



BIDDER'S STATEMENT

ALF PIF FINANCE LIMITED'S BID FOR ALL THE UNITS IN THE PREMIUM INCOME FUND ARSN 090 687 577

THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION. IF YOU ARE IN ANY DOUBT AS TO HOW TO ACT, YOU SHOULD CONSULT YOUR OWN FINANCIAL OR LEGAL ADVISER AS SOON AS POSSIBLE.

Consideration of 0.1 Redeemable Preference Share in ALF PIF Finance Limited for every Unit in the Premium Income Fund and 0.05 Ordinary Shares in ALF PIF Finance Limited for every Unit in the Premium Income Fund which equates to 1 Redeemable Preference share for every 10 units in the Premium Income Fund and 1 Ordinary Share for every 20 units in the Premium Income Fund

The Offer is scheduled to open on [.] June 2010 and close on [.] August 2010 unless extended.

ALF PIF Finance Limited ACN 143 489 963

Important Dates

Offer Announcement	17 May 2010
Original Bidder's Statement Lodged with ASIC	17 May 2010
Replacement Bidder's Statement Lodged with ASIC	15 June 2010
Date of the Offer	[.] June 2010
Scheduled closing date of the Offer (unless extended)	[.] August 2010
Completion	[.] September 2010

Important Information

This is a replacement Bidder's Statement given by ALF (ALF PIF FINANCE LIMITED ACN 143 489 963) to PIF (PREMIUM INCOME FUND ARSN 090 687 577) under Part 6.5 of Chapter 6 of the Corporations Act, and sets out certain disclosures required by the Corporations Act together with the terms of the Offer. It replaces the original Bidder's Statement lodged with ASIC on 17th May 2010 and contains amendments made as a result of matters raised by ASIC. A copy of the Original Bidder's Statement was lodged with ASIC on 17th May 2010, but ASIC takes no responsibility for the contents of the Bidder's Statement. This replacement Bidder's Statement is dated 15 June 2010 and a copy of this replacement Bidder's statement was lodged with ASIC on 15 June 2010, but ASIC takes no responsibility for the contents of the Bidder's Statement.

The Bidder's Statement contains an Offer dated [.] June 2010. The terms and conditions of the Offer are set out in Annexure 1. No securities will be issued on the basis of this Bidder's Statement after the date which is 13 months after the date of the Bidder's Statement.

Defined terms

Terms used in this Bidder's Statement are defined in the Glossary in section 8.

Notices in relation to jurisdictions other than Australia and New Zealand

As a result of clause 5.6 of the Offer Terms (Annexure 1), this Bidder's Statement does not constitute an offer to sell, nor the solicitation of any offer to buy, any PIF securities in any jurisdiction other than Australia or New Zealand, unless ALF determines to the contrary.

Investors resident in places other than Australia or New Zealand should note that this Offer is being proposed and will be conducted in accordance with the laws in force in Australia and the NSX Listing Rules. The disclosure requirements in relation to the Offer in Australia will differ from those applying in other jurisdictions. The financial statements included in this Bidder's Statement have been prepared in accordance with generally accepted accounting principles in Australia that may differ from those in other jurisdictions. In making the Offer to persons resident in New Zealand, ALF is relying on an exemption contained in the New Zealand Securities Act (Overseas Companies) Exemption Notice 2002 in relation to prospectus and investment statement requirements in New Zealand.

The Shares of ALF to be issued pursuant to this Offer have not been, and will not be, registered under the United States Securities Act of 1933 (as amended) (Securities Act) or the securities laws of any United States state or other jurisdiction and therefore may not be offered or sold to persons in the United States without registration or an applicable exemption from registration.

Disclosure about forward looking statements

This Bidder's Statement contains forward looking statements which have not been based solely on historical facts, but are rather based on ALF's current expectations about future events. These forward looking statements are, however, subject to risks, uncertainties and assumptions, and actual events or results may differ materially from the expectations described in these statements. The risks include, amongst other things, the risks identified in section 5 as well as other matters not yet known to ALF or not currently considered material by ALF.

Implied value on Redemption

As you are being offered ALF Redeemable Preference Shares and ALF Ordinary Shares as the consideration for PIF Units, the implied value to you of the Offer may vary with the value of the ALF Redeemable Preference Shares and the ALF Ordinary Shares and is dependent, in the case of the Redeemable Preference Shares, on those shares being redeemed. In addition, all references to the implied value of the Offer in this Bidder's Statement are subject to the effects of rounding. Further information concerning the implied value of the Offer is contained in this Bidder's Statement.

Disclaimer as to PIF and Merged Entity Information

The information in this Bidder's Statement concerning PIF's securities has been prepared by ALF using publicly available information. The information in this Bidder's Statement concerning PIF and the assets and liabilities, financial position and performance, profits and losses and prospects of PIF has not been independently verified by ALF.

Accordingly, ALF does not make any representation or warranty, express or implied, as to the accuracy or completeness of such information. The information in this Bidder's Statement on the Merged Entity, to the extent that it incorporates or reflects information on PIF, has been prepared using publicly available information. Accordingly, information in relation to the Merged Entity is subject to the foregoing disclaimer.

Investment Decision

You should read all of this Bidder's Statement before deciding whether to accept the Offer. This Bidder's Statement does not take into account the individual investment objectives, financial situation or particular needs of any PIF Unitholder or any other person.

You may wish to seek independent financial and taxation advice before making a decision as to whether or not to accept the Offer.

17 May 2010

Dear PIF Unitholder,

Letter from the Chairman of ALF PIF Finance Limited

ALF PIF Finance Limited “ALF” is pleased to make you an Offer to acquire all of your Units in the Premium Income Fund “PIF” and to invite you to become a shareholder of ALF.

The Offer provides you with the opportunity to:

- **Maintain an interest** in the existing assets of PIF by taking a direct holding in ALF (via shares issued to you) and,
- **Share in any upside** in the value of ALF (via shares issued to you) you will be able to share in approximately 20% of the upside.,
- **Potentially receive some cash** for your Units in PIF via the redemption of your preference shares in ALF.

About the offer:

ALF is offering to buy your existing Units in PIF and issue you 2 classes of shares in ALF. Should you accept the offer, you will receive both:

- (i) Preference Shares in ALF. These shares are liable to be redeemed at a value of 15 cents per existing PIF unit (which is a substantial premium to the current market price of PIF Units). They are being issued as preference shares so that you know that you will receive your redemption before and in preference to payments to any other shareholders and Directors.
- (ii) Ordinary Shares in ALF. These allow you to share in any upside in the value of ALF. That is, even after your preference shares have been redeemed (i.e. you have received your payment in full for your preference shares) you will still benefit financially from any upside in the existing assets of PIF.

In summary, the ALF offer has 2 parts; one potentially to pay you cash for your existing Units in PIF and the other to allow you to share in any upside generated from the existing PIF assets.

The full details of the offer are included in the body of the offer document attached.

About ALF:

- (i) ALF has shareholders which include distressed asset managers, restructuring advisors and ALF Group Holdings AG, a company listed on the Frankfurt Stock Exchange.
- (ii) ALF Directors have a broad and diverse range of business experience including project management of large scale building projects and the financing, procurement

and management of large-scale development projects. Combined, the Board of Directors has over 45 years of business and corporate experience.

- (iii) ALF has a team of experienced project managers and licensed builders ready to be engaged to complete projects. That is, it is our intention to actively work towards completing current projects in order to maximise the value of existing PIF investments.
- (iv) ALF believes that the current asset values, and accordingly the net tangible assets of PIF Units, is based on the sale of projects 'as is' i.e. in the currently distressed state, as a half finished building is not as valuable as a completed one. ALF has the team to complete the projects and maximise the value of the projects by completing and selling them down in a non-distressed manner, thus maximising the value for shareholders of ALF, including the PIF unitholders that accept this offer.

About your current managers:

- (i) They have managed PIF since June 2008, during which time the value of your assets has fallen by over \$100 million (to 31/12/09). That is, the net assets of PIF have fallen by over \$5 million per month during the time that they have managed your investment.
- (ii) In the 6 months to 31/12/09 PIF made a loss of over \$35 million. That is, nearly \$6 million per month.
- (iii) They will, after paying unitholders \$0.03 cents per unit, be allowed to pay themselves substantial fees for their services in managing the fund. Based on the value of the net assets of PIF as at 31st December 2009 these fees are estimated to be greater than \$1.6 million per annum.
- (iv) On 8th July 2008, the manager made the following representations to a meeting of approximately 1000 PIF investors:
 - that within 3-5 years they expect to return investors a minimum of 65 cents per unit and possibly even more; and
 - if the fund was liquidated at that time, the return to unitholders would be just 14 cents in the dollar.

Some 20 months later, at the date of this letter, your Units are trading at less than 8 cents each and the PIF net tangible assets when expressed as a sum per unit are 35 cents per unit.

Further, an increase in the market value of each unit of over 800% is required to achieve your manager's estimated realisation valuation of 65 cents per unit. Put another way, your Units would have to increase in value by 100% each and every year for the next 8 years from the current trading price to achieve a value of 65 cents per unit.

(v) The managers promote themselves (www.wellcapl.com.au) as a merchant bank with four core areas of expertise:

- funds management;
- investments;
- corporate finance;
- property services.

ALF believe that your manager's core areas of expertise (as stated above) are not currently a good fit with the needs of the PIF fund.

As Chairman of ALF, as well as the above stated benefits, I consider that a number of other significant benefits will arise from the proposed combination of ALF and PIF. These include:

- alignment of shareholders' and Directors' interests. That is, current PIF unitholders will receive all profits from the fund, without any profit or dividend being paid to the Directors or other shareholders until the redemption of the ALF Redeemable Preference Shares issued pursuant to this offer are redeemed in full; and
- rationalisation of the board and management structures into one entity, thereby creating a stronger entity, with cost savings as a result of rationalisation of administration and the associated board and management structures.

A major benefit in accepting this offer is that the interests of shareholders and management of ALF are aligned. This is because the current Directors of ALF have agreed not to be paid **ANY** fees until your preference shares are redeemed in full (there is no guarantee that these shares will be redeemed in full). Despite the fact that there is no guarantee of redemption it is the Directors of ALF PIF's intention and the Director's undertake to use their absolute best endeavours to redeem the preference shares in full as soon as possible.

The directors of ALF PIF Finance Limited believe that the ordinary shareholders of ALF PIF can make a substantial potential profit (over \$100million) through effective management of ALF PIF. This means that after redemption of the redeemable preference shares at \$1.50 (\$0.15 per unit) and a \$100million profit, the ordinary shareholders will receive 19.09% of this profit which equates to approximately \$0.50 per ordinary share or \$0.05 per unit.

The ALF Offer is scheduled to close on the [.] August 2010 unless extended. Please carefully read the details of the Offer in this Bidder's Statement and to accept it follow the instructions on your accompanying personalised 'Acceptance Form' and 'How to Accept the Offer' section of this Bidder's Statement.

If you have any queries in relation to the Offer, please consult your own independent professional adviser or contact the ALF Offer Information Line on 1300 660 106 between 9.00 am and 5.00 pm (AEST), Monday to Friday.

Yours sincerely,



Michael Pakula

Chairman

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The ALF Offer Information Line is:

- | |
|---|
| <ul style="list-style-type: none">• 1300 660 106 |
|---|

How to Accept the Offer

You should read this Bidder's Statement carefully before making a decision as to whether or not to accept the Offer.

THERE ARE SEVERAL WAYS TO ACCEPT THE OFFER

CHESS Holdings of PIF Units	If your Holder Identification Number begins with an "X", your PIF units are in a CHESS Holding.
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To accept the Offer you must either:

- Complete, sign and return the Acceptance Form included with this Bidder's Statement in accordance with the instructions on the form, which will authorise ALF to instruct your broker to accept the Offer on your behalf; or
- Instruct your broker to accept the Offer on your behalf.

Issuer Sponsored Holdings of Premium Income Fund Units	If your Security holder Reference Number begins with an "T", your PIF units are in an Issuer Sponsored Holding.
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To accept the Offer you must:

- Complete and sign the Acceptance Form enclosed with this Bidder's Statement in accordance with the instructions on the form, and return it to the address indicated on the form.

For details regarding accepting the Offer, see clause 5 of Annexure 1.

To validly accept the Offer for your PIF units, **your acceptance must be received before 7:00 pm (AEST) on [.] August 2010** unless the Offer Period is extended.

Why you should accept the Offer

1. The Offer provides an attractive potential premium for PIF Unitholders.
2. PIF Units have proven to be a very poor investment.
3. PIF has not been well managed.
4. ALF will add value to PIF.
5. ALF will actively pursue further investment opportunities.
6. ALF Directors' and Shareholders' interests are aligned.
7. ALF's Directors will take no fees until the ALF Redeemable Preference Shares have been redeemed in full.
8. ALF's Offer is the only offer available.
9. ALF's Offer provides Unitholders with the potential of cash consideration and further upside.
10. PIF continues to incur fees and expenses as each day passes eroding the potential return for Unitholders.
11. ALF's Offer may provide tax benefits to Unitholders by enabling them to crystallise capital losses arising from their investment in PIF.
12. ALF's Offer affords Ordinary Shareholders in ALF further upside after the Redeemable Preference Shares have been redeemed in full.
13. There are risks in not accepting the Offer.

Summary of Material risks in accepting the Offer

1. ALF relies on a number of key personnel.
2. The consideration under the Offer comprises securities, being ALF Shares, which are currently illiquid.
3. If acceptances under the Offer are less than 100%, there is a risk that ALF is unable to achieve all of the potential benefits set out in this Bidder's Statement.
4. Assets which PIF have been unable to dispose of may prove difficult for ALF to dispose of for the carrying value of those assets.
6. The future earnings of ALF and the value of its investments may be materially affected by general economic climate and other factors.
7. **WHILST ALF WILL USE ITS ABSOLUTE BEST ENDEAVOURS THERE IS NO GUARANTEE THAT THE ALF REDEEMABLE PREFERENCE SHARES WILL BE REDEEMED BY ALF IN THE TIMEFRAME INDICATED OR AT ALL.**
8. **PIF Unitholders will receive a share (19.09%) of the upside that may occur after the redemption of the redeemable preference shares are redeemed. Existing ALF PIF shareholders will receive the vast majority of any upside.**
9. **PIF Unitholders will be diluted and will hold a minority interest in ALF PIF and as such will have limited control over the direction of ALF.**
10. **PIF unitholders may be better off maintaining their existing exposure to PIF in the circumstance whereby ALF PIF does not obtain control of PIF.**
11. **The Board of ALF PIF will review its position and**

formulate a plan for ALF PIF should it decide to waive its 90% acceptance condition.

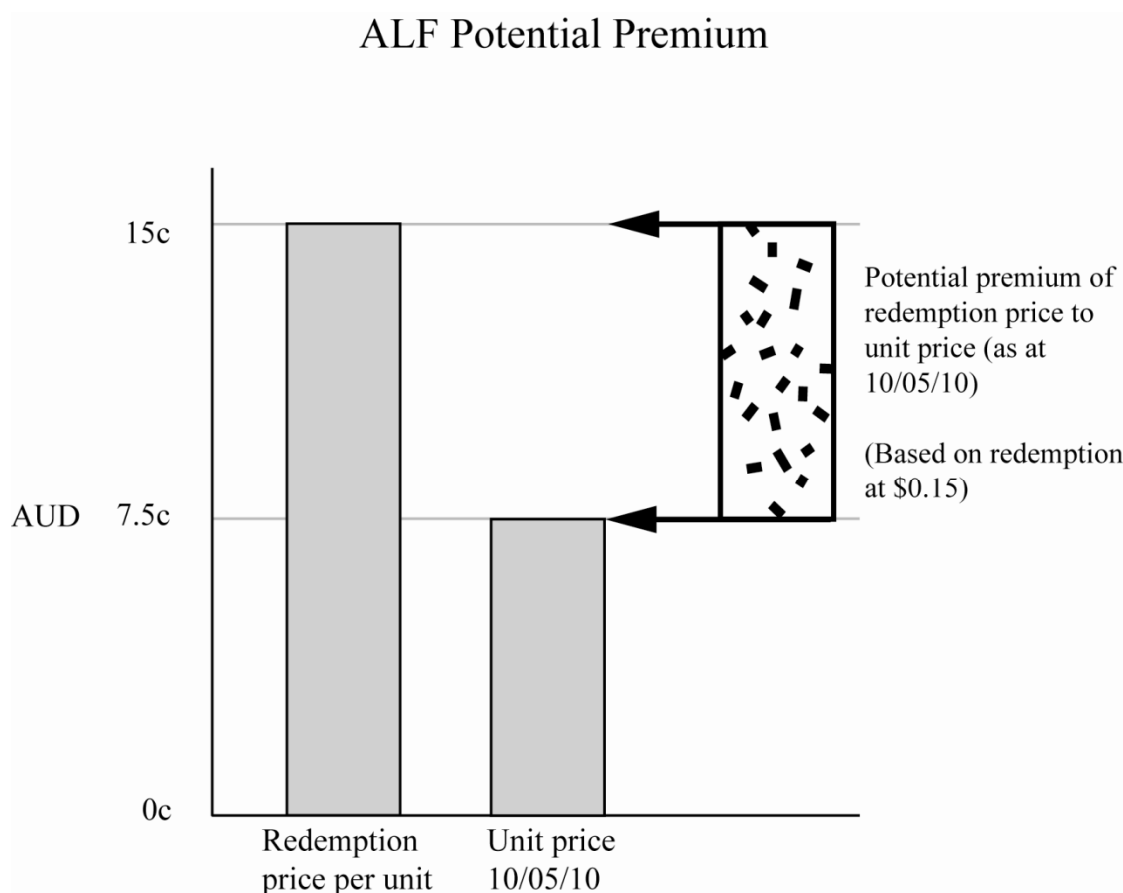
12. As the rights of a unitholder are different from those of a shareholder there is a risk associated in changing your ownership from PIF(a Managed Investment Scheme to ALF PIF (a company).

*** Please refer to Section 5 of this Bidder's Statement for a complete description of these Risks.**

Detailed Reasons why you should accept the ALF Offer

1. The Offer provides a potential premium for PIF Unitholders

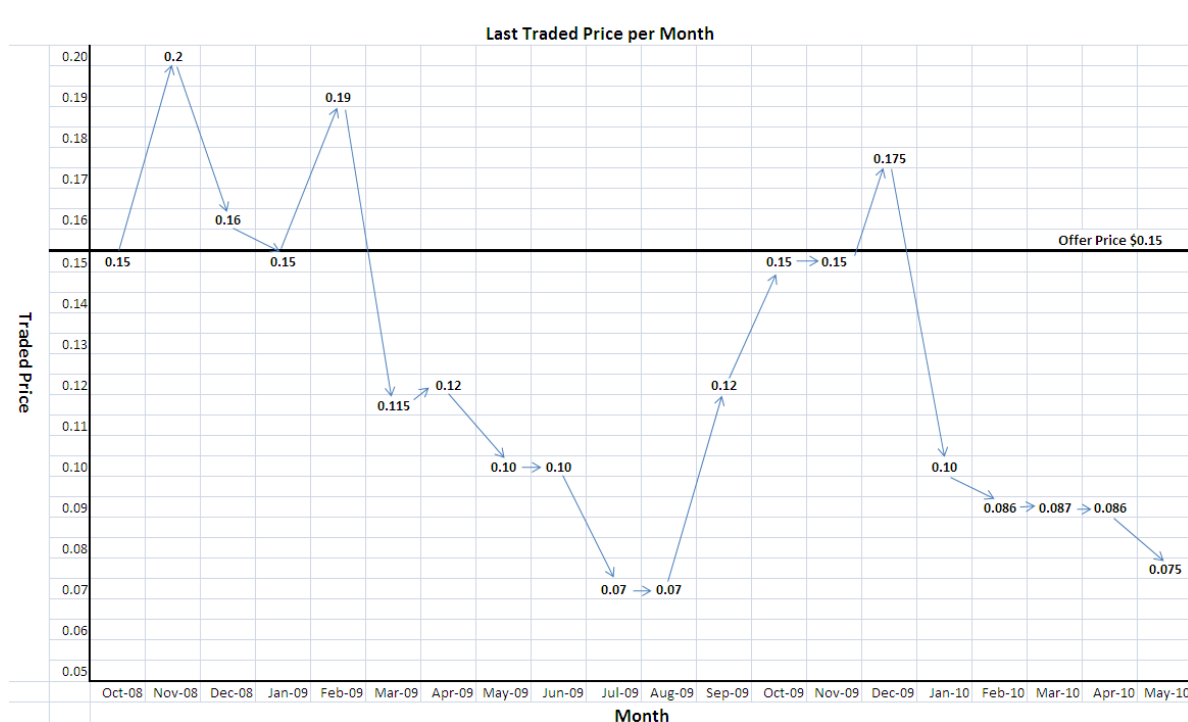
The Offer represents a potential takeover premium (subject to the redeemable preference shares being redeemed, of which there is no guarantee) for the PIF Unitholders based on the last traded price of PIF Units on NSX. See chart below:



Assumptions:

The above graph is based on the following assumptions:

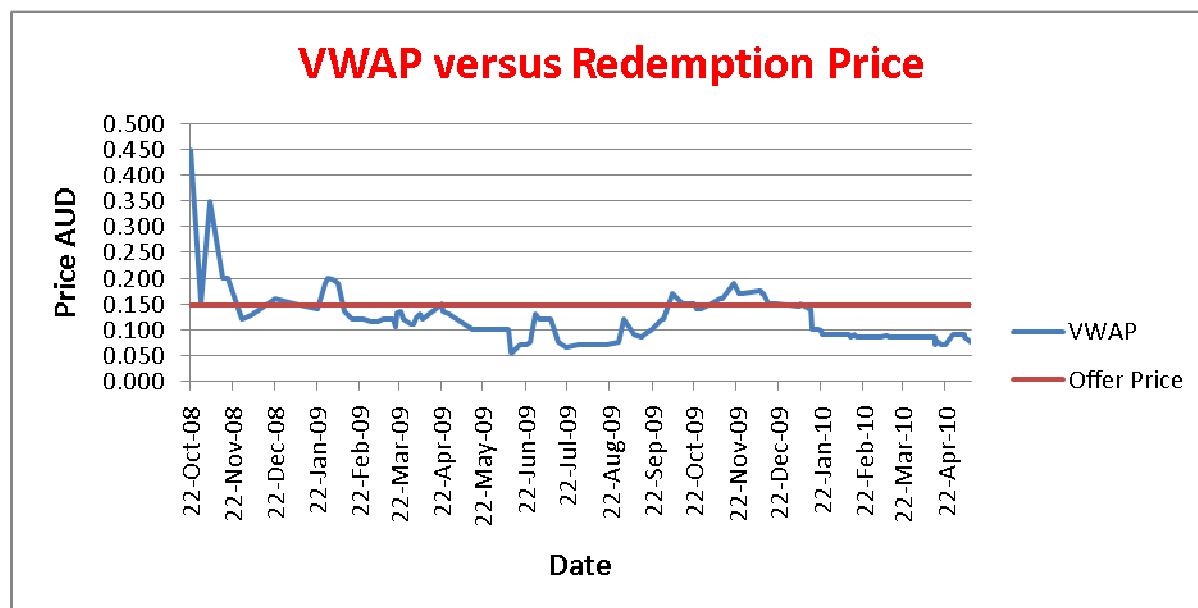
- 1. The Unit price of PIF's Units on NSX is 7.5 cents per unit, being the closing unit price on 10th May 2010, the last practical date before this Offer was made public.**
- 2. The ALF Redeemable Preference Shares are redeemed at \$0.15 cents per unit . (of which redemption there is no guarantee)**



The above graph also shows the redemption price compared to the unit price at the closing price at the end of each month (and 10 May 2010) since PIF's Units have been listed on NSX.

