

CENTURY AUSTRALIA INVESTMENTS LIMITED  
ABN 11 107 772 761

# Prospectus

An offer to raise up to \$75,000,000  
through the issue of shares.

New Investment Manager



Joint Lead Managers



Co-Managers



## CONTENTS

Key Offer Information	3
Important Notices	4
Chairman's letter	5
1) Offer summary	7
2) Details of the Offer	20
3) About the Company	25
4) About the New Investment Manager	34
5) Risk factors	38
6) Financial information	42
7) Investigating Accountant's Report	45
8) Material contracts	49
9) Additional information	53
10) Definitions and interpretation	57

## CORPORATE DIRECTORY

### Directors of Century

Robert Turner (Chairman)  
Stephen Menzies  
Ross Finley  
Geoffrey Wilson  
Chris Stott

### Company Secretary

Sophia Gartzonis

### New Investment Manager of Century

MAM Pty Limited  
Part of Wilson Asset Management Group  
Level 11, 139 Macquarie Street  
Sydney NSW 2000  
T (02) 9247 6755  
F (02) 9247 6855

### Joint Lead Managers to the Offer

Taylor Collison Limited  
Level 16, 211 Victoria Square  
Adelaide SA 5000  
T (08) 8217 3900  
F (08) 8410 4078

Morgans Financial Limited  
Level 29, 123 Eagle Street  
Brisbane QLD 4000  
T (07) 3334 4864  
F (07) 3931 0593

### Co-Managers to the Offer

Macquarie Equities Limited  
Patersons Securities Limited

### Registered Office

c/- White Outsourcing Pty Limited  
Level 12, 680 George Street  
Sydney NSW 2000  
T (02) 8262 2800  
F (02) 9221 1194

### Solicitor to the Offer

Watson Mangioni  
Level 23, 85 Castlereagh Street  
Sydney NSW 2000

### Investigating Accountant

Grant Thornton Corporate Finance Pty Ltd  
Level 17, 383 Kent Street  
Sydney NSW 2000

### Auditors of the Company

Grant Thornton Audit Pty Limited  
Level 17, 383 Kent Street  
Sydney NSW 2000

### Share Registrar

Link Market Services Limited  
Level 12, 680 George Street  
Sydney NSW 2000  
T 1300 795 998 (within Australia)  
T +61 1300 795 998 (outside Australia)

### Stock Exchange Listing

Australian Securities Exchange  
Listing Code: CYA

## Key Offer Information

### IMPORTANT DATES

19 April 2017

Lodgement of Prospectus

10.00am  
19 April 2017

Offer opens

5.00pm  
12 May 2017

Broker Firm Offer closes

7.00pm  
19 May 2017

Shareholder Priority  
Allocation and WAM Priority  
Allocation closes

7.00pm  
19 May 2017

General Offer closes

2 June 2017

Expected date of allotment  
(and of completion of  
Buy-Back)

6 June 2017

Expected date new  
Shares commence trading  
on the ASX

*The dates are subject to  
change and are indicative only.  
The Company reserves the  
right to amend this indicative  
timetable subject to the  
Corporations Act and the ASX  
Listing Rules.*

### KEY OFFER STATISTICS

<b>Number of Shares currently on issue</b>	<b>81,865,704</b>
<b>Number of Shares issued under Offer<sup>1</sup></b>	<b>Nil to 85,000,000</b>
<b>Number of Shares cancelled under Buy-Back</b>	<b>Nil<sup>2</sup> to 81,541,012<sup>3</sup></b>
<b>Total Shares on issue on completion of Offer and Buy-Back<sup>1,2,3</sup></b>	<b>324,692 to 141,311,232</b>
<b>March NTA<sup>4</sup></b>	<b>97.9 cents per Share</b>
<b>Dividends declared but not paid<sup>5</sup></b>	<b>2.7 cents per Share</b>
<b>Pro forma NTA (pre Offer and Buy-Back)<sup>6</sup></b>	<b>95.2 cents per Share</b>
<b>Gross proceeds of Offer</b>	<b>Nil to \$75 million</b>

#### Notes

- 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 Offer at the Issue Price. These Shares will not, however, be issued if it would result in GW Holdings acquiring a relevant interest in Shares in breach of the takeover provisions of the Corporations Act. The maximum number of Shares to be issued under the Offer is 85 million Shares (or such lesser number that results in an aggregate Issue Price of \$75 million).
- Wilson Asset Management has advised the Company that the WAM Entities intend to sell all of the Shares held by the WAM Entities on the Closing Date under the Buy-Back. However, if this would cause the net tangible assets of the Company on completion of the Offer and the Buy-Back to be less than \$16 million, the WAM Entities will sell into the Buy-Back 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. As at the date of this Prospectus, the WAM Entities held 25,554,472 Shares, representing 31.2% of the issued Shares. The WAM Entities may sell Shares on-market prior to the Closing Date (subject to applicable law and the Securities Trading Policy of the Company) however Wilson Asset Management has advised the Company that the WAM Entities 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 Offer and the Buy-Back irrespective of the level of participation of other Shareholders in the Buy-Back and the level of participation in the Offer.
- Directors have advised the Company that they will continue to hold at least 324,692 Shares at completion of the Offer and the Buy-Back. However, the minimum number will be larger than this as a result of the application of the reduction of the WAM Entities participation in the Buy-Back as discussed at note 2 above. It is not possible to determine the precise minimum number as at the date of this Prospectus as it will depend upon the net tangible assets of the Company on completion of the Offer and the Buy-Back.
- March NTA is the net tangible asset backing per Share (excluding any deferred taxes) as at 31 March 2017 as announced on ASX on 11 April 2017.
- On 18 April 2017, an interim dividend of 1.6 cents per Share and a special dividend of 1.1 cents per Share were declared. The dividends will be 100% franked and are payable to Shareholders on the register at 7.00pm on Monday, 24 April 2017. The dividends will be paid on 10 May 2017.
- The pro forma NTA (pre Offer and Buy-Back) is calculated as the March NTA (see note 4) minus the dividends declared by the Board after 31 March 2017 that will be paid prior to completion of the Offer and the Buy-Back (see note 5). The NTA will be impacted by the effect of the Offer and the Buy-Back – see Section 6.3 for details.

## Important Notices

### Offer

The Offer contained in this Prospectus is an invitation to subscribe for fully paid ordinary shares (Shares) in Century Australia Investments Limited (ABN 11 107 772 761) (Company). This Prospectus is issued by the Company.

### Prospectus

This Prospectus is dated 19 April 2017 and was lodged with ASIC on that date. None of ASIC, the ASX and their respective officers take responsibility for the contents of this Prospectus.

No Shares will be issued on the basis of this Prospectus later than the expiry date of this Prospectus, being the date 13 months after the date of this Prospectus.

Century Australia Investments Limited (Company) is a disclosing entity for the purposes of the Corporations Act. The content of the Prospectus has been determined on the basis that certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

This Prospectus is issued pursuant to Section 713 of the Corporations Act. This enables listed disclosing entities to issue a prospectus with more limited disclosure than would be required of a full-form prospectus where the Company has been a listed disclosing entity for a period of at least 12 months.

### ASX Listing

The Company will apply within 7 days after the date of this Prospectus for Shares to be issued pursuant to this Prospectus to be quoted on the ASX.

The fact that the Shares may be quoted on the ASX is not to be taken as an indication of the merits of the Company or Shares. Neither the ASX nor its officers take any responsibility for the contents of this Prospectus. If granted admission to the ASX, quotation will commence as soon as practicable after holding statements are dispatched.

The Company does not intend to issue any Shares unless and until the Shares have been granted permission to be quoted on the ASX on terms acceptable to the Company. If permission is not granted for the Shares to be quoted before the end of three months after the date of this Prospectus or such longer period permitted by the Corporations Act or with the consent of ASIC, all Application Monies received pursuant to the Prospectus will be refunded without interest to Applicants in full within the time prescribed by the Corporations Act.

### Intermediary Authorisation

The Company does not hold an Australian Financial Services Licence (AFSL) under the Corporations Act. Accordingly, offers under this Prospectus will be made pursuant to an arrangement between the Company and Taylor Collison Limited, the holder of an AFSL, pursuant to Section 911A(2)(b) of the Corporations Act. The Company will only authorise Taylor Collison Limited to make offers to people to arrange for the issue of Shares by the Company under the Prospectus and the Company will only issue Shares in accordance with such offers if they are accepted.

### Role of Joint Lead Managers and Co-Managers

The Joint Lead Managers and Co-Managers will manage the issue on behalf of the Company. The Joint Lead Managers are Morgans Financial Limited (AFSL 235410) and Taylor Collison Limited (AFSL 247083). The Co-Managers are Macquarie Equities Limited (AFSL 237504) and Patersons Securities Limited (AFSL 239052).

The New Investment Manager, Joint Lead Managers' and Co-Managers' functions should not be considered as an endorsement of the Offer nor a recommendation of the suitability of the Offer for any investor. None of the New Investment Manager, the Joint Lead Managers or the Co-Managers guarantee the success or performance of the Company or the returns (if any) to be received by investors. None of the New Investment Manager, the Joint Lead Managers or the Co-Managers is responsible for, or has caused the issue of, this Prospectus.

### Investment Decision

The information contained in this Prospectus is not financial advice and does not take into account your investment objectives, financial situation or particular needs.

It is important that you read this Prospectus carefully and in its entirety before deciding whether to invest in the Company. In particular, you should consider the risk factors that could affect the performance of the Company. You should carefully consider these risks in light of your personal circumstances (including financial and tax issues) and seek professional guidance from your stockbroker, solicitor, accountant or other independent professional adviser before deciding whether to invest in Shares.

Some of the key risk factors that should be considered by prospective investors are set out in Section 5. There may be risk factors in addition to these that should be considered in light of your personal circumstances.

No person named in this Prospectus, nor any other person, guarantees the performance of the Company or the repayment of capital or any return on investment made pursuant to this Prospectus.

### Disclaimer

No person is authorised to give any information or make any representation in connection with the Offer which is not contained in this Prospectus. Any information or representation not so contained or taken to be contained may not be relied on as having been authorised by the Company in connection with the Offer.

The Company, the Joint Lead Managers and the Share Registrar disclaim all liability, whether in negligence or otherwise, to persons who trade Shares before receiving their holding statement.

This disclaimer does not purport to disclaim any warranties or liability which cannot be disclaimed by law.

### Forward Looking Statements

This Prospectus contains forward looking statements. Forward looking statements are not based on historical facts, but are based on current expectations of future results or events. These forward looking statements are subject to risks, uncertainties and assumptions which could cause actual results or events to differ materially from the expectations described in such forward looking statements. While the Company believes the expectations reflected in the forward looking statements in this Prospectus are reasonable, no assurance can be given that such expectations will prove to be correct. The risk factors set out in Section 5, as well as other matters as yet not known to the Company or not currently considered material by the Company, may cause actual results or events to be materially different from those expressed, implied or projected in any forward looking statements. Any forward looking statement contained in this Prospectus is qualified by this cautionary statement.

### Electronic Prospectus

An electronic version of this Prospectus (Electronic Prospectus) can be downloaded from the following website [www.centuryaustralia.com.au/cya-offer](http://www.centuryaustralia.com.au/cya-offer). The Offer or invitation to which the Electronic Prospectus relates is only available to persons receiving the Electronic Prospectus in Australia.

The Company will also send you a copy of the paper Prospectus and paper Application Form free of charge if you ask during the application period.

If you download the Electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Form. The Shares offered under the Offer to which the Electronic Prospectus relates will only be issued on receipt of a printed copy of the Application Form.

### No offering where offering would be illegal

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been taken to register or qualify the Shares or the Offer, or to otherwise permit a public offering of the Shares in any jurisdiction outside Australia. The distribution of

this Prospectus outside Australia may be restricted by law and persons who come into possession of this Prospectus outside Australia should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

This Prospectus has been prepared for publication in Australia and may not be released or distributed in the United States. This Prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. The Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state of the United States, and may not be offered or sold in the United States, or to, or for the account or benefit of a US Person, except in a transaction exempt from the registration requirements of the US Securities Act and applicable United States state securities laws. This Prospectus does not constitute an offer or invitation to potential investors to whom it would not be lawful to make such an offer or invitation.

### Glossary of Terms

Defined terms and abbreviations included in the text of this Prospectus are set out in the Glossary in Section 10.

### Privacy

By completing an Application Form, you are providing personal information to the Company and the Share Registrar, which is contracted by the Company to manage Applications. The Company and the Share Registrar on their behalf, collect, hold and use that personal information to process your Application, service your needs as a Shareholder, provide facilities and services that you request and carry out appropriate administration.

Once you become a Shareholder, the Corporations Act and Australian taxation legislation require information about you (including your name, address and details of the Shares you hold) to be included in Company's public register. The information must continue to be included in the Company's public register if you cease to be a Shareholder. If you do not provide all the information requested, your Application Form may not be able to be processed. The Company and the Share Registrar may disclose your personal information for purposes related to your investment to their agents and service providers including those listed below or as otherwise authorised under the Privacy Act 1988 (Cth):

- The Share Registrar for ongoing administration of the Shareholder register;
- The New Investment Manager, MAM Pty Limited, to facilitate the assessment of an Application;
- The Joint Lead Managers in order to assess your Application;
- Printers and other companies for the purpose of preparation and distribution of documents and for handling mail;
- Market research companies for the purpose of analysing the Company's shareholder base and for product development and planning; and
- Legal and accounting firms, auditors, management consultants and other advisers for the purpose of administering, and advising on, the Shares and for associated actions.

You may request access to your personal information held by or on behalf of the Company. You can request access to your personal information or obtain further information about the Company's privacy practices by contacting the Share Registrar or the Company. The Company aims to ensure that the personal information it retains about you is accurate, complete and up-to-date. To assist with this, please contact the Company or the Share Registrar if any of the details you have provided change.

In accordance with the requirements of the Corporations Act, information on the Shareholder register will be accessible by members of the public.

## Chairman's letter

Dear Investor

On behalf of the Board of Directors, I am pleased to present this Prospectus and offer you the opportunity to acquire Shares in Century Australia Investments Limited (Company). Century aims to provide investors with exposure to large, undervalued growth companies using Wilson Asset Management's proven investment process. The Company is seeking to raise up to \$75 million under the Offer through the issue of up to 85 million Shares.

The Offer is open to new investors as well as existing Shareholders. The Offer opens at 10.00am on 19 April 2017 and closes at 7.00pm on 19 May 2017.



**Rob Turner, Chairman**

Century Australia  
Investments Limited

19 April 2017

### BACKGROUND

On 18 April 2017 Century Shareholders approved a major restructure of the Company involving:

- the appointment of the New Investment Manager, a member of the Wilson Asset Management group, as the new investment manager of the Company in place of Perennial Value Management;
- the appointment of Chris Stott, Chief Investment Officer of Wilson Asset Management, as a Director of the Company; and
- the Company:
  - offering to buy-back and cancel its existing Shares (the Buy-Back); and
  - undertaking this Offer of new Shares.

As a result of these approvals, the appointment of the New Investment Manager and Chris Stott, as a Director of the Company, are now effective and the Company is now undertaking the Buy-Back and the Offer. The offer periods for both the Buy-Back and the Offer will close on the same date. The Company will complete the issue of Shares under the Offer, and the transfer and cancellation of Shares under the Buy-Back, on the same day.

### THE OPPORTUNITY

The New Investment Manager, will provide investors with an opportunity to invest in predominantly S&P/ASX 300 listed companies using Wilson Asset Management's absolute bias, bottom-up, benchmark unaware, fundamental investment methodology with the flexibility to hold cash if investment opportunities are not identified within the investment process.

### INVESTMENT OBJECTIVES

The Company's investment objectives are to deliver a stream of fully franked dividends, to provide capital growth over the medium-to-long term and to preserve capital.

### KEY RISKS

Like all investments, an investment in the Company carries risk. The performance of the Company will be dependent on the New Investment Manager's ability to achieve the investment objectives. As a listed investment company that invests in listed securities, the Company will always be subject to market risk as the market price of these securities can fluctuate. Other key risks include investment strategy risk, New Investment Manager's performance risk, economic risk, financial market volatility, concentration risk, short selling risk,

## Chairman's letter

portfolio liquidation risk and liquidity risk, potential for loss of ASX required spread, the potential increase in voting power of the WAM Entities and the risk relating to the future availability of deferred tax assets.

It is particularly important for potential investors to review carefully the risks associated with an investment in the Company. These are set out in detail in Section 5. You are encouraged to read the Prospectus carefully as it contains detailed information about the Company and the Offer.

### ABOUT WILSON ASSET MANAGEMENT

An experienced investment and management team, Wilson Asset Management's investment team has almost 100 years' collective experience in the Australian share market. In addition, the Wilson Asset Management investment team 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
- a flat management structure informed by the team's collective experience.

The Wilson Asset Management Investment Team currently manages four LICs and one wholesale managed unit trust (see Section 4 for details). The Wilson Asset Management Investment Team will apply the similar investment principles and processes in managing the WAM Entities that it intends to apply to the Portfolio.

The current expectation is that securities in the S&P/ASX 300 Index will be purchased primarily by the Company. If other WAM Entities also wish to purchase a particular S&P/ASX 300 Index security then the allocation across the WAM Entities and the Company will depend on the targeted weighting or level indicated by one or more of the entities and may take into account a number of factors including the relevant entities' gross asset values.

### WILSON ASSET MANAGEMENT'S INVESTMENT STRATEGY

The Company will utilise Wilson Asset Management's investment strategy, comprising three investment processes:

- The research-driven investment process involves extensive research focusing on free cash flow, return on

equity and the quality of the potential investee company. Each company is rated with respect to management, earnings growth potential, valuation and industry position. Under this process, Wilson Asset Management will only invest in a security once it can identify a catalyst or an event that will change the market's valuation of that security. See Section 3 for further details.

- The market-driven investment process 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. See Section 3 for further details.
- The investment-driven process involves extensive research and identifying required characteristics for the New Investment Manager to decide on the appropriate times for shares to be purchased.

### BENEFITS OF THE LIC STRUCTURE

The LIC structure can provide a permanent and stable closed-end pool of capital. An investment team that manages capital on behalf of a LIC can therefore make rational investment decisions based on sound investment principles. Importantly, the LIC structure can allow the opportunity to pay shareholders fully franked dividends over time. As a listed entity, a LIC must comply with rigorous corporate governance principles, providing investors with transparency and accountability.

### ENGAGEMENT WITH SHAREHOLDERS

Wilson Asset Management takes an active approach in engaging with shareholders and communication with them about activities and performance. Regular communications include weekly email updates, monthly investment updates and NTA announcements, yearly and half yearly profit announcements and semi-annual shareholder briefings. Wilson Asset Management conducts successful and well-attended shareholder briefings, with presentations held in Sydney, Melbourne, Adelaide, Brisbane, Perth and Canberra. The investment and management team greatly values the opportunity to meet with shareholders at the semi-annual events.

On behalf of the Board of Directors, I look forward to welcoming you as a Shareholder of the Company.



## 1) Offer summary

This is a summary only. This Prospectus should be read in full before making any decision to apply for Shares.

