CFS Retail Property Trust Group (CFX)

18 December 2013

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ASX ANNOUNCEMENT

Agreed Proposal to internalise management of CFS Retail Property Trust Group (CFX)

The Independent Directors of Commonwealth Managed Investments Limited (CMIL), as Responsible Entity of CFX, announce they have reached agreement with Commonwealth Bank of Australia (the Bank) to progress its internalisation proposal (the Proposal[1]) for CFX, which also involves CFX acquiring the Bank's integrated retail asset management business and CFX commencing to manage a number of wholesale property funds.

Internalisation proposal highlights

- Proposal will create one of Australia's largest fully integrated and independently managed retail property groups, with $13.9 billion in assets under management[2]
- Direct ownership of a high quality portfolio of 28 retail assets valued at $8.6 billion
- 2.2% accretion to forecast distributable income and 4.2% value accretion, on a per security pro forma basis for the year ending 30 June 2014[3]
- CFX to make a cash payment to the Bank of $460 million[4] to:
  - acquire CMIL, which is the Responsible Entity for CFX and a number of funds
  - allow and enable CMIL to assume the management of CFX and a number of wholesale property funds and other direct property investment mandates, and
  - acquire the integrated retail asset management business that provides property management, development management and

1 For clarity, all figures relating to the Proposal in this announcement assume the continued management of QV Retail. CMIL has agreed with the Bank that the property management agreement relating to QV Retail may be terminated, assigned or novated before or within 12 months of the date of completion for a consideration to CMIL of $7.7m. The impact this may have on various metrics relating to the Proposal is included in Attachment Two.

2 Based on 30 June 2013 figures, and adjusted for post balance date items including asset sales, estimated asset revaluations and capital expenditure. Excludes funds in wind-down.

3 Value accretion captures the benefit of costs of approximately $8m that are saved as part of internalisation which are not fully captured in distributable income on consolidation but will be reflected in property valuations.

4 CFX will also acquire net assets of the existing business, including cash, receivables, payables and property, plant and equipment, for an additional consideration of $15m.

leasing services for CFX-owned and co-owned properties, wholesale property funds and third party mandates

- A ~$280 million fully underwritten institutional placement to be launched today to part fund the transaction, in combination with debt and a Security Purchase Plan (SPP) to be offered to eligible Australian and New Zealand securityholders
- The Independent Directors unanimously recommend the Proposal, in the absence of a superior proposal and subject to an Independent Expert's Report concluding that the Proposal is fair and reasonable for, and in the best interests of, CFX securityholders other than the Bank and its associates
- Key Board and management team continuity expected

On behalf of the Independent Directors of CMIL, Mr Richard Haddock AM, Chairman of CMIL, said: "The proposed internalisation better aligns management with securityholder interests and is expected to be value enhancing for securityholders."

"If the Proposal is implemented, CFX will become one of Australia's largest fully integrated and independently managed retail property groups with $13.9 billion of assets under management.

"It will draw together a quality retail portfolio, a robust management platform and a strong, focused and committed team of 850 property professionals with the vision and capability to capture new opportunities as a standalone entity.

"CFX will benefit from lower costs, additional revenue streams and access to new growth opportunities.

"These attributes are expected to generate further value over time for securityholders compared to the current externally managed structure," said Mr Haddock.

The Independent Directors of CMIL unanimously recommend the Proposal, in the absence of a superior proposal and subject to an Independent Expert's Report concluding that the Proposal is fair and reasonable for, and in the best interests of, CFX securityholders other than the Bank and its associates.

The Proposal requires approval by CFX's securityholders voting at an Extraordinary General Meeting expected to be held in March 2014. A Notice of Meeting, Explanatory Memorandum and Prospectus are expected to be lodged with the Australian Securities Exchange (ASX) and sent to CFX securityholders in February 2014.

