

6 March 2023

Dear Investor,

RE: Ellerston Asia Growth Fund (ARSN 626 690 686; APIR Code: ECL1411AU) proposed merger with Ellerston Asian Investments Limited (ASX:EAI) and restructure to convert to a dual-structure exchange traded managed fund on the ASX AQUA market (ETMF).

Ellerston Capital Limited as responsible entity (RE) of the Ellerston Asia Growth Fund (EAGF) is pleased to announce that it has executed a transaction implementation deed (TID) with the Board of Ellerston Asian Investments Limited (EAI or the **Company**), relating to the restructure of EAGF to merge with the Company and convert to a dual-structure exchange traded managed fund on the ASX AQUA market (ETMF).

Under the TID, the EAGF RE has agreed to pursue the transaction and assist the Company in proposing and implementing the transaction on and subject to the terms and conditions of the TID. The parties have agreed to propose and implement a transaction to transfer units in the ETMF to EAI shareholders in exchange for the transfer of the Company's listed investments and the majority of its cash to the ETMF. The transaction is subject to a number of regulatory and shareholder approvals.

We believe the proposed ETMF structure provides investors with choice and flexibility. The ETMF structure effectively allows for a "one unit" product that allows investors to transact through off-market applications and through the Australian Securities Exchange. The benefit to EAGF unitholders of the proposed merger is not only that it provides additional access points for applications/redemptions to take place, but also that significant scale can be generated through merging with EAI."

Overview of proposed transaction

The key steps of the proposed transaction are:

- EAGF RE will apply for admission of EAGF to trading status on the ASX in accordance with the AQUA Rules;
- the Company will transfer its listed investments and the majority of its cash (**Assets**) to the ETMF;
- EAGF RE will issue units in the ETMF to the Company in consideration for the transfer of the Company's Assets;
- the Company will undertake a special dividend to all shareholders and a selective capital reduction to all exiting shareholders (being all shareholders apart from one shareholder which will remain in the Company post-transaction¹). This will effectively involve EAI shareholders exchanging their EAI shares for units in EAGF at a ratio based on EAGF's NAV and EAI's NTA (after costs associated with implementing the transaction) immediately prior to implementation of the transaction. As a result, the value of a shareholder's investment in EAI immediately before the transaction will be equivalent to the value of their investment in EAGF immediately after the transaction; and
- the Company will be removed from the Official List and convert to a proprietary limited company.

¹One shareholder as nominated by EAI will not participate in the selective capital reduction, and will be the sole shareholder of EAI on implementation of the transaction when EAI's Assets will be transferred to EAGF. Leaving one shareholder in EAI will remove the need for a liquidation process.

Further information about the proposed transaction and the approvals required to implement the transaction will be set out in a booklet to be provided to unitholders in March/April 2023.

An executed copy of the TID is available for review via on the ASX [here](#).

Indicative timetable

An indicative timetable for the proposed transaction is provided below.

Event	Indicative Date
Shareholder booklet lodged with ASIC and ASX for review	March 2023
Shareholder meetings convened and shareholder booklet made available to shareholders	March/April 2023
EAGF RE applies for admission of EAGF units to AQUA Trading Status	March/April 2023
Shareholder meetings to approve various aspects of the transaction	April/May 2023
Announcement of the results of the meetings and the record date for the in specie distribution	April/May 2023
Payment of special dividend to shareholders and selective capital reduction, to be satisfied by the in specie distribution	May 2023
EAGF units commence trading on ASX	
EAI delisted from ASX	May 2023

Conditions

The proposed transaction is subject to a number of conditions precedent, including regulatory and investor shareholder approvals required under the Corporations Act and the ASX Listing Rules, and to obtaining a report from an independent expert which concludes that the proposed transaction is in the best interests of EAI shareholders.

Recommendation and voting intentions

The Boards of EAGF and EAI have separately considered the proposed transaction and the interests of members in each of EAGF and EAI respectively.

The Board of EAGF has resolved that in the absence of a superior proposal, the proposed transaction is in the best interests of EAGF unitholders as it will add scale, reduce management fees and add an alternative medium of distribution.

Next steps

EAGF unitholders are not required to take any action at this time. EAGF unitholders will receive full details of the proposed transaction including a product disclosure statement as part of the shareholder booklet in March or April 2023.

The shareholder booklet will include notices convening the unitholder meeting, the reasons for the EAGF Board's recommendation, the product disclosure statement in respect of the ETMF units (which will contain a summary of the ETMF's constitution), a general outline of the taxation implications of the proposed transaction for EAGF unitholders and an opinion from an independent expert as to whether the proposed transaction is in the best interests of EAGF unitholders.

Investors are cautioned that there is no guarantee that the proposed transaction will proceed and there are a number of steps, including regulatory matters that will need to be addressed before the proposed transaction can be finalised and put to shareholders for approval.

This announcement does not constitute financial product advice and does not take into account the financial circumstances, interests or objectives of particular shareholders. Investors are encouraged to seek their own personal financial advice before taking any action.

Questions?

If you should have any questions on this change, please don't hesitate to contact Ellerston's Investor Relations team on (02) 9021 7701 or info@ellerstoncapital.com.

Yours sincerely,

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