

CFS Retail Property Trust and Retail Trust 2

Notice of Meeting, Explanatory Statement & Product Disclosure Statement

**IN RELATION TO A PROPOSAL TO ISSUE UNITS IN RETAIL TRUST 2 TO UNITHOLDERS IN
CFS RETAIL PROPERTY TRUST AND TO STAPLE THE UNITS IN CFS RETAIL PROPERTY TRUST
TO THE UNITS IN RETAIL TRUST 2**

THIS IS AN IMPORTANT DOCUMENT

If you are in any doubt as to the action you should take, please consult your financial, taxation or other professional adviser immediately.

Responsible entity and Issuer:

Commonwealth Managed Investments Limited
ABN 33 084 098 180
AFSL 235384

Registered Address:

Ground Floor, Tower 1, 201 Sussex Street, Sydney NSW 2000

Important Notices

Purpose of this Booklet

This **Booklet** comprises:

- a Notice of Meeting for a meeting of the members of CFS Retail Property Trust (ARSN 090 150 280) (**CFX**) to be held on 28 May 2012. The Notice of Meeting can be found in section 1 on page 4 of this Booklet;
- an Explanatory Statement for the Stapling Proposal to be considered at the meeting of the members of CFX; and
- a Product Disclosure Statement (**PDS**) in respect of the proposed issue of the units in Retail Trust 2 (ARSN 156 647 853) (**CFX2**) to the CFX Unitholders.

This Booklet provides details of the proposed stapling of CFX Units to the CFX2 Units and of the structure of CFX and CFX2 (the **CFX Group**) following the stapling (if the Stapling Proposal is approved).

Responsible entity and Issuer

Commonwealth Managed Investments Limited (ABN 33 084 098 180) (AFSL 235384) (**CMIL**) is the responsible entity of CFX and CFX2 and is the issuer of this Product Disclosure Statement. Each of CFX and CFX2 is a managed investment scheme registered under Chapter 5C of the Corporations Act.

Product Disclosure Statement

This Booklet is dated 19 April 2012 and was lodged with the Australian Securities and Investments Commission (ASIC) on that day. Applicants should only rely on the information in this Booklet. Neither ASIC nor ASX Limited (ASX) takes any responsibility for this Booklet or the merits of the Stapling Proposal.

Stapling Proposal restrictions

The Stapling Proposal does not constitute a public offer to any person, other than holders of CFX Units. It has been prepared solely in relation to the proposed issue of CFX2 Units to CFX Unitholders and the stapling of CFX2 Units to CFX Units.

Defined terms

Capitalised terms used in this Booklet are defined in the Glossary in section 11.

Forward looking statements

Statements of intent in relation to future events should not be taken to be a forecast or prediction that those events will occur. Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement and deviations are both normal and to be expected. CMIL, its officers, and any person named in this Booklet or involved in the preparation of this Booklet do not make any representation or warranty (either express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statement. Accordingly, you are cautioned not to place undue reliance on those statements.

Any forward looking statements in this Booklet reflect views held by CMIL at the date of this Booklet.

Fees and Costs

There are certain fees and costs associated with investing in units, including fees or costs which may be payable to CMIL or associates of CMIL acting as responsible entity of CFX2, managing CFX2 or managing the business activities to be carried out for CFX2.

Details of these fees and costs are set out in section 7. Unless otherwise stated, fees include GST.

Financial amounts

All financial amounts in this Booklet are expressed in Australian currency unless otherwise stated.

Any discrepancies between totals in tables or financial statements, or in calculations, graphs or charts are due to rounding.

All financial and operational information set out in this Booklet is current as at the date of this Booklet, unless otherwise stated.

Updated information

Information in this Booklet, is subject to change. Where such change is not materially adverse, it will be set out on CFX's website at www.cfsgam.com.au/cfx.

Where updated information about the Stapling Proposal is materially adverse, CMIL will issue a supplementary PDS.

CMIL will provide a copy of the updated information free of charge should you so request. CMIL's contact details can be found in the Directory at the end of this Booklet.

Disclaimers

Capital and investment returns are not guaranteed

Neither the Commonwealth Bank of Australia (the 'Bank') ABN 48 123 123 124 nor any of its subsidiaries guarantees or in any way stands behind the performance of CFX2 or the repayment of capital by CFX2. Investments in CFX2 are not deposits or other liabilities of the Bank or its subsidiaries, and investment-type products are subject to investment risk including loss of income and principal invested.

Investment in the CFX Group is subject to investment and other risks, including loss of income and the principal invested. None of CMIL, the Bank or any other member of the Bank's group of companies give any guarantee or assurance as to the performance of the CFX Group or the repayment of capital.

The information contained in this Booklet has been prepared without reference to your particular investment objectives, financial situation, taxation position and particular needs. Before acting on the information outlined in this Booklet deciding how to vote in respect of the Stapling Proposal, you should consider the appropriateness of the Stapling Proposal having regard to your particular investment objectives, financial situation and needs. It is important that you read this Booklet in its entirety before making any decision on how to vote on the Stapling Proposal. If you are in any doubt in relation to these matters, you should consult your investment, financial, taxation or other professional adviser.

Disclaimers required for foreign jurisdictions

Hong Kong

CFX2 UNITS MAY NOT BE OFFERED OR SOLD, BY MEANS OF ANY DOCUMENT, AND NO ADVERTISEMENT, INVITATION OR DOCUMENT RELATING TO THE UNITS, WHETHER IN HONG KONG (EXCEPT IF PERMITTED TO DO SO UNDER THE SECURITIES LAWS OF HONG KONG) OR ELSEWHERE, SHALL BE ISSUED, CIRCULATED OR DISTRIBUTED WHICH IS DIRECTED AT, OR THE CONTENTS OF WHICH ARE LIKELY TO BE ACCESSED OR READ BY, THE PUBLIC IN HONG KONG OTHER THAN (I) WITH RESPECT TO THE INTERESTS WHICH ARE OR ARE INTENDED TO BE DISPOSED OF ONLY TO PERSONS OUTSIDE HONG KONG OR ONLY TO "PROFESSIONAL INVESTORS" WITHIN THE MEANING OF THE SECURITIES AND FUTURES ORDINANCE (CAP 571) OF HONG KONG (SFO) AND ANY RULES MADE THEREUNDER OR (II) IN CIRCUMSTANCES THAT DO NOT CONSTITUTE AN INVITATION TO THE PUBLIC FOR THE PURPOSES OF THE SFO.

THE CONTENTS OF THIS BOOKLET HAVE NOT BEEN REVIEWED BY ANY REGULATORY AUTHORITY IN HONG KONG. YOU ARE ADVISED TO EXERCISE CAUTION IN RELATION TO THE OFFER. IF YOU ARE IN ANY DOUBT ABOUT ANY OF THE CONTENTS OF THIS BOOKLET, YOU SHOULD OBTAIN INDEPENDENT PROFESSIONAL ADVICE.

Singapore

This Booklet:

- does not constitute an offer, or invitation to make an offer, which upon acceptance would give rise to a contract for the issue or sale of units in CFX or CFX2; and
- consists solely of a notice of the meeting of the CFX Unitholders to consider, and if thought fit, to approve the relevant resolutions relating to the proposed acquisition of units in CFX2 by CFX and the proposed distribution of those units to the CFX Unitholders for no consideration; and
- consists solely of a disclosure satisfying the requirements of the Corporations Act and the ASX.

United Kingdom

This Booklet is being issued in the United Kingdom by CMIL to, and/or is directed at, persons to whom it may lawfully be issued or directed at under the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 including persons who are authorised under the Act ("authorised persons"), certain persons having professional experience in matters relating to investments, high net worth companies, high net worth unincorporated associations or partnerships, trustees of high value trusts. The Units are only available to such persons in the United Kingdom and this Booklet must not be relied or acted upon by any other persons in the United Kingdom.

This Booklet is exempt from the general restriction in Section 21 of the Act on the communication of invitations or inducements to engage in investment activity on the grounds that it is being issued to and/or directed at only the types of person referred to above.

The content of this Booklet has not been approved by an authorised person and such approval is, save where this Booklet is directed at or issued to the types of person referred to above, required by Section 21 of the Act.

Stapling Proposal Information Line

Calls taken between 8:30am to 5:30pm, Sydney time, Monday to Friday.

Within Australia: 1800 500 710
Outside Australia: +61 2 8280 7105

Unit Registry

Link Market Services Limited
Level 12
680 George Street
Sydney, NSW 2000

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Chairman's letter

19 April 2012

Dear Unitholder

On behalf of the Directors of Commonwealth Managed Investments Limited (**CMIL**), the responsible entity of CFS Retail Property Trust (**CFX**), I have pleasure in enclosing for your consideration a proposal for a reconstruction of CFX, by stapling your CFX Units to units in a new trust, Retail Trust 2 (**CFX2**). Subject to the approval of this change by CFX Unitholders, CFX and CFX2 will form a stapled group following the reconstruction, meaning that the units in each of CFX and CFX2 will be traded together.

If the Stapling Proposal is approved, you will be issued, for no additional capital outlay by you, one unit in CFX2 for each of your CFX Units. The CFX and CFX2 Units will be "stapled" to trade together as a single Stapled Security on the ASX under the same trading code of CFX. So, for example, any time you transfer a CFX Unit, you will also transfer the attached CFX2 Unit. Payment of the nominal issue price for these units will come from CFX.

By way of background, to remain competitive and encourage investment in real estate, most major developed countries treat real estate investment trusts (**REITs**) as pass-through entities for tax purposes. This tax status is granted if the REIT derives permissible passive income such as rent. CFX currently enjoys this tax status as a pass-through trust. This status does not apply, except in certain circumstances, if non-rental income is generated.

If the Stapling Proposal is approved, this will allow the stapled group to explore ways of generating additional income streams from its portfolio of shopping centre assets, for example through digital or in-mall advertising, which CFX in its own right may not be able to generate without affecting CFX's tax flow-through status. CFX is considering operating such business activities (through CFX2).

CFX2 will initially have only minimal capital. Options for further capitalising CFX2 will be considered in light of any opportunities which may emerge over time.

This Booklet sets out the information you need to know about the proposal, and I urge you to read it carefully.

The Stapling Proposal does not signal an intention to depart from our existing strategy. The stapling simply provides greater flexibility for the optimum holding of assets acquired in the future and brings CFX's constitution and structure in line with its peers.

I am also pleased to invite you to attend a meeting of unitholders (**meeting**), which will be held on Monday, 28 May 2012 at the Sheraton on the Park Hotel, Castlereagh Room, 161 Elizabeth Street, Sydney. The meeting will provide CFX Unitholders with an opportunity to consider and vote on this proposal. The meeting also provides an excellent opportunity to meet CFX's senior management team and members of the Board of CMIL, and to hear an update on CFX's results and activities. Registration will open at 9:30am on the day, and the meeting will commence at 10:00am.

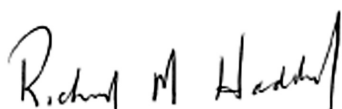
I believe the Stapling Proposal as outlined in this Booklet should further strengthen our existing platform for the long-term future of CFX. The Directors of CMIL unanimously support the proposal and urge you to vote in favour of the Stapling Resolutions at the meeting on Monday, 28 May 2012.

If you are proposing to attend the meeting, please RSVP before the close of business on Monday, 21 May 2012, by calling the Unit Registry on 1800 500 710. Please bring the enclosed proxy form with you as the barcode will facilitate the registration process.

If you are not able to attend, you should vote on the Stapling Resolutions by completing and returning the enclosed proxy form in the reply paid envelope provided. The proxy form includes instructions on how to vote and appoint a proxy. The form must be received by the Unit Registry no later than 10:00am (Sydney time) on Saturday, 26 May 2012.

I look forward to your support for the resolutions and to seeing you at the meeting.

Yours sincerely,



Richard Haddock

Chairman
Commonwealth Managed Investments Limited

What CFX Unitholders need to do

Read this Booklet in full	You should read this Booklet in full. It contains important information to assist you in your voting decision. If you have any questions about the Stapling Proposal, please contact the Stapling Proposal Information Line on 1800 500 710 (within Australia) or +61 2 8280 7105 (outside Australia).
Vote on the Stapling Resolutions	It is important that you vote on the Stapling Resolutions to be considered at the meeting on Monday, 28 May 2012 at the Sheraton on the Park Hotel, Castlereagh Room, 161 Elizabeth Street, Sydney. The stapling will not proceed unless it is approved by a 75% majority of the votes cast by CFX Unitholders attending the meeting in person or by proxy.
Directors' recommendation	The Directors of CMIL believe approval of the Stapling Resolutions should give CFX greater flexibility and a more efficient structure in relation to future investments, providing opportunities to enhance returns to investors. The Directors unanimously recommend that you vote in favour of the Stapling Proposal.
Your vote is important	If you are unable to attend the meeting on Monday, 28 May 2012, you may appoint a proxy to vote your units on your behalf. If you wish to appoint a proxy, you need to complete the proxy form enclosed with this Booklet and it needs to be received at the address indicated on the form by no later than 10:00am on Saturday, 26 May 2012.

Key Dates

Sydney time and date	Event
10:00am 26 May 2012	Closing date and time for receipt of completed proxy forms for the Meeting of Unitholders Date for determining eligibility to vote at the Meeting of Unitholders
10:00am 28 May 2012	Meeting of Unitholders
29 May 2012*	Last day of trading in CFX Units separately on the ASX
30 May 2012*	Deferred settlement trading commences in Stapled Securities
5 June 2012*	Stapling Record Date for determining entitlements of CFX Unitholders to Stapled Securities (i.e. record date both for stapling and issue of CFX2 Units) Last day for CFX to register transfers on a pre-stapling basis
6 June 2012*	Effective Date <ul style="list-style-type: none">- Issue of CFX2 Units to CFX Unitholders- CFX Units and CFX2 Units become stapled
13 June 2012*	Last day of trading on the ASX of Stapled Securities on a deferred settlement basis Completion of despatch of holding statements for Stapled Securities and distribution statements
14 June 2012*	Commencement of normal trading on the ASX of Stapled Securities on a T+3 basis

All dates and times are indicative only and items marked ** will only apply if the Stapling Resolutions are approved. The actual times and dates will depend on factors outside the control of CML, including approval from the ASX. Any changes to the above timetable will be notified on CFX's website, cfsam.com.au/cfx and announced to the ASX. All times are referenced to the time in Sydney, New South Wales except where stated otherwise.

