



Wellington

PREMIUM INCOME FUND

TARGET'S STATEMENT

Prepared by Wellington Capital Limited ABN 45 114 248 458 AFSL 291 562 as responsible entity of the Premium Income Fund ARSN 090 687 577 in relation to the unsolicited off market takeover bid by ALF PIF Finance Limited to acquire your Units in the Premium Income Fund

The Directors of Wellington Capital Limited recommend that you

REJECT

the inadequate offer from ALF PIF Finance Limited

To **REJECT** ALF PIF Finance Limited's inadequate offer you should simply **DO NOTHING** and **IGNORE** all documents sent to you from ALF PIF Finance Limited

IMPORTANT INFORMATION: This document is important and should be read in its entirety. If you do not understand this document or you are in doubt as to how to act you should contact your lawyer, accountant, stockbroker or other professional adviser

The directors of Wellington Capital Limited as responsible entity of the
Premium Income Fund believe ALF's offer is inadequate
and unanimously recommend that you
REJECT ALF 's Offer

**To REJECT ALF's offer
you should simply ignore
all communication you
receive from ALF**





LETTER FROM THE MANAGING DIRECTOR

Dear Unitholder

YOUR DIRECTORS UNANIMOUSLY RECOMMEND THAT YOU REJECT THE INADEQUATE OFFER

On 17 May 2010 ALF announced its intention to make an unsolicited takeover offer for all of the issued securities in the Premium Income Fund. This Target's Statement sets out your Directors' formal response to the ALF Offer as set out in ALF's Bidder's Statement.



The Directors of Wellington Capital Limited unanimously recommend that you **REJECT** the ALF Offer because:

Bidder

- ×** The proposal shifts over \$120 million of the current net tangible asset value in the Premium Income Fund away from you, the Unitholders, to the Bidder's current shareholders.
- ×** The Bidder is currently valued at only \$1,600, was incorporated on 5 May 2010 and has no track record.
- ×** 81% of the ordinary shares in the Bidder 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.
- ×** The Offer does not reflect the value of the Premium Income Fund's net tangible assets.
- ×** Your investment will be in an unlisted company.

Unitholders should take no action

The Directors of Wellington Capital Limited unanimously recommend that you **REJECT** the unsolicited and highly conditional scrip bid by the Bidder as it is not in your best interests. The largest Unitholder in the Premium Income Fund which holds 41,114,198 Units, being 5.45% of the total Units, will be rejecting the bid.

The takeover bid offers 0.05 ordinary shares and 0.1 redeemable preference shares in the Bidder for each unit in the Premium Income Fund in a company with no trading history and \$1,600 in assets only.

The offer is grossly inadequate and highly conditional. The proposal seeks to shift over \$120 million in Unitholders' current value to the Bidder's current shareholders. The Directors of Wellington Capital Limited believe that the approach by the Bidder does not reflect in any way the current value of Premium Income Fund Units.

To REJECT the ALF Offer you should simply ignore all communications from ALF.

Yours sincerely

Jenny Hutson

Managing Director

Wellington Capital Limited

as Responsible Entity of the Premium Income Fund

**ALF's Offer shifts over
\$120 million of YOUR value
to existing ALF shareholders**

YOU SHOULD REJECT THE OFFER





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IMPORTANT NOTICES

This target's statement ('**Target's Statement**') dated 30 June 2010 is given by Wellington Capital Limited ACN 114 248 458 ('**Wellington Capital Limited**') as Responsible Entity of the Premium Income Fund ARSN 090 687 577 under Part 6.5 of Chapter 6 of the Corporations Act in response to the offer ('**Offer**') made pursuant to the replacement bidder's statement dated 15 June 2010 ('**Bidder's Statement**').

No account of personal circumstances

This Target's Statement does not take into account the individual investment objectives, financial or tax situation or particular needs of each Premium Income Fund Unitholder. Investors should seek independent financial and taxation advice before making a decision whether or not to accept the Offer.

Disclaimer regarding forward looking statements

This Target's Statement contains forward looking statements. You should be aware that such statements are only predictions and are subject to inherent risks and uncertainties. Those risks and uncertainties include factors and risks specific to the Premium Income Fund as well as general economic conditions and conditions in the financial markets. Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement and such deviations are both normal and to be expected. None of Wellington Capital Limited, its officers, any person named in this Target's Statement with their consent or any person involved in the preparation of this Target's Statement makes any representation or warranty (either express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement or any events

or results expressed or implied in any forward looking statement. You are cautioned not to place undue reliance on those statements.

The forward looking statements in this Target's Statement reflect views held only as at the date of this Target's Statement.

ASIC and NSX disclaimer

A copy of this Target's Statement has been lodged with ASIC and sent to NSX. None of ASIC, NSX nor any of their respective officers take any responsibility for the content of this Target's Statement.

Defined terms

A number of capitalised terms are used in this Target's Statement. These terms are defined in the definitions in Annexure B.

Further information relating to the Offer can be obtained from the Premium Income Fund's website at www.newpif.com.au.



1. WHAT YOU SHOULD DO ...

Why you should reject ALF's Offer

- ✗ The proposal shifts over \$120 million of the current net tangible asset value in the Premium Income Fund away from you, the Premium Income Fund Unitholders, to the current Bidder's shareholders.
- ✗ The Bidder is currently valued at only \$1,600, was incorporated on 5 May 2010 and has no track record.
- ✗ The proposal is conditional upon 90% acceptance. It is highly unlikely this condition will be met.
- ✗ 81% of the ordinary shares in the Bidder will be owned by the Bidder's current shareholders – not by you, the current Premium Income Fund Unitholders.
- ✗ The Bidder's proposal for the future includes debt again.
- ✗ Your investment will be in an unlisted company.

What you should do ...

1.

To **REJECT** ALF's inadequate Offer, simply **DO NOTHING and IGNORE ALL DOCUMENTS** sent to you by ALF.

2.

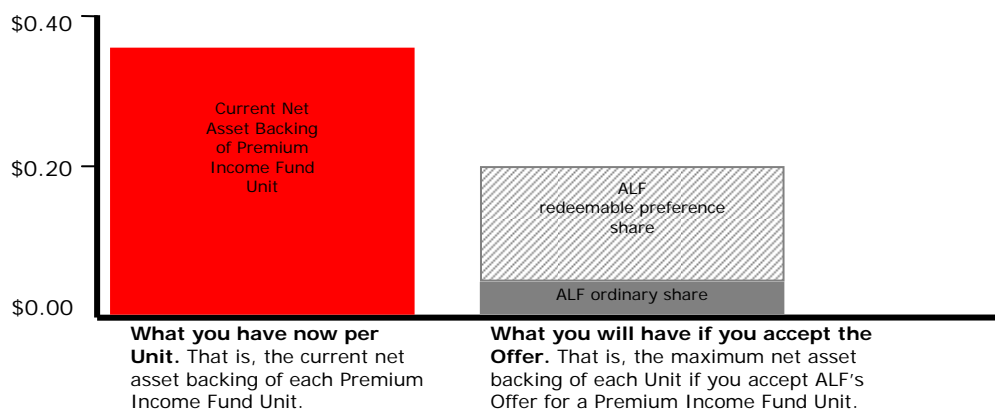
You should read this Target's Statement which contains Wellington Capital Limited's recommendation to **REJECT** ALF's inadequate Offer and the reasons for this recommendation.



2. WHY YOU SHOULD **REJECT** THE ALF OFFER

The Wellington Capital board unanimously recommends that you **REJECT** this offer as:

2.1 The proposal shifts over \$120 million of the current net tangible asset value in the Premium Income Fund away from you, the Unitholders, to the Bidder's current shareholders.



