CMI LIMITED
ACN 050 542 553

Off-Market Share Buy-Back Booklet

THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION

Read the whole of this document carefully before deciding whether to participate in the Off-Market Buy-Back.

If you are in any doubt about how to deal with this document, you should contact your stockbroker, financial adviser, taxation or other professional adviser immediately.

LEGAL NOTICES AND DISCLAIMER

Issuer

This offer document (***Booklet***) is dated 25 November 2016. This Booklet is issued by CMI Limited (ACN 050 542 553) (***CMI***) (ASX code: CMI). CMI proposes to change its name to Excelsior Capital Limited subject to shareholder approval at an extraordinary general meeting to be held on 21 December 2016.

Not financial product advice

The information in this Booklet is not financial product advice.

This Booklet has been prepared without taking into account your particular objectives, financial situation or needs. You should consider the appropriateness of participation in the Off-Market Buy-Back having regard to your individual objectives, financial situation and needs. If you are in any doubt as to the action you should take, you should contact your financial, taxation or other professional adviser immediately.

Disclaimer

To the maximum extent permitted by law, none of CMI or its officers, employees or advisers accepts any liability or responsibility for any claim, loss, demand, costs, expenses or damage:

- suffered or incurred by any person relying or acting on any information provided in, or omitted from, the Booklet or any other written or oral opinions, advice or information provided by any of them; or
- arising as a result of, or in connection, with the information in the Booklet being inaccurate or incomplete in any way or by reason of any reliance by any person, including by reason of any negligence, default or lack of care.

Some of the statements appearing in this Booklet may be forward-looking statements. You should be aware that such statements are subject to inherent risks and uncertainties. Those risks and uncertainties include factors and risks specific to the industry in which CMI operates and proposes to operate, as well as general economic conditions, prevailing exchange rates and interest rates and conditions in the financial markets. Actual events or results may differ materially from the events or results expressed or implied in any forward-looking statements.

None of CMI, its officers, employees or advisers makes any representation or warranty as to the accuracy or likelihood of fulfilment of any forward-looking statement, or any events or results expressed or implied in any forward-looking statement, except to the extent required by law. You are cautioned not to place undue reliance on any forward-looking statements. The forward-looking statements in this Booklet reflect views held only as at the date of this Booklet.

Eligibility to Participate in the Off-Market Buy-Back

You are eligible to participate in the Off-Market Buy-Back if Shares are registered in your name on the Record Date, 25 November 2016, with a registered address in Australia or New Zealand and, in accordance with the ASX Settlement Operating Rules, the Shares confer an entitlement to receive this invitation.

Definitions

Some of the words capitalised in this Booklet have the defined meanings set out in section 12.

Enquiries

If you have any questions about the Off-Market Buy-Back, the content of this Booklet or your Acceptance Form, please call the Registry on:

Telephone
1300 135 403 (within Australia)
+61 1300 135 403 (outside Australia)

Hours (Monday to Friday)
8.30am – 5.30pm AEDT

DIRECTORS' LETTER

25 November 2016

Dear Shareholder

We are pleased to offer you the opportunity to participate in an off-market buy-back (the ***Off-Market Buy-Back*** or the ***Offer***) of CMI Shares, announced to ASX by CMI on 18 November 2016.

As also disclosed by CMI on 18 November 2016, CMI proposes to change the nature of its business to become an investment vehicle (the ***Change of Business***). The proposed Change of Business requires the approval of CMI's Shareholders which is to be sought at an extraordinary general meeting convened for 21 December 2016. To effect the Change of Business, if approved, CMI is required by ASX to re-comply with Chapters 1 and 2 of the ASX Listing Rules, including the requirement for CMI to continue to meet the shareholder spread requirements under the ASX Listing Rules after completion of the Off-Market Buy-Back. CMI's Shares have been suspended from quotation on the Official List from 18 November 2016 until the earlier of such time as CMI has re-complied with Chapters 1 and 2 of the ASX Listing Rules or the Change of Business is not approved by Shareholders, or earlier as ASX determines.

The Off-Market Buy-Back provides an opportunity for Shareholders who may not agree with the Change of Business (and others) to sell without brokerage a potentially larger number of Shares within a shorter timeframe than on ASX, at a price which may be at a premium to the price achievable on ASX. Your Directors believe that there is significant value in CMI and that the Shares have recently been trading at price levels which do not fully reflect the position of CMI.

Under the Off-Market Buy-Back, CMI may buy back a maximum of 3,485,263 Shares, which represents 10% of CMI's issued capital. The Buy-Back Price is the five-day volume weighted average price of Shares of $ 1.16, calculated immediately prior to CMI announcing the Off-Market Buy-Back on 18 November 2016, adjusted by the movement in the opening S&P/ASX 200 Index on 18 November 2016 compared to the closing S&P/ASX 200 Index on 5 January 2017. The S&P/ASX 200 Index opened on 18 November 2016 at 5,338.50.

Due to the adjustment by reference to the S&P/ASX 200 Index, the Buy-Back Price may be higher or lower than $1.16.

Your participation in the Off-Market Buy-Back is voluntary. However, if you choose to accept the Offer, you must accept it in respect of all of your Shares, and complete and return the Acceptance Form. Alternatively, if you do not wish to participate, you do not need to take any action.

We encourage you to read this Booklet carefully. **In making your decision about your participation, you may wish to seek professional advice about your individual circumstances.**

If you wish to participate in the Off-Market Buy-Back, please complete and **return your Acceptance Form**, which accompanies this Booklet, to the Registry (if you are an Issuer Sponsored Holder) or ensure that your Controlling Participant processes your Acceptance Form (if you are a CHESS Holder) by **no later than 5:00pm AEDT on 4 January 2017**.

If you have any queries in relation to the Off-Market Buy-Back, this Booklet or your Acceptance Form, please contact the Registry on 1300 135 403 (for calls made from within Australia) or +61 1300 135 403 (for calls made outside Australia) between 8.30am and 5.30pm, AEDT, Monday to Friday.

Yours sincerely

Leanne Catelan *Director*	**Steven Miotti** *Director*	**Craig Green** *Director*

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OFF MARKET SHARE BUY-BACK BOOKLET

1. IMPORTANT INFORMATION

1.1 What is this Booklet about?

CMI is inviting Eligible Shareholders to participate in an off-market buy-back (the ***Off-Market Buy-Back***), under which CMI offers to purchase up to 3,485,263 Shares at a price of $1.16 per Share adjusted by the movement in the opening S&P/ASX 200 Index on 18 November 2016 compared to the closing S&P/ASX 200 Index on 5 January 2017 (the ***Buy-Back Price***). The S&P/ASX 200 Index opened on 18 November 2016 at 5,338.50.

This Booklet contains important information about the Off-Market Buy-Back and is provided to assist you in making an informed decision about whether to participate. It also explains why CMI is undertaking the Off-Market Buy-Back.

1.2 Important dates

Event	Date
Announcement of Off-Market Buy-Back	18 November 2016
Record Date for determination of Shareholders' entitlement to participate in the Off-Market Buy-Back	25 November 2016
Off-Market Buy-Back Booklet sent to Shareholders	30 November 2016
Offer Period opens	30 November 2016
Extraordinary general meeting to approve the Change of Business	21 December 2016
Offer Period closes (acceptances due by 5.00pm AEDT) and any necessary Scale Back is applied	4 January 2017
Contract Date (i.e. unconditional contract)	5 January 2017
Completion of Off-Market Buy-Back (i.e. payment to Shareholders)	18 January 2017

Whilst CMI does not currently anticipate changing any of the dates and times set out above, it reserves the right to do so. Any changes to this timetable will be announced to ASX. The Offer is subject to:

(a) CMI continuing to meet the shareholder spread requirements under the ASX Listing Rules after completion of the Off-Market Buy-Back; and

(b) the Buy-back Price not being less than 86% of the five-day volume weighted average price of Shares traded up to and including the Contract Date (being 5 January 2017) (the ***Contract Date VWAP***).

If, after the Offer has closed, CMI determines that it is unable to meet the shareholder spread requirements based on the Offer acceptances it has received or that the Buy-Back Price is less than 86% of the Contract Date VWAP, CMI will not proceed with the Off-Market Buy-Back and will not buy back any Shares from Accepting Shareholders.

1.3 Eligibility to participate

You are eligible to participate in the Off-Market Buy-Back if you are a Shareholder, as recorded on CMI's register of Shareholders (the ***Register***), on the Record Date (25 November 2016) with a registered address in Australia or New Zealand.

