



**ASX Announcement
11 August 2021**

SEEK Growth Fund established following completion of strategic review

On 23 February 2021, SEEK announced that its Board was reviewing options to provide greater independence to SEEK's Asia Pacific and Americas and Investments businesses (respectively "AP&A" and "Investments"). Today SEEK announces the completion of the review, and the following outcomes:

- The creation of an independent unit trust, to be known as the SEEK Growth Fund ("the Fund");
- The transfer¹ to the Fund of SEEK's holdings in Online Education Services ("OES") and 14 early stage ventures ("ESVs") as seed assets (being the majority of Investments' existing ESV portfolio) in exchange for units in the Fund, at an independently assessed fair value of A\$1,215m²;
 - This value is subject to a mechanism that increases the number of SEEK's units if the Fund raises new capital at a higher implied valuation to current valuation within 12 months (subject to certain thresholds);
- The formation of a new management company ("the Manager") to be led by Andrew Bassat, whose team will include all current investment professionals from Investments;
- An agreement between the Manager and the Trustee of the Fund ("Trustee") for the Manager to manage the Fund and receive an associated management fee and a performance fee;
- The raising of a further A\$460m by the Fund to fund future investments, consisting of a further A\$200m investment by SEEK and A\$260m from other investors, to be completed on or around 1 September 2021 (the "First Capital Raise"). Andrew Bassat and the Investments management team will comprise cA\$80m of the external funds committed in the First Capital Raise;
- An agreement between the Manager and SEEK for the Manager to manage SEEK's holdings in certain investments that will not be transferred to the Fund, primarily comprising Zhaopin and JobAdder, and for the Manager to receive associated fees.

Recap on rationale

As announced in February 2021, the goal of the strategic review was to enable SEEK to focus on the growth opportunities in AP&A whilst retaining economic exposure to Investments and Zhaopin, and for Investments to operate independently and access third party capital, allowing it to focus on being an investor and business builder. The creation of the Fund achieves the primary goals of independence and access to capital whilst providing continuity of management.

Further relevant detail

Other relevant matters in respect of the Fund include the following:

- The Fund and the Manager are independent of SEEK and will act autonomously.
- For as long as SEEK has a majority economic interest in the Fund, it will have the right to appoint two of up to six directors of the Trustee. The approval of at least one of the two SEEK directors will be required for certain major actions that the Manager may wish to undertake on behalf of the Fund.
- SEEK will have the right to transfer any of its units in the Fund to a third party (subject to customary pre-emptive rights for other unitholders, and certain other customary terms). In addition, after the first five years of the Fund, SEEK will have the ability to request redemption of: (1) 25% of the initial units it will be issued in relation to the seeded assets; and (2) up to

¹ Transfer of individual assets to the Fund is subject to completion of consent (where required) and transfer processes.

² Valuation of A\$1,215m reflects the final composition of the seeded assets to be transferred from SEEK to the Fund. In SEEK's 4 May 2021 ASX release an unaudited aggregate valuation of A\$1,159m was disclosed for the ESVs and OES. It has subsequently been determined that some ESVs will be retained by SEEK, as a result, the "like-for-like" valuation at 4 May 2021 would have been A\$1,106m, with the uplift to A\$1,215m reflective of increased valuations.

100% of the units it will be issued in the First Capital Raise, each at an independently determined fair value. The Fund is subject to a reasonable endeavours obligation to satisfy these requests by seeking replacement capital for the Fund.

- The management fee that SEEK will pay to the Manager in respect of its management of the seeded assets transferred to the Fund will comprise a fixed fee and a performance-related fee
 - The fixed fee is lower than the previous cost to SEEK of managing Investments.
 - The performance-related fee is proportionately lower than performance fees payable by other unitholders in the Fund and is lower than performance fees that are usual in the alternative investments market in Australia.
 - The performance-related fee, which will ensure alignment of interests between the Manager and SEEK, will be based on the long-term performance of the Fund and subject to a performance hurdle.
- SEEK will have the right, but not the obligation, to participate in any future capital raises after the First Capital Raise. SEEK's appetite for further investments in the Fund will be determined by its strategic priorities, balance sheet position and target return profile at the relevant time. SEEK expects its interest to be diluted over time.
- SEEK and the Manager have entered into a two-way agreement under which each will provide transition services for the remainder of FY22.
- The review and its outcomes have been overseen by a committee of SEEK's Board comprising SEEK's Chairman, the Chair of the Audit & Risk Committee and an independent non-executive director, supported by independent external advisers.

Accounting and reporting considerations

The Fund will operate independently of SEEK. Once the Fund draws down all the capital committed in the First Capital Raise, SEEK is expected to own c84.5%³ of the Fund.

It is expected that the Fund will cease to be "controlled" by SEEK for the purposes of relevant accounting standards at some point in the near future. From that time, it will no longer be consolidated by SEEK. SEEK will thereafter account for the Fund as an "associate" and will recognise "fair value" movements in its income statement to reflect revaluations of the Fund's investments every six months.

As a result of the changes announced today, SEEK's FY21 and FY20 financial results will be adjusted to recognise OES and the transferred ESVs as "discontinued operations" from a presentational accounting perspective. As a consequence, SEEK will only recognise its share of the profits and losses from these businesses as a single line through the SEEK consolidated income statement, with further detail provided in the segment disclosures of the statutory accounts. This treatment is in line with the "discontinued operations" accounting treatment.

