

# Premium Income Fund

Investor Update: 23 February 2009



## Debt Update

Wellington Capital Limited as responsible entity for the Premium Income Fund advises that a previously conditional contract has now become unconditional.

The contract relates to the sale of a 66 unit student accommodation building located in Melbourne, Victoria. The Premium Income Fund loan secured by this property has been in default since 19 February 2008.

The property has now been sold by exercise of the mortgagee's power of sale. Months of negotiation with the Fund's borrower and potential buyers have enabled the Fund to achieve all of the Estimated Realisable Value on this sale.

Mortgage	Estimated Realisable Value	Actual Realisation
Melbourne, VIC	\$8.5 million	\$8.5 million (plus GST)

The conditional contract of sale was executed and exchanged on 19 December 2008. Settlement was originally due to occur in January 2009.

In late January 2009 the Fund's borrower commenced legal proceedings seeking an injunction to stop the sale proceeding. The matter was heard before the Supreme Court of Victoria over two weeks and was dismissed on 10 February 2009.

The contract is now unconditional and settlement is scheduled to take place before 24 March 2009. The net settlement proceeds will be sufficient to clear the Fund's outstanding debt.

Jenny Hutson, Managing Director, Wellington Capital Limited said 'I am pleased that the Fund has reached a situation where an unconditional contract is in place that will enable the current debt to be able to be repaid. The Fund had total debt of \$100 million when the current team took responsibility for the Fund.

The economic environment remains extremely difficult, however Wellington Capital Limited as responsible entity of the Fund continues to pursue all relevant options to ensure that the Fund's assets are realised at market value.'

The timing of the proposed cash distribution to Unitholders remains uncertain.

## For further information please contact:

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