



25 July 2011

Premier Retail Strategic Review and Trading Update

Premier Investments Limited ('Premier') today announced that recently appointed CEO Premier Retail, Mark McInnes has completed a strategic review of Premier's retail assets and opportunities. The review has highlighted unique strengths within Just Group's platform and a broad range of opportunities for the Group.

The completion of the strategic review coincides with a very challenging period for the Australian and New Zealand retail sector. Premier today also updated the market on its guidance for FY11 in the current environment and its expectations for FY12.

Significant opportunities and unique strengths in a changing retail sector

The strategic review highlighted that Premier Retail (Just Group) is uniquely placed to grow and take advantage of opportunities in a changing retail sector:

- Just Group has an excellent stable of seven iconic brands all with unique positioning and significant opportunities over time
- Just Group has a high performance management team, with recent appointments further increasing the organisation's talent base
- Premier Retail has the balance sheet to address challenges facing the retail industry and to broaden its retail assets over time as opportunities present themselves

Implementation of a Six Point EBIT Improvement Plan

Mr McInnes said: *"Just Group has very significant opportunities to grow organically. Implementation of our Six Point Plan is already underway, and we have budgeted for EBIT improvements from the plan in FY12."*

The Six Point EBIT Improvement Plan includes:

1. **Rejuvenate and reinvigorate all five core apparel brands.** Specific opportunities have been identified across each of Just Group's five core apparel brands. New heads have been appointed for each of Jay Jays and Jacqui E, and David Bull's time has been freed up to focus on Dotti and Portmans only. Across the board, Just Group is investing in its brands.
2. **Organisation-wide cost efficiency program.** We have implemented a 100 Point project plan that focuses on offsetting all price increases without impacting customers. In addition, we have put a focus on non-merchandise procurement; we are closing loss-making stores at lease expiry; and we have significant opportunities to improve our labour force efficiency.
3. **Two phase gross margin expansion program.** In FY12, Just Group will focus on better sourcing, reduced inventory levels and mark-downs and better performance from factory outlets. Long term we are targeting further gross margin expansion, including through markdown efficiencies.

4. **Expand and grow the internet business.** The internet is already Just Group's largest store, with Peter Alexander in particular having a strong online business. Just Group's brands are proprietary to it, creating opportunities to leverage and expand Just Group's unique social networking database of over 1 million customers.
5. **Grow Peter Alexander significantly.** Peter Alexander is a high value brand with significant growth potential, especially through Australia and potential Asian store roll-out. 15-30 new stores are planned for Australia over the next three years.
6. **Grow Smiggle significantly.** Smiggle is a unique brand in a highly attractive market, but it is underrepresented in Australia and New Zealand (30-50 new stores are planned over the next three years). In addition, following a successful launch of Smiggle in Singapore, 12-20 new stores are planned for Singapore over the next two years. Additional opportunities exist to expand Smiggle in Asia and beyond over the medium term.

Acquisitions and growth outside the core Just Group assets and business plan

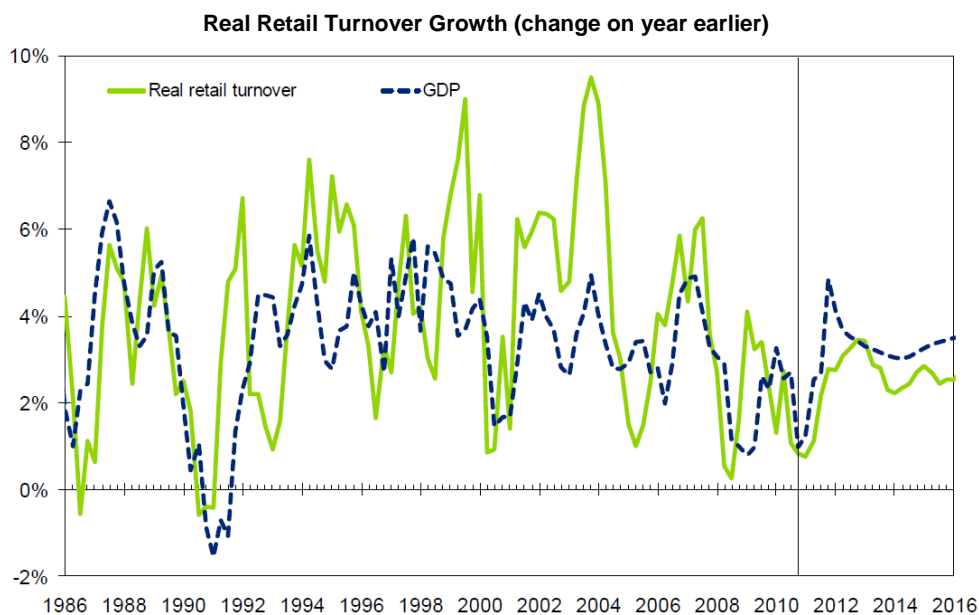
The strategic review also focused on key potential areas of growth outside the core Just Group business plan:

