, J.P. Morgan Cazenove, Morgan Stanley and Numis together, the "**Banks**"), Auto Trader Group plc (the "**Company**") and Crystal A Holdco S.à r.l. and Crystal B Holdco S.à r.l. (the "**Selling Shareholders**") that (i) you are acting on behalf of, or you are either (a) an institutional investor outside the United States (as defined in Regulation S under the Securities Act, or (b) in the United States and a QIB that is acquiring securities for your own account or for the account of another QIB; (ii) if you are in the UK, you are a Relevant Person; (iii) if you are in any member state of the EEA other than the UK, you are a Qualified Investor; (iv) the securities acquired by you in the offer have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, any person in circumstances which may give rise to an offer of any securities to the public other than their offer or resale in any member state of the EEA which has implemented the Prospectus Directive to Qualified Investors; and (v) if you are outside the US, UK and EEA (and the electronic mail addresses that you gave us and to which this document has been delivered are not located in such jurisdictions) you are a person into whose possession this document may lawfully be delivered in accordance with the laws of the jurisdiction in which you are located.

This document has been made available to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Company, the Banks, the Selling Shareholders, or any of their respective affiliates, directors, officers, employees or agents accepts any liability or responsibility whatsoever in respect of any difference between the document distributed to you in electronic format and any hard copy version. By accessing the linked document, you consent to receiving it in electronic form.

A hard copy of the document will be made available to you only upon request.

You are reminded that this document has been made available to you solely on the basis that you are a person into whose possession this document may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver this document, electronically or otherwise, to any other person.

Restriction: Nothing in this electronic transmission constitutes, and may not be used in connection with, an offer of securities for sale to persons other than the specified categories of institutional buyers described above and to whom it is directed and access has been limited so that it shall not constitute a general solicitation. If you have gained access to this transmission contrary to the foregoing restrictions, you will be unable to purchase any of the securities described therein.

None of the Banks or any of their respective directors, officers, employees, affiliates, agents or advisers accepts any responsibility whatsoever for the contents of this document or for any statement made or purported to be made by it, or on its behalf, in connection with the Company or the offer. The Banks and any of their respective directors, officers, employees, affiliates, agents or advisers accordingly disclaim all and any liability whether arising in tort, contract, or otherwise which they might otherwise have in respect of such document or any such statement. No representation or warranty express or implied, is made by any of the Banks or any of their respective directors, officers, employees, affiliates, agents or advisers as to the accuracy, completeness, reasonableness, verification or sufficiency of the information set out in this document.

The Banks are acting exclusively for the Company and no one else in connection with the offer. They will not regard any other person (whether or not a recipient of this document) as their client in relation to the offer and will not be responsible to anyone other than the Company for providing the protections afforded to their clients nor for giving advice in relation to the offer or any transaction or arrangement referred to herein.

You are responsible for protecting against viruses and other destructive items. Your receipt of this document via electronic transmission is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

AutoTrader

What drives us is you

PROSPECTUS

MARCH 2015

Strictly Private & Confidential

This document comprises a prospectus ("**Prospectus**") relating to Auto Trader Group plc (the "**Company**") prepared in accordance with the prospectus rules (the "**Prospectus Rules**") of the Financial Conduct Authority (the "**FCA**") made under section 73A of the Financial Services and Markets Act 2000 (as amended) (the "**FSMA**"). A copy of this Prospectus has been filed with the FCA and has been approved by the FCA in accordance with section 87A of the FSMA and made available to the public as required by Rule 3.2 of the Prospectus Rules.

Application has been made to the FCA in its capacity as competent authority under the FSMA (the "**UKLA**") for all of the Shares of the Company, issued and to be issued in connection with the Offer, to be admitted to the premium listing segment of the Official List maintained by the FCA (the "**Official List**") and to the London Stock Exchange plc (the "**London Stock Exchange**") for the Shares to be admitted to trading on the London Stock Exchange's main market for listed securities (together, "**Admission**"). Admission to trading on the London Stock Exchange's main market for listed securities constitutes admission to trading on a regulated market. Conditional dealings in the Shares are expected to commence on the London Stock Exchange at 8.00 a.m. on 19 March 2015. It is expected that Admission will become effective, and that unconditional dealings will commence on the London Stock Exchange, at 8.00 a.m. on 24 March 2015. **All dealings in Shares prior to the commencement of unconditional dealings will be on a "when issued" basis and will be of no effect if Admission does not take place and such dealings will be at the sole risk of the parties concerned.** No application has been, or is currently intended to be, made for the Shares to be admitted to listing or trading on any other stock exchange.

Prospective investors should read the whole of this Prospectus. In particular, your attention is drawn to the risk factors described in Part II (*Risk Factors*) of this Prospectus that should be considered in connection with an investment in the Shares. Prospective investors should be aware that an investment in the Company involves a degree of risk and that, if certain of the risks described in this Prospectus occur, investors may find their investment materially adversely affected.

Auto Trader Group plc

(incorporated under the Companies Act 2006 and registered in England and Wales with registered number 9439967)

Offer of 590,000,000 Shares at an Offer Price of 235 pence per Share and admission to the premium listing segment of the Official List and to trading on the main market of the London Stock Exchange

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Joint Global Coordinator, Joint Bookrunner and Sponsor
Deutsche Bank

Joint Global Coordinator and Joint Bookrunner
BofA Merrill Lynch

Joint Bookrunner
J.P. Morgan Cazenove

Joint Bookrunner
Morgan Stanley

Lead Manager
Numis

Issued share capital immediately following Admission of 1,000,000,000 Shares of £1.50 nominal value

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Pursuant to the terms of the Offer, the Company is offering 195,893,193 New Shares, which will raise net proceeds for the Company of £437.0 million, which together with £540.6 million (net of costs) drawn down under the New Facilities Agreement and approximately £48.4 million from the Company's existing available cash, will be used to facilitate the Refinancing. The Selling Shareholders are selling 394,106,807 Existing Shares in aggregate, representing 39.4% of the issued Shares on Admission, which will raise estimated gross proceeds, in aggregate, for the Selling Shareholders of £926.2 million. This assumes no exercise of the Over-allotment Option. In addition, up to a further 88,500,000 Existing Shares (representing 8.9% of the issued ordinary share capital of the Company on Admission) may be made available by the Over-allotment Shareholders pursuant to the Over-allotment Option. The Company will not receive any of the proceeds from the sale of Existing Shares.

The New Shares to be issued pursuant to the Offer will, following Admission, rank *pari passu* in all respects with each other and with the Existing Shares and will rank in full for all dividends and other distributions declared, made or paid in respect of the Shares after Admission.

The distribution of this Prospectus and the offer of the Shares contemplated by this Prospectus in certain jurisdictions may be restricted by law. No action has been taken by the Company or Merrill Lynch International ("**BofA Merrill Lynch**"), Deutsche Bank AG, London Branch ("**Deutsche Bank**" and, together with BofA Merrill Lynch, the "**Joint Global Coordinators**"), J.P. Morgan Securities plc (which conducts its UK investment banking business as J.P. Morgan Cazenove ("**J.P. Morgan Cazenove**")), Morgan Stanley & Co. International plc ("**Morgan Stanley**") (Morgan Stanley, J.P. Morgan Cazenove and, together with the Joint Global Coordinators, the "**Joint Bookrunners**") and Numis Securities Limited ("**Numis**" or the "**Lead Manager**") (the Lead Manager and, together with the Joint Bookrunners, the "**Underwriters**") or the Selling Shareholders to obtain any approval, authorisation or exemption to permit the offer of the Shares or the possession or distribution of this Prospectus in any jurisdiction other than the United Kingdom. Persons into whose possession this Prospectus comes should inform themselves about, and observe, any applicable restrictions and legal, exchange control or regulatory requirements in relation to the distribution of this Prospectus. Any failure to comply with these restrictions and requirements may constitute a violation of the securities laws of any such jurisdiction.

This Prospectus does not constitute or form part of any offer to sell or issue, or any invitation or solicitation of any offer to invest in, any securities of the Company other than the Shares.

Prospective investors should only rely on the information contained in this Prospectus. No person has been authorised to give any information or make any representations other than those contained in this Prospectus and, if given or made, such information or representation must not be relied upon as having been so authorised. In particular, the contents of www.autotrader.co.uk do not form part of this Prospectus and prospective investors should not rely on it. The Company will comply with its obligations to publish a supplementary prospectus pursuant to section 87G of the FSMA and Rule 3.4 of the Prospectus Rules containing further updated information required by law or by any regulatory authority, but, except as required by the Listing Rules, the Prospectus Rules, the Disclosure and Transparency Rules or any other applicable law, assumes no further obligation to publish additional information. Without prejudice to the Company's legal or regulatory obligations to publish a supplementary prospectus, neither the delivery of this Prospectus nor Admission shall, under any circumstances, create any implication that there has been no change in the affairs of the Group since the date of this Prospectus or that the information is correct as of any time subsequent to the date of this Prospectus.

Each of Deutsche Bank, which is authorised under German Banking Law (competent authority: European Central Bank) and, in the United Kingdom, by the Prudential Regulation Authority ("**PRA**") and is subject to supervision by the European Central Bank and by BaFin, Germany's Federal Financial Supervisory Authority, and is subject to limited regulation in the United Kingdom by the PRA and the FCA, BofA Merrill Lynch, J.P. Morgan Cazenove and Morgan Stanley, which are authorised by the PRA and regulated in the United Kingdom by the PRA and the FCA, and Numis, which is authorised and regulated by the FCA, is acting only for the Company and will not be responsible to anyone (whether or not a recipient of the Prospectus) other than the Company for providing the protections afforded to clients of Deutsche Bank, BofA Merrill Lynch I, J.P. Morgan Cazenove, Morgan Stanley and Numis nor for providing advice in relation to the Offer or any transaction, matter or arrangement referred to in this Prospectus.

Apart from the responsibilities and liabilities, if any, which may be imposed on any of the Underwriters by the FSMA or the regulatory regime established thereunder, or under the regulatory regime of any jurisdiction where the exclusion of liability under the relevant regulatory regime would be illegal, void or unenforceable, none of the Underwriters accepts any responsibility whatsoever for, or makes any representation or warranty, express or implied, as to, the contents of this Prospectus or for any other statement made or purported to be made by it, or on its behalf, in connection with the Company, the Shares or the Offer, and nothing in this Prospectus should be relied upon as a promise or representation in this respect, whether or not to the past or future. Each of the Underwriters accordingly disclaims all and any responsibility or liability, whether arising in tort, contract or otherwise (save as referred to above), which it might otherwise have in respect of this Prospectus or any such statement.

Prior to making any decision as to whether to invest in the Shares, prospective investors should read this Prospectus in its entirety. In making an investment decision, each prospective investor must rely on his, her or its own examination, analysis and enquiry of the Company, the Shares and the terms of the Offer, including the merits and risks involved. Prospective investors also acknowledge that: (i) they have not relied on any of the Underwriters, the Selling Shareholders or any person affiliated with the Underwriters or the Selling Shareholders in connection with any investigation of the accuracy of any information contained in this Prospectus or their investment decision; (ii) they have relied only on the information contained in this Prospectus; and (iii) no person has been authorised to give any information or to make any representation concerning the Company or its subsidiaries or the Shares (other than as contained in this Prospectus) and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Company, the Underwriters or the Selling Shareholders.

None of the Company, the Directors, the Underwriters, the Selling Shareholders or any of their respective affiliates or representatives is making any representation to any prospective investor in the Shares regarding the legality of an investment in the Shares by any such prospective investor under the laws applicable to any such prospective investor. The contents of this Prospectus should not be construed as legal, financial or tax advice. Each prospective investor should consult his, her or its own legal, financial or tax adviser for legal, financial or tax advice in relation to an investment in the Shares.

The Company and the Directors (whose names appear on page 66 of this Prospectus) accept responsibility for the information contained in this Prospectus. To the best of the knowledge of the Company and the Directors (having taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and contains no omission likely to affect its import.

Date of Prospectus: 19 March 2015

NOTICE TO CERTAIN INVESTORS

The Shares are subject to selling and transfer restrictions in certain jurisdictions. Prospective investors should read the restrictions described under Section 10 (*Transfer and Selling Restrictions*) of Part XVI (*The Offer*) of this Prospectus. Each investor in the Shares will be deemed to have made the relevant representations described therein.

The distribution of this Prospectus and the Offer in certain jurisdictions may be restricted by law. No action has been or will be taken by the Company, the Directors, the Selling Shareholders, the Underwriters or any such person's affiliates to permit a public offering of the Shares or to permit the possession or distribution of this Prospectus (or any other offering or publicity materials relating to the Shares) in any jurisdiction other than the UK, where action for that purpose may be required. Accordingly, neither this Prospectus nor any other offering material may be distributed or published in any jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. For further information on the manner of distribution of the Shares, and the transfer restrictions to which they are subject, see Section 10 (*Transfer and Selling Restrictions*) of Part XVI (*The Offer*) of this Prospectus.

In particular, no actions have been taken to allow for a public offering of the Shares under the applicable securities laws of any jurisdiction including Australia, Canada, Japan or the United States. This Prospectus does not constitute or form part of any offer to sell or issue, or any invitation or solicitation of an offer to buy Shares to any person in any jurisdiction to whom or in which such offer or solicitation is unlawful.

Notice in connection with Member States of the European Economic Area

This Prospectus has been prepared on the basis that all offers of Shares, other than in the UK, will be made pursuant to an exemption under the Prospectus Directive, as implemented in member states of the European Economic Area ("**EEA**"), from the requirement to produce a prospectus for offers of shares. Accordingly, any person making or intending to make any offer within the EEA of Shares which are comprised in the Offer contemplated in this Prospectus should only do so in circumstances in which no obligation arises for the Company, the Selling Shareholders or any of the Underwriters to produce a prospectus for such offer. None of the Company, the Selling Shareholders and the Underwriters have authorised, nor will they authorise, the making of any offer of Shares through any financial intermediary, other than offers made by Underwriters which constitute the final placement of Shares contemplated in this Prospectus.

Notice to United States Investors

The Shares have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"), or the securities laws of any state or other jurisdiction of the United States. The Shares offered by this Prospectus may not be offered or sold in the United States, except to qualified institutional buyers ("**QIBs**") as defined in, and in reliance on, Rule 144A under the Securities Act ("**Rule 144A**") or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Shares are being offered and sold outside the United States in reliance on Regulation S under the Securities Act ("**Regulation S**"). Prospective investors are hereby notified that the sellers of the Shares may be relying on the exemption from the provisions of section 5 of the Securities Act provided by Rule 144A of the Securities Act or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

The Shares offered by this Prospectus have not been approved or disapproved by the United States Securities and Exchange Commission (the "US SEC"), any state securities commission in the United States or any other United States regulatory authority, nor have any such authorities passed upon, or endorsed the merits of, the Offer or the accuracy of this Prospectus. Any representation to the contrary is a criminal offence in the United States.

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENCE HAS BEEN FILED UNDER RSA 421-B OF THE NEW HAMPSHIRE REVISED STATUTES ("RSA 421-B") WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF THE STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE OF THE STATE OF NEW HAMPSHIRE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE INVESTOR, CUSTOMER, OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

Table of Contents

PART I

SUMMARY

Summaries are made up of disclosure requirements known as "Elements". These Elements are numbered in Sections A-E (A.1—E.7).

This summary contains all the Elements required to be included in a summary for this type of security and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element might be required to be inserted in the summary because of this type of security and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of the words "not applicable".

Section A—Introduction and warnings		
Element		
A.1	**Introduction and warnings**	This summary should be read as an introduction to this Prospectus. Any decision to invest in the Shares should be based on consideration of this Prospectus as a whole by the investor. Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member State, have to bear the costs of translating this Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus or it does not provide, when read together with the other parts of this Prospectus, key information in order to aid investors when considering whether to invest in the Shares.
A.2	**Consent for intermediaries**	Not applicable. The Company is not engaging any financial intermediaries for any resale of securities or final placement of securities after publication of this Prospectus.

Section B—Issuer		
Element		
B.1	**Legal and commercial name**	Auto Trader Group plc
B.2	**Domicile/Legal Form/ Legislation/Country of incorporation**	The Company is a public limited company, incorporated in the UK with its registered office situated in England and Wales. The Company operates under the Companies Act.
B.3	**Current operations and principal activities**	The Group is the operator of www.autotrader.co.uk, the UK's largest digital automotive marketplace (the "**Marketplace**"). The Group's primary activity is helping vehicle retailers to compete effectively on the Marketplace in order to sell vehicles. The Marketplace brings together the largest and most engaged consumer audience with the largest pool of vehicle sellers, which means the Group is able to offer the largest stock choice in the UK market. The Group does not own or sell any vehicles itself. The Group has successfully completed the transition from print (the Auto Trader magazine) to digital (www.autotrader.co.uk).

Section B—Issuer		
		As a result of the Group's market leading position, Auto Trader generates and collects large amounts of data on the UK's automotive marketplace, and it has been able to leverage its possession of such data to create a suite of services that are designed to allow retailers to market their brands and businesses effectively in the digital world, to buy the right vehicles at the right price and to manage their businesses by optimising their stock turn and vehicle margin. As a business with a 'mobile-first' approach, the Group's services are customised and optimised so as to be accessible across multiple devices, including mobile phones, tablets and desktops and all mainstream operating systems including iOS, Android and Windows Phone. The Group has achieved significant growth, increasing revenues from continuing operations from £209.1 million in FY12 to £218.9 million in FY13, representing an increase of 4.7%. Revenues from continuing operations increased to £237.7 million in FY14, representing an increase of 8.6% from FY13. In addition, revenues from continuing operations have increased 7.6% to £190.8 million for YTDQ315, compared to £177.4 million for YTDQ314. Adjusted Underlying EBITDA has increased from £114.7 million in FY12 to £120.7 million in FY13, representing an increase of 5.2%. Adjusted Underlying EBITDA increased to £136.1 million in FY14, representing an increase of 12.8% compared to FY13. In addition, Adjusted Underlying EBITDA has increased 15.6% to £116.2 million in YTDQ315, compared to £100.5 million for YTDQ314. The following defined terms are used in this summary: the 52 week periods ended 30 March 2014 ("**FY14**"); 31 March 2013 ("**FY13**"); and 1 April 2012 ("**FY12**"); the 39 week period ended 28 December 2014 ("**YTDQ315**"); the 39 week period ended 29 December 2013 ("**YTDQ314**"); and operating profit before depreciation, amortisation, impairment charges, exceptional items, share based payments, management incentive plans but after subtracting capitalised internal development expenditure, excluding expenditure incurred on building the SingleView order-to-cash billing system ("**Adjusted Underlying EBITDA**").
B.4a	**Significant recent trends**	Since 28 December 2014, Auto Trader has continued to benefit from favourable market conditions in the UK and broader confidence across the UK automotive industry. For the full year to 29 March 2015, the Directors expect retailer revenue to continue the trend established in YTDQ315. In FY16, the Directors expect continuing revenue growth, driven primarily by retailer revenue. In addition, the high drop-through of approximately 80% of incremental revenue to incremental Adjusted Underlying EBITDA is expected to lead to a further improvement in Adjusted Underlying EBITDA margin of approximately 1 percentage point.
B.5	**Group structure**	The Company has agreed to acquire the entire issued share capital of Auto Trader Holding Limited (formerly Auto Trader Group Limited) conditional upon and with effect from Admission, in accordance with the terms of the Reorganisation Agreement. At the date of this Prospectus, the Group comprises Auto Trader Holding Limited and its subsidiaries and subsidiary undertakings from time to time, which companies will form part of the Group following Admission. Auto Trader Holding Limited holds (through certain wholly owned intermediate holding companies) the Group's operating companies.

<table>
<tr><th colspan="3">Section B—Issuer</th></tr>
<tr><td></td><td></td><td>As at the date of this Prospectus, Auto Trader Holding Limited is wholly owned by the Selling Shareholders, certain members of Auto Trader's senior management team (or their family trusts), Victor A. Perry III and Ed Williams.</td></tr>
<tr><td>B.6</td><td>Major Shareholders</td><td>
At the date of this Prospectus, the Company is controlled by Crystal B Holdco S.à r.l., which owns 100% of the Company's issued share capital.
Insofar as was known to the Company, as at 18 March 2015, the following parties will directly or indirectly hold 3% or more of the issued share capital of the Company (following completion of the Pre-IPO Reorganisation and the Offer and assuming no exercise of the Over-allotment Option):
<table>
<tr><th>Shareholder</th><th>No. of Shares(1)(2)</th><th>% of total issued Shares(1)(2)</th></tr>
<tr><td>Crystal A Holdco S.à r.l. . . . .</td><td>129,410,549</td><td>12.9%</td></tr>
<tr><td>Crystal B Holdco S.à r.l. . . . .</td><td>211,143,783</td><td>21.1%</td></tr>
</table>
Notes:
(1) Following completion of the Pre-IPO Reorganisation described in Section 4 (Group Structure and Reorganisation) of Part XVII (Additional Information) of this Prospectus and the Offer.
(2) Assuming no exercise of the Over-allotment Option.
Other than the Selling Shareholders (together with their associates), the Company is not aware of any person who, directly or indirectly, jointly or severally, exercises or, immediately following the Offer, could exercise control over the Company.
Following Admission, no Shareholder will have any special voting rights over any Existing Shares and the Existing Shares will rank pari passu in all respects with all other Shares.
Certain investors are expected to acquire interests of more than 5% of the Shares available in the Offer (assuming the Over-allotment Option is exercised in full) through one or more funds.
The Company has entered into a relationship agreement with the Selling Shareholders (the "Relationship Agreement"). The principal purpose of the Relationship Agreement is to ensure that the Company is capable at all times of carrying on its business independently of the Selling Shareholders and that transactions and relationships with the Selling Shareholders and their respective Associates are at arm's length and on normal commercial terms (subject to the rules on related party transactions in the Listing Rules). In accordance with the terms of the Relationship Agreement, for so long as the Selling Shareholders (and/or any of their respective Associates, when taken together) hold voting rights over 20% or more of the Company's issued share capital, they and Apax Europe VII-A, L.P. shall collectively be entitled to appoint two non-executive directors to the Board and for so long as they (and/or any of their respective Associates, when taken together) hold voting rights over 10% or more, but less than 20%, of the Company's issued share capital, they and Apax Europe VII-A, L.P. shall collectively be entitled to appoint one non-executive director to the Board. Pursuant to the terms of the Relationship Agreement, subject to certain limitations and exceptions, the Company has undertaken to provide assistance to the Selling Shareholders in the event of a sale of Shares by the Selling Shareholders at any time following completion of the Offer and expiry of the Selling Shareholders' lock-up undertakings.
</td></tr>
</table>

Section B—Issuer		
B.7	**Selected historical key financial information**	The selected financial information set out below has been extracted without material adjustment from the audited historical financial information of the Group for FY12, FY13, FY14, YTDQ315 and unaudited historical financial information for YTDQ314.

The Group prepares its annual financial statements on the basis of a 52 week financial period ending on the Sunday closest to 31 March in each year. Financial period ends have been referred to as 31 March and 31 December throughout the consolidated historical financial information as per the Company's accounting reference date.

Consolidated Income Statement

	Years ended 31 March			Nine months ended 31 December	
	2012	2013	2014	2013	2014
				(Unaudited)	
	£m	£m	£m	£m	£m
Revenue	**209.1**	**218.9**	**237.7**	**177.4**	**190.8**
Administrative expenses before exceptional items and impairment charges	(98.0)	(103.4)	(112.1)	(82.3)	(86.4)
Exceptional items	(3.4)	(6.4)	(11.1)	(1.5)	(5.5)
Impairment charges	—	—	(15.8)	(15.1)	—
Total administrative expenses	(101.4)	(109.8)	(139.0)	(98.9)	(91.9)
Operating profit	**107.7**	**109.1**	**98.7**	**78.5**	**98.9**
Finance income	4.9	0.5	0.7	0.5	—
Finance costs	(89.2)	(86.8)	(95.7)	(63.3)	(87.4)
Finance costs—net	(84.3)	(86.3)	(95.0)	(62.8)	(87.4)
Profit before taxation	**23.4**	**22.8**	**3.7**	**15.7**	**11.5**
Income tax expense	(11.4)	(9.3)	(6.5)	(9.8)	(3.7)
Profit/(loss) for the period from continuing operations	**12.0**	**13.5**	**(2.8)**	**5.9**	**7.8**
Discontinued operations:					
Profit/(loss) for the year from discontinued operations attributable to owners of the parent	(4.5)	6.8	13.3	13.2	1.8
Profit for the year attributable to owners of the parent	**7.5**	**20.3**	**10.5**	**19.1**	**9.6**
Basic and diluted earnings/(loss) per share from continuing and discontinued operations					
From continuing operations (£)	12.00	13.50	(3.03)	5.90	40.84
From discontinued operations (£)	(4.50)	6.80	14.38	13.20	9.42
From profit for the year (£)	7.50	20.30	11.35	19.10	50.26
Adjusted profit measures					
Adjusted Underlying EBITDA	**114.7**	**120.7**	**136.1**	**100.5**	**116.2**
Adjusted underlying EBITDA Margin	54.9%	55.1%	57.3%	56.7%	60.9%

Section B—Issuer

Consolidated Balance Sheet

	As at 31 March			As at 31 December
	2012	2013	2014	2014
	£m	£m	£m	£m
Assets				
Non-current assets				
Intangible assets	366.8	373.6	338.4	332.2
Property, plant and equipment	5.5	4.8	4.3	8.9
Investments	3.2	3.2	—	—
Deferred taxation assets	4.9	5.6	4.8	5.3
Financial assets at fair value through profit or loss	1.4	0.6	—	—
	381.8	387.8	347.5	346.4
Current assets				
Trade and other receivables	35.8	34.9	52.9	52.0
Cash and cash equivalents	48.7	110.3	12.6	38.8
	84.5	145.2	65.5	90.8
Assets of disposal group classified as held for sale	1.8	2.0	2.2	0.8
	86.3	147.2	67.7	91.6
Total assets	**468.1**	**535.0**	**415.2**	**438.0**
Equity and liabilities				
Equity attributable to owners of the parent				
Ordinary shares	0.1	0.1	0.1	—
Preference shares	177.3	177.4	175.7	177.6
Share premium account	1.2	1.5	1.5	2.6
Accumulated loss	(1,054.0)	(1,033.6)	(1,023.2)	(1,035.0)
Other reserves	94.9	94.6	95.3	95.7
Total equity	(780.5)	(760.0)	(750.6)	(759.1)
Liabilities				
Non-current liabilities				
Borrowings	1,157.3	1,193.8	1,107.2	1,118.7
Trade and other payables	0.9	—	—	—
Derivative financial instruments	2.4	2.1	—	2.8
Deferred taxation liabilities	1.0	1.3	0.8	0.6
Retirement benefit obligations	0.8	—	—	0.2
Provisions for other liabilities and charges	3.9	4.9	4.6	3.1
	1,166.3	1,202.1	1,112.6	1,125.4
Current liabilities				
Trade and other payables	74.4	79.8	38.3	59.7
Current income tax liabilities	6.3	8.5	5.0	5.8
Derivative financial instruments	—	—	0.6	0.1
Provisions for other liabilities and charges	1.6	4.6	9.3	6.1
	82.3	92.9	53.2	71.7
Total liabilities	1,248.6	1,295.0	1,165.8	1,197.1
Total equity and liabilities	**468.1**	**535.0**	**415.2**	**438.0**

Section B—Issuer

Consolidated Statement of Cash Flows

	Years ended 31 March			Nine months ended 31 December	
	2012	2013	2014	2013	2014
	£m	£m	£m	(Unaudited) £m	£m
Cash flows from operating activities					
Cash generated from operations before exceptional operating items	141.9	146.0	134.0	97.4	110.9
Cash flows from exceptional operating items—continuing	(2.5)	(4.6)	(4.4)	(3.3)	(8.0)
Cash flows from exceptional operating items—discontinued	(0.5)	(0.4)	(2.2)	0.2	(0.2)
Cash generated from operations	138.9	141.0	127.4	94.3	102.7
Tax paid	(9.6)	(10.9)	(10.9)	(8.3)	(3.2)
Net cash generated from operating activities	129.3	130.1	116.5	86.0	99.5
Cash flows from investing activities					
Acquisition of subsidiary, net of cash acquired	—	(6.8)	—	—	—
Investment in shares of overseas company	(1.3)	—	—	—	—
Proceeds from disposal of subsidiary, net of cash disposed	1.1	—	32.3	32.3	—
Receipt of deferred consideration	0.3	0.4	0.1	0.1	—
Purchases of intangible assets—financial systems	(0.2)	(2.9)	(6.1)	(4.9)	(1.7)
Purchases of intangible assets—capitalised development spend	(9.9)	(10.6)	(4.9)	(4.9)	—
Purchases of intangible assets—other	(1.6)	(1.0)	(1.7)	(1.5)	(0.2)
Purchases of intangible assets—discontinued	(0.5)	(0.3)	(0.3)	(0.3)	—
Purchases of property, plant and equipment—continuing	(2.0)	(1.7)	(2.9)	(1.2)	(6.9)
Purchases of property, plant and equipment—discontinued	(0.5)	(0.2)	(0.4)	(0.4)	—
Proceeds from sale of—property, plant and equipment	1.7	—	0.1	0.1	—
Proceeds from sale of assets held for sale—discontinued	—	—	—	—	3.0
Bank deposit and other interest received	0.5	0.3	0.7	0.5	—
Net cash (used in)/generated from investing activities	(12.4)	(22.8)	16.9	19.8	(5.8)
Cash flows from financing activities					
Proceeds from issue of ordinary and preference shares	—	0.3	—	—	3.6
Redemption of Shareholder Loan Notes	(0.5)	—	(490.9)	—	—
Issue of Shareholder Loan Notes	0.5	—	—	—	—
Preference dividend and capital paid to company's shareholders	(109.6)	—	(2.5)	—	—
Ordinary dividends paid to company's shareholders	(100.4)	—	—	—	—
Loan to company's shareholder	—	—	(5.2)	—	(19.3)
Drawdown of Existing Junior Debt	—	—	358.4	—	—
Repayment of Existing Senior Debt	(584.2)	(2.1)	(664.7)	—	—
Drawdown of Existing Senior Debt	734.2	—	632.0	—	—
Payment of refinancing fees	(7.5)	—	(21.8)	—	(2.1)
Purchase of own Existing Senior Debt	(43.9)	(11.1)	(7.6)	(7.6)	—
Payment of interest on Existing Senior Debt and hedging instruments	(29.0)	(32.5)	(28.3)	(23.1)	(49.7)
Payment of other interest	(0.1)	(0.1)	(0.1)	—	—
Net cash used in financing activities	(140.5)	(45.5)	(230.7)	(30.7)	(67.5)
Net increase/decrease in cash and cash equivalents	**(23.6)**	**61.8**	**(97.3)**	**75.1**	**26.2**
Cash and cash equivalents at beginning of period	73.0	48.7	110.3	110.3	12.6
Exchange losses on cash	(0.7)	(0.2)	(0.4)	(0.4)	—
Cash and cash equivalents at end of period	**48.7**	**110.3**	**12.6**	**185.0**	**38.8**

Section B—Issuer		
		Other Financial Information ***Breakdown of Revenue***

	Years ended 31 March			Nine months ended 31 December	
	2012	**2013**	**2014**	**2013**	**2014**
				(Unaudited)	
	£m	**£m**	**£m**	**£m**	**£m**
Trade	169.3	181.5	198.4	147.9	159.8
Consumer services .	29.8	27.8	29.1	22.0	22.3
Display advertising	10.0	9.6	10.2	7.5	8.7
Total revenue	**209.1**	**218.9**	**237.7**	**177.4**	**190.8**

There has been no significant change in the financial condition or operating results of the Group during the period under review in this Prospectus nor since 28 December 2014, the date to which the audited financial information for the Group in Part XIII (*Historical Financial Information*) of this Prospectus was prepared.

B.8	**Selected key pro forma financial information**	Set out below is an unaudited pro forma statement of net assets of the Group as at 28 December 2014. It has been prepared on the basis set out in the notes below and in accordance with Annex II of the Prospectus Rules to illustrate the impact of the Offer (assuming no exercise of the Over-allotment Option), the draw down under the New Facilities Agreement, the Refinancing and the capitalisation of Shareholder Loan Notes on the net assets of the Group, had these taken place as at 28 December 2014. The unaudited pro forma information has been prepared for illustrative purposes only and, by its nature, addresses a hypothetical situation and does not, therefore, represent the Group's actual financial position or results. Such information may not, therefore, give a true picture of the Group's financial position or results nor is it indicative of the results that may or may not be expected to be achieved in the future. The unaudited pro forma information is based on the audited net assets of the Group as at 28 December 2014 as shown in Part XIII (*Historical Financial Information*) of this Prospectus. No adjustments have been made to take account of trading, expenditure or other movements subsequent to 28 December 2014, being the date of the last published balance sheet of the Group. The unaudited pro forma information does not constitute financial statements within the meaning of section 434 of the Companies Act. Investors should read the whole of this Prospectus and not rely solely on the summarised financial information contained in this summary.

Unaudited Pro Forma statement of net assets as at 28 December 2014

	Group net assets at 28 December 2014	Adjustments: Net proceeds from the Offer	Adjustments: Draw down under the New Facilities Agreement	Adjustments: Refinancing	Adjustments: Capitalisation of Shareholder Loan Notes	Pro forma net assets as at 28 December 2014
	£m	£m	£m	£m	£m	£m
	(Note 1)	(Note 2)	(Note 3)	(Note 4)	(Note 5)	
Assets:						
Non-current assets						
Intangible assets	332.2	—	—	—	—	332.2
Property, plant and equipment	8.9	—	—	—	—	8.9
Deferred taxation assets	5.3	—	—	(0.6)	—	4.7
	346.4	—	—	(0.6)	—	345.8
Current assets						
Trade and other receivables	52.0	—	—	—	—	52.0
Cash and cash equivalents	38.8	437.0	540.6	(1,018.5)	—	(2.1)
	90.8	437.0	540.6	(1,018.5)	—	49.9
Assets of disposal group classified as held for sale	0.8	—	—	—	—	0.8
Total assets	**438.0**	**437.0**	**540.6**	**(1,019.1)**	**—**	**396.5**
Liabilities:						
Current liabilities						
Trade and other payables	(59.7)	1.3	—	25.2	7.4	(25.8)
Current income tax liabilities	(5.8)	—	—	—	—	(5.8)
Derivative financial instruments	(0.1)	—	—	0.1	—	—
Provisions for other liabilities and charges	(6.1)	—	—	—	—	(6.1)
	(71.7)	1.3	—	25.3	7.4	(37.7)
Non-current liabilities						
Borrowings	(1,118.7)	—	(540.6)	986.5	132.2	(540.6)
Derivative financial instruments	(2.8)	—	—	2.8	—	—
Deferred taxation liabilities	(0.6)	—	—	—	—	(0.6)
Retirement benefit obligations	(0.2)	—	—	—	—	(0.2)
Provisions for other liabilities and charges	(3.1)	—	—	—	—	(3.1)
	(1,125.4)	—	(540.6)	989.3	132.2	(544.5)
Total liabilities	**(1,197.1)**	**1.3**	**(540.6)**	**1,014.6**	**139.6**	**(582.2)**
Net (liabilities)/assets	**(759.1)**	**438.3**	**—**	**(4.5)**	**139.6**	**(185.7)**

Notes

(1) The financial information as at 28 December 2014 has been extracted, without material adjustment, from the audited consolidated historical financial information of the Group as at 28 December 2014, as set out in Part XIII (*Historical Financial Information*) of this Prospectus.

(2) The adjustment reflects the receipt by the Company of net proceeds from the Offer of £437.0 million (through the issue of New Shares), after deducting underwriting costs and other fees and expenses of the Offer expected to be approximately £23.3 million (excluding VAT). Out of the £23.3 million of fees and expenses, £1.3 million of fees and expenses had been accrued as at 28 December 2014.

(3) On Admission, the Company will draw down £550.0 million of term debt under the New Facilities Agreement. Debt issue costs paid of £9.4 million will be amortised over the term of the New Facilities Agreement.

(4) The adjustment to borrowings as at 28 December 2014 represents the repayment of the Existing Debt principal of £990.4 million net of £3.9 million of unamortised debt issue costs that arose in connection with the Existing Debt and that will be written off to the consolidated income statement. Out of the total £990.4 million of the Existing Debt principal, £632.0 million represents balances outstanding under the Existing Syndicated Bank Loans Agreement and £358.4 million represents the principal outstanding under the Existing GSMP Junior Debt Agreement. In addition, £25.2 million represents a repayment of amounts accrued in respect of early repayment premium on Existing Junior Debt and interest payable on both the Existing Junior Debt and the Existing Senior Debt as at 28 December 2014. As a result of repayment of the Existing Debt, the related outstanding interest rate swap of £2.9 million will also be terminated, and the related deferred tax asset of £0.6 million will be written off to the consolidated income statement.

	Pro Forma Refinancing cash outflow as at 28 December 2014
	£m
Repayment of Existing Junior Debt principal	358.4
Repayment of Existing Senior Debt principal	632.0
Accrued interest and early repayment premium	25.2
Termination cost of interest rate swap	2.9
Total Refinancing	**1,018.5**

The adjustments do not take account of movements in the balances subsequent to 28 December 2014. The actual cash amounts to be settled are set out in Section 1 (*Summary of the Offer and Use of Proceeds*) in Part XVI (*The Offer*) of this Prospectus.

(5) Under the Pre-IPO Reorganisation as described in Section 4 (*Group Structure and Reorganisation*) of Part XVII (*Additional Information*) of this Prospectus, Shareholder Loan Notes of £132.2 million plus accrued but unpaid interest thereon of £7.4 million as at 28 December 2014 will be capitalised and then exchanged for Shares.

Section B—Issuer		
B.9	**Profit forecasts**	Not applicable. The Group has not made any profit forecasts which remain outstanding as at the date of this Prospectus.
B.10	**Audit report—qualifications**	Not applicable. There are no qualifications in the reporting accountants' report on the historical financial information.
B.11	**Insufficient working capital**	Not applicable. The Company is of the opinion that, taking into account the net proceeds of the Offer receivable by the Company and the debt facilities available to the Group, the working capital available to the Group is sufficient for the Group's present requirements, that is, for at least the next 12 months from the date of this Prospectus.

Section C—Securities		
Element		
C.1	**Type and class of securities being offered**	When admitted to trading, the Shares will have an ISIN number of GB00BVYVFW23 and a SEDOL number of BVYVFW2, and will trade under the symbol "AUTO". The Shares will, on Admission, comprise the entire issued and to be issued ordinary share capital of the Company.
C.2	**Currency**	The currency of the issue is United Kingdom pounds sterling.
C.3	**Issued share capital**	As at the date of this Prospectus, the issued share capital of the Company is £50,000, comprising one ordinary share of £1.00 and one redeemable preference share of £49,999 (the "**Redeemable Preference Share**") (both of which are fully paid). On Admission, there will be 1,000,000,000 Shares of £1.50 each in issue. All Shares in issue on Admission will be fully paid. The Redeemable Preference Share will not be listed and will be redeemed shortly after Admission out of the net proceeds of the issue of the New Shares.
C.4	**Rights attaching to the Shares**	The rights attaching to the Shares issued or sold pursuant to the Offer, including any Shares sold pursuant to the Over-allotment Option, will be uniform in all respects, including the right to vote and the right to receive all dividends and other distributions declared, made or paid in respect of the Company's share capital after Admission. The Shares will, immediately on and from Admission, be freely transferable under the Articles. Subject to the provisions of the Companies Act, any equity securities issued by the Company for cash must first be offered to Shareholders in proportion to their holdings of Shares. The Companies Act and the Listing Rules allow for the disapplication of pre-emption rights which may be waived by a special resolution of the Shareholders, either generally or specifically, for a maximum period not exceeding five years. Except in relation to dividends which have been declared and rights on a liquidation of the Company, the Shareholders have no rights to share in the profits of the Company. The Shares are not redeemable. However, the Company may purchase or contract to purchase any of the Shares on or off-market, subject to the Companies Act and the requirements of the Listing Rules.

Section C—Securities		
C.5	**Restrictions on transfer**	Not applicable. The Shares are freely transferable and there are no restrictions on transfer.
C.6	**Admission to trading**	Application has been made to the FCA for the Shares in issue on Admission to be admitted to the premium listing segment of the Official List and to the London Stock Exchange for the Shares in issue on Admission to be admitted to trading on the London Stock Exchange's main market for listed securities. No application has been made or is currently intended to be made for the Shares to be admitted to listing or trading on any other exchange.
C.7	**Dividend policy**	The Directors intend to maintain a capital structure that optimises the provision of long-term returns to Shareholders. The Directors expect sufficient cash flow to be available to meet the growth requirements of the business, to further reduce debt and to provide an income stream to Shareholders via a dividend. In the absence of unforeseen events, the current intention of the Board is to pay a dividend in relation to the financial year ending 27 March 2016 in the form of an interim and final dividend. The amount of the interim and final dividend and the precise timing will be announced at the time of the interim and final results, respectively. The Directors believe that following Admission the initial focus should be on reducing the amount of debt outstanding until net debt is at or below two times Adjusted Underlying EBITDA (the "**Debt Reduction**"). During this period of Debt Reduction, the Board's current intention is to maintain a dividend of approximately 10-20% of net income. Once the Debt Reduction is complete the directors will review the dividend level with a view to raising it to approximately one-third of net income. Once the Debt Reduction is complete, the Company may generate significant cash in excess of cash requirements for the growth of the business and dividend payments to Shareholders. The directors will consider how best to return such cash, if any, to Shareholders. The directors are likely to favour methods which enable a timely return, reflecting the limited requirements to retain cash in the business. Incentive schemes for senior executives have been designed so that the impact of any given method of returning cash should be neutral. The ability of the Company to pay dividends is dependent on a number of factors, including the availability of sufficient distributable reserves, and there is no assurance that the Company will pay dividends or, if a dividend is paid, what the amount of such dividend will be. The directors will review the Company's dividend policy from time to time.

Section D—Risks		
Element		
D.1	**Key information on key risks that are specific to the Issuer or its industry**	• UK automotive market conditions and UK macro-economic conditions may materially and adversely affect the Group's business, results of operations and financial condition. • Closure of automotive retailers in the UK and the reduction of vehicle stock for sale may materially and adversely affect the Group's business, results of operations and financial condition.

Section D—Risks		
		• The Group's business has a large dependency on the strong Auto Trader brand, and any failure to maintain, protect and enhance the Auto Trader brand, including as a result of fraud, or confusion with similar brands like www.autotrader.com could hurt its ability to retain or expand its base of retailers, consumers and advertisers, and its ability to increase the frequency with which they use its services. • The traffic on the Marketplace may decline and the Group's brands and business may be adversely affected if other companies copy the Group's information and publish or aggregate the Group's information with other information for their own benefit. • If the Group fails to generate, maintain and expand the number of vehicle advertisements on the Marketplace, or fails to maintain or increase its base of retailers who purchase vehicle advertisements on the Marketplace or to maintain or increase its revenue from existing retailers, the Group's traffic and revenue could be materially and adversely affected. • The Group relies on receiving a significant amount of the traffic to the Marketplace from search engines like Google, Bing and commercial partners. If the Marketplace fails to rank prominently in unpaid search results, or the Group fails to otherwise manage traffic on the Marketplace in a cost effective manner, the traffic to the Marketplace could decline and its business, results of operations and financial condition would be adversely affected. • The Group's business faces competition, and if it is unable to compete effectively, the Group's business, results of operations and financial condition would be materially and adversely affected. • If growth in online vehicle advertising becomes stagnant or does not continue, or a new form of data viewing appears that the Group cannot adapt to in a cost effective and timely manner, or at all, the Group's business, results of operations and financial condition could be materially and adversely affected. • The Group may not effectively maintain, scale and adapt its existing technologies and network infrastructure in a timely manner and generic failures of the internet or the Group's infrastructure may result in the Group not being able to provide its services for a period of time or at all. • The Group utilises certain key technologies and data from, and integrates its network with, technology, data and platforms of third parties, and the Group may be unable to replace those technologies if they become obsolete, unavailable or incompatible with the Group's services. • A major change to the way vehicles are sold or the way individuals own or acquire vehicles could have a material adverse effect on the Group's business, results of operations and financial condition. • The Group uses open source software, which may pose particular risks to its proprietary software and services. • The software underlying the Group's services may be subject to undetected errors, defects or bugs which could adversely affect its business.

Section D—Risks		
		• If the Group's security measures are compromised, or if its services are subject to attacks that degrade or deny the ability of its customers and consumers to access the Marketplace or the Group's marketing and management services, the Group's customers and consumers may curtail or stop using its platform.
D.3	**Key information on key risks that are specific to the Shares**	• Following Admission, the Selling Shareholders will retain significant interests in, and will continue to be able to exercise substantial influence over, the Group's business, and their interests may differ from or conflict with those of other Shareholders. • Substantial future sales of Shares, including sales by the Selling Shareholders, the Directors or Senior Managers following the expiry of the terms of the relevant lock-up arrangements, could adversely affect the market price of the Shares. • The Company is a holding company with no business operations of its own and depends on its subsidiaries for cash, including in order to pay dividends.

Section E—Offer		
Element		
E.1	**Total net proceeds of the Offer and estimated expenses**	Through the issue of New Shares pursuant to the Offer, the Company will raise net proceeds of approximately £437.0 million, after deducting the underwriting costs and other fees and expenses of the Offer expected to be approximately £23.3 million (excluding VAT). Through the sale of Existing Shares pursuant to the Offer, the Selling Shareholders will raise gross proceeds of approximately £926.2 million (assuming there is no exercise of the Over-allotment Option).
E.2a	**Reasons for the Offer and use of net proceeds**	The Directors believe that the Offer and Admission will position Auto Trader for the next stage of its development, by further raising the profile of the Group and providing an appropriate capital structure for future growth. On Admission, the Company will have available to it, in aggregate, £1,026.0 million ("**Available Funds**") from the following funding sources: i. net proceeds from the Offer of £437.0 million (through the issue of New Shares), after deducting the underwriting costs and other fees and expenses of the Offer expected to be approximately £23.3 million (excluding VAT); ii. £540.6 million of term debt under the New Facilities Agreement, having drawn down £550.0 million and paid debt issue costs of £9.4 million; and iii. £48.4 million from its existing available cash. Conditional on and with effect from Admission, Shareholder Loan Notes of £142.7 million (representing principal and accrued but unpaid interest thereon) will be capitalised and then exchanged for 60,714,318 Shares as part of the Pre-IPO Reorganisation, as set out in Section 4 (*Group Structure and Reorganisation*) of Part XVII (*Additional Information*) of this Prospectus.

Section E—Offer		
Element		
		The Company intends to use the Available Funds to facilitate the "**Refinancing**", being the repayment of £1,026.0 million. Out of this total: (i) £632.0 million represents balances outstanding under the Existing Syndicated Bank Loans Agreement; (ii) £358.4 million represents the principal outstanding under the Existing GSMP Junior Debt Agreement; (iii) £32.8 million represents the repayment of amounts outstanding in respect of an early repayment premium and interest payable on both the Existing Junior Debt and the Existing Senior Debt; and (iv) as a result of repayment of the Existing Debt, £2.8 million represents the outstanding interest rate swap that will also be terminated.
E.3	**Terms and conditions of the Offer**	The Shares subject to the Offer will consist of 590,000,000 ordinary shares issued and/or sold at the Offer Price. The Offer comprises an institutional offer under which the Shares are being made available: (i) to certain institutional and professional investors in the UK and elsewhere outside of the United States in reliance on Regulation S and; (ii) in the United States, only to persons reasonably believed to be QIBs in reliance on Rule 144A of the Securities Act or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. In addition, Existing Shares (representing up to 15% of the total number of Shares that are subject to the Offer) are being made available pursuant to the Over-allotment Option granted by the Over-allotment Shareholders. The Shares allocated under the Offer have been underwritten, subject to certain conditions, by the Underwriters. Admission is expected to become effective, and unconditional dealings in the Shares are expected to commence on the London Stock Exchange, at 8.00 a.m. on 24 March 2015. It is expected that dealings in the Shares will commence on a conditional basis on the London Stock Exchange at 8.00 a.m. on 19 March 2015. The earliest date for settlement of such dealings will be 24 March 2015. All dealings in the Shares prior to the commencement of unconditional dealings will be on a "when issued" basis, will be of no effect if Admission does not take place and such dealings will be at the sole risk of the parties concerned. None of the Shares comprising the Offer may be offered for subscription, sale or purchase, or be subscribed, sold or delivered, and this Prospectus and any other offering material in relation to the Shares may not be circulated, in any jurisdiction where to do so would breach any securities laws or regulations of any such jurisdiction or give rise to an obligation to obtain any consent, approval or permission, or to make any application, filing or registration other than the UK.
E.4	**Material interests**	The Directors consider that the Selling Shareholders have interests that are material to the Offer by virtue of the size of their existing shareholdings in the Company and the Group. The Company does not consider that these are conflicting interests, or that there are other interests, that are material to the Offer.

Section E—Offer

E.5 — Selling Shareholders / Lock-up arrangements

394,106,807 Existing Shares will be sold, in aggregate, by the Selling Shareholders pursuant to the Offer, as set out below:

	Interests on Admission		Shares to be sold pursuant to the Offer		Interests immediately following Admission	
Selling Shareholder	**No. of Shares(1)**	**% of total issued share capital(1)**	**No. of Shares(1)(2)**	**% of holding(1)(2)**	**No. of Shares(1)(2)**	**% of issued share capital(1)(2)**
Crystal A Holdco S.à r.l.	279,170,544	27.9%	149,759,995	53.6%	129,410,549	12.9%
Crystal B Holdco S.à r.l.	455,490,595	45.5%	244,346,812	53.6%	211,143,783	21.1%

Notes:

(1) Following completion of the Pre-IPO Reorganisation described in Section 4 (*Group Structure and Reorganisation*) of Part XVII (*Additional Information*) of this Prospectus.

(2) Assuming no exercise of the Over-allotment Option.

Lock-up arrangements

The Company is subject to a 180 day lock-up period following Admission during which time it has agreed not to issue or dispose of any Shares without the prior written consent of the Joint Global Coordinators.

Each of the Selling Shareholders is subject to a 360 day lock-up period following Admission, during which time they may not dispose of any interest in their Shares without the prior written consent of the Joint Global Coordinators.

The Directors and the Senior Managers are subject to a 360 day lock-up period following Admission during which time they may not dispose of any interest in their Shares without the prior written consent of the Joint Global Coordinators.

The operational leadership team of the Company (except for the Senior Managers) are subject to a 360 day lock-up period following Admission during which time they may not dispose of any interest in their Shares without the prior written consent of the Company.

All lock-up arrangements are subject to certain customary exceptions.

E.6 — Dilution

The Existing Shares in issue with effect from Admission will be diluted by the issue of 195,893,193 New Shares pursuant to the Offer, and the New Shares will represent 19.6% of the total issued Shares immediately following Admission.

E.7 — Estimated expenses charged to investors

Not applicable. There are no commissions, fees or expenses to be charged to investors by the Company under the Offer.

PART II

RISK FACTORS

Before making an investment decision with respect to the Shares, prospective investors should consider carefully all of the information set out in this Prospectus. Prospective investors should have particular regard to, amongst other matters, the risk factors set out in this Part II. The risk factors set out in this Prospectus, alone or collectively, may reduce the value of the Shares and could result in a loss of all, or a portion, of an investor's investment in the Shares. The risk factors set out in this Prospectus are not exhaustive and do not necessarily comprise all the risks associated with an investment in the Shares. There may be other risks which are not presently known to the Directors, or which the Directors deem immaterial, which may also have an adverse effect on the Group's business, results of operations and financial condition.

Prospective investors should note that the risks relating to the Group and the Shares summarised in Part I (Summary) of this Prospectus are the risks that the Directors believe to be the most essential to an assessment by a prospective investor of whether to consider an investment in the Shares. However, as the risks which the Group faces relate to events and depend on circumstances that may or may not occur in the future, prospective investors should consider not only the information on the key risks summarised in Part I (Summary) of this Prospectus but also, amongst other things, the risks and uncertainties described below in this Part II.

An investment in the Shares involves complex financial risks and is suitable only for investors who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. Prospective investors should consider carefully whether an investment in the Company is suitable for them in light of all the information in this Prospectus and the financial resources available to them.

Risks Related to the Group's Business

UK automotive market conditions and UK macro-economic conditions may materially and adversely affect the Group's business, results of operations and financial condition.

The Group derives substantially all of its revenues from the UK automotive market and is thus dependent on the UK automotive market and macroeconomic conditions in the UK. If the UK economy, or parts of it, stagnates or contracts or if interest rates increase further than anticipated, the volume of transactions in the UK automotive market could decrease. In such adverse market conditions, the Group's customers, such as automotive retailers, may experience a decline in sales and may no longer consider investment in the Group's vehicle advertising services as a necessity, or may elect to reduce or defer their expenditure on vehicle advertising. Historically, economic downturns have resulted in overall reductions in advertising expenditure in general, including in vehicle classified related advertising, in part due to used-vehicle retailers having relatively low profit margins and so being more susceptible to a weakened economic environment. For example, the overall vehicle advertising market declined by 12% from 2008 to 2009, as a result of the decline in car sales in 2009, according to Enders Analysis, which had an impact on the growth rate of revenue in the Group's business during that period.

In addition, adverse economic conditions may adversely impact levels of spending by vehicle buyers and consequently the number of vehicle buyers visiting the Marketplace. Purchases of vehicles generally decline during recessionary periods and when disposable income is adversely affected given the discretionary nature of vehicle purchases. Negative trends in the UK economy also affect the availability and cost of affordable vehicle finance, the cost of energy and petrol, unemployment levels and business and purchaser confidence which could materially adversely impact the Group's business, results of operations and financial condition.

Following the end of the recent period of recession, there has been a positive impact on the Group by the recovery in the UK automotive market and macroeconomic conditions in the UK and consequently the Group's revenues from continuing operations have grown during the period under review in this Prospectus. As market conditions stabilise following the period of economic recovery, there is no guarantee that the Group's revenues from continuing operations will continue to grow at the rate seen over the last three years.

Closure of automotive retailers in the UK and the reduction of vehicle stock for sale may materially and adversely affect the Group's business, results of operations and financial condition.

The Group's performance is driven primarily by the volume and price of paid vehicle advertisements by automotive retailers. The available vehicle sale stock of such retailers is directly linked to both volume and price and may be adversely affected by a decline in the UK vehicle market. For example, the number of automotive retailer forecourts (i.e. car lot) in the UK declined from approximately 26,100 in 2006 to approximately 22,000 in 2013 due to closures and consolidation as a result of macroeconomic factors such as the UK economic downturn and the general slow trend for the consolidation of franchise retailers and larger independents (e.g. supermarkets). Annual UK used car transactions declined between 2004 and 2009 from 7.7 million to 6.8 million, according to the PwC Publication. In addition, many retailers closed or consolidated, and the overall vehicle classified advertising market declined between 2004 and 2009 by 26%, according to Enders Analysis. The reduction in vehicle stock for sale could have a material adverse effect on the Group's business, results of operations and financial condition.

The Group's business has a large dependency on the strong Auto Trader brand, and any failure to maintain, protect and enhance the Auto Trader brand, including as a result of fraud, or confusion with similar brands like Auto Trader.com could hurt its ability to retain or expand its base of retailers, consumers and advertisers, and its ability to increase the frequency with which they use its services.

The Directors believe that protecting and enhancing the Auto Trader brand is critical to its future success. Expanding the Group's business will depend largely on the ability to maintain the trust that retailers, consumers, display advertisers and the automotive finance and insurance industry place in its services and the quality and integrity of the vehicle advertisements and other content found on www.autotrader.co.uk. Whilst the Group will undertake future marketing campaigns to further promote the Auto Trader brand, it is possible that these may not be as effective or successful as anticipated. Without the continuing strength of its brand it will be more challenging for the Group to expand its base of retailers, consumers and advertisers.

The Group suffers from fraud and online malicious attacks on a daily basis. Vehicle sellers may advertise vehicles in a manner that makes the advertisement misleading, or they may act fraudulently or dishonestly with vehicle buyers obtained as a result of leads generated from the Marketplace. Advertisements may be placed fraudulently, including take-overs of retailer accounts. Some of the Group's customers may fall victim to online fraudsters through phishing scams resulting in their personal details being stolen or fraudulent payments being made. Such unauthorised or fraudulent communications and any malicious attacks on the Group's platform could impede the Group's revenue and profit growth by, amongst other things:

- decreasing revenue from authorised transactions;
- increasing costs the Group incurs to develop technological measures to curtail fraud;
- generating legal claims by the defrauded individuals against the Group;
- generating negative publicity or harming the Group's reputation, leading to its audience switching to other vehicle marketplaces; and
- increasing customer support costs.

Any negative publicity surrounding the Group, including about its services, technologies, sales practices, personnel or customer service, could diminish confidence in and the use of the Group's services. In addition, www.autotrader.co.uk is very similar to www.autotrader.com, which is an unrelated brand operating in the United States automotive market, in which the Group does not operate. Auto Trader.com currently assists the Group in taking down any scam sites masquerading as autotrader.co.uk, however there is no guarantee that they will continue to do so. Any confusion between brands amongst the Group's customers or any negative publicity affecting Auto Trader.com could affect the Group's brand.

As part of the motoring services offered by the Group's consumer segment the Group relies on relationships with third parties. If such third parties suffer negative publicity, the Group's brand may be negatively affected by association. If negative publicity about the Group persists, or if consumers otherwise perceive that content provided by the Group is not reliable, the Group's reputation, the value of the Group's brands and use of the Group's services could decline, and the Group's business, results of operations and financial condition could be materially and adversely affected.

In addition, the Group has an editorial team that posts opinionated reviews and articles on the www.autotrader.co.uk website. There is a risk that this editorial content could cause offence or alienate advertisers and as a result negatively affect the Group's reputation and have a material adverse effect on the Group's business, results of operations and financial condition.

The traffic on the Marketplace may decline and the Group's brands and business may be adversely affected if other companies copy the Group's information and publish or aggregate the Group's information with other information for their own benefit.

From time to time, other companies copy information from the Marketplace through website scraping, robots or other means, and publish or aggregate the Group's information with other information for their own benefit. When third parties copy, publish or aggregate content from the Marketplace, it makes them more competitive, and decreases the likelihood that the consumer audience will visit the Marketplace to find the information they seek. While the Group tries to prevent or limit these activities, it has experienced them in the past, and cannot guarantee that it will be successful in preventing or properly detecting such activities in the future. The Group may not be able to detect such third party conduct in a timely manner and, even if possible, it may not be able to prevent it. In some cases, particularly in the case of third parties operating outside of the United Kingdom and Ireland, the Group's available legal remedies may be inadequate to protect it against such activities. In addition, the Group may be required to expend significant financial or other resources to successfully enforce its rights. If any of these activities were to occur, it could adversely affect the Group's business, results of operations and financial condition.

If the Group fails to generate, maintain and expand the number of vehicle advertisements on the Marketplace, or fails to maintain or increase its base of retailers who purchase vehicle advertisements on the Marketplace or to maintain or increase its revenue from existing retailers, the Group's traffic and revenue could be materially and adversely affected.

The Group's business depends in part on the ability to generate, maintain and expand high-quality vehicle advertisements, particularly used vehicle advertisements. Additionally, the Group's audience wants to view and have access to a comprehensive stock of vehicles across a range of vehicle ages, brands, mileages, prices and geographies. The Group receives a substantial portion of its revenue from retailers who pay the Group fees in order to enhance the visibility of their used vehicle advertisements. As a result, the Group's future growth is substantially dependent on its ability to increase the number of high-quality new vehicle advertisements on the Marketplace that are paid for by retailers. If retailers do not provide and pay for vehicle advertisements, or if the Group is unable to provide its audience with the types of vehicle advertisements they seek or if they can find a comparable number and quality of vehicle advertisements through other websites or services, they may stop or reduce their use of the Marketplace, and traffic to the Marketplace may decline. Furthermore, if the Group's user traffic declines, its customers may stop advertising on the Marketplace, or reduce the number of paid advertisements, or the amount they are willing to pay for advertising on the Marketplace. In the event of any of the foregoing, the Group's business, results of operations and financial condition could be materially and adversely affected.

In FY12, FY13, FY14 and YTDQ315, 74%, 77%, 78% and 79%, respectively, of the Group's revenue from continuing operations was generated by the sale of services to retailers. Retailers do not have long-term obligations to purchase vehicle advertisements on the Marketplace or to maintain the same price levels. If the Group experiences significant retailer attrition, retailers do not continue to list their vehicles at the same price level or retailers downgrade the package they purchase, the Group's revenue will decrease and the Group's business, results of operations and financial condition could be materially and adversely affected. Furthermore, any attrition in retailers could impair the Group's ability to maintain comprehensive, accurate and timely vehicle advertising information, which could cause the Group's audience to become dissatisfied with the Marketplace, potentially leading the Group's traffic to decrease. This could reduce the attractiveness of the Marketplace to its customers and thus have a material adverse effect on the Group's business, results of operations and financial condition.

The Group's ability to expand its business depends, in part, on its ability to increase its retailer base to demonstrate to retailers the value of its higher-priced packages and the benefits of additional features and to persuade them to purchase higher-priced packages, and on its ability to introduce new services that retailers purchase. The Group may not adequately explain the benefit to retailers of new services introduced and/or their roll-out may not be successful, leading to retailers not purchasing such new services. If the Group is unable to increase its retailer base, sell additional services to retailers or sell its existing services to retailers at an increased price level, its revenues may stagnate.

If retailers are dissatisfied with the service provided by the Group they could form a pressure group or union in order to boycott Auto Trader or pressure it to reduce its advertisements charges. If retailers were to form such a group and were successful in affecting the Group's decisions, the Group's business, results of operations and financial condition could be materially and adversely affected.

The Group relies on receiving a significant amount of the traffic to the Marketplace from search engines like Google, Bing and commercial partners. If the Marketplace fails to rank prominently in unpaid search results, or the Group fails to otherwise manage traffic on the Marketplace in a cost effective manner, the traffic to the Marketplace could decline and its business, results of operations and financial condition would be adversely affected.

The success of the Group's business depends, in part, on its ability to attract its audience to the Marketplace through paid and unpaid internet search results on search engines such as Google, Bing and Yahoo! For December 2014, while approximately 69% of the visits to the Marketplace were directly to the site (i.e. from typed or bookmarked searches), approximately 28% came from natural search results, approximately 2% from partner sites or referring domains and the remaining from sources such as paid search engine results, email links, social and marketing social campaigns and external marketing display campaigns. The number of vehicle buyers the Group attracts to the Marketplace from search engines is due in part to how and where the Marketplace ranks in search results. A significant number of users access the Marketplace through links contained in search engines' "natural" sales advertisements (i.e. sales advertisements not dependent on advertising or other payments). Search engines typically do not accept payments to rank websites in their "natural" sales advertisements and instead rely on algorithms to determine which websites are included and in what priority. These rankings can be affected by a number of factors, some of which are not in the Group's direct control, and may change frequently. For example, a search engine may change its ranking algorithms, methodologies or design layouts. Additionally, if search engines determine that the Group's advertising contravenes their quality guidelines (such as by being identified as 'selling links' that bypass the search engines' search results algorithms) they may downgrade the Marketplace or withdraw it entirely from their search results. As a result, links to the Marketplace may not be prominent enough to drive sufficient traffic to it. In some instances, search engines may change the Group's rankings in order to promote their own competing services or the services of one or more of the Group's competitors. The Marketplace has experienced fluctuations in search results rankings in the past and the Directors anticipate such fluctuations will occur from time to time in the future.

The Group's success depends, in part, on its ability to maintain a prominent presence in search results for queries on Google. Google is the most significant source of traffic to the Marketplace, accounting for more than 26% of the total visits to the Marketplace, from internet searches during 2014. Given the large volume of traffic to the Marketplace and the importance of the placement and display of results of a user's search, actions negatively affecting the Group's search placement could have a material adverse effect on its business, results of operations and financial condition.

The Group also obtains traffic from third party sites with which the Group has contracts allowing click-throughs from those sites to access full page advertisements on the Marketplace for a fee payable by the Group. If the Group cannot manage such contracts at all or in a cost effective manner and if the number of vehicle buyers clicking through to the Marketplace from such third party sites diminishes, then there could be an adverse impact on the Group's business, results of operations and financial condition.

Any reduction in the number of vehicle buyers directed to the Marketplace, the Group's inability to manage traffic to the Marketplace in a cost effective manner or any increase in the number of vehicle buyers directed to competing websites could materially adversely impact the Group's business, results of operations and financial condition.

The Group's business faces competition, and if it is unable to compete effectively, the Group's business, results of operations and financial condition would be materially and adversely affected.

The markets in which the Group operates are intensely competitive and rapidly changing. Vehicles are not typically marketed exclusively through any single channel, and users can access vehicle advertisements and related data through more than one source. With the emergence of new technologies and new market entrants, competition is likely to intensify in the future.

The Group's share of total advertising expenditure in the automotive market is under constant threat from new and incumbent competitors. The Group competes directly with direct buying websites such as www.webuyanycar.com, vehicle advertising websites such as PistonHeads, RAC Cars, AACars, Motors (which is owned by The Manheim Group), general advertising websites such as eBay, Gumtree Cars, DoneDeal and newspaper websites, search engines such as Google and Bing, social media networks such as Facebook, other automotive players such as CAP Automotive and Glass, vehicle marketplaces such as BCA and the websites of retailers who are not the Group's customers. Some of the Group's competitors may be more successful in developing and marketing online advertising services directly to automotive customers. In addition, many of the Group's existing and potential automotive customers may choose to purchase or use online automotive services from these or other competitors and may therefore reduce their purchases of the Group's services. The Group also competes with these companies for the attention of its audience, and may experience decreases in both advertising and purchaser traffic, if competitors offer more compelling environments to research or shop for vehicles.

There is also a risk that a company (such as a large media or technology company) could enter the UK market and invest large amounts in an attempt to dominate the vehicle advertisement market. Both media and technology companies, for example, would greatly value the data they could gain from the vehicle advertisement market and may therefore be prepared to cross-subsidise their business in order to establish it. A large vehicle supermarket may also attempt to enter the market as a competitor. The Group's competitors may use new models of advertising vehicles that may be attractive to consumers and small traders. For example, the Directors believe that the Group is one of only a few businesses which charges for private vehicle advertisements and businesses with a free-to-advertise model for private vehicle sales could detrimentally affect the Group's consumer business segment. If the Group is not able to adapt to new competitive models and alternative models are successful, then the Group may face reduced revenue and growth as a result of losing customers or may face an inability to gain new customers, which could materially adversely impact the Group's business, results of operations and financial condition.

If growth in online vehicle advertising becomes stagnant or does not continue, or a new form of data viewing appears that the Group cannot adapt to in a cost effective and timely manner, or at all, the Group's business, results of operations and financial condition could be materially and adversely affected.

The Directors believe future growth in online vehicle advertising will be driven, in part, by sellers increasingly shifting their sales expenditure away from traditional media towards online media. The Directors believe that this shift will be driven by the increasing tendency of vehicle buyers to use mobile applications to carry out their purchases. To the extent that overall online mobile automotive related vehicle advertising becomes stagnant or does not continue to grow, or another form of data viewing develops that the Group cannot adapt to in a cost effectively and timely manner, or at all, the Group's business, results of operations and financial condition could be materially and adversely affected.

The Group may not effectively maintain, scale and adapt its existing technologies and network infrastructure in a timely manner, and generic failures of the internet or the Group's infrastructure may result in the Group not being able to provide its services for a period of time or at all.

The Group's success requires that retailers, consumers, advertisers and its audience are able to access the Group's platform at all times. The Group has previously experienced, and may experience in the future, service disruptions, outages and other performance problems due to a variety of factors, including failures of the internet, infrastructure changes, capacity constraints due to an overwhelming number of people accessing the Group's platform simultaneously and malicious online attacks. In some instances, the Group may not be able to identify the causes of these performance problems within an acceptable period of time. The Group may have difficulty maintaining and improving the availability of the Group's services, especially during peak usage times and as its services become more complex and the Group's consumer traffic increases. If the Group's platform is not accessible when retailers, consumers, advertisers and the Group's audience attempt to access it or does not load as quickly as they expect, retailers, consumers, advertisers and the Group's audience may seek other services to obtain the information they require, and may not return to the Group's services as often in the future, or at all. Customers may also be less willing to pay for vehicle advertisements and display advertisements on the Marketplace if its services are unavailable when they try to access them. This would negatively impact the Group's ability to attract automotive customers and the Group's audience, and would impact the Group's ability to increase the frequency with which they use the Group's services.

A major and sustained failure of the internet infrastructure could result in access to the Group's platform being severely disrupted, which would not only be likely to severely affect the Group's business, results of operations and financial condition during the period of such disruption, but could lead the Group's customers to re-evaluate their entire web-based advertising and marketing strategies, which could have a material adverse effect on the Group's business, results of operations and financial condition.

The Group may experience service disruptions to the extent that it does not effectively address capacity constraints, upgrade the Group's systems and disaster recovery plan as needed and continually develop the Group's technologies and network architecture to accommodate actual and anticipated changes in technology. Increased mobile usage and access of the Group's applications may require the Group to increase its data capacity.

The Group is currently introducing a new order-to-cash billing system called "SingleView". The implementation of the new billing system is inherently complex as the programme brings on to one platform multiple revenue streams which have historically been placed across multiple applications. Moreover, while the implementation is well progressed, with a substantial number of customers having been migrated to the new system as of the date of this Prospectus, it is not complete. Any disruptions resulting from the Group's inability to effectively implement this new billing system could have a material adverse effect on its business, results of operations and financial condition.

The Group utilises certain key technologies and data from, and integrates its network with, technology, data and platforms of third parties, and the Group may be unable to replace those technologies if they become obsolete, unavailable or incompatible with the Group's services.

The Group's proprietary software is designed to work in conjunction with certain hardware, software and data from third parties, including Microsoft, Cisco, NetApp and Oracle. The Group also utilises Glass's taxonomy model to provide vehicle specifications on its platform. Any significant interruption in the supply or maintenance of such third party hardware, software and data could have a material adverse effect on the Group's ability to offer its services unless and until the Group can replace the functionality provided by these services. In addition, the Group is dependent upon the ability of third parties to enhance their current products, develop new products on a timely and cost effective basis and respond to emerging industry standards and other technological changes. There can be no assurance that the Group would be able to replace the functionality or data provided by such third party vendors currently incorporated into the Group's services in the event that such technologies or data become obsolete or incompatible with its services, or is otherwise not adequately maintained or updated. Any delay in or inability to replace such functionality or delays in the release of new and upgraded versions of third party software products could have a material adverse effect on the Group's business, results of operations and financial condition.

As new mobile devices and platforms are released, the Group may have problems in developing services for these alternative devices and platforms, and may need to devote significant resources to the creation, support and maintenance of such services. In addition, if the Group experiences difficulties in the future integration of its mobile applications or advertising into mobile devices, if problems arise with its relationships with providers of mobile operating systems or mobile application download stores, such as those of Apple or Google, if the Group's applications receive unfavourable treatment compared to the promotion and placement of competing applications, such as the order of its services in the Apple AppStore or if the Group faces increased costs in distributing its mobile applications, then the Group's business, results of operations and financial condition could be materially and adversely affected.

A major change to the way vehicles are sold or the way individuals own or acquire vehicles could have a material adverse effect on the Group's business, results of operations and financial condition.

If the current model of vehicle sales changes, for example, if original equipment manufacturers of vehicles ("**OEMs**") fundamentally alter the value chain of new cars and direct routes to market or find other routes to market that are not dependent or less dependent on retailers, the Group's largest customer base would be adversely affected and consequently, the Group's business, results of operations and financial condition being materially and adversely affected.

In addition, if the current model of individuals purchasing and owning their own vehicles changes significantly, demand for the Group's services could be adversely affected. Technological advancements could create a different model for owning, buying and selling vehicles which could challenge the Auto Trader model. For example, if car ownership levels decline as car sharing or car rental becomes more popular, the markets in which the Group operates could be adversely affected. The evolution of new forms of vehicle financing may result in an oversupply of new cars in the market, which could drive down the residual values of second hand cars, in turn driving down the profitability of retailers and consumers. Any of these developments could result in the Group's business, results of operations and financial condition being materially and adversely affected.

The software underlying the Group's services may be subject to undetected errors, defects or bugs which could adversely affect its business.

The software underlying the Group's services is complex and may contain undetected errors, defects or bugs such as missing advertisements, reporting errors or other user interface anomalies. The Group may discover significant errors, defects or bugs in the future that it may not be able to correct in a timely manner. The Group's services are integrated with products and systems developed by third parties. Third party software programmes may contain undetected errors, defects or bugs when they are first introduced or as new versions are released. Errors, defects or bugs could be found in the Group's existing or future services or third party products upon which its services are dependent, which could result in delays in, or loss of market acceptance of, its services, loss of key internal systems, diversion of resources, injury to its reputation, increased service and warranty expenses and payment of damages, any of which could have a material adverse effect upon the Group's business, results of operations and financial condition.

If the Group's security measures are compromised, or if its services are subject to attacks that degrade or deny the ability of its customers and consumers to access the Marketplace or the Group's marketing and management services, the Group's customers and consumers may curtail or stop using its platform.

The Group's services are vulnerable to computer viruses, break-ins, phishing attacks, attempts to overload its servers with denial-of-service or other attacks and similar disruptions from unauthorised use of its computer systems by employees and third parties, any of which could lead to interruptions, delays or website or software shutdowns, causing loss of critical data or the unauthorised disclosure or use of confidential information. If the Group experiences compromises to its security that result in performance or availability problems, the complete shutdown of its platform or the loss or unauthorised disclosure of confidential information, consumers and customers may lose trust and confidence in the Group and may decrease their use of the Group's services or stop using its services entirely. Because the techniques used to obtain unauthorised access, disable or degrade service or sabotage systems change frequently, often are not recognised until launched against a target and may originate from less regulated and remote areas around the world, the Group may be unable to proactively address these techniques or to implement adequate preventative measures. In addition, retailer and advertiser accounts and content could be hacked, hijacked, altered or otherwise claimed or controlled by unauthorised persons. Although the Group has controls that proactively identify phishing websites, review and assess privileged system access rights to employees, verify the identity of any individual retailers attempting to change their account passwords and controls to prevent password guessing attacks, there is no guarantee that its formal and informal controls are adequate or will work effectively. Such issues could negatively impact the Group's ability to attract new consumers, retailers or advertisers and could deter current consumers and customers from using the Group's services, or subject it to lawsuits, regulatory fines or other action or liability, any of which could have a material adverse effect on the Group's business, results of operations and financial condition.

The Group uses open source software, which may pose particular risks to its proprietary software and services.

The Group uses open source software in its services and expects to continue to do so in the future. Open source terms may be ambiguous, and many of the risks associated with open source software cannot be eliminated. Use of certain open source software can lead to greater risks than use of third party commercial software, as open source licensors generally do not provide warranties or controls on the origin of their software. Although the Group does not intend to modify open source software or package it for distribution within its services, the Group could potentially face claims from third parties claiming ownership of, or demanding release of, the open source software or derivative works that the Group developed using such software (which could include its proprietary source code), or otherwise seeking to enforce the terms of the applicable open source license. These claims could result in litigation and could require the Group to enter into or purchase a costly license or stop offering the implicated services unless and until the Group can re-engineer them to avoid infringement. This re-engineering process could require significant additional research and development resources. Any of these risks could be difficult to eliminate or manage, and, if not addressed successfully, could have a material adverse effect on the Group's business, results of operations and financial condition.

The Group relies on third party service providers for many aspects of its business and any failure to maintain these relationships could harm the Group's business.

The Group relies on third parties such as Glass, Google, Worldpay, Experian, CSGI, Microsoft and Hook Logic for certain aspects of its business, such as taxonomy, data, connectivity, site hosting, billing and search services. If these third parties experience difficulty meeting the Group's requirements or standards, or its licenses are revoked or not renewed, it could be unable to operate some aspects of its business, which could damage the Group's business and reputation. In addition, if such third party service providers ceased operations, temporarily or permanently, or if they faced financial distress or other business disruption, or increased their fees, or if the Group's relationships with these providers deteriorated, then it could experience higher costs and delays in its ability to provide consumers and customers with its services or until an equivalent provider could be found or the Group could develop replacement technology or operations. If any of the foregoing occurs or if the Group is unsuccessful in choosing or finding high-quality partners, if the Group fails to negotiate cost effective relationships with them or if it ineffectively manages these relationships, then the Group's business, results of operations and financial condition could be adversely affected.

The Group is, and may in the future be, subject to disputes and assertions by third parties that it violates their rights. These disputes may be costly to defend and could materially adversely affect the Group's business, results of operations and financial condition.

The Group has faced, and expects to face from time to time in the future, allegations that it has violated the rights of third parties, including patent, trademark, copyright and other intellectual property rights.

Other claims against the Group can be expected to be made in the future. Even if the claims are without merit, the costs associated with defending these types of claims may be substantial, including in terms of time, money and management distraction. In particular, patent and other intellectual property litigation may be protracted and expensive, and the results are difficult to predict and may require the Group to stop offering certain features, purchase licenses or modify its services and features while it develops non-infringing substitutes or may result in significant settlement costs. The Group may be unable to deter competitors or others from pursuing patent or other intellectual property infringement claims against the Group.

The results of litigation and claims to which the Group may be subject cannot be predicted with certainty. Even if these matters do not result in litigation or are resolved in the Group's favour or without significant cash settlements, these matters, and the time and resources necessary to litigate or resolve them, including management time and attention, could materially and adversely affect the Group's business, results of operations and financial condition.

Failure to comply with the laws or regulations applicable to the Group, in particular, laws relating to personal data, or changes to such laws and regulations, or the adoption of new laws and regulations, may adversely impact the Group's business, results of operations or financial condition.

Failure to comply with the laws or regulations applicable to the Group, or changes to such laws and regulations, or the adoption of new laws and regulations, may increase the Group's costs or reduce the profitability of providing its services to customers or limit the Group's ability to expand its service offerings, all of which could adversely impact its business, results of operations or financial condition.

In particular, certain of the Group's services depend on its ability to use personal data. The Group's ability to obtain, retain, share and otherwise manage such data is governed by data protection and privacy regulations and guidance. In the UK, the Group must comply with the requirements established by the Data Protection Act 1998 (the "**DPA**"), the Privacy and Electronic Communications (EC Directive) Regulations 2003 (as amended) and certain trading standards to ensure advertisers do not mislead when processing personal data and direct marketing to users.

