

PREMIER INVESTMENTS LIMITED

(A.C.N. 006 727 966)

5 December 2014

CHAIRMAN'S ADDRESS

INTRODUCTION

Fellow shareholders, it gives me – and my Board colleagues – a great sense of satisfaction to again be in a position to report to you at our 2014 Annual General Meeting that Premier Investments has delivered an outstanding result, notwithstanding the continuing challenges in the external environment.

The 2014 financial year was characterized by continued low levels of business and consumer confidence.

Internationally, the abject failure of Governments and policy makers to effectively deal with the causes and consequences of the global financial crisis and promote economic growth and sustainable stability has provided a continued macro environment of uncertainty and fragility.

In Australia, resolution of the legacy of flawed policy responses to the mining boom and the dysfunction of the previous minority Government has been frustrated by a range of issues including the circus in the Senate which has prevented the Government from passing large parts of its Budget.

All of these factors are continuing to impact on the confidence of business to invest and consumers to spend.

These external challenges are concurrent with structural changes to the retail industry and the arrival of respected international entrants to the Australian retail market as a response to limited growth potential in their core markets.

These developments provide opportunity as well as challenges. Competition increases business efficiency when strong management is in place and enhances consumer interests.

But competition must be based on fair rules for all participants – an issue I will come back to.

The outstanding 2014 financial result for Premier Investments is largely attributable to the performance of our core operating business, Premier Retail, but also through the strength of our balance sheet and investment division.

Premier Retail, under the leadership of Mark McInnes, has outperformed competitors, delivered strong like for like growth and increased profits.

Importantly, as I indicated to you in this forum last year, a priority for 2014 was to deliver on our commitment to growth.

This has been achieved by the successful launch of the Smiggle brand into the United Kingdom and the continued successful growth of Smiggle Singapore as a platform for Asia.

We have also significantly increased the footprint of Peter Alexander in Australia, including a flagship store presence in the Brisbane CBD.

At the same time the organic growth opportunities for our core brands are being well executed under strong brand leadership teams.

Additionally, we have invested strongly in the infrastructure platforms for growth with a complete overhaul of our logistics and international supply chain; continued investment in our online businesses to ensure world-class customer experiences; and a substantial programme of store upgrades and refurbishments.

FINANCIAL HIGHLIGHTS

Let me now turn to some of the key financial highlights for the financial

year 2014:

- Consolidated underlying net profit before tax of \$106 million for Premier Investments at the Group level, up 10.3% on the previous financial year;
- Reported net profit after tax of \$73 million at the Group level, an increase of 5.3% on last year after adjusting for a one-off reclassification gain;
- Underlying profit before tax for Premier Retail up 13.4% to \$87 million;
- Underlying earnings before interest and tax up 10.9% to \$92.8 million; and
- Sales for Premier Retail up 6.2% to \$888.4 million.

PREMIER RETAIL TRANSFORMATION

The continued improvement in the operational and financial performance of Premier Retail has been based on the relentless focus by the Just Group Board and management on the successful execution of Premier Retail's six-point transformation programme for both the core business and growth priorities.

Our core business priorities are:

- The continued rejuvenation of our core apparel brands;
- Expanding our gross margins; and
- Achieving and maintaining sustainable organization-wide cost efficiencies.

Our growth priorities are:

- The continued expansion of our online business and ensuring it is internationally competitive;

- Growing Peter Alexander substantially; and
- Growing Smiggle internationally.

CORE BUSINESS REJUVENATION

There remains a great deal of potential upside in Premier's existing portfolio of iconic brands and the Premier Retail team remains committed to realising this value for shareholders. The Board believes that each brand now has outstanding leadership and management teams capable of delivering this objective.

Premier Retail's gross margin of 62% continues to be very strong despite a highly competitive market and our cost of doing business continues to reduce with key business improvement initiatives.

All of our core brands delivered strong growth in financial year 2014 despite the difficult macro environment we experienced in second half of the year as a result of both warm weather and sharp drop in consumer confidence post the May budget.