CMI retains the discretion (to be exercised on a case by case basis) to extend the Off-Market Buy-Back to Shareholders residing in jurisdictions outside Australia and New Zealand where CMI considers it reasonable to make invitations to participate, provided at all times that the Shareholder's participation in the Off-Market Buy-Back is permitted under the laws of Australia and the jurisdiction in which the Shareholder is resident without the need for any filing or approval by any government agency (except one that CMI is willing in its absolute discretion to comply with).

Any Shareholder with a registered address outside Australia or New Zealand who believes that they are entitled to participate in the Off-Market Buy-Back in accordance with the laws of Australia and the relevant jurisdiction in which the Shareholder resides (without the need for any filing or approval by a government agency) should contact Link Share Registry on 1300 135 403 and +61 1300 135 403 (for overseas holders).

The distribution of this Booklet in some jurisdictions outside Australia and New Zealand might be restricted by law and does not constitute an invitation to participate in any place where, or to any person to whom, it would be unlawful to do so.

The Shares have been suspended from trading on ASX from 18 November 2016 and therefore no Shares were able to be acquired on ASX after that date until trading resumes. Shares otherwise acquired, which acquisitions are not registered until after the Record Date (25 November 2016) do not confer an entitlement to participate in the Off-Market Buy-Back.

1.4 Other important reference material

In reviewing the Booklet you should also have regard to other information previously made available to Shareholders about CMI and the Off-Market Buy-Back, such as:

- CMI's 2016 annual report made available to Shareholders on 18 August 2016;

- the Prospectus relating to the Change of Business lodged with ASIC and ASX on 18 November 2016, which has been sent to Shareholders with the notice of extraordinary general meeting; and
- ASX announcements relating to CMI and/or the Off-Market Buy-Back.

These documents can be viewed on CMI's website at http://www.cmilimited.com.au/Home/.

2. KEY FEATURES OF THE OFF-MARKET BUY-BACK

CMI is offering to buy back Shares by way of an Off-Market Buy-Back, which provides Eligible Shareholders with an opportunity to sell all of their Shares to CMI. Key features of the Off-Market Buy-Back are set out below.

(a) CMI offers to buy back 100% of the Shares held by each Shareholder on the terms set out below (the ***Offer***).

(b) CMI will buy back up to a maximum number of Shares equal to 10% of its issued capital as at 18 November 2016, being 3,485,263 Shares (the ***Limit***). CMI may buy back Shares equal to, or less than, the Limit.

(c) If all Accepting Shareholders hold Shares which in aggregate are equal to, or less than, the Limit, CMI will buy back all of the Shares held by each Accepting Shareholder, subject to the shareholder spread requirements for CMI under the ASX Listing Rules continuing to be met and the Buy-Back Price not being less than 86% of the Contract Date VWAP.

(d) If all Accepting Shareholders hold Shares which in aggregate are greater than the Limit, CMI will buy back the number of Shares from each Accepting Shareholder determined by the following procedure:

  (i) first, CMI will buy back all of the Shares held by each Accepting Shareholder holding a parcel of shares valued at $2,000 or less (determined as set out in (f) below), which equates to 1,796 or less Shares (the ***Priority Allocation***);

  (ii) second, CMI will calculate the difference between the number of Shares comprising the Limit and the number of Shares comprising all Priority Allocations to determine the number of Shares CMI can also buy back without exceeding the Limit (the ***Remaining Allocation***);

  (iii) third, subject to paragraph (v), CMI will buy back the Remaining Allocation from each other Accepting Shareholder (the ***Remaining Shareholders***) on a pro rata basis (the ***Pro Rata Allocation***) up to the Limit. For the avoidance of doubt, each Remaining Shareholder will have an equal percentage of Shares bought back by CMI;

  (iv) fourth, if, after the Pro Rata Allocation occurs, any Remaining Shareholder holds a parcel of Shares valued at $500 or less (determined as set out in (f) below), which equates to 449, or less, Shares (the ***Small Residual Holding***), CMI will also buy back each Small Residual Holding; and

  (v) fifth, if CMI complies with paragraphs (i) to (iv) (inclusive) and the number of Shares to be bought back by CMI exceeds the Limit, CMI may reduce the percentage of shares it buys back from each Remaining Shareholder under paragraph (iii) to ensure that the Limit is not exceeded,

subject to the shareholder spread requirements for CMI under the ASX Listing Rules continuing to be met and the Buy-Back Price not being less than 86% of the Contract Date VWAP.

(e) The ***Buy-Back Price*** is the five-day volume weighted average price of Shares of $1.16, calculated immediately prior to CMI announcing the Off-Market Buy-Back on 18 November 2016, adjusted by the movement in the opening S&P/ASX 200 Index on 18 November 2016 compared to the closing S&P/ASX 200 Index on 5 January 2017. The S&P/ASX 200 Index on 18 November 2016 opened at 5,338.50.

(f) The value of a parcel of Shares held by an Accepting Shareholder will be calculated by multiplying the number of Shares held by the Accepting Shareholder by $1.11, being the volume weighted average trading price of the Shares calculated four weeks prior to the announcement of the Off-Market Buy-Back (being 21 October 2016).

(g) This Offer opens at 9.00am AEDT on 30 November 2016 and will remain open during the period ending at 5.00pm AEDT on 4 January 2017 (the ***Expiry Date***).

(h) CMI will pay the Buy-Back Price for the Shares bought back under the Offer within 10 business days after the Expiry Date.

(i) Subject to paragraph (j), each Shareholder may accept this Offer by completing an Acceptance Form and, prior to the Expiry Date, lodging it in accordance with the procedure set out in section 3.

(j) Offers accepted by Shareholders in accordance with paragraph (i) are irrevocable and will not be deemed to have been accepted until 5.00pm AEDT on the day after the Expiry Date (the ***Contract Date***). Application of the Scale Back by CMI will occur after 5.00pm AEDT on the Expiry Date and before 5.00pm AEDT on the Contract Date and Offers will be deemed to have been accepted by each Accepting Shareholder for the Scaled Back number of its Shares.

(k) On the Contract Date, each Accepting Shareholder irrevocably appoints CMI to do anything which must be done to transfer to CMI those Shares bought back by CMI from the Accepting Shareholder under the Offer, including executing any share transfer form.

(l) If application of the Scale Back results in a fraction of a Share, then the fraction of that Share will be rounded up to the nearest whole Share.

Important Information

By making the Off-Market Buy-Back invitation and setting the Buy-Back Price, neither CMI nor the Board are making any recommendation or giving any advice to any individual Shareholder on the value of your Shares or whether you should sell your Shares under the Off-Market Buy-Back.

3. ACTION REQUIRED BY SHAREHOLDERS

A summary of the actions required by Shareholders in relation to this Booklet and the Off-Market Buy-Back follows. Please refer to section 7.3 for further details.

Step 1: Participation	Read this Booklet in full and decide whether you wish to participate in the Off-Market Buy-Back. If you do not wish to participate, you do not need to take any action.
Step 2: Acceptance Form	If you do wish to participate, you will need to complete and sign your Acceptance Form that accompanies this Booklet. The Acceptance Form should then be returned as follows: **Issuer Sponsored Holders** (your holder number will start with an 'I'): • return the completed and signed Acceptance Form in the enclosed reply paid envelope; or • you can mail or deliver the completed and signed Acceptance Form to the addresses provided below. **Mailing address** CMI Limited Buy-Back C/- Link Market Services Limited Locked Bag A14 Sydney South NSW 1235 **Delivery address** CMI Limited Buy-Back C/- Link Market Services Limited 1A Homebush Bay Drive Rhodes NSW 2138 **Chess Holders** (your holder number will start with an 'X'): • send or deliver the completed and signed Acceptance Form to your Controlling Participant (normally your stockbroker). The name of your Controlling Participant as at the Record Date is provided on your Acceptance Form; and • do **not** send your completed Acceptance Form to the Registry.
Step 3: Lodgement	**You must ensure that your completed and signed Acceptance Form is received:** • by the Registry (if you are an Issuer Sponsored Holder); or • processed by your Controlling Participant (if you are a CHESS Holder), **by no later than 5.00pm AEDT, on the Expiry Date (4 January 2017).**

4. DETAILED INFORMATION ABOUT THE OFF-MARKET BUY-BACK

4.1 What is an Off-Market Buy-Back?

An off-market buy-back is a process where an entity offers to buy-back some or all of the shares held by its shareholders. Shares bought back by the entity are cancelled, thereby reducing the number of shares the entity has on issue.

