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15 August 2017

Dear Shareholder,

Konekt Limited Entitlement Offer – Notification to Ineligible 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 \$51.0m.

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.

This notice is to inform you about the Entitlement Offer and to explain why you will not be able to subscribe for New Shares under the Entitlement Offer. This letter is not an offer to issue New Shares

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to you, nor an invitation for you to apply for New Shares. **You are not required to do anything in response to this letter.**

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**).

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

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).

Unfortunately, the Company has determined that you do not satisfy the eligibility criteria for an Eligible Shareholder stated above. Accordingly, the Company wishes to advise you that it will not be extending the Entitlement Offer to you and you will not be able to subscribe for New Shares under

the Entitlement Offer. You will also not be sent the offer document relating to the Entitlement Offer. As the Entitlement Offer is non-renounceable, you will not receive any payment or value for entitlements in respect of any New Shares that would have been offered to you if you were eligible.

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.