



CHAIRMAN'S ADDRESS

Annual General Meeting of Shareholders

Friday 7 November 2014

The past 12 months have been a period of strong growth for both Century and investment markets in general.

Financial Performance

The Operating profit before tax, and before realised and unrealised gains on investments, was \$2.3 million to June 2014 compared to \$2.2 million in the previous financial year. This profit consists largely of dividends, distributions and interest income less operating expenses.

The net result after realised and unrealised investment movements was a profit of \$10.4 million, compared to a profit of \$9.9 million in the 2013 year.

The net assets of the Company increased from \$67.5m at 30 June 2013 to \$72.70m as at 30 June 2014. This increase reflects the overall gain during the year shown in the Statement of Comprehensive Income of \$10.4m and is after the payment of \$5.14m in dividends during the year. The Net Tangible Asset Backing as at 31 October was \$74.7m or 93.7 cents per share before all deferred taxes.

Tax Losses

As at 30 June 2014 the Company had tax losses of \$27.2 available (assuming unrealised gains were realised) to be utilised against future assessable gains. These tax losses equate to 10.25 cents per share of which 0.26 cents per share recorded on the balance sheet (being deferred tax asset less deferred tax liability) and a further 9.99 cents per share off balance sheet.

For every 5% rise in the portfolio, there is an approximate \$3.6m in utilisation of tax losses.

Portfolio Performance

Perennial Value Management ("PVM") generated a portfolio return of 20.22% for the year ended 30 June 2014 compared to a return of 17.25% for the S&P/ASX300 Accumulation Index, an outperformance of 2.97%.

For the first quarter of the 2015 financial year Perennial has continued to outperform, returning 0.27% compared to the Index of -0.56%, an outperformance of 0.83%. For the rolling 12 months ended September 2014, Perennial has returned 8.71% compared to the benchmark return of 5.73%, an outperformance of 2.98%.

John Murray will be providing a full overview of the share market performance in 2014 financial year along with commentary on the Century investment performance, later in the meeting.

Dividends

Total dividends paid in respect of the June 2014 financial year were 5 cents per share fully franked.

Due to the existing carried forward tax losses, the franking of future dividends will be restricted to the pass through of franking credits received on dividend income for the foreseeable future. Subject to market conditions we expect total fully franked dividends for the current financial year of around 3 cents per share.

Buy Back

Over the past 17 months the Board has made various announcements in relation to a capital management proposal which was to be brought forward at this annual meeting. The purpose of such a proposal was to ensure shareholders had the opportunity to liquidate their holding in Century at close to net tangible asset backing per share (NTA) less deferred tax balances.

After canvassing alternatives informally with shareholders and considering the likely costs of unsuccessfully seeking shareholder approval for a wind up, the Board did not consider it in the best interests of shareholders to present a wind up resolution to this meeting.

As an alternative to the intended resolution to wind up the company, Century will commence an on market buy back in which the company will offer to buy CYA shares at a maximum price of 98.5% of NTA less all deferred tax balances for a period of up to one month. This buy back will commence on Monday 10 November 2014. As set out in the Notice of Annual General meeting, the Board is seeking approval to buy back up to 20%, that is an additional 10%. The buy back approval has been limited to 20% as the Board considered a higher amount would affect the ongoing viability of the company.

Should the Buy Back resolution not be passed by shareholders, the Board will still effect a buy back of up to 10% of the Company's capital, being the maximum allowed without shareholder approval. Again, the maximum of 98.5% of NTA less all deferred tax balances will be maintained for up to a one month period commencing 10 November 2014. The period of one month was set in order to limit the disruption to the investment management of the company.

The current estimated NTA before all deferred taxes at present is very close to the 31 October position of 93.7 cents per share. Compared to yesterday's closing share price as at the same date of 89 cents, this equates to a share price discount to NTA of 5%.

Implications on scale

If the full 20% of share capital is bought back, there may be adverse implications for the ongoing scale of the Company, and therefore its management expense ratio. Should this occur, the Board will investigate options in relation to the Company's capital structure.

For those shareholders who choose to retain their investment for the longer term, a benefit of the buy back will be that the current tax losses of \$27.2 million will remain for the benefit of ongoing shareholders. At present, tax losses represent a benefit of 10.25 cents per share. If a 10% buy back takes place, this will increase to 11.38 cents per share and if a 20% buy back occurs, the tax loss benefit would increase to 12.81 cents per share.

