

PROSPECTUS

Proposed Nanango Community Bank[®] Branch of Bendigo Bank



IMPORTANT NOTICE

This is a replacement prospectus dated 10 September 2012. It replaces a prospectus dated 24 August 2012, relating to shares of South Burnett Community Enterprises Limited.

A copy of this Prospectus has been lodged with the Australian Securities and Investments Commission (ASIC). Application will be made within seven days for quotation of the Shares on the National Stock Exchange (NSX). Neither ASIC nor the NSX take any responsibility for the content of this Prospectus. The fact that the NSX may quote the Shares is not to be taken in any way as an indication of the merits of the Company or of the Offer.

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 in relation to any prospective information provided in this Prospectus.

Contents

Letter from the Chairman, South Burnett Community Enterprises Limited	2	4. Financial Information	27
Letter from Bendigo and Adelaide Bank Limited	3	4.1 Revenue	27
Investment Overview	4	4.2 Establishment and Operating Costs	27
1. Purpose and Details of the Offer	11	4.3 Goods and Services Tax	28
1.1 Purpose of the Offer	11	4.4 Balance Sheet	29
1.2 Description of the Offer	11	4.5 Statement of Comprehensive Income	30
1.3 Capital Structure	11	4.6 International Financial Reporting Standards	31
1.4 Voting and Ownership Restrictions	12	5. Risk Factors	31
1.5 Minimum Subscription	12	5.1 Introduction	31
1.6 Allocation	12	5.2 Investment Risk	31
1.7 Quotation of shares on NSX	12	5.3 Business Risks	32
1.8 How to Invest	12	5.4 Other Factors	34
1.9 Important Dates	12	5.5 Relationship with Bendigo Bank	34
1.10 Expiry Date of this Prospectus	13	6. Franchise Agreements	36
1.11 Accepting Applications	13	7. Additional Information	39
1.12 Forward Looking Statements	13	7.1 Constitution	39
1.13 Investors should seek Financial Advice	13	7.2 Rights Attaching to Shares	39
1.14 Questions	13	7.3 Prohibited Shareholding Interest	40
2. Directors	14	7.4 Authorised Representative and Credit Representative Appointment	41
2.1 Current Directors	14	7.5 Taxation Implications	41
3. Bendigo Bank Franchise	16	7.6 Directors' Interests	42
3.1 Bendigo Bank	16	7.7 Disclosure of Interests	43
3.2 Community Bank® Model	16	7.8 Consents and Disclaimer	48
3.3 Duration of Franchise	22	7.9 Privacy Collection Statement	48
3.4 Activities of Company	22	8. Definitions	45
3.5 Benefits of Franchise Arrangements	24	9. Signatures	46
3.6 Restrictions on Operations	24	10. Directory	47
3.7 Community engagement for the new Nanango Community Bank® Branch	25	Application Details and Instructions	50
3.8 Business allocated to the Company attributed to the Nanango Community Bank® Branch	26	Public Share Offer Application Form	53
3.9 The Company's Board of Directors	26		
3.10 Share Price	26		

Letter from South Burnett Community Enterprises Limited

Dear Investor,

We welcome you and thank you for your interest in the Yarraman & District **Community Bank®** Branch of Bendigo Bank, the Blackbutt Sub Branch of Bendigo Bank and the proposed Nanango **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.

In keeping with this aim, the amount of profits that can be distributed to shareholders is limited and likewise, there are limitations and restrictions on shareholdings. This is explained in detail in this Prospectus.

Seven years ago the Company established the Yarraman & District **Community Bank®** Branch, and two years ago the Company established the Blackbutt Sub Branch. The Company has continued to prudently manage these branches of Bendigo Bank.

This Prospectus outlines your opportunity to assist in raising funds for the establishment and operation by the Company of a new, third branch to be located in Nanango.

Following the successful raising of the capital pursuant to this Prospectus both **Community Bank®** Branches and the Sub Branch will be part of the one company and the Bendigo Bank **Community Bank®** project, the terms of which are also outlined in this Prospectus.

I encourage you to read this 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.

The Board's decision to proceed with this capital raising for a new **Community Bank®** Branch in Nanango was based on an extensive awareness campaign in which local people and businesses in Nanango indicated their support for a locally-owned branch.

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.

Based on our experience with the Yarraman & District **Community Bank®** Branch along with the Blackbutt Sub Branch and the enthusiasm shown by the local Nanango people, we are confident that if the branch becomes successful a significant number of groups, clubs, schools and local organizations will benefit by this unique community enterprise.

The Yarraman & District **Community Bank®** Branch, the Blackbutt Sub Branch and the Nanango **Community Bank®** Branch of Bendigo Bank afford our communities the chance not only to secure branch banking services with a focus on excellent customer service, but also an opportunity to improve our long-term prospects by retaining greater control over the district's capital resources.

This has been achieved by hard work and commitment by the Company's Board and branch staff and a positive attitude knowing the shareholders and the community are the beneficiaries of our endeavours.

If after reading the Prospectus carefully you are satisfied that we (you included) can make a difference in the Nanango community through your investment in our company and the Nanango **Community Bank®** Branch of Bendigo Bank, I commend the investment to you.

Yours sincerely,



Frank Smith
Chairman, South Burnett Community Enterprises Limited

Letter from Bendigo and Adelaide Bank Limited

Dear Investor

Nanango 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 South Burnett Community Enterprises Limited, you will help secure banking services for your community and, if the branch is successful, generate local capital which can be used to contribute to further development in your region.

Why has Bendigo Bank developed this concept? Because we understand the importance of communities 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 at Nanango, just as it has worked with South Burnett Community Enterprises Limited in relation to the existing **Community Bank®** Branch at Yarraman and the Sub Branch at Blackbutt. 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 Yarraman, Blackbutt and Nanango communities.

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 South Burnett 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 Nanango **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
Executive, Customer and Community
Bendigo and Adelaide Bank Limited

Investment overview

Topic	Summary	Where to find more information
A. Community banking		
A1. What is the purpose of community banking?	<p>The aims of the Community Bank® are threefold.</p> <ul style="list-style-type: none"> • First, to secure branch banking services for participating communities. • Secondly, to help these communities better manage locally generated capital, and share in the potential growth of their local economy. • Thirdly, to enable participating communities to share in revenues generated from their Community Bank® enterprise, as well as offering the potential for shareholders to receive dividends. 	Refer Chairman's letter, letter from Bendigo and Adelaide Bank, Section 3.2
A2. How does community banking work?	<p>The Community Bank® model provides communities with the opportunity to conduct a community owned branch of Bendigo Bank. Each branch operates as a franchise of Bendigo Bank, using the name 'Bendigo Bank' and the system of operations of Bendigo Bank.</p> <p>By supporting their local branch, communities have the opportunity to generate revenue which may be able to be returned to support and develop the community through contributions to projects identified in consultation with the community and dividends to participating shareholders.</p>	Refer Section 3.2
B. Company		
B1. What is the Company's business?	<p>The Company conducts a retail branch operation at Yarraman and a Sub Branch operation at Blackbutt under franchises granted by Bendigo Bank. The Yarraman & District branch commenced operation in 2005 and the Blackbutt Sub Branch commenced operation in 2009. Assuming the minimum subscription amount of \$526,000 is raised through this Offer, Bendigo Bank will grant a new franchise to the Company to manage a new retail branch operation at Nanango.</p> <p>The Company offers and sells products and services for the Bendigo and Adelaide Group eg deposits, loans and financial planning, cash and cheque facilities, investment products and products and services made available by Bendigo Bank eg insurance and telecommunications services</p>	Refer Sections 3.2, 3.4, 4.4
B2. How does the Company make money?	<p>There are three primary sources of income the Company may receive. All are dependent on the Franchise Agreements with Bendigo Bank (see E1 below).</p> <ul style="list-style-type: none"> • Gross margin share <p>50% of the monthly gross margin earned by Bendigo Bank on Bendigo and Adelaide Group products and services sold by the Company that are regarded as "day to day" banking business eg deposits and loans.</p> <ul style="list-style-type: none"> • Commissions <p>Commissions paid by Bendigo Bank on the other Bendigo and Adelaide Group products and services (including third party products) sold by the Company eg insurance and financial planning.</p> <ul style="list-style-type: none"> • Fee income <p>A proportion of the fees paid by customers to which the Company may be entitled.</p>	Refer Section 4.1

Topic	Summary	Where to find more information
B3. What costs does the Company have to pay?	<p>The Company is responsible for the establishment and normal operating costs of the retail branch (and Sub Branch) operations. Examples include costs of site modifications for the new branch, the lease of the branch locations, staff salaries, payroll, share registry and listing fees, cheque clearing services and computer software. It is also responsible for corporate costs such as legal fees and accountant's fees.</p> <p>The Company is required to pay fees and costs to Bendigo Bank in relation to establishing a branch at Nanango, estimated at approximately \$296,000. This amount includes a franchise fee, training costs, IT establishment costs and site modification costs.</p>	Refer Section 4.2, 6
B4. What else does the Company have to do?	<p>The Company is responsible for complying with the Franchise Agreement with Bendigo Bank. This includes promoting and selling products and services in compliance with Bendigo Bank requirements, operational risk management and compliance with regulatory requirements.</p> <p>The Company is responsible for its financial performance and for making decisions about community contributions.</p>	Refer Section 6
B5. What does Bendigo Bank contribute to the Company's business?	<p>Bendigo Bank grants the Company its franchises and makes the following key contributions.</p> <ul style="list-style-type: none"> • Bendigo Bank is responsible for providing products and services to be offered to customers, all documentation relating to the products and services and for holding and maintaining all regulatory licences for offering the products and services. This includes meeting the requirements for holding licences including capital adequacy, risk management, organisational competency, regulatory compliance training and external dispute resolution membership. • Bendigo Bank provides the infrastructure for the retail branch and Sub Branch operations which are integrated into the Bendigo Bank system, including the right to use intellectual property and access to information and technology. It also provides guidance on the requirements for conducting a retail branch operation, together with ongoing management and operational support, and advice and assistance in relation to the design and fitout of each branch. • Bendigo Bank provides other assistance and guidance, such as in relation to business and financial operations, corporate governance, community contributions and training of the branch manager and staff. 	Refer Sections 3.4, 3.5, 3.6
B6. How will the Company be managed?	<p>The management and control of the business and affairs of the Company is the responsibility of the Board.</p> <p>The Board is responsible for promoting the Company, its business and the Community Bank® in the community.</p> <p>Banking and financial services expertise is provided by Bendigo Bank and by the branch manager and staff. It is also possible that staff will be seconded from the Bendigo Group to the Company.</p>	Refer Sections 3.4, 3.9
B7. How will the branch manager be appointed?	<p>The Branch Manager is important to the success of each branch. While the Company already employs one Branch Manager and other employees and staff at the Yarraman & District Branch and Blackbutt Sub Branch, a new Branch Manager and additional staff for the Nanango branch will be employed once the minimum subscription under the Offer is reached.</p> <p>All employees must be approved by Bendigo Bank.</p>	Refer Section 3.4

B8. Who are the directors and what is their expertise?	Directors	Expertise	Refer Section 2.1
	Ross Christopher Begent	Ross is currently in an economic development role with Toowoomba Regional Council. His previous experience is in management, sales, and in development and delivery of small business support programs for State Government.	
	James Alan Beveridge	James has over 19 years' experience as a Chartered Accountant, with his main focus being on small to medium businesses, superannuation and retirement planning.	
	Jeffrey Bruce Connor	Jeff is currently a Medical Practice Manager with non executive roles in local community groups and organisations. He was for many years a school teacher and school Principal.	
	David Wayne Emms	Currently a small business proprietor in Yarraman, Wayne was the inaugural Chairman of the steering committee established in connection with the Yarraman & District Community Bank [®] Branch.	
	Brenton Lester McLennan	Brent is the manager of a specialist electrical company, and was formerly a Nanango Shire Councillor for two terms.	
	David Francis Robison	David is retired with a background in the finance industry, specialising in motor vehicle finance. He is actively involved in Blackbutt community organisations.	
	Francis Edward Smith (Chairman since 2011)	Retired now, residing in the Blackbutt community, Frank's previous experience is in commodity and currency trading, and specialist funds management.	
	Noel Leslie Strohfeld	Noel recently retired as a Councillor on Toowoomba Regional Council, and was Mayor of Rosalie Shire for 11 years. He is also involved in the importation and sale of tractors and agricultural products.	
	Ross Michael Towell	Ross is the Owner/Editor of a local newspaper, president of the Nanango Tourism and Development Association and a member of a local economic development advisory committee. He has been involved in the Community Bank [®] activities of the Company since 2008.	

