

## **General Meeting of Shareholders held 19 August 2009**

### **Chairman's Address**

Good afternoon and thank you for coming.

The purpose of today's meeting is to vote on the capital management program announced by Premium on 20 July 2009. Specifically you will be asked today to vote on the following resolutions:

- RESOLUTION 1: An immediate off-market equal access buy-back of up to 65 per cent of issued capital at a 1.75 per cent discount to NTA
- RESOLUTION 2: A further on-market buy-back over the next 12 months of up to 15 per cent of issued capital
- RESOLUTION 3: Amendments to the constitution to provide shareholders with greater ability to ensure periodic capital management assessments

In the normal course of events the Board may have used the AGM as the forum to vote on this program. However as you will be aware, on 17 June 2009 we received a requisition for a meeting of shareholders from a small group of investors in Premium. We were required under Corporations Law to respond to that request by announcing a General Meeting within 28 days of receipt.

That requisition has subsequently been withdrawn but on receipt of the requisition, the Board determined that we would accelerate Premium's capital management program (the Program) and use the General Meeting as the forum to allow shareholders to consider and vote on the Program.

I first announced that we would be implementing a capital management program in December 2008. The first step in this program was an equal access buy-back, announced in April 2009. The equal access buy-back gave 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.

Today's resolutions will give shareholders who want to realize their shareholding in the short term, the opportunity to do so at a value that will be close to the value of the Company's asset backing. Importantly, it will also allow those shareholders who want to remain as long term investors in Premium the opportunity to retain their shares and potentially gain from the sharemarket recovery both here in Australia and overseas. Additionally, the resolutions will give the Board and shareholders the ability to ensure continuing active management of the capital of the Company, particularly in response to divergences between the Company's share price and NTA.



I will review the resolutions in detail before I ask you to vote, however I do want to stress that if you vote in favour of these resolutions it does not mean that you have to sell your shares in the buy-back. In fact your Board strongly recommends that if you are seeking a sound long-term investment, you should consider retaining your shares in Premium.

Premium is well placed to take advantage of improving markets and economies. We have a strong balance sheet, sound management and a committed, fully independent Board of Directors. The combined expertise of the Treasury Group and its boutique fund managers will deliver competitive returns to shareholders.

Premium is a long-term investor and will continue to be differentiated by and recognized for, a uniquely diversified, quality portfolio.

I'd like to ask David Cooper at this point to bring you up to date with the Company's investments and Treasury's market outlook.

*Refer Investment Management presentation attached*

Before I turn to the resolutions I would like to highlight some important points from the information provided to you over the past few weeks.

First I would like to remind you that you might vote in favour of these resolutions and still choose not to sell your shares in the buy-back. These resolutions are designed to allow those who have a shorter term investment horizon to exit the Company at a value closer to the Company's NTA and with potentially less impact on the Company's share price.

Second, I should emphasize that the buy-back cap of 65% is the maximum amount that Premium is allowed to purchase under this buy-back. The actual amount may be considerably less.

This Capital Management Program was devised with the assistance of an experienced, independent corporate advisory firm. An off-market buy-back of up to 65% of the Company's capital was advised as the most equitable way to allow all shareholders flexibility in how they respond to a buy-back. Premium has over 7000 shareholders and by offering up to 65%, we have the flexibility we need to allow some shareholders to hold all of their shares, others to sell their shares, and some shareholders to sell only part of their holding. Your Board does anticipate that the final amount sold back to the Company in the off-market buy-back will be less than 65%.

Tom Collins

Chairman



# General Meeting

19 August 2009



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# Agenda

- **Welcome**
- **Introduction of Company Advisers**
- **Chairman's Address**
- **Investment Management Report**  
David Cooper, Treasury Group Investment Committee
- **Items of Business**  
Resolution 1: Off Market Buy-back of up to 65% of shares  
Resolution 2: On Market Buy-back of up to 15% of shares  
Resolution 3: Amendment to Constitution
- **Questions**

# Chairman's address



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## Purpose of the meeting

To vote on the capital management program announced on 20 July 2009.

**RESOLUTION 1:** An immediate off-market equal access buy-back of up to 65 percent of issued capital at a 1.75 per cent discount to NTA

**RESOLUTION 2:** A further on-market buy-back over the next 12 months of up to 15 per cent of issued capital

**RESOLUTION 3:** Amendments to the constitution to provide shareholders with greater ability to ensure periodic capital management assessments

## Purpose of resolutions

Two key objectives:

- An equitable solution for shareholders who have a long term investment horizon and hence want to hold their PRV shares, and shareholders who want to realise their investment in the short term.
- Give the Board and Shareholders the ability to ensure continuing active capital management, particularly in response to divergences between the share price and NTA.

