

Premium Income Fund

NSX Release: 24 October 2012



Frequently Asked Questions about the Transaction between the Premium Income Fund and Asset Resolution Limited

The below table summarises various questions which have been recently received from Unitholders in the Premium Income Fund in relation to the transaction between the Premium Income Fund and Asset Resolution Limited announced to the market on 5 September 2012.

This summary may provide a useful reference guide to other Unitholders who have similar questions regarding this transaction.

Question	Answer
1. What has happened?	<ul style="list-style-type: none">• Asset Resolution Limited has acquired \$90.75 million in assets from the Premium Income Fund (Fund) in exchange for 830,532,768 shares in the company.• Following the transaction with Asset Resolution Limited, Wellington Capital Limited as responsible entity of the Fund made an 'in specie' distribution of these shares to Unitholders in the Fund.• You now own one share in Asset Resolution Limited for each unit you hold in the Premium Income Fund as at 4 September 2012.• Your units in the Fund and shares in Asset Resolution Limited are completely separate, with separate management.
2. Has the Premium Income Fund been wound up?	<ul style="list-style-type: none">• The Premium Income Fund is still operating and you are still a Unitholder in the Fund.• Some of its assets have been acquired by Asset Resolution Limited and are no longer managed by Wellington Capital Limited as the responsible entity of the Premium Income Fund.
3. Do I still hold units in the Fund?	<ul style="list-style-type: none">• Your unitholding in the Fund has not changed .
4. Have my units been transferred to Asset Resolution Limited?	<ul style="list-style-type: none">• No, your Units in the Fund have not been transferred to any other party.• Your unitholding in the Fund has not changed.
5. What is the new structure of the Fund?	<ul style="list-style-type: none">• The structure of the Fund is still the same.• However, some assets of the Fund have been sold to Asset Resolution Limited.
6. Who is Asset Resolution Limited?	<ul style="list-style-type: none">• Asset Resolution Limited is a special purpose unlisted company with significant experience and global connections in realising the maximum value of the type of assets which have been sold to it.

Question	Answer
	<ul style="list-style-type: none"> Asset Resolution Limited has been formed specifically to manage and realise the assets acquired from the Fund. Once it has realised these assets, Asset Resolution Limited will return money to shareholders and cease to trade.
7. Is Asset Resolution Limited related to Wellington Capital Limited?	<ul style="list-style-type: none"> Asset Resolution Limited is not related to Wellington Capital Limited. Asset Resolution Limited is completely independent and is not related to Wellington Capital Limited or any of its directors.
8. Why do I hold shares in Asset Resolution Limited?	<ul style="list-style-type: none"> You hold shares in Asset Resolution Limited because Wellington Capital Limited made an in specie distribution of shares to you and all other Unitholders in the Fund. You have shares in the company that now manages the assets purchased from the Fund. These shares entitle you to any future dividend payments or capital returns by Asset Resolution Limited to shareholders which result from the realisation of these assets.
9. Is Asset Resolution Limited the new responsible entity of the Fund?	<ul style="list-style-type: none"> Wellington Capital Limited remains the responsible entity of the Premium Income Fund.
10. What did Wellington Capital Limited gain from this transaction?	<ul style="list-style-type: none"> No fees or commission were paid to Wellington Capital Limited as part of this transaction. Wellington Capital Limited believes this transaction is in the best interests of Unitholders, which is why Wellington Capital Limited entered into this transaction.
11. Why was this transaction in my best interests?	<ul style="list-style-type: none"> Asset Resolution Limited is a special purpose unlisted company with significant experience and global connections in realising the maximum value of the type of assets which have been sold to it. Asset Resolution Limited has engaged FTI and KMQ to assist in managing and realising assets acquired from the Fund. FTI and KMQ have global connections and significant skills in optimising the value of these type of assets. FTI is a US-based, fortune 500 company. Asset Resolution Limited intends to realise maximum value of the assets in question and return the proceeds to shareholders. Wellington Capital Limited as responsible entity continues to manage the balance assets of the Fund and will continue to strive to maximise the value of these assets and return capital to unitholders as soon as possible.
12. What fees did Wellington Capital get paid for arranging this transaction?	<ul style="list-style-type: none"> Wellington Capital Limited was not paid any fees in relation to the transaction with Asset Resolution Limited.
13. Can I still sell my Units?	<ul style="list-style-type: none"> Units in the Fund may be sold on-market on the NSX through a registered broker, or off-market to a third party with whom a Unitholder agrees to sell their Units.