CMI's Off-Market Buy-Back is an off-market buy-back under which CMI is offering to buy back Shares held by Eligible Shareholders. Shares bought back will be cancelled, which will reduce the total number of Shares CMI has on issue.

4.2 Why is CMI implementing the Off-Market Buy-Back?

As disclosed by CMI on 18 November 2016, CMI proposes to proceed with the Change of Business, which requires the approval of CMI's Shareholders. Shareholder approval is being sought at an extraordinary general meeting convened for 21 December 2016 (the ***EGM***) .

The Off-Market Buy-Back provides an opportunity for Shareholders who may not agree with the Change of Business (and others) to sell without brokerage a potentially larger number of Shares within a shorter timeframe, than on ASX, at a price which may be, or may not be, at a premium to the price achievable on the ASX.

ASX suspended trading in CMI Shares on 18 November 2016 pending:

(a) the Change of Business being approved by Shareholders and CMI being re-listed on ASX with ASX approval;

(b) the Change of Business not being approved by Shareholders and ASX approves resumption of trading of the Shares on ASX; or

(c) ASX otherwise approves resumption of trading of the Shares on ASX.

4.3 What is the Change of Business?

Currently, the Company wholly-owns CMI Electrical, an electrical equipment manufacturer and supplier. Through an entity that will be jointly owned by CMI and Glennon Capital Pty Ltd (ACN 137 219 866), CMI intends to invest approximately $20 million of its current cash reserves of, in aggregate, in excess of $27 million in a managed portfolio, while maintaining its ownership of CMI Electrical. Glennon Capital Pty Ltd is a specialist small company fund manager and will use its investment expertise to identify suitable investments for CMI's portfolio. After the Change of Business occurs, the earnings from CMI Electrical will continue to consolidate in full into CMI's earnings and contribute to CMI's earnings per share. The proposed Change of Business will mean that CMI will also have the opportunity to derive income from its managed portfolio.

Before CMI can proceed with the Change of Business, it must be approved by Shareholders at the EGM. If the Change of Business is approved, ASX requires CMI to re-comply with Chapters 1 and 2 of the Listing Rules, including by issuing the Prospectus and continuing to meet the shareholder spread requirements under the ASX Listing Rules. A resolution to change the name of the Company to Excelsior Capital Limited will also be proposed to Shareholders at the EGM.

For further information regarding the Change of Business and the proposed investment management structure with Glennon Capital Pty Ltd, please see Section 3 of the Prospectus . For further information regarding Glennon Capital Pty Ltd, please see Section 4 of the Prospectus. A copy of the Prospectus accompanied the notice of meeting sent to Shareholders for the EGM. The Prospectus may also be viewed on CMI's website at www.cmilimited.com.au.

4.4 When will the Off-Market Buy-Back take place?

The Off-Market Buy-Back opens on 30 November 2016 and will close at 5.00pm AEDT on 4 January 2017 (the ***Offer Period***) in accordance with the timetable in Section 1.2 of this Booklet. While CMI does not currently anticipate changing any of the dates and times in that timetable, it reserves the right to do so. Any changes to the indicative timetable will be announced to ASX. The Offer is subject to:

(a) CMI continuing to meet the shareholder spread requirements under the ASX Listing Rules after completion of the Off-Market Buy-Back; and

(b) the Buy-Back Price not being less than 86% of the Contract Date VWAP.

If, after the Offer has closed, CMI determines that it is unable to meet the shareholder spread requirements under the ASX Listing Rules, based on the Offer acceptances it has received, or the Buy-Back Price is less than 86% of the Contract Date VWAP, CMI will not proceed with the Off-Market Buy-Back and will not buy back any Shares from Accepting Shareholders.

4.5 How will the Off-Market Buy-Back be funded?

CMI will fund the Off-Market Buy-Back from its existing cash reserves of, in aggregate, approximately $27 million.

The total cost of buying back Shares under the Off-Market Buy-Back will be approximately $4,042,905 million, assuming the Limit is reached and there is no movement in the S&P/ASX 200 Index during the Offer Period.

4.6 Will the Offer affect CMI's dividend guidance?

CMI's current dividend payout ratio is approximately 60% of earnings per share payable to Shareholders twice per annum.

The payment of dividends by CMI is at the discretion of the Board. No guarantee can be given by the Board or CMI about the payment of dividends, the extent of the payout ratios for any period or the level of franking of such dividends (if any). These matters will depend on the future profits of CMI, its financial and taxation position, general business and financial conditions and any other factors that the Board may consider relevant. If the Change of Business is approved by Shareholders at the EGM, the Board intends to review CMI's dividend policy from time to time as investments comprising CMI's portfolio are made and will advise Shareholders of any resulting change in policy.

4.7 Will I still receive the next dividend if my Shares are bought back?

No dividend will be paid in respect of Shares that are bought back and cancelled under the Off-Market Buy-Back.

5. BUY-BACK PRICE

5.1 What is the Buy-Back Price?

CMI is offering to buy back Shares at $1.16 per Share (the ***Buy-Back Price***), adjusted by the movement in the opening S&P/ASX 200 Index on 18 November 2016 compared to the closing S&P/ASX 200 Index on 5 January 2017. The S&P/ASX 200 Index on 18 November 2016 opened at 5,338.50.

5.2 How was the Buy-Back Price determined?

The Buy-Back Price is the volume weighted average price of CMI's Shares traded on ASX over the five trading days prior to 18 November 2016, adjusted by the movement in the opening S&P/ASX 200 Index on 18 November 2016 compared to the closing S&P/ASX 200 Index on 5 January 2017. The Buy-Back Price comprises two components, the ***Capital Component*** and the ***Dividend Component***.

The Capital Component of the Buy-Back Price is $1.01 per share. The Capital Component was calculated based on the average capital per share methodology, which is the total share capital of CMI divided by the total number of Shares on issue as at 18 November 2016.

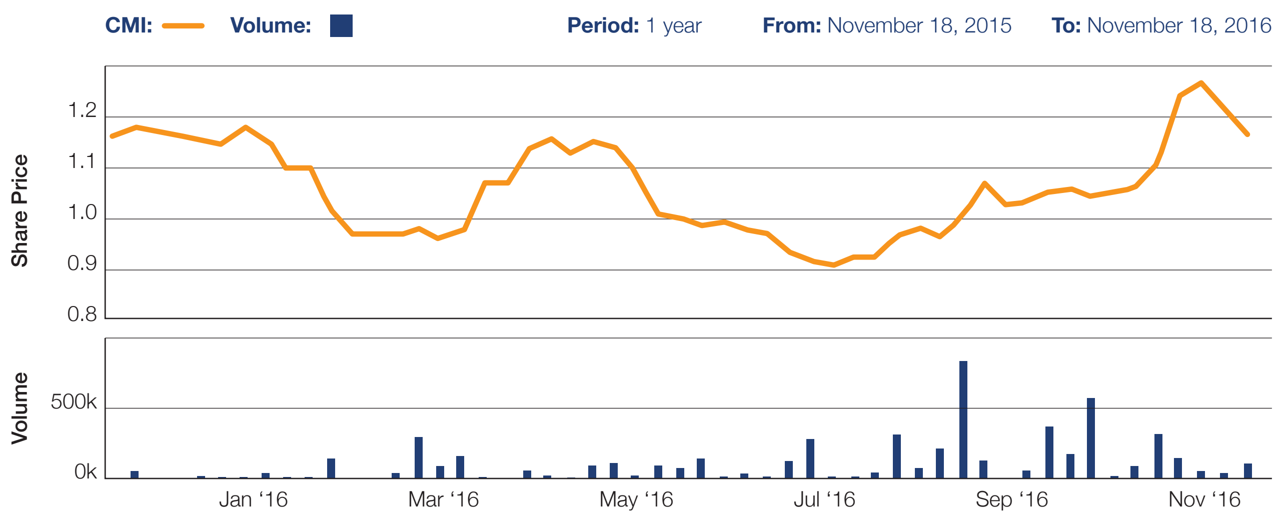
The Dividend Component is the difference between the Buy-Back Price and the Capital Component.

The Buy-Back Price represents a 1.7% discount to the Actual NTA per Share of $1.18 as at 30 June 2016.

5.3 How have CMI's Shares performed recently?

The closing price of CMI's Shares on ASX on 17 November 2016, being the last full trading day before CMI announced the Off-Market Buy-Back, was $1.15. The volume weighted average price of CMI Shares for the five trading day period prior to 18 November 2016 was $1.16 per Share. The Buy-Back Price will be determined by adjusting the five-day volume weighted average share price of $1.16 by the movement in the S&P/ASX 200 Index between 18 November 2016 and 5 January 2017.

