

Preferred Capital Limited

ACN 101 938 176

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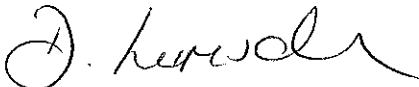
The Manager
Company Announcements Platform
Australian Securities Exchange
20 Bridge Street
SYDNEY NSW 2000

Dear Sir

CommBank PERLS VIII Capital Notes Offer – Communications to Eligible PERLS III Holders

I attach an example of the letter being despatched from today to Eligible PERLS III Holders with a registered address in Australia. The final letter encloses a personalised application form, and the replacement prospectus for the offer released to ASX on 24 February 2016.

Yours sincerely



Diane Lumsden
Company Secretary
Preferred Capital Limited

29 February 2016



999 009999

MR SAM SAMPLE
123 SAMPLE STREET
SAMPLETOWN NSW

Dear PERLS III Holder



COMMBANK PERLS VIII CAPITAL NOTES

REINVESTMENT OFFER FOR ELIGIBLE PERLS III HOLDERS

As a valued holder of PERLS III, I am writing to let you know about an opportunity to have your investment in PERLS III reinvested in CommBank PERLS VIII Capital Notes ("**PERLS VIII**"), a new hybrid security offered by the Commonwealth Bank of Australia ("**CBA**"). PERLS VIII are subordinated unsecured notes issued by CBA.

You are receiving this letter and are eligible to participate in this Reinvestment Offer as you were a registered holder of PERLS III on the Reinvestment Offer Record Date and have a registered address in Australia. As an eligible holder you can sell all or some of your PERLS III to CBA for A\$200 per PERLS III, which was the original issue price of PERLS III. The sale proceeds from your PERLS III will be automatically reinvested in PERLS VIII. You are also invited to purchase additional PERLS VIII.

An application has been made to have PERLS VIII quoted on the Australian Securities Exchange.

Key Dates for the Reinvestment Offer:

Reinvestment Offer Record Date	22 February 2016
Opening Date for the Reinvestment Offer	24 February 2016
Closing Date for the Reinvestment Offer	5:00pm (Sydney time), 18 March 2016
Reinvestment Date and PERLS VIII Issue Date	30 March 2016

Priority will be given to applications received under the Reinvestment Offer over other applicants if the PERLS VIII Offer is oversubscribed.

A copy of the Prospectus which contains information about PERLS VIII and the Reinvestment Offer is enclosed. The Prospectus also outlines key risks associated with PERLS VIII. You should consider the Prospectus in full in determining whether PERLS VIII is a suitable investment for you.

There are differences between PERLS III and PERLS VIII, and PERLS VIII may not suit your investment objectives, financial situation or particular needs. If you have any questions about the differences between PERLS III and PERLS VIII, you should seek advice from your financial adviser or other professional adviser before deciding to invest in PERLS VIII. In addition, section 3.1 of the Prospectus explains the key differences between PERLS III and PERLS VIII. You are encouraged to read this information if you are considering participating in the Reinvestment Offer.

You also have the option not to participate in the Reinvestment Offer, as explained in section 3.3 of the Prospectus.

The PERLS VIII Reinvestment Offer is open for a limited time only. You can only apply using the personalised Application Form accompanying this letter and the enclosed prospectus or online via www.commsec.com.au.

If you decide not to participate in the Reinvestment Offer, your PERLS III will be dealt with in accordance with the Exchange Notice that has been mailed to you separately.

For more information, talk to your regular broker or adviser, visit www.commsec.com.au or call the PERLS VIII Information Line on 1800 218 694 (Monday to Friday 8.00am – 7.30pm, Sydney time).

Thank you for your interest.

Yours sincerely

A handwritten signature in black ink, consisting of a stylized initial 'D' followed by a long horizontal line.

David J Turner
Chairman

Important Information: Investments in CommBank PERLS VIII Capital Notes are an investment in CBA and may be affected by the ongoing performance, financial position and solvency of CBA. CBA (as issuer of PERLS VIII) does not guarantee the performance of PERLS VIII. They are not deposit liabilities or protected accounts of CBA under the Banking Act 1959 (Cth). There is a risk that investors could lose some or all of their money or may not be paid the distributions. In this letter, words which are capitalised have the meanings given to them in the Prospectus. This letter is not advice and has not taken into account any person's objectives, financial situation or needs (including financial or taxation issues). Investors should read and consider the Prospectus in full and seek advice from their financial adviser or other professional adviser before deciding whether to invest in PERLS VIII. The Offer is open to Australian residents.



