trade me
Trade Me Group Limited

For personal use only

11 April 2016

Company Announcements Office
ASX
Level 6
20 Bridge Street
Sydney
NSW 2000

Dear Sir/Madam

TME - REDEMPTION AND CANCELLATION OF RESTRICTED SHARES

Trade Me Group Limited has bought back and cancelled 194,964 shares on 11 April 2016.

The shares had been issued to TMG Trustee Limited, as bare trustee for employees under the company's Executive Long-term Incentive Scheme, as a term of the beneficial holders' employment.

These shares are treated as Forfeited Shares under the Scheme Rules, because

- In the case of 191,552 shares, performance hurdles were not met at the Hurdle Date under the Scheme Rules.
- In the case of the remaining 3,412 shares, the beneficial holder has now left the employment of the company.

The shares were bought back and cancelled under the procedure set out in s.71 Companies Act 1993 (NZ), which included the provision of the attached Disclosure to shareholders, given on 22 March 2016.

Trade Me Group Limited now has 397,088,611 ordinary shares on issue.

Yours faithfully

Sarah Hard
Company Secretary

For personal use only

trademe
Trade Me Group Limited

Disclosure relating to the buyback and cancellation of shares under the Trade Me Group Limited Long-term Executive Share Scheme (s.62 Companies Act 1993)

Introduction – what this is about

Trade Me has a specific long-term incentive scheme for its senior staff (the LTI Scheme). The details are outlined in the company's annual report. The LTI scheme is designed to align the interests of senior employees closely with other shareholders and to incentivise senior employees to remain at Trade Me.

In summary, Trade Me issues "restricted shares" to members of the senior management team, but those shares are held by a trustee until a time (generally 3 years after issue of the restricted shares) where the performance of the company is tested against performance hurdles set by the Board. If the company has performed well enough and meets the hurdles, the restricted shares will vest and become the property of the senior employees concerned. If the company's performance has not met the hurdles, the shares will not vest and are cancelled.

As well as the performance hurdles, it is a prerequisite that the senior employees who have those shares are still employed by the company at hurdle dates. If they leave before that, the shares are bought back and cancelled.

The first round of restricted shares was issued under the LTI Scheme at 1 October 2012, and had performance hurdles relating to Total Shareholder Return and Earnings per Share over a 3 year period ("LTI Round 1"). At 30 September 2015, we looked at the company's performance against the two hurdles, and it did not meet the required performance standard. The shares therefore can't vest. The LTI Round 1 shares need to be cancelled.

In addition, it's inevitable that some senior employees leave the company while their shares under the LTI Scheme are still restricted. Their shares will not ever be able to become unrestricted (no matter what the performance of the company) because they are not employees of Trade Me anymore. The shares which the trustee holds for the relevant employees (now ex-employees) are bought back and cancelled.

Trade Me needs to give notice to shareholders in accordance with the requirement of section 62 of the Companies Act 1993 (the Act) before the buyback and cancellation of shares can happen.

This disclosure is the required notice. It sets out the intention of Trade Me Group Limited to exercise an option to buy back and cancel certain restricted shares which were issued in LTI Round 1, and otherwise under the LTI Scheme but which the relevant employees are not entitled to retain, because they have left the employment of Trade Me.

The senior employees who are affected by this are aware that their LTI shares will be cancelled.

What do you have to do?

This disclosure is provided to you for your information only and you are not required to take any action in relation to it.

Terms

The restricted shares are to be bought back by the Company from TMG Trustee Limited, which holds the LTI Scheme shares as bare trustee. The shares will be repurchased for their original issue price and the proceeds used to repay a loan that was provided on issue, so the employees will not make any gain from holding the shares.

No director has any interest in the restricted shares which are the subject of the buyback.

The buyback will occur at least 10 working days after this disclosure has been distributed to shareholders.

Directors' resolution

Trade Me's directors have resolved:

1. That Trade Me Group Limited (TME) make an offer to TMG Trustee Limited (the Trustee) to acquire up to 194,964 shares (the Shares) being:
   a. 191,552 ordinary shares now held by the Trustee for all the beneficial holders of shares in LTI Round 1; and
   b. 3,412 shares held by certain ex-employees, who have left the company's employment, in other LTI rounds. (the buyback);
2. The buyback will be at the same price as the issue price for each of the Shares;
3. The buyback is in the best interests of the Company and is of benefit to the remaining shareholders;
4. The terms of the buyback and the consideration offered for the Shares are fair and reasonable to the Company and to the remaining shareholders;
5. The reasons for the director's conclusions are that:
   a. The Company is exercising a buyback option given in consideration for the loan being provided to the Trustee to buy the Shares, under the Company's LTI Scheme; and
   b. The buyback and cancellation of Shares is a key part of facilitating the Scheme which increases the alignment of interests between participating senior staff and shareholders;
   c. The buyback price is the same as the original issue price for each of the Shares.
6. The shares will be cancelled by the Company immediately upon completion of the buyback.

Note

Shareholder rights

Section 62(8) of the Act provides that a shareholder or the company may apply to the court for an order restraining the proposed acquisition on the grounds that—

(a) it is not in the best interests of the company and of benefit to remaining shareholders; or

(b) the terms of the offer and the consideration offered for the shares are not fair and reasonable to the company and remaining shareholders.

This disclosure is provided to you for your information only and you are not required to take any action in relation to it.

If you have any questions regarding this disclosure, please contact Trade Me's Company Secretary Sarah Hard on (04) 803 2676 or sarah.hard@trademe.co.nz.