The graphs below show the trading price and volumes of CMI Shares for the 12 months to 18 November 2016. The past performance of CMI's Shares should not be taken as an indication of future performance.



6. ADVANTAGES AND DISADVANTAGES FOR SHAREHOLDERS

6.1 What are some advantages and disadvantages of the Off-Market Buy-Back?

The Board considers that the Off-Market Buy-Back offers possible advantages and poses no significant disadvantages for most Shareholders. Some of these are set out in the following sections.

It is completely your decision on whether to participate in the Off-Market Buy-Back. In making your decision, you may wish to consider the following factors and/or seek professional advice that takes into consideration your personal circumstances.

6.2 What are some possible advantages and disadvantages of participating in the Off-Market Buy-Back?

Advantages	Disadvantages
• The Buy-Back Price may be greater than the price achievable on ASX after the Offer completes and the Shares resume trading on ASX, whether or not the Change of Business proceeds.	• In the future the price of Shares may be greater than the Buy-Back Price, whether or not the Change of Business proceeds.
• Eligible Shareholders have an equal opportunity to sell all of their Shares at the Buy-Back Price, subject to application of the Scale Back.	• Accepting Shareholders may not have all of their Shares bought back if the Limit is reached and so may continue to be Shareholders, albeit in respect of a smaller number of Shares.
• No brokerage fee is payable, and there is no need to appoint a stockbroker or use an internet trading service, to participate in the Off-Market Buy-Back. In particular, this may be beneficial if you have a small parcel as you would otherwise incur significant costs to sell your Shares on-market relative to the value of those Shares.	• Accepting Shareholders will not benefit from any potential future increase in the market price of CMI Shares or distributions, or participate in any future value enhancement (if it should occur), in relation to the Shares bought back (including any value enhancement caused by the Change of Business if it proceeds).
• The Off-Market Buy-Back potentially provides more liquidity to Shareholders through an increased ability to sell Shares than may be possible otherwise in off-market trading during the Offer Period. The Off-Market Buy-Back also provides price certainty.	• Once an Acceptance Form has been submitted, Accepting Shareholders will not be able to dispose of their Shares (on ASX or otherwise) until the Off-Market Buy-Back is completed and trading in CMI Shares resumes on ASX.
• Eligible Shareholders who participate will collectively be able to sell a larger than usual volume of Shares without negatively impacting the market price of CMI's Shares.	• There may be adverse tax consequences associated with the sale of your Shares. Please see Section 9 for further details.
• Potential for improved earnings per Share due to a reduced number of Shares on issue, for Shareholders who continue to hold Shares after completion of the Offer.	• Potential for a decrease in on-market liquidity for the future sale of Shares as a result of the reduced issued capital and smaller market capitalisation.

If you choose not to participate, or you are not eligible to participate, and the Off-Market Buy-Back is completed, the number of Shares you hold will not change as a result of the Off-Market Buy-Back, although your proportional holding in CMI will increase.

6.3 Comparison to selling on the ASX

If you participate in the Off-Market Buy-Back and CMI buys back all of your Shares, you will not be able to sell your Shares on ASX or otherwise. If you participate in the Off-Market Buy-Back and CMI scales back the number of Shares it buys back from you (in accordance with the Scale Back) you will not be able to sell your Shares (on ASX or otherwise) until the Off-Market Buy-Back is completed and, if the Change of Business proceeds, (on ASX) until CMI is re-admitted to the Official List by ASX.

CMI is required to ensure that any Shares listed on a completed and returned Acceptance Form which are not bought back (for example because the Limit is reached) are able to be sold or transferred on ASX as soon as trading in Shares resumes on ASX. If:

(a) Shareholders approve the Change of Business at the EGM, trading in the Shares will resume on ASX from such time as CMI has re-complied with Chapters 1 and 2 of the ASX Listing Rules, including continuing to comply with the shareholder spread requirements under the ASX Listing Rules after the Offer has completed, and CMI is re-admitted to the Official List by ASX; or

(b) Shareholders do not approve the Change of Business at the EGM, trading in the Shares will resume on ASX after CMI confirms to ASX that it is not proceeding with the Change of Business and ASX approves trading of the Shares on ASX,

unless ASX determines that trading may resume earlier.

Because ASX has suspended trading in CMI shares from 18 November 2016, if you do not participate in the Off-Market Buy-Back, you can only sell your Shares on ASX, if:

(a) Shareholders approve the Change of Business at the EGM, from such time as CMI has re-complied with Chapters 1 and 2 of the ASX Listing Rules, including continuing to comply with the shareholder spread requirements under the ASX Listing Rules after the Offer has completed and CMI is re-admitted to the Official List by ASX; or

(c) Shareholders do not approve the Change of Business at the EGM, after CMI confirms to ASX that it is not proceeding with the Change of Business and ASX approves trading of the Shares on ASX,

unless ASX determines that trading may resume earlier.

The tax implications of selling your Shares on ASX may be different to those applicable under the Off-Market Buy-Back.

7. OFFER PROCESS

7.1 Am I eligible to participate in the Off-Market Buy-Back?

The record date for determining entitlements to participate in the Off-Market Buy-Back was 25 November 2016 (the ***Record Date***). You can participate in the Off-Market Buy-Back if you were a Shareholder on the Register on the Record Date with a registered address in Australia or New Zealand.

Any Shareholder with a registered address outside Australia or New Zealand who believes that they are entitled to participate in the Off-Market Buy-Back in accordance with the laws of Australia and the relevant jurisdiction in which the Shareholder resides (without the need for any filing or approval by a government agency) should contact Link Share registry on 1300 135 403 and +61 1300 135 403 (for overseas holders).

7.2 Do I have to sell my Shares?

No. Participation in the Off-Market Buy-Back is voluntary. If you do not wish to participate, you do not have to take any action.

7.3 How do I participate in the Off-Market Buy-Back?

If you are an Eligible Shareholder you should follow the steps set out below in deciding whether to participate and, if you wish to, how to participate.

Step 1: Decide whether to participate

With this Booklet, you will have received an Acceptance Form for each separate registered holding of Shares you hold which is eligible to participate in the Off-Market Buy-Back.

If you do wish to participate and you are an Eligible Shareholder, you will need to complete your Acceptance Form(s).

If you do not wish to participate, you do not need to take any action.

Step 2: Complete and submit your Acceptance Form(s)

How you submit your Acceptance Form(s) depends on whether you are an Issuer Sponsored Holder or a CHESS Holder.

If you are an **Issuer Sponsored Holder** (your holder number will start with an 'I'):

- please complete and sign the Acceptance Form(s) that you received with this Booklet; and
- return the completed and signed Acceptance Form(s) in the enclosed reply paid envelope or send it to CMI Limited Buy-Back, c/- Link Market Services Limited, Locked Bag A14, Sydney South NSW 1235; or
- deliver the completed and signed Acceptance Form(s) to CMI Limited Buy-Back, c/- Link Market Services Limited, 1A Homebush Bay Drive, Rhodes NSW 2138.

If you are a **CHESS Holder** (your holder number will start with an 'X'):

- please complete and sign the Acceptance Form(s) that you received with this Booklet; and
- send or deliver the completed and signed Acceptance Form(s) to your Controlling Participant (normally your stockbroker). The name of the Controlling Participant who manages your CHESS Holding as at the Record Date is printed on your Acceptance Form(s).
- do not send your completed Acceptance Form(s) to the Registry.

You must ensure that your completed and signed Acceptance Form(s) is (are) received:

- by the Registry (if you are an Issuer Sponsored Holder); or
- processed by your Controlling Participant (if you are a CHESS Holder),

by no later than 5.00pm AEDT, on the Expiry Date (4 January 2017).

CHESS Holders may receive written confirmation of receipt from CHESS of Acceptance Forms submitted in respect of your CHESS Holding by your Controlling Participant. This confirmation is not an acceptance by CMI of any Acceptance Form.

See your Acceptance Form(s) for further instructions on how it should be submitted.

7.4 Can I participate by completing and submitting the Acceptance Form online or by facsimile?

No. There is no ability for Eligible Shareholders to complete and submit their Acceptance Form online, by email or by facsimile.

7.5 How will I know that my Acceptance Form has been received?

You can check if your Acceptance Form has been received by contacting the Registry on 1300 135 403 (if the call is made from within Australia) or on +61 1300 135 403 (if the call is made from outside Australia) between 8.30am and 5.30pm AEDT, Monday to Friday. Please note that receipt of your Acceptance Form does not mean that your Acceptance Form has been accepted by CMI.

