

22 November 2022

ASX ANNOUNCEMENT

EXPLANATORY MEMORANDUM – PEXA IN-SPECIE DISTRIBUTION

Link Administration Holdings Limited (ASX: LNK) (**Link Group**) is pleased to announce that it will convene an extraordinary general meeting (**EGM**) of Link Group shareholders to consider and vote on an in-specie distribution of Link Group's shareholding in PEXA Group Limited (**PEXA**), to be effected by a capital reduction, which may be accompanied by a dividend (**Distribution**).

If the Distribution is approved, eligible shareholders¹ will be entitled to receive one PEXA share for every 7.52 Link Group shares held at the Record Date (being 7.00pm (Sydney time) on 3 January 2023) rounded down to the nearest whole PEXA share. Link Group shareholders will also retain their existing Link Group shares.

A copy of the notice of extraordinary meeting and explanatory statement in connection with the Distribution (**Explanatory Memorandum**), which contains important information about the Distribution, is attached to this announcement and will be made available online at <https://www.linkgroup.com/pexa-egm/>. Samples of the proxy and direct voting form and the sale facility form are also attached to this announcement.

The Explanatory Memorandum contains a copy of the independent expert's report prepared by Deloitte Corporate Finance Pty Limited (**Independent Expert**). The Independent Expert has concluded that the Distribution is in the best interests of Link Group shareholders. The Independent Expert's conclusion should be read in context with the full Independent Expert's report and the Explanatory Memorandum.

The Explanatory Memorandum, including the Independent Expert's report, notice of extraordinary general meeting, as well as the proxy and direct voting form and sale facility form, are expected to be dispatched to Link Group shareholders on 23 November 2022.²

Link Group Board recommendation

The Link Group Board unanimously recommends that Link Group shareholders vote in favour of the Distribution. Each Link Group Director intends to vote any Link Group shares held or controlled by him or her in favour of the Distribution.

Details of Extraordinary General Meeting

The Extraordinary General Meeting, at which Link Group shareholders will vote on the Distribution, will be held through an online platform at <https://meetings.linkgroup.com/LNKEG22> at 10.00am (Sydney time) on 23 December 2022.

¹ An "eligible shareholder" is a Link Group shareholder whose registered address on the Link Group share register on the Record Date is in Australia or New Zealand. A Link Group shareholder who is not an eligible shareholder is an "ineligible overseas shareholder". Ineligible overseas shareholders will have the PEXA shares they are otherwise entitled to under the Distribution sold on the ASX under the sale facility with proceeds remitted to them, free of any brokerage costs, as further described in the Explanatory Memorandum.

² Link Group shareholders who have previously elected to receive communications via post from will receive a hard copy of the Explanatory Memorandum via post, enclosing a proxy and direct voting form and sale facility form. Link Group shareholders who have previously elected to receive communications electronically will receive an email to their nominated email address containing links to access the Explanatory Memorandum, Online Platform Guide, a personalised proxy and direct voting form and sale facility form. All other Link Group shareholders will receive via post a notice of access letter containing details of where they can view and download the Explanatory Memorandum and Online Platform Guide, and enclosing a proxy and direct voting form and sale facility form.

For more information, please refer to the Explanatory Memorandum. If you have any questions, please contact the Link Group Shareholder Information Line on 1800 237 687 (within Australia) or +61 1800 237 687 (outside Australia) between 8:30am and 5:30pm (Sydney time), Monday to Friday.

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

For further information:

Investor Relations Contact – Tariq Chotani, Link Group +61 407 498 868

Media Contact – Ben Wilson, GRACosway +61 407 966 083

About Link Group

Link Group connects millions of people with their assets, including equities, pension and superannuation, investments, property and other financial assets. Link Group partners with thousands of financial market participants to deliver services, solutions and technology platforms that enhance the user experience and make scaled administration simpler. They help manage regulatory complexity, improve data management and provide the tools to connect people with their assets, leveraging analysis, insight and technology.

For more information, please visit: www.linkgroup.com.

ENDS

DISTRIBUTION OF SHARES IN PEXA GROUP LIMITED BY LINK ADMINISTRATION HOLDINGS LIMITED

This is an important document and requires your immediate attention. You should read this document in its entirety prior to deciding whether or not to vote in favour of the resolution to effect the Distribution. If you are in any doubt as to what you should do, you should seek independent legal, financial, taxation or other professional advice before voting on the Distribution.

VOTE IN FAVOUR

Each Link Administration Holdings Limited ("Link Group") Director recommends that Link Group Shareholders vote in favour of the Distribution Resolution to give effect to the Distribution of shares in PEXA Group Limited ("PEXA").

The Independent Expert has concluded that the Distribution is in the best interests of Link Group Shareholders.

Financial Advisers



Legal Adviser



Important Information

General

This Explanatory Memorandum is important. Link Group Shareholders should carefully read this Explanatory Memorandum in its entirety before making a decision as to how to vote on the Distribution Resolution to be considered at the Extraordinary General Meeting.

Investment Decisions

This Explanatory Memorandum does not take into account the individual investment objectives, financial situation or needs of any particular Link Group Shareholder or any other person. The information in this Explanatory Memorandum should not be relied upon as the sole basis for any investment decision. Link Group Shareholders should seek independent legal, financial, taxation and other professional advice before making any investment decision.

Purpose of this Explanatory Memorandum

This Explanatory Memorandum sets out all information known to the Link Group Directors which is material to the decision of Link Group Shareholders in deciding how to vote on the Distribution Resolution as required by section 256C(4) of the Corporations Act, other than information Link Group has previously disclosed to Link Group Shareholders and, as such, it would be unreasonable for Link Group to disclose.

Preparation of and responsibility for this Explanatory Memorandum

This Explanatory Memorandum (other than the Independent Expert's Report and the Investigating Accountant's Report) has been prepared by Link Group as at the date of this Explanatory Memorandum and Link Group is responsible for the content of this Explanatory Memorandum.

Deloitte Corporate Finance Pty Limited has prepared the Independent Expert's Report, which is contained in Annexure 2. Deloitte Corporate Finance Pty Limited takes responsibility for that report.

KPMG Financial Advisory Services (Australia) Pty Ltd has prepared the Investigating Accountant's Report, which is contained in Annexure 1. KPMG Financial Advisory Services (Australia) Pty Ltd takes responsibility for that report.

PricewaterhouseCoopers has prepared Section 5 relating to the description given of the income tax and goods and services tax implications of the Distribution for Link Group Shareholders and takes responsibility for that section.

Role of ASIC and ASX

A copy of this Explanatory Memorandum has been lodged with ASIC. Neither ASIC nor any of its officers takes any responsibility for the contents of this Explanatory Memorandum.

Neither ASX nor any of its officers takes any responsibility for the contents of this Explanatory Memorandum. The fact that ASX may grant certain waivers or confirmations in connection with the Distribution does not make any statement regarding, and should not be taken in any way as an indication of, the merits of an investment in PEXA.

Notice of Extraordinary General Meeting

The Notice of Extraordinary General Meeting is set out in Annexure 3. The Notice of Extraordinary General Meeting is in substantially the same form as the draft Notice of Extraordinary General Meeting given to ASIC on 21 November 2022.

Status of this Explanatory Memorandum

This Explanatory Memorandum is not a prospectus lodged under Chapter 6D of the Corporations Act.

Foreign jurisdictions and Link Group Shareholders

Link Group Shareholders who are Ineligible Overseas Shareholders will not receive PEXA Shares under the Distribution. PEXA Shares that would otherwise be transferred to these shareholders under the Distribution will be transferred to the Sale Agent to be sold, with the proceeds of such sale to be paid to Ineligible Overseas Shareholders. Refer to Section 4.6.2 for further information.

Link Group Shareholders who reside outside Australia for tax purposes should seek specific tax advice in relation to the Australian and overseas tax implications of the Distribution.

This Explanatory Memorandum does not in any way constitute an offer of securities in any place in which, or to any person to whom, it would be unlawful to make such an offer. No action has been taken to register or qualify the PEXA Shares or otherwise permit a public offering of PEXA Shares in any jurisdiction outside Australia.

Based on the information available to Link Group as at the date of this Explanatory Memorandum, Link Group Shareholders whose addresses are shown in the Link Group Share Register on the Record Date as being in the following jurisdictions will be entitled to have PEXA Shares transferred to them under the Distribution:

- Australia or New Zealand; or
- any other jurisdiction in which Link Group reasonably believes it is not prohibited or unduly onerous or impractical to implement the Distribution and to transfer PEXA Shares to Link Group Shareholders.

Nominees, custodians and other Link Group Shareholders who hold Link Group Shares on behalf of a beneficial owner resident outside Australia or New Zealand may not forward this Explanatory Memorandum (or any accompanying document) to anyone outside these countries without the consent of Link Group.

Forward looking statements

Forward looking statements may generally be identified by the use of forward looking words such as "believe", "aim", "expect", "anticipate", "intend", "foresee", "likely", "should", "planned", "may", "might", "is confident", "estimate", "potential" or other similar words or phrases. These statements discuss future expectations concerning the results of operations or financial condition of Link Group or PEXA, or provide other forward looking statements.

These forward looking statements are not guarantees or predictions of future performance, and involve known and unknown risks, uncertainties and other factors, many of which may be beyond Link Group's or PEXA's control, and which may cause the actual results, performance or achievements of Link Group or PEXA to be materially different from future results, performance or achievements expressed or implied by such statements.

Other than as required by law, none of Link Group, its officers, advisors nor any other person gives any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward looking statements in this Explanatory Memorandum will actually occur.

Additionally, statements of the intentions of the Link Group Board reflect the present intentions of the Link Group Directors as at the date of this Explanatory Memorandum and may be subject to change as the composition of the Link Group Board, or as circumstances require.

Except as required by law, Link Group disclaims any obligation or undertaking to update or revise any forward looking statement in this Explanatory Memorandum.

Presentation of financial information

Unless otherwise noted, the financial information contained in this Explanatory Memorandum has been prepared and presented in accordance with Link Group's accounting policies as disclosed in its full year financial statements for the year ended 30 June 2022. The 30 June 2022 financial statements have been prepared in accordance with Australian Accounting Standards (**AAS**) as issued by the Australian Accounting Standards Board (**AASB**) and comply with International Financial Reporting Standards (**IFRS**) as adopted by the International Accounting Standards Board.

Unless otherwise noted, financial information contained in this Explanatory Memorandum is based on AAS. Link Group uses certain measures to manage and report on its business that are not recognised under AAS or IFRS. These measures are collectively referred to in this Explanatory Memorandum as 'non-IFRS financial measures' under Regulatory Guide 230 'Disclosing non-IFRS financial information' published by ASIC. Link Group Management uses these non-IFRS financial measures to evaluate the performance and profitability of the overall business and Link Group believes that they are useful for investors to understand Link Group's financial condition and results of operations. The principal non-IFRS financial measures that are referred to in this Explanatory Memorandum are Recurring Revenue, Non-recurring Revenue, Operating EBIT, Operating EBIT Margin, Operating EBITDA, Operating EBITDA Margin, Operating NPATA, PEXA Exchange EBITDA, PEXA Exchange EBITDA Margin, Significant Items and Net Operating Cashflows (each of which is defined in the Glossary in Section 7).

Link Group Shareholders should also note that this Explanatory Memorandum contains pro forma historical financial information.

The PEXA Pro Forma Historical Financial Information has been derived from the audited financial statements of PEXA for the year ended 30 June 2022.

In preparing pro forma historical financial information contained in this Explanatory Memorandum, certain adjustments were made to the historical financial information of Link Group to reflect the indicative effect of the Distribution, as described in this Explanatory Memorandum. The financial information contained in this Explanatory Memorandum is historical only. Link Group Shareholders should note that past financial performance is not necessarily a guide to future financial performance.

Privacy and personal information

Link Group, PEXA and their respective share registries (each an **Organisation**), may collect personal information in the process of implementing the Distribution. The personal information may include the names, addresses, other contact details and details of the shareholdings of Link Group Shareholders, and the names of individuals appointed by Link Group Shareholders as proxies, corporate representatives or attorneys at the Extraordinary General Meeting.

Link Group Shareholders who are individuals, and individuals appointed as proxies, corporate representatives or attorneys in respect of whom personal information is collected as outlined in this Section have certain rights to access their personal information. They should call the Shareholder Information Line on 1800 237 687 (within Australia) or +61 1800 237 687 (outside Australia) on weekdays

between 8.30am and 5.30pm (Sydney time) if they wish to request access to the personal information held by any of the Organisations. Link Group Shareholders who appoint an individual as their proxy, corporate representative or attorney to vote on the Distribution Resolution should inform those individuals of the matters outlined in this Section.

The personal information will be collected for the purpose of implementing and administering the shareholdings arising from the Distribution. An Organisation may, to the extent permitted by law, disclose personal information collected by it to another Organisation, to securities brokers, to print and mail service providers and any other service providers and advisors engaged by an Organisation in relation to the implementation and administration of the shareholdings arising from the Distribution. The personal information of Ineligible Overseas Shareholders and Selling Shareholders may also be disclosed to the Sale Agent for the purposes of operating the Sale Facility.

The main consequence of not collecting the personal information outlined in this Section would be that Link Group may be hindered in, or prevented from, conducting the Extraordinary General Meeting and implementing the Distribution.

Interpretation

Capitalised terms and certain abbreviations used in this Explanatory Memorandum are defined in the Glossary in Section 7.

In this Explanatory Memorandum, the term "**Link Group (post Distribution)**" is used to describe Link Group as it will exist after the Distribution has been implemented. The term "**Link Group (post Distribution)**" is used in this Explanatory Memorandum for simplicity of explanation only, to distinguish between that entity during the period prior to, and the period after, the Distribution. However, Link Group and Link Group (post Distribution) are and will remain the same legal entity and corporate group, which is Link Administration Holdings Limited and, where the context requires, its Subsidiaries from time to time.

Unless otherwise stated, all times and dates referred to in this Explanatory Memorandum are times and dates in Sydney, Australia. All dates and times following the date of the Extraordinary General Meeting are indicative only. Any changes to the timetable will be announced through ASX (ASX: LNK) and will be notified on Link Group's website at <https://www.linkgroup.com>.

In this Explanatory Memorandum, unless otherwise specified or the context otherwise requires, references to \$ or A\$ are to Australian dollars.

All references to years are references to Link Group's financial years, ending 30 June, unless otherwise indicated.

Any discrepancies between totals in tables and sums of components contained in this Explanatory Memorandum and between those figures and figures referred to in other parts of this Explanatory Memorandum are due to rounding.

Date

This Explanatory Memorandum is dated 22 November 2022.

Supplementary information

Refer to Section 6.6 for information about the steps that Link Group will take if information about the Distribution needs to be updated.

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Chair's Letter



On behalf of the Link Group Board, I am pleased to present this Explanatory Memorandum containing important information regarding the proposed distribution by Link Group of all of its 38.49% shareholding in PEXA Group Limited (**PEXA**) (**PEXA Shareholding**)¹ to Link Group's shareholders (**Distribution**).

To implement the Distribution, Link Group will undertake a Capital Reduction, which may be accompanied by a Distribution Dividend, which will be satisfied by an in specie distribution of PEXA Shares to Eligible Shareholders (other than Selling Shareholders).²

If the Distribution is approved, Eligible Shareholders (other than Selling Shareholders) will receive one PEXA Share for every 7.52 Link Group Shares held at the Record Date rounded down to the nearest whole PEXA Share. Link Group Shareholders who are not Eligible Shareholders, being Ineligible Overseas Shareholders, will have the PEXA Shares they are otherwise entitled to under the Distribution sold on the ASX by the Sale Agent with the proceeds remitted to them.

PEXA is a standalone ASX listed entity which is the operator of Australia's leading digital property settlements platform and Link Group is PEXA's largest shareholder. Since inception, PEXA has processed over \$2.4 trillion in transaction value and in June 2022 processed around 360,000 transactions per month.

Link Group is proud to have been part of the success of PEXA. Although, it has operated as a separate and minority investment from the core operations of Link Group, the Link Group Board has continually assessed its optimal corporate structure and PEXA's position in the Link Group portfolio and has concluded that the Distribution to allow Link Group Shareholders to convert their existing indirect investment in PEXA to a direct investment is in the best interests of Link Group Shareholders.

Overview of the Distribution

If the Distribution proceeds, your investment in Link Group will be split into separate investments in two companies, which are both currently listed on ASX:

- PEXA, which operates Australia's leading digital property settlements platform; and
- Link Group (post Distribution), which will consist of Link Group's existing digitally enabled business which connect millions of people with their assets, including equities, pension and superannuation, investments and other financial assets.

Overview of Link Group (post Distribution)

Link Group expects that post Distribution, Link Group's core business will continue as a leading global administrator. The business will retain a scalable digital platform that will continue to deliver innovative and tailored solutions to clients and provide a platform with clear growth opportunities. Link Group will also continue to evaluate opportunities to maximise value for shareholders.³

Overview of PEXA post Distribution

PEXA is a standalone ASX-listed entity with its own board of directors and executive management team. Link Group is not aware that PEXA intends to make any change to its business as a result of the Distribution.

Board recommendation

The Board strongly encourages you to support the Distribution by voting in favour of the Distribution Resolution.

After considering the advantages, disadvantages and risks of the Distribution, the Link Group Board has concluded the Distribution is in the best interests of Link Group Shareholders and should, over time, deliver greater overall value to Link Group Shareholders than the current structure or other potential options which Link Group has considered. The Link Group Board unanimously recommends you vote in favour of the resolution to approve the Distribution. Each Link Group Director intends to vote any Link Group Shares she or he holds or controls in favour of the Distribution Resolution.

¹ Prior to the release of this Explanatory Memorandum, on 18 November 2022, Link Group sold 7,583,401 PEXA Shares (being approximately 10% of its existing shareholding in PEXA). Those shares were sold at a price of \$13.50 per PEXA Share. Following the sale, Link Group holds a 38.49% shareholding in PEXA.

² The amount of the Capital Reduction and Distribution Dividend is (subject to the ATO's confirmation) expected to be based on the five day volume weighted average price of Link Group Shares and PEXA Shares as traded on the ASX commencing on the first day of share trading after the Distribution is implemented.

³ Link Group has received expressions of interest from third parties in relation to Link Group's CM and BCM businesses and the Link Board has engaged with Dye & Durham on its conditional non-binding proposal for the CM and BCM business to determine whether it can be progressed to a transaction that will provide sufficient value and certainty, on appropriate terms, to Link Group. Link Group is separately exploring divestment options for its FS business. Should a sale of one or more of Link Group's business units eventuate (of which there is no certainty), Link Group will, subject to Link Group Board determination at the time, use proceeds to repay debt in the first instance. A review of Link Group's strategic focus in relation to its remaining businesses will be completed as appropriate.

The Link Group Board believes the Distribution should enhance the overall value of Link Group Shareholders' investment over time and the key advantages of the Distribution are set out in Section 1.3 of this Explanatory Memorandum. There are also disadvantages of the Distribution which are set out in Section 1.4 of this Explanatory Memorandum.

Independent Expert opinion

Deloitte Corporate Finance Pty Limited, the Independent Expert appointed by Link Group to assess whether the Distribution is in the best interests of Link Group Shareholders, has concluded that the Distribution is in the best interests of Link Group Shareholders. A copy of the Independent Expert's Report is contained in Annexure 2.

Next steps and further information

The Extraordinary General Meeting for Link Group Shareholders to vote on the Distribution is scheduled for 10.00am (Sydney time) on 23 December 2022.

Your vote is important and I encourage you to vote on the Distribution by attending the Extraordinary General Meeting via the online platform accessible at <https://meetings.linkgroup.com/LNKEG22>, or alternatively by submitting a direct vote or completing the proxy form accompanying this Explanatory Memorandum.

Further details on how to participate in the Extraordinary General Meeting and how to vote on the Distribution Resolution are set out in the Notice of Extraordinary General Meeting contained in Annexure 3.

If you wish to vote prior to the Extraordinary General Meeting, in order for your direct vote or proxy vote to be effective, it must be received by 10.00am (Sydney time) on 21 December 2022.

I encourage you to read this Explanatory Memorandum carefully in its entirety as it contains important information to assist you to make an informed decision about how to vote on the Distribution Resolution.

If you have any questions about the Explanatory Memorandum or the Distribution, please consult your financial, legal, taxation or other relevant professional advisor. You are also welcome to call the Shareholder Information Line on 1800 237 687 (within Australia) or +61 1800 237 687 (outside Australia) on weekdays between 8.30am and 5.30pm (Sydney time) or visit Link Group's website, <https://www.linkgroup.com/>.

I would like to take this opportunity to thank you for your continued support of Link Group and on behalf of the Link Group Board, I look forward to your participation in the Extraordinary General Meeting.

Yours sincerely



Michael Carapiet
Chair
Link Administration Holdings Limited

Actions for Link Group Shareholders

Important dates

Event	Indicative Date
Date of this Explanatory Memorandum	22 November 2022
Last time and date by which Proxy Forms for the Extraordinary General Meeting must be received by the Link Group Share Registry	10.00am on 21 December 2022
Last time and date for determining eligibility to vote at the Extraordinary General Meeting	7.00pm on 21 December 2022
Extraordinary General Meeting	10.00am on 23 December 2022
Last time and date by which Sale Facility Forms must be received by the Link Group Share Registry (for Eligible Shareholders who individually hold 1000 Link Group Shares or less as at the Record Date)	5.00pm on 28 December 2022
Last date Link Group Shares trade on ASX cum-entitlements under the Distribution	29 December 2022
Link Group Shares trade on ASX on an ex-Distribution entitlements basis	30 December 2022
Time and date for determining entitlement to PEXA Shares under the Distribution (the Record Date)	7.00pm on 3 January 2023
Implementation of Distribution (transfer of PEXA Shares to Eligible Shareholders and Sale Agent)	10 January 2023
Dispatch of holding statements and notifications for CHESS holders to Eligible Shareholders	
Completion of sale of PEXA Shares under Sale Facility	8 February 2023
Dispatch of payment to Ineligible Overseas Shareholders and Selling Shareholders	Expected to occur on or around 15 February 2023

All dates and times following the date of the Extraordinary General Meeting are indicative only and refer to Sydney time. Any changes to the timetable will be announced through ASX (ASX: LNK) and will be notified on Link Group's website www.linkgroup.com.

What Link Group Shareholders should do

1. Carefully read this Explanatory Memorandum

You should read this Explanatory Memorandum in full, including the advantages, disadvantages and other relevant considerations of the Distribution set out in Section 1 and the potential risk factors associated with an investment in PEXA Shares as set out in Section 3.7, before making any decision on how to vote on the Distribution Resolution.

There are answers to questions you may have about the Distribution in the 'Frequently asked questions' Section.

If you have any additional questions in relation to this document or the Distribution, please call the Shareholder Information Line on 1800 237 687 (within Australia) or +61 1800 237 687 (outside Australia) on weekdays between 8.30am and 5.30pm (Sydney time).

2. Vote on the Distribution Resolution

The Distribution will be effected through a capital reduction, which may be accompanied by a dividend, to be satisfied by the in specie distribution of shares in PEXA to Eligible Shareholders.⁴ The Capital Reduction needs to be approved by Link Group Shareholders by way of the Distribution Resolution.

Link Group Shareholders who are registered on the Link Group Share Register at 7.00pm on 21 December 2022 are entitled to vote to determine whether or not the Distribution proceeds, subject to certain other conditions.

Eligible Link Group Shareholders will be able to vote on the Distribution Resolution by:

- **direct vote or proxy**, submitting a direct or proxy vote prior to the Extraordinary General Meeting by following the instructions available on the Investor Centre (login via www.linkmarketservices.com.au); or
- **attending via the online platform**, and voting during the Extraordinary General Meeting using our online platform accessible at <https://meetings.linkgroup.com/LNKEG22>.
- **attorney**, by appointing an attorney to participate in and vote at the Extraordinary General Meeting on your behalf and providing a duly executed power of attorney to the Link Share Registry by 10.00am (Sydney time) on 21 December 2022; or
- **corporate representative**, in the case of a body corporate, appointing a body corporate representative to participate in and vote at the Extraordinary General Meeting on your behalf, and providing a duly executed "Appointment of Corporate Representative" form (in accordance with section 250D of the Corporations Act) prior to the Meeting.

If you wish to vote prior to the Extraordinary General Meeting, **in order for your direct vote or proxy vote to be effective, it must be received by 10:00am (Sydney time) on 21 December 2022.**

3. If applicable to you, choose whether to keep or sell the PEXA Shares that you would receive as a result of the Distribution

If you are an Eligible Shareholder who individually holds 1000 or fewer Link Group Shares as at the Record Date, you may elect to have all the PEXA Shares that you would otherwise receive under the Distribution sold by the Sale Agent and the proceeds remitted to you, free of any brokerage costs.

To make this election, you may either submit your election online at <https://events.miraqle.com/lnk-offer> or complete and return the Sale Facility Form so that it is received by the Link Group Share Registry by 5.00pm (Sydney time) on 28 December 2022. You may use the enclosed reply paid envelope.

⁴ The amount of the Capital Reduction and Distribution Dividend is (subject to the ATO's confirmation) expected to be based on the five day volume weighted average price of Link Group Shares and PEXA Shares as traded on the ASX commencing on the first day of share trading after the Distribution is implemented.

Frequently Asked Questions

Question	Answer	Section
Distribution proposal		
What is the Distribution?	<p>The Distribution is the proposed distribution by Link Group to its shareholders of all of its PEXA Shareholding.</p> <p>It is proposed that this will be effected through a capital reduction, which may be accompanied by a dividend, satisfied by the in specie distribution of shares in PEXA to existing Link Group Shareholders.⁵</p> <p>Link Group Shareholders will retain their Link Group Shares and Eligible Shareholders will be entitled to receive one PEXA Share for every 7.52 Link Group Shares held at the Record Date, rounded down to the nearest whole PEXA Share.</p> <p>By way of example, an Eligible Shareholder holding 1,000 Link Group Shares at the Record Date would be entitled to receive 132 PEXA Shares on the Implementation date.</p> <p>The Distribution does not require any Link Group Shareholder to pay cash for the PEXA Shares which they are entitled to as a result of the Distribution.</p> <p>Link Group has applied to the ATO for a class ruling seeking to confirm certain income tax implications of the Distribution for Link Group Shareholders. The class ruling has not been finalised as at the date of this Explanatory Memorandum. If Link Group does not receive the draft class ruling prior to Implementation of the Distribution or forms the view that the ATO may reach an adverse view in the final ruling to be issued, the Link Group Board will assess whether or not to proceed with the Distribution.</p> <p>The Board of Link Group may in any event prior to implementation of the Distribution determine to postpone or withdraw it if the Link Group Board determines that postponement or withdrawal is in the best interests of Link Group Shareholders.</p>	1.1
What are my options?	<p>While the Link Group Board has concluded that the Distribution is in the best interests of Link Group Shareholders and should maximise the overall value of Link Group Shareholders' investment over time, the Distribution may only proceed with the approval of Link Group Shareholders.</p> <p>Link Group Shareholders may:</p> <ul style="list-style-type: none"> • agree with the Link Group Board and vote in favour of the Distribution Resolution; • disagree with the Link Group Board and vote against the Distribution Resolution; or • abstain from voting on the Distribution Resolution or not vote on the Distribution Resolution. <p>The Link Group Board encourages you to vote on the Distribution Resolution and to read this Explanatory Memorandum in full before making any decision on how to vote on the Distribution Resolution.</p>	'What Link Group Shareholders should do'

⁵ The amount of the Capital Reduction and Distribution Dividend is (subject to the ATO's confirmation) expected to be based on the five day volume weighted average price of Link Group Shares and PEXA Shares as traded on the ASX commencing on the first day of share trading after the Distribution is implemented.

Question	Answer	Section
Distribution proposal		
Why has the Distribution been proposed by the Link Group Board?	<p>PEXA is a standalone ASX listed business that is separate to and independent from Link Group's other businesses.</p> <p>Link Group's equity interest in PEXA provides direct exposure to the Australian digital property settlements platform of PEXA.</p> <p>Link Group's other businesses are focused on global administration and driving user engagement through technology.</p> <p>PEXA and Link Group are structurally separate, have no shared services and are managed independently, noting presently Link Group nominates two directors to the Board of PEXA.</p> <p>After considering the advantages, disadvantages and risks of the Distribution, including an assessment of the alternatives available, the Link Group Board has concluded the Distribution is in the best interests of Link Group Shareholders and should, over time, deliver greater overall value than the current structure to Link Group Shareholders.</p> <p>The Link Group Board believes that Link Group's global administration business and PEXA's digital property settlements platform each have distinctly different risk, growth and business profiles which require different strategies and plans and may appeal to different types of investors.</p> <p>The Distribution will allow Eligible Shareholders (except Selling Shareholders) to choose whether to retain their investment in PEXA, or dispose of it through selling their PEXA Shares on ASX if they do not wish to retain that investment.</p>	1.1
What alternatives did the Link Group Board consider?	<p>The Link Group Directors considered a number of alternatives to the Distribution including maintaining the current structure and undertaking a sale of Link Property's interest in PEXA.</p> <p>Having regard to the alternatives that were considered, the advantages, disadvantages and risks as set out in Sections 1.3, 1.4 and 1.5, the Link Group Board concluded that the Distribution is the best alternative for Link Group Shareholders in the current circumstances.</p>	1.2
What is PEXA and what does it do?	<p>PEXA is an ASX listed entity and is the operator of Australia's leading digital property settlements platform.</p> <p>PEXA was admitted to the official list of the ASX on 1 July 2021. As an ASX listed entity, PEXA is required to comply with the periodic and continuous disclosure requirements set out in the ASX Listing Rules and the Corporations Act. Further information regarding PEXA is made available by PEXA through its periodic and continuous disclosures, which can be accessed at www.asx.com.au. Further information about PEXA is also available on the PEXA website which can be accessed at www.pexa.com.au.</p>	3.1
PEXA's recent financial performance	<p>In FY2022, PEXA achieved ~\$280 million of revenue (up 27% on the previous corresponding period (pcp)) and ~\$153 million of PEXA Exchange EBITDA (up 38% on pcp) with a PEXA Exchange EBITDA Margin of 55%.</p> <p>Further information regarding PEXA's recent financial performance is available in PEXA's 2022 Annual report which can be accessed at www.asx.com.au.</p>	3.5

Frequently Asked Questions

continued

Question	Answer	Section
Distribution proposal		
Who are the investors in PEXA alongside Link Group?	<p>Link Group acquired the majority of its current indirect interest in PEXA in January 2019 following a successful sale process.</p> <p>On 1 July 2021, PEXA's shares commenced trading on the ASX following an initial public offering.</p> <p>Link Group is PEXA's largest shareholder.</p> <p>The other substantial shareholder of PEXA besides Link Group as at the date of this Explanatory Memorandum is Commonwealth Bank of Australia (CBA), whose relevant interest in PEXA Shares as at the date of CBA's most recent substantial shareholder notice was 25.80%.</p>	–
What has Link Group done with the remainder of its interest in PEXA?	<p>Prior to the despatch of the Explanatory Memorandum, Link Group sold approximately 10% of its existing shareholding in PEXA. Those shares were sold at a price of \$13.50 per PEXA Share and the proceeds will be used to pay down debt. The Distribution is for all of Link Group's remaining PEXA Shareholding.</p>	
Recommendations		
What is the recommendation of the Link Group Directors?	<p>The Link Group Board has concluded that the Distribution is in the best interests of Link Group Shareholders and should maximise the overall value of Link Group Shareholders' investment over time. Consequently, each Link Group Director recommends that you vote in favour of the Distribution Resolution. Each Link Group Director intends to vote any Link Group Shares held or controlled by him or her in favour of the Distribution Resolution.</p> <p>In addition, the Chair intends to vote undirected proxies on, and in favour of, the Distribution Resolution.</p>	1.1
What is the Independent Expert's opinion on the Distribution?	<p>Deloitte Corporate Finance Pty Limited was appointed as the Independent Expert to independently assess whether the Distribution is in the best interests of Link Group Shareholders and whether the Distribution would materially prejudice Link Group's ability to pay its creditors.</p> <p>The Independent Expert has concluded that the Distribution is in the best interests of Link Group Shareholders and is unlikely to materially prejudice Link Administration Holdings Limited's ability to pay its creditors.</p> <p>Further details, including the reasons for the Independent Expert's conclusion, are set out in the Independent Expert's Report is contained in Annexure 2.</p>	Annexure 2

Question	Answer	Section
Advantages, disadvantages and risks of the Distribution		
What are the advantages of the Distribution?	<p>Key advantages of the Distribution include the following:</p> <ul style="list-style-type: none"> • Link Group Shareholders will have greater flexibility to choose their level of investment in Link Group and PEXA given the different investment profiles of these companies. This level of investment can be based on individual investment objectives, risk tolerances and desired sector exposure; • the Distribution does not crystallise a fixed value for PEXA but instead allows Eligible Shareholders to choose whether to continue to retain their exposure to PEXA, and benefit from the potential future growth of the business, or dispose of it through selling their PEXA Shares on ASX if they do not wish to retain that investment; • the Distribution is the preferred method of separation relative to other alternatives and the Link Group Board believes the overall value outcome achieved for Link Group Shareholders is likely to be greater than the overall value expected from other alternatives currently available, taking into account transaction certainty, associated costs and the desired implementation timeline; and • a distribution of PEXA will likely improve PEXA's free float which will increase liquidity in the trading of PEXA Shares. In turn, this increase in liquidity is expected to support PEXA's inclusion in the S&P/ASX 200 Index in the future. <p>These advantages, together with other advantages of the Distribution, are discussed in Section 1.3. You should read this document in its entirety and in particular Sections 1.3 and 1.4 prior to deciding whether or not to vote in favour of the Distribution Resolution. If you are in any doubt as to what you should do, you should seek independent legal, financial, taxation or other professional advice before voting on the Distribution.</p>	1.3
What are the disadvantages of the Distribution?	<p>Key disadvantages of the Distribution include:</p> <ul style="list-style-type: none"> • there is expected to be approximately \$3.9 million in one-off transaction costs associated with the Distribution; • the Distribution will result in Link Group being smaller and less diversified than immediately before the Distribution and it will potentially fall below the minimum threshold requirements to remain included in the S&P/ASX 200 Index; and • some Link Group Shareholders who are resident outside Australia or New Zealand will not be eligible to receive PEXA Shares, although this is not expected to be a material proportion of the Link Group Share Register. <p>These disadvantages, together with other disadvantages of the Distribution, are discussed in Section 1.4. You should read this document in its entirety and in particular Sections 1.3 and 1.4 prior to deciding whether or not to vote in favour of the resolution to effect the Distribution. If you are in any doubt as to what you should do, you should seek independent legal, financial, taxation or other professional advice before voting on the Distribution.</p>	1.4
What are the risks associated with the Distribution?	<p>The key risks of the Distribution include:</p> <ul style="list-style-type: none"> • Link Group potentially not satisfying the minimum threshold requirements to remain included in the S&P/ASX 200; and • potential delays and unexpected costs associated with the Distribution. <p>These risks, together with other risks associated with the Distribution, are discussed in Section 1.5. You should review this Section carefully before deciding whether or not to vote in favour of the Distribution Resolution.</p>	1.5

Frequently Asked Questions

continued

Question	Answer	Section
Advantages, disadvantages and risks of the Distribution		
What are the risks with respect to an investment in PEXA?	<p>PEXA is subject to risks which may adversely affect its future operating or financial performance, or the investment return or value of PEXA Shares.</p> <p>Many of these risks are existing business risks, to which Link Group Shareholders are already exposed, while others arise out of, or increase as a result of, the Distribution.</p> <p>These risks are discussed further in Section 3.7. You should review this Section carefully before deciding whether or not to vote in favour of the Distribution Resolution.</p>	3.7
What are the risks with respect to an investment in Link Group following Distribution?	<p>The risks currently faced by Link Group will continue to be faced by Link Group following the Distribution.</p> <p>Link Group Shareholders are already exposed to these risks through their investment in Link Group, however, the nature of some of these risks may be altered due to the reduced diversification, and loss of equity accounted earnings derived from Link Group's indirect investment in PEXA resulting from the Distribution.</p> <p>Link Group (post Distribution) will also have higher leverage than pre Distribution, which may restrict the business' ability to grow inorganically.</p> <p>These risks are discussed further in Section 2.9. You should read Section 2.9 carefully prior to deciding whether or not to vote in favour of the Distribution Resolution.</p>	2.9
PEXA after the Distribution		
What will the PEXA Share price be?	There is no certainty as to the price at which PEXA Shares will trade after the Distribution.	–
Will there be any changes to PEXA's Board or management team after the Distribution?	<p>Link Property entered into a relationship deed with PEXA on 11 June 2021 (Relationship Deed), under which it may nominate a director to the PEXA Board provided that it retains at least a 10% shareholding in PEXA.</p> <p>Following the Distribution, Link Group and Link Property's aggregate total shareholding in PEXA will be less than 10%, and the Relationship Deed will automatically terminate pursuant to its terms. As a result, Link Group will no longer have a right under the Relationship Deed to nominate a director to the PEXA Board, and the PEXA Board may by notice to Link Group request that the nominees from Link Group (being Vivek Bhatia and John Hawkins) resign as directors of PEXA and Link Group must use its best endeavor to procure that this occurs as soon as practicable after such notice.</p> <p>As at the date of this Explanatory Memorandum, Link Group is not aware of any other changes to PEXA's Board or management team after the Distribution.</p>	3.4

Question	Answer	Section
Link Group (post Distribution)		
Will Link Group own any PEXA Shares after the Distribution?	<p>No, subject to the below indirect interest. Prior to the despatch of the Explanatory Memorandum, Link Group sold approximately 10% of its existing shareholding in PEXA. Those shares were sold at a price of \$13.50 per PEXA Share. Accordingly, the Distribution is for all of Link Group's remaining PEXA Shareholding.</p> <p>Link Group will hold an immaterial indirect holding arising as a result of Pacific Custodians (a Link Corporate Group Member) holding PEXA Shares in its separate capacities as Sale Agent under the Sale Facility and trustee under Link Group employee share plans pending sale.</p>	2.1
What will be Link Group's share price after the Distribution?	<p>There is no certainty as to the price at which Link Group Shares will trade after the Distribution.</p> <p>The share price of Link Group (post Distribution) will be determined when it begins trading on the ASX on an ex-Distribution entitlement basis, which is expected to be on 30 December 2022.</p>	4.5
What are the key strengths of Link Group (post Distribution)?	<p>The key strengths of Link Group (post Distribution) include:</p> <ul style="list-style-type: none"> • diversified, resilient and recurring nature of revenue; • strong cash conversion and working capital profile; • scalable and digital platform driving operating margin improvement; • ongoing investment in technology and leveraging global hubs to drive efficiency and capacity; • platform in place to accelerate clear growth opportunities; and • strong team, track record and capability to execute. 	2.2
What will be Link Group's strategy after the Distribution?	<p>After the Distribution, Link Group (post Distribution) will continue to connect millions of people with their assets including equities, pension and superannuation, investments, and other financial assets, whilst delivering on strategic initiatives and generating growth by focusing on value from the core businesses. Link Group's core businesses will continue to be complemented by its expertise in digital solutions and data analytics, and enable Link Group to provide a complete service to its global network of clients and partners.</p> <p>Link Group expects that Link Group (post Distribution)'s strategic focus will continue to hinge upon three key pillars:</p> <ul style="list-style-type: none"> • continue simplifying the business; • deliver on strategic initiatives; and • generate growth by focusing on value from the core. <p>As set out in section 1.1.2 of this Explanatory Memorandum, Link Group has received expressions of interest from third parties in relation to Link Group's CM and BCM businesses and the Link Board has engaged with Dye & Durham on its conditional non-binding proposal for the CM and BCM business to determine whether it can be progressed to a transaction that will provide sufficient value and certainty, on appropriate terms, to Link Group. Link Group is separately exploring divestment options for its FS business. Should a sale of one or more of Link Group's business units eventuate (of which there is no certainty), Link Group will, subject to Link Group Board determination at the time, use proceeds to repay debt in the first instance. A review of Link Group's strategic focus in relation to its remaining businesses will be completed as appropriate.</p>	2.3

Frequently Asked Questions

continued

Question	Answer	Section
Link Group (post Distribution)		
Who will be on the Link Group Board after the Distribution?	<p>There will be no change to the Link Group Board as a result of the Distribution. Following the Distribution, the Link Group Board will comprise the same eight directors:</p> <ul style="list-style-type: none"> • Michael Carapiet (independent Chair and Non-Executive director); • Vivek Bhatia (CEO and Managing Director); • Glen Boreham, AM (independent Non-Executive director); • Andrew (Andy) Green, CBE (independent Non-Executive director); • Peeyush Gupta, AM (independent Non-Executive director); • Anne McDonald (independent Non-Executive director); • Dr Sally Pitkin, AO (independent Non-Executive director); and • Fiona Trafford-Walker (independent Non-Executive director). 	2.4
Who will be on the executive team of Link Group after the Distribution?	<p>There will be no change to the executive team of Link Group as a result of the Distribution. Following the Distribution, Link Group's executive team will comprise:</p> <ul style="list-style-type: none"> • Vivek Bhatia (CEO and Managing Director); • Andrew MacLachlan (Chief Financial Officer); • Nicole Pelchen (Chief Technology Officer); • Sarah Turner (General Counsel & Company Secretary); • Michael Rosmarin (Chief People and Group Services Officer); • Dee McGrath (Chief Executive Officer, Retirement & Superannuation Solutions); • Karl Midl (Chief Executive Officer, Fund Solutions); • Paul Gardiner (Chief Executive Officer, Corporate Markets); and • Antoinette Dunne (Chief Executive Officer, Banking & Credit Management). 	–
What will be the impact of the Distribution on Link Group's dividends?	<p>Post Distribution, Link Group will target a payout ratio of 60-80% of NPATA. Link Group's dividend policy will be determined by the Link Group Board at its discretion and may change over time.</p>	2.7
Implementation and process		
What are the mechanics of the Distribution?	<p>As a preliminary step, all of the PEXA Shares held by Link Property will be transferred to Link Group pursuant to a Restructure Agreement between Link Property and Link Group.</p> <p>To implement the Distribution, Link Group will undertake a Capital Reduction, which may be accompanied by a Distribution Dividend, which will be satisfied by an in specie distribution of PEXA Shares to Eligible Shareholders (other than Selling Shareholders).⁶ Eligible Shareholders (other than Selling Shareholders) will receive one PEXA Share for every 7.52 Link Group Shares held at the Record Date rounded down to the nearest whole PEXA Share.</p> <p>By way of example, an Eligible Shareholder holding 1,000 Link Group Shares at the Record Date would be entitled to receive 132 PEXA Shares on the Implementation date.</p> <p>Following the Distribution, Link Group Shareholders at the Record Date will hold 38.49% of the PEXA Shares on issue (subject to PEXA Shares that Ineligible Overseas Shareholders and Selling Shareholders would otherwise be entitled to being transferred to the Sale Agent for sale under the Sale Facility).</p>	4.3

⁶ The amount of the Capital Reduction and Distribution Dividend is (subject to the ATO's confirmation) expected to be based on the five day volume weighted average price of Link Group Shares and PEXA Shares as traded on the ASX commencing on the first day of share trading after the Distribution is implemented.

