

ASX Announcement

25 June 2019

CENTREPOINT UPDATES PROGRESS ON IMPLEMENTATION OF NEW PRICING

The Board of Directors of Centrepoint Alliance Limited (ASX:CAF) ('Centrepoint', 'The Company') advises that a key milestone has been reached in its Strategic Refresh program. Centrepoint announced today that 200 of its 226 licenced adviser firms have contracted to transition to the Company's new transparent pricing arrangements, commencing 1 July 2019. Centrepoint launched its new licensee service offering in March 2019 and the transition has been completed successfully.

Key points:

- **200 out of 226 adviser firms have contracted to the new transparent pricing model**
- **Timely shift in revenue mix as rebate revenue declines**
- **Record quarter for recruitment of new advisers**

In August 2018, Centrepoint announced its new strategy, Strategic Refresh, under new CEO Angus Benbow. The Strategic Refresh focuses on Centrepoint's strong community of advisers, recognising the need to recreate a more contemporary advice and business service offer. The offer provides certainty for Centrepoint's advisers through a transparent fee-for-service model and assists in mitigating the business impact of the Hayne Royal Commission recommendation to remove grandfathered rebates by January 2021.

88% of adviser firms contracted to new pricing model

Mr Benbow said, "We are very pleased to have earned the support of the majority of adviser firms within our network of licensees. After a phase-in period, the services we provide to our advisers will be fully funded by transparent fees paid directly by the advisers' firms."

"This is an important milestone because, over time, the new fee model will remove the Company's reliance on grandfathered rebates."

"We are very much aware that this is a difficult change for many of our adviser firms, which are small businesses currently navigating a range of market and regulatory changes. We remain committed to supporting our advisers through this period of change."

Timely shift as rebate revenue declines

Completion of the transition is timely, because fee-based revenue is required to offset an accelerated decline in Centrepoint's rebate revenue. Mr Benbow stated, "Over the second half of FY19 we have seen a significant acceleration in the reduction of grandfathered rebates, which further validates our refresh strategy to move to a contemporary and transparent offering."

Record quarter for recruitment of new advisers

The new offer is proving attractive to new advisers, as well as the existing network, resulting in a record number of new advisers joining Centrepoint in the June quarter of FY19. Mr Benbow continued, "Our new offer is also resonating with the external market and proving its competitiveness. We are delighted to welcome a record number of new advisers to our licensee community in the June quarter. We look forward to providing further details with our annual results to be released on 22 August."

For further information please contact:

Debra Anderson

Company Secretary

Centrepoint Alliance Limited

Ph: 07 5668 1006

E: Debra.anderson@cpal.com.au