

CVC SUSTAINABLE INVESTMENTS LIMITED

A.C.N. 088 731 837

NOTICE OF MEETING

NOTICE is hereby given that the Annual General Meeting of CVC Sustainable Investments Limited (**CVCSI**) (**Company**), will be held in the Board Room at Level 42, Suncorp Place, 259 George Street, Sydney, NSW on Monday, 28 November 2011 at 4:00 pm (Sydney time).

BUSINESS

1. Financial Reports

To receive and consider the consolidated Financial Report, the Directors' Report and the Auditor's Report for the financial year ended 30 June 2011.

2. Resolution 1 – Approval of off-market stapled security buy-back

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

'That for the purposes of section 257C of the Corporations Act and for all other purposes, subject to the passage of a corresponding resolution of CVC Sustainable Investments Limited No 2 ACN 123 028 026 the Company is authorised to conduct an off-market buy-back of up to a total of 25,000,000 of stapled securities at a price of 8.68 cents per stapled security (in aggregate being a maximum \$2,170,000) in accordance with the terms and conditions set out in the Explanatory Memorandum.'

3. Resolution 2 – Conditional approval for ceasing to be a pooled development fund

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a special resolution:

'That subject to and conditional upon the passing of Resolution 1 and the passage of a corresponding resolution of CVC Sustainable Investments Limited No 2 ACN 123 028 026, if as a result of the stapled security buy-back, the Company ceases to comply with section 31 of the Pooled Development Fund Act 1992:

- 1. the Directors be and are hereby authorised on such terms and conditions as they think fit to cause the Company to apply under section 46(1) of the Pooled Development Fund Act 1992 to have the Company's registration declaration as a pooled development fund revoked;*
- 2. with effect from the time of revocation of the Company's registration declaration as a pooled development fund, the existing Constitution of the Company be repealed and replaced with the constitution tabled at the meeting and initialled by the Chairman for identification purposes.'*

4. Resolution 3 – Approval to grant options to CVC Managers

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

‘That, subject to the passage of a corresponding resolution in CVC Sustainable Investments No. 2 Limited, shareholder approval is given for the Company to grant CVC Managers Pty Limited ACN 108 360 372 options to acquire 9,732 shares in the Company and to issue 9,732 shares upon the exercise of those options as described in the Explanatory Memorandum.’

By Order of the Board

John Hunter
Company Secretary

4 November 2011

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 at 4:00 pm on 26 November 2011.

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 up to two proxies. Where the member appoints two 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 +61 2 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 the holding of the meeting or any adjourned meeting.

Enquiries

For further information, please contact John Hunter at the Company on +612 9087 8000.

Explanatory Memorandum

The Explanatory Memorandum is provided to explain the resolutions to be considered at the Annual General Meeting (**AGM**) of the shareholders of CVC Sustainable Investments Limited to be held at Level 42, Suncorp Place, 259 George Street Sydney NSW, on Monday, 28 November 2011 at 4:00 pm (Sydney time).

This Explanatory Memorandum and the accompanying documents, set out all information known to each Company which is material to a decision on how to vote on the proposed resolutions, except for information which would be unreasonable to require each Company to disclose because it has previously disclosed that information to shareholders.

This Explanatory Memorandum should be read in conjunction with the accompanying notice of meeting and Annexures A and B. This Explanatory Memorandum is not investment advice. You should seek your own financial and professional advice before making any decision on how to vote at the meeting.

1. ITEM 1 - FINANCIAL STATEMENTS AND REPORTS

As required by law, the Financial Report, Directors' Report and Auditor's Report will be tabled at this AGM. Shareholders will be given a reasonable opportunity at the meeting to ask questions and make comments on these reports. There is no requirement however for shareholders to approve the reports.

2. RESOLUTION 1 - APPROVAL OF OFF-MARKET STAPLED SECURITY BUY-BACK

Background

The Board has completed a capital management review and believes that a buy-back of stapled securities in combination with other strategies such as new investments and acquisitions, is an efficient way to enhance long term security holder value.

The Company is also aware that some security holders would like or may need to dispose of their entire holding of Stapled Securities and are unable to do so as there is no established secondary market.

Accordingly, the Company has decided, as part of its capital management program that an off-market share buy-back is the most expedient, effective and cost efficient way for the Company to enhance security holder value.

Details, discussion and analysis of the proposed buy-back – see Annexures A and B

Full details of the proposed buy-back and discussion and analysis of it are set out in Annexures A and B to this document.

The key features are summarised below. This is a summary only and security holders are encouraged to read this document in full and seek their own financial and professional advice before making any decision on how to vote at the meeting.

