

AUSTRALIAN UNITED INVESTMENT COMPANY LIMITED

ABN 37 004 268 679



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DIRECTORS

❖ **CHARLES GOODE AC**, B.Com (Hons) (Melb), MBA (Columbia), Hon LLD (Melb), Hon LLD (Mon) Chairman. Chairman of Diversified United Investment Ltd, The Ian Potter Foundation Ltd and Flagstaff Partners. Formerly Chairman of ANZ Bank, Woodside, inter alia

❖ **PETER WETHERALL**, B.E. Hons (Qld), B.A. Hons (Oxon), GAICD
35 years' experience in the Australian share market, formerly founder and Managing Director of Wallara Asset Management, currently Investment Executive of the Helen Macpherson Smith Trust. Chairman of the Company's Audit and Risk Management Committee

❖ **JAMES CRAIG**, B.Ec/LLB (Adel), LLM (Melb)
Chairman of River Capital Pty Ltd, formerly Chairman Macquarie Capital Advisors and Macquarie Bank Ltd Europe

❖ **FRED GRIMWADE**, B.Com/LLB (Hons) (Melb). MBA (Columbia), FAICD
Principal and Director of Fawkner Capital Management Pty Ltd, formerly Colonial First State, Colonial Mutual, Western Mining, Goldman, Sachs & Co

❖ **Company Secretary**

ANDREW HANCOCK, FCA B.Ec (Mon), Grad Dip. CDP (RMIT)

Also Company Secretary Diversified United Investment Ltd, served as Chairman and is currently Secretary of the Australian Listed Investment Companies Association

INVESTING IN AUI

- ❖ Long term focus, low portfolio turnover, experienced management
- ❖ Strong record of maintaining and growing fully franked dividends
- ❖ After tax focus for shareholders; closed end structure
- ❖ LIC tax compliant
- ❖ Good long term portfolio performance
- ❖ Very low Management Expense ratio (0.10%)
- ❖ No performance fees
- ❖ Portfolio is slightly geared – Tax efficient, very low borrowing costs
- ❖ Transparent portfolio, and portfolio movements
- ❖ ASX & ASIC Compliance

