

Premium Investors Limited

ABN 47 106 259 885
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21st August 2006

Australian Stock Exchange
Continuous Disclosure Area

Dividend Announcement

On behalf of your Board of Directors, I take pleasure in announcing that the dividend for the period ending 30th June 2006 will be four cents per share fully franked, bringing the total dividend for the year to 8 cents per share fully franked.

In February 2006, your Board confirmed its intention to pay out the maximum dividend which is consistent with its view of sustainability over the medium to longer term. Total dividends of 8 cents per share at current levels of net tangible assets are in line with that policy and are equal to a pre tax yield of 11.10% per annum for Australian taxpayers.

The Premium Investors Dividend Reinvestment Plan remains in operation for the current dividend. Under this plan, shareholders may elect to convert all or part of their dividend into additional shares in Premium Investors. Directors have the discretion of nominating the share price discount under the plan and have elected to continue with a 2.5 per cent discount to the weighted average price over 5 days, commencing on the day when the shares in Premium Investors begin trading on an ex dividend basis.

Shareholders who wish to participate in the Dividend Reinvestment Plan must return their Application Form by the record date for the final dividend (4th September 2006). The Application form can be downloaded from our website premiuminvestors.com.au or from our registry computershare.com.au.

Don Sharp
Chairman