### 1.1. KEY INFORMATION ABOUT CENTURY AND THE OFFER

Question & Answer	More Information
<p><b>Who is Century?</b></p> <p>Century is a listed investment company. It was admitted to the official list of ASX in 2004.</p> <p>Century is primarily an investor in equities listed on the Australian stock market.</p> <p>Between February 2004 and September 2010 the Portfolio was managed by 452 Capital Pty Limited.</p> <p>Between September 2010 and 18 April 2017, the Portfolio was managed by Perennial Value Management.</p> <p>On 18 April 2017 shareholders of Century approved the appointment of MAM Pty Limited, a member of the Wilson Asset Management Group, as the New Investment Manager.</p>	Section 3
<p><b>What is the current Portfolio?</b></p> <p>As at 31 March 2017, the Portfolio is comprised 94% listed Australian equities primarily in the S&amp;P/ASX 300 Index and 6% cash.</p>	Section 3.14
<p><b>Why is Century undertaking the Offer?</b></p> <p>On 18 April 2017 Century Shareholders approved the Company pursuing a proposed transaction, involving the Company:</p> <ul style="list-style-type: none"><li>• changing the investment manager of the Company to the New Investment Manager (which is a member of the Wilson Asset Management group) and appointing Chris Stott (Chief Investment Officer of Wilson Asset Management) as a Director of the Company;</li><li>• offering to buy-back and cancel all of its existing Shares (the Buy-Back);</li><li>• undertaking this Offer of new Shares.</li></ul> <p>As a result of these approvals, the New Investment Manager is now the investment manager of the Company, Chris Stott is now a Director and the Company is now undertaking the Buy-Back and the Offer.</p> <p>Under the Buy-Back, existing Shareholders eligible to participate (being those on the register as at 7pm on 24 April 2017 that are not ineligible) 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 Closing Date, less the transaction costs incurred by the Company in proposing and undertaking the Buy-Back (shared between the Shares participating in the Buy-Back).</p> <p>Under the Offer, the Company is offering for subscription of Shares and is seeking to raise up to \$75 million under the Offer through the issue of up to 85 million Shares. The Issue Price for the Offer will be calculated using (amongst other variables) the NTA at close of trade on the third Business Day following the Closing Date (being the same date as is used to calculate the Buy-Back price).</p> <p>The offer periods for both the Buy-Back and the Offer will close on the same date. The Company will complete the issue of Shares under the Offer, and the transfer and cancellation of Shares under the Buy-Back, on the same day.</p>	

## 1) Offer summary

Question & Answer	More Information
<p><b>How will the proceeds of the Offer be used?</b></p> <p>The proceeds from the Offer will be used to fund the amounts payable by the Company under the Buy-Back and to pay the costs of the Offer. If the proceeds from the Offer exceed the amounts payable under the Buy-Back and the costs of the Offer, the excess will be invested by the New Investment Manager. If the amounts payable under the Buy-Back and the costs of the Offer exceed the proceeds of the Offer, the Company will liquidate part of its investment portfolio to fund the shortfall.</p>	
<b>1.2. KEY INFORMATION ABOUT CENTURY'S BUSINESS MODEL AND INVESTMENT STRATEGY</b>	
Question & Answer	More Information
<p><b>Who is the New Investment Manager?</b></p> <p>The New Investment Manager forms part of Wilson Asset Management, a boutique fund management group established in 1997. Wilson Asset Management is comprised of the New Investment Manager and WAMI. The New Investment Manager was established in 2002. The New Investment Manager holds an Australian Financial Services Licence (AFSL) 223231.</p> <p>Wilson Asset Management is led by Geoff Wilson, a Director of the Company. Wilson Asset Management manages approximately \$2 billion (as at 31 March 2017) on behalf of wholesale and retail investors across four LICs and one wholesale unit trust.</p> <p>The New Investment Manager and WAMI employ the same investment team (Wilson Asset Management Investment Team) to manage their respective portfolios (see Section 4.4 for further details of the team's experience and expertise).</p>	Section 4
<p><b>What is the business model of the Company?</b></p> <p>The Company will provide investors access to:</p> <ul style="list-style-type: none"><li>• a Portfolio predominately comprised of Large-cap companies in the S&amp;P/ASX 300 Index; and</li><li>• the investment management expertise of Wilson Asset Management.</li></ul>	Section 3.1 and Section 4
<p><b>What are the Company's investment objectives?</b></p> <p>The Company's investment objectives are to:</p> <ul style="list-style-type: none"><li>• deliver a stream of fully franked dividends;</li><li>• provide capital growth over the medium-to-long term; and</li><li>• preserve capital</li></ul>	Section 3.2
<p><b>What is the Company's investment strategy?</b></p> <p>The New Investment Manager will manage the Portfolio, using Wilson Asset Management's research-driven, market-driven and investment-driven processes. The research-driven investment process involves extensive research focusing on free cash flow, return on equity and the quality of the potential investee company. Each company is rated with respect to management, earnings growth potential, valuation and industry position. The market-driven investment process takes advantage of short term relative arbitrage and mis-pricings in the Australian equity market. The investment-driven process involves extensive research to identify sectors and investee companies based on key macroeconomic and industry trends that are conducive to outperformance in the medium to long term.</p>	Section 3.4



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## Question & Answer

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## More Information

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### What are the key risks associated with the business model and the Offer?

Section 5

The Company's investment activities will expose it to a variety of risks.

The key risks identified by the Company are:

- **Market risk:** Broad market risks include movements in domestic and international securities markets, movements in foreign exchange rates and interest rates, changes in taxation laws and other laws affecting investments and their value. The New Investment Manager will endeavour to construct the Company's Portfolio so as to minimise market risks. Certain events may have a negative effect on the price of all types of investments within a particular market. These events may include changes in economic, social, technological or political conditions, as well as market sentiment. The New Investment Manager will seek to minimise market and economic risks but cannot eliminate them entirely.
- **Investment strategy risk:** The success and profitability of the Company will largely depend on the New Investment Manager's ability to manage the Portfolio in a manner that complies with the Company's objectives, strategies, policies, guidelines and permitted investments. A failure to do so may negatively impact the Company and its Shares. The investment strategy of the New Investment Manager is different than that of the former 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. In addition, there are risks inherent in the investment strategy that the New Investment Manager will employ for the Company.
- **New Investment Manager's performance risk:** The past performance of portfolios managed by the New Investment Manager, and persons associated with the New Investment Manager, are not a guide to future performance of the Company. The success and profitability of the Company depends almost entirely on the ability of the New Investment Manager to manage a Portfolio of investments, exposed to well managed businesses that have the ability to increase in value over time. The Investment Management Agreement will have an initial term of 5 years. Even if the Company does not perform well, it may be difficult to remove the New Investment Manager.
- **Economic risk:** Investment returns are influenced by numerous economic factors. These factors include changes in economic conditions (e.g. changes in interest rates or economic growth), changes in the legislative and political environment, as well as changes in investor sentiment. In addition, exogenous shocks, natural disasters, acts of terrorism and financial market turmoil (such as the global financial crisis) can (and sometimes do) add to equity market volatility as well as impact directly on individual entities. As a result, no guarantee can be given in respect of the future earnings of the Company or the earnings and capital appreciation of the Company's Portfolio or appreciation of the Company's Share price.
- **Financial market volatility:** A fall in global equity markets, global bond markets or the rate of change in the value of the Australian dollar against other major currencies may discourage investors from moving money into or out of equity markets. This may have a negative effect on the value of the Portfolio (for example if the price of securities within the Portfolio decreases and the New Investment Manager is required to sell investments at a loss). This may also have a negative effect on the price at which the Company's Shares trade.
- **Concentration risk:** There may be more volatility in the Portfolio as compared to the S&P/ASX 300 Index because the Portfolio will be comprised of a smaller number of securities than the broader market Index.

## 1) Offer summary

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### Question & Answer

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### More Information

#### (continued)

- **Short selling risk:** There are inherent risks associated with short selling. Short selling involves borrowing securities which are then sold. If the price of the securities falls then the Company can buy those securities at a lower price to transfer back to the lender of the securities. Short sales can enlarge the fluctuations in the value of the Portfolio of the Company in a manner similar to a debt leveraged portfolio and exposes the Portfolio to the risk that investment flexibility could be restrained by the need to provide collateral to the securities lender and that positions may have to be liquidated at a loss and not at a time of the New Investment Manager's choosing.
- **Liquidation of portfolio and liquidity:** If the level of participation in the Buy-Back exceeds the level of participation in the Offer, the Company will be required to liquidate part of its investment portfolio to partly fund the Buy-Back. This may result in additional market risk. In addition, Shareholders will be left holding Shares in a company with a smaller capital base and less liquidity.
- **Potential for loss of ASX required spread:** If the level of participation in the Buy-Back is high and the Offer 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).
- **Potential increase in voting power of the WAM Entities:** If there is a sufficiently high level of participation in the Buy-Back and low level of participation in the Offer, the WAM Entities' voting power may increase as a result of the Buy-Back from its current 31.2% to up to 100%. If the WAM Entities were to obtain a shareholding of above 50%, it would give the WAM Entities effective control of the Company and the ability to determine the outcome of certain resolutions put to Shareholders. A significant increase in the voting power of the WAM Entities following implementation of the Buy-Back and Offer 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.
- **Future availability of deferred tax assets:** As at 31 December 2016, the Company had on and off balance sheet a total of \$28.01 million of available carried forward capital and tax losses (\$8.40m tax effected). Tax losses have been recognised on the basis that it is deemed probable that the tax losses can be utilised within a time period of 5 to 7 years. The Company's ability to use these assets will depend upon whether it satisfies certain tests prescribed by tax legislation at the time of utilisation of the losses. While the Company currently expects that it will be able to satisfy the relevant tests, this is unable to be determined at the date of this Prospectus as it will depend upon future matters. There is a risk that the deferred tax assets may not be available for use by the Company.

A more detailed list and explanation of risks associated with an investment in the Company are set out in Section 5. Investors should consider all risks before investing in the Company.

Question & Answer	More Information
<p><b>How will the Portfolio be constructed?</b></p> <p>The Portfolio will initially comprise the existing Portfolio of the Company, to the extent that this is not liquidated to fund amounts payable under the Buy-Back and the costs of the Offer.</p> <p>This Portfolio will be managed, and any excess proceeds from the Offer will be invested, by the New Investment Manager in accordance with the investment strategy, investment guidelines and parameters as agreed with the Company from time-to-time.</p>	<p>Sections 3.5, 3.6, 3.7 and 3.14</p>
<p><b>Can the Company hold cash?</b></p> <p>Yes, the Portfolio can include a cash component at any given time.</p> <p>The New Investment Manager will invest only when it can identify appropriate investment opportunities and will otherwise default to cash. The Portfolio is expected to be fully invested with the maximum holdings in cash or cash equivalents to be limited to 50% of the Portfolio, as far as practicable.</p>	<p>Section 3.6</p>
<p><b>Will the Company participate in short selling?</b></p> <p>Short selling may be undertaken by the Company as part of the investment strategy to benefit from falling security prices. The Company is expected to engage in short selling by borrowing securities and providing stock or cash collateral. Short selling can magnify gains in the Portfolio, but can also magnify losses. To manage this risk, the Company has adopted the short selling policy in Section 5.</p>	<p>Sections 3.6 and 3.9</p>
<p><b>Will the Portfolio be leveraged?</b></p> <p>No. The New Investment Manager will not use leverage in the form of borrowings.</p>	<p>Section 3.6</p>
<p><b>What is the investment term?</b></p> <p>The Company's investment objectives are to deliver a stream of fully franked dividends, to provide capital growth over the medium-to-long term and to preserve capital. For this reason investors are strongly advised to regard any investment in the Company as a medium-to-long term proposition (more than five years) and to be aware that, as with any equity investment, substantial fluctuations in the value of their investment may occur over that period and beyond.</p>	<p>Section 3</p>

### 1.3. KEY INFORMATION ABOUT THE DIRECTOR'S AND THE NEW INVESTMENT MANAGER

Question & Answer	More Information
<p><b>Who are the Company's Directors?</b></p> <p>The Directors of the Company are:</p> <p><b>Robert Turner B Com, FAICD (Independent Chairman)</b></p> <p>Mr Turner has a strong finance and marketing background and over 30 years of experience in corporate management, both in Australia and overseas. He has experience in the financial services industry and has held general management positions in the services and manufacturing industries. Mr Turner was the Managing Director of IOOF Limited, an ASX listed company from 1996 to 2004 and also served as a Director of IWL Limited, an ASX Listed Company, for three years until November 2007.</p>	

## 1) Offer summary

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### Question & Answer

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### More Information

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#### (Continued)

##### **Stephen Menzies B Econ, LLB, LL (Independent Director)**

Mr Menzies is a corporate lawyer with a broad policy and regulatory background. He was previously a partner of Ashurst which specialises in securities issues, product development, funds management, corporate finance and new technologies. Mr Menzies was a National Director for Enforcement at the Australia Securities Commission. Stephen brings a wealth of experience in corporate structuring and corporate finance. During the past three years Mr Menzies has served as a Director of Platinum Asset Management Limited, Freedom Insurance Group Limited and Chairman of the Centre for Quantum Computation & Communication Technology.

##### **Ross Finley (Independent Director)**

Mr Finley serves on the Board of Directors and on the Audit Committee. Mr Finley has over 40 years' experience in the Australian Financial Markets with a focus on Australian Equities and Australian Property Management. He was employed at Bankers Trust Australia from 1981 to 1996. He is also currently a director of Ironbark Capital Limited, an absolute return investment company.

##### **Geoffrey Wilson B Sc GMQ FAICD FFINSIA (Non-Independent Director)**

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, the Future Generation companies. Geoff holds a Bachelor of Science, a Graduate Management Qualification and is a Fellow of the Financial Services Institute of Australia and the Australian Institute of Company Directors. Geoff is Chairman of WAM Capital Limited, WAM Research Limited, WAM Active Limited, WAM Leaders Limited and the Australian Stockbrokers Foundation. He is the Founder and a Director of Future Generation Global Investment Company Limited and Future Generation Investment Company Limited and a Director of Australian Leaders Fund Limited, Clime Capital Limited, Global Value Fund Limited, Incubator Capital Limited, Sporting Chance Cancer Foundation, the Australian Fund Managers Foundation, Odyssey House McGrath Foundation, the Australian Children's Music Foundation and he is a Member of the Second Bite NSW Advisory Committee.

##### **Chris Stott B Bus Grad Dip App Fin MAICD MFINSIA**

Chris has over 14 years' experience in the funds management industry. Chris joined Wilson Asset Management in 2006 and as Chief Investment Officer & Portfolio Manager, Chris is responsible for the research, management and construction of the listed investment companies' investment portfolio. Chris is a Director of WAM Capital Limited, WAM Leaders Limited, WAM Active Limited and WAM Research Limited. Previously, Chris was employed at Challenger Financial Services Group for four years in various research roles specialising in Australian equities. Chris holds a Bachelor of Business and a Graduate Diploma in Applied Finance and Investment. Chris is a member of AICD and FINSIA.

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### What is the key financial information about the financial position?

### Section 6

The proforma NTA as at 31 December 2016 as adjusted to take into account the effect of the Buy-Back and the Offer proceeds and costs based on the following scenarios are:

- 50% participation in the Buy-Back and a raising of \$37.5 million under the Offer:  
proforma NTA before all taxes 91.16
- 50% participation in the Buy-Back and a raising of \$75 million under the Offer:  
proforma NTA before all taxes 91.14
- 100% participation in the Buy-Back and a raising of \$75 million under the Offer:  
proforma NTA before all taxes 91.07

The calculation of the proforma NTAs based on the above scenarios are detailed in full in Section 6.3.

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**Question & Answer**

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**More Information**

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**Will the Company pay dividends?**

Section 3.8

One of the Company's stated investment objectives is to deliver a stream of fully franked dividends to Shareholders, provided the Company has sufficient profit reserves and franking credits available and it is within prudent business practices to do so.

This is not intended to be a forecast, it is merely an investment objective of the Company. The Company may not be successful in meeting this objective.

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**Who will manage the Portfolio?**

Section 4

With effect from the date of this Prospectus, the New Investment Manager is managing the Portfolio.

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**Does the Board approve investments?**

Sections 3.5, 3.6 and 3.7

Board approval is not required for investments undertaken by the New Investment Manager that are in accordance with the Company's investment objectives, investment strategy, guidelines and permitted investments agreed from time-to-time (initially being those summarised in this Prospectus). Any investments that the New Investment Manager proposes outside of these parameters must be approved by the Board.

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**Will any related party have a significant interest in the Company or in connection with the Offer?*****Directors' remuneration***

All Directors will be remunerated for their services. The annual fee for each Director (inclusive of superannuation) is:

- Robert Turner: \$39,000
- Stephen Menzies: \$27,000
- Ross Finley: \$27,000
- Geoffrey Wilson: Nil\*
- Chris Stott: Nil\*

\* From the date of appointment of the New Investment Manager neither Geoff Wilson or Chris Stott will receive Director fees.

In addition to their annual fees, Directors are entitled to be reimbursed for certain costs and expenses.

***Directors' ownership of Shares and participation in the Buy-Back***

As at the date of this Prospectus, the Directors hold a relevant interest in the following number of Shares:

- Robert Turner: 215,234 Shares
- Stephen Menzies: 34,458 Shares
- Ross Finley: 325,000 Shares
- Geoffrey Wilson: 25,554,472 Shares
- Chris Stott: Nil

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 the WAM Entities. Wilson Asset Management has indicated that the WAM Entities intend to participate in the Buy-Back in respect of all of the Shares that they hold on the closing day of the offer period for the Buy-Back Offer. However, if this would cause the net tangible assets of the Company on completion of the Offer and the Buy-Back to be less than \$16 million, the WAM Entities 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.

## 1) Offer summary

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### Question & Answer

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### More Information

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#### (continued)

The proceeds from the Offer will be used (in part) to fund the Buy-Back. The remaining Directors have indicated that they do not intend to sell Shares in the Buy-Back.

#### *Directors' participation in the Offer*

Directors or entities related to them may apply for Shares under this Offer. The Directors and their associates have not determined their exact participation in the Offer at the date of this Prospectus but intend to subscribe for at a minimum value of Shares respectively:

- Robert Turner: Nil
- Stephen Menzies: Nil
- Ross Finley: Nil
- Geoffrey Wilson: up to \$2,000,000 of Shares
- Chris Stott: \$100,000 of Shares

#### *Interests in the New Investment Manager*

Geoff Wilson is the sole director and indirect owner of the ordinary shares in the New Investment Manager, the entity appointed to manage the investment portfolio of the Company. The New Investment Manager will be paid management and performance fees by the Company. As the indirect owner of the ordinary shares in the New Investment Manager, Geoff Wilson will benefit from any fees paid to the New Investment Manager in accordance with the Investment Management Agreement.

Chris Stott is an executive of WAMI and will benefit from any fees paid to the New Investment Manager in accordance with the Investment Management Agreement.

#### *Deeds of Access, Indemnity and Insurance*

The Company has entered into deeds of access, indemnity and insurance with each Director. Under these deeds, the Company has agreed to indemnify, to the extent permitted by the Corporations Act, each Director in respect of certain liabilities which the Director may incur as a result of, or by reason of (whether solely of in part), being or acting as a Director of the Company.