The net assets of the Premium Income Fund as at 31 December 2009 were \$265,136,000 (see section 7.2 for the Balance Sheet as audit reviewed by Pricewaterhouse Coopers). The audit confirms that each Unit has a net asset backing of 35.1 cents. The Bidder is offering 0.05 ordinary shares and 0.1 redeemable preference shares in exchange for each Unit. This has a value of 15 cents based on the 31 December 2009 accounts.

This proposal shifts over \$120 million of the net tangible asset value in the Premium Income Fund away from you, the Premium Income Fund Unitholders to the Bidder's current shareholders.

2.2 The Bidder is currently valued at only \$1,600, was incorporated on 5 May 2010 and has no track record.

The Bidder is a newly created company with current issued capital of only \$1,600. The company has no track record and no current business.

2.3 The bid is conditional upon 90% acceptance.

The bid is conditional upon 90% acceptance. The largest Unitholder in the Premium Income Fund, Perpetual Nominees Limited, will be rejecting the Offer in relation to its 41,114,198 Units being 5.45% of the Units on issue. It is highly unlikely the 90% condition will be met.

2.4 81% of the ordinary shares will be owned by the Bidder's current shareholders not by you, the Premium Income Fund Unitholders.

The proposal from ALF would result in the current shareholders of the Bidder owning 81% of the ordinary shares in the Bidder with you, the Premium Income Fund Unitholders, owning only 19% of the shares in ALF.

2.5 The Bidder's future proposal for your Fund involves debt again.

The Bidder states at section 3.2(f) of the Bidder's Statement that its plans for the Fund include borrowings/debt again.

2.6 Your investment will be in an unlisted company.

Units in the Premium Income Fund are units in a listed managed investment scheme.

The Bidder's proposal would result in you owning shares in an unlisted company, not a managed investment scheme. The legal requirements for insurance, compliance programs and Australian Financial Services licensing do not apply to companies, only to managed investment schemes.

Your investment would be unlisted (although the Bidder states in section 3.6 of the Bidder's Statement that it has an intention to list) whereas your Units are currently listed on the National Stock Exchange.



3. IDENTITY OF THE BIDDER, ITS CONSULTANTS AND ASSOCIATES

The Bidder's Statement includes some details about the Bidder, its consultants and its associates. The identity of the Bidder and the background and intentions of those connected to it are important. The following paragraphs are extracted from the Bidder's Statement itself:

ALF existing shareholders to receive vast majority of any profit

“The directors of ALF believe that the ordinary shareholders of ALF can make a substantial potential profit (over \$100 million) through effective management of ALF PIF.”

[Bidder's Statement, page 6]

Premium Income Fund Unitholders will only receive 19.09% of the upside

“Premium Income Fund Unitholders will only receive a share (19.09%) of the upside that may occur after the redemption of the redeemable preference shares are redeemed. Existing ALF shareholders will receive the vast majority of any upside.”

[Bidder's Statement, page 14]

Premium Income Fund Unitholders will be diluted

“Premium Income Fund Unitholders will be diluted and will only hold a minority interest in ALF and as such will have limited control over the direction of ALF.”

[Bidder's Statement, page 14]



James Warren Byrnes (Jim Byrnes)

Mr Byrnes and his family consult to the Bidder and will, through their shareholdings, benefit financially if ALF is successful. ALF sets out four pages in the Bidder's Statement¹ about Mr Byrnes which includes:

“From time to time Mr Byrnes consults to ALF. Mr Byrnes’ wife is a director of a current shareholder of ALF.

In 1992 Mr Byrnes was declared a bankrupt.

In 2006, ASIC brought proceedings against Mr Byrnes for managing a corporation whilst disqualified. ASIC found that Mr Byrnes’ conduct was very similar to the management style and conduct which resulted in his 1998 banning.

In relation to the latest banning ASIC was of the view that:

‘Mr Byrnes’ management of the four failed companies demonstrated incompetence, a lack of commercial morality and a disregard for his statutory duties as a director’

ASIC also found that during 1999, 2000 and 2001, Mr Byrnes managed companies whilst disqualified. Mr Byrnes is disqualified from managing a corporation until August 2011.”²

¹ Section 1.10, Bidder's Statement, pages 36 – 40.

² ASIC Media Release 06-316, 13 September 2006.



4. YOUR CHOICES

While the Directors unanimously recommend that you **REJECT** the ALF Offer, you have three principal choices as a Premium Income Fund Unitholder in responding to the ALF Offer. These are summarised below.

4.1 **REJECT** the ALF Offer

To **REJECT** the ALF Offer, simply **ignore all communication you receive from ALF and do not respond to any documents sent to you by ALF.**

4.2 **Sell your Premium Income Fund Units on market**

During the Offer Period, you may sell some or all of your Premium Income Fund Units through the NSX for cash (less brokerage), provided you have not accepted the ALF Offer.

If you sell your Premium Income Fund Units on market, you will receive cash for the sale of your Premium Income Fund Units. However, if you sell your Units on market, you:

- will lose the ability to accept the ALF Offer and receive the Consideration in relation to those Premium Income Fund Units;
- will lose the ability to accept any higher offer for Premium Income Fund Units that may or may not eventuate from a third party;
- will lose the opportunity to receive future returns from the Premium Income Fund; and
- may incur a brokerage charge.

If you sell your Premium Income Fund Units on market you will receive a certain cash outcome. As long as the ALF Offer remains conditional, there can be no certainty that it will be completed and you will receive any of the Consideration.

You should contact your broker for information on how to sell your Premium Income Fund Units on NSX and your tax adviser to determine your tax implications of such a sale.

If you do not accept the Offer in respect of your Premium Income Fund Units, you may sell your Premium Income Fund Units on market and the transferee will then be entitled to accept the Offer in respect of the Premium Income Fund Units.

4.3 **Accept the ALF Offer**

If you accept the ALF Offer you will receive 0.05 ordinary shares and 0.1 redeemable preference shares in the Bidder for each Premium Income Fund Unit.

Details of the Consideration and the timing of the Consideration that you will receive if you accept the ALF Offer are set out in the Bidder's Statement.

Subject to the withdrawal rights referred to in Section 6.9, if you accept the ALF Offer you:

- will be unable to accept any higher offer for your Premium Income Fund Units that may eventuate from a third party; and
- you will be unable to sell your Premium Income Fund Units on market.

It is possible that ALF will choose to extend the Offer Period in accordance with the Corporations Act (see Section 6.8 of this Target's Statement).



5. YOUR QUESTIONS ANSWERED

Question	Answer
What will I receive if I accept the Offer?	If you accept the Offer, and subject to the satisfaction or waiver of the conditions to the Offer, you will receive 0.05 ordinary shares and 0.1 redeemable preference shares in the Bidder for each Premium Income Fund Unit you hold.
What choices do I have as a Unitholder?	<p>As a Unitholder, you have the following choices:</p> <ul style="list-style-type: none"> ▪ you may REJECT the Offer, in which case you do not need to take any action; or ▪ you may accept the Offer, in which case you should follow the instructions as set out in Section 4 of Annexure 1 to the Bidder's Statement and the acceptance form enclosed with the Bidder's Statement; or ▪ you may sell your Premium Income Fund Units on NSX at any time, which may be at a higher or lower price than the value of the Offer. If you wish to sell your Premium Income Fund Units on NSX, you should not accept the Offer and should instruct your broker at the time you wish to sell. <p>You should carefully consider Wellington Capital Limited Directors' recommendation and other important issues set out in this Target's Statement prior to making your decision.</p>
What do the Wellington Capital Limited Directors recommend?	<p>Each Wellington Capital Limited Director unanimously recommends that you REJECT the Offer for the following reasons:</p> <ul style="list-style-type: none"> ▪ The proposal shifts over \$120 million of the current net tangible asset 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. ▪ 81% 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 in an unlisted company ▪ The Offer is structured to achieve control of the Premium Income Fund at the lowest possible value. ▪ The Offer does not provide any material benefits to Unitholders. <p>If there is a change in the Wellington Capital Limited Directors' recommendation or any material developments in relation to the Offer, Wellington Capital Limited will lodge a supplementary target's statement.</p>
When do I have to make a decision?	If you wish to follow the Wellington Capital Limited Directors' recommendation and REJECT the Offer, you should do nothing and simply ignore all correspondence from ALF.