Target Size	<p>The maximum aggregate amount the CVC Sustainable Investments Limited and CVC Sustainable Investments No. 2 Limited (the “Group”) will spend to buy back its stapled securities is \$2,170,000. At the buy-back price of 8.68 cents, this will amount to 25,000,000 stapled securities, representing approximately 34.22% of the Group's issued stapled securities.</p> <p>If tenders exceed that maximum number of stapled securities, they will be scaled back by the Directors using their absolute discretion.</p> <p>The Group will cancel all stapled securities that are bought back. The Group reserves the right not to buy back any stapled securities at all.</p>
Buy-back price	<p>The price that the Group will pay for each stapled security is 8.68 cents.</p> <p>The buy-back price has been calculated by applying a 10% discount to the Net Asset Value (NAV) per stapled security based on the Group's unaudited consolidated management accounts as at 31 October 2011.</p>
Eligible shareholders	<p>Security holders are eligible to participate in the buy-back if they hold stapled securities on the buy-back record date (7.00 pm (Sydney time) 9 December 2011) and you are not an excluded foreign shareholder.</p>
Closing date	<p>5.00 pm (Sydney time) 31 January 2012</p>

The Directors unanimously recommend that security holders vote in favour of this Resolution.

3. RESOLUTION 2 - CONDITIONAL APPROVAL FOR CEASING TO BE A POOLED DEVELOPMENT FUND

Background

The Company is a public company registered under the Pooled Development Fund Act 1992 (**PDF Act**).

As discussed in Resolution 1, if 25,000,000 securities are bought back under the resolution 1 (representing 34.22% of the total number of buy-back securities), it could result in CVC Limited holding more than 30% of the Company's issued share capital. As a result, unless the PDF Board gave its approval, the Company would be in breach of its PDF registration declaration and the PDF Act.

If this occurs, the Directors intend to apply to the PDF Board to have the Company's PDF registration declaration revoked.

Accordingly, the Company seeks security holder approval for this proposal.

Replacement of constitution

The Company also seeks approval by special resolution for the adoption of a new company constitution.

The existing constitution of the Company was prepared on the basis that the Company held a PDF registration declaration. If the Directors apply to have the Company's PDF registration declaration revoked it could result in a number of provisions in the existing constitution requiring amendment.

It is therefore proposed that the Company adopt the new constitution set out on the Company's website at www.cvc.com.au, which replicates the constitution for CVCSI No. 2 and removes all references to the Company's PDF status.

Under the provisions of section 136 of the Corporations Act, the repeal of an existing constitution of a company and the adoption of a new constitution by that company requires security holder approval by way of a special resolution (i.e. at least 75% of the votes cast by security holders entitled to vote on special resolution 2 must be in favour of that resolution for it to be passed).

The change of constitution will be effective from the time of revocation of the Company's registration declaration as a PDF.

Revocation of registration declaration as a PDF

There is no requirement under the Corporations Act or the PDF Act which requires the Company to obtain shareholder approval prior to applying to the PDF Board for the revocation of its PDF registration declaration.

However, the Board has resolved to obtain conditional shareholder approval for ceasing to be a PDF for the following reasons:

- it considers that a number of security holders may have acquired securities in the Company on the basis of its PDF status; and
- it is of the view that it is important to keep security holders fully informed at all times of material decisions.

Accordingly, the Board has resolved to put the proposal to security holders by way of a special resolution at the general meeting.

Process of PDF deregistration

The Company will apply to the PDF Board in writing to have its registration declaration revoked and will notify all security holders once it has made the application.

Once the PDF Board has received the application they must revoke the registration declaration as soon as practicable.

On the approval of Resolution 1 there is the possibility that the buy-back will result in a person and their associates holding more than 30% of the issued shares in CVCSI. Under the PDF Act, this will result in the automatic revocation of CVCSI's PDF registration declaration.

Advantages of deregistration as a PDF

The Board does not intend to substantially change the Company's current activities as a result of deregistration as a PDF, however deregistration will give the Company better ability to maximise investment returns of security holders.

It will increase the Company's capacity to undertake new investment opportunities and will provide the Company with much greater flexibility to undertake and restructure investments, which in turn will enhance security holder returns.

Despite the tax concessions available to the Company and its security holders under the PDF structure, the Board believes that the rigid investment guidelines and compliance rules under the PDF Act have the effect of limiting the investment options of the Company.

The Company is currently restricted by the following aspects of the PDF Act:

- it cannot invest in a company whose assets are greater than \$50 million, this substantially limits the range of companies in which the Company can invest;
- it can only undertake investments where it is subscribing for a new issue of capital, it is restricted from secondary purchases of securities in companies;
- it is limited in investment opportunities as it cannot invest in overseas companies;
- it is restricted to investing its surplus cash in bank accounts only. This restriction means that the Company cannot invest in higher yielding securities and is limited to generally low interest returns.

Disadvantages of deregistration

As a registered PDF, the Company is currently eligible for various income tax concessions in Australia. These concessions will cease to be available to the Company with effect from the start of the income year in which it is deregistered as a PDF. The tax concessions available to a PDF are discussed below.

While the Board recognises the benefits of tax concessions to the Company and its security holders as a result of the Company's PDF status, it believes that these benefits are outweighed by the investment restrictions on the Company.

Taxation implications of deregistration

In order to assist security holders make informed decisions, the Company has provided some general taxation advice. However, individual security holders may be impacted differently by the proposed deregistration of the Company as a PDF.

The Board therefore strongly recommends that each security holder seeks their own independent financial and taxation advice on this matter.

