

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

Date:	15 March 2023
To:	Australian Securities Exchange
Subject:	Letter to ineligible shareholders

Enclosed is a letter to be despatched later today to ineligible institutional shareholders and Ineligible Retail Shareholders (as defined in the Retail Information Booklet) of carsales.com Limited (**CAR**) in respect of the Entitlement Offer announced by CAR on 8 March 2023.

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, or in any other jurisdiction in which, or to, any person to whom, such an offer would be illegal. No action has been or will be taken to register, qualify or otherwise permit a public offering of the Entitlements or the New Shares under the Retail Entitlement Offer in any jurisdiction outside Australia and New Zealand. In particular, neither the Entitlements nor the New Shares to be offered and sold in the Entitlement Offer have been, or will be, registered under the U.S. Securities Act of 1933, as amended (the **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 purchased, traded, taken up or exercised by, and the New Shares in the Retail Entitlement Offer may not be offered or sold, directly or indirectly, to persons in the United States or to any person that is acting for the account or benefit of any person in the United States, except in a transaction that is 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 Entitlements may only be exercised by, and the New Shares to be offered and sold in the Retail Entitlement Offer may only be offered and sold to persons that are not in the United States and that are not acting for the account or benefit of a person in the United States, in each case 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. No documents relating to the Retail Entitlement Offer may be sent or distributed, in whole or in part, to persons in the United States or to persons that are acting for the account or benefit of any person in the United States.

For all enquiries:

 **Phone:**
(within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000

Dear Shareholder

15 March 2023

CARSALES.COM LIMITED (ASX: CAR) NOTIFICATION TO INELIGIBLE SHAREHOLDERS

On Wednesday, 8 March 2023, carsales.com Limited (**CAR**) announced a fully underwritten pro-rata accelerated renounceable entitlement offer (with retail rights trading) to eligible shareholders to subscribe for 1 new CAR ordinary share (**New Shares**) for every 14.01 existing CAR ordinary shares (**Shares**) held at 7.00pm (Melbourne time) on Monday, 13 March 2023 (**Entitlement**), at an offer price of A\$19.95 per New Share (**Offer Price**) to raise gross proceeds of approximately A\$500 million (the **Entitlement Offer**).

The Entitlement Offer comprises an offer to Eligible Institutional Shareholders (as defined below) (**Institutional Entitlement Offer**) and an offer to Eligible Retail Shareholders (as defined below) to participate on the same terms (**Retail Entitlement Offer**).

The Entitlement Offer is being made by CAR without a disclosure document in accordance with section 708AA of the *Corporations Act 2001* (Cth) as modified by *ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84* and *ASIC Corporations (Disregarding Technical Relief) Instrument 2016/73* (the **Act**).

The net proceeds raised from the Entitlement Offer are intended to be used to fund CAR's acquisition of 40% of shares in WebMotors S.A. (**webmotors**) from Banco Santander (Brasil) S.A. for approximately A\$353 million and strengthen CAR's balance sheet, reducing leverage and providing for increased capacity to pursue future growth opportunities.

Please refer to CAR's investor presentation lodged with the Australian Securities Exchange (**ASX**) on Wednesday, 8 March 2023 for further information (**Investor Presentation**).

Goldman Sachs Australia Pty Limited and UBS Securities Australia Limited have been appointed as the underwriters, lead managers and bookrunners for the Entitlement Offer (together the **Joint Lead Managers**) subject to the terms of an underwriting agreement.

You are receiving this letter as unfortunately, according to our records, you did not satisfy the eligibility criteria to participate in the Entitlement Offer and as such, you will not be able to subscribe for New Shares under the Entitlement Offer. Further information on the Entitlement Offer, including the eligibility criteria to participate and how your Entitlements will be dealt with, is set out below. **You are not required to do anything in response to this letter.** However, 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.

INSTITUTIONAL ENTITLEMENT OFFER

On Monday, 13 March 2023, CAR announced that it had successfully completed the Institutional Entitlement Offer. Through the Institutional Entitlement Offer, CAR raised gross proceeds of approximately A\$380 million.

