

Premium Income Fund

NSX Release: 3 June 2013



Supplementary Explanatory Memorandum – 1 June 2013

Wellington Capital Limited as responsible entity of the Premium Income Fund advises the market and all Unitholders that a Supplementary Explanatory Memorandum dated 1 June 2013 has been despatched to all Unitholders.

A copy of the Supplementary Explanatory Memorandum follows this NSX Release.

The purpose of the Supplementary Explanatory Memorandum is to provide Unitholders with additional information in relation to the resolutions set out in the Notice of Meeting and Explanatory Memorandum dated 6 May 2013, which has come to the attention of Wellington Capital Limited as responsible entity of the Premium Income Fund in relation to the five resolutions set out in the Notice of Meeting and Explanatory Memorandum. **Both documents should be read together.**

Purpose of 6 June 2013 Unitholder meeting

At the meeting on 6 June 2013, Unitholders will be asked to vote to **adjourn** the substantive business of the meeting scheduled for 6 June 2013 to 14 June 2013. This adjournment is sought to give Unitholders additional time to consider the material contained in the Supplementary Explanatory Memorandum and to finalise their voting intentions in relation to the five resolutions set out in the Notice of Meeting and Explanatory Memorandum dated 6 May 2013.

Subject to approval on 6 June 2013, the adjourned meeting to consider the resolutions will be held at 11.00am on 14 June 2013 at Rooms M1 and M2, Brisbane Convention and Exhibition Centre, Cnr Merivale and Glenelg Streets, Southbank, South Brisbane, Queensland.

The Supplementary Explanatory Memorandum which has been despatched to all Unitholders, is accompanied by a pink Proxy Form.

If after reading the attached Supplementary Explanatory Memorandum, you make a decision that you do not wish to change your vote, you do not need to do anything. If you have already lodged a Proxy Form, it will be valid for the business to be considered at the adjournment of the meeting proposed for 14 June 2013.

If you make a decision that you wish to change your vote, you may do so by lodging a further Proxy Form. All Unitholders have been sent a copy of the Supplementary Explanatory Memorandum together with a further pink Proxy Form for that purpose. If you have not yet lodged a Proxy Form, you may use either the yellow Proxy Form or the pink Proxy Form.

If you lodge more than one Proxy Form, the last Proxy Form lodged by you will automatically revoke the earlier Proxy Form. If you attend the meeting in person and have lodged a Proxy Form, the Proxy Form will be suspended.

Your vote is important

Unitholders who are unable to attend the meeting in person should ensure that their Proxy Form is received by the Fund's registry at least 48 hours before the meeting date.

Unitholders are encouraged to vote by completing and returning their Proxy Form in the reply paid envelope provided, by fax or by email as follows:

**Armstrong Registry Services
Reply Paid 897
Brisbane Qld 4001**

Fax: 1300 854 893

Email: pif@armstrongregistries.com.au

For further information please contact:

Jenny Hutson
Managing Director
Wellington Capital Limited
as responsible entity of the Premium Income Fund
ACN 114 248 458 AFSL 291 562

Phone: 1300 854 885

Email: investorrelations@newpif.com.au



SUPPLEMENTARY EXPLANATORY MEMORANDUM

In relation to the Notice of Meeting and Explanatory Memorandum dated 6 May 2013 for the meeting of Unitholders of the Premium Income Fund to be held at:

Meeting Date:	6 June 2013
Time:	11.00am
Location:	Brisbane Convention and Exhibition Centre Cnr Merivale and Glenelg Streets, South Bank, Brisbane

*At this meeting, Unitholder approval will be sought to **adjourn** consideration until 14 June 2013 of the substantive business of the meeting, being the 5 resolutions set out in the Notice of Meeting and Explanatory Memorandum dated 6 May 2013 to enable Unitholders to consider this Supplementary Explanatory Memorandum dated 1 June 2013, to:*

Proposed Adjourned Meeting Date:	14 June 2013
Time:	11.00am
Location:	Brisbane Convention and Exhibition Centre Cnr Merivale and Glenelg Streets, South Bank, Brisbane

This document supplements, and must be read together with, the Notice of Meeting and Explanatory Memorandum dated 6 May 2013

**PLEASE READ THE INFORMATION CAREFULLY.
IT RELATES TO YOUR INVESTMENT IN THE PREMIUM INCOME FUND**

If you are in doubt about the Resolutions, you should contact your professional adviser or call the Wellington Hotline on 1300 854 885.



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IMPORTANT NOTICE

What is this document?

This Supplementary Explanatory Memorandum has been prepared and is issued by Wellington Capital Limited as the responsible entity of the Premium Income Fund.

This Supplementary Explanatory Memorandum supplements, and must be read together with, the Notice of Meeting and Explanatory Memorandum dated 6 May 2013 which was distributed to all Unitholders, and is available electronically at www.wellcap.com.au.

Questions

If you have any questions about your holding of Units or the Resolutions, please contact the Wellington Hotline on 1300 854 885, email Wellington Capital at investorrelations@newpif.com.au, or consult your own professional adviser.

Responsibility

Wellington Capital as responsible entity of the Premium Income Fund has prepared this document.

Date

This Supplementary Explanatory Memorandum is dated 1 June 2013.

No investment advice

The information contained in this Supplementary Explanatory Memorandum does not constitute financial product advice, and has been prepared without reference to Unitholders' particular investment objectives, financial situation, taxation position, and needs. It is important that you read the Supplementary Explanatory Memorandum and the Notice of Meeting and Explanatory Memorandum dated 6 May 2013 in their entirety before making any decision on how to vote on the Resolutions. If you are in any doubt, you should consult your professional adviser or call the Wellington Hotline on 1300 854 885.



KEY DATES

4 June 2013 7.00pm	Entitlement time and date for determining eligibility to vote at the Meeting, for the purposes of Corporations Regulation 7.11.37.
6 June 2013 11.00am	Meeting to be held in Room M1 and M2, Brisbane Convention and Exhibition Centre, Corner Merivale and Glenelg Streets, South Bank, Brisbane. At this meeting, Unitholder approval will be sought to adjourn the substantive business of the meeting being the five resolutions set out in the Notice of Meeting and Explanatory Memorandum dated 6 May 2013 to 14 June 2013.
12 June 2013 7.00pm	If the meeting is adjourned by Unitholders on 6 June 2013, 7.00pm on 12 June 2013 will be the: Latest date and time for receipt of proxy forms for the adjourned Meeting. Unitholders may return either the yellow proxy or the pink Proxy Form.
14 June 2013 11.00am	Adjourned Meeting of Unitholders to be reconvened to be held in Room M1 and M2, Brisbane Convention and Exhibition Centre, Corner Merivale and Glenelg Streets, South Bank, Brisbane.

All references to time in this Supplementary Explanatory Memorandum are to Brisbane time. This timetable is indicative only.

Unitholders should be aware that Wellington Capital will seek a trading halt from NSX on 14 June 2013 whilst the adjourned meeting is held. It is anticipated that trading will recommence once the results of the meeting have been released to the NSX.

Wellington Capital reserves the right to vary the timetable set out above, and will notify Unitholders of any changes on its website: www.wellcap.com.au.



LETTER TO UNITHOLDERS



1 June 2013

Dear Unitholder

PROPOSED ADJOURNMENT OF 6 JUNE 2013 MEETING TO 14 JUNE 2013

I am pleased to provide you a Supplementary Explanatory Memorandum. This document is additional to the Notice of Meeting and Explanatory Memorandum dated 6 May 2013 and must be read in conjunction with it. This document relates to the meeting of Unitholders of the Premium Income Fund which is sought to be held on 6 June 2013 and which it is proposed be adjourned to 14 June 2013.

This material provides additional information to that enclosed in the Notice of Meeting and Explanatory Memorandum dated 6 May 2013 including information that has come to the attention of Wellington Capital since that date. It is provided to assist you in making an informed decision in relation to the five resolutions proposed.

It is the recommendation of each of the directors of Wellington Capital that you **vote for** each of the proposed resolutions.

If all Resolutions are passed, the following will occur:

- all of the remaining assets of the Premium Income Fund (except existing Shares held in Asset Resolution Limited) will be transferred to Asset Resolution Limited in return for 188,721,784 Shares in Asset Resolution Limited;
- the Premium Income Fund will **cease trading on 14 June 2013** and be voluntarily delisted from the NSX on 28 June 2013;
- the Units in the Premium Income Fund will be bought back by the Fund and cancelled in exchange for 2 Shares in Asset Resolution Limited for each 5 Units in the Fund. This is scheduled to occur on 28 June 2013, following which the Fund will have no assets. The Fund will no longer be a managed investment scheme and application will be made for its deregistration;
- all Unitholders in the Fund will cease to be Unitholders, but will be shareholders in Asset Resolution Limited;
- all future cash payments arising out of or relating to the former assets of the Fund will be made by Asset Resolution Limited; and
- all Unitholders in the Fund who were Unitholders as at 15 October 2008 will have a contractual right to the proceeds of the legal proceedings referred to as the PIF Claims. All Unitholders who became Unitholders after 15 October 2008 will have no right to the proceeds of the legal proceedings referred to as the PIF Claims.

