ASX release

29th May 2013

Austbrokers acquires 90% stakes in significant insurance underwriting agencies Lawsons Underwriting Australasia Limited and Guardian Underwriting Services Pty Limited

Austbrokers Holdings Limited's (ASX code: AUB) (**Austbrokers**), insurance underwriting agency business, Austagencies Pty Limited, has today acquired 90% interests in two underwriting agencies, Lawsons Underwriting Australasia Limited (**Lawsons**) and Guardian Underwriting Services Pty Limited (**Guardian**) for an aggregate purchase price of $9.94 million (assuming an agreed level of net tangible assets). An initial payment of 75% will be made with the balance in 12 months time.

Lawsons are a specialist underwriting agency operating in the area of labour hire and recruitment, group training and contracting (provision of third party workers) as well as arranging underwriting solutions for complex liability exposures from offices in Perth, Sydney, Melbourne, Hobart and Brisbane.

Guardian is an underwriting agency specialising in providing insurance facilities for hotels and motels, food outlets, group personal accident insurance, professional indemnity and contingency insurance from offices in Melbourne.

The upfront purchase price was paid from existing cash reserves with the balance due in May 2014 (following settling completion accounts) to be funded from cash reserves and existing corporate debt facilities.

Austbrokers' acquisition of Lawson and Guardian will increase Austagencies Gross Written Premium (GWP) to over $210m on an annualised basis. Both transactions will be margin accretive to the existing Austagencies business based on historical results.

These businesses complement previous transactions made where Austagencies has purchased niche portfolios and underwriters who have a proven track record of making underwriting profit.

Consistent with the Austagencies model, neither Lawsons nor Guardian takes on underwriting risk however they operate under binder agreements with the relevant insurers.

While Austbrokers will only recognise the May and June performance of these investments in the current financial year, based on conditions and performance to date, this transaction is anticipated to increase Austbrokers' earnings per share by approximately 2.3% after financing costs on an annualised basis.

Craig Patterson Managing Director of Austagencies said "With the acquisition of both Lawsons and Guardian, this will be bring the total number of agency acquisitions to seven over the past three years, in addition to the investment in six specialist start up agencies. This will provide us further opportunities to support brokers in differentiating their customer offerings".

Mark Searles, CEO and Managing Director of Austbrokers, said:

> "We are delighted that Lawsons and Guardian will be joining the Austbrokers group of companies. They provide a great fit to our underwriting agency business Austagencies.

On the strategic benefits of the acquisition, Mr Searles commented:

> "Lawsons and Guardian complement our agency owner driver model whereby underwriting principals maintain a share of the business. With this transaction, we acquire two teams of specialist underwriters who will add a diversity of product and scale to our expanding agency business. These are attributes which have been the hallmark of our model that sets us apart from the competition."

Glenn Simpson major shareholder in Lawsons and Guardian commented.

> "In the end the proven track record of Austagencies and its ability to work with, grow and professionally integrate their partnered businesses, was a compelling factor that gave us the comfort that all our stakeholders would benefit into the future.
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> We just didn't feel the need to consider the alternatives in the market as in our judgement; they couldn't match the model and approach that Austagencies offer."

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1 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.