The Company has also agreed to maintain in favour of each Director a directors' and officers' policy of insurance for the period that they are Directors and for seven years after they cease to act as Directors.

#### *Other interests*

Other than as set out above and in this Prospectus there are no other existing agreements or arrangements nor any currently proposed transactions in which the Company was, or is to be, a participant and in which any related party of the Company had or will have a direct or indirect interest in the Company or the Offer.

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### What are the key terms of the Investment Management Agreement?

Section 8.1

The Investment Management Agreement has an initial term of 5 years (or as extended for periods of five years at the end of the initial term).

The New Investment Manager will be responsible for managing the Portfolio in accordance with the strategy set out in Section 3.4 (as amended from time-to-time by the Company).

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**Question & Answer**

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**More Information****What fees will the New Investment Manager receive?**

Section 8.1

In return for the performance of its duties the New Investment Manager is be entitled to be paid a monthly Management Fee equal to approximately 0.0833334% per month or 1% per annum (plus GST) of the Value of the Portfolio (calculated on the last business day of each month and paid at the end of each month in arrears).

As a worked example, assuming an initial Portfolio value of \$100,000,000 at 1 July 2017, and nil performance return on the Portfolio each month, the Management Fee payable on the Portfolio value for the period 1 July 2017 to 31 December 2017 would be approximately \$500,000 (plus GST) or 1% p.a. of the initial Value of the Portfolio for the six month period.

The Management Fee is to be paid to the New Investment Manager regardless of the performance of the Company. Management Fees payable would increase if the Portfolio value increases, and decreases if the Portfolio value decreases, over the period.

In addition to the monthly Management Fee, the New Investment Manager is entitled to be paid a Performance Fee of 20% (plus GST) of the outperformance of the Portfolio to the S&P/ASX 300 Accumulation Index subject to recoupment of prior underperformance.

As a worked example, assuming a Performance Calculation Period of 1 July 2017 to 31 December 2017, an initial Value of the Portfolio of \$100,000,000, and a Value of the Portfolio at the end of the Performance Calculation Period 10% higher than at the beginning of \$110,000,000:

- if the S&P/ASX 300 Accumulation Index return is 5% for the same Performance Calculation Period, there would be an aggregate outperformance of \$5,000,000; and
- in this instance, there would be a performance fee payable at 20% of this amount equating to \$1,000,000 (plus GST) for the Performance Calculation Period as the Portfolio has outperformed the Benchmark.

As a further worked example, assuming a Performance Calculation Period of 1 January 2018 to 30 June 2018, an initial Value of the Portfolio of \$110,000,000, and a Value of the Portfolio at the end of the Performance Calculation Period that is 5% higher than at the beginning of \$115,500,000:

- if the S&P/ASX 300 Accumulation Index return is 10% for the same Performance Calculation Period, there would be an aggregate underperformance of \$5,500,000; and
- in this instance, there would be no performance fee payable for the Performance Calculation Period as the Portfolio has underperformed the Benchmark; and
- the aggregate underperformance of \$5,500,000 is to be carried forward to the following Performance Calculation Period(s) until it has been recouped in full against future Portfolio performance.



## 1) Offer summary

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### Question & Answer

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### More Information

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#### (continued)

As a further worked example, assuming a Performance Calculation Period of 1 July 2018 to 31 December 2018, an initial Value of the Portfolio of \$115,500,000, and a Value of the Portfolio at the end of the Performance Calculation Period that is 10% higher than at the beginning of \$127,050,000:

- if the S&P/ASX 300 Accumulation Index return is 5% for the same Performance Calculation Period, there would be an aggregate outperformance of \$5,775,000;
- the aggregate underperformance of \$5,500,000 from prior Performance Calculation Period(s) is to be recouped in full against the current Portfolio performance, resulting in aggregate outperformance of \$275,000 for the Performance Calculation Period; and
- in this instance, there would be a performance fee payable at 20% of this amount equating to \$55,000 (plus GST) for the Performance Calculation Period as the Portfolio has outperformed the Benchmark, and prior underperformance has been recouped in full against current Portfolio performance.

As a worked example, assuming a Performance Calculation Period of 1 July 2017 to 31 December 2017, an initial Value of the Portfolio of \$100,000,000, and a Value of the Portfolio at the end of the Performance Calculation Period that is 5% lower than at the beginning of \$95,000,000:

- if the S&P/ASX 300 Accumulation Index return is negative 10% for the same Performance Calculation Period, there would be an aggregate outperformance of \$5,000,000; and
- in this instance, there would be a performance fee payable at 20% of this amount equating to \$1,000,000 (plus GST) for the Performance Calculation Period as the Portfolio has outperformed the Benchmark.

The calculation of both the Management and Performance Fees are explained in full in Section 8.

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#### Who is the issuer of Shares under this Prospectus?

Section 3

The issuer is Century Australia Investments Limited (ACN 107 772 761).

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#### What is the Offer?

Section 2

The Company is offering for subscription fully paid Shares and is seeking to raise up to \$75 million under the Offer through the issue of up to 85 million Shares. The Offer is made up of the General Offer, the Shareholder Priority Allocation, the WAM Priority Allocation and the Broker Firm Offer.

## 1.4 ABOUT THE OFFER

### Question & Answer

### More Information

#### What is the Issue Price and how many Shares will be issued?

Section 2.6

The Issue 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 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 Offer Costs Contribution**);
3. multiplying the Reference NTA, as adjusted by deducting the Century Offer Costs Contribution, by an uplift factor so as to increase the Issue Price for the balance of the transaction costs incurred by the Company in proposing and undertaking the Offer (**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 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 Issue 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 Offer will be equal to the lesser of 85 million Shares and the number calculated by dividing the gross amount raised under the Offer by the Issue Price. As such, it is unable to be determined prior to the Closing Date and the subsequent calculation of the Issue Price.

Set out below is a worked example showing the calculation of the Issue Price and the number of Shares to be issued under the Offer where the maximum is raised and based on estimated costs of the Offer. Shareholders should note that the following example is intended to be illustrative only and will not reflect the final Issue Price or number of Shares issued under the Offer.

<b>A Reference NTA<sup>1</sup></b>	95.2 cents per Share
(March NTA 97.9 cents per Share less an interim dividend of 1.6 cents per Share and a special dividend of 1.1 cents per share as declared by the Board after 31 March 2017)	
<b>B Gross amount raised under the Offer</b>	\$75,000,000
<b>C Aggregate transaction costs incurred by the Company in proposing and undertaking the Offer<sup>2</sup></b>	\$1,318,000
<b>D Number of Shares on issue on the calculation date<sup>3</sup></b>	81,865,704
<b>E Century Offer Costs Contribution<sup>4</sup></b>	0.24 cents per Share
<b>F Uplift Factor<sup>5</sup></b>	1.0149
<b>G Issue Price<sup>6</sup></b>	96.37 cents per Share
<b>H Number of Shares to be issued under the Offer<sup>7</sup></b>	77,825,049

Notes:

1. The amount included for the purpose of the worked examples is equal to the NTA as at 31 March 2017 (97.9 cents per Share) minus the amounts of the interim dividend (1.6 cents per Share) and the special dividend (1.1 cents per Share), which were declared after 31 March 2017 but will be paid prior to the reference date for determination of the Reference NTA. The actual Reference NTA will likely be a different amount.
2. This is the current estimated amount for a raising of \$75,000,000 however the final amount may vary. See Section 6.5 for further details.
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:  $H = B \div G$ , subject to a maximum amount of 85,000,000.

## 1) Offer summary

Question & Answer	More Information
<b>How will the proceeds be used?</b> <p>The proceeds from the Offer will be used to fund the amounts payable by the Company under the Buy-Back and to pay the costs of the Offer.</p> <p>If the proceeds from the Offer exceed the amounts payable under the Buy-Back, the excess will be used by the New Investment Manager for further investments consistent with the Company's investment strategy.</p>	
<b>Is there a minimum subscription?</b> <p>No. There is no minimum subscription to the Offer.</p>	Section 2.7
<b>Is there a minimum number of Shares Applicants must apply for?</b> <p>Yes. Each Applicant must subscribe for a minimum of \$2,000 worth of Shares</p>	Section 2.7
<b>Is there a maximum subscription?</b> <p>Yes. The maximum number of Shares to be issued under the Offer is 85 million Shares (or such lesser number that results in an aggregate Issue Price of \$75 million).</p>	Section 2.1
<b>Is the Offer underwritten?</b> <p>No. The Offer is not underwritten.</p>	Section 2.8
<b>Is there a cooling off period?</b> <p>No. There is no cooling off period.</p>	
<b>Who can participate in the Offer?</b> <p>The Offer is made up of the Shareholder Priority Allocation, the WAM Priority Allocation, the Broker Firm Offer and the General Offer.</p> <p>The Shareholder Priority Allocation will be restricted to the Eligible Shareholders and allocated at the Directors' discretion.</p> <p>The WAM Priority Allocation will be restricted to the WAM Eligible Participants and allocated at the Directors' discretion.</p> <p>The Broker Firm Offer is open to persons who have received a firm allocation from their Broker and who have a registered address in Australia.</p> <p>The General Offer is open to all Applicants with a registered address in Australia.</p>	Section 2
<b>Can superannuation funds invest?</b> <p>Yes, subject to the investment mandate of the particular fund and the trustee's general powers and duties.</p>	
<b>How do I apply for Shares?</b> <p>The procedures for making an investment in the Company are described in Section 2</p>	Section 2.9
<b>Who can participate in the Broker Firm Offer?</b> <p>The Broker Firm Offer is open to persons who have received a firm allocation from their Broker and who have a registered address in Australia.</p>	Section 2.4

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**Question & Answer**

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**More Information**

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**How do I participate in the Broker Firm Offer?**

Applicants under the Broker Firm Offer should contact their Broker for instructions on how to complete the Broker Firm Application Form accompanying this Prospectus.

Sections 2.4 and 2.9

Shares will be allotted under the Broker Firm Offer provided the Application Forms are received or commitments are given to the Joint Lead Managers to lodge the Broker Firm Application Form by Friday, 12 May 2017.

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**What are the fees and costs of the Offer?**

Sections 2.11, 6.4 and 6.5

The Company will pay the Joint Lead Managers a fee equal to 0.75% (plus GST) of the total proceeds raised under the Offer. In addition, the Company will pay to each Joint Lead Manager a Broker Firm selling fee of 1.5% (plus GST) of the total proceeds of the Broker Firm Offer raised by the relevant Joint Lead Manager. The Company will also pay to the Joint Lead Managers an amount equal to 1.5% (plus GST) of the value of the Offer Securities which the Co-Managers collectively subscribe for (or procure that their clients subscribe for).

The Company will pay from the proceeds of the Offer the expenses of the Offer including legal, accounting, registration, secretarial and printing costs. These costs have been estimated at \$0.74 million (net of tax) assuming a raising of \$37.5 million is achieved under the Offer and \$1.32 million assuming a raising of \$75 million is achieved under the Offer. A breakdown of these expenses (including GST), assuming raisings of \$37.5 million and \$75 million under the Offer is provided in Section 6.5.

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**Who are the Joint Lead Managers?**

Morgans Financial Limited and Taylor Collison Limited are Joint Lead Managers to the Offer.

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**Who are the Co-Managers?**

Macquarie Equities Limited and Patersons Securities Limited are the Co-Managers to the Offer.

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**How can I obtain further information?**

For further information or if you have any questions relating to the Offer, you can contact Century Australia Investments Limited on (02) 8262 2800 or email [century@whiteoutsourcing.com.au](mailto:century@whiteoutsourcing.com.au) or Wilson Asset Management on (02) 9247 6755 or email [info@wilsonassetmanagement.com.au](mailto:info@wilsonassetmanagement.com.au) or the Share Registrar, Link Market Services Pty Ltd, on 1300 795 998 (from within Australia) and (+61) 1300 795 998 (from outside Australia) between 8.30am to 5.30pm Monday to Friday.

If you are uncertain as to whether an investment in the Company is suitable for you, please contact your stockbroker, financial adviser, accountant, lawyer or other professional adviser.

The above table is a summary only. This Prospectus should be read in full before making any decisions to apply for Shares.

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*The above table is a summary only. This Prospectus should be read in full before making any decisions to apply for Shares.*

## 2) Details of the Offer

**This is a summary only. This Prospectus should be read in full before making any decision to apply for Shares.**

### 2.1. THE OFFER

The Company is offering for subscriptions of fully paid ordinary Shares to raise up to \$75,000,000 through the issue of up to 85,000,000 Shares.

The Offer is made up of the Shareholder Priority Allocation, the WAM Priority Allocation, the Broker Firm Offer and the General Offer.

To participate in the General Offer, the Shareholder Priority Allocation or the WAM Priority Allocation, your Application Form must be received by the Share Registrar by 7.00pm (Sydney time) on the Closing Date. If you intend on participating through the Broker Firm Offer, the closing date for your application is expected to be 5.00pm (Sydney time) on Friday, 12 May 2017.

The Offer will only be made to investors who have a registered address in Australia.

### 2.2. SHAREHOLDER PRIORITY ALLOCATION

Up to \$20,000,000 in Shares have been set aside for the Shareholder Priority Allocation to Eligible Shareholders. Eligible Shareholders are Shareholders of the Company with a registered address in Australia as at the date of this Prospectus.

The Shareholder Priority Allocation will be restricted to the Eligible Shareholders and allocated at the Directors' discretion.

The Eligible Shareholders should use the Priority Application Form.

If the Company receives Applications from Eligible Shareholders for more than \$20,000,000 in Shares, it intends to treat such additional Applications as being made under the General Offer on a General Offer Application Form.

Shares offered under the Shareholder Priority Allocations that are not taken up will be allocated by the Company under the General Offer or Broker Firm Offer.

### 2.3. WAM PRIORITY ALLOCATION

Up to \$20,000,000 in Shares have been set aside for the WAM Priority Allocation to WAM Eligible Participants. WAM Eligible Participants are shareholders of one or more of WAM Capital Limited, WAM Research Limited, WAM Active Limited and WAM Leaders Limited with registered addresses in Australia.

The WAM Priority Allocation will be restricted to the WAM Eligible Participants and allocated at the Directors' discretion.

The WAM Eligible Participants should use the Priority Application Form.

If the Company receives Applications from WAM Eligible Participants for more than \$20,000,000 in Shares, it intends to treat such additional Applications as being made under the General Offer on a General Offer Application Form.

Shares offered under the WAM Priority Allocations that are not taken up will be allocated by the Company under the General Offer or Broker Firm Offer.

### 2.4. BROKER FIRM OFFER

The Broker Firm Offer is open to persons who have received a firm allocation from their Broker and who have a registered address in Australia. Applicants should contact their Broker to determine whether they may be allocated Shares under the Broker Firm Offer.

Applicants who have been offered a firm allocation by a Broker will be treated as Applicants under the Broker Firm Offer in respect of that allocation.

By making an Application, you declare that you were given access to this Prospectus, together with a Broker Firm Application Form. The Corporations Act prohibits any person from passing an Application Form to another person unless it is attached to, or accompanied by, a copy of this Prospectus.

Applicants under the Broker Firm Offer must complete their Broker Firm Application Form and pay their Application Monies to their Broker in accordance with the relevant Broker's directions in order to receive their firm allocation. Applicants under the Broker Firm Offer must not send their Broker Firm Application Forms to the Company or Share Registrar.

The Broker Firm Offer is expected to close at 5.00pm (Sydney time) on 12 May 2017.

Applicants under the Broker Firm Offer must pay their Application Monies in accordance with instructions from their Broker. The allocation of Shares to Brokers will be determined by the Joint Lead Managers and the Company. Shares that are allocated to Brokers for allocation to their Australian resident clients will be issued or transferred to the Applicants who have received a valid allocation of Shares from those Brokers.

It will be a matter for the Brokers how they allocate Shares among their clients, and they (and not the Company) will be responsible for ensuring that clients who have received an allocation from them, receive the relevant Shares.

The Company takes no responsibility for any acts or omissions by your Broker in connection with your Application, Broker Firm Application Form and Application Monies (including, without limitation, failure to submit Broker Firm Application Forms by the close of the Broker Firm Offer).

Delivery versus payment (DvP) settlement is available for Applicants under the Broker Firm Offer. Please contact your Broker or the Joint Lead Managers for further details.

## 2.5. GENERAL OFFER

The General Offer is open to all Applicants with a registered address in Australia.

The Application Form marked "General Offer" must be completed by Applicants that are not Eligible Shareholders or WAM Eligible Participants and who are not participating in the Broker Firm Offer.

To participate in the General Offer, your Application Form must be received by the Share Registrar by 7.00pm Sydney time on the Closing Date.

Applications will be processed, and Shares allocated under the General Offer as agreed by the Company and the Joint Lead Managers.

## 2.6. ISSUE PRICE AND NUMBER OF SHARES

The Issue Price per Share 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 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 Offer Costs Contribution);
3. multiplying the Reference NTA, as adjusted by deducting the Century Offer Costs Contribution, by an uplift factor so as to increase the Issue Price for the balance of the transaction costs incurred by the Company in proposing and undertaking the Offer (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 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 Issue 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 Offer will be equal to the lesser of 85 million Shares and the number calculated by dividing the gross amount raised under the Offer by the Issue Price. As such, it is unable to be determined prior to the Closing Date and the subsequent calculation of the Issue Price.

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

## 2) Details of the Offer

<b>A Reference NTA<sup>1</sup></b>	
(March NTA 97.9 cents per Share less an interim dividend of 1.6 cents per Share and a special dividend of 1.1 cents per share as declared by the Board after 31 March 2017)	95.2 cents per Share
<b>B Gross amount raised under the Offer</b>	\$75,000,000
<b>C Aggregate transaction costs incurred by the Company in proposing and undertaking the Offer<sup>2</sup></b>	\$1,318,000
<b>D Number of Shares on issue on the calculation date<sup>3</sup></b>	81,865,704
<b>E Century Offer Costs Contribution<sup>4</sup></b>	0.24 cents per Share
<b>F Uplift Factor<sup>5</sup></b>	1.0149
<b>G Issue Price<sup>6</sup></b>	96.37 cents per Share
<b>H Number of Shares to be issued under the Offer<sup>7</sup></b>	77,825,049

### Notes:

1. The amount included for the worked example is equal to the NTA as at 31 March 2017 (97.9 cents per Share) minus the amounts of the interim dividend (1.6 cents per Share) and the special dividend (1.1 cents per Share), which were declared after 31 March 2017 but will be paid prior to the reference date for determination of the Reference NTA. The actual Reference NTA will likely be a different amount.
2. This is the current estimated amount for a raising of \$75,000,000 however the final amount may vary. See Section 6.5 for further details.
3. The number included in the worked example 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.

## 2.7. MINIMUM SUBSCRIPTION

There is no minimum subscription to the Offer. However, the minimum Application Monies payable by an Applicant under the Offer is \$2,000. Applications may be made for additional Shares in multiples of \$500.

## 2.8. OFFER NOT UNDERWRITTEN

The Offer is not underwritten.