Recommendation

The directors of Wellington Capital have reviewed the proposed Resolutions and recommend that Unitholders **vote for all of the Resolutions**.



LETTER TO UNITHOLDERS

Your Proxy Form

If after reading the material provided in this Supplementary Explanatory Memorandum you make a decision that you do not wish to change your vote, you do not need to do anything.

If you have already lodged a Proxy Form it will be valid for the business to be considered at the adjournment of the meeting proposed for 14 June 2013.

If you make a decision that you wish to change your vote, you may do so by lodging a further Proxy Form. Included with this Supplementary Explanatory Memorandum is a pink Proxy Form for that purpose.

If you have not yet lodged a Proxy Form, you may use either the yellow Proxy Form or the pink Proxy Form.

If you lodge more than one Proxy, the last Proxy Form lodged by you will automatically revoke the earlier proxy. If you attend the meeting in person and have lodged a Proxy Form, the proxy appointment will be suspended.

Your vote is important

At the meeting on 6 June 2013, Unitholders will be asked to vote to adjourn the substantive business of meeting scheduled for 6 June 2013 to 14 June 2013. This adjournment is sought to give Unitholders additional time to consider the material contained in this Supplementary Explanatory Memorandum and to finalise their voting intentions in relation to the five Resolutions set out in the Notice of Meeting dated 6 May 2013.

Subject to approval on 6 June 2013, the adjourned meeting to consider the Resolutions will be held at 11.00am on 14 June 2013 at rooms M1 and M2, Brisbane Convention and Exhibition Centre, Corner Merivale and Glenelg Streets, South Bank, Brisbane, Queensland.

Unitholders are encouraged to vote by completing and returning the **enclosed Pink Proxy Form** in the reply paid envelope provided, by fax or by email, or alternatively to attend the Meeting itself. Proxy Forms must be received no later than 11.00am on 12 June 2013 to be valid.

Further information

If you have any questions in relation to the Meeting, please contact the Wellington Hotline on 1300 854 885 or email Wellington Capital at investorrelations@newpif.com.au.

Yours sincerely

A handwritten signature in black ink that reads "Jenny Hutson." The signature is written in a cursive style.

Jenny Hutson
Chair
Wellington Capital Limited





VOTING & ELIGIBILITY

Quorum

The quorum necessary for the Meeting is two Unitholders present at all times during the Meeting.

Resolutions to be considered

How to vote

To vote on the Resolutions, you may either:

- complete the enclosed pink Proxy Form or the yellow Proxy Form and return it to Wellington Capital or Armstrong Registry Services no later than 11.00am on 12 June 2013; or
- attend the adjourned Meeting (subject to it being held at rooms M1 and M2, Brisbane Convention and Exhibition Centre, Cnr Merivale and Glenelg Streets, South Bank, Brisbane, Queensland) on 14 June 2013 at 11.00am.

Details of how to complete the Proxy Form are set out on the form itself.

If you have already lodged a yellow Proxy Form and after considering the material contained in this Supplementary Explanatory Memorandum:

- **wish to change your vote:** you will need to return a Proxy Form to Wellington Capital or Armstrong Registry Services no later than 11.00am on 12 June 2013;
- **do not wish to change your vote:** you do not need to do anything. Your existing previously lodged yellow Proxy Form is still valid and will be counted in the adjourned meeting proposed to be held on 14 June 2013.

Voting intentions of the Chair

The Chair intends to vote any undirected proxies appointing the Chair as proxy in favour of the Resolutions.

Voting

Majority required

Resolution 1	is an ordinary resolution which must be passed by at least 50% of total votes cast by Unitholders entitled to vote on the Resolution. Resolutions 2, 3, 4 and 5 must also be passed for Resolution 1 to take effect.
Resolution 2	is a special resolution which must be passed by at least 75% of total votes cast by Unitholders entitled to vote on the Resolution. Resolutions 1, 3, 4 and 5 must also be passed for Resolution 2 to take effect.
Resolution 3	is a special resolution which must be passed by at least 75% of total votes cast by Unitholders entitled to vote on the Resolution. Resolutions 1, 2, 4 and 5 must also be passed for Resolution 3 to take effect.
Resolution 4	is an ordinary resolution which must be passed by at least 50% of total votes cast by Unitholders entitled to vote on the Resolution. Resolution 1, 2, 3 and 5 must also be passed for Resolution 4 to take effect.
Resolution 5	is an ordinary resolution which must be passed by at least 50% of total votes cast by Unitholders entitled to vote on the Resolution. Resolution 1, 2, 3 and 4 must also be passed for Resolution 5 to take effect.



Entitlement to vote

All Unitholders recorded on the register at 7.00pm on 4 June 2013 are entitled to attend and vote at the Meeting and the adjourned Meeting proposed for 14 June 2013. Transfers registered after this time will be disregarded in determining entitlements to vote at the Meeting.

Jointly held interests

If an interest in the Fund is held jointly, and more than one Unitholder votes in respect of that interest, only the vote of the Unitholder whose name appears first in the register of Unitholders will be counted.

Appointment of proxy

If you are entitled to vote at the Meeting, you have the right to appoint a proxy. A Proxy Form is enclosed with this Supplementary Explanatory Memorandum. You can use this pink Proxy Form or the yellow Proxy Form enclosed with the Notice of Meeting and Explanatory Memorandum dated 6 May 2013. The proxy does not need to be a Unitholder in the Fund.

Instructions regarding completion of the Proxy Form are set out on the form.

Corporate Representative

If a representative of a corporate Unitholder or proxy is to attend the meeting you will need to provide the appropriate 'Certificate of Appointment of Corporate Representative' prior to admission to the meeting.

A form of the certificate may be obtained from Armstrong Registry Services Pty Ltd on request.

Questions

If you have any questions regarding the Meeting, please contact the Wellington Hotline on 1300 854 885 or by email at investorrelations@newpif.com.au.

Unitholders can vote by proxy or in person. Your proxy form should be:

POSTED TO: Armstrong Registry Services Pty Ltd
Reply Paid 897
BRISBANE QLD 4001

OR FAXED TO: +617 3231 0099

OR DELIVERED TO: Level 22, 307 Queen Street
BRISBANE QLD 4000

OR EMAILED TO: pif@armstrongregistries.com.au



EXPLANATORY MEMORANDUM

OVERVIEW

Summary

Consistent with its aim to investigate opportunities which are in the best interests of Unitholders, Wellington Capital entered into a conditional Security Sale Agreement with Asset Resolution Limited on 18 April 2013 to sell the assets of the Fund (except existing Shares held in Asset Resolution Limited), in exchange for the issue of 188,721,184 Asset Resolution Limited shares. This agreement is subject to approval by Unitholders.

The Resolutions proposed in the Notice of Meeting and Explanatory Memorandum dated 6 May 2013 also involve the delisting of the Premium Income Fund from the NSX and amendments to the Constitution to insert a power of attorney clause into the Constitution to enable all Units in the Premium Income Fund to be bought back and cancelled in exchange for 2 Shares in Asset Resolution Limited for each 5 Units held in the Premium Income Fund.

A Proceeds Payment Deed was also entered into on 18 April 2013. This Deed will ensure that the proceeds from all PIF Claims are paid to Asset Resolution Limited for payment to Unitholders who were Unitholders on 15 October 2008.

Supplementary information

A Notice of Meeting and Explanatory Memorandum was issued to Unitholders on 6 May 2013. This Supplementary Explanatory Memorandum has been issued to provide further detail on material information which has come to the attention of Wellington Capital in relation to the five Resolutions set out in the Notice of Meeting and Explanatory Memorandum dated 6 May 2013. Both documents should be read together.

Unless the context requires otherwise, terms defined in the Notice of Meeting and Explanatory Memorandum dated 6 May 2013 have the same meaning in this Supplementary Explanatory Memorandum.

This document will prevail in the event of any inconsistency with the Notice of Meeting and Explanatory Memorandum dated 6 May 2013.

The directors of Wellington Capital have reviewed the proposed Resolutions as set out in this Supplementary Explanatory Memorandum and recommend that Unitholders vote in favour of all of the Resolutions.



