

Premium Income Fund

NSX Release: 6 September 2011



Forum presentation

Wellington Capital Limited as responsible entity of the Premium Income Fund will be presenting to investors today 6 September 2011 in Sydney, tomorrow 7 September 2011 in Melbourne and Wednesday 8 September 2011 on the Gold Coast.

The presentation to investors includes an asset by asset presentation together with details of the current carrying value of each asset. The presentation is attached.

Investor Briefing venues and times

Date	Location	Venue	Time
6 September 2011	Sydney	Wesley Conference Centre 220 Pitt Street	11 am commencement

Date	Location	Venue	Time
7 September 2011	Melbourne	Bayview Eden 6 Queens Road	11 am commencement

Date	Location	Venue	Time
8 September 2011	Gold Coast	Gold Coast Convention Centre Central Room A	11 am commencement

For further information please contact:

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Premium Income Fund

September 2011



Wellington

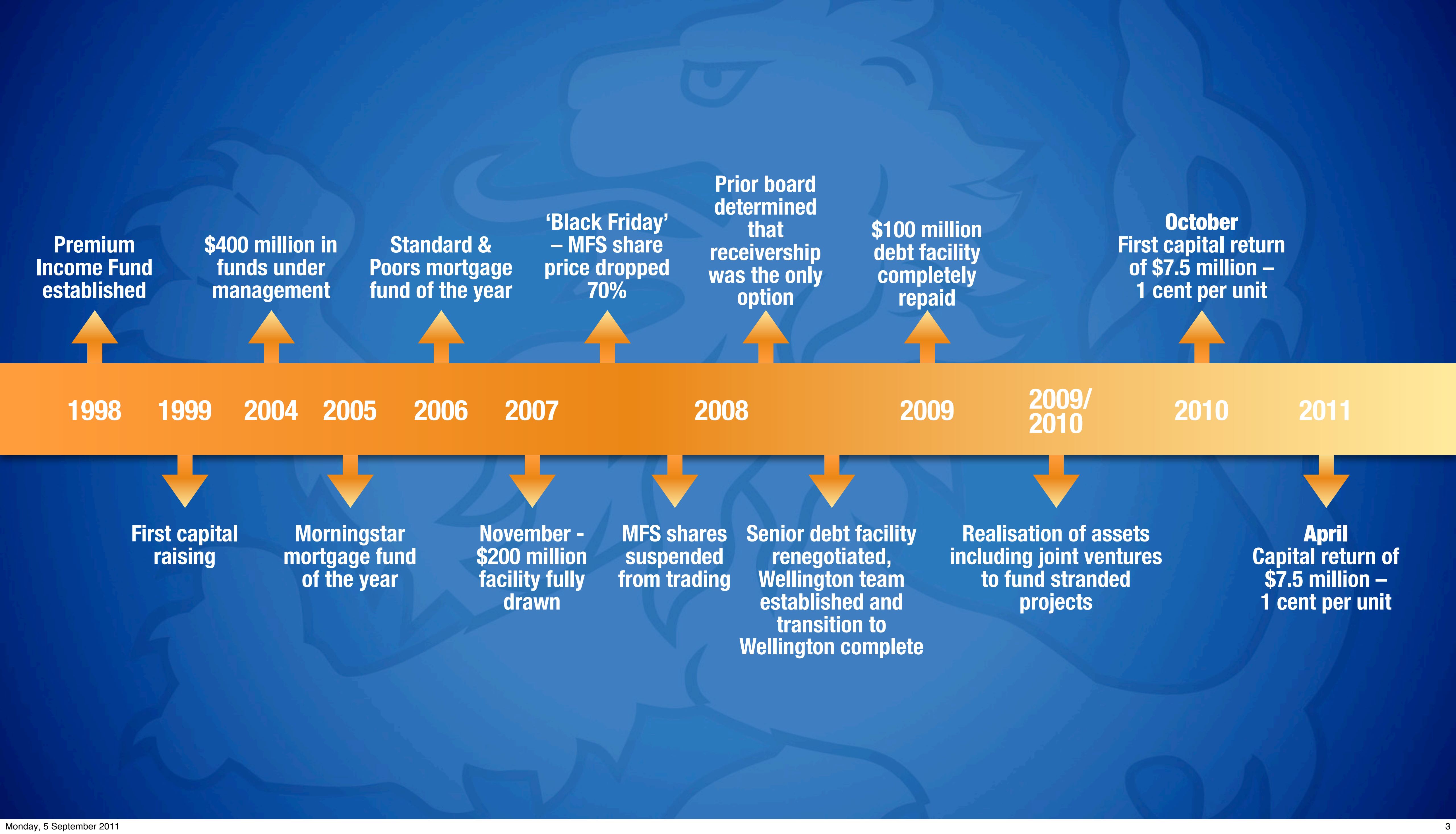
PREMIUM INCOME FUND

Context



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Premium
Income Fund
established