Question	Answer	Section
Implementation and process		
What is the Capital Reduction?	<p>The Capital Reduction will involve Link Group reducing its share capital on the Implementation Date.</p> <p>The Capital Reduction Amount will not be paid in cash to Link Group Shareholders. Instead, the Capital Reduction (which may be accompanied by a Distribution Dividend) will be effected by an in specie distribution of PEXA Shares under the Distribution. The Capital Reduction must be approved by a simple majority (more than 50%) of votes cast by Link Group Shareholders on the Distribution Resolution.</p> <p>Link Group is of the view that, taking into account all relevant matters, the Capital Reduction is fair and reasonable to Link Group Shareholders as a whole and will not materially prejudice the ability of Link Group to pay its creditors.</p> <p>The Independent Expert has concluded that the Distribution (comprising the Capital Reduction and Distribution Dividend) is unlikely to materially prejudice the ability of Link Group to pay its creditors. Refer to Annexure 2 for the Independent Expert's Report.</p>	4.3 and Annexure 2
What are the key steps to implement the Distribution?	<p>The key remaining steps to implement the Distribution are:</p> <ul style="list-style-type: none"> • approval of the Capital Reduction by Link Group Shareholders at the Extraordinary General Meeting; and • receipt of the draft class ruling prior to Implementation of the Distribution and that Link Group does not form the view that the ATO may reach an adverse view in their final class ruling to be issued (otherwise the Link Group Board will reassess whether or not to proceed with the Distribution); and • Eligible Shareholders (other than Selling Shareholders) receiving PEXA Shares. <p>The Board of Link Group may in any event prior to implementation of the Distribution determine to postpone or withdraw it if the Link Group Board determines that postponement or withdrawal is in the best interests of Link Group Shareholders.</p> <p>Sections 4.1, 4.2 and 4.3 contain further details of the Distribution.</p>	4.1, 4.2 and 4.3
Which Link Group Shareholders are eligible to participate in the Distribution?	<p>Link Group Shareholders on the Link Group Share Register as the holders of Link Group Shares at the Record Date may be eligible to receive PEXA Shares, depending on the location of their registered address.</p> <p>Link Group Shareholders whose address on the Link Group Share Register at the Record Date is in the following jurisdictions will be Eligible Shareholders:</p> <ul style="list-style-type: none"> • Australia or New Zealand; or • a jurisdiction in which Link Group reasonably believes it is not prohibited or unduly onerous or impractical to implement the Distribution and to transfer PEXA Shares to the Link Group Shareholder. <p>Ineligible Overseas Shareholders, being Link Group Shareholders whose registered address on the Link Group Share Register at the Record Date is outside the jurisdictions listed above, will not receive PEXA Shares and should refer to Section 4.4.3 for further information.</p>	4.4
Will I need to make any payments to participate in the Distribution?	<p>No. The Capital Reduction, which may be accompanied by a Distribution Dividend on your Link Group Shares will be effected by the in specie distribution of PEXA Shares to you. You do not need to make any separate payment.</p>	4.4

Frequently Asked Questions

continued

Question	Answer	Section
Implementation and process		
Can I choose to receive cash instead of PEXA Shares?	<p>No. Under the Distribution, you may not elect to receive cash instead of PEXA Shares.</p> <p>However, if the Distribution proceeds and you are an Ineligible Overseas Shareholder, the PEXA Shares you are otherwise entitled to under the Distribution will be sold on the ASX by the Sale Agent with the proceeds remitted to you, free of any brokerage costs.</p> <p>In addition, Eligible Shareholders who individually hold 1000 Link Group Shares or less as at the Record Date (Small Shareholders) may elect to have the PEXA Shares to which they are entitled sold on the ASX by the Sale Agent and the proceeds remitted to them under the Sale Facility, free of any brokerage costs. Small Shareholders who do not make an election to participate in the Sale Facility will receive PEXA Shares.</p> <p>The amount of money payable to each Ineligible Overseas Shareholder and Selling Shareholder will be calculated on an averaged basis so that all Ineligible Overseas Shareholders and Selling Shareholders will be paid the same price in Australian dollars per PEXA Share, subject to rounding down to the nearest whole cent.</p> <p>Following the Distribution, Eligible Shareholders who are not Selling Shareholders will also be able to dispose of their PEXA Shares.</p>	4.4, 4.6
What is the Sale Facility?	<p>If the Distribution proceeds, the Sale Facility will provide for the sale of PEXA Shares for Small Shareholders or Ineligible Overseas Shareholders as follows:</p> <p>Small Shareholders</p> <p>If you are a Small Shareholder and you wish to have:</p> <ul style="list-style-type: none"> • all the PEXA Shares that you would receive under the Distribution sold on the ASX by the Sale Agent; and • the proceeds (calculated on an averaged basis) remitted to you, free of any brokerage costs, <p>you should complete your online election or complete and return the Sale Facility Form using the enclosed reply paid envelope so that it is received by the Link Group Share Registry by 5.00pm on 28 December 2022.</p> <p>The Sale Facility operates on an opt-in basis for Small Shareholders, so Small Shareholders who do not make an election to participate in the Sale Facility will receive PEXA Shares.</p> <p>The Sale Facility for Small Shareholders only applies to PEXA Shares. Link Group Shares cannot be sold under the Sale Facility.</p> <p>Ineligible Overseas Shareholders</p> <p>Ineligible Overseas Shareholders will have their PEXA Shares sold through the Sale Facility, with the proceeds (calculated on an averaged basis) from the sale of the PEXA Shares to which they are entitled, remitted to them, free of any brokerage costs.</p> <p>Accordingly, Ineligible Overseas Shareholders do not need to take any steps to participate in the Sale Facility.</p> <p>Employee share trust</p> <p>If the Link Group Board so determines, the trustee of the Employee Share Trust may elect to have some or all of the PEXA Shares it has received or is entitled to receive under the Distribution sold by the Sale Agent and the proceeds remitted to the Employee Share Trust as soon as practicable following the sale of those shares free of any brokerage costs.</p>	4.3, 4.6

Question	Answer	Section
Implementation and process		
What will Link Group Shareholders (other than Ineligible Overseas Shareholders and Selling Shareholders) receive if the Distribution proceeds?	Eligible Shareholders (other than Selling Shareholders) will receive one PEXA Share for every 7.52 Link Group Shares they hold at the Record Date rounded down to the nearest whole PEXA Share. The Record Date is expected to be 7.00pm on 3 January 2023.	4.3, 4.4
What is the impact of the Distribution on my Link Group Shares?	The number of Link Group Shares will not change as a result of the Distribution. Link Group (post Distribution) will, however, hold no direct interest in PEXA (and only a minimal indirect interest through Pacific Custodians pending its sale of PEXA Shares through the Sale Facility).	–
How many PEXA Shares will I receive?	If you are an Eligible Shareholder (other than a Selling Shareholder) and the Distribution proceeds, you will hold one PEXA Share for every 7.52 Link Group Shares held by you at the Record Date rounded down to the nearest whole PEXA Share.	4.1.3, 4.3
What are the costs of the Distribution?	Total transaction costs of the Distribution are estimated to be approximately \$3.9 million. Of these costs, approximately \$1.7 million is expected to have been incurred prior to the Extraordinary General Meeting.	1.4.1, 2.8.12
What happens if the Distribution does not proceed?	If the Distribution does not proceed: <ul style="list-style-type: none"> • Eligible Shareholders will not receive PEXA Shares; • Link Group will incur transaction costs of approximately \$1.7 million; and • the advantages of the Distribution described in Section 1.3 will not be realised, and the disadvantages and risks of the Distribution described in Sections 1.4 and 1.5 will not arise. 	4.8
Voting on the Distribution		
What is the voting threshold?	The Distribution Resolution must be approved by a simple majority (more than 50%) of votes cast by Link Group Shareholders on the Distribution Resolution.	4.2
Who can vote at the Extraordinary General Meeting?	Link Group Shareholders who are registered on the Link Group Share Register at 7.00pm on 21 December 2022 are entitled to vote on the Distribution Resolution.	–
When and where will the Extraordinary General Meeting be held?	The Extraordinary General Meeting for Link Group Shareholders to vote on the Distribution Resolution will be held at 10.00am (Sydney time) on 23 December 2022 via the online platform accessible at https://meetings.linkgroup.com/LNKEG22 .	–

Frequently Asked Questions

continued

Question	Answer	Section
Voting on the Distribution		
How can I vote at the Extraordinary General Meeting?	<p>Link Group will be able to vote on the Distribution Resolution by:</p> <ul style="list-style-type: none"> • direct vote or proxy, submitting a direct or proxy vote prior to the Extraordinary General Meeting by following the instructions available on our Investor Centre (login via www.linkmarketservices.com.au); • attending via the online platform, and voting during the Extraordinary General Meeting using our online platform accessible at https://meetings.linkgroup.com/LNKEG22; • attorney, by appointing an attorney to participate in and vote at the Extraordinary General Meeting on your behalf and providing a duly executed power of attorney to the Link Share Registry by 10.00am (Sydney time) on 21 December 2022; or • by corporate representative, in the case of a body corporate, appointing a body corporate representative to participate in and vote at the Extraordinary General Meeting on your behalf, and providing a duly executed "Appointment of Corporate Representative" form (in accordance with section 250D of the Corporations Act) prior to the Meeting. 	–
What if I do not vote at the Extraordinary General Meeting or do not vote in favour of the Distribution Resolution?	<p>If Link Group Shareholders who support the Distribution do not vote, there is a risk the Distribution will not be approved.</p> <p>If Link Group Shareholders who do not support the Distribution do not vote or vote against the Distribution Resolution, but the Distribution Resolution is approved by the requisite majority of Link Group Shareholders, then, subject to the other conditions to the Distribution being satisfied or waived, the Distribution will be implemented and binding on all Link Group Shareholders, including those who did not vote or voted against the Distribution Resolution.</p>	–
Tax considerations		
What are the taxation implications of the Distribution for Link Group Shareholders?	<p>Link Group has applied to the ATO for a class ruling seeking to confirm certain income tax implications of the Distribution for Link Group Shareholders. The class ruling has not been finalised as at the date of this Explanatory Memorandum. Link Group expects that the ATO will provide a draft of the class ruling prior to the Extraordinary General Meeting. The final ruling will only be received after the Implementation Date for the Distribution and may differ from the draft.</p> <p>If Link Group does not receive the draft class ruling prior to Implementation of the Distribution, or forms the view that the ATO may reach an adverse view in the final ruling to be issued, the Link Group Board will assess whether or not to proceed with the Distribution.</p> <p>The general Australian taxation implications of the Distribution for Link Group Shareholders are set out in Section 5 including in the situation where the final ATO ruling differs from the draft ruling.</p> <p>The outline in Section 5 is general in nature and should not be relied upon as advice. The tax consequences for each Link Group Shareholder may vary depending on individual circumstances. Accordingly, you are encouraged to seek your own professional advice as to the Australian, and, if applicable, foreign tax implications of participating in the Distribution.</p>	5
Other information		
If you have further questions	<p>If you have any further questions, you should:</p> <ul style="list-style-type: none"> • contact your stockbroker, solicitor, accountant and/or other professional advisor; or • call the Shareholder Information Line on 1800 237 687 (within Australia) or + 61 1800 237 687 (outside Australia) on weekdays between 8.30am to 5.30pm. <p>Further information can also be found on Link Group's website (https://www.linkgroup.com/).</p>	–

Section 1

Advantages, disadvantages and other relevant considerations

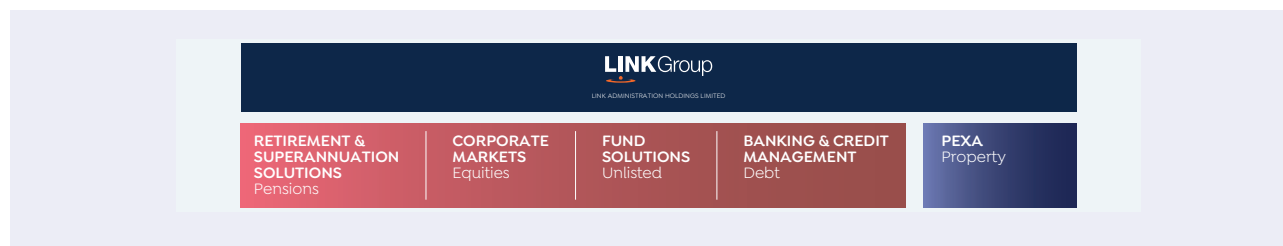
1. Advantages, Disadvantages and Other Relevant Considerations

1.1 Background to Distribution

This Section 1 outlines the background to the Distribution and the key advantages, disadvantages and other relevant considerations (including risk factors) that Link Group Shareholders should consider when deciding whether or not to vote in favour of the Distribution Resolution.

1.1.1 Link Group pre-Distribution structure

Figure 1.1 Overview of the current Link Group structure



Link Group administers financial ownership data through technology. Link Group is a global, digitally enabled business connecting people with their assets. Link Group has evolved from an Australian share registry and superannuation administration focused business to a global provider of technology-enabled outsourced services to financial institutions, with operations established in 18 jurisdictions, employing approximately 7,000 people. In addition, Link Group services over 6,000 clients annually.

Link Group currently operates across four business units, including Retirement & Superannuation Solutions (**RSS**), Corporate Markets (**CM**), Banking & Credit Management (**BCM**) and Fund Solutions (**FS**).

As at the date of this Explanatory Memorandum, Link Group, through its wholly-owned subsidiary Link Property, also owns a 38.49% equity interest in PEXA. PEXA was admitted to the official list of the ASX on 1 July 2021. PEXA, through the PEXA Exchange, operates as an Electronic Lodgement Network Operator (**ELNO**) facilitating the electronic lodgement and settlement of property transactions through an integrated digital platform connecting key property market stakeholders. The financial results of PEXA are equity accounted within the consolidated financial statements of Link Group.

1.1.2 Context to the Distribution

Recognising that PEXA is a separate business with different characteristics to Link Group, Link Group has, as discussed in previous public announcements, been exploring a separation of its interest in PEXA for some time.

More recently, following termination of the Scheme Implementation Deed between Link Group and Dye & Durham Corporation (**Dye & Durham**) for the potential acquisition of Link Group by Dye & Durham in September 2022, Link Group announced on 23 September 2022 it would re-evaluate alternatives for the business, including revisiting a potential in specie distribution of a minimum of 80% of its shareholding in PEXA to Link Group's shareholders, in order to maximise value for shareholders. Link Group has concluded that the Distribution is in the best interests of the Link Group Shareholders.

Separately, since the termination of the Scheme Implementation Deed, Link Group has:

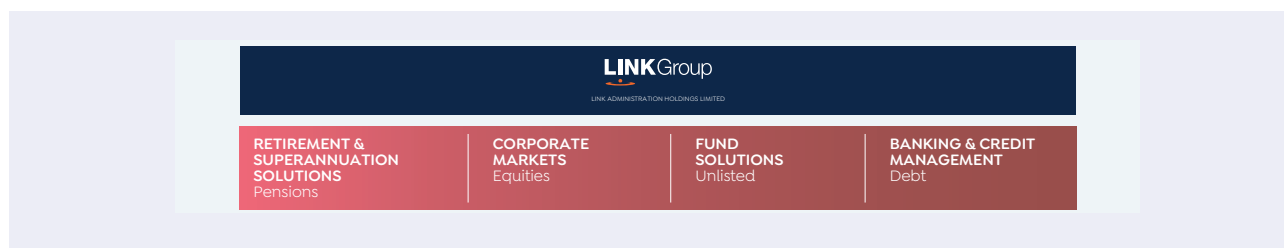
- received expressions of interest from third parties in relation to Link Group's CM and BCM businesses. In particular, Dye & Durham has made a series of confidential non-binding, conditional and indicative proposals to acquire Link Group's CM and BCM businesses;
- as announced by Link Group on 10 October 2022, Link Group has engaged with Dye & Durham on a non-exclusive basis to ascertain whether the conditional non-binding proposal received from Dye & Durham for the acquisition of CM and BCM for total cash consideration of A\$1.27 billion (on a cash and debt free basis and based on a normalised level of working capital) can be progressed to a transaction that will provide sufficient value and certainty, on appropriate terms, to Link Group; and
- as announced by Link Group on 20 October 2022, Link Group intends to commence a process to explore divestment options for the FS business, which includes Link Fund Solutions Limited (**LFSL**).

As at the date of this Explanatory Memorandum, there is no binding agreement for the sale of any of Link Group's business units and no assurance that Link Group will reach an agreement to sell any business unit at all or at any particular price.

1.1.3 Link Group structure post Distribution

If the Distribution is approved and implemented, Link Group Shareholders will retain each share they hold in Link Group and, for every 7.52 shares they hold in Link Group, they will receive one share in PEXA rounded down to the nearest whole PEXA Share (unless they are an Ineligible Overseas Shareholder or a Selling Shareholder).

Link Group (post Distribution) will continue to operate across four business unit and retain the same operating entities, unless the potential sales referred to in section 1.1.2 of this Explanatory Memorandum eventuate.



1.2 Key alternative structures considered

The Link Group Board considered a number of alternatives to the Distribution including maintaining the current structure and undertaking a sale of Link Property's equity interest in PEXA.

The Link Group Board is of the view that of all the options to separate Link Group's interest in PEXA, the Distribution is the most straightforward, as the Distribution does not require any additional changes to Link Group's business, is capable of being executed in a relatively short timeframe, no regulatory approvals (other than ATO) are required and is most likely to potentially enhance overall value for Link Group Shareholders in the long term compared to the alternative structures considered.

1.2.1 Maintaining the current structure

The characteristics, value propositions, risk profiles and growth outlooks of Link Group (post Distribution) and PEXA differ and require substantially different business and growth strategies, levels of capital investment, capital structures and financial policies.

Maintaining the current structure would not allow investors to choose their level of investment in the two distinct businesses. The Link Group Board does not believe the current structure will deliver the greatest long-term overall value for Link Group Shareholders. See Section 1.3 for the further details on the advantages of the Distribution.

1.2.2 Sale of Link Property or Link Property's interest in PEXA

A sale of Link Property, or Link Property's equity interest in PEXA, to a third party would result in cash proceeds being received by Link Group. In these scenarios, Link Group would be selling its shareholding in Link Property, or Link Property's minority stake in PEXA. The sale would require that a meeting of shareholders of PEXA be convened and the approval of PEXA Shareholders other than Link Property and any proposed acquirer pursuant to section 611 item 7 of the Corporations Act.

If Link Group pursues a sale of Link Property, or Link Property's equity interest in PEXA, Link Group Shareholders will not retain the option to benefit from the potential future upside associated with the organic and inorganic growth initiatives pursued by PEXA.

1. Advantages, Disadvantages and Other Relevant Considerations

continued

The terms of a sale are also uncertain and the price realised would also be influenced by factors including the prevailing market conditions and the number of interested parties at the time of the transaction.

Additionally, the timing of a trade sale of Link Group's interest in Link Property, or in PEXA (through Link Property), would be subject to a third party's ability to complete its due diligence process and obtain the relevant regulatory approvals in a timely manner. Further, a trade sale would likely require consents or approvals from relevant regulators.

Accordingly, the Link Board considers a sale of Link Property or Link Property's equity interest in PEXA would be unlikely to be preferable for Link Group Shareholders as compared with the Distribution.

1.2.3 Sale of other business units

As set out in section 1.1.2 of this Explanatory Memorandum, Link Group has received expressions of interest from third parties in relation to Link Group's CM and BCM businesses and the Link Board has engaged with Dye & Durham on its conditional non-binding proposal for the CM and BCM business to determine whether it can be progressed to a transaction that will provide sufficient value and certainty, on appropriate terms, to Link Group. Link Group is separately exploring divestment options for its FS business.

Should a sale of one or more business units of Link Group to a third party eventuate (of which there is no certainty), this may result in cash proceeds being received by Link Group. It is intended, subject to Link Group Board determination at the time, that the proceeds will be used to pay down debt in the first instance, with any remaining proceeds to be retained. In certain scenarios, tax may be payable by Link Group on the proceeds of certain business unit sales.

The terms of any sale of business units of Link Group are uncertain and the price realised net of any tax would also be influenced by factors including the prevailing market conditions and the number of interested parties at the time of the transaction.

Additionally, the timing of a trade sale of any other business units would be subject to a third party's ability to complete its due diligence process and obtain any relevant regulatory approvals in a timely manner. Further, a trade sale may require consents or approvals from relevant regulators.

As at the date of this Explanatory Memorandum, there is no binding agreement for the sale of any of Link Group's business units and no assurance that Link Group will reach an agreement to any of its business units at all or at any particular price.

1.2.4 Distribution

The Link Group Board selected the Distribution of PEXA as the preferred approach to the separation of Link Group's interest in PEXA as the Board considers that the Distribution:

- allows Eligible Shareholders to choose whether to convert their existing indirect investment in PEXA to a direct investment, with the opportunity to increase or decrease that exposure by trading in PEXA Shares, thereby providing more flexibility for Link Group Shareholders;
- does not crystallise a fixed value for PEXA but instead allows Eligible Shareholders to continue to retain their exposure to PEXA, and benefit from the potential future growth of the business; and
- is the preferred method of separation relative to other alternatives and the Link Group Board believes the overall value outcome achieved for Link Group Shareholders is likely to be greater than the overall value expected from other alternatives currently available, taking into account transaction certainty, associated costs and the desired implementation timeline.

Further advantages of the Distribution are set out in section 1.3 of this Explanatory Memorandum.

1.3 Advantages of the Distribution

Key advantages of the Distribution include:

1.3.1 Link Group Shareholders will have greater flexibility and liquidity to choose their level of investment in Link Group (post Distribution) and PEXA

The underlying business model and characteristics of Link Group and PEXA are different. Link Group is a global, digitally enabled business connecting millions of people with their assets, including equities, pension and superannuation, investments and other financial assets. PEXA is Australia's leading e-conveyancing business which facilitates the electronic lodgement and settlement of property transactions through an integrated digital platform connecting key property market stakeholders.

Following the Distribution, each of Link Group and PEXA may appeal to different types of investors.

As previously noted, Link Property owns an equity interest in PEXA, and principally operates as an ELNO. PEXA's business model provides investors with returns linked to transaction volumes, supported by the majority of Australia's States and Territories' transition to e-conveyancing and real property transaction volumes growth in Australia, and further potential upside through exposure to PEXA's emerging growth segments. In addition to the core Australian PEXA Exchange, PEXA has multiple growth priorities including PEXA International, PEXA Insights and PX Ventures. In this regard, PEXA International has commenced international expansion of the PEXA Exchange platform, initiating its remortgage product in the United Kingdom (**UK**) in September 2022. Furthermore, development across PEXA Insights and PX Ventures has also been pursued via partnerships and bolt-on acquisitions across the digital property products and services verticals. PEXA's current growth in operating earnings is predominantly linked to the volume of transactions in the Australian real property market and may appeal to investors who wish to gain a concentrated exposure to a single industry as opposed to a diversified earnings base.

Link Group (post Distribution) will continue to be a global, digitally enabled business connecting millions of people with their assets with leading market positions as an Australian superannuation administrator, alternative investment fund manager (**AIFM**) in the UK and a leading provider of corporate markets services in Link Group's core markets. Approximately 84% of Link Group's revenues are recurring and the operating cash flow generation may appeal to certain investor groups. Link Group (post Distribution) intends to grow its core business organically through contract renewals and new client contract wins, whilst continuing to assess bolt-on acquisitions to support the development of new capabilities and to achieve geographic expansion. Notwithstanding these growth priorities, Link Group (post Distribution) will continue its current engagement with third parties for the CM and BCM businesses and separately continue exploring divestment options for the FS business.

Link Group is expected to appeal to existing and new investors, who are attracted to the risk profile and nature of the business and markets in which it operates.

Existing and future investors will have greater investment choice and the opportunity to manage their exposure to the different profiles of Link Group (post Distribution) and PEXA, according to their own investment objectives and risk appetite.

1.3.2 Distribution does not crystallise a fixed value for PEXA but instead allows Eligible Shareholders to continue to retain their exposure to PEXA, and benefit from the potential future growth of the business

The Distribution allows eligible Link Group Shareholders the option to retain their exposure to PEXA, with potential to realise value in the medium to long-term as PEXA pursues its growth strategy. This is as opposed to crystallising a fixed value for Link Group's interest in PEXA according to potential value achievable via alternatives.

The Distribution allows Link Group shareholders an opportunity to choose to retain exposure to the potential growth of PEXA's business.

1. Advantages, Disadvantages and Other Relevant Considerations

continued

1.3.3 The Distribution is the preferred method of separation relative to other alternatives and the Link Group Board believes the overall value outcome achieved for Link Group Shareholders is likely to be greater than the overall value expected from other alternatives currently available, taking into account transaction certainty, associated costs and the desired implementation timeline

Following the termination of the Scheme Implementation Deed with Dye & Durham in September 2022 and an evaluation of alternatives for the business, the Link Group Board has concluded that the Distribution is in the best interests of the Link Group Shareholders and should, over time, deliver greater overall value than the current structure to Link Group Shareholders.

Other alternatives considered by the Link Group Board include maintaining the current structure, a sale of Link Property or Link Property's interest in PEXA and other business unit sales, as explained in Section 1.2.

Considering potential tax leakage in the scenario of asset sales, as well as the lack of any binding, unconditional proposals to acquire either Link Property, Link Property's interest in PEXA or other business units of Link Group, the Link Group Board has assessed that the Distribution will deliver greater overall value for shareholders, taking into account transaction timing, certainty and costs.

1.4 Disadvantages of the Distribution

1.4.1 Distribution implementation costs

The total transaction costs associated with the Distribution are estimated to be approximately \$3.9 million. These costs are in relation to financial, accounting, independent expert, legal and tax advisor fees.

Approximately \$1.7 million of these costs will be incurred prior to the Extraordinary General Meeting when Link Group Shareholders will vote on the Distribution. The remainder of the costs are expected to be incurred following the Extraordinary General Meeting.

1.4.2 Reduction in size and diversification

The Distribution will result in Link Group's asset base being reduced by approximately 14% of the total asset base (\$3.9 billion as at FY2022). While Link Group (post Distribution) will continue to service a wide range of asset classes, it will not have exposure to the property asset class (as this exposure is and will continue to be held by PEXA).

As a result of the Distribution, Link Group (post Distribution)'s borrowing capacity will be impacted, although the Distribution is supported by Link Group's existing lending syndicate who will continue to provide the existing secured debt facilities under a Syndicated Facility Agreement (**SFA**). Link Group's debt facilities are expected to continue to remain in place post Distribution. Currently PEXA is materially exposed to the level of annual real property transaction volumes in Australia and adjacent real property market transactions (for example, refinancing of mortgages) and these factors impact the earnings generated by PEXA.

Other risks associated with a standalone investment in PEXA are set out in Section 3.7.

1.4.3 Some Link Group Shareholders will not be eligible to receive, or may be unable to retain, PEXA Shares

Link Group Shareholders who are Ineligible Overseas Shareholders will not receive PEXA Shares under the Distribution. PEXA Shares that would otherwise be transferred to these Link Group Shareholders under the Distribution will be transferred to the Sale Agent to be sold, with the proceeds of such sale to be paid to Ineligible Overseas Shareholders.

Following the Distribution, some Link Group Shareholders may adjust their holding in PEXA in accordance with their investment mandate. As a result, there may be volatility in the trading of PEXA Shares in the initial period following implementation of the Distribution.

1.5 Risks of the Distribution

1.5.1 Potential changes to index inclusion

Link Group is currently included in the S&P/ASX 200 Index. The Distribution will result in Link Group being smaller and less diversified than immediately before the Distribution and it will potentially fall below the minimum threshold requirements to remain included in the S&P/ASX 200 Index.

PEXA was included in the S&P/ASX 300 Index on 19 September 2022. Upon implementation of the Distribution, Link Group anticipates that PEXA will remain in the S&P/ASX 300 Index, however no assurance can be provided that PEXA will remain in the S&P/ASX 300 Index. The Distribution will likely improve PEXA's free float which will increase liquidity in the trading of PEXA Shares. In turn, this increase in liquidity is expected to support PEXA's inclusion in the S&P/ASX 200 Index in the future.

1.5.2 Advantages of the Distribution may not materialise

After the Distribution, Link Group and PEXA may not be able to achieve some or all of the expected potential advantages of the Distribution as outlined in Section 1.3. If that occurs, Link Group Shareholders may have been in a better position if the Distribution had not proceeded.

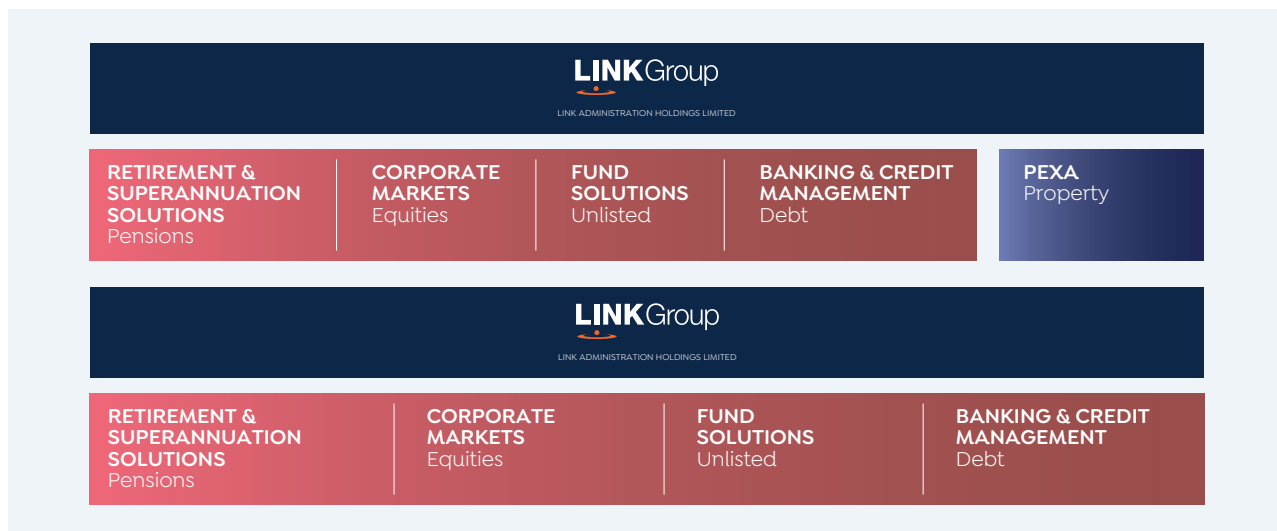
Section 2

Information on Link Group (post Distribution)

2.1 Background information on Link Group (post Distribution)

The Distribution involves separating and removing an equity accounted investment in PEXA from Link Group. As such, Link Group (post Distribution) is comprised of the same set of operating entities as Link Group (pre Distribution) (see Figure 2.1 below), except for PEXA and its subsidiaries.

Figure 2.1 Link Group structure pre and post Distribution



Link Group (post Distribution) remains a global, digitally enabled business connecting people with their assets. The business operates in 18 jurisdictions, employing approximately 7,000 employees. Link Group currently equity accounts for its interest in PEXA through Link Property, therefore the Distribution will have no impact on pro forma Revenue, pro forma Operating EBITDA or pro forma Operating EBIT. However, pro forma Operating NPATA will no longer include Link Group's share of the operating profits from PEXA as Link Group will no longer retain a shareholding in PEXA.¹

Link Group (pre Distribution) had Revenue and Operating EBIT in FY2022 of \$1,175.1 million and \$153.9 million respectively.

Link Group (post Distribution) will continue to operate four business units, being the RSS, CM, BCM and FS businesses.

Table 2.1 compares the pro forma historical financial performance for Link Group pre and post Distribution for FY2022 (refer to Section 2.8).

Table 2.1 Link Group (post Distribution) pro forma historical financial performance

	Link Group (pre Distribution)		Link Group (post Distribution)	
	FY2021A	FY2022A	FY2021PF	FY2022PF
Pro forma Revenue	1,160.3	1,175.1	1,160.3	1,175.1
Pro forma Operating EBITDA	256.6	252.3	256.6	252.3
Pro forma Operating EBIT	141.4	153.9	141.4	153.9
Pro forma Operating NPATA	113.2	121.3	80.5	88.2

Post Distribution, Link Group will continue to be listed on the ASX, with its corporate headquarters remaining in Sydney, Australia.

¹ Other than a minimal indirect interest through Pacific Custodians pending its sale of PEXA Shares through the Sale Facility.

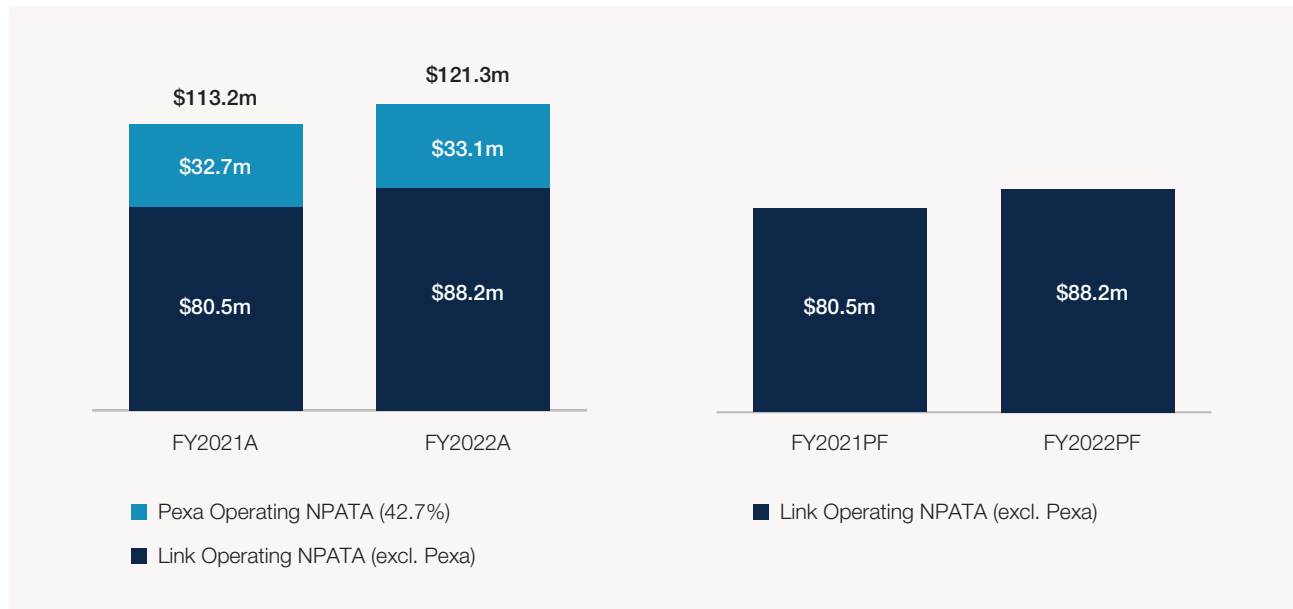
2. Information on Link Group (post Distribution)

continued

2.1.2 Operating NPATA contribution

On an underlying basis, PEXA historically contributed to Operating NPATA. A breakdown of historical Operating NPATA pre and post Distribution is shown below.