1 Notice of Meeting

CFS Retail Property Trust (CFX)

Notice is hereby given that a meeting of CFX Unitholders will be held as follows:

Time: 10:00am
Date: Monday, 28 May 2012
Place: Sheraton on the Park Hotel,
Castlereagh Room
161 Elizabeth Street
Sydney, NSW, Australia

Business

Approval of amendments to CFX constitution to facilitate the Stapling Proposal

1. To consider and, if thought fit, to pass the following resolution as a special resolution:

That the constitution of CFX be amended in the manner described in Annexure A to the Booklet which includes the Notice of Meeting of unitholders of CFS Retail Property Trust dated 19 April 2012.

General approval of Stapling Proposal

2. To consider and, if thought fit, to pass the following resolution as a special resolution:

That, subject to the passage of Resolution 1, approval be given to the Stapling Proposal, as described in the Booklet which includes the Notice of Meeting of unitholders of CFS Retail Property Trust dated 19 April 2012.

Explanatory Notes and Related Materials

Unitholders are referred to the Booklet of which this Notice of Meeting forms part.

Business

Resolution 1 – Approval of amendments to constitution to facilitate the Stapling Proposal

Please refer to the Booklet of which this Notice of Meeting forms part for further details on this resolution.

The Board of CMIL (the responsible entity of CFX) unanimously recommends that the unitholders vote in favour of this Resolution. The Chairman intends to vote undirected proxies in favour of the Resolution.

Resolution 2 – General approval of Stapling Proposal

Please refer to the Booklet of which this Notice of Meeting forms part for further details on this resolution.

The Board of CMIL (the responsible entity of CFX) unanimously recommends that the unitholders vote in favour of this Resolution. The Chairman intends to vote undirected proxies in favour of the Resolution.

Proxies

If you are unable to attend the meeting, you may appoint a person (either an individual or body corporate) to act as your proxy at the meeting by completing the attached Proxy Form. Proxy Forms must be received in accordance with the instructions on the front of the Proxy Form by 10:00am on Saturday, 26 May 2012.

Please note that:

- a unitholder entitled to attend may appoint not more than two proxies.
- where two proxies are appointed, each proxy may be appointed to represent a special proportion of the unitholder's voting rights. If no proportion is specified, each proxy may exercise half of the unitholder's voting rights.
- a proxy need not be a unitholder.

Determination of Right to Vote

The Board of CMIL (the responsible entity of CFX) has determined that, for the purposes of the meeting, CFX Units will be taken to be held by the persons who were the registered holders of those units at 10:00am on 26 May 2012. Accordingly, transfers registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

Corporate unitholders

A corporate unitholder wishing to appoint a person to act as its representative at the meeting must provide that person with an authority executed in accordance with the Corporations Act 2001 authorising him or her to act as the company's representative. The authority must be sent to the Unit Registry in advance of the meeting or handed to the meeting when registering as a corporate representative.

Unitholder questions

CMIL (the responsible entity of CFX) offers a facility for unitholders to submit questions in advance of the meeting. Unitholders may submit questions by email to CFXFeedback@colonialfirststate.com.au.

Questions must be received by no later than 5pm on Tuesday, 22 May 2012. Questions should relate to matters that are relevant to the business of the meeting, as outlined in the Notice of Meeting and the Booklet of which this Notice of Meeting forms part.

Questions will be collated and during the meeting the Chairman will seek to address as many of the more frequently raised topics as possible having regard to available time. Please note that answers will not be sent to enquirers on an individual basis.

Registration

Registration will commence at 9:30am on the day of the meeting. For ease of registration, please bring your Proxy Form to the meeting.

By order of Commonwealth Managed Investments Limited

Dated 19 April 2012.



Greg Freeman

Company Secretary
Commonwealth Managed Investments Limited

2 Key Features

The following table summarises the key features of the Stapling Proposal. This summary is not intended to be exhaustive. To find more detailed information refer to the relevant section in the Booklet as noted in the table below.

Feature	Summary	Section(s) in Booklet
The Trust	Retail Trust 2 (CFX2)	Important Notes
The Issuer	Commonwealth Managed Investments Limited, a wholly-owned subsidiary of Commonwealth Bank of Australia (the 'Bank') ABN 48 123 123 124, the responsible entity of CFX2.	Important Notes
The Stapling Proposal	<p>If the Stapling Proposal is approved by CFX Unitholders:</p> <ul style="list-style-type: none"> – CFX2 Units will be issued to CFX Unitholders; and – the CFX2 Units will be stapled to the CFX Units. 	Sections 3 and 6
Investment strategy	The ongoing investment strategy of the CFX Group is to be the leading owner of Australian retail property, delivering above benchmark returns through active management. The CFX Group will focus on investing in quality retail properties located in major markets in Australia, and will also undertake business activities in respect of retail properties where opportunities arise.	Section 4
Distributions	<p>It is intended that distributions will be paid six-monthly by the CFX Group, no later than 60 days after 30 June and 31 December of each income year.</p> <p>CFX's and CFX2's constitutions each allow for distribution reinvestment arrangements, however these are currently not active.</p>	Section 5
Fees and expenses	Under the CFX2 constitution, CMIL will be entitled to receive fees for performing its role as the responsible entity of CFX2 and be reimbursed for costs incurred in the proper performance of its duties. However, CMIL will waive its right to receive fees from CFX2 for five years after CFX2 Units are stapled to CFX Units. CMIL will exercise its right to be reimbursed costs incurred in the proper performance of its duties.	Section 7
Key risks	<p>As explained later in this Booklet, the maximum expenditure of CFX2 in the next 12 months is not expected to exceed approximately \$5.6 million. In undertaking any new business, the major risks are a failure to generate sufficient income to cover costs and the possible loss of all capital invested. Since \$5.6 million represents approximately 0.06% of the gross asset value of the CFX Group, a loss of all of CFX2's capital would not be regarded as material in the context of the CFX Group on most measures of materiality.</p> <p>Losses could also arise through a change in the tax treatment of stapled entities.</p>	Section 8

Feature	Summary	Section(s) in Booklet
Tax status	<p>It is intended that CMIL will operate the CFX Group in such a way that CFX will not be subject to income tax and will maintain its flow-through status for tax purposes. CFX2 will be effectively treated as a company for income tax purposes.</p> <p>Australian resident unitholders in the CFX Group will therefore be required to include in their assessable income:</p> <ul style="list-style-type: none"> – their share of the net income of CFX as advised by CMIL in each year of income; and – distributions received from CFX2 during that year of income. 	Section 9
Withholding tax (overseas investors)	<p>Non-resident unitholders will be subject to Australian withholding tax on distributions of Australian-sourced income and capital gains arising from the disposal of “taxable Australian property”, including interest and unfranked dividend income.</p> <p>The rate of withholding tax will depend on the type of income and the residency status of the investor.</p> <p>For distributions by CFX of Australian sourced income and capital gains arising from the disposal of ‘taxable Australian property’ the rate is 7.5% for investors resident in specified countries that have an ‘exchange of information’ agreement with Australia and 30% for other investors.</p> <p>For interest and unfranked dividend income, including any unfranked dividends paid by CFX2, the rate of withholding tax will be specified in the relevant Double Tax Agreement, generally 10% and 15% respectively.</p>	Section 9
GST	<p>To the extent that GST is charged, CFX2 may be entitled to claim input tax credits or reduced input tax credits (as applicable) for acquisitions to which those fees relate.</p>	Sections 7 and 9
Further information	<p>For more information about this Stapling Proposal please contact your financial adviser or contact the Stapling Proposal Information Line on 1 800 500 710 (within Australia) or on +61 2 8280 7105 (outside Australia).</p>	Section 10

3 Overview of the Stapling Proposal

What is the purpose of this Booklet?

This Booklet provides information to CFX Unitholders about CFX2 and the Stapling Proposal.

CFX Unitholders are being asked to approve:

1. amendments to the CFX constitution (by special resolution) to allow stapling;
2. the issue of CFX2 Units to CFX Unitholders; and
3. the stapling of the CFX Units to the CFX2 Units, if the amendments to the CFX constitution are approved.

What is the reason for the Stapling Proposal?

The Stapling Proposal is being put to CFX Unitholders so that (if approved) CFX2 will have the flexibility to carry out certain business activities in shopping centres and other properties for the benefit of unitholders which, for reasons explained in section 4 under the heading 'Rationale for the Stapling Proposal', cannot currently be undertaken by CFX.

These activities can include advertising businesses to operate state of the art digital screens that will display information about the centre, tenants and other advertising and issues of interest to customers for the purpose of generating income from advertisers and content suppliers.

The concept of stapling is explained below under the heading "What does it mean to "staple" CFX2 Units to CFX Units?" and in more detail in section 6 under the heading "Mechanics of the Stapling Proposal".

Is this a step towards internal management?

No, there is currently no intention to internalise management.

Is this a typical structure for Australian REITs?

Other externally managed peers of CFX have also adopted a stapled structure where a trust holds the properties and is stapled to a taxable entity that derives income that could not otherwise be derived by the trust. Internally managed peers already have a stapled entity, typically a company, through which such income can be derived.

Who will own CFX2?

If the Stapling Proposal is approved, the units in CFX2 will be issued to CFX Unitholders and will be 100% owned by CFX Unitholders.

How many CFX2 Units will I receive?

If the Stapling Proposal is approved, you will be issued with one CFX2 Unit for every one of your CFX Units.

For example, if you hold 1,000 CFX Units then, following the issue, you will hold 1,000 CFX Units and 1,000 CFX2 Units.

What will happen after I receive my CFX2 Units?

Following approval of the Stapling Proposal and the issue of the CFX2 Units to CFX Unitholders, the CFX2 Units will become "stapled" to CFX Units.

CFX Units and CFX2 Units will then trade together on the ASX as a single security, and will not be able to be dealt with separately.

What does it mean to "staple" CFX2 Units to CFX Units?

Units in CFX2 will be issued on the basis that each will be stapled to a CFX Unit. Once stapled, each CFX2 Unit must be dealt with as if it were "stapled" to the corresponding CFX Unit. For example, each CFX2 Unit can only be transferred if the CFX Unit to which it is stapled is transferred to the same person. The proposed amendments to the CFX constitution impose the same requirements on CFX Units. This will mean that you can't separately deal with your CFX Units and CFX2 Units.

Are there cooling off rights?

There are no cooling off rights in relation to the issue of the CFX2 Units to CFX Unitholders.

How much are CFX2 Units worth?

At the date of issue, CFX2 Units will have a nominal value only.

Immediately prior to stapling, CFX2 will hold a cash amount of approximately \$5.6 million paid to establish CFX2, but no other assets.

CMIL will disclose CFX's and CFX2's respective net asset values on a six-monthly basis on CFX's website.

When do I receive my CFX2 Units and what will I need to pay for my CFX2 Units?

CMIL will issue CFX2 Units to CFX Unitholders if the Stapling Proposal is approved.

The record date and time for determining entitlements to the CFX2 Units will be 5 June 2012 and the CFX2 Units will be issued to CFX Unitholders after close of trade on the ASX on 6 June 2012.

You do not have to pay anything (or complete any forms) to receive your units. The issue price for the CFX2 Units will be satisfied by a capital distribution from CFX by CMIL of \$0.002 per CFX2 Unit.

After stapling, CMIL will send you a form in respect of CFX2 that you can use to supply your TFN or ABN or exemption so that tax is not withheld on your distributions.

What are the tax consequences?

An overview of the Australian tax consequences of the Stapling Proposal for CFX Unitholders is set out in the Tax Report from Greenwoods & Freehills in section 9.

However, you should consult your own tax adviser for tax advice tailored to your own particular circumstances. CFX Unitholders who are subject to taxation outside Australia should obtain their own advice as to the tax consequences of the Stapling Proposal, which may be different to those applicable to Australian CFX Unitholders.

4 Rationale for the Stapling Proposal

Purpose of stapling

To remain competitive and encourage investment in real estate, most major developed countries treat REITs as pass-through entities for tax purposes. This tax status is granted if the REIT derives permissible passive income such as rent. CFX currently enjoys this tax status as a pass-through trust. This status does not apply, except in certain circumstances, if non-rental income is generated.

The CFX management team has identified opportunities to engage in activities that would increase returns to CFX investors but which, if undertaken, might result in CFX losing its pass-through tax status. In order to take advantage of such opportunities, it is proposed that CFX2 carry out such activities.

The CFX2 Units will be stapled to CFX Units and CFX2 will be effectively taxed as a company for tax purposes. CFX2 will return after tax profits to the Stapled Security Holders. This structure will allow CFX's assets to generate new forms of shopping centre income that are becoming increasingly important in the operation of shopping centres, without CFX losing its pass-through tax status.

Other externally managed peers of CFX have also adopted a stapled structure where a trust holds the properties and is stapled to a taxable entity that derives income that could not otherwise be derived by the trust. Internally managed peers already have a stapled entity, typically a company, through which such income can be derived.

With the creation of CFX2, CFX will have the ability to take advantage of future income opportunities from its shopping centres without changing its fundamental purpose, being the ownership of a high quality shopping centre portfolio. As future income opportunities are additional income to the core business, it is very unlikely that CFX2 will form a significant portion of income for the CFX Group in the medium term.