Under the DPA, the Group must maintain appropriate data protection registrations with the UK Information Commissioner's Office ("**ICO**"). The Group is not currently aware of any ongoing material failure to comply with the DPA. Any failure to comply with the DPA could result in enforcement notices, monetary fines, criminal charges and breach of contractual arrangements. Further, to the extent any third parties with whom the Group shares such data violate laws, other regulatory requirements or their contractual obligations to the Group, or act inappropriately in the conduct of their business, the Group's business and reputation could be negatively affected and it could incur penalties. Furthermore, the Group may not be aware of the occurrence of any such violations.

The 1995 European Union Data Protection Directive is currently being considered by European legislative bodies. On 25 January 2012, the European Commission published its draft EU Data Protection Regulation. The new regulation is not yet in final form and is still being negotiated between the European

Parliament and Commission. The current form of the draft regulation proposes substantial changes to the EU data protection regime, involving replacement of the current UK data protection laws by a directly applicable EU regulation. The draft regulation, if adopted as law in its current form, would impose a substantially higher compliance burden on the industry and could impair the Group's ability to use data. As the proposed EU regulation is still progressing through the legislative process, the Group cannot currently accurately assess its final potential impact on the Group's business, results of operations and financial condition but there is no guarantee that such impact will not be materially adverse for the Group's business, results of operations and financial condition. Any regulatory changes that impair the Group's ability to continue its current use of user and/or member data in the Group's systems or its ability to share data could impact its revenues.

Further, the scope and interpretation of certain laws that are or may be applicable to the Group are still developing. More stringent laws or regulations and any amendments of current laws and changes in their interpretation and/or enforcement may impose additional burdens on the Group, the impact of which is uncertain, but any such developments could adversely affect the Group's business, results of operations and financial condition.

The Group may be unable to maintain or increase its base of display advertising customers or to increase its revenue from its existing display advertisers, in which case its business, results of operations and financial condition will be harmed.

In FY12, FY13, FY14 and YTDQ315, 5%, 4%, 4% and 5%, respectively, of the Group's revenue was generated by the sale of display advertising, principally to advertising agencies (acting on behalf of a wide range of customers, mainly OEMs) under trading agreements. Many such agencies currently spend more of their display advertising budgets on traditional display advertising methods, such as newspapers, magazines, television and radio. The Group's ability to increase its display advertising revenue depends on its effectiveness in convincing customers, such as advertising agencies, to expand their display advertising on the Marketplace and to continue to shift their vehicle display advertising budgets to the internet and away from traditional media. To do so, the Group must demonstrate to these customers the benefits of its display advertising services. Failure to maintain and expand its display advertiser base could have a material adverse effect on the Group's business, results of operations and financial condition.

Many of the Group's display advertising customers have limited display advertising budgets. As a result, the Group has experienced, and will in the future experience, spending fluctuations from these customers in the ordinary course of business resulting from several factors, including display advertisers seeking to spend more of their display advertising budget on competitors' websites or offline media, perceptions that its display advertising services are unnecessary or ineffective, declining display advertising budgets, agency closures and insolvencies or poor economic conditions. Additionally, there are a limited number of OEMs, many of which already advertise on the Marketplace. In order to grow the Group's display advertising revenue from these OEMs, the Group needs to increase the portion of such OEMs' display advertising budgets that it receives from them.

If the trend of the Group's audience moving away from desktop access to mobile access of the Marketplace continues and the Group cannot adapt its display proposition to mobile devices, the Group could face pressure on its display advertising revenues.

If the rates of renewal for the Group's display advertising customers decrease, if the Group experiences a significant decrease in display advertising expenditure, if it is unable to attract new display advertisers in numbers greater than the number of display advertisers that it loses, if it is unable to raise rates or rates decline, if it is unable to increase the share of advertising revenue from display advertisers or if the number of display advertising impressions on the Marketplace declines for any reason, the Group's revenue will decrease and its business, results of operations and financial condition could be materially and adversely affected.

The loss of one or more members of the Group's senior management team or one or more of its key employees could adversely affect its business, results of operations and financial condition.

The loss of the services of one or more of the Group's senior management team members or any of its other key employees could disrupt its operations. Certain key employees possess important knowledge of the Group's processes and systems, and if any such employee no longer worked for the Group, the Group's ability to follow such processes or maintain such systems would be diminished. The Group's success depends on the continued service and performance of its senior management team members and other key employees, and it may not be able to retain the services of such individuals.

Further, the Group's business requires skilled development, technical, operating, sales and marketing personnel, and it may not be able to continue attracting similarly qualified and skilled individuals to join its staff and senior management or to retain its current personnel. Competition for qualified employees is intense. If the Group loses a number of qualified employees to its competitors, new entrants or otherwise, is unable to attract, retain and motivate the additional highly skilled employees required for the Group's activities, or is required to pay substantially higher wages in order to attract and retain the highly qualified and skilled personnel it needs, such events could have a material adverse effect on the Group's business, results of operations and financial condition.

The Group's business may be harmed if its retailer customers cannot honour their existing credit arrangements, default on their obligations or seek protection under the bankruptcy laws.

Whilst no single retailer accounts for more than 1% of the Group's revenue from continuing operations, a significant increase in the Group's failure to collect payment from its customers could materially adversely impact its business, results of operations, financial condition, profitability, cash flows and liquidity. The default risk is higher with the large number of small independent retailers who either trade as sole traders or small limited businesses. In the case of larger franchise and 'supermarket' businesses, the larger risk is the potential disagreement over quality of service (such as accuracy of billing) that could lead to non-payment of monies owed.

Failure to protect or enforce the Group's intellectual property rights, in particular in relation to autotrader.co.uk, could have a material adverse effect on the Group's business, results of operations and financial condition.

The Group regards its intellectual property, in particular in relation to www.autotrader.co.uk, as critical to the Group's success. The Group has registered the www.autotrader.co.uk domain name. If the Group lost the ability to use the www.autotrader.co.uk domain name, whether due to trademark claims, failure to renew the applicable registration or any other cause, the Group may be forced to market its services under a new domain name which could cause substantial harm to its business or cause it to incur significant expense in order to purchase rights to such domain name.

In addition, the Group's competitors and others could attempt to utilise the Group's brand recognition by using domain names confusingly similar to www.autotrader.co.uk. Furthermore, the relationship between regulations governing domain names and laws protecting trademarks and similar proprietary rights varies from jurisdiction to jurisdiction and is unclear in some jurisdictions. If the Group is unable to prevent third parties from acquiring and using domain names that infringe on, or are similar to, the Group's domain name and trademark, the value of the Group's brand or trademark could be materially and adversely affected. Protecting and enforcing the Group's rights in its domain name may require litigation, which could result in substantial costs and diversion of management's attention. Any of the foregoing could materially and adversely affect the Group's business, results of operations and financial condition.

The Group could be sued for contract or product liability claims, and such lawsuits may disrupt its business, divert management's attention or have a material adverse effect on its business, results of operations and financial condition.

General errors, defects or other performance problems in the Group's marketing and management services could result in financial or other damages to its consumers, retailers or advertisers. Although the Group's contracts generally include terms meant to limit its liability for any defects or performance problems, there can be no assurance that any limitations of liability set forth in its contracts would be enforceable or would otherwise protect the Group from liability for damages. The Group maintains general liability insurance coverage, including coverage for errors and omissions in excess of the applicable deductible amount. There can be no assurance that this coverage will continue to be available on acceptable terms or in sufficient amounts to cover one or more large claims, or that the insurer will not deny coverage for any future claim. The successful assertion of one or more large claims against the Group that exceeds available insurance coverage, or the occurrence of changes in the Group's insurance policies, including premium increases or the imposition of large deductible or co-insurance requirements, could have a material adverse effect on the Group's business, results of operations and financial condition. Furthermore, litigation, regardless of its outcome, could result in substantial cost to the Group and divert management's attention from the Group's operations. Any of the foregoing could have a material adverse effect on the Group's business, results of operations and financial condition.

The Group may fail to realise the anticipated benefits from, or may incur unanticipated costs associated with, future acquisitions, and may also seek to divest some of its properties and other assets, any of which may be unsuccessful or divert its management's attention.

Whilst acquisitions are not a part of the Group's current growth strategy, it may consider targeted and strategic acquisitions in the future. Acquisitions can involve significant risks such as:

- integration and restructuring costs, both one-off and on-going;
- developing and maintaining sufficient controls, policies and procedures;
- diversion of management's attention from on-going business operations;
- establishing new informational, operational and financial systems to meet the needs of the Group's business;
- failing to achieve anticipated synergies, including with respect to complementary products or services;
- exposure to litigation or other potential liabilities including, but not limited to, environmental liabilities related to entities that the Group acquire, or that were previously acquired or divested by such acquired entities; and
- unanticipated and unknown liabilities.

The Group also may incur substantial expenses and devote significant management time and resources in seeking to complete such transactions. In addition, the Group could use substantial portions of its available cash or debt capacity to pay all or a portion of the purchase price of future acquisitions. If the Group does not achieve the anticipated benefits of its transactions as rapidly or to the extent anticipated by its management, its business, results of operations and financial condition could be adversely affected.

Factors outside the Group's control, such as fires, floods and other natural catastrophic events, any epidemics or pandemics, acts of terrorism or man-made problems such as computer viruses or terrorism, protests or other harassment could have a material adverse effect on its business, results of operations and financial condition.

The Group's systems and operations are vulnerable to damage or interruption from fires, floods, pandemics, power losses, telecommunications failures, terrorist attacks, human errors, break-ins and similar events. Given that the Group's business has moved towards a two office structure, with employees concentrated in either central Manchester or central London, the Group experiences concentration risk as a result. A significant natural disaster, such as a fire or flood, could have a material adverse effect on the Group's business, results of operations and financial condition if it affected the London or Manchester offices, and the Group's insurance coverage may be insufficient to compensate it for losses that may occur. In addition, acts of terrorism, which may be targeted at metropolitan areas that have higher population density than rural areas, could cause disruptions in its businesses or the economy as a whole. The Group's servers may also be vulnerable to computer viruses, break-ins, denial-of-service attacks and similar disruptions from unauthorised tampering with its computer systems, which could lead to interruptions, delays, loss of critical data or the unauthorised disclosure of confidential client data. The Group may not have sufficient protection or recovery plans in certain circumstances. As the Group relies heavily on its servers, computer and communications systems and the internet to conduct its business and provide high-quality customer service, such disruptions could negatively impact its ability to run its business and either directly or indirectly disrupt its retailers and other advertisers' businesses, which could have a material adverse effect on the Group's business, results of operations and financial condition.

The Group may have exposure to greater than anticipated tax liabilities.

Determining the Group's provision for corporation and other tax liabilities, and the application and calculation of any tax relief, requires judgments and estimates, and there are many transactions and calculations where the ultimate tax determination is uncertain. Although the Group believes its estimates are reasonable, the ultimate tax outcome may differ from the amounts recorded in its financial statements and may materially affect its financial results in the period or periods for which such determination is made. Any adverse tax determination may require the Group to pay material amounts in taxes and penalties or materially reduce the Group's existing tax assets, which could have a material adverse effect on the Group's business, results of operations and financial condition.

Risks Related to an Investment in Auto Trader's Shares

Following Admission, the Selling Shareholders will retain significant interests in, and will continue to be able to exercise substantial influence over, the Group's business and their interests may differ from or conflict with those of other Shareholders.

As at the date of this Prospectus, the Selling Shareholders are deemed by the Takeover Panel to be acting in concert for the purposes of the Takeover Code. Following Admission, Crystal A Holdco S.à r.l. and Crystal B Holdco S.à r.l. will hold approximately 12.9% and 21.1%, respectively, of the Company's issued share capital, assuming the Over-allotment Option is not exercised. In addition, for so long as the Selling Shareholders (and/or any of their respective Associates, when taken together) hold voting rights over 20% or more of the Company's issued share capital, they and Apax Europe VII-A, L.P. shall collectively be entitled to appoint two non-executive directors to the Board and for so long as they (and/or any of their respective Associates, when taken together) hold voting rights over 10% or more, but less than 20%, of the Company's issued share capital, they and Apax Europe VII-A, L.P. shall collectively be entitled to appoint one non-executive director to the Board. For information about the Company's relationship with the Selling Shareholders, see Section 9 (*Relationship With Selling Shareholders*) of Part XVII (*Additional Information*) of this Prospectus. Whilst the Company has entered into the Relationship Agreement with the Selling Shareholders to ensure that the Group is capable of carrying on its business independently of the Selling Shareholders, by virtue of the level of their voting power, the Selling Shareholders will be able to exercise substantial influence over certain matters requiring the approval of Shareholders, such as the election of directors and approval of certain business decisions. The interests of the Selling Shareholders may not always be aligned with those of other Shareholders. The Selling Shareholders will have sufficient voting power, on Admission, to, amongst other things, prevent, delay or deter a change of control of the Company, which could deprive Shareholders of an opportunity to earn a premium for the resale of their Shares over the then prevailing market price. There could also be a conflict between the interests of each of the Selling Shareholders and the interests of other Shareholders with respect to, for example, dividend policy. In addition, the Selling Shareholders and affiliates of the Selling Shareholders may own businesses that directly compete with the Group's businesses and, although it is not the case currently, there are parts of the world or certain activities in which the Group and affiliates of the Selling Shareholders may be in competition with each other.

Substantial future sales of Shares, including sales by the Selling Shareholders, the Directors or the Senior Managers following the expiry of the terms of the relevant lock-up arrangements, could adversely affect the market price of the Shares.

Following Admission, it is expected that the Selling Shareholders, the Directors and the Senior Managers will in aggregate hold approximately 38.6% of the Company's issued share capital (assuming no exercise of the Over-allotment Option). The Company cannot predict what effect, if any, future sales of Shares, or the availability of Shares for future sale, will have on the market price of Shares. Sales of substantial numbers of Shares in the public market following the Offer, or the perception or any announcement that such sales could occur, following the expiry of any lock-up arrangements, could adversely affect the market price of Shares and may make it more difficult for investors to sell their Shares at a time and price which they deem appropriate. Such sales may also make it more difficult for the Company to issue equity securities in the future at a time and at a price that it deems appropriate.

The Company, the Selling Shareholders, the Directors and the Senior Managers have agreed to certain lock-up arrangements for a period of 180 days from Admission, in the case of the Company and 360 days from Admission, in the case of the Selling Shareholders, the Directors and the Senior Managers. During the periods immediately prior to and following the end of the periods of sales restriction provided for by these lock-up arrangements, the market price of the Shares may fall in anticipation of a sale of Shares. Following the expiry of these lock-up arrangements, there will be no contractual restriction on the sale of the Shares owned by the Shareholders who were previously subject to them. The Group cannot predict whether a substantial number of Shares in addition to those which will be available in the Offer will be sold in the open market following the expiry or waiver of these restrictions. In particular, there can be no assurance that after the restrictions expire, or prior to such time if any such restrictions are waived, such Shareholders will not reduce their holdings of the Shares.

The Company is a holding company with no business operations of its own and depends on its subsidiaries for cash, including in order to pay dividends.

The Company is a group holding company with no independent operations and is dependent on earnings and distributions of funds from its operating subsidiaries for cash, including in order to pay dividends to Shareholders. As a matter of English law, the Company can pay dividends only to the extent that it has sufficient distributable reserves available which will depend upon the Company receiving cash from its operating subsidiaries in a manner which creates distributable reserves. The Company's ability to pay dividends to Shareholders will therefore depend on its future Group profitability, the ability to distribute or dividend profits from its operating subsidiaries up the Group structure to the Company, general economic conditions and other factors the Directors deem significant from time to time. The Group's distributable reserves can be affected by reductions in profitability as well as by impairment of assets. The Group may need to complete a restructuring or recapitalisation following the Offer in order to eliminate existing blocks on dividends. The dividend policy mentioned in Element C.7 of Part I (*Summary*) of this Prospectus should not be construed as a dividend forecast. Any change in the tax treatment of dividends or interest received by the Group may reduce the level of yield received by Shareholders.

There may not be an active, liquid trading market for Auto Trader's Shares or securities or industry analysts may not publish research reports or may publish research reports containing negative information about its business.

Prior to the Offer, there has been no public market for Auto Trader's Shares. Auto Trader has applied to the FCA for the admission of the Shares to the premium listing segment of the Official List and to the London Stock Exchange for the admission of the Shares to trading on its main market for listed securities. However, there is no assurance that an active trading market for the Shares will develop or, if developed, can be sustained following the closing of the Offer. If an active trading market does not develop, or is not maintained, the liquidity and trade price of the Shares could be adversely affected. The Offer Price has been determined by negotiation between the Group and the Underwriters and may not be indicative of market prices of the Shares that will prevail following the completion of the Offer. The trading market for the Shares will be influenced by the research and reports that industry or securities analysts publish about the Group or the Group's business. If one or more of these analysts cease coverage of the Group or fail to publish reports on it regularly, the Group could lose visibility in the financial markets, which in turn could cause its stock price or trading volume to decline. The market price of the Shares may decline below the Offer Price, and you may not be able to resell your Shares at or above the Offer Price.

Auto Trader expects that its share price may fluctuate significantly, which could cause the value of an investment in the Shares to decline, and an investor may not be able to resell its Shares at or above the Offer Price.

Securities markets worldwide have experienced, and are likely to continue to experience, significant price and volume fluctuations. This market volatility, as well as general economic, market or political conditions, could reduce the market price of the Shares regardless of the performance of the Group's business or its results of operations. The trading price of the Shares may be volatile and subject to price fluctuations in response to various factors, including:

- conditions in the broader stock market;
- actual or anticipated fluctuations in the Group's financial and operating results;
- introduction of new services by the Group, the Group's competitors or its customers;
- issuance of new or changed securities analysts' reports or recommendations;
- investor perceptions of the Group, the advertising market in general and, in particular, the internet advertising market, the market for the Group's marketing and management services or the automotive industry;
- sales, or anticipated sales, of large blocks of the Shares, including those by the Group's existing investors;
- additions or departures of key personnel;
- regulatory or political developments;
- litigation and governmental investigations; and
- prevailing economic conditions.

These and other factors may cause the market price and demand for the Shares to fluctuate substantially, which may limit or prevent investors from readily selling their Shares and may otherwise negatively affect the liquidity of the Shares. In addition, in the past, when the market price of a stock has been volatile, holders of that stock have sometimes instituted securities class action litigation against the company that issued the stock. If any of the Group's Shareholders brought a lawsuit against the Group, the Group could incur substantial costs defending the lawsuit. Such a lawsuit could also divert the time and attention of the Group's management from its business, which could significantly harm its reputation and have a material adverse effect on the Group's business, results of operations and financial condition.

Exchange rate fluctuations may impact on the price of the Shares.

The Shares will be quoted, and any dividends or buybacks to be paid in respect of them, will be in pounds sterling. An investment in the Shares by an investor in a jurisdiction whose principal currency is not pounds sterling exposes the investor to foreign currency rate risk. Any depreciation of the pounds sterling in relation to such foreign currency will reduce the value of the investment in the Shares or any dividends or buybacks in foreign currency terms.

US and other non-UK holders of Shares may not be able to exercise pre-emption rights.

In the case of certain increases in the Company's issued share capital, existing holders of Shares are generally entitled to statutory pre-emption rights to subscribe for such shares, unless Shareholders waive such rights by a resolution at a Shareholders' meeting. US and other non-UK holders are customarily excluded from exercising any such pre-emption rights they may have, unless exemptions from any overseas securities law requirements are available. The Company cannot assure prospective investors that any exemption from such overseas securities law requirements would be available to enable US or other non-UK holders to exercise such pre-emption rights or, if available, that the Company will utilise any such exemption.

There is doubt as to the enforceability in England and Wales of claims based on the federal securities laws of the United States.

The Company is a public limited company incorporated under the laws of England and Wales. The majority of the Directors, and the Selling Shareholders reside outside the United States. In addition, the Group's assets and a substantial proportion of the assets of the Directors and the Selling Shareholders are or may be located outside the United States. It may not be possible, therefore, for investors to effect service of process within the US upon the Company or its Directors or the Selling Shareholders, or to enforce in US courts judgments against them obtained in those courts based upon the civil liability provisions of the federal securities laws of the United States. Furthermore, there is substantial doubt as to the enforceability in England and Wales, whether by original actions or by seeking to enforce a judgment of a US court, of claims based on the federal securities laws of the United States.

PART III

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Each of the following times and dates in the table below is indicative only and subject to change without further notice. References to a time of day are to London time.

	Time and Date
Announcement of Offer Price and allocation of Shares	7.00 a.m. on 19 March 2015
Prospectus published	19 March 2015
Commencement of conditional dealings in Shares on the London Stock Exchange[(1)]	8.00 a.m. on 19 March 2015
Admission and commencement of unconditional dealings in Shares on the London Stock Exchange	8.00 a.m. on 24 March 2015
CREST accounts credited with uncertificated Shares	as soon as possible after 8.00 a.m. on 24 March 2015
Despatch of definitive share certificates (where applicable)	by 31 March 2015

Notes:

(1) It should be noted that, if Admission does not occur, all conditional dealings will be of no effect and any such dealings will be at the sole risk of the parties concerned.

PART IV

OFFER AND ADMISSION STATISTICS

Offer Price (per Share)	235 pence
Number of Shares in issue on Admission[1]	1,000,000,000
Number of Shares (195,893,193 New Shares and 394,106,807 Existing Shares) comprised in the Offer (excluding any Over-allotment Shares)	590,000,000
Number of Shares in the Offer as a percentage of total number of Shares in existence on Admission	59.0%
Maximum number of Shares subject to the Over-allotment Option	88,500,000
Net proceeds of the Offer receivable by the Company[2]	£437.0 million
Gross proceeds of the Offer receivable by the Selling Shareholders	£926.2 million
Indicative market capitalisation of the Company at the Offer Price	£2,350 million

Notes:

(1) Represents the total number of Shares in issue on Admission following completion of the Pre-IPO Reorganisation and after the issue of New Shares by the Company.

(2) The net proceeds receivable by the Company are stated after the deduction of underwriting costs and other fees and expenses of the Offer by the Company, expected to be approximately £23.3 million (excluding VAT). The Company will not receive any of the proceeds from the sale of the Existing Shares in the Offer.

PART V

IMPORTANT INFORMATION

1. GENERAL

Prospective investors should rely only on the information in this Prospectus (and any supplementary prospectus produced to supplement the information contained in this Prospectus). No person has been authorised to give any information or to make any representation or warranty in connection with the Company, the Shares or the Offer other than those contained in this Prospectus and, if given or made, such information or representations must not be relied upon as having been authorised by or on behalf of the Company, the Directors, the Selling Shareholders or any of the Underwriters or any of the Underwriters' respective affiliates. No representation or warranty, express or implied, is made by any of the Underwriters as to the accuracy or completeness of such information, and nothing contained in this Prospectus is, or shall be relied upon as, a promise or representation by any of the Underwriters as to the past, present or future. Without prejudice to any obligation of the Company to publish a supplementary prospectus pursuant to section 87G of the FSMA and Rule 3.4.1 of the Prospectus Rules, neither the delivery of this Prospectus nor any subscription for or sale of Shares pursuant to the Offer shall, under any circumstances, create any implication that there has been no change in the business or affairs of the Company or of the Group taken as a whole since the date of this Prospectus or that the information contained herein is correct as of any time subsequent to the earlier of the date of this Prospectus and any earlier specified date with respect to such information.

The Company and the Directors do not accept any responsibility for the accuracy or completeness of any information reported by the press or other media, nor the fairness or appropriateness of any forecasts, views or opinions expressed by the press or other media regarding the Offer or the Company. The Company and the Directors make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication.

The Company will update the information provided in this Prospectus by means of a supplement to this Prospectus if a significant new factor that may affect the evaluation by prospective investors in the Offer arises prior to Admission or if it is noted that this Prospectus contains any mistake or substantial inaccuracy. This Prospectus and any supplement hereto will be subject to approval by the FCA and will be made public in accordance with the Prospectus Rules. If a supplement to this Prospectus is published prior to Admission, investors shall have the right to withdraw their subscriptions and/or purchases made prior to the publication of such supplement. Such withdrawal must be done within the time limits set out in the supplement (if any) (which shall not be shorter than two clear Business Days after publication of such supplement).

The contents of this Prospectus are not to be construed as legal, business or tax advice. Each prospective investor should consult his, her or its own legal, financial or tax adviser for legal, financial or tax advice in relation to any Shares. None of the Company, the Selling Shareholders, the Directors, any of the Underwriters or any of their respective representatives or affiliates is making any representation to any potential investor in the Shares regarding the legality of an investment by such potential investor. Each prospective investor should consult with such advisers as needed to make its investment decision and to determine whether it is legally permitted to hold Shares under applicable legal investment or similar laws or regulations.

This Prospectus is not intended to provide the basis of any credit or other evaluation and should not be considered as a financial opinion or recommendation by any of the Company, the Selling Shareholders, the Directors, the Underwriters or any of their representatives or affiliates that any recipient of this Prospectus should invest in the Shares. Prior to making any decision whether to invest in the Shares, prospective investors should read this Prospectus in its entirety and, in particular, Part II (*Risk Factors*) of this Prospectus. In making an investment decision, prospective investors must rely upon their own examination of the Company, the Shares and the terms of this Prospectus, including the risks involved. Any decision to invest in the Shares should be based solely on this Prospectus. The merit and suitability of an investment in the Company should be independently evaluated and any person considering such an investment in the Company is advised to obtain independent advice as to the legal, tax, accounting, financial, credit and other related advice prior to making an investment.

Prospective investors who invest in the Shares in the Offer will be deemed to acknowledge that: (i) they have not relied on any of the Underwriters or any person affiliated with any of them in connection with any investigation of the accuracy of any information contained in this Prospectus or their investment decision;

(ii) they have relied solely on the information contained in this Prospectus; and (iii) no person has been authorised to give any information or to make any representation concerning the Group or the Shares (other than as contained in this Prospectus) and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Company, the Selling Shareholders, the Directors or any of the Underwriters.

In connection with the Offer, any of the Underwriters and any of their affiliates, acting as investors for their own accounts, may invest in the Shares, and in that capacity may retain, purchase, sell, offer to sell or otherwise deal for its own accounts in such Shares and other securities of the Company or related investments in connection with the Offer or otherwise. Accordingly, references in this Prospectus to the Shares being issued, offered, subscribed for, acquired, placed or otherwise dealt in should be read as including any issue or offer to, or subscription, acquisition, placing or dealing by, any Underwriter and any of its affiliates acting as an investor for its own accounts. In addition, certain of the Underwriters or their affiliates may enter into financing arrangements (including swaps) with investors in connection with which the Underwriters (or their affiliates) may from time to time acquire, hold or dispose of Shares. Neither the Underwriters nor any of their affiliates intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligations to do so.

The Underwriters and any of their respective affiliates may have engaged in transactions with, and provided various investment banking, financial advisory and other services to the Company, for which they would have received customary fees. The Underwriters and any of their respective affiliates may provide such services to the Company and any of their affiliates in the future and Bank of America, N.A., London Branch, Deutsche Bank Luxembourg S.A., JPMorgan Chase Bank, N.A. and Morgan Stanley Senior Funding Inc. will be lenders under the New Facilities Agreement.

The Company intends to use the net proceeds it receives from the Offer, together with £540.6 million (net of costs) drawn down under the New Facilities Agreement and approximately £48.4 million of the Company's cash to facilitate the Refinancing.

2. REFERENCES TO DEFINED TERMS

Capitalised terms used in this Prospectus are defined in Part XVIII (*Definitions*) of this Prospectus.

3. PRESENTATION OF FINANCIAL INFORMATION

3.1 Historical Financial Information

The Company was recently incorporated and has no historical operations of its own. Therefore, this Prospectus does not present any standalone, unconsolidated historical financial information for the Company. The consolidated historical information included in Part XIII (*Historical Financial Information*) of this Prospectus is the consolidated financial information of Auto Trader Holding Limited (formerly Auto Trader Group Limited) and its subsidiaries. The Company has agreed to acquire the entire issued share capital of Auto Trader Holding Limited conditional upon and with effect from Admission, pursuant to the terms of the Reorganisation Agreement.

The consolidated historical financial information of Auto Trader Holding Limited and its subsidiaries (the "**Operating Group**") included in Part XIII (*Historical Financial Information*) of this Prospectus has been prepared in accordance with the requirements of the PD Regulation and the Listing Rules and in accordance with International Financial Reporting Standards as adopted by the European Union ("**IFRS**"), IFRS Interpretation Committee ("**IFRS IC**") interpretations as adopted by the EU, the Companies Act applicable to companies reporting under IFRS and with standards for investment reporting. The significant accounting policies are set out within note 1 of the Operating Group's consolidated historical information in Part XIII (*Historical Financial Information*) of this Prospectus.

3.2 Pro Forma Financial Information

In this Prospectus, any reference to "pro forma" financial information is to information which has been extracted without material adjustment from the unaudited pro forma financial information contained in Part XIV (*Unaudited Pro Forma Financial Information*) of this Prospectus. The unaudited pro forma statement of net assets has been prepared for illustrative purposes only in accordance with Annex II of the Prospectus Rules and should be read in conjunction with the notes set out in Part XIV (*Unaudited Pro Forma Financial Information*) of this Prospectus. Because of its nature, the unaudited pro forma statement of net assets addresses a hypothetical situation and therefore may not give a true picture of the Group's financial position or results as at 28 December 2014 nor is it indicative of the results that may or may not be expected to be achieved in the future.

3.3 Non-IFRS Information

Parts of this Prospectus contain information on the non-IFRS financial measures described below. There are no generally accepted accounting principles governing the calculation of such non-IFRS measures and the criteria upon which they are based can vary from company to company. The Directors consider certain non-IFRS measures to be useful to better understand the trading performance of the Group. Such measures, by themselves, do not provide a sufficient basis to compare the Group's performance with that of other companies and should not be considered in isolation, or as a substitute for, or as alternative to, any other measures of performance under IFRS.

Adjusted Underlying EBITDA

Adjusted Underlying EBITDA is a non-IFRS measure and, as used in this Prospectus, means operating profit before depreciation, amortisation, impairment charges, exceptional items, share based payments, management incentive plans, but after subtracting capitalised internal development expenditure, excluding expenditure incurred on building the SingleView order-to-cash billing system.

Adjusted Underlying EBITDA Margin

Adjusted Underlying EBITDA Margin is a non-IFRS measure and, as used in this Prospectus, means Adjusted Underlying EBITDA as a percentage of revenue from continuing operations.

Operating Cash Flow

Operating Cash Flow is a non-IFRS measure and, as used in this Prospectus, is calculated as cash generated from continuing operations less Total Continuing Capital Expenditure (as defined below). Cash generated from continuing operations is calculated as cash generated from operations less cash generated from discontinued operations.

Total Continuing Capital Expenditure

Total Continuing Capital Expenditure is a non-IFRS measure and, as used in this Prospectus, is calculated as purchases of intangible assets in respect of financial systems, capitalised internal development spend and other items plus purchases of property, plant and equipment in respect of continuing operations.

Cash Conversion

Cash Conversion is a non-IFRS measure and, as used in this Prospectus, means Operating Cash Flow as a percentage of Adjusted Underlying EBITDA.

Net debt

Net debt is a non-IFRS measure and, as used in this Prospectus, means the Group's gross external indebtedness (not including Shareholder Loan Notes), less cash and excluding debt issue costs.

4. ROUNDING

Percentages and certain amounts included in this Prospectus have been rounded for ease of presentation. Accordingly, figures shown as totals in certain tables may not be the precise sum of the figures that precede them and percentages in certain tables may not add up to 100%.

5. CURRENCY PRESENTATION

Unless otherwise indicated, all references in this Prospectus to:

- "**pounds sterling**" or "**£**" are to the lawful currency of the United Kingdom;
- "**US dollars**" or "**$**" are to the lawful currency of the United States; and
- "**euro**" or "**€**" are to the lawful currency of the Eurozone.

6. FORWARD-LOOKING STATEMENTS

Certain statements contained in this Prospectus, including those in Part I (*Summary*), Part II (*Risk Factors*), Part VI (*Market Overview*), Part VII (*Information on the Business*) and Part XI (*Operating and Financial Review*) constitute "forward-looking statements". In some cases, these forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "continues", "estimates", "plans", "prepares", "anticipates", "expects", "intends", "aims", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology. Investors should specifically consider the factors identified in this Prospectus which could cause actual results to differ before making an investment decision. Undue reliance should not be placed on any forward-looking statements as such forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements of the Company and/or the Group, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Undue reliance should not be placed on any forward-looking statements as such forward-looking statements are based on numerous assumptions regarding the Company's, and/or the Group's present and future business strategies and the environment in which the Company and/or the Group will operate in the future. Amongst the factors that could cause actual results to differ materially from those described in the forward-looking statements are changes in the global political, economic and/or business sphere, competitive, market and regulatory forces, future exchange and interest rates, changes in tax rates and future business combinations or dispositions. Such risks, uncertainties and other factors are set out more fully in Part II (*Risk Factors*) of this Prospectus and include, amongst others: risks relating to the Group's business, risks relating to the industry and risks relating to the Shares. These forward-looking statements speak only as at the date of this Prospectus. Except as required by the FCA, the London Stock Exchange or applicable law (including as may be required by the Prospectus Rules, Listing Rules and the Disclosure and Transparency Rules), the Company, the Directors, the Selling Shareholders and the Underwriters expressly disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained in this Prospectus to reflect any change in its expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

Forward-looking statements contained in this Prospectus do not in any way seek to qualify the working capital statement contained in Section 18 (*Working Capital*) of Part XVII (*Additional Information*) of this Prospectus.

7. MARKET AND ECONOMIC DATA

This Prospectus contains information regarding the Group's business and the market in which it operates and competes, which the Company has obtained from various third party sources. Where information has been sourced from a third party it has been accurately reproduced and, so far as the Company is aware and is able to ascertain from the information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. Such information has not been audited or independently verified.

8. OVER-ALLOTMENT AND STABILISATION

In connection with the Offer, Deutsche Bank (as Stabilising Manager), or any of its agents, may (but will be under no obligation to), to the extent permitted by applicable law and for stabilisation purposes, over-allot Shares up to a total of 15% of the total number of Shares comprised in the Offer or effect other transactions with a view to supporting the market price of the Shares at a higher level than that which might otherwise prevail in the open market. The Stabilising Manager is not required to enter into such transactions and such transactions may be effected on any securities market, over-the-counter market, stock exchange or otherwise and may be undertaken at any time during the period commencing on the date of the conditional dealings in the Shares on the London Stock Exchange and ending no later than 30 calendar days thereafter. Such stabilisation, if commenced, may be discontinued at any time without prior notice. However, there will be no obligation on the Stabilising Manager or any of its agents to effect stabilising transactions and there is no assurance that stabilising transactions will be undertaken. In no event will measures be taken to stabilise the market price of the Shares above the Offer Price. Except as required by law or regulation, neither the Stabilising Manager nor any of its agents intends to disclose the extent of any over-allotments made and/or stabilisation transactions conducted in relation to the Offer.

For the purposes of allowing the Stabilising Manager to cover short positions resulting from any such over-allotment and/or from sales of Shares effected by it during the stabilising period, it has entered into the Over-allotment Option with the Over-allotment Shareholders pursuant to which it may purchase, or procure purchasers for, Over-allotment Shares (representing up to 15% of the total number of Shares comprised in the Offer and before any utilisation of the Over-allotment Arrangements) at the Offer Price. The Over-allotment Option may be exercised in whole or in part upon notice by the Stabilising Manager at any time on or before the 30th calendar day after the commencement of conditional dealings in the Shares on the London Stock Exchange. Any Over-allotment Shares made available pursuant to the Over-allotment Option will be made available on the same terms and conditions as Shares being offered pursuant to the Offer and will rank *pari passu* in all respects with, and form a single class with, all other Shares (including for all dividends and other distributions declared, made or paid on the Shares).

9. NO INCORPORATION OF WEBSITE INFORMATION

The contents of www.autotrader.co.uk or any website directly or indirectly linked to www.autotrader.co.uk, including carzone.ie, have not been verified and do not form any part of this Prospectus, and prospective investors should not rely on such information.

10. US SECURITIES LAW CONSIDERATIONS

The Company has agreed that, for so long as any of the Shares are "restricted securities" as defined in Rule 144(a)(3) under the Securities Act, the Company will, during any period in which it is neither subject to section 13 or 15(d) of the United States Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), nor exempt from reporting under the Exchange Act pursuant to Rule 12g3-2(b) thereunder, make available to any holder or beneficial owner of such restricted securities or to any prospective investor in such restricted securities designated by such holder or beneficial owner, upon the request of such holder, beneficial owner or prospective investor, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act. The Company expects that it will be exempt from reporting under the Exchange Act pursuant to Rule 12g3-2(b) thereunder.

This Prospectus is being furnished by the Company in connection with an offering exempt from the registration requirements of the Securities Act, solely for the purpose of enabling a prospective investor to consider the acquisition of Shares described herein. The information contained in this Prospectus has been provided by the Company and other sources identified herein. This Prospectus is being furnished on a confidential basis only to persons reasonably believed to be QIBs in the United States and other eligible persons outside of the United States. Any reproduction or distribution of this Prospectus, in whole or in part, in the United States and any disclosure of its contents or use of any information herein in the United States for any purpose, other than in considering an investment by the recipient in the Shares offered hereby in accordance with the offer and sale restrictions described herein, is prohibited. Each prospective investor in the Shares, by accepting delivery of this Prospectus, agrees to the foregoing. The Shares are being offered in the United States through United States registered broker-dealer affiliates of the Underwriters.

11. SERVICE OF PROCESS AND ENFORCEMENT OF CIVIL LIABILITIES

An overseas Shareholder may not be able to enforce a judgment against the Company or some or all of the Directors of the Company. The majority of the Directors are and are anticipated to continue to be residents of the United Kingdom. Substantially all of the assets of such persons and the majority of the assets of the Group are located in the UK. Consequently, it may not be possible for an overseas Shareholder to effect service of process upon the Company or the Directors within the overseas Shareholder's country of residence or to enforce against the Company or the Directors judgments of courts of the overseas Shareholder's country of residence based on civil liabilities under that country's securities laws. There can be no assurance that an overseas Shareholder will be able to enforce any judgments in civil and commercial matters or any judgments under the securities laws of countries other than England and Wales against the Company or the Directors who are residents of countries other than those in which judgment is made. In addition, English or other courts may not impose civil liability on the Directors in any original action based solely on foreign securities laws, including in respect of original action predicated solely upon US federal securities laws, brought against the Company or the Directors in a court of competent jurisdiction in England and Wales or other countries.

PART VI

MARKET OVERVIEW

Unless indicated otherwise, the information set out in this Part VI constitutes the Directors' views of the UK vehicle market. Unless indicated otherwise, all market, industry, market share and competitive position data set out in this Part VI and elsewhere in this Prospectus that relate to the UK vehicle market are estimates and should be treated with caution. The Company has obtained market data from internal surveys and studies as well as information derived from third party publications, studies and surveys, market interviews, desktop, market and web-based research including historical competitor annual accounts and reports assimilated by third parties. Where information assimilated by third parties has been used in this Part VI, the source of such information has been identified. Third party reports, publications, studies and surveys generally state that the data contained therein has been obtained from sources believed to be reliable, but that there is no guarantee of the accuracy or completeness of such data.

The Company believes that the information provided by third parties has been accurately reproduced, and, so far as the Company is aware and has been able to ascertain, no facts have been omitted that would render the reproduced information inaccurate or misleading. Nonetheless, the data on market sizes and projected growth rates should be viewed with caution. Moreover, in considering the market-wide trends and opportunities discussed below and elsewhere in this Prospectus, investors should be aware that given the Group's particular strengths and strategies, on the one hand, and its risks, on the other, the impact on the Group of such trends and opportunities may be more or less than their impact on the market as a whole. In addition, certain of the market, industry, market share and competitive position data contained in this Prospectus come from the Company's own internal research, records, data and estimates based on the knowledge and experience of the Company's management in the markets in which the Company operates (some of which may have been assimilated by third parties in their reports). While the Company reasonably believes that such research, records, data and estimates are reasonable and reliable, they, and their underlying methodology, have not been verified by any independent source for accuracy or completeness. Additional factors which should be considered in assessing the usefulness of the market and competitive data and, in particular, the projected growth rates are described elsewhere in this Prospectus, including those set out in Part II (Risk Factors) of this Prospectus. Accordingly, undue reliance should not be placed on any of the market, industry, market share and competitive position data contained in this Prospectus.

This Part VI provides prospective investors with an overview of the macroeconomic drivers of the UK vehicle market. For an overview of the Company's competitive landscape, see Section 8 (Competition) of Part VII (Information on the Business) of this Prospectus.

1. UK VEHICLE ECOSYSTEM

The UK vehicle ecosystem (comprising all UK automotive sales and related services) is complex, and buying and selling decisions are increasingly made online. Auto Trader operates the largest digital automotive marketplace in the UK to provide greater efficiency for ecosystem participants.

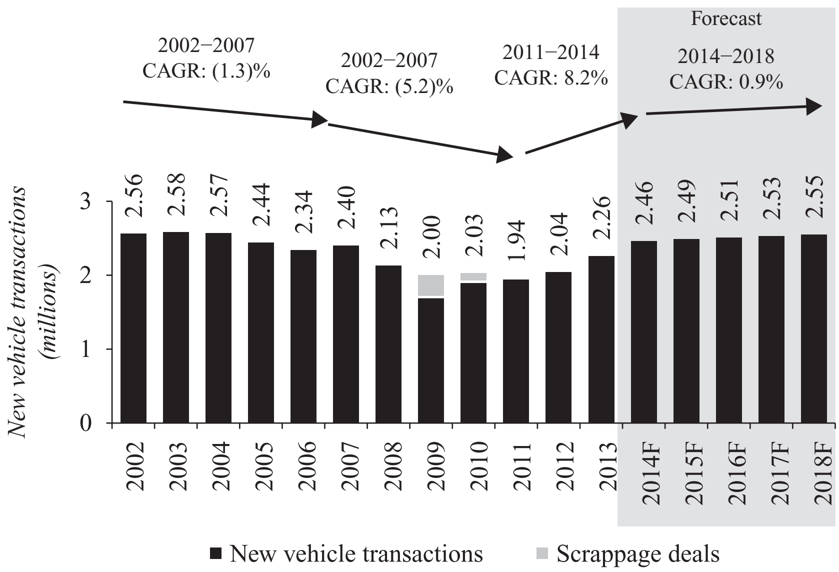
The UK car parc—new and used vehicles

The underlying market supporting the vehicle ecosystem is large and, in 2013, reached almost 32 million cars in circulation, according to SMMT (the "**UK car parc**"). In 2013, according to SMMT and the PwC Publication, there were approximately 9 million car transactions, of which there were approximately 2.3 million new and approximately 6.8 million used car transactions, generating, in aggregate, approximately £79 billion in car sales. The value of the vehicle market, as a whole, is even larger when taking into account associated products and services (for example, vehicle finance and insurance).

Furthermore, according to IDC, there existed an additional UK automotive advertising market of £1.5 billion in 2014, which the Directors believe is primarily driven by the desire of OEMs and retailers to attract new consumers.

According to SMMT, the underlying market has grown in recent years, demonstrated by 34 consecutive months of growth in new car sales from March 2012 to December 2014. This is primarily due to improving macroeconomic conditions and aided by the increasing availability of vehicle financing options, which has resulted in growth of the UK car parc in recent years. According to the PwC Publication, new car sales are expected to continue to increase marginally from 2014 to 2018.

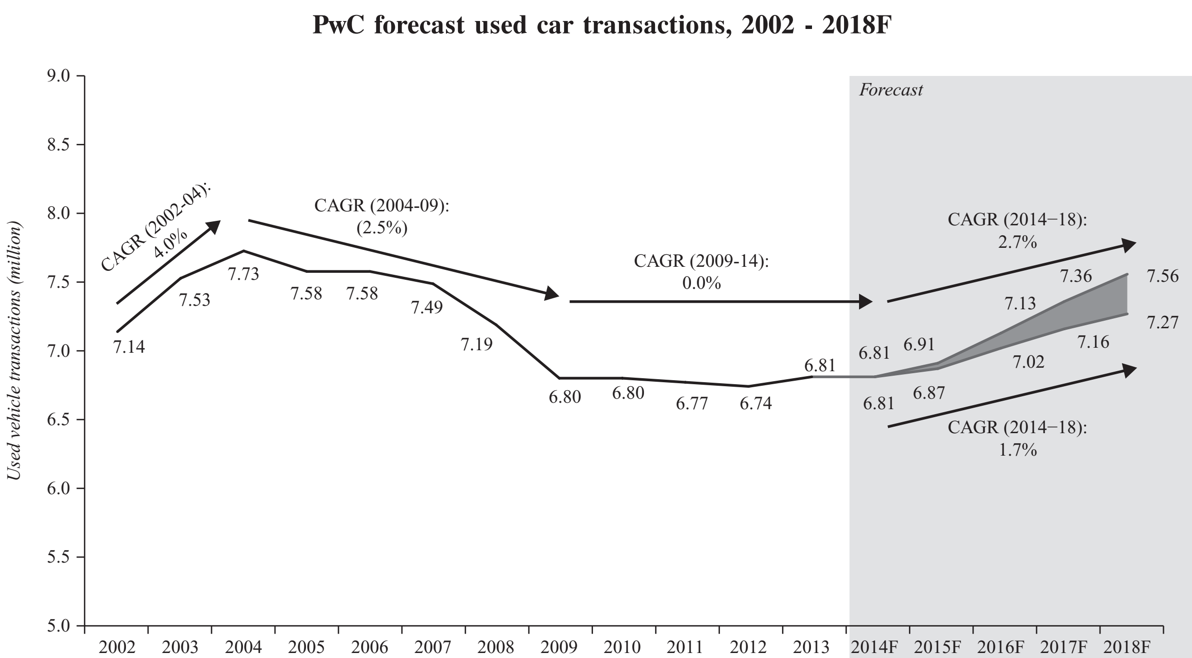
Figure 1 UK new vehicle transactions



(Source: SMMT, PwC Publication)

Once new vehicles are in circulation, they become part of the used vehicle stock and vehicle owners may subsequently sell them through the secondary market as used vehicles. Used vehicle transactions include purchases by first-time buyers of vehicles, replacement purchases and part-exchange transactions. This creates a steady stream of used vehicles for sale each year, as evidenced by the relatively stable levels of approximately 6.8 million used car transactions per year between 2009 and 2013 (*Source: SMMT and the PwC Publication*) (see figure 2 below). According to the PwC Publication, used car transactions are expected to benefit from the growth of the UK car parc, as more and newer cars are available for sale in the secondary market.

Figure 2 UK used car transactions



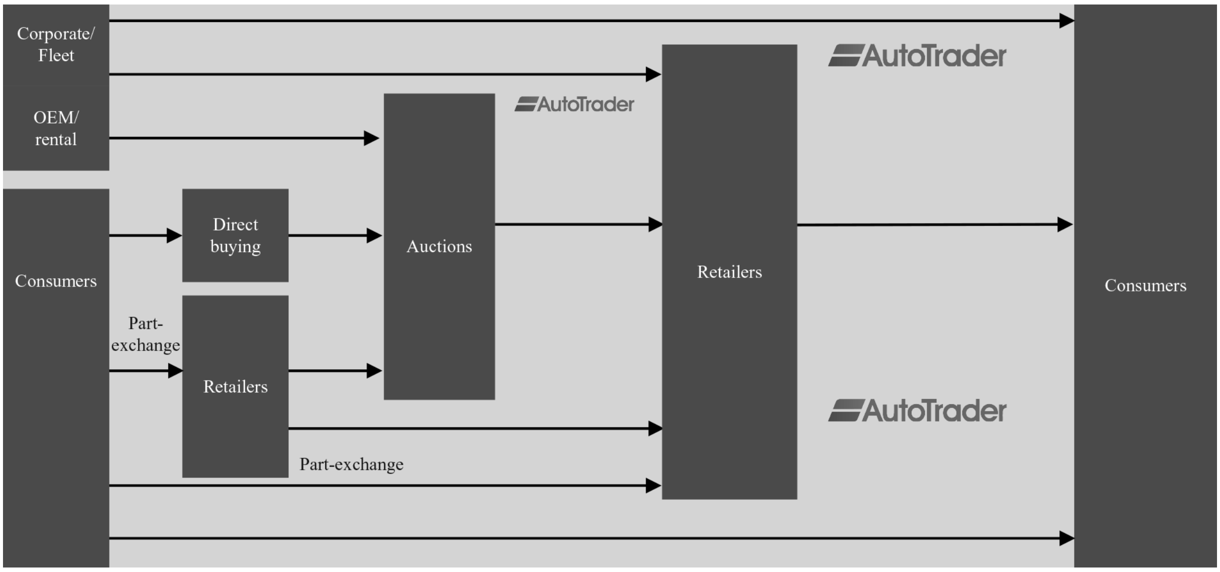
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014F	2015F	2016F	2017F	2018F
Used car parc turn (Higher scenario)	25.4%	25.7%	24.7%	24.6%	24.2%	23.0%	21.9%	21.7%	21.6%	21.4%	21.3%	21.0%	21.1%	21.6%	22.2%	22.7%	
Used car parc turn (Lower scenario)	25.4%	25.7%	24.7%	24.6%	24.1%	23.0%	21.9%	21.7%	21.6%	21.4%	21.3%	21.0%	20.9%	21.2%	21.6%	21.8%	

(Source: SMMT, PwC Publication)

Flow of used vehicles in the ecosystem

The flow of used vehicles through the vehicle ecosystem has traditionally been a complex process (see figure 3). Vehicles may reach the end buyers ("**vehicle buyers**") through several channels and after going through numerous stages. The multiplicity of transactions creates potential inefficiency and can negatively affect the margins that can be achieved on the sale of a vehicle.

Figure 3 Overview of UK used vehicle ecosystem



For the majority of UK used car transactions, retailers are the direct counterparty to vehicle buyers. The retailer landscape in the UK is fragmented and is comprised of an estimated 5,700 franchise retailer forecourts (i.e. car lots) and an estimated 8,500 independent retailer forecourts in 2013 (*Source: PwC Publication*). Vehicle seller fragmentation is further increased by an estimated 9,000 home traders in 2013, according to the PwC Publication.

In this complex, highly fragmented ecosystem, retailers need to optimise their sourcing of vehicle inventory in order to maximise their profit margins. Inventory sourcing is achieved through a number of different channels, including:

- consumers and other retailers through part-exchange;
- OEMs, due to re-marketing of OEMs' vehicles back into their affiliate branded franchise retailers;
- corporate or fleet operators who need to renew their vehicles regularly; and
- auctions (which may in turn source vehicles from other retailers, OEMs, corporate/fleet operators, or from consumers through direct buying entities).

Limited information on vehicle buyer preferences in local areas has also been another cause of inefficiency in the vehicle sourcing process. Retailers who end up with "unwanted stock" (stock that is not in demand in the local area) can turn to auction houses to dispose of it, generally meaning that they sell at trade, rather than retail price, typically resulting in a lower price and hence lower margins, in exchange for improved inventory turnover.

Collectively, the inefficiencies in the ecosystem highlight the opportunity for an automotive marketplace to bring together and match the right vehicle buyers and vehicle sellers on a single platform. Furthermore, the Directors believe that the ability to understand and predict consumer preferences, behaviour and desires is critical to creating an efficient marketplace.

The Directors believe the online platform offers the opportunity to achieve such an efficient marketplace. An online marketplace allows retailers to increase inventory turnover through access to the largest consumer audience on a single platform. The online marketplace also tracks consumer usage and vehicle activity, providing powerful insights into consumer preferences, behaviour and desires to facilitate retailers' inventory sourcing process.

2. ONLINE TRANSITION OF VEHICLE BUYING AND SELLING PROCESS

2.1 Transition of participants to the online marketplace

Consumer audience and vehicle buyers

In the UK, the majority of a consumer's vehicle shopping journey has now largely moved online. According to a GfK survey (Auto Trader Dealership Sourcing Study, July 2014) (the "**GfK survey**"), the internet is by far the most used source for vehicle buying, with 78% of the respondents using the internet for this purpose. According to the GfK survey, of those who used the internet for vehicle shopping, 67% of these used vehicle classified sites and/or vehicle review sites. Lastly, 63% of all respondents stated that the internet is the most influential source for vehicle buying.

The online automotive marketplace offers several advantages for the consumer audience over offline channels. Information is easily accessible and consumers can easily search for vehicles, compare prices and stock on a national basis at any time during the day and verify information from independent sources, rather than having to rely on OEMs and retailers. This value of data transparency has effectively transitioned the majority of the traditional research and information gathering stages of the vehicle buying process to the internet, meaning that vehicle buyers can visit a physical forecourt already holding the information they need to finalise the deal.

The strongest evidence of this transition has been the general decline in the number of physical forecourt visits by vehicle buyers. In June 2014, according to the GfK survey, over half of vehicle buyers sampled made a purchase from the first retailer they physically visited, compared to results from a Company Commissioned Survey in December 2010 which indicated that less than one in ten vehicle buyers sampled intended to physically visit just one retailer before making a purchase.

Retailers

The significant change in consumer behaviour means retailers also need to adapt their operations, resourcing and strategy to compete effectively in the automotive marketplace. Traditionally, retailers focused on bringing in as many people as possible to their physical forecourts for a tour of their stock and to provide information on the vehicles. Today, with the online marketplace being the primary channel where vehicle buyers effectively make their buying decisions, the focus is shifting to ensure retailers' stock is seen by as many potential vehicle buyers as possible in the online marketplace. The Directors believe that gaining prominence online for greater discoverability in the marketplace has become more important while also presenting new opportunities to reduce retailers' cost base by optimising physical forecourt size and location, as well as the number of sales personnel required to service the physical forecourt.

As retailers generally own the stock they sell, they seek to maximise the gross profit from vehicle sales (i.e. sale price including profits from the sale of ancillary services, less the purchase price of the vehicle), which requires optimising across several elements (including sourcing the right vehicle at the right price, decreasing the time required to sell a vehicle and marketing the vehicle for sale with the optimal price and prominence level to attract the right buyers), rather than just lead generation alone. The Directors believe that the online platform provides more opportunities for retailers to improve the optimisation of these parameters due to the level of insight that can be gained from consumer preferences (allowing retailers to source the right vehicles and adjust the selling price using real-time supply and demand data) and the ability to review available vehicles on a national level through a single interface (allowing retailers to more easily see multiple channels from which vehicles can be sourced). Retailers who manage these elements effectively will be better positioned to improve margins on vehicle sales and increase the speed of sale, which should result in improved overall profitability. This, in turn, provides such retailers with a higher profit pool (everything else being equal) which they can then re-invest, should they choose, to potentially further improve their performance.

2.2 Transition of automotive advertising activity to the online marketplace

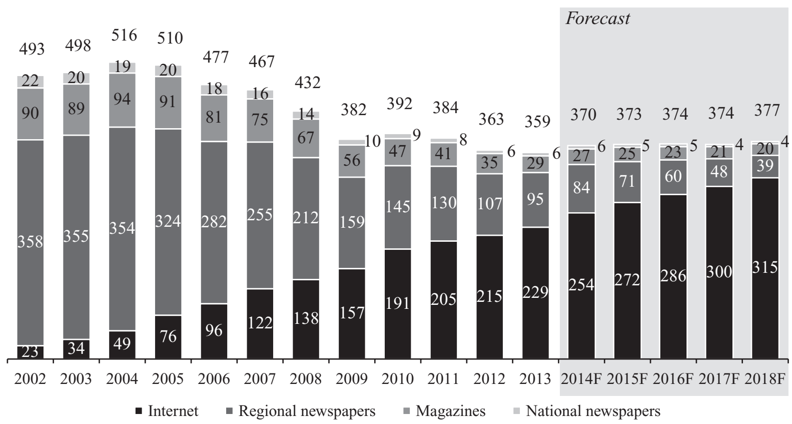
There are two principal types of digital automotive advertising: classified advertising and display advertising. Of the £1.5 billion total automotive advertising in the UK in 2014, the online share was approximately 38%, according to IDC. Online share of automotive advertising significantly lags the share of usage and influence of the internet in the vehicle buying process; 78% of vehicle buyers sampled used the internet as a resource and 63% sampled considered the internet as the most influential source, according to the GfK Survey. As a result, the Directors believe that online automotive advertising spend will increase to become more in-line with the internet's increasing influence, implying opportunities for further growth in the digital automotive advertising market.

Classified advertising

Historically, classified advertising involved the listing of vehicles for sale by retailers and private sellers on a media platform (e.g. classified websites, classified newspapers, magazines and national and regional newspapers) in order to reach potential vehicle buyers.

There has been a significant shift in automotive classified advertising expenditure away from print-based formats to online formats driven by increasing internet usage by vehicle buyers. In 2014, internet automotive classified advertising accounted for 69% of the total UK automotive classified advertising market, according to Enders Analysis forecasts. Internet automotive classified advertising expenditure is projected to grow at a CAGR of 6.6% over the 2013 to 2018 period, further taking share from offline channels, according to Enders Analysis.

<u>Figure 4 Overview of UK automotive classified expenditure (£m)</u>



	CAGR			
	02-04	04-09	09-13	13-18
Total	**2.2%**	**(5.8)%**	**(1.6)%**	**1.0%**
National newspapers	(6.9)%	(12.5)%	(11.3)%	(8.6)%
Magazines	2.0%	(9.7)%	(15.6)%	(7.2)%
Regional newspapers	(0.6)%	(14.8)%	(12.0)%	(16.5)%
Internet	45.5%	26.1%	9.9%	6.6%

(Source: Enders Analysis (November 2014))

However, the 'classified advertising market' is increasingly evolving into more than just the 'listing' of vehicles, to include expenditure on value-added services which are only available online, including services to optimise sourcing and pricing of vehicles as well as digital marketing services. As a result, total retailer expenditure on the digital marketplace extends beyond the 'market' as measured by Enders Analysis. The Directors believe that retailers, instead, increasingly measure their decisions based on total expenditure, including value-added services, against the return on investment they attain from that expenditure.

In this context, the Directors believe that the appropriate measure to view the classified advertising market is the share of classified advertising expenditure within retailer gross profit. Retailer expenditure on online classified websites, which currently represents approximately 70% of a retailer's marketing budget, is only approximately 5% of retailers' used car gross profit, according to the PwC Publication. The Directors believe that this indicates additional capacity for retailers to increase expenditure on online classified websites, if the additional expenditure can help generate more sales and/or help increase gross profit for retailers.

Automotive digital display advertising

According to IAB Adspend, UK automotive digital display advertising expenditure was approximately £130 million in 2013, which represents a relatively low penetration of the overall £1.5 billion UK automotive advertising market (*Source: IDC*). Automotive digital display advertising in the UK has grown quickly from approximately £56 million in 2009 to £130 million in 2013, at a CAGR of approximately 23%, according to IAB Adspend. The Directors believe there is the potential for a further shift in automotive advertising expenditure towards digital display advertising.

Due to the growing use of the internet by vehicle buyers, OEMs are looking to increase advertising online to gain access to a large number of in-market vehicle buyers (meaning people who are looking to purchase a car within three months), which represents an important target customer group for them. For OEMs, the digital medium offers a powerful targeting capability driven by deep insights into consumer behaviour, which creates new ways to engage with potential customers and promote their brand.

PART VII

INFORMATION ON THE BUSINESS

The following Part VII should be read in conjunction with the more detailed operating and financial information included in Parts XIII (Historical Financial Information) and XIV (Unaudited Pro Forma Financial Information) of this Prospectus. The financial information included in this Part VII has been extracted without material adjustment from the financial information in Part XIII (Historical Financial Information) of this Prospectus, or has been extracted without material adjustment from the Group's accounting records, which formed the underlying basis of the financial information contained in Part XIII (Historical Financial Information) of this Prospectus, or has been extracted without material adjustment from the consolidated audited financial statements for prior financial years of the Group. Prospective investors should read the entire Prospectus and not just rely on the information set out below. References to years are to calendar years unless specifically referred to as financial years.

1. OVERVIEW

The Group is the operator of www.autotrader.co.uk, the UK's largest digital automotive marketplace (the "**Marketplace**"). The Group's primary activity is helping vehicle retailers to compete effectively on the Marketplace in order to sell vehicles. The Marketplace brings together the largest and most engaged consumer audience with the largest pool of vehicle sellers which means the Group is able to offer the largest stock choice in the UK market. The Group does not own or sell any vehicles itself.

The Directors believe that the digital automotive marketplace is the most effective way for retailers to reach the greatest number of high quality vehicle buyers and the Group has the reach, the relationships and the knowledge to help retailers both to compete effectively in that marketplace and to guide them through the significant changes to their business practices that the digital evolution has brought about. As a result of the Group's market leading position, Auto Trader generates and collects large amounts of data on the UK's automotive marketplace and it has been able to leverage its possession of such data to create a suite of services that are designed to allow retailers to market their brands and businesses effectively in the digital world, to buy the right vehicles at the right price and to manage their businesses by optimising their stock turn and vehicle margin. As a business with a 'mobile-first' approach, the Group's services are customised and optimised so as to be accessible across multiple devices, including mobile phones, tablets and desktops and all mainstream operating systems including iOS, Android and Windows Phone.

The Directors believe that the Group's leadership position is highly sustainable due to the combination of the strong network effects created by having the largest and most engaged consumer audience, the most retailer customers, the highest number of vehicles for sale at any given time as well as the largest choice for prospective buyers and by the strong brand awareness and trust that the Group has earned over the course of its 37 year history.

The Group has successfully completed the transition from print (the Auto Trader magazine) to digital (www.autotrader.co.uk). Today, the Group is a predominantly mobile, 100% digital business with a culture that has innovation of its services at its heart and is driven by a committed leadership team that combines significant digital experience with a long average tenure of working for the Group.

The Group derives its revenue from the following sources:

- *Trade*—Trade comprises revenue from those customers who buy and sell vehicles as a source of income and profit. The Group's trade customers cover a wide spectrum of professional retailers from large franchise operators with sophisticated offerings and routes to market, to vehicle supermarkets, small independent retailers and customers that buy and sell vehicles from home ("**home traders**").
  - Generally, retailers pay the Group to list their vehicles on the Marketplace and also pay for additional packages that seek to allow them to achieve prominence in the Marketplace or seek to increase conversion of a vehicle buyer's interest into a lead. The Group also earns revenue from retailers that pay for the suite of products that seek to enable them to buy vehicles better, to market their businesses and brands in the digital world and to manage their forecourts (i.e. their inventory of vehicles or car lots) better to optimise stock turn and margin.
  - Home traders or customers that deal in low volumes of vehicles typically "pay as they go", purchasing one vehicle advertisement at a time through www.autotrader.co.uk.

- *Consumer services*—Consumer services revenue comprises revenue from individuals who place single sale advertisements with the Group to sell vehicles. Consumer services revenue also includes revenue from businesses that provide motoring services such as vehicle finance, vehicle insurance and vehicle provenance checking to potential vehicle buyers who access these services through the Marketplace. These motoring services customers generally pay a flat rate to appear on the Marketplace and/or pay an additional charge, either based on the number of referred consumers that purchase the customer's end product or based on a direct charge by the Group to the consumer with revenue share back to the motoring services customer.
- *Display advertising*—Display advertisers include a wide range of customers who purchase display advertising space on the Marketplace; principally advertising agencies acting on behalf of a wide range of customers, mainly OEMs.

In addition to its business in the UK, the Group operates a similar business in Ireland through its website carzone.ie, which was acquired by the Group in 2005. In FY14, the Group generated £4.8 million of revenue from its business in Ireland, which constituted 2% of the Group's total revenue from continuing operations in that period.

Following completion of the Group's real estate optimisation programme, and once the implementation of SingleView has been fully completed, as described in more detail below, the Group has no present plans to undertake any further significant capital expenditure in the medium term.

2. HISTORY AND EVOLUTION

2.1 Print to Digital

The Group is a 100% digital business, which has evolved from a print classified business founded in 1977. The Group's transition to a digital business began in 1996, with the launch of www.autotrader.co.uk, a UK online forum enabling users to buy or sell vehicles. From 1996 onwards, the Group began to focus on transforming its business into a leading digital automotive marketplace which has become one of the busiest websites in the UK.

The Group's online revenue surpassed its print revenues for the first time in 2007. As part of the Group's strategy to transition to a fully digital business, the Group undertook several measures to develop its digital offering, including the acquisition of an online used car retailer-to-retailer trading platform in 2009, the provision of websites for retailers, the launch of mobile applications in 2010 and the launch of the first of a series of data-oriented recommendation engines in 2013. The Group also undertook the progressive closure of its print business, with the final publication of its print magazines in June 2013. The digital automotive marketplace continues to evolve and, in 2014, the audience on mobile devices (including tablets) surpassed those on desktops for the first time. The content of www.autotrader.co.uk is accessible on multiple major devices including mobile phones, tablets and desktop and multiple mainstream operating systems including iOS, Android and Windows Phone. For December 2014, 45%, 34% and 21% of the visits to the Marketplace were made from mobile phones, PC/Macs and tablets, respectively. Of the visits from mobiles, 38% were made through the Group's mobile optimised site, 57% through its apps and 5% through the original www.autotrader.co.uk website. Of the visits from tablets, 35% were made through apps and the rest through the original www.autotrader.co.uk website.

As the Group's business has embraced the digital medium, the Group has placed an increasing emphasis on creating a digital, customer-focused team and working culture that has innovation at its heart. All business improvements and services developments start with customer value as the key factor and input is often sought from customers at the start of each process. The Group strives to make vehicle buyers' lives easier and tries to find the right balance between the needs of its vehicle selling customers and those of vehicle buyers on the Marketplace.

2.2 Diversification to Focus

During the years 1994 to 1995, the Group diversified into overseas markets including Holland, South Africa and Italy. However, in 2013, the Group made the decision to focus solely on the UK and Ireland. To this end, the Group completed the disposal of its overseas subsidiaries in 2013. A small investment in a Chinese classified business called iAutos remains, but the Group has no significant management influence and as such considers that investment a non-material, passive investment.

The Group has progressively worked on simplifying other elements of its business, and, as of today, the Group has one primary brand, one retailer sales force that can deliver expert advice on all of the Group's products and services, one system that the retailers use to access the Group's products and insight and one contact centre to meet all of the Group's customers' needs. In 2014, the Group changed its company name to "Auto Trader" from "Trader Media", a symbolic change reflecting the sharpening of its business focus.

2.3 Ownership

The Group's ownership structure has also evolved, with Guardian Media Group PLC acquiring indirect ownership of the whole business in 2003, and then selling a 49.9% stake to the Selling Shareholders in 2007. The Selling Shareholders acquired full control of the Group from an affiliate of Guardian Media Group PLC in February 2014.

3. STRENGTHS

3.1 The UK's largest digital automotive marketplace

As the operator of the UK's largest digital automotive marketplace, www.autotrader.co.uk, the Group brings together the largest and most engaged consumer audience with the largest pool of vehicle sellers who provide the largest choice for prospective buyers in the market. Auto Trader's scale enables it to be the UK's leading digital automotive marketplace with an attractive combination of volume and quality of leads which generate a large amount of proprietary data which the Group can use, combined with licensed data, to create timely and valuable insight for retailers, OEMs and other automotive ecosystem participants.

More vehicle buyers than any other site

The Group attracts the highest number of vehicle buyers on the Marketplace, attracting approximately 35 million monthly cross-platform visits on its sites, 4.2 times more than PistonHeads, the Group's nearest competitor on this metric (*Source: comScore MMX ® in Europe; data for the month of November 2014*). Further, according to a Company Commissioned Survey, conducted in December 2012, approximately 71% of sampled consumers using www.autotrader.co.uk were 'in-market' (i.e. were looking to purchase a car within three months).

According to the GfK survey, 93% of persons who had used classified websites while vehicle shopping (which comprised 52% of all persons sampled) had used www.autotrader.co.uk (*Source: the GfK survey*).

More retailers than any other site

The Group has the highest number of retailers on the Marketplace, 2.0 times more than eBay Motors, its nearest competitor on this metric (*Source: Autobiz for the period December 2013 to December 2014*), covering an estimated 80% of franchise and independent car retailer forecourts in the UK (*Source: PwC Publication data for total number of retailers*).

Retailers are attracted to the Marketplace as the Directors believe it is the most effective way for them to reach the largest number of high quality vehicle shoppers. In November 2014, Auto Trader was ranked as the No. 1 website by both volume of enquiries and quality of enquiries generated, with approximately 77% and 73% share of the responses, respectively (*Source: PwC Publication*).

Highest number of car advertisements

The Group offers the highest number of car advertisements for prospective buyers. According to Autobiz, the Group had approximately 1.9 times more car advertisements on the Marketplace than Motors.co.uk, its nearest competitor on this metric, during December 2014 (*Source: Autobiz*).

The automotive website with which the consumer audience is most engaged

According to comScore, users generated 14.4 times more page views on www.autotrader.co.uk than PistonHeads, the Group's nearest competitor on this metric during November 2014, resulting in 85% of all minutes spent on those vehicle classified advertising websites which the Directors consider to be their primary competitors, being on www.autotrader.co.uk, during November 2014. This reflects the consumer audience's engagement with the Marketplace. The Directors believe that Auto Trader is the reference automotive website that the consumer audience prefers to use to research and discover vehicles, select vehicles and make buying decisions, through to ownership of a vehicle and ultimately the next purchase or sale cycle of the vehicle. Auto Trader has been cited as the most influential automotive classified website for automotive buying decisions, receiving an approximately 73% share of the responses, approximately five times more than WhatCar?, which was placed second after Auto Trader (*Source: the GfK survey*).

Sustainable industry leading position

The Directors believe that Auto Trader occupies a sustainable industry leading position underpinned by the following factors:

37 years of brand heritage

Auto Trader is a brand with a 37 year heritage from its time as a successful print magazine brand. The Directors believe that no other competitor in the UK vehicle advertisement market can match the level of consumer audience engagement and relationship Auto Trader has established though its long history due to its position as one of the key reference brands for automotive enthusiasts. The Group's brand strength is highlighted by the brand awareness it enjoys, with approximately 92% prompted brand awareness, 1.4 times greater than its nearest competitor on this metric, eBay Motors, and 60% spontaneous brand awareness, 2.9 times more than the nearest competitor on this metric, eBay Motors (*Source: HPI brand tracker data, October - December 2014*). The Directors believe that building a viable competitor brand would take significant amounts of time, effort and money and that doing so when a leader like Auto Trader is already present in the sector would be highly challenging.

High quality and reliability of automotive information underpins consumer audience trust and engagement

The Directors believe that Auto Trader's brand strength is also built upon the consumer audience's trust in the quality and reliability of the automotive information provided by Auto Trader. This is highlighted by a recent survey where 62% of 253 respondents named Auto Trader as their most trusted brand in the used car buying process, approximately eight times more than the nearest competitor on this metric, eBay Motors (*Source: JIGSAW Research as of September 2014*).

The Directors believe that Auto Trader is seen to provide transparency in an otherwise complex market where many parameters that are critical to buyers' decision-making are not readily available. Auto Trader is continually investing to enhance the quality of its consumer audience proposition, which helps to increase consumer audience engagement and therefore usage. For example, Auto Trader provides a broad set of information for the consumer audience, such as high resolution pictures, owner reviews of vehicles, expert reviews of vehicles, motoring editorial, retailer contact details and consumer audience reviews of retailers. Auto Trader's comprehensive data is driven by significant and on-going efforts by the Group to ensure that a large and varied stock choice is available for sale, that vehicle advertisements contain accurate details and that consumer and retailer data are protected.

Strong relationship with retailers leading to multiple high barriers to competitor success

While a number of new entrants have attempted to develop automotive marketplace websites in the UK in recent years, none of these competing businesses have, at this point, built a business that has successfully challenged Auto Trader's market leadership. The Directors believe that this is due to the following factors:

- broadest coverage of the retailer spectrum;
- long established retailer relationships;
- focus on customer service with approximately 350 customer facing professionals, supporting retailers with valuable, reliable and up-to-date data and insight; and
- Auto Trader being the principal input system and a core component of many retailers' daily activities.

Auto Trader has the broadest coverage of the retailer spectrum covering an estimated 80% of all franchise and independent car retailer forecourts in UK (*Source: PwC Publication data for total number of retailer forecourts*). Its retailer customers range from approximately 110 large car supermarkets to approximately 7,000 independent retailers (of which approximately 65% are smaller retailers with a stock of less than 35 cars). Auto Trader has long established relationships with the majority of its retailer customers; in fact, 64% of retailers that collectively contributed 80% of the Group's retailer revenue for YTDQ315 have, on average, been customers of the Group for five years or longer. The Directors believe that personal relationships, combined with the breadth of retailer coverage, give the Group the tools and insight that can help it to sustain its relationships with retailers and connect with new retailers quickly.

Reach and relevance are necessary to cross-sell and up-sell the Group's suite of services, which require personal interaction with retailers to promote their adoption. As such, Auto Trader's large, experienced and knowledgeable team of approximately 350 customer facing professionals, with average tenure at Auto Trader of approximately 6.5 years, is a key source of competitive advantage. The Auto Trader team have guided retailers through the shift from print to digital, and they engage in advisory and consultative dialogue with retailers to help them access the digital automotive marketplace in order to help them to become more productive and successful (with extensive time spent educating retailers and providing insights and best practices). The same team regularly engages with the retailers to promote new products and services to enable those retailers to compete more effectively in the marketplace.

The Directors believe that Auto Trader is also an integral part of many of its retailer customers' daily activities, allowing retailers access to the Group's data and services via a user-friendly interface. The Directors believe that for many of the Group's retailer customers, especially the smaller retailers, the Auto Trader Portal is utilised not just for inputting advertisements but also acts as the retailer's principal stock management and response system. The Directors believe that retailers' familiarity with and, in some cases, reliance on the Group's systems makes it less likely that retailers will be attracted to Auto Trader's competitors.

Powerful network effects driving sustainable leadership

The Directors believe that the Group benefits from powerful network effects as the market leader having the largest and most engaged consumer audience, attracting the highest number of retailers and stock volumes, which, in turn, attract yet a greater consumer audience to the Marketplace, with www.autotrader.co.uk's share of total minutes spent on certain UK online classified websites having increased to 85% in November 2014. This underlines the substantial lead between Auto Trader and its nearest competitors across several metrics including monthly cross-platform visits, page views and time spent on the site. The depth, richness and high utility of Auto Trader's data, derived from its scale and network effects, enable continual refinement and enhancement of its consumer audience search functions, which remain a core part of the consumer audience activity on www.autotrader.co.uk, and helps the Group to understand what delivers real value to Auto Trader's customers in order to drive a pricing model increasingly based on value.

The Directors believe that Auto Trader is the only player in the UK used vehicle market that simultaneously delivers the critical elements of brand recognition, largest and most engaged consumer audience, highest number of vehicles for sale, as well as high quality and reliable data.

3.2 The leading partner for vehicle retailers

Auto Trader is the most effective way for retailers to reach their target audience

The Directors believe that Auto Trader is the most effective way for retailers to reach the largest number of high quality vehicle buyers due to its position as the UK's largest digital automotive marketplace. The Group offers retailers an attractive platform with the following key elements:

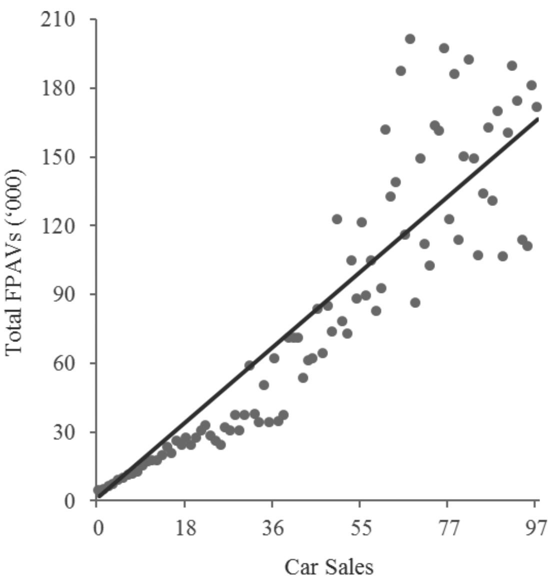
- 2.6 billion FPAVs in 2014, 38% more than in 2012;
- greatest volume of leads with 77% of sampled retailers ranking Auto Trader as the No. 1 website for volume of enquiries (*Source: PwC Publication, December 2014*); and
- highest quality leads with 73% of sampled retailers ranking Auto Trader as the No. 1 website for quality of enquiries (*Source: PwC Publication*). Further, the Directors estimate that approximately 71% of sampled consumers using Auto Trader are 'in-market', which is the most relevant target consumer audience group for retailers.

Retailers require increasing amounts of help and advice as digital continues to change vehicle retailing

The Directors believe that Auto Trader is growing in importance for retailers as the digital environment continues to change the nature of vehicle retailing, requiring customers to change their business practices. Vehicle buyers are doing more research online, with 63% of vehicle buyers considering the internet as the most influential source for vehicle shopping (*Source: the GfK survey*), which is leading to significantly fewer physical forecourt visits. In June 2014, over half of all vehicle buyers made a purchase from the first retailer they visited (*Source: the GfK survey*), whereas in December 2010, less than one in ten vehicle buyers intended to visit just one retailer before making a vehicle acquisition (*Source: Company Commissioned Survey*).

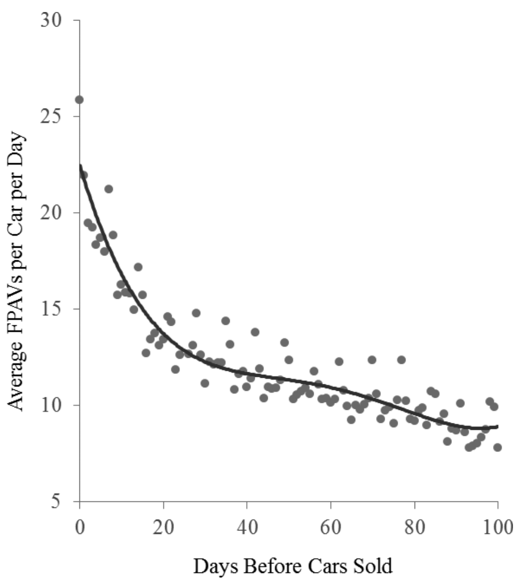
The Directors believe that this change is predominantly because most consumers have already made the decision on the vehicle that they want to buy before arriving at the retailers' physical forecourt. This requires retailers to advertise vehicles and enhance the prominence of their vehicle advertisements online. There is strong empirical evidence (as shown in the graph below) that FPAVs on Auto Trader correlate with more car sales and higher speed of sale. Therefore if a retailer wants to sell more cars more quickly, then a good way of doing this is to ensure that they compete effectively on the Marketplace such that all of their vehicle advertisements increase their respective number of FPAVs.

