

28 August 2009

Dear Shareholder

At the Company's General Meeting on 19 August 2009 shareholders approved the implementation of a capital management plan. The first stage of the Plan is an off-market buy-back of up to 65% of the Company's issued capital.

The enclosed booklet contains all the necessary information associated with this buy-back and the forms required for participation. Before you read your booklet, I would like to highlight two important points that I believe worthy of emphasis.

First, you may choose to hold your shares in Premium. You are not required under this buy-back to sell any of your shares. The buy-back is designed to allow those shareholders who have a shorter term investment horizon to exit the Company at a value close to the Company's NTA, with minimal impact on the Company's share price.

Second, you should be aware that the buy-back cap of 65% is the maximum amount that Premium may purchase under this buy-back. An offer to buy-back up to 65% of the Company's capital was advised to be the most equitable way to allow Premium's 7000 plus shareholders flexibility in how they respond to the buy-back. With an offer to buy-back up to 65% of the capital we can allow some shareholders to retain all of their shares or realise value if they wish, and some shareholders to sell only part of their holding.

Irrespective of the results of the buy-back, your Board considers that premium will continue to be a uniquely diversified, professionally managed portfolio of overseas and Australian shares.

Your Board believes that Premium will continue to offer a uniquely diversified, professionally managed portfolio of overseas and Australian shares.

The Board cannot recommend a course of action to you. This is a voluntary offer by the Company to allow shareholders with a shorter-term investment horizon to recognize the value of their holding, with minimal impact on the Company's share price. I and other members of the Board who hold shares in Premium will not be accepting the buy-back offer.

If you decide not to participate in this buy back, you are not required to do anything and the number of shares you currently own in Premium will remain unchanged.

For enquiries concerning the Buy-Back, please contact Computershare Investor Services Pty Limited on 1300 763 597 (within Australia) or +61 3 9415 4863 (outside Australia).

Yours sincerely



Tom Collins  
Chairman





## Off-Market Buy-Back Booklet

### IMPORTANT INFORMATION

**This Buy-Back Booklet contains important information for you as a Shareholder and requires your immediate attention.**

**This Buy-Back Booklet should be read in its entirety. If you have any questions as to its contents or the action you should take, please consult your stockbroker, accountant, solicitor or other professional adviser immediately.**

**For all other enquiries, please contact Premium Investors on 1800 087 348 or email [info@premiuminvestors.com.au](mailto:info@premiuminvestors.com.au).**



**Corporate Directory**

**Directors of the Company**

Tom Collins (Chairman)  
John Elfverson  
Kenneth Stout  
Reub Hayes

**Portfolio Manager**

Treasury Group Investment Services Limited  
Level 5  
50 Margaret Street  
Sydney NSW 2000  
Ph: (02) 8243 0400  
Fax: (02) 8243 0410

**Registered Office**

Level 5  
50 Margaret Street  
Sydney NSW 2000  
Ph: 1800 087348  
Fax: (02) 8243 0410

**Auditors of the Company**

Ernst & Young  
8 Exhibition Street  
Melbourne VIC 3000  
Ph: (03) 9288 8000  
Fax: (03) 8650 7777

**Share Registry**

Computershare Investor Services Pty Limited  
452 Johnston Street  
Abbotsford VIC 3067  
Ph: 1300 763 597 (within Australia)  
+61 3 9415 4863 (outside Australia)

**Company Secretary**

Reema Ramswarup

**Stock Exchange Listing**

ASX Limited  
Listing Code: PRV

## About this Buy-Back Booklet

This Buy-Back Booklet is dated 24 August 2009 and was lodged with ASIC and the ASX on that date. Neither ASIC, nor the ASX take responsibility for the contents of this Buy-Back Booklet.

Premium Investors Limited (“**Premium Investors**”, “**PRV**” or the “**Company**”) is offering Eligible Shareholders the opportunity to participate in an Off-Market Buy-Back of up to 65 per cent of the issued Shares. The Off-Market Buy-Back is part of the capital management program approved by Shareholders at the general meeting held on 19 August 2009. Premium Investors is conducting the Off-Market Buy-Back as the Directors believe it is the best use of the Company's available capital.

This Buy-Back Booklet contains important information about the Off-Market Buy-Back and is provided to assist Shareholders in making an informed decision about whether to participate.

Certain information provided in the PRV Financial Results is not available as at the date of this Buy-Back Booklet. Such information, to the extent that it relevant to the decision whether to participate in this Off-Market Buy-Back will be provided in a supplemental addendum to the Buy-Back Booklet (**Buy Back Addendum**).

**You should read this Buy-Back Booklet and the Buy-Back Addendum in full. If you decide not to participate in the Off-Market Buy-Back, you do not need to do anything. If you decide to participate in the Off-Market Buy-Back, your Acceptance must be provided to the Share Registry by no later than 5pm AEST on the Closing Date (30 September 2009).**

Defined terms are used in this Buy-Back Booklet. Section 7 defines terms that are capitalised and used throughout this Buy-Back Booklet.

This Buy-Back Booklet does not provide financial product or taxation advice and has been prepared without taking into account your particular objectives, financial situation or needs.

**If you have any questions as to the contents of this Buy-Back Booklet or the action you should take, please consult your stockbroker, accountant, solicitor or other professional adviser immediately.**

**For all other enquiries, please contact Premium Investors on 1800 087 348 or email [info@premiuminvestors.com.au](mailto:info@premiuminvestors.com.au).**

## Eligibility to participate

Shareholders who hold Shares on the Record Date (27 August 2009) will be entitled to participate in the Off-Market Buy-Back. Shares acquired on ASX on or after 21 August 2009 will not be entitled to participate in the Off-Market Buy-Back.

Participation in the Off-Market Buy-Back is voluntary. Shareholders do not have to participate in the Off-Market Buy-Back if they do not want to.

The distribution of this Buy-Back Booklet to Shareholders in some jurisdictions outside of Australia may be restricted by law. This Buy-Back Booklet does not constitute an invitation to participate in any place where, or to any person whom, it would be unlawful to do so.

## Important dates

19 August 2009	General Meeting
21 August 2009	Ex-Entitlement Date (Shares quoted ex-entitlement to participate in the Off-Market Buy-Back)
25 August 2009	PRV Financial Year 2008/2009 results released
27 August 2009	Record Date (Record Date to determine entitlements to participate in the Off-Market Buy-Back)
31 August 2009	Offer period opens (9.00am AEST)
30 September 2009	Offer period closes (5.00pm AEST) NTA calculation date
2 October 2009	Determination of scale-back (if any) and announcement of number of Shares bought back
9 October 2009	Announcement of NTA and Buy-Back Price
9 October 2009	Entry into Off-Market Buy-Back Contracts and payment for Shares bought-back

### Premium Investors' right to vary the Off-Market Buy-Back timetable

The above dates are subject to change and are indicative only. While Premium Investors does not anticipate any changes to these dates it reserves the right to change them without prior notification to Shareholders. Subject to the Corporations Act and the Listing Rules, any change to these dates and times will be publicly announced on ASX as soon as it is reasonably practicable to do so.

The Company also reserves the right to terminate the Off-Market Buy-Back at any time prior to the date on which the Company enters into Buy-Back Contracts with Shareholders by making an announcement to the ASX to that effect.

The Company has undertaken to the ATO that it will not proceed with the Off-Market Buy-Back if the Buy-Back Price is at a discount of more than 14 per cent to the volume weighted average price of its Shares on the ASX for the five days up to and including the Closing Date (30 September 2009).

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## **1 OFF-MARKET BUY-BACK SUMMARY**

### **1.1 Off-Market Buy-Back Offer**

Premium Investors is offering Shareholders the opportunity to sell some or, depending on Shareholder demands and subject to the 65 per cent limit, all of their Shares to the Company through the Off-Market Buy-Back Offer.

In the Independent Expert's opinion the calculation of the Buy-Back Price is fair and reasonable to Shareholders. Before deciding to participate in the Off-Market Buy-Back Offer, Shareholders should read the Independent Expert's Report and this Buy-Back Booklet in full.

### **1.2 Size**

Premium Investors is offering to buy-back up to 65 per cent of its issued Shares. The ultimate size of the Off-Market Buy-Back will depend on Shareholder demand.

### **1.3 Participation**

You can choose whether or not to participate in the Off-Market Buy-Back.

If you decide not to participate you do not have to do anything.

If you do choose to sell your Shares into the Off-Market Buy-Back, you should be aware that the market price of Shares may be higher after the Off-Market Buy-Back has completed.

Eligible Shareholders can accept the Off-Market Buy-Back for Shares registered in their name on the Record Date (27 August 2009). This means Shareholders cannot accept the Off-Market Buy-Back Offer for Shares acquired on the ASX on or after the Ex-Entitlement Date (21 August 2009). Shares acquired on or after the Ex-Entitlement Date are not entitled to participate in the Off-Market Buy-Back.

Once you have submitted an Acceptance, you will not be able to sell the Shares for which you have accepted the Off-Market Buy-Back Offer to a third party unless you withdraw or amend your Acceptance. On 2 October 2009, Premium Investors will announce details of any scale back. If the number of Shares to be bought back from you is less than the number you elected to participate in the Off-Market Buy-Back, you may sell the difference on the ASX from the commencement of trading on 2 October 2009.

### **1.4 Dividend component of the Off-Market Buy-Back**

Premium Investors has applied for a ruling from the ATO that no part of the proceeds paid to Shareholders from the Off-Market Buy-Back will be treated as a dividend in the hands of Shareholders (and therefore no franking credits will be passed through to Shareholders). You should note that it is possible that the ATO may issue a ruling which expresses a contrary view. Premium Investors will notify Shareholders of the ATO's ruling as soon as it is practicable to do so after a final ruling is received by the Company by placing a copy on the Premium Investors' website and by making an announcement to the ASX.

## 1.5 Price

If you decide to sell your Shares in the Off-Market Buy-Back, you will not know the sale price until after the Off-Market Buy-Back Offer closes on 30 September 2009. Premium Investors will announce the Buy-Back Price to the ASX on 9 October 2009.

The Buy-Back Price will be set at a 1.75 per cent discount to the pre-tax NTA per Share on the Closing Date (30 September 2009). The calculation of the NTA per Share on the Closing Date will be announced to the ASX on 9 October 2009. The time required to calculate the Company's NTA per Share is due to the nature of Premium Investors' underlying investments (being investments in managed funds accessing Australian and global equities) and the time required for the Company's appointed custodian to accurately value PRV's assets.

The NTA methodology that will be used to calculate the Buy-Back Price will be the pre-tax NTA per Share as disclosed by Premium Investors for 30 September 2009 which excludes the tax effect of unrealised profits and/or losses but includes tax benefits as they relate to realised losses.

Every Shareholder who participates in the Off-Market Buy-Back will receive the same Buy-Back Price for any Shares bought back by Premium Investors. The Buy-Back Price may be higher than the current market price for Premium Investor's Shares.

## 1.6 Scale Back

In the event that Acceptances exceed 65 per cent of the Company's issued Shares, all Acceptances will be Scaled Back on a pro-rata basis. For example, if Acceptances were received for 75 per cent of the total number of issued Shares, each accepting Shareholder would have bought back that number of Shares calculated as the fraction 65 (the Buy-Back limit) /75 (the number of Shares tendered) (as a percentage equal to 86.7%) multiplied by the number of Shares in respect of which they accepted the Buy-Back Offer.

## 2 DETAILS OF THE OFF-MARKET BUY-BACK

### 2.1 Overview

In a buy-back, a company buys back some of its shares from its shareholders. A buy-back is said to be "off-market" when it is made to shareholders directly rather than through the ASX.

Shares bought-back by the company are cancelled, thus reducing the number of shares the company has on issue.

On 8 July 2009, Premium Investors announced a series of capital management initiatives as a means of addressing the Company's Share price discount to NTA. Those initiatives included the Off-Market Buy-Back which Shareholders approved at a general meeting of Shareholders held on 19 August 2009.

Under the Off-Market Buy-Back Offer, Shareholders may accept Premium Investors' offer to buy-back Shares from Eligible Shareholders up to 100 per cent of their shareholding (subject to the scaling back of Acceptances should the total number of Acceptances exceed 65 per cent of the Company's issued shares). Shareholders may accept Premium Investors' offer by submitting

an Acceptance to the Share Registry. Further details on how to submit Acceptances are included in Section 5.

