

MARKET ANNOUNCEMENT**NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES**

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| Date: | 19 May 2021 |
| To: | Australian Securities Exchange |
| Subject: | Letter to Eligible Retail Shareholders regarding Retail Entitlement Offer opening |

Enclosed is a letter to be despatched today to shareholders of carsales.com Limited (**CAR**) with a registered address in Australia and New Zealand in respect of the Retail Entitlement Offer announced by CAR on 12 May 2021.

For further information contact:

Nicole Birman
Company Secretary

This announcement was authorised to be given to the ASX by the Company Secretary.

This letter does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States. Neither the entitlements nor the New Shares have been or will be registered under the U.S. Securities Act of 1933, as amended (**U.S. Securities Act**) or the securities laws of any state or other jurisdiction of the United States.

Accordingly, the entitlements under the Retail Entitlement Offer may not be exercised or taken up by, and the New Shares may not be offered or sold to, directly or indirectly, persons in the United States or acting for the account or benefit of persons in the United States except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act and any other applicable securities laws of any state or other jurisdiction of the United States. The New Shares to be offered and sold in the Retail Entitlement Offer may only be offered and sold outside the United States in "offshore transactions" (as defined in Rule 902(h) of Regulation S under the U.S. Securities Act) in reliance on Regulation S under the U.S. Securities Act

For all Enquiries:

Phone:

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Online:

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Wednesday, 19 March 2021

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

Dear Shareholder

carsales.com Limited Entitlement Offer – Notification to Eligible Shareholders

RETAIL OFFER IS NOW OPEN

On Wednesday, 12 March 2021, carsales.com Limited (**CAR**) announced a fully underwritten pro-rata accelerated renounceable entitlement offer (with retail rights trading) of new CAR shares (**New Shares**) to raise gross proceeds of approximately \$600 million (**Entitlement Offer**).

THE ENTITLEMENT OFFER AND USE OF PROCEEDS

The proceeds of the capital raising will be used to partially fund the acquisition of a 49% interest in Trader Interactive LLC (**Trader**) (the **Acquisition**). Further details are set out in the investor presentation relating to the Entitlement Offer published on ASX on Wednesday, 12 March 2021 (**Investor Presentation**).

The purpose of this letter is to inform you about the Entitlement Offer and to explain that if you are an eligible shareholder, you will be able to subscribe for 1 New Share for every 6.99 existing CAR ordinary shares held by you on the **Record Date** of 7.00pm (Melbourne time) on Monday, 17 May 2021 (**Entitlement**). The offer price is \$17.00 per New Share (**Offer Price**).

New Shares issued under the Entitlement Offer will be fully paid and rank equally with existing CAR ordinary shares from the date of issue.

Following completion of the Entitlement Offer, CAR will have issued approximately 35.3 million New Shares, resulting in total CAR ordinary shares on issue of approximately 282 million. The Entitlement Offer is fully underwritten by the underwriters (**Underwriters**) pursuant to an underwriting agreement (the terms of which are summarised in the Investor Presentation).

The Entitlement Offer comprises an institutional entitlement offer (**Institutional Entitlement Offer**) and an offer to eligible retail shareholders (as described below, **Eligible Retail Shareholders**) to participate at the same Offer Price and offer ratio (**Retail Entitlement Offer**). The Institutional Entitlement Offer is already closed and the results have been announced to ASX. The Entitlement Offer is being made by CAR without a prospectus or other disclosure document in accordance with section 708AA of the *Corporations Act 2001* (Cth) (the **Act**) (as modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84 and ASIC Corporations (Disregarding Technical Relief) Instrument 2016/73).



ELIGIBLE RETAIL SHAREHOLDERS

Eligible Retail Shareholders are those persons who:

- are registered as a holder of Shares;
- have a registered address in Australia or New Zealand as noted on CAR's share register;
- are not in the United States and are not a person acting for the account or benefit of a person in the United States in respect of the relevant underlying holders of Shares;
- were not invited to participate in the Institutional Entitlement Offer and were not treated as an ineligible institutional shareholder under the Institutional Entitlement Offer (other than as a nominee or custodian, in each case in respect of other underlying holdings); and
- are eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer,

provided that, if a shareholder of CAR (including a nominee or custodian) is acting for the account or benefit of a person in the United States, it may not participate in the Retail Entitlement Offer on behalf of such a person.

Retail shareholders who are not Eligible Retail Shareholders are ineligible retail shareholders and will not be able to participate in the Retail Entitlement Offer.