Figure 1 Correlation between FPAVs and cars sold



(Source: Company information, based on data provided by retailers from December 2012 to November 2014)

Figure 2 Correlation between FPAVs and speed of sale



(Source: Company information, based on sold data provided by retailers for 5,884 vehicles on 27 October 2014)

The Directors believe that the digital environment is also enabling changes to the traditional retailer cost structure through smaller physical forecourts, lower cost locations, fewer sales staff, as well as the ability to source better stock through insight. Digitally advanced retailers are therefore able to gain a competitive advantage through effective employment of data to optimise buying, managing and marketing of stock. The Directors believe that Auto Trader is best positioned to help retailers compete in this changing digital environment.

Suite of services which seek to help retailers of all sizes buy and sell more vehicles more quickly to optimise stock turnover and profit

Auto Trader utilises its comprehensive data and analytics to provide a suite of selling and retailing solutions that seek to enable retailers of all sizes to benefit from digital advertising services and to optimise stock turnover and profit.

Auto Trader's packaged offerings are tailored across the full range of franchise and independent retailers and Auto Trader has seen strong adoption across the suite of services. There are four pillars of services that are offered to retailers: Selling; Buying; Marketing; and Managing (the "**Pillars**").

As of 31 December 2014, retailers operating approximately 12,600 retailer forecourts subscribed to solutions within the Selling Pillar, which allow them to advertise their stock on the Marketplace. Auto Trader's Selling Pillar allow retailers to customise the level of prominence given to their vehicle advertisements to suit their budget and needs. For example, retailers are able to purchase up to five different levels of service offerings to enhance the selling proposition. Each higher level seeks to provide progressively more value to retailers and, therefore, has a higher price. As of 31 December 2014, 63% of retailers were already using some level of premium services in the Selling Pillar, up from 47% as of 31 December 2012.

Auto Trader's suite of products is supported by what the Directors believe is the most comprehensive data regarding market demand, supply and pricing combined with sophisticated analytical capabilities through its leading market position, where an estimated 65% of used car transactions involve cars listed on the Marketplace. In 2014, more than two billion searches were conducted on the Marketplace, which has created a pool of information which has helped Auto Trader to understand the demand for vehicles across various parameters (e.g. by value, by brand, by model, by colour and by region). Additionally, the Directors believe that Auto Trader is a trusted source for vehicle valuations and helps to improve the transparency of the market, both for retailers to source stock and for vehicle buyers to buy.

Auto Trader brings this data into applications that are integrated with the tools that retailers are already used to using. The Auto Trader team then trains retailers who buy these products to ensure they know how to best utilise the products to sell more vehicles and improve their stock turn. These applications power solutions within the Buying and Managing Pillars.

As of December 2014, retailers operating approximately 4,700 retailer forecourts subscribed to Auto Trader's Buying solutions, and retailers operating approximately 5,000 retailer forecourts subscribed to Auto Trader's Marketing solutions. As of December 2014, retailers operating approximately 800 retailer forecourts have subscribed to Auto Trader's Managing solutions, increasing the uptake of tools for Managing solutions, the first level of which was only launched to the Independent retailer market in September 2014.

3.3 Fast digital culture, driven by innovation

The Group is a predominantly mobile, 100% digital business with a culture that has innovation of its services at its heart and is driven by a committed leadership team that combines significant digital experience with a long average tenure of working for the Group.

Technology enabled, digital approach driving a predominantly mobile, digital business

The Group is a 100% digital business and predominantly mobile in terms of user interaction with the platform, with approximately 66% of visits in December 2014 already coming through mobile (including tablets). This reflects changing consumer audience preferences for access and instant availability on the move.

Auto Trader has a 'mobile-first' approach and a technology architecture which automatically detects the device and platform being used allowing the user experience (including appropriate functions and design for each screen size) to be customised and optimised across all platforms including desktops, mobile phones and tablets for all mainstream operating systems including iOS, Android and Windows Phone. The architecture is also designed for scalability, able to handle the volume of searches and enquiries on Auto Trader sites across all platforms which stood at approximately 68 searches every second on average during 2014. Auto Trader is able to easily select the most appropriate device or application to test new functionalities (often with multiple test runs) with a subset of customers before rolling out a new service across all platforms, thereby decreasing the risk of widespread errors and allowing Auto Trader to test and learn, which increases the success rate and speed of the roll-out.

The Directors believe that to be successful in today's multi-device world, the Group must ensure that the user-interface is fully enabled to optimise the customer experience, which requires time, effort and highly skilled designers, product managers and software engineers to consistently get right. The Group's mobile-first and customer oriented approach is fully aligned for success in this environment with a strong team of approximately 310 digital professionals that help drive continuous improvements.

Auto Trader proprietary and licensed data is leveraged across the business

The Auto Trader data architecture is centralised across the entire business and can be easily scaled to add new data or information. This enables the Group to track and analyse the data efficiently to find new ways to provide more insight to its customers and to its operations.

Data from consumer audience activity on the site across all devices are combined with retailer activity (through Retailer Portal) and external data sources, such as Experian, Glass and BCA, and are leveraged to provide retailers appropriate recommendations and insight to help them perform better in the

Marketplace. For example, the Group can sell a package of services that utilises this data to show retailers which cars are most in demand in their area and then advise retailers on business practices that would improve their performance on the Marketplace in a customised way based on retailer's specific activities and usage.

Strong service innovation

An empowered, customer-centric culture means innovation can come from anywhere across the business. The retailer sales team, customer service team and management team are empowered to try new things, test them out with customers and promote them for further development.

Multiple customer feedback initiatives are in place to drive the idea generation process. This allows the Group to monitor and update its platform continuously and to roll out Marketplace enhancements for customers with short lead times. Recent examples include the Smart Buying tool, which was released in September 2014 after the concept only having been proposed in February 2014, illustrating fast time-to-market for new services and enhancements.

Flat and lean approach

The Directors believe that the Group also benefits from a flat and lean approach. The Group has proactively sought to continue to optimise the organisation following the Group's transition to 100% digital operations. Between FY12 and YTDQ315, the Group reduced its average workforce by 8.0%, consolidated its offices from a number of offices down to two main locations in the UK and improved its revenue per employee from approximately £211,000 in FY12 to approximately £271,000 for YTDQ315.

The Directors believe that these steps have greatly increased the Group's operational efficiency. Adjusted Underlying EBITDA margin has increased through a strict policy of phasing out lower margin services and delivering an efficient operating strategy. Furthermore, the Directors believe that the Group's internal reorganisations have made it easier for the operational teams to connect and share ideas with each other, have made employees feel empowered and promoted a more vibrant work culture with wider learning opportunities. The Directors believe that this has helped significantly to retain high quality employees as well as attract new high quality talent. The Directors believe that the key benefits to the Group from this new organisation structure include shorter lead time for service roll-out and monetisation, more efficient projects, leaner and more effective teams and an ability to react quickly to technological and competitive threats.

Committed leadership team with significant digital expertise

The Group's management team is comprised of individuals with strong industry experience, and includes not only digital talent developed by Auto Trader during the Group's transition to digital operations, but also new team additions with extensive digital backgrounds. The Group is also supported by a high quality Board with significant relevant business and industry experience.

3.4 High margins, well invested infrastructure and strong Cash Conversion provide attractive cash return potential

Highly scalable model at little incremental cost

As a result of the Capitalised Development Change, the Directors believe that the most appropriate measure to assess the Group's performance in recent periods is Adjusted Underlying EBITDA. In FY12, FY13, FY14 and YTDQ315, the Group had an Adjusted Underlying EBITDA margin of 55%, 55%, 57% and 61% reflecting its market leading position and 100% digital operating model. The Group operates a highly scalable business model which allows the Group to continue to grow margins from additional revenues due to its low incremental cost requirements. For example, an increase in Group's revenues from higher retailer expenditure, either through price increases or sale of higher value packages, does not require significant incremental costs as the service is delivered through the Marketplace and the Retailer Portal. Similarly, increases in revenue from consumer services (either through more private vehicle advertisements or additional revenue from third party insurance and vehicle finance providers) and display advertising (sale of more display advertising on the Marketplace) also do not incur significant additional costs. In FY14, the business saw a drop-through of approximately 80% of incremental revenue to incremental Adjusted Underlying EBITDA.

Significant capital expenditure already undertaken

The Group also benefits from the significant capital expenditure undertaken in recent years such as investments to implement the SingleView billing system and streamlining of UK office locations to the Manchester and London King's Cross offices, all of which are capital expenditures which are unlikely to be needed again in the medium term. Following the completion of these projects, the Group has no plans to undertake any further significant capital expenditure programmes in the medium term. The Directors believe that foreseeable IT development expenditure in the medium term will be incremental and limited in order to maintain the Group's platforms. As such, it is expected that those IT projects will predominantly be handled by the in-house technology team through internal operational budgets.

High Cash Conversion

With high Adjusted Underlying EBITDA margins and improving operational efficiency, the Group benefited from a strong Cash Conversion of approximately 79% in FY14 due to its modest working capital and relatively low capital expenditure requirements. In the future, the Directors believe that the Group's Cash Conversion is likely to improve due to lower expected future capital expenditure requirements. The Directors believe that the Group's value proposition to retailers will support long-term sustainability and resiliency, even during economic downturns.

4. STRATEGIES

The Group has seen strong top-line revenue growth in its digital business. Over the past two financial years, the Group's top-line revenue from continuing operations has increased at approximately 7% CAGR.

Retailer revenue is the key driver of this growth (78% of revenue from continuing operations was generated from retailers during FY14), and the vast majority of the Group's retailer revenue growth over the last three financial years has been through increasing ARPR.

Additionally, the Group's display revenue has seen significant growth from £7.5 million in YTDQ314 to £8.7 million in YTDQ315, or 16% period-on-period, since the Group restructured the team and made display advertising a key focus.

Finally, the Directors believe that the fact that Auto Trader is the UK's largest digital automotive marketplace and is deemed the most influential by vehicle buyers when making their vehicle buying choice means that Auto Trader is well placed to grow the Marketplace and offer more services of value to retailers and other participants in the automotive marketplace.

4.1 Increase ARPR from existing customers through proven techniques

The primary growth driver and focus of the Group is to increase ARPR. The Group has a strong track record of doing this—over the last four financial years, the Group has been able to consistently grow its ARPR, resulting in an 86% higher ARPR in December 2014 compared to April 2009.

The Group aims to continue to increase ARPR each year at a steady rate, which may be achieved through different levers, including:

- price increases;
- increasing total vehicle advertising from existing retailers;
- offering more value by upselling retailers to higher level packages; and
- helping retailers in newer ways by cross-selling of buying, managing and marketing services.

The Group aims to find the optimal balance between the four levers to induce retailers to increase their spending on the Marketplace, while maintaining its value proposition to retailers. The Group takes into account the value that is being driven from existing products, the market dynamics and current relationship status. While the Group seeks to ensure it has the option and ability to introduce price increases at short notice, it may choose to provide retailers the flexibility to select different options to suit their needs including:

- protecting themselves from the price increases for a period of time by increasing their spending through advertising more vehicles, buying a higher value, more expensive package or purchasing an additional product in the Buying, Selling or Marketing Pillars (described further below); or

- continuing at their current level of business and then accepting the price increase when it is implemented.

Effectively, the retailer can choose to pay more for increased services (deferring their rate increases for a fixed period) or pay for the price increases without getting additional services. As the Group expects that the historical trend of the consumer audience spending more time interacting with vehicles online will continue, the Directors believe that the Group will be able to demonstrate that even retailers who accept the price increase without any further services will be receiving more value for money over time. On the other hand, the packages and campaigns have been designed such that retailers who pay for the new services should receive incremental value for money.

Online advertising spend currently represents only a small portion of a retailer's gross profit, at approximately 5% (*Source: PwC Publication*), which the Directors believe indicates that there remains significant scope for retailers to increase expenditure with Auto Trader.

4.2 Attract greater share of display revenue by improving the targeting and formats for agencies on behalf of OEMs and other automotive players

The Group has previously offered display advertising services mostly as ancillary revenue opportunities to complement retailer revenues. In June 2013, the Group identified display advertising as a growth area and upgraded its display advertising layout on both its mobile applications and the desktop website and also focused on hiring employees dedicated to the sale of display advertising. During YTDQ315, display advertising revenue increased by 16% compared to YTDQ314.

The Directors believe that it is possible to continue to grow display advertising revenue due to the market undergoing a secular shift to digital. Digital display advertising represented approximately 30% of total UK digital advertising expenditure (*Source: IAB*) during 2013, but the proportion of expenditure on display advertising within the total UK digital automotive advertising market was less than 27% in 2013, which indicates a growth opportunity as the share of automotive digital display advertising catches up with total digital advertising market levels. The Group intends to increase its display revenues by:

- establishing the Group as a valuable and leading partner for OEMs and their respective agencies, leveraging the Group's ability to attract the largest number of highly engaged in-market vehicle buyers to the Marketplace;
- offering new formats (e.g. native display advertising) on www.autotrader.co.uk to engage with potential OEM customers and promote their brands;
- utilising the Group's data insights to find new ways to increase conversion and return on investment for OEMs; and
- ensuring the Group's offering of services continues to remain relevant to customer segments outside of automotive customers.

4.3 Generate additional growth by increasing the size and functionality of the Marketplace, in order to attract more of the automotive market that is shifting to the digital world

The Group aims to look for additional growth opportunities including:

- increasing the number of digital retailer forecourts participating in the Marketplace;
- increasing consumer services revenues by offering consumers an increased level of third party vehicle finance, vehicle insurance and other automotive services on the Marketplace;
- improving the vehicle buying experience by introducing new services to facilitate part-exchange and helping consumers navigate the point of sale finance process (i.e. the loans process that generally occurs through retailers);
- capitalising on proprietary data from the Marketplace to find new monetisation opportunities; and
- entering adjacent areas of the automotive market not currently fully participating in the digital automotive marketplace (e.g. helping large owners of cars such as fleet and lease providers sell cars to vehicle buyers directly, rather than through auctions or to other retailers).

4.4 Continuing improvements in operational efficiency

The Group aims to continue to make improvements to its operational efficiency to increase Adjusted Underlying EBITDA margins and its cash flows by optimising costs as the business grows in order to become a leaner and more efficient business.

Furthermore, the Group is continuing to assess its suite of products regularly to help improve Adjusted Underlying EBITDA margin and cash flows. Particular attention is placed on those products with a high cost to serve or those that are lower margin.

5. CUSTOMERS AND SERVICES

The Group's industry-leading online automotive marketplace has contributed to the transformation of the UK vehicle purchase process by connecting the largest pool of vehicle sellers who provide the largest stock choice in the market for prospective vehicle buyers with the largest and most engaged consumer audience. The Directors believe that the Group is ideally placed to continue to lead the retailer transition to a digital environment due to its significant market leadership position and the strong marketplace network effects. The Group's primary business is to help retailers to compete effectively on the Marketplace in order to sell vehicles. In addition, the Group also assists its retailer customers to navigate the digital automotive marketplace to help them sell more vehicles and to optimise their automotive businesses by providing retailing solutions that seek to improve their speed of sale.

The Group also enables private vehicle sellers to advertise their own vehicles directly on the Marketplace in order to access the large vehicle buying audience. Finally, the Group provides display advertising space on the Marketplace.

Taken together these products and services seek to enable vehicle buyers to connect more efficiently and effectively with vehicle sellers, leading to faster and more profitable sales for retailers and ultimately a more efficient buying and selling process for both vehicle buyers and retailers.

Set out below is a description of the Group's composition of customers by share of revenue and its services.

5.1 Composition of customers by share of revenue

The table below shows the Group's composition of customers by share of revenue (in amount and as a percentage of total revenue from continuing operations) in the periods under review.

	FY12		**FY13**		**FY14**		**YTDQ314**		**YTDQ315**	
							(Unaudited)			
	£m	**% of total**	**£m**	**% of total**	**£m**	**% of total**	**£m**	**% of total**	**£m**	**% of total**
Trade	169.3	81%	181.5	83%	198.4	84%	147.9	84%	159.8	84%
Retailer	155.3	74%	168.7	77%	186.0	78%	138.0	79%	150.4	79%
Home trader	10.6	5%	9.8	5%	9.8	4%	7.5	4%	7.7	4%
Other	3.4	2%	3.0	1%	2.6	1%	2.4	1%	1.7	1%
Consumer services	29.8	14%	27.8	13%	29.1	12%	22.0	12%	22.3	12%
Display advertising	10.0	5%	9.6	4%	10.2	4%	7.5	4%	8.7	5%
Revenue from continuing operations	**209.1**	**100%**	**218.9**	**100%**	**237.7**	**100%**	**177.4**	**100%**	**190.8**	**100%**

5.2 What the Group's services are

The Group offers a broad range of services to its customers as described below.

Trade

Revenue from trade consists of revenue from retailers, home traders and other. The Group's retailers buy additional products and services as part of a package. The table below sets forth the different package levels of each of the Pillars available to retailers:

PILLARS	SELLING	MARKETING	BUYING	MANAGING
Level 1	Reach potential vehicle buyers on multiple devices, anywhere, 24/7.	Get retailer's business online.	Search multiple sources to find good quality stock at the right price.	Make better pricing decisions for inventory.
Level 2	More images, larger search vehicle advertisement and advertisement branding.	Improve conversion and capture more in-market buyers on mobile.	Get recommendations to buy the right car for today's retail market.	Use live market insight to manage retailer's business.
Level 3	Priority search, making advertisement appear higher on mobile and tablet.	Re-target car buyers visiting retailer's website on Auto Trader.		
Level 4	Live chat, an online sales team working to connect with potential vehicle buyers 24/7.	Improve visibility of retailer's business online.		
Level 5	Image management and enhancement services.	Boost visitors to retailer's site and maximise retailer's exposure across the web.		

Retailer Business

Retailer charges are made up of two components: a stock advertising charge based on the number of vehicles advertised, and a charge for the Group's packages. For the stock advertising charge, retailers with up to 100 vehicles per week will pay either £8.80 or £9.80 per car per week depending on when they became a customer. For retailers with stock greater than 100 vehicles per week, a volume discount will be applied. Pricing for the Group's retailer packages is a function of the volume of vehicles advertised with the Group and/or the level of service selected, i.e. the higher the level (i.e. with value-added services) and the more vehicles, the higher the price. The pricing structure of the Group's services is described in the table above. Larger retailer customers can negotiate "all-in" deals which may be independent of stock levels.

Total retailer revenue was £155.3 million, £168.7 million and £186.0 million for FY12, FY13 and FY14, respectively, and £138.0 million and £150.4 million for YTDQ314 and YTDQ315, respectively. Selling services represent the majority of the Group's revenue from retailers, accounting for 89% of retailer revenue for YTDQ315. Retailer revenue from selling services grew by 7% and 8% in FY13 and FY14, respectively, and by 8% for the YTDQ315 period as compared to YTDQ314. However, revenue from retailing solutions (which includes the Buying, Marketing and Managing Pillars) is growing faster than revenue from selling services. The proportion of revenue which is generated from retailing solutions has increased from 7% of total retailer revenue in FY12 to 11% of total retailer revenue in YTDQ315, with the majority of revenue from retailing solutions coming from the Group's Marketing Pillar, which allows its customers to promote themselves, rather than the vehicles they sell, more effectively in the digital automotive marketplace.

Selling

The Group's primary activity is helping vehicle retailers to compete effectively on the Marketplace in order to sell vehicles. The Group employs the "value-based" pricing model described in the table above that allows retailers the choice to have access to value-added services based on pricing. The Group estimates that premium level priority search advertisements, which appear first in the sort order of advertisements, typically generate 66% more FPAVs than standard advertisements.

Retailing solutions

Retailing solutions includes the Group's Buying, Marketing and Managing Pillars.

(a) Buying

The Group assists retailer customers to source vehicles by giving them access to an online used car business-to-business trading platform. The service provides retailers with a fast, simple and cost effective way to source and underwrite used vehicles from multiple sources. Using the service, retailers can buy stock directly from other retailers and from multiple sources such as auctions, remarketing and fleet and lease companies, all in one place. This business-to-business trading platform also allows retailers to have valuable insight into stock, for instance by understanding how long a car has been on the Marketplace. The retailer can make decisions on the price of a vehicle using the Group's trade and retail valuations.

Using real-time market data, the higher level buying service package seeks to help retailers purchase the right car for the local retail market at the right price. The Group estimates that 35% of cars on forecourts are not in demand locally (therefore taking longer to sell and negatively affecting the retailer's margin and profitability). According to the GfK survey, 75% of sampled vehicle buyers chose a retailer because it had the exact car they wanted. The Group's value-added service provides retailers with recommendations on what cars are best suited to that retailer, based on both what the retailer and local vehicle buyers are looking for. The Group's "stock profiler" service provides users market intelligence to help retailers narrow down what cars they should be buying from auctions and other sources based on the quick processing of auction and other sales catalogues.

(b) Marketing

The Group assists its retailer customers to get their businesses online by providing web marketing services. Depending on the level of package which a retailer purchases, retailers can use the Group's template website layouts and site optimisation services to obtain an online forecourt to showcase their cars and to build their brand. The retailer websites which the Group helps to design are built to take advantage of Auto Trader's "link equity", which helps a retailer's stock to appear more prominently on search engine results. Retailers get unlimited access to the Group's website management tool to edit their websites. Advertising placements promoting a retailer on the Marketplace can be targeted based on the vehicle buyer's geographic location and the year, make and model of the vehicle that the vehicle buyer is searching for. In addition, more expensive packages can provide value-added services such as retargeting, which tags vehicle buyers who have visited a retailer's website so that when the vehicle buyer returns to the Marketplace, he or she is directed back to that retailer.

The Group has a dedicated digital marketing team that works to boost visitors to retailers' websites across the web. As of December 2014, retailers operating approximately 5,000 retailer forecourts have worked with the Group to deliver their digital marketplace. According to the GfK survey, 71% of vehicle buyers sampled visited the retailer's website to help inform their buying decision. The Group estimates that four out of five unique visitors result in a full page advertisement being opened from the search page. Further, in June 2014, 51% of sampled vehicle buyers only visited one physical forecourt before purchasing (*Source: the GfK survey*).

(c) Managing

The Group assists its retailer customers to manage their vehicle inventory through its appraisal service. The Group's appraisal service is a tool that seeks to help retailers make better and quicker pricing decisions for their vehicles and the part exchanges they are offered. The higher level service offers an enhanced management programme that allows retailers to identify and buy vehicles which they determine to be the most desirable in their region, meaning, generally those vehicles which are more likely to sell more quickly. Retailers also have access to the Group's vehicle buying service. The service alerts retailers when vehicles on their online marketplace are out of line with the market and their strategy, so that retailers can make better informed decisions.

Retailer Portal

The Group's retailer customers have access to the Group's online "Retailer Portal", which is an efficient and simple to use interface allowing retailers access to the Group's services. As of 31 December 2014, retailers operating approximately 13,000 retailer forecourts (or 100% and 70% of the Group's independent and franchise customers, respectively) used the Retailer Portal, with each visiting the Retailer Portal on average 40 times per month. The Retailer Portal is designed to be as user friendly as possible, with the homepage clearly setting out the Group's Pillars—selling services and retailing solutions (including Buying, Marketing and Managing).

Home Trader Business

The Group offers "pay-as-you-go" packages to smaller retailers, typically those retailers who operate from their homes, pay for each individual sale advertisement separately and do not enter into a long-term contract with Auto Trader.

Other Trade

The Group also offers a service that provides website and remarketing solutions to OEMs. This service is scheduled to be wound down within the upcoming financial year and an announcement has already been made to employees and customers.

Consumer Services

The table below provides a general overview of the Group's consumer services.

• Private vehicle advertisements	• UK's largest online forecourt for vehicle advertising.
	• Description of example sale packages—the higher the package, the higher the price.
	  • **Basic**—2 week advertisement on all devices.
	  • **Standard**—3 week advertisement with more images and visibility on mobile.
	  • **Premium**—6 week advertisement with more images and visibility on all platforms.

• Motoring services	• Advertising for providers of vehicle finance, vehicle insurance and provenance checking to potential vehicle buyers.

The Group assists its consumer services customers who are private vehicle sellers to sell vehicles by offering online vehicle advertisement placements on the Marketplace. Similar to the range of advertising options which the Group offers to its pay-as-you-go customers, the Group offers consumer services customers a service that provides higher priced advertisements with value additions such as more images and featured listings.

In addition, the Group obtains motoring services revenue from businesses providing certain automotive services. These businesses include vehicle finance providers, insurance providers and provenance checking providers. For example, the Group offers a tool on the Marketplace that enables vehicle buyers to submit financial information in order to receive personalised loan offers from the Group's finance provider partners. The Group also enables vehicle buyers to find vehicle insurance and provenance checking services by connecting them with the Group's partners who provide those services. Motoring services revenue is dependent on Auto Trader's audience clicking through to the websites of these businesses and purchasing their services, which is affected by whether these businesses are willing to spend and integrate their offerings with Auto Trader. Audience click through is affected by whether the audience finds the service provider's website easy to use and the service itself compelling and relevant to their needs. The Group also offers customers free valuation services as part of its motoring services.

Display Advertisers

The Group had previously offered display advertising services mostly as ancillary revenue opportunities to complement retailer revenues. In June 2013, the Group identified display advertising as a growth area and upgraded its display advertising layout on both its mobile applications and the desktop website and also focused on hiring employees dedicated to the sale of display advertising. Display advertising revenue was £10.2 million in FY14 and £8.7 million in the YTDQ315, an increase of 16% compared to YTDQ314. The Directors believe that it is possible to continue to grow display advertising revenue for the following reasons:

- relationships that have been forged with agencies over the last 18 months have been significantly improved, creating a strong foundation for the future. This will facilitate more display advertising expenditure from OEMs, other automotive sector participants (e.g. finance, insurance) and others;
- Auto Trader has been able to improve its yield from £1.03 per thousand impressions ("**CPM**") in the first quarter of YTDQ315 to £1.74 CPM in the third quarter of YTDQ315 through improved relationships, better data and more relevant formats; and
- generally, global online advertising leaders enjoy a higher percentage of revenue from display advertising than Auto Trader does presently (carsales.com.au had approximately 25% of revenue from display advertising in its domestic business for its financial year ending June 2014).

The Group provides a variety of online display advertising formats on the Marketplace. The majority of the Group's display advertising sales are to agencies under trading agreements. The Group's most popular online display advertisements include banners, which are placed at the top, bottom or middle of a page, as well as tower advertisements placed alongside a page. The Group charges for these advertisements based on the number of times the advertisement is displayed, or based on a fixed amount for a campaign. Advertisement rates vary depending upon the web pages upon which the advertisements are placed, the geographic regions targeted, the amount of advertising purchased and the length of time the advertisement runs on the Marketplace. The remainder of the display advertising space not sold to agencies is sold on a 'programmatic' basis (i.e. the space is allocated to bidders for the highest price).

6. COMMERCIAL OPERATIONS

Retailer Sales and Service

The Group has succeeded in large part by building what the Directors believe is the largest automotive retailer sales and service force in the UK in order to engage with the Group's fragmented customer base. During the course of FY14 and YTDQ315 the Group made a series of changes to its sales and service organisation in order to simplify the structure and to create a leaner team focused on customer relationships and delivery of customer value.

As of 28 December 2014, the Group's retailer sales team was comprised of approximately 200 employees, with approximately 70 based in the Group's Manchester office and the remainder working remotely. As of 28 December 2014, the Group's customer service team was comprised of approximately 150 employees, with approximately 130 based in the Group's Manchester office and the remainder elsewhere. The teams primarily cater to the Group's retailer customers, with the largest customers having dedicated account owners and smaller customers being served by regional teams. In both instances the sales and service organisation works as a single customer-oriented team. For the Group's growing Buying, Marketing and Managing services the Group has eight specialised personnel who support the sales activities and seek to ensure retailer engagement and value from utilising the Group's services.

The Group's retailer sales force, along with the customer service team, proactively reach out to retailer customers to review the impact of the Group's services; providing retailer customers with detailed data and analytic reports that, for example, help them understand the effectiveness of their vehicle advertising when compared to other retailers in their market and around the country. The sales team uses this data to help customise the use of their services and identify the most suitable package for each specific retailer and any additional services that can benefit them. In addition, Auto Trader detects patterns of data to anticipate retailers' potential actions, for example, by predicting when a retailer may be most likely to leave. This enables the Group's customer operations team to take preventative actions and try to ensure that a retailer is making best use of the services before making such a decision. The customer service team responds to transactional requests from all retailers. Further, since the team also has visibility of specific customer data and performance, the team can provide guidance and advice to customers on how they can improve their performance.

The Directors believe the trusted relationships that retailers have with the Group's sales executives and the success that they have experienced with its services provide a word-of-mouth referral network that has powered the growth of the Group's retailer customer base and the growth of its premium sale advertisement packages.

With the Group's expansion of its range of services to its customers, its retailer sales and service force has been complemented by specialist sales and service teams. In the move towards a single sales and service organisation these product or solution specific teams have been integrated into the overall customer facing team enabling a single-point of contact for retailers for all of their needs and requirements. The Directors believe that the coordination and integration of the Group's sales and service efforts across its retailer-facing businesses represents an opportunity for the Group to drive further adoption of its software services.

Marketing

The Group has an integrated marketing department comprising approximately 30 employees as of 28 December 2014, three located in the Manchester office and the remainder based in the London office or working remotely. The Group's marketing department manages all the marketing aspects of the Group's business across all its audiences, from consumer marketing to trade marketing covering brand management, CRM, search marketing, social, display marketing, product marketing, market research, events and retailer education.

The most visible parts of the Group's advertising have historically been consumer campaigns, normally including a large TV advertisement campaign, which are focused on improving and maintaining the Group's brand position and continuing to grow the Group's Marketplace audience and their engagement. These TV campaigns, which comprise the majority of the Group's marketing expenditure, are typically run during the first half of the calendar year, although the Group will drive smaller campaigns at other times across multiple media platforms. Consumer campaigns are complemented with ongoing trade marketing campaigns in trade-specific media, both online and offline, where the Group promotes its services. Trade relationships are generally handled on a one-to-one basis by the account managers in retailer sales, supported by either industry or Group specific conferences, seminars and events. The marketing department also manages the Group's pay-per-click advertising campaigns (the use of sponsored listings on search engines to seek to increase visitors) to drive incremental web traffic where needed and the Group's digital marketing activities, strengthening the Group's search-engine optimisation presence and thereby seeking to increase traffic to the Marketplace.

Product and Technology

The Group has invested heavily in its technology platform, which provides the vehicle buyer-facing services and tools, retailer-facing services and tools, and the tools and infrastructure used by the Group's employees to service customers. This investment has allowed the Group to reduce capital expenditure, so as to focus more on the constant evolution and maintenance of its technology platform. The Group recently completed an overhaul of its services and technology organisation, moving from a multiple distinct specialised team structure to a more agile development environment where new services can be rapidly evaluated, developed, packaged and launched and unnecessary process has been eliminated. The focus of the Group's new services and technology organisation structure is a "squad" approach. Each "squad" is an empowered, cross-functional team that aims to become dedicated experts in a particular product area, such as stock management or native apps. The Group aims to align the people it employs, in order to create great services for customers, implementing digital services development and improving the way it listens to, informs and involves customers.

The Directors believe that the Group's technology infrastructure is highly scalable, allowing it to grow efficiently as it adds more vehicle buyers, customers and services to its network. The Group has invested significantly in back-end tools and is implementing solutions with a preference for highly scalable, well supported open source software wherever possible that can be developed and maintained internally, relying on third party software only where required. The Group has implemented tight security measures and back-up power plans designed to minimise the risk of interruption of the operation of its consumer services customer-facing and retailer-facing technology platform. The Group has scalable accounting, order management, data warehousing and analytics systems, which it has developed through continuous improvements over the past several years. The Group is currently introducing SingleView, its new order-to-cash billing system covering customer management, order management, invoicing, credit management and package/pricing controls. SingleView drives automated and integrated provisioning of service to customers for the Group's key products. SingleView will also both automate and streamline the Group's processes in addition to providing better visibility and control of the Group's billing data.

The Group also devotes significant resources to new service development across its business. The Group's approach to service development capitalises on the open "squad" structure by allowing employees to brainstorm ideas and improvements amongst each other and then filter these ideas initially with scorecards and then through a simple validation process that seeks to focus improvements on Auto Trader's emphasis on customer needs. The Group's customers are at the heart of its service development process and the Group seeks to have its customers directly take part in service development. The Group engages directly with retailers and consumer services customers, bringing them onsite to its offices to test its new services so that Auto Trader can receive direct real-time feedback. In recent years, the Group has improved search functionality on www.autotrader.co.uk and carzone.ie, released new web services and invested heavily in the creation of mobile applications for the iPhone, the iPad and the Android platform. The Group intends to continue to invest in the development of differentiated, innovative features and solutions as part of its value-driven, customer-orientated and digital culture.

Display Operations

In relation to its display advertisement services, the Group has a sales and operations team of over 35 people who work closely with OEMs, retailer associations, industry groups and other display advertisers. This team sells and services a wide range of targeted advertising campaigns on www.autotrader.co.uk and www.carzone.ie. This team also services many leading automotive OEM brands and applies a consultative selling approach to help these advertisers best target vehicle buyers across the Marketplace.

7. CULTURE AND EMPLOYEES

The Directors believe the root of the Group's success is its highly-engaged team of approximately 900 FTE employees, on average for YTDQ315, and their passion for and commitment to improving the online vehicle sale and purchasing process for all participants in the automotive ecosystem. As of 22 February 2015, the Group employed approximately 891 FTE employees. The chart below shows the average monthly number of the Group's FTE employees for the periods indicated:

	FY12	FY13	FY14	YTDQ314 (Unaudited)	YTDQ315
Display	21	24	34	34	36
Customer Operations	492	482	444	446	401
Products & Technology	319	375	344	346	328
Corporate	146	176	157	159	135
Total	**978**	**1057**	**979**	**985**	**900**

The Directors believe that the vehicle purchasing decision is a significant financial decision for any person and one that historically has been too complex and inefficient. The Directors believe that the Group's employees are committed to achieving its mission of making the vehicle selling and buying process as transparent and frictionless as possible for all parties.

While the Directors believe that the Group has made significant progress in this endeavour, they believe the digital automotive marketplace has significant room to evolve. The Group's team is energised by the mission to dramatically improve the way people buy and sell vehicles, continuing each day to drive towards the destination of a frictionless automotive purchasing experience for all participants.

As part of the Group's shift to a digital culture, the Group has reduced its headcount, but increased salaries in order to attract and retain a more technology and ideas-focused workforce. The Group has opened new offices in Manchester and King's Cross, London, designed to encourage and promote an innovative and collaborative working environment. Employees in the new offices have access to touch-screen media walls, meeting rooms, games areas and relaxation areas. The Group has invested and continues to invest in its employees through extensive training and leadership programmes that are designed to foster a culture of highly engaged employees committed to achieving the Group's mission. By adhering to the Group's core values, the Directors believe that the Group is making a positive impact not only on its consumer audience and its customers, but also on its employees and the communities in which they work and live.

None of the Group's employees are represented by a collective bargaining agreement. The Directors believe that relations with the Group's employees are good.

8. COMPETITION

The Group's principal competition is other companies targeting the consumer vehicle buyer audience and retailer advertising expenditure.

In terms of the vehicle buyer audience, the Group competes with online and offline classified listings, online and offline advertising media, online pay-per-sale marketplaces and online providers of vehicle information on the basis of a number of factors, including the depth, breadth and reliability of listings, automotive information and the utility of vehicle purchaser shopping and search experience.

The Group also competes for brand display advertising revenues from OEMs against broadly the same set of competitors on the basis of a number of factors, including volume of lead generation, lead conversion and price.

The Group does not operate any non-digital businesses and does not directly compete in non-digital automotive areas including vehicle auctions (which are still predominantly done at physical auction sites).

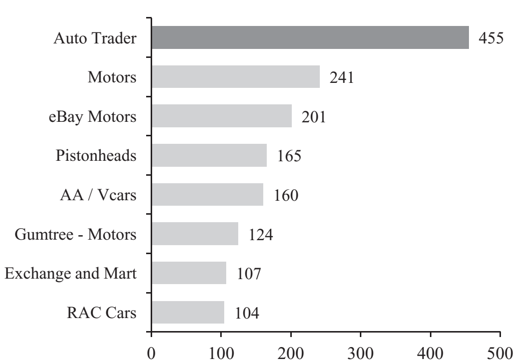
8.1 Digital automotive marketplace

In the digital automotive marketplace market, the Group competes directly against other digital marketplaces, such as Motors.co.uk, eBay Motors, PistonHeads.com, AA / Vcars, Gumtree Cars, RAC Cars, and Exchange and Mart.

The Group competes on the basis of brand awareness and reputation, the size of the consumer audience that customers can expect to reach, the volume and range of stock listed and the accuracy and reliability of the data presented, the overall quality of the user experience, the price and perceived value of the suite of services offered to advertising customers and the range and quality of such services. The Directors believe that the Group is well placed to compete in the market given its leadership positions in terms of:

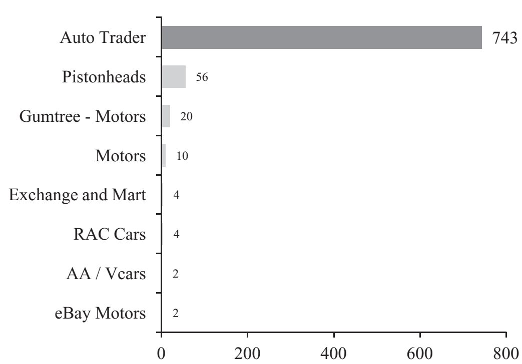
- scale of consumer audience;
- scale of retailers;
- scale of stock choices;
- strong user engagement;
- strong consumer brand; and
- trust in quality and reliability of automotive information.

Figure 3 Automotive advertisements ('000) (December 2014)



(Source: Autobiz)

Figure 4 Page views (millions) (December 2014)



(Source: comScore)

As the suite of retailer services offered by Auto Trader has been extended beyond online vehicle advertisements to include services such as Buying, Marketing and Managing, the Group is increasingly competing against a broader set of automotive service providers. Nonetheless, there is no single competitor that is competing against Auto Trader across the spectrum of services the Group offers or to the same scale as the Group. Furthermore, Auto Trader is able to offer these services as integrated packages through a single interface, which the Directors believe provides advantages as compared to competitors.

- **Buying:** helping retailers identify available vehicle stock may overlap with services provided by auction houses, such as BCA and Manheim.
- **Managing:** real time data on supply and demand dynamics and advice on vehicle pricing may overlap with services offered by CAP and GlassRadar.
- **Marketing:** the Group competes with specialist digital website services providers such as Spidersnet and GForces.

The Group may also, in some capacity, compete with general search engines, such as Google and Bing, which may allow retailers to list vehicle stock on their respective search engine websites, or social media networks such as Facebook, which may offer platform for retailers to advertise stock.

8.2 Automotive display advertising

The Group principally competes for digital brand display advertising revenues from OEMs against the broad categories of online classified marketplaces, online pay-per-sale marketplaces, general automotive content websites and multi-vertical content websites. Furthermore, with the Group's increasing editorial and review content on www.autotrader.co.uk, the Group competes directly against automotive information sites, such as WhatCar?, for broader automotive audience traffic, and, in turn, for automotive display advertising expenditure against such websites.

8.3 Offline classified listings

The Group competes with offline media companies and service providers who have existing advertising relationships with retailers. Services provided by these competitors range from direct mail campaigns to classified listings in local newspapers and display advertising in magazines, television and radio.

9. DIVIDEND POLICY

The Directors intend to maintain a capital structure that optimises the provision of long-term returns to Shareholders. The Directors expect sufficient cash flow to be available to meet the growth requirements of the business, to further reduce debt and to provide an income stream to Shareholders via a dividend.

In the absence of unforeseen events, the current intention of the Board is to pay a dividend in relation to the financial year ending 27 March 2016, in the form of an interim and final dividend. The amount of the interim and final dividend and the precise timing will be announced at the time of the interim and final results, respectively. The Directors believe that following Admission the initial focus should be on reducing the amount of debt outstanding until net debt is at or below two times Adjusted Underlying EBITDA (the "**Debt Reduction**"). During this period of Debt Reduction, the Board's current intention is to maintain a dividend of approximately 10-20% of net income. Once the Debt Reduction is complete, the directors will review the dividend level with a view to raising it to approximately one-third of net income.

Once the Debt Reduction is complete, the Company may generate significant cash in excess of cash requirements for the growth of the business and dividend payments to Shareholders. The directors will consider how best to return such cash, if any, to Shareholders. The directors are likely to favour methods which enable a timely return, reflecting the limited requirements to retain cash in the business. Incentive schemes for senior executives have been designed so that the impact of any given method of returning cash should be neutral.

The ability of the Company to pay dividends is dependent on a number of factors, including the availability of sufficient distributable reserves, and there is no assurance that the Company will pay dividends or, if a dividend is paid, what the amount of such dividend will be.

The directors will review the Company's dividend policy from time to time.

PART VIII

DIRECTORS, COMPANY SECRETARY, REGISTERED OFFICE AND ADVISERS

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Joint Bookrunners	J.P. Morgan Securities plc 25 Bank Street Canary Wharf London E14 5JP United Kingdom Morgan Stanley & Co. International plc 25 Cabot Square Canary Wharf London E14 4QA United Kingdom
Lead Manager	Numis Securities Limited The London Stock Exchange Building 10 Paternoster Square London EC4M 7LT United Kingdom
Legal Advisers to the Company as to English and US law	Simpson Thacher & Bartlett LLP CityPoint One Ropemaker Street London EC2Y 9HU United Kingdom

Legal Advisers to the Underwriters and Sponsor as to English and US law	Clifford Chance LLP 10 Upper Bank Street London E14 5JJ United Kingdom
Reporting Accountants and Auditors	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH United Kingdom
	PricewaterhouseCoopers LLP 4th Floor One Reading Central 23 Forbury Road Reading Berkshire RG1 3JH United Kingdom
Registrars	Capita Asset Services The Registry 34 Beckenham Road Beckenham Kent BR3 4TU United Kingdom

PART IX

DIRECTORS, SENIOR MANAGEMENT AND CORPORATE GOVERNANCE

1. DIRECTORS

The following table lists the name and position of each Director.

Name	Position
Ed Williams	Chairman
Trevor Mather	Chief Executive
Sean Glithero	Finance Director
Tom Hall	Non-Executive Director
Nick Hartman	Non-Executive Director
Victor A. Perry III	Senior Independent Director

The business address of each of the Directors is 4th Floor, 1 Tony Wilson Place, Manchester, M15 4FN, United Kingdom.

The management expertise and experience of each of the Directors is set out below:

Ed Williams, Chairman

Ed has been a non-executive director of Auto Trader since November 2010 and chairperson since March 2014. He was founding chief executive of Rightmove plc, serving in that capacity from November 2000 until his retirement from the business in April 2013. Rightmove plc was floated on the London Stock Exchange in February 2006. Prior to Rightmove, Ed spent the majority of his career as a management consultant with Accenture and McKinsey & Co. Ed holds an M.A. in Philosophy, Politics and Economics from St Anne's College, Oxford.

Trevor Mather, Chief Executive

Trevor joined Auto Trader as Chief Executive in June 2013. Previously, Trevor was President and CEO of ThoughtWorks, a global IT and software consulting company. Trevor joined ThoughtWorks in 2001, to kick-start the United Kingdom branch of the company and then took responsibility for all international operations before becoming CEO in 2007. He helped oversee the business grow from a 300 person North American Company to a 2,200 person global business with operations in 29 cities around the world with a particular personal focus on helping businesses become truly digital. Before his time at ThoughtWorks, Trevor spent almost ten years at Andersen Consulting (now Accenture) focusing on e-business solutions. Trevor holds an M.Eng. in Aeronautics and Astronautics from Southampton University.

Sean Glithero, Finance Director

After qualifying as a chartered accountant with Ernst & Young, working within both the audit and corporate finance departments, Sean worked in the telecoms industry and for the FTSE 100 company BPB plc, before joining Auto Trader as Group Financial Controller in 2006. He has since held various group and divisional roles in the business, helping the business reshape through acquisitions and disposals as well as aiding the transition online through restructuring and realignment programmes. Sean was appointed Finance Director in September 2012 and has led two major re-financings and also has responsibility for customer security, legal services and procurement. Sean holds a B.A. (Hons) in Accountancy from Exeter University.

Tom Hall, Non-Executive Director

Tom was appointed as a non-executive director of Auto Trader in 2007. He is a Partner in Apax's Consumer team, and its Digital Practice. Since joining Apax in 1998, he has led or participated in a number of investments by funds advised by Apax, including Thomson Directories, 20 Minuten, The Stationery Office, Truvo and Zeneus Pharma. He is currently a Board member at SouFun Holdings and at Top Right Group, in addition to his role at Auto Trader. He is also on the Advisory Board of the Cambridge University Judge Business School. Prior to joining Apax, Tom worked at S.G. Warburg and Deutsche Bank. Tom holds an M.A. from Trinity College Cambridge.

Nick Hartman, Non-Executive Director

Nick was appointed as a non-executive director of Auto Trader in 2013. Nick is an Operating Executive in Apax's Operational Excellence Group and joined Apax in 2009. In addition to his operational support, Nick has participated in several investments for funds advised by Apax, including Auto Trader, SouFun, Trader Corporation, Dealer.com, and Answers Corporation. Prior to joining Apax, Nick held management positions at Orbitz Worldwide and Accenture, which included profit/loss responsibilities, international expansion, and consulting for Fortune 500 retail and high technology clients. Nick holds a BSc from the Kelley School of Business at Indiana University and an M.B.A. from the Kellogg School of Management at Northwestern University.

Victor A. Perry III ("Chip"), Senior Independent Director

Chip was appointed as a non-executive director of Auto Trader in 2014. Previously, Chip was the President and CEO of Auto Trader.com between August 1997 and April 2013. As the first employee of the company, he designed the initial strategy for launching Auto Trader.com and he was the company's principal strategic architect and operating executive for 16 years. During his time with Auto Trader.com, the company grew from zero to $1.4 billion in revenues, 3,500 employees and over 20,000 dealer customers. In addition, between April 2013 and the date of this Prospectus, Chip has become an investor in, and board member of, three online automotive companies outside the UK: The Car Trader (Pty) Limited (South Africa), CarTrade.com (India) and am.ru (Russia). Before joining Auto Trader.com, Chip had a career as an associate with McKinsey & Company and as a Vice President of the Los Angeles Times and The Times Mirror Company. He is a Civil Engineering graduate of the University of Virginia and holds an M.B.A. from Harvard Business School.

2. SENIOR MANAGEMENT

The Company's current Senior Management, in addition to the Executive Directors listed above, is as follows:

Name	Position
Nathan Coe	Product & Technology Director
Markku Koppinen	Operations Director

The management expertise and experience of each member of the Senior Management team is set out below:

Nathan Coe, Product & Technology Director

Nathan is responsible for Product & Technology at Auto Trader, overseeing the development and operation of all consumer, retailer and employee platforms and products. Nathan joined the business in 2007 to oversee both Auto Trader's transition from the print world to the digital world and its international businesses. Since 2009 he has been responsible for growing the digital business through both new growth initiatives and continuously evolving the primary business. Before Auto Trader, Nathan was a Group Manager of Mergers and Acquisitions at Telstra, Australia's largest telecommunication and media company, responsible for further developing the media and internet portfolio through acquisition, partnerships and joint ventures. Prior to joining Telstra, Nathan was a consultant at PwC as part of the corporate finance practice, providing advice on valuation, capital structure and acquisitions. Nathan holds a B.Com. (Hons) from the University of Sydney.

Markku Koppinen, Operations Director

Markku is the Customer Operations Director at Auto Trader, responsible for leading all customer-facing operational activities, including commercial planning, integrated marketing, retailer sales and customer service. Markku joined Auto Trader in 2013 after fulfilling senior operations management roles, particularly focused on business performance and service delivery in international communications and media, for EDS, Nokia Siemens, Dunnhumby and ThoughtWorks. Markku is a Finnish national and moved to the UK in 1995 during his career with Accenture.

3. APPOINTMENT OF DIRECTORS BY THE SELLING SHAREHOLDERS

Pursuant to the Relationship Agreement, the Company has agreed with the Selling Shareholders that they and Apax Europe VII-A, L.P. shall collectively be entitled to appoint two non-executive directors to the Board for so long as the Selling Shareholders (and/or any of their respective Associates, when taken together) hold voting rights over 20% or more of the Company's issued share capital and one non-executive director to the Board for so long as the Selling Shareholders (and/or any of their respective Associates, when taken together) hold voting rights over 10% or more, but less than 20%, of the Company's issued share capital. As at the date of this Prospectus, the Selling Shareholders have appointed Tom Hall and Nick Hartman as non-executive directors onto the Board. For further details of the Relationship Agreement, see Section 9 (*Relationship With Selling Shareholders*) of Part XVII (*Additional Information*) of this Prospectus.

4. CORPORATE GOVERNANCE

The Board is committed to the highest standards of corporate governance. Following Admission, the Company intends to conform with the requirements of the UK Corporate Governance Code published in September 2014 by the Financial Reporting Council (the "**UK Corporate Governance Code**") within a reasonable timeframe, as detailed below. The Company will report to Shareholders on its compliance with the UK Corporate Governance Code in accordance with the Listing Rules.

As of the date of this Prospectus, the Board consists of the Chairman (who was deemed to be independent on appointment), one other independent non-executive director (together with the chairman, the "**Independent Non-Executive Directors**"), two non-executive directors appointed by the Selling Shareholders (together with the Independent Non-Executive Directors, the "**Non-Executive Directors**"), the Chief Executive and the Finance Director.

The UK Corporate Governance Code, as it relates to companies within the FTSE 350 index, recommends that at least half the board of directors of a company with a premium listing on the Official List, excluding the chairman, should comprise non-executive directors determined by the Board to be independent in character and judgment and free from relationships and circumstances which may affect, or could appear to affect, the director's judgment.

The Company anticipates that it is likely to become a member of the FTSE 350 index during 2015. At Admission, the Company will not yet be in full compliance with the UK Corporate Governance Code recommendations on the number of independent non-executive directors on the Board for FTSE 350 index companies. The Company intends meeting the requirements of the UK Corporate Governance Code that apply to companies in the FTSE 350 index within one year of joining the FTSE 350 index.

The Company is in advanced discussions with an experienced UK corporate executive with a financial background who it hopes will join the Board as an independent non-executive director (and chair of the Audit and Risk Committee) after Admission. This addition to the Board remains subject to final agreement on the terms of appointment and to the expected cessation of certain contractual restrictions relating to the potential director's current employment.

In addition, the Company will seek to appoint another independent non-executive director as soon as reasonably practicable following Admission, subject to identifying a suitable individual to fulfil such role.

The UK Corporate Governance Code recommends that the board of directors of a company with a premium listing on the Official List should appoint one of the Non-Executive Directors to be the senior independent director (the "**Senior Independent Director**") to provide a sounding board for the chairman and to serve as an intermediary for the other directors when necessary. The Senior Independent Director should be available to shareholders if they have concerns which contact through the normal channels of the chief executive has failed to resolve or for which such contact is inappropriate. Victor A. Perry III is currently the Senior Independent Director. It is anticipated that, following Admission, Victor A. Perry III will step down from this role to allow a newly appointed independent non-executive director to become the Senior Independent Director.

The UK Corporate Governance Code further recommends that directors of companies in the FTSE 350 index should be subject to annual re-election. The Company intends to comply with these recommendations.

5. AUDIT, NOMINATION AND REMUNERATION COMMITTEES

The Board has established three committees of the Board: an Audit and Risk Committee, a Nomination and Corporate Governance Committee and a Remuneration Committee. If the need should arise, the Board may set up additional committees as appropriate.

Pursuant to the Relationship Agreement, for so long as the Selling Shareholders (and/or any of their respective Associates, when taken together) hold voting rights over 10% or more of the Company's issued share capital, an Apax Director nominated by the Selling Shareholders and Apax Europe VII-A, L.P., collectively, shall be a member of the Nomination and Corporate Governance Committee, and can request to attend meetings of the Audit Committee and Remuneration Committee as an observer, for so long as the Board has not otherwise appointed him/her to be a member of the Audit Committee or the Remuneration Committee (as the case may be).

5.1 Audit and Risk Committee

The Audit and Risk Committee assists the Board in discharging its responsibilities with regard to financial reporting, external and internal audits and controls, including reviewing and monitoring the integrity of the Group's annual and interim financial statements, reviewing and monitoring the extent of the non-audit work undertaken by external auditors, advising on the appointment of external auditors, overseeing the Group's relationship with its external auditors, reviewing the effectiveness of the external audit process, and reviewing the effectiveness of the Group's internal control review function. The ultimate responsibility for reviewing and approving the annual report and accounts and the half-yearly reports remains with the Board. The Audit and Risk Committee will give due consideration to laws and regulations, the provisions of the UK Corporate Governance Code and the requirements of the Listing Rules.

The Audit and Risk Committee is also responsible for (i) advising the Board on the Company's risk strategy, risk policies and current risk exposures; (ii) overseeing the implementation and maintenance of the overall risk management framework and systems; and (iii) reviewing the Company's risk assessment processes and capability to identify and manage new risks. When appropriate, the Audit and Risk Committee will meet with members of the OLT in attendance.

The UK Corporate Governance Code recommends that an audit committee should comprise at least three members who are independent non-executive directors and that at least one member should have recent and relevant financial experience. At Admission, the Audit and Risk Committee will be chaired by Tom Hall (Non-Executive Director) and its other members will be Ed Williams (Chairman) and Victor A. Perry III (Senior Independent Director). The Directors consider that Tom Hall has recent and relevant financial experience, in accordance with the requirements of the UK Corporate Governance Code. In addition, Ed Williams and Victor A. Perry III, as recent chief executives of major public and private companies, have relevant knowledge and experience to enable them to perform their duties.

At the earliest opportunity following Admission, Tom Hall will step down from chairing the Audit and Risk Committee to become an ordinary member and be replaced as committee chair by an independent non-executive director with recent and relevant financial and audit experience; as stated above, the Company is in advanced discussions with such a candidate at present. At the same time Ed Williams will step down from the Audit and Risk Committee.

The Audit and Risk Committee will meet not less than three times a year.

From Admission, the Audit and Risk Committee chairman will be available at annual general meetings of the Company to respond to questions from Shareholders on the activities of the Audit and Risk Committee.

The Audit and Risk Committee has taken appropriate steps to ensure that the Company's Auditors are independent of the Company and obtained written confirmation from the Company's Auditors that they comply with guidelines on independence issued by the relevant accountancy and auditing bodies.

5.2 Nomination and Corporate Governance Committee

The Nomination and Corporate Governance Committee assists the Board in discharging its responsibilities relating to the composition and make-up of the Board and any committees of the Board. It is also responsible for periodically reviewing the Board's structure and identifying potential candidates to be appointed as directors or committee members as the need may arise. The Nomination and Corporate Governance Committee also assists the Board in the consideration and development of appropriate corporate governance principles, including, amongst other things, those relating to potential related party transactions. The Nomination and Corporate Governance Committee is responsible for evaluating the balance of skills, knowledge and experience and the size, structure and composition of the Board and committees of the Board, retirements and appointments of additional and replacement directors and committee members and will make appropriate recommendations to the Board on such matters.

The UK Corporate Governance Code recommends that a majority of the members of a nomination committee should be independent non-executive directors and that the chairman of the board or an independent non-executive director should chair the committee, provided that the chairman should not chair the committee when it is dealing with the appointment of a successor to the chairmanship. At Admission, the Nomination and Corporate Governance Committee will be chaired by Ed Williams (Chairman) and its other members will be Victor A. Perry III (Senior Independent Director) and Tom Hall (Non-Executive Director). The Company intends that the first new independent non-executive director appointed to the Board following Admission will become a member of the Nomination and Corporate Governance Committee.

The Nomination and Corporate Governance Committee will meet not less than once a year.

5.3 Remuneration Committee

The Remuneration Committee assists the Board in determining its responsibilities in relation to Directors' remuneration, including making recommendations to the Board on the Company's policy on executive remuneration, including setting the over-arching principles, parameters and governance framework of the Group's remuneration policy and determining the individual remuneration and benefits package of each of the Company's Executive Directors and members of the OLT. The Remuneration Committee will also ensure compliance with the UK Corporate Governance Code in relation to remuneration.

The UK Corporate Governance Code provides that a remuneration committee should comprise at least three members who are independent non-executive directors and that the chairman of the board should not be the chair of the Remuneration Committee. At Admission, the Remuneration Committee will be chaired by Ed Williams (Chairman) and its other member will be Victor A. Perry III (Senior Independent Director). The Company intends that the first two new independent non-executive directors appointed to the Board following Admission will join the Remuneration Committee. Ed Williams intends to step down from the Remuneration Committee once the first annual general meeting and associated investor consultations have been completed and a new chair of the Remuneration Committee has been appointed.

The Remuneration Committee will meet not less than three times a year.

6. SHARE DEALING CODE

The Company has adopted, with effect from Admission, a code of securities dealings in relation to the Shares which is based on, and is at least as rigorous as, the Model Code as published in the Listing Rules. The code adopted will apply to the Directors and other relevant employees of the Company.

7. RELATIONSHIP WITH THE SELLING SHAREHOLDERS

For information about the Company's relationship with the Selling Shareholders, see Section 9 *(Relationship With Selling Shareholders)* of Part XVII *(Additional Information)* of this Prospectus.

PART X

SELECTED FINANCIAL INFORMATION

*The following tables present selected consolidated financial and other information of Auto Trader Holding Limited (formerly Auto Trader Group Limited) and its subsidiaries (together, the "**Operating Group**") as at the dates and for the periods indicated. The selected consolidated financial information in the tables headed Consolidated Income Statement, Consolidated Balance Sheet and Consolidated Statement of Cash Flows below have been extracted without material adjustment from the audited consolidated historical financial information for the 52 week period ended 1 April 2012, the 52 week period ended 31 March 2013, the 52 week period ended 30 March 2014, the 39 week period ended 28 December 2014 and the unaudited consolidated financial information for the 39 week period ended 29 December 2013, included in Part XIII (Historical Financial Information) of this Prospectus.*

The Operating Group prepares its annual financial statements on the basis of a 52 week financial period ending on the Sunday closest to 31 March in each year. Financial period ends have been referred to as 31 March and 31 December throughout the consolidated historical financial information as per the Company's accounting reference date.

Consolidated Income Statement

	Years ended 31 March			Nine months ended 31 December	
	2012	2013	2014	2013	2014
				(Unaudited)	
	£m	£m	£m	£m	£m
Revenue	**209.1**	**218.9**	**237.7**	**177.4**	**190.8**
Administrative expenses before exceptional items and impairment charges	(98.0)	(103.4)	(112.1)	(82.3)	(86.4)
Exceptional items	(3.4)	(6.4)	(11.1)	(1.5)	(5.5)
Impairment charges	—	—	(15.8)	(15.1)	—
Total administrative expenses	(101.4)	(109.8)	(139.0)	(98.9)	(91.9)
Operating profit	**107.7**	**109.1**	**98.7**	**78.5**	**98.9**
Finance income	4.9	0.5	0.7	0.5	—
Finance costs	(89.2)	(86.8)	(95.7)	(63.3)	(87.4)
Finance costs—net	(84.3)	(86.3)	(95.0)	(62.8)	(87.4)
Profit before taxation	**23.4**	**22.8**	**3.7**	**15.7**	**11.5**
Income tax expense	(11.4)	(9.3)	(6.5)	(9.8)	(3.7)
Profit/(loss) for the period from continuing operations	**12.0**	**13.5**	**(2.8)**	**5.9**	**7.8**
Discontinued operations:					
Profit/(loss) for the year from discontinued operations attributable to owners of the parent	(4.5)	6.8	13.3	13.2	1.8
Profit for the year attributable to owners of the parent	**7.5**	**20.3**	**10.5**	**19.1**	**9.6**
Basic and diluted earnings/(loss) per share from continuing and discontinued operations					
From continuing operations (£)	12.00	13.50	(3.03)	5.90	40.84
From discontinued operations (£)	(4.50)	6.80	14.38	13.20	9.42
From profit for the year (£)	**7.50**	**20.30**	**11.35**	**19.10**	**50.26**
Adjusted profit measure					
Adjusted underlying EBITDA	**114.7**	**120.7**	**136.1**	**100.5**	**116.2**
Adjusted underlying EBITDA Margin	54.9%	55.1%	57.3%	56.7%	60.9%

Consolidated Balance Sheet

	As at 31 March			As at 31 December
	2012	2013	2014	2014
	£m	£m	£m	£m
Assets				
Non-current assets				
Intangible assets	366.8	373.6	338.4	332.2
Property, plant and equipment	5.5	4.8	4.3	8.9
Investments	3.2	3.2	—	—
Deferred taxation assets	4.9	5.6	4.8	5.3
Financial assets at fair value through profit or loss	1.4	0.6	—	—
	381.8	387.8	347.5	346.4
Current assets				
Trade and other receivables	35.8	34.9	52.9	52.0
Cash and cash equivalents	48.7	110.3	12.6	38.8
	84.5	145.2	65.5	90.8
Assets of disposal group classified as held for sale	1.8	2.0	2.2	0.8
	86.3	147.2	67.7	91.6
Total assets	**468.1**	**535.0**	**415.2**	**438.0**
Equity and liabilities				
Equity attributable to owners of the parent				
Ordinary shares	0.1	0.1	0.1	—
Preference shares	177.3	177.4	175.7	177.6
Share premium account	1.2	1.5	1.5	2.6
Accumulated loss	(1,054.0)	(1,033.6)	(1,023.2)	(1,035.0)
Other reserves	94.9	94.6	95.3	95.7
Total equity	(780.5)	(760.0)	(750.6)	(759.1)
Liabilities				
Non-current liabilities				
Borrowings	1,157.3	1,193.8	1,107.2	1,118.7
Trade and other payables	0.9	—	—	—
Derivative financial instruments	2.4	2.1	—	2.8
Deferred taxation liabilities	1.0	1.3	0.8	0.6
Retirement benefit obligations	0.8	—	—	0.2
Provisions for other liabilities and charges	3.9	4.9	4.6	3.1
	1,166.3	1,202.1	1,112.6	1,125.4
Current liabilities				
Trade and other payables	74.4	79.8	38.3	59.7
Current income tax liabilities	6.3	8.5	5.0	5.8
Derivative financial instruments	—	—	0.6	0.1
Provisions for other liabilities and charges	1.6	4.6	9.3	6.1
	82.3	92.9	53.2	71.7
Total liabilities	1,248.6	1,295.0	1,165.8	1,197.1
Total equity and liabilities	**468.1**	**535.0**	**415.2**	**438.0**

Consolidated Statement of Cash Flows

	Years ended 31 March			Nine months ended 31 December	
	2012	2013	2014	2013	2014
	£m	£m	£m	(Unaudited) £m	£m
Cash flows from operating activities					
Cash generated from operations before exceptional operating items	141.9	146.0	134.0	97.4	110.9
Cash flows from exceptional operating items—continuing	(2.5)	(4.6)	(4.4)	(3.3)	(8.0)
Cash flows from exceptional operating items—discontinued	(0.5)	(0.4)	(2.2)	0.2	(0.2)
Cash generated from operations	138.9	141.0	127.4	94.3	102.7
Tax paid	(9.6)	(10.9)	(10.9)	(8.3)	(3.2)
Net cash generated from operating activities	129.3	130.1	116.5	86.0	99.5
Cash flows from investing activities					
Acquisition of subsidiary, net of cash acquired	—	(6.8)	—	—	—
Investment in shares of overseas company	(1.3)	—	—	—	—
Proceeds from disposal of subsidiary, net of cash disposed	1.1	—	32.3	32.3	—
Receipt of deferred consideration	0.3	0.4	0.1	0.1	—
Purchases of intangible assets—financial systems	(0.2)	(2.9)	(6.1)	(4.9)	(1.7)
Purchases of intangible assets—capitalised development spend	(9.9)	(10.6)	(4.9)	(4.9)	—
Purchases of intangible assets—other	(1.6)	(1.0)	(1.7)	(1.5)	(0.2)
Purchases of intangible assets—discontinued	(0.5)	(0.3)	(0.3)	(0.3)	—
Purchases of property, plant and equipment—continuing	(2.0)	(1.7)	(2.9)	(1.2)	(6.9)
Purchases of property, plant and equipment—discontinued	(0.5)	(0.2)	(0.4)	(0.4)	—
Proceeds from sale of—property, plant and equipment	1.7	—	0.1	0.1	—
Proceeds from sale of assets held for sale—discontinued	—	—	—	—	3.0
Bank deposit and other interest received	0.5	0.3	0.7	0.5	—
Net cash (used in)/generated from investing activities	(12.4)	(22.8)	16.9	19.8	(5.8)
Cash flows from financing activities					
Proceeds from issue of ordinary and preference shares	—	0.3	—	—	3.6
Redemption of Shareholder Loan Notes	(0.5)	—	(490.9)	—	—
Issue of Shareholder Loan Notes	0.5	—	—	—	—
Preference dividend and capital paid to company's shareholders	(109.6)	—	(2.5)	—	—
Ordinary dividends paid to company's shareholders	(100.4)	—	—	—	—
Loan to company's shareholder	—	—	(5.2)	—	(19.3)
Drawdown of Existing Junior Debt	—	—	358.4	—	—
Repayment of Existing Senior Debt	(584.2)	(2.1)	(664.7)	—	—
Drawdown of Existing Senior Debt	734.2	—	632.0	—	—
Payment of refinancing fees	(7.5)	—	(21.8)	—	(2.1)
Purchase of own Existing Senior Debt	(43.9)	(11.1)	(7.6)	(7.6)	—
Payment of interest on Existing Senior Debt and hedging instruments	(29.0)	(32.5)	(28.3)	(23.1)	(49.7)
Payment of other interest	(0.1)	(0.1)	(0.1)	—	—
Net cash used in financing activities	(140.5)	(45.5)	(230.7)	(30.7)	(67.5)
Net increase/(decrease) in cash and cash equivalents	**(23.6)**	**61.8**	**(97.3)**	**75.1**	**26.2**
Cash and cash equivalents at beginning of period	73.0	48.7	110.3	110.3	12.6
Exchange losses on cash	(0.7)	(0.2)	(0.4)	(0.4)	—
Cash and cash equivalents at end of period	**48.7**	**110.3**	**12.6**	**185.0**	**38.8**

Other Financial Data

Breakdown of Revenue

The following table sets forth the revenue by customer type:

	Years ended 31 March			Nine months ended 31 December	
	2012	**2013**	**2014**	**2013**	**2014**
				(Unaudited)	
	£m	**£m**	**£m**	**£m**	**£m**
Trade	169.3	181.5	198.4	147.9	159.8
Consumer services	29.8	27.8	29.1	22.0	22.3
Display advertising	10.0	9.6	10.2	7.5	8.7
Total revenue from continuing operations	**209.1**	**218.9**	**237.7**	**177.4**	**190.8**

Adjusted Underlying EBITDA and Adjusted Underlying EBITDA Margin

The following table sets forth the reconciliation of the Group's operating profit to Adjusted Underlying EBITDA and Adjusted Underlying EBITDA Margin.

	Years ended 31 March			Nine months ended 31 December	
	2012	**2013**	**2014**	**2013**	**2014**
				(Unaudited)	
	£m	**£m**	**£m**	**£m**	**£m**
Operating profit	**107.7**	**109.1**	**98.7**	**78.5**	**98.9**
Depreciation	1.6	1.8	2.2	1.5	1.9
Amortisation	11.4	13.4	12.6	9.6	7.7
Impairment charges	—	—	15.8	15.1	—
Exceptional items	3.4	6.4	11.1	1.5	5.5
Share based payments	—	—	—	—	1.3
Management incentive plan charges / (credits)	0.5	0.6	0.6	(0.8)	0.9
Capitalised Development Spend	(9.9)	(10.6)	(4.9)	(4.9)	—
Adjusted Underlying EBITDA	**114.7**	**120.7**	**136.1**	**100.5**	**116.2**
Adjusted Underlying EBITDA Margin	***54.9%***	***55.1%***	***57.3%***	***56.7%***	***60.9%***

Operating Cash Flow and Cash Conversion

The following table sets forth the calculation of the Group's Operating Cash Flow and Cash Conversion.

	Years ended 31 March			Nine months ended 31 December	
	2012	**2013**	**2014**	**2013**	**2014**
				(Unaudited)	
	£m	**£m**	**£m**	**£m**	**£m**
Cash generated from operations	**138.9**	**141.0**	**127.4**	**94.3**	**102.7**
Less: cash generated from discontinued operations	(21.9)	(8.2)	(4.9)	(4.8)	(0.1)
Cash generated from continuing operations	**117.0**	**132.8**	**122.5**	**89.5**	**102.6**
Total Continuing Capital Expenditure	(13.7)	(16.2)	(15.6)	(12.5)	(8.8)
Operating Cash Flow	**103.3**	**116.6**	**106.9**	**77.0**	**93.8**
Cash Conversion	***90%***	***97%***	***79%***	***77%***	***81%***

PART XI

OPERATING AND FINANCIAL REVIEW

*The following discussion of the results of operations and financial condition of the Group is based on and should be read in conjunction with the audited consolidated historical financial information for the 52 week periods ended 1 April 2012 ("**FY12**"), 31 March 2013 ("**FY13**") and 30 March 2014 ("**FY14**"), the unaudited consolidated historical financial information for the 39 week period ended 29 December 2013 ("**YTDQ314**"), the audited consolidated historical financial information for the 39 week period ended 28 December 2014 ("**YTDQ315**") and related notes, prepared in accordance with IFRS, set out in Part XIII (Historical Financial Information) of this Prospectus. All financial information is presented in pounds sterling or "£" unless otherwise stated. Unless the context otherwise requires, all references to "**the period under review**" in this Part XI are references to the period commencing on the first day of FY12 and ending on the last day of YTDQ315.*

The Group's results in the periods presented in this operating and financial review have been affected by the results from discontinued operations, which include the magazines division in the UK and Ireland that closed at the end of June 2013, South African operations disposed of in October 2013 and Italian operations disposed of in November 2011. Unless otherwise stated, this operating and financial review discusses the analysis of Group's results relating to continuing operations only.

The Group prepares its annual financial statements on the basis of a 52 week financial period ending on the Sunday closest to 31 March in each year. Financial years and period ends have been referred to as 31 March and 31 December throughout the consolidated historical financial information as per the Company's accounting reference date.

Unless the context otherwise requires, reference in this operating and financial review to "the Group" means (i) when discussing operations relating to periods prior to the Offer, Auto Trader Holding Limited and its consolidated subsidiaries and (ii) with respect to operations following the Offer, the Company and its subsidiaries. The following discussion contains forward-looking statements that reflect the Group's plans, estimates and beliefs. The Group's actual results could differ materially from those anticipated in these forward-looking statements. Factors that could cause or contribute to these differences include, but are not limited to, those discussed below and elsewhere in this Prospectus, particularly in Part II (Risk Factors) and in Section 6 (Forward-Looking Statements) of Part V (Important Information). Any references to years in this Part XI are to the Group's fiscal years. In addition, this Prospectus contains discussions of certain areas of complexity or risk within the organisation that involve the exercise of judgment by management. These include management's judgment on matters such as capitalised development spend, carrying value of assets relating to goodwill, the classification of exceptional items and share based payments. Potential investors should read the whole of this Prospectus, including the financial statements, and the operating and financial review set out in this Part XI.

1. OVERVIEW

The Group derives its revenue from the following sources:

- *Trade*—Trade comprises revenue from those customers who buy and sell vehicles as a source of income and profit. The Group's trade customers cover a wide spectrum of professional retailers from large franchise operators with sophisticated offerings and routes to market, to vehicle supermarkets, small independent retailers and customers that buy and sell vehicles from home ("**home traders**").
  - Generally, retailers pay the Group to list their vehicles on the Marketplace and also pay for additional packages that seek to allow them to achieve prominence in the Marketplace or seek to increase conversion of a vehicle buyer's interest into a lead. The Group also earns revenue from retailers that pay for the suite of products that seek to enable them to buy vehicles better, to market their businesses and brands in the digital world and to manage their forecourts (i.e. their inventory of vehicles) better to optimise stock turn and margin. The Group's revenue from retailers in a period is a function of the average number of retailer forecourts multiplied by ARPR, as described in more detail below.
  - Home traders or customers that deal in low volumes of vehicles typically "pay as they go", purchasing one vehicle advertisement at a time through www.autotrader.co.uk. The revenue from these customers is a function of the number of advertisements multiplied by the price charged per advertisement (yield).
- *Consumer services*—Consumer services revenue comprises revenue from individuals who place single sale advertisements with the Group to sell vehicles. The revenue from these customers is a function of

the number of advertisements multiplied by the price charged per advertisement (yield). Consumer services revenue also includes revenue from businesses that provide motoring services such as vehicle finance, vehicle insurance and vehicle provenance checking to potential vehicle buyers who access these services through the Marketplace. These motoring services customers generally pay a flat rate to appear on the Marketplace and/or pay an additional charge, either based on the number of referred consumers that purchase the customer's end product or based on a direct charge by the Group to the consumer with revenue share back to the motoring services customer.

- *Display advertising*—Display advertisers include a wide range of customers who purchase display advertising space on the Marketplace; principally advertising agencies acting on behalf of a wide range of customers, mainly OEMs. Display revenue is a function of the number of impressions served multiplied by the cost per thousand impressions as described in more detail below.

2. CURRENT TRADING AND PROSPECTS

Since 28 December 2014, Auto Trader has continued to benefit from favourable market conditions in the UK and broader confidence across the UK automotive industry. For the full year to 29 March 2015, the Directors expect retailer revenue to continue the trend established in YTDQ315.

In FY16, the Directors expect continuing revenue growth, driven primarily by retailer revenue. In addition, the high drop-through of approximately 80% of incremental revenue to incremental Adjusted Underlying EBITDA is expected to lead to a further improvement in Adjusted Underlying EBITDA margin of approximately 1 percentage point.

3. FACTORS AFFECTING THE GROUP'S RESULTS OF OPERATIONS

The Directors believe that the factors described below significantly affected the Group's results of operations and financial condition in the period under review and/or will have a significant impact on its results of operations and financial condition in the future.

3.1 Factors Affecting the Group's Revenues

The following factors affected the Group's revenues in the period under review:

Macroeconomic conditions in the UK and effect of the digital marketplace on the Group's revenues

During the period under review, the Group's revenue performance and its results were affected by prevailing economic and market conditions in the UK that affected the retail automotive industry in general and car retailers, in particular.

More specifically, during the period under review, the UK experienced a period of modest GDP growth as the economy recovered from the prior recessionary period. The improving economic conditions contributed to growth in the number of new car registrations during the period under review (*Source: SMMT and the PwC Publication*). There is generally a link between new car registrations and used car transactions, as new car registrations often involve trading-in an existing vehicle that then adds to the supply of vehicles in the used car market. Further, in later years, when the new car is subsequently exchanged for another vehicle, that car itself adds to the used car market. The used car market is less cyclical and tends to lag behind the new car registration market (*Source: SMMT and the PwC Publication*). While in the period under review new car registrations have increased, the Directors believe that these additional new car registrations have yet to fully affect used car transactions. The volume of used car transactions has remained fairly flat over the period under review (*Source: SMMT*). The Group's revenues have been positively affected by the recovery in the UK automotive market and its consequential effect on new car registrations. To the extent the market begins to enter into a period of stabilisation following the recent recovery, the Directors believe that, all other factors remaining equal, revenue growth rates will reflect that stabilisation.

The Group's revenues have also been positively affected by the growing importance of the digital marketplace. As the automotive audience has shifted online, retailers at the forefront of the digital change are making sure that they use online tools to buy the right car at the right price, advertise it the right way online and promote their online forecourt. The Group's revenues have been positively affected in the period under review from the growth in retailers' digital automotive businesses and their requirement for assistance in managing such businesses. As increasing numbers of retailers complete their transition to the digital marketplace and the growth rate stabilises, the Directors believe that, all other factors remaining equal, revenue growth rates will reflect that stabilisation.

Changing retailer ARPR

Average monthly revenue per retailer forecourt, or "**ARPR**", is a key performance indicator of the Group. ARPR is defined as the average monthly revenue generated from retailer forecourts divided by the average number of retailer forecourts in the month. A retailer forecourt is a digital "site" that a retailer has on the Marketplace. A retailer may have multiple forecourts within the Marketplace and most retailers are invoiced on a per forecourt basis. See discussion on "*Changing number of retailer forecourts*" below.

The following table shows the ARPR during the period under review.

	FY12	FY13	FY14	YTDQ314	YTDQ315
ARPR (£ per month)	996	1,088	1,181	1,170	1,241

During the period under review, the ARPR increased by 25% reaching £1,241 in YTDQ315.

The Group has a history of successfully increasing ARPR through a combination of regular price increases, increasing total vehicle advertisements from existing retailers, upselling to higher value packages across both selling services and retailing solutions and cross selling of retailing solutions.

Retailers who have been customers of the Group for a longer period, on average, generate higher ARPR for the Group. In YTDQ315, of the Group's customers that provided 80% of the Group's retailer revenue, 64% of these customers had been with the Group for longer than five years and on average provided an ARPR over 3 times that of customers providing 20% of the Group's retailer revenue. The Group benefits from low customer concentration with the top ten customers of the Group as of 31 December 2014 contributing to 5% of the Group's YTDQ315 revenue from continuing operations.

In the period under review, the Group has made substantial investments in its platform and the Auto Trader brand with a view to attracting an engaged and relevant audience that is likely to respond to its retailer customers' advertisements and thereby provide such customers with an attractive return on their expenditure. In FY12, Auto Trader had 360 million cross-platform visits, which rose to 525 million cross-platform visits in FY14. The Directors believe that the Group's ability to continue to deliver an attractive audience to retailers will heavily influence the level of additional expenditure that retailers are prepared and able to make with the Group and the extent to which retailers accept price rises or choose to fund the additional expenditure through a reduction in the amount of advertising purchased or the quality of the package.

The Group's revenue from retailers is derived from four Pillars of activity: Selling, Buying, Marketing and Managing. Within each Pillar, the services are offered in packages such that customers can choose from basic packages at a lower cost to packages that provide higher levels of service at additional cost. The Group's ability to increase ARPR therefore depends on the Group's ability to persuade existing retailer customers to expand their purchases of services to additional Pillars and move to higher level packages within Pillars.

- Approximately 89% of retailer revenue in YTDQ315 was derived from services offered within the Selling Pillar. These services allow retailers to customize the level of prominence given to their vehicle advertisement on the Marketplace over and above the basic level service. The Group has been able to increase the number of retailers purchasing premium level packages from approximately 47% in December 2012 to approximately 63% in December 2014.

