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MARKET ANNOUNCEMENT

Date:	4 February 2016
To:	Australian Securities Exchange
Subject:	Acquisition of Capital Markets Cooperative, LLC.

Computershare Limited (ASX: CPU) today announces that it has agreed to acquire Capital Markets Cooperative, LLC. (CMC), based in Florida, USA. The acquisition is subject to US regulatory approvals which are expected to be obtained within three months.

CMC enables a U.S.-wide network of mortgage originators to leverage their collective power to receive better product, service, pricing and liquidity solutions during the processing, sale and servicing of mortgages. CMC has more than 200 originator clients with combined annual loan origination of more than $100 billion.

The total acquisition price is USD 71.2 million. The price comprises USD 44.0 million for the CMC business plus USD 27.2 million for its current mortgage servicing rights (MSR) portfolio of approximately USD 5.4 billion in unpaid principal balances. The MSR purchase price of USD 27.2 million is net of the sale of an associated excess servicing strip (see further details in the accompanying presentation).

The initial consideration is USD 57.2 million payable on closing along with a maximum of USD 14.0 million in deferred consideration payable over three years.

Computershare's CEO, Stuart Irving, said "We are excited by the acquisition of Capital Markets Cooperative which provides a strong strategic fit with CPU's existing US mortgage servicing footprint. We expect that the combination of CMC with our current operation will help us become a significantly larger, more profitable, higher returning mortgage services business."

More details about this transaction are contained in the attached presentation.

Computershare management will be holding a conference call TODAY to provide an overview of the CMC business.

A recording of the call will be available on the Investor Relations page of our website.

Call details

Date:	Thursday 4 February 2016
Time:	9.30am (Melbourne time). Lines are open from 9.15am.
Participant code:	9289542653#
Telephone conference details:	
Melbourne:	+61 3 8648 8889
Sydney	+61 2 8088 0900

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MARKET ANNOUNCEMENT

About Computershare Limited

Computershare (ASX: CPU) is a global market leader in transfer agency and share registration, employee equity plans, proxy solicitation and stakeholder communications. We also specialise in corporate trust, mortgage, bankruptcy, class action and utility administration, and a range of other diversified financial and governance services.

Founded in 1978, Computershare is renowned for its expertise in high integrity data management, high volume transaction processing and reconciliations, payments and stakeholder engagement. Many of the world's leading organisations use us to streamline and maximise the value of relationships with their investors, employees, creditors and customers.

Computershare is represented in all major financial markets and has over 15,000 employees worldwide. For more information, visit www.computershare.com

About Capital Markets Cooperative, LLC.

Founded in 2003 by and based in Jacksonville, Florida, Capital Markets Cooperative, LLC., (CMC) leverages the collective power of a nationwide network of mortgage bankers to negotiate better products, services, pricing and liquidity solutions during the processing, sale and servicing of mortgages. CMC has 200+ Patrons with combined annual production of more than USD 100 billion.

ACQUISITION OF CAPITAL MARKETS COOPERATIVE LLC (CMC)

Stuart Irving
Chief Executive Officer and President

Mark Davis
Chief Financial Officer

February 2016

CERTAINTY | INGENUITY | ADVANTAGE

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Transaction summary

Strong strategic fit and financially compelling acquisition

Overview of CMC

- Leading service provider to mortgage originator clients (known as Patrons) with substantial Mortgage Servicing Rights (MSR) co-issue program (refer to appendix II and glossary for definition)
- MSR co-issue program provides access to MSR from a growing base of 220 small mortgage originator clients (Patrons) at discounts to auction prices
- Clear value proposition to Patrons – service, scale and purchasing power enables Patrons to achieve better economic outcomes than they would on their own
- Strong relationships with those investors who buy mortgage loans and require sub-servicing
- Track record of growth and profitability

Acquisition rationale

- Secures regular flow of new origination MSR for CPU at below auction prices
- ROIC enhanced through ability to buy at below auction prices and sell excess strip (refer to appendix I and glossary for definition) to financial investors to improve returns and reduce capital intensity
- Provides scale enabling CPU to build a growing and sustainable mortgage services business with sub-servicing and ancillary revenue streams
- Creates competitive advantage and efficiencies through creation of a single loan boarding channel:
  - For Patrons, they can sell or sub-service loans to single provider through same channel
  - CPU has access to service more loans from one source