If CFX were to decide to not staple, this would limit the ability of CFX to derive additional income sources that may be presented to CFX in the future.

The proposal to staple CFX provides CFX with the flexibility to conduct business activities and the capacity to react immediately in the future to new forms of income streams.

Future intentions for business or asset acquisitions

As an active owner of some of Australia's best shopping centres, CFX's management team is constantly looking at ways of maximising the value of those centres on behalf of its unitholders.

There is an increasing scope to generate income from business activities that relate to the shopping centres. However, these activities may not generate rental income.

For instance, CFX's management team is assessing the opportunity to provide digital sign boards in some shopping centres that will display information on the centre, tenants and other issues of interest to customers. CFX is considering operating such business activities (through CFX2).

Other opportunities are expected to present themselves in the near term.

Future capitalisation of CFX2

If the Stapling Proposal is approved, CFX2 will have minimal capital. If suitable activities are commenced in the future, the intent is that CFX2 will be further capitalised.

If any business activities are commenced by CFX2 within the next 12 months, we do not expect that capital expenditure required to establish such activities would exceed approximately \$5.6 million or 0.09% of net assets of CFX. Nor do we expect that income would exceed \$1 million or approximately 0.3% of distributable income of CFX.

The capitalisation of CFX2 may be effected by way of a reallocation of capital from CFX to CFX2.

5 Financial impacts of the Stapling Proposal

5.1 Implementation of the staple

Financial impact for CFX

The Stapling Proposal simply involves an issue of the CFX2 Units with a nominal value. The stapling itself will have a minor financial impact on CFX, being a small reduction in equity equal to the amount of the capital distribution, (i.e. approximately \$5.6 million), plus implementation costs.

The amount of the capital distribution from CFX applied to the issue will become the equity of CFX2.

Financial impact for CFX Unitholders

The financial impact for CFX Unitholders is that a capital distribution of \$0.002 per unit will be paid from CFX. **The distribution will not be paid in cash to CFX Unitholders but reinvested on their behalf in CFX2. Tax impacts for CFX Unitholders will be negligible. The tax letter in section 9 addresses this in more detail.**

Responsible entity costs

CMIL will be entitled to receive fees for performing its role as responsible entity of CFX2 and to recover its costs. The additional costs of administering CFX2 are not anticipated to be material.

In any case, if the Stapling Proposal is approved, CMIL will waive its rights to receive responsible entity base fees from CFX2 for the first five years after CFX2 Units are stapled to CFX Units.

Distribution policy

It is intended that any distributions from CFX2 will be paid at the same time as distributions from CFX. CFX distributions are paid not more than 60 days from the distribution calculation date (each 30 June and 31 December).

CFX's and CFX2's constitutions each allow for distribution reinvestment arrangements, however these are currently not active.

Capital growth

CFX2 intends to invest in assets that are expected to depreciate in value over time, and no significant capital growth is therefore anticipated in the near term.

5.2 Future operation and benefits of the staple

The initial capital of CFX2 will be invested in activities, such as digital advertising. This will generate non-rental income, which may not have been able to be earned by CFX with the current structure. After deducting asset management fees, responsible entity fees (where applicable) and other expenses, including income tax expense, net profit after tax will be determined. The responsible entity of CFX2 will determine the distributable amount to be paid each distribution period (six-monthly periods ending 30 June and 31 December).

Should CFX2 require additional capitalisation in the future, further capital distributions may be made from CFX to CFX Unitholders and reinvested in CFX2 on their behalf, as a capital reallocation.

6 Mechanics of the Stapling Proposal

6.1 How does stapling work?

The stapling means that CFX Units and CFX2 Units trade as one security on the ASX and cannot be traded or dealt with separately. For example:

- a transfer of CFX Units can only occur if accompanied by a transfer of the same number of CFX2 Units (and vice versa);
- a CFX2 Unit will automatically transfer to a transferee of the attached CFX Unit (and vice versa); and
- any issue, repurchase, capital reduction or redemption of CFX Units can only occur if matched by a corresponding issue, repurchase, capital reduction or redemption of the same number of CFX2 Units (and vice versa).

These features arise from the stapling provisions proposed in CFX's and CFX2's constitutions.

Other features of the stapling are:

- CFX and CFX2 will operate as a group;
- CFX and CFX2 will have identical investors with an identical proportionate interest in each trust;
- CFX and CFX2 will have the same responsible entity (CMIL);
- the CFX and CFX2 constitutions allow for the affairs of each entity to be operated in a co-ordinated manner. For example, general meetings of CFX and CFX2 may be held simultaneously, as 'Stapled Security Holder meetings'; and
- Stapled Security Holders will receive a single payment for distributions from both CFX and CFX2.

6.2 Process for implementing stapling

The process for achieving the stapling is as follows (if approved):

1. The CFX constitution will be amended to insert the stapling provisions (summarised in Annexure B). The CFX2 constitution already contains equivalent provisions.
2. CMIL will apply for, as agent for CFX Unitholders, and CFX2 will issue, CFX2 Units to CFX Unitholders. The issue price for the CFX2 Units will be satisfied by a capital distribution from CFX by CMIL of approximately \$0.002 per CFX2 Unit. Following the issue of CFX2 Units, CFX2 will be wholly owned by CFX Unitholders and CFX Unitholders will have one CFX2 Unit for every CFX Unit held by them.
3. Simultaneously with the issue of the CFX2 Units to CFX Unitholders, the stapling provisions in the CFX and CFX2 constitutions take effect to achieve the stapling.
4. On 14 June 2012, normal trading in the Stapled Securities will commence on the ASX under the trading code 'CFX'.

6.3 Terms of issue of Stapled Securities

The rights and obligations of Stapled Security Holders will be principally governed by the constitutions of CFX and CFX2 and the Corporations Act. They may also be affected by the Listing Rules and other laws applicable to CFX, CFX2 and Stapled Security Holders from time to time.

The proposed stapling provisions of the CFX constitution are summarised in Annexure B. The CFX2 constitution is summarised in Annexure C.

7 Fees and Other Costs

CONSUMER ADVISORY WARNING

DID YOU KNOW?

Small differences in both investment performance and fees and costs can have a substantial impact on your long term returns.

For example, total annual fees and costs of 2% of your fund balance rather than 1% could reduce your final return by up to 20% over a 30 year period (for example, reduce it from AS100,000 to AS80,000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.

TO FIND OUT MORE

If you would like to find out more, or see the impact of the fees based on your own circumstances, the Australian Securities and Investments Commission (ASIC) website (www.fido.asic.gov.au) has a managed investment fee calculator to help you check out different fee options.

7.1 Fees and Costs

This Booklet shows fees and other costs that you may be charged. These fees and costs may be deducted from your money, from the returns on your investment or from CFX2 assets.

Information about tax is set out in section 9.

Unless otherwise stated, fees and costs disclosed in this section 7 are inclusive of GST less any input tax credits (to the extent that either are applicable).

You should read all the information about fees and costs because it is important to understand their impact on your investment.

Type of fee or cost	Amount	How and when paid
Fees when your money moves in or out of CFX2		
Establishment Fee (the fee to open your investment)	Nil.	Not applicable.
Contribution Fee (the fee on each amount contributed to your investment – either by you or your employer)	Nil.	Not applicable.
Withdrawal Fee (the fee on each amount you take out of your investment)	Nil.	Not applicable.
Termination Fee (the fee to close your investment)	Nil.	Not applicable.

7 Fees and Other Costs

continued

Type of fee or cost	Amount	How and when paid
Management costs		
The fees and costs for managing your investment in CFX2		
Responsible entity base fees (CFX2)	Up to 0.495% (0.45% exclusive of GST) per annum of Gross Asset Value calculated as at the last day of each distribution period.	Payable to CMIL from the assets of CFX2 within 60 days after the end of each distribution period.
Note: these responsible entity base fees will be waived for the first five years after the stapling of the CFX Units to the CFX2 Units (if approved).		
Ongoing expenses (CFX2)	Reimbursement of expenses relating to the proper performance of CMIL's duties in connection with CFX2.	Payable to CMIL or any service provider from the assets of CFX2.
Asset manager fees (CFX2)	Up to 4.4% (4% exclusive of GST) per annum of Gross Revenue.	Payable to the asset manager monthly in arrears.
Service fees		
Investment Switching Fee	Not applicable.	Not applicable.
The fee for changing investment options.		

Although CMIL will be entitled to receive fees and be reimbursed for costs as responsible entity of CFX2 under the CFX2 constitution, CMIL will waive its rights to receive responsible entity base fees from CFX2 for five years after CFX2 Units are stapled to CFX Units. CMIL may in its discretion waive part or all of the fees and costs thereafter.

The waiver does not apply to the fees and costs that relate to the operation and management of CFX. In this respect, please refer to section 7.4.

7.2 Example of Annual Fees and Costs

This table gives an example of how fees and costs in relation to the CFX Group can affect your investment over a one year period. You should use this table to compare the CFX Group with other managed investment products. The notes below the table discuss other fees which will also be relevant in any such comparison.

Example		Balance of \$50,000
Contribution fees (CFX2)	Nil.	Not applicable.
Plus Management costs (CFX2)	Up to 0.495% (waived for the first five years)	For every \$50,000 you have in CFX2, you will be charged up to \$247.50 (including GST) each year.
Equals costs of fund (CFX2)	Up to 0.495% (waived for the first five years)	If you had an investment of \$50,000 in CFX2 for a year, you would be charged fees of up to \$247.50 (including GST).

Note: Fees are charged at a consolidated level of CFX2 and income distribution is net of these fees. The ongoing expenses are operational costs and asset management fees are additional service fees and are not included in the management fees calculated in the table immediately above.

The Corporations Act requires disclosure of the indirect cost ratio. The indirect cost ratio for a fund is the ratio of the fund's management costs, that are not deducted directly from a member's account, to the fund's total average net assets.

The indirect cost ratio of CFX2, given that the responsible entity's fee has been waived for five years and reflecting such costs as audit and compliance, is estimated as 1% per annum.

The indirect cost ratio of CFX is 0.86% per annum. This is calculated by dividing total management costs incurred in a year, being \$50.2 million for the 12 month period ending 31 December 2011, by the total average net assets for the same period (which are estimated at \$5.83 billion).

It is expected that the management costs of CFX2 will not significantly or materially impact on the management costs of the CFX Group and that the indirect cost ratio for the CFX Group will be consistent with the indirect cost ratio of CFX.

7.3 Additional Explanation of Fees and Costs

(a) Responsible entity base fee

Under the CFX2 constitution, CMIL is entitled to a base fee of 0.45% (excluding GST) per annum of the Gross Asset Value of CFX2 calculated as at the last day of each distribution period. This equates to 0.495% (including GST) per annum of the Gross Asset Value of CFX2 per annum calculated as at the last day of each distribution period. However, this cost will be reduced by up to 0.045% to the extent CFX2 is entitled to an input tax credit or reduced input tax credit on the responsible entity fee.

Gross Asset Value will be calculated as at the last day of each distribution period based on the value of the CFX2 not including assets that relate to derivative instruments used for hedging.

The base fee will be payable to CMIL from the assets of CFX2 within 60 days of each distribution period.

As stated in section 7.1, although CMIL will be entitled to receive fees and be reimbursed for costs as responsible entity under the CFX2 constitution, CMIL will waive its rights to receive fees for five years after CFX2 Units are stapled to CFX Units. CMIL may in its discretion waive part or all of the fees and costs thereafter.

(b) Reimbursement of expenses

The CFX2 constitution provides that CMIL (and any delegate of CMIL) is to be reimbursed for costs it incurs in the proper performance of its duties. Reimbursement of these costs will be from the assets of CFX2.

Costs will also include routine ongoing expenses associated with CFX2, such as the cost of registry, listing, audit, insurance, compliance costs and other expenses.

(c) Asset management fee

Under the asset management agreement, the asset manager is entitled to fee equal to 4.4% including GST (being 4% exclusive of GST) of all gross collectibles in a financial year. However, this cost will be reduced by up to 0.4% to the extent CFX2 is entitled to an input tax credit or reduced input tax credit on the asset management fee.

7.4 Fees and expenses for CFX

The fees and costs described above relate only to CFX2 and do not impact on the fees and costs relating to the operation and management of CFX.

All fees and costs payable out of CFX for the operation and management of CFX will continue to be incurred as they have been to date.

These fees are described in the 2011 Annual Report for CFX, a copy of which is available on the CFX website at cfsgam.com.au/cfx (see pages 12 and 101).

Business Risk

Units in CFX2 will only be issued to CFX Unitholders if the Stapling Proposal is approved by CFX Unitholders and will then only be held by CFX Unitholders as a component of a Stapled Security.

CFX2 is intended to engage in activities which are more fully described in section 4 of this Booklet. As with any new business activity, there is always the possibility that CFX2's business activities will not generate any income or insufficient income to cover costs as a consequence of a range of possible factors. This could result in a loss of CFX2's capital which initially will be approximately \$5.6 million.

A loss of CFX2's initial capital represents approximately 0.06% of the CFX Group's gross asset value. The issue price of each CFX2 Unit is \$0.002 which is approximately 0.11% of the 30-day volume weighted average price of CFX Unit of \$1.7667 as at 17 April 2012.

CMIL has no plans at the moment to increase the capital of CFX2 and will not increase that capital for at least 12 months. Holders of Stapled Securities will be kept informed of the activities undertaken by CFX2.

Joint Venture Risk

Investments may be undertaken by CFX2 through joint ventures with other parties. The realisation of returns from these investments is reliant on the performance of the joint venture partner.

Uninsured Loss

CMIL will attempt to maintain insurance for CFX2 against liability as is customary for similar business activities. However, there can be no certainty that insurance will be available or sufficient to cover such risks on an economically feasible basis or at all.

