

Stratton Finance Pty Ltd approves long-term incentive plan

27 June 2018, Melbourne

carsales.com Ltd (**carsales**) announces that its 50.1% subsidiary, Stratton Finance Pty Ltd (ACN 070 636 903) (**Stratton**) has approved a Long Term Incentive Plan (**Plan**) pursuant to which participants may receive an entitlement to carsales shares in addition to Stratton shares.

A summary of the proposed arrangements involving carsales shares is included in the annexure to this announcement.

As part of these arrangements, carsales and Stratton have agreed to a top-up structure in order to maintain carsales' 50.1% majority shareholding in Stratton. Under this structure, carsales (or a nominated group entity) will be issued new Stratton shares prior to every issue of Stratton shares to a participant under the Plan so that carsales' majority shareholding in Stratton is not diluted.

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Annexure

- a) The purpose of the Plan is to assist in creating value for all stakeholders by aligning incentives with longer term key business outcomes.
- b) Pursuant to the terms of the Plan, participants will receive not only Stratton shares but may also receive entitlements to shares in carsales (**Shares**). Alternatively, either at carsales' direction or with its approval, Stratton may otherwise make a cash payment in lieu of Shares representing the volume weighted average of the Shares traded in the five trading days prior to the valuation (or at a price determined by the Stratton Board if no Shares were traded).
- c) Shares issued will be ordinary shares, ranking equally with all existing ordinary shares in carsales, including with respect to voting rights, rights to receive dividends and bonus shares and rights to participate in rights issues, However the Shares may be subject to transfer restrictions imposed by the Stratton Board, and may not be disposed of or otherwise dealt with at any time if such dealing is precluded under carsales' internal regulations for dealings in securities.
- d) carsales may issue a maximum of 250,000 performance rights over ordinary Shares (equating to 0.1% of carsales' issued Shares) over a period of 5 years pursuant to the Plan.
- e) The entitlement to Shares will vest after the timely satisfaction of set performance conditions imposed by the Stratton Board (the initial plan will be based on the achievement of an EPS target over three years) and lodgement by the participant of an exercise notice and deed of accession to the Stratton Shareholders' Agreement (as amended and restated on or about the date of this announcement).
- f) No payment will be required to be made by participants for the grant of entitlements under the Plan, nor to subsequently exercise the performance rights in exchange for Shares or cash.
- g) The issue of the Shares is not forecast to have a material impact on current and future year profits and there is no requirement for carsales shareholder approval for this proposed issue of Shares.
- h) As part of these arrangements between carsales and Stratton, the parties have agreed to a top-up arrangement in order to maintain carsales' 50.1% majority shareholding in Stratton. Under this arrangement, carsales (or a nominated group entity) will be issued new Stratton shares prior to every issue of Stratton shares to a participant under the Plan so that carsales' majority shareholding in Stratton is not diluted.