Taxation implications for the Company

Broadly, from the Company's perspective, the following will result from deregistration as a PDF:

- The Company will no longer be entitled to the concessional Australian taxation rate of 15% for income and gains derived in relation to its investments in certain companies under the PDF Act;
- The Company will be liable for Australian income tax in respect of its total taxable income at the general corporate tax rate of 30%, from the start of the income year in which it is deregistered as a PDF, any distribution of profit from the Company will be regarded as a dividend for tax purposes and may be franked by the Company to the extent of available franking credits;
- The Company will no longer be entitled to carry forward any prior year tax losses incurred in the period from when it was registered as a PDF to the end of the income year preceding the year in which the Company ceases to be registered as a PDF;
- Generally, the Company will be able to carry forward and utilise any further revenue or capital losses incurred in the years of income commencing with the year in which the Company is deregistered as a PDF, provided that the requirements of the continuity of ownership test or same business test are satisfied.

Taxation implications for security holders

The following tax implications should be considered by the Company's security holders, however the Board strongly recommends that you seek independent financial and taxation advice.

Disposal of shares held on capital account

During the period which the Company is a registered PDF, any gains or losses realised on a disposal of the Company's shares are disregarded for taxation purposes, irrespective of whether the shares are held by a shareholder on capital or revenue account.

When the Company ceases to be registered as a PDF, security holders will be deemed to have disposed of their security holding in the Company for tax purposes, immediately before the Company ceases to be a PDF. The deemed disposal will have no Australian income tax or capital gains tax consequences and any gains or losses arising in relation to the deemed disposal will be disregarded for Australian tax purposes.

The Company's security holding will be deemed to have been immediately re-acquired by security holders with a cost base for tax purposes equal to the market value of the securities at the date the Company is deregistered as a PDF. However, any gains or losses arising from the subsequent sale of the securities will not be disregarded and the gain or loss will be calculated by reference to this new cost base.

Disposal of shares held on revenue account

The general income tax rules will apply to subsequent gains or losses on a disposal of the Company's securities whether the securities are held by a security holder as trading stock or otherwise on revenue account. The securities will be deemed to have been acquired at their market value immediately after the Company was deregistered as a PDF.

Receipt of dividends

During the period that the Company is a registered PDF, any dividends paid by the Company are not subject to tax in the hands of the security holders.

When the Company ceases to be a PDF, the Company will be required to pay the corporate tax rate of 30% on its taxable income, giving rise to franking credits. Any dividend which the Company pays may be franked at a rate determined by the Company to the extent that it has franking credits.

The taxation implication of dividends in the hands of a security holder will depend on the particular circumstances of the security holder. The Company recommends that you seek independent advice in this respect, however, broadly:

- Dividends received by individuals, superannuation funds or companies will be included in the security holder's assessable income. Generally, to the extent that the dividend is franked, the franking credits attached to the dividend will also be included as assessable income, but the amount of the franking credits may be offset against the shareholder's tax liability;
- A refund may be available to individuals and complying superannuation fund security holders for excess franking credits; and
- On receipt of a fully franked dividend from the Company, a corporate security holder may be eligible to claim the franking tax offset and if so, the franking tax offset should reduce the tax on the recipient's taxable income. A corporate security holder of the Company is not entitled to a refund for any excess franking credits received.

Return of capital

Any distribution by the Company which is not considered to be a dividend will generally be a return of capital to security holders.

As a registered PDF, any return of capital by the Company had no tax consequences in the hands of the security holder.

After the Company ceases to be registered as a PDF, the amount may reduce the security holder's cost base in the securities held or to the extent that the amount exceeds the cost base of those securities, give rise to a capital gain.

The Directors unanimously recommend that security holders vote in favour of this Resolution.

4. 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
30 November 2010	64,882	30 November 2020	9,732	\$0.1270

The Company seeks shareholder approval to issue 9,732 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).

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 involved*

- 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 Fogarty recommends that shareholders vote in favour of this resolution. Mr Fogarty 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	73,052,389	73,052,389
Options	3,174,242	existing options plus 9,732 equal to 15% of other shares issued
Fully diluted	76,226,631	76,236,363

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 3,183,974 ordinary shares would be issued representing approximately 4.4% 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 stapled securities 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 stapled securities 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 being issued have been valued at \$3,084.69 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 Date of New Options	Manager Option Entitlement	Exercise Price	Risk Free Rate used	Annual dividend yield	Volatility factor used
30 November 2010	9,732	\$0.1270	4.50%	2.5%	24.41%

- Expiry date of options is ten years after the date of issue.
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

A.C.N. 088 731 837

PROXY FORM

I, _____
(FULL NAME – BLOCK LETTERS)

of _____
being an ordinary shareholder in the Company

Section A

Hereby Appoint _____
or, failing him, the Chairman of the Meeting, as my proxy to vote for me and on my behalf at the Annual General Meeting of the Company to be held on Monday, 28 November 2011 at 4:00pm (Sydney time) or at any adjournment thereof. The proxy so appointed shall represent all my voting rights except those (if any) specified in B below.

