

PREMIER INVESTMENTS LIMITED

(A.C.N. 006 727 966)
(A.B.N. 64 006 727 966)

29 November 2011

CHAIRMAN'S ADDRESS

The 2011 financial year proved to be an extraordinary year which presented very significant challenges to all retail related businesses in Australia.

The combination of extreme volatility in the international financial and equity markets together with domestic issues associated with interest rates, other cost of living increases, employment security and the development of the carbon tax all contributed to a pervasive sense of uncertainty on the part of consumers.

This uncertainty translated to a continuation of very low levels of consumer confidence.

These challenges were then compounded by the natural disasters in Australia and New Zealand.

Cycles – good times and bad times – are an inevitable part of retail life.

It is our business to manage according to the times.

That said, the sustained period of low consumer confidence, the disconnect between the cyclical reality retailers face and rising input costs, overlaid by the structural changes taking place in retail will all serve to distinguish the very good retailers from the rest.

Premier has the experience, strength of management and financial capacity to never be a part of 'the rest'.

At the Premier Board level the key themes in 2011 were how to ensure that our core objectives of strong investment returns and long term wealth creation could be maintained and strengthened; how to position Premier to leverage its assets as the cycle turns; and how to deliver organic growth and also ensure that the financial capacity exists to substantially grow our business when the right opportunities are identified.

Your Directors believe that the actions we have taken in 2011 will achieve these objectives.

Premier's fully owned subsidiary, Just Group, Australasia's largest specialty retail business, is a better and stronger business today with the platform now in place to improve both financial and operating performance in both the short and long term.

In summary, and I will further elaborate on some of these points, Premier has delivered the following in 2011:

- The recruitment of one of Australia's most successful and talented CEOs, Mark McInnes, to lead Just Group and with an additional mandate to grow the value of Premier's retail assets.
- The recruitment of experienced and proven brand leaders to augment our strong existing senior management team in Just Group. We have also appointed new senior executives in property, logistics, cost efficiencies, marketing and online. We believe that Just Group now has an unrivalled senior management team in our sector.
- The adoption of a comprehensive Strategic Review of Premier Retail. I would encourage all shareholders to read the document which has been lodged with the ASX and is summarised in the Annual Report.
- The maintenance of a very strong balance sheet with no net debt and substantial cash reserves.

- The maintenance of our demonstrated record of rewarding shareholders through strong dividend returns.

PREMIER – 2011 FINANCIAL OVERVIEW

I will now turn to an overview of Premier's 2011 results. I refer you to the slide headed 'Premier – Consolidated Income Statement'.

It is important to note that direct comparisons between the 2011 and 2010 financial years have been affected by a number of factors.

Firstly, 2011 was a 52-week financial year and 2010 a 53-week year.

Also, in addition to the extra week in 2010, the 2010 result included a significant one-off tax benefit arising from the acquisition of Just Group. This benefit was made clear in the 2010 accounts and was fully passed through to shareholders as part of a special dividend given its one-off nature.

Importantly, Premier has incurred material one-off costs in 2011 associated with the adoption and implementation of the Premier Retail Strategic Review.

While these one-off costs have had a significant effect on our reported headline profit, your Directors believe very strongly that this is an investment in future returns and the building of increased shareholder value.

The most significant line on this page is, of course, the decline in the underlying EBIT performance of Just Group.

Clearly the most important contributor to this outcome has been the extremely challenging broader economic and retail environment and has resulted in the initiatives I outlined earlier.

On a positive note, it is pleasing to see that Premier's revenues (ex Just Group) have increased and expenses (ex Just Group) have remained relatively flat – and exceptionally low by any comparative measure.

Turning briefly now to the slide headed ' Premier – Summarised Consolidated Balance Sheet'.

Premier's balance sheet remains very strong and underpinned by substantial cash reserves of \$308 million at year end, having paid \$71 million in fully franked dividends during the year.

Our inventory position is being very well managed and the significant increase in the 'available for sale financial assets' from \$72 million in 2010 to \$104 million in 2011 reflects the continued benefit of our investment in Breville Group Limited as their largest shareholder.