RETAIL OFFER BOOKLET

This letter is not an offer document but rather an advance notice of some key terms and conditions of the Retail Entitlement Offer. Full details of the Retail Entitlement Offer are set out in an offer booklet (**Retail Offer Booklet**), copies of which will be available on CAR's Entitlement Offer website at www.carsalesoffer.com.au from Wednesday, 19 May 2021.

Eligible Retail Shareholders will be provided with a copy of the Retail Offer Booklet via the Entitlement Offer website: www.carsalesoffer.com.au, together with a personalised Entitlement and Acceptance Form which contains details of your Entitlement, on or around Wednesday, 19 May 2021. Paper copies of these documents will also be available on request by contacting the Offer Information Line on 1300 651 575 (within Australia), or +61 3 9415 4694 (outside Australia) at any time between 8.30am and 5.00pm (Melbourne time) Monday to Friday, during the Retail Entitlement Offer period. You should read the Retail Offer Booklet carefully and in its entirety before deciding whether to participate in the Retail Entitlement Offer.

ACTION REQUIRED BY ELIGIBLE RETAIL SHAREHOLDERS

Your Entitlement may have value and it is important you determine whether to (in whole or in part) take up, transfer, sell or do nothing in respect of your Entitlement. There are a number of matters that you should consider in relation to taking up your Entitlement. You should ensure that you understand the tax consequences of any action that you take (including doing nothing), and you should consider seeking advice from your tax, accounting or other professional adviser.

Eligible Retail Shareholders who participate in the Retail Entitlement Offer will see their percentage holding in CAR stay the same (if they take up all of their Entitlement) or reduce (if they take up only part of their Entitlement). Eligible Retail Shareholders who do not participate in the Retail Entitlement Offer will have their percentage holding in CAR reduced.

Take up an Entitlement

If you wish to take up all, or part of, your Entitlement, please pay your Application Money by following the instructions set out on the personalised Entitlement and Acceptance Form. If you are unable to pay by BPAY® (for example if you are a New Zealand based shareholder without an Australian bank account) or are having difficulty paying by BPAY® please visit the Entitlement Offer website: www.carsalesoffer.com.au.

Application Money must be received by the CAR Share Registry by **5.00pm (Melbourne time) on Wednesday, 2 June 2021**.

Sell or transfer an Entitlement

There are a number of ways in which you can sell all, or part of, your Entitlement, each of which may result in a different value for those Entitlements sold:

1. If you wish to sell all or part of your Entitlement on ASX, you should instruct your stockbroker and provide details as requested from your personalised Entitlement and Acceptance Form. You should allow sufficient time for your instructions to be carried out by your stockbroker. Please note you may incur brokerage fees if you choose to sell all or part of your Entitlement on ASX. Entitlements can be sold on ASX from 10.00am (Melbourne time) on Monday, 17 May 2021 to 4.00pm (Melbourne time) on Wednesday, 26 May 2021.
2. If you wish to take up part of your Entitlement and sell the balance on ASX, you need to:
 - in respect of the part of your Entitlement you are taking up, pay your Application Money via BPAY® by following the instructions set out on the Entitlement and Acceptance Form; and
 - in respect of Entitlements to be sold on ASX, you should instruct your stockbroker personally and provide them with details they request as set out on your personalised Entitlement and Acceptance Form,

in each case, funds must be received by no later than 5.00pm (Melbourne time) on Wednesday, 2 June 2021.

3. For issuer sponsored holders only, if you wish to transfer all or part of your Entitlement other than on ASX, you must forward a completed Renunciation and Acceptance Form (which can be obtained from the Entitlement Offer website: www.carsalesoffer.com.au or from your stockbroker) to the Share Registry in relation to the part of your Entitlement that you wish to transfer. If the transferee wishes to take up all or part of the Entitlement transferred to them, they must send their Application Monies together with the Entitlement and Acceptance Form related to the Entitlement transferred to them to the Share Registry. Both the transferor and the transferee must be issuer sponsored. If either party is CHESSE sponsored, they will need to arrange the transfer of rights through their sponsoring broker. The Renunciation and Acceptance Form as well as the transferee's Application Monies and the Entitlement and Acceptance Form related to the Entitlement transferred to them must be received by the Share Registry by no later than 5:00pm (Melbourne time) on Wednesday, 2 June 2021

Please note you may incur brokerage fees if you choose to sell your Entitlement on ASX. Eligible Retail Shareholders who sell their Entitlement before receiving confirmation of their Entitlement in the Entitlement and Acceptance Form do so at their own risk. You may only transfer your Entitlement in this way to a purchaser whose address is in Australia or New Zealand, and who is not in the United States and is not acting for the account or benefit of a person in the United States (to the extent such purchaser is acting for the account or benefit of a person in the United States). Persons that are in the United States or that are acting for the account or benefit of a person in the United States will not be eligible to purchase, trade, take up or exercise Entitlements. You should inform any purchaser or transferee of these restrictions.