Topic	Summary	Where to find more information	
B9. what is the Company's current financial position and how has it performed to date?	<p>The Company has traded since 2005 and has experienced business growth each year. It made an operating profit in 2007/2008, 2008/2009 and experienced a loss in 2009/2010 before returning profit in 2010/2011.</p> <p>Net assets as at 30 June 2012 are \$549,667.</p> <p>Net Profit After Tax as at 30 June 2012 was \$14,193.</p>	Refer to Section 4.4 & 4.5	
C. Investment			
C1. Who will the shareholders be?	<p>As the Community Bank® model provides communities with the opportunity to conduct a community-owned branch, shareholders are required to have a "close connection" with the Yarraman, Blackbutt or Nanango communities.</p> <p>Also broad-based ownership is encouraged, with a restriction on any shareholder or closely related person or entity controlling or owning more than 10% of the Company.</p>	Refer Section 7.3	
C2. What are the voting rights?	Each shareholder has one vote, regardless of the number of Shares held.	Refer Section 7.2(a)	
C3. What happens to any revenue?	<p>The purpose of establishing and operating the Company is not simply for shareholder return. As explained above, an aim of the Community Bank® model is for communities to share in revenues generated by the Company.</p> <p>Therefore after costs and capital expenditure, revenue may be used in any of the following ways:</p> <ul style="list-style-type: none">• Towards community or charitable projects as decided by the Directors.• In payment of dividends to shareholders. This is subject to the limit described below.• As working capital. <p>There is a limit on the profits that can be distributed to shareholders, including through dividends. By way of overview, the limit is the higher of: (a) 20% of the profits of the Company otherwise available for distribution to shareholders in the financial year, and (b) the relevant rate of return (being the weighted average interest rate on 90 day bank bills over that 12 month period plus 5%) multiplied by the average level of share capital over that 12 month period).</p>	Refer Section 5.2	
D. Key offer information			
D1. What are the key offer statistics?	Offer price	\$1.00	Refer Sections 1.2, 1.3, 1.5
	Number of Shares offered under Prospectus	526,000 Shares	
	Minimum subscriptions required for Offer to proceed	526,000 Shares	
	Maximum permitted oversubscriptions (if accepted)	726,000 Shares	
	Total number of Shares on issue following the Offer		
	<ul style="list-style-type: none">• if fully subscribed• if maximum oversubscriptions accepted	1,407,128 1,607,128	

Topic	Summary	Where to find more information
D2. How will the offer proceeds be used?	After meeting the costs of the Offer, all funds raised (including oversubscriptions) will be used for the purposes of meeting the capital expenditure and working capital requirements for establishing and operating a Community Bank® branch of Bendigo Bank in Nanango.	Refer Section 1.1
E. Risks Some key risks include those set out below. These and other risks are addressed in more detail in Section 5.		
E1. Franchise Agreements with Bendigo Bank	<p>As the only business of the Company is the operation of retail branch (and Sub Branch) operations under Franchise Agreements with Bendigo Bank, their continuation is a key dependency and risk. Specific risks relating to the Franchise Agreements include the following.</p> <ul style="list-style-type: none"> • The Company's activities are limited to operating the retail branch (and Sub Branch) operations, and it must not do anything else unless Bendigo Bank agrees. • In some cases, Bendigo may change the financial return that the Company receives with the result that the Company's revenue may decrease. This may be through changing the commissions paid to the Company (in specified cases) or the Company's share of fee income. See sections 4.1 and 5.3. • The initial term of the Nanango Franchise Agreement is 5 years. The agreement may be renewed for two additional terms of 5 years each if the conditions for renewal are met. However, the Company may not meet the renewal conditions for either or both of these renewal terms. • The operation of the Yarraman & District Branch and the Blackbutt Sub Branch is proposed to continue under the terms of the Franchise Agreements governing those locations. On expiry of their terms, the Company may not meet the renewal conditions for either or both operations. • Bendigo Bank has the right to end each Franchise Agreement in the cases set out in the Franchise Agreement. Examples include if the Company is insolvent, engages in fraudulent conduct, or conducts the business in a way that endangers public health or safety, if the financial performance of the relevant retail branch (or Sub Branch) operation falls materially short of its projected profit or loss for a 6 month period, and if the Company breaches the agreement. • The rights granted under the Franchise Agreements are not exclusive to the Company. <p>Upon expiry of the Franchise Agreements, the Company may not carry on a substantially similar business for 3 years.</p> <p>The Company provides an indemnity to Bendigo Bank against losses it may suffer in connection the Company's activities. The success of the Company also depends significantly on the standing and success of Bendigo Bank.</p>	Refer Sections 3.2, 3.3, 3.6, 4.1, 5.2, 5.3, 5.4, 6

Topic	Summary	Where to find more information
E2. Business volume	<p>There is a risk that the Company will not achieve sufficient business volume to make a profit. Business volume is dependent on a number of factors including the following.</p> <ul style="list-style-type: none"> • The conversion of banking business from feasibility survey responses into customers. There is a risk that this may occur at rates lower than anticipated. • The extent to which business generated by the Yarraman & District Branch and Blackbutt Sub Branch varies from business generated in the past, including the impact of the new Nanango branch. • The development activities of the Branch Manager and staff. There is a risk that the Company cannot employ a suitable Branch Manager. There is a risk that the Branch Manager and staff are not effective or successful in servicing or developing the business. • The promotional activities of the Board. There is a risk that the Board is not effective or successful in promoting the Company, its business and the Community Bank® model in the community. • Competition from other financial service providers located in the community or nearby, or able to deliver services remotely. • General economic conditions, including the effect of interest rate movements on interest rates offered by Bendigo Bank. <p>If the Company does not generate sufficient revenue it may not be able to make community contributions or pay dividends - see E3 and E5.</p> <p>Also, Bendigo Bank has a right to end franchise agreement in some cases where the Company is not profitable - see section 6 for more detail.</p>	Refer Sections 4, 5.3
E3. Dividends	<p>There is a risk that the Company will not pay dividends. The ability of the Board to pay dividends depends on the profitability of the Company. In addition, as explained above (see C3).</p>	Refer Section 5.2
E4. Ability to sell Shares	<p>Because of the community based nature of the Company, it is not envisaged that there will be significant trade in its shares. There is a risk that shareholders will not be able to sell their shares when they want to, at all or at a price they want.</p> <ul style="list-style-type: none"> • The Company is listed and its shares are quoted on the National Stock Exchange of Australia. The Company will apply for quotation of the shares on the NSX, however that does not guarantee that a shareholder will be able to sell shares. • There are restrictions on who can be a shareholder and the number of shares that a person can hold. See C1 above. 	Refer Sections 3.10, 5.2, 7.3

Topic	Summary	Where to find more information
E5. Economic and local conditions	<p>There is a risk that changes in economic conditions and the competitive landscape could adversely affect the financial performance of Bendigo Bank and the Company. Examples include changes in inflation and interest rates.</p> <p>This may adversely affect the Company's share of gross margin, the commissions paid to the Company and the Company's share of fee income.</p> <p>Also, the level of banking business conducted through the Yarraman & District and Nanango Community Bank® Branches and the Blackbutt Sub Branch will be affected by general economic conditions, which may adversely affect the Company's financial performance.</p> <p>Further, changes in local community conditions or the local environment could adversely affect the Company's financial performance as they can significantly impact on business volumes and local economic activity. Examples include drought or flood. See section 5.5.</p>	Refer Section 5.5
E6. Are there any other risks?	Yes. Some other risks are discussed in Section 5.	Refer Section 5

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 for a **Community Bank®** Branch of Bendigo Bank to be established in Nanango. After meeting the costs of the Offer, all funds raised (including any oversubscriptions) will be used for the purposes of meeting these requirements, which may include making community contributions.

Details of the establishment costs for the Nanango **Community Bank®** Branch and estimated annual operating costs of the Company's three branches are set out in Section 4.2 of this Prospectus. The total costs of the Offer are estimated to be between \$35,000 and \$45,000.

In 2005 the Company entered into a franchise agreement with Bendigo Bank for the Company to manage and provide services to the Yarraman & District **Community Bank®** Branch as a "franchise" of Bendigo Bank. The Company raised the funds required for the establishment and initial ongoing operations of the Yarraman & District **Community Bank®** Branch via an offer of shares (at an issue price of \$1.00 per share) to the Yarraman & District community. The Company's Prospectus for that offer of shares was dated 16 May 2005. In 2009, the Company entered into a franchise agreement with Bendigo Bank for the Company to manage and provide services to the Blackbutt Sub Branch of Bendigo Bank (and, if conversion occurs, the Blackbutt **Community Bank®** Branch). The Company raised the funds required for the establishment and initial ongoing operations of the Blackbutt Sub Branch via an offer of shares (at an issue price of \$1.00 per share) to the Yarraman and Blackbutt communities. The Company's Prospectus for that offer of shares was dated 1 October 2009. If this offer under this Prospectus is successful, the Company will manage, and provide services to, the Yarraman & District **Community Bank®** Branch, the Blackbutt Sub Branch and a newly formed Nanango **Community Bank®** Branch. Each branch will operate as a "franchise" of Bendigo Bank.

The franchise arrangements relating to the Yarraman & District **Community Bank®** Branch, the Blackbutt Sub Branch and the Nanango **Community Bank®** Branch are contained in three separate

franchise agreements between the Company and Bendigo Bank (the Franchise Agreements).

The franchise arrangements for the three branches 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 South Burnett Community Enterprises Limited (the Company).

1.2 Description of the Offer

The Company is offering for subscription 526,000 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 Section 7.3 below) greater than 20,000 Shares. The Directors reserve the right to accept oversubscriptions of up to 200,000 Shares. The Directors reserve the right to accept oversubscription 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 Agreements 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	
Shares currently on issue	881,128
Shares issued pursuant to this Prospectus	526,000
TOTAL	1,407,128

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

Shares currently on issue	881,128
Shares issued pursuant to this Prospectus	726,000
TOTAL	1,607,128

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 restriction on shareholdings. For example a shareholder will not be able to control or own 10% or more of the Company, and the Directors may 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 Yarraman, Blackbutt or Nanango communities. The Directors will not accept any application if it appears the applicant would be in breach of these restrictions.

