

28 October 2008

**CVC SUSTAINABLE INVESTMENTS LIMITED**

A.C.N. 088 731 837

**AND**

**CVC SUSTAINABLE INVESTMENTS NO. 2 LIMITED**

A.C.N. 123 028 026

**NOTICE OF MEETING**

**NOTICE** is hereby given that the Annual General Meeting of CVC Sustainable Investments Limited (**CVCSI**) and CVC Sustainable Investments No. 2 Limited (**CVCSI No. 2**) (each the **Company**) will be held in the Boardroom of the Company at Level 42, Suncorp Place, 259 George Street, Sydney, NSW 2000 on Monday the 24th of November at 4.00pm.

CVC Sustainable Investments is a stapled structure comprising CVCSI and CVCSI No. 2. The issued shares of CVCSI and CVCSI No. 2 are 'stapled' so that shares in CVCSI and CVCSI No. 2 cannot be dealt with separately.

Under the *Corporations Act 2001* (Cth), it is necessary for CVCSI and CVCSI No. 2 to hold Annual General Meetings. As the shareholders and proposed resolution for CVCSI and CVCSI No. 2 are identical, CVCSI and CVCSI No. 2 will hold concurrent Annual General Meetings.

Each of the items set out below apply separately to each of CVCSI and CVCSI No. 2 and are proposed for their respective Annual General Meeting.

**BUSINESS**

1. To receive and consider the Financial Report of the Company for the year ended 30 June 2008 and the Reports by Directors and Auditors thereon.
2. To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

*“Resolution 2: That the appointment to the board of directors of Mr Mark Fogarty be hereby ratified and approved.”*

3. To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

*“Resolution 3: That for the purposes of Part 2.E of the Corporations Act 2001 and for all other purposes, shareholder approval is given for the Company to grant CVC Managers Pty Limited ACN 108 360 372 options to acquire 43,359 shares in the Company and to issue 43,359 shares upon the exercise of those options as described in the Explanatory Memorandum attached to this Notice of Meeting.”*

**Voting Exclusion Statement**

The Company will disregard any votes cast on this resolution by CVC Managers Pty Limited and its parent CVC Limited and directors Gould, Read and Beard. However the Company will not disregard a vote if:

- i. It is cast by a person as a proxy appointed in writing that specifies how the proxy is to vote on the proposed resolution; and
  - ii. It is not cast on behalf of a related party to whom the resolution would permit a financial benefit to be given or associate of such a related party.
4. To transact any other business that may be brought forward in accordance with the constitution of the Company.

**By Order of the Board**

JOHN HUNTER  
Company Secretary

Sydney this 28 October 2008

## NOTES OF THE NOTICE OF MEETING

### GENERAL INFORMATION

#### Documents

A proxy form accompanies these documents.

#### Persons entitled to vote

The Directors have determined that the shareholding of each member for the purposes of ascertaining their voting entitlements at the General Meeting will be as it appears in the share register on Saturday 22nd November 2007 at 4.00pm (Sydney time).

#### How to vote

If eligible, you may vote by attending the meeting, by proxy or attorney. A member who is a body corporate may appoint a representative to attend and vote on its behalf.

#### Voting in person

To vote in person, attend the meeting at the time and place set out in this notice of meeting.

#### Voting by proxy

To vote by proxy, please complete, sign and return the enclosed proxy form in accordance with the following instructions. If you require an additional proxy form, the Company will supply it on request.

#### Proxies

A member who is entitled to vote at the meeting, may appoint one or two proxies. Where the member appoints 2 proxies, the appointment may specify the proportion or number of votes that each proxy may exercise. If the appointment does not specify a proportion or number, each proxy may exercise one-half of the votes, in which case any fraction of votes will be disregarded. A proxy need not be a member of the Company.

The proxy form must be signed by the member or the member's attorney. Proxies given by a corporation must be executed in accordance with the Corporations Act and the constitution of that corporation.

The proxy form and the power of attorney or other authority (if any) under which it is signed or a certified copy, must be received by the Company at least 48 hours before the time for holding of the meeting or any adjourned meeting (or such lesser period as the Directors may permit) at the Company's registered office at Level 42 Suncorp Place, 259 George Street, Sydney, New South Wales 2000; or the following fax number: (02) 9087 8088.