Market Risk

It is intended that Stapled Securities will be traded on ASX in the same manner as now applies for CFX Units. It is possible that market reaction to the Stapling Proposal will not be favourable and Stapled Securities may trade at a price below that at which CFX Units would otherwise have been expected to trade.

Subject to the foregoing, Stapled Securities are subject to the same market volatility and risks as now apply to CFX Units and other listed securities.

Taxation Risks

Although stapling is a common form of achieving common ownership of entities which are pass through for tax purposes and entities which are taxed, it is always possible that the tax treatment of stapled entities could change, resulting in possible adverse tax consequences for the holders of Stapled Securities.

In this regard, it is likely that a number of the recommendations made by the Board of Taxation in its report arising from its review of the taxation arrangements applying to managed investment trusts will be implemented by the Australian government. Draft legislation implementing these recommendations is yet to be released. It is possible that adverse taxation consequences could arise to the CFX Group from these proposals.

CFX Unitholders may be required to take account of the amount of the excess of the capital distribution from CFX over the cost base in their CFX Units when considering their tax position for the taxation year in which the Stapling Proposal is implemented.

The precise taxation consequences for each CFX Unitholder will depend on their individual circumstances including whether they hold their CFX Units on revenue or capital account, the availability of the CGT concession and the applicable tax rate.

9 Tax Report

The Directors

19 April 2012

Commonwealth Managed Investments Limited as responsible entity for CFS Retail Property Trust and Retail Trust 2

Ground Floor Tower 1
201 Sussex Street
Sydney, NSW 2000

Dear Directors

CFS Retail Property Trust (CFX) Australian Taxation Report

We have been asked by Commonwealth Managed Investments Limited as responsible entity (**Responsible Entity** or **RE**) for CFS Retail Property Trust (**CFX**) to prepare a report on the Australian taxation issues arising in relation to the transactions described in detail in the Notice of Meeting, Explanatory Statement & Product Disclosure Statement (**Explanatory Statement**) dated on or about 19 April 2012 and summarised below (the **Stapling Proposal**).

The information contained in this report is of a general nature only. It does not constitute tax advice and should not be relied upon as such. This report outlines the general Australian taxation implications for CFX Securityholders in respect of their participation in the Stapling Proposal and from the holding and disposing of Stapled Securities.

The information in this report applies only to those CFX Securityholders (who will become Stapled Security holders as a result of the Stapling Proposal) (**Securityholders**) who are resident individuals, complying superannuation entities and companies holding their investments on capital account. We have also considered non-resident Securityholders, but only on the basis that there will be no non-resident who holds, together with associates, a beneficial interest of 10% or more in the Stapled Securities.

This section does not consider the Australian tax consequences that arise for:

- Securityholders who hold their units as trading stock or revenue assets;
- financial institutions, insurance companies, partnerships, tax exempt organisations or temporary residents (unless expressly stated);
- dealers in securities;
- Australian residents who hold their units as part of an enterprise carried on at or through a permanent establishment in a foreign country; and
- Securityholders who change their tax residence while holding units in the Fund.

All investors should seek independent professional advice on the consequences of their participation in the Stapling Proposal, based on their particular circumstances. CFX Securityholders who are not resident in Australia should obtain advice on the taxation implications arising in their local jurisdiction of participating in the Stapling Proposal.

Unless otherwise stated, terms used in this report are defined in the same way as they are in the Explanatory Statement.

This report is based on the provisions of the *Income Tax Assessment Act 1936*, the *Income Tax Assessment Act 1997*, the *A New Tax System (Goods and Services Tax) Act 1999* and related acts, regulations and Australian Taxation Office (ATO) rulings and determinations applicable as at the date of this letter.

The commentary in this section is confined to tax issues which are only one part of the many matters that investors need to consider when making a decision about their investments. The representatives of Greenwoods & Freehills involved in preparing this tax summary are not licensed to provide financial product advice in relation to dealing in securities. Accordingly, Greenwoods & Freehills does not seek to recommend, promote or otherwise encourage any party to participate in the Stapling Proposal. Under the *Corporations Act 2001* (Cth), the commentary in this section is not required to be provided by a holder of an Australian Financial Services licence. Potential investors should consider seeking advice from a suitably qualified Australian Financial Services licence holder before making any investment decision.

Greenwoods & Freehills has given its consent to the inclusion of this letter in the Explanatory Statement.

1. Board of Taxation review

The Board of Taxation was commissioned in February 2008 to undertake a review of the taxation arrangements applying to managed investment trusts. The Board of Taxation's final report included 48 formal recommendations. Having regard to publicly available information released by the Australian Government in response, it is likely that a number of the Board of Taxation's recommendations will be implemented although draft legislation has yet to be released. It is recommended that Securityholders monitor the progress of any changes in law in this area.

2. Stapling Proposal

Under the Stapling Proposal, CFX Units will be stapled to CFX2 Units. To effect the Stapling Proposal:

- CMIL in its own capacity will establish and register with ASIC Retail Trust 2 (CFX2), of which CMIL will be the responsible entity.
- CMIL in its capacity as RE for CFX will:
 - make a capital distribution from CFX to CFX2 to be applied in payment of the issue price for the CFX2 Units to be applied for; and
 - acting as agent for the CFX Unitholders, apply for units in CFX2 on a one for one basis for each CFX Unitholder and the units being applied for must be of the same type, have the same rights and be fully paid upon issue.
- CMIL in its capacity as RE for CFX2 will issue units to CFX Unitholders as applied and paid for by CMIL in its capacity as RE for CFX on behalf of the CFX Unitholders.
- CMIL in its capacities as RE of CFX and CFX2 respectively will resolve to staple the units in CFX and the units in CFX2.
- CMIL in its capacities as RE of CFX and CFX2 will cause to be set up a Stapled Security register.

The general taxation consequences of participating in the Stapling Proposal are outlined in section 3 below. A description of the Stapling Proposal is set out in section 3 of the Explanatory Statement.

3. Tax Consequences of Stapling Proposal

3.1 Payment of Stapling Distribution

The payment of the Stapling Distribution should not result in assessable income to CFX Securityholders. However, the cost base of a Securityholder's unit in CFX will be reduced by the amount of the Stapling Distribution.

To the extent that the Stapling Distribution exceeds the cost base of a Securityholder's unit in CFX, the Securityholder will make a capital gain to the extent of that excess. Securityholders who are individuals, trustees or complying superannuation entities and who have held the CFX Unit for 12 months or more

should be entitled to apply the applicable capital gains tax (CGT) discount factor to reduce the capital gain (after offsetting current year and carried forward capital losses). For more information on applying the CGT discount see section 4.3 of this letter below.

In relation to non-resident Securityholders, provided that a Securityholder (and its associates) does not hold an interest in CFX of 10% or more, then any capital gain made by such Securityholders will be disregarded.

3.2 Cost base in CFX2 Units

The cost base of a Securityholder's unit in CFX2 subsequent to the Stapling Proposal will include the amount of the Stapling Distribution compulsorily applied to purchase the unit in CFX2.

3.3 Stapling

An effect of stapling is to apply restrictions to the transferability of the individual securities comprising the Stapled Security, such that each individual security (i.e. the CFX Unit and the CFX2 Unit) will retain its legal character without any change of beneficial ownership. As there is no change in beneficial ownership of the CFX2 Units by simply stapling them, there will be no taxable event for CGT purposes in relation to the stapling.

4. Holding Stapled Securities

4.1 Summary

For tax purposes, CFX2 will be taxed like a company under Division 6C of the *Income Tax Assessment Act 1936* and its distributions (other than certain capital distributions) to Securityholders will be taxed as dividends and may be franked.

If a Securityholder is an Australian resident taxpayer, the Securityholder will generally be taxable on:

- the Securityholder's share of the net income of CFX for tax purposes;
- the tax deferred (non-assessable) component of distributions made in relation to CFX Units to the extent the tax deferred amount exceeds the cost base of the CFX Unit;
- the amount of any dividend received from CFX2 and any franking credits attached to the dividend; and
- any gain arising from the subsequent disposal of a CFX Unit or CFX2 Unit, as a component of a Stapled Security.

If the Securityholder is a non-resident, the Securityholder will be taxed on:

- the Securityholder's share of the net income of CFX for tax purposes to the extent that it is attributable to sources in Australia (CFX will deduct this by way of withholding tax); and
- the amount of any unfranked dividend received from CFX2 (CFX2 will deduct this by way of dividend withholding tax).

4.2 Ownership of Stapled Securities – General

Securityholders will need to treat each component making up the Stapled Security separately for tax purposes. That is:

- Securityholders will receive, and separately deal with the tax consequences of, distributions from CFX and dividends from CFX2; and
- when the Stapled Securities are disposed of, the Securityholder will have to separately consider the tax issues associated with the disposal of the CFX Units and CFX2 Units.

4.3 Income Distributions from CFX

The Responsible Entity of CFX intends to manage CFX such that it is regarded as a flow-through entity for Australian tax purposes and should not be liable to income tax, including CGT, provided Securityholders are presently entitled to all of the income of CFX. Securityholders should generally be the persons who are taxed on the income of CFX.

(a) Australian Residents

An Australian resident Securityholder will include in their assessable income the taxable component of CFX distributions to which the Securityholder is entitled (being the Securityholder's proportionate share of CFX's taxable income) even if the distributions are reinvested. This amount will be taxed to the Securityholder in the income year in which the entitlement to a distribution arises irrespective of the timing of the cash payments made in respect of distributions.

If a net capital gain is included in the taxable income of CFX (for example, on disposal of an asset), Australian-resident Securityholders will be regarded as having derived a capital gain equal to their proportionate share of that net capital gain. However, where discount capital gains treatment has been applied in calculating the net capital gain of CFX, Australian-resident Securityholders will be required to gross-up the amount of the capital gain included in their assessable income. Australian-resident Investors can then apply any available capital losses from other sources to offset the capital gain and then apply their CGT discount factor, if applicable.

If the total cash distributions that an Australian-resident Securityholder receives from CFX in an income year exceeds his or her proportionate share of the taxable income of CFX, the excess will represent a "tax deferred" distribution.

The tax deferred component of a distribution an Australian-resident Securityholder receives will generally not be included in that Securityholder's assessable income. However the tax deferred component will reduce the cost base of the Securityholder's CFX Units.

Where the cost base of a Securityholder's CFX Unit is reduced to zero, any further receipts of tax deferred distributions in respect of that unit will be assessable to the Australian-resident Securityholder as a capital gain. Australian-resident Securityholders who are individuals, trustees or complying superannuation entities and who have held the relevant unit for 12 months or more should be entitled to apply the applicable CGT discount factor to reduce the capital gain (after offsetting current year and carried forward capital losses).

(b) Non-Residents

Non-resident Securityholders will generally not be assessable on the amount of any income or gains distributed to them by CFX. However, CFX will be required to withhold tax from such distributions. The amount to be withheld is dependent on a range of factors including the source of the distributed amount and the country of residence of the Securityholder.

Unfranked dividends, interest and royalties distributed by CFX will be subject to withholding tax which is generally imposed at a rate of 30% for dividends and royalties and 10% for interest. Non-resident Securityholders who are residents of a country that has entered into a Double Tax Agreement with Australia might be entitled to a lower rate of withholding tax.

Distributions from CFX of income other than dividends, interest and royalties should be subject to managed investment trust (MIT) withholding tax. CFX will withhold tax from such distributions to the extent they represent taxable income of CFX other than non-Australian sourced income or capital gains on assets that are not "taxable Australian property" ("taxable Australian property" mainly includes direct and indirect interest in land situated in Australia). Any "tax deferred" amount distributed by CFX to non-resident Securityholders should not be subject to withholding and should not result in a capital gain.

The managed investment trust withholding tax rate will depend on the country in which the relevant non-resident Securityholder is a resident. For residents of countries with which Australia has an "effective exchange of information on tax matters" and which have been specified in the legislation for these purposes the rate will be 7.5%. Examples of such countries include New Zealand, the United Kingdom and the United States.

For residents of other countries the managed investment trust withholding rate will be 30%.

4.4 Dividends from CFX2

(a) Australian Residents

An Australian resident Securityholder will include in their assessable income dividends paid to the Securityholder by CFX2. This amount will be taxed to the Securityholder in the income year in which the dividend is received. In addition to the amount of the dividends, the Securityholder will generally include any franking credits attached to the dividends in their assessable income. Where franking credits are included in a Securityholder's assessable income, the Securityholder will generally be entitled to a corresponding tax offset.

Relevantly, to be eligible for the franking credit and tax offset, the Securityholder must have held the units "at risk" for at least 45 days (not including the date of the unit's acquisition or disposal). This rule should not apply to a Securityholder if the Securityholder is an individual whose tax offset entitlement (on all shares and interests in shares held) does not exceed \$5,000 for the income year in which the franked dividend is paid.

Where the Securityholder is an individual, a complying superannuation entity or a registered charity (in certain circumstances), the Securityholder may be entitled to a refund of tax to the extent that the franking credits attached to the Securityholder's dividends exceed the Securityholder's tax liability for the income year.

Where the Securityholder is a corporate shareholder, any franked dividends the Securityholder receives will generally give rise to a franking credit in the Securityholder's franking account.

(b) Non-Residents

Non-resident Securityholders should not be assessable on the amount of any dividend received from CFX2. However, CFX2 will be required to withhold tax from the unfranked component of dividends paid to a non-resident Securityholder. The tax withheld will, in the absence of a Double Tax Agreement, be equal to 30% of the unfranked component of the dividends paid. This rate may be reduced where the Securityholder is a resident of a country with which Australia has concluded a Double Tax Agreement.