Figure 2.2 Historical Operating NPATA (pre Distribution) (left-hand side), Pro Forma Historical Operating NPATA (post Distribution) (right-hand side)



2.1.3 Geographic footprint

Link Group has a global footprint with large operations in Australia, UK, Ireland and India, supported by a growing presence in Continental Europe and Asia.

The diagram below sets out the geographic footprint of Link Group (post Distribution) – the only change to which has been the removal of the exposure to real property asset class in Australia (via the equity accounted investment in PEXA).

Figure 2.3 Link Group's global operations and service



2.1.4 Potential impact of CM and BCM sale

As set out in Section 1.1.2, on 10 October 2022 Link Group announced that it had engaged with Dye & Durham on a non-exclusive basis to see if the conditional non-binding proposal received from Dye & Durham for the acquisition of CM and BCM for total cash consideration of A\$1.27 billion (on a cash and debt free basis and based on a normalised level of working capital) could be progressed to a transaction that would provide sufficient value and certainty, on appropriate terms, to Link Group.

As at the date of this Explanatory Memorandum, there is no binding agreement for the sale of CM and BCM and no assurance that Link Group will reach an agreement to sell CM and BCM at all or at any particular price.

Should a sale of the CM and BCM business eventuate (of which there is no certainty), this may result in cash proceeds being received by Link Group. It is intended, subject to Link Group Board determination at the time, that the proceeds will be used to pay down debt in the first instance, with any remaining proceeds to be retained.

An indicative summary of the potential impact of the sale of CM and BCM on Link Group FY2022 Revenue, FY2022 Operating EBITDA and Total Assets as at 30 June 2022, should it proceed on the terms outlined in the above paragraph (of which there is no certainty) is provided below.

Should a sale of the CM and BCM business eventuate (of which there is no certainty), the assets and liabilities of the CM and BCM business would be removed from the Link Group (post Distribution) pro forma summary balance sheet presented in Section 2.8 of this Explanatory Memorandum. The removal of these assets and liabilities would only be determined at the point in which the sale occurs (of which there is no certainty).

Chart 2.1 Link Group (post Distribution and sale of CM & BCM) – Operating Revenue*

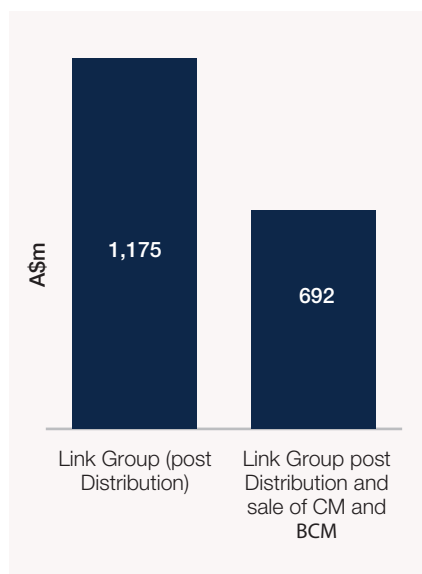
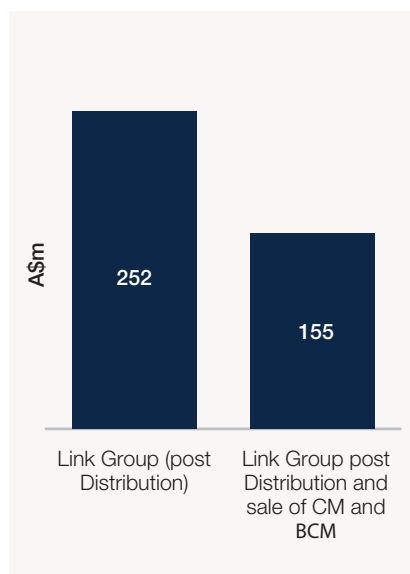


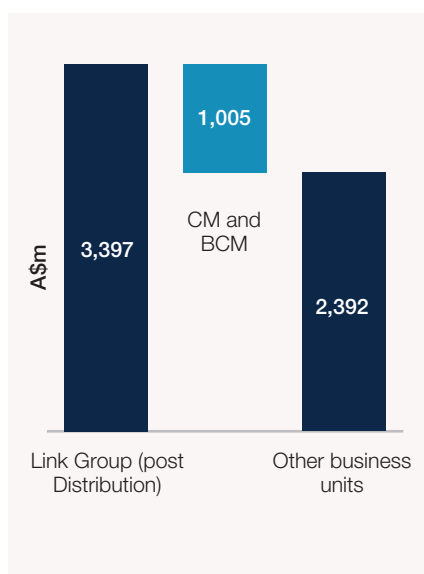
Chart 2.2 Link Group (post Distribution and sale of CM & BCM) – Operating E BITDA*



2. Information on Link Group (post Distribution)

continued

Chart 2.3 Link Group (post Distribution and sale of CM & BCM) – Total Assets by business unit*



*Amounts reflected in the charts above illustrating Link Group (post Distribution and sale of CM & BCM) Operating Revenue, Operating EBITDA and Total Assets by Business Unit are sourced from the Link Group 2022 Annual Report Operating Segment note to the Financial Statements and the Link Group 2022 Annual Report Operating and Financial Review contained in the Directors' Report.

2.2 Key strengths of Link Group (post Distribution)

2.2.1 Diversified, resilient and high-performing businesses

Link Group (post Distribution) will operate in 18 jurisdictions across multiple markets, with Recurring Revenue making up 84% of FY2022 revenue. Link Group has a leading position across core products and service lines in the markets in which the business operates. Link Group (post Distribution) remains a leading superannuation administrator in Australia, a leading Corporate Markets operator in Australia, UK, New Zealand, Hong Kong and India, and independent authorised corporate director (**ACD**), management company and AIFM in the UK, Ireland and Luxembourg, and a fund administrator and transfer agent in the UK and Ireland.

As set out in section 1.1.2 of this Explanatory Memorandum, Link Group has received expressions of interest from third parties in relation to Link Group's CM and BCM businesses and the Link Board has engaged with Dye & Durham on its conditional non-binding proposal for the CM and BCM business to determine whether it can be progressed to a transaction that will provide sufficient value and certainty, on appropriate terms, to Link Group. Link Group is separately exploring divestment options for its FS business. Should a sale of one or more of Link Group's business units eventuate (of which there is no certainty), Link Group will, subject to Link Group Board determination at the time, use proceeds to repay debt in the first instance. A review of Link Group's strategic focus in relation to its remaining businesses will be completed as appropriate (including with respect to the jurisdictions it operates in).

2.2.2 Scalable and digital platform driving operating leverage

Link Group continues to invest considerable resources in its technology platform to drive efficiencies across its business and is focused on developing innovative products and services to provide tailored solutions to clients. These initiatives are supported by Link Group's investments in technologies such as machine learning, artificial intelligence and robotic process automation to add to the scale advantages.

2.2.3 Business transformation delivers efficiency and capacity

Link Group's transition towards a global operating model is continuing to progress well, with centres of excellence operational across Ireland, UK, India and Australia, and benefits are expected to continue as economies of scale are achieved. The Global Transformation Program achieved annualised benefits of \$77.9 million which exceeded the target of \$75 million of annual savings by \$2.9 million in FY2022. Link Group continues to see opportunities for further efficiency initiatives to be realised in FY2023 and beyond, leveraging its global hubs and investment in technology.

2.2.4 Platform in place to accelerate clear growth opportunities

A portfolio of products and services allow Link Group (post Distribution) to provide a breadth of value added services to clients across and within its business units. Investments in geographic beach-heads drive strategic value and allow Link Group (post Distribution) to leverage existing platforms and capabilities to enter new geographies and markets.

2.2.5 Strong team, track record and capability to execute

Link Group (post Distribution) benefits from a leadership team with extensive market experience (20+ years on average), an established track record of execution and proven ability to scale integrated businesses and deliver on transformation agendas.

2.3 Link Group (post Distribution)'s strategy

2.3.1 Link Group (post Distribution)'s strategy overview

Link Group expects that, post Distribution, its strategic focus will continue to be based on three key pillars:

- simplify the business;
- deliver on strategic initiatives; and
- generate growth by focusing on value from the core,

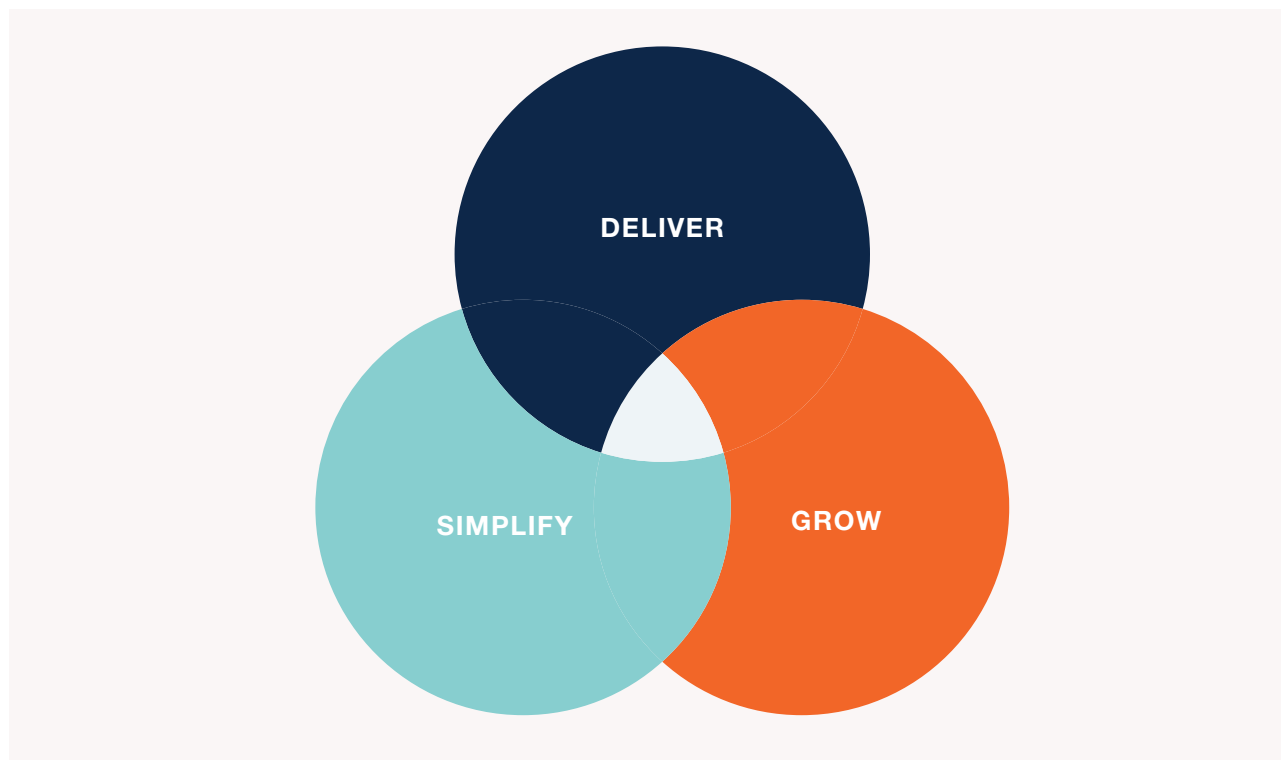
so as to provide a strong suite of products and services to Link Group's clients.

As set out in section 1.1.2 of this Explanatory Memorandum, Link Group has received expressions of interest from third parties in relation to Link Group's CM and BCM businesses and the Link Board has engaged with Dye & Durham on its conditional non-binding proposal for the CM and BCM businesses to determine whether it can be progressed to a transaction that will provide sufficient value and certainty, on appropriate terms, to Link Group. Link Group is separately exploring divestment options for its FS business. Should a sale of one or more of Link Group's business units eventuate (of which there is no certainty), Link Group will, subject to Link Group Board determination at the time, use proceeds to repay debt in the first instance. A review of Link Group's strategic focus in relation to its remaining businesses will be completed as appropriate.

2. Information on Link Group (post Distribution)

continued

Figure 2.3.1 Link Group (post Distribution)'s strategic focus



#1 Simplify:

This includes:

- unwinding complexity in business, including focusing on strategic portfolio management;
- continuing to drive value from core businesses and markets where the business enjoys leading market positions and delivers an integrated offering; and
- employing a systemic approach to managing revenue and operating cost performance.

#2 Deliver:

This includes:

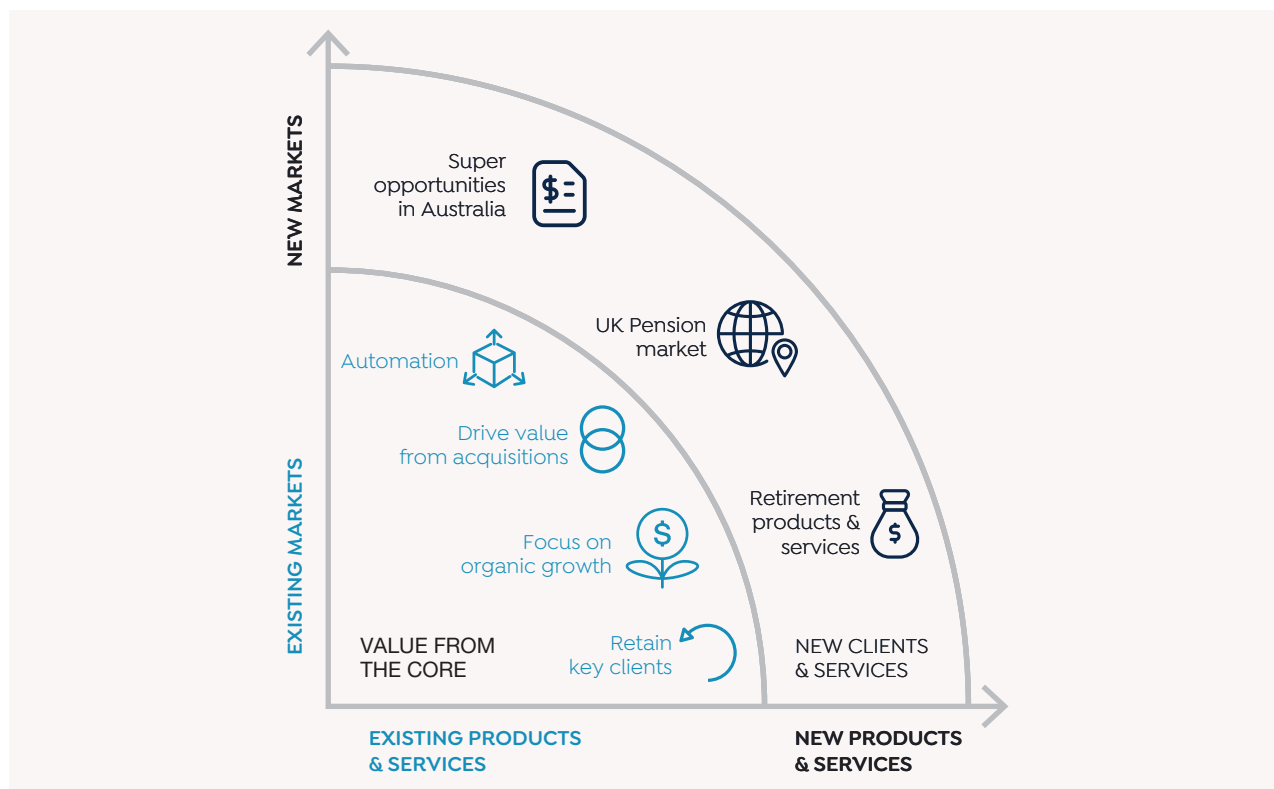
- focusing on the delivery of operational initiatives such as workflow automation & digitisation and expanding global centres of excellence; and
- executing on the initiatives that driver greater shareholder value.

#3 Grow:

Link Group (post Distribution) has a scalable platform which can be leveraged to extract benefits from growth opportunities pursued by the business.

The strength of the platform underpins the value of the opportunities as Link Group (post Distribution) benefits from operating leverage. Each business unit is pursuing a number of organic and inorganic growth opportunities by leveraging Link Group's platform (refer to Figure 2.3.2 below).

Figure 2.3.2 Link Group (post Distribution)'s growth agenda



2.4 Board of directors of Link Group (post Distribution)

The Link Group Board will not change following the Distribution and will still comprise:

- Michael Carapiet (independent Chair and Non-Executive Director);
- Vivek Bhatia (CEO and Managing Director);
- Glen Boreham, AM (independent Non-Executive Director);
- Andrew (Andy) Green, CBE (independent Non-Executive Director);
- Peeyush Gupta, AM (independent Non-Executive Director);
- Anne McDonald (independent Non-Executive Director);
- Dr Sally Pitkin, AO (independent Non-Executive Director); and
- Fiona Trafford-Walker (independent Non-Executive Director).

2.5 Impact of Distribution on Link Group

Table 2.5 below summarises the net debt position of Link Group pre and post the Distribution.

Link Group (post Distribution) is presented on a pro forma basis for the Distribution and for the sale of approximately 10% of the existing PEXA Shares held by Link Group which occurred on 18 November 2022 at a price of \$13.50 per PEXA Share, resulting in net proceeds to Link Group of \$102 million.

2. Information on Link Group (post Distribution)

continued

Table 2.5. Link Group capital structure pre and post Distribution²

A\$m	Pre Distribution		Post Distribution	
	Facility limit	Drawn	Facility limit	Drawn
Total committed facilities	1,070.8	881.2	1,070.8	779.4
Cash, and cash equivalents	193.3	193.3	191.7	191.7
Net debt	877.6	687.9	879.1	587.6

As at 30 June 2022, Link Group had \$1,071 million of debt facilities in place, consisting of a combination of committed bank, and loan facilities calculated in accordance with Link Group's debt agreement, denominated in both Australian dollars and British sterling as set out above.³ Total drawn bank debt as at 30 June 2022 was \$881 million, resulting in net debt of \$688 million calculated in accordance with Link Group's debt agreement. Link Group successfully refinanced its senior debt facilities on 1 November 2021.

2.6 Expected impact of the Distribution on Link Group (post Distribution)'s leverage profile

Link Group (pre Distribution) and Link Group (post Distribution)'s Total Leverage Ratio (**TLR**) as at 30 June 2022 was 2.6x and 2.4x respectively (calculated in accordance with its banking agreements) with Link Group (post Distribution) presented on a pro forma basis after the sale of approximately 10% of the existing PEXA Shares held by Link Group on 18 November 2022 at a price of \$13.50 per PEXA Share. This is consistent with Link Group (post Distribution)'s target capital structure, which remains at a TLR of between 2.0–3.0x.

2.7 Expected impact of the Distribution on Link Group (post Distribution) dividends

Link Group (post Distribution)'s approach to dividends will be determined by the Link Group Board and will remain at the discretion of the Board and may change over time. The Link Group Board (post Distribution) intends to target a dividend payout ratio of 60–80% of NPATA.

2.8 Link Group Pro Forma Historical Financial Information

This Section contains historical financial information of Link Group (hereafter **Link Group Historical Financial Information**) comprising:

- the historical income statements for the years ended 30 June 2021 and 30 June 2022;
- the historical free cash flows for the years ended 30 June 2021 and 30 June 2022; and
- the historical balance sheet as at 30 June 2022.

This Section also contains the following pro forma historical financial information of Link Group (post Distribution) (hereafter **Link Group (post Distribution) Pro Forma Historical Financial Information**), being:

- Link Group (post Distribution) pro forma historical income statements for the years ended 30 June 2021 and 30 June 2022;
- Link Group (post Distribution) pro forma historical free cash flow for the years ended 30 June 2021 and 30 June 2022; and
- Link Group (post Distribution) pro forma summary historical balance sheet as at 30 June 2022.

² The total committed facilities presented in Figure 2.5 exclude \$65.3 million of available working capital facilities.

³ The total committed facilities presented exclude \$65.3 million of available working capital facilities.

2.8.1 Basis of preparation

2.8.1.1 Link Group Historical Financial Information

Link Group historical financial information has been derived from the audited financial statements of Link Group for FY2022 (including comparatives for FY2021). The financial statements were audited by KPMG in accordance with the Australian Auditing Standards and Interpretations. KPMG issued an unqualified audit opinion on these financial statements. These financial statements are available from Link Group's website (www.linkgroup.com) or the ASX website (www.asx.com.au) (ASX: LNK).

Link Group historical financial information has been prepared in accordance with AAS adopted by the AASB and the Corporations Act 2001. The consolidated financial statements comply with IFRS adopted by the IASB.

2.8.1.2 Link Group (post Distribution) Pro Forma Historical Financial Information

Link Group (post Distribution) Pro Forma Historical Financial Information has been prepared for illustrative purposes, to assist Link Group Shareholders with understanding the impact of the Distribution on the financial performance, cash flows and financial position of Link Group (post Distribution). By its nature, pro forma historical financial information is illustrative only. Consequently, Link Group (post Distribution) Pro forma Historical Financial Information does not purport to reflect the actual or future financial performance or cash flows for the relevant period, nor does it reflect the actual financial position of Link Group (post Distribution) at the relevant time. Past performance is not a guide to future performance.

Link Group (post Distribution) Pro Forma Historical Financial Information has been prepared in accordance with the recognition and measurement principles contained in the AAS and has been prepared on a consistent basis with the accounting policies set out in Link Group's annual report for FY2022.

The AAS are subject to amendments from time to time, and any such changes may impact the balance sheet or income statement of Link Group (post Distribution).

In addition, following the Distribution, Link Group may be impacted by accounting policies adopted which are different to existing policies and differences in interpretations of AAS.

The financial information in this Section is presented in an abbreviated form and does not contain all of the presentation, comparatives and disclosures that are usually provided in an annual financial report prepared in accordance with the Corporations Act. The Investigating Accountant has prepared an Investigating Accountant's Report in respect of Link Group (post Distribution) Pro Forma Historical Financial Information, a copy of which is included in Annexure 1.

The financial information in this Section should be read in conjunction with the risk factors set out in Section 2.9.

Link Group (post Distribution) Pro Forma Historical Financial Information has been derived from Link Group historical financial information and adjusted for the effects of pro forma adjustments to reflect the impact of certain transactions as if they occurred as at 30 June 2022 in the pro forma historical balance sheet and immediately prior to 1 July 2021 in the pro forma historical income statements and pro forma historical free cash flows.

Presentation adjustments have been made to separately present individually Significant Items in Link Group's annual report within the Link Group (post Distribution) pro forma historical income statements.

The pro forma adjustments that have been made to Link Group's historical financial information are to:

- exclude the equity accounted profit and loss and net assets related to the distributed PEXA Group;
- reflect revised financing costs associated with the sale of 10% of Link Group's previous 42.77% shareholding in PEXA; and
- reflect the capital reduction impact associated with the Distribution.

The Link Group (post Distribution) pro forma historical income statements and Link Group (post Distribution) pro forma financial cash flows do not reflect the fair value impacts, revised financing costs and transaction costs associated with the sale of 10% of Link Group's PEXA Shares and the Distribution, on the basis that these items are one-off in nature. Refer to section 2.8.11 for further details on Distribution accounting including illustrative fair value impact of the Distribution on Link Group.

The Link Group (post Distribution) pro forma summary historical balance sheet set out in section 2.8.10 reflects the impact of the sale of 10% of Link Group's PEXA Shares, net of transaction costs, and the capital reduction impact of the Distribution.

2. Information on Link Group (post Distribution)

continued

2.8.2 Explanation of certain non-IFRS financial measures

This document uses non-IFRS financial information which is used to measure operational performance. Non-IFRS measures are unaudited but derived from audited accounts. The principal non-IFRS financial measures referred to in this Section are included in the Glossary in Section 7.

2.8.3 Link Group (post Distribution) pro forma free cash flow

A\$m, June-Y/E	2022	2021
Operating EBITDA	252.3	256.6
Changes in Fund Assets & Liabilities	2.2	(0.8)
Changes in Working Capital	(49.6)	37.2
Net Operating Cash Flow	205.0	292.9
Cash Impact of Significant Items	(57.6)	(36.3)
Tax	(46.6)	(14.1)
Interest	(29.5)	(29.2)
Net Cash Provided by Operating Activities	71.3	213.3
Capital Expenditure	(69.2)	(41.1)
Right of use asset payments	(41.0)	(34.9)
Free Cash Flow (available for capital management)	(38.9)	137.4

2.8.4 Reconciliation of Link Group historical free cash flow to Link Group (post Distribution) pro forma historical free cash flow

A\$m, June-Y/E	2022	2021
Historical free cash flow	(38.9)	139.0
Remove PEXA: Shareholder loan interest	0.0	(1.6)
Pro forma free cash flow	(38.9)	137.4

2.8.5 Link Group historical consolidated statement of cash flows

A\$m, June-Y/E	2022	2021
Operating EBITDA	252.3	256.6
Changes in Fund Assets & Liabilities	2.2	(0.8)
Changes in Working Capital	(49.6)	37.2
Net Operating Cash Flow	205.0	292.9
Cash Impact of Significant Items	(57.6)	(36.3)
Tax	(46.6)	(14.1)
Interest	(29.5)	(27.6)
Net Cash Provided by Operating Activities	71.3	214.9
Capital Expenditure	(69.2)	(41.1)
Right of use asset payments	(41.0)	(34.9)
Free Cash Flow (available for capital management)	(38.9)	139.0

2.8.6 Link Group (post Distribution) pro forma historical income statements

A\$m, June-Y/E	2022	2021
Revenue	1,175.1	1,160.3
Operating cost	(922.8)	(903.7)
Operating EBITDA	252.3	256.6
Depreciation and amortisation	(98.4)	(115.1)
Operating EBIT	153.9	141.4
Significant Items (other)	(70.4)	(50.2)
Acquired amortisation	(43.2)	(46.9)
Impairment of goodwill	(83.1)	(182.8)
EBIT	(42.8)	(138.4)
Net finance expense	(30.7)	(33.0)
Gain/(loss) on assets held at fair value	(0.1)	3.6
Profit on disposal of subsidiaries	0.0	15.3
Equity accounted gain/loss	(0.4)	0.0
NPBT	(74.0)	(152.5)
Income tax expense	(0.1)	(17.9)
NPAT	(74.1)	(170.4)
Add back acquired amortisation after tax	117.0	219.2
NPATA	42.9	48.8
Add back Significant Items after tax	45.3	31.7
Operating NPATA	88.2	80.5

2. Information on Link Group (post Distribution)

continued

2.8.7 Reconciliation of Link Group historical income statement to Link Group (post Distribution) pro forma historical income statement

A\$m, June-Y/E	2022	2021
Historical Operating NPATA	121.3	113.2
Remove PEXA: JV Profit & Shareholder loan interest	(33.1)	(32.7)
Proforma Operating NPATA	88.2	80.5

2.8.8 Link Group historical income statements

A\$m, June-Y/E	2022	2021
Revenue	1,175.1	1,160.3
Operating cost	(922.8)	(903.7)
Operating EBITDA	252.3	256.6
Depreciation and amortisation	(98.4)	(115.1)
Operating EBIT	153.9	141.4
Significant Items (other)	(70.4)	(50.2)
Acquired amortisation	(43.2)	(46.9)
Impairment of goodwill	(83.1)	(182.8)
EBIT	(42.8)	(138.4)
Net finance expense	(30.7)	(24.0)
Gain/(loss) on assets held at fair value	(0.1)	3.6
Profit on disposal of subsidiaries	0.0	15.3
Equity accounted gain/loss	8.9	1.9
NPBT	(64.6)	(141.5)
Income tax expense	(2.9)	(21.2)
NPAT	(67.6)	(162.7)
Add back acquired amortisation after tax	133.8	236.8
NPATA	66.2	74.1
Add back Significant Items after tax	55.0	39.1
Operating NPATA	121.3	113.2

2.8.9 Management commentary on historical results

Link Group's Operating NPATA for FY2021 was \$113 million, with Operating EBIT of \$141 million. Compared to FY2020, lower Operating EBIT performance compared to the previous corresponding period (**pcp**), mostly reflects the impact of the COVID-19 pandemic on some parts of the business, with BCM being affected the most.

Link Group's Operating NPATA for FY2022 was \$121 million, with Operating EBIT of \$154 million. Compared to FY2021, Operating EBIT was up 8%. Link Group delivered revenue growth of 1.3% in FY2022 while contending with the impact of the global pandemic and market volatility associated with higher inflation and higher interest rates.

Further commentary on Link Group's historical financial results and the results of its business units is provided in Link Group's annual financial reports for the years ended 30 June 2022 and 30 June 2021. These reports are available on Link Group's website www.linkgroup.com or the ASX website at www.asx.com.au (ASX: LNK).

2.8.10 Link Group historical summary balance sheet and Link Group (post Distribution) pro forma historical summary balance sheet

A\$M, JUNE-Y/E	AS AT 30 JUNE 2022 ^(A)	REMOVE PEXA EARNINGS ^(B)	SELL DOWN ^(C)	IN-SPECIE ^(D)	PRO-FORMA 2022
Assets					
Cash	193.3	0.0	2.4	(3.9)	191.7
Trade & Other Receivables	236.9	0.0	0.0	0.0	236.9
Other Current Assets	818.3	0.0	0.0	0.0	818.3
Total Current Assets	1,248.5	0.0	2.4	(3.9)	1,247.0
Deferred Tax Asset	60.5	0.0	0.0	0.9	61.5
Other Non-Current Assets	2,633.1	(9.3)	(53.5)	(481.7)	2,088.5
Total Non-Current Assets	2,693.6	(9.3)	(53.5)	(480.8)	2,150.0
Total Assets	3,942.2	(9.3)	(51.2)	(484.7)	3,397.0
Liabilities					
Trade & Other Payables	(288.3)	0.0	0.0	0.0	(288.3)
Interest Bearing Liabilities	(36.4)	0.0	0.0	0.0	(36.4)
Other Current Liabilities	(833.4)	0.0	(0.7)	0.2	(833.9)
Total Current Liabilities	(1,158.1)	0.0	(0.7)	0.2	(1,158.6)
Interest Bearing Liabilities	(1,137.5)	0.0	101.9	0.0	(1,035.6)
Deferred Tax Liability	(107.1)	2.8	0.0	34.0	(70.3)
Other Non-Current Liabilities	(30.4)	0.0	0.0	0.0	(30.4)
Total Non-Current Liabilities	(1,274.9)	2.8	101.9	34.0	(1,136.3)
Total Liabilities	(2,433.0)	2.8	101.2	34.2	(2,294.9)
Net assets	1,509.1	(6.5)	50.0	(450.5)	1,102.1
Total Equity	(1,509.1)	6.5	(50.0)	450.5	(1,102.1)

Notes:

- Link Group historical balance sheet as reported within the Link Group financial statements for the financial year ended 30 June 2022.
- Remove PEXA earnings and net assets recognised under equity accounting.
- Link Group sold 10% of its previous 42.77% PEXA shareholding prior to making the in-specie distribution and will use the proceeds of the sell down to repay borrowings. The repayment of borrowings is also expected to reduce Link Group's financing costs.
- Distribution of PEXA Shares as an in-specie distribution to Link Group Shareholders. The Distribution will be made based on the fair value of PEXA Shares at the time of the Distribution – refer to Section 2.8.11. The Distribution will result in the derecognition of Link Group's remaining investment in PEXA and the unwinding of the associated deferred tax liability. Link Group's costs associated with the Distribution are also included – refer to Section 2.8.12.

2.8.11 Distribution accounting

Accounting for demerger transactions is addressed in AASB Interpretation 17 *Distributions of Non-cash Assets to Owners*. This interpretation requires that any obligations for distributions made by a company to its shareholders should be recognised and measured under AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* and that all liabilities for distributions payable should be measured in accordance with AASB 137 at the fair value of the assets to be distributed.

The fair value of the assets of PEXA will be determined by reference to the PEXA Shares as traded on the ASX (whether on an ordinary or deferred settlement basis). On this basis, a fair value gain or loss (currently envisaged to be a gain based on the current PEXA share price) will be recognised in the period in which the Distribution is made and will be treated as a one-off item which will not form part of Link Group's NPATA. The fair value gains associated with the proposed sell down and in-specie distribution are not reflected in the Link Group pro forma historical income statements and free cash flow statements set out in this Section. For illustrative purposes only, a range of PEXA share prices and the resulting fair value gain (before tax) which would be recognised in the period the Distribution is made is set out below.

2. Information on Link Group (post Distribution)

continued

PEXA fair value per the share price (A\$)	13.50	14.00	14.50	15.00
Fair value gain to be recognised by Link Group (A\$m)	376.8	410.9	445.0	479.2

AASB does not provide guidance as to where a debit to equity should be recorded for the recognition of a distribution liability in the balance sheet of the company making the distribution. The value of the Capital Reduction is to be determined in accordance with the Distribution allocation between capital and dividend specified in the ATO class ruling which is determined with respect to the values of Link Group and PEXA shares post-distribution.

On the Implementation Date of the Distribution, Link Group will recognise a provision based on the estimated fair value of PEXA Shares, which is expected to exceed PEXA's book value of its net assets. This provision will be settled through the transfer of the PEXA Shares under the Distribution. At that time, the difference between the book value of the net assets transferred and the fair value of PEXA Shares will be recognised as income to Link Group and included in Link Group's FY2023 income statement within discontinued operations. As outlined above, the Distribution allocation between capital and dividend will be determined at the time the Distribution of the PEXA Shares takes place. For illustrative purposes only, a range of fair values and the implied capital reduction and dividend on distribution are set out below.

PEXA fair value per the share price (A\$)	13.50	14.00	14.50	15.00
Implied market capitalisation (A\$m)	921.4	955.5	989.6	1,023.8
Capital reduction (A\$m)	921.4	955.5	989.6	1,023.8
Implied dividend (A\$m)	–	–	–	–
# of PEXA Shares (m)	68.3	68.3	68.3	68.3

2.8.12 Distribution costs

The total one-off transaction costs associated with the Distribution are estimated to be approximately \$3.9 million, including discretionary performance fees payable to advisors. Approximately \$1.7 million of one-off transaction costs are expected to have been incurred prior to the Extraordinary General Meeting by Link Group.

One-off transaction costs relate to a range of activities associated with the Distribution, including advisory fees and restructuring costs associated with the distribution.

These costs are estimates, and the actual costs incurred may differ from these estimated costs, and the difference may be significant.

2.8.13 Dividend policy

Link Group (post Distribution)'s dividend policy is to target a dividend payout ratio between 60% and 80% of Link Group annual NPATA, which is an increase to the existing Link Group dividend policy.

Link Group (post Distribution) will continue to frank dividends to the maximum extent possible, which is dependent on its franking balance and forecast franking position for the relevant income year at the time dividends are determined to be declared. Franking credits are generated through the payment of Australian income tax on earnings from Australian business operations.

2.8.14 Material changes in financial position since the most recent balance date

The most recent published financial statements of Link Group are provided in the financial report for FY2022, which was released to the ASX on 30 August 2022.

To the knowledge of Link Group Directors, there has not been any other material change in the financial position of Link Group since 30 June 2022 except as disclosed in this Explanatory Memorandum.

This report is available on Link Group's website www.linkgroup.com or the ASX website at www.asx.com.au (ASX: LNK).

Recently also the Scheme Implementation Deed between Link Group and Dye & Durham for the potential acquisition of Link Group by Dye & Durham in September 2022 was terminated, and Link Group announced that Dye & Durham submitted a non-binding indicative proposal to acquire CM and BCM.

2.9 Risk factors associated with an investment in Link Group Shares post Distribution

In considering the Distribution, Link Group Shareholders should be aware that there are a number of risk factors, both general and specifically relating to Link Group, which may affect the future operating and financial performance of Link Group and the price and/or value of Link Group Shares post Distribution. Some of the more significant risks faced by Link Group and how they are being managed are considered below in more detail. General risks that may impact on Link Group (post Distribution) or the market for Link Group Shares post Distribution include:

- changes in general business, industry cycles and economic conditions including inflation, interest rates, exchange rates, commodity prices and consumer demand;
- changes to government policy, legislation or regulation, including the imposition of any economic sanctions;
- the nature of competition in the markets and industries in which Link Group (post Distribution) operates;
- inclusion or removal from major market indices;
- natural disasters or catastrophes and other general operational and business risks;
- acts of war and hostilities (including the Russia and Ukraine conflict which remains ongoing as at the date of this Explanatory Memorandum), acts of terrorism, civil disturbance and other force majeure risks;
- variations in Link Group (post Distribution) operating results;
- recommendations by securities analysts;
- changes in investor sentiment and overall performance of the Australian and international stock markets;
- the operating and trading price performance of other comparable listed entities; and
- changes to accounting standards and reporting standards.

Some of these factors could affect Link's share price regardless of Link Group's underlying operating performance. Link Group (post Distribution) considers these key risks in operating its business and actively manages them.

2.9.1 Information and cyber security

Link Group (post Distribution)'s core products and services inherently involve appropriate management of information.

Link Group (post Distribution)'s ability to ensure the confidentiality, integrity and availability of information that it holds, may provide a competitive advantage or may be detrimental to Link Group (post Distribution), as it attempts to enable efficient and secure businesses.

The COVID-19 pandemic has resulted in an increase to Link Group's information and cyber security risks as the majority of its people were required to work remotely and perpetrators focused their efforts on an expanding range of diverse avenues in an attempt to access data.

Clients expect Link Group (post Distribution) to securely store and make use of accurate information irrespective of whether its people are working in its offices or remotely. Failure to meet these expectations may result in breach of confidence, contract or regulation, which may have a negative impact on Link Group's reputation, financial performance and ability to achieve its strategic objectives.

2.9.2 Political and regulatory environment

Link Group (post Distribution)'s businesses are influenced and affected by laws, regulations and government policy in each of the jurisdictions in which it and its clients operate.

Political and/or regulatory change, and Link Group (post Distribution)'s ability to comply with regulations, could enable or inhibit its business objectives.

Changes could affect the ability to achieve business objectives and financial performance.

2. Information on Link Group (post Distribution)

continued

For example, by:

- limiting or removing authority to operate;
- changing how a business operates; and/or
- altering resource requirements, operating efficiency and profitability.

Changes may also provide an opportunity for Link Group to generate additional revenue streams by supporting its clients in their regulatory compliance obligations including the following:

- future potential regulatory changes in Australia and other jurisdictions in which Link Group operates provide opportunities to develop additional products and services for its clients; and
- regulations requiring changes to the capital requirements and structure of banks, particularly in Europe, could lead to selling of portfolios of non-performing loans that would provide opportunities in Link Group (post Distribution)'s BCM business unit.