## 2.9. APPLICATIONS

### 1. Application Form

Applications under the Offer must be made and will only be accepted on the Application Form issued with and attached to this Prospectus.

The Priority Allocation Application Form must be completed by applicants under a Priority Allocation. Applicants must identify under which Priority Allocation they wish to apply as follows: Existing Shareholders applying under the Shareholder Priority Offer must tick the box entitled "Existing Shareholder Applicant" and WAM Eligible Participants must tick the box entitled "WAM Priority Allocation".

Applications under the Offer must be for a minimum \$2,000. The total amount payable for the Shares under the Offer will be rounded up to the nearest whole cent.

Applications for Shares under the Offer received after 7:00 p.m. (Sydney time) on the Closing Date will not be accepted and will be returned to potential investors. The Directors may extend the Closing Date.

Applications under the Shareholder Priority Allocation, the WAM Priority Allocation and the General Offer must be accompanied by the payment of the Application Monies in Australian currency.

The Directors may extend the Closing Date or close the Offer early any time after the expiry of the exposure period without prior notice. Accordingly, early lodgement of your Application is recommended.

### 2. Payment by cheque or bank draft

Cheques in respect of Applications must be drawn on an Australian branch of a financial institution and made payable to "Century Australia Investments Limited Offer" and crossed "Not Negotiable".

Payments by cheque will be deemed to have been made when the cheque is honoured by the bank on which it is drawn. Accordingly, Applicants should ensure that sufficient funds are held in the relevant account(s) to cover your cheque(s).

If the amount of your cheque(s) or bank draft(s) for Application Monies (or the amount for which those cheques have cleared as at 7.00pm on the Closing Date) is insufficient to pay for the amount you have applied for in your Application Form, you may be taken to have applied for such lower amount as your cleared Application Monies will pay for (and to have specified that amount in your Application Form) or your Application may be rejected. Payments by cheque will be deemed to have been made when the cheque is honoured by the bank on which it is drawn. Accordingly, Applicants should ensure that sufficient funds are held in the relevant account(s) to cover your cheque(s).



Completed Application Forms, together with Application Monies, should be forwarded to the following address:

***Postal***

Century Australia Investments Limited Offer  
c/o Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235

***Hand Delivered***

Century Australia Investments Limited Offer  
c/o Link Market Services Limited  
1A Homebush Bay Drive  
Rhodes NSW 2138

A binding contract to issue Shares will only be formed at the time Shares are issued to Applicants.

Application Forms will be accepted at any time after the issue of this Prospectus and prior to the close of the Offer.

### **3. Payment by BPAY**

You may apply for Shares online and pay your Application Monies by BPAY. Applicants wishing to pay by BPAY should complete the online Application Form accompanying the electronic version of this Prospectus which is available at [www.centuryaustralia.com.au/cya-offer](http://www.centuryaustralia.com.au/cya-offer) and follow the instructions on the online Application Form (which includes the Biller Code and your unique Customer Reference Number (CRN)).

You should be aware that you will only be able to make a payment via BPAY if you are the holder of an account with an Australian financial institution which supports BPAY transactions.

When completing your BPAY payment, please make sure you use the specific Biller Code and your unique CRN provided on the online Application Form. If you do not use the correct CRN your Application will not be recognised as valid. It is your responsibility to ensure that payments are received by 7.00pm (Sydney time) on the Closing Date. Your bank, credit union or building society may impose a limit on the amount which you can transact on BPAY, and policies with respect to processing BPAY transactions may vary between banks, credit unions or building societies. The Company accepts no responsibility for any failure to receive Application Monies or payments by BPAY before the Closing Date arising as a result of, among other things, processing of payments by financial institutions.

### **2.10. ALLOTMENT**

It is expected that the issue of Shares under the Offer will take place on or about 7 days after the Closing Date. Application Monies will be held on trust until allotment. The Company may retain any interest earned on the Application Monies held on trust pending the issue of Shares to successful Applicants.

The Application constitutes an offer by the Applicant to subscribe for Shares on the terms and subject to the conditions set out in this Prospectus.

A binding contract to issue Shares will only be formed at the time Shares are allotted to Applicants.

The Board reserves the right to accept, reject or scale back any Application, in its absolute discretion.

Applicants whose applications are accepted in full will receive the whole number of Shares calculated by dividing the Application Monies divided by the Issue Price, rounded down to the nearest whole Share.

Applicants whose applications are not accepted, or who are allocated a lesser number of Shares than the amount applied for, will be mailed a refund (without interest) of all or part of their Application Monies, as applicable.

No refunds pursuant solely to rounding will be provided.

Interest will not be paid on any monies refunded and any interest earned on Application Monies pending the allocation or refund will be retained by the Company.

It is the responsibility of each Applicant to confirm their holding before trading in Shares. Applicants who sell Shares before they receive an initial statement of holding do so at their own risk. The Company, Share Registrar and each Joint Lead Manager disclaim all liability, whether in negligence or otherwise, to persons who sell Shares before receiving their initial statement of holding, whether on the basis of a confirmation of allocation provided by any of them, by a Broker or otherwise.

## 2) Details of the Offer

### 2.11. LICENSED DEALERS

Offers under this Prospectus will be made under an arrangement between the Company and Taylor Collison Limited, the holder of an AFSL, under Section 911A(2) (b) of the Corporations Act. The Company will only authorise Taylor Collison Limited to make offers to people to arrange for the issue of Shares by the Company under the Prospectus and the Company will only issue Shares in accordance with Applications made under such offers if they are accepted. The Company will not pay Taylor Collison Limited a fee with respect to this arrangement.

The Company will pay the Joint Lead Managers a fee equal to 0.75% (plus GST) of the total proceeds raised under the Offer. In addition, the Company will pay to each Joint Lead Manager a Broker Firm selling fee of 1.5% (plus GST) of the total proceeds of the Broker Firm Offer raised by the relevant Joint Lead Manager. The Company will also pay to the Joint Lead Managers an amount equal to 1.5% (plus GST) of the value of the Offer Securities which the Co-Managers collectively subscribe for (or procure that their clients subscribe for).

The Joint Lead Managers' and the Co-Managers' functions should not be considered as an endorsement of the Offer or a recommendation of the suitability of the Offer for any investor. No Joint Lead Manager or Co-Manager guarantees the success or performance of the Company or the returns (if any) to be received by the Shareholders.

No Joint Lead Manager or Co-Manager is responsible for or caused the issue of this Prospectus.

### 2.12. OVERSEAS SHAREHOLDERS

#### 1. General

The Offer is an offer to Australian investors. The Offer does not constitute an offer in any place in which, or to any person to whom, it would be unlawful to make such an offer.

#### 2. United States residents

The Offer is not open to persons in the United States or U.S. Persons.

The Shares being offered pursuant to this Prospectus have not been registered under the U.S. Securities Act and may not be offered or sold in the United States absent registration or an applicable exemption from registration under the U.S. Securities Act and applicable state securities laws. This Prospectus does not constitute an offer to sell, or the solicitation of an offer to buy, nor shall there be any sale of these Shares in any state or other jurisdiction in which such offer, solicitation or sale would be unlawful. In addition,

any hedging transactions involving these Shares may not be conducted unless in compliance with the U.S. Securities Act.

### 3. Overseas ownership and resale representation

It is your responsibility to ensure compliance with all laws of any country relevant to your Application. The return of a duly completed Application Form will be taken by the Company to constitute a representation and warranty made by you to the Company that there has been no breach of such laws and that all necessary consents and approvals have been obtained.

### 2.13. PRIVACY

When you apply to invest in the Company, you acknowledge and agree that:

1. you are required to provide the Company with certain personal information to:
  - (i) facilitate the assessment of an Application;
  - (ii) enable the Company to assess the needs of Applicants and provide appropriate facilities and services for Applicants; and
  - (iii) carry out appropriate administration;
2. the Company may be required to disclose this information to:
  - (i) third parties who carry out functions on behalf of the Company, including marketing and administration functions, on a confidential basis; and
  - (ii) third parties if that disclosure is required by law; and
  - (iii) related bodies corporate (as that term is defined in the Corporations Act) which carry out functions on behalf of the Company.

Under the Privacy Act 1988 (Cth), Applicants may request access to their personal information held by (or on behalf of) the Company. Applicants may request access to personal information by telephoning or writing to the New Investment Manager.

### 2.14. ANTI-MONEY LAUNDERING / COUNTER-TERRORISM FINANCING ACT 2006

The Company, New Investment Manager or Joint Lead Managers may be required under the Anti-Money Laundering/Counter-Terrorism Financing Act 2006 (Cth) or any other law to obtain identification information from Applicants. The Company reserves the right to reject any Application from an Applicant who fails to provide identification information upon request.

## 3) About the Company

### 3.1. OVERVIEW OF CENTURY

Century is a listed investment company. It was admitted to the official list of ASX in 2004.

Century is primarily an investor in equities listed on the Australian stock market. Between February 2004 and September 2010 the Portfolio was managed by 452 Capital Limited. Between September 2010 and 18 April 2017, the Portfolio was managed by Perennial Value Management. As at 31 March 2017, Century's Portfolio comprised 94% listed Australian equities primarily in the S&P/ASX 300 Index and 6% cash. Further details are set out in Section 3.14.

On 18 April 2017 Century Shareholders approved the Company pursuing a proposed transaction, involving the Company:

- changing the investment manager of the Company to the New Investment Manager (which is a member of the Wilson Asset Management group) and appointing Chris Stott (Chief Investment Officer of Wilson Asset Management) as a Director of the Company;
- offering to buy-back and cancel all of its existing Shares;
- undertaking this Offer of new Shares.

As a result of these approvals, the New Investment Manager became the investment manager of the Company on the date of this Prospectus, Chris Stott became a Director on 18 April 2017 and the Company is now undertaking the Buy-Back and the Offer.

Under the Buy-Back, existing Shareholders eligible to participate (being those on the register as at 7pm on 24 April 2017 that are not ineligible) 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 Closing Date, less the transaction costs incurred by the Company in proposing and undertaking the Buy-Back (shared between the Shares participating in the Buy-Back).

Under the Offer, the Company is offering for subscription fully paid Shares and is seeking to raise up to \$75 million under the Offer through the issue of up to 85 million Shares. The Issue Price for the Offer will be calculated using (amongst other variables) the NTA at close of trade on the third Business Day following the Closing Date (being the same date as is used to calculate the Buy-Back price).

The offer periods for both the Buy-Back and the Offer will close on the same date. The Company will complete the issue of Shares under the Offer, and the transfer and cancellation of Shares under the Buy-Back, on the same day.

### 3.2. INVESTMENT OBJECTIVES

The Company will provide investors access to:

1. an actively managed portfolio of Large-cap companies in the S&P/ASX 300 Index; and
2. the investment management expertise of Wilson Asset Management.

The Company's Portfolio will be constructed using the New Investment Manager's absolute bias, bottom-up, benchmark unaware, fundamental investment methodology with the flexibility to hold cash if investment opportunities are not identified within the investment process. See Sections 3.3 and 3.4 for an overview of the investment methodology.

The Company's investment objectives will be to:

- Deliver a stream of fully franked dividends;
- Provide capital growth; and
- Preserve capital.

The Company aims to maximise total Shareholder returns with a combination of capital growth and income, allowing fully franked dividends to be paid to Shareholders provided the Company has sufficient profit reserves and franking credits available and it is within prudent business practices to do so. The above is not intended to be a forecast, it is merely an investment objective of the Company. The Company may not be successful in meeting this objective.

### 3.3. INVESTMENT PHILOSOPHY

The Company shares the investment philosophy of the New Investment Manager. The investment philosophy of the Company will follow these broad principles:

1. **Focus on the S&P/ASX 300 Index:** The universe of potential investments for the Company is focused on Large-cap companies included in the S&P/ASX 300 Index, however it may invest in all securities quoted on the ASX or other exchanges, hold cash, and invest in the other permitted investments identified in Section 3.5. Notwithstanding the broad universe of permitted investments, the Company's Portfolio will be predominantly comprised of long positions in Large-cap companies included in the S&P/ASX 300 Index and cash.
2. **Preference for undervalued companies:** The Company's preference is to invest in entities where the securities are trading below Wilson Asset Management's valuation and are the subject of a Catalyst that, in the New Investment Manager's view, has not yet been factored into the value of the entity and is likely to change the market's valuation of that entity over time.

### 3) About the Company

#### 3. Portfolio based and index unaware investing:

The Company's priority will be to undertake investments on a portfolio basis. The New Investment Manager will be index and benchmark unaware when selecting investments. While all investments will be considered on a case-by-case basis, the Company will usually refrain from taking a majority position in investee entities. This will assist the Company to diversify its investments and so reduce its exposure to abnormal falls in the market price of any single investment. The Company will seek to manage investment risk by spreading investments over a range of companies and industry sectors.

4. **Capital preservation:** Capital preservation is a key investment objective. The Company will hold cash unless it can identify appropriate investment opportunities. This could lead to the Company holding high levels of cash in the Portfolio from time-to-time.

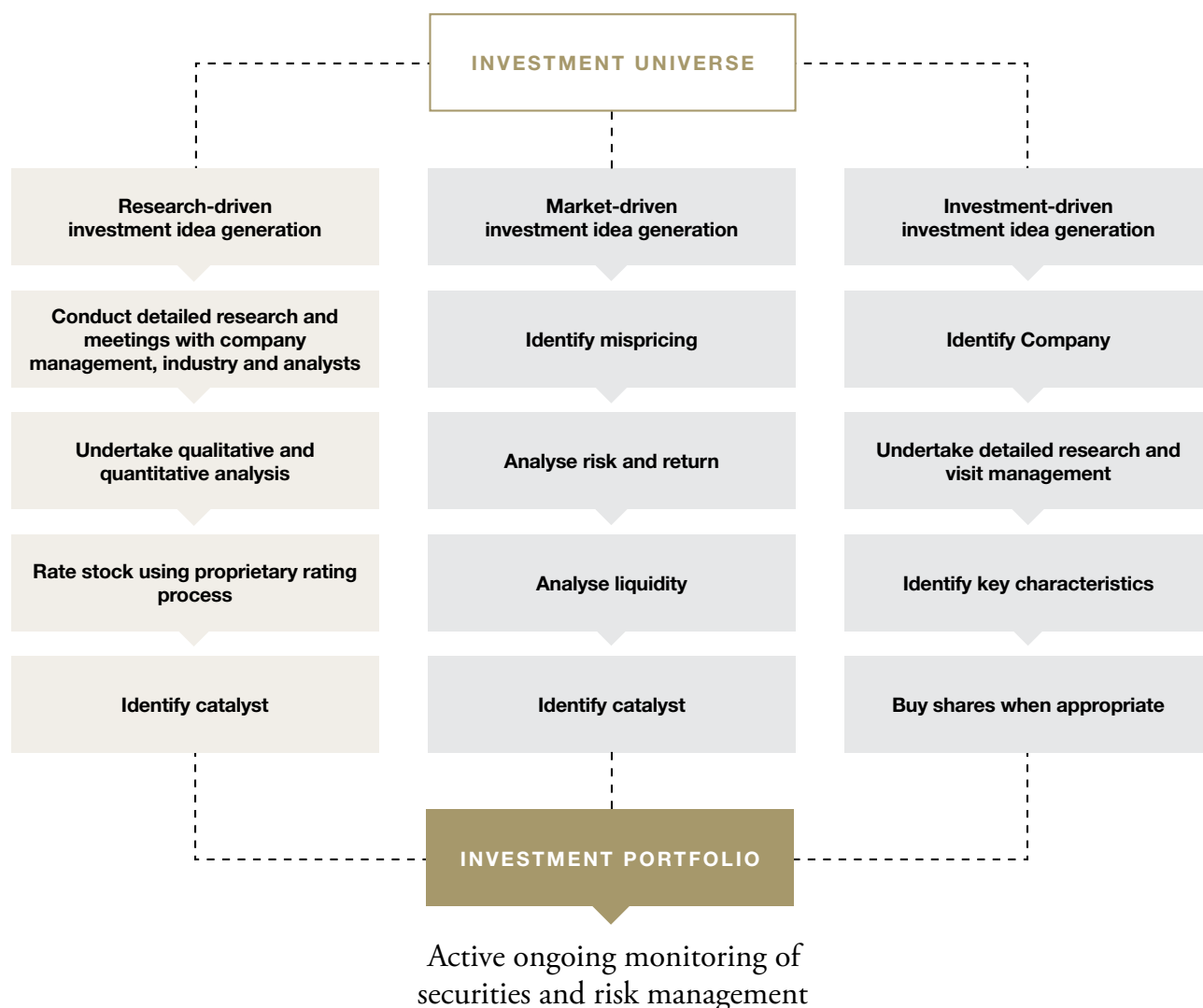
To ensure capital preservation, the Company may also hold bills of exchange or negotiable instruments from time-to-time.

#### 3.4. INVESTMENT STRATEGY

To implement the investment strategy, the New Investment Manager will employ Wilson Asset Management's investment processes:

- Research-driven investing; and
- Market-driven investing and
- Investment-driven investing.

These processes are detailed in the below chart.



## 1. RESEARCH-DRIVEN INVESTING

The Research-driven investment process involves extensive research focusing on free cash flow, return on equity and the quality of the potential investee company. Each company is rated with respect to management, earnings growth potential, valuation and industry position.

The Research-driven investment process potentially provides investors with exposure to undervalued growth companies. The Research-driven investment process is also centered on extensive company research, including meeting with senior executives of the potential investee companies.

Wilson Asset Management will only invest in a security identified by its Research-driven investment process if it can identify a catalyst that, in the New Investment Manager's view, has not yet been factored into the value of that security and is likely to change the market's valuation of that security (Catalyst). A Catalyst can be information or news about the equity investment that the New Investment Manager believes will have an impact on the valuation of the investment.

The New Investment Manager will assess the potential effect and likelihood of a Catalyst impacting an entity, including whether the Catalyst could drive that entity's share price up or down. Potential Catalysts include:

- events, for example, earnings surprises, changes of management, acquisitions or strategy briefings; and
- liquidity events, for example, as a result of a share issue or sell down by an existing holder.

An example of a Research-driven investment opportunity is an investment in a company experiencing increased demand for its goods or services in circumstances where the New Investment Manager has identified shortages in supply across the market as a Catalyst that it considers has the potential to create a large growth opportunity for the company.

In this example, the Research-driven investment process could generate returns if, after taking a stake in the company, the Catalyst identified by the New Investment Manager (i.e. the shortages in supply across the market) does in fact result in the company experiencing continued growth, multiple profit upgrades (which in turn increases its capacity to meet an increased demand), driving the company's share price up.

This investment process could result in a loss if the Catalyst does not drive the share price up as the New Investment Manager had expected. For example the example company's share price could drop due to regulatory change that causes a material increase to its cost of production, resulting in a profit downgrade.

## 2. MARKET-DRIVEN INVESTING

The Market-driven investment process takes advantage of short term relative arbitrages and mispricing opportunities in the Australian equity market, rather than investing in any individual companies or a portfolio of companies for a prolonged period of time.