Transaction Overview

- Transaction EV $71.2m:
  - $44.0m for CMC business
  - $27.2m (post sale of excess strip) for an MSR portfolio with circa $5.4b Unpaid Principal Balances (UPB)
- Expected monthly MSR purchases of $500m in UPB with potential to expand to $1b per month over the next 3 years
- Projected year 1 revenues of $27.2m and Return on Invested Capital ~15%
- Immediately EPS accretive
- Funded from existing cash and available debt facilities. Post transaction net debt/EBITDA ratio expected to remain within CPU's neutral zone of 1.75 to 2.25x
- Subject to approval / notification to several federal agencies and states

All figures are presented in USD

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Acquisition rationale

CMC's co-issue program will be the upstream provider of a substantial and consistent flow of MSRs for CPU at discounts to auction prices

Leading co-issue program and service provider to originators

- ✓ *CMC clients represent approx. 8% share of all US mortgage originations*
- ✓ *Purchase includes MSR portfolio of circa $5.4b in UPB with monthly purchase opportunity of $500m+*
- ✓ *Growing client base of 220 Patrons with no one contributing more than 10% of revenue*
- ✓ *Strong network of preferred investors who buy loans from Patrons and offer sub-servicing potential*
- ✓ *Well respected within industry. Strong IT systems, compliance culture and disciplined risk process*
- ✓ *Highly regarded and experienced management team, aligned and incentivised to deliver growth and returns*
- ✓ *Established in 2003. 60 staff based in Jacksonville, FL.*

Mortgage servicing leverages CPU core strengths

› Mortgage servicing leverages CPU core skills of effectively managing large volumes of complex financial data, communications and assets in a timely, accurate and trusted way

› Market that CPU understands well and already has deep experience following acquisition of SLS in 2011

› Strong management team with an established track record of growth and good returns on capital

› Capacity, systems, processes and capital to support substantial growth

› Fragmented market structure where CPU can build scale to drive operating leverage and deliver sustainable profitable growth with strong returns

› Opportunity to deploy capital on an ongoing basis to secure large volumes of MSR and generate enhanced ROIC

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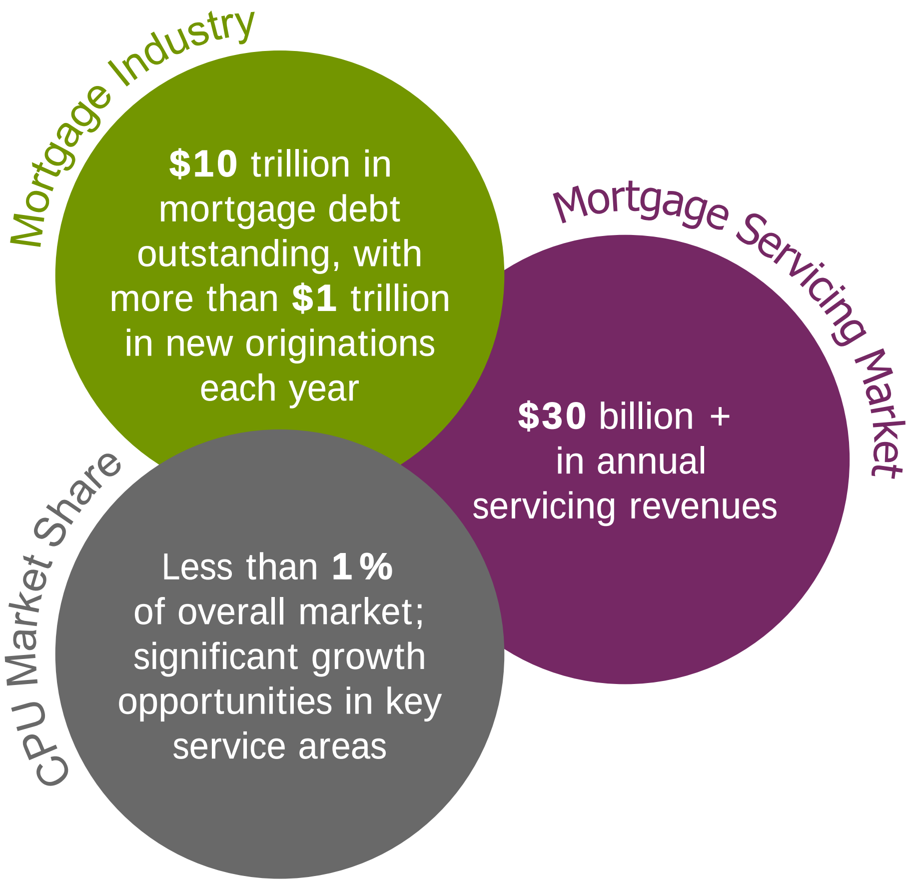
US mortgage servicing landscape