AUSTRALIAN UNITED INVESTMENT COMPANY LIMITED

Profit and Dividend History

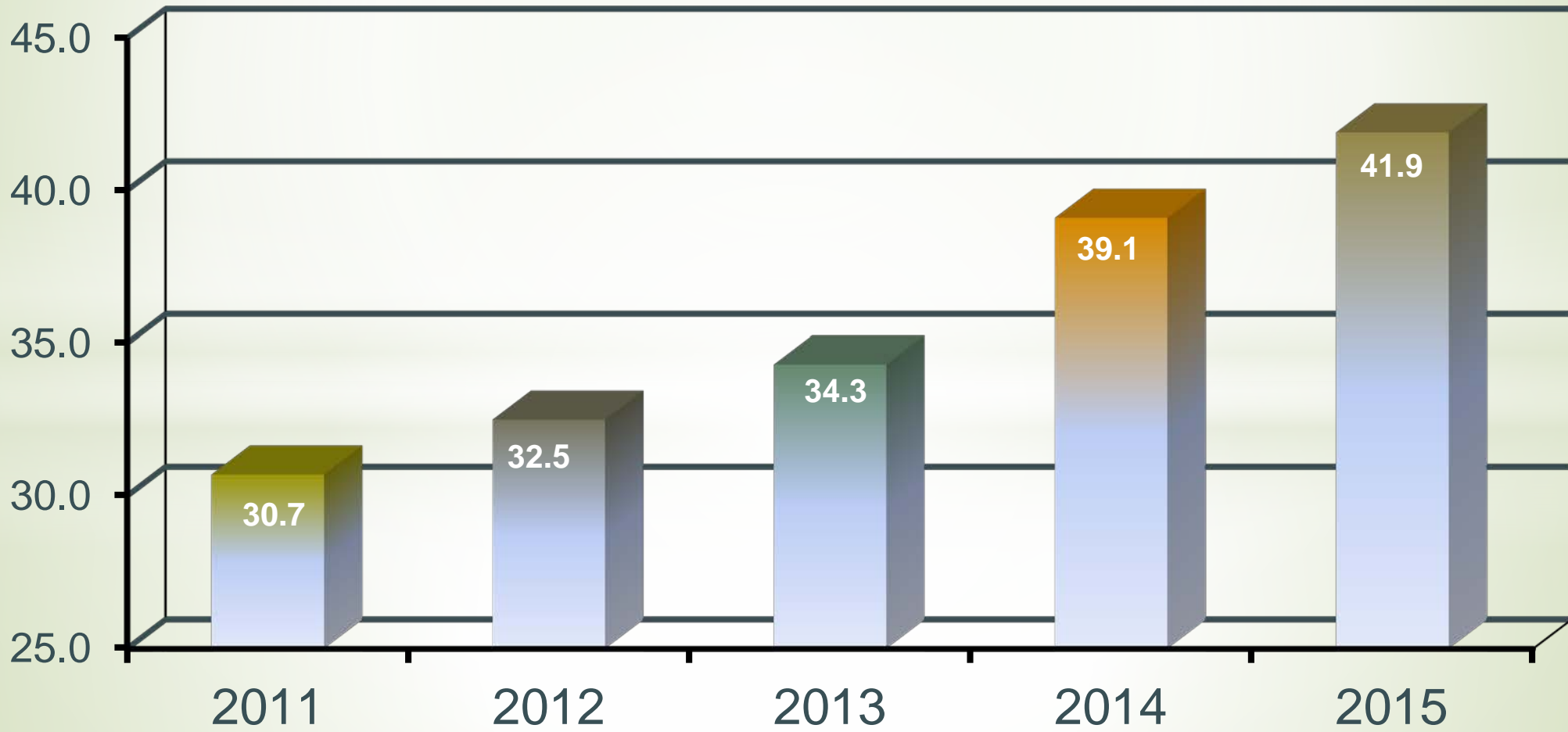
\$'000's

	Excluding Special Dividends								
	<u>30/6/07</u>	<u>30/6/08</u>	<u>30/6/09</u>	<u>30/6/10</u>	<u>30/6/11</u>	<u>30/6/12</u>	<u>30/6/13</u>	<u>30/6/14</u>	<u>30/6/15</u>
Profit (A.T. before capital gains)									
- First Half	12,418	14,084	16,361	12,048	15,782	17,012	17,531	19,694	20,754
- Year	24,365	28,328	28,391	26,628	30,682	32,522	34,306	39,064	41,905
EPS before capital gains									
- First Half	14.6	16.4	17.2	12.3	15.3	16.2	16.6	18.3	19.0
- Year	28.6	32.5	29.6	26.9	29.4	31.0	32.2	36.1	38.3
Dividend									
- Interim	10.5	11.5	11.5	11.5	12.0	13.0	13.5	14.5	15.5
- Final	<u>12.5</u>	<u>13.5</u>	<u>13.5</u>	<u>14.0</u>	<u>14.5</u>	<u>15.0</u>	<u>16.0</u>	<u>17.5</u>	<u>18.5</u>
- Total	<u>23.0</u>	<u>25.0</u>	<u>25.0</u>	<u>25.5</u>	<u>26.5</u>	<u>28.0</u>	<u>29.5</u>	<u>32.0</u>	<u>34.0</u>
Pay out Ratio (Interim plus final)	80%	77%	86%	95%	90%	90%	91.6%	89%	89%
NTA									
After final dividend	9.23	7.82	5.89	6.54	7.10	6.11	7.33	8.40	8.24
Before final dividend	9.35	7.95	6.02	6.68	7.24	6.26	7.49	8.57	8.42