Question

Answer

What happens if I accept the Offer and a superior offer is made for my Premium Income Fund Units after I accept?

If you accept the Offer, you are only able to withdraw your acceptance in limited circumstances, namely, if ALF varies the Offer in a way that postpones, for more than one month, the time by which it has to meet its obligations under the Offer (for example, by extending the Offer Period for more than one month while it remains subject to the Defeating Conditions).

Accordingly, if you accept the Offer, you may not be able to accept a superior offer if one arises. At the date of this Target's Statement, the Wellington Capital Limited Directors do not know if such an offer will arise.

Can I be forced to sell my Premium Income Fund Units?

You cannot be forced to sell your Premium Income Fund Units unless ALF proceeds to compulsory acquisition. If ALF acquires more than 90% of Premium Income Fund Units and proceeds to compulsory acquisition, then you will receive the Consideration. ALF has indicated in Section 3.2 of the Bidder's Statement that it intends to proceed to compulsory acquisition if it acquires more than 90% of Premium Income Fund Units. An outline of the compulsory acquisition provisions is set out in Section 6.11.

What are the tax implications of accepting the Offer?

A general description of the taxation treatment for certain Australian resident Unitholders accepting the Offer is set out briefly in Section 6.14 of this Target's Statement and in more detail in Section 6 of the Bidder's Statement. You should not rely on these descriptions as advice for your own affairs.

You should consult your taxation adviser for detailed taxation advice before making a decision as to whether or not to accept the Offer for your Premium Income Fund Units, as the taxation consequences of accepting the Offer depend upon the circumstances of individual Unitholders.

Can I sell my Premium Income Fund Units on market?

You may sell your Premium Income Fund Units on market unless you have accepted the Offer in respect of those Premium Income Fund Units.

What are the Defeating Conditions?

The Defeating Conditions include the following:

- during or at the end of the Offer Period, ALF and its associates have relevant interests in at least 90% of all the Premium Income Fund Units;
- no material adverse effect;
- no prescribed occurrences;
- no material acquisitions or disposals.

The Defeating Conditions are summarised in more detail in Section 6.7 of this Target's Statement and are set out in full in Section 6 of Annexure 1 to the Bidder's Statement.



Question

Answer

What happens if I accept the Offer and all of the Defeating Conditions are not satisfied?

If all of the Defeating Conditions are not satisfied and ALF has not waived the Defeating Conditions by the end of the Offer Period, your acceptance of the Offer will be void and of no effect whatsoever. You will then be free to deal with your Premium Income Fund Units in any other way.

If all of the Defeating Conditions are satisfied or waived before the end of the Offer Period, you will receive the Consideration in accordance with Section 6.6.

Even where the Offer remains conditional, you cannot withdraw your acceptance before the end of the Offer Period except in limited circumstances.

When will I receive my Consideration if I accept the Offer?

If you accept the Offer, you will receive your Consideration from ALF on the earlier of:

- one month after the Offer is validly accepted by you or, if the Offer is subject to Defeating Conditions when accepted, one month after the contract resulting from your acceptance of the Offer, becomes unconditional; and
- 21 days after the end of the Offer Period.

It is uncertain when the Offer will become unconditional.

If I accept the Offer, what distributions will I receive in the future?

If you accept the Offer there is no guarantee that you will receive any distributions on the Consideration received under the Offer.

What should I do if I have any queries?

Announcements made to NSX by Wellington Capital Limited on behalf of the Premium Income Fund and other information relating to the Offer can be obtained from NSX's website at www.nsx.com.au.

Who is ALF?

The Offer is being made by ALF, a new company incorporated in Australia to offer to acquire the Units in the Premium Income Fund.

ALF was incorporated on 5 May 2010.



6. RECOMMENDATION OF WELLINGTON CAPITAL LIMITED DIRECTORS

6.1 Recommendation of Wellington Capital Limited Directors

The Wellington Capital Limited Directors unanimously recommend that you REJECT the Offer.

The Wellington Capital Limited Directors consider themselves independent for the purposes of the Offer and are able to make a recommendation to Unitholders. The interests of each Wellington Capital Limited Director are set out in Section 8.

In assessing the Offer, the Wellington Capital Limited Directors have had regard to a number of considerations, including the information set out in the Bidder's Statement.

6.2 Intentions of Wellington Capital Limited Directors

As at the date of this Target's Statement the Wellington Capital Limited Directors do not hold any interests in any Premium Income Fund Units.

Wellington Capital Limited is the responsible entity of the Wholesale Premium Income Fund. Perpetual Nominees Limited as custodian for the Wholesale Premium Income Fund holds 41,114,198 in the Premium Income Fund. Details of the holdings are set out in section 8.2 of this Target's Statement.

6.3 Reasons for recommendation

- 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 Unitholders in the Premium Income Fund.
- The Bidder is currently valued at only \$1,600, was incorporated on 5 May 2010 and has no track record.
- 81% of the ordinary shares in ALF 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 in an unlisted company.
- The Offer is structured to achieve control of the Premium Income Fund at the lowest possible value.
- The Offer does not provide any material benefits to the Premium Income Fund or its Unitholders.

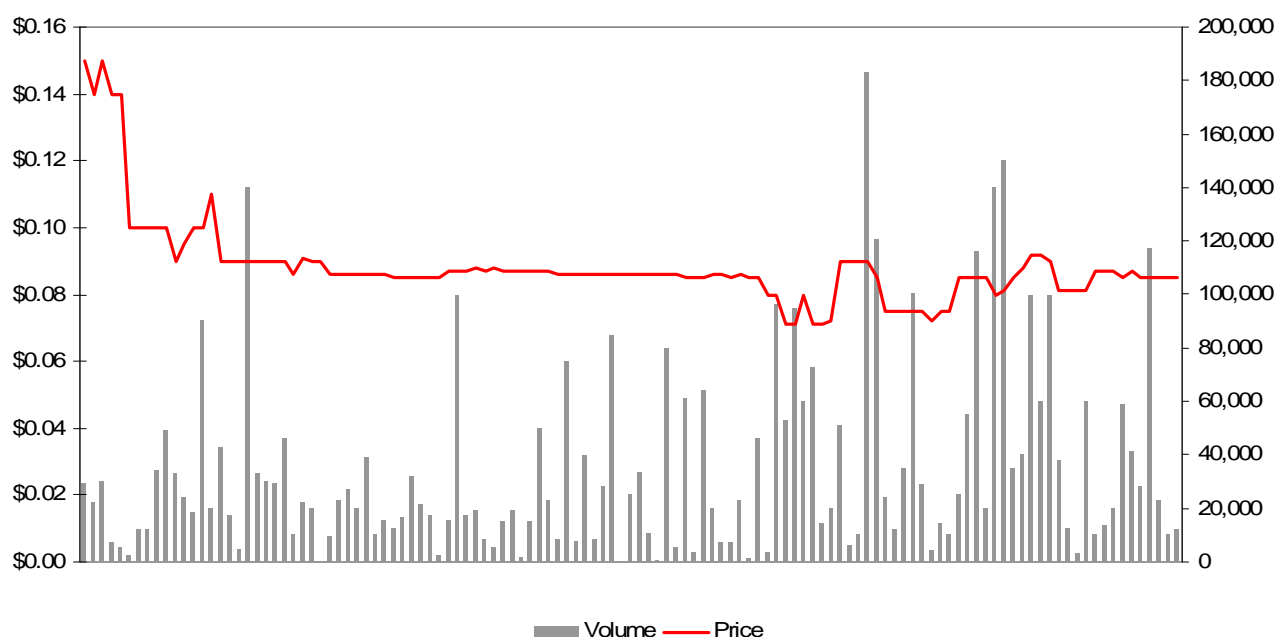
6.4 Premium Income Fund Unit price

Trading activity from 1 January 2010 to 25 June 2010 was:

High	Low	Volume for period
15 cents	7.1 cents	4,266,032



Trading summary (NSX:PIN): 1 January 2010 to 25 June 2010



6.5 Other information to consider

In deciding whether or not to **REJECT** the Offer, Unitholders should carefully read and consider the Bidder's Statement and in particular, Section 3 of the Bidder's Statement, which deals with the intentions of ALF if it does not acquire 100% of Premium Income Fund Units.