5. Disposal of Stapled Securities

5.1 General

As a consequence of stapling, each CFX Unit and CFX2 Unit comprising a Stapled Security may not be traded separately. However, as discussed above at 3.2, each CFX Unit and CFX2 Unit comprising a Stapled Security is a separate CGT asset. Accordingly, where there is a disposal of a Stapled Security, there will necessarily be a disposal for CGT purposes of a CFX Unit and CFX2 Unit.

Where consideration is received in connection with a transaction that relates to more than one CGT asset, the capital proceeds for each asset is so much of the total consideration as is reasonably attributable to that asset.

Accordingly, the capital proceeds referable to the disposal of each individual CFX Unit and CFX2 Unit comprising a Stapled Security will be determined by apportioning the total capital proceeds received in respect of the disposal of the Stapled Security between the CFX Unit and CFX2 Unit on a reasonable basis.

5.2 Australian Residents

Upon disposal of a Stapled Security, a Securityholder will make a capital gain if:

- the portion of the consideration reasonably attributable to the CFX Unit exceeds the cost base of the CFX Unit; and/or
- the portion of the consideration reasonably attributable to the CFX2 Unit exceeds the cost base of the CFX2 Unit.

A Securityholder will make a capital loss if:

- the portion of the consideration reasonably attributable to the CFX Unit is less than the reduced cost base of the CFX Unit; and/or
- the portion of the consideration reasonably attributable to the CFX2 Unit is less than the reduced cost base of the CFX2 Unit.

For more information in relation to the cost base of a Securityholder's CFX2 Unit see section 3.2 of this letter above.

CGT discount

If a Securityholder is an individual, a complying superannuation entity or a trustee and acquired (or is taken to have acquired) for CGT purposes CFX Units or CFX2 Units at least 12 months prior to the date of their disposal (or other eligible CGT event happening in relation to the relevant Security), the amount of the Securityholder's capital gain is reduced by the relevant CGT discount.

In calculating the period of 12 months for CGT purposes, a CFX2 Unit acquired pursuant to the Stapling Proposal is considered to have been acquired at the time when the Stapling Distribution was applied to acquire the CFX2 Unit.

If a security holder who is an individual or trustee applies the CGT discount method, the Securityholder's taxable capital gain (after offsetting any current year capital losses or carry forward net capital losses from previous years) will be reduced by one-half (or one-third if the Securityholder is a complying superannuation entity).

If the Securityholder is a company, the CGT discount is not available.

5.3 Non-Residents

In relation to non-resident Securityholders, provided that a Securityholder (and their associates) does not hold an interest in the Stapled Securities of 10% or more, there should not be any CGT consequences on disposal of their Stapled Securities.

6 Goods and Services Tax (GST)

No GST should be payable in respect of the transactions to effect the Stapling Proposal. These all involve dealings with securities, so the various supplies will be input taxed.

There may be an indirect GST cost for Securityholders on any costs they incur as input tax credits will generally not be available for GST incurred in respect of supplies relating to the dealings with these Securities (e.g. legal and other adviser fees).

7 Other Issues

CFX Securityholders would have been invited to provide Commonwealth Managed Investments Limited as responsible entity of CFX with their Tax File Number (**TFN**) or Australian Business Number (**ABN**) when they first acquired their CFX Units. If no TFN or ABN were quoted, the Responsible Entity would have deducted tax from the distributions paid to the Securityholder at the highest marginal rate of tax (plus Medicare Levy).

CFX Securityholders who participate in the Stapling Proposal will acquire CFX2 Units.

Specific provisions of the *Privacy Act 1988* and the *Taxation Administration Act 1953* prevent the Responsible Entity from disclosing the TFNs of CFX Securityholders to third parties (which includes itself as Responsible Entity of CFX2). Accordingly, if the Stapling Proposal proceeds the Responsible Entity will need to obtain the TFNs of CFX2 Securityholders.

After approval of the Stapling Proposal, the Responsible Entity will send Securityholders a form that the Securityholder can use to provide their TFN or ABN or exemption. Securityholders are not obliged to provide their TFN or ABN to the Responsible Entity. However, if a Securityholder does not provide their TFN or ABN or exemption, tax may be withheld at a rate of 46.5% on the unfranked component if dividends are paid to CFX2 Securityholders. However, Securityholders will be entitled to claim an income tax credit/refund (as applicable) in respect of the tax withheld in their income tax returns.

Yours sincerely
Greenwoods & Freehills Pty Limited

10 Additional Information

10.1 Overview

This section sets out additional information relating to:

- voting on the Stapling Proposal;
- entitlement to Stapled Securities;
- the ASX listing of the Stapled Securities;
- regulatory consents (ASIC and the ASX);
- disclosure and how to request additional information;
- statements consents and disclaimers;
- privacy rights;
- complaints procedures; and
- labour standards and ethical considerations.

10.2 Voting on the Stapling Proposal

(a) Overview of the unitholder vote

The Meeting of Unitholders will be held at the Sheraton on the Park Hotel, Castlereagh Room, 161 Elizabeth Street, Sydney NSW on Monday 28 May 2012 at 10:00am. The Stapling Resolutions will be considered at the Meeting of Unitholders.

(b) Stapling Resolutions

The Stapling Resolutions are set out in the Notice of Meeting in section 1. CFX Unitholders will consider:

- a resolution to amend the existing CFX constitution in the form tabled at the Meeting of Unitholders to facilitate the Stapling Proposal; and
- voting on the Stapling Proposal resolution to generally approve the Stapling Proposal, as described in this Booklet.

The Stapling Resolutions require approval by at least 75% of the votes cast by CFX Unitholders (either in person at the meeting or by proxy). If approved, the CFX constitution will be amended to reflect the changes set out in Annexure A and as summarised in Annexure B. A copy of the constitution as it will be if resolution 1 is passed (so that all text which is underlined in that copy is inserted into the constitution and all text which is struck through in that copy is deleted from the constitution) is available by:

- viewing it on CFX's website at cfsgam.com.au/cfx; or
- requesting a copy, free of charge, by calling the Stapling Proposal Information Line on 1800 500 710 (within Australia) or +61 2 8280 7105 (outside Australia).

10.3 Holders entitled to Stapled Securities

To identify the CFX Unitholders entitled to participate in the Stapling Proposal, dealings in CFX Units will only be recognised if:

- for dealings effected using CHESS (the computer system used by the ASX to effect the settlement of the purchase or sale of financial products), the transferee is registered in CFX's register of unitholders as the holder of the relevant CFX Units by 7 pm (Sydney time) on the Stapling Record Date of 5 June 2012; and
- for other types of dealings, dealings that occur before the close of business on the last day of trading of CFX Units (expected to be 29 May 2012) and in respect of which registrable transmission applications or transfers in registrable form in respect of those dealings are received on or before 7 pm (Sydney time) on the Stapling Record Date.

CFX will not accept for registration or recognise for any purpose any transmission application or transfer in respect of CFX Units received after the times stated above.

10.4 ASX listing

An application for admission of CFX2 Units to quotation on the ASX (as a component of Stapled Securities comprising CFX Units and CFX2 Units trading together) has been made to the ASX. If the Stapling Proposal proceeds, the Stapled Securities will be quoted on ASX. It is expected that normal trading in Stapled Securities will commence on 13 June 2012. If the Stapling Proposal is not approved, the application will be withdrawn and only the CFX Units will trade on the ASX.

The ASX reserves the right (but without limiting its absolute discretion) to remove one or more entities with stapled securities from the official list if any of their securities cease to be 'stapled' together, or any equity securities are (without the ASX's approval) issued by one entity which are not stapled to equivalent securities in the other entity or entities.

10.5 Regulatory consents

(a) ASIC relief

CMIL has applied to ASIC for various modifications to, and exemptions from, the Corporations Act in respect of the Stapling Proposal and this Booklet, summarised as follows:

- section 1016(D)(2) – relief to exempt CMIL from being required to have individual application forms from CFX Unitholders in order to issue CFX2 Units to the CFX Unitholders;
- sections 601FC(1)(c) and 601FD(1)(c) – relief to allow CMIL and its officers to act in the best interests of Stapled Security Holders as a whole (rather than just the interests of CFX2 Unitholders alone);
- sections 601FC(1)(e), 601FD(1)(d), 601FD(1)(e) and 601FE(1) – relief to allow CMIL (and its directors, officers and employees) to use information acquired in its role as responsible entity of CFX2 to the advantage of Stapled Security Holders in the CFX Group as a whole;
- section 601LC – relief from the related party transaction provisions to permit CMIL to transfer assets to CFX (and its subsidiaries) or CFX2 subsidiaries on non-arm's length terms; and
- Part 7.9 – relief to permit CFX and CMIL to apply distributions payable in respect of CFX Units and CFX2 Units together, to the acquisition of additional Stapled Securities.

(b) ASX waivers

CMIL has applied to the ASX for the following in principle waivers (pending CFX2's admission to the official ASX list) from the operation of the following Listing Rules as they apply to CMIL, CFX and CFX2:

Waivers

- Listing Rule 1.1 Condition 8 – waiver of the minimum asset test in Listing Rule 1.3 in relation to CFX2;
- Listing Rule 2.1, Condition 2 – waiver to permit the quotation of CFX2 Units with an issue or sale price of less than 20 cents;
- Listing Rule 8.10 – waiver to permit CMIL to refuse to register a transfer of a CFX2 Unit if it is not accompanied by a transfer of a CFX Unit, and vice versa; and
- Listing Rule 10.1 – waiver from related party provisions to permit the transfer of assets between CFX and CFX2 (and their wholly owned subsidiaries and sub-trusts) without unitholder approval.

Confirmations and approvals

- Guidance Note 2 – confirmation that the ASX will view the stapling as within the policy outlined in the Guidance Note and will approve a joint quotation of CFX and CFX2 securities on this basis, and confirmation that the ASX is satisfied to the extent to which the stapling satisfies the requirements in the Guidance Note; and
- Listing Rule 6.1 – confirmation that the terms of the Stapled Securities are appropriate and equitable.

10.6 Continuous disclosure

(a) Additional information available from ASX

CFX is a disclosing entity under the Corporations Act and is subject to regular reporting and disclosure obligations under the Corporations Act and the Listing Rules. These require CFX to notify the ASX of information about specified matters and events as they occur for the purpose of making that information available to the market. In particular, CFX must (subject to limited exceptions) notify the ASX immediately on becoming aware of information which a reasonable person would expect to have a material effect on the price or value of CFX Units. On quotation of CFX2 Units on the ASX, CFX2 will also be a disclosing entity under the Corporations Act and subject to the same disclosure obligations which apply to CFX. Copies of the documents filed with the ASX may be obtained from the ASX website at www.asx.com.au.

(b) Information available from CFX

CFX will make copies of the following documents on CFX's website at cfsgam.com.au/cfx. A copy of the following may be requested to be provided free of charge by contacting the Stapling Proposal Information Line on 1800 500 710 (within Australia) or +61 2 8280 7105 (outside Australia) between 8:30am and 5:30pm (Sydney time) Monday to Friday:

- this Booklet;
- the proposed amended CFX constitution (as will apply on implementation of the Stapling Proposal); and
- the CFX2 constitution.

CMIL will provide regular communication to CFX2 Unitholders, including publication of:

- a quarterly report on the performance of CFX2;
- half yearly distribution advice statements;
- annual tax statements; and
- an annual report.

10 Additional Information

continued

These documents will also be available on CFX's website. CFX2 Unitholders will also have the right to obtain a copy of each annual report, half yearly report and any continuous disclosure notice from CFX2 free of charge.

10.7 Consents and disclaimers

Greenwoods & Freehills have given and have not, before the date of issue of this Booklet, withdrawn their consent to:

- be named in this Booklet as taxation adviser to CFX in relation to the Stapling Proposal;
- the inclusion of their Tax Report in section 9 and the references to the Tax Report in the form and context in which they are included in this Booklet; and
- the inclusion of other statements in this Booklet which are based on or referable to statements made in the Tax Report, or which are based on or referable to other statements made by Greenwoods & Freehills, in the form and context in which they are included.

Greenwoods & Freehills:

- does not make, or purport to make, any statement in this Booklet other than those statements included in the Tax Report and as consented to by Greenwoods & Freehills; and
- to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Booklet other than as described in this section with their consent.

10.8 Privacy and your personal information

CMIL uses personal information about you to establish and manage your investment. Details of how CMIL collects, uses and discloses your personal information, and also how you can access and update your personal information held by CMIL, is contained in CMIL's Privacy Policy. A copy of CMIL's Privacy Policy is available on its website at http://www.cfsgam.com.au/uploadedFiles/CFX/About_Us/FSG/CFSP_Privacy_Policy_Statement.pdf.

CMIL assures you that, although CMIL may be required to disclose your personal information to certain government bodies under various superannuation, tax, corporations and anti-money laundering laws, it will not sell your personal information to private organisations to enable them to offer products or services to you. To find out more about your rights and remedies for breaches of privacy, you can visit the Privacy Commissioner's website at www.privacy.gov.au or contact the Privacy Commissioner's hotline on 1300 363 992.

If you do not provide your personal information, CMIL may not be able to properly administer your unitholding.

Under the Privacy Act 1988 (Cth) (as amended), you may request access to your personal information held by (or on behalf of) CMIL. You can request access to your personal information by telephoning or writing to the Unit Registry as follows:

Privacy Officer
Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235

Telephone:
1300 554 474 (within Australia)
+ 61 2 8280 7111 (outside Australia)

10.9 Complaints handling procedures

We are committed to delivering a high level of service to all unitholders. Should there be some way you feel that we can improve our service, we would like to know. Whether you are making a suggestion or a complaint, your feedback is appreciated.

Our contact details are:

Investor Relations
CFS Retail Property Trust
GPO Box 3892
Sydney NSW 2001

Telephone +61 2 9303 3500

Email CFXfeedback@colonialfirststate.com.au

CMIL (the responsible entity) is also a member (member no. 10324) of the Financial Ombudsman Service (FOS), an external complaints resolution scheme. FOS offers Australian consumers a single national source of accessible information and expertise for banking, insurance and investment disputes. If you are not satisfied with the resolution of your complaint by CMIL, you may refer your complaint to FOS.