- Revenue from retailing solutions, comprising the other three Pillar of Buying, Marketing and Managing packages, grew by approximately 27% in FY13 compared to FY12, 35% in FY14 compared to FY13, and 22% in YTDQ315 compared to YTDQ314, as penetration across the retailer customer base has increased. As at December 2014 it is estimated that approximately 40% of retailer forecourts are using Buying services and approximately 37% are using Marketing services. The Directors believe that the uptake of tools for Managing solutions, which were launched to the largest customer base, independent retailers, in September 2014, has begun well.

The Directors believe that the Group's ARPR growth in the future will be dependent, in part, on its ability to successfully innovate, develop, launch and gain market acceptance of new services to sell to retailers for an additional fee. Also, the Group's future results of operations may be affected by the timing of the launch of new services.

During the period under review, the proportion of revenue which is generated from retailing solutions has increased from 7% of total retailer revenue in FY12 to 11% of total retailer revenue in YTDQ315, with the majority of revenue from retailing solutions coming from the Group's Marketing Pillar, which allow its customers to promote themselves (rather than just the vehicles they sell) more effectively in the digital automotive marketplace.

Changing number of retailer forecourts

The Directors believe that retailers operating 80% of car franchise and independent car retailer forecourts in the UK use the Group's services (*Source: Company information and PwC Publication data for total number of retailer forecourts*). The table below shows the average number of the Group's retailer forecourts per month during the periods indicated, which remained relatively stable in the period under review:

	FY12	FY13	FY14	YTDQ315
Average number of retailer forecourts/month	12,996	12,919	13,129	13,476

The Directors believe that the Group's ability to continue to retain its existing retailer customers and to attract new retailer customers and increase retailer forecourts will be an important driver of the Group's revenue in the future.

Changing numbers of private vehicle advertisements placed by consumers and the price charged per advertisement (yield)

The Group's consumer services revenues are comprised mainly of revenues from private vehicle advertisements placed by individuals. The amount of such revenues depends on the number of private vehicle advertisements placed by consumers and the price charged for each private vehicle advertisement net of VAT (yield per advertisement).

During the period under review, the average number of private vehicle advertisements by consumers on www.autotrader.co.uk each year has fluctuated, reflecting changes to the market including competition and improved offerings. In FY14, the Group had on average approximately 61,123 private vehicle advertisements per month, compared to approximately 58,797 on average per month in FY13 and approximately 62,603 on average per month in FY12.

Auto Trader has increased the prices of certain of its private vehicle advertisement packages during the period under review. Prices are set to encourage uptake of higher yielding packages. During the two year period to March 2014, the yield per advertisement remained relatively flat as the impact of the shift to higher yielding packages and rate card increases implemented by the Group was offset by a general move towards lower yielding self-service vehicle advertisements (as opposed to the higher yielding managed services offered by the Group). The Group expects that the interplay of these volume and yield factors will continue to affect customer revenues from private vehicle advertisements going forward.

Changing numbers of click-throughs for motoring services

The Group's motoring services revenues are those earned from business partners such as vehicle insurance providers, vehicle finance providers and vehicle provenance checking providers that advertise on the Marketplace. The Group's motoring services revenues in any period are dependent on whether or not the consumer audience finds the offerings of the business partners relevant and compelling, whether or not the websites of the business partners are easy to use, and the degree to which the consumer audience ultimately clicks through to the websites of the Group's business partners and purchases services. The degree to which consumers click-through to business partners' websites, in turn, affects the willingness of Auto Trader's business partners to spend and integrate their offerings with the Group.

Revenue generated from motoring services has increased by 18% from FY12 to FY14, which has been achieved largely through the delivery of a greater consumer audience response to the Group's business partners' activities.

Changing display market

The Group's revenue from display advertising is a function of the number of impressions served and the price per thousand impressions ("**CPM**"). The sale of impression inventory is typically made either through relationships with advertising agencies mainly acting on behalf of OEMs ("**agency**") or through automatic trading platforms ("**programmatic**"). Impressions sold to agencies command a much higher premium than the remnant inventory sold programmatically as the agency sale is supported through creative solutions and the inventory is more prominent (i.e. on the homepage). In an increasingly online environment the supply of impressions has grown, placing pressure on CPM rates for impressions served through programmatic or online auction trading desks. During YTDQ315, the Group has reduced its reliance on programmatic products, shifting towards added value, creative services that provide premium products for its OEM customer base, through agencies, seeking to market their existing and new models. This has been facilitated through better relationships and trading agreements with the agencies which OEMs commission to advise on their marketing. Going forward, the Group will need to maintain its relevance to OEMs and agencies on all platforms for new as well as used vehicles.

In YTDQ315, approximately 17% of total impressions served in the period were served to agencies, as compared to approximately 11% in YTDQ314. During YTDQ315, the average number of impressions per month for agency advertisements has increased to 115.2 million from 102.4 million in YTDQ314 whilst CPM rates for agency advertisements have also increased by 25% to £5.46 in the period from £4.38.

3.2 Factors Affecting the Group's Costs

People Costs

In the period under review, the Group's main cost has been People Costs. People Costs is a non-IFRS measure. The Group presents People Costs as the Directors believe that this measure will help investors better understand the Group's business and its main underlying cost. See Section 3.3 (*Non-IFRS Information*) of Part V (*Important Information*) of this Prospectus.

People Costs are calculated by taking Staff Costs (which include, amongst other items, salaries, bonus payments, social security costs, pension costs, share based payments ("**SBP**") and management incentive plan charges ("**MIP**"), and certain restructuring costs classified as exceptional items) and deducting SBP, MIP and such restructuring costs classified as exceptional items, then adding third party contractor costs and "**Capitalised Development Spend**", which refers to those employee and contractor costs that have been capitalised as intangible assets in the relevant period under the line item "Software and website development costs" in the Group's financial statements. The Group's Capitalised Development Spend has reduced significantly in recent periods as a result of the change in the Group's approach to software and website development (the "**Capitalised Development Change**") during the period under review, which resulted in a greater portion of development spend being expensed than in prior periods. See further discussion of Capitalised Development Change, Capitalised Development Spend, SBP and MIP below.

The table below sets out a breakdown of the Group's People Costs during the period under review.

	FY12	FY13	FY14	YTDQ314	YTDQ315
				(Unaudited)	
	£m	£m	£m	£m	£m
Staff Costs	44.7	47.7	52.5	35.4	41.5
Contractor Costs	1.6	1.3	2.8	2.2	1.1
SBP	—	—	—	—	(1.3)
MIP	(0.5)	(0.6)	(0.6)	0.8	(0.9)
Restructuring costs (exceptional)	(1.0)	(3.5)	(4.5)	(1.4)	(1.4)
People Costs before Capitalised Development Spend	44.8	44.9	50.2	37.0	39.0
Capitalised Development Spend	9.9	10.6	4.9	4.9	—
People Costs	**54.7**	**55.5**	**55.1**	**41.9**	**39.0**
People Costs as a % of revenue	**26.2%**	**25.4%**	**23.2%**	**23.6%**	**20.4%**

People Costs have remained broadly flat in the three years ended 31 March 2014 and declined 7% in YTDQ315 compared to YTDQ314 reflecting a reduced level of spending on capital projects. The Directors expect that, following Admission, there will be a one-time increase in costs necessary to support a listed business and thereafter People Costs will rise modestly over time. This increase would be due to the salary increase necessary to attract top digital talent combined with a changing workforce mix towards higher paid roles. These increases will likely be partially offset by People Cost savings from the expected reduction in staffing levels discussed below.

Transition to digital workforce

As part of the transition to a 100% digital workforce and culture, aligned to the needs of the customer, in the period under review, excluding those staff who were connected with the discontinued magazines business and overseas subsidiaries (which were covered in the discontinued operations, discussed below), the Group restructured and centralised each digital business function, focusing on decreasing the number of staff and creating a leaner workforce comprised of personnel with skills better suited to operate in a digital market.

Average monthly FTE headcount (including executive directors and excluding third party contractors) fell from 978 during FY12 to 900 during YTDQ315. The Directors expect that the rate of decline in the size of the workforce will slow considerably as optimal staffing levels are reached and additional resources are employed to address the demands of a more regulated, publicly listed environment.

As a consequence of a shift to a more digitally skilled workforce with more employees based in city centre locations, and as a reflection of the demand for such personnel in today's market, average cost per FTE has increased by approximately 5% from £52,800 (YTDQ314) to £55,400 (YTDQ315).

Capitalised Development Spend

The table below sets out the Group's Capitalised Development Spend in the periods under review:

	FY12	FY13	FY14	YTDQ314	YTDQ315
				(Unaudited)	
	£m	£m	£m	£m	£m
Capitalised Development Spend(1)	9.9	10.6	4.9	4.9	—

(1) Capitalised Development Spend comprises employee and contractor costs capitalised in the relevant period and set out under the line item "intangible assets: software and website development costs" in Part XIII (*Historical Financial Information*) of this Prospectus.

Prior to 30 September 2013, the Group developed its core technology and product platforms (such as the Group's private and retailer trading platforms) by way of large scale, defined projects with dedicated internal development staff and contracted external providers who were hired for the explicit purpose of working on and delivering a set platform release. Expenditure of this nature was capitalised in accordance with GAAP.

Since 30 September 2013, the Group has changed its approach to technology development. In keeping with the agile, "squad" based methodology, the Group now develops its core infrastructure through small scale, maintenance-like incremental improvements, resourced through lower cost FTEs as compared to contractors dedicated to one aspect of the Group's operations, from both a product functionality and technology delivery perspective. Accordingly, the Group's expenditure on internal development salaries is no longer capitalised and is now expensed as incurred. The one remaining exception to the new approach relates to the development of the Group's order-to-cash billing system, SingleView, which is capitalised and reflected in the line item "intangible assets: financial systems" in the Group's financial statements. Expenditure on third party contractors engaged to assist with this project is capitalised, as the project is the last of the large-scale projects currently planned and the contractors are solely dedicated to its delivery. Whilst the core SingleView system has been delivered to date and over half of retailer forecourts are now billed from SingleView, modest development is expected to continue in FY16 and beyond as functionality is created to enable the remaining customers to migrate onto the system. Accordingly, the rate of capitalised development spend will be reduced in FY16 and is not expected to exceed £1 million.

Share based payments (SBP) and management incentive plan charges (MIP)

Historically, in addition to annual bonuses, the Group has implemented a number of longer term cash and non-cash incentives linked to ownership changes and the value of the Group. These costs, which are accrued over the expected life of the schemes and in accordance with estimated transaction values, are not included within People Costs and are therefore excluded from Adjusted Underlying EBITDA and average cost per FTE. A breakdown of these costs during the period under review is set forth below.

	FY12	FY13	FY14	YTDQ314	YTDQ315
	£m	£m	£m	(Unaudited) £m	£m
Share based payments	—	—	—	—	1.3
MIP	0.5	0.6	0.6	(0.8)	0.9
Long-term incentives plan charges/ (credits)	**0.5**	**0.6**	**0.6**	**(0.8)**	**2.2**

Following the re-capitalisation of the Group, which was completed in July 2014, certain members of management were awarded shares which vest on a change in ownership (which would include the Offer). Of the total IFRS charge for share based payments of £1.9 million relating to these shares, which will become payable as a result of the Offer on Admission, £1.3 million has been accrued as at 31 December 2014 and the remainder will be accrued in the fourth quarter of FY15.

As a result of certain corporate restructurings that are now complete, the Group accrued costs of £0.5 million, £0.6 million and £0.6 million for participants of another long-term incentive plan in FY12, FY13 and FY14 respectively. Payments to participants were made in FY14 and no further payments will be required under these plans.

Should the Admission of the Group complete in the fourth quarter of FY15, up to a maximum of £1.7 million will be payable in cash to the participants of another long-term incentive plan, depending upon the valuation achieved. As at 31 December 2014, £0.9 million of this had been accrued. The remaining £0.8 million will be expensed in the fourth quarter of FY15. Cash payments under the plan will become payable at Admission.

Following Admission, no cash based long term incentive plans will remain; however, management anticipate using share based payment awards, the level of which will be linked to the Group's financial performance, as a key method of providing long term incentives. As such, IFRS 2 charges in respect of share based payments could have an impact on the Group's financial performance in future periods.

It is currently expected that the aggregate on-target IFRS 2 share based payments expense, under all of the Company's share plans, will be approximately £2.0 million in FY16, rising to approximately £4.5 million in FY18. Such share based payments are subject to change at the discretion of the Board and in accordance with the respective plan rules.

The Group's marketing and sponsorship activities

The Group has invested in promoting and reinforcing the strength of the Auto Trader brand. The Group employs a multi-channel, strategic approach to advertising which is aimed at maximising penetration within its target audience during the most effective times, for example, prior to the bi-annual changes in car registration numbers.

The Group intends to continue to purchase significant online and traditional advertising media to increase traffic to the Marketplace, to maintain a strong brand presence and to respond to competitor activity. This supports the Group's aim of driving comprehensive responses for its customers, whilst also enhancing the market perception of its brands and services.

The timing and magnitude of the Group's marketing and sponsorship activities will affect its administrative expenses in a given period and the relative effectiveness of such activities could have a significant impact on its revenues in future periods. While total marketing costs are expected to rise in absolute terms as the business grows and the costs of advertising increases, the Group expects that marketing costs, as a percentage of revenue, will continue to be in the range of five to six percent, as experienced in recent periods, or lower.

Bad debt expense

Provisions for bad debt expense amounted to £2.6 million, £3.0 million, £1.9 million and £1.5 million in FY12, FY13, FY14 and YTDQ315 respectively. The amounts of receivables impaired in each year have tended to be relatively small in comparison to the Group's revenue (i.e. 1.2%, 1.4%, 0.8% and 0.8% in FY12, FY13, FY14 and YTDQ315, respectively). However, some bad debt is an inherent risk for the

Group and over the period under review the Group has seen examples of retailers (typically small independent retailers) defaulting on debt and setting up new accounts under new names. In FY14, approximately 86% of the provision for these write-offs related to independent retailers.

Other administrative expenses

The Group's other administrative expenses primarily relate to payments made pursuant to revenue sharing arrangements with business partners for motoring services, property related expenditure, technology licence and communication expenses and other personnel-related expenditure such as travel, recruitment and training costs. The Group has recently signed new property leases with either a ten year break clause or ten year term for its two main hub offices in Manchester and London. Whilst the new properties are based in city centres and are of a higher quality and therefore higher cost per square foot than the previous property portfolio, the Group has benefited from reducing the size of its property footprint such that the annual running cost of the new offices is not dissimilar to the previous cost incurred when the Group operated a number of separate offices. The Directors consider the infrastructure to be well invested, but new technology developments and enhancements, including the new order-to-cash billing system, SingleView, are likely to give rise to greater spend on technology licence and communication expenses in the future.

Exceptional items and impairment charges

During the periods under review, the Group has recognised a number of exceptional items and impairment charges as shown in the table below:

	FY12	FY13	FY14	YTDQ314	YTDQ315
				(Unaudited)	
	£m	£m	£m	£m	£m
Restructuring of Group operations	3.4	6.4	11.1	1.5	3.7
IPO costs	—	—	—	—	1.8
Impairment charges	—	—	15.8	15.1	—
Exceptional items and impairment charges—operating charges	**3.4**	**6.4**	**26.9**	**16.6**	**5.5**
Re-financing	7.5	—	10.8	—	—
Early repayment premium	—	—	—	—	17.7
Finance gain on debt buy back	(4.5)	(0.3)	—	—	—
Exceptional items—net finance costs	**3.0**	**(0.3)**	**10.8**	**—**	**17.7**
Total exceptional items	**6.4**	**6.1**	**37.7**	**16.6**	**23.2**

Restructuring of Group operations

In YTDQ315, the Group recorded total restructuring exceptional expenses of £3.7 million. Of that amount, £3.1 million relates mainly to the relocation of staff from various operational bases around the UK to two central locations in London and Manchester which has been substantially completed in the period under review. In addition, in YTDQ315, a share based management incentive plan was implemented and the fees associated with the associated capital restructuring were recorded as exceptional restructuring costs amounting to £0.6 million.

In FY14, the Group recorded total exceptional expenses related to the restructuring of the Group operations of £11.1 million. Of that amount, £7.4 million relates to the relocation of staff from various operational bases around the UK as set out above. The additional £3.7 million of restructuring costs reflects costs relating to changes to the senior management team, combining and realigning the Group's product and technology functions, as well as fees relating to the acquisition by the Selling Shareholders of GMG's share in the Group's business.

In FY13 and FY12, the Group recorded total exceptional expenses of £6.4 million and £3.4 million, respectively, attributable to the restructuring of the Group's operations and relating to redundancy, property and other reorganisation costs.

IPO costs

During YTDQ315, £1.8 million was incurred in respect of the costs associated with the IPO process.

Impairment charges

The Group recognised £15.8 million of impairment charges in FY14 in respect of goodwill and other assets relating to a non-core UK business, which is expected to close in FY16, and iAutos, a small online classified business in China. £15.1 million of these charges were recognised in YTDQ314. These impairment charges reflected the change in the Group's strategy to focus on its core business in the UK and Ireland.

Refinancings during the periods under review

In FY14, GMG completed the sale of their remaining share in the business of the Group to the Selling Shareholders and Ed Williams. As a result of this transaction, the Group undertook a refinancing and balance sheet restructuring including additional borrowing and the repayment of shareholder loans. Fees of £10.8 million were charged to the income statement and presented as an exceptional item within finance costs.

In FY12, the Group refinanced its syndicated term loan, amended and extended the majority of its existing facilities and raised an additional £150 million of borrowings. This refinancing enabled a shareholder distribution of £210 million in the form of dividends and a repayment of capital. Debt issue costs of £7.5 million were incurred and recorded within finance costs.

Early repayment fees

In connection with the Offer, the Group intends to facilitate the Refinancing, which will involve the refinancing of its Existing Debt facilities and, as a result of the early repayment of the facility under the Existing GSMP Junior Debt Agreement, an early repayment premium of £26.2 million will become payable. Accordingly, a charge of £17.7 million has been included within exceptional financing costs as at 31 December 2014 with the remainder to be charged in the fourth quarter of FY15.

Finance gain on debt buybacks

In FY12, the Group restructured its share capital in a series of transactions. As part of these transactions, the Group purchased certain debt at a discount to its face value, resulting in the recognition of exceptional gains of £4.5 million and £0.3 million in FY12 and FY13, respectively.

3.3 Other Factors Affecting the Group's Results

Discontinued activities

The Group's magazines division in the UK and Ireland was closed during FY14. In addition the Group disposed of the last of its overseas subsidiaries in FY13 with the sale of its heavily print-focused South African business, which resulted in a £10 million gain on disposal, with net proceeds of £32.3 million. The Group also sold its Italian subsidiary in FY12. The Italian business was largely magazine focused, with no significant online presence, and the sale reflected the Group's transition to a 100% digital business. Together the closed and disposed businesses are reported as discontinued operations for the period under review with all revenue and costs aggregated into a single figure within the profit and loss account.

Effective tax rates

The Group's effective tax rates for FY12, FY13, FY14 and YTDQ315 were 49%, 41%, 176% and 32%, respectively. The Group's effective tax rate is based on the corporation tax rate in the UK adjusted for the impact of disallowed and discontinued items. The UK corporation tax rate fell to 23% in FY14 from 26% in FY12 and is expected to reduce further to 21% in respect of the 52 week period ending 3 April 2015. The effective tax rate for FY14 was high at 176% as a non-tax deductible impairment charge of £15.8 million was incurred in the year. The most significant disallowed items in the period under review have been the impairment charges and the provision for the disallowance of a proportion of interest payable. Following the Refinancing from the net proceeds of the Offer and the capitalisation of Shareholder Loan Notes, the Group expects disallowed expenses to fall to much lower levels and to relate to normal operating expenditure typically disallowed for corporation tax purposes such as customer entertainment, rather than financing, and as such the Group's effective tax rate should be closer to the main UK corporation tax rate.

3.4 Factors Affecting the Group's Operating Cash Flows

During the period under review, there have been certain changes that have affected the Group's cash position. The Group assesses its cash flow using the metric Operating Cash Flow, which is a non-IFRS measure. Operating Cash Flow is calculated as cash generated from continuing operations, as calculated in accordance with IFRS, less Total Continuing Capital Expenditure. Total Continuing Capital Expenditure is a non-IFRS measure. The Group measures its Cash Conversion, which is also a non-IFRS measure, as Operating Cash Flow as a percentage of Adjusted Underlying EBITDA. See Section 3.3 (*Non-IFRS Information*) of Part V (*Important Information*) and Part X (*Selected Financial Information*) of this Prospectus for the constituents of each of these non-IFRS measures. Set forth below is a table setting out the Group's Operating Cash Flow and Cash Conversion in the period under review.

	FY12	FY13	FY14	YTDQ314	YTDQ315
	£m	£m	£m	£m	£m
Operating Cash Flow	103.3	116.6	106.9	77.0	93.8
Cash Conversion	90%	97%	79%	77%	81%

Cash Conversion in FY12 and FY13 was 90% and 97%, respectively, but fell to 79% and 81% in FY14 and YTDQ315, respectively. The lower Cash Conversion in FY14 and YTDQ315 was due to higher levels of exceptional charges, continuing capital expenditure and, in relation to FY14 only, the DD Change, described below. The timing of the payment of the Group's operating exceptional items and the timing of its monthly direct debit receipt from retailers are the main drivers of working capital movements, which impact cash generated from continuing operations. Activities related to operating exceptional items have often occurred towards the end of each of FY12, FY13 and FY14 and as such the related cash flows mainly occurred in the subsequent year.

In the first half of FY14, the monthly direct debit receipt from retailers, which was historically made on the 27th of the calendar month, moved to the 30th of the calendar month ("**DD Change**") and resulted in a one-off step up in trade receivables, and hence associated working capital outflow and lower cash generated from continuing operations.

Following the combination of Capitalised Development Change, completion of the property centralisation into Manchester and London, an expected lower run-rate of spend on SingleView in future periods and the expectation not to undertake large scale capital expenditure in the medium term, the Directors expect that Cash Conversion should return to prior levels.

4. KEY PERFORMANCE INDICATORS

Parts of this Prospectus, including this Part XI, contain information about certain performance indicators which are not included in the Group's financial statements, but are sometimes used by investors to evaluate the efficiency of a company's operations and its ability to employ its earnings towards repayment of debt, capital expenditures and working capital requirements. The key performance indicators used by the Board, some of which are non-IFRS measures, average number of retailer forecourts per month, average revenue per retailer forecourt (ARPR), average number of FTEs, Adjusted Underlying EBITDA, Adjusted Underlying EBITDA margin, Cash Conversion, net debt and leverage.

The following table sets forth a summary of the Group's key performance indicators for the period under review in this Prospectus. All of these KPIs are non-IFRS measures. For details of how certain of these items are calculated, see Section 3.3 (*Non-IFRS* Information) of Part V (*Important Information*) of this Prospectus:

	FY12	**FY13**	**FY14**	**YTDQ314** (Unaudited)	**YTDQ315**
Average number of retailer forecourts (per month)(1)	12,996	12,919	13,129	13,105	13,476
ARPR	£996	£1,088	£1,181	£1,170	£1,241
Average number of FTEs	978	1,057	979	985	900
Adjusted Underlying EBITDA (£m)(2)	114.7	120.7	136.1	100.5	116.2
Adjusted Underlying EBITDA Margin	54.9%	55.1%	57.3%	56.7%	60.9%
Operating Cash Flow (£m)(3)	103.3	116.6	106.9	77.0	93.8
Cash Conversion(3)	90%	97%	79%	77%	81%
net debt(4) (£m)	637.1	562.0	977.8	479.7	951.6
Leverage(5)	5.6x	4.7x	7.2x	3.6x	6.3x

Notes:

(1) See Part XVIII (*Definitions*) of this Prospectus for definitions of these KPIs.

(2) For a reconciliation of Adjusted Underlying EBITDA to operating profit, see Part X (*Selected Financial Information*) of this Prospectus.

(3) For the calculation of these non-IFRS measures, see Part X (*Selected Financial Information*) of this Prospectus.

(4) For the definition of this non-IFRS measure, see Section 3.3 (*Non-IFRS information*) in Part V (*Important Information*) of this Prospectus.

(5) Leverage is, for FY12, FY13 and FY14, net debt as a percentage of Adjusted Underlying EBITDA; for YTDQ314 and YTDQ315, net debt as a percentage of Adjusted Underlying EBITDA for the last twelve months.

The Directors use these performance indicators to monitor the Group's performance from period to period and to assist in the operational management of the business. Other companies may calculate these or similar measures differently and as such these indicators may not be comparable with other companies. The financial information in this Prospectus is not intended to comply with US Securities and Exchange Commission reporting requirements. Compliance with such requirements would require the modification or exclusion of such financial measures.

5. KEY LINE ITEMS IN THE GROUP'S INCOME STATEMENT

5.1 Revenue

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is stated net of discounts, returns and value added tax.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transactions and the specifics of each arrangement.

Revenue comprises:

- fees for advertising on the Marketplace and web related activities, which are recognised on a straight line basis as the service is provided; and
- retailer website build and hosting subscription fees, maintenance contracts and other subscription fees, which where invoiced in advance are deferred and recognised on a straight line basis over the period to which they relate.

5.2 Administrative expenses

Administrative expenses consist primarily of the following items:

- staff and contractor costs for the Group's product and technology, customer operations and support centre departments, including bonuses, charges in respect of share based payments and management incentive plan charges, social security costs and pension costs;

- marketing costs which primarily relate to brand advertising, including TV, radio and outdoor media, but also includes market research expenditure and communications to both consumer and trade audiences;
- other administrative expenses such as costs associated with supporting the Group's property and IT infrastructure, commissions payable to third party service providers, travel, recruitment, training and licence fees incurred as a result of providing certain third party services and other incidental support function costs;
- bad debt expense due to customers defaulting on debt;
- depreciation expenses related to capital expenditure on the Group's information technology systems as well as property fit out spend; and
- amortisation related to the development projects which the Group has completed in developing its core digital platforms and software, together with purchased intangible assets.

5.3 Exceptional items

Exceptional items are items which, in Directors' judgment, need to be separately disclosed by virtue of their size or incidence in order for the user to obtain a proper understanding of the Group's financial statements.

5.4 Impairment charges

An impairment charge is recognised if the carrying amount of an asset of cash generating unit ("**CGU**") exceeds its estimated recoverable amount.

5.5 Finance income and finance costs (including exceptional items)

Financing income comprises interest receivable on funds invested.

Finance costs comprise interest payable, the amortisation of loan arrangement fees, break premium and unwinding of the discount on provisions.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method.

Finance income and finance costs include related exceptional items.

5.6 Income tax expense

Tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

6. RESULTS OF OPERATIONS

6.1 Comparison of YTDQ314 and YTDQ315

The following table shows the Group's unaudited condensed consolidated income statement for YTDQ314 and audited condensed consolidated income statement for YTDQ315:

	YTDQ314	YTDQ315	Percentage change
	(Unaudited) £m	£m	
Revenue	**177.4**	**190.8**	**8%**
Administrative expenses before exceptional items and impairment charges	(82.3)	(86.4)	5%
Exceptional items	(1.5)	(5.5)	267%
Impairment charges	(15.1)	—	(100)%
Operating profit	**78.5**	**98.9**	**26%**
Finance income	0.5	—	(100)%
Finance costs (including exceptional items)	(63.3)	(87.4)	38%
Income tax expense	(9.8)	(3.7)	(62)%
Profit for the year from continuing operations	**5.9**	**7.8**	**32%**

Revenue

Revenue increased by £13.4 million, or 7.6%, to £190.8 million for YTDQ315, compared to £177.4 million for YTDQ314. This increase was primarily due to an increase in trade revenue, mainly attributable to increases in retailer revenue, and also to an increase in display revenue. Consumer services revenue remained relatively flat.

	YTDQ314	YTDQ315	YTDQ314 Percentage of total	YTDQ315 Percentage of total	Percentage change
	(Unaudited) £m	£m			
Trade	**147.9**	**159.8**	**84%**	**84%**	**8%**
Retailer	138.0	150.4	79%	79%	9%
Home trader	7.5	7.7	4%	4%	3%
Other	2.4	1.7	1%	1%	(29)%
Consumer services	**22.0**	**22.3**	**12%**	**12%**	**1%**
Display advertising	**7.5**	**8.7**	**4%**	**4%**	**16%**
Total revenue	**177.4**	**190.8**	**100%**	**100%**	**8%**

Trade revenue increased by £11.9 million, or 8%, to £159.8 million for YTDQ315, compared to £147.9 million for YTDQ314, mainly attributable to increases in retailer revenue. This increase was attributable to ARPR increasing by 6.1% to £1,241 (YTDQ314: £1,170) due to higher levels of advertised stock, continued cross-selling and package improvements for both independent retailers and franchise groups and to a smaller extent due to price increases. Trade revenue also benefitted from focused efforts to increase retailer forecourt numbers by improving customer relationships, and these efforts resulted in a 2.8% increase in the average number of retailer forecourts in YTDQ315 to 13,476 (YTDQ314: 13,105) as new business levels outstripped churn (i.e. number of leavers in the period compared to retailer forecourt numbers at the beginning of the period) over the period. Whilst there have been improving retailer forecourt numbers, the recent trend of securing smaller, lower ARPR retailers, plus those who previously advertised on a fellow franchise group's digital forecourt and stock uncapping (i.e. customers not needing to pay for stock upgrades) amongst independent retailers had a slightly offsetting effect on ARPR in YTDQ315.

Consumer services revenue was £22.3 million in YTDQ315 compared to £22.0 million in YTDQ314. A £0.7 million, or 16%, increase in motoring services revenue to £5.0 million (YTDQ314: £4.3 million), of which £2.9 million was from vehicle finance and vehicle insurance partners (YTDQ314: £2.3 million), was partially offset by a £0.4 million decrease in private vehicle advertisements revenue to £17.3 million (YTDQ314: £17.7 million), which arose from a 3% fall in the average monthly number of UK vehicle advertisements, mitigated slightly by a 1.3% increase in yield per advertisement (net of VAT) due to price increases and a greater proportion of higher yielding packages being selected.

Display advertising revenue increased by £1.2 million, or 16%, to £8.7 million for YTDQ315, compared to £7.5 million for YTDQ314. This increase was primarily as a result of a £1.6 million, or 35.6%, increase in revenues from £4.5 million in YTDQ314 to £6.1 million in YTDQ315 from agencies (including on behalf of OEMs), due to higher yield from more creative and complex advertising services. Programmatic revenue fell by £0.4 million, or 13.3%, from £3.0 million in YTDQ314 to £2.6 million in YTDQ315.

Administrative expenses before exceptional items and impairment charges

Total administrative expenses before exceptional items and impairment charges increased by £4.1 million, or 5%, to £86.4 million for YTDQ315 compared to £82.3 million for YTDQ314. This increase was primarily due to a £2.0 million increase in People Costs before Capitalised Development Spend to £39.0 million compared to £37.0 million for YTDQ314 and the £3.0 million increase in charges in respect of SBP and MIP from a credit of £0.8 million for management incentive plans for YTDQ314 and a charge of £2.2 million for YTDQ315. In each case, reflecting the overall evolution to a more highly qualified, digitally trained workforce and the Capitalised Development Change. This increase was partially offset by a £1.5 million decrease in depreciation and amortisation to £9.6 million in YTDQ315 (YTDQ314: £11.1 million) reflecting the Capitalised Development Change.

Exceptional items and impairment charges

Exceptional items and impairment charges totalling £5.5 million and £16.6 million were recognised during YTDQ315 and YTDQ314, respectively, as described under Section 3.2 (*Factors Affecting the Group's Costs*) in this Part XI.

Finance income

The Group had minimal finance income in YTDQ315 compared to £0.5 million in YTDQ314, reflecting the general decrease in cash balances held during the period.

Finance costs (including exceptional items)

Finance costs increased by £24.1 million, or 38%, to £87.4 million for YTDQ315, compared to £63.3 million for YTDQ314.

	YTDQ314	YTDQ315	Percentage Change
	(Unaudited) £m	£m	
Finance costs			
On bank loans and overdrafts	19.7	49.6	152%
On shareholders' loans	42.6	9.8	(77)%
Net losses on derivative financial instruments	1.1	2.0	82%
Ineffectiveness on derivatives designated as cash flow hedges	(0.1)	0.2	
Amortised debt issue costs	—	8.1	
Exceptional: early repayment premium	—	17.7	
Total	**63.3**	**87.4**	**38%**

Interest payable on bank loans and overdrafts increased by £29.9 million to £49.6 million in YTDQ315 (YTDQ314: £19.7 million) as a result of the drawdown of £358.4 million of junior debt under the Existing GSMP Junior Debt Agreement as part of the re-financing of the Group in February 2014 following the acquisition of the remaining stake in the business by the Selling Shareholders. This increase was offset by a £32.8 million reduction in interest on Shareholder Loan Notes which resulted from the £490.9 million repayment of Shareholder Loan Notes as part of the re-financing of the Group. As at 31 December 2014, £132.2 million of Shareholder Loan Notes were outstanding. As a result of the re-financing and draw down of junior debt under the Existing GSMP Junior Debt Agreement, debt transaction fees of £12.7 million were incurred which are being amortised over the expected life of the loan. This has resulted in a charge of £8.1 million in YTDQ315.

According to the terms of the Existing GSMP Junior Debt Agreement, any early voluntary repayment of the loan as part of an initial public offering will result in a £26.2 million premium becoming payable. In accordance with IFRS the cost of this break fee has been spread over the period to the expected date of the Offer, and as a result in YTDQ315, £17.7 million was accrued. The Group has treated this as an exceptional item within finance costs.

Income tax expense

Income tax expense decreased by £6.1 million, or 62%, to £3.7 million for YTDQ315, compared to £9.8 million for YTDQ314. The Group's effective tax rate in YTDQ315 was 32% as compared to 62% for YTDQ314. The decrease in effective tax rate followed a lower level of costs disallowed for tax relief.

Profit from continuing operations for the period

Profit for the period increased by £1.9 million, or 32%, to £7.8 million for YTDQ315, compared to £5.9 million for YTDQ314.

6.2 Comparison of FY13 and FY14

The following table shows the Group's condensed consolidated income statement for FY14 compared to FY13:

	FY13	FY14	Percentage change
	£m	£m	
Revenue	**218.9**	**237.7**	**9%**
Administrative expenses before exceptional items and impairment charges	(103.4)	(112.1)	8%
Exceptional items	(6.4)	(11.1)	73%
Impairment charges	—	(15.8)	NM
Operating profit	**109.1**	**98.7**	**(10)%**
Finance income (including exceptional items)	0.5	0.7	40%
Finance costs (including exceptional items)	(86.8)	(95.7)	10%
Income tax expense	(9.3)	(6.5)	(30)%
Profit/(loss) for the year from continuing operations	**13.5**	**(2.8)**	**NM**

Revenue

Revenue increased by £18.8 million, or 8.6%, to £237.7 million for FY14, compared to £218.9 million for FY13. This increase primarily reflects an increase in trade revenue but also reflects smaller increases in consumer services and display revenues. The increase in revenue reflects both improvements in the general economic climate and in consumer confidence which, in turn, led to greater activity within the automotive sector.

	FY13	FY14	FY13 Percentage of total	FY14 Percentage of total	Percentage change
	£m	£m			
Trade	**181.5**	**198.4**	**83%**	**84%**	**9%**
Retailer	168.7	186.0	77%	78%	10%
Home trader	9.8	9.8	5%	4%	—
Other	3.0	2.6	1%	1%	(13)%
Consumer services	**27.8**	**29.1**	**13%**	**12%**	**5%**
Display advertising	**9.6**	**10.2**	**4%**	**4%**	**6%**
Total revenue	**218.9**	**237.7**	**100%**	**100%**	**9%**

Trade revenue increased by £16.9 million, or 9.3%, to £198.4 million for FY14 compared to £181.5 million for FY13, mainly attributable to increases in retailer revenue. This increase was due to ARPR increasing by 8.5% to £1,181 for FY14, compared to £1,088 for FY13, due to higher levels of stock, cross-selling between the Group's selling services and retailing solutions, upselling of packages and higher charges for packages. Of the £93 increase in ARPR, approximately 30% came from retailing solutions. The remainder of trade revenue growth arose from focused retailer retention and acquisition activities throughout the year underpinning retailer forecourt numbers which increased by 2% to 13,129 in FY14, compared to 12,919 in FY13. Some franchises which had previously advertised on the digital forecourt of another franchise (which led to an understatement of retailer forecourt numbers and a slight inflation of ARPR prior to FY14) became customers of the Group in FY14.

Consumer services revenue increased by £1.3 million, or 4.7%, to £29.1 million for FY14, compared to £27.8 million for FY13. This increase was primarily due to growth in individuals' vehicle advertising volumes as consumer confidence returned to the market. The Group also introduced a new, more user friendly, private interface which strengthened its consumer services proposition with an improved advertisement placement and conversion process. Private vehicle advertisements revenue increased by £0.7 million or 3.1% to £23.2 million in FY14 from £22.5 million in FY13. The average monthly number of vehicle advertisements in the UK grew by 3.9% while yield per advertisement remained flat. The increase in private vehicle advertisements revenue was complemented by growing demand for Auto Trader's motoring services product range, which led to an increase in motoring services revenue of £0.6 million, or 11.3%, to £5.9 million in FY14 from £5.3 million in FY13, of which £3.3 million in FY14 was vehicle finance and vehicle insurance revenue (FY13: £3.0 million).

Display advertising revenue increased by £0.6 million, or 6.3%, to £10.2 million for FY14, compared to £9.6 million for FY13. This increase was primarily due to the increased volume of higher priced and more complex, value-added advertisements placed by the Group's key agency (on behalf of OEMs) and OEM customers with whom the Group developed closer, value-based relationships than in prior periods following an internal restructuring of the display selling team during the year. Agency revenue increased by £0.3 million, or 5.2%, from £5.8 million in FY13 to £6.1 million in FY14. Programmatic revenue increased by £0.3 million or 7.9% from £3.8 million in FY13 to £4.1 million in FY14.

Administrative expenses before exceptional items and impairment charges

Total administrative expenses before exceptional items and impairment charges increased by £8.7 million, or 8.4%, to £112.1 million for FY14, compared to £103.4 million for FY13. This increase was primarily due to a £5.3 million increase in People Costs before Capitalised Development Spend as a greater proportion of development spending was expensed rather than capitalised following the Capitalised Development Change. Total Capitalised Development Spend in FY14 was £4.9 million in comparison to £10.6 million in FY13. In addition, a second successive year of increased investment in marketing saw total spending in this area rise by £2.1 million in FY14. In addition to greater expenditure on TV, the Group used video-on-demand and search engine marketing more to enhance its brand presence. Amortisation of acquired intangible assets was £1.5 million in FY14 (FY13: £1.7 million).

Exceptional items and impairment charges

Exceptional items totalling £11.1 million and £6.4 million were recognised in FY14 and FY13, respectively, and impairment charges of £15.8 million were recognised during FY14 as described under Section 3.3 (*Other Factors Affecting the Group's Results*) in this Part XI.

Finance income (including exceptional items)

Finance income (including exceptional items) increased by £0.2 million, or 40.0%, to £0.7 million for FY14, compared to £0.5 million for FY13. This increase was primarily due to the Group building cash strongly through the year and placing it on deposit to earn interest.

Finance costs (including exceptional items)

Finance costs (including exceptional items) increased by £8.9 million, or 10.3%, to £95.7 million for FY14, compared to £86.8 million for FY13. This increase was primarily due to the exceptional refinancing costs recognised in connection with the refinancing and balance sheet restructuring discussed above under paragraph 3.2 (*Factors Affecting the Group's Costs*) in this Part XI.

	FY13	FY14	Percentage Change
	£m	£m	
Finance costs			
On bank loans and overdrafts	30.2	29.5	(2.3)%
On shareholders' loans	55.1	53.2	(3.4)%
Net losses on derivative financial instruments	1.5	1.4	(6.7)%
Other interest payable	—	0.1	
Amortised debt issue costs	—	0.7	
Exceptional: refinancing costs	—	10.8	
Total	**86.8**	**95.7**	**10.3%**

Income tax expense

Income tax expense decreased by £2.8 million, or 30.1%, to £6.5 million for FY14, compared to £9.3 million for FY13. This decrease was primarily due to the one percentage point decrease in the UK corporation tax rate to 23.0%, in addition to the significant increase in restructuring and refinancing costs in the year which were tax deductible.

Loss from continuing operations for the year

For the reasons set out above, the Group recognised a loss from continuing operations of £2.8 million for FY14, compared to a profit of £13.5 million for FY13. The loss in FY14 primarily reflected the £37.7 million in exceptional items and impairment charges recognised in the year as compared to £6.1 million of such charges recognised in FY13.

6.3 Comparison of FY12 and FY13

The following table shows the Group's condensed consolidated income statement for FY13 compared to FY12:

	FY12	FY13	Percentage change
	£m	£m	
Revenue	**209.1**	**218.9**	**5%**
Administrative expenses before exceptional items and impairment charges	(98.0)	(103.4)	6%
Exceptional items	(3.4)	(6.4)	88%
Operating profit	**107.7**	**109.1**	**1%**
Finance income (including exceptional items)	4.9	0.5	(90)%
Finance costs (including exceptional items)	(89.2)	(86.8)	(3)%
Income tax expense	(11.4)	(9.3)	(18)%
Profit for the year from continuing operations	**12.0**	**13.5**	**13%**

Revenue

Revenue increased by £9.8 million, or 4.7%, to £218.9 million for FY13 compared to £209.1 million for FY12 primarily due to an increase in trade revenue, partially offset by decreases in consumer services revenue and display revenue. Trade revenue improved despite difficult economic conditions. In particular, as a result of large reductions in new car registrations in 2009, the supply of younger, one to three year old used cars available for sale as trade was limited and, consequently, the volume of retailer advertisements on the Marketplace was depressed. Management also believe that volumes were impacted by weaker relationships with retailers which arose in part from the way the mandated price rises were implemented in FY12.

	FY12	FY13	FY12 Percentage of total	FY13 Percentage of total	Percentage change
	£m	£m			
Trade	**169.3**	**181.5**	**81%**	**83%**	**7%**
Retailer	155.3	168.7	74%	77%	9%
Home trader	10.6	9.8	5%	5%	(8)%
Other	3.4	3.0	2%	1%	(12)%
Consumer services	**29.8**	**27.8**	**14%**	**13%**	**(7)%**
Display advertising	**10.0**	**9.6**	**5%**	**4%**	**(4)%**
Total revenue	**209.1**	**218.9**	**100%**	**100%**	**5%**

Trade revenue increased by £12.2 million, or 7.2%, to £181.5 million for FY13, compared to £169.3 million for FY12, mainly attributable to retailer revenue. This increase was primarily driven by a 9.3% increase in ARPR to £1,088 in comparison to £996 in FY12 as a result of price increases and the successful launch of new services such as "Live Chat" and the launch of new packages. Further, trade revenue was also positively affected by expanding retailing solutions revenues. As a result of general economic conditions and a weaker used car market, retailer forecourt numbers decreased by 0.6% to 12,919 for FY13 compared to 12,996 for FY12.

The increase in trade revenue was however offset by a £2.0 million, or 6.7%, decrease in consumer services revenue to £27.8 million for FY13 compared to £29.8 million for FY12 reflecting not only the difficult economic conditions, but also greater competition from free-to-list providers and the slow introduction of the new mobile platform. Private vehicle advertisements revenue decreased by £2.3 million, or 9.3%, to £22.5 million in FY13 from £24.8 million in FY12. The average monthly number of private vehicle advertisements in the UK fell by 6.1% while yield per private advertisement fell by 3.1%. Motoring services revenue increased by £0.3 million, or 6.0%, to £5.3 million in FY13 from £5.0 million in FY12.

Display revenues also decreased by £0.4 million, or 4.0%, to £9.6 million for FY13, compared to £10.0 million for FY12 as programmatic revenue decreased 7.3% to £3.8 million as compared to £4.1 million in the prior year, whilst revenues from agencies decreased by 1.7% to £5.8 million in FY13 from £5.9 million in FY12.

Administrative expenses before exceptional items and impairment charges

Total administrative expenses before exceptional items and impairment charges increased by £5.4 million, or 5.5%, to £103.4 million for FY13, compared to £98.0 million for FY12. This increase resulted from a £2.8 million increase in marketing costs to £13.2 million in FY13, a 26.9% increase as compared to FY12 which was incurred in supporting and developing the Group's brand. In addition, depreciation and amortisation increased by £2.2 million to £15.2 million in FY13, in comparison to £13.0 million in FY12. This increase in depreciation and amortisation reflects the acquisition of a small business and the increased software and development spending as the Group continued to invest heavily in its core technology platforms. Amortisation of acquired intangible assets was £1.7 million in FY13 (FY12: £1.2 million).

Exceptional items

Exceptional items totalling £6.4 million and £3.4 million were recognised during FY13 and FY12, respectively, as described under Section 3.3 (*Other Factors Affecting the Group's Results*) in this Part XI.

Finance income (including exceptional items)

Finance income (including exceptional items) decreased by £4.4 million to £0.5 million for FY13, compared to £4.9 million for FY12. This decrease was primarily due to the Group generating gains on debt buy backs of £0.3 million in FY13, in comparison to £4.5 million in FY12 on buy backs of £11.4 million in FY13 compared to £48.4 million in FY12.

Finance costs (including exceptional items)

Finance costs (including exceptional items) decreased by £2.4 million, or 2.7%, to £86.8 million for FY13, compared to £89.2 million for FY12.

This decrease was primarily due to the £7.5 million of exceptional refinancing costs which were recognised in FY12 as a result of a debt refinancing transaction which was partially offset by a £6.4 million increase in interest on Shareholder Loan Notes to £55.1 million in FY13, compared to £48.7 million in FY12 and a £1.2 million increase in interest on bank loans to £30.2 million in FY13 in comparison to £29.0 million in FY12.

	FY12	FY13	Percentage change
	£m	£m	
Finance costs			
On bank loans and overdrafts	29.0	30.2	4%
On shareholders' loans	48.7	55.1	13%
Net losses on derivative financial instruments	3.1	1.5	(52)%
Ineffectiveness on derivatives designated as cash flow hedges	0.8	—	
Other interest payable	0.1	—	
Exceptional: refinancing costs	7.5	—	
Total	**89.2**	**86.8**	**(3)%**

Income tax expense

Income tax expense decreased by £2.1 million, or 18.4%, to £9.3 million for FY13, compared to £11.4 million for FY12. This decrease was primarily due to the one percentage point decrease in the UK corporation tax rate to 24.0% in FY13 in addition to the significant increase in restructuring and refinancing costs in FY13 that were tax deductible.

7. LIQUIDITY AND CAPITAL RESOURCES

7.1 Overview

During the period under review, the Group has been cash generative with the principal source of the Group's liquidity coming from its operating activities and its Existing Syndicated Bank Loans Agreement (which on Admission are to be refinanced and replaced by facilities to be drawn under the New Facilities Agreement, further details of which are set out in Section 7.2 (*Indebtedness*) of this Part XI (*Operating and Financial Review*)). The Group's business has generated sufficient cash from operating activities to fund its capital development programme, meet its tax liabilities and have significant cash balances. The Group maintains cash, principally held in pounds sterling, to fund the daily cash requirements of its business. Going forward, the Group expects that its proposed capital development expenditure will continue to be funded through a combination of cash inflow from operating activities and borrowings under the New Facilities Agreement available to the Group.

7.2 Indebtedness

Auto Trader Group plc and certain of its subsidiaries will enter into a New Facilities Agreement whereby (i) the Term Facility and (ii) the Revolving Credit Facility will be made available to the Group, conditional upon Admission.

The Term Facility may be utilised by way of loans for the purpose of (directly or indirectly) the Refinancing, financing the transaction costs, and/or financing or refinancing the general corporate purposes of the Group and the Group expects to draw the Term Facility in full on the date of Admission with the proceeds applied for such purposes. The Revolving Credit Facility may be utilised by way of loans and/or letters of credit for the purpose of (directly or indirectly) financing or refinancing the general corporate purposes and/or working capital requirements of the Group.

For more information regarding the Group's indebtedness following Admission, see Part XIV (*Unaudited Pro Forma Financial Information*) of this Prospectus.

7.3 Cash Flows

The following table presents the Group's condensed audited cash flows for FY12, FY13, FY14 and YTDQ315 and the condensed unaudited cash flows for YTDQ314.

	FY12	FY13	FY14	YTDQ314	YTDQ315
	£m	£m	£m	(Unaudited) £m	£m
Profit before tax (including discontinued operations)	**22.3**	**31.5**	**18.0**	**29.9**	**13.3**
Depreciation and amortisation (including impairment)	32.4	17.1	30.9	26.4	9.6
Net finance costs	84.2	86.3	95.0	62.8	87.4
Other	0.9	0.8	0.6	0.6	1.3
Profit on disposal	(0.2)	—	(10.0)	(10.0)	(1.3)
Changes in working capital	(0.7)	5.3	(7.1)	(15.4)	(7.6)
	138.9	**141.0**	**127.4**	**94.3**	**102.7**
Tax paid	(9.6)	(10.9)	(10.9)	(8.3)	(3.2)
Net cash generated from operating activities	**129.3**	**130.1**	**116.5**	**86.0**	**99.5**
Net cash (used in)/from investing activities	(12.4)	(22.8)	16.9	19.8	(5.8)
Net cash used in financing activities	(140.5)	(45.5)	(230.7)	(30.7)	(67.5)
Net (decrease)/increase in cash and cash equivalents	**(23.6)**	**61.8**	**(97.3)**	**75.1**	**26.2**
Cash and cash equivalents at beginning of period	73.0	48.7	110.3	110.3	12.6
Exchange losses on cash	(0.7)	(0.2)	(0.4)	(0.4)	—
Cash and cash equivalents at end of period	**48.7**	**110.3**	**12.6**	**185.0**	**38.8**

Net cash from operating activities

Net cash generated from operating activities increased by £13.5 million from £86.0 million in YTDQ314 to £99.5 million in YTDQ315. The increase is primarily due to a £5.1 million decrease in tax payments and £7.8 million decrease in working capital outflows as YTDQ314 was negatively affected by the DD Change relating to the timing of the monthly direct debit receipt from retailers.

The Group's net cash flows from operating activities decreased by £13.6 million, or 10.5%, to £116.5 million in FY14 from £130.1 million in FY13, as Adjusted Underlying EBITDA from discontinued operations contributed only £4.0 million in FY14 compared to £13.2 million in FY13. Working capital was a £7.1 million outflow in FY14, representing a change of £12.4 million as compared to the FY13 inflow of £5.3 million. The DD Change together with increased retailer revenue led to a significant increase in trade receivables, offset in part by provisions being taken for restructuring costs payable in the following financial year.

Net cash flows from operating activities increased by £0.8 million, or 0.6%, to £130.1 million in FY13 from £129.3 million in FY12. The increase in the cash flows from operating activities was attributable to a £17.9 million increase in cash generated from continuing operations excluding exceptional items which was offset by a £2.1 million increase in cash outflow for exceptional items from continuing operations, a £13.7 million reduction in cash generated from discontinued operations and £1.3 million increase in the total Group income taxes paid in FY13.

Net cash from/(used in) investing activities

Net cash flows used in investing activities for YTDQ315 were £5.8 million of which £6.8 million was used to purchase property, plant and equipment for the Manchester and London property moves and £1.7 million was invested in the continued development of the Group's order-to-cash billing system, SingleView. These outflows were partially offset by proceeds of £3.0 million from the disposal of land and buildings relating to one of the Group's former printing sites.

The Group's net cash inflows from investing activities for FY14 were £16.9 million. Proceeds of £32.3 million from the sale of the South African business were offset by the purchase of property, plant and equipment and internal software and website development costs.

The Group's net cash used in investing activities for FY13 was £22.8 million, primarily due to the Group's internal development spend of £10.6 million, its investment in its order-to-cash billing system, SingleView, of £2.9 million and the acquisition of a small business for £6.8 million.

The Group's net cash used in investing activities for FY12 was £12.4 million. The Group's primary use of cash for investing activities in FY12 was investment in software and website development costs.

Net cash used in financing activities

The Group's net cash used in financing activities for YTDQ315 was £67.5 million, which was primarily attributable to interest of £49.7 million paid on syndicated bank debt and a loan of £19.3 million granted to one of Auto Trader Holding Limited's shareholders.

The Group's net cash used in financing activities for FY14 was £230.7 million. The Group refinanced its existing senior facilities agreement and entered into a new junior debt agreement and as a result repaid £664.7 million of syndicated bank debt and £490.9 million of Shareholder Loan Notes. The Group drew down £632.0 million of syndicated bank debt and entered into a new £412.4 million facilities agreement of which £358.4 million was drawn during FY14. Refinancing fees of £21.8 million were incurred during the project. Payment of interest on Existing Senior Debt and hedging instruments of £28.3 million was made in FY14 in addition to payments made in relation to preference dividends and preference share capital of £2.5 million. During FY14 a subsidiary undertaking purchased, at par value, £7.6 million of the Group's syndicated bank debt.

The Group's net cash used in financing activities for FY13 was £45.5 million, which was primarily attributable to interest of £32.5 million paid on the syndicated bank debt. The Group purchased £11.1 million of its own syndicated bank debt in FY13 at a discount of £0.3 million and repaid a further £2.1 million.

The Group's net cash used in financing activities for FY12 was £140.5 million. During FY12, the Group refinanced its senior facilities agreement, borrowing £734.2 million under the new senior facility agreement and repaying in full £584.2 million under the previous facility. Refinancing fees of £7.5 million were incurred during the project. The Group paid £29.0 million in interest on the syndicated bank debt in FY12. During FY12 a subsidiary undertaking purchased £43.9 million of the Group's syndicated bank debt at a discount of £4.5 million. In addition, ordinary dividends of £100.4 million and rolled up preference dividends of £109.6 million were paid during FY12.

8. CAPITAL EXPENDITURE

Capital expenditure relates to the purchase of tangible and intangible assets and includes payments to third parties for goods and services as well as the capitalised cost of staff and contractors dedicated to the development of intangible assets. The Group distinguishes between capital expenditure incurred on behalf of the continuing business and capital expenditure incurred on behalf of discontinued operations.

As outlined in Section 3.2 (*Factors Affecting the Group's Costs*), prior to 30 September 2013, the Group developed its core technology and product platforms by way of large scale, defined projects with dedicated internal development staff and contracted external providers and capitalised this spend, which is reflected in the line item "intangible assets: software and website development costs", in the Group's financial statements, in accordance with IFRS. Since 30 September 2013, the Group has changed its approach to technology development. In keeping with the agile, "squad" based methodology, the Group now develops its core infrastructure through small scale, maintenance-like incremental improvements. Accordingly, the Group's expenditure on internal development salaries is no longer capitalised and is now expensed as incurred. However, development of the Group's order-to-cash system, SingleView, continues to be capitalised and the costs thereof are reflected in the line item "intangible assets: financial systems" as the one remaining exception to the Capitalised Development Change. Expenditure on third party contractors engaged to assist with this project is capitalised, as the project is the last of the large-scale projects currently planned and the contractors are solely dedicated to its delivery.

Set out below is a breakdown of Total Continuing Capital Expenditure, total capital expenditure—discontinued operations and total capital expenditure.

	FY12	FY13	FY14	YTDQ314	YTDQ315
	£m	£m	£m	(Unaudited) £m	£m
Intangible Assets—Continuing					
Software & website development costs	9.9	10.6	4.9	4.9	—
Financial systems	0.2	2.9	6.1	4.9	1.7
Other intangible assets	1.6	1.0	1.7	1.5	0.2
Property, plant and equipment—Continuing	2.0	1.7	2.9	1.2	6.9
Total Continuing Capital Expenditure	**13.7**	**16.2**	**15.6**	**12.5**	**8.8**
Total capital expenditure—discontinued operations	1.0	0.5	0.7	0.7	—
Total capital expenditure	**14.7**	**16.7**	**16.3**	**13.2**	**8.8**

During the period that the Group was capitalising development spend it focused its programme of work on the development of its core technology, including new mobile and tablet platforms, the rebuild of the private advertising platform and enhancements to its retailer portal platform.

During FY13, the Group commenced a project to implement SingleView. This new billing system is operational for over 50% of retailers as of YTDQ315 and provides flexibility to adjust to changes in a rapidly evolving digital business. Expenditures of £2.9 million and £6.1 million were incurred in FY13 and FY14, respectively with £1.7 million capitalised in respect of external contractor costs in YTDQ315. The Directors expect capitalised spend of less than £1 million in FY16 in relation to the completion of SingleView project.

Following the closure of the properties used by the Group for its magazines and the consolidation into two central offices in Manchester and London, the Group has capitalised £1.0 million of costs in FY14 and £6.1 million in YTDQ315 in respect of office fit out costs and leasehold improvements. These costs are recorded within purchases of property, plant and equipment, continuing.

Other than one-off activities, the Group has an ongoing need to replace and enhance its hardware. The Group does not expect to undertake large scale capital expenditure in the medium term and expects that ongoing capital expenditure (with the exception of specific initiatives such as SingleView) to be approximately 1% of revenue in the medium term. The Group's capital expenditures do not grow in line with revenue growth, but rather the Group's capital expenditures grow with increases in consumer and trade activity, which the Group seeks to offset with rate increases to customers. The Group expects that its capital expenditures are unlikely to change materially in the foreseeable future, other than if a significant new competitor were to enter the market, which would require the Group to invest significant resources to compete or if the Group introduces significant new services requiring material investment of resources.

9. CONTRACTUAL COMMITMENTS

The following table shows the Group's contractual commitments as at 28 December 2014.

	Less than 1 year	Between 1 and 2 Years	Between 2 and 5 Years	Over 5 Years	Total
	£m	£m	£m	£m	£m
Borrowings[(1)]	—	—	764.2	358.4	1,122.6
Derivative financial instruments	1.9	1.0	—	—	2.9
Trade and other payables	36.8	—	—	—	36.8
Undrawn revolving credit and other facilities	—	—	35.0	—	35.0
Leases (offices)	1.6	1.8	6.1	17.9	27.4
Total	**40.3**	**2.8**	**805.3**	**376.3**	**1,224.7**

(1) The Group's indebtedness following the offering are described in paragraph 7.2 (*Indebtedness*) of this Part XI and in Part XIV (*Unaudited Pro Forma Financial Information*) of this Prospectus.

10. OFF-BALANCE SHEET ARRANGEMENTS

The Group entered into the following swap agreements in order to hedge the interest rates payable pursuant to the Existing Syndicated Bank Loans Agreement:

- a £75.0 million notional principal with Royal Bank of Scotland plc and BNP Paribas. The company pays a fixed rate of 1.35% and receives one month LIBOR. This agreement was for three years with an expiry date of 20 March 2015; and
- a £260.0 million notional principal with Lloyds Bank plc and BNP Paribas. The company pays a fixed rate of 1.2945% and receives one month LIBOR. This agreement was for three years with an expiry date of 20 March 2017 but the Directors expect to terminate this agreement on or prior to the Listing.

11. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISKS

The Group is exposed to various market risks which are described in detail in Part II (*Risk Factors*) of this Prospectus. The Group's exposure to currency risk, interest rate risk and credit risk is further described in note 17 to the Group's financial statements included in Part XIII (*Historical Financial Information*) of this Prospectus.

In the course of its business the Group is exposed to market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management strategy is to minimise potential adverse effects on the financial performance and net assets of the Group. These policies are set and reviewed by senior finance management and all significant financing transactions are authorised by the board of directors.

11.1 Market risk

Foreign exchange risk

Following the sale of the South African subsidiary during 2013, the Group no longer has any significant foreign exchange risk as approximately 98% of the Group's revenue and approximately 96% of costs were sterling denominated, with the balance Euro denominated in FY14 and YTDQ315.

The Group operates in overseas regions, primarily in Ireland. In previous periods, overseas regions included, South Africa and Italy. Foreign currency-denominated net assets of overseas operations were not hedged as they represented a relatively small proportion of the Group's net assets. The Group operated a dividend policy across these regions ensuring any surplus cash was remitted to the UK thereby minimising the impact of exchange volatility. Forward currency contracts were entered into when appropriate to eliminate exposures on this dividend income.

At 31 December 2014, if the pound sterling had weakened / strengthened by 20% against the Euro, with all other variables held constant, post-tax profit for the period would have been £0.0 million higher / £0.0 million lower (31 March 2014: £0.0 million higher / £0.0 million lower; 31 March 2013: £0.0 million higher / £0.0 million lower; 31 March 2012: £0.1 million higher / £0.1 million lower). There was no impact to other elements of equity as a result of changes to the exchange rate with the Euro.

Interest rate risk

The Group's interest rate risk arises from its long term borrowings all subject to floating rates of interest linked to LIBOR. The Group's policy is to consider using floating to fixed interest rate swaps to manage its interest rate risk and to enter into such hedges as deemed appropriate.

11.2 Credit risk

Credit risk arises from deposits with banks and financial institutions, and the Group seeks to minimise the risk by dealing with only a limited range of financial institutions with secure credit ratings.

Credit risk relating to trade receivables is managed centrally and the credit risk for new customers is analysed before standard payment terms and conditions are offered. Policies and procedures exist to ensure that existing customers have an appropriate credit history and a significant number of balances are prepaid or collected through direct debit. Sales to private customers are primarily settled using major debit or credit cards, which reduces credit risk. Overall, the Directors believe that the Group is not exposed to a significant amount of either customer credit or bad debt risk due to the diversified and fragmented nature of the customer base.

The cost of bad debts for YTDQ315 was 0.8% (FY14: 0.8%, YTDQ314: 0.9%, FY13: 1.2%, FY12: 1.1%).

11.3 Liquidity risk

Cash flow forecasting is performed centrally by the Group treasury. Rolling forecasts of the Group's liquidity requirements are monitored to ensure it has sufficient cash to meet operational needs. Such forecasting takes into consideration the Group's debt financing plans.

Surplus cash held by operating entities over and above the balance required for working capital management is invested centrally in interest bearing current accounts and money market deposits with appropriate maturities or sufficient liquidity as required by the above mentioned forecasts. At 31 December 2014, the Group held money market deposits of £10.0 million (31 March 2014: £nil; 31 March 2013: £104.5 million; 31 March 2012: £32.0 million).

12. CRITICAL ACCOUNTING ESTIMATES

This financial and operating review has been prepared based on the Group's consolidated financial statements prepared in accordance with IFRS. The Group's significant accounting policies are described in note 1 to the Group's consolidated financials included in Part XIII (*Historical Financial Information*) of this Prospectus. The preparation of these financial statements requires that certain estimates and judgments be made that affect the reported assets, liabilities, revenues and expenses. These estimates and judgments are based on historical experience and on various other assumptions that are believed to be reasonable under the circumstances. Anticipating future events cannot be done with certainty, therefore these estimates may change as new events occur, more experience is acquired and as the Group's operating environment changes. In addition, materially different amounts could be reported under different conditions or using different assumptions.

The accounting estimates believed to require the most difficult, subjective or complex judgments and which are the most critical to the reporting of results of operations and financial positions are as follows.

12.1 Exceptional items

Significant non-recurring items of income and expense are disclosed in the income statement as "exceptional items". Examples of items that may give rise to disclosure as exceptional items include costs of restructuring and reorganisation of the business, corporate refinancing and restructuring costs, gains on the early extinguishment of borrowings or impairments of intangible assets, property, plant and equipment, as well as the reversal of such write-downs or impairments, material disposals of property, plant and equipment and litigation settlements. A full analysis of exceptional items is provided in note 4 and note 8 to the Group's consolidated financials included in Part XIII (*Historical Financial Information*) of this Prospectus.

12.2 Impairment of Long-Lived Assets

Long-lived assets, which include property, plant and equipment, intangibles and goodwill, comprise the majority of the Group's assets. The carrying value of these assets is periodically reviewed for impairment or whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For property, plant and equipment, this requires the Group to forecast future cash flows to be derived from the utilisation of these assets based upon assumptions about future business conditions and technological developments. Significant unanticipated changes to these assumptions could require a provision for impairment in the future.

The recoverability of goodwill requires a calculation of the recoverable amount of the CGU or groups of CGUs to which goodwill has been allocated. This calculation requires an estimation of the future cash flows from the CGU or group of CGUs and the appropriate discount rate or earnings multiple to be applied. Significant unanticipated changes to these assumptions could require a provision for impairment in the future.

Considerable judgment is required to determine CGUs and the groups of CGUs for which goodwill is allocated. These judgments can affect the amount of impairment recorded in a period.

12.3 Capitalised Development Spend

Development costs that are directly attributable to the design and testing of identifiable and unique software products, websites and systems controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product or website so that it will be available for use;
- management intends to complete the software product or website and use or sell it;
- there is an ability to use or sell the software product or website;
- it can be demonstrated how the software product or website will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product or website are available; and
- the expenditure attributable to the software product or website during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product, website or system include employee and contractor costs. Other development expenditures that do not meet these criteria as well as on-going maintenance and cost associated with routine upgrades and enhancements are recognised as an expense as incurred. Judgment is required by management as to which costs meet these criteria and therefore qualify for capitalisation.

12.4 Share Based Payments

Share based payment arrangements in which the Group receives goods or services as consideration for its own equity instruments are accounted for as equity settled share based payment transactions. The grant date fair value of share based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards.

The fair value of services received in return for share options is calculated with reference to the fair value of the award on the date of grant. Black Scholes models have been used to calculate the fair value and the Directors have therefore made estimates with regards to the inputs to that model and the period over which the share award is expected to vest.

PART XII

CAPITALISATION AND INDEBTEDNESS

The following tables set out the indebtedness of the Group as at 25 January 2015 and the capitalisation of the Group as at 28 December 2014. The following tables do not reflect the impact of the Offer, the Refinancing, the New Facilities Agreement or the Reorganisation on the Group's capitalisation and indebtedness. Please refer to Part XIV (*Unaudited Pro Forma Financial Information*) of this Prospectus for an analysis of the impact of the Offer, Refinancing, the New Facilities Agreement and the Reorganisation on the consolidated net assets of the Group.

1. Capitalisation and Indebtedness Statement

	As at 25 January 2015 (£m)
Indebtedness(1)	
Guaranteed	—
Secured	—
Unguaranteed/unsecured	—
Total current debt (excluding current portion of long-term debt)	—
Guaranteed	—
Secured	—
Unguaranteed/unsecured(2)(3)	1,119.9
Total non-current debt	**1,119.9**
Total debt	**1,119.9**

	As at 28 December 2014 (£m)
Capitalisation(4)	
Shareholders' equity(5)	177.6
Share premium account	2.6
Statutory and other reserves	95.7
Total capitalisation	**275.9**

Notes:

(1) This statement of indebtedness has been prepared under IFRS as adopted by the European Union using policies which are consistent with those used in preparing the Group's historical financial information set out in Part XIII (*Historical Financial Information*) of this Prospectus.

(2) The Group's unguaranteed/unsecured debt includes Existing Senior Debt under the Existing Syndicated Bank Loans Agreement, Existing Junior Debt under the Existing GSMP Junior Debt Agreement and the Shareholder Loan Notes.

(3) The Group's debt is shown net of unamortised debt issue costs of £2.7 million and does not include accrued interest and early repayment premium payable of £30.0 million as at 25 January 2015.

(4) This statement of capitalisation has been extracted without material adjustment from the Group's historical financial information set out in Part XIII (*Historical Financial Information*) of this Prospectus.

(5) The Group's shareholders' equity includes ordinary shares and cumulative irredeemable preference shares treated as equity for accounting purposes.

2. Net Financial Indebtedness[1][2][3]

	As at 25 January 2015
	(£m)
Cash	27.7
Cash equivalents[4]	10.0
Trading securities	—
Liquidity	**37.7**
Current bank debt	—
Current portion of non-current debt	—
Other current financial debt	—
Current financial debt	**—**
Net current financial indebtedness	**(37.7)**
Non-current bank loans[5]	987.7
Other non-current loans[5][6]	132.2
Non-current financial indebtedness	**1,119.9**
Net financial indebtedness	**1,082.2**

Notes:

(1) This statement of net financial indebtedness has been prepared under IFRS as adopted by the European Union using policies which are consistent with those used in preparing the Group's historical financial information set out in Part XIII (*Historical Financial Information*) of this Prospectus.

(2) The Group manages its cash flows interest rate risk on bank loans by using interest rate swaps. The interest rate swaps are not included in the indebtedness statement. The fair value of these derivatives at 25 January 2015 is £3.6 million.

(3) The Group has no indirect or contingent indebtedness as at 25 January 2015.

(4) The Group's cash equivalents include money markets deposits of £10.0 million.

(5) The Group's debt is shown net of unamortised debt issue costs of £2.7 million and does not include accrued interest and early repayment premium payable of £30.0 million as at 25 January 2015.

(6) Other non-current loans relate to the Group's Shareholder Loan Notes.

Capitalisation and Indebtedness of the Company

The Company was incorporated on 13 February 2015 and, at that date, the sole balance in its books was £1 of ordinary share capital. On 24 February 2015, the Company allotted and issued one redeemable preference share of £49,999. As a result, the Company's capitalisation as at 24 February 2015 was £50,000 and it held debtors of £50,000.

PART XIII

HISTORICAL FINANCIAL INFORMATION

Section A: Accountant's report on Historical Financial Information

The Directors
Auto Trader Group plc (the "**Company**")
1 Tony Wilson Place
Manchester
M15 4FN

Deutsche Bank AG, London Branch ("**Deutsche Bank**" or the "**Sponsor**")
1 Great Winchester Street
London
EC2N 2DB

19 March 2015

Dear Sirs

Auto Trader Group plc

We report on the financial information of Auto Trader Holding Limited and its subsidiaries (together, the "**Operating Group**") set out in section B of Part XIII (the "**Operating Group Historical Financial Information**"). The Operating Group Historical Financial Information has been prepared for inclusion in the prospectus dated 19 March 2015 (the "**Prospectus**") of Auto Trader Group plc on the basis of the accounting policies set out in note 1 to the Operating Group Historical Financial Information. This report is required by item 20.1 of Annex I to the PD Regulation and is given for the purpose of complying with that item and for no other purpose.

We have not audited the financial information for the 39 week period to 29 December 2013 and accordingly do not express an opinion thereon.

Responsibilities

The Directors of the Company are responsible for preparing the Operating Group Historical Financial Information in accordance with International Financial Reporting Standards as adopted by the European Union.

It is our responsibility to form an opinion as to whether the Operating Group Historical Financial Information gives a true and fair view, for the purposes of the Prospectus and to report our opinion to you.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and for any responsibility arising under item 5.5.3R(2)(f) of the Prospectus Rules to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with item 23.1 of Annex I to the PD Regulation, consenting to its inclusion in the Prospectus.

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Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the Operating Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing standards generally accepted in the United States of America or auditing standards of the Public Company Accounting Oversight Board (United States) and accordingly should not be relied upon as if it had been carried out in accordance with those standards.

Opinion

In our opinion, the Operating Group Historical Financial Information gives, for the purposes of the Prospectus dated 19 March 2015, a true and fair view of the state of affairs of the Operating Group as at the dates stated and of its profits, cash flows and changes in equity for the periods then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Declaration

For the purposes of Prospectus Rule 5.5.3R(2)(f) we are responsible for this report as part of the Prospectus and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Prospectus in compliance with item 1.2 of Annex I to the PD Regulation.

Yours faithfully

PricewaterhouseCoopers LLP
Chartered Accountants

SECTION B: OPERATING GROUP HISTORICAL FINANCIAL INFORMATION

Consolidated Income Statement

	Note	Years ended 31 March			Nine months ended 31 December	
		2012	2013	2014	2013	2014
					(Unaudited)	
		£m	£m	£m	£m	£m
Revenue	3	**209.1**	**218.9**	**237.7**	**177.4**	**190.8**
Administrative expenses before exceptional items and impairment charges	4	(98.0)	(103.4)	(112.1)	(82.3)	(86.4)
Exceptional items	4	(3.4)	(6.4)	(11.1)	(1.5)	(5.5)
Impairment charges	4	—	—	(15.8)	(15.1)	—
Total administrative expenses	4	(101.4)	(109.8)	(139.0)	(98.9)	(91.9)
Operating profit	3	**107.7**	**109.1**	**98.7**	**78.5**	**98.9**
Finance income	8	4.9	0.5	0.7	0.5	—
Finance costs	8	(89.2)	(86.8)	(95.7)	(63.3)	(87.4)
Finance costs—net		(84.3)	(86.3)	(95.0)	(62.8)	(87.4)
Profit before taxation		**23.4**	**22.8**	**3.7**	**15.7**	**11.5**
Income tax expense	9	(11.4)	(9.3)	(6.5)	(9.8)	(3.7)
Profit/(loss) for the period from continuing operations		**12.0**	**13.5**	**(2.8)**	**5.9**	**7.8**
Discontinued operations:						
Profit/(loss) for the year from discontinued operations attributable to owners of the parent	7	(4.5)	6.8	13.3	13.2	1.8
Profit for the year attributable to owners of the parent		**7.5**	**20.3**	**10.5**	**19.1**	**9.6**
Basic and diluted earnings/(loss) per share from continuing and discontinued operations	10					
From continuing operations (£)		12.00	13.50	(3.03)	5.90	40.84
From discontinued operations (£)		(4.50)	6.80	14.38	13.20	9.42
From profit for the year (£)		**7.50**	**20.30**	**11.35**	**19.10**	**50.26**
Adjusted profit measures						
Adjusted underlying EBITDA	3	**114.7**	**120.7**	**136.1**	**100.5**	**116.2**
Adjusted underlying EBITDA Margin		54.9%	55.1%	57.3%	56.7%	60.9%

Consolidated Statement of Comprehensive Income

	Note	Years ended 31 March			Nine months ended 31 December	
		2012	2013	2014	2013	2014
					(Unaudited)	
		£m	£m	£m	£m	£m
Profit for the period		7.5	20.3	10.5	19.1	9.6
Other comprehensive income:						
Items that will not be reclassified to profit or loss						
Actuarial (loss)/gain on post-employment benefit obligations, net of tax	*9, 24*	(0.7)	0.4	—	—	(0.2)
IFRS 2—share based payments credit/(charge)		0.1	(0.2)	0.7	—	0.1
		(0.6)	0.2	0.7	—	(0.1)
Items that may be subsequently reclassified to profit or loss						
Cash flow hedges, net of tax	*9*	0.6	—	1.1	0.8	(1.6)
Currency translation differences	*9, 27*	(1.6)	(0.3)	(0.4)	(0.3)	(0.4)
		(1.0)	(0.3)	0.7	0.5	(2.0)
Other comprehensive (loss)/ income for the period, net of tax	*9*	(1.6)	(0.1)	1.4	0.5	(2.1)
Total comprehensive income for the period attributable to owners of the parent		**5.9**	**20.2**	**11.9**	**19.6**	**7.5**

Consolidated Balance Sheet

	Note	As at 31 March 2012	As at 31 March 2013	As at 31 March 2014	As at 31 December 2014
		£m	£m	£m	£m
Assets					
Non-current assets					
Intangible assets	*11*	366.8	373.6	338.4	332.2
Property, plant and equipment	*12*	5.5	4.8	4.3	8.9
Investments	*13*	3.2	3.2	—	—
Deferred taxation assets	*23*	4.9	5.6	4.8	5.3
Financial assets at fair value through profit or loss	*16*	1.4	0.6	—	—
		381.8	387.8	347.5	346.4
Current assets					
Trade and other receivables	*17*	35.8	34.9	52.9	52.0
Cash and cash equivalents	*19*	48.7	110.3	12.6	38.8
		84.5	145.2	65.5	90.8
Assets of disposal group classified as held for sale	*18*	1.8	2.0	2.2	0.8
		86.3	147.2	67.7	91.6
Total assets		**468.1**	**535.0**	**415.2**	**438.0**
Equity and liabilities					
Equity attributable to owners of the parent					
Ordinary shares	*25*	0.1	0.1	0.1	—
Preference shares	*25*	177.3	177.4	175.7	177.6
Share premium account	*25*	1.2	1.5	1.5	2.6
Accumulated loss	*26*	(1,054.0)	(1,033.6)	(1,023.2)	(1,035.0)
Other reserves	*27*	94.9	94.6	95.3	95.7
Total equity		(780.5)	(760.0)	(750.6)	(759.1)
Liabilities					
Non-current liabilities					
Borrowings	*20*	1,157.3	1,193.8	1,107.2	1,118.7
Trade and other payables	*21*	0.9	—	—	—
Derivative financial instruments	*15*	2.4	2.1	—	2.8
Deferred taxation liabilities	*23*	1.0	1.3	0.8	0.6
Retirement benefit obligations	*24*	0.8	—	—	0.2
Provisions for other liabilities and charges	*22*	3.9	4.9	4.6	3.1
		1,166.3	1,202.1	1,112.6	1,125.4
Current liabilities					
Trade and other payables	*21*	74.4	79.8	38.3	59.7
Current income tax liabilities		6.3	8.5	5.0	5.8
Derivative financial instruments	*15*	—	—	0.6	0.1
Provisions for other liabilities and charges	*22*	1.6	4.6	9.3	6.1
		82.3	92.9	53.2	71.7
Total liabilities		1,248.6	1,295.0	1,165.8	1,197.1
Total equity and liabilities		**468.1**	**535.0**	**415.2**	**438.0**

Consolidated Statement of Changes in Equity

	Note	Share capital	Share premium account	Accumulated loss	Other reserves	Total equity
		£m	£m	£m	£m	£m
Balance at 1 April 2011		**363.7**	**1.2**	**(945.3)**	**3.9**	**(576.5)**
Comprehensive income:						
Profit for the year		—	—	7.5	—	7.5
Other comprehensive income:						
Actuarial loss on post employment benefit obligations, net of tax		—	—	(0.7)	—	(0.7)
Cash flow hedges, net of tax		—	—	0.6	—	0.6
IFRS 2—share based payments credit		—	—	0.1	—	0.1
Currency translation differences		—	—	—	(1.6)	(1.6)
Total other comprehensive loss, net of tax		—	—	—	(1.6)	(1.6)
Total comprehensive income/(loss), net of tax		—	—	7.5	(1.6)	5.9
Transactions with owners:						
Bonus issue of deferred shares		430.0	—	—	—	430.0
Reduction in value of deferred shares		(430.0)	—	—	—	(430.0)
Roll up and waiver of preference share dividend		(10.7)	—	10.8	—	0.1
Payment of principal and dividend on preference shares		(99.6)	—	(36.6)	26.6	(109.6)
Reserves transfer		(76.0)	—	10.0	66.0	—
Dividends paid to owners of the company		—	—	(100.4)	—	(100.4)
Balance at 31 March 2012		**177.4**	**1.2**	**(1,054.0)**	**94.9**	**(780.5)**
Comprehensive income:						
Profit for the year		—	—	20.3	—	20.3
Other comprehensive income:						
Actuarial gain on post employment benefit obligations, net of tax		—	—	0.4	—	0.4
IFRS 2—share based payments charge		—	—	(0.2)	—	(0.2)
Currency translation differences		—	—	—	(0.3)	(0.3)
Total other comprehensive gain/(loss), net of tax		—	—	0.2	(0.3)	(0.1)
Total comprehensive income/(loss), net of tax		—	—	20.5	(0.3)	20.2
Transactions with owners:						
Roll up of preference share dividend		0.1	—	(0.1)	—	—
Proceeds from shares issued		—	0.3	—	—	0.3
Balance at 31 March 2013		**177.5**	**1.5**	**(1,033.6)**	**94.6**	**(760.0)**

Consolidated Statement of Changes in Equity (Continued)

	Note	Share capital	Share premium account	Accumulated loss	Other reserves	Total equity
		£m	£m	£m	£m	£m
Balance at 31 March 2013		**177.5**	**1.5**	**(1,033.6)**	**94.6**	**(760.0)**
Comprehensive income:						
Profit for the year		—	—	10.5	—	10.5
Other comprehensive income:						
Cash flow hedges, net of tax		—	—	1.1	—	1.1
IFRS 2—share based payments credit		—	—	0.7	—	0.7
Currency translation differences		—	—	—	(0.4)	(0.4)
Total other comprehensive gain/(loss), net of tax		—	—	1.8	(0.4)	1.4
Total comprehensive income/(loss), net of tax		—	—	12.3	(0.4)	11.9
Transactions with owners:						
Roll up of preference share dividend		0.1	—	(0.1)	—	—
Payment of principal and dividend on preference shares		(1.8)	—	(1.8)	1.1	(2.5)
Balance at 31 March 2014		**175.8**	**1.5**	**(1,023.2)**	**95.3**	**(750.6)**
Comprehensive income:						
Profit for the period		—	—	9.6	—	9.6
Other comprehensive income:						
Actuarial loss on post employment benefit obligations, net of tax		—	—	(0.2)	—	(0.2)
Cash flow hedges, net of tax		—	—	(1.6)	—	(1.6)
IFRS 2—share based payments credit		—	—	0.1	—	0.1
Currency translation differences		—	—	—	(0.4)	(0.4)
Total other comprehensive gain/(loss), net of tax		—	—	(1.7)	(0.4)	(2.1)
Total comprehensive income/(loss), net of tax		—	—	7.9	(0.4)	7.5
Transactions with owners:						
IFRS 2—share based payments credit		—	—	1.3	—	1.3
Roll up of preference share dividend		0.1	—	(0.1)	—	—
Repurchase and cancellation of ordinary share capital	*25*	(0.1)	—	(20.9)	0.1	(20.9)
Premium on ordinary share capital issued		—	1.1	—	—	1.1
Preference share capital issued		1.8	—	—	0.7	2.5
Balance at 31 December 2014		**177.6**	**2.6**	**(1,035.0)**	**95.7**	**(759.1)**

Consolidated Statement of Cash Flows

	Note	Years ended 31 March			Nine months ended 31 December	
		2012	2013	2014	2013	2014
					(Unaudited)	
		£m	£m	£m	£m	£m
Cash flows from operating activities						
Cash generated from operations before exceptional operating items		141.9	146.0	134.0	97.4	110.9
Cash flows from exceptional operating items—continuing		(2.5)	(4.6)	(4.4)	(3.3)	(8.0)
Cash flows from exceptional operating items—discontinued		(0.5)	(0.4)	(2.2)	0.2	(0.2)
Cash generated from operations	29	138.9	141.0	127.4	94.3	102.7
Tax paid		(9.6)	(10.9)	(10.9)	(8.3)	(3.2)
Net cash generated from operating activities		129.3	130.1	116.5	86.0	99.5
Cash flows from investing activities						
Acquisition of subsidiary, net of cash acquired	32	—	(6.8)	—	—	—
Investment in shares of overseas company		(1.3)	—	—	—	—
Proceeds from disposal of subsidiary, net of cash disposed	29	1.1	—	32.3	32.3	—
Receipt of deferred consideration		0.3	0.4	0.1	0.1	—
Purchases of intangible assets—financial systems	11	(0.2)	(2.9)	(6.1)	(4.9)	(1.7)
Purchases of intangible assets—capitalised development spend	11	(9.9)	(10.6)	(4.9)	(4.9)	—
Purchases of intangible assets—other	11	(1.6)	(1.0)	(1.7)	(1.5)	(0.2)
Purchases of intangible assets—discontinued	11	(0.5)	(0.3)	(0.3)	(0.3)	—
Purchases of property, plant and equipment—continuing	12	(2.0)	(1.7)	(2.9)	(1.2)	(6.9)
Purchases of property, plant and equipment—discontinued	12	(0.5)	(0.2)	(0.4)	(0.4)	—
Proceeds from sale of—property, plant and equipment		1.7	—	0.1	0.1	—
Proceeds from sale of assets held for sale—discontinued		—	—	—	—	3.0
Bank deposit and other interest received		0.5	0.3	0.7	0.5	—
Net cash (used in)/generated from investing activities		(12.4)	(22.8)	16.9	19.8	(5.8)
Cash flows from financing activities						
Proceeds from issue of ordinary and preference shares	25	—	0.3	—	—	3.6
Redemption of Shareholder Loan Notes		(0.5)	—	(490.9)	—	—
Issue of Shareholder Loan Notes		0.5	—	—	—	—
Preference dividend and capital paid to company's shareholders	28	(109.6)	—	(2.5)	—	—
Ordinary dividends paid to company's shareholders	28	(100.4)	—	—	—	—
Loan to company's shareholder		—	—	(5.2)	—	(19.3)
Drawdown of Existing Junior Debt	20	—	—	358.4	—	—
Repayment of Existing Senior Debt	20	(584.2)	(2.1)	(664.7)	—	—
Drawdown of Existing Senior Debt	20	734.2	—	632.0	—	—
Payment of refinancing fees		(7.5)	—	(21.8)	—	(2.1)
Purchase of own Existing Senior Debt	20	(43.9)	(11.1)	(7.6)	(7.6)	—
Payment of interest on Existing Senior Debt and hedging instruments		(29.0)	(32.5)	(28.3)	(23.1)	(49.7)
Payment of other interest		(0.1)	(0.1)	(0.1)	—	—
Net cash used in financing activities		(140.5)	(45.5)	(230.7)	(30.7)	(67.5)
Net (decrease)/increase in cash and cash equivalents		**(23.6)**	**61.8**	**(97.3)**	**75.1**	**26.2**
Cash and cash equivalents at beginning of period	19	73.0	48.7	110.3	110.3	12.6
Exchange losses on cash		(0.7)	(0.2)	(0.4)	(0.4)	—
Cash and cash equivalents at end of period	19	**48.7**	**110.3**	**12.6**	**185.0**	**38.8**

Notes to the Historical Financial Information

General information

Auto Trader Holding Limited (formerly Auto Trader Group Limited and Trader Media Group Limited) (the "**Operating Company**") is a company incorporated and domiciled in the UK. The Company and its subsidiaries (collectively, the "**Operating Group**") are focused on serving the automobile sector in the UK, connecting car buyers to car sellers through a combination of the best range of vehicles accessed by a powerful search capability.

