

SurfStitch Group Limited
ACN 602 288 004
ASX: SRF

Pre-Quotation Disclosure

The following information is required to be provided to ASX Limited (**ASX**) for release to the market in connection with the admission to the official list and official quotation on a deferred settlement trading basis of the fully paid ordinary shares in SurfStitch Group Limited (**SurfStitch**).

Unless otherwise defined, capitalised terms used in this notice have the meaning given to them in the SurfStitch prospectus dated 27 November 2014, available at www.asx.com.au.

Basis of allocation and procedures for determining allocations

The allocation policy for the Shares is described below:

- **Broker Firm Offer** – Shares that have been allocated to Brokers for allocation to their Australian resident retail clients will be issued to the Applicants nominated by those Brokers. It will be a matter for each Broker as to how they allocate firm Shares among their retail clients, and they (and not SurfStitch or J.P. Morgan Australia Limited (**Lead Manager**)) will be responsible for ensuring that retail clients who have received a firm allocation from them receive the relevant Shares.
- **Chairman's List Offer** – Chairman's List Offer Applicants will receive a guaranteed allocation of Shares in the amount notified on their Chairman's List Invitation or such lesser amount validly applied for. Beyond this, the allocation of Shares to Applicants under the Chairman's List Offer will be determined by SurfStitch in consultation with the Lead Manager. Applications under the Chairman's List Offer can only be made by selected investors who have received a Chairman's List Invitation.
- **Institutional Offer** – The allocation of Shares among Applicants between the Institutional Offer and the Retail Offer was determined by the Lead Manager in consultation with SurfStitch. The Lead Manager and SurfStitch have absolute discretion regarding the basis of allocation of Shares between the Institutional Offer and Retail Offer and among Institutional Investors. Allocations to Institutional Investors were determined pursuant to a Bookbuild held on 26 November 2014. Successful applicants under the Institutional Offer have been advised of their allocations.
- **Employee Gift Offer** – Employee Gift Offer Applicants will receive a guaranteed allocation of \$1,000 worth of Shares (rounded down to the nearest whole Share based on the Offer Price). Applications under the Employee Gift Offer can only be made by Eligible Employees.

Applicants under the Broker Firm Offer can confirm their allocation of Shares by telephoning their Broker.

All Applicants are responsible for determining and confirming the number of Shares allocated to them prior to selling any Shares. Applicants who sell Shares before receiving their initial holding statement do so at their own risk.

The number of shares issued under the Offer

The issue price for each Share under the Offer is \$1.00.

The number of shares issued under each part of the Offer is:

- Institutional Offer – 56.3 million
- Broker Firm Offer – 13.9 million
- Chairman's List Offer – 13.1 million

89,000 Shares were issued under the Employee Gift Offer.

Despatch date

The intended date for sending CHES allotment notices, issuer or sponsored holdings statements and any refund money is Wednesday, 17 December 2014.

Distribution schedule of shareholders and statement of the 20 largest shareholders

Please refer to the **Attachment** for a distribution schedule of shareholders and statement of the 20 largest shareholders.

Completion of the Surfdome SPAs

SurfStitch confirms that completion under each of the share sale and purchase agreements referred to in section 9.5 of the Prospectus has taken place.

Completion of the Implementation Deed

SurfStitch confirms that completion under the Implementation Deed Poll referred to section 9.6.3 of the Prospectus has taken place.

Statement regarding ASX Corporate Governance Principles and Recommendations

SurfStitch notes at section 6.4.1 of the Prospectus that, except in certain circumstances (described below), it intends to comply with all of the ASX Recommendations from the time of its listing.

Background

SurfStitch intends to appoint a third non-executive Director in the short term, once a suitable candidate has been identified. In addition, as set out in Section 6.1.1 of the Prospectus, it is proposed that Justin Stone will also join the SurfStitch Board upon completion of the Surfdome acquisition. If both Justin Stone and a third non-executive Director are appointed, this will result in a six person Board, comprising three independent non-executive Directors and three executive Directors. While this will mean that SurfStitch will continue to not comply with ASX Recommendation 2.4, the Board believes that this composition will be appropriate, given the value of the skills and considerable experience of the current executive Directors, and Justin Stone, to the Board.

Audit, Risk and Compliance Committee

The Audit, Risk and Compliance Committee comprises Howard McDonald and Stephen Goddard. When a third non-executive Director is appointed, it is intended that he or she will be appointed to the Audit, Risk and Compliance Committee. Until this time, SurfStitch Group will not be able to comply with Recommendation 4.1 of the ASX Recommendations, which provides that the Board of a listed entity should have an audit committee which has at least three members, all of whom are non-executive Directors and a majority of whom are independent Directors

Remuneration and Nomination Committee

When a third non-executive Director is appointed, it is intended that he or she will be appointed to the Remuneration and Nomination Committee. Until this time, SurfStitch will not comply with Recommendations 2.1 and 8.1 of the ASX Recommendations, which respectively provide that the Board of a listed entity should have a nomination and a remuneration committee with at least three members

Issue of performance rights

SurfStitch confirms the issue of 1,194,761 performance rights to senior managers and other employees of SurfStitch under the company's equity incentive plan.