The Wellington Capital Limited Directors will advise you if there are any material developments in relation to the Offer during the Offer Period.

If you are in any doubt as to the action that you should take in relation to the Offer, you should consult a professional adviser. In particular, the tax consequences of accepting the Offer will depend upon the circumstances of individual Unitholders. You should consult your tax adviser if you need further information regarding the tax consequences of acquiring, holding or disposing of Premium Income Fund Units.

6.6 Consideration

ALF offers to acquire all of your Premium Income Fund Units on and subject to the terms and conditions set out in Annexure 1 to the Bidder's Statement.

Subject to Annexure 1 to the Bidder's Statement, the consideration under the Offer is 0.05 ordinary shares and 0.1 redeemable preference shares in the Bidder for each Unit you hold in the Premium Income Fund.

6.7 Defeating Conditions

Please refer to Section 6 of Annexure 1 to the Bidder's Statement for full details of conditions of the Offer.

Unitholders should note that the Offer is subject to the following conditions and the Offer will lapse unless these conditions are either satisfied or waived prior to the end of the Offer Period:

(a) Minimum ownership

That at the end of the Offer Period, ALF and its associates have a relevant interest in at least 90% (by number) of Premium Income Fund Units on issue at that time.

(b) Material adverse effect

That no specified event occurs that will or is reasonably likely to have a material adverse effect on the business, assets, liabilities, operations, financial position, financial performance, financial condition, profits and losses or prospects of the Premium Income Fund whether as a result of the making of the



Offer or the acquisition of Premium Income Fund Units pursuant to the Offer or otherwise. For these purposes, a 'specified event' is:

- an event or occurrence that occurs during the period commencing on the Announcement Date and ending at the end of the Offer Period;
- an event or occurrence that occurs prior to the Announcement Date but is only announced or publicly disclosed during or after the Announcement Date; or
- an event or occurrence that will or is likely to occur following the end of the Offer Period and which has not been publicly announced prior to the Announcement Date,

and includes, without limitation, an event that results in the value of net tangible assets of the Premium Income Fund falling below \$230,000,000 for at least five (5) consecutive business days.

(c) Conduct of business

Except for any proposed transaction or matter the material terms of which have been publicly announced by the Premium Income Fund to NSX before the Announcement Date, that none of the following events occur nor is an intention to do any of the following announced during the period commencing on the Announcement Date and ending at the end of the Offer Period:

- the Premium Income Fund, through its action or omission acquires, offers to acquire, agrees to acquire or comes under an obligation to acquire one or more companies, businesses or assets (or any interest in one or more companies, businesses or assets) for an amount in aggregate greater than \$500,000);
- the Premium Income Fund, through its action or omission disposes of, or offers to dispose of, agrees to dispose of or comes under an obligation to dispose of one or more companies, businesses or assets (or any interest in one or more companies, businesses or assets) for an amount, in aggregate, greater than \$500,000;
- the Premium Income Fund gives or agrees to give a financial benefit to a related party of the Premium Income Fund within the meaning of Chapter 2E of the Corporations Act;
- the Premium Income Fund lends or agrees to lend to another party, other than in the ordinary course of business;
- the Premium Income Fund incurs or commits to, or grants to another person a right the exercise of which would involve the Premium Income Fund incurring or committing to, any capital expenditure or liability in respect of one or more related items which exceeds amounts budgeted for and approved by the Responsible Entity as at the Announcement Date by more than \$500,000; or
- the Premium Income Fund enters into or agrees to enter into any contract of service or management contract, or varies or agrees to vary any existing contract of service or management contract with any director or officer of the Responsible Entity, or pays or agrees to pay any retirement benefit or allowance to any director or officer of the Responsible Entity, makes or agrees to make any substantial change in the basis or amount of remuneration of any director, officer or other employee of the Responsible Entity (except as required by law or provided under any agreement or arrangement already in effect and publicly disclosed as at the Announcement Date).

(d) Prescribed occurrences

That none of the following events occurs before the end of the Offer Period:

- the Premium Income Fund converts all or any of its Units into a larger or smaller number of Units;
- the Premium Income Fund resolves to reduce its capital in any way;
- the Premium Income Fund issues Units, or grants an option over its Units, or agrees to make such an issue or grant such an option other than an issue of Premium Income Fund Units pursuant to the exercise of an option granted and disclosed by the Premium Income Fund on NSX prior to the Announcement Date;
- the Premium Income Fund issues, or agrees to issue, convertible notes;



- the Premium Income Fund disposes, or agrees to dispose, of the whole or a substantial part, of its business or property;
- the Premium Income Fund charges, or agrees to charge, the whole, or a substantial part, of its business or property;
- the Premium Income Fund resolves to be wound up;
- a liquidator or provisional liquidator is appointed to the Premium Income Fund;
- a court makes an order for the winding up of the Premium Income Fund;
- an administrator of the Premium Income Fund is appointed under section 601NA, 601NB, 601NC, 601ND, 601NE and section 601NF of the Corporations Act;
- a receiver or a receiver and manager is appointed in relation to the whole, or a substantial part, of the property of the Premium Income Fund;
- anything analogous to the matters referred to in paragraph 6.7(d) occurs in any jurisdiction outside Australia in relation to the Premium Income Fund.

6.8 Offer Period

Unless it is withdrawn, the Offer will remain open for acceptance during the period set out in the Bidder's Statement or any date to which the period of the Offer is extended in accordance with the Corporations Act.

6.9 Withdrawal of the Offer

The Offer may be withdrawn with the consent in writing of ASIC (which may, if given, be subject to conditions). If the Offer is withdrawn, any contract resulting from the acceptance of the Offer by a Unitholder will automatically be void and of no effect whatsoever. Unitholders will then be free to deal with their Premium Income Fund Units in any other way.

6.10 Effect of accepting the Offer

If you accept the Offer, you may forfeit the opportunity to benefit from any superior offer made by another bidder for your Premium Income Fund Units, if such an offer eventuates.

The Wellington Capital Limited Directors are not aware of any other takeover offer which may be made or announced for the Premium Income Fund Units. Should another takeover offer be announced during the Offer Period, Wellington Capital Limited will issue a supplementary target's statement to Unitholders.

Unitholders who accept the Offer (even while the Offer is subject to the Defeating Conditions) will be giving up their rights to sell or otherwise deal with their Premium Income Fund Units.

6.11 Compulsory acquisition

ALF will be able to compulsorily acquire any outstanding Premium Income Fund Units for which it has not received acceptances on the same terms as the Offer described in Annexure 1 to the Bidder's Statement if during, or at the end of, the Offer Period, ALF (taken together with its associates) has a relevant interest in at least 90% (by number) of the Premium Income Fund Units.

If these thresholds are met, ALF will have one month from the end of the Offer Period within which to give compulsory acquisition notices to Unitholders who have not accepted the Offer. The consideration will be the Consideration last offered under the Offer. If Premium Income Fund Units are compulsorily acquired, Unitholders are not likely to receive any consideration until at least one month after the compulsory acquisition notices are sent.