The entities which comprise the Operating Group are incorporated and domiciled primarily in the UK and Ireland. The Operating Group's Italian subsidiary Edizeta S.r.l. was sold on 7 November 2011. The magazines division in the UK and Ireland was closed at the end of June 2013, and the South African subsidiary The Car Trader (Pty) Limited was sold on 9 October 2013. The principal trading and holding subsidiaries of the Operating Group as at 31 December 2014 are disclosed in note 13.

1 Accounting policies

Basis of preparation

The principal accounting policies applied in the preparation of the consolidated historical financial information are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated. The financial information presented is at and for the 52 week financial periods ended 1 April 2012, 31 March 2013 and 30 March 2014, and the 39 week period to 28 December 2014, and the 39 week period to 29 December 2013 which is unaudited. Financial year and period ends have been referred to as 31 March and 31 December throughout the consolidated historical financial information as per the Company's accounting reference date. Financial years are referred to as 2012, 2013 and 2014 in this historical financial information.

The consolidated historical financial information has been prepared in accordance with the requirements of the Prospectus Directive Regulation, the Listing Rules and in accordance with International Financial Reporting Standards as adopted by the European Union ("**IFRS**"), IFRS Interpretation Committee ("**IFRS IC**") interpretations as adopted by the European Union (the "**EU**") and the Companies Act applicable to companies reporting under IFRS. The consolidated historical financial information has been prepared on the going concern basis and under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

Going concern

The Operating Group meets its day-to-day working capital and financing requirements through its cash generated from operations. The Directors, after making enquiries and on the basis of current financial projections and the facilities available, believe that the Operating Group has adequate financial resources to continue in operation for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the historical financial information. Further information on the Operating Group's borrowings and capital risk management is given in note 2.

Critical accounting estimates and judgements

The preparation of historical financial information in conformity with IFRS requires the use of certain critical accounting estimates and assumptions. It also requires management to exercise its judgement in the process of applying the Operating Group's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The accounting estimates believed to require the most difficult, subjective or complex judgments and which are the most critical to the reporting of results of operations and financial positions are as follows.

- Carrying value of assets relating to goodwill;
- Capitalisation of software and website development costs;
- The classification of exceptional items; and
- Share based payments.

The Operating Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated. The recoverable amounts of cash generating units have been determined based on value in use calculations, which require the use of estimates.

Costs incurred in developing new products are capitalised in accordance with the Operating Group's accounting policy for software and website development costs (note 11). Determining the amounts to be capitalised requires management to make assumptions and estimates regarding the expected future cash generation of the software products or websites and the expected period of benefits.

Significant non-recurring items of income and expense are disclosed in the income statement as "exceptional items". Items disclosed as exceptional are set out in note 4 and note 8.

Share based payment arrangements in which the Operating Group receives goods or services as consideration for its own equity instruments are accounted for as equity settled share based payment transactions. The fair value of services received in return for share options is calculated with reference to the fair value of the award on the date of grant. Black Scholes models have been used to calculate the fair value and the Directors have therefore made estimates with regards to the inputs to that model and the period over which the share award is expected to vest.

New accounting standards and IFRS IC interpretations

The Operating Group has adopted the following new and amended IFRSs in all periods presented in the consolidated historical financial information. There has not been a material impact to the Operating Group when adopting these new and amended IFRSs:

- *IAS 1 (amendment) Financial statement presentation*
- *IAS 12 (amendment) Income taxes*
- *IAS 19 (amendment) Employee benefits*
- *IAS 27 (revised) Separate financial statements*
- *IAS 28 (revised) Associates and joint ventures*
- *IAS 32 (amendment) Financial instruments: presentation*
- *IAS 36 (amendment) Impairment of assets*
- *IAS 39 (amendment) Financial instruments: Recognition and measurement*
- *IFRS 10 Consolidated financial statements*
- *IFRS 11 Joint arrangements*
- *IFRS 12 Disclosure of interests in other entities*
- *IFRS 13 Fair value measurement*
- *Amendments to IFRS 10, 11 and 12*
- *Annual improvements* 2011

The following standards and interpretations were issued by the IASB and IFRS IC but have not been adopted either because they were not endorsed by the EU at 31 December 2014 or they are not yet mandatory and the Operating Group has not chosen to early adopt. The impact on the Operating Group's financial statements of the future standards, amendments and interpretations is still under review, but the Operating Group does not expect any of these changes to have a material impact on the results or the net assets of the Operating Group:

- *Annual improvements 2012 and 2013 (effective 1 July 2014)*
- *IFRS 10 (amendment) Consolidated financial statements (effective 1 January 2016)*
- *IFRS 11 Joint Arrangements (effective 1 January 2016)*
- *IAS 16 (amendment) Property, plant and equipment (effective 1 January 2016)*
- *IAS 28 (amendment) Investment in associates and joint ventures (effective 1 January 2016)*
- *IAS 38 (amendment) Intangible assets (effective 1 January 2016)*

- *IFRS 9 Financial instru*ments (effective 1 January 2018)
- *IFRS 15 Revenue from contracts with customers (effective 1 January 2017)*

Basis of consolidation

The Operating Group consolidated historical financial information consolidates the historical financial information of Auto Trader Holding Limited and all of its subsidiary undertakings. Auto Trader Holding Limited is domiciled and incorporated in the United Kingdom. The consolidated historical financial information is based on historical financial information of the subsidiary undertakings which is coterminous with that of the parent company and accounting policies have been applied consistently across the Operating Group.

Subsidiaries are all entities (including structured entities) over which the Operating Group has control. The Operating Group controls an entity when the Operating Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Operating Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Operating Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Costs directly attributable to the acquisition are expensed. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

Intercompany transactions and balances between Operating Group companies are eliminated on consolidation.

Associates are all entities over which the Operating Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Where significant influence is not demonstrated but the shareholding is between 20% and 50% the Operating Group would account for its interest as an investment. All investments are initially recognised at cost and the carrying value is reviewed for impairment.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Operational Leadership Team (known as the "Executive Committee" in the years ended 31 March 2012 and 31 March 2013) that makes strategic decisions (note 3).

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Operating Group's activities. Revenue is stated net of discounts, returns and value added tax.

The Operating Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Operating Group's activities as described below. The Operating Group bases its estimates on historical results, taking into consideration the type of customer, the type of transactions and the specifics of each arrangement.

Revenue comprises:

- fees for advertising on the Operating Group's website and web related activities, which are recognised on a straight line basis as the service is provided;

- dealer website build and hosting subscription fees, maintenance contracts and other subscription fees, which where invoiced in advance are deferred and recognised on a straight line basis over the period to which they relate; and
- fees for advertising in the Operating Group's publishing titles and the sale of the publications, which are recognised on the date of publication (discontinued operations).

Discontinued operations

The closure of the magazines division in the UK and Ireland at the end of June 2013, the sale of the South African subsidiary The Car Trader (Pty) Limited on 9 October 2013 and the sale of the Italian subsidiary Edizeta S.r.l. on 7 November 2011 have been presented as discontinued operations (note 7).

Dividend distribution

Dividend distribution to the Operating Company's shareholders is recognised as a liability in the Operating Group's historical financial information in the period in which the dividends are approved by the Operating Company's shareholders.

Employee benefits

The Operating Group operates several pension schemes and all except one are defined contribution schemes. Within the UK all pension schemes set up prior to 2001 have been closed to new members and only one defined contribution scheme is now open to new employees.

a) Defined contribution scheme

The assets of the defined contribution scheme are held separately from those of the Operating Group in independently administered funds. The costs in respect of this scheme are charged to the income statement as incurred.

b) Defined benefit scheme

The Operating Group operates one defined benefit pension scheme that is closed to new members.

The liability recognised in the balance sheet in respect of the defined benefit scheme is the present value of the defined benefit obligation at the balance sheet date less the fair value of the scheme's assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating those of the related pension liability. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

c) Share based payments

Equity settled awards are valued at grant date, and the difference between the grant date fair value and the consideration paid by the employee is charged as an expense in the income statement spread over the vesting period. The credit side of the entry is recorded in equity. Cash settled awards are revalued at each reporting date with the fair value of the award charged to the profit and loss account over the vesting period and the credit side of the entry recognised as a liability. Movements in provisions for bad leavers are taken through reserves.

Exceptional items

Significant non-recurring items of income and expense are disclosed in the income statement as "exceptional items". Examples of items that may give rise to disclosure as exceptional items include costs of restructuring and reorganisation of the business, corporate refinancing and restructuring costs, gains on the early extinguishment of borrowings or impairments of intangible assets, property, plant and equipment, as well as the reversal of such writedowns or impairments, material disposals of property, plant and equipment and litigation settlements. A full analysis of exceptional items is provided in note 4 and note 8.

Foreign currency translation

a) Functional and presentation currency

Items included in the historical financial information of each of the Operating Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated historical financial information is presented in sterling (£) which is the Operating Group's functional and presentation currency.

b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement within administrative expenses.

c) Operating Group companies

The results and financial position of all Operating Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency other than sterling are translated into sterling as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates; and
- all resulting exchange differences are recognised as a separate component of equity.

On the disposal of a foreign operation, the cumulative exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Intangible assets

a) Goodwill

Goodwill represents the excess cost of an acquisition over the fair value of the Operating Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition.

Goodwill is tested annually for impairment and is carried at cost less accumulated impairment losses. Impairment losses are charged to the income statement and are not reversed. The gain or loss on the disposal of an entity includes the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash generating units for the purpose of impairment testing. The allocation is made to those cash generating units that are expected to benefit from the business combination in which the goodwill arose.

b) Trademarks, trade names, technology and customer relationships

Separately acquired trademarks, trade names, technology and customer relationships are shown at historical cost. They have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight line method to allocate the cost over their estimated useful lives of between 1 and 15 years. Trademarks, trade names, technology and customer relationships acquired in a business combination are recognised at fair value at the acquisition date.

c) Software

Acquired computer software is capitalised at cost, including any costs to bring it into use, and is carried at cost less accumulated amortisation. Amortisation is calculated using the straight line method to allocate the cost over the estimated useful life of 3 to 5 years.

d) Software and website development costs and financial systems

Development costs that are directly attributable to the design and testing of identifiable and unique software products, websites and systems controlled by the Operating Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product or website so that it will be available for use;
- management intends to complete the software product or website and use or sell it;
- there is an ability to use or sell the software product or website;
- it can be demonstrated how the software product or website will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product or website are available; and
- the expenditure attributable to the software product or website during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product, website or system include employee and contractor costs.

Other development expenditures that do not meet these criteria as well as on-going maintenance and cost associated with routine upgrades and enhancements are recognised as an expense as incurred.

Development costs for software, websites and systems are carried at cost less accumulated amortisation and are amortised over their useful lives not exceeding five years at the point in which they come into use.

Property, plant and equipment

All property, plant and equipment is stated at historical cost less accumulated depreciation and impairment losses. Historical cost comprises the purchase price of the asset and expenditure directly attributable to the acquisition of the item.

Freehold land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost less their estimated residual values over the estimated useful lives as follows:

Land, buildings and leasehold improvements:

Freehold buildings	50 years
Leasehold land and buildings	life of lease
Leasehold improvements	life of lease
Motor vehicles	5 years
Plant and equipment	3 - 10 years

Assets in the course of construction are recorded within property, plant and equipment and are transferred to the appropriate classification when complete and depreciated from the date they are brought into use.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. The carrying value of assets is reviewed for impairment if events or changes in circumstances suggest that the carrying value may not be recoverable. Assets will be written down to their recoverable amount, if lower than the carrying value, and the impairment is charged to the income statement.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the income statement within administrative expenses.

Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation and depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash generating unit (or group of units) and then to reduce the carrying amount of other assets in the unit (or group of units) on a pro rata basis.

Assets and liabilities (or disposal groups) held for sale

Assets and liabilities (or disposal groups) are classified as held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. On classification as held for sale, they are stated at the lower of carrying amount and fair value less costs to sell. Impairment losses are included in the income statement, as are any gains and losses on subsequent re-measurement.

Financial assets

The Operating Group classifies its financial assets in the categories of loans and receivables and at fair value through profit or loss. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date which are classified as non-current assets. The Operating Group's loans and receivables comprise trade and other receivables and cash and cash equivalents in the balance sheet. Loans and receivables are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

Financial assets at fair value through the profit or loss are those held for trading or designated at fair value through profit or loss. Derivatives are categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets. Financial assets carried at fair value through the profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement. They are subsequently re-measured to fair value and gains or losses arising from changes in the fair value are recognised in the income statement in the period in which they arise.

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

The Operating Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset is impaired only if there is objective evidence of impairment as a result of one of more events that occurred after the initial recognition of the asset and that this event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the income statement. If, in a subsequent period, the amount of the impairment loss decreased and the decrease can be related objectively to an event occurring after the impairment was recognised, the reversal of the previously recognised impairment loss is credited to the income statement.

Derivative financial instruments and hedging

The Operating Group uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operational, financing and investment activities. The Operating Group does not use derivative financial instruments for speculative purposes.

Derivatives are initially recognised at fair value on the contract date and are subsequently re-measured at their fair value. Changes in the fair value of instruments that do not qualify for hedge accounting are recognised in the income statement as they arise.

The Operating Group documents at the inception of the transactions the relationship between the hedging instrument and the hedged item. The Operating Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivative used in the hedging transactions is highly effective in offsetting changes in the cash flows of the hedged item. The fair value of the derivative instrument used for hedging purposes is disclosed in note 15. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months, and a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the income statement within finance costs. Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item affects the profit or loss.

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Operating Group will not be able to collect all amounts due according to the original terms of the receivables.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, short term deposits held at call with banks and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

Trade payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred and are subsequently carried at amortised cost with any difference between the proceeds (net of transaction costs) and the redemption value being recognised in the income statement over the period of the borrowings using the effective interest method.

Finance and issue costs associated with the borrowings are charged to the income statement using the effective interest rate method from the date of issue over the estimated life of the borrowings to which the costs relate.

Borrowings are derecognised when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, such that the difference in respective carrying amounts together with any costs or fees incurred are recognised in the income statement.

The buy back of bank borrowings represents the discharge of the obligation to repay the debt. The difference between the carrying amount of the financial liability extinguished and the consideration paid is recognised as an exceptional gain in the income statement, as it is a significant non-recurring item.

Preference shares are treated as borrowings where in substance they have the features of debt instruments, otherwise they are classified as equity. The related dividends are recognised as an interest expense for debt instruments and as dividends for equity instruments.

Borrowings are classified as current liabilities unless the Operating Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Provisions

A provision is recognised when a present legal or constructive obligation exists at the balance sheet date as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of that obligation can be made. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. If the effect is material provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and where appropriate the risks specific to the obligation.

Contingent liabilities are not recognised but are disclosed unless an outflow of resources is remote. Contingent assets are not recognised but are disclosed where an inflow of economic benefits is probable.

Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight line basis over the period of the lease.

Taxation

The tax expense for the period comprises current and deferred taxation. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current taxation is provided at amounts expected to be paid (or recovered) calculated using the rates of tax and laws that have been enacted or substantively enacted at the balance sheet date in the countries where the Operating Group operates and generates taxable income.

Deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the consolidated historical financial information.

Deferred taxation is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred taxation assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred taxation is provided on temporary differences arising on investments in subsidiaries except where the timing of the reversal of the temporary difference is controlled by the Operating Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred taxation assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxation assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balance on a net basis.

Share capital

Ordinary shares are classified as equity. Preference shares are classified as liabilities where in substance they have features of debt instruments, otherwise they are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

Where the Operating Company purchases its own equity share capital, the consideration paid is deducted from equity attributable to the Operating Company's owners until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received is included in equity attributable to the Operating Company's owners.

The amount subscribed for the ordinary shares in excess or the nominal value of these new shares is recorded in the share premium. The amount subscribed for the preference shares in excess of the nominal value of these new preference shares is recorded in other reserves.

2 Financial risk management

a) Financial risk factors

In the course of its business the Operating Group is exposed to market risk (including foreign exchange risk and interest rate risk), credit risk, liquidity risk and technology risk. The Operating Group's overall risk management strategy is to minimise potential adverse effects on the financial performance and net assets of the Operating Group. These policies are set and reviewed by senior finance management and all significant financing transactions are authorised by the board of directors.

Market risk

i. Foreign exchange risk

Following the sale of the South African subsidiary in October 2013, the Operating Group no longer has any significant foreign exchange risk as 98% of the Operating Group's revenue and 96% of costs are sterling denominated.

The Operating Group operates in overseas regions, primarily in Ireland. In previous periods, overseas regions included South Africa and Italy. Foreign currency denominated net assets of overseas operations were not hedged as they represented a relatively small proportion of the Operating Group's net assets. The Operating Group operated a dividend policy across these regions ensuring any surplus cash was remitted to the UK thereby minimising the impact of exchange volatility. Forward currency contracts were entered into when appropriate to eliminate exposures on this dividend income.

At 31 December 2014, if the UK pound had weakened/strengthened by 20% against the Euro with all other variables held constant, post-tax profit for the nine month period would have been £nil higher /lower (post-tax profit for the year ended 31 March 2014: £nil higher/lower, 31 March 2013: £nil higher/lower and 31 March 2012: £0.1 million higher / £0.1 million lower) as there are no significant Euro denominated financial assets and liabilities outstanding at each period end There was no impact to other elements of equity as a result of changes to the exchange rate with the Euro. There was no significant exposure to foreign exchange risk for the Operating Group on amounts being held in South African Rand.

ii. Interest rate risk

The Operating Group's interest rate risk arises from long term borrowings under the Existing Syndicated Bank Loans Agreement ("**Existing Senior Debt**"), the Goldman Sachs Mezzanine Partners ("**GSMP**") Junior Debt ("**Existing Junior Debt**") and Shareholder Loan Notes subject to floating rates of interest linked to LIBOR. The Operating Group manages its cash flow interest rate risk on the bank borrowings by using interest rate swaps to convert £335.0 million (31 March 2014: £335.0 million, 31 March 2013: £165.0 million, 31 March 2012: £190.0 million) of the debt from floating to fixed rates.

Under the interest rate swaps the Operating Group agrees with the other party to exchange on a monthly basis the difference between the fixed contract rate and the floating rate interest amounts calculated by reference to the agreed notional amounts.

At 31 December 2014, if the interest rates affecting the Operating Group had varied as shown below with all other variables held constant, post-tax profit for the nine month period would have been £1.6 million higher or £18.9 million lower (post-tax profit for the year ended 31 March 2014: £2.3 million higher / £26.2 million lower, 31 March 2013: £4.2 million higher / £25.5 million lower and 31 March 2012: £2.3 million higher / £28.9 million lower). The continuance of low global interest rates has had a positive impact on the interest accruing on the Existing Senior Debt, Existing Junior Debt and Shareholder Loan Notes (note 20).

At 31 December 2014, other components of equity would have been £nil (31 March 2014: £nil, 31 March 2013: £0.0 million higher /£0.1 million lower, 31 March 2012: £0.0 million higher /£0.1 million lower) as a result of the increase/decrease in the fair value of the interest rate swap (note 15).

	As at 31 March			As at 31 December
	Potential variance in interest rate 2012	Potential variance in interest rate 2013	Potential variance in interest rate 2014	Potential variance in interest rate 2014
Interest rate	**(basis points)**	**(basis points)**	**(basis points)**	**(basis points)**
UK LIBOR	−20 / + 300	−20 / + 300	−20 / + 300	−20 / + 300
Euro LIBOR	−80 / + 80	—	—	—
South African Central Bank Rate	−170 / +170	—	—	—

iii. Credit risk

Credit risk arises from deposits with banks and financial institutions and the risk is minimised by dealing with only a limited range of financial institutions with secure credit ratings (note 19).

Credit risk relating to trade receivables is managed centrally and the credit risk for new customers is analysed before standard payment terms and conditions are offered. Policies and procedures exist to ensure that existing customers have an appropriate credit history and a significant number of balances are prepaid or collected via direct debit. Sales to private customers are primarily settled using major debit or credit cards which reduces the risk in this area. Overall the Operating Group considers that it is not exposed to a significant amount of either customer credit or bad debt risk due to the diversified and fragmented nature of the customer base.

The cost of bad debts for the nine months to 31 December 2014 was 0.8%, (for the 12 months to 31 March 2014: 0.8%, for the nine months to 31 December 2013: 0.9%, for the 12 months to 31 March 2013: 1.2%, for the 12 months to 31 March 2012: 1.1%).

iv. Liquidity risk

Cash flow forecasting is performed centrally by the Operating Group treasury manager. Rolling forecasts of the Operating Group's liquidity requirements are monitored to ensure it has sufficient cash to meet operational needs. Such forecasting takes into consideration the Operating Group's debt financing plans.

Surplus cash held by operating entities over and above the balance required for working capital management is invested centrally in interest bearing current accounts and money market deposits with appropriate maturities or sufficient liquidity as required by the above mentioned forecasts. At 31 December 2014, the Operating Group held money market deposits of £10.0 million (31 March 2014: £nil, 31 March 2013: £104.5 million, 31 March 2012: £32.0 million) that are expected to generate cash inflows for managing liquidity risk.

The table below analyses the Operating Group's financial liabilities and undrawn commitments into relevant maturity groupings based on the remaining period at the balance sheet date to contractual maturity date. Derivative financial instruments are included in the analysis if their contractual maturities are essential for an understanding of the timing of the cash flows. The amounts disclosed in the table are the contractual undiscounted cash flows, except for derivative financial instruments cash flows.

At 31 March 2012	**Less than 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**
	£m	**£m**	**£m**	**£m**
Borrowings	—	—	721.7	435.6
Derivative financial instruments	1.3	0.9	0.2	—
Trade and other payables	51.6	0.9	—	—
Undrawn revolving credit and other facilities	—	—	35.0	—
Total	**52.9**	**1.8**	**756.9**	**435.6**

At 31 March 2013	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	£m	£m	£m	£m
Borrowings	—	—	1,193.8	—
Derivative financial instruments	1.4	0.7	—	—
Trade and other payables	56.8	—	—	—
Undrawn revolving credit and other facilities	—	3.5	31.5	—
Total	**58.2**	**4.2**	**1,225.3**	**—**

At 31 March 2014	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	£m	£m	£m	£m
Borrowings	—	—	632.0	487.2
Derivative financial instruments	0.6	—	—	—
Trade and other payables	13.9	—	—	—
Undrawn revolving credit and other facilities	—	—	35.0	—
Total	**14.5**	**—**	**667.0**	**487.2**

At 31 December 2014	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	£m	£m	£m	£m
Borrowings	—	—	764.2	358.4
Derivative financial instruments	1.9	1.0	—	—
Trade and other payables	36.8	—	—	—
Undrawn revolving credit and other facilities	—	—	35.0	—
Total	**38.7**	**1.0**	**799.2**	**358.4**

b) Capital risk management

The Operating Group considers capital to be net debt plus total equity. Net debt is defined as borrowings less cash and short-term deposits. Total equity is defined as total equity, as shown in the consolidated balance sheet.

The calculation of total capital is shown in the table below:

	As at 31 March			As at 31 December
	2012	2013	2014	2014
	£m	£m	£m	£m
Loans due within one year	—	—	—	—
Loans and overdrafts greater than one year	1,157.3	1,193.8	1,107.2	1,118.7
Less: Cash and cash equivalents	(48.7)	(110.3)	(12.6)	(38.8)
Total net debt	**1,108.6**	**1,083.5**	**1,094.6**	**1,079.9**
Total equity	(780.5)	(760.0)	(750.6)	(759.1)
Total capital	**328.1**	**323.5**	**344.0**	**320.8**

The Operating Group's objectives when managing capital are to safeguard its ability to continue as a going concern. The risk that the leveraged nature of the Operating Group affects the future development and going concern has been mitigated through the structure of its financing. Neither the cumulative irredeemable £1 preference shares nor the Shareholder Loan Notes require performance conditions to be met. Likewise the terms of the Existing Syndicated Bank Loans Agreement and the Existing GSMP Junior Debt Agreement are such that the borrower group is not required to adhere to performance related leverage or interest cover ratios or to restrict capital expenditure. The margin payable on the Existing Senior Debt interest and Existing Junior Debt interest are dependent on the consolidated leverage ratio of Trader Media Group Holdings Limited (a subsidiary of the Operating Group) and its subsidiaries (previously: Trader Media Corporation (2003) Limited (a subsidiary of the Operating Group) and its subsidiaries) and this is calculated and reviewed on a quarterly basis. This leverage ratio also determines whether mandatory excess cash flow payments are required each period.

Whilst repayments can be made without penalty under the Shareholder Loan Notes and the Existing Syndicated Bank Loans Agreement, there is no requirement to settle all or part of these debt instruments earlier than their termination dates between 2017 and 2019. Restrictions exist to limit the level of additional indebtedness incurred and the extent of dividends payable and other payments to shareholders and there is a requirement to repay a proportion of any excess cash flow but these are not expected to materially impact the planned growth of the Operating Group. Similarly there is no requirement to settle any part of the Existing GSMP Junior Debt Agreement earlier than the termination date in 2021, and repayments in the first three years require an early repayment premium to be paid. The A1 preferred ordinary and A2 preferred ordinary shares have first priority to profits which Auto Trader Holding Limited may determine to distribute in respect of any financial year until such time as each holder has received the A1 preferred return and A2 preferred return as defined in the Articles.

This structure, when taken in conjunction with the projected cash flows, is considered sufficiently flexible to ensure that the Operating Group can continue to service its obligations as they fall due even if the Operating Group suffered a significant reduction in trading performance.

c) Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Operating Group's assets and liabilities that are measured at fair value:

As at 31 March 2012	Level 2	Total
	£m	£m
Assets		
Financial assets at fair value through profit and loss	1.4	1.4
Liabilities		
Derivative financial instruments (used for hedging)	(2.4)	(2.4)

As at 31 March 2013	Level 2	Total
	£m	£m
Assets		
Financial assets at fair value through profit or loss	0.6	0.6
Liabilities		
Derivative financial instruments (used for hedging)	(2.1)	(2.1)

As at 31 March 2014	Level 2	Total
	£m	£m
Liabilities		
Derivative financial instruments (used for hedging)	(0.6)	(0.6)

As at 31 December 2014	Level 2	Total
	£m	£m
Liabilities		
Derivative financial instruments (used for hedging)	(2.9)	(2.9)

Specific valuation techniques used to value financial instruments include:

- The fair values of the interest rate swaps (derivative financial instruments) are calculated at the present value of the estimated future cash flows.
- Financial assets at fair value through profit or loss are valued based on the present value of the expected cash flows to be received according to a predetermined formula, as discussed in note 16.

3 Segmental information

IFRS 8, 'Operating Segments', requires the Operating Group to determine its operating segments based on information which is provided internally. Based on the internal reporting information and management structures within the Operating Group, it has been determined that there is only one operating segment, being the Operating Group, as the information reported includes operating results at a consolidated group level only. This reflects the nature of the business whereby the major cost is to support the IT platforms upon which all of the Operating Group's customers are serviced. These costs are borne centrally and not attributable to any specific customer type or revenue stream. There is also considered to be only one reporting segment, which is the Operating Group, the results of which are shown in these consolidated statements of comprehensive income.

Management has determined that there is one operating and reporting segment based on the reports reviewed by the Operational Leadership Team ("**OLT**") who are the Chief Operating Decision Maker. The OLT is made up of a number of Directors and key management and is responsible for the strategic decision making of the Operating Group.

To assist in the analysis of the Operating Group's revenue generating trends, the OLT reviews revenue from 3 customer types as detailed below:

- *Trade*—revenue from retailer customers and revenue from other products and services provided to retailers and home dealers to support their online activities.
- *Consumer services*—revenue from individuals for vehicle advertisements on the Operating Group's websites. This category also includes revenue from services directed at consumers relating to their motoring needs such as insurance and loan finance.
- *Display advertising*—revenue from customers, advertising agencies and dealers for placing display advertising on the Operating Group's website.

The reporting information provided to the OLT, which presents revenue by customer type, has been voluntarily disclosed below:

Revenue

	Years ended 31 March			Nine months ended 31 December	
	2012	**2013**	**2014**	**2013**	**2014**
				(Unaudited)	
	£m	**£m**	**£m**	**£m**	**£m**
Trade	169.3	181.5	198.4	147.9	159.8
Consumer services	29.8	27.8	29.1	22.0	22.3
Display advertising	10.0	9.6	10.2	7.5	8.7
Total revenue from continuing operations	**209.1**	**218.9**	**237.7**	**177.4**	**190.8**

The revenue from external parties reported to the OLT is measured in a manner consistent with that in the income statement.

Adjusted underlying EBITDA

Operating costs, comprising administrative expenses, are managed on a group basis. The OLT measure the overall performance of the Operating Group by reference to the following non-GAAP measure:

- Adjusted underlying EBITDA which is underlying EBITDA (earnings before interest, tax, depreciation, amortisation, impairment, exceptional items and non-trading items such as IFRS 2 charges in respect of share based payments and the costs of long term management incentive plans) less capitalised development expenditure, excluding expenditure incurred on building the Operating Group's financial systems.

This adjusted profit measure is applied by the OLT to understand the earnings trends of the Operating Group and is considered the most meaningful measure under which to assess the true operating performance of the Operating Group.

In addition to annual bonuses which are linked to the Operating Group's financial performance, the Operating Group has implemented a number of longer term cash management incentive plans and non-cash share based payments incentives linked to changes in ownership of the Operating Group (and linked to the valuation achieved) rather than the achievement of individual or company specific financial performance targets. In addition, since 31 December 2013, the Operating Group has changed its approach to technology development such that the Operating Group now develops its core infrastructure through small-scale, maintenance-like incremental improvements and as a result the Operating Group's expenditure on development salaries is no longer capitalised and is now expensed as incurred.

The Directors believe that these items and adjusted measures of performance should be separately disclosed in order to assist in the understanding of financial performance achieved by the Operating Group and for consistency with prior years.

	Years ended 31 March			Nine months ended 31 December	
	2012	2013	2014	2013	2014
	£m	£m	£m	(Unaudited) £m	£m
Operating profit	**107.7**	**109.1**	**98.7**	**78.5**	**98.9**
Depreciation	1.6	1.8	2.2	1.5	1.9
Amortisation	11.4	13.4	12.6	9.6	7.7
Impairment charges	—	—	15.8	15.1	—
Exceptional items	3.4	6.4	11.1	1.5	5.5
Share based payments	—	—	—	—	1.3
Management incentive plans	0.5	0.6	0.6	(0.8)	0.9
Capitalised development spend	(9.9)	(10.6)	(4.9)	(4.9)	—
Adjusted underlying EBITDA	**114.7**	**120.7**	**136.1**	**100.5**	**116.2**

A reconciliation of the total segment operating profit to the profit before tax and discontinued operations is provided as follows:

	Years ended 31 March			Nine months ended 31 December	
	2012	2013	2014	2013	2014
	£m	£m	£m	(Unaudited) £m	£m
Total segment operating profit	107.7	109.1	98.7	78.5	98.9
Finance costs—net	(84.3)	(86.3)	(95.0)	(62.8)	(87.4)
Profit before tax and discontinued operations	**23.4**	**22.8**	**3.7**	**15.7**	**11.5**

Finance income and finance costs are not allocated to segments as this type of activity is driven by the central treasury function which manages the cash and borrowings position of the Operating Group.

The OLT reviews the balance sheet information for the one operating segment. The segment's assets and liabilities are presented in a manner consistent with that of the historical financial information.

The Operating Group is domiciled in the UK and the following table details external sales by location of customers and non-current assets (excluding deferred tax) by geographic area:

	Years ended 31 March			Nine months ended 31 December	
	2012	2013	2014	2013	2014
				(Unaudited)	
	£m	£m	£m	£m	£m
Revenue:					
UK	204.7	214.5	232.9	173.9	187.3
Ireland	4.4	4.4	4.8	3.5	3.5
Total continuing operations	**209.1**	**218.9**	**237.7**	**177.4**	**190.8**
Discontinued operations—UK	27.8	16.0	2.8	2.8	—
Discontinued operations—Rest of world	23.5	16.9	8.0	8.0	—
Total continuing and discontinued operations	**260.4**	**251.8**	**248.5**	**188.2**	**190.8**
Non-current assets:					
UK	342.7	350.7	336.4	337.7	335.4
Ireland	7.5	6.6	6.3	6.5	5.7
Assets of discontinued operations—UK	4.1	2.4	—	—	—
Assets of discontinued operations—Rest of world	22.6	22.5	—	—	—
Total continuing and discontinued operations	**376.9**	**382.2**	**342.7**	**344.2**	**341.1**

The assets of the South African subsidiary and magazines division (excluding deferred taxation assets) have been reported as assets of discontinued operations in the years ended 31 March 2012 and 31 March 2013.

Due to the large number of customers the Operating Group serves, there are no individual customers whose revenue is greater than 10% of the Operating Group's total revenue in all periods presented in this historical financial information.

4 Operating profit

Expenses by nature including exceptional items and impairment charges:

	Note	Years ended 31 March			Nine months ended 31 December	
		2012	2013	2014	2013	2014
					(Unaudited)	
		£m	£m	£m	£m	£m
Staff costs	*5*	44.7	47.7	52.5	35.4	41.5
Contractor costs		1.6	1.3	2.8	2.2	1.1
Depreciation of property, plant and equipment	*12*	1.6	1.8	2.2	1.5	1.9
Impairment of property, plant and equipment	*12*	—	—	0.7	—	—
Amortisation of intangibles	*11*	11.4	13.4	12.6	9.6	7.7
Impairment of intangibles	*11*	—	—	11.9	11.9	—
Impairment of investments	*13*	—	—	3.2	3.2	—
Operating lease payments		2.6	3.5	3.3	2.4	2.6
Net foreign exchange losses		0.2	—	—	—	—
IT and communication costs		8.2	7.5	7.1	5.3	6.1
Other expenses		31.1	34.6	42.7	27.4	31.0
Total administrative expenses		**101.4**	**109.8**	**139.0**	**98.9**	**91.9**
Included within exceptional costs		(3.4)	(6.4)	(26.9)	(16.6)	(5.5)
Total administrative expenses before exceptional items and impairment charges		**98.0**	**103.4**	**112.1**	**82.3**	**86.4**

Exceptional items and impairment charges:

	Note	Years ended 31 March			Nine months ended 31 December	
		2012	2013	2014	2013	2014
					(Unaudited)	
		£m	£m	£m	£m	£m
Restructuring of Operating Group operations		3.4	6.4	11.1	1.5	3.7
IPO costs		—	—	—	—	1.8
Impairment of property, plant and equipment	*12*	—	—	0.7	—	—
Impairment of intangibles	*11*	—	—	11.9	11.9	—
Impairment of investments	*13*	—	—	3.2	3.2	—
Total exceptional items and impairment charges		**3.4**	**6.4**	**26.9**	**16.6**	**5.5**

Restructuring of Operating Group operations relates to redundancy, property and other costs for the relocation of offices in the UK and other reorganisation costs.

IPO costs include costs incurred in respect of the Operating Group's proposed listing.

Exceptional finance costs and income are disclosed separately in note 8.

The exceptional items, including impairment charges, disclosed above are classified as exceptional by management in accordance with the accounting policy in note 2.

Services provided by the Operating Company's auditors

During the period the Operating Group (including overseas subsidiaries) obtained the following services from the Operating Company's auditors:

	Years ended 31 March			Nine months ended 31 December	
	2012	2013	2014	2013	2014
				(Unaudited)	
	£m	£m	£m	£m	£m
Fees payable for the audit of the Operating Company and consolidated financial statements	0.1	0.1	0.1	0.1	0.1
Fees payable for other services:					
–The audit of the Operating Company's subsidiaries pursuant to legislation	0.2	0.2	0.2	0.1	0.1
–Tax advisory services	0.1	0.1	0.1	—	—
–Services relating to completed and proposed corporate finance transactions	1.0	0.3	0.4	—	0.9
–Other non-audit services	—	0.2	0.4	—	0.2
Total	**1.4**	**0.9**	**1.2**	**0.2**	**1.3**

5 Employees and Directors

	Years ended 31 March			Nine months ended 31 December	
	2012	2013	2014	2013	2014
				(Unaudited)	
	£m	£m	£m	£m	£m
Wages and salaries	42.3	43.8	44.7	33.7	32.6
Social security costs	5.1	5.3	5.0	3.8	3.8
Other pension costs (note 24)	1.6	1.8	1.8	1.3	1.5
	49.0	**50.9**	**51.5**	**38.8**	**37.9**
Share based payments charge (note 30)	—	—	—	—	1.3
Management incentive plans	0.5	0.6	0.6	(0.8)	0.9
Restructuring costs	1.0	3.5	4.5	1.4	1.4
	50.5	**55.0**	**56.6**	**39.4**	**41.5**
Capitalised development costs	(5.8)	(7.3)	(4.1)	(4.0)	—
Total	**44.7**	**47.7**	**52.5**	**35.4**	**41.5**

Staff costs in note 4 exclude employee costs capitalised as part of software development.

The average monthly number of employees (including executive directors and excluding third party contractors) employed by the Operating Group was as follows:

	Full time equivalent				
	Years ended 31 March			Nine months ended 31 December	
	2012	2013	2014	2013	2014
				(Unaudited)	
	Number	Number	Number	Number	Number
Customer operations	492	482	444	446	401
Product and technology	319	375	344	346	328
Display	21	24	34	34	36
Corporate	146	176	157	159	135
Total	**978**	**1,057**	**979**	**985**	**900**

6 Directors and key management remuneration

The remuneration of Directors was as follows:

	Years ended 31 March			Nine months ended 31 December	
	2012	2013	2014	2013	2014
				(Unaudited)	
	£m	£m	£m	£m	£m
Aggregate directors' emoluments . .	1.5	1.2	2.6	0.9	0.8
Share based payments charge	—	—	—	—	0.3
Compensation for loss of office . . .	—	0.9	0.2	0.3	—
Pension contributions	0.1	0.1	0.1	0.1	0.1
Total	**1.6**	**2.2**	**2.9**	**1.3**	**1.2**

During the nine months periods to 31 December 2014 and to 31 December 2013 two Directors and three Directors were members of the Operating Group's defined pension contribution scheme, respectively. In 2012, 2013 and 2014 financial years, three Directors, two Directors and one Director were members of the Operating Group's defined pension contribution scheme, respectively.

All the above remuneration was paid by Auto Trader Limited (formerly Trader Publishing Limited), a subsidiary of the Operating Group.

The remuneration of the highest paid director was as follows:

	Years ended 31 March			Nine months ended 31 December	
	2012	2013	2014	2013	2014
				(Unaudited)	
	£m	£m	£m	£m	£m
Aggregate emoluments	0.8	0.3	2.0	0.6	0.6
Share based payments charge	—	—	—	—	0.2
Compensation for loss of office . . .	—	0.9	—	—	—
Pension contributions	—	—	0.1	—	—
Total	**0.8**	**1.2**	**2.1**	**0.6**	**0.8**

During the nine months to 31 December 2014, Trevor Mather and Sean Glithero (nine months to 31 December 2013: Trevor Mather, Sean Glithero and Zillah Byng-Maddick, 2014: Trevor Mather, Sean Glithero and Zillah Byng-Maddick, 2013: Sean Glithero, Zillah Byng-Maddick and John King, 2012: Zillah Byng-Maddick and John King) received remuneration in respect of their services as directors of Auto Trader Holding Limited and subsidiary undertakings. Ed Williams received remuneration in respect of his services as a director of Auto Trader Holding Limited. Victor A. Perry III received remuneration in respect of his services as a director of Auto Trader Holding Limited since his appointment in June 2014.

During the nine months to 31 December 2014, Tom Hall and Nick Hartman (nine months to 31 December 2013 and 12 months to 31 March 2014: Tom Hall, Nick Hartman, Irina Hemmers, Andrew Miller and Darren Singer, 2013 and 2012: Tom Hall, Irina Hemmers, Andrew Miller and Darren Singer) received no remuneration in respect of their services as directors of Auto Trader Holding Limited.

During the nine months to 31 December 2014 and 31 December 2013, the Operating Company shareholders (as disclosed in note 34) and Guardian Media Group PLC received a total of £0.1 million in each period (2014: £0.1 million, 2013: £0.1 million, 2012: £0.1 million) for the provision of directors' services to the Operating Group (note 31).

During the nine months to 31 December 2014, Trevor Mather, Sean Glithero, Ed Williams and Chip Perry held shares in Auto Trader Holding Limited (nine months to 31 December 2013: Sean Glithero, Zillah Byng-Maddick and Ed Williams, 12 months to 31 March 2014: Sean Glithero, Ed Williams and Zillah Byng-Maddick, 31 March 2013: Sean Glithero, Zillah Byng-Maddick and Ed Williams, 31 March 2012: John King, Zillah Byng-Maddick and Ed Williams). Tom Hall, Nick Hartman and Irina Hemmers each have an indirect economic interest in the shares of Auto Trader Holding Limited held by the Operating Company's shareholders disclosed in note 34.

Key management compensation

During the nine months to 31 December 2014, key management comprised the members of the OLT (2014: OLT and Executive Committee, 2013 and 2012: Executive Committee). The composition and number of people within key management changed on 1 October 2013 following the internal reorganisation of the business after the closure of the magazines division and the sale of the South African subsidiary.

The remuneration of all key management (including directors) was as follows:

	Years ended 31 March			Nine months ended 31 December	
	2012	2013	2014	2013	2014
	£m	£m	£m	(Unaudited) £m	£m
Salaries and short term employee benefits	4.4	3.3	5.7	2.8	4.5
Share based payments charge	—	—	—	—	1.3
Management incentive plans	—	—	—	—	0.2
Compensation for loss of office	—	1.2	0.5	0.5	—
Pension contributions	0.2	0.3	0.3	0.1	0.2
Total	**4.6**	**4.8**	**6.5**	**3.4**	**6.2**

7 Discontinued operations

The Italian subsidiary Edizeta S.r.l. was sold on 7 November 2011. The magazines division in the UK and Ireland was closed at the end of June 2013. The South African subsidiary The Car Trader (Pty) Limited was sold on 9 October 2013. For the purposes of the historical financial information, the magazines division and South African subsidiary have been presented as discontinued operations in 2012 and 2013 financial years.

The analysis of the results of discontinued operations is as follows:

	Years ended 31 March			Nine months ended 31 December	
	2012	2013	2014	2013	2014
	£m	£m	£m	(Unaudited) £m	£m
Revenue	51.3	32.9	10.8	10.8	—
Expenses	(33.2)	(20.7)	(6.9)	(7.0)	0.1
Exceptional items: restructuring (costs)/credit	(1.2)	(2.8)	0.4	0.4	0.4
Exceptional items: profit on disposal of held for sale asset	—	—	—	—	1.3
Exceptional items: impairment charge	(18.2)	(0.7)	—	—	—
(Loss)/profit before tax of discontinued operations	(1.3)	8.7	4.3	4.2	1.8
Taxation charge	(3.4)	(1.9)	(1.0)	(1.0)	—
(Loss)/profit after tax of discontinued operations	(4.7)	6.8	3.3	3.2	1.8
Profit on disposal of discontinued operations	0.2	—	9.2	9.2	—
Foreign exchange gain on disposal of discontinued operations	—	—	0.8	0.8	—
(Loss)/profit for the period from discontinued operations	**(4.5)**	**6.8**	**13.3**	**13.2**	**1.8**

8 Finance income and finance costs

	Years ended 31 March			Nine months ended 31 December	
	2012	2013	2014	2013	2014
	£m	£m	£m	(Unaudited) £m	£m
Finance income					
On bank balances	0.4	0.2	0.7	0.5	—
Exceptional: net gain on debt buy back	4.5	0.3	—	—	—
Total	**4.9**	**0.5**	**0.7**	**0.5**	**—**
Finance costs					
On bank loans and overdrafts	29.0	30.2	29.5	19.7	49.6
On shareholders' loans	48.7	55.1	53.2	42.6	9.8
Net losses on derivative financial instruments	3.1	1.5	1.4	1.1	2.0
Ineffectiveness on derivatives designated as cash flow hedges	0.8	—	—	(0.1)	0.2
Other interest payable	0.1	—	0.1	—	—
Amortised debt issue costs	—	—	0.7	—	8.1
Exceptional: early repayment premium (note 20)	—	—	—	—	17.7
Exceptional: refinancing costs	7.5	—	10.8	—	—
Total	**89.2**	**86.8**	**95.7**	**63.3**	**87.4**

The exceptional finance income relates to the buy back of debt in Trader Finance (2009) Limited, a subsidiary of the Operating Group During the nine months to 31 December 2013 and in 2014, 2013 and 2012, the Operating Group purchased part of the debt issued by Trader Media Corporation Limited, a subsidiary undertaking. The purchase of this debt, while an arm's length transaction with parties external to the Operating Group, was at a discount to the debt's nominal value and resulted in a profit to the Operating Group of £0.3 million in 2013 and £4.5 million in 2012.

The exceptional refinancing costs were incurred in relation to the refinancing of the Existing Senior Debt in the year ended 31 March 2014 and the year ended 31 March 2012 (note 20) and were expensed in full, as the Directors believe the refinancing represented an extinguishment of the previous debt facility.

9 Income tax expense

	Years ended 31 March			Nine months ended 31 December	
	2012	2013	2014	2013	2014
	£m	£m	£m	(Unaudited) £m	£m
Current taxation					
UK corporation taxation	11.9	10.9	7.1	10.1	3.8
Foreign taxation	0.3	0.4	0.1	0.1	0.1
Relief for overseas taxation	—	(0.3)	—	—	—
Adjustments in respect of prior years	0.5	(0.3)	(0.6)	—	—
Total current taxation	12.7	10.7	6.6	10.2	3.9
Deferred taxation					
Origination and reversal of temporary differences	(1.1)	(1.9)	(1.4)	(0.2)	(0.2)
Adjustments in respect of prior years	(0.5)	0.3	0.7	—	—
Effect of rate changes on deferred taxation	0.3	0.2	0.6	(0.2)	—
Total deferred taxation	(1.3)	(1.4)	(0.1)	(0.4)	(0.2)
Total taxation charge	**11.4**	**9.3**	**6.5**	**9.8**	**3.7**

The differences between the total taxation shown above and the amount calculated by applying the standard UK corporation taxation rate to the profit before taxation on continuing operations are as follows. The Operating Group earns its profits primarily in the UK, therefore the rate used for taxation is the standard rate for UK corporation tax.

	Years ended 31 March			Nine months ended 31 December	
	2012	2013	2014	2013	2014
	£m	£m	£m	(Unaudited) £m	£m
Profit before taxation	23.4	22.8	3.7	15.7	11.5
Tax on profit on ordinary activities at the standard UK corporation tax rate of 21% (2014: 23%, 2013: 24%, 2012: 26%)	6.1	5.5	0.9	3.6	2.4
Expenses not deductible for taxation purposes	5.1	3.6	5.0	6.4	1.1
Adjustments in respect of foreign tax rates	(0.3)	—	(0.1)	—	(0.1)
Other temporary differences	0.2	—	—	—	0.3
Effect of rate changes on deferred taxation	0.3	0.2	0.6	(0.2)	—
Adjustments in respect of prior years	—	—	0.1	—	—
Total taxation charge	**11.4**	**9.3**	**6.5**	**9.8**	**3.7**

The tax charge relating to components of other comprehensive income is as follows:

	Note	Nine months ended 31 December 2013 Before tax	2013 (Unaudited) Tax charge	2013 After tax	2014 Before tax	2014 Tax charge	2014 After tax
		£m	£m	£m	£m	£m	£m
Actuarial loss on post employment benefit obligations	*24*	—	—	—	(0.2)	—	(0.2)
Cash flow hedges		1.1	(0.3)	0.8	(2.1)	0.5	(1.6)
IFRS 2—share based payments credit		—	—	—	0.1	—	0.1
Currency translation differences	*27*	(0.3)	—	(0.3)	(0.4)	—	(0.4)
Other comprehensive income/(loss)		**0.8**	**(0.3)**	**0.5**	**(2.6)**	**0.5**	**(2.1)**

	Note	Years ended 31 March 2012 Before tax	2012 Tax charge	2012 After tax	2013 Before tax	2013 Tax charge	2013 After tax	2014 Before tax	2014 Tax charge	2014 After tax
		£m	£m	£m	£m	£m	£m	£m	£m	£m
Actuarial (loss)/gain on post employment benefit obligations	*24*	(0.9)	0.2	(0.7)	0.6	(0.2)	0.4	—	—	—
Cash flow hedges		0.9	(0.3)	0.6	—	—	—	1.5	(0.4)	1.1
IFRS 2—share based payments credit/ (charge)		0.1	—	0.1	(0.2)	—	(0.2)	0.7	—	0.7
Currency translation differences	*27*	(1.6)	—	(1.6)	(0.3)	—	(0.3)	(0.4)	—	(0.4)
Other comprehensive (loss)/income		**(1.5)**	**(0.1)**	**(1.6)**	**0.1**	**(0.2)**	**(0.1)**	**1.8**	**(0.4)**	**1.4**

The income tax charged directly to equity during the period is as follows:

	Note	Years ended 31 March 2012	2013	2014	Nine months ended 31 December 2013 (Unaudited)	2014
		£m	£m	£m	£m	£m
Deferred taxation	*23*	(0.1)	(0.2)	(0.4)	(0.3)	0.5

10 Earnings per share

Basic and diluted earnings per share are calculated by dividing the profit attributable to equity holders of Auto Trader Holding Limited by the weighted average number of ordinary shares in issue during the period.

	Years ended 31 March			Nine months ended 31 December	
	2012	2013	2014	2013	2014
	£m	£m	£m	(Unaudited) £m	£m
Profit/(loss) from continuing operations attributable to owners of the parent	12.0	13.5	(2.8)	5.9	7.8
(Loss)/profit from discontinued operations attributable to owners of the parent	(4.5)	6.8	13.3	13.2	1.8
Total	**7.5**	**20.3**	**10.5**	**19.1**	**9.6**
Weighted average number of ordinary shares in issue (thousands)	1,000	1,000	925	1,000	191
Basic and diluted earnings per share (in £) from continuing operations	12.00	13.50	(3.03)	5.90	40.74
Basic and diluted earnings per share (in £) from discontinued operations	(4.50)	6.80	14.38	13.20	9.40
Basic and diluted earnings per share (in £)	**7.50**	**20.30**	**11.35**	**19.10**	**50.14**

Basic and diluted earnings per share are the same as there is no difference between the basic and the diluted number of shares.

11 Intangible assets

	Goodwill	Software & website development costs	Financial systems	Customer relationships	Technology	Trade names and trademarks	Total
	£m	£m	£m	£m	£m	£m	£m
Cost							
At 1 April 2011	1,087.6	37.4	—	7.5	1.9	2.1	1,136.5
Additions—capitalised internal development spend	—	9.9	—	—	—	—	9.9
Additions—other	—	1.3	0.2	—	—	—	1.5
Reclassification from property, plant and equipment	—	0.5	—	—	—	—	0.5
Disposals	(22.2)	(0.4)	—	(0.3)	—	(0.2)	(23.1)
Exchange differences	(0.4)	—	—	(0.1)	—	—	(0.5)
At 31 March 2012	1,065.0	48.7	0.2	7.1	1.9	1.9	1,124.8
Additions—capitalised internal development spend	—	10.6	—	—	—	—	10.6
Additions—other	3.9	0.4	2.9	—	3.7	—	10.9
Disposals	—	(2.6)	—	(0.6)	—	—	(3.2)
At 31 March 2013	1,068.9	57.1	3.1	6.5	5.6	1.9	1,143.1
Additions—capitalised internal development spend	—	4.9	—	—	—	—	4.9
Additions—other	—	1.1	6.1	—	—	—	7.2
Reclassification to property, plant and equipment	—	(0.3)	—	—	—	—	(0.3)
Disposals	(635.0)	(8.6)	—	(0.7)	—	—	(644.3)
Exchange differences	(0.1)	(0.1)	—	—	—	—	(0.2)
At 31 March 2014	433.8	54.1	9.2	5.8	5.6	1.9	510.4
Additions—capitalised internal development spend	—	—	—	—	—	—	—
Additions—other	—	0.2	1.7	—	—	—	1.9
Disposals	—	(0.7)	—	—	—	—	(0.7)
Exchange differences	(0.3)	—	—	(0.1)	—	—	(0.4)
At 31 December 2014	433.5	53.6	10.9	5.7	5.6	1.9	511.2
Accumulated amortisation and impairments							
At 1 April 2011	725.4	17.6	—	4.4	1.4	0.6	749.4
Amortisation charge	—	10.7	—	0.8	0.2	0.2	11.9
Impairment	18.2	—	—	—	—	—	18.2
Disposals	(20.9)	(0.2)	—	(0.2)	—	(0.2)	(21.5)
At 31 March 2012	722.7	28.1	—	5.0	1.6	0.6	758.0
Amortisation charge	—	12.2	—	0.8	0.7	0.2	13.9
Impairment	0.7	0.1	—	—	—	—	0.8
Disposals	—	(2.6)	—	(0.6)	—	—	(3.2)
At 31 March 2013	723.4	37.8	—	5.2	2.3	0.8	769.5
Amortisation charge	—	11.3	—	0.4	0.9	0.2	12.8
Impairment	10.8	1.1	—	—	—	—	11.9
Disposals	(613.4)	(8.1)	—	(0.7)	—	—	(622.2)
At 31 March 2014	120.8	42.1	—	4.9	3.2	1.0	172.0
Amortisation charge	—	5.6	1.2	0.2	0.6	0.1	7.7
Disposals	—	(0.7)	—	—	—	—	(0.7)
At 31 December 2014	120.8	47.0	1.2	5.1	3.8	1.1	179.0
Net book value at 31 December 2014	312.7	6.6	9.7	0.6	1.8	0.8	332.2
Net book value at 31 March 2014	313.0	12.0	9.2	0.9	2.4	0.9	338.4
Net book value at 31 March 2013	345.5	19.3	3.1	1.3	3.3	1.1	373.6
Net book value at 31 March 2012	342.3	20.6	0.2	2.1	0.3	1.3	366.8

£609.2 million of the goodwill cost disposals in the year ended 31 March 2014 related to the closed magazines division and this was held at £nil net book value. Goodwill cost disposals of £25.8 million were also recorded in that year for the sale of the South African subsidiary.

At 31 December 2014, £0.1 million of software and website development costs (31 March 2014: £8.7 million, 31 March 2013: £7.0 million, 31 March 2012: £1.2 million) represented assets under construction. Amortisation of these assets will commence when they are brought into use.

For the nine months to 31 December 2014, the amortisation charge of £7.7 million (for financial years 2014: £12.6 million, 2013: £13.4 million, 2012: £11.4 million) has been charged to administrative expenses in the income statement and £nil (2014: £0.2 million, 2013: £0.5 million, 2012: £0.5 million) has been charged to the results from the discontinued operations.

In the year to 31 March 2014, the impairment of the software and website development costs of £1.1 million relates to certain assets of a business unit which were closed in the following year. The impairment of £0.1 million in 2013 relates to closure of the magazines business in the year ended 31 March 2014.

Goodwill is allocated to the Operating Group's cash generating units identified according to the operating segment. Discontinued operations are presented separately in the allocation of the net book value of goodwill presented below in order to split out the former magazines division in UK and Ireland and the South African and Italian subsidiaries.

A summary of the allocation of the net book value of goodwill is presented below.

	As at 31 March			As at 31 December
	2012	**2013**	**2014**	**2014**
	£m	**£m**	**£m**	**£m**
UK and Ireland	315.1	323.9	313.0	312.7
Discontinued operations	27.2	21.6	—	—
	342.3	**345.5**	**313.0**	**312.7**

Goodwill is tested for impairment annually. For the purposes of this historical financial information, management performed a review for indications of goodwill impairment as at 31 December 2014, and no such impairment indications have been identified.

The impairments in 2014, 2013 and 2012 have largely arisen from decisions by management to close certain business operations. In the year ended 31 March 2014 and the nine months ended 31 December 2013, an impairment loss of £10.8 million was charged relating to 2nd Byte, a UK business unit that is in the process of closing.

The £0.7 million impairment charge in the year ended 31 March 2013 and the £18.2 million impairment charge in the year ended 31 March 2012 related to the magazines business in discontinued operations.

The recoverable amounts of cash generating units where the impairment was recognised in 2014, 2013 and 2012 are presented below:

	As at 31 March			As at 31 December
	2012	**2013**	**2014**	**2014**
	£m	**£m**	**£m**	**£m**
UK and Ireland	14.0	n/a	—	n/a
Discontinued operations	0.1	0.1	n/a	n/a
	14.1	**0.1**	**—**	**n/a**

The impairment loss was measured by reference to the calculated value in use of each cash generating unit based on pre-tax cash flow projections in the most recent three year plan approved by the Directors. Cash flows beyond the three year period were extrapolated using the growth rates shown below, which have been applied to the individual cash generating unit. The growth rates which have been applied to the cash generating units are as follows:

	As at 31 March			As at 31 December
	2012	**2013**	**2014**	**2014**
	%	**%**	**%**	**%**
UK and Ireland	0.0 to 0.5	0.0 to 2.7	1.0 to 2.0	1.0 to 2.0
Discontinued operations	0.0 to 0.5	0.0 to 2.5	—	—

Goodwill has been allocated to cash generating units using an earnings before interest, tax, depreciation and amortisation weighting except where new cash generating units arise as a result of an acquisition, in which case the goodwill arising on that acquisition is allocated to the cash generating unit. Accordingly, cash generating units relate to separate business operations. The pre-tax discount rates which have been applied in determining value in use for individual cash generating units for potential impairments are as follows:

	As at 31 March			As at 31 December
	2012	2013	2014	2014
	%	%	%	%
UK and Ireland	13.7 to 18.0	13.2 to 16.5	13.2 to 16.5	13.2 to 16.5
Discontinued operations	17.0 to 18.3	18.3 to 18.5	—	—

Significant headroom exist in the cash generating units that have not been impaired, and, based on sensitivity performed, there are no reasonable possible changes to the assumptions presented above that would result in any further impairment recorded in each of the periods presented in this historical financial information.

12 Property, plant and equipment

	Assets under construction	Land, buildings and leasehold improvements	Plant and equipment	Motor vehicles	Total
	£m	£m	£m	£m	£m
Cost					
At 1 April 2011	0.5	6.1	18.9	0.1	25.6
Additions	—	—	2.5	—	2.5
Disposals	—	(1.8)	(1.0)	—	(2.8)
Reclassification to intangible assets	(0.5)	—	—	—	(0.5)
Exchange differences	—	—	(0.2)	—	(0.2)
At 31 March 2012	—	4.3	20.2	0.1	24.6
Additions	—	—	1.9	—	1.9
Disposals	—	(0.2)	(3.8)	—	(4.0)
Transfer to disposal group held for sale (note 18)	—	(0.6)	—	—	(0.6)
Exchange differences	—	—	(0.1)	—	(0.1)
At 31 March 2013	—	3.5	18.2	0.1	21.8
Additions	1.0	—	2.3	—	3.3
Reclassification from intangible assets	—	—	0.3	—	0.3
Disposals	—	(0.7)	(5.2)	(0.1)	(6.0)
Transfer to disposal group held for sale (note 18)	—	(0.5)	—	—	(0.5)
Exchange differences	—	—	(0.1)	—	(0.1)
At 31 March 2014	1.0	2.3	15.5	—	18.8
Additions	5.9	—	1.0	—	6.9
Reclassification	(6.9)	3.7	3.2	—	—
Transfer to disposal group held for sale (note 18)	—	(0.9)	—	—	(0.9)
Disposals	—	(0.5)	(2.7)		(3.2)
At 31 December 2014	—	4.6	17.0	—	21.6
Accumulated depreciation					
At 1 April 2011	—	2.5	15.3	0.1	17.9
Charge for the year	—	0.2	2.1	—	2.3
Disposals	—	(0.2)	(0.9)	—	(1.1)
At 31 March 2012	—	2.5	16.5	0.1	19.1
Charge for the year	—	0.2	2.1	—	2.3
Impairment	—	0.1	—	—	0.1
Transfer to disposal group held for sale (note 18)	—	(0.4)	—	—	(0.4)
Disposals	—	(0.2)	(3.8)	—	(4.0)
Exchange differences	—	—	(0.1)	—	(0.1)
At 31 March 2013	—	2.2	14.7	0.1	17.0
Charge for the year	—	0.1	2.2	—	2.3
Impairment		0.2	0.5	—	0.7
Transfer to disposal group held for sale (note 18)	—	(0.3)	—	—	(0.3)
Disposals	—	(0.6)	(4.5)	(0.1)	(5.2)
At 31 March 2014	—	1.6	12.9	—	14.5
Charge for the period	—	0.1	1.8	—	1.9
Transfer to disposal group held for sale (note 18)	—	(0.5)	—	—	(0.5)
Disposals	—	(0.5)	(2.7)	—	(3.2)
At 31 December 2014	—	0.7	12.0	—	12.7
Net book value at 31 December 2014	—	3.9	5.0	—	8.9
Net book value at 31 March 2014	1.0	0.7	2.6	—	4.3
Net book value at 31 March 2013	—	1.3	3.5	—	4.8
Net book value at 31 March 2012	—	1.8	3.7	—	5.5

The depreciation expense of £1.9 million for the nine months to 31 December 2014 and the depreciation expense of £2.2 million for the year ended 31 March 2014 (2013: £1.8 million, 2012: £1.6 million) have been recorded in administrative expenses. In 2014, £0.1 million of depreciation expense (2013: £0.5 million, 2012: £0.7 million) was charged to the results from discontinued operations.

An impairment of £0.7 million was recorded against certain assets relating to the relocation of offices in the UK during the year ended 31 March 2014. The £0.1 million impairment in the year ended 31 March 2013 related to assets of the magazines business and is recorded in the results of discontinued operations.

13 Investments

Shares in other undertakings

	£m
Cost	
At 1 April 2011	1.9
Additions	1.3
At 31 March 2012, 31 March 2013, 31 March 2014 and 31 December 2014	3.2
Provision for impairment	
At 1 April 2011, 1 April 2012 and 1 April 2013	—
Impairment	3.2
At 31 March 2014 and 31 December 2014	3.2
Net book value at 31 December 2014	—
Net book value at 31 March 2014	—
Net book value at 31 March 2013	3.2
Net book value at 31 March 2012	3.2

At each balance sheet date presented the Operating Group holds a 22.7% interest in the preferred share capital of IAUTOS Company Limited (increased from 14.9% in November 2011). IAUTOS Company Limited is an intermediate holding company through which are held trading companies incorporated in the People's Republic of China. It is not considered an associate as the Operating Group does not have significant influence over this entity. This investment was fully impaired in the year to 31 March 2014 as the Chinese trading companies are loss making with forecast future cash outflows due to slower development of the used car market in China and competition within the online classifieds sector.

Subsidiary undertakings

At 31 December 2014 the principal trading and holding subsidiaries of the Operating Group are as follows:

Subsidiary undertakings	Country of registration or incorporation	Principal activity	Class of shares held	Percentage owned by the Operating Company	Percentage owned by the Operating Group
Trader Media Group (2003) Limited	England and Wales	Holding company	Ordinary	100%	100%
Trader Finance (2009) Limited	England and Wales	Financing company	Ordinary	—	100%
Trader Media Corporation Limited	England and Wales	Financing company	Ordinary	—	100%
Trader Media Finance Limited	England and Wales	Financing company	Ordinary	—	100%
Auto Trader Limited (formerly Trader Publishing Limited)	England and Wales	Classified listings	Ordinary	—	100%
Webzone Limited	Republic of Ireland	Classified listings	Ordinary	—	100%

The Car Trader (Pty) Limited was sold on 9 October 2013 and Edizeta S.r.l. was sold on 7 November 2011.

The trade and assets of Auto Trader Mail Limited were divisionalised into Auto Trader Limited during the year ended 31 March 2012.

Delta Point Associates Limited was acquired on 22 June 2012 (note 32) and the trade and assets of the company were divisionalised into Auto Trader Limited during the year ended 31 March 2013, at which point the company became dormant.

The Directors consider that to give full particulars of all subsidiary undertakings would lead to a statement of excessive length. A full list of subsidiary undertakings will be annexed to the Operating Company's next annual return.

14 Financial instruments by category

The accounting policies for financial instruments have been applied to the line items below:

31 March 2012	Loans and receivables	Financial assets at fair value through profit and loss	Non-financial assets	Total
	£m	£m	£m	£m
Financial assets as per balance sheet:				
Financial assets at fair value through profit or loss	—	1.4	—	1.4
Trade and other receivables	28.8	—	7.0	35.8
Cash and cash equivalents	48.7	—	—	48.7
Total	**77.5**	**1.4**	**7.0**	**85.9**

31 March 2012	Financial liabilities measured at amortised cost	Financial liabilities at fair value through profit or loss	Non-financial liabilities	Total
	£m	£m	£m	£m
Financial liabilities as per balance sheet:				
Borrowings	(1,157.3)	—	—	(1,157.3)
Trade and other payables	(52.5)	—	(22.8)	(75.3)
Derivative financial instruments	—	(2.4)	—	(2.4)
Total	**(1,209.8)**	**(2.4)**	**(22.8)**	**(1,235.0)**

31 March 2013	Loans and receivables	Financial assets at fair value through profit and loss	Non-financial assets	Total
	£m	£m	£m	£m
Financial assets as per balance sheet:				
Financial assets at fair value through profit or loss	—	0.6	—	0.6
Trade and other receivables	29.1	—	5.8	34.9
Cash and cash equivalents	110.3	—	—	110.3
Total	**139.4**	**0.6**	**5.8**	**145.8**

31 March 2013	Financial liabilities measured at amortised cost	Financial liabilities at fair value through profit or loss	Non-financial liabilities	Total
	£m	£m	£m	£m
Financial liabilities as per balance sheet:				
Borrowings	(1,193.8)	—	—	(1,193.8)
Trade and other payables	(56.8)	—	(23.0)	(79.8)
Derivative financial instruments	—	(2.1)	—	(2.1)
Total	**(1,250.5)**	**(2.1)**	**(23.1)**	**(1,275.7)**

31 March 2014	Loans and receivables	Financial assets at fair value through profit and loss	Non-financial assets	Total
	£m	£m	£m	£m
Financial assets as per balance sheet:				
Trade and other receivables	45.6	—	7.3	52.9
Cash and cash equivalents	12.6	—	—	12.6
Total	**58.2**	**—**	**7.3**	**65.5**

31 March 2014	Financial liabilities measured at amortised cost	Financial liabilities at fair value through profit or loss	Non-financial liabilities	Total
	£m	£m	£m	£m
Financial liabilities as per balance sheet:				
Borrowings	(1,107.2)	—	—	(1,107.2)
Trade and other payables	(13.9)	—	(24.4)	(38.3)
Derivative financial instruments	—	(0.6)	—	(0.6)
Total	**(1,121.1)**	**(0.6)**	**(24.4)**	**(1,146.1)**

31 December 2014	Loans and receivables	Financial assets at fair value through profit and loss	Non-financial assets	Total
	£m	£m	£m	£m
Financial assets as per balance sheet:				
Trade and other receivables	38.4	—	13.6	52.0
Cash and cash equivalents	38.8	—	—	38.8
Total	**77.2**	**—**	**13.6**	**90.8**

31 December 2014	Financial liabilities measured at amortised cost	Financial liabilities at fair value through profit or loss	Non-financial liabilities	Total
	£m	£m	£m	£m
Financial liabilities as per balance sheet:				
Borrowings	(1,118.7)	—	—	(1,118.7)
Trade and other payables	(36.8)	—	(22.9)	(59.7)
Derivative financial instruments	—	(2.9)	—	(2.9)
Total	**(1,155.5)**	**(2.9)**	**(22.9)**	**(1,181.3)**

Non-financial assets include prepayments and accrued income. Non-financial liabilities include other taxes and social security and accruals and deferred income.

15 Derivative financial instruments

	As at 31 March						As at 31 December	
	2012		2013		2014		2014	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
	£m	£m	£m	£m	£m	£m	£m	£m
Current portion:								
Interest rate swap: cash flow hedge	—	—	—	—	—	0.6	—	0.1
Non-current portion:								
Interest rate swap: cash flow hedge	—	2.4	—	2.1	—	—	—	2.8
Total	**—**	**2.4**	**—**	**2.1**	**—**	**0.6**	**—**	**2.9**

The fair values of derivative interest rate contracts are estimated by discounting expected future cash flows using current market interest rates and yield curves over the remaining term of the instrument.

The full fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months, and as a current asset or liability, if the maturity of the hedged item is less than 12 months.

In the nine months to 31 December 2014, the ineffective portion recognised in the income statement that arises from the cash flow hedges amounted to a loss of £0.2 million. The ineffective portion recognised in the income statement that arises from the cash flow hedges was £nil in 2014 and 2013 and £0.8 million in 2012.

The notional principal amount of the outstanding interest rate swap contracts at 31 December 2014 was £335.0 million (31 March 2014: £335.0 million, 31 March 2013: £165.0 million, 31 March 2012: £190.0 million).

At 31 December 2014 the fixed interest rates were between 1.2945% and 1.35% (31 March 2014: 1.2945% to 1.35%, 31 March 2013: 1.35%, 31 March 2012: 1.35%) and the floating rate was based on 1 month LIBOR in all periods. The gains or losses recognised in equity on the interest rate swap contracts as of 31 December 2014, 31 March 2014, 31 March 2013, 31 March 2012 have been released to the income statement over the remaining life of the instrument.

16 Financial assets as fair value through profit or loss

	As at 31 March			As at 31 December
	2012	2013	2014	2014
	£m	£m	£m	£m
Contracted receivable	1.4	0.6	—	—

At 31 March 2013 and 31 March 2012, the financial asset represented the rights under a profit sharing arrangement and was valued based on the present value of the expected cash flows to be received according to a predetermined formula.

Changes in fair values of the contracted receivable were recorded in administrative expenses in the income statement.

17 Trade and other receivables

	As at 31 March			As at 31 December
	2012	2013	2014	2014
	£m	£m	£m	£m
Trade receivables	30.8	32.0	42.9	37.4
Less: provision for impairment of trade receivables	(2.8)	(3.2)	(2.6)	(2.8)
Trade receivables—net	28.0	28.8	40.3	34.6
Amounts owed by related undertakings (note 33)	0.2	0.1	5.2	3.6
Other receivables	0.6	0.2	0.1	0.2
Prepayments and accrued income	7.0	5.8	7.3	13.6
Total	**35.8**	**34.9**	**52.9**	**52.0**

The ageing analysis of trade receivables is as follows:

	As at 31 March			As at 31 December
	2012	2013	2014	2014
	£m	£m	£m	£m
Fully performing	22.4	22.7	33.2	26.2
Past due but not impaired:				
Up to 3 months	5.1	5.7	6.6	7.8
3 to 6 months	0.1	—	—	—
Impaired	3.2	3.6	3.1	3.4
Total	**30.8**	**32.0**	**42.9**	**37.4**

It was assessed that a portion of the impaired receivables is expected to be recovered.

Movements on the provision for impairment of trade receivables are as follows:

	31 March			31 December
	2012	2013	2014	2014
	£m	£m	£m	£m
At beginning of year	1.7	2.8	3.2	2.6
Provision for receivables impairment	2.6	3.0	1.9	1.5
Receivables written off during the year as uncollectible	(1.5)	(2.6)	(2.3)	(1.3)
Disposal of subsidiary	—	—	(0.2)	—
Total	**2.8**	**3.2**	**2.6**	**2.8**

The creation and release of the provision for impaired receivables is included in administrative expenses in the income statement.

