



11 March 2014

Dear Shareholder

Shoply Limited Renounceable Pro-Rata Rights Issue

On 4 March 2014, Shoply Limited (**Shoply** or the **Company**) announced that it would undertake a renounceable pro-rata rights issue, which would offer shareholders the right to take up one new share for every five shares (**Rights Issue**) held as at 7.00pm AEDT on Tuesday, 18 March 2014 (**Record Date**) at an issue price of 3 cents per new share. Subscribers to the Rights Issue will also receive one free attaching option exercisable at 3.5 cents on or before 31 July 2015 for every 2 new shares subscribed (**Attaching Option**).

Shoply has lodged a prospectus dated 7 March 2014 in relation to the Rights Issue (**Prospectus**) with the Australian Securities Exchange (**ASX**) and the Australian Securities and Investments Commission. A copy of the Prospectus is available at the Company's website www.shoply.com.au and the ASX website at www.asx.com.au (ASX: SHP).

Eligibility of shareholders to participate in Rights Issue

The Rights Issue offer will only be made to eligible shareholders, being shareholders with registered addresses in Australia and New Zealand as at the Record Date (**Eligible Shareholder**).

The Company has determined that it would be unreasonable to extend the Rights Issue offer to shareholders with a registered address outside Australia or New Zealand as at the Record Date (**Ineligible Shareholders**), having regard to:

- the small number of shareholders with addresses in such other countries;
- the number and value of the shares they hold; and
- the cost to the Company of complying with applicable legal and regulatory requirements in such other countries.

Information for Ineligible Shareholders

As the Rights Issue is renounceable, the Company has appointed Patersons Securities Limited ABN 69 008 896 311 (**Patersons**) as its nominee to sell the rights to apply for new shares under the Offer (**Rights**) that Ineligible Shareholders are not permitted to receive.

Patersons will be obliged to achieve the best price reasonably obtainable for the Rights at the time of the sale. This sale process will occur during the Rights Issue offer period, and Ineligible Shareholders' proportionate share of any net proceeds of that sale will be paid in Australian dollars in accordance with each Ineligible Shareholder's existing payment instructions provided to the Company in respect of the shareholding (i.e. mailed to the Ineligible Shareholder's registered address on the Company's register or deposited into the Ineligible Shareholder's nominated bank account).

It may be that there is no market for the Rights, or that the gross proceeds will be less than the expenses of the sale process. In this case, the Rights will, at the Company's discretion, either be allowed to expire or be sold and the Company will retain any proceeds. The Company and its officers, employees, agents and contractors (including Patersons) will not be liable for any failure to sell any rights at any specific price or on any specific day.

Details of the Rights Issue

The Rights Issue offers Eligible Shareholders the right to take up one new share for every five shares held as at the Record Date at an issue price of 3 cents per new share (**Entitlement**). If you are an Eligible Shareholder and you accept your Entitlement, either fully or in part, you will also receive one

free Attaching Option for every two new shares subscribed for under the Rights Issue. Attaching Options are exercisable at 3.5 cents each on or before 31 July 2015. You may also apply to take up additional new shares in excess of your full Entitlement, in accordance with the instructions provided in the Prospectus.

The Rights Issue is underwritten by Patersons to \$1.8 million. In addition to being underwriter to the Rights Issue, Patersons is also acting as lead manager to the Rights Issue offer.

Information for Eligible Shareholders – Dealing with Entitlements

Eligible Shareholders have the following alternatives available in relation to the Rights Issue:

- accept their Entitlement in full (see section 1.4.1 of the Prospectus);
- accept their Entitlement in full and apply for additional new shares over and above their Entitlement (see sections 1.4.1 and 1.7 of the Prospectus);
- partially accept their Entitlement and allow the balance to lapse (see section 1.4.1 of the Prospectus);
- partially accept their Entitlement and sell the balance of their rights on the ASX (see sections 1.4.1 and 1.4.2 of the Prospectus);
- partially accept their Entitlement and transfer the balance of their rights to another person other than on the ASX (see sections 1.4.1 and 1.4.3 of the Prospectus).
- sell all their rights on the ASX (see section 1.4.2 of the Prospectus);
- transfer all of their rights to another person other than on the ASX (see section 1.4.3); and
- allow the whole of their Entitlement to lapse (see section 1.4.4).

To the extent that Shareholders do not take up their Entitlement, their interest in the Company will be diluted.

Rights attaching to new shares and Attaching Options

The new shares issued under the Rights Issue will be fully paid ordinary shares and will rank equally with the Company's existing shares on issue. The Company will make an application to the ASX for official quotation of the new shares.

The Attaching Options will be issued for nil consideration and will be exercisable at 3.5 cents on or before 31 July 2015. The Company will make an application to the ASX for official quotation of Attaching Options.

Further details of the rights attaching to the securities issued under the Rights Issue are contained in section 4 of the Prospectus.