The Board has considered the interests of both Shareholders who may wish to realise their investment in the Company as well as those Shareholders who may wish to retain their investment in the Company. The Board believes that making the Off-Market Buy-Back Offer is in the best interests of Shareholders and the Company as a whole. This view is supported by the Independent Expert's Report which concludes that the proposed Buy-Back Price calculation is fair and reasonable to Shareholders.

**Shareholders should read the Independent Expert's Report in full before deciding whether to participate in the Off-Market Buy-Back.**

You have the choice to retain your investment in Premium Investors or to participate in a buy-back which will help you realise the cash value of your investment, at a price which is close to NTA, if you wish. Shares will be bought back at a 1.75 per cent discount to pre-tax NTA per share which is expected to result in an improvement in the Company's NTA per Share for those Shareholders that continue their investment in Premium Investors.

Premium Investors reserves the right to terminate the Off-Market Buy-Back at any time prior to the Buy-Back Date, being the date on which Premium Investors enters into the Buy-Back Contracts (which PRV expects to take place on or around 9 October 2009).

## 2.2 Advantages

The advantages of participating in the Off-Market Buy-Back include the following:

- The Buy-Back Price will be calculated by reference to Premium Investors' pre tax NTA per Share rather than by reference to the market price of the Shares at a particular time. Participating Shareholders will therefore be able to realise value which better reflects the underlying value of their investment.
- The Off-Market Buy-Back should enable Shareholders to sell Shares without depressing the market price of Premium Investors' Shares.
- No brokerage is payable on the sale of Shares through the Off-Market Buy-Back.

## 2.3 Disadvantages

The disadvantages of participating in the Off-Market Buy-Back include the following:

- Following the Off-Market Buy-Back, the market price for Premium Investors' Shares may be higher than the Buy-Back Price.
- To the extent that Shareholders participate in the Off-Market Buy-Back they:
  - will forego the future value of tax losses carried forward by the Company; and
  - their investment in the Company will be reduced and their exposure to the Company's underlying fund managers will also be reduced.

## 2.4 Participation and Acceptance Process

**If you do not want to participate in the Off-Market Buy-Back**, you do not need to take any action. If you do not sell your Shares, you will have the same number of Shares as you had before the Off-Market Buy-Back. However, your proportional ownership interest in Premium Investors (i.e. the number of Shares you own as compared to the total number of Shares on issue) will increase when the Shares bought back from other Shareholders who participate in the Off-Market Buy-Back are cancelled.

**If you want to participate**, you may accept the Off-Market Buy-Back Offer only in respect of Shares registered in your name at 5pm AEST on the Record Date (27 August 2009). Any Shares purchased on the ASX or on or after the Ex-entitlement Date (21 August 2009) will not be registered with the Company by the Record Date, and therefore will not be eligible to participate in the Off-Market Buy-Back. Certain Excluded Foreign Persons will not be entitled to participate in this buy-back. For more information, please refer to Section 6.3 .

## 2.5 How to Withdraw or Amend an Acceptance

Once you have submitted an Acceptance, you will not be able to sell or otherwise deal with the Shares accepted into the Off-Market Buy-Back unless you withdraw or amend your Acceptance in accordance with the procedures set out in this Buy-Back Booklet. If Shares offered into the Off-Market Buy-Back are not taken up by the Company due to the operation of the Scale Back, those Shares will be released and will be able to be traded on and from 2 October 2009.

Once you have submitted an Acceptance, it can only be withdrawn or amended by following the procedures set out in Section 5.2.

## 2.6 Buy-Back Price

Shares will be bought back at the Buy-Back Price, calculated by applying a 1.75 per cent discount to the pre-tax NTA per share on the Closing Date (being the last trading day of the Off-Market Buy-Back Offer period (30 September 2009)) rounded to the nearest whole cent. The calculation of the NTA per Share on the Closing Date will be announced to the ASX on 9 October 2009.

The NTA methodology that will be used to calculate the Buy-Back Price will be the pre-tax NTA per Share as disclosed by Premium Investors for 30 September 2009 which excludes the tax effect of unrealised profits and/or losses but includes tax benefits as they relate to realised losses.

Shareholders participating in the Off-Market Buy-Back will not know the NTA or the Buy-Back Price until after the offer period has closed. The time required to calculate the Company's NTA is due to the nature of the Company's underlying investments (being investments in managed funds accessing Australian and global equities) and the time required for the Company's appointed custodian to accurately value PRV's assets.

The Independent Expert's Report concludes that the proposed Buy-Back Price calculation is fair and reasonable to Shareholders. Shareholders are encouraged to read the Independent Expert's Report in full before deciding whether to participate in the Off-Market Buy-Back.

## 2.7 Scale Back

Shareholders have authorised the Company to buy-back up to 65 per cent of its issued Shares under the Off-Market Buy-Back (being approximately 145.8 million Shares).

In the event that Premium Investors receives Acceptances for more than 65 per cent of its issued Shares, the Company will Scale Back Acceptances on a pro-rata basis.

You will be notified of any Scale Back of Acceptances on 2 October 2009. A worked example of the scaling of Acceptances is provided below. This illustrative example of the Off-Market Buy-Back scaling mechanism assumes that three Shareholders with 10,000 Shares each accept the Off-Market Buy-Back offer in respect of different amounts of their Shares. For example, if Acceptances were received for 75 per cent of the total number of issued Shares, each accepting Shareholder would have bought back that number of Shares calculated as the fraction 65 (the Buy-Back limit) / 75 (the number of Shares tendered) (or 86.7 per cent expressed as a percentage) multiplied by the number of Shares in respect of which they accepted the Buy-Back Offer.

In this example it is also assumed that:

- Premium Investors buys back 65 per cent of its issued Shares compared with Acceptances received for 75 per cent of its issued Shares; and
- A scale back of 13.33 per cent is required (i.e. the pro rata percentage that will be applied is 13.33 per cent).

Shareholder	A	B	C
Shares held on Record Date	10,000	10,000	10,000
Shares tendered into the Off-Market Buy-Back	3,000	6,000	10,000
Impact of scale back	(400)	(800)	(1,333)
Shares bought back	2,600	5,200	8,667
Shares retained	7,400	4,800	1,333

Premium Investors will, after the close of the offer period (i.e. after 30 September 2009) and before 31 October 2009, send to all Shareholders who participate in the Off-Market Buy-Back a statement of the number of Shares (if any) that have been bought back and the price that PRV has paid for those Shares. Unless a written request is received by the Share Registry to the contrary, this statement will be sent to the address recorded on the Premium Investors Share Register on the Record Date. If you are a CHESSE Holder, you will receive written confirmation from CHESSE.

## 2.8 Funding for the off-market Buy - Back and PRV'S NTA

Payment for Shares bought back will be funded from Premium Investors' existing cash reserves (up to 65% of these reserves) and, if required, by the realisation of part of Premium Investors' investment portfolio (which will be conducted in accordance with PRV's investment strategy).

Premium Investors' pre-tax and post-tax month-end NTA is announced by the Company on the ASX within 14 days of the end of each calendar month in accordance with the ASX Listing Rules. Premium Investors' pre-tax NTA is calculated as total assets less total liabilities (excluding the tax effect of unrealised profits and / or losses but including tax benefits as they relate to realised losses). The NTA per Share and month end trading prices for Premium Investors since January 2009 are set out in the table in Section 2.10.

Shareholders can access Premium Investors' NTA as at the most recent month end at [www.premiuminvestors.com.au](http://www.premiuminvestors.com.au) or by contacting Premium Investors on 1800 087 348 within Australia or 61 2 8580 5610 from outside Australia.

## 2.9 Payment for Shares Bought Back

If you have a direct credit authority for the payment of dividends on your Premium Investors Shares recorded on the Premium Investors Share Register at 5.00pm AEST on the Closing Date (30 September 2009), all proceeds due to you under the Off-Market Buy-Back will be credited to your nominated bank account.

Otherwise, Premium Investors will send you a cheque for the proceeds due to you. If you want to receive payment for Shares bought back in a form that is different from your current direct credit instructions for payment of dividends on your Premium Investors Shares, you may change your current direct credit instructions by providing written instructions to the Share Registry before the Buy-Back Date. Please note that if you do alter your nominated bank account details, this will be taken to be your nominated bank account for any future dividend payments. Unless written advice to the contrary is received by the Share Registry prior to the Closing Date (30 September 2009), cheques or direct credit confirmations will be sent to your address as recorded on the Premium Investors Share Register on the Closing Date. It is your responsibility to inform the Share Registry of any changes to your contact details.

## 2.10 Participating in the Off-Market Buy-Back Versus Selling Shares on the Stock Market

The Australian tax consequences if Premium Investors buys back your Shares pursuant to the Off-Market Buy-Back may be different to the consequences of selling your Shares on ASX (see Section 4 for further information). You do not need to appoint a broker or pay brokerage to participate in the Off-Market Buy-Back but you would usually pay brokerage to sell your Shares on ASX.

Based on the current and recent market price of Premium Investors Shares, and current and recent pre-tax NTA of Premium Investors (as shown in the table below), Shares bought back pursuant to the Off-Market Buy-Back may be bought back for a price that is higher than you would be able to sell Shares for through ASX. The table below shows the month end trading prices for Premium Investors Shares since January 2009 compared to the pre-tax NTA per Share, and pre-tax NTA per Share with a 1.75 per cent discount at each month end.

Period	Low (\$)¹	High (\$)¹	End of Month closing price	End of month pre-tax NTA	Buy-back Price²
January 2009	50.0	53.5	50.5	79.0	77.62
February 2009	43.5	52.0	46.0	75.0	73.69
March 2009	41.5	52.0	52.0	78.0	76.64
April 2009	51.0	58.0	56.0	82.0	80.57
May 2009	57.0	64.0	63.0	86.0	84.50
June 2009³	63.0	72.0	72.0	86.5	84.99
July 2009³	71.0	82.0	80.0	89.4	87.84

¹ Calculated off closing day prices.

² Calculated applying 1.75per cent discount to end of month NTA before tax on unrealised profits and or losses.

³ Premium Investors is currently reviewing, with its auditors, the Company's approach to the carrying value of tax losses and will announce any change to that approach in the announcement of 30 June 2009 financial results.

The calculation of the NTA per Share on the Closing Date (30 September 2009) will be announced to the ASX on 9 October 2009. Shareholders participating in the Off-Market Buy-Back will not know the NTA or the Buy-Back Price until after the offer period has closed. The time required to calculate the Company's NTA per Share is due to the nature of the Company's underlying investments (being investments in managed funds accessing Australian and global equities) and the time required for the Company's appointed custodian to accurately value PRV's assets.

The market price of Premium Investors' Shares on the ASX may move higher than the Buy-Back Price before the close of the offer period. Equally, it may also vary significantly in the future. By making the Off-Market Buy-Back Offer and in setting the Buy-Back Price, Premium Investors is not making any recommendation or giving any advice as to whether (or how) you should sell your Shares. Before you decide what to do with your Shares, you should seek your own professional advice (including taxation advice).

#### 2.11 Buy-Back Offer Period

The Off-Market Buy-Back Offer will be open from 31 August 2009 until 5pm AEST on 30 September 2009. The Board may, at its discretion, extend the offer period. If the offer period is extended, the new closing date will be announced to ASX.

You will be able to amend or withdraw your Acceptance until 5pm AEST on 30 September 2009. If you withdraw your Acceptance, Premium Investors will not buy-back any of your Shares. Premium Investors may withdraw the Off-Market Buy-Back Offer at any time prior to the date on which Premium Investors enters into the Buy-Back Contracts (9 October 2009), and any Acceptances received will be terminated.

#### 2.12 How Voting and Dividend Rights will be Affected for Shareholders Accepting the Off-Market Buy-Back Offer

Shareholders who have submitted Acceptances will still be entitled to vote in accordance with the voting rights attached to their Shares at any meeting of Shareholders of Premium Investors that is held before Buy-Back Contracts are entered into in respect of those particular Shares, even if they have submitted an Acceptance in respect of such Shares. It is expected that the Buy-Back Contracts will be entered into on 9 October 2009.