## Premium is a sound long term investment

- Well placed to take advantage of improving markets and economies
- Strong balance sheet, sound management and a fully independent Board of Directors
- The combined expertise of the Treasury Group and its boutique fund managers
- Uniquely diversified, quality share portfolio

# Investment management report



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## Portfolio Update – August 2009

David Cooper

Member of the Treasury Group Investment Committee

Executive Director, Treasury Group

## Introduction

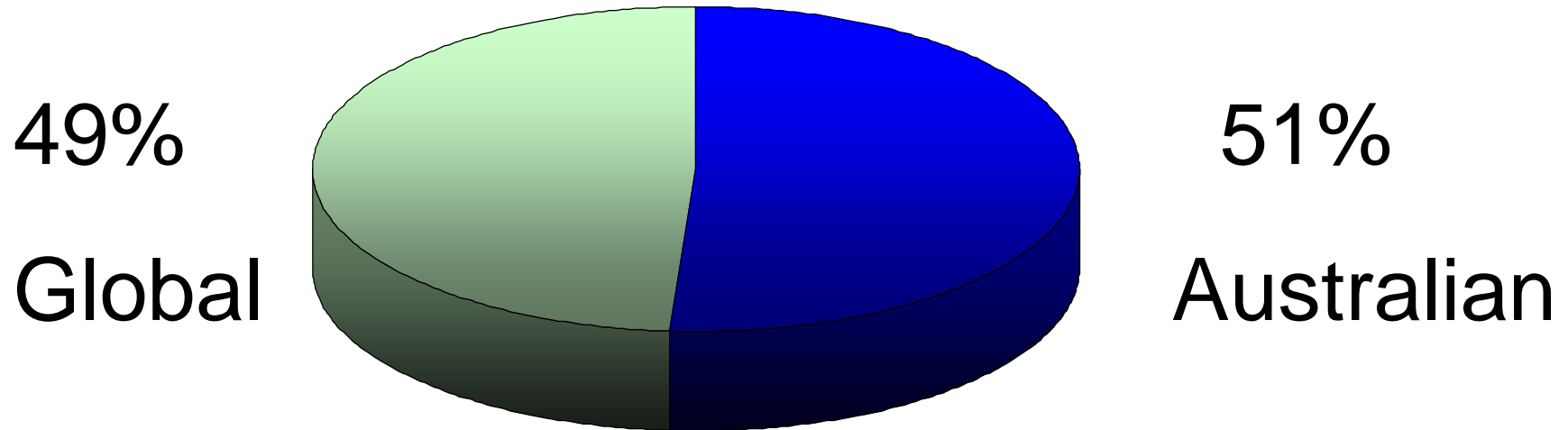
### Investment mandate

- ❖ High long term real rate of return
- ❖ Aiming to reduce the quantum of capital loss over the short term