- Since SLS ownership (FY2012 – FY2015), its **revenue has more than doubled** and continued growth is expected in FY2016.
- Over recent years, returns have been impacted by several factors including new regulations but they have **consistently exceeded** CPU's cost of capital.



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CMC's position in the value chain

Building long-term competitive advantage in the US mortgage servicing market

SLS to benefit from

> Servicing revenue on ~$5.4b MSR book

> Sub-servicing opportunities from CMC Clients & Investors

> Ongoing MSR flow

CMC CLIENTS (PATRONS)

Originate approx. $100b in new loans per year

Sub-servicing opportunities

CAPITAL MARKETS COOPERATIVE

CORE SERVICES

Loan sales

MSR co-issue acquisition

Vendor services

INVESTORS

Investors who regularly acquire mortgage loans from CMC Patrons

Sub-servicing opportunities

Strategically attractive and financially compelling

Buying CMC is a superior strategic choice

- Strong strategic fit with CPU's existing US mortgage servicing business. CPU knows CMC well – two MSR acquisitions already completed.
- CMC has access to large and consistent newly originated MSR flow at below auction prices.
- Scope for substantial growth – opportunity for MSR purchases to grow from $500m to $1b per month. Transfer of existing MSR portfolio and material opportunity to win new sub-servicing work.
- Combined CMC and SLS can build scale and become a significantly larger, more profitable, higher ROIC generating mortgage services business operating across the whole mortgage lifecycle.
- Management continuity – combined group has experienced and well regarded management team and personnel.

Financial overview

Strong returns and EPS accretion

P&L

- Forecast revenue includes existing MSR portfolio, new MSR additions, CMC core services and contributions from sub-servicing. Year 1 revenue expected to be $27.2m projected to rise in line with anticipated MSR additions.
- CMC revenue model a mix of servicing revenue attributable to the MSRs being serviced and fee for service activities.
- Operating costs assume migration of servicing to SLS shortly after completion and amortization of MSRs acquired.

Balance Sheet

- Expected day 1 capital deployment of $57.2m, net of proceeds from sale of excess strip (assumes UPB of MSR portfolio at closing of circa $5.4b).
- Deferred consideration of $14m for rep & warranty holdbacks and management earn out payable over 3 years, to give total consideration of $71.2m.
- Additional year 1 net MSR (post sale of excess strip) purchases projected to be $23.0m.
- Funded from existing cash and available debt facilities.

Returns

- Projected Year 1 net operating cash after tax of $10.7m, forecast to increase annually as MSR portfolio grows.
- Projected Year 1 ROIC of ~15% - materially above cost of capital. ROIC anticipated to rise further as business case delivered.
- EPS accretive in year 1.

Enhancing returns

CPU provides CMC with capital and capability to service an increasing MSR purchasing program at enhanced ROIC

	FY17	FY18	FY19	FY20
Indicative **monthly** MSR purchase volume (UPB)	$500m	$750m	$1,000m	$1,000m
Indicative **monthly** average incremental net capital employed (pre amortization)	$1.8m	$2.7m	$3.6m	$3.6m
ROIC	***circa 15%***			***circa 25%***

- ROIC benefits from anticipated additional capital light sub-servicing and scale benefits as UPB under management grows.
- Assumes CMC able to continue purchasing MSR at similar prices to historic average.
- Net operating cash after tax will not equal free cash flow available for distribution given the need to fund ongoing MSR purchases.
- We expect growth rate (%) in net operating cash after tax to broadly align with NPAT growth rate (%).