Board changes

Wilson Asset Management has been a major shareholder of Century for a number of years and now holds 23% of shares in the company. Wilson Asset Management recently requested board representation and a board seat was offered to Geoff Wilson in September which was accepted.

Robert Turner

Chairman

CENTURY
AUSTRALIA
INVESTMENTS LIMITED



Annual General Meeting

Friday 7 November 2014

3.00pm

Delivering **regular income** and **long-term growth** to investors through
a **focused and disciplined** investment strategy

Agenda

- **Chairman's Address**
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- **Ordinary business**
 - Annual report and accounts for the year ended 30 June 2014
 - Re-election of director – Stephen Menzies
 - Re-election of director – Geoff Wilson
 - Adoption of the Remuneration Report
 - Approval of Buyback
-
- **Presentation by John Murray, Managing Director - Perennial Value Management Limited**

Chairman's Address

Financial Performance

- Operating profit \$2.3m (2013: \$2.2m)
- Net result after realised and unrealised movements net gain \$10.4m (2013: net gain \$9.9)
- Net Assets increased to \$72.7m from \$67.5m at June 2013, after dividend payment of \$5.14m

Tax Losses

- 30 June 2014 carried unutilised tax losses of \$27.2m (assuming unrealised gains were realised)
- Equates to 10.25 cps of which 0.26cps is on balance sheet and a further 9.99cps off balance sheet

Chairman's Address

Portfolio Performance

Period	Company	Benchmark	Excess
Financial year ended 30 June 2014	20.22%	17.25%	2.97%
Quarter ended 30 September 2014	0.27%	-0.56%	0.83%
1 Year to September 2014	8.71%	5.73%	2.98%

Chairman's Address

Dividends

- Total 2014 year dividends of 5 cents per share

- Due to the existing carried forward tax losses
 - franking of future dividends will be restricted to the pass through of franking credits received on dividend income

Financial Report

Item 1

“To discuss the Financial Report, Directors’ Report and Auditor’s Report for the year ended 30 June 2014.”

Re – election of Director

Resolution

“To re-elect Stephen Menzies as a Director of the Company, who retires in accordance with the Company’s constitution and being eligible, offers himself for re-election.”

Director Re-election: Mr Stephen Menzies- Proxies

	Holder	Votes
For	107	24,029,464
Against	9	3,067,588
Open	32	653,478
Abstained	8	671,412

Re – election of Director

Resolution

“To re-elect Geoff Wilson as a Director of the Company, who retires in accordance with the Company’s constitution and being eligible, offers himself for re-election.”

Director Re-election: Mr Geoff Wilson - Proxies

	Holder	Votes
For	95	22,039,124
Against	19	4,902,191
Open	34	549,681
Abstained	8	930,946

Adoption of Remuneration Report

Resolution

“In accordance with Section 250R(2) of the Corporations Act, the Company adopts the Remuneration Report for the year ended 30 June 2014 in the form set out in the Directors’ Report.”

Remuneration Report - Proxies

	Holder	Votes
For	64	20,962,601
Against	38	5,474,015
Open	35	681,811
Abstained	18	1,208,515

On Market Buy Back

On Market Buy Back

- Opportunity to liquidate at close to NTA less all deferred taxes
- Wind up unlikely to succeed
- Proposal
 - Buy up to 20% of shares
 - 98.5% of NTA less all deferred taxes
 - 1 month period start 10 November 2014
- If 20% Buy back rejected, 10% will be implemented
- Full 20% buy back will impact MER
- Explanatory memorandum outlined disadvantages and advantages and other relevant information

Approval of On Market Buyback

Resolution

“That the Company approve, for the purposes of section 257C of the Corporations Act 2001 and for all other purposes, the on-market buy-back of up to 15,937,899 Shares, being 20% of the Shares on issue as at the date of this Notice on the terms and conditions set out in the Explanatory Memorandum.”