7.6 Can I trade Shares after submitting an Acceptance Form?

No. Once you have submitted an Acceptance Form, you will not be able to sell, offer to sell or otherwise transfer your Shares prior to completion of the Off-Market Buy-Back. Therefore, once you have submitted an Acceptance Form you must not:

(a) sell or offer to sell your Shares;

(b) convert your Shares from an Issuer Sponsored Holding to a CHESS Holding or vice versa; or

(c) move your Shares between CHESS Holdings, for example by changing your Controlling Participant.

CMI is required to ensure that any Shares listed on a completed and returned Acceptance Form which are not bought back (for example because the Limit is reached) will be able to be sold or transferred as soon as practicable after the Offer Period and trading in Shares resumes on ASX. If:

(a) Shareholders approve the Change of Business at the EGM, trading in the Shares will resume on ASX from such time as CMI has re-complied with Chapters 1 and 2 of the ASX Listing Rules, including continuing to comply with the shareholder spread requirements under the ASX Listing Rules after the Offer has completed, and CMI is re-admitted to the Official List by ASX; or

(b) Shareholders do not approve the Change of Business at the EGM, trading in the Shares will resume on ASX after CMI confirms to ASX that it is not proceeding with the Change of Business and ASX approves trading of the Shares on ASX,

unless ASX determines that trading may resume earlier.

If you sell, offer to sell, or otherwise transfer any Shares after you submit an Acceptance Form, and at the Expiry Date you do not hold at least the number of Shares set out in your Acceptance Form, CMI may in its absolute discretion treat your Acceptance Form as if it reflects the number of Shares actually held by you at the Expiry Date.

7.7 Can I withdraw or amend my Acceptance Form?

No. Once you have submitted an Acceptance Form, it cannot be withdrawn or amended.

7.8 How can I obtain additional Acceptance Forms?

If you require a replacement Acceptance Form, please call the Registry on 1300 135 403 (if the call is made from within Australia) or on +61 1300 135 403 (if the call is made from outside Australia) between 8.30am and 5.30pm AEDT, Monday to Friday.

7.9 What if I have more than one holding of Shares?

You will receive an Acceptance Form for each separate registered holding of Shares (for example, if you hold some Shares in a trust and other Shares jointly with your spouse you will receive two Acceptance Forms). You may submit Acceptance Forms in respect of any or all of your separate registered holdings provided that you follow the instructions and complete each Acceptance Form for each holding which you wish to submit. Each registered holding will be treated separately under the Off-Market Buy-Back.

Any Scale Back that applies will be applied to each of your registered holdings as if they were held by different persons.

7.10 What if I have a joint shareholding?

If you hold your Shares jointly with another person (for example, your spouse) you must complete and return the Acceptance Form in accordance with the instructions for joint holdings on the Acceptance Form.

7.11 Can I transfer my rights to participate in the Off-Market Buy-Back?

You cannot transfer your rights to participate in the Off-Market Buy-Back. Those rights are personal to you.

7.12 Will participation in the Off-Market Buy-Back affect voting rights?

No. If you lodge an Acceptance Form you will be entitled to vote (in accordance with the voting rights attached to your Shares) at any meeting of Shareholders that is held prior to the Contract Date, including the EGM.

7.13 Will participation in the Off-Market Buy-Back affect dividend rights?

No. Participating Shareholders will be entitled to any dividends where the record date for the dividend occurs prior to the Contract Date.

CMI does not expect to pay any dividend prior to the Contract Date, and there is no guarantee of any future dividends.

8. OFFER OUTCOMES

8.1 What is the maximum number of Shares that CMI can buy back?

CMI will buy back up to a maximum number of Shares equal to 10% of its issued capital on 18 November 2016, being 3,485,263 Shares (the ***Limit***). However, CMI may buy back less than this amount or will decide not to proceed with the Off-Market Buy-Back if CMI is unable to meet the Shareholder spread requirements under the ASX Listing Rules after completion of the Offer or the Buy-Back Price is less than 86% of the Contract Date VWAP.

8.2 If I submit an Acceptance Form, will all my Shares be bought back?

Whether or not all of your Shares are bought back depends on a number of factors, including the total number of Acceptance Forms submitted and the size of the parcel that each Acceptance Form represents. Please see section 2 for further details.

CMI will also decide not to proceed with the Off-Market Buy-Back at all where the ASX spread requirements for CMI will not be met after completion of the Offer or the Buy-Back Price is less than 86% of the Contract Date VWAP.

8.3 How will I know how many of my Shares have been bought back?

After the Contract Date (5 January 2017), you can call the Registry on 1300 135 403 (for calls made from within Australia) or +61 1300 135 403 (for calls made from outside Australia) between 8.30am and 5.30pm AEDT, Monday to Friday to find out how many of your Shares have been bought back.

Subsequently, on or before 18 January 2017, CMI will send all Shareholders who have submitted an Acceptance Form a statement notifying them of the number of Shares (if any) that have been bought back. Where Acceptance Forms have been accepted, the notification will be accompanied by a direct credit confirmation advice or a cheque for the Buy-Back Proceeds, which is the Buy-Back Price multiplied by the number of your Shares bought back.

8.4 What happens to Shares that are bought back?

Shares that are bought back will be transferred to CMI and cancelled.

8.5 How will CMI determine which Shares to buy back?

Please see section 2 for a detailed explanation as to this process.

8.6 How will I receive payment for Shares bought back?

CMI will pay you the Buy-Back Price for each of your Shares that are bought back unless it is prohibited from doing so by law.

If you have a direct credit authority for payments in relation to your Shares recorded by the Registry at 5.00pm AEDT on the Expiry Date and your address, as recorded in the Register, is within Australia, all Buy-Back Proceeds due to you will be credited to your nominated account. You will also be sent a direct credit advice to your address, being the address as recorded in the Register at 5.00pm AEDT on the Expiry Date.

If you wish to change your current direct credit instructions you can do so before the Expiry Date by providing written instructions to the Registry or updating your direct credit details on the Registry's investor portal at https://investorcentre.linkmarketservices.com.au/Login/Login. Please note that if you do alter your nominated bank account details this will be taken to be your nominated bank account for any future distribution or capital payments by CMI.

In all other cases, you will be sent a cheque for your Buy-Back Proceeds in Australian dollars to your address, being the address recorded in the Register on the Expiry Date.

Payments to bank accounts and the dispatch of cheques are expected to be completed by 18 January 2017.

Payments to these accounts and the dispatch of cheques to those addresses will satisfy CMI's obligation to pay any Buy-Back Proceeds.

9. AUSTRALIAN TAX IMPLICATIONS FOR SHAREHOLDERS

9.1 Summary background

This summary has been prepared as a general guide based on Australian tax legislation, rulings, determinations and practice statements current as at the date of this booklet. It applies where the income tax consequences of disposing of your Shares are determined under the capital gains tax (the ***CGT)*** provisions. This will not be the case, for example, if you are a share trader, hold your Shares as revenue assets or have made certain elections under the taxation of financial arrangements (the ***TOFA***) provisions.

(a) CMI has requested the ATO issue a class ruling about the Off-Market Buy-Back

CMI has requested an ATO Class Ruling on your behalf in relation to the tax implications of the Off-Market Buy-Back. The Class Ruling cannot be given until after the Off-Market Buy-Back has concluded. However, CMI is confident that this summary accords with what CMI anticipates the Class Ruling will say. After the Class Ruling is issued, it will be available on the ATO website. A link to it will also be posted on the CMI website at www.cmilimited.com.au.

(b) Tax allocation

For tax purposes, the amount you receive from selling a Share in the Off-Market Buy-Back will comprise:

- the Sale Consideration (explained below); and
- the Dividend Component – which is the Buy-Back Price less the $1.01 Capital Component. The Dividend Component will be fully franked.

9.2 Sale Consideration – capital gains tax

The Sale Consideration will be taken into account for tax purposes in determining whether you make a capital gain or loss on the sale of your Shares. The ***Sale Consideration*** for the Off-Market Buy-Back is the greater of:

- $1.01; and
- the Tax Market Value (explained below) less the Dividend Component.

The Sale Consideration may be significantly different from the CGT consideration which would result from an on-market sale of Shares. The Tax Market Value and the Sale Consideration will be determined by CMI and confirmed by the ATO in the Class Ruling.