The strength of our balance sheet and funding position continues to provide Premier with the ability to invest in Just Group's growth and capitalise on additional growth opportunities that may arise. The Board believes this continues to be a key strength of our business in these times and delivers Premier a clear competitive advantage in pursuing growth opportunities, particularly should there be a future general tightening of financing and liquidity.

JUST GROUP

The 2011 Just Group financial result was, as I have already said, the outcome of both the challenging general environment and the impact of one-off costs.

On an operational level the Just Group business model – a suite of strong brands with differentiated demographics and price points which leverage an industry benchmark shared operating platform – provides for some defensive protection in difficult times.

Indeed, gross sales on a comparable week basis were up in 2011.

In response to the difficult environment in the second half, Just Group senior management, with the agreement of the Just Group Board, acted to clear inventory in the winter season. Whilst this had a negative impact on the 2011 result, it has allowed Just Group to open the new season with a very clean inventory position.

The Just Group and Premier Directors are very pleased with Mark McInnes' leadership since he commenced in April. He has moved quickly and decisively to develop the detailed strategy which was released to the market in July.

The strategy has the following key objectives:

- Rejuvenate our core apparel brands
- Expand gross margins
- An organisation wide cost of doing business reduction program
- Expand our growth brands
- Significantly grow the online business

At its core, retail is a very simple proposition – to know your customer and provide the products that they want, at the time they want it, and at a price they are prepared to pay.

The Just Group strategy goes directly to this proposition with a clear focus on the 'art' of retail – merchandising and brand integrity and the 'business' of retail – sourcing, logistics, inventory controls, and cost efficiencies.

The strategy will better equip Just Group to deliver acceptable profitability in challenging times and to leverage returns as the retail cycle turns.

In relation to growth your Directors are very pleased with the strong performance in 2011 of our growth brands – Peter Alexander and Smiggle – notwithstanding the environment. We are also pleased with the increase we are seeing in online as a sales channel as we commit further focus and resources to each of our brands.

While we see very substantial opportunity to grow our online business and achieve benefits in both margins and sales volume, the unfortunate fact remains that no Australian based online retail business will achieve its full potential while a fundamentally flawed two tax regime which discriminates against local retailers exists.

The UK Government recently conducted a review which resulted in a tax free import threshold of £18. Meanwhile our Government procrastinates and pushes sideways any decision to create a fair competitive environment.

We are also very excited by the potential for Smiggle to develop as an international brand.

While the Board and management will be very disciplined in the execution of the international expansion of Smiggle the early success of the brand in Singapore has resulted in the acceleration of a full rollout of up to 20 stores in that market as a prelude to entering additional markets in Asia.

At this stage we are very focused on getting Singapore right but I can assure you that there is considerable planning taking place for international growth.

We also remain open to the right acquisition, either to leverage the Just Group platform or separately as we pursue value creation for Premier shareholders.

From our record you will understand that we are very disciplined and will only pursue assets that will create real value and long term wealth for our shareholders.

We fully understand that the capacity to achieve the qualitative and quantitative results we are seeking will be impacted by the reality of external factors, however we are very confident that all of the issues which are within our control are being very well managed.

CURRENT TRADING AND OUTLOOK

If I can turn now to current trading and the outlook for the Just Group.

The macro trading environment remains extremely challenging with the range of external factors I have previously noted, including the unresolved issues in the global economy, continuing to contribute to uncertainty and caution on the part of consumers generally.

The Just Group six point EBIT improvement plan announced in July is being successfully implemented. The organisation wide cost of doing business reduction program has been accelerated to ensure we maximise our result within the current macro environment.

Trade in October improved on the trend we saw in August and September. In addition, November is on track. And we have done a considerable amount of work and planning to ensure that all of our brands, stores and staff are ready for the all important Christmas season.

Based on macro conditions remaining stable and satisfactory Christmas trading we reaffirm our full year 2012 EBIT guidance for Just Group of A\$80m to A\$95m.

DIVIDENDS

Premier has developed a strong track record of rewarding shareholders which has resulted in increasing dividend payments, as reflected in the slide.

In 2011 Premier maintained the ordinary dividend at the 2010 level.

This decision involved exceeding our usual payout ratio however given the one off costs which impacted on the 2011 result, together with the confidence we have in our senior management team, the early success in the implementation of the strategic review and the strength of our balance sheet, your Directors took the view

that maintaining our strong focus on rewarding shareholders was an important practical statement to make to our owners.

