

20 July 2009

Australian Stock Exchange
Continuous Disclosure Area

Via: E Lodgement

Notice of General Meeting and Explanatory Memorandum

Premium Investors Limited will be holding a General Meeting on Wednesday 19 August 2009. Please find attached the following information that will be sent to shareholders today:

- Letter from Chairman
- Notice of General Meeting and Explanatory Memorandum; and
- Proxy Form

Yours faithfully



Reema Ramswarup
Company Secretary



20 July 2009

Dear Shareholder,

The Board's plan to enhance the value of your shares

In June and early July, the Board of Premium Investors (PRV) held discussions with a number of shareholders, to obtain feedback about the prevailing market price of PRV's shares. We gave careful consideration to both PRV's capital management objectives and to shareholder views in developing a comprehensive plan to address the discount between the share price and the Net Tangible Assets (NTA).

The Board aims to ensure the discount between the share price and NTA is kept as narrow as possible as well as to provide an opportunity for shareholders to stay invested in PRV as markets improve.

PRV has a clear plan to enhance the value of your shares. Aspects of the Board's plan require your approval and, as such, the Board has called a General Meeting of shareholders. The meeting is to be held on 19 August 2009. This is an important meeting so if you are unable to attend please direct your proxy to the Chairman.

Background

As you are aware, PRV's shares have traded at a discount to Net Tangible Assets (NTA).

The Board has taken successful action to reduce this discount, and would now like your support to continue to implement capital management actions that aim to further enhance the value of your investment.

Since commencing capital management actions the discount to PRV's NTA has been significantly reduced from 44 per cent (28 February 2009) to 20.1 per cent (30 June 2009) - and more recently at 13 July 2009 to a 14 per cent discount.

Resolutions

The Explanatory Statement enclosed outlines the Board's plan, reasons for the recommended plan and details of the resolutions that require shareholder approval in order to effect the plan.

The Board recommends all shareholders approve:

RESOLUTION 1:	An immediate off-market equal access buy-back of up to 65 per cent of issued capital at a 1.75 per cent discount to NTA
RESOLUTION 2:	A further on-market buy-back over the next 12 months of up to 15 per cent of issued capital
RESOLUTION 3:	Amendments to the constitution to provide shareholders with greater ability to ensure periodic capital management assessments

These resolutions are part of the ongoing capital management program that will follow on from the current on-market buy-back of up to 8 per cent of share capital.

Under the off-market buy-back (Resolution 1 above), you will have the choice to remain in PRV or participate in a buy-back at close to the NTA, helping you realise the cash value of your investment, if you wish.



These buy-backs are flexible, offer shareholders' choice and are targeted at reducing the share price discount to NTA.

PRV Performance

As you know, equity market conditions over the last 18 months severely deteriorated. Despite this market difficulty, since the beginning of 2009 PRV's portfolio of investment assets has performed strongly. The Board has received positive shareholder feedback about the performance of the underlying investments.

From 31 December 2008 to 30 June 2009, pre-tax NTA per share has increased from \$0.79 to \$0.87, an increase of 9.5 per cent. Investors have been provided with strong capital protection in difficult market conditions. In addition, Premium's NTA outperformed the Australian and International equity markets during the recent equity market declines.

Premium continues to offer investors a unique opportunity to invest in:

- A listed investment company offering both Australian and offshore asset exposure
- Treasury Group's active allocation to the underlying boutique managers
- The range of Treasury Group boutique managers
- An overall investment with a conservative approach – focused on capital protection and investment return

Board Recommendation

The Board has given careful consideration to the proposals we are recommending. We believe they are in all shareholders best interests. Please take the time to read the Explanatory Statement enclosed which discusses the resolutions in more detail.

I encourage you exercise your vote.

If you have any questions or comments on the Board's plan, or your investment in PRV please contact PRV directly on info@premiuminvestors.com.au or 1800 087 348.

Sincerely,



Tom Collins
Chairman

¹ Pre-fees and taxes.

² S&P/ASX300

³ MSCI World Accumulation Index (A\$) Net of Dividends reinvested



NOTICE OF GENERAL MEETING and EXPLANATORY STATEMENT

General Meeting to be held at:
Whiteley 2 Room
Amora Jamison Hotel
Level 2, 11 Jamison Street, Sydney

2.00pm on Wednesday 19 August 2009

**The Premium Investors Board unanimously recommends that you
APPROVE THE BOARD'S RESOLUTIONS.**

Premium Investors Shareholder Information

- t.** 1800 087 348
- e.** info@premiuminvestors.com.au
- w.** www.premiuminvestors.com.au

This Notice of General Meeting and Explanatory Statement should be read in its entirety. If shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or professional adviser without delay. Issued Monday 20 July 2009.