1. RESOLUTION 1

Ordinary Resolution 1: Approval of Sale of Main Undertaking of the Fund

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

'That subject to and conditional on Resolutions 2, 3, 4 and 5 being approved and in accordance with Listing Rule 6.42, Unitholders approve by way of ordinary resolution the sale of all assets of the Premium Income Fund (except existing Shares held in Asset Resolution Limited) to Asset Resolution Limited in return for 188,721,784 shares in Asset Resolution Limited being issued to Perpetual Nominees Limited, the custodian of the Premium Income Fund.'

Resolution 1 is interdependent on Resolutions 2, 3, 4 and 5. This means that Resolutions 2, 3, 4 and 5 must be passed for Resolution 1 to have effect.

Supplementary material

The following information is hereby provided to supplement the Notice of Meeting and Explanatory Memorandum dated 6 May 2013.

1.7 Announcements made to NSX

The following information supplements section 1.7 of the Notice of Meeting and Explanatory Memorandum dated 6 May 2013 and they should be read together:

All announcements made to NSX since 3 May 2013 are set out below. Copies are available from the NSX website www.nsx.com.au, the Wellington Capital website www.wellcap.com.au, or free of charge upon request. These announcements are incorporated by reference into the Supplementary Explanatory Memorandum. As the Fund is listed on NSX any further announcements concerning the Fund will be announced to Unitholders and the market via the NSX.

Date	Title	Summary
3 May 2013	Notice of Meeting - 6 June 2013	Notice of Meeting and Explanatory Memorandum was issued by Wellington Capital Limited as the responsible entity of the Premium Income Fund. It contained details about the general meeting and about the Resolutions to be considered by Unitholders.
28 May 2013	Wellington Capital to seek Special Leave to Appeal to the High Court of Australia	Notice that Wellington Capital Limited will seek leave to appeal the decision of the full court of the Federal Court to the High Court of Australia.
28 May 2013	Full Court of the Federal Court Decision	Notice to advise Unitholders and the market in relation to the decision of the full court of the Federal Court. The notice explained that Asset Resolution Limited shares remain the property of Unitholders, that the decision did not affect Unitholders, Wellington Capital Limited as the Responsible Entity or the operation of the Fund, and that there is no impact on the implementation of the proposed resolutions that are the subject of the extraordinary general meeting on 6 June 2013.
29 May 2013	Full Court of the Federal Court Orders and Judgement	Notice as to the availability online of the judgement handed down in <i>Australian Securities and Investments Commission v Wellington Capital Limited [2013] FCAFC 52</i> and the orders made by the Court.



31 May 2013	Asset Resolution Limited accounts for the period ending 31 December 2012	On 16 May 2013 Asset Resolution Limited's accounts for the half year ending 31 December 2012 were made available publicly. A copy has been released to NSX.
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1.11 Proforma Balance Sheet of Asset Resolution Limited

Section 1.11 of the Notice of Meeting and Explanatory Memorandum dated 6 May 2013 should be disregarded and substituted with the following information:

Asset Resolution Limited has prepared, and had audit reviewed, financial statements for Asset Resolution Limited for the period ending 31 December 2012. These financial statements, a full copy of which is available on the NSX or Wellington Capital website, were made publicly available on 16 May 2013.

Asset Resolution Limited's assets as at 31 December 2012 are solely comprised of assets acquired from the Premium Income Fund on 5 September 2012 for \$90.75 million and on 19 December 2012 for \$16.39 million as disclosed to Unitholders in releases made to the NSX on those dates.

A reformulated proforma Balance Sheet for Asset Resolution Limited, taking into account the accounts of Asset Resolution Limited as published on 16 May 2013, is set out below.

The reformulated proforma Balance Sheet for Asset Resolution Limited has been prepared by Wellington Capital to provide investors with information relating to the performance of Asset Resolution Limited. The information is derived from publicly available information. It does not address the rights attaching to the shares to be issued, nor the risk associated with the holding of those shares. If underlying assumptions prove inaccurate or unknown risks or uncertainties materialise, actual results could vary materially from expectations and projections.

The reformulated proforma Balance Sheet set out below is based upon best estimate assumptions. If events and circumstances do not occur as anticipated, actual results will differ from the proforma. The recoverability of assets and mortgage loans and the underlying security assets are subject to many external factors which can materially impact financial performance. Accordingly the proforma Balance Sheet position of Asset Resolution Limited is not an indication as to the value of the actual assets that will be realised by Asset Resolution Limited.



ASSET RESOLUTION LIMITED

PRO-FORMA BALANCE SHEET

28 June 2013
(proforma)

ASSETS

Cash and cash equivalents	1,356,838	(1)
Receivables	7,437,935	(2)
Other financial assets	104,986	(3)
Financial assets held at fair value through profit or loss	1,561,700	(4)
Mortgage loans	54,759,100	(5)

TOTAL ASSETS	65,220,559	
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LIABILITIES

Payables	3,390,301	(7)
Accrued expenses	328,509	(8)
Unearned income	2,545	(9)
Other payables	25,145	(10)

TOTAL LIABILITIES	3,746,500	
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NET ASSETS	61,474,059	
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SHAREHOLDERS FUNDS

Issued capital	127,760,000	(11)
Retained earnings	(66,285,941)	(12)

TOTAL EQUITY	61,474,059	
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Shares issued:	1,169,270,556	
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Net asset backing per Asset Resolution Limited share **5.26 cents**

Notes to the Explanatory Memorandum

Note 1: Cash and cash equivalents

The cash balance in the pro forma balance sheet is as reported by Asset Resolution Limited in its half yearly audit reviewed accounts as at 31 December 2012.

Note 2: Receivables

Receivables is comprised of:

- \$137,935 as reported by Asset Resolution Limited at 31 December 2012; and
- \$7.3 million assigned under the proposed Security Sale Agreement dated 18 April 2013.

Note 3: Other Financial Assets

As reported by Asset Resolution Limited in its accounts for the period ending 31 December 2012.

Note 4: Financial assets held at fair value through profit or loss

As reported by Asset Resolution Limited in its accounts for the period ending 31 December 2012.



Note 5: Mortgage Loans

Set out below is a reconciliation of the carrying value of the mortgage loans in the proforma balance sheet:

	\$	\$
Market value as agreed between Asset Resolution Limited and the Premium Income Fund for the transfer of the relevant assets which was announced to the NSX on 5 September 2012. This amount was assessed to be the market value as agreed between the parties.	90,750,000	
Market value as agreed between Asset Resolution Limited and the Premium Income Fund for the transfer of the relevant assets which was announced to the NSX on 19 December 2012. This amount was assessed to be the market value as agreed between the parties.	16,390,000	107,140,000
Impairment		(51,735,000)
		55,405,000
Additional impairment by Asset Resolution Limited per accounts 31 December 2012		(12,404,200)
Carrying value at 31 December 2012		43,000,800
Value assigned under agreement proposed 18 April 2013		11,758,300
Pro-forma carrying value at 30 June 2013		54,759,100

Note 6: Assets to be sold to Asset Resolution Limited if Resolution 1 is approved

	\$
Receivables	7,300,000
Financial assets held at fair value through profit or loss	1,561,700
Mortgage Loan assets	11,758,300
Total	20,620,000

Note 7: Payables

As reported by Asset Resolution Limited in its accounts for the period ending 31 December 2012.

Note 8: Accrued expenses

As reported by Asset Resolution Limited in its accounts for the period ending 31 December 2012.

Note 9: Unearned income

As reported by Asset Resolution Limited in its accounts for the period ending 31 December 2012.

Note 10: Other Payables

As reported by Asset Resolution Limited in its accounts for the period ending 31 December 2012.

Note 11: Shareholders' fund – issued capital

Share issue reconciliation:	Number	Amount
Shares issued 5 September 2012.	830,532,768	90,750,000
Shares issued 19 December 2012.	150,025,399	16,390,000
Proposed share issue 18 April 2013.	188,712,389	20,620,000
	1,169,270,556	127,760,000



Note 12: Reconciliation of impairment

	\$
Asset Resolution Limited write-down of value assigned under agreement at acquisition prior to preparation of 31 December 2012 accounts.	(51,735,000)
Asset Resolution Limited reported losses 31 December 2012	(14,550,941)
	<u>(66,285,941)</u>

Net Asset Backing per Asset Resolution Limited Share

The net asset backing per Asset Resolution Limited share as set out in the proforma Balance Sheet is 5.26 cents per share. This net asset backing per share is, in the view of the directors of Wellington Capital, the best estimated value of a share in Asset Resolution Limited as it is an unlisted public company.

The directors of Asset Resolution Limited have significantly impaired the assets acquired by the Company on 5 September 2012 and 20 December 2012 in the financial accounts for the period ended 31 December 2012.