During the year, management undertook targeted capital investment in 322 stores to support continued sales growth.

PREMIER RETAIL GROWTH

As I have noted, during 2014 Premier Retail continued to implement our growth plans with a focus on Smiggle's entry into the large UK market, growing Peter Alexander in Australia and New Zealand and investing further in the continuing growth of our online businesses.

Smiggle

Smiggle UK was successfully launched in February 2014. I attended the opening of the first store and was extremely encouraged by the immediate response from customers. I have regularly visited the UK since the launch.

In fact, Mark McInnes, John Cheston and I continue to walk every centre and sign off every store before a new store lease is signed. Today Smiggle has 16 stores trading in the UK with an additional two to open in the next week including a store in Westfield London, the largest shopping centre in the UK. We intend to have more than 25 stores trading in the UK by the end of the current 2015 financial year.

The results of the UK stores are very pleasing and validate our plans for up to 200 UK stores over the next five years generating over \$200 million in sales. Smiggle UK is capitalising on a UK stationery category valued at \$2.4 billion in annual sales.

All Smiggle UK stores will be profitable in their first year of operation and we expect Smiggle UK as a region to achieve profitability this financial year – an extraordinarily quick return for an investment of this nature.

We also continue to grow Smiggle's footprint in Asia, with Smiggle Singapore opening two new stores during 2014. Since year end we opened our 19th store in Great World City.

In Australia, Smiggle opened five new stores during 2014 and continued to invest in existing store upgrades and product innovation.

Smiggle achieved record sales during the 2014 financial year, with growth of 17.4% and total sales exceeding \$100 million for the first time. Strong like for like growth was achieved in all of our markets.

Our aspirations for Smiggle are very ambitious but also realistic and achievable. Execution will be the key to continued success in our international growth and John Cheston and his team have done an outstanding job while also continuing to drive innovation and growth in our core market of Australia.

Peter Alexander

The Premier Retail team commenced 2014 with a strong vision for growing the Peter Alexander brand across Australia and New Zealand over the next five years. Under the management leadership of Judy Coomber and with the continued creative leadership of Peter Alexander, our strategy has been to expand our range and customer-base, add new stores and invest in flagship stores.

During the year:

- Eight new standalone stores were opened;
- Nine concession stores were launched; and
- A further four stores were expanded to larger formats.

Peter Alexander achieved sales growth of 21.4% during 2014 – an exceptional result from a truly unique brand.

Since year end, we have also opened a further seven stores in Australia and two additional stores in New Zealand. These new stores have benefited from creative and engaging fit-outs and are perfectly positioned to capitalize on the key Christmas trading period.

During this year and next, management is targeting between five and 10 new stores in Australia and between three and five stores in New Zealand.

Online

Premier continues to invest in world-class internet and mobile sites that allow a world-class browsing and shopping experience on all desktop and mobile devices. Premier's total online sales for the year grew by 30.5% with second half online sales up 37.5%.

In addition to outstanding visual presentation, Premier has focused its investment in key areas that drive sales growth including online stock

availability, re-targeting emails, site optimisation, customer service and delivery arrangements.

During the year, we successfully launched peteralexander.co.nz (desktop and mobile) with the ability to fulfil orders for New Zealand customers quickly from the New Zealand distribution centre.

Premier Retail continues to build its multichannel offering, launching a "store to door" service across the portfolio of brands, allowing our teams to fulfil sales from the distribution centre for items that are out of stock in store, with the objective that we never need to miss a sale.

With online growth of 61% from Dotti and 39% from Portmans, it's clear that Premier is a domestic leader in this space.

LOW VALUE THRESHOLD (LVT)

The structural change of the increasing proportion of online retail sales creates exciting opportunities for retailers to both enhance service to their existing customers and market while also providing the platform to significantly expand their potential market.

Premier Retail, as I have noted, has invested in a world-class platform and we are growing at a level which outperforms our local competitors.