10.10 Labour standards and ethical considerations

CMIL is a wholly owned subsidiary of Commonwealth Bank of Australia (**Bank**). Other wholly owned subsidiaries may be responsible for management of assets of CFX2.

The Bank and all of its subsidiaries (**Group**) are committed to rigorous standards in relation to Group employees and to the Group's social and ethical responsibilities. The Group's policies on employees as well as social and ethical matters can be found at: <http://www.commbank.com.au/about-us/shareholders/corporate-profile/corporate-governance/#17>

The Group recognises that it has a direct and indirect impact on the environment and believes that managing these impacts is an important aspect of sound business management. The Group's policies on sustainability and the environment can be found at:

<http://www.commbank.com.au/about-us/our-company/sustainability/environment.aspx>

All of the policies referred to in this section will be applied to the extent relevant to the proposed activities of CFX2 as they are now to the activities of CFX.

11 Glossary

11.1 Definitions

ASIC	the Australian Securities & Investments Commission.
ASX	ASX Limited (ABN 98 008 624 691), trading as Australian Securities Exchange.
Business Day	a day on which banks are open for business in Sydney, other than a Saturday or Sunday.
CFX	CFS Retail Property Trust (ARSN 090 150 280).
CFX Group	the group comprising CFX and CFX2 to be formed on implementation of the Stapling Proposal.
CFX Unit	a fully paid unit in CFX.
CFX Unitholder	the holder of CFX Units.
CFX2	Retail Trust 2 (ARSN 156 647 853).
CFX2 Unit	a fully paid unit in CFX2, to be issued to CFX Unitholders if the Stapling Proposal is approved.
CFX2 Unitholder	the holder of CFX2 Units.
Closing Date	closing date and time for receipt of completed proxy forms for the Meeting of Unitholders.
CMIL	the responsible entity of CFX and CFX2, being Commonwealth Managed Investments Limited (ABN 33 084 098 180).
Corporations Act	<i>Corporations Act 2001</i> (Cth).
Effective Date	the date on which the Stapling Proposal is implemented, being the day on which the stapling provisions to be inserted into the CFX constitution take effect.
Greenwoods & Freehills	Greenwoods & Freehills Pty Ltd (ABN 60 003 146 852).
GST	Goods and Services Tax.
Listing Rules	the ASX Listing Rules.
Meeting of Unitholders	the meeting of CFX Unitholders, to be held at the Sheraton on the Park Hotel, Castlereagh Room, 161 Elizabeth Street, Sydney NSW on Monday 28 May 2012 at 10:00am.
Notice of Meeting	the notice to convene the Meeting of Unitholders on 28 May 2012 to consider and if thought fit, pass various resolutions, including the Stapling Resolutions.
REIT	real estate investment trust.
Stapled Security	one CFX Unit stapled to one CFX2 Unit.
Stapled Security Holder	the holder of a Stapled Security.
Stapling Proposal	the issue of the CFX2 Units to CFX Unitholders and the stapling of CFX Units to CFX2 Units to be quoted on the ASX as a single stapled security, as described in this Booklet.
Stapling Record Date	the record date for determining the entitlements of CFX Unitholders to Stapled Securities under the Stapling Proposal, being 7 pm on the fifth Business Day following the last day of trading of CFX Units, or such other date as determined by CMIL and announced to ASX.
Stapling Resolutions	resolutions 1 and 2 to be considered by CFX Unitholders at the Meeting of Unitholders, which relate to: <ul style="list-style-type: none">• implementing the Stapling Proposal by inserting stapling provisions into the CFX constitution; and• generally approving the Stapling Proposal, as described in this Booklet.
Tax Report	the taxation report prepared by Greenwoods & Freehills and set out in section 9.

Annexure A – Resolution 1: Amendments to the CFX constitution

Please note that:

- (a) Expressions used in this Annexure A include expressions defined in the constitution of CFX. A copy of the current CFX constitution can be found at cfsgam.com.au/cfx.
- (b) One such defined term is 'SRE' which is the responsible entity of CFX, Commonwealth Managed Investments Limited.
- (c) A copy of the constitution as it will be if resolution 1 is passed (so that all text which is underlined in that copy is inserted into the constitution and all text which is struck through in that copy is deleted from the constitution) is available on CFX's website at cfsgam.com.au/cfx and will be provided to you upon request.

The following are the amendments to the CFX constitution to effect stapling

The Amendments

- (a) New definitions are inserted into clause 1.1 of the Constitution as set out below:

“Attached Security” means a Security which is from time to time Stapled or to be Stapled to a Unit (and Attached Securities has a corresponding meaning);

“Corresponding Number” in relation to an Attached Security means at any time the number of those Attached Securities that are stapled to a Unit at that time.

“Interest” means:

- (a) where a Unit does not form part of a Stapled Security, a Unit; and
- (b) where a Unit does form part of a Stapled Security, a Stapled Security

“Proposal” means a proposal approved by an ordinary resolution of Holders, except to the extent that the Corporations Act requires the proposal to be approved by special resolution;

“Stapled” means, in relation to a Unit and an Attached Security or Attached Securities, being linked together so that one may not be dealt with without the other or others;

“Stapled Entity” means any trust, corporation, managed investment scheme or other entity in which the Securities are Stapled to Units;

“Stapled Security” means a Unit and each Attached Security which are Stapled together;

“Stapled Security Register” means a register of Stapled Securities to be established and maintained by or on behalf of the SRE in accordance with clause 33B.7;

“Security” has the meaning given to that term in section 92(1) of the Corporations Act (Cth) 2001 (and Securities has a corresponding meaning);

“Unstapling Date” means the date determined by the SRE to be the unstapling date pursuant to clause 33B.5.1

- (b) The definition of “Issue Price” in clause 1.1 is amended by inserting “5.9, ” between “5.3C, ” and “8”.
- (c) The definition of “Market Price” in clause 1.1 is amended by deleting each instance of the words “Unit” and “Units” and inserting the words “Interest” and “Interests” in their respective places.
- (d) The definition of “Standard Issue Price” in clause 1.1 is amended by deleting each instance of the words “Unit” and “Units” (except in the phrase “Present Unit Value”) and inserting the words “Interest” and “Interests” in their respective places.
- (e) New clauses 5.9, 5.10, 5.11 and 5.12 are inserted into the Constitution as set out below:

“5.9 Issue price

In addition to any other power the SRE has to issue Units under this constitution, the SRE may issue Units at any time to any person where the Trust is admitted to the Official List, Units will form part of Stapled Securities and Stapled Securities are Officially Quoted and have not been suspended from Official Quotation (other than temporarily) at an Issue Price determined in accordance with clauses 5.10 to 5.11.

Annexure A – Resolution 1: Amendments to the CFX constitution

continued

5.10 Entitlement Issues

- 5.10.1 If Stapling applies, Units pursuant to a Rights Issue may be issued by the SRE at a price determined by the SRE but only if the total of the Issue Price of that Unit and the issue price of the Attached Security or Attached Securities to which that Unit will be Stapled is not less than 75% of the Standard Issue Price for Stapled Securities on a Business Day no more than 15 days prior to the day on which the offer or issue is made.
- 5.10.2 If Stapling applies, Units pursuant to a Reinvestment Request may be issued by the SRE at a price determined by the SRE, but only if the total of the Issue Price of that Unit and (if Stapling applies) the issue price of the Attached Security or Attached Securities to which that Unit will be Stapled is not less than 90% of the Standard Issue Price for Stapled Securities on a Business Day 2 Business Days after the date for determination of entitlements to the distribution which will be applied in paying for Units to be issued pursuant to the Reinvestment Request.

5.11 Placements

If Stapling applies, Units pursuant to an issue of Units under clause 5.3 may be issued by the SRE at a price determined by the SRE, but only if the total of the Issue Price of that Unit and the issue price of the Attached Security or Attached Securities to which that Unit will be Stapled is not less than 80% of the Standard Issue Price for Stapled Securities on a Business Day no more than 15 days prior to the day on which the offer or issue is made.

5.12 Capital Reallocation

- 5.12.1 If at any time, a Stapled Entity makes a capital payment to the SRE as a capital reallocation amount, each member is:
- 5.12.1.1 taken to have directed the SRE to accept that capital reallocation amount; and
 - 5.12.1.2 the SRE must apply that amount as an additional capital payment in respect of each Unit which is stapled to a security of the Stapled Entity making the capital payment equally in respect of each Unit.
- 5.12.2 The SRE may at any time make a capital payment to a Stapled Entity as a capital reallocation amount provided that:
- 5.12.2.1 the constitution of the Stapled Entity contains provisions to the effect of those in Clause 5.12.1; and
 - 5.12.2.2 the SRE is satisfied that the capital payment will be applied as an additional capital payment in respect of each Stapled Security to which a Unit is stapled equally.”

(f) A new clause 6.10 is inserted into the Constitution as set out below:

“6.10 Forfeiture of Attached Security

If a Unit forms part of a Stapled Security and:

- 6.10.1 the holder of the Unit fails to pay the whole of an instalment on an Attached Security forming part of the Stapled Security when it falls due;
- 6.10.2 forfeiture procedures substantially similar to those set out in these clauses 6.3 to 6.8 are invoked in respect of the Attached Security; and
- 6.10.3 the payment default giving rise to such forfeiture procedures being invoked has not been remedied by the relevant Member,

the SRE may apply the provisions of these clauses 6.3 to 6.8 in respect of the Unit in order to ensure that the Unit and each Attached Security is simultaneously subject to forfeiture pursuant to substantially identical procedures.”

(g) New clauses 33A and 33B are inserted into the Constitution as set out below:

“33A Proposal approved by Members

33A.1 Power to implement a Proposal and limitation of liability

33A.1.1 Having regard to the functions of the SRE and without limiting anything else in this clause 33A the SRE has power to do all things which it considers are necessary, desirable or reasonably incidental to effect a Proposal and those powers apply despite, and are not limited by, any provision of this constitution other than clause 35.

33A.1.2 Subject to the Corporations Act (Cth) 2001, the SRE will not have any liability of any nature whatsoever beyond the assets of the Trust Fund to Members, arising directly or indirectly, from the SRE doing or refraining from doing any act (including the execution of a document), pursuant to or in connection with the implementation of a Proposal.

33A.2 Appointment of the SRE as agent and attorney

33A.2.1 The SRE is irrevocably appointed the agent and attorney of each Member to execute all documents and do all things which it reasonably considers are necessary or desirable to be executed or done on behalf of the Members to effect a Proposal, including, but without limiting the generality of the following:

33A.2.1.1 Applying for Securities in the name of the Member.

33A.2.1.2 Executing transfers of Units held by the Member.

33A.2.1.3 Accepting transfers of Securities for the Member.

33A.2.2 The SRE is authorised to execute these documents and do these things without needing further authority or approval from the Members.

33A.3 Paramourty

Subject only to clause 35, this clause 33A has effect despite any other provision of this constitution and any provision of this constitution which is inconsistent with this clause 33A does not operate to the extent of any inconsistency.

33B Stapling

33B.1 Power to staple Securities

In addition to any power the SRE has under clause 33A, the SRE may (subject to the Corporations Act (Cth) 2001 and, if the Units are Officially Quoted, the Listing Rules):

33B.1.1 cause the Stapling of any Security to any Unit;

33B.1.2 cause the Stapling of further Securities to Units, whether those Securities are a different class of Securities of a Stapled Entity from those Stapled at the time or Securities of an entity that is not a Stapled Entity,

so that in every case, the Corresponding Number of Attached Securities of every kind is Stapled to each Unit.

33B.2 Applications, transfers and distributions in specie

33B.2.1 For the purposes of Stapling, the SRE may:

33B.2.1.1 apply for Securities in the name of a Member;

33B.2.1.2 make a transfer of Securities to all Members; or

33B.2.1.3 make a transfer of Securities by way of an in specie distribution of Securities to all Members.

33B.2.2 If the SRE applies for Securities in accordance with clause 33B.2.1.1, it must apply for Securities for all Members in the same way and the Securities applied for must be of the same type, have the same rights and be fully paid upon issue.

Annexure A – Resolution 1: Amendments to the CFX constitution

continued

- 33B.2.3 If the SRE effects a transfer made in accordance with clause 33B.2.1.2 it must effect the transfer to all Members in the same way and the Securities transferred to each Member must be of the same type, have the same rights and be fully paid.
- 33B.2.4 Despite clause 18.11, if the SRE makes an in specie distribution under clause 33B.2.1.3 the SRE:
- 33B.2.4.1 must transfer the Securities by way of distribution between 7pm on the Determination Date and 10am the following day; and
- 33B.2.4.2 must effect the distribution to all Members in the same way and the Securities transferred to each Member must be of the same type, have the same rights and be fully paid.
- 33B.2.5 Where Securities are to be applied for or transferred by the SRE in accordance with clause 33B.2.1, each Member authorises the SRE to act as the Member's agent to:
- 33B.2.5.1 apply for Securities in the name of that Member;
- 33B.2.5.2 accept a transfer of Securities for that Member; and
- 33B.2.5.3 agree that the Member will become a member of the relevant Stapled Entity.

33B.3 Operation of Stapling provisions

Clauses 33B.4 to 33B.10 apply only, and for so long as, a Unit is a component of a Stapled Security.