\$400 million in
funds under
management

Standard &
Poors mortgage
fund of the year

‘Black Friday’
– MFS share
price dropped
70%

Prior board
determined
that
receivership
was the only
option

\$100 million
debt facility
completely
repaid

October
First capital return
of \$7.5 million –
1 cent per unit

1998

1999

2004

2005

2006

2007

2008

2009

2009/
2010

2010

2011

First capital
raising

Morningstar
mortgage fund
of the year

November -
\$200 million
facility fully
drawn

MFS shares
suspended
from trading

Senior debt facility
renegotiated,
Wellington team
established and
transition to
Wellington complete

Realisation of assets
including joint ventures
to fund stranded
projects

April
Capital return of
\$7.5 million –
1 cent per unit

30 June 2011 results



Net assets \$224.9 million

Net assets per unit 27 cents per unit

Cash payments made
2 cents per unit:
– October 2010
– April 2011

30 June 2011 results

2011



 Net assets of the Fund as at 30 June 2011 are \$224.9 million

 Plan is:

-  Prepare assets for sale
-  Sell the assets
-  Return net cash to investors

2011/2012

Active realisation of all assets



- 🦁 No further capital raising
- 🦁 Return net cash to unitholders
- 🦁 Continue to pursue relevant litigation
- 🦁 Fees limited to 0.7% of funds under management for 2 years only



Who we are



Wellington
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About Wellington Capital



 Wellington is a merchant bank with four core areas, all with a property focus

-  Corporate finance
-  Funds management
-  Investments
-  Property services

 Wellington has more than \$1 billion in assets under management in a range of wholesale and retail funds and a talented team of 30 professionals



Fund Overview



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2011 Key Events



\$51.2 million in conditional contracts have been signed

-  Kooralbyn International Resort
-  Holiday Inn apartments, Gold Coast
-  Chifley Wollongong apartments
-  Icon Port Macquarie apartments
-  Land at Mackay
-  Land at Lithgow
-  Development site at Tweed Heads
-  Residential land at Forest Resort Creswick
-  Half of interest in Chifley Wollongong Hotel trust

Major assets including the Forest Resort at Creswick have been prepared for sale and will be taken to the market this year

Placement of Units



75,500,000 units issued raising \$7.55 million

These funds to be used to finish 'priority projects' which require additional capital to realise maximum value for unitholders including:

-  Townsville
-  Hunter Valley

Fund profile



- 830,532,768 units on issue
- 10,744 unitholders
- Trading price on NSX over the last 12 months – 6.6 cents to 20 cents per unit
- No fund management fees charged until 3 cents per unit returned to unitholders
- Fund management fees can be charged for 2 years only from commencement
- Total assets of \$224.9 million
- Potential litigation recovery through:
 - Class Action
 - ASIC proceedings
 - Liquidation of MFS entities



Fund Asset Update

Recently settled contracts



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An aerial photograph of the Chifley Wollongong Apartments, a large, modern multi-story building complex. The building has a white facade and a curved design. It features several swimming pools, including a large rectangular one and a smaller, more ornate one. The complex is surrounded by parking lots filled with cars and a green field. The title "Chifley Wollongong Apartments" is overlaid in white text at the top right.

Chifley Wollongong Apartments



Security type: residential
apartments within hotel complex



Settlement has occurred in
relation to a penthouse level
apartment in the complex.
Settlement proceeds were \$0.94
million.



Five Chifley residences remain to
be sold

Icon Port Macquarie Apartments

- Security type: residential apartment complex
- The development of this property has been completed by the Fund
- 15 of 26 apartments remain available for sale. Most recent sale of one apartment saw proceeds returned to the Fund of \$0.55 million

Trinder Avenue, Maroochydore

- Security type: 30 lot residential subdivision with development approval
- This asset has been sold 'as is' to a purchaser who plans to undertake the development in accordance with the existing development application. The purchaser has entered into a joint venture with the Premium Income Fund and has an obligation to source and provide all capital required to undertake the development of the land in to 30 residential blocks.

