

CENTURY AUSTRALIA

INVESTMENTS LIMITED



TO: AUSTRALIAN SECURITIES EXCHANGE

FROM: CENTURY AUSTRALIA INVESTMENTS LIMITED

DATE: 9 March 2017

SUBJECT: Extraordinary General Meeting (EGM) - Proposed Restructure for Century Australia Investments Limited (CYA) as proposed by Wilson Asset Management

Further to the previous announcements made by CYA in relation to the proposed restructure of CYA (and in particular, the announcement made on 21 February 2017), CYA is pleased to announce that the shareholder booklet (comprising a notice of meeting, explanatory memorandum and independent expert's report) has now been finalised and is **attached** to this announcement.

The shareholder booklet will be dispatched to shareholders of CYA by the end of next week. The extraordinary general meeting of CYA (the subject of the shareholder booklet) will be held at 2:00pm on Tuesday, 18 April 2017 at the Justice & Police Museum, corner of Albert Street and Phillip Street, Circular Quay NSW.

An Appendix 3C will also be released by CYA today with respect to the proposed buy-back of shares detailed in the shareholder booklet.

Sophia Gartzonis
Company Secretary



CENTURY AUSTRALIA

INVESTMENTS LIMITED



Shareholder Booklet

Extraordinary General Meeting regarding a Buy-Back, Recapitalisation and a Change of Investment Manager

A Notice of Meeting is included with this Booklet. A proxy form for the Meeting accompanies this Booklet.

Your vote is important in determining whether the Buy-Back, Recapitalisation and the Change of Investment Manager proceed. This is an important document and requires your urgent attention. Please read the whole of this document before deciding how to vote.

If you are in any doubt as to how to deal with this Booklet, please consult your legal, financial, taxation or other professional adviser immediately.

If you have recently sold all of your Shares, please disregard all enclosed documents.

Important Notices

Issuer details

The Booklet is issued by Century Australia Investments Limited (ABN 11 107 772 761).

General

You should read this Booklet in its entirety before making a decision on how to vote on the Resolutions to be considered at the Meeting. The notice convening the Meeting is contained in this Booklet. A proxy form for the Meeting is enclosed.

Defined terms

Capitalised terms in this Booklet are defined either in the Glossary in Section 13 of this Booklet or where the relevant term is first used.

References to **dollars** or **\$** are references to the lawful currency of Australia. Any discrepancies between the totals and the sum of all the individual components in the tables contained in this Booklet are due to rounding.

Purpose of this Booklet

The purpose of this Booklet is to:

- explain the terms and effect of the Proposed Transactions;
- explain the terms and effect of the Resolutions to Shareholders; and
- provide such information as is prescribed by the Listing Rules.

ASIC and ASX

A copy of this Booklet has been lodged with ASIC and with ASX. None of ASIC, ASX, or any of their officers take any responsibility for the contents of this Booklet.

Responsibility for information in this Booklet

The Company is responsible for the contents of this Booklet, other than, to the maximum extent permitted by law, the information below for which other persons are stated to be responsible.

Wilson Asset Management is responsible for the information regarding the WAM Group in Section 6 of this Booklet, but does not assume responsibility for the accuracy or completeness of any other part of this Booklet. None of the Company, its related bodies corporate and their respective directors, officers, employees and advisers assumes any responsibility for the accuracy or completeness of the information regarding the WAM Group.

The Independent Expert has prepared the Independent Expert's Report which accompanies this Booklet and is responsible for that report. None of the Company, its related bodies corporate and their respective directors, officers, employees and advisers assumes any responsibility for the accuracy or completeness of the information in the Independent Expert's Report except,

in the case of the Company, in relation to information supplied by the Company to the Independent Expert.

Distribution

The distribution of this Booklet in some jurisdictions outside of Australia and New Zealand might be restricted by law and does not constitute an invitation to participate in any place where, or to any person to whom, it would be unlawful to do so.

Investment decisions

This Booklet does not take into account the investment objectives, financial situation, tax position and requirements of any particular person. This Booklet should not be relied on as the sole basis for any investment decision in relation to Shares. Independent financial and taxation advice should be sought before making any decision to invest in the Company or in relation to the Resolutions. It is important that you read the entire Explanatory Memorandum before making any voting or investment decision. In particular, it is important that Shareholders consider the possible disadvantages of the Resolutions and the risk factors identified in Section 8.

Shareholders should carefully consider these factors in light of their particular investment objectives, financial situation, tax position and requirements. If Shareholders are in any doubt on these matters, they should consult their legal, financial, taxation or other professional adviser before deciding how to vote on the Resolutions. Past performance is no indication of future performance.

Forward looking statements

This Booklet includes certain prospective financial information which has been based on current expectations about future events. The prospective financial information is, however, subject to risks, uncertainties and assumptions that could cause actual results to differ materially from the expectations described in such prospective financial information. Factors which may affect future financial performance include, among other things, those identified in Section 8. The assumptions on which prospective financial information is based may prove to be correct or may be affected by matters not currently known to, or considered material by the Company.

Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement, and deviations are both normal and to be expected. None of the Company, the officers of the Company or any person named in this Booklet makes any representation or warranty (either express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statement. You are cautioned not to place undue reliance on those statements.

The forward looking statements in this Booklet reflect views held only as at the date of this Booklet.

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Important dates and times

Date of this Booklet	Thursday, 9 March 2017
Last time and date by which the proxy form for the Meeting can be lodged	2:00 pm (Sydney time) on Sunday, 16 April 2017
Meeting to vote on the Resolutions	2:00 pm (Sydney time) on Tuesday, 18 April 2017
Results of Meeting announced on ASX	
Interim Dividend and Special Dividend declared	
Mr Chris Stott becomes a Director	
New Manager Appointment becomes effective	Wednesday, 19 April 2017
Lodgement of Prospectus for the Public Offer with ASIC and ASX	
Offer period for the Public Offer opens	
Record date for the Buy-Back, the Interim Dividend and Special Dividend and for determining those Shareholders who will be entitled to a priority allocation under the Public Offer	7:00 pm (Sydney time) on Monday, 24 April 2017
Despatch of Buy-Back Acceptance Forms, Buy-Back Withdrawal / Amendment Forms and Prospectus	Friday, 28 April 2017
Buy-Back Offer Period opens	
Offer period for Public Offer closes	7:00 pm (Sydney time) on Friday, 19 May 2017
Buy-Back Offer Period closes	
Reference date for calculation of the Public Offer Price and the Buy-Back Price	Close of trade on Wednesday, 24 May 2017
Announcement of the outcome of the Buy-Back and the Public Offer and of the Buy-Back Price and the Public Offer Price	Thursday, 1 June 2017
Transfer to the Company of Shares bought back under the Buy-Back and subsequent cancellation of those Shares	Friday, 2 June 2017
Issue of new Shares subscribed for under the Public Offer	
Payment and despatch date for the Buy-Back	By Wednesday, 7 June 2017
Despatch date for holding statements for new Shares issued under Public Offer	

Chairman's letter

CENTURY AUSTRALIA

INVESTMENTS LIMITED



Dear Shareholder

Century Australia Investments Limited (the Company) is pleased to present for your consideration the material included in this Booklet regarding a proposed Buy-Back of your Shares, a Recapitalisation and Change of Investment Manager for the Company (the Proposed Transactions).

Background

Since 2014, the Company has been exploring various capital management initiatives aimed at allowing Shareholders the opportunity to liquidate their holding in the Company at close to net tangible asset backing per share (pre deferred tax assets) (NTA) given the Share price was consistently trading at a discount to the NTA.

The Company completed an on-market share buy-back in 2014 to allow Shareholders to exit their investment at close to NTA. This resulted in an approximate 14% reduction in the Company's shares on issue.

Consistent with earlier announcements, the Directors then considered various capital structure options available and subsequently completed a rights issue to increase the scale of the Company to partially address the increased management expense ratio brought about by the 2014 buy-back.

In January 2016, the Company received a proposal from Wilson Asset Management (being part of the WAM Group, which is a substantial holder of the Company and an associate of Geoff Wilson, a Director of the Company), to restructure the Company. This proposal was, however, withdrawn in February 2016 following the Company receiving notice of an intention to submit an alternative proposal from its investment manager, Perennial Value Management. While the Company received the alternative proposal in March 2016, the Board determined not to pursue it in April 2016.

In November 2016, the Company announced that, following further discussion, Wilson Asset Management had advised that it would submit a further proposal to restructure the Company. This proposal was received on 13 December 2016. This proposal provides current Shareholders an opportunity to have an investment in a recapitalised vehicle managed by Wilson Asset Management or to liquidate their investment at close to NTA.

As announced, the Independent Directors believe that Shareholders should have the opportunity to consider these Proposed Transactions.

Proposed Transactions

I am pleased to now present to you the opportunity to consider and vote on Resolutions for the Proposed Transactions. If passed, these Resolutions will enable the Company to:

- offer to buy-back and cancel its existing Shares (the Buy-Back) including the substantial interest held by the WAM Group (provided that the net tangible assets of the Company would remain above \$16 million on completion of all of the Proposed Transactions);



- recapitalise the Company by way of a Public Offer of new Shares (in which GW Holdings (an entity controlled by Geoff Wilson) will participate at the Public Offer Price for up to \$2 million of Shares) (the Recapitalisation); and
- change the investment manager of the Company to MAM Pty Limited (MAM), a member of Wilson Asset Management and experienced LIC manager (the New Manager Appointment) and appoint Chris Stott, Chief Investment Officer of Wilson Asset Management, as a Director (the Director Appointment).

The Resolutions are inter-conditional and all must be passed as a package by Shareholders.

If the Resolutions are approved, the Board intends to pay a Special Dividend to Shareholders on the register of members of the Company on a record date shortly after the date of the Meeting (and prior to the Closing Date for the Buy-Back and the Public Offer). The Special Dividend would be of an amount sufficient to distribute all, or substantially all, of the Company's franking credits. This is expected to be approximately 1.1 cents per Share. The Board also intends to declare and pay its Interim Dividend (expected to be approximately 1.6 cents per Share) for the half year ended 31 December 2016 immediately following the Meeting (irrespective of the outcome of the Meeting). Shareholders will receive these dividends irrespective of whether they participate in the Buy-Back.

Buy-Back

Under the Buy-Back, Eligible Shareholders (including the WAM Group) will be able to offer up to 100% of their Shares to the Company and realise their investment in the Company as cash.

The price payable will be equal to the NTA at close of trade on the third Business Day following the expiry of the Buy-Back Offer Period less the Buy-Back Transaction Costs (the Buy-Back Price), without incurring brokerage costs. The reference date for calculation of the Buy-Back Price will fall after the payment of the Interim Dividend and any Special Dividend, which will decrease the NTA accordingly.

Further details relating to the Buy-Back are set out in Sections 2, 4 and 9.

Independent Expert's Report

The Company engaged Grant Thornton Corporate Finance Pty Ltd as Independent Expert to report on:

- whether the Buy-Back is fair and reasonable to Shareholders; and
- whether the acquisition by the Company of Shares from the WAM Group under the Buy-Back is fair and reasonable to Non-Associated Shareholders.

The Independent Expert concluded that:

- the Buy-Back is fair and reasonable to Shareholders if more than 53.1% of the current outstanding Shares participate in the Buy-Back; and
- **the participation of the WAM Group in the Buy-Back is fair and reasonable to Non-Associated Shareholders.**

The Independent Expert concluded that, if less than 53.1% of the current outstanding Shares participate into the Buy-Back, the Buy-Back Price will be slightly unfair (i.e. the Buy-Back Price will be only 0.3% lower than the low-end of its valuation assessment). However, the Independent Expert concluded that, under these circumstances, the Buy-Back is reasonable.

The full report is set out on in Part C of this Booklet. You should read the report before reaching any decision on how to vote on the Resolutions. Shareholders should also refer to Sections 1.5, 2.2(h) and 2.3(c) of this Booklet for further details.

Recapitalisation

The Recapitalisation comprises:

- a Public Offer of Shares in the Company by way of prospectus (the Public Offer) at the Public Offer Price, which will be calculated by reference to (among other things) the NTA at close of trade on the third Business Day following the expiry of the Public Offer Period; and
- GW Holdings (an entity controlled by Geoff Wilson) subscribing for Shares for a total subscription price of up to \$2 million (or, if less, up to 2.5 million Shares) in the Public Offer at the Public Offer Price.

The reference date for calculation of the Public Offer Price will fall after the payment of the Interim Dividend and any Special Dividend, which will decrease the NTA accordingly.

The Public Offer will have a maximum subscription of 85 million Shares (or such lesser number that results in an aggregate subscription value of \$75 million).

Century Shareholders and shareholders of entities managed by Wilson Asset Management will be given a priority allocation in the Public Offer. If successful, the Recapitalisation is expected to give the Company a larger capital and Shareholder base. Funds raised will be used to fund the Buy-Back and any excess funds will be used for new investments, with the flexibility to hold cash if opportunities are not identified.

Existing and new Shareholders may potentially receive the benefit from the carry forward tax losses of 10.3 cents per Share.

Further details relating to the Recapitalisation are set out in Sections 3 and 4.

Change of Investment Manager

The Change of Investment Manager involves:

- the Company terminating the appointment of Perennial Value Management as investment manager of the Company and appointing MAM, part of the WAM Group, in its place (the New Manager Appointment); and
- the appointment of Chris Stott, Chief Investment Officer of Wilson Asset Management, as a Director of the Company in recognition of the proposed appointment of MAM as investment manager (the Director Appointment).

The Change of Investment Manager provides those Shareholders who do not elect to fully participate in the Buy-Back with the opportunity to receive the benefit of the experience and expertise of the investment team of MAM, as described in Section 6.3.

Further details relating to the Change of Investment Manager are set out in Sections 5 and 6.

Requirement for Shareholder approval

Implementation of each of the Proposed Transactions requires your approval. This Booklet includes a Notice of Meeting to consider the required Resolutions and sets out key information that should be considered by you before voting on the Resolutions.

Risks

There are a number of risks associated with the Proposed Transactions, which are discussed in Section 8.

A risk that Shareholders should be aware of is that if the Buy-Back and the Recapitalisation proceed and the level of participation in the Buy-Back exceeds the level of participation in the Recapitalisation,

the Company will be required to liquidate part of its investment portfolio to partly fund the Buy-Back. In this scenario, Shareholders who elect not to participate in the Buy-Back in respect of all of their Shares will be left holding Shares in a company with a smaller capital base with an increased indirect cost ratio and less liquidity. Further, if the level of participation in the Buy-Back is high and the Recapitalisation is not successful, the Company may cease to have a sufficient spread of Shareholders to remain listed and the WAM Group may obtain control over the Company.

Another risk for remaining Shareholders is that the Change of Investment Manager may not result in an increase in performance of the Company.

A risk for Shareholders that elect to participate in the Buy-Back is that the amount of the Buy-Back Transaction Costs, which reduces the Buy-Back Price received by participating Shareholders in respect of each Share bought back, will increase (with a corresponding decrease in the Buy-Back Price) as the level of participation in the Buy-Back decreases. Shareholders should refer to Section 8 for further details.

Directors' recommendations

Geoff Wilson is the founder of, and associated with, Wilson Asset Management and assisted it in relation to its proposal to the Company. Geoff Wilson withdrew himself from the Board discussion and assessment of the Wilson Asset Management proposal. Geoff Wilson is not independent for the purposes of considering the Wilson Asset Management proposal and accordingly he does not make a recommendation in relation to the Resolutions.

The Independent Directors are Ross Finley, Stephen Menzies and myself. We support the Buy-Back and the Recapitalisation as it provides Shareholders with an ability to either exit their investment at close to NTA or increase their investment with a recognised LIC manager if they wish. We accordingly recommend that Shareholders vote in favour of Resolutions 1, 2, 3 and 4. Shareholders should refer to Section 2.2(i), 2.3(d), 3.2(g) and 3.3(c) for further details.

We make no recommendations in relation to the Change of Investment Manager or as to how to vote on Resolutions 5 and 6 as we consider that these matters are decisions that need to be made by each Shareholder individually, having regard (amongst other things) to whether they intend to increase or decrease their investment in the Company in the Buy-Back and the Public Offer and their views on the potential performance of the Company under the management of MAM. Shareholders should read Section 6 of this Booklet and the Independent Expert's Report to assist in their decision-making process. Shareholders should however note that the Buy-Back and Recapitalisation will not proceed unless all Resolutions (including the Resolution for the New Manager Appointment (Resolution 5) and the Resolution for the Director Appointment (Resolution 6)) are approved. Shareholders should refer to Sections 5.2(e) and 5.3(d) for further details.

The Independent Directors intend to continue as Shareholders and remain on the Board irrespective of whether the Proposed Transactions are implemented.

Further considerations

Reasons why Shareholders may decide to vote in favour of the Resolutions include the following:

- the Resolutions facilitate the Buy-Back, giving Eligible Shareholders the chance to exit at approximately the NTA per Share of the Company;
- all Eligible Shareholders have an equal opportunity to participate in the Buy-Back;
- the Proposed Transactions provide remaining Shareholders with a potential new investment opportunity with the benefit of the experience and expertise of the investment team of Wilson Asset Management;
- the Independent Expert has concluded that the Buy-Back is reasonable (see comments above);
- the Buy-Back process will enable Eligible Shareholders to sell a large volume of Shares otherwise than through the ASX; and

- Eligible Shareholders will not have to pay brokerage or appoint a stockbroker to sell their Shares in the Buy-Back; and
- there may be increased liquidity of Shares if the Public Offer is a success.

The Independent Directors recognise that there may be reasons why Shareholders may wish to vote against the Proposed Transactions. These include:

- Shareholders may not want the Company to undertake the Proposed Transactions.
- Shareholders may not agree with the proposed Change of Investment Manager. In particular, the fees payable by the Company under the MAM Investment Management Agreement are higher than those payable to Perennial Value Management under the current investment management agreement and the Company is unable to terminate the MAM Investment Management Agreement without cause during the initial 5-year term.
- Shareholders may not agree with MAM's investment strategy or may prefer the management of Perennial Value Management. Shareholders should form their own view on the potential performance of the Company under the management of MAM having regard to the commentary in the Independent Expert's Report.
- Shareholders may suffer a dilution in the voting interest in the Company should the Recapitalisation proceed.
- Shareholders may not agree with the conclusions of the Independent Expert.
- The Buy-Back Price is not at a premium to NTA and does not offer any control premium to Shareholders.
- The Buy-Back Price will not include any value for the deferred tax assets and carried forward losses of the Company.

Shareholders should refer to Section 7 for further details.

Perennial Value Management

If the Resolutions are approved, Perennial Value Management's investment management of the Company will end. The Board would like to take the opportunity to thank Perennial Value Management for its contribution to the Company over the past 5½ years.

Further information

I suggest that you carefully consider the contents of this Booklet, particularly the Independent Expert's Report.

If you have any questions about the Booklet or the Buy-Back Documents, please contact:

Registry Telephone: 1300 554 474 (within Australia) or +61 1300 554 474 (outside Australia)

Hours: 8.30am – 5.30pm AEST (Monday to Friday)

Company +61 2 8262 2800 or by email at century@whiteoutsourcing.com.au

Yours sincerely



Robert Turner
Chairman

Part A: Notice of Meeting

Century Australia Investments Limited
(ABN 11 107 772 761)

Notice of Meeting for the Meeting of Shareholders

To be held at 2:00 pm (Sydney time) on Tuesday, 18 April 2017 at the Justice & Police Museum, corner of Albert Street and Phillip Street, Circular Quay, NSW.

IMPORTANT INFORMATION

This is an important document that should be read in its entirety.

This Notice of Meeting is accompanied by an Explanatory Memorandum. The Explanatory Memorandum and its annexures have been prepared to assist Shareholders in determining whether or not to vote in favour of the Resolutions set out in this Notice of Meeting.

The Explanatory Memorandum and its annexures should be read in conjunction with this Notice of Meeting.

You are encouraged to attend the Meeting, but if you cannot, you are requested to complete and return the enclosed proxy form to the Registry by 2:00 pm (Sydney time) on Sunday, 16 April 2017 as follows:

➤ by hand delivery to:

Century Australia Investments Limited
C/- Link Market Services Limited
1A Homebush Bay Drive
RHODES NSW 2138

(Please do not use this address for mailing purposes)

➤ by post to:

Century Australia Investments Limited
C/- Link Market Services Limited
Locked Bag A14
SYDNEY SOUTH NSW 1235

➤ online, on the Registry's website at www.linkmarketservices.com.au; or

➤ by facsimile to:

+61 2 9287 0309

Items of business

The business of the Meeting is to consider the following proposed Resolutions.

1. Buy-Back

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, subject to and conditional on all other Resolutions being passed, the terms of the buy-back agreements under which the Company will buy-back Shares on the terms set out in the Explanatory Memorandum are approved.”

2. Participation of WAM Group in Buy-Back at Buy-Back Price

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, subject to and conditional on all other Resolutions being passed, the acquisition by the Company of up to 25,554,472 Shares from the WAM Group at the Buy-Back Price as part of the Buy-Back is approved.”

3. Public Offer

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, subject to and conditional on all other Resolutions being passed, the issue of a maximum of 85,000,000 Shares on the terms described in the Explanatory Memorandum to applicants under the Prospectus is approved.”

4. Participation of GW Holdings in Public Offer at the Public Offer Price

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, subject to and conditional on all other Resolutions being passed, the subscription for a maximum of 2,500,000 Shares by GW Holdings under, and as part of, the Public Offer at the Public Offer Price as set out in this Explanatory Memorandum is approved.”

5. New Manager Appointment

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, subject to and conditional on all other Resolutions being passed, the appointment of MAM as the investment manager of the Company on the terms described in the Explanatory Memorandum is approved.”

6. Director Appointment

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, subject to and conditional on all other Resolutions being passed, Mr Chris Stott be appointed as a Director of the Company.”

All of the Resolutions are inter-conditional. The vote on all Resolutions will be determined by a poll taken at the conclusion of discussion of all Resolutions at the Meeting.

Important notes

Voting exclusion statements

The Company will disregard any votes cast on:

- Resolution 2 by the WAM Group and the Company and any associates of those persons;
- Resolution 3 by persons who may participate in the proposed issue of Shares under the Public Offer and a person who might obtain a benefit as a result of the proposed issue of Shares under the Public Offer (except a benefit obtained solely in the capacity as a Shareholder, if the Resolution is passed) and any associates of those persons;
- Resolution 4 by GW Holdings and any associates of GW Holdings (including Geoff Wilson and members of the WAM Group); and
- Resolution 5 by MAM and any associates of MAM (including other members of the WAM Group).

However, the Company will not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the Meeting as proxy for a person entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

The Chairman will vote all undirected proxies in favour of these Resolutions. If you wish to vote “against” or “abstain” you should mark the relevant boxes in the attached proxy form.

In addition, Wilson Asset Management has advised the Company that the WAM Group will not vote on the Resolution to approve the Buy-Back (Resolution 1).

Explanatory Memorandum

Shareholders are referred to the Explanatory Memorandum accompanying and forming part of this Notice of Meeting.

Entitlement to vote

The Directors have decided that for the purpose of determining entitlements to attend and vote at the Meeting, Shares will be taken to be held by the persons who are the registered holders at 7:00 pm (Sydney time) on Sunday, 16 April 2017. Accordingly, Share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

How to vote

Shareholders entitled to vote at the Meeting may vote:

- by attending the Meeting and voting in person;
- by appointing an attorney to attend the Meeting and vote on their behalf or, in the case of corporate shareholders or proxies, a corporate representative to attend the Meeting and vote on its behalf; or
- by appointing a proxy to attend and vote on their behalf, using the proxy form accompanying this Notice. A proxy may be an individual or a body corporate.

Voting in person (or by attorney)

Shareholders or their proxies, attorneys or representatives (including representatives of corporate proxies) wishing to vote in person should attend the Meeting and bring a form of personal identification (such as their driver's licence).

To vote by attorney at this Meeting, the original or a certified copy of the power of attorney or other authority (if any) under which the instrument is signed must be received by the Company before 2:00 pm (Sydney time) on Sunday, 16 April 2017 in any of the following ways:

- by hand delivery to:

Century Australia Investments Limited
C/- Link Market Services Limited
1A Homebush Bay Drive
RHODES NSW 2138

(Please do not use this address for mailing purposes)

- by post to:

Century Australia Investments Limited
C/- Link Market Services Limited
Locked Bag A14
SYDNEY SOUTH NSW 1235

To vote in person, you or your proxy, attorney, representative or corporate proxy representative must attend the Meeting to be held at the Justice & Police Museum, corner of Albert Street and Phillip Street, Circular Quay, NSW on Tuesday, 18 April 2017 commencing at 2:00 pm (Sydney time).

A vote cast in accordance with the appointment of a proxy or power of attorney is valid even if before the vote was cast the appointor:

- died;
- became mentally incapacitated;
- revoked the proxy or power; or
- transferred the Shares in respect of which the vote was cast,

unless the Company received written notification of the death, mental incapacity, revocation or transfer before the Meeting or adjourned meeting.

Voting by proxy

Shareholders wishing to vote by proxy at this Meeting must:

- complete and sign or validly authenticate the proxy form, which is enclosed with this Booklet; and
- deliver the signed and completed proxy form to the Company by 2:00 pm (Sydney time) on Sunday, 16 April 2017 in accordance with the instructions below.

A person appointed as a proxy may be an individual or a body corporate.

Submitting proxy votes

Shareholders wishing to submit proxy votes for the Meeting must return the enclosed proxy form to the Registry in any of the following ways:

- by hand delivery to:

Century Australia Investments Limited
 C/- Link Market Services Limited
 1A Homebush Bay Drive
 RHODES NSW 2138

(Please do not use this address for mailing purposes)

➤ by post to:

Century Australia Investments Limited
 C/- Link Market Services Limited
 Locked Bag A14
 SYDNEY SOUTH NSW 1235

➤ online, on the Registry's website at www.linkmarketservices.com.au; or

➤ by facsimile to:

+61 2 9287 0309

Notes for proxies

1. A Shareholder entitled to attend and vote at the Meeting is entitled to appoint not more than two proxies to attend and vote at the Meeting on that Shareholder's behalf.
2. A proxy need not be a Shareholder.
3. A proxy may be an individual or a body corporate. A proxy that is a body corporate may appoint a representative to exercise the powers that the body corporate may exercise as the Shareholder's proxy.
4. If a Shareholder appoints two proxies and the appointment does not specify the proportion or number of the Shareholder's votes each proxy may exercise, each proxy may exercise half the votes.
5. A proxy may vote or abstain as he or she chooses except where the appointment of the proxy directs the way the proxy is to vote on a particular Resolution. If an appointment directs the way the proxy is to vote on a particular Resolution:
 - if the proxy is the chair – the proxy must vote on a poll and must vote in the way directed; and
 - if the proxy is not the chair – the proxy need not vote on a poll, but if the proxy does so, the proxy must vote in the way directed.
6. If a proxy appointment is signed or validly authenticated by the Shareholder but does not name the proxy or proxies in whose favour it is given, the Chairman may either act as proxy or complete the proxy appointment by inserting the name or names of one of more Directors or the Company Secretary.
7. If:
 - a Shareholder nominates the Chairman of the Meeting as the Shareholder's proxy; or
 - the Chairman is to act as proxy if a proxy appointment is signed by a Shareholder but does not name the proxies in whose favour it is given or otherwise under a default appointment according to the terms of the proxy form,

then the person acting as Chairman in respect of an item of business at the Meeting must act as proxy under the appointment in respect of that item of business.

8. Proxy appointments in favour of the Chairman of the Meeting, the Company Secretary or any Director which do not contain a direction will be voted in support of all Resolutions.

Corporate representatives

1. To vote in person at the Meeting, a Shareholder or proxy which is a body corporate may appoint an individual to act as its representative.
2. To vote by corporate representative at the Meeting, a corporate Shareholder or proxy should obtain an Appointment of Corporate Representative Form from the Registry, complete and sign the form in accordance with the instructions on it. The appointment should be lodged at the registration desk on the day of the Meeting.
3. The appointment of a representative may set out restrictions on the representative's powers.
4. The original form of appointment of a representative, a certified copy of the appointment, or a certificate of the body corporate evidencing the appointment of a representative is prima facie evidence of a representative having been appointed.
5. The Chairman of the Meeting may permit a person claiming to be a representative to exercise the body's powers even if he or she has not produced a certificate or other satisfactory evidence of his or her appointment.

By order of the Board

Sophia Gartzonis
Company Secretary
9 March 2017

Part B: Explanatory Memorandum and Buy-Back Offer

This Explanatory Memorandum contains information relating to the Proposed Transactions. Shareholder approval is required in order for the Company to proceed with these transactions and a Meeting has been called so Shareholders can vote on the Proposed Transactions.

1. Introduction

1.1. Overview

On 13 December 2016, the Company announced it had received a proposal from Wilson Asset Management to restructure the Company. The proposal involves the Company undertaking the Buy-Back, the Recapitalisation and the Change of Investment Manager.

Should the Buy-Back proceed, Eligible Shareholders (including the WAM Group) as at the Buy-Back Record Date may sell to the Company some or all of their Shares (as nominated by them) at a price per Share equal to the NTA at close of trade on the third Business Day following the expiry of the Buy-Back Offer Period less the Buy-Back Transaction Costs (the Buy-Back Price). Further details of the Buy-Back and the participation of the WAM Group in the Buy-Back are set out in Sections 2, 4 and 9.

The Recapitalisation comprises:

- a public offer of Shares in the Company by way of Prospectus (the Public Offer). Shares will be offered under the Public Offer at the Public Offer Price, which will be calculated by reference to (among other things) the NTA at close of trade on the third Business Day following the expiry of the Public Offer Period; and
- GW Holdings (an entity controlled by Geoff Wilson) subscribing for Shares with a total subscription price of up to \$2 million (or, if less, up to 2.5 million Shares) in the Public Offer at the Public Offer Price.

The Public Offer will have a maximum subscription of 85 million Shares (or such lesser number that results in an aggregate subscription price of \$75 million). Further details of the Recapitalisation are set out in Sections 3 and 4.

The Change of Investment Manager comprises:

- the Company terminating the appointment of Perennial Value Management as investment manager of the Company and appointing MAM, part of the WAM Group, in its place (the New Manager Appointment); and
- the appointment of Chris Stott, Chief Investment Officer of Wilson Asset Management, as a Director of the Company in recognition of the proposed appointment of MAM as the investment manager (the Director Appointment).

Further details of the Change of Investment Manager are set out in Section 5.

If the Resolutions are approved, the Board intends to pay a Special Dividend to Shareholders on the register of members of the Company on a record date shortly after the date of the Meeting. The Special Dividend would be of an amount sufficient to distribute all, or substantially all, of the Company's franking credits. This is expected to be approximately 1.1 cents per Share. The Board also intends to declare and pay its Interim Dividend for the half year ended 31 December 2016 immediately following the Meeting (irrespective of the outcome of the Meeting). Shareholders will receive these dividends irrespective of whether they participate in the Buy-Back. The Buy-Back Price and the Public Offer Price will be calculated after payment of these dividends (and accordingly they will be impacted by them).

1.2. Shareholder approvals

The Proposed Transactions will only proceed if the relevant Resolutions to be considered at the Meeting are approved by Shareholders. These are described more fully in Section 11. In summary, Shareholder approval is required under the following:

- under section 257C of the Corporations Act to approve the Buy-Back;
- under Listing Rule 10.1 to approve the acquisition by the Company of the substantial interest of the WAM Group as part of the Buy-Back;
- under Listing Rule 7.1 to approve the Public Offer;
- under Listing Rule 10.11 to approve the participation of GW Holdings in the Public Offer; and
- under rule 6.2 of the Constitution to approve the Director Appointment.

Shareholder approval is not required for the New Manager Appointment however the Company and Wilson Asset Management do not wish to proceed with this appointment without obtaining approval of Non-Associated Shareholders.

The Resolutions are inter-conditional, which means that if any one of the Resolutions is not passed by Shareholders, none of the Buy-Back, the Recapitalisation or the Change of Investment Manager will proceed.

Each of the Resolutions require approval by a simple majority of votes cast by Shareholders at the Meeting.

The Resolutions are subject to voting exclusions. These voting exclusions are summarised in Section 12.3 of this Booklet. In addition, Wilson Asset Management has advised the Company that the WAM Group will not vote on the Resolution to approve the Buy-Back (Resolution 1).

1.3. Implementation and timetable

The timetable for the Meeting and, assuming the Resolutions are approved, the implementation of the Proposed Transactions is as follows:

Date	Event
Thursday, 9 March 2017	Booklet for Proposed Transactions announced
2:00 pm (Sydney time) on Sunday, 16 April 2017	Last time and date by which the proxy form for the Meeting can be lodged
7:00 pm (Sydney time) on Sunday, 16 April 2017	Time and date for determining eligibility to vote at the Meeting
Tuesday, 18 April 2017	Meeting held Results of Meeting announced on ASX Announce Interim Dividend and Special Dividend Mr Chris Stott becomes a Director
Wednesday, 19 April 2017	New Manager Appointment becomes effective Lodgement of Prospectus for the Public Offer with ASIC and ASX Offer period for the Public Offer opens
7:00 pm (Sydney time) on Monday, 24 April 2017	Record date for the Buy-Back, the Interim Dividend and the Special Dividend and for determining those Shareholders who will be entitled to a priority allocation under the Public Offer
Friday, 28 April 2017	Despatch of Buy-Back Acceptance Forms, Buy-Back Withdrawal / Amendment Forms and Prospectus with application forms Buy-Back Offer Period opens

7:00 pm (Sydney time) on Friday, 19 May 2017	Offer period for Public Offer closes Buy-Back Offer Period closes
Close of trade on Wednesday, 24 May 2017	Reference date for calculation of the Public Offer Price and the Buy-Back Price
Thursday, 1 June 2017	Announcement of the outcome of the Buy-Back and the Public Offer and of the Buy-Back Price and the Public Offer Price
Friday, 2 June 2017	Transfer to the Company of Shares bought back and subsequent cancellation of those Shares Issue of new Shares subscribed for under the Public Offer
By Wednesday, 7 June 2017	Payment and despatch date for the Buy-Back Despatch date for holding statements for new Shares issued

These dates are indicative only and may be changed as permitted by the Corporations Act and the Listing Rules.

