

ASX ANNOUNCEMENT



PREFERRED CAPITAL LIMITED - EXCHANGE NOTICE FOR PERLS III

Sydney, 24 February 2016: Preferred Capital Limited announces publication of an Exchange Notice in respect of the Perpetual Exchangeable Repurchasable Listed Shares issued in 2006 (**PERLS III**).

Under the “Exchange” notified in the Exchange Notice:

- all PERLS III on issue at 6 April 2016, that were not acquired by Commonwealth Bank of Australia (**CBA**) on 30 March 2016 as part of the PERLS VIII Reinvestment Offer, will be transferred to CBA on 6 April 2016; and
- the holders of PERLS III will receive A\$200 for each of their PERLS III transferred to CBA on 6 April 2016.

Trading of PERLS III on ASX will be suspended from close of trading today.

Attached is a copy of the Exchange Notice, and examples of the letters to be sent to PERLS III holders enclosing the Exchange Notice.

A copy of the Exchange Notice is also available from the CBA Group’s website (www.commbank.com.au).

Diane Lumsden
Company Secretary
Preferred Capital Limited

EXCHANGE NOTICE

Preferred Capital Limited (**PCL**) notifies holders of the PERLS III issued in 2006 that, on 6 April 2016, an Exchange of PERLS III will occur in accordance with clause 4.2(a)(2) of the PERLS III Terms.

Under the Exchange, all PERLS III on issue at 6 April 2016 other than those which were acquired through the PERLS VIII Reinvestment Offer by Commonwealth Bank of Australia (**CBA**) (the **Exchanged PERLS III**) will be automatically transferred to CBA.

CBA will pay each holder of PERLS III A\$200 for each Exchanged PERLS III that is transferred from that holder to CBA under the Exchange on 6 April 2016.

Subject to CBA making those payments, on 6 April 2016 all Exchanged PERLS III will be transferred to CBA in accordance with the PERLS III Terms in Appendix A of the PERLS III Prospectus dated 3 March 2006 (**Prospectus**).

The payments under the Exchange will be made to holders from whom PERLS III are acquired in the same manner in which their Distributions are usually paid.

Under the PERLS III Terms, PERLS III holders should note that they must not deal with, transfer, dispose or otherwise encumber their PERLS III. Accordingly, trading in PERLS III will be suspended on ASX from close of trading on 24 February 2016.

Capitalised terms that are not defined in this notice have the same meaning given to them in the PERLS III Terms.

24 February 2016

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MR SAM SAMPLE
123 SAMPLE STREET
SAMPLETOWN
SAMPLECOUNTRY



Dear PERLS III Holder

EXCHANGE OF PERLS III (ASX trading code PCAPA)

On 16 February 2016, Commonwealth Bank of Australia announced its intention to purchase PERLS III from eligible holders seeking to reinvest in a new hybrid security, CommBank PERLS VIII Capital Notes (**PERLS VIII**).

Preferred Capital Limited, the issuer of PERLS III, on 24 February 2016 published an Exchange Notice affecting all remaining PERLS III not purchased by CBA through the PERLS VIII reinvestment offer (**Non-reinvested PERLS III**).

Exchange Notice

Under the 'Exchange' notified in the Exchange Notice:

- all Non-reinvested PERLS III on issue at 6 April 2016 will be transferred to CBA on 6 April 2016; and
- the holders of Non-reinvested PERLS III will receive A\$200 for each of their PERLS III transferred to CBA on 6 April 2016. The sale proceeds will not be reinvested in PERLS VIII.

A copy of the Exchange Notice published by Preferred Capital Limited on 24 February 2016 is enclosed.

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

Yours sincerely

Taryn Morton
Group Company Secretary

24 February 2016



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MR SAM SAMPLE
123 SAMPLE STREET
SAMPLETOWN NSW 9999



Dear PERLS III Holder

Your PERLS III (ASX trading code PCAPA)

On 24 February 2016 Preferred Capital Limited, the issuer of PERLS III, published an exchange notice affecting all remaining PERLS III not purchased by CBA through the PERLS VIII reinvestment offer that was announced by Commonwealth Bank of Australia on 16 February 2016.

A copy of the Exchange Notice published by Preferred Capital Limited is enclosed.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Taryn Morton'.

Taryn Morton
Group Company Secretary