

Premium Income Fund

NSX Release: 23 August 2011



Class Action - Federal Court Proceedings

Plan for compensation to be for the benefit of Unitholders as at 15 October 2008

Wellington Capital Limited, IMF (Australia) Limited and the Class Action lawyers share the view that the benefit of the Class Action should be for those Unitholders who suffered the loss to which the proceedings relate, that is those Unitholders who were Unitholders in the Premium Income Fund as at 15 October 2008 whether they remain Unitholders or not.

Wellington Capital Limited as responsible entity of the Premium Income Fund will in relation to the legal proceeds in the Federal Court and any future proceedings, ask the court to make orders that any resulting damages or compensation be paid to the Unitholders at the time the loss was incurred, being 15 October 2008. If a settlement is reached, one of the terms will be that any agreed settlement sum be paid to Unitholders as at 15 October 2008.

In the event that the Federal Court does not make these orders, Wellington Capital Limited as responsible entity of the Premium Income Fund will pursue every other available legal avenue to achieve an outcome where the Unitholders who suffered the loss are the beneficiaries of any order made, including asking ASIC to modify the application of the *Corporations Act 2001*, and if necessary, Unitholders to vary the Constitution of the Premium Income Fund. Wellington Capital Limited will be assisted by IMF and the Class Action lawyers in that regard.

Investors buying units in the Premium Income Fund whether on market or off market should do so on the basis that they will not be entitled to any damages or compensation received from any legal action relating to the claim for losses suffered by Unitholders as at 15 October 2008.

Jenny Hutson, Managing Director said: *'I appreciate how important any compensation from the Federal Court proceedings is to Unitholders who suffered loss as a result of the loan drawdown and investment decisions made by the Fund's former responsible entity.'*

It is entirely appropriate and desirable that those who suffered the loss are the beneficiaries of any compensation or damages.

As responsible entity, Wellington Capital will ensure that every legal avenue possible is pursued to ensure that outcome is achieved, including asking the court for a declaration to this effect, asking ASIC to modify the application of the Corporations Act, and then only if necessary, asking Unitholders to vary the Constitution of the Premium Income Fund.'

Wellington Capital Limited as responsible entity of Premium Income Fund as applicant in class action.

Wellington Capital Limited as responsible entity of the Premium Income Fund announced on 2 June 2011 that it had executed a funding agreement with IMF (Australia) Limited (ASX:IMF), the class action funder. At this time, IMF and HWL Ebsworth have not joined Wellington Capital Limited as responsible entity of the Premium Income Fund to the action.

It has been agreed with IMF and HWL Ebsworth that it is in the best interests of Unitholders to revisit the position once Justice Perram of the Federal Court determines the position on the two proposed Statements of Claim currently before him.

Future steps following Justice Perram's decision may include Wellington Capital Limited as responsible entity of the Premium Income Fund (funded by IMF) separately commencing proceedings against KPMG.

For further information please contact:

Jenny Hutson
Managing Director
Wellington Capital Limited
as responsible entity of the Premium Income Fund
ACN 114 248 458 AFSL 291 562

Phone: 1300 854 885
Email: investorrelations@newpif.com.au