It remains the view of the directors of Wellington Capital that the transaction is in the best interests of Unitholders and represents the best value outcome available. Unitholders in the Fund have an indirect economic interest as Unitholders in the Fund or as shareholders in Asset Resolution Limited in the assets the subject of the Security Sale Agreement.

Wellington Capital is of the view that Asset Resolution Limited's board and advisers will bring to the assets acquired from the Fund its access to a global network through its team which is experienced in the optimal realisation of mortgage loans and other security assets similar to those of the Fund and that Asset Resolution Limited will manage and realise the acquired assets in a value maximising manner. As assets are realised, Asset Resolution Limited will make a return to shareholders.



1.13 Important Key Issues

The following information is in addition to section 1 of the Notice of Meeting and Explanatory Memorandum dated 6 May 2013 and should be read in addition to the material already provided:

The following table sets out the important difference between holding shares in Asset Resolution Limited which will occur if all Resolutions are passed and holding a unit in the Premium Income Fund which will continue to occur if the Resolutions are not passed.

Issue	Company – Asset Resolution Limited	Registered Managed Investment Scheme – Premium Income Fund
Members	Shareholders in the Company	Unitholders in the registered Managed Investment Scheme.
Governing Documents	Constitution	Constitution and Compliance Plan
Management	Board of Directors elected by shareholders	Responsible Entity which must be a public company with at least three directors that is licensed by ASIC.
Licensing under the Corporations Act	Not applicable	Responsible Entity must hold an Australian Financial Services Licence and be authorised to operate the Fund
Asset ownership	Legal entity owns its assets and all of its corporate assets are vested in it	Responsible Entity has the legal title to the Fund assets (subject to the beneficial interest of the unit holders). The Fund property is held in trust for present and future unitholders and separated from other assets.
Interests	Shareholders own a share in the Company	Unit holders hold an interest in the Fund which does not confer any interest in any particular part of the Fund or in any particular part of an asset, but only such interest in the Fund as a whole as is conferred on a Unit under the Constitution.
Financial Requirements	Not applicable	The Responsible Entity must meet the financial requirements stipulated by the Corporations Act.
Fiduciary and Other Duties	Directors and officers of the company are under obligations imposed by the <i>Corporations Act</i> and the general law in their dealings in respect of the company. They include duties to act in good faith and in the interests of the company and for proper purposes, to act with due care and diligence, not to fetter discretions, to avoid conflicts of interest and of duty, and to avoid taking improper profits or appropriating corporate property and opportunities. Those duties are owed to the company as a whole.	Section 601FC requires the Responsible Entity to comply with certain duties including duties to act honestly, exercise due care and diligence, act in the best interests of members (and where there is a conflict between the members' interests and those of the responsible entity to give priority to the members' interests), treat members who hold interests of the same class equally and those holding interests in different classes fairly, not use information acquired through being the responsible entity in order to gain an improper advantage for



Issue	Company – Asset Resolution Limited	Registered Managed Investment Scheme – Premium Income Fund
		<p>itself or cause detriment to members, ensure that the constitution and compliance plan comply with the requirements of the <i>Corporations Act</i>, comply with the compliance plan, ensure that scheme property is clearly identified and held separately from other property, ensure that scheme property is valued at regular and appropriate intervals, ensure that all payments out of scheme property are made in compliance with the constitution and the <i>Corporations Act</i>, report material breaches of the <i>Corporations Act</i> to ASIC and comply with the constitution. Section 601FD of the <i>Corporations Act</i> provides that directors and officers of the Responsible Entity owe duties to members of the scheme that are broadly analogous to the directors' duties set out in the left hand column as well as a duty to ensure that the responsible entity complies with the <i>Corporations Act</i>, its constitution, its compliance plan and any conditions placed on the responsible entity's AFSL. In addition, directors and officers of the Responsible Entity.</p>
Annual General Meeting	The company must hold an annual general meeting of shareholders	The Responsible Entity is not required to hold an annual general meeting of unitholders in the Fund.
Reporting	Disclosing Entity – must report to ASIC Information available via website www.arlimited.com.au	Disclosing Entity – must report to NSX and ASIC Continuous disclosure obligations as the Fund is listed on NSX. Information available via the NSX website www.wellcap.com.au
Liquidity	Shares are illiquid and can only be sold by private treaty	The Fund is considered relatively illiquid. Due to the current low volume of trading on the NSX there is currently minimal liquidity.
Diversification	The company gives shareholders greater diversity than the Fund as it has a wider diversity of assets. The assets of the company only comprise assets purchased from the Fund on 5 September 2012, 20 December 2012 and those the subject of this Resolution 1 being the remaining assets of the Fund proposed to be purchased.	



Issue	Company – Asset Resolution Limited	Registered Managed Investment Scheme – Premium Income Fund
Risks	<p>Operating history</p> <p>There can be no assurance that the Company can realise the assets profitably. While the Company aims to generate profits for shareholders, there is no assurance that the Company will be capable of producing positive cash flow on a consistent basis.</p> <p>Interest rate risk</p> <p>The risk that changes in interest rates may have an adverse impact on the capital value or income of a security asset.</p> <p>Company management risk</p> <p>The risk that the investment style, investment decisions or changes in personnel of the Company could impact the investment returns.</p> <p>Liquidity risk</p> <p>The risk that the Company's investments are illiquid.</p> <p>Regulatory risk</p> <p>The risk that changes in government policies, regulations and laws may affect the value or tax treatment of your investment in the Company or its assets or strategy.</p> <p>Exit risk</p> <p>As the Company's assets are illiquid and shares in the company illiquid, there is a risk that shareholders will not be able to sell their shares.</p>	<p>Documentation Risk</p> <p>Risk that deficiencies in documentation which have not been corrected in accordance with legal requirements could adversely affect returns on investment.</p> <p>Interest rate risk</p> <p>The risk that changes in interest rates may have an adverse impact on the capital value or income of a security.</p> <p>Manager risk</p> <p>The risk that the investment style, investment decisions or changes in personnel of the Responsible Entity could impact the investment returns of the Fund.</p> <p>Liquidity risk</p> <p>The risk that the Fund's investments are illiquid, or the Fund itself is illiquid.</p> <p>Mortgage Fund risk</p> <p>Risks specific to mortgage funds which could result in a decline in the value of an investment in the Fund.</p> <p>Regulatory risk</p> <p>The risk that changes in government policies, regulations and laws may affect the value or tax treatment of your investment in the Fund or its assets or strategy of the Responsible Entity.</p> <p>Exit risk</p> <p>As the Fund's assets are considered to be illiquid, there is a risk that unitholders will not be able to sell their units.</p>



1.14 Statement of Intentions

The following information is in addition to section 1 of the Notice of Meeting and Explanatory Memorandum dated 6 May 2013 and should be read in addition to the material already provided:

This section sets out Asset Resolution Limited's intentions in relation to:

- the assets transferred to Asset Resolution Limited on 5 September 2012 and 20 December 2012 (by which certain assets of the Premium Income Fund were transferred to Asset Resolution Limited in consideration for shares which were distributed to Unitholders); and
- the assets the subject of the Security Sale Agreement dated 18 April 2013.

These intentions are based on information regarding Asset Resolution Limited and the general business environment which is known to Wellington Capital at the time of preparation of this Supplementary Explanatory Memorandum.

Final decisions regarding these matters will only be made by Asset Resolution Limited in light of material information and circumstances at the relevant time. Accordingly, the statements set out in this section 1.14 are statements of current intention only, which may change as new information becomes available to Asset Resolution Limited or as circumstances change.

Some of the intentions noted in this section anticipate cost and revenue synergies of the combined assets that are not currently available to Asset Resolution Limited and the Fund assets in isolation. The extent and timing of these benefits is currently uncertain, and the ability of Asset Resolution Limited to manage the combined assets from the Fund will depend on, amongst other things, the results of an asset review.

The bringing together of all of the assets, to be managed by Asset Resolution Limited, offers a simplicity in management, and access to Asset Resolution Limited's global connections.

Rationale for the Security Sale Agreement

The Security Sale Agreement has been entered into by Wellington Capital and Asset Resolution Limited to enable Unitholders to benefit from increased connections and scale.

Unitholders will benefit from Asset Resolution Limited's access to global connections and significant access to external capital.

These benefits can be summarised as:

External capital: Asset Resolution Limited has the capacity to bring external capital to projects to maximise returns. In some circumstances, capital will enable the completion of and the obtaining of development approvals where it will maximise the value of underlying security assets.

