

MARKET ANNOUNCEMENT

Date:	4 May 2016
To:	Australian Securities Exchange
Subject:	Computershare appointed to undertake mortgage servicing activities for UK Asset Resolution Limited

Computershare Limited (ASX: CPU) today advises that, following the announcement to the Australian Securities Exchange on 2 February 2016, its UK business has now been appointed by UK Asset Resolution Limited (UKAR) to undertake its mortgage servicing activities.

Key Points

- This is a seven-year outsourcing contract covering £30bn of UKAR mortgages. In addition, Computershare has entered into separate contracts for the servicing of the £11bn of assets purchased by Cerberus from UKAR in November 2015
- UKAR will continue to own and have ultimate responsibility for NRAM and Bradford & Bingley mortgages and loans
- Around 1,700 staff based in Sunderland and West Yorkshire will transfer to Computershare and will continue to service customers
- The contract is expected to start in mid-2016 post satisfaction of closing requirements.

Computershare's subsidiary HML already services £5bn of mortgages for UKAR in addition to this contract appointment.

Computershare CEO, Mr Stuart Irving said "We are delighted to be selected by UKAR to provide mortgage servicing capabilities and will ensure customers receive the same high quality of service they are used to with UKAR. We have an enviable track record of quality mortgage servicing in the UK with our HML business and are committed to ensuring the transition is a smooth one for all stakeholders".

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 UKAR business.

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

Call details

Date: 4 May 2016
Time: 9.30am (Melbourne time)
Participant code: 9289542653
Melbourne: +61 3 8648 8889
Sydney: +61 2 8088 0900

For further information contact:

Computershare
Mr Darren Murphy
Head of Treasury and Investor Relations
Ph +61 3 9415 5102
darren.murphy@computershare.com.au

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 UKAR

More information regarding UKAR can be found at www.ukar.co.uk.

UKAR APPOINTMENT - BUILDING THE LEADING MORTGAGE SERVICING BUSINESS IN THE UK

Stuart Irving

Chief Executive Officer and President

Mark Davis

Chief Financial Officer

May 2016



CERTAINTY | INGENUITY | ADVANTAGE

Computershare

Highlights

Financially attractive appointment that enhances strategic positioning

1

Contract – appointed by UK Government agency (UKAR) under a long term contract of 7 years to exclusively service a £30bn portfolio of mortgages. A separate £11bn portfolio that has been acquired by other parties will also be serviced. Projected revenues are approximately £600m over the 7 year period with 1,700 full time equivalent employees transferring to CPU

2

Strong strategic fit – provides scale and enhances CPU's position as the market leader in the emerging and potentially large UK outsourced mortgage servicing market. Strong combination with CPU's existing HML business. Well placed to win new clients and broaden revenue base

3

Financially attractive – Modestly EPS accretive in first year. Profitable and cash flow positive throughout term. Scope for significant cost savings and synergies across the combined UKAR + HML business: circa £100m+ PBT expected over the 7 year period

4

Capital light servicing – fee for service contract. No balance sheet exposure such as purchasing mortgage servicing rights or providing advances as occurs in the US mortgage servicing market

5

Enhances growth strategy – a further step in executing CPU's mortgage servicing growth strategy along with the CMC acquisition in the US

6

Mortgage servicing fits well with CPU's core strengths - leverages core CPU skills: managing large volumes of complex financial data requiring high integrity, in a timely, accurate and trusted manner in an industry that CPU knows well

Appointment overview

UK's largest mortgage servicing appointment

- › CPU will service the mortgages, maintain data, effect payments, manage enquiries and assist customers facing financial difficulty
- › Largest ever mortgage servicing appointment in the UK involving c.£41bn of assets
 - £30bn of assets owned by UKAR; plus
 - £11bn of assets that were acquired from UKAR by Cerberus, TSB and BAWAG
- › Comprises NRAM and Bradford & Bingley (B&B) servicing capabilities
- › Based in Crossflatts and Doxford in the north of England
- › Includes residential and commercial property servicing capabilities



In 2010, the UK Government established UKAR as the holding company for NRAM and B&B to facilitate the orderly management of the closed mortgage books of both B&B and NRAM to maximise value for UK taxpayers, while ensuring that both companies continue to treat customers fairly, deliver consistently high levels of service and support those customers facing financial difficulty.

This transaction facilitates UKAR's ability to undertake further asset sales and safeguard jobs.

