

# Premium Income Fund

Investor Update: 1 August 2008



## Unitholder meeting

Jenny Hutson, Chairperson of Wellington Investment Management Limited, the responsible entity for the Premium Income Fund is pleased to advise that the unitholder meeting to consider proposed changes to the operation of the Premium Income Fund will be held:

<b>Date:</b>	18 September 2008
<b>Time:</b>	10.00am
<b>Place:</b>	Gold Coast Convention and Exhibition Centre, Cnr T.E. Peters Drive and Gold Coast Highway, Broadbeach

Meeting material will be forwarded to all unitholders by mid-August, and will be available for download from our website [www.newpif.com.au](http://www.newpif.com.au).

**It is important that each unitholder votes, either by proxy or in person, to ensure that each investor has a say in the future of your investment in the Premium Income Fund.**

## Debt arrangements

The Premium Income Fund has undertaken debt repayments in the month of July which have seen the debt position of the Premium Income Fund reduce from \$55 million at the end of June to \$20 million as at 31 July 2008.

The remaining \$20 million has been refinanced and will be repaid from asset realisations and borrowers from the Premium Income Fund refinancing over the next 90 days. The new arrangements provide flexibility for the Premium Income Fund and it is the view of the board of Wellington Investment Management Limited that the refinance was consequently the optimal outcome for unitholders.

## Offer from Octaviar Limited

Octaviar Limited has made an offer to each of its five creditors.

The board of Wellington Investment Management Limited has received an offer from Octaviar Limited in similar terms to the other creditors and is currently considering the proposal. The board remains in discussions with Octaviar Limited and its advisers in relation to an outcome.

The offer is for 22.5 cents per \$1.00 outstanding or a secured debt position with the Octaviar Limited, with the debt to be repaid in 3 years from the proceeds of the sale of Octaviar Limited's 33.3% ownership in the Stella travel business. The value of the debt alternative is almost entirely dependent on the value of the Stella travel business in 3 years and is therefore difficult to determine.

# Premium Income Fund

Investor Update: 1 August 2008



Wellington

Octaviar Limited's offer to the Premium Income Fund is also dependent upon **all** other creditors of Octaviar Limited agreeing to compromise what is currently due to them. If for example, only 4 of the 5 creditors owed money by Octaviar Limited reached agreement the offer to the Premium Income Fund could not proceed.

Octaviar Limited has clearly indicated that if agreement is not reached, Octaviar Limited will be wound up. This alternative is not economically desirable from the Premium Income Fund's perspective as on a winding up it is estimated that the return to the Premium Income Fund would be 11.8 cents per \$1.00 outstanding. The timing of the payments would also be very uncertain.

Wellington Investment Management joined all of the other creditors in the Supreme Court of Queensland on Thursday 24 July 2008 opposing the application to wind up Octaviar Limited. The application for winding up of Octaviar Limited has now been adjourned to 8 and 9 September 2008.

Full documentation in relation to the offer from Octaviar Limited is now available on Premium Income Fund website [www.newpif.com.au](http://www.newpif.com.au).

If investors have any questions in relation to the Octaviar Limited offer or the upcoming Unitholder meeting, please contact the Wellington Hotline on 1300 854 885 or [investorrelations@newpif.com.au](mailto:investorrelations@newpif.com.au).

**For further information please contact:**

Jenny Hutson  
Chairperson  
Wellington Investment Management Limited  
as responsible entity of the Premium Income Fund  
ACN 101 634 146 AFSL 246 553

**P** 1300 854 885 **E** [enquiries@newpif.com.au](mailto:enquiries@newpif.com.au) **W** [www.newpif.com.au](http://www.newpif.com.au)