

6 April 2009

Australian Stock Exchange
Continuous Disclosure Area

Via: E Lodgement

Equal Access Share Buy Back

Please find attached a media release announcing that Premium Investors Limited will be conducting a share buyback and a copy of correspondence that is being sent to shareholders.

Yours faithfully



Reema Ramswarup
Company Secretary



MEDIA RELEASE

Premium Investors announces equal access share buy-back

Sydney, 6 April 2009: Premium Investors Limited (ASX: PRV) – a listed investment company (LIC) - today announced it will conduct an equal access share buy-back.

Offer period: Open mid-April 2009 for approximately 10 weeks, Will be fully completed prior to 30 June 2009.

Eligibility: Eligible shareholders will be able to offer for buy back not more than 5 per cent of their shareholding.

Price: Buy back price will be announced by 16 April 2009.

Record date: 22 May 2009.

More information: Buy-back booklet to be distributed in mid-April. Premium Investors shareholder briefings in May 2009. For details: <http://www.premiuminvestors.com.au/>

Premium Investors' Chairman, Tom Collins, said: "Share prices across the globe remain depressed and the outlook for financial markets continues to be uncertain. If these conditions prevail it is unlikely the Board of Premium Investors will be able to pay a dividend for the six months ending 30 June 2009. In the light of these conditions, the Board has focused on taking decisive steps to restore value to our shareholders.

"While Corporations Law currently prohibits Premium Investors from paying dividends, we continue to receive a healthy stream of dividend and interest income on the portfolio, which is reflected in the company's Net Tangible Assets (NTA). Our NTA is faring better than the broader share market and we are likely to be in a position to restore dividend payments when financial markets recover.

"Premium's share price does not reflect the relative strength of the underlying portfolio value and has tended to follow the direction of the overall Australian share market rather than the performance of our assets. This has resulted in a discount to the last reported NTA.

"The Premium Investors' Board recognises that absolute performance, as measured by dividends paid and share price, is critical to our shareholders. The equal access buy-back is one way we can address shareholder's concerns," said Mr Collins.

Further Information

www.premiuminvestors.com.au :

Tom Collins,
Chairman of Premium Investors Limited, 1800 087 348

Tim Hyett,
Chairman Treasury Group Investment Services Limited, +61 2 8243 0400



6 April 2009

Dear Shareholder

As we move into the final quarter of this financial year share prices across the globe remain depressed and the outlook for financial markets continues to be uncertain. Should these conditions prevail, it is unlikely that the Board of Premium (PRV) will be able to pay a dividend for the 6 months ended 30 June 2009. In the light of these conditions, the board is focused on taking decisive steps to restore value to our loyal shareholders.

We have reported on a number of occasions over the past year that companies are prohibited under Corporations Law from paying a dividend while their retained earnings are negative and if they report a loss in a financial year. Our retained earnings are negative because we must by law comply with the IFRS accounting standards and these require Premium to take to account all unrealised losses and gains as well as dividend, interest and trading income earned, in each financial reporting period. Premium is likely to be in a position to restore dividend payments when financial markets demonstrate a sustained recovery over a financial year.

Our inability to pay a dividend is despite Premium continuing to receive a healthy stream of dividend and interest income on the portfolio. While we are unable to pass these on to shareholders as a dividend, the income received is reflected in the Company's Net Tangible Assets (NTA).

Overall your Company's NTA is faring better than the broader sharemarket. This is largely reflective of the diversification of Premium's portfolio and the conservative approach adopted by our investment managers. The Portfolio's broad spread of investments across countries, industries and investment managers has successfully reduced the downside volatility at this critical time.

Unfortunately Premium's share price does not reflect the relative strength of the underlying portfolio value as our share price has tended to follow the direction of the overall Australian share market and not the more robust performance of our assets. This has resulted in a discount of the share price when compared to the last reported NTA of over 40% on occasion during 2009.



Your Board recognises that no matter how effective the management of Premium's investment portfolio in relative terms, it is the absolute performance as measured by the dividends paid and the movement in the share price that is of interest to shareholders.

As I mentioned in my opening remarks, your Board is taking decisive steps to help restore value for our loyal shareholders.

1: Equal Access Buy Back

In the first instance Premium will over a period of approximately 10 weeks, commencing in mid April, give all shareholders the opportunity to participate in an equal access buyback. The buyback will allow shareholders to realise not more than 10% of their shares at a price to be announced. This buyback will assist those shareholders who have been adversely affected by Premium's inability to pay a dividend. Eligible shareholders will receive a buyback booklet along with the necessary forms from Computershare in mid April 2009.

2: Communication

As you may recall in 2008 we stepped up our efforts to communicate relevant messages to shareholders on a regular basis. To this end we revamped our website and reinstated regular shareholder briefings. This year we will move our communication strategy to its next phase.

For new and existing shareholders, we believe that the current discount to NTA offers significant opportunity and we intend to improve the way we present Premium's credentials to both groups.

The first thing you will soon notice on the website and in the media is that Premium's association with Treasury Group Ltd will be given a higher profile. Premium will be clearly branded to ensure that existing and prospective shareholders are aware that an investment in Premium provides access to Treasury Group's expertise in investment management.

Premium holds a quality portfolio of diversified investments. We are a long term investor with a strong balance sheet. We benefit from the boutique funds management and investment expertise of the strong corporate - Treasury Group. These are ingredients for successful investing and your Board will continue to promote this message to existing and prospective shareholders.

3: Company objective

PRVs longer term objective has always been to *achieve a high long term real rate of return for investors, comprised of both income and capital growth, while aiming to reduce the risk and quantum of capital loss over the shorter term.*

In October 2007 Premium introduced a specific income target and stated that it also *aimed to maintain a fully franked dividend equivalent to 7% pa (on the NTA).* Given the Corporation Law limitations on dividend payments, a heavy focus on dividend payments alone does not reflect the actual returns earned on the portfolio (both capital gains and the receipt of dividends by the Company) during volatile market conditions. In this light, the Board believes it is prudent to restore the focus on the Company's original stated objective.

This longer term objective not only better articulates the nature of returns that we believe could be delivered to shareholders in the current environment, but in future market cycles as well. We also believe that this objective will better serve our investment managers as they seek to find investments of long term value in this market.

This shift in emphasis does not affect Premium's investment philosophy, which in partnership with Treasury Group Investment Services as the portfolio manager, has always been to utilize the expertise of boutique investment managers to invest in a conservative way, in a diversified portfolio of Australian and overseas shares.

The Company Objective, Performance Benchmark and Investment Philosophy are outlined in Attachment A.

Your Board anticipates that this package of initiatives will assist to restore value to shareholders. I look forward to an opportunity to discuss these initiatives further with you when we hold our next shareholder briefings in May this year.



Tom Collins

Chairman

ATTACHMENT A



PREMIUM'S INVESTMENT OBJECTIVE

The long term investment objective of the Company is to achieve a high long term real rate of return for investors, comprised of both income and capital growth, while aiming to reduce the risk and quantum of capital loss over the shorter term.

PREMIUM'S INVESTMENT PHILOSOPHY

Premium engages Treasury Group Investment Services to select boutique fund managers to invest in a diversified portfolio of Australian and overseas shares. The portfolio's currency exposure will in major markets be substantially hedged and in smaller markets depend on the manager's strategic view. The assigned portfolio managers may at any time hold up to half their allocated portfolio in cash.

PREMIUM'S PORTFOLIO PERFORMANCE BENCHMARK

The target rate of return for Premium Investors Limited investment portfolio is a rate equal to the average 5 year Commonwealth Government Bond Rate + 3%, calculated over rolling 3 year periods.