Key appointment terms

- › 7-year contract with UKAR (UKAR have option to extend by 3 years and beyond)
- › Additional contracts with Cerberus (3 years), BAWAG (3 years) and TSB (5 years)
- › Expected service commencement date: June 2016
- › Total revenue estimated to be around £600m, circa £100m+ PBT expected over 7 year period
- › Assuming 1,700 full time equivalent employees, IT systems and real estate costs

Financial overview

Attractive financial returns for CPU

P&L
impact

Revenue composition:

- > Guaranteed Fixed Fees – in the first 4 years CPU receives 40% of the 7 year total projected revenues in the form of fixed fees
- > Variable Fees paid on outstanding unpaid principal balances
- > Performance Based Fees for exceeding agreed servicing KPIs
- > Significant Day 1 cost base is being inherited
 - Revenues and costs will reduce with book run-off
 - In addition, a range of synergies and operating efficiencies will be realised across the combined HML + UKAR businesses over the life of the contract
 - Modestly EPS accretive in first year with materially increased profitability expected mid contract term (FY19/FY20) as synergies are realised across combined business



Total projected revenues
of c.£600m



EPS accretive and cash
generative

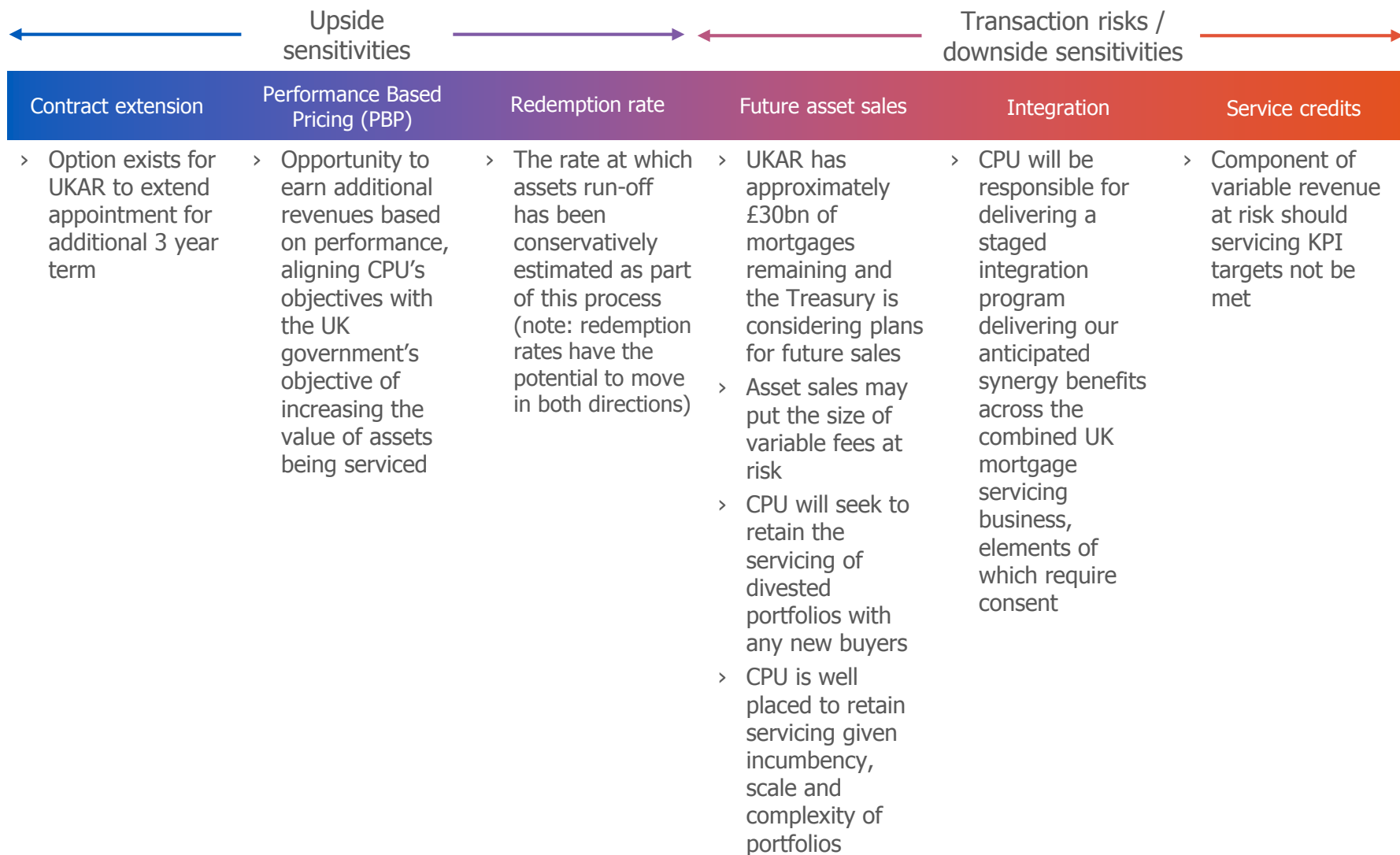


Guaranteed Fixed Fees
reflective of the cost base
we are inheriting

HML
deferred
consideration
implications

The additional revenue contribution from this appointment triggers deferred consideration on the HML acquisition. Payments in the region of £6m p.a. to be made in equal instalments over 5 years from 2018 to 2022. A charge against statutory profits for the total deferred consideration amount will be recognised in FY16. This charge is not included in the £100m+ PBT estimate

Risks and sensitivities



UK mortgage servicing market overview

Appointment enhances CPU's leading position in emerging and potentially large UK outsourced mortgage servicing market

Market size

- > Currently only 6% of the £1.25 trillion UK mortgage market is outsourced to third party mortgage administrators. This contract appointment will increase outsourced mortgage administration to circa 9%

Services offered

- > Mortgage servicing in the UK and Ireland includes:
 - Supporting broker and direct to consumer origination
 - Billing and collection of mortgage payments
 - Management of customer enquiries by phone and post
 - Engaging with customers in financial difficulty to put repayment plans in place based on customer affordability
 - Managing litigation and repossession processes
 - Collecting any shortfall debt that arises as a result of litigation

Regulation

- > Regulatory environment in the UK is well established and the position of third party mortgage servicers is well understood

Positioning UK mortgage servicing for future growth

UKAR appointment strengthens CPU's service proposition

UK mortgage servicing growth opportunities

- > Steady stream of new players continuing to enter the UK mortgage origination market who recognise benefits of outsourced provision
