

23 October 2020

ASX ANNOUNCEMENT

Non-binding indicative proposal materially undervalues Link Group

Potential PEXA separation and demerger being examined

Link Administration Holdings Limited (ASX: LNK) (**Link Group**) refers to the conditional, non-binding indicative proposal received from a consortium comprising Pacific Equity Partners, Carlyle Group and their affiliates (**Consortium**) dated 10 October 2020 (**Proposal**).

Following receipt of the Proposal, Link Group has held a number of discussions with representatives of the Consortium, and meetings have also taken place between the parties' financial, tax and legal advisors.

The Consortium supplied further written detail of its proposed implementation structure to allow Link Group shareholders separately to take a direct interest in PEXA, but this detail did not nominate a value for Link Group's global business ex-PEXA.

Link Group has also consulted with a number of its shareholders and received feedback in relation to the Proposal.

Assessment of the Proposal

The Link Group Board has carefully considered the Proposal, including obtaining advice from its financial, tax and legal advisors. The Board has unanimously concluded that the Proposal, as presented, materially undervalues Link Group on a control basis and is not in the best interests of shareholders.

The Board's confidence in the outlook and fundamental value of Link Group is underpinned by:

- the significant value inherent in PEXA, which has delivered strong growth and established a leading market position in digital property settlements. PEXA demonstrated accelerated take-up during COVID-19 and is expected to deliver a material return of capital in coming months;
- the early progress made in Link Group's transformation plan, which will see significant efficiency benefits realised over the coming years;
- the leading positions in the markets in which Link Group operates; and
- the expected recovery in market driven revenue as economic activity improves.

The Board also notes that the Proposal price is described as indicative, and the entire Proposal is highly conditional, including on all members of the Consortium agreeing on price and terms following due diligence.

The Board has undertaken a preliminary analysis of the Consortium's alternative structures including the proposed implementation. At this stage, these alternatives do not constitute fully

formed proposals and, as noted above, a value of PEXA and Link Group (ex-PEXA) was not included in the Proposal. The Board has also taken into account that the Consortium's alternative structures are not contemplated under the PEXA Shareholders' Deed.

The Board also notes that many of Link Group's shareholders will not be willing to hold unlisted instruments, which are contemplated under the Consortium's scrip alternatives.

The Board is willing to continue to engage with the Consortium.

Examination of structural alternatives, including a PEXA separation and demerger

The Board is examining structural alternatives for its portfolio, which includes detailed consideration of a potential separation of Link Group's interest in PEXA, and a demerger into a separate ASX listed entity. Further work will be undertaken, including engagement with relevant stakeholders such as Link Group's financiers and other PEXA shareholders.

About PEXA

PEXA is Australia's first and only full-service Electronic Lodgement Network Operator. PEXA's core product is the PEXA exchange which provides the following services:

- integration with Land Titles Offices and State Revenue Offices in each jurisdiction;
- electronic lodgment and settlement services; and
- near real time settlement of funds via the Reserve Bank of Australia.

Since inception, PEXA has settled over A\$1 trillion in settlement value and handles some 250,000 transactions per month, supported by a stable long-term market underpinned by population growth. Link Group currently holds a 44.2% interest in PEXA, alongside Morgan Stanley Infrastructure and Commonwealth Bank of Australia. Further information regarding PEXA can be found at www.pexa.com.au.

Timeline

Link Group expects that a separation of its interest in PEXA could be achieved in a shorter period of time relative to other demerger transactions given the entity already operates independently of the broader Link Group.

Link Group expects to be in a position to provide a further update to investors on the structural alternatives in November 2020.

The release of this announcement was authorised by the Link Group Board of Directors.

ENDS

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