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 the restrictions, not only may 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 Minimum Subscription

The Company must receive applications (and payment) for at least 526,000 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 "Nanango Franchise Arrangements" in Section 3.2 for further information on the minimum subscription requirement. This Offer is not underwritten. Please also note that no Shares will be allotted or issued if the Shares do not receive permission for official quotation within three months, unless ASIC grants an exemption (see Section 1.7 below).

1.6 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.

1.7 Quotation of shares on NSX

The Company is listed, and its Shares are quoted, on the National Stock Exchange of Australia (NSX). The NSX acquired the Bendigo Stock Exchange (BSX), on which the Company was previously listed, in 2005. Most of the companies listed on the BSX, including the Company, were migrated to the NSX on 3 January 2012. Application will be made within seven days of the date of this Prospectus for quotation of the Shares offered under this Prospectus on the NSX. Please see Section 5 of this Prospectus for a discussion of the risk factors relevant to the Company's listing on the NSX and quotation of the Shares.

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	7 September 2012
Offer closes	5 October 2012
Shares pursuant to this Prospectus expected to be allotted:	19 October 2012
Certificates expected to be dispatched:	9 November 2012
Quotation on NSX:	19 November 2012

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 lodgement 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 lodgement 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

Any 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.

1.13 Investors should seek Financial 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 advise 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 David Robison on (07) 4163 0905, Jeff Connor on (07) 4163 0023, Anne Woodrow on (07) 4163 8162 or Frank Smith on (07) 4170 0357.

2. Directors

Details of the Directors of the Company are as follows:

Name Ross Christopher Begent
Date of Birth 15/02/1953
Occupation Economic Development Officer
Background Information

An inaugural Director, Ross has worked with a number of **Community Bank**[®] Companies as a Mentor. He is currently employed by Toowoomba Regional Council in an economic development, tourism and events management role.

Resides Lockyer Valley

Name James Alan Beveridge
Date of Birth 18/05/1975
Occupation Accountant
Background Information

Jim began his working life in Inverell NSW before moving to Toowoomba in 1999 to gain his Chartered Accountant qualification. His main focus has been small and medium businesses, superannuation and retirement planning. In 2004 he purchased an accountancy business in partnership with Mark Carey. With over 19 years experience in public accounting, Jim brings strong financial management skills to the Board.

Resides Toowoomba

Name Jeffrey Bruce Connor
Date of Birth 19/04/1957
Occupation Medical Practice Manager
Background Information

A country boy at heart, Jeff was a teacher and Principal of schools for around twenty years, working in locations from Thargomindah in the far west to Murray Island in the Torres Strait. Jeff has been in Blackbutt since 2006 where his wife is the local GP. As Practice Manager for Timbertown Medical Centre, Jeff is kept very busy. Jeff is very supportive of all community groups and organisations taking on long term executive roles with Blackbutt and Benarkin Aged Care Assn Inc; the Bloomin Beautiful Blackbutt Festival Inc and the Blackbutt and Benarkin Community Council Inc. Jeff is looking forward to the challenges and rewards of living and working within the South Burnett regional community as they embrace their third Bendigo Community Banking experience.

Resides Blackbutt

Name David Wayne Emms
Date of Birth 07/10/1944
Occupation Retiree
Background Information

The inaugural Chairman of the Yarraman & District **Community Bank**[®] Steering Committee, Wayne went on to be the Chairman of the Company's Board for 5 years. Wayne relocated to Yarraman with his wife Marie to develop their well known rocking horse manufacturing business 'Timbits Stable'. Wayne is actively involved in the development and promotion of Yarraman & district.

Resides Yarraman

Name Brenton Lester McLennan
Date of Birth 20/09/1950
Occupation Electrical Contractor
Background Information

Following twenty years service in the Royal Australian Navy, Brent moved to Blackbutt in 1987 to raise his family and operate a school bus business. Since 2004 Brent has been in senior management at Breaker Electrical, a specialist electrical company which operates at Tarong Power Station. Brent is well known for his strong community involvement having served as a Nanango Shire Councillor for two terms, and with a number of sporting organisations in Blackbutt.

Resides Blackbutt

Name David Francis Robison
Date of Birth 06/05/1949
Occupation Retiree
Background Information

With a strong background in the finance industry, specialising in all aspects of motor vehicle finance and servicing motor dealers throughout Queensland, Dave has now retired to Blackbutt where he and his wife Judy have purchased a small property. Since settling in Blackbutt, Dave has become actively involved with Blackbutt community organisations, and is a regular player at the Blackbutt Golf Club.

Resides Blackbutt

Name Francis Edward Smith
Date of Birth 15/01/1940
Occupation Retiree
Background Information

Frank has enjoyed a diverse career commencing in the trading of meat, wool, wheat and currency before moving into specialist funds management roles. Now semi-retired at Blackbutt, Frank endeavours to find more time to enjoy developing the local **Community Bank**[®], renovating his home, operating a small farm and long distance sailing, often aboard classic yachts. Frank took over the role of Chairman in 2011.

Resides Blackbutt

Name Noel Leslie Strohfeld

Date of Birth 19/03/1941

Occupation Importer

Background Information

Having served as a local government Councillor for over 30 years and as Mayor of Rosalie Shire for 11 years, Noel has recently retired as Councillor of Toowoomba Regional Council. Noel operates a number of family businesses including a tractor dealership, import of new tractors and sale of agricultural products. The idea of Yarraman & District **Community Bank**[®] initiated in a conversation with Ross Begent whilst Noel was Mayor of Rosalie Shire. A long time advocate for local Community Banking, Noel is well known for his strong promotion of our region.

Resides Ravensbourne

Name Ross Michael Towell

Date of Birth 10/02/1961

Occupation Self Employed

Background Information

Ross is the Owner/Editor of the Country Focus Newspaper and the President of the Nanango Tourism and Development Association and a member of the South Burnett Regional Council Economic Development Advisory Committee. Ross has been involved in the Nanango **Community Bank**[®] Project since its inception in 2008. He is committed to his community and to the **Community Bank**[®] Project.

Resides Nanango

The Company has established a sound process for Director recruitment and succession planning to ensure that appropriate skills are maintained. The Company undertakes an annual Board Performance Review, and encourages that all Directors undertake training relevant to their specific responsibilities.

No Director has been the subject of any legal or disciplinary action, or the director of a company subject to any legal or disciplinary action, or subject to a personal bankruptcy that is less than 10 years old and relevant to being a Director of the Company or the investment decision of an investor. No Director has been an officer of a company that entered into a form of external administration because of insolvency when the Director was an officer or within a 12 month period afterwards.

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.

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

The past 35 years have seen the Bendigo Land and Building Society, now 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) and 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 Limited (previously a joint venture with Elders Limited called Elders Rural Bank) are wholly-owned subsidiaries of Bendigo Bank, as is the financial planning arm Bendigo Financial Planning.

In November 2007, Bendigo Bank merged with Adelaide Bank Limited. Under the terms of the merger, Adelaide Bank Limited became a wholly-owned subsidiary of Bendigo Bank 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 486 branches. As at 30 June 2012, the Bendigo Group had an asset base of \$57.2 billion. It has more than 1.5 million retail customers and declared a profit after tax of \$195m for the 12 month period ending 30 June 2012. It is listed on the Australian Securities Exchange.

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

3.2 Community Bank® Model

Bendigo Bank developed its **Community Bank®** model in response to the continuing closure of bank branches across Australia, and the subsequent effects on disenfranchised communities.

A **Community Bank®** 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®** model are threefold:

- to secure branch banking services for participating communities;
- to help these communities better manage locally generated capital, and share in the potential growth of their local economy; and
- to enable participating communities to share in revenues generated from their **Community Bank®** enterprise, as well as offering the potential for shareholders to receive dividends.

Community Bank® draws on the greatest strength communities possess – their parochialism.

By supporting their local branch, communities have the opportunity to generate revenue which may be able to 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®** model 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, 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 credit representatives for the purposes of the National Consumer Credit Protection 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 295 **Community Bank®** Branches, located in places such as Acacia Ridge, Biggera Waters, Brendale, Carrum Downs, Coleambally, East Gosford, East Malvern, Elwood, Goomalling, Henty, Kulin, Lang Lang, Laverton, Margate, Mission Beach, Nathalia, Neerim South, Paradise Point, Tambellup and Cranbrook (combined franchise), Ravenshoe, Toodyay, Toora, Upwey, Virginia and Woombye. Bendigo Bank has also granted a small number of commercial franchises.

Community Bank® network information

The first **Community Bank®** Branch opened in 1998. There are now more than 295 **Community Bank®** Branches across Australia, operated by more than 200 community companies, with over \$21.2 billion in banking business. In the past 3 years 56 new branches have opened for business.

The network is supported by more than 1800 directors (the majority of whom act on a voluntary basis), more than 70,000 local shareholders and more than 1400 staff members.

The following information about the financial performance of the **Community Bank®** network as at 30 June 2011 on a consolidated basis has been provided by Bendigo Bank. The information is historical only and does not constitute and should not be relied upon as any representation or indication as to the future performance of the Company, any **Community Bank®** Branch or of the

Community Bank® network as a whole. It serves only as a description of the financial performance of the network on a consolidated basis up to a particular point in time (being 30 June 2011). You should refer to section 4 of this Prospectus for information about the financial performance of the Company and section 5 for a description of the business risks and other factors that may affect the financial performance of the Company.

The information shown illustrates the trend for **Community Bank®** companies to improve their performance over time by reference to certain specific measures of financial performance (net profit after tax, community contributions and payment of dividends). However, it also shows that a significant number of companies experience operating losses, and pay no dividends to shareholders, for the first 5 to 6 years of operation. The information given below also demonstrates the level of community contributions made across the network in the period from 2004 to the end of the 2010/2011 financial year.

Refer to Section 3.4 for specific information relating to the Company.