But all Australian retailers confront a significant competitive disadvantage arising from the failure of successive Australian Governments to put in place an appropriate public policy response to this international structural change. International online retailers are legally exempted from applying and collecting the GST for all merchandise under \$1,000, a figure unparalleled internationally.

The Australian public policy inaction stands in stark and lonely contrast to every comparable government, which have already acted to ensure fair

competition in their domestic markets – the United Kingdom, the United States, Canada, European Union, and so on.

However, in Australia we have had official inquiries, taskforces, referrals to COAG – all of which recognise the need for a policy response but none of which have resulted in anything but the passing of time while the viability of significant parts of the Australian retail industry are threatened.

One excuse is that the cost of collection would not be cost-effective. I simply fail to comprehend why it is apparently beyond the capacity of the Australian Public Service to provide policy options to the Government which are cost-effective, given cost-effective arrangements are already in place in other jurisdictions.

Moreover, this claim is simply wrong given that Ernst & Young has identified the foregone tax revenue as \$2.49 billion over 3 years, and that the additional cost is the continuing viability of many businesses in retail and related industries and substantial job losses.

It is also claimed that the local industry is seeking protection from a changing world – when exactly the opposite is true.

The competitive advantage which international online retailers are given through this loophole protects them from fair competition.

Last month a Government-owned enterprise, Australia Post, announced a service which facilitates overseas online purchases and the effective avoidance of the GST and customs duties.

That a Government-owned enterprise would develop a programme which effectively facilitates foregone tax revenue to its owner, the Government, is almost incomprehensible to me, but it is a direct consequence of this public policy failure.

Unless this issue is addressed urgently to ensure a level playing field, not only will we continue to see good businesses fail, jobs lost and a significant flow-on effect to related industries, but Australian-listed retailers – which are obligated to act in the interests of their shareholders – will seek legal options to overcome these inequities.

As a direct result of government delays and inaction I have been left with no choice and I will be asking my executive team, in 2015, to find the path to ship online product to customers into Australia GST and Duty free. This follows in the footsteps of the approval of the Australian Government of Australia Post's recent initiative to expand the path of non-collection of GST and customs duties.

The time for inquiries, taskforces, poor quality advice, Commonwealth/State relation intrigues and the linking of the LVT issue to broader tax reform initiatives has passed – urgent action is needed to ensure that this vibrant and key component of the Australian economy is able to operate under fair competitive rules. The flawed status quo represents a threat to our industry, the broader Australian economy and jobs.

FINANCIAL STRENGTH

To turn now to a more positive issue and one which we do control – our balance sheet and dividends.

At the end of the financial year, Premier had free cash on hand of \$313.3 million. Premier's equity accounted investment in Breville appears on the balance sheet at an accounted for value of \$187.1 million, while the market value at the time was \$264.9 million.

Due to the continued strength of the balance sheet and the strong performance of Premier Retail, your Board declared a final fully franked dividend of 20 cents per share, bringing the full year dividend to 40 cents per share – an increase of 2 cents per share over the previous year.

Premier continues to use its strong balance sheet to fund the expansion of its growth brands, while still retaining the flexibility to pursue other opportunities that may arise in the future.

Your Board continues to explore new growth opportunities. As our record clearly demonstrates we take a patient and disciplined approach to assessing growth which is not about ego, ambition and the pursuit or growth for its own sake, rather we will only pursue growth by acquisition where there is a clear and long-term benefit for shareholders.

CONCLUSION

On behalf of the Board and all Shareholders, I would like to thank Mark McInnes, his senior team and our more than 6,000 talented employees that deliver **exceptional** service to our customers every day of the year.

I would also I would like to personally extend my thanks to my fellow Premier Directors for their dedication and service during the past year and for the experience, support and guidance they provide. It is greatly appreciated.

Finally and most importantly, I would also like to thank our shareholders for their continued support and investment. As I have said previously, the Premier Board fully understands that our shareholders are the owners of the company who have entrusted to us at-risk capital which they expect to be managed prudently to achieve strong investment returns and long-term wealth creation. We appreciate the opportunity you've given us to continue to deliver returns for you in the year ahead.