### Franking credits

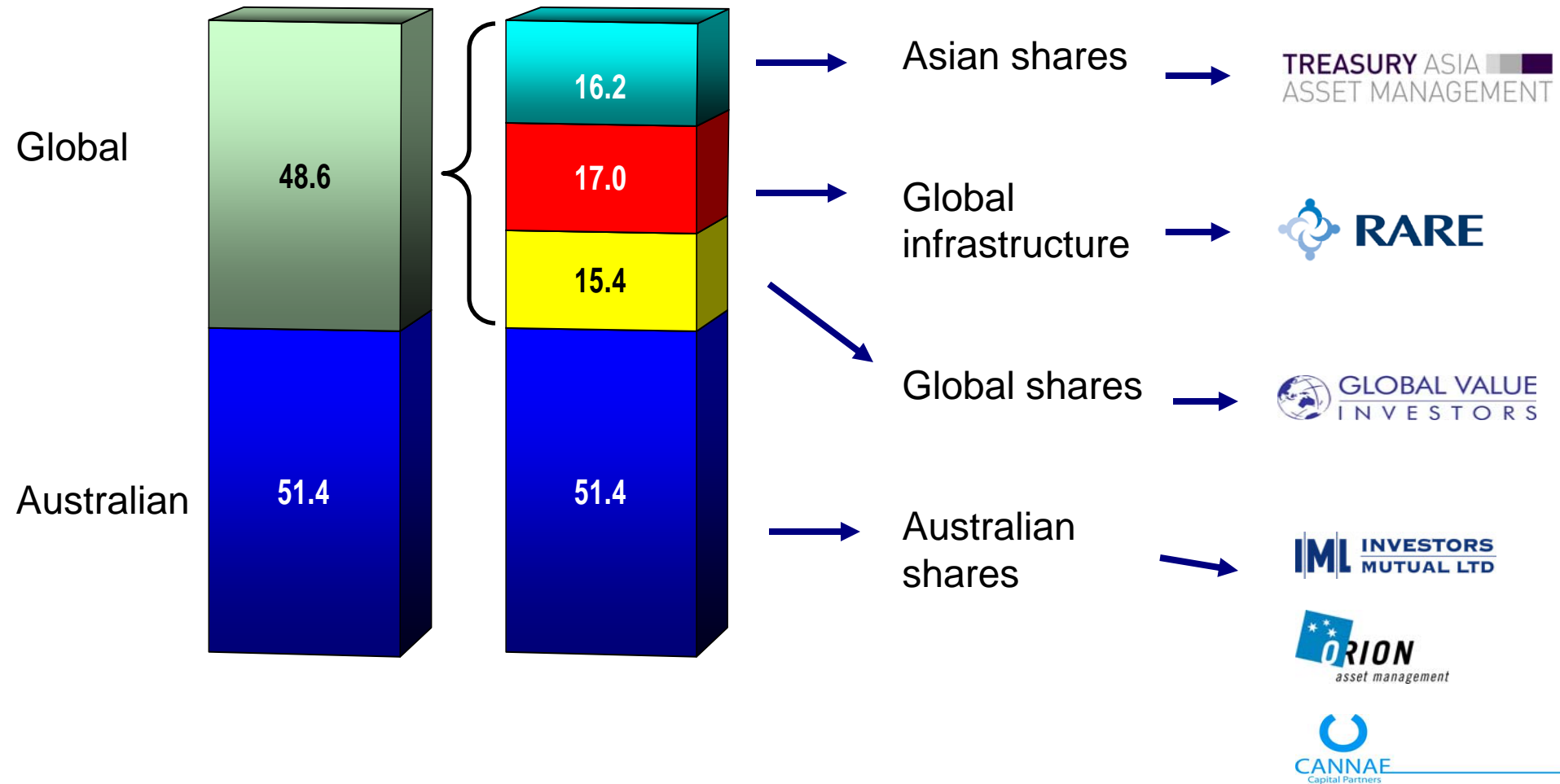
- ☑ Premium Investors currently has over **\$9.7m** in franking credits
- ☑ These remain in the business for distribution to shareholders in future dividends