33B.4 Units to be Stapled

- 33B.4.1 Details of all Stapled Securities sufficient to identify the Securities which comprise the Stapled Security must be registered in the Stapled Security Register and a joint holding statement must be issued to evidence the holding of Stapled Securities that are admitted to an uncertificated trading system.
- 33B.4.2 On and from the Stapling Date and prior to the Unstapling Date, the SRE must not issue Units unless satisfied that each of those Units will be Stapled to the Corresponding Number of each Attached Security to form a Stapled Security.
- 33B.4.3 On and from the Stapling Date and prior to the Unstapling Date, the SRE and the Members must not do any act, matter or thing nor refrain from doing any act, matter or thing if to do so or refrain from doing so (as the case may be) would result directly or indirectly in any Unit no longer being a component of a Stapled Security. In particular:
- 33B.4.3.1 the SRE must not offer a Unit for subscription or sale unless an offer is made at the same time and to the same person for the Corresponding Number of each Attached Security for issue or sale;
- 33B.4.3.2 any offer of a Unit for subscription or sale must require the offeree to subscribe for or buy the Corresponding Number of each Attached Security;
- 33B.4.3.3 the SRE must not issue or sell a unit to any person unless the Corresponding Number of each Attached Security is also issued or sold to the same person at the same time;
- 33B.4.3.4 the SRE must not consolidate, sub-divide, cancel or otherwise reorganise any Units unless at the same time there is a corresponding consolidation, subdivision, cancellation or other reorganisation of all Attached Securities; and

33B.4.3.5 the SRE must not register the transmission or transfer of Units pursuant to clause 12 unless it also causes the transmission or transfer (as the case may be) of a Corresponding Number of each Attached Security,

33B.5 Unstapling Date

33B.5.1 Subject to approval by a special resolution of the Members and the members of each Stapled Entity respectively, the SRE may determine that the Stapling provisions of this constitution will cease to apply and that a particular date is to be the Unstapling Date.

33B.5.2 On and from the Unstapling Date, each Unit ceases to be Stapled to the Attached Securities and the SRE must do all things reasonably necessary to procure that each Unit is Unstapled.

33B.5.3 If the SRE determines to unstaple the Stapled Securities pursuant to this clause 33B.5, this does not prevent the SRE from:

33B.5.3.1 subsequently determining that the Stapling provisions should recommence; and

33B.5.3.2 stapling an unstapled Unit to Attached Securities which are not Stapled.

33B.6 Transfer of Stapled Securities

33B.6.1 Until the Unstapling Date:

33B.6.1.1 a transfer of a Unit forming part of a Stapled Security will only be accepted as a proper transfer in registrable form if, in addition to the requirements of clause 12, the transfer relates to or is accompanied by a transfer of the Corresponding Number of each Attached Security from the same transferor in favour of the same transferee;

33B.6.1.2 a transfer of a Unit which is not accompanied by a transfer of the Corresponding Number of each Attached Security will be taken to authorise the SRE as agent for the transferor to effect a transfer of the Corresponding Number of each Attached Security from the same transferor to the same transferee; and

33B.6.1.3 a transfer of any Attached Security to which a Unit is Stapled (other than a transfer of the Attached Security to the SRE as trustee of the Trust) which is not accompanied by a transfer of the Unit will be taken to authorise the SRE as agent for the transferor to effect a transfer of the Unit and any other Attached Securities to which the Share is Stapled to the same transferee.

33B.6.2 Each Member irrevocably appoints the SRE as its agent and attorney for the purposes of taking all necessary action (including executing necessary documentation) to effect, on a date to be determined by the SRE, the transfer to the SRE (as trustee of the Trust) or to a person nominated by the SRE any Attached Security which was Stapled to a Forfeited Unit which has been cancelled or sold.

33B.7 Stapled Security Register

The SRE must cause to be set up and maintained, a Stapled Security Register which:

33B.7.1 may incorporate or form part of the Register;

33B.7.2 records the names of the Members, the number of Units held, the number of Attached Securities held by the Members to which each Member's Units are Stapled and any additional information required by the Corporations Act or the Listing Rules (if applicable) or determined from time to time by the SRE.

Annexure A – Resolution 1: Amendments to the CFX constitution

continued

33B.8 Member meetings

- 33B.8.1 Representatives of a Stapled Entity may attend and speak at any meeting or invite any other person to attend and speak.
- 33B.8.2 Meetings of Members may be held in conjunction with meetings of the holders of Attached Securities and, subject to the Corporations Act (Cth) 2001, the SRE may make any rules for the conduct of the meetings as the SRE determines.

33B.9 Variation of Stapling provisions

Prior to the Unstapling Date, the consent of each other Stapled Entity must be obtained to effect any amendment to this constitution which:

- 33B.9.1 directly affects the terms on which Units are Stapled; or
- 33B.9.2 removes any restriction on the transfer of a Stapled Unit unless that restriction also exists for all other Attached Securities and is simultaneously removed for all Attached Securities.

33B.10 Restricted issue of Units of different class

While there is a similar restriction on the issue of Attached Securities of any new class pursuant to the terms of the constitutions of the Stapled Entities without the consent of the holders of Attached Securities, despite any other provision of this constitution, the SRE must not issue any Units which are of a different class from any Units already issued, without an ordinary resolution being passed at a meeting of Members to that effect.”

Annexure B – Summary of proposed amendments to the CFX constitution

Insertion of new stapling provisions

It is proposed that the following provisions are added to the CFX constitution to facilitate the stapling of CFX Units to CFX2 Units. If the Stapling Resolutions are not approved, the CFX constitution will remain unchanged.

Power to staple

The Directors may cause the stapling of the CFX Units to other securities (which includes the CFX2 Units).

Mechanics of stapling

While stapling applies:

- CFX must not issue CFX Units unless each of those CFX Units will be stapled to the corresponding number of each attached security;
- CFX and CFX Unitholders must not do anything that would result in a CFX Unit no longer being part of a Stapled Security. In particular:
 - CFX must not offer a CFX Unit for subscription or sale (including by way of offering options) unless an offer is made at the same time and to the same person for the corresponding number of each attached security for issue or sale;
 - an offer of a CFX Unit for subscription or sale (including by way of offering options) must require the offeree to subscribe for or buy the corresponding number of each attached security;
 - CFX must not issue or sell a CFX Unit to any person unless the corresponding number of each attached security is also issued or sold to the same person at the same time;
 - CFX must not consolidate, split, subdivide, cancel or otherwise reorganise any CFX Units unless at the same time there is a corresponding consolidation, subdivision, cancellation or other re-organisation of the attached securities; and
 - CFX must not register the transmission or transfer of CFX Units unless a corresponding number of each attached security is also transmitted or transferred.

Forfeiture of stapled security

If securities forming part of Stapled Securities are liable to forfeiture, CFX may ensure that each corresponding CFX Unit is forfeited simultaneously.

Unstapling date

CFX may, following approval by special resolution of CFX Unitholders and the members of each stapled entity, determine a date on which the stapling provisions of the CFX constitution will cease to apply. Stapling also ceases to apply on the winding up of a stapled entity. This provision will not prevent CFX subsequently determining that the stapling provisions should recommence.

Transfer of Stapled Securities

While stapling applies, a transfer of CFX Units forming part of Stapled Securities will only be accepted as a proper transfer in registrable form if the transfer relates to or is accompanied by a transfer of the corresponding number of attached securities from the same transferor in favour of the same transferee. Otherwise, if not so accompanied, CFX will be authorised to transfer those attached securities as agent for the transferor. CFX is also appointed as agent to:

- transfer any attached securities with any forfeited CFX Units; and
- arrange and apply for the issue to CFX Unitholders of securities in a stapled entity for the purposes of distributing a distribution in the form of Stapled Securities.

Issue of CFX Units if stapling applies

CFX may issue CFX Units provided CFX is listed on the ASX, the CFX Units will form part of Stapled Securities and the Stapled Securities are at the time officially quoted on the ASX.

The issue price for:

- a rights issue may be determined by CFX only if the total price of the CFX Units and the stapled security is not less than 75% of the market price or the present unit value for the Stapled Securities on a business day no more than 15 days prior to the day of the offer or issue; and
- a reinvestment request may be determined by CFX only if the total price of the CFX Units and the stapled security is not less than 80% of the market price or the present unit value for the Stapled Securities on a business day no more than 2 business days after the date for determination of the entitlements pursuant to a reinvestment request.

Annexure B – Summary of proposed amendments to the CFX constitution

continued

The issue price for placements of CFX Units may be determined by CFX only if the total price of the CFX Units and the stapled security is not less than 80% of the market price or the present unit value for the Stapled Securities on a business day no more than 15 days prior to the day of the offer or issue.

Capital Reallocation

If a stapled entity makes a capital reallocation to CFX, each member is:

- taken to have directed CFX to accept the capital reallocation; and
- CFX may apply that amount as an additional capital payment in respect of each CFX Unit which is stapled to a security of the stapled entity.

CFX may at any time make a capital reallocation to a stapled entity provided:

- the constitution of the stapled entity contains provisions to the same effect as those above; and
- CFX is satisfied that the capital reallocation will be applied as an additional capital payment in respect of each stapled security.

Stapled Security register

CFX must cause a stapled security register to be maintained.

Variation of stapling provisions

The consent of each other stapled entity must be sought prior to amending the CFX constitution in a way which directly affects the terms on which the CFX Units are stapled or which removes a restriction on the transfer of CFX Units (where that same restriction also applies to the attached securities), unless the restriction is simultaneously removed for the attached securities.

Member approved proposals

The trustee is irrevocably appointed as agent and attorney of each unitholder to execute all documents and do all things which it reasonably considers are necessary or desirable to be executed or done on behalf of the unitholder to effect a proposal approved by unitholders at a meeting including applying for securities in the name of the unitholder and accepting transfers of securities for the unitholder.

To the extent of any inconsistency between a provision of the CFX constitution (other than clause 35 (Listing Rules)) and the provisions relating to approved proposals, the provisions relating to approved proposals will prevail. This would provide for the stapling provisions to prevail as they would be included pursuant to an approved proposal as contained in the Notice of Meeting.

Restricted securities

While stapling applies, if a restriction is placed on the Stapled Securities, the CFX Units which are a component of the Stapled Securities will be a restricted security, unless an ordinary resolution of the members is passed approving otherwise.

Meetings

While stapling applies, representatives of each stapled entity may attend any meeting of a stapled entity. Further, meetings of CFX Unitholders may be held in conjunction with the meetings of the holders of the attached securities.

Annexure C – Summary of the CFX2 constitution

CFX2 Units are governed by the terms of CFX2's constitution, the general law relating to trusts, the Corporations Act, ASIC rulings and the Listing Rules. In particular, registers of members, meetings of unitholders (including applicable voting rights), financial reporting and auditing, amendment to the constitution and removal of the responsible entity are primarily regulated by the Corporations Act. The information below summarises the main provisions of CFX2's constitution.

Interests of unitholders

Division into units

Interests in CFX2 are divided into units. No unit confers an interest in a particular part of CFX2. A holder may not interfere or seek to interfere with the rights, powers, authority or discretion of the trustee; claim or exercise any right in respect of any asset of the fund; or require that any asset of the fund be transferred to the holder.

Classes of units

CFX2 may issue units in two or more separate classes with rights, obligations and restrictions as it determines. CFX2 may convert any units from one class to another class.

The right to issue different classes of units is subject to restrictions while stapling applies. If a restriction is placed on Stapled Securities, the CFX2 Units which are a component of the Stapled Securities will be a restricted security, unless an ordinary resolution of the members is passed approving otherwise.

The trustee may consolidate or split units. The trustee may offer units for subscription as partly paid units. Failure to pay instalments on any partly paid units may result in forfeiture of those units.

Liability

The liability of each holder in its capacity as such is limited to its investment in CFX2. A holder is not required to indemnify the trustee or a creditor of the trustee against any liability of the trustee in respect of CFX2. The recourse of the trustee and any creditor of the trustee is limited to the assets of the fund.

Lien

The trustee has a first and paramount lien over units for any amounts owing to the trustee in respect of units registered in the name of the holder, including any fees or unpaid calls. The lien extends to distributions from time to time payable in respect of the units.

Capital Reallocation

If a stapled entity makes a capital reallocation to CFX2, each member is:

- taken to have directed CFX2 to accept the capital reallocation; and
- CFX2 may apply that amount as an additional capital payment in respect of each CFX2 Unit which is stapled to a security of the stapled entity.

CFX2 may at any time make a capital reallocation to a stapled entity provided:

- the constitution of the stapled entity contains provisions to the same effect as those above; and
- CFX2 is satisfied that the capital reallocation will be applied as an additional capital payment in respect of each stapled security.

Power to issue units

The trustee may otherwise issue units and options at any time subject to the detailed pricing and other provisions of the constitution and the Corporations Act.

Trustee powers

General powers

The trustee has all the powers that is possible to confer on a trustee, and that are incidental to ownership of the fund as though it were the absolute and beneficial owner of the fund.

While stapling applies, the trustee may have regard to the fact that CFX2 is operating as part of a stapled group with common members with the intention that the interest of CFX2 and the stapled entities is aligned. Accordingly, in exercising its powers, the trustee may have regard to the interests of unitholders as beneficiaries of CFX2 and holders of attached securities.

Annexure C – Summary of the CFX2 constitution

continued

Delegation

The trustee may appoint a person (including an associate) as its delegate, attorney or agent to exercise its powers and performance obligations. The trustee may appoint a person to acquire, hold title to, dispose of or otherwise deal with any asset of the fund on behalf of the trustee.

Buyback of units

While listed, CFX2 may buy back its units. Immediately after registration of a transfer of a unit or stapled security (as the case may be) following a buy-back, the units are cancelled. Where a unit forms part of a stapled security, the trustee may only buy back and cancel units if the securities to which those units are stapled are also the subject of a contemporaneous buy-back and cancellation.

The trustee or its nominee may set a range of purchase prices at which buy-backs can be made provided that the maximum purchase price does not exceed 5% more than the average market price for the unit or stapled security (as the case may be) sold on the ASX during the last 5 days on which sales in units or stapled securities (as the case may be) were recorded.