Section B (DO NOT COMPLETE THIS SECTION UNLESS YOU WISH TO APPOINT TWO PROXIES)

I further appoint _____

as my proxy to vote for me and on my behalf at the said meeting or at any adjournment thereof. The proxy, appointed by this Section B shall represent my voting rights in respect of _____% of my 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 1 Approval of stapled security buy-back				
Resolution 2 Conditional approval for ceasing to be a Pooled Development Fund				
Resolution 3 Approval of grant of options				

Signed this _____ day of November 2011

Signature of Shareholder

Signature of Witness

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 No.2 Limited (**Company**), will be held in the Board Room at Level 42, Suncorp Place, 259 George Street, Sydney, NSW on Monday, 28 November 2011 at 4:00pm (Sydney time) or immediately following the Annual General Meeting of CVC Sustainable Investments Limited.

BUSINESS

1. Financial Reports

To receive and consider the consolidated Financial Report, the Directors' Report and the Auditor's Report for the financial year ended 30 June 2011.

2. Resolution 1 – Approval of off-market stapled security buy-back

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'That for the purposes of section 257C of the Corporations Act and for all other purposes, subject to the passage of a corresponding resolution of CVC Sustainable Investments Limited ACN 088 731 837 the Company is authorised to conduct an off-market buy-back of up to a total of 25,000,000 of stapled securities at a price of 8.68 cents per stapled security (in aggregate being a maximum \$2,170,000) in accordance with the terms and conditions set out in the Explanatory Memorandum.'

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By Order of the Board

John Hunter
Company Secretary

4 November 2011

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Enquiries

For further information, please contact John Hunter at the Company on +1 2 9087 8000.

Explanatory Memorandum

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1. FINANCIAL STATEMENTS AND REPORTS

As required by law, the Financial Report, Directors' Report and Auditor's Report will be tabled at this AGM. Shareholders will be given a reasonable opportunity at the meeting to ask questions and make comments on these reports. There is no requirement however for shareholders to approve the reports.

2. RESOLUTION 1 - APPROVAL OF OFF-MARKET STAPLED SECURITY BUY-BACK

Background

The Board has completed a capital management review and believes that a buy-back of stapled securities in combination with other strategies such as new investments and acquisitions, is an efficient way to enhance long term security holder value.

The Company is also aware that some security holders would like or may need to dispose of their entire holding of Stapled Securities and are unable to do so as there is no established secondary market.

Accordingly, the Company has decided, as part of its capital management program that an off-market share buy-back is the most expedient, effective and cost efficient way for the Company to enhance security holder value.

Details, discussion and analysis of the proposed buy-back – see Annexures A and B

Full details of the proposed buy-back and discussion and analysis of it are set out in Annexures A and B to this document.

The key features are summarised below. This is a summary only and security holders are encouraged to read this document in full and seek their own financial and professional advice before making any decision on how to vote at the meeting.

Target Size	<p>The maximum aggregate amount the CVC Sustainable Investments Limited and CVC Sustainable Investments No. 2 Limited (the "Group") will spend to buy back its stapled securities is \$2,170,000. At the buy-back price of 8.68 cents, this will amount to 25,000,000 stapled securities, representing approximately 34.22% of the Group's issued stapled securities.</p> <p>If tenders exceed that maximum number of stapled securities, they will be scaled back by the Directors using their absolute discretion.</p> <p>The Group will cancel all stapled securities that are bought back. The Group reserves the right not to buy back any stapled securities at all.</p>
Buy-back price	<p>The price that the Group will pay for each stapled security is 8.68 cents.</p> <p>The buy-back price has been calculated by applying a 10% discount to the Net Asset Value (NAV) per stapled security based on the Group's unaudited consolidated management accounts as at 31 October 2011.</p>
Eligible shareholders	<p>Security holders are eligible to participate in the buy-back if they hold stapled securities on the buy-back record date (7.00 pm (Sydney time) 9 December 2011) and you are not an excluded foreign shareholder.</p>
Closing date	<p>5.00 pm (Sydney time) 31 January 2012</p>

The Directors unanimously recommend that security holders vote in favour of this Resolution.

3. RESOLUTION 2 - 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
30 November 2010	64,882	30 November 2020	9,732	\$0.1270

The Company seeks shareholder approval to issue 9,732 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).

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 involved*

- 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 Fogarty recommends that shareholders vote in favour of this resolution. Mr Fogarty 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	73,052,389	73,052,389
Options	3,174,242	existing options plus 9,732 equal to 15% of other shares issued
Fully diluted	76,226,631	76,236,363

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 3,183,974 ordinary shares would be issued representing approximately 4.4% 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 stapled securities 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 stapled securities 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 being issued have been valued at \$3,084.69 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 Date of New Options	Manager Option Entitlement	Exercise Price	Risk Free Rate used	Annual dividend yield	Volatility factor used
30 November 2010	9,732	\$0.1270	4.50%	2.5%	24.41%

- Expiry date of options is ten years after the date of issue.
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 NO. 2 LIMITED
A.C.N. 123 028 026

PROXY FORM

I, _____
(FULL NAME – BLOCK LETTERS)

of _____
being an ordinary shareholder in the Company

Section A

Hereby Appoint _____

or, failing him, the Chairman of the Meeting, as my proxy to vote for me and on my behalf at the Annual General Meeting of the Company to be held on Monday, 28 November 2011 at 4:00 pm] (Sydney time) or immediately following the Annual General Meeting of CVC Sustainable Investments Limited, or at any adjournment thereof. The proxy so appointed shall represent all my voting rights except those (if any) specified in B below.