If ALF does not become entitled to compulsorily acquire Premium Income Fund Units in accordance with the above procedures, it may nevertheless become entitled to exercise general compulsory acquisition rights under Division 1 of Part 6A.2 of the Corporations Act.

Unitholders may challenge any compulsory acquisition, but this would require the relevant Unitholders establishing to the satisfaction of the court that the terms of the Offer do not represent fair value for their Premium Income Fund Units.



ALF has indicated in Section 3.2 of the Bidder's Statement that if it becomes entitled to proceed to compulsorily acquire outstanding Premium Income Fund Units, it intends to do so.

6.12 Payment of the Consideration

The Consideration payable for Premium Income Fund Units will not be issued until after the Offer becomes unconditional. If the Offer becomes unconditional, you will receive the consideration under the Offer by the earlier of:

- one month after the date of your acceptance of the Offer or, if the Offer is subject to a Defeating Condition when you accept the Offer, one month after the contract resulting from your acceptance of the Offer becomes unconditional; and
- 21 days after the end of the Offer Period.

Refer to Section 5 of Annexure 1 to the Bidder's Statement for further information in relation to the payment of consideration by ALF if you accept the Offer.

6.13 Foreign Unitholders

The Bidder's Statement has not been registered in any jurisdiction other than Australia. The distribution of the Bidder's Statement and the making of the Offer may be restricted by the laws of foreign jurisdictions.

6.14 Taxation

Depending on your individual circumstances, if you are an Australian resident and hold your Premium Income Fund Units on capital account, you may realise a gain or a loss and may incur a liability for taxation by selling your Premium Income Fund Units to ALF. The extent of any tax liability will depend on your individual circumstances (refer to Section 6 of the Bidder's Statement).

If your circumstances are such that your Premium Income Fund Units are held by an individual, a certain type of trust or superannuation fund, you may be eligible to claim a capital gains tax discount on any net gains arising on your Premium Income Fund Units acquired at least 12 months before disposal. You should also be aware that you will not be eligible to discount any capital gain you may make by accepting the Offer if that acceptance is made within 12 months of the date of acquisition of your Premium Income Fund Units.

You should seek your own taxation advice, having regard to your own circumstances.



7. PREMIUM INCOME FUND

7.1 Overview of Premium Income Fund

The Premium Income Fund was established on 22 December 1999. Its name was changed to the Premium Income Fund on 6 June 2008. Wellington Capital Limited became the responsible entity of the Premium Income Fund on 15 October 2008. The Premium Income Fund is a registered managed investment scheme.

7.2 Consolidated Balance Sheet as at 31 December 2009

The Premium Income Fund Annual Report for the year ended 30 June 2009 and the Interim Financial Report for the period ended 31 December 2009 is available free of charge from Wellington Capital Limited and can be viewed on the Premium Income Fund's website www.newpif.com.au.

The Balance Sheet of the Premium Income Fund as at 31 December 2009 is set out below. The notes to the Balance Sheet are set out in the Interim Financial Report.

	31 December 2009 \$000's
ASSETS	
Cash and cash equivalents	4,601
Other financial assets	57,054
Receivables	720
Financial assets held at fair value through profit or loss	12,916
Inventory	41,800
Mortgage loans	153,054
TOTAL ASSETS	270,145
LIABILITIES	
Payables	5,009
TOTAL LIABILITIES	5,009
NET ASSETS	265,136
EQUITY	
Contributed equity	334,340
Retained losses	(73,004)
	261,336
Non-controlling interest	3,800
TOTAL EQUITY	265,136



7.3 ALF's Intentions in Relation to the Premium Income Fund

Details of ALF's intentions in relation to the Premium Income Fund are set out in Section 3 of the Bidder's Statement.

Compulsory Acquisition of Units

If ALF is entitled to proceed to compulsory acquisition of any outstanding Premium Income Fund Units in accordance with Part 6A.1 of the Corporations Act, then ALF intends to do so.

Responsible Entity and Subsidiary

Subject to the requirements of the Corporations Act, and achieving the requirements for compulsory acquisition, ALF intends to remove the requirement for the Fund to be a registered managed investment scheme by decreasing the number of scheme members so as not to require registration of the scheme under the Corporations Act. If, in the interim period a responsible entity is required, ALF may or may not continue with Wellington Capital Limited or requisition a meeting of Unitholders to propose a new responsible entity.

If compulsory acquisition occurs it is the intention of ALF to operate the Premium Income Fund as a wholly owned unit trust of ALF.

Three month review

ALF intends to conduct a review of the structure of the combined businesses in the first three months following the end of the Offer Period. The basis of the review, and ALF's current intentions in relation to each matter are set out below.

(a) Review of portfolio

ALF intends to conduct a strategic review of the Premium Income Fund's property assets to assess the performance, profitability and prospects of these assets on an asset-by-asset basis.

(b) Review of Asset Backed Investments

ALF intends to conduct a strategic review of the Premium Income Fund's various asset backed investments to assess the potential profitability, the likelihood or realisation for book value (or at all) of these investments, and the potential benefits of these asset backed investments.

(c) Review of Fixed Interest Securities and Equity Investments

ALF intends to assess these assets based on their return for the Fund and the overall strategy of ALF. It may be that the Board of ALF decides to liquidate these assets in order to redeem, in whole or in part the redeemable preference shares to be issued pursuant to the Offer.

(d) Review of Mortgage Loans

ALF intends to closely review and assess each and every mortgage loan which is held by the Premium Income Fund in order to ascertain the correct carrying value of these assets, their prospects of recovery and the best way in which these mortgage loans can be realised in an orderly manner.

ALF Debt finance

The Board of ALF may utilise debt finance (if available) to assist in the construction and completion of projects.

Review of Litigation

The Board of ALF is aware of a number of litigation matters which involve the Premium Income Fund. ALF intends to review each and every litigation matter to which the Premium Income Fund is party with a view to deciding, based on appropriate professional advice, as to whether or not the litigation can be resolved in a commercial manner or at all.

Compulsory acquisition

It is possible that, even if ALF is not entitled to proceed to compulsory acquisition of minority holdings after the end of the Offer Period under Part 6A.1 of the Corporations Act, it may subsequently become entitled to exercise rights of general compulsory acquisition under Part 6A.2 of the Corporations Act (for example, if ALF subsequently obtains a 90% relevant interest in Premium Income Fund Units as a result of acquisitions of Premium Income Fund Units in reliance of the '3% creep' exception in item 9 of section 611 of the Corporations Act). If ALF becomes entitled to exercise rights of compulsory acquisition, it intends to do so.



Intentions if ALF does not acquire 100% of Premium Income Fund Units

This section sets out ALF's intentions if the Offer closes and ALF does not acquire 90% of the issued capital of the Premium Income Fund. A number of possibilities are open to ALF including the following:

- allowing the Offer to lapse;
- waiving its 90% minimum acceptance condition; and
- acquiring additional Premium Income Fund Units to the extent permitted by law;
- requisitioning a meeting of Unitholders to change the current Responsible Entity.

As at the date of the Bidder's Statement, ALF has not formed a view as to how it is likely to proceed in those circumstances. This will depend on the level of acceptances received, and the level at which the Premium Income Fund Units trade on NSX after the Offer closes.

ALF is unlikely to acquire additional Units if it considers that the prices at which the Units trade exceeds their fair value, and ALF's view on what is fair value may change from time to time depending on a number of factors.

It may be in ALF's interest to hold the Premium Income Fund Units as a portfolio investment. If at any time the Premium Income Fund Units held by ALF do not achieve an appropriate portfolio return and ALF forms the view that continuing to hold those Premium Income Fund Units is not in the best interest of ALF shareholders, it may dispose of those Units in any manner it sees fit.