Previous experience with similar assets and relatively superior outcomes: The Board of Asset Resolution Limited have significant background in the key issues of workout situations. In addition, Asset Resolution Limited has retained FTI and Castlereagh Capital to provide professional services to assist it in the realisation of value for the assets held by Asset Resolution Limited. FTI Consulting Inc. is a New York Stock Exchange listed company, headquartered in New York. FTI has a market capitalisation of approximately \$1.0 billion and annual turnover of approximately \$1.6 billion. As a global business advisory firm, FTI provides multi-disciplinary solutions to complex challenges and opportunities.

Among its diverse business segments, FTI has one of the world's leading restructuring and corporate turnaround services practice with specific expertise in real estate restructuring – ideally suited to maximising the realisation of the type of assets acquired from by the Premium Income Fund by ARL.

FTI has approximately 700 industry specialists in 80 different disciplines. In addition, FTI has 85 of the Fortune 100 corporations as clients, and was in Fortune's Top 10 Stocks of the Decade for 2010.

FTI operates in 24 countries, with over 3,800 employees and has built a vast and deep network in all areas of commerce. This network will be utilised to assist in the various steps in realising the value of acquired Premium Income Fund assets for ARL.



Castlereagh Capital is an independent Australian corporate advisory and investment management firm which was established in 2009. It specialises in distressed asset and workout situations.

The core areas of expertise of Castlereagh Capital are property and mortgages. Its role in the corporate advisory area includes analysis and reporting through to development and implementation of workout solutions.

The directors and senior executives of Castlereagh Capital have realised and/or worked out assets in excess of \$400 million and advised on corporate advisory transactions of gross assets in the range from \$2 million to \$550 million. It has also acted for trustees in realising assets exceeding \$100 million in the mortgage backed securities area.

Both firms have significant experience in managing and realising, in a value-maximising manner, assets similar to those underlying the mortgage loans to be acquired.

Global network: FTI operates in 24 countries, has over 3,800 employees, and has built a vast and deep network in all areas of commerce. This network will be utilised to assist in the various steps in realising value, for example by marketing the underlying security assets internationally. Both FTI and Castlereagh Capital have industry leading capabilities in relation to realisation of assets which are the security for mortgage loans.

A fresh approach: Asset Resolution Limited and its service providers bring a new approach to the task of realising the value of acquired assets for the benefit of stakeholders.

An expedient resolution: Asset Resolution Limited proposes to expediently realise in a value-maximising manner, the acquired assets.

Intentions on settlement of Security Sale Agreement

In the event that all Resolutions are passed by Unitholders and the Security Sale Agreement is settled, it is intended that Asset Resolution Limited would conduct a review of all assets held by Asset Resolution Limited on behalf of shareholders.

This will entail a full review of the assets by professional specialists and the determination of an asset by asset commercial strategy to expediently realise the assets in a value maximising manner for shareholders.

This strategy has already been implemented in relation to a number of the underlying security assets acquired by Asset Resolution Limited from the Fund on 5 September 2012 and 20 December 2012. Since that time the following assets have been realised:¹

- the manager's residence at Kooralbyn (based on a contract entered into by the Fund pre 4 September 2012) resulting in a net realisation of \$433,784;
- unit 201, Icon Port at gross price of \$485,000 (including GST);
- unit 301, Icon Port, at a gross price of \$550,000;
- unit 302, Icon Port, resulting in a net realisation of \$472,187;
- unit 303, Icon Port, at a gross price of \$575,000 (including GST);
- unit 306, Icon Port, at a gross price of \$585,000;
- unit 401 Icon Port, resulting in a net realisation of \$601,428;
- unit 404, Icon Port, at a gross price of \$670,000 (including GST);
- lot 66, The Forest Resort, at a gross price of \$89,000, with a 12 month settlement;
- lot 87, The Forest Resort, at a gross price of \$115,000 (including GST);
- lot 90, The Forest Resort, at a gross price of \$70,000, with a 12 month settlement;
- lot 93, The Forest Resort, at a gross price of \$128,000 with a 12 month settlement;
- land at Mission Beach, Far North Queensland, at a gross price of \$2,325,000 (excluding GST), on an unconditional basis, with 120 days settlement from 26 April 2013;
- land at Tweed Heads, New South Wales, at a gross price of \$3,750,000 (excluding GST), due for settlement on 8 October 2013.

1: Asset Resolution Limited, Interim Financial Report for the period ended 31 December 2012, Directors' Report, page 6



1.15 Additional Information in relation to the Fund's transactions with Asset Resolution Limited and why the proposed sale of assets to Asset Resolution Limited is in the Best interests of Unitholders

The following information is in addition to section 1 of the Notice of Meeting and Explanatory Memorandum dated 6 May 2013 and should be read in addition to the material already provided:

Why the Sale of Assets to Asset Resolution Limited is in the Best Interests of Unitholders

Wellington Capital's program of asset realisation and return of assets to unitholders has been communicated to investors and to the market through periodic reporting and market announcements to NSX.

Wellington Capital as responsible entity of the Fund is of the view that sale of assets to Asset Resolution Limited is in the best commercial interests of unitholders, having particular regard to the:

- regulatory and legal considerations relevant to the proposed transaction;
- the costs and benefits of the proposed transaction to the Fund's unitholders;
- the nature of the assets proposed to be sold to Asset Resolution Limited, and the skills and expertise of Asset Resolution Limited's directors and consultants; and
- alternative realisation strategies.

Wellington Capital considered that to realise the full value of these assets, it would be necessary to access other markets such as the off-shore market, or other sale structures. Wellington Capital does not have specialist expertise or contacts to do this.

Asset Resolution Limited has, through its board of directors, significant experience in tourism based leisure assets and banking and finance issues.

Asset Resolution Limited also has engaged as consultants FTI Consulting, a New York stock exchange listed company capitalised at approximately \$1 billion with annual turnover of \$1.6 billion, and Castlereagh Capital Limited. Both organisations are industry leaders.

Other Asset Sales to Asset Resolution Limited

A copy of the NSX Release made on 5 September 2012 in relation to the sale of \$90.75 million in assets is set out below together with the NSX release made on 19 December 2012 in relation to the sale of \$16.39 million in assets which is also set out below. The announcements identify the transaction highlights, value and the extent and experience of Asset Resolution Limited, its board and consultants and why Wellington Capital considered why each of these transactions were in the best interests of Unitholders.

NSX Release - Sale of Assets to Asset Resolution Limited – 5 September 2012

Wellington Capital Limited as responsible entity of the Premium Income Fund is pleased to announce that Asset Resolution Limited (**ARL**) has today acquired \$90.75 million in assets from the Premium Income Fund (**Fund**).

ARL is a well-credentialed special purpose company whose Board has both significant experience and connections in the optimal realisation of mortgage loans and leisure assets.

Transaction highlights

- Seven mortgage loans have been assigned to ARL together with the first ranking mortgages securing them and all incidental other securities;
- 60% of the debt relating to the security property known as The Forest Resort, and the whole of the first and second mortgage securities relating to The Forest Resort have been assigned to ARL (the Fund has retained the balance 40% of this loan, the guarantees and company charges as security for it);



- \$3.74 million has been transferred to ARL as a provision for outstanding rates, land tax, water charges and associated costs relating to the loans being assigned;
- all of the Fund’s interest in the ASIC compensation claim, the Class Action claim, and proof of debt in the liquidation of Octaviar Limited (In Liquidation) and Octaviar Administration Limited (In Liquidation) have been assigned to ARL.

Consideration

In consideration for the above assignment and transfers, the Fund has received 830,532,768 shares in ARL (being 100% of the issued capital of ARL), which it has then transferred to the Unitholders in the Fund. Each Unitholder in the Premium Income Fund has consequentially received by way of transfer a share in ARL for each Unit they hold in the Fund. This means that each Unitholder in the Fund is now a shareholder in ARL.

Expertise and Experience

ARL brings:

- **External capital:** ARL has the capacity to bring external capital to projects to maximise returns. In some circumstances, capital will enable the completion of and the obtaining of development approvals where it will maximise the value of underlying security assets.
- **Previous experience with similar assets and relatively superior outcomes:** The Board of ARL have significant background in the key issues of workout situations. In addition, ARL’s service providers FTI and KMQ have significant experience in managing and realising, in a value-maximising manner, assets similar to those underlying the commercial loans acquired.
- **Global network:** FTI operates in 24 countries, has over 3,800 employees, and has built a vast and deep network in all areas of commerce. This network will be utilised to assist in the various steps in realising value. KMQ has 7 partners and over 60 staff operating in Queensland. Both FTI and KMQ have industry leading capabilities.
- **A fresh approach:** ARL and its service providers bring a new approach to the task of realising the value of acquired assets for the benefit of stakeholders
- **An expedient resolution:** ARL will expediently realise in a value-maximising manner, the acquired assets.