- > Mortgage asset acquirers, who typically do not have in house servicing capability, becoming more active
- > Retail banks under cost pressure and looking to decommission legacy mortgage platforms which are often expensive to run



Impact on existing business operations

- > Complementary business to existing mortgage servicing capabilities
- > Synergies and efficiency improvements will lower unit costs and increase ability to compete effectively for new business
- > Opportunity to expand relationships with mortgage asset acquirers
- > Strengthens offering in retail banking sector of the market

Unique opportunity in UK mortgage servicing, CPU well placed as the leading independent servicer



No. 1 independent mortgage servicer in the UK



Enhances product offering from existing strong presence servicing mortgage asset acquirers to building scale to service retail bank requirements



Able to deliver growth by targeting asset purchasers, new entrants and retail banks

Execution priorities

Focus on execution – disciplined approach with clear priorities

Execution priorities

Operating model

- › Adapt the UKAR operating model to meet the needs of Cerberus, TSB and BAWAG
- › Establish shared service capability
- › Begin harmonisation of employee terms and conditions
- › Realising year 1 operational efficiencies
- › Deploy new client wins into UKAR sites
- › Deploy standard CPU operational toolset

IT

- › Maintain a secure, supported and stable IT environment
- › Realise synergies in relation to storage, data centre hosting and removing duplication of applications

Regulatory

- › Deliver on-going regulatory change programme to meet known market changes
- › Deliver in flight customer remediation programmes

Focus on delivery

- › Delivery of these initiatives is a key priority for CPU and resources have been aligned accordingly
- › Detailed planning exercise has been undertaken to fully understand resources required to support delivery
- › Cautious approach has been taken to the realisation of synergies with a key focus in the first year of the contract being on maintaining stability
- › Resources are being freed up from the HML integration programme
- › New management structures have been defined and resources aligned with these
- › Global CPU resources have been secured to provide further bandwidth
- › Opportunity exists to draw on strength and depth of experience in transferring employee base

Conclusion

1

Significant contract appointment

Progressing our UK mortgage servicing strategy to become the standout player in the third party mortgage administration space

2

Enhanced market positioning

Consolidates our market leading position, drives scale and operating benefits in a market positioned for growth from retail lenders, challengers and asset purchasers

3

Financially compelling appointment

Circa £600m of projected revenues, circa £100m+ PBT expected over life of contract

4

Significant synergy potential

Opportunity to extract synergies across combined UK mortgage servicing business

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.