1. Build or acquire new brands in the retail market that are unique and that can be rolled out using the Just Group platform
2. Opportunistic acquisitions where the unique combination of Premier's balance sheet and Just Group's management can provide material shareholder growth
3. Rapid Asian expansion of Smiggle following the success of Smiggle Singapore

Access Economics forecast for real retail growth out to FY15

Just Group has considered Deloitte Access Economics' forecasts during its strategic review.

Mr McInnes said: *"Undoubtedly the retail market has been very challenging. That being said, it is our job to continue to differentiate our product to excite our customers. Access Economics expects consumer and retail spending will once more be growing in lock step with family incomes a year or 18 months from now (that is, once rate rises have been absorbed). The resultant forecasts suggest continuing modest growth in consumer retail spending for the moment, but some better news arriving in 2012."*



Deloitte Access Economics Business Outlook – Released 25 July 2011

Strategic review: one-off costs

Following the strategic review, a number of one-off charges will be incurred in FY11. The charges relate primarily to:

- Asset write-downs, onerous leases and store closure costs associated with the closure of up to 50 loss making stores at lease expiry
- Onerous lease costs associated with excess space in support facilities
- Redundancies related to realigning our organisation to the key strategic imperatives

One-off charges are expected to be between \$14 million and \$16 million* in FY11 (before tax).

FY11 trading update

Premier Retail (Just Group) also released their expected sales for 2H FY11 (the twenty six weeks to 30 July 2011):

2H FY11	TOTAL*	LFL SALES*
Australia	+3.6%	+2.0%
New Zealand	-1.5%	-2.1%
Total	+2.4%	+0.9%

Premier Retail (Just Group) now expects its full year EBIT (before one-offs) to be in the range of \$64 million to \$66 million.*

Premier Investments Limited consolidated underlying profit before tax (and before one-offs) is expected to be between \$72 million and \$74 million.*

Mr McInnes said: *“Recent trading has been challenging. Our business is highly school holiday (July) dependent. We have not experienced the expected uplift from July school holidays across Australia and New Zealand that we experienced in April. In addition, margin has remained under pressure, as industry wide discounting has increased. We have moved swiftly to better align our cost base for FY12, as well as ensure our excess winter inventory has been priced to clear over the last two weeks of this month.”*

FY12 Outlook

Despite trading in a difficult macro-economic environment, Premier Retail's future is bright. The implementation of the Six Point EBIT Improvement Plan is already well underway and Just Group expects to commence the financial year with a clean inventory position.

Accordingly, Premier expects FY12 EBIT for Premier Retail (Just Group) to be in the range of \$80 million to \$95 million.