2.9.3 Principal risk

Link Group (post Distribution)'s ability to comply with relevant obligations may result in regulatory and consumer exposures, contrary to its objectives to operate profitable, risk managed, compliant businesses.

Link Group (post Distribution) primarily provides services to/for clients as an agent (where Link Group is indirectly accountable), but also provides services to clients as principal (where Link Group is directly liable). The FS business unit acts as principal in the UK and Europe, and has direct regulatory obligations (as does parts of Link Group's Corporate Market's business unit). Willingness to assume principal risk may provide a high barrier to entry, which could be a competitive advantage for Link Group (post Distribution). However, material failure by Link Group (post Distribution) to discharge its principal obligations may negatively affect financial performance (compensation, pecuniary penalties, lost earnings) and reputation. It may also give rise to regulatory penalties or removal of authority to operate the relevant business.

2.9.4 Client base, retention and arrangements

Link Group (post Distribution) may experience greater or lesser success in attracting new clients, cross-selling products and services, retaining existing clients and scope of services on commercial terms and benefit from client merger activity than expected or desired.

Some factors may include:

- scope and quality of service;
- increased competition;
- industry consolidation;
- business and regulatory environment;
- strength of relationships; and/or
- technological disruption and innovation.

2.9.5 Operations in competitive markets

The key industries in which Link Group (post Distribution) operates are all competitive markets and are expected to remain competitive. This may affect organic growth capability and the scope and quality of products and services. It may also influence resourcing, margins and financial performance.

There is potential risk for loss of market share to existing or new entrants to the various markets in which Link Group (post Distribution) operates. Further, there is potential risk of margin compression in Link Group (post Distribution) operations in competitive markets. A failure by Link Group (post Distribution) to effectively compete may adversely affect its operating performance and financial outcomes.

2.9.6 Woodford matters

On 17 June 2019, the FCA notified Link Fund Solutions Limited (**LFSL**) that it was commencing an investigation into LFSL in its role as ACD to the LF Woodford Equity Income Fund (now known as the LF Equity Income Fund) (the **Fund**). On 20 September 2022, the FCA issued a draft warning notice in accordance with the FCA's settlement decision procedure to LFSL in respect of the Woodford Investigation (**Draft Notice**). The FCA has assessed the appropriate penalty as £50,000,000 (prior to taking into account any available settlement discount), in addition to a restitution payment of £306,096,527.

The Draft Notice is not a final decision, but signals the commencement of the FCA's settlement decision procedure. Should settlement discussions not result in an agreed resolution, the FCA may issue a Warning Notice. LFSL will explore all options, including engaging in settlement discussions with the FCA, challenging any Warning Notice that may be issued at the FCA Regulatory Decisions Committee and further through the Upper Tribunal. Link Group remains supportive of LFSL considering all such options, and notes that LFSL continues to trade profitably with a leading position in its market.

LFSL has received pre-action letters and correspondence sent on behalf of investors in the Fund in relation to its role as ACD of the Fund. LFSL has responded to this correspondence, and has not made any admissions, nor accepted any liability. LFSL is aware that three claims have subsequently been issued against it in the Courts of England and Wales: (i) on 28 September 2021, on behalf of investors in the Fund represented by the law firm Leigh Day; (ii) on 3 June 2022, on behalf of investors in the Fund represented by the law firm Harcus Parker; and (iii) on 14 October 2022, on behalf of investors in the Fund represented by the law firm Wallace. At the date of this Explanatory Memorandum, Leigh Day, Harcus Parker and Wallace have issued claims on behalf of 1,000, 1,917 and 3,215 investors in the Fund, respectively, and LFSL expects that this number will increase. At the date of this Explanatory Memorandum no proceedings have been served on LFSL, but LFSL has been served with an application for a Group Litigation Order in respect of both the Leigh Day and Harcus Parker claims. This application is due to be heard by the Court in mid-December 2022. LFSL is not aware of any other claims having been issued against it in respect of these matters. LFSL intends to defend itself against any proceedings, however as at the date of this Explanatory Memorandum the outcome of any proceedings cannot be determined.

LFSL has also received complaints from investors in the Fund, a number of which have been referred to the Financial Ombudsman Service (the **FOS**). LFSL has not been notified of any determination by the FOS in respect of any of these complaints.

2.9.7 Benefit realisation from acquisition, integration and transformation

The benefits of investment, acquisition, integration, migration, relocation, consolidation or transformation in a timely and commercial manner could be less than or greater than expected.

Some factors may include:

- appropriateness of each plan;
- accuracy of the calculation of the benefits;
- timing of the expected benefits;
- quality and efficiency of execution;
- market conditions and client receptivity; and/or
- unexpected intervening events.

The extent to which expected benefits are realised can affect Link Group (post Distribution)'s financial performance, organisational efficiency, allocation of resources and strategic plans.

2.9.8 COVID-19

The COVID-19 pandemic event continues to have profound global health, social and economic impacts. Link Group is not immune from this and considers COVID-19 to be a material risk factor that has the potential to alter (positively or negatively) almost all other risks that Link Group faces.

Section 3

Overview of PEXA

Except as otherwise stated or is clear from the context, the information in this Section has been sourced from public information released by PEXA to the ASX. Link Group Shareholders should refer to the ASX website at www.asx.com.au to access PEXA's periodic and continuous disclosures for further information.

3.1 Background information on PEXA

3.1.1 Overview

PEXA is an ASX listed entity and principally is an Electronic Lodgement Network Operator (**ELNO**), facilitating the lodgement and settlement of property transactions through an integrated digital platform, the PEXA Exchange, which connects key property market stakeholders.

PEXA Exchange is a cloud-based platform that connects key stakeholders including financial institutions, practitioner firms, the Reserve Bank of Australia, Land Titles Offices and State Revenue Offices to enable the digital lodgement and settlement of property transactions. The PEXA Exchange currently operates in New South Wales, Victoria, Western Australia, South Australia, Queensland and the ACT.

PEXA has reported that it has a range of opportunities for it to expand its business into new products and services and to expand its digital property settlements platform knowledge in new geographies. PEXA has reported that it is pursuing these potential opportunities through three initiatives, PEXA International, PEXA Insights and PX Ventures.

3.1.2 Revenue streams

The PEXA Exchange generates revenue based on the volume and lodgement type of transactions and collects fees from the proceeds of settlement on completion. PEXA charges its subscribers per successful transaction on the PEXA Exchange and does not charge set-up fees or subscription costs.

PEXA has reported that it is also pursuing growth initiatives including:

- PEXA International which seeks to offer an 'international' version of the PEXA Exchange platform that is intended to provide digital property lodgement and settlement solutions for new jurisdictions. PEXA has chosen the UK (through England and Wales) as the first jurisdiction for its international expansion and the platform went live on 7 September 2022 with the first remortgage transaction successfully completed;
- PEXA Insights which generates revenue through leveraging its near real time, accurate and comprehensive property data and other data sources to generate valuable data-driven insights that can be sold to property market participants; and
- PX Ventures which aims to build on PEXA's digital and industry experience across the property sector by pursuing new business opportunities including partnerships and acquisitions. PX Venture's purpose is to enrich PEXA's business by enhancing its ability to facilitate product development and growth across PEXA and improving brand recognition and value in the property sector.

PEXA reported no revenue for PEXA International and PX Ventures in FY2022.

3.1.3 Transaction volume

The PEXA Exchange transaction volumes have grown from approximately 10,000 transactions per month in December 2015 to more than 360,000 transactions per month in June 2022, supported by new transaction types and jurisdictions.

PEXA has reported that in FY2022 it completed more than 4 million PEXA Exchange transactions with a property settlement value of more than \$900 billion. In the first quarter of the 2023 financial year, PEXA Exchange processed 962,000 property transactions, down 7% from the first quarter of the FY2022, and 5% from the last quarter of FY2022.

3.1.4 Australian regulatory environment

The key component of digital property settlements is conveyancing. In each Australian State and Territory, conveyancing is governed by the Torrens Title system of title by registration, whereby title to and interests in land are recorded and registered by a land titles register (**Register**). Under the Torrens Title system, legal title to land is obtained upon lodgement of relevant dealings (title transfers, new mortgages, refinances, discharges and caveats) on the Register of the relevant State or Territory, creating an indefeasible claim to title.

3. Overview of PEXA

continued

The Australian Registrars' National Electronic Conveyancing Council (**ARNECC**) oversees the implementation and ongoing management of the regulatory framework for electronic conveyancing in Australia. Its members comprise the Land Titles Offices (or their nominees) from each Australian State and Territory. ARNECC advises the States and Territories on matters relating to electronic conveyancing, administering the entry of new ELNOs and developing the Model Operating Requirements for ELNOs and the Model Participation Rules that apply for subscribers.

In order to operate as an ELNO and provide electronic conveyancing services, new entrants must be assessed by ARNECC as meeting the eligibility criteria requirements of the Model Operating Requirements. Following this assessment, approval must be granted by each State and Territory Registrar in order to operate an Electronic Lodgement Network in that jurisdiction. Successful applicants are subject to ongoing compliance obligations under the Model Operating Requirements. PEXA's subsidiary Property Exchange Australia Ltd (**PEAL**) is approved as an ELNO and operates the PEXA Exchange platform.

Refer to Section 3.7 of this Explanatory Memorandum for information regarding potential regulatory risks which may have an impact on the operation of PEXA's business.

3.2 Key strengths of PEXA

PEXA is the operator of the leading digital property settlements platform in Australia and is pursuing growth options to capture additional domestic and international opportunities. PEXA, through the PEXA Exchange, operates primarily as an Electronic Lodgement Network Operator (**ELNO**) facilitating the electronic lodgement and settlement of property transactions through an integrated platform connecting key property market stakeholders. As at 30 June 2022, the PEXA Exchange handled more than 85% of all property transfers across Australia through its robust, resilient, cloud-based platform.

PEXA's user base is comprised of over 9,700 practitioner firms, over 160 financial institutions and over 1.1 million consumers. PEXA's systems are integrated with six Land Title Offices, five State Revenue Offices and the Reserve Bank of Australia.

Additional information regarding PEXA's key strengths is made available by PEXA through its periodic and continuous disclosures, which can be accessed at www.asx.com.au. Further information about PEXA is also available on the PEXA website which can be accessed at www.pexa.com.au.

3.3 PEXA's strategy

PEXA has reported that its key strategic priorities are:

- **Enhance:** Enhancing the core PEXA Exchange in Australia to build deeper customer relationships;
- **Expand:** Bringing digital property settlement solutions to Torrens title jurisdictions internationally;
- **Extend:** Providing innovative data insights and digital services, transforming the experience of transacting, owning and servicing properties; and
- **Evolve:** Investing in its people, platform and brand to sustain an innovative culture and reputation trusted by stakeholders.

PEXA has invested significantly in the PEXA Exchange and the ecosystem around it. PEXA continues to invest in further enhancing the platform through new integrations, functionality and features while attracting new users by developing customer tools to enhance the PEXA Exchange and support customer experience and engagement.

PEXA has publicly stated that it continues to invest in new sources of future growth and value, and has a clear strategy driving positive momentum across all areas of the Group, including PEXA Exchange, PEXA International, PEXA Insights and PX Ventures.

3.3.1 Growth initiatives

While there remain clear growth opportunities as the nationwide adoption of digital property settlement continues, PEXA's vision is to be an international leader in digital property settlements and to leverage its experience, expertise, and proprietary technology to provide innovative services to a range of participants across the property industry and other stakeholders in Australia and internationally.

PEXA has a range of opportunities for it to expand its business into new products and services and to expand its digital property settlements platform knowledge in new geographies. PEXA is pursuing these potential opportunities through three initiatives, PEXA International, PEXA Insights and PX Ventures, as outlined in Section 3.1.2.

Having established itself as a trusted digital property settlements provider in Australia, PEXA is pursuing growth opportunities in other aspects of the domestic property market, and abroad in markets that continue to rely on paper conveyancing.

PEXA has identified its growth strategy to:

- expand PEXA in certain international markets, starting with the entry into the UK, including through the acquisition of UK-based remortgage processing firm Optima Legal, as announced by PEXA on 8 September 2022; and
- extend PEXA services with data via PEXA Insights and build out in the property ecosystem with PX Ventures.

PEXA has reported that in FY2022, both pillars of the growth strategy saw the development and launch of new products, further supported by the execution of M&A opportunities and other investments. PEXA has reported that it has completed several strategic investments in FY2022 and two shortly after financial year end in 2022, including the acquisition of demographic based company ".id.", a 70% stake in "Slate Analytics", a 38% stake in "Landchecker" and a 25% stake in "Elula". All four investments were cash investments.

The future strategy of PEXA is a matter for the PEXA Board and PEXA to develop over time, acting in the best interests of PEXA Shareholders, and is subject to change or alteration as circumstances require or opportunities prevail.

3.4 Board of directors of PEXA

PEXA is governed by a board of directors comprising nominees from Link Group and the Commonwealth Bank of Australia, together with independent non-executive directors. The present directors of PEXA are:

- Mark Joiner (Independent Non-Executive Chairman);
- Glenn King (Group Managing Director, Chief Executive Officer and Executive Director);
- Vivek Bhatia (Non-Executive Director and Link Group Nominee Director);
- Dr Kirstin Ferguson (Independent Non-Executive Director);
- John Hawkins (Non-Executive Director and Link Group Nominee Director);
- Paul Rickard (Non-Executive Director and CBA Nominee Director);
- Helen Silver, AO (Independent Non-Executive Director); and
- Melanie Willis (Independent Non-Executive Director).

Link Property entered into a relationship deed with PEXA on 11 June 2021 (**Relationship Deed**), under which it may nominate a director to the PEXA Board provided that it retains at least a 10% shareholding in PEXA. Following the Distribution, Link Group and Link Property's aggregate total shareholding in PEXA will be less than 10%, and the Relationship Deed will automatically terminate pursuant to its terms. As a result, Link Group will no longer have a right under the Relationship Deed to nominate a director to the PEXA Board, and PEXA may, by notice to Link Group, request that the nominees from Link Group (being Vivek Bhatia and John Hawkins) resign as directors of PEXA and Link Group must use its best endeavours to procure that this occurs as soon as practicable after such notice.

3.5 PEXA Pro Forma Historical Financial Information

This Section 3.5 sets out a summary of historical financial information in relation to PEXA for the purpose of this Explanatory Memorandum. The financial information has been derived from PEXA's audited financial statements for the financial years ended 30 June 2021 and 30 June 2022.

The historical financial information of PEXA is presented in an abbreviated form and does not contain all the disclosures, presentation, statements or comparatives that are usually provided in an annual report prepared in accordance with the Corporations Act. Link Group considers that for the purposes of this Explanatory Memorandum the historical financial information presented in an abbreviated form is more meaningful to Link Group Shareholders.

Further detail on PEXA's financial performance can be found in:

- the financial statements for the financial year ended 30 June 2021 (included in the Annual Financial Report released to the ASX on 25 August 2021 and the Annual Report released to the ASX on 28 September 2021); and

3. Overview of PEXA

continued

- the financial statements for the financial year ended 30 June 2022 (included in the Preliminary Final Report released to the ASX on 26 August 2022 and the Annual Report released to the ASX on 26 August 2022), each of which can be found on PEXA's website (<https://www.pexa.com.au/>) or the ASX website (www.asx.com.au).

3.5.1 PEXA Pro Forma Historical Financial Information

A\$M; Year ended 30 June	FY2022	FY2021	FY2022 v FY2021	FY2022 Prospectus forecast	FY2022 v FY2022 Prospectus Forecast
Revenue	279.8	221.0	27%	246.9	13%
PEXA Exchange EBITDA	152.7	110.4	38%	126.3	21%
EBITDA	130.5	101.8	28%	107.6	21%
NPAT	38.0	(4.9)	nmf	19.6	94%
NPATA	77.3	34.7	123%	59.2	31%

3.5.2 Historical PEXA Share price

The following chart provides details of trading activity of PEXA Shares on ASX from 1 July 2021 to the last practicable trading date prior to release of this Explanatory Memorandum, being 18 November 2022:



Source: IRESS as at 18 November 2022. IRESS has not consented to the use of this information in this Explanatory Memorandum.

3.6 Publicly available information about PEXA

As an ASX listed entity, PEXA is required to comply with the periodic and continuous disclosure requirements set out in the ASX Listing Rules and the Corporations Act.

Investors in PEXA should consult the broad range of public information made available by PEXA through its periodic and continuous disclosures, which can be accessed at www.asx.com.au.

3.7 Risks associated with an investment in PEXA

As with any listed entity, there are certain risks associated with an investment in PEXA. The risks associated with an investment in PEXA differ from the risks associated with an investment in Link Group.

Link Group is currently exposed to these risks given its current investment in PEXA and Link Group Shareholders are therefore currently indirectly exposed to these risks due to their investment in Link Group. Link Group is an experienced investor with resources dedicated to managing its investments. Although Link Group Shareholders already have an indirect exposure to PEXA through their investment in Link Group, as a result of moving to a direct investment, Link Group Shareholders will be responsible for decision making in respect of their investment in PEXA.

This Section provides a non-exhaustive list of some of the key risk factors associated with an investment in PEXA. Link Group Shareholders should consider the risks described here (based on PEXA's annual report for FY2022), together with all the other information in this document and other PEXA periodic and continuous disclosure announcements, and consult their financial adviser or other professional adviser before determining how to vote.

PEXA actively identifies, assesses and manages risks consistent with its risk management framework. These processes are annually reviewed by an Independent Expert as part of PEXA's obligations as an ENLO.

3.7.1 Evolving regulatory environment

PEXA operates its business within a complex and evolving regulatory environment in Australia. PEXA is likely to face new and evolving regulation as it expands its products and services as well as expanding into international jurisdictions. Changes to laws and regulations, or their interpretation and application, can be unpredictable and are outside of PEXA's control.

PEXA proactively engages with its regulators across Australia and has commenced engagement in the UK. PEXA has a dedicated team led by a Chief Regulatory Officer which participates across a range of policy and implementation forums, working with regulators to identify issues and shape solutions. PEXA regularly makes formal submissions and participates in working groups to contribute and optimise outcomes for its subscribers, their clients and its shareholders.

3.7.2 Competition, interoperability and market structure risks

Establishing interoperability may subject PEXA to additional risks, including the risk of disruption to its normal operations through making the necessary changes to its platform and processes, additional implementation costs, and the diversion of the time and attention of management and technical staff. It may also introduce new competition risks, systems availability and cyber security risks to PEXA. PEXA's market position is also affected by general competitive factors. The market in Australia for digital property settlement services is rapidly evolving and PEXA may face additional competition.

Governments in Australia are advancing a multi-year agenda to establish interoperability as a means to intensify competition. PEXA is playing a constructive role, focussed on ensuring continuity of secure and stable e-conveyancing services for subscribers. PEXA has helped shape the model, develop the technical specifications, advised on security standards, kept industry informed and made submissions to inform on the development of the new regulatory framework.

3.7.3 IT and system security risks

Key IT and system security risks include: 1) Cyber security and fraud; 2) Business disruption and system failures; and 3) Reliance on third party technology systems and processes and IT suppliers.

PEXA has a dedicated cyber security team, led by a Chief Information and Security Officer. The team provides a comprehensive security capability including a dedicated monitoring and operations centre, specification and delivery of standards and policies, specialised software and hardware, internal education, risk assessment and remediation. PEXA has business continuity and disaster recovery processes in place to mitigate the impacts of outages from PEXA suppliers or other network participants. The business continuity and disaster recovery frameworks are annually reviewed by an independent expert as part of PEXA's obligations as an ELNO. PEXA also conducts reviews of all key third party suppliers to identify key dependencies and areas of risk and where possible establishes SLA's and governance processes to mitigate the risks.

3. Overview of PEXA

continued

3.7.4 Financial, business, and economic risks

Key financial, business and economic risks include: 1) Decrease in lodgements due to the current increasing interest rate environment and impact to general economic conditions; 2) Lower-than-expected use of PEXA Exchange; and 3) Growth initiatives are ineffective, difficult to implement and/or more costly than expected.

PEXA monitors property lead indicators (such as property listings and private sales / auctions) closely to ensure it can manage the future impact to property settlements. While interest rates are increasing, strong economic fundamentals including low unemployment rates, high levels of household savings and increasing migration should continue to support housing transaction volumes. PEXA management and Board monitor the progress of its growth initiatives with funding for future investment predicated by achieving specific milestones.

3.7.4.1 Other key business risks

PEXA is exposed to other key business risks including:

- Deterioration of key relationships with regulators, its clients and industry bodies;
- failure to attract and retain key personnel;
- failure of internal controls;
- failure to protect intellectual property rights;
- infringement of third-party intellectual property rights;
- availability of equity and debt funding;
- availability of insurance, including due to cyber and security related risks;
- availability of research and development related tax benefits;
- damage to brand and reputation;
- acquisitions, strategic investments, and partnerships;
- anti-corruption and anti-bribery; and
- COVID-19 pandemic's impact on the Australian economy.

Further information on these risks is set out in PEXA's prospectus dated 21 June 2021.

3.7.5 General risks

3.7.5.1 Volatility and liquidity risk

The price of PEXA Shares may fluctuate over a short period of time (including as a result of selling that may be associated with this proposal). There has been greater market volatility in recent times as a result of the economic uncertainty associated with Russia's invasion of Ukraine and deterioration in the macro-economic environment from increased level of inflation and rising interest rates. Investing in volatile conditions carries a greater risk for investors compared to a more stable market.

Additionally, as a listed investment, the market value of PEXA Shares may be adversely affected by the volume of PEXA Shares being traded at any given time. Where there are relatively few buyers, the price at which an investor may be able to sell their PEXA Shares may be reduced (including the potential for cumulative selling as a result of this proposal).

The Distribution may also give rise to flow back risk, with increased selling pressure of PEXA Shares.

3.7.5.2 Change of control

PEXA's operating agreements with the Registrars of Victoria, Queensland, Western Australia and South Australia, and approval conditions issued by the New South Wales Registrar, contain broad change of control provisions. The process of obtaining any required change of control approvals may be lengthy and therefore reduce the potential attractiveness of PEXA to potential acquirers.

3.7.5.3 Debt service

PEXA's ability to repay or refinance its debts depends on its financial condition and operating performance, which are subject to various factors beyond its control. PEXA may have insufficient cash flows to repay the principal and interest on its indebtedness. Additionally, PEXA's interest payments for any floating rate instruments will be exposed to any rise in interest rates.

3.7.5.4 Litigation, disputes or regulatory enforcement or investigations

Disputes or litigation may arise from time to time in the course of the business activities of PEXA. There is a risk that any material or costly dispute or litigation could adversely impact on PEXA's financial performance, or require a material change to PEXA's operations.

3.7.5.5 Inability to pay dividends

PEXA's ability to pay dividends or make other distributions in the future is impacted by its profits and cash flows.

3.7.5.6 Expected future events may not occur

Certain statements in this Section 3 constitute forward-looking statements, which involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance and achievements of PEXA to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

3.7.5.7 There is a risk of shareholder dilution

In the future, PEXA may elect to issue shares (or securities convertible into shares). While PEXA will be subject to the constraints of the ASX Listing Rules regarding the percentage of its capital that it is able to issue within a 12-month period (other than where exceptions apply), PEXA shareholders may be diluted as a result of such issues of shares or securities.

3.7.5.8 Adverse taxation changes may occur

Australian taxation laws are complex and subject to change, as is their interpretation by the Courts and the Australian Taxation Office. Variations in the taxation laws of Australia or their interpretation could lead to a change in taxation treatment of investments or activities, and therefore affect PEXA's financial performance.

3.7.5.9 Australian Accounting Standards (AAS) may change

AAS are set by the Australian Accounting Standards Board (AASB) and are outside the control of either PEXA or the PEXA Board. Changes in accounting or financial reporting standards may adversely affect the financial performance of PEXA.

3.7.5.10 Force majeure events may occur

Events may occur within or outside Australia that could impact upon the Australian economy, PEXA's operations and the price of its shares. The events include but are not limited to acts of terrorism, an outbreak of international hostilities, fires, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease and pandemics (including the current COVID-19 pandemic) or other natural or man-made events or occurrences that can have an adverse effect on the demand for PEXA's services and its ability to conduct business.

Section 4

Further details of the Distribution

4.1 Link Group restructure

4.1.1 Overview

In order to give effect to the Distribution, it is necessary to transfer all of the PEXA Shares that are proposed to be distributed pursuant to the Distribution that are held by Link Property to Link Group.

4.1.2 Capital structure and funding

Based on PEXA's publicly available filings, PEXA has not issued any capital for the three months before the date of this Explanatory Memorandum.

4.1.3 Ownership of PEXA Shares

Under the Distribution, Link Group's PEXA Shareholding will be transferred to Eligible Shareholders (other than Selling Shareholders) and the Sale Agent (in respect of PEXA Shares that would have otherwise been received under the Distribution by Ineligible Overseas Shareholders and Selling Shareholders).

4.1.4 Deed of Cross Guarantee

PEXA is not a party to the deed of cross guarantee between Link Group and certain of its subsidiaries in accordance with *ASIC Corporations (Wholly-owned Companies) Instrument 2016/785*. Accordingly, there is no requirement to remove PEXA from the deed of cross guarantee in connection with implementation of the Distribution.

4.2 Voting on the Distribution Resolution

The Link Group Board has convened the Extraordinary General Meeting to consider and, if thought fit, approve the Distribution Resolution. The terms of the Distribution Resolution are set out in the notice of convening the Extraordinary General Meeting in Annexure 3.

Each Link Group Shareholder who is registered on the Link Group Share Register at 7.00pm on 21 December 2022 is entitled to attend the Extraordinary General Meeting online at <https://meetings.linkgroup.com/LNKEG22> and vote on the Distribution Resolution.

For the Distribution to proceed, the Distribution Resolution must be approved by a simple majority (whether in person or proxy) of votes cast on the Distribution Resolution.

4.3 Capital Reduction, Distribution Dividend and implementation of the Distribution

4.3.1 Conditions to the implementation of the Distribution

Implementation of the Distribution remains subject to Link Group Shareholders passing the Distribution Resolution by the required majority under the Corporations Act at the Extraordinary General Meeting.

Additionally, the Link Group Board may, at any stage prior to implementation, determine not to proceed with the Distribution or to postpone it, including if:

- Link Group does not receive the draft ATO class ruling prior to Implementation of the Distribution or forms the view that the ATO may not provide the final ruling on the Distribution Tax Relief or may provide such ruling on terms that are not the same as the draft class ruling;
- if there is or is anticipated to be any legal or regulatory restraint or prohibition preventing the Distribution; or
- the Independent Expert changes its conclusion that the Distribution is in the best interests of Link Group Shareholders and would not materially prejudice the ability of Link Group to pay its existing creditors.

4. Further Details of the Distribution

continued

4.3.2 Link Group steps

Subject to the above conditions being satisfied, it is expected that the Distribution will be implemented on 10 January 2023.

On the Implementation Date:

- Link Group will undertake the Capital Reduction and will, if a Distribution Dividend is determined, apply the Distribution Dividend. The Capital Reduction and, if determined, the Distribution Dividend, will be satisfied by the in specie distribution of the Link Group's PEXA Shares to the Eligible Shareholders (and the Sale Agent in respect of Ineligible Overseas Shareholders and Selling Shareholders). The amount of the Capital Reduction and Distribution Dividend is (subject to the ATO's confirmation) expected to be based on the five day volume weighted average price of Link Group Shares and PEXA Shares as traded on the ASX commencing on the first day of share trading after the Distribution is implemented.
- Each Eligible Shareholder (other than Selling Shareholders) will receive one PEXA Share for every 7.52 Link Group Shares it is registered as holding as at the Record Date rounded down to the nearest whole PEXA Share.

4.3.3 Ineligible Overseas Shareholders and Selling Shareholders

In the case of Ineligible Overseas Shareholders and Selling Shareholders, the PEXA Shares which those shareholders would otherwise have received under the Distribution will be transferred to the Sale Agent to be sold. The proceeds of sale will be remitted to the Ineligible Overseas Shareholders and Selling Shareholders, in accordance with the process set out in Section 4.6.

4.3.4 Confirmation of PEXA Shareholdings

The transfer and distribution of PEXA Shares referred to above will be achieved by:

- in the case of the transfer of PEXA Shares to Eligible Shareholders (other than Selling Shareholders) pursuant to the Distribution, Link Group procuring the execution of and the delivery to PEXA of the transfers of the relevant PEXA Shares, pursuant to Link Group's constitution;
- entry in the PEXA Share Register of the names of Eligible Shareholders (other than Selling Shareholders); and
- Link Group procuring the dispatch to Eligible Shareholders (other than Selling Shareholders) by prepaid post to the person's address as shown in the Link Group Share Register as at the Record Date confirmation statements for the PEXA Shares transferred to them under the Distribution. In the case of joint Link Group Shareholders, confirmation statements for PEXA Shares will be sent to the address of the Link Group Shareholder whose name appears first in the Link Group Share Register.

Except for the Australian tax file numbers and Australian business numbers of Eligible Shareholders (other than Selling Shareholders), any binding instruction or notification between an Eligible Shareholder (other than a Selling Shareholder) and Link Group relating to Link Group Shares as at the Record Date (including any instruction relating to payment of dividends or to communications from Link Group, including bank account details, email addresses and communication preferences) will, unless otherwise determined by PEXA, be deemed to be a similarly binding instruction or notification to PEXA in respect of relevant PEXA Shares until those instructions or notifications are, in each case, revoked or amended in writing by the Eligible Shareholder and addressed to PEXA at its share registry.

For Ineligible Overseas Shareholders and Selling Shareholders the bank account details, email addresses and communication preferences will be used to remit the sale proceeds and give notice of the amount paid and the calculations used.

PEXA Shareholders will need to separately give notice to PEXA if they wish to have their Australian tax file numbers and Australian business numbers recorded in the PEXA Share register.

4.3.5 Creditors

In the opinion of the Link Group Directors, the Distribution will not, if implemented, materially prejudice Link Group's ability to pay its creditors.

The Independent Expert has concluded that the Distribution is unlikely to materially prejudice Link Group's ability to pay its creditors. Refer to Annexure 2 for the Independent Expert's Report.

4.4 Entitlement to participate in the Distribution

4.4.1 Dealings in Link Group Shares

Link Group Shareholders as at the Record Date will be eligible to participate in the Distribution (although the way in which an individual Link Group Shareholder participates will depend on whether that shareholder is an Eligible Shareholder, a Selling Shareholder or an Ineligible Overseas Shareholder).

For the purposes of determining which Link Group Shareholders are eligible to participate in the Distribution, dealings in Link Group Shares will be recognised only if:

- in the case of dealings of the type to be effected using CHESS, the transferee is registered on the Link Group Share Register as the holder of Link Group Shares as at the Record Date; and
- in all other cases, registrable transmission applications or transfers in respect of those dealings are received by Link Group before the Record Date with sufficient time to allow for registration of the transferee on the Record Date (or registered before the Record Date and remains registered on that date).

For the purpose of determining entitlements under the Distribution, Link Group will not accept for registration or recognise any transfer or transmission application in respect of Link Group Shares received after the Record Date, or received before that time but not in registrable form.

4.4.2 Eligible Shareholders

Link Group Shareholders whose addresses are shown in the Link Group Share Register on the Record Date as being in the following jurisdictions will be Eligible Shareholders and will receive PEXA Shares (unless they are Selling Shareholders):

- Australia or New Zealand; and
- any other jurisdiction in which Link Group reasonably believes it is not prohibited or unduly onerous or impractical to implement the Distribution and to transfer PEXA Shares to the Link Group Shareholder.

Certain Eligible Shareholders are entitled to participate in the Sale Facility. Refer to Section 4.6.1 for further details.

4.4.3 Ineligible Overseas Shareholders

Ineligible Overseas Shareholders are Link Group Shareholders whose addresses are shown in the Link Group Share Register on the Record Date as being in a jurisdiction outside Australia, New Zealand or the other jurisdictions referred to in Section 4.4.2.

PEXA Shares will not be transferred or distributed to Ineligible Overseas Shareholders. Instead, PEXA Shares which the Ineligible Overseas Shareholders would otherwise have received under the Distribution will be transferred to the Sale Agent to be sold under the Sale Facility.

Refer to Section 4.6.4 for more information on how the Sale Facility will operate.

4.4.4 Impact of the Distribution on existing Link employee incentives and awards

Certain current and former Link Group employees have a number of existing Link Group incentive and / or other equity awards which will be impacted by the Distribution. These include Performance Share Rights, Share Rights and Restricted Shares.

Restricted Shares granted under the Omnibus Equity Plan will participate in the Distribution on the same terms as all other Eligible Shareholders in respect of the Distribution. However, if the Link Group Board so determines, the Employee Share Trust may elect to have some or all of the PEXA Shares it has received or is entitled to receive under the Distribution sold by the Sale Agent and the proceeds remitted to the Employee Share Trust as soon as practicable following the sale of those shares free of any brokerage costs (in which case the persons on whose behalf Restricted Shares are held by the Employee Share Trust will receive a cash payment instead of PEXA Shares).

4. Further Details of the Distribution

continued

Performance Share Rights and Share Rights granted under employee incentive and / or other equity plans do not carry a right to participate in the Distribution. The Link Group Board has determined to make a cash payment to participants who hold Performance Share Rights and Share Rights under the Omnibus Equity Plan aligned to the Distribution to shareholders, which may be subject to restrictions (at the Board's discretion), to compensate for the dilution in the value of Link Group shares following completion of the Distribution. In addition, the Link Group Board may take the Distribution into account when calculating performance against relevant performance conditions, pursuant to the terms of the applicable Performance Share Rights.

4.5 ASX trading in Link Group Shares and PEXA Shares

If the Distribution Resolution is passed by Link Group Shareholders and the other conditions to the Distribution are satisfied or waived then:

- on the Business Day prior to the Record Date (being 30 December 2022 based on a Record Date of 3 January 2023), Link Group Shares are expected to commence trading ex the entitlement to receive PEXA Shares; and
- on the Implementation Date, the Distribution will be implemented and PEXA Shares will be transferred as described in Section 4.3.4.

4.6 Sale Facility

4.6.1 Small Shareholders

Eligible Shareholders who hold 1000 Link Group Shares or less as at the Record Date (**Small Shareholders**) may elect to have all the PEXA Shares that they would otherwise receive sold by the Sale Agent and the proceeds remitted to them as soon as practicable following the sale of those shares free of any brokerage costs.

Small Shareholders who wish to participate in the Sale Facility should submit their election online at <https://events.miraql.com/lnk-offer> or complete and return the Sale Facility Form using the enclosed reply paid envelope so that it is received by the Link Group Share Registry by 5.00pm (Sydney time) on 28 December 2022.

The Sale Facility operates on an opt-in basis for Small Shareholders, so Small Shareholders who do not make an election to participate in the Sale Facility will receive PEXA Shares.

4.6.2 Ineligible Overseas Shareholders

Ineligible Overseas Shareholders will continue to be entitled to hold their Link Group Shares. However, the PEXA Shares which they would otherwise have received under the Distribution will be transferred to the Sale Agent and sold, with the proceeds remitted to them as soon as practicable following the sale of those shares free of any brokerage costs.

The payment of the proceeds from the sale of PEXA Shares will be in full satisfaction of the rights of Ineligible Overseas Shareholders under the Capital Reduction and any Distribution Dividend.

4.6.3 Employee share trust

If the Link Group Board so determines, the trustee of the Link Administration Holdings Limited Employee Share Trust (**Employee Share Trust**) may elect to have some or all of the PEXA Shares it has received or is entitled to receive under the Distribution sold by the Sale Agent and the proceeds remitted to the Employee Share Trust as soon as practicable following the sale of those shares free of any brokerage costs.

4.6.4 Operation of the Sale Facility

Under the Sale Facility, the Sale Agent (being Pacific Custodians, a Link Corporate Group Member) will, through its nominee, sell PEXA Shares during the sale period (which is expected to be from 10 January 2023 to 8 February 2023) at the price the Sale Agent determines in good faith, in its absolute discretion, with the objective of seeking to achieve the best price reasonably obtainable, having regard to a number of factors such as prevailing market conditions. The appointment of Pacific Custodians as Sale Agent is on arm's length customary terms.

As the market price of PEXA Shares will be subject to change from time to time, the sale price of those PEXA Shares and the proceeds of that sale cannot be guaranteed. Ineligible Overseas Shareholders and Selling Shareholders will be able to obtain information on the market price and volume of sales of PEXA Shares on the ASX's website at www.asx.com.au.

The proceeds received by the Sale Agent will then be distributed to Ineligible Overseas Shareholders and Selling Shareholders (together the **Participating Shareholders**), with sale proceeds expected to be sent by 15 February 2023 (but in any case no later than eight weeks from the Distribution).

The proceeds received by the Sale Agent will then, as soon as practicable, be distributed to Participating Shareholders by making a deposit into an account with an Australian bank nominated by the Participating Shareholder with the Link Group Share Registry as at the Record Date. If relevant, Link Group Shareholders (and particularly those who participate in the Link Group Dividend Reinvestment Plan and do not receive dividend payments into their nominated bank account) should review their nominated bank account details and update them if required. If the Ineligible Overseas Shareholder or Selling Shareholder does not have a nominated Australian bank account with the Link Group Share Registry as at the Record Date, the Ineligible Overseas Shareholder or Selling Shareholder will be sent a cheque drawn on an Australian bank in Australian currency for the proceeds of sale. If the relevant Ineligible Overseas Shareholder's or Selling Shareholder's whereabouts are unknown as at the Record Date, the proceeds will be paid into a separate bank account and held until claimed or applied under laws dealing with unclaimed money.

The amount of money received by each Participating Shareholder will be calculated on an averaged basis so that all Participating Shareholders will receive the same price in Australian dollars per PEXA Share, subject to rounding down to the nearest whole cent. Consequently, the amount received by Participating Shareholders for each PEXA Share may be more or less than the actual price that is received by the Sale Agent for that particular PEXA Share.

In providing services to Link Group in connection with the Sale Facility and the sale of PEXA Shares to which the Participating Shareholders would otherwise have been entitled, the Sale Agent is not acting as agent or sub agent of any Participating Shareholders, does not have any duties or obligations (fiduciary or otherwise) to Participating Shareholders, and does not underwrite the sale of any PEXA Shares. The Sale Agent holds an Australian Financial Services Licence and is engaged in various activities, including custodial services, escrow services and agency services.

Selling Shareholders should refer to Section 5.7 for more information on the Australian tax consequences of participating in the Sale Facility.

4.7 Restructure Agreement

Under the Restructure Agreement, all of the PEXA Shares held by Link Property will be transferred to Link Group.

Not all of the transactions underlying the Restructure Agreement have been entered into or effected on the same terms as could have been obtained from third parties. In particular, arrangements for the transfer of shares held by Link Property to Link Group have not included terms such as certain warranties that might have been obtained from third parties. This reflects the nature of the Distribution (which is unlike a sale to a third party).