(a) The Tax Market Value

The ATO view on how the Tax Market Value is determined is set out in Taxation Determination TD 2004/22, which can be obtained from the ATO website. Consistent with that ATO view, the ***Tax Market Value*** will be determined in accordance with the following formula:

$$\frac{\textbf{A} \times \textbf{Closing level of S\&P/ASX 200 Index on the Contract Date}}{\textbf{B}}$$

where:

- A = the VWAP of Shares over the last five trading days before the announcement of the Buy-Back on 18 November 2016;
- B = the opening level of the S&P/ASX 200 Index on 18 November 2016 (being 5,338.50); and

- Contract Date = 5 January 2017 (ie. the date the Off-Market Buy-Back concludes).

CMI shares have been suspended from trading effective 18 November 2016 and may remain suspended until after the Contract Date, however if this does not occur, and the movement in the S&P/ASX 200 Index differs significantly from the movement in the Share price on the ASX over the relevant period, CMI may seek ATO approval to vary the methodology used in determining the Tax Market Value or may decide not to proceed with the Off-Market Buy-Back.

(b) Where can I find the Tax Market Value and the Sale Consideration?

Preliminary determinations of the Tax Market Value and the Sale Consideration will be included in CMI's ASX announcement of the results of the Off-Market Buy-Back, which is anticipated to occur on 5 January 2017. The announcement will also be posted on CMI's website. Alternatively, CMI's preliminary determination of the Tax Market Value and the Sale Consideration can be obtained by calling the Registry on or after 5 January 2017. The Class Ruling will confirm the Tax Market Value and Sale Consideration.

The Tax Market Value and the Sale Consideration both depend in part on the movement of the S&P/ASX 200 Index up to the Contract Date and so they cannot be determined until the Contract Date.

(c) Resident individuals

How do I calculate a capital gain or capital loss?

You will make a capital gain to the extent that the Sale Consideration exceeds the cost base of your Shares. The cost base of a Share will generally be your original or deemed cost of acquisition, plus certain non-deductible incidental costs of acquisition and disposal. You will make a capital loss to the extent that the reduced cost base of your Shares exceeds the Sale Consideration. You may only use a capital loss to offset a capital gain, either in the same or a later year.

Will I be able to receive a CGT discount?

If, at the time you sell your Shares in the Off-Market Buy-Back, you have held the Shares for at least 12 months, then you will be entitled to the CGT discount. This means that you can discount by 50% any capital gain arising on disposal of your Shares under the Off-Market Buy-Back. Any current or prior year capital losses that you have not applied against other capital gains must be applied against the capital gain before it is discounted. If, at the time you sell your Shares in the Off-Market Buy-Back, you have held the Shares for less than 12 months, the assessable amount of the capital gain (net of capital losses) cannot be discounted.

At what time will a capital gain or capital loss arise?

For CGT purposes, any capital gain or capital loss will occur on completion of the Off-Market Buy-Back, which is anticipated to occur on 5 January 2017.

(d) Complying superannuation funds

An Australian complying superannuation fund without current pension liabilities participating in the Off-Market Buy-Back will be treated the same as a resident individual, except that the CGT discount is 33 1/3%, rather than 50%. This means that a complying superannuation fund shareholder that has held the Shares for at least 12 months only needs to include in its assessable income 66 2/3% of any net capital gain referable to that capital gain (after applying any current or prior year capital losses).

Shares held by an Australian complying superannuation fund to meet current pension liabilities are not subject to CGT. To that extent, a complying superannuation fund shareholder will not make either a capital gain or a capital loss on disposal of Shares under the Off-Market Buy-Back.

(e) Resident companies

A resident company will make a capital gain on disposal of Shares under the Off-Market Buy-Back to the extent that the Sale Consideration exceeds the cost base of its Shares. Companies are not entitled to the CGT discount.

A resident company will make a capital loss on disposal of Shares under the Off-Market Buy-Back if the reduced cost base of its Shares exceeds the Sale Consideration. In the case of capital loss, the Sale Consideration is expected to equal the Tax Market Value.

(f) Non-residents

Australian CGT applies to some gains made by non-residents, depending on whether or not the assets in relation to which a gain is made (in this situation, the Shares) are "taxable Australian property".

CMI believes that its Shares are not taxable Australian property. Accordingly, you will not make a capital gain or capital loss for Australian tax purposes on the sale of your Shares in the Off-Market Buy-Back unless:

- you have used your Shares at any time in carrying on a business through a permanent establishment in Australia; or
- you were formerly an Australian tax resident, held the Shares when you ceased to be an Australian tax resident, and elected not to recognise a capital gain or loss on the Shares when you ceased to be an Australian tax resident.

9.3 Dividend – assessable income

For income tax purposes, the Dividend Component will be treated in the same way as any other dividend.

(a) Resident individuals and complying superannuation funds

How much dividend income must I include in my assessable income?

You must include in your assessable income, for each Share disposed of under the Off-Market Buy-Back:

- a deemed dividend equal to the Dividend Component; plus
- the attached franking credit.

The Dividend Component of Shares held by an Australian complying superannuation fund to meet current pension liabilities will be tax exempt. To that extent, a complying superannuation fund shareholder need not include either the Dividend Component or the attached franking credit in its assessable income.

Will I be entitled to the franking credits?

Yes. If you satisfy the requirements for franking credits (see below), you will be entitled to a tax offset equal to the amount of the franking credit. A tax offset reduces the tax payable on your taxable income and, if your tax offset exceeds the total tax payable in the year the Off-Market Buy-Back occurs, you will be entitled to a refund of the excess.

(b) Resident companies

The Company must include in its assessable income for each Share that it sells:

- a deemed dividend equal to the Dividend Component; plus
- the attached franking credit.

If the Company satisfies the requirements for franking credits (see below):

- the Company will be entitled to a non-refundable tax offset equal to the amount of the franking credit. A non-refundable tax offset reduces the tax payable on the Company's taxable income but the Company will not be entitled to a refund of any excess; and
- the franking credit will generate a credit in the Company's franking account and it can be used to frank dividends that the Company pays.

(c) Non-residents

The Dividend Component will be 100% franked and so will not be subject to Australian dividend withholding tax when paid to non-residents.

(d) Requirements for franking credits

There are a number of provisions that restrict entitlement to tax offsets/franking credits. Anti-streaming rules apply to a company's shareholders generally, and holding period rules apply to particular shareholders depending on their circumstances. Based on the expected Class Ruling from the ATO, CMI is confident that the anti-streaming rules will not deny you tax offsets in respect of franking credits on the deemed dividend arising under the Buy-Back. CMI expects that this will be confirmed in the Class Ruling.

You will qualify for tax offsets/franking credits attaching to the deemed dividend component arising under the Buy-Back if you hold the Shares that you sell in the Off-Market Buy-Back for 45 clear days:

- at risk (where the risks of loss or opportunities for gain are not materially diminished); and
- free of related payment obligations, within the holding period beginning the day after you acquire your Shares and ending on 4 January 2017. To satisfy this holding period, you must have acquired your Shares no later than 19 November 2016, which is before the Record Date of 25 November 2016.

Whether you hold your Shares at risk depends on your own particular circumstances, including whether you have any risk reduction arrangements or related payment obligation arrangements in place. Examples of risk reduction arrangements would be certain put option or hedging arrangements. An example of a related payment obligation would be a dividend swap agreement. If you do not satisfy the holding period rules you are not entitled to the franking credit.

CMI expects that this will be confirmed in the Class Ruling.

An exemption from the risk reduction rule should be available to an individual shareholder who has a total franking credit/tax offset entitlement of $5,000 or less (aggregating all dividends) for the income year in which the Off-Market Buy-Back occurs from all shareholdings (not just CMI shares). An exemption from the risk reduction rules should be available to complying superannuation funds and widely held trusts that comply with certain "benchmark portfolio" rules.

10. IMPACT OF THE OFF-MARKET BUY-BACK ON CMI

10.1 What effect will the Off-Market Buy-Back have on CMI?

The impact on CMI of a buy-back of the maximum 3,485,263 Shares at an assumed Buy-Back Price of $1.16 per Share for a total cost of approximately $4,042,905 is set out in the below table. If the Off-Market Buy-Back is partially successful or the Buy-Back Price is less than, or greater than, $1.16, the respective impact will be proportionately reduced, or increased, where relevant.

