



PROPERTY FINANCE • FUNDS MANAGEMENT

28th January, 2009

Dear Investor,

Re: Shakespeare Haney Premium Income Fund – Investment

You are no doubt aware from the media that over the last few months the poor state of the global economy, including the Australia economy, has continued to worsen.

This has resulted in:

- The Federal Government guaranteeing bank deposits and inter bank lending.
- The Reserve Bank of Australia slashing interest rates at an unprecedented pace.
- Market linked investments, such as the Premium Income Fund, suffering dislocation due to the actions of the Federal Government.
- The suspension of redemptions in most, if not all, mortgage trusts and property trusts due to unprecedented investor redemptions including Perpetual, AXA, Challenger and Colonial First State.
- The withdrawal from the Australian property market of many foreign banks.
- The 50 percent fall in the value of the Australian share market as indicated by the ASX 200.

Like all businesses we are not immune from these events and it has impacted on us by way of a historically high level of withdrawal requests, very low applications from new investments and slow down in mortgage repayments.

As a consequence, and in keeping with our obligations under the Corporations Act, the Board of Directors has in the interest of all investors and the Fund decided until further notice to suspend all Fund withdrawals.

The suspension is due to the reduced levels of cash in the Fund and has not been brought about by any capital loss.

S H A K E S P E A R E H A N E Y S E C U R I T I E S L I M I T E D

QUEENSLAND: 11th Floor, 50 Cavill Avenue, Surfers Paradise. PO Box 1242, Surfers Paradise, Qld 4217.

Phone: (07) 5538 6766; Fax: (07) 5538 6934; Email: admin@shsl.com.au; Website: www.shsl.com.au

SYDNEY: Level 6, 37 Bligh Street, Sydney, NSW. PO Box R1075, Royal Exchange, NSW, 1225.

Phone: (02) 9223 1533; Fax: (02) 9223 1255; Email: admin@shsl.com.au; Website: www.shsl.com.au

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Distributions to all investors will be paid on the 16th day of each months as always. We will however be reviewing our distribution rates in the next month in accordance with our usual practice of undertaking such reviews quarterly.

We are aware our decision will cause inconvenience and, in some cases, difficulty to investors however it has been made in the best interest of all investors in the Fund.

For the duration of the suspension we will continue to actively seek repayment of mortgages and thereby repatriate cash to the Fund.

At this point in time we cannot be certain how long the suspension will remain in place but much depends on the future economic impact of Reserve Bank interest rate reductions and how both the property and debt markets perform. We will update investors periodically to inform them of the progress we are making.

We hope our past track record provides some comfort to investors in our ability to deal with the uncertainties ahead.

Yours faithfully

Shakespeare Haney Securities Limited

John Haney
Director

David Williams
Director

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