

ASX Announcement

1 May 2017

Austock enters into Subscription Agreements with Ellerston Capital and Robert Coombe

Austock Group Limited (ASX: ACK) ("Austock") advises that it has entered into Subscription Agreements dated 1 May 2017 with Ellerston Capital Limited ("Ellerston") and Robert Coombe ("Agreements") that will significantly enhance its competitive position and assist it in taking advantage of a number of changes occurring in the wealth management industry in Australia. These Agreements provide that:

- Ellerston (or its nominee) is to be issued 10 million Austock shares at \$0.45 per share to raise \$4.5 million. The issue of shares and payment of consideration is to occur no later than 31 May 2017. The Agreement acknowledges that the issue of shares to Ellerston forms the initial part of the establishment of a strategic relationship between it and Austock; and
- Mr Robert Coombe (or his nominee) is to be issued 10 million Austock shares at \$0.40 per share to raise \$4 million. The issue of shares to Mr Coombe is subject to shareholder approval which will be sought at a general meeting of shareholders scheduled on or about 18 July 2017. The Agreement provides that Mr Coombe will join as a Director of Austock after shareholder approval with the issue of shares to him and payment of consideration to occur within one month of shareholder approval.

Statement by Mr Eric Barr, Independent, Non-Executive Chairman of Austock

In welcoming these agreements Mr Barr said that they will provide momentum and direction for Austock as a whole and its life insurance investment business in particular. "It's confirmation of the directors' belief in the potential of Austock and is particularly timely given the proposed changes to the savings and wealth industry anticipated to flow from recent changes to superannuation".

The capital raised through these placements will be utilised to support the growth prospects of Austock including acquisition opportunities, expansion of distribution channels and new product development.

Statement by Mr Brian O' Sullivan, Chief Executive Officer of Ellerston

Mr O'Sullivan advised that having followed the industry closely over a substantial period of time, now was the right time to take a strategic position in Austock. "We believe that the industry and Austock in particular is poised for growth and Ellerston can contribute positively to its growth through its experiences and expertise in the Funds Management industry and in supporting the Company's strategic intent".

He added that "we look forward to working with the Company to help it achieve its objectives in the future". Mr O'Sullivan is also very encouraged to see the participation of Mr Coombe in the

reshaping of Austock and feels he will add considerably to its future prospects.

About Ellerston Capital Limited

Ellerston is a specialist investment manager with over \$5 billion under management directly and through both listed and unlisted investment funds. These funds and Ellerston's own corporate activities are supported by a widely acknowledged and successful corporate team with experience across Australian and international markets. Its clients include Government, industry, corporate superannuation funds and individuals. See also www.ellerstoncapital.com

About Robert Coombe

Mr Coombe is a highly regarded executive with over 35 years' experience in running businesses throughout Australia and Asia. Mr Coombe has had executive experience in running retail businesses, retail and business banking, private banking, funds management, life and general insurance, pension and financial planning businesses across many different brands and ownership structures.

He has recently spent close to 4 years as Chief Executive of a large private equity owned business in the retail sector and before that was a Group Executive at Westpac running the Retail and Business Bank and Wealth Management Businesses.

His personal commitment through his share investment provides a powerful message to the market and to the staff and customers of Austock.

About Austock Group Limited

Austock Group is an ASX listed company that operates as a registered Pooled Development Fund (PDF) specialising in providing development capital to financial sector businesses. Its status as a PDF provides favourable tax benefits to the Group and its shareholders. At present it has two major investments: -

Austock Life: a registered life insurance company under the Life Insurance Act and an industry leader and issuer of innovative insurance bonds. Its core Imputation Bond product offers investors an expansive investment menu and strategy-based avenues for incorporating "tax-paid" lump sums into financial plans to meet life-event objectives.

Austock Financial Services: provides distribution services to Austock Life and administration services to Austock Life and external parties. These administration services include unit pricing, fund valuation, investment and fund accounting, fund administration and business registry services.

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