Section B (DO NOT COMPLETE THIS SECTION **UNLESS** YOU WISH TO APPOINT TWO PROXIES)

I further appoint _____

as my proxy to vote for me and on my behalf at the said meeting or at any adjournment thereof. The proxy, appointed by this Section B shall represent my voting rights in respect of _____% of my 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 1 Approval of stapled security buy-back				
Resolution 2 Approval of grant of options				

Signed this _____ day of November 2011

Signature of Shareholder

Signature of Witness

ANNEXURE A

DISCUSSION AND ANALYSIS OF PROPOSED BUY-BACK

Background

The Board has completed a capital management review and believes that a buy-back of stapled securities in combination with other strategies such as new investments and acquisitions, is an efficient way to enhance long term security holder value.

The Company is also aware that some security holders would like or may need to dispose of their entire holding of Stapled Securities and are unable to do so as there is no established secondary market.

Accordingly, the Company has decided, as part of its capital management program that an off-market share buy-back is the most expedient, effective and cost efficient way for the Company to enhance security holder value.

Regulatory Requirements

The Corporations Act 2001 (**Act**) authorises a Company to buy back its own shares if the buy-back does not materially prejudice the company's ability to pay its creditors and it follows the procedures required by the Act.

Shareholder approval is required if the number of shares to be bought back will exceed 10% of the minimum number of shares on issue at any time during the previous 12 months. The limit after which a Company requires shareholder approval for a buy-back is known as the '10/12 limit'.

As the Company wishes to acquire more than 10% of its stapled securities on issue within a 12 month period, it seeks security holder approval to do so.

ASIC relief

The Act permits a company to conduct an 'equal access buy-back scheme' if each of the following conditions set out in subsection 257B(2) are satisfied:

- the offers relate to ordinary shares only;
- the offers are made to all shareholders to buy back the same proportion of their shares;
- all offerees have a reasonable opportunity to accept the offer;
- buy back agreements are not entered into until a specified time for acceptances of offers has closed; and
- the terms of the offers are all the same.

The proposed buy-back does not strictly meet the requirements for an equal access buy-back scheme because:

- security holders will be invited to tender stapled securities into the buy-back, which may not technically qualify as 'offers' under s257B(2);
- the Company will conduct a scale back mechanism in the event that it receives tenders that exceed the number of stapled securities it determined to buy back; and
- certain foreign security holders will be excluded from participating in the buy-back.

However, the ASIC provides technical relief so that such buy-backs can be treated as if they were equal access schemes. The Company has applied for that technical relief and expects to receive it by the date of the meeting.

Terms and conditions of the proposed buy-back

General

The terms and conditions of the buy-back are set out in Annexure B. A summary follows.

Indicative timetable

Record Date	7.00 pm (Sydney time) 9 December 2011
Opening Date and despatch of Offer Booklet	14 December 2011
Closing Date	5.00 pm (Sydney time) 31 January 2012
Despatch of cheques	On or around 7 February 2012

This is an indicative timetable only. The Board reserves the right to change the dates without notice to security holders.

Number of stapled securities subject to the Buy-back

The maximum aggregate amount the Company will spend to buy back its stapled securities is \$2,170,000. At the buy-back price of 8.68 cents, this will amount to 25,000,000 stapled securities, representing approximately 34.22% of the Company's issued stapled securities.

If tenders exceed that maximum number of stapled securities, they will be scaled back by the Directors using their absolute discretion.

The Company will cancel all stapled securities that are bought back. The Company reserves the right not to buy back any stapled securities at all.

Buy-back price

The price that the Company will pay for each stapled security is 8.68 cents.

The buy-back price has been calculated by applying a 10% discount to the Net Asset Value (NAV) per stapled security based on the Company's unaudited consolidated management accounts as at 31 October 2011.

The NAV per stapled security as at 31 October 2011 was 9.65 cents.

Discussion and analysis of the proposed buy-back

Financial implications of the buy-back on the Company

The purchase price for stapled securities will be funded from existing cash reserves.

The buy-back will decrease the equity bases of CVCSI and CVCSI No. 2 to the extent stapled securities are bought back, up to the maximum aggregate amount of \$2,170,000 comprising \$1,202,500 for CVCSI and \$967,500 for CVCSI No.2.

The following table is a summary of the Company's consolidated unaudited balance sheet as at 31 October 2011 reflecting a pro-forma adjustment for the completion of the buy-back of 25,000,000 stapled securities at the buy-back price of 8.68 cents per stapled security, as if it had occurred on 31 October 2011.

The table is not a forecast of the balance sheet as at any balance date or a forward looking statement. The balance sheet of the Company upon completion of the buy-back or any part of it may be materially different from the pro-forma table below.