The Gandel Group, which owns a 16.8% stake in CFX (and has further 10.0% interest in CFX pursuant to a right of first refusal arrangement with CBA), has indicated its intention to vote in favour of the Proposal, in the absence of a superior proposal and subject to each of the conditions set out below also being satisfied:

- an Independent Expert's Report concluding (and the Independent Expert maintaining the conclusion) that the Proposal is fair and reasonable for, and in the best interests of, CFX securityholders (other than CBA and its associates);
- the CFX securityholder vote on the Proposal occurring no later than 30 April 2014; and
- the Independent Directors of CMIL continuing to unanimously recommend that CFX securityholders approve the resolutions required to implement the Proposal.

Expected benefits and rationale

The Proposal is expected to have the following benefits for CFX securityholders:

- Accretive to CFX securityholder value
  - Pro forma forecast incremental EBIT[5] of $48.5 million for the year ending 30 June 2014
  - 2.2% accretion to forecast distributable income and 4.2% value accretion, on a per security pro forma basis for the year ending 30 June 2014[6]
  - Eliminates payments out of CFX relating to funds management and asset management fees, giving CFX greater certainty and control over operating costs, and
  - Eliminates any future performance fees potentially payable to the Bank[7].
- Enhanced governance
  - Securityholder election of non-executive Board members
  - Avoids perceived conflicts of interest which may exist within external management models, and
  - Management employed and incentivised directly by CFX.
- Diversification and scale benefits
  - Strengthens CFX's market position by creating one of Australia's largest fully integrated and independently managed retail property groups
  - Provides access to additional income streams through funds management and asset management of co-owned assets, wholesale

5 Earnings before interest and tax.

6 Value accretion captures the benefit of costs of approximately $8m that are saved as part of internalisation which are not fully captured in distributable income on consolidation but will be reflected in property valuations.

7 The Bank retains its entitlement to a performance fee for the six-month period to 31 December 2013.

property funds, and direct property mandates on behalf of third parties, and
- Additional partnership opportunities with wholesale funds, mandates and third party property owners.

While net asset value is not expected to be materially impacted by the Proposal, there will be a dilution to net tangible assets of approximately 8.0% given the Proposal involves acquiring management rights which are an intangible asset.

Continuity of Board and management

Mr Haddock said: "The Board and management will remain focused on providing sustainable, long-term returns for CFX securityholders and our strategic partners through intensively managing all aspects of the asset portfolio, with CFX to remain supported by robust governance processes."

CMIL will be acquired by a newly incorporated company, CFX Co[8], which is proposed to be stapled to CFX1 to form the internalised CFX stapled group. It is proposed that the CFX Co Board will comprise eight directors, with a majority of independent, non-executive directors, including Mr Haddock as the independent Chairman.

To ensure a smooth transition, the existing Independent Directors of CMIL, being Mr Haddock, Mr James Kropp and Ms Nancy Milne OAM, will remain on the CMIL and CFX Co Boards.

Upon implementation of the Proposal, the existing non-independent directors of CMIL, Mr Ross Griffiths and Mr Michael Venter, will resign from the CMIL Board.

Mr Angus McNaughton, Managing Director, Property, Colonial First State Global Asset Management, as Managing Director and Chief Executive Officer of the internalised CFX, will be invited to join the CMIL and CFX Co Boards.

Also upon implementation of the Proposal, two non-executive directors nominated by The Gandel Group will be invited to join the CFX Co Board. It is intended that the CFX Co Board will also comprise a further two new independent non-executive directors, to be appointed in due course.

Mr Michael Gorman, CFX Fund Manager, will become Deputy Chief Executive Officer and Chief Investment Officer.

Mr McNaughton said: "The real strength of CFX has always been the people and processes, right across the funds and asset management businesses. The proposed retention of key personnel and systems, particularly through the

8 CFX Co has been incorporated under the interim name 'Centre Retail Management Limited'.

acquisition of the integrated retail asset management business of CFSGAM Property, will add to the long-term strength of CFX."

Mr Gorman added: "The Proposal will allow CFX securityholders to benefit from both owning and managing assets."

"Additional income from the management of co-owned properties and third party properties, together with revenues from wholesale property funds management, will further complement existing income streams," said Mr Gorman.

