



25th November 2014

The Manager
Market Announcements Platform
ASX Limited
Level 6, Exchange Centre
20 Bridge Street
Sydney NSW 2000

FOR IMMEDIATE RELEASE

Dear Sir / Madam,

BrokerWeb Acquisitions in New Zealand

Austbrokers Holdings Limited (**AUB**) has, through an 80% owned entity, NZ Brokers Holdings Limited (**NZBH**), has agreed to acquire two entities in New Zealand:

- A 100% interest in BrokerWeb Management Limited (**BWM**), a broker cluster manager with 40 members in New Zealand
- A 50% interest in a newly established company, BrokerWeb Risk Services Newco Limited (**BRSN**) which has acquired the business and assets of BrokerWeb Risk Services Limited (**BWRS**), an insurance broker with 6 branches throughout New Zealand. The other 50% shareholding in BRSN will be held by BWRS which is a member of the BWM cluster group.

Completion is expected to occur later this week.

Under the acquisition agreements NZBH will make completion payments of NZ \$16.9 million and make further payments in 2016 and 2017 based on the future operating profits of the companies. While the ultimate price will depend on those matters, and other customary adjustments, based on current management projections, the completion payments are anticipated to be in the order of 70% of the final purchase price.

NZBHs' completion payments will be funded from pro rata cash equity contributions from its shareholders and a NZ \$13 million draw down under AUB's existing bank loan facility which is to be replaced by a NZBH direct financing in the near future.

AUB managing director Mark Searles and chief broking officer Keith McIvor will join the board of the BrokerWeb companies. Mr McIvor will also hold a 20% interest in NZBH funded out of his own resources and has entered into a shareholders agreement with AUB, based on the AUB standard, to regulate the governance of NZ Brokers and its investment in the BrokerWeb entities.

NZBH will be entitled to the benefit of the acquisitions from a 1st November 2014 effective date.

This announcement may contain forward looking statements relating to future matters, which are subject to known and unknown risks, uncertainties and other important factors which could cause the actual results, performance or achievements of Austbrokers and the Austbrokers Group to be materially different from those expressed in this announcement. Except as required by law and only to the extent so required, neither Austbrokers nor any other person warrants that these forward looking statements relating to future matters will occur.

Based on the initial funding mix it is expected that on a full year basis the BrokerWeb acquisitions will add 2.5% to earnings per share growth on underlying net profit after tax before amortization expense. Given the above and as the acquisition will be effective only from 1 November 2014 it will not materially affect the guidance given in August with the FY2014 results announcement.

Attached is the media release in relation to the acquisition.

Yours faithfully



Stephen Rouvray
Company Secretary
Austbrokers Holdings Limited

For further information, contact Steve Rouvray Tel: (02) 9935 2201
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MEDIA RELEASE

AUS Headline: Austbrokers shake up NZ insurance industry with two strategic acquisitions

NZ Headline: Austbrokers targeted acquisitions create New Zealand's largest insurance cluster network

Sydney, 25 November, 2014: ASX-listed Austbrokers Holdings Limited (ASX:AUB) today announced it will acquire 100 per cent of New Zealand's BrokerWeb Management Limited, as well as a 50 per cent stake in the country's largest independent broking operation BrokerWeb Risk Services Limited in a deal expected to be worth over NZ \$20 million.

The transaction signals a major shake-up in the New Zealand insurance broking industry, which has long been considered a duopoly between insurance brokers Aon and Crombie Lockwood. It is one of the largest transactions undertaken by Austbrokers Holdings, and was executed through its 80% subsidiary NZ Brokers Holdings Limited.

With the acquisitions combined, Austbrokers Holdings immediately becomes New Zealand's largest insurance broking cluster network, as well as the largest Australasian-owned insurance broking group in New Zealand, with \$350 million gross written premiums (GWP) and over 120,000 clients.

Austbrokers Holdings Chief Executive Officer, Mark Searles, said "it was part of our targeted strategy to use our proven Owner-Driver model as the platform for growth. Overnight, this approach gives Austbrokers Holdings and our New Zealand partners' significant market scale and leadership".

"BrokerWeb Risk Services' business is already closely aligned with our existing operating model, creating great opportunities for expansion". Additionally, BrokerWeb Management as a leading broking cluster network, is similar to Austbrokers existing joint venture cluster group partnership in Australia, AIMS - creating further natural synergies.

Together with BrokerWeb and our existing New Zealand partners "we will continue to look for opportunities to leverage Austbrokers' established and diversified business areas of Insurance Broking, Underwriting Agencies and Risk Services as we continue to grow our New Zealand presence and distribution network," Mr Searles said.

In line with Austbrokers' equity ownership model, BrokerWeb Risk Services (BWRS) CEO David Archer, and BrokerWeb Management CEO Jim Harris, will remain in their current roles and lead the daily business operations. All businesses will continue to trade under their existing brands and will leverage support as required from Austbrokers' group services.

"We are very excited about the future and furthering our planned expansion with the support and

partnership that Austbrokers Holdings brings to BWRS,” Mr Archer said. “Over the years we have admired the Austbrokers “owner-driver’ model. We respect the success of many current Austbrokers broking businesses in Australia, which made our decision to partner with Austbrokers in New Zealand a natural fit. With the support of Austbrokers Holdings we can accelerate our plans to be one of the leading broking houses within New Zealand.”

Mr Harris said, “We were impressed by the experience and commitment of Austbrokers Holdings to support our broker members and their clients. We share the same philosophy that the partnership between insurers and brokers is vital in providing quality and sustainable insurance solutions to our clients. We look forward to enhancing the benefits and services we deliver to our current and future members, and to expanding our position as the preeminent broking cluster group in New Zealand.”

Austbrokers Holdings entered the NZ market in 2006 through its partnership with Insurance Advisernet, taking an effective 38 per cent equity stake in Insurance Advisernet NZ, a leading broking group which has grown to have 32 authorised representatives and over \$70 million in GWP.

Combined with the BrokerWeb acquisitions Austbrokers becomes a formidable force in the New Zealand insurance market, with \$350m in total GWP, more than 70 brokerages and authorised representatives, and 120,000 clients.

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About Austbrokers Holdings Limited

Austbrokers Holdings Limited (ASX: AUB) is Australia and New Zealand's leading equity-based insurance distribution, underwriting agency and risk services group.

AUB employs a unique owner-driver business model – where businesses retain active control of their businesses while benefitting from group-level operational support. AUB comprises more than 100 equity businesses, representing over 450,000 clients with in excess of \$2.5 billion of GWP.

AUB operates three market leading business divisions – an insurance broking network (Austbrokers), specialised underwriting agencies (Austagencies) as well as a risk services division. All three business divisions are supported by market leading operational and technology services to drive the efficiency and effectiveness of each equity business.

About BrokerWeb Risk Services Limited

Established in 2007, BrokerWeb Risk Services is one of New Zealand's largest insurance brokers with 15,000 clients and \$80m in revenue. Headquartered in Auckland, the company has 80 staff and a national distribution network with six offices.

Founder and CEO David Archer is supported by a highly experienced executive and broking team. This team will continue in their current roles under the new Austbrokers ownership model.

About BrokerWeb Management Limited

BrokerWeb Management Limited is New Zealand's largest broking cluster group, with \$280 million gross written premiums (GWP) and over 100,000 clients nationally.

The company was founded in 2000 by David Archer and Jim Harris. Since then it has grown year-on-year and now supports 500 staff across 40 independently owned broking businesses.