

Premium Income Fund

NSX Release: 11 July 2011



Capital raising

On 6 May 2011, Wellington announced a proposed rights issue and placement which was anticipated to raise up to \$33.9 million in capital for the Fund. \$7.55 million was raised by way of placement. The capital raised in the rights issue has been returned to Unitholders following orders by Justice Gordon in the Federal Court.

Wellington Capital as responsible entity of the Fund now proposes to undertake a further capital raising. The opportunity will be offered to both existing Unitholders and new investors in the Fund.

Wellington is currently in discussions with prospective underwriters in relation to the capital raising.

The units which will be offered will be a new class of units. The class will be issued in accordance with the Constitution of the Fund as it currently stands. The capital required will be determined once negotiations in relation to the sale of 50% of the Fund's interest in the trust that owns the 168 room Chifley Wollongong Hotel have been finalised.

Negotiations are well advanced in relation to the sale of 50% of the Funds interest in the trust that owns the Chifley Wollongong Hotel at valuation.

Chifley Wollongong Hotel

The Chifley Wollongong Hotel is a 168 room, four star hotel has been open for business since 1 September 2010. With first class fittings, it provides guests with a variety of amenities, including licensed dining, conference facilities, an indoor heated pool and fitness centre.

The hotel which is managed by the Constellation Hotel Group under their Chifley Brand, occupies a prime position in Wollongong. Located 1½ hour drive from Sydney on the scenic New South Wales south coast, the hotel is situated on Wollongong's foreshore adjacent to WIN Sports and Entertainment Centre. It is a short walk to Wollongong City beach, a variety of restaurants, cafes and shopping at Wollongong Central and Crown Street Mall. The sale price will be determined by reference to a valuation currently being undertaken of the Hotel as a going concern.

Legal Proceedings

In light of the Unitholders meeting scheduled for 14 July 2011, and the legal proceedings associated with that meeting, Wellington considers that it is desirable for all issues relating to the meeting to be resolved prior to the capital raising being progressed.

Wellington's managing director, Jenny Hutson, said:

'I have maintained a commitment to Unitholders that the Fund itself would not borrow. The Fund does, however, need capital so that the value of security assets can be optimised on sale. A higher sales price will result in greater available cash for distribution to Unitholders.'

Investors will be offered the opportunity to participate in the new capital raising. The capital raising will enable priority projects to be finalised and sold.'

I look forward to both current and new investors in the Fund participating. The amount required will be determined once negotiations in relation to the sale of 50% of the Funds holding in the trust that owns the Chifley Wollongong Hotel are finalised.'

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