

Premium Income Fund

Notice of Proposal to wind up Fund



Notice of Proposal to wind up the Premium Income Fund ARSN 090 687 577 pursuant to section 601NC of the Corporations Act 2001 (Cth)

Dear Investors,

This notice is being sent to you to inform Unitholders of the proposed wind up and termination of the Premium Income Fund.

As detailed in the Premium Income Fund's announcements to the market available at www.nsx.com.au, the responsible entity has been undertaking an orderly realisation of the Premium Income Fund's assets with the aim of making capital returns to Unitholders.

The directors of Wellington Capital as responsible entity of the Premium Income Fund are of the view that it is in the best interests of Unitholders to wind up the Fund.

This is a formal notice under section 601NC(2) of the *Corporations Act 2001* (Cth) (**Corporations Act**). Wellington Capital as responsible entity of the Fund is formally notifying all Unitholders of the proposal to wind up the Premium Income Fund. The directors consider that the purpose of the Premium Income Fund has been accomplished. As required by section 601NC, a copy of this notice has been given to ASIC.

This notice is important. Please read it carefully as it informs Unitholders about matters that have implications for all Unitholders of the Fund.

Kind regards

Jenny Hutson
Managing Director
Wellington Capital Limited
9 November 2015



Indicative timetable

The table below sets out the indicative timetable for the winding up and the payment of a final distribution assuming that no meeting is called or other relevant considerations arise:

Item	Date
Despatch of notice of wind up to Unitholders	10 November 2015
Last day for Unitholders to call a meeting	9 December 2015
Wind up of the Premium Income Fund commences and the Premium Income Fund is suspended from NSX from the close of trading *	10 December 2015
Premium Income Fund is delisted from NSX	24 December 2015
Realisation of remaining Fund assets	by February 2016
Record Date for final payment	7 days prior to Final Payment date
Anticipated Final Payment to Unitholders	31 March 2016
Wind up completed	31 March 2016

*If a meeting is called trading on NSX will continue.

Important Information

It is important that all Unitholders note that:

- Unitholders have the right to take action under Division 1 of Part 2G.4 of the Corporations Act for the calling of a meeting to consider the proposed winding up of the Premium Income Fund.
- Wellington Capital as responsible entity of the Premium Income Fund is permitted to wind up the Premium Income Fund unless a meeting of Unitholders is called to consider the proposed winding up, within 28 days of this notice being given. This means that unless such a meeting is called by 9 December 2015, Wellington Capital intends to proceed to wind up the Premium Income Fund.
- The proposal to wind up the Premium Income Fund will not affect trading of Units on the National Stock Exchange (NSX). Trading will continue until 10 December 2015 assuming that no meeting is called or other relevant considerations arise. Transfers of Units off market will remain available until the Record Date.
- On finalisation of the winding up of the Premium Income Fund, Wellington Capital will distribute a final capital return.

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Why is it proposed to wind up the Premium Income Fund?

The Premium Income Fund's stated principal activity is the investment of Unitholders' funds.

The assets of the Premium Income Fund are now cash, receivables and securities. Non-recoverable assets within the Asset Backed Securities investment, Managed Investment Scheme investments and Fixed Interest Securities investments asset classes were fully impaired in prior years.

The responsible entity has undertaken a program of orderly realisation of the impaired assets of the Fund with a view to maximising the return to Unitholders.

As set out in the Annual Report for the financial period ending 30 June 2015, the Premium Income Fund had total equity of \$12,153,000 ⁽¹⁾.

Total operating income for the financial period ending 30 June 2015 was \$213,000.

(1) detailed information regarding the balance is set out in the audited financial statements for 30 June 2015 which are available on the NSX website www.nsx.com.au.

Post 30 June 2015

Since 30 June 2015 the Premium Income Fund has realised one asset, as announced to the market on 7 August 2015. Proceeds returned to the Premium Income Fund were \$350,000.

Shares in Raptis Group Limited (RPG)

On 28 October 2015, the Premium Income Fund advised that it had been transferred 3,485,321 ordinary shares in RPG as a result of the Proof of Debt lodged by Wellington Capital on behalf of the Premium Income Fund in 2008 relating to loans outstanding from RPG to the Premium Income Fund.

RPG is currently suspended from trading on the Australian Securities Exchange (ASX) and has advised that it intends to seek reinstatement of trading.

The value of these shares is not able to be ascertained at this time.

Premium Income Fund expenses

The Premium Income Fund is a registered managed investment scheme, regulated by the Corporations Act and ASIC.

The Premium Income Fund incurs certain fixed costs in its day to day operation - these fixed costs include audit, custodian, compliance and registry fees.