Approval of On Market Buyback- Proxies

	Holdings	Votes
For	102	24,391,797
Against	15	3,420,303
Open	33	560,972
Abstained	6	48,870

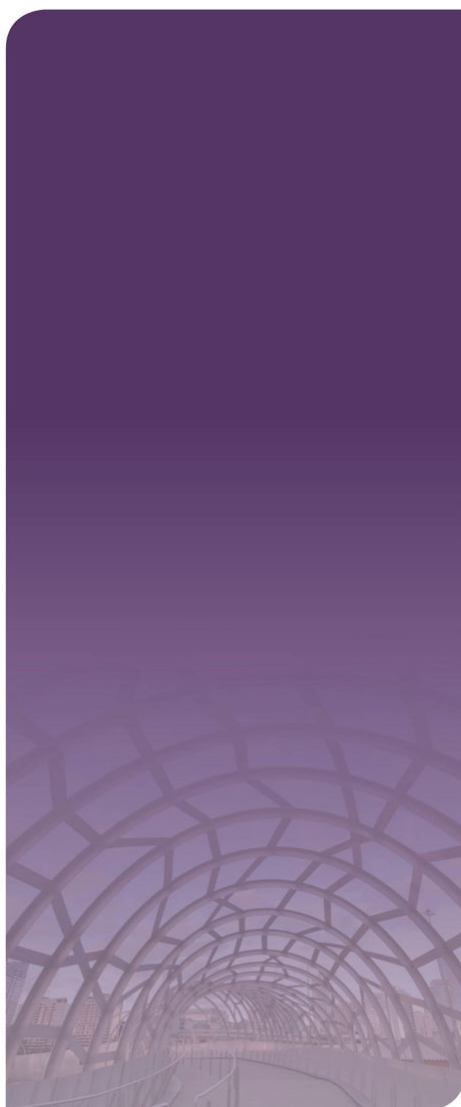


Century Australia Investment Limited

Perennial Value Australian Shares

John Murray
Managing Director

October 2014



Century Australia Investments Results

Results	12 months to 30-Jun-14 (%)	3 months to 30-Sep-14 (%)
Century Australia Investments	20.2	0.3
S&P/ASX 300 Accumulation Index	17.2	-0.5
Value Added/Detracted	3.0	0.8

Source: Perennial. Past performance is not reliable indicator of future performance. Gross performance (shown) does not include any applicable management fees.

Top-10 Performers

Total returns – 1 year to 30 June 2014

Aveo Group	+90%	Improving property markets
Fairfax	+89%	Internal transformation and cost out
Henderson Group	+81%	European financial markets recovery
Lend Lease	+62%	Infrastructure and construction pick-up
Macquarie Group	+51%	Global financial markets recovery
AWE	+45%	Re-rating of US shale oil assets
AMP	+30%	Improving financial markets
Crown Resorts	+28%	Strong growth in Macau
Boral	+28%	Improving construction activity
Aristocrat Leisure	+27%	Market share gains

Portfolio Drivers – Year to 30 June 2014

- **Key drivers of outperformance:**

- **Improving residential construction markets** - Aveo Group (+89.7%), Lend Lease (+62.0%), Boral (+27.8%), Stockland (+18.4%), Harvey Norman (+25.7%)
- **Improving domestic and global financial markets** - Henderson Group (+80.6%) on stronger European equity markets and fund flows, Macquarie Group (+51.1%) with rising activity levels, AMP (+30.1%) as insurance stabilises and costs are cut
- **Internal transformations and performance improvement strategies** - Fairfax (+88.9%) de-geared and cutting costs, Aristocrat Leisure (+26.5%) gaining market share after investing in R&D
- **Recovery in resources sector** - portfolio benefited by moving overweight resources in early calendar 2013, principally by increasing BHP (+18.6%)
- **Energy stocks** - AWE (+45.2%) and Woodside (+23.2%)

Major Portfolio Changes – Last 12 Months

Top 10 Overweights

As at 30 June 2013	Active weight	As at 30 June 2014	Active weight
Brambles	2.4%	Macquarie Group Ltd	2.0%
Macquarie Group	2.2%	Lend Lease Group	1.7%
NAB	2.1%	Asciano Limited	1.6%
Crown Resorts	2.0%	AMP Limited	1.6%
Telstra	2.0%	Harvey Norman	1.5%
ANZ	1.7%	Woodside Petroleum	1.5%
Amcor	1.5%	BHP Billiton Limited	1.3%
ASX	1.4%	QBE Insurance Group	1.3%
Henderson Group	1.4%	Amalgamated Holdings	1.3%
Amalgamated Holdings	1.4%	Origin Energy	1.2%