4.8 Implications if the Distribution does not proceed

If Link Group Shareholders do not approve the Capital Reduction or any of the other conditions of the Distribution are not satisfied or waived, the Distribution will not proceed.

In that event:

- the Capital Reduction will not proceed and the Distribution Dividend will not be declared;
- Link Group Shareholders will not receive PEXA Shares (or in the case of Selling Shareholders and Ineligible Overseas Shareholders, they will not receive the proceeds from the sale of PEXA Shares);
- Link Group Shareholders will retain their current holding of Link Group Shares (unless they otherwise sell such shares);
- Link Group will continue to own its PEXA Shareholding;
- the advantages of the Distribution, as described in Section 1.3, will not be realised;

4. Further Details of the Distribution

continued

- the disadvantages and risks of the Distribution described in Sections 1.4 and 1.5 will not arise;
- the Link Group Board may consider structural alternatives across its portfolio including with respect to its indirect interest in PEXA and the PEXA business; and
- Link Group will incur transaction costs of approximately \$1.7 million.

4.9 Other commercial arrangements

If the Distribution is implemented, the Link Corporate Group will continue to provide certain services to PEXA, being:

- registry services to be provided by Link Market Services Limited (relating to the maintenance of PEXA's share registry, the payment of any dividends and the management of meetings such as annual general meetings);
- employee share plan administration services to be provided by Link Market Services Limited;
- print and mail (electronic and physical) services to be provided by Link Digicom Pty Limited to support the registry services described above; and
- beneficial ownership analysis (to identify and track PEXA's underlying institutional shareholders), investor relations website and events services, to be provided by Orient Capital Pty Limited.

These services will be provided by the Link Corporate Group to PEXA pursuant to existing arm's length commercial arrangements. The expected aggregate value of these arrangements in the first 12 months following implementation of the Distribution is approximately \$200,000.

Section 5

Tax implications for Link Group Shareholders

5. Tax Implications for Link Group Shareholders

5.1 Introduction

The following is a general summary of the Australian income tax, goods and services tax (**GST**) and stamp duty implications arising for certain Link Group Shareholders under the Distribution. As this summary is necessarily general in nature, Link Group Shareholders should consult with a professional tax advisor regarding their own particular circumstances.

The tax summary only addresses the position of Link Group Shareholders who:

- were registered on the Link Group Share Register as the holders of Link Group Shares at the Record Date;
- hold their Link Group Shares on capital account, ie not on revenue account or as trading stock;
- acquired their Link Group Shares after 19 September 1985;
- have not elected for the Taxation of Financial Arrangements provisions in Division 230 of the *Income Tax Assessment Act 1997* (Cth) to apply in respect of their Link Group Shares;
- did not acquire their Link Group Shares under a Link Group employee incentive equity plan; and
- are not subject to the Investment Manager Regime, not temporary residents of Australia for income tax purposes, not exempt from Australian income tax or subject to a legal disability, not holding their Link Group Shares as partners in a partnership and not a bank or insurance company.

The tax summary does not address any tax consequences arising under the laws of jurisdictions other than Australia.

The tax summary is based on Australian tax laws and regulations, interpretations of such laws and regulations, and administrative practice as at the date of this Explanatory Memorandum.

A non-Australian resident Link Group Shareholder who, together with any tax law associates, owns, or has owned, 10 per cent or more of the shares in Link Group or PEXA should seek their own advice as the tax implications may differ to those outlined below.

5.2 Class Ruling

Link Group has applied to the Australian Commissioner of Taxation (**Commissioner**) for a class ruling seeking to confirm certain income tax implications of the Distribution for Link Group Shareholders. These include:

- demerger roll-over relief under Division 125 of the *Income Tax Assessment Act 1997* (Cth) applies to the Distribution (**Distribution Tax Relief**); and
- the Dividend Distribution should not give rise to a dividend subject to Australian income tax and no determination will be made under section 45B of the *Income Tax Assessment Act 1936* (Cth) in respect of the Dividend Distribution (**section 45B determination**).

The final class ruling will only be received from the Commissioner after the Implementation Date for the Distribution. Accordingly, the information below includes the implications for Link Group Shareholders where:

- Distribution Tax Relief is available; and
- if Distribution Tax Relief is not available or if a section 45B determination is made.

5.3 Summary of Expected Outcomes

On the Implementation Date:

- Link Group will undertake the Capital Reduction and will apply the Dividend Distribution. The Capital Reduction and Dividend Distribution will not be paid in cash but will be satisfied through the transfer of PEXA Shares from Link Group to Link Group Shareholders.
- Each Link Group Shareholder (other than Ineligible Overseas Shareholders and Selling Shareholders) will receive one PEXA Share for every 7.52 Link Group Shares it is registered as holding as at the Record Date (rounded down to the nearest whole PEXA Share).
- In case of Ineligible Overseas Shareholders and Selling Shareholders, the PEXA Shares which those shareholders would otherwise have received under the Distribution will be transferred to the Sale Agent to be sold on the ASX. The proceeds of sale will be remitted to the Ineligible Overseas Shareholders and Selling Shareholders.

- The Australian income tax consequences of the Distribution for Australian resident Link Group Shareholders are summarised below:

Issue	Australian income tax consequence (assuming Distribution Tax Relief applies)	Section reference
Is the Dividend Distribution assessable?	You will not be assessed on the Dividend Distribution.	Section 5.4.1
Does the Capital Reduction give rise to capital gains tax (CGT) consequences?	If you choose Distribution Tax Relief, you will be able to disregard any capital gain that arises from the Capital Reduction. If you do not choose Distribution Tax Relief, a capital gain may arise. You may be entitled to discount CGT treatment on any capital gain if you held your Link Group Shares for at least 12 months before the Implementation Date.	Section 5.4.2
How do I determine the cost base of the Link Group Shares and PEXA Shares?	You must apportion the tax cost base of your Link Group Shares just before the Distribution between Link Group Shares and PEXA Shares held just after the Distribution. Further information will be given to you to assist in this apportionment.	Section 5.4.3
When am I taken to have acquired the PEXA Shares for CGT discount purposes?	You may be entitled to the CGT discount on the subsequent disposal of the PEXA Shares if the PEXA Shares are taken to have been held for 12 months or more. For these purposes, you will be treated as having acquired the corresponding PEXA Shares on the same date as your Link Group Shares.	Section 5.4.4
What happens if I sell my PEXA Shares under the Sale Facility?	The Australian Income tax implications of the Distribution outlined above should apply equally to you if your PEXA Shares are sold by the Sale Agent under the Sale Facility. You may make a capital gain or capital loss on the disposal of the PEXA Shares under the Sale Facility.	Section 5.7

The Australian income tax outcomes for Australian resident Link Group Shareholders will be different if, the Commissioner rules that Distribution Tax Relief is not available or that a section 45B determination will be made – refer to Section 5.5 below for further details.

No Australian tax consequences should arise for non-resident Link Group Shareholders unless the shares are held through an Australian permanent establishment or the shareholder has made an election to treat their Link Group Shares as taxable Australian property when they ceased to be an Australian resident (residency election).

5.4 Distribution Tax Relief Available

5.4.1 Dividend Distribution

The Dividend Distribution will not be assessable to Australian resident Link Group Shareholders.

For non-resident Link Group Shareholders, the Dividend Distribution should not be assessable income in Australia nor subject to dividend withholding tax.

5.4.2 Capital Reduction – CGT consequences

Australian resident Link Group Shareholders should generally be eligible to choose Distribution Tax Relief in respect of their Link Group Shares.

A Link Group Shareholder who chooses Distribution Tax Relief will be able to disregard any capital gain that arises under CGT event G1 (capital payment for shares) from the Capital Reduction.

The way a Link Group Shareholder prepares their income tax return will be sufficient evidence of the making of a choice to obtain Distribution Tax Relief. No formal election is required.

5. Tax Implications for Link Group Shareholders

continued

CGT event G1 will happen on the Implementation Date for Link Group Shareholders who hold Post-CGT Link Group Shares and who do not choose Distribution Tax Relief in respect of their Link Group Shares:

- Under CGT event G1, a capital gain will arise to the extent (if any) that the Capital Reduction Amount in respect of that Link Group Share exceeds the cost base of that share.
- Australian resident Link Group Shareholders may be entitled to discount CGT treatment on any capital gain arising in respect of the Capital Reduction Amount after the application of any available capital losses. Discount CGT treatment is available for an Australian resident Link Group Shareholder that is an individual, trust or complying superannuation entity and who acquired their Link Group Shares at least 12 months before the Implementation Date. The discount factor will vary depending on the tax profile of the Link Group Shareholder. Specifically, the discount factor for resident individuals and trust is 1/2 and for complying superannuation entities is 1/3.

No CGT consequences should arise for non-resident Link Group Shareholders unless the shares are held through an Australian permanent establishment or the shareholder has made a residency election. Where a capital gain arises for a non-resident Link Group Shareholder, that shareholder should seek their own tax advice on whether Distribution Tax Relief is available.

5.4.3 CGT Cost base in Link Group Shares and PEXA Shares

Irrespective of whether Distribution Tax Relief is chosen, Australian resident Link Group Shareholders who hold Link Group Shares must apportion the tax cost base of their Link Group Shares just before the Distribution between the Link Group Shares and PEXA Shares held just after the Distribution.

The first element of the tax cost base of each Link Group Share and corresponding PEXA Share held by an Australian Link Group Shareholder just after the Distribution will be determined as follows:

- calculate the total of the cost bases of each Link Group Share held (work out just before the Distribution); and
- apportion the result of the above calculation between the Link Group Shares and corresponding PEXA Shares held just after the Distribution, having regard to the market values (or a reasonable approximation thereof) of the shares just after the Distribution. Link Group will provide Link Group Shareholders with information to assist them in determining the respective cost bases of their Link Group Shares and corresponding PEXA Shares on the Link Group website (www.linkgroup.com) following the Distribution.

5.4.4 Time of acquisition of PEXA Shares

For Link Group Shareholders who may be entitled to the CGT discount on the subsequent disposal of their PEXA Shares, irrespective of whether Distribution Tax Relief is chosen, these Shareholders will be treated as having acquired the corresponding PEXA Shares on the same date as their Link Group Shares.

5.5 Distribution Tax Relief not available

If the Commissioner rules that Distribution Tax Relief is not available, Australian resident Link Group Shareholders:

- will be required to include the Dividend Distribution in their assessable income;
- will make a capital gain under CGT event G1 to the extent (if any) that the Capital Reduction Amount received by the Link Group Shareholder exceeds the cost base of their Link Group Shares;
- will have a first element tax cost base and reduced cost base in their PEXA Shares equal to their market value on the Implementation Date; and
- will be taken to have acquired their PEXA Shares on the Implementation Date for the purposes of determining eligibility of the CGT discount.

5.6 Holding PEXA Shares After the Distribution

The Australian income tax consequences for holding PEXA Shares should generally be the same as holding Link Group Shares.

5.6.1 Dividends

Australian resident PEXA Shareholders will be required to include dividends in respect of PEXA Shares in their assessable income for the income year in which the dividends are received.

Dividends may be franked to the extent determined by PEXA.

For Australian resident PEXA Shareholders:

- subject to the “qualified person” rules, the PEXA Shareholder should include any franking credits in their assessable income and should be entitled to a tax offset equal to the franking credits received;
- a PEXA Shareholder that is an individual or complying superannuation fund may be able to receive a tax refund in a particular year if the franking credits attached to the dividend exceed the tax payable on the PEXA Shareholder’s total taxable income for that income year;
- a PEXA Shareholder that is a company will not be entitled to a tax refund of excess franking credits. Rather, the excess franking credits may be converted to a tax loss which can be carried forward to future years (subject to the PEXA Shareholder satisfying certain loss carry forward rules); and
- PEXA Shareholders that are trusts should obtain their own advice on the Australian tax treatment of dividends received from PEXA and any franking credits attached.

For non-resident PEXA Shareholders:

- to the extent a dividend is franked, no dividend withholding tax (**DWT**) should arise; and
- to the extent a dividend is unfranked, DWT of 30 per cent will arise subject to reductions under relevant double tax agreements with Australia and the country of residence of the shareholder.

5.6.2 Sale of PEXA Shares

Australian resident PEXA Shareholders will make a capital gain or capital loss depending on whether the sale proceeds from the disposal of the PEXA Shares exceed the cost base of the shares sold.

Assuming Distribution Tax Relief is available, for the purpose of determining the CGT consequences from a sale of the PEXA Shares:

- the cost base of the PEXA Shares will be as outlined in section 5.4.3 above;
- for the purpose of determining whether the PEXA Shares are held for 12 months or more for the purpose of the CGT discount, shareholders will be treated as having acquired the corresponding PEXA Shares on the same date as their Link Group Shares (refer to Section 5.4.4).

A non-resident PEXA Shareholder should not be subject to CGT unless their PEXA Shares are held via an Australian permanent establishment or the shareholder has made a residency election.

5.7 Sale Facility

Under the Sale Facility, Ineligible Overseas Shareholders and Selling Shareholders should be regarded for CGT purposes as having disposed of their PEXA Shares under CGT event A1 (disposal of a CGT asset). The disposal proceeds will equal the proceeds received under the Sale Facility.

Assuming Distribution Tax Relief is available, no Australian income tax consequences should arise for Selling Shareholders who are non-residents unless their PEXA Shares are held via an Australian permanent establishment or the shareholder has made a residency election.

5.8 Other Matters

5.8.1 Australian Tax File Number (TFN) and Australian Business Number (ABN)

Following the Distribution, it is expected Link Group Shareholders will be given the opportunity to quote their TFN, TFN exemption of their ABN in respect of their PEXA Shares. These numbers will not be transferred or otherwise provided to PEXA.

5. Tax Implications for Link Group Shareholders

continued

Link Group Shareholders need not quote a TFN, TFN exemption or ABN in respect of their PEXA Shares. However, if they do not, then TFN withholding may be required to be deducted from any dividends paid by PEXA at the highest marginal tax rate plus the Medicare levy (currently 47 per cent in total).

5.8.2 GST

No GST should be payable by Link Group Shareholders in relation to their participation in the Distribution.

However, the eligibility for Link Group Shareholders to claim full or partial input tax credits in relation to GST incurred on advisor fees and other costs relating to the participation in the Distribution will depend on the individual circumstances of each shareholder.

5.8.3 Stamp Duty

No stamp duty should be payable by Link Group Shareholders in relation to their participation in the Distribution.

Section 6

Additional information

6. Additional Information

6.1 Interests of Link Group Board

6.1.1 Interests in Link Group Shares

As at the date of this Explanatory Memorandum, the Link Group Directors have the following Relevant Interests in Link Group Shares (including Link Group Restricted Shares):

Link Director	Number of Link Group Shares
Michael Carapiet	2,092,160 ¹
Glen Boreham, AM	124,214 ²
Andrew Green, CBE	26,030 ³
Peeyush Gupta, AM	48,160 ⁴
Anne McDonald	33,339 ⁵
Dr Sally Pitkin, AO	85,517 ⁶
Fiona Trafford-Walker	32,128 ⁷
Vivek Bhatia	490,113 ⁸

Link Group Directors who hold Link Group Shares will be entitled to vote at the Extraordinary General Meeting on the Distribution Resolution. If the Distribution Resolution is approved by Link Group Shareholders, Link Group Directors will receive PEXA Shares under the Distribution on the same terms as all other Link Group Shareholders (other than Mr Andrew Green who is an Ineligible Overseas Shareholder⁹).

6.1.2 Interest in Link Group equity incentives

As at the date of this Explanatory Memorandum, Mr Bhatia holds 952,017 unvested Performance Share Rights.¹⁰ Other than Mr Bhatia, none of the Link Group Directors have a Relevant Interest in any Link equity incentives as at the date this Explanatory Memorandum.

6.1.3 Agreements or arrangements with Link Group Directors in connection with the Distribution

There are no agreements or arrangements made between any Link Group Director and any other person in connection with or conditional upon the outcome of the Distribution.

6.1.4 Payments and other benefits to Link Group Directors

No Link Group Director has agreed to receive, or is entitled to receive, any benefit from PEXA, or any related bodies corporate of PEXA, which is conditional on, or is related to, the Distribution.

- 1 Comprised of: 379,936 Link Group Shares held indirectly through Equitas Nominees Pty Limited as custodian for Gentilly Holdings 2 Pty Limited (ATF Carapiet Family Trust); 384,728 Link Group Shares held indirectly through Gentilly Holdings 2 Pty Limited ATF Carapiet Family Trust; 1,277,496 Link Group Shares held indirectly through Equitas Nominees Pty Limited as custodian for Gentilly Holdings Pty Ltd ATF Gentilly Holdings S/F A/C; and 50,000 Link Group Shares held indirectly through Equitas Nominees Pty Limited as custodian for Gentilly Investments Pty Limited.
- 2 Indirectly held through Glen and Kim Boreham Company Pty Ltd ATF The Boreham Family Trust.
- 3 Indirectly held through Walpole St Andrews Nominees Limited, which holds the shares for and on behalf of Andrew Green's Self-Invested Personal Pension account.
- 4 Indirectly held through Anisam Pty Ltd as trustee for Gupta 2002 Trust.
- 5 Indirectly held through Watermark Retirement Pty Limited as trustee for the Fund Watermark Retirement Savings Fund.
- 6 Comprised of 21,408 Link Group Shares directly held by Dr Sally Pitkin, AO, and 64,110 Link Group Shares held indirectly through Pitkin Superannuation Fund.
- 7 Directly held by Fiona Trafford-Walker.
- 8 Comprised of:
 - 384,785 Link Shares directly held by Mr Bhatia; and
 - 105,328 Link Restricted Shares indirectly held through Link Administration Holdings Limited Employee Share Trust for the benefit of Mr Bhatia under a holding lock until on or around 31 August 2023.
 Mr Bhatia will be granted a further 187,431 Restricted Shares in December 2022 in satisfaction of his FY2022 deferred short term incentive award.
- 9 As an Ineligible Overseas Shareholder, the PEXA Shares which Mr Andrew Green would otherwise have received under the Distribution will be transferred to the Sale Agent and sold, with the proceeds remitted to them as soon as practicable following the sale of those shares free of any brokerage costs, as with all other Ineligible Overseas Shareholders.
- 10 Subject to shareholder approval at Link Group's 2022 annual general meeting, Mr Bhatia will be granted a further 573,770 Performance Share Rights.

6.2 Regulatory waivers and consents

6.2.1 ASIC

ASIC has granted relief from:

- the prospectus provisions in the Corporations Act, in relation to their application to the invitation for Link Group Shareholders to vote on the Distribution Resolution to effect the Distribution pursuant to this Explanatory Memorandum and to secondary trading in PEXA Shares following the Distribution; and
- various provisions in the Corporations Act (including the provisions relating to managed investment schemes and financial services licensing and product disclosure) that may otherwise apply to the Sale Facility.

6.2.2 ASX

ASX has confirmed that Listing Rules 11.1, 11.2 and 11.4 do not apply and ASX will not require Link Group to seek shareholder approval in connection with the Distribution.

6.3 Consents and disclaimers

Each of the parties named in this Section as consenting parties:

- has given and has not, before the date of this Explanatory Memorandum, withdrawn its written consent to be named in this Explanatory Memorandum in the form and context in which it is named;
- has given and has not, before the date of this Explanatory Memorandum, withdrawn its written consent to the inclusion of their respective statements and reports (where applicable) noted next to their names in this Section, and the references to those statements and reports in the form and context in which they are included in this Explanatory Memorandum;
- does not make, or purport to make, any statement in this Explanatory Memorandum other than those statements referred to in this Section in respect of that person's name (and as consented to by that person); and
- to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any statements in or omissions from this Explanatory Memorandum.

Role	Consenting party
Legal advisor	Herbert Smith Freehills
	UBS Securities Australia Limited
Financial advisors	Macquarie Capital (Australia) Limited
Investigating Accountant	KPMG Financial Advisory Services (Australia) Pty Ltd, in relation to the Investigating Accountant's Report in Annexure 1 and any statements based on that report.
Independent Expert	Deloitte Corporate Finance Pty Limited, in relation to the Independent Expert's Report in Annexure 2, and any statements based on that report.
Taxation advisor	PricewaterhouseCoopers, in relation to the information in Section 5.

6. Additional Information

continued

6.4 Regulatory and legal

6.4.1 Foreign exchange controls

There are currently Australian exchange controls which restrict the remittances of dividends, interest or other payments by Link Group or PEXA to non-resident shareholders outside Australia, if they are certain persons or entities designated by the Australian Minister of Foreign Affairs or Minister for Trade (as applicable) as being associated with the Democratic People's Republic of Korea (North Korea), Iran, Libya, the former government of the Federal Republic of Yugoslavia, Myanmar, Russia, Ukraine, Syria or Zimbabwe.

The Australian Government has also implemented certain financial sanctions made by the United Nations Security Council (which prevents dealing with financial resources owned by or giving financial resources to designated persons) in relation to: Al-Qaida, the Central African Republic, Counter-Terrorism, the Democratic Republic of the Congo, Guinea-Bissau, Iran, Iraq, ISIL (Da'esh), Lebanon, Libya, Syria, North Korea, Mali, Somalia, South Sudan, Sudan, the Taliban and Yemen.

For information on designated persons or entities, refer to the Department of Foreign Affairs and Trade's website at http://www.dfat.gov.au/un/unsc_sanctions/.

6.4.2 Restrictions on foreign ownership

Generally, the *Foreign Acquisitions and Takeovers Act 1975* (Cth) (**FATA**) applies to acquisitions of shares and voting power in a company of 20% or more by a single foreign person and its associates (**Substantial Interest**), or 40% or more by two or more unassociated foreign persons and their associates (**Aggregate Substantial Interest**). Where a foreign person holds a Substantial Interest in PEXA or foreign persons hold an Aggregate Substantial Interest in PEXA, PEXA will itself be a 'foreign person' for the purpose of the FATA.

Where an acquisition of a Substantial Interest meets certain criteria, the acquisition may not occur unless notice of it has been given to the Federal Treasurer and the review process has been followed. The Federal Treasurer also has the power to prohibit an acquisition of an Aggregate Substantial Interest or, if the acquisition of an Aggregate Substantial Interest has already occurred, unwind the acquisition, if it meets certain criteria. If the Federal Treasurer has been notified of the acquisition of a Substantial Interest or Aggregate Substantial Interest and has either stated that there is no objection to the proposed acquisition in terms of the Australian Government's Foreign Investment Policy or a statutory period has expired without the Federal Treasurer objecting, then the Federal Treasurer is prevented from making an order prohibiting or unwinding the transaction (subject to certain exceptions).

In addition lower thresholds may apply in certain circumstances, including for example for foreign government investors or for any foreign person acquiring an interest in a national security business. Further, following recent changes to the FATA and associated regulations, the Federal Treasurer has more extensive powers in respect of investments by foreign persons and foreign government investors, including powers to review and make orders in respect of certain investments not meeting the thresholds referred to above in some circumstances.

6.4.3 Foreign selling restrictions

This Explanatory Memorandum does not constitute an offer of PEXA Shares in any jurisdiction in which it would be unlawful. In particular, this Explanatory Memorandum may not be distributed to any person, and the PEXA Shares may not be offered or sold, in any country outside Australia except to the extent provided below.

New Zealand

This Explanatory Memorandum (including the Notice of Meeting) is not a New Zealand disclosure document and has not been registered, filed with or approved by any New Zealand regulatory authority under or in accordance with the Financial Markets Conduct Act 2013 or any other New Zealand law. The offer of PEXA Shares under the Distribution is being made to existing shareholders of Link Group in reliance upon the Financial Markets Conduct (Incidental Offers) Exemption Notice 2021 and, accordingly, this Explanatory Memorandum (including the Notice of Meeting) may not contain all the information that a disclosure document is required to contain under New Zealand law.

6.5 Other information material to the making of a decision in relation to the Distribution

Except as set out in this Explanatory Memorandum, there is no other information material to the making of a decision in relation to the Distribution Resolution being information that is within the knowledge of any Link Group Director, or any director of any related body corporate of Link Group, which has not previously been disclosed to Link Group Shareholders.

6.6 Supplementary information

Link Group will issue a supplementary document to this Explanatory Memorandum if it becomes aware of any of the following between the date of this Explanatory Memorandum and the date of the Extraordinary General Meeting:

- a material statement in this Explanatory Memorandum is false or misleading;
- a material omission from this Explanatory Memorandum;
- a significant change affecting a matter included in this Explanatory Memorandum; or
- a significant new matter has arisen and it would have been required to be included in this Explanatory Memorandum if it had arisen before the date of this Explanatory Memorandum.

Depending on the nature and timing of the changed circumstances and subject to obtaining any relevant approvals, Link Group may circulate and publish any supplementary document by posting the supplementary document on Link Group's website (<https://www.linkgroup.com/>) or by making an announcement to ASX (ASX:LNK).

Any updated information about the Distribution will be made available by announcement to ASX and on Link Group's website (<https://www.linkgroup.com/>).

Section 7

Glossary

Term	Meaning
\$	Australian dollars.
\$m	million Australian dollars.
AAS or Australian Accounting Standards	Australian Accounting Standards (including Australian Accounting Interpretations) issued by the AASB.
AASB	Australian Accounting Standards Board.
ABN	Australian business number.
ACD	authorised corporate director.
AIFM	alternative investment fund manager.
ARNECC	Australian Registrars National Electronic Conveyancing Council.
ASIC	Australian Securities and Investments Commission.
ASX	ASX Limited (ABN 98 008 624 691), or the financial market operated by the Australian Securities Exchange, as the context requires.
ASX Listing Rules	the official Listing Rules of ASX.
ASX Settlement	ASX Settlement Pty Limited (ABN 49 008 504 532) as a holder of a licence to operate a clearing and settlement facility.
ATO	Australian Taxation Office.
BCM	Link Group's Banking & Credit Management business unit.
Board	the Link Group Board and/or the PEXA Board, as the context requires.
Business Day	has the meaning given to it in the ASX Listing Rules.
Capital Reduction	the reduction in the capital of Link Group by the Capital Reduction Amount as set out in the Distribution Resolution, to be effected by the distribution of PEXA Shares pursuant to the Distribution.
Capital Reduction Amount	the amount of the capital of Link Group that is to be reduced in accordance with the Distribution Resolution.
CBA	Commonwealth Bank of Australia (ABN 48 123 123 124).
CGT	capital gains tax.
CHESS	the clearing house electronic subregister system operated by ASX Settlement.

Glossary

continued

Term	Meaning
CM	Link Group's Corporate Markets business unit.
Commissioner	the Commissioner of Taxation appointed to administer Australian taxation laws, through the Australian Taxation Office.
Corporations Act	<i>Corporations Act 2001</i> (Cth).
Distribution	the in-specie distribution of the PEXA Shares held by Link Group to Link Group Shareholders pursuant to the Capital Reduction, which may be accompanied by a Distribution Dividend.
Distribution Amount	the VWAP of PEXA Shares on the ASX, whether on a deferred or normal settlement basis, over the first five trading days after the Implementation Date, multiplied by the number of Link Group Shares on issue at the Record Date.
Distribution Dividend	the special dividend for the Distribution Dividend Amount, to be effected by the distribution of PEXA Shares pursuant to the Distribution Resolution.
Distribution Dividend Amount	the Distribution Amount less the Capital Reduction Amount.
Distribution Resolution	an ordinary resolution of Link Group Shareholders relating to the reduction of capital in Link Group in order to effect the Distribution and in the form set out in the Notice of Extraordinary General Meeting.
Distribution Tax Relief	has the meaning given to it in section 5.
DWT	dividend withholding tax levied on dividends paid by Link Group that is remitted to the ATO in accordance with tax legislation.
Dye & Durham	Dye & Durham Corporation.
EBIT	earnings before interest and tax.
EBITDA	earnings before interest, tax, depreciation and amortisation.
Electronic Lodgment Network	a network established to create and electronically lodge land registry instruments and other documents with an LTO.
Electronic Lodgment Network Operator or ELNO	a person authorised by a jurisdiction to operate an Electronic Lodgment Network.
Eligible Shareholder	a Link Group Shareholder whose registered address on the Link Group Share Register on the Record Date is in: <ul style="list-style-type: none"> • Australia or New Zealand; or • a jurisdiction in which Link Group reasonably believes it is not prohibited or unduly onerous or impractical to implement the Distribution and to transfer the PEXA Shares to the Link Group Shareholder.
Explanatory Memorandum	this Explanatory Memorandum.

Term	Meaning
Extraordinary General Meeting	the virtual extraordinary general meeting of Link Group Shareholders convened to consider the Distribution Resolution to be held at 10.00am (Sydney time) on 23 December 2022.
FATA	the <i>Foreign Acquisitions and Takeovers Act 1975</i> (Cth).
FCA	the Financial Conduct Authority.
FS	Link Group's Fund Solutions business unit.
FY2020	the financial year ended 30 June 2020.
FY2021	the financial year ended 30 June 2021.
FY2022	the financial year ended 30 June 2022.
FY2023	the financial year ending 30 June 2023.
Global Transformation Program	an initiative introduced to Link Group in 2019 with a focus on operational efficiencies, vendor consolidation and management and premises strategy.
Gross Revenue	the aggregate business unit revenue before elimination of intercompany revenue and recharges such as Technology and Innovation recharges for IT support, client-related project development and communications services on-charged to clients.
GST	has the meaning given to it in the <i>A New Tax System (Goods and Services Tax) Act 1999</i> (Cth).
IFRS	International Financial Reporting Standards adopted by the International Accounting Standards Board.
Implementation Date	the date of implementation of the Distribution and the transfer of PEXA Shares to Link Group Shareholders (apart from Ineligible Overseas Shareholders and Selling Shareholders), which is expected to be 10 January 2023, or such other date as determined by the Link Group Board.
Independent Expert	Deloitte Corporate Finance Pty Limited (ABN 003 833 127).
Independent Expert's Report	the report of the Independent Expert contained in Annexure 2.
Ineligible Overseas Shareholder	a Link Group Shareholder who is not an Eligible Shareholder.
Investigating Accountant	KPMG Financial Advisory Services (Australia) Pty Ltd (ABN 007 363 215).
Investigating Accountant's Report	the report of the Investigating Accountant on certain pro forma historical financial information presented in this explanatory memorandum, as set out in Annexure 1.
Land Titles Office	the land titles office or land titles registry of a State or Territory.

Glossary

continued

Term	Meaning
LFSL	Link Fund Solutions Limited (company number 01146888 GB).
Link Corporate Group	Link Group, together with its Subsidiaries.
Link Corporate Group Member	a member of the Link Corporate Group.
Link Group	Link Administration Holdings Limited (ABN 27 120 964 098).
Link Group (post Distribution)	Link Group after the Distribution has been implemented.
Link Group Board	the board of directors of Link Group.
Link Group Director	a director of Link Group.
Link Group Historical Financial Information	the historical financial information of Link Group set out in Section 2.8.
Link Group Management	relevant management personnel of Link Group, as the context requires.
Link Group (post Distribution) Pro Forma Historical Financial Information	the pro forma historical financial information of Link Group (post Distribution) set out in Section 2.8.
Link Group Share	a fully paid ordinary share in the capital of Link Group.
Link Group Share Register	the register of Link Group Shareholders maintained under section 169 of the Corporations Act.
Link Group Share Registry	Link Market Services Limited (ABN 54 083 214 537).
Link Group Shareholder	a registered holder of Link Group Shares.
Link Property	Link Property Pty Ltd (ABN 67 161 999 337).
LTO	the land titles office or land titles registry of a State or Territory.
Model Operating Requirements	the model operating requirements developed by ARNECC which relate to the operation of an ELNO.
Net Operating Cashflow	net operating cash flows. Management uses Net Operating Cashflow to evaluate the operating performance of the business and each business unit.

Term	Meaning
Non-recurring Revenue	revenue the Link Group expects will not be earned on a consistent basis each year. Typically, this revenue is project related and can also be adhoc in nature. Non-recurring Revenue includes corporate actions (including print and mail), call centre, capitals markets investor relations analytics, investor relations web design, extraordinary general meetings, share sale fees, off-market transfers, employee share plan commissions and margin income revenue. Non-recurring Revenue also includes fee for service (FFS) project revenue, product revenue, revenue for client funded FTE, share sale fees, share dealing fees, one-off and other variable fees.
Notice of Extraordinary General Meeting	the notice of meeting for the Extraordinary General Meeting set out in Annexure 3.
NPAT	net profit after tax.
NPATA	net profit after tax after adding back tax affected acquired amortisation. Acquired amortisation comprises the amortisation of client lists and the revaluation impact of acquired intangibles such as software assets, which were acquired as part of business combinations. Link Group management considers NPATA to be a meaningful measure of after-tax profit as it excludes the impact of the large amount of non-cash amortisation of acquired intangibles reflected in NPAT. This measure includes the tax effected amortisation expense relating to acquired software which is integral to the ongoing operating performance of the business.
NPBT	net profit before tax.
Omnibus Equity Plan	the Link Group equity plan governed by the Omnibus Equity Plan Rules under which Performance Share Rights, Restricted Shares and Share Rights are granted to Link Group employees from time-to-time.
Operating EBIT	earnings before interest, tax and Significant Items.
Operating EBIT Margin	Operating EBIT divided by revenue, expressed as a percentage. Operating EBIT Margin for business units is calculated as Operating EBIT divided by divisional Gross Revenue, while Link Group Operating EBIT Margin is calculated as Operating EBIT divided by revenue.
Operating EBITDA	earnings before interest, tax, depreciation and amortisation and Significant Items. Management uses Operating EBITDA to evaluate the operating performance of the business and each business unit prior to the impact of Significant Items, the non-cash impact of depreciation and amortisation and interest and tax charges, which are significantly impacted by the historical capital structure and historical tax position of Link Group.
Operating EBITDA Margin	Operating EBITDA divided by revenue, expressed as a percentage. Operating EBITDA Margin for business segments is calculated as Operating EBITDA divided by segmental Gross Revenue, while Link Group Operating EBITDA Margin is calculated as Operating EBITDA divided by revenue.
Operating NPATA	net profit after tax and after adding back tax affected Significant Items (including the discount expense on the un-winding of the Superpartners client migration provision) and acquired amortisation. Acquired amortisation comprises the amortisation of client lists and the revaluation impact of acquired intangibles such as software assets, which were acquired as part of business combinations. Link Group management considers Operating NPATA to be a meaningful measure of after-tax profit as it excludes the impact of Significant Items and the large amount of non-cash amortisation of acquired intangibles reflected in NPAT. This measure includes the tax effected amortisation expense relating to acquired software which is integral to the ongoing operating performance of the business.
Pacific Custodians	Pacific Custodians Pty Limited ABN 66 009 682 866.

Glossary

continued

Term	Meaning
Participating Shareholder	has the meaning given to the term in section 4.6.
pcp	previous corresponding period.
Performance Share Rights	rights to Link Group Shares that will vest subject to satisfaction of performance conditions.
PEXA	PEXA Group Limited ACN 629 193 764.
PEXA Board	the board of directors of PEXA.
PEXA Exchange	PEXA's electronic lodgment network and financial settlement platform.
PEXA Exchange EBITDA	PEXA Exchange earnings or losses before interest, taxation, depreciation and amortisation and excluding certain project and other non-PEXA Exchange costs.
PEAL	Property Exchange Australia Limited (ACN 140 677 792).
PEXA Group	PEXA and its Subsidiaries.
PEXA Pro Forma Historical Financial Information	the pro forma historical financial information of PEXA set out in Section 3.5.1.
PEXA Prospectus	the replacement prospectus dated 21 June 2021 issued by PEXA and PEXA SaleCo Limited ACN 650 590 131 for the purposes of Chapter 6D of the Corporations Act.
PEXA Share	a fully paid ordinary share in the capital of PEXA.
PEXA Share Register	the register of PEXA Shareholders maintained under section 169 of the Corporations Act.
PEXA Shareholder	a holder of a PEXA Share.
PEXA Shareholding	has the meaning given to it in the Chair's letter.
Proxy Form	the proxy form for the Extraordinary General Meeting.
Record Date	the date for determining entitlements of Link Group Shareholders to PEXA Shares, expected to be 7.00pm (Sydney time) on 3 January 2023.

Term	Meaning
Recurring Revenue	revenue arising from contracted core administration servicing and registration services, corporate and trustee services, transfer agency, stakeholder engagement services, share registry services and shareholder management and analytics services that are unrelated to corporate actions, expressed as a percentage of total revenue. Recurring Revenue is revenue the business expects to generate with a high level of consistency and certainty year-on-year. Recurring Revenue includes contracted revenue which is based on fixed fees per member, per client or shareholder. Clients are typically not committed to a certain total level of expenditure and as a result, fluctuations for each client can occur year-on-year depending on various factors, including number of member accounts in individual funds or the number of shareholders of corporate market clients.
Register	the land titles register of the relevant State or Territory.
Registrar	the Registrar of Titles, Recorder of Titles or the Registrar-General (as applicable) in respect of the relevant State or Territory.
Relationship Deed	the relationship deed between Link Property and PEXA under which Link Property may nominate a director to the PEXA Board provided that it retains at least a 10% shareholding in PEXA.
Restricted Shares	the Link Shares which are subject to any restrictions (including vesting conditions, disposal restrictions, holding locks, forfeiting restrictions or service conditions).
Restructure Agreement	the agreement between Link Group and Link Property dealing with certain corporate restructuring steps, a summary of which is set out at Section 4.7.
RSS	Link Group's Retirement & Superannuation Solutions business unit.
Sale Agent	Pacific Custodians, being the entity appointed by Link Group to facilitate the sale of the PEXA Shares to which Ineligible Overseas Shareholders and Selling Shareholders would have received under the Distribution.
Sale Facility	the facility to be established by the Sale Agent under which PEXA Shares to which Ineligible Overseas Shareholders and Selling Shareholders would have received under the Distribution, will be sold as described more fully in Section 4.6.
Sale Facility Form	the sale facility form which accompanies this Explanatory Memorandum or such other form as Link Group may permit or agree to in connection with the sale of PEXA Shares under the Sale Facility.
Section	a section of this Explanatory Memorandum.
Selling Shareholder	a Small Shareholder who elects to have all the PEXA Shares that they would otherwise receive pursuant to the Distribution sold, using the Sale Facility and, if the Link Group Board determines, and the trustee of the Employee Share Trust elects, the trustee of the Employee Share Trust in respect of the PEXA Shares that they would otherwise receive pursuant to the Distribution that they elect to have sold, using the Sale Facility.
SFA	the syndicated facility agreement as amended and waived and from time-to-time which sets out the terms and conditions of Link Group's borrowing arrangements with the lending group.
Share Rights	rights to Link Group Shares that will vest subject to satisfaction of continued service condition.