Consideration

Under the Proposal, CFX will pay to the Bank a cash consideration of $460 million[9], which represents:

- 9.5x pro forma forecast incremental EBIT of $48.5 million for the year ending 30 June 2014, and
- 3.3% of assets under management of $13.9 billion.

The consideration incorporates payments to:

- acquire CMIL, which is the Responsible Entity for CFX and a number of funds
- allow and enable CMIL to assume the management of CFX and a number of wholesale property funds and other direct property investment mandates, and
- acquire the integrated retail asset management business that provides property management, development management and leasing services for CFX-owned and co-owned properties, wholesale property funds and third party mandates.

Funding

The Proposal will be funded by a combination of equity and debt, with the equity raising comprising:

- A fully underwritten ~$280 million institutional placement to be launched today. Securities will be issued at a fixed price of $1.85, which represents a 2.6% discount to the closing price on 17 December 2013 of $1.90. New securities issued will rank equally with existing ordinary securities and will be fully entitled to the distribution for the six months ending 31 December 2013, and
- An SPP that will be offered to eligible Australian and New Zealand securityholders subsequent to the institutional placement, which will be capped at $15 million in aggregate. The SPP securities will be issued in January 2014, ranking equally with existing securities, and therefore will

[9] CFX will also acquire net assets of the existing businesses, including cash, receivables, payables and property plant and equipment, for an additional consideration of $15m.

not be entitled to the distribution for the six months ending 31 December 2013. Consequently, the SPP securities will be offered at the institutional placement price less the amount of the distribution for the six months ending 31 December 2013.

The record date for the SPP is 17 December 2013, and further details will be despatched to all eligible CFX securityholders in Australia and New Zealand on or around 24 December 2013.

The institutional placement and SPP are not subject to CFX securityholder approval of the Proposal.

As a result of the institutional placement, and assuming the Proposal is implemented, pro forma gearing of CFX is expected to be 30.0%[10]. In the event that the Proposal is not implemented, proceeds from the institutional placement and SPP will initially be used to reduce debt, and applied to future development and acquisition opportunities.

Commonwealth Bank of Australia securityholding

The Bank currently has a proprietary securityholding of approximately 286 million securities in CFX. The Bank undertakes, in the absence of corporate activity in CFX (which activity does not include the Internalisation), not to sell more than half of its proprietary securityholding in CFX during the period from the date of this announcement through to 1 January 2015. For the avoidance of doubt, the Bank reserves the right not to sell any securities in CFX during that time. This undertaking does not affect any CFX securities that the Bank holds or controls on a non-proprietary basis, including under investment mandates for funds or third parties.

Distribution Reinvestment Plan

CFX has today suspended the Distribution Reinvestment Plan for the December 2013 distribution.

Internalised entity name

If the Proposal is implemented, CFX will retain the right to use its existing name and identity for a period of up to 12 months. During this time, the internalised entity will develop a new corporate name and brand. No changes are expected to the brands of the directly owned or managed assets.

Independent Expert's Report

Grant Samuel & Associates has been appointed to prepare an Independent Expert's Report to determine whether, in its opinion, the Proposal is fair and reasonable for, and in the best interests of, CFX securityholders other than

[10] Based on reported gearing as at 30 June 2013 and adjusted for post balance date items including the sale of Rosebud Plaza, estimated asset revaluations, proceeds from the June 2013 distribution reinvestment plan, capital expenditure, interest and fees paid.

the Bank and its associates. The Independent Expert's Report will be included in the Explanatory Memorandum.

Extraordinary General Meeting
Securityholders will be invited to vote on the Proposal at an Extraordinary General Meeting scheduled for March 2014. A Notice of Meeting, Explanatory Memorandum and Prospectus are expected to be released to the ASX and despatched to securityholders in February 2014.

Implementation Deed
CMIL and the Bank have entered into an Implementation Deed (the Deed), which sets out the agreed terms and conditions for the implementation of the Proposal, including regulatory and other approvals required. A summary of key terms of the Deed is attached to this announcement (Attachment One). The summary includes details of the conditions of the Proposal, the termination rights of the parties and the deal protections that have been agreed, including a reimbursement fee of up to $5 million and a compensation fee of up to $50 million, and the limited circumstances that will trigger payment of that compensation fee, to the Bank and the rights CFX has to obtain a clawback or reduction in the fee.

