

# PROSPECTUS

## Proposed Monbulk & District Community Bank<sup>®</sup> Branch of Bendigo Bank



### IMPORTANT NOTICE

This Prospectus is dated 27 April 2011. A copy of this Prospectus has been lodged with the Australian Securities and Investments Commission (ASIC). ASIC takes no responsibility for the content of this Prospectus.

This Prospectus is an important document. Before deciding to invest in the shares offered under this Prospectus, you should read the Prospectus in its entirety (especially the risk factors) and carefully consider your own personal circumstances (including financial and tax issues). You should also obtain the advice of your solicitor, accountant or other financial adviser.

No person is authorised to give any information or to make any representation in connection with the Offer which is not contained in this Prospectus and any information or representation not contained in the Prospectus may not be relied upon as having been authorised in relation to the Offer. No assurance is given that any forecast or prospective information made in this Prospectus will be achieved.



# Contents

Letter from the Chairman of Monbulk & District  
Community Enterprises Limited 2

Letter from the Chief General Manager Retail and  
Distribution - Bendigo and Adelaide Bank Limited 3

## **1. Purpose and Details of the Offer 4**

1.1 Purpose of the Offer 4

1.2 Description of the Offer 4

1.3 Capital Structure 4

1.4 Voting and Ownership Restrictions 4

1.5 No Proposal to seek Stock Exchange Listing 5

1.6 Minimum Subscription 5

1.7 Allocation 5

1.8 How to Invest 5

1.9 Important Dates 5

1.10 Expiry Date of this Prospectus 5

1.11 Accepting Applications 5

1.12 Forward Looking Statements 6

1.13 Investment Advice 6

1.14 Questions 6

## **2. Directors 7**

2.1 Current Directors 7

## **3. Bendigo Bank Franchise 9**

3.1 Bendigo Bank 9

3.2 Community Bank® Project 9

3.3 Duration of Franchise 10

3.4 Activities of Company 11

3.5 Benefits of Franchise Arrangements 12

3.6 Restrictions on Operations 12

3.7 Community Interest 13

3.8 Banking business allocated to the Company 13

3.9 The Company's Board of Directors 13

## **4. Financial information 14**

4.1 Feasibility Study 14

4.2 Forecasts 14

4.3 Sensitivity 20

4.4 Revenue 20

4.5 Establishment and Operating Costs 22

4.6 Goods and Services Tax 22

4.7 Pro-Forma Balance Sheet 23

4.8 International Financial Reporting Standards 23

## **5. Risk factors 24**

5.1 Introduction 24

5.2 Investment Risk 24

5.3 Business Risks 25

5.4 Relationship with Bendigo Bank 26

5.5 Other Factors 26

## **6. Franchise Agreement 28**

## **7. Additional Information 30**

7.1 Constitution 30

7.2 Rights Attaching to Shares 30

7.3 Prohibited Shareholding Interest 30

7.4 Authorised Representative Appointment 31

7.5 Taxation Implications 32

7.6 Directors' Interests 32

7.7 Disclosure of Interests 33

7.8 Consents and Disclaimer 33

7.9 Privacy Collection Statement 34

7.10 Continuous Disclosure obligations 34

## **8. Definitions 36**

## **9. Signatures 37**

## **10. Directory 38**

## **Annexure A Feasibility Study Pro-Forma Survey 40**

## **Application Details and Instructions 47**

## **Public Share Offer Application Form 49**

## **Monbulk & District Community Enterprises Limited**

(ACN 146 945 959)

Dear Investor

Thank you for your interest in the proposed Monbulk & District Community Bank® Branch of Bendigo Bank.

We are pleased to offer you the opportunity to invest in a project which we believe will deliver significant social and economic benefits to our region, as well as the prospect of positive returns to its shareholders. In keeping with these dual aims, the amount of profits that can be distributed to shareholders is limited and, in addition, there are limitations and restrictions on shareholdings (for example, you are required to have a close connection to our community to hold shares in the Company). This is explained in detail in this Prospectus.

This Prospectus outlines your opportunity to assist in raising funds for the establishment and operation of a Community Bank® branch of Bendigo Bank. The Community Bank® branch is to be established as part of the Bendigo Bank Community Bank® project, the terms of which are outlined in this document.

I encourage you to read the Prospectus closely and seek professional advice, so that you might base your investment decision on a clear understanding of the nature and prospects of the business.

Our decision to proceed with this capital raising was based on a survey in which local people and businesses indicated the banking business they would bring to a locally-owned branch. This indicative support formed the basis of a business plan which, if achieved, shows the enterprise has solid prospects of generating positive returns for investors. We are further heartened by the experience of many of the other Community Bank® branches of Bendigo Bank which have been enthusiastically embraced by their communities.

The Monbulk & District Community Bank® Branch of Bendigo Bank affords our community the chance not only to secure branch banking services, but to improve our long-term prospects by retaining greater control over the district's capital resources. I commend the investment to you.

Yours sincerely,

A handwritten signature in black ink that reads "David Moore". The signature is written in a cursive, slightly slanted style.

David Moore  
Chairman, Monbulk & District Community Enterprises Limited

## Letter from Bendigo and Adelaide Bank Limited

Dear Investor

**“Monbulk & District Community Bank® Branch of Bendigo Bank”**. The prospect of seeing that sign fills me with pride and I hope it does the same for you.

By owning shares in Monbulk & District Community Enterprises Limited, you will help secure banking services for your community and also share in the prospect of income which can be used to generate further development in your region.

Why has Bendigo Bank developed this concept? Because we are a community based bank ourselves and by helping to create successful communities we will share in your success.

Bendigo Bank will work with you to maximise the potential of your new branch and will help you every step of the way. However, as for any business, the success of your community company is ultimately based on the support it receives from its customers – which in this case is the Monbulk and district community.

Members of your community have already indicated their intention to support the branch with their banking business. Now is your chance to support it through investing in Monbulk & District Community Enterprises Limited. This Prospectus provides you with information you need to make an informed choice.

Your commitment will help make a difference to your community.

I look forward to the establishment and ongoing success of the Monbulk & District Community Bank® Branch of Bendigo Bank.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Russell Jenkins', written in a cursive style.

Russell Jenkins  
Chief General Manager, Customer & Community  
Bendigo and Adelaide Bank Limited

# 1. Purpose and Details of the Offer

## 1.1 Purpose of the Offer

The purpose of the Offer is to raise funds for the capital expenditure and working capital requirements in respect of a Community Bank® branch of Bendigo Bank to be established in Monbulk. After meeting the costs of the Offer, all funds raised (including any oversubscriptions) will be used for the purposes of meeting these requirements. Details of the establishment costs and estimated initial annual operating costs are set out in Section 4.5 of this Prospectus. The total costs of the Offer are estimated to be \$28,000 (inclusive of GST).

Monbulk & District Community Enterprises Limited will establish and manage the Community Bank® branch as a “franchise” of Bendigo Bank. The franchise arrangements and the business of the Company are described in detail in this Prospectus, especially Sections 3 and 6.

**Please Note: This Prospectus is issued by the Company and it is not an offer to subscribe for shares in Bendigo and Adelaide Bank Limited – it is an offer to subscribe for shares in the Company. It is not intended that shares in the Company will be listed on the Australian Securities Exchange or any other stock exchange.**

## 1.2 Description of the Offer

The Company is offering for subscription 835,000 ordinary shares in the Company (Shares) at an issue price of \$1.00 per Share, payable in full on application.

Applications for Shares should be for a minimum of 500 Shares, or a greater number of Shares in multiples of 100, up to a maximum of 20,000 Shares. However, the Directors reserve the right to accept applications for fewer than 500 Shares or (subject to the maximum permitted shareholding - see Sections 1.4 and 7.3 below) greater than 20,000 Shares.

The Directors reserve the right to accept oversubscriptions of up to 200,000 Shares. Proceeds from oversubscriptions will be used to provide additional working capital for the Company.

The amount of dividends and other distributions to shareholders that the Company may pay or make in any 12 month period is limited by the terms of

the Franchise Agreement with Bendigo Bank. You should refer to Section 5.2 of this Prospectus for a description of this limit.

Applicants should be aware of the voting and ownership restrictions that apply to the Company, including the Directors’ right not to accept applications in breach of these restrictions (see Section 1.4 below).

## 1.3 Capital Structure

Assuming the Offer is fully subscribed (and assuming no oversubscriptions are accepted) the capital structure of the Company following completion of the Issue will be as follows:

### Ordinary Shares

Initial subscriber shares issued	10
Shares issued pursuant to this Prospectus	835,000
<b>TOTAL</b>	<b>835,010</b>

If the maximum permitted amount of oversubscriptions is accepted, the capital structure of the Company following completion of the Issue will be as follows:

### Ordinary Shares

Initial subscriber shares issued	10
Shares issued pursuant to this Prospectus	1,035,010
<b>TOTAL</b>	<b>1,035,010</b>

## 1.4 Voting and Ownership Restrictions

It should be noted that, pursuant to the Constitution of the Company, each shareholder is entitled to only one vote, regardless of the number of Shares held. The Constitution also contains a number of restrictions on shareholdings. For example, a shareholder will not be able to control or own 10% or more of the Company, and the Directors must refuse to register a transfer of Shares if, to their knowledge, it would be to a person who does not have, in the opinion of the Directors, a close connection with the Monbulk and district community. The Directors will not accept any application if it appears the Applicant would be in breach of these restrictions.

In addition, the Directors must refuse to register a transfer of Shares if, to their knowledge, the result would be to reduce the number of shareholders below a “Base Number” (see Section 7.3 below).

The voting rights attaching to Shares and the ownership restrictions are discussed further in Sections 7.2(a) and 7.3 below. You should note that

where a person is or would be in breach of these restrictions, not only must the Directors refuse to register a transfer but the voting and dividend rights attaching to the relevant Shares are suspended and the Directors have the power to require a divestment of the relevant Shares (see Section 7.3 below).

### 1.5 No Proposal to seek Stock Exchange Listing

The Company does not intend to seek listing, or to have the Shares quoted, on any stock exchange. However, it is proposed that the Company will apply to ASIC for permission to establish and conduct a 'low volume financial market' in the Shares (see Section 5.2 below). Details of how the Company, as an unlisted disclosing entity, will comply with its continuous disclosure obligations under the Corporations Act, are set out in Section 7.10.

### 1.6 Minimum Subscription

The Company must receive applications (and payment) for at least 835,000 Shares in order for the Offer to proceed. Shares will not be issued unless this condition is satisfied. If this minimum subscription is not reached by the date (the Four Month Date) which is four months from the date of this Prospectus, no Shares will be allotted and all application monies received will be returned to the Applicants (without interest) as soon as practicable after the Four Month Date. Please refer to "Franchise Arrangements" in Section 3.2 below for further information on the minimum subscription requirement. This Offer is not underwritten.

### 1.7 Allocation

Application monies will be held on trust by the Company in a separate bank account which has been established by the Company for the purposes of the Offer. This money will be held on trust by the Company until the Shares are issued or the money is returned, as required by the Corporations Act, to the Applicants.

The Company may allocate the full number of Shares applied for by an Applicant or may allocate any lesser number or decline any application.

Where no allocation is made or where the number of Shares allocated is less than the number applied for, the surplus application money will be returned to the Applicant without interest as soon as practicable.

## 1.8 How to Invest

An application for Shares can only be made on the Application Form in this Prospectus (or on a copy made, or directly derived, from that Application Form, but only if the copy was made/derived by the Applicant). The Application Form (or the copy) must be completed in accordance with the instructions set out in "Application Details and Instructions" commencing towards the end of this Prospectus. The terms and conditions in the Application Form form part of this Prospectus.

### 1.9 Important Dates

An indicative timetable for the Offer is set out below.

Event	Date
Offer opens	21 April 2011
Offer closes	27 May 2011
Shares expected to be allotted	10 June 2011
Certificates expected to be dispatched	30 June 2011

**These dates are indicative only and are subject to change. The Company has the right, in its absolute discretion, to close the Offer early or to extend the closing date, without notice. If the closing date for the Offer is extended, the subsequent dates may also be extended accordingly.**

### 1.10 Expiry Date of this Prospectus

No Shares will be issued on the basis of this Prospectus after the Expiry Date. The Expiry Date is the date 13 months after the Date of this Prospectus.

### 1.11 Accepting Applications

The Company will not accept an application for, or issue any, Shares offered under this Prospectus until the Exposure Period has ended. The Exposure Period is the period of seven days after lodgment of this Prospectus with ASIC or if ASIC, in accordance with the Corporations Act, extends that period, such longer period. At present, ASIC is not permitted to extend the Exposure Period to more than (in total) fourteen days after the lodgment of this Prospectus.

Accordingly, the Company will not process any applications received until after the Exposure Period and no preference will be conferred on applications received in the Exposure Period.

The purpose of the Exposure Period is to enable the Prospectus to be examined by market participants prior to the raising of funds. It is possible that this examination may result in the identification of deficiencies. Any application

received in these circumstances may need to be dealt with in accordance with Section 724 of the Corporations Act (this section may require, in certain circumstances, the return of application money and/ or the distribution of a supplementary or replacement prospectus together with the right of an Applicant to withdraw their application).

### **1.12 Forward Looking Statements**

The forward looking statements in this Prospectus are based on the Company's current expectations about future events. They are, however, subject to known and unknown risks, uncertainties and assumptions, many of which are outside the control of the Company and the Directors of the Company, that could cause actual results, performance or achievements to differ materially from future results, performance or achievements expressed or implied by the forward looking statements in this Prospectus. In particular, the forecast financial information contained in this Prospectus should be read in conjunction with, and is qualified by reference to, the information contained in Section 5 of this Prospectus.

No person named in this Prospectus, nor any other person, guarantees the performance of the Company or the repayment of capital or the payment of a return on the Shares.

### **1.13 Investment Advice**

Individual investors should seek their own financial advice.

The Offer contained in this Prospectus does not take into account the investment objectives, financial situation and particular needs of individual investors. In considering the prospects of the Company, it is important that individual investors consider the risk factors that could affect the financial performance of the Company. As a prospective investor, you should carefully consider these factors in light of your particular investment objectives, financial situation and investment needs (including financial and taxation issues) and seek professional advice from your stockbroker, accountant or other professional advisor before deciding whether to invest. Some of the risk factors that should be considered by prospective investors are detailed in Section 5.

### **1.14 Questions**

If you have any questions in relation to the Offer please contact Jim Bras on 0408 306 440, David Moore on 5968 4028 or Terry McHutchison on 9756 6944.

## 2. Directors

Details of the Directors of the Company are as follows:

**Name:** Hugh Barry Adshead  
**Age:** 63  
**Occupation:** Business Owner/semi retired

**Background Information:**

Barry immigrated to Australia from England in 1967 and has been self-employed since 1969 - mainly in the building industry, predominantly in scaffolding. He has been a director of several company's, including Concept Hiring Services, a publicly listed company. Barry is currently on the board of three companies, Macrom, a property Developer, Scaffold Logistics, a scaffold company and Romteck, a fire monitoring company.

Barry has a passion for soccer and has been a member of Monbulk Soccer Club for over twenty-five years. He is currently President and chair of the board of directors and is working with council on behalf of the club to establish a new public park in Monbulk.

Barry is in the process of building a new home in Monbulk, is a family man who loves to travel and is one of the founder members of the steering committee of the Monbulk & District Community Bank® Branch.

**Resides:** Boronia

---

**Name:** Terrence John McHutchison  
**Age:** 63  
**Occupation:** Retired

**Background Information:**

A resident of Monbulk for 35 years, Terry was the former General Manager (Human Resources) for Arnotts Biscuits, later Campbell/Arnotts. Terry has been the Chairman of Directors of the Monbulk Bowling Club since 2005 and is a former President of the Monbulk Primary School Council. Terry has a strong belief in supporting local organizations which serve the whole community.

**Resides:** Monbulk

---

**Name:** Leonardus Koelewyn  
**Age:** 60  
**Occupation:** Nurseryman

**Background Information:**

A Resident of Monbulk for 58 years, Leo runs a production nursery, Coolwyn Nurseries P/L with his sons Tim and Steve and daughter Jennie, producing shrubs and trees, cut foliage and flowers for the florist trade. He has served on many nursery industry boards/committees nationally and in Victoria and is a life member NGIV.