11 July 2011

Trinder Avenue, Maroochydore

Return to the Fund is in three parts:

🦁 \$100,00 already paid

🦁 \$40,000 per lot sold

🦁 50% of the net profit after project costs.

11 July 2011

Fund Asset Update

Properties currently under contract



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Chifley Wollongong Hotel

Sale of half of Fund's interest in trust Chifley Wollongong Hotel



- ❖ Negotiations completed in relation to the sale of half of Fund's 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

Kooralbyn International Resort

- Security type: 100 room hotel, golf course, school and residential land
- Conditional contract entered into. On settlement, net proceeds to the Fund will be \$22 million.
- The contract is subject to an 18 month deferred settlement and is conditional upon finance and finalisation of town planning considerations by the Conditions Date, which is 8 months from the contract date – 16 January 2012.

Tweed Heads, New South Wales

- Security type: land with development approval
- A conditional contract has been entered into. Settlement due September 2011
- On settlement, net proceeds to the Fund will be \$7 million.



Holiday Inn, Surfers Paradise



Security type: 104 apartments in the Holiday Inn

A conditional call option over 31 apartments has been entered into

On settlement, proceeds to the fund will total \$5.58 million

The balance 73 apartments are for sale.

An aerial photograph of the Forest Resort in Creswick. The image shows a large, modern building with a blue roof and multiple gables, surrounded by a parking lot filled with cars. The resort is situated in a wooded area with several golf courses visible in the background.

Forest Resort, Creswick



Security type: residential land



Existing residential lots are being marketed for sale



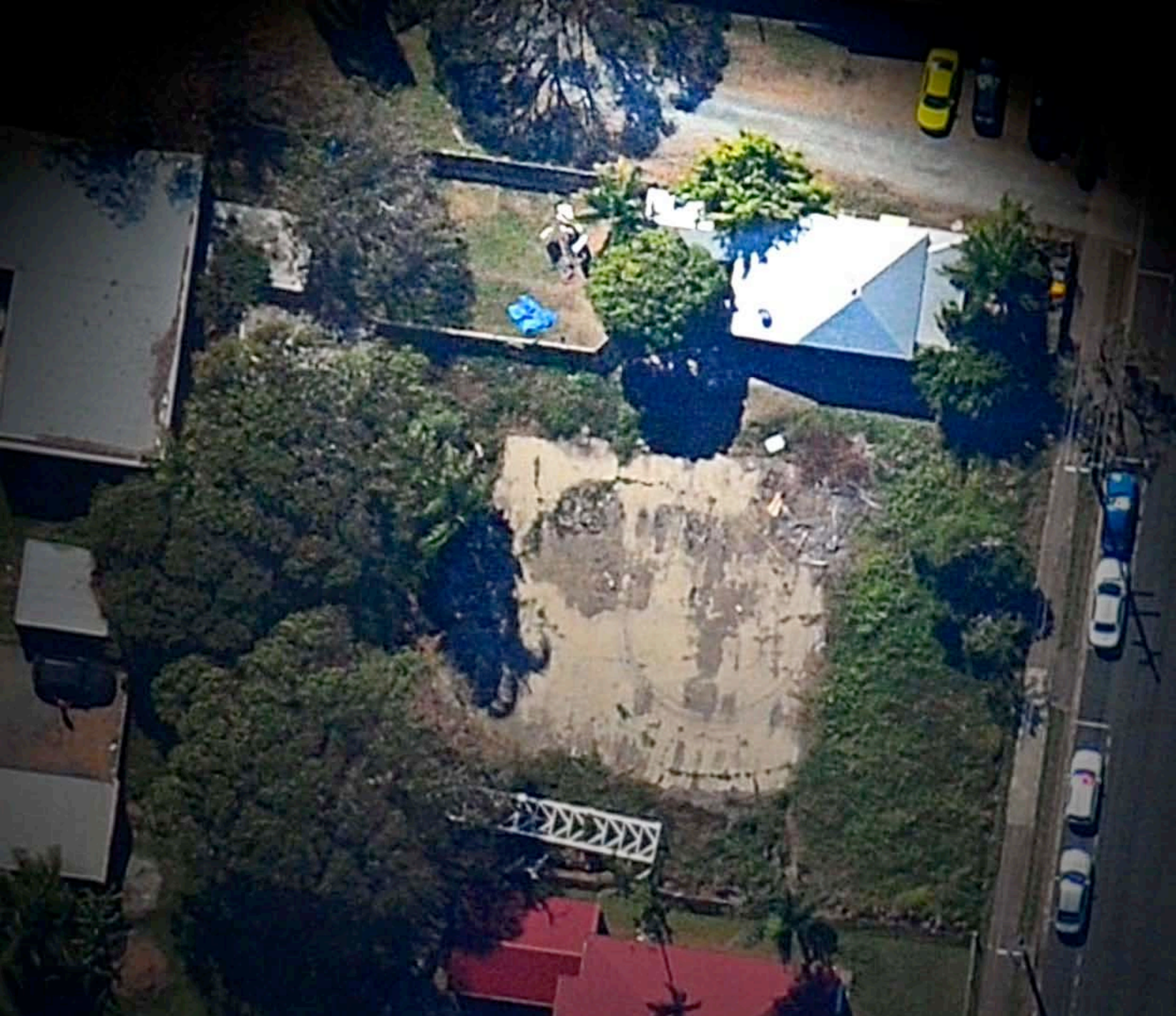
13 conditional contracts for vacant residential land have been entered into. 10 contracts have a settlement period of up to 12 months. The remaining 3 lots will settle shortly