Foreign CFX securityholders
If the Proposal is implemented, some foreign securityholders may not be eligible to receive stapled securities in the internalised CFX. Foreign securityholders who are ineligible to be issued securities in the internalised CFX will have their CFX securities to which they would otherwise have been entitled sold on their behalf by a nominee and will receive the net proceeds of sale. Further details will be provided in the Explanatory Memorandum.

Advisers
To support the Independent Directors of CMIL in their consideration of the Proposal, UBS AG, Australia Branch (UBS) has acted as financial advisor, Ashurst Australia has acted as legal counsel, EY (formerly Ernst & Young) has acted as Investigating Accountants and Greenwoods & Freehills has provided specialist taxation analysis and advice.

Market briefing
A conference call briefing for investors and analysts will be held at 10.30am (Sydney time) today.

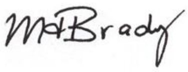
Time	10.30am (Sydney time)
Number	1800 505 544 +61 2 8214 9002
Participant password	Property (when asked by the operator)

Summary

Mr Haddock concluded: “The Independent Directors are supportive of the Proposal as outlined. If implemented, this would create one of Australia’s largest fully integrated and independently managed retail property groups.

“The Proposal is expected to provide distribution and value accretion to securityholders, it enhances governance and enables the smooth transition of personnel and systems to support the long-term strategic objectives of CFX.”

ENDS



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This announcement does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States. The new securities to be offered and sold in the institutional placement and the SPP have not been, and will not be, registered under the U.S. Securities Act of 1933 (the ‘U.S. Securities Act’) or the securities laws of any state or other jurisdiction of the United States. Accordingly, the new securities to be offered and sold in the institutional may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws, and the new securities to be offered and sold in the SPP will only be offered and sold to eligible securityholders in Australia and New Zealand in ‘offshore transactions’ (as defined in Rule 902(h) under the U.S. Securities Act) in reliance on Regulation S under the U.S. Securities Act.

This announcement contains certain ‘forward-looking statements’. The words ‘forecast’, ‘expect’, ‘guidance’, ‘intend’, ‘will’ and other similar expressions are intended to identify forward-looking statements. Forecasts or indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements as are statements regarding the financial and other outcomes of the Proposal. You are cautioned not to place undue reliance on forward looking statements. While due care and attention has been used in the preparation of forward-looking statements, forward-looking statements, opinions and estimates provided in this announcement are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions. Forward-looking statements including projections, guidance on future earnings and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance and may involve known and unknown risks, uncertainties and other factors, many of which are outside the control of the Responsible Entity. Actual results, performance or achievements may vary materially from any forward-looking statements and the assumptions on which statements are based. The Responsible Entity disclaims any intent or obligation to update publicly any forward-looking statements, whether as a result of new information, future events or results or otherwise.

This announcement includes certain financial data that may be considered ‘non-GAAP financial measures’ under Regulation G of the U.S. Securities Exchange Act of 1934. Such non-GAAP financial measures do not have a standardised meaning prescribed by Australian Accounting Standards (‘AAS’) or International Financial Reporting Standards (‘IFRS’) and may not be comparable to similarly titled measures presented by other entities, and should not be construed as an alternative to other financial measures determined in accordance with AAS or IFRS.

Attachment One – summary of Implementation Deed

Conditions

(a) (**ASIC and ASX modifications**) ASIC and ASX have granted all approvals, waivers and modifications that each of the parties has reasonably required, or ASIC or ASX as the case may be has indicated in writing that a requested approval, waiver or modification is not required;

(b) (**CFX securityholder approval**) the Internalisation Resolutions, other than the Destapling Resolutions, are approved at the CFX Meeting by the CFX securityholders (other than securityholders who are excluded from voting by the Corporations Act or Listing Rules);