In subsequent reporting periods, SEEK will continue to provide operating and financial data to help SEEK's shareholders assess the performance of the Fund.

SEEK's Chairman, Graham Goldsmith said,

"The SEEK Board, with the support of external advisers, has reviewed a number of options to achieve our objective of greater independence and focus for SEEK and Investments. We are confident that the implementation of the new structure will unlock the full potential of both businesses."

"At the heart of SEEK will be the core AP&A business. The new structure will increase SEEK's focus on its online employment growth opportunities. Since SEEK will have no obligation to commit more capital to the Fund, we expect that its strong operating cashflows will enable continued investment into high growth opportunities across ANZ and Asia, and dividends for SEEK shareholders. At the same time, SEEK will continue to benefit from the growth of Zhaopin and the Fund."

"As an independent entity, the Fund can make the long-term investment decisions required to build large and sustainable businesses. With greater access to capital, the team can support the existing portfolio and make new investments in the human capital management sector. SEEK is pleased to retain all of its existing economic exposure to these high growth businesses."

"SEEK and the Fund will be led respectively by Ian Narev and Andrew Bassat, who are well known to the market. Ian and Andrew are also supported by strong existing teams. This arrangement is

³ Based on A\$1,215m portfolio valuation of the SEEK seeded assets and completion of the transfer of those assets + A\$200m SEEK capital divided by A\$1,215m portfolio valuation + A\$200m SEEK capital + A\$260m external capital. Ownership interest of c84.5% assumes all committed capital is fully drawn.

additionally beneficial for SEEK shareholders in retaining the skill, focus and commitment of Andrew over the medium term as he steps away from his role as CEO of SEEK. We are confident the new structure will create attractive outcomes for SEEK shareholders and support multiple years of growth."

SEEK will announce its FY21 results to the market on 24 August 2021.

Conference call details

SEEK will host a conference call for shareholders and investors at 10:30am AEST on 11 August 2021. The call will only be about today's announcement. Dial in instructions are provided below:

Direct Event online registration: <https://apac.directeventreg.com/registration/event/2866165>

1. Please register in advance of the conference using the link provided above. Upon registering, you will be provided with participant dial-in numbers, Direct Event passcode and unique registrant ID.
2. In the 10 minutes prior to the call start time, you will need to use the conference access information provided in the email received at the point of registering.

Note: Due to regional restrictions some participants may receive operator assistance when joining this conference call and will not be automatically connected.

Helpful keypad commands:

*0 - Operator assistance

*6 - Self mute/unmute

Authorised for release by the Board of Directors of SEEK

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This announcement contains certain "forward-looking statements". Forward looking words such as, "expect", "should", "could", "may", "predict", "plan", "will", "believe", "forecast", "estimate", "target" and other similar expressions are intended to identify forward-looking statements within the meaning of securities laws of applicable jurisdictions. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Forward-looking statements, opinions and estimates provided in this announcement are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions. Such forward-looking statements, opinions and estimates are not guarantees of future performance.

Forward-looking statements including projections, guidance on future earnings and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. This announcement contains such statements that are subject to risk factors associated with the markets in which SEEK operates. It is believed that the expectations reflected in these statements are reasonable, but they may be affected by a range of variables which could cause actual results or trends to differ materially. Such forward-looking statements only speak as to the date of this announcement and SEEK assumes no obligation to update such information. No representation or warranty is or will be made by any legal or natural person in relation to the accuracy or completeness of all or part of this document, or the accuracy, likelihood of achievement or reasonableness of any forecasts, prospects or returns contained in, or implied by, the information or any part of it. To the full extent permitted by law, SEEK disclaims any obligation or undertaking to release any updates or revisions to the information contained in this document to reflect any change in expectations or assumptions. Nothing contained in this document constitutes investment, legal, tax or other advice. You should make your own assessment and take independent professional advice in relation to the information and any action taken on the basis of the information.

Appendices - ASX Release

SEEK's results are reported under International Financial Reporting Standards (IFRS). This document also makes reference to the non-IFRS measure "EBITDA". This measure is used internally by management to assess the performance of our business, our associates and Joint Ventures, make decisions on the allocation of our resources and assess operational management.

EBITDA

"EBITDA" is earnings before interest, tax, depreciation and amortisation and excluding share of net profits of associates and jointly controlled entities accounted for using the equity method, dividend income and amortisation of share-based payments and other long-term incentive schemes.

Review of information

Non-IFRS financial information is calculated based on underlying IFRS financial information extracted from SEEK's financial statements. Non-IFRS measures have not been subject to audit or review.

Appendix A

SEEK Growth Fund's Portfolio

As at 11 August 2021 the key assets comprised SEEK's holdings in the following:

Education	HR SaaS	Contingent Labour
<ul style="list-style-type: none">• OES• FutureLearn• Coursera• Avenu• Utel• Caelum	<ul style="list-style-type: none">• Go1• Employment Hero• HiBob	<ul style="list-style-type: none">• Sidekicker• Jobandtalent• Florence• Workana