

Premium Income Fund

NSX Release: 18 May 2010



REJECT TAKEOVER OFFER

FOR PREMIUM INCOME FUND UNITHOLDERS MADE BY ALF PIF FINANCE LIMITED

A takeover offer seeking to purchase all of the units in the Premium Income Fund was received on 17 May 2010. The Wellington Capital board unanimously recommends that you **REJECT** this offer as

Bidder

- ✗ **The proposal shifts over \$120 million of the current value in the Premium Income Fund to the current Bidder's shareholders and away from you.**
- ✗ **The Bidder is currently valued at only \$1,600, was incorporated on 5 May 2010 and has no track record.**
- ✗ **80% of the ordinary shares will be owned by the Bidder's current shareholders not by you, the Premium Income Fund unitholders.**
- ✗ **The Bidder's future proposal for your Fund involves debt again.**
- ✗ **Your investment will be illiquid again.**

Unitholders should take no action

The Wellington Capital board unanimously recommends that you reject the unsolicited and highly conditional scrip bid by the Bidder as it is not in the best interests of unitholders.

The takeover bid offers 0.1 share and 0.5 redeemable preference shares in the Bidder for each unit in the Premium Income Fund in a company with no trading history and less than \$2,000 in assets.

The Board of Wellington Capital recommend that all Premium Income Fund unitholders REJECT the Bidder's offer.

Managing Director, Jenny Hutson, said

'The offer is grossly inadequate. The proposal seeks to shift over \$120 million in unitholders' current value to the Bidder's current shareholders. The Wellington Capital board believes that the approach by the Bidder is opportunistic and is at a price that does not reflect in any way the current value of Premium Income Fund units.'

Unitholders should not act on any communications from the Bidder.

For further information please contact:

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