The total purchase price for the 13 lots is \$2.28 million

Mackay, Queensland

- Security type: adjacent residential land blocks with development approval in place
- A conditional contract has been entered into. Settlement due September 2011
- On settlement, net proceeds to the Fund will be \$2 million



Lithgow, New South Wales

Security type: residential property

Purchase price \$0.25 million

Settled 31 August 2011



Other assets held by the Fund as security for loans



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Forest Resort, Creswick



Security type: 91 of the 144 rooms in the hotel are held together with the 18 hole golf course and surrounding residential land. The hotel is operated under contract by Accor as Novotel Forest Resort.



There are three potential purchasers who have expressed interest in the whole property.



A formal marketing campaign will commence shortly through Colliers



Book value: \$38.7 million



Chifley Wollongong Hotel



Security: 50% of the units in the trust which owns the 168 room hotel, together with five Chifley residences above the hotel



The hotel is complete and operated by Constellation as the Chifley Wollongong.



Conditional sale of half of the units in the trust that owns the hotel has been negotiated.



Book value: \$12.04 million

Main Beach, Gold Coast

- Security type: Land with development approval
- This project has development approval for a 16 level highrise.
- Capital is required to undertake a development directly or with a development partner.
- Marketing has recommenced with Colliers
- Book value: \$13 million

Icon Port Macquarie



Security type: residential apartment complex



The development of this property has been completed by the Fund



11 apartments have been sold. 15 apartments remain for sale



Book value: \$9.85 million

Mission Beach, Queensland

- Security type: land with development approval for tourist facility
- Negotiations to sell this land continue to be conducted by the borrower
- Book value: \$6.35 million

Lane Cove, New South Wales

- Security type: 293 lot strata titled storage facility
- This property is immediately adjacent to another storage facility in Lane Cove
- Marketing of the property for sale continues
- Book value: \$5 million

Nelsons Bay, New South Wales

- Security type: land with development approval for 33 apartments
- This land is being marketed for sale
- Book value: \$1.5 million

Duns Creek, Hunter Valley

- Security type: 20 lot rural residential land subdivision
- Funds raised in recent placement to be applied to optimise this asset
- Book value: \$3.2 million

Townsville



Security type: 3 adjacent land blocks with development approval



Funds raised in the recent placement are to be applied to this asset to optimise its realisable value



\$2.7 million

Nambucca Heads, New South Wales

- Security type: land with development approval for 12 apartments
- This land is being marketed for sale
- \$2 million

Helidon, Queensland

- Security type: Sandstone quarry
- Fund is mortgagee in possession of the freehold property and the quarrying lease
- Marketing of the property for sale continues
- Book value: \$0.3 million

Other assets



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Asset backed investments



Asset	Description	Book value as at 30 June 2011 (\$m)
Loan facility	Loan facility to diversified property fund	4.28
Loan facility	Loan facility to Future Fuels Australia Pty Ltd	20
Loan facility	Loan facility to Seiza Finance Pty Ltd	4
Loan facility	Loan facility to Living and Leisure and securities in Living and Leisure	18
Loan facility	Loan facility to diversified property fund	5.85
		52.12

Other assets

Property Managed Investment Schemes



Asset	Description	Status	Book value as at 30 June 2011 (\$m)
Units in trust	Aspen Diversified Property Trust	3,126,378 units held in unlisted trust	0.204
Units in trust	Centro Property Fund	1,498,352 units held in unlisted trust	1.302
Units in trust	Dole Property Trust	2,241,456 units held in unlisted trust	2.241
			3.747