If you wish to transfer part of your Entitlement and allow the balance to be sold in the Retail Shortfall Bookbuild, follow the procedures above in respect of the part of your Entitlement you wish to transfer, and do nothing in respect of the balance. You will receive the amount realised for those Entitlements sold in the Retail Shortfall Bookbuild (if any) (the **Retail Premium**). If you transfer your Entitlement, you will forgo any exposure to increases or decreases in the value of the New Shares had you taken up that Entitlement. Your percentage shareholding in CAR will also be diluted.

CAR will have no responsibility and disclaims all liability (to the maximum extent permitted by law) to you if you trade your Entitlement before you receive your personalised Entitlement and Acceptance Form, whether on the basis of confirmation of the allocation provided by CAR or the Share Registry or failure to maintain your updated details on the CAR Share Register or otherwise. You can ascertain your correct Entitlement by calling your stockbroker or the Offer Information Line on 1300 651 575 (within Australia), +61 3 9415 4694 (outside Australia) at any time between 8:30am and 5:00pm (Melbourne time) Monday to Friday, during the Retail Entitlement Offer Period.

Nominees must not take up Entitlements on behalf of, or send any documents related to the Retail Entitlement Offer to, any person in the United States.

While the Entitlements will be tradeable, the assignment, transfer and exercise of Entitlements trading on ASX will be restricted to persons meeting certain eligibility criteria. It is the responsibility of purchasers of Entitlements to inform themselves of the eligibility criteria for exercise, which is set out in the Retail Offer Booklet. In particular, persons in the United States and persons acting for the account or benefit of persons in the United States (to the extent such person holds securities for the account or benefit of persons in the United States) will not be eligible to purchase or trade Entitlements or take up Entitlements they acquire. If holders of Entitlements at the end of the Retail Entitlement trading period do not meeting the eligibility criteria, they will not be able to exercise the Entitlements. In the event that holders are not able to exercise their Entitlements, they may receive no value for them.

Do nothing

Entitlements which are not taken up by close of the Retail Entitlement Offer, and Entitlements that would have been issued to Ineligible Retail Shareholders had they been eligible to participate in the Retail Entitlement Offer, will be offered for sale for your benefit through a bookbuild process on Monday, 7 June 2021 (**Retail Shortfall Bookbuild**). Any Retail Premium will be remitted proportionally to such shareholders on or about Thursday, 17 June 2021. Accordingly, if you do not take up all of your Entitlements, you will receive any proceeds in excess of the Offer Price (the Retail Premium) in respect of your Entitlements, net of any applicable withholding tax.

Retail Premium amounts, if any, will be paid in Australian dollars. Relevant retail shareholders will be paid by direct credit to the nominated bank account as noted on CAR's share register or, if there is no nominated bank account, by cheque to their registered address. The Retail Premium, if any, is expected to be paid on or about Thursday, 17 June 2021.

The Retail Premium may be zero, in which case no payment will be made to holders of those Entitlements sold into the Retail Shortfall Bookbuild. The outcome of the Institutional Shortfall Bookbuild (including the Institutional Premium) is not an indication as to whether there will be a Retail Premium or what any Retail Premium may be.

The ability to sell Entitlements under the Retail Shortfall Bookbuild and the ability to obtain any Retail Premium will depend on various factors, including market conditions. The final price for Entitlements sold under the Retail Shortfall Bookbuild will be agreed between the Lead Manager and CAR having regard to a number of factors. If there is a Retail Premium, it may be less than, more than, or equal to any price or prices that Entitlements may be able to be sold on ASX or otherwise transferred. To the maximum extent permitted by law, CAR, its related bodies corporate and affiliates, and each of their respective directors, officers, partners, employees, representatives and agents, and the Lead Managers, disclaim all liability, including for negligence, for any failure to procure a Retail Premium under the Retail Shortfall Bookbuild, for any difference between the Retail Premium and the Institutional Premium. CAR reserves the right to allocation Entitlements under the Retail Shortfall Bookbuild at its discretion.

You should note that if you sell or transfer all or part of your Entitlement or allow all or part of your Entitlement to be sold into the Retail Shortfall Bookbuild, then you will forgo any exposure to increases or decreases in the value of New Shares (or any value for that Entitlement which may have been achieved through its sale on ASX or otherwise) and your percentage in CAR will be diluted by your non-participation in the Entitlement Offer.