**CVC Sustainable Investments Limited
And its Stapled Entity**

Pro-Forma Balance Sheet

	31 October 2011	Pro-forma adjustments	Pro-forma Balance Sheet
Current Assets			
Cash and cash equivalents	2,573,156	(2,170,000)	403,156
Trade and other receivables	137,396		137,396
Financial assets	-		-
Total current assets	2,710,552	(2,170,000)	540,552
Non-Current Assets			
Financial assets	2,983,943		2,983,943
Investments accounted for using the equity method	1,360,922		1,360,922
Total non-current assets	4,344,865	-	4,344,865
Total Assets	7,055,417	(2,170,000)	4,885,417
Current Liabilities			
Trade and other payables	4,962		4,962
Total current liabilities	4,962	-	4,962
Total Liabilities	4,962	-	4,962
Net Assets	7,050,455	(2,170,000)	4,880,455
Equity			
Contributed equity	6,457,809	(1,202,500)	5,255,309
Accumulated losses	(3,631,227)		(3,631,227)
Other reserves	1,084,549		1,084,549
Total parent entity interest	3,911,131	(1,202,500)	2,708,631
Non-controlling interest	3,139,324	(967,500)	2,171,824
Total Equity	7,050,455	(2,170,000)	4,880,455
Stapled Securities	73,052,389	(25,000,000)	48,052,389
NTA per security	\$ 0.0965	\$ 0.0868	\$ 0.1016

Recent performance of the Net Asset Value (NAV) per stapled security

As the Stapled Securities of CVCSI No.1 and CVCSI No.2 are not listed on any stock exchange, there is no ready market for the stapled securities and it is therefore not possible to advise on their market price.

The unaudited NAV per stapled security provides an estimate of the per stapled security net worth of the Company. The Company provides their security holders with monthly unaudited NAV per stapled security on their website at www.cvc.com.au/cvcsi/investor_information.php.

Unaudited NAV per Stapled Security for the last 6 months is as follows:

Date	Total NAV per Stapled Security
31 October 2011	9.65 cents
30 September 2011	10.22 cents
31 August 2011	9.38 cents
31 July 2011	9.01 cents
30 June 2011	8.76 cents
31 May 2011	8.90 cents

Potential impact on capital structure of the Company

The precise effect of the buy-back on the capital structure of the Company will not be known until the buy-back is completed. However, any buy-back will increase the percentage holding of those security holders who do not participate in the buy-back.

The following table illustrates how the top three security holders' proportional interest may change the various circumstances described in the table and assuming that:

- Those shareholders do not participate in the buy-back; and
- No further shares are issued by the Company before the end of the buy-back offer period:

Shareholder	Current Holding (%)	Potential new % holding		
		If 25% of buy-back securities are bought back	If 50% of buy-back securities are bought back	If 100% of buy-back securities are bought back
CVC Limited	23.47%	25.66%	28.31%	35.67%
Sandhurst Trustees Limited				
Australian Ethical Investments Limited	9.51%	10.40%	11.47%	14.46%
Chemical Trustee Limited	5.13%	5.61%	6.19%	7.80%

Security holders should not assume that the table above will reflect the actual holdings of the parties after the buy-back.

CVC Limited has advised the Company that if it acquired control of the Company:

- Its present intention is to exercise its voting power to cause the Company to continue its current business in the ordinary course and to pursue the strategies outlined to security holders; and
- It has no present intention to change the direction or business of the Company (other than as contemplated in this notice of meeting), to enter into any related party transactions with the Company, to materially restructure the employment arrangements of the Company, or to redeploy any of its fixed assets.

Potential impact on the solvency of the Company

The Directors are satisfied that, having regard to the total number of stapled securities that the Company expects to be bought back under the buy-back and the cash that will be spent, the Company will remain solvent and will continue to be able to pay its debts as and when they fall due.

The Directors will not proceed with the buy-back unless they are satisfied at the relevant time that it will not materially adversely affect the financial position of the Company.

Potential impact on compliance with Pooled Development Fund Act 1992

CVCSI is a pooled development fund under the Pooled Development Funds Act 1992 (**PDF Act**).

Under the PDF Act, unless the Innovation Australia Board (**PDF Board**) otherwise approves, a person (includes a company) together with associates of the person, must not hold more than 30% of the issued shares in a PDF.

CVC Limited currently holds 23.47% of the total securities on issue. In addition it has been issued 3,183,974 “out-of-the-money” options which if exercised would increase its holding to 26.66%. It has advised the Company that it does not presently intend to participate in the proposed buy-back, although it has expressly reserved the right in its absolute discretion to change its position without notice to the Company.

If 25,000,000 securities are bought back under the proposal (representing 34.22% of the total number of buy-back securities), it could result in CVC Limited holding more than 30% of the Company's issued share capital. As a result, unless the PDF Board gave its approval, the Company would be in breach of its PDF registration declaration and the PDF Act.

Accordingly, if this occurs, the Directors intend to apply to the PDF Board to have the Company's PDF registration declaration revoked. Separate security holder approval has been sought for this proposal in resolution 2.