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Premier Investments Limited
Annual General Meeting
5 December 2014



dotti

JACQUIE



peteralexander

portmans

Smiggle



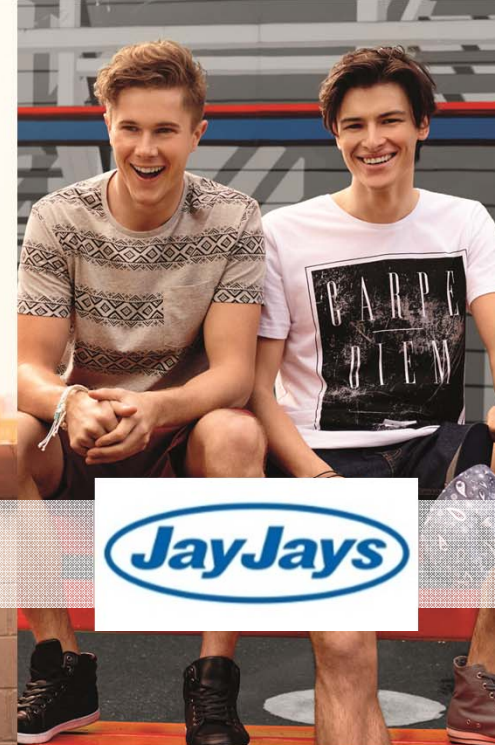
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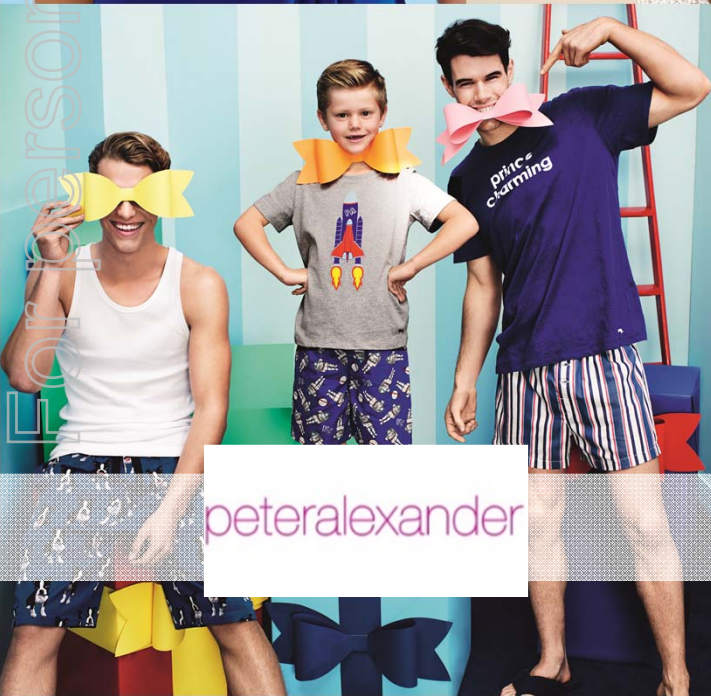
dotti



Just
Jeans



JayJays



peteralexander



JACQUIE



Smiggle

Agenda

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Chairman's address

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Resolutions

1. CHAIRMAN'S ADDRESS

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Financial review

- Group profit
 - Underlying net profit before tax of \$106.0 million, up 10.3%¹
 - Reported net profit after tax of \$73.0 million
- Premier Retail contribution to Premier performance
 - Sales of \$888.4 million, up 6.2% on pcp²
 - Underlying profit before tax of \$87.0 million¹, up 13.4% on pcp
 - Underlying EBIT of \$92.8 million¹, up 10.9% on pcp
 - Underlying EBIT margin up 44bps to 10.4%¹

Notes:

1. Underlying NPBT, NPAT and EBIT excludes the one off gain due to the reclassification of Breville Group in FY13 and the non-recurring investment costs associated with Smiggle UK market entry (\$3.1m) and supply chain transformation (\$4.5m)
2. Sales exclude sales to South African joint venture



Premier Retail transformation plan

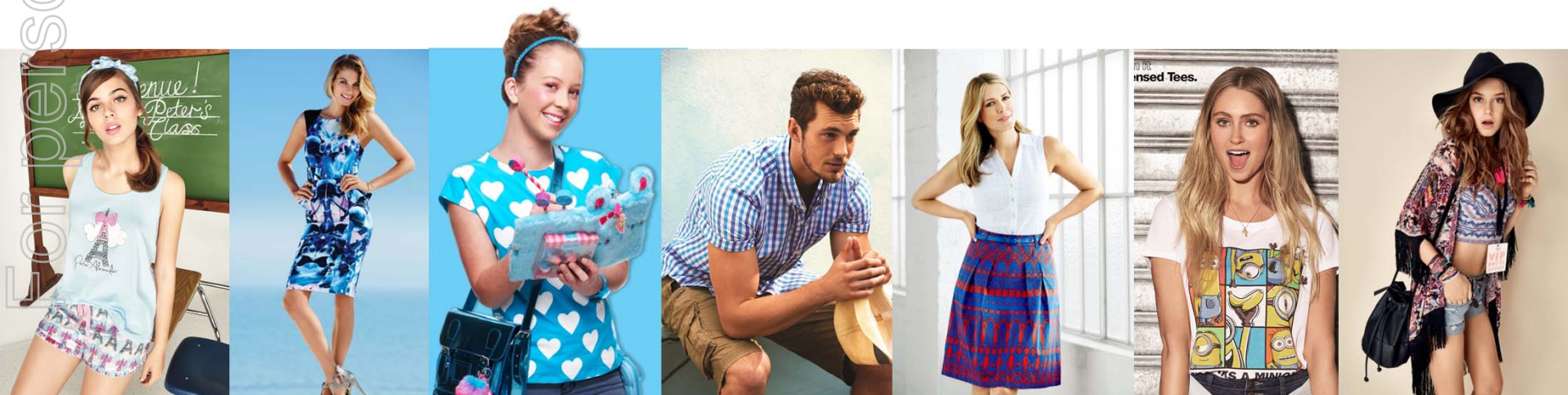
- Premier Retail continues to progress its six-point EBIT transformation plan
- Emphasis continues shifting more heavily into growth and investment

Core

- Rejuvenation of core apparel brands
- Organisation-wide cost efficiency program
- Gross margin expansion program

Growth

- Expansion and growth of internet businesses
- Grow Peter Alexander significantly
- Grow Smiggle significantly



Just Jeans

JACQUIE

Jay Jays

portmans

peteralexander

dotti

smiggle

THE JUST GROUP

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A photograph of three men in business suits standing together, smiling, and cutting a red ribbon. They are in a brightly lit store with shelves of colorful children's toys in the background. The man on the left is wearing a dark blue pinstripe suit and a striped tie. The man in the center is wearing a dark blue suit and a light blue patterned tie. The man on the right is wearing a dark suit and a purple tie. A semi-transparent dark blue banner is overlaid at the bottom of the image.

The official opening of the group's first UK store
at Westfield Stratford in February 2014

Smiggle International: United Kingdom

- UK market for personal stationery valued at \$2.4 billion p.a.
- 16 stores now open
- 18 stores will therefore be trading by December 2014 for key Christmas period.
- Customer response excellent
- 25 – 30 stores expected to be trading by the end of FY15
- Results corroborate plans for up to 200 UK stores over the next five years
- Sales potential of more than \$200 million per year