Having served on the Monbulk Football Club (MFC) committee and Monbulk Bowling Club board for many years, Leo is also a life member MFC.

Leo is the Chair of Woori Yallock Streamflow Management Plan Committee developing plan for State Government.

He enjoys his family and especially his 10 grand children, community involvement, mountain bike riding to stay fit and travelling with his partner Lyn.

**Resides:** Monbulk

---

**Name:** Lisa Deborah Doolan  
**Age:** 49  
**Occupation:** Marketing Manager

**Background Information:**

Lisa has lived in Monbulk for the past 16 years and grew up in the surrounding area of Silvan/Mt Evelyn. Upon completing her secondary education, Lisa went on to qualify as a Civil Engineer and worked in this area for a number of years. She then studied part-time to obtain a Graduate Diploma in Business Administration.

Lisa worked for a number blue chip companies, spending the majority of her time (15 years) working for Southcorp Packaging in a senior marketing role. Lisa has worked part-time for the past 4 years as a Marketing Manager for a small manufacturing business where she recently became a part-owner in the business.

Lisa is actively involved in a number of community groups and projects. She is a school councillor and treasurer for the local Monbulk Primary School and has held these positions for the past 8 years. Lisa is also involved with the development of a new regional soccer facility for the area and holds a position on the board of the Monbulk Ranges Soccer Club. Lisa enjoys her spare time relaxing with her family, especially just being a mum, gardening and playing soccer

**Resides:** Monbulk

---

**Name:** Petrus Joseph Koomen  
**Age:** 61  
**Occupation:** Flower Wholesaler

**Background Information:**

Peter moved Australia in 1968 before joining Monash University in 1970 to complete a Bachelor of Arts in Pure Mathematics and nearly completed an Electronic Engineering Degree. In 1980, Peter joined the family farm with his two brothers before later establishing a Wholesale Flower Business on his own and is now the Manager/Director of the business. His main enjoyment is the family, Competitive Bowls, Social Soccer and Australian Rules.

**Resides:** Monbulk

---

**Name:** David Moore  
**Age:** 64  
**Occupation:** Retired

**Background Information:**

David has been a resident of Emerald for the last 8 years and lived in Croydon for the previous 24 years. Before retirement David was an executive with Telstra with the responsibility of training the workforce. Since retirement 9 years ago he has been involved with the Monbulk Bowling Club spending the last 3 years as President. Also he joined the MBC board with the other board members in continuing and strengthening the operation of MBC in these times of change.

**Resides:** Emerald

---

**Name:** Jacobus-Petrus-Maria Bras  
**Age:** 66  
**Occupation:** Business Owner/Retired

**Background Information:**

Jim migrated to Australia in 1970 from Holland and worked for flower growers for several years before starting his own business, The Tulip Garden Nursery Pty Ltd in 1980 where he currently employs 12 people from the local community.

Jim joined the Monbulk Soccer Club as a player member in 1971, and is now on the Board of Directors at the club, and was Treasurer for 14 years (now retired) taking the club out of debt, and now working with others for a much larger facility in the Monbulk area. Jim is a life member of the Monbulk Soccer Club. Jim was also on the Board of Directors at the Monbulk Bowling Club, for a period of 13 years.

Jim was a founding member for the establishment of a Community Bank® branch in Monbulk.

Jim has three sons, who now have taken over the business, so he can enjoy his activities in the local community.

**Resides:** Silvan

---

**Name:** Matthijs Blom  
**Age:** 37  
**Occupation:** Manager/Director

**Background Information:**

Matthijs was born in Holland in 1973 where he did all his education. The last 4 years of his study gave him the chance to do a work experience overseas and he got the opportunity to do this in Tasmania for 6 months. In 1996 he finished his studies and graduated with a Bachelor of Business Administration, focused on "Agri-business".

After completing his degree, Matthijs so spread his wings and worked in Argentina and Brazil for a while and formed his own company in Holland.

Matthijs immigrated to Australia from Holland in 2000 to work for P. Aker Flowerbulbs in Silvan. P. Aker Flowerbulbs is a wholesale distributor of Flowerbulbs mainly imported from Holland, Chilli and New Zealand. Since 2007 Matthijs has become a partner/shareholder in the business.

He also loves anything fast and hands one, so motorsport is one of his passions. Matthijs has raced speedway cars in Holland and for a few years raced go-karts in Australia.

In 2006 he built his own home in Silvan, where he now lives with his wife and two kids, a dog, cat and a few chickens.

**Resides:** Silvan

---

**Name:** Timothy David Koelewyn  
**Age:** 34  
**Occupation:** Nurseryman

**Background Information:**

Tim has lived in Monbulk since 1976 where he works in a family business growing plants. The local business sits on approximately 100 acres and employs over 20 local people.

Prior to living in Monbulk, Tim lived in Holland where he met his wife, with whom he has 3 boys, all under the age of 5.

His interests include fishing, golf, AFL, soccer, family holidays, and spending time with my wife and children, and last but not least working.

Tim has been involved with the Monbulk Steering Committee since the beginning and is looking forward to establishing a Community Bank® branch in Monbulk to help out the community, especially as he sees the benefit for his young family.

**Resides:** Monbulk

---

## 3. Bendigo Bank Franchise

### 3.1 Bendigo Bank

Bendigo Bank had its origins on the Bendigo goldfield in 1858 when the settlement comprised thousands of makeshift tents and humpies clustered along the gold bearing gullies.

Disturbed by the temporary and unsightly nature of these dwellings, a group of prominent citizens banded together to foster a sense of civic pride by providing finance for miners wishing to own their own homes. Thus was born the Bendigo Land and Building Society, which immediately began financing humble miners' cottages, some of which remain in the city today.

Within 30 years, Bendigo had established itself as one of the most gracious Victorian era cities in the world, its grand public buildings a monument to the vast riches produced by the deep reef miners.

As Bendigo prospered, so did its building society, which rapidly established a reputation for prudent financial management and ethical dealing. While other societies came and went, the Bendigo Land and Building Society grew steadily, declaring a profit in each year of its operation, even through the crises of the 1890s and 1930s Depressions.

The Bendigo Land and Building Society converted to a bank on 1 July 1995, under the name "Bendigo Bank Limited", at which time it was Australia's oldest and Victoria's largest building society.

The past 35 years have seen Bendigo Bank grow quickly and in the process merge with a number of other firms and building societies: the Bendigo and Eaglehawk Star (1978), Sandhurst (1983), Sunraysia (1985), Capital (1992) and Compass (1992), trustee company Sandhurst Trustees (1991), mortgage securitisation firm National Mortgage Market Corporation (1995), Monte Paschi Australia Limited (1997), Victorian Securities Corporation Limited (1997), Queensland based First Australian Building Society (2000) and cashflow finance company Oxford Funding (2005).

Sandhurst Trustees, National Mortgage Market Corporation, Monte Paschi (now Cass Comm Limited), Victorian Securities Corporation Limited, Oxford Funding and Rural Bank (previously a joint venture with Elders Limited called Elders Rural Bank) are wholly-owned subsidiaries of Bendigo

and Adelaide Bank, as is the financial planning arm Bendigo Financial Planning.

In November 2007, Bendigo Bank Limited merged with Adelaide Bank Limited. Under the terms of the merger, Adelaide Bank Limited became a wholly-owned subsidiary of Bendigo Bank Limited and shareholders in Adelaide Bank Limited became shareholders in Bendigo Bank.

The shareholders approved a name change from "Bendigo Bank Limited" to "Bendigo and Adelaide Bank Limited", effective 31 March 2008. The bulk of the assets and undertakings of Adelaide Bank Limited was transferred to Bendigo Bank on 1 December 2008.

Bendigo Bank now operates (itself and through franchises) approximately 464 branches.

As at 30 June 2010, the Bendigo and Adelaide Group had an asset base of \$52.1 billion. It has more than 1.4 million retail customers and declared a profit after tax of \$242.6m for the 12 month period ending 30 June 2010. It is listed on the Australian Securities Exchange.

Through Bendigo Bank and its subsidiary companies, the Bendigo and Adelaide Group provides a wide range of products including home loans, commercial mortgages, unsecured loans, investment products, insurance and superannuation.

### 3.2 Community Bank<sup>®</sup> Project

Bendigo Bank developed its Community Bank<sup>®</sup> project in response to the continuing closure of bank branches across Australia, and the subsequent effects on disenfranchised communities.

A Community Bank<sup>®</sup> branch is a means by which communities with the will and enthusiasm can enhance their future prospects by securing a conduit to the finance system.

The aims of the Community Bank<sup>®</sup> project are threefold:

- to secure branch banking services for participating communities;
- to help these communities better manage locally generated capital, and so provide them with a better return on their capital; and
- to enable participating communities to share in revenues generated from their Community Bank<sup>®</sup> enterprise.

Community Bank<sup>®</sup> branches draw on the greatest strength communities possess – their parochialism.

Through the potential to share in branch revenues, communities have the opportunity to generate profits

which can be returned to support and develop the community via dividends to participating shareholders and through projects identified and agreed to by the community.

The Community Bank® project does this by providing communities with the opportunity to manage a community owned branch of Bendigo Bank. It supposes that ownership of this management right provides local residents and businesses with a powerful incentive to conduct their financial affairs through their own local bank branch, thereby maximising revenue potential for the local enterprise.

Each branch operates as a franchise of Bendigo Bank, using the name 'Bendigo Bank' and the logo and system of operations of Bendigo Bank. The franchisees are appointed as 'authorised representatives' of Bendigo Bank for the purposes of the Corporations Act and manage the Community Bank® branches on behalf of Bendigo Bank, however all transactions with customers conducted through the Community Bank® branches are effectively conducted between the customers and Bendigo Bank.

To date, Bendigo Bank has granted franchises to operate around 266 Community Bank® branches, located in places such as Avoca, Bayswater, Bellarine Peninsula, Carrum Downs, Coleambally, East Gosford, East Malvern, Elwood, Goomalling, Henty, Kulin, Lang Lang, Laverton, Maldon, Minyip and Rupanyup (combined franchise), Nathalia, Neerim South, Parkdale, Tambellup and Cranbrook (combined franchise), Toodyay, Toora, Upwey, Virginia, Warburton and Wentworth. Bendigo Bank has also granted a small number of commercial franchises.

### **Regulation of Franchising**

The relationship between Bendigo Bank and the Company as franchisor and franchisee is governed by the Franchising Code of Conduct (Franchising Code).

The Franchising Code is a mandatory industry code of conduct for the purposes of Section 51ACA of the Trade Practices Act 1974 (Cth) (TPA). Section 51AD of the TPA makes a contravention of the Franchising Code a contravention of Part IVB of the TPA.

The Franchising Code requires a franchisor to provide a prospective franchisee with a disclosure document, to enable the prospective franchisee to make a reasonably informed decision about entering into the franchise. The Franchising Code prescribes the information that must be included in the disclosure document. Such a disclosure document has been provided by Bendigo Bank to the Company.

The Franchising Code requires that, prior to entering into a Franchise Agreement with the Company (see below), Bendigo Bank must have obtained from the Company a statement that the Company has received, read and had a reasonable opportunity to understand the Disclosure Document and the Franchising Code and statements as to whether the Company has obtained independent legal, accounting and business advice. The relevant statements have been provided to Bendigo Bank by the Company.

### **Franchise Arrangements**

The Company has entered into a Franchise Agreement with Bendigo Bank that will govern the management of the Community Bank® branch at Monbulk. A condition to the Franchise Agreement is that the Company raises the minimum subscription amount of \$835,000 pursuant to the Issue.

The key features of the franchise arrangements are described below, and in Section 6 of this Prospectus.

### **3.3 Duration of Franchise**

Bendigo Bank has granted the Company the franchise rights described below for an initial term of five years. Pursuant to the Franchise Agreement, the Company may seek to extend the term of the franchise for (in total) two additional five year terms. A request to extend the term of the Franchise Agreement must be made between 3 and 6 months prior to the end of the then existing term. Bendigo Bank must agree to extend the term provided that the Company:

- is not in breach of the Franchise Agreement;
- secures continued rights to possession and use of each location from which the franchise is being conducted for the renewal period, and refurbishes each such location to the then current standards of Bendigo Bank franchises;
- provides the relevant statement required under the Franchising Code; and
- pays the Renewal Fees under the Franchise Agreement and Bendigo Bank's costs of renewing the Franchise Agreement.

These conditions must be satisfied at the end of the initial term and, if the franchise is extended for the first five year period, at the end of that first renewal period.

Bendigo Bank has the ability to assign or novate its rights and obligations (or any part of them) under the Franchise Agreement at any time. However, Bendigo Bank must not assign its obligations (without the consent of the Company) unless the proposed

assignee is either a related body corporate of Bendigo Bank, a person whose business includes the provision of financial services (and it is reasonable to expect that the person will be able to comply with its obligations under the Agreement) or a person who has entered into arrangements with Bendigo Bank and/or any of the foregoing, so as to enable that person to comply with its obligations under the Franchise Agreement. In any event, any assignee would have to continue to perform Bendigo Bank's obligations under the Agreement.

The Company may only dispose (in any way) of, or otherwise effect or permit a change of control or ownership of, the franchise, the Company or the Company's interest in the franchise operation, the Franchise Agreement or the branch location with the prior written consent of Bendigo Bank and with the payment of a transfer fee to Bendigo Bank.

Bendigo Bank also has a pre-emptive right over the sale, transfer or disposal of the Company's interest in the franchise operation or the branch location.

The consequences of the termination of the franchise are discussed in Section 5.2 below.

### **3.4 Activities of Company**

#### **Branch**

The Company will establish a Community Bank® branch of Bendigo Bank in Monbulk. A lease will be negotiated for a site in Monbulk for the term of the franchise, and estimated rental costs have been included for the purposes of the forecasts.

It is proposed that the branch will be open from 9.00am to 5.00pm on Monday to Friday, and from 9.00am to 12 noon on Saturdays (excluding public holidays).

It is possible, with Bendigo Bank's consent, to operate the proposed Community Bank® branch from a site in addition to, or in substitution of, the current proposed site. However, the Directors have no intention to do so at this stage.

#### **Branch Manager and Employees**

It is envisaged that a Branch Manager and a number of Customer Service Officers will be engaged by the Company. All staff members must be first approved by Bendigo Bank. It is possible that rather than be directly employed by the Company, staff will be seconded from the Bendigo and Adelaide Group to the Company.

#### **Financial Products and Services**

The Company will provide a range of financial products and services determined by Bendigo Bank from time to time.

The products and services will include (but are not necessarily limited to) the following:

- deposit business, for example, "Ultimate" accounts, term deposits, "Money Extra" accounts, "Classic" accounts, investment accounts and specialised rural accounts;
- personal bank products and services, for example, credit and debit cards, insurance and financial planning;
- loans and lending products, for example, home loans, investment loans, home equity loans, leasing, commercial loans, farm loans and personal loans;
- investment products, such as superannuation, Sandhurst Select products and common fund and tax-based savings products; and
- cash and cheque facilities, delivered through electronic means and ATM services.

All deposits are made with Bendigo Bank, and all personal and investment products are products of Bendigo Bank, with the Company facilitating the provision of those products. As deposits are with Bendigo Bank, they have the benefit of the Commonwealth Government's deposit guarantee facility. The guarantee applies for three years from November 2008. It applies automatically to deposits of \$1 million or less with an ADI (Authorised Deposit Taking Institution). Originally, an ADI was able to apply for the facility in respect of deposits that exceed \$1 million per customer. However, the guarantee will no longer apply to deposits of more than \$1 million effective from 31 March 2010.

All loans, leases or hire purchase transactions, issues of new credit or debit cards, temporary or bridging finance and any other transaction that involves creating a new debt, or increasing or changing the terms of an existing debt owed to Bendigo Bank, must be approved by Bendigo Bank. All credit transactions are made with Bendigo Bank, and all credit products are products of Bendigo Bank.