#### Voting by attorney

A member may appoint an attorney to act on the member's behalf at the meeting. The power of attorney or such other evidence of the attorney's appointment and authority to the satisfaction of the Directors must be received by the Company at least 48 hours before the time for holding of the meeting or any adjourned meeting.

#### Enquiries

For further information, please contact John Hunter at the Company on (02) 9087 8000.

## INFORMATION ON MATTERS TO BE CONSIDERED & EXPLANATORY MEMORANDUM FINANCIAL REPORT

In accordance with the Corporations Act and the Constitution of the Company the Financial Report of the Company and of the Consolidated Entity for the year ended 30 June 2008 and the Reports by Directors and Auditors thereon are to be laid before the Annual General Meeting.

There is no resolution to be put but shareholders will be given the opportunity to make comments and ask questions of the Board and the Auditor in respect of the reports. Shareholders are also able to submit questions to the Company for the Auditor prior to the meeting. The list of any such questions will be presented at the meeting for discussion and responses.

### RESOLUTION 2 – ELECTION OF DIRECTOR

In accordance with the Constitution of the Company, Mr Mark Fogarty was appointed a Director of the Company by the Board of Directors during the year to fill a casual vacancy on the Board. Information about the qualifications and experience of Mr Fogarty is presented below.

*Mr Mark Fogarty (Non Executive Director, appointed 13 February 2008)  
B. Legs (Macq Uni), LL.M (Environ Law), (Uni of Syd), MMgt (MGSM)*

Admitted to Practise NSW Supreme Court.

Appointed as Director on 13 February 2008, Mr Fogarty has over 15 years senior management experience in sustainability management. Much of this time has been focused on the clean energy sector. During this time he has served as CEO of organisations such as SEDA who administered the Sustainable Energy Fund. This fund allocated \$50 million of early stage funding to sustainable energy projects. Mr Fogarty has considerable experience in Asia particularly China. He currently sits on the Board of RE-EX Singapore and REEEP International.

Mr Fogarty is also Executive Director of ASX listed CBD Energy Ltd, a Director of Windcorp Australia Ltd and Director of Asia Carbon Pacific Pty Ltd. He is a past CEO of the Sustainable Development Authority and Executive Director of the Sustainable Energy Fund.

### RESOLUTION 3 - APPROVAL OF GRANT OF OPTIONS

The Company has entered into a Management Agreement with CVC Managers Pty Limited ACN 108 360 372 (**CVC Managers**).

Under the terms of the Management Agreement CVC Managers is entitled to receive a management fee and options to acquire no less than 15% of the shares on issue in the Company from time to time (**Manager Options**). The Manager Options will be exercisable at the same price as the issue price of the new shares to which they relate and will expire 10 years from the date of grant.

Accordingly, for each issue of new shares (under both the dividend reinvestment plan and any capital raising) under the terms of the Management Agreements the Company is required to issue CVC Managers with Manager Options.

At the date of the Notice of Meeting the following new shares have been issued:

Date of Issue	Shares Issued by the Company	Exercise Date of New Options	Manager Option Entitlement	Exercise Price
31 May 2008	61,788	31 May 2018	9,268	\$0.1667
30 June 2008	227,273	30 June 2018	34,091	\$0.2013
<b>Total</b>	<b>289,061</b>		<b>43,359</b>	

The Company seeks shareholder approval to issue 43,359 options to CVC Managers having regard to the shares issued above.

Such an arrangement is different from traditional investment management performance fees which generally provide for a proportion of investment returns in excess of a specified threshold, such as a share index, to be paid to the investment manager. The directors of the Company believe that, notwithstanding its dilutive impact (if the options are exercised), a carefully structured options-based performance fee is one of the best ways to encourage an investment manager to produce long term growth in per share net tangible assets. By actively encouraging the investment manager to concentrate on increasing the Company's per share net tangible assets, the options-based performance fee should help to produce wealth for shareholders.

The issuance of additional options to CVC Managers is recommended by directors (excluding those directors who may be construed as having a material personal interest in the outcome of the resolution).