The other classes within trade and other receivables do not contain impaired assets, except where indicated.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable included within trade and other receivables. The Operating Group does not hold any collateral as security. Due to the large number of customers the Operating Group services, the credit quality of trade receivables is not deemed a significant risk.

The carrying amount of the Operating Group's trade receivables is denominated in the following currencies:

	As at 31 March			As at 31 December
	2012	2013	2014	2014
	£m	£m	£m	£m
UK pound	28.5	29.9	41.8	36.6
Euro	1.3	1.0	1.1	0.8
South African rand	1.0	1.1	—	—
Total	**30.8**	**32.0**	**42.9**	**37.4**

At 31 December 2014, 31 March 2014, 31 March 2013 and 31 March 2012, all other financial receivables are primarily denominated in UK pounds.

18 Assets of disposal group classified as held for sale

Unoccupied properties no longer required by the Operating Group have been placed for sale and are held at cost less accumulated depreciation and any impairment loss. One of the properties was let during the year ended 31 March 2014 and was reclassified as an investment property held for sale as the property was sold in November 2014. The fair value of this property, as determined by the Directors was £2.0 million at 31 March 2014.

	As at 31 March			As at 31 December
	2012	2013	2014	2014
	£m	£m	£m	£m
Non-current assets held for sale:				
Property, plant and equipment	1.8	2.0	0.4	0.8
Investment property	—	—	1.8	—
Total	**1.8**	**2.0**	**2.2**	**0.8**

19 Cash and cash equivalents

	As at 31 March			As at 31 December
	2012	2013	2014	2014
	£m	£m	£m	£m
Cash at bank and in hand	16.7	5.8	12.6	28.8
Short-term bank deposits	32.0	104.5	—	10.0
Total	**48.7**	**110.3**	**12.6**	**38.8**

The Operating Group's credit risk on cash and cash equivalents is limited as the counterparties are well established banks with high credit ratings. At 31 December 2014, 31 March 2014, 31 March 2013 and 31 March 2012, the cash and cash equivalents are primarily denominated in UK pounds.

20 Borrowings

	As at 31 March			As at 31 December
Non-current	2012	2013	2014	2014
	£m	£m	£m	£m
Existing Junior Debt gross of unamortised debt issue costs	—	—	358.4	358.4
Debt issue costs	—	—	(12.0)	(3.9)
Existing Junior Debt net of unamortised debt issue costs	—	—	346.4	354.5
Existing Senior Debt	685.8	672.3	632.0	632.0
Series A, B and C Shareholder Loan Notes	471.5	521.5	128.8	132.2
Total	**1,157.3**	**1,193.8**	**1,107.2**	**1,118.7**

The Existing Senior Debt, the Existing Junior Debt and Shareholder Loan Notes are repayable as follows:

	As at 31 March			As at 31 December
	2012	2013	2014	2014
	£m	£m	£m	£m
Two to five years	721.7	1,193.8	632.0	764.2
Over 5 years	435.6	—	487.2	358.4
Total	**1,157.3**	**1,193.8**	**1,119.2**	**1,122.6**

The carrying amounts of borrowings approximate their fair values.

*Syndicated Bank Loans ("**Existing Senior Debt**") (the loans under the terms of the Existing Syndicated Bank Loans Agreement)*

On 23 March 2007, the subsidiary undertakings Trader Media Corporation (2003) Limited and Trader Media Corporation Limited entered into an £835 million Senior Facilities Agreement ("**Existing Syndicated Bank Loans Agreement**"). This agreement was amended and restated on 29 May 2007 and the first utilisation was made on 8 June 2007 when £800 million was drawn.

Prior to June 2011, the Operating Group repaid £45.5 million of the Existing Senior Debt and a subsidiary undertaking purchased £170.3 million of the loans at a discount to the nominal value, similar to the transactions detailed below.

On 20 June 2011, the Operating Group refinanced the Existing Senior Debt and raised an additional £150 million of debt from a new term loan B3 which expires in December 2017. As well as this additional funding, the maturities of part of the new £985 million Existing Senior Debt were extended by 24 months. This refinancing resulted in the extinguishment of the original borrowings.

On 28 February 2014, the Operating Group refinanced the Existing Senior Debt as part of the overall refinancing of the Operating Group. £267.0 million of the Existing Senior Debt were transferred to a new tranche B4 which will expire in December 2017. All of the remaining Existing Senior Debt was transferred to the existing tranche B2X with a maturity of June 2017.

Excluding the refinancing transactions above, in 2014 and in 2013, the Operating Group repaid £32.7 million and £2.1 million of the Existing Senior Debt, respectively. Whilst repayments can be made without penalty under the Existing Syndicated Bank Loans Agreement, there is no requirement to settle all or part of the debt earlier than the termination dates.

During the nine months to 31 December 2014, a subsidiary undertaking purchased £nil (31 March 2014: £7.6 million, 31 March 2013: £11.4 million, 31 March 2012: £48.4 million) of the Existing Senior Debt. The purchase of this debt, while an arm's length transaction from parties external to the Operating Group, was at a discount to the debt's nominal value and gains of £0.3 million in 2013 and £4.5 million in 2012 after transaction costs were recognised in the income statement (note 8).

Interest on the Existing Senior Debt was charged at LIBOR plus a margin of between 2% and 4.5% (31 March 2013: 2% and 4.75%, 31 March 2012: 2% and 5%) depending on the consolidated leverage ratio of Trader Media Corporation (2003) Limited up to 28 February 2014. Following the renegotiation of the facility the interest is charged at LIBOR plus a margin of between 4.25% and 4.5% (31 March 2014: 4.25% and 4.5%) based on the consolidated leverage ratio of Trader Media Group Holdings Limited. This calculation encompasses the new GSMP Junior Debt of £358.4 million described below.

A £35 million revolving credit and other facilities are available but undrawn at each balance sheet date presented. If utilised it would incur interest at LIBOR plus a margin of 3.75% (31 March 2014: 3.75%, 31 March 2013: between 1.25% and 3%, 31 March 2012: between 1.25% and 3%).

The Operating Group has elected to hedge a proportion of the interest obligation relating to the bank borrowings and details are set out in note 15.

*GSMP Junior Debt ("**Existing Junior Debt**") (the debt under the terms of the Existing GSMP Junior Debt Agreement*

On 21 January 2014, Auto Trader Holding Limited entered into a £412.4 million facilities agreement with Goldman Sachs Mezzanine Partners ("**GSMP**") and £358.4 million of Existing Junior Debt was drawn on

28 February 2014. The associated debt transaction costs were £12.7 million. The interest payable on the Existing Junior Debt is charged at LIBOR with a floor of 1% plus a fixed margin of 8.75%. There is no requirement to settle all or part of the debt earlier than the termination date in February 2021 although repayments in the first 3 years from issue incur a premium of £26.2 million. A premium of £17.7 million has been recognised in finance costs in the nine month period to 31 December 2014 (note 8) as there is an intention to repay the debt earlier.

Series A, B and C Shareholder Loan Notes

On 8 June 2007, the Operating Group issued unsecured Series A and Series B Shareholder Loan Notes falling due on 7 June 2016 to the shareholders at that date. On 26 March 2012, £0.5 million of the Series A Shareholder Loan Notes was repaid to the shareholders. On the same day, Series C Shareholder Loan Notes of £0.5 million were issued to Ed Williams, a director of the Operating Company. The Series C Shareholder Loan Notes have the same terms and interest rate as the Series A and Series B Shareholder Loan Notes.

In 2014, £490.7 million of Series A Shareholder Loan Notes and £0.2 million of Series C Shareholder Loan Notes were repaid.

Interest is charged at LIBOR plus a margin of 9% on the Series A, B and C Shareholder Loan Notes. Interest is payable annually in arrears in June on the anniversary of the issue date however the interest has been rolled up into the principal every year since issue. In addition on 28 February 2014 as part of the Existing Senior Debt refinancing transaction, accrued interest on all Shareholder Loan Notes was rolled into the principal.

The repayment date on all Shareholder Loan Notes is June 2019. However, it is intended that the Shareholder Loan Notes will be capitalised and then exchanged into Shares pursuant to the Pre-IPO Reorganisation as described in Section 4 (*Group Structure and Reorganisation*) of Part XVII (*Additional Information*) of this Prospectus.

The exposure of the Operating Group's borrowings (excluding debt issue costs) to interest rate changes and the contractual repricing dates at the balance sheet date are as follows:

	As at 31 March			**As at 31 December**
	2012	**2013**	**2014**	**2014**
	£m	**£m**	**£m**	**£m**
1 month or less	471.5	672.3	990.4	990.4
1 to 3 months	685.8	521.5	128.8	—
6 to 12 months	—	—	—	132.2
Total	**1,157.3**	**1,193.8**	**1,119.2**	**1,122.6**

21 Trade and other payables

	As at 31 March			**As at 31 December**
	2012	**2013**	**2014**	**2014**
	£m	**£m**	**£m**	**£m**
Trade payables	6.1	7.0	6.6	3.1
Amount owed to related parties (note 33)	—	0.1	—	—
Other taxes and social security	8.4	7.9	7.2	8.8
Other payables	0.5	0.5	0.7	1.1
Accruals and deferred income	14.4	15.1	17.2	14.1
Accrued interest payable and early repayment premium	45.0	49.2	6.6	32.6
Total current liabilities: trade and other payables	74.4	79.8	38.3	59.7
Non-current liabilities: trade payables	0.9	—	—	—
Total	**75.3**	**79.8**	**38.3**	**59.7**

22 Provisions for other liabilities and charges

	Onerous lease and dilapidations provision	Restructuring provision	Management incentive plan provision	Holiday pay provision	Total
	£m	£m	£m	£m	£m
At 1 April 2011	2.5	0.7	—	0.4	3.6
Charged to the income statement	0.5	1.1	0.5	0.4	2.5
Credited to other comprehensive income	—	—	(0.1)	—	(0.1)
Reclassification from accruals	—	—	1.7	—	1.7
Utilised in the year	(0.6)	(0.7)	—	(0.2)	(1.5)
Released in the year	(0.1)	(0.4)	—	—	(0.5)
Disposal in the year	—	—	—	(0.2)	(0.2)
At 31 March 2012	2.3	0.7	2.1	0.4	5.5
Charged to the income statement	0.5	3.6	0.6	0.4	5.1
Charged to other comprehensive income	—	—	0.2	—	0.2
Utilised in the year	(0.3)	(0.5)	—	—	(0.8)
Released in the year	—	(0.1)	—	(0.4)	(0.5)
At 31 March 2013	2.5	3.7	2.9	0.4	9.5
Charged to the income statement	4.8	4.9	1.5	0.3	11.5
Credited to other comprehensive income	—	—	(0.7)	—	(0.7)
Utilised in the year	(0.8)	(3.1)	—	(0.3)	(4.2)
Released in the year	(0.3)	(0.9)	(0.9)	—	(2.1)
On disposal of subsidiary	—	—	—	(0.1)	(0.1)
At 31 March 2014	6.2	4.6	2.8	0.3	13.9
Charged to the income statement	0.1	0.7	0.9	—	1.7
Credited to other comprehensive income	—	—	(0.1)	—	(0.1)
Utilised in the period	(0.9)	(2.6)	(2.2)	—	(5.7)
Released in the period	(0.4)	(0.2)	—	—	(0.6)
At 31 December 2014	5.0	2.5	1.4	0.3	9.2

	As at 31 March			As at 31 December
	2012	2013	2014	2014
	£m	£m	£m	£m
Current	1.6	4.6	9.3	6.1
Non-current	3.9	4.9	4.6	3.1
Total	**5.5**	**9.5**	**13.9**	**9.2**

The onerous lease provision has been provided for future payments under property leases in respect of unoccupied properties no longer suitable for the Operating Group's use. At 31 December 2014, the onerous leases expire between February 2015 and January 2017. Dilapidations have been provided for all UK and Ireland properties based on the estimate of costs upon exit of the leases, which expire between February 2015 and February 2029.

The restructuring provision relates to redundancy and other costs concerning key relocations and reorganisations in the UK, litigation claims and costs associated with completed and proposed corporate finance transactions.

The management incentive plan provision comprises amounts that may be payable to senior management shareholders on leaving the Operating Group in accordance with the bad leaver requirements in note 30. It also includes amounts payable under long term cash management incentive plans.

The holiday pay provision relates to liabilities for holiday pay in relation to the UK and Ireland operations for leave days accrued and not yet taken at the end of the period.

23 Deferred taxation

	As at 31 March			As at 31 December
	2012	2013	2014	2014
	£m	£m	£m	£m
Deferred tax asset to be recovered after more than 12 months	4.6	5.5	4.5	5.3
Deferred tax asset to be recovered within 12 months	0.3	0.1	0.3	—
Total deferred tax assets	**4.9**	**5.6**	**4.8**	**5.3**
Deferred tax liability to be recovered after more than 12 months	0.7	1.0	0.5	0.3
Deferred tax liability to be recovered within 12 months	0.3	0.3	0.3	0.3
Total deferred tax liabilities	**1.0**	**1.3**	**0.8**	**0.6**

The movement in deferred taxation assets and liabilities during the period, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	Accelerated capital allowances	Other temporary differences	Total
	£m	£m	£m
Deferred tax assets			
At 1 April 2011	3.9	1.0	4.9
Credited/(charged) to the income statement	(0.1)	0.4	0.3
On disposal of subsidiary undertaking	—	(0.2)	(0.2)
Charged directly to equity	—	(0.1)	(0.1)
At 31 March 2012	3.8	1.1	4.9
Credited/(charged) to the income statement	1.0	(0.1)	0.9
Charged directly to equity	—	(0.2)	(0.2)
At 31 March 2013	4.8	0.8	5.6
Charged to the income statement	(0.4)	—	(0.4)
Charged directly to equity	—	(0.4)	(0.4)
At 31 March 2014	4.4	0.4	4.8
Charged to the income statement	0.3	(0.3)	—
Credited directly to equity	—	0.5	0.5
At 31 December 2014	4.7	0.6	5.3
Deferred tax liabilities			
At 1 April 2011	—	1.8	1.8
Credited to the income statement	—	(0.8)	(0.8)
At 1 April 2012	—	1.0	1.0
Acquisition of subsidiary (note 9)	—	0.9	0.9
Credited to the income statement	—	(0.6)	(0.6)
At 31 March 2013	—	1.3	1.3
Credited to the income statement	—	(0.5)	(0.5)
At 31 March 2014	—	0.8	0.8
Credited to the income statement	—	(0.2)	(0.2)
At 31 December 2014	—	0.6	0.6

Deferred taxation liabilities are not recognised on unremitted earnings of overseas Operating Group companies as the dividends by which these are remitted are expected to be tax exempt. At 31 December 2014 unremitted earnings totalled £1.0 million (31 March 2014: £0.8 million, 31 March 2013: £3.4 million, 31 March 2012: £3.6 million).

24 Retirement benefit obligations

Across the UK and Ireland the Operating Group operates several pension schemes. All, except one, are defined contribution schemes. Within the UK, all pension schemes set up prior to 2001 have been closed to new members and only one defined contribution scheme is now open to new employees.

In the nine months to 31 December 2014 and in the 12 months to 31 March 2014, 2013 and 2012, the pension contributions to the Operating Group defined contribution scheme amounted to £1.5 million, £1.9 million, £1.9 million and £1.9 million, respectively, including the contributions related to the discontinued operations. At 31 December 2014, there are £0.3 million (31 March 2014: £0.3 million, 31 March 2013: £0.3 million, 31 March 2012: £0.2 million) of pension contributions outstanding relating to the Operating Group's defined contribution scheme.

The defined benefit pension scheme provides benefits based on final pensionable pay and this scheme was closed to new joiners with effect from May 2002. New employees after that date have been offered membership of the Operating Group's defined contribution scheme.

The most recent actuarial valuation of the defined benefit obligations was performed as at 31 December 2014 by a qualified independent actuary.

The amounts recognised in the balance sheet are determined as follows:

	As at 31 March			As at 31 December
	2012	2013	2014	2014
	£m	£m	£m	£m
Present value of funded obligations	15.2	15.8	15.7	18.2
Fair value of plan assets	(14.4)	(16.3)	(16.9)	(18.0)
Effect of surplus cap	—	0.5	1.2	—
Net liability recognised in the balance sheet	0.8	—	—	0.2

The surpluses of £1.2 million as at 31 March 2014 and £0.5 million as at 31 March 2013 were not recognised as assets as they were not deemed to be recoverable by the Operating Group.

The amounts recognised in the income statement within administrative expenses (note 4) are as follows:

	Years ended 31 March			Nine months ended 31 December	
	2012	2013	2014	2013	2014
	£m	£m	£m	(Unaudited) £m	£m
Interest cost	0.7	0.7	0.7	0.5	0.5
Expected return on plan assets	(0.8)	(0.7)	(0.7)	(0.5)	(0.5)
Total	**(0.1)**	**—**	**—**	**—**	**—**

The amounts recognised in the statement of other comprehensive income are as follows:

	Years ended 31 March			Nine months ended 31 December	
	2012	2013	2014	2013	2014
	£m	£m	£m	£m	£m
Actuarial (losses)/gains recognised in the period (before tax)	(0.9)	1.1	0.7	1.0	(1.4)
Reversal of surplus cap	—	(0.5)	(0.7)	(1.0)	1.2
Total	**(0.9)**	**0.6**	**—**	**—**	**(0.2)**

The movement in the defined benefit obligations over the period is as follows:

	Present value of obligation	Fair value of plan assets	Total
	£m	£m	£m
At 1 April 2011	13.9	(14.0)	(0.1)
Interest expense/(income)	0.7	(0.8)	(0.1)
Remeasurements:			
Loss from changes in financial assumptions	0.8	—	0.8
Return on plan assets, excluding amounts included in interest expense/(income)	—	0.2	0.2
Benefits paid	(0.2)	0.2	—
At 31 March 2012	15.2	(14.4)	0.8
Interest expense/(income)	0.7	(0.7)	—
Remeasurements:			
Loss from changes in financial assumptions	1.7	—	1.7
Experience gains	(1.3)	—	(1.3)
Return on plan assets, excluding amounts included in interest expense/(income)	—	(1.5)	(1.5)
Employer contribution	—	(0.2)	(0.2)
Benefits paid	(0.5)	0.5	—
Effect of surplus cap	—	0.5	0.5
At 31 March 2013	15.8	(15.8)	—
Interest expense/(income)	0.7	(0.7)	—
Remeasurements:			
Gain from changes in financial assumptions	(0.4)	—	(0.4)
Return on plan assets, excluding amounts included in interest expense/(income)	—	(0.3)	(0.3)
Benefits paid	(0.4)	0.4	—
Effect of surplus cap	—	0.7	0.7
At 31 March 2014	15.7	(15.7)	—
Interest expense/(income)	0.5	(0.5)	—
Remeasurements:			
Loss from changes in financial assumptions	2.3	—	2.3
Return on plan assets, excluding amounts included in interest expense/(income)	—	(0.9)	(0.9)
Benefits paid	(0.3)	0.3	—
Effect of surplus cap	—	(1.2)	(1.2)
At 31 December 2014	18.2	(18.0)	0.2

During the nine months to 31 December 2014 and in 2014 and 2012 financial years, the Operating Group did not contribute to the defined benefit scheme. In 2013 financial year the Operating Group contributed £0.2 million to the defined benefit scheme. No contributions to this scheme are expected in the next financial year and there are no minimum funding requirements As at 31 December 2014, approximately 70% of the liabilities (31 March 2014: 70%, 31 March 2013: 70% and 31 March 2012: 70%) are attributable to former employees who have yet to reach retirement and 30% to current pensioners.

The significant actuarial assumptions were as follows:

	As at 31 March			As at 31 December
	2012	2013	2014	2014
Discount rate	4.90%	4.40%	4.30%	3.5%
Pension growth rate	2.60%	2.85%	2.60%	2.2%
Inflation rate	3.40%	3.65%	3.60%	3.3%

Sensitivity to key assumptions has not been disclosed as any reasonable possible changes would not result in a significant change to the amounts recorded in the historical financial information.

The Operating Group has assumed that mortality will be in line with nationally published mortality table S1NA related to members' years of birth with a long term rate of improvement of 1.5% per annum. These tables translate into an average life expectancy for a pensioner retiring at age 65 as follows:

	As at 31 March						As at 31 December	
	2012		2013		2014		2014	
	Male Years	Female Years	Male Years	Female Years	Male Years	Female Years	Male Years	Female Years
Member age 65 (current life expectancy)	88	91	88	90	88	90	88	90
Member age 45 (life expectancy at age 65)	90	93	90	93	90	93	90	93

Plan assets are comprised as follows:

	As at 31 March						As at 31 December	
	2012		2013		2014		2014	
	£m	%	£m	%	£m	%	£m	%
Equities	9.6	66.7	9.3	56.9	9.3	55.0	9.6	53.3
Corporate bonds	4.8	33.3	6.2	38.3	6.7	39.7	7.5	41.7
Real estate	—	—	0.8	4.8	0.9	5.3	0.9	5.0
Total	**14.4**	**100.0**	**16.3**	**100.0**	**16.9**	**100.0**	**18.0**	**100.0**

This defined benefit pension scheme exposes the Operating Group to a number of risks, the most significant of which are:

Asset volatility

The scheme liabilities are calculated using a discount rate set with reference to corporate bond yields; if assets underperform this yield, this will create a deficit. The scheme holds a significant proportion of equities, which are expected to outperform corporate bonds in the long-term while creating volatility and risk in the short term. The allocation to equities is monitored to ensure it remains appropriate given the scheme's long term objectives.

Changes in bond yields

A decrease in corporate bond yields will increase the scheme liabilities, although this will be partially offset by an increase in the value of the scheme's bond holdings.

Inflation risk

A proportion of the scheme's benefit obligations are linked to inflation and higher inflation will lead to higher liabilities (although in most cases caps on the level of inflationary increases are in place to protect against extreme inflation). The majority of the assets are either unaffected by or only loosely correlated with inflation meaning that an increase in inflation will also increase the deficit.

Life expectancy

The majority of the scheme's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the liabilities.

The weighted average duration of the defined benefit obligation is 22 years.

25 Shares and share premium account

Share capital

	As at 31 March			As at 31 December
	2012	2013	2014	2014
	£m	£m	£m	£m
Allotted, called up and fully paid				
204,331 A1 ordinary shares of £0.001 each (prior years*: nil)	—	—	—	—
8,670,521 A1 preferred ordinary shares of £0.001 each (prior years*: nil)	—	—	—	—
1,967 A2 ordinary shares of £0.001 each (prior years*: nil)	—	—	—	—
111,163 A2 preferred ordinary shares of £0.001 each (prior years*: nil)	—	—	—	—
30,911 E ordinary shares of £0.001 each (prior years*: nil)	—	—	—	—
5 F ordinary shares of £700 each (prior years*: nil)	—	—	—	—
177,292,187 cumulative irredeemable preference shares of £1 each (2014: 175,458,245, 2013 and 2012: 177,287,048)	177.3	177.4	175.7	177.6
Nil A ordinary shares of 10p each (2014: 50,100, 2013 and 2012: 501,000)	0.1	0.1	—	—
Nil B ordinary shares of 10p each (2014: 38,655, 2013: 487,755, 2012: 488,796)	—	—	—	—
Nil C ordinary shares of 10p each (2014 and 2013: 9,949, 2012: 10,204)	—	—	—	—
Nil D ordinary shares of 10p each (2014 and 2013: 1,296, 2012: nil)	—	—	—	—
Nil deferred B ordinary shares of 10p each (2014: 911,245, 2013: 11,245, 2012: 10,204)	—	—	0.1	—
Nil deferred shares of £0.0001 each (prior years: 430,000,000)	—	—	—	—
Total	**177.4**	**177.5**	**175.8**	**177.6**

* Prior years represent years ended at 31 March 2014, 31 March 2013 and 31 March 2012.

Share premium account

	Years ended 31 March			Nine months ended 31 December
	2012	2013	2014	2014
	£m	£m	£m	£m
At beginning of period	1.2	1.2	1.5	1.5
On issue of D ordinary shares	—	0.3	—	—
On issue of E ordinary shares	—	—	—	0.5
On issue of A2 preferred ordinary shares	—	—	—	0.6
At end of period	1.2	1.5	1.5	2.6

On 23 and 25 April 2014, the Operating Company bought back and cancelled 6,674 and 2,202 A ordinary shares of £0.10 each. The consideration for the share repurchases was by way of deed of release of loans with a shareholder of £20.4 million.

On 24 April 2014, the Operating Company issued 1,833,942 cumulative irredeemable preference shares of £1 each for cash consideration of £2.5 million. These were issued at a premium of £0.37 per share and this is an increase to the other reserve (note 27).

On 4 July 2014 the following share transactions took place:

- 1,296 D ordinary shares of £0.10 each were bought back by Auto Trader Holding Limited and cancelled for total consideration of £0.33.

- 430,000,000 deferred shares of £0.0001 each were bought back by Auto Trader Holding Limited and cancelled for total consideration of £0.83.
- 911,245 deferred B ordinary shares of £0.10 each were bought back by Auto Trader Holding Limited and cancelled for total consideration of £1.84.
- 109 A ordinary shares of £0.10 were bought back and cancelled. The consideration was by way of deed of release of a loan with a shareholder of £0.5 million.
- All of the 79,770 A ordinary share of £0.10 each were sub-divided into 100 A1 and A2 ordinary shares and A1 preferred ordinary shares of £0.001 each.
- 9,949 C ordinary shares of £0.10 each were sub-divided into 100 A1 and A2 ordinary shares and A1 and A2 preferred ordinary shares of £0.001 each.
- 19,838 E ordinary shares of £0.001 each were gifted to certain Directors and members of key management. The nominal value of these shares of £19.84 was fully paid in cash by a third party individual.

The following shares were issued on 4 July 2014 for aggregate cash consideration and premium per share on issue of:

	Number of shares	Aggregate cash consideration	Premium per share
		£	£
E ordinary shares of £0.001 each	11,073	465,665	42.05
A2 ordinary shares of £0.001 each	191	8,032	42.05
A2 preferred ordinary shares of £0.001 each	15,891	668,282	42.05
F ordinary shares of £700 each	5	3,500	—

The rights associated with the shares issued on 4 July 2014 are as follows:

- A1 ordinary shares and F ordinary shares have full voting rights.
- A2 ordinary, E ordinary, A1 preferred ordinary and A2 preferred ordinary shares have no voting rights.
- A1 preferred ordinary and A2 preferred ordinary shares have first priority to profits which Auto Trader Holding Limited may determine to distribute in respect of any financial year until such time as each holder has received the A1 Preferred Return and A2 Preferred Return as defined in the Articles.
- A1 ordinary, A2 ordinary, E ordinary and F ordinary shares have second priority to profits which Auto Trader Holding Limited may determine to distribute in respect of any financial year.

Dividends on the cumulative irredeemable preference shares are charged at 0.05% of their nominal value, premium and rolled dividends as at 4 July 2014. The dividend is payable twice a year in June and December and is non-compounding. In prior years up to 4 July 2014, dividends were charged at 0.05% of their fair value on the issue date, rolled up into the principal twice a year in June and December and were compounding.

During the year ended 31 March 2014, 1,828,803 preference shares were repurchased for total consideration of £2.5 million and subsequently cancelled. The capital redemption reserve has increased by the £1.8 million nominal value of the preference shares as a result of the cancellation. The premium on repurchase of £0.7 million is a reduction to the other reserve (note 27).

In the year ended 31 March 2013, Auto Trader Holding Limited repurchased 255 10p C ordinary shares for aggregate consideration of £1 and issued 1,296 10p D ordinary shares for cash consideration at a premium of £194.90 per share.

In the year ended 31 March 2012, the Company issued 80 10p C ordinary shares for cash consideration and these were issued at a premium of £99.90 per share and repurchased 968 10p C ordinary shares for aggregate consideration of £5. On 5 July 2011, the Company issued 430,000,000 deferred shares of £1 each for £nil consideration. On 3 August 2011, in the High Court of Justice, the deferred share capital was reduced by the cancellation of £0.9999 per share issued.

26 Accumulated losses

	As at 31 March			As at 31 December
	2012	2013	2014	2014
	£m	£m	£m	£m
At beginning of period	(945.3)	(1,054.0)	(1,033.6)	(1,023.2)
Profit for the period	7.5	20.3	10.5	9.6
Actuarial (loss)/gain on post employment benefit obligations, net of tax	(0.7)	0.4	—	(0.2)
Cash flow hedges, net of tax	0.6	—	1.1	(1.6)
IFRS 2—share based payments credit/(charge)	0.1	(0.2)	0.7	1.4
Preference dividends payable for the year	—	(0.1)	(0.1)	(0.1)
Dividends paid to owners of the company	(100.4)	—	—	—
Transfer to other reserve—premium on preference shares repurchased	10.0	—	0.7	—
Payment of preference share capital	(36.6)	—	(2.5)	—
Preference dividend waived	10.8	—	—	—
Repurchase and cancellation of ordinary share capital	—	—	—	(20.9)
At end of period	**(1,054.0)**	**(1,033.6)**	**(1,023.2)**	**(1,035.0)**

27 Other reserves

	Other reserve	Capital redemption reserve	Translation reserve
	£m	£m	£m
At 1 April 2011	—	—	3.9
Currency translation differences on foreign currency net investments	—	—	(1.0)
Currency translation differences on sale of foreign subsidiary	—	—	(0.6)
Transfer to capital redemption reserve	—	26.6	—
Transfer of fair value on preference shares	76.0	—	—
Premium on preference shares repurchased	(10.0)	—	—
At 31 March 2012	66.0	26.6	2.3
Currency translation differences on foreign currency net investments	—	—	(0.3)
At 31 March 2013	66.0	26.6	2.0
Currency translation differences on foreign currency net investments	—	—	(0.7)
Currency translation differences on sale of foreign subsidiary	—	—	0.3
Premium on preference shares repurchased	(0.7)	—	—
Preference share capital redeemed and cancelled	—	1.8	—
At 31 March 2014	65.3	28.4	1.6
Currency translation differences on foreign currency net investments	—	—	(0.4)
Ordinary share capital redeemed and cancelled	—	0.1	—
Premium on preference shares issued (note 25)	0.7	—	—
At 31 December 2014	**66.0**	**28.5**	**1.2**

The capital redemption reserve has been created to maintain capital for the nominal value of preference shares.

The translation reserve relates to the exchange differences from translation of foreign operations (i.e. subsidiary companies) into the functional currency of the Operating Group.

The other reserve relates to the premium payable on redemption of the preference shares. The £76.0 million transfer represents a portion of the fair value of the preference shares recognised on issue that has been reclassified to other reserves for the capital management purposes.

28 Dividends

Ordinary dividends of £nil (2014: £nil, 2013: £nil, 2012: £100.4 million) were paid in respect of the nine months ended 31 December 2014. Rolled up preference dividends and preference share capital, including premium, of £nil (2014: £2.5 million, 2013: £nil, 2012: £109.6 million) were paid during the period (note 25).

29 Cash generated from operations

	Years ended 31 March			Nine months ended 31 December	
	2012	2013	2014	2013	2014
				(Unaudited)	
	£m	£m	£m	£m	£m
Profit before taxation including discontinued operations	22.3	31.5	18.0	29.9	13.3
Adjustments for:					
Depreciation	2.3	2.3	2.3	1.6	1.9
Amortisation	11.9	13.9	12.8	9.7	7.7
Profit on disposal of property, plant and equipment	—	—	—	—	(1.3)
Goodwill and other impairment charges	18.2	0.9	15.8	15.1	—
Profit on disposal of discontinued operations	(0.2)	—	(9.2)	(9.2)	—
Foreign exchange gain on disposal of discontinued operations	—	—	(0.8)	(0.8)	—
Foreign exchange losses	0.2	—	—	—	—
Increase in retirement benefit obligations	(0.1)	—	—	—	—
Fair value loss on customer list asset	0.8	0.8	0.6	0.6	—
Share based payments charge	—	—	—	—	1.3
Finance costs	89.2	86.9	84.9	63.3	87.4
Finance income	(0.5)	(0.3)	(0.7)	(0.5)	—
Gain on debt buy back	(4.5)	(0.3)	—	—	—
Refinancing fees	—	—	10.8	—	—
Changes in working capital (excluding the effects of acquisitions, disposals and exchange differences on consolidation):					
Inventories	0.2	—	—	—	—
Trade and other receivables	(0.1)	0.5	(13.8)	(13.3)	(0.6)
Trade and other payables	(1.1)	1.3	1.6	1.4	(2.4)
Provisions	0.3	3.5	5.1	(3.5)	(4.6)
Cash generated from operations	**138.9**	**141.0**	**127.4**	**94.3**	**102.7**

The cash flows of discontinued operations are as follows:

	Years ended 31 March			Nine months ended 31 December	
	2012	2013	2014	2013	2014
				(Unaudited)	
	£m	£m	£m	£m	£m
Cash generated from operations	21.9	8.2	4.9	4.8	0.1
Tax paid	(5.3)	(3.7)	(1.4)	(1.3)	(0.1)
Operating cash flows	16.6	4.5	3.5	3.5	—
Investing cash flows	(1.4)	(0.5)	(0.3)	(0.3)	3.0
Financing cash flows	(9.0)	(4.5)	—	—	—
Total cash flows	**6.2**	**(0.5)**	**3.2**	**3.2**	**3.0**

During the year ended 31 March 2014, the Operating Group disposed of its 100% equity interest in the South African subsidiary, The Car Trader (Pty) Limited. During the year ended 31 March 2012, the Operating Group disposed of its 100% equity interest in the Italian subsidiary, Edizeta S.r.l. The fair values of assets and liabilities over which control was lost were as follows:

	Edizeta S.r.l	The Car Trader (Pty) Ltd
	£m	£m
Net assets disposed of:		
Intangibles assets	1.4	22.0
Property, plant and equipment	0.3	0.6
Trade and other receivables	1.4	0.7
Trade and other payables	(1.6)	(1.3)
Currency translation differences and foreign exchange gain	(0.6)	1.1
Gain/loss on disposal	0.2	9.2
	1.1	32.3
Satisfied by:		
Cash and cash equivalents received as consideration	1.4	36.3
Cash and cash equivalents sold	(0.3)	(4.0)
Total net cash consideration	1.1	32.3

30 Share based payments

A number of the Operating Group's directors and senior managers were invited to become shareholders in the Operating Company in the current period and previous years as set out in note 31. In the nine months to 31 December 2014 and in 2014, no new shares were issued to the senior managers. 1,296 D ordinary shares in 2013 and 80 C ordinary shares in 2012 were issued for cash consideration at fair value.

During the nine months to 31 December 2014, 19,838 E ordinary shares of £0.001 each were gifted to certain Directors and members of key management. The nominal value of these shares of £19.84 was fully paid in cash by a third party individual. The expense of £1.3 million (note 5) recognised in the income statement in respect of these shares was determined using the Black-Scholes valuation model and the weighted average fair value of the shares issued was £76.84 per share. The significant inputs into the model were weighted average share price of £76.84 at the issue date (calculated based on the equity value just prior to grant date), exercise price of £nil, volatility of 30%, dividend yield of nil, and expected term of 1 year and an annual risk free interest rate of 1.48%.

No new shares were gifted to directors and members of senior management during 2014, 2013 and 2012.

The articles of association of the Operating Company define "Good Leavers" and "Bad Leavers" where a Bad Leaver is an employee-shareholder leaving the business because of voluntary resignation, summary dismissal or breach of restrictive covenants within 12 months of leaving. All other employee-shareholders leaving the business are Good Leavers.

On leaving the business, the Articles require that E ordinary and F ordinary shares (31 March 2014, 31 March 2013 and 31 March 2012: C ordinary and D ordinary shares) held by the leaver may be required to sell their shares to such persons as nominated by the board of directors. A Bad Leaver receives the lower of fair value and the cost for which the shares were acquired. A Good Leaver receives a value determined as follows:

a) if the Good Leaver leaves within eighteen months of acquiring the shares, they will receive the lower of fair value and the cost for which the shares were acquired;

b) if the Good Leaver leaves between eighteen months and four years of acquiring the shares, they will receive the lower of fair value and cost between 62.5% and 0% of their shares, determined on a straight line basis by reference to the period of months before leaving. They will receive fair value for the remainder of their shares;

c) if the Good Leaver leaves after four years from acquiring the shares, they will receive fair value for their total shareholding.

During the nine months to 31 December 2014, the Operating Group has repurchased shares from no leavers (2014: nil, 2013: one leaver, 2012: 5 leavers). These repurchases in the prior years are considered to be cash settled. The remaining shares are deemed to be equity settled and the shares are deemed to have vested on issue.

A number of shares held by management have been purchased by another shareholder, Crystal B TopCo S.à r.l. This has resulted in £0.1 million of the share based payments provision to be released during the nine months to 31 December 2014 (2014: £0.7 million, 2013: £nil, 2012: £nil)

No expense was recognised in previous years for the issue of shares as the consideration received for the C and D ordinary shares was equal to or greater than the fair value of the shares.

31 Commitments and contingencies

Capital expenditure contracted for at the end of the reporting periods but not yet incurred was as follows:

	As at 31 March			As at 31 December
	2012	2013	2014	2014
	£m	£m	£m	£m
Property, plant and equipment	—	0.1	3.8	0.1
Intangible assets	0.5	—	—	0.2
Total	**0.5**	**0.1**	**3.8**	**0.3**

At 31 December 2014 and 31 March 2014, the £0.1 million and £3.8 million of capital expenditure commitment, respectively, relates to the new Manchester and London properties.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	Land and buildings				Other			
	31 March			31 December	31 March			31 December
	2012	2013	2014	2014	2012	2013	2014	2014
	£m	£m	£m	£m	£m	£m	£m	£m
No later than 1 year	2.3	2.4	1.9	1.6	1.2	1.2	0.8	0.5
Later than 1 year and no later than 5 years	5.9	3.8	3.7	7.9	2.3	1.2	0.4	0.1
Later than 5 years	—	—	14.3	17.9	—	—	—	—
Total	**8.2**	**6.2**	**19.9**	**27.4**	**3.5**	**2.4**	**1.2**	**0.6**

At 31 December 2014, £17.9 million (31 March 2014: £14.3 million) of future lease payments payable after five years relate to the new Manchester and London properties. The lease terms on these properties are between 10 and 15 years and both lease agreements are renewable at the end of the lease period at market rate.

32 Business combinations

On 22 June 2012, the Operating Group acquired 100% of the ordinary share capital of Delta Point Associates Limited, a data and intelligence company for cash consideration of £6.8 million. As a result of the acquisition, the Operating Group is expected to expand the data and intelligence products offered to retailers. The goodwill of £3.9 million arising from the acquisition is attributable to expected synergies from combining operations of the acquiree and the acquirer and intangible assets that do not qualify for separate recognition. None of the goodwill recognised is expected to be deductible for income tax purposes.

The following table summarises the fair value of assets acquired and liabilities assumed.

	£m
Recognised amounts of identifiable assets acquired and liabilities assumed	
Technology (included in intangibles) (note 11)	3.7
Trade and other receivables (note 17)	0.1
Deferred income tax liability (note 23)	(0.9)
Total identifiable net assets	2.9
Goodwill	3.9
Total	**6.8**

Acquisition related costs of £0.1 million were charged to administrative expenses in the consolidated income statement for the year ended 31 March 2013.

The revenue and profit included in the consolidated income statement in the year ended 31 March 2013 contributed by Delta Point Associates Limited is £0.2 million and £0.1 million respectively. Had Delta Point Associates Limited been consolidated from 1 April 2012, the consolidated income statement for the year ended 31 March 2013 would show pro-forma revenue of £0.3 million and profit of £nil.

33 Related party transactions

At 31 December 2014, the Operating Company is jointly controlled by Crystal A Holdco S.à r.l. and Crystal B Holdco S.à r.l.. Prior to 28 February 2014, the Operating Company was jointly controlled by Crystal A Holdco S.à r.l, Crystal B Holdco S.à r.l and GMG (TMG) Limited. GMG (TMG) Limited sold its entire holding of 50.1% in Auto Trader Holding Limited to Crystal A Holdco S.à r.l., Crystal B Holdco S.à r.l. and Ed Williams.

Crystal A Holdco S.à r.l. and Crystal B Holdco S.à r.l. have made loans to, and hold preference shares in, the Operating Company. Ed Williams, a director of the Operating Company, also holds a Shareholder Loan Note and preference shares in the Operating Company. The balances at the end of the period including accrued interest, dividends payable on these debt and equity instruments and the premium on the preference shares are disclosed below:

	As at 31 March			As at 31 December
	2012	2013	2014	2014
	£m	£m	£m	£m
Shareholder loans and accrued interest				
GMG (TMG) Limited	(256.4)	(284.1)	—	—
Crystal A Holdco S.à r.l.	(97.1)	(107.5)	(49.2)	(52.8)
Crystal B Holdco S.à r.l.	(158.4)	(175.4)	(80.3)	(86.3)
Ed Williams	(0.5)	(0.5)	(0.4)	(0.4)
Victor A. Perry III	—	—	—	(0.1)
Preference shares, premium and accrued dividends				
GMG (TMG) Limited	(121.9)	(122.0)	—	—
Crystal A Holdco S.à r.l.	(46.1)	(46.1)	(92.3)	(92.3)
Crystal B Holdco S.à r.l.	(75.1)	(75.1)	(148.0)	(150.6)
Ed Williams	(0.2)	(0.2)	(0.7)	(0.7)
Victor A. Perry III	—	—	—	(0.1)
Interest charged to the income statement				
GMG (TMG) Limited	(24.4)	(27.6)	(26.1)	—
Crystal A Holdco S.à r.l.	(9.2)	(10.4)	(10.3)	(3.8)
Crystal B Holdco S.à r.l.	(15.1)	(17.0)	(16.7)	(6.0)
Ed Williams	—	(0.1)	(0.1)	—
Victor A. Perry III	—	—	—	—

The annual interest accrued on the Shareholder Loans Notes has been rolled into the principal each year since issue (note 20).

On 28 February 2014, repayments of Shareholder Loan Notes and accrued interest were made to the value of £186.5 million to Crystal A Holdco S.à r.l., £304.2 million to Crystal B Holdco S.à r.l. and £0.2 million to Ed Williams.

During the nine months to 31 December 2014 additional loans of £15.7 million (31 March 2014: £5.2 million) were made to Crystal B Holdco S.à r.l.. These loans are unsecured, non-interest bearing and repayable on demand. The total loan balance of £20.9 million was waived and released as payment for the repurchase of A ordinary shares during the period (note 25).

During the nine months to 31 December 2014, the Operating Company made loans to £1.4 million and £2.2 million to Crystal A Holdco S.à r.l. and Crystal B Holdco S.à r.l. respectively. These loans are unsecured, non-interest bearing and repayable on demand.

Apax Europe VII GP Co. Limited, a fund advised by Apax Partners LLP, received £0.1 million for the provision of directors' services to the Operating Group during the period (31 March 2014, 31 March 2013 and 31 March 2012: GMG (TMG) Limited and Apax Europe VII GP Co. Limited £0.1 million). The balance outstanding at the end of the period was £nil (31 March 2014: £nil, 31 March 2013: £nil, 31 March 2012: £nil).

Funds advised by Apax Partners LLP hold £15.0 million of the Existing Junior Debt. The fund receives interest and is subject to the same terms of the Existing GSMP Junior Debt Agreement as all other syndicate members (note 20).

During the track record period certain Operating Group companies have traded with companies in which Guardian Media Group PLC and funds advised by Apax Partners LLP have an interest. Trading was in the normal course of operations and on an arm's length basis. Transactions during the period and balances outstanding at each period end are as follows:

	Years ended 31 March			Nine months ended 31 December	
	2012	2013	2014	2013	2014
	£m	£m	£m	(Unaudited) £m	£m
Guardian Media Group PLC and subsidiary undertakings					
Recharges of costs	—	(0.1)	—	—	—
Net balance outstanding at the period end	—	0.1	—	—	—

	Years ended 31 March			Nine months ended 31 December	
	2012	2013	2014	2013	2014
	£m	£m	£m	(Unaudited) £m	£m
Funds advised by Apax					
Sales—advertising and other	0.2	—	—	—	—
Purchases	(0.5)	—	—	—	—
Recharges of costs	0.2	(0.1)	(0.1)	—	(0.1)
Net balance outstanding at the period end	0.2	(0.1)	—	—	—

Transactions with Directors and key management

Loans made on an arm's length basis in a previous year to certain members of key management were fully repaid in the period. The balance outstanding at 31 December 2014 was £nil (31 March 2014: £13,551, 31 March 2013: £16,791, 31 March 2012: £53,958).

At 31 December 2014, the following key management hold A1 preferred ordinary, A2 ordinary, A2 preferred ordinary, E ordinary and F ordinary shares (31 March 2014, 31 March 2013 and 31 March 2012: A ordinary, B ordinary, C ordinary and D ordinary shares):

	As at 31 March			As at 31 December
	2012	2013	2014	2014
	No of shares	No of shares	No of shares	No of Shares
Ed Williams	852	852	263	28,678
Victor A. Perry III	—	—	—	3,573
Trevor Mather	—	—	—	16,312
Sean Glithero	230	300	300	13,450
Nathan Coe(1)	800	1,000	1,000	26,493
Markku Koppinen	—	—	—	4,844
Zillah Byng-Maddick	1,000	1,000	—	—
John King	3,000	—	—	—
Other key management	3,660	4,261	2,120	78,138
Total	**9,542**	**7,413**	**3,683**	**171,488**

(1) References to shares held by Nathan Coe in this table are to shares held by a Guernsey trust, the Shahan Trust.

On 4 July 2014, 19,838 E ordinary shares of £0.001 each were gifted to certain Directors and members of key management. The nominal value of these shares of £19.84 was fully paid up in cash by a third party individual.

On the same day the following shares were issued to certain Directors and members of key management for aggregate cash consideration of:

	Number of shares	Aggregate cash consideration £
E ordinary shares of £0.001 each	11,073	465,665
A2 ordinary shares of £0.001 each	191	8,032
A2 preferred ordinary shares of £0.001 each	15,891	668,282
F ordinary shares of £700 each	5	3,500

During the year ended 31 March 2014, the Operating Group repurchased nil (31 March 2013: 255, 31 March 2012: 669) C ordinary shares of 10p each held by certain Directors and members of key management, for aggregate cash consideration of £nil (31 March 2013: £1, 31 March 2012: £1) (note 29).

In the year ended 31 March 2013, the Operating Group issued 926 D ordinary shares of 10p each to certain Directors and members of key management for aggregate cash consideration of £0.2 million (note 29).

In the year ended 31 March 2012, the Operating Group issued 3,293,800 deferred shares of £1 each for £nil consideration to Directors and key management and repurchased 669 C ordinary shares of 10p each held by senior management, for aggregate cash consideration of £3.

34 Ultimate controlling parties

At 31 December 2014, the Operating Company is jointly controlled by Crystal A TopCo S.à r.l. (indirectly holding 32.5% of the ordinary shares) and Crystal B TopCo S.à r.l. (indirectly holding 53.0% of the ordinary shares). Crystal A TopCo S.à r.l. and Crystal B TopCo S.à r.l. (two bodies corporate wholly-owned by funds advised by Apax Partners LLP) are incorporated under the laws of Luxembourg.

35 Post balance sheet events

Since the balance sheet date the following events have taken place:

- On 13 February 2015, Auto Trader Group plc was incorporated and registered in England and Wales under the Companies Act 2006 as a public limited company. On incorporation, the issued share capital of Auto Trader Group plc comprised one ordinary share of £1.00, which has since been transferred to Crystal B Holdco S.à r.l.. On 24 February 2015, the Company allotted and issued one redeemable preference share of £49,999 to Crystal B Holdco S.à r.l.. Auto Trader Group plc will become the holding company of the Operating Group effective on and conditional upon Admission.
- On 25 February 2015, 196 E ordinary shares of £0.001 each were gifted to certain Directors of the Company at nil cost, for a total consideration of 19.6 pence. In addition, on the same date 398 E ordinary shares of £0.001 each were issued to certain Directors at a price of £42.0541 per share, which was fully paid in cash.
- On 26 February 2015, Auto Trader Group plc announced its intention to launch an initial public offering. The company intends to apply for admission of its ordinary shares to the premium listing segment of the Official List and to trading on the main market for listing securities of the London Stock Exchange.
- On 6 March 2015, Auto Trader Holding Limited declared a dividend in kind of £3.6 million of loan balances with Crystal A TopCo S.à r.l and Crystal B TopCo S.à r.l.
- On 6 March 2015, the capital structure of Auto Trader Holding Limited will be reduced from £177.3 million to £678 in accordance with provisions of the Companies Act for the purposes of streamlining the capital structure of the company.
- The Company has arranged with a syndicate of banks to enter into at Admission a new £550 million Term Facility and £30 million Revolving Credit Facility. It is expected that proceeds of the Offer, together with the new bank facilities under the New Facilities Agreement and existing available cash, will repay all amounts outstanding under the Group's Existing Junior Debt and Existing Senior Debt. In addition, two entities wholly-owned by Apax Europe VII (a fund advised by Apax Partners LLP) may realise a portion of their investment in the Company through the sale of Existing Shares. The Shareholder Loan Notes will be capitalised and exchanged for Shares, in accordance with Pre-IPO Reorganisation as described in Section 4 (*Group Structure and Reorganisation*) of Part XVII (*Additional Information*) of this Prospectus.

PART XIV

UNAUDITED PRO FORMA FINANCIAL INFORMATION

SECTION A: ACCOUNTANT'S REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

pwc

The Directors
Auto Trader Group plc (the "**Company**")
1 Tony Wilson Place
Manchester
M15 4FN

Deutsche Bank AG, London Branch ("**Deutsche Bank**" or the "**Sponsor**")
Winchester House
1 Great Winchester Street
London
EC2N 2DB

19 March 2015

Dear Sirs

Auto Trader Group plc (the "Company")

We report on the unaudited pro forma financial information (the "**Pro Forma Financial Information**") set out in Section B of Part XIV of the Company's prospectus dated 19 March 2015 (the "**Prospectus**") which has been prepared on the basis described in the notes to the Pro Forma Financial Information, for illustrative purposes only, to provide information about how the proposed offer of the ordinary shares of the Company might have affected the financial information presented on the basis of the accounting policies adopted by the Company in preparing the consolidated historical financial information for the period ended 28 December 2014. This report is required by item 7 of Annex II to the PD Regulation and is given for the purpose of complying with that PD Regulation and for no other purpose.

Responsibilities

It is the responsibility of the directors of the Company to prepare the Pro Forma Financial Information in accordance with Annex II of the PD Regulation.

It is our responsibility to form an opinion, as required by item 7 of Annex II to the PD Regulation as to the proper compilation of the Pro Forma Financial Information and to report our opinion to you.

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

Basis of opinion

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

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

Our work has not been carried out in accordance with auditing standards generally accepted in the United States of America or auditing standards of the Public Company Accounting Oversight Board (United States) and accordingly should not be relied upon as if it had been carried out in accordance with those standards.

Opinion

In our opinion:

(a) the Pro Forma Financial Information has been properly compiled on the basis stated; and

(b) such basis is consistent with the accounting policies of the Company.

Declaration

For the purposes of Prospectus Rule 5.5.3 R(2)(f), we are responsible for this report as part of the Prospectus and we declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Prospectus in compliance with item 1.2 of Annex I to the PD Regulation.

Yours faithfully

PricewaterhouseCoopers LLP
Chartered Accountants

SECTION B: UNAUDITED PRO FORMA STATEMENT OF NET ASSETS

Set out below is an unaudited pro forma statement of net assets of the Group as at 28 December 2014. It has been prepared on the basis set out in the notes below and in accordance with Annex II of the Prospectus Rules to illustrate the impact of the Offer (assuming no exercise of the Over-allotment Option), the draw down under the New Facilities Agreement, the Refinancing and the capitalisation of Shareholder Loan Notes on the net assets of the Group, had these taken place as at 28 December 2014.

The unaudited pro forma information has been prepared for illustrative purposes only and, by its nature, addresses a hypothetical situation and does not, therefore, represent the Group's actual financial position or results. Such information may not, therefore, give a true picture of the Group's financial position or results nor is it indicative of the results that may or may not be expected to be achieved in the future. The unaudited pro forma information is based on the audited net assets of the Group as at 28 December 2014 as shown in Part XIII (*Historical Financial Information*) of this Prospectus. No adjustments have been made to take account of trading, expenditure or other movements subsequent to 28 December 2014, being the date of the last published balance sheet of the Group.

The unaudited pro forma information does not constitute financial statements within the meaning of section 434 of the Companies Act. Investors should read the whole of this Prospectus and not rely solely on the summarised financial information contained in this Part XIV (*Unaudited Pro Forma Financial Information*) of this Prospectus.

Unaudited Pro Forma statement of net assets as at 28 December 2014

	Group net assets at 28 December 2014	Adjustments: Net proceeds from the Offer	Adjustments: Draw down under the New Facilities Agreement	Adjustments: Refinancing	Adjustments: Capitalisation of Shareholder Loan Notes	Pro forma net assets as at 28 December 2014
	£m (Note 1)	£m (Note 2)	£m (Note 3)	£m (Note 4)	£m (Note 5)	£m
Assets:						
Non-current assets						
Intangible assets	332.2	—	—	—	—	332.2
Property, plant and equipment	8.9	—	—	—	—	8.9
Deferred taxation assets	5.3	—	—	(0.6)	—	4.7
	346.4	—	—	(0.6)	—	345.8
Current assets						
Trade and other receivables	52.0	—	—	—	—	52.0
Cash and cash equivalents	38.8	437.0	540.6	(1,018.5)	—	(2.1)
	90.8	437.0	540.6	(1,018.5)	—	49.9
Assets of disposal group classified as held for sale	0.8	—	—	—	—	0.8
Total assets	**438.0**	**437.0**	**540.6**	**(1,019.1)**	**—**	**396.5**
Liabilities:						
Current liabilities						
Trade and other payables	(59.7)	1.3	—	25.2	7.4	(25.8)
Current income tax liabilities	(5.8)	—	—	—	—	(5.8)
Derivative financial instruments	(0.1)	—	—	0.1	—	—
Provisions for other liabilities and charges	(6.1)	—	—	—	—	(6.1)
	(71.7)	1.3	—	25.3	7.4	(37.7)
Non-current liabilities						
Borrowings	(1,118.7)	—	(540.6)	986.5	132.2	(540.6)
Derivative financial instruments	(2.8)	—	—	2.8	—	—
Deferred taxation liabilities	(0.6)	—	—	—	—	(0.6)
Retirement benefit obligations	(0.2)	—	—	—	—	(0.2)
Provisions for other liabilities and charges	(3.1)	—	—	—	—	(3.1)
	(1,125.4)	—	(540.6)	989.3	132.2	(544.5)
Total liabilities	**(1,197.1)**	**1.3**	**(540.6)**	**1,014.6**	**139.6**	**(582.2)**
Net (liabilities)/assets	**(759.1)**	**438.3**	**—**	**(4.5)**	**139.6**	**(185.7)**

Notes:

(1) The financial information as at 28 December 2014 has been extracted, without material adjustment, from the audited consolidated historical financial information of the Group as at 28 December 2014, as set out in Part XIII (*Historical Financial Information*) of this Prospectus.

(2) The adjustment reflects the receipt by the Company of net proceeds from the Offer of £437.0 million (through the issue of New Shares), after deducting underwriting costs and other fees and expenses of the Offer expected to be approximately £23.3 million (excluding VAT). Out of the £23.3 million of fees and expenses, £1.3 million of fees and expenses had been accrued as at 28 December 2014.

(3) On Admission, the Company will draw down £550.0 million of term debt under the New Facilities Agreement. Debt issue costs paid of £9.4 million will be amortised over the term of the New Facilities Agreement.

(4) The adjustment to borrowings as at 28 December 2014 represents the repayment of the Existing Debt principal of £990.4 million net of £3.9 million of unamortised debt issue costs that arose in connection with the Existing Debt and that will be written off to the consolidated income statement. Out of the total £990.4 million of the Existing Debt principal, £632.0 million represents balances outstanding under the Existing Syndicated Bank Loans Agreement and £358.4 million represents the principal outstanding under the Existing GSMP Junior Debt Agreement. In addition, £25.2 million represents a repayment of amounts accrued in respect of early repayment premium on Existing Junior Debt and interest payable on both the Existing Junior Debt and the Existing Senior Debt as at

28 December 2014. As a result of repayment of the Existing Debt, the related outstanding interest rate swap of £2.9 million will also be terminated, and the related deferred tax asset of £0.6 million will be written off to the consolidated income statement.

	Pro forma Refinancing cash outflow as at 28 December 2014
	£m
Repayment of Existing Junior Debt principal	358.4
Repayment of Existing Senior Debt principal	632.0
Accrued interest and early repayment premium	25.2
Termination cost of interest rate swap	2.9
Total Refinancing	**1,018.5**

The adjustments do not take account of movements in the balances subsequent to 28 December 2014. The actual cash amounts to be settled are set out in Section 1 (*Summary of the Offer and Use of Proceeds*) in Part XVI (*The Offer*) of this Prospectus.

(5) Under the Pre-IPO Reorganisation as described in Section 4 (*Group Structure and Reorganisation*) of Part XVII (*Additional Information*) of this Prospectus, Shareholder Loan Notes of £132.2 million plus accrued but unpaid interest thereon of £7.4 million as at 28 December 2014 will be capitalised and then exchanged for Shares.

PART XV

TAXATION

A. UNITED KINGDOM TAX CONSIDERATIONS

The following is a summary of certain United Kingdom tax considerations relating to an investment in the Shares.

The statements set out below are based on current United Kingdom law and published HMRC practice (which may not be binding on HMRC), as at the date of this Prospectus, and which may be subject to change, possibly with retroactive effect. They are intended as a general guide and apply only to Shareholders resident and, in the case of an individual, domiciled in (and only in) the United Kingdom for United Kingdom tax purposes (except insofar as express reference is made to the treatment of non-United Kingdom residents), who hold Shares as an investment (other than under an individual savings account) and who are the absolute beneficial owners of the Shares and any dividends paid on them. The discussion does not address all possible tax consequences relating to an investment in the Shares. The statements are not addressed to: (i) special classes of Shareholders such as, for example, dealers in securities, broker dealers, intermediaries, insurance companies and collective investment schemes; (ii) Shareholders who hold Shares as part of hedging transactions; (iii) Shareholders who have (or are deemed to have) acquired their Shares by virtue of an office or employment; and (iv) Shareholders who hold Shares in connection with a trade, profession or vocation carried on in the United Kingdom through a branch or agency (or, in the case of a corporate shareholder, in connection with a trade in the UK carried on through a permanent establishment or otherwise).

1. DIVIDENDS

Under United Kingdom tax legislation, the Company is not required to withhold amounts on account of United Kingdom tax at source from dividend payments it makes.

1.1 Individuals

Individual Shareholders resident for tax purposes in the UK should generally be entitled to a tax credit in respect of any dividend received equal to 10% of the total of the dividend payment and the tax credit (the "**gross dividend**") or one-ninth of the cash dividend received.

An individual shareholder's liability to income tax will be calculated on the gross dividend. This will be regarded as the top slice of the individual's income and will be subject to United Kingdom income tax at the rates described below.

The tax credit will be available to set against an individual Shareholder's liability (if any) to income tax on the gross dividend.

UK resident individual Shareholders liable to income tax at no more than the basic rate will be liable to income tax on dividend income received at the rate of 10% of the gross dividend. This means that the tax credit will satisfy in full the individual Shareholder's liability to pay income tax on the dividend received.

The rate of income tax applied to dividends received by a UK resident individual Shareholder liable to income tax at the higher rate will be 32.5%. In the case of a dividend received by an individual shareholder liable to income tax at the additional rate, the rate of income tax will be 37.5%. After taking into account the 10% tax credit, a higher rate taxpayer will be liable to additional income tax of 22.5% of the gross dividend, equal to 25% of the net dividend and an additional rate taxpayer will be liable to additional income tax of 27.5% of the gross dividend (equal to approximately 30.6% of the net dividend).

For example, a UK resident individual Shareholder receiving a dividend of £90 would receive a tax credit of £10. The gross dividend (the cash dividend plus the tax credit) would be £100. If the shareholder is a higher rate taxpayer, he would be taxed on the dividend at £32.50 (32.5% of £100) but can set against this the tax credit of £10. This leaves tax to pay of £22.50, which is 25% of the £90 dividend received.

UK resident individual Shareholders who are not liable to United Kingdom income tax in respect of the gross dividend will not be entitled to reclaim any part of the tax credit.

Trustees who are liable to United Kingdom income tax at the rate applicable to trusts (currently 45%) will pay tax on the gross dividend at the dividend trust rate of 37.5% against which they can set the tax credit.

To the extent that the tax credit exceeds the trustees' liability to account for income tax the trustees will have no right to claim repayment of the tax credit.

1.2 Corporate Shareholders

A corporate Shareholder resident for tax purposes in the UK will be subject to corporation tax on dividends paid by the Company, unless (subject to special rules for such Shareholders that are small companies) the dividends fall within an exempt class and certain other conditions are met. Each Shareholder's position will depend on its own individual circumstances, although it would normally be expected that the dividends paid by the Company would fall within an exempt class. Such Shareholders will not be able to claim repayment of tax credits attaching to dividends. Where a dividend does not qualify for exemption the tax credit attaching to the dividend payment is not available for set off against the Shareholder's corporation tax liability. Shareholders within the charge to corporation tax should consult their own professional advisers.

1.3 Pension funds and other exempt persons

United Kingdom pension funds and charities are generally exempt from tax on dividends which they receive but they are not entitled to claim repayment of the tax credit.

1.4 Non-residents

Shareholders who are not resident in the UK for tax purposes should consult their own advisers concerning their tax liabilities on dividends received. They should note that they will not generally be entitled to claim payment of any part of their tax credit from HMRC under any double taxation treaty or otherwise or such claim may be negligible.

2. CHARGEABLE GAINS

Shareholders who are resident in the UK for tax purposes and who dispose (or are deemed to dispose) of their Shares at a gain will ordinarily be liable to United Kingdom taxation on chargeable gains, subject to any available exemptions or reliefs. The gain will usually be calculated as the difference between the sale proceeds and any allowable costs and expenses, including the original acquisition cost of the Shares.

Shareholders who are not resident in the UK for tax purposes but who carry on a trade, profession or vocation in the UK through a permanent establishment, branch or agency in the UK may be liable to United Kingdom taxation on chargeable gains on any gain on a disposal of their Shares, if those Shares are or have been held, used or acquired for the purposes of that trade, profession or vocation or for the purposes of that permanent establishment, branch or agency.

If an individual Shareholder ceases to be resident in the UK and subsequently disposes of Shares, in certain circumstances any gain on that disposal may be liable to United Kingdom capital gains tax upon that Shareholder becoming once again resident in the UK, subject to any available exemptions or reliefs.

3. INHERITANCE TAX

Shares will be assets situated in the UK for the purposes of United Kingdom inheritance tax. A gift of such assets by, or the death of, an individual holder of such assets may (subject to certain exemptions and reliefs) give rise to a liability to United Kingdom inheritance tax, even if the holder is neither domiciled in the UK nor deemed to be domiciled there under certain rules relating to long residence or previous domicile.

4. STAMP DUTY AND STAMP DUTY RESERVE TAX ("SDRT")

The statements below are intended as a general guide to the current United Kingdom position. They do not apply to certain intermediaries who are not liable to stamp duty or SDRT, or to persons connected with depositary arrangements or clearance services, who may be liable at a higher rate.

(i) The allocation and issue of the new Shares will not give rise to a liability to stamp duty or SDRT.

(ii) Any subsequent conveyance or transfer on sale of Shares will usually be subject to stamp duty on the instrument of transfer at a rate of 0.5% of the amount or value of the consideration (rounded up, if necessary, to the nearest £5). An exemption from stamp duty is available on an instrument transferring Shares where the amount or value of the consideration is £1,000 or less, and it is certificated on the instrument that the transaction effected by the instrument does not form part of a larger transaction or series of transactions for which the aggregate amount or value of the consideration exceeds £1,000. A charge to SDRT at the rate of 0.5% of the amount or value of the consideration will arise in relation to an unconditional agreement to transfer such Shares. However, where within six years of the date of the agreement (or, if the agreement was conditional, the date the agreement became unconditional) an instrument of transfer is executed pursuant to the agreement and stamp duty is paid on that instrument, any liability to SDRT will be cancelled or repaid.

(iii) A transfer of shares effected on a paperless basis through CREST (where there is a change in the beneficial ownership of the shares) will generally be subject to SDRT at the rate of 0.5% of the amount or value of the consideration given.

The Selling Shareholders have agreed to meet any liability to stamp duty or SDRT on the transfer of, or agreement to transfer, Existing Shares sold by the Selling Shareholders under the Offer.

Any person who is in any doubt as to his or her taxation position or who is liable to taxation in any jurisdiction other than the United Kingdom should consult his or her professional advisers.

B. CERTAIN UNITED STATES FEDERAL INCOME TAX CONSEQUENCES

The following discussion describes certain United States federal income tax consequences of the ownership of Shares of the Company as of the date hereof. The discussion set forth below is applicable only to United States Holders (as defined below) who hold such Shares as capital assets (generally, property held for investment). As used herein, the term "United States Holder" means a holder of a Share that is for United States federal income tax purposes:

- an individual citizen or resident of the United States;
- a corporation (or other entity treated as a corporation for United States federal income tax purposes) created or organised in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate the income of which is subject to United States federal income taxation regardless of its source; or
- a trust if it (1) is subject to the primary supervision of a court within the United States and one or more United States persons have the authority to control all substantial decisions of the trust or (2) has a valid election in effect under applicable United States Treasury regulations to be treated as a United States person.

This discussion does not represent a detailed description of the United States federal income tax consequences applicable to prospective investors that are subject to special treatment under the United States federal income tax laws, including:

- a dealer in securities or currencies;
- a financial institution;
- a regulated investment company;
- a real estate investment trust;
- an insurance company;
- a tax-exempt organisation;
- a person holding the Shares as part of a hedging, integrated or conversion transaction, a constructive sale or a straddle;
- a trader in securities that has elected the mark-to-market method of accounting for its securities;
- a person liable for alternative minimum tax;
- a person who owns or is deemed to own 10% or more of the voting stock of the Company;
- a partnership or other pass-through entity for United States federal income tax purposes; or
- a person whose "functional currency" is not the United States dollar.

The discussion below is based upon the provisions of the Internal Revenue Code of 1986, as amended (the "Code"), and regulations, rulings and judicial decisions thereunder as of the date hereof, and such authorities may be replaced, revoked or modified so as to result in United States federal income tax consequences different from those discussed below.

If an entity that is classified as a partnership for United States federal income tax purposes holds the Shares, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. Partnerships holding the Shares should consult their tax advisors regarding the tax consequences to their partners of acquiring, owning and disposing of such Shares.

This discussion does not contain a detailed description of all the United States federal income tax consequences to each prospective investor in light of its particular circumstances and does not address the effects of any state, local or non-United States tax laws. It also does not address the federal estate and gift tax or the Medicare contribution tax on United States Holders**. Prospective investors considering the purchase, ownership or disposition of Shares should consult their own tax advisors concerning the United States federal income tax consequences in light of their own particular situation as well as any consequences arising under the laws of any other taxing jurisdiction.**

1. TAXATION OF DIVIDENDS

The gross United States dollar value of distributions on the Shares (including any amounts withheld to reflect United Kingdom withholding taxes) will be taxable as dividends to the extent paid out of the Company's current or accumulated earnings and profits, as determined under United States federal income tax principles. Such income (including any withheld taxes) will be includable in gross income as ordinary income on the day actually or constructively received. Such dividends will not be eligible for the dividends received deduction generally allowed to United States corporations under the Code where such corporations receive dividends from other United States corporations. Investors should consult their own tax advisors concerning how to calculate the United States dollar value of payments and any potential foreign currency gain or loss in connection with the disposition of amounts received in pounds sterling.

To the extent the amount of any distribution exceeds the Company's current and accumulated earnings and profits for a taxable year, as determined under United States federal income tax principles, the distribution will first be treated as a tax-free return of capital, causing a reduction in the adjusted basis of the Shares, and to the extent the amount of the distribution exceeds a United States Holder's tax basis, the excess will be taxed as capital gain recognised on a sale or exchange. The Company does not expect to determine earnings and profits in accordance with United States federal income tax principles. Therefore, a United States Holder should expect that a distribution will generally be treated as a dividend.

With respect to non-corporate United States Holders, certain dividends received from a qualified foreign corporation may be subject to reduced rates of taxation. A qualified foreign corporation includes a foreign corporation that is eligible for the benefits of a comprehensive income tax treaty with the United States which the United States Treasury Department determines to be satisfactory for these purposes and which includes an exchange of information provision. The United States Treasury Department has determined that the current income tax treaty between the United States and the United Kingdom meets these requirements, and the Company believes it is eligible for the benefits of such treaty. However, non-corporate holders that do not meet a minimum holding period requirement during which they are not protected from a risk of loss or that elect to treat the dividend income as "investment income" pursuant to section 163(d)(4) of the Code will not be eligible for the reduced rates of taxation. In addition, the rate reduction will not apply to dividends if the recipient of a dividend is obligated to make related payments with respect to positions in substantially similar or related property. This disallowance applies even if the minimum holding period has been met. A prospective investor should consult its own tax advisors regarding the application of these rules to its particular circumstances.

2. PASSIVE FOREIGN INVESTMENT COMPANY

The Company does not believe that it was, for its most recent prior taxable year, or is, for United States federal income tax purposes, a passive foreign investment company (a "**PFIC**"), and it expects to operate in such a manner so as not to become a PFIC. However, the determination of whether the Company is a PFIC is made annually. Accordingly, it is possible that the Company may become a PFIC in the current or any future taxable year due to changes in its asset or income composition. If the Company is or becomes a PFIC, a United States Holder could be subject to materially greater amounts of United States federal income taxes on gain recognised with respect to the Shares and on certain distributions, plus an interest charge on certain taxes treated as having been deferred under the PFIC rules. Non-corporate United States Holders will not be eligible for reduced rates of taxation on any dividends received from the Company if the Company is a PFIC in the taxable year in which such dividends are paid or in the preceding taxable year.

3. TAXATION OF CAPITAL GAINS

For United States federal income tax purposes, a United States Holder will recognise taxable gain or loss on any sale or exchange of a Share in an amount equal to the difference between the amount realised for the Share and its tax basis in the Share, both as determined in United States dollars. Such gain or loss will generally be capital gain or loss. Capital gains of non-corporate United States Holders (including individuals) derived with respect to capital assets held for more than one year are eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations. Any gain or loss recognised will generally be treated as United States source gain or loss. Investors should consult their own tax advisors concerning any potential foreign currency gain or loss in connection with the sale, exchange or other disposition of the Shares for a cash amount paid in pounds sterling or other non-United States currency.

4. INFORMATION REPORTING AND BACKUP WITHHOLDING

In general, information reporting will apply to dividends in respect of the Shares and the proceeds from the sale, exchange or redemption of the Shares that are paid within the United States (and in certain cases, outside the United States), unless the United States Holder is an exempt recipient. A backup withholding tax may apply to such payments if a United States Holder fails to provide a taxpayer identification number or certification of other exempt status or fails to report in full dividend and interest income.

Any amounts withheld under the backup withholding rules will be allowed as a credit against a United States Holder's United States federal income tax liability or as a refund, provided the required information is timely furnished to the IRS.

United States Holders should consult their tax advisors about any reporting or filing obligations that may result from their acquisition, ownership and disposition of the Shares. Failure to comply with certain reporting obligations could result in the imposition of substantial penalties.

PART XVI

THE OFFER

1. SUMMARY OF THE OFFER AND USE OF PROCEEDS

The Offer comprises an offer of 590,000,000 Shares comprising 195,893,193 New Shares and 394,106,807 Existing Shares (assuming that there is no exercise of the Over-allotment Option).

The Offer is being made to certain institutional and professional investors in the UK and elsewhere outside the United States in accordance with Regulation S and in the United States only to persons reasonably believed to QIBs in reliance on Rule 144A of the Securities Act or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

All Shares issued or sold pursuant to the Offer are being issued or sold at the Offer Price.

On Admission, the Company will have available to it, in aggregate, £1,026.0 million ("**Available Funds**") from the following funding sources:

(i) net proceeds from the Offer of £437.0 million (through the issue of New Shares), after deducting underwriting costs and other fees and expenses of the Offer expected to be approximately £23.3 million (excluding VAT);

(ii) £540.6 million of term debt under the New Facilities Agreement, having drawn down £550.0 million and paid debt issue costs of £9.4 million; and

(iii) £48.4 million from its existing available cash.

Conditional on and with effect from Admission, Shareholder Loan Notes of £142.7 million (representing principal and accrued but unpaid interest thereon) will be capitalised and then exchanged for 60,714,318 Shares as part of the Pre-IPO Reorganisation, as set out in Section 4 (*Group Structure and Reorganisation*) of Part XVII (*Additional Information*) of this Prospectus.

The Company intends to use the Available Funds to facilitate the "**Refinancing**", being the repayment of £1,026.0 million. Out of this total: (i) £632.0 million represents balances outstanding under the Existing Syndicated Bank Loans Agreement; (ii) £358.4 million represents the principal outstanding under the Existing GSMP Junior Debt Agreement; (iii) £32.8 million represents the repayment of amounts outstanding in respect of an early repayment premium and interest payable on both the Existing Junior Debt and the Existing Senior Debt; and (iv) as a result of repayment of the Existing Debt, £2.8 million represents the outstanding interest rate swap that will also be terminated.

Through the sale of Existing Shares pursuant to the Offer, the Company expects the Selling Shareholders to raise gross proceeds of £926.2 million, assuming there is no exercise of the Over-allotment Option.

Immediately following Admission, in excess of 25% of the Company's issued ordinary share capital will be held in public hands.

The Offer is, subject to certain conditions, fully underwritten by the Underwriters in accordance with the terms of the Underwriting Agreement summarised in Section 11.1 (*Underwriting Agreement*) of Part XVII *(Additional Information)* of this Prospectus.

Certain restrictions that apply to the distribution of this Prospectus and the Shares being issued or sold in jurisdictions outside the UK are described in Section 10 (*Transfer and Selling Restrictions*) of this Part XVI (*The Offer*).

The Offer is conditional on, amongst other things:

(a) the Underwriting Agreement becoming unconditional (save for Admission) and not having been terminated in accordance with its terms prior to Admission; and

(b) Admission having occurred by not later than 8.00 a.m. (London time) on 24 March 2015 (or such later time and/or date as the Joint Global Coordinators and the Company may agree, being not later than 9 April 2015).

When admitted to trading, the Shares will be registered with ISIN number GB00BVYVFW23 and SEDOL number BVYVFW2, and will trade under the symbol "AUTO". Admission is expected to take place and unconditional dealings in the Shares are expected to commence on the London Stock Exchange at 8.00 a.m. on 24 March 2015.

The Company, the Selling Shareholders and the Underwriters expressly reserve the right to determine, at any time prior to Admission, not to proceed with the Offer. If such right is exercised, the Offer will lapse and any monies received in respect of the Offer will be returned to investors without interest.

The rights attaching to the Shares issued or sold pursuant to the Offer, including any Shares sold pursuant to the Over-allotment Option, will be uniform in all respects, including the right to vote and the right to receive all dividends and other distributions declared, made or paid in respect of the Company's share capital after Admission. The Shares will, immediately on and from Admission, be freely transferable under the Articles.

2. REASONS FOR THE OFFER

The Directors believe that the Offer and Admission will position Auto Trader for the next stage of its development, by further raising the profile of the Group and providing an appropriate capital structure for future growth.

3. ALLOCATIONS UNDER THE OFFER

Participants in the Offer will be advised verbally or by electronic mail of their allocation as soon as practicable following allocation. Upon notification of any allocation, prospective investors will be contractually committed to acquire the number of Shares allocated to them at the Offer Price and, to the fullest extent permitted by law, will be deemed to have agreed not to exercise any rights to rescind or terminate, or otherwise withdraw from, such commitment.

4. DEALING ARRANGEMENTS

Application has been made to the FCA, in its capacity as the UK Listing Authority, for all of the Shares (including the Over-allotment Shares) to be admitted to the premium listing segment of the Official List and to the London Stock Exchange for those Shares to be admitted to trading on the main market for listed securities of the London Stock Exchange. It is expected that dealings in the Shares will commence on a conditional basis on the London Stock Exchange at 8:00 a.m. on 19 March 2015. The earliest date for settlement of such dealings will be 24 March 2015. It is expected that Admission will become effective and that unconditional dealings in the Shares will commence on the London Stock Exchange at 8:00 a.m. on 24 March 2015. All dealings in Shares prior to the commencement of unconditional dealings will be on a "when-issued basis" and be of no effect if Admission does not take place, and such dealings will be at the sole risk of the parties concerned.

Pricing information will be published on the Company's website at www.autotrader.co.uk on 19 March 2015.

Each investor will be required to undertake to pay the Offer Price for the Shares sold or issued to such investor in such manner as shall be directed by the Joint Global Co-ordinators.

It is expected that Shares allocated to investors in the Offer will be delivered in uncertificated form and settlement will take place through CREST on Admission. No temporary documents of title will be issued. Dealings in advance of crediting of the relevant CREST stock account shall be at the risk of the person concerned.

5. OVER-ALLOTMENT AND STABILISATION

In connection with the Offer, Deutsche Bank (as Stabilising Manager), or any of its agents, may (but will be under no obligation to), to the extent permitted by applicable law and for stabilisation purposes, over-allot Shares up to a total of 15% of the total number of Shares comprised in the Offer or effect other transactions with a view to supporting the market price of the Shares at a higher level than that which might otherwise prevail in the open market. The Stabilising Manager is not required to enter into such transactions and such transactions may be effected on any securities market, over-the-counter market, stock exchange or otherwise and may be undertaken at any time during the period commencing on the date of the conditional dealings in the Shares on the London Stock Exchange and ending no later than 30 calendar days thereafter. Such stabilisation, if commenced, may be discontinued at any time without prior notice. In no event will measures be taken to stabilise the market price of the Shares above the Offer Price. Except as required by law or regulation, neither the Stabilising Manager nor any of its agents intends to disclose the extent of any over-allotments made and/or stabilisation transactions conducted in relation to the Offer.

For the purposes of allowing the Stabilising Manager to cover short positions resulting from any such over-allotment and/or from sales of Shares effected by it during the stabilising period, it has entered into the Over-allotment Option with the Over-allotment Shareholders pursuant to which it may purchase, or procure purchasers for the Over-allotment Shares (representing up to 15% of the total number of Shares comprised in the Offer and before any utilisation of the Over-allotment Arrangements) at the Offer Price. The Over-allotment Option may be exercised in whole or in part upon notice by the Stabilising Manager at any time on or before the 30th calendar day after the commencement of conditional dealings in the Shares on the London Stock Exchange. Any Over-allotment Shares made available pursuant to the Over-allotment Option will be made available on the same terms and conditions as Shares being offered pursuant to the Offer and will rank *pari passu* in all respects with, and form a single class with, all other Shares (including for all dividends and other distributions declared, made or paid on the Shares).

