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4 October 2012

Dear Shareholder

Commencement of on-market buy-back of up to 27 million shares

Austock Group has previously announced its intention to undertake an on-market buy-back of up to 27 million shares ("Buy-Back") subject to shareholder approval and completion of the sale of its property funds management business to Folkestone Limited. As these conditions have now been satisfied, the Directors have decided to commence the Buy-Back.

The Company will buy back shares at a time and at a price which the Directors determine in their discretion having regard to the interests of Shareholders (as a whole) and all prevailing circumstances then applying.

Notwithstanding that the Directors are eligible to participate in the Buy-Back, it is not the present intention of any Director to participate.

The Company has appointed BBY Limited to act on its behalf in relation to the Buy-Back. Shareholders wishing to participate in the Buy-Back are encouraged to convey their interest to Rob Wood at BBY on 1800 551 212 or (03) 8660 7209. Further information on the Buy-Back can be found in the Company's Notice of General Meeting dated 8 August 2012.

In that Notice, Directors confirmed that they would continue to "review any proposal that may see Austock aligned with other financial services groups or can enhance value". The purpose of the Buy-Back is to provide liquidity to those shareholders who choose not to await the outcome of this review process.

To date, whilst there has been interest shown in the Austock Life business and there have been preliminary discussions with several parties, no agreements have been reached, nor is there any certainty there will be. Directors expect to continue to seek ways to enhance shareholder value but at this stage cannot say when, or if, any transaction will result. In the meantime, the Company will continue to pursue growth of the Austock Life business.

On behalf of the Directors, I thank you for your continuing support.

Yours sincerely,



F. G. A Beaumont, QC
Independent Non-Executive Chairman