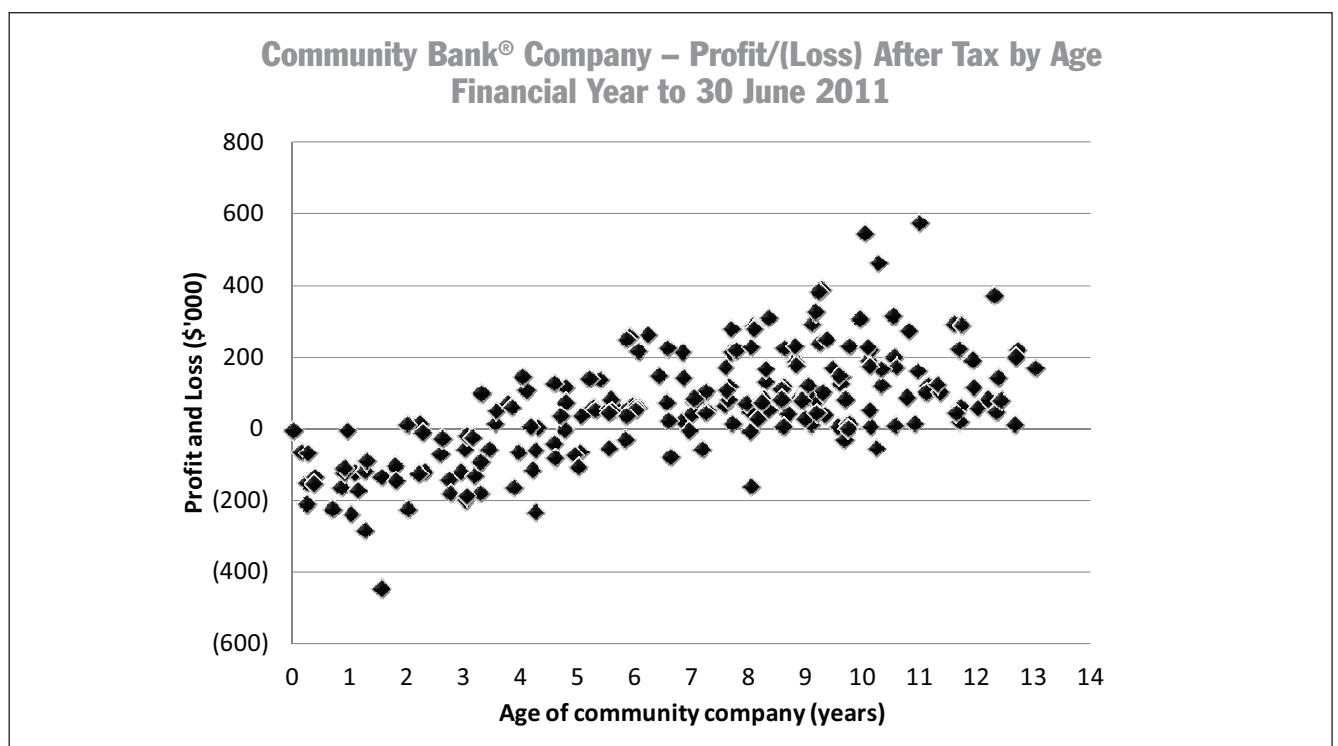
(i) Net Profit (After Tax and Community Contributions)

As at 30 June 2011:

- approximately 6% of companies that had traded for less than 3 years as at that date recorded a net profit (after tax and any community contributions made) for that year;
- approximately 56% of companies that had traded for a period of between 3 and 6 years as at that date recorded a net profit (after tax and any community contributions made) for that year; and
- approximately 94% of companies that had traded for more than 6 years as at that date recorded a net profit (after tax and any community contributions made) for that year.

Overall, 148 **Community Bank®** companies (71%) posted a net profit (after tax and any community contributions made) for the financial year ended 30 June 2011. This compares to 127 companies (66%) in the previous financial year 2009/10.

The diagram below shows the profit and loss (after tax and after community contributions) position of **Community Bank®** companies in the financial year to 30 June 2011 (each dot in the graph below represents a **Community Bank®** company):

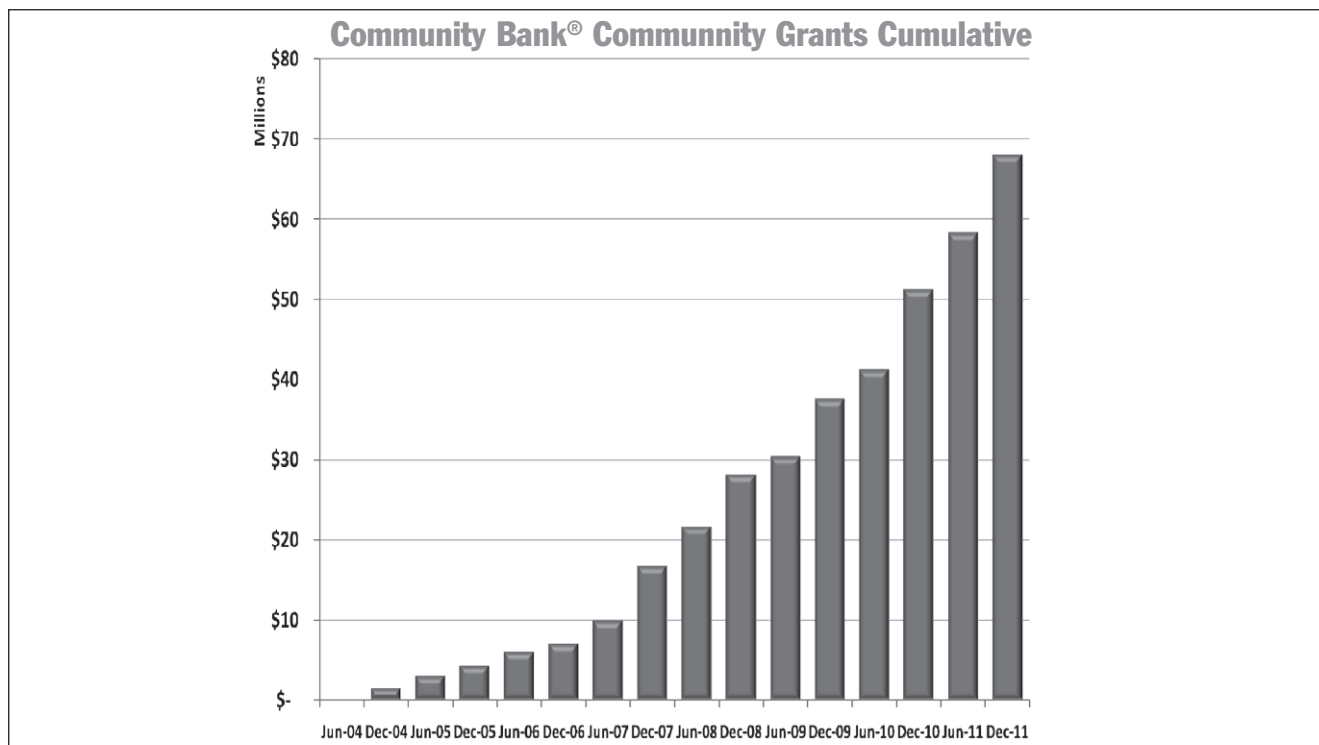


(ii) Community Contributions

A key aim of the **Community Bank®** model is for local communities to share in revenues generated by the Company. One of the main ways that this occurs is by **Community Bank®** companies making community contributions to the local communities in which they operate. These contributions can take the form of donations, grants or sponsorship arrangements. Bendigo Bank encourages the making of these contributions, but it is for the Board of each **Community Bank®** company to decide how funds are to be allocated within their communities.¹

Bendigo Bank collects, on a six monthly basis, data on all community contributions made by **Community Bank®** companies to the local communities in which they operate. Bendigo Bank records that information in a central data base which enables total network results to be collated and distributed.

As at 30 June 2012, almost \$80 million has been provided to the community projects from the **Community Bank®** network since the first branch opened in 1998. The graph below shows (on a cumulative basis) how the total community contributions made by the **Community Bank®** network have grown in the period from 2004 to December 2011:



In the financial year ended 30 June 2012, all **Community Bank®** companies made contributions for local community purposes, and these totalled approximately \$20.2 million. In the previous financial year, all companies made community contributions and these totalled approximately \$17.1 million. In the previous financial year, all companies made community contributions, and these totalled approximately \$13.4 million. The level of contributions made by the companies varies, and generally reflects the level of maturity of the company, as shown below:

Contribution \$	Time period company has traded		
	Less than 3 years	Between 3-6 years	More than 6 years
Less than 20,000	76%	46%	40%
20,000 to 49,999	24%	40%	9%
50,000 to 99,000	0%	8%	12%
100,000 to 199,000		6%	20%
More than 200,000			19%

¹ In Section 3.5 below, there is a discussion of discretionary financial contributions that have been made by Bendigo Bank to **Community Bank®** companies. As discussed in that Section, these financial contributions are sometimes used by these **Community Bank®** companies to assist in making their community contributions.

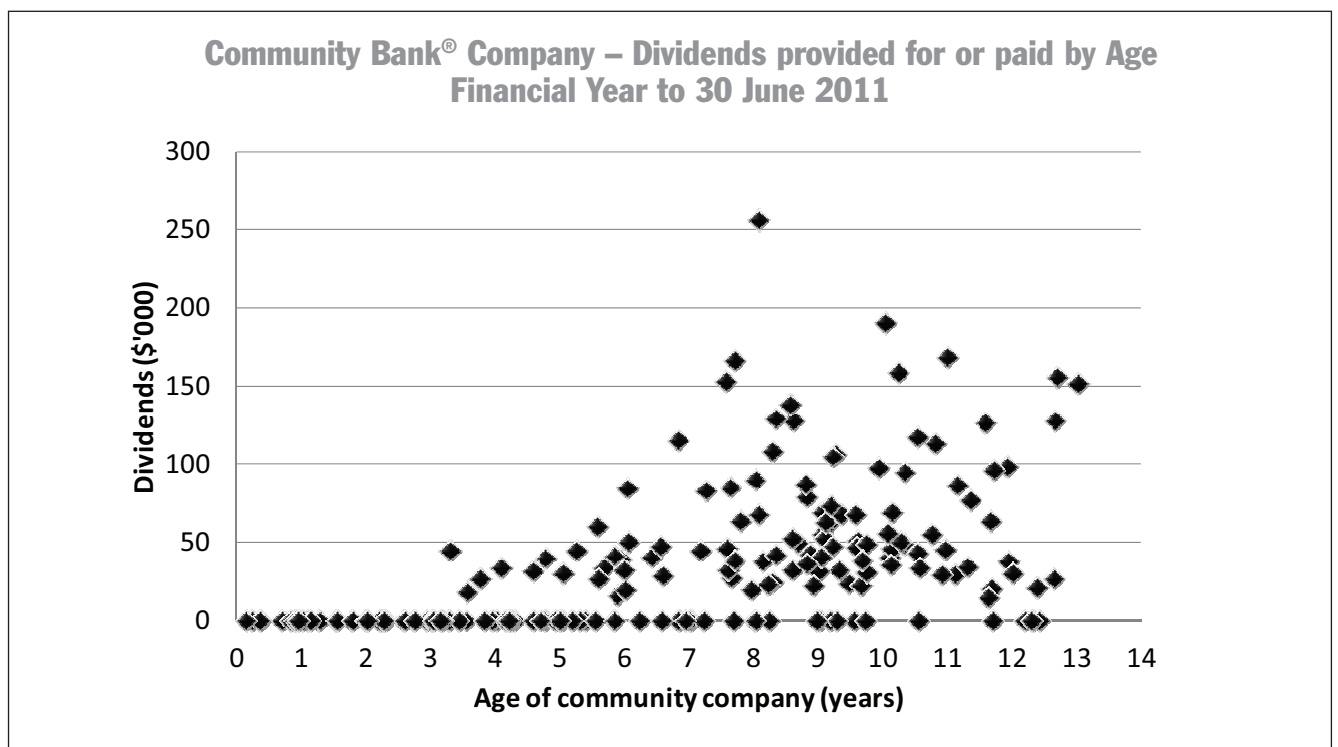
(iii) Dividends

As noted above, the purpose of a **Community Bank®** company is for local communities to share in revenues generated by the community and not simply for shareholder return. This is reflected across the network by a higher proportion of **Community Bank®** companies making community contributions than paying dividends (see paragraph (ii) on page 19).