(c) (**Independent Expert's Report**) the Independent Expert provides an Independent Expert's Report to CMIL which states that, in the Independent Expert's opinion, the Internalisation is fair and reasonable for, and in the best interests of CFX securityholders other than the Bank and its associates;

(d) (**Independent Directors' recommendation**) a majority of the Independent Directors recommend that CFX securityholders approve the Internalisation Resolutions, in the absence of a superior proposal and that the majority does not change, withdraw or adversely modify their recommendation at or before the CFX Meeting;

(e) (**restraints**) no permanent injunction or similar order issued by any court of competent jurisdiction or Government Agency, or other material legal restraint or prohibition, preventing the Internalisation is in effect at 9:00am on the Completion Date;

(f) (**ASX listing and quotation**) ASX approves:

(1) the listing of CFX Co; and

(2) the official quotation of the New CFX Securities on ASX; and

(g) (**Judicial Advice**) the Judicial Advice is obtained (being confirmation of the Supreme Court of New South Wales, pursuant to a proceeding brought by CMIL, that CMIL is justified in convening the Extraordinary General Meeting the subject of the Notice of Meeting and implementing the Internalisation as contemplated by the Implementation Deed).

If any of the Conditions are not satisfied or waived by 31 May 2014 (the **End Date**), the Bank and CMIL will consult in good faith with a view to determining whether to proceed by way of alternate methods or to extend the End Date. If no agreement is reached, the Implementation Deed may be terminated by either party.

Full details of the resolutions and voting exclusions will be contained in the explanatory memorandum that will be sent to CFX securityholders.

Exclusivity

No shop and no talk

Until Completion, CMIL must not, directly or indirectly:

(a) (**no shop**) solicit, invite, encourage or initiate (including by the provision of non-public information to any third party) any inquiry, expression of interest, offer, proposal or discussion by any person in relation to, or which would reasonably be expected to encourage or lead to the making of, an actual, proposed or potential competing proposal or communicate to any person an intention to do anything referred to in this paragraph (a); or

(b) (**no talk**) subject to the fiduciary exception set out below:

(1) participate in or continue any negotiations or discussions with respect to any inquiry, expression of interest, offer, proposal or discussion by any person to make or which would reasonably be expected to encourage or lead to the making of an actual, proposed or potential competing proposal or participate in or continue any negotiations or discussions with respect to any actual, proposed or potential competing proposal;

(2) negotiate, accept or enter into, or offer or agree to negotiate, accept or enter into, any agreement, arrangement or understanding regarding an actual, proposed or potential competing proposal;

(3) disclose or otherwise provide any non-public information about the business or affairs of the Target Entities to a third party with a view to obtaining or which would reasonably be expected to encourage or lead to receipt of an actual, proposed or potential competing proposal (including, without limitation, providing such information for the purposes of the conduct of due diligence investigations in respect of the Target Entities); or

(4) communicate to any person an intention to do anything referred to in the preceding paragraphs of this paragraph (b),

but nothing in this clause prevents CMIL or its agents from making normal presentations to brokers, portfolio investors and analysts in the ordinary course of business or promoting the merits of the Internalisation.

Fiduciary exception

The no talk restriction (in paragraph (b) above) does not prohibit any action or inaction by CMIL in relation to an actual, proposed or potential competing proposal if compliance with that clause would, in the opinion of a majority of the Independent Directors, formed in good faith after consulting with their external legal advisers, constitute, or would be likely to constitute, a breach of any of the fiduciary or statutory duties of the directors, provided that the actual, proposed or potential competing proposal was not directly or indirectly brought about by, or facilitated by, a breach of the no shop restriction (in paragraph (a) above).

Notification

(a) CMIL must notify the Bank as soon as possible in writing if it, or any of its directors, advisers or the Assigned Executives, becomes aware of any:

(1) negotiations or discussions, approach or attempt to initiate any negotiations or discussions, or intention to make such an approach or attempt to initiate any negotiations or discussions in respect of any expression of interest, offer, proposal or discussion in relation to an actual, proposed or potential competing proposal (including without limitation where the commencement of those negotiations or discussions preceded the date of the Implementation Deed);

(2) proposal made to CMIL or any of its directors, advisers or the Assigned Executives, in connection with, or in respect of any exploration or completion of, an actual, proposed or potential competing proposal; or

(3) provision by CMIL or any of its directors, advisers or the Assigned Executives of any non-public information concerning the CFX Group to any third party in connection with an actual, proposed or potential competing proposal,

whether direct or indirect, solicited or unsolicited, and in writing or otherwise. For the avoidance of doubt, any of the acts described in paragraphs (1) to (3) may only be taken by CMIL if not proscribed by the no shop and no talk restrictions.