## A unique mix of global and local investments

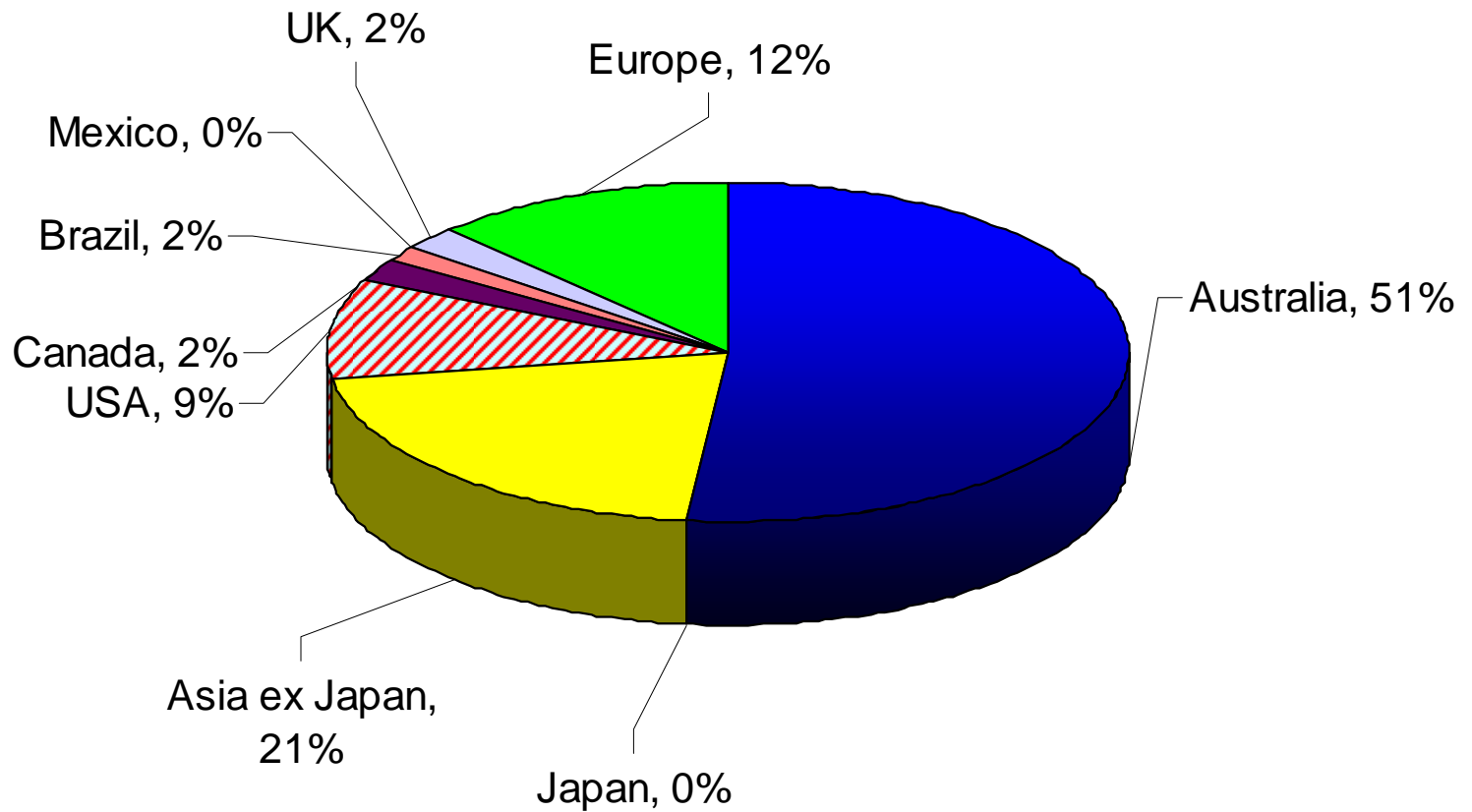


- ☑ The portfolio is not geared (debt free)