Tax implications of the buy-back

The Buy-back Price has been calculated by applying a 10% discount to the Net Asset Value per Stapled Security less the external costs of the buy-back. The Buy-back Price for the Stapled Securities is made up of the prices for the underlying securities as follows:

Entity	Status	Buy-back Price (cents per share)
CVC Sustainable Investments Limited (ABN 35 088 731 837) (CVCSI No.1)	PDF	4.81
CVC Sustainable Investments No. 2 Limited (ABN 58 123 028 026) (CVCSI No.2)	Non-PDF	3.87
Total Stapled Security		8.68

As CVCSI No.1 is currently registered as a pooled development fund, capital gains and losses on the disposal of its shares are disregarded for the purposes of the capital gains provisions of the Australian income taxation legislation. Therefore, gains on CVCSI No. 1 shares are not assessable income under the capital gains provisions and losses are not allowable deductions against capital gains or otherwise.

However, if CVCSI No. 1 has its PDF registration revoked then Security Holders will be deemed to have disposed of their Security Holding in CVCSI No.1 for tax purposes, immediately before CVCSI No.1 ceases to be a PDF.

The CVCSI No.1 Security Holding will be deemed to have been immediately reacquired by Security Holders with a cost base for tax purposes equal to the market value of the shares at the date CVCSI No.1 is deregistered as a PDF. Any gains or losses arising on a subsequent disposal of this Security Holding will not be disregarded and the gain or loss will be calculated with reference to this new cost base.

CVCSI No.2 is taxed as a normal Australian unlisted investment company and there may be a capital gain or loss arising from the disposal of CVCSI No 2 shares participating in the Buy-back.

As the Buy-back is likely to have different taxation consequences for each Security Holder, you should consult your own professional adviser concerning your particular circumstances and participation in the Buy-back.

Advantages of the buy-back

The Company expects that both participating and continuing security holders will benefit from the buy-back, as:

- participation is optional and accommodates security holders with divergent interests;
- it is expected to improve Net Asset Value (NAV) per stapled security for continuing security holders;
- all eligible security holders have an equal opportunity to participate in the buy-back;

- security holders will have the opportunity to sell all or some of their stapled securities at a price close to the unaudited NAV per stapled security reported as at 31 October 2011;
- security holders with small holdings are able to sell all of their stapled securities so as not to be left with a small parcel of stapled securities after participating in the buy-back;
- the buy-back provides a cost effective way for security holders to dispose of their interests as there are no brokerage costs associated with the buy-back; and
- it is an efficient way to return capital to the Company's security holders.

Disadvantages of the buy-back

The potential disadvantages of the buy-back are as follows:

- there will be a reduction in the Company's net assets as the consideration for the buy-back will be paid out of the Company's cash reserves;
- there may be a potential increase in major security holders' holdings which could under certain circumstances, lead to a change of control of the stapled group;
- the buy-back price of 8.68 cents per Stapled Security is at a 10% discount to the NAV per stapled security as at 31 October 2011;
- by returning surplus capital, the Company may not be able to respond quickly to any investment opportunities in the future if it has to raise further funds in order to do so; and
- the Company could lose its PDF status and, as a result, security holders may lose the benefit of certain tax concessions relating to the sale of their shares in the Company and dividends from the Company (although there may be factors which mitigate this loss of this concessional tax treatment – see the explanatory notes to Resolution 2).

Consequences if approval not given

If approval is not given, the present intention of the Directors is:

- to proceed with a similarly structured buy-back in relation to such a number securities which does not require shareholder approval; and
- to continue to execute its operational strategy and business plan and examine other corporate initiatives to increase security holder value.

Director's intention and recommendations

Although the Directors are eligible to participate in the buy back, it is not the present intention of any Director to participate. Each Director reserves the right however to change their intention without notice and in their absolute discretion.

The Directors unanimously recommend that you vote in favour of the proposed buy-back

ANNEXURE B

PROPOSED BUY-BACK TERMS AND CONDITIONS

The buy-back

The Company will invite security holders to sell their stapled securities on the terms and conditions set out below.

Number of stapled securities subject to the buy-back

The maximum aggregate amount the Company will spend to buy back its stapled securities is \$2,170,000. At the buy-back price of 8.68 cents, this will amount to 25,000,000 stapled securities, representing approximately 34.22% of the Company's issued stapled securities.

Scale back

If tenders exceed that maximum number of stapled securities, they will be scaled back by the Directors in their absolute discretion.

Number of shares that can be tendered in the buy-back

The maximum number of stapled securities that security holders may tender in the buy-back is 100% of their security holding.

They may tender for any number of the Company's stapled securities in the buy-back. There is no minimum participation level.

If a scale back is required, not all of their stapled securities tendered may be bought back.

Buy-back Price

The price that the Company will pay for each stapled security is 8.68 cents.

The buy-back price has been calculated by applying a 10% discount to the Net Asset Value (NAV) per stapled security based on the Company's unaudited consolidated management accounts as at 31 October 2011.

The buy-back period

The buy-back will remain open from 14 December 2011 to 5.00pm (Sydney time) 31 January 2012 (the **Buy-back Period**).

Participation in the buy-back

Participation in the buy-back is entirely voluntary. Security holders may choose not to participate in the buy-back and continue to hold all of their stapled securities.

