

10 February 2011

Australian Stock Exchange
Continuous Disclosure Area

Via: E Lodgement

Dividend Announcement & Press Release

Please refer attached

Yours faithfully



Reema Ramswarup
Company Secretary



10 February 2011

PRESS RELEASE

Strong first half interim dividend announced

- **Interim dividend of 3.5 cents per share fully franked**
- **Dividend Reinvestment Plan available for interim dividend, at a 5% discount**
- **On current share price the prospective yield based on full year estimates is 8.8% fully franked**

The Board of Premium Investors Limited (PRV) is pleased to announce an interim 3.5 cent fully franked dividend with a record date of 2 March 2011 and a payment date of 30 March 2011.

PRV Chairman Mr Tom Collins said; "The Board of Premium is proud of the company's ability to deliver this result and continue to provide strong dividend payouts. Dividends received throughout the 2010 calendar year totalled 8.5 cents per share and included a catch-up payment as a consequence of being prevented from paying dividends in 2009. Mr Collins went on to say that the Board believe a 3.5 cents final dividend should be sustainable for the full financial year as long as no material deterioration of domestic or global financial markets is experienced. Thus based on the current year's expected total dividend of 7 cents fully franked, at current prices of 79c the shares are prospectively yielding 8.8% fully franked. To achieve the same tax yield return from a bank interest bearing deposit you would need to be receiving a deposit rate of 12.5 %."

"PRV does not have external borrowings or debts to service which supports the strong potential to continue to pay dividends. Funds are not required elsewhere thus shareholder opportunities are maximized. Our investors receive the benefit of enhanced dividend yields, not only because the stocks in which we are invested pay sound income streams, but because the share price of PRV is trading at 16% below the market value (Net tangible Assets) of the underlying investments. "

This current net tangible asset (NTA) value of PRV securities is 94.2¹ cents, which compares with the current market price around 79 cents. This means investors receive dividends generated from 94c of assets value, but can purchase their investment at 79 cents per share.

Mr Collins said Premium is a unique ASX listed LIC, in that it is currently the only listed investment vehicle that gives shareholders exposure to and pays fully franked dividends derived from investment in Australian and overseas markets. "The portfolio also benefits from the investment management expertise of some of Australia's leading boutique equity managers," he said. "The portfolio is well diversified by country, industry and management style."

The audited half year results for the period ending 31 December 2010 will be released on Wednesday 16 February 2010.

Media contact

Christine Harris
Financial Media Connections
0414 621163
Christine@finmc.com.au

¹ NTA as at 31 December 2010.