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OVERVIEW

Premium Investors has a clear plan to enhance the value of your shares.

Some aspects of the Board's plan require your approval.

The Board's plan aims to close the discount between the share price and Net Tangible Assets (NTA) and to provide an opportunity for shareholders to stay invested in PRV as markets improve.

The Board recommends all shareholders approve:

RESOLUTION 1: An immediate off-market equal access buy-back of up to 65 per cent of issued capital at a 1.75 per cent discount to NTA

RESOLUTION 2: A further on-market buy-back over the next 12 months of up to 15 per cent of issued capital

RESOLUTION 3: Amendments to the constitution to provide shareholders with greater ability to ensure periodic capital management assessments

BENEFITS OF THE RESOLUTIONS

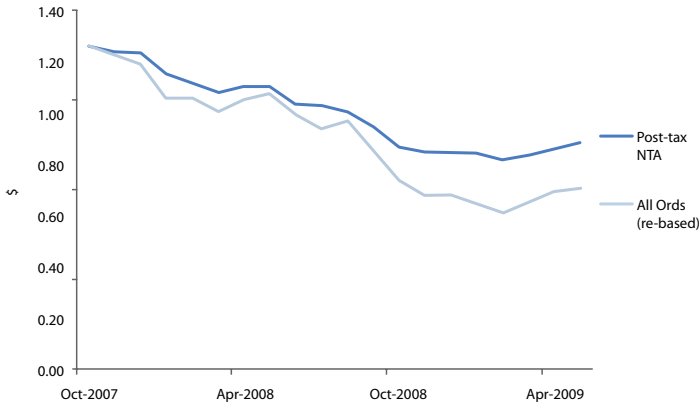
- ✓ Giving shareholders the **CHOICE** to remain invested in PRV or realise value from buy-back
- ✓ Allow remaining shareholders to **BENEFIT** from any market recovery
- ✓ **ADRESSING THE DISCOUNT** to the value of PRV's Net Tangible Assets (NTA) through ongoing capital management
- ✓ **STRONG INVESTMENT PERFORMANCE** from Treasury Group's expertise and the underlying fund managers