Use of funds raised under the Rights Issue and Placement

As announced to the market on 4 March 2014, Shoply has, on 10 March 2014, completed a placement of 60 million shares to institutional and sophisticated investors at 3 cents per share to raise gross proceeds of \$1.8 million (**Placement**). Investors in the Placement will, subject to shareholder approval at a meeting of shareholders to be convened in early April 2014 for this purpose, receive one free option (on the same terms and conditions as the Attaching Options) for every 2 new shares subscribed under the Placement.

After payment of the costs and expenses of the Rights Issue and the Placement (as announced on 4 March 2014), the proceeds from the capital raising, which will be a minimum of \$3.6 million, will be applied towards the acquisition of the assets of Your Home Depot Pty Ltd (**YHD**) as announced to ASX on 17 February 2014 as well as for working capital.

Effect of the Rights Issue and Placement on capital structure of Shoply

A comparative table of indicative changes in the capital structure of the Company as a consequence of the Rights Issue and Placement is set out below.

Shares

	Number of Shares
Shares on issue at the time of Prospectus lodgement on 7 March 2014	241,055,747
Shares issued pursuant to the Placement on 10 March 2014	60,000,000
New shares to be issued pursuant to the Rights Issue	60,211,149
Total Shares on issue after completion of the Placement and Rights Issue	361,266,896

Notes:

- The number of new shares to be issued pursuant to the Rights Issue shown in the table above has been calculated on the basis that:
 - no options currently on issue are exercised between the time the Prospectus was lodged and the Record Date of the Rights Issue; and
 - the Rights Issue is fully subscribed.
- The actual number of shares issued under the Rights Issue may vary, depending on the level of subscription from shareholders, Shoply's ability to place any remaining shortfall after close of the Rights Issue, and due to the rounding up of fractional entitlements.

Options

Options on issue at the time of Prospectus lodgement on 7 March 2014:	Number of options
Listed Options exercisable at \$0.15 on or before 30 June 2014	160,872,596
Unlisted Options with various exercise prices and expiry dates	11,600,000
Options offered pursuant to the Placement and Rights Issue:	Number of Options
Attaching Options under Rights Issue	30,105,575
Options attaching to the Placement	30,000,000
Total Options on issue after completion of the Placement and Rights Issue	232,578,171

Notes:

- The number of Attaching Options to be issued pursuant to the Rights Issue shown in the table above has been calculated on the basis that:
 - no options currently on issue are exercised between the time the Prospectus was lodged and the Record Date of the Rights Issue; and
 - the Rights Issue is fully subscribed.
- The actual number of Attaching Options issued under the Rights Issue may vary according to the actual number of shares issued under the Rights Issue.

3. The number of options to be issued pursuant to the Placement shown in the table above assumes that Shareholder approval is obtained for the issue of these Options pursuant to ASX Listing Rule 7.1 at an Extraordinary General Meeting.

Offer timetable

EVENT	DATE (2014)
Announcement of Rights Issue	Tuesday, 4 March
Prospectus lodged with ASIC and ASX	Friday, 7 March
Notice to Option holders	Friday, 7 March
Notice of Rights Issue sent to Shareholders	Tuesday, 11 March
“Ex” Date (date from which Shares commence trading with the entitlement to participate in the Rights Issue)	Wednesday, 12 March
Rights trading commences on ASX	Wednesday, 12 March
Record Date (date for determining Shareholder entitlements to participate in the Rights Issue)	Tuesday, 18 March (7.00pm AEDT)
Prospectus sent to Shareholders Opening Date of Rights Issue offer	Wednesday, 19 March
Rights trading on ASX ends	Wednesday, 26 March
Securities are quoted on a deferred settlement basis	Thursday, 27 March
Closing Date of Rights Issue	Wednesday, 2 April (5.00pm AEDT)
Notification of under-subscriptions to Underwriter and ASX	Thursday, 3 April
Underwritten Shortfall settled	Tuesday, 8 April
Shares and Options entered into Shareholders’ security holdings	Thursday, 10 April
Deferred settlement trading ends.	Friday, 11 April

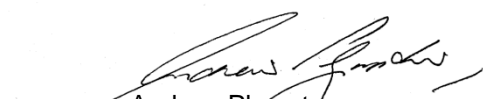
This timetable is indicative only and subject to change. Subject to the Corporations Act 2001 (Cth) and the ASX Listing Rules, the Company, in conjunction with the Underwriter, reserves the right to vary these dates, including the closing date of the Rights Issue, without prior notice. The Company also reserves the right not to proceed with the whole or part of the Rights Issue at any time prior to the issue date. In that event, application monies will be returned as required by the Corporations Act 2001 (Cth), without interest.

Full details of the terms and conditions of the Offer are in the Prospectus to be sent to Eligible Shareholders in accordance with the timetable set out above.

Queries

If you have any queries in relation to the Rights Issue, please contact Shoply’s Company Secretary Sophie Karzis on 03 9286 7500. If you have queries in respect of your shareholding, please contact Shoply’s share registry on 1300 850 505 (within Australia) or +613 9415 4000 (outside Australia).

Yours faithfully



Andrew Plympton
Chairman