

Premium Income Fund

NSX Release: 27 October 2011



Accounts and Audit

Wellington Capital Limited as responsible entity of the Premium Income Fund wishes to confirm the basis upon which the valuation of the assets of the Premium Income Fund occurred at 30 June 2011. Additionally Wellington Capital wishes to confirm that nothing has come to its attention since the publication of the accounts which changes the directors' views as to the value of the mortgage loans nor the asset backed loans as at 30 June 2011.

Valuation Methodology

Page 5 of the Annual Report of the Premium Income Fund for 30 June 2011 released to the market on 30 September 2011 states the valuation methodology adopted by directors. This methodology is the same as that adopted in prior years.

*'The primary assets of the Fund are loans made to borrowers. Where a borrower has defaulted the Fund has taken steps to secure the underlying security and become mortgagee-in-possession. **The value of the underlying security property has been based on Directors valuations and assessments of the properties in comparison to similar properties. Contracts of sale provide the best evidence of a valuation and a number of properties have subsequently been sold realising a value greater than their book value. For those properties that have not been sold, formal external valuations provide the next best comparison.***

An obligation exists upon the Directors to inform the market and if necessary issue restated accounts should the value of assets be significantly and materially different to the book value.'

Note 2(d) (page 18 of the Annual Report) and Note 14 (page 25 of the Annual Report) outlines in further detail the methodology used to determine carrying values.

The auditors for the period to 30 June 2011, PricewaterhouseCoopers, did not formulate an opinion as to the carrying value of the assets as at 30 June 2011 as set out in their opinion on page 39 of the Annual Report. They did however note that the net assets had been valued by the directors, assisted by external advisors, on the basis described in Note 2(d) and Note 14.

Continuous Disclosure

The directors of Wellington Capital Limited as responsible entity of the Premium Income Fund confirm that they have disclosed all information required to ensure that the market is fully informed and have met and continue to meet the disclosure obligations of the *Corporations Act 2001* and the NSX Listing Rules.

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