In the last financial year these costs (as detailed in the Annual Financial Report) were:

	FY 2015
Custodian and registry fees	\$522,000
Fees and commission expense	\$83,000
Auditors remuneration	\$34,000
Insurance	\$102,000
Professional and consulting fees	\$543,000
Administration expenses	\$134,000
Responsible entity fees	nil
Total operating expenses:	\$1,418,000

Note: detailed information regarding Premium Income Fund expenses is available in the 2015 Annual Report.

As the majority of the assets of the Premium Income Fund have been realised, these largely fixed costs represent an increasing proportion of the total remaining assets and in the year ended 30 June 2015 the Premium Income Fund's expenses exceeded the operating income of the Premium Income Fund.

The directors of Wellington Capital as responsible entity of the Premium Income Fund are of the view that it is an appropriate time to wind up the Premium Income Fund with a final capital return being made to Unitholders in the Premium Income Fund.



What does a wind up mean for Unitholders?

Sale or transfer of Units

Trading of Units in the Premium Income Fund on the NSX will continue until close of trading on 10 December 2015 assuming that no meeting is called or other relevant considerations arise.

Unitholders will continue to be able to transfer their Units off market once the Premium Income Fund is delisted from the NSX and before the Record Date for the final capital return to be made to Unitholders.

The Record Date will be 7 days before the final payment is made to Unitholders. The Record Date, together with updates in relation to the winding up of the Premium Income Fund, will be made available via Wellington Capital's website www.wellcap.com.au.

Realisation of remaining Premium Income Fund assets

If by 9 December 2015 no meeting is called to consider the proposed winding up, Wellington Capital intends to commence the steps to wind up the Premium Income Fund as soon as reasonably practicable. This will involve realising the remaining Premium Income Fund assets and distributing the net proceeds (after meeting all Premium Income Fund liabilities, expenses and anticipated expenses) to Unitholders at the Record Date in accordance with Clause 26 of the Constitution.

What proceeds will be distributed on winding up?

Unitholders will receive their proportionate share (based on the number of Units they hold at the Record Date) of the realised value of the Premium Income Fund's remaining assets after deducting all relevant liabilities, expenses and anticipated expenses, in accordance with Clause 26 of the Constitution.

Wellington Capital as responsible entity of the Premium Income Fund will provide each Unitholder with a distribution statement setting out the capital return made on winding up of the Premium Income Fund, together with a tax statement to assist each Unitholder with completion of their individual taxation returns for the relevant financial year.

Can Unitholders call a meeting about the proposed winding up?

There are a number of ways that Unitholders may call or initiate the calling of a meeting about the proposed winding up, including the following:

- ✿ Unitholders with at least 5% of the votes that may be cast on any extraordinary resolution proposed by a Unitholder, or at least 100 Unitholders who are entitled to vote on such a resolution, may request Wellington Capital as responsible entity of the Premium Income Fund to call a meeting to consider the proposed winding up of the Premium Income Fund and to vote on any proposed extraordinary resolution about the winding up, for instance a resolution to continue the Premium Income Fund. In this case the expenses of the meeting are met out of the Premium Income Fund assets. In order to be a valid request which requires Wellington Capital to call a meeting, the request must:
 - ✿ be in writing sent to:
The Company Secretary
Wellington Capital Limited
Premium Income Fund
GPO Box 694
Brisbane Qld 4001
 - ✿ state any extraordinary resolution to be proposed at the meeting;
 - ✿ be signed by the Unitholders proposing the resolution; and
 - ✿ be received by Wellington Capital as the responsible entity of the Premium Income Fund by no later than 9 December 2015.

Wellington Capital must call the meeting within 28 days after the request is given. The meeting is to be held no later than two months after the request is given.

Wellington Capital will be responsible for preparing the notice of meeting which will set out the proposed resolutions. The Unitholders requesting the meeting may also request that Wellington Capital distribute a statement by them together with the notice of meeting. However, Wellington Capital is not required to do so if the statement is more than 1000 words long or if it is defamatory.



- Alternatively, Unitholders with at least 5% of the votes that may be cast on any extraordinary resolution proposed by a Unitholder may call and arrange to hold a meeting of Unitholders themselves. The meeting must be called within 28 days of the date that this notice is given - that is by 9 December 2015.

If Unitholders call the meeting, then those Unitholders must pay the expenses of calling and holding the meeting and attending to the administrative matters (including distributing the notice of meeting and associated documents and making venue arrangements).

The meeting must be called in the same way - so far as is possible - in which meetings of the Premium Income Fund may be called by Wellington Capital. This includes giving at least 28 days notice of the meeting.

- On the application of a Unitholder who would be entitled to vote, a Court may order that a meeting be called to consider and vote on a proposed special or extraordinary resolution if it is impractical to call the meeting in any other way.

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