(b) A notification given under paragraph (a) must include the identity of the relevant person making or proposing the relevant actual, proposed or potential competing proposal, together with all material terms and conditions of the actual, proposed or potential competing proposal and CMIL must keep the Bank notified in writing of material developments in relation to the relevant proposal the subject of the notification.

Cost reimbursement

Reimbursement Fee triggers

CMIL must pay the Reimbursement Fee of $5 million to the Bank if:

(1) during the Exclusivity Period (that being until the earlier of 31 May 2014 or termination of the Implementation Deed), any one or more of the Independent Directors:

(A) withdraws or adversely modifies his or her support of the Internalisation or his or her recommendation that CFX securityholders vote in favour of the Internalisation; or

(B) having made such a recommendation, withdraws, adversely revises or adversely qualifies that recommendation for any reason, such that there is no longer majority Independent Director support for the Internalisation, unless the Independent Expert concludes in the Independent Expert's Report (or any update of, or revision, amendment or addendum to, that report) that the Internalisation is not fair and reasonable for, or in the best interests of, CFX securityholders other than the Bank and its associates (except where that conclusion is due wholly or partly to the possibility, existence, announcement or publication of a competing proposal);

(2) during the Exclusivity Period, a majority of the Independent Directors recommend that CFX securityholders accept or vote in favour of, or otherwise support or endorse (including support by way of accepting or voting, or by way of stating an intention to accept or vote, in respect of any CFX Stapled Securities held by an Independent Director), a competing proposal of any kind that is announced (whether or not such proposal is stated to be subject to any pre-conditions) during the Exclusivity Period; or

(3) a competing proposal is announced during the Exclusivity Period (whether or not such proposal is stated to be subject to any pre-conditions) and within one year of the date of such announcement, the third party or any associate of that third party enters into an agreement, arrangement or understanding with CMIL or any Independent Director requiring CMIL to abandon, cease to recommend or otherwise fail to proceed with, the Internalisation.

Compensation Fee triggers

(a) CMIL must pay the Compensation Fee to the Bank if a competing proposal is announced during the Exclusivity Period by a third party (whether or not such proposal is stated to be subject to any pre-conditions) and within one year of the Exclusivity Period ending, that third party or any associate of that third party:

(1) acquires not less than 50% by value of the CFX1 assets; or

(2) becomes registered as the holder of 50%, or more, of the CFX Stapled Securities.

(b) Subject to paragraph (c), the Compensation Fee is $50 million.

(c) The amount of the Compensation Fee will be reduced by any amount that has been received by the Bank Group (or an associate of the Bank Group) for the transfer or termination (howsoever described) of the rights to manage CFX Group or its assets or in consideration of the Bank Group facilitating a change in control (whether direct or indirect) in CMIL in its personal capacity (for the avoidance of doubt, the Compensation Fee cannot be less than a zero dollar amount) (**CBA Management Payment**). If the Compensation Fee is paid by CMIL, and within 12 months of that payment a CBA Management Payment occurs, the Bank must promptly reimburse CMIL for the amount of the CBA Management Payment up to a maximum of $50 million.

Reimbursement Fee and Compensation Fee payable only once

(a) Where the Reimbursement Fee becomes payable to the Bank and is actually paid to the Bank, the Bank cannot make any claim against CMIL for payment of any subsequent Reimbursement Fee.

(b) Where the Compensation Fee becomes payable to the Bank and is actually paid to the Bank, the Bank cannot make any claim against CMIL for payment of any subsequent Compensation Fee.