The Directors of ALF believe that this is a favourable potential takeover premium for PIF Unitholders (subject to redemption of the redeemable preference shares of which there is no guarantee) given the outlook for property markets, interest rates and general uncertainty in the international credit and stock markets.

Potential takeover premium-based on share price and VWAP (Volume Weighted Average Price)



Assumptions for the Above Chart:

1. The above chart only includes trades in PIF Units up to and including 10th May 2010, being the last practical date before the announcement of the Offer.
2. The VWAP is based on Unit trades shown in Table 1 below.

ALF considers that the last traded price per unit represents the best estimate of the market value of PIF's Units, which is \$0.075 cents per Unit.

All of the transactions in PIF's Units for the period to 10th May 2010 are set out in Table 1 of this Bidder's Statement.

Since PIF listed on NSX on 16th October 2008, the PIF Units have traded on the market. The following table sets out the details of the on-market trades:

Table 1: Transactions in PIF Units for the period ended 10th May 2010.

<u>Date</u>	<u>Price</u>	<u>Volume</u>	<u>Value</u>
10/05/2010	0.075	24,073	1,805.48
5/05/2010	0.085	120,615	10,252.28
5/05/2010	0.090	183,028	16,472.52
28/04/2010	0.090	10,000	900.00
28/04/2010	0.090	5,955	535.95
27/04/2010	0.090	51,017	4,591.53
21/04/2010	0.071	14,247	1,011.54
21/04/2010	0.072	20,000	1,440.00
19/04/2010	0.071	72,490	5,146.79
14/04/2010	0.080	60,000	4,800.00
14/04/2010	0.071	94,793	6,730.30
14/04/2010	0.071	52,920	3,757.32
14/04/2010	0.080	96,275	7,702.00
14/04/2010	0.080	3,725	298.00
14/04/2010	0.085	45,972	3,907.62
14/04/2010	0.085	1,000	85.00
13/04/2010	0.085	7,092	602.82
13/04/2010	0.086	22,908	1,970.09
12/04/2010	0.085	64,313	5,466.61
8/04/2010	0.085	61,288	5,209.48
8/04/2010	0.085	3,874	329.29
1/04/2010	0.086	5,446	468.36
1/04/2010	0.086	80,059	6,885.07
30/03/2010	0.086	10,621	913.41
30/03/2010	0.086	776	66.74
30/03/2010	0.086	33,800	2,906.80
30/03/2010	0.086	25,075	2,156.45
25/03/2010	0.086	207	17.80
24/03/2010	0.086	84,741	7,287.73
24/03/2010	0.086	28,251	2,429.59
23/03/2010	0.086	39,612	3,406.63
23/03/2010	0.086	8,388	721.37
19/03/2010	0.086	7,900	679.40
18/03/2010	0.086	75,252	6,471.67
16/03/2010	0.086	8,460	727.56
16/03/2010	0.087	22,793	1,982.99
16/03/2010	0.087	50,000	4,350.00

<u>Date</u>	<u>Price</u>	<u>Volume</u>	<u>Value</u>
12/03/2010	0.087	15,000	1,305.00
12/03/2010	0.087	19,207	1,671.01
12/03/2010	0.087	1,585	137.90
12/03/2010	0.087	14,894	1,295.78
11/03/2010	0.087	8,692	756.20
11/03/2010	0.088	5,589	491.83
9/03/2010	0.088	19,411	1,708.17
5/03/2010	0.087	17,239	1,499.79
5/03/2010	0.087	100,000	8,700.00
3/03/2010	0.087	15,423	1,341.80
3/03/2010	0.085	2,324	197.54
3/03/2010	0.085	17,676	1,502.46
2/03/2010	0.085	21,725	1,846.63
2/03/2010	0.085	31,651	2,690.34
2/03/2010	0.085	16,531	1,405.14
1/03/2010	0.085	12,417	1,055.45
23/02/2010	0.086	15,450	1,328.70
23/02/2010	0.086	38,932	3,348.15
23/02/2010	0.086	10,490	902.14
19/02/2010	0.086	19,741	1,697.73
18/02/2010	0.086	26,951	2,317.79
18/02/2010	0.086	23,035	1,981.01
16/02/2010	0.086	9,783	841.34
16/02/2010	0.090	217	19.53
15/02/2010	0.090	19,783	1,780.47
15/02/2010	0.091	22,000	2,002.00
12/02/2010	0.086	10,000	860.00
11/02/2010	0.090	46,135	4,152.15
11/02/2010	0.090	29,603	2,664.27
9/02/2010	0.090	30,000	2,700.00
3/02/2010	0.090	33,333	2,999.97
3/02/2010	0.090	140,000	12,600.00
1/02/2010	0.090	4,873	438.57
22/01/2010	0.090	42,469	3,822.21
22/01/2010	0.090	17,257	1,553.13
21/01/2010	0.090	32,743	2,946.87
21/01/2010	0.095	24,058	2,285.51
21/01/2010	0.100	18,500	1,850.00
21/01/2010	0.100	90,089	9,008.90
21/01/2010	0.110	20,000	2,200.00
20/01/2010	0.100	49,303	4,930.30

<u>Date</u>	<u>Price</u>	<u>Volume</u>	<u>Value</u>
19/01/2010	0.100	34,374	3,437.40
18/01/2010	0.100	11,868	1,186.80
18/01/2010	0.100	11,866	1,186.60
15/01/2010	0.100	2,500	250.00
14/01/2010	0.140	5,274	738.36
13/01/2010	0.140	7,300	1,022.00
7/01/2010	0.150	30,000	4,500.00
6/01/2010	0.140	22,192	3,106.88
6/01/2010	0.150	29,604	4,440.60
21/12/2009	0.150	5,396	809.40
21/12/2009	0.150	13,000	1,950.00
14/12/2009	0.150	6,000	900.00
14/12/2009	0.150	21,000	3,150.00
11/12/2009	0.150	10,000	1,500.00
11/12/2009	0.170	88,166	14,988.22
11/12/2009	0.175	69,500	12,162.50
10/12/2009	0.170	111,834	19,011.78
10/12/2009	0.175	52,795	9,239.13
9/12/2009	0.175	11,000	1,925.00
7/12/2009	0.175	31,705	5,548.38
25/11/2009	0.170	19,191	3,262.47
25/11/2009	0.170	200,000	34,000.00
25/11/2009	0.170	3,412	580.04
25/11/2009	0.170	200,000	34,000.00
23/11/2009	0.170	66,588	11,319.96
23/11/2009	0.170	30,000	5,100.00
19/11/2009	0.195	20,000	3,900.00
19/11/2009	0.190	48,275	9,172.25
11/11/2009	0.160	8,306	1,328.96
9/11/2009	0.160	10,526	1,684.16
3/11/2009	0.150	19,042	2,856.30
3/11/2009	0.150	958	143.70
3/11/2009	0.150	109,042	16,356.30
26/10/2009	0.140	235,705	32,998.70
23/10/2009	0.140	33,333	4,666.62
22/10/2009	0.150	21,629	3,244.35
15/10/2009	0.150	22,000	3,300.00
13/10/2009	0.150	8,000	1,200.00
6/10/2009	0.170	1,000	170.00
29/09/2009	0.120	86,196	10,343.52
28/09/2009	0.120	30,000	3,600.00

<u>Date</u>	<u>Price</u>	<u>Volume</u>	<u>Value</u>
21/09/2009	0.100	56,371	5,637.10
21/09/2009	0.101	11,630	1,174.63
15/09/2009	0.092	36,000	3,312.00
14/09/2009	0.087	2,370	206.19
8/09/2009	0.091	7,630	694.33
1/09/2009	0.120	20,000	2,400.00
28/08/2009	0.076	15,942	1,211.59
19/08/2009	0.070	10,000	700.00
3/08/2009	0.070	6,373	446.11
29/07/2009	0.070	997	69.79
21/07/2009	0.066	53,088	3,503.81
21/07/2009	0.066	5,000	330.00
15/07/2009	0.066	20,000	1,320.00
15/07/2009	0.080	50,000	4,000.00
10/07/2009	0.120	54,110	6,493.20
10/07/2009	0.125	35,000	4,375.00
1/07/2009	0.120	25,890	3,106.80
29/06/2009	0.140	38,724	5,421.36
29/06/2009	0.120	30,000	3,600.00
26/06/2009	0.090	36,646	3,298.14
26/06/2009	0.100	38,920	3,892.00
26/06/2009	0.080	17,500	1,400.00
26/06/2009	0.080	20,000	1,600.00
25/06/2009	0.075	11,276	845.70
22/06/2009	0.070	20,000	1,400.00
19/06/2009	0.070	27,026	1,891.82
17/06/2009	0.071	60,000	4,260.00
12/06/2009	0.056	50,000	2,800.00
11/06/2009	0.056	12,000	672.00
9/06/2009	0.100	20,000	2,000.00
22/05/2009	0.100	20,000	2,000.00
14/05/2009	0.100	10,000	1,000.00
28/04/2009	0.135	27,675	3,736.13
28/04/2009	0.120	21,994	2,639.28
27/04/2009	0.120	6,371	764.52
27/04/2009	0.135	25,818	3,485.43
23/04/2009	0.135	14,182	1,914.57
23/04/2009	0.140	818	114.52
22/04/2009	0.150	25,000	3,750.00
21/04/2009	0.150	25,000	3,750.00
21/04/2009	0.140	3,892	544.88

<u>Date</u>	<u>Price</u>	<u>Volume</u>	<u>Value</u>
21/04/2009	0.140	3,892	544.88
8/04/2009	0.120	17,729	2,127.48
6/04/2009	0.130	10,000	1,300.00
3/04/2009	0.125	10,000	1,250.00
3/04/2009	0.120	10,000	1,200.00
1/04/2009	0.110	16,398	1,803.78
31/03/2009	0.110	37,697	4,146.67
31/03/2009	0.110	12,303	1,353.33
25/03/2009	0.120	11,762	1,411.44
23/03/2009	0.135	22,697	3,064.10
23/03/2009	0.135	13,728	1,853.28
20/03/2009	0.140	5,160	722.40
20/03/2009	0.135	18,900	2,551.50
20/03/2009	0.130	12,643	1,643.59
19/03/2009	0.130	6,257	813.41
19/03/2009	0.120	6,700	804.00
19/03/2009	0.110	30,000	3,300.00
19/03/2009	0.100	20,000	2,000.00
19/03/2009	0.100	30,000	3,000.00
18/03/2009	0.120	50,000	6,000.00
11/03/2009	0.115	340	39.10
11/03/2009	0.120	4,312	517.44
10/03/2009	0.120	45,000	5,400.00
6/03/2009	0.115	45,000	5,175.00
5/03/2009	0.115	15,000	1,725.00
2/03/2009	0.115	18,518	2,129.57
2/03/2009	0.115	51,142	5,881.33
24/02/2009	0.120	25,000	3,000.00
16/02/2009	0.120	10,000	1,200.00
10/02/2009	0.120	60,000	7,200.00
10/02/2009	0.150	20,000	3,000.00
10/02/2009	0.160	30,000	4,800.00
6/02/2009	0.190	10,484	1,991.96
2/02/2009	0.190	10,728	2,038.32
2/02/2009	0.200	50,000	10,000.00
29/01/2009	0.200	55,000	11,000.00
29/01/2009	0.200	32,560	6,512.00
29/01/2009	0.200	91,427	18,285.40
29/01/2009	0.200	20,000	4,000.00
29/01/2009	0.195	18,573	3,621.74
27/01/2009	0.190	26,156	4,969.64

<u>Date</u>	<u>Price</u>	<u>Volume</u>	<u>Value</u>
22/01/2009	0.140	10,000	1,400.00
5/01/2009	0.150	30,000	4,500.00
5/01/2009	0.150	30,000	4,500.00
22/12/2008	0.160	40,000	6,400.00
5/12/2008	0.125	11,910	1,488.75
5/12/2008	0.130	88,382	11,489.66
5/12/2008	0.125	11,618	1,452.25
28/11/2008	0.120	434,822	52,178.64
18/11/2008	0.200	10,000	2,000.00
14/11/2008	0.200	50,000	10,000.00
5/11/2008	0.350	20,000	7,000.00
29/10/2008	0.150	10,270	1,540.50
22/10/2008	0.450	2,000	900.00

2. PIF Units have proven to be a very poor investment

Since PIF's inception as the MFS Premium Income Fund the Units in the fund have proven to be a very poor investment. Since 30th June 2005 the fund's value has declined from \$535,135,683 to \$265,136,000*.

*Based on the public information available being the annual and half-yearly reports published by the current manager.

3. PIF has not been well managed

Since the end of the 2007 financial year, PIF has failed to make a profit and has failed to make any distributions to Unitholders. During this time the fund has not been well managed. As the table above shows, the market value of unit has declined. The decline has accelerated since the units were listed on NSX and since the current managers have been managing the fund. The Directors of ALF consider that using the assets of PIF to undertake Joint Ventures with third parties where a large amount of any potential upside is given away is not in the best interest of Unitholders.

4. ALF will add value to PIF

The ALF board and senior management have aggregated between them decades of experience across all aspects of investment and legal, financial, property and strategic advisory work. This experience has been gained during periods of economic downturn as well as periods of financial prosperity.

5. ALF will actively pursue further investment opportunities

ALF will continue to identify and acquire investments which it believes can add value to the existing assets of PIF.

6. ALF Directors' and Shareholders' Interests are aligned

The Ordinary Shareholders of ALF are not entitled to any dividends on the Ordinary Shares until the Redeemable Preference Shares to be issued to PIF Unitholders under this Offer have been redeemed in full. This condition is evidenced by the terms relating to the issue of the Ordinary Shares and the terms of the issue of the Redeemable Preference Shares and by an agreement with the Directors of ALF.

7. ALF's Existing Shareholders and Directors will take no fees until the ALF Redeemable Preference Shares have been redeemed in full

By way of a contract entered into between the current holders of the Ordinary Shares in ALF, known as Ordinary Shareholders and the Directors of ALF, the current Ordinary Shareholders and the Directors have agreed not to charge or accrue any fees or be entitled to any dividend until the Redeemable Preference Shares (to be issued under this offer to PIF Unitholders) have been redeemed in full and Shareholders of the Redeemable Preference Shares have had their entire shareholding of Redeemable Preference Shares, redeemed at a price of \$1.50 per share (\$0.15 cents per Unit). For more details in relation to this agreement please see a full description of this agreement and its terms at Section 1.9 of this Bidder's Statement.

8. ALF's Offer is the only offer available

ALF's Offer to acquire all the PIF Units represents the only offer currently available to PIF Unitholders.

9. ALF's Offer provides Unitholders with the potential of cash consideration

Under the terms of the Offer of the Redeemable Preference Shares, the board of ALF will make every effort to redeem the Redeemable Preference Shares issued pursuant to this Offer within two (2) years from the date of this Offer. Whilst no guarantee can be made that these shares will be redeemed in whole or in part by ALF within that time, under the terms of the issue of the Ordinary Shares already issued in ALF, the Ordinary Shareholders will not be entitled to a dividend or return until the Redeemable Preference Shares to be issued, pursuant to this Offer, have been redeemed in full, at a price \$1.50 per share.

THIS MEANS THAT THE ORDINARY SHAREHOLDERS AND DIRECTORS WILL NOT RECEIVE ANY DIVIDENDS OR DIRECTOR'S FEES UNTIL YOU ARE FULLY PAID \$1.50 PER REDEEMABLE PREFERENCE SHARE WHICH EQUATES TO \$0.15 CENTS PER 1 PIF UNIT

A term of the proposed redemption is that ALF will make every effort to redeem the Redeemable Preference Shares for \$1.50 in cash by ALF within two years.

NB. Please note that this is not a guarantee that the Redeemable Preference Shares issued pursuant to this Offer will be redeemed in full or at all.

10. PIF continues to incur fees and expenses as each day passes eroding the potential returns to Unitholders

According to the recent half-yearly accounts of the company lodged on 16th March 2010, the company has incurred over \$1 million in expenses in the 6 months to 31st December 2009. ALF believes the current expenses being paid are excessive and will be reduced should ALF be successful with its takeover offer.

11. ALF's Offer may provide tax benefits to Unitholders by enabling them to crystallise capital losses arising from their investment in PIF

The Offer may allow PIF Unitholders to crystallise capital losses arising from their investment in PIF.

12. ALF's Offer affords Ordinary Shareholders in ALF further potential upside after the Redeemable Preference Shares have been redeemed in full

Due to the fact that pursuant to the Offer for every 20 units in PIF you hold you will receive one Ordinary Share in ALF, Unitholders are able to participate in any further returns afforded to the Ordinary Shareholders. The issue of Ordinary Shares to PIF Unitholders is in addition to the issue of the Redeemable Preference Shares, which are liable to be redeemed at \$0.15 cents per PIF unit.

13. There are risks in not accepting the Offer

If the conditions of the Offer are not satisfied or waived (including the minimum 90% acceptance condition), ALF will not acquire PIF's Units from any PIF Unitholder who does not accept this Offer.

If you do not accept the Offer and the Offer becomes or is declared unconditional before ALF has received acceptances resulting in it being entitled to a relevant interest of at least 90% (by number) of PIF's Units, then you remain a minority PIF Unitholder.

The implications of being a minority Unitholder include the following:

- the liquidity of PIF Units may be lower than at present, making it more difficult for you to dispose of your PIF Units in the future;
- PIF may be de-listed from NSX, because the number of Unitholders in PIF may fall below the minimum requirement for listing on NSX, which would materially impact the liquidity of PIF Units.

Other important considerations for PIF Unitholders

No brokerage fee

All costs and expenses of the Offer and all brokerage or stamp duty payable in respect of a transfer of PIF Units for which the Offer is accepted will be paid by ALF.

If you hold your PIF Units through a bank, broker or nominee which charges transaction fees or service fees in connection with your acceptance of the Offer or if you are a Foreign Company or natural person, ALF will not pay those fees.

