

8 November 2019

JOINT ANNOUNCEMENT

Fleurieu Community Enterprises Ltd (**FCE**) and AlexInvest Community Services Ltd (**ACS**), operators of Community Bank branches of Bendigo Bank, are pleased to announce that they have entered into a conditional binding agreement (**Transaction Agreement**) to merge the management and operation of the two companies (**Proposed Merger**).

FCE is the operator of Aldinga Beach Community Bank Branch with operations at Willunga and McLaren Vale and ACS is the operator of Goolwa & District Community Bank Branch.

The Proposed Merger will be implemented by cancelling the shares held by all shareholders of ACS (other than the shares to be issued to FCE) and ACS will become a wholly owned subsidiary of FCE.

In consideration of having their shares cancelled, each ACS shareholder will receive 1 fully paid share in FCE for every 3 shares in ACS they presently own. Upon implementation of the Proposed Merger, the current FCE shareholders will own approximately 73% of FCE and the ACS shareholders will own approximately 27% of FCE.

Immediately prior to implementation of the Proposed Merger, FCE will declare a dividend of 8 cents per share that will be paid to existing FCE shareholders only.

A more detailed summary of the Proposed Merger is attached.

It is expected that the Proposed Merger will create synergies and cost efficiencies that will be beneficial to the merged business of ACS and FCE.

The Board of the FCE will be comprised of all existing directors of ACS and FCE. All staff of ACS and FCE will continue in their existing roles.

Each company is required to convene a meeting of shareholders to consider and, if thought fit, pass various resolutions in relation to the Proposed Merger, including an advisory resolution approving the Proposed Merger. These meetings are anticipated to take place at the end of the first quarter of 2020. The notices of meeting will contain further details of the Proposed Merger and will be accompanied by a prospectus prepared by FCE.

Subject to the conditions of the Proposed Merger being satisfied, the completion date is anticipated to be at the end of March 2020.

On behalf of the ACS Board and the FCE Board, we look forward to seeing you at our shareholder meetings.

Yours sincerely

Mr Ron Logan
Chairman of Fleurieu Community Enterprises Ltd

Mr Kym McHugh
Chairman of AlexInvest Community Services Ltd

SUMMARY OF THE PROPOSED MERGER

On 7 November 2019, Fleurieu Community Enterprises Ltd (**FCE**) and AlexInvest Community Services Ltd (**ACS**) entered into a transaction agreement (**Transaction Agreement**). The key terms of the Transaction Agreement are set out below.

1 Conditions

Implementation of the Proposed Merger is subject to the following conditions.

- (a) The required majority of shareholders of ACS approving certain resolutions, including:
 - to approve the Proposed Merger;
 - for the purposes of item 7, section 611 of the Corporations Act, to approve the issue of 790,477 ACS Shares to FCE;
 - to approve certain variations to the constitution of ACS for the purposes of the Proposed Merger; and
 - to approve the selective reduction of capital and share cancellation.
- (b) The required majority of shareholders of FCE approving certain resolutions, including:
 - to approve the Proposed Merger;
 - for the purposes of item 7, section 611 of the Corporations Act, to approve the issue of 263,492 FCE Shares to ACS; and
 - to approve certain variations to the constitution of FCE for the purposes of the Proposed Merger.
- (c) Before the FCE General Meeting, none of the directors of FCE changes, qualifies or withdraws their recommendation to the FCE Shareholders to vote in favour of the FCE Shareholder Resolution.
- (d) Before the ACS General Meeting, none of the directors of ACS changes, qualifies or withdraws their recommendation to the ACS Shareholders to vote in favour of the ACS Shareholder Resolutions (with the exception of the ACS Shareholder Resolution to approve the selective reduction under section 256C(2)(a) of the Corporations Act, in respect of which all ACS Shareholders other than FCE will be recommended to abstain from voting).
- (e) Before completion no Prescribed Occurrence occurs in respect of either company, which includes:
 - (i) a breach of a provision of the existing franchise agreements; and
 - (ii) a reduction in footings by more than 20% from the level at 30 September 2019.

2 Implementation steps

The Transaction Agreement requires ACS and FCE to undertake the steps necessary to effect the Proposed Merger. The implementation steps include the following.

- (a) FCE is required to prepare a Prospectus, with the assistance of ACS.
- (b) Both ACS and FCE must convene general meetings of their shareholders to consider the resolutions necessary to effect the Proposed Merger.
- (c) FCE is required to enter into a new franchise agreement with Bendigo and Adelaide Bank Limited effective on and from implementation of the Proposed Merger and covering the businesses currently conducted by ACS and FCE.

3 Right to end the Transaction Agreement

ACS and FCE are entitled to end the Transaction Agreement in certain circumstances, namely, where the conditions to the Proposed Merger are not satisfied or waived (if applicable) by the stated end date, or where a party is in material breach of the Transaction Agreement and the breach is not remedied or cured following notice from the other party.