

21 March 2017

NZX Limited  
Level 2, NZX Centre  
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WELLINGTON

**TRADE ME GROUP LIMITED (TME)  
DISCLOSURE DOCUMENT RELATING TO REDEMPTION OF RESTRICTED  
SHARES**

Please find attached the Disclosure Document which is being sent (by mail or email) today to Trade Me Group shareholders, relating to the redemption of a small number of Restricted Shares held by former employees.

These Restricted Shares will not be able to qualify as ordinary shares in future. Either the holders are no longer employed by Trade Me, or the company's performance hurdles were not met to the extent required for them to vest.

In order for the company to effect redemption and cancellation of them under the Companies Act 1993(NZ), this Disclosure Document is required to be sent to shareholders.

Yours faithfully



Sarah Hard  
Company Secretary

## Disclosure relating to the buyback and cancellation of shares under the Trade Me Group Limited Long-term Executive Share Scheme (s.62 Companies Act 1993)

### Introduction – what this is about

Trade Me has a specific long-term incentive scheme for its senior staff (the LTI Scheme). The details are outlined in the company's annual report.

Sometimes the shares issued in the LTI Scheme need to be cancelled (if they don't vest, or the employee leaves Trade Me). This disclosure is a legal requirement before any LTI Shares are cancelled.

Under the LTI Scheme, Trade Me issues "restricted shares" to members of the senior management team, but those shares are held by a trustee until a time (generally 3 years after issue of the restricted shares) where the performance of the company is tested against two performance hurdles set by the Board (measures of Earnings Per Share and relative Total Shareholder Return). If the company has performed well enough and meets the hurdles, some or all of the restricted shares will vest and become the property of the senior employees concerned. If the company's performance has not met the hurdles, the shares will not vest and are cancelled.

The Board determined in October 2016 that 25% of the LTI shares issued at 1 October 2013 (LTI2) would vest and become unrestricted. In doing so the Board exercised a discretion under the LTI Scheme in relation to the Total Shareholder Return performance hurdle, deeming it to have been met at minimum level. The remaining 75% of the restricted shares in that round now need to be bought back by the company and cancelled.

It is a prerequisite that the senior employees who have restricted shares are still employed by the company at hurdle dates. If they leave before that, the shares are bought back and cancelled.

It's inevitable that some senior employees leave the company while their shares under the LTI Scheme are still restricted. The shares which the trustee holds for the relevant employees are bought back and cancelled after they leave.

Trade Me needs to give notice to shareholders in accordance with the requirement of section 62 of the Companies Act 1993 (the Act) before the buyback and cancellation of shares can happen.

This disclosure is the required notice. It sets out the intention of Trade Me Group Limited to exercise an option to buy back and cancel certain restricted shares which were issued under the LTI Scheme but which the relevant employees are not entitled to retain.

The senior employees who are affected by this are aware that their LTI shares will be cancelled.

### What do you have to do?

This disclosure is provided to you for your information only and you are not required to take any action in relation to it.

### Terms

The restricted shares are to be bought back by the Company from TMG Trustee Limited, which holds the LTI Scheme shares as bare trustee. The shares will be repurchased for their original issue price and the proceeds used to repay a loan that was provided on issue, so the employees will not make any gain from holding the shares.

No director has any interest in the restricted shares which are the subject of the buyback.

The buyback will occur at least 10 working days after this disclosure has been distributed to shareholders.

### Directors' resolution

Trade Me's directors have resolved:

1. That Trade Me Group Limited (TME) make an offer to TMG Trustee Limited (the Trustee) to acquire 82,555 shares held by certain ex-employees, who have left the company's employment ('the buyback'); and 117,936 balance Shares in LTI2 (together 'Shares');
2. The buyback will be at the same price as the issue price for each of the Shares;
3. The buyback is in the best interests of the Company and is of benefit to the remaining shareholders;
4. The terms of the buyback and the consideration offered for the Shares are fair and reasonable to the Company and to the remaining shareholders;
5. The reasons for the director's conclusions are that:
  - a. The Company is exercising a buyback option given in consideration for the loan being provided to the Trustee to buy the Shares, under the Company's LTI Scheme; and
  - b. The buyback and cancellation of Shares is a key part of facilitating the Scheme which increases the alignment of interests between participating senior staff and shareholders;
  - c. The buyback price is the same as the original issue price for each of the Shares.
6. The shares will be cancelled by the Company immediately upon completion of the buyback.

### Note

#### Shareholder rights

Section 62(8) of the Act provides that a shareholder or the company may apply to the court for an order restraining the proposed acquisition on the grounds that—

- (a) it is not in the best interests of the company and of benefit to remaining shareholders; or
- (b) the terms of the offer and the consideration offered for the shares are not fair and reasonable to the company and remaining shareholders.

This disclosure is provided to you for your information only and you are not required to take any action in relation to it.

If you have any questions regarding this disclosure, please contact Trade Me's Company Secretary **Sarah Hard** on **(04) 803 2676** or **sarah.hard@trademe.co.nz**.