1.4. Directors' recommendations

Geoff Wilson is the founder of, and an associate of, the WAM Group. Geoff Wilson withdrew himself from the Board discussion and assessment of the Wilson Asset Management proposal. Geoff Wilson is not independent for the purposes of considering the Wilson Asset Management proposal and accordingly he does not make a recommendation in relation to the Resolutions.

The Independent Directors are Rob Turner, Ross Finley and Stephen Menzies. The Independent Directors support the Buy-Back and the Recapitalisation as it provides Shareholders with an ability to either exit their investment at close to NTA or increase their investment under the new manager if they wish. The Independent Directors accordingly recommend that Shareholders vote in favour of Resolutions 1, 2, 3 and 4.

The Independent Directors make no recommendations in relation to the Change of Investment Manager or as to how to vote on Resolutions 5 and 6 as they consider that these matters are decisions that need to be made by each Shareholder individually, having regard (amongst other things) to whether they intend to increase or decrease their investment in the Company in the Buy-Back and Public Offer and their views on the potential performance of the Company under the management of MAM. Shareholders should read Section 6 of this Booklet and the Independent Expert's Report to assist in their decision-making process. Shareholders should however note that the Buy-Back and Recapitalisation will not proceed unless all Resolutions (including the Resolution for the New Manager Appointment (Resolution 5) and the Resolution for the Director Appointment (Resolution 6)) are approved.

The Independent Directors intend to remain on the Board irrespective of whether the Proposed Transactions are implemented.

1.5. Independent Expert's Report

To assist Shareholders in their consideration of the Buy-Back, the Independent Directors commissioned Grant Thornton Corporate Finance Pty Ltd to report on:

- whether the Buy-Back is fair and reasonable to Shareholders; and
- whether the acquisition by the Company of Shares from the WAM Group under the Buy-Back is fair and reasonable to Non-Associated Shareholders.

The Independent Expert concluded that:

- the Buy-Back is fair and reasonable to Shareholders if more than 53.1% of the current outstanding Shares participate in the Buy-Back; and

- the participation of the WAM Group in the Buy-Back is fair and reasonable to Non-Associated Shareholders.

The Independent Expert concluded that, if less than 53.1% of the current outstanding Shares participate into the Buy-Back, the Buy-Back Price will be slightly unfair (i.e. the Buy-Back Price will be only 0.3% lower than the low-end of its valuation assessment). However, the Independent Expert concluded that, under these circumstances, the Buy-Back is reasonable.

A copy of the report accompanies this Booklet and should be read carefully by Shareholders.

1.6. What to do next

(a) *Read the remainder of this Booklet*

You should read and consider the remainder of this Booklet in full before making any decision on the Resolutions.

(b) *Consider your options*

Shareholders should refer to Section 7 of this Booklet for further guidance on the expected advantages and possible disadvantages of the Buy-Back, the Recapitalisation and the Change of Investment Manager. However, this Booklet does not take into account the financial situation, investments objectives and particular needs of any particular Shareholder.

(c) *Vote at the Meeting*

The Board urges all Shareholders to vote at the Meeting. The Resolutions affect your investment in the Company and your vote at the Meeting is important in determining whether the Buy-Back, Recapitalisation and Change of Investment Manager proceed.

1.7. Summary of how to vote

(a) *General*

The Meeting will be held at the Justice & Police Museum, corner of Albert Street and Phillip Street, Circular Quay, NSW, on Tuesday, 18 April 2017, commencing at 2:00 pm (Sydney time).

The notice convening the Meeting is contained in this Booklet. Your vote at the Meeting is important. If you are registered as a Shareholder by the Registry at the voting entitlement time (7:00 pm Sydney time, Sunday, 16 April 2017), you will be entitled to vote at the Meeting, subject to the voting restrictions and exclusions set out in the Notice of Meeting in this Booklet. These voting restrictions and exclusions are summarised in Section 12.3 of this Booklet.

(b) *Voting in person*

Shareholders wishing to vote in person should attend the Meeting on Tuesday, 18 April 2017 and bring a suitable form of personal identification (such as a driver's licence).

Please arrive at the venue at least 15 minutes prior to the time designated for the commencement of the Meeting, if possible, so that your Shares may be checked against the Shareholders Register and attendance noted. Attorneys (see also paragraph (d) below) should bring with them the original or a certified copy of the power of attorney under which they have been authorised to attend and vote at the Meeting. Corporate Representatives (see also paragraph (e) below) should bring with them the original Certificate of Appointment of Corporate Representative form.

(c) *Voting by proxy*

Shareholders wishing to vote by proxy at the Meeting must complete and sign or validly authenticate the personalised proxy form which is enclosed with this Booklet.

A person appointed as a proxy may be an individual or a body corporate. Completed proxy forms must be delivered to the Registry by 2:00 pm (Sydney time), Sunday, 16 April 2017, in any of the following ways:

- by hand delivery to:

Century Australia Investments Limited
C/- Link Market Services Limited
1A Homebush Bay Drive
RHODES NSW 2138

(Please do not use this address for mailing purposes)
- by post to:

Century Australia Investments Limited
C/- Link Market Services Limited
Locked Bag A14
SYDNEY SOUTH NSW 1235
- online, on the Registry's website at www.linkmarketservices.com.au; or
- by facsimile to:

+61 2 9287 0309

(d) *Voting by attorney*

If a Shareholder executes or proposes to execute any document, or do any act, by or through an attorney which is relevant to their shareholding in the Company, that Shareholder must deliver the instrument appointing the attorney to the Registry for notation.

Shareholders wishing to vote by attorney at the Meeting must, if they have not already presented an appropriate power of attorney to the Registry for notation, deliver to the Registry (at the address specified in Section (c) above) the original instrument appointing the attorney or a certified copy of it by 2:00 pm (Sydney time) on Sunday, 16 April 2017.

(e) *Voting by corporate representative*

To vote in person at the Meeting, a Shareholder or proxy which is a body corporate may appoint an individual to act as its representative.

To vote by corporate representative at the Meeting, a corporate Shareholder or proxy should obtain a Certificate of Appointment of Corporate Representative form from the Registry, and complete and sign the form in accordance with the instructions on it. The appointment form should be lodged at the registration desk on the day of the Meeting.

(f) *Further information*

Please refer to the Notice of Meeting in this Booklet for further information on voting procedures and details of the Resolutions to be voted on at the Meeting.

2. Overview of the Buy-Back

2.1. Background

The Company proposes to undertake a Buy-Back in which all Eligible Shareholders may elect to sell any or all of their Shares to the Company.

This Section sets out further details of the Buy-Back and the participation of WAM Group in the Buy-Back.

2.2. Buy-Back

(a) Introduction

The purpose of the Buy-Back is to provide an opportunity for Eligible Shareholders to exit their investment in the Company at a price near to NTA should they not wish to be invested in the Company following the restructure involving the Change of Investment Manager and a new investment strategy.

(b) Buy-Back

The details of the Buy-Back are summarised below. Please refer to Section 9 for further details of the terms and conditions on which the Company proposes to undertake the Buy-Back.

Item	Detail
What is a buy-back?	Under a buy-back, a company purchases its own shares back from shareholders who elect to participate in the buy-back offer. Shareholders may elect to participate in the buy-back at their discretion. The shares bought back are cancelled, which reduces the total amount of which the company has on issue by the number of shares bought back.
Why is the Company undertaking the Buy-Back?	The purpose of the Buy-Back is to provide an opportunity for Eligible Shareholders to exit their investment in the Company should they not wish to be involved in the Company following the Change of Investment Manager.
What is the Buy-Back Price?	<p>The Buy-Back Price will be an amount equal to the NTA (which is before all deferred taxes) at close of trade on the third Business Day following the expiry of the Buy-Back Offer Period less the Buy-Back Transaction Costs.</p> <p>The Company will calculate the Buy-Back Price following the calculation date (being 3 Business Days after the Closing Date) and will announce it on ASX once determined. The Company currently expects to make this announcement on Thursday, 1 June 2017.</p> <p>The reference date for calculation of the Buy-Back Price will fall after the payment of the Interim Dividend and any Special Dividend, which will decrease the NTA accordingly.</p>
Will the Buy-Back Price and the Public Offer Price be the same?	No. The Public Offer Price will be higher than the Buy-Back Price as it will be increased to accommodate for any costs associated with the Public Offer that exceed \$200,000 and will not be reduced by the costs associated with the Buy-Back.

Item	Detail
How is the NTA calculated?	<p>NTA (as defined in this Booklet) is the net tangible asset backing per Share, excluding any deferred taxes. The amount of a company's net tangible assets is equal to the tangible assets of the Company less the liabilities of the Company. The NTA is equal to the net tangible assets (excluding any deferred taxes) divided by the number of shares on issue. Consistent with its obligations as a LIC, the Company reports its monthly pre and post-tax NTA to the ASX.</p> <p>The calculation of the Buy-Back Price is equal to the NTA at close of trade on the third Business Day following the expiry of the Buy-Back Offer Period less the Buy-Back Transaction Costs.</p>
What are the Buy-Back Transaction Costs?	<p>The Buy-Back Transaction Costs are the aggregate transaction costs incurred by the Company in proposing and undertaking the Buy-Back divided by the number of Shares to be bought back by the Company under the Buy-Back.</p> <p>The aggregate transaction costs are expected to be approximately \$170,000.</p>
Who is eligible to participate?	<p>Eligible Shareholders are Shareholders on the Buy-Back Record Date (currently expected to be 7:00 pm on Monday, 24 April 2017, unless the Company announces a later date) whose addresses as recorded in the register of members of the Company as at that time are not in the United States of America.</p> <p>Participation in the Buy-Back is voluntary. An Eligible Shareholder may elect not to participate in the Buy-Back.</p>
What Shares may be accepted into the Buy-Back?	<p>There are currently 81,865,704 Shares on issue. The Company intends to buy-back up to 100% of these Shares. However, if this would cause the net tangible assets of the Company on completion of the Proposed Transactions to be less than \$16 million, WAM Group will sell a lesser number of Shares in the Buy-Back so as to ensure that the net tangible assets of the Company will not be less than \$16 million. See Section 2.3(a) for further details.</p> <p>Eligible Shareholders may choose to sell all, some or none of their Shares held on the Buy-Back Record Date.</p>
What happens to Shares that are bought back?	<p>All Shares bought back by the Company will be cancelled upon being bought back. This will reduce the total number of Shares on issue.</p>
What is the Offer and acceptance process?	<p>This Booklet comprises and accordingly constitutes an offer to Eligible Shareholders to participate in the Buy-Back on the basis set out in Section 9.</p> <p>If the Resolutions are approved by Shareholders at the Meeting, the Company will be able to implement the Buy-Back and Buy-Back Acceptance Forms will be despatched to Eligible Shareholders.</p> <p>Eligible Shareholders will have until the end of the Buy-Back Offer Period to submit a Buy-Back Offer in respect of some or all of their Shares.</p> <p>Eligible Shareholders can withdraw or amend their Buy-Back</p>

Item	Detail
	<p>Offers by lodging a Buy-Back Withdrawal/Amendment Form before the Closing Date (7:00 pm on Friday, 19 May 2017, unless the Company announces a later date), in accordance with the instructions set out in Section 9.11 and on the Buy-Back Withdrawal/Amendment Form.</p> <p>The Company reserves the right to withdraw the Offer to participate in the Buy-Back if the Board determines it is necessary to do so.</p>
Are there any conditions?	There are no conditions other than approval of the Resolutions by Shareholders.
How will the Buy-Back be funded?	<p>The Buy-Back Price will be paid out of the Company's existing cash reserves, to the extent that these are sufficient.</p> <p>The existing cash reserves of the Company are \$2,336,905. If the Buy-Back proceeds, the Company will also be seeking to raise up to \$75 million under the Public Offer, and any funds raised will add to the Company's cash reserves and be available to fund the Buy-Back.</p> <p>To the extent that these aggregate cash reserves are not sufficient to fund the Buy-Back, the Company will sell down its investment portfolio to realise any additional funds required.</p>
When will the Buy-Back take place?	The Buy-Back Offer Period will open on Friday, 28 April 2017 and will close on Friday, 19 May 2017.
When and how will I be paid the Buy-Back Price?	<p>The Company will pay you the Buy-Back Price for each of your Shares that are bought back unless it is prohibited from doing so by law.</p> <p>The payment will be made by either:</p> <ul style="list-style-type: none"> ➤ sending a cheque for the total Buy-Back Price that you are entitled to receive to your address shown on the register of members of CYA as at the Closing Date; or ➤ making a payment to your nominated bank account with the Registry as at the Closing Date. <p>If you have not previously notified the Registry of your nominated bank account or you would like to change your existing nominated bank account, you should contact the Registry on 1300 554 474 (within Australia) or +61 1300 554 474 (outside Australia) Monday to Friday between 8.30am and 5:30pm (Sydney time or AEST) before the Closing Date.</p> <p>Payments to bank accounts and the dispatch of cheques are expected to be completed by Wednesday, 7 June 2017.</p>
What are the tax consequences of participation in the Buy-Back?	<p>Shareholders should obtain their own tax advice in relation to the consequences of participating in the Buy-Back. A high level summary is contained in Section 10.</p> <p>Shareholders should be aware that under certain circumstances part of the proceeds could be treated as an unfranked dividend.</p>

Item	Detail
Will participation in the Buy-Back affect my voting rights?	No. If you lodge a Buy-Back Acceptance Form you will be entitled to vote (in accordance with the voting rights attached to the Shares) at any meeting of Shareholders that is held prior to the Buy-Back Date.
Can I trade Shares after submitting a Buy-Back Acceptance Form?	<p>No. Once you have submitted a Buy-Back Acceptance Form, you will not be able to sell, offer to sell or otherwise transfer those Shares prior to completion of the Buy-Back. Therefore, once you have submitted a Buy-Back Acceptance Form you must not:</p> <ul style="list-style-type: none"> ➤ sell or offer to sell those Shares; ➤ convert those Shares from an Issuer Sponsored Holding to a CHESS Holding or vice versa; or ➤ move those Shares between CHESS Holdings, for example by changing your Controlling Participant. <p>If you sell, offer to sell, or otherwise transfer any Shares after you submit a Buy-Back Acceptance Form, and at the Buy-Back Date you do not hold at least the number of Shares you have offered in your Buy-Back Acceptance Form, the Company may, in its absolute discretion, reject your Buy-Back Acceptance Form (in whole or in part) or treat your Buy-Back Acceptance Form as if you had tendered the number of Shares actually held by you at the Closing Date.</p>

(c) *Performance of the Shares*

The graphs below show the trading price and volumes of the Shares for the calendar year ending 31 December 2016. Shareholders should also refer to page 6 of the Independent Expert's Report which shows the historical trading prices compared with the monthly NTA. The past performance of the Shares should not be taken as an indication of future performance.



(d) *Approvals and conditions*

The Corporations Act sets out requirements which must be satisfied if a company wishes to reduce its share capital and undertake a share buy-back.

Each of these requirements is set out below, together with a description of how the Independent Directors believe that requirement is met.

Requirement	How satisfied
The Buy-Back must not materially prejudice the Company's ability to pay its creditors.	<p>As at 31 December 2016, the Company had net cash reserves of \$2,336,905 and net tangible assets post all taxes of \$81,794,819.</p> <p>If the Buy-Back proceeds, the Company will also be seeking to raise up to \$75 million under the Public Offer, and any funds raised will add to the Company's cash reserves and be available to fund the Buy-Back.</p> <p>To the extent that these aggregate cash reserves are not sufficient to fund the Buy-Back, the Company will sell down its investment portfolio to realise any additional funds required.</p> <p>The Company is able to realise further investments as required to ensure that it retains sufficient cash reserves to meet its obligations. Please refer to Section 4.3 for further details.</p> <p>The Company does not have any borrowings.</p>
The Buy-Back must be approved by Shareholders.	Shareholders will vote on whether to approve the Buy-Back pursuant to Resolution 1 at the Meeting.

The Resolution to approve the Buy-Back is conditional on all other Resolutions being passed.

The Buy-Back does not comply with the requirements under the Corporations Act for an equal access buy-back, however ASIC has granted relief to the Company to allow it to be treated in substantially the same manner as an equal access buy-back. In particular, this means that it only requires approval by ordinary resolution of Shareholders, rather than approval by a special resolution on which no votes may be cast by Shareholders whose Shares are proposed to be bought back. See Section 12.4 for details.

All Shareholders can vote on the Resolution to approve the Buy-Back (Resolution 1) irrespective of whether they intend to participate in the Buy-Back.

(e) *Timetable for the Buy-Back*

Should the Resolutions be approved, the Company anticipates that the following timetable would apply to the Buy-Back:

Date	Event
7:00 pm (Sydney time) on Monday, 24 April 2017	Record date for the Buy-Back
Friday, 28 April 2017	Despatch of Buy-Back Acceptance Forms and Buy-Back Withdrawal / Amendment Forms Buy-Back Offer Period opens
7:00 pm (Sydney time) on Friday, 19 May 2017	Buy-Back Offer Period closes (Eligible Shareholders wanting to withdraw or amend their Buy-Back Acceptance Forms must do so before this time)
Close of trade on	Reference time for calculation of the Buy-Back Price

Wednesday, 24 May 2017	
Thursday, 1 June 2017	Announcement of the outcome of the Buy-Back and of the Buy-Back Price
Friday, 2 June 2017	Transfer to the Company of Shares bought back and subsequent cancellation of those Shares, including any Shares held by the WAM Group
By Wednesday, 7 June 2017	Payment and despatch date for the Buy-Back

Note: These dates are indicative only and may be changed as permitted by the Corporations Act and the Listing Rules.

(f) *Impact of the Buy-Back on the Company*

The impact of the Buy-Back on the Company is set out in Section 4.

(g) *Participation of Directors in the Buy-Back*

As at the date of this Booklet, the Directors held the following numbers of Shares:

Director	Number of Shares
Robert Turner	215,234
Stephen Menzies	34,458
Ross Finley	325,000
Geoffrey Wilson	25,554,472

Ross Finley has indicated that he intends to sell Shares in the Buy-Back however will continue to hold at least 75,000 Shares.

Mr Wilson's Shares are held through WAM Group which intends to sell all of these Shares in the Buy-Back – see Section 2.3 below.

The remaining Directors have indicated that they do not intend to sell Shares in the Buy-Back.

(h) *Independent Expert's Report*

To assist Shareholders in their consideration of the Buy-Back, the Independent Directors commissioned the Independent Expert to prepare an independent expert's report containing a valuation of the Shares and a discussion of the advantages and disadvantages of the Buy-Back. A copy of the report accompanies this Booklet and should be read carefully by Shareholders.

The Independent Expert concluded that:

- the Buy-Back is fair and reasonable to Shareholders if more than 53.1% of the current outstanding Shares participate in the Buy-Back; and
- if less than 53.1% of the current outstanding Shares participate into the Buy-Back, the Buy-Back Price will be slightly unfair (i.e. the Buy-Back Price will be only 0.3% lower than the low-end of its valuation assessment). However, the Independent Expert concluded that, under these circumstances, the Buy-Back is reasonable.

For the reasons outlined in the Independent Expert's Report, the Independent Expert has determined a valuation range of the Shares of 91.08 cents to 94.26 cents per Share on a control basis. In comparison, Shareholders are being offered the opportunity under the Buy-Back of receiving the Buy-Back Price, which, if calculated at the same date of their valuation,

equates to 91.27 cents for each Share bought back if 100% of Shareholders participate in the Buy-Back.

(i) *Independent Directors' recommendation*

The Independent Directors unanimously recommend that Shareholders vote in favour of the Resolution relating to the Buy-Back (Resolution 1) because:

- the Buy-Back provides Shareholders with the option to sell part or all of their Shares in circumstances where the Shares are currently thinly traded and have limited liquidity, and without incurring brokerage costs. Shareholders are not, however, obliged to participate and may retain their investment if they wish;
- the Buy-Back is at a cash price that is approximately equal to NTA per Share; and
- the Independent Expert has determined that the Buy-Back is fair and reasonable to Shareholders if more than 53.1% of the current outstanding Shares participate in the Buy-Back, and is slightly unfair but reasonable if less of the current outstanding Shares participate.

Shareholders should have regard to the Independent Expert's conclusion in the Independent Expert's Report that *"If less than 53.1% of the current outstanding CYA shares participate in the Buy-back, the Buy-Back Price will be slightly unfair (i.e. the Buy-Back Price will be only 0.3% lower than the low-end of our valuation assessment). However, under these circumstances, we are of the opinion that the Buy-back is reasonable"*. This concern arises because of the allocation of Buy-Back costs. Shareholders should read the Independent Expert's Report in its entirety.

The calculation of the Buy-Back Price excludes the value of the deferred tax assets of the Company which as at 31 December 2016 was 10.3 cents per Share, of which 6.7 cents is on balance sheet and 3.60 cents was off balance sheet. Exiting Shareholders will not receive this benefit.

(j) *Advantages and disadvantages of the Buy-Back to Shareholders*

Advantages	Disadvantages
The Buy-Back Price may be greater than the price achievable on the ASX at the Closing Date.	In the future the price of Shares may be greater than the Buy-Back Price.
Eligible Shareholders have an equal opportunity to sell all or some of their Shares at the Buy-Back Price.	Participating Shareholders will not benefit from any potential future increase in the market price of Shares or dividends, or participate in any future value enhancement (if it should occur), in relation to the Shares bought back.
No brokerage fee is payable, and there is no need to appoint a stockbroker or use an internet trading service, to participate in the Buy-Back. In particular, this may be beneficial if you have an unmarketable parcel as you would otherwise incur significant costs to sell your Shares on-market relative to the value of those Shares.	Once a Buy-Back Acceptance Form has been submitted, participating Shareholders will not be able to dispose of their Shares on the ASX (or otherwise) until the Buy-Back is completed. As the Buy-Back Price will not be calculated until after the Closing Date, participating Shareholders will be exposed to market risk from submission of their Buy-Back Acceptance Form. The amount of the Buy-Back Transaction Costs will reduce the Buy-Back Price. The Buy-Back Transaction Costs will be determined by dividing the aggregate

Advantages	Disadvantages
	transaction costs incurred by the Company in proposing and undertaking the Buy-Back by the total number of Shares to be bought back by the Company under the Buy-Back. Accordingly, the per Share reduction will increase (and accordingly the Buy-Back Price will decrease) as the level of participation in the Buy-Back decreases.
The Buy-Back potentially provides more liquidity to Shareholders through an increased ability to sell Shares than would be possible in on-market trading. The Buy-Back also provides price certainty.	The Buy-Back may result in reduced liquidity for remaining Shareholders. There may be adverse tax consequences associated with the sale of your Shares – refer to Section 10.
Eligible Shareholders who participate will collectively be able to sell a large volume of Shares without negatively impacting the market price of the Shares.	The Buy-Back Price is not at a premium to NTA and does not offer any control premium to Shareholders.
Potential for improved earnings per Share due to a reduced number of Shares on issue, for Shareholders who continue to hold Shares.	The Buy-Back Price will not include any value for the deferred tax assets and carried forward losses of the Company.
	If the level of participation in the Buy-Back exceeds the level of participation in the Recapitalisation, the Company will be required to liquidate part of its investment portfolio to partly fund the Buy-Back. In this scenario, and Shareholders who elect not to participate in the Buy-Back in respect of all of their Shares will be left holding Shares in a company with a smaller capital base, with an increased indirect cost ratio and less liquidity.

(k) *Consequences if the Buy-Back is not approved*

If the Resolution relating to the Buy-Back (Resolution 1) is not approved:

- the Buy-Back will not be implemented and there will be no change in the capital structure of the Company;
- the Company's Share price may trade at a discount to NTA as it did prior to the announcement of the Wilson Asset Management proposal to restructure the Company;
- Eligible Shareholders will not have the opportunity of selling their Shares to the Company at the Buy-Back Price and Shareholders wishing to exit their investment must do so on the ASX or off-market which may depress the price of the Shares traded on the ASX; and
- the Company will not spend any of its cash buying any Shares under the Buy-Back and there will be no prospect of it being required to liquidate any of its investment portfolio to fund the Buy-Back.

However, the Board intends to maintain its active management of the capital of the Company and would consider recommencing its on-market buy-backs if the Buy-Back is not implemented.

In addition, as all of the Resolutions are conditional on this Resolution being approved, none of the other Proposed Transactions would proceed. See Section 7.4 for further details.

2.3. Participation of the WAM Group in the Buy-Back

(a) *Introduction*

Wilson Asset Management has indicated that the WAM Group intends to sell Shares in the Buy-Back.

The Shares held by WAM Group are held on behalf of the current LIC's managed by Wilson Asset Management. If WAM Group's investment in the Company continues after the Change of Investment Manager, Wilson Asset Management will receive a fee on investments twice - once through the current LIC's and secondly on the capital invested by the current LIC's in the Company.

To minimise the possibility of this occurring, Wilson Asset Management has advised the Company that WAM Group intends to sell all of the Shares that it holds on the Closing Date under the Buy-Back. However, if this would cause the net tangible assets of the Company on completion of the Proposed Transactions to be less than \$16 million, WAM Group will sell a lesser number of Shares in the Buy-Back so as to ensure that the net tangible assets of the Company will not be less than \$16 million. This condition is designed to ensure that the Company continues to have net tangible assets in excess of the level that would be required were it applying for admission to the official list of ASX.

The last Appendix 3Y lodged by Geoff Wilson indicates that, at the date of that notice (24 January 2017), WAM Group held 25,554,472 Shares, representing 31.2% of the issued Shares.

Wilson Asset Management reserves the right of the WAM Group to sell Shares on-market prior to the Closing Date (subject to applicable law and the Securities Trading Policy of the Company) however has advised the Company that it will continue to hold a sufficient number of Shares on the Closing Date so as to ensure that the net tangible assets of the Company will not be less than \$16 million on completion of the Proposed Transactions irrespective of the level of participation of other Shareholders in the Buy-Back and the level of participation in the Public Offer.

(b) *Approvals and conditions*

As Geoff Wilson is a Director, a sale of Shares by WAM Group under the Buy-Back would involve an acquisition by the Company of a substantial asset from a related party and accordingly Shareholder approval is required.

The Resolution to approve the acquisition of Shares from the WAM Group under the Buy-Back is conditional on all other Resolutions being passed.

(c) *Independent Expert's Report*

To assist Shareholders in their consideration of the participation of the WAM Group in the Buy-Back, the Independent Directors commissioned the Independent Expert to prepare an independent expert's report containing a valuation of the Shares. A copy of the report accompanies this Booklet and should be read carefully by Shareholders.

The Independent Expert has concluded that the participation of the WAM Group in the Buy-Back is fair and reasonable to Non-Associated Shareholders.

In forming this conclusion, the Independent Expert noted that:

- WAM Group is offered the same Buy-Back Price as the Non-Associated Shareholders which indicates that the terms offered by the Company to WAM Group are on arms' length and accordingly no financial benefit is provided to WAM Group;

- if less than 53.1% of the Shareholders participate in the Buy-Back, the Buy-Back Price is slightly unfair and accordingly the considered payable to the WAM Group is marginally below the fair market value; and
- if only the WAM Group participates in the Buy-Back, the Buy-Back Price will reduce to 90.81 cents per Share which is below the low-end of its valuation assessment of Shares.

(d) *Independent Directors' recommendation*

The Independent Directors unanimously recommend that Shareholders vote in favour of the Resolution relating to the participation of the WAM Group in the Buy-Back (Resolution 2) because:

- it will only proceed if Shareholders approve all of the Resolutions;
- all Shareholders will have the opportunity to sell their Shares under the Buy-Back on the same terms;
- the Independent Expert has concluded that the participation of the WAM Group in the Buy-Back is fair and reasonable to Non-Associated Shareholders; and
- in these circumstances, they support the WAM Group being able to participate in the Buy-Back on the terms outlined in this Booklet.

(e) *Consequences if the Resolution is not approved*

As all of the Resolutions are conditional on this Resolution being approved, none of the Proposed Transactions would be undertaken if this Resolution is not approved. See Section 7.4 for further details.

3. Overview of the Recapitalisation

3.1. Background

The Recapitalisation comprises a public offer of Shares in the Company by way of Prospectus (the Public Offer) and the participation of GW Holdings in that Public Offer.

This Section sets out further details of each of the elements of the Recapitalisation.

3.2. Public Offer

(a) *Introduction*

It is proposed that the Company raise up to \$75 million through the issue of up to 85 million Shares.

(b) *Public Offer*

The Public Offer will take the form of a public offer of Shares by the Company by way of Prospectus. Shares will be offered at the Public Offer Price.

The Public Offer will be limited to a maximum subscription of 85 million Shares (or such lesser number that results in an aggregate subscription price of \$75 million).

The funds raised from the issue of Shares under the Public Offer will be used to fund the Buy-Back and, to the extent that they exceed the amount required to fund the Buy-Back, will be invested in accordance with the new investment strategy and objectives of the Company under the New Manager Appointment (as outlined in Section 6.2).

Shares offered under the Prospectus will be fully paid ordinary Shares which will rank equally with the existing Shares.

Shareholders of the Company and shareholders of entities managed by Wilson Asset Management will be given a priority allocation in the Public Offer.

The Public Offer will not be underwritten and there can be no guarantee that it will be successful.

(c) *Calculation of Public Offer Price and Shares to be issued*

The Public Offer Price will be the amount calculated by:

1. determining the NTA at the close of trade on the third Business Day following the Closing Date (**Reference NTA**);
2. deducting from the Reference NTA the first \$200,000 of the transaction costs incurred by the Company in proposing and undertaking the Public Offer, on a per Share basis (which will be calculated by dividing such transaction costs by the number of Shares on issue at the close of trade on the third Business Day following the Closing Date) (**Century Public Offer Costs Contribution**);
3. multiplying the Reference NTA, as adjusted by deducting the Century Public Offer Costs Contribution, by an uplift factor so as to increase the Public Offer Price for the balance of the transaction costs incurred by the Company in proposing and undertaking the Public Offer (such that these costs are paid by incoming Shareholders) (**Uplift Factor**). The Uplift Factor will be calculated by dividing the amount of such balance of transaction costs by the gross amount raised under the Public Offer, and adding 1 to the result; and
4. rounding the result to the nearest one hundredth of a cent.

The Company will calculate the Public Offer Price following the calculation date and will announce it on ASX once determined. The Company currently expects to make this announcement on Thursday, 1 June 2017.

The number of Shares to be issued under the Public Offer will be equal to the lesser of 85 million Shares and the number calculated by dividing the gross amount raised under the Public Offer by the Public Offer Price. As such, it is unable to be determined prior to the close of the Public Offer Period and the subsequent calculation of the Public Offer Price.

Set out below are some worked examples showing the calculation of the Public Offer Price and the number of Shares to be issued under the Public Offer in certain scenarios. Shareholders should note that the following examples are intended to be illustrative only and will not reflect the final Public Offer Price or number of Shares issued under the Public Offer.

A	Reference NTA¹	91.47 cents per Share	91.47 cents per Share	91.47 cents per Share
B	Gross amount raised under the Public Offer	\$75,000,000	\$50,000,000	\$25,000,000
C	Aggregate transaction costs incurred by the Company in proposing and undertaking the Public Offer	\$950,000 ²	\$750,000	\$400,000
D	Number of Shares on issue on the calculation date³	81,865,704	81,865,704	81,865,704
E	Century Public Offer Costs Contribution⁴	0.24 cents per Share	0.24 cents per Share	0.24 cents per Share
F	Uplift Factor⁵	1.0100	1.0110	1.0080
G	Public Offer Price⁶	92.14 cents per Share	92.23 cents per Share	91.96 cents per Share
F	Maximum number of Shares to be issued under the Public Offer⁷	81,399,679	54,212,777	27,187,062

Notes:

1. The amount included for the worked examples is equal to the NTA as at 31 December 2016 (94.17 cents per Share) minus the estimated amounts of the Interim Dividend (1.6 cents per Share) and the Special Dividend (1.1 cents per Share), which will be paid prior to the calculation date. These amounts may change.
2. This is the current estimated amount however is subject to change. Other examples are included above.
3. The number included in the worked examples is the current number of Shares on issue. The Company does not expect this to change prior to the calculation date.
4. These numbers are calculated as: $E = \$200,000 \div D$.
5. This is calculated as: $F = [(C - \$200,000) \div B] + 1$
6. This is calculated as: $G = (A - E) \times F$, rounded to the nearest hundredth of a cent.
7. This is calculated as: $F = B \div G$, subject to a maximum amount of 85,000,000.

(d) *Approvals and conditions*

As the Public Offer may involve an issue of Shares exceeding 15% of the Company's issued capital, Shareholder approval is required.

The Resolution to approve the issue of Shares under the Public Offer is conditional on all other Resolutions being passed.

(e) *Timetable for the Public Offer*

An indicative timetable for the Public Offer is set out below:

Date	Event
Wednesday, 19 April 2017	Lodgement of Prospectus for the Public Offer with ASIC and ASX Offer period for Public Offer opens
5:00 pm (Sydney time) on Friday, 19 May 2017	Close of offer period for the Public Offer
Close of trade on Wednesday, 24 May 2017	Reference date for calculation of the Public Offer Price
Thursday, 1 June 2017	Announcement of the outcome of the Public Offer and the Public Offer Price
Friday, 2 June 2017	Issue of Shares for the Public Offer

Note: These dates are indicative only and may be changed as permitted by the Corporations Act and the Listing Rules.

(f) *Impact of the Public Offer on the Company*

The impact of the Public Offer on the Company is set out in Section 4.

(g) *Independent Directors' recommendation*

The Independent Directors unanimously recommend that Shareholders vote in favour of the Resolution relating to the Public Offer (Resolution 3) because:

- the priority allocation for Shareholders under the Public Offer provides Shareholders with the option to acquire more Shares if they wish without incurring brokerage costs. Shareholders are not, however, obliged to participate; and
- an increased capital base would further decrease the management expense ratio of the Company.

