

Premium Income Fund

NSX Release: 12 August 2011



Despatch of Annual Taxation Statements

Wellington Capital Limited as responsible entity of the Premium Income Fund advises that the Annual Taxation Statement for the financial year ended 30 June 2011 has been finalised and will be despatched to all Unitholders by mail on Monday 15 August 2011.

A copy of the correspondence accompanying the statement follows.

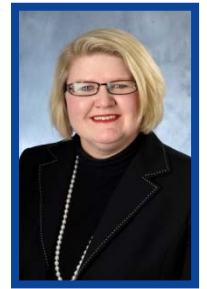
For further information please contact:

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12 August 2011



Dear Unitholder

PREMIUM INCOME FUND

Your Annual Taxation Statement for the financial year ended 30 June 2011 is enclosed.

This blue statement details the payments made to you during the 2011 financial year, and sets out the number of units you held in the Fund as at 30 June 2011.

The audited Annual Financial Report is due for release to Unitholders by 13 September 2011. A copy of the report will be mailed to you during September, together with the August 2011 investor update.

No debt in a volatile economic market

No doubt you have watched the havoc caused by debt instability in the United States and Europe. This has caused uncertainty worldwide. In Australia it has already resulted in stock market volatility and fear.

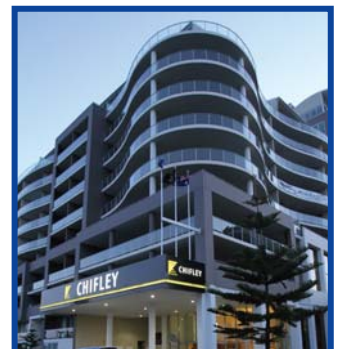
Fortunately, the Premium Income Fund is now debt free and will remain this way. No debt means we can act on the right sales opportunities but are not pressured or forced to take steps that do not maximise value for you.

Sale of half of Fund's interest in Trust that owns Chifley Wollongong

On 5 August 2011, Wellington Capital Limited as responsible entity of the Premium Income Fund 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.**

In addition to its interest in the 168 room Chifley Wollongong Hotel, 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. Proceeds from earlier sales were applied to finalising the cost of construction of the hotel and to the \$15 million in cash payments paid by the Fund to Unitholders during the year.



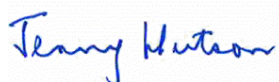
The contract for the sale of half of the Fund's interest in the trust that owns Chifley Wollongong Hotel at market value is a very positive outcome for the Fund. Maximum value for Unitholders has been achieved through the completion of the hotel, rather than realising it as an incomplete asset.

Sales and Cash Payments

Our plan to ready assets for market continues positively. The sales campaign for the Forest Resort will commence shortly. Our plan is to take 50% of the assets to market this year to enable us to return cash to you.

If you have any questions, please do not hesitate to contact the Wellington Hotline on 1300 854 885 or by email to investorrelations@newpif.com.au

Kind regards



Jenny Hutson
Managing Director