

Premium Income Fund

NSX Release: 18 May 2010



REJECT TAKEOVER OFFER

FOR PREMIUM INCOME FUND UNITS MADE BY ALF PIF FINANCE LIMITED

Clarification of management fees payable to Wellington Capital Limited

Wellington Capital Limited as responsible entity of the Premium Income Fund has received a large number of queries in relation to the Bidder's Statement lodged on 17 May 2010.

A complete review of the Bidder's Statement will be undertaken and all unitholders will have the benefit of Bidder's Statement and a formal Target's Statement from Wellington Capital Limited as responsible entity of the Premium Income Fund.

In relation to the reference to management fees which appears on page 36 of the Bidder's Statement, Wellington Capital Limited categorically denies the statement made by the Bidder that *'fees have accrued from the first date of management and will be come payable after any distribution totalling \$0.03 is paid to Unitholders'*.

Jenny Hutson, Managing Director of Wellington Capital advises as follows:

"No funds management fees have been paid to or accrued by Wellington Capital Limited as responsible entity of the Premium Income Fund.

An undertaking was provided to the Supreme Court of Queensland and the Australian Securities and Investments Commission in September 2008 that the responsible entity will only charge a funds management fee of 0.7% per annum on funds under management after Unitholders are in receipt of the cash payments totalling 3 cents per unit.

There is no liability for management fees accruing by the Premium Income Fund to Wellington Capital Limited. This statement in the Bidder's Statement is incorrect."

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

Unitholders should not act on any communications from the Bidder.

For further information please contact:

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