**COMMBANK PERLS VIII CAPITAL NOTES
REINVESTMENT FORM**

This Application Form requires your immediate attention.

SRN/HIN: 199999999999
Entitlement Number: 99999999

MR SAM SAMPLE
123 SAMPLE STREET
SAMPLETOWN NSW



A	Number and value of PERLS III you held as at 7:00pm (Sydney time) on 22 February 2016		
	XXX.XX	at	A\$200
=	\$XXX.XX		

You have several options in relation to your eligible PERLS III, as set out in further detail in the Prospectus dated 24 February 2016 issued by Commonwealth Bank of Australia (CBA) (Prospectus). You are encouraged to thoroughly read the Prospectus. If you wish to sell all or some of your eligible PERLS III to CBA and reinvest the proceeds in PERLS VIII you must complete this form or apply online. You may also apply for additional PERLS VIII under the Securityholder Offer in Section D. If you do not return this form or apply online, your PERLS III will not be sold to CBA and you will not be able to participate in the Reinvestment Offer.

You may apply online by visiting www.commsec.com.au and completing an online Application Form.

All PERLS III which remain outstanding are expected to be compulsorily acquired by CBA for A\$200 per PERLS III on 6 April 2016.

B REINVESTMENT OPTION

Choose **ONE** box only.

FULL REINVESTMENT (to reinvest the proceeds from the sale of ALL of your eligible PERLS III in PERLS VIII)
Mark this box with an 'X' to apply to have the proceeds from the sale of all of your eligible PERLS III reinvested in PERLS VIII.
If this option is selected, you apply to sell all of your eligible PERLS III indicated in Section A of this form to CBA, with the proceeds reinvested in PERLS VIII. To apply for additional PERLS VIII, refer to Section D below.

PARTIAL REINVESTMENT (to reinvest the proceeds from the sale of SOME of your eligible PERLS III in PERLS VIII)
Mark this box with an 'X' to apply to have the proceeds from the sale of the number and value of your eligible PERLS III specified below reinvested in PERLS VIII.
If this option is selected, you apply to sell the number of eligible PERLS III indicated in the box below (up to the maximum number and value set out in Section A of this form), with the proceeds reinvested in PERLS VIII. Any PERLS III you hold on 22 February 2016 that are not selected to be reinvested in PERLS VIII will not be sold to CBA on the Reinvestment Date. If you do not specify a number or value, you will be taken to have elected to sell all of your PERLS III held at 22 February 2016 and reinvest the proceeds in PERLS VIII. To apply for additional PERLS VIII, refer to Section D below.

Number of PERLS III to reinvest in PERLS VIII		at	Face Value of PERLS III	=	This should be the dollar amount you wish to reinvest
			A\$200		\$
(Do not send a cheque for this amount)					

C CONTACT DETAILS – Please provide your telephone number, contact name and email address in case we need to contact you about this Application.

Telephone number – during business hours	Telephone number – after business hours or mobile	Contact name	Email address
()	()		

You must return this form to Link Market Services Limited at the address at the end of this Reinvestment Form, or return this form to your Syndicate Broker, by the Closing Date for the Reinvestment Offer, which is expected to be 5:00pm (Sydney time) on 18 March 2016.

Note, if you are a client of a Syndicate Broker (or any other broker, financial planner or other financial adviser) and have been contacted by them regarding the Reinvestment Offer, you should contact your Syndicate Broker (or any other broker, financial planner or other financial adviser) for information about how and when to lodge this Reinvestment Form. Generally, you must lodge this Reinvestment Form with your Syndicate Broker (or any other broker, financial planner or other financial adviser) in accordance with their instructions.

D APPLICATION FOR ADDITIONAL PERLS VIII UNDER THE SECURITYHOLDER OFFER

ADDITIONAL PERLS VIII
Mark this box with an 'X' to apply for additional PERLS VIII.
If this option is selected, you apply for the number and value of additional PERLS VIII you have indicated in the box below and this Application Form must be accompanied by cheques and/or money orders equal to the number of PERLS VIII indicated below multiplied by the Face Value of \$100. This Application will be in addition to the PERLS VIII applied for in Section B.

Number of additional PERLS VIII		at	Issue price per PERLS VIII	=	This should be the dollar amount of additional PERLS VIII you wish to apply for
			A\$100		\$
(Minimum 50 PERLS VIII, thereafter in multiples of 10 PERLS VIII)					

Cheque number		BSB number	-	Account number	
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Cheques or money orders should be made payable to "PERLS VIII Offer Account" in Australian currency and crossed "not negotiable".

You must return this form by 5:00pm (Sydney time) on 18 March 2016.