(h) *Consequences if the Public Offer is not approved*

If the Resolution relating to the Public Offer (Resolution 3) is not approved the Company will not be able to proceed with the Public Offer.

In addition, as all of the Resolutions are conditional on this Resolution being approved, none of the other Proposed Transactions would be undertaken. See Section 7.4 for further details.

3.3. Participation of GW Holdings in the Public Offer

(a) *Introduction*

Geoff Wilson has indicated to the Company that an entity controlled by him, GW Holdings, intends to subscribe for \$2 million of Shares (or, if less, 2.5 million Shares) in the Public Offer at the Public Offer Price.

The investment by GW Holdings is a personal investment for Geoff Wilson. It is not being made on behalf of the WAM Group or any investment vehicles managed by Wilson Asset Management. Rather, it is a personal commitment of Geoff Wilson to the Company following implementation of the Proposed Transactions.

(b) *Approvals and conditions*

As Geoff Wilson is a Director, this would involve an issue of Shares to a related party and accordingly Shareholder approval is required.

The Resolution to approve the issue of Shares to GW Holdings is conditional on all other Resolutions being passed.

Further, the issue of Shares to GW Holdings is conditional on the issue of those Shares not resulting in GW Holdings acquiring a relevant interest in Shares in breach of the takeover provisions of the Corporations Act. This may otherwise occur if, for example, the WAM Group does not sell all of its Shares in the Buy-Back as a result of the net tangible assets of the Company on completion of the Proposed Transactions being less than \$16 million.

(c) *Independent Directors' recommendation*

The Independent Directors unanimously recommend that Shareholders vote in favour of the Resolution relating to the participation of GW Holdings in the Public Offer (Resolution 4) because:

- it will only proceed if Shareholders approve all of the Resolutions;
- all Shareholders will have the opportunity to acquire Shares under the Public Offer on the same terms; and
- in these circumstances, they support GW Holdings being able to participate in the Public Offer on the terms outlined in this Booklet.

(d) *Consequences if the Resolution is not approved*

As all of the Resolutions are conditional on this Resolution being approved, none of the Proposed Transactions would be undertaken if this Resolution is not approved. See Section 7.4 for further details.

4. Impact of the Buy-Back and the Recapitalisation on the Company

4.1. Introduction

This Section sets out the implications of the Buy-Back and the Recapitalisation for the Company, should they be implemented.

4.2. Effect on NTA

Shareholders who choose to participate in the Buy-Back will receive the Buy Back Price for each Share they offer into the Buy-Back.

In order to illustrate the potential impact of the implementation of the Buy-Back, the Recapitalisation and the Interim Dividend and Special Dividend, set out below is an unaudited pro forma NTA which shows the effect of the Buy-Back, the Recapitalisation, the Interim Dividend and the Special Dividend if they had occurred on 31 December 2016, with various levels of participation in each of the Buy-Back and the Recapitalisation.

These unaudited pro forma NTA figures are based on the auditor-reviewed NTA as at 31 December 2016 adjusted as if the Buy-Back and the Recapitalisation were completed on 31 December 2016 at the various levels noted and the Interim Dividend and Special Dividend were paid on that date. The pro forma NTA figures are intended to be illustrative only and will not reflect the actual NTA as at the date of completion of the Proposed Transactions.

		Participation in Buy-Back is 31.2% of the issued Shares ¹ and subscriptions under the Public Offer are for:		
	31 December 2016	\$2m	\$37.5m	\$75m
NTA including deferred taxes	0.9721	0.9919	0.9618	0.9475
NTA	0.9148	0.9106	0.9116	0.9115

		Participation in Buy-Back is 66% of the issued Shares and subscriptions under the Public Offer are for:		
	31 December 2016	\$2m	\$37.5m	\$75m
NTA including deferred taxes	0.9721	1.0634	0.9814	0.9566
NTA	0.9151	0.9049	0.9104	0.9111

		Participation in Buy-Back is 100% of the issued Shares and subscriptions under the Public Offer are for:		
	31 December 2016	\$16m ²	\$37.5m	\$75m
NTA including deferred taxes	0.9721	0.9721	1.0262	0.9715
NTA	0.9148	0.6831	0.9069	0.9105

Notes:

1. A minimum participation in the Buy-Back of 31.2% has been assumed as this is the proportion held by WAM Group which it has indicated that it intends to sell in the Buy-Back. See Section 2.3 for further details.
2. In this scenario, WAM would reduce the number of Shares tendered by it in the Buy-Back. See Section 3.2(b) for further details.

3. The following assumptions have been made in preparing the above estimates:

- (a) Estimated selling costs of 20 basis points associated disposing shares to fund the share buy-back have been deducted from the value of investments.
- (b) Estimated costs associated with the Buy-Back Offer are \$170,000 and have been deducted from the cash balance.
- (c) Estimated costs associated with the Public Offer are \$350,000 and have been deducted from the cash balance.
- (d) Subscription money invested under the Public Offer has been estimated to be sourced 50% from brokers and 50% priority allocation with an estimated 2% fee payable to broker on money sourced from brokers only. The final fees payable and source of funds could vary materially.
- (e) An Interim Dividend of 1.6cps and a Special Dividend of 1.1cps is declared. These are estimated amounts and final amounts may vary.
- (f) Numbers have been rounded to the nearest thousand.

Shareholders should refer to page 9 of the Independent Expert's Report where these scenarios are discussed by the Independent Expert.

4.3. Effect on the Company's financial position

In order to illustrate the potential financial impact of the implementation of the Buy-Back, the Recapitalisation and the Interim Dividend and Special Dividend more generally, set out below are unaudited pro forma balance sheets which show the effect of the Buy-Back, the Recapitalisation and the Interim Dividend and Special Dividend if they had occurred on 31 December 2016, with various levels of participation in each of the Buy-Back and the Recapitalisation.

This unaudited pro forma balance sheets are based on the auditor reviewed financial statements of the Company as at 31 December 2016 adjusted as if the Buy-Back and the Recapitalisation were completed on 31 December 2016 at the various levels noted and the Interim Dividend and Special Dividend were paid on that date. The unaudited pro forma balance sheets are intended to be illustrative only and will not reflect the actual position and balances as at the date of completion of the Proposed Transactions.

The unaudited pro forma balance sheets are presented in summary only and do not comply with the presentation and disclosure requirements of Australian Accounting Standards.

Participation in Buy-Back is 31.2% of the issued Shares ¹ and subscriptions under the Public Offer are for:				
	31 December 2016	\$2m	\$37.5m	\$75m
Cash	2,337,000	1,967,000	1,592,000	1,217,000
Investments	75,030,000	53,793,000	89,307,000	126,732,000
Deferred tax assets	5,522,000	5,582,000	5,687,000	5,791,000
Other assets	121,000	125,000	151,000	179,000
Payables	(391,000)	(391,000)	(391,000)	(391,000)
Deferred tax liabilities	(824,000)	(824,000)	(824,000)	(824,000)
Dividend (Interim/ Special)	(2,210,000)	(2,210,000)	(2,210,000)	(2,210,000)
NET ASSETS	79,585,000	58,042,000	93,312,000	130,494,000

Participation in Buy-Back is 66% of the issued Shares and subscriptions under the Public Offer are for:				
	31 December 2016	\$2m	\$37.5m	\$75m
Cash	2,337,000	1,967,000	1,592,000	1,217,000
Investments	75,030,000	27,680,000	63,251,000	100,723,000
Deferred tax assets	5,522,000	5,582,000	5,687,000	5,791,000
Other assets	121,000	125,000	151,000	179,000
Payables	(391,000)	(391,000)	(391,000)	(391,000)
Deferred tax liabilities	(824,000)	(824,000)	(824,000)	(824,000)
Dividend (Interim/Special)	(2,210,000)	(2,210,000)	(2,210,000)	(2,210,000)
NET ASSETS	79,585,000	31,929,000	67,256,000	104,485,000

Participation in Buy-Back is 100% of the issued Shares and subscriptions under the Public Offer are for:				
	31 December 2016	\$2m ²	\$37.5m	\$75m
Cash	2,337,000	1,967,000	1,592,000	1,217,000
Investments	75,030,000	11,751,000	37,739,000	75,312,000
Deferred tax assets	5,522,000	5,582,000	5,678,000	5,791,000
Other assets	121,000	125,000	179,000	179,000
Payables	(391,000)	(391,000)	(391,000)	(391,000)
Deferred tax liabilities	(824,000)	(824,000)	(824,000)	(824,000)
Dividend (Interim/Special)	(2,210,000)	(2,210,000)	(2,210,000)	(2,210,000)
NET ASSETS	79,585,000	16,000,000	41,763,000	79,074,000

Notes:

1. A minimum participation in the Buy-Back of 31.2% has been assumed as this is the proportion held by WAM Group which it has indicated that it intends to sell in the Buy-Back. See Section 2.3 for further details.
2. In this scenario, WAM would reduce the number of Shares tendered by it in the Buy-Back. See Section 3.2(b) for further details.
3. The following assumptions have been made in preparing the above pro forma balance sheets:
 - (a) Estimated selling costs of 20 basis points associated disposing shares to fund the share buy-back have been deducted from the value of investments
 - (b) Estimated costs associated with the Buy-Back Offer are \$170,000 and have been deducted from the cash balance.
 - (c) Estimated costs associated with the Public Offer are \$350,000 and have been deducted from the cash balance
 - (d) Subscription money invested under the Public Offer has been estimated to be sourced 50% from brokers and 50% priority allocation with an estimated 2% fee payable to broker on money sourced from brokers only. The final fees payable and source of funds could vary materially.

- (e) An Interim Dividend of 1.6cps and a Special Dividend of 1.1cps is declared. These are estimated amounts and final amounts may vary.
- (f) Numbers have been rounded to the nearest thousand

4.4. Effect on the Company's capital structure

As at the date of this Shareholder Booklet, the Company has 81,865,704 Shares on issue. The Company has no other securities on issue.

All of the Shares that are bought back under the Buy-Back will be cancelled. This could comprise the entire issued Shares outlined above. However, the Company will also seek to undertake the Recapitalisation.

The maximum number of Shares that may be issued under the Recapitalisation is 85,000,000.

The Buy-Back and Recapitalisation may materially alter the capital structure of the Company. At this point, it is not possible to determine the precise extent to which the capital structure of the Company will change, as that will be dependent on the level of participation in the Buy-Back and the Recapitalisation and the Public Offer Price. However:

- if more Shares are cancelled under the Buy-Back than are issued under the Recapitalisation, then the total number of Shares on issue will reduce from the current issued Shares; or
- less Shares are cancelled under the Buy-Back than are issued under the Public Offer, then the total number of Shares on issue will increase from the current issued Shares.

4.5. Effect on control of the Company

As a consequence of the cancellation of Shares bought back by the Company if the Buy-Back is implemented, the percentage shareholding and voting power of Shareholders who do not participate in the Buy-Back will increase. However, if the Public Offer proceeds, further Shares may be issued. This will dilute these existing Shareholders to the extent that they don't participate in the Public Offer.

The Buy-Back and Recapitalisation may materially alter the ownership makeup of the Company. At this point, it is not possible to determine the precise extent to which the ownership makeup of the Company will change, as that will be dependent on the level of participation in the Buy-Back and the Recapitalisation and the Public Offer Price.

As at the date of this Booklet the substantial holders of Shares in the Company (based on substantial holder notices and Appendices 3Y given to the Company) are:

Substantial holder	Shares	Voting power
WAM Group	25,554,472	31.21%
Cadence Asset Management Entities	4,935,420	6.03%

Wilson Asset Management has indicated that the WAM Group intend to sell all of their Shares that they hold on the closing day of the Buy-Back Offer Period in the Buy-Back, should it proceed. However, if this would cause the net tangible assets of the Company on completion of the Proposed Transactions to be less than \$16 million, WAM Group will sell a lesser number of Shares in the Buy-Back so as to ensure that the net tangible assets of the Company will not be less than \$16 million. Therefore, WAM Group's voting power may increase as a result of the Buy-Back. If all other Shareholders elected to sell all of their Shares in the Buy-Back and no funds were raised under the Public Offer, the voting power of WAM Group would increase to 100%.

Accordingly, in deciding how to vote on the Resolutions, Shareholders should take into account the information in Section 6 regarding the WAM Group and its intentions in relation to the Company.

GW Holdings (an entity controlled by Geoff Wilson) intends to acquire Shares in the Public Offer at the Public Offer Price should it proceed, however the issue of these Shares is conditional on such issue not resulting in GW Holdings acquiring a relevant interest in Shares in breach of the takeover

provisions of the Corporations Act. Accordingly, the voting power of GW Holdings may not exceed 20%. As a further result of this condition, GW Holdings may not acquire Shares in the Public Offer if the WAM Group does not sell all of its Shares in the Buy-Back (as a result of the net tangible assets of the Company on completion of the Proposed Transactions being less than \$16 million) and continues to have voting power in excess of 20% following the implementation of the Buy-Back.

4.6. Consequence if the level of participation in the Buy-Back exceeds the level of participation in the Public Offer

Should the amount of Shares offered to participate in the Buy-Back exceed the number of Shares to be issued under the Public Offer, the manager will need to raise sufficient money to fund the payments to Shareholders participating in the Buy-Back on the day immediately after the Closing Date. This may expose Shareholders to additional market risk on this day.

There may be other consequences depending on the relative levels of participation as outlined in the risk factors set out in Section 8.2.

4.7. Impact on the liquidity of the Shares

Shares have generally experienced low trading liquidity. If more Shares are cancelled under the Buy-Back than are issued under the Public Offer, the liquidity of Shares may reduce further, especially if there are high levels of participation in the Buy-Back and low levels of participation in the Public Offer.

Shareholders should refer to page 42 of the Independent Expert's Report for further details.

4.8. Special Dividend and impact on franking credits

If the Resolutions are approved, the Board intends to pay a special dividend to Shareholders on the register of members of the Company on a record date shortly after the Meeting. The Special Dividend would be of an amount sufficient to distribute all or substantially all of the Company's franking credits. This is expected to be approximately 1.1 cents per Share.

As a result, the Company expects to have a negligible franking credit balance at completion of the Buy-Back and Recapitalisation. The Company does not expect the Proposed Transactions to have any impact in relation to these or for there to be any adverse consequences for the Company's franking credit balance arising from this.

4.9. General tax implications for the Company

The Buy-Back will not create any assessable income or allowable deduction for the Company. To the extent the Buy-Back proceeds are determined to be a dividend they may reduce the Company's franking account.

5. Overview of the Change of Investment Manager

5.1. Background

The Change of Investment Manager comprises:

- the Company terminating the appointment of Perennial Value Management as investment manager of the Company and appointing MAM, part of Wilson Asset Management, in its place (the New Manager Appointment); and
- the appointment of Chris Stott, Chief Investment Officer of Wilson Asset Management, as a Director of the Company in recognition of the proposed appointment of MAM as investment manager (the Director Appointment).

This Section sets out further details of each of these elements of the Change of Investment Manager.

5.2. New Manager Appointment

(a) *Introduction*

A fundamental element of the proposal to restructure the Company received from Wilson Asset Management is the appointment of MAM, part of Wilson Asset Management, as the investment manager of the Company.

Section 6 sets out an overview of Wilson Asset Management and its intentions regarding management of the Company's investment portfolio if the New Manager Appointment proceeds.

(b) *New Manager Appointment*

The Company and MAM have agreed to enter into the MAM Investment Management Agreement which sets out the terms of the engagement of MAM as the investment manager of the Company. The terms of this are substantially similar to the terms of the Perennial Value Management investment management agreement except in relation to the following points:

- The agreement is conditional on Shareholders approving all Resolutions and commences once this condition has been satisfied.
- A management fee equal to 0.0833% (plus GST) of gross assets of the portfolio calculated on the last business day of each month (comparable to a fee of 1% per annum (plus GST)) is payable to MAM.
- A performance fee of 20% (plus GST) of outperformance of the portfolio above the S&P/ASX 300 Accumulation Index is payable to MAM in respect of each six monthly period, subject to recoupment of prior underperformance.
- The agreement has an initial term of 5 years and automatically extends for successive 5 year periods thereafter. After the initial 5 year term the Company may terminate the agreement on 3 months' notice if directed to do so by Shareholder resolution and MAM may terminate on 6 months' notice.
- The investment parameters of MAM prescribed by the agreement are broader than those that apply to Perennial Value Management, in particular the individual stock index weighting, sectoral weighting and tracking error restrictions do not apply to MAM. Accordingly, the MAM management may result in greater exposure to a number of stocks or sectors.

The Company's portfolio may need to be liquidated based on the level of participation in the Buy-Back and the Public Offer – see Section 4.6 for more details. MAM has advised the Company that MAM's current intention is to maintain a majority of the portfolio and manage it

with substantially the same mandate and style as the current manager. MAM will however review the investment portfolio following completion of their appointment as investment manager.

See Section 12.2 for further details of the MAM Investment Management Agreement.

(c) *Approvals and conditions*

As MAM is controlled by, and associated with, Geoff Wilson (a Director), the appointment of MAM as the investment manager will involve the grant of a financial benefit to a related party. Due to this relationship:

- Geoff Wilson withdrew himself from the Board discussion and assessment of the Wilson Asset Management proposal, including the New Manager Appointment; and
- the Independent Directors evaluated and negotiated the New Manager Appointment on behalf of the Company.

The Independent Directors have determined that the New Manager Appointment is on terms that would be reasonable in the circumstances if the Company and MAM were dealing at arm's length, or on terms that are less favourable to MAM than these terms, because:

- the investment mandate proposed by MAM is very similar to the mandate that MAM currently has in place for WAM Leaders Limited (WLE) and the manner in which the performance fee will be determined will be substantially similar to WLE; and
- the Independent Directors have undertaken a review of publicly available information relating to management agreements for LICs with similar investment universes and based on the results of this review are satisfied that, although the fees payable to MAM are at the upper end of comparative companies, this is an arm's length transaction with terms no more favourable than what the Company could acquire from a third party of similar expertise and performance history. The Independent Directors also note the comments of the Independent Expert in section 7 of the Independent Expert's Report.

The Independent Directors have had regard to Wilson Asset Management's commitment to grow the Company and hopefully utilise the deferred tax asset for the benefit of all Shareholders.

As a result, Shareholder approval is not required for the New Manager Appointment. However, the Company and Wilson Asset Management do not wish to proceed with this without obtaining approval of Non-Associated Shareholders. Accordingly, the Company is putting the New Manager Appointment to a vote at the Meeting.

The Resolution to approve the New Manager Appointment is conditional on all other Resolutions being passed.

(d) *Timetable for New Manager Appointment*

Should the Resolutions be approved, the New Manager Appointment would take place with effect from the Business Day immediately following the date of the Meeting.

(e) *Independent Director recommendation*

The Independent Directors do not wish to make a recommendation to Shareholders in relation to the New Manager Appointment because they consider that this matter is a decision that needs to be made by each Shareholder individually, having regard (amongst other things) to whether they intend to increase or decrease their investment in the Company in the Buy-Back Offer and the Public Offer and their views on the potential performance of the Company under the management of MAM.

Shareholders should read Section 6 of this Booklet and the Independent Expert's Report to assist in their decision-making process. Shareholders should however note that the Buy-Back and Recapitalisation will not proceed unless all Resolutions (including the Resolution for the New Manager Appointment (Resolution 5) and the Resolution for the Director Appointment (Resolution 6)) are approved.

(f) *Consequences if the New Manager Appointment is not approved*

If the Resolution relating to the New Manager Appointment (Resolution 5) is not approved:

- the New Manager Appointment will not be implemented; and
- the investment portfolio of the Company will continue to be managed by Perennial Value Management.

In addition, as all of the Resolutions are conditional on the Resolution being approved, none of the other Proposed Transactions would proceed. See Section 7.4 for further details.

5.3. Director Appointment

(a) *Introduction*

As part of the Wilson Asset Management proposal, it is proposed that Mr Chris Stott, Chief Investment Officer of Wilson Asset Management, be appointed as a Director of the Company.

A biography of Mr Chris Stott is set out in Section 6.3(b).

(b) *Approvals and conditions*

Under rule 6.2(a) of the Constitution of the Company, the Company may appoint an eligible person as a Director. In accordance with rule 6.2(b)(iv)(A) of the Constitution, Wilson Asset Management has nominated Mr Chris Stott for election at the Meeting.

The Resolution to approve the Director Appointment is conditional on all other Resolutions being passed.

(c) *Timetable for Director Appointment*

Should the Resolutions be approved, the Director Appointment would take place with effect from the close of the Meeting.

(d) *Independent Directors' recommendation*

The Independent Directors do not wish to make a recommendation to Shareholders in relation to the Director Appointment because it is part of the Change of Investment Manager and needs to be considered by each Shareholder individually. See Section 5.3(d).

(e) *Consequences if the Director Appointment is not approved*

If the Resolution relating to the Director Appointment (Resolution 6) is not approved Mr Chris Stott will not be appointed as a Director of the Company.

In addition, as all of the Resolutions are conditional on this Resolution, none of the other Proposed Transactions would proceed. See Section 7.4 for further details.

5.4. Consistency

If the Change of Investment Manager proceeds, although the New Manager Appointment and the New Director Appointment will take place, many matters relating to the Company will initially remain the same, in particular:

- the Independent Directors intend to continue to act as independent non-executive Directors of the Company;
- the share registry of the Company will continue to be Link Market Services Limited;
- the custodian of assets of the Company will continue to be BNP Paribas Security Services;
- the administration and management (excluding investment) of the Company will continue to be undertaken by White Outsourcing Pty Ltd;
- the auditor of the Company will continue to be Grant Thornton;
- the tax advisor of the Company will continue to be Pitcher Partners NSW Pty Limited;
- except to the extent that the level of participation under the Buy-Back Offer exceeds the level of participation in the Public Offer, the existing portfolio of the Company will not be liquidated but rather will continue to be held by the custodian however the custodian will commence acting on instructions from MAM rather than instructions from Perennial Value Management; and
- while MAM will become the investment manager in place of Perennial Value Management, the authorised investments and investment parameters will substantially remain the same, unless otherwise agreed by the Company and MAM.

6. Overview of Wilson Asset Management

6.1. Introduction

This Section 6 provides an overview of Wilson Asset Management and its intentions regarding management of the Company's investment portfolio if the New Manager Appointment proceeds.

These Sections have been prepared by Wilson Asset Management, which has assumed responsibility for the accuracy and completeness of it. None of the Company, its related bodies corporate or their respective directors, officers, employees and advisers assumes any responsibility for the accuracy or completeness of this information.

6.2. Overview of Wilson Asset Management

Wilson Asset Management is an independently owned boutique investment manager established in 1997 by Geoff Wilson. Wilson Asset Management consists of two management companies, WAMI and MAM. WAMI was incorporated in 1997 and MAM was incorporated in 2002 to undertake the investment management of listed investment companies (LICs) and unlisted funds. Wilson Asset Management's investment team comprises seven highly experienced investment professionals who offer a combined investment experience of almost 100 years. Wilson Asset Management's accounting and finance, corporate affairs and operations teams add discipline, depth and reach to its core business.

Wilson Asset Management's investment process has delivered strong performance against the broader Australian equity market for almost two decades. It has two investment strategies:

1. The research driven investment approach involves extensive research focusing on free cash flow, return on equity and the quality of the business. Each company is rated with respect to management, earnings growth potential, valuation and industry position. Wilson Asset Management will only invest in a company once it can identify a catalyst or an event that will change the market's valuation of that company. This process involves over 1,500 company meetings each year.
2. The market driven investment approach takes advantage of short-term relative arbitrages and mis-pricings in the Australian equities market. Opportunities are derived from initial public offerings, placements, block trades, rights issues, corporate transactions (such as takeovers, mergers, schemes of arrangements, corporate spin-offs, restructurings), arbitrage opportunities, listed investment company discount arbitrages, relative value arbitrages, short selling and trading market themes and trends.

Wilson Asset Management provides investment portfolio management services to the following entities:

(a) *WAM Capital Limited (ASX: WAM)*

WAM is an ASX listed investment company primarily investing in equities and employs both the research and market driven strategies. As at 31 December 2016, the total value of the WAM portfolio of investments managed by WAMI was \$1,200.6 million.

(b) *WAM Research Limited (ASX: WAX)*

WAX is an ASX listed investment company primarily investing in equities and employs the research driven strategy. As at 31 December 2016, the total value of the WAX portfolio of investments managed by MAM was \$237.0 million.

(c) *WAM Active Limited (ASX: WAA)*

WAA is an ASX listed investment company primarily investing in equities employs the market driven strategy. As at 31 December 2016, the total value of the WAA portfolio of investments managed by MAM was \$38.6 million.

(d) *WAM Leaders Limited (ASX: WLE)*

WLE is an ASX listed investment company primarily investing in equities within the ASX 200 Index. As at 31 December 2016, the total value of the WLE portfolio of investments managed by MAM was \$413.0 million.

(e) *Wilson Asset Management Equity Fund (Fund)*

The Fund is a wholesale unit trust primarily investing in Australian equities. The funds units are not listed on the ASX. As at 31 December 2016, the total value of the Fund's portfolio of investments was \$58.1 million.

The table below summarises the historical investment performance of the entities managed by Wilson Asset Management. The investment performance and Index returns are before expenses, fees and taxes.

Performance at 31-Dec-16	FUM	Listing / Inception Date	1 Year %pa	3 Years %pa	5 Years %pa	10 Years %pa	Since Inception %pa
Wilson Asset Management Equity Fund	\$58.1m	Dec-97	14.1%	17.0%	21.3%	12.1%	22.6%
WAM Capital Limited (ASX: WAM)	\$1,200.6m	Aug-99	14.5%	16.9%	19.0%	12.1%	18.1%
WAM Research Limited (ASX: WAX)	\$237.0m	Aug-03	17.5%	20.9%	24.2%	n/a	20.2%*
WAM Active Limited (ASX: WAA)	\$38.6m	Jan-08	10.7%	12.3%	14.2%	n/a	12.9%
WAM Leaders Limited (ASX: WLE)	\$413.0m	May-16					7.1%**
S&P/ASX All Ordinaries Accumulation Index			11.6%	6.8%	11.6%	4.5%	

*Since change in Investment Strategy (Jul-10)

**Since Inception (May-16)

Shareholders should note that past performance of portfolios managed by Wilson Asset Management are not a guide to future performance of the Company should the Change of Investment Manager proceed.

6.3. Wilson Asset Management Investment Team

The members of Wilson Asset Management's investment team are set out below.

(a) *Geoff Wilson, Chairman and Portfolio Manager BSc GMQ FAICD FFINSIA*

Geoff Wilson has over 36 years' direct experience in investment markets having held a variety of senior investment roles in Australia, the UK and the US. Geoff founded Wilson Asset Management in 1997. Geoff created Australia's first listed philanthropic wealth creation vehicles, Future Generation Investment Company and Future Generation Global Investment Company. Geoff is Chairman of WAM Capital, WAM Leaders, WAM Research and WAM Active. Geoff holds a number of additional directorships with investment companies and non-profit organisations.

- (b) *Chris Stott, Chief Investment Officer and Portfolio Manager B Bus GradDip App Fin MAICD MFINSIA*

Chris Stott has more than 13 years' experience in the funds management industry. Chris joined Wilson Asset Management in 2006 after being employed with Challenger Financial Services Group in various research roles specialising in Australian equities. Chris is a Director of WAM Capital, WAM Leaders, WAM Research and WAM Active.

- (c) *Matthew Haupt, Portfolio Manager CFA BCom GradDip App Fin*

Matthew Haupt has more than 10 years' experience in the investment industry working as both a portfolio manager and analyst. He gained extensive large-cap experience in his previous role within Australian Executor Trustees (now part of IOOF).

- (d) *Martin Hickson, Head of Trading BBus BComp MAppFin*

Martin Hickson has more than 10 years' experience in the funds management industry. Martin joined Wilson Asset Management in 2010 after working with Challenger Financial Services Group in various roles within the funds management division.

- (e) *Tobias Yao, Senior Equity Analyst CFA BCom*

Tobias Yao has 8 years' experience in the investment industry. Prior to joining Wilson Asset Management, Tobias spent five years as an investment analyst at Pengana Capital and he previously worked in Ernst & Young's transaction advisory services division.

- (f) *John Ayoub LLB BA GradCert App Fin*

John Ayoub has 10 years' industry experience. Prior to joining Wilson Asset Management, John worked at Credit Suisse as a director in equity sales and trading focusing on both large and small caps. Prior to this, John worked as a research analyst and in corporate finance at Ord Minnett and was previously a corporate lawyer.

- (g) *Oscar Oberg, Senior Equity Analyst CFA LLB BBus*

Oscar Oberg has more than 10 years' experience in financial markets. Before joining Wilson Asset Management, Oscar worked as a sell-side Analyst at CLSA and three years' at Grant Thornton working in transaction advisory services.

Wilson Asset Management's investment team has over 100 years' collective experience in the Australian share market. It has:

- a proprietary research rating process;
- an intensive investee company meeting schedule (1,500+ meetings each year);
- a total focus on managing money;
- a broad coverage of various industry sectors;
- an extensive network of contacts to provide insights, intelligence and opportunities to the investment team;
- a flexible investment mandate, including the ability to hold cash and short sell; and
- a flat management structure informed by the team's collective experience.

6.4. Commitment to Listed Investment Companies (LICs)

Wilson Asset Management's preferred LIC structure provides a permanent and stable closed-end pool of capital that gives its investment team the ability to focus solely on managing money and to make rational investment decisions based on sound investment principles. Importantly, the LIC structure

provides the opportunity to pay shareholders fully franked dividends over time. As a listed entity, an LIC must comply with rigorous corporate governance principles, providing investors with transparency and accountability.

Investors and the investment community alike have a greater awareness of the benefits of the LIC structure as evidenced by a surge in capital raisings and initial public offerings in the sector over the last 24 months. The popularity of the LIC model has been helped by the introduction of the Future of Financial Advice (FOFA) reforms in 2013 and the strong growth in self-managed superannuation funds (SMSFs). The LIC structure has proven to be particularly popular among SMSFs, which account for the majority of shareholders in the LICs managed by Wilson Asset Management.

6.5. Shareholder engagement

Wilson Asset Management takes an especially active approach to engaging with its shareholders, both in terms of ongoing performance, and timely insights.

Some of these initiatives include:

- Weekly investor updates from its Chief Investment Officer
- Regular market news and investment insights
- Monthly investment updates
- Annual and half yearly profits announcements
- Semi-annual shareholder briefings across all major Australian cities.

Wilson Asset Management values its shareholders and are continually looking for ways to improve its communication. It has a detailed communications and marketing strategy and actively encourages feedback.

6.6. Wilson Asset Management's management of the Company

If the New Manager Appointment proceeds, the Company would invest using Wilson Asset Management's absolute bias, bottom-up, fundamental investment methodology. The Company's investment universe would predominantly be the S&P/ASX 300 Index. The Company would invest in a portfolio of authorised investments as detailed in Section 6.7. The Company would provide investors with the opportunity to gain access to the management experience and expertise of Wilson Asset Management.

The Company's investment objectives would be to:

- deliver a stream of fully franked dividends;
- provide capital growth; and
- preserve capital.

If the New Manager Appointment proceeds, MAM will manage the Company's investment portfolio with a view to holding 20 – 100 investments. The Company would utilise the same investment process that Wilson Asset Management has successfully employed since December 1997.

6.7. Authorised investments and investment parameters

The authorised investments and investment parameters that will apply to MAM's management of the Company are substantially the same as apply to Perennial Value Management under its existing investment management agreement, however the investment parameters of MAM are broader than the those that apply to Perennial Value Management, in particular the individual stock index weighting, sectoral weighting and tracking error restrictions that apply to Perennial Value Management do not apply to MAM. Accordingly, the MAM management may result in greater

exposure to a number of stocks or sectors. See Section 12.2(a)(iii) and 12.2(a)(iv) for further details of authorised investments and investment parameters.

6.8. Investment strategy

If the New Manager Appointment proceeds, the Company would employ Wilson Asset Management's two investment approaches of research driven investing and market driven investing as described in Section 6.2.

6.9. Intentions of the WAM Group

While the WAM Group does not intend to increase its voting power in the Company, if there is a sufficiently high level of participation in the Buy-Back and low level of participation in the Public Offer, the WAM Group's voting power may increase as a result of the Buy-Back from its current 31.2% to up to 100%.

In view of this potential increase in the WAM Group's voting power, the Company has sought confirmation from the WAM Group regarding its intentions in the event the Proposed Transactions are implemented.

This Section sets out the present intentions of the WAM Group. The present intentions of the WAM Group set out below may change as a consequence of the passage of time or a change in circumstances of the Company or the WAM Group.

(a) *Business of the Company*

Wilson Asset Management forms part of the WAM Group. Wilson Asset Management was the proponent of the Change of Investment Manager and, should the Resolutions be approved, the WAM Group intends to support the Company pursuing it. The WAM Group does not have any other intentions to change the business of the Company.

(b) *Injection of further capital into the Company*

A key element to the proposal put by Wilson Asset Management is the Recapitalisation. Should the Resolutions be approved, the WAM Group intends to support the Company pursuing the Recapitalisation. However, the WAM Group has not yet determined whether or not to participate in the Public Offer. The WAM Group does not currently have any intention to inject further capital into the Company.

(c) *Future employment of present employees of the Company*

The Company does not presently have any employees. The WAM Group does not have any intentions to change this.

(d) *Transfers of assets between the Company and the WAM Group or their associates*

The WAM Group does not have any intentions to transfer assets between the Company and the WAM Group or their associates.

(e) *Redeployment of the fixed assets of the Company*

The Company does not presently have any material fixed assets. The WAM Group does not have any intentions to change this.

(f) *Financial and dividend distribution policies of the Company*

The WAM Group does not have any other intentions to change the financial and dividend distribution policies of the Company.