Chairman of Premier Investments, Mr Solomon Lew, said: *“Clearly the profit performance for FY11 is disappointing, notwithstanding the very challenging retail environment. However, if there is no further deterioration in the general retail environment, the Board firmly believes that the combination of Mark McInnes’ appointment; the implementation of the strategic review with a clear focus on merchandising, cost controls and margin expansion; the strong senior executive hires made by Mark; and our clean inventory position, provide the platform for a return to acceptable levels of sustainable growth. This is reflected in our FY12 guidance.”*

* Sales, FY11 guidance and FY11 one-offs subject to audit

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Premier Investments Limited

Just Group Strategic Review

25 July 2011



Just Jeans

JACQUIE



portmans

peteralexander

dotti



THE
JUST
GROUP

Key Observations

- The Just Group has an excellent stable of brands
- All brands have unique positioning and unique opportunity
- All brands have material growth opportunities over time
- Both Peter Alexander and Smiggle have material new store expansion plans
- The Just Group team has strong heritage and expertise
- With a renewed clarity of purpose and a focus on performance, combined with key new Executives, we have the capability to deliver growth

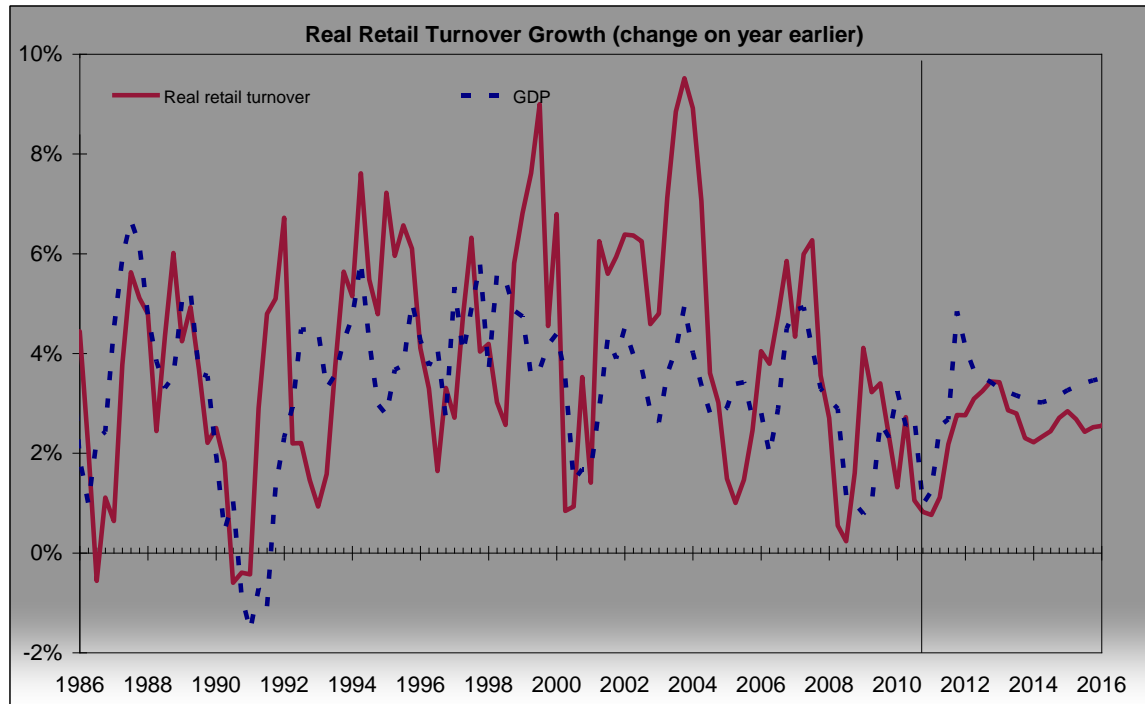
See Appendix 1 for brand by brand overview

Macro Economic Outlook – Access Economics

- Real retail growth predicted to be between 1% and 3% for the next three years

Business Outlook June Quarter 2011

Real Retail Turnover Growth



Market Dynamics Are Changing

■ 5 Key Structural Pressures

Product Cost Price
Inflation

- China price inflation to continue

EBA Increases

- Wage pressure to continue

Landlord rent

- Landlords expecting increases even where Centre performance doesn't warrant them

Debt

- High debt levels have led to many business failures

New Competitors

- Online, Zara, Top Shop – create unique pressure on Australian retailers

The market has materially altered in the last three years
Our approach is to maximise our EBIT in this changing market
We can use scale and brand strength to take advantage of opportunities which structural adjustment brings