• Green = new to top 10 overweights

Source: Perennial Value. As at 30 June 2014

Macquarie Group: Classic Contrarian Opportunity



Valuation – FY14*:	P/E	Gross dividend yield
Market	14.8x	5.9%
Macquarie Group	12.9x	6.5%
(Discount)/Premium	(13%)	10%

What they do – Investment banking, funds management, stockbroking

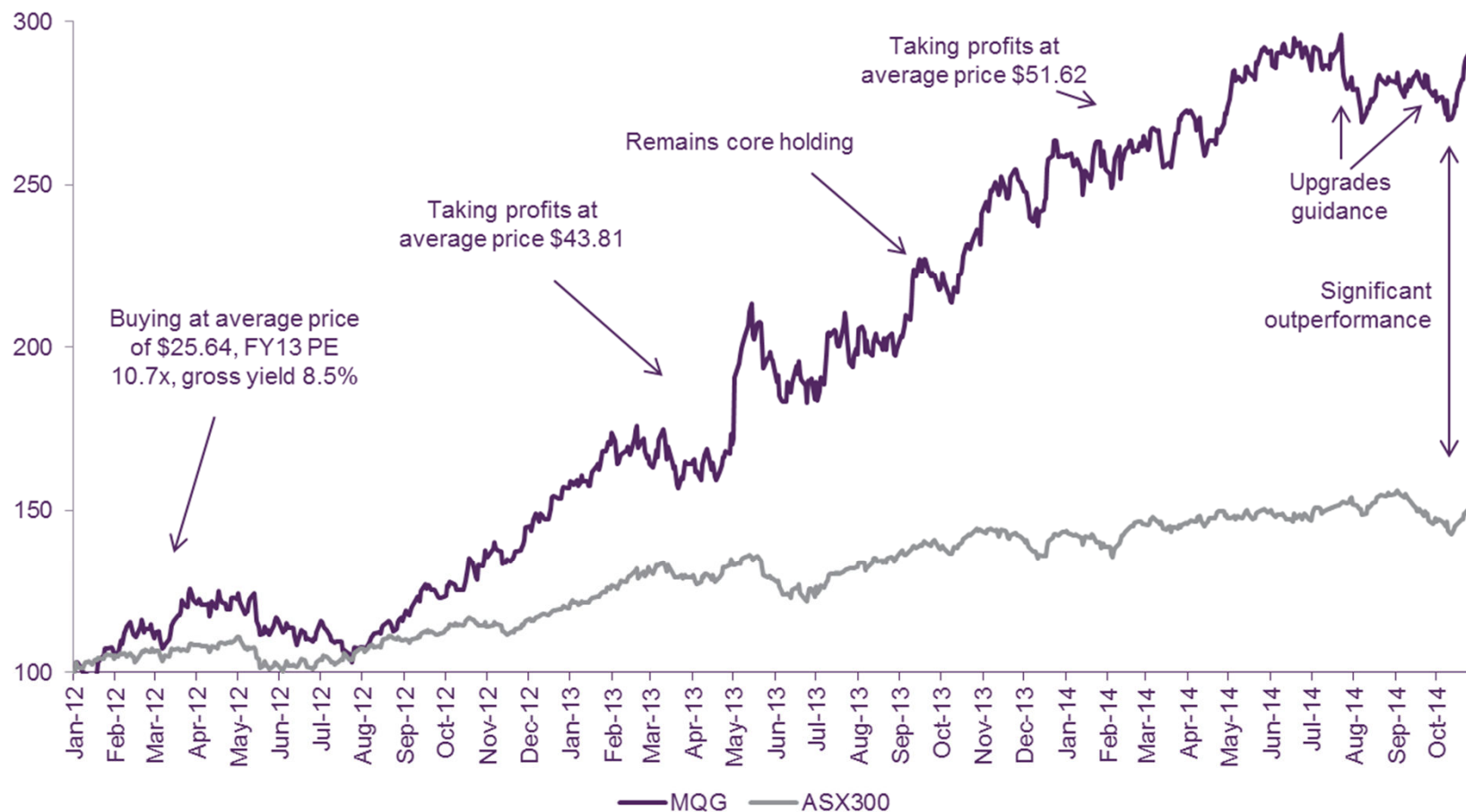
Where they operate – Australia, US, Europe, Asia

Reason for investing:

- Exposure to improving financial markets
- Rapidly growing “annuity” type businesses
- Strong balance sheet

•Source PVM: *Based on PVM forecasts and share price as at 30 September 2013

Macquarie Group: Classic Contrarian Opportunity



Source: Perennial Value. As at 31 October 2014

Treasury Wine Estates: A Mistake



Valuation – FY14*:	P/NTA	Net interest cover
Market	2.6x	7.8x
Treasury Wines	1.4x	11.9x
(Discount)/Premium	(46%)	52%

What they do – Maker of wines: Penfolds, Lindeman's, Wolf Blass, Beringer

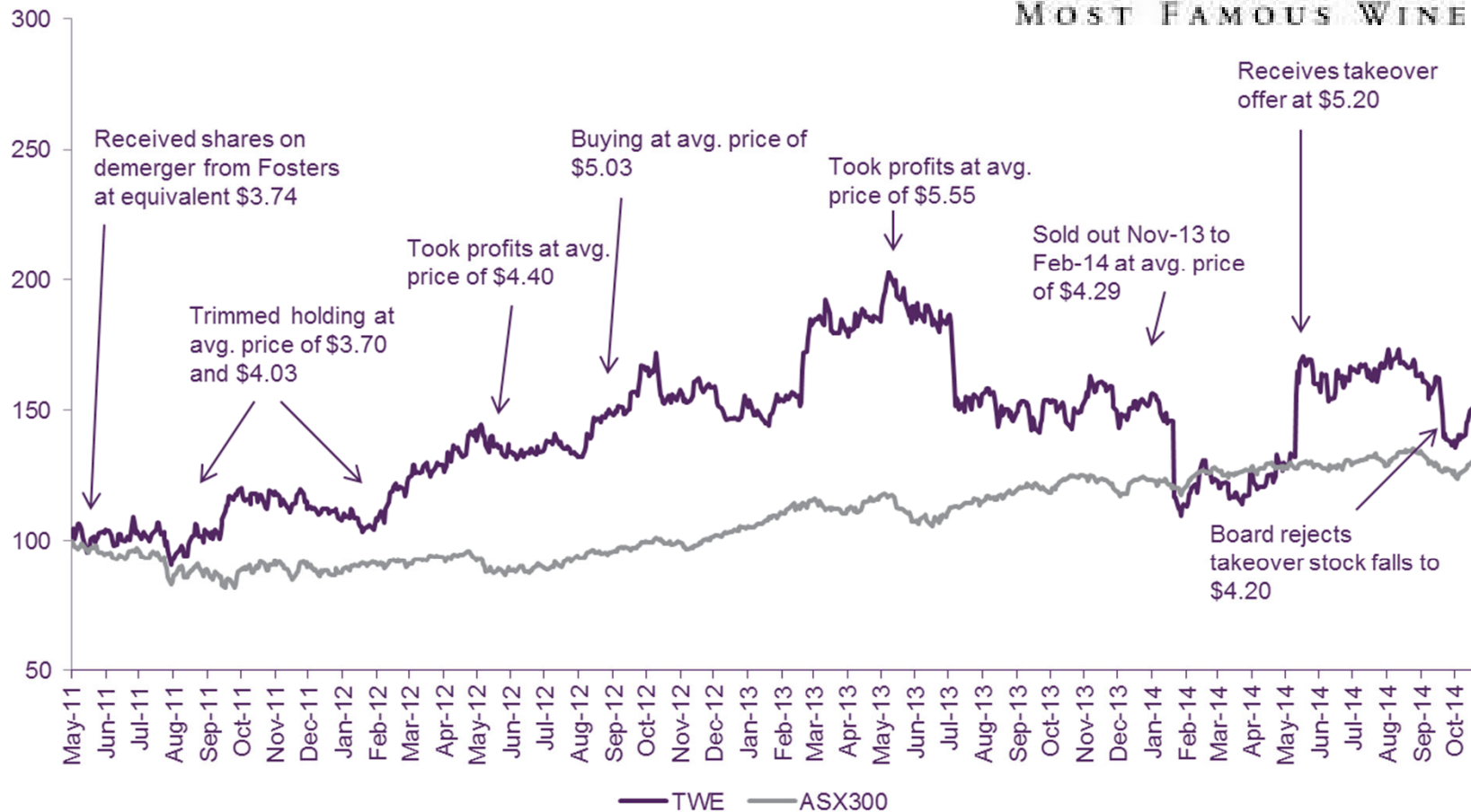
Where they operate – Wineries in Australia and California, selling globally