Shareholders who were eligible to participate in the Institutional Entitlement Offer (**Eligible Institutional Shareholders**) were those:

- (a) to whom ASX Listing Rule 7.7.1(a) did not apply;
- (b) who successfully received an offer under the Institutional Entitlement Offer (as CAR and the Joint Lead Managers determined in their discretion); and
- (c) who, if they were a nominee, were only an Eligible Institutional Shareholder to the extent that they held Shares for beneficiaries who would have been Eligible Institutional Shareholders, had they held the Shares themselves.

RETAIL ENTITLEMENT OFFER

The Retail Entitlement Offer, which is expected to raise approximately A\$121 million, is being made to Eligible Retail Shareholders (as defined below) on the basis of 1 New Share for every 14.01 Shares held at 7.00pm (Melbourne time) on Monday, 13 March 2023 (**Record Date**).

An information booklet in relation to the Retail Entitlement Offer was lodged with the ASX on Wednesday, 15 March 2023 (**Information Booklet**) and will be sent to Eligible Retail Shareholders (as defined below).

Shareholders who are eligible to participate in the Retail Entitlement Offer (**Eligible Retail Shareholders**) are those who:

- (a) are registered as a holder of Shares at 7.00pm (Melbourne time) on the Record Date;
- (b) have a registered address in Australia or New Zealand on CAR's share register or, if located outside Australia or New Zealand, are an eligible institutional investor;
- (c) are not in the United States and are not 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);
- (d) did not receive an offer to participate (other than as nominee) or were otherwise ineligible to participate, in the Institutional Entitlement Offer; and
- (e) are eligible under all applicable securities laws to receive the Retail Entitlement Offer without any requirement for a prospectus, product disclosure document or offer document to be lodged or registered.

ELIGIBILITY CRITERIA

Unfortunately, according to our records, you did not satisfy the eligibility criteria for an Eligible Institutional Shareholder and do not satisfy the eligibility criteria for an Eligible Retail Shareholder stated above. Accordingly, in compliance with ASX Listing Rule 7.7.1(b) and section 9A(3) of the Act, CAR wishes to advise you that it will not be extending the 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.

The restrictions on eligibility to participate in the Entitlement Offer arise because CAR has determined, pursuant to ASX Listing Rule 7.7.1(a) and section 9A(3)(a) of the Act, that it would be unreasonable to make offers under the Retail Entitlement Offer to CAR shareholders in countries other than Australia and New Zealand and, to make offers under the Institutional Entitlement Offer to CAR shareholders outside of the eligible jurisdictions listed in the Investor Presentation due to the relatively small number of shareholders in those other jurisdictions, the relatively low number and value of New Shares for which those shareholders would otherwise have been entitled to subscribe for and the potential cost to CAR of complying with legal and regulatory requirements in those countries.

CAR and the Joint Lead Managers, in their absolute discretion, may agree to extend the Retail Entitlement Offer to any shareholder if they are satisfied that the Retail Entitlement Offer may be made to the shareholder in compliance with all applicable laws. CAR and the Joint Lead Managers, in their absolute discretion, reserve the right to determine whether a shareholder is an Eligible Retail Shareholder or an ineligible retail shareholder. CAR and the Joint Lead Managers and each of their respective affiliates and related bodies corporate and each of their respective directors, officers, partners, employees, advisers, representatives and agents disclaim any liability (including for fault or negligence) in respect of any determination as to eligibility to participate in this offer, to the maximum extent permitted by law.

INSTITUTIONAL ENTITLEMENT BOOKBUILD

A number of New Shares equal to the number of Entitlements not taken up by Eligible Institutional Shareholders (along with those New Shares which would have been offered to ineligible institutional shareholders had they been eligible to participate) were offered for sale by the Joint Lead Managers on behalf of CAR to eligible institutional investors (which may have included Eligible Institutional Shareholders) in a bookbuild process following the Institutional Entitlement Offer (the **Institutional Entitlement Bookbuild**). The Institutional Entitlement Bookbuild was completed on Friday, 10 March 2023.