For further details regarding the Over-allotment Option, please refer to Section 11.1 (*Underwriting Agreement*) of Part XVII (*Additional Information*) of this Prospectus.

6. STOCK LOAN AGREEMENT

In connection with the arrangements detailed in Section 5 (*Over-allotment and Stabilisation*) of Part XVI (*The Offer*) of this Prospectus, the Stabilising Manager has entered into a Stock Loan Agreement with the Over-allotment Shareholders, pursuant to which the Stabilising Manager will be able to borrow, from the Over-allotment Shareholders free of charge, Shares on Admission up to an amount equal to 15% of the total number of Shares comprised in the Offer for the purposes, amongst other things, of allowing the Stabilising Manager to settle, at Admission, over-allocations, if any, made in connection with the Offer. If the Stabilising Manager borrows any Shares pursuant to the Stock Loan Agreement it will be required to return equivalent securities to the Over-allotment Shareholders by no later than two Business Days following the Stabilisation End Date.

7. CREST

CREST is a paperless settlement system allowing securities to be transferred from one person's CREST account to another's without the need to use share certificates or written instruments of transfer. On Admission, the Articles will permit the holding of Shares under the CREST system. The Company has applied for the Shares to be admitted to CREST with effect from Admission. Accordingly, settlement of transactions in the Shares following Admission may take place within the CREST system if any Shareholder so wishes. CREST is a voluntary system and holders of Shares who wish to receive and retain share certificates will be able to do so.

8. UNDERWRITING ARRANGEMENTS

The Company, the Directors, the Selling Shareholders, the Over-allotment Shareholders and the Underwriters have entered into the Underwriting Agreement pursuant to which, on the terms and subject to certain conditions contained in the Underwriting Agreement (which are customary in agreements of this nature), the Underwriters have agreed to (i) use reasonable endeavours to procure subscribers or purchasers, as the case may be, for the Shares comprising the Offer or, failing which, to (ii) subscribe for or purchase, as the case may be, such Shares themselves, at the Offer Price.

The Offer is conditional upon, amongst other things, Admission occurring not later than 8 a.m. on 24 March 2015 (or such later date and time as the Company may agree with the Joint Global Coordinators, being not later than 9 April 2015) and the Underwriting Agreement becoming unconditional in all respects and not having been terminated in accordance with its terms.

The Underwriting Agreement provides for the Underwriters to be paid a fee in respect of the Shares comprising the Offer. Any fees received by the Underwriters may be retained and any Shares acquired by them may be retained or dealt in, by them, for their own benefit.

Under the terms and conditions of the Underwriting Agreement, the Sponsor has agreed to provide certain assistance to the Company in connection with Admission.

Further details of the terms of the Underwriting Agreement are set out in Section 11.1 (*Underwriting Agreement*) of Part XVII (*Additional Information*) of this Prospectus.

9. LOCK-UP ARRANGEMENTS

Pursuant to the Underwriting Agreement, the Company has agreed that, subject to certain customary exceptions, for a period of 180 days from the date of Admission, neither it nor any member of its Group will, without the prior written consent of the Joint Global Coordinators, directly or indirectly, issue, offer, allot, lend, mortgage, assign, charge, pledge, sell or contract to sell or issue options in respect of, or otherwise dispose of, directly or indirectly, or announce an offering or issue of, any Shares (or any interest therein or in respect thereof) or any other securities exchangeable for, or convertible into, or substantially similar to, Shares or enter into any transaction with the same economic effect as any of the foregoing.

Pursuant to the Underwriting Agreement, each of the Selling Shareholders has agreed that, subject to certain customary exceptions, for a period of 360 days from the date of Admission, they will not, without the prior written consent of the Joint Global Coordinators, directly or indirectly, offer, issue, lend, mortgage, assign, charge, pledge, sell or contract to sell, issue options in respect of, or otherwise dispose of, directly or indirectly, or announce an offering or issue of any Shares (or any interest therein or in respect thereof) or any other securities exchangeable for, or convertible into, or substantially similar to, Shares or enter into any transaction with the same economic effect as any of the foregoing.

Pursuant to the Underwriting Agreement, each of the Directors has agreed that, subject to certain customary exceptions, for a period of 360 days from Admission, he will not, without the prior written consent of the Joint Global Coordinators, directly or indirectly, offer, issue, lend, mortgage, assign, charge, pledge, sell or contract to sell, issue options in respect of, or otherwise dispose of, directly or indirectly, or announce an offering or issue of any Shares (or any interest therein or in respect thereof) or any other securities exchangeable for, or convertible into, or substantially similar to, Shares held by him immediately after Admission or any Shares which accrue to him as a result of such holding or enter into any transaction with the same economic effect as any of the foregoing.

The Senior Managers will enter into separate lock-up undertakings for a period of 360 days from the date of Admission, on substantially the same terms as those given by the Directors in the Underwriting Agreement.

Each member of the operational leadership team (save for the Senior Managers) has agreed that subject to certain customary exceptions, for a period of 360 days from the date of Admission, he/she will not, without the prior written consent of the Company, directly or indirectly, offer, issue, lend, mortgage, assign, charge, pledge, sell or contract to sell, issue options in respect of, or otherwise dispose of, directly or indirectly, or announce an offering or issue of any Shares (or any interest therein or in respect thereof) or any other securities exchangeable for, or convertible into, or substantially similar to, Shares held by him/her immediately after Admission or any Shares which accrue to him/her as a result of such holding or enter into any transaction with the same economic effect as any of the foregoing.

10. TRANSFER AND SELLING RESTRICTIONS

The distribution of this Prospectus and the offer of Shares in certain jurisdictions may be restricted by law and therefore persons into whose possession this Prospectus comes should inform themselves about and observe any restrictions, including those set out in the paragraphs that follow. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

No action has been or will be taken in any jurisdiction (other than the UK) that would permit a public offering of the Shares, or possession or distribution of this Prospectus or any other offering material in any country or jurisdiction where action for that purpose is required. Accordingly, the Shares may not be offered or sold, directly or indirectly, and neither this Prospectus nor any other offering material or advertisement in connection with the Shares may be distributed or published, in or from any country or jurisdiction except in circumstances that will result in compliance with any and all applicable rules and regulations of any such country or jurisdiction. Persons into whose possession this Prospectus comes should inform themselves about and observe any restrictions on the distribution of this Prospectus and the Offer. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. This Prospectus does not constitute an offer to subscribe for or purchase any of the Shares offered hereby to any person in any jurisdiction to whom it is unlawful to make such offer or solicitation in such jurisdiction.

No Shares have been marketed to, or are available for purchase in whole or in part by, the public in the UK and elsewhere in connection with the Offer. This document does not constitute a public offer in the UK to subscribe for or the purchase of any securities in the Company or any other entity.

10.1 United States

The Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States, and, subject to certain exceptions, may not be offered or sold within the United States. Accordingly, the Shares may only be offered and sold: (a) through the respective United States registered broker-dealer affiliates of the Underwriters to persons reasonably believed to be QIBs either reliance on Rule 144A or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the Securities Act; and (b) outside the United States in offshore transactions in reliance on Regulation S.

In addition, until 40 days after the commencement of the Offer, an offer or sale of Shares within the United States by any dealer (whether or not participating in the Offer) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

The Underwriting Agreement provides that the Underwriters may directly, or through their respective United States registered broker-dealer affiliates arrange for the offer and resale of Shares within the United States only to QIBs in reliance on Rule 144A or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

Rule 144A transfer restrictions

Each investor in Shares in the United States will be deemed to have represented and agreed that it has received a copy of this Prospectus and such other information as it deems necessary to make an investment decision and that:

(a) it is (A) a QIB; (B) acquiring the Shares for its own account or for the account of one or more QIBs with respect to whom it has the authority to make, and does make, the representations and warranties set forth in this Section 12.1; (C) acquiring the Shares for investment purposes, and not with a view to further distribution of such Shares; and (D) aware, and each beneficial owner of the Shares has been advised, that the sale of the Shares to it is being made in reliance on Rule 144A or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the Securities Act;

(b) it understands and agrees that the Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state, territory or other jurisdiction of the United States and may not be offered, resold, pledged or otherwise transferred, except (A): (1) to a person whom the investor and any person acting on its behalf reasonably believes is a QIB purchasing for its own account or for the account of a QIB in a transaction meeting the requirements of Rule 144A; (2) in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S; (3) pursuant to an exemption from the registration requirements of the Securities Act provided by Rule 144 thereunder (if available); or (4) pursuant to an effective registration statement under the Securities Act; and (B) in accordance with all applicable securities laws of any state, territory or other jurisdiction of the United States;

(c) it acknowledges that the Shares (whether in physical, certificated form or in uncertificated form held in CREST) are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, that the Shares are being offered and sold in a transaction not involving any public offering in the United States within the meaning of the Securities Act and that no representation is made as to the availability of the exemption provided by Rule 144 under the Securities Act for resales of Shares;

(d) it understands that in the event Shares are held in certificated form, such certificated Shares will bear a legend substantially to the following effect:

    "THE SECURITY EVIDENCED HEREBY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), ANY STATE SECURITIES LAWS OF THE UNITED STATES OR THE SECURITIES LAWS OF ANY OTHER JURISDICTION AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED, EXCEPT: (A) IN A TRANSACTION IN ACCORDANCE WITH RULE 144A UNDER THE SECURITIES ACT ("RULE 144A") TO A PERSON THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A; (B) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH

RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT; (C) PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE); OR (D) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT FOR RESALES OF THIS SECURITY. EACH INVESTOR IN THIS SECURITY IS HEREBY NOTIFIED THAT THE SELLER OF THIS SECURITY MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER AND EACH INVESTOR WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY INVESTOR IN THIS SECURITY FROM IT OF THE RESALE RESTRICTIONS REFERRED TO ABOVE. EACH HOLDER, BY ITS ACCEPTANCE OF THIS SECURITY, REPRESENTS THAT IT UNDERSTANDS AND AGREES TO THE FOREGOING RESTRICTIONS";

(e) notwithstanding anything to the contrary in the foregoing, it understands that Shares may not be deposited into an unrestricted depository receipt facility in respect of Shares established or maintained by a depository bank unless and until such time as such Shares are no longer "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act;

(f) any resale made other than in compliance with the above stated restrictions shall not be recognised by the Company;

(g) it agrees that it will give to each person to whom it transfers Shares notice of any restrictions on transfer of such Shares; and

(h) it acknowledges that the Company, the Underwriters and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of such acknowledgements, representations or agreements deemed to have been made by virtue of its purchase of Shares are no longer accurate, it will promptly notify the Company, and if it is acquiring any Shares as a fiduciary or agent for one or more QIBs, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

Regulation S transfer restrictions

Each investor in Shares outside the United States in accordance with Regulation S will be deemed to have represented, agreed and acknowledged that it has received a copy of this Prospectus and such other information as it deems necessary to make an investment decision and that:

(a) it is authorised to consummate the purchase of the Shares in compliance with all applicable laws and regulations;

(b) it acknowledges (or if it is a broker-dealer acting on behalf of a customer, its customer has confirmed to it that such customer acknowledges) that the Shares have not been, and will not be, registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States;

(c) it and the person, if any, for whose account or benefit the investor is acquiring the Shares is purchasing the Shares in an offshore transaction meeting the requirements of Regulation S; and

(d) the Company, the Underwriters and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of such acknowledgements, representations or agreements deemed to have been made by virtue of its purchase of Shares are no longer accurate, it will promptly notify the Company, and if it is acquiring any Shares as a fiduciary or agent for one or more accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

10.2 Australia

This Prospectus has not been, and will not be, lodged with the Australian Securities and Investments Commission as a disclosure document under Chapter 6D of the Australian Corporations Act 2001 (the "**Corporations Act**"). This Prospectus does not purport to include the information required of a disclosure document under Chapter 6D of the Corporations Act. Accordingly, this Prospectus and any other document or material in connection with the Offer, or invitation for subscription or purchase, of Shares must not be issued or distributed directly or indirectly in or into Australia, and no Shares may be offered for sale (or transferred, assigned or otherwise alienated) to investors in Australia for at least 12 months after their issue, except in circumstances where disclosure to investors is not required under part 6D.2 of the Corporations Act.

Each investor acknowledges the above and, by applying for Shares under this Prospectus, gives an undertaking to the Company not to offer, sell, transfer, assign or otherwise alienate those securities to persons in Australia (except in the circumstances referred to above) for 12 months after their issue.

10.3 Japan

The Shares offered hereby have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended) (the "**Financial Instruments and Exchange Act**"). Accordingly, no Shares will be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

10.4 United Kingdom

In the United Kingdom, this Prospectus is distributed only to, and is directed only at, qualified investors (as defined in the Prospectus Directive) who are: (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Order**"); (ii) high net worth entities falling within Article 49(2)(a) to (d) of the Order; or (iii) persons to whom it may otherwise lawfully be communicated (all such persons together being referred to as "**Relevant Persons**"). This Prospectus must not be acted on or relied on in the United Kingdom by persons who are not Relevant Persons. Any investment or investment activity to which this Prospectus relates is available only to Relevant Persons in the UK and will be engaged in only with such persons.

10.5 EEA

In relation to each Relevant Member State, an offer to the public of any Shares may not be made in that Relevant Member State, except that an offer to the public in that Relevant Member State of any Shares may be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

(a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) per Relevant Member State, subject to obtaining the prior consent of the Underwriters; or

(c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Shares shall result in a requirement for the Company or any Underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Directive or a supplemental prospectus pursuant to Article 16 of the Prospectus Directive and each person who initially acquires any Shares or to whom any offer is made will be deemed to have represented, warranted and agreed that it is a "qualified investor" within the meaning of Article 2(1)(e) of the Prospectus Directive.

For the purposes of this provision, the expression "an offer to the public" in relation to any Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the Offer and any Shares to be offered so as to enable an investor to decide to subscribe for or purchase any Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State.

10.6 DIFC

This Prospectus relates to an Exempt Offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority ("**DFSA**"). This Prospectus is intended for distribution to persons of a type specified in the Offered Securities Rules of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this Prospectus nor taken steps to verify the information set forth herein and has no responsibility for this Prospectus. The Shares to which this Prospectus relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the Shares offered should conduct their own due diligence on the Shares. If you do not understand the contents of this Prospectus you should consult an authorized financial advisor.

10.7 Switzerland

The Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange ("**SIX**") or on any other stock exchange or regulated trading facility in Switzerland. This Prospectus has been prepared without regard to the disclosure standards for issuance prospectuses under art, 652a or art, 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art.27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this Prospectus nor any other offering or marketing material relating to the Shares or the Offer may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this Prospectus nor any other offering or marketing material relating to the Offer, the Company or the Shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this Prospectus will not be filed with, and the offer of Shares will not be supervised by, the Swiss Financial Market Supervisory Authority ("**FINMA**"), and the offer of Shares has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes ("**CISA**"). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of Shares.

10.8 Hong Kong

This Prospectus has not been delivered for registration to the Registrar of Companies in Hong Kong and its contents have not been approved by any regulatory authority in Hong Kong. Accordingly the Shares have neither been offered or sold nor will be offered or sold in Hong Kong, by means of any document, other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (**"SFO"**), and any rules made under that Ordinance; or (b) in other circumstances which do not result in this document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and no advertisement, invitation or document relating to the Shares has been or will be issued, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under that Ordinance.

11. TERMS AND CONDITIONS OF THE OFFER

These terms and conditions apply to investors agreeing to subscribe for New Shares and/or purchase Existing Shares under the Offer. Each investor agrees with each of the Company, the Selling Shareholders and the Underwriters to be bound by these terms and conditions as being the terms and conditions upon which Shares will be issued and/or sold under the Offer.

11.1 Agreement to acquire Shares

Conditional on (i) Admission occurring on or prior to 8 a.m. on 24 March 2015 (or such later date as the Joint Global Coordinators (on behalf of the Underwriters) and the Company may agree), and (ii) the investor being allocated Shares, each investor agrees to become a member of the Company and agrees to acquire Shares at the Offer Price. To the fullest extent permitted by law, each investor acknowledges and agrees that it will not be entitled to exercise any rights to rescind or terminate or, subject to any statutory rights, to withdraw an application for Shares in the Offer, or otherwise to withdraw from, such commitment.

11.2 Payment for Shares

Each investor undertakes to pay the Offer Price for the Shares issued to or acquired by such investor in such manner as shall be directed by the Joint Global Coordinators (on behalf of themselves and the other Underwriters). In the event of any failure by any investor to pay as so directed by the Joint Global Coordinators, the relevant investor will be deemed thereby to have appointed the Joint Global Coordinators or any nominee of the Joint Global Coordinators to sell (in one or more transactions) any or all of the Shares in respect of which payment will not have been made as directed by the Joint Global Coordinators and indemnifies on demand the Joint Global Coordinators and/or any relevant nominee of the Joint Global Coordinators in respect of any liability for stamp duty and/or SDRT arising in respect of any such sale or sales.

Liability for stamp duty and SDRT is described in Section 4 (*Stamp Duty and Stamp Duty Reserve Tax*) of Part XV (*Taxation*) of this Prospectus.

11.3 Supply and disclosure of information

If the Company or the Joint Global Coordinators (on behalf of themselves and the other Underwriters) or any of their agents request any information about an investor's agreement to subscribe for and/or purchase Shares, such investor must promptly disclose it to them and ensure that such information is complete and accurate in all respects.

11.4 Miscellaneous

(a) The rights and remedies of the Company, the Selling Shareholders and the Underwriters under these terms and conditions are in addition to any rights and remedies which would otherwise be available to them, and the exercise or partial exercise of one will not prevent the exercise of others.

(b) All documents sent by, to, from or on behalf of the investor will be sent at the investor's risk. They may be sent by post to such investor at an address notified to the Joint Global Coordinators (on behalf of themselves and the other Underwriters).

(c) Each investor agrees to be bound by the Articles (as amended from time to time) once the Shares which such investor has agreed to subscribe for and/or purchase have been issued or transferred to such investor.

(d) The contract to subscribe for and/or purchase Shares and the appointments and authorities mentioned herein will be governed by, and construed in accordance with, English law. For the exclusive benefit of the Company, the Selling Shareholders and the Underwriters, each investor irrevocably submits to the exclusive jurisdiction of the English courts in respect of these matters. This does not prevent an action being taken against an investor in any other jurisdiction.

(e) In the case of a joint agreement to subscribe for and/or purchase Shares, references to an investor in these terms and conditions are to each of such investors and any investors' liability is joint and several.

12. WITHDRAWALS

If the Company is required to publish any supplementary prospectus, applicants who have applied for Shares in the Offer shall have at least two clear Business Days following the publication of the relevant supplementary prospectus within which to withdraw their application to acquire Shares in the Offer in its entirety. The right to withdraw an applicable to acquire Shares in the Offer in these circumstances will be available to all investors in the Offer. If the applicable is not withdrawn within the stipulated period, any application to apply for Shares in the Offer will remain valid and binding.

Details of how to withdraw an application will be made available if a supplementary prospectus is published.

13. FTSE ELIGIBILITY

Subject to satisfying the appropriate criteria, the Company may be eligible following completion of the Offer for inclusion in the FTSE UK Index Series at the quarterly review in June 2015.

PART XVII

ADDITIONAL INFORMATION

1. RESPONSIBILITY

The Company and the Directors, whose names appear in Part IX *(Directors, Senior Management and Corporate Governance)* of this Prospectus, accept responsibility for the information contained in this Prospectus. To the best of the knowledge of the Company and the Directors (having taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and contains no omission that is likely to affect its import.

2. CORPORATE HISTORY

The Company was incorporated and registered in England and Wales on 13 February 2015 under the Companies Act as a public limited company with registration number 9439967 and with the name Auto Trader Group plc. On 24 February 2015, the Company was issued with a trading certificate under section 761 of the Companies Act entitling it to commence business.

The liability of the members of the Company is limited.

The Company is domiciled in the UK and its registered office is at 1 Tony Wilson Place, Manchester, M15 4FN, United Kingdom. The telephone number of the Company's registered office is +44 (0) 161 66 99 888.

The principal legislation under which the Company operates, and pursuant to which the share capital of the Company has been created, is the Companies Act and regulations made thereunder. The Shares are denominated in pounds sterling.

3. SHARE CAPITAL

3.1 The share capital history of the Company is as follows:

(a) on incorporation, one ordinary share of £1.00 was allotted and issued, fully paid, as a subscriber share to 470 Limited and subsequently transferred to Crystal B Holdco S.à r.l.;

(b) on 24 February 2015, one redeemable preference share of £49,999 was allotted and issued to Crystal B Holdco S.à r.l. (the "**Redeemable Preference Share**");

(c) by resolutions passed at a general meeting of the sole member of the Company on 18 March 2015, it was resolved that the directors be generally and unconditionally authorised pursuant to and in accordance with section 551 of the Companies Act to allot shares or grant rights to subscribe for or to convert any security into shares up to an aggregate nominal amount of £14.00 and, subject to the allotment and issue of ordinary shares pursuant to such authority, that all the issued ordinary shares be consolidated and divided into Shares. On Admission 14 new ordinary shares of £1.00 each will be allotted and issued by the Company to Crystal B Holdco S.à r.l. and the 15 ordinary shares of £1.00 then in issue will be consolidated and divided into 10 Shares; and

(d) by resolutions passed at a general meeting of the sole member of the Company on 18 March 2015, it was resolved that:

 (i) the directors be generally and unconditionally authorised pursuant to and in accordance with section 551 of the Companies Act to allot Shares or grant rights to subscribe for or to convert any security into Shares:

  (A) up to an aggregate nominal amount of £1,499,999,985;

  (B) following Admission, up to an aggregate nominal amount of £500,000,000, equal to one-third of the Company's share capital on Admission; and

  (C) following Admission, up to an aggregate nominal amount of £1,000,000,000, equal to two-thirds of the Company's share capital on Admission (such amount to be reduced by the extent the authority granted by paragraph 3.1(d)(i)(B) is utilised) in connection with an offer by way of a rights issue to ordinary shareholders in proportion to their existing shareholdings (and holders of any equity securities entitled to participate or as the directors otherwise consider necessary), such authorities to expire in the case of the authority in paragraph 3.1(d)(i)(A) on Admission and in the case of the authorities described in paragraphs 3.1(d)(i)(B) and (C) on the earlier of the conclusion of the first annual general meeting of the Company and the close of business on 30 September 2016 (save that the Company may, before the expiry of such periods, make offers or agreements which would or might require shares to be allotted or rights to be granted after expiry of these authorities, and the directors may allot shares or grant rights in pursuance of any such offer or agreement notwithstanding the authorities conferred have expired);

(ii) the directors be generally empowered to allot equity securities (within the meaning of section 560 of the Companies Act) as if section 561 of the Companies Act did not apply to any such allotment:

(A) pursuant to the authorities granted as described in paragraph 3.1(c) and 3.1(d)(i)(A);

(B) pursuant to the authorities granted as described in paragraphs 3.1(d)(i)(B) and (C), in connection with a pre-emptive offer; and

(C) up to an aggregate nominal amount of £75,000,000, equal to 5% of the Company's share capital on Admission,

such powers to expire in the case of the powers in paragraphs 3.1(c) and 3.1(d)(ii)(A) on Admission and in the case of the powers in 3.1(d)(ii)(B) and (C) on the earlier of the conclusion of the first annual general meeting of the Company and the close of business on 30 September 2016 (save that the Company may, before the expiry of such periods, make offers or agreements which would or might require equity securities to be allotted or rights to be granted after expiry of these powers and the directors may allot equity securities or grant rights in pursuance of any such offer or agreement to subscribe for or convert any security into a share notwithstanding the powers conferred have expired). For the purposes of this paragraph 3.1(d)(ii), a "pre-emptive offer" means an offer of equity securities to ordinary shareholders in proportion to their existing holdings, but subject to such exclusions or other arrangements as the directors may deem necessary or appropriate in relation to treasury shares, fractional entitlements, record dates or legal, regulatory or practical problems in, or under the laws of, any territory;

(iii) conditional upon Admission, the Company be authorised to make market purchases of ordinary shares pursuant to section 701 of the Companies Act, subject to the following conditions:

(A) the maximum number of ordinary shares authorised to be purchased is 100,000,000, equal to 10% of the Company's shares in issue on Admission;

(B) the minimum price which may be paid for an ordinary share is the nominal value of an ordinary share at the time of such purchase;

(C) the maximum price which may be paid for an ordinary share shall be the higher of: (i) an amount equal to 105% of the average of the middle market quotations of an ordinary share as derived from the London Stock Exchange Daily Official List for the five Business Days immediately preceding the day on which an ordinary share is contracted to be purchased; and (ii) an amount equal to the higher of the price of the last independent trade and the highest current independent bid for an ordinary share on the trading venues where the trade is carried out, in each case exclusive of expenses;

(D) the authority shall expire (unless previously revoked, varied or removed) on the earlier of the conclusion of the first annual general meeting of the Company and the close of business on 30 September 2016;

(E) a contract to purchase ordinary shares under this authority may be made prior to the expiry of this authority, and concluded in whole or in part after expiry of this authority; and

(F) any ordinary shares purchased pursuant to this authority may either be held as treasury shares or cancelled by the Company, depending on which course of action is considered by the directors to be in the best interests of shareholders at the time;

(iv) a general meeting other than an annual general meeting may be called on not less than 14 clear days' notice;

(v) conditional upon Admission, the Articles be adopted as the articles of association of the Company in substitution for, and to the exclusion of, the existing articles of association;

(vi) conditional upon Admission and subject to confirmation by the High Court of Justice of England and Wales (the "**Court**"), the nominal value of each ordinary share be reduced from £1.50 to £0.01 and the entire amount standing to the credit of the share premium account and capital redemption reserve of the Company as at 5.00 p.m. (London time) on the day immediately preceding the day on which the Court makes an order confirming the reduction of capital described in Section 4.5 (*Proposed Reduction of Capital*) of this Part XVII (*Additional Information*) be cancelled; and

(vii) the Reorganisation Agreement and the matters set out therein, including the transactions with the Directors, be approved.

3.2 Save as disclosed above, or as set out in Part XIII (*Historical Financial Information*) of this Prospectus, or in Section 4 (*Group Structure and Reorganisation*), Section 7 (*Share Plans, Employee Incentive Schemes and Pensions*) and Section 11.1 (*Underwriting Agreement*) of this Part XVII (*Additional Information*):

(a) no share or loan capital of the Company has, within three years of the date of this Prospectus, been issued or agreed to be issued, or is now proposed to be issued (other than pursuant to the Offer), fully or partly paid, either for cash or for a consideration other than cash, to any person;

(b) there has been no change in the amount of the issued share or loan capital of the Company since its incorporation on 13 February 2015;

(c) no commissions, discounts, brokerages or other special terms have been granted by the Company in connection with the issue or sale of any share or loan capital of the Company within three years of the date of this Prospectus; and

(d) no share or loan capital of the Company is under option or agreed conditionally or unconditionally to be put under option.

The Company will be subject to the continuing obligations of the UK Listing Authority with regard to the issue of Shares for cash. The provisions of section 561(1) of the Companies Act (which confer on shareholders rights of pre-emption in respect of the allotment of equity securities which are, or are to be, paid up in cash other than by way of allotment to employees under an employees' share scheme as defined in section 1166 of the Companies Act) apply to the unissued share capital of the Company (in respect of which the directors have authority to make allotments pursuant to section 551 of the Companies Act as referred to in paragraph 3.1(d)(i) above), except to the extent such provisions have been disapplied as referred to in paragraph 3.1(d)(ii) above.

The Board considers the authorities and powers set out above to be appropriate in order to allow the Group flexibility to finance business opportunities or to conduct a pre-emptive offer or rights issue without the need to comply with the strict requirements of the statutory pre-emption provisions. The Board intends to adhere to the provisions in the Pre-emption Group's Statement of Principles not to allot shares for cash on a non-pre-emptive basis (other than pursuant to a rights issue or pre-emptive offer) in excess of an amount equal to 5% of the total issued ordinary share capital of the Company for the duration of this authority and 7.5% of the total issued ordinary share capital of the Company within a rolling three-year period without prior consultation with shareholders. Following court confirmation of the reduction in capital referred to in Section 4.5 (*Proposed Reduction of Capital*) of this Part XVII (*Additional Information*), the Board will only exercise the authorities and power described in paragraphs 3.1(d)(i)(B), 3.1(d)(i)(C) and 3.1(d)(ii)(C) above up to an aggregate amount equal to one-third, two-thirds and 5%, respectively, of the Company's share capital following such reduction of capital.

The Directors consider it desirable to have the maximum flexibility permitted by corporate governance guidelines to respond to market developments and to enable allotments to take place to finance business opportunities as they arise. As at the date of this Prospectus, the Company does not hold any shares in treasury. There are no present plans to undertake a rights issue or to allot new Shares other than in connection with employee share and incentive plans.

The issued and fully paid share capital of the Company as at the date of this Prospectus is, and immediately following Admission will be, as follows:

Class of shares	Outstanding as at the date hereof		Outstanding immediately following Admission	
	Number	Amount	Number	Amount
ordinary shares of £1.00 each . . .	1	£1	—	—
Redeemable Preference Share[(1)] .	1	£49,999	1	£49,999
Shares	—	—	1,000,000,000	£1,500,000,000

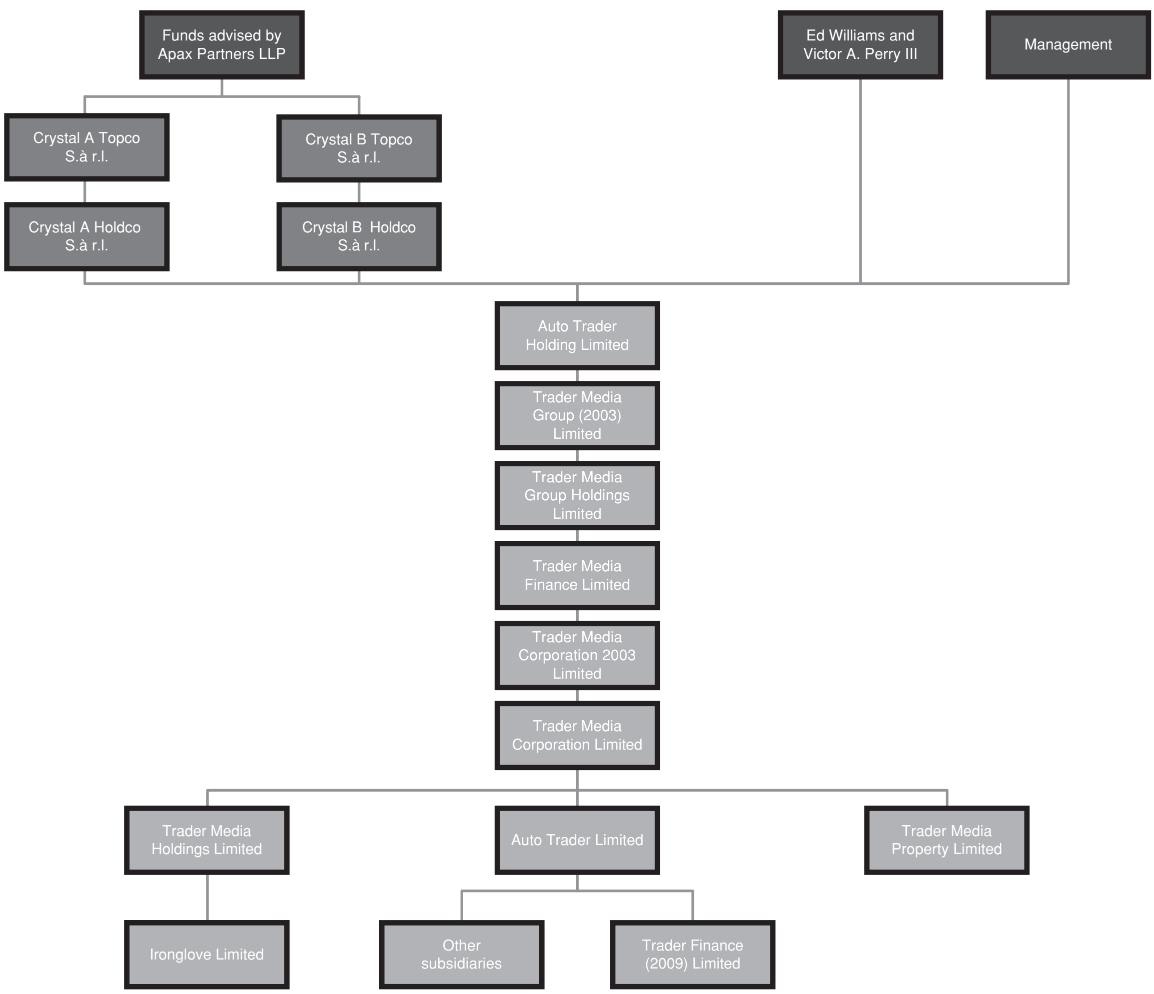
Notes:

(1) The Redeemable Preference Share will be redeemed by the Company out of the proceeds of the Offer shortly after Admission.

The Company has no convertible securities, exchangeable securities or securities with warrants in issue.

4. GROUP STRUCTURE AND REORGANISATION

4.1 The diagram below sets out the simplified Group structure as at the date of this Prospectus. Auto Trader Holding Limited is jointly controlled by Crystal A Holdco S.à r.l. and Crystal B Holdco S.à r.l.. The Executive Directors, Ed Williams, Victor A. Perry III, the Senior Managers and 13 other members of the Company's management team also hold interests in shares in Auto Trader Holding Limited. In addition, Crystal A Holdco S.à r.l., Crystal B Holdco S.à r.l., Ed Williams and Victor A. Perry III hold Shareholder Loan Notes.



4.2 On 6 March 2015, the Company and Auto Trader Holding Limited entered into a reorganisation agreement with the Existing Shareholders (the "**Reorganisation Agreement**") in which it was agreed that the following reorganisation steps be carried out in the order set out below, each step being effective on and conditional upon Admission occurring:

(a) all of the shares in Auto Trader Holding Limited shall be consolidated and divided and/or sub-divided into and redesignated as shares of new classes of share having the same rights and being subject to the same restrictions (other than their nominal values) as the existing A1 ordinary shares in the share capital of Auto Trader Holding Limited. All of the shares in such new classes shall then be sub-divided into shares of a further new class of share ("**AHL L Ordinary Shares**") to be held by the Existing Shareholders and one deferred share (the "**AHL Deferred Share**") to be held by Crystal B Holdco S.à r.l.;

(b) Auto Trader Holding Limited shall purchase the AHL Deferred Share for a nominal purchase price. Following such purchase, Auto Trader Holding Limited shall cancel the AHL Deferred Share;

(c) new ordinary shares of £1.00 each shall be allotted and issued by the Company to Crystal B Holdco S.à r.l. and the ordinary shares of £1.00 then in issue shall be consolidated and divided and/or sub-divided into Shares;

(d) Auto Trader Holding Limited shall capitalise its Shareholder Loan Notes so that loan note holders shall receive AHL L Ordinary Shares and, in the case of Crystal B Holdco S.à r.l., a redeemable preference share with a nominal value of £49,999 (the "**AHL IPO Preference Share**"); and

(e) the Existing Shareholders shall transfer their AHL L Ordinary Shares and, in the case of Crystal B Holdco S.à r.l., the AHL IPO Preference Share to the Company in exchange for the allotment and issue by the Company of Existing Shares,

each of the foregoing steps comprising and being the "**Pre-IPO Reorganisation**".

4.3 Shortly following Admission:

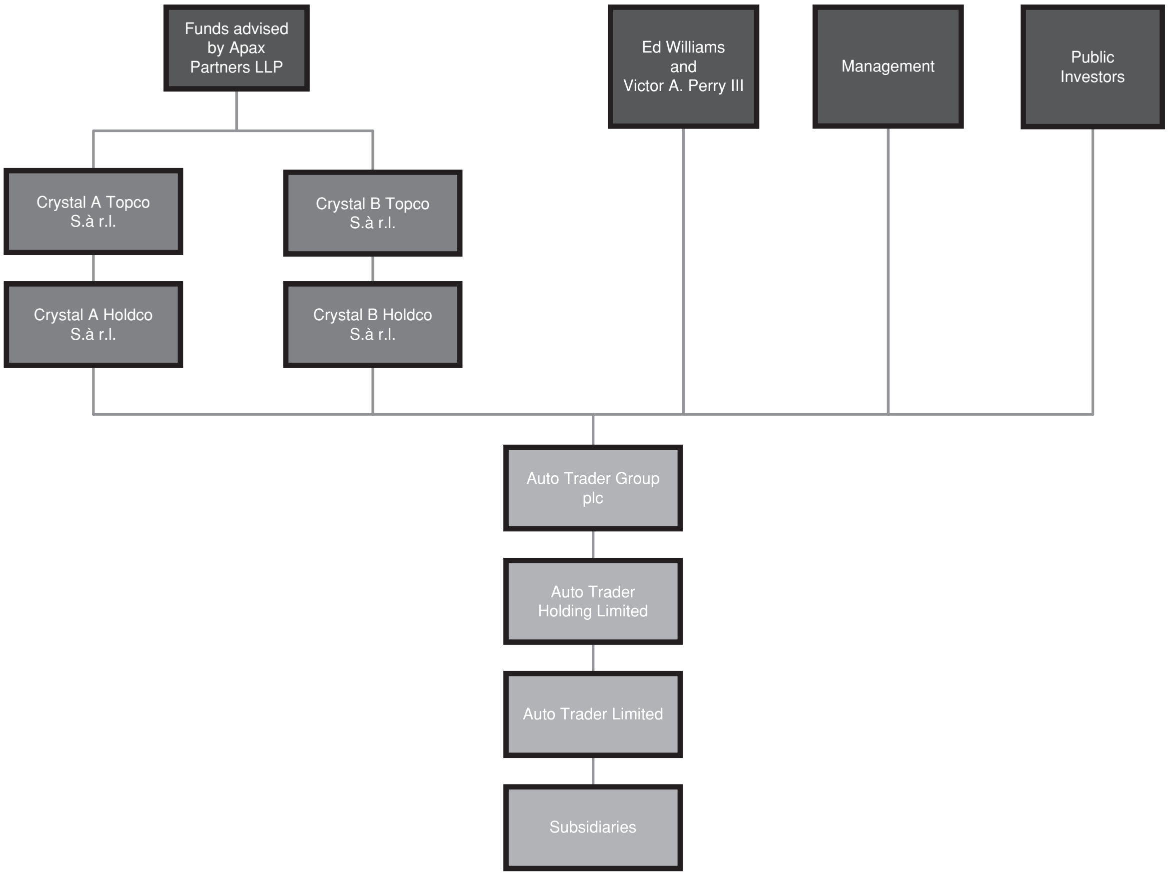
(a) in accordance with the terms of the Reorganisation Agreement, the Company shall use a portion of the net proceeds raised from the Offer to redeem the Redeemable Preference Share; and

(b) Auto Trader Holding Limited may redeem the AHL IPO Preference Share held by the Company,

each of the foregoing steps comprising and being the "**Post-IPO Reorganisation**".

Following the Post-IPO Reorganisation, it is anticipated that Auto Trader Limited, the main trading company in the Group, will be acquired by Auto Trader Holding Limited and certain former intermediate holding companies will be liquidated. For further details, see Section 16 (*Subsidiaries*) of this Part XVIII (*Additional Information*).

4.4 The diagram below sets out the Group structure following completion of the Post-IPO Reorganisation and anticipated removal of intermediate holding companies:



4.5 Proposed Reduction of Capital

The Company has not traded since incorporation and lacks distributable reserves. This could restrict the Company's ability to pay future dividends. Therefore, the Company intends to undertake a court-approved capital reduction following Admission in accordance with the Companies Act and the Companies (Reduction of Share Capital) Order 2008 in order to provide it with the distributable reserves required to support the dividend policy described in Section 9 of Part VII (*Information on the Business*) of this Prospectus. The proposed capital reduction will reduce the nominal value of each Share and will cancel all amounts standing to the credit of the Company's share premium account following Admission. The capital reduction has been approved (conditional on Admission) by a special resolution passed at the general meeting of the Company on 18 March 2015 and will require court confirmation after Admission.

5. ARTICLES OF ASSOCIATION

The Company's objects are not restricted by its Articles. Accordingly, pursuant to section 31 of the Companies Act, the Company's objects are unrestricted. The liability of the members is limited to the amount, if any, unpaid on the shares in the Company respectively held by them. The Articles (which have been adopted by the Company conditional upon and with effect from Admission) include provisions to the following effect:

5.1 Shares

Respective rights of different classes of shares

Without prejudice to any rights attached to any existing shares, the Company may issue shares with such rights or restrictions as determined by either the Company by ordinary resolution or, if the Company passes a resolution to so authorise them, the directors. The Company may also issue shares which are, or are liable to be, redeemed at the option of the Company or the holder.

Variation of rights

(a) Whenever the share capital of the Company is divided into different classes of shares, the special rights attached to any class may be varied or abrogated either with the written consent of the holders of three-quarters in nominal value of the issued shares of the class (excluding shares held as treasury shares) or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of the class and may be so varied or abrogated either while the Company is a going concern or during or in contemplation of a winding-up.

(b) The rights attached to a class of shares are not, unless otherwise expressly provided for in the rights attaching to those shares, deemed to be varied by the creation, allotment or issue of further shares ranking in priority to, *pari passu* with or subsequent to them or by the purchase or redemption by the Company of its own shares.

Transfer of shares

(a) Transfers of certificated shares may be effected in writing in any usual or common form or in any other form acceptable to the directors. The instrument of transfer shall be signed by or on behalf of the transferor and, if any of the shares are not fully paid shares, by or on behalf of the transferee. The transferor shall remain the holder of the shares concerned until the name of the transferee is entered in the register of members in respect of those shares. Transfers of uncertificated shares shall be effected by means of a relevant system (i.e. CREST) unless the Uncertificated Securities Regulations 2001 provide otherwise.

(b) The directors may decline to register any transfer of a certificated share unless: (i) the instrument of transfer is in respect of only one class of share; (ii) the instrument of transfer is lodged at the place where the register of members is situated, and accompanied by the relevant share certificate(s) or other evidence reasonably required by the directors to show the transferor's right to make the transfer or, if the instrument of transfer is executed by some other person on the transferor's behalf, the authority of that person to do so; (iii) the certificated share is fully paid; (iv) it is for a share upon which the Company has no lien; and (v) it is duly stamped or duly certificated or otherwise shown to the satisfaction of the directors to be exempt from stamp duty (if so required).

(c) The directors may also refuse to register an allotment or transfer of shares in favour of more than four persons jointly.

(d) When a transfer of shares has been lodged with the Company, the Company must either register the transfer, or give the transferee notice of refusal to register the transfer, together with its reasons for the refusal (as soon as practicable and in any event within two months after the date on which the transfer is lodged with it).

Restrictions where notice not complied with

If any member, or any person appearing to be interested in shares (within the meaning of Part 22 of the Companies Act) held by such member, has been duly served with a notice under section 793 of the Companies Act (which confers upon public companies the power to require information as to interests in its voting shares) and is in default for a period of 14 days in supplying to the Company the information required by that notice then (unless the directors otherwise determine):

(a) the holder of those shares shall not (for so long as the default continues) be entitled to attend or vote (in person or by proxy) at any general meeting, unless the directors otherwise determine; and

(b) the directors may in their absolute discretion, where those shares represent 0.25% or more of the issued shares of the class in question, by notice to the holder, direct that:

    (i) any dividend or part of a dividend (including shares issued in lieu of a dividend) or other money which would otherwise be payable on the shares will be retained by the Company without any liability for interest; and/or

    (ii) (subject to various exceptions set out in the Articles) transfers of the shares will not be registered.

Forfeiture and lien

(a) If a member fails to pay in full any sum which is due in respect of a share on or before the due date for payment, then, following notice by the directors requiring payment of the unpaid amount with any accrued interest and any expenses incurred, such share may be forfeited by a resolution of the directors to that effect (including all dividends declared in respect of the forfeited share and not actually paid before the forfeiture).

(b) A share forfeited or surrendered shall become the property of the Company and may be sold, re-allotted or otherwise disposed of to any person (including the person who was, before such forfeiture or surrender, the holder of that share or entitled to it) on such terms and in such manner as the directors think fit.

(c) A member whose shares have been forfeited will cease to be a member in respect of the shares, but will remain liable to pay the Company all monies which at the date of forfeiture were payable, together with interest. The directors may in their absolute discretion enforce payment without any allowance for the value of the shares at the time of forfeiture or for any consideration received on their disposal, or waive payment in whole or part.

(d) The Company shall have a lien on every share that is not fully paid for all moneys in respect of the share's nominal value, or any premium at which it was issued, that have not been paid to the Company and are payable immediately or at a fixed time in respect of such share, whether or not a call has been made. The Company's lien over a share takes priority over the rights of any third party and extends to any dividends or other sums payable by the Company in respect of that share. The directors may waive any lien which has arisen and may resolve that any share shall for some limited period be exempt from such a lien, either wholly or partially.

(e) The Company may deliver an enforcement notice in respect of any share if a sum in respect of which a lien exists is due and has not been paid. The Company may sell any share in respect of which an enforcement notice, delivered in accordance with the Articles, has been given if such notice has not been complied with. The net proceeds of sale (after payment of the costs of the sale and of enforcing the lien) shall first be applied towards payment of the amount in respect of which the lien exists to the extent that amount was due on the date of the enforcement notice and then, on surrender of the share certificate for cancellation, to the person entitled to the shares immediately prior to the sale.

5.2 General meetings

Annual general meeting

Annual general meetings will be held in accordance with the Companies Act.

Convening of general meetings

The directors may, whenever they think fit, call a general meeting. The directors are required to call a general meeting once the Company has received requests from its members to do so in accordance with the Companies Act.

Notice of general meetings, etc.

(a) An annual general meeting shall be convened by not less than 21 clear days' notice. All other general meetings shall be called by not less than 14 clear days' notice. As the Company is a traded company (as defined in the Companies Act), the provisions of section 307A of the Companies Act must be complied with if the meeting is to be called by less than 21 clear days' notice, unless the meeting is of holders of a class of shares.

(b) Notices of general meetings shall include all information required to be included by the Companies Act and shall be given to all members and every director, subject to the Companies Act, the provisions of the Articles and any restrictions imposed on any shares. The Company may determine that only those persons entered on the register of members at the close of business on a day decided by the Company, such day being no more than 21 days before the day that notice of the meeting is sent, shall be entitled to receive such a notice.

(c) For the purposes of determining which persons are entitled to attend or vote at a meeting, and how many votes such persons may cast, the Company must specify in the notice of the meeting a time, not more than 48 hours (excluding any part of a day that is not a working day) before the time fixed for the meeting, by which a person must be entered on the register in order to have the right to attend or vote at the meeting.

Quorum and voting

(a) No business other than the appointment of a chairman shall be transacted at any general meeting unless a quorum is present at the time when the meeting proceeds to business. Two members present in person or by proxy shall be a quorum.

(b) At any general meeting any resolution put to the vote shall be decided on a show of hands unless the directors have decided in advance that it will be decided as a poll or a poll is (before the resolution is put to the vote on a show of hands, or on the declaration of the result of the show of hands) demanded by:

(i) the chairman of the meeting;

(ii) not less than five members present in person or by proxy and entitled to vote;

(iii) a member or members present in person or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or

(iv) a member or members present in person or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

(c) At a general meeting, subject to any special rights or restrictions attached to any shares or class of shares:

(i) on a show of hands, every member present in person and every duly appointed proxy present shall have one vote;

(ii) on a show of hands, a proxy has one vote for and one vote against the resolution if the proxy has been duly appointed by more than one member entitled to vote on the resolution and the proxy has been instructed:

(A) by one or more of those members to vote for the resolution and by one or more other of those members to vote against it; or

(B) by one or more of those members to vote either for or against the resolution and by one or more other of those members to use his discretion as to how to vote; and

(iii) on a poll, every member present in person or by proxy has one vote for every share of which such member is the holder.

(d) A proxy shall not be entitled to vote on a show of hands or on a poll where the member appointing the proxy would not have been entitled to vote on the resolution had he been present in person.

(e) Unless the directors resolve otherwise, no member shall be entitled in respect of any share held by such member to vote either personally or by proxy or to exercise any other right in relation to general meetings if any call or other sum due from such member to the Company in respect of that share remains unpaid.

Conditions of admission

(a) The directors may put in place such arrangements or restrictions as they think fit to ensure the safety and security of attendees at a general meeting and the orderly conduct of the meeting, including requiring attendees to submit to searches. Any member, proxy or other person who fails to comply with such arrangements or restrictions may be refused entry into, or removed from, the general meeting.

(b) The directors may decide that a general meeting shall be held at two or more locations to facilitate the organisation and administration of such meeting. A member present in person or by proxy at the designated “satellite” meeting place may be counted in the quorum and may exercise all rights that they would have been able to exercise if they had been present at the principal meeting place. The directors may make and change from time to time such arrangements as they shall in their absolute discretion consider appropriate to:

(i) ensure that all members and proxies for members wishing to attend the meeting can do so;

(ii) ensure that all persons attending the meeting are able to participate in the business of the meeting and to see and hear anyone else addressing the meeting;

(iii) ensure the safety of persons attending the meeting and the orderly conduct of the meeting; and

(iv) restrict the numbers of members and proxies at any one location to such number as can safely and conveniently be accommodated there.

5.3 Directors

General powers

The directors shall manage the business and affairs of the Company and may exercise all powers of the Company other than those that are required by the Companies Act or by the Articles to be exercised by the Company in the general meeting.

Number of directors

The directors shall not be less than two and not more than 20 in number, save that the Company may, by ordinary resolution, from time to time vary the minimum number and/or maximum number of directors.

Share qualification

A director shall not be required to hold any shares of the Company by way of qualification. A director who is not a member of the Company shall nevertheless be entitled to attend and speak at general meetings.

Directors' fees

(a) Non-executive directors' fees are determined by the directors from time to time, except that they may not exceed £2,000,000 per annum in aggregate or such higher amount as may from time to time be determined by ordinary resolution of the shareholders.

(b) Any director who holds any executive office (including, for this purpose, the office of chairman or deputy chairman, whether or not such office is held in an executive capacity), or who serves on any committee of the directors, or who otherwise performs services which in the opinion of the directors are outside the scope of the ordinary duties of a director, may be paid extra remuneration by way of salary, commission or otherwise or may receive such other benefits as the directors may determine.

Executive directors

The directors may from time to time appoint one or more of their number to be the holder of any executive office and may confer upon any director holding an executive office any of the powers exercisable by them as directors upon such terms and conditions, and with such restrictions, as they think fit. They may from time to time revoke, withdraw, alter or vary the terms of any such appointment and have all or any of such delegated powers.

Shareholder directors

The Selling Shareholders shall, for so long as they (and/or any of their Associates, when taken together) hold voting rights over 20% or more of the Company's issued share capital, be entitled to immediately appoint (and remove and, subject to such removal being effective, reappoint from time to time at its discretion) two non-executive directors from time to time, and, for so long as they (and/or any of their Associates, when taken together) hold voting rights over 10% or more, but less than 20%, of the Company's issued share capital, be entitled to immediately appoint (and remove and, subject to such removal being effective, reappoint from time to time at its discretion) one non-executive director from time to time, in each case by notice given by them to the company secretary or at a meeting of the directors.

Directors' retirement

(a) At each annual general meeting, each director then in office shall retire from office with effect from the conclusion of the meeting.

(b) When a director retires at an annual general meeting in accordance with the Articles, the Company may, by ordinary resolution at the meeting, fill the office being vacated by re-electing the retiring director. In the absence of such a resolution, the retiring director shall nevertheless be deemed to have been re-elected, except in certain cases identified by the Articles.

Removal of a director by resolution of Company

The Company may, by ordinary resolution of which special notice has been given, remove any director from office in accordance with the Companies Act, and elect another person in place of a director so removed from office. Such removal may take place notwithstanding any provision of the Articles or of any agreement between the Company and such director, but is without prejudice to any claim the director may have for damages for breach of any such agreement.

Proceedings of the Board

(a) Subject to the provisions of the Articles, the directors may meet for the despatch of business and adjourn and otherwise regulate its proceedings as they think fit.

(b) The quorum necessary for the transaction of business of the directors may be fixed from time to time by the directors and unless so fixed at any other number shall be two directors present in person. A Board meeting may be adjourned for a lack of quorum to a specified time and place not less than one day after the original date. The quorum necessary for such adjourned Board meeting may be fixed from time to time by the directors and unless so fixed at any other number shall be two.

(c) The directors may elect from their number a chairman, a deputy chairman (or two or more deputy chairmen) and a senior independent director and decide the period for which each is to hold office.

(d) Questions arising at any meeting of the directors shall be determined by a majority of votes. The chairman of the meeting shall not have a casting vote.

Directors' interests

(a) For the purposes of section 175 of the Companies Act, the directors shall have the power to authorise any matter which would or might otherwise constitute or give rise to a breach of the duty of a director to avoid a situation in which he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company.

(b) Any such authorisation will be effective only if:

   (i) the matter in question was proposed for consideration at a meeting of the directors, in accordance with the directors' normal procedures or in such other manner as the directors may resolve;

   (ii) any requirement as to the quorum at the meeting at which the matter is considered is met without counting the director in question or any other interested director; and

   (iii) the matter was agreed to without such interested directors voting or would have been agreed to if their votes had not been counted.

(c) The directors may extend any such authorisation to any actual or potential conflict of interest which may arise out of the matter so authorised and may (whether at the time of the giving of the authorisation or subsequently) make any such authorisation subject to such conditions or limitations as they may resolve. The directors may also terminate any such authorisation at any time.

Restrictions on voting

(a) Except as provided below, a director may not vote in respect of any contract, transactions, arrangement or any other proposal in which the director, or a person connected with the director, is interested. Any vote of a director in respect of a matter where the director is not entitled to vote shall be disregarded.

(b) Subject to the provisions of the Companies Act, a director is entitled to vote and be counted in the quorum in respect of any resolution concerning any contract, transaction or arrangement, or any other proposal (amongst other things):

   (i) in which the director has an interest, of which the director is not aware or which cannot reasonably be regarded as likely to give rise to a conflict of interest;

   (ii) in which the director has an interest only by virtue of interests in the Company's shares, debentures or other securities or otherwise in or through the Company;

   (iii) which involves the giving of any security, guarantee or indemnity to the director or any other person in respect of obligations incurred by him at the request of (or for the benefit of) the Company;

(iv) concerning an offer of securities by the Company or any of its subsidiary undertakings in which the director is or may be entitled to participate as a holder of securities or as an underwriter or sub-underwriter;

(v) concerning any other body corporate, provided that the director and any connected persons do not own or have a beneficial interest in 1% or more of any class of share capital of such body corporate, or of the voting rights available to the members of such body corporate;

(vi) relating to an arrangement for the benefit of employees or former employees which does not award the director any privilege or benefit not generally awarded to the employees or former employees to whom such arrangement relates;

(vii) concerning the purchase or maintenance of insurance for any liability for the benefit of directors;

(viii) concerning the giving of indemnities in favour of the directors;

(ix) concerning the funding of expenditure by any director or directors: (A) on defending criminal, civil or regulatory proceedings or actions against the director or directors; (B) in connection with an application to the court for relief; (C) on defending the director or directors in any regulatory investigations; or (D) incurred doing anything to enable him to avoid incurring such expenditure; or

(x) in respect of which the director's interest has been authorised by ordinary resolution.

Confidential information

If a director, otherwise than by virtue of the director's position as director, receives information in respect of which he owes a duty of confidentiality to a person other than the Company, he shall not be required to disclose such information to the Company or otherwise use or apply such confidential information for the purpose of or in connection with the performance of his duties as a director, provided that such an actual or potential conflict of interest arises from a permitted or authorised interest under the Articles. This is without prejudice to any equitable principle or rule of law which may excuse or release the director from disclosing the information, in circumstances where disclosure may otherwise be required under the Articles.

Delegation of powers of the directors

(a) The directors may delegate any of their powers or discretions (including those involving the payment of remuneration or the conferring of any other benefit to the directors) to such person or committee and in such manner as they think fit. Any such person or committee shall, unless the directors otherwise resolve, have the power to sub-delegate any of the powers or discretions delegated to them. The directors may make regulations in relation to the proceedings of committees or sub-committees.

(b) The directors may establish any local boards or appoint managers or agents to manage any of the affairs of the Company, either in the UK or elsewhere, and may:

  (i) appoint persons to be members or agents or managers of such local board and fix their remuneration;

  (ii) delegate to any local board, manager or agent any of the powers, authorities and discretions vested in the directors, with the power to sub-delegate;

  (iii) remove any person so appointed, and may annul or vary any such delegation; and

  (iv) authorise the members of any local boards, or any of them, to fill any vacancies on such boards, and to act notwithstanding such vacancies.

(c) The directors may appoint any person or fluctuating body of persons to be the attorney of the Company with such purposes and with such powers, authorities and discretions and for such periods and subject to such conditions as they may think fit.

(d) Any director may at any time appoint any person (including another director) to be the director's alternate director and may at any time terminate such appointment.

Directors' liabilities

(a) So far as may be permitted by the Companies Act, every director (a "**Relevant Officer**") of the Company or of an Associated Company of the Company may be indemnified by the Company out of its own funds against any liability incurred by the Relevant Officer in connection with any negligence, default, breach of duty or breach of trust or otherwise by the Relevant Officer or any other liability incurred by the Relevant Officer in connection with the Relevant Officer's duties, powers or office.

The directors may also purchase and maintain insurance for or for the benefit of:

(i) any person who is or was a director or secretary of a Relevant Company (as defined in the Articles); or

(ii) any person who is or was at any time a trustee of any pension fund or employees' share scheme in which employees of any Relevant Company are interested,

including insurance against any liability (including all related costs, charges, losses and expenses) incurred by or attaching to him in relation to his duties, powers or offices in relation to any Relevant Company, or any such pension fund or employees' share scheme.

(b) So far as may be permitted by the Companies Act, the Company may provide a Relevant Officer with defence costs in relation to any criminal or civil proceedings in connection with any negligence, default, breach of duty or breach of trust by the Relevant Officer in relation to the Company or an Associated Company of the Company, or in relation to an application for relief under section 205(5) of the Companies Act. The Company may do anything to enable such Relevant Officer to avoid incurring such expenditure.

5.4 Dividends

(a) The Company may, by ordinary resolution, declare final dividends to be paid to its shareholders. However, no dividend shall be declared unless it has been recommended by the directors and does not exceed the amount recommended by the directors.

(b) If the directors believe that the profits of the Company justify such payment, they may pay the fixed dividends on any class of share where the dividend is payable on fixed dates. They may also pay interim dividends on shares of any class in amounts and on such dates and in respect of such periods as they think fit. Provided the directors act in good faith, they shall not incur any liability to the holders of any shares for any loss they may suffer by the payment of dividends on any other class of shares having rights ranking after or equal with those shares.

(c) Unless the share rights otherwise provide, all dividends shall be declared and paid according to the amounts paid up on the shares on which the dividend is paid, and apportioned and paid proportionately to the amounts paid on the shares during any portion or portions of the period in respect of which the dividend is paid.

(d) Any unclaimed dividends may be invested or otherwise applied for the benefit of the Company until they are claimed. Any dividend unclaimed for 12 years from the date on which it was declared or became due for payment shall be forfeited and may be kept by the Company.

(e) The directors may, if authorised by ordinary resolution, offer to ordinary shareholders the right to elect to receive, in lieu of a dividend, an allotment of new ordinary shares credited as fully paid.

5.5 Failure to supply an address

A shareholder who has no registered address within the UK and has not supplied to the Company an address within the UK or an electronic address for the service of notices will not be entitled to receive notices from the Company.

5.6 Electronic communications

Subject to complying with the requirements of the Company Communications Provisions, as defined in section 1143 of the Companies Act, the Company may send documents, notices and information to shareholders by electronic means.

6. DIRECTORS AND SENIOR MANAGERS

6.1 Other Directorships, Partnerships and Positions

Save as set out below, no Director or Senior Manager has held any directorships of any company, other than in relation to companies in the Group, or been a partner in, or a member of, a partnership at any time in the five years prior to the date of this Prospectus.

Director/Senior Manager	Current appointments	Former appointments
Ed Williams	—	Rightmove plc Rightmove Group Limited Rightmove co.uk Limited Rightmove Information Packs Limited
Trevor Mather	—	ThoughtWorks, Limited
Sean Glithero	—	—
Tom Hall	Apax US VII Nominees Limited Apax Partners LLP Apax WW Nominees Limited Apax WW No. 2 Nominees Limited Apax Europe VII Nominees Limited Apax Europe VI Nominees Limited Apax Europe VI No. 2 Nominees Limited Top Right Group SouFun Holdings	Apax Partners Investment Management LLP Apax PP Nominees Limited
Nick Hartman	—	Orbitz Worldwide, Inc.
Victor A. Perry III	The Car Trader (Pty) Limited CarTrade.com Am.ru Internet Auto Ventures Limited	Auto Trader Group, Inc.
Nathan Coe	—	The Car Trader (Pty) Limited
Markku Koppinen	—	—

6.2 Directors' and Senior Managers' Confirmations

Save as set out in this Section 6.2, during the last five years, no Director or Senior Manager has:

(a) been convicted in relation to a fraudulent offence;

(b) been associated with any bankruptcy, receivership or liquidation while acting in the capacity of a member of the administrative, management or supervisory body or senior management of any company, save for Tom Hall, who was a manager of Truvo Luxembourg S.à r.l, which was liquidated solvent on 29 June 2011;

(c) been subject to any official public incrimination and/or sanction by statutory or regulatory authorities (including designated professional bodies);

(d) been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of any issuer or from acting in the management or conduct of the affairs of any issuer;

(e) been a partner in a partnership which, while he was a partner or within 12 months of his ceasing to be a partner, was put into compulsory liquidation or administration or which entered into any partnership or voluntary arrangement, or had a receiver appointed over any partnership asset;

(f) had a receiver appointed with respect to any assets belonging to him; or

(g) been a director of a company which has been placed in receivership, compulsory liquidation, creditors' voluntary liquidation or administration or which entered into any company voluntary arrangement or any composition or arrangement with its creditors generally or any class of creditors, at any time during which he was a director of that company or within 12 months after his ceasing to be a director.

6.3 Directors' and Senior Managers' Interests

It is estimated that the beneficial interests of the Directors and the Senior Managers in the share capital of the Company on Admission and the corresponding estimates of their beneficial interests immediately following Admission will be as set out in the tables below.

Director/ Senior Manager	Number of Shares on Admission(1)(2)	Percentage of issued Shares on Admission(1)(2)	Number of Shares immediately following Admission(1)	Percentage of issued Shares immediately following Admission(1)
Ed Williams	6,875,444	0.7%	6,875,444	0.7%
Trevor Mather	19,134,581	1.9%	19,134,581	1.9%
Sean Glithero	5,197,581	0.5%	5,197,581	0.5%
Tom Hall	—	—	—	—
Nick Hartman	—	—	—	—
Victor A. Perry III	3,680,084	0.4%	3,680,084	0.4%
Nathan Coe(3)	5,766,503	0.6%	5,766,503	0.6%
Markku Koppinen	4,815,626	0.5%	4,815,626	0.5%

Notes:

(1) Following completion of the Pre-IPO Reorganisation described in Section 4 (*Group Structure and Reorganisation*) of this Part XVII (*Additional Information*).

(2) Prior to the completion of the Offer when 1,000,000,000 Shares are in issue.

(3) References to Shares held by Nathan Coe in this table include Shares held by a Guernsey trust, the Shahan Trust.

Save as disclosed in this Section 6.3, none of the Directors or any Senior Managers have any interest in the share capital of the Company.

Save as set in this paragraph, there are no actual or potential conflicts of interest between any duties to the Company of the Directors and Senior Managers and their private interests and/or other duties. Tom Hall is a partner of Apax and a director of other affiliated entities, details of which are set out in Section 6.1 (*Other Directorships, Partnerships and Positions*) of this Part XVII (*Additional Information*) and Nick Hartman is an Operating Executive of Apax. Although the positions set out in this paragraph are considered by the Board to represent potential conflicts of interest, as at the date of this Prospectus they are not considered by the Board to represent actual conflicts of interest. The Board has approved those conflicts of interest in accordance with the Companies Act.

The Company and the Selling Shareholders have entered into the Relationship Agreement to regulate the relationship between the Selling Shareholders and the Company following Admission. The Relationship Agreement restricts each Director appointed by the Selling Shareholders from voting at any Board meeting on any matter giving rise to a conflict of interests. Further details of the Relationship Agreement are set out at Section 9 (*Relationship with Selling Shareholders*) of this Part XVII (*Additional Information*).

There are no arrangements or understandings with the Selling Shareholders, customers, suppliers or others pursuant to which any Director or member of Senior Management was selected other than the appointments of Tom Hall and Nick Hartman pursuant to the terms of the Relationship Agreement (see Section 9 (*Relationship with Selling Shareholders*) of this Part XVII (*Additional Information*)).

Save as set out in Section 9 (*Lock-Up Arrangements*) of Part XVI (*The Offer*) of this Prospectus and Section 6.4 (*Remuneration of the Directors and Senior Managers*) of this Part XVII (*Additional Information*), there are no restrictions agreed by any Director or member of the Senior Management on the disposal within a certain time of their holdings in the Company's securities.

There are no family relationships between any of the Directors.

6.4 Remuneration of the Directors and Senior Managers

Set out below is information on the current employment and remuneration arrangements for the Directors and Senior Managers of the Company.

Executive Directors' Remuneration and Service Agreements

On 6 March 2015, each of Trevor Mather and Sean Glithero entered into a service agreement with the Company which is effective upon Admission. Trevor Mather's agreement is terminable by either him or the Company on not less than 12 months' prior written notice. Sean Glithero's agreement is also terminable by either him or the Company on not less than 12 months' prior written notice.

Base salary

Base salaries will be reviewed annually with any increases taking effect from 1 April. The level of increases for Executive Directors will take due account of the increases awarded to the workforce as a whole, as well as a consideration of the performance of the Company and the individual, skill set and experience and external indicators such as inflation.

Base salaries from Admission for Trevor Mather and Sean Glithero will be £525,000 and £290,000, respectively. The effective date of their next salary review will be 1 April 2016.

Annual bonus

Executive Directors and Senior Managers are eligible to participate in an annual bonus plan.

From 1 April 2015 it is intended that the annual bonus for executive directors will be paid in a mixture of cash and deferred shares. Deferred shares will be awarded under the Deferred Annual Bonus Plan ("**DABP**"), the key terms of which are set out in Section 7 (*Share Plans, Employee Incentive Schemes and Pensions*) of this Part XVII (*Additional Information*). For executive directors, the deferred shares will ordinarily vest after two years, subject to continued employment, but there are no further performance targets.

Annual bonuses are payable at the sole discretion of the Remuneration Committee and will be capped at 150% of salary for Trevor Mather and 130% of salary for Sean Glithero, 50% of any bonus earned will be paid in deferred shares.

The Remuneration Committee will set performance targets for the annual bonus at the start of each financial year. It is anticipated that the metrics will be primarily linked to the Group's annual financial performance, with a significant profit-based element.

The bonus plan for the year ending 29 March 2015 will be unaffected by Admission.

Long-term incentives

The Board adopted the Auto Trader Group plc Performance Share Plan (the "**PSP**"), a new long-term incentive plan on 6 March 2015, conditional upon Admission. This will form the primary long-term incentive arrangement for executive directors and other senior managers.

Under the PSP, it is intended that awards will be in the form of conditional free shares or nil cost options and will be granted to the executive directors on an annual basis. Annual awards will be determined by reference to a number of shares equal in value to up to 200% of base salary for the Chief Executive, and 150% of salary for the Finance Director. The first awards to Executive Directors under the PSP will be made on or following Admission, up to these levels, using the Offer Price for the purposes of market value.

In the normal course of events such awards under the PSP will vest three years from award (or upon the assessment of performance conditions if later) subject to the participant's continued service and to the extent to which performance conditions specified for the awards are satisfied.

The performance conditions for each award to executive directors will be disclosed in the relevant Directors' Remuneration Report to the extent that the performance conditions are not considered commercially sensitive in the opinion of the directors.

Selected senior managers will also participate in the PSP.

A summary of the principal terms of the PSP is set out in Section 7.1 (*Summary of the PSP)* of this Part XVII (*Additional Information*).

Holding periods

The terms of the PSP include that the executive directors (and such others if any as the Remuneration Committee requires) will ordinarily be required to retain their net of tax number of vested shares (if any) delivered under the PSP (or the full number of the vested shares whilst held under an unexercised nil (or nominal) cost option award, where relevant) for at least two years from point of vesting. The Remuneration Committee may, in its discretion, allow such participants to sell, transfer, assign or dispose of some or all of such shares before the end of the holding period, subject to such additional terms and conditions that the Remuneration Committee may specify.

Recovery and withholding provisions

Recovery and withholding provisions ("clawback and malus") may be operated at the discretion of the Remuneration Committee in respect of awards granted under the annual bonus plan and the PSP in certain circumstances (including where there has been a misstatement of accounts, an error in assessing any applicable performance condition, or in the event of misconduct on the part of the participant).

Share ownership guidelines

Whilst the current Executive Directors have shareholdings in the Company, the Remuneration Committee wishes to ensure that a shareholding guideline is in place to cater for future executive directors who may not hold shares. Accordingly, the Group has adopted formal shareholding guidelines in order to encourage executive directors to build or maintain (as appropriate) a shareholding in the Company equivalent in value to 200% of salary for the Chief Executive, and 150% of salary for the Finance Director.

Shares held on Admission, together with any shares acquired following Admission, will count towards the threshold. If an executive director does not meet the guideline, he will be expected to retain at least half of the net shares vesting under the Company's discretionary share based employee incentive schemes until the guideline is met.

Recruitment policy

Consistent with best practice, new senior management hires (including those promoted internally) will be offered packages in line with the remuneration policy in force at the time. It is the Remuneration Committee's policy that no ongoing special arrangements will be made, and in the event that any deviation from standard policy is required to recruit a new hire on an ongoing basis, approval would be sought at the annual general meeting.

The Remuneration Committee recognises that it may be necessary in some circumstances to provide compensation for amounts foregone from a previous employer ("**buyout awards**"). Any buyout awards would be limited to what is felt to be a fair estimate of the value of remuneration foregone when leaving the former employer and would be structured so as to be, to the extent possible, no more generous in terms of the fair value and other key terms (e.g. time to vesting and performance targets) than the incentives it is replacing.

Termination policy

In the event of termination, the Executive Directors' service contracts provide for payments of base salary, pension and benefits only over the notice period. The Company may elect to make a payment in lieu of notice equivalent in value to base salary and pension, which will be payable either (at the Company's discretion) (i) in monthly instalments (which will be subject to mitigation if alternative employment is taken up in this time); or (ii) as a lump sum. There is no contractual right to any bonus payment in the event of termination although in certain "good leaver" circumstances the Remuneration Committee may exercise its discretion to pay a bonus for the period of employment and based on performance assessed after the end of the financial year.

The default treatment for any share-based entitlements under the PSP is that any outstanding awards lapse on cessation of employment. However, in certain prescribed circumstances, or at the discretion of the Remuneration Committee "good leaver" status may apply. In these circumstances a participant's awards vest subject to the satisfaction of the relevant performance criteria and, ordinarily, on a time pro-rata basis, with the balance of the awards lapsing.

Non-Executive Directors' Letters of Appointment

Each of the Non-Executive Directors has been appointed by letters of appointment. Details of the terms of each Non-Executive Director's appointment with the Company are set out below.

Name	Date of initial appointment[(1)]	Committee Chairmanships/ Other Board Positions	Non-executive fee per annum (£)
Ed Williams	25 February 2015	Chair of the Nomination and Corporate Governance Committee Chair of the Remuneration Committee	170,000
Tom Hall	25 February 2015	Chair of the Audit and Risk Committee	Nil
Nick Hartman	25 February 2015	None	Nil
Victor A. Perry III	25 February 2015	Senior Independent Director	52,500

Notes

(1) Each of the Non-Executive Directors will stand for election at the first annual general meeting.

The Chairman and Non-Executive Directors do not participate in any of the Company's incentive arrangements or receive any pension provision.

The Chairman will, from Admission, receive an annual fee of £170,000. This fee is inclusive of all committee roles.

Each Non-Executive Director, with the exception of Tom Hall and Nick Hartman, will receive a basic fee of £52,500, with additional fees of £9,000 payable for chairmanship of each of the Audit and Risk Committee and Remuneration Committee and £9,000 for performing the Senior Independent Director role. Victor A. Perry III is currently the Senior Independent Director. It is anticipated that Victor A. Perry III will step down as Senior Independent Director, once a new independent non-executive director is appointed. Victor A. Perry III will not receive any additional fee in connection with his role as the Senior Independent Director. Tom Hall and Nick Hartman will not receive any fees in connection with their roles as Non-Executive Directors (or in connection with any committee chairman role or appointment as the Senior Independent Director to the extent relevant).

In addition, each Non-Executive Director is entitled to be reimbursed for all reasonable travel, hotel and incidental expenses incurred in the performance of the Non-Executive Director's duties. The Non-Executive Directors do not participate in any of the New Share Plans.

The Non-Executive Directors are appointed for three years subject to annual re-election and notice and will stand for election at the first annual general meeting of the Company. Appointment is terminable on six months' notice. Continuation of appointment is contingent on satisfactory performance and each Non-Executive Director is required to devote sufficient time to meet the expectation and requirements connected with their appointments. The appointment of a Non-Executive Director shall terminate summarily, including any entitlement to receive outstanding director's fees, without payment in lieu of notice, or other compensation, should they materially or persistently breach the terms of their appointment; have a bankruptcy order made against them or compound with or enter into any voluntary arrangements with their creditors or be disqualified from acting as a director.

Save as set out above, there are no existing or proposed service agreements between any Director and any member of the Group providing for benefits upon termination of employment.

Directors' and Senior Managers' Remuneration for FY14

The aggregate remuneration paid (including salary and other benefits) to Ed Williams, Trevor Mather, Sean Glithero, Tom Hall, Nick Hartman, Victor A. Perry III, Nathan Coe and Markku Koppinen for FY14 was £3,274,750, of which £3,092,941 comprised remuneration and £181,809 comprised benefits in kind (granted under any description whatsoever).

Pension Arrangements of the Executive Directors

Pension is provided either via a contribution into the Company's defined contribution plan, or via a cash supplement. The level of pension for the executive directors is set at 5% of base salary.

Ancillary benefits are provided in the form of private medical cover, life assurance and income protection insurance.

7. SHARE PLANS, EMPLOYEE INCENTIVE SCHEMES AND PENSIONS

To cater for discretionary share based incentive awards to selected employees, the Company has adopted the PSP and the DABP (together, the "**Executive Share Plans**").

Separately, to provide flexibility for a broad based "all-employee" share incentive policy, the Company has adopted the Auto Trader Group Share Incentive Plan (the "**SIP**") and the Auto Trader Group plc Savings Related Share Option Scheme (the "**Sharesave**" and together with the SIP, the "**All-Employee Share Plans**").

The Executive Share Plans and the All-Employee Share Plans (together the "**New Share Plans**") were adopted by the Board on 6 March 2015, conditional on Admission.

The following paragraphs first describe the unique features of the PSP, DABP, SIP and Sharesave and then the features which are common to the New Share Plans.

7.1 Summary of the PSP

Operation and Eligibility

The Remuneration Committee will supervise the operation of the PSP. Any employee (including an executive director) of the Company and its subsidiaries will be eligible to participate in the PSP at the discretion of the Remuneration Committee.

Grant of awards under the PSP

The Remuneration Committee may grant awards to acquire Shares as conditional share awards or as nil (or nominal) cost options. The Remuneration Committee may also decide to grant cash-based awards of an equivalent value to share-based awards or to satisfy share-based awards in cash, although it does not currently intend to do so.

Timing of grants

The Remuneration Committee may grant awards within six weeks of Admission. Thereafter, the Remuneration Committee may grant awards within six weeks following the Company's announcement of its results for any period. The Remuneration Committee may also grant awards at any other time when it considers there to be exceptional circumstances which justify the granting of awards.

The first awards under the PSP (the "**Initial PSP Awards**") are planned for grant to the executive directors and other selected senior management following the announcement of the Company's annual financial results for FY15. It is currently anticipated that such Initial PSP Awards will be over Shares having an aggregate market value of no more than £4.5 million by reference to the Offer Price.

Individual limit

An employee may not receive awards in any financial year over Shares having a market value in excess of 200% of their annual base salary in that financial year. In exceptional circumstances, this limit may be increased to 300% at the discretion of the Remuneration Committee.

In the case of the Initial PSP Awards to Trevor Mather and Sean Glithero it is anticipated that such awards will be over Shares having a market value of no more than 200% and 150% of annual base salary respectively.

Market value for such purposes shall be based on the market value of Shares on the dealing day immediately preceding the grant of an award (or by reference to a short averaging period) save in the case of the Initial PSP Awards in relation to which the Offer Price will be taken as market value.

Performance conditions

The extent of vesting of awards granted to executive directors of the Company will be subject to performance conditions set by the Remuneration Committee. The extent of vesting of awards granted to other participants may be subject to performance conditions set by the Remuneration Committee.

The performance condition applying to three-quarters of each of the Initial PSP Awards will be based on the Company's cumulative operating profit ("**Cumulative Operating Profit**") over a measurement period comprising three consecutive financial years of the Company, starting with FY16.

No portion of such part of the Initial PSP Awards will vest if Cumulative Operating Profit over the measurement period is less than a threshold level of Cumulative Operating Profit to be set by the Remuneration Committee. For such threshold performance, one-quarter of such part of the Initial PSP Awards shall vest, increasing on a graduated basis to full vesting of such part for Cumulative Operating Profit over the measurement period of a stretch level of Cumulative Operating Profit to be set by the Remuneration Committee or greater.

Cumulative Operating Profit for such purposes shall be determined on such basis and subject to such adjustments as the Remuneration Committee reasonably determines.

The performance condition applying to the balance comprising one quarter of each of the Initial PSP Awards will be based on total shareholder return ("**TSR**") performance over a measurement period running from Admission to the conclusion of the 52 week period ending 1 April 2018.