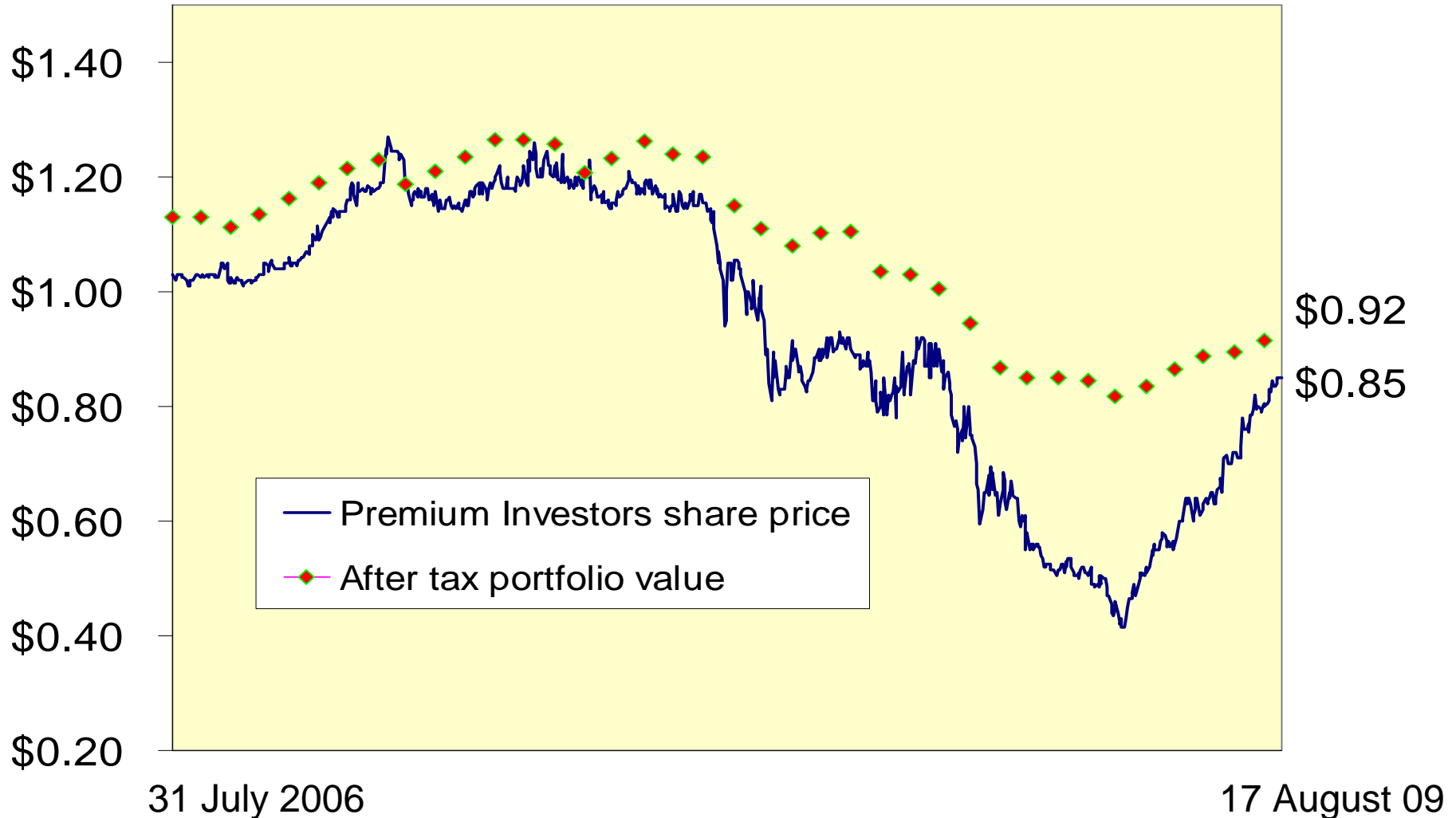
## The portfolio by region and manager



## The portfolio – by country



## Share Price History and Net Tangible Assets



## Important Information & Disclaimer

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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 the Fund to their investment needs.

The fact that shares in a particular company may have been mentioned should not be interpreted as a recommendation to buy, sell or hold that stock.

## Important considerations

- You might vote in favour of these resolutions and still choose not to sell your shares in the buy-back.
- The cap of 65% will allow the flexibility required for PRV's 7000 plus shareholders to make a choice between retaining their full shareholding, selling their full holding or retaining part of their holding.
- The Board expects that the final number of shares sold back to the company during the buy-back will be considerably less than 65%.

# Formal items of business



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## Item 1 Off Market Buy-Back of up to 65% of shares

“That the Company authorises and approves for the purposes of Section 257C of the Corporations Act and all other purposes, the buy-back of up to a total of 65% of its issued ordinary shares as at the date of this resolution by buy-back agreements under one or more off market buy-backs and authorises and approves each agreement entered into during the 12 months commencing on the date of this resolution to the extent that:

- a) approval of such buy-back agreements is required under section 257C of the Corporations Act; and
- b) the number of ordinary shares in the Company bought-back under such buy-back agreements does not exceed 65% of its issued ordinary shares as at the date of this resolution.”

Proxies have been received in respect of the resolution as follows:

In favour	Against	Abstention	Proxy’s Discretion
87,504,821	1,786,866	286,464	4,214,295

## Item 2 On Market Buy-Back of up to 15% of shares

“That the Company authorises and approves for the purposes of Section 257C of the Corporations Act and all other purposes, the buy-back of up to a total of 15% of its issued ordinary shares as at the date of this resolution by buy-back agreements under one or more on market buy-backs and authorises and approves each agreement entered into during the 12 months commencing on the date of this resolution to the extent that:

- a) approval of such buy-back agreements is required under section 257C of the Corporations Act; and
- b) the number of ordinary shares in the Company bought-back under such buy-back agreements does not exceed 65% of its issued ordinary shares as at the date of this resolution.”

Proxies have been received in respect of the resolution as follows:

In favour	Against	Abstention	Proxy’s Discretion
88,597,390	605,578	328,259	4,261,219



### Item 3 Amendment to Constitution

“That the constitution of the Company be amended by deleting existing rule 14.1 and replacing it with a new rule 14.1 as follows:

14.1(a) For the purposes of this rule 14.1:

**Monthly VWAP** means, for a month, the volume weighted average price for the company’s ordinary shares sold on the securities market of ASX Limited during the month.

**NTA per share** means, for a month, the value of the net tangible assets of the company (after tax has been paid or provided for on all realised and unrealised capital gains for that period) as at the end of the month by the number of ordinary shares on issue.

14.1(b) If for each of 12 consecutive calendar months the Monthly VWAP is less than 90% of the NTA per share the directors must ensure that shareholders are provided with the opportunity to vote by way of an ordinary resolution at the next Annual General Meeting on the continuation of the company’s business in its present form or otherwise.”

Proxies have been received in respect of the resolution as follows:

In favour	Against	Abstention	Proxy’s Discretion
87,959,929	1,415,202	187,210	4,230,105

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# Questions

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