Summary of the Offer

Question	Answer	Further information
What is ALF offering to buy?	ALF is offering to buy ALL of your PIF Units on the terms set out in Annexure 1 of this Bidder's Statement.	Annexure 1, clause 1
What will I receive if I accept the Offer?	If you accept the Offer, you will receive 0.1 ALF Redeemable Preference Share for every 1 PIF Units and 0.05 ALF Ordinary Share for every 1 PIF Unit, if the Offer becomes or is declared unconditional. Fractions of shares will be rounded up to the nearest whole number which equates to 1 Redeemable Preference Share for every 10 Units in the Premium Income Fund and 1 Ordinary Share for every 20 Units in the Premium Income Fund.	Annexure 1, clause 2
What are the terms of the ALF Redeemable Preference Shares?	The ALF Redeemable Preference Shares can be redeemed by the Board of ALF at any time for a fixed price of \$1.50 per share. The ALF Redeemable Preference Shares also have a right to the preferential return of capital on a winding up of ALF.	Annexure 3
What are the terms of the ALF Ordinary Shares?	The ALF Ordinary Shares are fully voting and rank equally with other ordinary shares on issue prior to this offer.	Annexure 3
What will be my voting rights in ALF?	The ALF Redeemable Preference Shares confer a right to vote at general meetings of ALF.	
Are there any conditions to the Offer?	<p>The Offer is subject to a number of conditions, including the following:</p> <ul style="list-style-type: none"> - Minimum Offer acceptance condition of 90%. - No material adverse change 	

	<p>to PIF, and in particular, no change that results in a diminution in value of the net assets of PIF to less than \$230,000,000.</p> <ul style="list-style-type: none"> - No acquisitions or disposals of any assets by PIF or entry by PIF into any agreement with an aggregate value in excess of \$500,000. - No giving of a financial benefit to a related party of PIF. - None of the 'prescribed occurrences' listed in section 652C of the Corporations Act occurring. <p>Full details of the Offer Terms are set out in clause 6 of Annexure 1.</p>	
Why is there a 90% minimum acceptance condition?	ALF needs to acquire 90% of the PIF Units to reach the compulsory acquisition threshold contained in the Corporations Act.	
How do I accept the Offer?	To accept the Offer, you must follow the instructions set out in the "How to Accept the Offer" section on page 12 of this Bidder's Statement and by completing your personalised Acceptance Form and in accordance with clause 4 of Annexure 1.	
When will I be issued with ALF Redeemable Preference Shares and ALF Ordinary Shares?	<p>ALF will issue the ALF Redeemable Preference Shares and ALF Ordinary Shares to you under the Offer by the earlier of:</p> <ul style="list-style-type: none"> - One month after the Offer is accepted or one month after all the conditions have been fulfilled or removed; and - 21 days after the end of the Offer Period. <p>You will only receive these shares if the Offer becomes unconditional.</p>	Annexure 1, clause 5

When does the Offer close?	The Offer closes at 7:00pm (AEST) on [●] August 2010 unless it is extended under the Corporations Act.	Annexure 1, clause 3
Do I have to pay costs or expenses associated with the Offer?	<p>All costs and expenses of the Offer and all brokerage or stamp duty payable in respect of a transfer of PIF Units for which the Offer is accepted will be paid by ALF.</p> <p>If you hold PIF Units through a bank, broker or nominee which charges transaction fees or service fees in connection with your acceptance of the Offer or if you are a Foreign PIF Unitholder, ALF will not pay those fees.</p>	Annexure 1, clause 9.3
Are there any risks in accepting the Offer?	PIF Unitholders who accept the Offer will receive ALF Redeemable Preference Shares and ALF Ordinary Shares and will be exposed to the risk factors associated with being a shareholder of these types of shares. You should refer to section 5 of this Bidder's Statement for further information on some of the potential risks.	
What are the tax implications if I accept the Offer?	The tax implications depend on your personal tax situation. You should consult your taxation adviser for detailed taxation advice before making a decision as to whether or not to accept the Offer. Nothing in this Bidder's Statement constitutes advice in relation to taxation concerning any recipient of the Offer.	
Where do I go for further information?	<p>If you are in any doubt as to how to deal with the Offer, you should consult your broker or your relevant legal, financial or other professional adviser.</p> <p>If you have any questions about the Offer or how to accept it, please contact ALF on 1300 660 106 or visit www.alfpif.com.au.</p>	

1. Information on ALF and its Securities

1.1 Overview of ALF and its principal activities

ALF is a special purpose company incorporated in Australia to offer to acquire the Units in PIF.

ALF has only recently been established and has not yet traded.

The mandate of the company is to acquire property with development potential and over 5time to realise that potential.

1.2 Present Directors of ALF

The present Directors of ALF are:

1.2.1 Mr Michael Pakula

Michael has over 25 years experience as an entrepreneur and business manager overseeing the development and growth of innovative emerging companies. Michael has previously sold a majority stake in a privately owned retail company to the Private Equity Division of Macquarie Bank Ltd and continued as its Managing Director for a number of years. Michael has and continues to work on a consultancy basis with several companies covering risk management and supply chain management in China and Africa.

Mr Pakula is a Director of ALF Group Holdings AG (ISIN CH0044678180) of Blegistrasse 25, 6340 Baar, Switzerland which has an interest in 16,000,000 shares in the Bidder.

1.2.2 Mr Pascal P. Niedermann

Born in Switzerland, Pascal is a founding partner of The Maestro Group, a New York-based strategic management advisory firm. He has 20 years of international expertise in the Financial Services, Investment and Strategic Policy making industry and has specialized in developing and implementing effective solutions for companies in need of strategic positioning and capital funding in order to grow in international markets. Before co-founding The Maestro Group in 2005, Pascal was a member of the international trade team of the U.S. Senate Finance Committee as a European policy advisor. Prior to that, Pascal worked for 13 years for UBS Financial Services in Zurich and New York. He specialised in marketing and business development in the high net worth division of UBS Wealth Management in Europe, North and Latin America for the world's biggest asset manager.

Mr Niedermann is a Director of ALF Group Holdings AG (ISIN CH0044678180) which has an interest in 16,000,000 shares in the Bidder.

1.2.3 Mr Wayne Wheeler

Mr Wheeler possesses an unparalleled level of experience in all aspects of the property and construction field. Beginning as a carpenter and licensed builder, Mr Wheeler has since Managed and Supervised construction and property projects at all industry levels.

Mr Wheeler has a prior relationship as a full time consultant with directors of ALF Group Holdings AG. Mr Wheeler was engaged to oversee and complete 6 partially complete projects after an existing builder went into liquidation, with a combined value of in excess of \$40m dollars. Mr Wheeler completed all projects within time and within budget.

As a member of both the Master Builders Association (MBA) and the Association of Building Sustainability Assessors (ABSA), Mr Wheeler is a highly respected associate of the construction profession. In the past Mr Wheeler has spent a considerable amount of time lecturing in construction at TAFE as well as convening specific construction industry seminars at the NSW Building Services Information Centre.

More recently, Mr Wheeler has extended his reach into the Computer Software industry, specifically that of programming and management/support. Mr Wheeler is currently completing a Bachelor of Technology at RMIT University, and is a Director of Australian based international software company CyberFlex Software Pty Ltd.

Mr Wheeler has no interest in the Bidder's securities.

1.3 Balance Sheet of ALF

BALANCE SHEET AS AT 10 MAY 2010

	\$
Current assets	
Cash and cash equivalents	1600
Other current assets	0
Total current assets	1600
Non-current assets	
Property, plant and equipment	0
Total non-current assets	0
Total assets	1600
Current liabilities	
Trade and other payables	0
Short term borrowings	0
Total current liabilities	0
Total liabilities	0
Net assets	1600

	\$
Equity	
Contributed equity	1600
Total equity	1600

1.4 Additional Information regarding ALF

Disclosure obligations

Due to the fact that ALF is offering ALF Redeemable Preference Shares and ALF Ordinary Shares, as consideration under the Offer, the Corporations Act requires this Bidder's Statement to include all information that would be required for a prospectus under sections 710 to 713 of the Corporations Act.

The information required to be included (together with other information contained elsewhere in this Bidder's statement) is as follows:

Rights of Redeemable Preference Share

The following is a summary of the principal rights and liabilities attaching to ALF Redeemable Preference Shares as set out in the ALF Constitution, the terms of issue of the Redeemable Preference Shares and under the Corporations Act. Below is a summary of the main provisions of the Constitution, for more details of the rights and liabilities attached to ALF Redeemable Preference Shares interested parties can obtain a copy of ALF's Constitution by calling 1300 660 106 or visiting www.alfpif.com.au.

- a) **Issue of Shares-** the power to issue ALF Redeemable Preference Shares and other securities in the capital of ALF lies with the Board of ALF subject to the restrictions contained in the Constitution and the Corporations Act.
- b) **Voting-** subject to the Constitution and the Corporations Act and the NSX Listing Rules on a show of hands every holder of ALF Redeemable Preference Shares present in person or by proxy or attorney or representative will have one vote at meetings of ALF PIF and one vote if a poll at general meetings of ALF is demanded or called.
- c) **Meetings and Notice-** each holder of ALF Redeemable Preference Shares is entitled to receive notices of, and to attend, general meetings of ALF and to receive all notices, accounts and other documents required to be sent to shareholders under the Constitution and the Listing Rules. An ALF Director may call a meeting of shareholders and shareholders may also requisition or convene general meetings in accordance with the procedures for shareholder initiated meetings set out in the Corporations Act.
- d) **Dividends-** dividends are not payable on ALF Redeemable Preference Shares.
- e) **Transfer of Shares-** a holder of an ALF Redeemable Preference Share may transfer these shares by an off-market transfer in accordance with the constitution of ALF by an instrument in writing in the usual or common forms, or in any other form approved by the ALF directors. Subject to the Constitution of ALF and the Corporations Act, the

ALF directors may refuse to register any transfer of ALF Redeemable Preference Shares.

- f) Rights on Winding Up-** if on a winding up there remain any assets available for distribution to shareholders, then subject to the Constitution and the Corporations Act those assets will be distributed firstly amongst the Redeemable Preference Shareholders to the maximum of \$1.50 per share and any surplus in proportion to the ordinary shareholders.
- g) Variation of Rights-** subject to the Constitution of ALF PIF, the Corporations Act and the Listing Rules, all or any of the rights and privileges attached to ALF Redeemable Preference Shares Units may be varied or cancelled by a special resolution (75% majority) passed at a meeting of the holders of the ALF Redeemable Preference Shareholders.
- h) Redemption-** in the event that the Board of ALF PIF resolves to redeem the Redeemable Preference Shares issued pursuant to this offer in part or in full a holder of Redeemable Preference Shares is entitled to receive the sum of \$1.50 for every Redeemable Preference Share redeemed.

Rights of Ordinary Share

A member being the holder of an Ordinary Class Share holds such a share subject to the following rights and entitlements:

- (a)** the right to attend and vote at all meetings of the Company and on a show of hands to one vote for every share held and on every poll to one vote for every share held;
- (b)** the right to participate in the dividends (if any) declared on that class of share;
- (c)** in a winding up of the Company to repayment of capital paid upon such share and the right to participate in the division of any surplus assets or profits of the Company.

PIF Unitholders who accept this Offer will receive ALF Ordinary Shares with the same rights as those Ordinary Shares currently on issue

Other than information contained in this Bidder's Statement, there is no information which is information that a PIF Unitholder or a professional adviser to a PIF Unitholder would reasonably expect to find in this Bidder's Statement and would reasonably require for the purposes of making an informed assessment of:

- the assets, liabilities, financial position, profits, losses or prospects of ALF; or
- the rights and liabilities attaching to the ALF's Redeemable Preference Shares and the rights and liabilities attaching to the ALF Ordinary Shares.

Copies of available information

During the Offer Period, ALF will provide any of the following documents free of charge to any person who requests them:

- ALF's Constitution; and
- Copies of any material contracts referred to in section 7 of this Bidder's Statement.

Copies of any of these documents can be requested by contacting the Offer Information Line on 1300 660 106 or by visiting the company's website at www.alfpif.com.au.

1.5 ALF's issued securities

ALF has on issue 160,000,000 Fully Paid Ordinary Shares.

All Fully Paid Ordinary Shares rank equally for the purposes of participation in profits and capital of ALF.

ALF Fully Paid Ordinary Shares confer on their holders the right to receive notices, reports and accounts and to attend and speak, at general meetings of the Company.

As at the date of this Bidder's Statement, ALF has the following securities on issue:

Description of Securities	Number Issued
Fully Paid Ordinary Shares	160,000,000

Top 20 Shareholders in ALF

As at the date of this Bidder's Statement the following entities were the holders of the Fully Paid Ordinary Shares in ALF (with the shareholding and voting power as disclosed below):

Rank	Investor Name	Total Shares	% Of Issued Capital
1	ALF Group Pty Ltd	128,000,000	80
2	BFT Custodians Pty Ltd	16,000,000	10
3	ALF Group Holdings AG	16,000,000	10

1.6 Implied value of the Offer

The Offer has an implied value of \$0.15 cents per PIF Unit, based on the redemption price.

The implied value of the Offer represents a 100% premium to the last traded price of PIF Units on NSX up to 10th May 2010.

1.7 Rights and liabilities attaching to ALF Redeemable Preference Shares

As set out in Annexure 3, ALF Redeemable Preference Shares, received as consideration under the Offer will be fully paid and will rank in preference (in terms of winding up) to existing ALF Fully Paid Ordinary Shares on issue and to be issued pursuant to this Offer

ALF Redeemable Preference Shares will confer upon the holders of those Redeemable Preference Shares the right to vote at general meetings of the Company.

The rights and liabilities attaching to the ALF Redeemable Preference Shares which will be issued as consideration under the Offer are summarised in section 1.3.1 of this Bidder's statement, and are subject to statutory and common law.

The main rights and liabilities attaching to the ALF Redeemable Preference Shares and ALF Ordinary Shares are summarised in Annexure 3.

1.8 Rights and liabilities attaching to ALF Ordinary Shares

As set out in Annexure 3 ALF Ordinary Shares, received as consideration under this Offer will be fully paid and will rank after the Redeemable Preference Shares to be issued subject to this offer (in terms of winding up).

ALF Ordinary Shares will confer upon the holders of those Ordinary Shares the right to vote at general meetings of the Company.

The rights and liabilities attaching to the ALF Ordinary Shares which will be issued as consideration under the Offer are set out in the constitution and the Corporations Act, and are subject to statutory and common law.

The main rights and liabilities attaching to the ALF Ordinary Shares are summarised in Annexure 3.

1.9 Agreement between ALF Ordinary Shareholders and Directors of ALF

By Agreement dated 12th May 2010 all of the ALF Ordinary Shareholders and the ALF Directors ("the parties") have agreed:

- (a) Not to charge, accrue or pay any Directors' fees, to themselves or their nominees until such time as the Redeemable Preference Shares issued pursuant to this offer have been redeemed in full at a price of \$1.50 per share.
- (b) Not to pay or receive any dividends, return of capital or make a distribution of any form to the Ordinary Shareholders until such time as the Redeemable Preference Shares issued pursuant to this offer have been redeemed in full at a price of \$1.50 per share.

1.10 Mr James Warren Byrnes ("Mr Byrnes")

Mr Byrnes has the following indirect interests in ALF PIF, by association and/or consultancy agreements:

- a) From time to time Mr Byrnes consults to the board of ALF PIF. No written consultancy agreement is in place between ALF PIF and Mr Byrnes.
- b) Mr Byrnes is a consultant of Kingsley Finance Co. Limited (Hong Kong), which company currently has a consultancy agreement with ALF Group Holdings AG.
- c) Mr Byrnes is married to Mrs C Byrnes:
 - (i) Mr James Byrnes & Mrs Byrnes own no shares in ALF Group Pty Ltd .
 - (ii) ALF Group Pty Ltd , is a wholly owned subsidiary of ALF Group Holdings AG, a Swiss public company listed on the Frankfurt Stock Exchange.

- d) Mrs C Byrnes is a director of BFT Custodians Pty Ltd. BFT Custodians Pty Ltd owns 10% of the ordinary shares in ALF PIF.

Additional Disclosure regarding Mr Byrnes

Below is a history of Mr Byrnes and additional disclosures in relation to Mr Byrnes.

1977-1984- Car Dealerships

1988 Became first car dealer to offer over the phone finance approvals for car purchases.

1988-1989 Undertook many commercial and residential property acquisitions and disposals.

1992 Declared bankrupt due to 22% interest rates and property value collapses .

1992 Accepted mandate from Alan Bond to obtain release from creditors and to annul bankruptcy. This was achieved successfully by Mr Byrnes on behalf of Mr Bond.

1992-1994 undertook role as lead negotiator for numerous clients in rural Australia, chaired Farmers meetings regarding banks. Rallied farmers and presented position paper to Government. In 1994 the New South Wales Government introduced Farm Debt Mediation Act 1994.

1995-2000 successfully undertook and completed various property projects with value of over \$50 million

1995 Founded Australian Credit Corporation and became an accredited home loan originator.

1999-2006 this business was sold in a management buyout to the management

Acquired shares in 3 companies from Satellite group for a total value of (\$6 dollars) with underlying assets of over \$20,000,000

2000 acquired via third party 3rd mortgage over Bauhaus Pymont Pty Ltd, entered into possession as third mortgagee. Acquired 4th, 5th, 6th & 7th mortgage for \$9 million dollar discount to face value.

2000 entered into Design, Construct and finance project with Multiplex to complete partly commenced project.

2001 settled sale of units, repaid ANZ Bank and Multiplex over \$38 million. Total earnings for Byrnes interest \$7million.

Acquired mortgage over Terry Hills and Lake Jindabyne Hotel, appointed administrator and subsequently sued receiver over fees, settled with 135% of capital return. (\$1million invested \$1.35million returned in 4 months)

Provided financial support to several mining companies (WA) provided underwriting. (Sherlock Bay Nickel) plus other companies. Generated profit, fees and income in excess of \$3 million

Entered into investment loan with unregulated fund, sued fund for breach of contract and default of facility agreement settled for \$5 million which was fully paid.

Provided commercial funding to importers (SAAB Appliances) who imported electrical appliances from China, fees, interest and income \$1million.

Funded Fourex trader via access to Byrnes share trading account. Although lost \$500,000 in first 3 weeks, ultimate 3 months return \$2.196m USD profit before traders 40% commission. Net profit after expenses \$1.7m AUD

Acquired over \$7 million in bad loans from finance companies in relation to equipment finance, recovered cost outlay plus a net of \$1.1m

Profits on share trading with the exception of Sydney Gas, share profits from trading exceeded \$4m dollars.

Invested in High end classic and collectable cars while AUD was at a low and exported to the USA and UK, profits in excess of \$1m

Loss making ventures

Losses on Sydney Gas	\$2.5m
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Opened and established Cromwell's Auction House.	\$7.5m
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Investment into Philippine business resulted in loss from theft by

Australian Partner	\$1.5m
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2006 till present

2009/2010 Either in personal capacity or via active role as consultant to family owned companies. Companies have generated over \$8 million in revenue, which has been subject to Audit.

Mr Byrnes's dealings with ASIC, ITSA and AFP

Following on from Mr Byrnes's success in assisting Mr Alan Bond in achieving a release from Bankruptcy, Byrnes was investigated by a number of government departments.

The Insolvency Trustee Service of Australia (ITSA), raised queries with Mr Byrnes because at the time of assisting Mr Bond, Mr Byrnes was an undischarged bankrupt and was regularly described in the Media as the Rolls Royce Driving Bankrupt. ITSA engaged a special purpose trustee to pursue Mr Byrnes for income he was thought to have earned while a bankrupt. The investigation was never finalised as a settlement was proposed and accepted by ITSA (and paid).

The Australian Federal Police (AFP) in a joint state and federal task force investigated every transaction Mr Byrnes or one of his companies had been involved in since he was 18 years old.

The relevant parties involved either directly or via other parties brought over 10 separate criminal charges against Byrnes.

Byrnes prepared a large part of his defences in each separate hearing (10)

Each case was either dismissed, withdrawn or a finding of no case to answer to returned.

Several of these cases were subject to indictments after an appeal by the Crown Solicitor. Each matter in the District Court was dismissed and/or the judge ordered a verdict of not guilty by direction.

ASIC

As a result of the financial recession and property collapse in the last days of the 1980s and the property collapse of the early 1990s Byrnes had 2 or more companies go into liquidation.

ASIC issued a banning order for 5 years which was reduced to 3 years at the Administrative Appeals Tribunal.

During Mr Byrnes Strike off ASIC launched a full investigation as to his involvement in the managing of corporations. ASIC conducted an exhaustive review and examination of staff employed by companies associated with Mr Byrnes, ASIC examined lawyers and accountants, management staff and directors.

Under the Freedom of Information Act all files were received and reviewed by Mr Byrnes.

ASIC referred the matter to the Department of Public Prosecutions who in turn advised that there was no basis for a charge, there was no conclusive evidence and there would be little or no chance of securing a conviction.

Byrnes made an application to the court to be allowed to manage several property development companies, ASIC objected.

The mortgagee demanded Byrnes involvement but ASIC refused. The Mortgagee took possession and appointed Mr Byrnes as its agent to complete the projects.

Several of these development companies went into liquidation with the lender and the Byrnes Family trust as secured lenders receiving full proceeds from sales.

ASIC in 2006 brought strike off action based on two or more companies being placed in liquidation within 5 years.

Byrnes argued that the liquidations that ASIC relied upon to ban for a second time arose while he was banned the first time and while he was not a director.

ASIC banned Mr Byrnes until 29 August 2011

Media Release by ASIC:

Below is the media release MR 06-316 in relation to Mr Byrnes

“ASIC has banned Mr James Warren Byrnes, of Bellevue Hill, New South Wales, from managing corporations for five years.

Mr Byrnes was banned following an investigation into his involvement in four failed companies, ACN 072 951 823 Pty Ltd; Bauhaus Pyrmont Pty Limited, Curlew Apartments Pty Ltd and Cromwells Auctioneers & Valuers Rozelle Pty Ltd.

The companies were involved in a variety of businesses, including auction houses that dealt in antiques and fine art, property development and construction.

The four companies were wound up owing substantial debts to creditors, totalling \$6,087,019. Unsecured creditors including trade creditors and employees were not paid more than 50 cents in the dollar.

Mr Byrnes has been banned by ASIC on a previous occasion. ASIC disqualified Mr Byrnes on 3 November 1998 from managing corporations for five years. The Administrative Appeals Tribunal (AAT) later reduced this to three years.

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.

Specifically, Mr Byrnes failed to assist the liquidator in the winding up of ACN 072 951 823 Pty Limited. He also continued to act in the management of ACN 072 951 823 without the authority of the liquidator, including the sale of motor vehicles owned by the company.