In the alternative, ALF may decide not to hold or purchase any Premium Income Fund Units. In those circumstances, the Offer will lapse and ALF will not acquire any Premium Income Fund Units under the Offer.

Other intentions

Other than as set out in sections 3.1 to 3.4 of the Bidder's Statement, it is the present intention of ALF following completion of the Offer:

- to continue to operate the business of the Premium Income Fund;
- not to make any major changes to the business of the Premium Income Fund.

Intention to List

Subject to compliance with the Corporations Act and the Listing Rules of the Australian Securities Exchange (ASX) the Board of ALF may or may not decide to make application to apply for quotation of the ALF ordinary shares on ASX. The decision to list on ASX may or may not be subject to a number of factors which include:

- the level of acceptances received by ALF pursuant to the Offer;
- ALF's compliance with the Listing Rules of ASX as they may be in force from time to time;
- the number of shareholders in ALF and the size of their shareholdings;
- the cost of obtaining a listing on ALF's ordinary shares on ASX;
- market conditions.

Please note that there is no guarantee that ALF will decide to list its ordinary shares on ASX or that if ALF was to apply for a listing on ASX that ASX will agree to admit ALF to the official list of ASX.



8. INTERESTS OF THE WELLINGTON CAPITAL LIMITED DIRECTORS

8.1 Directors of Wellington Capital Limited

The directors of Wellington Capital Limited as at the date of this Target's Statement are:

Name of Director	Position
Jennifer Joan Hutson	Managing Director
Sydney Robert Pitt	Non Executive director
Mary-Anne Greaves	Executive director

All of the Wellington Capital Limited Directors consider themselves to be independent for the purposes of the Offer and are able to make a recommendation.

8.2 Interests of the Wellington Capital Limited Directors in Premium Income Fund Units

The number and description of Premium Income Fund Units in which each of the Wellington Capital Limited Directors have a relevant interest are set out in the table below:

Name of Director	Units
Jennifer Joan Hutson	Nil
Sydney Robert Pitt	Nil
Mary-Anne Greaves	Nil

Wholesale Premium Income Fund

Wellington Capital Limited is the responsible entity of the Wholesale Premium Income Fund. The Wholesale Premium Income Fund holds 41,114,198 in the Premium Income Fund as follows:

Unitholder name	Units
Perpetual Nominees Limited <Wholesale Premium Income Fund A/C>	39,507,300
Perpetual Nominees Limited <Wholesale Premium Income Fund 6 Month A/C>	463,613
Perpetual Nominees Limited <Wholesale Premium Income Fund 12 Month A/C>	1,143,285
Total Units held on behalf of the Wholesale Premium Income Fund	41,114,198

Perpetual Nominees Limited as custodian of the Wholesale Premium Income Fund will not be accepting the ALF Offer on behalf of unitholders in the Wholesale Premium Income Fund.

8.3 Dealings by Wellington Capital Limited Directors in Premium Income Fund Units

The number and description of Premium Income Fund Units in which there have been acquisitions or disposals of Premium Income Fund Units by a Wellington Capital Limited Director in the four months ending on the day preceding the date of this Target's Statement are set out in the table below:

Name of Director	Units
Jennifer Joan Hutson	Nil
Sydney Robert Pitt	Nil
Mary-Anne Greaves	Nil



8.4 Interests and dealings in ALF

Other than as set out in this Section 8, neither Wellington Capital Limited nor any of the Wellington Capital Limited Directors have a relevant interest in securities of ALF or any Related Body Corporate of ALF.

There have been no acquisitions or disposals of securities in ALF or any related body corporate of ALF by Wellington Capital Limited, any associate of Wellington Capital Limited in the four months ending on the day preceding the date of this Target's Statement.

8.5 Benefits to Wellington Capital Limited officers

No benefit has been paid or will be paid to any director, secretary or executive officer of Wellington Capital Limited in connection with the loss of, or the resignation from, their office as a result of the Offer.

Fee upon removal of Wellington Capital Limited as Responsible Entity

Pursuant to clause 23.3 of the Constitution of the Premium Income Fund, in the event that Wellington Capital Limited is removed as Responsible Entity of the Premium Income Fund without its consent for any reason other than negligence or fraud, Wellington Capital Limited will be entitled to a removal fee of 2% of the gross value of the Scheme (as determined in the most recent audited accounts) which fee is payable immediately prior to replacement of Wellington Capital Limited as Responsible Entity of the Scheme.

The gross value of the Scheme as defined by the Constitution is \$265,136,000, based on the Interim Financial Report for the period ended 31 December 2009. The fee payable to Wellington Capital Limited on removal as Responsible Entity of the Premium Income Fund would be \$5,302,720.

8.6 Conditional agreements

No agreement has been made between any of the Wellington Capital Limited Directors and any other person in connection with or conditional upon the outcome of the Offer.

8.7 Interests in contracts with ALF

No Wellington Capital Limited Director has any interest in any contract entered into by ALF.



9. RISKS

There are a number of risks both specific to the Premium Income Fund and general investment risks, which may potentially and adversely affect the future operating and financial performance of the Premium Income Fund and the current net tangible asset value of the Premium Income Fund.

The following summary, which is not exhaustive, sets out some of the major risks. Wellington Capital Limited as Responsible Entity of the Premium Income Fund notes that some risks may not be known and some risks that Wellington Capital Limited as Responsible Entity of the Premium Income Fund currently believes to be immaterial may be ultimately material. One or more of these risks could materially adversely impact on the Fund's business, revenues, operating income, cash flow, net assets, liquidity or capital resources.

9.1 Possible fall in Unit price

It is possible the Premium Income Fund Unit price may fall from its current level at the end of the ALF Offer.

9.2 General Economic Conditions

Investment returns are influenced by the performance of the economy as a whole. The Fund's operating and financial performance is influenced by a variety of general economic and business conditions including the level of inflation, interest rates, debt and bond market movements, market movement of similar trusts on other exchanges, domestic and international economic political activity or market sentiment and government fiscal, monetary and regulatory policies.

No guarantee can be made that the Fund's financial performance will not be adversely affected by any such market fluctuations or factors. Neither the Responsible Entity, the Custodian or NSX can guarantee the future performance of the Fund or the trading price of Units in the Fund.

9.3 The Bidder may not deliver what is promised

As set out in the Bidder's Statement, Unitholders who accept the ALF Offer will receive ALF redeemable preference shares and ALF ordinary shares as consideration and will be exposed to the same risk factors and other investment considerations as existing holders of ALF ordinary shareholders.

The Board of ALF may determine to redeem any proportion of or all of your redeemable preference shares at any time, or none at all.

It is noted that ALF does not give any form of guarantee of future dividends, return of capital, or the timing of when the redemption of the redeemable preference shares may occur, if at all.

9.4 Net Tangible Asset Value

Prevailing market conditions may mean that it is not possible to realise assets at the estimated values. The underlying asset value may be less than the current net tangible asset value in these circumstances.

9.5 Gearing

Wellington Capital Limited, in its capacity as responsible entity of the Fund, has the capacity to borrow money using the assets of the Fund as security. In the event of default of obligations under the facility, financiers have priority over Fund Unitholders for the amount owing to the facility provider. Gearing increases the potential gains and losses from investments compared to the returns on a corresponding ungeared investment.

The Premium Income Fund, at that date of this Target's Statement, has no current debt.

9.6 Liquidity of underlying assets of the Fund

Liquidity refers to the level of ease with which an asset can be bought and sold in the market place. If it is easy to sell a particular product, then the market is 'liquid', and if it is hard to sell it is 'illiquid'. The underlying security of the Fund's loans is predominantly mortgages secured over assets. Because of this, there is a risk that delays in realising these assets when required will and may continue to significantly impact on the Fund's ability to operate.



