

Premium Income Fund

NSX Release: 23 May 2012



Mortgagee in Possession Sale and Joint Venture – Nelson Bay

Wellington Capital Limited as responsible entity of the Premium Income Fund is pleased to announce that it has entered into an agreement for sale of the security asset held at Nelson Bay to a special purpose vehicle.

The Fund is mortgagee in possession of the property, which has a Development Approval for a highrise, medium density residential development, comprising up to 33 apartments.

The property will be sold to a new special purpose vehicle subject to sufficient pre-sales being achieved. The purchaser is owned by a builder and developer who has a significant history of delivering quality developments. A joint venture to build the 33 apartments will be undertaken with the Fund, if sufficient sales are achieved the apartments will be built and sold with, the land value of \$2 million equity contributed to the project of up to \$2.5 million and 40% of the project profit being returned to the Fund over time.

Managing Director, Jenny Hutson said

‘This sale and joint venture arrangement is conditional upon relevant presales of apartments and will see the Fund recover \$2 million for the land held as security which exceeds the current carrying value of \$1.5 million, plus a return of any capital contributed to the Joint Venture, being up to \$2.5 million plus 40 percent of the project profit.’



For further information please contact:

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