Wellington

AMENDMENT TO COMPLIANCE PLAN

Wellington Capital Limited ACN 114 248 458 AFSL 291562

as Responsible Entity for Premium Income Fund ARSN 090 687 577

COMPLIANCE PLAN AMENDMENT

Made on 22 August 2014

BY **WELLINGTON CAPITAL LIMITED ACN 114 248 458 AFSL 291562 AS RESPONSIBLE ENTITY OF THE PREMIUM INCOME FUND ARSN 090 687 577** of Level 22, 307 Queen Street, Brisbane, Queensland, 4000

(‘**Manager**’)

BACKGROUND

A. The Compliance Plan was lodged with ASIC on 1 December 2005.

B. Amendments to the Compliance Plan were lodged with ASIC on 24 November 1999, 12 April 2001, 28 May 2001, 1 November 2002, 14 November 2002, 23 December 2002, 2 July 2004, 22 December 2005, 1 October 2008, 27 January 2009, 5 October 2009, 10 December 2009, 7 March 2012, 27 June 2012, 19 July 2012, 30 November 2012 and 19 April 2013.

C. Clause 3.5 of the Compliance Plan and the *Corporations Act* authorises the Manager to amend the Compliance Plan.

OPERATIVE PROVISIONS

1. CLAUSE 4.8

1.1 The table contained in clause 4.8 – Valuation is to be deleted and replaced with the following:

Function	Risks	Procedures	Monitoring of procedure
To ensure that the value of securities which are Scheme Assets is assessed objectively at regular intervals and in a manner appropriate to the nature of the assets and in accordance with the Corporations Act, AASB 13 or other applicable accounting standards.	Value is not assessed objectively at regular intervals and the insurance cover of the Scheme becomes inadequate. Breach of the Constitution or the Corporations Act or AASB 13 or other applicable accounting standards. Value is not assessed objectively and regularly and	Procedures for assessment of value of assets unless otherwise stated in the Constitution are consistent with AASB 13 or other applicable accounting standards. The records of the RE accurately reflect value changes of Scheme Assets in a timely manner. **Determining Fair Value** Fair Value is: ▪ the price that would be received to sell an asset; or ▪ paid to transfer a liability in an orderly transaction between market participants at the measurement date. Characteristics that should be taken into account when	The CFO reviews and certifies at least annually that accounting valuation procedures are consistent with applicable accounting standards and are appropriate for the Scheme’s asset types. The CFO certifies annually that procedures for the accounting and tax valuation of assets have been adhered to and Scheme Assets are properly identified by nature and type. The CFO reviews and certifies at least annually that valuation procedures are consistent with the Constitution, Corporations Act, Australian Accounting Standards or accepted

Function	Risks	Procedures	Monitoring of procedure
	Scheme's records of its securities become incorrect/ unreliable.	determining fair value include: ▪ what is the principle market in which the asset or liability transacts; ▪ the type of asset or liability; ▪ the condition and location of the asset; ▪ any restrictions on the sale or use of the asset. In assessing Fair Value consideration is given to whether the asset or liability is: ▪ a non-financial asset; ▪ a financial asset or financial liability. Valuation techniques used to measure Fair Value shall: ▪ maximise the use of the relevant desirable inputs; and ▪ maximise the use of unobservable inputs. **Financial instruments** Financial Instruments are designated at fair value through profit or loss upon initial recognition. These include financial assets that are held for trading purposes and which may be sold. These are investments and fixed interest securities, equity instruments and units in management investments schemes. Financial assets and financial liabilities designated at fair value through profit or loss at inception are those that are managed and their performance evaluated on a fair value basis. The Scheme's policy is for the RE to evaluate the information about these financial assets on a fair value basis together with other related financial information. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in	industry standards and are appropriate for the Scheme's asset types.