(g) *Director representation*

Should the Director Appointment proceed, Mr Chris Stott will become a Director of the Company. The WAM Group does not have any current intention to make any other change to the structure of the Board of the Company.

7. Relevant considerations for Shareholders

7.1. Introduction

The purpose of this Section 7 is to identify significant issues for Shareholders to consider in relation to the Proposed Transactions.

Before deciding how to vote at the Meeting, Shareholders should carefully consider the factors discussed below, as well as the other information contained in this Booklet.

7.2. Why you may vote in favour of the Resolutions

Reasons why Shareholders may decide to vote in favour of the Resolutions include the following:

- the Resolutions facilitate the Buy-Back, giving Eligible Shareholders the chance to exit at approximately the NTA per Share of the Company;
- all Eligible Shareholders have an equal opportunity to participate in the Buy-Back;
- the Proposed Transactions provide remaining Shareholders with a potential new investment opportunity with exposure to the investment team of Wilson Asset Management;
- the Independent Expert has concluded that the Buy-Back is fair and reasonable to Shareholders if more than 53.1% of current outstanding Shares participate in the Buy-Back and is slightly unfair but reasonable if less of the current outstanding Shares participate, and that the participation of the WAM Group in the Buy-Back is fair and reasonable to Non-Associated Shareholders;
- the Buy-Back process will enable Eligible Shareholders to sell a large volume of Shares otherwise than through the ASX; and
- Eligible Shareholders will not have to pay brokerage or appoint a stockbroker to sell their Shares in the Buy-Back.

7.3. Why you may vote against the Resolutions

Shareholders may decline to approve the Resolutions for a number of reasons. These may include the following:

- they may not agree with the proposed New Manager Appointment. In particular, the fees payable by the Company under the MAM Investment Management Agreement are higher than those payable to Perennial Value Management under the current investment management agreement and the Company is unable to terminate the MAM Investment Management Agreement during the initial 5-year term;
- they consider that the investment strategy of MAM is not suitable for them and they do not agree with the proposed Change of Investment Manager. Shareholders should form their own view on the potential performance of the Company under the management of MAM having regard to the commentary in Section 6 of this Booklet and the Independent Expert's Report;
- they do not wish to exit through the Buy-Back and they may suffer a substantial dilution in their voting interest in the Company should the Recapitalisation proceed;
- they may not agree with the conclusions of the Independent Expert;
- the Buy-Back Price is not at a premium to NTA and does not offer any control premium to Shareholders;
- the Buy-Back Price will not include any value for the deferred tax assets and carried forward losses of the Company;

- they may believe there is a possibility of a superior proposal that might emerge in the short term; and
- there are risks associated with the Proposed Transactions as set out in Section 8.2.

7.4. Key implications if any Resolution is not passed

If Shareholders do not pass any Resolution:

- none of the Proposed Transactions will proceed;
- Eligible Shareholders will not have the opportunity of selling their Shares to the Company at the Buy-Back Price;
- the Company will not spend any of its cash buying any Shares and there will be no prospect of it being required to liquidate any of its investment portfolio to fund the Buy-Back;
- the Company will not be able to proceed with the Public Offer or the issue of Shares to GW Holdings under the Public Offer;
- the investment portfolio of the Company will continue to be managed by Perennial Value Management; and
- Mr Chris Stott will not be appointed as a Director of the Company.

8. Risk factors

8.1. Overview

There are a number of factors, both specific to the Company and of a general nature, which may affect the future operating and financial performance of the Company and the outcome of an investment in the Company. There can be no guarantees that the Company will achieve its stated objectives, that forecasts will be met or that forward looking statements will be realised.

This Section 8 describes certain, but not all, risks associated with the Proposed Transactions and an investment in the Company.

8.2. Risks associated with the Proposed Transactions

Shareholders will be exposed to a number of risks arising from implementation of the Proposed Transactions. These risks include the following:

(a) *Liquidation of portfolio and liquidity*

If the Buy-Back and the Recapitalisation proceed however the level of participation in the Buy-Back exceeds the level of participation in the Recapitalisation, the Company will be required to liquidate part of its investment portfolio to partly fund the Buy-Back.

Shareholders who elect not to participate in the Buy-Back in respect of all of their Shares will be left holding Shares in a company with a smaller capital base and less liquidity.

(b) *Potential for loss of ASX required spread*

If the level of participation in the Buy-Back is high and the Recapitalisation is not successful, the Company may cease to have the level of spread of Shares required to ensure that there is an orderly and liquid market in Shares.

It is possible in that scenario that ASX may require the Company to obtain a sufficient level of spread within a further 3 months, failing which ASX may suspend quotation of Shares. If suspended, trading liquidity in the Shares would be materially adversely affected with Shares only capable of sale by private transaction, pending the Company obtaining sufficient spread.

Further, it is possible in that scenario that ASX may require the Company to delist or the Company may elect to delist. Delisting from ASX would result in the ASX Listing Rules ceasing to apply to the Company and Shareholders would forgo protections inherent in the ASX Listing Rules (including those relating to disclosures, restrictions on share issues and making significant changes to the Company's activities).

(c) *Potential increase in voting power of the WAM Group*

If there is a sufficiently high level of participation in the Buy-Back and low level of participation in the Public Offer, the WAM Group's voting power may increase as a result of the Buy-Back from its current 31.2% to up to 100%.

If the WAM Group was to obtain a shareholding of above 50%, it would give the WAM Group effective control of the Company and the ability to determine the outcome of certain resolutions put to Shareholders. The interests of the WAM Group may be different from those of other Shareholders. Shareholders should consider the WAM Group's intentions following implementation of the Proposed Transactions, as set out at Section 6.9.

A significant increase in the voting power of the WAM Group following implementation of the Proposed Transactions may also have the effect of deterring takeover bids for the Company from being made and deprive Shareholders of the potential benefit of any control premium that an acquirer may be willing to pay for the Company.

(d) *Potential for Shares to trade below the Buy-Back Price*

Following implementation of the Proposed Transactions, Shares may trade at prices below the price offered under the Buy-Back.

(e) *Dilution of Buy-Back Transaction Costs*

A risk for Shareholders that elect to participate in the Buy-Back is that the amount of the Buy-Back Transaction Costs, which reduces the Buy-Back Price received by participating Shareholders in respect of each Share bought back, will be determined by dividing the aggregate transaction costs incurred by the Company in proposing and undertaking the Buy-Back by the total number of Shares to be bought back by the Company under the Buy-Back.

Accordingly, the per Share reduction will increase (and accordingly the Buy-Back Price will decrease) as the level of participation in the Buy-Back decreases.

(f) *Investment strategy of new manager*

The investment strategy of MAM is different than that of the incumbent manager, Perennial Value Management. There can be no guarantee that this different strategy will result in the Company improving its performance. Investment returns cannot be predicted and performance may deteriorate.

8.3. General risks

Shareholders should also note the following general risks that are associated with an investment in a listed entity such as the Company:

(a) *Dependence on general economic conditions*

Changes in Australian and international economic conditions may adversely affect the Company's financial performance, financial position or prospects, or the value or price of Shares. Amongst other things, these general conditions may impact on the availability of new investment opportunities, the availability, terms and costs of funding and the Company's operating costs.

(b) *Share market conditions*

There are risks associated with an investment in shares (such as the Company's) that are listed on a stock exchange. Share price movements can affect the value of an investment in the Company. The value of listed shares can be expected to fluctuate depending upon a number of general factors including changes in international and local share markets, changes in the economic conditions, inflation, interest rates, government fiscal, monetary and regulatory policies and investor perceptions. These risk factors are unpredictable and may have implications for the price or value of shares that are unrelated or disproportionate to the investment performance of the listed company.

(c) *Governmental or regulatory actions*

The Company's operations could be affected by government actions in the countries or jurisdictions in which it has interests. The possible extent of introduction of additional legislation, regulations, standards (including accounting standards), guidelines or amendments to existing legislation that might affect the Company's business is difficult to predict. Any such government action may require increased capital or operating expenditures and could prevent or delay the execution of the Company's plans or have a material adverse effect on the Company's business and financial condition.

(d) *Taxation*

The Company and its investee entities are and will be subject to taxation and other imposts in Australia and any other jurisdictions in which they operate. Future changes in taxation laws in those jurisdictions, including changes in interpretation or application of existing laws by the

courts or taxation authorities in those jurisdictions, may affect the tax liabilities of the Company or its investee entities, or the taxation treatment of holding or disposing of Shares.

(e) *Disputes and litigation*

Disputes or litigation may arise from time to time in the course of the Company's business activities. There is a risk that material or costly disputes or litigation which the Company may become party to or be required to assist with could adversely affect financial performance. The Company will take out insurance to cover certain risks where it appears appropriate to the Company to do so. To the extent that any such claims are not covered by insurance, the costs of responding to the claim and any adverse outcome from any claim may materially adversely affect the Company's financial position.

9. Terms on which the Buy-Back will be undertaken

9.1. Introduction

The Buy-Back will only proceed if all Resolutions are approved by Shareholders at the Meeting. In that event, the Company will undertake the Buy-Back Offer following the Meeting on the basis described in this Section 9.

9.2. Offer

This Booklet comprises and accordingly constitutes an offer to Eligible Shareholders to participate in the Buy-Back on the basis set out in this Section 9 (the Offer).

9.3. Buy-back process

- If all Resolutions are approved, the Company will be able to proceed with the Buy-Back and Buy-Back Acceptance Forms will be despatched to Shareholders.
- Eligible Shareholders may accept the Offer in respect of some or all of their Shares on and from Friday, 28 April 2017 (the Opening Date), by completing and returning the Acceptance Form in accordance with the instructions on that form and set out in this Section 9.
- Eligible Shareholders will have until the end of the Buy-Back Offer Period to accept the Offer in respect of some or all of their Shares.
- When the Company receives your Buy-Back Acceptance Form, a contract to buy-back the Shares nominated by you in that Form will immediately be formed.
- You can withdraw or amend your acceptance by lodging a Buy-Back Withdrawal/Amendment Form before 7:00 pm (Sydney time) on Friday, 19 May 2017 (the Closing Date), in accordance with the instructions set out in Section 9.11 and on that Form.

This process is described in more detail in the following paragraphs.

9.4. Shareholders who will be entitled to participate in the Buy-Back

Shareholders who are listed on the register of members of the Company on the Buy-Back Record Date (currently expected to be 7:00 pm (Sydney time) on Monday, 24 April 2017) and do not have a registered address in the United States of America will be eligible to participate in the Buy-Back. Shareholders entitled to participate in the Buy-Back are referred to in this Shareholder Booklet as Eligible Shareholders.

Entitlement to participate in the Buy-Back will be personal. An Eligible Shareholder will not be able to transfer their right to participate in the Buy-Back.

9.5. Participation is not compulsory

Participation in the Buy-Back will be optional. If an Eligible Shareholder does not wish to participate, they will not need to do anything.

Shareholders who do not participate in the Buy-Back will continue to hold their Shares. Shareholders who do not believe they will participate in the Buy-Back should carefully consider Sections 3 to 8, which set out considerations relevant to, and the risks associated with, remaining a Shareholder in these circumstances.

9.6. Shares that may be accepted into the Buy-Back

An Eligible Shareholder may accept the Offer in respect of some or all of the Shares held by them on the Buy-Back Record Date, provided that at 7:00 pm (Sydney time) on the Closing Date (currently expected to be Friday, 19 May 2017), they hold at least as many Shares as they accept into the Offer (see also Section 9.12 in relation to restrictions on trading accepted Shares).

If an Eligible Shareholder purports to accept the Offer in respect of more Shares than they are the registered holder of at the Buy-Back Record Date, the Company may, in its absolute discretion and without prejudice to its other rights or remedies, reject the acceptance or treat the acceptance as relating to the maximum number of Shares the Eligible Shareholder is the registered holder of on the Buy-Back Record Date.

Shareholders should note that it will be a term of the Buy-Back that they warrant to the Company that:

- any of their Shares accepted into the Offer will, at the date of the transfer to the Company, be fully paid and free from all mortgages, charges, liens, encumbrances and interests of third parties of any kind, including any restrictions on transfer;
- they have full power and capacity to sell and transfer their Shares to the Company; and
- they are a person who may lawfully participate in the Buy-Back.

Please see Section 9.9 for further details.

9.7. Buy-Back Price

The price the Company will pay for each Share bought back is the Buy-Back Price. This is calculated as the NTA at close of trade on the third Business Day following the Closing Date less the Buy-Back Transaction Costs.

The Buy-Back Transaction Costs will be determined by dividing the aggregate transaction costs incurred by the Company in proposing and undertaking the Buy-Back by the total number of Shares to be bought back by the Company under the Buy-Back. Accordingly, the per Share reduction will increase (and accordingly the Buy-Back Price will decrease) as the level of participation in the Buy-Back decreases.

The Company will calculate the Buy-Back Price following the calculation date and will announce it on ASX once determined (currently expected to be on Thursday, 1 June 2017).

9.8. Buy-Back Offer Period

The Buy-Back Offer Period is currently scheduled to open on the Opening Date. Shareholders may accept the Offer at any time from that date until 7:00 pm on the Closing Date. The Company may reschedule, withdraw or extend the Buy-Back Offer Period, but does not currently plan to. If the Closing Date is changed, the change will be announced to ASX.

You will be taken to have submitted your acceptance when the Registry receives your validly signed and completed Buy-Back Acceptance Form. If you have an issuer sponsored holding or, if you have a CHESS Holding, your acceptance is processed by your controlling participant through CHESS.

When the Company receives your Acceptance Form, a contract to buy-back your Shares will be immediately formed.

9.9. Effect of accepting the Offer

The Buy-Back Acceptance Form contains detailed instructions for how to accept the Offer.

The effect of participating in the Buy-Back is that you will accept the Offer to buy your Shares on the terms and conditions set out below.

An Eligible Shareholder who submits a Buy-Back Acceptance Form will be agreeing to sell to the Company the number of Shares nominated in the Buy-Back Acceptance Form, or such lesser number of Shares as may result from the application of any adjustment to the number of Shares accepted into the Offer, contemplated by Section 9.6, on the following basis:

- the Buy-Back Price will be the amount calculated by the Company as the NTA at close of trade on the third Business Day following the Closing Date less the Buy-Back Transaction Costs;

- a contract to buy-back your Shares will be formed upon the Company receiving your Buy-Back Acceptance Form and posting an announcement on its website, and the purchase of the relevant Shares is taken to occur at that point (the date being referred to in this Shareholder Booklet as the Buy-Back Date);
- the Company posting an announcement on its website is an effective communication by the Company of the agreement to buy-back your Shares;
- you waive any requirement to receive further notice or communication from the Company of the agreement to buy-back your Shares;
- you warrant to the Company that:
 - you are the registered holder of the Shares and that all your Shares (including any rights and entitlements attaching to those Shares) that are transferred to the Company under the Buy-Back will, at the date of the transfer of them to the Company, be fully paid and free from all mortgages, charges, liens, encumbrances and interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind;
 - you have full power and capacity to sell and to transfer the Shares together with all rights attaching to such Shares; and
 - you are a person to whom the Offer may lawfully be made, can receive the proceeds of the sale of your Shares and whose participation in the Buy-Back is permitted under the laws of the jurisdiction in which you are resident;
- you authorise the Company (and its officers, agents, contractors and advisers) to correct any error in or omission from your Buy-Back Acceptance Form and/or Buy-Back Withdrawal/Amendment Form, and to insert any missing details;
- you undertake not to sell or offer to sell Shares to any other person if, as a result, you will at any time after you submit your Buy-Back Acceptance Form until the Buy-Back Date hold fewer Shares than the number of Shares you have accepted into the Buy-Back;
- you authorise the Company to procure the number of Shares accepted into the Buy-Back to be transferred to a subposition on the register of members of the Company which will prevent them from being dealt with the following receipt of your Buy-Back Acceptance Form otherwise than in accordance with the Buy-Back;
- you acknowledge that neither the Company nor any other party involved in the Buy-Back has provided you with financial product advice, or any securities recommendation, or has any obligation to provide this advice or recommendation, concerning your decision to participate in the Buy-Back;
- you authorise the Company to make payment by cheque mailed to your address shown on the register of members of the Company at 7:00pm (Sydney time) on the Closing Date, and:
 - you will be taken to have accepted the risk associated with the form of payment; and
 - the despatch of cheques to addresses as shown on the register of members of the Company at 7:00 pm on the Closing Date will satisfy the Company's obligation to pay Eligible Shareholders for any Shares bought back;
- you authorise the Company to make payment to your nominated bank account with the Registry as at the Closing Date, and:
 - you will be taken to have accepted the risk associated with the form of payment; and
 - if you have not previously notified the Registry of your nominated bank account or you would like to change your existing nominated bank account, you should contact the Registry on 1300 554 474 (within Australia) or +61 1300 554 474 (outside Australia)

Monday to Friday between 8.30am and 5:30pm (Sydney time or AEST) before the Buyback Closing Date; and

- you accept the responsibility for fully observing the laws and regulatory requirements of the relevant jurisdiction(s) that apply to you in connection with this Booklet and the Buy-Back, including the obtaining of any governmental, exchange control or other consents, the making of any filings that may be required, the compliance with other necessary formalities and the payment of any taxes or other requisite payments due in such jurisdiction;
- you recognise damages are not an adequate remedy for breach of these covenants, undertakings, agreements, representations and warranties;
- you undertake that if you breach any of these covenants, undertakings, agreements, representations or warranties you will indemnify the Company for all its costs or losses arising from the breach; and
- any obligation of the Company to buy-back Shares from you is conditional on your compliance with the covenants, undertakings, agreements, representations and warranties listed above.

9.10. Payment for Shares acquired under the Buy-Back by cheque

Despatch of cheques is expected to be completed within approximately 10 Business Days after the announcement of the outcome of the Buy-Back Price.

9.11. Withdrawing or amending acceptances

Set out below are the procedures for withdrawing or amending your acceptance. The effect of withdrawing or amending one or more of your acceptances will be to withdraw those acceptances, and, in the case of an amendment, to replace the relevant acceptances with new acceptances.

Withdrawals or amendments made in accordance with these procedures may not take immediate effect. You should take this into account if you wish to sell any Shares which you have accepted into the Buy-Back.

(a) *Issuer sponsored holdings*

To withdraw or amend an acceptance that has been received by the Registry, you will need to complete and submit a Buy-Back Withdrawal/Amendment Form, using the procedures set out on the back of the Buy-Back Withdrawal/Amendment Form.

You will need to submit your form to the address noted on the form, so that it is received by no later than 7:00pm (Sydney time) on the Closing Date. Any forms received after this time will not be effective for withdrawing or amending your acceptance.

A copy of the Buy-Back Withdrawal/Amendment Form is available by telephoning the Registry on 1300 554 474 (within Australia) or +61 1300 554 474 (outside Australia) Monday to Friday between 8.30 am and 5:30 pm (Sydney time).

(b) *CHESS Holdings*

If you have a CHESS Holding, you will need to instruct your controlling participant in sufficient time for them to process your withdrawal or amendment by 7:00 pm (Sydney time) on the Closing Date.

If you have a CHESS Holding, you should NOT send a Buy-Back Withdrawal/Amendment Form to the Registry.

After your controlling participant has withdrawn or amended your acceptance, you will be sent written confirmation from CHESS of the withdrawal/amendment made in relation to your holding by your controlling participant. Irrespective of its wording, this confirmation is not an acceptance by the Company of the withdrawal or amendment of your acceptance.

9.12. Restriction on trading accepted Shares

Shares accepted into the Buy-Back at any time during the Buy-Back Offer Period must not be sold or otherwise transferred to any other person unless they have first been withdrawn from the Buy-Back pursuant to a withdrawal or amendment made in accordance with the procedures described above.

The number of Shares in respect of which an Eligible Shareholder accepts the Offer will be removed from their holding and placed in a “subposition” in the register of members of the Company. The Eligible Shareholder will not be able to deal with those Shares until they have been released from the subposition. For the Shares to be released from that subposition, the Eligible Shareholder must withdraw or amend their acceptance in accordance with the procedures described above.

If an Eligible Shareholder sells Shares after submitting an acceptance such that at the Buy-Back Date they do not hold at least the number of Shares they successfully accepted into the Buy-Back, the Company may, in its absolute discretion and without prejudice to its other rights and remedies, reject their acceptance in its entirety or treat the acceptance as if they had accepted the Offer in respect of the number of Shares held by them at 7:00 pm (Sydney time) on the Closing Date.

9.13. Company’s right to vary dates and times or to terminate the Buy-Back

While the Company does not presently anticipate changing any of the dates and times in relation to the Buy-Back (including the Opening Date, the Closing Date and the Buy-Back Record Date), it reserves the right to vary them where lawful to do so.

Any change in date or time will take effect from the time it is authorised by the Board and will be publicly announced on the ASX as soon as practicable following the Board’s authorisation. Any such change will be taken to amend this Booklet (and the Buy-Back Acceptance Form and/or Buy-Back Withdrawal/Amendment Form) accordingly.

The Company may also decide not to proceed with the Buy-Back. Without limitation, the Company reserves the right to terminate the Buy-Back at any time prior to the date on which the Company enters into the contracts to buy-back its shares, by making an announcement to the ASX to that effect.

9.14. Company’s right to adjust or reject acceptances

The Company may, in its absolute discretion and at any time, deem any acceptance it receives to be a valid acceptance, disregard or not accept any acceptance and may waive any or all of the requirements for making, amending or withdrawing an acceptance. It may do each of these things in relation to some, all or any number of acceptances it receives.

9.15. Cancellation of bought back Shares

In accordance with the Corporations Act, all Shares bought back under the Buy-Back will be cancelled.

9.16. Governing law

Contracts under which the Company buys back certain of its Shares, and the Buy-Back generally, will be governed by the laws of New South Wales.

10. Australian taxation implications of the Buy-Back for Shareholders

10.1. Introduction

This Section 10 contains a summary of the potential Australian taxation implications of the Buy-Back for Shareholders.

The tax implications for Shareholders arising from the Buy-Back will vary depending on a Shareholder's particular circumstances.

The information set out below is provided as a general guide only based on the tax laws applicable as at the date of dispatch of this Booklet and should not be viewed as tax advice in relation to the specific circumstances of Shareholders. The information provided does not represent a complete analysis of all potential tax implications associated with the Buy-Back. Shareholders should consult their own tax advisers as to the potential tax consequences in respect of their own particular circumstances, including advice regarding tax return reporting requirements, applicable tax laws and the effect of any proposed changes in tax laws.

The general description provided in this Section is only relevant to the Australian taxation position of Shareholders who hold Shares on capital account and who continue to be Shareholders at the time the relevant transactions are undertaken. It does not apply to Shareholders who hold their Shares on revenue account or as trading stock.

Shareholders who are not residents of Australia for tax purposes should also seek their own advice in relation to the taxation consequences arising from the relevant transactions under the laws of their country of residence.

10.2. Income tax consequences of the Buy-Back for Australian resident Shareholders

Based on the NTA as at the date of dispatch of this Booklet, it is expected that the whole of the Buy-Back Price will be debited against the Company's share capital account. Accordingly, no part of the Buy-Back Price is expected to be a dividend and therefore, and no franking credits are expected to be attached to the Buy-Back Price. On this basis, an Australian resident Shareholder whose Shares are bought back under the Buy-Back should realise a capital gain or loss on the disposal of their Shares under the Buy-Back.

This capital gain or loss arises at the time the contract for the disposal is entered into. This should be when the Company accepts the Shareholder's offer to sell Shares under the Buy-Back.

The capital gain or loss that arises under the Buy-Back should equal the difference between the capital proceeds received under the Buy-Back, being the Buy-Back Price, and the cost base or reduced cost base of the Share. The capital proceeds are equal to the Buy-Back Price as this is the consideration that Shareholders are entitled to receive in respect of their disposal of Shares under the Buy-Back.

Any capital gain that arises under the Buy-Back may qualify as a discount capital gain for some Shareholders (for example, an Australian resident individual or a complying superannuation fund) if they have held their Shares for at least 12 months before disposing of them under the Buy-Back. Shareholders should obtain their own advice on the amount of any capital gain that is to be included in their taxable income.

In the event that the NTA per Share at the time of Buy-Back (after the payment of any Special Dividend) exceeds the Company's share capital account per Share, a portion of the Buy-Back Price is to be treated as a dividend and will be taxed accordingly as a dividend in the hands of Australian resident Shareholders. Shareholders will be advised of such portion, if applicable, at the time of the Buy-Back. Moreover, special rules apply to corporate entity Shareholders in respect of the calculation of a capital loss in such circumstance and therefore corporate entity Shareholders should consult their own tax advisors in this regard.

10.3. Income tax consequences of the Buy-back for non-resident Shareholders

Non-resident Shareholders will not be liable to capital gains tax in Australia for any capital gain realised from the Buy-Back on the basis that shares in the Company are not taxable Australian property.

Where a portion of the Buy-Back Price is to be treated as a dividend, such portion will be taxed accordingly as a dividend when paid to non-resident Shareholders. Shareholders will be advised of such portion, if applicable, at the time of the Buy-Back.

10.4. Goods and Services Tax (GST) and stamp duty

GST and stamp duty will not be payable on the transfer and cancellation of Shares following acceptance of Buy-Back offers.

11. Regulatory information on the Resolutions

11.1. Resolution 1 – Buy-Back

Resolution 1 approves the Company undertaking the Buy-Back.

As more than 10% of the lowest number of Shares on issue at any time during the last 12 months may be bought back under the Buy-Back, sections 257B and 257C of the Corporations Act requires the Buy-Back to be approved by Shareholders.

Accordingly, Resolution 1, if approved, operates to satisfy the requirement of sections 257B and 257C so as to permit the Company to undertake the Buy-Back.

All information known to the Company that is material to the decision how to vote on Resolution 1 is included in this Booklet, except to the extent that it would be unreasonable to require the Company to disclose the information because the Company has previously disclosed it to Shareholders.

Resolution 1 must be passed as an ordinary resolution.

11.2. Resolution 2 – Participation of the WAM Group in the Buy-Back at the Buy-Back Price

Resolution 2 approves the Company acquiring Shares from the WAM Group under the Buy-Back.

Listing Rule 10.1 provides that prior approval of shareholders is required for an acquisition by a company of a substantial asset from a related party. An asset is a substantial asset if its value, or the value of the consideration given for it, is 5% or more of the equity interests of the company set out in the latest accounts given to ASX under the Listing Rules.

The WAM Group is controlled by Geoff Wilson, a Director of the Company, and is accordingly a related party of the Company. Wilson Asset Management has indicated that the WAM Group intend to sell up to all of the Shares that it holds on the closing day of the Buy-Back Offer Period in the Buy-Back. The last Appendix 3Y lodged by Geoff Wilson indicates that, at the date of that notice (4 January 2017), the WAM Group held 25,554,472 Shares, representing 31.2% of the issued Shares.

Accordingly, Resolution 2, if approved, operates to satisfy the requirement of Listing Rule 10.1 so as to allow for the participation of the WAM Group in the Buy-Back in respect of its full shareholding.

As required by Listing Rule 10.10, a report on the acquisition of Shares from WAM Group under the Buy-Back from the Independent Expert is enclosed in this Booklet in Part C. The report is also available on CYA's website at <http://www.centuryaustralia.com.au/>.

11.3. Resolution 3 – Public Offer

Resolution 3 approves the Company issuing up to 85 million Shares under the Public Offer.

Listing Rule 7.1, known as the “15% rule”, limits the capacity of a company to issue securities without the approval of its shareholders. In broad terms, that Listing Rule provides that a company may not, in a 12-month period, issue securities equal to more than 15% of the total number of ordinary securities on issue at the beginning of the twelve-month period (subject to certain adjustments) unless the issue is approved by shareholders or otherwise it comes within one of the exceptions to Listing Rule 7.1.

Accordingly, Resolution 3, if approved, operates to satisfy the requirement of Listing Rule 7.1 so as to permit the Company to undertake the Public Offer.

The following information is required to be provided to Shareholders under the Listing Rules with respect to obtaining this approval:

- The maximum number of Shares that will be issued by the Company pursuant to the Public Offer is 85 million. See Section 3.2 for further details.

- The Shares will be issued promptly following close of the Public Offer. This is expected to occur on Friday, 2 June 2017, and in any event within 3 months of the date of the Meeting.
- The issue price of each Share will be the Public Offer Price. See Section 3.2(c) for details of the calculation of this.
- The Shares will be issued to those persons or entities that successfully apply for and are issued Shares under the Public Offer as set out in the Prospectus. GW Holdings has indicated that it will apply for up to \$2 million of Shares (or, if less, up to 2.5 million Shares). Other than GW Holdings, the identity of those persons is unknown at the date of dispatch of this Booklet.
- The terms of the Shares issued under the Public Offer will, upon issue, be identical to the terms of all other Shares (being fully paid ordinary shares in the capital of the Company).
- The funds raised from the issue of Shares under the Public Offer will be used to fund the Buy-Back and, to the extent that they exceed the amount required to fund the Buy-Back, will be invested in accordance with the new investment strategy and objectives of the Company under the New Manager Appointment (as outlined in Section 6.2).

Resolution 3 must be passed as an ordinary resolution.

11.4. Resolution 4 – Participation of GW Holdings in the Public Offer at the Public Offer Price

Resolution 4 approves the participation of GW Holdings, an entity controlled by Geoff Wilson, in the Public Offer. GW Holdings has indicated to the Company that it will subscribe for up to \$2 million of Shares (or, if less, up to 2.5 million Shares) in the Public Offer at the Public Offer Price.

Listing Rule 10.11 prohibits a company from issuing shares to a related party without shareholder approval, subject to certain exceptions. None of these exceptions apply.

Accordingly, Resolution 4, if approved, operates to satisfy the requirement of Listing Rule 10.11 so as to allow for the participation of GW Holdings in the Public Offer.

The following information is required to be provided to Shareholders under the Listing Rules with respect to obtaining this approval:

- The person who will receive the Shares is GW Holdings.
- The maximum number of Shares that will be issued to GW Holdings is 2.5 million Shares.
- The Shares will be issued promptly following close of the Public Offer, at the same time as all other Shares issued under the Public Offer. This is expected to occur on Friday, 2 June 2017, and in any event within 3 months of the date of the Meeting.
- GW Holdings is associated with Geoff Wilson, a Director.
- The issue price of each Share will be the Public Offer Price.
- A voting exclusion statement is set out in Section 12.3.
- The funds raised from the issue of Shares will be used, along with the other funds raised under the Public Offer, to fund the Buy-Back and, to the extent that they exceed the amount required to fund the Buy-Back, will be invested in accordance with the new investment strategy and objectives of the Company under the New Manager Appointment (as outlined in Section 6.2).
- The Shares issued to GW Holdings will be issued on the same terms as the Shares to be issued to unrelated parties under the Public Offer.
- The issue of Shares to GW Holdings is conditional on the issue of those Shares not resulting in GW Holdings acquiring a relevant interest in Shares in breach of the takeover provisions of

the Corporations Act. This may otherwise occur if, for example, the WAM Group does not sell all of its Shares in the Buy-Back as a result of the net tangible assets of the Company on completion of the Proposed Transactions being less than \$16 million.

Resolution 4 must be passed as an ordinary resolution.

11.5. Resolution 5 – New Manager Appointment

Resolution 5 approves the Company terminating the appointment of Perennial Value Management as investment manager of the Company and appointing MAM, part of the WAM Group, in its place.

Shareholder approval is not required for the New Manager Appointment (see Section 5.2(c)), however the Company and WAM Group do not wish to proceed with this without obtaining approval of Non-Associated Shareholders. Accordingly, the Company is putting the New Manager Appointment to a vote at the Meeting.

Resolution 5, if approved, operates to approve the Company proceeding with the New Manager Appointment.

Resolution 5 must be passed as an ordinary resolution.

11.6. Resolution 6 – Director Appointment

Resolution 6 approves the appointment of Chris Stott as a Director of the Company.

Under rule 6.2 of the Constitution, the Company may by resolution elect an eligible person as a Director.

Accordingly, Resolution 6, if approved, operates to satisfy the requirement of rule 6.2 so as to elect Chris Stott as a Director of the Company.

Resolution 6 must be passed as an ordinary resolution.

12. Additional information

12.1. Introduction

This Section includes additional information that the Company considers is material to the decision on how to vote on the Resolutions to be considered at the Meeting.

12.2. Material contracts

(a) *MAM Investment Management Agreement*

Set out below is a summary of the terms of the investment management agreement between Century and MAM.

(i) *Conditions*

The agreement is conditional on Shareholders approving all Resolutions and commences once these conditions have been satisfied.

(ii) *Powers of MAM*

Subject to the Corporations Act, the Listing Rules and any written guidelines issued by the Company, MAM will invest money constituted in or available to the investment portfolio in making, holding, realising and disposing of investments on behalf of the Company. Any investment outside the written guidelines of the Board requires Board approval.

Subject to the above, MAM has absolute and unfettered discretion to manage the portfolio of investments and to do all things considered necessary or desirable in relation to the investment portfolio, including, without limitation:

- investigation, negotiation, acquisition, or disposal of every investment;
- to sell, realise or deal with all or any of the investments or to vary, convert, exchange or add other investments;
- if any investments are redeemed or the capital paid on it is wholly or partly repaid by the entity by which that investment was created or issued:
 - to convert that investment into some other investment;
 - to accept repayment of the capital paid or advance on the investment and any other monies payable in connection with that redemption or repayment; and
 - to invest any of those monies into the investment;
- retain or sell any shares, debentures or other property received by the Company by way of bonus, or in satisfaction of a dividend in respect of any investments or from amalgamation or reconstruction of any company;
- to sell all or some of the rights to subscribe for new securities in an investment, to use all or part of the proceeds of sale of such rights for the subscription for securities or to subscribe for securities pursuant to those rights; and
- with the approval of the Company, to make or redeem any mortgage, loan or other security.