9.7 Asset Sectors

Different asset sectors perform differently over time. Investments that have provided more stable returns are considered less risky – but they may not provide sufficient long-term returns for Unitholders to achieve their long-term goals. High exposure to one particular asset class may have a material financial impact on the Fund.

9.8 Default and credit

Commercial loans and asset backed investments are at risk of default, which may happen when the borrower or counterparty fails to pay the interest, principal or meet other obligations when due. Generally, loans for development or construction carry a greater risk because of pressures like timing and completion of the development or construction program. A large proportion of the assets of the Fund are dependent on the completion of development and construction programs.

9.9 Legal Risks

Adverse consequences for the Fund can occur because of amendments to statutes and regulations affecting them. Taxation analysis is based on current tax law and its interpretation. The law may be changed during the term of the Fund or new decisions or determinations may alter the way the law is generally interpreted.

9.10 Litigation

On 24 June 2008, the Responsible Entity instigated legal proceedings against the former holding company of the former responsible entity of the Fund and its associates for the repayment of \$147,500,000 which was drawn down from the Premium Income Fund's finance facility during November and December 2007.

This litigation is being held in abeyance pending the results of the administration (and now liquidation) of group entities of the former holding company of the former responsible entity.

The Premium Income Fund is a creditor for the purposes of the winding up of the former holding company of the former responsible entity and its group entities. Proofs of debt totalling \$202,500,000 have been lodged in the liquidation.

No decision has yet been made by the liquidators about whether the claim will be accepted in full. The liquidators have permitted the representatives of the Premium Income Fund to vote on relevant issues to the full extent of the claim.

It remains the view of the board of Wellington Capital Limited that the pursuit of these monies through the liquidation is an appropriate recovery strategy for the Premium Income Fund.

In addition, the Australian Securities and Investments Commission has taken action in relation to the issues surrounding the draw down of the finance facility in 2007. This action has been taken against the former responsible entity, the former directors and officers of the former responsible entity and a number of former directors of the former holding company of the former responsible entity.

The Premium Income Fund remains mortgagee in possession of a number of commercial loans where the borrower has defaulted and the Premium Income Fund has exercised its right to take control of the underlying security property.

The Premium Income Fund from time to time is involved in litigation involving the exercise of its power under its first ranking mortgage to take control of an underlying security property or the borrower itself. It is not unusual for a defaulting borrower or guarantor to seek to stop the Fund taking control of a security property by instigating legal proceedings or counterclaiming.

The Responsible Entity takes its obligation to act in the best interests of its Unitholders seriously and ensures that appropriate representations are made to the Court in each case where a borrower is attempting to hinder the Fund's rights under the terms of its security arrangements.

In the event further litigation is commenced, the Premium Income Fund would be required to take steps to protect its position in regard to matters the subject of litigation. There is a likelihood that significant costs may be incurred in regard to any litigation. All costs of litigation are costs to be borne by the Premium Income Fund.

The extent or likelihood of any future claims cannot be ascertained at this time, but costly litigation or disputes may adversely affect the profitability of the Premium Income Fund, the value of its investments, or the price of Units in the Premium Income Fund.



9.11 Insurance Risk

While the Responsible Entity has arranged insurance for the normal risks associated with ownership of the assets, there is no certainty that such insurance will continue to be available or that premiums will not rise and this may affect any forecast income from the assets. In the event of re-insurance there is no certainty that the Responsible Entity will be able to obtain adequate insurance at an appropriate price.

9.12 Taxation

A change to the current taxation regime in Australia or overseas may affect the Fund and its Unitholders. Personal tax liabilities are the responsibility of each individual Unitholder. The Responsible Entity is not responsible either for taxation or penalties incurred by Unitholders. For further information on taxation implications see Section 6.14.

9.13 Operational risks

Whilst the Responsible Entity believes it has adequate internal processes, people and systems in place to protect its business operations, the Responsible Entity may be exposed to process error, fraud or system failure in the way of security or physical protection of systems. Such exposure may have an effect on the Fund's financial performance as well as its reputation.



10. ADDITIONAL INFORMATION

10.1 Other Material Information

The Target's Statement is required to include all the information that Unitholders and their professional advisers would reasonably require to make an informed assessment whether to accept the Offer, but:

- only to the extent to which it is reasonable for Unitholders and their professional advisers to expect to find this information in this Target's Statement; and
- only if the information is known to any Wellington Capital Limited Director.

The Wellington Capital Limited Directors are of the opinion that the information that Unitholders and their professional advisers would reasonably require to make an informed assessment whether to accept the Offer is:

- the information contained in the Bidder's Statement;
- the information contained in the Wellington Capital Limited releases to the NSX prior to the date of this Target's Statement; and
- the information contained in this Target's Statement.

Wellington Capital Limited's Directors do not take any responsibility for the contents of the Bidder's Statement and are not to be taken to be endorsing, in any way, any of the statements contained in it.

In deciding what information should be included in this Target's Statement, the Wellington Capital Limited Directors have had regard to:

- the nature of the Premium Income Fund Units;
- the issues that Unitholders may reasonably be expected to know;
- the fact that certain matters may reasonably be expected to be known to Unitholders' professional advisers; and
- the time available to Wellington Capital Limited to prepare this Target's Statement.

10.2 Issued Securities

The total number of securities in the Premium Income Fund as at the date of this Target's Statement is 755,032,768 Premium Income Fund Units.

10.3 Latest Financial Results and Change of Financial Position

The Premium Income Fund's last published financial statements are for the half year ended 31 December 2009 as lodged with NSX and ASIC on 16 March 2010.

Except as disclosed in this Target's Statement and any announcements made by the Premium Income Fund since 31 December 2009, the Wellington Capital Limited Directors are not aware of any material change to the Premium Income Fund's financial position as disclosed in the Premium Income Fund's financial statements for the half year ended 31 December 2009 as lodged with NSX on 16 March 2010.

10.4 NSX Disclosures by the Premium Income Fund since 31 December 2009

Since 31 December 2009, the Premium Income Fund has made a number of announcements to NSX that may be relevant to its financial position. These announcements are listed in Annexure A.

A copy of each of these announcements may be obtained from NSX.

10.5 Publicly Available Information

This Target's Statement contains statements which are made in, or based on statements made in, documents lodged with ASIC or given to NSX by ALF and the Premium Income Fund. Wellington Capital Limited has relied on the modification to section 638(5) of the Corporations Act set out in ASIC Class Order 01/543 'Takeover Bids' to include references to certain statements by ALF and other persons in this Target's Statement without obtaining the consent of those persons.



Any Unitholder who would like to receive a copy of those documents may obtain a copy free of charge from Wellington Capital Limited. Copies of announcements made by the Premium Income Fund may also be obtained from NSX's website www.nsx.com.au and the Premium Income Fund's website www.newpif.com.au.

10.6 Consents

Wellington Capital Limited as Responsible Entity of the Premium Income Fund has given and has not, before the lodgement of this Target's Statement with ASIC, withdrawn its written consent to being named in this Target's Statement as Responsible Entity of Premium Income Fund in respect of the Offer in the form and context to which it is named.

McLean Legal Pty Ltd has given and has not, before the lodgement of this Target's Statement with ASIC, withdrawn its written consent to being named in this Target's Statement as legal adviser to Wellington Capital Limited as Responsible Entity of Premium Income Fund in respect of the Offer in the form and context in which it is named.

Each of Wellington Capital Limited and McLean Legal Pty Ltd:

- does not make, or purport to make, any statement in this Target's Statement or any statement on which a statement in this Target's Statement is based other than, in the case of a person referred to above as having given their consent to the inclusion of a statement, a statement included in this Target's Statement with the consent of that person; and
- to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Target's Statement, other than a reference to its name and, in the case of a person referred to above as having given their consent to the inclusion of a statement which has been included in this Target's Statement with the consent of that party.