Shares on issue	As at 18 November 2016 CMI has 34,852,634 Shares on issue. Assuming the maximum 3,485,263 Shares are bought back, CMI will have 31,367,371 Shares on issue upon completion of the Off Market Buy-Back.
Cash reserves	Assuming that the Buy-Back Price is $1.16 per Share, the Off-Market Buy-Back will result in a reduction of CMI's proforma total cash holdings from approximately $27 million to approximately $23 million. If the Buy-Back Price is less than $1.16, taking into account the adjustment to the Buy-Back Price by the movement in the S&P/ASX 200 Index between 18 November 2016 and 5 January 2017, the remaining proforma cash holdings after the Offer has completed will be more than specified above. If the Buy-Back Price is more than $1.16, taking into account the adjustment to the Buy-Back Price by the movement in the S&P/ASX 200 Index between 18 November 2016 and 5 January 2017, the remaining proforma cash holdings after the Offer has completed will be less than specified above.
Leverage	The Off-Market Buy-Back will not impact CMI's loan-to-value (interest bearing debt to property value) ratio (which will remain at 0%) or its interest cover ratio. CMI's debt position will remain at zero, following the completion of the Off-Market Buy-Back.
Business operations	The Off-Market Buy-Back will not have any impact on CMI's operations or assets other than as a result of the reduction in total cash holdings.
Franking credits	The Dividend Component of the Off-Market Buy-Back price will be fully frankable. This will result in a reduction of CMI's franking account of Dividend Component multiplied by 30/70. There will also be a minor reduction to CMI's franking account in respect of the 5.4% non-resident shareholders.
Earnings per Share	Assuming 3,485,263 Shares are bought-back, FY16 earnings per Share would have increased by approximately 11% per Share from what it would have been had no Off-Market Buy-Back taken place.
Dividend per share	CMI's current dividend payout ratio is approximately 60% of earnings per share payable to Shareholders twice per annum. The payment of dividends by CMI is at the discretion of the Board. No guarantee can be given by the Board or CMI about the payment of dividends, the extent of the payout ratios for any period or the level of franking of such dividends (if any). These matters will depend on the future profits of CMI, its financial and taxation position, general business and financial conditions and any other factors that the Board may consider relevant. If the Change of Business is approved by Shareholders at the EGM, the Board intends to review CMI's dividend policy from time to time as investments comprising CMI's portfolio are made and will advise Shareholders of any resulting change in policy.

10.2 What effect will the Off-Market Buy-Back have on the control of CMI?

The Off-Market Buy-Back will result in CMI buying a maximum of 10% of its issued capital. The following table illustrates the potential impact on the substantial Shareholders as at 18 November 2016 if:

(a) the Limit is reached; and

(b) those Shareholders with substantial holdings do not participate in the Off-Market Buy-Back.

The table is illustrative only and does not reflect each Shareholder's intention on whether or not they intend to participate in the Off-Market Buy-Back.

Substantial Holders	Date of Substantial Holder Notice	No. of Shares	% holding pre-Off-Market Buy-Back – based on issued capital of 34,852,634 Shares	% holding post-Off-Market Buy-Back^ – based on issued capital of 31,367,371 Shares
Catelan Securities Pty Ltd and associated entities*	11 March 2016	13,829,800	39.68%	44.09%
Schroder Investment Management Australia Limited	9 March 2016**	3,181,292	9.13%	10.14%

^ *Assuming those Shareholders with substantial holdings do not participate in the Off-Market Buy-Back and other Shareholders participate to the maximum extent possible.*

* *Being entities associated with Leanne Catelan, a director of CMI.*

** *After the date of this Substantial Holder Notice, Schroder Investment Management Australia Limited decreased its holding by less than 1%. This table reflects the current holding as known to CMI and not the holdings as at the date of the Substantial Holder Notice.*

As illustrated above, the Off-Market Buy-Back will not result in any Shareholder obtaining control over CMI.

11. ADDITIONAL INFORMATION ABOUT THE OFF-MARKET BUY-BACK

11.1 Shares held by trustees and nominees

Trustees and nominees who hold Shares should inform the beneficial owner of the Shares about the Off-Market Buy-Back and then lodge Acceptance Forms on instruction from the beneficial owners, subject to any legal restrictions in the countries where those beneficial owners are resident.

It is the responsibility of trustees and nominees to make arrangements to obtain from CMI and lodge a series of individual Acceptance Forms on behalf of relevant beneficial owners. Each Acceptance Form lodged on behalf of a beneficial owner must be for that beneficial owner's entire holding held by the trustee or nominee. If all relevant beneficial owners accept the Offer, a trustee or nominee may complete one aggregated Acceptance Form on behalf of all relevant beneficial owners.

Any Scale Back that applies to Acceptance Forms submitted by trustees and nominees will be performed on a registered Shareholder basis, based on the aggregate number of Shares for which the trustee or nominee has lodged Acceptance Forms. By way of example, this means that if a trustee or nominee is registered as a Shareholder holding 10,000 shares, but holds those 10,000 shares on behalf of several beneficial owners, if the trustee or nominee submits individual Acceptance Forms on behalf of some, but not all, of the relevant beneficial owners for all the Shares held by those beneficial owners but aggregating to only 5,000 Shares, any Scale Back will be performed on the 5,000 Shares for which Acceptance Forms are lodged and not the trustee or nominee's registered holding of 10,000 Shares.

11.2 Margin lending arrangements

If you hold Shares under margin lending arrangements or if the Shares are held as security for a loan, you should ensure that your participation in the Off-Market Buy-Back is permitted by those lending arrangements.

11.3 Restrictions on the payment of Buy-Back Proceeds

CMI will pay Shareholders the Buy-Back Price for each of their Shares that are bought back, unless it is prohibited from doing so.

11.4 The terms, conditions and effect of submitting an Acceptance Form

Submission of an Acceptance Form constitutes an acceptance of CMI's offer to buy back the applicable Shares on the terms and conditions set out in this Booklet. However, submission of an Acceptance Form does not of itself constitute a binding contract for the sale of the applicable Shares and cannot be enforced against CMI. Accepting Shareholders will not be deemed to have accepted the Offer and entered into a binding contract with CMI until 5.00pm AEDT on the Contract Date (5 January 2017) after application of the Scale Back (if any).

If CMI determines that it will no longer meet the shareholder spread requirements under the ASX Listing Rules after all Acceptance Forms have been received on the Expiry Date or the Buy-Back Price is less than 86% of the Contract Date VWAP, CMI will reject all Acceptance Forms and will not proceed with the Off-Market Buy-Back.

If you send an Acceptance Form to CMI, a binding Buy-Back contract is formed between you and CMI at 5.00pm AEDT on the Contract Date, after CMI applies any Scale Back to your acceptance. However, you Acceptance Form is irrevocable once lodged and may not be withdrawn or amended by you.

By submitting an Acceptance Form you:

(a) agree to the terms and conditions set out in this Booklet;

(b) agree to sell to CMI, on the Contract Date, all of your Shares as set out in your Acceptance Form (adjusted in accordance with the terms and conditions set out in this Booklet);

(c) agree that CMI's announcement to the ASX on or immediately after the Contract Date is effective notice to you of CMI's acceptance of Acceptance Forms submitted by you (subject to any Scale Back announced by CMI) at the Buy-Back Price;

(d) agree that it is only from 5.00pm AEDT on the Contract Date that a buy-back contract is formed for the purchase of Shares;

(e) waive any requirement to receive further communication from CMI of its acceptance or rejection of any Acceptance Form submitted by you beyond what is set out in this Booklet;

(f) warrant to CMI that at all times after you submit your Acceptance Form and on the Contract Date, you are the registered holder of the Shares that you have agreed to sell under the Acceptance Form, and that they are free from any mortgage, security interest, lien or other encumbrance, whether legal or equitable, and from any third party rights;

(g) warrant to CMI that you are a person to whom the Off-Market Buy-Back invitation may be lawfully made and whose participation in the Off-Market Buy-Back is permitted under the laws of the jurisdiction in which you are a resident;

(h) warrant that you have not distributed or sent the Booklet, the Acceptance Form or other document referring to the Off-Market Buy-Back into the United States, to any US person, or to any Canadian resident;

(i) authorise CMI and its officers, agents or contractors to correct any error in or omission from your Acceptance Form and to insert any missing details;

(j) acknowledge that neither CMI nor any other party involved in the Off-Market Buy-Back has provided you with financial product advice or any recommendation relating to Shares or has any obligation to provide this advice in relation to your decision to participate in the Off-Market Buy-Back or the manner of any such participation; and

(k) undertake not to sell or offer to sell Shares to any other person if, as a result, you will at any time after submission of your Acceptance Form until the Contract Date hold fewer Shares than the number of Shares you have agreed to sell under the Acceptance Form.

You will be taken to have submitted an Acceptance Form when the Registry receives your signed and validly completed Acceptance Form or, if you have a CHESS Holding, when the Registry receives your Acceptance Form from your Controlling Participant through CHESS.