Other assets



Fixed Interest Investments

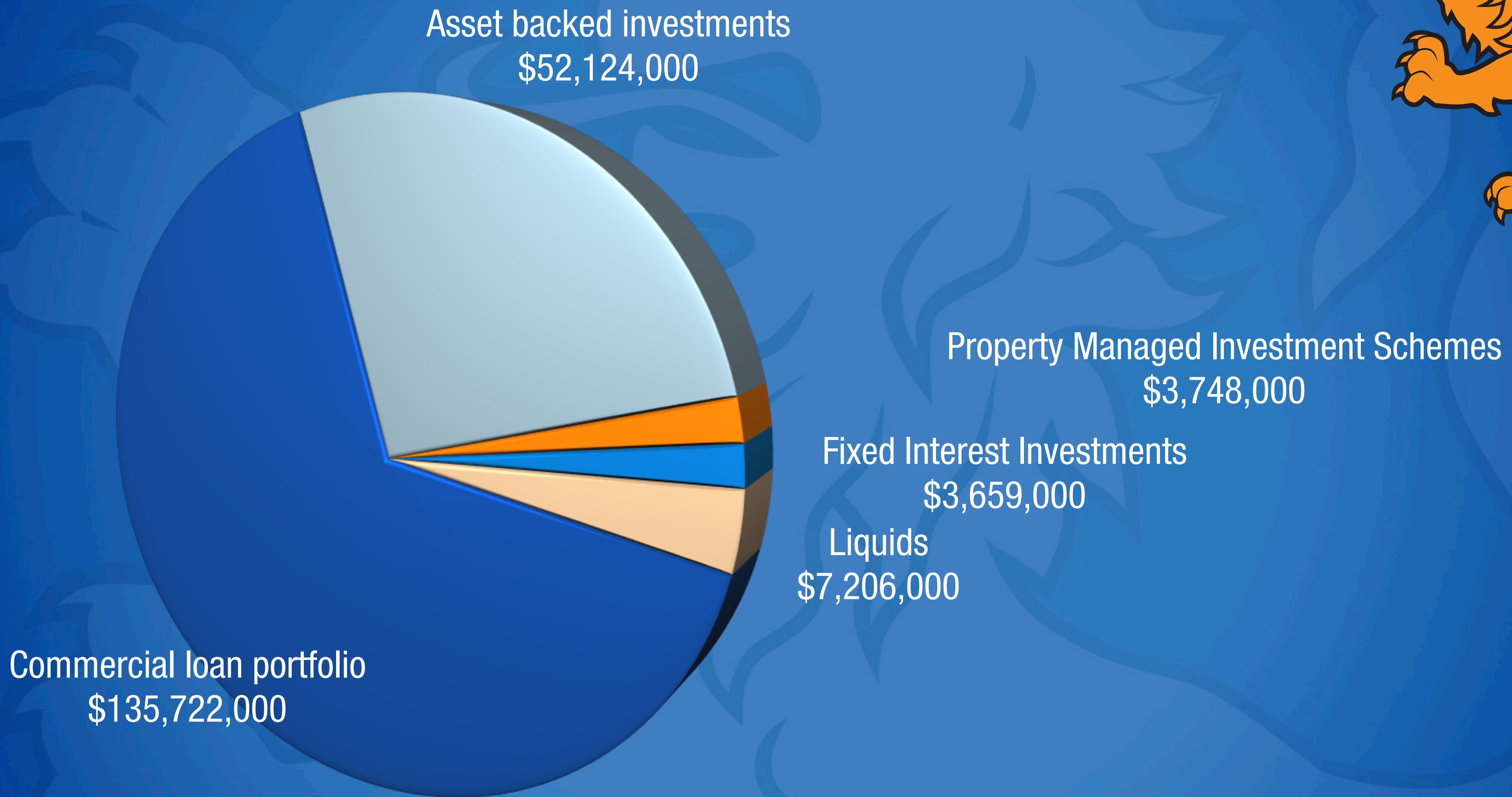


Asset	Description	Status	Book value as at 30 June 2011 (\$m)
Securities	Nexus Bonds Fixed Securities (ASX:NXBHD)	50,000 units held in thinly traded listed securities	3.505
Units in trust	B&B DIF Senior Debt Trust	9,447,713 units held in unlisted trust	0.154
			3.659

Other assets



Asset allocation



Other assets