

NOTICE TO NOTEHOLDERS ISSUED ON 4 JUNE 2015

THIS NOTICE IS IMPORTANT AND REQUIRES THE IMMEDIATE ATTENTION OF NOTEHOLDERS. IF NOTEHOLDERS ARE IN ANY DOUBT AS TO THE ACTION THEY SHOULD TAKE, THEY SHOULD CONSULT THEIR OWN INDEPENDENT PROFESSIONAL ADVISERS AUTHORISED UNDER THE FINANCIAL SERVICES AND MARKETS ACT 2000 (UNITED KINGDOM) IMMEDIATELY.

NOVION RE LIMITED

(FORMERLY COMMONWEALTH MANAGED INVESTMENTS LIMITED)
(ABN 33 084 098 180 and AFSL 235 384)

in its capacity as Responsible Entity of Novion Trust

(formerly CFS Retail Property Trust 1)
(ARSN 090 150 280)

Level 39, MLC Centre, 19 Martin Place
Sydney NSW 2000
Australia

(Incorporated under the laws of the Commonwealth of Australia)
(the **Issuer**)

NOTICE TO HOLDERS

of the
A\$300,000,000 5.75 per cent. Convertible Notes Due 2016
ISIN XS0641119812
of the Issuer presently outstanding
(the **Noteholders** and the **Notes** respectively)

We refer to the A\$300,000,000 5.75 per cent. Convertible Notes due 2016 issued by the Issuer constituted by the trust deed dated 4 July 2011 (as amended from time to time including on 30 June 2014) between The Bank of New York Mellon (the **Trustee**) and the Issuer (the **Trust Deed**) (containing the terms and conditions of the Notes (the **Conditions**)) constituting the Notes. As at the date of this Notice the aggregate principal amount outstanding of the Notes is A\$299,500,000.

All capitalised terms used but not defined herein shall have the meanings given to such terms in the Trust Deed.

BACKGROUND

We refer to the notice given by the Issuer dated 12 May 2015 in connection with the implementation agreement dated 3 February 2015 entered into between, amongst others, the Issuer (as part of Novion Property Group) and Federation Centres, pursuant to which Novion Property Group and Federation Centres agree to merge by way of Novion scheme of arrangement subject to certain conditions. A copy of the Scheme Booklet dated 15 April 2015 in respect of the Novion scheme of arrangement was annexed to that notice.

We further refer to the notice given by the Issuer dated 29 May 2015 (the **Change of Control Notice**) that on 29 May 2015, the scheme of arrangement became unconditional in all respects and Federation Centres has acquired a relevant interest in more than 50 per cent. of the Novion Securities in issue and that a Change of Control Event occurred on 29 May 2015 for the purposes of the Conditions of the Notes. Noteholders may exercise their Conversion Rights pursuant to Condition 6(A)(i) of the Notes.

If a Noteholder elects to exercise its Conversion Right within the Change of Control Event Period described in the Change of Control Notice, the Issuer intends to exercise its option (the **Cash Settlement Option**) under Condition 6(B)(vi) of the Notes by delivery to the Noteholder of a Cash Settlement Notice to pay to the relevant Noteholder an amount of cash in Australian dollars equal to the Cash Settlement Amount in order to satisfy such Conversion Right in respect of the entire amount of Novion Securities which would otherwise be issued on conversion of the Notes the subject of such Conversion Notice.

CALCULATION OF CASH SETTLEMENT AMOUNT

Under the Conditions, the Cash Settlement Amount payable to a Noteholder who has exercised its Conversion Right in respect of its Notes and in respect of which the Issuer has delivered a Cash Settlement Notice, is calculated as an amount equal to:

- (a) the number of Novion Securities otherwise deliverable upon exercise of that Conversion Right;

multiplied by

- (b) the Market Price of the Novion Securities, which is the arithmetic average of the volume-weighted average price of Novion Securities published by the ASX for each day during the ten consecutive Stock Exchange Business Days immediately after the Cash Settlement Notice Date. The Conditions provide that if on any such Stock Exchange Business Day the volume-weighted average price of Novion Securities is not available on the ASX, then the volume-weighted average price of Novion Securities on the immediately preceding Stock Exchange Business Day where such price is published by the ASX will apply.