Treasury Group Ltd

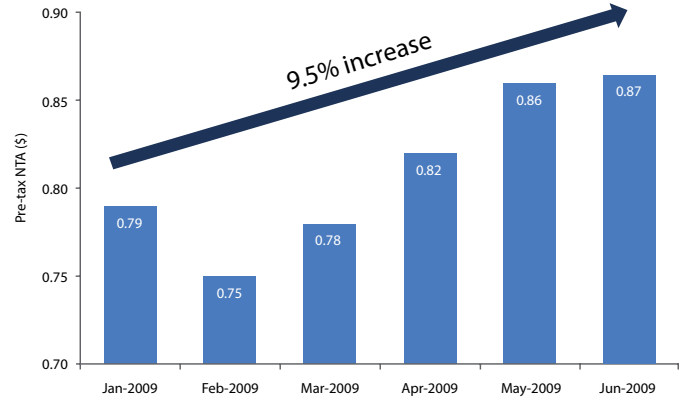


BOARD FOCUS IS PERFORMANCE

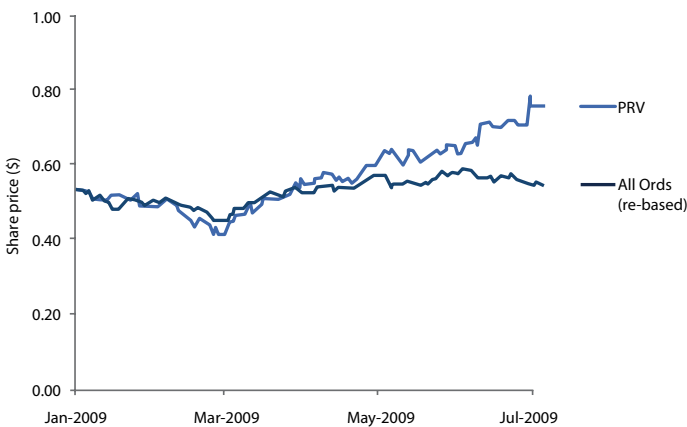
CAPITAL PROTECTION DURING TURBULENCE



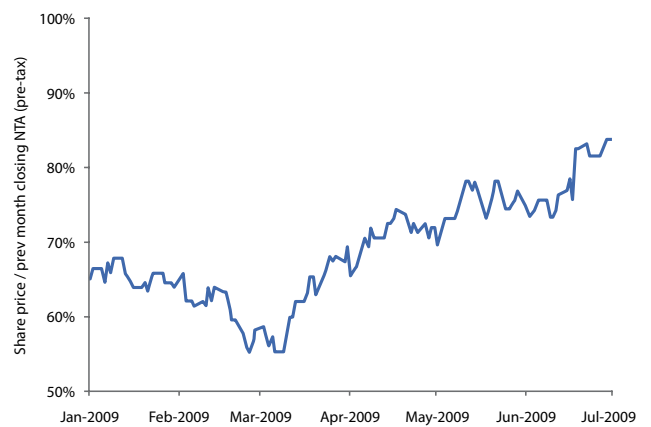
IMPROVING UNDERLYING ASSET PERFORMANCE



IMPROVING SHARE PRICE



INCREASING SHARE PRICE RELATIVE TO NTA



Further initiatives to enhance value:

- On-market buy-back underway
- Increased shareholder communication

EXPLANATORY STATEMENT, COMMENTARY AND RECOMMENDATIONS

IMPORTANT NOTICE

This Explanatory Statement has been prepared for the information of shareholders in Premium Investors Limited (referred to in this Explanatory Statement as “the Company”, “Premium Investors” or “PRV”) in connection with the business to be conducted at the General Meeting of the Company to be held in the Whiteley 2 Room, Amora Jamison Hotel, Level 2, 11 Jamison Street, Sydney at 2.00pm on Wednesday 19 August 2009.

This should be read with the accompanying Notice of General Meeting.

1. OVERVIEW

Premium Investors has a clear plan to enhance the value of your shares.

The Board’s plan aims to close the discount between the share price and Net Tangible Assets (NTA) and to provide an opportunity for shareholders to stay invested in PRV as markets and LIC share prices improve. Capital management initiatives (such as the buy-backs) are an important part of the Board’s plan.

Some of the Board’s plans require your approval at the General Meeting to be held on 19 August.

This Explanatory Statement outlines:

- The Board’s plan
- Reasons for the recommended plan
- Resolutions that require shareholder approval at a general meeting in order to effect the plans

In June and early July your Board held discussions with a number of shareholders. The Board has given careful consideration to PRV’s capital management objectives and to shareholder views in developing the following resolutions.

The Board recommends all shareholders approve:

RESOLUTION 1: An immediate off-market equal access buy-back of up to 65 per cent of issued capital at a 1.75 per cent discount to NTA

RESOLUTION 2: A further on-market buy-back over the next 12 months of up to 15 per cent of issued capital

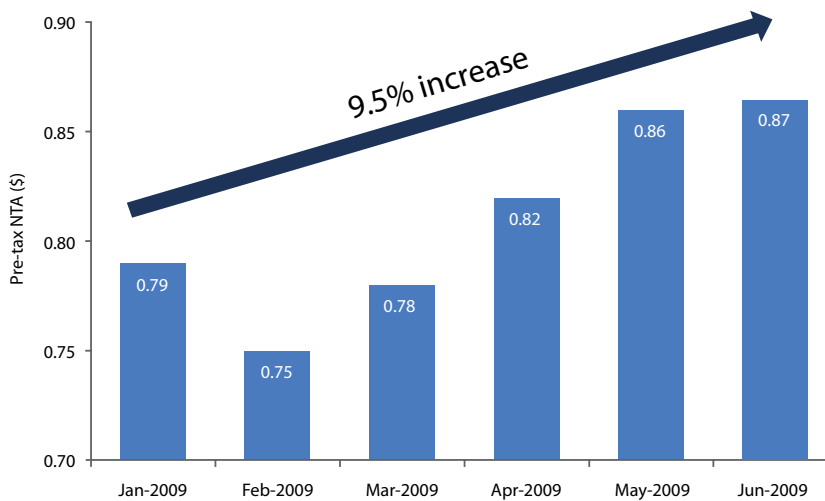
RESOLUTION 3: Amendments to the constitution to provide shareholders with greater ability to ensure periodic capital management assessments