ASIC further found that Mr Byrnes’ conduct leading to the liquidation of above named four companies, and his conduct after the companies were placed into liquidation, was very similar to the management style and conduct which resulted in his 1998 banning.

ASIC also found that in 1999, 2000 and 2001, Mr Byrnes managed companies while disqualified.

‘ASIC will not hesitate to impose the maximum disqualification penalty in the worst cases which this clearly is’, Ms Delia Rickard, Deputy Executive Director Consumer Protection said.

Mr Byrnes has the right to appeal to the AAT for a review of ASIC’s decision”

2. Information on PIF and its Securities

2.1 Publicly available information and disclaimer

The information regarding PIF in this section 2 and elsewhere in this Bidder's Statement has been prepared by ALF using publicly available information and has not been independently verified. Accordingly, ALF does not make any representation or warranty as to the accuracy or completeness of this information.

The information on PIF in this Bidder's Statement should not be considered comprehensive.

PIF is a managed investment scheme listed on NSX and is subject to the periodic and continuous disclosure requirements of the Corporations Act and the NSX Listing Rules. For information concerning the financial position and affairs of PIF, you should refer to the full range of information that has been disclosed by PIF pursuant to those requirements.

In addition, the Corporations Act requires the directors of the Responsible Entity of PIF, Wellington Capital Limited, to provide a Target's Statement to holders of PIF Units in response to this Bidder's Statement, setting out certain material concerning PIF.

2.2 Brief overview of PIF and its principal activities

2.2.1 General Overview

PIF is an NSX listed Managed Investment Scheme which was registered on 22 December 1999 and was admitted to the Official List of NSX on 16th October 2008.

PIF is a Managed Investment Scheme with investments in Mortgage Loans, other Managed Investment Schemes, Alternative Investments, Cash Investments and Fixed Interest Investments.

For further information on PIF investors should read the NSX announcements made by PIF. A list of announcements made by PIF since 1st September 2009 (the date that the PIF annual report was most recently lodged with NSX) before this Bidder's Statement was lodged with ASIC is attached as Annexure 2.

2.3 PIF Assets

PIF investments as at 31st December 2009 consist of:

- \$4,601,000 in cash or cash equivalents;
- \$57,054,000 in asset backed investments (after a provision for impairment of those assets);
- \$720,000 in receivables;
- \$12,916,000 in Financial Assets comprising equity securities and fixed interest securities;
- \$41,800,000 in Inventory being land held for resale; and
- \$153,054,000 in Mortgage Loans.

2.4 PIF Liabilities

As at 31st December 2009, PIF's balance sheet, under liabilities, disclosed \$5,009,000 in payables. This is made up of:

- \$248,000 in trade payables;
- \$916,000 in accrued expenses; and
- \$3,845,000 in GST payable.

2.5 PIF Responsible Entity, Directors and Company Secretary:

PIF is managed by Wellington Capital Limited, as Responsible Entity of the Premium Income Fund. The Directors of Wellington Capital Limited are set out below:

- Jennifer Hutson, Director and Chairperson;
- Sydney Robert Pitt, Director
- Mary-Anne Greaves, Director and Company Secretary.

2.5.1 Responsible Entity's remuneration

At a meeting of Unitholders on 15th October 2008, it was resolved that the responsible entity would be paid a management fee of 0.7% per annum on the value of funds under management. It was agreed by the Responsible Entity that no fees would be charged, or become payable, until cash payments to Unitholders totalling \$0.03 cents per Unit had been made. An undertaking was given by the responsible entity to the Supreme Court of Queensland to this effect.

These fees will become payable after any distribution totalling \$0.03 cents is paid to Unitholders. Therefore there is an existing liability payable to the responsible entity. As at 10th May 2010 the Board of ALF has been unable to quantify and ascertain the amount of this liability.

2.5.2 Financial Overview

Based on PIF half year report lodged with NSX on 16th March 2010, PIF had, as at 31st December 2009:

- total assets of \$270,145,000;
- total liabilities of \$5,009,000; and
- total equity of \$265,136,000.

For further details of PIF's financial status, please refer to PIF 2009 Annual Report and the Financial Report for the half year ended 31st December 2009, which are available on the NSX website (www.nsx.com.au; NSX code PIN) or on the PIF website (www.newpif.com.au).

2.6 PIF's issued securities

According to the documents lodged by PIF with NSX, PIF has the following securities on issue at the date of this Bidder's Statement:

- 755,032,768 Premium Income Fund Units.

2.7 Substantial Shareholders in Premium Income Fund

As at the date of this Bidder's Statement, the following entity is a substantial Shareholder in PIF (with the Unit Holding and voting power being that which was disclosed in the Annual Report lodged 1 September 2009):

- Perpetual Nominees Limited <Wholesale Premium Income Fund> 11.18%
84,429,893 Units.

2.8 Unitholder Information

2.8.1 Issued Capital

PIF has on issue 755,032,768 Premium Income Fund Units held by over 10,000 Holders. All Units are fully voting.

2.8.2 Details of relevant interests in PIF securities held by ALF

As at the date of this Bidder's Statement ALF does not own any securities in PIF.

2.8.3 Consideration provided for PIF Units during the previous 4 months

Neither ALF nor its associates have purchased, or provided any consideration for, PIF Units during the period of 4 months before the date of the Offer.

No inducing benefits given during the previous 4 months

Except as set out in this Bidder's Statement, neither PIF nor any of its Associates has, during the period of 4 months before the date of the Offer, given, or offered to give or agreed to give, a benefit to another person where the benefit was likely to induce the other person, or an Associate,:

- to accept the Offer; or
- to dispose of PIF Units,

which benefit is not offered to all PIF Unitholders under the Offer.

3. ALF's Intentions

3.1 Introduction

This section sets out the intentions of ALF in relation to PIF. These intentions have been formed on the basis of facts and information concerning PIF, and the general business environment, which is known to ALF at the time of preparing this Bidder's Statement. Final decisions will only be reached by ALF in the light of material information and circumstances at the relevant time. Accordingly, the statements set out in this section of the Bidder's Statement are statements of current intention only and may vary as new information becomes available or as circumstances change.

3.2 Intentions upon acquiring 90% or more of PIF Units

This section sets out ALF's intentions if, at the end of the Offer Period, ALF holds 90% or more of the PIF Units and is entitled to proceed to compulsory acquisition of the PIF Units it does not then own, in accordance with Part 6A.1 of the Corporations Act. In these circumstances, ALF's current intentions are set out below.

3.2.1 Corporate matters

(a) Compulsory acquisition of PIF Units

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

(b) Responsible Entity and Subsidiary

Subject to the requirements of the Corporations Act, and achieving compulsory acquisition ALF intends to remove the requirement for registration of a 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.

As provided for in Clause 23 of PIF's Constitution, in the event that Wellington Capital Limited is removed without its consent, Wellington Capital Limited will be entitled to receive payment of 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 responsibility entity of the scheme. Therefore, pursuant to this clause of the PIF's Constitution if Wellington Capital Limited is removed \$5.3million would be payable by PIF to Wellington Capital Limited.

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

3.2.2 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 PIF's property portfolio

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

ALF also intends to seek to identify business opportunities and areas of revenue generation which may provide overall strategic and operational benefits for PIF. The Board of ALF has already identified a number of PIF projects which they believe can be recommenced within three months of ALF acquiring control of PIF pursuant to this offer.

(b) Review of Asset Backed Investments

ALF intends to conduct a strategic review of PIF's various asset backed investments to assess the potential profitability, the likelihood of 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 to 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 this offer.

(d) Review of Mortgage Loans

ALF intends to closely review and assess each and every mortgage loan which is held by PIF 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 realized in an orderly manner.

(e) Intentions in relation to current PIF employees

According to PIF 2009 Annual Report, PIF does not employ any executive officers. PIF does not appear to have any employees.

(f) ALF Debt finance

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

(g) Review of Litigation

The Board of ALF is aware of a number of litigation matters which involve PIF. ALF intends to review each and every litigation matter to which PIF 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.

3.3 Compulsory acquisition of PIF Units

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, ALF subsequently obtains a 90% relevant interest in PIF Units as a result of acquisitions of PIF 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.

3.4 Intentions if ALF does not acquire 90% of PIF Units

This section sets out ALF's intentions if the Offer closes and ALF does not acquire 90% of the issued capital of PIF. 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 PIF 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 PIF 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 PIF Units as a portfolio investment. If at any time PIF Units held by ALF do not achieve an appropriate portfolio return and ALF forms the view that continuing to hold those PIF Units is not in the best interests 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 PIF Units. In those circumstances, the Offer will lapse and ALF will not acquire any PIF Units under the Offer.

3.5 Other intentions

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

- to continue to operate the business of PIF;
- not to make any major changes to the business of PIF; except as hereinbefore disclosed and to continue the employment of PIF's present employees (if any).

3.6 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 this 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 of 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.

4. Effect of the Offer on ALF

4.1 Rationale for the Offer

ALF considers that a number of significant benefits will arise from the proposed combination of ALF and PIF. All Shareholders, including current ALF Shareholders and PIF Unitholders, will share in the anticipated benefits.

- Shareholders in the combined group may benefit from any cost savings as a result of rationalisation of corporate offices and the associated board and management structures.
- As discussed in section 3.2.2, ALF intends to review all investments in PIF.
- Shareholders in the combined group may benefit from any rationalisation of the total number of investments held and an increased focus on core investments where ALF can exert appropriate influence to create value for Shareholders.

4.2 Financial effect of the Offer

If the Offer is accepted in respect to more than 90% of PIF Units, ALF and PIF will be combined to form the Merged Entity. The Merged Entity Pro Forma Financial Information has been compiled under this scenario:

- ALF acquires 100% of the Premium Income Fund Units.

For this scenario, the Merged Entity Pro Forma Financial Information in this section includes the following:

- the Pro Forma Historical Income Statement of the Merged Entity for the half year ended 31 December 2009 (Merged Entity Pro Forma Historical Income Statement) and the related pro forma adjustments; and
- the Pro-Forma Historical Balance Sheet as at 31 December 2009 (Merged Entity Pro Forma Historical Balance Sheet) and the related pro forma adjustments. Each of ALF and PIF has a 30 June financial year end.

4.2.1 Historical financial information

As ALF has only recently been incorporated the Historical Financial Information has been extracted for the period up until the lodgement of this Bidder's Statement.

PIF's Historical Financial Information has been extracted from the half year ended 31 December 2009 reviewed financial statements and the financial year ended 30 June 2009 audited financial statements (PIF's Historical Financial Information).

The financial statements of PIF for the financial year ended 30 June 2009 were audited by PIF's external auditor in accordance with Australian Auditing Standards. The financial statements of PIF for the half year ended 31 December 2009 were reviewed by PIF's external auditor in accordance with Australian Auditing Standards. The audit opinion and

review statements issued to the Unitholders of PIF relating to those financial statements were unqualified.

4.2.2 Merged Entity Pro Forma Historical Financial Information

The Merged Entity Pro Forma Historical Financial Information has been based upon ALF's and PIF's Historical Financial Information and pro forma adjustments required to present the Merged Entity on an aggregate basis (Pro Forma Offer Adjustments).

The Merged Entity Pro Forma Historical Financial Information is presented for illustrative purposes for use in this Bidder's Statement only in an abbreviated form, and does not contain all the disclosures that are usually provided in a financial report prepared in accordance with the Corporations Act. In particular, it does not include the notes to and forming part of the financial statements of ALF and PIF.

The accounting policies used to prepare the Merged Entity Pro Forma Historical Financial Information are based upon the accounting policies of ALF. Where there are specific transactions that are not covered by ALF's accounting policies, the Merged Entity has applied the current accounting policies of PIF contained in publicly available information. No material differences have been identified between the accounting policies of ALF and PIF, and therefore no adjustments have been made to the Pro Forma Historical Financial Information to reflect any accounting policy differences.

4.2.3 Merged Entity Pro Forma Historical Income Statement

The Merged Entity Pro Forma Historical Income Statement is compiled from the aggregation of:

- income statements extracted from ALF's Historical Financial Information;
- income statements extracted from PIF's Historical Financial Information; and
- relevant Pro Forma ALF Adjustments and Pro Forma Offer Adjustments required to present the Merged Entity on an aggregated and go forward basis.

Set out below is the Merged Entity Pro Forma Historical Income Statement for the period ended 31 December 2009 (Relevant Period) for the two scenarios. The Merged Entity Pro Forma Historical Income Statement is prepared on the basis that the Offer had completed on 31 December 2009. The Offer will not complete until a future date and only if the conditions attached to the Offer are satisfied or waived.

<u>Income Statement - 31 December 2009</u>	<u>Original</u>	<u>Reviewed</u>	<u>Proforma</u>	<u>Combined</u>	<u>Consolidation</u>	<u>Consolidated</u>
	<u>ALF</u>	<u>PIF</u>	<u>Adjustments</u>	<u>Entity</u>	<u>Entries</u>	<u>Entity</u>
INVESTMENT INCOME						
Interest Income	0	1,097,000		1,097,000		1,097,000
Net loss on financial instruments designated as fair value through profit or loss	0	309,000		309,000		309,000
Net realised loss on realisation of mortgage loans and other financial assets	0	(25,267,000)		(25,267,000)		(25,267,000)
Impairment of mortgage loans	0	(4,362,000)		(4,362,000)		(4,362,000)
Impairment of other financial assets	0	(6,252,000)		(6,252,000)		(6,252,000)
Investment income	0	0		0		0
Loan and other fees received	0	503,000		503,000		503,000
Total investment income/(loss)	0	(33,972,000)	0	(33,972,000)	0	(33,972,000)
EXPENSES						
Responsible entity's fees	0	0		0		0
Custodian and registry fees	0	271,000		271,000		271,000
Fees and commission expense	0	0		0		0
Auditor's remuneration	0	26,000		26,000		26,000
Finance costs (excluding distributions)	0	0		0		0
Legal and professional fees	0	464,000		464,000		464,000
Insurance	0	133,000		133,000		133,000
Administration expenses	0	149,000		149,000		149,000
Total operating expenses	0	1,043,000	0	1,043,000	0	1,043,000
Net operating profit/(loss)	0	(35,015,000)	0	(35,015,000)	0	(35,015,000)
Financing costs attributable to unit holders						
Distributions to unit holders	0	0		0		0
Transfer to unit holder liabilities	0	0		0		0
NET PROFIT/(LOSS) FOR THE YEAR	0	(35,015,000)	0	(35,015,000)	0	(35,015,000)

4.2.4 Pro Forma Offer Adjustments underlying the Pro Forma Historical Income Statement

The following pro forma adjustments have been made:

- The impact of acquisition accounting is discussed in more detail in section 4.2.7.

For the purposes of the Pro Forma Historical Income Statement, no adjustments have been made to reflect the impact of acquisition accounting. The acquisition accounting resulted in adjustments for the 30 June 2009 Pro Forma Historical Income Statement and Balance Sheet (refer section 4.2.5).

No adjustments have been made to the Pro Forma Historical Income Statement for the impact of any potential cost synergies or integration costs on the income statement. However, management expects there will be significant cost savings from merging the entities.

4.2.5 Pro Forma financial statements for PIF and ALF for the year ended 30 June 2009

Set out in the table below is an extract from the audited financial statements of PIF and ALF to show the balance sheet as at 30 June 2009 and the income statement of each entity for the year ended on that date and a Merged Entity Pro Forma Historical Income Statement and Balance Sheet for the period ended 30 June 2009 if 100% of PIF is acquired by ALF. The Merged Entity Pro Forma Historical Income Statement and Balance Sheet are prepared on the basis that the Offer had completed on 30 June 2009. The Offer will not complete until a future date and only if the conditions to the Offer are satisfied or waived.

<u>Income Statement - 30 June 2009</u>	<u>Notes</u>	<u>Original</u>	<u>Audited</u>	<u>Proforma</u>	<u>Combined</u>	<u>Consolidation</u>	<u>Consolidated</u>
		<u>ALF</u>	<u>PIF</u>	<u>Adjustments</u>	<u>Entity</u>	<u>Entries</u>	<u>Entity</u>
INVESTMENT INCOME							
Interest Income		0	3,032,000		3,032,000		3,032,000
Net loss on financial instruments designated as fair value through profit or loss		0	(8,087,000)		(8,087,000)		(8,087,000)
Net realised loss on realisation of mortgage loans and other financial assets		0	(7,535,000)		(7,535,000)		(7,535,000)
Impairment of mortgage loans		0	(119,000)		(119,000)		(119,000)
Impairment of other financial assets		0	(20,673,000)		(20,673,000)		(20,673,000)
Investment income		0	157,000		157,000		157,000
Loan and other fees received		0	940,000		940,000		940,000
Total investment income/(loss)		0	(32,285,000)	0	(32,285,000)	0	(32,285,000)
Excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost	9	0	0		0	180,045,708	180,045,708
EXPENSES							
Responsible entity's fees		0	0		0		0
Custodian and registry fees		0	928,000		928,000		928,000
Fees and commission expense		0	48,000		48,000		48,000
Auditor's remuneration		0	334,000		334,000		334,000
Finance costs (excluding distributions)		0	2,681,000		2,681,000		2,681,000
Legal and professional fees		0	2,997,000		2,997,000		2,997,000
Insurance		0	(536,000)		(536,000)		(536,000)
Administration expenses		0	619,000		619,000		619,000
Total operating expenses		0	7,071,000	0	7,071,000	0	7,071,000
Net operating profit/(loss)		0	(39,356,000)	0	(39,356,000)	180,045,708	140,689,708
Financing costs attributable to unit holders							
Distributions to unit holders		0	0		0		0
Transfer to unit holder liabilities		0	0		0		0
NET PROFIT/(LOSS) FOR THE YEAR		0	(39,356,000)	0	(39,356,000)	180,045,708	140,689,708

<u>Balance Sheet - 30 June 2009</u>	<u>Notes</u>	<u>Original</u>	<u>Audited</u>	<u>Proforma</u>	<u>Combined</u>	<u>Consolidation</u>	<u>Consolidated</u>
		<u>ALF</u>	<u>PIF</u>	<u>Adjustments</u>	<u>Entity</u>	<u>Entries</u>	<u>Entity</u>
ASSETS							
Cash and cash equivalents		1,600	445,000		446,600		446,600
Other financial assets		0	62,486,000		62,486,000		62,486,000
Receivables		0	109,000		109,000		109,000
Financial assets held at fair value through profit or loss		0	15,802,000		15,802,000		15,802,000
Inventory		0	0		0		0
Mortgage loans		0	219,502,000		219,502,000		219,502,000
Investment in PIF	7	0	0	155,736,292	155,736,292	(155,736,292)	0
Goodwill on consolidation		0	0		0		0
TOTAL ASSETS		1,600	298,344,000	155,736,292	454,081,892	(155,736,292)	298,345,600
LIABILITIES							
Payables		0	1,993,000		1,993,000		1,993,000
Payable to PIF Unit Holders (@ \$1.50 per RPS)	6	0	0	113,254,916	113,254,916		113,254,916
Interest bearing liabilities		0	0		0		0
TOTAL LIABILITIES (excluding net assets attributable to unit holders)		0	1,993,000	113,254,916	115,247,916	0	115,247,916
Net assets attributable to unit holders - liability		0	0		0		0
TOTAL LIABILITIES		0	1,993,000	113,254,916	115,247,916	0	115,247,916
NET ASSETS		1,600	296,351,000	42,481,377	338,833,977	(155,736,292)	183,097,685
EQUITY							
Contributed equity	8	1,600	334,340,000	42,481,377	376,822,977	(334,340,000)	42,482,977
Retained losses		0	(37,989,000)		(37,989,000)	178,603,708	140,614,708
TOTAL EQUITY		1,600	296,351,000	42,481,377	338,833,977	(155,736,292)	183,097,685

Assumptions

1. The PIF column has been sourced from the PIF 30 June 2009 audited Annual Report.
2. ALF is incorporated with 160,000,000 issued ordinary shares at an issue price of \$0.00001 per share.
3. For the purposes of preparing a consolidated Income Statement for the year ended 30 June 2009, per AASB 127: Consolidated and Separate Financial Statements, ALF is assumed to have had "control" of PIF from 1 July 2008.
4. PIF net assets at 30 June 2008 are nil per the 2008 audited accounts. However, the 30 June 2009 audited accounts disclose that on 15 October 2008, unit holders resolved to modify the Constitution of the Fund so as to cancel the redemption provisions and to list the Fund's units on the National Stock Exchange. Accordingly, net assets attributable to unit holders were reclassified in the 2009 balance sheet from Liability to Equity in accordance with AASB 132 Financial Instruments: Disclosure and Presentation.