The products and services available to be offered through the Monbulk & District Community Bank® Branch by the Company will not necessarily be the same as those offered by other Bendigo and Adelaide Group branches or franchises. However, the Company will endeavour to ensure that the products and services offered will be appropriate for the requirements of its customers.

### **Other Products and Services**

In addition, the Company can offer or promote other products and services under agreements with members of the Bendigo and Adelaide Group if Bendigo Bank has given its prior consent. In particular, the Directors envisage that the Company may enter into a referral agreement with a member of the Bendigo and Adelaide Group under which the Company will, in return for a commission, offer and promote to our community non banking products and services offered by that group member. These products and services may, for example, include telecommunications services.

## **3.5 Benefits of Franchise Arrangements**

### **Name, Logo and Systems**

As part of the franchise arrangements, Bendigo Bank grants the Company the right to use the name 'Bendigo Bank' and its logo and system of operations and other relevant intellectual property rights including the trademark "Community Bank®" for the purpose of managing the Community Bank® branch of Bendigo Bank. To the extent that it is able, Bendigo Bank will also give the Company reasonable access to all information and technology created or obtained by Bendigo Bank in connection with other franchises.

The Company will have the benefit of all general advertising and promotions undertaken by Bendigo Bank, in addition to the local promotional activities undertaken by the Company itself (in accordance with the controls set out in the Franchise Agreement).

### **Assistance and Advice**

Bendigo Bank will provide significant assistance in establishing and maintaining the Monbulk & District Community Bank® Branch franchise operations including:

- advice and assistance in relation to the design, layout and fitout of the Community Bank® branch;
- training for the Branch Manager and other employees in banking, management systems and interface protocol; and
- assistance in the launch of the Community Bank® branch.

Bendigo Bank will continue to provide ongoing management and operational support, and other assistance and guidance in relation to all aspects of the franchise operation, including advice in relation to:

- methods and procedures for the sale of products and provision of services;
- security and cash logistic controls;

- the formulation and implementation of advertising and promotional programs; and
- sales techniques and proper customer relations.

### **Non-exclusive Franchise**

The franchise granted under the Franchise Agreement is a non-exclusive franchise. That is, any member of the Bendigo and Adelaide Group is able to carry on any business (including the granting of franchises) anywhere. Further, Bendigo Bank (for example, through branches), any related body corporate of Bendigo Bank and any Bendigo Bank franchise are entitled to be located anywhere and to market to, or deal with, persons located anywhere.

Similarly, although the franchise operation can only be carried on from a location approved by Bendigo Bank, the Company is entitled to market to, or deal with, persons located anywhere.

## **3.6 Restrictions on Operations**

### **Sole Purpose Company**

The Franchise Agreement provides that, subject to the ability to provide certain other products and services (see below), the Company must not carry on any business other than managing and operating the Monbulk & District Community Bank® Branch of Bendigo Bank, it must not purchase a location without the approval of Bendigo, and it must not own or use any assets, or incur any liabilities, other than those required by the franchise operation.

The Company may offer or promote other products and services pursuant to an arrangement with a member of the Bendigo and Adelaide Group if Bendigo Bank has given its approval.

### **Competition Restrictions**

The Company is also subject to covenants that restrict its activities both during the term of the franchise, and for a further three years after the franchise has terminated.

Pursuant to these covenants (as contained in the Franchise Agreement), the Company must not:

- have any interest in an entity carrying on business that is substantially the same as that conducted by Bendigo Bank through its franchises, or is in competition in relation to that business or in relation to any other business carried on by the Bendigo and Adelaide Group;
- seek to attract any customers or employees from Bendigo Bank or any of its franchisees; or
- otherwise interfere with the business being conducted by Bendigo Bank.

Similar restrictions apply to the Directors of the Company.

### **Bendigo Bank Involvement**

Bendigo Bank will retain a tight control over the day to day operations of the Company, which includes the provision by the Company to Bendigo Bank of regular and detailed reports. Bendigo Bank also has the right to inspect or audit the Company's franchise records.

In particular, as noted above, the products and services to be supplied through the Company will be determined by Bendigo Bank. As described in Section 3.4 above, all credit transactions must be approved by Bendigo Bank.

Further, the Company must only use Bendigo Bank's intellectual property (including its trademarks) licensed to the Company under the Franchise Agreement in accordance with the guidelines provided by Bendigo Bank.

The Company will also be appointed as an 'authorised representative' of Bendigo Bank pursuant to a separate authorised representative appointment (see Section 7.4 below).

### **3.7 Community Interest**

A significant amount of work and public consultation has been undertaken in relation to the feasibility of establishing the Monbulk & District Community Bank<sup>®</sup> Branch of Bendigo Bank.

A group of interested community members was briefed by Bendigo Bank in August 2009 in relation to the proposal to establish Monbulk & District Community Bank<sup>®</sup> Branch, and a committee formed to evaluate the proposal.

A preliminary public meeting was held to discuss the Community Bank<sup>®</sup> concept and the steps required to establish a Community Bank<sup>®</sup> branch of Bendigo Bank in Monbulk. As a result, the committee engaged an independent consultant, AFS & Associates Pty Ltd to conduct a feasibility study in relation to the proposal.

The results of the feasibility study were presented to the committee at a meeting held on 16 September 2010 and it was unanimously voted to proceed towards the establishment of the Monbulk & District Community Bank<sup>®</sup> Branch.

The results of the feasibility study are discussed in Section 4 of this Prospectus.

### **3.8 Banking Business Allocated to the Company**

Bendigo Bank has recorded certain new banking business originating within the Monbulk and district community from the date of the initial briefing (held in August 2009) referred to in Section 3.7, and will

continue to do so until the date that the Monbulk & District Community Bank<sup>®</sup> Branch opens. This new banking business will be treated as business of the Monbulk & District Community Bank<sup>®</sup> Branch and will contribute to the Company's revenues if the Monbulk & District Community Bank<sup>®</sup> Branch opens. As at 31 January 2011, the amount of new business originating from our community that has been so recorded by Bendigo Bank is as follows:

	\$
Deposits Raised	3,197,368
Loans Generated	458,797
<b>TOTAL</b>	<b>3,656,165</b>

The Company's sources of revenue from banking business are discussed further in Section 4.4 of the Prospectus. The amount of new business which has been identified as at 31 January 2011 was \$3,656,165 of which \$3,197,368 was in deposits and \$458,797 in loans. It is anticipated that the level of new business will be \$5 million by the date that the Monbulk & District Community Bank<sup>®</sup> Branch commences operations, and the Company intends to schedule the branch opening to coincide with the achievement of this goal.

### **3.9 The Company's Board of Directors**

The management and control of the business and affairs of the Company is the responsibility of the Company's Board of Directors. There are various rules in the Constitution of the Company to ensure that shareholders regularly have the opportunity to vote on the Directors. In particular, under the Constitution, one third of the Directors (other than an 'exempt' Managing Director – if any) will be required to retire at each annual general meeting (other than the Company's first annual general meeting), and a Director who has held office for in excess of a continuous period of three years or three annual general meetings (whichever is longer) since last elected must retire. However, Directors who so retire are eligible for re-election. In addition, persons who are appointed as Directors by the Board must retire at the next annual general meeting, but are eligible for re-election, and an employee who is a Director must retire as a Director if they cease to be an employee, but is also eligible for re-election.

Under the Constitution of the Company, each Director is required to undergo a probity check (primarily a national criminal record check) as a condition of their appointment as a Director. This rule requires that a Director will need to undergo such a check prior to their appointment as a Director or, if a Director was appointed before this rule became effective, within six months of their appointment. Directors can be required to undergo a further check every 12 months.

## 4. Financial information

### 4.1 Feasibility Study

A feasibility study was conducted in Monbulk and district by AFS & Associates Pty Ltd to assist the community to decide whether to proceed with establishing a Community Bank® branch of Bendigo Bank in Monbulk.

The feasibility study involved:

- distributing surveys to 2,800 households and businesses;
- conducting interviews with a selection of local businesses and community members; and
- reviewing the available economic information regarding the area.

Surveys were distributed in respect of personal and business banking. A copy of the pro forma survey is set out in Annexure A to this Prospectus. The response rate to the surveys was as follows:

Feasibility Study Factors	Results
Surveys Distributed	2,800
Surveys Returned	382
% Of Surveys Returned	13.6%
Respondents' Total Banking Business	\$112,968,500
Respondents' Banking Business Available In First Year	\$66,691,000

### 4.2 Forecasts

#### Overview of the Process of Preparing the Forecasts

The banking business indicated by respondents to the survey has been analysed and collated by the consultant who conducted the feasibility study. In addition, details of the banking business that have been recorded by Bendigo Bank as having originated from the Monbulk and district community (as referred to in Section 3.8 above) up to the date of preparation of the forecasts, have been provided by Bendigo Bank to the Company.

Based on this information, the Company (together with assistance from Bendigo Bank based on its experience with its own branches and other franchises), has prepared forecasts of the interest earnings from the lending products and the interest cost of the deposits, together with forecasts of other revenue streams.

The assumptions made in relation to this financial modelling conducted by the Company and Bendigo

Bank are those set out below and in Sections 4.4 and 4.5.

Three forecasts have been prepared, each assuming that a different level of business is generated by the Company. In each case, the forecast assumes that the total amount of pre-opening business that has been recorded by Bendigo Bank as originating from our community and that will form part of the Company's revenues from the time of the Branch opening will be as set out in Section 3.8 above.

The process of preparing the three forecasts is discussed in detail below.

The annual operating costs (refer to Section 4.5) were estimated by the Company on the basis of the annual operating costs incurred by comparable Bendigo Bank franchises and branches. (This comparable information was provided, without identifying particular franchises, by Bendigo Bank.) The estimated annual operating costs of the branch were included to arrive at the estimated operating profit or loss before any allowance for depreciation, tax or dividends. For the business allocated to the branch as described in Section 3.8, no costs have been allocated or will be charged by Bendigo Bank.

The Company's accountant was then provided with these figures and, as part of the accountant's role in relation to the preparation and review of the forecasts, the accountant calculated the depreciation and taxation expenses.

#### Forecasts – Three Different Scenarios

The following three separate forecasts were made in relation to the overall income, expenses and profit (or loss) of the Company.

- (i) Modified Forecast** (see Table 1 below) – this is a forecast for the Company assuming that the Monbulk & District Community Bank® Branch achieves the level and type of business indicated by the survey results adjusted by the performance of other comparable Community Bank® Branches in their first three years of operations (this adjustment process is described below).
- (ii) 80% Of The Modified Forecast** (see Table 2 below) – this is a forecast for the Company assuming that the Monbulk & District Community Bank® Branch only achieves 80% of the level of business assumed for the "Modified Forecast" (this adjustment process is described below).
- (iii) 120% Of The Modified Forecast** (see Table 3 below) – this is a forecast for the Company assuming that the Monbulk & District

Community Bank® Branch achieves 120% of the level of business assumed for the “Modified Forecast” (this adjustment process is described below).

In each forecast, it has been assumed that at the time of the Branch opening, the Branch has the opening level of business described in Sections 3.8 and earns revenue on that business throughout the forecast period. This opening level of business is not affected by the modification process described below and is not adjusted by the 80% or 120% assumption in Table 2 and Table 3 respectively – that is, it is static across all three forecasts.

### **Preparing the Forecasts**

The Directors understand that Bendigo Bank regularly collates data on, and analyses the performance of, the existing Community Bank® branches and, based on this, the feasibility study results are modified to produce the Modified Forecast. Based on discussions with Bendigo Bank, the Directors believe that this process produces forecasts that are more reliable than simply relying on the feasibility study results, as the Modified Forecast builds in the experience of other Community Bank® branches.

Set out below is a more detailed explanation of how the Modified Forecast in this Prospectus is produced.

- Bendigo Bank identifies existing Community Bank® branches that are comparable to the proposed Monbulk & District Community Bank® Branch and then calculates the average volume of loans and average volume of deposits these branches have achieved in each of their first three years of operation. In determining whether an existing Community Bank® branch is considered “comparable” to the proposed Monbulk & District Community Bank® Branch, Bendigo Bank considers a range of factors, including whether it is located in a community with a similar population and similar demographic profile to the Monbulk and district community and whether the volume of business carried on by the existing branch is similar to that expected to be carried on by the Monbulk & District Community Bank® Branch.
- The average volume of loans and average volume of deposits for the comparable branches for each of their first three years of operations are then compared to the anticipated volume of loans and deposits identified in the feasibility study results for those branches to produce the factor by which the feasibility study results for the proposed

Monbulk & District Community Bank® Branch should be modified.

- The relevant factor is then applied to each of the product groups identified in the feasibility study to produce the results for each of Year 1, Year 2 and Year 3 in the “Modified Forecast”. This is discussed further in Section 4.4 below.

By way of an overview, the statistics generated for the performance of all the branches across the Community Bank® network demonstrate that while individual Community Bank® branch performances vary from branch to branch, and month to month, on average the actual performance of deposit products of each branch exceeds the amounts of deposit business respondents indicated they would transfer to the branch. However, lending products for each branch are more difficult to convert and so may fall short of the amounts of lending business respondents indicated they would transfer to the branch, especially in the first 12 months of operation. These results also show that the superannuation business identified in the surveys has proved difficult to convert. Therefore, the forecasts do not take into account any income for superannuation.

### **Assumptions**

Whilst the Directors have given due care and attention to adopting the forecasts in this Prospectus, they can give no guarantee that forecast results will be achieved, since there are many factors which may impact on the ability of the Company to achieve such forecasts, which are beyond its influence and control. Some of these factors are discussed in Section 5 below.

In particular, the forecasts are based on the survey responses provided by community members. Community members are under no obligation to act in accordance with their responses and there is no guarantee that these results will be achieved. Forecasts are also prepared on the basis of an assumed level of new banking business that will be allocated to the Branch on opening. There is no guarantee that this level of business will be available at opening and retained following the opening of the Branch. A failure to do so could materially affect the ability of the Company to achieve the forecast results.

The other assumptions made on which these forecasts are based are set out in Sections 4.4 and 4.5 below. The impact of the Australian Goods and Services Tax (GST) is discussed in Section 4.6.

### (i) Modified Forecast

The forecasts outlined in the table below have been prepared by taking the feasibility study results and adjusting those figures (as described above) based on the average trading performances of existing comparable Community Bank® Branches in each of their first three years of operation. This is discussed further in Section 4.4 below.

**Table 1** shows that if the Company achieves the assumed level of business in the Modified Forecast, it is forecast the company will not achieve an operating profit during the forecast period.

**Table 1: Modified Forecast**

	Year 1 \$	Year 2 \$	Year 3 \$
Deposits Raised	21,278,110	28,238,469	34,113,124
Loans Generated	9,984,743	15,469,843	19,204,540
<b>Total Portfolio</b>	<b>31,262,853</b>	<b>43,708,312</b>	<b>53,317,664</b>
Estimated Revenue from Ordinary Activities <sup>1</sup>	184,217	362,090	456,123
Estimated Expenses from Ordinary Activities <sup>2</sup>			
Employee Expenses	(286,850)	(276,856)	(285,102)
Other Expenses	173,546	(154,135)	(158,761)
Depreciation and amortisation <sup>3</sup>	(50,699)	(50,699)	(48,058)
<b>Operating Profit (Loss) before tax</b>	<b>(326,878)</b>	<b>(119,600)</b>	<b>(35,798)</b>
Income Tax credit (charge) attributable to ordinary activities <sup>4</sup>	93,130	30,947	5,806
<b>Estimated Operating Profit (Loss) after income tax expense</b>	<b>(233,748)</b>	<b>(88,653)</b>	<b>(29,992)</b>
Retained earnings (accumulated losses) at the beginning of the financial year	-	(233,748)	(322,401)
<b>Retained earnings (accumulated losses) at the end of the financial year</b>	<b>(233,748)</b>	<b>(322,401)</b>	<b>(352,393)</b>

Notes:

1 See assumptions in Section 4.4 below.

2 See assumptions in Section 4.5 below.

3 Non Current Assets will be depreciated over their useful economic life as follows:-

	Life	Method	Year 1 \$	Year 2 \$	Year 3 \$
<b>Depreciation of non current assets</b>					
Leasehold Building Improvements	40 years	Straight Line	15,637	15,637	15,637
Owned Plant & Equipment	2½ - 40 years	Straight Line	13,062	13,062	10,421
<b>Amortisation of non current assets</b>					
Franchise Establishment Costs	Initial term of the franchise	Straight Line (over 5 years)	20,000	20,000	20,000
Franchise Fee	Initial term of the franchise	Straight Line (over 5 years)	2,000	2,000	2,000
<b>Total</b>			<b>50,699</b>	<b>50,699</b>	<b>48,058</b>

- 4 Income tax at the company tax rate of 30% has been applied to the estimated profit/(loss). The income tax expense may vary depending upon allowable tax deductions applicable to the Company under current income tax legislation.