### **Regulatory Requirements**

Section 208 of the *Corporations Act 2001 (Act)* provides that a public company must not give a financial benefit to a related party except under certain circumstances including circumstances in which shareholders approve the giving of the financial benefit.

CVC Managers, is a related party of the Company. Accordingly, shareholder approval is sought for the issue of the Manager Options.

### **Statutory Information**

In accordance with section 219 of the Act, the Company provides the following information:

#### **1. Nature of the proposed financial benefits**

- This resolution proposes that the directors be authorised to issue to CVC Managers with options equal to 15% of the number of new shares issued by the Company, under the dividend reinvestment plan and capital raising. The exercise price will be the same as the share price to which the options relate. The options are exercisable for a period of 10 years from the date of being granted.

#### **2. Related parties**

- CVC Managers Pty Limited (a wholly owned subsidiary of CVC Limited) to which the options will be issued and which therefore stands to benefit directly from the proposed resolution;
- CVC Limited, which as 100% owner of CVC Managers Pty Limited, stands to benefit from the proposed resolution;
- Mr Gould who is a director of the Company and is also a director of CVC Managers and is a director of CVC Limited;
- Mr Beard who is a director of the Company and is also a director of CVC Managers Pty Limited and director and shareholder of CVC Limited.
- Mr Read who is a director of the Company is also a director of CVC Limited.

#### **3. Recommendations**

- Messrs Gould, Beard and Read make no recommendation in respect of the proposed resolution because each of them have or could be regarded as having a material personal interest in the outcome of the resolution;
- Mr Phillip Toyne, a director of the Company, recommends that shareholders vote in favour of this resolution. Mr Toyne has no interest in the outcome of this resolution.

#### 4. Opportunity Costs

##### Dilution of Capital

If all options are exercised the capital structure of the Company will be as follows:

	<u>Existing Capital Structure of the Company</u>	<u>After Grant of Options</u>
Ordinary shares	70,326,268	70,326,268
Options	2,844,567	existing options plus 43,359 equal to 15% of other shares issued
Fully diluted	73,170,835	73,214,194

Unless and until exercised, the grant of the options will not impact on the number of ordinary shares on issue in the Company. However, if all options issued to date were exercised, an additional 2,844,567 ordinary shares would be issued representing approximately 3.9% of all ordinary shares (on a fully diluted basis).

##### Foregone capital inflow

The rights of option holders to, and the obligation of the Company to issue, fully paid ordinary shares at varying exercise (issue) prices may result in capital foregone by the Company to the extent that the market price of the Company's securities exceeds the issue price of the shares under the options on the day of allotment of the shares by the Company.

##### Taxation

As far as the Company is aware, there are no adverse taxation consequences to the Company arising from the proposed grant of the options.

##### Other information

There is no other information known to the Company or any of its directors that is reasonably required by shareholders in order to decide whether or not it is in the Company's interests to pass the proposed resolution that is not contained in this Notice and Explanatory Memorandum.

##### Value of benefit

The options will not be listed on the Australian Securities Exchange (**ASX**) and accordingly have no readily identifiable market value.

However, the options have been valued at \$3,124.39 by the directors using the valuation model contained in the International Accounting Standards Board's Exposure Draft ED2 "Share Based Payment". This model is based on the Black-Scholes Model, which is a function of the relationship between a number of variables principally being the share price, the option exercise price, the time to expiry, the risk free interest rate and the volatility of the Company's underlying share price.

The application of the model therefore requires a number of inputs, some of which must be assumed. The material assumptions used in the model were:

- Exercise price of the options is as follows:

Exercise Date of New Options	Manager Option Entitlement	Exercise Price
31 May 2018	9,268	\$0.1667
30 June 2018	34,091	\$0.2013
	<b>43,359</b>	

- Expiry date of options is ten years after the date of issue;
- Risk free rate is 7.25%;
- A volatility factor of 27.7%;
- An annual dividend yield of 2.5% over the period of the options.

Some relatively minor variables were excluded in the calculation as theoretically the Black-Scholes model prices options that are only exercisable on a specific date whereas the options proposed to be issued are exercisable at any time on or before the stated expiry date.