Two Fundamental Objectives

1. To materially improve the EBIT performance of the Just Group
2. To re-build the Management Platform to be able to grow through acquisition using Premier Investments and Just Group's unique capabilities

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Just Group

SIX POINT PLAN FOR MATERIAL EBIT IMPROVEMENT

Six Point Plan for Material EBIT Improvement

1. Rejuvenate and reinvigorate all five core apparel brands
2. Initiate an organisation-wide Cost Efficiency Program
3. Implement a Two Phase Gross Margin Expansion Program
4. Expand and grow the internet business
5. Grow Peter Alexander in Australia and trial in Asia
6. Grow Smiggle in Australia, New Zealand and globally

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Six Point Plan for Material EBIT Improvement

1. Rejuvenate and Reinvigorate All Five Core Apparel Brands

- Appoint a new head of Jay Jays to reinvigorate the product, brand and profitability
 - Deanna Moylan appointed – commenced 1 July 2011
- Appoint new head of Jacqui E to reinvigorate the product, brand and profitability
 - Karen Russell appointed – commencement 1 August 2011
- David Bull to focus on the continued reinvigoration of our product, brand and profitability in Dotti and Portmans only
 - Portmans to be profitable in FY12
- Invest in Just Jeans marketing, using the unique heritage brand position to continue the product and brand momentum we are already achieving under new management
- We have appointed more merchants to focus on reinvigorating our product, brand and profitability

Six Point Plan for Material EBIT Improvement

2. Initiate Organisation-Wide Cost Efficiency Program

- Implement 100 Point Project Plan for material cost reductions, without impacting the customer. Material cost efficiencies offset all price increases in FY12
- Appoint Martin Hourigan to initiate a Non-Merchandise Procurement Function for our 80 million of spend – Martin has a proven track record of delivering this program as General Manager of Procurement at David Jones. Benefits to begin in FY12 and continue in FY13, 14 & 15
- Close up to 50 loss making stores at lease expiry
- Significant labour force efficiencies:
 - Aligned staff hours to trading pattern to deliver improved service outcome
 - Align stores by brand to best performing store in the brand
 - Implement most efficient workforce roster
 - Establish a dedicated retail team for our core brands to focus on reducing the cost of operation without impacting customer service
- State offices to close
- Supply chain improvement process to begin

Six Point Plan for Material EBIT Improvement

3. Two Phase Gross Margin Expansion Program

2012

- More merchants focused on better sourcing
- OTB aligned to realistic sales targets to reduce inventory levels and markdowns
- Factory stores to move to profitability or close
- Gross margin expansion to be delivered in Year 1

2013, 2014, 2015

- All 2012 initiatives
- Implement a markdown efficiency program
- Instigate local supplier trading term review
- Review benefits of direct sourcing for Portmans and Jacqui E
- Gross margin improvement through better sourcing of higher volume in Peter Alexander and Smiggle
- Gross margin mix upside as our core growth assets Peter Alexander and Smiggle, have higher GP margins

Six Point Plan for Material EBIT Improvement

4. Expand and Grow the Internet Business

- Strong and large Peter Alexander business
- Internet already today our largest store
- Grow social media marketing database and increase digital marketing initiatives – over 1 million unique email addresses
 - Jacqui E – 166,000 unique customers
 - PA – 180,000 unique customers
 - Just Just Jeans – 450,000 unique customers
 - Jay Jays – 350,000 Facebook friends
- All brands online by September this year
- Expansion and growth opportunity across all brands over a 3-5 year timeframe
- Unique competitive position as all brands are propriety to the Just Group - no one can sell our brands at a materially better price

Six Point Plan for Material EBIT Improvement

5. Peter Alexander to Significantly Grow

- High value brand with significant growth potential
- High value brand under represented in some of Australia's largest cities, suburbs and centres, e.g. Wollongong, Whitford, Macquarie
- New store rollout of 15 - 30 stores over the next three years
- High margin business with opportunities for gross margin expansion through volume sourcing and mix to the total company
- Opportunity for Asian expansion post Australian new store roll-out

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Six Point Plan for Material EBIT Improvement