Question	Answer
14. Can I sell my new shares?	<ul style="list-style-type: none"> • You can sell or transfer your shares by way of an off-market transfer. • Asset Resolution Limited shares are unlisted, but can be transferred by way of an off-market transfer form to a third party with whom a Unitholder agrees to sell their shares. • You cannot sell your new shares via NSX on market – Asset Resolution Limited is unlisted (this is different to the Fund).
15. Does this mean my Units are worth less?	<ul style="list-style-type: none"> • You hold shares in Asset Resolution Limited and units in the Fund, which are two separate entities. • Together, these entities still hold all of the assets that the Fund held prior to the transaction. Accordingly, the overall value of your interest is the same, however you now hold your interest through two separate entities – Asset Resolution Limited and the Fund. • Asset Resolution Limited holds 40% and the Fund holds 60% of the total assets that the Fund held prior to the transaction.
16. Is the Net Asset Backing of my units going to change?	<ul style="list-style-type: none"> • Yes, this transaction has changed the net assets held by the Fund. • The Fund has sold 40% of the assets of the Fund by value, based on the value as at 31 December 2011.
17. What is the current Net Asset Backing of Units in the Fund?	<ul style="list-style-type: none"> • The Net Asset Backing of Units in the Fund based on the 30 June 2012 accounts and following completion of the transaction with Asset Resolution Limited, is 8 cents per Unit.
18. What is the current Net Asset Backing of shares in Asset Resolution Limited?	<ul style="list-style-type: none"> • The Net Asset Backing of shares in Asset Resolution Limited based on the 30 June 2012 accounts, is 5.3 cents per share.
19. Will we receive a payment as a result of the transaction?	<ul style="list-style-type: none"> • Payments by way of dividends and/or capital returns will be made by Asset Resolution Limited over time as it realises the assets it has acquired from the Fund.
20. Will the Fund still make payments?	<ul style="list-style-type: none"> • Wellington Capital Limited as responsible entity of the Fund intends to continue to maximise the value of the assets which it manages and return this capital to Unitholders.
21. Will Asset Resolution Limited make payments?	<ul style="list-style-type: none"> • Asset Resolution Limited intends to manage and realise the assets it has acquired and make payments over time to shareholders by way of dividends and/or capital returns.
22. Do I still have the same SRN?	<ul style="list-style-type: none"> • Your SRN for the Fund remains the same. • You have a new SRN for Asset Resolution Limited, it will be shown on the holding statement that is being sent to your registered address.
23. Do I need to provide all of my details again?	<ul style="list-style-type: none"> • Your details as at 4 September 2012 also apply to your new shares in Asset Resolution Limited. • If you change your details in the future, you will need to update both the Fund and Asset Resolution Limited by contacting Armstrong Registry Services.