CONCLUSION

In conclusion I would like to express appreciation, on behalf of all of the Premier Directors, to Mark McInnes, the entire senior management team at Just Group and every one of our very valued team members at Just Group—all 6,000 plus.

It has been a difficult environment for the past two years and the efforts of our people have been something that we are proud of.

For my own part, I also want to convey my deep appreciation to each of the other Premier Directors. I truly believe that we have an exceptional board.

Finally, I would take the opportunity to welcome a new independent non-executive director, Sally Herman. Sally is present today and I know that shareholders will join with the board in saying how pleased we are that Sally has accepted our invitation to join the Premier board.

Sally has a very strong background in the financial services industry in both Australia and the United States. We believe she will make a very strong contribution to the board following her appointment in December of this year. Welcome Sally.

As I report to you today, the world economy faces very significant challenges which will have continuing consequences for Australia. That said, Premier is comparatively very well placed given our Australian core market, the experience of our Board, the strength of our leadership team, the proven strength of our established brands, our growth potential, strong balance sheet and substantial cash reserves.



Premier Investments Limited

2011 Annual General Meeting

29 November 2011



THE **JUST** GROUP

Agenda

- 1 Chairman's address
- 2 Resolutions

Chairman's address—key highlights

- 2011 financial year result reflects the continuation of an extremely challenging general retail environment
- Appointment in April 2011 of Mark McInnes as Chief Executive Officer of Just Group Limited and Chief Executive Officer of Premier Retail with a mandate to grow the value of retail assets
- Recruitment of experienced and proven brand leaders to augment strong existing management
- Adoption by the Premier Board in July of a strategic review of Premier Retail conducted by Mark McInnes
- Maintenance of a very strong balance sheet
- Maintained fully franked ordinary dividend of 36c per share



Premier—Consolidated Income Statement

\$m's	52 weeks to 30 July 2011	53 weeks to 31 July 2010
Premier revenues (ex The Just Group)	21.6	16.7
Premier expenses (ex The Just Group)	(3.9)	(3.7)
Premier Retail (The Just Group) underlying EBIT	65.3	84.2*
Finance costs	(9.7)	(7.9)
Underlying profit before income tax	73.3	89.3*
Underlying income tax expense	(21.8)	(26.3)
Underlying profit after income tax	51.5	63.0
One-off costs related to Strategic Review (after tax)	(11.0)	—
One-off tax benefit	—	16.6
Reported profit after income tax	40.5	79.6

Note:

* FY2010 The Just Group's underlying EBIT and Premier's underlying profit before tax includes a \$2.3 million benefit arising from the extra week in FY2010

Premier—Summarised Consolidated Balance Sheet

\$m's	30 July 2011	31 July 2010
Assets		
Cash and cash equivalents	307.8	316.6
Inventories	73.4	71.7
Plant and equipment	84.8	91.2
Other assets	37.0	36.3
Available-for-sale financial assets	104.5	72.8
Intangible assets	854.5	854.2
Total assets	1,462.0	1,442.8
Liabilities		
Interest bearing loans and borrowings	133.8	100.5
Trade payables, provisions and other liabilities	134.5	129.8
Total liabilities	268.3	230.3
Equity		
Contributed equity	608.6	608.6
Reserves	39.6	27.5
Retained earnings	545.5	576.4
Total equity	1,193.7	1,212.5

Overview of The Just Group result for full year

- Total sales \$866m (-0.5% on FY10; +1.1% on a comparable weeks basis*)
- Gross margin increased by 53bps
- CODB up 280bps
- FY11 EBIT of \$65.3m before one-off costs
- FY11 One off costs related to the strategic review \$15.8m
- FY11 EBIT \$49.5m

Notes:

- * Last year included 53 weeks (this year 52 weeks). The additional week in FY10 contributed \$13.7m in sales and EBIT of approx \$2.3m