Investment opportunities may be derived from:

- (a) Taking part in placements, Initial Public Offerings (IPOs), block trades and rights issues.
- (b) Trading securities based on market themes and trends. Themes or trends are used to screen and identify trading opportunities. Once an opportunity has been identified, the New Investment Manager will undertake detailed research into the security before taking a position. Research may include meeting with the company, sell-side analysts and industry contacts as well as modelling of the relevant company's earnings drivers, sensitivities and operating leverage.
- (c) Taking advantage of financial transactions (such as takeovers, mergers, schemes of arrangements, corporate spin-offs and restructuring). Once a financial transaction opportunity is identified, detailed research is undertaken to assess the terms and conditions of the announced transaction and the liquidity of the underlying securities, to determine if the financial transactions presents a favourable risk/ reward opportunity. By way of example, company B (Bidder) announces an intention to make a takeover offer (Offer) of company (Target) and the New Investment Manager, following detailed research, forms the view that the proposed Offer is likely to cause the Target's share price to increase and the Bidder's share price to decrease. To take advantage of the transaction in this example, the New Investment Manager could buy the Target's securities and short sell the Bidder's securities.

### 3) About the Company

- (d) Taking advantage of other corporate transactions to identify arbitrage opportunities. This may include participation in share buy-backs. For example, if a company announces an off-market share buy-back and the company's share price is trading below the price announced in the buy-back this could generate an arbitrage opportunity. The New Investment Manager would make a return by buying shares below the buy-back price and then subsequently selling those shares into the buy-back at a higher price than they were purchased for.
- (e) Taking advantage of arbitrage opportunities involving hybrid securities including preference shares and convertible notes. For example, the Investment Manger may purchase hybrid securities that are approaching their conversion or repayment date. This strategy is utilised if the New Investment Manger believes there is a high probability that the securities will be repaid or converted in accordance with their terms and at a premium to the market price.
- (f) Buying securities in LICs, where they trade at a significant discount to underlying net assets. This is known as LIC discount arbitrage. For example, the New Investment Manager may purchase shares in other listed investment companies when they are trading at a significant discount to their net tangible assets (NTA) and the New Investment Manager believes that in the future the share price or performance could improve or the discount to NTA could reduce over time.
- (g) Participating in hybrid issues and convertible notes issues. For example, the New Investment Manager may participate in new issues of hybrids or convertible notes if the New Investment Manager believes the relevant securities are mispriced and could lead to a profit upon listing, or if the yield on the securities more than compensates for the risk involved in investing the securities.
- (h) Short selling. For example, the New Investment Manager may participate in short selling if the New Investment Manager believes a security is mispriced and there is likely to be decline in the company's share price. This strategy would normally be applied with analysis undertaken around a market theme or trend as detailed above.

Once an investment opportunity has been identified, the New Investment Manager will undertake a detailed assessment in order to identify any perceived mispricing in the relevant securities. The New Investment Manager will then analyse risk and return potential and liquidity. Similar to its Research-driven investment process, Wilson Asset Management will, in most cases, seek to identify a Catalyst

before investing in a security identified by its Market-driven investment process.

An example of a Market-driven investment opportunity is an investment in a company through a share placement to sophisticated and professional investors undertaken at a discount to the prevailing share price. This example placement is not available to retail investors and would allow the Company to purchase shares at a discount to where they are currently trading in the market.

The New Investment Manager may become aware of opportunities, like the example placement, through its relationship with stock brokers. It will then undertake a detailed analysis of the relevant company and the proposed placement terms, including assessing the amount of capital being raised compared to the free float, the size of the discount to the current share price, the use of funds and the liquidity of the underlying stock.

In this example, the Market-driven investment process could generate returns if after the placement shares are allotted, the New Investment Manager sells them at a higher price than what they were purchased at under the placement. The example investment would result in a loss if, after the allotment of the placement shares, the company's share price falls, and stays below, the price at which the shares were purchased in the placement.

An example of themes or trends that could be used in the Market-driven investment process are companies benefiting from increasing demand from overseas buyers for infant formula, vitamins and cosmetics, companies benefiting from a falling Australian dollar or companies that may benefit from media deregulation. In these examples if the theme or trend continued it would have the potential to lead to increases in company revenues or reduction in cost base leading to profit upgrades, increased sell-side coverage and interest in the stock or sector or increased demand from other investors leading to share price appreciation.

In this example, the Market-driven investment process could generate returns if, after taking a stake in the company, the theme identified continued to play out leading to the share price increasing for the reasons specified above. The investment would result in a loss if the market theme or trend stopped occurring, i.e. demand from overseas buyers for infant formula, vitamins and cosmetics decreased, the Australia dollar stopped falling and started appreciating or media de-regulation was delayed or cancelled.



### 3. INVESTMENT-DRIVEN INVESTING

This process requires that each of the characteristics listed below are identified in the investee companies:

- (a) sustainable business model;
- (b) track record of dividends;
- (c) track record of profits and positive free cashflow;
- (d) acceptable financial strength; and
- (e) return on equity.

Once all of the above characteristics have been identified in a company, the timing of its purchase will require patience and a medium to long term investment horizon. Valuation will be a key element of any purchase.

#### 3.5. PERMITTED INVESTMENTS

The New Investment Manager is permitted to undertake investments on behalf of the Company without Board approval. However, if the proposed investment is not in accordance with written guidelines issued by the Board from time to time, Board approval for the investment is required.

The Company proposes to invest in the following investments:

- ASX-listed securities;
- unlisted securities which the New Investment Manager 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 the New Investment Manager from time to time.

#### 3.6. INVESTMENT PARAMETERS

The following investment parameters apply to the New Investment Manager's implementation of the investment strategy:

- Minimum of 50% of the Value of the Portfolio to be invested in the Australian stockmarket 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 entity in which Securities are 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 entity 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).
- 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 cashflows in or out of the Portfolio. Exchange traded options may be used as an alternative to the direct purchase or sale of



### 3) About the Company

physical Securities where the execution of the direct physical Security is unable to be executed within the desired time frame.

- The total of all options on physical Securities 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 are 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.
- The Manager is permitted to accept on behalf of the Portfolio, insofar as is reasonably practical, all buy-back offers available to the Portfolio. The Manager will refer each buy-back scenario relating to the holdings in the Portfolio to the Company. The Manager 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.
- Not more than 10% of the Value of the Portfolio may be held in Unlisted Securities at any one time (where such Unlisted Securities are expected to be listed within 6 months) and not more than 2.5% of the Value of the Portfolio may be held in any one Unlisted Security.

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

The New Investment Manager must comply with these investment parameters unless otherwise agreed by the Company.

### 3.7. CHANGES TO THE INVESTMENT STRATEGY

No material changes to the investment strategy are presently contemplated. Any material changes would be made with the approval of the Board, after consultation with the New Investment Manager. The Company will notify Shareholders of any material changes to the Company's investment strategy through the ASX and on the website.

### 3.8. DIVIDEND POLICY

The Board's intention is to pay fully franked dividends to Shareholders, provided the Company has sufficient profit reserves and franking credits and it is within prudent business practices. The Company's ability to generate franking credits is dependent upon the receipt of franked dividends from investments and the payment of tax.

This is not intended to be a forecast. It is merely an indication of what the Company aims to achieve over the medium-to-long term. The Company may not be successful in meeting its objective. Any financial market turmoil or an inability by the New Investment Manager to find and make profitable investments will likely have an adverse impact on achieving this objective. Returns are not guaranteed.

### 3.9. SHORT SELLING POLICY

The Company may use short selling as a strategy to try to improve returns and to manage risk. The short sale of a security can involve much greater risk than buying a security, as losses on the securities purchased are restricted at most to the amount invested, whereas losses on a short position can be much greater than the initial value of the security.

Additionally, there can be no guarantee that the securities necessary to cover a short position will be available for purchase.

Short selling will also incur interest and other costs on the securities borrowed by the Company for sale. For a short sale to be profitable the return from the strategy must exceed these costs and, where losses are incurred on the strategy, these costs will increase the losses.

The following examples illustrates how short selling may result in a loss or a profit. Both examples assume the New Investment Manager short sells 10,000 shares of ABC Limited (ABC Shares) at \$100 per ABC Share and later close the position by entering into an equal and opposite trade. We have assumed that the costs associated the short sales in each example are also the same (i.e. borrowing costs and commissions totalling \$300 and \$250 in interest receivable).

In example 1, the New Investment Manager closes the position when the ABC Share price has risen to \$120. This results in a loss of \$200,050. In example 2, the New Investment Manager closes the position when the ABC Share price has fallen to \$80. This results in a profit of \$199,950.

With a view to managing the risks associated with short selling, the investment guidelines and parameters requires that all short (sold) options exposures on individual shares are to be covered by the equivalent number of underlying physical units.

### **3.10. ALLOCATION POLICY**

The Wilson Asset Management Investment Team currently manages four LICs and one wholesale managed unit trust (see Section 4.3 for details).

The Wilson Asset Management Investment Team will apply the similar investment principles and processes in managing the WAM Entities that it intends to apply to the Portfolio.

The current expectation is that securities in the S&P/ASX 300 Index will be purchased primarily by the Company. If other WAM Entities also wish to purchase a particular S&P/ASX 300 Index security then the allocation across the WAM Entities and the Company will depend on the targeted weighting or level indicated by one or more of the entities and may take into account a number of factors including the relevant entities' gross asset values.

### **3.11. REPORTS TO SHAREHOLDERS**

Within 14 days after the end of each month, the Company will release to the ASX a statement of the NTA backing per Share as at the end of the month. The calculation of the NTA will be made in accordance with the Listing Rules.

The Company will provide to shareholders on request, free of charge, a copy of statements released to the ASX of the net tangible asset backing of Shares.

The Company will also release reports to the ASX on the activities of the Company, the performance of the Company's Portfolio and the New Investment Manager's investment outlook. These reports will also be available on the website.

### **3.12. VALUATION, LOCATION AND CUSTODY OF ASSETS**

The Value of the Portfolio will be calculated daily (released to the ASX monthly) using a framework for the valuation of financial instruments that is consistent with current industry practice and regulatory requirements.

The assets of the Company will be valued using market accepted practices to accurately and independently price all securities and other assets within the Portfolio from time-to-time. The custodian of the assets of the Company will continue to be BNP Paribas Securities Services.

### **3.13. RISK MANAGEMENT PHILOSOPHY AND APPROACH**

The New Investment Manager will be primarily responsible for managing the risk of the Portfolio. The New Investment Manager's risk policies and controls are designed to be robust and relevant to the Company's investment objectives and strategy.

The New Investment Manager is committed to robust corporate governance practices to create value and provide accountability and a control system commensurate with the risk involved.

They ensure amongst other things that the fair allocation of trades between all relevant entities.

The New Investment Manager will monitor the Portfolio to ensure that compliance with the investment strategy and investment parameters.

### 3) About the Company

#### 3.14. CENTURY INVESTMENTS AS AT 31 MARCH 2017

As at 31 March 2017, the total value of the Company's portfolio of investments in ASX listed securities was \$76,097,462. These values were determined on the basis of the last sale price on ASX at close of trading on 31 March 2017, for ASX quoted securities. Below is the portfolio holdings of the Company on 31 March 2017 and the market value of those securities determined on that basis:

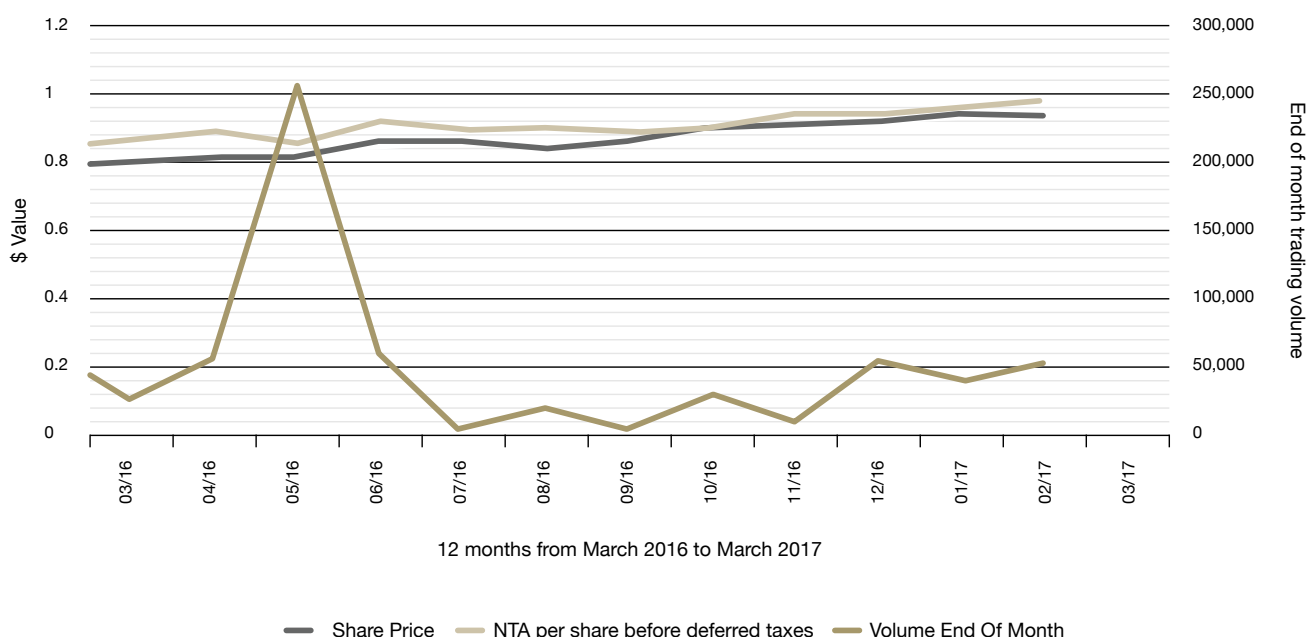
Stock Name	Market Value (\$)
Commonwealth Bank of Australia	5,988,392
BHP Billiton Limited	4,953,881
Westpac Banking Corporation	4,875,560
Australia and New Zealand Banking Group	4,122,234
National Australia Bank Limited	3,893,103
Macquarie Group Limited	3,066,280
Rio Tinto Limited	2,829,397
Henderson Group plc.	2,806,235
Woodside Petroleum Limited	2,612,336
Crown Resorts Limited	2,610,483
AMP Limited	2,565,783
Telstra Corporation Limited	2,393,443
Caltex Australia Limited	2,392,253
Amcor Limited	2,356,936
Woolworths Limited	2,200,577
Vocus Group Limited	2,091,147
ResMed Incorporated	2,015,649
CYBG Plc	1,891,161
Westfield Corporation	1,837,279
AGL Energy Limited	1,821,173
Boral Limited	1,795,819
Suncorp Group Limited	1,665,702
News Corporation	1,552,249
Ansell Limited	1,483,746
Newcrest Mining Limited	1,417,048
Lendlease Group	1,410,624
Wesfarmers Limited	1,360,080
Graincorp Limited	1,225,971
Event Hospitality and Entertainment Limited	1,099,491
Nufarm Limited	947,910
Gateway Lifestyle Group	823,264
Soul Pattinson & Company Limited	658,020
Brickworks Limited	613,675
Orica Limited	214,739
Iluka Resources Limited	204,983
Evolution Mining Limited	189,839
Stockland Corporation Limited	111,000
<b>Total Holdings Value</b>	<b>76,097,462</b>

The above table does not reflect the current Portfolio of investments as the Company has continued to actively trade in securities since 31 March 2017.

### 3.15 PERFORMANCE OF SHARES

The graphs below show the trading price and volumes of the Shares for the period ended 31 March 2017 compared with the monthly NTA as reported by the Company on ASX. Investors should however note that the historical performance of the Shares is not a reliable indicator of future performance.

**Comparison of Share Price and End of Month Trading Volume to Monthly Pre Tax NTA**



### 3.16. CONSISTENCY

Despite the restructure of Century, 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 registrar of the Company will continue to be Link Market Services Limited;
- the custodian of assets of the Company will continue to be BNP Paribas Securities 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 Audit Pty Limited;
- except to the extent that the level of participation under the Buy-Back Offer exceeds the level of participation in the 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 the New Investment Manager rather than instructions from Perennial Value Management; and
- while the New Investment Manager has 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 the New Investment Manager.

## 4) About the New Investment Manager

### 4.1. THE NEW INVESTMENT MANAGER

The New Investment Manager forms part of Wilson Asset Management, a boutique fund manager established in 1997. Wilson Asset Management is comprised of the New Investment Manager and WAMI. The New Investment Manager was established in 2002. The New Investment Manager holds an Australian Financial Services Licence (AFSL) 223231. Entities associated with Geoff Wilson hold 100% of the ordinary shares in the New Investment Manager.

Wilson Asset Management manages approximately \$2 billion on behalf of retail and wholesale investors across three LICs and one wholesale unit trust.

The New Investment Manager and Wilson Asset Management (International) Pty Limited employ the same investment team (Wilson Asset Management Investment Team) to manage their respective portfolios (see Section 4.4 for further details of the team's experience).

### 4.2. ROLE OF THE NEW INVESTMENT MANAGER

The New Investment Manager will manage the Portfolio of the Company in accordance with the Investment Management Agreement.

The New Investment Manager will:

1. implement the investment strategy, including actively managing the Portfolio;
2. manage the Portfolio's exposure to markets;
3. calculate the value of the Portfolio daily;
4. regularly update the Company regarding the Portfolio and provide all information necessary for the maintenance of the Company's financial accounts to be completed.

See Section 8 for details of the Investment Management Agreement.

### 4.3. OTHER WAM ENTITIES

Wilson Asset Management provides investment management services to the WAM Entities described below:

#### 1. 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 March 2017, the total value of the WAM portfolio of investments managed by WAMI was \$1,201.5 million.

#### 2. 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 March 2017, the total value of the WAX portfolio of investments managed by the New Investment Manager was \$234.8 million.

#### 3. WAM Active Limited (ASX: WAA)

WAA is an ASX listed investment company primarily investing in equities employs the market-driven strategy. As at 31 March 2017, the total value of the WAA portfolio of investments managed by the New Investment Manager was \$39.9 million.

#### 4. WAM Leaders Limited (ASX: WLE)

WLE is an ASX listed investment company primarily investing in equities within the ASX 200 Index. As at 31 March 2017, the total value of the WLE portfolio of investments managed by the New Investment Manager was \$452.4 million.

#### 5. Wilson Asset Management Equity Fund (Fund)

The Fund is a wholesale unit trust primarily investing in Australian equities. The Fund's units are not listed on the ASX. As at 31 March 2017, the total value of the Fund's portfolio of investments was \$58.4 million.

### 4.4. HISTORICAL PERFORMANCE OF WAM

Wilson Asset Management Investment Team has managed WAM Capital Limited since its inception in 1999. WAM Capital is a LIC with a broad Australian equities mandate and that employs the same investment strategies and processes as the Company. WAM Capital's long-term performance demonstrates the Wilson Asset Management Investment Team's general experience in managing investments in Australian equities as well as managing LICs. The performance of WAM Research, WAM Active and Wilson Asset Management Equity Fund is not directly relevant to the Company because of differences in investment strategies and processes compared with the Company's (i.e. WAM Research does not use the Market-driven investment process and WAM Active does not use the Research-driven investment process) and differences in legal structure (as a trust, Wilson Asset Management Equity Fund has a different tax and cost structure).

