

Premium Income Fund

Investor Update: 25 February 2009



Octaviar Update

Public Trustee of Queensland – Application against Administrators of Octaviar Limited (In Administration) and Octaviar Administration Pty Ltd (In Administration) Supreme Court of Queensland

Wellington Capital Limited as responsible entity of the Premium Income Fund advises that the Public Trustee of Queensland filed an application on 23 January 2009 seeking to challenge certain decisions of the Chairperson at the second creditors meetings of Octaviar Limited (In Administration) and Octaviar Administration Pty Ltd (In Administration).

Wellington Capital Limited on behalf of the Premium Income Fund was granted leave to appear at the directions hearing for this application held on Friday 13 February 2009 before Mc Murdo J in the Supreme Court of Queensland.

At the hearing, the Public Trustee of Queensland indicated that it intended to challenge the decision of the Administrator in admitting Fortress Credit Corporation (Australia) II Pty Ltd ('Fortress') as a secured creditor of Octaviar Limited and Octaviar Administration Pty Ltd at the second creditors meeting held on 17 December 2008.

The hearing of the Fortress challenge has been set down before McMurdo J in the Supreme Court of Queensland for 2 days to be heard on 2 and 3 March 2009. If the Public Trustee is successful in its application, the likely effect is that:

- ✿ the resolutions passed at the second meeting of creditors of Octaviar Limited and Octaviar Administration Pty Ltd will be set aside,
- ✿ the Deed of Company Arrangement for each of Octaviar Limited and Octaviar Administration Pty Ltd will no longer be in force; and
- ✿ Octaviar Limited and Octaviar Administration Pty Ltd will be wound up.

The application challenging the Administrator's decision to admit the proof of debt and claims at the second creditors meeting of Octaviar Limited and Octaviar Administration Pty Ltd on 17 December 2008 for each of:

- ✿ the Premium Income Fund;
- ✿ OPI Pacific Finance Pty Ltd; and
- ✿ Global Voyager Pty Ltd,

previously to be heard on 6 March 2009 has been adjourned to a date to be fixed, pending the outcome of the Fortress hearing on 2 and 3 March 2009.

The outcome of these hearings will affect the manner in which the Octaviar entities operate into the future and the potential timing of any payments from these companies to creditors, including the Premium Income Fund.

Further updates will be provided following the hearing of the two Supreme Court applications.

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