

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

Date:	19 May 2021
To:	Australian Securities Exchange
Subject:	Letter to Ineligible Retail Shareholders

Enclosed is a letter to be despatched today to Ineligible Retail Shareholders (as defined in the Retail Offer Booklet) of carsales.com Limited (**CAR**) with a registered address that is outside 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



CAR
MR SAM SAMPLE
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SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Wednesday, 19 May 2021

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Dear Shareholder

carsales.com Limited Entitlement Offer – Notification to Ineligible Shareholders

On Wednesday, 12 May 2021, carsales.com Limited (ACN 074 444 018) (ASX:CAR) (**CAR**) announced a fully underwritten pro-rata accelerated renounceable entitlement offer (with retail rights trading) to eligible shareholders to subscribe for 1 new fully paid ordinary shares in CAR (**New Shares**) for every 6.99 existing fully paid ordinary share in CAR held as at 7.00pm (Melbourne time) on the **Record Date** (being Monday, 17 May 2021) (**Entitlement**) at an offer price of \$17.00 per New Share to raise approximately \$600 million (**Entitlement Offer**).

DETAILS OF ENTITLEMENT OFFER

The Entitlement Offer comprises an institutional component (**Institutional Entitlement Offer**) and an offer to Eligible Retail Shareholders (as defined below) to participate on the same terms (**Retail Entitlement Offer**). The Institutional Entitlement Offer is already closed and the results have been announced to ASX. 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 lodged with ASX on Wednesday, 12 May 2021).

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* (the **Act**) as modified by the Australian Securities and Investments Commission Corporations (Non-Traditional Rights Issues) Instrument 2016/84 and ASIC Corporations (Disregarding Technical Relief) Instrument 2016/73).

You are receiving this letter to inform you that, according to our records, you did not satisfy the eligibility criteria to participate in the Retail Entitlement Offer. Further information about the Entitlement Offer, including the eligibility criteria to participate and how your Entitlement will be dealt with, is set out below. This letter is not an offer to issue New Shares to you, nor an invitation for you to apply for New Shares. **You are not required to do anything in response to this letter but there may be financial implications for you as a result of the Entitlement Offer that you should be aware of, and you may still receive some benefit from the Entitlement Offer, as described below.**

RETAIL ENTITLEMENT OFFER

The Retail Entitlement Offer is being made to Eligible Retail Shareholders on the basis of 1 New Share for every 6.99 existing Shares held at 7.00 pm (Melbourne time) on the Record Date. The Retail Entitlement Offer is expected to raise approximately A\$172 million.

ELIGIBILITY CRITERIA

CAR has determined, pursuant to section 9A(3) of the Act and Listing Rule 7.7.1(a) of the ASX Listing Rules, that it would be unreasonable to make offers to CAR shareholders in certain countries in connection with the Retail Entitlement Offer. This is due to legal and regulatory requirements in countries other than Australia and New Zealand and the potential costs to CAR of complying with those requirements, compared with the relatively small number of shareholders in those countries, the relatively small number of existing CAR ordinary shares they hold, and the relatively low value of New Shares to which those shareholders would otherwise be entitled to subscribe for. Each of CAR and the Underwriters and each of their affiliates and related bodies corporate and each of their respective directors, officers, partners, employees, advisers, representatives and agents disclaim any liability in respect of any determination as to eligibility, to the maximum extent permitted by law.

Shareholders who are eligible to participate in the Retail Entitlement Offer (**Eligible Retail Shareholders**) are those shareholders of CAR on Monday, 17 May 2021 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.

Unfortunately, according to our records, you did not satisfy the eligibility criteria for an Eligible Retail Shareholder stated above). Accordingly, in compliance with section 9A(3) of the Act and ASX Listing Rule 7.7.1(b), CAR wishes to advise you that it will not be extending the Retail Entitlement Offer to you, and you will not be able to subscribe for New Shares under the Retail Entitlement Offer. You will not be sent the documents relating to the Retail Entitlement Offer.

CAR may determine to extend the Retail Entitlement Offer to certain shareholders who did not participate in the Institutional Entitlement Offer or to certain other retail shareholders, subject to compliance with applicable laws.

TREATMENT OF INELIGIBLE RETAIL SHAREHOLDERS' ENTITLEMENTS – RETAIL SHORTFALL BOOKBUILD

As the Retail Entitlement Offer is renounceable, CAR has arranged for the Entitlements of ineligible retail shareholders to be sold on their behalf in a bookbuild process on Monday, 7 June 2021 (the **Retail Shortfall Bookbuild**). Your Entitlement will be offered for sale on your behalf in the Retail Shortfall Bookbuild and you will receive the premium over the Offer Price per New Share that is achieved (if any) under the Retail Shortfall Bookbuild (net any expenses and applicable withholding tax) in proportion to the number of New Shares represented by your Entitlement (**Retail Premium**). The Retail Premium (if any) will be paid to you on or about Thursday, 17 June 2021, and will be paid into 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 may be zero, in which case no payment will be made to holders of those Entitlements sold into the Retail Shortfall Bookbuild.

RETAIL ENTITLEMENTS TRADING

The Entitlements of Eligible Retail Shareholders (**Retail Entitlements**) will also be tradeable on ASX. The assignment, transfer and exercise of Retail Entitlements trading on ASX will be restricted to persons meeting certain eligibility criteria. 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 persons hold Shares for the account or benefit of such persons in the United States) will not be eligible to purchase or trade Retail Entitlements or to take up or exercise Retail Entitlements they acquire. If you purchase Retail Entitlements during the Entitlements trading period, but you do not meet the eligibility criteria, you will not be able to take up or exercise those Entitlements and, as a result, you may receive no value for them.

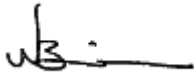
NO ACTION REQUIRED

This notice is to inform you about the Entitlement Offer. This letter is not an offer to issue New Shares to you, nor an invitation for you to apply for New Shares. You are not required to do anything in response to this letter.

If you have any questions in relation to any of the above matters, please contact 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.

On behalf of the Board and management of CAR, we regret that you are not eligible to participate in the Retail Entitlement Offer and thank you for your continued support.

Yours sincerely



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.

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.

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.