Shareholders will also be entitled to any dividend in accordance with the dividend rights attaching to their Shares. In accordance with the Corporations Act, all rights attached to Shares will be cancelled once the Buy-Back Contracts for those Shares is entered into.

#### **2.13 Trading of Shares after Accepting the Off-Market Buy-Back Offer**

Any Shares not accepted into the Off-Market Buy-Back may be sold or otherwise dealt with in the ordinary manner. Once you have submitted an Acceptance, you will not be able to sell, transfer or otherwise deal with the Shares in respect of which you have submitted an Acceptance unless you withdraw or amend your Acceptance in accordance with the procedures set out in Section 5.2. PRV expects to be able to release Shares not taken up by the Off-Market Buy-Back on 2 October 2009. You may sell or otherwise deal with any of your Shares not bought back by Premium Investors on or after that date.

#### **2.14 Can I Purchase more Shares during the Offer Period and Participate in this Buy-Back?**

No. Shareholders may accept the Off-Market Buy-Back Offer only in respect of Shares which were registered in their names at 5pm AEST time on the Record Date (27 August 2009). Any Shares purchased on the ASX on or after the Ex-Entitlement Date (21 August 2009) are not eligible to participate in the Off-Market Buy-Back because they will not be able to be registered by the Company by the Record Date.

#### **2.15 Transfer of Rights to Participate in the Off-Market Buy-Back**

The right of Shareholders on the Record Date to participate in the Off-Market Buy-Back are personal to those Shareholders and are not transferable.

### **3 IMPACT OF THE BUY-BACK ON PREMIUM INVESTORS**

#### **3.1 Operations**

The Company invests in a diversified portfolio with exposure to equities listed on the ASX and offshore securities exchanges. This portfolio is managed by Treasury Group Investment Services Limited (**Manager**), an AFSL holder and a wholly owned subsidiary of Treasury Group Limited. The Manager actively allocates the Company's assets to a range of boutique managers.

The Company currently provides Shareholders with the opportunity to invest in a professionally managed portfolio and gain access to the experience and expertise of the Manager and will continue to do so after the Off-Market Buy-Back. Post any buy-back, the Manager, via its investment committee, will continue to:

- appoint (review the appointment of) investment managers;
- determine and review the allocation of funds by market sector and investment manager;
- monitor the performance of investment managers relative to the agreed mandates, market conditions and the agreed benchmarks; and
- monitor investment manager compliance with mandates, reporting requirements, legal and regulatory requirements and governance matters.

The Buy-back may result in a smaller investment portfolio and this in turn may result in lower Company expenses.

The largest single expense of the Company, the investment management fee, is variable not fixed and is calculated as a percentage of Funds Under Management (**FUM**) (currently 0.90 per cent of FUM). As such, the total amount of management fees will be reduced if FUM decreases because shares are bought-back. The PRV Board, through active management of the Company's fixed operating costs will aim to keep the total expense ratio competitive.

### 3.2 Current Financial Performance

Recent financial and other performance information including Premium Investors' 2009 half year results, the PRV 2008 Annual Report and its month-end NTA announcements are available on the Premium Investors website, [www.premiuminvestors.com.au](http://www.premiuminvestors.com.au).

Premium Investors' audited income statements for the half years ended 31 December 2008 and 31 December 2007 are set out below. The audited income statements for the year ended 30 June 2009 will be announced on 25 August 2009 and will be provided to the Buy-Back Addendum.

<b>Premium Investors Limited</b> Consolidated Income Statement for	<b>Half-year ended</b>	
	31 December 2008 \$'000	31 December 2007 \$'000
Revenues	4,787	5,357
Realised (losses)/gains on investment at fair value through profit and loss	(39,873)	23,593
Unrealised (losses)/gains on investment at fair value through profit and loss	(10,129)	(22,838)
Expenses	(1,550)	(1,918)
Profit before tax	(46,765)	4,194
Other income tax expense	10,072	(7,646)
Deferred tax expense on unrealised gains	3,013	6,649
Profit for the half-year	(33,680)	3,197
	Cents	Cents
Basic earnings per share	(14.97)	1.49
Diluted earnings per share	(14.97)	1.49
Interim franked dividend per share	-	4.0

### 3.3 Share Capital and Cash Reserves

The Board intends to use up to 65 per cent of its available cash reserves and, subsequently, to the extent necessary, proceeds from the realisation of the Company's investments in accordance with its investment strategy, to fund payments to Shareholders for Shares bought-back by Premium Investors under the Off-Market Buy-Back.

If all of the Shares available to participate in the Off-Market Buy-Back are tendered by the Closing Date, the effect on the Company would be as follows (based on the number of Shares on issue as at the date of this Buy-Back Booklet):

- The current number of shares on issue of 224,346,583, would decrease by 65 per cent or 145,825,279 shares to approximately 78,521,304 shares; and
- The cash reserves and issued capital of the Company would decrease by approximately \$123,951,487.<sup>1</sup>

<sup>1</sup> This number is given as an example only. The NTA to be applied in the buy-back will be based on the prevailing NTA as at 30 September 2009

Premium Investors intends that the whole of the proceeds to be paid to participating Shareholders under the Off-Market Buy-Back will be debited to Share capital. Assuming this is the case, there will be no effect on the Company's franking account.

Shareholders have authorised the Company to buy-back up to 65 per cent of issued Shares. The number of Shares bought-back will depend on the number of Acceptances received by Premium Investors. The table below shows the impact on Shares under three different scenarios. All Shares bought-back under the Off-Market Buy-Back will be cancelled in accordance with the Corporations Act on the Buy-Back Date:

Participation	Percentage of total shares bought back	Number of Shares bought back (million)	Number of Shares remaining (million)
50%	32.50%	73	151
75%	48.75%	109	115
100%	65.00%	146	78

### 3.4 Effect on Premium Investors' Share Capital and Reserves

The pro-forma unaudited balance sheet for Premium Investors as at 30 June 2009 is set out below and shows the approximate change in Premium Investors' Share capital and reserves resulting from the Off-Market Buy-Back and possible further buy-backs as part of the capital management program previously announced by the Company and approved by Shareholders at the general meeting held on 19 August 2009.

An audited pro-forma balance sheet as at 30 June 2009 will be provided in the Buy-Back Addendum.

Premium Investors Limited	30 June Unaudited Accounts 2009	Note Share Buy-back	Pro Forma Balance Sheet  2009
Pro-forma Consolidated Balance Sheet 30 June 2009			
	\$'000		\$'000
<b>ASSETS</b>			
Cash and cash equivalents	32,902	(21,387)	11,515
Trade and other receivables	1,303		1,303
Other current assets	106		106
Financial assets at fair value through profit or loss	146,981	(103,784)	43,197
Deferred tax assets	21,285		21,285
<b>Total assets</b>	<u>202,577</u>		<u>77,406</u>
<b>LIABILITIES</b>			
Trade and other payables	1,258		1,258
Financial liabilities at fair value through profit or loss	174		174
	<u>1,432</u>		<u>1,432</u>
<b>Net assets</b>	<u>201,145</u>		<u>75,974</u>
<b>EQUITY</b>			
Contributed equity	220,827	(125,171)	95,656
Retained profits	(19,682)		(19,682)
<b>Total equity</b>	<u>201,145</u>		<u>75,974</u>

### 3.5 Estimated Impact on NTA

The estimated impact on NTA from the Off-Market Buy-Back and previously announced on-market buy-back which commenced on 26 August 2009 is shown in the table below. These figures assume a 50 per cent, 75 per cent or 100 per cent participation in these buy-backs.

Depending on the number of Shares bought back, there is potential for a small increase to NTA per share. This is because buying-back Shares at a discount to NTA will increase the NTA of the Shares remaining on issue after the Off-Market Buy-Back. The precise impact on the NTA and Earnings Per Share (EPS) of the Off-Market Buy-Back cannot be determined until it is completed and will depend on the number and timing of any Shares bought-back and the Buy-Back Price. However, the Board expects that the impact on NTA per share will be positive.

### 3.6 Impact on Liquidity of Premium Investors Shares

A buy-back may decrease trading volumes and liquidity in Premium Investors Shares. It is not possible to determine the extent of any potential decrease in liquidity at this time.

	100% Participation	75% Participation	50% Participation
Current shares on issue	224,346,583	224,346,583	224,346,583
Current pre-tax NTA per share (\$)	0.865	0.865	0.865
Current total NTA (\$)	194,059,794	194,059,794	194,059,794
<b>Off Market Buy-Back</b>			
Maximum shares participating in off market buy-back (%)	65.00%	48.75%	32.50%
Maximum shares participating in off market buy-back (#)	145,825,279	109,368,959	72,912,639
Purchase price discount to NTA (%)	(1.75%)	(1.75%)	(1.75%)
Purchase price per share	0.85	0.85	0.85
Costs of share buy-back	123,951,487	92,963,615	61,975,744
Transaction costs (%)	1.00%	1.00%	1.00%
Transaction costs (\$)	1,239,515	929,636	619,757
Total costs of off market buy back	125,191,002	93,893,251	62,595,501
<b>Result from Buy-Back</b>			
Shares remaining	78,521,304	114,977,624	151,433,944
New total NTA (\$)	68,868,792	100,166,543	131,464,293
New NTA per share (\$)	0.88	0.87	0.87
Uplift in NTA from off market buy-back (%)	1.40%	0.71%	0.36%
<b>On Market Buy-Back</b>			
Maximum shares participating in on market buy-back (% of original)	15.00%	11.25%	7.50%
Maximum shares participating in on market buy-back (#)	33,651,987	25,238,991	16,825,994
Purchase price discount to new NTA (%)	(9.00%)	(9.00%)	(9.00%)
Purchase price per share	0.80	0.79	0.79
Costs of share buy-back	26,921,590	19,938,803	13,292,535
Transaction costs (%)	1.00%	1.00%	1.00%
Transaction costs (\$)	269,216	199,388	132,925
Total costs of on market buy back	27,190,806	20,138,191	13,425,460
<b>Result from Buy-Back</b>			
Shares remaining	44,869,317	89,738,633	134,607,950
New total NTA (\$)	41,677,986	80,028,352	118,038,833
New NTA per share (\$)	0.93	0.89	0.88
Uplift in NTA from on-market buy-back (%)	5.91%	2.37%	1.01%
<b>Total uplift from both buy-backs (%)</b>	<b>7.38%</b>	<b>3.10%</b>	<b>1.38%</b>

The table above is included by way of example only. The NTA to be applied in the buy-back will be based on the prevailing NTA as at 30 September 2009, adjusted for any carrying value adjustments in relation to the tax benefits resulting from reduced tax losses as a result of the audit undertaken for the financial accounts dated 30 June 2009.

### 3.7 Effect of this Off-Market Buy-Back on Control of Premium Investors

While the opportunity to participate in the Off-Market Buy-Back is equal as between Premium Investors' Eligible Shareholders, participation is voluntary. Some Shareholders may choose not to participate or not to sell all of their Shares. Shareholders who do not participate in the Off-Market Buy-Back will have the same number of Shares after the Off-Market Buy-Back as they had before, but their proportional ownership interest in Premium Investors will increase when the Shares bought back from Shareholders who participate in the Off-Market Buy-Back are cancelled. The actual effect of the Off-Market Buy-Back on the control of Premium Investors will not be known until the Off-Market Buy-Back is completed.

According to substantial holder notices lodged with the ASX, Premium Investors has three substantial shareholders (i.e. persons with voting power greater than 5 per cent), namely:

- Questor Financial Services Limited (9.54 per cent); and
- Commonwealth Bank of Australia and 452 Capital Pty Limited (8.00 per cent).

The potential size of the Off-Market Buy-Back and subsequent cancellation of Shares bought-back could significantly increase the percentage holdings of any shareholder that does not participate in the Off-Market Buy-Back.

### **3.8 Impact on Premium Investors' Solvency**

Premium Investors does not borrow to invest.

The Board is satisfied that, having regard to the total number of Shares that can be bought-back under the Off-Market Buy-Back and the amount of cash that will be spent, the Company will remain solvent and will continue to be able to pay its debts as and when they fall due.

### **3.9 Impact on Premium Investors' Future Operations and Dividend Policy**

Following the successful implementation of the Off-Market Buy-Back, Premium Investors will continue to have a diversified portfolio of investments. The Board will continue with the Company's announced capital management and other strategic objectives and will provide a further update to Shareholders by the Annual General Meeting to be held on 29 October 2009.