	Year 1 \$	Year 2 \$	Year 3 \$
The prima facie tax on profit (loss) from ordinary activities before income tax is reconciled to the income tax expense:			
<b>Operating Profit (Loss) before tax</b>	<b>(326,878)</b>	<b>(119,600)</b>	<b>(35,798)</b>
Income tax expense calculated at 30% of operating profit (loss)	(98,063)	(35,880)	(10,739)
Add tax effect of:			
- permanent differences	4,933	4,933	4,933
<b>Income tax expense on operating profit (loss)</b>	<b>(93,130)</b>	<b>(30,947)</b>	<b>(5,806)</b>

The income tax expense may vary depending upon allowable tax deductions applicable to the Company under current income tax legislation.

The following two forecasts illustrate how changes in the level of business generated by the Community Bank® branch affect the forecasts in Table 1 above. For these tables, all of the other assumptions described in Sections 4.4 and 4.5 remain the same. (See Section 4.6 for a discussion of the impact of the GST).

**(ii) 80% of the Modified Forecast**

**Table 2** shows that if the Company only achieves 80% of the level of business assumed in the Modified Forecast (see Table 1), it is forecast that the Company will not achieve an Operating Profit during the forecast period.

**Table 2: 80% of The Modified Forecast**

	Year 1 \$	Year 2 \$	Year 3 \$
Deposits Raised	17,661,961	23,230,249	27,929,971
Loans Generated	8,079,553	12,467,635	15,455,392
<b>Total Portfolio</b>	<b>25,741,514</b>	<b>35,697,884</b>	<b>43,385,363</b>
Estimated Revenue from Ordinary Activities <sup>1</sup>	159,216	303,751	379,222
Estimated Expenses from Ordinary Activities <sup>2</sup>			
Employee Expenses	(286,850)	(276,856)	(285,102)
Other Expenses	(173,546)	(154,135)	(158,763)
Depreciation and amortisation <sup>3</sup>	(50,699)	(50,699)	(48,058)
<b>Operating Profit (Loss) before tax</b>	<b>(351,879)</b>	<b>(177,939)</b>	<b>(112,701)</b>
Income Tax credit (charge) attributable to ordinary activities <sup>4</sup>	100,631	48,449	28,877
<b>Estimated Operating Profit (Loss) after income tax expense</b>	<b>(251,248)</b>	<b>(129,490)</b>	<b>(83,824)</b>
Retained earnings (accumulated losses) at the beginning of the financial year	-	(251,248)	(380,738)
<b>Retained earnings (accumulated losses) at the end of the financial year</b>	<b>(251,248)</b>	<b>(380,738)</b>	<b>(464,562)</b>

Notes:

1 See assumptions in Section 4.4 below.

2 See assumptions in Section 4.5 below.

3 See Note 3 to Table 1 above

4 Income tax at the company tax rate of 30% has been applied to the estimated profit/(loss). The income tax expense may vary depending upon allowable tax deductions applicable to the Company under current income tax legislation.

	Year 1 \$	Year 2 \$	Year 3 \$
The prima facie tax on profit (loss) from ordinary activities before income tax is reconciled to the income tax expense:			
<b>Operating Profit (Loss) before tax</b>	<b>(351,879)</b>	<b>(177,939)</b>	<b>(112,701)</b>
Income tax expense calculated at 30% of operating profit (loss)	(105,564)	(53,382)	(33,810)
Add tax effect of:			
- permanent differences	4,933	4,933	4,933
<b>Income tax expense on operating loss</b>	<b>(100,631)</b>	<b>(48,449)</b>	<b>(28,877)</b>

The income tax expense may vary depending upon allowable tax deductions applicable to the Company under current income tax legislation.

**(iii) 120% of the Modified Forecast**

**Table 3** shows that if the Company achieves 120% of the level of business assumed in the Modified Forecast (see Table 1), it is forecast that the Company will achieve an operating profit before tax in Year 3 of \$41,099.

Investors should note however that retained earnings will still be negative partially as a result of carrying forward start up costs incurred by the Company. Note that, as described above, the 120% assumption does not apply to the assumed level of business on opening.

**Table 3: 120% of the Modified Forecast**

	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Deposits Raised	24,894,256	33,246,688	40,296,273
Loans Generated	11,889,931	18,472,052	22,953,690
<b>Total Portfolio</b>	<b>36,784,187</b>	<b>51,718,740</b>	<b>63,249,963</b>
Estimated Revenue from Ordinary Activities <sup>1</sup>	209,217	420,420	533,022
Estimated Expenses from Ordinary Activities <sup>2</sup>			
Employee Expenses	(286,850)	(276,856)	(285,102)
Other Expenses	(173,546)	(154,135)	(170,433)
Depreciation and amortisation <sup>3</sup>	(50,699)	(50,699)	(48,058)
<b>Operating Profit (Loss) before tax</b>	<b>(301,878)</b>	<b>(61,270)</b>	<b>41,099</b>
Income Tax credit (charge) attributable to ordinary activities <sup>4</sup>	85,630	13,448	(17,263)
<b>Estimated Operating Profit (Loss) after income tax expense</b>	<b>(216,248)</b>	<b>(47,822)</b>	<b>23,836</b>
Retained earnings (accumulated losses) at the beginning of the financial year	-	(216,248)	(264,070)
<b>Retained earnings (accumulated losses) at the end of the financial year</b>	<b>(216,248)</b>	<b>(264,070)</b>	<b>(240,234)</b>

Notes:

1 See assumptions in Section 4.4 below.

2 See assumptions in Section 4.5 below.

3 See Note 3 to Table 1 above.

4 Income tax at the company tax rate of 30% has been applied to the estimated profit/(loss). The income tax expense may vary depending upon allowable tax deductions applicable to the Company under current income tax legislation.

	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
The prima facie tax on profit (loss) from ordinary activities before income tax is reconciled to the income tax expense:			
<b>Operating Profit (Loss) before tax</b>	<b>(301,878)</b>	<b>(61,270)</b>	<b>41,099</b>
Income tax expense calculated at 30% of operating profit (loss)	(90,563)	(18,381)	12,330
Add tax effect of:			
- permanent differences	4,933	4,933	4,933
<b>Income tax expense on operating loss</b>	<b>(85,630)</b>	<b>(13,448)</b>	<b>17,263</b>

The income tax expense may vary depending upon allowable tax deductions applicable to the Company under current income tax legislation.

## 4.3 Sensitivity

The forecasts will be affected by the following factors:

- the extent to which the business generated by the Community Bank® branch varies from the survey responses including:
  - the value of the accounts;
  - different business mixes;
  - the timing of writing the business; and
  - account retention;
- the extent to which the actual amount of new banking business allocated to the Monbulk & District Community Bank® Branch on opening (as described in Sections 3.8 and 4.2), differs from the assumed amount of business or is diminished or increased during the forecast period;
- interest rate variations (though see Section 4.4 below); and
- operating costs containment.

## 4.4 Revenue

### Revenue Calculation

The estimated revenue for each year is the amount that is estimated to be earned by the Company under the Franchise Agreement on the basis of the levels of business forecast for that year (see below).

The Franchise Agreement provides for three types of revenue that may be earned by the Company.

First, the Company is entitled to 50% of the monthly gross margin earned by Bendigo Bank on products and services provided through the Company that are regarded as “day to day” banking business (ie ‘margin business’). This arrangement also means that if the gross margin reflects a loss (that is, the gross margin is a negative amount), the Company effectively incurs, and must bear, 50% of that loss.

The second source of revenue for the Company is commission paid by Bendigo Bank on the other products and services provided through the Company (ie ‘commission business’).

The initial list of products and services to be provided by the Company is set out in Section 3.4. The Franchise Agreement provides that a commission is currently payable on various specified products and services, including insurance, financial planning, common fund, Sandhurst Select, superannuation, commercial loan referrals, products referred to Rural Bank, leasing referrals, fixed loans and certain term deposits (>90 days), and that all other products and services are taken into account

in determining the gross margin. The amount of commission payable can be varied in accordance with the Franchise Agreement (which, in some cases, permits commissions to be varied at the discretion of Bendigo Bank). Bendigo Bank has previously exercised this discretion on several occasions. For example in February 2011 Bendigo Bank reduced commissions on two core banking products to ensure a more even distribution of income between Bendigo Bank and its Community Bank® partners. The revenue share model is subject to regular review to ensure that the interests of Bendigo Bank and Community Bank® companies remain balanced. For the purposes of the forecasts, it has been assumed that the rates of commission payable to the Company will not vary during the forecast period.

The third source of revenue is a proportion of the fees and charges (ie, what are commonly referred to as ‘bank fees and charges’) charged to customers to which the Company may be entitled. This proportion (if any) is determined by Bendigo Bank, may vary between products and services and may be amended by Bendigo Bank from time to time. For the purposes of these forecasts, it has been assumed that the proportions will not vary during the forecast period.

As it is too uncertain to determine whether any revenue (and, if so, how much) will be generated by the Company in promoting or offering “non banking” products or services during the forecast period (see Section 3.4), no such revenue has been included in any forecast.

### Description of Business

The following types of business were covered by the surveys:

- Deposits  
“Deposits raised” comprises personal and business savings accounts, cheque accounts and term deposits. Of these products, savings and cheque accounts and term deposits of up to 90 days are included in the calculation of the monthly gross margin. Term deposits of more than 90 days earn a commission.
- Loans  
“Loans generated” comprises personal and business overdrafts, personal loans, home loans, business leasing and hire purchase and other business loan facilities. Of these products and services, overdrafts, personal loans and flexible home loans are margin business and fixed home

loans, leasing, hire purchase and other business loan facilities are commission business.

- Other

“Other business” consists of superannuation products, which are commission based products. As discussed in Section 4.2 above, the forecasts do not take into account any income for superannuation.

**Level of Business**

As described in detail in Section 4.2, revenue for Years 1, 2 and 3 of the “Modified Forecast” is based upon the feasibility study results, as modified based on the average trading performances of existing comparable Community Bank® branches in each of their first three years of operation.

The “80% Of the Modified Forecast” assumes that the Company only achieves 80% of this business and the “120% Of the Modified Forecast” assumes that the Company achieves 120% of this business. As discussed in Section 3.8 and 4.2 above, the existing comparable Community Bank® branches are identified as having similar characteristics to the proposed Monbulk & District Community Bank® Branch.

Each forecast is also based on the static assumption that new banking business allocated to the Monbulk & District Community Bank® Branch on opening is as described in Section 4.2 and is retained by the Company for the forecast period.

**Survey Responses**

The following additional assumptions were made in relation to the survey responses:

- no allowance is made for financial seasonality - survey responses indicating current account balances were considered to be equal to the average annual account balances;
- averages are used for the ranges indicated on the survey forms (ie \$0-\$5,000 is taken to be \$2,500);
- specific amounts have been used where indicated in the response;
- the maturity profile of term deposits has been regarded as 1/4 up to 90 days and 3/4 greater than 90 days;
- home loans have been regarded as 3/4 variable and 1/4 fixed interest loans;
- in Year 1 in all three forecasts, it has been assumed that deposits will be transferred to the Community Bank® Branch equally each month. However, as loans can be slower to convert, this is not assumed for loans – rather, the total loans

for Year 1 are divided by 12 and it is assumed that, based on this per month amount, only 50% will be written in each of months 1-4, 100% will be written in each of months 5-8, but 150% will be written in each of months 9-12. In Year 2 and Year 3 in all three forecasts, it is assumed that deposits and loans will be transferred to the Community Bank® branch equally each month; and

- no allowance has been made for revenue generated from products or services other than the deposit and loan business specified in the survey and revenue generated from “foreign” ATM fees (see below).

**Interest Rates**

Interest rates (as set out below) within broad product groups have been adopted across all forecasts.

Product	Rate
Personal Transaction Account	1.93%
Business Cheque Account	1.80%
Term Deposits ≤ 90 days	5.36%
Home Loans	7.3%
Home Equity Loans	10.48%
Credit Cards	9.64%
Overdrafts (Business)	10.48%
Personal Loans	11.97%

The rates in the above table represent a weighted average of the interest earned on products within each product group listed across five comparable Community Bank® branches. They are included in the Prospectus solely for the purpose of providing information concerning the rates of interest used in preparing the forecasts and do not purport to represent a market interest rate that customers of any Community Bank® branch should expect to be offered. The interest rates were determined as at 31 January 2011, and reflect the rates current at the time the forecasts were prepared. Although some of these rates would now be likely to have changed given movements in market interest rates in the intervening period, the margins that the Company could expect to receive on these products and services have not changed in any material respect. As indicated below, it is changes in the interest rate margin that would be expected to affect the profitability of the Company.

In determining the profitability of a Community Bank® branch (as with any other bank branch), one factor is the interest rate margin. The interest rate margin can be described as the difference between the interest rate earned on lending products as compared to the interest rate paid out on deposits

and investments. If interest rates change over the period of the forecasts in this Prospectus, the profitability of the branch may not be affected, if the interest rate margin remains unchanged.

However, as the interest rate margin changes, so does the profitability of the branch. It is estimated that, for the “Modified Forecast” in Table 1 above, an increase/decrease of 0.1% in the interest rate margin would increase/decrease the Company’s gross revenue by the following amounts:

Year 1:	\$3,270
Year 2:	\$5,125
Year 3:	\$6,572

#### 4.5 Establishment and Operating Costs

The following costs of the Company were taken into account in preparing the forecasts:

- the initial investment required to establish the Community Bank® branch and commence operations; and
- the estimated annual operating costs of the Community Bank® branch.

##### Establishment Costs

The costs to establish the branch and commence operations include:

- the Initial Fees and Training Costs payable under the Franchise Agreement;
- the Start-Up Costs (including site modifications and IT establishment) payable under the Franchise Agreement;
- legal costs (including the costs of undertaking this Issue);
- feasibility costs;
- the costs of the opening launch of the Community Bank® branch; and
- working capital.

This does not include preliminary establishment costs, as these costs were borne by community members.

##### Annual Operating Costs

The operating costs of the Community Bank® Branch are incorporated in the forecasts in Section 4.2.

These costs include:

- labour (Branch Manager and Customer Service Officers) and related costs (eg uniforms);
- occupancy and outgoings;
- marketing;
- bad debts and other credit expenses;
- IT equipment, running costs and support costs;

- insurance;
- phone and fax;
- postage and stationery;
- cash logistics;
- security monitoring and maintenance;
- travel and accommodation;
- repairs and maintenance;
- automatic teller machine (ATM);
- accountancy and secretarial; and
- annual audit fees.

#### 4.6 Goods and Services Tax

The GST legislation took effect from 1 July 2000. The impact of the GST on providers of financial services is quite different from its impact on other businesses. Most businesses are able to claim back all GST paid on business inputs. This is not the case for providers of ‘financial supplies’. Providers of ‘financial supplies’ are input taxed. This means that they can not charge GST on these ‘financial supplies’ and can not claim back all the GST paid on their inputs.

The regulations distinguish between a financial supply “provider” who makes a financial supply and a “facilitator” who facilitates a financial supply made by another entity. Generally, supplies by a “financial supply facilitator” are not financial supplies and would therefore be subject to GST.

The Directors of the Company have been advised by the Company’s accountant that the Company will be a “financial supply facilitator” and it will therefore be able to reclaim GST it incurs on its business inputs but will also be required to account for GST on its revenues.

For the purposes of the forecasts in this Prospectus, it has been assumed that the services which the Company provides to Bendigo Bank are subject to GST, and the tax paid on purchases of inputs to the business will be able to be reclaimed in full. The revenues stated in the forecasts are net of GST and the costs are net of input tax credits.