(iii) Authorised investments

Investments that may be made by MAM will be the same as those permitted under the current investment management agreement with Perennial Value Management, being:

- ASX-listed securities;
- unlisted securities which MAM expects will be quoted on ASX, provided not more than 10% of the value of the portfolio may be held in unlisted securities at any one time and not more than 2.5% of the value of the portfolio may be held in any one unlisted security;
- bank deposits;
- bank accepted or endorsed bills;
- interest bearing securities carrying a guarantee from the Commonwealth of Australia or any State or Territory of Australia;
- equity derivatives of the following type:
 - Share Price Index futures and options on the Share Price Index futures; and
 - Call & Put options, including warrants on any authorised equity Investment,

or any other financial products as agreed by the Company and MAM from time to time.

(iv) Investment parameters

MAM must adhere to certain investment parameters. These are substantially the same as apply to Perennial Value Management, in particular:

- Derivatives cannot be used to gear the Portfolio. Gearing occurs when the exposure of the Portfolio to the market is greater than the cash value of the Portfolio. That is, the Portfolio is effectively 'overinvested'.
- Authorised derivative instruments may only be used in limited circumstances. For example, SPI futures may be used as a short term mechanism to change market exposure more efficiently and at a lower transaction cost, particularly when controlling large cash flows in or out of the Portfolio. Exchange traded options may be used as an alternative to the direct purchase or sale of physical securities where the execution of the direct physical security is unable to be executed within the desired time frame.
- Minimum of 50% of the Value of the Portfolio to be invested in the Australian stock market through both physical equity securities and derivatives (measured on an effective exposure basis).
- The Portfolio is expected to be fully invested with the maximum holdings in cash or cash equivalents to be limited to 50% of the value of the Portfolio, as far as practicable.
- Minimum market capitalisation of any stocks held is \$50 million. However, the Portfolio may hold up to 5% of the securities of any class on issue (other than ordinary) in entities with a market capitalisation of less than \$50 million.
- Maximum investment in any one stock is 12.5% of issued capital of that entity.

- The Portfolio will hold a minimum exposure to 20 entities (may include listed trusts) and a maximum exposure to 100 entities.
- The Portfolio cannot hold Securities in entities that are not domiciled in Australia or New Zealand.
- The Portfolio cannot be geared. A maximum of 100% is to be invested in equity exposure on an effective exposure basis, where equity exposure includes physical equity securities, derivatives, underwriting commitments, sub-underwriting commitments or firm placements at any point in time.
- Maximum exposure to underwriting (including sub-underwriting) is 10% of the value of the Portfolio. Exposure to underwriting (including sub-underwriting) is measured on a fully exposed basis (that is, assuming the amount underwritten is required to be purchased in full).
- The total of all options on physical stock must not exceed 10% of the value of the Portfolio (measured on an effective exposure basis).
- All long (bought) equity derivative positions measured on an effective exposure basis are to be fully backed by cash investments as authorised maturing within 6 months. Long equity positions include bought SPI futures positions and bought call options or sold put options on SPI futures positions or shares.
- All short (sold) options exposures on individual shares will need to be covered by the equivalent number of underlying physical units. Sale of an uncovered call option or the purchase of an uncovered put option is not permitted.
- MAM is permitted to accept on behalf of the Portfolio, insofar as is reasonably practical, all buy-back offers available to the Portfolio. MAM will refer each buy-back scenario relating to the holdings in the Portfolio to the Company. MAM may exercise its discretion in respect of any buy-back opportunity if the Company does not provide instructions to the Manager within any timeframes reasonably required by the Manager.

However, the individual stock index weighting, sectoral weighting and tracking error restrictions that apply to Perennial Value Management in the current investment management agreement do not apply to MAM. Accordingly, the MAM investment parameters may result in greater exposure to a number of stocks or sectors.

MAM must comply with these investment parameters unless otherwise agreed by the Company.

(v) *Monthly valuations*

MAM must provide such information regarding the portfolio to the Company to enable the Company to value the investment portfolio at least monthly.

(vi) *Management fee*

In return for the performance of its duties as the Company's manager, MAM would be entitled to a monthly management fee equal to 0.0833334% (plus GST) of gross assets of the portfolio calculated on the last business day of each month (comparable to a fee of 1% per annum (plus GST)) (**Management Fee**).

(vii) *Performance Fee*

MAM would be entitled to be paid a fee (**Performance Fee**) in respect of each performance calculation period, subject to the following provisions, of 20% (plus GST) of a base amount where the base amount is calculated in accordance with the following formula, subject to recoupment of prior underperformance:

$$BA = (FV - IV) - \left[IV \times \frac{(FI - II)}{II} \right]$$

where:

BA is the base amount to be used in calculating the Performance Fee outlined above;

FV is the value of the portfolio, before corporate expenses and taxes and after payment of Management Fees, calculated on the last Business Day of a Performance Calculation Period;

IV is the value of the portfolio, before corporate expenses and taxes and after payment of Management Fees, calculated on the last Business Day of the preceding Performance Calculation Period;

FI is the level of the S&P/ASX 300 Accumulation Index published by ASX on the last Business Day of that Performance Calculation Period; and

II is the S&P/ASX 300 Accumulation Index published by ASX calculated on the last Business Day of the preceding Performance Calculation Period.

The Performance Calculation Periods are at six monthly intervals and is:

- the period from the date of the MAM Investment Management Agreement to 30 June 2017;
- the period from the first day after the preceding Performance Calculation Period to 30 June or 31 December;
- if the term of the Management Agreement expires on a day other than 30 June or 31 December, the last Performance Calculation Period is the period from the first day after the preceding Performance Calculation Period and the date that the Management Agreement is terminated.

The following factors are considered for MAM's Performance Fee:

- if the amount calculated for BA above is a negative number, no Performance Fee is payable in respect of that Performance Calculation Period. Where the amount calculated is a negative, it is to be carried forward to the following Performance Calculation Period(s) until it has been recouped in full against future performance fees payable;
- where the ASX or equivalent authority ceases to publish the S&P/ASX 300 Accumulation Index, then the published index which most closely resembles it must be used for the purposes of calculation of the Performance Fee;
- the Performance Fee calculation methodology may be reassessed every five years, in line with each anniversary of the five-year term of the MAM Investment Management Agreement at MAM's discretion, after agreement with the Board. A performance fee structure incentivises MAM to outperform the relevant benchmark;
- if the Management Agreement is terminated on a day other than the last Business Day of a month, the Performance Fee for that Performance Calculation Period will be determined on the last Business Day of the term;
- in calculation of the Performance Fee for a Performance Calculation Period and any negative performance recoupment, changes in the value of the portfolio as a result of the issue of securities, capital, share buyback and dividend distributions by the Company will be disregarded or adjusted for in a

manner determined by the Company's auditor at the conclusion of that Performance Calculation Period;

- the Company must indemnify MAM against any GST payable in respect of any Management Fee or Performance Fee due to the Manager.

(viii) *Expenses*

The Company would be liable for and must pay out of the portfolio or reimburse MAM for the following fees, costs and expenses when properly incurred in connection with the investment and management of the portfolio of the Company or the acquisition, disposal or maintenance of any investment:

- fees payable to any securities exchange, ASIC or other regulatory body;
- all costs, stamp duties, financial institutions duties, bank account debits, custody fees, tax and legal fees and other duties, taxes, fees, disbursements and expenses, commissions and brokerage incurred by the Company or MAM in connection with:
 - the acquisition and negotiation of any investment or proposed investment;
 - any sale or proposed sale, transfer, exchange, replacement or other dealing or proposed dealing with or disposal or proposed disposal of any investment;
 - the receipt of income or other entitlements from the investments of the portfolio;
 - the engagement of a custodian to hold an investment on behalf of the Company;
 - outgoings in relation to the portfolio of the company such as rates, levies, duties, taxes and insurance premiums;
 - marketing expenses including website and research reports approved by the Company; and
 - company secretarial costs of the Company; and
 - all accounting and audit costs of the Company whether or not in relation to the Portfolio.

Wilson Asset Management is solely responsible for payment of the fees of any investment manager engaged by MAM to assist it in undertaking its duties under the management agreement.

(ix) *Assignment*

MAM may not assign all or any of its right, title and interest in the MAM Investment Management Agreement to a third party except with the prior consent in writing of the Company, which consent must not be unreasonably withheld or delayed.

(x) *Term of agreement*

Under the MAM Investment Management Agreement, MAM will be engaged by the Company to manage the investment portfolio. The term of this arrangement is for an initial 5-year period and automatically extends for successive 5 year periods thereafter.

After the initial 5 year term the Company may terminate the agreement on 3 months' notice if directed to do so by Shareholder resolution and MAM may terminate on 6 months' notice.

(xi) *Indemnities*

The Company must indemnify MAM against any losses or liabilities reasonably incurred by MAM arising out of, or in connection with, and any costs, charges and expenses incurred in connection with MAM or any of its officers, employees or agents acting under the MAM Investment Management Agreement or on account of any bona fide investment decision made by MAM or its officers or agents except insofar as any loss, liability, costs, charge or expense is caused by the breach of contract, negligence, fraud or dishonesty of MAM or its officers or employees.

MAM must indemnify the Company against any losses or liabilities reasonably incurred by the Company arising out of, or in connection with, and any costs, charges and expenses incurred in connection with, any breach of contract, negligence, fraud or dishonesty of MAM or its officers or supervised agents.

(b) *Perennial Value Management termination letter*

The Board provided notice of termination to Perennial Value Management on 19 December 2016 of its management agreement with the Company, subject to the approval of the Resolutions. If the Resolutions are not passed or the transactions described within them do not proceed, the Company will request Perennial Value Management to continue its management of the Company's portfolio.

The Board would like to take the opportunity to thank Perennial Value Management for its contribution to the Company over the past 5½ years. The Board has been very happy with the performance of the portfolio of the Company under Perennial Value Management's management and would not seek to terminate this arrangement in the absence of the proposal from Wilson Asset Management.

12.3. Voting exclusion statements

The Company will disregard any votes cast on:

- Resolution 2 by the WAM Group and the Company and any associates of those persons;
- Resolution 3 by persons who may participate in the proposed issue of Shares under the Public Offer and a person who might obtain a benefit as a result of the proposed issue of Shares under the Public Offer (except a benefit obtained solely in the capacity as a Shareholder, if the Resolution is passed) (including members of the WAM Group) and any associates of those persons;
- Resolution 4 by GW Holdings and any associates of GW Holdings (including Geoff Wilson and members of the WAM Group); and
- Resolution 5 by MAM and any associates of MAM (including other members of the WAM Group).

However, the Company will not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

In addition, Wilson Asset Management has advised the Company that the WAM Group will not vote on the Resolution to approve the Buy-Back (Resolution 1).

12.4. ASIC relief

The proposed Buy-Back does not technically comply with the requirements under the Corporations Act for an equal access buy-back. Accordingly, absent of relief from ASIC, it would be treated as a selective buy-back for the purposes of the Corporations Act and, rather than requiring approval by ordinary resolution of Shareholders, it would require approval by a special resolution on which no votes may be cast by Shareholders whose Shares are proposed to be bought back.

The Company has applied for and received an exemption under Section 257D(4) of the Corporations Act. This exemption permits the Company to conduct the Buy-Back in substantially the same manner as an equal access buy-back in accordance with Division 2 of Part 2J of the Corporations Act, except that:

- the Company does not comply with paragraph 257B(2)(b) of the Corporations Act but rather invites all Shareholders (other than excluded foreign persons) to offer for sale any number of their Shares in accordance with the terms and conditions of the Buy-Back invitation;
- the Company does not comply with paragraph 257B(2)(c) of the Corporations Act but rather all Shareholders (other than excluded foreign persons) have a reasonable opportunity to offer for sale any number of their Shares in accordance with the terms and conditions of the Buy-Back invitation;
- the Company does not comply with paragraph 257B(2)(d) of the Corporations Act but rather the buy-back agreements are entered into before the Buy-Back Offer Period has closed; and
- the Company does not comply with paragraph 257B(2)(e) of the Corporations Act but rather the Buy-Back invitation is to be made to all Shareholders (other than excluded foreign persons) for those Shareholders to offer any number of their Shares for sale to the Company and for the Company to buy-back that number of their Shares subject to:
 - each Shareholder having the ability to nominate a maximum number of Shares which they wish to offer for sale to the Company; and
 - a Buy-Back invitation need not be made to excluded foreign persons and any offer received from an excluded foreign person need not be accepted by the Company; and

provided that the Company complies with section 257C of the Corporations Act if the Buy-Back will or may exceed the 10/12 limit as set out in subsections 257B(4) and 257B(5) of the Corporations Act.

12.5. ASX waivers and confirmation

The Company has applied for and received from ASX a waiver of:

- Listing Rule 7.3.3 to the extent necessary to permit this Booklet not to include a fixed or minimum price for the Public Offer that is at least 80% of the volume weighted average market price for Shares calculated over the last 5 days on which sales in Shares were recorded before the day on which the issue is made, subject to the following conditions:
 - the Booklet states the maximum number of Shares which will be issued to the recipients;
 - to the satisfaction of ASX, the Booklet discloses the formula (with worked examples) pursuant to which the number of Shares to be issued to the recipients will be calculated;
 - to the satisfaction of ASX, the Booklet discloses the formula (with worked examples) pursuant to which the issue price of the shares to be issued to the recipients will be calculated; and

- the Company releases the terms of this waiver to the market no later than the date the Booklet is released to the market; and
- Listing Rules 10.13.3 and 10.13.5 to the extent necessary to permit this Booklet not to state the Shares to be issued under the GW Holdings Public Offer Participation will be issued within 1 month from the date of the Meeting, and not to include the issue price, subject to the following conditions:
 - the Booklet states that the Shares will be issued to GW Holdings at the same time as all Shares are issued under the Public Offer, and in any event no later than 3 months of the date of the Meeting;
 - the Booklet states that the Shares will be issued to GW Holdings at an issue price per Share equal to:
 - (a) the net tangible asset backing per Share (excluding any deferred taxes) at close of trade on the third business day following the expiry of the Public Offer period;
 - (b) less a deduction of the first \$200,000 of transaction costs incurred by the Company on a per Share basis; and
 - (c) multiplied by an uplift factor calculated by dividing the amount of the balance of the Public Offer transaction costs by the gross amount raised under the Public Offer, and adding 1 to the result;
 - the Booklet states that the Shares will be issued to GW Holdings on the same terms as the Shares to be issued to unrelated parties under the Public Offer; and
 - the Company releases the terms of the waiver to the market no later than the date the Booklet is released to the market.

In addition, ASX has confirmed that Listing Rules 11.1.2 and 11.1.3 do not apply to the Proposed Transactions.

12.6. Company is a disclosing entity

As a company listed on the ASX and a “disclosing entity” under the Corporations Act, the Company is subject to regular reporting and disclosure obligations which require it to announce price sensitive information as soon as it becomes aware of that information. The Company’s most recent announcements are available from ASX’s website. Further announcements concerning the Company will continue to be made available on ASX’s website after the date of this Booklet.

The Company is required to lodge various documents with ASIC. Copies of documents lodged with ASIC by the Company may be obtained, or inspected at, ASIC offices.

12.7. Independent advice

Shareholders should consult their legal, financial, taxation or other professional adviser if they have any queries regarding:

- the Proposed Transactions;
- the taxation implication for them if the Proposed Transactions are implemented; or
- any other aspects of this Booklet.

12.8. Other material information

The Company will issue a supplementary document to this Booklet if it becomes aware of any of the following between the date of despatch of this Booklet and the date of the Meeting:

- a material statement in this Booklet is false or misleading in a material respect;
- a material omission from this Booklet;
- a significant change affecting a matter included in this Booklet; or
- a significant new matter has arisen and it would have been required to be included in this Booklet if it had arisen before the date of lodgement of this Booklet for registration by ASIC.

Depending on the nature and timing of the changed circumstances and subject to obtaining any relevant approvals, the Company may circulate and publish any supplementary document by:

- making an announcement to the ASX; and/or
- placing an advertisement in a prominently published newspaper which is circulated generally throughout Australia; and/or
- posting the supplementary document to Shareholders at their registered address as shown in the register of members of the Company; and/or
- posting a statement on the Company's corporate website,

as the Company in its absolute discretion considers appropriate.

13. Glossary and interpretation

13.1. Glossary

The following terms used in this Booklet (including the Notice of Meeting included with this Booklet) have the meanings given to them below, unless the context otherwise requires.

ASIC	Australian Securities & Investment Commission
ASX	ASX Limited (ACN 008 624 691) or, as the context requires, the financial market conducted by it
Booklet	this Booklet comprising the Notice of Meeting, the Explanatory Memorandum and the Independent Expert's Report
Business Day	Monday to Friday, inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day
Buy-Back	the buy-back of Shares by way of a tender process as set out in the Buy-Back Documents and described in Sections 2.2 and 9
Buy-Back Acceptance Form	the form of offer by an Eligible Shareholder to sell Shares to the Company under the Buy-Back, which is to be sent to Eligible Shareholders following the Buy-Back Record Date, or represented by instructions from a CHESS Holder's controlling participant (and includes a Buy-Back Acceptance Form amended in accordance with the procedures set out in the Buy-Back Documents)
Buy-Back Documents	this Booklet, the Buy-Back Acceptance Form and the Buy-Back Withdrawal/Amendment Form
Buy-Back Offer	a Shareholder's offer to sell Shares to the Company on the terms and conditions set out in the Buy-Back Documents as amended in accordance with the procedures set out in the Buy-Back Documents
Buy-Back Offer Period	the period within which Eligible Shareholders may lodge, withdraw or amend a Buy-Back Offer in accordance with the Buy-Back Documents
Buy-Back Price	the NTA at close of trade on the third Business Day following the expiry of the Buy-Back Offer Period less the Buy-Back Transaction Costs
Buy-Back Record Date	7:00 pm (Sydney time) on Monday, 24 April 2017, unless the Company announces a later date
Buy-Back Transaction Costs	the aggregate transaction costs incurred by the Company in proposing and undertaking the Buy-Back divided by the number of Shares to be bought back by the Company under the Buy-Back, rounded to the nearest ten thousandth of a cent
Buy-Back Withdrawal / Amendment Form	the form entitled 'Buy-Back Withdrawal/Amendment Form', a copy of which is to be sent to Eligible Shareholders with the Buy-Back Acceptance Forms, that is required to withdraw or amend a previously submitted Buy-Back Offer
CFA	Chartered Financial Analyst
Change of Investment Manager	the New Manager Appointment and the Director Appointment
Closing Date	7:00 pm (Sydney time) on Friday, 19 May 2017, unless the Company announces a later date
Company	Century Australia Investments Limited (ABN 11 107 772 761)

Constitution	the constitution of the Company
Corporations Act	<i>Corporations Act</i> 2001 (Cth)
Director	a director of the Company
Director Appointment	the appointment of Mr Chris Stott as a Director described in Section 5.3
Eligible Shareholder	a Shareholder (other than an Ineligible Shareholder) on the Buy-Back Record Date
Explanatory Memorandum	the explanatory memorandum set out in this Booklet
GW Holdings	GW Holdings Pty Limited (ACN 102 329 377)
GW Holdings Public Offer Participation	the participation of GW Holdings in the Public Offer described in Section 3.3
Independent Directors	Robert Turner, Stephen Menzies and Ross Finley
Independent Expert	Grant Thornton Corporate Finance Pty Ltd (ACN 003 265 987)
Independent Expert's Report	the report provided by the Independent Expert accompanying this Booklet
Ineligible Shareholder	<p>a Shareholder on the Buy-Back Record Date:</p> <ul style="list-style-type: none"> ➤ to whom the Company would be prohibited from paying money pursuant to relevant laws prohibiting the Company from making payments to certain foreign persons; ➤ to whom the invitation to make a Buy-Back Offer may not be lawfully made under the laws of the jurisdiction in which they are resident; or ➤ whose participation in the Buy-Back is not permitted under the laws of the jurisdiction in which they are resident.
Interim Dividend	an interim dividend for the half year ended 31 December 2016
LIC	listed investment company
Listing Rules	the listing rules of ASX
MAM	MAM Pty Limited (ACN 100 276 542)
MAM Investment Management Agreement	the investment management agreement between the Company and MAM described in Section 12.2(a)
Management Fee	the fee payable to MAM under the MAM Investment Management Agreement which is described in Section 12.2(a)(vi)
Meeting	the meeting of Shareholders being convened by the Directors pursuant to the Notice of Meeting
New Manager Appointment	the appointment of MAM as the investment manager of the Company in place of Perennial Value Management described in Section 5.2
Non-Associated Shareholders	Shareholders other than the WAM Group, the Company and their associates
Notice of Meeting	the notice of meeting set out in this Booklet
NTA	net tangible asset backing per Share (excluding any deferred taxes) i.e. the liquidation value of the Company
Offer	The offer in respect of the Buy-Back to Eligible Shareholders described in Section 9

Opening Date	Friday, 28 April 2017, unless the Company announces a later date
Perennial Value Management	Perennial Value Management Limited (ACN 090 879 904)
Performance Fee	the fee payable to MAM under the MAM Investment Management Agreement which is described in Section 12.2(a)(vii)
Proposed Transactions	the Buy-Back, the WAM Group Buy-Back Participation, the Recapitalisation and the Change of Investment Manager
Prospectus	the prospectus to be issued by the Company in respect of the Public Offer
Public Offer	the public offer of Shares by the Company by way of prospectus described in Section 3.2
Public Offer Period	the period in which applicants may subscribe for Shares under the Public Offer as described in Section 3.2(e)
Public Offer Price	the price payable for Shares in the Public Offer as described in Section 3.2(c)
Recapitalisation	the Public Offer and the GW Holdings Public Offer Participation
Registry	Link Market Services Limited (ACN 083 214 537)
Resolutions	the resolutions set out in the Notice of Meeting
Section	a section of the Explanatory Memorandum
Share	a fully paid ordinary share in the capital of the Company
Shareholder	a registered holder of Shares
Special Dividend	the special dividend that may be declared by the Board as referred to in Section 4.8
WAM Group	WAMI, MAM, WAM Capital Limited (ACN 086 587 395), WAM Research Limited (ACN 100 504 541), WAM Active Limited (ACN 126 420 719), WAM Leaders Limited (ACN 611 053 751) and Botanical Nominees Pty Limited (ACN 081 032 000) as trustee for the Wilson Asset Management Equity Fund
WAM Group Buy-Back Participation	the participation of the WAM Group in the Buy-Back described in Section 2.3
WAMI	Wilson Asset Management (International) Pty Ltd (ACN 081 047 118)
Wilson Asset Management	WAMI and MAM

13.2. Glossary

In this Booklet, unless the context requires otherwise:

- the singular includes the plural and vice versa;
- words importing one gender include other genders;
- other parts of speech and grammatical forms of a word or phrase defined in this document have a corresponding meaning;
- terms used in this Booklet and defined in the Corporations Act have the meanings assigned to them in the Corporations Act;
- a reference to currency is to Australian dollars; and
- a reference to time is to time in Sydney, New South Wales, Australia unless otherwise noted.

Part C: Independent Expert's Report

Century Australia Investments Limited

Independent Expert's Report and Financial Services Guide

9 March 2017



Grant Thornton

An instinct for growth™

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9 March 2017

Dear Independent Directors

Independent Expert's Report and Financial Services Guide

Introduction

Century Australia Investments Limited ("CYA" or "the Company") is a public company listed on the Australian Securities Exchange ("ASX"). CYA is a listed investment company ("LIC") which is managed externally by Perennial Value Management Limited ("Perennial"). As at 16 February 2017, CYA had a market capitalisation of approximately \$76.5 million.

Wilson Asset Management is an Australian investment management group that is controlled by Mr Geoff Wilson. Wilson Asset Management consists of two management companies, Wilson Asset Management (International) Pty Ltd and MAM Pty Limited. Wilson Asset Management is the investment manager of four LICs and an unlisted fund with approximately \$1.9 billion in funds under management ("FUM") and currently holds approximately 31.2% of the issued capital of CYA. Wilson Asset Management together with the entities it manages comprises the WAM Group. Mr Geoff Wilson is a director of both CYA and each of the members of the WAM Group.

On 13 December 2016¹, CYA announced that it had been approached by Wilson Asset Management to implement a number of transactions comprising the following ("the Proposed Transaction"):

- *Share Buy-Back (or "Buy-Back")*: the Company to offer to buy-back from all the shareholders of CYA ("CYA Shareholders") up to 100% of their shares in CYA ("CYA Shares") at a price equivalent to the net tangible assets backing ("NTA") (excluding deferred taxes), less transaction costs in relation to the Buy-Back attributable to the shares being bought back ("the

¹ On 22 November 2016, the Company announced that WAM had approached the Company with a proposed restructuring. On 13 December 2016, the Company announced that it had received a formal proposal from WAM.

Buy-Back Price”). The NTA considered in the Buy-Back Price will be the NTA at the close of trade on the third business day following expiry of the Buy-Back offer period².

Subject to CYA Shareholders approving the Proposed Transaction³, the Board intends to pay an interim dividend as well as a special dividend to all the CYA Shareholders⁴ on a record date shortly after the date of the meeting at which the Proposed Transaction is approved.

Whilst the actual Buy-Back Price will be determined having regard to the NTA at completion, based on the December 2016 NTA per share (excluding deferred tax balance) of 94.17 cents per share and the anticipated amounts for the interim and special dividend of 2.7 cents per share, the Buy-Back Price (calculated after payment of these dividends) would be 91.27 cents per share⁵ if 100% of CYA Shareholders participate in the Buy-Back. As discussed before, the transaction costs in relation to the Buy-Back (circa \$170,000) are borne only by those CYA Shareholders participating in the Buy-Back. Accordingly, if a limited number of CYA Shareholders participate in the Buy-Back, the Buy-Back Price is reduced.

- *Public Offer*: issue of new CYA Shares to the existing CYA Shareholders and members of the public to raise up to \$75 million. The mechanics to calculate the price at which CYA Shares will be issued under the Public Offer (“Public Offer Price”) are set out in Section 3.2 (c) of the Shareholder Booklet.

The maximum number of shares that can be issued under the Public Offer will be 85 million shares, or any lesser number of shares that results in proceeds of \$75 million.

We note that GW Holdings (an entity controlled by Mr Geoff Wilson) intends to subscribe for up to 2.5 million shares, or any lesser number of shares that result in a total subscription price of \$2 million, under the Public Offer. This is subject to the net tangible assets of the Company upon completion of the Proposed Transaction being at least \$16 million.

Whilst the actual Public Offer Price will be determined having regard to the NTA at close of trade on the third business day following the expiry of the public offer period, based on the December 2016 NTA per share of 94.17 cents, the Public Offer Price would be 92.14 cents per share⁶.

² The period within which CYA Shareholders may lodge, withdraw or amend their acceptance of the Share Buy-Back. As mentioned in Section 2.2 (c) of the Shareholder Booklet, this starts from 28 April 2017 and ends on 19 May 2017.

³ The Company will declare the special dividend upon approval of the resolutions for the Share Buy-Back, Public Offer and change in investment manager. Refer to Section 4.8 of the Shareholder Booklet for further details.

⁴ If the required conditions are satisfied, the Company will distribute the special dividend to all the CYA Shareholders, whether or not they intend to participate in the Proposed Transaction.

⁵ The Buy-Back Price is determined as NTA per share excluding deferred tax balance (94.17 cents per share), less special dividend and interim dividend payable (2.7 cents per share), less transaction costs (0.21 cents per share, assuming that all the CYA Shareholders participate in the Share Buy-Back).

⁶ The Public Offer Price is determined as NTA per share excluding deferred taxes (94.17 cents per share) less special dividend and interim dividend payable (2.7 cents per share) less \$200,000 forming part of the transaction costs in relation to the Public Offer (0.24 cents per share) multiplied by an uplift factor assuming aggregate transaction costs in relation to the Public Offer of \$950,000 and gross amount raised under the Public Offer of \$75 million (1.01). Refer to Section 3.2 of the Shareholder Booklet for details.

- *Change in the investment manager:*
 - The replacement of Perennial, the current investment manager of CYA, with MAM Pty Limited (“MAM”), a member of the WAM Group, by entering into a new investment management agreement (“New IMA”).
 - Election of Mr Chris Stott⁷, the WAM Group’s Chief Investment Officer, to the Board of CYA.

The Share Buy-Back, the Public Offer and the change of the investment manager are all inter-dependent between each other and all need to be implemented for the Proposed Transaction to proceed.

The Share Buy-Back and Public Offer will be open to all CYA Shareholders on an equal basis, and participation by CYA Shareholders will be entirely voluntary.

Subject to the independent expert concluding and not changing its conclusions that the Share Buy-Back is fair and reasonable to the CYA Shareholders and the participation of the WAM Group in the Share Buy-Back is fair and reasonable to CYA Shareholders other than the WAM Group/GW Holdings (“the Non-Associated Shareholders”), the Independent Directors⁸ have unanimously recommended that CYA Shareholders vote in favour of the resolution to effect the Proposed Transaction. The Independent Directors also intend to vote all CYA Shares held or controlled by them in favour of the Proposed Transaction.

The WAM Group does not intend to vote on the resolution to approve the Buy-Back but intends to participate in the Buy-Back in relation to all shares of CYA that it holds. However, if this would cause the net tangible assets of the Company on completion of the Proposed Transaction to be less than \$16 million⁹, the WAM Group will sell a lesser number of CYA Shares under the Buy-Back so as to ensure that the net tangible assets of the Company will not be less than \$16 million. The CYA Shareholders other than the WAM Group (“Non-Associated Shareholders”) will be entitled to offer up to 100% of their shares under the Share Buy-Back, on the same terms and conditions as offered to the WAM Group (except the pro-rata reduction based on net tangible assets post completion of the Proposed Transaction). CYA Shareholders electing to participate in the Share Buy-Back will not incur brokerage costs.

We note that if WAM does not sell all its shares under the Buy-Back (as a result of the net tangible assets of the Company upon completion of the Proposed Transaction reducing below \$16 million), GW Holdings may not acquire shares in the Public Offer and WAM will continue to have voting power in excess of 20% upon completion of the Proposed Transaction.

⁷ Mr Chris Stott joined WAM in 2006 and has over 13 years’ experience in the funds management industry.

⁸ Being Mr Rob Turner, Mr Ross Finley and Mr Stephen Menzies. The Board does not consider Mr Geoff Wilson to be independent for the purpose of considering the Proposed Transaction and accordingly, he does not make a recommendation in relation to the Proposed Transaction.

⁹ This may occur if, for example, the 100% of CYA Shareholders participate in the Buy-Back and the total subscriptions under the Public Offer are less than \$16 million.

Purpose of the report

The Independent Directors have engaged Grant Thornton Corporate Finance Pty Ltd (“Grant Thornton Corporate Finance”) to prepare an Independent Expert’s Report stating whether the Share Buy-Back is fair and reasonable to the CYA Shareholders in accordance with the requirements of Australian Securities and Investment Commission (“ASIC”) Regulatory Guide 110 “Share buy-backs” (“RG 110”) and whether the acquisition by CYA of the CYA Shares from the WAM Group under the Buy-Back is fair and reasonable to the Non-Associate Shareholders in accordance with the requirements of ASX Listing Rule 10.1.

Grant Thornton Corporate Finance has not been engaged to form an opinion, and it has not formed an opinion, in relation to the fairness and reasonableness of the change in the investment manager and the Public Offer.

In preparing the Independent Expert’s Report, Grant Thornton Corporate Finance has had regard to Australian Securities and Investment Commission (“ASIC”) Regulatory Guide 111 *Contents of expert reports* (“RG 111”) and Regulatory Guide 112 *Independence of experts* (“RG 112”).

The final Buy-Back Price will not be known until the expiry of the Share Buy-Back offer period. As such, for the purpose of this report, we have based our valuation on the most recent share market prices of CYA’s investment portfolio and the most recent financial position of CYA made available to us, being the financial position as at 31 December 2016.

Conclusion

Grant Thornton Corporate Finance has concluded that:

- **the Share Buy-Back is fair and reasonable to CYA Shareholders if more than 53.1% of the current outstanding CYA Shareholders participate in the Buy-Back.**
- **the participation of the WAM Group in the Share Buy-Back is fair and reasonable to Non-Associated Shareholders.**

We note that the Buy-Back Price received by CYA Shareholders participating in the Buy-Back is reduced by the Buy-Back transaction costs of circa \$170,000. Accordingly, the smaller the percentage of CYA Shareholders participating in the Buy-Back, the lower the Buy-Back Price as the Buy-Back transaction costs will be shared among a fewer number of participating CYA Shareholders.

If less than 53.1% of the current outstanding CYA Shares participate in the Buy-Back¹⁰, the Buy-Back Price will be slightly unfair (i.e. the Buy-Back Price will be only 0.3% lower than the low-end of our valuation assessment). However, under these circumstances, we are of the opinion that the Buy-Back is reasonable, having regard to the reasonableness considerations outlined below.

¹⁰ We note that the WAM Group currently holds approximately 31.2% of the issued capital and it intends to participate in the Buy-Back.

Notwithstanding the Independent Directors have engaged Grant Thornton Corporate Finance to only provide an opinion on the Share Buy-Back, including the WAM Group's participation, we note that the Buy-Back is interdependent with the Public Offer and the change in the investment manager. Accordingly, we note the following:

- We have conducted a benchmark analysis of the terms of the New IMA with those offered by other LICs (refer to Section 7 of this report). Based on our analysis, the terms of the New IMA appears substantially in line with the market from a materiality perspective and accordingly they are considered to be at arms' length.
- The mechanism to determine the Public Offer Price (92.14 cents per share based on the 31 December 2016 balance sheet) is substantially equivalent to the mechanism to determine the Buy-Back Price (91.27 cents per share based on the 31 December 2016 balance sheet). As we have concluded that the Share Buy-Back is fair and reasonable, we would have a similar opinion in relation to the Public Offer.

Based on the above, whilst we have only been engaged to form an opinion on the Buy-Back, we consider that the Proposed Transaction is FAIR and REASONABLE to the CYA Shareholders, provided that more than 53.1% of the current CYA Shareholders participate in the Share Buy-Back.