The investment returns of WAM Capital described in this Section 4.5 are historical and do not represent the expected or actual future performance of the Company or its Investment Strategy. Past performance is not indicative of future performance. There can be no certainty that

the performance of the Company will be similar to WAM Capital's historical performance. The performance of the Company could be significantly different to WAM Capital's historical performance. Importantly:

- (a) WAM Capital's focus on investing in undervalued growth companies has historically led to a significant exposure to small to medium companies listed on the ASX. The Investment Strategy for the Company is predominately focused on Large-cap listed companies in the S&P/ASX 300 Index; and

- (b) although the same investment policies and guidelines apply to WAM Capital and the Company their flexible nature allows for each entity to allocate investments as they see fit. As a result, the composition of each portfolio (including the percentage cash or the number of Short Positions held from time to time) will vary.

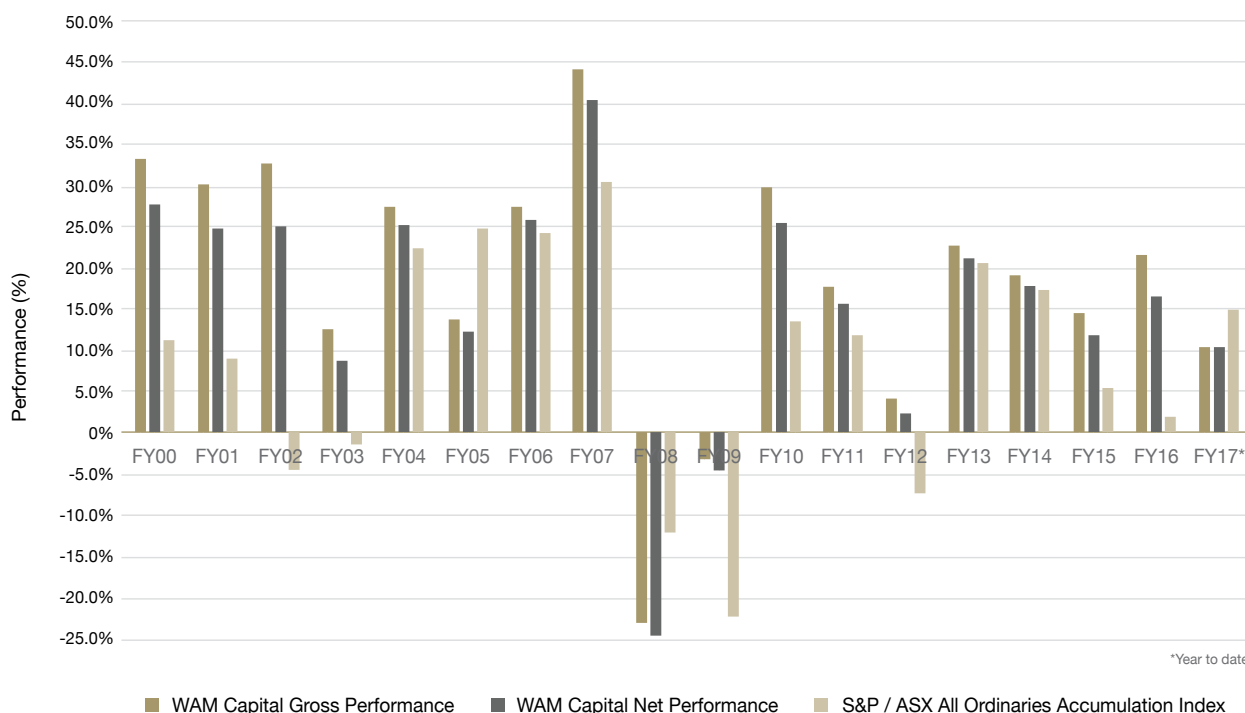
As a result, the Company's Portfolio and the Company's performance will not be the same as WAM Capital.

#### Performance at 31 March 2017

	Funds under management	Commenced	1 Year	3 Years % pa	5 Years %pa	10 Years %pa	Since inception %pa
<b>WAM Capital Limited (ASX: WAM)</b>	\$1,201.5m	Aug -99	17.2%	15.5%	17.2%	11.5%	17.8%
<b>S&amp;P/ASX All Ordinaries Accumulation Index</b>			19.5%	7.6%	10.7%	4.3%	8.4%

- The performance periods of 1 year, 3 years, 5 years and 10 years are calculated over the relevant period ending 31 March 2017.
- The performance of WAM Capital is based on the unaudited monthly returns and are calculated before expenses, fees and taxes.
- The performance of the S&P/ASX All Ordinaries Accumulation Index is based on trading data prepared by IRESS. IRESS has not consented to the use of this data in this Prospectus. The S&P/ASX All Ordinaries Accumulation Index has been chosen for comparison purposes only. The above table is not intended to be an indication of future performance of any asset class, index or the Portfolio. Historically WAM Capital has compared its performance against the S&P/ASX All Ordinaries Accumulation Index. This is because WAM Capital is focused on small-mid cap securities, its broad investment mandate allows it to invest across all Australian equities, including Large-cap securities.

#### WAM Capital Annual Historical Performance Since Inception



#### 4.5. WILSON ASSET MANAGEMENT INVESTMENT TEAM

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



**Geoff Wilson,  
Chairman &  
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.



**Matthew Haupt,  
Portfolio Manager**  
CFA BCom GradDip App Fin

Matthew Haupt has more than 11 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).



**Martin Hickson,  
Head of Trading**  
BBus BComp MAppFin

Martin Hickson has more than 9 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.



**Chris Stott,  
Chief Investment Officer &  
Portfolio Manager**  
B Bus GradDip App Fin MAICD MFINSIA

Chris Stott has more than 14 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.



**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.





**John Ayoub,  
Senior Equity Analyst**

**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.



**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.

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Wilson Asset Management's investment team has almost 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;
- a flat management structure informed by the team's collective experience.

#### **4.6. 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 with 30 new LICs being listed since January 2013. 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).

#### **4.7. 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.

## 5) Risk factors

### 5.1. OVERVIEW

Potential investors should be aware that subscribing for Shares involves various risks. There are general risks associated with owning securities in publicly listed companies. The price of securities can go down as well as up due to factors outside the control of the company.

These factors include but are not limited to Australian and worldwide economic and political stability, natural disasters, performance of the domestic and global share markets, interest rates, foreign exchange, taxation and labour relations environments internationally.

Investors have choices that can reduce the impact of risk. Firstly, get professional advice suited to your investment objectives, financial situation and particular needs. Nothing in this Prospectus can replace or offer that. Secondly, invest for at least the time frame recommended by your professional adviser.

The Company should not be seen as a predictable, low risk investment. The Company's investments will be concentrated on ASX listed securities and the Company therefore is considered to have a higher risk profile than cash assets.

It is not possible to identify every risk associated with investing in the Company, however, the following provides a list of significant risks associated with the Company. There may be other risks associated with the Company.

### 5.2. KEY INVESTMENT STRATEGY RISK

The Company's investment activities will expose it to a variety of risks. The Company has identified some as being particularly relevant to its investment strategy, these include the risks in this Section.

#### 1. Investment strategy risk

The success and profitability of the Company will largely depend on the New Investment Manager's ability to manage the Portfolio in a manner that complies with the Company's objectives, strategies, policies, guidelines and permitted investments. A failure to do so may negatively impact the Company and its Shares.

The investment strategy of the New Investment Manager is different than that of the former 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.

In addition, there are risks inherent in the investment strategy that the New Investment Manager will employ for the Company. These risks include the risks identified in this Section 5.

#### 2. New Investment Manager's performance risk

The past performance of portfolios managed by the New Investment Manager, and persons associated with the New Investment Manager, are not a guide to future performance of the Company. The success and profitability of the Company depends almost entirely on the ability of the New Investment Manager to construct a Portfolio of investments, exposed to well managed businesses that have the ability to increase in value over time. The Investment Management Agreement has an initial term of 5 years. Even if the Company does not perform well, it may be difficult to remove the New Investment Manager.

#### 3. Liquidation of portfolio and liquidity

If the level of participation in the Buy-Back exceeds the level of participation in the Offer, the Company will be required to liquidate part of its investment portfolio to partly fund the Buy-Back. This may result in additional market risk. In addition, Shareholders will be left holding Shares in a company with a smaller capital base and less liquidity.

#### 4. Potential for loss of ASX required spread

If the level of participation in the Buy-Back is high and the Offer 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).

## **5. Potential increase in voting power of the WAM Entities**

If there is a sufficiently high level of participation in the Buy-Back and low level of participation in the Offer, the WAM Entities' voting power may increase as a result of the Buy-Back from its current 31.2% to up to 100%. If the WAM Entities were to obtain a shareholding of above 50%, it would give the WAM Entities effective control of the Company and the ability to determine the outcome of certain resolutions put to Shareholders. A significant increase in the voting power of the WAM Entities following implementation of the Buy-Back and Offer 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.

## **6. Future availability of deferred tax assets**

As at 31 December 2016, the Company had on and off balance sheet a total of \$28.01 million of available carried forward capital and tax losses (\$8.40m tax effected). Tax losses have been recognised on the basis that it is deemed probable that the tax losses can be utilised within a time period of 5 to 7 years. The Company's ability to use these assets will depend upon whether it satisfies certain tests prescribed by tax legislation at the time of utilisation of the losses. While the Company currently expects that it will be able to satisfy the relevant tests, this is unable to be determined at the date of this Prospectus as it will depend upon future matters. There is a risk that the deferred tax assets may not be available at a future time for use by the Company.

## **5.3. SIGNIFICANT RISKS OF INVESTING IN THE COMPANY**

The following risks should be carefully evaluated before making an investment in the Company. Consideration must also be given to the speculative nature of the Company's investments. The following is not an exhaustive list of the risks of investing in the Company. The Investment Management Agreement has an initial term of 5 years. Even if the Company does not perform well, it may be difficult to remove the New Investment Manager.

### **1. Market risk**

Broad market risks include movements in domestic and international securities markets, movements in foreign exchange rates and interest rates, changes in taxation laws and other laws affecting investments and their value.

The Company's Portfolio will be constructed so as to minimise market risks. Certain events may have a negative effect on the price of all types of investments within a particular market. These events may include changes in economic, social, technological or political conditions, as well as market sentiment. The New Investment Manager will seek to minimise market and economic risks but cannot eliminate them entirely.

### **2. Equity risk**

There is a risk that Shares will fall in value over short or extended periods of time. Historically, shares have outperformed other traditional asset classes over the long term. Share markets tend to move in cycles, and individual share prices may fluctuate and underperform other asset classes over extended periods of time. Shareholders in the Company are exposed to this risk both through their holding in Shares in the Company as well as through the Company's Portfolio.

### **3. Short selling risk**

There are inherent risks associated with short selling. Short selling involves borrowing securities which are then sold. If the price of the securities falls then the Company can buy those securities at a lower price to transfer back to the lender of the securities. Short sales can enlarge the fluctuations in the value of the Portfolio of the Company in a manner similar to a debt leveraged portfolio and exposes the Portfolio to the risk that investment flexibility could be restrained by the need to provide collateral to the securities lender and that positions may have to be liquidated at a loss and not at a time of the New Investment Manager's choosing.

### **4. Industry risk**

There are a number of industry risk factors that may effect the future operation or performance of the Company. These factors are outside the control of the Company. Such factors include increased regulatory and compliance costs and variations in legislation and government policies generally.

### **5. Operational costs**

Operational costs for the Company as a proportion of total assets will be affected by the level of total assets of the Company and by the level of acceptance of this Offer. Operational costs will represent a greater proportion of total assets and will reduce the operating results of the Company and accordingly the ability to make dividend payments if the level of participation in the Buy-Back is high and the Company only achieves the Minimum Subscription under the Offer than if it secures a greater level of acceptance.

## 5) Risk factors

### 6. Size of Portfolio

The size of the Portfolio may affect the risk profile of the Portfolio. The Company may not be able to diversify its investment and so manage its risks as efficiently if the level of participation in the Buy-Back is high and the Company only achieves the Minimum Subscription under this Offer than if it secures a greater level of acceptance. However, the risk of loss of investments included in the Portfolio will not necessarily be reduced if the level of acceptance under the Offer is higher. Effective risk management depends on a range of factors including diversification of investments and other factors.

### 7. Leverage risk

While the Company and the New Investment Manager do not currently intend to use debt to increase the scale of the Portfolio of the Company, the use of short selling does create leverage. Short selling can enlarge the fluctuations in the Portfolio value of the Company in a manner similar to a debt leveraged portfolio. These risks give rise to the possibility that positions may have to be liquidated at a loss and not at a time of the New Investment Manager's choosing.

### 8. Interest rate risk

Interest rate movements may adversely affect the value of the Company through their effect on the price of a security and the cost of borrowing.

### 9. Default risk

Investment in securities and financial instruments generally involves third parties as custodial and counter parties to contracts. Use of third parties carries risk of default and failure to secure custody that could adversely affect the value of the Company.

The Company will outsource key operational functions including investment management, custody, execution, administration and valuation to a number of third party service providers. There is a risk that third party service providers may intentionally or unintentionally breach their obligations to the Company or provide services below standards that are expected by the Company, causing loss to the Company.

### 10. Compensation fee structure risk

The New Investment Manager may receive compensation based on the Company's performance. Performance Fee arrangements may create an incentive for the New Investment Manager to make more speculative or higher risk investments than might otherwise be the case.

### 11. Regulatory risk

All investments carry the risk that their value may be affected by changes in laws and regulations especially taxation laws. Regulatory risk includes risk associated with variations in the taxation laws of Australia or other jurisdictions in which the Company holds investments.

### 12. Concentration risk

There may be more volatility in the Portfolio as compared to the S&P/ASX 300 Index because the Portfolio will be comprised of a smaller number of securities than the broader market index.

## 5.4. RISKS ASSOCIATED WITH INVESTMENTS IN SHARES

The prices at which Shares will trade on the ASX are subject to a number of risks, including:

### 1. Market risk

Share markets tend to move in cycles, and individual security prices may fluctuate and underperform other asset classes over extended periods of time. The value of securities listed on the ASX may rise or fall depending on a range of factors beyond the control of the Company.

Shareholders in the Company are exposed to this risk both through their holding in Shares in the Company as well as through the Company's Portfolio.

### 2. Financial market volatility

A fall in global equity markets, global bond markets or the rate of change in the value of the Australian dollar against other major currencies may discourage investors from moving money into or out of equity markets. This may have a negative effect on the value of the Portfolio (for example if the price of securities within the Portfolio decreases and the New Investment Manager is required to sell investments at a loss). This may also have a negative effect on the price at which the Company's Shares trade.

### 3. Economic risk

Investment returns are influenced by numerous economic factors. These factors include changes in economic conditions (e.g. changes in interest rates or economic growth), changes in the legislative and political environment, as well as changes in investor sentiment.

In addition, exogenous shocks, natural disasters, acts of terrorism and financial market turmoil (such as the global financial crisis) can (and sometimes do) add to equity market volatility as well as impact directly on individual entities. As a result, no guarantee can be given in respect of the

future earnings of the Company or the earnings and capital appreciation of the Company's Portfolio or appreciation of the Company's Share price.

#### **4. Liquidity risk**

The Company will be a listed entity, therefore the ability to sell Shares will be a function of the turnover of the Shares at the time of sale. Turnover itself is a function of the size of the Company and also the cumulative investment intentions of all current and possible Shareholders in the Company at any one point in time.

#### **5. Discount to NTA**

The Company will be listed on the ASX. The Company Share price may trade at a discount or a premium to its NTA.

### **5.5. OTHER RISK FACTORS**

Before deciding to subscribe for Shares, Applicants should consider whether Shares are a suitable investment.

There may be tax implications arising from the application for Shares, the receipt of dividends (both franked and unfranked) from the Company, participation in any dividend reinvestment plan of the Company, participation in any on market share buy-back and on the disposal of Shares. Applicants should carefully consider these tax implications and obtain advice from an accountant or other professional tax adviser in relation to the application of tax legislation.

Investors are strongly advised to regard any investment in the Company as a medium-to-long term proposition and to be aware that, as with any equity investment, substantial fluctuations in the value of their investment may occur.

If you are in doubt as to whether you should subscribe for Shares, you should seek advice on the matters contained in this Prospectus from a stockbroker, solicitor, accountant or other professional adviser immediately.

### **5.6. TIMEFRAME FOR INVESTMENT**

Applicants are strongly advised to regard any investment in the Company as a medium-to-long term proposition for at least five years and to be aware that, as with any investment, substantial fluctuations in the value of their investment may occur over that period.

## 6) Financial information

### 6.1. INTRODUCTION

This Section contains the historical and pro forma historical financial information for the Company, comprising:

- the reviewed historical statement of financial position as at 31 December 2016 as set out in Section 6.3 below ('Historical Statement of Financial Position' or 'Historical Financial Information'); and
- the pro forma historical statements of financial position as at 31 December 2016 which assumes the completion of certain transactions that are contemplated to occur as part of the Offer as set out in Section 6.4 below ('Pro Forma Historical Statements of Financial Position' or 'Pro forma Historical Financial Information') on the basis of:
  - a 100% participation in the Buy-Back and 100% in the Offer; and
  - a 50% participation in the Buy-Back and a 50% participation in the Offer; and
  - a 50% participation in the Buy-Back and a 100% participation in the Offer.

collectively referred to as the **'Financial Information'**.

The Financial Information set out in this Section should be read in conjunction with the accounting policies included within the historical financial statements for the Company for the half year ended 31 December 2016 and included in the annual financial report for the year ended 30 June 2016. The Financial Information should also be considered in conjunction with the risk factors in Section 5 and other information contained in this Prospectus.

The historical income statement and cash flow information for the half year ended 31 December 2016 and for prior periods are available in the respective historical financial statements of the Company lodged with ASIC and announced on the ASX.

### 6.2. BASIS OF PREPARATION OF THE FINANCIAL INFORMATION

The Historical Financial Information has been extracted from the preliminary report for the half year ended 31 December 2016 which were reviewed by Grant Thornton Audit Pty Limited in accordance with the Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity.

Based on the review, Grant Thornton Audit Pty Limited concluded that the half year financial report was in accordance with the Corporations Act 2001 including giving

a true and fair view of the Company's financial position as at 31 December 2016 and of its performance for the half year ended on that date and was in compliance with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

The Financial Information has been prepared in accordance with the recognition and measurement principles of Australian Accounting Standards adopted by the Australian Accounting Standards Board and the Corporations Act. The financial information is presented in an abbreviated form insofar as it does not include all of the disclosures, statements or comparative information as required by Australian Accounting Standards as applicable to annual financial reports prepared in accordance with the Corporations Act.

The Pro Forma Historical Financial Information has been derived from the Historical Financial Information of the Company, and adjusted for the effects of pro forma transactions described in Section 6.4 of the Prospectus.

The unaudited Pro Forma Historical Statements of Financial Position have been included for illustrative purposes to reflect the financial position of the Company on the basis that the Company undertakes a Buy-Back in which all Eligible Shareholders may elect to sell any or all of their Shares to the Company and an Offer of Shares in the Company.