For the purposes of this pro forma, it is assumed that the change above was applied retrospectively to the 30 June 2008 accounts so that PIF's net assets at 30 June 2008 are:

Contributed equity	\$ 334,340,000
Retained profits	\$ 1,442,000
	<u>\$ 335,782,000</u>

5. The net assets at 4 above are assumed to be at Fair Value per AASB 3: Business Combinations. It is assumed that these net assets are not impaired.
6. It is assumed that the Board has resolved to Redeem the Redeemable Preference Shares resulting in the liability of \$113,254,916 (75,503,277 Redeemable Preference Share at \$1.50 per share). However, as noted, it is not guaranteed that the redeemable preference shares issued pursuant to this offer will be redeemed in full or at all.
7. The Investment in PIF comprises:

Fair value of 75,503,277 redeemable preference shares	\$ 113,254,916
Fair value of 37,751,638 ordinary shares issued to PIF unit holders	\$ 42,481,377
	<u>\$ 155,736,292</u>

8. The fair value of 37,751,638 ordinary shares issued to PIF unit holders is determined as follows:

Net Assets Acquired (less liability for Redeemable Preference Shares)	\$ 222,527,085
PIF shareholding percentage in ALF PIF Finance Limited	19.09%
Fair value	<u>\$ 42,481,377</u>

9. The excess of the acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost has been determined as follows:

Investment in PIF (per assumption 7 above)	\$ 155,736,292
Net assets acquired (at 30 June 2008)	<u>\$ 335,782,000</u>
	<u>\$ 180,045,708</u>

As noted above, the date at which ALF is assumed to have had control of PIF is deemed to be 30 June 2008 to enable a consolidation of the 30 June 2009 results of PIF under AASB 127. If however the deemed date of "control" was assumed to be 30 June 2009, the excess of \$180,045,708 above would reduce to \$148,142,255.

4.2.6 Merged Entity Pro Forma Historical Balance Sheet

The Merged Entity Pro Forma Historical Balance sheet is compiled from the aggregation of:

- a balance sheet extracted from ALF's Pro Forma Historical Financial Information;
- a balance sheet extracted from PIF's Pro Forma Historical Financial Information; and
- relevant pro forma adjustments, if any, required to present the Merged Entity on an aggregated and go forward basis as set out below.

Set out below is the Merged Pro Forma Historical Balance Sheet as at 31 December 2009. The Merged Entity Pro Forma Historical Balance Sheet is prepared on the basis that the Offer had completed on 31 December 2009. The Offer will not complete until a future date and only if the conditions attached to the Offer are satisfied or waived.

Pro Forma Historical Balance Sheet as at 31 December 2009

Balance Sheet - 31 December 2009	Original	Reviewed	Proforma	Combined	Consolidation	Consolidated
	ALF	PIF	Adjustments	Entity	Entries	Entity
ASSETS						
Cash and cash equivalents	1,600	4,601,000		4,602,600		4,602,600
Other financial assets	0	57,054,000		57,054,000		57,054,000
Receivables	0	720,000		720,000		720,000
Financial assets held at fair value through profit or loss	0	12,916,000		12,916,000		12,916,000
Inventory	0	41,800,000		41,800,000		41,800,000
Mortgage loans	0	153,054,000		153,054,000		153,054,000
Investment in PIF	0	0	155,736,292	155,736,292	(155,736,292)	0
Goodwill on consolidation	0	0		0		0
TOTAL ASSETS	1,600	270,145,000	155,736,292	425,882,892	(155,736,292)	270,146,600
LIABILITIES						
Payables	0	5,009,000		5,009,000		5,009,000
Payable to PIF Unit Holders (@ \$1.50 per RPS)	0	0	113,254,916	113,254,916		113,254,916
Interest bearing liabilities	0	0		0		0
TOTAL LIABILITIES (excluding net assets attributable to unit holders)	0	5,009,000	113,254,916	118,263,916	0	118,263,916
Net assets attributable to unit holders - liability	0	0		0		0
TOTAL LIABILITIES	0	5,009,000	113,254,916	118,263,916	0	118,263,916
NET ASSETS	1,600	265,136,000	42,481,377	307,618,977	(155,736,292)	151,882,685
EQUITY						
Contributed equity	1,600	334,340,000	42,481,377	376,822,977	(334,340,000)	42,482,977
Retained losses	0	(73,004,000)		(73,004,000)	178,603,708	105,599,708
Minority interest	0	3,800,000		3,800,000		3,800,000
TOTAL EQUITY	1,600	265,136,000	42,481,377	307,618,977	(155,736,292)	151,882,685

4.2.7 Pro forma adjustments relating to the impact of acquisition accounting

Accounting Standard AASB 3 Business Combinations requires ALF to measure the cost of the Offer at the aggregate of the fair value of assets, liabilities and equity issued by ALF in exchange for control of PIF at the date on which the exchange occurs.

The ALF securities to be issued are the cost of the acquisition. For the purpose of providing the Pro forma historical balance sheet, the ALF securities have been valued at their NTA as at 31 December 2009.

4.3 Effect on Capital Structure

The table below sets out:

- the current number and class of securities issued by ALF;
- the number and class of securities to be issued by ALF in the event that it receives acceptances for 100% of Premium Income Fund Units.

	ALF Fully Paid Ordinary Shares	ALF Redeemable preference shares
Number currently issued	160,000,000	NIL
Number to be issued if 100% of Unitholders accept	<u>37,751,638</u>	<u>75,503,277</u>
Total Number to be issued and existing	<u>197,751,638</u>	<u>75,503,277</u>
Total Issued Capital assuming 100% acceptance		<u>273,254,915</u>

The percentage of the Ordinary Share capital of ALF to be held by PIF Unitholders at 100% acceptance will be:

	PIF Unitholder Percentage	ALF Founding Shareholder Percentage
If 100% acceptance	19.09%	80.91%

Please note that this means that if you are a PIF Unitholder and you accept the offer you will have your level of voting control substantially diminished to a maximum of 19.09% of the Ordinary Shares of ALF and the founding shareholders of ALF will have the balance of the control being 80.91% shareholding in ALF.

As no redeemable preference shares are issued to the ALF Founding Shareholders, the PIF Unitholder percentage control of these shares will be 100%..

4.4 Dividend Policy

ALF has not paid any dividends to date. Following the acquisition of PIF, ALF will, in conjunction with its review of PIF's assets, consider its future dividend policy. In general terms, ALF's dividend policy is likely to be one which will pay dividends from operating earnings to the extent that this does not prejudice its growth opportunities. Dividends will be franked to the extent that available imputation credits permit. As a dividend may only

be paid out of profits of the Company, dividends will not be paid where there are no profits or accumulated profits. Please note any dividends paid or payable are subject to the agreement as disclosed in Clause 1.9 of this Bidder's Statement.

5. Risks

5.1 Introduction

PIF Unitholders who accept the 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 **(together with the fact that the Board of ALF may choose to redeem any proportion of or all of your Redeemable Preference Shares at any time at a price of \$1.50 per Redeemable Preference Share (a value of \$0.15 per unit)).** The price of ALF Shares and the future performance of ALF and, accordingly, the value of the Offer to PIF Unitholders, will depend upon a range of factors and risks. Whilst some of these risks can be mitigated by the use of safeguards and appropriate systems and actions, some are outside the control of ALF and cannot be mitigated. The principal risks include, but are not limited to, those described below. **ALF does not give any form of guarantee of future dividends, return of capital, or the timing when the redemption of the Redeemable Preference Shares may occur (if at all).**

PIF Unitholders should consider these risk factors, as well as other information in this Bidder's Statement, in making their decision to accept the Offer.

5.2 Specific business risks

5.2.1 Economic Conditions

Adverse changes in economic conditions such as interest rates, exchange rates, inflation, government policy, international economic conditions and employment rates (amongst others) are outside ALF's control and have the potential to have an adverse impact on ALF and its operations.

5.2.2 Regulatory risks

ALF is exposed to changes in the regulatory conditions under which it operates.

Such regulatory changes can include, for example, changes in:

- Taxation laws and policies;
- Accounting laws, policies, standards and practices;
- Property laws and regulations that may impact upon the operations and processes of ALF;
- Employment laws and regulations, including laws and regulations relating to occupational health and safety.

5.2.3 ALF Specific Risks

(i) Industry Risks

ALF operates in the property sector. Any variance in the level of activity in this sector will be influenced by factors that may have an adverse effect on operating results and are beyond the control of ALF including:

- Property prices and supply and demand;
- Interest rates;
- Competitiveness of Australian building and construction operations;
- Availability and cost of key resources including people, equipment and critical consumables;
- Local, State and Federal Taxation.

(ii) Increased or new competition

ALF faces competition in its businesses, to the extent that there are new entrants or changes in strategy by existing competitors of ALF.

(iii) Property Investment specific risks

The following are specific risks associated with any property investment company and in the shares of a Company whose activity is investment in and development of real estate. Many of the risks are outside the control of the Company.

Significant risks and effects are listed below:

- Unexpected structural defects or building deficiencies being encountered resulting in unexpected expenses being incurred for repair or refurbishment;
- Increases in interest rates occurring resulting in the Company incurring increased holding expenses including additional interest on borrowings;
- Increases occurring in the cost of building materials and of labour resulting in increased cost of repairs and refurbishment;
- A downturn in the property market occurring (for reasons such as increases in interest rates, cyclical movement in the real estate market and depressed or unstable general economic conditions) resulting in delays being incurred in resale of properties and/or depressed prices being achieved on the re-sale of properties and/or the Company having to incur increased interest and other holding costs;
- Variations occurring in the real estate market between supply and demand causing adverse fluctuations in real estate prices;
- Management problems being experienced in relation to rent collection, disputes with building and other trade contractors and tenants' disputes;
- Changes being effected to laws relating to property development (including laws relating to zoning and town planning restrictions on land use, environmental controls, landlord and tenancy controls, user restrictions, stamp duty, land tax, income taxation and capital gains tax). These changes could adversely affect the profitability and viability of real estate development operations;
- Should town planning approval be required for any transaction then unexpected

delays and increased holding costs may be encountered whilst the application is proceeding. It is possible that the approval will not be granted or will be granted on unfavourable terms;

- Improvements effected to property do not necessarily result in increases in value. Increases in value may not always occur at a steady rate or in line with expenditure on improvements;
- A purchase contract not being completed (either because of sellers' default or for any other reason) resulting in the company losing the benefit of any repairs or refurbishment it may have undertaken and paid for in relation to the subject property and/or the company entering into litigation with a defaulting seller and thereby incurring legal expenses.
- If as a result of any of the risk factors set out above or any other untoward circumstances the company requires further funds in order to meet operational expenses including expenses associated with the holding and/or developing of any parcel or parcels of real estate acquired by it then the company may, in the discretion of the Directors:
 - undertake a further public capital raising;
 - borrow funds (or further funds) from a bank or other financial institution;
 - liquidate the company.

Each of these actions could result in the value of your investment (shareholding) being diminished;

- Your shareholding will potentially diminish in value if properties acquired by the company are unable to be sold in a timely manner at acceptable prices or if the company is required to meet higher than expected interest charges on borrowings and other holding expenses;
- Timing of acquisitions and sales in the real estate property market in order to maximise profits and minimise losses on trading is extremely difficult, even for experienced professional investors. If the property market suffers a downturn during the course of the company's trading operations then the company may, in order to avoid or minimise losses, need to hold real estate acquisitions for longer periods than would otherwise apply;
- It is possible that moneys expended by the company on real estate acquisitions and on repairs and refurbishment and on interest, holding and operational costs may exceed the proceeds of the sales.

(iv) Reliance on key personnel

The responsibility of overseeing day-to-day operations and the strategic management of ALF is concentrated amongst a small number of key executives. The loss of any such key employees could have the potential to have a detrimental impact on ALF until the skills that are lost are adequately replaced.

(v) Industrial disputes

Industrial disputes may arise from claims for higher wages and/or better working conditions in the industry in which ALF operates. This could disrupt operations and impact on the future of ALF.

5.2.4 Further Risks

Illiquid Securities

The consideration being offered to unitholders under this offer comprises securities in ALF PIF which are presently illiquid due to the fact that they cannot be presently traded on a prescribed financial market. Unitholders that accept the offer should be aware that any current liquidity they may have as a result of the units of PIF being listed on the NSX will be lost.

5.2.5 Minority Shareholding Risk

As a number of the benefits of the merged entity of ALF PIF and PIF can only be achieved once ALF PIF acquires 100% of the units in PIF, there is a risk that, if ALF PIF does not acquire 100% that:

- ALF PIF may not be able to achieve any or all of the benefits of a merged entity as set out in this Bidder's statement. These include but are not limited to: costs savings, reduction of compliance costs and the rationalisation of operating costs.
- As a result of ALF PIF's unitholding in PIF the liquidity of PIF's units on NSX may lessen.
- As such PIF unitholders may be better off maintaining their exposure to PIF if ALF PIF does not achieve compulsory acquisition.

5.2.6 Mortgage Fund Risks

As PIF is largely a mortgage fund, there are substantial risks involved in the assets of PIF and consequently in ALF, should ALF obtain ownership of part or all of PIF. These are as follows:

Credit Risk

Credit risk is one of the major risks faced by both PIF and ALF PIF and includes two main categories. One, the risk that borrowers from PIF or issuers of securities in which PIF has invested are unable to satisfy their obligations under these securities and two, the risk that the credit quality of the loans or securities held by PIF deteriorates.

Obligations under loans or securities include the payment of scheduled interest or distributions and the repayment or conversion of the loans or hybrid securities at maturity. Should a borrower or issuer fail to make these repayments or meet its obligations, this may ultimately lead to a reduction in yield and loss of capital for Unitholders.

A decline in the credit quality of an investment held by PIF could occur even though the obligor is meeting its obligations. This could result in a loss of capital in the event that the loans or security that was held prior to its maturity and/or at a discount to its redemption rate or market value.

Market Risk

There are general risks associated with any listed or unlisted investment. The value of ordinary units can go down as well as up due to circumstances that affect the stock market generally as well as PIF in particular, which may be beyond the control of PIF and the responsible entity.

Income Risk

The level of income of PIF and ALF PIF can fall as well as rise. The taxation of such income to PIF and ALF PIF can also change.

Economic Risk

The returns from mortgages, loans and other debt securities are affected by a range of economic factors including changes in interest rates, exchange rates, inflation, general share market conditions, government policy (including monetary and taxation policy and other laws), fluctuating and general market prices for properties, shares, bonds and other tradable instruments, and the general state of the domestic and world economies.

Investment Specific Risk

Returns are also affected by the underlying strength of the cash flow, balance sheets and management of the entities with which PIF and ALF PIF transact. In particular, the returns on mortgages are affected by the supply and demand for investment property and space vacancies, rental rates, borrowing levels and the level of net income derived from the underlying properties. Borrowers may fail, resulting in losses to ALF PIF, PIF and ultimately unit holders.

General Comments

As a result of these and other investment risks, investors should expect that the ongoing operation of PIF and ALF PIF, should the offer be successful, are subject to numerous risks which may affect the price of the securities in PIF and ALF PIF and the level of income derived by PIF and ALF PIF. Consequently, the value of units in PIF and shares in ALF PIF and the amount of any distribution may rise or fall and investors may suffer losses.

5.2.7 Upside Risk

Due to the capital structure of ALF PIF, PIF unitholders who accept the offer will only receive up to 19.09% of any upside that may occur if the Redeemable Preference Shares are redeemed

in full-that is to say that the current shareholders of ALF PIF will receive over 80% of the upside profit in excess of \$0.15 per Unit.

5.2.8 Loss of Control

Due to the capital structure of ALF PIF, PIF unitholders who accept the offer will see a dilution of their voting rights and control of PIF and as such will have limited ability, if any, to control the direction of ALF PIF.

5.2.9 Intentions on Achieving less than 90% acceptances.

As the Board of ALF PIF has not currently decided what course of action to adopt should ALF PIF not achieve 90% acquisition of the Units in ALF PIF, Unitholders should be aware that ALF PIF may proceed on different courses of action. A further description of the options available to ALF PIF, should it not achieve 90% acceptances, is disclosed in Section 3.4 of this Bidder's Statement.

5.2.10 Risks of Changing Structure

At present Unitholders in PIF hold their units as part of a Managed Investment Scheme. If you accept the consideration offered by ALF PIF you will cease to be a Unitholder in a Managed Investment Scheme and will be a shareholder in ALF PIF pursuant to the terms of the offer. As such there are risks associated with transferring your interest in a managed investment scheme to shares in a company. These include:

- Potentially different tax treatments of your shareholding as opposed to units in a scheme;
- The directors of a company have potentially more power to operate the company without recourse to shareholders;
- The scheme property is held by the company as opposed to a third party nominee (custodian); and
- The responsible entity of a managed investment scheme is licensed by ASIC to operate a scheme, whereas the directors of a company require no such licence.

6. Australian Tax Considerations

6.1 General

The following is a summary of the principal Australian tax consequences generally applicable to PIF Unitholders who dispose of their PIF Units under the Offer and who hold their securities on capital account for the purposes of investment.

This summary reflects the current provisions of the Income Tax Assessment Act 1936 (Cth) and the Income Tax Assessment Act 1997 (Cth) and the regulations made under those Acts, taking into account currently proposed amendments and ALF's understanding of the current administrative practices of the Australian Taxation Office. The outline does not otherwise take into account or anticipate changes in the law, either by way of judicial decision or legislative action, nor does it take into account tax legislation of countries other than Australia.

The following outline is not exhaustive of all Australian income tax considerations that could apply to particular PIF Unitholders. In particular, the outline does not apply to PIF Unitholders who:

- hold their PIF Units on revenue account or as trading stock;
- acquired their PIF Units pursuant to an employee share or option plan;
- are a bank, insurance company, tax exempt organisation or superannuation fund that is subject to special tax rules;
- are non-resident PIF Unitholders that hold their PIF Units as an asset of a permanent establishment in Australia.

The outline below is general in nature and does not constitute taxation advice and should not be relied upon as such. Given the general nature of the outline, each PIF Unitholder should seek independent tax advice regarding the taxation consequences of acquiring, holding or disposing of PIF Units in light of current tax laws and their particular investment circumstances.

6.2 Australian-resident PIF Unitholders Capital Gains Tax (CGT)

- (a) If the Offer is accepted, the disposal of the PIF Units will trigger CGT event A1 for PIF Unitholders. The time of the CGT event will be the time at which the PIF Unitholder enters into a contract to dispose of their PIF Units or when the PIF Units are compulsorily acquired.
- (b) When CGT event A1 happens the PIF Unitholder will need to determine the capital gain or capital loss that arises from the CGT event. A capital gain is determined as the excess of the capital proceeds over the cost base of the PIF Units. A capital loss is determined as the excess of the reduced cost base of the PIF Units over the capital proceeds.
- (c) Your capital proceeds for the disposal of a CGT asset is the total of the cash consideration you receive or are entitled to receive and the market value of property

you receive or are entitled to receive. In the present case, the capital proceeds for the disposal of the PIF Units will equal the market value of the ALF Redeemable Preference Shares and ALF Ordinary Shares that are received by the PIF Unitholder. The market value will be determined at the time of the CGT event. The CGT cost base of the PIF Units will generally include the actual (or deemed) cost of acquisition plus incidental costs associated with the acquisition and disposal of the PIF Units.

- (d) Any capital gain made (after offsetting any capital losses) will be included in the PIF Unitholder's assessable income. A capital loss that arises on the disposal of the PIF Units can generally be offset against any other capital gains that arise in the same year. Any unutilised capital losses can generally be carried forward and offset against capital gains in future years, subject to satisfying the relevant loss utilisation rules.
- (e) For certain PIF Unitholders (for example individuals, complying superannuation funds and trustee of a trust) any taxable capital gain made from the disposal of their PIF Units can be discounted by accessing the CGT general discount. To be entitled to the CGT general discount, the relevant PIF Unitholder would be required to have held the PIF Units for more than 12 months before the date on which the CGT event occurs pursuant to the acceptance of the Offer. The CGT discount is applied after offsetting any available capital losses. The percentage of the CGT general discount will depend on the type of PIF Unitholder. The discount rate is 50% for individuals and trustees and 33⅓% for complying superannuation funds. Importantly, the CGT general discount is not available to companies. The application of the CGT discount rules to PIF Unitholders that are trustees of a trust are complex and such unitholders should seek their own advice based on their particular circumstances.
- (f) Scrip for scrip roll-over relief, which would allow PIF Unitholders to defer the making of a capital gain on the disposal of their PIF Units, will not be available. The scrip for scrip roll-over relief will only apply if shares in one company are exchanged for shares in another company (and other criteria are satisfied) or interests in one trust are exchanged for interests in another trust (and other criteria are satisfied). This transaction involves the exchange of units in one trust (PIF) for shares in another company (ALF) and hence does not meet the requirements for the scrip for scrip roll-over.

6.3 Non-resident PIF Unitholders

- (a) Non residents can disregard a capital gain or loss arising from a CGT event occurring in respect of a CGT asset unless the relevant CGT asset is considered Taxable Australian Property ("TAP"). A CGT asset is TAP if it is a direct or indirect interest in Australian real property, or relates to a business carried on by the non resident through a permanent establishment in Australia. Where a non-resident holds PIF Units on capital account and the PIF Units have not been used at any time in carrying on business through a permanent establishment in Australia, the disposal of the PIF Units will not be subject to Australian CGT unless the PIF Units are considered TAP. The PIF Units held by a non resident will be TAP if:
 - (i) the assets of PIF (directly or indirectly) consist principally of 'real property' situated in Australia (i.e. more than 50% of the value of PIF is represented by Australian 'real property'); and

- (ii) the non-resident Unitholder holds a direct interest in PIF (together with associates) of more than 10% at the time of the sale, or throughout a 12 month period that began within two years of the time of the sale.

Therefore, as the assets of PIF consist principally of real property (as defined), a non-resident PIF Unitholder will be subject to Australian tax on any capital gain that arises on the disposal of the PIF Units if they (together with associates) hold or have held at least 10% of the Units in PIF at the time of the disposal of the PIF Units or throughout a 12 month period that began within two years of the disposal.