Premium Investors' dividend and distribution policy will be determined by the Board at the appropriate time having regard to requirements of international accounting standards, and the earnings, financial and taxation position and investment requirements of Premium Investors.

## **4 AUSTRALIAN TAX IMPLICATIONS FOR SHAREHOLDERS**

The following information is a general summary of the Australian income tax implications for Australian resident and non-resident Shareholders who participate in the Off-Market Buy-Back. This summary is based on the Australian income tax law and ATO's administrative practices as at the date of this booklet.

Taxation issues are complex and taxation laws, their associated administrative practices and their interpretation by the courts and the ATO may change over time, including potentially with retrospective effect. The information provided below is of a general nature only and does not purport to be comprehensive or to take into account the specific taxation circumstances of each Shareholder. It is not intended to be advice and should not be relied upon by Shareholders as such.

As the taxation implications for each Shareholder may be different, it is recommended that each Shareholder obtain their own independent professional taxation advice on the full range of taxation implications applicable to their own individual facts and circumstances.

The summary does not deal with the Australian income tax implications with respect to Shareholders who hold their shares on revenue account (ie as trading stock or revenue assets) or who are not the beneficial owner of Premium Investors Shares.

Premium Investors has requested a Class Ruling from the ATO for participating Shareholders. The ATO will not issue the Class Ruling in a form that is binding until after completion of the Off-Market Buy-Back. Although it is not anticipated to be the case, when the binding Class Ruling is issued by the ATO, it is possible that it may express views that are contrary to that set out below.

#### 4.1 Nature of the Off-Market Buy-Back

The Off-Market Buy-Back will constitute an "off-market" buy-back for Australian income tax law purposes. Generally, the amount received by Shareholders under an Off-Market Buy-Back will be treated as a dividend to the extent that there is a difference between the Off-Market Buy-Back price and the amount debited against the share capital account in respect of the Shares acquired.

Premium Investors intends to debit the entire proceeds to be paid under the Off-Market Buy-Back against the share capital account and accordingly considers that there should not be a dividend component to the buy-back price. Further, Premium Investors does not have any current year profits or retained earnings which it will be able to distribute at the time of the Buy-Back Date.

There are certain anti-avoidance provisions in the Australian income tax legislation directed at the provision of capital benefits. The provisions operate where capital benefits are streamed to particular shareholders who can obtain greater benefits from the capital benefits than other shareholders. The application of the anti-avoidance provisions are also the subject of the Class Ruling being sought from the ATO and should be confirmed in due course.

#### 4.2 Tax Implications for Australian Resident Shareholders

##### CGT Consequences - Disposal of Shares

Shareholders that sell some or all of their Shares under the Off-Market Buy-Back will be taken to have disposed of those Shares for CGT purposes.

An Australian resident Shareholder will be treated as having disposed of each Share for capital proceeds equal to the Buy-Back Price. This is on the basis that a higher amount of deemed consideration is not required to be calculated under the *Income Tax Assessment Act 1997* and substituted as the consideration proceeds on sale. That is because the Buy-Back Price is expected to exceed the amount that would otherwise have been the market value of the Shares at the time of the Off-Market Buy-Back announcement.

Generally, a Shareholder's CGT cost base will be the amount the Shareholder paid to acquire the Share, together with any incidental costs of acquisition such as stamp duty and brokerage fees, and certain incidental costs of disposal. A Shareholder will make a capital gain when their Shares are bought back if the CGT cost base of the Shares disposed of under the Off-Market Buy-Back is less than the capital proceeds attributable to the disposal.

A Shareholder will make a capital loss when their Shares are bought back to the extent that the reduced cost base of the Shares disposed of under the Off-Market Buy-Back exceeds the capital proceeds. A capital loss is not deductible against a shareholder's assessable income. However, a capital loss can be offset against capital gains made during the income year. To the extent that a shareholder has unrecouped capital losses in an income year, these losses may be carried forward to a later income year to offset future capital gains.

Where the Shares have been held for more than 12 months and the Shareholder has not held the Shares on revenue account, a capital gain may be reduced by a discount of 50 per cent in the case of individuals and most trusts, and 33 1/3 per cent by complying superannuation funds. No

discount is available to companies. Capital losses must be offset against any capital gain before the discount is applied to the capital gain.

Where the Shares have been held for less than 12 months, no CGT discount would be available. Any capital loss realised on the disposal of the Shares may be offset against any capital gains realised in the year ending 30 June 2010. Any capital losses that are not used in the year ending 30 June 2010 may generally be carried forward to be used in a subsequent year.

#### 4.3 Tax Implications for Non-resident Shareholders

##### (a) CGT Consequences - Disposal of Shares

Under Australian CGT rules, a capital gain or capital loss is disregarded for non-residents where the CGT asset is not Taxable Australian Property. The Shares should not qualify as Taxable Australian Property, and accordingly, should not be subject to CGT where:

- (i) a non-resident Shareholder has not, together with their associates, held 10 per cent or more of the issued shares in Premium Investors (including any options to acquire Shares) for a period of 12 months at any time during the previous 24 months; or
- (ii) a majority of the assets of the Premium Investors (measured by market value and including "indirect Australian real property interests" of Premium Investors) are not interests in Australian real property and therefore any Shares are not indirect interests in Australian real property.

However, a non-resident Shareholder should obtain independent Australian tax advice in respect of any CGT treatment where any Shares have been used at any time in carrying on a business through a permanent establishment in Australia or the Shareholder chose to disregard a capital gain or loss on ceasing to be an Australian resident as a result of an election under section 104-165 of the *Income Tax Assessment Act 1997*.

##### (b) Foreign tax implications

On the basis that Premium Investors debits the Off-Market Buy-Back proceeds entirely to share capital, no Australian withholding tax should apply to a non-resident Shareholder participating in the buy-back.

Non-resident Shareholders should consult their professional adviser regarding any foreign tax implications of participating in the Off-Market Buy-Back relevant to their own particular circumstances.

#### 4.4 Stamp Duty and GST

There will be no stamp duty or GST payable in relation to the Off-Market Buy-Back by participating Shareholders.

## 5 HOW TO PARTICIPATE IN THE OFF-MARKET BUY-BACK

### 5.1 Overview

It is your choice whether or not to participate in the Off-Market Buy-Back. To ensure that you make an informed decision, you should read this Buy-Back Booklet in its entirety and consider the details set out in it carefully. If you have any questions as to its contents or the action you should take, please consult your stockbroker, accountant, solicitor or other professional adviser immediately.

The following pages provide instructions on how to submit your Acceptance. If you require assistance to complete your Acceptance, please contact Computershare Investor Services Pty Limited on 1300 763 597 (within Australia) or +61 3 9415 4863 (outside Australia).

#### ***STEP 1: DECIDE HOW MANY SHARES YOU WISH TO SELL***

No action is required by you if you do not want to participate in the Off-Market Buy-Back for any of your shares.

If you want to accept the Off-Market Buy-Back offer in respect of:

- all of your Shareholding populate Box C; or
- part of your shareholding, write the number of Shares you want to sell to Premium Investors in Box D. This number must not exceed the number of Shares shown in Box B.

If you purport to accept the Off-Market Buy-Back Offer for more than the number of Shares shown in Box B, you will be deemed to have accepted the Off-Market Buy-Back Offer for the lesser of:

- the number of Shares registered in your name on the Record Date (and which, in accordance with applicable ASTC Settlement Rules, confer an entitlement to participate in this Off-Market Buy-Back); and
- the number of Shares you hold as at 5pm AEST on the Closing Date.

#### ***STEP 2: SUBMIT YOUR ACCEPTANCE FORM***

How you submit your Acceptance will depend on the type of holding you have. This will be specified on your personalised Acceptance Form.

##### (a) **Issuer Sponsored Holders**

If you would like to participate in the Off-Market Buy-Back, you need to complete and sign your Acceptance Form and return it to the Share Registry as

set out below. Acceptances must be received no later than 5pm AEST on the Closing Date unless Premium Investors announces a later closing date.

Premium Investors Limited buy-back

GPO BOX 52, MELBOURNE, VIC 3001

You can use the enclosed reply-paid envelope if you are posting your Acceptance Form in Australia.

Premium Investors will not accept an Acceptance Form from you unless it is actually received by Premium Investors or the Share Registry by 5pm AEST on the Closing Date. You should allow sufficient time for this to occur.

**(b) CHESSE Holders**

If you have a sponsored CHESSE Holding, you can only participate in the Off-Market Buy-Back by instructing your controlling participant (normally your broker) in sufficient time for them to process your Acceptance so that it is received by the Share Registry by 5pm AEST on the Closing Date. The name of the controlling participant who manages your CHESSE Holding as at the Record Date is printed on your personalised Acceptance Form.

CHESSE Holders should NOT send an Acceptance Form to the Share Registry directly. If you are a CHESSE Holder, you may receive written confirmation from CHESSE of the Acceptance made on your holding or an Acceptance withdrawn by your controlling participant. Irrespective of its wording, this confirmation is not an Acceptance by Premium Investors of any nomination to sell shares to Premium Investors.

**5.2 Withdrawing or Amending an Acceptance**

Instructions on how you can withdraw or amend your Acceptance is provided below. Once you have submitted an Acceptance, it can only be withdrawn or amended by following the procedures set out below.

**(a) Issuer Sponsored Holdings**

You can withdraw or amend your Acceptance by submitting a Withdrawal / Amendment Form, a copy of which accompanies this Buy-Back Booklet. Any amendment or withdrawal will not be effective unless it is received by the Share Registry by 5pm AEST on the Closing Date.

***Withdrawal of Acceptance Form***

You may withdraw your Acceptance by placing a tick in the 'Withdrawal' Box on the Withdrawal / Amendment Form, signing the form and sending it to the Share Registry at the address provided so that it is received by no later than 5pm AEST on the Closing Date.

### **Amendment of Acceptance Form**

If you want to change your Acceptance, you must tick the 'Amendment' Box on the Withdrawal / Amendment Form. You must then complete Part B by writing the number of Shares you wish to sell to Premium Investors in the Box in Part B, sign the form and send it to the Share Registry so that it is received by no later than 5pm AEST on the Closing Date. The effect of submitting a Withdrawal / Amendment Form will be to withdraw your Acceptance and (where applicable) replace it with the Acceptance detailed on that Withdrawal / Amendment Form.

If you lodge an incomplete or incorrect Withdrawal / Amendment Form, your Withdrawal / Amendment Form may not be accepted (at Premium Investors' absolute discretion) and your existing Acceptance may be accepted into the Off-Market Buy-Back.

#### **(b) CHESSE Holdings**

If you have a sponsored CHESSE Holding, you will need to instruct your controlling participant in sufficient time for them to process your withdrawal or amendment by no later than 5pm AEST on the Closing Date.

If you have a sponsored CHESSE Holding, you should NOT send a Withdrawal / Amendment Form to the Share Registry directly as it cannot process your Withdrawal / Amendment Form and therefore any such form will not be able to be accepted by Premium Investors. If you are a sponsored CHESSE Holder, you will receive written confirmation from CHESSE of the withdrawals / amendments made in relation to your holding by your controlling participant. Irrespective of its wording, this confirmation is not an acceptance by Premium Investors of your amended Acceptance.

### **5.3 How to obtain Additional Acceptance Forms and Withdrawal / Amendment Forms**

If you require an additional Withdrawal/Amendment Forms or any replacement Acceptance Forms, please contact Computershare.

## **6 ADDITIONAL INFORMATION**

### **6.1 Directors' Entitlements**

Premium Investors' Board is entitled to participate in the Off-Market Buy-Back. As at 19 August 2009 August 2009, the individual members of the Board held the following Shares in PRV:

<b>Director</b>	<b>Ordinary Shares</b>
Tom Collins	71,631
Kenneth Stout	11,136
John Elfverson	10,000
Reub Hayes	Nil

All members of the Board who hold Shares have indicated that they do not intend to participate in the Off-Market Buy-Back.

## **6.2 Investor Considerations**

If you have any questions as to the action you should take, please consult your stockbroker, accountant, solicitor or other professional adviser immediately.