Glossary

continued

Term	Meaning
Shareholder Information Line	the information line set up for the purpose of answering enquiries from Link Group Shareholders in relation to the Distribution. The information line numbers are on 1800 237 687 (within Australia) or +61 1800 237 687 (outside Australia) on weekdays between 8.30am and 5.30pm Sydney time.
Significant Items	items which are considered to have a material financial impact and are not part of the normal operations of the Group. Significant Items are used in both profit and loss and cash flow presentation. These items typically relate to events that are considered to be 'one-off' and are not expected to re-occur. Significant Items are broken down into: Business combination/acquisition & divestment costs, Global Transformation Costs, and other one-off costs.
Small Shareholder	an Eligible Shareholder who individually holds 1000 Link Group Shares or fewer as at the Record Date.
State	any one or more of the states of Australia (as the context requires).
State Revenue Office	state revenue office of a State or Territory, which provides stamp duty assessment services for, and receive duty payments from, conveyancing transactions.
Territory	any one or more of the territories of Australia (as the context requires).
TFN	Australian tax file number.
Torrens Title	system of title by registration whereby interests in land are created when the relevant interest is registered on the Register.
Total Leverage Ratio	on any date, the ratio of total net debt to EBITDA for the 12 month period ending on that date, where EBITDA is calculated in accordance with the definition included in the SFA.
VWAP	the volume weighted average price of the relevant shares traded on the ASX during the relevant period except for trades otherwise than in the ordinary course of trading.

Annexure 1

Independent Accountant's Report

Investigating Accountant's Report



KPMG Transaction Services

ABN: 43 007 363 215

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P O Box H67 Australia Square
Sydney NSW 1213
Australia

Link Administration Holdings Limited
680 George Street
Sydney NSW 2000

Attn: The Directors

19 November 2022

Dear Directors

Limited Assurance Investigating Accountant's Report and Financial Services Guide

Introduction

KPMG Financial Advisory Services (Australia) Pty Ltd (of which KPMG Transaction Services is a division) ("KPMG Transaction Services") has been engaged by Link Administration Holdings Limited ("Link Group") to prepare this report for inclusion in the explanatory memorandum to be dated on or around 22 November 2022 ("Explanatory Memorandum"), and to be issued by Link Group in connection with the proposed capital reduction and dividend to be satisfied by an in-specie distribution of PEXA shares by Link Group (the "Distribution").

Expressions defined in the Explanatory Memorandum have the same meaning in this report.

This Investigating Accountant's Report should be read in conjunction with the KPMG Transaction Services Financial Services Guide included in the Explanatory Memorandum.

Scope

You have requested KPMG Transaction Services to perform a limited assurance engagement in relation to the pro forma historical financial information described below and disclosed in the Explanatory Memorandum.

KPMG Financial Advisory Services (Australia) Pty Ltd is an affiliate of KPMG. KPMG, an Australian partnership and a member firm of the KPMG global organisation of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved. The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organisation. Liability limited by a scheme approved under Professional Standards Legislation.

The pro forma historical financial information is presented in the Explanatory Memorandum in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the *Corporations Act 2001*.

Link Group (post Distribution) Pro Forma Historical Financial Information

You have requested KPMG Transaction Services to perform limited assurance procedures in relation to the pro forma historical financial information of Link Group included in the Explanatory Memorandum.

The pro forma historical financial information has been derived from the historical financial information of Link Group, after adjusting for the effects of pro forma adjustments described in section 2.8.1 of the Explanatory Memorandum. The pro forma financial information consists of the Link Group (post Distribution) Pro Forma Historical Income Statements for the years ended 30 June 2021 and 30 June 2022, the Link Group (post Distribution) Pro Forma Free Cash Flows for the years ended 30 June 2021 and 30 June 2022, and the Link Group (post Distribution) Pro Forma Historical Summary Balance Sheet as at 30 June 2022 (collectively the "Link Group (post Distribution) Pro Forma Historical Financial Information").

The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the historical financial information and the event(s) or transaction(s) to which the pro forma adjustments relate, as described in section 2.8.1 of the Explanatory Memorandum. Due to its nature, the Link Group (post Distribution) Pro Forma Historical Financial Information does not represent the company's actual or prospective financial performance, cash flows or financial position.

The Link Group (post Distribution) Pro Forma Historical Financial Information has been compiled by Link Group to illustrate the impact of the event(s) or transaction(s) described in section 2.8.1 of the Explanatory Memorandum on Link Group's financial performance and cash flows for the years ended 30 June 2021 and 30 June 2022, and financial position as at 30 June 2022. As part of this process, information about Link Group's financial performance, cash flows and financial position has been extracted by Link Group from Link Group's financial statements for the year ended 30 June 2022 (including comparatives for the year ended 30 June 2021).

The financial statements of Link Group for the year ended 30 June 2022 (including comparatives for the year ended 30 June 2021) were audited by KPMG in accordance with Australian Auditing Standards. The audit opinions issued to the members of Link Group relating to those financial statements were unqualified.

For the purposes of preparing this report we have performed limited assurance procedures in relation to the Link Group (post Distribution) Pro Forma Historical Financial Information in order to state whether, on the basis of the procedures described, anything comes to our attention that would cause us to believe that the Link Group (post Distribution) Pro Forma Historical Financial Information is not prepared or presented fairly, in all material respects, by the directors in accordance with the stated basis of preparation as set out in section 2.8.1 of the Explanatory Memorandum.

Investigating Accountant's Report

continued

We have conducted our engagement in accordance with the Standard on Assurance Engagements ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

The procedures performed in a limited assurance engagement vary in nature from, and are less in extent than for, an audit. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed an audit. Accordingly, we do not express an audit opinion about whether the Link Group (post Distribution) Pro Forma Historical Financial Information is prepared, in all material respects, by the directors in accordance with the stated basis of preparation.

Directors' responsibilities

The directors of Link Group are responsible for the preparation of:

- the Link Group (post Distribution) Pro Forma Historical Financial Information, including the selection and determination of the pro forma transactions and/or adjustments made to the historical financial information and included in the Link Group (post Distribution) Pro Forma Historical Information.

The directors' responsibility includes establishing and maintaining such internal controls as the directors determine are necessary to enable the preparation of financial information that is free from material misstatement, whether due to fraud or error.

Conclusions

Review statement on the Link Group (post Distribution) Pro Forma Historical Financial Information

Based on our procedures, which are not an audit, nothing has come to our attention that causes us to believe that the Link Group (post Distribution) Pro Forma Historical Financial Information, as set out in section 2.8 of the Explanatory Memorandum, comprising:

- the pro forma historical income statements of Link Group for the years ended 30 June 2021 and 30 June 2022 ("Link Group (post Distribution) Pro Forma Historical Income Statements");
- the pro forma historical free cash flows of Link Group for the years ended 30 June 2021 and 30 June 2022 ("Link Group (post Distribution) Pro Forma Historical Free Cash Flows"); and
- the pro forma historical balance sheet of Link Group as at 30 June 2022 ("Link Group (post Distribution) Pro Forma Historical Summary Balance Sheet"),

is not prepared or presented fairly, in all material respects, on the basis of the pro forma transactions and/or adjustments described in section 2.8.1 of the Explanatory Memorandum, and in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards, and Link Group's accounting policies.

Independence

KPMG Transaction Services does not have any interest in the outcome of the proposed Distribution, other than in connection with the preparation of this report and participation in due diligence procedures for which normal professional fees will be received. KPMG is the auditor of Link Group and from time to time, KPMG also provides Link Group with certain other professional services for which normal professional fees are received.

General advice warning

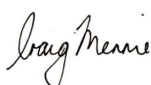
This report has been prepared, and included in the Explanatory Memorandum, to provide investors with general information only and does not take into account the objectives, financial situation or needs of any specific investor. It is not intended to take the place of professional advice and investors should not make specific investment decisions in reliance on the information contained in this report. Before acting or relying on any information, an investor should consider whether it is appropriate for their circumstances having regard to their objectives, financial situation or needs.

Restriction on use

Without modifying our conclusions, we draw attention to section 2.8.1 of the Explanatory Memorandum, which describes the purpose of the financial information, being for inclusion in the Explanatory Memorandum. As a result, the financial information may not be suitable for use for another purpose. We disclaim any assumption of responsibility for any reliance on this report, or on the financial information to which it relates, for any purpose other than that for which it was prepared.

KPMG Transaction Services has consented to the inclusion of this Investigating Accountant's Report in the Explanatory Memorandum in the form and context in which it is so included, but has not authorised the issue of the Explanatory Memorandum. Accordingly, KPMG Transaction Services makes no representation regarding, and takes no responsibility for, any other statements, or material in, or omissions from, the Explanatory Memorandum.

Yours faithfully



Craig Mennie
Authorised Representative

Annexure 2

Independent Expert's Report



Link Administration Holdings Limited

Independent Expert's Report and Financial Services Guide

19 November 2022

Independent Expert's Report

continued



Financial Services Guide (FSG)

What is an FSG?

An FSG is designed to provide information about the supply of financial services to you.

Why are we providing this FSG to you?

Deloitte Corporate Finance Pty Limited (Deloitte Corporate Finance) (AFSL 241457) has been engaged by Link Administration Holdings Limited (Link) to prepare an independent expert's report (our Report) in connection with the proposed distribution by Link to its shareholders of its remaining shares in PEXA Group Limited (PEXA) (Proposed Distribution). Link will provide our Report to you.

Our Report provides you with general financial product advice. This FSG informs you about the use of general financial product advice, the financial services we offer, our dispute resolution process and our remuneration. Our contact details are in the document that accompanies this FSG.

What financial services are we licensed to provide?

We are authorised to provide financial product advice to wholesale clients in relation to derivatives, government debentures, stocks or bonds, interests in managed investment schemes, securities, and regulated emissions units (i.e. Australian carbon credit units and eligible international emissions units). We can also provide general financial product advice to retail clients in relation to the above financial products except for regulated emissions units.

We are also authorised to arrange for another person to deal in financial products in relation to:

- securities, interests in managed investment schemes, government debentures, stocks or bonds, and regulated emissions units and related derivatives to wholesale clients; and
- derivatives to retail and wholesale clients.

General financial product advice

In our Report, we provide general financial product advice as we have **not** taken into account your personal objectives, financial situation or needs, and you would not expect us to have done so. You should consider whether our general advice is appropriate for you, having regard to your own personal objectives, financial situation or needs.

If our advice is in connection with the acquisition of a financial product, you should read the relevant offer document carefully before making any decision about whether to acquire that product.

How are we remunerated?

Our fees are usually determined on a fixed fee or time cost basis plus reimbursement of any expenses incurred in providing the services. Our fees are agreed with, and paid by, those who engage us. You are not responsible for our fees.

We will receive a fee of approximately AUD 200,000 exclusive of GST in relation to the preparation of our Report. This fee is not contingent on the outcome of the Proposed Distribution.

Apart from these fees, DCF, our directors and officers, and any related bodies corporate, affiliates or associates, and their directors and officers, do not receive any commissions or other benefits.

All employees receive a salary, and, while eligible for annual salary increases and bonuses based on overall performance, they do not receive any commissions or other benefits as a result of the services provided to you.

The remuneration paid to our directors reflects their individual contribution to the organisation and covers all aspects of performance.

We do not pay commissions or provide other benefits to anyone who refers prospective clients to us.

Associations and relationships

The Deloitte member firm in Australia (Deloitte Touche Tohmatsu) controls Deloitte Corporate Finance. Please see www.deloitte.com/au/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu.

We, and other entities related to Deloitte Touche Tohmatsu, do not have any formal associations or relationships with any entities that are issuers of financial products. However, we may provide professional services to issuers of financial products in the ordinary course of business.

In the last 2 years Deloitte Corporate Finance has commenced work to evaluate other potential transactions being contemplated by Link. This included a proposed transaction with Dye & Durham in respect of which an independent expert's report (IER) produced by Deloitte Corporate Finance was published. In addition, entities associated with Deloitte Corporate Finance have provided services to Link Group. None of these services have been connected with the Proposed Distribution.

What should you do if you have a complaint?

Please contact us about a concern:

The Complaints Officer
complaints@deloitte.com.au
Fax: +61 8 9365 7234

If an issue is not resolved to your satisfaction, you can lodge a dispute with the Australian Financial Complaints Authority (AFCA). AFCA provides fair and independent financial services dispute resolution free to consumers.

www.afca.org.au
1800 931 678 (free call)
Australian Financial Complaints Authority Limited
GPO Box 3 Melbourne VIC 3001

What compensation arrangements do we have?

Deloitte Australia holds professional indemnity insurance that covers the financial services we provide. This insurance satisfies the compensation requirements of the Corporations Act 2001 (Cth).

19 November 2022

Deloitte Corporate Finance Pty Limited, ABN 19 003 833 127, AFSL number 241457 of Level 1 Grosvenor Place, 225 George Street, Sydney NSW 2000 Member of Deloitte Touche Tohmatsu Limited Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity.



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The Directors
Link Administration Holdings Limited
Level 12
680 George Street
Sydney NSW 2000

19 November 2022

Dear Directors

Re: Independent expert's report – Proposed Distribution of shares in PEXA

Introduction

On 4 October 2022, Link Administration Holdings Limited (Link) announced its intention to pursue a potential in specie distribution to Link Shareholders in PEXA Group Limited (PEXA)(the Proposed Distribution¹).

Purpose of the report

The Proposed Distribution will be the subject of a vote by Link shareholders (Shareholders). The Directors of Link have requested Deloitte Corporate Finance Pty Limited (Deloitte Corporate Finance) to prepare an Independent Expert's Report (IER) addressed to the Directors and for the benefit of the shareholders of Link:

1. advising whether in our opinion the Proposed Distribution is in the best interest of Link's shareholders
2. confirming that the Proposed Distribution does not materially prejudice the ability of Link to pay its existing creditors.

This report is to be included in the explanatory memorandum detailing the Proposed Distribution (the Explanatory Memorandum) to be sent to Shareholders and has been prepared for the exclusive purpose of assisting Shareholders in their consideration of the Proposed Distribution. Neither Deloitte Corporate Finance, Deloitte Touche Tohmatsu, nor any member or employee thereof, undertakes responsibility to any person, other than the Shareholders and Link, in respect of this report, including any errors or omissions however caused.

Basis of evaluation of whether the Proposed Distribution is in the best interest of Shareholders

We have undertaken our work and prepared this report having regard to Australian Securities and Investments Commission (ASIC) Regulatory Guide 111 in relation to the content of expert's reports.

¹ The specifics of the Proposed Distribution are described in greater detail in this report and also in the Explanatory Memorandum that this report is annexed to

Independent Expert's Report

continued



ASIC Regulatory Guide 111 specifically addresses the basis under which an expert should form an opinion in relation to demergers. In particular, RG 111.35 and 111.36 state that the issue of 'value' may be of secondary importance in such transactions.

In addition, RG 111.37 states that "If [...] the expert concludes that the advantages of the transaction outweigh the disadvantages, the expert should say that the scheme is in the best interests of the members."

If the Proposed Distribution proceeds, it will not result in a change of control or selective treatment among Shareholders. Shareholders will retain the same underlying economic interest in Link but will hold shares in two companies (Link and PEXA) rather than holding shares in a single company (Link)². Accordingly, in forming our opinion as to whether the Proposed Distribution is in the best interests of Shareholders, we have assessed the advantages and disadvantages of the Proposed Distribution and the implications for Shareholders if the Proposed Distribution did not proceed. A summary of our analysis is set out below.

Summary and conclusion as to whether the Proposed Distribution is in the best interest of Shareholders

In assessing whether the Proposed Distribution is in the best interests of Shareholders, we have considered the advantages and disadvantages of the Proposed Distribution and the implications for Shareholders if the Proposed Distribution did not proceed. Our summary is set out below.

Advantages – the Proposed Distribution:

- will provide Shareholders with greater flexibility to choose between investing in shares in Link and PEXA or both. Each entity has a different investment profile, and shareholders will have the ability to align their level of exposure to each entity with their investment objectives. This benefit will not be available to Ineligible Overseas Shareholders
- will reduce the Link group's financial leverage through the partial sale of PEXA shares to reduce debt
- will increase liquidity in PEXA shares, which may then result in PEXA qualifying for inclusion in the S&P/ASX 200 index in the future. All else equal, these factors should attract further institutional interest and ultimately may result in PEXA shares trading at higher valuation multiples
- without the presence of such a significant shareholder (but noting that Commonwealth Bank of Australia owns 23.9% of the shares of PEXA), PEXA could be more likely to receive a takeover offer
- may result in investors gaining a better understanding of the underlying performance of Link's other business units and the total value of the group. This in turn, may result, in an increase in the value of Link shares in the future as it would appear they are currently trading at a discount to peers
- is expected to benefit from demerger tax relief, based on the draft class ruling received from the Australian Taxation Office (ATO). The final ruling will only be received after the Implementation Date for the Proposed Distribution and may differ from the draft.

Disadvantages – the Proposed Distribution:

- Link Shareholders will lose their indirect interest in PEXA (through their ownership interest in Link). However, in return, they will gain a direct ownership interest in PEXA. Following the Proposed Distribution, Link Shareholders will be required to manage two separate shareholdings, being a shareholding in Link and a shareholding in PEXA
- Link (and consequently Link Shareholders) will lose the benefit of collective voting, board representation and information rights that currently reside with Link
- following the Proposed Distribution, the share market value of Link will be lower. This may result in Link being excluded from the S&P/ASX 200 index, and may consequently result in a loss of institutional investor interest and liquidity
- the Link group will be less diversified and Link will lose exposure to PEXA's business activities which are higher growth. But, Shareholders will gain this through their direct ownership of shares in PEXA

² Link Group Shareholders who are Ineligible Overseas Shareholders will not receive PEXA Shares under the Proposed Distribution. PEXA Shares that would otherwise be transferred to these shareholders under the Proposed Distribution will be transferred to the Sale Agent to be sold, with the proceeds of such sale to be paid to Ineligible Overseas Shareholders

- one-off transaction costs of AUD 3.9m will be incurred. Of this amount, AUD 1.7m is expected to be incurred prior to the shareholder meeting to vote on the Proposed Distribution and therefore will be incurred regardless of whether Shareholders vote in favour of the Proposed Distribution
- certain shareholders will not be able to participate in the Proposed Distribution, namely Ineligible Overseas Shareholders, whose registered address is outside of Australia or New Zealand.

Other considerations:

- Link's interest in PEXA may make it attractive to investors who would be interested in acquiring a large indirect interest in PEXA, without having to make a takeover offer for PEXA. Link has received interest from various parties in the past 24 months, none of which has resulted in a transaction
- Link has recently received offers for various business units, including Corporate Markets (CM) and Banking and Credit Management (BCM) and Retirement and Superannuation Solution Solutions (RSS). It is considering divestment options for the Fund Solutions (FS) business. We do not consider that the Proposed Distribution would have an impact on the ability of Link to pursue these transactions.

Implications if the Proposed Distribution does not proceed

If the Proposed Distribution did not proceed, Shareholders will retain a single shareholding in Link, which will continue to own an interest in PEXA.

Link will continue to operate in its current form and will continue with its existing strategies, with a focus on connecting people with their assets. Link's core businesses will continue to be supported by digital solutions and data analytics, enabling it to provide a complete service to its global network of clients and partners.

Implications for Shareholders should the Proposed Distribution not be implemented include:

- the advantages, disadvantages and risks of the Proposed Distribution will not be realised
- of the expected AUD 3.9m transaction costs, AUD 1.7m relate to costs that are expected to be incurred prior to the Shareholder vote and will therefore be incurred regardless of the outcome.

Conclusion as to whether the Proposed Distribution is in the best interest of Shareholders

Having regard to the above, in our opinion, and in the absence of a superior proposal, the advantages of the Proposed Distribution outweigh the disadvantages. Accordingly, we have concluded that the Proposed Distribution is in the best interests of Shareholders.

Independent Expert's Report

continued

Deloitte.

Consideration of Link's ability to pay its creditors

In assessing whether the ability of Link to pay its creditors is materially prejudiced as a result of the Proposed Distribution, we have, amongst other things, considered the exposure of Link to deeds of cross guarantee and syndicated facilities, as well as the assets and liabilities of the company.

Based on our analysis, we consider that the Proposed Distribution is unlikely to materially prejudice the ability of Link to pay its creditors as at the date of this report.

Limitations

An individual Shareholder's decision in relation to the Proposed Distribution may be influenced by his or her particular circumstances. If in doubt Shareholders should consult an independent adviser, who should have regard to their individual circumstances.

This letter should be read in conjunction with our detailed report which sets out our scope and findings and Appendix 1.

Yours faithfully



Tapan Parekh
Authorised Representative
AR Number: 461009
Deloitte Corporate Finance Pty Limited: AFSL 241457

Glossary

Reference	Definition	Reference	Definition
AAS	Australian Administration Services	FS	Fund Solutions business of Link
ACD	Authorised Company Director	FYxx	Financial year ended 30 June 20xx
ASIC	Australian Securities and Investments Commission	GBP	Pounds Sterling
ASX	Australian Securities Exchange	IER	Independent expert's report
ATO	Australian Taxation Office	IPO	Initial Public Offering
AUD	Australian dollars (unless stated, all amounts are presented in AUD)	LFSL	Link Financial Solutions Limited
BCM	Banking and credit management division of Link	Link	Link Administration Holdings Limited
Bn	Billion	m	Million
CEO	Chief executive officer	NPAT	Net profit after tax
CM	Corporate markets division of Link	NPATA	Net profit after tax and excluding acquired amortisation
Deloitte Corporate Finance	Deloitte Corporate Finance Pty Limited	NPBT	Net profit before tax
Directors	The directors of Link	PEXA	Property Exchange Australia Limited
EBIT	Earnings before interest and tax	Proposed Distribution	Proposed in-specie distribution of Link's investment in PEXA to Link shareholders
EBITDA	Earnings before interest, tax, depreciation and amortisation	RG 111	Regulatory Guide 111
EUR	Euros	RSS	Retirement and superannuation solutions division of Link
Explanatory Memorandum	Explanatory Memorandum detailing the Proposed Distribution	Shareholders	Existing shareholders of Link
FCA	Financial Conduct Authority	UK	United Kingdom

Independent Expert's Report

continued

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1 Overview of the Proposed Distribution

1.1 Background to the Proposed Distribution

In October 2022, following numerous approaches by interested parties to acquire all or part of Link (none of which were completed), Link announced its intention to engage with regulators in relation to a proposed in-specie distribution of most of Link's shares in PEXA.

PEXA is the operator of the leading digital property settlements platform in Australia and is pursuing growth options domestically and abroad. PEXA's shares were listed on the Australian Securities Exchange (ASX) on 1 July 2021.

PEXA and Link are distinct businesses, and they have operated as structurally separated businesses which are independently managed. The directors of Link consider that the Proposed Distribution will give Link Shareholders the flexibility to choose which (if not both) investment they will continue to hold, given the different business, risk and return profiles.

The directors of Link have considered a number of alternatives and have formed the view that the Proposed Distribution is in the best interests of Link Shareholders. The alternatives considered, along with the Directors' evaluation of the merits of these alternatives is set out in Section 1.2 of the Explanatory Memorandum.

1.2 Overview of the Proposed Distribution

On 18 November 2022, Link announced it sold 10% of its existing shareholding in PEXA, with the net proceeds intended to be used to reduce Link's debt. The Proposed Distribution involves the in-specie distribution by Link to its shareholders of its remaining shares in PEXA.

The Proposed Distribution will be effected by:

- transferring all of the PEXA shares held by a subsidiary to Link
- Link's interest in PEXA shares will be transferred to Eligible Shareholders (other than Selling Shareholders) and the Sale Agent (in respect of PEXA Shares that would have otherwise been received under the Distribution by Ineligible Overseas Shareholders and Selling Shareholders)
- Eligible Group Shareholders will receive one PEXA share for every 7.52 Link shares held
- the Sale Agent will sell the PEXA shares Ineligible Overseas Shareholders and Selling Shareholders would have been entitled to, and distribute the proceeds from the disposal of such PEXA shares to those shareholders.

It is expected that the Proposed Distribution will be implemented on or around 10 January 2023 (i.e. Link Shareholders will receive the PEXA shares on this date).

1.3 Conditions attaching to the Proposed Distribution

The implementation of the Proposed Distribution is subject to approval by more than 50% of votes cast by Link Shareholders. Other conditions are set out in Section 4.3 of the Explanatory Memorandum.

Independent Expert's Report

continued



2 Basis of evaluation

2.1 Purpose of the report

The Proposed Distribution requires the approval of Shareholders in accordance with Section 256C of the Corporations Act which governs reductions of share capital by companies.

Section 256C does not require an IER to be prepared and equally there are no requirements to prepare an IER under the ASX Listing Rules. However, the directors of Link have engaged Deloitte Corporate Finance to prepare an IER setting out whether, in our opinion, the Proposed Distribution is in the best interests of Shareholders.

We have also been requested to give our opinion as to whether the capital reduction associated with the Proposed Distribution materially prejudices the ability of Link to pay its creditors.

2.2 Approach to the evaluation of the Proposed Distribution

There is no legal definition of the expression 'in the best interests'. However, Regulatory Guide 111 issued by ASIC (RG 111) establishes guidelines in respect of independent expert's reports.

RG 111 notes that demergers (such as the Proposed Distribution) may not involve:

- (a) a change in the underlying economic interests of security holders;
- (b) a change of control; or
- (c) selective treatment of different security holders.

In such circumstances, it notes that the issue of 'value' may be of secondary importance and that the expert should provide an opinion as to whether the advantages of the transaction outweigh the disadvantages.

If the Proposed Distribution is implemented, Shareholders' investment in Link will be split into two parts: (i) a shareholding in Link; and (ii) a shareholding in PEXA. As such, the effective ownership interest in the combined business of Link and PEXA held by each Shareholder immediately before and after the Proposed Distribution will be equal. Given this, and as is normally the case in the evaluation of demergers, we have not undertaken a valuation of Link or its assets.

However, the Proposed Distribution results in a number of additional costs, risks and potential disadvantages. Our approach to the evaluation of the Proposed Distribution has involved gaining an understanding of Link and PEXA. Our analysis of these factors is set out in Sections 3 and 4.

We have also gained an understanding of the implications of the Proposed Distribution on Link Shareholders. This is set out in Section 5. Having regard to this, we then assessed the advantages and disadvantages of the Proposed Distribution. The factors we considered in assessing the advantages and disadvantages included, amongst other things:

- the likely impact on the value of Link and PEXA
- the impact on the business operations of the Proposed Distribution
- the impact on earnings and dividends attributable to Shareholders on a historical pro forma basis
- the effect of the Proposed Distribution on the financial position of Link
- the alternatives available
- the cost of the Proposed Distribution.

³ Link Group Shareholders who are Ineligible Overseas Shareholders will not receive PEXA Shares under the Proposed Distribution. PEXA Shares that would otherwise be transferred to these shareholders under the Proposed Distribution will be transferred to the Sale Agent to be sold, with the proceeds of such sale to be paid to Ineligible Overseas Shareholders

Our evaluation of these advantages and disadvantages is set out in Section 6. We have then formed the view as to whether the advantages of the Proposed Distribution outweigh the disadvantages of the Proposed Distribution, and consequently whether the Proposed Distribution is in the best interests of Shareholders.

Typically, IERs dealing with demergers have regard to factors such as shared management, shared infrastructure and impacts on synergies. However, Link is not operationally integrated with PEXA, and PEXA is a separate listed company with its own board of directors and management. For these reasons, in our assessment of the impacts of the Proposed Distribution, the impact of the demerger on either Link or PEXA operations is likely to be limited or insignificant, and as such our Report has not focussed on these aspects.

2.3 Evaluating the impact of the Proposed Distribution on creditors of Link

In evaluating whether the Proposed Distribution materially prejudices the ability of Link to pay its creditors at the date of this report, we have considered the following:

- the nature of the creditors of Link
- the nature of any relationship between Link and other Link group entities, including any guarantor arrangements or class orders entered into
- the impact of the Proposed Distribution on Link and its ability to pay creditors as disclosed in the accounting records of Link prior to the issue of this Report
- the impact of the Proposed Distribution on the financial position of Link.

2.4 Limitations in our opinions

This report should be read in conjunction with Appendix 1.

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3 Profile of Link

Link is a technology enabled provider of administration and other services and is listed on the ASX with a market capitalisation of approximately AUD 1.8bn⁴. It partners with a diversified portfolio of global clients to provide robust, efficient and scalable services, purpose-built solutions and modern technology platforms to enable the administration process for securities associated with pensions, companies, loans, funds and property assets. Link operates in 18 jurisdictions with over 6,000 clients and 7,000 full time employees.

3.1 Corporate history

An overview of the company history is provided in the figure below.

Figure 1: Corporate history

Pre-2005	The early origin of the company was a share registry business owned by Perpetual Trustees. Subsequently, the ASX purchased a 50% interest and it was renamed ASX Perpetual Registrars.
2005	ASX Perpetual Registrars was purchased by Pacific Equity Partners, and renamed Link Market Services (part of Link). Established a joint venture with the New Zealand Stock Exchange.
2006	Acquired Australian Administration Services (AAS), one of Australia's leading superannuation administration services providers, and Orient Capital, an Australian provider of share register analysis and equity ownership analytics services. Expanded corporate markets to include investor relation services.
2008	Acquired Intime Spectrum Registry Ltd, a leading share registry business in India.
2012	Acquired assets of FuturePlus Financial Services Pty Limited, a superannuation fund administrator.
2013	Acquired Synchronised Software, an Australian financial administration software company. Acquired 11.4% ownership interest in PEXA. Acquired Russell Investments' Australian superannuation administration services business.
2014	Acquired German based registrar services GmbH from Deutsche Bank. Acquired D.F. King & Co's European operations from American Stock Transfer & Trust. Acquired Superpartners, a superannuation administration provider.
2015	Listed on the ASX. Acquired HCE Haubrok, a specialist provider of Annual General Meeting (AGM) services in Germany.
2016	Acquired White Outsourcing, a provider of unit registry services. Renamed Link Fund Solutions. Acquired Adviser Network, a provider of digital and advice services.
2017	Acquired Capita Asset Services, which provides a range of administration and financial services. Their major business units included fund solutions, shareholder solutions, corporate and private client solutions, banking and debt solutions. The acquisition was an opportunity for Link to further expand into the UK and Europe. Link increased its shareholding in PEXA from 11.4% to 19.7%.
2018	Acquired Novalink, a Netherlands based debt servicing business.
2019	Participated in PEXA trade sale and increased ownership interest to 44.2%. Acquired Flex Front Group, comprising of a Dutch mortgage broker and mid-office servicer. Acquired 75% of TSR Darashaw, a share registry business based in India. Sold Corporate and Private Client Services business unit (originally acquired as part of the Capita Asset Services acquisition). Entered into a binding agreement to sell interest in Link Market Services South Africa.
2020	Acquired 100% interest in pension administration business of Smart Pension. Increased investment in TSR Darashaw to 100%. Received a non-binding indicative offer from the Pacific Equity Partners and Carlyle consortium. Link also announced a proposal to demerge Link's interest in PEXA (through an Initial Public Offering (IPO) of the entity that held Link's interest in PEXA). Completed the sale of Link Market Services South Africa. Received a non-binding indicative offer from SS&C Technologies Holdings Inc.
2021	Link announced, along with a possible IPO of the entity that held its interest in PEXA, it would also explore a trade sale of its interest in PEXA. PEXA listed on the ASX.
2021	Acquired Luxembourg-headquartered Casa4Funds SA from Banor Capital for EUR 10m. Received a conditional, non-binding indicative offer from Carlyle Asia Partners V, L.P. to acquire 100% of share capital of Link. Separately, the BCM business received two conditional, non-binding offers. Entered into an agreement with Dye & Durham to acquire 100% of Link's share capital.

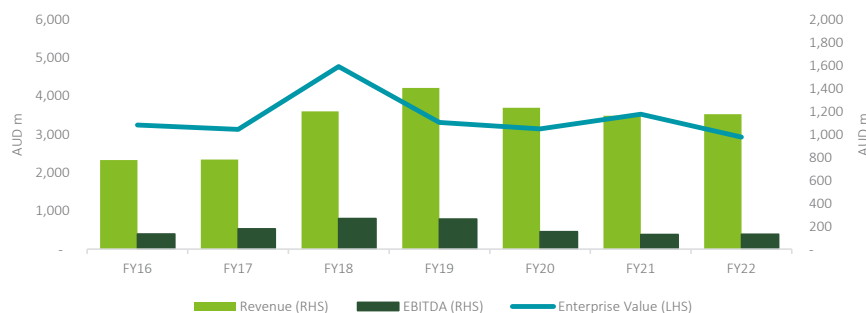
⁴ Market capitalisation as at 31 October 2022



Source: Annual reports, ASX announcements

Over the years, the growth of Link has been achieved through strategic investments or acquisitions such as AAS, Superpartners, Capita Asset Services, PEXA and Smart Pension, and organically through expansion of business service lines, including partnerships with key market participants. Figure 2 shows changes in revenue since the IPO in 2015, from approximately AUD 800m to a peak of AUD 1,400m in FY19, prior to the sale of the Corporate and Private Client Services business in June 2019 and before being affected by the impact of regulatory changes in the Australian superannuation market and market uncertainties driven by the COVID-19 pandemic and other political and economic events, such as Brexit, in key markets.

Figure 2: Financial performance since IPO



Notes:

Enterprise value is market capitalisation plus net debt and non-controlling interests at end of each financial year.

Includes BCM to the extent it was owned by Link in that financial year

With the introduction of AASB 16 from FY20 onwards, net debt includes lease liabilities and EBITDA is prior to rent expense

Source: Annual reports, Capital IQ, Deloitte Corporate Finance analysis

As seen above, whilst headline revenue has increased significantly since FY16, the enterprise value has decreased marginally. Subsequent to 30 June 2022, and up to 31 October 2022, the enterprise value of Link has declined by AUD 185m to AUD 2.7bn.

3.2 Overview of Link

The operations of Link are split between the following business units:

- **Retirement and superannuation solutions (RSS):** member and employer administration services including data management, member communication, contribution and statement processing, reporting, integrated clearing house, financial planning, direct investment options and trustee services
- **Corporate markets (CM):** offers a suite of products that allows companies and other entities to connect with their stakeholders, including, share registry management, employee share plan administration, investor relations services, proxy solicitation, treasury management, company secretarial support and other solutions
- **Fund solutions (FS):** authorised fund manager, third party administration and transfer agency services to asset managers and investment funds

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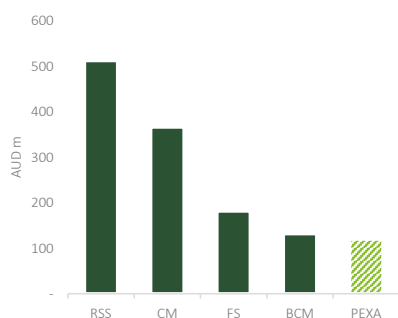
- **Banking and credit management (BCM):** end-to-end loan servicing including origination and management, debt work-out, compliance and regulatory oversight.

As at 30 June 2022, Link had a 42.8% equity interest in PEXA, a digital property settlement platform that had a national transfer market penetration of 85%. The platform connects financial institutions, legal and conveyancing firms, developers, land registries and state revenue offices. Further detail on PEXA is included in Section 4.

Link initially invested in PEXA in 2013 having acquired 11.4% interest. At that time, PEXA was still developing its software and product offerings. Link then increased its ownership interest in PEXA in 2017 and 2019, ultimately to 42.8%.

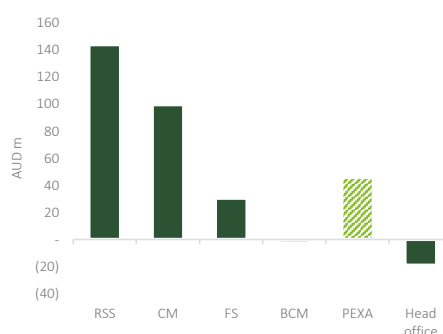
Set out in the figures below is an analysis of revenue and EBITDA by business unit and geography for FY22. Whilst not consolidated in Link's financial statements, for presentation purposes, we have included Link's 42.8% share of PEXA revenue and EBITDA in the figures below.

Figure 3: Revenue by business unit (FY22)



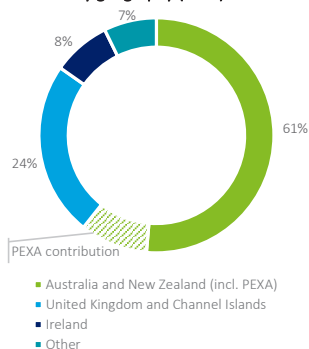
Notes:
Figures are gross of intercompany eliminations
PEXA figure represents Link's share in PEXA (42.8%) and do not form part of Link's statutory financial statements.
Source: Annual report, FY22 results presentation

Figure 4: Operating EBITDA by business unit (FY22)



Notes:
Figures are gross of intercompany eliminations
PEXA figure represents Link's share in PEXA (42.8%) and do not form part of Link's statutory financial statements.
Source: Annual report, FY22 results presentation

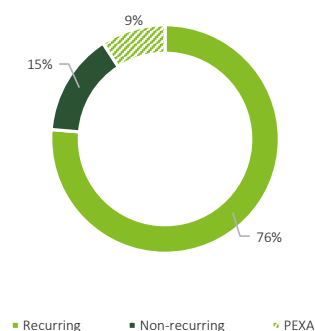
Figure 5: Revenue by geography (FY22)



Notes:
Includes Link's 42.8% share of PEXA's revenue (included in Australia and New Zealand) and do not form part of Link's statutory financial statements.
Source: Link and PEXA FY21 annual reports, Deloitte Corporate Finance analysis

The revenue contribution of the Australian and New Zealand operations as disclosed above, increased from 60% in FY21 to 61% in FY22 as a result of the growth in PEXA, which currently generates all of its revenue in Australia.

Figure 6: Recurring revenue (FY22)



Notes:
Includes Link's 42.8% share of PEXA's revenue and do not form part of Link's statutory financial statements.
Source: Link and PEXA FY21 annual reports, Deloitte Corporate Finance analysis

Recurring revenue as a percentage of total revenue has increased from 79.6% in FY18 to 84.0% (excluding PEXA) in FY22.⁵

3.3 Interests in other entities

The table below summarises Link's interests in entities that are not wholly owned, as at 19 November 2022.

Table 1: Interests in entities <100% owned

	Country of incorporation	Interest	Accounting treatment	Material to group?
Moneysoft Pty Limited	Australia	79.3%	Equity accounted	No
PEXA Group Limited	Australia	38.5%	Equity accounted	Yes
Smart Pension Limited	United Kingdom	11.7%	Fair value through P&L	Yes

Source: Annual report, Management

A brief description of these entities is as follows:

- Moneysoft provides personal financial management technology, with solutions for both individual users and large enterprises
- PEXA is discussed in greater detail in Section 4
- Smart Pension Limited is a workplace pension platform based in the UK. Link has a minority interest in Smart Pension Limited and performs administration services for Smart Pension through Link Pension Administration Limited.

3.4 Strategic expansion and diversification

Link has become substantially more diversified in recent years, as demonstrated in the figures below, which compare FY21 actual revenue to revenue included in the prospectus in FY15.