<u>Share Issues:</u>		\$	\$
September '10	SPP	6.42	15.7M
April '10	Placement	7.28	20.6M
July '08	SPP	7.81	0.4M
May '08	Placement	8.27	66.0M
May '02	1:4	3.50	<u>56.0M</u>
	TOTAL:		<u>158.7M</u>

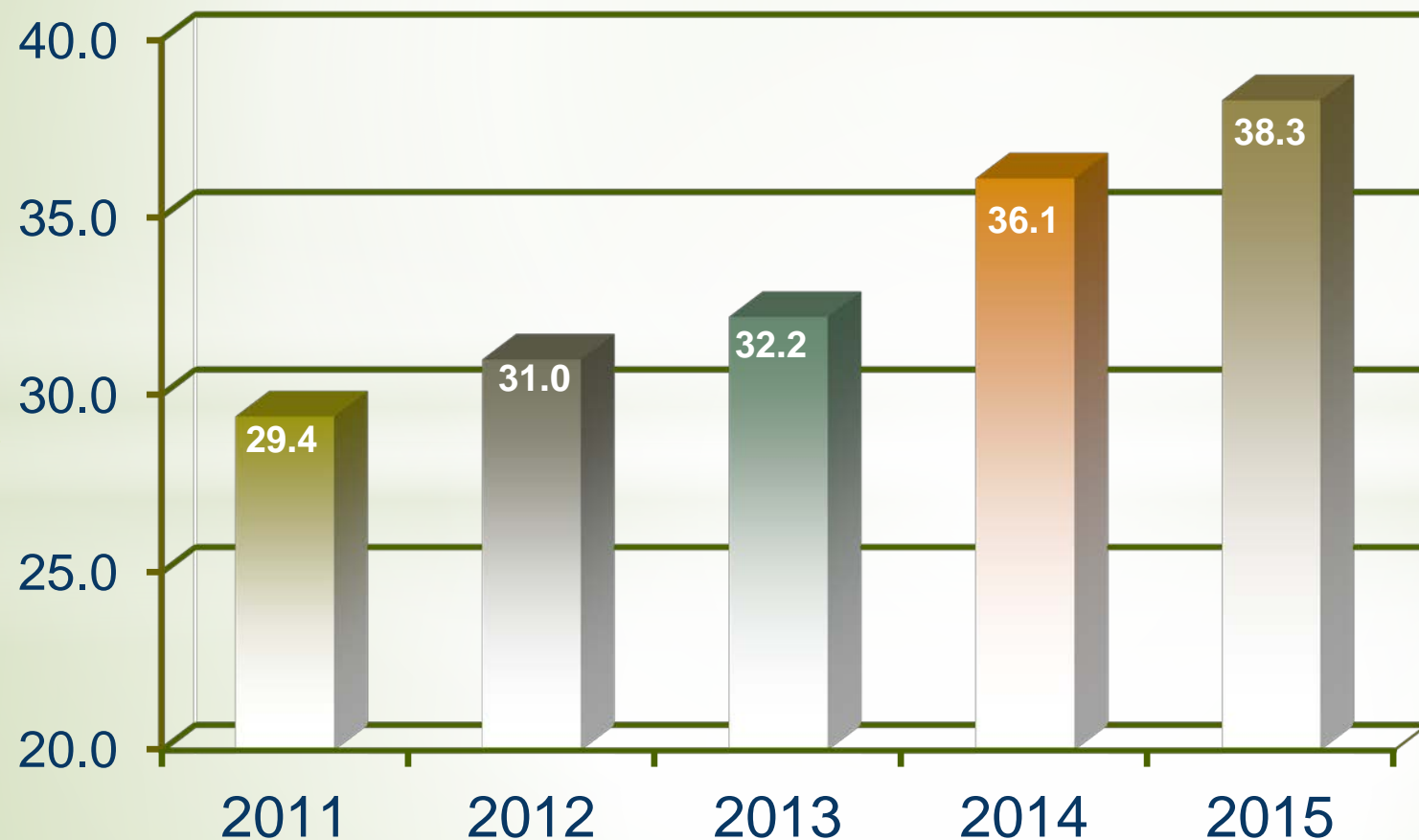
OPERATING PROFIT \$M

Excluding Special Dividends Received



EARNINGS PER SHARE (Cents)

