

30 October 2020

ASX ANNOUNCEMENT

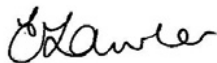
ASX Market Announcements Office
ASX Limited
20 Bridge Street
SYDNEY NSW 2000

Letter to Shareholders – Update on non-binding indicative proposal to acquire Link Group

Link Administration Holdings Limited (ASX: LNK) (**Link Group**) attaches a letter from the Chair, Michael Carapiet, sent to shareholders providing an update on the conditional non-binding indicative proposal to acquire Link Group.

The release of this announcement was authorised by Emma Lawler, Company Secretary.

Yours faithfully



Emma Lawler
Company Secretary

For personal use only

30 October 2020

Dear fellow Shareholder,

UPDATE ON NON-BINDING INDICATIVE PROPOSAL TO ACQUIRE LINK GROUP

As you may have seen, on 28 October 2020, Link Administration Holdings Limited (ASX: LNK) (**Link Group**) released a market update regarding a revised conditional, non-binding indicative proposal to acquire 100% of the shares in Link Group from a consortium comprising Pacific Equity Partners, Carlyle Group and their affiliates (**Consortium**) received on 26 October 2020 at a cash offer price of \$5.40 per share (**Revised Proposal**).

The Consortium's previous proposal for a scrip alternative has been updated so that it includes the option of a cash offer for Link Group ex-PEXA of \$3.80 per share, along with the ability to take an indirect interest in Link Group's PEXA holding in a structure that remains unchanged from the Proposal.

Your Board has carefully considered the Revised Proposal including obtaining advice from its financial, tax and legal advisors. Link Group has also consulted with a number of its shareholders and received feedback in relation to the Revised Proposal.

Rationale and process for due diligence

The Board notes the Revised Proposal is non-binding and indicative in nature, and subject to numerous conditions, including due diligence, approval from Consortium investment committees and securing debt financing.

The Board considers that the Revised Proposal does not represent compelling value for Link Group shareholders on a control basis and further work is required to determine the viability and attractiveness of the separation of the PEXA and Link (ex PEXA) assets envisaged under the Revised Proposal.

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.

However, the Board considers that it is appropriate to provide the Consortium with due diligence information on a non-exclusive basis so that it can develop a proposal that may be capable of being recommended to shareholders. The due diligence information will be provided subject to entry into an

appropriate confidentiality agreement containing suitable protections for Link Group, including a stand-still clause.

Examination of structural alternatives

The Board continues to examine the 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 as advised in Link Group's announcement dated 23 October 2020.

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.

Next Steps

There can be no certainty that a proposal will eventuate and shareholders do not need to take any action in relation to the Proposal.

We will continue to keep you updated with material developments. You can view the latest announcements either on the ASX website or the Link Group website at <https://www.linkgroup.com/shareholderproposal/>. Please also feel free to contact us with any questions by emailing investor.relations@linkgroup.com.

Receiving these communications from Link Group electronically is the best and most efficient way, so if you would like to receive updates via email please update your communication preferences and provide your email address for future communications by visiting www.linkmarketservices.com.au.

Yours sincerely



Michael Carapiet
Chair
Link Administration Holdings Limited