11.5 CMI's right to accept or reject Acceptance Forms

CMI must accept all Acceptance Forms duly completed and submitted in accordance with the procedures set out in this Booklet. If, after the Expiry Date, CMI determines that, as a result of Acceptance Forms received it will be unable to continue to meet the shareholder spread requirements under the ASX Listing Rules or the Buy-Back Price is less than 86% of the Contract Date VWAP, CMI will reject all Acceptance Forms and will not proceed with the Off-Market Buy-Back.

11.6 CMI's right to vary dates and times

CMI may in its discretion vary the dates and times of the Off-Market Buy-Back at any time on or before the Contract Date by making an announcement to that effect on ASX (without otherwise specifically notifying any Shareholder). Such an announcement will be taken to vary this Booklet accordingly.

11.7 CMI's right to adjust Acceptance Forms

If you are an Eligible Shareholder, you are entitled to participate in the Off-Market Buy-Back in respect of the number of Shares registered in your name on the Record Date (and which, in accordance with the ASX Settlement Operating Rules, confer an entitlement to participate in the Off-Market Buy-Back).

You may not sell or otherwise dispose of Shares which you have agreed to sell under an Acceptance Form. However, if at the Contract Date you do not hold the number of Shares you have agreed to sell under an Acceptance Form (for example, if you sold or otherwise transferred Shares after you have submitted an Acceptance Form) CMI may, in its absolute discretion, reject your Acceptance Form or treat your Acceptance Form as if you had agreed to sell the number of Shares held by you as at the Expiry Date.

If you decide to participate in the Off-Market Buy-Back, you must agree to sell the number of Shares registered in your name on the Record Date. If, at the Contract Date, the number of Shares you have agreed to sell under an Acceptance Form is different than the number of Shares that were registered in your name on the Record Date, CMI may, in its absolute discretion, reject your Acceptance Form or treat your Acceptance Form as if you had agreed to sell the number of Shares held by you as at the Expiry Date.

If you submit one or more Acceptance Forms and in aggregate you have agreed to sell more than the Shares registered for that holding as at the Record Date, CMI will buy back only the number of Shares registered for that holding as at the Record Date (subject to any Scale Back). If you are a trustee or nominee, please see section 11.1 for further information on how trustee and nominees can submit Acceptance Forms.

11.8 Directors' entitlements

The following Directors hold Shares:

- Leanne Catelan, who holds or controls 13,829,800 Shares through Catelan Securities Pty Ltd as trustee for the Catelan Securities Trust and Leanne Catelan Superannuation Fund as trustee for the Leanne Catelan Superannuation Fund; and
- Craig Green holds 10,000 Shares through Opencote Pty Ltd as trustee for the Craig Green Superannuation Fund.

11.9 ASIC relief

ASIC has provided relief from the buy-back procedure provisions in section 257D, subject to certain conditions. Those conditions include that CMI must not, between the Record Date and the close of the Offer, amend any of the terms of the Off- Market Buy-Back or waive any conditions precedent of the Offers, without ASIC's prior consent.

11.10 Privacy

CMI is carrying out the Off-Market Buy-Back in accordance with the Corporations Act. This involves the collection of personal information contained in Acceptance Forms to enable CMI to process your Acceptance Form. If you do not provide this information, CMI may be hindered in or prevented from processing your Acceptance Form. The personal information collected by CMI will only be disclosed to the Registry, to a print and mail service provider, to CMI's advisers in relation to the Off-Market Buy-Back and to financial institutions in respect of payments to be made to you in connection with the Off-Market Buy-Back or as required or authorised by law.

If you wish to access the individual information collected by CMI in relation to your shareholding, please contact the Registry.

12. GLOSSARY AND INTERPRETATION

12.1 Definitions

In this Booklet, unless the context requires otherwise, the terms listed below have the adjacent meanings ascribed to them:

Term	Definition
Acceptance Form	the form accompanying this Booklet upon which Eligible Shareholders may accept the Offer.
Accepting Shareholder	a Shareholder who accepts the Offer.
AEDT	Australian Eastern Daylight Time.
ASIC	Australian Shares and Investments Commission.
ASX	the securities exchange operated by ASX Limited ACN 008 624 691.
ASX Listing Rules	the listing rules of ASX.
ASX Settlement Operating Rules	the Settlement Operating Rules of ASX Settlement Pty Ltd.
ATO	Australian Taxation Office.
Board	the board of directors of CMI.
Booklet	this document.
Buy-Back Price	$1.16 per Share adjusted by the movement in the opening S&P/ASX 200 Index on 18 November 2016 compared to the closing S&P/ASX 200 Index on 5 January 2017.
Buy-Back Proceeds	the amount to be paid to an Eligible Shareholder who successfully participates in the Off-Market Buy-Back, calculated as the number of Shares bought back multiplied by the Buy-Back Price.
Capital Component	the capital component of the Buy-Back Price as described in section 5.2.
CGT	Capital Gains Tax.
Change of Business	the proposal by CMI to change the nature of its business to become an investment vehicle.
CHESS	the Clearing House Electronic Subregister System.
CHESS Holder	a holder of Shares on the CHESS subregister of CMI.
CHESS Holding	a holding of Shares on the CHESS subregister of CMI.
CMI or Company	CMI Limited ACN 050 542 553.
Contract Date	5 January 2017 or such other date as CMI determines in accordance with the Corporations Act and ASX Listing Rules.
Contract Date VWAP	the five-day volume weighted average price of Shares traded up to and including the Contract Date.
Controlling Participant	a person who has the capacity in CHESS to act on a Shareholder's instructions in relation to dealings in their Shares.

Term	Definition
Corporations Act	Corporations Act 2001 (Cth).
Dividend Component	the dividend component of the Buy-Back Price as described in section 5.2.
EGM	the extraordinary general meeting scheduled for 21 December 2016 to seek Shareholder approval for the proposed Change of Business.
Eligible Shareholder	a Shareholder who is eligible to participate in the Off-Market Buy-Back, meaning any Shareholder on the Register on the Record Date with a registered address in Australia or New Zealand and such other Shareholders as CMI may determine are eligible.
Expiry Date	4 January 2017 or such other date as CMI determines in accordance with the Corporations Act and ASX Listing Rules.
Issuer Sponsored Holder	a holder of Shares on the issuer sponsored subregister of CMI.
Limit	the maximum number of Shares that can be bought back under the Off-Market Buy-Back, being equal to 10% of CMI's issued capital on 18 November 2016, or 3,485,263 Shares.
NTA	net tangible assets value, calculated in accordance with Australian accounting standards.
Off-Market Buy-Back or Offer	the offer by CMI to buy back 100% of the Shares held by each Shareholder in CMI, subject to the terms set out in this Booklet.
Offer Period	the period for which the Offer is open and Acceptance Forms may be lodged, which is expected to be from 30 November 2016 until 4 January 2017.
Official List	the official list of ASX.
Pro-forma NTA per Share	NTA as at 30 June 2016, adjusted for the Offer payment impact on cash and the reduced number of shares on issue.
Prospectus	the prospectus issued by CMI and lodged with ASIC on 18 November 2016.
Record Date	25 November 2016 or such other date as CMI determines in accordance with the Corporations Act and ASX Listing Rules.
Register	CMI's register of Shareholders.
Registry	Link Market Services Limited.
Sale Consideration	the sale consideration to be received by a Shareholder under the Offer as described in Section 9.2.
Scale Back	a reduction in the number of Shares bought-back from Shareholders by CMI pursuant to the procedure set out in section 2(d) of this Booklet.
Share	a fully paid ordinary share in CMI.
Shareholder	a person who holds a Share.
Tax Market Value	the tax market value as described in Section 9.2.

12.2 Interpretation

In this Booklet, unless the context requires otherwise:

- the singular includes the plural and vice versa;
- words importing one gender include other genders;
- other parts of speech and grammatical forms of a word or phrase defined in this document have a corresponding meaning;
- terms used in this Booklet and defined in the Corporations Act have the meanings assigned to them in the Corporations Act;
- a reference to currency is to Australian dollars; and
- a reference to time is to AEDT, unless otherwise noted.

The Off-Market Buy-Back, your Acceptance Form and any buy-back contract are governed by the laws of Queensland.

CORPORATE DIRECTORY

CMI LIMITED (ASX CODE: CMI)

485A Zillmere Road
Zillmere QLD 4034

DIRECTORS

Leanne Catelan
Craig Green
Steven Miotti

COMPANY SECRETARY OF CMI LIMITED

Sharyn Williams

REGISTRY

Link Market Services Limited

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AUDITOR

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