YOUR GUIDE TO COMPLETING THIS FORM

PERLS III holders who wish to sell some or all of their eligible PERLS III to CBA and reinvest the proceeds in PERLS VIII must complete this Application Form. If you do nothing with this Application Form, your PERLS III will not be sold to CBA and you will not be able to participate in the Reinvestment Offer. Before completing this Application Form, the Applicant(s) should read the Prospectus to which the Application Form relates. By lodging this Application Form, the Applicant(s) agrees that this Application Form is lodged on and subject to the terms of the Prospectus, agrees to take any number of PERLS VIII that may be allotted to the Applicant(s) pursuant to the Prospectus and declares that all details and statements made are complete and accurate.

This form is important. If you are in doubt as to how to deal with it, please contact your financial or professional adviser without delay. You should read the entire Prospectus carefully before completing this Application Form.

A This is the number and value of PERLS III you held at 7:00pm (Sydney time) on 22 February 2016. If you choose to apply to sell some or all of these PERLS III to CBA and reinvest the proceeds in PERLS VIII it is your responsibility not to dispose of any PERLS III you have elected to reinvest in PERLS VIII. If you do so, you may not be Allocated the PERLS VIII you applied for.

B Full Reinvestment

Mark the first box to apply to have all of your eligible PERLS III indicated in Section A sold to CBA and the proceeds applied for reinvestment in PERLS VIII. It is your responsibility not to dispose of any PERLS III you have elected to reinvest in PERLS VIII. If you do so, you may not be Allocated the PERLS VIII you applied for.

Partial Reinvestment

Mark the second box to apply to have a specified number of your eligible PERLS III sold to CBA and the proceeds applied for reinvestment in PERLS VIII. Any PERLS III you hold on 22 February 2016 that are not selected for reinvestment in PERLS VIII will not be sold to CBA. If you select this option please ensure that you mark the box and enter the number and value of PERLS III (up to the maximum number and value indicated in Section A) that you wish to be

reinvested in PERLS VIII. If you do not specify a number or value you will be taken to have elected to reinvest all of your PERLS III held at 22 February 2016.

If you marked both boxes, CBA will treat your election as being to apply to have all of your eligible PERLS III indicated in Section A sold to CBA and the proceeds applied for reinvestment in PERLS VIII.

C Contact details

Enter your telephone number, contact name, and email address. This will assist us if we need to contact you about your Application.

D Application for Additional PERLS VIII under the Securityholder Offer

Select this option to apply for additional PERLS VIII. Applications for additional PERLS VIII are in addition to the number of PERLS III selected for reinvestment in PERLS VIII and must be a minimum of 50 PERLS VIII (\$5,000) and thereafter in multiples of 10 PERLS VIII (\$1,000). All Applications for additional PERLS VIII must be accompanied by cheques and/or money orders to the value of \$100 multiplied by the number of additional PERLS VIII that you are applying for.

DECLARATIONS

By returning this Application Form I/we

- acknowledge having personally received and read in full and understood the Prospectus (including an electronic version of the Prospectus or any supplementary or replacement document) and agree to be bound by the Terms, the Trust Deed and the terms and conditions of the Offer (including the representations, warranties and agreements contained in the Prospectus and this Application Form);
- declare that I/we am/are over 18 years of age and have full legal capacity and power to perform all my/our rights and obligations under this Application;
- acknowledge that the information contained in the Prospectus (and any supplementary and replacement prospectus) and this Application Form is not investment advice or a recommendation that PERLS VIII are suitable for me/us, given my/our investment objectives, financial situation or particular needs;
- declare that I/we have a registered Australian address;
- represent and warrant that:
 - I am/we are not in the United States, I am/we are not a US Person, I am/we are not acting for the account or benefit of a US Person or within the United States and I/we will not offer, sell or resell PERLS VIII in the United States or to, or for the account or benefit of, any US Person; and
 - the law of any other place does not prohibit me/us from being given the Prospectus and any replacement or supplementary prospectus or making an Application on this Application Form;
- apply for the number of PERLS VIII set out on this Application Form, calculated on the number of PERLS VIII equal to twice the number of PERLS III elected to be reinvested, plus the number (if any) of additional PERLS VIII indicated in Section D and agree to be issued such number of PERLS VIII or a lesser number;
- represent and warrant that all details and statements in the Application Form are complete and accurate;
- acknowledge and declare that I/we authorise you to use and disclose my/our personal information in the manner set out in Section 6.11 entitled "Personal Information" in the Prospectus;
- authorise CBA, the Joint Lead Manager(s) and their respective affiliates, to do anything on my/our behalf necessary for PERLS VIII to be Allocated to me/us, including to act on instructions received by the Registry upon using the contact details in Section C;
- understand that a decision whether to treat my/our Application as valid, and how to construe, amend or complete it, is valid;
- acknowledge that investments in PERLS VIII are an investment in CBA and may be affected by the ongoing performance, financial position and solvency of CBA. They are not deposit