2. BACKGROUND

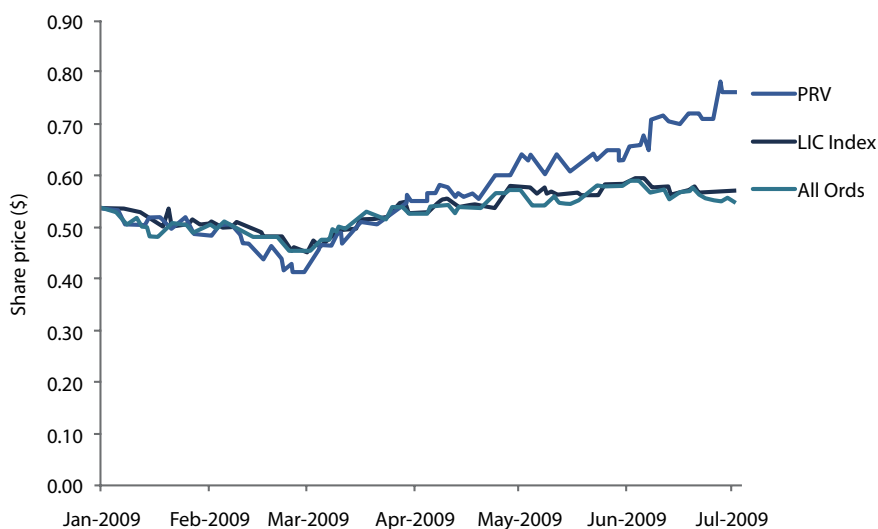
Equity market conditions over the last 18 months deteriorated severely. There were significant declines in listed equity values around the world. Recently, stability has started to return to share prices.

Despite this market difficulty, since the beginning of 2009 the Company's portfolio of investments asset has performed strongly.

From 31 December 2008 to 30 June 2009, pre-tax NTA has increased from \$0.79 to \$0.87, an increase of 9.5 per cent. Investors have been provided with strong capital protection in difficult market conditions.



In addition, Premium's NTA outperformed the Australian and International equity markets during the recent equity market declines.

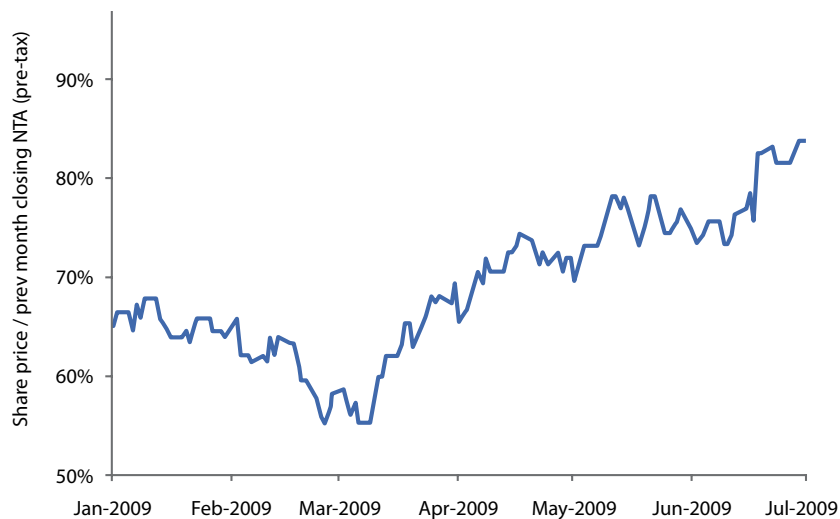


As you would be aware, Premium offers investors a unique opportunity to invest in:

- A listed investment company offering both Australian and offshore asset exposure
- Treasury Group's active allocation to the underlying boutique managers
- The range of Treasury Group boutique managers
- An overall investment with a conservative approach – focused on capital protection and investment return

The Board has received positive investor feedback about the performance of the underlying investments, particularly during the recent market turmoil.

Premium Investors' performance has recovered over the year to date. In addition, the gap between the underlying assets of Premium Investors (Net Tangible Assets or NTA) and its listed share price has begun to close.



Premium's underlying assets also outperformed the broad market (here measured as the ASX 300 Equity index), during the recent global financial crisis. This reflects Premium's conservative approach to investing.

However, PRV has also traded at a significant discount to its NTA during recent market turbulence as the share price followed the Australian equity market, despite the underlying assets outperforming.

The Board undertook a series of actions to help close this discount to NTA, addressing the gap between the share price and the value of the underlying assets.

The resolutions proposed for your approval aim to help the Board continue to enhance the value of your shares through:

- Ongoing capital management initiatives
- Continuing to deliver strong underlying investment performance from Treasury Group's expertise
- Providing you with the opportunity to participate in a significant buy-back that returns cash to shareholders at an attractive price

The resolutions offer choice to shareholders. Shareholders may choose to reduce their exposure to Premium or to continue to invest in Premium's conservatively managed funds.

