

Premium Income Fund

NSX Release: 30 November 2011



Sale of 42.5% interest in Trust that owns Chifley Wollongong Hotel for \$8 million

Wellington Capital Limited as responsible entity of the Premium Income Fund is pleased to advise that settlement in relation to the sale of part of the Fund's interest in the trust that owns the 168 room Chifley Wollongong Hotel has occurred today.

The original proposal involved the sale of 50% of the units in the Trust which owns the Chifley Wollongong. The sale was conditional upon the valuation being to the satisfaction of the vendor and to finance approval.

A revised proposal was negotiated with reference to Landmark White's formal valuation of the Hotel of \$19 million, whereby 42.5% of the units in the Trust have been sold for \$8 million. The Fund has retained the balance 57.5% of the units in the trust.

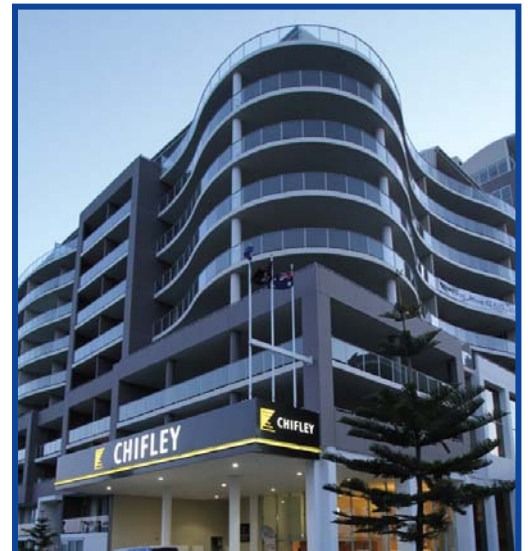
The Premium Income Fund became mortgagee in possession of the Wollongong Hotel during 2008, after the borrowers defaulted on the finance facility provided by the Fund. At the time that the Fund took possession, the hotel was incomplete.

The Fund worked with Harbour Street Developments to complete the construction of the Hotel and the adjacent apartments which were also part of the project.

Managing Director, Jenny Hutson, said *'the sale of 42.5% of the units in the Trust which owns the Chifley Wollongong Hotel for \$8 million today is a very positive outcome for the Fund.'*

Maximum value for Unitholders has been achieved through the completion of the hotel, rather than selling it as an incomplete asset. This has been confirmed through this settlement today. The hard work that went in to completing the asset has resulted in this \$8 million return to the Fund.

The sale price of \$8 million for an effective 42.5% interest in the Hotel reflects Landmark White's view of the current hotel value of \$19 million, which is reflected in the Fund's accounts as at 30 June 2011.'



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