The potential tax effects relating to the Off-Market Buy-Back will vary between Shareholders. Shareholders are urged to consider the possible tax consequences of participating in the buy-back by consulting a professional tax adviser.

## **6.3 Excluded Foreign Persons**

The Off-Market Buy-Back Offer is not being made to Excluded Foreign Persons. Without limiting the rights Premium Investors otherwise has in relation to conducting the Off-Market Buy-Back, an Acceptance submitted by an Excluded Foreign Person will not be accepted by Premium Investors.

By submitting an Acceptance, you warrant that you are not an Excluded Foreign Person.

## **6.4 Margin Lending Arrangements**

If you hold Shares under margin lending arrangements or if they are held as security for a loan, you should ensure that your participation in the Off-Market Buy-Back is permitted by those margin lending arrangements or that loan and security documentation.

## **6.5 Shareholders with more than one Holding**

You will receive a personalised Acceptance Form for each separate holding of Shares (for example, if you hold some Shares in your name and some shares jointly with your spouse, you will receive two Acceptance Forms). You may accept the Off-Market Buy-Back Offer for any or all of your separate registered holdings provided that you complete the Acceptance Forms and follow the instructions for each holding you wish to sell to Premium Investors. Any scale back will be applied to each of those registered holdings as if they were held by different persons.

## **6.6 Joint Shareholders**

If you hold your Shares jointly with another person (for example, your spouse) and you have an Issuer Sponsored Holding, you must complete and return any Acceptance Forms in accordance with instructions for joint holdings on the Acceptance Forms.

## **6.7 Shares held by Trustees and Nominees**

Trustees and nominees who hold Shares should inform the beneficial owners of the Shares about the Off-Market Buy-Back, subject to any legal restrictions in the countries where such beneficial owners are resident and provided such persons are eligible shareholders, and then aggregate all acceptances received from beneficial owners. It is the responsibility of the trustee or nominee to submit one aggregated Acceptance on behalf of all beneficial owners.

For Issuer Sponsored Holdings, the trustee or nominee must ensure that an aggregated Acceptance Form is received by the Share Registry by 5pm on the Closing Date. For sponsored CHESSE Holdings, the trustee or nominee will need to aggregate all Acceptances received from beneficial owners and provide instructions to its controlling participant in time for an aggregated Acceptance Form in respect of those holdings to be processed by 5pm on the Closing Date.

## 6.8 Restrictions

Premium Investors will pay Shareholders the Buy-Back Price for each of their Shares bought back under the Off-Market Buy-Back, unless PRV is prohibited from doing so by operation of any act, rule or regulation.

## 6.9 Effect of Submitting an Acceptance

Submitting a completed Acceptance constitutes an offer by Eligible Shareholders to sell the Shares referred to in the Acceptance to Premium Investors on the terms and conditions set out in the Buy-Back Documents. An Acceptance Form does not, of itself, constitute a binding contract for the sale of the Shares referred to in that form and cannot be enforced against Premium Investors. Prior to the date on which Premium Investors enters into the Buy-Back Contracts Premium Investors may withdraw the Off-Market Buy-Back and any Acceptances received will be terminated.

To the extent Premium Investors accepts an Acceptance from you, a binding Buy-Back Contract is formed between you and Premium Investors, and you must sell to Premium Investors the Shares referred to in that form that Premium Investors has agreed to buy-back on the terms and conditions set out in the Buy-Back Documents, including the terms and conditions set out below.

By submitting an Acceptance (whether by returning an Acceptance Form to the Share Registry, or, if you have a sponsored CHESSE holding, by instructing your controlling participant to submit an Acceptance on your behalf) you:

- agree to the terms and conditions set out in the Buy-Back Documents;
- offer to sell to Premium Investors on the Buy-Back Date the number of Shares nominated for sale on your Acceptance Form;
- agree that you will sell to Premium Investors, on the Buy-Back Date, the number of Shares determined in accordance with this Buy-Back Booklet;
- warrant to Premium Investors that at all times after you accept the Off-Market Buy-Back Offer, and on the Buy-Back Date, you are the registered holder of the Shares which you have nominated for sale on your Acceptance Form and that they are free from any mortgage, charge, lien or other encumbrance (whether legal or equitable) and from any third party rights and are otherwise able to be sold by you;
- warrant to Premium Investors on the Buy-Back Date, that other than pursuant to the Off-Market Buy-Back Offer, you have not agreed to sell or otherwise deal in the Shares nominated for sale on your Acceptance Form;
- warrant that you are a person to whom the Off-Market Buy-Back Offer may lawfully be made and whose participation in the Off-Market Buy-Back is permitted under the laws of the jurisdiction in which you are resident;

- warrant that you are not (nor are you acting on behalf of or for the account of) an Excluded Foreign Person;
- authorise Premium Investors (and its officers, agents or contractors) to correct any error in, or omission from, your Acceptance Form(s) and Withdrawal / Amendment Form(s), and to insert any missing details advised by you;
- undertake not to sell or offer to sell Shares to any other person if, as a result, you will at any time after you submit your Acceptance Form until the Buy-Back Date hold fewer Shares than the number of Shares you have nominated for sale in your Acceptance Form (unless you have validly amended or withdrawn your Acceptance Form);
- acknowledge that all rights attached to Shares are suspended once the Buy-Back Contract for those Shares is entered into;
- acknowledge that neither Premium Investors nor any other party involved in the Off-Market Buy-Back has provided you with financial product advice, or any securities recommendation, or has any obligation to provide this advice or recommendation, concerning your decision to participate in the Off-Market Buy-Back;
- authorise Premium Investors to make payment to you in Australian currency:
  - by direct credit to your nominated account if you have a direct credit authority recorded on the Premium Investors Share Register as at 5pm AEST on the Buy-Back Date; or
  - if you do not have a direct credit authority, by cheque mailed to your address shown on the Premium Investors' Share Register as at 5pm AEST on the Buy-Back Date
- acknowledge that dispatch of payment as per above satisfies Premium Investors' obligations to make payment to you for the Shares bought back;
- agree that damages is not an adequate remedy for breach of the undertakings, agreements and warranties in this Section 6.9 and the Acceptance Form; and
- undertake that if you breach any of the covenants, undertakings, agreements or warranties in this Section 6.9 or the Acceptance Form you will indemnify Premium Investors for all its costs arising from that breach.

You will be taken to have submitted an Acceptance when the Share Registry receives a validly completed Acceptance Form from you or, if you have a sponsored CHESS Holding, an Acceptance from your controlling participant through CHESS submitted on your behalf.

#### 6.10 Premium Investors' Right to Accept or Reject Acceptances and Acceptance Forms

Premium Investors may in its absolute discretion:

- accept or reject any acceptance or Acceptance Form; and / or
- accept or reject any Acceptance not made on the terms and conditions set out in the Buy-Back Documents, or an Acceptance Form not submitted in accordance with the procedures set out in the Buy-Back Documents.

#### 6.11 Premium Investors' Right to Waive Requirements and Correct Errors

Premium Investors may in its absolute discretion deem any Acceptance it receives to be a valid Acceptance, disregard any Acceptance it believes should be disregarded and waive any or all requirements for making, amending or withdrawing an Acceptance. It may do each of these things in relation to some, all or any number of acceptances it receives.

#### 6.12 Premium Investors' Right to Adjust Acceptances

You are entitled (unless you are an Excluded Foreign Person) to sell under the Off-Market Buy-Back the lesser of:

- the number of shares registered in your name on the Record Date (and which, in accordance with applicable ASTC Settlement Rules, confer an entitlement to participate in the Off-Market Buy-Back); and
- the number of shares you hold on the Closing Date

If you submit an Acceptance for more than your shareholding, and Premium Investors accepts your Acceptance, the maximum number of Shares Premium Investors will buy-back from you is your total shareholding. If you submit more than one Acceptance you will be deemed to have accepted the lowest number of Shares of all boxes marked on the Acceptance Forms or the lowest number of Shares instructed by your controlling participant.

#### 6.13 ASIC Relief

ASIC has granted Premium Investors an exemption under section 257D(4) of the Corporations Act to permit the Company:

- to conduct the Off-Market Buy-Back similarly to the conduct of an equal access scheme;
- to utilise the scaling mechanism described in section 2.7 above;
- to exclude from participation in the Off-Market Buy-Back, the Excluded Foreign Persons; and
- to seek approval by ordinary resolution of Shareholders to conduct the Off-Market Buy-Back (that approval was obtained at the general meeting held on 19 August 2009).

#### 6.14 ASX Waiver

ASX has granted Premium Investors waivers from the Listing Rules which have the effect of permitting the Company to conduct the Off-Market Buy-Back in accordance with the timetable set out on page 4 of this Buy-Back Booklet.

#### 6.15 Privacy

Premium Investors is carrying out the Off-Market Buy-Back in accordance with the Corporations Act. This involves the collection of personal information contained in the Buy-Back Documents to enable Premium Investors to process Acceptances, withdrawals or amendments. If you do not provide this information, Premium Investors may be hindered in, or prevented from, processing your Acceptance, withdrawal or amendment.

The personal information collected by Premium Investors will only be disclosed to:

- Computershare Investor Services Pty Limited, in its capacity as the Company's Share Registry;
- a print and mail service provider;
- the Company's advisers in relation to the Off-Market Buy-Back;

- financial institutions in respect of payments to you in connection with the Off-Market Buy-Back; and
- as required or authorised by law.

If you wish to access the information collected by Premium Investors in relation to your shareholding, please write to the Company, c/- Computershare Investor Services Pty Limited, at the mailing address set out in the Corporate Directory in this Buy-Back Booklet.

#### 6.16 **Applicable Law**

The Buy-Back Documents and any other document signed by or agreement entered into by you in connection with the Off-Market Buy-Back will be governed by the laws of New South Wales, Australia.

## 7 **DEFINITIONS AND INTERPRETATIONS**

### 7.1 **Defined Terms**

In the Buy-Back Documents:

**Acceptance** means the delivery of a completed and signed Acceptance Form from an Issuer Sponsored Holder or the delivery of a valid Acceptance Form from a controlling participant on behalf of a Shareholder, to the Share Registry, regarding participation on the Off-Market Buy-Back.

**Acceptance Form** means the acceptance form accompanying this Buy-Back Booklet.

**AEST** means Australian Eastern Standard Time.

**AFSL** means Australian financial services licence.

**ASIC** means the Australian Securities & Investments Commission.

**ASTC** means ASX Settlement and Transfer Corporation Pty Ltd.

**ASX** means ASX Limited or the securities market it operates, as the context requires.

**ATO** means Australian Taxation Office.

**Buy-Back Addendum** means a supplemental addendum to this Buy-Back Booklet which contains certain information provided in the PRV 2009 Financial Results.

**Buy-Back Booklet** means this booklet.

**Buy-Back Contract** means a contract formed between an Eligible Shareholder and Premium Investors at the time that Premium Investors agrees to buy-back any or all of the Shares offered by an Eligible Shareholder in an Acceptance, on the Buy-Back Date.

**Buy-Back Date** means the date and time which the Board determines to accept Acceptances in accordance with the terms and conditions of the Buy-Back Offer, which the Board intends to take place on or about 9 October 2009 or such later date determined by the Company and advised to ASX before that date.

**Buy-Back Documents** means this Buy-Back Booklet and the Acceptance Forms and the Withdrawal/Amendment Forms.

**Buy-Back Price** means the price at which Premium Investors will buy-back Shares from Eligible Shareholders, being at a 1.75 per cent discount to the pre-tax NTA per Share on the Closing Date.

**CHESS** means Clearing House Electronic Sub-register System.

**CHESS Holder** means a holder of Shares on the CHESS sub-register of the Company.

**Closing Date** means 5pm on 30 September 2009 or such later date determined by the Company and advised to ASX before that date.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Directors or Board** means the directors of the Company.

**Eligible Shareholder** means any person who is not an Excluded Foreign Person, holding Shares in the capital of the Company as at the Record Date.

**Ex-Entitlement Date** means 21 August 2009 or such later date determined by the Company and advised to ASX before that date.

**Excluded Foreign Person** means any person holding Shares whose address in PRV's register of Shareholders is in the Solomon Islands, Thailand and Taiwan.

**FUM** means funds under management of the Company.

**Independent Expert's Report** means the report by Lonergan Edwards & Associates in relation to the Off-Market Buy-Back Offer dated 24 July 2009.

