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15 August 2017

Dear Shareholder,

Konekt Limited Entitlement Offer – Notification to Eligible Shareholders

On 11 August 2017, Konekt Limited (ASX:KKT) (**Konekt or Company**) announced a fully underwritten A\$7.0 million 1-for-5 pro-rata non renounceable entitlement offer (**Entitlement Offer or Offer**) of fully paid ordinary shares (**New Shares**). Concurrently with the Entitlement Offer, Konekt also undertook a placement to institutional and sophisticated investors to raise approximately A\$8.7 million.

The proceeds of the institutional placement and the Entitlement Offer will be used to fund Konekt's acquisition of 100% of Mission Providence Pty Ltd, as announced on 11 August 2017. Mission Providence is one of 43 providers holding a *jobactive* contract with the Federal Government's Department of Employment. The *jobactive* contract runs for five years to 30 June 2020 when it is expected to be put up for review prior to expiry, which may include tender, roll-over or restructuring of the program. The business operates from 85 locations and has more than 400 staff. In FY17, it generated revenues of over \$51m.

The equity raising is not conditional on completion of the acquisition. In the event that the acquisition does not complete for any reason, Konekt will consider options in relation to the use of funds raised.

The Entitlement Offer is being made by the Company in accordance with section 708AA of the *Corporations Act 2001* (Cth) (**Act**) as modified by the Australian Securities and Investments Commission Corporations Instrument (**Non-Traditional Rights Issue**) Instrument [2016/84], meaning that no prospectus or other disclosure document needs to be prepared.

DETAILS OF THE ENTITLEMENT OFFER

The Entitlement Offer is being made to Eligible Shareholders (as defined below), on the basis of 1 new share for every 5 existing shares held at 7:00pm (Sydney time) on Thursday, 17 August 2017 (**Record Date**).

Proudly part of the Konekt Group of Companies



Documents relating to the Entitlement Offer were lodged with the ASX on Tuesday, 15 August 2017 and are being mailed to Eligible Shareholders.

Eligible Shareholders can choose to take up all, part or none of their Entitlement. As the Entitlement Offer is non-renounceable, this means that Eligible Shareholders who do not take up their entitlement to participate in the Entitlement Offer will not be able to transfer or receive any value for those entitlements, and their equity interest in the Company will be diluted (in addition to the dilution from the institutional placement announced on 11 August 2017).

The Entitlement Offer will include a shortfall facility under which Eligible Shareholders who take up their full entitlement will be invited to apply for additional Shares in the Entitlement Offer from a pool of those entitlements not taken up by other shareholders of the Company (**Shortfall Facility**). There is no guarantee that applicants under this Shortfall Facility will receive all or any of the additional Shares that applied for under the Shortfall Facility.

If a shortfall exists, it is anticipated that the Shares under the Shortfall Facility will be allocated:

- (a) first, to Eligible Shareholders who apply to take up additional new Shares in accordance with the terms of the Shortfall Facility; and
- (b) second, to the underwriter or sub-underwriters of the Entitlement Offer.

Eligible Shareholders wishing to participate in the Entitlement Offer should carefully read the Offer Booklet and accompanying personalised Entitlement and Acceptance Form which are expected to be dispatched on or around 21 August 2017.

Eligibility criteria

The Company has determined, pursuant to Listing Rule 7.7.1(a) of the ASX Listing Rules and section 9A(3)(a) of the Act, that it would be unreasonable to make offers to shareholders in countries other than Australia and New Zealand in connection with the Entitlement Offer having regard to:

- (a) the relatively small number of shareholders in the other jurisdictions where the Entitlement Offer would be made;
- (b) the number and value of shares for which such shareholders would otherwise have been entitled; and
- (c) the costs of complying with the legal and regulatory requirements in each other jurisdiction where the Entitlement Offer would be made.

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

- (a) are registered as a holder of Shares as at 7.00pm (Sydney time) on the Record Date;

- (b) have a registered address on the Company's share register that is in Australia or New Zealand on the Record Date;
- (c) are not in the United States and are not acting for the account or benefit of a person in the United States (to the extent such a person holds securities in the Company for the account or benefit of such persons in the United States); and
- (d) are eligible under all applicable securities laws to receive an offer under the Entitlement Offer without any requirement for a prospectus or other formal offer document to be lodged or registered.

The Company may (at its absolute discretion) extend the Entitlement Offer to certain institutional shareholders in foreign jurisdictions (subject to compliance with applicable laws).

Key dates for the Entitlement Offer

Event	Date*
11 August 2017	Announcement of Mission Providence acquisition and Entitlement Offer
17 August 2017	Record date for the Entitlement Offer (7.00pm AEST)
21 August 2017	Entitlement Offer opens Despatch of Offer Booklet
8 September 2017	Entitlement Offer closes (5.00pm AEST)
11 September 2017	Shares quoted on a deferred settlement basis
14 September 2017	Allotment of Entitlement Offer shares Deferred settlement trading ends
15 September 2017	Normal trading of Entitlement Offer shares
21 September 2017	Entitlement Offer shortfall shares issued
22 September 2017	Despatch of holding statements for Entitlement Offer shares

* The above timetable is indicative only and subject to change. The quotation of Shares is subject to ASX approval. Subject to the ASX Listing Rules and Corporations Act and other applicable laws, the Company reserves the right to vary these dates, including the Closing Date, without notice, including extending the period of the Entitlement Offer or accepting late applications, either generally or in particular cases or bringing forward the Closing Date at its discretion. Any extension of the Entitlement Offer will have a consequential effect on the issue date of the Shares under the Entitlement Offer.

Further information

If you have any questions in relation to any of the above matters, please contact the Company's share registry, Computershare Investor Services Pty Limited on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia) from 8.30am to 5.00pm (Sydney time) Monday to Friday. For other questions, you should contact your stockbroker, accountant, taxation advisor, financial adviser or other professional adviser.

On behalf of the Board and management of the Company, thank you for your continued support of Konekt.

Yours faithfully,
Konekt Limited

Reena Minhas
Chief Financial Officer

IMPORTANT NOTICE TO NOMINEES: Because of legal restrictions, you must not send copies of this letter nor any material relating to the Entitlement Offer to any of your clients (or any other person) in the United States or any other person acting for the account or benefit of persons in the United States or to any person in any other jurisdiction outside of Australia and New Zealand. Failure to comply with these restrictions may result in violations of applicable securities laws. The provision of this document is not, and should not be considered as, financial product advice. The information in this document is general information only, and does not take into account your individual objectives, taxation position, financial situation or needs. If you are unsure of your position, please contact your accountant, tax advisor, stockbroker or other professional advisor.