3. RESOLUTIONS

3.1 OVERVIEW

Three resolutions have been put forward by the Board:

- RESOLUTION 1:** An immediate off-market equal access buy-back of up to 65 per cent of issued capital at a 1.75 per cent discount to NTA
- RESOLUTION 2:** A further on-market buy-back over the next 12 months of up to 15 per cent of issued capital
- RESOLUTION 3:** Amendments to the constitution to provide shareholders with greater ability to ensure periodic capital management assessments

These resolutions, and how they may affect your investment if they are approved, are discussed below.

3.2 RESOLUTION 1: OFF-MARKET EQUAL ACCESS BUY-BACK

Following shareholder approval, PRV intends to immediately proceed with the buy-back.

The off-market buy-back involves the Company offering to buy-back from each eligible shareholder ordinary shares at the buy-back price (as described below). Shareholders will have the opportunity of selling up to 100 per cent of their shares (subject to the potential scaling of acceptances as explained below). An independent expert's report will be mailed to all shareholders shortly addressing the fairness of the buy-back.

A separate buy-back booklet will be mailed to shareholders. The buy-back booklet, when sent, will set out details of the offer, including tax consequences, the timetable and the total amount available for buying back shares under the off-market buy-back.

Size of Equal Access Buy-Back Program – 65 per cent Limit

The proposed off-market buy-back is for up to 65 per cent of the issued share capital of the Company. This limits the total shares that can be bought back to approximately 145.8 million shares. The 65 per cent buy-back limit represents a maximum number of shares that may be bought back, rather than the number that will actually be bought back.

The number of shares actually bought back will depend on the number of shares tendered into the off-market buy-back offer.

Shareholders will be entitled to nominate their desired level of participation in the share buy-back to the extent permitted by law. To the extent that shareholders may choose not to sell their full entitlement of shares into the buy-back, other shareholders will be able to participate to a greater extent than 65 per cent of their shareholding. The total number of shares that are bought back through the buy-back shall not exceed 65 per cent of the total shares on issue.

Pricing the Off-Market Buy-Back

The price of the buy-back will be set at a discount of 1.75 per cent to the buy-back NTA. The buy-back NTA date is yet to be determined, and will be on, or around, the date the buy-back is completed. This date will be determined and clearly set out in the buy-back documentation to be mailed to all shareholders. The Directors note that if the share price remains at a material discount to NTA (over 1.75 per cent) the buy-back price will be greater than the current market price on the NTA date.

Eligible Shareholders

Subject to certain exceptions below, any shareholder who holds shares on the relevant record date will be eligible to participate in the buy-back. The record date for the off-market buy-back will be determined shortly after the General Meeting.

Shareholders residing in Australia, UK, New Zealand, the United States of America, Hong Kong and Singapore and potentially other countries will be eligible to participate. Shareholders in other foreign countries will not be eligible to participate unless they can demonstrate to the Company's satisfaction before the end of the offer period that they can lawfully participate in the initial off-market buy-back either unconditionally or after compliance with such conditions as the Company in its absolute discretion regards as acceptable and not unduly onerous. Details of eligibility will be included in the buy-back booklet.

Timing

The Board's intention is to dispatch the buy-back booklets to shareholders as soon as possible, subject to regulatory approvals and the buy-back resolutions being passed. The off-market buy-back will be open for at least three weeks.

Advantages of Off-Market Buy-Back Program

The Board considers the benefits of conducting the proposed off-market buy-back to be:

- all eligible shareholders have an equal opportunity to participate
- shareholders have the opportunity to sell their shares at a price close to NTA
- shareholders have a choice of whether to retain their shares or participate in the buy-back
- the off-market buy-back process should enable shareholders to sell a large volume of shares without depressing the market price of ordinary shares
- shareholders will not have to pay brokerage or appoint a stockbroker to sell their shares in the off-market buy-back

Disadvantages of Off-Market Buy-Back Program

Potential disadvantages of conducting the proposed off-market buy-back are as follows:

- there will be a reduction in the number of shares on issue, which may decrease liquidity on the ASX
- the Company's weighting in certain S&P/ASX indices may decrease
- may increase percentage management expenses and costs as a result of the Company having less funds under management

3.3 RESOLUTION TWO: ON-MARKET BUY-BACK

The Board seeks approval to proceed with an on-market buy-back at the discretion of the Board. If the resolution is approved, the Board will not be required to proceed with the on-market buy-back but has the pre approval of shareholders to do so.

The proposed on-market buy-back will be for up to 15 per cent of the total shares on issue at 20 July 2009. This equates to approximately 33.7 million shares. The pricing of the on-market buy-back will be determined by market conditions at the time. All purchases will be conducted in a twelve month period from the date the resolutions are approved.

