

26 April 2017

Company Half-Year Performance and Franchise Renewal

The Company Daylesford District Community Developments Limited (“DDCDL”), which operates the Daylesford District **Community Bank**[®] Branch, hereby notifies ASIC, its shareholders and the market of the following:

1. The Company’s Financial Statements for the Half-Year to 31 December 2016 have been released showing significantly improved performance. The Company is confident that this positive performance is sustainable. The following are highlighted:
 - a. net profit for the 6 month period after provision for income tax of \$36,448;
 - b. revenue has increased 22.7% over the previous corresponding period to 31 December 2015;
 - c. Business footings of \$95.32 Million were reached as at 31 December 2016, an increase of \$10.076 Million (11.8% increase) over the 6 month period.
2. The Company announced its first dividend of 4 cents per share (unfranked) on 26 October 2016. The Company’s Dividend Policy allows for a maximum dividend for this financial year of 7 cents per share. Based on current expectations, and in the absence of any unexpected events or circumstances, a further dividend of up to 3 cents per share may be declared and paid prior to 30 June 2017.
3. The Company’s franchise partner, Bendigo & Adelaide Bank Ltd (“Bendigo Bank”), has proposed changes to its Franchise Agreement that include changes to the revenue share model. Your Board has carefully reviewed the potential impact of these changes and after much consideration, has determined to exercise its first option to renew the Franchise Agreement from 17 April 2017 by opting to remain with the current Franchise Agreement and current profit share arrangements on the basis that this decision is in the best the interests of the Company and its shareholders at this time.
4. Your Board’s decision has been influenced by the following:
 - a. Predicted loss of revenue if the Company were to adopt the new revenue share model, which, based on past performance, current business mix and current profit share terms, would cause a significant loss of revenue;
 - b. Legal advice which raises concerns about the terms of the new Plain English Franchise Agreement and the recommendation that the Company not sign the new Agreement until outstanding issues are resolved.
5. One consequence of this decision is that the Bendigo Bank will not at this point in time offer the Company an additional option to renew for 5 years to the agreed total franchise term of 15 years (ie. one 5 year term, plus two options to renew for 5 years). The Board understands, however, that once the above concerns are resolved and the Board agrees to enter into the new Plain English Franchise Agreement, it is Bendigo Bank’s current policy and practice to offer the additional 5 year renewal option, albeit subject to commercial and legal consideration by Bendigo Bank of the circumstances at the time.

For any queries, please do not hesitate to contact the Company as follows:

- **Mark Rak**, Chairman, 0418 106 319 or mark.rak@ddcdl.com
- **Jane Southwell**, Company Secretary, 0417 186 693 jane.southwell@ddcdl.com

For further information about the Company including accessing its audited financial statements, see www.bendigobank.com.au/daylesford at [Investor Relations] tab.



**Daylesford District
Community Developments Limited**

Operating the Daylesford District **Community Bank**[®] Branch

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Franchisee of Bendigo and Adelaide Bank
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