Excluding Special Dividends Received



Management Expense
Ratio

0.10%

DIVIDENDS PAID (Cents Per Share)



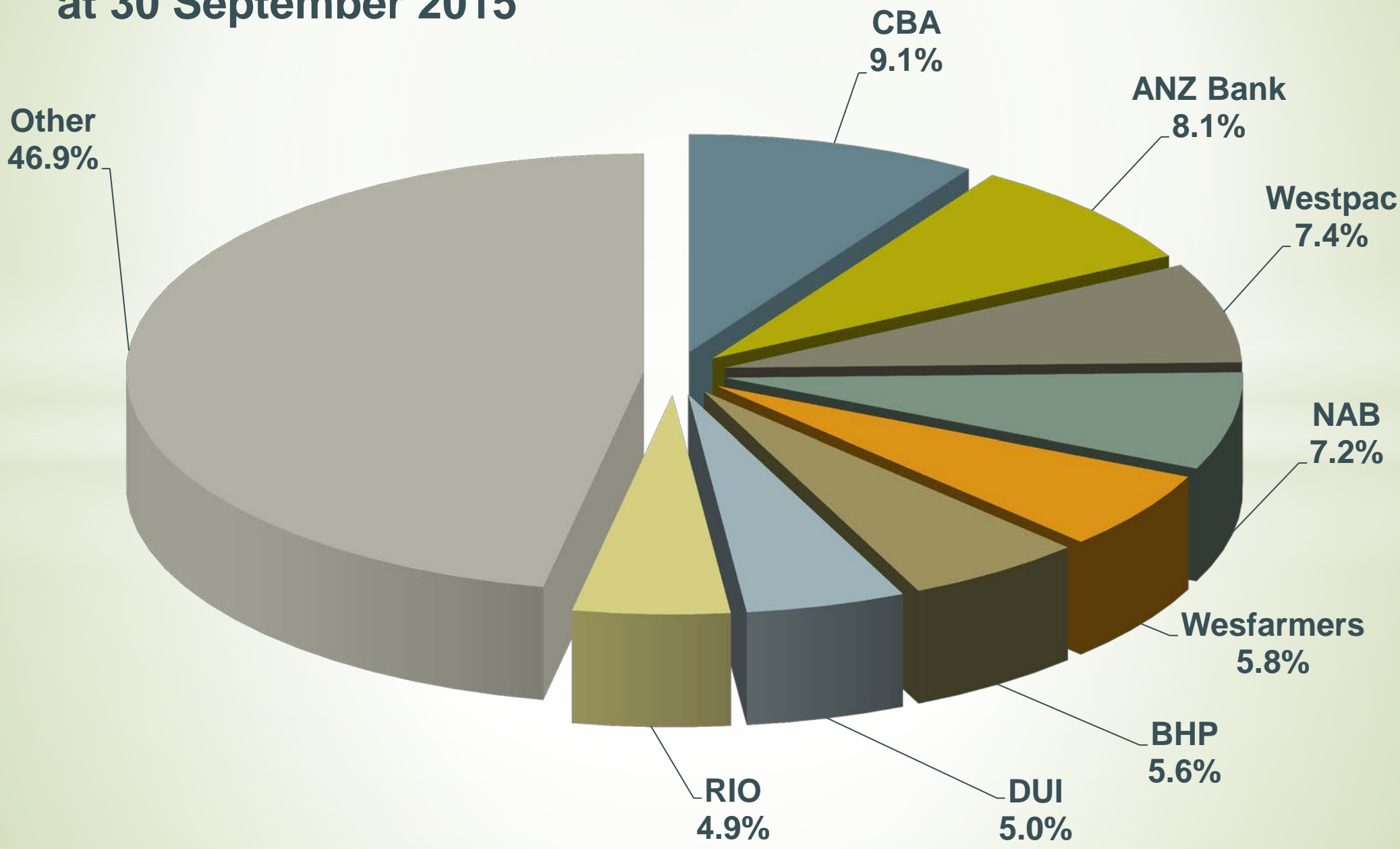
NET ASSET BACKING ACCUMULATION



— AUI Share Price Accumulation
— AUI NTA Accumulation
— S&P/ASX 300 Accumulation

Years	AUI NTA % p.a.	AUI Share Price % p.a.	Index % p.a.
1	2.0	4.6	5.6
3	14.7	18.7	14.7
5	8.8	8.6	9.5
10	7.1	7.8	6.9