Advantages of On-Market Buy-Back

The Board considers that the benefits of conducting an on-market buy-back include:

- a transparent and efficient way for shareholders to realise cash for their shares in a timely manner
- all shareholders have an opportunity to participate, and can choose whether and to what extent they participate
- additional liquidity to the Company's shares on the ASX market
- buying back shares on-market at a discount to NTA increases the NTA of remaining shares held by shareholders

Disadvantages of On-Market Buy-Back Program

Potential disadvantages of conducting on-market buy-back program include:

- a reduction in the number of shares on issue, which may subsequently decrease liquidity on the ASX
- the Company's weighting in S&P/ASX indices may decrease

3.4 POTENTIAL IMPACTS OF THE PROPOSED BUY-BACKS

Impact on Share Register

Not all shareholders are likely to participate in the buy-backs to the same extent. As a result, there is a potential for dilution or accretion in any given shareholder's interest in the Company. The potential size of the buy-back programs and subsequent cancellation of shares could significantly increase the percentage holdings of any shareholder that does not participate.

If the nominated participation of shareholders in the off-market buy-back will result in any shareholder increasing their voting power to 20 per cent or more, Premium Investors will reduce the number of shares to be bought back under the off-market buy-back. This would be done on a parri passu basis to all participating shareholders to ensure that the relevant shareholder's voting power does not exceed 20 per cent.

Cash Reserves

As at 30 June 2009, the Company had cash reserves of \$32.9 million. The Directors would realise investments if additional cash was required to fund the off-market buy-back.

No Adverse impact On Solvency

The Directors are satisfied that, having regard to the total number of shares that the Company expects to be bought under the buy-back and the amount of cash that will be spent, the Company will remain solvent and will continue to be able to pay its debts as and when they fall due. The Directors will not proceed with any buy-back unless they are satisfied at the relevant time that it would not materially adversely affect the financial position of the Company.

Impact on Net Tangible Assets

If both buy-backs proposed under the first Board resolution occur, there is a potential for continuing shareholders to see an 7.6 per cent uplift in pre-tax NTA assuming no change in the underlying value of investments. The estimated impacts on NTA from the above buy-backs are shown in the table on page 13. These figures assume 50 or 100 per cent participation in the buy-back. The table does not account for any change in issued shares or NTA that may occur between the issue of this document and the General Meeting.

	100% PARTICIPATION	50% PARTICIPATION
Current shares on issue	224,346,583	224,346,583
Current pre-tax NTA per share (30 June 2009)	\$0.865	\$0.865
Current total NTA	\$194,059,794	\$194,059,794
Off-Market Buy-Back		
Shares participating in off-market buy-back	65.00%	32.50%
Shares participating in off-market buy-back	145,825,279	72,912,639
Purchase price discount to NTA	(1.75%)	(1.75%)
Purchase price per share	\$0.85	\$0.85
Costs of share buy-back	\$123,931,436	\$61,965,718
Transaction costs	1.00%	1.00%
Transaction costs	\$1,239,314	\$619,657
Total costs of off-market buy-back	\$125,170,750	\$62,585,375
Result from Off-Market Buy-Back		
Shares remaining	78,521,304	151,433,944
New total NTA	\$68,889,044	\$131,474,419
New NTA per share	\$0.88	\$0.87
Uplift in NTA from off-market buy-back	1.43%	0.37%
Result from On-Market Buy-Back		
Shares participating in on-market buy-back (% of original)	15.00%	7.50%
Shares participating in on-market buy-back	33,651,987	16,825,994
Purchase price discount to new NTA	(9.00%)	(9.00%)
Purchase price per share	\$0.80	\$0.79
Costs of share buy-back	\$26,866,727	\$13,293,525
Transaction costs	1.00%	1.00%
Transaction costs	\$268,667	\$132,935
Total costs of on-market buy-back	\$27,135,394	\$13,426,460
Result from Buy-Back		
Shares remaining	44,869,317	134,607,950
New total NTA	\$41,753,649	\$118,047,959
New NTA per share	\$0.93	\$0.88
Uplift in NTA from on-market buy-back	6.07%	1.01%
Total uplift from both buy-backs	7.58%	1.38%

Note: The analysis assumes the current NTA and 50% - 100% participation. The actual outcome is likely to be different.

3.5 RESOLUTION 3: AMENDMENT TO COMPANY CONSTITUTION

The share price of a listed investment company often differs from the NTA.

