



Jenny was ready to rumble

Investors now see it her way

by Nick Nichols
business editor

EMBATTLED investors in the former MFS-controlled Premium Income Fund were fired up for a fight yesterday morning, but most conceded they had little choice but to follow Jenny Hutson's plan to recover their decimated nest eggs.

Dressed in a head-turning red leather jacket, Ms Hutson appeared ready to rumble with embittered investors, who were last week told they could expect as little as 14c in the dollar if the \$770 million fund was to be liquidated.

However, the forthright head of Wellington Capital, the merchant bank she founded three years ago, appeared to ultimately win over the 300-plus crowd in the first of five meetings scheduled before the fate of the fund is decided after a vote in August.

The vote will ultimately decide whether the fund will continue as a going concern or to liquidate, a decision which will require approval of 75 per cent of the 770 million units.

Ms Hutson said if Wellington Capital had not stepped in on May 2, the fund would now be in receivership.

She described receivership as the 'easy option'.

"We think this is the completely wrong direction to go."

She said the tough real estate market made it the 'wrong time' to realise assets.

She cited the fund's \$53 million exposure to the City Beach development being undertaken at Wollongong which she said could realise only \$20 million in its current incomplete state.

"If (unit holders) band together, the value recreation process can recommence."

She also defended the assignment of management



Jenny Hutson from Wellington Capital at a press conference before facing investors

● Picture: Fiona Harding

Living and Leisure takes a tumble

LIVING and Leisure shares yesterday tumbled 11.1 per cent closing at 4c, the issue price for a rights offer which is key to the group's recapitalisation plan.

On Friday, the MFS offshoot announced it would raise \$100 million as part of the plan.

Yesterday, the ski resort owners shares opened at 4.4c, dropping to 3.7 before closing at 4c at yesterday's close, down 11.1 per cent.

Under the highly conditional agreement, James Packer's Arctic Capital was to acquire \$63 million of Living and Leisure's unsecured

debt from the Premium Income Fund, but PIF, headed by Jenny Hutson, said yesterday it would receive just \$35 million of that sum over time, with \$10 million cash expected later this month.

She yesterday said the Packer camp played hard ball over the deal and, at one point, she was ready to walk away from the proposal.

Arctic Capital is underwriter to the rights issue and is seeking support from major institutions, including Morgan Stanley, to take up any shortfall from the offer.

rights to Wellington Capital by former colleague Chris Scott, who now has control of MFS, now known as Octaviar.

She said Wellington Capital was awarded control after offering "the best opportunity for investors to recover" their funds in an 'orderly fashion'.

Ms Hutson was chairperson of Mr Scott's listed

travel group S8. "(Mr Scott and I) enjoyed doing business together," she said.

"Wellington Capital has no business relationship with Chris Scott or Octaviar"

PIF has launched legal action to recover \$147.5 million in loans to Octaviar forwarded last year against property assets, among them the Sher-

aton Mirage at Port Douglas. "We will be aggressive, we will be forthright," said Ms Hutson of the battle ahead with Octaviar. "My goal is to look after PIF and Chris Scott's goal is to look after the shareholders and creditors of Octaviar and we've locked horns, as we speak, about how that pie will be divided."

The proposal to list the fund on the National Stock Exchange drew most anger among investors.

While the fund has a net asset backing of 45c, many investors fear the thinly traded NSX will offer a poor exit choice for investors who could end up with less than the liquidation rate.

Ms Hutson said the fund's problems stemmed from MFS's full drawdown of PIF's \$200 million debt facility, which put strain on cashflows.

She said the debt had been reduced from \$100 million when she took over to \$35 million, and it was possible to clear that bank debt before the end of this month.

Debt reduction will allow the fund to resume distribution payments with plans to deliver 3c per unit before Christmas.

	\$Aus US\$95.85 -0.35
	Gold \$US923.00 -\$11.00
	Oil \$US145.28 +\$1.57
7 July 2008	

Markets

All Aus 50	4896.3	-88.5
All Aus200	5011.0	-86.4
All Ords	5091.7	-78.3
ASX 20	2818.3	-44.3
ASX 50	4894.5	-87.8
ASX100	4045.8	-67.1
ASX200	5002.5	-79.6
ASX300	5004.3	-78.8
ASXMidCap50	4910	-40.7
Small Ords	2992.7	-24.7
CnmrDiscr	1617.1	-17.8
CnmrStapl	6871.7	+76.6
Energy	16298	-322.8
Financials	4814.8	-84.2
FinxPropTr	4915.7	-91.0
HealthCare	8136.4	-88.8
Industrial	4430.4	-57.8
Info Tech	494.9	-0.6
Materials	14161	-339.4
PropertyTr	1392.4	-23.8
TelService	1471.9	-12.6
Utilities	5235.2	-45.4
SPI	5008.0	96
NZSX 50	3121.45	-36.47
Nikkei	13360	+122
Hang Seng	21313	+489.2
Dow Jones	11288.54	0.0
Nasdaq	2245.38	0.0
FTSE-100	63.8	5412
Trade-weighted	73.5	
SA in US	95.85	
SA in yen	103.1	
SA in euro	61.36	
SUS in yen	107.59	
Euro in US	1.5623	
Gold (AUS)	923.30	
Gold (SA)	963.66	
Oil (W.Texas Int)	145.28	
US 30-year T-Bond	4.54	
Aust 10-yr T-Bond	6.343	
Aust 90-day bill	7.760	
Aust 180-day bill	7.940	

Dollar

AN Australian dollar would yesterday buy:

Bahrain Dinar	0.0017
Canadian Dollars	0.9501
Cip Francs	88.3400
Czechoslov Koruna	13.3560
Danish Kroner	4.4613
European Currency	0.6014
Fiji Dollars	1.3857
Hong Kong Dollars	2.3945
Indian Rupee	30.3400
Japanese Yen	103.10
Kenyan Shilling	54.1000
Kuwaiti Dinars	0.2373
New Zealand Dollars	1.2465
Norwegian Krone	4.7841
P.N.G. Kina	2.1661
Saudi Arabian Riyal	3.5548
Singapore Dollars	1.2862
Sth African Rand	7.2900
Swedish Krona	5.6384
Swiss Francs	0.9687
Tai Bahts	28.9510
US Dollars	3.4694
UK Pounds Sterling	0.4750
United States Dollar	0.9585