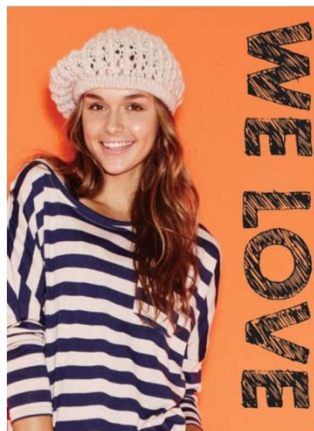
Strategic review and update

	Focus Area	Status	Comments
1	Rejuvenate and reinvigorate the core apparel brands	✓	Specific opportunities identified and new leadership teams in place; market conditions remain difficult but teams focused on customer and product
2	Initiate an organisation-wide Cost Efficiency program	✓	Significant cost efficiencies built into FY12 budget; cost efficiency program being accelerated in light of weaker than expected market conditions
3	Implement a Two Phase Gross Margin Expansion program	✓	Brand leaders focused on sourcing and have secured early wins. Stronger hedge position and tighter purchase controls providing early benefits. Long term, The Just Group targeting gross margin expansion
4	Expand and grow the internet business	✓	All brands now have on-line stores <ul style="list-style-type: none"> – leveraging unique network of one million customers – very successful new platform
5	Grow Peter Alexander in Australia and trial in Asia	✓	Australian store expansion on track with 7 new stores opened in 1H2012
6	Grow Smiggle in Australia, New Zealand and globally	✓	12 new stores opened in Australia in 1H2012 Singapore expansion ahead of plan with 4 stores already open and 12–20 stores planned over the next two years

Premier Retail brands



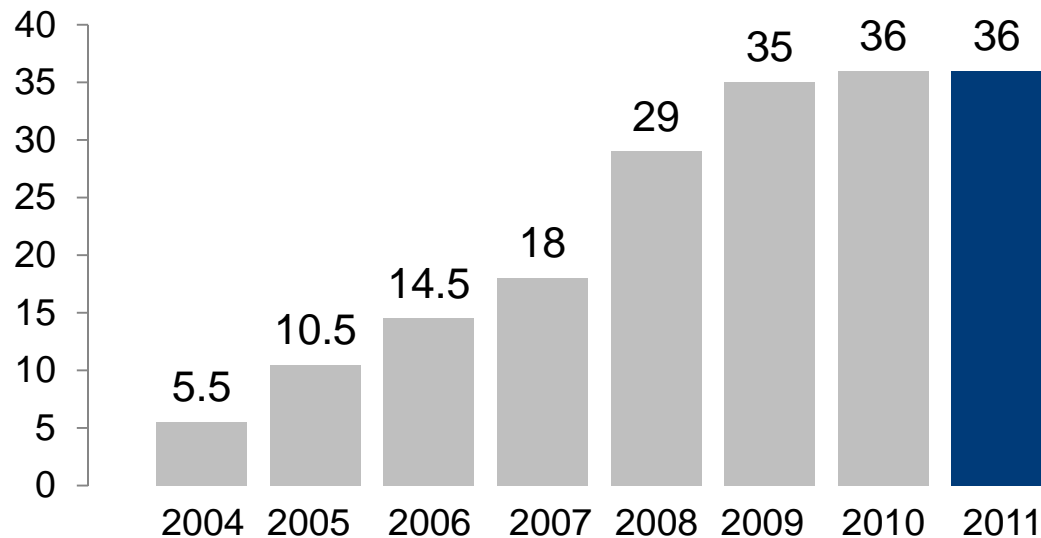
Dotti
Jacqui E
Jay Jays
Just Jeans
Peter Alexander
Portmans
Smiggle



Dividend and capital management

- Premier's Board continues to focus on rewarding shareholders and maintaining cash reserves for opportunities that may arise
- Total FY2011 ordinary fully franked dividend of 36c per share in line with last year
- Reaffirms the confidence Directors have in Premier's performance and future potential

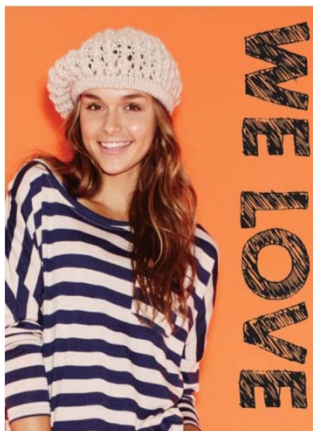
Premier ordinary dividend per share history



Premier Retail brands



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