In October 2005, the constitution of the company was amended to allow that where the price of shares in the Company trade at a substantial discount to NTA, that matter may be brought before a meeting of shareholders where shareholder opinion on the need for remedial action can be sought.

In the event that shareholders determine that some form of remedial action is required, the Board is charged with considering the alternatives and reporting back to shareholders at an extraordinary general meeting to be convened within 3 months of the annual general meeting at which the ordinary resolution is passed.

The current wording of rule 14.1 of the constitution requires that a resolution on the continuation of the Company be voted on if throughout a 12 month period, the price of shares in the Company have traded at discount to NTA of 10 per cent or greater (after tax). Rather than requiring that the daily share price for an entire year trade at a 10 per cent discount to trigger the obligation to provide the shareholders with the opportunity of considering if the Company should continue, the proposed amendment will only look at the month end position for the prior 12 months, an easier hurdle.

The amendment to the constitution proposed by the Board has the effect that if for each of 12 consecutive calendar months the monthly volume weighted average price for the company's ordinary shares sold on ASX is less than 90 per cent of the NTA (after tax), the directors must ensure that shareholders are provided with the opportunity to vote by way of an ordinary resolution at the next annual general meeting on the continuation of the company's business in its present form or otherwise.

3.6 ADDITIONAL INFORMATION

ASIC relief

The proposed off-market buy-back program does not technically comply with the requirements under the Corporations Act for an equal access buy-back. Accordingly, it would be treated as a selective buy-back for the purposes of the Corporations Act, and, rather than requiring approval by ordinary resolution of shareholders, it would require approval by a special resolution on which no votes are to be cast by persons whose shares are proposed to be bought back.

However, if approval is received by shareholders to proceed with the buy-back, Premium Investors will seek from ASIC an exemption under subsection 257D(4) of the Corporations Act. This exemption would permit Premium Investors to conduct the buy-back in substantially the same manner as an equal access buy-back, in accordance with Division 2 of Part 2J.1 of the Corporations Act, except that the offers under the buy-back are not to be made to shareholders whose registered addresses are in jurisdictions where offers cannot be made because of the laws of those jurisdictions and also to allow Premium Investors to utilise the scaling mechanism described on page 8 of this Explanatory Statement.

ATO Class Ruling

As well as an ASIC exemption, if the Board resolutions are approved, the Company will apply for a Class Ruling confirming the tax position for shareholders. The Company will not necessarily wait to receive a final Class Ruling before proceeding with an Off-market Buy-back. Further details of the Class Ruling process will be contained in the Buy-back Booklet.

ASX waiver

Before proceeding with any off-market buy-back, the Company will apply for any relevant waivers from the ASX including from:

- (a) Listing Rule 7.40 and Appendix 7A paragraph 9 to permit the Company to depart from the timetable prescribed in the Listing Rules for equal access buy-backs; and
- (b) Listing Rule 3.8A to allow the Company to lodge its Appendix 3F notifying the market and shareholders of the results of the proposed off-market buy-back at least half an hour before the commencement of trading on the second business day after the proposed off-market offer period ends, rather than that time on the first such business day required

The waivers from ASX may not be necessary for the off-market buy-back to proceed.

Investor Considerations

If you are in doubt as to the course you should follow, you should seek advice on the matters contained in this Explanatory Statement from a stockbroker, solicitor, accountant or other professional adviser immediately.

The potential tax effects relating to the buy-backs will vary between shareholders. Shareholders are urged to consider the possible tax consequences of participating in the buy-backs by consulting a professional tax adviser.

Interests of the Company's Directors

Directors are eligible to participate in this buy-back.

The number of shares in which Directors and Director related entities have a relevant interest as at 20 July 2009, are as shown below.

Director	Ordinary Shares
Tom Collins	71,631
Kenneth Stout	11,136
John Elfverson	10,000
Reub Hayes	Nil

No PRV Director intends to participate in this buy-back as participation is optional and no director wishes to reduce his shareholding.

NOTICE OF GENERAL MEETING

Notice is given that a General Meeting of members of Premium Investors Limited (ASX : PRV) will be held at:

Whiteley 2 Room
Amora Jamison Hotel
Level 2, 11 Jamison Street, Sydney

2.00pm on Wednesday 19 August 2009

The Explanatory Statement which accompanies and forms part of this notice of meeting contains information relevant to the various matters to be considered at the General Meeting. Shareholders should read this notice of meeting and the Explanatory Statement carefully and in their entirety.

