

18 February 2011
Our Ref: AW:GH:10011

Mr Ian Craig
Company Announcements Office
National Stock Exchange of Australia Limited
Level 2, 117 Scott Street
Newcastle NSW 2300

By Facsimile and Email: 612 4929 1556 and ian.craig@nsxa.com.au

Dear Sir

ALF PIF Finance Limited Takeover Bid for all units in the Premium Income Fund

As you are aware, we act for ALF PIF Finance Limited (ACN 143 489 963) ("**ALF PIF**") in relation to its off-market takeover bid for all the units in the Premium Income Fund (ARSN 090 687 577) ("**PIF**") ("**the Offer**").

On behalf of ALF PIF, we enclose a copy of the notice of variation dated 18 February 2011 ("**Notice of Variation**"), extending the:

- (a) period during which the Offer will remain open pursuant to section 650C (1) of the *Corporations Act 2001 (Cth)* to 14 June 2011; and
- (b) varying the date for giving notice of the status of the defeating conditions of the Offer as required by section 630 (2) (b) of the *Corporations Act 2001 (Cth)* to 7 June 2011.

We are instructed to advise that:

- When the offer was first made ALF PIF had no relevant interest in PIF; and
- ALF PIF currently has an interest in 0.28% of PIF.

A copy of the Notice of Variation has been lodged with the Australian Securities and Investments Commission. The Notice of Variation will also be sent to the Premium Income Fund as well as each unitholder of the Premium Income Fund.

Yours faithfully
WHITTENS



Andrew Whitten
Solicitor Director

Nominated Adviser to the National Stock Exchange of Australia Limited

Liability limited by a scheme approved under the Professional Standards Legislation

ALF PIF Finance Limited (ACN 143 489 963)

Notice of Variation-Extension of Offer Period

To: Premium Income Fund (ARSN 090 697 577)
National Stock Exchange of Australia Limited ("**NSX**")
Australian Securities and Investments Commission ("**ASIC**")
Each person to whom the Offer was made under the takeover bid referred to in this notice.

Pursuant to section 650D (1) and 630(2)(b) of the Corporations Act 2001 (Cth) ("**the Corporations Act**"), ALF PIF Finance Limited ("**ALF PIF**") hereby gives notice that:

- (a) pursuant to section 650C (1) of the Corporations Act, it varies its takeover offer dated 8 July 2010 for all of the units in the Premium Income Fund ("**the Offer**") as announced on 17 May 2010 and outlined in its replacement bidder's statement dated 15 June 2010 ("**the Replacement Bidder's Statement**") by extending the period during which the Offer will remain open so that the Offer will now close at 7:00pm (AEDT) on 14 June 2011;
- (b) the new date for the purpose of giving notice of status of defeating conditions under section 630 of the Corporations Act will be 7 June 2011;
- (c) the Offer is varied by replacing:
 - (i) "28 February 2011" with "14 June 2011" in the table of important dates on page 2 of the Replacement Bidder's Statement and in Annexure 1, section 3 (a) of the Replacement Bidder's Statement (being the new closing date for the Offer unless further extended); and
 - (ii) "21 February 2011" with "7 June 2011" in Annexure 1 section 6.5 of the Replacement Bidder's Statement (being the new date for the purpose of giving notice of the status of the defeating conditions of the Offer, unless the Offer is further extended),

and making any and all corresponding changes in the Replacement Bidder's Statement and the Acceptance Form as and where required.

- (d) as at the date of this notice, so far as ALF PIF is aware, no defeating conditions of the Offer have been fulfilled, freed or waived.

Withdrawal Rights

In accordance with section 650E of the Corporations Act, as the extension of the Offer results in a total extension of the Offer Period by more than one (1) month, those PIF unitholders who have validly accepted the Offer on or before the date of this notice may withdraw their acceptance by giving notice to ALF PIF (**Withdrawal Notice**) within one (1) month beginning on the day after the date on which they receive this notice (**Withdrawal Period**).

PIF unitholders who withdraw their acceptance must return any offer consideration received for accepting the Offer. A Withdrawal Notice by a PIF unitholder withdrawing acceptance under section 650E of the Corporations Act must:

- if their securities are in a CHESS Holding:
 - be in the form of a valid originating message transmitted to ASTC by the Controlling Participant for that CHESS Holding in accordance with Rule 14.16.1 of the ASTC Settlement Rules; or
 - be in the form of a notice to ALF PIF setting out the information that ALF PIF requires to enable it to transmit a Valid Message to ASTC on behalf of the PIF Unitholder in accordance with Rule 14.16.5 of the ASTC Settlement Rules; and
- in any other case, be in writing to ALF PIF

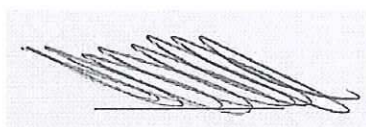
If a PIF unitholder is legally entitled to give, and does in fact give, a Withdrawal Notice within the Withdrawal Period, ALF PIF will before the end of 14 days after the day it is given the Withdrawal Notice:

- return to the PIF unitholder any documents that were sent by the PIF unitholder to ALF PIF with acceptance of the Offer; and
- if the PIF unitholder's securities are in a CHESS Holding, transmit to ASTC a Valid Message that authorises the release of the relevant securities from the Offer Accepted Subposition in which the securities have been reserved in accordance with Rule 14.16.3 or 14.16.5 of ASTC Settlement Rules (as appropriate).

A copy of this notice was lodged with ASIC on 18 February 2011. ASIC takes no responsibility for the contents of this notice.

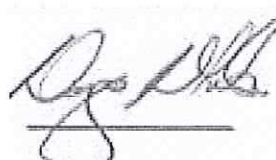
Date: 18 February 2011

Signed for and on behalf of ALF PIF Finance Limited by:



Michael Pakula

Chairman



Wayne Wheeler

Director