## 4.7 Pro-Forma Balance Sheet

Set out below is an unaudited Pro-Forma Balance Sheet of the Company showing the actual position as at incorporation and alternative unaudited balance sheets showing the effect of the Issue.

	Actual as at 20 October 2010 \$	Unaudited Pro-Forma as at 10 June 2011 <sup>1&amp;3</sup> \$	Unaudited Pro-Forma as at 10 June 2011 <sup>2&amp;3</sup> \$
<b>Current Assets</b>			
Cash assets	10	475,010	675,010
<b>Total Current Assets</b>	<b>10</b>	<b>475,010</b>	<b>675,010</b>
<b>Non Current Assets</b>			
Property, Plant and Equipment			
Equipment	-	250,000	250,000
Franchise Fee	-	10,000	10,000
Establishment Fee	-	100,000	100,000
<b>Total Non Current Assets</b>	<b>-</b>	<b>360,000</b>	<b>360,000</b>
<b>Total Assets</b>	<b>10</b>	<b>835,010</b>	<b>1,035,010</b>
<b>Current Liabilities</b>			
Payables	-	(28,000)	(28,000)
<b>Total Liabilities</b>	<b>-</b>	<b>(28,000)</b>	<b>(28,000)</b>
<b>Net Assets</b>	<b>10</b>	<b>807,010</b>	<b>1,007,010</b>
<b>Equity</b>			
Issued capital ordinary shares of \$1 each	10	835,010	1,035,010
Less: equity raising costs	-	(28,000)	(28,000)
<b>Contributed Equity</b>	<b>10</b>	<b>807,010</b>	<b>1,007,010</b>

Notes:

- 1 Assumes the Offer is fully subscribed and no oversubscriptions are accepted, and all Shares have been allotted by 10 June 2010
- 2 Assumes the Offer is fully subscribed and the maximum amount of oversubscriptions is accepted, and all Shares have been allotted by 10 June 2010
3. This balance sheet shows the position assuming that amounts due to Bendigo Bank under the Franchise Agreement have been paid – refer to Section 6.

## 4.8 International Financial Reporting Standards

The Company must comply with International Financial Reporting Standards (IFRS) as issued by the Australian Accounting Standards Board.

All financial information disclosed in this Prospectus has been prepared in accordance with IFRS.

## 5. Risk Factors

### 5.1 Introduction

Potential investors should consider the risks of investing in the Company carefully before making an investment decision. Your investment is not guaranteed by Bendigo Bank.

Particular investment risks arise due to the specific purpose for which the Company is being established, that is, to manage a Community Bank® Branch of Bendigo Bank pursuant to a Franchise Agreement with Bendigo Bank.

An investment in the Company is also affected by the business risks to which the Company will be subject, which may affect the success of the Company and, accordingly, its ability to pay dividends and its ongoing operation.

The following Sections highlight some of the key risks associated with an investment in the Company. There may also be other risks.

### 5.2 Investment Risk

#### Dividends

Once the Company achieves profitability, its Directors intend that such profits will, as a general rule, be applied at the discretion of the Directors in one or more of the following ways:

- in payment of dividends to shareholders (subject to the limit described below);
- towards community or charitable projects as determined by the Directors from time to time; or
- as working capital.

The timing and payment of dividends is dependent on many factors which affect future profits and the financial position of the Company. Dividends will be determined by the Directors according to actual results, financial position, capital requirements, operating costs and economic conditions at the time. There will also be an assessment by the Directors of the needs of any worthwhile community or charitable projects. Further, in recognition of the aims of the Company to deliver social and economic benefits to the community (in addition to, if possible, a return to shareholders), the Company has agreed that in any 12 month period, the aggregate of the profits or funds of the Company distributed to shareholders (whether by way of dividends, bonus shares or otherwise) must not, except in the case of a winding

up, exceed the Distribution Limit. The Distribution Limit is the greater of:

- (a) 20% of the profit or funds of the Company otherwise available for distribution to shareholders in that 12 month period; and
- (b) subject to the availability of distributable profits, the Relevant Rate of Return multiplied by the average level of share capital over that 12 month period (as determined by Bendigo Bank in consultation with the Company). The Relevant Rate of Return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period (as determined by Bendigo Bank) plus 5%.

For the purposes of calculating the Distribution Limit, "Profit" shall be determined by reference to all applicable accounting standards pursuant to the Corporations Act and will be calculated before:

- any tax, including GST;
- eligible contributions to Bendigo Bank's Community Enterprise™ Foundation (or any of its sub-funds or successor(s)); and
- community contributions or donations made by the Company that would have been eligible contributions to Bendigo Bank's Community Enterprise™ Foundation (or any of its sub-funds or successor(s)).

Of course, the actual amounts distributed to shareholders may be less than the Distribution Limit.

Based on the forecast results set out in Section 4 above, it is not envisaged that the Company will be in a position to pay any dividends during the forecast period and there is, of course, no certainty of any dividends after that time.

#### Trading in Shares

The Company is being established to provide members of the community with the opportunity to contribute to establishing a Community Bank® branch of Bendigo Bank in Monbulk. The community nature of the Company is reflected in the provisions of its Constitution relating to voting rights and limits on shareholding interests (see Sections 7.1 to 7.3 below).

The Company proposes to apply to ASIC for permission to establish and conduct a 'low volume financial market' in Shares in accordance with the Corporations (Low Volume Financial Markets) Exemption Notice 2003. A 'low volume financial market' is not a licensed market and only provides a means for persons interested in buying or selling Shares to be brought into contact with each other. Market users will only be able to use the market

to inform potential counterparties of the number of Shares they are interested in buying or selling, and the price at which they are interested in buying or selling. There will be no mechanisms for the formation of contracts between market users, and the Company will not provide a settlement service – it will be the responsibility of market users who enter into a transaction to arrange settlement. The Company as the operator of the market gives unconditional permission for Shares to participate in the ‘low volume market’ from the date they are issued.

It is not envisaged that there will be significant trade in shares in the Company because of the community based nature of the Company. Accordingly, there may be limited opportunities for shareholders to recoup their investment in the Company by disposing of their Shares

#### **Termination of Franchise**

The Franchise Agreement provides for a maximum possible term of 15 years (see Section 3.3 above), after which the continued operation of the Community Bank® branch will be subject to further negotiations with Bendigo Bank. Bendigo Bank also has broad rights to terminate the Franchise Agreement (see Section 6 below), in particular, if the franchise operation is not profitable. The Company is not entitled to any payment upon termination of the Franchise Agreement, though it would be entitled to the net proceeds of the sale or transfer of the franchise operation if, at its discretion, Bendigo Bank proceeded with such a sale or transfer after termination (see Section 6 below).

There are no restrictions on where Bendigo Bank (or any of its related bodies corporate or other Bendigo Bank franchisees) may carry on business or be located (either before, during or after the term of the Franchise Agreement – see Section 3.5 above).

On the expiration or earlier termination of the Franchise Agreement, the Company is prohibited from carrying on a substantially similar business for three years.

There are also restrictions on the ability of the Company to dispose of its rights in the franchise, the Franchise Agreement, the franchise operation or the branch location (see Section 3.3 above). If the Company owns the premises from which the Community Bank® branch operates, Bendigo Bank may require the Company to enter into an agreement to lease the premises to Bendigo Bank, on termination of the Franchise Agreement, for the

purposes of Bendigo Bank continuing to operate the business from those premises.

### **5.3 Business Risks**

#### **Sole Purpose Company**

The Company will essentially be a sole purpose company.

Subject to the ability to offer and promote other products and services under agreements with Bendigo and Adelaide Group members that have been approved by Bendigo Bank, the Company’s only business will be managing a Community Bank® branch of Bendigo Bank.

#### **Suitable location**

The Company has not as yet secured a suitable location for the proposed Community Bank® branch. It is a condition to the Franchise Agreement that the Company secures the rights to the possession and use of a suitable location for the initial five year term of the Franchise Agreement and each of the renewal periods. If the Company is unable to secure a suitable location within six months of the date of the Franchise Agreement, Bendigo Bank has the ability to terminate the Franchise Agreement.

#### **Revenue & Level of Banking Business**

Although all transactions conducted through the branch will actually be conducted with Bendigo Bank, the effect of the gross margin sharing arrangement (as described in Section 4.4) is that the Company bears the risk of generating sufficient income from the banking business to derive a profit.

It is important to recognise that the forecasts presented in Section 4.2 are based (in part) on survey responses, and there is no obligation on respondents to transfer the business indicated in the survey. There is also no certainty that the new banking business allocated to the Monbulk & District Community Bank® Branch on opening (as described in Sections 3.8 and 4.2) will be at the level assumed for the purposes of the forecasts, or that the banking business allocated will be retained by the Company for the period of the forecasts. Further, as mentioned in section 3.8, a delay in achieving the goal of \$5 million in new banking business may delay the opening of the Monbulk & District Community Bank® Branch and result in the Company incurring additional operating expenses such as rent and staff costs before it begins to earn income. Accordingly, there is no guarantee that the results set out in Section 4 will be achieved. In addition, part of the revenue earned by the Company is based on commission and fee income on certain products and services, and the

commission and fees payable to the Company can be varied (in some cases, at the discretion of Bendigo Bank).

The ability of the Company to generate new business is subject to factors beyond the control of the Company.

The level of banking business conducted through the Monbulk & District Community Bank® Branch will be affected by general economic conditions, in particular, the effect of interest rate movements on the interest rates offered by Bendigo Bank.

As part of the Community Bank® concept, the Monbulk & District Community Bank® Branch is being established, in part, given the current level of banking facilities available in Monbulk. It should be recognised that the Company will face competition from other financial service providers (including, possibly, other branches and franchises of Bendigo Bank) whether located in our community or in nearby communities or from other providers that are able to deliver such services remotely (for example, through the internet or over the phone). It is also possible that, in the future, other financial service outlets could seek to open in Monbulk, particularly if the proposed Community Bank® branch is successful. The modified forecast (see Table 1 in Section 4.2) discloses that the Company will experience an operating loss before tax of \$338,565 in its first year, a loss of \$120,328 in its second year and a loss of \$35,755 in its third year, giving a total loss of \$494,648. If the Company continues to incur further losses, it is possible that the Company will not be able to continue to operate.

#### **Branch Operations**

Like any small business, the Branch Manager and employees will have a key role in the success of the Monbulk & District Community Bank® Branch. The Branch Manager and employees will be responsible for promoting the branch in Monbulk and district, and providing a level of service and support that will engender ongoing relationships with customers. The ability of the Branch Manager to communicate effectively with representatives of Bendigo Bank, and represent the interests of the Monbulk & District Community Bank® Branch, will also be critical to the smooth operation of the branch.

#### **Security Risks (eg. armed robbery)**

Although all cash deposits made through the Monbulk & District Community Bank® Branch will be transferred to Bendigo Bank, the Company will bear the risk of implementing procedures for handling and transferring such deposits. For example, the risk of

robbery is inherent in the nature of the Company's business of managing a Community Bank® branch of Bendigo Bank.

Under the Franchise Agreement, the Company is responsible for ensuring that at all times it has in place, to the satisfaction of Bendigo Bank, appropriate security and cash logistic controls. This may require the Company to acquire security and cash logistic services from Bendigo Bank, to make modifications to the fitout of its Community Bank® branch premises or incur other security-related expenses that are not anticipated at the date of this Prospectus.

## **5.4 Relationship with Bendigo Bank**

### **Success of Bendigo Bank**

The Monbulk & District Community Bank® Branch will operate under the Bendigo Bank name and (subject to any products and services (approved by Bendigo Bank) that may be provided under agreements with Bendigo and Adelaide Group members) will only provide Bendigo Bank products and services.

Accordingly, the success of the Company is, to a significant degree, dependent on the standing and success of Bendigo Bank. If Bendigo Bank were to become insolvent or subject to external administration, this would be likely to have a significant adverse effect on the Company. However, Bendigo Bank, as a bank and an authorised deposit-taking institution, is subject to strict prudential supervision by APRA, and the risk of insolvency is not considered to be material.

The products and services provided through the Company, and the income that Bendigo Bank (and, accordingly, the Company) is able to earn on those products and services, will be subject to the competitive pressures facing Bendigo Bank generally and the impact of economic conditions and other factors on the business of Bendigo Bank. The effect of economic conditions on Bendigo Bank is discussed further below in section 5.5 under the heading "Economic Conditions".

### **Approvals**

As described in Section 3.6 above, many of the Company's business decisions (including the products and services made available by the Company, and the annual budgets and the credit business generated through the branch) are subject to the approval of Bendigo Bank.

It is clear that the Company and Bendigo Bank have a common interest in the success of the

Company. However, as noted above, communication between the Company and Bendigo Bank will be critical to ensuring that Bendigo Bank understands the particular requirements of the Monbulk & District Community Bank® Branch and that decisions in respect of the branch operations are made accordingly.

### **Bendigo Bank Claims**

Pursuant to a broad indemnity in the Franchise Agreement, the Company is responsible for certain claims made against Bendigo Bank in connection with the operation of the franchise operation (see Section 6).

## **5.5 Other Factors**

### **Regulatory Environment**

Although the Company will not carry on banking business, by managing a Community Bank® branch of Bendigo Bank it will effectively be subject to the regulatory environment in which Bendigo Bank operates. In particular, decisions of APRA that affect Bendigo Bank may also have an impact on the business conducted by the Company.

In addition, as part of the franchise arrangements, the Company must be appointed as an 'authorised representative' and a 'credit representative' of Bendigo Bank for the purposes of carrying out the franchise operation (see Section 7.4 below).

### **Economic Conditions**

As noted above, the Company's business will be affected by changes in economic conditions both directly and indirectly through the effect such changes may have on Bendigo Bank. Bendigo Bank's financial performance and financial position are primarily influenced by economic conditions in Australia, which is the key determinant of the level of lending (in particular personal home loans), the level and nature of financial services its customers require, and the cycles in lending and services growth and loan defaults and asset impairments.

Economic conditions in Australia are the product of a combination of domestic and international factors and events, including short and long term interest rates, business confidence and retail confidence. Changes in economic conditions could materially adversely affect the financial performance and financial position of Bendigo Bank, including:

- changes in inflation and interest rates, which in particular may reduce the net interest margin achieved in Bendigo Bank's banking operations or impact the demand for loans, in particular housing loans;

- increasing unemployment, which is a key driver of loan defaults and declining asset growth;
- declines in aggregate investment and economic output in Australia or in key offshore regions; and
- decline in asset prices, in particular housing prices, which could cause loan losses on defaulted loans.

The recent dislocation in credit and capital markets significantly impacted global economic activity including the Australian economy. This disruption led to a decrease in credit growth and a reduction in consumer and business confidence. There has been some economic recovery since the global financial crisis but the strength of the recovery is not yet certain. A further downturn in the Australian economy could further adversely impact Bendigo Bank's business, results of operations, liquidity, capital resources and financial condition.

### **Government Policies and Legislation**

The Company's business may be affected by changes to government policies, including those relating to prudential supervision, taxation and regulation of financial services industries. Again, such changes may affect the Company directly or indirectly as a result of their impact on Bendigo Bank.

## 6. Franchise Agreement

The Franchise Agreement establishes the relationship between the Company and Bendigo Bank, and sets out the parameters within which the Company must operate. The Franchise Agreement defines the business that will be conducted by the Company and, accordingly, is critical to an assessment of the Company.

The provisions of the Franchise Agreement have been described in detail in Sections 3 and 5 of this Prospectus.

The following is a further brief summary of the key provisions of the Franchise Agreement.

### Grant of Rights

Under the Franchise Agreement, Bendigo Bank grants the Company the right to use Bendigo Bank's system of operations and certain intellectual property rights to manage and operate a Community Bank® Branch of Bendigo Bank.

It is a condition to the Franchise Agreement that the Company raises \$835,000 pursuant to the Issue.

### Term

The initial term of the Franchise Agreement is five years. Provided certain conditions are met at the end of each term, Bendigo Bank must agree to extend the term for two further five year terms (see Section 3.3).