AGENDA

1. To be considered, and if thought fit, passed as an ordinary resolution:

“That the company authorises and approves for the purposes of section 257C of the Corporations Act and all other purposes, the buy-back of up to a total of 65% of its issued ordinary shares as at the date of this resolution by buy-back agreements under one or more off-market buy-backs and authorises and approves each agreement entered into during the 12 months commencing on the date of this resolution to the extent that:

- (a) approval of such buy-back agreements is required under section 257C of the Corporations Act; and*
- (b) the number of ordinary shares in the Company bought-back under such buy-back agreements does not exceed 65% of its issued ordinary shares as at the date of this resolution, as detailed in the Explanatory Statement which accompanies this Notice of Meeting.”*

2. To be considered, and if thought fit, passed as an ordinary resolution:

“That the company authorises and approves for the purposes of section 257C of the Corporations Act and all other purposes, the buy-back of up to a total of 15% of its issued ordinary shares as at the date of this resolution by buy-back agreements under one or more on-market buy-backs and authorises and approves each agreement entered into during the 12 months commencing on the date of this resolution to the extent that:

- (a) approval of such buy-back agreements is required under section 257C of the Corporations Act; and*
- (b) the number of ordinary shares in the Company bought-back under such buy-back agreements does not exceed 15% of its issued ordinary shares as at the date of this resolution,*

as detailed in the Explanatory Statement which accompanies this Notice of Meeting.”

3. To be considered, and if thought fit, passed as a special resolution:

"That the constitution of the Company be amended by deleting existing rule 14.1 and replacing it with a new rule 14.1 as follows:

14.1(a) *For the purposes of this rule 14.1:*

Monthly VWAP *means, for a month, the volume weighted average price for the company's ordinary shares sold on the securities market of ASX Limited during the month.*

NTA per share *means, for a month, the value of the net tangible assets of the company (after tax has been paid or provided for on all realised and unrealised capital gains for that period) as at the end of the month divided by the number of ordinary shares then on issue.*

14.1(b) *If for each of 12 consecutive calendar months the Monthly VWAP is less than 90% of the NTA per share the directors must ensure that shareholders are provided with the opportunity to vote by way of an ordinary resolution at the next Annual General Meeting on the continuation of the company's business in its present form or otherwise."*

By order of the Board



Reema Ramswarup
Company Secretary
Premium Investors Limited
20 July 2009

GLOSSARY

ASIC means Australian Securities and Investments Commission.

ASX means the securities exchange operated by ASX Limited.

Directors means the directors of Premium Investors Limited.

General Meeting means the general meeting of members to be convened by the notice of meeting which forms a part of this Explanatory Statement.

Listing Rules means the official listing rules of ASX as amended or replaced from time to time, except to the extent of any express written waiver granted by ASX.

NTA means net tangible asset backing per share.

Premium Investors Shareholder Information

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w. www.premiuminvestors.com.au



000001 000 PRV
 MR SAM SAMPLE
 FLAT 123
 123 SAMPLE STREET
 THE SAMPLE HILL
 SAMPLE ESTATE
 SAMPLEVILLE VIC 3030

Lodge your vote:



By Mail:

Computershare Investor Services Pty Limited
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 Victoria 3001 Australia

Alternatively you can fax your form to
 (within Australia) 1800 783 447
 (outside Australia) +61 3 9473 2555

For all enquiries call:

(within Australia) 1300 850 505
 (outside Australia) +61 3 9415 4000

Proxy Form

For your vote to be effective it must be received by 2.00pm Monday 17 August 2009

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.computershare.com.

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

Turn over to complete the form ➔



View your securityholder information, 24 hours a day, 7 days a week:

www.investorcentre.com

- Review your securityholding
- Update your securityholding

Your secure access information is:

SRN/HIN: I999999999



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

Proxy Form

Please mark to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Premium Investors Limited hereby appoint

the Chairman of the meeting OR

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Extraordinary General Meeting of Premium Investors Limited to be held at Whiteley 2 Room, Amora Jamison Hotel, 11 Jamison Street, Sydney on Wednesday, 19 August, 2009 at 2.00pm and at any adjournment of that meeting.

STEP 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

ORDINARY BUSINESS

For Against Abstain

Resolution 1.	To approve an off market buy-back of up to 65% of the outstanding share capital of the company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2.	To approve an ongoing on market buy-back of up to 15% of the outstanding share capital of the company in a 12 month period	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

SPECIAL BUSINESS

Resolution 3.	To amend the constitution to allow for a shareholder resolution to be considered on the continuation of the company's business in its present form or otherwise, if the monthly share price trades at less than 90% of NTA per share for 12 consecutive months	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name _____

Contact Daytime Telephone _____

Date ____/____/____