Function	Risks	Procedures	Monitoring of procedure
		an active market. They arise when the Scheme provides money, goods or services directly to a debtor with no intention of selling the receivables. **Recognition/derecognition** The Scheme recognises financial assets and financial liabilities on the date the Scheme becomes party to the contractual agreement and recognises changes in fair value of the financial assets or financial liabilities from this date. Investments are derecognised when the right to receive cash flows from the investments has expired or the Scheme has transferred substantially all risks and rewards of ownership. Investments are initially recognised at fair value plus transaction costs for all assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transactions costs are expensed in the Statement of Profit or Loss and Other Comprehensive Income. **Measurement** Financial instruments are held at fair value through profit or loss. **Mortgage loans** Loan assets are measured initially at fair value plus transaction costs and subsequently amortised using the effective interest rate method, less impairment losses if any. These assets are reviewed at each balance date to determine whether there is objective evidence of impairment.	

Function	Risks	Procedures	Monitoring of procedure
		If evidence of impairment exists, an impairment loss is recognised in the Statement of Profit or Loss and Other Comprehensive Income as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate. If in a subsequent period the amount of an impairment loss recognised on a financial asset carried at amortised cost decreases and the decrease can be linked objectively to an event occurring after the writedown, the write-down is reversed through the Statement of Profit or Loss and Other Comprehensive Income. **Other financial assets** Included in 'Other financial assets' are asset backed investments which are measured initially at fair value (plus transaction costs directly attributable to the acquisition) and subsequently at amortised cost using the effective interest rate method, less impairment losses if any. These assets are reviewed at each Balance Sheet date to determine whether there is objective evidence of impairment. If any such indication of impairment exists, an impairment loss is recognised in the Statement of Profit or Loss and Other Comprehensive Income as the difference between the asset's carrying amount and the asset's Fair Value. If in a subsequent period the amount of an impairment loss recognised on a financial asset carried at amortised cost decreases and the decrease can be linked objectively to an event occurring after the	

Function	Risks	Procedures	Monitoring of procedure
		writedown, the write-down is reversed through the Statement of Profit or Loss and Other Comprehensive Income. **Referencing Fair Value** Disclosure of Fair Value has 3 levels: **Level 1 – Fair value in an active market** Fair Value is determined with reference to a quoted price in an active market. **Level 2 – Fair value in an inactive or unquoted market** Fair Value is determined using input derived market information which is not directly derived from a quoted price in an active market. **Level 3** Fair Value is determined primarily from inputs derived from a reflection of Management's expectations.	
To ensure that the value of direct real property which are Scheme Assets is assessed objectively at regular intervals and in a manner appropriate to the nature of the assets and in accordance with the Corporations Act, AASB 13, AASB 140 or other applicable accounting standards.	Value is not assessed objectively at regular intervals and the insurance cover of the Scheme becomes inadequate. Breach of the Constitution or the Corporations Act or AASB 13, AASB 140 or other applicable accounting standards. Value is not assessed objectively and regularly and the Scheme's records of its direct real property become	Procedures for assessment of value of direct real property assets unless otherwise stated in the Constitution are consistent with all other applicable accounting standards. The value of the real property must be assessed no less than annually. Independent valuations are to be undertaken within 3 years of the date on which the RE first completes a purchase of a real property and thereafter at least once every 3 years. The records of the RE accurately reflect value changes of direct real property which are Scheme Assets in a timely manner. Valuers will be selected by the MD or CFO from a panel of valuers pre-selected on the basis of qualification and experience. Valuers must be	Board must review the panel of valuers on an annual basis. MD or CFO is to pass any valuation received to the CO who will review the valuation and include the valuation in the next report to the Committee.

Function	Risks	Procedures	Monitoring of procedure
	incorrect/ unreliable.	independent of the RE. The MD or CFO will establish and maintain lines of communication with panel valuers with a view to obtaining information on a regular basis as to trends and fluctuations in property valuations generally. These are indicators that the property may need to be re-valued. The instructions to the valuer will be prepared by the MD or CFO in accordance with the Scheme's Constitution. Valuations will be considered when preparing the financial statements of the Scheme. New valuations must be reflected in the Scheme Accounts upon of acceptance of the valuation from the Board of Directors.	

SIGNED BY THE DIRECTORS

JENNIFER JOAN HUTSON

MARY-ANNE GREAVES

SYDNEY ROBERT PITT