CHOISEUL INVESTMENTS LIMITED
2010 SCHEME MEETING
FRIDAY 26 NOVEMBER 2010 AT 12.15 PM
AT THE MACQUARIE GRADUATE SCHOOL
OF MANAGEMENT, LEVEL 6, 51-57 PITT STREET, SYDNEY

CHAIRMAN'S ADDRESS

In a few moments, I will move formally the resolution to approve the Scheme of Arrangement. I will allow for questions on the resolution to be considered at today's meeting, and after any questions, we will move to a vote on that resolution by poll.

But first, I would like to say a few words about the proposed Scheme of Arrangement.

On receipt of the Merger proposal from Milton on 20 August 2010, your directors established a Committee of Independent Directors, comprising John Bryson and myself, to consider the Merger and provide advice to shareholders. A committee of Independent Directors was required as your Chairman, Robert Millner, is also a director of Milton and hence is not regarded as being independent for the purposes of considering the Merger.

Your Independent Directors believe that Milton represents a good merger partner for Choiseul and hence we considered the Merger in detail. Both companies focus on long-term investment across a diversified portfolio of assets that generate growing income streams and provide capital growth over the longer term. Importantly, Milton has managed the investment portfolio of Choiseul since 1992.

Milton has indicated its intention to continue to apply the same overall investment philosophy and objectives that are currently applied to both Choiseul's and Milton's investment portfolios to the combined portfolio following the Merger.

The Independent Committee negotiated the detail of the proposal and on 7 September 2010, Choiseul announced that it had signed a Merger Implementation Agreement with Milton under which it was proposed that the two listed investment companies merge by way of scheme of arrangement. Under the proposal, each Choiseul shareholder (other than Milton and its related bodies corporate and Ineligible Foreign Holders) is to receive New Milton Shares for each Choiseul share held with the number to be determined by reference to the pre tax net tangible asset backing per share of each

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company, adjusted for the proposed special dividend and the interim dividends. This methodology was encapsulated in a calculation defined as the Scheme Consideration.

Your Independent Directors have carefully considered Milton's proposal and unanimously recommend that you vote in favour of the Scheme.

The reasons for this recommendation are outlined in the Scheme Booklet which was despatched on 22 October 2010.

I would like to take this opportunity to outline how the Independent Directors have arrived at this recommendation.

Based on current market valuations the Merged Group is expected to have a combined NTA of over $2 billion and a combined shareholder base of more than 19,000 shareholders. As such, Choiseul shareholders will become investors in a much larger investment company managed with an investment philosophy similar to Choiseul's investment philosophy.

Your Independent Directors believe that shares in the Merged Group will provide greater liquidity with regard to the total value of shares traded than Choiseul shares.

There is evidence that suggests the shares of larger listed investment companies tend to trade at prices closer to pre tax NTA per share than the shares of smaller listed investment companies.

It is anticipated the Merged Group will attract greater market interest and a stronger profile amongst stockbrokers and financial planners which may result in broader shareholder support and greater access to allocations of shares in initial public offerings, placements and exempted offers.

Milton is currently exposed to all 70 investments in listed companies and trusts held by Choiseul and it has investments in a further 64 companies and trusts.

If the Merger is implemented, Choiseul shareholders will gain exposure to a number of new stocks not previously held by Choiseul. Shareholders will own shares in the Merged Group which has long term investments in 134 companies and trusts.

Notwithstanding these additional exposures, as mentioned earlier, Choiseul and Milton share similar investment philosophies focussed on long-term investments and growth in underlying distributions.

If the Scheme becomes Effective, the Directors of Choiseul intend to declare a Special Dividend of 16 cents per Choiseul share. Choiseul announced that it had received a favourable draft class ruling from the ATO on 18 November

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2010. The Company expects the final class ruling to be published by the ATO in early December.

If the Scheme is not approved, the Directors of Choiseul will not declare a Special Dividend, and the cash allocated for the Special Dividend will be retained for further investment as opportunities arise.

The Independent Directors' views are supported by the Independent Expert, Lonergan Edwards & Associates, which concluded that the Scheme is fair and reasonable and in the best interests of non-Milton shareholders.

Finally, the Independent Directors' recommendation was subject to no superior proposal emerging and I can confirm that no alternative proposal has been received.

On 22 November, Choiseul announced that the Exchange Ratio, which is the number of New Milton Shares to be issued for each Choiseul share is 0.2788[1]. This was calculated by reference to the relative NTAs of each company as at the Calculation Date, being 9.30am on 18 November 2010. The pre tax NTAs per share of Choiseul and Milton on that date were $5.04 and $17.50 respectively.

These NTAs were then adjusted for the following dividends:

- Choiseul's interim dividend of 10.5 cents per Choiseul share, which was declared by the Choiseul board on 18 November;
- Choiseul's special dividend of 16 cents per share, which the Choiseul board intends to declare should the Scheme become effective; and
- Milton's interim dividend of 37 cents per Milton share, which was declared by the Milton board on 18 November.

The announcement made by Choiseul on 22 November included the detailed calculation of the Exchange Ratio.

The key dates with respect to the Scheme, are set out on the screen behind me.

The second Court hearing, to approve the Scheme, is scheduled to take place on Wednesday, 1 December 2010. If the Scheme is approved by the Court, it is anticipated that the Scheme will become effective on 2 December and trading in Choiseul shares on ASX will be suspended at the close of trading on that date.

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[1] The Exchange Ratio set out in this address has been rounded to four decimal places for illustrative purposes. The unrounded Exchange Ratio will be used when calculating the Scheme Consideration to be issued to Scheme Participants (other than Milton and its Related Bodies Corporate).

If the Scheme becomes effective on 2 December, the Special Dividend will be declared, with a record date of Thursday, 9 December 2010, coinciding with the record date for Choiseul's interim dividend.

The Scheme Implementation Date is expected to be Thursday, 16 December 2010, with the despatch of holding statements for New Milton Shares and payment of the Interim and Special Dividends on the same day.

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