Escrowed shares

The following is a break-down of the number of shares subject to voluntary escrow, and the escrow period for each of the shareholders. Each escrowed shareholder may be released early from their escrow obligations in certain circumstances. See section 7.10 of the Prospectus for more information.

Escrowed shareholders - Interests associated with:	Number of shares subject to voluntary escrow	Period of voluntary escrow
Justin Cameron	12,931,089	50% of the Escrowed Shares will be released on the date on which the audited financial accounts for SurfStitch Group for the financial year ending 30 June 2015 have been released to ASX.
Lex Pedersen	10,666,134	
Justin Stone	11,425,983	
Rolling Surfdome Shareholders	3,089,371	The remaining 50% of the Escrowed Shares will be released on the date that is six months after the date on which SurfStitch Group's audited financial accounts for the financial year ending 30 June 2015 have been released to ASX
Pre-IPO Investors	88,818,750	50% of the Escrowed Shares will be released on the date on which the reviewed financial accounts of SurfStitch Group for the half-year ending on 31 December 2014 have been released to ASX.
Stephen Goddard	200,000	
Howard McDonald	1,500,000	
		The remaining 50% of the Escrowed Shares will be released on the date on which the audited

Escrowed shareholders - Interests associated with:	Number of shares subject to voluntary escrow	Period of voluntary escrow
		financial accounts of SurfStitch Group for the financial year ending on 30 June 2015 have been released to ASX.
TOTAL	128,631,327	-

Attachment 1

Distribution schedule of shareholders and statement of the 20 largest shareholders

1 Distribution schedule of shareholders



SURFSTITCH GROUP LIMITED

INVESTOR RANGES TUESDAY 16 DECEMBER 2014

<u>Ranges</u>	<u>Investors</u>	<u>Securities</u>	<u>% Issued Capital</u>
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Security Group: ORD ORD & ESC & EMP

Totals for Security Group ORD

1 to 1000	89	89,000	.04
1001 to 5000	77	244,361	.11
5001 to 10000	82	769,663	.36
10001 to 100000	161	5,494,435	2.57
100001 and Over	68	207,504,276	96.92
Total	477	214,101,735	100.00

end of report

2 Statement of the 20 largest shareholders

SURFSTITCH GROUP LIMITED

FIRST 20 INVESTORS REPORT TUESDAY 16 DECEMBER 2014

<u>Rank</u>	<u>Investor</u>	<u>Current Balance</u>	<u>% Issued Capital</u>
Sec. Group: ORD - ORD & ESC & EMP			
1	NATIONAL NOMINEES LIMITED	27,843,338	13.00%
2	CITICORP NOMINEES PTY LIMITED	16,159,841	7.55%
3	WARBONT NOMINEES PTY LTD <SETTLEMENT ENTREPOT A/C>	14,400,000	6.73%
4	NATIONAL NOMINEES LIMITED	14,249,579	6.66%
5	JUSTIN PAUL TOWELLS STONE	11,225,983	5.24%
6	ONLINE BRANDS PTY LIMITED	10,197,223	4.76%
7	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	9,750,000	4.55%
8	RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED <PI POOLED A/C>	7,744,468	3.62%
9	ARGO INVESTMENTS LIMITED	6,750,000	3.15%
10	JUSTIN PETER CAMERON <MONAWATU FAMILY A/C>	6,000,000	2.80%
11	RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED <PIPOOLED A/C>	5,300,085	2.48%
12	LEX WARD PEDERSEN <STITCH FAMILY A/C>	5,000,000	2.34%
13	MORGAN STANLEY AUSTRALIA SECURITIES (NOMINEE) PTY LIMITED <NO 1 ACCOUNT>	4,750,000	2.22%
14	J P MORGAN NOMINEES AUSTRALIA LIMITED	4,656,912	2.18%
15	UBS NOMINEES PTY LTD	4,597,458	2.15%
16	MR HAYDN BRIAN SMITH <HACIENDA FAMILY A/C>	4,500,000	2.10%
17	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LTD <NOM1 A/C>	4,250,000	1.99%
18	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	4,248,653	1.98%

SURFSTITCH GROUP LIMITED

FIRST 20 INVESTORS REPORT TUESDAY 16 DECEMBER 2014

<u>Rank</u>	<u>Investor</u>	<u>Current Balance</u>	<u>% Issued Capital</u>
19	CHARLES LANCHESTER <LANCHESTER FAMILY A/C>	4,000,000	1.87%
20	PACIFIC CUSTODIANS PTY LIMITED <SGL & SHL EIP TST A/C>	3,400,000	1.59%
TOTAL FOR TOP 20:		169,023,540	Investors 20 78.95%
TOTAL IN THIS REPORT:		169,023,540	Investors 20 78.95%
TOTAL OTHER INVESTORS:		45,078,195	457 21.05%
GRAND TOTAL:		214,101,735	477 100.00%

end of report