**Issuer Sponsored Holder** means a holder of Shares on the issuer sponsored sub-register of the Company.

**Listing Rules** means the Listing Rules of the ASX.

**Manager** means Treasury Group Investment Services Limited.

**NTA** means net tangible asset backing.

**Off-Market Buy-Back** means the equal access off-market share buy-back of up to 65 per cent of the Company's issued shares at the Buy-Back Price.

**Off-Market Buy-Back Offer** means the offer by Premium Investors to Eligible Shareholders to sell Shares to Premium Investors, as set out in the Buy-Back Documents.

**Record Date** means 7pm (Australian Eastern Standard Time), 27 August 2009, or such later date determined by the Company and advised to ASX before that date.

**Scale Back** means the pro rata scaling back of Acceptances which will occur if Acceptances for more than 65 per cent of the Shares are received by the Company.

**Share** means a fully paid ordinary share in the Company.

**Shareholder** means a registered holder of a Share.

**Share Registry** means Computershare Investor Services Pty Limited.

**Premium Investors** or **PRV** or the **Company** means Premium Investors Limited (ABN 47 106 259 885).

**PRV 2009 Financial Results** means Premium Investments' financial results for the year ending 30 June 2009 which will be released 25 August 2009.

**Withdrawal/Amendment Form** means the withdrawal/amendment form accompanying this Buy-Back Booklet.

## 7.2 Interpretation

In the Buy-Back Documents the following rules of interpretation apply unless the context requires otherwise:

- (a) words and phrases not specifically defined in this Buy-Back Booklet have the same meaning that is given to them in the Corporations Act and a reference to a statutory provision is to the Corporations Act unless otherwise specified;
- (b) the singular includes the plural and vice versa;
- (c) a reference to an individual or person includes a corporation, partnership, joint venture, association, authority, company, state or government and vice versa;
- (d) a reference to any gender included both genders;
- (e) a reference to a clause, section, annexure or paragraph is to a clause, section, annexure or paragraph of or to this Buy-Back Booklet, unless the context requires otherwise;
- (f) a reference to "dollars" or "\$" is to Australian currency;
- (g) in the Buy-Back Documents, headings are for ease of reference only and do not affect interpretation;
- (h) "including" or "includes" are not words of limitation; and
- (i) a reference to time is to Australian Eastern Standard time.

ABN 47 106 259 885

THIS DOCUMENT IS IMPORTANT.  
IF YOU DO NOT UNDERSTAND IT PLEASE CONSULT  
YOUR PROFESSIONAL ADVISER.  
If you do not wish to participate in the Off-Market  
Buy-Back do not return this form.  
Please refer to the instructions on the back of this form.

**A**

000001  
000  
SAM  
MR JOHN SMITH 1  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

Securityholder Reference Number (SRN)



I 1234567890 I N D

Use a **black** pen.  
Print in **CAPITAL** letters  
inside the grey areas.

A	B	C
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1	2	3
---	---	---

Where a choice is required,  
mark the box with an 'X'

X
---

For your security keep your SRN/HIN confidential.

## Off-Market Buy-Back Acceptance Form - Issuer

Do not return this form to Premium Investors Limited.  
Please return this form to the mailing address as shown on the reverse side.

**B** The number of shares that you held at 7.00pm (AEST), 26 August 2009 and that you may offer to sell through the Off-Market Buy-Back. XXXXXXXXXX

**C** I/We offer to sell in the Off-Market Buy-Back, the following Shares:  
**All of my/our Shares**

Place a mark in box opposite if you wish to offer to sell all of your Shares in section B through the Off-Market Buy-Back.

If you hold less than a Marketable Parcel of Shares you may only participate in the Off-Market Buy-Back in respect of all the Shares you hold and section C will be pre-marked for you.

**D** OR  
**Some of my/our Shares**

--	--	--	--	--	--	--	--	--	--

Place the number of shares in the box opposite that you wish to offer to sell through the Off-Market Buy-Back.

Please note that you may not accept for more than the number of Shares in section B. If you do so, you will be deemed to have accepted the offer for the number of Shares in section B. Additionally, if you do not nominate any Shares in section D, you will be deemed to have accepted the offer for the number of Shares in section B.

**E** **Sign Here - This section must be signed for your instructions to be executed.**  
Please sign within box(s) below.

Individual or Securityholder 1	Securityholder 2	Securityholder 3
<div style="border: 1px solid black; height: 40px; width: 100%;"></div>	<div style="border: 1px solid black; height: 40px; width: 100%;"></div>	<div style="border: 1px solid black; height: 40px; width: 100%;"></div>
Sole Director and Sole Company Secretary	Director	Director/Company Secretary

Day                      Month                      Year

--	--	--	--	--	--	--	--	--	--

*Note: When signed under Power of Attorney, the attorney states that they have not received a notice of revocation. Computershare Investor Services Pty Limited needs to sight a certified copy of the Power of Attorney.*

See back of form for completion guidelines



# How to complete this form

Securityholders who wish to offer to sell Shares into the Off-Market Buy-Back must lodge an Acceptance Form.

<p><b>A Registration Name(s)</b> Your name and address as it appears on the register of Premium Investors Limited.</p>	<p><b>E Signature(s)</b> You must sign the form as follows in the space provided:</p> <p>Individual holding: where the holding is in one name, the shareholder must sign.</p> <p>Joint holding: where the holding is in more than one name all of the securityholders must sign.</p> <p>Power of Attorney: to sign under Power of Attorney, you must have already lodged this document with the registry. Alternatively, attach a certified copy of the Power of Attorney to this form when you return it.</p> <p>Deceased Estate: all executors must sign and, if not already noted by the registry, a certified copy of Probate or Letters of Administration must accompany this form.</p> <p>Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held.</p>
<p><b>B Number of Shares as at Record Date</b> This is the total number of shares you held at the Record Date and the number of shares you may elect to offer to sell to Premium Investors Limited in the Off-Market Buy-Back. If you are a securityholder with a registered holding of less than a Marketable Parcel, you must sell all of your shares in order to participate in the Off-Market Buy-Back.</p>	
<p><b>C All of my/our Shares</b> If you wish to offer to sell all of your shares, please mark this box. For further details, refer to the Off-Market Buy-Back booklet. If you are a securityholder with a registered holding of less than a Marketable Parcel you can only participate in the Off-Market Buy-Back by offering all of your shares.</p>	
<p><b>D Some of my/our Shares</b> If you wish to offer to sell only some of your shares, insert the number of shares you wish to offer to sell.</p>	

This is an important document and requires your immediate attention. If you are in any doubt about how to deal with it, please consult your financial or other professional advisor.

## Lodgement of Acceptance

Acceptance Forms must be received by Computershare Investor Services Pty Limited Melbourne by no later than 5.00pm (AEST) on 30 September 2009. You should allow sufficient time for this to occur. Return the Acceptance Form to:

Premium Investors Limited Buy Back  
GPO Box 52  
MELBOURNE VIC 3001

Neither CIS nor the Company accepts any responsibility if you lodge the Acceptance Form at any other address or by any other means.

## Privacy Statement

Personal information is collected on this form by Computershare Investor Services Pty Limited ("CIS"), as registrar for securities issuers ("the issuer"), for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. Your personal information may be disclosed to our related bodies corporate, to external service companies such as print or mail service providers, or as otherwise required or permitted by law. If you would like details of your personal information held by CIS, or you would like to correct information that is inaccurate, incorrect or out of date, please contact CIS. In accordance with the Corporations Act 2001, you may be sent material (including marketing material) approved by the issuer in addition to general corporate communications. You may elect not to receive marketing material by contacting CIS. You can contact CIS using the details provided on the front of this form or e-mail [privacy@computershare.com.au](mailto:privacy@computershare.com.au)

If you have any enquiries concerning your Securityholding please contact Computershare Investor Services Pty Limited on telephone 1300 763 597 (within Australia) or +61 3 9415 4863 (outside Australia).

This form may not be used to effect an address change. Please contact Computershare Investor Services Pty Limited on 1300 763 597 (within Australia) or +61 3 9415 4863 (outside Australia) for an appropriate form, or download a Change of Address Notification form from [www.computershare.com](http://www.computershare.com)

BBI

PRV

Please return the completed form in the envelope provided or to the address opposite:

Premium Investors Limited Buy Back  
GPO Box 52  
Melbourne Victoria 3001  
Australia



100367\_00VEJA



## How to complete this form

Securityholders who wish to sell Shares into the Off-Market Buy-Back must contact their controlling participant about this Acceptance Form.

### **A** Registration Name(s)

Your name and address as it appears on the register of Premium Investors Limited.

### **B** Number of Shares as at Record Date

This is the total number of Shares you held at the Record Date and the number of Shares you may elect to offer to sell to Premium Investors Limited in the Off-Market Buy-Back. If you are a securityholder with a registered holding of less than a Marketable Parcel, you must sell all of your Shares in order to participate in the Off-Market Buy-Back.

### **C** All of my/our Shares

If you wish to offer to sell all of your Shares, please mark this box. For further details, refer to the Off-Market Buy-Back booklet. If you are a securityholder with a registered holding of less than a Marketable Parcel you can only participate in the Off-Market Buy-Back by offering all of your Shares.

### **D** Some of my/our Shares

If you wish to offer to sell only some of your Shares, insert the number of Shares you wish to offer to sell.

### **E** Signature(s)

You must sign the form as follows in the space provided:

Individual holding: where the holding is in one name, the shareholder must sign.

Joint holding: where the holding is in more than one name all of the securityholders must sign.

Power of Attorney: to sign under Power of Attorney, you must have already lodged this document with the registry. Alternatively, attach a certified copy of the Power of Attorney to this form when you return it.

Deceased Estate: all executors must sign and, if not already noted by the registry, a certified copy of Probate or Letters of Administration must accompany this form.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held.

This is an important document and requires your immediate attention. If you are in any doubt about how to deal with it, please consult your financial or other professional advisor.

### Privacy Statement

Personal information is collected on this form by Computershare Investor Services Pty Limited ("CIS"), as registrar for securities issuers ("the issuer"), for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. Your personal information may be disclosed to our related bodies corporate, to external service companies such as print or mail service providers, or as otherwise required or permitted by law. If you would like details of your personal information held by CIS, or you would like to correct information that is inaccurate, incorrect or out of date, please contact CIS. In accordance with the Corporations Act 2001, you may be sent material (including marketing material) approved by the issuer in addition to general corporate communications. You may elect not to receive marketing material by contacting CIS. You can contact CIS using the details provided on the front of this form or e-mail [privacy@computershare.com.au](mailto:privacy@computershare.com.au)

If you have any enquiries concerning your Securityholding please contact Computershare Investor Services Pty Limited on telephone 1300 763 597 (within Australia) or +61 3 9415 4863 (outside Australia).

Please contact your controlling participant regarding this acceptance form.

BB X

PRV

RETURN TO BROKER / CONTROLLING PARTICIPANT



**Withdrawal/Amendment Form**

THIS DOCUMENT IS IMPORTANT. IF YOU DO NOT UNDERSTAND IT PLEASE CONSULT YOUR PROFESSIONAL ADVISER. YOU SHOULD ONLY COMPLETE THIS FORM IF YOU WISH TO WITHDRAW OR AMEND A PREVIOUSLY SUBMITTED BUY-BACK ACCEPTANCE FORM. Please refer to the instructions on the back of this form.

**A**

Please insert your Name and Address details

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

Please insert your Security Holder Reference Number (SRN)

\_\_\_\_\_

Tick one (only): One box must be selected.

**Withdrawal:** I/We withdraw my/our previous Buy-Back Acceptance Form on the conditions in the Buy-Back Booklet (complete Box D only).

OR

**Amendment:** I/We withdraw my/our previous Buy-Back Acceptance Form on the conditions in the Buy-Back Documents and wish to submit a replacement Acceptance as set out below (complete Boxes B to D).

I/we wish to submit this Withdrawal/Amendment Form for the following number of shares and agree to the terms and conditions set out in the Buy-Back Booklet:

**B**

Insert the number of Shares (if any) you wish to Accept

\_\_\_\_\_

**C**

Contact Details - Please provide your contact details in case we need to speak to you about your Withdrawal/Amendment Form:

\_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_  
**Contact Name** **Contact Daytime Telephone** **Date**

**D**

Please sign within the appropriate boxes below in accordance with the instructions overleaf.