Assets acquired by ARL

The mortgage loans and other assets that have been assigned to ARL are listed below, together with the market value of those assets, based on the carrying value of the Fund’s assets as at 31 December 2011:

Mortgage loan with secured property at	Mortgage security over property described as	Mortgage Loan Value and agreed market value 31 December 2011 carrying values
1500 Midland Highway, Creswick, Victoria *	144 room hotel and 18 hole golf course and residential land	\$24.60m
Routley Drive, Kooralbyn, Queensland	100 room hotel, golf course, school and residential land	\$20m
22 View Avenue, Surfers Paradise, Gold Coast, Queensland	104 rooms in Holiday Inn	\$19.05m
20-22 Mort Street, Port Macquarie	12 apartments at Icon Port Macquarie	\$9.8m
Lot 2 Explorer Drive, Mission Beach, Queensland	Land with development approval for tourist facility	\$6.35m
Dry Dock Road, Tweed Heads, New South Wales	Land with development approval	\$6.25m
507 – 523 Dalrymple Road and 9	Land with development approval	\$2.7m



Mortgage loan with secured property at	Mortgage security over property described as	Mortgage Loan Value and agreed market value 31 December 2011 carrying values
Thorn Street, Mt Louisa, Townsville, Queensland	lodged for residential subdivision	
11 Ridge Street, Nambucca Heads, New South Wales	Land with development approval for 11 apartments	\$2m
All interest in the:		
<ul style="list-style-type: none"> ▪ Class Action; ▪ ASIC compensation claim ▪ Proof of debt in Octaviar Limited (in liquidation) and Octaviar Administration Pty Ltd (in liquidation) 		
TOTAL AGREED MARKET VALUE (based on 31 December 2011 carrying values)		\$90.75 million
Cash (provision for land tax, rates and utilities charges associated with assets assigned)		\$3.74m

* 60% of this debt has been assigned to ARL. 40% has been retained by the Premium Income Fund.

Implications for Unitholders

As a result of this transaction, the Premium Income Fund received 830,532,768 ordinary shares in ARL, a special purpose unlisted public company. These shares in ARL have been transferred to Unitholders based on their Unitholding in the Premium Income Fund as at 4 September 2012. Each Unitholder in the Fund now owns shares in ARL on the basis of one ARL share for each Unit they hold in the Premium Income Fund. They also continue to own Units in the Premium Income Fund. Holding statements will be sent to each Unitholder shortly.

ARL will bring to the assets acquired from the Premium Income Fund, its access to a global network through a management team which is experienced in the optimal realisation of mortgage loans and leisure assets. ARL will manage and realise the acquired assets in a value-maximising manner. As assets are realised, ARL will make returns to shareholders. Upon realisation of all acquired assets and the payment of available returns to shareholders, ARL will cease to trade.

Wellington Capital Limited will continue to manage the balance assets of the Premium Income Fund, with a view to actively realising those security assets, and returning the proceeds to Unitholders as soon as possible.

Wellington Capital Limited believes that this transaction is in the best interests of Unitholders as:

- ✓ it will allow payment to be made to Unitholders by Wellington Capital Limited as responsible entity of the Fund in respect of the assets it manages
- ✓ it will allow payments to be made to shareholders by ARL as it realises and optimises the assets acquired
- ✓ ARL through FTI has access to FTI's global network, connections and experience for the benefit of shareholders
- ✓ ARL through KMQ has an experienced 'on the ground' team which has recent and significant experience in optimising leisure asset values

Board of ARL

The Board of ARL comprises commercial leaders with significant legal, banking, business turnaround and corporate governance experience. The Directors are Chairman, the Honorable David Beddall, Wayne Jenvey and Lindsay Johnston.



The Honourable David Beddall - Chairman

David Beddall was a Federal member in the Australian Parliament from 1983 to 1998. In this period, he held the portfolios of Minister for Resources, Minister for Communications and Minister for Small Business, Constructions and Customs.

David has served as President of the Franchisee Association of Australia Incorporated, as a Member of the Australian Competition & Consumer Commission Franchising Consultative Committee, as a National Councillor of the Australian Industry Group, and as Councillor - Queensland Executive Member (Branch Secretary & Treasurer) of the Australian Industry Group (Qld).

Since 1998, David has operated in the private sector with a series of directorships with public and private companies as well as not-for-profit industry organisations. He has further served as chairman of an ASX200 listed company.

Wayne Jenvey

Wayne Jenvey has over 20 years experience in corporate litigation, regulatory compliance, asset recovery and dispute resolution. Wayne is a partner at a prominent law firm where he heads the Commercial Litigation practice group in Brisbane.

Wayne is frequently involved in representing public companies, major banks, foreign entities and joint ventures in various superior court jurisdictions in relation to contractual disputes, shareholders' rights, intellectual property claims, banking and finance recoveries and enforcement procedures.

Wayne has been commonly called upon to provide advice in the areas of corporations law, contractual disputes and directors' duties and dealings with corporate regulators such as the Australian Competition and Consumer Commission (ACCC), the Australian Taxation Office (ATO) and the Australian Securities and Investments Commission (ASIC).

Wayne holds a Bachelor of Laws and Master of Laws. He is also a member of the Australian Institute of Company Directors (AICD) and is a nationally accredited mediator.

Lindsay Johnston

Lindsay Johnston has had over 16 years experience with the Bank of Queensland, where he held the title of General Manager of Credit.

Lindsay's specialties include credit risk, risk assessment, market risk and asset management. Lindsay brings an extensive wealth of banking experience to the ARL Board of Directors.

Lindsay holds a Bachelor of Business (Accounting) and a Masters of Business Administration (International Business)

ARL Resources and Implementation

ARL will utilise the advisory services of FTI Consulting (**FTI**) and KordaMentha Queensland (**KMQ**) to assist in managing and realising the assets acquired from the Premium Income Fund. Together, FTI and KMQ will be able to deliver access to a global network, broad regional coverage across Asia, strong local expertise and the ability to access additional skills within both networks as and when required.

FTI

FTI Consulting Inc. is a New York Stock Exchange listed company, headquartered in New York. FTI has a market capitalisation of approximately \$1.0 billion and annual turnover of approximately \$1.6 billion. As a global business advisory firm, FTI provides multi-disciplinary solutions to complex challenges and opportunities.

Among its diverse business segments, FTI has one of the world's leading restructuring and corporate turnaround services practice with specific expertise in real estate restructuring – ideally suited to maximising the realisation of the type of assets acquired from by the Premium Income Fund by ARL.

FTI has approximately 700 industry specialists in 80 different disciplines. In addition, FTI has 85 of the Fortune 100 corporations as clients, and was in Fortune's Top 10 Stocks of the Decade for 2010.

FTI operates in 24 countries, with over 3,800 employees and has built a vast and deep network in all areas of commerce. This network will be utilised to assist in the various steps in realising the value of acquired Premium Income Fund assets for ARL.



KMQ

KordaMentha Queensland has extensive experience in acting for secured creditors to complete, operate and sell in a value-maximising manner assets similar to those acquired by ARL for the benefit of stakeholders.

KMQ has 7 partners and over 60 staff located in its Brisbane and Gold Coast offices. Together, the 7 KMQ partners have a total of 110 years experience in working for secured (and unsecured) creditors in engagements with assets and operations throughout Australia and overseas, and are known for innovative workout solutions.

A summary of recent and notable property engagements by KMQ is as follows:

- Restructuring the former Hyatt Regency Coolum Golf, Resort and Spa;
- Development of specialised real estate products for realising value in distressed resort projects;
- Management of a group that held an internationally branded Hotel and multi-level residential accommodation, vacant development sites with and without Development Approvals, and dual-key units;
- Operation and sale of a resort located in New South Wales that included approximately 150 staff; a pub; restaurant; housekeeping; stables; and wedding & conference facilities;
- Completion and retail sell down of a 33-storey mixed-use tower in Southport, Queensland (Southport Central).

Conclusion

Wellington Capital Limited believes that the advice and connections of FTI and KMQ, combined with the skills and experience of the directors of ARL, provide a security platform for shareholders in ARL to best achieve timely and optimal returns on the assets acquired by ARL.

Together, FTI and KMQ will be engaged by ARL to provide services relating to minimising holding costs and restructuring the nature of real estate assets for the benefit of shareholders. FTI will leverage its access and exposure to international networks and international capital markets, whilst KMQ provides the strong fundamentals in local expertise necessary for ARL to manage and realise the proposed select assets in a value maximising manner for the benefit of all current Premium Income Fund Unitholders, so that timely and superior returns can be achieved.