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Risks and sensitivities

A range of risks and sensitivities have been considered

- ***Mortgage origination and MSR volumes*** — MSR volumes drive financial outcomes. Strong visibility of buying opportunity.
- ***Prepayment rates*** — Higher prepayment rates could impact financial outcome. Increasing interest rates mitigate risk.
- ***Interest rates*** — Increasing rates could have potential impact on origination levels, however rise in rates overall a net positive.
- ***Sustainability of MSR pricing*** — Discount to auction pricing assumed to be maintained in line with history of business.
- ***Excess strip sales*** — ROIC dependent on ability to sell excess strip at regular intervals. Track record of delivery and strong investor appetite.
- ***Sub-Servicing volumes*** — Subject to our ability to execute sales and marketing plan successfully. Sub-servicing is ROIC enhancing.
- ***Delivery of synergies*** — Synergies assumed to be delivered within 12 months. All identified.
- ***Regulatory environment*** — CPU already invests considerably in regulatory compliance and we assume no material changes will be required.

Conclusions

A strategically and financially compelling acquisition

- CPU has a small share of a large market and this transaction significantly enhances capacity to build a scalable, growing mortgage services business with access to sustainable sub-servicing and ancillary revenue streams.
- The transaction is expected to deliver strong growth in ROIC enhanced by ability to buy at below auction prices and sell excess strip to investors.
- CMC brings a diverse and growing client base.
- Creates competitive advantage by delivery of a combined purchasing and servicing offering through one distribution channel.
- Leverages CPU core competencies.
- Scope for considerable efficiencies through creation of single loan boarding channel.
- Immediately earnings accretive with scope for substantial growth.

Glossary

Key terms defined

- **CMC's MSR co-issue program** - A program that enables CMC Clients (known as Patrons) to sell newly originated loans to the Government Agencies on a loan by loan basis. Patrons sell loans to obtain immediate liquidity (the Government Agencies settle daily). In such a program, a separate MSR is created (the Government Agencies such as Fannie Mae and Freddie Mac don't buy MSRs) and CMC gets the first opportunity to acquire the MSR when sold by the originator.
- **Excess strip sale -** The sale of a stream of cash flows associated with the servicing fee on an MSR. The seller of the servicing strip has the ability to service the mortgage.
- **Mortgage servicing rights** - A contractual agreement where the right to service an existing mortgage is sold by one party to another who, in return for receiving mortgage servicing fees, provides the various administrative and compliance functions required to service mortgages.
- **ROIC** - The net operating cash flow after tax divided by average annual capital employed.
- **Capital** - The aggregate of the business purchase price, MSRs acquired net of amortization and excess strip disposals and incremental capital expenditure net of depreciation. Average capital employed is the opening and closing balances for the year divided by two.
- **Net operating cash flow after tax -** The net profit after tax plus amortization.
- **UPB** - The Unpaid Principal Balance on mortgage debt.

Appendix I : Excess strip structure overview

› The excess strip is the revenue over and above a normalized servicing fee. Selling a portion of the excess strip enables CPU to operate in a sub-servicing capacity whilst retaining an interest in the overall MSR economics.

MSR Segments	Capital Allocation	Revenue Allocation
Excess Strip > Assumes all prepayment risk and amortization expense > Shared between CPU and investor on pro-rata basis	100%	80%
Servicing Strip > Assumes all operational cost and risk > Receives sub-servicing fee (bps) on UPB	0%	20%