**Individual or Joint Shareholder 1**

\_\_\_\_\_

**Sole Director and Sole Company Secretary**

**Joint Shareholder 2**

\_\_\_\_\_

**Director/Company Secretary**

**Joint Shareholder 3**

\_\_\_\_\_

**Director**

**WITHDRAWAL / AMENDMENT FORMS MUST BE RECEIVED BY 5.00PM AEST ON 30 SEPTEMBER 2009**



### Withdrawing or Amending your Buy-Back Acceptance

Shareholders who have offered their Shares into the Buy-Back and who now wish to either withdraw or amend their Buy-Back Acceptance must lodge this Withdrawal/Amendment Form.

### How to complete the Withdrawal/Amendment Form

The instructions below are cross-referenced to the relevant section of this form. **Please use black ink only.**

#### Mark only one of the two boxes

**Withdrawal** – Tick the “Withdrawal” Box if you wish to withdraw your previous Buy-Back Acceptance and you do not wish to submit a new replacement Buy-Back Acceptance.  
**Please complete Box D only.**

**or** **Amendment** – Tick the “Amendment” Box if you wish to amend your previous Buy-Back Acceptance and submit a new replacement Buy-Back Acceptance. **Please complete Boxes B to D.**

**A** You should insert the Registered Name, Address and Security Holder Reference Number (SRN)

**B** Insert the number of Shares that you wish Accept into this box.

**C** Please provide your contact details in the event that we need to speak to you about your Withdrawal/Amendment Form.

**D** You must sign this form in Box D. By signing and returning this Withdrawal/Amendment Form, you acknowledge that you have read and understood the Buy-Back Booklet and agree to the terms and conditions set out in the Buy-Back Booklet.

<b>Individual holders</b>	Where a holding is in one name, the registered shareholder must sign.
<b>Joint holders</b>	All holders must sign.
<b>Under Power of Attorney</b>	If not already noted by the Registry, an originally certified copy of the power of attorney must be sent to the Registry. Where this form is signed under power of attorney, the attorney declares that the attorney has no notice of revocation of the power or the death of the donor of the power.
<b>Deceased Estate</b>	All executors should sign and, if not already noted by the Registry, an originally certified copy of Probate or Letters of Administration must be sent to the Registry.
<b>Company</b>	This form must be signed by 2 directors, a director and company secretary or, in the case of a company with a sole director who is also the sole company secretary, the sole director.

### Payment for Shares bought back

Premium Investors Limited intends to despatch payment for Shares bought back by no later than 9 October 2009.

### Submitting your Withdrawal/Amendment Form

The way you submit your withdrawal or amendment of your Buy-Back Acceptance will depend on the type of holding you have.

#### Issuer Sponsored Holdings

If you have an Issuer Sponsored Holding send your completed Withdrawal/Amendment Form **to ensure it will be received by no later than 5.00pm AEST on 30 September 2009 at:**

#### If sending by mail

Computershare Investor Services Pty Limited  
GPO Box 52  
MELBOURNE VIC 3001  
AUSTRALIA

#### CHES Holdings

If you have a CHES Holding, you will need to contact your controlling participant (usually your sponsoring broker) **within sufficient time to enable your controlling participant to process your Withdrawal/Amendment Form by no later than 5.00pm AEST on 30 September 2009.** Do not send your Withdrawal/Amendment Form to the Premium Investors Limited Share Registry.

**This Withdrawal/Amendment Form relates to the Premium Investors Limited Buy-Back Booklet dated 28 August 2009 and should be read in conjunction with that booklet.**

**Defined terms in that booklet have the same meaning in this form.**

**If you require further information on how to complete this form please contact**

**Premium Investors Limited on 1300 763 597 (within Australia) or +61 3 9415 4863 (outside Australia).**



## FREQUENTLY ASKED QUESTIONS ABOUT THE SHARE BUY-BACK

### About the Buy-back

#### *Why has the Buy-back been proposed?*

##### Explanation:

While the underlying assets of Premium Investors (the Company) have been outperforming the broader sharemarket, the Company's shares have traded at a significant discount to the Company's net tangible assets (NTA) per share. The board of the Company (PRV Board) has undertaken a series of actions, including the Off-Market Buy-back, to address the gap between the Company's share price and the value of its underlying assets.

##### Background:

In 2008 the PRV Board announced that it would be implementing a capital management program (CMP). The first step in this program was an equal access buy-back (EABB), announced in April 2009. This EABB was intended to give shareholders who needed access to some of their capital the ability to do so at a price that was more closely aligned to the value of their holding.

On 17 June 2009, the Company received a requisition, from some 120 shareholders representing approximately 1.6% of the Company's issued capital, requiring the PRV Board to convene a general meeting of shareholders (Requisition).

In responding to the Requisition, the PRV Board formed the view that a more equitable way to allow shareholders to realize the value of their shares in the short-term would be to accelerate the Company's CMP through initiatives such as the Off-market Buy-back. As a result, the Requisition was subsequently withdrawn.

*Please see section 2 of the Buy-back Booklet for further details on the Off-market Buy-back.*

#### *Why did the General Meeting have to go ahead if the Requisition was withdrawn?*

For the Off-market Buy-back to proceed it must be approved by PRV shareholders. The general meeting has been convened for the purpose of considering approval of the buy-back.

#### *How many PRV shareholders were involved in making the Requisition?*

The Requisition came from some 120 shareholders representing approximately 1.6% of the issued capital of the Company. Under Section 249C of the Corporations Act, either a shareholder with over 5% of the issued capital; **or** a group of at least 100 shareholders **regardless of their combined holdings**, can requisition a general meeting. In total, the Company has over 7000 individual shareholders.

### The Buy-back and my shares

#### *What choices do I have in the Off-market Buy-back?*

Acceptance of the Off-market Buy-back is not compulsory. The Buy-back offers shareholders three choices:

**Choice one** is to stay invested in the Company and take advantage of potential market gains and other possible future advantages such as franking credits.

**Choice two** is to sell all your shares as part of the Off-market Buy-back at a price that closely matches the value of the NTA per share of the Company at 30 September 2009. (*For further details relating to the price of the Off-market Buy-back, please see section 2.6 of the Buy-back Booklet.*) If the total number of shares that shareholders request be bought back exceeds 65% of the total number of issued shares, a scale back mechanism will be used.

**Choice three** is to sell some shares and retain others.

***How many shares will be bought back?  
I heard it was 65%?***

No, the 65% limit referred to in the Buy-back Booklet represents the **maximum number** of shares that **may** be bought back. The actual number of shares that are bought back will depend on how many shareholders offer up their shares for sale. It is possible that the final amount bought back will be less than 65%.

**The Buy-back and my ongoing investment in PRV**

***What will happen to PRV if a Buy-back of the full 65% does eventuate?***

We expect the final percentage of shares bought back will be lower than 65%. However, if 65% of Premium's capital was cancelled as a result of the Buy-back, the Company would continue to operate as a listed investment company with a smaller investment portfolio. Remaining shareholders would continue to enjoy the benefits of the portfolio management and stock selection expertise of Treasury Group and its boutique managers.

***If PRV does get smaller due to the Buy-back, what will happen to management and other fees?***

A smaller investment portfolio would result in lower Company expenses. The largest single expense of the Company, the investment management fee is variable, not fixed, and is calculated as a percentage of Funds Under Management (currently 0.90% of FUM). As such, the total amount of management fees will be reduced if FUM decreases because shares are bought-back. The PRV Board, through active management of the Company's fixed operating costs will endeavour to keep the total expense ratio competitive.

***How will the Company fund the Buy-back?***

Premium currently holds a diversified portfolio that includes cash as well as shares. Up to 65% of the cash held will be used first to buy back the shares from participating investors.

Depending on the extent of shareholder participation, there may be a need to sell down some of the equity component of the Company's portfolio. However the need for this will be closely monitored and the Company will seek to ensure that any realizations will be undertaken in an orderly fashion. In fact one of the benefits of Premium's diversification is that it is not difficult or expensive to sell down its equity holdings.

***Will the allocations to current boutique fund managers be maintained after the Buy-back?***

The management and administration of the Company's investment portfolio is outsourced to Treasury Group Investment Services Limited (TIS). As the Company's investment manager, TIS is responsible for managing the Premium's share portfolio to deliver the Company's stated objective.

Post any Buy-back, TIS via its investment committee, would continue to;

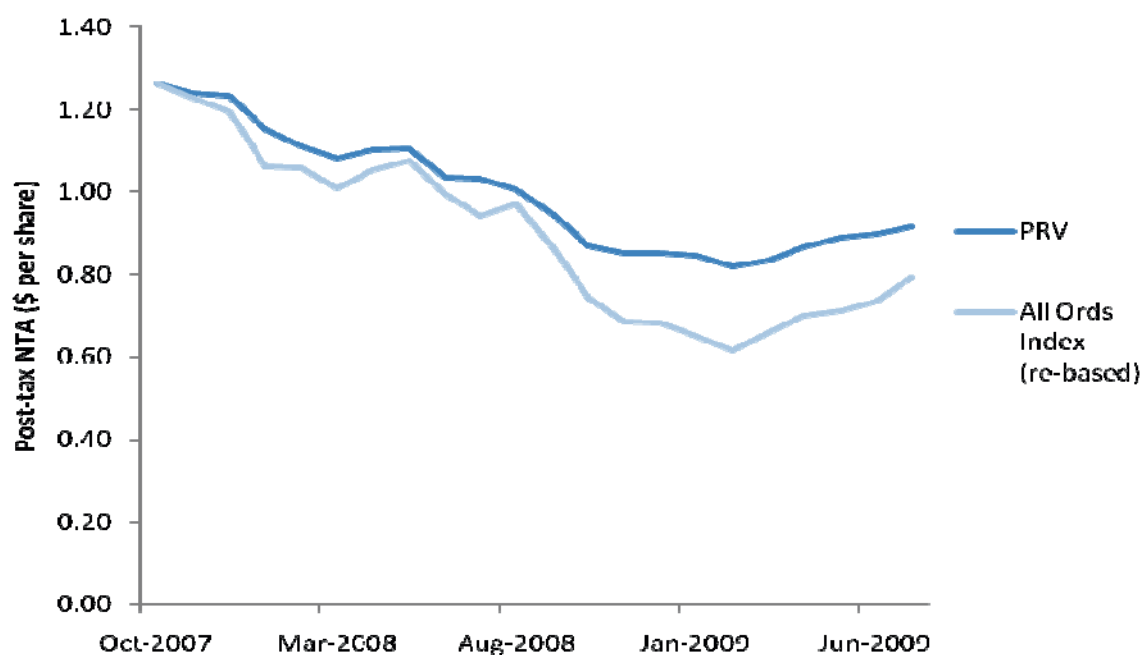
- appoint and review the appointment of the investment managers;
- determine and review the allocation of funds by market sector and investment manager;
- monitor the performance of investment managers, relative to the agreed mandates, market conditions and the agreed benchmarks; and
- monitor investment manager compliance with mandates, reporting requirements, legal and regulatory requirements and governance matter.

## Investment management and performance outlook

Premium Investors is a unique investment offering individuals access to leading investment boutiques, exposure to both domestic and international markets, and active asset allocation between managers by Treasury Group Limited.<sup>1</sup>

### A conservative approach to investing:

Since its launch in 2003 Premium has maintained a conservative approach to investing in both domestic and global sharemarkets. During the recent market downturn the investment portfolio of Premium outperformed<sup>2</sup> declining equity markets. This relative performance not only reflected the way in which our investment managers had positioned the portfolios to protect returns, it also reflected the risk reducing benefits of Premium's well-diversified portfolio.



While our equity managers took a conservative approach during the bull market, they were successful in identifying quality companies at reasonable prices. This enabled them to reposition their portfolios as investments became cheaper through the downturn.