### Branch Operations

There are strict controls on the Company in relation to the operations of the Community Bank® branch. In particular, the Company must only offer the products and services specified by Bendigo Bank, it must comply with Bendigo Bank's promotions, it (and its staff) must comply with the operating manuals supplied by Bendigo Bank, it must seek the prior approval of Bendigo Bank to its promotional activities and material, public communications, signs and stationery, and there are tight controls over the use of Bendigo Bank's intellectual property.

### Security and Cash Logistics

The Company is required to ensure that at all times it has in place, to the satisfaction of Bendigo Bank, appropriate security and cash logistic controls (including appropriate security surveillance and monitoring and appropriate arrangements regarding the secure transportation of cash). All arrangements with providers of security services and cash logistic

services must receive prior written approval from Bendigo Bank.

### Payments/Receipts

Under the Franchise Agreement, the Company is required to pay Bendigo Bank:

- the Initial Fees, comprising a Franchise fee of \$10,000 and an Establishment process fee of \$100,000 (which are treated as capital expenditure for accounting purposes – refer to Note 3 to the forecasts in Section 4.2),
- Training Costs of \$10,000, and
- Start-Up Costs, being
  - IT establishment costs estimated at \$13,205 and
  - site modification costs estimated at \$250,000

For each additional five year period, the Company must pay Renewal Fees, the reasonable costs of training provided by Bendigo Bank to the Company's employees and the expenses of Bendigo Bank associated with renewing the Franchise (including legal fees).

In addition, the Company is responsible for all ongoing costs in relation to the branch and the branch location (including, for example, all staff costs, rent, outgoings and insurance).

The revenue the Company is entitled to receive is described in Section 4.4 above.

You should refer also to Section 5.2 of this Prospectus for a description of the limit, contained in the Franchise Agreement, on distributions by the Company to its shareholders.

### Indemnity

The Company provides a broad indemnity in favour of Bendigo Bank under the Franchise Agreement. In particular, the Company indemnifies Bendigo Bank against all losses Bendigo Bank may suffer and all third party claims that may be brought against Bendigo Bank in connection with the conduct of the franchise or the franchise operation, a breach of the Franchise Agreement (including the manuals) by a person other than Bendigo Bank, the offering of any products and services (whether banking or non banking) by the Company, the carrying on of any business by the Company (whether or not permitted by Bendigo Bank), the activities of the Company or its employees at or near the Community Bank® branch premises and any unauthorised act, default, dishonesty, negligent act or omission or fraudulent conduct of the Company or any of its officers, employees or agents.

Bendigo Bank indemnifies the Company against all third party claims that may be brought against the Company to the extent that such claims result from a misleading or deceptive statement in, or a misleading or deceptive omission from, the products or services specified by Bendigo Bank to be offered to customers, certain actions by employees of Bendigo Bank or any related promotional materials or manuals supplied by Bendigo Bank. Other potential liability on Bendigo Bank is, to the extent permitted, excluded.

### **Termination**

Bendigo Bank may terminate the Franchise Agreement in various circumstances, including if:

- the Company breaches the Franchise Agreement;
- the Company engages in fraudulent or dangerous conduct, becomes insolvent or fails to pay its debts on time;
- the Company is convicted of a “serious offence” (as defined under the Franchising Code) or, without limiting the foregoing, the Company, any of its directors or employees is, or has been, convicted of an offence where, in the reasonable opinion of Bendigo Bank, that conviction materially and adversely affects Bendigo Bank and/or the name, goodwill or good reputation of the franchise, Bendigo Bank’s system of operations or other Bendigo Bank franchises, unless, in the case of a Director or member of staff, that person ceases to be involved or concerned in the management or operation of the Company and the franchise within the time period (being not less than 7 days) specified by Bendigo Bank;
- the Company carries on the franchise in a manner that, or takes (or fails to take) any action that, harms or adversely affects, or may harm or adversely affect materially, the good name, goodwill or good reputation of Bendigo Bank, Bendigo Bank’s business, the franchise, Bendigo Bank’s system of operations or other Bendigo Bank franchises, including if the Company (or its staff) engage in misleading or deceptive conduct or conduct that is unlawful or may cause Bendigo Bank to breach any law or regulation or if the reputation of a Director or of a member of staff could adversely affect the good reputation or goodwill of Bendigo Bank, unless, in this latter case, that Director or member of staff (as the case may be) ceases to be involved or concerned in the management or operation of the Company and the franchise within the time period (being not less than 7 days) specified by Bendigo Bank;
- the Company takes (or omits) to take an action that, under the Franchising Code, permits Bendigo Bank to immediately terminate the Franchise Agreement (eg the Company abandons the branch, carries it on in a way that endangers public health or safety or agrees to terminate the Franchise Agreement);
- the Company operates the business from a location that is not approved by Bendigo Bank;
- there is, without Bendigo Bank’s prior written consent, a change in the underlying ownership or control of the Company, the franchise or the Company’s interest in the franchise agreement or the branch location (this can be deemed to occur for certain changes to the Directors of the Company or if the Company’s control/ownership limit is breached - see Section 7.3 below);
- the Branch Manager of the Community Bank® branch becomes unable to perform his or her duties for an extended period, without suitable replacement;
- the franchise operation is not profitable; or
- there is an amendment to, renewal of, or alteration of the effect of, a rule or clause of the Company’s constituent documents, without the approval of Bendigo Bank.

The Company may terminate the Franchise Agreement if Bendigo Bank materially breaches the Franchise Agreement.

The procedures for termination (either by Bendigo Bank or by the Company) are set out in the Franchise Agreement.

In certain circumstances, where there has been a breach of the Franchise Agreement by the Company, the right to carry on the franchise is suspended until the breach is rectified or the Franchise Agreement is terminated.

Upon termination of the Franchise Agreement, there is no obligation on Bendigo Bank to sell or transfer the franchise operation. However, if such a sale or transfer did proceed, the Company would be entitled to the proceeds received (less the costs of the sale or transfer and certain debts owed by the Company, if any).

## 7. Additional Information

### 7.1 Constitution

The rights attaching to Shares (Section 7.2) and the prohibition on shareholding interest (Section 7.3) set out in the Company's Constitution are summarised below.

### 7.2 Rights Attaching to Shares

The Shares will be issued as fully paid ordinary shares at \$1.00 each.

Set out below is a summary of the principal rights attaching to the Shares.

#### (a) Voting rights

Subject to some limited exceptions, each member has the right to vote at a general meeting.

On a show of hands or a poll, each member attending the meeting (whether they are attending the meeting in person or by attorney, corporate representative or proxy) has one vote, regardless of the number of shares held. However, where a person attends a meeting in person and is entitled to vote in more than one capacity (for example, the person is a member and has also been appointed as proxy for another member) that person may only exercise one vote on a show of hands. On a poll, that person may exercise one vote as a member and one vote for each other member that person represents as duly appointed attorney, corporate representative or proxy.

The purpose of giving each member only one vote, regardless of the number of Shares held, is to reflect the nature of the Company as a community based company, by providing that all members of the community who have contributed to the establishment and ongoing operation of the Monbulk & District Community Bank<sup>®</sup> Branch have the same ability to influence the operation of the Company.

#### (b) Dividends

Generally, dividends are payable to members in proportion to the amount of the share capital paid up on the shares held by them, subject to any special rights and restrictions for the time being attaching to shares. The Franchise Agreement with Bendigo Bank contains a limit on the level of profits or funds that may be distributed to shareholders. You should refer to Section 5.2 of this Prospectus for a description of this limit. There is also a restriction on the payment

of dividends to certain shareholders if they have a prohibited shareholding interest (for example, by breaching the 10% share ownership limit) (see Section 7.3 below).

#### (c) Transfer

Generally, ordinary shares are freely transferable. However, the Directors have a discretion to refuse to register a transfer of shares. Further, the Directors must refuse to register a transfer of shares if, to their knowledge, the registration would result in a shareholder having, or if it would be to a shareholder who has, a prohibited shareholding interest (see Section 7.3 below).

Subject to the foregoing, shareholders may transfer shares by a proper transfer effected in accordance with the Company's Constitution and the Corporations Act.

#### (d) Winding up

If the Company is wound up, then subject to any special or preferential rights attaching to any class of shares, shareholders will be entitled to participate in any surplus assets of the Company in proportion to the capital paid up on their shares when the winding up begins.

If the surplus assets available for distribution amongst shareholders are insufficient to repay the whole of the paid up capital, then those assets will be distributed in proportion to the capital paid up on shares when the winding up begins.

Notwithstanding the above, if the Company is wound up, the liquidator has the discretion to divide among all or any of the shareholders in specie or in kind any part of the Company's assets. The division of the Company's assets may be carried out as the liquidator thinks fit, subject to the right of any shareholder prejudiced by the division to dissent. Any dissenting shareholder has ancillary rights as if the determination made by the liquidator were a special resolution passed under the Corporations Act relating to the transfer of the Company's assets by a liquidator in a voluntary winding up (see, in particular, Chapter 5 of the Corporations Act, especially Section 507).

### 7.3 Prohibited Shareholding Interest

The Company's Constitution prohibits a person from having a "prohibited shareholding interest". The ways in which a prohibited shareholding interest may arise are set out in the Company's Constitution and are summarised below.

A person who controls or owns 10% or more of the Shares has a prohibited shareholding interest.

As with the voting rights, the purpose of this shareholding limit is to reflect the community based nature of the Company, by ensuring that the Board can prevent ownership of the Company being concentrated in the hands of a small number of community members.

In other words, a person will be deemed to own the shares in the Company in which the person has a relevant interest and the shares in which the person's associates have a relevant interest. (The terms 'relevant interest' and 'associate' have the meanings given in the Corporations Act, subject to some modifications as set out in the Company's Constitution). Also, a person is deemed to control the votes that they, and their associates, can cast or control the casting of on a resolution to elect a director of the Company.

The effect of these definitions is that, for example, if the aggregate of the shares owned (legally or beneficially) by a person plus the shares owned (legally or beneficially) by members of the person's immediate family, equal or exceed 10% of the shares in the Company, the person has a prohibited shareholding interest. Similarly, if the votes a person can control the casting of on a resolution to elect a director, plus the votes that members of the person's immediate family can control the casting of on such a resolution, equal or exceed 10% of the votes that could be cast by all shareholders on such a resolution, that person has a prohibited shareholding interest. A person's "immediate family" includes a person's spouse, defacto spouse, parent, son, daughter, brother or sister or a spouse or defacto spouse of any of the preceding persons.

In addition, in keeping with the community spirit and intent of the Company, a person will also be deemed to have a prohibited shareholding interest if they have voting power in the Company and, in the opinion of the Directors, they do not have a close connection to the Monbulk and district community. For example, individuals who are residents of our community, and their close family members, would ordinarily be considered to have such a close connection. Similarly, a company whose registered office is in our community and that is owned and controlled by such individuals would ordinarily be considered to have such a close connection. However, these are illustrative examples only. Ultimately the Directors will need to assess in each case whether there is a close community connection.

Further, a person is also deemed to have a prohibited shareholding interest if after the transfer of shares to that person, the number of shareholders

in the Company would be less than the Base Number of shareholders. This Base Number is 90% of the shareholders in the Company after the issue of Shares under this Prospectus. The purpose of this Base Number restriction, together with the requirement of a close community connection, is to seek to ensure that the Company has broad based local ownership.

Where a person has a prohibited shareholding interest, the voting and dividend rights attaching to those shares in the Company in which the person and the person's associates have a relevant interest are suspended. However, where a person has a prohibited shareholding interest purely on the basis that they own or control 10% or more of the shares or votes in the Company, the suspension only applies to those shares in which the person and the person's associates have a relevant interest in excess of 10% of the Company.

The Board has the power to request information from a person who has (or is suspected by the Board of having) a legal or beneficial interest in any shares in the Company or any voting power in the Company, for the purpose of determining whether a person has a prohibited shareholding interest. If the Board becomes aware that a member has a prohibited shareholding interest, it must serve a notice requiring the member (or the member's associate) to dispose of the number of shares the Board considers necessary to remedy the breach. If a person fails to comply with such a notice within a specified period (that must be between three and six months), the Board is authorised to sell the specified shares on behalf of that person. The holder will be entitled to the consideration from the sale of the shares, less any expenses incurred by the Board in selling or otherwise dealing with those shares.

Furthermore, as noted above in Section 7.2, the Board must refuse to register a transfer of shares if, to their knowledge, it would result in a person having, or if it would be to a person who has, a prohibited shareholding interest.

In the Constitution, members acknowledge and recognise that the exercise of the powers given to the Board may cause considerable disadvantage to individual members, but that such a result may be necessary to enforce the prohibition.

## **7.4 Authorised Representative Appointment**

As noted previously, as part of the franchise arrangements, the Company must be appointed as an 'authorised representative' of Bendigo Bank so

that the Company can provide financial services on behalf of Bendigo Bank.

Under the appointment, Bendigo Bank authorises the Company to provide financial services advice in relation to, and deal in, various classes of financial products on behalf of Bendigo Bank. It is a condition of Bendigo Bank granting the authorisation that, amongst other things, the Company does everything necessary to ensure that Bendigo Bank complies with the law. If Bendigo Bank believes on reasonable grounds that the Company or its staff may have or are about to contravene the law or cause Bendigo Bank to contravene the law, Bendigo Bank has the power to modify or revoke the authorisation (in which case Bendigo Bank may also have the ability to terminate the Franchise Agreement).

## 7.5 Taxation Implications

The following is intended only as a general summary and does not purport to be a complete statement of all tax consequences that may be relevant to the issue of Shares in the Company. The taxation implications of investing in the Company may vary depending on the individual circumstances of investors. The information provided is a brief explanation of the potential taxation implications for Australian resident investors.

All investors should consult their adviser about the taxation implications of investing in the Company relevant to their own particular circumstances.

An acquisition of Shares by a resident of Australia will be an acquisition for Capital Gains Tax (CGT) purposes.

A resident of Australia may be assessed in respect of a net capital gain for CGT purposes on disposal of their Shares.

Generally, a net capital gain is determined by reference to the excess (if any) of the consideration received for the Shares over the cost base of the Shares. The amount of the excess will constitute the amount of capital gain unless the investor is entitled to a CGT discount, which is only available to individuals, superannuation funds and, in certain situations, trust investors. The CGT discount is calculated as follows. In the case of an investor who holds their Shares for at least 12 months after the date of acquisition of the shares, the capital gain will be reduced by 50% (where the investor is an individual) or 33⅓% (where the investor is a superannuation fund) in the hands of the investor. In the case of trust investors, the calculation of the CGT discount is complex, and specific advice should be obtained.

Any capital loss (namely the excess of the cost base of the Shares over the consideration received for those shares) with respect to the Shares can generally be offset against capital gains realised by the investor in the same year or in later years. However, if there are net capital gains to which the investor is entitled to a CGT discount, any capital losses must be offset against the net capital gains realised by the investor before the CGT discount is applied to the net capital gains.

Certain investors, for example those who carry on business of share trading, may be liable to tax in respect of any profit on the disposal of Shares as ordinary income.

Investors who are resident individual shareholders (or a resident superannuation fund) and who receive dividends from the Company must include in their assessable income the amount of the dividend together with any franking credits attached to the dividend. Income tax is calculated on this total amount and investors will generally be entitled to claim a rebate equal to any franking credits attaching to the dividend. Any excess rebate over and above the total tax payable can be refunded to investors.

A resident corporate shareholder that is:

- a public company for tax purposes – is entitled to a rebate of tax only to the extent of the franked portion (if any) of any dividends received; and
- a private company for tax purposes - is entitled to a rebate only to the extent of the franked portion (if any) of any dividends received.

Companies are generally entitled to credit their franking account for the franked amount of any dividend.

## 7.6 Directors' Interests

Other than as set out below, no Director (and no proposed Director) has, or has held at any time during the last two years, any interest in the formation or promotion of the Company, in property acquired or proposed to be acquired by the Company in connection with its formation or promotion or in connection with the Offer of the Shares, or in the Offer of the Shares.

## Shares

The Directors of the Company and their interests in the share capital of the Company as at the date of this Prospectus are set out below.