Enhances ROIC

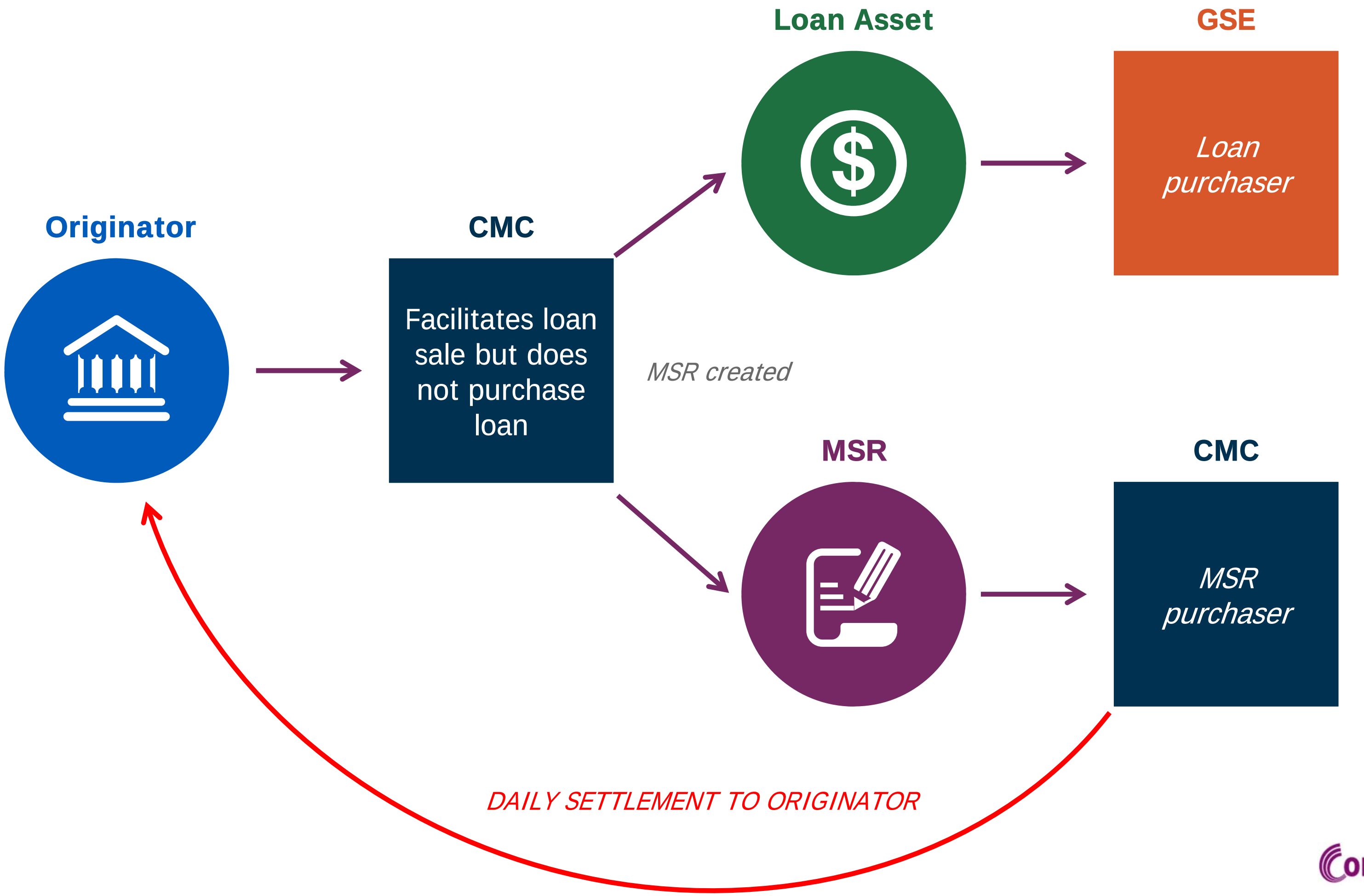
> Approx. 60% of MSR usually sold to investor thus reducing CPU capital requirement
> Sub-servicing role requires no capital and therefore adds to overall return

Confidence in Execution

> Financial institutions invest in excess strip transactions as part of overall asset allocation strategy
> Strong investor appetite to participate in such transactions
> Attractive risk/reward profile
> CPU executed a range of similar size transactions over the last 18 months

Appendix II : Co-issue program overview

› Under a co-issue program, loans are originated and then split into the underlying asset and an MSR. The underlying loan is sold in the secondary market to the government agencies (GSE's). A separate MSR is created which CMC has first chance to purchase. Settlement back to the originator occurs daily at an individual loan level.



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Important notice

Forward-looking statements

› This announcement may include 'forward-looking statements'. Such statements can generally be identified by the use of words such as 'may', 'will', 'expect', 'intend', 'plan', 'estimate', 'anticipate', 'believe', 'continue', 'objectives', 'outlook', 'guidance' and similar expressions. Indications of plans, strategies, management objectives, sales and financial performance are also forward-looking statements.

› Such statements are not guarantees of future performance, and involve known and unknown risks, uncertainties and other factors, many of which are outside the control of Computershare. Actual results, performance or achievements may vary materially from any forward-looking statements. Readers are cautioned not to place undue reliance on forward-looking statements, which are current only as at the date of this announcement.