The information on ALF and the Bidder's Statement in this Target's Statement has been obtained by Wellington Capital Limited from the Bidder's Statement and other publicly available information. Except where disclosed otherwise, Wellington Capital Limited and the Wellington Capital Limited Directors are unable to verify the accuracy or completeness of the information on ALF or the Bidder's Statement.

10.7 Date of Target's Statement

This Target's Statement is dated 30 June 2010, which is the date on which it was lodged with ASIC.

10.8 Approval of Target's Statement

This Target's Statement has been approved by a resolution passed by the Wellington Capital Limited Directors on 30 June 2010.

Jenny Hutson
Managing Director
Wellington Capital Limited as
Responsible entity of the Premium Income Fund



Annexure A Announcements made to NSX since 31 December 2009

Date	Title	Summary
6 January 2010	Amendment to Constitution	Deed Poll Amendment to Constitution of Premium Income Fund – insertion of IDR Program, definitions and an amendment to Complaints Procedure clause
6 January 2010	Compliance Plan Amendment	Amendment to Compliance Plan of Premium Income Fund – insertion of IDR Program, definitions and an amendment to Complaints Procedure clause
1 February 2010	Investor Update 31 December 2009	Quarterly investor update
2 February 2010	Update: Raptis Group Loans	Litigation update St George Bank Limited v Perpetual Nominees Limited and Anor
15 February 2010	Raptis Group Loans	Litigation update St George Bank Limited v Perpetual Nominees Limited and Anor
22 February 2010	Update: Litigation Update – Class Action	Litigation update Class Action Mercedes Holdings Pty Ltd & Ors v KPMG & Ors – Federal Court Proceedings NSD324/2009
2 March 2010	Update: Litigation Update – Raptis Group Loan, Sheraton Mirage Gold Coast	Litigation update St George Bank Limited v Perpetual Nominees Limited and Anor
16 March 2010	Half Yearly Report to 31 December 2009	Half yearly report and Interim Financial Report for the half year ended 31 December 2009
23 April 2010	Notification of change of Registry	Notification of registry change from Computershare Investor Services Pty Limited to Armstrong Registry Services Limited
17 May 2010	Trading Halt – Price Sensitive announcement	NSX release from trading halt
17 May 2010	Letter regarding Takeover for all units in Premium Income Fund	Letter from Whittens Lawyers and Consultants in relation to Bidder's Statement for an off-market takeover bid for all of the units in the Premium Income Fund
17 May 2010	Bidder's Statement Final	Bidder's Statement
17 May 2010	Trading Halt – Company Request	Letter from Wellington Capital Limited requesting a trading halt
18 May 2010	REJECT Takeover Offer Clarification of Management Fees	REJECT takeover offer - clarification of management fees payable to Wellington Capital
18 May 2010	Removal of Trading Halt	NSX Removal of trading halt
18 May 2010	REJECT Takeover Offer	Director's statement
18 May 2010	Investor Update – 30 April 2010	Quarterly investor update
28 May 2010	Notice in accordance with section 633(4)(a) of the Corporations Act	Letter from Whittens setting the date determining the holders of securities in the Premium Income Fund as 31 May 2010



Date	Title	Summary
15 June 2010	ALF PIF fails to despatch offer document	Directors Statement
16 June 2010	Update: REJECT TAKEOVER OFFER	Directors Statement – Replacement Bidder’s Statement Received
16 June 2010	Replacement Bidder’s Statement (marked up)	Replacement Bidders Statement showing marked up changes
16 June 2010	Supplementary Bidder’s Statement	Supplementary Bidders Statement



Annexure B Glossary

ALF means ALF PIF Finance Limited ACN 143 489 963.

ALF Board means the board of directors of ALF.

ALF Directors means a current director of ALF.

Announcement Date means 17 May 2010.

ASIC means the Australian Securities and Investments Commission.

Associate has the same meaning as in the Corporations Act.

Bidder's Statement means the replacement bidder's statement in relation to the Offer, prepared by ALF and dated 15 June 2010.

Consideration means the consideration offered under the Offer as described in Section 5.4 of the Bidder's Statement.

Constitution means the constitution of ALF.

Corporations Act means *Corporations Act 2001* (Cth).

Custodian means Perpetual Nominees Limited ABN 48 000 142 049.

Defeating Conditions means the conditions of the Offer as set out in Section 6.7 of this Target's Statement and section 6 of Annexure 1 of the Bidder's Statement.

Foreign Unitholder means a Unitholder whose address as shown in the register of members of Premium Income Fund is in a jurisdiction other than Australia or its external territories, New Zealand and Singapore, unless ALF otherwise determines after being satisfied that it is not unlawful, not unduly onerous and not unduly impracticable to make the Offer to a Unitholder in the relevant jurisdiction and that it is not unlawful for such a Unitholder to accept the Offer in such circumstances in the relevant jurisdiction.

Fund means the Premium Income Fund ARSN 090 687 577.

Material Adverse Change means a change or event which has, or could reasonably be expected to have, a materially adverse effect on the assets, liabilities, financial position, performance, profitability or prospects of Premium Income Fund as a whole.

NSX means the National Stock Exchange of Australia Limited ABN 11 000 902 063.

Offer means the takeover offer by ALF for all of the Premium Income Fund Units under Chapter 6 of the Corporations Act as summarised in Section 5.4 of this Target's Statement and more fully described in the Bidder's Statement.

Offer Period means the period for the Offer as set out in the Bidder's Statement (unless extended) as described in Section 6.8 of this Target's Statement.

Public Authority means any government or any governmental, semi-governmental, regulatory, statutory or judicial entity, agency or authority, whether in Australia or elsewhere, including (without limitation) any self-regulatory organisation established under statute or otherwise discharging substantially public or regulatory functions, and NSX or any other stock exchange.

Related Body Corporate has the same meaning as in the Corporations Act.

Relevant interest has the same meaning as in the Corporations Act.

Responsible Entity means Wellington Capital Limited, the responsible entity of the Premium Income Fund.

Premium Income Fund means Premium Income Fund ARSN 090 687 577.

Target's Statement means this booklet.

Unit means a fully paid unit in Premium Income Fund.

Unitholder means a registered holder of Premium Income Fund Units.

Wellington Capital Limited means Wellington Capital Limited ABN 45 114 248 458.

Wellington Capital Limited Directors means the current directors of Wellington Capital Limited, and as at the date of this Target's Statement, are those persons detailed in Section 8.1.

Interpretation

Unless the context otherwise requires:

- headings used in this Target's Statement are inserted for convenience and do not affect the interpretation of this Target's Statement;
- words or phrases defined in the Corporations Act have the same meaning in this Target's Statement;
- a reference to a section is a reference to a section of this Target's Statement;
- a reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
- the singular includes the plural and vice versa;
- the word 'person' includes an individual, a firm, a body corporate, a partnership, a joint venture, an unincorporated body or association, or any government agency; and
- Australian dollars, dollars, A\$ or \$ is a reference to the lawful currency of Australia.



Wellington

PREMIUM INCOME FUND

TARGET'S STATEMENT

Prepared by Wellington Capital Limited ABN 45 114 248 458 AFSL 291 562 as responsible entity of the Premium Income Fund ARSN 090 687 577 in relation to the unsolicited off market takeover bid by ALF PIF Finance Limited to acquire your Units in the Premium Income Fund

The Directors of Wellington Capital Limited recommend that you

REJECT

the inadequate offer from ALF PIF Finance Limited

To **REJECT** ALF PIF Finance Limited's inadequate offer you should simply **DO NOTHING** and **IGNORE** all documents sent to you from ALF PIF Finance Limited

IMPORTANT INFORMATION: This document is important and should be read in its entirety. If you do not understand this document or you are in doubt as to how to act you should contact your lawyer, accountant, stockbroker or other professional adviser