

6 June 2017

Market Announcements Office
ASX Limited
Level 5, 20 Bridge Street
Sydney NSW 2000

CONFIRMATION OF CHIEF EXECUTIVE OFFICER RENUMERATION (ASX: PCG)

Enclosed is a summary of the key terms of employment for Russel Pillemer who was appointed as Chief Executive Officer of Pengana Capital Group Limited on 5 June 2017.

The employment contract and incentive arrangement for Russel Pillemer were put in place on 20 December 2016 when Russel Pillemer was the Chief Executive Officer of Pengana Holdings Pty Ltd.

The incentive arrangements were described in the Explanatory Memorandum which was sent to Pengana Capital Group Limited shareholders on 27 April 2017. The Employee Share Loan Plan pursuant to which R C Pillemer (of which Russel Pillemer is the sole shareholder and director) holds 15,872,528 Pengana Capital Group Limited shares was approved at the shareholder meeting held on 1 June 2017.

ENDS

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Summary of the key terms of the Employment Agreement with Russel Pillemer – Chief Executive Officer of Pengana Capital Group Limited ("PCG")

Appointment	Mr Pillemer commenced employment as Chief Executive Officer of PCG and its financial services licensee subsidiaries on Monday 5 June 2017
Term	Ongoing – no fixed minimum term
Salary	\$603,146 p.a. (including superannuation). This salary will increase by the rate of inflation as per the RBA published data.
Incentive	<p>R C Pillemer ("RCP") (of which Russel Pillemer is the sole director and shareholder) holds 15,872,528 PCG shares pursuant to the PCG Employee Loan Share Plan ("ELSP"). Under the ELSP two loans were provided for the PCG shares equal to an amount of \$143.179 per PCG share (i.e. one loan of \$12,771,570 and one loan of \$6,133,790 (reflecting a total loan of \$18,905,360)).</p> <p>The key terms of the loans provided under the ELSP are as follows:</p> <ul style="list-style-type: none"> • The 15,872,528 PCG shares ("Shares") are not subject to any vesting conditions • The loans must be repaid on the earlier of 2 March 2024 or on the disposal of the Shares • The proceeds of any disposal of the Shares will be applied in reduction of the loans • 100% of any dividends or a return of capital (net of tax) will be applied to repay the loans • In the event of non-repayment, PCG's recourse against RPC is limited to the Shares and 3,358,307 additional shares ("AS") • RPC has granted PCG security over the Shares and the AS • Interest will accrue on the outstanding principle of the loans and will capitalise each 30 June and 31 December to form part of the principal of the loans • The interest rate for the loan of \$12,771,570 is 5.5% p.a. or, if higher the FBT benchmark rate of interest at the relevant time as set by the Australian Tax Office via a tax determination • The interest rate for the loan of \$6,133,790 is 10% p.a. or, if higher the FBT benchmark rate of interest at the relevant time as set by the Australian Tax Office via a tax determination. <p>In addition to the 15,872,528 Shares held pursuant to the ELSP, RCP holds a further 9,087,876 PCG shares. Russel Pillemer also holds 1,262,205 PCG shares in his own name.</p> <p>All of the PCG shares held by RCP and Russel Pillemer are subject to an escrow period as follows</p> <p style="padding-left: 40px;">(i) 15 February 2018 – 8.88% of the shares to be released;</p> <p style="padding-left: 40px;">(ii) 15 February 2019 – 8.88% of the shares to be</p>

	<p>released;</p> <p>(iii) 15 February 2020 – 8.90% of the shares to be released;</p> <p>(iv) 15 February 2021 – 24.44% of the shares to be released;</p> <p>(v) 15 February 2022 – 24.44% of the shares to be released; and</p> <p>(vi) 15 February 2023 – 24.46% of the shares to be released.</p>
Notice	Either party may terminate the employment agreement by giving 6 months' notice