The tax consequences of selling your Entitlement or from doing nothing may be different. Before selling your Entitlement or choosing to do nothing in respect of your Entitlement, you should seek your own tax advice (and you may wish to refer to the tax disclosures contained in the Retail Offer Booklet which will provide general information on potential taxation implications for Australian resident shareholders).

KEY DATES FOR ELIGIBLE RETAIL SHAREHOLDERS

| Event | Date ¹ |
|--------------------------------------------------------------------------------------------------|-------------------------|
| Trading halt and announcement of Entitlement Offer | Wednesday, 12 May 2021 |
| Institutional Entitlement Offer opens | Wednesday, 12 May 2021 |
| Institutional Entitlement Offer closes | Thursday, 13 May 2021 |
| Institutional Entitlement Offer Shortfall book closes | Friday, 14 May 2021 |
| Announcement of results of Institutional Entitlement Offer | Monday, 17 May 2021 |
| Trading halt lifted and shares recommence trading on an ex-entitlement basis | Monday, 17 May 2021 |
| Record Date for the Entitlement Offer (7.00pm Melbourne time) | Monday, 17 May 2021 |
| Retail rights commence trading on the ASX | Monday, 17 May 2021 |
| Retail Entitlement Offer opens and Retail Offer Booklet made available | Wednesday, 19 May 2021 |
| Settlement of New Shares issued under the Institutional Entitlement Offer | Friday, 21 May 2021 |
| Allotment and normal trading of New Shares issued under the Institutional Entitlement Offer | Monday, 24 May 2021 |
| Close of retail rights trading on the ASX | Wednesday, 26 May 2021 |
| Retail Entitlement Offer closes (5.00pm Melbourne time) | Wednesday, 2 June 2021 |
| Announcement of results of Retail Entitlement Offer | Monday, 7 June 2021 |
| Retail Entitlement Offer shortfall bookbuild | Monday, 7 June 2021 |
| Announce results of Retail Entitlement Offer shortfall bookbuild | Monday, 7 June 2021 |
| Settlement of New Shares issued under the Retail Entitlement Offer | Thursday, 10 June 2021 |
| Allotment of New Shares under the Retail Entitlement Offer | Friday, 11 June 2021 |
| Normal trading of New Shares issued under the Retail Entitlement Offer | Tuesday, 15 June 2021 |
| Holding statements in respect of New Shares issued under the Retail Entitlement Offer despatched | Wednesday, 16 June 2021 |

The above timetable is indicative only and subject to change. All times are references to Melbourne time. CAR reserves the right to amend any or all of these events, dates and times without notice subject to the Act, the ASX Listing Rules and other applicable laws. In particular, CAR reserves the right to extend the closing date of the Retail Entitlement Offer, to accept late applications under the Retail Entitlement Offer (either generally or in particular cases), and to withdraw the Retail Entitlement Offer at any time without prior notice. Any extension of the closing date will have a consequential effect on the issue date of New Shares. CAR also reserves the right not to proceed with the Entitlement Offer in whole or in part at any time prior to allotment and issue of the New Shares. In that event, the relevant Application Monies (without interest) will be returned in full to applicants.

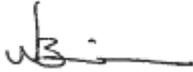
¹ The timetable is indicative only and subject to change. Carsales.com and the Underwriters may, in their absolute discretion, vary any of the above dates by lodging a revised timetable with the ASX.

ENQUIRIES

For further information on the Entitlement Offer, please visit the Entitlement Offer website: www.carsalesoffer.com.au or call the Offer Information Line on 1300 651 575 (within Australia), or +61 3 9415 4694 (outside Australia) at any time between 8:30am and 5:00pm (Melbourne time) Monday to Friday, during the Retail Entitlement Offer Period. If you have any further questions, you should contact your stockbroker, solicitor, accountant or other professional adviser.

The CAR Board is pleased to offer this opportunity to you.

Yours faithfully



Nicole Birman
Company Secretary
carsales.com Limited

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IMPORTANT INFORMATION

This letter is not a prospectus or offering document under Australian law or under any other law. No action has been or will be taken to register, qualify or otherwise permit a public offering of the New Shares in any jurisdiction outside Australia and New Zealand. This letter is for information purposes only and does not constitute or form part of an offer, invitation, solicitation, advice or recommendation with respect to the issue, purchase or sale of any New Shares in CAR.

This letter does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States. Neither the entitlements nor the New Shares have been, or will be, registered under the U.S. Securities Act of 1933, as amended (**U.S. Securities Act**), or the securities laws of any state or other jurisdiction of the United States.

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The provision of this document is not, and should not be considered as, financial product advice. The information in this document is general information only, and does not take into account your individual objectives, taxation position, financial situation or needs. If you are unsure of your position, please contact your accountant, tax advisor, stockbroker or other professional advisor.