As at 30 June 2011:

- no company that had traded for less than 3 years as at that date paid or provided for a dividend to shareholders for that year;
- approximately 28% of companies that had traded for a period of between 3 and 6 years as at that date paid or provided for a dividend to shareholders for that year; and
- approximately 77% of companies that had traded for more than 6 years as at that date paid or provided for a dividend to shareholders for that year.

The diagram below shows the dividends paid or provided for by **Community Bank®** companies in the financial year to 30 June 2011 (each dot in the graph below represents a **Community Bank®** company):



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 51AE of the Competition and Consumer Act 2010 (Cth) (CCA). Section 51AD of the CCA provides that a corporation must not contravene an industry code.

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. A disclosure document was provided to the Company in connection with the existing franchise arrangements for the Yarraman & District **Community Bank**[®] Branch and the Blackbutt Sub Branch, and a further disclosure document has been provided by Bendigo Bank to the Company in connection with the Nanango Franchise Agreement relating to the proposed Nanango **Community Bank**[®] Branch.

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.

Existing Franchise Arrangements

In 2005 the Company entered into the Yarraman & District **Community Bank**[®] Franchise Agreement with Bendigo Bank pursuant to which the Company acquired rights to manage the Yarraman & District **Community Bank**[®] Branch of Bendigo Bank.

In 2009 the Company entered into the Blackbutt Franchise Agreement under which the Company was granted the right to operate the Blackbutt Sub Branch. A sub branch is a branch of Bendigo Bank established by a **Community Bank**[®] Company as a first step towards establishing a new **Community Bank**[®] branch. A sub branch typically does not offer full banking hours or have its own branch manager. Once specified business targets are reached by the sub branch, conversion to a **Community Bank**[®] branch occurs. If the agreed business targets

are not met by the sub branch, it will continue to operate as a sub branch subject to regular review of business levels by Bendigo Bank.

The Blackbutt Franchise Agreement also provides for the Blackbutt Sub Branch to be converted into a **Community Bank**[®] Branch of Bendigo Bank if the Company and Bendigo Bank agree on conversion, or if the business conducted by the Blackbutt Sub Branch reaches any one or more of the following levels (as determined by Bendigo Bank):

- The total value of loan and deposit accounts attributed to the Sub Branch operation exceeds \$20,000,000;
- The number of accounts attributed to the Sub Branch operation exceeds 1,000;
- The number of transactions per month carried out through the Sub Branch operation exceeds 2,000.

None of these levels have been achieved by the Blackbutt Sub Branch at this time. Bendigo Bank and the Company have agreed to extend the term of the Sub Branch Operation until 11 December 2012, at which time a further review will be conducted into the potential for the Blackbutt Sub Branch to convert to a stand-alone **Community Bank**[®] branch, or continue as a Sub Branch operation.

The Yarraman & District **Community Bank**[®] Branch of Bendigo Bank has been operating since 2005 and the Blackbutt Sub Branch has been operating since 2009. Information regarding the financial position of the Company is set out in Section 4. The Company has now decided to enter into arrangements with Bendigo Bank under which the Company will acquire rights to manage and operate an additional **Community Bank**[®] Branch of Bendigo Bank to be established in Nanango (this is discussed further below).

To facilitate these new arrangements, the Company has entered into the Nanango Franchise Agreement with Bendigo Bank pursuant to which, subject to the satisfaction of a number of conditions, the Company will have the right to manage and provide services to the Nanango **Community Bank**[®] Branch. As at the date of this Prospectus, the only condition that has not been satisfied is the condition relating to the raising of the minimum subscription amount (see below).

The effect of these arrangements will be that the existing management rights in relation to the Yarraman & District **Community Bank**[®] Branch will continue under the Yarraman & District Franchise Agreement, and the existing management rights in relation to the Blackbutt Sub Branch (and the

Blackbutt **Community Bank**[®] Branch if conversion occurs) will continue under the Blackbutt Franchise Agreement. For customers of the Yarraman & District **Community Bank**[®] Branch and the Blackbutt Sub Branch, this change in arrangements should not have any material effect.

If the conditions in the Nanango Franchise Agreement are not satisfied (or waived), the Nanango Franchise Agreement will not take effect.

Nanango Franchise Arrangements

In addition to the arrangements described above in relation to the Yarraman & District **Community Bank**[®] Branch and the Blackbutt Sub Branch, under the Nanango Franchise Agreement the Company will acquire the right to manage and provide services to a **Community Bank**[®] Branch of Bendigo Bank to be located in Nanango.

As indicated above, the Company has entered into the Nanango Franchise Agreement with Bendigo Bank that will govern the management of the Nanango **Community Bank**[®] Branch. For ease of reference in this Prospectus, the rights granted to the Company under the Franchise Agreements to manage and operate the Yarraman & District **Community Bank**[®] Branch, Blackbutt Sub Branch (and the Blackbutt **Community Bank**[®] Branch if conversion occurs) and Nanango **Community Bank**[®] Branch are respectively referred to as the Yarraman & District, Blackbutt and Nanango Franchise Rights.

A condition to the Nanango Franchise Agreement being granted is that the Company raises the subscription amount of \$526,000 pursuant to the Issue. If this condition in the Nanango Franchise Agreement is not satisfied, the Company will not have the right to manage and operate the Nanango **Community Bank**[®] Branch. The Company's right to manage and operate the Yarraman & District **Community Bank**[®] Branch and the Blackbutt Sub Branch will continue to be governed by the terms of the Yarraman & District Franchise Agreement and Blackbutt Franchise Agreement respectively.

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

3.3 Duration of Franchise

Under the Nanango Franchise Agreement Bendigo Bank has granted the Company the Nanango Franchise Rights for an initial term of five years from the Commencement Date. Pursuant to the Nanango Franchise Agreement, the Company may seek to extend the term of the Nanango franchise for (in total) two additional five year terms each (subject to satisfying the applicable conditions).

A request to extend the term of the Nanango Franchise Agreement must be made between three and six 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 Nanango 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 Nanango Franchise Agreement and pays Bendigo Bank's costs of renewing the Nanango franchise.

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 Agreements 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 Franchise Agreements) 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 Agreements. In any event, any assignee would have to continue to perform Bendigo Bank's obligations under the Franchise Agreements.

The Company may only dispose (in any way) of, or otherwise effect or permit a change of control or ownership of, the franchises (or any one of them), the Company or the Company's interest in the franchise operations, the Franchise Agreements or the location of any branch 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 of the Company's interest in the Franchise Agreements, the Yarraman & District, Blackbutt and Nanango Franchise Rights or the branch locations.

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

3.4 Activities of Company

Branches

The Yarraman & District **Community Bank®** Branch commenced operation in 2005 and the Blackbutt Sub Branch commenced operation in 2009. The Yarraman & District **Community Bank®** Branch is open from 9.00am to 5.00pm on Monday to Friday (excluding public holidays), and the Blackbutt Sub Branch is open from 9.00am to 5.00pm Monday, Wednesday and Friday.

In addition, the Company intends to establish the Nanango **Community Bank®** Branch of Bendigo Bank at 92 Drayton Street, Nanango, Queensland 4615. It is proposed that the Nanango **Community Bank®** Branch will open from 9.00am to 5.00pm on Monday to Friday (excluding public holidays).

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

Branch Managers and Employees

The Company currently employs one Branch Manager, a Customer Service Manager and a number of Customer Service Officers to staff the Yarraman & District **Community Bank®** Branch and the Blackbutt Sub Branch. It is envisaged that a new Branch Manager and a number of new Customer Service Officers will be employed by the Company to manage and staff the proposed Nanango **Community Bank®** Branch. All employees must be first approved by Bendigo Bank. It is also possible that staff will be seconded from the Bendigo and Adelaide Bank Group to the Company.

Net Profit

From an initial Company start-up in 2005, the Company recorded a profit in 2007/2008 financial year and again in 2008/2009. The Company recorded an operating loss, as budgeted for in 2009/2010 due to the opening of the Blackbutt Sub Branch in December 2009.

Since the opening of Blackbutt Sub Branch the Company has continued to experience strong business growth and has returned to profit in the 2011/2012 financial year. The Company's current financial position may be impacted in 2012/2013, however, due to the establishment of the Nanango **Community Bank®** Branch.

Community Contributions

The Company has a strong record of contributing for local purposes with over \$305,000 distributed

to local community organisations, events, sporting groups, projects and other initiatives.

The history of contributions is as follows:

2005 - 2006	\$1,627
2006 - 2007	\$1,470
2007 - 2008	\$20,140
2008 - 2009	\$25,812
2009 - 2010	\$41,866
2010 - 2011	\$113,804
2011 - 2012	\$100,312

Dividends

The Company paid a first dividend of 6 cents per share in 2009 and a dividend of 4.5 cents was paid in 2012. The Company did not pay a dividend in 2010 and 2011 due to the opening of the Blackbutt Sub Branch. When the capital raising initiative was undertaken to open the new Sub Branch in Blackbutt, the Company issued one bonus share for every three shares held by existing shareholders.

Financial Products and Services

Through the existing Yarraman & District **Community Bank®** Branch and Blackbutt Sub Branch and the new Nanango **Community Bank®** Branch, 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 automatically to deposits of \$250,000 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 no longer applies 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 Yarraman & District and Nanango **Community Bank**[®] Branches and the Blackbutt Sub Branch will not necessarily be the same as those offered by other Bendigo Bank 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 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 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 its name, logo and system of operations and other relevant intellectual property rights for the purpose of managing the Yarraman & District and Nanango **Community Bank**[®] Branches and the Blackbutt Sub Branch. This includes the trademark “**Community Bank**[®]” (although under the Blackbutt Franchise Agreement this trademark may only be used following conversion of the Blackbutt Sub Branch to a **Community Bank**[®] Branch). 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 Agreements).

Assistance and Advice

Bendigo Bank will provide significant assistance in relation to the Yarraman & District and Nanango **Community Bank**[®] Branches and the Blackbutt Sub Branch including:

- advice and assistance in relation to the design, layout and fitout of each branch office;
- training for the Branch managers and other employees in banking, management systems and interface protocol; and
- assistance in the launch of the Nanango **Community Bank**[®] Branch (assistance has already been given by Bendigo Bank in relation to the launch of the Yarraman & District **Community Bank**[®] Branch and the Blackbutt Sub Branch).

Bendigo Bank will continue to provide ongoing management and operational support, and other assistance and guidance in relation to all aspects of each 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.

In addition and separate from the Franchise Agreement, Bendigo Bank has also made discretionary financial contributions (based on volume of business on the books for a branch) to **Community Bank**[®] companies to assist with local marketing and development activities, including in some cases their community contributions. It is for each Board to decide how to use these financial contributions from Bendigo Bank. The making of such payments by Bendigo Bank is discretionary and the program is subject to review from time to time by Bendigo Bank.

Non-exclusive Franchise

The Franchise Rights granted under the Franchise Agreements are non-exclusive. That is, any member of the Bendigo 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 location of the branches at which the franchise operations are carried on must be 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 Agreements provide 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 Yarraman & District and Nanango **Community Bank**[®] Branches and the Blackbutt Sub Branch of Bendigo Bank (and if conversion occurs, the Blackbutt **Community Bank**[®] Branch), 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 operations.

The Company may offer or promote other products and services pursuant to an arrangement with a member of the Bendigo 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 Agreements, and for a further three years after the Franchise Agreements have terminated.