6. Smiggle to Significantly Grow in Australia, New Zealand and Globally

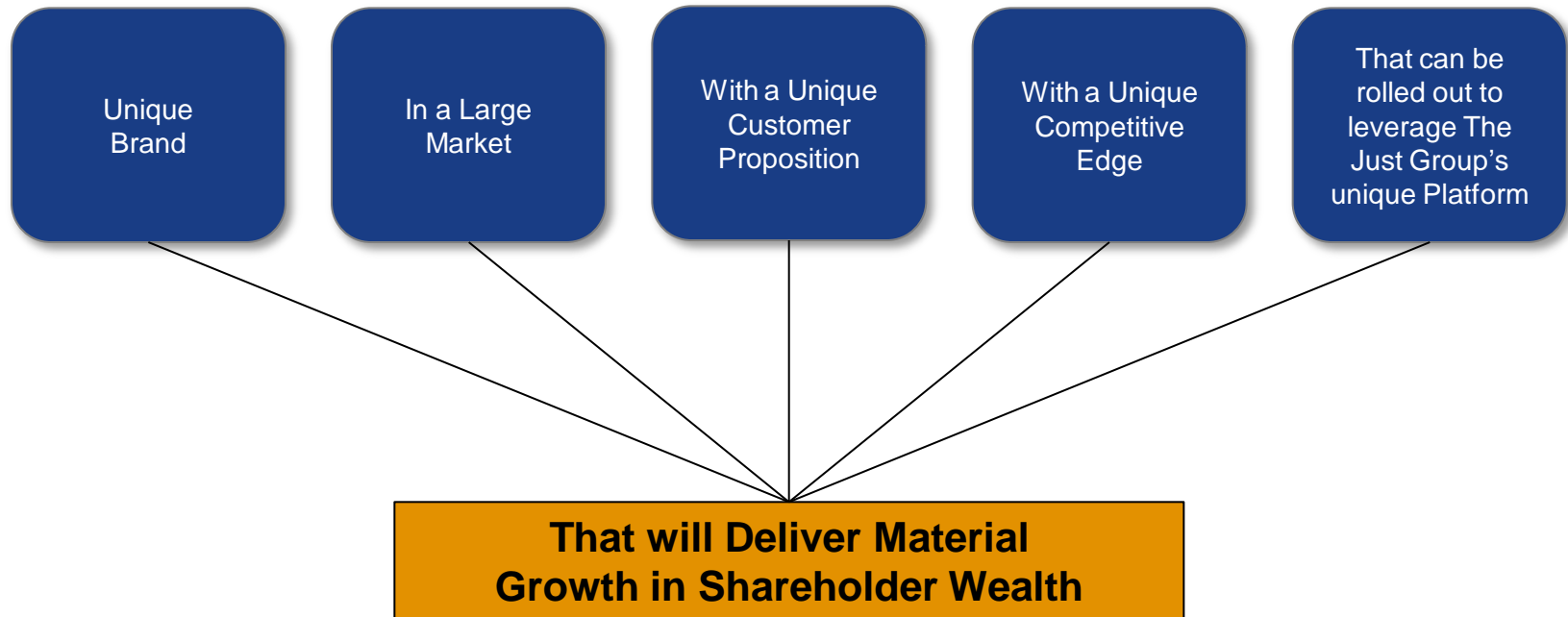
- Unique brand in highly attractive market
- High performing brand under represented in Australia and New Zealand
- Significant new store rollout of 30 - 50 stores over the next three years
- Singapore trial successful
- Significant growth opportunities in Singapore with 12 - 20 stores over the next two years
- Opportunity to expand throughout Asia in the next 2 - 4 years
- Opportunity to expand beyond Asia based on market dynamics in the next 3 - 5 years
- High margin brand with opportunities for gross margin expansion through volume sourcing and GP mix to the total company

Acquisitions & Growth Outside Core Just Group Assets

THREE CATEGORIES OF OPPORTUNITIES EXIST

Premier Investment Opportunities

Category 1 - Build or acquire new brands into the retail market that have the following characteristics



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Premier Investments Opportunities

