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1 July 2022

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

Dear Shareholder

**CARSALES.COM LIMITED (ASX:CAR)
RETAIL ENTITLEMENT OFFER NOW OPEN**

On Monday, 27 June 2022, carsales.com Limited (**CAR**) announced a fully underwritten pro-rata accelerated non-renounceable entitlement offer of new CAR shares (**New Shares**) to raise approximately AUD\$1,207 million (**Entitlement Offer**). The Entitlement Offer comprises an offer to both eligible institutional shareholders and eligible retail shareholders to participate.

THE ENTITLEMENT OFFER AND USE OF PROCEEDS

The proceeds of the capital raising will be used to acquire the remaining 51% in Trader Interactive LLC (**Trader Interactive**) for US\$809 million (the **Proposed Transaction**). Further details are set out in the investor presentation relating to the Entitlement Offer published on ASX on Monday, 27 June 2022 (**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 4.16 existing CAR ordinary shares (**Offer Ratio**) held by you at 7.00pm (Melbourne time) on Wednesday, 29 June 2022 (**Record Date**). The offer price is AUD\$17.75 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 68 million New Shares, resulting in total CAR ordinary shares on issue of approximately 351 million. The Entitlement Offer is fully underwritten by the underwriters (**Underwriters**) pursuant to an underwriting agreement (the terms of which are summarised in Annexure D of the Investor Presentation).

The Entitlement Offer comprises an institutional entitlement offer (**Institutional Entitlement Offer**) and an offer to eligible retail shareholders (as defined below) (**Retail Entitlement Offer**) at the same Offer Price and Offer Ratio. The Institutional Entitlement Offer has closed and the results were announced to ASX on 29 June 2022.

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:

- have a registered address on the CAR share register in Australia or New Zealand on the Record Date;
- are not in the United States and are not a person acting for the account or benefit of a person in the United States (to the extent such person holds shares for the account or benefit of such person in the United States);
- were not invited to participate (other than as nominee) under the Institutional Entitlement Offer, and were not treated as an ineligible institutional shareholder under the Institutional Entitlement Offer; and
- are eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer without any requirement for a prospectus, product disclosure document or offer document to be lodged or registered.

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

INFORMATION BOOKLET

This letter is not an offer document but is a notice of some key terms and conditions of the Retail Entitlement Offer. Full details of the Retail Entitlement Offer are set out in an information booklet (**Information Booklet**), available on CAR’s Retail Entitlement Offer website at www.carsalesoffer.com.au.

Eligible Retail Shareholders can access a copy of the Information Booklet via the Entitlement Offer website: www.carsalesoffer.com.au, together with a personalised Entitlement and Acceptance Form which contains details of their entitlements under the Retail Entitlement Offer. Paper copies of these documents are also available on request by contacting the Offer Information Line on 1300 850 505 (within Australia), or +61 3 9415 4000 (outside Australia) at any time between 8.30am and 5.00pm (Melbourne time) Monday to Friday, before the close of the Retail Entitlement Offer at **5.00pm (Melbourne time) on Wednesday, 13 July 2022**.

You should read the Information Booklet carefully and in its entirety before deciding whether to participate in the Retail Entitlement Offer.

ACTION REQUIRED BY ELIGIBLE RETAIL SHAREHOLDERS

If you are an Eligible Retail Shareholder, you may take any one of the following actions:

- take up all of your Entitlement;

- take up part of your Entitlement and allow the balance to lapse; or
- do nothing, in which case your Entitlement will lapse and you will receive no value for those lapsed Entitlements.

Your entitlements under the Retail Entitlement Offer may have value and it is important you determine whether to take up (in whole or in part) 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, and you should consider seeking advice from your 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 entitlements under the Retail Entitlement Offer) or reduce (if they take up only part of their entitlements under the Retail Entitlement Offer). 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 entitlements under the Retail Entitlement Offer, 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® (because 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, 13 July 2022**.

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

KEY DATES FOR ELIGIBLE RETAIL SHAREHOLDERS

Event	Date
Trading halt and announcement of Proposed Transaction and Entitlement Offer	Monday, 27 June 2022
Institutional Entitlement Offer open	Monday, 27 June 2022
Institutional Entitlement Offer close	Tuesday, 28 June 2022
Company announces results of Institutional Entitlement Offer	Wednesday, 29 June 2022
Trading resumes on an 'ex-entitlement' basis	Wednesday, 29 June 2022
Record Date for the Entitlement Offer	Wednesday, 29 June 2022
Despatch of Information Booklet and Entitlement and Acceptance Form to Eligible Retail Shareholders	Friday, 1 July 2022
Retail Entitlement Offer opens	Friday, 1 July 2022
Allotment and trading of Shares issued in connection with the Institutional Entitlement Offer	Wednesday, 6 July 2022
Retail Entitlement Offer closes	Wednesday, 13 July 2022

Company announces results of Retail Entitlement Offer	Friday, 15 July 2022
Allotment of New Shares under the Retail Entitlement Offer	Wednesday, 20 July 2022
Normal trading of New Shares issued under the Retail Entitlement Offer expected to commence on ASX	Thursday, 21 July 2022
Despatch of holding statements	Thursday, 21 July 2022

The above timetable is indicative only and subject to change. Subject to the requirements of the Corporations Act 2001 (Cth), the ASX Listing Rules and other applicable rules, carsales reserves the right to amend this timetable at any time, including extending the period for the Entitlement Offer or accepting late applications, either generally or in particular cases, by lodging a revised timetable with ASX.

The commencement of quotation of New Shares issued under the Retail Entitlement Offer is subject to confirmation from ASX.

Cooling off rights do not apply to the Retail Entitlement Offer. You cannot withdraw your Application once it has been accepted. Eligible Retail Shareholders are encouraged to take up your entitlements under the Retail Entitlement Offer as soon as possible after the Retail Entitlement Offer opens.

Further Information

For further information regarding the Retail Entitlement Offer, please call the Investor Information Line on 1300 850 505 (within Australia), or +61 3 9415 4000 (outside Australia) between 8:30am and 5:00pm (Melbourne time) Monday to Friday, before the close of the Retail Entitlement Offer at **5.00pm (Melbourne time) on Wednesday, 13 July 2022**. If you have any questions, please consult your professional adviser for advice suitable to your individual circumstances.

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.

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, directly or indirectly, to persons in the United States or persons acting for the account or benefit of persons in the United States (to the extent such persons are acting for the account or benefit of persons in the United States). In the Retail Entitlement Offer, the entitlements may only be taken up or exercised,

and the New Shares may only be offered or sold outside the United States in “offshore transactions” (as defined in Rule 902(h) 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.