Pursuant to these covenants (as contained in the Franchise Agreements), 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 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

Agreements in accordance with the guidelines provided by Bendigo Bank.

The Company has also been appointed as:

- an 'authorised representative' of Bendigo Bank pursuant to a separate authorised representative appointment; and
- a credit representative of Bendigo Bank (see Section 7.4 below).

3.7 Community engagement for the new Nanango Community Bank[®] Branch

A significant amount of work and public consultation has been undertaken to determine the feasibility of establishing the proposed Nanango **Community Bank**[®] Branch of Bendigo Bank.

A Steering Committee was formed following a public meeting to discuss the concept and the steps required to establish a **Community Bank**[®] Branch of Bendigo Bank.

The Steering Committee commenced an extensive public awareness campaign in Nanango, and built support for the establishment of their own **Community Bank**[®] Branch. As Nanango was only 21 kilometres from the **Community Bank**[®] Branch in Yarraman, working relationship developed between the Nanango Steering Committee and the Company Members of the Nanango Steering Committee and the Company. Members of the Nanango Steering Committee and the Company agreed that it was in their mutual best interests to work together to achieve the best outcomes for Nanango. A decision was made to continue efforts to open the Nanango **Community Bank**[®] Branch under the existing Company structure.

Since that time, the Steering Committee and the Board have worked together through an extensive public awareness campaign before making a decision to proceed towards the establishment of a **Community Bank**[®] Branch in Nanango. This campaign involved:

- A series of public meetings and forums to inform the Nanango community of the **Community Bank**[®] model and potential benefit to the community, and to gain broad based support.
- Achieving agreed levels of banking business in support of the new branch. Bendigo Bank has recorded certain new banking business originating within the Nanango community since inception of the campaign. For example \$3m in banking business was achieved prior to undertaking a feasibility study (see below for further details). The current level of banking business is detailed

in Section 3.8. The Company is required to achieve at least \$8.1m of banking business prior to proceeding towards the establishment of a new branch operation.

Based on the level of support shown throughout the awareness campaign the Steering Committee and the Board subsequently engaged an independent consultant, AFS and Associates, to conduct a feasibility study in the Nanango community.

The feasibility study process is an independent analysis conducted within an identified community to formally assess the level of community engagement and support of the proposed **Community Bank®** branch, and to obtain data on the level of potential banking business that could be transferred to the proposed new banking operation.

The Nanango Feasibility Study involved:

- distributing surveys to 4,000 households and businesses located in Nanango and surrounds;
- 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 total of 4,000 surveys were distributed and 279 surveys were returned (a response rate of 7%). Bendigo Bank has indicated to the Directors that, based on Bendigo Bank's past experience, this is an average rate of response to the feasibility study.

The results of the feasibility study were presented to the Nanango Steering Committee and the Board at a meeting held on in September 2010. The Board considered the Steering Committee's recommendation and relevant supporting information and unanimously voted to proceed towards the establishment of the Nanango **Community Bank®** Branch.

In June 2012, Bendigo Bank subsequently completed a further review of the feasibility study results and the budgets for the proposed branch. The results of this review were presented to the Board, which confirmed its vote to proceed towards the establishment of the Nanango **Community Bank®** Branch.

Similar feasibility studies were undertaken in the Yarraman & District and Blackbutt communities prior to the establishment of the Yarraman & District **Community Bank®** Branch in 2005 and the Blackbutt Sub Branch in 2009.

Despite this process, there is of course no assurance of success. There is no assurance that the Company will be able to achieve the business

volume or mix anticipated and no assurance that the Company will be able to generate sufficient revenue or profit going forward.

The Company is subject to a number of risks - including the risks which are discussed in Section 5 which you should read carefully.

3.8 Business allocated to the Company attributed to the Nanango Community Bank® Branch

Bendigo Bank has recorded certain new banking business originating within the Nanango community from the date of the Board meeting at which it was resolved to proceed towards the establishment of the Nanango **Community Bank®** Branch (held in September 2010) referred to in Section 3.7, and will continue to do so until the date that the Nanango **Community Bank®** Branch opens. This new banking business contributes to the Company's revenues. As at 31st July 2012, the amount of new business originating from our community that has been recorded by Bendigo Bank is as follows:

	\$
Deposits Raised	1,911,408
Loans Generated	6,230,967
Other Business (excluding superannuation)	
Total Portfolio	8,142,375

The Company's sources of revenue from banking business are discussed further in Section 4.1 of the Prospectus.

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, 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.

3.10 Share Price

Shares in the Company were originally listed on Bendigo Stock Exchange in 2005, which was merged in to NSX in January 2012. Since listing the following trades have been recorded by the NSX. Refer to Section 5.2

Qty	Price	Date
4,000	0.70	05/10/2011
1,000	0.70	19/05/2011

While these trades occurred at 70 cents per Share, the Directors note that only 2 trades have been recorded since listing and no trade has been recorded since May 2011. The Directors are satisfied that the appropriate price under this Offer is \$1 per Share, which is the same offer price under the two previous prospectuses issued by the Company (as discussed in Section 3.4, at the time of the previous prospectus there was also a bonus issue to existing shareholders).

4. Financial information

4.1 Revenue

The Franchise Agreements provide for three types of revenue that may be earned by the Company².

First, the Company is entitled to 50% of the monthly gross margin earned by Bendigo Bank on certain products and services provided through the Company (ie 'margin business'), such as variable deposit and variable loans. 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 (i.e. commission businesses).

The initial list of products and services to be provided by the Company is set out in Section 3.4. The Franchise Agreements provide 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). The amount of commission payable can be varied in accordance with the Franchise Agreements (subject to notice requirements). Agribusiness commissions may be varied at Bendigo Bank's discretion. Other commissions may be increased at Bendigo Bank's discretion but may only be reduced in proportion to a reduction in Bendigo Bank's commission or margin. Bendigo Bank has previously exercised this discretion on several occasions. For example in February 2011 Bendigo Bank reduced commissions on two core banking products by 0.125% to ensure a more even distribution of income between Bendigo Bank and its **Community Bank®** partners. At that time, Bendigo Bank indicated it would review commission rates again in two years. Bendigo Bank is currently reviewing commission rates again, and will make a decision on any further changes in early 2013. The third source of revenue is a proportion of the fees and charges (i.e., what are commonly referred to as 'bank fees and charges') charged to

² In addition, outside the Franchise Agreement, the Company may receive discretionary contributions from Bendigo Bank based on the volume of business on the books of a branch. See Section 3.5.

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 at Bendigo Bank's discretion from time to time.

4.2 Establishment and Operating Costs

The following costs will be incurred by the Company:

- the initial investment required to establish the Nanango **Community Bank®** Branch and commence operations;
- the initial investment required to convert the Blackbutt Sub Branch into a **Community Bank®** Branch and commence operations as a **Community Bank®** Branch (if conversion occurs); and
- the annual operating costs of the Yarraman & District and Nanango **Community Bank®** Branches and the Blackbutt Sub Branch.

Establishment Costs

The costs to establish the Nanango **Community Bank®** Branch and commence operations include:

- the Initial Fees and training costs payable under the Nanango Franchise Agreement in relation to the Nanango **Community Bank®** Branch;
- site modifications and IT establishment in relation to the Nanango **Community Bank®** Branch;
- legal and other costs (including the costs of undertaking this Issue);
- the costs of the opening launch of the Nanango **Community Bank®** Branch;
- the Nanango Feasibility Study; and
- working capital.

These costs are estimated to be \$526,000.

Community Bank® Branch Conversion Costs

If the Blackbutt Sub Branch converts into a **Community Bank®** Branch, the costs to commence operation as a **Community Bank®** Branch include:

- Initial Fees payable under the Blackbutt Franchise Agreement;
- the Training Costs payable under the Blackbutt Franchise Agreement;
- the Start-Up Costs (including site modification and IT establishment) payable under the Blackbutt Franchise Agreement;
- legal costs (including the costs of raising funds to meet conversion costs);

- the costs of the opening launch of the Blackbutt **Community Bank®** Branch; and
- working capital.

These costs are estimated to be \$70,000.

Annual Operating Costs

The operating costs of the Company include:

- share registry fees;
- labour (Branch Managers 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;
- payroll administration costs;
- travel and accommodation;
- repairs and maintenance;
- automatic teller machines (ATMs);
- accountancy and secretarial;
- freight & cartage;
- annual audit fees; and
- annual NSX listing and quotation fees.

These costs for the next financial year 2012/2013 are estimated to be \$920,000.

4.3 Goods and Services Tax

The Goods and Services Tax (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 Company is a "financial supply facilitator" and it is able to reclaim GST it incurs on its business inputs but will also be required to account for GST on its revenues.

4.4 Balance Sheet

Set out below is a balance sheet for the Company showing the actual (audited) position as at 30 June 2012 and alternative unaudited pro forma statements of financial position showing the effect of the Issue.

	Actual Audited as at 30 June 2012 \$	Unaudited Pro-Forma as at 30 June 2012 ^{1 & 3} \$	Unaudited Pro-Forma as at 30 June 2012 ^{2 & 3} \$
ASSETS			
Current Assets			
Cash assets	115,653	346,602	546,602
Trade and other receivables	81,529	81,529	81,529
Other	-	10,000	10,000
Total Current Assets	197,181	438,131	638,131
Non-Current Assets			
Property, plant and equipment	306,319	511,370	511,370
Intangible assets	142,432	222,432	222,432
Total Non-Current Assets	448,752	733,803	733,803
Total Assets	645,933	1,171,933	1,371,933
LIABILITIES			
Current Liabilities			
Trade and other payables	34,201	84,324	84,324
GST Liability	33	33	33
Provisions	44,333	44,333	44,333
Total Current Liabilities	78,567	128,690	128,690
Non-Current Liabilities			
Provisions	17,699	17,699	17,699
Total Non-Current Liabilities	17,699	17,699	17,699
Total Liabilities	96,266	146,389	146,389
Net Assets	549,667	1,025,544	1,225,544
Equity			
Issued capital	739,350	1,265,350	1,465,350
Cost Equity raising	(62,730)	(112,853)	(112,853)
Retained earnings	(126,953)	(126,953)	(126,953)
Total Equity	549,667	1,025,544	1,225,544

Notes

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

4.5 Statement of Comprehensive Income

Set out below is historical financial information for the Company for the financial years ended 30 June 2010, 2011 and 2012.

	30 June 2010 Actual (Audited)* \$	30 June 2011 Actual (Audited)* \$	30 June 2012 Actual (Audited)* \$
Revenues from ordinary activities	690,880	766,218	860,369
Employee benefits expense	(347,557)	(429,690)	(437,323)
Charitable donations, sponsorship, advertising & promotion	(36,770)	(77,659)	(92,988)
Occupancy and associated costs	(50,991)	(70,762)	(71,796)
Depreciation and amortisation expense	(28,127)	(44,702)	(47,750)
System costs	(37,729)	(41,162)	(40,614)
Finance costs	(20)	(71)	(65)
General administration expenses	(143,074)	(140,724)	(152,842)
Profit/(Loss) before income tax (expense)/credit	46,612	(38,552)	16,991
Income tax (expense)/credit	(15,163)	8,524	(2,798)
Profit/(Loss) after income tax expense	31,449	(30,010)	14,193
Total Comprehensive Income for the year	31,449	(30,010)	14,193
Earnings per Share	c	c	c
Earnings per share for the period (cents)	4.60	(3.40)	1.61
Dividends paid or provided for (cents per share)	0.0	0.0	4.50

* These figures have been extracted from the Company's audited Financial Statements. A full set of the Company's audited Financial Statements can be found on the NSX web site www.nsx.com.au.