The Directors of the Company are responsible for the inclusion of all Financial Information in this Prospectus.

The Financial Information has been reviewed and reported on by Grant Thornton Corporate Finance Pty Limited (Grant Thornton Corporate Finance) as set out in the Independent Limited Assurance Report in Section 7. Investors should note the scope and limitations of that report.

In addition, investors should be aware that past performance is not an indication of future performance.

All amounts disclosed in this section are presented in Australian dollars, unless otherwise noted, and are rounded to the nearest \$'000.



### 6.3. HISTORICAL AND PRO FORMA HISTORICAL STATEMENTS OF FINANCIAL POSITION AND NTA

The table below sets out the historical statement of financial position and NTA and pro forma adjustments that have been made to the historical statement of financial position and NTA as at 31 December 2016. This table sets out the Pro Forma Historical Statements of Financial Position and NTA as at 31 December 2016 on the basis of the following scenarios:

- a 50% participation in the Buy-Back and a raising of \$37.5 million under the Offer; and
- a 50% participation in the Buy-Back and a raising of \$75 million under the Offer; and
- a 100% participation in the Buy-Back and a raising of \$75 million under the Offer.

The scenarios presented below are indicative only and should be viewed as such and only demonstrate three scenarios following completion of the Buy-Back and Offer. The following scenarios are therefore not representative of all the permutations that can occur following the completion of the Buy-Back and Offer. The pro forma historical Statement of Financial Position is not representative as being necessarily indicative of the Company's view of its future financial position.

		Buy-Back 50% and Offer proceeds of \$37,500,000		Buy-Back 50% and Offer proceeds of \$75,000,000		Buy-Back 100% and Offer proceeds of \$75,000,000	
	Historical as at 31 Dec 2016	Pro Forma Adjustments \$'000	Proforma Historical as at 31 Dec 2016 \$'000	Pro Forma Adjustments \$'000	Proforma Historical as at 31 Dec 2016 \$'000	Pro Forma Adjustments \$'000	Proforma Historical as at 31 Dec 2016 \$'000
<b>Assets</b>							
Cash and cash equivalents	2,337	(954)	1,383	(1,573)	764	(1,573)	764
Financial assets	75,030	226	75,256	37,651	112,681	282	75,312
Deferred tax assets	5,522	222	5,744	395	5,917	395	5,917
Trade and other receivables and other assets	121	49	170	91	212	91	212
Total assets	83,010	(457)	82,553	36,564	119,574	(805)	82,205
<b>Liabilities</b>							
Trade and other payables	(391)	-	(391)	-	(391)	-	(391)
Deferred tax liabilities	(824)	-	(824)	-	(824)	-	(824)
Dividends payable (Interim/Special)	-	(2,210)	(2,210)	(2,210)	(2,210)	(2,210)	(2,210)
Total liabilities	(1,215)	(2,210)	(3,425)	(2,210)	(3,425)	(2,210)	(3,425)
<b>Net Assets</b>	<b>81,795</b>	<b>(2,667)</b>	<b>79,128</b>	<b>34,354</b>	<b>116,149</b>	<b>(3,015)</b>	<b>78,780</b>
<b>Equity</b>							
Issued capital	74,401	(457)	73,944	36,639	111,040	(488)	73,913
Reserves	8,406	(2,210)	6,196	(2,210)	6,196	(2,526)	5,880
Accumulated losses	(1,012)	-	(1,012)	(75)	(1,087)	(1)	(1,013)
Total Equity	<b>81,795</b>	<b>(2,667)</b>	<b>79,128</b>	<b>34,354</b>	<b>116,149</b>	<b>(3,015)</b>	<b>78,780</b>



An illustrative NTA before and after the deferred tax assets and liabilities has been set out below assuming the above scenarios are applied.

		Buy-Back 50% and Offer proceeds of \$37,500,000	Buy-Back 50% and Offer proceeds of \$75,000,000	Buy-Back 100% and Offer proceeds of \$75,000,000
As at 31 Dec 2016	Cents per Share	Cents per Share	Cents per Share	Cents per Share
NTA (before all deferred taxes)	94.17	91.16	91.14	91.07
NTA (including all deferred taxes)	99.91	97.20	95.32	97.36

#### 6.4. PRO FORMA TRANSACTIONS

The following pro forma adjustments have been made to present the Pro Forma Historical Financial information to reflect the financial position of the Company as at 31 December 2016 on the basis described in Section 6.3.

1. Estimated selling costs of 20 basis points associated with disposing of the shares to fund the net change in capital and have been deducted from the value of the investments.
2. The Buy-Back costs are the aggregate transaction costs incurred by the Company in proposing and undertaking the Buy-Back (excluding amounts payable as consideration for the buy-back of the Shares) and are expected to be approximately \$170,000. Expenses of the Offer are detailed in Section 6.5.
3. Subscription money invested under the Offer has been estimated to be sourced 50% from the Joint Lead Managers (with stamping fees incurred as outlined below in note 5) and 50% from the Shareholder Priority Allocation and the WAM Priority Allocation (with no stamping fees expected to be incurred).
4. A special (\$0.9 million) and interim (\$1.3 million) dividend of approximately \$2.2 million has been declared on 18 April 2017 and will be paid prior to the Closing Date for the Buy-Back and Offer.
5. Joint Lead Manager fees incurred have been calculated at 0.75% on the Joint Lead Manager new funds raised and applying a 1.5% selling fee on the total proceeds raised.
6. The costs associated with the Offer have been charged against equity. The GST charged on these invoices associated with these costs are charged against equity except where certain expenses are deemed recoverable under the GST regulations, i.e. a reduced input tax acquisition, in which case these costs have been recognised as a GST recoverable in trade and other receivables (at 75% of the GST incurred).
7. Scenarios were chosen to illustrate to Shareholders the outcome in different situations the actual final outcome may materially differ to what is presented above.

#### 6.5. EXPENSES OF THE OFFER

The Company will pay from the proceeds of the Offer the expenses of the Offer including legal, accounting, registration, secretarial and printing costs. These costs have been estimated at \$0.74 million (net of tax) assuming a raising of \$37.5 million is achieved under the Offer and \$1.32 million assuming a raising of \$75 million is achieved under the Offer. A breakdown of these expenses (including GST), assuming raisings of \$37.5 million and \$75 million are as follows:

Offer cost summary	\$37.5m raising \$'000	\$75m raising \$'000
Joint Lead Manager fees	619	1,238
Legal fees	88	88
Investigating accountants fees	32	32
Secretarial costs	21	21
Printing costs	21	21
Total offer costs	5	5
Total estimated gross expenses of the Offer	786	1,405
Less: GST receivable	(45)	(87)
Total estimated expenses of the Offer	741	1,318

#### 6.6. CAPITAL AND TAX LOSSES

As at 31 December 2016, the Company had on and off balance sheet a total of 10.27 cents per Share of deferred asset on capital and tax losses. This equates to \$28.01 million of available carried forward capital and tax losses (\$8.40m tax effected). After adjusting for unrealised profits of \$4.23m as at 31 December 2016 (\$1.27m tax effected), capital and tax losses available for offset against future taxable income is \$23.78m (\$7.13m tax effected). This translates to no tax payable on future income of 34.22 cents per Share (10.27 cents per Share tax effected). The future availability of the deferred tax asset can't be guaranteed. See Section 5.2.6 for further details.

## 7) Investigating Accountant's Report



Board of Directors  
Century Australia Investments Limited  
Level 3, 99 Bathurst Street  
Sydney NSW 2000

19 April 2017

Dear Directors,

### **INDEPENDENT LIMITED ASSURANCE REPORT AND FINANCIAL SERVICES GUIDE**

#### **Introduction**

We have been engaged by Century Australia Investments Limited ("CYA", or the "Company") to report on the Historical and Pro forma Historical Financial Information of the Company for inclusion in a Prospectus (the "Prospectus") to be dated on or about 19 April 2017 to be issued by CYA in respect to the offer of new shares in the Company ("Offer").

Grant Thornton Corporate Finance Pty Ltd ("Grant Thornton Corporate Finance") holds an Australian Financial Services Licence (AFS Licence Number 247140). This report is both an Independent Limited Assurance Report, the scope of which is set out below, and a Financial Services Guide, as attached at **Appendix A**.

Expressions defined in the Prospectus have the same meaning in this report, unless otherwise specified.

#### **Scope of this Report**

You have requested Grant Thornton Corporate Finance to review the following Historical and Pro Forma Financial Information included in the Prospectus.

The Historical and Pro Forma Financial Information is presented in an abbreviated form insofar as it does not include all of the presentation and disclosures required and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in Australia in accordance with the Corporations Act 2001.

Our limited assurance engagement has not been carried out in accordance with auditing or other standards and practices generally accepted in any jurisdiction outside of Australia and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

#### **Historical and Pro forma Financial Information**

The Historical Financial Information of CYA, as set out in the Prospectus comprises:

- The historical reviewed statement of financial position as at 31 December 2016;
- The pro forma historical statement of financial position of CYA as at 31 December 2016 assuming a 50 % participation in the buy back and a 50% participation in the Offer;
- The pro forma historical statement of financial position of CYA as at 31 December 2016 assuming a 50 % participation in the buy back and a 100% participation in the Offer; and
- The pro forma historical statement of financial position of CYA as at 31 December 2016 assuming a 100 % participation in the buy back and a 100% participation in the Offer,

(Hereafter the "Historical Financial Information").

The Historical Financial Information of CYA has been extracted from the HY2017 financial statements which were reviewed by Grant Thornton Audit Pty Ltd, and who issued an unmodified review opinion.

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## 7) Investigating Accountant's Report

The pro forma historical statement of financial position as at 31 December 2016 assumes completion of the proposed pro forma transactions outlined in **Section 6.4** of the “Financial Information” section which includes the Offer and Buy Back (the “pro forma transactions”) as though they had occurred on that date.

The stated basis of preparation is the recognition and measurements principles contained in the Australian equivalents to Financial Reporting Standards (“AIFRS”) and CYA’s adopted accounting principles applied to the Historical Financial Information.

This report has been prepared for inclusion in the Prospectus. Grant Thornton Corporate Finance disclaim any assumption of responsibility for any reliance on this report or on the Financial Information to which this report relates for any purpose other than the purposes for which it was prepared. This report should be read in conjunction with the Prospectus.

### Directors’ Responsibility

The Directors of CYA are responsible for the preparation and presentation of the Historical Financial Information. The Directors are also responsible for the determination of the pro forma transactions set out in **Section 6.4** of the “Financial Information” section and the basis of preparation of the Historical Financial Information.

This responsibility also includes compliance with applicable laws and regulations and for such internal controls as the Directors determine necessary to enable the preparation of the Historical Financial Information that are free from material misstatement.

### Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Historical Financial Information

based on the procedures performed and evidence we have obtained. We have conducted our engagement in accordance with the Standard on Assurance Engagements ASAE 3420: “Assurance Engagements to Report on the Compilation of Pro Forma Historical Financial Information” and ASAE 3450: “Assurance Engagements involving Corporate Fundraisings and/or Prospective Historical Financial Information”. Our procedures consisted of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and review procedures applied to the accounting records in support of the Historical Financial Information.

These procedures are substantially less in scope than an audit conducted in accordance with Australian Auditing Standards, and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion on the Historical Financial Information.

Our engagement did not involve updating or re issuing any previously issued audit reports on any Historical Financial Information used as a source of the Historical Financial Information.

### Conclusion

#### Historical Financial Information

Based on our independent review, which is not an audit, nothing has come to our attention which causes us to believe that the Historical Financial Information of CYA described in the “Financial Information” section of the Prospectus does not present fairly

- The historical reviewed statement of financial position as at 31 December 2016;

- The pro forma historical statement of financial position of CYA as at 31 December 2016 assuming a 50 % participation in the buy back and a 50% participation in the Offer;
- The pro forma historical statement of financial position of CYA as at 31 December 2016 assuming a 50 % participation in the buy back and a 100% participation in the Offer;
- The pro forma historical statement of financial position of CYA as at 31 December 2016 assuming a 100 % participation in the buy back and a 100% participation in the Offer, and
- The pro forma transactions set out in Section 6.4 of the “Financial Information” section are a reasonable basis for the pro forma statement of financial position as at 31 December 2016;

and in accordance with the measurement and recognition requirements (but not all of the presentation and disclosure requirements) of applicable Accounting Standards and other mandatory professional reporting requirements under AIFRS as if the pro forma transactions set out in **Section 6.4** of the “Financial Information” section had occurred at 31 December 2016.

We have assumed, and relied on representations from certain members of management of CYA, that all material information concerning the historical operations of CYA has been disclosed to us and that the information provided to us for the purpose of our work is true, complete and accurate in all respects. We have no reason to believe that those representations are false.

### Restriction on Use

Without modifying our conclusion, we draw attention to the “Financial Information” section, which describes

the purpose of the Historical Financial Information, being for inclusion in the Prospectus. As a result, the Historical Financial Information may not be suitable for use for another purpose.

#### **Consent**

Grant Thornton Corporate Finance has consented to the inclusion of this Independent Limited Assurance Report in the Prospectus in the form and context in which it is included

#### **Liability**

The liability of Grant Thornton Corporate Finance is limited to the inclusion of this report in the Prospectus. Grant Thornton Corporate Finance makes no representation regarding, and has no liability, for any other statements or other material in, or omissions from the Prospectus.

#### **Independence or Disclosure of Interest**

Grant Thornton Corporate Finance does not have any pecuniary interests that could reasonably be regarded as being capable of affecting its ability to give an unbiased conclusion in this matter. Grant Thornton Corporate Finance will receive a professional fee for the preparation of this Independent Limited Assurance Report.

Yours faithfully

GRANT THORNTON CORPORATE  
FINANCE PTY LTD



Tim Goodman  
Partner and Authorised Representative

## **APPENDIX A (FINANCIAL SERVICES GUIDE)**

This Financial Services Guide is dated 19 April 2017.

### **1. About us**

Grant Thornton Corporate Finance Pty Ltd (ABN 59 003 265 987, Australian Financial Services Licence no 247140) ("Grant Thornton Corporate Finance") has been engaged by Century Australia Investments Limited (the "Company") to provide general financial product advice in the form of an Independent Limited Assurance Report (the "Report") in relation to the offer of ordinary shares in the Company ("the Offer"). This report is included in the Prospectus dated on or about 19 April 2017 (the "Prospectus"). You have not engaged us directly but have been provided with a copy of the report as a retail client because of your connection to the matters set out in the report.

### **2. This Financial Services Guide**

This Financial Services Guide ("FSG") is designed to assist retail clients in their use of any general financial product advice contained in the report. This FSG contains information about Grant Thornton Corporate Finance generally, the financial services we are licensed to provide, the remuneration we may receive in connection with the preparation of the report, and how complaints against us will be dealt with.

### **3. Financial services we are licensed to provide**

Our Australian financial services licence allows us to provide a broad range of services, including providing financial product advice in relation to various financial products such as securities and superannuation products and deal

in a financial product by applying for, acquiring, varying or disposing of a financial product on behalf of another person in respect of securities and superannuation products.

### **4. General financial product advice**

The report contains only general financial product advice. It was prepared without taking into account your personal objectives, financial situation or needs. You should consider your own objectives, financial situation and needs when assessing the suitability of the report to your situation. You may wish to obtain personal financial product advice from the holder of an Australian Financial Services Licence to assist you in this assessment.

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## 7) Investigating Accountant's Report

context only, the use of the term 'Grant Thornton' may refer to Grant Thornton Australia Limited ABN 41 127 556 389 and its Australian subsidiaries and related entities. GTIL is not an Australian related entity to Grant Thornton Australia Limited.

Liability limited by a scheme approved under Professional Standards Legislation. Liability is limited in those States where a current scheme applies.

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 finance product advice directly to retail investors nor does it provide market related advice directly to retail investors.

### 5. Fees, commissions and other benefits we may receive

Grant Thornton Corporate Finance charges fees to produce reports, including the report. These fees are negotiated and agreed with the entity who engages Grant Thornton Corporate Finance to provide a report. Fees are charged on an hourly basis or as a fixed amount depending on the terms of the agreement with the person who engages us. In the preparation of this report, Grant Thornton Corporate Finance will receive from the Company a fee of \$30,000 (excluding GST) which is based on commercial rates plus reimbursement of out of pocket expenses.

Partners, Directors, employees or associates of Grant Thornton Corporate Finance, and related bodies corporate, may receive dividends, salary or wages from Grant Thornton Australia Ltd. None of those persons or entities receives non monetary benefits in respect of, or that is attributable to the provision of the services described in this FSG.

### 6. Referrals

Grant Thornton Corporate Finance including its Partners, Directors, employees or associates and related bodies corporate, does not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licenced to provide.

### 7. Associations with issuers of financial products

Grant Thornton Corporate Finance and its Partners, Directors, employees or associates and related bodies corporate may from time to time have associations or relationships with the issuers of financial products. For example, Grant Thornton Audit Pty Ltd may be the auditor of, or provide financial services to the issuer of a financial product and Grant Thornton Corporate Finance may provide financial services to the issuer of a financial product in the ordinary course of its business.

In the context of the report, Grant Thornton Corporate Finance considers that there are no such associations or relationships which influence in any way the services described in this FSG.



## 8. Complaints

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 National Head of Corporate Finance 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:

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

Grant Thornton Corporate Finance is only responsible for the report and FSG. Grant Thornton Corporate Finance will not respond in any way that might involve any provision of financial product advice to any retail investor.

### 9. 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.

### 10. Contact Details

Grant Thornton Corporate Finance can be contacted by sending a letter to the following address:

National Head of Corporate Finance  
Grant Thornton Corporate Finance Pty Ltd  
Level 17, 383 Kent Street  
Sydney, NSW, 2000



## 8) Material contracts

The Directors consider that the material contracts described below and elsewhere in this Prospectus are those which an investor would reasonably regard as material and which investors and their professional advisers would reasonably expect to find described in this Prospectus for the purpose of making an informed assessment of the Offer.

This Section contains a summary of the material contracts and their substantive terms.

### 8.1. INVESTMENT MANAGEMENT AGREEMENT

Set out below is a summary of the terms of the Investment Management Agreement between Century and the New Investment Manager.

#### 1. Services

The New Investment Manager must manage and supervise the Portfolio and all investments within the Portfolio.

#### 2. Powers of the New Investment Manager

Subject to the Corporations Act, the Listing Rules, the Company's investment strategy and any written guidelines issued by the Board, the New Investment Manager will invest money constituted in or available to the 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, the New Investment Manager has absolute and unfettered discretion to manage the Portfolio and to do all things considered necessary or desirable in relation to the 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.

#### 3. Permitted investments

Investments that may be made by the New Investment Manager will be the same as those permitted under the former investment management agreement with Perennial Value Management, being:

- ASX-listed securities;
- unlisted securities which the New Investment Manager 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 the New Investment Manager from time to time.

#### 4. Investment parameters

The New Investment Manager must adhere to certain investment parameters. These are substantially the same as applied to Perennial Value Management, in particular:

- Minimum of 50% of the Value of the Portfolio to be invested in the Australian stockmarket 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.