- (b) Scrip for Scrip roll-over relief will not be available to the non-resident PIF Unitholders for the same reason as set out above for resident PIF Unitholders.
- (c) If a capital gain arises for a non resident PIF Unitholder as a result of disposing their PIF Units by virtue of the rules described above, they should seek independent taxation advice regarding their taxation consequences.
- (d) Where the non-resident PIF Unitholder is a resident of a country with which Australia has concluded a double tax treaty, the non-resident PIF Unitholder who has made a capital gain from the disposal of their PIF Units may be entitled to relief from Australian tax pursuant to the terms of the treaty. If treaty relief is not available, the PIF Unitholder may be eligible for the CGT discount as described above for Australian resident PIF Unitholder.
- (e) Non-resident PIF Unitholders should seek their own taxation advice as to the taxation implications of the Offer in their country of residence.

6.4 Stamp duty

Any stamp duty payable on the transfer of PIF Units to ALF pursuant to the Offer will be paid by ALF.

6.5 GST

The supply of Units and Shares are considered financial supplies for the purposes of the GST Act and are not subject to GST. PIF Unitholders will not, therefore, be liable for (or required to pay) GST on the receipt of ALF Redeemable Preference Shares as part of the Offer.

6.6 Other Issues

PIF Unitholders would have been invited to provide PIF with their Tax File Number ("TFN") or Australian Business Number ("ABN") when they first acquired their PIF Units. If no TFN or ABN was quoted, PIF would have deducted tax from the unfranked portion of dividends paid at the highest marginal rate of tax (plus Medicare Levy).

Specific provisions of the *Privacy Act 1988* and the *Taxation Administration Act 1953* prevent PIF from disclosing the TFNs of PIF Unitholders to third parties. Accordingly, PIF will be unable to disclose the TFNs of PIF's Unitholders to ALF without their consent.

If the Offer is accepted, PIF Unitholders will be sent a form that the Unitholder can use to provide their TFN or ABN or exemption. PIF Unitholders are not obliged to provide their TFN or ABN. However, if a PIF Unitholder does not provide their TFN or ABN or exemption, tax may be withheld at a rate of 46.5% on any unfranked dividends paid by ALF. However, PIF Unitholders will be entitled to claim an income tax credit/refund (as applicable) in respect of the tax withheld, in their income tax returns.

7. Additional Information

7.1 ASIC modifications and exemptions

7.1.1 Class Orders

ASIC has published various "Class Order" instruments providing for modifications and exemptions that apply generally to all persons, including ALF, in relation to the operation of Chapter 6 of the Corporations Act. ALF may rely on this class order relief.

ALF has relied on the modification to section 636(3) of the Act set out in paragraph 11 of ASIC Class Order 01/1543 "Takeover Bids" to enable it to include references to certain statements by PIF and other persons in this Bidder's Statement without obtaining the consent of PIF or those other persons.

As required by Class Order 01/1543, ALF will make available a copy of any of these documents (or of relevant extracts from these documents), free of charge, to PIF Unitholders who request them before the end of the Offer Period. To obtain a copy of these documents (or the relevant extracts), PIF Unitholders may telephone the Offer Information Line on 1300 660 106.

7.2 Disclosure of interests of certain persons

Other than as set out below or elsewhere in this Bidder's Statement:

- (a) no Director or proposed Director of ALF;
- (b) no person named in this Bidder's Statement as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Bidder's Statement;
- (c) no promoter of ALF; and
- (d) no broker or underwriter in relation to the issue of ALF Redeemable Preference Shares pursuant to the Offer;

(together, *Interested Persons*) holds at the date of this Bidder's Statement or has held at any time during the last two years, any interest in:

- (i) ALF; or
- (ii) property acquired or proposed to be acquired by ALF in connection with its formation or promotion, or the offer of ALF Redeemable Preference Shares under the Offer; or
- (iii) the offer of ALF Redeemable Preference Shares and ALF Ordinary Shares under the Offer.

7.3 Disclosure of fees and benefits received by certain persons

Other than as set out below or elsewhere in this Bidder's Statement, no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given:

- (a) to a Director or proposed Director of ALF to induce them to become, or to qualify as, a Director of ALF ; or
- (b) for services provided by any Interested Person (as defined in section 7.2 above) in connection with ALF or the offer of ALF Redeemable Preference Shares under the Offer.

William Buck (NSW) Pty Limited has acted as taxation adviser to ALF in relation to the Offer. ALF has paid or agreed to pay approximately \$14,000 for these services to the date of this Bidder's Statement.

Whittens Lawyers and Consultants has acted as legal adviser to ALF in relation to the Offer. ALF has paid or agreed to pay approximately \$50,000.00 for these services to the date of this Bidder's Statement. ALF has also paid or agreed to pay Whittens Lawyers and Consultants other fees for advising on other matters. ALF may also pay or agree to pay Whittens Lawyers and Consultants additional fees (based on agreed hourly rates) for legal services provided in connection with the Offer after the date of this Bidder's Statement.

The amounts disclosed are exclusive of any amount of GST that may be payable by ALF in respect of those amounts.

7.4 Disclosure of interests of ALF

7.4.1 Interest in the shares and options of ALF and related bodies corporate

As at the date of this Bidder's Statement, interests of the ALF directors in the shares of ALF were:

Mr M Pakula	16,000,000 Ordinary Shares
Mr P Niedermann	16,000,000 Ordinary Shares
Mr W Wheeler	NIL

7.4.2 Executive Director and Company Secretary Remuneration

Currently ALF's Executive Directors receive the following remuneration*:

Director/Company Secretary	ALF
Mr M Pakula	NIL
Mr P Niedermann	NIL
Mr W Wheeler	NIL

* Subject to the Contract as outlined in Clause 1.9

7.5 Consents

The following persons have consented to being named in this Bidder's Statement in the form and context in which their names appear, and have not withdrawn their consent prior to lodgement of this Bidder's Statement with ASIC:

- (a) William Buck (NSW) Pty Limited (taxation and accounting advisers);
- (b) Whittens Lawyers and Consultants; and
- (c) Link Market Services Limited.

None of the persons named above as having given their consent to the inclusion of a statement or to being named in this Bidder's Statement makes, or purports to make, any statement in this Bidder's Statement or any statement on which a statement in this Bidder'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 Bidder's Statement with the consent of that person.

To the maximum extent permitted by law, each of the persons expressly disclaims and takes no responsibility for any part of this Bidder's Statement, other than a reference to their name and, in the case of a person referred to above as having given their consent to the inclusion of a statement, any statement which has been included in this Bidder's Statement with the consent of that person.

7.6 Date for determining holders

For the purposes of section 633(2) of the Corporations Act, the date for determining the persons to whom information is to be sent under items 6 and 12 of section 633(1) of the Corporations Act for the Offer is the Register Date.

7.7 Foreign PIF Unitholders

PIF Unitholders who are Foreign PIF Unitholders will not be entitled to receive ALF Redeemable Preference Shares or ALF Ordinary Shares as part of the consideration for their PIF Units pursuant to the Offer, unless ALF otherwise determines.

For the purposes of the Offer, if the address of a PIF Unitholder as shown in the register of members of PIF is in a jurisdiction other than Australia or its external Territories or New Zealand, the Unitholder is a Foreign PIF Unitholder. However, if ALF is satisfied that it is not unlawful, not unduly onerous and not unduly impracticable to make the Offer to that person in the relevant jurisdiction and to issue ALF Redeemable Preference Shares and ALF Ordinary Shares to that person on acceptance of the Offer, it will make the Offer and issue ALF Redeemable Preference Shares and ALF Ordinary Shares accordingly. Notwithstanding anything else contained in this Bidder's Statement, ALF is not under any obligation to spend any money, or undertake any action, in order to satisfy itself about any of these matters

Any ALF Redeemable Preference Shares or ALF Ordinary Shares which would otherwise have been issued to Foreign PIF Unitholders under or in connection with the offer will be issued to a nominee approved by ASIC, who will sell those ALF Redeemable Preference Shares or ALF Ordinary Shares. The net proceeds of the sale of such shares will after the deduction of applicable costs, then be remitted to the relevant person.

8. Glossary

8.1 Definition

In this Bidder's Statement the following words have these meanings unless the contrary intention appears or the context otherwise requires:

\$ or dollar means Australian dollars.

Acceptance Form means the acceptance form which accompanies this Bidder's Statement.

AEST means Australian Eastern Standard Time.

ALF means ALF PIF Finance Limited (ACN 143 489 963)

ALF Board means the board of directors of ALF.

ALF Ordinary Share means one fully paid ordinary share in the capital of ALF.

ALF Redeemable Preference Share means one Fully Paid Redeemable Preference Share in the capital of ALF.

Announcement Date means 17 May 2010.

ASIC means Australian Securities Investments Commission.

Associates has the meaning given to it in the Corporations Act.

ASTC means the ASX Settlement and Transfer Corporation Pty Limited.

ASTC Settlement Rules means the rules of ASTC from time to time.

ASX means ASX Limited or the financial market which it operates, as the context requires.

Bidder's Statement means this bidder's statement in respect of the Offer given by ALF under Part 6.5 of Chapter 6 of the Corporations Act.

CGT means capital gains tax.

CHESS means Clearing House Electronic Subregister System established and operated by ASX Settlement and Transfer Corporation Pty Limited for the clearing, settlement, transfer and registration of approved securities.

CHESS Holding means a holding of PIF Units on the CHESS Subregister of PIF.

Company means ALF.

Controlling Participant means the Participant who is designated as the controlling participant in a CHESS Holding in accordance with the ASTC Settlement Rules.

Consideration means a Consideration of 0.1 Redeemable Preference Share in ALF PIF Finance Limited for every Unit in the Premium Income Fund and 0.05 Ordinary Share in ALF

PIF Finance Limited for every Unit in the Premium Income Fund which equates to 1 Redeemable Preference Share for every 10 Units in the Premium Income Fund and 1 Ordinary Share for every 20 Units in the Premium Income Fund.

Corporations Act means Corporations Act 2001 (Cth).

Foreign Law means a law of a jurisdiction other than an Australian jurisdiction.

Foreign PIF Unitholder means a PIF Unitholder whose address as shown in the register of members of PIF is in a jurisdiction other than Australia or its external territories or New Zealand, 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 PIF Unitholder in the relevant jurisdiction and to issue ALF Redeemable Preference Shares Units to such a PIF Unitholder on the acceptance of the Offer.

GST means Goods and Services Tax as defined in A New Tax System (Goods and Services Tax) Act 1999.

HIN means holder identification number.

Issuer Sponsored Holding means a holding of PIF Units on PIF's issuer sponsored subregister.

Managed Investment Scheme has the meaning in Section 9 of the Corporations Act.

Merged Entity means ALF and its subsidiaries following the acquisition by ALF of all of the issued capital of PIF.

NSX means the National Stock Exchange of Australia Limited or the financial market which it operates.

NSX Listing Rules or Listing Rules means the official listing rules of NSX.

NTA means net tangible assets.

Offer means the offer by ALF to acquire PIF Units on the Offer Terms.

Offer Period means the period commencing [XXX] 2010 and ending [XXX] 2010 unless extended or withdrawn in accordance with the Corporations Act.

Offer Terms means the formal terms and conditions of the Offer set out in Annexure 1 to this Bidder's Statement.

Participant has the meaning given to it in the ASTC Settlement Rules.

PIF means Premium Income Fund (ARSN 090 687 577).

PIF Units means the 755,032,768 Units of PIF (ARSN 090 687 577).

Register Date means the date set by ALF under section 633(2) of the Corporations Act, being [XXX] 2010.

Responsible Entity means Wellington Capital Limited (ABN 45 114 248 458)

Rights means all accretions and rights attaching to or arising from PIF Units after the Announcement Date (including, without limitation, all rights to receive and to receive or subscribe for shares, stock units, notes or options and all other distributions or entitlements declared, paid or issued by PIF).

SRN means security holder reference number.

Target's Statement means the target's statement in respect of the Offer required to be issued by the Responsible Entity pursuant to Division 3 Part 6.5 of the Corporations Act.

VWAP means volume weighted average price.

8.2 General Interpretation

The following rules of interpretation apply unless the contrary intention appears or the context requires otherwise:

- (a) a reference to time is a reference to Sydney (New South Wales) time;
- (b) headings are for convenience only and do not affect interpretation;
- (c) the singular includes the plural and conversely;
- (d) a reference to a section is a reference to a section of this Bidder's Statement;
- (e) a gender includes all genders;
- (f) where a word or phrase is defined, its other grammatical forms have corresponding meanings;
- (g) \$, dollar or cents are references to Australian currency, unless otherwise stated;
- (h) a reference to a person includes a reference to a body corporate, an unincorporated body or other entity and conversely;
- (i) a reference to a person includes a reference to the person's executors, administrators, successors, substitutes (including persons taking by novation) and assigns;
- (j) a reference to any legislation or to any provision of any legislation includes a reference to any modification or re-enactment of it, any legislative provision substituted for it and all regulations and statutory instruments issued under it;
- (k) a reference to any instrument or document includes a reference to any variation or replacement of it;
- (l) a term not specifically defined in this Bidder's Statement has the meaning given to it (if any) in the Corporations Act or the ASTC Settlement Rules, as the case may be;
- (m) a reference to a right or obligation of any two or more persons confers that right, or

imposes that obligation, as the case may be, jointly and individually;

- (n) a reference to you is a reference to each person to whom an Offer is made under Annexure 1 to this Bidder's Statement; and
- (o) the words "include", "including", "for example" or "such as" are not used as, and are not to be interpreted as, words of limitation, and, when introducing an example, do not limit the meaning of the words to which the example relates to that example or examples of a similar kind.

9. Approval of the Bidder's Statement

This Bidder's Statement has been approved by a resolution of the ALF Board.

Signed by Mr Michael Pakula, a Director of ALF, in accordance with section 351 of the Corporations Act.



Michael Pakula

17 May 2010

Annexure 1 – Offer Terms

1. Offer

1.1 Full offer

ALF offers to acquire all of your PIF Units, together with all Rights attaching to them on the terms and conditions set out in this offer.

Subject to clause 8 of this Annexure 1, you may only accept this Offer for all of your PIF Units. An Offer in this form and bearing the same date is being made to each person registered as the holder of PIF Units in the register of PIF Unitholders as at 8.00 am (AEST) on the Register Date.

1.2 Offer extends to others

This Offer extends to any person who is able to give good title to any of your PIF Units during the Offer Period.

1.3 Acceptance of Offer

By accepting this Offer, you undertake to transfer to ALF not only the PIF Units to which the Offer relates, but also all Rights attached to the PIF Units.

1.4 Date of Offer

This Offer is dated [.] 2010.

2. Consideration

2.1 Consideration offered

Subject to the terms of this Offer the consideration being offered is 0.1 Redeemable Preference Share in ALF, for every 1 Unit of PIF and 0.05 Ordinary Share in ALF for every 1 Unit in PIF. (*Consideration*).

If the number of PIF Units held by you results in an aggregate entitlement to ALF Redeemable Preference Shares which is not a whole number, then any fractional entitlement to ALF Redeemable Preference Shares will be rounded up to the nearest whole number.

2.2 PIF Unit splitting

If ALF reasonably believes that any parcel of PIF Units has been created or manipulated to take account of the rounding provisions in clause 2.1, then any fractional entitlement to a ALF Redeemable Preference Share or an ALF Ordinary Share arising in relation to that parcel, or those parcels, will be rounded down to the nearest whole number so that the entitlement to ALF Redeemable Preference Shares and ALF Ordinary Shares arising in relation to the original parcel consists of whole numbers of ALF Redeemable Preference Shares and ALF Ordinary Shares fractional entitlements will be disregarded.

3. Offer Period

The Offer will, unless withdrawn, remain open for acceptance during the period commencing on the date of this Offer and ending at 7.00 pm (AEST) on the later of:

- (a) the date which is [-] after the date of this Offer, being [-] 2010; or
- (b) any date to which the period of this Offer is extended in accordance with the Corporations Act.

4. How to accept this Offer

4.1. Acceptance procedure

The acceptance procedure will depend on whether your PIF Units are in an Issuer Sponsored Holding or a CHESS Holding. If they are in an Issuer Sponsored Holding, you will have a security holder reference number (SRN) beginning with "I". If they are in a CHESS Holding, you will have a holder identification number (HIN) beginning with "X".

4.2 If you hold your PIF Units in an Issuer Sponsored Holding

If your PIF Units are held on PIF's issuer sponsored subregister, then in order to accept this Offer in respect of those PIF Units, you must:

- (a) complete and sign the Acceptance Form which accompanies this Bidder's Statement in accordance with the terms of the Offer and the instructions on the Acceptance Form; and;
- (b) return the Acceptance Form together with all other documents required by the terms of this Offer and the instructions on the Acceptance Form to the address specified on the Acceptance Form, so that they are received before the end of the Offer Period.

4.3 If you hold your PIF Units in a CHESS Holding

If your PIF Units are held in a CHESS Holding, then in order to accept this Offer in respect of those PIF Units:

- (a) you must comply with the ASTC Settlement Rules;
- (b) if you are the Controlling Participant, you must initiate acceptance of this Offer in accordance with rule 14.14 of the ASTC Settlement Rules before the end of the Offer Period; and
- (c) if you are not the Controlling Participant, you may either:
 - (i) instruct your Controlling Participant, in accordance with the sponsorship agreement between you and the Controlling Participant, to initiate acceptance of this Offer in accordance with rule 14.14 of the ASTC Settlement Rules before the end of the Offer Period. If you choose to accept the Offer in this way, your Controlling Participant will be obliged by rule 14.14.1 of the ASTC Settlement Rules to initiate acceptance within the following timeframes:
 - (A) if you specify a time when or by which this Offer must be accepted, in accordance with those instructions; or

- (B) otherwise, by End of Day (as defined in the ASTC Settlement Rules) on the day that you instruct the Controlling Participant to accept this Offer or, if the Offer Period ends on the day you provide those instructions, before the end of the Offer Period; or
- (ii) complete, sign and return the Acceptance Form in accordance with the terms of the Offer and the instructions on the Acceptance Form, together with all other documents required by the terms of this Offer and the instructions on the Acceptance Form, to the address specified on the Acceptance Form, so that they can be accepted on your behalf pursuant to clause 4.4 before the end of the Offer Period.

4.4 Irrevocable authorisation

By completing, signing and returning the Acceptance Form in respect of PIF Units in a CHESS Holding you will be deemed to have irrevocably authorised ALF (and any nominee or nominees of ALF):

- (a) to instruct your Controlling Participant to initiate acceptance of this Offer in respect of all such PIF Units in accordance with rule 14.14 of the ASTC Settlement Rules; and
- (b) to give any other instructions concerning those PIF Units to your Controlling Participant on your behalf under the sponsorship agreement between you and the Controlling Participant.

4.5 Foreign Laws

It is your sole responsibility to satisfy yourself that you are permitted by any Foreign Law applicable to you to accept this Offer.

4.6 PIF Units held in different holdings

If some of your PIF Units are in different holdings, your acceptance of this Offer may require action under these Offer Terms in relation to the separate portions of your PIF Units.

4.7 Nominee holdings

If your PIF Units are registered in the name of a broker, investment dealer, bank, trust company or other nominee, you should contact the nominee for assistance in accepting this Offer.

4.8 Mailing address

The mailing address for completed Share Acceptance Forms is as follows:

Link Market Services Limited
Premium Income Fund Takeover
Locked Bag A14
SYDNEY SOUTH NSW 1235

A reply paid envelope (for use from within Australia only) is enclosed for your convenience.

4.9 PIF Unitholder's risk

The method chosen to deliver the Acceptance Form and other documents is at your risk.

4.10 Acceptance Form

The Acceptance Form which accompanies this Offer forms part of it. The requirements on the Acceptance Form must be observed in accepting this Offer in respect of your PIF Units.

4.11 Acceptance by deceased estate

Where the Offer is accepted on behalf of the estate of a deceased PIF Unitholder, the executor or administrator of the estate must provide a certified copy of the relevant grant of probate or letters of administration together with the Acceptance Form or written instructions as the case may be.

4.12 Acceptance under power of attorney

Where the Offer is accepted by a person holding a power of attorney for a PIF Unitholder, the attorney must provide a certified copy of the power of attorney together with the Acceptance Form or written instructions, as the case may be.

If an Acceptance Form is signed under a power of attorney, the attorney will be taken to have declared that the attorney has no notice of revocation of the power and is empowered to delegate powers under the power of attorney as contemplated by clause 8 of this Annexure 1.

4.13 When acceptance is complete

Acceptance of this Offer will not be complete until the completed Acceptance Form has been received at the address set out in clause 4.8 above and the requirements of this clause 4 have been met, provided that:

- (a) ALF may in its sole discretion waive any or all of these requirements at any time; and
- (b) where these requirements have been complied with in respect of some but not all of your PIF Units, ALF may, in its sole discretion, deem your acceptance of this Offer complete in respect of those PIF Units for which the requirements have been complied with but not in respect of the remainder.

5. Payment of consideration

5.1 When Consideration is provided

Subject to clause 5.2 of this Annexure 1 and the Corporations Act, if the contract resulting from your acceptance of this Offer becomes unconditional, ALF will provide the Consideration to which you are entitled on acceptance of this Offer on or before the earlier of:

- (a) one month after the date this Offer is accepted or, if the Offer is subject to a defeating condition when accepted, within one month after the Offer or the contract resulting from your acceptance of this Offer becomes unconditional; and
- (b) twenty one (21) days after the end of the Offer Period.