⁵ Recurring revenue represents contracted revenue, assessed by management as a measure of revenue that the business expects to generate with a high level of consistency and certainty. This revenue is still subject to variability as the revenue from each customer is not fixed or committed.

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Figure 7: Revenue by business unit (FY15)

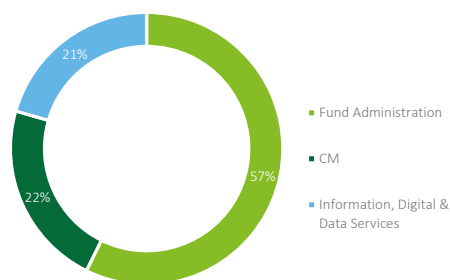


Figure 8: Revenue by business unit (FY22)

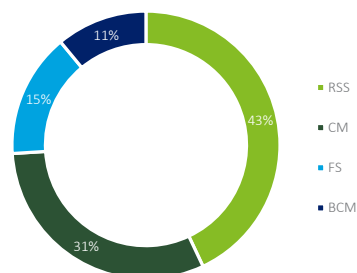


Figure 9: Revenue by geography (FY15)

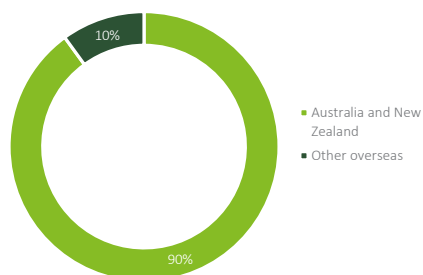
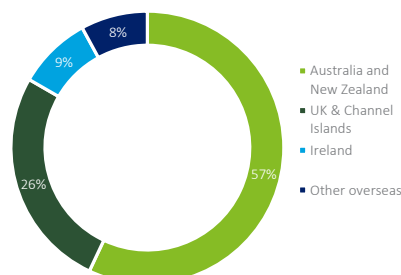


Figure 10: Revenue by geography (FY22)



Note:
Percentages represent contribution before eliminations and do not include PEXA
Source: FY15 Annual report, FY22 annual results presentation, FY22 annual report, Deloitte Corporate Finance analysis

Diversification helped to soften the overall impact of recent challenges faced in individual business units, such as client losses arising from superannuation fund consolidations and government policy changes in RSS.

The scale of Link has enhanced its ability to generate growth, with a greater range of products, more geographies and a broader client base. The complementary nature of the business units has allowed Link to pursue its Global Transformation Program, which has delivered total annualised cost benefits of AUD 77.9m in FY22.

3.5 Woodford Matter

Link Fund Solutions Limited (LFSL), a UK incorporated entity that is a subsidiary of Link, is the Authorised Company Director (ACD) of the LF Equity Income Fund (formerly known as the LF Woodford Equity Income Fund). On 3 June 2019, trading in the LF Woodford Equity Income Fund was suspended.

On 17 June 2019 the FCA notified LFSL that it was commencing an investigation into LFSL's role as ACD of the fund.

Up to June 2022, LFSL (as ACD of the fund) has made four distributions from the windup of the fund, totalling approximately GBP 2.5bn. The remaining assets are understood to be invested in relatively illiquid, unlisted companies.

On 21 September 2022, Link announced that the FCA had issued a draft warning notice in accordance with the FCA's settlement decision procedure to LFSL, assessing the appropriate penalty in respect of the Woodford Investigation to be GBP 50m (prior to taking into account any available discount) in addition to a restitution payment of approximately GBP 306m. The draft warning notice signals the commencement of the FCA's settlement decision process, and is not a final decision. As such, there are a number of steps, including a potential referral to a tribunal, before a final, binding decision is made.

In addition to the above, LFSL is aware of three claims that have been issued against it in the Courts of England and Wales. We understand that no proceedings have been served on LFSL, but LFSL has been served with an application for an order relating to common claims, also referred to as a Group Litigation Order, in respect of two of these claims. LFSL intends to defend itself against any proceedings, however as at the date of this report, the outcome of any proceedings cannot be determined.

LFSL continues to trade profitably, and has substantial cash resources. As at 30 June 2021, LFSL had audited net assets of GBP 49.8m whilst at 30 June 2022, LFSL unaudited net assets were GBP 54.3m.

Further disclosure in respect of the Woodford Matter is disclosed in Section 2.9.6 of the Explanatory Memorandum.

3.6 Financial performance

Set out in the table below is the financial performance of Link for the years ended 30 June 2020 to 30 June 2022.

Table 2: Financial performance

AUD m (unless otherwise stated)	FY20	FY21	FY22
Revenue	1,230.4	1,160.3	1,175.3
Employee expenses	(599.2)	(614.3)	(655.9)
Occupancy expenses	(28.4)	(20.1)	(19.5)
IT costs	(118.4)	(116.9)	(117.5)
Administrative, general and other expenses	(238.1)	(201.0)	(198.4)
EBITDA (statutory)	246.3	208.0	184.1
Depreciation and amortisation	(165.5)	(156.4)	(143.8)
Impairment expense	(107.8)	(182.8)	(83.1)
EBIT	(33.7)	(138.4)	(42.8)
Share of PEXA profit	(0.0)	1.9	9.3
Other items ¹	(56.3)	(5.0)	(31.2)
Net Profit Before Tax (NPBT)	(90.0)	(141.5)	(64.6)
Tax expense	(12.5)	(21.2)	(2.9)
Net Profit After Tax (NPAT) (statutory)	(102.5)	(162.7)	(67.6)
<i>Dividend per share (cents)</i>	<i>10.0</i>	<i>10.0</i>	<i>11.0²</i>
<i>Revenue growth (%)</i>	<i>(12)%</i>	<i>(6)%</i>	<i>1%</i>
<i>EBITDA margin (%)</i>	<i>20%</i>	<i>18%</i>	<i>16%</i>

Notes:

1. Other items include gain/loss on financial assets held at fair value, share of loss of equity accounted investments (Moneysoft), net finance costs and profit on disposal of subsidiaries

2. Dividend for FY22 includes special dividend of 8 per cents in addition to interim dividend of 3 per share.

Source: Annual reports, Deloitte Corporate Finance analysis

Revenue decreased in FY21 due to the impact of:

- portfolio run-off, lower new business pipeline reflecting the impact of fiscal and monetary stimuli on the back of the COVID-19 pandemic in the BCM business
- the impact of regulatory changes on member numbers and reduced non-recurring fee for service revenue, coupled with the part year impact of some client exits and discounts in the RSS business
- the sale of Link Market Services South Africa in October 2020 resulting in only a part-year contribution to the CM business, along with lower levels of margin income, share dealing and investor relations support services.

In FY22 revenue increased, largely attributed to:

- member growth for RSS clients, indexation and fund merger activity
- higher registry revenues across CM division with large growth in India due to strong IPO market
- stronger equity markets, FS revenue supported by contribution from Casa4Funds and new funds

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- partially offset by prior year client exits through industry consolidation, fee changes and limited opportunities in the non-performing loan market in FY22.

Operating costs increased by 4% in FY22 compared to prior year primarily on account of increase in employee expenses after a temporary salary reduction in FY21 and indexation which was partially offset by lower cost of special equity grant. Operating expenses also increased due to higher insurance and technology costs. This was partially offset by the annualised benefits from a transformation program, and lower occupancy expenses due to COVID-19 related reductions in office, travel and entertainment expenses.

The impairment charge in FY22 comprised a goodwill write down in the BCM business due to challenging market conditions, particularly in relation to the non-performing loan market in Ireland, Italy, and the UK, as well as a write down in plant and equipment related to certain premises.

The share of PEXA profit represents Link's share of PEXA's operating results.

Other items comprise net finance costs, profit on disposal of subsidiaries, share of gain of equity accounted investments (Moneysoft) and (loss)/gain on financial assets held at fair value. Net finance cost reduced by AUD 9.2m in FY21, reflecting the interest income received on PEXA shareholder loans and the low interest rate environment, while the same increased by AUD 6.7m in FY22 due to increase in interest rates and a higher level of debt. Profit on disposal relates to the disposal Link Market Services South Africa in October 2020 and there is no gain on disposal of subsidiaries in FY22. Gains on financial assets held at fair value in FY21 can be attributed to a fair value gain on the investment in Smart Pension Limited, offset by a fair value loss on the group's interest in Leveris Limited.

Dividends of 10 cents per share were paid in FY21, consistent with FY20, reflecting Link's cash conversion ability and operating cash flow position. In FY22, Link paid dividends of 11 cents, comprising a special dividend of 8 cents per share in addition to the interim dividend of 3 cents per share.

3.7 Financial position

Set out in the table below is the consolidated financial position of Link as at 30 June 2020 to 30 June 2022.

Table 3: Financial position

AUD m (unless otherwise stated)	30 June 2020	30 June 2021	30 June 2022
Restricted (regulatory) cash	17.6	17.6	21.3
Trade receivables net of expected credit losses	163.0	147.9	155.7
Other assets	33.8	36.5	44.9
Trade creditors	(38.5)	(50.4)	(28.4)
Other payables	(112.8)	(112.7)	(109.5)
Net current tax balances	13.6	(24.6)	10.9
Net working capital	76.7	14.2	94.9
Net funds held in trust	(11.9)	21.1	20.8
Investments	93.2	103.5	110.6
Equity-accounted investments	705.3	535.2	551.3
Plant and equipment	79.7	70.6	86.7
Right of use asset	170.8	145.1	187.4
Intangible assets including goodwill	2,042.2	1,798.4	1,675.6
Net other liabilities	(192.9)	(183.9)	(136.0)
Total funds employed	2,898.3	2,469.0	2,475.7
Cash and cash equivalents ¹	225.5	302.9	91.6
Lease liabilities	(251.2)	(219.6)	(296.5)
Interest bearing debt	(1,011.7)	(848.3)	(877.4)
Other	6.6	0.3	-
Net debt	(1,030.8)	(764.7)	(1,082.3)
Net assets	1,932.3	1,739.6	1,509.1
Non-controlling interest	(4.6)	(0.8)	(0.6)
Equity attributable to shareholders of the parent	1,927.7	1,738.7	1,508.6
<i>Net working capital % of revenue</i>	<i>6.2%</i>	<i>1.2%</i>	<i>8.1%</i>
<i>Return on funds employed²</i>	<i>8.5%</i>	<i>8.4%</i>	<i>7.4%</i>

Notes:

1. Excludes restricted cash and cash for funds held in trust which are separately recognised in this table

2. Defined as statutory EBITDA (as shown in Table 2), divided by total funds employed (as shown above)

Source: Annual report, Deloitte Corporate Finance analysis

Restricted (regulatory) cash includes balances Link is required to hold to satisfy relevant financial licensing requirements, as prescribed by the relevant regulatory requirements in each jurisdiction.

Net funds held in trust represents the net investor purchases and redemptions of units, along with funds held in trust, for funds where Link's subsidiaries are the authorised corporate director.

Investments mainly relate to the unlisted investment in Smart Pension. In FY22, Link invested additional capital into Smart Pension and revalued its pre-existing interest, resulting in an increase in the assessed value.

Equity accounted investments includes Link's interest in PEXA. Because the value of PEXA is reflected under the equity accounting method, the book value reflects the historical cost at acquisition and adjusted thereafter for Link's share of PEXA's profit. Further details of Link's interest in PEXA are included in Section 4.

Net other liabilities in total funds employed includes net deferred tax liabilities, employee benefits and provisions.

Net debt increased over FY22 driven by the increase in lease liabilities (as Link acquired a new lease in Parramatta and India), increase in debt following the announcement of the on-market share buy-back in August 2021, offset by a decrease in cash primarily due to share buy backs, as well as investments, including the acquisition of Casa4Funds.

3.8 Capital structure and shareholders

3.8.1 Debt profile

Set out in the table below is a summary of existing debt facilities.

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Table 4: Debt facilities

	Facility notional currency	Interest margin	Facility size (AUD m)
Non-amortising term loan	AUD	2.8% - 3.0%	630.0
Working capital	AUD	1.9% - 3.0%	30.0
Non-amortising term loan	GBP	2.9% - 3.1%	440.8
Working capital	GBP	1.9% - 3.1%	35.3
Total leverage ratio ¹			2.6x
Interest coverage ratio ¹			15.2x

Notes:

1. As disclosed in the FY22 results presentation.

Source: FY22 results presentation, FY22 financial statements

The leverage ratio of 2.6x is within the guidance range of 2.0x to 3.0x net debt to EBITDA. This reflects an increase relative to 30 June 2021, and this is mainly due to lower operating cash flows, and the share buyback undertaken during the period.

Interest coverage ratio of 15.2x increased relative to that as at 30 June 2021 of 13.8x as a result of lower interest expense.

In November 2021, Link refinanced its senior debt facilities. As a result, Link has available to its senior debt facilities denominated in AUD and GBP totalling AUD 1.1bn as at 30 June 2022. AUD 425m is available until 29 October 2024, whilst the balance is available until 29 October 2026. Of these facilities, AUD 0.9bn has been utilised.

In addition, Link has working capital facilities with maturities aligned to the term facilities totalling AUD 65.3m. AUD 11.7m of these facilities was drawn as at 30 June 2022.

3.8.2 Shareholders

Link has 513m shares on issue (including restricted shares but excluding performance rights or share rights which are discussed separately below). Set out below are the substantial shareholders.

Table 5: Substantial shareholders as at 14 October 2022

AUD m	Millions of shares	% Interest
Yarra Capital	37.6	7.3%

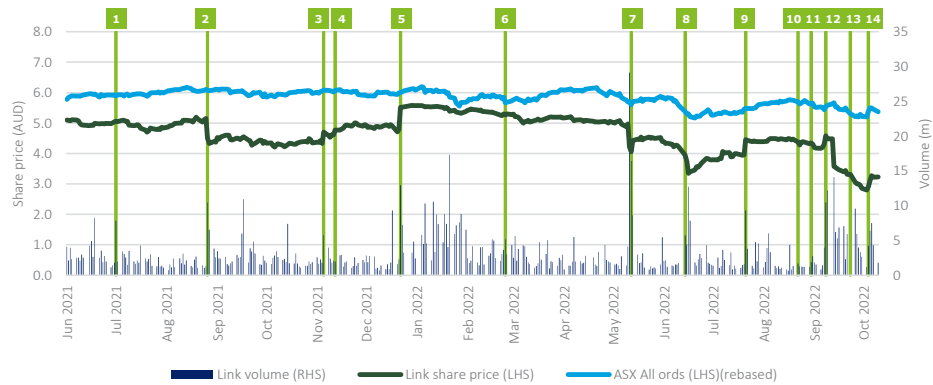
Source: Management, Deloitte Corporate Finance analysis

In addition to the shares on issue, there are 4.4m performance rights and 1.0m share rights on issue as at the date of this report. These rights carry certain conditions that must be satisfied prior to vesting. Whilst these performance rights and share rights will not participate in the Proposed Distribution, the Board has determined to make a cash payment to participants who hold these performance rights and share rights to compensate for the dilution in the value of Link shares following completion of the Proposed Distribution.

3.9 Share price performance

The share price of Link has generally tracked in line with the broader Australian share market as depicted by the ASX All Ordinaries index, with the exception of certain periods where the share price was impacted by unexpected announcements relating to earnings announcements, unsuccessful takeover offers and the Woodford Matter. This is summarised in the figure and table below.

Figure 11: Link share price performance



Source: ASX announcements, Deloitte Corporate Finance analysis

Table 6: Key events and announcements

Ref	Announcement
1	PEXA listed on the ASX at an enterprise value of AUD 3.3bn.
2	Full year FY21 results announced, with statutory revenue decreased by 6% and operating EBIT of AUD 141.4m decreasing 13% to prior corresponding period. Moreover, a final dividend of 5.5c, up from 3.5c in the prior corresponding period. Link also announces its intention to undertake an on-market buy-back of its shares up to a maximum cost of AUD 150m.
3	Receipt of a conditional, non-binding indicative proposal from entities associated with Carlyle to acquire 100% of the shares in Link by a way of a Scheme of Arrangement.
4	Announcement of a conditional, non-binding indicative proposal from a syndicate led by Pepper European Servicing to acquire the whole of BCM for up to AUD 86.5m, followed by receipt of a further bid for BCM, a conditional, non-binding offer from LC Financial to acquire the business for up to AUD 101m.
5	Announcement of the Proposed Scheme with Dye & Durham, for 100% of the share capital of Link.
6	H1FY22 results announced, with an 11% decrease in operating EBIT relative to the prior corresponding period.
7	Supreme Court of NSW approved convening of a meeting of Link shareholders (Scheme Meeting) to consider and vote on the proposed acquisition of Link by Dye & Durham Corporation by way of scheme of arrangement.
8	Australian Competition and Consumer Commission (ACCC) released a statement of issues in relation to the acquisition, noting the concerns that the potential vertical integration of Dye & Durham's operations and PEXA gave rise to the competition concerns.
9	Dye & Durham reduced its proposal for a revised Base Scheme Consideration
10	Link shareholders vote in favour of Scheme
11	Full year FY22 results announced, with statutory revenue increased by 1% and operating EBIT of AUD 154m increasing by 9% to prior corresponding period.
12	Link confirmed that the ACCC has confirmed that it will not oppose the proposed acquisition of Link by Dye & Durham, after accepting a court-enforceable undertaking from Dye & Durham to divest its existing Australian business.
13	The Scheme Implementation Deed between Link and Dye & Durham was terminated. A fully franked special dividend of 8 cents per share was announced. The FCA issued a draft warning notice connected with the Woodford Matter, as noted in Section 3.5.
14	Link announces evaluates the alternatives for the business and engage with applicable regulators, including the ATO in relation to a potential in-specie distribution to Link shareholders of a minimum of 80% of Link's shareholding in PEXA. Dye & Durham made a non-binding, conditional and indicative proposal to acquire Link's CM and BCM business.

Source: ASX announcements, Deloitte Corporate Finance analysis

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3.10 Strategy and outlook

Management expects single digit growth in revenue in FY23, operating EBITDA 8% to 10% higher than FY22 and operating EBIT of 10-12% higher than FY22. In order to achieve these targets, Management's focus is to refine the business operating model to drive optimal performance and outcomes for Link and its stakeholders. The company plans to continue to reinvest in the business, building stronger capabilities to tailor solutions for our clients, and positioning the organisation to leverage opportunities that are expected from favourable tailwinds in the next 12–18 months. The India Hub continues to grow with approximately 1,100 team members delivering services and support the four business divisions. Management also intend to further simplify the group structure and operating model.

3.11 Equity analysts' perspectives

Set out below is the revenue and EBITDA growth based on estimates made by equity analysts.

Table 7: Link consensus estimates

AUD m (unless otherwise stated)	FY22 Actual	FY23 Consensus	FY24 Consensus	FY25 Consensus
Median revenue ¹	1,175	1,204	1,243	1,277
Revenue growth (%)		2.5%	3.3%	2.7%
Median EBITDA ¹	252 ²	275	291	302
EBITDA growth (%)		9.0%	5.7%	3.9%
EBITDA margin (%)	21.5%	22.8%	23.4%	23.6%
Share of PEXA profit	9	8	12	17

Notes:

1. Excludes share of PEXA profit

2. Operating EBITDA after adjusting for significant items, as disclosed in Link's FY22 results presentation.

Source: Equity analyst reports, FY22 results presentation

The consensus calculated above is based on reports issued by ten equity analysts following the date of the FY22 results announcement. The expected drivers of growth highlighted by analysts include:

- the RSS business is expected to benefit from strong member growth, including expansion into the UK market, industry fund consolidation and continued outsourcing trends
- CM is expected to benefit from rising interest rates, leading to higher margin income as well as new registry wins
- Link's marginal cost advantage over smaller competitors, in both fund administration and the corporate markets divisions, can be expected to increase with client growth.

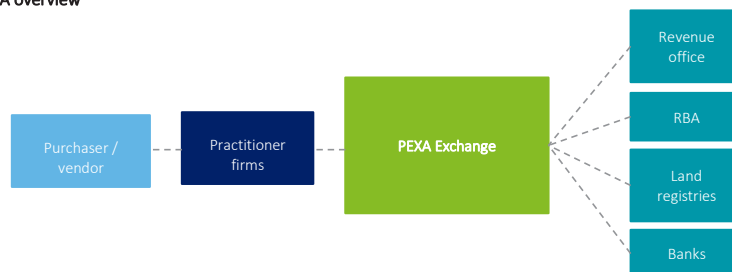
4 Profile of PEXA

4.1 Overview

PEXA is listed on the ASX and operates a full-service electronic lodgement network, a cloud-based platform that enables digital lodgement and settlement for property transactions. It integrates lodgement and settlement services across financial institutions, practitioner firms, property developers, consumers, the RBA, Land Titles offices and the State Revenue offices. As at 31 October 2022, PEXA had a market capitalisation of approximately AUD 2.7bn based on the closing price of AUD 15.47 per share. As at 19 November 2022, Link owns 38.5% of PEXA, and for Link's financial reporting purposes, it is held as an equity accounted investment. PEXA is an independent entity with its own management and directors.

An overview of PEXA's operations is set out below:

Figure 12: PEXA overview



Source: ASX announcement, Deloitte Corporate Finance analysis

PEXA is hosted on the cloud and provides a range of functions in the conveyancing process, including:

- providing a secure online workspace through which the parties preparing a property transaction collaborate to prepare for settlement
- financial settlement of the property transaction through electronic funds transfers at the RBA through exchange of value between financial institutions
- facilitation of financial disbursements at settlement; and
- lodgement of various dealings with the relevant Land Titles Office.

PEXA is also targeting a number of growth opportunities which are discussed in greater detail below.

4.2 Operating performance

Following a period of development, the PEXA platform launched in New South Wales and Victoria in 2014, followed by Queensland and Western Australia. It was subsequently launched in South Australia in 2016. eConveyancing has been largely mandated in New South Wales, Victoria, South Australia and Western Australia. Other states and territories are expected to mandate digital property settlement over the coming years.

As at the end of June 2022, PEXA had +500 full time equivalent employees, with a market share of approximately 85% in Australia⁶, having performed more than 4m transactions with a gross value of AUD 900bn for the year.

PEXA generates fees based on a rate per successful transaction and the total charge depends on the transaction type. It does not charge registration or ongoing subscription fees. Fees are charged for specific services, including lodgement verification checks, title activity checks, electronic disbursement of cleared funds, document lodgement with land registry and stamp duty verification. Rates are set in line with the model operating requirements which are set and governed by the Australian Registrars National Electronic Conveyancing Council. Rate escalations are capped, based on the consumer price index.

⁶ Based on the number of land transactions in Australia.

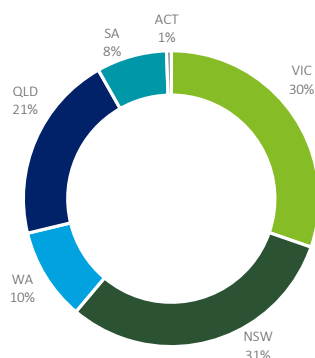
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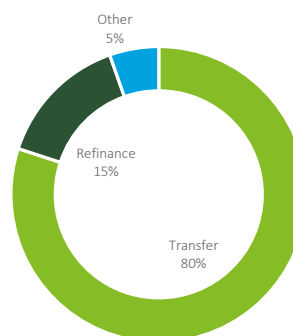
Set out in the figure below is PEXA's revenue by jurisdiction and product for the period ending 30 June 2022:

Figure 13: Revenue split by state (FY22)



Source: PEXA FY22 full year results presentation

Figure 14: Revenue split by product (FY22)



Source: PEXA FY22 full year results presentation

4.3 Substantial shareholders

Link currently holds 68.3m shares in PEXA, representing 38.5% of total shares outstanding. Set out in the table below is a summary of the substantial shareholders of PEXA.

Table 8: Substantial shareholders

AUD m	No. of shares (m)	% interest
Link	68.3	38.5%
Commonwealth Bank of Australia	42.4	23.9%
Other	66.6	37.6%
Total	177.3	100.0%

Source: ASX announcements

Through Link's 38.5% interest, they hold certain rights which are formalised in a Relationship Deed, which we summarise below:

- **Board representation:** currently Link nominate two directors, out of a total eight directors
- **Information rights:** each director and major shareholder must be given reasonable access to inspect and take copies of documents relating to the business and discuss the affairs of PEXA.

4.4 Financial performance

Set out in the table below is the audited statements of financial performance of PEXA for the periods ended 30 June 2020 to 30 June 2022.

Table 9: PEXA financial performance

AUD m (unless otherwise stated)	FY20	FY21	FY22
Revenue	155.6	221.0	279.8
Gross profit	132.6	191.7	245.3
Operating expenses	(80.9)	(97.3)	(138.2)
EBITDA (statutory)	51.7	94.4	107.1
Depreciation	(2.4)	(2.7)	(2.5)
Amortisation	(60.0)	(63.3)	(65.9)
EBIT	(10.7)	28.4	38.7
Net finance income/(costs)	1.9	(36.5)	(5.8)
NPBT	(8.8)	(8.1)	32.9
Tax	8.7	(3.7)	(11.1)
NPAT	(0.0)	(11.8)	21.9
NPATA¹	60.0	27.8	61.2
Exchange transactions (m)	2.4	3.3	4.1
Revenue growth (%)	43%	42%	27%
Gross margin (%)	85%	87%	88%
EBITDA margin (%)	33%	43%	38%

Notes:

1. NPATA represents net profit after tax and after adding back the tax effected amortisation of acquired intangible assets, as disclosed by PEXA.

Source: PEXA financial statements, PEXA results presentation, Deloitte Corporate Finance analysis

Revenue growth for FY22 was driven by the increase in transaction volume on the PEXA exchange platform (4.1m transactions, reflecting 22% growth on the prior period), as a direct result of growth in market share (which primarily reflects increased use of eConveyancing). Cost of sales primarily relates to fees paid to state land registries for information relating to settlements. These costs are typically incurred on a per transaction basis in advance of a settlement occurring.

Operating expenses are largely comprised of salaries and wages, IT and development costs, product development, administration, sales and marketing. The increase in operating expenses is driven by an increase in product development expense to develop the PEXA Exchange and the UK Exchange software, as well as transaction costs associated with IPO.

The step up in amortisation charges is driven by higher levels of capitalised software.

The elevated levels of finance costs in FY21 was driven by the conversion of issued capital to shareholder loans in July 2020, which was subsequently repaid in July 2021 as part of the IPO settlement process.

Despite generating a loss before tax in FY20 and FY21, PEXA achieved a profit in FY22, largely driven by growth in volumes and a reduction of finance costs.

4.5 Financial position

Set out in the table below is the financial position of PEXA as at 30 June 2021 to 30 June 2022.

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Table 10: PEXA financial position

AUD m (unless otherwise stated)	30 June 2021	30 June 2022
Trade and other receivables	2.1	1.4
Prepayments and other assets	9.6	21.4
Trade and other payables	(49.9)	(49.5)
Provisions	(5.0)	(6.7)
Working capital	(43.1)	(33.4)
Intangible assets	1,517.3	1,500.0
Net deferred tax liabilities	(23.8)	(33.1)
Investments in associates	-	29.6
Other ¹	10.4	8.8
Total funds employed	1,503.8	1,505.2
Cash and cash equivalents	51.5	75.4
Other financial assets	21.7	25.0
Lease liabilities	(11.7)	(9.5)
Loans and borrowings	(297.4)	(298.0)
Shareholder loans	(193.0)	-
Net cash/(debt)	(428.9)	(207.1)
Net assets	1,031.8	1,264.7

Notes:

1. Includes property, plant and equipment (PP&E), right-of-use assets and provisions.

Source: PEXA financial statements, Deloitte Corporate Finance analysis

Working capital largely comprises trade payables and other accruals which are largely wage related. Prepayments primarily relate to insurance, software licencing and support costs and fees paid to state land registries ahead of settlement.

Total funds employed is primarily comprised of intangible assets, recognised on the acquisition of PEXA in January 2019. Intangible assets as at 30 June 2022 include goodwill (AUD 694m), software (AUD 583m), customer relationships (AUD 397m), brand (AUD 24m), licences (AUD 15m) and operational procedures (AUD 2m). In FY22, intangible assets increased due to the addition of in-house software assets.

Net deferred tax liabilities relate to temporary timing differences, primarily a deferred tax liability relating to intangible assets and a deferred tax asset relating to transaction costs.

Investments in associates arose from the acquisition of Landchecker in February 2022 and Elula in June 2022.

Net debt decreased in FY22 as the interest bearing loans to related parties were repaid as part of the IPO settlement process on 1 July 2021.

4.6 Growth opportunities

Immediate growth opportunities for PEXA lie in growing market share and capitalising on the transition to eConveyancing. Current initiatives are focussed on adjacent platforms that create value for users and supporting volume growth, including:

- **PEXA Plus:** providing small/medium size practitioner firms with title searches, digital contracts and identity verification and other self-service tools
- **PEXA Projects:** allows developers and practitioner firms to manage multiple workspaces for multiple lot settlements
- **PEXA Key:** provides settlement tracking and secure communication platform to vendors and purchasers
- **PEXA Planner:** targeted to financial institutions and practitioner firms, providing visibility over upcoming settlements
- **PEXA tracker:** targeted to financial institutions, providing frontline bank employees with visibility over upcoming settlements.

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Medium to long-term growth opportunities, as identified by PEXA management, include PEXA International, PEXA Insights and PX Ventures entities:

- **PEXA International:** PEXA intends to expand its digital property settlement solutions to international jurisdictions, with the UK as the first jurisdiction for its international expansion. PEXA has established a management presence in the UK, built the 7th net settlement payment scheme to clear through the Bank of England, and the settlement payment solution has been tested by seven UK lenders. It is expected that Lenders Hinckley & Rugby Building Society and Shawbrook Bank will commence transacting re-mortgages via the PEXA UK platform by December 2022. As part of the international expansion, PEXA announced its intention to acquire Optima Legal in September 2022, a leading British remortgage processing firm with 22% market share in the UK remortgage market.
- **PEXA Insights:** PEXA aims to leverage the real-time data collected from the PEXA Exchange and third parties to provide more comprehensive real estate and financial information and insights. It invests in programmatic M&A to complement organic growth with inorganic growth. PEXA Insights has completed two investments in FY22, including acquiring 38% shareholding in Landchecker and 26.5% in Elula. Post June 2022, PEXA made further strategic investments in Slate Analytics, a newly created entity that holds intellectual property rights to automated valuation models and ID, a leading Australian land information business that provides demographic and economic related consulting services.
- **PX Ventures:** PX Ventures aims to use data and established relationships to develop new business opportunities with consumers, businesses and governments across the broader property industry. PX Ventures will offer entrepreneurs funding, bespoke services and mentoring support to enable continued innovation and enhancement of new and existing products and tools for Australian stakeholders. As a result, PEXA seeks to capitalise on these new opportunities arising in the Business customers (B2B) and Consumer customers (B2C) services space. PEXA Ventures has completed its first investment in Honey Insurance in FY22 with a view to enter into partnerships and joint ventures and invest in other businesses in the future.

4.7 Equity analysts' perspectives

Set out below is the revenue and EBITDA growth based on estimates made by equity analysts.

Table 11: PEXA consensus estimates

AUD m (unless otherwise stated)	FY22 Actual	FY23 Consensus	FY24 Consensus	FY25 Consensus
Median revenue	280	273	293	355
Revenue growth (%)		(2.5%)	7.5%	21.0%
Median EBITDA	131 ¹	112	117	150
EBITDA growth (%)		(14.2%)	4.5%	27.8%
EBITDA margin (%)	46.6%	41.0%	39.9%	42.1%

Notes:

1. Operating EBITDA after adjusting for offer costs and management equity plan close out costs, as disclosed in PEXA FY22 annual report.

Source: Equity analyst reports

The consensus calculated above is based on reports issued by seven equity analysts following the date of the FY22 results announcement. Analysts expect the growth profile of PEXA to be driven by:

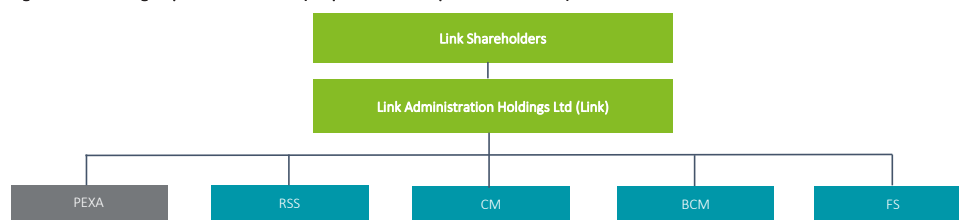
- negative growth in FY23 impacted by expectations of a weakening Australian housing market over this period
- growth in property settlement volumes from FY24 onwards
- the costs of international expansion, in particular in the UK, is expected to erode group margins relative to FY22.

5 Impact of the Proposed Distribution

5.1 Legal structure and ownership

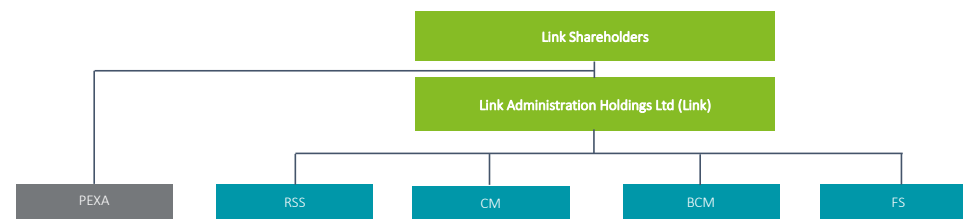
The Proposed Distribution will result in Link distributing the shares it owns in PEXA to Link shareholders via an in-specie distribution. The assets owned by Link Shareholders before and after the Proposed Distribution is summarised in the figures below.

Figure 15: Current group structure of Link (i.e. prior to the Proposed Distribution)



Source: Management

Figure 16: Group structure following the Proposed Distribution



Source: Management

The Proposed Distribution gives Link shareholders the option to directly hold PEXA shares or sell those shares.

5.2 Link (excluding PEXA shareholding)

5.2.1 Operations

Following the Proposed Distribution, Link will continue to be a technology-enabled administration solutions company. The current operations and strategy of Link as outlined in Section 3 will remain unchanged, and its corporate headquarters will remain in Sydney, Australia.

5.2.2 Directors and management

There is no expectation of a change to the Link Board and key management following the Proposed Distribution. However, those representatives of Link who are Directors of PEXA, by virtue of the existing Relationship Deed, may not continue as Directors.

5.2.3 Pro forma financials

A detailed discussion of the basis of preparation of the pro forma financial performance is set out in Section 2.8 of the Explanatory Memorandum.

Link's financial performance is not expected to fundamentally change following implementation of the Proposed Distribution, with the key change being the removal of PEXA equity accounted earnings.

This adjustment is included in the Investigating Accountant's Report, and the detail of this adjustment is set out in Section 2.8 of the Explanatory Memorandum.

The summarised pro-forma financial performance is presented below.

Table 12: Link pro forma financial performance

AUD m	FY22	FY22 pro forma ¹
Revenue	1,175.3	1,175.3
EBITDA (operating) ²	252.3	252.3
NPAT (statutory)	(67.6)	(74.1)

Notes:

1. Includes the removal of PEXA profit but excludes the impact of the expected reduction in debt following the sale of 10% of Link's shareholding in PEXA on 18 November 2022, and the gain on the PEXA shares disposed of investment or transaction costs.

2. Excluding significant items, acquired amortisation and impairment of goodwill.

Source: Link financial statements, Explanatory Memorandum

From an operating perspective, the business operations of Link will remain unchanged, as indicated by the fact that there is no impact on revenue and EBITDA (operating). The financial contribution of PEXA to the financial statements of Link is below EBITDA, and impacts NPAT. NPAT is expected to decrease as a result of the removal of Link's interest in PEXA's profit.

In line with the presentation of the pro forma financial performance in the Explanatory Memorandum, the table above does not include the impact of the expected reduction in debt following the sale of 10% of Link's shareholding in PEXA on 18 November 2022, and the gain on the PEXA shares disposed of or transaction costs.

The summarised pro-forma statement of financial position of Link is presented below. Whilst it may look different to that set out in the Explanatory Memorandum, the only differences relate to the categorisation of items so that they align with Table 2.

Table 13: Link pro forma financial position

AUD m	FY22 ¹	FY22 pro forma ²
Net working capital	94.9	94.4
Net fund balances	20.8	20.8
Investments	110.6	110.6
Equity-accounted investments	551.3	6.7
Plant and equipment	86.7	86.7
Right of use assets	187.4	187.4
Intangible assets including goodwill	1,675.6	1,675.6
Net other liabilities	(136.0)	(98.4)
Total funds employed	2,475.7	1,968.8
Cash and cash equivalents ³	91.6	90.0
Lease liabilities	(296.5)	(296.5)
Interest bearing debt	(877.4)	(775.5)
Net debt	(1,082.3)	(981.9)
Net assets	1,509.1	1,102.1

Notes:

1. As shown in Table 3

2. Includes the impact of the expected reduction in debt following the sale of 10% of Link's shareholding in PEXA on 18 November 2022, gain on the PEXA investment and transaction costs

3. Excludes restricted cash and cash for funds held in trust, which are included in net working capital and net fund balances, respectively.

Source: Link financial statements, Explanatory Memorandum

The most significant impact on Link's statement of financial position as a result of the Proposed Distribution is the reduction in the equity accounted investments, which represents the distribution and sale of shares in PEXA. The decrease in interest bearing debt reflects the repayment of debt using the proceeds from the sale of some of the PEXA shares (which occurred on 18 November 2022).

The table above includes the impact of the expected reduction in debt following the sale of 10% of Link's shareholding in PEXA on 18 November 2022, gain on the PEXA investment and transaction costs.

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5.2.4 Dividend policy

Link's current policy is to pay dividends of between 40% to 60% of NPATA⁷. Following the Proposed Distribution, the Link Board intends to target a dividend payout ratio of 60% to 80% of NPATA. We have set out below an illustration of the change based on the historical and pro forma information:

Table 14: Link dividend analysis

	Unit	Calculation	FY22	FY22 pro forma
NPATA ¹	AUD m	(a)	66	43 ²
Dividend payout policy - range	%	(b)	40 - 60	60 - 80
Implied dividend payout ³ - range	AUD m	(c) = (a) x (b)	26 - 40	26 - 34
Implied dividend per share	Cents	(d) = (c) / No. shares	5.2 - 7.7	5.0 - 6.7

Notes:

1. Based on Link disclosures, and not adjusted for items that Management may consider appropriate for the dividend payout calculation

2. Includes the removal of PEXA profit. The impact of the sell down of debt has not been included.

3. Based on dividend policy range as disclosed above.

Source: Pro forma financials, Deloitte Corporate Finance analysis

The decrease in NPATA is offset by an increase in the target payout ratio, resulting in a dividend within the range prior to the Proposed Distribution. In addition, Link shareholders will be entitled to any dividends paid from their separately held PEXA shares (but noting that PEXA has not paid dividends historically). The above analysis shows the potential dividend impact based on Link's disclosed dividend policy, and is therefore only indicative in nature. Link's dividend policy is determined by the Link Board, at its discretion, and may change over time.

