

# Premium Income Fund

NSX Release: 5 August 2011



## **Sale of 50% interest in Trust that owns the Chifley Wollongong Hotel**

Wellington Capital Limited as responsible entity of the Premium Income Fund has completed negotiations in relation to the sale of half of its interest in the trust that owns the 168 room Chifley Wollongong Hotel. The sale is conditional upon the final valuation being to the satisfaction of the vendor and finance approval.

Settlement is scheduled to occur in October 2011. The net proceeds payable to the Premium Income Fund on sale will be a minimum of \$10.5 million.

The 168 room, four star hotel has been open for business since 1 September 2010. With first class fittings, it provides guests with a variety of amenities, including licensed dining, conference facilities, an indoor heated pool and fitness centre.

The hotel which is managed by the Constellation Hotel Group under their Chifley Brand, occupies a prime position in Wollongong. Located 1½ hour drive from Sydney on the scenic New South Wales south coast, the hotel is situated on Wollongong's foreshore adjacent to WIN Sports and Entertainment Centre. It is a short walk to Wollongong City beach, a variety of restaurants, cafes and shopping at Wollongong Central and Crown Street Mall. The sale price will be determined by reference to a valuation currently being undertaken of the Hotel as a going concern.



Managing Director, Jenny Hutson, said *'the contract for the sale of half of the Fund's interest in the trust that owns Chifley Wollongong Hotel at market value is a very positive outcome for the Fund. Maximum value for Unitholders has been achieved through the completion of the hotel, rather than realising it as an incomplete asset.'*

The Premium Income Fund became mortgagee in possession of the Wollongong Hotel during 2008, after the borrowers defaulted on the finance facility provided by the Fund. At the time that the Fund took possession, the hotel and adjacent unit complex were partially complete buildings.

The Fund worked with Harbour Street Development Pty Ltd to complete the construction of the Hotel and the adjacent apartments, adjacent commercial space and hotel residences which form part of the complex. Interests associated with Harbour Street Development Pty Ltd will own 50% of the trust which owns the hotel after settlement.

In addition to its interest in the 168 room Chifley Wollongong, the Premium Income Fund continues to market the remaining 5 Chifley residence apartments which formed part of the original 84 apartments. 79 of these apartments have already been sold and settled.



**For further information please contact:**

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