5.2 Where additional documents are required

Where the Acceptance Form requires additional documents to be given with your acceptance (such as a power of attorney):

- (a) if the documents are given with your acceptance, ALF will provide the Consideration in accordance with clause 5.1;

- (b) if ALF is given the documents after acceptance and before the end of the Offer Period, ALF will provide the Consideration:
 - (i) if at the time that ALF is given the documents the Offer is subject to a defeating condition, by the earlier of one month after this Offer or the contract resulting from your acceptance of the Offer becomes unconditional and twenty one (21) days after the end of the Offer Period; or
 - (ii) if the Offer is unconditional at the time that ALF is given the documents, by the earlier of one month after ALF is given the documents and twenty one (21) days after the end of the Offer Period; and
- (c) if the documents are given after acceptance and after the end of the Offer Period, ALF will provide the Consideration:
 - (i) if at the time that ALF is given the documents, the contract resulting from your acceptance of the Offer is subject to a defeating condition that relates only to the happening of an event or circumstance referred to in subsection (2) of section 652C of the Corporations Act, within twenty one (21) days after the contract becomes or is declared unconditional; or
 - (ii) if at the time that ALF is given the documents the contract resulting from your acceptance of the Offer is unconditional, within twenty one (21) days after ALF is given the documents.

If you do not provide ALF with any required additional documents within one month after the end of the Offer Period, ALF may, in its sole discretion, rescind the contract resulting from your acceptance of the Offer.

5.3 Additional matters regarding Consideration

No interest will be paid on the Consideration for your PIF Units under this Offer, regardless of any delay in providing such consideration or any extension of this Offer.

5.4 Where ALF is entitled to any Rights

If ALF becomes entitled to any Rights on acceptance of this Offer, you must give ALF all documents required to pass title to those Rights to ALF. If you do not give those documents to ALF, or if you have received the benefit of those Rights, ALF will deduct from the consideration otherwise due to you the amount (or value, as reasonably assessed by ALF) of those Rights.

5.5 Provision of consideration – ALF Redeemable Preference Shares and ALF Ordinary Shares

The obligation of ALF to allot and issue any ALF Redeemable Preference Shares and ALF Ordinary Shares to which you are entitled under this Offer will be satisfied by entering your name on the register of members of ALF.

5.6 Foreign PIF Unitholders

If you are a Foreign PIF Unitholder, you will not be entitled to receive ALF Redeemable Preference Shares or ALF Ordinary Shares as consideration for your PIF Units as a result of acceptance of this Offer and ALF will:

- (a) arrange for the issue to a nominee approved by ASIC (Nominee) of the number of ALF Redeemable Preference Shares and ALF Ordinary Shares to which you and all other Foreign PIF Unitholders would have been entitled but for this clause 5.6 and the equivalent provision in each other Offer;
- (b) cause the ALF Redeemable Preference Shares and ALF Ordinary Shares so issued to be offered for sale by the Nominee by public auction as soon as practicable and otherwise in the manner, at the price and on such other terms and conditions as are determined by the Nominee; and
- (c) cause to be paid to you an amount determined by the formula $(P \times N)/T$, where:

P is the amount (if any) remaining after deducting the expenses of sale from the proceeds of sale of the ALF Units issued to the Nominee under this clause 5.6 and the equivalent provision in each offer under the Offer;

N is the number of the ALF Units which would, but for this clause 5.6, otherwise have been issued to you under this Offer; and

T is the total number of ALF Units issued to the Nominee under this clause 5.6 and the equivalent provision in each other offer under the Offer.

Payment of the amount referred to in this clause 5.6 will be made by cheque in Australian dollars or, if this is unlawful, the currency of the jurisdiction of your residence (as shown in the register of members of PIF or on the Acceptance Form). Cheques will be sent (at your risk) to your address as shown on the PIF register of members by pre-paid airmail.

5.7 Clearances for offshore residents and others

If, at the time of acceptance of this Offer, any authority or clearance of the Reserve Bank of Australia (whether under the Banking (Foreign Exchange) Regulations 1959 or otherwise), or of the Australian Taxation Office, is required for you to receive any consideration under this Offer or if you are resident in or a resident of a place to which, or you are a person to whom, any other law of Australia would make it unlawful for ALF to provide the consideration payable for your PIF Units, acceptance of this Offer will not create or transfer to you any right (contractual or contingent) to receive the consideration specified in this Offer unless and until all requisite authorities or clearances have been obtained.

6. Conditions of the Offer

6.1 Conditions

The Offer and any contract resulting from acceptance of the Offer are subject to fulfillment of the following conditions:

- (a) **(Minimum ownership)** that at the end of the Offer Period, ALF and its Associates have relevant interests in at least 90% (by number) of PIF Units on issue at that time.
- (b) **(NO PIF material adverse effect)** that no specified event 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 PIF whether as a result of the making of the Offer or the acquisition of PIF Units pursuant to the Offer or otherwise. For these purposes, a “specified event” is:
 - (i) an event or occurrence that occurs during the period commencing on the Announcement Date and ending at the end of the Offer Period;
 - (ii) 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
 - (iii) 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 PIF falling below \$230,000,000 for at least five (5) consecutive business days.

- (c) **(Conduct of PIF’s business)** except for any proposed transaction or matter the material terms of which have been publicly announced by PIF 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:
 - (i) PIF, 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;
 - (ii) PIF, 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;
 - (iii) PIF gives or agrees to give a financial benefit to a related party of PIF within the meaning of Chapter 2E of the Corporations Act;

- (iv) PIF lends or agrees to lend to another party, other than in the ordinary course of business;
 - (v) PIF incurs or commits to, or grants to another person a right the exercise of which would involve PIF 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
 - (vi) PIF 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 agreements 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:
- (i) PIF converts all or any of its units into a larger or smaller number of units;
 - (ii) PIF resolves to reduce its capital in any way;
 - (iii) PIF 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 PIF units pursuant to the exercise of an option granted and disclosed by PIF on NSX prior to the Announcement Date;
 - (iv) PIF issues, or agrees to issue, convertible notes;
 - (v) PIF disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property;
 - (vi) PIF charges, or agrees to charge, the whole, or a substantial part, of its business or property;
 - (vii) PIF resolves to be wound up;
 - (viii) a liquidator or provisional liquidator is appointed to PIF;
 - (ix) a court makes an order for the winding up of PIF;
 - (x) an administrator of PIF is appointed under section 601NA, 601NB, 601NC, 601ND, 601NE and section 601NF of the Corporations Act;
 - (xi) a receiver or a receiver and manager is appointed in relation to the whole, or a substantial part, of the property of PIF;
 - (xii) anything analogous to the matters referred to in paragraphs (i) to (xi) occurs in any jurisdiction outside Australia in relation to PIF.

6.2 Nature of conditions

Each of the conditions set out in each paragraph and subparagraph of clause 6.1 of this Annexure 1:

- (a) is a separate and distinct condition
- (b) does not limit the meaning and effect of any other condition;
- (c) is a condition subsequent; and
- (d) until the expiration of the Offer Period will be for the benefit of ALF alone and may be relied upon only by ALF.

6.3 Effect of breach or non-fulfilment

The breach or non-fulfilment of any of the conditions set out in clause 6.1 of this Annexure 1 does not, until the end of the Offer Period, prevent a contract to acquire your PIF Units arising from your acceptance of this Offer, but if at the end of the Offer Period in respect of any condition in clause 6.1 of this Annexure 1:

- (a) ALF has not declared the Offer (and it has not become) free from that condition; or
- (b) that condition has not been fulfilled, all contracts resulting from acceptance of this Offer and all acceptances that have not resulted in binding contracts are automatically voided. In such a case, ALF reserves the right to either destroy or despatch at your risk your Acceptance Form and any other documents forwarded by you, to your address as shown on the PIF register of members, where such address is inside Australia, by pre-paid ordinary post, or, where such address is outside Australia, by pre-paid airmail. ALF will also notify ASTC of the lapse of the Offer in accordance with rule 14.19 of the ASTC Settlement Rules.

6.4 ALF may decide Offer is free from all or any of the conditions

ALF may at any time at its sole discretion, but in compliance with sections 650F and 630 of the Corporations Act, declare the Offer free from all or any of the conditions set out in each paragraph and subparagraph of clause 6.1 of this Annexure 1 which are capable of being waived by notice in writing to PIF:

- (a) in the case of a defeating condition that relates to the happening of a circumstance or event referred to in subsection (2) of section 652C of the Corporations Act - not later than three (3) business days after the end of the Offer Period; and
- (b) in any other case - not later than seven (7) days before the end of the Offer Period.

6.5 Date for giving notice on status of conditions

The date for giving a notice on the status of the conditions as required by section 630(1) of the Corporations Act is [.] 2010, subject to variation in accordance with section 630(2) of the Corporations Act in the event that the Offer Period is extended.

7. Effect of acceptance

7.1 Effect of acceptance

By accepting this Offer in accordance with clause 4 of this Annexure 1 (where the Offer is caused to be accepted in accordance with the ASTC Settlement Rules or otherwise), you will, or will be deemed to have:

- (a)** irrevocably authorised ALF to alter the Acceptance Form on your behalf by:
 - (i)** inserting correct details of your PIF Units;
 - (ii)** filling in any blanks remaining on the Acceptance Form; and
 - (iii)** rectifying any errors in, or omissions from, the Acceptance Form, as may be necessary to make the Acceptance Form an effectual acceptance of this Offer and to enable registration of the transfer of your PIF Units to ALF;
- (b)** accepted this Offer (and any variation of it) and agreed to its terms and conditions, in respect of all of your PIF Units (together with all Rights attaching to them) despite any difference between the number of your PIF Units and the number of shares shown in the Acceptance Form;
- (c)** agreed to transfer all of your PIF Units subject to the Offer being declared free from the conditions set out in clause 6.1 of this Annexure 1 (or those conditions being fulfilled);
- (d)** represented and warranted to ALF:
 - (i)** that you are not a Foreign PIF Unitholder unless otherwise indicated on the Acceptance Form; and
 - (ii)** as a condition of the contract resulting from your acceptance of the Offer, that at the time of acceptance and at the time of transfer to ALF:
 - (A)** you have paid to PIF all amounts which are due for payment in respect of your PIF Units;
 - (B)** all of your PIF Units are fully paid and ALF will acquire good title to them and full beneficial ownership of them free from all mortgages, charges, liens, encumbrances and interests of third parties of any kind, whether legal or otherwise and restrictions on transfer of any kind; and
 - (C)** you have full power and capacity to accept this Offer and to sell and transfer the legal and beneficial ownership of your PIF Units (together with all Rights attaching to them) to ALF;
- (e)** with effect from the later of the acceptance of this Offer and the date that any contract resulting from acceptance of this Offer becomes, or is declared, free from its conditions, appointed ALF and each of its directors, secretaries and other officers from time to time severally as your agent and true and lawful attorney, with power to do all things which you could lawfully do concerning your PIF Units or in exercise of any right or power derived from the holding of your PIF Units, including, without limitation, the right or power:
 - (i)** to attend and vote in respect of your PIF Units at any meeting of PIF;

- (ii) to appoint a proxy or proxies to attend and vote on your behalf in respect of your PIF Units at any meeting of PIF;
 - (iii) to requisition or join with other holders of PIF Units in requisitioning or convening a meeting of PIF;
 - (iv) to demand a poll for any vote to be taken at any meeting of PIF;
 - (v) to propose or second any resolution to be considered at any meeting of PIF;
 - (vi) to receive from PIF or any other party, and retain, any share certificates which were held by PIF, or any other party;
 - (vii) to sign all documents (including an instrument appointing one of ALF directors as a proxy in respect of any or all of your PIF Units and any application to PIF for a replacement certificate in respect of any share certificate which has been lost or destroyed) and resolutions relating to your PIF Units, and generally to exercise all powers and rights which you may have as a PIF Unitholder and perform such actions as may be appropriate in order to vest good title in your PIF Units (together with all Rights attaching to them) in ALF; and
 - (viii) to do all things incidental and ancillary to the foregoing, and to have agreed that in exercising the powers conferred by that power of attorney, the attorney may act in the interests of ALF as the intended registered holder and beneficial holder of your PIF Units. This appointment is irrevocable and terminates upon registration of a transfer to ALF of your PIF Units, ALF will indemnify you and keep you indemnified in respect of all costs, expenses and obligations which might be incurred or undertaken as a result of the exercise by an attorney of any powers under this subclause;
- (f) agreed to fully indemnify ALF in respect of any claim or action against it or any loss, damage or liability whatsoever incurred by it as a result of you not producing your Holder Identification Number or Security Holder Reference Number or in consequence of the transfer of your PIF Units to ALF being registered by PIF without production of your Holder Identification Number or Security Holder Reference Number;
- (g) irrevocably authorised ALF (and any nominee or nominees of ALF) to notify PIF on your behalf that your place of address for the purpose of serving notices upon you in respect of your PIF Units is the address as specified in the notification, and that all such notices are to be marked care of ALF and to have directed PIF to serve all correspondence, payments or notifications in respect of any Rights and other communications and documents whatsoever in respect of those PIF Units at that address;
- (h) irrevocably authorised and directed PIF to pay ALF, or to account to ALF for all Rights in respect of your PIF Units, subject, however, to any such payments being received by ALF being accounted for by ALF to you if this Offer is withdrawn or any contract resulting from your acceptance of this Offer is rescinded or rendered void;
- (i) irrevocably authorised ALF (and any nominee or nominees of ALF) to cause a message to be transmitted in accordance with ASTC Settlement Rule 14.17.1 (and

at a time permitted by ASTC Settlement Rule 14.17.1 (b)) so as to transfer your PIF Units to ALF's Takeover Transferee Holding (as defined in the ASTC Settlement Rules), regardless of whether ALF has at that time paid or provided the consideration due to you under this Offer;

- (j) authorised ALF to issue to you and agreed to accept the ALF Redeemable Preference Shares and ALF Ordinary Shares you have become entitled to receive under this Offer and to register your name in the ALF register of members in respect of those ALF Redeemable Preference Shares and ALF Ordinary Shares and agreed that you will be bound by the constitution of ALF; and
- (k) agreed, subject to the conditions in clause 6.1 of this Annexure 1 being satisfied or waived, to execute all documents, transfers and assurances as may be necessary or desirable to convey your PIF Units to ALF. ALF may at any time deem the receipt of a signed Acceptance Form to be a valid acceptance of this Offer even though you omit to include your share certificate(s) (if any) or there is not compliance with any one or more of the other requirements for acceptance but, if ALF does so, ALF is not obliged to make the consideration available to you until all of the requirements for acceptance have been met.

7.2 Continuing representations and warranties

The representations, warranties, undertakings and authorities referred to in clause 5.4 of this Annexure 1 and this clause 7 will (unless otherwise stated) remain in force after you receive the consideration for your PIF Units and after ALF becomes registered as holder of them.

8. Acceptances by transferees and nominees

8.1 Who may accept the Offer

During the Offer Period:

- (a) any person who is able to give good title to a parcel of your PIF Units may accept the offer (if they have not already accepted an offer in the form of this Offer for those PIF Units as if an offer on terms identical with this Offer has been made to them; and
- (b) any person who holds one or more parcels of PIF Units as trustee or nominee, or otherwise on account of another person, may accept the offer as if a separate and distinct offer had been made in relation to:
 - (i) each of those parcels; and
 - (ii) any parcel they hold in their own right.

8.2 Holding PIF Units

A person is taken to hold PIF Units if the person is, or is entitled to be registered as the holder of those PIF Units.

8.3 Holding PIF Units on trust or as a nominee

A person is taken to hold PIF Units on trust for, as nominee for, or on account of, another person if:

- (a) they are entitled to be registered as the holder of particular PIF Units; and

- (b) they hold their interest in the PIF Units on trust for, as nominee for, or on account of, that other person.

8.4 Effective acceptance

An acceptance of an offer pursuant to clause 8.1 (b) of this Annexure 1 is ineffective unless:

- (a) the person who holds on account of another person gives ALF a notice stating that the PIF Units consist of a separate parcel; and
- (b) the acceptance specifies the number of PIF Units in the parcel.

8.5 Notice of acceptance

A notice under clause 8.4(a) of this Annexure 1 must be made:

- (a) if it relates to PIF Units on a CHESS subregister - in an electronic form approved by the ASTC Settlement Rules;
- (b) otherwise - in writing.

8.6 Person may accept for two or more parcels

A person may, at the one time, accept for two or more parcels under this clause as if there had been a single offer for a separate parcel consisting of those parcels.

9. Other matters

9.1 Notices and other communications

Subject to the Corporations Act, a notice or other communication given by ALF to you in connection with this Offer shall be deemed to be duly given if it is in writing and:

- (a) is delivered to your address as recorded on the register of members of PIF; or
- (b) is sent by pre-paid ordinary mail or, in the case of an address outside Australia, by pre-paid airmail, to you at that address.

9.2 Return of documents

If:

- (a) this Offer is withdrawn after your Acceptance Form has been sent to ALF, but before it has been received; or
- (b) for any other reason ALF does not acquire the PIF Units to which your Acceptance Form relates, ALF reserves the right to either destroy or despatch at your risk your Acceptance Form and any other documents forwarded by you, to your address as shown on the PIF register of Unitholders, where such address is inside Australia, by pre-paid ordinary post, or, where such address is outside Australia, by pre-paid airmail

9.3 Costs and expenses

All costs and expenses of the preparation, despatch and circulation of the Offers and all stamp duty payable in respect of a transfer of PIF Units in respect of which Offers are accepted, will be paid by ALF. If you hold your PIF Units through a bank, broker or nominee which charges

transaction or service fees in connection with your acceptance of the Offer, you will be responsible for payment of those fees.

9.4 Withdrawal

ALF may withdraw offers which have not been accepted at any time with the written consent of ASIC and subject to the conditions (if any) specified in such consent.

9.5 Variation

ALF may vary this Offer in accordance with the Corporations Act.

9.6 Governing Law

This Offer and any contract that results from your acceptance of this Offer are governed by the laws in force in New South Wales.

Annexure 2 – Premium Income Fund Announcements

(since the date of its most recent annual report)

Date	Announcement
23 April 2010	Notification of change of Registry
16 March 2010	Half Yearly Report to 31 December 2009
2 March 2010	Update: Litigation Update – Raptis Group
22 February 2010	Update: Litigation Update – Class Action
15 February 2010	Raptis Group Loans
2 February 2010	Update: Raptis Group Loans
1 February 2010	Investor Update 31 December 2009
6 January 2010	Compliance Plan Amendment
6 January 2010	Amendment to Constitution
21 December 2009	Update: Business Update
21 December 2009	Update: Class Action Update
21 December 2009	Update: Litigation Update – Bond Street Custodians
10 December 2009	Update: ASIC Proceedings Update
18 November 2009	Update: Commercial Loan Portfolio: Wollongong
3 November 2009	ASIC Proceedings Update
3 November 2009	Class Action Update
2 November 2009	Price Sensitive Announcement received
2 November 2009	ASIC Proceedings
30 October 2009	Company request for Trading Halt

Annexure 3 – Rights and Liabilities Attaching to ALF Redeemable Preference Shares and ALF Ordinary Shares

ALF Redeemable Preference Shares

The following is a summary of the principal rights and liabilities attaching to ALF Redeemable Preference Shares as set out in the ALF Constitution, the terms of issue of the Redeemable Preference Shares and under the Corporations Act. Below is a summary of the main provisions of the Constitution, for more details of the rights and liabilities attached to ALF Redeemable Preference Shares interested parties can obtain a copy of ALF's Constitution by calling 1300 660 106 or visiting www.alfpif.com.au.

- a) **Issue of Shares-** the power to issue ALF Redeemable Preference Shares and other securities in the capital of ALF lies with the Board of ALF subject to the restrictions contained in the Constitution and the Corporations Act.
- b) **Voting-** subject to the Constitution and the Corporations Act and the NSX Listing Rules on a show of hands every holder of ALF Redeemable Preference Shares present in person or by proxy or attorney or representative will have one vote at meetings of ALF PIF and one vote if a poll at general meetings of ALF is demanded or called.
- c) **Meetings and Notice-** each holder of ALF Redeemable Preference Shares is entitled to receive notices of, and to attend, general meetings of ALF and to receive all notices, accounts and other documents required to be sent to shareholders under the Constitution and the Listing Rules. An ALF Director may call a meeting of shareholders and shareholders may also requisition or convene general meetings in accordance with the procedures for shareholder initiated meetings set out in the Corporations Act.
- d) **Dividends-** dividends are not payable on ALF Redeemable Preference Shares.
- e) **Transfer of Shares-** a holder of an ALF Redeemable Preference Share may transfer these shares by an off-market transfer in accordance with the constitution of ALF by an instrument in writing in the usual or common forms, or in any other form approved by the ALF directors. Subject to the Constitution of ALF and the Corporations Act, the ALF directors may refuse to register any transfer of ALF Redeemable Preference Shares.
- f) **Rights on Winding Up-** if on a winding up there remain any assets available for distribution to shareholders, then subject to the Constitution and the Corporations Act those assets will be distributed firstly amongst the Redeemable Preference Shareholders to the maximum of \$1.50 per share and any surplus in proportion to the ordinary shareholders.
- g) **Variation of Rights-** subject to the Constitution of ALF PIF, the Corporations Act and the Listing Rules, all or any of the rights and privileges attached to ALF Redeemable Preference Shares Units may be varied or cancelled by a special resolution (75% majority) passed at a meeting of the holders of the ALF Redeemable Preference Shareholders.
- h) **Redemption-** in the event that the Board of ALF PIF resolves to redeem the Redeemable Preference Shares issued pursuant to this offer in part or in full a holder

of Redeemable Preference Shares is entitled to receive the sum of \$1.50 for every Redeemable Preference Share redeemed.