5.2.5 Other/share trading and index inclusion

Following the Proposed Distribution, Link Management consider there may be a risk that Link will fall below the minimum market value criteria for inclusion to the S&P/ASX 200 index.

5.3 PEXA

Set out below are the expected changes to PEXA as a consequence of the Proposed Distribution:

- **Board representation:** Link's two nominee directors on the PEXA Board may be required to resign, depending on a decision by the PEXA Directors
- **Shareholder spread:** The profile of shareholders in PEXA will substantially change with Link's interest being distributed to Link's wide shareholder base
- **Liquidity:** We expect there to be significantly higher levels of liquidity in PEXA shares with PEXA's free float increasing from c. 31% to c. 74%
- **Index inclusion:** As a result of these changes in free float and liquidity referred to above, the Proposed Distribution is expected to support PEXA's inclusion in the S&P/ASX 200 index in the future.

⁷ NPATA may be adjusted for certain items at the discretion of the Directors of Link

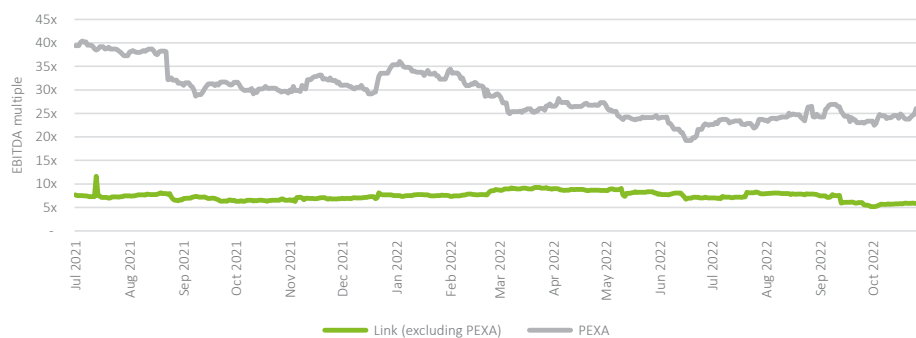
6 Evaluation of the Proposed Distribution

In assessing the advantages and disadvantages of the Proposed Distribution, we considered the following factors:

6.1 Current value of Link and PEXA shares

Set out below is the EBITDA multiple – a common valuation metric – implied by the trading in Link (excluding the market value of PEXA) and PEXA shares since July 2021.

Figure 17: NTM¹ EBITDA multiple for Link (excluding PEXA)² and PEXA



Notes:

1. Next twelve months based on consensus of equity analysts.

2. Enterprise value has been adjusted to exclude value of Link's interest in PEXA based on share price of PEXA.

Source: S&P Capital IQ, Deloitte Corporate Finance analysis

The EBITDA multiple compares a company's enterprise value to its EBITDA. In the figure above we calculated the multiple by dividing enterprise value (market capitalisation plus net debt and non-controlling interests) by the next twelve months' consensus EBITDA estimates of equity analysts. The EBITDA multiple of Link was calculated based on an enterprise value adjusted to exclude the value of Link's interest in PEXA, and can be used as an indicator of the valuation multiple of Link excluding PEXA.

Following the Proposed Distribution, the enterprise value of Link will reduce significantly. Smaller companies normally attract lower institutional investor interest and so this may also result in lower liquidity compared to Link as it is today. All of these factors may result in a decrease in the EBITDA multiple after the Proposed Distribution.

Conversely, the Proposed Distribution will result in increased liquidity in PEXA shares, and may result in PEXA's inclusion in the S&P/ASX 200 index. All else equal, these factors should attract further institutional interest and ultimately result in PEXA shares trading at higher valuation multiples.

Over time there may be a degree of share register realignment as Link and PEXA are likely to attract investors with different objectives.

6.2 Implied valuation multiples

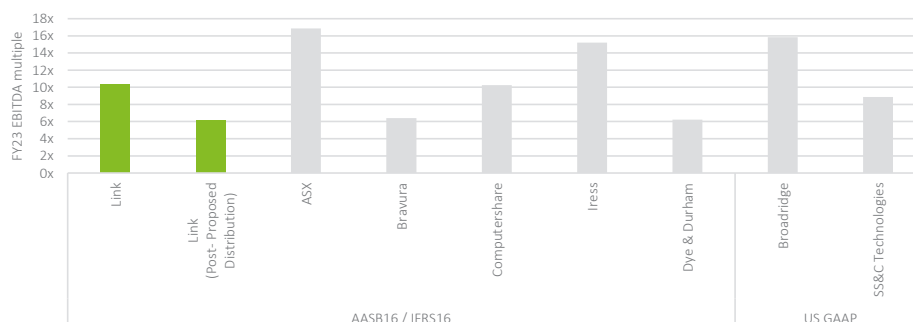
Set out in the figure below are the FY23 EBITDA multiples for Link prior to the Proposed Distribution, Link following the Proposed Distribution, and comparable peer companies.

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Figure 18: EBITDA multiple of Link prior to and following the Proposed Distribution as compared to peers



Source: Capital IQ, FY22 annual reports, Deloitte Corporate Finance analysis

Prior to the Proposed Distribution, Link's EBITDA multiple reflects a blend of the multiple of the PEXA business and Link's other businesses. Link's estimated EBITDA multiple following the Proposed Distribution was calculated to exclude the market value of the PEXA's shares (as at 31 October 2022) from enterprise value, and EBITDA was adjusted to take account of transaction costs.

As can be seen from the figure above, the EBITDA multiple prior to the Proposed Distribution is consistent with the peers. However, the EBITDA multiple following the Proposed Distribution is at the bottom end of the range. The Proposed Distribution may create an opportunity for greater transparency on the market value of Link's other business units and may lead to a repricing of Link shares.

6.3 Impact on business operations

As discussed in Section 5.2.1, Link and PEXA operate as independent businesses and there are no material aspects of the two businesses that overlap. The two businesses can be described as:

- **Link:** A technology-enabled multi-national administration solutions business built on stable customer relationships and a high proportion of recurring revenue with a common, shared platform for many aspects of each business unit's operations
- **PEXA:** An Australian focused first-mover in the digitisation of property exchange and settlement transactions with high growth prospects.

These two businesses have different growth prospects and risk profiles. The strategy and growth objectives of Link and PEXA are outlined in Section 3.10 and Section 4.6, respectively. The earnings growth profile for each, as projected by equity analysts, are set out in Section 3.11 and Section 4.7, respectively. Specifically, we note that the growth prospects for the two businesses are very different and so are the margins generated by the two businesses.

With the exception of the two Directors representing Link on the PEXA Board who may be required to resign, the Proposed Distribution will not result in changes to the day-to-day operations in either Link or PEXA.

6.4 Impact on earnings and dividends

The pro forma financial performance for Link following the Proposed Distribution is set out in Section 5.2.3. Link's underlying financial performance is not expected to fundamentally change following implementation of the Proposed Distribution. The impact on FY22 pro-forma earnings includes an increase in NPAT as a result of gain on assets due to in-specie distribution and fair value gain on the remaining interest in PEXA. These impacts are non-recurring in nature. Link's share of equity profits from PEXA will decrease by AUD 9.3m in FY22 on a pro forma basis. This impact is recurring in nature.

Link's operating NPATA is expected to decrease as a result of the Proposed Distribution. However, this is expected to be offset by an increase in the target payout ratio. Based on the analysis set out in Section 5.2.4, following the Proposed Distribution, the dividend range is not expected to change significantly. Historically PEXA has not distributed dividends, as such the distributions paid by Link may not be impacted by the Proposed Distribution in the short term. However, PEXA may distribute dividends in the future.

6.5 Impact on financial position

The pro forma statement of financial position for Link following the Proposed Distribution is set out in Section 5.2.3. The Proposed Distribution will result in a decrease in the pro forma net assets of AUD 407m, primarily representing the derecognition of the book value of Link's shares in PEXA, repayment of debt and other related adjustments.

We consider the financial impact of the Proposed Distribution on Link with reference to various balance sheet ratios, as set out below:

- **Current ratio:** The ratio of current assets divided by current liabilities measures the ability to repay short term obligations. The Proposed Distribution is expected to have minimal impact on current assets and liabilities. The current ratio is expected to remain at 1.1x
- **Net debt to capital:** The ratio of net debt to capital is expected to increase from 39% to 44% as a consequence of the proportionately larger capital reduction relative to the reduction in net debt. The ratio remains within the range observed for Link's peers. On its own we consider that the change is unlikely to restrict the ability of Link to grow inorganically
- **Leverage⁸:** The net debt to EBITDA ratio is expected to reduce from 3.9x to 3.5x, as the proceeds from the sale of PEXA shares are used to repay external debt, therefore reducing net debt, whilst there is little change to EBITDA. With the anticipated repayment of debt as a result of the Proposed Distribution, interest payments can also be expected to decrease and accordingly the interest coverage ratio is calculated to increase from 8.2x to 8.9x on a pro-forma basis.

6.6 Alternatives available

In deciding to implement the Proposed Distribution, the Directors considered a range of alternatives including maintaining the status quo, a sale of all PEXA shares to strategic buyers via a block trade in the next 12 months and a sale of PEXA shares progressively in tranches over the next three to four years.

The Directors determined the Proposed Distribution was the preferred option and the one most likely to deliver the best value for Link Shareholders over time, compared to the other alternatives. In particular, the Directors considered, amongst other things, the flexibility of Link shareholders to decide whether they wish to retain their PEXA shares, impacts on leverage and levels of approvals, consents and tax rulings required.

Link has also received offers from parties interested in various business units of Link. The Proposed Distribution does not restrict the ability of the Directors to consider such offers and for shareholders to benefit from the monetisation of the value of one or more business units of Link.

6.7 Cost of the Proposed Distribution

One-off transaction costs of the Proposed Distribution are expected to be AUD 3.9m. These expenses will be incurred in relation to separating the businesses, shareholder communication costs, legal, accounting and other advisory and experts' fees. Of these costs, AUD 1.7m relate to costs that are expected to be incurred prior to the shareholder vote and will therefore be incurred regardless of the outcome.

Apart from the transaction costs that will be incurred, the Board may make a cash payment to participants who hold performance rights and share rights to compensate them for the dilution in the value of Link shares following completion of the Proposed Distribution.

⁸ We note that the multiples quoted in this paragraph have been calculated on a different basis to the multiples quoted in Section 3.8.1



7 Impact on Link's ability to pay its creditors

The considerations around whether the Proposed Distribution materially prejudices the ability of Link to pay its existing creditors is concerned with the head company, being Link Administration Holdings Limited. This entity is the entity in which Link Shareholders own their shares and it is the entity undertaking the capital return to effect the Proposed Distribution.

Prior to the Proposed Distribution being undertaken, Link Property Pty Limited which currently owns the shares in PEXA will sell the PEXA shares to Link Administration Holdings Limited. The liability will be settled through existing intercompany advances by Link.

Link Administration Holdings Limited's only wholly owned subsidiary is Link Administration Pty Limited. Link Administration Holdings Limited is not a party to any deeds of cross guarantee and therefore is not liable for any creditors of the remainder of the Link group.

The Link group syndicated debt facility is supported by a separate guarantor group. This group is required to include subsidiaries which represent not less than 80% of the EBITDA and total assets of the group. This guarantor group does not include Link.

As at 30 June 2022, Link Administration Holdings Limited had net assets of AUD 1.8bn, with assets primarily comprising shares in Link Administration Pty Limited and loans to subsidiaries. Its current assets exceeded current liabilities by AUD 3.2m. After the capital reduction, net assets are expected to be AUD 1.3bn. Link Administration Holdings Limited does not have any liabilities which are non-current in nature.

Appendix 1: Context to the report

This report has been prepared at the request of the directors of Link and is to be included in the Explanatory Memorandum to be provided to Shareholders for approval of the Proposed Distribution. Accordingly, it has been prepared only for the benefit of the directors of Link and those persons entitled to receive the Explanatory Memorandum in their assessment of the Proposed Distribution and should not be used for any other purpose. Neither Deloitte Corporate Finance, Deloitte Touche Tohmatsu, nor any member or employee thereof, undertakes responsibility to any person, other than the Shareholders and the directors of Link, in respect of this report, including any errors or omissions however caused.

The report represents solely the expression by Deloitte Corporate Finance of its opinion as to whether the Proposed Distribution is in the best interests of Shareholders and confirmation that the Proposed Distribution does not materially prejudice the ability of Link to pay its creditors.

Individual circumstances

We have evaluated the Proposed Distribution for the Shareholders as a whole and have not considered the effect of the Proposed Distribution on the particular circumstances of individual investors. Due to their particular circumstances, individual investors may place a different emphasis on various aspects of the Proposed Distribution from the one adopted in this report. Accordingly, individuals may reach different conclusions to ours on whether the Proposed Distribution is in the best interests of shareholders. If in doubt investors should consult an independent adviser, who should have regard to their individual circumstances.

Limitations

Our opinion is based on the prevailing economic, market and other conditions as at the date of this report. Such conditions can change significantly over relatively short periods of time.

Statements and opinions contained in this report are given in good faith but, in the preparation of this report, Deloitte Corporate Finance has relied upon the completeness of the information provided by Link and its officers, employees, agents or advisors which Deloitte Corporate Finance believes, on reasonable grounds, to be reliable, complete and not misleading. Deloitte Corporate Finance does not imply, nor should it be construed, that it has carried out any form of audit or verification on the information and records supplied to us. Drafts of our report were issued to Link Management for confirmation of factual accuracy.

In recognition that Deloitte Corporate Finance may rely on information provided by Link and its officers, employees, agents or advisors, Link has agreed that it will not make any claim against Deloitte Corporate Finance to recover any loss or damage which Link may suffer as a result of that reliance and that it will indemnify Deloitte Corporate Finance against any liability that arises out of either Deloitte Corporate Finance's reliance on the information provided by Link and its officers, employees, agents or advisors or the failure by Link and its officers, employees, agents or advisors to provide Deloitte Corporate Finance with any material information relating to the Proposed Distribution.

To the extent that this report refers to prospective financial information, we have considered the prospective financial information and the basis of the underlying assumptions. The procedures involved in Deloitte's consideration of this information consisted of enquiries of Link executives and their officers, employees, agents or advisors and analytical procedures applied to the financial data. These procedures and enquiries did not include verification work nor constitute an audit or a review engagement in accordance with standards issued by the AUASB or equivalent body and therefore the information used in undertaking our work may not be entirely reliable.

Based on these procedures and enquiries, Deloitte Corporate Finance considers that there are reasonable grounds to believe that the prospective financial information for Link included in this report has been prepared on a reasonable basis consistent with the requirements of ASIC Regulatory Guide 111. In relation to the prospective financial information, actual results may be different from the prospective financial information of Link referred to in this report since anticipated events frequently do not occur as expected and the variation may be material. The achievement of the prospective financial information is dependent on the outcome of the assumptions. Accordingly, we express no opinion as to whether the prospective financial information will be achieved.

Deloitte Corporate Finance makes no warranty as to the potential recoverability of existing or contingent debts owed by Link at the date of this report or at any subsequent time.

Qualifications

Deloitte Corporate Finance holds the appropriate Australian Financial Services licence to issue this report and is owned by the Australian Partnership, Deloitte Touche Tohmatsu.

The authorised representative of Deloitte Corporate Finance principally involved in the preparation of this report was Tapan Parekh, Partner, M.Com, B.Bus, F.Fin, CA (BV Specialist). Tapan has many years' experience in the provision of corporate financial advice, including specific advice on valuations, mergers and acquisitions, as well as the preparation of expert reports.

Independent Expert's Report

continued



Consent to being named in disclosure document

Deloitte Corporate Finance Pty Limited (ACN 003 833 127) of 225 George Street, Sydney, NSW, 2000 acknowledges that:

- Link proposes to issue the Explanatory Memorandum to be provided to Shareholders in relation to the Proposed Distribution
- the Explanatory Memorandum will be issued electronically and in hard copy by request
- it has previously received a copy of the draft Explanatory Memorandum for review
- it is named in the Explanatory Memorandum as the 'independent expert' and the Explanatory Memorandum includes its independent expert's report as an Annexure.

On the basis that the Explanatory Memorandum is consistent in all material respects with the draft Explanatory Memorandum received, Deloitte Corporate Finance consents to it being named in the Explanatory Memorandum in the form and context in which it is so named, to the inclusion of its independent expert's report in the Explanatory Memorandum and to all references to its independent expert's report in the form and context in which they are included, whether the Explanatory Memorandum is issued in hard copy or electronic format or both.

Deloitte Corporate Finance has not authorised or caused the issue of the Explanatory Memorandum and takes no responsibility for any part of the Explanatory Memorandum, other than any references to its name and the independent expert's report as included.

Sources of information

In preparing this report we have had access to the following principal sources of information:

- annual reports including audited or unaudited financial statements for Link and its subsidiaries for the years ending 30 June 2020, 30 June 2021 and 30 June 2022
- reports prepared for the benefit the Link Directors
- annual reports including audited financial statements for PEXA for the years ended 30 June 2020, 30 June 2021 and 30 June 2022
- draft versions of the Explanatory Memorandum
- financial statements which seek to present Link on a pro forma basis as a result of the Proposed Distribution
- Relationship Deed between PEXA and Link
- Information published by third party subscription providers such as Thomson Research, S&P Capital IQ, Mergermarket and IBIS World
- other publicly available information, media releases and broker reports on Link, PEXA, the comparable companies and the sectors they operate in.

In addition, we have had discussions and correspondence with certain directors and executives of Link, as well as Link's advisors.



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Deloitte Australia

In Australia, the Deloitte Network member is the Australian partnership of Deloitte Touche Tohmatsu. As one of Australia's leading professional services firms, Deloitte Touche Tohmatsu and its affiliates provide audit, tax, consulting, and financial advisory services through approximately 8000 people across the country. Focused on the creation of value and growth, and known as an employer of choice for innovative human resources programs, we are dedicated to helping our clients and our people excel. For more information, please visit our web site at <https://www2.deloitte.com/au/en.html>.

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Annexure 3

Notice of Extraordinary General Meeting

Link Administration Holdings Limited ABN 27 120 964 098

Notice is given that an Extraordinary General Meeting of Link Group Shareholders will be held:

Date: 23 December 2022

Time: 10.00am

Venue: To be held via the online platform at <https://meetings.linkgroup.com/LNKEG22>

Unless indicated otherwise, terms used in this notice have the same meaning as set out in the Glossary in Section 7 of this Explanatory Memorandum (which accompanies and forms part of this notice).

Item for Approval

The purpose of the meeting is to consider, and if thought fit, pass the following resolution as an ordinary resolution of Link Group:

Resolution 1. Reduction in the capital of Link Group (Distribution Resolution)

- (a) for the purposes of section 256C(1) of the Corporations Act, Link Administration Holdings Limited's share capital be reduced on the Implementation Date by the Capital Reduction Amount, with such amount being applied equally against each Link Group Share on issue on the Record Date and the reduction, together with any Distribution Dividend, being effected and satisfied by distributing in specie the PEXA Shares of Link Group to Eligible Shareholders (and the Sale Agent in respect of Ineligible Overseas Shareholders and Selling Shareholders); and
- (b) the Distribution otherwise be implemented in the manner more fully described in the Explanatory Memorandum (which accompanies and forms part of this Notice of Extraordinary General Meeting)."

Dated 22 November 2022

By order of the Board.

sign here ►



Company Secretary

print name

Sarah Turner

Notice of Extraordinary General Meeting

continued

Voting Procedures at the Extraordinary General Meeting

Voting will be by Poll

In accordance with clause 14.15 of the Link Group Constitution (**Constitution**), the Link Group Chair (**Chair**) intends to demand a poll on the resolution proposed at the Extraordinary General Meeting. The Chair considers voting by poll to be in the interests of the shareholders as a whole and is a way to ensure the views of as many shareholders as possible are represented at the Extraordinary General Meeting, particularly given it is being held online.

Direct Voting

In accordance with clause 14.24 of the Constitution, the Directors of Link Group:

- have determined that at the Extraordinary General Meeting, a Link Group Shareholder who is entitled to attend and vote on the resolution at the Extraordinary General Meeting is entitled to a direct vote in respect of that resolution; and
- have approved the use of Link Group's online platform as means by which shareholders can deliver their direct vote.

Casting your Direct Vote in real time using Link Group's Online Platform

To facilitate shareholder participation, and in accordance with his powers under clause 14.6 of the Constitution, the Chair has determined that the Extraordinary General Meeting will be held as a virtual Extraordinary General Meeting with Link Group Shareholders having the opportunity to participate in the Extraordinary General Meeting through Link Group's online platform at <https://meetings.linkgroup.com/LNKEG22>. If you use the online platform, you will be able to view the Extraordinary General Meeting live, lodge a direct vote in real time and submit questions online.

Eligibility to Vote

In accordance with regulation 7.11.37 of the *Corporations Regulations 2001* (Cth), the Link Group Board has determined that persons who are registered holders of Link Group Shares as at 7.00pm (Sydney time) on 21 December 2022 are entitled to vote on the Distribution Resolution. The Distribution Resolution must be approved by a simple majority of votes cast by Link Group Shareholders on the Distribution Resolution.

How to Vote

Direct vote – prior to the Extraordinary General Meeting

In accordance with clause 14.24 of the Constitution, Link Group Shareholders will be able to vote directly on the resolution to be considered at the Extraordinary General Meeting **at any time between the date of this notice and 10.00am (Sydney time) on 21 December 2022**. For details about how you can submit your vote prior to the Extraordinary General Meeting, please refer to the section below titled 'Submitting your vote prior to the Extraordinary General Meeting'.

If you lodge a direct vote you are voting directly and are not appointing a third party, such as a proxy, to act on your behalf.

The Link Group Direct Voting Regulations governing direct voting are available on the Link Group website at www.linkgroup.com (under Investors, then Annual General Meetings). By submitting a direct vote, you agree to be bound by the Link Group Direct Voting Regulations.

Direct vote – during the Extraordinary General Meeting using Link Group’s Online Platform

Link Group Shareholders using Link Group’s online platform (at <https://meetings.linkgroup.com/LNKEG22>) will be able to vote directly through the online platform at any time between the commencement of the Extraordinary General Meeting and the closure of voting as announced by the Chair during the Extraordinary General Meeting.

More information about how to use the online platform (including how to vote and submit questions online during the Extraordinary General Meeting) is available in the Online Platform Guide, which is available on our website at www.linkgroup.com (under Investors, then Annual General Meetings). If you intend to use the online platform, then before the Extraordinary General Meeting we recommend that you ensure the online platform works on your device. Further instructions are provided in the Online Platform Guide.

The Link Group Direct Voting Regulations governing direct voting are available on the Link Group website at www.linkgroup.com (under Investors, then Annual General Meetings). By submitting a direct vote, you agree to be bound by the Link Group Direct Voting Regulations.

Appointment of Proxy

If you are unable to participate virtually and vote at the Extraordinary General Meeting, and do not wish to use direct voting, you may appoint an individual or a body corporate as a proxy to attend the Extraordinary General Meeting online and vote. Link Group Shareholders will be able to appoint a proxy for the Extraordinary General Meeting **at any time between the date of this notice and 10.00am (Sydney time) on 21 December 2022**. For details about how you can submit your proxy vote, please refer to the section below titled ‘Submitting your vote prior to the Extraordinary General Meeting’.

If a body corporate is appointed as a proxy, that body corporate must ensure that it appoints a corporate representative in accordance with section 250D of the Corporations Act to exercise its powers as proxy at the Extraordinary General Meeting (please refer to the section below titled ‘Corporate Representatives’).

A proxy need not be a Link Group Shareholder.

A Link Group Shareholder may appoint up to two proxies and specify the proportion or number of votes each proxy may exercise. If the Link Group Shareholder does not specify the proportion or number of votes to be exercised, each proxy may exercise one-half of that shareholder’s votes.

If a proxy is not directed how to vote on an item of business, the proxy may vote, or abstain from voting, as that person thinks fit.

Link Group will contact any proxy appointed 24 hours prior to the start of the Extraordinary General Meeting to provide them with the proxyholder login information that they will need to join the Extraordinary General Meeting online.

The Chair’s voting intentions

The Chair intends to vote undirected proxies on, and in favour of, the proposed resolution.

Submitting your vote prior to the Extraordinary General Meeting

The Chair’s decision on the validity of a direct vote or vote cast by a proxy is conclusive and Link Group reserves the right to declare invalid any vote not received in this manner set out in this notice. For your proxy or direct vote prior to the Extraordinary General Meeting to be effective, you must lodge your vote online no later than 10.00am (Sydney time) on 21 December 2022, by following the instructions available on our Investor Centre (login via www.linkmarketservices.com.au). You will need your Securityholder Reference Number (**SRN**) or Holder Identification Number (**HIN**).

After this time, you will still be able to direct vote during the Extraordinary General Meeting by submitting your direct vote using Link Group’s online platform.

Notice of Extraordinary General Meeting

continued

Power of Attorney

Where a proxy appointment is signed or authenticated pursuant to a power of attorney, the original power of attorney (if any) under which the proxy appointment is signed or authenticated (or a certified copy of that power of attorney or other authority) must be received by Link Group no later than 10.00am (Sydney time) on 21 December 2022, being 48 hours before the Extraordinary General Meeting.

Corporate Representatives

A body corporate which is a Link Group Shareholder, or which has been appointed as a proxy, is entitled to appoint any person to act as its representative at the Extraordinary General Meeting. The appointment of the representative must comply with the requirements under section 250D of the Corporations Act. The representative must provide to Link Group prior to the Extraordinary General Meeting a properly executed letter or other document confirming its authority to act as the body corporate's representative. A 'Certificate of Appointment of Corporate Representative' form can be obtained from the Link Group Share Registry or online at www.linkmarketservices.com.au (under Resources then Forms).

Questions from Shareholders

Link Group Shareholders who prefer to register questions in advance of the Extraordinary General Meeting can do this via our Investor Centre (login via <http://www.linkmarketservices.com.au> then select Voting then click Ask a Question).

To allow time to collate questions and prepare answers, please submit any questions by 5.00pm (Sydney time) on 16 December 2022.

Questions will be collated and, during the Extraordinary General Meeting, the Chair will seek to address as many of the more frequently raised topics as possible. However, there may not be sufficient time available at the Extraordinary General Meeting to address all topics raised. Please note that individual responses will not be sent to shareholders.

Conduct of the Meeting

Link Group is committed to ensuring that its shareholder meetings are conducted in a manner which provides those shareholders (or their proxy holders, attorneys or representatives) who participate in the Extraordinary General Meeting with the opportunity to participate in the business of the Extraordinary General Meeting in an orderly fashion and to ask questions about and comment on matters relevant to the business of the meeting.

Link Group will not allow conduct at any meeting which is discourteous to those who are participating in the meeting, or which in any way disrupts or interferes with the proper conduct of the meeting. The Chair of the Meeting will exercise his powers as the Chair to ensure that the Extraordinary General Meeting is conducted in an orderly and timely fashion, in the interests of Link Group Shareholders who are participating in the Extraordinary General Meeting.

Explanatory Notes

These notes, together with the Explanatory Memorandum, provide information for Link Group Shareholders in relation to the Distribution Resolution and the business to be conducted at the Extraordinary General Meeting to be held on 23 December 2022.

The Distribution Resolution is an ordinary resolution which requires a simple majority of votes cast by Link Group Shareholders entitled to vote on the resolution.

Resolution 1. Reduction in the capital of Link Group (Distribution Resolution)

The Distribution Resolution is being submitted to Link Group Shareholders to obtain approval under section 256C of the Corporations Act for an equal capital reduction in Link Group's ordinary share capital under section 256B of the Corporations Act.

The Distribution Resolution is being proposed in connection with the Distribution and the Distribution is conditional on, among other things, the Distribution Resolution being passed.

The Distribution will be effected by a distribution of Link Group's PEXA Shares to Link Group Shareholders as at the Record Date (or in the case of Ineligible Overseas Shareholders and Selling Shareholders, to the Sale Agent) via the Capital Reduction, which may be accompanied by the Distribution Dividend, in accordance with the Explanatory Memorandum.

The effect on Link Group and Link Group Shareholders if the Distribution Resolution is passed, together with all other factors that are material to the making of a decision by shareholders whether to approve the Distribution Resolution, is set out in this Explanatory Memorandum, of which this notice and these notes form part.

If the Distribution Resolution is passed by the required majority, it will take effect provided all other conditions to the Distribution are satisfied (or waived).

The Link Group Directors are of the view that, taking into account all relevant matters, the Distribution (which includes the Capital Reduction and the Dividend) is in the best interests of Link Group Shareholders and will not materially prejudice Link Group's ability to pay its creditors.

The Link Group Directors unanimously recommend Link Group Shareholders vote in favour of the Distribution Resolution and each Link Group Director intends to vote all shares controlled by them in favour of this Distribution Resolution.

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Corporate directory

Link Group

Link Administration Holdings Limited
Level 12
680 George Street
Sydney NSW 2000

Link Group Share Registry

Link Market Services Limited
Level 12
680 George Street
Sydney NSW 2000

Financial Advisors

Macquarie Capital (Australia) Limited
Level 4
50 Martin Place
Sydney NSW 2000

UBS Securities Australia Limited
Level 16
Chifley Tower
2 Chifley Square
Sydney NSW 2000

Legal Advisors

Herbert Smith Freehills
ANZ Tower
161 Castlereagh Street
Sydney NSW 2000

Independent Expert

Deloitte Corporate Finance Pty Limited
225 George Street
Sydney NSW 2000

Investigating Accountant


KPMG Financial Advisory Services
(Australia) Pty Ltd
Level 38, Tower 3
300 Barangaroo Avenue
Sydney NSW 2000

Tax Advisor

PricewaterhouseCoopers
One International Towers Sydney,
Watermans Quay
Barangaroo NSW 2000





LODGE YOUR VOTE

 **ONLINE**
<https://investorcentre.linkgroup.com>

 **BY MAIL**
Link Administration Holdings Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia

 **BY FAX**
+61 2 9287 0309

 **BY HAND**
Link Market Services Limited
Parramatta Square, Level 22, Tower 6,
10 Darcy Street, Parramatta NSW 2150

 **ALL ENQUIRIES TO**
Telephone: +61 1800 237 687



X99999999999


This Proxy Form should be read in conjunction with the Explanatory Memorandum dated 22 November 2022 issued by Link Administration Holdings Limited. Words and expressions used in this Proxy Form have the same meaning given to them in the Explanatory Memorandum, unless the context required otherwise.

PROXY FORM

I/We being a member(s) of **Link Administration Holdings Limited (Company)** and entitled to attend and vote hereby appoint:

A VOTE DIRECTLY

☐ **elect to lodge my/our
vote(s) directly (mark box)**

 in relation to the Extraordinary General Meeting of the Company to be held at **10:00am (AEDT) on Friday, 23 December 2022** (the **Meeting**) and at any adjournment or postponement of the Meeting.

You should mark either "for" or "against" for each item. Do not mark the "abstain" box.

OR

B APPOINT A PROXY

☐ **the Chairman
of the Meeting
(mark box)**

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name and email of the person or body corporate you are appointing as your proxy. An email will be sent to your appointed proxy with details on how to access the virtual meeting.

Name

Email

Failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Extraordinary General Meeting of the Company to be held at **10:00am (AEDT) on Friday, 23 December 2022** and at any postponement or adjournment of the Meeting.

The Meeting will be conducted as a virtual meeting and you can participate by logging in online at <https://meetings.linkgroup.com/LNKEG22> (refer to details in the Virtual Meeting Online Guide).

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting. Please read the voting instructions overleaf before marking any boxes with an ☒.

Resolutions

For Against Abstain*

- 1 Reduction in the capital of Link Group, as set out in full in the Explanatory Memorandum (Distribution Resolution)

☐ ☐ ☐



* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Joint Shareholder 2 (Individual)

Joint Shareholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

LNK PRX2205N



HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

VOTING UNDER SECTION A – VOTE DIRECTLY

If you mark the box in Section A you are indicating that you wish to vote directly. Please only mark either "For" or "Against" for each item. Do not mark the "Abstain" box. If you mark the "Abstain" box for an item, your vote for that item will be invalid.

If you mark the boxes in both Section A and Section B, you will be taken to have voted directly and any instructions given in relation of the appointment of a proxy will have no effect.

If you do not mark a box in Section A or Section B, you will be taken to have appointed the person named in the form as proxy. If no person is named, the Chairman of the Meeting will be deemed your appointed proxy.

If you have lodged a direct vote, and then attend and vote at the Meeting, your direct vote will be cancelled unless you instruct the Company or the Company's share registry.

Custodians and nominees may, with the share registry's consent, identify on the Voting Form the total number of votes in each of the categories "For" and "Against" and their votes will be valid.

The Chairman's decision as to whether a direct vote is valid is conclusive.

VOTING UNDER BOX B – APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name and email of that individual or body corporate in Step 1. If you leave this section blank, the Chairman of the Meeting will be your proxy. A proxy need not be a shareholder of the Company.

DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form.

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- return both forms together.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either shareholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

ACCESS YOUR NOTICE OF MEETING

To view or download the full Notice of Meeting and Explanatory Memorandum which sets out the details of the resolution being put to the Meeting, please visit Link Group's website (<https://linkgroup.com>)

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting virtually the appropriate "Certificate of Appointment of Corporate Representative" must be received at registrars@linkmarketservices.com.au prior to admission in accordance with the Notice of Extraordinary General Meeting. A form of the certificate may be obtained from the Company's share registry or online at www.linkmarketservices.com.au.

LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **10:00am on Wednesday, 21 December 2022**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



ONLINE

<https://investorcentre.linkgroup.com>

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" - Securityholder Reference Number (SRN) or Holder Identification Number (HIN).



BY MOBILE DEVICE

Our voting website is designed specifically for voting online. You can now lodge your proxy by scanning the QR code adjacent or enter the voting link **<https://investorcentre.linkgroup.com>** into your mobile device. Log in using the Holder Identifier and postcode for your shareholding.

QR Code



To scan the code you will need a QR code reader application which can be downloaded for free on your mobile device.



BY MAIL

Link Administration Holdings Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia



BY FAX

+61 2 9287 0309



BY HAND

delivering it to Link Market Services Limited*
Parramatta Square
Level 22, Tower 6
10 Darcy Street
Parramatta NSW 2150

* during business hours Monday to Friday (8:30am - 5:30pm)



Link Administration
Holdings Limited
ABN 27 120 964 098

Lodge your form:

Online:

<https://events.miraqle.com/lnk-offer>

By Mail:

Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia

For all enquiries:

Phone:

(within Australia) 1800 237 687
(international) +61 1800 237 687



ID:

HIN/SRN:

**Record Date: 7.00pm (Sydney time),
3 January 2023**

Current LNK Shareholding:

[XXX]

**Last time and date by which Sale Facility Forms
must be received by the Link Group Share
Registry by 5pm (Sydney time) on Wednesday,
28 December 2022.**

SALE FACILITY FORM

This is an important document and should be read in conjunction with the Explanatory Memorandum dated 22 November 2022 issued by Link Administration Holdings Limited ("Link Group"), particularly section 4.6 which describes the Sale Facility. Capitalised terms used in this form have the same meaning as given to them in the Explanatory Memorandum, unless the context requires otherwise.

Eligible Shareholders who hold 1000 Link Group Shares or less as at the Record Date (Small Shareholders) may elect to have all the PEXA Shares that they would otherwise receive sold by the Sale Agent and the proceeds remitted to them as soon as practicable following the sale of those shares free of any brokerage costs.

Small Shareholders who wish to participate in the Sale Facility should submit their election online at <https://events.miraqle.com/lnk-offer> or complete and return the Sale Facility Form using the enclosed reply paid envelope so that it is received by the Link Group Share Registry by 5.00pm (Sydney time) on Wednesday, 28 December 2022.

For your election to be valid, this form or your online election must be received by the Link Group Share Registry by 5pm (Sydney time) on Wednesday, 28 December, 2022.

A Sale Election

If you wish to sell through the Sale Facility please mark the box below.

☐

Sell ALL PEXA Shares

B Contact Details

Please provide a daytime telephone number where we can contact you if we have any questions about this form.

Daytime telephone number

Contact name (PRINT)

C Shareholder Signature(s)

By signing and returning this form you confirm that you have read and understood the terms of the Sale Facility detailed in the Explanatory Memorandum; understand that PEXA shares to which you would otherwise be entitled to receive under the Explanatory Memorandum that you would otherwise hold will be transferred to the Sale Agent and sold under the relevant Sale Facility; and you authorise that transfer and sale.

Shareholder 1

Individual or Sole Director and Sole
Company Secretary

Shareholder 2

Director

Shareholder 3

Director/Company Secretary
Date

**FOR YOUR ELECTION TO BE VALID, IT MUST BE RECEIVED BY THE LINK GROUP SHARE REGISTRY
BY 5PM (SYDNEY TIME) ON WEDNESDAY, 28 DECEMBER 2022.**

LNK SSF001



How to complete the Sale Facility Form

Before completing and returning this form, please read carefully the terms of the Sale Facility detailed in the Explanatory Memorandum. If you do not understand the terms of the Sale Facility or if you have any doubts about what to do, please consult your financial or other professional adviser.

Signing Instructions

Joint holders – all holders must sign.

Power of Attorney – if not already noted by the Link Group Share Registry, a certified copy of the Power of Attorney must accompany this form. If this Sale Facility Form is signed under power of attorney, the attorney declares that they have no notice of revocation of that power.

Deceased Estate – all executors must sign and, if not already noted by the Link Group Share Registry, a certified copy of Probate or Letters of Administration must accompany this form.

Company – this form must be signed by 2 directors or a director and the company secretary. For companies with a sole director and sole company secretary, a single signature only suffices. Titles of all signatories should be indicated and inapplicable titles be deleted.

Lodgement Instructions

The completed form must be forwarded to the Link Group Share Registry by 5pm (Sydney time) on Wednesday, 28 December 2022. A reply paid envelope has been provided to you for these purposes. If you are returning your form by post, you must allow sufficient time for collection and delivery by postal services. The postal acceptance rule does not apply.

POSTAL DELIVERY

Link Group – Sale Facility
Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia

If you require information on how to complete this form please contact the Shareholder Information Line on 1800 237 687 (within Australia) or +61 1800 237 687 (outside Australia).

Personal Information Collection Notification Statement: Personal information about you is held on the public register in accordance with Chapter 2C of the *Corporations Act 2001*. For details about Link Group's personal information handling practices including collection, use and disclosure, how you may access and correct your personal information and raise privacy concerns, visit our website at www.linkmarketservices.com.au for a copy of the Link Group condensed privacy statement, or contact us by phone on +61 1800 502 355 (free call within Australia) 9am–5pm (Sydney time) Monday to Friday (excluding public holidays) to request a copy of our complete privacy policy.