Following consultations with an Independent Investment Bank, the Issuer wishes to clarify that the Market Price of the Novion Securities will be A\$2.4540, being the volume-weighted average price of Novion Securities published by the ASX as at 29 May 2015 given that the Novion Securities have been suspended since the close of trading on the ASX on 29 May 2015 and will not resume trading on the ASX.

NO ISSUE OF FEDERATION CENTRES SECURITIES

The Issuer has no ability under the current Conditions to issue Federation Centres securities to Noteholders who exercise their Conversion Rights in respect of their Notes. The Issuer wishes to confirm that it will not issue to such Noteholders any Federation Centres securities under the current Conditions. The Issuer intends to exercise its Cash Settlement Option as stated in the notice given by the Issuer on 12 May 2015 and in the Change of Control Notice.

CHANGE OF CONTROL EVENT PERIOD

Further to the Change of Control Notice, the Issuer wishes to remind Noteholders that pursuant to Condition 6(C)(10) of the Notes:

- (a) the first day of the Change of Control Event Period was 29 May 2015 and the last day of the Change of Control Event Period will be 29 June 2015;
- (b) the Conversion Price in effect immediately prior to the Change of Control Event described in the Change of Control Notice was A\$2.40 per Novion Security; and
- (c) the Change of Control Conversion Price applicable pursuant to Condition 6(C)(10) of the Notes during the Change of Control Event Period shall be A\$2.2625 per Novion Security.

Noteholders are reminded that the Change of Control Conversion Price specified in (c) above only applies to valid Conversion Notices received during the Change of Control Event Period.

This Notice is given by:

Novion RE Limited

(ABN 33 084 098 180)

in its capacity as Responsible Entity of Novion Trust

(ARSN 090 150 280)

Level 39, MLC Centre
19 Martin Place
Sydney NSW 2000
Australia

Dated 4 June 2015

THE INFORMATION CONTAINED IN THIS NOTICE HAS BEEN ENTIRELY PREPARED BY THE ISSUER. NONE OF THE TRUSTEE OR AGENTS IS PROVIDING ANY TAXATION, LEGAL OR OTHER ADVICE REGARDING THE CONTENTS OF THIS NOTICE. NONE OF THE TRUSTEE OR THE AGENTS MAKES ANY RECOMMENDATION TO THE NOTEHOLDERS AS TO HOW TO EXERCISE THEIR RIGHTS UNDER THE NOTES AND THE TRUSTEE AND AGENTS RECOMMEND THAT NOTEHOLDERS SEEK THEIR OWN LEGAL, FINANCIAL, TAX AND OTHER SIMILAR ADVICE.

Contact details:

Trustee

THE BANK OF NEW YORK MELLON

One Canada Square
40th Floor, London E14 5AL
United Kingdom
Fax: +44 207 964 6369
Attention: Global Trust Services

Principal Agent

THE BANK OF NEW YORK MELLON

One Canada Square
40th Floor, London E14 5AL
United Kingdom
Fax: +44 207 964 6369
Attention: Global Trust Services

Registrar

THE BANK OF NEW YORK MELLON (LUXEMBOURG) S.A.

Vertigo Building – Polaris
2-4 rue Eugène Ruppert
L-2453 Luxembourg
Fax: +352 24 524 204
Attention: New Issues Department

in the case of any notices or communications to any of the Trustee, the Principal Agent or the Registrar, with a copy to:

THE BANK OF NEW YORK MELLON

Level 2, 35 Clarence Street
Sydney NSW 2000
Australia
Fax: +612 9551 5009
Attention: Relationship Management Group