LARGEST INVESTMENTS MARKET VALUE at 30 September 2015



SHARE PORTFOLIO BY COMPANY SIZE

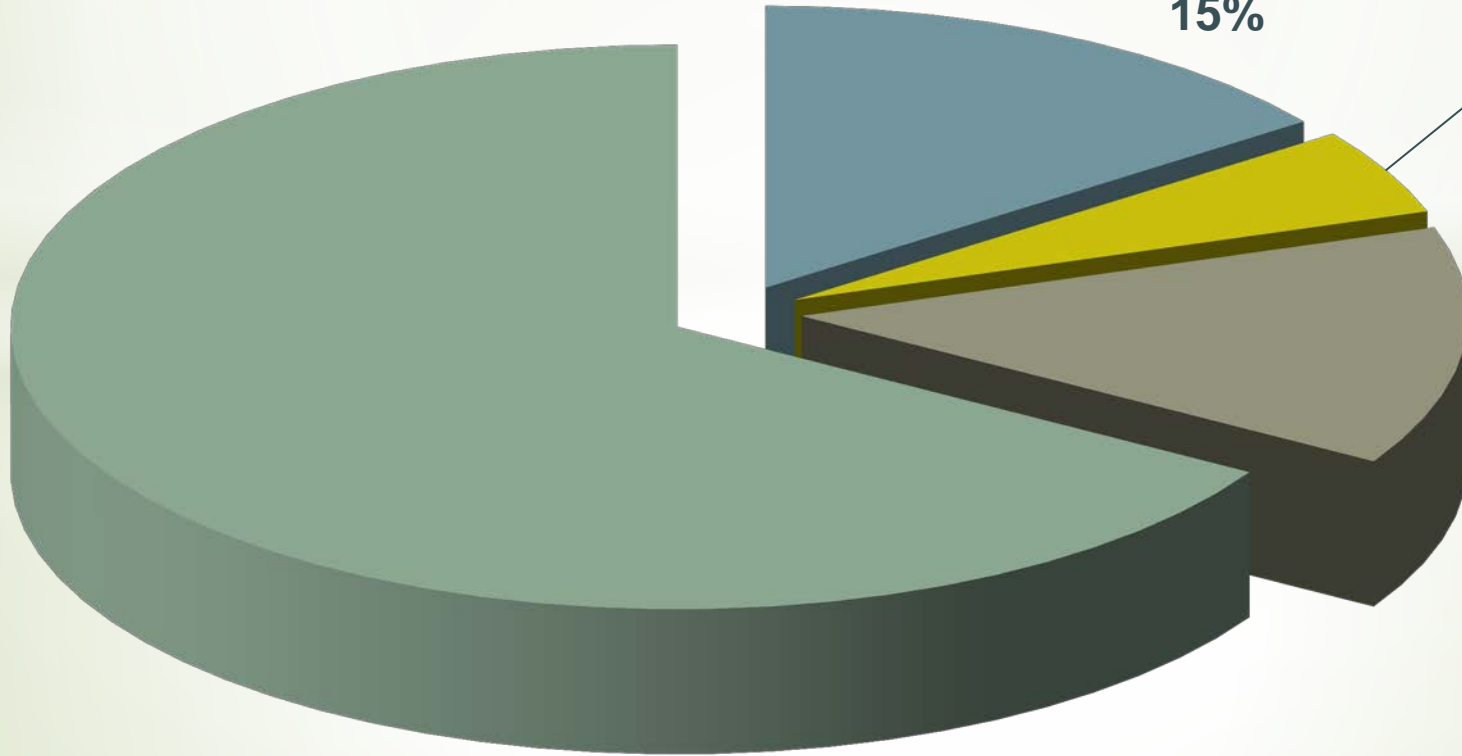
at 30 September 2015

**Top 20
Companies
66%**

**21 to 50
Companies
15%**

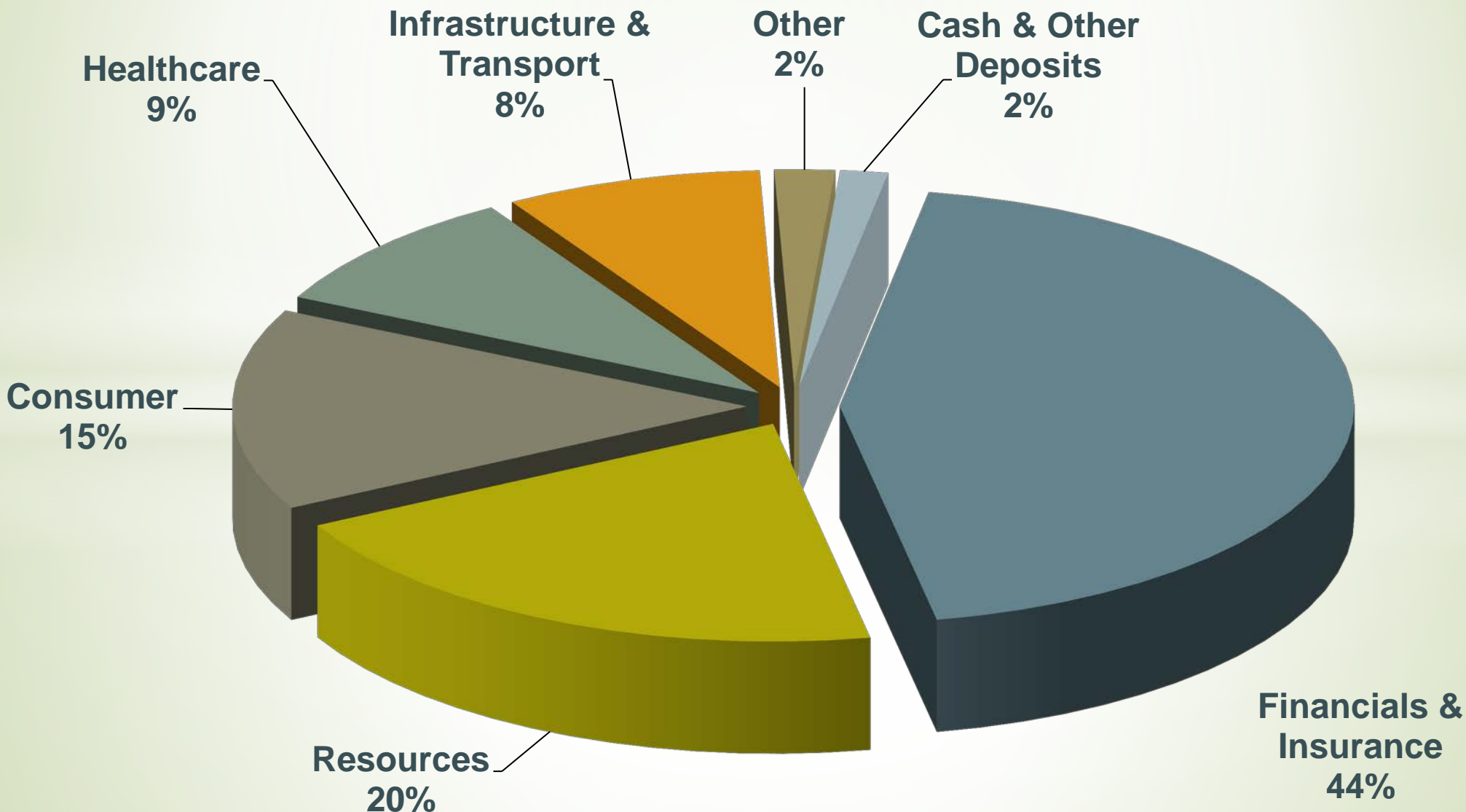
**51 to 100
Companies
5%**

**Outside 100
Largest
Companies
14%**



INVESTMENT PORTFOLIO MAIN SECTORS

At 30 September 2015



25 Largest Shareholdings as at 30 September 2015

Company	Market Value \$'000	% of Market Value of Total Investments
Commonwealth Bank Ltd	85,446	9.1%
Australia New Zealand Banking Group Ltd	76,501	8.1%
Westpac Banking Corporation Ltd	69,795	7.4%
National Australia Bank Ltd	67,455	7.2%
Wesfarmers Ltd	54,908	5.8%
BHP Billiton Ltd	52,217	5.6%
Diversified United Investment Ltd	47,232	5.0%
Rio Tinto Ltd	46,170	4.9%
Transurban Group Ltd	39,760	4.2%
Woodside Petroleum Ltd	36,163	3.9%
CSL Ltd	31,220	3.3%