liabilities or protected accounts of CBA under the Banking Act and are not guaranteed or insured by any Australian government, government agency or compensation scheme. Investments in securities such as PERLS VIII are subject to risks which could affect their performance, including loss of investment and income. CBA does not guarantee the market price of PERLS VIII or any particular rate of return;

- agree on Exchange of my/our PERLS VIII for Ordinary Shares or Ordinary Shares of a NOHC (as applicable) in accordance with the Terms, to become a member of CBA (or the NOHC) and to be bound by the relevant constitution;
- hereby authorise CBA and the Joint Lead Managers (or any person acting on their behalf) to complete and execute any documents and take any other actions necessary to effect the sale of the PERLS III elected for reinvestment overleaf to CBA, the application of the proceeds from the sale for reinvestment in PERLS VIII and the allotment of PERLS VIII;
- acknowledge that once CBA receives this Reinvestment Form I/we may not withdraw it;
- hereby authorise and consent to having a holding lock placed on those PERLS III elected for reinvestment, pending completion of the Reinvestment Offer, and acknowledge that I/we will not be able to successfully deal with those PERLS III unless those PERLS III are released from the holding lock;
- hereby authorise and consent for the PERLS III elected for reinvestment overleaf to be placed in a CHES Substitution, pending completion of the Reinvestment Offer, and acknowledge that I/we will not be able to successfully deal with those PERLS III that are released from the CHES Substitution;
- hereby authorise and consent for the PERLS III elected for reinvestment overleaf to be sold to CBA at not less than \$200 per PERLS III, with the proceeds to be reinvested in the maximum number of PERLS VIII as may be acquired with those proceeds;
- hereby authorise, consent and direct for my/our broker sponsored controlling participant (if the PERLS III are held on the CHES subregister) or my/our financial planner or other financial adviser (if applicable) to provide CBA (if requested) any materials or information that I/we provided to my/our broker, financial planner or other financial adviser (as applicable) in order to complete Know Your Client (KYC) checks;
- hereby acknowledge and agree that if I/we have specified a number or value of PERLS III greater than the number or value indicated in Section A, I/we will be taken to have elected to reinvest all of my/our PERLS III held at 7:00pm (Sydney time) on 22 February 2016; and
- hereby acknowledge and agree that if I/we hold a lesser number of PERLS III than elected to be reinvested in Section B, I/we will be taken to have applied for reinvestment of the lower of the number of PERLS III I/we held at 7:00pm (Sydney time) on 22 February 2016 and the number of PERLS III registered in my/our name on the Closing Date for the Reinvestment Offer.

LODGEMENT OF THIS APPLICATION FORM

Completed Application Forms and accompanying cheques and/or money orders must be mailed or delivered to:

Mail address

PERLS VIII Offer
C/- Link Market Services Limited
Reply Paid 1508
Sydney South NSW 1234

Hand delivery address

PERLS VIII Offer
C/- Link Market Services Limited
1A Homebush Bay Drive
Rhodes NSW 2138

If you require further information on how to complete this Application Form, please contact the PERLS VIII Information Line on 1800 218 694 between 8:00am to 7:30pm (Sydney time) Monday to Friday, during the Offer period.

Broker Firm Offer: You must return your Application directly to the broker, financial planner or other financial adviser who offered you a Broker Firm Allocation in accordance with their instructions.

Once you become a Holder, Chapter 2C of the Corporations Act requires information about you (including your name, address and details of the PERLS VIII you hold) to be included in a public register. The personal information submitted on this Application Form will be collected, used and disclosed as set out in Section 6.11 of the Prospectus. This information must continue to be included in CBA's public register if you cease to be a Holder. These statutory obligations are not altered by the *Privacy Amendment (Private Sector) Act 2000*. Information is collected to administer your security holding and if some or all of the information is not collected then it might not be possible to administer your security holding. The privacy policy of CBA and its subsidiaries is available on CBA's website (www.commbank.com.au).

The Registry's privacy policy is available on its website (www.linkmarketservices.com.au).

THIS FORM MUST BE RETURNED TO LINK MARKET SERVICES BY 5:00PM (SYDNEY TIME) ON 18 MARCH 2016