Fairness of the Share Buy-Back to CYA Shareholders

In forming our opinion on the fairness of the Share Buy-Back, Grant Thornton Corporate Finance has compared the fair market value of the CYA Shares with the Buy-Back Price. We note that the Buy-Back Price varies depending on the number of shares bought back given that the Buy-Back transaction costs are only shared among those CYA Shareholders participating in the Buy-Back. As a result, the Buy-Back Price will decrease as the participation in the Share Buy-Back decreases. Our assessment of the fairness of the Share Buy-Back under different levels of participation is set out below.

Fairness assessment cents per share	Section Reference	Participation in Share Buy-Back (% of share capital) ¹											
		31.2%		50.0%		53.1%		66.0%		75.0%		100.0%	
		Low	High	Low	High	Low	High	Low	High	Low	High	Low	High
Fair market value of CYA Shares on a control basis	6	91.08	94.26	91.08	94.26	91.08	94.26	91.08	94.26	91.08	94.26	91.08	94.26
Buy-Back Price		90.81		91.06		91.08		91.16		91.20		91.27	
Premium/ (discount)		(0.27)	(3.45)	(0.02)	(3.20)	0.00	(3.18)	0.08	(3.10)	0.11	(3.06)	0.18	(2.99)
Fairness opinion		NOT FAIR						FAIR					

Note 1: As at 31 December 2016, the WAM Group holds 31.2% of the issued share capital of CYA. The WAM Group intends to participate in the Buy-Back in relation to its shares. Accordingly, the minimum percentage of issued share capital that is expected to be bought back is 31.2%.

Source: GTCF calculations

Based on the above, when the participation in the Share Buy-Back is greater than 53.1% of the issued capital, the Buy-Back Price is within our assessed valuation range of one CYA Share. Accordingly, we conclude that the Share Buy-Back is FAIR to all CYA Shareholders.

As highlighted in the table above, if the participation in the Share Buy-Back reduces below 53.1% of the outstanding CYA Shares, the Buy-Back Price will marginally reduce below our assessed fair market value of CYA Shares (at the low end) and accordingly the Buy-Back will be slightly unfair.

However, under these circumstances, we are of the opinion that the Buy-Back is reasonable, having regard to the reasonableness considerations outlined below.

CYA Shareholders should be aware that our assessment of the value per CYA Share does not reflect the price at which CYA Shares will trade if the Share Buy-Back is not approved. The price at which CYA Shares will ultimately trade depends on a range of factors including the future performance of CYA's portfolio, the liquidity of CYA Shares and general macro-economic conditions.

Reasonableness of the Share Buy-Back

We have summarised below some of the relevant factors associated with the Share Buy-Back for the participating shareholders and non-participating shareholders.

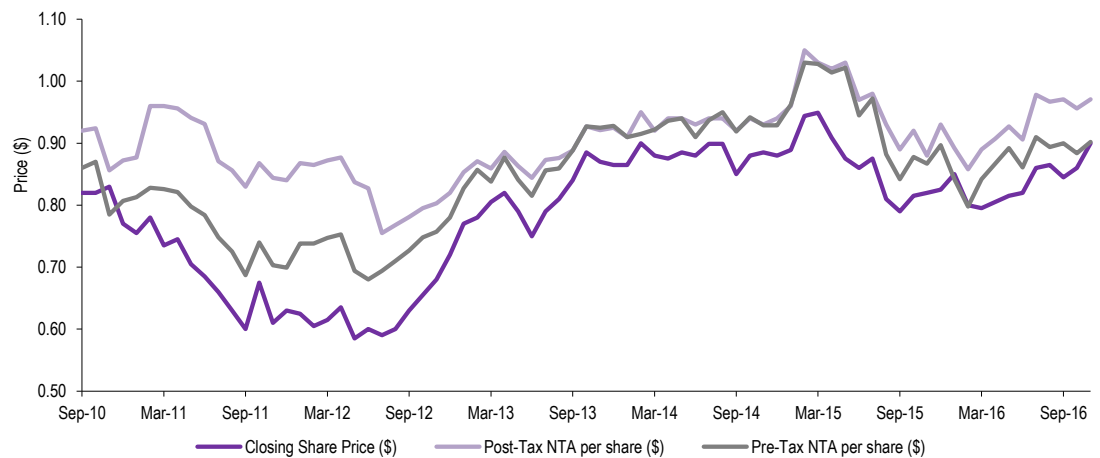
Advantages

The Share Buy-Back provides an opportunity to CYA Shareholders to realise their investment in CYA Shares at a premium to the trading prices (for participating shareholders)

If implemented, the Share Buy-Back will provide an opportunity for all CYA Shareholders to exit part or all of their investment in CYA at a premium to the trading prices of CYA Shares before the announcement of the Proposed Transaction. In our opinion, it is unlikely that CYA Shares will trade in line with the Buy-Back Price in the short-term in the absence of an alternative transaction.

Since 2014, the Company has been exploring various capital management initiatives aimed at allowing CYA Shareholders the opportunity to liquidate their holdings in CYA at close to NTA given the CYA Share price has consistently traded at a significant discount to the NTA. In the following chart we have set out CYA's historical trading prices compared with the monthly NTA.

CYA: Share price¹ v/s NTA per share



Source: Management, S&P Global

Note 1: Closing Share Price as at the last day of each month.

The average discount to NTA per share for the 12 months ended 31 December 2016 was 10.3%. Upon announcement of the Share Buy-Back (on 22 November 2016), the share price rose by 5.9% as at 30 November 2016.

No brokerage costs (for participating shareholders)

CYA Shareholders participating in the Share Buy-Back will be able to do so without incurring brokerage costs.

The terms of the New IMA are in line with the market (for non-participating shareholders)

In the event the Proposed Transaction is completed, MAM will replace Perennial as the investment manager of CYA. We have set out below a comparison of the key terms of the existing management agreement with the New IMA (refer to Section 7 of this report for details).

Terms	Perennial IMA	New IMA
Management fee	0.40% per annum	1% per annum
Performance fee	10% monthly (with 1% hurdle rate)	20% semi-annually
Benchmark	S&P/ASX 300 Accumulation Index	S&P/ASX 300 Accumulation Index
Term	N/A	Initial 5-years with automatic 5-year extensions

Source: Management

We note the following in relation to the terms of the New IMA:

- We have conducted a benchmark analysis of the terms of the New IMA with those offered by other LICs (refer to Section 7 of this report). Based on our analysis, the terms of the New IMA appear substantially in line with the market from a materiality perspective.

- Whilst an absolute comparison of the returns generated by fund managers should be considered with caution, we note that the historical returns obtained by Perennial (on behalf of CYA) are lower in most cases than the returns generated by the WAM Group for the funds it manages as set out in the table below.

Name of LIC/ fund	FUM \$ million	Inception date	Performance ¹ prior to 31 December 2016			
			1 year	3 years	5 years	Since Inception
Century Australia Investments Limited	N/A	Sep-10	10.03%	6.78%	12.12%	7.38%
Wilson Asset Management ²						
Wilson Asset Management Equity Fund	58.1	Dec-97	14.1%	17.0%	21.3%	22.6%
WAM Capital Limited	1,200.6	Aug-99	14.5%	16.9%	19.0%	18.1%
WAM Research Limited	237.0	Aug-03	17.5%	20.9%	24.2%	20.2%
WAM Active Limited	38.6	Jan-08	10.7%	12.3%	14.2%	12.9%
S&P/ASX All Ordinaries Accumulation Index			11.8%	6.6%	11.6%	8.0%

Source: Management

Note 1: All performance figures are annualised.

Note 2: WAM Leaders Limited, another investment portfolio of the Wilson Asset Management Group, has earned 3.0% since inception. However, we have disregarded the same as the inception date is in May 2016 and accordingly, only 7 months of data was available.

Note 3: WAM Research Limited, WAM Active Limited and WAM Leaders Limited are managed by MAM, part of Wilson Asset Management.

Notwithstanding that the WAM Group has historically obtained higher returns than Perennial, the comparative analysis above should be considered with caution due to the following:

- A change in the investment manager does not warrant future returns for CYA Shareholders to be higher than those generated by Perennial.
- Individual investment mandates set out by the WAM Group for the funds it manages are different, and they would be different from the investment mandate set out by Perennial for CYA. These differences may undermine the meaningfulness of the analysis.
- Historical returns are not a guide to future performance.

Disadvantages

The Buy-Back Price is slightly unfair if less than 53.1% of the CYA Shareholders participate

As discussed above, the Buy-Back Price received by CYA Shareholders participating in the Buy-Back is reduced by the Buy-Back transaction costs of circa \$170,000. Accordingly, the smaller is the percentage of CYA Shareholders participating in the Buy-Back, the lower is the Buy-Back Price as the Buy-Back transaction costs will be shared among a fewer number of participating CYA Shareholders.

If less than 53.1% of the current outstanding CYA Shares participate in the Buy-Back, the Buy-Back Price will be slightly unfair.

The market capitalisation and the NTA of CYA may materially reduce (for non-participating shareholders)

CYA Shareholders who choose not to participate in the Share Buy-Back face the potential risk of holding an investment in a materially smaller business. This may occur if the participation in the Share Buy-Back exceeds the subscriptions received under the Public Offer. In this scenario, the Company may need to sell a significant component of its investment portfolio in order to satisfy the consideration payable under the Share Buy-Back.

If the market capitalisation and the NTA of CYA reduce materially following the completion of the Proposed Transaction, the significance of CYA in the LIC sector may diminish and the liquidity of CYA Shares on the ASX and also the management expense ratio of CYA may be adversely impacted.

Further, in the event where the level of participation in the Share Buy-Back is high and the Public Offer is not successful, the Company may cease to have a sufficient spread for CYA Shareholders to remain listed and the WAM Group may obtain control over the Company. It is also possible in this situation that the ASX may require the Company to obtain a sufficient level of spread within a further 3 months, failing which ASX may suspend quotation of the CYA Shares. Trading liquidity would be materially adversely affected, with CYA Shares only capable of sale by private transaction. It is also possible that ASX may require the Company to delist or the Company may elect to delist. This would result in the CYA Shareholders forgoing protections in the ASX Listing Rules.

We have set out below unaudited pro forma NTA figures based on different levels of participation by CYA Shareholders in the Share Buy-Back and subscriptions received under the Public Offer, as if the Share Buy-Back and the Public Offer had occurred on 31 December 2016.

NTA post completion of Proposed Transaction		Participation in Share Buy-Back (% of share capital) ¹			
\$ million		31.2%	50.0%	75.0%	100.0%
-		57.98	43.87	25.11	6.35
Subscriptions received under	25.0	80.77	66.67	47.91	29.15
the Public Offer (\$ million)	37.5	93.12	79.07	60.31	41.55
	50.0	105.47	91.42	72.71	53.95
	75.0	130.17	116.12	97.43	78.75

Note 1: As at 31 December 2016, the WAM Group holds 31.2% of the issued share capital of CYA. The WAM Group intends to participate in the Buy-Back in relation to its shares. Accordingly, the minimum percentage of issued share capital that is expected to be bought back is 31.2%.

Source: Management, GTCF calculations

The pro forma NTA figures are only intended to be illustrative and will not reflect the actual NTA as at the date of completion of the Share Buy-Back and the Public Offer.

The highlighted figures in the table above indicate circumstances where the NTA post the Share Buy-Back and Public Offer is lower than the NTA as at 31 December 2016 (excluding deferred taxes).

We have set out pro forma statements of financial position for the above scenarios in Appendix C.

Nil value paid for deferred tax assets (for participating shareholders)

The Buy-Back Price will not attribute any value for the deferred tax assets and other carried forward losses of the Company not recognised on the balance sheet as at 31 December 2016¹¹. This is consistent with the pricing of buy-backs carried out by the Company in FY14 and FY15, and is a representative of the difficulty for a CYA Shareholder in realising the value of deferred tax balances (whether through the Share Buy-Back or otherwise on the open market).

Buy-Back price may reduce if the participation in the Buy-Back reduces (for participating shareholders)

The Buy-Back price is calculated as the NTA per share excluding deferred taxes less transaction costs. The transaction costs per share will be determined by dividing the aggregate transaction costs incurred by the Company by the number of CYA Shares bought back. If the participation in the Share Buy-Back reduces, the transaction cost per share will increase, thereby reducing the Buy-Back Price receivable by each participating CYA Shareholder. Consequently, if the level of participation in the Share Buy-Back reduces below 53.12% of the outstanding CYA Shares, the Buy-Back Price will reduce below our assessed fair market value of CYA Shares.

Other factors

Tax liability

CYA Shareholders who participate in the Share Buy-Back may crystallise a tax liability. Participating CYA Shareholders should consult their tax advisors in relation to their personal circumstances.

Special Dividend

As mentioned earlier, if the Proposed Transaction is approved, the Company intends to declare a special dividend to be paid to CYA Shareholders before implementation of the Buy-Back.

The special dividend based on the 31 December 2016 balance has been estimated at 1.1 cents per share and it will be fully franked. The franking credits may generate additional value for those CYA Shareholders in pension mode who hold their shares in a self-managed superfund.

Share price of CYA in the absence of the Share Buy-Back

If the Proposed Transaction is not approved, it is our opinion that the trading prices of CYA may fall from the levels achieved following the announcement of the Proposed Transaction.

¹¹ The DTA is equivalent to 6.7 cents per share and the net value of the unrecognised accumulated tax losses is equivalent to 3.6 cents per share.

Replacement of investment manager (continuing CYA Shareholders only)

In the event that the Proposed Transaction is completed, MAM will replace Perennial as the investment manager of CYA. CYA Shareholders not participating in the Share Buy-Back may face the prospect of the investment manager adopting an investment strategy and selecting a risk profile that are different from those selected by Perennial.

Reasonableness conclusion

After considering the abovementioned quantitative and qualitative factors, Grant Thornton Corporate Finance has concluded that the Share Buy-Back is REASONABLE to the CYA Shareholders.

Fairness and reasonableness of the WAM Group's participation in the Share Buy-Back

In forming our opinion in relation to whether or not the participation of the WAM Group in the Buy-Back is fair for the Non-Associated Shareholders in accordance with ASX Listing Rules 10.1, we have considered the following:

- The WAM Group is offered the same Buy-Back Price of the Non-Associated Shareholders which indicates that the terms offered by CYA to the WAM Group are on arms' length and accordingly no financial benefit is provided to the WAM Group.
- If less than 53.1% of the CYA Shareholders participate in the Buy-Back, the Buy-Back Price is slightly unfair and accordingly the considered payable to the WAM Group is marginally below the fair market value.
- If only the WAM Group participates in the Share Buy-Back, the Buy-Back Price will reduce to 90.81 cents per share which is below the low-end of our valuation assessment of CYA.

Accordingly, we have concluded that the purchase of the WAM Group's shares in CYA under the Buy-Back is fair and reasonable for the Non-Associated Shareholders in accordance with ASX Listing Rules 10.1¹².

¹² We note that in accordance with RG111, an offer is fair if it is reasonable.

Other matters

Grant Thornton Corporate Finance has prepared a Financial Services Guide in accordance with the Corporations Act. The Financial Services Guide is set out in the following section.

The decision of whether or not to accept the Share Buy-Back is a matter for each CYA Shareholder to decide based on their own views of the value of CYA and expectations about future market conditions, as well as CYA's performance, risk profile and investment strategy. If CYA Shareholders are in doubt about the actions they should take in relation to the Share Buy-Back, they should seek their own professional advice.

Yours faithfully

GRANT THORNTON CORPORATE FINANCE PTY LTD



ANDREA DE CIAN
Director



HARLEY MITCHELL
Authorised Representative



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9 March 2017

Financial Services Guide

1 Grant Thornton Corporate Finance Pty Ltd

Grant Thornton Corporate Finance Pty Ltd (“Grant Thornton Corporate Finance”) carries on a business, and has a registered office, at Level 17, 383 Kent Street, Sydney NSW 2000. Grant Thornton Corporate Finance holds Australian Financial Services Licence No 247140 authorising it to provide financial product advice in relation to securities and superannuation funds to wholesale and retail clients.

Grant Thornton Corporate Finance has been engaged by CYA to provide general financial product advice in the form of an Independent Expert’s Report in relation to the Share Buy-Back .

This report is included in the Shareholder Booklet outlining the Share Buy-Back.

2 Financial Services Guide

This Financial Services Guide (“FSG”) has been prepared in accordance with the Corporations Act, 2001 and provides important information to help retail clients make a decision as to their use of general financial product advice in a report, the services we offer, information about us, our dispute resolution process and how we are remunerated.

3 General financial product advice

In our report we provide general financial product advice. The advice in a report does not take into account your personal objectives, financial situation or needs.

Grant Thornton Corporate Finance does not accept instructions from retail clients. Grant Thornton Corporate Finance provides no financial services directly to retail clients and receives no remuneration from retail clients for financial services. Grant Thornton Corporate Finance does not provide any personal retail financial product advice directly to retail investors nor does it provide market-related advice directly to retail investors.

4 Remuneration

When providing the report, Grant Thornton Corporate Finance’s client is the Company. Grant Thornton Corporate Finance receives its remuneration from the Company. In respect of the report, Grant Thornton Corporate Finance will receive from CYA a fixed fee which is based on commercial rate for the preparation of the report. Our directors and employees providing financial services receive an annual salary, a performance bonus or profit share depending on their level of seniority.



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Except for the fees referred to above, no related body corporate of Grant Thornton Corporate Finance, or any of the directors or employees of Grant Thornton Corporate Finance or any of those related bodies or any associate receives any other remuneration or other benefit attributable to the preparation of and provision of this report.

5 Independence

Grant Thornton Corporate Finance is required to be independent of CYA in order to provide this report. The guidelines for independence in the preparation of an independent expert's report are set out in RG 112 issued by ASIC. The following information in relation to the independence of Grant Thornton Corporate Finance is stated below.

"Grant Thornton Corporate Finance and its related entities do not have at the date of this report, and have not had within the previous two years, any shareholding in or other relationship with CYA (and associated entities) that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation the Share Buy-Back.

Grant Thornton Corporate Finance has no involvement with, or interest in the outcome of the Share Buy-Back, other than the preparation of this report.

Grant Thornton Corporate Finance will receive a fee based on commercial rates for the preparation of this report. This fee is not contingent on the outcome of the Share Buy-Back. Grant Thornton Corporate Finance's out of pocket expenses in relation to the preparation of the report will be reimbursed. Grant Thornton Corporate Finance will receive no other benefit for the preparation of this report.

Grant Thornton Corporate Finance considers itself to be independent in terms of RG 112 issued by ASIC."

We note that Grant Thornton Australia Limited is the auditor of CYA. The audit services provided by Grant Thornton Australia Limited are strictly for compliance purposes and we have strict internal protocols in relation to audit independence. In our opinion, Grant Thornton Corporate Finance is independent of CYA and its Directors and all other relevant parties of the Share Buy-Back.

6 Complaints process

Grant Thornton Corporate Finance has an internal complaint handling mechanism and is a member of the Financial Ombudsman Service (membership no. 11800). All complaints must be in writing and addressed to the Chief Executive Officer at Grant Thornton Corporate Finance. We will endeavour to resolve all complaints within 30 days of receiving the complaint. If the complaint has not been satisfactorily dealt with, the complaint can be referred to the Financial Ombudsman Service who can be contacted at:



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GPO Box 3
Melbourne, VIC 3001
Telephone: 1800 367 287

Grant Thornton Corporate Finance is only responsible for this report and FSG. Complaints or questions about the General Meeting should not be directed to Grant Thornton Corporate Finance. Grant Thornton Corporate Finance will not respond in any way that might involve any provision of financial product advice to any retail investor.

7 Compensation arrangements

Grant Thornton Corporate Finance has professional indemnity insurance cover under its professional indemnity insurance policy. This policy meets the compensation arrangement requirements of section 912B of the Corporations Act, 2001.

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1 Purpose and scope of the report

The Independent Directors of CYA has appointed Grant Thornton Corporate Finance to prepare this report to express an opinion as to whether the Share Buy-Back is fair and reasonable to the CYA Shareholders, as also whether the participation of the WAM Group in the Share Buy-Back is fair and reasonable to the Non-Associated Shareholders.

The following section sets out the purpose of our report as applicable to the Share Buy-Back and the participation of the WAM Group in the same.

1.1 Purpose

Share Buy-Back

RG 110 sets out what ASIC expects a company to provide when disclosing information to shareholders with a notice of meeting for the purposes of a buy-back offer.

RG 110.18 states:

If a company proposes to buy-back a significant percentage of shares or the holdings of a major shareholder, it should consider providing:

- *a report by its independent directors about whether shareholders should vote in favour of the buy-back, particularly regarding how much the company is paying for the shares; and*
- *an independent expert's report with a valuation of the shares.*

Further, RG 110.20 states:

- *It is usually appropriate for shareholders to have the benefit of independent advice on whether to vote for a buy-back.*

Based on the above, the Independent Directors have appointed Grant Thornton Corporate Finance to prepare an Independent Expert's Report stating whether in our opinion, the Share Buy-Back is fair and reasonable to the CYA Shareholders.

Chapter 10 of the ASX Listing Rules

Chapter 10 of the ASX Listing Rules requires the approval of the non-associated shareholders of a company if the company proposes to acquire or dispose a substantial asset from a related party or a substantial holder.

ASX Listing Rule 10.2 states that an asset is substantial if its value, or the value of the consideration, is 5% or more of the equity interest of the entity as set out in the latest financial statement provided to the ASX ("Substantial Asset"). Based on ASX Listing Rule 10.1.3, a substantial holder is a person who has a relevant interest, or had a relevant interest at any time in the six months before the transaction, in at least 10% of the voting power of the company.



ASX Listing Rule 10.10.2 requires that the Notice of Meeting and Explanatory Memorandum be accompanied by a report from an independent expert stating whether the transaction is fair and reasonable to the non-associated shareholders.

We note that the WAM Group holds 31.2% of the issued capital of CYA, is controlled by Geoff Wilson (a director of CYA), and intends to sell all its shares under the Share Buy-Back (subject to CYA retaining net tangible assets of \$16 million). Consequently, the WAM Group is a related party and a substantial shareholder of CYA and the participation of the WAM Group in the Share Buy-Back may result in payment of a consideration greater than 5% of the net assets of CYA as at 31 December 2016. Accordingly, the Independent Directors of CYA have engaged Grant Thornton Corporate Finance to prepare an independent expert's report stating whether, in its opinion, the Proposed Transaction is fair and reasonable to the Non-Associated Shareholders for the purposes of Chapter 10 of the ASX Listing Rules.

1.2 Basis of assessment

Whilst the Corporations Act, 2001 (the "Corporations Act") does not provide a definition as to the meaning of fair and reasonable, ASIC RG 111 provides some guidelines as to what independent experts should consider and how 'fair and reasonable' should be interpreted for a range of transactions.

In forming our opinion as to whether the Share Buy-Back is fair and reasonable to the CYA Shareholders, Grant Thornton Corporate Finance has had regard to the following:

- The overall terms of the Share Buy-Back.
- The underlying fair market value of the shares to be acquired under the Share Buy-Back in comparison with the Buy-Back Price.
- The trading history of CYA Shares on the ASX.
- The potential impact of the Share Buy-Back upon CYA's cash and investment position, NTA per share, share structure and control of CYA.
- The impact of changing the investment manager from Perennial to MAM.
- The likely implications for the Company if the Share Buy-Back is not implemented.

1.3 Independence

Prior to accepting this engagement, Grant Thornton Corporate Finance considered its independence with respect to the Share Buy-Back with reference to the RG 112.

Grant Thornton Corporate Finance has no involvement with, or interest in, the outcome of the approval of the Share Buy-Back other than that of independent expert. Grant Thornton Corporate Finance is entitled to receive a fee based on commercial rates and including reimbursement of out-of-pocket expenses for the preparation of this report.



Except for these fees, Grant Thornton Corporate Finance will not be entitled to any other pecuniary or other benefit, whether direct or indirect, in connection with the issuing of this report. The payment of this fee is in no way contingent upon the success or failure of the Share Buy-Back.

We note that Grant Thornton Australia Limited is the auditor of CYA. The audit services provided by Grant Thornton Australia Limited are strictly for compliance purposes and we have strict internal protocols in relation to audit independence.

In addition, we note that Grant Thornton Corporate Finance has been engaged to undertake the financial and tax due diligence in relation to the Public Offer. The due diligence services pertain to the Public Offer and do not opine on the Buy-Back. In addition, these services are strictly for compliance purposes and we have strict internal protocols in relation to independence.

In our opinion, Grant Thornton Corporate Finance is independent of CYA and its Directors and all other relevant parties of the Share Buy-Back.

1.4 Consent and other matters

Our report is to be read in conjunction with the Shareholder Booklet dated on or around 9 March 2017 in which this report is included, and is prepared for the exclusive purpose of assisting CYA Shareholders in their consideration of the Share Buy-Back. This report should not be used for any other purpose.

Grant Thornton Corporate Finance consents to the issue of this report in its form and context and consents to its inclusion in the Shareholder Booklet.

This report constitutes general financial product advice only and in undertaking our assessment, we have considered the likely impact of the Share Buy-Back to CYA Shareholders as a whole. We have not considered the potential impact of the Share Buy-Back on individual shareholders. Individual shareholders have different financial circumstances and it is neither practicable nor possible to consider the implications of the Share Buy-Back on individual shareholders.

The decision of whether or not to approve the Share Buy-Back is a matter for each CYA Shareholder based on their own views of value of CYA and expectations about future market conditions, CYA's performance, risk profile and investment strategy. If CYA Shareholders are in doubt about the action they should take in relation to the Share Buy-Back, they should seek their own professional advice.



1.5 Compliance with APES 225 Valuation Services

This report has been prepared in accordance with the requirements of the professional standard APES 225 Valuation Services (“APES 225”) as issued by the Accounting Professional & Ethical Standards Board. In accordance with the requirements of APES 225, we advise that this assignment is a Valuation Engagement as defined by that standard as follows:

“An Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Member is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Member at that time.”



2 Profile of the industry

CYA is a LIC which holds a portfolio of ASX listed shares. The portfolio's investments are comprised of shares in a number of industries, including financial, materials, consumer discretionary, consumer staples, telecommunication services, real estate, and industrials in Australia. Set out in this section is an overview of the LIC sector.

2.1 Overview

Listed managed funds on the ASX can be categorised into four groups, namely Australian Real Estate Investment Trusts ("AREIT"), Listed Investment Company and Trust ("LIC" and "LIT"), Infrastructure Funds, and Absolute Return Funds. LICs make up the majority of the listed managed investments entities on the ASX.

LICs allow an investor to invest in a diversified and professionally managed portfolio of financial assets (e.g. listed shares, property, and fixed income assets such as interest bearing deposits). In addition, LICs provide opportunity for investors who do not have the expertise in investments to gain exposure to the risk and returns of investing in the stock market. Investors in LICs can select the investment style that suits their investment objectives, investment horizons and risk preferences.

2.2 LICs structure

As investors make or withdraw from their investments in LICs, investors trade shares in LICs with other investors via the ASX, i.e. LICs do not regularly issue new shares or cancel current shares for investment rebalancing purposes by investors. This characteristic (also known as 'closed-ended') is regarded as an advantage for LICs' management since they can concentrate on investment selection without the risk of unexpected money outflow from the company.

Occasionally, LICs' size may change through share issuances or via share buy-backs and share cancellations. In addition, most LICs will usually aim to provide income to their shareholders by paying dividends which are franked to the greatest extent possible.

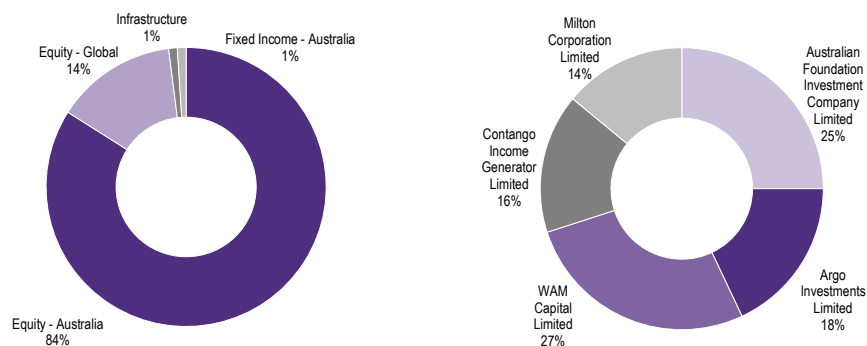
2.3 Investment approaches

Investment styles and approaches can vary across entities and range from conservative to aggressive. In general, LICs can be divided into four categories:

- Australian share investments: invest primarily in shares listed on the ASX.
- International share investments: invest primarily in shares listed on international stock indices.
- Private equity investments: invest primarily in Australian and/or international unlisted private companies.
- Specialist shares investments: invest primarily in special assets or investment industries such as wineries, technology companies, resources businesses or telecommunications providers.

The following charts set out the breakdown of LICs based on investment types and the market breakdown of LICs ranked by value traded as at 30 November 2016:

Asset Spread of LICs, Current Period FUM (A\$) Top 5 LICs by Value Traded as at 30 November 2016



Source: ASX

Based on the above, Australian share investments dominate the listed managed investments market on the ASX in terms of the number of entities. On average, approximately 98% of LICs in Australia invest in Australian shares or International shares.

All top five LICs are focussed on Australian share investments, namely Australian Foundation Investment Company Ltd, Argo Investment Ltd, Milton Corporation Limited, Contango Income Generator Limited and WAM Capital Limited. These LICs account for approximately 67.7% of the total transacted value by LICs investing in the Australian equity market in November 2016.

2.4 Industry drivers

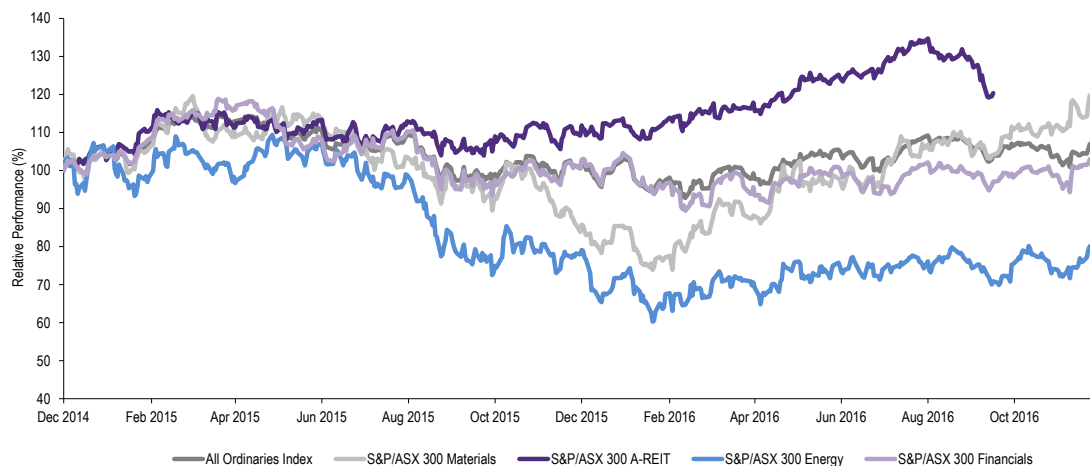
2.4.1 Relative performance

Since LICs hold investments in financial assets across different industries and markets, their performance is highly correlated with the performance of the stock market as a whole.



The following graph represents the historical movements in the All Ordinaries Index and other industry indices over the last two years.

Historical All Ordinaries Index and other industry indices



Source: S&P Global and GTCF calculations.

Over the last two years (especially over the last 12 months), the global markets were dominated by concerns regarding growth, particularly the slowing Chinese economy and the falling oil price. The Australian economy has suffered from the end of the commodity price super-cycle and mining investment booms, causing the underperformance of Materials, Energy, Financials and All Ordinaries indices. Conversely, the Real Estate sector has benefited from low interest rates and it has outperformed the other indices.

2.4.2 Management expense ratio

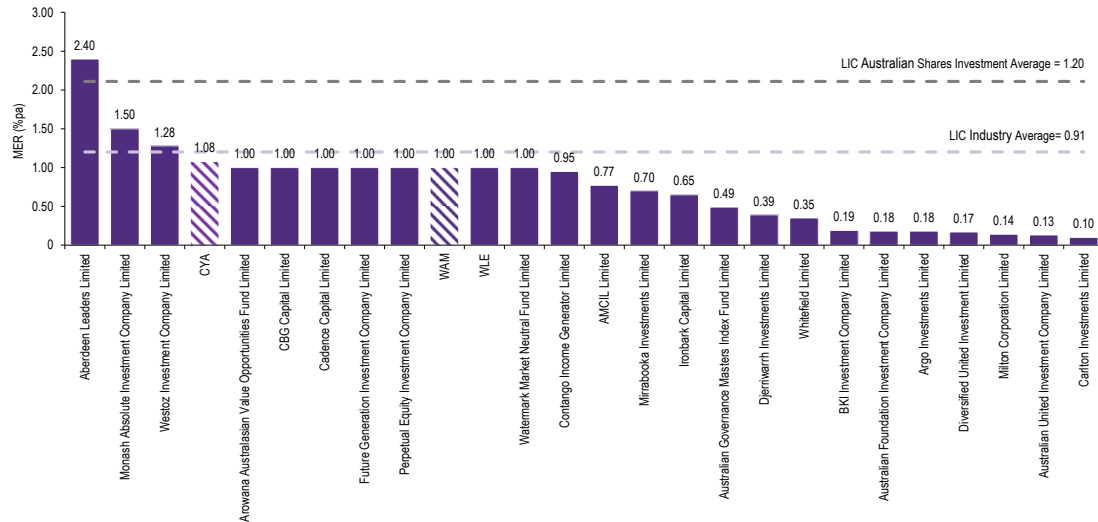
Management expense ratio (“MER”), also called indirect cost ratio, is a common method to determine the operational efficiency of LICs. The ratio is determined by dividing total expenses by the portfolio investment value. The metric measures how efficient the portfolio managers operate their investments to create value for shareholders.