Prospective investors should note that past performance is not necessarily an indication of future performance. In particular, the performance of the Company is subject to a number of risks. You should refer to Section 5 for a discussion of key risks. It was determined by the Directors not to include forecast information.

4.6 International Financial Reporting Standards

For reporting periods beginning on or after 1 January 2005, the Company must comply with International Financial Reporting Standards (IFRS) as issued by the Australian Accounting Standards Board. The first financial year to which IFRS applied to the Company was the Year ended 30 June 2006.

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 has been established and the specific nature of the business to be conducted by the Company, that is, to manage two **Community Bank®** Branches of Bendigo Bank and a Sub Branch (that may convert to a **Community Bank®** Branch) pursuant to the Franchise Agreements 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

As explained above (Section 3.2), an aim of the **Community Bank®** model is for communities to share in revenues generated by the company and not simply for shareholder return. The Directors intend that as a general rule, any profits of the Company available for distribution to shareholders will 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 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 funds of the Company otherwise available for distribution to shareholders in that 12 month period; and
- (b) subject to the availability of funds for distribution to shareholders, 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, the funds of the Company available for distribution to shareholders 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.

Trading in Shares

The Company provides members of the community with the opportunity to contribute to establishing and maintaining the Yarraman & District and Nanango **Community Bank®** Branches of Bendigo Bank and the Blackbutt Sub Branch of Bendigo Bank. 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).

Because of the community based nature of the Company, it is not envisaged that there will be significant trade in shares in the Company. Accordingly, there may be limited opportunities

for shareholders to recoup their investment in the Company by disposing of their Shares.

In particular, while the Company is listed and its Shares are quoted on the NSX (and the Directors intend to apply for quotation on NSX of the Shares issued pursuant to this Prospectus), as listing and quotation impose additional obligations and costs on the Company, it is possible that in the future, the Directors will form the view that listing and quotation is no longer in the best interests of the Company.

Even if the Company remains listed on the NSX, it is not anticipated that an active market for trading of the Shares will develop. For example, the restrictions on shareholding interests may limit those persons who are able to purchase Shares in the Company. Since the Company listed, only 2 trades have been recorded on the NSX (see Section 3.10 of this Prospectus). If the market for the Shares is not liquid, it is possible that the market price of the Shares may not reflect the true underlying value of the Company.

In addition, in the case of some companies listed on a stock market, it is possible that their share price may include a “control premium” to reflect the fact that a person may wish to acquire sufficient shares in the Company to gain control of the Company and, to do so, the acquirer would need to pay a premium above the underlying share price. It is unlikely that such a premium will be present in the case of the Shares (or will be paid by an acquirer), given the restrictions on share ownership in the constitution and the fact that a change of control of the Company may trigger a termination of the Franchise Agreements.

In summary therefore, it is possible that the market price of the Shares may be lower than the issue price under the Offer or otherwise may not reflect the true underlying value of the Company or its performance. While this risk applies to all investments in any securities on any stock market, it applies particularly so here given the community nature of the Company (for example, the restriction on dividend payments), the limitations on share ownership, the restrictions on the business activities of the Company and the likelihood of an illiquid market.

Termination of Franchise

The Franchise Agreements provide for a maximum term of 15 years each for the Yarraman & District and Nanango Franchise Rights (and if the Blackbutt Sub Branch is converted into a **Community Bank®** Branch, the Blackbutt Franchise Rights) (see Section 3.3 above), after which the continued operation of

each **Community Bank®** Branch will be subject to further negotiations with Bendigo Bank.

Bendigo Bank also has broad rights to terminate any of the Franchise Agreements (see Section 6 below). For example, if the relevant franchise operation falls materially short of the budgeted profit or loss which has been agreed with Bendigo Bank, for each month in any six month continuous period. Whether the franchise operation is treated as not being profitable depends on whether the budget provides for a profit or loss. If the budget provides for a profit, it is treated as not profitable if the actual result is 50% or less of the budgeted profit for the month. If the budget provides for a loss, it is not profitable if the actual result is a loss of more or equal to 1.5 times the budgeted loss for the month. The Company’s franchise operations have not fallen materially short of their budgeted profit or loss in any such period.

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 Agreements – see Section 3.5 above).

On the expiration or earlier termination of a 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 franchises, the Franchise Agreements, the franchise operations or the branch locations (see Section 3.3 above). If the Company owns the premises from which a **Community Bank®** Branch operates, on termination of the relevant Franchise Agreement Bendigo Bank may require the Company to enter into an agreement to lease the premises to Bendigo Bank for the purposes of Bendigo Bank continuing to operate the business from that 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 Group members that have been approved by Bendigo Bank, the Company’s only business will be managing the Yarraman & District and Nanango **Community Bank®** Branches and the Blackbutt Sub

Branch (which may convert to a **Community Bank**[®] Branch).

Financial return

The Franchise Agreements set out three forms of revenue that may be earned by the Company (see section 4.1). These are gross margin, commission and fee income. Bendigo Bank can change the commissions paid to the Company or the Company's share of fee income. If Bendigo Bank makes a change the Company's revenue may decrease.

Revenue & Level of Banking Business

Although all transactions conducted through the **Community Bank**[®] Branches will actually be conducted with Bendigo Bank, the effect of the gross margin sharing arrangement (as described in Section 4.1) 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 there is no obligation on respondents to the Nanango Feasibility Study to transfer the business indicated in the study. There is also no certainty that the new banking business originating within the Nanango community from September 2010 will be retained following the opening of the Nanango **Community Bank**[®] Branch. 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 Yarraman & District and Nanango **Community Bank**[®] Branches and the Blackbutt Sub 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 Yarraman & District **Community Bank**[®] Branch and the Blackbutt Sub Branch were established and the Nanango **Community Bank**[®] Branch is being established, in part, given the current level of banking facilities available in the Yarraman & District, Blackbutt and Nanango communities. 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 the Yarraman & District, Blackbutt or Nanango communities 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 the Yarraman & District, Blackbutt or Nanango communities, particularly if the **Community Bank**[®] Branches are successful.

The Directors believe that the possibility of two **Community Bank**[®] Branches and a Sub Branch (or three **Community Bank**[®] Branches if the Blackbutt Sub Branch converts to a **Community Bank**[®] Branch) in close proximity offers additional convenience and service opportunities to local people, and may increase the rate of conversion of new customers to the branch. It is however possible that this additional business may be offset if respondents to the Nanango Feasibility Study choose to base their banking at the Yarraman & District **Community Bank**[®] Branch or Blackbutt Sub Branch instead of converting their business to the Nanango **Community Bank**[®] Branch as indicated. The Directors are unable to quantify the value of such business that may be affected, however as the Company will operate both Branches and the Sub Branch, this should not affect the overall performance of the Company.

Branch Operations

Like any small business, the Branch Managers and employees will have a key role in the success of each of the Yarraman & District and Nanango **Community Bank**[®] Branches and the Blackbutt Sub Branch. The Branch Managers and employees of each branch will be responsible for promoting the branch, and providing a level of service and support that will engender ongoing relationships with customers. The ability of the Branch Managers to communicate effectively with representatives of Bendigo Bank, and represent the interests of the **Community Bank**[®] Branches and Sub Branch, will also be critical to the smooth operation of the branches.

Security Risks (eg armed robbery)

Although all cash deposits made through the Yarraman & District and Nanango **Community Bank**[®] Branches and Blackbutt Sub 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 **Community Bank**[®] Branches and a Sub Branch of Bendigo Bank.

Under the Franchise Agreements, 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 make modifications to the fitout of its branch premises or incur other security-related expenses that are not anticipated at the date of this Prospectus.

Three Branches

The Company will manage and operate two **Community Bank®** Branches and a Sub Branch of Bendigo Bank (or three **Community Bank®** Branches if the Blackbutt Sub Branch converts to a **Community Bank®** Branch). Thus, shareholders of the Company will share the risks, and rewards, of all three branches. For example, it is possible that losses from one branch could offset the profits from the other branches. Similarly, should the Company incur any liabilities in respect of one branch, all assets of the Company (including assets relating to the other branches) would be available to meet those liabilities.

5.4 Relationship with Bendigo Bank

Success of Bendigo Bank

The Yarraman & District **Community Bank®** Branch and Blackbutt Sub Branch operate and the Nanango **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 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 branches) 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 Yarraman & District and Nanango **Community Bank®** Branches and the Blackbutt Sub Branch, and that decisions in respect of the branch operations are made accordingly.

In addition, while Bendigo Bank has made financial contributions to **Community Bank®** companies based on the volume of business on the books, the making of such payments is discretionary and the program is subject to review from time to time (see Section 3.5).

Bendigo Bank Claims

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

5.5 Other Factors

Regulatory Environment

Although the Company will not carry on banking business, by managing two **Community Bank®** Branches and a Sub 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 has been appointed as an ‘authorised representative’ and a ‘credit representative’ of Bendigo Bank for the purposes of carrying out the franchise operations (see Section 7.4 below).

Economic and Local 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.

All these factors impact on the financial return of Bendigo Bank and the Company. This includes the Company's share of gross margin, the commissions paid to the Company and the Company's share of fee income.

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.

Changes in local community conditions or the local environment (such as drought or flood) can also affect the Company's financial performance.

Insufficient Revenue to make Community Contributions

The ability of the Board to make community contributions is depended on the ongoing success of the Company. If the Company is not able to generate sufficient revenue, or the discretionary financial contributions by Bendigo Bank end or significantly reduce, it will not be able to make community contributions or any contributions made will be minimal. If the Company is not able to make

community contributions, this may impact on its reputation and standing in the community, which may in turn impact on its ability to generate business.

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 Agreements

The Franchise Agreements establish the relationship between the Company and Bendigo Bank, and set out the parameters within which the Company must operate. The Franchise Agreements define the business that will be conducted by the Company and, accordingly, are critical to an assessment of the Company.

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

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

Grant of Rights

Under the Franchise Agreements, Bendigo Bank grants the Company the right to use Bendigo Bank's system of operations and certain intellectual property rights to manage and operate the Yarraman & District and Nanango **Community Bank**[®] Branches and the Blackbutt Sub Branch of Bendigo Bank (and if conversion of the Sub Branch occurs, the Blackbutt **Community Bank**[®] Branch of Bendigo Bank).

It is a condition to the Nanango Franchise Agreement that the Company raises \$526,000 pursuant to the Issue.

Term

The Yarraman & District Franchise Agreement grants the Company the right to conduct the Yarraman & District **Community Bank**[®] Branch for an initial term of five years from 29 August 2005, with two renewal periods of five years each provided certain conditions are met. Bendigo Bank and the Company agreed to renew the Yarraman & District Franchise Agreement for the first renewal period (for five years from 29 August 2010) and at that time Bendigo Bank granted the Company a third renewal period. Therefore provided certain conditions are met, Bendigo Bank must agree to extend the term of the Yarraman & District Franchise Agreement for two further five year terms.

