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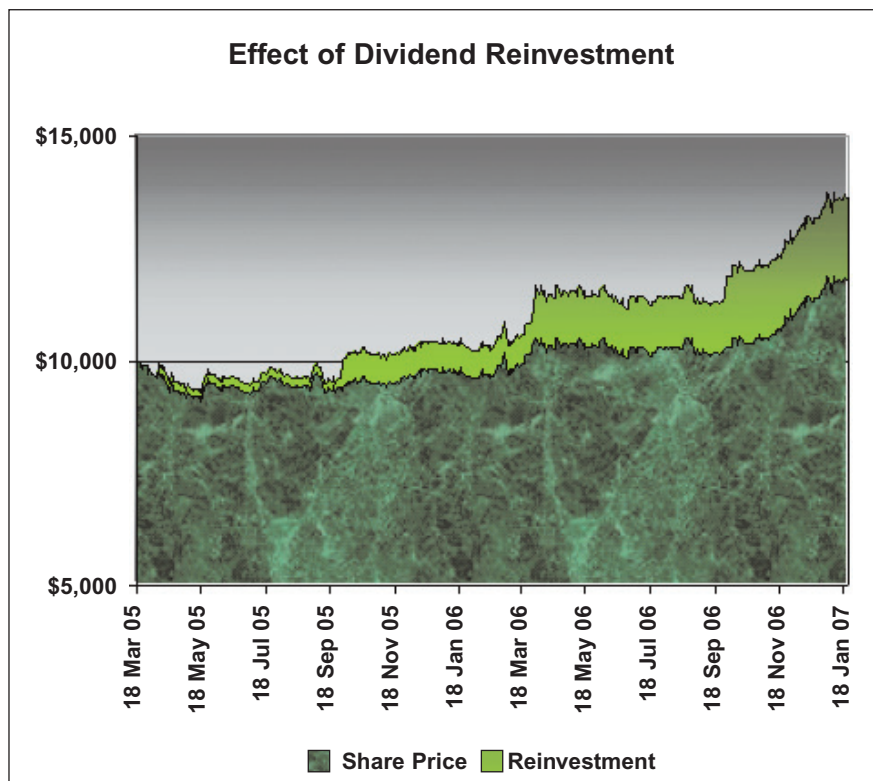
P 1800 087 348

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Dear Shareholder,

Premium's Dividend Reinvestment Plan

Premium Investors introduced a Dividend Reinvestment Plan (DRP) in February 2005 to cater for the needs of investors who prefer to build up their holdings in the Premium Investors rather than take dividend in cash. Reinvesting dividends will result in an increase in the number of shares held by a participant in the plan.



Our chart compares the market value of holdings in Premium Investors for a shareholder who reinvested all dividends using Premium's DRP, with an investor who took all dividends in cash. The first dividend eligible for the Plan was paid on 7th April 2005 and our chart starts approximately two weeks before that date. The figures assume both shareholders held 10,000 shares at the start of the period at the then price of \$1.00 and are based on calculations by Premium Investors.

Past performance is not indicative of future performance and share prices can be volatile. We recommend that shareholders seek independent advice as to the suitability of dividend reinvestment plans to their financial needs.

After the payment of the final dividend on 29th September 2006, our reinvesting shareholder held 11,553 shares whilst our investor who took the dividends in cash held the original 10,000 shares. Our reinvesting shareholder held shares worth \$13,633 compared to the \$11,800 held by our investor taking cash dividends.

All shareholders can join the DRP by completing the application form included with this letter. The Explanatory Booklet, which sets out the full details of the operation of the Plan is provided to shareholders when they first invest in Premium Investors and copies are available from Computershare or can be downloaded from our website at premiuminvestors.com.au.

To participate in the Plan for the next dividend, you will need to have already joined the plan or complete the application form and return it to Computershare by the Record Date announced with the dividend. Since the next dividend and any discount applying to the Plan is expected to be announced by the end of February, your early attention is needed.

You do not have to reinvest all of your dividends if you elect to join the DRP, the application form allows you to nominate how many shares are to be included in the Plan. Furthermore you can change your instructions on how many shares are included, or withdraw from the plan at any time, simply by notifying Computershare of your intentions. A Change in Nomination form is available on our website and Computershare is introducing a new system where you can change your nomination on-line.

This letter does not contain financial products advice and the example shown, whilst based on historical fact, is for illustrative purposes only.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Don Sharp', with a long horizontal flourish extending to the right.

Don Sharp
Chairman