In theory, since the majority of LICs invest primarily in listed equity and the allocations are publicly available, any investor can replicate the portfolios. Unlisted hedged funds and private equity funds are investment classes, which due to their unique and undisclosed investment strategies, are very difficult to replicate. Therefore, managers of unlisted hedge funds and private equity funds generally have higher MER compared to managers of LICs. This is also due to the higher level of sophistication required in the investment selection and negotiation. As a result, MER is one of the drivers for the investors’ demand in the LIC industry.



The following graph summarises MERs across the LIC industry based on their latest publicly available information as at 31 January 2016.

Management expense ratio in the LIC Industry



Note: All MERs above represent the latest publicly available MER for each fund disclosed on their annual reports, ASX announcements and other reliable publicly available sources as at 31 January 2016.

Source: ASX, Morning Star, GTCF calculations.

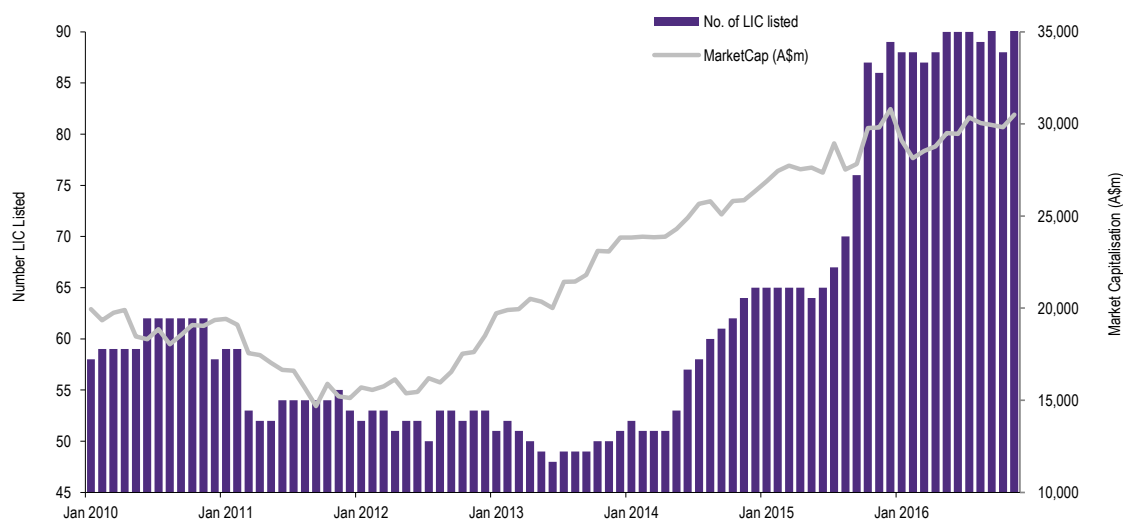
From the above, we note the MER of LICs is in the range of 0.10% to 2.40%. There are two broad approaches to managing LICs, those with external managers and those internally managed. Externally managed LICs tend to have a higher MER.

2.5 Historical performance

According to the ASX, as at 30 November 2016, the number of LICs and listed investment trusts increased to 93 compared to 58 in January 2010.

The following chart sets out the historical changes in the number of investment companies listed and LICs' total market capitalisation between January 2010 and November 2016.

LIC market growth



Source: ASX

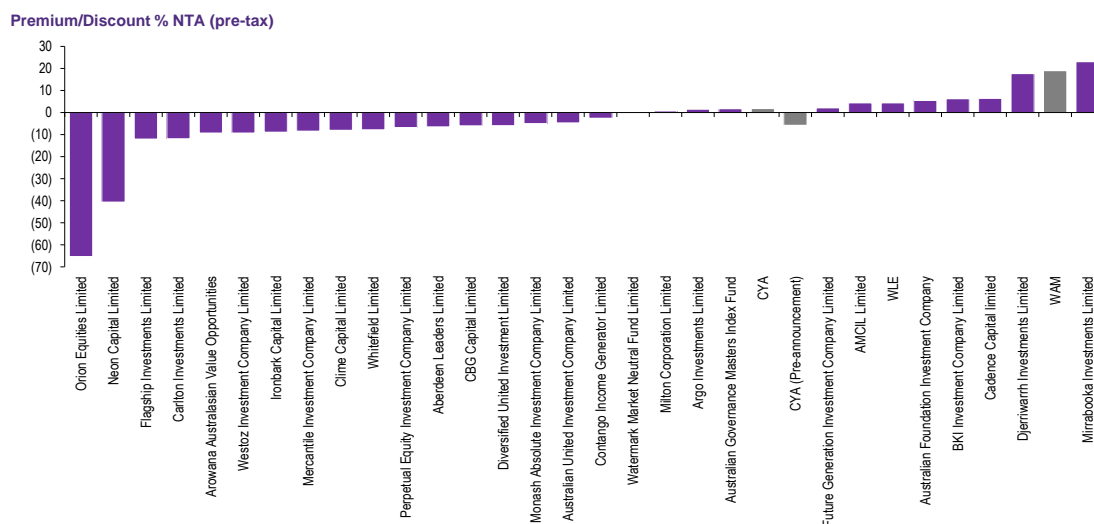
Since 2010 the number of LICs has decreased significantly. This was mainly driven by large price to NTA discounts which forced LICs to either return capital to shareholders or wind themselves up to deliver full value of the NTA to their shareholders. With the amendment to the Corporations Act in July 2010, the Commonwealth Government changed the dividend regulation to solvency-based from profit-based to provide income certainty to investors. In other words, firms are now allowed to pay dividends as long as they are solvent (i.e. have positive net assets) even if they are not profitable.

In late 2011, even though the number of LICs has decreased substantially compared to 2010, the industry market capitalisation started to increase. The trend is primarily explained by the oversubscribed shares demand for LIC industry leaders, e.g. WAM Capital, Cadence Capital etc, who have been resilient through the challenging economic conditions and consistent and solid performance.

Another structural change that affected the industry was when the Future of Financial Advice ("FOFA") came into effect on 1 July 2013, and when the Corporations Amendment (Streamlining Future of Financial Advice) Regulation 2014 commenced on 1 July 2014. Under the FOFA reforms, commissions paid to financial planners by managed funds (but not LICs) was banned. With the incentive for financial planners to choose managed funds removed, LICs now compete with managed funds on a level playing field. LICs are increasingly seen to be better vehicles in comparison to managed fund unit trusts by financial planners and advisers due to their liquidity, visibility and long-term fully franked dividend yields.

2.6 Net tangible assets versus share price

LICs' value of underlying assets or NTA on a per share basis is a metric required to be disclosed on a regular basis (normally every month) to determine whether a LIC is trading at a premium or a discount to its NTA. The premiums/ discounts to NTA for LICs listed on the ASX as at 30 November 2016 are illustrated below:



Source: ASX

As can be seen from above, the number of LICs that are traded at a discount to their NTA as at 30 November 2016 is slightly higher (circa 54.8%) than the number of companies and trusts that are traded at a premium to their NTA. The weighted average premium to NTA¹³ of the Australian LICs investing in Australian equities is 1.26%.

Whilst the above chart shows CYA trading at a premium over NTA, as set out in Section 6.3 of this report, CYA has historically traded at a discount to NTA. The reason for the premium over NTA is due to the announcement of the Share Buy-Back on 22 November 2016 causing an increase in share price. We note that CYA's share price increased by 5.9% from before the announcement date to 30 November 2016.

¹³ Using market capitalisation as the weight.

3 Profile of CYA

3.1 Company overview

CYA is a LIC which holds a portfolio of listed securities, principally in Australia. CYA was established and listed on the ASX in 2004.

From establishment to August 2010, CYA was externally managed by 452 Capital Pty Ltd (“452 Capital”), a boutique funds management company. 452 Capital was responsible for managing the proceeds raised, principally to provide shareholders with long-term capital growth and dividend income by investing in quality, undervalued Australian companies. On 9 September 2010, the investment management team of CYA was transitioned from 452 Capital to Perennial.

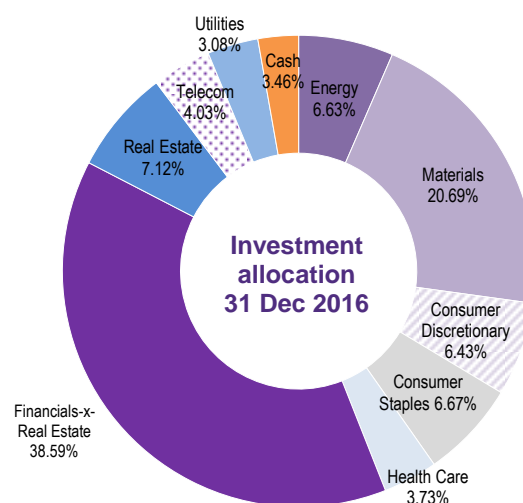
Perennial is an Australian owned, specialist, active investment management firm located in Sydney and Melbourne. Formed in 2000 through a joint venture between senior investment professionals and IOOF Holdings Limited, Perennial manages approximately \$8.7 billion (as at 30 September 2016) on behalf of institutional and retail clients.

3.1.1 IMA between Perennial and CYA

Perennial charges a management fee of 0.4% per annum of the portfolio value less cash holdings as at the last date of each quarter. The management fee paid for the year end 30 June 2016 was \$295,790. Perennial is also entitled to a performance fee payable annually at a rate of 10% of the outperformance in excess of the fund benchmark plus a hurdle of 1% per annum. The performance fee is calculated on a monthly basis with the accrued performance fee payable on an annual basis effective 30 June each year.

3.1.2 Investment portfolio

CYA’s investment allocation as at 31 December 2016 is summarised in the following chart:



Source: Perennial Value Management

As at 31 December 2016, CYA’s investment portfolio (“the Portfolio”) comprises of 40 companies, with investments in a number of industries, including financials, materials, consumer discretionary,



consumer staples, telecommunication services, real estate, and industrials in Australia. As outlined above, approximately 38.6% of the investment portfolio based on value traded is in the financials (excluding real estate) segment.

The top ten equity holdings of CYA's Portfolio as at 31 December 2016 are shown in the below table:

Top 10 equity holdings of the CYA Portfolio as at 31 December 2016	
Company name	% of investment portfolio
BHP Billiton Limited	8.30%
Commonwealth Bank	7.60%
Westpac Banking Corporation	5.90%
ANZ Banking Group	5.20%
National Australia Bank	4.70%
Macquarie Group Limited	3.80%
AGL Energy Limited	3.50%
Woolworths Limited	3.30%
Woodside Petroleum	3.20%
Crown Resorts Limited	2.70%
Total	48.20%

Source: CYA Management

3.1.3 Investment performance

During FY16, CYA's returns underperformed the benchmark (the S&P/ASX 300 Accumulation Index) on account of significant volatility in the market (due to both domestic and global factors). While the benchmark return was 0.89%, CYA's Portfolio suffered a negative return of (3.25)%. However, over a three-year period, the returns were in excess of the benchmark return by 0.23% p.a.

In terms of sectors, REITs, utility companies and healthcare companies delivered positive returns in FY16, while the cyclical companies (like energy companies, financial service companies and material producers) underperformed. Within CYA's Portfolio, Aristocrat Leisure (gaming and entertainment industry), Newcrest (gold and copper mining), Metcash (wholesale distribution and marketing), Asciano (ports and other infrastructure), Vocus Communications (telecom), Navitas (education provider) and AGL Energy performed well. However, due to lower commodity prices, holdings of commodity companies performed poorly. The Company has adopted a cautious approach with regard to domestic economic conditions and has reduced its focus on building and construction-related stocks. CYA's Portfolio still has a focus on companies having a large market capitalisation, low cost structure and reasonable financial strength. Bearing these in mind, the Company has increased its investments in REITs and healthcare companies and reduced investments in infrastructure companies (on account of high gearing).

For the six months to December 2016, the CYA Portfolio delivered returns in excess of the benchmark return for three out of six months. The recovery of post-Brexit selling of shares, rising commodity prices, and the positive market movement following the US election were the key drivers of market performance.



The following table shows the performance of CYA's portfolio against the benchmark index as at 31 December 2016 over the longer term:

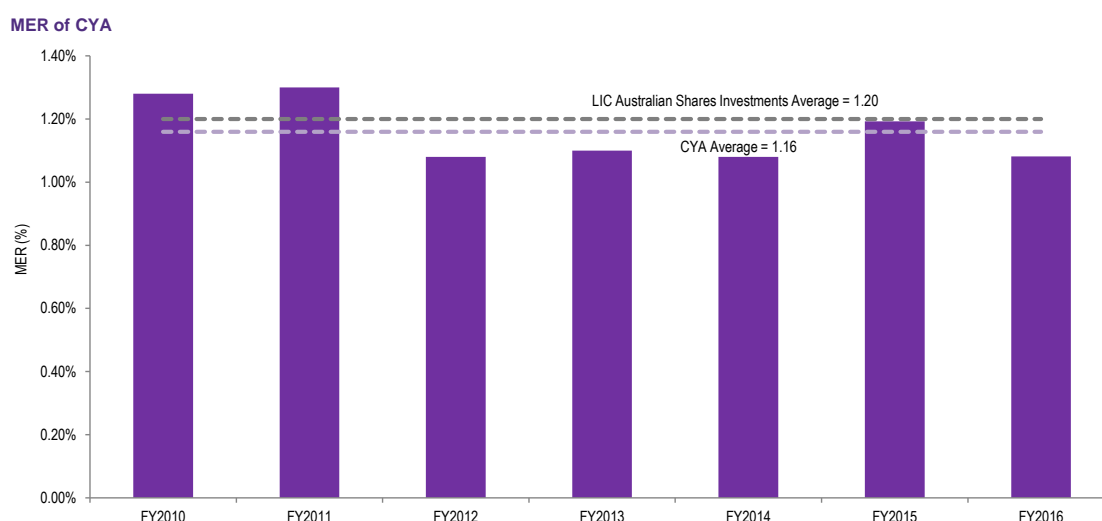
Portfolio	Inception ¹ date	Performance prior to 31 December 2016					
		1 month	FY till date	1 year	3 years	5 years	Since Inception
Century Australia Investments Limited	Sep-10	4.14%	11.47%	10.03%	6.78%	12.12%	7.38%
S&P/ASX 300 Accumulation Index		4.34%	10.43%	11.79%	6.57%	11.64%	7.96%
Excess		(0.20)%	1.04%	(1.76)%	0.21%	0.48%	(0.58)%

Note: Inception refers to the time since Perennial started managing the investments of CYA.

Source: Management

3.1.4 Management Expense Ratio

The MER is calculated by dividing total expenses over portfolio investment value, which is a common metric used to determine the operational efficiency of LICs. The MER of CYA over the past 6 years is summarised below:



Source: CYA Annual Reports, ASX announcements, and GTCF calculations

In FY16, CYA's MER reduced to 1.08% from 1.19% in FY15. This occurred as a result of the underperformance of CYA's Portfolio in FY16, as a result of which no performance fee was payable to Perennial.

3.2 Financial information

3.2.1 Financial performance

The audited consolidated income statement of CYA for the year ended 30 June 2015 (“FY15”) and 30 June 2016 (“FY16”), and the unaudited consolidated income statement for the six months ended 31 December 2016 (“HY17”) are set out in the table below:

Consolidated statement of comprehensive income	FY15	FY16	HY17
\$'000	Audited	Audited	Unaudited
Investment income from ordinary activities	3,034	3,308	1,500
Expenses			
Management fees	(291)	(296)	(154)
Performance fees	(137)	-	-
Accounting fees	(79)	(69)	(36)
Share registry fees	(24)	(23)	(27)
Custody fees	(77)	(82)	(31)
Tax fees	(11)	(11)	(11)
Legal fees	(7)	(1)	(1)
Directors' fees	(120)	(120)	(60)
ASX fees	(45)	(42)	(25)
Audit fees	(50)	(49)	(32)
Other expenses	(69)	(74)	(22)
Unrealised gains/(losses) on futures and options	(55)	68	-
Realised gains/(losses) on futures and options	8	(116)	-
Profit/(Loss) before income tax	2,077	2,493	1,101
Income tax benefit	2,139	3,099	75
Net profit after income tax	4,216	5,592	1,176

Source: CYA Annual Reports for FY14, FY15 and FY16, and management accounts for the six-month period ended 31 December 2016.

We note the following in regards to the consolidated statement of comprehensive income of CYA.

FY15

CYA delivered a return of 9.1% for FY15, outperforming the benchmark by 3.5% for the twelve month period ended 30 June 2015.

It was noted that FY15 was the only period out of the three periods shown above where there was outperformance of CYA's Portfolio. Outperformance of the Portfolio is the excess return calculated by the Portfolio's gross performance less the benchmark rate plus 1% p.a. This explains the performance fees of \$137,000 received in FY15.

FY16

CYA's returns underperformed the benchmark on account of significant volatility in the market (due to both domestic and global factors). While the benchmark return was 0.89%, CYA's Portfolio suffered a negative return of -3.25%. However, over a three-year period, the returns were in excess of the benchmark return.

The Company had a write-back of deferred tax assets during the year amounting to \$3 million based on their view on expected returns over the next 5 years.

6 months ended 31 December 2016

For the six months to December 2016, the CYA Portfolio delivered returns in excess of the benchmark return for three out of six months. The recovery of post-Brexit selling of shares, rising commodity prices, and the positive market movement following the US election were the key drivers of market performance.

As at 31 December 2016, the NTA per share amounted to \$0.999 per share.

3.2.2 Financial position

The consolidated balance sheet of CYA as at 30 June 2015, 30 June 2016 and 31 December 2016 are set out in the table below:

Consolidated statement of financial position \$'000	30-Jun-15 Audited	30-Jun-16 Audited	31-Dec-16 Unaudited
Current assets			
Cash and cash equivalents	12,009	2,961	2,337
Trade and other receivables	589	599	93
Financial assets at fair value through profit or loss	32	-	-
Other current assets	20	20	28
Total current assets	12,650	3,580	2,458
Non-current assets			
Financial assets at fair value through other comprehensive income	71,667	67,295	75,030
Deferred tax assets	4,097	6,651	5,522
Total non-current assets	75,764	73,946	80,552
Total assets	88,414	77,526	83,010
Current liabilities			
Trade and other payables	8,409	231	391
Total current liabilities	8,409	231	391
Non-current liabilities			
Deferred tax liabilities	2,418	30	824
Total non-current liabilities	2,418	30	824
Total liabilities	10,827	261	1,215
Net tangible assets	77,587	77,265	81,795
Net tangible assets (excluding deferred tax balance)	75,908	70,644	77,097
Number of shares	80,321	81,866	81,866
Net tangible assets per share	\$0.966	\$0.944	\$0.999
Net tangible assets per share (excluding deferred tax balance)	\$0.945	\$0.863	\$0.942

Source: CYA Annual Reports for FY14, FY15 and FY16, and management accounts for the six-month period ended 31 December 2016.

We note the following in relation to the deferred tax asset balance:

- The Company has a policy to recognise deferred tax assets on its balance sheet if it expects to recoup these within 5-7 years. Any off-balance sheet deferred tax asset which is brought back/reinstated would increase assets and also increase net profit. Further, in case the company cannot recoup these within a sufficient time due to lack of sufficient income, or fails to satisfy certain tests in order to recoup the same, these would be written off as an income tax expense.
- Deferred tax assets of \$7.96 million were written off in prior years, on account of the adoption of a conservative view with regards to future performance of the equity markets (and consequently the profitability of the Company). Notwithstanding this write-off, these losses can still be carried forward for tax purposes.
- As at 31 December 2016, the Company had on and off balance sheet, a total of 10.3 cents per share of gross capital deferred tax assets. This equates to \$26.3 million of gross available carried forward tax losses.
- The Company paid dividends of \$0.03 per share during the year. Due to the issue of the dividends and also adverse market conditions, the net tangible assets per share of the Company reduced from \$0.945 per share to \$0.863 per share.

3.2.3 Recent buy backs

CYA's most recent share buy-back was finalised in March 2015, when CYA bought back approximately 11.47 million shares at an average price of 91.53 cents (at a price of 98.5% of NTA per share less deferred tax balances) resulting in a total consideration of approximately \$10.50 million. This led to an approximate 14% reduction in the Company's shares on issue as shareholders wishing to exit their investment at close to NTA did so.

This followed a share buy-back finalised in November 2013, when 199,440 shares were bought back at an average price of approximately 71.42 cents¹⁴, resulting in a total consideration of \$142,441.

¹⁴ This buy-back price reflects a 22.8% discount to the post-tax NTA per share as at 30 November 2013.

3.2.4 Capital Structure

As at the date of our report, CYA has 81,865,704 fully paid listed ordinary shares on issue. The top ten shareholders of CYA as at 16 December 2016 are set out below.

Top 10 shareholders as at 16 December 2016	No. of shares	Interest (%)
RBC Investor Services Australia Pty Ltd (on behalf of WAM)	25,539,371	31.20%
HSBC Custody Nominees (Australia) Limited	5,068,446	6.19%
Delta Asset Management Pty Ltd	2,050,000	2.50%
Mr Warwick Sauer	1,249,170	1.53%
BT Portfolio Services Ltd	719,501	0.88%
LIC Investments Pty Ltd	700,000	0.86%
Nambia Pty Ltd	497,545	0.61%
PW and VJ Cooper Pty Limited	458,175	0.56%
Greybox Holdings Pty Ltd	360,000	0.44%
National Nominees Limited	327,914	0.40%
Top 10 shareholders	36,970,122	45.16%
Other	44,895,582	54.84%
Total	81,865,704	100.00%

Source: Perennial Value Management

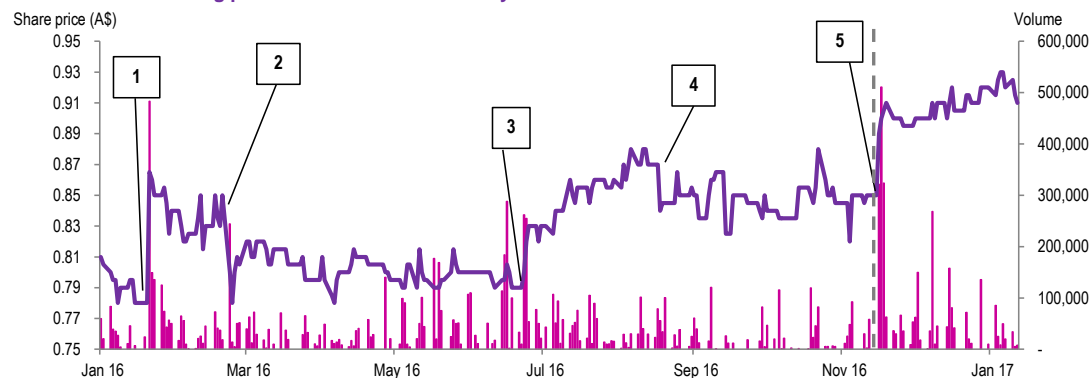
A detailed review of the volatility and the volume of shares traded in CYA, is provided in Section 6.3 of this report.



3.2.5 Share price movement

Our analysis of the daily movements in CYA's Share price and volumes for the period from January 2016 to January 2017 is set out below:

Historical share trading prices and volume for Century



Source: ASX and S&P Global

The following table illustrates the key events during the period:

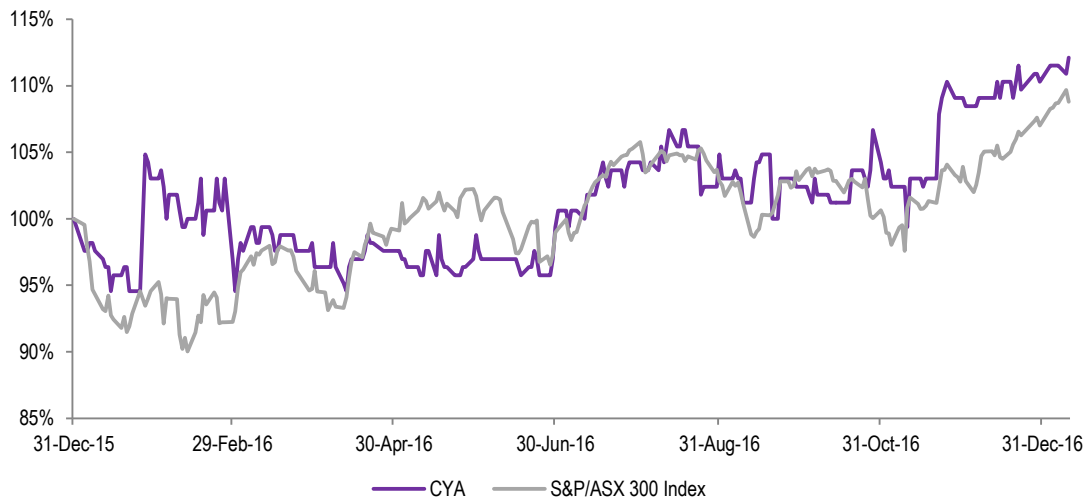
Event	Date	Announcement
1	27-Jan-16	Restructure offer received from WAM. The CYA share price closed at \$0.86.
2	29-Feb-16	Receipt of restructure offer from Perennial and withdrawal of restructure offer received from WAM. The CYA share price closed at \$0.80.
3	27-Jun-16	Acquisition of shares by WAM. The CYA share price closed at \$0.79.
4	24-Aug-16	Release of results for the year ended 30 June 2016, wherein CYA's Portfolio underperformed the benchmark on account of domestic and international volatility. The CYA share price closed at \$0.84.
5	22-Nov-16	Announcement of the Proposed Transaction. The CYA share price closed at \$0.89.

Source: ASX and S&P Global



In addition, we have set out below the share price performance of CYA benchmarked against the S&P/ASX 300 Accumulation Index (i.e. benchmark).

Share price (rebased) movement - CYA and S&P/ASX 300

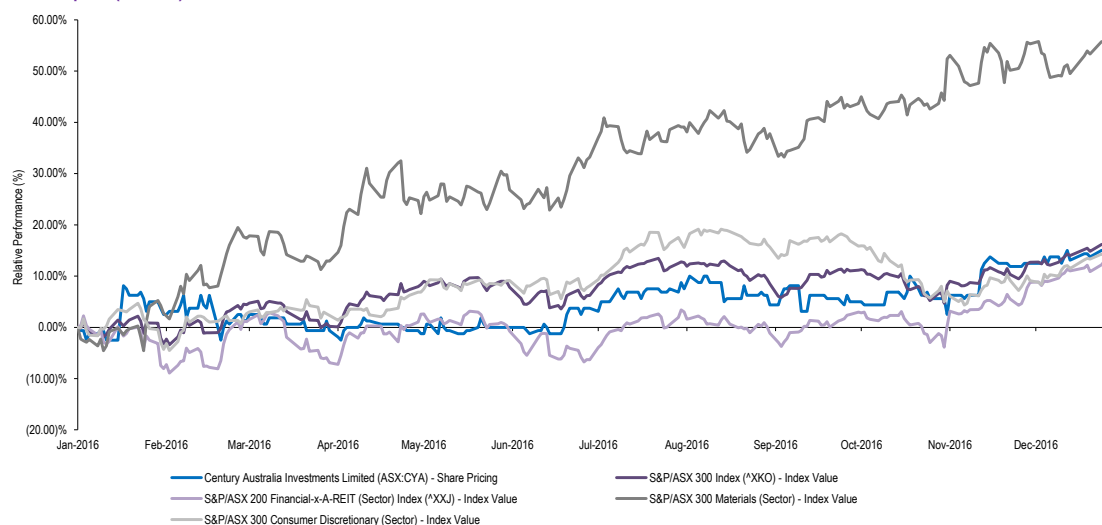


Source: S&P Global and GTCF calculations

As can be observed from the chart above, the movement in CYA's share price is mostly in line with that of the benchmark, except for certain deviations caused by specific announcements or by underperformance of investments.

In addition, as noted in Section 3.1.2 of this report, the majority of CYA's investments are in the financial sector (excluding AREIT), consumer discretionary and materials sectors. The chart below shows that CYA's share price performance is in line with that of the sectors in which CYA has heavier focus on.

Share price (rebased) movement - CYA and investment sectors



Source: S&P Global and GTCF calculations



3.2.6 Dividend policy

CYA's historical dividend distributions to ordinary shareholders over the last four years are summarised below:

Dividends	FY12	FY13	FY14	FY15	FY16
Dividends on ordinary shares (cents/ share) ¹	2.7	2.85	5	3.25	3.5
Payout ratio ²	97%	100%	118%	56%	51%
Dividend yield (%) ³	5%	4%	6%	4%	4%

Note 1: Dividend payouts are based on the results declared for the previous year although these may be paid in the current year.

Note 2: For FY12, payout ratio has been calculated based on EPS before write-off of deferred tax asset of 2.77 cents per share. The earnings per share after the write off was (4.96) cents per share.

Note 3: Dividend yield has been calculated based on the CYA financial year end share price.

Source: Annual reports and S&P Global

The Company intends to declare an interim dividend of 1.6 cents per share after 18 April 2017 i.e. after the extraordinary general meeting is held and the Proposed Transaction is presented to the CYA Shareholders. At the same time, the Company also proposes to declare a special dividend to distribute its franking credits account balance of \$0.9 million as at 31 December 2016. This equates to a special dividend of 1.1 cents per share. Given that the Company intends to distribute the interim dividend and special dividend to all the CYA Shareholders (whether or not participating in the Proposed Transaction), the total dividend payable equates to approximately \$2.2 million.

4 Profile of Wilson Asset Management

4.1 Background

Wilson Asset Management is an independently owned boutique investment manager established in 1997 by Mr Geoff Wilson. Wilson Asset Management consists of two management companies, Wilson Asset Management International (“WAMI”) and MAM. WAMI was incorporated in 1997 and MAM was incorporated in 2002 to undertake the active management of LICs and unlisted funds.

4.2 Investment process

Wilson Asset Management has two investment strategies:

- The Research Driven investment approach involves extensive research focusing on free cash flow, return on equity and the quality of the business. Each company is rated with respect to management, earnings growth potential, valuation and industry position.
- The Market Driven investment approach takes advantage of short-term relative arbitrages and mispricings in the Australian equities market. This part of the investment portfolio is traded actively. Opportunities are derived from initial public offerings, placements, block trades, rights issues, corporate transactions (such as takeovers, mergers, schemes of arrangements, corporate spin-offs, restructurings), arbitrage opportunities, listed investment company discount arbitrages, relative value arbitrages, short selling and trading market themes and trends.

Wilson Asset Management provides investment portfolio management services to the following entities:

- WAM Capital Limited (“WAM”): WAM is an ASX listed investment company primarily investing in equities and employs both the Research and Market Driven strategies. As at 31 December 2016, the total value of the WAM portfolio of investments managed by MAM was \$1,200.6 million.
- WAM Research Limited (“WAX”): WAX is an ASX listed investment company primarily investing in equities and employs the Research Driven strategy. As at 31 December 2016, the total value of the WAX portfolio of investments managed by MAM was \$237.0 million.
- WAM Active Limited (“WAA”): WAA is an ASX listed investment company primarily investing in equities employs the Market Driven strategy. As at 31 December 2016, the total value of the WAA portfolio of investments managed by MAM was \$38.6 million.
- WAM Leaders Limited (“WLE”): WLE is an ASX listed investment company primarily investing in equities. As at 31 December 2016, the total value of the WLE portfolio of investments managed by MAM was \$413.0 million.
- Wilson Asset Management Equity Fund (“the Fund”): The Fund is a wholesale unit trust established in December 1997. The Fund undertakes investments in securities quoted on the ASX with a concentration on undervalued growth companies. Its units are not listed on the



ASX. As at 31 December 2016, the total value of the Fund's portfolio of investments was \$58.1 million.

4.2.1 Historical performance

The latest performance statistics of the Fund, WAM, WAX, WAA and WLE are set out below:

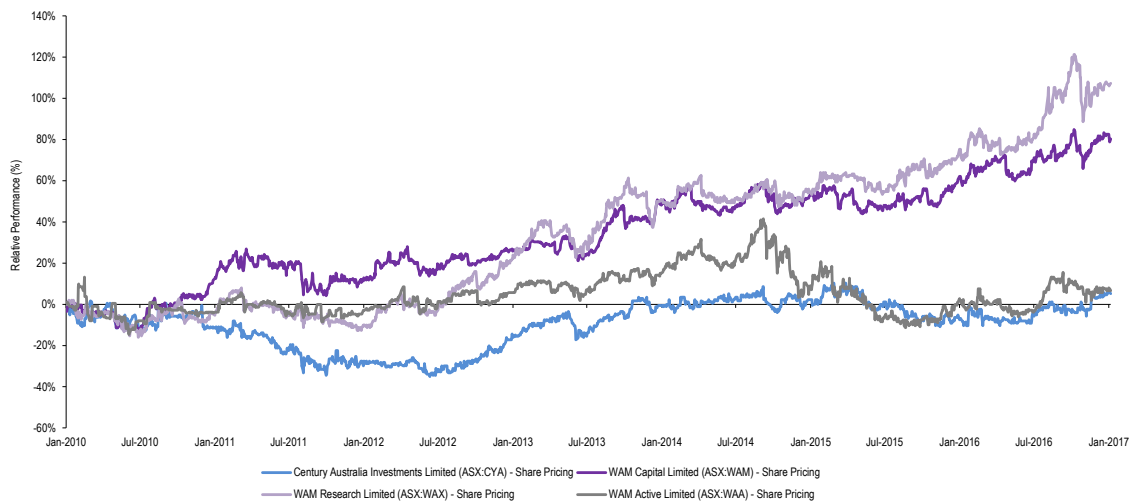
Name of LIC/ fund	FUM	Inception date	Performance ¹ prior to 31 December 2016			
	\$ million		1 year	3 years	5 years	Since Inception
Wilson Asset Management						
Wilson Asset Management Equity Fund	58.1	Dec-97	14.1%	17.0%	21.3%	22.6%
WAM Capital Limited	1200.6	Aug-99	14.5%	16.9%	19.0%	18.1%
WAM Research Limited	237.0	Aug-03	17.5%	20.9%	24.2%	20.2%
WAM Active Limited	38.6	Jan-08	10.7%	12.3%	14.2%	12.9%
WAM Leaders Limited	413.0	May-16	NA	NA	NA	7.1%
S&P/ASX All Ordinaries Accumulation Index			11.8%	6.6%	11.6%	8.0%

Note 1: All performance figures are annualised.