NSX Release - Sale of Assets to Asset Resolution Limited – 19 December 2012

Wellington Capital Limited as responsible entity of the Premium Income Fund is pleased to announce that it has sold to Asset Resolution Limited certain additional assets of the Premium Income Fund. The sale has involved the transfer by assignment of the charges over six of the Forest Resort group of companies held as security by the Premium Income fund in relation to the Forest Resort group loans.

The security sold to Asset Resolution Limited comprises, the fixed and floating charges held over the borrowers and associated entities. The guarantees provided by third parties have been retained by the Fund as security, as has the balance 40% of the loan itself.

150,025,399 shares have been issued to Perpetual Nominees Limited as custodian of the Premium Income Fund in consideration for the assignment of the charges to Asset Resolution Limited.

Wellington Capital is satisfied that the assignment is for market value as the transaction was referenced to the asset values at 31 December 2011.

Following this share issue Asset Resolution Limited has 980,558,167 shares on issue. 84.7% are held directly by unitholders of the Premium Income Fund as at 4 September 2012, following an in specie distribution of shares by the Premium Income Fund and 150,025,399 are held by Perpetual Nominees Limited as custodian of the Premium Income Fund.



1.16 Alternatives considered

The following information is in addition to section 1 of the Notice of Meeting and Explanatory Memorandum dated 6 May 2013 and should be read in addition to the material already provided:

Consideration was given by Wellington Capital to the winding up of the Fund. Over the last two years Wellington Capital has taken all of the underlying security assets to market and has been unable to achieve market value for the remaining assets.

Wellington Capital has sought expressions of interest from a range of parties and undertaken negotiations with relevant parties. It is Wellington Capital's view that ownership of the remaining assets by Asset Resolution Limited will enable it to use its global network in forming a strategy to realise the maximum value of assets and providing returns to unitholders, which a winding up of the Fund would not. That is because a winding up of the Fund would amount to a forced sale of the relevant assets. Asset Resolution Limited's campaign to realise value for the assets with the assistance of its corporate advisers could, on the other hand, be conducted in an orderly fashion more likely to yield higher returns.

There is a separate reason for which Wellington Capital considers that a winding up is not a desirable option for the Premium Income Fund at present.

Wellington Capital as responsible entity of the Premium Income Fund announced on 9 April 2013 that an Originating Process and a Statement of Claim had been filed in the New South Wales District Registry of the Federal Court of Australia, against KPMG and the former auditor of the Premium Income Fund's compliance plan.

The Statement of Claim in the new proceedings NSD557/2013 closely mirrors the claim made in the Premium Income Fund Class Action which was commenced in 2009 by representatives of unitholders in the Premium Income Fund.

Wellington Capital as responsible entity of the Premium Income Fund is represented by Johnson Winter & Slattery in the new proceedings. Johnson Winter & Slattery are also the lawyers representing the Class Action members.

The new proceeding is based on the same factual circumstances as the Premium Income Fund Class Action and it is proposed that the two cases be heard together. Broadly speaking, the nature of the claims is that the compliance plan auditor failed in its duties to the Fund, resulting in losses in excess of \$200 million.

The proceeds received from the above active litigation are the subject of Resolutions 4 and 5 in the Notice of Meeting and Explanatory Memorandum dated 6 May 2013. Those resolutions deal with the Proceeds Payment Deed and the undertaking of Asset Resolution Limited, Wellington Capital Limited and Perpetual to cause all proceeds from the PIF Claims, promptly on receipt, to be paid to the Unitholders of the Fund as at 15 October 2008.

Wellington Capital (as responsible entity for the Premium Income Fund) is the applicant in both sets of proceedings. It is Wellington Capital's view that a winding up of the Fund is not in the best interests of Unitholders at this time as this active litigation, which is being funded by IMF, is to be pursued to completion.



1.17 Security Sale Agreement

The following information is in addition to section 1 of the Notice of Meeting and Explanatory Memorandum dated 6 May 2013 and should be read in addition to the material already provided:

A copy of the Security Sale Agreement and the Proceeds Payment Deed is available on the NSX website www.nsx.com.au (NSX:PIN) and the Wellington Capital website www.wellcap.com.au. Copies will also be provided to Unitholders by post, free of charge, on request.

Unitholders requiring a copy of the Security Sale Agreement or the Proceeds Payment Deed should contact the Wellington Hotline on 1300 854 885 (+617 3231 0000 outside Australia) or by email to investorrelations@newpif.com.au

In addition, a copy of the Security Sale Agreement and the Proceeds Payment Deed, can be viewed at the offices of Wellington Capital, during business hours, free of charge to Unitholders.

Unitholders who wish to view the Security Sale Agreement should contact Wellington Capital to make an appointment:

Telephone: 1300 884 885 (+617 3231 0000 outside Australia)

Email: investorrelations@newpif.com.au

Fax: 1300 884 893

Wellington Capital's offices are located at:

Level 22, 307 Queen Street
Brisbane Qld 4000

Unitholders are advised to make an appointment before attending the offices of Wellington Capital.

Wellington Capital as responsible entity of the Premium Income Fund recommends that Unitholders VOTE IN FAVOUR of this Resolution.



2. RESOLUTION 2

Resolution 2: Delisting of the Premium Income Fund from the National Stock Exchange

To consider and, if thought fit, pass the following Resolution as a special resolution:

'That subject to and conditional on Resolutions 1, 3, 4 and 5 being approved, and in accordance with Listing Rule 2.25, Unitholders approve by way of special resolution the voluntary withdrawal of the listing of the Premium Income Fund from the official list of the NSX.'

Resolution 2 is interdependent on Resolutions 1, 3, 4 and 5. This means that Resolutions 1, 3, 4 and 5 must be passed for Resolution 2 to have effect.

Supplementary material

The following information is hereby provided to supplement the Notice of Meeting and Explanatory Memorandum dated 6 May 2013.

2.4 Key Dates in relation to this Resolution

Section 2.4 of the Notice of Meeting and Explanatory Memorandum dated 6 May 2013 should be disregarded and substituted with the following information:

25 March 2013	Date of Notice given under Listing Rule 2.25 to the NSX
6 June 2013	Meeting of Unitholders to adjourn the meeting to 14 June 2013
14 June 2013	Adjourned meeting of Unitholders reconvened subject to approval on 6 June 2013
14 June 2013	Suspension of trading of Fund Units on the NSX, assuming Unitholder approval is obtained
28 June 2013	Delisting from NSX, assuming Unitholder approval is obtained

Unitholders should be aware that Wellington Capital will seek a trading halt from NSX on 14 June 2013 whilst the adjourned meeting is held. It is anticipated that trading will recommence once the results of the meeting have been released to the NSX.

Wellington Capital as responsible entity of the Premium Income Fund recommends that Unitholders VOTE IN FAVOUR of this Resolution.



4. RESOLUTION 4

Resolution 4: Ordinary resolution to approve the Proceeds Payment Deed – Unitholders as at 15 October 2008 who remain Unitholders at the voting entitlement date for this Meeting

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

'That subject to and conditional on Resolutions 1, 2, 3 and 5 being approved, that the terms of the Proceeds Payment Deed be approved by ordinary resolution by Unitholders who were Unitholders in the Fund as at 15 October 2008 and remain Unitholders as at the voting entitlement date for this meeting.'

Resolution 4 is interdependent on Resolutions 1, 2, 3 and 5. This means that Resolutions 1, 2, 3 and 5 must be passed for Resolution 4 to have effect.

Supplementary material

The following information is hereby provided to supplement the Notice of Meeting and Explanatory Memorandum dated 6 May 2013.

4.7 Proceeds Payment Deed

The following information is in addition to section 4 of the Notice of Meeting and Explanatory Memorandum dated 6 May 2013 and should be read in addition to the material already provided:

A copy of the Security Sale Agreement and the Proceeds Payment Deed is available on the NSX website www.nsx.com.au (NSX:PIN) and the Wellington Capital website www.wellcap.com.au. Copies will also be provided to Unitholders by post, free of charge, on request.

Unitholders requiring a copy of the Security Sale Agreement or the Proceeds Payment Deed should contact the Wellington Hotline on 1300 854 885 (+617 3231 0000 outside Australia) or by email to investorrelations@newpif.com.au

In addition, a copy of the Security Sale Agreement and the Proceeds Payment Deed, can be viewed at the offices of Wellington Capital, during business hours, free of charge to Unitholders.

Unitholders who wish to view the Security Sale Agreement should contact Wellington Capital to make an appointment:

Telephone: 1300 884 885 (+617 3231 0000 outside Australia)

Email: investorrelations@newpif.com.au

Fax: 1300 884 893

Wellington Capital's offices are located at:

Level 22, 307 Queen Street
Brisbane Qld 4000

Unitholders are advised to make an appointment before attending the offices of Wellington Capital.