The premium over the Offer Price per New Share that was achieved under the Institutional Entitlement Bookbuild (net of any expenses and applicable withholdings tax) will be paid to ineligible institutional shareholders and Eligible Institutional Shareholders who did not take up all of their Entitlements in proportion to the number of New Shares represented by their Entitlements.

Any proceeds received may have Australian and overseas tax consequences, depending on individual circumstances. You should seek professional tax advice regarding the taxation of any proceeds received.

RETAIL SHORTFALL BOOKBUILD

As the 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 Tuesday, 4 April 2023 (the **Retail Shortfall Bookbuild**). If you are a retail shareholder that is ineligible to participate in the Retail Entitlement Offer, your Entitlements 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 of any expenses and applicable withholding tax) in proportion to the number of New Shares represented by your

Entitlements (**Retail Premium**). The Retail Premium (if any) will be paid to you in the same way in which dividends on your Shares have previously been paid to you.

The ability to obtain any Retail Premium in connection with the Retail Shortfall Bookbuild, and the amount of any Retail Premium, is dependent on various factors, including market conditions. There is no guarantee that there will be any Retail Premium (or that any particular amount of Retail Premium will be achieved). To the maximum extent permitted by law, CAR, the Joint Lead Managers and their respective related bodies corporate and affiliates, and each of their respective directors, officers, partners, employees, representatives and agents, disclaim all liability, including for negligence, for any failure to procure a Retail Premium under the Retail Shortfall Bookbuild. CAR reserves the right to allocate Entitlements under the Retail Shortfall Bookbuild at its discretion.

Any Retail Premium you receive may have Australian and overseas tax consequences, depending on individual circumstances. You should seek professional tax advice regarding the taxation of any proceeds received.

RETAIL ENTITLEMENTS TRADING

The Entitlements of Eligible Retail Shareholders (**Retail Entitlements**) will also be tradeable on ASX. As you are not an Eligible Retail Shareholder, you will not have any Retail Entitlements. 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 person 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 Retail Entitlements trading period, but you do not meet the eligibility criteria, you will not be able to take up or exercise those Retail Entitlements and, as a result, you may receive no value for them.

NO ACTION REQUIRED

This notice is to inform you about your status as an ineligible shareholder under 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 850 505 (within Australia) or +61 3 9415 4000 (outside Australia) at any time from 8.30am to 5.00pm (Melbourne time) Monday to Friday (excluding public holidays) during the Retail Entitlement Offer period.

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

Yours faithfully



Nicole Birman
Company Secretary
carsales.com Limited

IMPORTANT INFORMATION

This letter is issued by carsales.com Limited and is to inform you about the Entitlement Offer. 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. It is for information purposes only and does not constitute an offer, invitation, solicitation, advice or recommendation to subscribe for, retain or purchase any Entitlements or New Shares in CAR in any jurisdiction. This letter does not constitute, and should not be considered as, financial product, legal, tax or other advice and does not and will not form part of any contract for the acquisition of CAR Entitlements or New Shares.

This letter does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States, or in any other jurisdiction in which, or to, any person to whom, such an offer would be illegal. No action has been or will be taken to register, qualify or otherwise permit a public offering of the Entitlements or the New Shares under the Retail Entitlement Offer in any jurisdiction outside Australia and New Zealand. In particular, neither the Entitlements nor the New Shares to be offered and sold in the Entitlement Offer have been, or will be, registered under the U.S. Securities Act of 1933, as amended (the **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 purchased, traded, taken up or exercised by, and the New Shares in the Retail Entitlement Offer may not be offered or sold, directly or indirectly, to persons in the United States or to any person that is acting for the account or benefit of any person in the United States, except in a transaction that is 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 Entitlements may only be exercised by, and the New Shares to be offered and sold in the Retail Entitlement Offer may only be offered and sold to persons that are not in the United States and that are not acting for the account or benefit of a person in the United States, in each case 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. No documents relating to the Retail Entitlement Offer may be sent or distributed, in whole or in part, to persons in the United States or to persons that are acting for the account or benefit of any person in the United States.

Nothing contained in this document constitutes investment, legal, tax or other 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. Please read the Information Booklet, and if you are unsure of your position, please contact your accountant, tax advisor, stockbroker or other professional advisor.