Question	Answer
24. How will I change my details for both holdings?	<ul style="list-style-type: none"> • Armstrong Registry Services is the registry service provider for both the Fund and Asset Resolution Limited. • You will need to treat these two investments separately and send in forms and documents for each holding. • Call Armstrong Registry Services if you need help on 07 3231 0050.
25. Why have you given me more shares and not more money?	<ul style="list-style-type: none"> • Some of the assets of the Fund were sold to Asset Resolution Limited in consideration for shares in Asset Resolution Limited. • Asset Resolution Limited intends to work towards realising or selling these assets in the optimal manner to return money to shareholders. • Shares in Asset Resolution Limited will entitle you to any dividends or capital returns paid by Asset Resolution Limited to shareholders after realising these assets.
26. I don't want these shares – how can I get rid of them?	<ul style="list-style-type: none"> • You can transfer your shares in Asset Resolution Limited by way of an off-market transfer form. • You will need to find someone to buy them from you.
27. Will I receive correspondence from both Wellington Capital Limited and Asset Resolution Limited now?	<ul style="list-style-type: none"> • Yes, Wellington Capital Limited and Asset Resolution Limited are separate entities and manage separate assets. • You should contact Wellington Capital Limited regarding your units in the Fund, and Asset Resolution Limited regarding your shares in Asset Resolution Limited.
28. What is the relationship between Asset Resolution Limited and Wellington Capital Limited?	<ul style="list-style-type: none"> • Asset Resolution Limited and Wellington Capital Limited have a commercial, professional relationship. • This was not a related party transaction.
29. Will I need to pay Asset Resolution Limited any fees?	<ul style="list-style-type: none"> • You will not be required to pay fees directly to Asset Resolution Limited. • However, Asset Resolution Limited will use the money received as part of this transaction to pay the costs and expenses of realising and selling the assets.
30. What if we don't agree to this transaction?	<ul style="list-style-type: none"> • Wellington Capital Limited is responsible for managing the Fund to maximise value for Unitholders. • There was no requirement for the approval of unitholders to be obtained under the NSX Listing Rules or the Corporations Act.
31. How could this transaction be done without consulting with investors?	<ul style="list-style-type: none"> • The transaction did not require unitholder approval under the NSX Listing Rules or the Corporations Act
32. How do I know whether to call Asset Resolution Limited, Wellington Capital Limited or Armstrong?	<ul style="list-style-type: none"> • For share questions regarding Asset Resolution Limited – call Asset Resolution Limited. • For Unit questions regarding the Fund – call Wellington Capital Limited. • For any changes in details, deceased estates, transfers – call Armstrong Registry Services.

Question	Answer												
33. Will this affect my Centrelink payments? How do I ensure my payments aren't reduced?	<ul style="list-style-type: none"> Wellington Capital Limited and Asset Resolution Limited will each be able to provide documentation to evidence the value of your investment to Centrelink. 												
34. Which assets have been sold?	<p>The loans relating to the following have been sold to Asset Resolution Limited:</p> <ul style="list-style-type: none"> 60% of 1500 Midland Highway, Creswick, Victoria Routley Drive, Kooralbyn, Queensland 22 View Avenue, Surfers Paradise, Gold Coast, Queensland 20-22 Mort Street, Port Macquarie Lot 2 Explorer Drive, Mission Beach, Queensland Dry Dock Road, Tweed Heads, New South Wales 507 – 523 Dalrymple Road and 9 Thorn Street, Mt Louisa, Townsville, Queensland 11 Ridge Street, Nambucca Heads, New South Wales All interests in the: <ul style="list-style-type: none"> Class Action ASIC Compensation Claim Proof of debt in Octaviar Limited (in liquidation and Octaviar Administration Pty Ltd (in liquidation)) 												
35. What was the asset allocation of the Premium Income Fund as at 30 June 2012 (prior to the transaction with Asset Resolution Limited)? <div> <div></div> Mortgage loans <div></div> Managed investment schemes <div></div> Alternative investments <div></div> Fixed interests <div></div> Cash investments </div>	<p>PIF Asset Allocation - 2012 financial year</p> <table border="1"> <caption>PIF Asset Allocation - 2012 financial year</caption> <thead> <tr> <th>Asset Class</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Mortgage loans</td> <td>50.4%</td> </tr> <tr> <td>Alternative investments</td> <td>32.5%</td> </tr> <tr> <td>Fixed interests</td> <td>13.6%</td> </tr> <tr> <td>Cash investments</td> <td>3.4%</td> </tr> <tr> <td>Managed investment schemes</td> <td>0.1%</td> </tr> </tbody> </table>	Asset Class	Percentage	Mortgage loans	50.4%	Alternative investments	32.5%	Fixed interests	13.6%	Cash investments	3.4%	Managed investment schemes	0.1%
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36. What is the cost base of ARL shares for CGT purposes?	<p>The cost base for ARL shares is 10.9 cents per Share. This has been calculated on the financial accounts as at 31 December 2011, as these were the financial accounts which were used as the basis for negotiating and implementing the transaction with Asset Resolution Limited.</p>												

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