Wellington Capital as responsible entity of the Premium Income Fund recommends that Unitholders VOTE IN FAVOUR of this Resolution.



5. RESOLUTION 5

Resolution 5: Approval of Proceeds Payment Deed – Unitholders at date of Meeting

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

‘That subject to and conditional on resolutions 1, 2, 3 and 4 being approved, that the terms of the Proceeds Payment Deed be approved by ordinary resolution by Unitholders who are Unitholders as at the voting entitlement date for this meeting and who were not Unitholders in the Fund as at 15 October 2008.’

Resolution 5 is interdependent on Resolutions 1, 2, 3 and 4. This means that Resolutions 1, 2, 3 and 4 must be passed for Resolution 5 to have effect.

Supplementary material

The following information is hereby provided to supplement the Notice of Meeting and Explanatory Memorandum dated 6 May 2013.

5.7 Proceeds Payment Deed

The following information is in addition to section 5 of the Notice of Meeting and Explanatory Memorandum dated 6 May 2013 and should be read in addition to the material already provided:

A copy of the Security Sale Agreement and the Proceeds Payment Deed is available on the NSX website www.nsx.com.au (NSX:PIN) and the Wellington Capital website www.wellcap.com.au. Copies will also be provided to Unitholders by post, free of charge, on request.

Unitholders requiring a copy of the Security Sale Agreement or the Proceeds Payment Deed should contact the Wellington Hotline on 1300 854 885 (+617 3231 0000 outside Australia) or by email to investorrelations@newpif.com.au

In addition, a copy of the Security Sale Agreement and the Proceeds Payment Deed, can be viewed at the offices of Wellington Capital, during business hours, free of charge to Unitholders.

Unitholders who wish to view the Security Sale Agreement should contact Wellington Capital to make an appointment:

Telephone: 1300 884 885 (+617 3231 0000 outside Australia)

Email: investorrelations@newpif.com.au

Fax: 1300 884 893

Wellington Capital's offices are located at:

Level 22, 307 Queen Street
Brisbane Qld 4000

Unitholders are advised to make an appointment before attending the offices of Wellington Capital.

Wellington Capital as responsible entity of the Premium Income Fund recommends that Unitholders VOTE IN FAVOUR of this Resolution.



6. INFORMATION

The following information is an addition to section 6 of the Notice of Meeting and Explanatory Memorandum dated 6 May 2013 and should be read in addition to the material already provided:

6.10 Security Sale Agreement and Proceeds Payment Deed

A copy of the Security Sale Agreement and the Proceeds Payment Deed is available on the NSX website www.nsx.com.au (NSX:PIN) and the Wellington Capital website www.wellcap.com.au. Copies will also be provided to Unitholders by post, free of charge, on request.

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6.11 Litigation Update

Full Court of the Federal Court Decision

Wellington Capital to seek Special Leave to Appeal to the High Court of Australia

On 28 May 2013, the Australian Securities and Investments Commission had the decision in favour of Wellington Capital Limited before Justice Jagot of the Federal Court overturned on appeal before the full court of the Federal Court. ASIC challenged the decision handed down by Her Honour Justice Jagot on 17 October 2012 in favour of Wellington Capital Limited as responsible entity of the Premium Income Fund.

ASIC's appeal sought orders from the full Federal Court to overturn Justice Jagot's decision on the basis that she erred in finding the in specie distribution of shares was within the power conferred by the Constitution of the Fund and the Corporations Act.

The appeal was brought by ASIC after Her Honour Justice Jagot determined that Wellington Capital Limited's decision to distribute 830,532,678 shares in Asset Resolution Limited in specie to Unitholders, following the sale of some of the Fund's assets to the company for \$90.75 million, complied with the Fund's Constitution and the Corporations Act.

The full Federal Court has found that the in specie distribution was beyond the power conferred by the Constitution and not in compliance with section 231 of the Corporations Act and that Wellington Capital thereby contravened section 601FB(1) of the Corporations Act.



Jenny Hutson Managing Director said

'The decision today by the full Federal Court is disappointing. Wellington Capital Limited as responsible entity of the Premium Income Fund strongly maintains that the in specie distribution of Asset Resolution Limited shares to the Unitholders of the Premium Income Fund announced on 5 September 2012 was an appropriate course of action. The in specie distribution was not only undertaken in the best interests of Unitholders, but undertaken with due consideration to the power conferred on it by the Premium Income Fund constitution and the Corporations Act, which Justice Jagot agreed with in her decision at first instance.

Wellington Capital Limited will seek leave to appeal the decision of the full court of the Federal Court to the High Court of Australia.'

Orders and Judgment

The Judgment of the Full Court of the Federal Court in Wellington Capital Limited handed down on 28 May 2013 in *Australian Securities and Investments Commission v Wellington Capital Limited [2013] FCAFC 52* is available on the Federal Court of Australia website www.fedcourt.gov.au in the section headed 'Judgments'.

The orders made by the Court are set out below for ease of reference:

'THE COURT ORDERS THAT:

- 1. The appeal be allowed.*
- 2. The orders made by Jagot J on 17 October 2012 be set aside and orders 3 and 4 below be made in lieu thereof:*

THE COURT DECLARES THAT:

- 3. The in specie transfer of the shares in Asset Resolution Limited (**Shares**) from Wellington Capital Limited (**Wellington**) as Responsible Entity of the Premium Income Fund (**Fund**) to the unit holders of the Fund was beyond the power of Wellington under the constitution of the Fund.*
- 4. By making an in specie transfer of the Shares to the unit holders of the Fund, Wellington did not operate the Fund and perform the functions conferred on it by the Fund's constitution, and contravened s601FB(1) of the Corporations Act 2001 (Cth).'*

Wellington Capital intends to seek special leave to appeal the decision to the High Court of Australia as advised in its NSX Release of 28 May 2013.

On 28 May 2013, Wellington Capital Limited as responsible entity of the Premium Income Fund advised Unitholders and the market of the following matters in relation to the decision of the full court of the Federal Court handed down on 28 May 2013:



Asset Resolution Limited shares remain the property of Unitholders

Wellington Capital advises Unitholders and the market that the in specie distribution of shares in ARL undertaken on 5 September 2012 remains in place, unchanged and unaffected in any respect by the decision of the full court of the Federal Court handed down today.

The decision of the full court of the Federal Court does not change in any practical way the transaction undertaken on 5 September 2012.

The decision of the full court involves a declaration of the Court which does not affect third parties being the Unitholders who were the recipients of the Asset Resolution Limited shares in specie or subsequent purchasers of those shares. The relief sought and obtained was purely declaratory relief and does not touch in any way the in specie distribution of shares undertaken by Wellington Capital Limited on 5 September 2012.

Premium Income Fund

The decision of the full court of the Federal Court does not affect the operation of the Premium Income Fund, the Unitholders of the Premium Income Fund, nor Wellington Capital Limited as responsible entity of the Premium Income Fund.

6 June 2013 Meeting

Wellington Capital Limited as responsible entity of the Premium Income Fund wishes to advise Unitholders that in relation to the extraordinary general meeting scheduled for 11.00am on 6 June 2013:

- the five resolutions to be considered by Unitholders are not affected in any way as a result of today's judgement;
- there is no impact on the implementation of the proposed resolutions the subject of the extraordinary general meeting.



CORPORATE DIRECTORY

Investor enquiries

TELEPHONE (within Australia)	TELEPHONE (overseas)	EMAIL
1300 854 885	+ 61 7 3231 0000	investorrelations@newpif.com.au

Unit Registry

For general queries regarding Unit balances, address changes, recording of TFNs and ABNs, transfers of Units, etc., please contact:

Armstrong Registry Services Pty Ltd

ADDRESS	TELEPHONE	EMAIL
GPO Box 897 Brisbane Qld 4001	+61 7 3231 0050	pif@armstrongregistries.com.au
		FAX +61 7 3231 0099

Proxy Information

Please send your Proxy form to the Registry as follows:

ADDRESS	TELEPHONE	EMAIL
GPO Box 897 Brisbane Qld 4001	+61 7 3231 0050	pif@armstrongregistries.com.au
		FAX +61 7 3231 0099

Responsible Entity

Wellington Capital Limited as responsible entity of the Premium Income Fund

ADDRESS	TELEPHONE	EMAIL
Level 22, 307 Queen Street Brisbane QLD 4000	1300 368 848 +61 7 3009 9800	investorrelations@newpif.com.au
		WEB www.wellcap.com.au



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Wellington

PREMIUM INCOME FUND