One quarter of such part of the Initial PSP Awards shall vest if the Company's TSR performance over the measurement period is equal to the TSR of the FTSE 250 Index (excluding investment trusts) ("**Index TSR**") over the same period, increasing on a graduated basis to full vesting of such part if the Company's TSR performance over the measurement period is equal to Index TSR + 25 percentage points or greater over the same period.

For the purposes of the TSR calculations, three month averaging periods prior to the start and the end of the relevant measurement period shall be used save in the case of the Company's start TSR which shall be measured from the Offer Price.

The Remuneration Committee may set different performance conditions from those described above for future awards. Details of the performance conditions set for any awards to the executive directors of the Company would be disclosed in the Company's annual directors' remuneration report and operate within the relevant approved shareholder policy.

The Remuneration Committee may vary the performance conditions applying to existing awards if an event has occurred which causes the Remuneration Committee to consider that it would be appropriate to amend the performance conditions, provided the Remuneration Committee considers the varied conditions to be fair and reasonable and not materially less challenging than the original conditions would have been but for the event in question.

Vesting of awards

Awards normally vest on the third anniversary of grant or, if later, when the Remuneration Committee determines the extent to which any performance conditions have been satisfied. Where awards are granted in the form of options, these will then be exercisable up until the tenth anniversary of grant (or such shorter period specified by the Remuneration Committee at the time of grant) unless they lapse earlier. Shorter exercise periods shall apply in the case of "good leavers" and/or vesting of awards in connection with corporate events.

Leaving employment

As a general rule, an award will lapse upon a participant ceasing to hold employment or be ceasing to a director within the Group (where relevant).

However, if the participant ceases to be an employee or a director within the Group because of his death, injury, disability, retirement, redundancy, his employing company or the business for which he/she works being sold out of the Group or in other circumstances at the discretion of the Remuneration Committee, then his/her award will vest on the date when it would have vested if he/she had not so ceased. The extent to which an award will vest in these situations will depend upon two factors: (i) the extent to which the performance conditions (if any) have been satisfied at that time; and (ii) the pro-rating of the award by reference to the period of time served in employment during the normal vesting period, although the Remuneration Committee can decide to reduce or eliminate the pro-rating of an award if it regards it as appropriate to do so in the particular circumstances.

Alternatively, if a participant ceases to be an employee or director in the Group for one of the "good leaver" reasons specified above (or in other circumstances at the discretion of the Remuneration Committee), the Remuneration Committee can decide that their award will vest on cessation, subject to: (i) the performance conditions measured at that time; and (ii) pro-rating by reference to the time of cessation as described above. Such treatment shall also apply in the case of death.

Corporate events

In the event of a takeover or winding up of the Company (not being an internal corporate reorganisation), all awards will vest early, subject to: (i) the extent that the performance conditions (if any) have been satisfied at that time; and (ii) the pro-rating of the awards to reflect the period of time between their grant and vesting, although the Remuneration Committee can decide to reduce or eliminate the pro-rating of an award if it regards it as appropriate to do so in the particular circumstances.

In the event of an internal corporate reorganisation, awards will be replaced by equivalent new awards over shares in a new holding company unless the Remuneration Committee decides that awards should vest on the basis which would apply in the case of a takeover.

If a demerger, special dividend or other similar event is proposed which, in the opinion of the Remuneration Committee, would affect the market price of Shares to a material extent, then the Remuneration Committee may decide that awards will vest on the basis which would apply in the case of a takeover as described above.

Holding periods

The terms of the PSP include that the Company's executive directors (and such others if any as the Remuneration Committee requires) will ordinarily be required to retain their net of tax number of vested shares (if any) delivered under the PSP (or the full number of the vested shares whilst held under an unexercised nil (or nominal) cost option award, where relevant) for at least two years from point of vesting. The Remuneration Committee may, in its discretion, allow such participants to sell, transfer, assign or dispose of some or all of such shares before the end of the holding period, subject to such additional terms and conditions that the Remuneration Committee may specify.

Dividend equivalents

The Remuneration Committee may decide that participants will receive a payment (in cash and/or Shares) on or shortly following the vesting of their awards of an amount equivalent to the dividends that would have been paid on those Shares between the time when the awards were granted and the time when they vest (or where an award is structured as an option and subject to a holding period, the date of expiry of the holding period or if earlier the exercise of such award). This amount may assume the reinvestment of dividends. Alternatively, participants may have their awards increased as if dividends were paid on the Shares subject to their award and then reinvested in further Shares.

Recovery and withholding

The Remuneration Committee may decide that the PSP's recovery and withholding provisions shall apply if, within three years of the vesting of an award, it is discovered that the award vested to a greater extent than warranted as a result of a material misstatement in the Company's financial results, an error in assessing any applicable performance condition and/or in the event of the discovery of pre-vesting gross misconduct.

The recovery and withholding may be satisfied by way of a reduction in the amount of any future bonus, subsisting award or future share awards and/or a requirement to make a cash payment.

7.2 Summary of DABP

Operation and Eligibility

The Remuneration Committee will supervise the operation of the DABP. Any employee (including an executive director) of the Company and its subsidiaries will be eligible to participate in the DABP at the discretion of the Remuneration Committee.

Overview

The general purpose of the DABP is to facilitate the deferral of part of an executive director's annual bonus into Shares at the discretion of the Remuneration Committee. The decision (if any) to require such bonus deferral in any year, and the portion of any bonus which will be deferred, will be determined by the Remuneration Committee.

It is currently anticipated that the Remuneration Committee will require 50% of any bonuses payable to the executive directors of the Company in relation to FY16 to be deferred under the DABP.

Grant of awards under the DABP

The Remuneration Committee may grant awards to acquire Shares as conditional share awards or as nil (or nominal) cost options. The Remuneration Committee may also decide to grant cash-based awards of an equivalent value to share-based awards or to satisfy share-based awards in cash, although it does not currently intend to do so.

Timing of grants

It is currently envisaged that no DABP awards will be made until 2016. The Remuneration Committee may grant awards within six weeks following the Company's announcement of its results for any period or the date on which bonuses are determined. The Remuneration Committee may also grant awards at any other time when it considers there to be exceptional circumstances which justify the granting of awards.

Individual limit

An employee may not receive awards in any financial year over Shares having a market value in excess of 100% of the relevant bonus being deferred under the DABP.

Vesting of awards

The normal vesting date for awards will be the second anniversary of grant (or such other normal vesting date (or dates in respect of distinct portions) as the Remuneration Committee may specify).

Vesting will ordinarily be dependent on the participant still being employed within the group.

Where awards are granted in the form of options, these will then be exercisable up until the tenth anniversary of grant (or such shorter period specified by the Remuneration Committee at the time of grant) unless they lapse earlier. Shorter exercise periods shall apply in the case of "good leavers" and/or vesting of awards in connection with corporate events.

Leaving employment

As a general rule, an award will lapse upon a participant ceasing to hold employment or be a director within the Group.

However, if the participant ceases to be an employee or a director within the Group because of his death, injury, disability, retirement, redundancy, his employing company or the business for which he works being sold out of the Group or in other circumstances at the discretion of the Remuneration Committee, then his award will vest on the date of cessation (or such later date as the Remuneration Committee determines) to such extent (which may include the full extent of the award) as the Remuneration Committee determines appropriate.

Corporate events

In the event of a takeover or winding up of the Company (not being an internal corporate reorganisation), all awards will vest early in full.

In the event of an internal corporate reorganisation, awards will be replaced by equivalent new awards over shares in a new holding company, unless the Remuneration Committee decides that awards should vest on the basis which would apply in the case of a takeover.

If a demerger, special dividend or other similar event is proposed which, in the opinion of the Remuneration Committee, would affect the market price of Shares to a material extent, then the Remuneration Committee may decide that awards will vest on the basis which would apply in the case of a takeover as described above.

Dividend equivalents

The Remuneration Committee may decide that participants will receive a payment (in cash and/or Shares) on or shortly following the vesting of their awards of an amount equivalent to the dividends that would have been paid on those Shares between the time when the awards were granted and the time when they vest. This amount may assume the reinvestment of dividends. Alternatively, participants may have their awards increased as if dividends were paid on the Shares subject to their award and then reinvested in further Shares.

Recovery and withholding

The Remuneration Committee may decide that the DABP's recovery and withholding provisions shall apply if, within three years of the grant of an award, it is discovered that the award was granted to a greater extent than warranted as a result of a material misstatement in the Company's financial results, an error in assessing any applicable bonus condition and/or in the event of the discovery of pre-grant gross misconduct.

The recovery and withholding may be satisfied by way of a reduction in the amount of any future bonus, subsisting award or future share awards and/or a requirement to make a cash payment.

7.3 Summary of SIP

Operation

The Board will supervise the operation of the SIP. It is intended that the SIP will meet the requirements of Schedule 2 to the Income Tax (Earnings and Pensions) Act 2003 ("**ITEPA**") as amended and re-enacted from time to time in order to provide UK tax-advantaged participation to UK employees.

The SIP comprises the following three elements and the Board may decide which element to offer (if any) to eligible employees:

- "**Free Shares**" which are free Shares which may be allocated to an employee.

  The market value of Free Shares allocated to any employee in any tax year may not exceed £3,600 or such other limit as may be permitted by the relevant legislation. Free Shares may be allocated to employees equally or on the basis of salary, length of service or hours worked, or on the basis of performance, as permitted by legislation.

- "**Partnership Shares**" which are Shares an employee may purchase out of his pre-tax earnings.

  The market value of Partnership Shares which an employee can agree to purchase in any tax year may not exceed £1,800 (or 10% of the employee's salary, if lower), or such other limit as may be permitted by the relevant legislation. The funds used to purchase Partnership Shares will be deducted from the employee's pre-tax salary. Salary deductions may be accumulated over a period of up to 12 months and then used to buy Shares.

- "**Matching Shares**" which are free Shares which may be allocated to an employee who purchases Partnership Shares.

  The Board may allocate up to a maximum of two Matching Shares for every one Partnership Share purchased (or such other maximum ratio as may be permitted by the relevant legislation). The same Matching Share ratio will apply to all employees who purchase Partnership Shares under the SIP on the same occasion.

Eligibility

Employees of the Company and any designated participating subsidiary who are UK resident taxpayers are eligible to participate. The Board may allow non-UK tax resident taxpayers to participate. The Board may require employees to have completed a qualifying period of employment of up to 18 months in order to be eligible to participate. All eligible employees must be invited to participate.

Conditional on Admission, the Board currently envisages using the Free Shares element of the SIP following Admission to make an award of Free Shares (of an anticipated aggregate value on award of up to £3.1 million) to eligible UK tax resident employees. In the event of such an award of Free Shares other employees may also receive similar awards outside of the SIP (but within the aggregate value noted above).

Retention of Shares

The trustee of the SIP trust will acquire Partnership Shares on behalf of participants and hold those Shares in the SIP trust on their behalf. Employees can withdraw Partnership Shares from the SIP trust at any time.

The trustee will award Free Shares and Matching Shares to participants and hold those Shares in the SIP trust on their behalf. The Board may decide that awards of Free Shares or Matching Shares will be forfeited in certain circumstances. The default position is that such shares will be forfeited on leaving employment unless the participant leaves by reason of death, injury, disability, redundancy, retirement or the employing company or business ceasing to be part of the Group. In addition, the default position includes that Free Shares and Matching Shares will be forfeited if the participant attempts to withdraw such shares or the corresponding Partnership Shares as relevant from the SIP trust within the first three years. The Board may amend or remove the forfeiture provisions applying to a particular award but the same provisions must apply to all shares under the same award.

If a participant ceases to be employed by the Group at any time he or she will be required to withdraw his or her shares from the SIP trust (if they are not forfeited).

Corporate events

In the event of a general offer being made to Shareholders, participants will be able to direct the trustees how to act in relation to their Shares. In the event of a corporate reorganisation any Shares held by participants may be replaced by equivalent shares in a new holding company.

Dividends on Shares held by the trustee of the SIP

Any dividends paid on Shares held by the trustee of the SIP on behalf of participants may be either used to acquire additional Shares for employees or distributed to participants.

Rights attaching to Shares

An employee will be treated as the beneficial owner of Shares held on his/her behalf by the trustee of the SIP.

7.4 Summary of Sharesave

Operation

The operation of the Sharesave will be supervised by the Board.

It is intended that the Sharesave will meet the requirements of Schedule 3 to the ITEPA as amended and re-enacted from time to time in order to provide UK tax-advantaged options to UK employees.

Eligibility

Employees and full-time directors of the Company and any designated participating subsidiary who are UK resident tax payers are eligible to participate. The Board may require employees to have completed a qualifying period of employment of up to five years before the grant of options. The Board may also allow other employees to participate.

Grant of options

Options can only be granted to employees who enter into HMRC approved savings contracts, under which monthly savings are normally made over a period of three or five years. Options must be granted within 30 days (or 42 days if applications are scaled back) of the first day by reference to which the option price is set. The number of Shares over which an option is granted will be such that the total option price payable for those Shares corresponds to the proceeds on maturity of the related savings contract.

Individual participation

Monthly savings by an employee under all savings contracts linked to options granted under any sharesave scheme may not exceed the statutory maximum (currently £500). The Board may set a lower limit in relation to any particular grant.

Option price

The price per Share payable upon the exercise of an option will not be less than the higher of: (i) 80% of the average middle-market quotation of a Share on the London Stock Exchange on the three days preceding a date specified in an invitation to participate in the Sharesave (or such other day or days as may be agreed with HMRC); and (ii) if the option relates only to new issue Shares, the nominal value of a Share.

The option price will be determined by reference to dealing days which fall within six weeks of the announcement by the Company of its results for any period or at any other time when the Board considers there to be exceptional circumstances which justify offering options under the Sharesave.

Exercise of options

Options will normally be exercisable for a six month period from the third or fifth anniversary of the commencement of the related savings contracts. Earlier exercise is permitted, however, in the following circumstances:

- following cessation of employment by reason of death, injury, disability, redundancy, retirement or the business or company that the employee works for ceasing to be part of the Group;
- where employment ceases more than three years from grant for any reason other than dismissal for misconduct; and
- in the event of a takeover, amalgamation, reconstruction or winding-up of the Company, except in the case of an internal corporate re-organisation when the Board may decide to exchange existing options for equivalent new options over shares in a new holding company.

Except where stated above, options will lapse on cessation of employment or directorship within the Group.

Shares will be allotted or transferred to participants within 30 days of exercise.

7.5 Principal terms common to the New Share Plans

Life of Plans

An award may not be granted more than 10 years after the date on which the New Share Plans were adopted.

No payment is required for the grant of an award save in the case of the purchase of Partnership Shares under the SIP.

Awards are not transferable, except on death. Awards are not pensionable.

Participants' rights

Awards under the Executive Share Plans and Sharesave will not confer any shareholder rights until the awards have vested or the options have been exercised as relevant and the participants have received their Shares.

Rights attaching to Shares

Any Shares allotted will rank equally with Shares then in issue (except for rights arising by reference to a record date prior to their allotment).

Variation of capital

In the event of any variation of the Company's share capital (or in the case of the Executive Share Plans only, in the event of a demerger, payment of a special dividend or similar event which materially affects the market price of the Shares), the Remuneration Committee or Board as relevant may make such adjustment as it considers appropriate to the number of Shares subject to an award and/or the exercise price payable (if any).

Overall limits

The New Share Plans may operate over new issue Shares, treasury Shares or Shares purchased in the market.

In any ten calendar year period, the Company may not issue (or grant rights to issue) more than 10% of the issued ordinary share capital of the Company under the New Share Plans and any other (executive or otherwise) share incentive plan adopted by the Company.

Furthermore, in the same period as noted above, the Company may not issue (or grant rights to issue) more than 5% of the Shares in issue under the Executive Share Plans and any other executive share plan adopted by the Company.

Treasury shares will count as new issue Shares for the purposes of these limits unless Shareholders decide that they need not count.

Shares issued or to be issued under awards or options granted before or in connection with Admission will not count towards these limits.

Alterations

The Remuneration Committee may, at any time, amend the New Share Plans in any respect, provided that the prior approval of Shareholders is obtained for any amendments that are to the advantage of participants in respect of the rules governing eligibility, limits on participation, the overall limits on the issue of Shares or the transfer of treasury Shares, the basis for determining a participant's entitlement to, and the terms of, the Shares or cash to be acquired and the adjustment of awards.

The requirement to obtain the prior approval of Shareholders will not, however, apply to any minor alteration made to benefit the administration of the New Share Plans, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants or for any company in the Group. Shareholder approval will also not be required for any amendments to any performance condition applying to an award amended in line with its terms.

Overseas plans

The New Share Plans allow the Remuneration Committee or Board, as relevant, to establish further plans for overseas territories, any such plan to be similar to the relevant New Share Plan, but modified to take account of local tax, exchange control or securities laws, provided that any Shares made available under such further plans are treated as counting against the limits on individual and overall participation in the relevant New Share Plan.

7.6 Employee Benefit Trust

At its discretion the Company may operate the Auto Trader Employee Benefit Trust ("**EBT**") which has the flexibility to acquire Shares to hold or distribute them in respect of share options and awards granted pursuant to the Company's share plan arrangements from time to time. The EBT would not, without prior Shareholder approval, acquire Shares which would cause its holding to exceed 5% of the Shares in issue.

The EBT is an offshore trust and the trustees would buy shares on the market or subscribe for them. It is intended that the EBT would be funded by way of loans and other contributions from the Group.

8. SIGNIFICANT SHAREHOLDERS

Insofar as was known to the Company, as at 18 March 2015, the persons set out in the tables below are expected to have notifiable interests in 3% or more (being the threshold for notification of interests that applies to the Company and Shareholders as of Admission pursuant to Chapter 5 of the Disclosure and Transparency Rules) of the issued share capital of the Company. Expected interests both on and following Admission are disclosed in the tables below (and are calculated on the basis that there is no exercise of the Over-allotment Option).

	On Admission		Immediately following Admission	
Shareholder	**Number of Shares(1)**	**Percentage of issued share capital(1)**	**Number of Shares(1)(2)**	**Percentage of issued share capital(1)(2)**
Crystal A Holdco S.à r.l	279,170,544	27.9%	129,410,549	12.9%
Crystal B Holdco S.à r.l	455,490,595	45.5%	211,143,783	21.1%

Notes:

(1) Following completion of the Pre-IPO Reorganisation described in Section 4 (*Group Structure and Reorganisation*) of this Part XVII (*Additional Information*).

(2) Assuming no exercise of the Over-allotment Option.

Immediately after Admission:

(a) other than the Selling Shareholders, the Company is not aware of any persons who, directly or indirectly, jointly or severally, will exercise or could exercise control over the Company; and

(b) none of the Shareholders set out above has or will have different voting rights.

Certain investors are expected to acquire interests of more than 5% of the Shares available in the Offer (assuming the Over-allotment Option is exercised in full) through one or more funds.

9. RELATIONSHIP WITH SELLING SHAREHOLDERS

On 19 March 2015, the Company entered into a relationship agreement with the Selling Shareholders (the "**Relationship Agreement**") which is conditional, and shall take effect, on Admission. The principal purpose of the Relationship Agreement is to ensure that the Company is capable at all times of carrying on its business independently of the Selling Shareholders.

If any person acquires control of the Company or the Company ceases to be admitted to the Official List, the Relationship Agreement may be terminated by the Selling Shareholders.

The Relationship Agreement shall terminate, save for certain specified provisions, if:

(a) the Selling Shareholders and/or any of their respective Associates and/or their concert parties, when taken together, cease to hold voting rights over 10% or more of the Company's issued share capital as a result of a voluntary transfer or disposal by one of the foregoing; or

(b) if the Selling Shareholders and/or their respective Associates and/or their concert parties, acting together, cease to hold voting rights over 10% or more of the Company's issued share capital otherwise than as a result of a voluntary transfer or disposal by one of the foregoing, with effect from the expiry of three months from the date of such occurrence if, at the expiry of such three month period, the Selling Shareholders and/or their respective Associates and/or their concert parties, when taken together, still cease to hold voting rights over 10% or more of the Company's issued share capital,

in each case upon all Apax Directors ceasing to be Directors, which shall occur at the earlier of the close of the next following annual general meeting of the Company and the announcement of the next following half-yearly results of the Company.

The Relationship Agreement provides that:

(a) all transactions and arrangements between any member of the Group and a Selling Shareholder or any of its Associates shall be at arm's length and on normal commercial terms and the Selling Shareholders shall, and shall take all reasonable steps to ensure that their respective Associates shall, abstain from voting on any resolution to approve a related party transaction involving them or their respective Associates required for the purposes of Chapter 11 of the Listing Rules;

(b) the Selling Shareholders shall not, and shall procure, so far as they are able, that their respective Associates shall, take any action to prevent the Company from being managed in accordance with the

UK Corporate Governance Code, save as disclosed in this Prospectus or as agreed by a majority of the Independent Non-Executive Directors;

(c) neither the Selling Shareholders nor any of their respective Associates shall take any action that would have the effect of preventing the Company from complying with its obligations under the Listing Rules; and

(d) the Selling Shareholders shall not, and shall procure, so far as it is able, that their respective Associates shall not, vote in favour of or propose, or procure the proposal of, any shareholder resolution which would, if passed, be inconsistent with or reduce the parties' rights set out in the Relationship Agreement or prevent there being a majority of Independent Non-Executive Directors on the Board otherwise than on a temporary basis pending the election or appointment of further independent directors.

The Company has agreed that it will not propose to Shareholders and (as required by paragraph 6.1.4 D R (3) of the Listing Rules) the Selling Shareholders agree that neither they nor any of their respective Associates will vote in favour of, nor propose or procure the proposal of, a shareholder resolution (including a shareholder resolution to amend the Articles) which is intended or appears to be intended to circumvent the proper application of the Listing Rules in force from time to time.

The Company also has agreed that, for so long as the Relationship Agreement is in effect, the Selling Shareholders and Apax Europe VII-A, L.P. shall collectively be entitled to appoint two non-executive directors to the Board for so long as the Selling Shareholders (and/or any of their respective Associates, when taken together) hold voting rights over 20% or more of the Company's issued share capital and one non-executive director to the Board for so long as the Selling Shareholders (and/or any of their respective Associates, when taken together) hold voting rights over 10% or more, but less than 20%, of the Company's issued share capital. This right of appointment is also included in the Articles. For more information, see Section 5 (*Articles of Association*) of this Part XVII (*Additional Information*).

Pursuant to the Relationship Agreement, for so long as the Selling Shareholders (and/or any of their respective Associates, when taken together) hold voting rights over 10% or more of the Company's issued share capital, an Apax Director nominated by the Selling Shareholders and Apax Europe VII-A, L.P. shall be a member of the Nomination and Corporate Governance Committee, and can request to attend meetings of the Audit and Risk Committee and Remuneration Committee as an observer, for so long as the Board has not otherwise appointed him to be a member of the Audit and Risk Committee or the Remuneration Committee (as the case may be).

Subject to applicable law, the Selling Shareholders and Apax Europe VII-A, L.P. will have certain information rights, including for the purposes of their accounting or other regulatory requirements. The Selling Shareholders have undertaken to hold information they receive on the Group in confidence and in accordance with applicable law. The Relationship Agreement confirms that the Selling Shareholders and their respective Associates and any fund or collective investment vehicle managed by Apax Guernsey (Holdco) PCC Limited or any of its subsidiaries, including Apax Europe VII GP L.P. Inc., or advised by Apax, and such investment manager and adviser, are not restricted from competing with the Group.

The Relationship Agreement also provides for the Company, subject to certain limitations and exceptions, to provide certain assistance to the Selling Shareholders in the event of a sale of Shares by the Selling Shareholders at any time following the Offer. The Relationship Agreement provides for the Selling Shareholders to indemnify the Company against certain losses incurred in respect of sales of Shares and for the Selling Shareholders to pay and reimburse the Company for certain costs arising in connection with the assistance provided by the Company in the event of a sale of the Shares by the Selling Shareholders at any time following the Offer. The Relationship Agreement is governed by the laws of England.

The Board believes that the terms of the Relationship Agreement will enable the Company to carry on its business independently from the Selling Shareholders and their respective Associates, and ensure that all transactions and relationships between the Company and the Selling Shareholders are, and will be, at arm's length and on a normal commercial basis.

10. RELATED PARTY TRANSACTIONS

Details of related party transactions entered into by members of the Group during the period covered by the financial information are set out in note 33 to the consolidated historical financial information contained in Part XIII (*Historical Financial Information*) of this Prospectus.

In addition:

(a) the Relationship Agreement has been entered into between the Company and the Selling Shareholders to ensure that the Company is capable at all times of carrying on its business independently of the Selling Shareholders and their respective Associates. The Company has also undertaken to cooperate with the Selling Shareholders in the event of a sale of the Shares by the Selling Shareholders at any time following the Offer. See Section 9 (*Relationship With Selling Shareholders*) of this Part XVII (*Additional Information*) for further details on the Relationship Agreement.

(b) The Reorganisation Agreement has been entered into between, amongst others, the Company, Auto Trader Holding Limited, the Selling Shareholders, the Executive Directors, Ed Williams, Victor A. Perry III, the Senior Managers and 13 other members of the Company's management team. Pursuant to the terms of the Reorganisation Agreement and the steps comprising the Pre-IPO Reorganisation, each of the Selling Shareholders, the Executive Directors, Ed Williams, Victor A. Perry III, the Senior Managers and such other members of the management team has agreed to transfer, effective on and conditional upon Admission, their existing interests in Auto Trader Holding Limited for Shares in the Company. For more details on the Reorganisation Agreement and the Pre-IPO Reorganisation, see Section 4 (*Group Structure and Reorganisation*) of this Part XVII (*Additional Information*).

It is expected that from time to time there may be ordinary course transactions with affiliates of the Selling Shareholders on normal arm's length commercial terms.

Mogul Guernsey L.P. Inc., an affiliate of the Selling Shareholders, is a member of the syndicate constituting the lenders under the Existing GSMP Junior Debt Agreement. It is expected that, as a result of the Refinancing, its existing outstanding loan commitment to the Group of approximately £15.0 million will be repaid in full, in line with the approach taken with respect to all other members of the syndicate constituting the lenders under the Existing GSMP Junior Debt Agreement.

Save as set out above, and for the related party transactions set out in the financial information in note 33 to the consolidated historical financial information contained in Part XIII (*Historical Financial Information*) of this Prospectus and the information contained in Section 9 (*Relationship With Selling Shareholders*) of this Part XVII (*Additional Information*), there are no related party transactions that were entered into during the period covered by the consolidated historical financial information and during the period from 28 December 2014 to the date of this Prospectus.

11. MATERIAL CONTRACTS

Save as disclosed below, there are no contracts (other than contracts entered into in the ordinary course of business) to which the Company or any member of the Group is a party which: (i) are, or may be, material to the Group and which have been entered into in the two years immediately preceding the date of this Prospectus; or (ii) contain obligations or entitlements which are, or may be, material to the Group as at the date of this Prospectus.

11.1 Underwriting Agreement

On 19 March 2015 the Company, the Directors, the Selling Shareholders, the Over-allotment Shareholders and the Underwriters entered into the Underwriting Agreement pursuant to which the Underwriters have agreed, subject to certain terms and conditions, to severally (and not jointly or jointly and severally): (i) use their reasonable endeavours to procure subscribers and purchasers, as the case may be, or, failing which, to (ii) subscribe for or purchase, as the case may be, for themselves, at the Offer Price, the Shares to be issued or sold pursuant to the Offer.

The Underwriting Agreement contains, amongst others, the following further provisions:

(a) the Company has appointed Deutsche Bank as Sponsor and each of Deutsche Bank and BofA Merrill Lynch as Joint Global Coordinators and Joint Bookrunners, each of J.P. Morgan Cazenove and Morgan Stanley as Joint Bookrunners and Numis as Lead Manager in connection with the Offer;

(b) the Over-allotment Shareholders have granted to Deutsche Bank (as Stabilising Manager), an Over-allotment Option pursuant to which the Stabilising Manager may require the Over-allotment Shareholders to sell Shares (in an amount of up to 15% of the aggregate number of Shares to be made available in the Offer) at the Offer Price to cover over-allotments, if any, made in connection with the Offer and/or, amongst other things, to cover any short positions resulting from stabilisation transactions. The Over-allotment Option may be exercised at any time up to and including the

Stabilisation End Date. Save as required by law or by regulation, neither the Stabilising Manager nor its agents intend to disclose the extent of any over-allotments made and/or any stabilisation transactions;

(c) the several obligations of the Underwriters to: (i) use their reasonable endeavours to procure subscribers and purchasers, as the case may be, or failing which to (ii) subscribe for or purchase, as the case may be, the Shares issued or to be sold pursuant to the Offer themselves pursuant to the Underwriting Agreement, are subject to certain conditions that are typical for an agreement of this nature including, amongst others, (A) Admission having occurred by not later than 8.00 a.m. (London time) on 24 March 2015 (or such later time and/or date as the Company and the Joint Global Coordinators may agree being not later than 9 April 2015) and (B) there having occurred no material adverse change in relation to the Group between the date of the Underwriting Agreement and Admission. The Joint Global Coordinators may terminate the Underwriting Agreement prior to Admission in certain customary circumstances, including, amongst others, the occurrence of a material adverse change in relation to the Group and certain changes in market and economic conditions. The Underwriting Agreement will become unconditional, upon Admission;

(d) subject to, amongst other things, the conditions set out in the Underwriting Agreement having been satisfied or waived and the Underwriting Agreement not having been terminated prior to Admission, the Company has agreed that the Settlement Manager may deduct (on behalf of itself and the other Underwriters) from the aggregate gross proceeds of the Offer payable to the Company a fee of £10 million (together with an amount equal to any applicable VAT payable thereon);

The Company and the Selling Shareholders may, in their absolute discretion, as to the amount (if any) payable by each of them and as to the allocation between the Underwriters, pay to the Settlement Manager (on behalf of the relevant Underwriters) a further fee of up to 1% of the aggregate gross proceeds of the Offer (the "**Discretionary Fee**"). To the extent that the Discretionary Fee is payable it will be paid by (i) the Company in respect of the aggregate proceeds of the Offer (including the sale of any Existing Shares but excluding the sale of the Over-allotment Shares) and (ii) the Over-allotment Shareholders in respect of the aggregate proceeds of the sale of the Over-allotment Shares (if any) (together with, in each case, an amount equal to any applicable VAT payable thereon), save that to the extent that the aggregate proceeds of the sale of the Existing Shares (excluding the Over-allotment Shares) exceeds £142.7 million, the portion of the Discretionary Fee relating to the aggregate proceeds of sale of the Existing Shares (excluding the Over-allotment Shares) over £142.7 million will be paid by the Selling Shareholders and not by the Company (together with an amount equal to any applicable VAT payable thereon);

In addition, the Selling Shareholders may, in their absolute discretion, as to the amount (if any) payable and as to the allocation between the Underwriters, pay to the Settlement Manager (on behalf of the relevant Underwriters) a further fee of up to 0.5% of the aggregate gross proceeds of the Offer (including the sale of any Existing Shares and any Over-allotment Shares);

(e) the Company has agreed to pay or cause to be paid (together with, in each case, an amount equal to any applicable VAT payable thereon) certain costs, charges, fees and expenses of, or in connection with, or incidental to, amongst other things, the Offer and/or Admission. The Selling Shareholder and, as may be applicable, the Over-allotment Shareholders have agreed to pay or cause to be paid (together with an amount equal to any applicable VAT payable thereon) certain costs, charges, fees and expenses expressed in the Underwriting Agreement to be payable by them in connection with, or incidental to, amongst other things, the sale of Existing Shares (including the Over-allotment Shares) in the Offer;

(f) the Company has undertaken, amongst other things, not to (and shall procure that no member of the Group will), for the period of 60 days from the date of Admission without the prior consent of the Joint Global Coordinators, enter into any agreement, commitment or arrangement which is or is reasonably likely to be material in the context of the business or affairs of the Group or in relation to the application for Admission or the Offer, provided that the foregoing shall not apply to any agreement, commitment or arrangement which is disclosed in this Prospectus, is in the ordinary course of business or has otherwise been approved by any member of the Group prior to the date of the Underwriting Agreement;

(g) the Company, the Selling Shareholders, the Over-allotment Shareholders and the Directors have given certain representations and warranties to the Underwriters and, in addition, the Company has given certain indemnities to the Underwriters. The Company's liabilities are unlimited as to time and amount and the liabilities of the Directors, the Selling Shareholders and the Over-allotment Shareholders are limited as to time and amount;

(h) the Company has agreed that, subject to certain customary exceptions, for a period of 180 days from the date of Admission, neither it nor any member of its Group will, without the prior written consent of the Joint Global Coordinators, directly or indirectly, issue, offer, allot, lend, mortgage, assign, charge, pledge, sell or contract to sell or issue options in respect of, or otherwise dispose of, directly or indirectly, or announce an offering or issue of, any Shares (or any interest therein or in respect thereof) or any other securities exchangeable for, or convertible into, or substantially similar to, Shares or enter into any transaction with the same economic effect as any of the foregoing;

(i) each of the Selling Shareholders has agreed that, subject to certain customary exceptions, for a period of 360 days from the date of Admission, it will not, without the prior written consent of the Joint Global Coordinators, directly or indirectly, offer, issue, lend, mortgage, assign, charge, pledge, sell or contract to sell, issue options in respect of, or otherwise dispose of, directly or indirectly, or announce an offering or issue of, any Shares (or any interest therein or in respect thereof) or any other securities exchangeable for, or convertible into, or substantially similar to, Shares or enter into any transaction with the same economic effect as any of the foregoing; and

(j) each of the Directors has agreed that, subject to certain customary exceptions, for a period of 360 days from the date of Admission, he will not, without the prior written consent of the Joint Global Coordinators, directly or indirectly, offer, issue, lend, mortgage, assign, charge, pledge, sell or contract to sell, issue options in respect of, or otherwise dispose of, directly or indirectly, or announce an offering or issue of, any Shares (or any interest therein or in respect thereof) or any other securities exchangeable for, or convertible into, or substantially similar to, Shares held by him after Admission or any Shares which accrue to him as a result of such holding or enter into any transaction with the same economic effect as any of the foregoing.

The Senior Managers have agreed to lock-up restrictions following Admission. For more details of these arrangements and other lock-up arrangements, see Section 9 (*Lock-Up Arrangements*) of Part XVI (*The Offer*) of this Prospectus.

11.2 Reorganisation Agreement

On 6 March 2015, the Company and Auto Trader Holding Limited entered into a reorganisation agreement with the Existing Shareholders in connection with the proposed initial public offering of the Company (the "**Reorganisation Agreement**"). Details of the reorganisation steps governed by the Reorganisation Agreement are set out in Sections 4.2 and 4.3 of this Part XVII (*Additional Information*). The Reorganisation Agreement also contains provisions governing the determination of the number or shares and loan notes to be transferred, issued, repurchased or repaid as part of the various reorganisation steps and certain warranties and undertakings by the parties.

In addition, in the Reorganisation Agreement the Company and Auto Trader Holding Limited acknowledge that, notwithstanding that certain obligations under the GMG Sale and Purchase Agreement (defined below) are expressed to be obligations of Auto Trader Holding Limited and the Selling Shareholders, such obligations are primary obligations of Auto Trader Holding Limited and, with effect from Admission, the Company shall indemnify the Selling Shareholders against any and all losses, damages, costs (including reasonable legal costs) and expenses (including tax), in each case of any nature whatsoever, arising in connection with any such obligation under the GMG Sale and Purchase Agreement.

11.3 Guardian Media Group Sale and Purchase Agreement

From October 2003 until 28 February 2014, Guardian Media Group PLC ("**GMG**") indirectly controlled a majority of the voting rights in Auto Trader Holding Limited. Auto Trader Holding Limited is a party to a sale and purchase deed (the "**GMG SPA**") dated 21 January 2014 pursuant to which the Selling Shareholders acquired the interests of GMG (TMG) Limited (an affiliate of GMG) (the "**GMG Seller**"). The Company may assume the obligations of Auto Trader Holding Limited should that latter company cease to be the parent company of the Operating Group. Under the GMG SPA, Auto Trader Holding Limited and the Selling Shareholders agreed to protect the GMG Seller (and other members of GMG's group) (together "**GMG Parties**") in respect of: (i) guarantees and similar assurances given by a GMG Party for the benefit of the Operating Group; (ii) certain taxation liabilities of the Operating Group (and of the Selling Shareholders and affiliates) for which a GMG Party could be liable on a secondary basis where the party primarily liable for the tax fails to discharge that liability; and (iii) a GMG Party being required to make a payment or provide support to the Wiltshire (Bristol) Limited Retirement Benefits Scheme, a defined benefit scheme operated by the Operating Group. The GMG SPA contains certain protections for Auto Trader Holding Limited and its subsidiaries arising from the past association with the GMG Seller.

11.4 South African Sale and Purchase Agreement

From August 1994 until October 2013, the Group was the sole shareholder in The Car Trader Proprietary Limited (the "**South African Subsidiary**"), a South African company operating 'AutoTrader.co.za'. On 8 August 2013, Auto Trader Limited (formerly Trader Publishing Limited) and Bushwillow GD 271 Investments Proprietary Limited (the "**South African Purchaser**") entered into a sale and purchase agreement for the sale of the entire share capital of the South African Subsidiary to the South African Purchaser (the "**South African Sale and Purchase Agreement**").

Under the South African Sale and Purchase Agreement, Auto Trader Limited has given a number of representations and warranties regarding itself and the South African Subsidiary and, in addition, has given certain indemnities to the South African Purchaser. For claims under any of the representations and warranties relating to tax, Auto Trader Limited's liabilities are limited, in terms of time, to a period of five years from October 2013 and, in terms of amount, up to 75% of the purchase price (purchase price being approximately £32 million). For all other claims, Auto Trader Limited's liabilities are limited, in terms of time, to a period of two years from October 2013 and, in terms of amount, up to 75% of the purchase price.

11.5 Existing Syndicated Bank Loans Agreement

Trader Media Corporation (2003) Limited and certain of its subsidiaries are party to the Existing Syndicated Bank Loans Agreement which provides for the following facilities, all of which are to be refinanced in full on Admission, as part of the Refinancing:

(a) a term loan facility which has been drawn down in full. Repayment of this facility is through a single bullet repayment due in June 2017. Borrowings under this facility bear interest at LIBOR plus mandatory costs plus a margin varying between 3.25% and 4.25% per annum;

(b) a term loan facility which has been drawn down in full. Repayment of this facility is through a single bullet repayment due in December 2017. Borrowings under this facility bear interest at LIBOR plus mandatory costs plus a margin varying between 4.00% and 4.50% per annum; and

(c) a £35,000,000 revolving credit facility which, subject to customary conditions precedent, can be drawn down as required and is available until 30 June 2017. Borrowings under this facility bear interest at LIBOR plus mandatory costs plus a margin varying between 2.75% and 3.75% per annum.

The Existing Syndicated Bank Loans Agreement also provided for other term loan facilities and revolving credit facilities, all of which have been repaid in full.

11.6 Existing GSMP Junior Debt Agreement

Trader Media Group Holdings Limited and Trader Media Finance Limited are party to the Existing GSMP Junior Debt Agreement which provides for a term loan facility which was drawn down in full on 28 February 2014 by Trader Media Finance Limited. Repayment of this facility is through a single bullet repayment due on 28 February 2021. Borrowings under this facility bear interest at LIBOR plus a margin of 8.75% per annum (subject to an option for interest to be capitalised in respect of not more than three interest periods at a rate of LIBOR plus a margin of 10.75% per annum). The Existing GSMP Junior Debt Agreement is to be refinanced in full on Admission.

11.7 New Facilities Agreement

At Admission, the Company intends to enter into the New Facilities Agreement with, amongst others, AIB Group (UK) p.l.c., Bank of America, N.A., London Branch, BNP Paribas Fortis SA/NV, Deutsche Bank Luxembourg S.A., Crédit Agricole Corporate and Investment Bank, Crédit Industriel et Commercial, JPMorgan Chase Bank, N.A., London Branch, Lloyds Bank plc, Mizuho Bank, Ltd., Morgan Stanley Senior Funding Inc., National Westminster Bank plc, Santander UK Plc and UniCredit Bank AG ("**Original Lenders**") and Wilmington Trust (London) Limited as facility agent ("**Facility Agent**") and security agent ("**Security Agent**"). Under the New Facilities Agreement, a term loan facility of

£550.0 million ("**Term Facility"** or "**Facility A**") and a revolving credit facility of £30 million ("**Revolving Credit Facility**") will be made available to the Company and certain of its subsidiaries.

The Term Facility may be utilised by way of loans for the purpose of (directly or indirectly) refinancing the indebtedness of the Group, financing the transaction costs, and/or financing or refinancing the general corporate purposes of the Group. The Revolving Credit Facility may be utilised by way of loans and/or letters of credit for the purpose of (directly or indirectly) financing or refinancing the general corporate purposes and/or working capital requirements of the Group. The Revolving Credit Facility may also be utilised by way of ancillary facilities and bank guarantees provided by the lenders of the Revolving Credit Facility on a bilateral basis.

The Term Facility will be required to be repaid in one instalment on the date which falls 60 months after the date of first drawdown under the New Facilities Agreement (the "**First Utilisation Date**"). Each loan made under the Revolving Credit Facility will be repayable on the last day of its interest period. The interest period of a loan made under the Revolving Credit Facility can be two weeks, one, two, three or six months or any such period as agreed by the Facility Agent (or if greater than 6 months, all lenders participating in the relevant loan). The scheduled final maturity date of the Revolving Credit Facility is the date which falls 60 months after the First Utilisation Date.

Interest will be payable on amounts drawn by way of loans under the New Facilities Agreement at a margin over LIBOR or, in the case of a loan in euros, EURIBOR ranging between (i) in respect of the Term Facility, 1.50% and 3.25% (depending on the ratio of total net debt to consolidated EBITDA) and (ii) in respect of the Revolving Credit Facility, 1.25% and 3.00% (depending on the ratio of total net debt to consolidated EBITDA). For the first 6 months following the First Utilisation Date, the margin is fixed at 2.25% for Facility A and 2.00% for Revolving Credit Facility. Additionally, a commitment fee is payable on unutilised amounts under the Revolving Credit Facility at a rate of 35% of the applicable margin. Customary fees are payable to the Facility Agent and Security Agent.

The New Facilities Agreement will be guaranteed by the guarantors thereto (being as at the First Utilisation Date, Auto Trader Group plc and Auto Trader Holding Limited and within 20 business days of the First Utilisation Date, subject to agreed security principles, certain other members of the Group). The rights of the lenders under the New Facilities Agreement, will, subject to agreed security principles, be secured by security over the shares held by a guarantor or a borrower in another guarantor or borrower. Such security must be released by the Security Agent if requested by a member of the Group provided certain conditions are met.

The New Facilities Agreement also contains customary prepayment, cancellation and default provisions and customary representations and warranties (subject to certain exceptions and qualifications) and a financial covenant, including:

- if required by a lender, mandatory prepayment of all utilisations provided by that lender upon the sale of all or substantially all of the business and assets of the Group or a change of control;
- a financial covenant (tested twice annually) which require that the ratio of total net debt to consolidated EBITDA, when tested, does not exceed a specified level (starting at 5.50:1 and decreasing to 5.00:1 after 18 months and to 4.50:1 after 36 months);
- covenants that impose restrictions on the Group's ability to enter mergers, incur additional financial indebtedness, make disposals, grant security or make a substantial change to the general nature of the business of the Group (in each case subject to certain exceptions);
- voluntary prepayment of loans or letters of credit (subject to minimum amounts and prior notice);
- events of default including non-payment, failure to comply with financial covenant (subject to equity cure provisions), breaches of representation and other obligations, insolvency and cross default (in relation to certain other financial indebtedness of the Group, subject to a £25,000,000 *de minimis* threshold), unlawfulness, invalidity and repudiation of the finance documents and material adverse effect (in each case, subject to customary grace periods and thresholds); and
- certain ongoing financial information provisions.

11.8 Relationship Agreement

Details of the Relationship Agreement are set out in Section 9 (*Relationship With Selling Shareholders*) of this Part XVII (*Additional Information*).

12. PROPERTY

As at the date of this Prospectus, the Group primarily operates in the United Kingdom from two premises as set out below.

Location	Size (sq ft)	Own/Lease	Primary Use
4th & 5th and part 6th Floors, 1 Tony Wilson Place, Manchester	60,216	Leasehold	Head office
3rd Floor, 2 Pancras Square, King's Cross, London	15,674	Leasehold	London office space

Unoccupied properties no longer required by the Group have either been placed for sale or, if leased, are subject to surrender negotiations with landlords (see note 18 of Part XIII (*Historical Financial Information*) of this Prospectus). The Group does not believe there to be any material environmental issues which may affect the Group's utilisation of its major real estate holdings and leases.

13. INTELLECTUAL PROPERTY

As of 25 February 2015, the Group owned 35 registered UK trademarks, 21 registered European trademarks and 6 other jurisdiction registered trademarks in relation to its business. These include, amongst others, trademarks for the Auto Trader and other brands associated with Auto Trader.

As of 25 February 2015, the Group has (i) 495 registered domain names in relation to Auto Trader; and (ii) 525 registered domain names in relation to other brands associated with Auto Trader. A number of these domain names are in the course of being renewed.

Save as set out above or elsewhere in this Prospectus, the Group is not dependent on any other intellectual property.

No member of the Group is, or has in the 12 months preceding the date of this Prospectus been, a party to any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) with respect to any infringements by the Group of third party intellectual property rights or brought by a member of the Group against third parties for breach of its intellectual property rights which may have, or have had during the 12 months preceding the date of this Prospectus, a significant effect on the Company or the Group or their respective financial position or profitability.

14. INSURANCE

The Group maintains insurance policies for property damage and business interruption, product liability, employer's liability, vehicles, engineering, personal accidents and business travel, pension fund liabilities, media liability and directors' and officers' liabilities.

The Directors believe that the Group's insurance coverage is in accordance with industry custom, including the terms of and the coverage provided by such insurance. The Group's policies are subject to standard deductions, exclusions and other limitations and therefore insurance might not necessarily cover all losses incurred by the Group. The Group cannot provide any assurance that it will not incur losses or suffer claims beyond the limits of, or outside the relevant coverage of, the Group's insurance policies.

15. PENSIONS

The Group operates one defined benefit scheme, the Wiltshire (Bristol) Limited Retirement Benefit Scheme. This scheme was closed to new joiners with effect from May 2002 and closed to future accrual from May 2006. No contributions to this scheme are expected in the next financial year. The funding position of this scheme may fluctuate from time to time. For example, if corporate bond yields were to decrease, the Group's estimated liabilities to the scheme may increase. For further details see note 24 (*Retirement benefit obligations*) to Part XIII (*Historical Financial Information*) of this Prospectus.

GMG operates two defined benefit pension schemes: the Surrey Advertiser Newspaper Holdings Limited Pension & Life Assurance Scheme and the Trafford Park Printers 1990 Pension Scheme (the "**GMG**

Pension Schemes"). The members of the GMG group which are the sponsoring employers of the GMG Pension Schemes are directly responsible for funding the GMG Pension Schemes.

The Pensions Regulator has broad powers under the Pensions Act 2004, under which, if various conditions were to be met, the Pensions Regulator could require a member of the Group to make a contribution to or put financial support in place for a GMG Pension Scheme given the previous relationship between GMG and the Group. The Pensions Regulator could use its powers to initiate a financial support direction up to 24 months after the point at which the Group ceased to be "connected" or "associated" with a sponsoring employer of the GMG Pension Schemes (on 28 February 2014). There is also a six year look-back period during which the Pensions Regulator could initiate a contribution notice to a member of the Group in respect of a GMG Pension Scheme, if, for example, a member of the Group had acted in a way which was materially detrimental to a GMG Pension Scheme. The Directors are not aware of any circumstances which could lead to such a contribution notice being issued.

The Directors do not believe that the Group's potential GMG-related pensions liability is material in the context of the Offer.

16. SUBSIDIARIES

The Company will become the holding company of the Group effective on and conditional upon Admission. The following table shows details of the Company's significant subsidiaries with effect from that time, the principal activities of which are the operation of www.autotrader.co.uk, the UK's largest digital automotive marketplace, carzone.ie and providing products and services to retailers relating to the Group's Pillars: Selling, Buying, Marketing and Managing.

Name of subsidiary	Incorporated and registered in	Proportion of share capital owned by the Group (%)	Principal Activity
Auto Trader Holding Limited (formerly Auto Trader Group Limited)	England and Wales	100	Holding company
Auto Trader Limited (formerly Trader Publishing Limited)	England and Wales	100	Vehicle advertisements
Webzone Limited	Republic of Ireland	100	Vehicle advertisements

The Board will consider placing the following Group companies into liquidation in 2015 or 2016: Trader Media Group (2003) Ltd; Trader Media Property Ltd; Trader Media Finance Ltd; Trader Media Group Holdings Limited; Trader Media Corporation Ltd; Trader Media Corporation 2003 Ltd; Trader Media Holdings Ltd and Ironglove Ltd (the "**Liquidated Companies**").

17. TAKEOVER BIDS

The City Code on Takeovers and Mergers (the "**City Code**") is issued and administered by The Panel on Takeovers and Mergers (the "**Takeover Panel**"). The Company is subject to the City Code and therefore its Shareholders are entitled to the protections afforded by the City Code.

17.1 Mandatory bids

Rule 9 of the City Code provides that, except with the consent of the Takeover Panel, when: (a) any person acquires, whether by a series of transactions over a period of time or not, an interest in shares which (taken together with shares in which persons acting in concert with him are interested) carry 30% or more of the voting rights of a company; or (b) any person, together with persons acting in concert with him, is interested in shares which in the aggregate carry not less than 30% of the voting rights of a company but does not hold shares carrying more than 50% of such voting rights and such person, or any person acting in concert with him, acquires an interest in any other shares of that company which increases the percentage of shares carrying voting rights in which he is interested, then, in either case, that person (and possibly each of the principal members of a group of persons acting in concert with him) is normally required to extend offers in cash, or accompanied by a cash alternative, at the highest price paid by him (or any persons acting in concert with him) for shares of that company within the preceding 12 months, to the holders of any class of equity share capital whether voting or non-voting and also to the holders of any other class of transferable securities carrying voting rights.

If any person, together with persons acting in concert with him, is interested in shares which in the aggregate carry more than 50% of the voting rights of a company, such person, or any person acting in concert with him, may acquire further interests in shares of that company without incurring any obligation under Rule 9 of the City Code to extend any offers. The Selling Shareholders are presumed by the Takeover Panel to be acting in concert for the purposes of the City Code. Following Admission, Crystal A Holdco S.à r.l. and Crystal B Holdco S.à r.l. will hold approximately 12.9% and 21.1%, respectively, of the Company's share capital, assuming the Over-allotment Option is not exercised, and approximately 9.6% and 15.6%, respectively, of the Company's share capital, assuming the Over-allotment Option is exercised in full.

17.2 Squeeze-out

Under the Companies Act, if a "takeover offer" (as defined in section 974 of the Companies Act) is made for the Shares and the offeror were to acquire, or unconditionally contract to acquire, not less than 90% in value of the shares to which the takeover offer relates (the "**Takeover Offer Shares**") and not less than 90% of the voting rights attached to the Takeover Offer Shares within three months of the last day on which its offer can be accepted, it could acquire compulsorily the remaining 10%. It would do so by sending a notice to outstanding shareholders telling them that it will acquire compulsorily their Takeover Offer Shares and then, six weeks later, it would execute a transfer of the outstanding Takeover Offer Shares in its favour and pay the consideration to the Company, which would hold the consideration on trust for outstanding shareholders. The consideration offered to the shareholders whose Takeover Offer Shares are acquired compulsorily under the Companies Act must, in general, be the same as the consideration that was available under the takeover offer.

17.3 Sell-out

The Companies Act also gives minority shareholders a right to be bought out in certain circumstances by an offeror who has made a takeover offer. If a takeover offer related to all the Shares and at any time before the end of the period within which the offer could be accepted the offeror held or had agreed to acquire not less than 90% of the Shares to which the offer relates, any holder of Shares to which the offer related who had not accepted the offer could by a written communication to the offeror require it to acquire those Shares. The offeror is required to give any shareholder notice of his right to be bought out within one month of that right arising. The offeror may impose a time limit on the rights of the minority shareholders to be bought out, but that period cannot end less than three months after the end of the acceptance period. If a shareholder exercises his or her rights, the offeror is bound to acquire those Shares on the terms of the offer or on such other terms as may be agreed.

18. WORKING CAPITAL

In the opinion of the Company, taking into account the net proceeds of the Offer receivable by the Company and the debt facilities available to the Group, the working capital available to the Group is sufficient for the Group's present requirements, that is, for at least the next 12 months from the date of this Prospectus.

19. SIGNIFICANT CHANGE

There has been no significant change in the financial or trading position of the Group since 28 December 2014, the date to which the audited financial information for the Group in Part XIII (*Historical Financial Information*) of this Prospectus was prepared.

20. LITIGATION

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) which may have, or have had during the 12 months preceding the date of this Prospectus, a significant effect on the Group or its financial position or profitability.

21. CONSENTS

PricewaterhouseCoopers LLP (a member of the Institute of Chartered Accountants in England and Wales) has given and has not withdrawn its written consent to the inclusion in this Prospectus of its reports set out in Section A of Parts XIII (*Historical Financial Information*) and XIV (*Unaudited Pro Forma Financial*

Information) of this Prospectus in the form and context in which they appear and has authorised the contents of those parts of this Prospectus which comprise its reports for the purposes of Rule 5.5.3R(2)(f) of the Prospectus Rules. As the offered Shares have not been and will not be registered under the Securities Act, PricewaterhouseCoopers LLP have not filed and will not be required to file a consent under the Securities Act.

22. GENERAL

The total costs and expenses of, and incidental to, Admission and the Offer (including the London Stock Exchange fee, the FCA's listing fee, advisers' fees, professional fees and expenses, the costs of printing and distribution of documents) payable by the Company are estimated to amount to £23.3 million (excluding VAT). This includes an underwriting fee of £10 million and the payment of a Discretionary Fee (as defined in Section 11.1 (*Underwriting Agreement*) of Part XVII (*Additional Information*) of this Prospectus).

The financial information contained in this Prospectus which relates to the Company does not constitute full statutory accounts as referred to in section 434(3) of the Companies Act.

The information set out in this Prospectus that has been sourced from third parties has been accurately reproduced and, so far as the Company is aware and has been able to ascertain from that published information, no facts have been omitted which would render the reproduced information inaccurate or misleading. Where third party information has been used in this Prospectus, the source of such information has been identified.

23. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) for the duration of the Offer at the offices of Simpson Thacher & Bartlett LLP at CityPoint, One Ropemaker Street, London EC2Y 9HU:

(a) the memorandum and Articles;

(b) Accountant's report on Historical Financial Information;

(c) Accountant's report on unaudited pro forma financial information;

(d) the letter of consent referred to in Section 21 (*Consents*) of this Part XVII (*Additional Information*); and

(e) this Prospectus.

For the purposes of Rule 3.2.4R(4) of the Prospectus Rules, this Prospectus will be published in electronic form and be available on the London Stock Exchange's website subject to certain access restrictions.

Dated: 19 March 2015

PART XVIII

DEFINITIONS

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

2010 PD Amending Directive	Directive 2010/73/EU;
Adjusted Underlying EBITDA	a non-IFRS measure and, as used in this Prospectus, means operating profit before depreciation, amortisation, impairment charges, exceptional items, share based payments, management incentive plans, but after subtracting capitalised internal development expenditure, excluding expenditure incurred on building the SingleView order-to-cash billing system;
Adjusted Underlying EBITDA Margin	a non-IFRS measure and, as used in this Prospectus, means Adjusted Underlying EBITDA as a percentage of revenue from continuing operations;
Admission	admission of the Shares to the premium listing segment of the Official List and to trading on the main market for listed securities of the London Stock Exchange becoming effective;
AHL Deferred Share	the deferred ordinary share in the share capital of Auto Trader Holding Limited;
AHL IPO Preference Share	the preference share of £49,999 in the share capital of Auto Trader Holding Limited;
All-Employee Share Plans	the Sharesave and the SIP;
Apax	Apax Partners LLP, acting in its capacity as the investment advisor to Apax Europe VII GP L.P. Inc., the general partner of Apax Europe VII-A, L.P., Apax Europe VII-B, L.P. and Apax Europe VII-1, L.P. (collectively "**Apax Europe VII**");
Apax Director	a director appointed by the Selling Shareholders;
ARPR	average monthly revenue generated from retailer forecourts divided by the average number of retailer forecourts in the month;
Articles	the articles of association of the Company;
Associate	has the meaning given to the term "associate", when used in the context of a controlling shareholder which is a body corporate, in the Listing Rules from time to time, provided that, for the purposes of the Relationship Agreement, any Group Company shall be excluded;
Associated Company	as defined in section 256 of the Companies Act;
Audit and Risk Committee	the audit and risk committee of the Board or a sub-committee of it;
Auditors	PricewaterhouseCoopers LLP;
Available Funds	has the meaning given in Section 1 (*Summary of the Offer and Use of Proceeds*) of Part XVI (*The Offer*) of this Prospectus;
Average number of FTEs	the average number of FTE employees and contractors employed or engaged by the Group during the period;
Average number of retailer forecourts (per month)	the average number of retailer forecourts who are advertising vehicles on the Marketplace during the period;
BofA Merrill Lynch	Merrill Lynch International;
Business Days	days (not being a Saturday or a Sunday) on which banks are generally open for business in London, United Kingdom;

CAGR	compound annual growth rate;
Capitalised Development Change	as described in Section 3.2 (*Factors Affecting the Group's Costs*) of Part XI (*Operating and Financial Review*) of this Prospectus;
Capitalised Development Spend	employee and contractor costs that have been capitalised as intangible assets in the relevant period under the line item "Software and website development costs" in the Group's financial statements;
Cash Conversion	a non-IFRS measure and, as used in this Prospectus, means operating cash flow as a percentage of Adjusted Underlying EBITDA;
CEO	chief executive officer;
CGU	cash generating unit;
Chairman	Ed Williams;
CISA	the Swiss Federal Act on Collective Investment Schemes;
City Code	the City Code on Takeovers and Mergers;
Code	the US Internal Revenue Code of 1986;
Companies Act	the UK Companies Act 2006, as amended;
Company	Auto Trader Group plc, a public limited liability company incorporated under the laws of England and Wales, with its registered office at 4th Floor, 1 Tony Wilson Place, Manchester, M15 4FN, United Kingdom;
Company Commissioned Survey	a survey conducted by a third party that is commissioned by and for the benefit of a member of the Group;
concert parties	is to be construed as a reference to "persons acting in concert" with that person as defined in the Takeover Code;
Corporations Act	the Australian Corporations Act 2001;
CPM	price per thousand impressions;
CREST	the electronic transfer and settlement system for the paperless settlement of trades in listed securities operated by Euroclear UK & Ireland Limited;
Cross-platform visits	is the Company's measure of audience, being the number of visits to www.autotrader.co.uk from desktop, tablet and mobile sources;
Cumulative Operating Profit	has the meaning given in Section 7.1 (*Summary of the PSP*) of Part XVII (*Additional Information*) of this Prospectus;
DABP	has the meaning given in Section 7 (*Share Plans, Employee Incentive Schemes and Pensions*) of Part XVII (*Additional Information*) of this Prospectus;
DD Change	has the meaning given in Section 3.4 (*Factors Affecting the Group's Operating Cash Flows*) in Part XI (*Operating and Financial Review*) of this Prospectus;
Deutsche Bank	Deutsche Bank AG, London Branch;
DFSA	the Dubai Financial Services Authority;
Directors or Board	the Executive and Non-Executive Directors of the Company;
Disclosure and Transparency Rules	the disclosure rules and transparency rules produced by the FCA and forming part of the handbook of the FCA through which a manager derives its status as an authorised person under the FSMA or rules and guidance, as amended;

Discretionary Fee	has the meaning given in Section 11.1 (*Underwriting Agreement*) of Part XVII (*Additional Information*) of this Prospectus;
DPA	the Data Protection Act 1998;
EBT	the Auto Trader Employee Benefit Trust, details of which are set out in Section 7 (*Share Plans, Employee Incentive Schemes and Pensions*) of Part XVII (*Additional Information*) of this Prospectus;
ecosystem	automotive sales and related services;
Element	as described in Part I (*Summary*) of this Prospectus;
EURIBOR	has the meaning given in the Senior Facilities Agreement;
European Economic Area or EEA	the European Union, Iceland, Norway and Liechtenstein;
European Union or EU	an economic and political union of 27 Member States which are located primarily in Europe;
Eurozone	the Member States of the European Union that have adopted the euro as their common currency and sole legal tender;
Exchange Act	the United States Securities Exchange Act of 1934, as amended;
Executive Directors	each of Trevor Mather and Sean Glithero;
Executive Share Plans	the DABP and the PSP;
Existing Debt	outstanding debt owed by the Group under the Existing GSMP Junior Debt Agreement and the Existing Syndicated Bank Loans Agreement;
Existing GSMP Junior Debt Agreement	a £412,400,000 facility agreement dated 21 January 2014 (as amended and/or restated from time to time) between, amongst others, Trader Media Group Holdings Limited as the company, Trader Media Finance Limited as the borrower and Wilmington Trust (London) Limited as the facility agent and the security agent;
Existing Junior Debt	junior debt owed by the Group under the Existing GSMP Junior Debt Agreement;
Existing Senior Debt	senior debt owed by the Group under the Existing Syndicated Bank Loans Agreement;
Existing Shareholder	a person who is entitled to receive Shares conditional upon and with effect from Admission in exchange for securities held in the Group prior to Admission pursuant to the terms of the Reorganisation Agreement;
Existing Shares	the issued share capital of the Company to be issued to, or otherwise held by, Existing Shareholders conditional upon and with effect from Admission pursuant to the terms of the Reorganisation Agreement, excluding, for the avoidance of doubt, the New Shares;
Existing Syndicated Bank Loans Agreement	a £875,286,288.37 senior facilities agreement dated 23 March 2007 (as amended and/or restated from time to time) between, amongst others, Trader Media Corporation (2003) Limited as the company and J.P. Morgan Europe Limited as the facility agent;
Facility Agent	has the meaning given in Section 11.7 (*New Facilities Agreement*) of Part XVII (*Additional Information*) of this Prospectus;
FCA	the UK Financial Conduct Authority;
FCA Handbook	the FCA's Handbook of Rules and Guidance;

Financial Instruments and Exchange Act	Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948 as amended);
FINMA	has the meaning given in Section 10.7 (*Switzerland*) of Part XVI (*The Offer*) to this Propsectus;
First Utilisation Date	has the meaning given in Section 11.7 (*New Facilities Agreement*) of Part XVII (*Additional Information*) of this Prospectus;
forecourt	car lot;
FPAVs	full page advertisement views;
FSMA	the UK Financial Services and Markets Act 2000, as amended;
FTE	full time equivalent;
FY12	the 52 week period ended 1 April 2012;
FY13	the 52 week period ended 31 March 2013;
FY14	the 52 week period ended 30 March 2014;
FY15	the 52 week period ending 29 March 2015;
FY16	the 52 week period ending 27 March 2016;
GDP	Gross Domestic Product;
GfK survey	July 2014 survey conducted by GfK, "*Auto Trader Dealership Sourcing Survey*";
GMG	Guardian Media Group PLC;
GMG Parties	has the meaning given in Section 11.3 (*Guardian Media Group Sale and Purchase Agreement*) of Part XVII (*Additional Information*) of this Prospectus;
GMG Pension Schemes	the Surrey Advertiser Newspaper Holdings Limited Pension & Life Assurance Scheme and the Trafford Park Printers 1990 Pension Scheme;
GMG Seller	has the meaning given in Section 11.3 (*Guardian Media Group Sale and Purchase Agreement*) of Part XVII (*Additional Information*) of this Prospectus;
GMG SPA	has the meaning given in Section 11.3 (*Guardian Media Group Sale and Purchase Agreement*) of Part XVII (*Additional Information* of this Prospectus);
gross dividend	has the meaning given in Section 1 (*Dividends*) of Part XV (*Taxation*) of this Prospectus;
Group	(i) with effect from Admission, or otherwise as the context may require, the Company and its subsidiaries and subsidiary undertakings from time to time but excluding, except where the context otherwise requires, following the acquisition by Auto Trader Holding Limited of Auto Trader Limited, each of the Liquidated Companies; and (ii) prior to Admission, the Operating Group;
GSMP	Goldman Sachs Mezzanine Partners;
HMRC	HM Revenue and Customs;
home traders	customers that buy and sell vehicles from home;
ICO	UK Information Commissioner's Office;
IAS	International Accounting Standards;
IDC	International Data Corporation;

IFRS	International Financial Reporting Standards as adopted by the European Union;
IFRS IC	IFRS Interpretation Committee;
Independent Non-Executive Directors	has the meaning given in Section 4 (*Corporate Governance*) of Part IX (*Directors, Senior Management and Corporate Governance*) of this Prospectus;
Index TSR	has the meaning given in Section 7.1 (*Summary of the PSP*) of Part XVII (*Additional Information*) of this Prospectus;
Initial PSP Awards	has the meaning given in Section 7 (*Share Plans and Employee Incentive Schemes*) of Part XVII (*Additional Information*) of this Prospectus;
in-market	looking to purchase a car within 3 months;
IRS	The US Internal Revenue Service;
ISIN	International Securities Identification Number;
Issuer	see definition of "Company" above;
ITEPA	Income Tax (Earnings and Pensions Act) 2003, as amended;
J.P. Morgan Cazenove	J.P. Morgan Securities plc;
Joint Bookrunners	BofA Merrill Lynch, Deutsche Bank, J.P. Morgan Cazenove and Morgan Stanley;
Joint Global Coordinators	BofA Merrill Lynch and Deutsche Bank;
Lead Manager	Numis Securities Limited;
Leverage	for FY12, FY13, and FY14, net debt as a percentage of Adjusted Underlying EBITDA; for YTDQ314 and YTDQ315, net debt as a percentage of Adjusted Underlying EBITDA for the last twelve months;
LIBOR	the daily London Interbank Offered Rate set by the British Banking Association;
Liquidated Companies	each of Trader Media Group (2003) Ltd; Trader Media Property Ltd; Trader Media Finance Ltd; Trader Media Group Holdings Limited; Trader Media Corporation Ltd; Trader Media Corporation 2003 Ltd; Trader Media Holdings Ltd and Ironglove Ltd, in accordance with the Reorganisation Agreement;
Listing Rules	the listing rules made by the UK Listing Authority under part VI of the FSMA (as set out in the FCA Handbook), as amended;
London Stock Exchange	London Stock Exchange plc;
Marketplace	www.autotrader.co.uk, the UK's largest digital automotive marketplace;
Matching Shares	has the meaning given in Section 7.3 (*Summary of SIP*) of Part XVII (*Additional Information*) of this Prospectus;
Member State	member state of the European Economic Area;
MIP	management incentive plan charges;
Model Code	the model code published in Annex I to Chapter 9 of the Listing Rules;
Morgan Stanley	Morgan Stanley & Co. International plc;

net debt	a non-IFRS measure and, as used in this Prospectus, means the Group's gross external indebtedness (not including Shareholder Loan Notes), less cash or excluding debt issue costs;
New Facilities Agreement	a senior facilities agreement comprising of the Term Facility and the Revolving Credit Facility to be entered into on Admission between, amongst others, Auto Trader Group plc as the parent, Wilmington Trust (London) Limited, as the facility agent and the security agent, and conditional upon Admission;
New Share Plans	the Executive Share Plans and the All-Employee Share Plans;
New Shares	those Shares to be issued by the Company pursuant to the Offer as described in Part XVI (*The Offer*) of this Prospectus;
Nomination and Corporate Governance Committee	the nomination and corporate governance committee of the Board or a sub-committee of it;
Non-Executive Directors	each of Tom Hall, Nick Hartman and Victor A. Perry III;
Numis	Numis Securities Limited;
OEM	original equipment manufacturer of vehicles;
Offer	the offer of 590,000,000 Shares (comprising 195,893,193 New Shares and 394,106,807 Existing Shares) (i) to certain institutional and professional investors in the UK and elsewhere outside of the United States in reliance on Regulation S; and (ii) in the United States only to persons reasonably believed to be QIBs in reliance on Rule 144A of the Securities Act, as described in Part XVI (*The Offer*) of this Prospectus, being made by way of this Prospectus;
Offer Price	235 pence per Share;
Official List	the Official List maintained by the UKLA;
OLT	the operational leadership team of the Company;
ONS	the Office of National Statistics;
Operating Cash Flow	a non-IFRS measure and, as used in this Prospectus, is calculated as cash generated from continuing operations less Total Continuing Capital Expenditure. Cash generated from continuing operations is calculated as cash generated from operations less cash generated from discontinued operations;
Operating Group	Auto Trader Holding Limited (formerly Auto Trader Group Limited) and its subsidiaries;
Order	has the meaning given in Section 10.4 (*United Kingdom*) of Part XVI (*The Offer*) of this Prospectus;
Original Lenders	has the meaning given in Section 11.7 (*New Facilities Agreement*) of Part XVII (*Additional Information*) of this Prospectus;
Over-allotment Arrangements	the arrangements described in Section 5 (*Over-allotment and Stabilisation*) of Part XVI (*The Offer*) of this Prospectus pursuant to which Shares representing up to an additional 15% of the Shares comprised in the Offer may be made available by the Over-allotment Shareholders;
Over-allotment Option	the over-allotment option granted by the Over-allotment Shareholders to the Stabilising Manager in the Underwriting Agreement;
Over-allotment Shareholders	each of Crystal A Holdco S.à r.l. and Crystal B Holdco S.à r.l.;
Over-allotment Shares	those Shares that are the subject of the Over-allotment Option;

PD Regulation	the Prospective Directive Regulation (2004/809/EC);
People Costs	has the meaning given in Section 3.2 (*Factors affecting the Group's Costs*) in Part XI (*Operating and Financial Reviews*) of this Prospectus;
PFIC	has the meaning given in Section 2 (*Passive Foreign Investment Company*) of Part XV (*Taxation*) of this Prospectus;
Pillars	the four pillars of the Group revenue of: selling, buying, marketing and managing; and each a "**Pillar**";
Post-IPO Reorganisation	has the meaning given in Section 4.3 (*Group Structure and Reorganisation*) of Part XVII (*Additional Information*) of this Prospectus;
PRA	the Prudential Regulation Authority;
Pre-IPO Reorganisation	has the meaning given in Section 4.2 (*Group Structure and Reorganisation*) of Part XVII (*Additional Information*) of this Prospectus;
Prospectus	this document;
Prospectus Directive	Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in each Relevant Member State;
Prospectus Rules	the prospectus rules made by the UK Listing Authority under part VI of the FSMA (as set out in the FCA Handbook), as amended;
PSP	the Auto Trader Group plc Performance Share Plan, details of which are set out in Section 7.1 (*Summary of the PSP*) of Part XVII (*Additional Information*) of this Prospectus;
PwC	PricewaterhouseCoopers LLP;
PwC Publication	PwC publication, "*Growing complexity driving change in the automotive market*", December 2014;
QIB	Qualified Institutional Buyer within the meaning given by Rule 144A;
Redeemable Preference Share . .	the one redeemable preference share of £49,999 in the share capital of the Company allotted and issued to Crystal B Holdco S.à r.l.;
Refinancing	the repayment of £1,026.0 million. Out of this total; (i) £632.0 million represents balances outstanding under the Existing Syndicated Bank Loans Agreement; (ii) £358.4 million represents the principal outstanding under the Existing GSMP Junior Debt Agreement; (iii) £32.8 million represents the repayment of amounts outstanding in respect of an early repayment premium and interest payable on the Existing Junior Debt and Existing Senior Debt; and (iv) as a result of repayment of the Existing Debt, £2.8 million represents the outstanding interest rate swap that will also be terminated;
Registrars	Capita Asset Services;
Regulation S	Regulation S under the Securities Act;
Relationship Agreement	the relationship agreement entered into between the Company and the Selling Shareholders dated 19 March 2015, further details of which are set out in Section 9 (*Relationship with Selling Shareholders*) of Part XVII (*Additional Information*) of this Prospectus;
Relevant Member State	each Member State of the European Economic Area that has implemented the Prospectus Directive;
Relevant Officer	has the meaning given in Section 5.3 (*Directors*) of Part XVII (*Additional Information*) of this Prospectus;

Relevant Person	has the meaning given in Section 10.4 (*United Kingdom*) of Part XVI (*The Offer*) of this Prospectus;
Remuneration Committee	the remuneration committee of the Board or a sub-committee of it;
Reorganisation	means the Pre-IPO Reorganisation and the Post-IPO Reorganisation;
Reorganisation Agreement	has the meaning given in Section 11.2 (*Reorganisation Agreement*) of Part XVII (*Additional Information*) of this Prospectus;
Retailer Portal	an interface allowing retailers access to the Group's services;
Revolving Credit Facility	the revolving credit facility of £30 million under the New Facilities Agreement;
Rule 144A	Rule 144A under the Securities Act;
SBP	share based payments;
SDRT	stamp duty reserve tax;
Securities Act	the United States Securities Act of 1933, as amended;
Security Agent	has the meaning given in Section 11.7 (*New Facilities Agreement*) of Part XVII (*Additional Information*) of this Prospectus;
SEDOL	Stock Exchange Daily Official List;
Selling Shareholders	Crystal A Holdco S.à r.l and Crystal B Holdco S.à r.l., both of whom are incorporated under the laws of Luxembourg and whose registered offices are at 1-3 Boulevard de la Foire, L-1528 Luxembourg;
Senior Independent Director	the Director designated by the Board to be senior independent director for the purposes of the UK Corporate Governance Code from time to time;
Senior Management or **Senior Managers**	members of the Company's management team, details of whom are set out in Section 2 (*Senior Management*) of Part IX (*Directors, Senior Management and Corporate Governance*) of this Prospectus;
Series A Shareholder Loan Notes	the unsecured floating rate series A loan notes 2019 issued by Auto Trader Holding Limited pursuant to a 2007 shareholder loan note A instrument dated 8 June 2007, as amended;
Series B Shareholder Loan Notes	the unsecured floating rate series B loan notes 2019 issued by Auto Trader Holding Limited pursuant to a 2007 shareholder loan note B instrument dated 8 June 2007, as amended;
Series C Shareholder Loan Notes	the unsecured floating rate series C loan notes 2019 issued by Auto Trader Holding Limited pursuant to a 2012 shareholder loan note C instrument dated 15 March 2012, as amended;
Settlement Manager	Deutsche Bank;
SFO	has the meaning given in Section 10.8 (*Hong Kong*) of Part XVI (*The Offer*) of this Prospectus;
Shareholder	a holder of Shares;
Shareholder Loan Notes	means debt owing by the Group to Existing Shareholders comprising Series A Shareholder Loan Notes, Series B Shareholder Loan Notes and Series C Shareholder Loan Notes;
Shares	ordinary shares of £1.50 each in the capital of the Company;

Sharesave	the Auto Trader Group plc Savings Related Share Option Scheme, details of which are set out in Section 7 (*Share Plans, Employee Incentive Schemes and Pensions*) of Part XVII (*Additional Information*) of this Prospectus;
SingleView	a new order-to-cash billing system;
SIP	the Auto Trader Group plc Share Incentive Plan, details of which are set out in Section 7 (*Share Plans, Employee Incentive Schemes and Pensions*) of Part XVII (*Additional Information*) of this Prospectus;
SIX	the SIX Swiss Exchange;
SMMT	the Society of Motor Manufacturers and Traders;
South African Purchaser	has the meaning given in Section 11.4 (*South African Sale and Purchase Agreement*) of Part XVII (*Additional Information*) of this Prospectus;
South African Sale and Purchase Agreement	has the meaning given in Section 11.4 (*South African Sale and Purchase Agreement*) of Part XVII (*Additional Information*) of this Prospectus;
South African Subsidiary	has the meaning given in Section 11.4 (*South African Sale and Purchase Agreement*) of Part XVII (*Additional Information*) of this Prospectus;
Sponsor	Deutsche Bank;
Stabilisation End Date	17 April 2015;
Stabilising Manager	Deutsche Bank;
Stock Loan Agreement	the Stock Loan Agreement between the Stabilising Manager and the Over-allotment Shareholders dated 19 March 2015 and as described in Part XVI (*The Offer*) of this Prospectus;
Takeover Code	The City Code on Takeovers and Mergers as in effect from time to time;
Takeover Offer Shares	has the meaning given to it in Section 17.2 (*Squeeze-out*) of Part XVII (*Additional Information*) of this Prospectus;
Takeover Panel	the UK Panel on Takeovers and Mergers;
Term Facility or Facility A	the term loan facility of £550.0 million under the New Facilities Agreement;
Total Continuing Capital Expenditure	a non-IFRS measure and, as used in this Prospectus, is calculated as purchases of intangible assets in respect of financial systems, capitalised internal development spend and other items plus purchases of property, plant and equipment in respect of continuing operations;
TSR	has the meaning given in Section 7.1 (*Summary of the PSP*) of Part XVII (*Additional Information*) of this Prospectus;
UK car parc	has the meaning given in Section 1 (*UK Vehicle Ecosystem*) of Part VI (*Market Overview*) of this Prospectus;
UK Corporate Governance Code	the UK Corporate Governance Code dated September 2014 issued by the Financial Reporting Council;
UK Listing Authority or UKLA	the FCA acting in its capacity as the competent authority for the purposes of part VI of the FSMA;
Underwriters	Joint Bookrunners and the Lead Manager;

Underwriting Agreement	the underwriting and sponsor's agreement entered into between the Company, the Directors, the Underwriters, the Selling Shareholders, and the Over-allotment Shareholders dated 19 March 2015 and described in Part XVII (*Additional Information*) of this Prospectus;
United Kingdom or UK	the United Kingdom of Great Britain and Northern Ireland;
United States Holder	a beneficial owner of Shares that is (1) an individual who is a citizen or resident of the United States for US federal income tax purposes; (2) a corporation (or other entity treated as a corporation for US federal income tax purposes) created or organised under the laws of the United States or any state thereof or the District of Columbia; (3) an estate the income of which is subject to US federal income taxation regardless of its source; or (4) a trust (A) if a court within the United States is able to exercise primary supervision over its administration and one or more US persons have authority to control all substantial decisions of the trust or (B) that has a valid election in effect under applicable US Treasury regulations to be treated as a US person;
United States or US	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia;
US SEC	United States Securities and Exchange Commission;
US Treasury	US Department of the Treasury;
VAT	value added tax;
vehicle buyers	the end buyers of vehicles;
YTDQ314	the 39 week period ended 29 December 2013; and
YTDQ315	the 39 week period ended 28 December 2014.

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

For the purpose of this Prospectus, "**subsidiary**" and "**subsidiary undertaking**" have the meanings given by the Companies Act.

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

Merrill Corporation Ltd, London
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