Category 2 – Opportunistic Acquisitions

- Opportunistic acquisitions where the unique combination of Premier Investments balance sheet and Just Group's Management can provide material shareholder growth

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Premier Investment Opportunities

Category 3 – Rapid International Expansion of Smiggle

- Based on continued success in Singapore, the opportunity exists to accelerate the Asian expansion of Smiggle

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Summary of Premier Investments Opportunity

1. Build or acquire a unique brand and rollout leveraging Just Group's Platform
 2. Opportunistic acquisitions where the unique combination of Premier Investments balance sheet and Just Group's management can provide shareholder value
 3. Rapid international expansion of Smiggle
- ... Or a combination of the above

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Industry Structure Price Pressures & Strategies for Profit Growth

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KEY INDUSTRY PRICE PRESSURE

Sourcing
- China price inflation

Wage Increase
- EBA

Rent Increase
- Landlord model

Debt

New Competitors:
Online, Zara, Top Shop

SPECIFIC OFFSETTING STRATEGY

- Move core programs to North or West China
- Consolidate vendors
- Trial emerging markets – Bangladesh, Vietnam and Cambodia
- Volume increases in growth brands to offset any price increase

- Company wide Cost Efficiency Program
- Labour force / sales scheduling to provide material efficiencies
- Workforce mix to provide material efficiencies

- Company wide Cost Efficiency Programme
- Continue to close marginal stores – future negotiations based on Centre actual performance
- Close up to 50 loss making stores
- New store growth in unique assets that are attractive to landlords
- Smiggle Singapore and international growth a viable option to Australia
- Peter Alexander Asian expansion offers viable alternative to Australia
- On-line growth a viable distribution model to store roll-out

Premier Investments has significant balance sheet flexibility

- All brands online by September 2011
- All Just Group brands are proprietary and cannot be sold at a cheaper price
- Intensive focus on building up local merchandising capabilities that will enable us to read and respond to local market conditions better than international retailers
- We have a large existing store network that provides material growth opportunities as we improve product assortment

GENERAL PROFIT GROWTH STRATEGIES

Rejuvenate Core Brands

- Key new appointments, providing more focus on Brand, Gross Margin and sourcing
 - New Head of Jay Jays
 - New Head of Jacqui E
 - More focus on Dotti and Portmans
 - More focus on Just Jeans
- 15 - 30 new Peter Alexander stores in Australia
- 30 - 50 new Smiggle stores in Australia
- 12 - 20 new Smiggle stores in Singapore
- New Asian markets to be open

Gross Margin Expansion

- OTB margin in line with market forecasts (managing up not down)
- Growth brands have highest margin
- Volume increase to provide improved margin
- Improved group margin mix as Peter Alexander and Smiggle grow
- Markdown efficiency strategy to be implemented
- Local sourcing review
- All executives focussed on delivering to Australian customer

100 Point Plan: Organisation-Wide Cost Efficiencies

- 100 Point Plan – organisation-wide
- All projects identified
- Non merchandise procurement commenced for \$80 million of spend
- Material labour force efficiency with dedicated retail structure
- Proven track record of delivering
- Begins FY12 and continues FY 13, 14 & 15

The Three Horizons of Growth

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Premier Retail



Opportunity

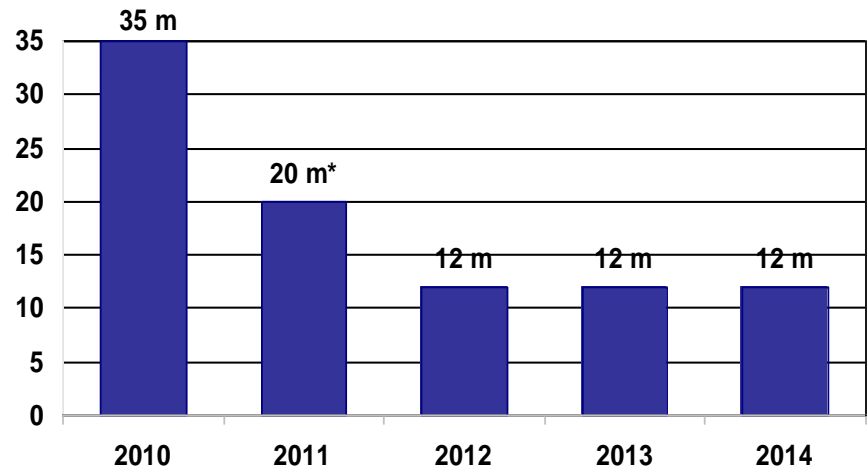
- Management Team built capable for opportunistic play
- Just Group on the path to EBIT growth, supporting Premier Investments growth
- Three opportunities for review and potential implementation
- Implementation of Premier Investment opportunities