#### Use of Funds

All funds received from the exercise of the options will be applied towards the working capital and cash requirements of the Company at the time of the exercise of the options.

#### Option terms

1. Each option entitles the option holder or his nominee to one fully paid ordinary share in the capital of the Company.
2. The options shall expire on 4.00pm Sydney time on the date of expiry, which is ten years after the date of issue. All options not exercised at the expiry date will lapse ('expiry date').
3. Options can only be exercised on the last working day of each calendar month.
4. Options must be exercised in parcels of not less than 1,000 options.
5. Each option is exercisable by giving the Company written notice of exercise of the option accompanied by payment of the application monies.
6. At least 7 days' notice of exercise must be given. The receipt of any notice to exercise options will be deemed to be an exercise of options effective at the last day of the calendar month determined seven days after the receipt of the notice.
7. In the event that an option is duly exercised, the Company's share registry shall issue to the holder a statement detailing the number of unexercised options. This will occur within 14 days of actual receipt by the Company of the notice of exercise of the option and payment of the exercise price.
8. Options will not participate in any new issues of shares, and neither will such issues change the terms and conditions of the options.
9. None of the options are to be listed on ASX. Options may be transferred in any manner in which shares in the Company may be transferred.
10. If the Company is listed and the option holder so requests the Company in writing then in the event of any reorganization or reconstruction (including a consolidation, sub-division, reduction or return) of the issued capital of the Company, the number of options or the exercise price of the options or both shall be reconstructed (as appropriate) in the manner required by the Listing Rules of the Australian Securities Exchange. In such event the Company has the power to vary

the number of options or the exercise price of the options or the number of the shares to be issued upon exercise of the options or any or all of these as the directors reasonably consider necessary solely in order to comply with the Listing Rules.

11. If the Company makes an issue of shares pro rata to existing shareholders (other than an issue in lieu of in satisfaction of dividends or by way of dividends reinvestment) the exercise price of an option will be reduced according to the following formula:

$$\text{New exercise price} = \frac{O - E[P - (S + D)]}{N + 1}$$

Where

- O = the old exercise price of the option.
- E = the number of underlying shares into which one option is exercisable.
- P = the average market price per share (weighted by reference to volume) of the underlying shares during the 5 trading days ending on the day before the ex rights date or ex entitlements date.
- S = the subscription price of a share under the pro rata issue.
- D = the dividend due but not yet paid on the existing underlying shares (except those to be issued under the pro rata issue).
- N = the number of shares with rights or entitlements that must be held to receive a right to one new share.



**CVC SUSTAINABLE INVESTMENTS LIMITED**  
ACN 088 731 837

**AND**

**CVC SUSTAINABLE INVESTMENTS NO. 2 LIMITED**  
A.C.N. 123 028 026

Registered Office: Level 42 Suncorp Place, 259 George Street Sydney NSW 2000, Australia  
Phone: (02) 9087 8000 Fax: (02) 9087 8088

# PROXY FORM

I/We, \_\_\_\_\_  
(FULL NAME – BLOCK LETTERS)

of \_\_\_\_\_  
being an ordinary shareholder in the Company

Section A

Hereby Appoint \_\_\_\_\_

or, failing him/her, the Chairman of the Meeting, as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on Monday 24 November 2008 at 4.00pm, or at any adjournment thereof. The proxy so appointed shall represent all my/our voting rights except those (if any) specified in B below.

Section B

I/We further appoint \_\_\_\_\_  
(DO NOT COMPLETE THIS SECTION UNLESS YOU WISH TO APPOINT TWO PROXIES)

as my/our proxy to vote for me/us and on my/our behalf at the said meeting or at any adjournment thereof. The proxy, appointed by this Section B shall represent my/our voting rights in respect of \_\_\_\_\_ shares.

My proxy(s) is/are instructed to vote as indicated below. If no specific direction to vote is given the proxy holder may vote as he or she thinks fit or abstain from voting.

		A		B	
		FOR	AGAINST	FOR	AGAINST
Resolution 2	Director – Mark Fogarty				
Resolution 3	Approval of grant of options				

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2008

\_\_\_\_\_  
Signature of Shareholder

\_\_\_\_\_  
Signature of Witness