Peter Alexander growth continues

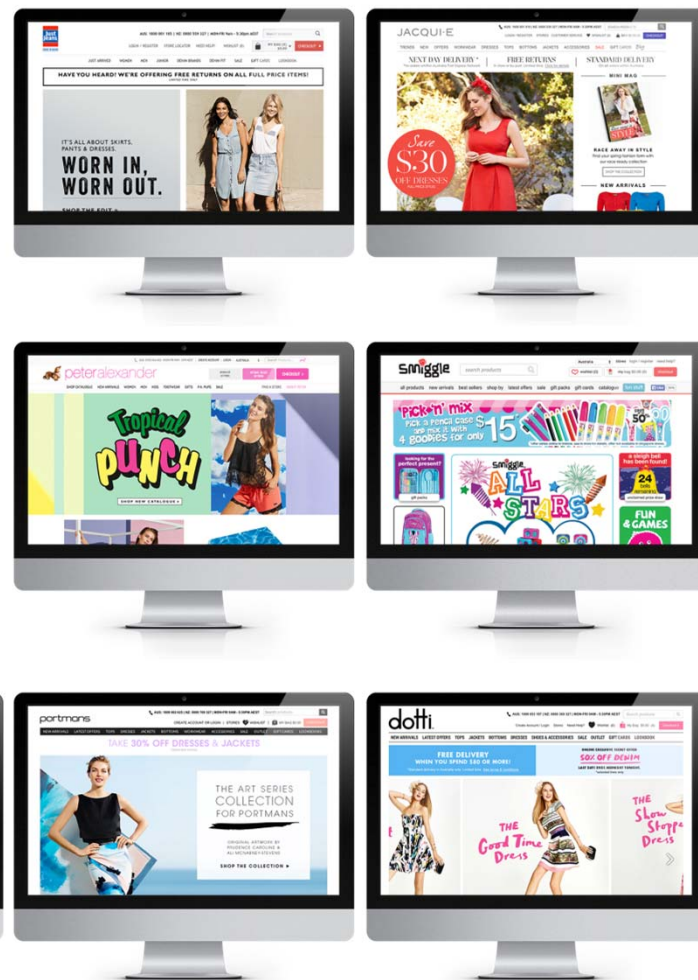
Three year strategic growth plan on track

- Sales growth in FY14 delivered in line with the 3 year plan
- Total sales growth in FY14 of 21.4%
- Eight new standalone stores opened in FY14
- Nine concession stores opened in FY14
- Post year end, seven new stores in Australia and two in New Zealand have opened



Premier Retail online strategy delivering

- Online sales up 30.5% for FY14; 2H14 online sales up 37.5%
 - Portmans and Dotti online sales grew by 39% and 61% respectively
- Online sales continuing to exceed industry growth
 - Just Group online sales up 30.5%
 - Retail online sales growth up 8.6%¹
- Online channel is very profitable and continuing to grow
- Mobile optimised and enhanced sites and emails deployed for all brands
- Continued investment in key areas that drive sales growth and customer loyalty
- Successfully launched peteralexander.co.nz (desktop & mobile) with fulfilment from NZ DC for NZ orders
- New Australian National DC has capacity to support future online growth aspirations



Note:

1. NAB Online Retail Sales Index – July 2014. Reported Australian online retail sales grew by 8.6% in the 12 months to July 2014



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Smiggle



Financial strength

- Premier balance sheet strengthened
 - Cash on hand of \$313.3 million
 - Balance sheet at year end shows investment in associate (Breville) as \$187.1 million. Market value at year end of \$264.9 million¹
 - Franking credit pool of \$214.2 million
 - Full year dividends increased by 2 cents per share to 20 cents per share fully franked

Note:

1. Based on BRG closing share price of \$7.92 as at 25 July 2014. Valuation is based on Premier Investments 25.7% shareholding at year end. Post year end Premier Investments increased its shareholding to 27.3%



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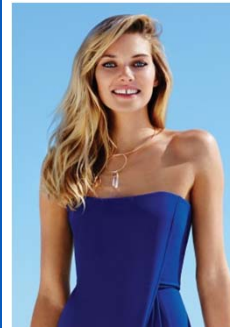
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2. RESOLUTIONS