Capital Management

1. Capex:

- Material reduction in Capex for Just Group whilst maintaining growth (excludes Premier acquisition opportunity)
- Institute a disciplined ROI culture to Capex Business Cases



*Subject to FY11 audit

2. Material Improvement in Cash Flow:

- Better inventory control
- OTB aligned to market sales – trading up, not down
- Trading term review through non-merchandise procurement vendors
- Trading term review local suppliers

The Bridge to FY12 Earnings Guidance

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FY12
Guidance

\$80m - \$95m

Gross Margin
Expansion

- OTB aligned to LFL sales
- Markdowns reduced by not overbuying
- Markdown Efficiency Program to begin
- Sourcing pressure eased by alternatives
- Gross margin expansion through growing brands Peter Alexander and Smiggle
- Company gross margin mix upside from core growth in higher margin brands

New Store Growth
Peter Alexander/ Smiggle

- + 8 more Peter Alexander stores
 - Canelands open Sept 2011
 - Whitford open September 2011
 - Geelong open Oct 2011
 - Marion open Oct 2011
 - Kotara open Nov 2011
 - 3 more in the final negotiation stage open 2nd half FY12
- + New Smiggle stores in Australia, all open October / November:
 - Pakenham - Liverpool
 - Traralgon - Albury
 - Mt Druitt - Canelands
 - Belconnen - Northlakes
 - Marion
- + 4 new Smiggle stores in Singapore
 - Bugis Junction open Sep 2011
 - 313 Somerset open Sep 2011
 - United Square open Jan 2012
 - Vivo open March 2012

LFL Sales Growth in
Line with Access Forecast

- + All brands to maintain market share in line with Access Economics
- + Opportunity for growth based on more merchants focussed on product sourcing, brand management and gross margin expansion

Material Cost Efficiencies
Offset all Price Increases

- + 100 Point Program
- + Non merchandise procurement begins
- + Material labour force efficiencies in place
- + Organisation-wide focus on efficiencies
- + All FY12 efficiencies complete and budgeted in

FY2011

\$64- \$66m*



*Subject to FY11 audit

Conclusion

- The Just Group has 7 iconic brands set for growth
- Premier Investments has the unique combination of a strong balance sheet and high performance management team to provide growth options
- The implementation of a 6 Point Profit Recovery Plan sets the Just Group business up to operate in a challenging market
- Premier Investments is well-placed to take advantage of acquisition opportunities
- With an industry under-pressure, the Just Group is uniquely poised to deliver EBIT growth