If security holders do not wish to participate, no action is required by them.

Accepting the Buy-back

To accept, security holders need to complete and lodge a Tender Form before 5.00 pm (Sydney time) on the closing date with the Registry at Level 42, Suncorp Place, 259 George Street, Sydney, NSW.

The Registry will retain all tenders until the closing date. Tenders will then be forwarded to the Company, at which time the scale back will be determined (if necessary) and all buy-back agreements will be entered into contemporaneously.

Security holders with more than one holding of stapled securities

Buy-back documents will be sent in respect of each separate security holding. Security holders must submit a separate Tender Form for each security holding.

Stapled securities held by trustees and nominees

Trustees or nominees who hold stapled securities should inform the beneficial owners of those securities about the buy-back and complete one Tender Form for each registered security holding.

Dealing with stapled securities after lodgement of a Tender Form

If the security holder lodges a Tender Form, they must not otherwise deal with their stapled securities in any way.

Effect of lodging an Tender Form

By lodging a Tender Form, the security holder agrees to be bound by the terms of the buy-back including the following:

Warranties given by participating security holders

Each security holder warrants to the Company that, at the time of signing the Tender Form and at all times until the buy-back is complete:

- the stapled securities are registered in the accepting security holder's name;
- the security holder is entitled to sell those stapled securities and has full legal and beneficial ownership of them;
- that the security holder is a person to whom an invitation under the buy-back may be lawfully made, that the security holder is a person whose participation in the buy-back is permitted under the laws of the jurisdiction in which they are resident and that they are not an excluded foreign security holder;
- those stapled securities are not subject to any encumbrance or other security interest of any type which does or may restrict the ability to accept the buy-back; and
- there is no legal reason why the security holder cannot participate in, or receive proceeds under, the buy-back.

Other

By lodging a Tender Form, the security holder:

- agrees that the Company may, in its sole discretion, determine whether a Tender Form is valid including whether it has been completed correctly;
- authorises the Company (and their respective officers, agents and contractors) to correct any error or omission in the Tender Form and to complete the form by inserting any missing details;
- authorises the Company to cancel the respective shares comprising stapled securities bought back under the buy-back; and
- acknowledges that neither the Company nor any other party involved in the buy-back has provided financial product advice and no such person has any obligation to provide financial product advice to the holder about the buy-back or the holder's decision to participate in it.

Incorrect or incomplete Tender Forms

The security holder must ensure that all details on the Tender Form are complete and that the form has been signed by the correct Security Holder, Security Holders or authorised representatives.

Tender Forms which are incorrectly completed, incomplete or unsigned may not be accepted by the Company and may have no effect. The Company will endeavour to contact holders in this event, but cannot guarantee that it will do so.

Deemed tender

If the security holder purports to participate in the buy-back for a number of stapled securities more than 100% of their holding of stapled securities, the security holder will be taken to have tendered 100% of their holding of the Company's stapled securities in the buy-back.

Withdraw or amendment of tender

Once a completed and signed Tender Form is received by the Company, it can only be withdrawn or amended by completing and signing a Withdrawal/Amendment Form, a copy of which will be included in the Buy-back Booklet.

To be effective, the completed and signed Withdrawal/Amendment Form must be received by the Company by the Closing Date.

If the security holder does not wish to withdraw or amend their tender they do not need to complete nor submit the Withdrawal/Amendment Form.

Effect of Buy-back on voting and dividend rights

No tender will be accepted by the Company until after the Closing Date of the buy-back. Accordingly, security holders will be entitled to vote at any meeting of the Company that is held during the Buy-back Period, even if they have lodged a Tender Form to sell stapled securities to the Company under the buy-back.

Security holders' rights to receive any dividends or other distributions paid by the Company where the record date of the payment occurs prior to the date on which the Company enters into a buy-back agreement with security holders (which will be after the closing date) will not be affected by the submission of an Tender Form.

Buy-back agreement

Once the agreement to buy back the Company's stapled securities is entered into, the rights attaching to the stapled securities, including voting and dividend rights, are suspended until the agreement is terminated or the Company's stapled securities are cancelled on transfer to the Company.

The agreement to buy back the Company's stapled securities will be entered into when the Board resolves to accept the tenders from the Company's security holders after the application of any scale back required.

Once the buy-back agreement is entered, the security holder cannot withdraw, revoke or amend their tender.

Amendment or termination of the buy-back

The Company reserves the right to amend the terms of the buy-back or to extend the Buy-back Period at any time before shareholder approval is sought.

The Company reserves the right to terminate the buy-back at any time before the Company enters into buy-back agreements.

Payment for stapled securities

As soon as practicable after Closing Date, the Company will determine the extent of any scale back. Based on those calculations, the Company will despatch cheques to participating security holders on or before 7 February 2012.

Cheques will be sent to security holders, by mail addressed to them at the address shown in the register of members at the close of the Buy-back Period unless prior to despatch the security holder advises the Registry in writing of a different address.

Governing Law

The buy-back, any tender in the buy-back and any buy-back agreement entered into in connection with the buy-back will be governed by the laws of New South Wales.