Reason for investing:

- Valuable brand portfolio e.g. Penfolds Grange, growing Asian demand
- Operational improvement post-demerger from Fosters
- Strong balance sheet, asset backing

•Source PVM: *Based on PVM forecasts, share price as at 30 September 2013 and Industrials market metrics

Treasury Wine Estates: A Mistake



Source: Perennial Value. As at 31 October 2014

Value Investing Example: Lend Lease



Valuation – FY14*:	P/E	Gross dividend yield
Market	14.8x	5.9%
Lend Lease	7.3x	6.8%
(Discount)/Premium	(50%)	15%

What they do – Construction, infrastructure, urban regeneration

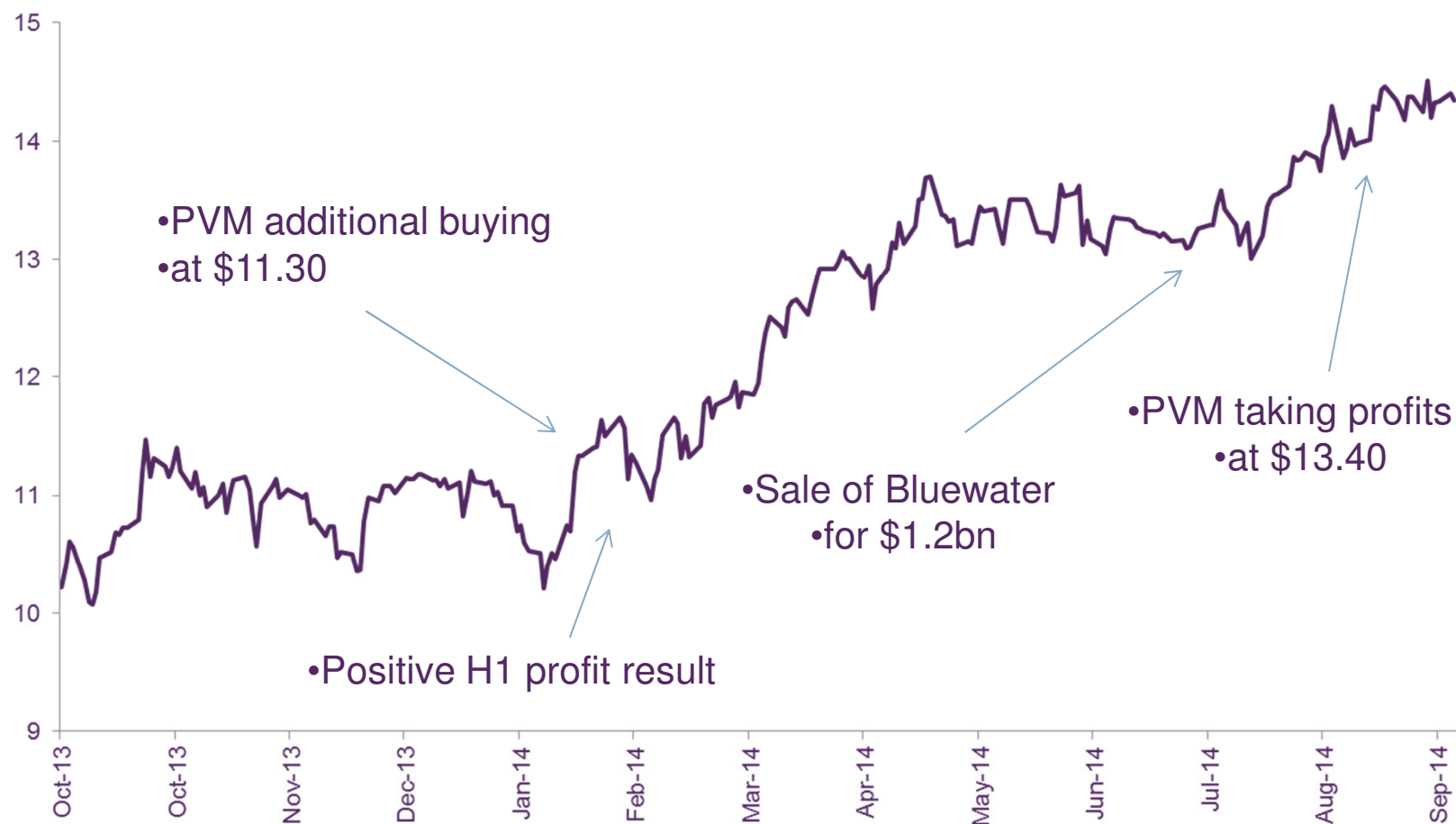
Where they operate – Australia, US, UK, Asia

