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Australian Stock Exchange  
Continuous Disclosure Area

Via: E Lodgement

**Premium Investors Limited: AGM Documentation**

Premium Investors Limited (“**Premium**”) today announced that it had lodged with the ASX and mailed to shareholders the following documentation regarding the Company’s Annual General Meeting (“**AGM**”):

- Chairman’s letter;
- Notice of Meeting and Explanatory Memorandum (“**Notice**”);
- Proxy form;
- Overview flyer; and
- Annual Report.

The Board advises shareholders that there are a number of important resolutions to be considered at the AGM and recommends that shareholders read the Notice carefully.

The Board makes the following recommendations in respect of those resolutions:

RESOLUTION	BOARD RECOMMENDATION <sup>1</sup>
<b>1</b> Retirement and re-election of Lindsay Mann	FOR
<b>2</b> Election of Roland David Burt	AGAINST
<b>3</b> Retirement and re-election of Kenneth Stout	AGAINST
<b>4</b> Remuneration report	FOR
<b>5</b> Continuation of Company’s business	FOR
<b>6</b> Adoption of new Constitution	FOR
<b>7</b> Amendments to the Constitution	FOR

<sup>1</sup> In respect of Resolution 1 Lindsay Mann abstained from voting. The remaining three directors are unanimous in their support of Resolution 1. In respect of Resolution 3 the Board recommendation is made by the majority of the Board (three directors). All other recommendations are unanimous.



### **Resolutions 1 – 3: Election of Board Members**

In September 2010, Premium stated its intention that as part of its cost saving initiatives, the number of directors would be reduced from four to three. Action was taken to this effect early in the financial year. In July of this year Mr Lindsay Mann was appointed to the Board as part of Premium's succession planning with the expectation that the Board would again reduce to three members following this year's AGM.

The Board unanimously recommends (Mr Lindsay Mann abstaining) that shareholders **vote for** the re-election of **Mr Lindsay Mann**.

Mr Roland Burt has been nominated as a director by Advocate Partners. Whilst the Board believes that he is a capable lawyer, they do not believe that he would appear to add to the Board's current knowledge and experience in the funds management industry. As a result, the Board unanimously recommends that shareholders **vote against** the election of **Mr Roland Burt**.

Mr Kenneth Stout has been a valuable member of the Board and has contributed greatly to Premium. However, in line with the stated objective to reduce the Board size as part of Premium's cost saving initiatives, and as Mr Stout is the longest standing member, the majority of the Board recommends that shareholders **vote against** the re-election of **Mr Kenneth Stout**.

### **Resolution 4: Remuneration Report**

Shareholders will be given the opportunity to discuss the remuneration report at the meeting. Any vote on the adoption of the remuneration report is advisory only and does not bind the Directors or Premium.

### **Resolution 5: Continuation of the Company's business**

As announced on 26 July 2011, under Premium's constitution, the Company is required to table an ordinary resolution at the AGM to allow shareholders the opportunity to vote on the continuation of the Company's business in its current form or otherwise.

**The Board unanimously recommends that shareholders vote for the continuation of the Company's business in its current form for the following four key reasons.**

Firstly, Premium offers investors a unique investment for individuals and self-managed super funds. Shareholders are provided with access to a suite of professional investment managers and exposure to both Australian and international equities.

Secondly, Premium is an attractive investment product delivering capital growth. Since the 2009 off-market buy-back, Premium's share price (with dividends reinvested) has delivered significant positive annualised share market outperformance in excess of 8%. The current



dividend yield of 9.9% is also extremely competitive when compared to other comparable listed investment companies.

Thirdly, the Board does not believe that other alternatives provide shareholders with a superior outcome. The liquidated portfolio value after costs only represents a 5.1% premium to the current market capitalisation. A liquidation of the company is unlikely to maximise the full value of substantial tax losses and franking credits.

Fourthly, the Board believes that the majority of shareholders remain supportive of Premium continuing in its current form as shareholders were provided the opportunity to exit their holding in 2009 in an off-market buy-back. Over 82% of current shareholders were shareholders at the time of the buy-back and elected to remain shareholders in Premium.

Premium Chairman Mr Tom Collins said; "Premium has provided shareholders with a low risk, high yielding investment that has been supported by competitively discounted dividend reinvestment plans. As a result, shareholders have had access to a stock that has delivered significant positive returns against share markets and the benchmark".

#### **Resolution 6: Adoption of New Constitution**

The proposed new constitution would ensure that Premium's constitution and corporate practices are in line with the current legal and regulatory requirements following changes to the Corporations Act and general corporate governance practices.

#### **Resolution 7: Amendments to the Constitution**

Shareholder approval is sought by special resolution to remove the continuation clause from the Constitution for the following reasons:

- The continuation clause is unusual and inconsistent with market practice for other listed investment companies;
- The clause creates an additional cost and complexity in administering Premium;
- Shareholders already have significant rights under the Corporations Act and ASX Listing Rules to protect their interests; and
- The presence of the clause increases the likelihood of short-term predatory/opportunistic shareholders entering the register, against the interests of long term, loyal shareholders.

More details on the resolutions and the Board's recommendations can be found within the Notice.

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