ALF Ordinary Shares

The following is a summary of the principal rights and liabilities attaching to ALF Ordinary Shares as set out in the ALF Constitution and under the Corporations Act. Below is a summary of the main provisions of the Constitution, for more details of the rights and liabilities attached to ALF Ordinary Shares interested parties can obtain a copy of ALF's Constitution by calling 1300 660 106 or visiting www.alfpif.com.au.

- a) **Issue of Shares-** the power to issue ALF Ordinary Shares and other securities in the Capital of ALF lies with the Board of ALF subject to the restrictions contained in the Constitution and the Corporations Act.
- b) **Voting-** subject to the Constitution and the Corporations Act and the Listing Rules on a show of hands every holder of ALF Ordinary Shareholder in person or by proxy or attorney or representative will have 1 vote at meetings of ALF PIF and one vote if a poll is demanded or called at general meetings of the ALF.
- c) **Meetings and Notice-** each holder of ALF Ordinary Share is entitled to receive notices of, and to attend, general meetings of ALF and to receive all notices, accounts and other documents required to be sent to shareholders under the Constitution and the Listing Rules. An ALF Director may call a meeting of shareholders and shareholders may also requisition or convene general meetings in accordance with the procedures for shareholder initiated meetings set out in the Corporations Act.
- d) **Dividends-** dividends are payable on ALF Ordinary Shares.
- e) **Transfer of Shares-** a holder of an ALF Ordinary Share may transfer these shares by an off-market transfer in accordance with the constitution of ALF by an instrument in writing in the usual or common forms, or in any other form approved by the ALF directors. Subject to the Constitution of ALF and the Corporations Act, the ALF directors may refuse to register any transfer of ALF Ordinary Share.
- f) **Rights on Winding Up-** if on a winding up there remain any assets available for distribution to shareholders, then subject to the Constitution and the Corporations those assets will be distributed firstly amongst the Redeemable Preference Shareholders to the sum of \$1.50 per share and any surplus in proportion to the ordinary shareholders.
- g) **Variation of Rights-** subject to the Constitution of ALF PIF, the Corporations Act and the Listing Rules, all or any of the rights and privileges attached to ALF Ordinary Shares may be varied or cancelled by a special resolution passed at a meeting of the holders of the ALF Ordinary Shares.

Annexure 4 – Top 20 Holders of ALF Shares

Rank	Investor Name	Total Fully Paid Ordinary Shares	% Of Issued Capital
1	ALF Group Pty Ltd	128,000,000	80
2	BFT Custodians Pty Ltd	16,000,000	10
3	ALF Group Holdings AG	16,000,000	10

Annexure 5 – Corporate Directory

DIRECTORS:

Mr Michael Pakula
Mr Pascal P Niedermann
Mr Wayne Wheeler

PRINCIPAL PLACE OF BUSINESS:

Level 29, Chifley Tower
2 Chifley Square
Sydney NSW 2000

REGISTERED OFFICE:

C/Charltons Accountants Suite 901, Level 9
130 Elizabeth Street
Sydney NSW 2000

COMPANY SECRETARY:

Mr Michael Pakula

SHARE REGISTRY:

Link Market Services Limited
Level 15, 324 Queen Street
Brisbane QLD 4000

LEGAL ADVISER:

Whittens Lawyers and Consultants
‘Eurotower’
Suite 9, Level 5
137-139 Bathurst Street
Sydney NSW 2000

TAXATION AND ACCOUNTING ADVISER:

William Buck (NSW) Pty Limited
Level 29
66 Goulburn Street
Sydney NSW 2000

Need help?

Contact ALF PIF Finance Limited Offer Information Line

Phone 1300 660 106 (from within Australia)

Phone +61 2 8280 7808 (from outside Australia)
A Your name

SAMPLE NAME 1
 SAMPLE NAME 2
 <SAMPLE A/C>
 SAMPLE ADDRESS 1
 SAMPLE ADDRESS 2

Your holding

Holder Identification Number: X12345678910

Premium Income Fund Units held 99,999,999

If your holding has changed, then write your current holding here.

This is an important document. If you are in doubt as to how to complete this form, please consult your financial or other professional adviser immediately.

 Controlling Participant's Name *Broker's Name and telephone printed here*

Advisor Name:

Contact Number:

Transfer and Acceptance Form – CHESS Subregister

This is a personalised form for the sole use of the holder and holding recorded above.

B You must give your instructions to your controlling participant to accept the Offer
 If you correctly sign and return this form you will be deemed to have accepted the Offer in respect of **ALL** of your Premium Income Fund Units.

Offer Consideration – 0.1 Redeemable Preference Share in ALF PIF Finance Limited for every Unit in the Premium Income Fund and 0.05 Ordinary Shares in ALF PIF Finance Limited for every Unit in the Premium Income Fund.

To accept the Offer you may either:

- directly instruct your Controlling Participant to accept the Offer on your behalf; or
- sign and return this Acceptance Form to the address shown overleaf so the Bidder can contact your Controlling Participant on your behalf and relay your instructions.

If your Controlling Participant acts on your instruction CHESS will send you a confirmation notice.

C Contact details

Please provide your contact name and telephone number in case we need to speak to you about this Acceptance Form.

Telephone Number where you can be contacted during business hours

Contact Name (PRINT)

D You must sign this form for your instructions in this Acceptance Form to be executed

I/We, the person(s) named above, accept the Offer in respect of all my/our Premium Income Fund Units and hereby agree to transfer to ALF PIF Finance Limited all my/our Premium Income Fund Units for the consideration specified in the Offer, and on the terms and conditions of the Offer as set out in the Bidder's Statement.

Unitholder 1 (Individual)

Sole Director & Sole Company Secretary

Unitholder 2 (Individual)

Secretary/Director (delete one)

Unitholder 3 (Individual)

Director

Please refer overleaf for further important instructions

REGISTRY USE ONLY



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Broker PID



Holding

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Further Important Instructions

Your Premium Income Fund Units are in a CHESS Holding, you do not need to complete and return this Acceptance Form to the registry to accept the Offer. You can instead contact your Controlling Participant and instruct them to accept the Offer on your behalf in sufficient time before the end of the Offer Period to enable your Controlling Participant to give effect to your acceptance of the Offer on CHESS during business hours. If you decide to use this Acceptance Form to authorise us to contact your Controlling Participant on your behalf, follow the instructions below. You should allow Link Market Services Limited ("Link") sufficient time for the delivery of the Acceptance Form to your Controlling Participant on your behalf. Neither ALF PIF Finance Limited, nor Link will be responsible for any delays incurred by this process.

Please refer to the Bidder's Statement dated [XX XX 2010] which accompanies this Acceptance Form. Terms are defined in the Bidder's Statement and have the same meaning in this Acceptance Form.

Completion instructions

- A**
- **Please check the front page** to ensure that your name and address are correct. If incorrect, please write your correct details and initial the amendments. Amendments to your name or address can only be processed by your Controlling Participant.
 - **Please note** your consideration will be issued in the names as they appear on the Premium Income Fund register.
- D**
- **Please sign this Acceptance Form** in the places for signature(s) out on the front page and in accordance with the following instructions:
 - **Joint Unitholders:** If your Premium Income Fund Units are held in the names of more than one person, all of those persons must sign this Acceptance Form.
 - **Corporations:** This Acceptance Form must be signed by either two directors or a director and a company secretary. Alternatively, where the company has a sole director and, pursuant to the Corporations Act, there is no company secretary, or where the sole director is also the sole company secretary, that director may sign alone. Alternatively, a duly appointed attorney may sign.
 - **Powers of attorney:** If this Acceptance Form is signed under a power of attorney, please attach a certified copy of the power of attorney to this Acceptance Form when you return it. If this Acceptance Form is signed under Power of Attorney, the attorney declares that he/she has no notice of revocation of the Power of Attorney.
 - **Deceased Estates:** All the executors and administrators must sign this Acceptance Form. When you return this Acceptance Form, please attach it to a certified copy of probate, letters of administration or certificate of grant accompanied (where required by law for the purpose of transfer) by a certificate of payment of death or succession duties and (if necessary) a statement in terms of Section 1071B(9)(b)(iii) of the Corporations Act.

Information you supply on this Acceptance Form will be used by ALF PIF Finance Limited and Link Market Services Limited for the primary purpose of processing your acceptance of the Offer and to provide you with the consideration payable under the Offer. This information may be disclosed to ALF PIF Finance Limited's professional advisers, securities brokers, printing and mailing providers and other third parties in connection with the Offer. If you fail to supply this information, your acceptance may not be processed and you may not receive the consideration payable. You have rights to obtain access to the personal information which you have supplied. Please see Link Market Services Limited's privacy policy on its website www.linkmarketservices.com.au.

Lodgement instructions

- Mail or deliver completed Acceptance Form(s) and any other documents required by the above instructions to:

Mailing Address

Link Market Services Limited
Premium Income Fund Takeover
Locked Bag A14
SYDNEY SOUTH NSW 1235

or

Hand Delivery

Link Market Services Limited
Premium Income Fund Takeover
Level 12, 680 George Street
SYDNEY NSW 2000

- A reply paid envelope is enclosed for use within Australia.

Your acceptance must be received by no later than the end of the Offer Period, which is 7:00pm (AEST) on the last day of the Offer Period.

If you have any questions about the terms of the Offer or how to accept, please call the ALF PIF Finance Limited Offer Information Line on the following numbers:

within Australia: 1300 660 106
outside Australia: +61 2 8280 7808

Need help?

Contact ALF PIF Finance Limited Offer Information Line

Phone 1300 660 106 (from within Australia)

Phone +61 2 8280 7808 (from outside Australia)
A Your name

SAMPLE NAME 1
 SAMPLE NAME 2
 <SAMPLE A/C>
 SAMPLE ADDRESS 1
 SAMPLE ADDRESS 2

Your holding

Securityholder Reference Number: 112345678910

Premium Income Fund Units held 99,999,9999

If your holding has changed, then write your current holding here. Your acceptance will be granted over your updated holding.

This is an important document. If you are in doubt as to how to complete this form, please consult your financial or other professional adviser immediately.

Transfer and Acceptance Form – Issuer Sponsored Subregister

This is a personalised form for the sole use of the holder and holding recorded above.

B You must give your instructions to accept the Offer
 If you correctly sign and return this form you will be deemed to have accepted the Offer in respect of **ALL** of your Premium Income Fund Units. Your form must be received by the Closing Date.

Offer Consideration – 0.1 Redeemable Preference Share in ALF PIF Finance Limited for every Unit in the Premium Income Fund and 0.05 Ordinary Shares in ALF PIF Finance Limited for every Unit in the Premium Income Fund.
C Contact details

Please provide your contact name and telephone number in case we need to speak to you about this Acceptance Form.

Telephone Number where you can be contacted during business hours

Contact Name (PRINT)

D You must sign this form for your instructions in this Acceptance Form to be executed

I/We, the person(s) named above, accept the Offer in respect of all my/our Premium Income Fund Units and hereby agree to transfer to ALF PIF Finance Limited all my/our Premium Income Fund Units for the consideration specified in the Offer, and on the terms and conditions of the Offer as set out in the Bidder's Statement.

Unitholder 1 (Individual)

Sole Director & Sole Company Secretary

Unitholder 2 (Individual)

Secretary/Director (delete one)

Unitholder 3 (Individual)

Director

Please refer overleaf for further important instructions

REGISTRY USE ONLY



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Holding

PIFT TKO001



Further Important Instructions

Your Premium Income Fund Units are in an Issuer Sponsored Holding. To accept the Offer, you must complete and return this Acceptance Form in accordance with the instructions below.

Please refer to the Bidder's Statement dated [XX XX 2010] which accompanies this Acceptance Form. Terms are defined in the Bidder's Statement and have the same meaning in this Acceptance Form.

Completion instructions

- A** • **Please check the front page** to ensure that your name and address are correct. If incorrect, please write your correct details and initial the amendments. Amendments to your name can only be processed by your Premium Income Fund Registry.
- **Please note** your consideration will be issued in the names as they appear on the Premium Income Fund register.
- D** • **Please sign this Acceptance Form** in the places for signature(s) out on the front page and in accordance with the following instructions:
 - **Joint Unitholders:** If your Premium Income Fund Units are held in the names of more than one person, all of those persons must sign this Acceptance Form.
 - **Corporations:** This Acceptance Form must be signed by either two directors or a director and a company secretary. Alternatively, where the company has a sole director and, pursuant to the Corporations Act, there is no company secretary, or where the sole director is also the sole company secretary, that director may sign alone. Alternatively, a duly appointed attorney may sign.
 - **Powers of attorney:** If this Acceptance Form is signed under a power of attorney, please attach a certified copy of the power of attorney to this Acceptance Form when you return it. If this Acceptance Form is signed under Power of Attorney, the attorney declares that he/she has no notice of revocation of the Power of Attorney.
 - **Deceased Estates:** All the executors and administrators must sign this Acceptance Form. When you return this Acceptance Form, please attach it to a certified copy of probate, letters of administration or certificate of grant accompanied (where required by law for the purpose of transfer) by a certificate of payment of death or succession duties and (if necessary) a statement in terms of Section 1071B(9)(b)(iii) of the Corporations Act.

Information you supply on this Acceptance Form will be used by ALF PIF Finance Limited and Link Market Services Limited for the primary purpose of processing your acceptance of the Offer and to provide you with the consideration payable under the Offer. This information may be disclosed to ALF PIF Finance Limited's professional advisers, securities brokers, printing and mailing providers and other third parties in connection with the Offer. If you fail to supply this information, your acceptance may not be processed and you may not receive the consideration payable. You have rights to obtain access to the personal information which you have supplied. Please see Link Market Services Limited's privacy policy on its website www.linkmarketservices.com.au.

Lodgement instructions

- Mail or deliver completed Acceptance Form(s) and any other documents required by the above instructions to:

Mailing Address	or	Hand Delivery
Link Market Services Limited Premium Income Fund Takeover Locked Bag A14 SYDNEY SOUTH NSW 1235		Link Market Services Limited Premium Income Fund Takeover Level 12, 680 George Street SYDNEY NSW 2000

- A reply paid envelope is enclosed for use within Australia.

Your acceptance must be received by no later than the end of the Offer Period, which is 7:00pm (AEST) on the last day of the Offer Period.

If you have any questions about the terms of the Offer or how to accept, please call the ALF PIF Finance Limited Offer Information Line on the following numbers:

**within Australia: 1300 660 106
outside Australia: +61 2 8280 7808**

Need help?

Contact ALF PIF Finance Limited Offer Information Line

Phone 1300 660 106 (from within Australia)

Phone +61 2 8280 7808 (from outside Australia)
A Your name

SAMPLE NAME 1
 SAMPLE NAME 2
 <SAMPLE A/C>
 SAMPLE ADDRESS 1
 SAMPLE ADDRESS 2

Your holding

Holder Identification Number: X12345678910

Premium Income Fund Units held 99,999,999

If your holding has changed, then write your current holding here.

This is an important document. If you are in doubt as to how to complete this form, please consult your financial or other professional adviser immediately.

 Controlling Participant's Name *Broker's Name and telephone printed here*

Advisor Name:

Contact Number:

Transfer and Acceptance Form – CHESS Subregister

This is a personalised form for the sole use of the holder and holding recorded above.

B You must give your instructions to your controlling participant to accept the Offer
 If you correctly sign and return this form you will be deemed to have accepted the Offer in respect of **ALL** of your Premium Income Fund Units.

Offer Consideration – 0.1 Redeemable Preference Share in ALF PIF Finance Limited for every Unit in the Premium Income Fund and 0.05 Ordinary Shares in ALF PIF Finance Limited for every Unit in the Premium Income Fund.

To accept the Offer you may either:

- directly instruct your Controlling Participant to accept the Offer on your behalf; or
- sign and return this Acceptance Form to the address shown overleaf so the Bidder can contact your Controlling Participant on your behalf and relay your instructions.

If your Controlling Participant acts on your instruction CHESS will send you a confirmation notice.

C Contact details

Please provide your contact name and telephone number in case we need to speak to you about this Acceptance Form.

Telephone Number where you can be contacted during business hours

Contact Name (PRINT)

D You must sign this form for your instructions in this Acceptance Form to be executed

I/We, the person(s) named above, accept the Offer in respect of all my/our Premium Income Fund Units and hereby agree to transfer to ALF PIF Finance Limited all my/our Premium Income Fund Units for the consideration specified in the Offer, and on the terms and conditions of the Offer as set out in the Bidder's Statement.

Unitholder 1 (Individual)

Sole Director & Sole Company Secretary

Unitholder 2 (Individual)

Secretary/Director (delete one)

Unitholder 3 (Individual)

Director

Please refer overleaf for further important instructions

REGISTRY USE ONLY



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Broker PID



Holding

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Further Important Instructions

Your Premium Income Fund Units are in a CHESS Holding, you do not need to complete and return this Acceptance Form to the registry to accept the Offer. You can instead contact your Controlling Participant and instruct them to accept the Offer on your behalf in sufficient time before the end of the Offer Period to enable your Controlling Participant to give effect to your acceptance of the Offer on CHESS during business hours. If you decide to use this Acceptance Form to authorise us to contact your Controlling Participant on your behalf, follow the instructions below. You should allow Link Market Services Limited ("Link") sufficient time for the delivery of the Acceptance Form to your Controlling Participant on your behalf. Neither ALF PIF Finance Limited, nor Link will be responsible for any delays incurred by this process.

Please refer to the Bidder's Statement dated [XX XX 2010] which accompanies this Acceptance Form. Terms are defined in the Bidder's Statement and have the same meaning in this Acceptance Form.

Completion instructions

- A**
- **Please check the front page** to ensure that your name and address are correct. If incorrect, please write your correct details and initial the amendments. Amendments to your name or address can only be processed by your Controlling Participant.
 - **Please note** your consideration will be issued in the names as they appear on the Premium Income Fund register.
- D**
- **Please sign this Acceptance Form** in the places for signature(s) out on the front page and in accordance with the following instructions:
 - **Joint Unitholders:** If your Premium Income Fund Units are held in the names of more than one person, all of those persons must sign this Acceptance Form.
 - **Corporations:** This Acceptance Form must be signed by either two directors or a director and a company secretary. Alternatively, where the company has a sole director and, pursuant to the Corporations Act, there is no company secretary, or where the sole director is also the sole company secretary, that director may sign alone. Alternatively, a duly appointed attorney may sign.
 - **Powers of attorney:** If this Acceptance Form is signed under a power of attorney, please attach a certified copy of the power of attorney to this Acceptance Form when you return it. If this Acceptance Form is signed under Power of Attorney, the attorney declares that he/she has no notice of revocation of the Power of Attorney.
 - **Deceased Estates:** All the executors and administrators must sign this Acceptance Form. When you return this Acceptance Form, please attach it to a certified copy of probate, letters of administration or certificate of grant accompanied (where required by law for the purpose of transfer) by a certificate of payment of death or succession duties and (if necessary) a statement in terms of Section 1071B(9)(b)(iii) of the Corporations Act.

Information you supply on this Acceptance Form will be used by ALF PIF Finance Limited and Link Market Services Limited for the primary purpose of processing your acceptance of the Offer and to provide you with the consideration payable under the Offer. This information may be disclosed to ALF PIF Finance Limited's professional advisers, securities brokers, printing and mailing providers and other third parties in connection with the Offer. If you fail to supply this information, your acceptance may not be processed and you may not receive the consideration payable. You have rights to obtain access to the personal information which you have supplied. Please see Link Market Services Limited's privacy policy on its website www.linkmarketservices.com.au.

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Premium Income Fund Takeover
Locked Bag A14
SYDNEY SOUTH NSW 1235

or

Hand Delivery

Link Market Services Limited
Premium Income Fund Takeover
Level 12, 680 George Street
SYDNEY NSW 2000

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outside Australia: +61 2 8280 7808

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Contact ALF PIF Finance Limited Offer Information Line

Phone 1300 660 106 (from within Australia)

Phone +61 2 8280 7808 (from outside Australia)
A Your name

SAMPLE NAME 1
 SAMPLE NAME 2
 <SAMPLE A/C>
 SAMPLE ADDRESS 1
 SAMPLE ADDRESS 2

Your holding

Securityholder Reference Number: 112345678910

Premium Income Fund Units held 99,999,9999

If your holding has changed, then write your current holding here. Your acceptance will be granted over your updated holding.

This is an important document. If you are in doubt as to how to complete this form, please consult your financial or other professional adviser immediately.
Transfer and Acceptance Form – Issuer Sponsored Subregister

This is a personalised form for the sole use of the holder and holding recorded above.

B You must give your instructions to accept the Offer
 If you correctly sign and return this form you will be deemed to have accepted the Offer in respect of **ALL** of your Premium Income Fund Units. Your form must be received by the Closing Date.

Offer Consideration – 0.1 Redeemable Preference Share in ALF PIF Finance Limited for every Unit in the Premium Income Fund and 0.05 Ordinary Shares in ALF PIF Finance Limited for every Unit in the Premium Income Fund.
C Contact details

Please provide your contact name and telephone number in case we need to speak to you about this Acceptance Form.

Telephone Number where you can be contacted during business hours

Contact Name (PRINT)

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Unitholder 1 (Individual)

Sole Director & Sole Company Secretary

Unitholder 2 (Individual)

Secretary/Director (delete one)

Unitholder 3 (Individual)

Director

Please refer overleaf for further important instructions

REGISTRY USE ONLY



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Holding

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