Reason for investing:

- Exposure to high-rise construction boom
- Exposure to pick up in infrastructure investment
- Strong balance sheet

•Source PVM: *Based on PVM forecasts and share price as at 30 September 2013

Value Investing Example: Lend Lease



Source: Perennial Value. As at 30 September 2014

August 2014 Reporting Season

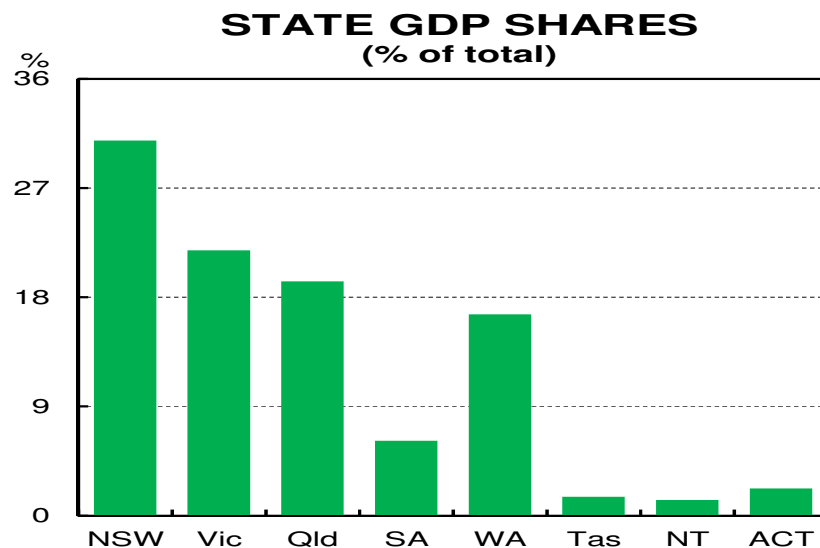
- Results (33 companies) generally in line to slightly better than expectations
- Positive market response to many results
- Domestic cyclicals showing improvement, east coast improving

Stocks reporting:	% of Portfolio
Increased EPS	83
Decreased EPS	17
Total	100
Increased DPS	77
Flat or no DPS	20
Decreased DPS	3
Total	100

Domestic Themes

- ▶ Interest rates remain at all time lows
- ▶ Australian dollar 10% lower over the past 12 months
- ▶ Positive wealth effect – stronger stockmarket and house prices
- ▶ Strengthening East Coast economy
 - stronger residential construction
 - consumer and business confidence still soft
 - business capex intentions now at a 3-year high
 - strong infrastructure pipeline, longer dated
- ▶ Ongoing IPO activity
- ▶ M&A activity to pick up?

Importance of NSW



- NSW is the biggest economy within Australia (31% of GDP)

Source: CBA

State GDP Forecasts %	2012/13	2013/14	2014/15
NSW	1.8	2.2	3.1
VIC	1.6	1.4	2.8
QLD	3.6	3.6	3.6
WA	5.1	3.8	1.1
SA	1.3	1.1	1.5
TOTAL	2.7	2.5	2.7

Source: ABS, UBS, Access Economics

Current Strategy / Outlook

Overweight:

- **Continued housing build** – Stockland, Aveo Group, Brickworks, Boral, BlueScope, Harvey Norman
- **Rising infrastructure investment** – Boral, Lend Lease
- **Beneficiaries of weak AUD** – QBE, Resmed, Sims Metal, Aristocrat Leisure, Brambles, Amcor
- **Well-managed, diversified financials** – Macquarie Group, Henderson Group
- **Turnarounds/operational improvement** – AMP, Asciano, BHP, BlueScope Steel, Fairfax, QBE, Sims Metal
- **Miners** – BHP, RIO, Iluka Resources, Orica

Underweight:

- **Expensive Defensives** – Healthcare, Consumer Staples, Utilities (financial engineering)
- **Major banks** – Over-owned, regulatory pressures, prefer business banks to mortgage banks

Overall portfolio offering better value than the market on all 6 metrics

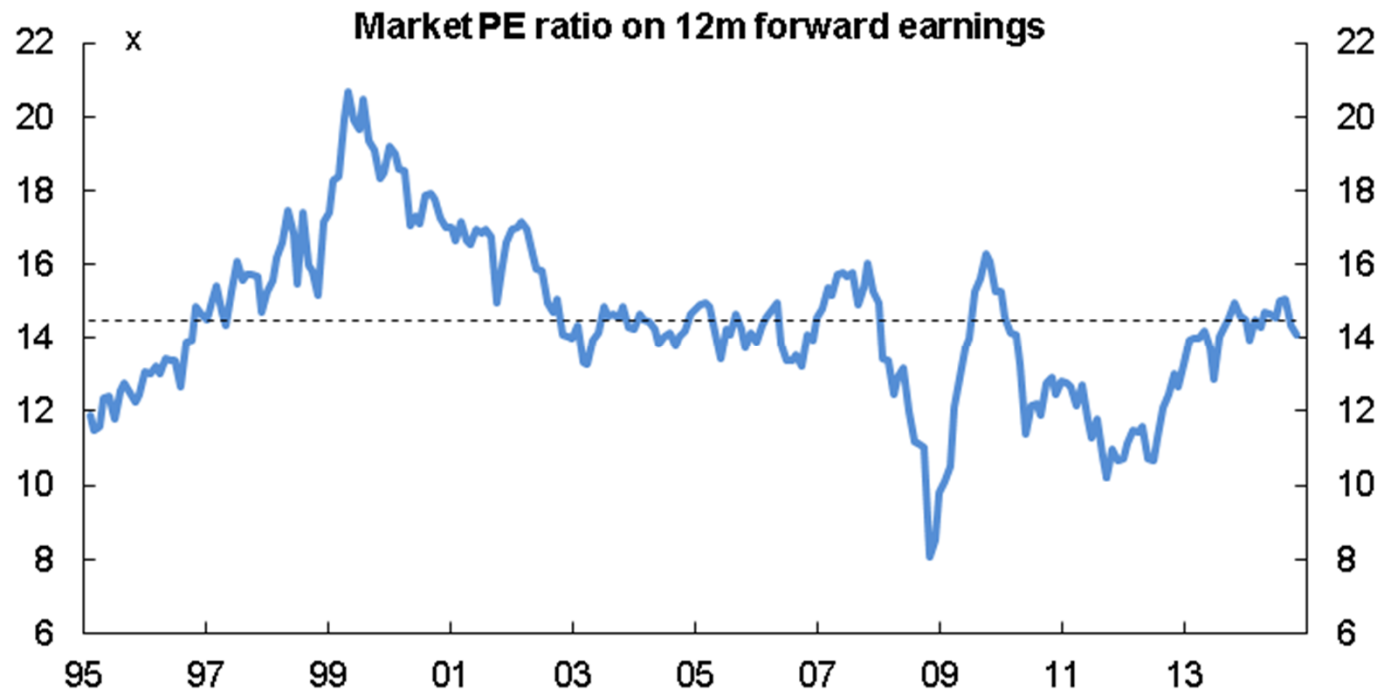
Source: Perennial Value - September 2014

Key Drivers – Major Overweights

	Improving East Coast economy	Internal Transform. / efficiency	Weaker AUD	Potential M&A	Improve d financial markets	Higher bond yields	Out of favour/ under owned
Harvey Norman	✓						✓
Macquarie Group			✓		✓		✓
QBE		✓	✓			✓	✓
AMP		✓			✓		✓
Lend Lease	✓						
Asciano	✓	✓		✓			✓
Origin Energy		✓	✓				✓
BlueScope Steel	✓	✓	✓				✓
Resmed			✓				✓
BHP		✓	✓				

Source: Perennial Value – September 2014

Market Valuation – Not Expensive



Source: Deutsche Bank, as at 21 October 2014

Conclusion

- ▶ Equity ownership, invest our own money – alignment of interests
- ▶ Strong conviction in current portfolio positioning
- ▶ Investing for the long term
- ▶ Buying good businesses for good value

CENTURY AUSTRALIA

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