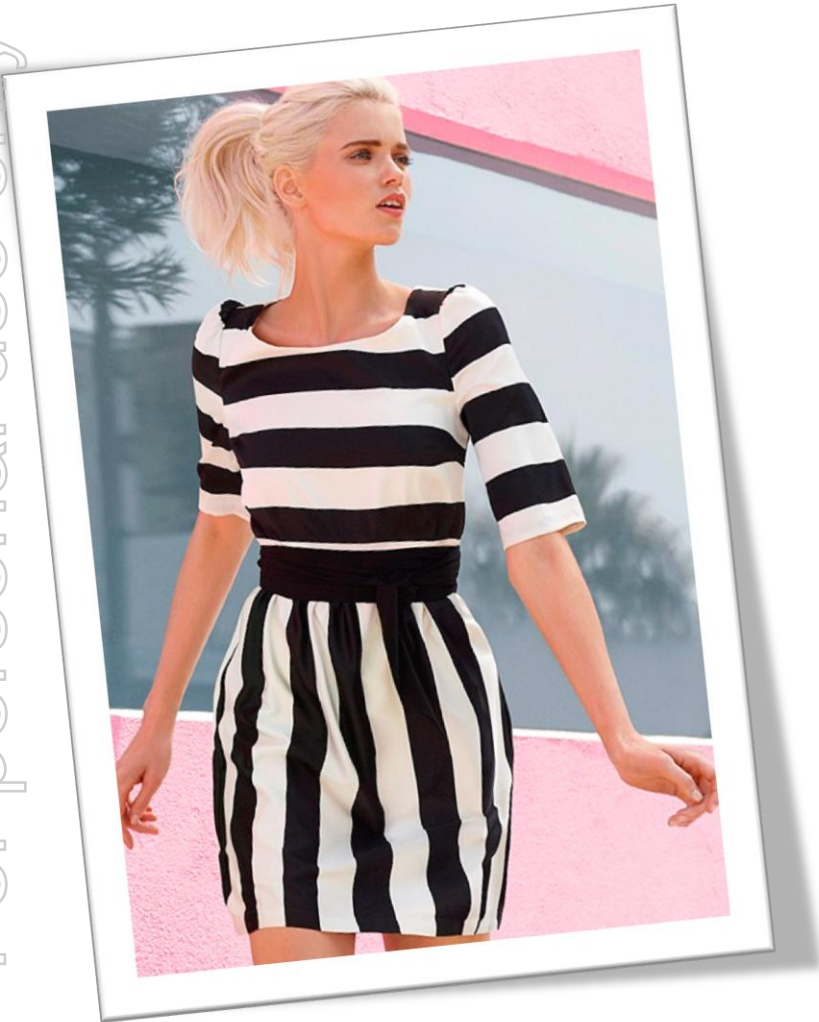


Appendix

BRAND SUMMARY

7 Unique Brands Set for Growth

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- Profitability in FY12
- Unique heritage position
- Unique female customer who likes clothes which are smart, simple and stylish
 - Second Job
 - City dressing heritage
 - International style at affordable prices
- Refocussed management team
- Right sized store portfolio for the brand

7 Unique Brands Set for Growth

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- Iconic heritage brand
- Fully rolled out
- First boutique fashion experience for young girls
- Fast / Up-to-date / Modern
- “The look” at affordable prices
- Local customer knowledge is everything
- David Bull our most senior Merchandising executive will now focus on Dotti and Portmans only

7 Unique Brands Set for Growth

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- Strong iconic brand
- Rolled out to all markets
- Unique market position for street fashion
- Youth street fashion at a price point
- Given the size and strength of the store network a good product/assortment can lead to market growth
- Appointed Deanna Moylan as brand leader to rebuild sourcing, branding and gross margin opportunities

7 Unique Brands Set for Growth

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- The heritage jean store
- Strong customer affiliation
- Strong brand
- Large store network with unique market position
- Current Management team building momentum under Kathy Cocovski
- Opportunity to build sourcing, branding and gross margin

7 Unique Brands Set for Growth

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- Career women
- Strong VIP Customer base
- Stylish / Aspirational / Affordable
- Strong city dressing heritage
- Unique space in the market
- Appointed Karen Russell to rebuild the brand, sourcing and gross margin opportunities

7 Unique Brands Set for Growth

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- Unique designer brand
- Dynamic, fast changing, fashionable, stylish, design lead
- Aspirational / Affordable / Accessible
- Unique position in a very attractive market
- Strong brand disciplines and unique in-store customer experience
- Unique material growth opportunities
- Strong sales and profit growth from relatively new Management Team lead by Julie Otter

7 Unique Brands Set for Growth

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- Unique brand
- Attractive industry structure
- Strong competitive position
- Unique customer focus
- Strong growth in Australia
- Strong growth in Singapore
- Unique opportunity for global expansion beginning in Asia
- Strong sales and profit growth lead by Tom Kimberley

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peteralexander



smiggle



Just Jeans



JayJays



JACQUI-E



portmans



dotti