Woolworths Ltd	29,808	3.2%
Brambles Ltd	20,454	2.2%
Amalgamated Holdings Ltd	19,350	2.1%
Telstra Corporation Ltd	16,830	1.8%
Ramsay Health Care Ltd	16,079	1.7%
Oil Search Ltd	15,774	1.7%
Sonic Healthcare Ltd	15,512	1.7%
Washington H Soul Pattinson	15,210	1.6%
Orica Ltd	15,040	1.6%
AMP Ltd	13,900	1.5%
BT Investment Management Ltd	12,428	1.3%
Tatts Group Ltd	11,280	1.2%
Resmed Inc.	10,905	1.2%
Invocare Ltd	10,850	1.1%
	830,287	88.4%
Total Investments at Market Value, Short Term Receivables and Cash	939,244	

Note: At 30 September bank borrowings were \$120M, and cash and net short term receivables (included in the above figures) were \$14M.

1:8 Renounceable Rights Issue

Announced 12 October 2015

- ❖ 1:8 at \$6.50 (Australian and New Zealand holders)
- ❖ Raise up to \$88.7 million
- ❖ Potter Foundation 42% will subscribe (subject to unforeseen circumstances)
- ❖ New shares not eligible for next interim dividend – 15.5 cents per share
- ❖ Dividend outlook – Interim steady, Final at least maintained, steady or modest increases next two years fully franked
- ❖ Increase number of shareholders for improved trading liquidity, lower MER
- ❖ Rebalance away from banking, mining and energy, without incurring Capital Gains Tax
- ❖ 13% discount to theoretical price of new shares
- ❖ 16% discount to last closing price
- ❖ 15% discount to estimated NTA 9 October 2015 of \$7.68 (adjusted for rights issue and interim dividend)
- ❖ Rights trading Wednesday 14 October to Thursday 29 October
- ❖ Record date Friday 16 October
- ❖ Offer Book already announced – mailed Tuesday 20 October with entitlement form
- ❖ Offer closes Friday 6 November
- ❖ Shortfall bookbuild Tuesday 10 November – Dixons, Evans, Baillieu

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