Name of Director	Number of Shares	Nature of Interest
Hugh Barry Adshead	1	Legal and Beneficial
Petrus Joseph Koomen	1	Legal and Beneficial
Timothy David Koelewyn	1	Legal and Beneficial
David Moore	2	Legal and Beneficial
Terrence John McHutchison	1	Legal and Beneficial
Leonardus Koelewyn	1	Legal and Beneficial
Matthijs Blom	1	Legal and Beneficial
Jacobus-Petrus-Maria Bras	1	Legal and Beneficial
Lisa Deborah Doolan	1	Legal and Beneficial

No Director holds shares in any related body corporate of the Company.

### Indemnity

Under the Company's Constitution, the Company:

- indemnifies its current and former officers against liability to third parties incurred arising out of the conduct of the business of the Company or in the discharge of their duties as officers of the Company; and
- is permitted to pay premiums for insurance policies insuring its Directors and officers against liability to third parties incurred arising out of the conduct of the business of the Company or in the discharge of their duties as officers.

### Other Interests

Nil.

### Other benefits

No amounts have been paid or agreed to be paid (and no benefits have been given or agreed to be given) to a Director (or a proposed Director) to induce them to become, or to qualify as, a director of the Company.

## 7.7 Disclosure of Interests

Other than as set out below, no person (referred to as a Relevant Person) named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of the Prospectus, no promoter of the Company and no stockbroker or underwriter to the Issue of Shares has, or has held at any time during the last two years, any interest in the formation or promotion of the Company, in property acquired or proposed to be acquired by the Company in

connection with its formation or promotion or in connection with the Offer of the Shares, or in the Offer of the Shares.

The amounts paid, or agreed to be paid, and the nature and value of any benefits given or agreed to be given, to a Relevant Person or such a promoter, stockbroker or underwriter, for services provided in connection with the formation or promotion of the Company or in connection with the Offer of the Shares are as follows:

**Rennick & Gaynor Solicitors** has provided legal services to the company in connection with the Offer and for those services will be paid a fee of \$8,750.

**AFS & Associates Pty Ltd** has undertaken a feasibility study, and provided accountancy services to the Company, in connection with the Offer, and for its services will be paid a fee of \$8,000.

## 7.8 Consents and Disclaimer

None of the parties referred to below have made any statement that is included in this Prospectus or any statement on which a statement made in this Prospectus is based, other than as specified below. Each of the parties referred to below, to the maximum extent permitted by law, expressly disclaims, and takes no responsibility for any statements in, any omissions from, this Prospectus, other than the reference to its name and a statement included in this Prospectus with the consent of that party, as specified below.

(a) **Rennick & Gaynor Solicitors** has given and have not, before lodgment of this Prospectus, withdrawn its written consent to be named as

solicitors to the Company in the form and context in which they are named.

**(b) AFS & Associates Pty Ltd** has given and has not, before lodgment of this Prospectus, withdrawn its written consent to be named in this Prospectus in the form and context in which it is named and to the inclusion, in Sections 4.1, 4.2, 4.3 and 4.4 of this Prospectus, of the factual information obtained in the feasibility surveys or of the details of its involvement in the preparation of the forecasts

**(c) Bendigo Bank** has given and has not, before lodgment of this Prospectus, withdrawn its written consent to be named in this Prospectus in the form and context in which it is named and to the inclusion, in Sections 4.2, 4.3, 4.4 and 4.5 of this Prospectus, of the details of Bendigo Bank's involvement in preparation of the forecasts.

## 7.9 Privacy Collection Statement

If you apply for Shares, you will provide personal information to the Company. The Company collects, holds and uses your personal information in order to:

- assess and process your application;
- service your needs as an investor;
- provide products, facilities and services which you may request;
- provide you with information about products, facilities and services; and
- carry out appropriate administration of your investment.

Some of the information which will be collected is required pursuant to tax and company legislation. If you do not provide the information requested, your share application may not be able to be processed efficiently, or at all.

To do these things, the Company may disclose your personal information for purposes related to your investment to Bendigo Bank and to related bodies corporate, agents and service providers of the Company and of Bendigo Bank or as otherwise authorised under the Privacy Act 1988 (Cth).

If you become a shareholder, your information may be used for purposes related to your investment (including as noted above) and may also be shared with the Bendigo and Adelaide Group and its joint ventures so that you can be told about products, facilities or services offered or distributed by the Group or its joint ventures or other matters concerning the Bendigo and Adelaide Group generally that the Company or Bendigo Bank thinks may be of interest to you. You agree that the contact details

you provide to the Company (including any personal or home phone number) can be used by the Company and any member of the Bendigo and Adelaide Group or any of the Group's joint ventures indefinitely for these purposes. If you do not want your personal information to be used for these purposes, you should contact the Company and Bendigo Bank, on the contact details below.

Under the Privacy Act, you may request access to your personal information held by (or on behalf of) the Company or Bendigo Bank. You can request access to your personal information held by the Company by contacting the Company's Company Secretary at the Company's Registered Office (see page 38). You can request access to your personal information held by Bendigo Bank by contacting Bendigo Bank as follows:

### **Bendigo and Adelaide Bank Limited**

Registered Head Office: Bendigo Centre

Bendigo, Victoria, 3550

Postal Address: PO Box 480,

Bendigo, Victoria, 3552

Telephone: 1300 366 666 (local call)

You can obtain a copy of the privacy policy of the Company by contacting its Company Secretary. A copy of the privacy policy of Bendigo Bank is available at [www.bendigobank.com.au](http://www.bendigobank.com.au).

## 7.10 Continuous Disclosure obligations

The Company is subject to continuous disclosure obligations under the Corporations Act that require it to make material information concerning the Company available to investors as soon as practicable after becoming aware of it. Companies that comply with the good practice guidance issued by ASIC in ASIC Regulatory Guide 198 Unlisted disclosing entities: Continuous disclosure obligations, are permitted to meet their continuous disclosure obligations by making material information available to investors on their websites rather than lodge that information with ASIC.

The Company intends to satisfy its continuous disclosure obligations by website disclosure in accordance with the good practice guidance issued by ASIC as follows:

- (a) All material information is included on the website. The Company will place all material information on its website at [www.bendigobank.com.au/public/community\\_bank/community\\_bank\\_branches.asp](http://www.bendigobank.com.au/public/community_bank/community_bank_branches.asp)
- (b) Investors are able to find material information easily and determine its significance for them.

Material information will be accessible by clicking the “Investor Information” link on the website homepage.

Shareholders will be able to elect to receive an e-mail alert when material information is updated. Applicants for Shares under this Prospectus should tick the appropriate box in the Application Form if they wish to receive such e mail alerts.

- (c) Any new material information is included on the website as soon as practicable.

The Company will publish material information on its website as soon as practicable after first becoming aware of the information.

- (d) Information is kept on the website for as long as it is material to investors and appropriate records of website disclosure are kept.

The Company will retain material information on its website for so long as it is material to a reasonable person’s determination of the price or value of the Company’s securities. In addition, the Company will maintain records of its website disclosures in accordance with its normal record keeping practices.

## 8. Definitions

**Applicant** – A person that applies for Shares pursuant to this Prospectus.

**APRA** – Australian Prudential and Regulatory Authority.

**ASIC** – Australian Securities and Investments Commission.

**Bendigo Bank** – Bendigo and Adelaide Bank Limited (ABN 11 068 049 178).

**Bendigo and Adelaide Group** – Bendigo Bank and its related bodies corporate.

**Company** – Monbulk & District Community Enterprises Limited (ACN 146 945 959).

**Corporations Act** – Corporations Act 2001 (Cth).

**Director** – A director of the Company.

**Disclosure Document** – The disclosure document provided to the Company by Bendigo Bank under the Franchising Code.

**Franchising Code** – Franchising Code of Conduct.

**Issue** – Issue of Shares pursuant to this Prospectus.

**Offer** – Offer of Shares pursuant to this Prospectus.

**Prospectus** – This Prospectus.

**Shares** – Ordinary shares in the Company issued at \$1.00.

## 9. Signatures

Each Director of the Company has given, and not withdrawn, their consent to the lodgement of this Prospectus with ASIC. Signed for and on behalf of the Company:

---

Hugh Barry Adshead by his attorney David Moore

---

Petrus Joseph Koomen

---

Timothy David Koelewyn

---

David Moore

---

Terrence John McHutchison by his attorney David Moore

---

Leonardus Koelewyn by his attorney David Moore

---

Matthijs Blom

---

Jacobus-Petrus-Maria Bras

---

Lisa Deborah Doolan

## 10. Directory

### **Directors**

Hugh Barry Adshead

Petrus Joseph Koomen

Timothy David Koelewyn

David Moore

Terrence John McHutchison

Leonardus Koelewyn

Matthijs Blom

Jacobus-Petrus-Maria Bras

Lisa Deborah Doolan

### **Company Secretary**

Terrence John McHutchison

### **Registered Office**

13 Holman Road

EMERALD VIC 3782

### **Solicitors**

Rennick and Gaynor Solicitors

431 Riversdale Rd

HAWTHORN EAST VIC 3123

### **Accountants**

AFS & Associates Pty Ltd

63 Bull Street

BENDIGO VIC 3550

This page was left blank intentionally.

**Annexure A  
Feasibility Study  
Pro-Forma Survey**



# Monbulk and Districts Community Bank® Project

## Business Banking Survey



Note: If your business enterprise consists of a number of partners, please complete only one "Business Survey" per business enterprise.

Please return by: August 13, 2010

# A Brief Survey to Help Us Establish A Bank of Our Own!

TICK ONE BOX ONLY     TICK AS MANY BOXES AS APPLICABLE

1. (a) If you currently own/manage a business or organisation, please indicate the type of business.

- Accommodation/Hospitality
- Agriculture/Forestry/Fishing
- Community Organisation
- Construction
- Education
- Financial & Insurance Services
- Health & Community Services
- Manufacturing
- Property & Business Services
- Retail/Wholesale
- Service
- Tourism
- Transport and Storage
- Other (please specify) .....

(b) Where is your business located?

- Macclesfield
- Monbulk
- The Patch
- Other (please specify) .....

2. (a) Which is your main financial institution?

- ANZ
- Bendigo Bank - Belgrave
- Bendigo Bank - Other
- Commonwealth Bank of Australia
- National Australia Bank
- Westpac
- Other (please specify) .....

(b) What other financial institutions do you have banking relationships with?

- None
- ANZ
- Bendigo Bank - Belgrave
- Bendigo Bank - Other
- Commonwealth Bank of Australia
- National Australia Bank
- Westpac
- Other (please specify) .....

3. On a scale of 1 to 5, how satisfied are you with the service you currently receive from your main Financial Institution?

- |                                     |                          |                          |                          |                          |                          |
|-------------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
|                                     | 1                        | 2                        | 3                        | 4                        | 5                        |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
|                                     | Not Satisfied            |                          |                          | Very Satisfied           |                          |

4. If you have Business Savings/Cheque Account(s) and/or Term Deposit(s), with any institution please indicate the approximate current balance(s). Please ensure each account is only marked once.

**BUSINESS SAVINGS/CHEQUE ACCOUNT(S)**

- DON'T HAVE     \$20,001 - \$50,000
- \$0 - \$10,000     \$50,001 - \$100,000
- \$10,001 - \$20,000     More (please specify) .....

**BUSINESS TERM DEPOSIT(S)**

- DON'T HAVE     \$20,001 - \$50,000
- \$0 - \$10,000     \$50,001 - \$100,000
- \$10,001 - \$20,000     More (please specify) .....

5. **If you have Business Overdraft, Leasing/Hire Purchase agreement and/or Other Loan Facilities, please indicate the approximate current balance(s). Please ensure each account is only marked once.**

- BUSINESS OVERDRAFT** (NB: Balance, not Limit)
- DON'T HAVE
  - \$0 – \$10,000
  - \$10,001 – \$50,000
  - \$50,001 – \$100,000
  - \$100,001 – \$150,000
  - \$150,001 – \$200,000
  - More (please specify).....

**BUSINESS LEASING/HIRE PURCHASE**

- DON'T HAVE
- \$0 – \$30,000
- \$30,001 – \$50,000
- \$50,001 – \$100,000
- \$100,001 – \$200,000
- \$200,001 – \$300,000
- More (please specify).....

**OTHER LOAN FACILITIES**

- DON'T HAVE
- \$0 – \$50,000
- \$50,001 – \$250,000
- \$250,001 – \$500,000
- \$500,001 – \$1,000,000
- More (please specify).....

6. **If a Community Bank® branch were to open in Monbulk?**

- (a) Would you be prepared to support it by transferring your banking within 12 months?
- NO – Go to 9.
  - YES – ALL of your banking. Go to 7.
  - YES – PART of your banking. Go to 6(b).

(b) If you answered YES – PART of your banking to question 6(a), what would you transfer?

- Business Savings/Cheque Account(s)
- Business Term Deposit(s)
- Business Overdraft(s)
- Business Lease(s)/Hire Purchase(s)
- Other Loan Facilities

7. (a) **If you currently bank with Bendigo Bank:** Would you expect to move your account(s) to the Monbulk and Districts Community Bank® branch?

- YES – Go to 7(b).
- NO – Go to 8.
- Don't bank with Bendigo Bank.- Go to 8.

7. (b) If you answered YES to question 7(a) which of your existing Bendigo Bank accounts would you move to the Monbulk and Districts Community Bank® branch?

- Business Savings/Cheque Account(s)
- Business Term Deposit(s)
- Business Overdraft(s)
- Business Lease(s)/Hire Purchase(s)
- Other Loan Facilities

8. (a) **In addition to your existing facilities identified in Question 5, what value of new business borrowings do you expect to need over the next 3 years? (e.g. loans, overdraft, leasing/hire purchase).**

\$ .....

(b) **Would you utilise a banking service if it was available on a Saturday morning?**

- Yes    No

9. **We would greatly value your comments on why the Community Bank® would (or would not) meet your business banking needs.**

.....  
 .....  
 .....  
 .....

**COMPLETION  
OF THE FOLLOWING IS  
ENTIRELY OPTIONAL**

Please Note: If the details below are completed,  
**ONLY YOUR CONTACT DETAILS**  
will be forwarded to the Monbulk Steering Committee

**I WISH TO SHOW MY SUPPORT FOR THE  
MONBULK AND DISTRICTS COMMUNITY BANK®  
PROJECT AND AGREE TO BEING CONTACTED AT  
A LATER DATE**

Contact Name .....

Business Name .....

.....

Address .....

.....Postcode.....

Telephone .....



Thank you for completing this survey.

PLEASE PLACE IT IN THE REPLY PAID ENVELOPE AND POST IT AS SOON AS POSSIBLE



## Monbulk and Districts Community Bank® Project

# Personal Banking Survey



Please return by: August 13, 2010

# A Brief Survey to Help Us Establish A Bank of Our Own!

Dear Community Member,

You may be aware a Steering Committee is working hard to secure community support for the opening of a locally owned Community Bank in Monbulk. The branch will provide a full range of banking products and services.

**It is important everyone in the community takes part and we urge you to complete this short confidential survey as soon as possible.**

A Community Bank unlike other banks keeps the profits from our branch banking business in our local community.

It is already a proven successful model and Community Bank branches of Bendigo Bank are operating in over 250 communities throughout Australia.

Briefly it works like this:

- Revenue will be shared between Bendigo Bank and our Community Bank branch.
- The local Community Bank pays all branch operating costs while Bendigo Bank provides banking and support services.
- The profits we generate will be available for distribution as grants to local community projects, to local shareholders as dividends and for reinvestment in local banking services.

In order to proceed with the project we need to determine whether a Community Bank will be viable in Monbulk. For this reason your accurate and speedy response to this survey is important. All the information you provide remains confidential.

Please take the time to fill in the survey as we need a response from a cross section of the community (including voluntary organisations). In framing your response consider your possible future needs as well as your current requirements.

Two survey forms are enclosed. One is for personal use, the other is for business use. If you are a business proprietor, please complete the personal survey for your personal banking and the business survey for your business banking.

We urge you to return this survey now. Five minutes of your time could make the difference for Monbulk to get a Community Bank.