Source: Management

The daily movements in share prices of the LICs managed by Wilson Asset Management for the period from January 2010 to January 2017 compared with CYA are set out below:

Daily movements in share prices of the LICs managed by WAM or CYA



Source: S&P Global



5 Valuation methodologies

5.1 Introduction

Grant Thornton Corporate Finance has assessed the value of CYA using the concept of fair market value. Fair market value is commonly defined as:

“the price that would be negotiated in an open and unrestricted market between a knowledgeable, willing but not anxious buyer and a knowledgeable, willing but not anxious seller acting at arm’s length.”

Fair market value excludes any special value. Special value is the value that may accrue to a particular purchaser. In a competitive bidding situation, potential purchasers may be prepared to pay part, or all, of the special value that they expect to realise from the acquisition to the seller.

5.2 Valuation methodologies

RG 111 outlines the appropriate methodologies that a valuer should generally consider when valuing assets or securities for the purposes of, amongst other things, share buy-backs, selective capital reductions, schemes of arrangement, takeovers and prospectuses. These include:

- Discounted cash flow (“DCF”) method and the estimated realisable value of any surplus assets.
- Application of earnings multiples to the estimated future maintainable earnings or cash flows of the entity, added to the estimated realisable value of any surplus assets.
- Amount available for distribution to security holders on an orderly realisation of assets.
- Quoted price for listed securities, when there is a liquid and active market.
- Any recent genuine offers received by the target for any business units or assets as a basis for valuation of those business units or assets.

Further details on these methodologies are set out in Appendix A to this report. Each of these methodologies is appropriate in certain circumstances.

RG 111 does not prescribe the above methodologies as the method(s) that an expert should use in preparing their report. The decision as to which methodology to use lies with the expert based on the expert’s skill and judgement and after considering the unique circumstances of the entity or asset being valued. In general, an expert would have regard to valuation theory, the accepted and most common market practice in valuing the entity or asset in question and the availability of relevant information.



5.3 Methodology selected to value CYA

Grant Thornton Corporate Finance notes that all LICs release NTA information to the market on a monthly basis. The key assets, being the portfolio investments, are marked-to-market based on the last traded market price on the ASX as at month-end.

For the purpose of the monthly disclosures, the NTA data is reported on both a pre-tax basis and on a post-tax basis. The NTA on a post-tax basis has been determined in accordance with current accounting standards, where the company is required to provide for deferred tax assets and/or deferred tax liabilities that may arise should the portfolio be disposed of in its entirety at the month end. The NTA on a pre-tax basis is determined without including the deferred tax assets and/or deferred tax liabilities.

We have adopted the net realisable value method (“NRV Method”) to value 100% of the issued capital in CYA for the purpose of this report. When applying this approach, the resulting value represents 100% of the value of the Company. In our valuation assessment, we have included an allowance for the selling cost which would be incurred upon sale of the Portfolio. This is consistent with the methodology and accounting standard used by CYA in the calculation of the deferred tax assets and liabilities for the monthly NTA disclosures.

Furthermore, we note in the case of LICs, the current or recent listed market values of the underlying investments provide an accurate representation of the current fair value of those companies’ investment holdings. Consequently, the assessment of net realisable assets is generally considered the most appropriate method for the valuation of companies of this type.

The final Buy-Back Price will not be known until the expiry of Share Buy-Back offer period. As such, for the purpose of this report, we have based our valuation on the most recent share market prices of the Portfolio and the most recent financial position of CYA made available to us, being the financial position as at 31 December 2016.

Further, CYA is a listed Australian company and is quoted on the ASX. We have utilised the market value of listed securities approach (“Share Price Method”) to cross check our values under the NRV Method.

6 Valuation assessment of CYA

As discussed in Section 5.3 of this report, we have used the NRV Method as our primary method to assess the fair market value of CYA on a control basis and the Share Price Method as a cross check.

6.1 NRV Method

Set out below is our valuation assessment of CYA based on the NRV Method.

Valuation summary \$ '000	Section Reference	Low	High
Net assets per December balance sheet (excluding deferred taxes)	3.2.2	77,097	77,097
Grant Thornton's assessment of deferred tax assets	6.2	-	2,600
Special dividend and interim dividend	3.2.6	(2,210)	(2,210)
Adjusted Net assets		74,886	77,486
Investment portfolio realisation costs	Note 2	(150)	(150)
Estimated transaction costs	Note 3	(170)	(170)
Equity value on a 100% basis		74,566	77,166
CYA Shares ('000)	3.2.4	81,866	81,866
Assessed value per CYA Share (cents per share)		91.08	94.26

Note 1: As discussed in Section 5.3 of this report, the final Buy-Back Price will not be known until the expiry of Buy-Back offer. As such, for the purpose of this report, we have based our valuation on the most recent share market prices of the investment portfolio and the most recent financial position made available to us, being the financial position as at 31 December 2016. A detailed balance sheet as at 31 December 2016 is disclosed in Section 3.3.2 of this report.

Note 2: Estimated at 0.2% of market value of the portfolio as at 31 December 2016.

Note 3: Management of CYA has advised that the estimated transaction costs still to be incurred by CYA in relation to the Proposed Transaction (excluding portfolio realisation costs) are approximately \$170,000.

Source: ASX announcements

6.2 Deferred tax assets

As at 31 December 2016, CYA had accumulated gross capital tax losses of approximately \$26.3 million and a DTA recognised on the balance sheet of \$5.5 million. The future utilisation of these tax losses is dependent on the ability of CYA to meet the requirements of the ATO in respect of the “continuity of ownership” and “same business” tests.

We have considered the following risks inherent to the deferred tax assets:

- After the Proposed Transaction, there may be some risks in relation to the ability of the Company to meet the ATO’s “continuity of ownership” requirement. Further, with the New IMA, the “same business” test may not be satisfied to enable a recoupment of the prior year income tax losses carried forward.
- A hypothetical purchaser is unlikely to be prepared to pay for the tax losses due to the uncertainty of meeting the requirements of the ATO, particularly following a change of control and the level and timing of potential future taxable profits.

- During FY14 and FY15, the Board carried out share buy-backs as part of its capital management proposals, aimed at allowing shareholders the opportunity to liquidate their shareholding in CYA at close to NTA less deferred tax balance.
- After the Proposed Transaction, the size of the investment portfolio could be significantly lower.

Notwithstanding the above risks which may lead a potential purchaser to attribute no value to the existing tax losses, we recognise that the deferred tax losses may have some value as they may shield future portfolio returns from tax.

Based on the discussions above, in our valuation assessment we have attributed a value to the existing tax losses between \$nil (low-end of the range) and \$2.6 million (high-end of the range). In our valuation assessment of the DTA at the high-end of the range we have assumed that an utilisation period of 2 years, that the Company will achieve a rate of return of 8.0%¹⁵, and that the Company's investment portfolio will remain consistent with the portfolio as at 31 December 2016.

6.3 Valuation cross check – Share Price Method

Prior to reaching our valuation conclusion, we have considered the quoted security price of CYA Shares to cross check our valuation assessment under the NRV Method.

In accordance with the requirements of RG 111, we have considered the listed securities' depth, liquidity, and whether or not the market value is likely to represent the underlying value of CYA.

¹⁵ This is based on the returns achieved by the Company since the commencement of the IMA with Perennial.



Liquidity

In order to assess the liquidity of CYA Shares, we have considered the trading volume of shares during the period from November 2015 to December 2016. Presented below is the trading volume of CYA Shares as a percentage of total shares outstanding:

Month end	Volume traded ('000)	Monthly VWAP (\$)	Total value of shares traded (\$'000)	Volume traded as % of total shares
Nov 2015	1,029	0.7966	820	1.3%
Dec 2015	558	0.8059	450	0.7%
Jan 2016	1,283	0.8344	1,070	1.6%
Feb 2016	1,011	0.8322	841	1.2%
Mar 2016	624	0.8099	505	0.8%
Apr 2016	408	0.8024	327	0.5%
May 2016	1,109	0.7973	884	1.4%
Jun 2016	1,689	0.7983	1,348	2.1%
Jul 2016	1,071	0.8418	901	1.3%
Aug 2016	669	0.8644	578	0.8%
Sep 2016	384	0.8458	325	0.5%
Oct 2016	585	0.8460	495	0.7%
Nov 2016	1,566	0.8872	1,389	1.9%
Dec 2016	1,178	0.9046	1,066	1.4%
Min				0.47%
Max				2.06%
Average				1.15%
Median				1.25%

Source: S&P Global and GTCF calculations

Based on the above table, we note the following:

- The monthly volume traded as a percentage of total shares outstanding has been limited over the last 12 months. Since July 2016, 6.7% of the total shares outstanding were traded. Since January 2016, 14.1% of the total shares outstanding were traded. This indicates the stock is moderately liquid.
- The Company complies with the full disclosure regime required by the ASX. Each month, CYA discloses the NTA position and portfolio performance at the end of the previous month.
- CYA's share price has declined during 2015 and then reverted to its earlier levels during 2016. The movement in share price has been on account of the general market volatility as well as changes in the value of underlying investments held by CYA.
- A large part of the volatility in 2016 was caused on account of the restructuring proposals received by CYA from both the WAM Group as well as Perennial at the beginning of 2016.

Whilst the level of liquidity is limited, we have adopted the trading share price as an indicative cross check of our valuation assessment of CYA. This is based on the fact that, given that CYA does not hold any major assets other than its investments, any change in the value of its investments should be captured by the market in its share price.



Assessment of VWAP

Set out below is a summary of the share market prices at which CYA Shares currently trade on the ASX as at the date of this report and prior to the announcement of the Proposed Transaction.

Volume Weighted Average Price \$ per share	Low	High	VWAP
Prior to 07 Mar 2017			
5 day	0.925	0.940	0.933
10 day	0.925	0.950	0.931
1 month	0.915	0.950	0.931
2 month	0.905	0.950	0.926
3 month	0.885	0.950	0.918
Prior to 22 Nov 2016 (announcement of the Proposed Transaction)			
5 day	0.845	0.850	0.848
10 day	0.810	0.855	0.844
1 month	0.810	0.880	0.849
3 month	0.810	0.880	0.848
6 month	0.780	0.880	0.827
9 month	0.780	0.880	0.821

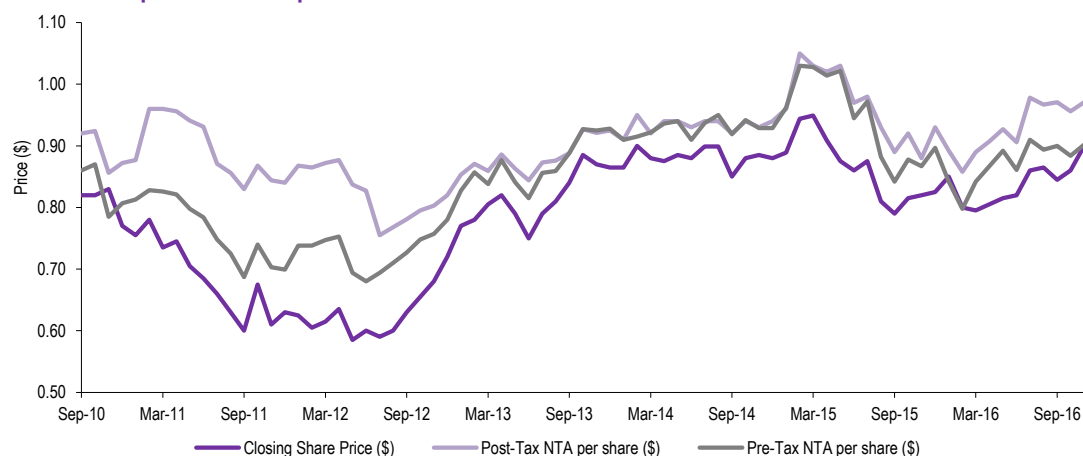
Source: S&P Global and GTCF calculations

We observe that the Volume Weighted Average Price (“VWAP”) of CYA’s Shares has been rising throughout 2016 but has remained below the NTA per share prior to the announcement of the Proposed Transaction. Upon announcement of the transaction, the VWAP rose to the level of NTA per share and then exceeded the same.

Comparison against net tangible asset backing per share

The following chart shows the movements of CYA’s share price and that of CYA’s NTA since Perennial became the investment manager:

CYA: Share price¹ v/s NTA per share



Note 1: Closing Share Price as at the last day of each month.

Source: Management, S&P Global



As shown above, the company has traded at a discount to its net tangible assets per share since 2010. Perennial started managing CYA in September 2010 (when the discount to NTA per share was 7.3%) while the average discount to NTA per share for the 12 months ended December 2016 was 10.3% (refer the table below). Further, the share price was trading at a 7.3% discount to NTA per share in November 2016.

	1 month before	6 months before	1 year before	3 years before	5 years before	Since inception ¹
Average discount to post-tax NTA per share	(8.73)%	(10.28)%	(10.30)%	(8.37)%	(11.24)%	(13.08)%
Average discount to pre-tax NTA per share	(3.19)%	(3.50)%	(3.83)%	(5.79)%	(7.55)%	(7.76)%

Note: Inception refers to the time since Perennial started managing the investments of CYA.

Source: S&P Global and GTCF calculations

As mentioned earlier, NTA per share represents the fair market value of CYA's investment portfolio, as CYA needs to mark-to-market its investment portfolio on a monthly basis. However, due to inter alia the low liquidity of CYA Shares and the higher impact of fixed corporate costs, the Company has traded at a discount to NTA. We note that this is similar to other LICs in the industry (refer to Section 2.6 of this report). Accordingly, a CYA Shareholder seeking the fair market value of his shares would not be able to realise the same through a sale at the trading price, if the historical discount to NTA continues in future.

Conclusion on fair market value of a CYA Share

Our valuation range of 91.08 cents to 94.26 cents per share is at a premium between 7.2% and 10.9% on the share price of CYA prior to the announcement of the Proposed Transaction. We consider this not to be unreasonable based on the discussions above and the recent performance generated by Perennial.



7 Change in the investment manager

A key element of the Proposed Transaction is the appointment of MAM, part of Wilson Asset Management, as the investment manager of the Company.

The Company and MAM have entered into the New IMA which sets out the terms of the engagement of MAM as the investment manager of the Company. The terms of this are substantially similar to the terms of the Perennial IMA except in relation to the following points:

- A management fee equal to 0.0833% (plus GST) of gross assets of the portfolio calculated on the last business day of each month, equivalent to a fee of 1% per annum, is payable to MAM. Perennial currently charges a management fee of 0.40% per annum of average month end portfolio value (after adjusting for funds allocated or withdrawn) at the end of each quarter.
- A performance fee of 20% (calculated semi-annually) of the outperformance of the portfolio above the S&P/ASX 300 Accumulation Index is payable to MAM in respect of each half year, subject to recoupment of prior underperformance. The performance fee is payable if there is an outperformance of the S&P/ASX 300 Accumulation Index, even if both returns (i.e. the return on the portfolio and on the index) are negative. Perennial currently charges a performance fee of 10% calculated per month (after incorporating a hurdle rate of 1% per annum) against the performance of the S&P/ASX 300 Accumulation Index, subject to recoupment of accrued underperformance from prior periods.

The performance fee payable to MAM is based on the value of the portfolio before all fees and taxes on the last business day of the current and preceding performance calculation period (six monthly intervals), whereas the performance fee payable to Perennial under the existing IMA is based on the gross monthly portfolio performance over the monthly benchmark performance.

- The New IMA has an initial term of 5 years and automatically extends for an additional 5 year thereafter. After the initial 5 year term, the Company may terminate the agreement given 3 months' notice if directed to do so by Shareholder resolution and MAM may terminate given 6 months' notice.

Conversely, under the existing IMA with Perennial, no fixed term has been defined.

- The investment parameters of MAM prescribed by the agreement are broader than those that apply to Perennial Value Management, in particular the individual stock index weighting, sectoral weighting and tracking error restrictions do not apply to MAM. Accordingly the MAM management may result in greater exposure to a number of stocks or sectors.

In assessing whether or not the terms of the New IMA are on market and consistent with market best practice, we have had regard to a list of comparable LICs' management agreements based on their investment strategies. Set out below is the list of comparable LICs with a focus in the Australian equity markets, which also have external fund managers managing their investments, like CYA and the WAM Group.

Grant Thornton Corporate Finance analysed the management agreement terms of 14 LICs managed by external fund managers. These are externally managed LICs with an investment focus



in Australian equities. In this regard, we note that the median management fee paid by LICs to fund managers is 0.98%, the median performance fee paid is 20% (subject to different performance indicators), and the median term of management agreement these LICs have entered into is 7.5 years.

Based on the analysis above, in our opinion, whilst the fees charged by MAM under the New IMA are higher than the fees currently charged by Perennial, the terms of the New IMA appears to be in line with market benchmark undertaken and accordingly, the terms of the New IMA appears to be on arms' length.

The following sets out the benchmark analysis undertaken.

Listed Investment Companies	ASX Ticker	Fund Manager	Management Fee	Performance Fee	Terms (years)	Investment Strategy
CYA	ASX:CYA	Perennial	0.40%	10%	NA	Invests primarily in companies under the S&P ASX200 Accumulation Index which meet the quality and price criteria determined by the investment manager.
WAM	ASX:WAM	WAM	1.00%	20%	NA	Investments in predominantly ASX listed securities, medium to small industrial companies but size is not a limiting factor; short sale of securities together with borrowings will never exceed 50% of the value of the Portfolio.
Flagship Investments Limited	ASX:FSI	EC Pohl & Co Pty Ltd	0.00%	15%	5	Invests primarily in companies that have a market value of at least \$10 million, and maintain exposure to a minimum of 20 different companies for portfolio diversification. 90% of available funds are held in equity investments at all times, with the remaining funds held in bank bills, similar cash securities, and on deposit in the short term money market.
Ironbark Capital Limited	ASX:IBC	Kaplan Funds Management Pty Ltd	0.40%	15%	NA	Invests primarily in Australian shares and fixed income securities
Aberdeen Leaders Limited	ASX:ALR	Aberdeen Asset Management Limited	0.75%	20%	NA	Invests primarily in the S&P ASX200 Accumulation Index which meet the quality and price criteria determined by the investment manager.
Clime Capital Limited	ASX:CAM	Australian Value Equity Manager - Clime Asset Management	0.08%	20%	NA	Investments have an international focus on dominant multinational corporations with global brands and strong balance sheets, as well as selected Australian securities that are currency beneficiaries and/or have attractive yields.
CBG Capital Limited	ASX:CBC	CBG Asset Management	1.00%	20%	10	The company maintains a portfolio of Australian equities with a minimum of 75% of the portfolio invested in stocks from the S&P/ASX 200 index, and a maximum of 25% in stocks outside the S&P/ASX 200 index, ensuring exposure to emerging companies.
Westoz Investment Company Limited	ASX:WIC	Westoz Fund Management Pty Ltd	1.00%	20%	NA	Invests primarily in listed securities outside the ASX top 100 companies category, with a portion of the portfolio held in short term cash deposits and derivatives.
Perpetual Equity Investment Company Limited	ASX:PIC	Perpetual Investment Management Limited	1.00%	NA	5	Invests in predominantly Australian listed securities, with typically a mid-cap(outside the top 20 listed securities by market capitalisation) bias and cash, deposit products and senior debt, together with opportunistic allocations to global listed securities.
Australian Governance Masters Index Fund Limited	ASX:AQF	Walsh & Company Asset Management Pty Ltd	0.49%	NA	5	Invests primarily in entities within the S&P ASX 100 Index which in the opinion of the Company have relatively superior governance practices. The company's portfolio allows investors to gain exposure to at least 75 of the largest companies within the S&P ASX 100.
Watermark Market Neutral Fund Limited	ASX:WMK	Watermark Funds Management	1.00%	20%	NA	An absolute return approach is adopted by the manager for their two portfolios, a long and a short portfolio, whereby profits are made from the mispricing of shares in the markets by taking advantage of the natural hedge between long and short positions.
Arowana Australasian Value Opportunities Fund Limited	ASX:AWQ	AAVOF Management Pty Ltd	1.00%	20%	10	The investment approach adopted is a fundamental value based management to outperform market returns through investing in Australian and New Zealand listed securities with the single security limit of 15% at the time the position is initiated. The company excludes GICS Metals and Mining industry securities from its investment portfolio.
Contango Income Generator Limited	ASX:CIE	Contango Asset Management Limited	0.95%	NA	10	Investments are focussed on high yielding ASX listed securities that are outside of the largest 30 securities in the S&P ASC 200 Index, catering for SMSF, retirees, yield and income focussed investors, or any investors that are over-exposed to the top 30 large cap stocks.
Cadence Capital limited	ASX:CDM	Cadence Asset Management	1.00%	20%	NA	Invests in primarily in Australian equities with the aim of producing above market risk-adjusted returns over time with a combination of Fundamental and Technical research.
Median			0.98%	20%	7.5	
Average			0.72%	18%	7.5	

Source: ASX announcements, LICs' corporate websites, annual reports, management agreements, and other publicly available documentation



8 Sources of information, disclaimer and consents

8.1 Sources of information

In preparing this report Grant Thornton Corporate Finance has used various sources of information, including:

- Draft Shareholder Booklet
- Annual reports of CYA for FY16 and FY14
- Year to date management accounts of CYA
- Releases and announcements by CYA on ASX
- Other information provided by CYA
- S&P Global
- Mergermarket
- Other publicly available information
- Discussions with Management

8.2 Qualifications and independence

Grant Thornton Corporate Finance Pty Ltd holds Australian Financial Service Licence number 247140 under the Corporations Act and its authorised representatives are qualified to provide this report.

Grant Thornton Corporate Finance provides a full range of corporate finance services and has advised on numerous takeovers, corporate valuations, acquisitions, and restructures. Prior to accepting this engagement, Grant Thornton Corporate Finance considered its independence with respect to CYA and all other parties involved in the Share Buy-Back with reference to the ASIC Regulatory Guide 112 “Independence of experts” and APES 110 “Code of Ethics for Professional Accountants” issued by the Accounting Professional and Ethical Standard Board. We have concluded that there are no conflicts of interest with respect to CYA, its shareholders and all other parties involved in the Share Buy-Back.

Grant Thornton Corporate Finance and its related entities do not have at the date of this report, and have not had within the previous two years, any shareholding in or other relationship with CYA or its associated entities that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the Share Buy-Back.

Grant Thornton Corporate Finance has no involvement with, or interest in the outcome of the Share Buy-Back, other than the preparation of this report.

Grant Thornton Corporate Finance will receive a fee based on commercial rates for the preparation of this report. This fee is not contingent on the outcome of the Share Buy-Back. Grant Thornton Corporate Finance’s out of pocket expenses in relation to the preparation of the report will be reimbursed. Grant Thornton Corporate Finance will receive no other benefit for the preparation of this report.



8.3 Limitations and reliance on information

This report and opinion is based on economic, market and other conditions prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time.

Grant Thornton Corporate Finance has prepared this report on the basis of financial and other information provided by CYA and publicly available information. Grant Thornton Corporate Finance has considered and relied upon this information. Grant Thornton Corporate Finance has no reason to believe that any information supplied was false or that any material information has been withheld. Grant Thornton Corporate Finance has evaluated the information provided by CYA through inquiry, analysis and review, and nothing has come to our attention to indicate the information provided was materially misstated or would not afford reasonable grounds upon which to base our report. Nothing in this report should be taken to imply that Grant Thornton Corporate Finance has audited any information supplied to us, or has in any way carried out an audit on the books of accounts or other records of CYA.

This report has been prepared to assist the directors of CYA in advising the CYA Shareholders in relation to the Share Buy-Back. This report should not be used for any other purpose. In particular, it is not intended that this report should be used for any purpose other than as an expression of Grant Thornton Corporate Finance's opinion as to whether the Share Buy-Back is fair and reasonable to the CYA Shareholders.

CYA has indemnified Grant Thornton Corporate Finance, its affiliated companies and their respective officers and employees, who may be involved in or in any way associated with the performance of services contemplated by our engagement letter, against any and all losses, claims, damages and liabilities arising out of or related to the performance of those services whether by reason of their negligence or otherwise, excepting gross negligence and wilful misconduct, and which arise from reliance on information provided by CYA, which CYA knew or should have known to be false and/or reliance on information, which was material information CYA had in its possession and which CYA knew or should have known to be material and which CYA did not provide to Grant Thornton Corporate Finance. CYA will reimburse any indemnified party for all expenses (including without limitation, legal expenses) on a full indemnity basis as they are incurred.

8.4 Consents

Grant Thornton Corporate Finance consents to the issuing of this report in the form and context in which it is included in the Target Statement to be sent to the CYA Shareholders. Neither the whole nor part of this report nor any reference thereto may be included in or with or attached to any other document, resolution, letter or statement without the prior written consent of Grant Thornton Corporate Finance as to the form and content in which it appears.

Appendix A – Valuation methodologies

Capitalisation of future maintainable earnings

The capitalisation of future maintainable earnings multiplied by appropriate earnings multiple is a suitable valuation method for businesses that are expected to trade profitably into the foreseeable future. Maintainable earnings are the assessed sustainable profits that can be derived by a company's business and excludes any abnormal or "one off" profits or losses.

This approach involves a review of the multiples at which shares in listed companies in the same industry sector trade on the share market. These multiples give an indication of the price payable by portfolio investors for the acquisition of a parcel shareholding in the company.

Discounted future cash flows

An analysis of the net present value of forecast cash flows or DCF is a valuation technique based on the premise that the value of the business is the present value of its future cash flows. This technique is particularly suited to a business with a finite life. In applying this method, the expected level of future cash flows are discounted by an appropriate discount rate based on the weighted average cost of capital. The cost of equity capital, being a component of the WACC, is estimated using the Capital Asset Pricing Model.

Predicting future cash flows is a complex exercise requiring assumptions as to the future direction of the company, growth rates, operating and capital expenditure and numerous other factors. An application of this method generally requires cash flow forecasts for a minimum of five years.

Orderly realisation of assets

The amount that would be distributed to shareholders on an orderly realisation of assets is based on the assumption that a company is liquidated with the funds realised from the sale of its assets, after payment of all liabilities, including realisation costs and taxation charges that arise, being distributed to shareholders.

Market value of quoted securities

Market value is the price per issued share as quoted on the ASX or other recognised securities exchange. The share market price would, prima facie, constitute the market value of the shares of a publicly traded company, although such market price usually reflects the price paid for a minority holding or small parcel of shares, and does not reflect the market value offering control to the acquirer.

Comparable market transactions

The comparable transactions method is the value of similar assets established through comparative transactions to which is added the realisable value of surplus assets. The comparable transactions method uses similar or comparative transactions to establish a value for the current transaction.



Comparable transactions methodology involves applying multiples extracted from the market transaction price of similar assets to the equivalent assets and earnings of the company.

The risk attached to this valuation methodology is that in many cases, the relevant transactions contain features that are unique to that transaction and it is often difficult to establish sufficient detail of all the material factors that contributed to the transaction price.

**Appendix B – Glossary**

\$ or A\$	Australian dollars
ASIC	Australian Securities Investment Commission
ASX	Australian Securities Exchange
APES 110	Code of Ethics for Professional Accountants
ATO	Australian Taxation Office
Buy-Back or Share Buy-Back	The offer proposed to be made by the Company to its shareholders to purchase up to 100% of the shares held by them in the Company
CYA or the Company	Century Australia Investments Limited
CYA Shareholder	An individual or institution holding a share(s) in CYA
Corporations Act	Corporations Act 2001
DCF	Discounted cash flow
FSG	The Financial Services Guide
FY	Financial Year
FY11	Financial Year ended 30 June 2011
GTCF, Grant Thornton or Grant Thornton Corporate Finance	Grant Thornton Corporate Finance Pty Ltd
IMA	Investment Management Agreement
MAM	MAM Pty Limited
NTA	Net tangible assets
Non-Associated Shareholder	CYA Shareholder other than Wilson Asset Management or GW Holdings
p.a.	Per annum
Perennial	Perennial Value Management Limited
Proposed Transaction	The proposed Share Buy-Back, Public Offer and replacement of the investment manager of CYA
RG 110	Regulatory Guide 110 Share buy-backs
RG 111	Regulatory Guide 111 Content of expert's report
RG 112	Regulatory Guide 112 Independence of experts
WAMI	Wilson Asset Management International Limited



Appendix C – Pro forma statements of financial position

Pro forma statement of financial position post completion of Proposed Transaction ¹	Subscription in Public Offer: \$25 million			
	Participation in Share Buy-Back:			
	31.20%	50%	75%	100%
Cash	1,717,000	1,717,000	1,717,000	1,717,000
Investments	76,831,762	62,732,345	43,973,517	25,214,690
Deferred tax assets ²	5,522,000	5,522,000	5,522,000	5,522,000
Other assets ²	121,000	121,000	121,000	121,000
Total assets	84,191,762	70,092,345	51,333,517	32,574,690
Less: Payables	(391,000)	(391,000)	(391,000)	(391,000)
Less: Deferred tax liabilities	(823,596)	(823,596)	(823,596)	(823,596)
Less: Dividend payable	(2,210,374)	(2,210,374)	(2,210,374)	(2,210,374)
Net tangible assets	80,766,792	66,667,375	47,908,547	29,149,719

Pro forma statement of financial position post completion of Proposed Transaction ¹	Subscription in Public Offer: \$50 million			
	Participation in Share Buy-Back:			
	31.20%	50%	75%	100%
Cash	1,467,000	1,467,000	1,467,000	1,467,000
Investments	101,781,762	87,731,029	69,023,517	50,264,690
Deferred tax assets ²	5,522,000	5,522,000	5,522,000	5,522,000
Other assets ²	121,000	121,000	121,000	121,000
Total assets	108,891,762	94,841,029	76,133,517	57,374,690
Less: Payables	(391,000)	(391,000)	(391,000)	(391,000)
Less: Deferred tax liabilities	(823,596)	(823,596)	(823,596)	(823,596)
Less: Dividend payable	(2,210,374)	(2,210,374)	(2,210,374)	(2,210,374)
Net tangible assets	105,466,792	91,416,059	72,708,547	53,949,719

Pro forma statement of financial position post completion of Proposed Transaction ¹	Subscription in Public Offer: \$75 million			
	Participation in Share Buy-Back:			
	31.20%	50%	75%	100%
Cash	1,217,000	1,217,000	1,217,000	1,217,000
Investments	126,731,762	112,681,029	93,996,544	75,312,058
Deferred tax assets ²	5,522,000	5,522,000	5,522,000	5,522,000
Other assets ²	121,000	121,000	121,000	121,000
Total assets	133,591,762	119,541,029	100,856,544	82,172,058
Less: Payables	(391,000)	(391,000)	(391,000)	(391,000)
Less: Deferred tax liabilities	(823,596)	(823,596)	(823,596)	(823,596)
Less: Dividend payable	(2,210,374)	(2,210,374)	(2,210,374)	(2,210,374)
Net tangible assets	130,166,792	116,116,059	97,431,573	78,747,088

Note 1: The pro-forma financial position is subject to finalisation of the due diligence report and does not include the impact of transaction costs.

Note 2: Does not include tax adjustments.

Source: Management, GTCF calculations

LODGE YOUR VOTE



ONLINE

www.linkmarketservices.com.au



BY MAIL

Century Australia Investments Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia



BY FAX

+61 2 9287 0309



BY HAND

Link Market Services Limited
1A Homebush Bay Drive, Rhodes NSW 2138; or
Level 12, 680 George Street, Sydney NSW 2000



ALL ENQUIRIES TO

Telephone: 1300 554 474

Overseas: +61 1300 554 474



X99999999999

PROXY FORM

I/We being a member(s) of Century Australia Investments Limited and entitled to attend and vote hereby appoint:

APPOINT A PROXY



**the Chairman of the
Meeting (mark box)**

OR if you are **NOT** appointing the Chairman of the Meeting
as your proxy, please write the name of the person or
body corporate you are appointing as your proxy



or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Extraordinary General Meeting of the Company to be held at **2pm on Tuesday, 18 April 2017 at Justice and Police Museum, Corner Albert and Phillip Streets, Circular Quay, Sydney, NSW, 2000** (the **Meeting**) and at any postponement or adjournment of the Meeting.

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting. Please read the voting instructions overleaf before marking any boxes with an ☒

Resolutions

1 Buy-Back

For Against Abstain*

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
--------------------------	--------------------------	--------------------------

5 New Manager Appointment

For Against Abstain*

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
--------------------------	--------------------------	--------------------------

2 Participation of the WAM Group in
the Buy-Back at the Buy-Back Price

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
--------------------------	--------------------------	--------------------------

6 Director Appointment

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
--------------------------	--------------------------	--------------------------

3 Public Offer

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
--------------------------	--------------------------	--------------------------

4 Participation of GW Holdings in the
Public Offer at the Public Offer Price

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
--------------------------	--------------------------	--------------------------



* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)



Joint Shareholder 2 (Individual)



Joint Shareholder 3 (Individual)



Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).



HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form.

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- (b) return both forms together.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either shareholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at www.linkmarketservices.com.au.

LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **2pm on Sunday, 16 April 2017**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



ONLINE

www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the Proxy Form).



BY MOBILE DEVICE

Our voting website is designed specifically for voting online. You can now lodge your proxy by scanning the QR code adjacent or enter the voting link www.linkmarketservices.com.au into your mobile device. Log in using the Holder Identifier and postcode for your shareholding.

QR Code



To scan the code you will need a QR code reader application which can be downloaded for free on your mobile device.



BY MAIL

Century Australia Investments Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia



BY FAX

+61 2 9287 0309



BY HAND

delivering it to Link Market Services Limited*
1A Homebush Bay Drive
Rhodes NSW 2138

or

Level 12
680 George Street
Sydney NSW 2000

* During business hours (Monday to Friday, 9:00am–5:00pm)

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE EXTRAORDINARY GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU.
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**