

Premium Investors Limited

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Australian Stock Exchange
Continuous Disclosure Area

Via: E Lodgement

Dividend Announcement and Revised Dividend Policy

On behalf of your Board of Directors, I take pleasure in announcing an increase in the interim dividend being paid by Premium Investors for the period ending 31st December 2005 to 4 cents per share, once again fully franked. This represents an increase of 100% on the dividend paid in the corresponding period in the previous financial year and brings the total dividends paid over the past 12 months period to 8 cents per share.

The Record date for this dividend is 10th March 2006 and the payment date is 31st March 2006.

Your Board has always intended to pay out the maximum dividend which is consistent with its view of sustainability over the medium to longer term. Over the two years your company has been operating, your Board has consistently built the dividend to the level which meets our long term objectives for Premium Investors as a high yielding investment which is managed to provide its shareholders with a consistent source of high quality income. When franking credits are taken into account, 8 cents per share income over the whole year and a share price of 97 cents is equivalent to a pre tax yield of 11.78% 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 cash dividends 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 commence trading on an ex dividend basis.

Shareholders who wish to participate in the Dividend Reinvestment Plan and who are currently not on the plan must return their Application form by the record date for the interim dividend (10th March 2006). The Application form for the Dividend Reinvestment Plan can be downloaded from our website premiuminvestors.com.au or from our registry computershare.com.au.

The Corporations Act requires dividends to be paid from profits and retained earnings and under the newly introduced Australian International Financial Reporting Standards, changes in asset values, whether realised or not, impact directly on profits and therefore retained earnings. Adverse economic or market conditions could impact on the level of future dividends that Premium Investors can prudently pay. The net tangible assets per share of Premium Investors, after payment of all taxes but before the payment of this dividend was 114.1 cents per share on 31st January 2006. After payment of this dividend, retained profits will be approximately 12 cents per share.

Don Sharp
Chairman