**Even if you have previously completed a pledge form, your assistance in completing a survey form is important and will be greatly appreciated.**

Chris Truscott, Chairman  
Monbulk and Districts Community Bank Project  
Steering Committee

Please feel free to contact any of the following members of the Steering Committee for more information:

Lisa Doolan	0422 799 751
Jim Bras	0408 306 440
Terry McHutchinson	0448 283 180
Klaus Eiselle	9756 17397
Matt Blom	0417 017 568
Tim Koelewyn	0438 699 530

---

**There is no need to identify yourself on this form unless you want to.  
The contents of this survey are strictly confidential.**

This survey is anonymous and confidential and will be processed by AFS & Associates Pty Ltd. Return surveys to Reply Paid 454 Bendigo, Vic 3552 or fax (03) 5443 5304. Neither the steering committee nor any bank representative will be permitted access to these surveys or their contents.

Only aggregated information is disclosed. AFS & Associates are an independent chartered accounting firm appointed by the steering committee to conduct the feasibility study.

If you have any questions or concerns relating to any of the questions asked, please do not hesitate to call DAVID HUTCHINGS of AFS on (03) 5443 0344. or email [d.hutchings@afsbendigo.com.au](mailto:d.hutchings@afsbendigo.com.au)

---

**PLEASE HELP US BY ENSURING THAT:**

- This personal survey is used only for personal banking information.
- Business proprietors and community organisations please complete the business survey as well.
- Your response includes all of the banking products you currently use.
- Each account is only recorded once.  
e.g. Joint accounts should be recorded on one survey only. Business accounts should only be recorded by one proprietor/officeholder.
- Your survey is completed and returned to us in the enclosed reply paid envelope by **August 13, 2010.**

TICK ONE BOX ONLY       TICK AS MANY BOXES AS APPLICABLE

1. (a) Please indicate your current occupation or income source.

- Business Proprietor/Self Employed  
 Employee (Full Time or Part Time)  
 Home Duties  
 Retired  
 Student  
 Unemployed  
 Other (please specify) .....

(b) Where do you live?

- Macclesfield  
 Monbulk  
 The Patch  
 Other (please specify) .....

(c) What is your age?

- 10-19     40-49     70-79  
 20-29     50-59     80-89  
 30-39     60-69     90 & Over

2. (a) Which is your main financial institution?

- ANZ  
 Bendigo Bank - Belgrave  
 Bendigo Bank - Other  
 Commonwealth Bank of Australia  
 National Australia Bank  
 Westpac  
 Other (please specify) .....

(b) What other financial institutions do you have banking relationships with?

- None  
  ANZ  
  Bendigo Bank - Belgrave  
 Bendigo Bank - Other  
 Commonwealth Bank of Australia  
 National Australia Bank  
 Westpac  
 Other (please specify) .....

3. Why do you use your main financial institution? Please indicate top three reasons.

- 1  Account fee structure  
2  Banked with them for many years  
3  Competitive interest rates  
 Convenience/locality  
 Customer service received  
 Loyalty/relationship  
 Products and services offered  
 Too difficult/expensive to change  
 Other (please specify) .....

4. (a) How satisfied are you with the service you currently receive from your main financial institution?

- |                                     |                          |                          |                          |                          |                          |
|-------------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
|                                     | 1                        | 2                        | 3                        | 4                        | 5                        |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
|                                     | Not Satisfied            |                          |                          | Very Satisfied           |                          |

(b) Please tell us any way in which you feel the service from your main financial institution could be improved.

.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....

5. What services would you require frequently from your financial institution?

- ATM  Cheque Deposit
- Bank Cheque  Credit Card
- Bpay  EFTPOS
- Cash Deposit  Internet Banking
- Cash Withdrawal  Personal Cheque Book
- Cheque Cashing  Phone Banking
- Other (please specify) .....

6. How often do you require over the counter service from your financial institution(s)?

- Daily
- Twice a week
- Once a week
- Once each fortnight
- Once each month
- Once each 3-6 months
- Once a year
- Never/Less than once a year

7. If you have Personal Savings/Cheque and/or Term Deposit accounts with any institution, please indicate the approximate balance. Please ensure that each account is only marked **once**.

**PERSONAL SAVINGS/CHEQUE ACCOUNT(S)**

- DON'T HAVE
- \$0 - \$5,000
- \$5,001 - \$10,000
- \$10,001 - \$20,000
- \$20,001 - \$40,000
- \$40,001 - \$60,000
- \$60,001 - \$80,000
- More (please specify) .....

**PERSONAL INVESTMENTS**

[Term Deposit(s)/Cash Management Account(s)]

- DON'T HAVE
- \$0 - \$5,000
- \$5,001 - \$25,000
- \$25,001 - \$50,000
- \$50,001 - \$75,000
- \$75,001 - \$100,000
- \$100,001 - \$125,000
- More (please specify) .....

8. If you have a Credit Card, Personal Loan and/or a Home Loan, please indicate approximate balance.

**CREDIT CARD**

(NB: Balance, not Limit)

- DON'T HAVE
- \$0 - \$3,000
- \$3,001 - \$5,000
- \$5,001 - \$10,000
- \$10,001 - \$15,000
- \$15,001 - \$20,000
- More (please specify) .....

**PERSONAL LOAN/OVERDRAFT**

- DON'T HAVE
- \$0 - \$3,000
- \$3,001 - \$5,000
- \$5,001 - \$10,000
- \$10,001 - \$20,000
- \$20,001 - \$30,000
- \$30,001 - \$40,000
- More (please specify) .....

**HOME LOAN / LINE OF CREDIT**

- DON'T HAVE
- \$0 - \$100,000
- \$100,001 - \$200,000
- \$200,001 - \$300,000
- \$300,001 - \$400,000
- \$400,001 - \$500,000
- \$500,001 - \$600,000
- More (please specify) .....

**INVESTMENT LOAN / LINE OF CREDIT**

- DON'T HAVE
- \$0 - \$100,000
- \$100,001 - \$200,000
- \$200,001 - \$300,000
- \$300,001 - \$400,000
- \$400,001 - \$500,000
- \$500,001 - \$600,000
- More (please specify) .....

9. If you have managed funds, please indicate the approximate balance.

**MANAGED FUNDS**

- DON'T HAVE
- \$0 - \$50,000
- \$50,001 - \$100,000
- \$100,001 - \$200,000
- \$200,001 - \$300,000
- More (please specify) .....

10. If a Community Bank® branch were to open in Monbulk:

(a) Would you be prepared to support it by transferring your banking within 12 months?

- NO – Go to 13.
- YES – ALL of your banking. Go to 11.
- YES – PART of your banking. Go to 10(b).

(b) If you answered YES – PART of your banking to question 10(a), what **would** you transfer?

- Personal Savings/Cheque Account(s)
- Personal Term Deposit(s)/CMA(s)
- Managed Fund(s)
- Credit Cards
- Personal Overdraft(s) / Personal Loan(s)
- Home Loan(s)
- Investment Loan(s)

11.(a) If you currently bank with Bendigo Bank:

Would you expect to move your account(s) to the Monbulk and Districts Community Bank® branch?

- YES – Go to 11(b).
- NO – Go to 12.
- Don't bank with Bendigo Bank.  
Go to 12.

(b) If you answered YES to Question 11(a) which of your **existing** Bendigo Bank accounts **would** you move to the Monbulk and Districts Community Bank® branch?

- Personal Savings/Cheque Account(s)
- Personal Term Deposit(s)/CMA(s)
- Personal Credit Card
- Overdraft(s) / Personal Loan(s)
- Home Loan(s)
- Investment Loan(s)

12. (a) In addition to your existing facilities identified in Question 8, what value of new personal borrowings do you expect to need over the next 3 years?

\$ .....

(b) Would you utilise a banking service if it was available on a Saturday morning?

- Yes  No

13. Have you completed a pledge form in support of the Monbulk and Districts Community Bank® campaign?

- Yes  No

14. We would greatly value your comments on why the Community Bank® would (or would not) meet your banking needs.

.....

.....

.....

.....

.....

.....

.....

.....

.....

**COMPLETION OF THE FOLLOWING IS ENTIRELY OPTIONAL**

Please Note: If the details below are completed, **ONLY YOUR CONTACT DETAILS** will be forwarded to the Monbulk Steering Committee  
**I WISH TO SHOW MY SUPPORT FOR THE MONBULK AND DISTRICTS COMMUNITY BANK® PROJECT AND AGREE TO BEING CONTACTED AT A LATER DATE**

Name .....

Address.....

.....

.....Postcode

Telephone .....

**ADDITIONAL SURVEYS CAN BE OBTAINED FROM THE FOLLOWING BUSINESS:**

**Monbulk Newsagency**  
Main Street, Monbulk  
**Dandenong Ranges Real Estate**  
Main Street, Monbulk



Thank you for completing this survey.

**PLEASE PLACE IT IN THE REPLY PAID ENVELOPE AND POST IT AS SOON AS POSSIBLE**

## Application Details and Instructions

Please complete all relevant sections of the Application Form (or copy of that form) using **BLOCK LETTERS**.

- A. Enter the **NUMBER OF SHARES** you wish to apply for.

Applications must be for the minimum of 500 and thereafter in multiples of 100. The maximum number of Shares that may be applied for is 20,000.

- B. Enter the **TOTAL AMOUNT** of application money payable. To calculate the amount multiply the number of Shares applied for by the amount per Share.
- C. Enter the **FULL NAME(S)** and **TITLE(S)** of all legal entities that are to be recorded as the registered holder(s). Refer to the **Name Standards** below for guidance on valid registration.
- D. Enter the **POSTAL ADDRESS** for all communications from the Company. Only one address can be recorded.
- E. Enter telephone numbers and a contact person the Company Secretary can speak to if there are any queries regarding this application.
- F. Payment must be made in Australian Currency and cheques must be payable to **MONBULK & DISTRICT COMMUNITY ENTERPRISES LIMITED SHARE OFFER** and crossed **Not Negotiable**. Cheques not properly drawn will be rejected. Cheques will usually be banked on the day of receipt. If cheques are dishonoured the application may be rejected.
- G. Before completing the Application Form the Applicant(s) should read the Prospectus to which the application relates. The Applicant(s) offer(s) to subscribe for Shares in the Company, and agree(s) to be bound by the Constitution of the Company and the terms and conditions set out in this Prospectus. The Applicant(s) agree(s) to take any number of Shares equal to or less than the number of Shares indicated in Box A of this Application Form that may be allotted to the Applicant(s) pursuant to the Prospectus. The Applicant(s) declare(s) that all details and statements made in the Application Form are complete and accurate and consent(s) to the use and disclosure of their personal information

in the manner described in the Prospectus. The Application Form does not need to be signed.

- H. Enter the Tax File Number(s) (TFNs), Australian Business Number(s) (ABNs) (where you make the investment in the course of carrying on an enterprise) or tax exemption categories (such as aged pension, invalid pension or non-profit organisation) of the Applicant(s). For joint applications, only the TFNs or ABNs of two Applicants are required. Provision of your TFN, ABN or tax exemption category is not compulsory and will not affect your application. If your TFN, ABN or tax exemption category is not provided, the Company is required to deduct tax from your dividend entitlement at the maximum personal tax rate plus the Medicare levy, which currently totals 46.5%.

### Payment

Payment must be made in Australian Currency and cheques must be drawn on an Australian Bank. Cheques or bank drafts must be payable to **MONBULK & DISTRICT COMMUNITY ENTERPRISES LIMITED SHARE OFFER** and crossed **Not Negotiable**. Cheques not properly drawn will be rejected. Cheques will usually be banked on the day of receipt. If cheques are dishonoured the application may be rejected.

### Where to send application form

Forward your completed application together with the application money to:

**MONBULK & DISTRICT COMMUNITY  
ENTERPRISES LIMITED SHARE OFFER  
13 HOLMAN ROAD  
EMERALD VIC 3782**

### Name Standards

- Only legal entities may be registered as the holder of securities.
- The full and correct name of each entity must be shown.
- Salutations such as Mr, Mrs and Ms should be included.
- Securities cannot be registered in the name of a trust and no trust can be implied.
- Securities cannot be registered in the name of a minor or deceased person.
- An account designation can be included. If shown, it must be contained within one line and with the "<>" symbols. The last word of the designation must be ACCOUNT or A/C.

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Individual: Use given names in full, not initials	Mr John Alfred Smith	J A Smith
Company: Use the Company's full title, not abbreviations	ABC Pty Ltd	ABC P/L or ABC Co
Joint Holdings: Use full and complete names	Mr Peter Robert Williams & Ms Louise Susan Williams	Peter Robert & Louise S Williams
Trusts: Individual(s) as trustee: Use the trustee(s) personal name(s)	Mrs Susan Jane Smith <Sue Smith Family A/C>	Sue Smith Family Trust
Trusts: Corporate Trustee: Use the trustee(s) name(s)	Sue Smith Pty Ltd <Sue Smith Family A/C>	Sue Smith Family Trust
Deceased Estates: Use the executor(s) personal name(s)	Ms Jane Mary Smith & Mr Frank William Smith <Est John Smith A/C>	Estate of late John Smith or John Smith Deceased
Minor (a person under the age of 18): Use the name of a responsible adult with appropriate designation	Mr John Alfred Smith <Peter Smith A/C>	Master Peter Smith
Partnerships: Use the partners' personal names	Mr John Robert Smith & Mr Michael John Smith <John Smith & Son A/C>	John Smith and Son
Long Names	Mr John William Alexander Robertson-Smith	Mr John W A Robertson-Smith
Club/Unincorporated Bodies/ Business names: Use office bearer(s) personal name(s)	Mr Michael Peter Smith <ABC Tennis Association A/C>	ABC Tennis Association
Incorporated Associations	ABC Tennis Association Inc	ABC Tennis Association
Superannuation Funds: Use the name of the fund trustee	Jane Smith Pty Ltd <Super Fund A/C>	Jane Smith Pty Ltd Superannuation Fund

### Queries

If you have any queries concerning this Offer or any part of this Prospectus, please call Jim Bras on 0408 306 440, David Moore on 5968 4028 or Terry McHutchison on 9756 6944.

# MONBULK & DISTRICT COMMUNITY ENTERPRISES LIMITED

ACN 146 945 959

## PUBLIC SHARE OFFER APPLICATION FORM

DO NOT STAPLE

PLEASE READ ALL INSTRUCTIONS ON THE BACK OF THIS FORM

A I/We apply for

Shares in Monbulk & District Community Enterprises Limited at A\$1.00 per share

or such lesser number of shares which may be allocated to me/us by the Directors.

B I/We lodge full application monies

\$  .  0  0

Multiply the number of Shares applied for by \$1.00 (ie 2000 Shares = \$2000.00)

C Full name (PLEASE PRINT)

Title, Given Name(s) & Surname or Company Name

ABN (if applicable)

Joint Applicant #2 or <designated account>

Joint Applicant #3 or <designated account>

D PO Box/Postal Address (PLEASE PRINT)

Street Number Street

Suburb/Town

State

Post Code

E E-mail address (PLEASE PRINT)

I/we wish to receive an e-mail alert if Monbulk & District Community Enterprises Limited updates material information on its website.  No  Yes



# MONBULK & DISTRICT COMMUNITY ENTERPRISES LIMITED

ACN 146 945 959

## PUBLIC SHARE OFFER APPLICATION FORM

DO NOT STAPLE

PLEASE READ ALL INSTRUCTIONS ON THE BACK OF THIS FORM

A I/We apply for

Shares in Monbulk & District Community Enterprises Limited at A\$1.00 per share

or such lesser number of shares which may be allocated to me/us by the Directors.

B I/We lodge full application monies

\$  .

Multiply the number of Shares applied for by \$1.00 (ie 2000 Shares = \$2000.00)

C Full name (PLEASE PRINT)

Title, Given Name(s) & Surname or Company Name

ABN (if applicable)

Joint Applicant #2 or <designated account>

Joint Applicant #3 or <designated account>

D PO Box/Postal Address (PLEASE PRINT)

Street Number Street

Suburb/Town

State

Post Code

E E-mail address (PLEASE PRINT)

I/we wish to receive an e-mail alert if Monbulk & District Community Enterprises Limited updates material information on its website.  No  Yes