<sup>1</sup> Through Treasury Group's subsidiary: Treasury Group Investment Services

<sup>2</sup> Source: Treasury Group Limited



### **Access to boutique investment managers:**

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Treasury Group has over the past 5 years broadened the range of boutique equity managers responsible for investing the funds of Premium's portfolio. Today Premium's portfolio is invested with the following managers from the Treasury Group stable:

- **IML** – A value oriented Australian equity investor.
- **Orion** – An Australian equity manager focused on opportunities generated throughout the stages of investment cycles.
- **Cannae** – An Australian equity investor focused on high quality companies at cheap valuations.
- **Global Value Investors** – A manager who targets quality businesses with strong dividends across a range of global sharemarkets.
- **Treasury Asia Asset Management** – specialists in capturing investment opportunities in the Asian region.
- **RARE** – investors in Australian and international listed infrastructure companies that demonstrate the potential for stable long term growth and competitive returns.

With boutique investment managers, the people managing your money have a significant personal interest in the performance of your assets. Because the individual fund managers have ownership in the firm, the objectives of boutique fund managers and their clients are aligned – making it a sound formula for the delivery of competitive returns.

Treasury Group's participation strengthens this formula as Treasury chooses to work with only the highest quality investment professionals. Treasury Group strongly believes investment talent is the most important component of an investment business, and this is reflected in Treasury's stable of boutiques.

### **Active allocations and manager selection by Treasury Group:**

---

In addition to identifying talented investment managers, Treasury Group<sup>3</sup> actively manages the allocation of Premium's funds to the investment boutiques. Over a typical investment cycle, Treasury Group will reallocate funds from those investment managers whose markets have been outperforming the broader market, to those managers whose markets Treasury Group believes are yet to reach their potential. In doing so Treasury is allocating funds to those investment markets that have the greatest potential to deliver the best investment returns.

In allocating funds Treasury Group:

- Assesses the medium term outlook for the domestic and global economies;
- Reviews the relative valuation and attractiveness of domestic and global investment markets;
- Forms an opinion on the expected return (allowing for risk) for each asset class; and
- Assesses the investment style that should have the potential to offer the best returns for that point in the investment cycle. For example, weighting towards value oriented or growth oriented investments depending on their expected performance over the next 12 – 18 months.

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<sup>3</sup> Through Treasury Group's subsidiary: Treasury Group Investment Services

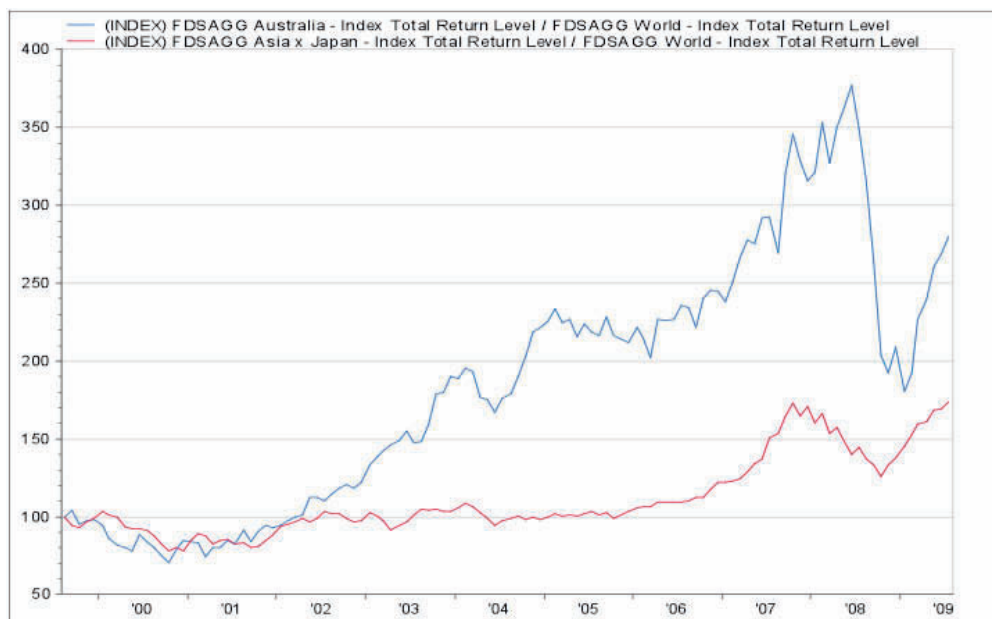
In this way Treasury is able to increase or decrease the weight of the portfolio to those areas and sectors that we believe represent the most attractive investment opportunity. The allocation decision is made between Australian and overseas equities and then specific regions, such as Asia. An allocation will also typically be made to global listed infrastructure, for what Treasury Group believes to be its stable returns and investment income.

### **Treasury Group Investment Services<sup>4</sup>: Outlook for Premium’s investments**

In the past decade, the Australian equity market has consistently outperformed international markets, as strong global economic growth led to rising commodity prices. Rising personal incomes, increasing assets prices and the growing use of debt have further assisted Australia’s economic growth. Australia has also maintained a strong financial sector by avoiding many of the issues that have been impacting the global economy, such as the build up of excess capacity in housing and commercial real estate. The artificially inflated asset prices have been a key area of weakness in many offshore markets.

At Treasury Group, we believe that much of the relative attractiveness of Australian assets has now been factored into local valuations. Australia’s ability to sustain above average economic growth is limited, as the continued use of debt to support consumption will not continue to be freely available. Australia’s advantages as a mineral supplier to emerging markets will remain, however this has largely been priced into the local equity market.

### **Australian outperformance is expected to moderate**



In relative terms therefore, valuations in offshore markets are now more attractive and could become more so as many of the imbalances in the offshore economies and financial sectors are repaired. However we do expect the global and Australian economic growth rate will remain moderate over the medium term. After an initial recovery from the recessionary levels, Treasury Group expects growth will be hampered by the need to reduce debt levels, particularly in economies such as the UK, US, Spain, and Eastern Europe. Growth is likely to be led by activity in emerging markets, although there too growth will be more moderate

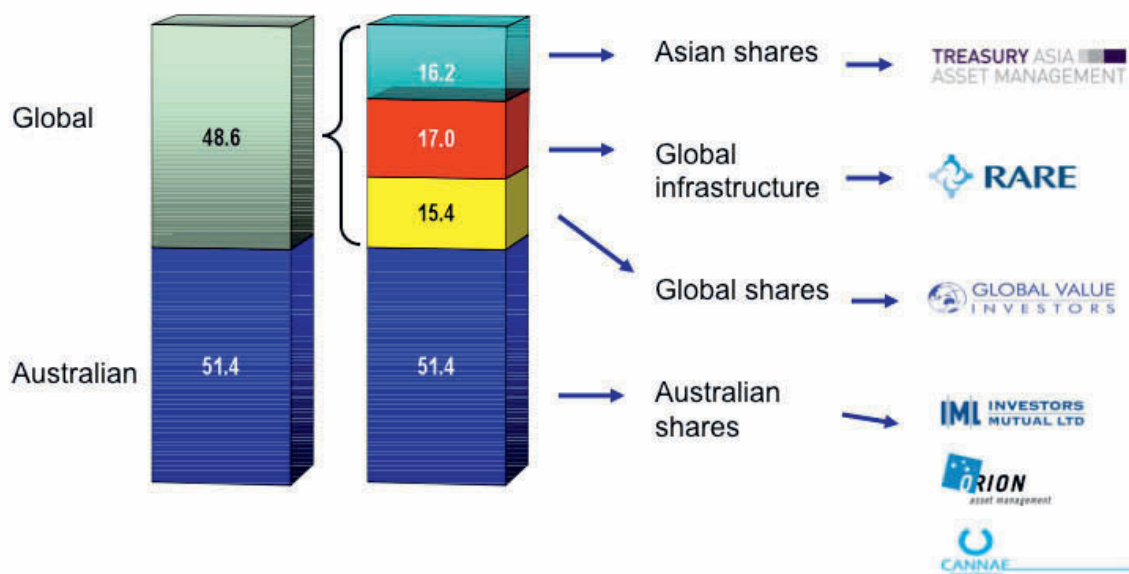
<sup>4</sup> Australian financial services licence number: 227 326

than that seen during the past decade. To gain exposure to the areas of highest expected growth, Treasury Group has allocated funds to both Treasury Asia Asset Management and Global Value Investors. These managers will give shareholders in Premium exposure to Asia and other emerging markets.

Treasury’s more moderate overall growth expectations, call for a conservative approach to investing with a particular focus on dividend yield. Both IML and Global Value Investors specifically target higher quality, yielding assets and their portfolios should benefit during this period.

Infrastructure investing will remain a high priority for governments in all markets. This should create further opportunities for RARE – Treasury’s global listed investment manager. Listed infrastructure offers higher yields that support returns during periods of moderate economic growth.

### Current weight by region and manager:



### Conclusion:

Premium is well placed to navigate a more challenging investment environment. The portfolio has been conservatively positioned to gain from any sustainable upward movement in investment markets.

Premium remains a unique investment vehicle, with the ability to invest in both Australian and overseas markets and gain from the expertise and experience of some of Australia’s leading boutique equity managers.

### Disclaimer:

While the information contained in this document has been prepared with all reasonable care, neither Premium Investors Limited, Treasury Group Limited nor Treasury Group Investment Services Limited accepts any responsibility or liability for any errors, omissions or misstatements however caused. This information is not personal advice. This information has been prepared without taking account of your objectives, financial situation or needs.

Investors should be aware that past performance is not indicative of future performance. Returns can be volatile, reflecting rises and falls in the value of underlying investments. Potential investors should seek independent advice as to the suitability of an investment to their investment needs.



## Buy-Back Addendum

### 1 AUDITED INCOME STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

The audited income statements for the year ended 30 June 2009, as referred to in Section 3.2 of the Buy-Back Booklet, are set out below:

<b>Premium Investors Limited</b>	<b>Year ended</b>
Consolidated Income Statement for	30 June 2009
	\$'000
Revenues	8,689
Realised (losses)/gains on investment at fair value through profit and loss	(50,698)
Unrealised (losses)/gains on investment at fair value through profit and loss	9,820
Expenses	<u>(2,793)</u>
Profit before tax	(34,982)
Income tax expense	<u>(4,458)</u>
Profit for the half-year	(39,440)
	<u>Cents</u>
Basic earnings per share	(17.65)
Diluted earnings per share	(17.65)
Final franked dividend per share	-
Interim franked dividend per share	-

## 2 AUDITED PRO-FORMA BALANCE SHEET AS AT 30 JUNE 2009

The audited pro forma balance sheet, as referred to in Section 3.4 of the Buy-Back Booklet, is set out below:

<b>Premium Investors Limited</b>	<b>30 June Accounts 2009</b>	<b>Note Share Buy-back</b>	<b>Pro Forma Balance Sheet 2009</b>
Pro-forma Consolidated Balance Sheet 30 June 2009	\$'000		\$'000
<b>ASSETS</b>			
Cash and cash equivalents	32,902	(21,387)	11,515
Trade and other receivables	1,303		1,303
Other assets	106		106
Financial assets at fair value through profit or loss	146,981	(103,784)	43,197
Deferred tax assets	5,508		5,508
<b>Total assets</b>	<u>186,800</u>		<u>61,629</u>
<b>LIABILITIES</b>			
Trade and other payables	1,258		1,258
Financial liabilities at fair value through profit or loss	174		174
	<u>1,432</u>		<u>1,432</u>
<b>Net assets</b>	<u>185,368</u>		<u>60,197</u>
<b>EQUITY</b>			
Contributed equity	220,827	(125,171)	95,656
Retained profits	(35,459)		(35,459)
<b>Total equity</b>	<u>185,368</u>		<u>60,197</u>

### Impact of the above on post tax NTA for June & July 2009

Please refer to the ASX announcement released on 27 August 2009 which clearly sets out the restated post tax NTA for 30 June 2009 and 31 July 2009. This change was made after consultation with the Company's auditors and the requirement of applying Accounting Standard AASB 112 "Income Taxes", which requires consideration of the Company's ability to utilise tax losses in a reasonable period, as at 30 June 2009.

The Board has considered the change to the NTA calculation necessary in light of the 65% off market buy-back and the on market buy-back approved by shareholders on 19 August 2009.

Please also note the post tax NTA graph on page 1 of the Investment Management and Performance Outlook document included in this package of material, is based on calculation methodology that prevailed prior to the deferred tax assets on the Premium Investors Limited balance sheet being written down as a result of the analysis undertaken in relation to the 30 June 2009 year end audit.