Limitation of liability

The trustee and each director and officer of the trustee are not personally liable to a holder or any other person in connection with office. Subject to the Corporations Act, the trustee will only be liable to the extent to which it is entitled to be and is in fact indemnified out of the assets of the fund actually vested in the trustee in respect of CFX2.

Indemnities

The trustee is entitled to be indemnified out of the trust fund for all liabilities and expenses in the proper performance of its duties.

Trustee may rely on advice

The trustee may act upon the opinion or advice of professional advisors and the trustee will not be liable for anything done, suffered or omitted by it in good faith in reliance upon such opinion or advice.

Interested dealings by trustee

The trustee or an officer or employee or associate of the trustee may hold units; act in any fiduciary, vicarious or professional capacity; have an interest in or enter into any transaction with the trustee or an associate, any unit holder or any other person; or hold or deal in or have any other interest in an asset of the fund and may retain and is not required to account for any resultant benefits.

Income and distributions

Determination & distribution of income

The trustee is to determine whether any item is income or capital. The trustee may at any time distribute pro-rata to unitholders income or capital out of the fund. In making determinations and distributing income, the trustee does not have to take into account accounting standards and generally accepted accounting principles and practices which apply to trusts.

Distributable Amount

While CFX2 is taxed as though it were a company, the trustee has a complete discretion as to how much is distributed to unitholders on each distribution date. This amount is referred to in CFX2's constitution as the "distributable amount".

Distribution entitlement

Each unitholder's distribution entitlement is determined in accordance with the following formula:

$$DE = \frac{DA \times UH}{UI}$$

Where **DE** is the distribution entitlement; **DA** is the "distributable amount"; **UH** is the aggregate paid-up proportion of each unit holding of the unitholder; and **UI** is the aggregate paid-up proportion of all units on issue in CFX2 which are entitled to a share of the DA.

Distribution of entitlement

The trustee must pay to each unitholder its distribution entitlement on or before the distribution date. Persons who are unitholders on the distribution calculation date for a period have an absolute, vested and indefeasible interest in the relevant distributable amount. The trustee may satisfy its obligations to pay a unitholder's distribution entitlement by applying for and paying up an issue of securities in a stapled entity as an agent of

the unitholder or by transferring any asset of the fund to that unitholder. If the trustee exercises its power to transfer any asset of the fund to a holder, the trustee may in its absolute discretion require that the holder receiving the asset or distribution pay some or all of the GST on any supply arising from the distribution and the holder must then indemnify the trustee against that GST or itself pay some of the GST and recover the amount out of the fund.

Remuneration of trustee

The trustee is entitled to a fee of 0.45% of the Gross Asset Value per annum plus GST and can recover its costs for the management of CFX2.

The fee is payable in six-monthly instalments within 60 days after the end of each distribution period in accordance with the CFX2 constitution.

The trustee will waive the fee for the first five years after stapling to CFX.

Transfers

While CFX2 is listed, the trustee may not do anything which may prevent, delay or in any way interfere with the registration of a transfer of units.

Retirement or removal of the trustee

The trustee may be replaced in accordance with the Corporations Act.

Winding up

In winding up CFX2, the trustee must: realise the assets of the fund; pay any amount due to it; pay all Costs of the trustee in its capacity as trustee of CFX2; and subject to any special rights attached to units, distribute the net proceeds of realisation among the unitholders pro-rata in accordance with the paid-up proportion of units held. The trustee may distribute an asset of the fund to a unitholder in specie. The trustee is entitled to be paid all its Costs from the proceeds of realisation of CFX2 before any payment is made to the unitholders.

Proposals

The trustee is irrevocably appointed as agent and attorney of each unitholder to execute all documents and do all things which it reasonably considers are necessary or desirable to be executed or done on behalf of the unitholder to effect a proposal approved by unitholders at a meeting including applying for securities in the name of the unitholder and accepting transfers of securities for the unitholder.

To the extent of any inconsistency between a provision of the CFX2 constitution (other than clause 1.6 (Inconsistency with the Listing Rules)) and the provisions relating to approved proposals, the provisions relating to approved proposals will prevail.

Stapling

Power to staple

The trustee may cause the stapling of any security to the units and may cause the stapling of further securities to the units.

Distributions in specie

For the purposes of stapling, the trustee may make an in specie distribution of securities to all unitholders.

Mechanics of stapling

While stapling applies:

- CFX2 must not issue CFX2 Units unless each of those CFX2 Units will be stapled to the corresponding number of each attached security;
- CFX2 and CFX2 Unitholders must not do anything that would result in a CFX2 Unit no longer being part of a stapled security. In particular:
- CFX2 must not offer a CFX2 Unit for subscription or sale (including by way of offering options) unless an offer is made at the same time and to the same person for the corresponding number of each attached security for issue or sale;
- an offer of a CFX2 Unit for subscription or sale (including by way of offering options) must require the offeree to subscribe for or buy the corresponding number of each attached security;

Annexure C – Summary of the CFX2 constitution

continued

- CFX2 must not issue or sell a CFX2 Unit to any person unless the corresponding number of each attached security is also issued or sold to the same person at the same time;
- CFX2 must not consolidate, split, subdivide, cancel or otherwise reorganise any CFX2 Units unless at the same time there is a corresponding consolidation, subdivision, cancellation or other re-organisation of the attached securities; and
- CFX2 must not register the transmission or transfer of CFX2 Units unless a corresponding number of each attached security is also transmitted or transferred.

Forfeiture of stapled security

If securities forming part of Stapled Securities are liable to forfeiture, CFX2 may ensure that each corresponding CFX2 Unit is forfeited simultaneously.

Unstapling date

CFX2 may, following approval by special resolution of CFX2 Unitholders and the members of each stapled entity, determine a date on which the stapling provisions of the CFX2 constitution will cease to apply. Stapling also ceases to apply on the winding up of a stapled entity. This provision will not prevent CFX2 subsequently determining that the stapling provisions should recommence.

Transfer of Stapled Securities

While stapling applies, a transfer of CFX2 Units forming part of Stapled Securities will only be accepted as a proper transfer in registrable form if the transfer relates to or is accompanied by a transfer of the corresponding number of attached securities from the same transferor in favour of the same transferee. Otherwise, if not so accompanied, CFX2 will be authorised to transfer those attached securities as agent for the transferor. CFX2 is also appointed as agent to:

- transfer any attached securities with any forfeited CFX2 Units; and
- arrange and apply for the issue to CFX2 Unitholders of securities in a stapled entity for the purposes of distributing a distribution in the form of Stapled Securities.

Issue of CFX2 Units if stapling applies

CFX2 may issue CFX2 Units provided CFX2 is listed on the ASX, the CFX2 Units will form part of Stapled Securities and the Stapled Securities are at the time officially quoted on the ASX.

The issue price for:

- a rights issue may be determined by CFX2 only if the total price of the CFX2 Units and the stapled security is not less than 75% of the market price or the present unit value for the Stapled Securities on a business day no more than 15 days prior to the day of the offer or issue;
- units issued pursuant to a purchase plan may be issued by CFX2 at a price determined by it; and
- a distribution reinvestment arrangement request may be determined by CFX2 only if the total price of the CFX2 Units and the stapled security is not less than 80% of the market price or the present unit value for the Stapled Securities on a business day no more than 2 business days after the date for determination of the entitlements pursuant to a reinvestment request.

The issue price for placements of CFX2 Units may be determined by CFX2 only if the total price of the CFX2 Units and the stapled security is not less than 80% of the market price or the present unit value for the Stapled Securities on a business day no more than 15 days prior to the day of the offer or issue.

Stapled security register

CFX2 must cause a stapled security register to be maintained.

Variation of stapling provisions

The consent of each other stapled entity must be sought prior to amending the CFX2 constitution in a way which directly affects the terms on which the CFX2 Units are stapled or which removes a restriction on the transfer of CFX2 Units (where that same restriction also applies to the attached securities), unless the restriction is simultaneously removed for the attached securities.

Meetings

While stapling applies representatives of each stapled entity may attend any meeting of a stapled entity. Further, meetings of CFX2 Unitholders may be held in conjunction with the meetings of the holders of the attached securities.

Directory

CFX ASX trading code

CFS Retail Property Trust

ARSN 090 150 280

Responsible entity

Commonwealth Managed Investments Limited
ABN 33 084 098 180
AFSL 235384

Directors of the responsible entity

Mr Richard Haddock AM (Chairman)
Mr James Kropp
Ms Nancy Milne OAM
Ms Annabel Spring
Mr Michael Venter
Mr Peter Taylor (Alternate to Ms A Spring)

Company Secretaries

G R Freeman BComm LLB (UNSW)
R K Pierro

Registered office of the responsible entity

Ground Floor, Tower 1
201 Sussex Street
Sydney NSW 2000
Telephone +61 2 9118 7200

Manager of the Trust

Colonial First State Property Retail Pty Limited
ABN 19 101 384 294

Registered office of the Manager

Ground Floor, Tower 1
201 Sussex Street
Sydney NSW 2000

Principal office of the Manager

Level 7
52 Martin Place
Sydney NSW 2000
Telephone +61 2 9303 3500
Facsimile +61 2 9303 3622
Email CFXfeedback@colonialfirststate.com.au
Website cfsgam.com.au/cfx

Property Manager

Colonial First State Property Management Pty Ltd
Chadstone Shopping Centre
1341 Dandenong Road
Chadstone Vic 3148

Unit Registry

Link Market Services Limited
Level 12
680 George Street
Sydney NSW 2000
Telephone (Freecall) 1800 500 710
Telephone (outside Australia) +61 2 8280 7105
Facsimile +61 9287 0303

NOTE: From 11 May 2012, the principal office of the Manager will change to Level 4, Tower 1, 201 Sussex Street Sydney. All other contact details will remain unchanged.

For enquiries regarding your unitholding, please contact the Unit Registry.

- For all correspondence, please quote your Securityholder Reference Number (SRN) or Holder Identification Number (HIN) that can be found near the top right hand corner of your holding statement.
- The Unit Registry will only accept correspondence or amendments to unitholdings if they are signed by the unitholder(s).
- To arrange changes of address, changes in registration of units, direct credit requests or to enquire about distribution information, please contact the Unit Registry on 1800 500 710.
- You can also view your investment details online and update your personal details through the 'Investor Service Centre' section of the Unit Registry website at linkmarketservices.com.au or through the 'Access your unitholding' section of the CFX website at cfsgam.com.au/cfx. You will require your SRN/HIN to access this information.

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Global Asset Management

CFS Retail Property Trust ARSN 090 150 280

Responsible Entity:

Commonwealth Managed Investments Limited ABN 33 084 098 180

Manager:

Colonial First State Property Retail Pty Limited ABN 19 101 384 294



ONLINE

www.linkmarketservices.com.au



By mail:

CFS Retail Property Trust
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia



By fax: +61 2 9287 0309



All enquiries to: Telephone: 1800 500 710 **Overseas:** +61 2 8280 7105

UNITHOLDER VOTING FORM

I/We being a member(s) of CFS Retail Property Trust and entitled to attend and vote hereby appoint:

STEP 1

APPOINT A PROXY

the Chairman of the Meeting (mark box)

OR if you are NOT appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered unitholder) you are appointing as your proxy

or failing the person/body corporate named, or if no person/body corporate is named, the Chairman of the Meeting, as my/our proxy and to vote for me/us on my/our behalf at the Unitholder Meeting of the Trust to be held at 10:00am on Monday, 28 May 2012 at the Sheraton on the Park Hotel, Castlereagh Room, 161 Elizabeth Street, Sydney and at any adjournment or postponement of the meeting.

The Chairman of the Meeting intends to vote undirected proxies in favour of all items of business.

Proxies will only be valid and accepted by the Trust if they are signed and received no later than 48 hours before the meeting.

Please read the voting instructions overleaf before marking any boxes with an

STEP 2

VOTING DIRECTIONS

Resolution 1

Approval of amendments to Constitution to facilitate the Stapling

For	Against	Abstain*
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Resolution 2

General Approval of Stapling Proposal

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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i * If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

STEP 3

SIGNATURE OF UNITHOLDERS - THIS MUST BE COMPLETED

Unitholder 1 (Individual)

Sole Director and Sole Company Secretary

Joint Unitholder 2 (Individual)

Director/Company Secretary (Delete one)

Joint Unitholder 3 (Individual)

Director

This form should be signed by the unitholder. If a joint holding, either unitholder may sign. If signed by the unitholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the Corporations Act 2001 (Cth).

CFX PRX201



HOW TO COMPLETE THIS PROXY FORM

Your Name and Address

This is your name and address as it appears on the Trust's unit register. If this information is incorrect, please make the correction on the form. Unitholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your units using this form.**

Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person in Step 1. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a unitholder of the Trust. A proxy may be an individual or a body corporate.

Votes on Items of Business - Proxy Appointment

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your units will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of units you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

Appointment of a Second Proxy

You are entitled to appoint up to two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Trust's unit registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of units applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (b) return both forms together.

Signing Instructions

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either unitholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, 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 indicate the office held by signing in the appropriate place.

Corporate Representatives

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Trust's unit registry.

Lodgement of a Proxy Form

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **10:00am on Saturday, 26 May 2012**, being not later than 48 hours before the commencement of the meeting. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy Forms may be lodged using the reply paid envelope or:



ONLINE

www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the proxy form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, unitholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the proxy form).



by mail:

CFS Retail Property Trust
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia



by fax:

+61 2 9287 0309



by hand:

delivering it to Link Market Services Limited, Level 12, 680 George Street, Sydney NSW 2000; or 1A Homebush Bay Drive, Rhodes NSW 2138.

**If you would like to attend and vote at the Unitholder Meeting, please bring this form with you.
This will assist in registering your attendance.**

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