## 8) Material contracts

- Minimum market capitalisation of any entity in which Securities are 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 entity 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).
- 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 cashflows 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.
- The total of all options on physical Securities 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 are 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.
- The Manager is permitted to accept on behalf of the Portfolio, insofar as is reasonably practical, all buy-back offers available to the Portfolio. The Manager will refer each buy-back scenario relating to the holdings in the Portfolio to the Company. The Manager 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.
- Not more than 10% of the Value of the Portfolio may be held in Unlisted Securities at any one time (where such Unlisted Securities are expected to be listed within 6 months) and not more than 2.5% of the Value of the Portfolio may be held in any one Unlisted Security.

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

The New Investment Manager must comply with these investment parameters unless otherwise agreed by the Company.

### 5. Monthly valuations

The New Investment Manager must provide such information regarding the Portfolio to the Company to enable the Company to value the Portfolio at least monthly.

### 6. Management fee

In return for the performance of its duties as the Company's manager, the New Investment Manager is 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% (plus GST) per annum) (**Management Fee**).



## 7. Performance Fee

The New Investment Manager is 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, but after the payment of Management Fees, calculated on the last Business Day of the relevant Performance Calculation Period;

**IV** is the Value of the Portfolio, before corporate expenses and taxes, but after the 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 are the period from the first day after the preceding Performance Calculation Period to 30 June or 31 December (as applicable), with the exception of:

- the first Performance Calculation Period which is the period from the date of this Prospectus to 30 June 2017;
- the last Performance Calculation Period, if the term of the Investment 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 Investment Management Agreement is terminated.

The following factors are considered for the New Investment Manager'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 Investment Management Agreement at the New Investment Manager's discretion, after agreement with the Board. A performance fee structure incentivises the New Investment Manager to outperform the relevant benchmark;
- if the Investment 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 buy-back 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 the New Investment Manager against any GST payable in respect of any Management Fee or Performance Fee due to the Manager.

## 8) Material contracts

### 8. Expenses

The Company would be liable for and must pay out of the Portfolio or reimburse the New Investment Manager 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 the New Investment Manager 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; and
  - marketing expenses including website and research reports approved by the Company.

The New Investment Manager is solely responsible for payment of the fees of any investment manager engaged by the New Investment Manager to assist it in undertaking its duties under the management agreement.

### 9. Assignment

The New Investment Manager may not assign all or any of its right, title and interest in the 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.

### 10. Term of agreement

Under the Investment Management Agreement, the New Investment Manager is engaged by the Company to manage the 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 the New Investment Manager may terminate on 6 months' notice.

### 11. Indemnities

The Company must indemnify the New Investment Manager against any losses or liabilities reasonably incurred by the New Investment Manager arising out of, or in connection with, and any costs, charges and expenses incurred in connection with the New Investment Manager or any of its officers, employees or agents acting under the Investment Management Agreement or on account of any bona fide investment decision made by the New Investment Manager 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 the New Investment Manager or its officers or employees.

The New Investment Manager 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 the New Investment Manager or its officers or supervised agents.

## 9) Additional information

### 9.1. INCORPORATION

The Company was incorporated in Victoria on 28 January 2004.

### 9.2. BALANCE DATE AND TAX STATUS

The accounts for the Company are made up to 30 June annually.

The Company is taxed as a public company.

### 9.3. RIGHTS ATTACHING TO THE SHARES

The following information is a summary of the constitution of the Company. Shareholders have the right to acquire a copy of the constitution, free of charge, from the Company until the expiry of this Prospectus.

Each Share confers on its holder:

1. the right to vote at a general meeting of Shareholders (whether present in person or by any representative, proxy or attorney) on a show of hands (one vote per shareholder) and on a poll (one vote per Share on which there is no money due and payable) subject to the rights and restrictions on voting which may attach to or be imposed on Shares (at present there are none);
2. the right to receive dividends, according to the amount paid up on the Share;
3. the right to receive, in kind, the whole or any part of the Company's property in a winding up, subject to priority given to holders of Shares that have not been classified by ASX as "restricted securities" and the rights of a liquidator to distribute surplus assets of the Company with the consent of members by special resolution; and
4. subject to the Corporations Act and the Listing Rules, Shares are fully transferable.

The rights attaching to Shares may be varied with the approval of Shareholders in general meeting by special resolution.

### 9.4. SUBSTANTIAL SHAREHOLDERS

The Buy-Back and Offer 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 Offer and the Issue Price.

As at 18 April 2017 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
<b>WAM Entities</b>	25,554,472	31.2%
<b>Cadence Asset Management Entities</b>	4,935,420	6.0%

Wilson Asset Management has indicated that the WAM Entities intend to sell all of their Shares that they hold on the Closing Date in the Buy-Back. However, if this would cause the net tangible assets of the Company on completion of the Buy-Back and the Offer to be less than \$16 million, the WAM Entities 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, the WAM Entities' 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 Offer, the voting power of the WAM Entities would increase to 100%.

GW Holdings Pty Limited (an entity controlled by Geoff Wilson) intends to acquire Shares in the Offer at the Issue Price, however the issue of these Shares is conditional on such issue not resulting in GW Holdings Pty Limited acquiring a relevant interest in Shares in breach of the takeover provisions of the Corporations Act. Accordingly, the voting power of GW Holdings Pty Limited may not exceed 20%.

### 9.5. INVESTOR CONSIDERATIONS

Before deciding to participate in this Offer, you should consider whether the Shares to be issued are a suitable investment for you. There are general risks associated with any investment in the stock market. The value of shares listed on the ASX may rise or fall depending on a range of factors beyond the control of the Company.

If you are in doubt as to the course you should follow, you should seek advice on the matters contained in this Prospectus from a stockbroker, solicitor, accountant or other professional adviser immediately.

The potential tax effects relating to the Offer will vary between Shareholders. Shareholders are urged to consider the possible tax consequences of participating in the Offer by consulting a professional tax adviser.

## 9) Additional information

### 9.6. CONTINUOUS DISCLOSURE AND DOCUMENTS AVAILABLE FOR INSPECTION

The Company is a disclosing entity for the purposes of Section 111AC(1) of the Corporations Act and as such, is subject to regular reporting and disclosure obligations. Broadly, these obligations require the Company to:

1. Prepare and lodge with the ASIC both yearly and half-yearly financial statements accompanied by a directors' statement and report and an audit or review report;
2. Within 14 days after the end of each month, tell the ASX the net tangible asset backing of its quoted securities as at the end of that month; and
3. Immediately notify the ASX of any information concerning the Company of which it is, or becomes, aware and which a reasonable person would expect to have a material effect on the price or value of securities in the Company, subject to certain limited exceptions related mainly to confidential information.

Copies of documents lodged at the ASIC in relation to the Company may be obtained from or inspected at an office of the ASIC. Copies of documents lodged with the ASX in relation to the Company may be obtained from, or inspected at, an office of the ASX.

This Prospectus is issued pursuant to Section 713 of the Corporations Act. This enables listed disclosing entities to issue a prospectus with more limited disclosure than would be required of a full-form prospectus where the Company has been a listed disclosing entity for a period of at least 12 months.

### 9.7. OTHER DOCUMENTS

The Company will provide a copy of any of the following documents free of charge to any person who requests a copy in relation to this Prospectus:

1. The annual financial report of the Company for the year ended 30 June 2016 being the most recently lodged with ASIC before the lodgement of this Prospectus;
2. Any half-year financial report lodged with ASIC by the Company after the lodgement of the most recently lodged annual financial report and before the lodgement of the copy of the Prospectus with ASIC; and
3. Any other document or financial statement lodged by the Company with ASIC or the ASX under the continuous disclosure reporting requirements in the period after lodgement of the 30 June 2016 annual financial report referred to above to the date of lodgement of this Prospectus with ASIC being:

Date	Announcement
28/09/2016	Appendix 4G
28/09/2016	Notice of Annual General Meeting/Proxy Form
14/10/2016	Net Tangible Asset Backing – September 2016
18/10/2016	Change of Director's Interest Notice
14/11/2016	Net Tangible Asset Backing – October 2016
22/11/2016	Trading Halt
22/11/2016	Announcement from the Company regarding a Material Proposal
22/11/2016	Chairman's Address to Shareholders and AGM Presentation
22/11/2016	Removal of Trading Halt
22/11/2016	Results of Meeting
09/12/2016	Company Secretary Appointment/Resignation
13/12/2016	Proposed Restructure for CYA
14/12/2016	Net Tangible Asset Backing – November 2016
04/01/2017	Change of Director's Interest Notice
13/01/2017	Net Tangible Asset Backing – December 2016
24/01/2017	Change of Director's Interest Notice
14/02/2017	Net Tangible Asset Backing – January 2017
16/02/2017	Half Yearly Report and Accounts – Appendix 4D
21/02/2017	Update on Proposed Restructure and Conclusion of Expert
09/03/2017	Notice of EGM/Proxy Form for Proposed Restructure
09/03/2017	Announcement of Buy-Back – Appendix 3C
14/03/2017	Net Tangible Asset Backing – February 2017
24/03/2017	General Meeting and Capital Raising update
03/04/2017	Change of Registered Office Address
04/04/2017	Invitation to Meet New Manager
11/04/2017	Net Tangible Asset Backing – March 2017
18/04/2017	Chairman's Address to Shareholders and EGM Presentation
18/04/2017	Results of Meeting
18/04/2017	Wilson Asset Management Investor Presentation
18/04/2017	Dividend/Distribution – CYA

## 9.8. LEGAL PROCEEDINGS

The Company is not and has not been, during the 12 months preceding the date of this Prospectus, involved in any legal or arbitration proceedings which have had or may have a significant effect on the financial position on the Company. As far as the Directors are aware, no such proceedings are threatened against the Company.

## 9.9. OTHER INFORMATION

There is no information relating to the Offer that, because of its confidential or prejudicial nature, has not been notified to the ASX which investors or their professional advisers would reasonably require and reasonably expect to make an informed assessment of the effect of the assets and liabilities, financial position and performance, profits and losses and prospects of the Company and the rights and liabilities attaching to the Shares.

## 9.10. INTERESTS OF ADVISERS

The Company has engaged the following professional advisers:

- Taylor Collison Limited and Morgans Financial Limited have acted as Joint Lead Managers to the Offer. The Company has paid or agreed to pay the Joint Lead Manager the fees described in Section 1.4 for these services.
- Watson Mangioni Lawyers Pty Limited has acted as Australian legal adviser to the Company in relation to the Offer. The Company has paid, or agreed to pay, \$88,000 (excluding disbursements) for these services up until the date of this Prospectus. Further amounts may be paid to Watson Mangioni Lawyers Pty Limited in accordance with its normal time-based charges.
- Grant Thornton Corporate Finance Pty Limited has acted as Investigating Accountant and has prepared the Investigating Accountant's Report and has performed work in relation to financial due diligence enquiries. The Company has paid, or agreed to pay, approximately \$33,000 (excluding disbursements) for the above services up until the date of this Prospectus.

These amounts, and other expenses of the Offer, will be paid by the Company out of funds raised under the Offer or available cash.

## 9.11. CONSENTS AND RESPONSIBILITY STATEMENTS

Taylor Collison Limited has given, and before lodgement of this Prospectus has not withdrawn, its consent to be named in this Prospectus as Joint Lead Manager of the Offer in the form and context in which it is named.

Morgans Financial Limited has given, and before lodgement of this Prospectus has not withdrawn, its consent to be named in this Prospectus as Joint Lead Manager of the Offer in the form and context in which it is named.

Macquarie Equities Limited has given, and before lodgement of this Prospectus has not withdrawn, its consent to be named in this Prospectus as Co-Manager of the Offer in the form and context in which it is named.

Patersons Securities Limited has given, and before lodgement of this Prospectus has not withdrawn, its consent to be named in this Prospectus as Co-Manager of the Offer in the form and context in which it is named.

Grant Thornton Corporate Finance Pty Ltd has given, and before lodgement of this Prospectus has not withdrawn, its consent to be named in this Prospectus as Investigating Accountant in the form and context in which it is named.

Grant Thornton Audit Pty Limited has given, and before lodgement of this Prospectus has not withdrawn, its consent to be named in this Prospectus as auditor of the Company in the form and context in which it is named.

Wilson Asset Management (International) Pty Limited and MAM Pty Limited have given, and before lodgement of this Prospectus have not withdrawn, their consent to be named in this Prospectus as New Investment Manager of the Company in the form and context in which it is named.

White Outsourcing Pty Ltd as given, and before lodgement of this Prospectus has not withdrawn, its consent to be named in this Prospectus in the form and context in which they are named.

Watson Mangioni Lawyers Pty Limited has given, and before lodgement of this Prospectus has not withdrawn, its consent to be named in this Prospectus as Solicitor to the Offer in the form and context in which it is named.

Link Market Services Limited has given, and before lodgement of this Prospectus has not withdrawn, its consent to be named in this Prospectus as Share Registrar of the Company in the form and context in which it is named.

## 9) Additional information

BNP Paribas Securities Services has given, and before lodgement of this Prospectus has not withdrawn, its consent to be named in this Prospectus as custodian of the assets of the Company in the form and context in which it is named.

None of Morgans Financial Limited, Taylor Collison Limited, Macquarie Equities Limited, Patersons Securities Limited, Grant Thornton Corporate Finance Pty Ltd, Grant Thornton Audit Pty Limited, Wilson Asset Management (International) Pty Limited, MAM Pty Limited, Watson Mangioni Lawyers Pty Limited, White Outsourcing Pty Ltd, Link Market Services Limited or BNP Paribas Securities Services:

1. has authorised or caused the issue of the Prospectus;
2. has made, or purported to have made, any statement in this Prospectus, except this Section; and
3. assumes responsibility for any part of this Prospectus except for statements in this Section.

Each of these entities to the maximum extent permitted by the law, disclaim any responsibility or liability for any part of this Prospectus other than a statement included in this Section.



## 10) Definitions and interpretation

### 10.1. DEFINED TERMS

#### In this Prospectus:

**AFSL** Australian Financial Services Licence.

**Applicant** a person who submits an Application.

**Application** an application made to subscribe for Shares offered under this Prospectus.

**Application Form** the application form attached to or accompanying this Prospectus (including the electronic form provided by an online application facility).

**Application Monies** the amount accompanying an Application Form submitted by an Applicant.

**ASIC** the Australian Securities & Investments Commission.

**ASX or Australian Securities Exchange** ASX Limited or the securities exchange operated by ASX Limited.

**Board** the board of Directors.

**Broker** Any ASX participating organisation selected by the Joint Lead Managers and the Company to act as a broker to the Offer.

**Broker Firm Offer** the broker firm offer referred to in Section 2.4.

**Buy-Back** means the buy-back of Shares described in Section 3.1.

**Catalyst(s)** are events, catalysts, information or news about an equity investment that the Investment Manager considers is likely to have an impact on the valuation of the investment.

**Century** Century Australia Investments Limited (ABN 11 107 772 761).

**Century Offer Costs Contribution** the meaning given in Section 2.6.

**CFA** Chartered Financial Analyst.

**Closing Date** 7.00pm (Sydney time) on Friday, 19 May 2017, unless the Company announces a later date.

**Co-Managers** means each of Macquarie Equities Limited (AFSL 237504) and Patersons Securities Limited (AFSL 239052).

**Company** Century Australia Investments Limited (ABN 11 107 772 761).

**Corporations Act** the Corporations Act 2001 (Cth).

**Directors** the directors of the Company.

**Eligible Shareholder** a person eligible to participate in the Shareholder Priority Allocation, being a registered shareholder of the Company with a registered address in Australia as at 7.00pm (Sydney time) on 24 April 2017.

**General Offer** the part of the Offer referred to in Section 2.5.

**Investment Management Agreement** the investment management agreement between the New Investment Manager and the Company, the terms of which are summarised in Section 8.1.

**Issue Price** The issue price of Shares under the Offer as set out in Section 2.6.

**Joint Lead Managers** Morgans Financial Limited and Taylor Collison Limited.

**Large-cap** large listed companies measured by market capitalisation.

**LIC** listed investment company.

**Listing Rules** the listing rules of the ASX.

**Management Fee** the management fee payable to the New Investment Manager in accordance with the Investment Management Agreement.

**New Investment Manager** MAM Pty Limited (ACN 100 276 542).

**NTA** the net tangible asset backing per Share excluding any deferred taxes.

**Offer** the offer of Shares under this Prospectus.

**Perennial Value Management** Perennial Value Management Limited (ACN 090 879 904).

**Performance Calculation Period** means:

- for the first Performance Calculation Period, the period commencing on the date of issue of Shares under this Prospectus ending on 30 June 2017;
- the period from the first day after the preceding Performance Calculation Period to the first following 30 June or 31 December.

**Performance Fee** the performance fee payable to the New Investment Manager in accordance with the Investment Management Agreement.

**Portfolio** the portfolio of investments of the Company from time to time.

**Prospectus** this prospectus as modified or varied by any supplementary document issued by the Company and lodged with the ASIC from time to time.



## 10) Definitions and interpretation

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**Reference NTA** the meaning given in Section 2.6.

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**Share** a fully paid ordinary share in the Company.

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**Shareholder** a registered holder of a Share.

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**Shareholder Priority Allocation** the allocation of up to \$25,000,000 in Shares to Eligible Shareholders on the terms set out in Section 2.2.

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**Share Registrar** Link Market Services Limited (ACN 083 214 537).

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**Uplift Factor** the meaning given in Section 2.6.

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**Value of the Portfolio** the aggregate sum of the gross values of each investment comprising the Portfolio.

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**WAM Eligible Participant** a person eligible to participate in the WAM Priority Allocation, being a shareholder of WAM Capital Limited, WAM Research Limited, WAM Active Limited or WAM Leaders Limited with a registered address in Australia.

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**WAM Entities** WAMI, the New Investment Manager, 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.

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**WAM Priority Allocation** the allocation of up to \$20,000,000 in Shares to WAM Eligible Participants on the terms set out in Section 2.3.

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**WAMI** Wilson Asset Management (International) Pty Limited (ACN 081 047 118).

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**Wilson Asset Management** WAMI and the New Investment Manager.

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**Wilson Asset Management Investment Team** the investment personnel detailed in Section 4.4.

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### 10.2. INTERPRETATION

In this Prospectus the following rules of interpretation apply unless the context otherwise requires:

1. Words and phrases not specifically defined in this Prospectus have the same meaning that is given to them in the Corporations Act and a reference to a statutory provision is to the Corporations Act unless otherwise specified;
2. The singular includes the plural and vice versa;
3. A reference to an individual or person includes a corporation, partnership, joint venture, association, authority, company, state or government and vice versa;
4. A reference to any gender includes both genders;
5. A reference to clause, section, annexure or paragraph is to a clause, section, annexure or paragraph of or to this Prospectus, unless the context otherwise requires;
6. A reference to “dollars” or “\$” is to Australian currency;
7. In this document, headings are for ease of reference only and do not affect its interpretation; and
8. Except where specifically defined in the Prospectus, terms defined in the Corporations Act have the same meaning in this Prospectus.

### 10.3. GOVERNING LAW

This Prospectus is governed by the laws of New South Wales.

### 10.4. APPROVAL

This Prospectus has been approved by unanimous resolution of the Directors.