No Reimbursement Fee or Compensation Fee if Internalisation completes

Despite anything to the contrary in the Implementation Deed, neither the Reimbursement Fee nor the Compensation Fee will be payable to the Bank if the Internalisation completes within one year after the date of the Implementation Deed, despite the occurrence of any event in the Reimbursement Fee Triggers and Compensation Fee Triggers clauses and, if the Reimbursement Fee or Compensation Fee has already been paid it must be refunded by the Bank.

For the purposes of the Exclusivity and Cost Reimbursement provisions described above, a "competing proposal" is defined as any proposal, agreement, arrangement or transaction, which, if entered into or completed, would mean a third party (either alone or together with any associate) may:

(a) directly or indirectly acquire a relevant interest in, or have the right to acquire, a legal, beneficial or economic interest in, or control of, 10% or more of the CFX Stapled Securities;

(b) acquire control of, or otherwise merge with, the CFX Group or a substantial portion of its assets;

(c) be appointed as the responsible entity of the CFX Group;

(d) acquire the rights to manage the CFX Group; or

(e) enter into any agreement, arrangement or understanding requiring CMIL to abandon, cease to recommend or otherwise fail to proceed with, the Internalisation.

Termination

Termination by the Bank

The Bank may terminate the Implementation Deed by notice in writing to CMIL:

(a) where the Conditions are not satisfied in the circumstances described above under the heading "Conditions";

(b) if CMIL or the CFX Group suffers an Insolvency Event;

(c) if CMIL (in its personal capacity) suffers an Insolvency Event; or

(d) if CMIL is in material breach of the Implementation Deed and the breach (if capable of remedy) has not been remedied within three Business Days of notice in writing from the Bank specifying the breach or, if earlier, on the date on which Completion would otherwise be due to occur.

Termination by CMIL

Subject to remedy obligations, CMIL may terminate the Implementation Deed by notice in writing to the Bank:

(a) where the Conditions are not satisfied in the circumstances described above under the heading "Conditions";

(b) if the Bank suffers an Insolvency Event; or

(c) if the Bank is in material breach of the Implementation Deed and the breach (if capable of remedy) has not been remedied within three Business Days of notice in writing from CMIL specifying the breach or, if earlier, on the date on which Completion would otherwise be due to occur,

where for the purposes of paragraph (c), a material breach of the Implementation Deed is one which results in a majority of the Independent Directors ceasing to hold the view that the Internalisation is in the best interests of CFX securityholders other than the Bank and its associates (in good faith and in accordance with advice received from CMIL's professional advisers).

Attachment Two – summary of QV Retail assumptions

CMIL has agreed with the Bank that the property management agreement relating to QV Retail may be terminated, assigned or novated before or within 12 months of the date of completion for consideration to CMIL of $7.7m. The impact this may have on various metrics relating to the Proposal is provided below:

Pro forma metrics	Assumed transaction	Excluding QV Retail
Total AUM[1,2]	$13.9bn	$13.7bn
Consideration to CBA[3]	$460m	$452m
Incremental EBIT	$48.5m	$47.4m
Gearing		
- pre transaction[4]	29.1%	29.1%
- post transaction	30.0%	30.0%
Accretion per security		
- distributable income[5]	2.2%	2.0%
- value[5]	4.2%	4.1%
Asset management partnerships[2,6]		
- AUM	$3.7bn	$3.5bn
- number of assets	7	6
- strategic partners	12	10

Notes

1. Based on 30 June 2013 figures, and adjusted for post balance date items including asset sales, estimated asset revaluations and capital expenditure.
2. Excludes funds in wind-down.
3. Excludes net assets.
4. Based on reported gearing as at 30 June 2013 and adjusted for post balance date items including the sale of Rosebud Plaza, proceeds from the June 2013 distribution reinvestment plan, estimated asset revaluations, capital expenditure, interest and fees paid.
5. Value accretion captures the benefit of costs of approximately $8m that are saved as part of internalisation which are not fully captured in distributable income on consolidation but will be reflected in property valuations.
6. As at 30 June 2013 and adjusted for asset sales post balance date and funds in wind-down.