Under the Blackbutt Franchise Agreement Bendigo Bank grants the Company the right to conduct the Blackbutt Sub Branch for a period of two years from the commencement of the sub branch operation. Bendigo Bank has agreed to extend the term of the Sub Branch Operation until 11 December 2012, at which time a further review will be conducted into the

potential for the Blackbutt Sub Branch to convert to a stand-alone **Community Bank**[®] Branch.

If the Blackbutt Sub Branch is converted to a **Community Bank**[®] Branch, the initial term of the Blackbutt Franchise Agreement is five years from the commencement of the **Community Bank**[®] Branch operation. Provided certain conditions are met at the end of each term, Bendigo Bank will agree to extend the term of the Blackbutt Franchise Agreement for two further five year terms (see Section 3.3).

The initial term of the Nanango Franchise Agreement is five years from the Commencement Date. Provided certain conditions are met at the end of each term, Bendigo Bank must agree to extend the term of the Nanango Franchise Agreement for two further five year terms.

Branch Operations

There are strict controls on the Company in relation to the operations of each **Community Bank**[®] Branch and Sub 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

In relation to the Nanango **Community Bank**[®] Branch, under the Nanango 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 \$70,000 (which are treated as capital expenditure for accounting purposes),
 - Training Costs of \$10,000 and
 - Start-Up Costs, being
 - IT establishment costs estimated at \$10,855;
- and

- site modification costs estimated at \$195,000.

Under each Franchise Agreement, for each additional five year period in respect of each branch, the Company must pay a Renewal Fee of \$60,000 (comprised of a \$10,000 franchise fee and a \$50,000 renewal process fee, both CPI adjusted at the time of payment), the reasonable costs of training provided by Bendigo Bank to the Company's employees and the expenses of Bendigo Bank associated with renewing the relevant franchise (including legal fees).

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

The revenue the Company is entitled to receive is described in Section 4.1 above.

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

Indemnity

The Company provides a broad indemnity in favour of Bendigo Bank under the Franchise Agreements. 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 operations, a breach of the Franchise Agreements (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 each of 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 any of the Franchise Agreements in various circumstances, including if:

- the Company breaches the relevant 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 a 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 franchises within the time period (being not less than 7 days) specified by Bendigo Bank;
- the Company carries on a 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 relevant Franchise Agreement (eg the Company abandons a 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 locations (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); 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.

Bendigo Bank may also terminate the rights to manage a **Community Bank®** Branch if:

- the Branch Manager of the **Community Bank®** Branch becomes unable to perform his or her duties for an extended period, without suitable replacement;
- the branch falls materially short of its projected profit or loss each month in any continuous 6 month period; or
- the Company operates the branch from a location not previously approved by Bendigo Bank.

The Company may terminate any of the Franchise Agreements if Bendigo Bank materially breaches the relevant Franchise Agreement.

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

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

Upon termination of a Franchise Agreement, there is no obligation on Bendigo Bank to sell the franchise operation. However, if such a sale did proceed, the Company would be entitled to the proceeds received (less the costs of the sale 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 issued 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 shareholder has the right to vote at a general meeting.

On a show of hands or a poll, each shareholder 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 shareholder and has also been appointed as proxy for another shareholder) that person may only exercise one vote on a show of hands. On a poll, that person may exercise one vote as a shareholder and one vote for each other shareholder that person represents as duly appointed attorney, corporate representative or proxy.

The purpose of giving each shareholder 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 Yarraman & District and Nanango **Community Bank**[®] Branches and the Blackbutt Sub Branch have the same ability to influence the operation of the Company.

(b) Dividends

Generally, dividends are payable to shareholders 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 Agreements 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 (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, but while the Company is listed on the NSX they can only exercise this discretion in certain limited circumstances (for example, where permitted or required by law or the NSX Listing Rules). The Directors must refuse to register a transfer of shares if, to their knowledge, the registration would result in a person having, or if it would be to a person who has, a prohibited shareholding interest (see Section 7.3 below) (unless refusal to register such a transfer is prohibited by the NSX Listing Rules).

Subject to the foregoing, shareholders may transfer shares by a proper transfer effected in accordance with the Company's Constitution and the Corporations Act and, while the Shares are quoted on the NSX, the rules applicable to transfers on the NSX.

(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.

10% shareholding limit

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 same meaning as 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.

Close connection to community

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 Yarraman, Blackbutt or Nanango communities. For example, individuals who are residents of these communities, and their close

family members, would ordinarily be considered to have such a close connection. Similarly, a company whose registered office is in these communities 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.

Base number

A person is 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. The Base number is 326. The current number of shareholders in the Company is approximately 363. However, the application of this provision is subject to the NSX Listing Rules. Consequently, the Base Number provisions do not apply while the Company is listed on the NSX.

Consequences of holding a prohibited shareholding interest

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 shareholder has a prohibited shareholding interest, it must serve a notice requiring the shareholder (or the shareholder'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.

The Board's power to suspend voting and dividend rights and to require shares to be disposed of where the prohibited shareholding interest is a breach of the 10% limit or a breach of the requirement that a shareholder have a close connection with the community served by the Company may be exercised while the Company is listed on the NSX.

The Board's power to suspend voting and dividend rights, to require shares to be disposed of, or to refuse to register a transfer where the prohibited shareholding interest is a breach of the Base Number requirement may not be exercised while the Company is listed on the NSX. Rule 9(12) of the Constitution states that where the Company is listed, a person cannot have a prohibited shareholding interest on the basis that after the transfer of shares to that person, the number of shareholders in the Company would be less than the Base Number unless the NSX has confirmed that the Base Number provisions are appropriate and equitable. NSX has advised that it does not consider the Base Number provisions to be appropriate and equitable for a listed entity, as they would be inconsistent with NSX's obligations as an operator of a licensed financial market to provide an orderly market. Consequently, the Base Number provisions do not apply while the Company is listed on the NSX.

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

7.4 Authorised Representative and Credit Representative Appointment

As noted previously, as part of the franchise arrangements, the Company has been 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 Agreements).

The Company is also appointed as a credit representative of Bendigo Bank.

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 33.3% (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

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
Ross Christopher Begent	4,502	Legal and Beneficial
James Alan Beveridge	3,000	Legal and Beneficial
Jeffrey Bruce Connor	10,667	Legal and Beneficial
David Wayne Emms	1,336	Legal and Beneficial
Brenton Lester McLennan	12,000	Legal and Beneficial
David Francis Robison	6,417	Legal and Beneficial
Francis Edward Smith	11,344	Legal and Beneficial
Noel Leslie Strohfeld	2,003	Legal and Beneficial
Ross Michael Towell	-	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

- James Alan Beveridge is a Director at Beveridge & Carey Accountants Pty Ltd which supplied the company with accounting and taxation services to the Company. Total benefit received for the 2011-2012 financial year was \$6,204.
- Ross Michael Towell is the owner/editor of Country Focus newspaper in which the Company advertises. The total advertising fees paid for the 2011-2012 financial year was \$22,795.
- Judith Anne Robison is related by marriage to Director David Francis Robison, Judith provides administrative support to the Company. Total benefit received for the 2011-2012 financial year was \$11,369.

The Company has referred to its Conflict of Interest policy when engaging these services.

- 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 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.

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 to induce them to become, or to qualify as, a Director of the Company, or for services in connection with the formation or promotion of the Company or the Offer of Shares.

Remuneration and Bendigo Bank privileges package

To recognise the significant contributions of Directors to the success of the **Community Bank®** model, the individual branches and communities within which the branches operate, and the Bendigo and Adelaide Bank Group, Bendigo Bank offers a **Community Bank®** Directors privileges package. The benefits under this package are those available to Bendigo Bank shareholders but for a **Community Bank®** Director there is no requirement to own Bendigo Bank shares. Examples of benefits under the package include discounts on various products and services, such as insurance.

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 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 information 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 stockbroker or underwriter, for services provided 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 \$13,500.

AFS & Associates Pty Ltd has undertaken the Nanango Feasibility Study and prepared a report in connection with the offer, and has provided accountancy services to the company in connection with the offer and for those services will be paid a fee of \$17,930.

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 has not, before lodgement 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 lodgement of this Prospectus, withdrawn its written consent to be named in this Prospectus in the form and context in which it is named.
- (c) **Bendigo Bank** has given and has not, before lodgement of this Prospectus, withdrawn its written consent to be named in this Prospectus in the form and context in which it is named.
- (d) **NSX Limited**, the operator of the National Stock Exchange, has given and has not, before lodgement of this Prospectus, withdrawn its written consent to be named in this Prospectus in the form and context in which it is named.

7.9 Privacy Collection Statement

If you apply for Shares, you will provide personal information to the Company and the Company's share registrar. The Company and the Company's share registrar collect, hold and use 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 and the Company's share registrar 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 Bank 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 Bank 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 Bank 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 47). 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

8. Definitions

Applicant – a person or entity 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 Group – Bendigo Bank and its related bodies corporate.

Blackbutt Franchise Agreement – the franchise agreement entered into by Bendigo Bank, the Company and the Directors in 2009 under which the Company has the right to manage and operate the Blackbutt Sub Branch of Bendigo Bank (and upon conversion, the Blackbutt **Community Bank**[®] Branch of Bendigo Bank).

Blackbutt Franchise Rights – the rights to manage and operate the Blackbutt Sub Branch (and upon conversion, the Blackbutt **Community Bank**[®] Branch).

Blackbutt Sub Branch – the Sub Branch of Bendigo Bank located at 63 Coulson Street, Blackbutt, Queensland 4306.

Company – South Burnett Community Enterprises Limited ACN 113 889 768.

Corporations Act – Corporations Act 2001 (Cth).

Director – a Director of the Company.

Disclosure Document – the disclosure document(s) provided to the Company by Bendigo Bank under the Franchising Code.

Franchise Agreements – the Yarraman & District Franchise Agreement, the Blackbutt Franchise Agreement and the Nanango Franchise Agreement (and Franchise Agreement means any one of them).

Franchise Rights – any of the Yarraman & District, Blackbutt and Nanango Franchise Rights.

Franchising Code – Franchising Code of Conduct.

Issue – Issue of Shares pursuant to this Prospectus.

Nanango Community Bank[®] Branch – the proposed **Community Bank[®]** Branch of Bendigo Bank to be located at 92 Drayton Street, Nanango, Queensland 4615.

Nanango Franchise Agreement – the franchise agreement entered into by Bendigo Bank, the Company and the Directors under which the Company has acquired the right to manage and operate the Nanango **Community Bank[®]** Branch.

Nanango Franchise Rights – the rights to manage and operate the Nanango **Community Bank[®]** Branch.

NSX – National Stock Exchange of Australia.

NSX Listing Rules – Listing rules of the NSX.

Offer – offer of Shares pursuant to this Prospectus.

Prospectus – this prospectus.

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

Yarraman & District Community Bank[®] Branch – the **Community Bank[®]** Branch of Bendigo Bank located at 23 Toomey Street, Yarraman & District, Queensland 4614.

Yarraman & District Franchise Agreement – the franchise agreement entered into by Bendigo Bank, the Company and the Directors in 2005 under which the Company has the right to manage and operate the Yarraman & District **Community Bank[®]** Branch.

Yarraman & District Franchise Rights – the rights to manage and operate the Yarraman & District **Community Bank[®]** Branch.

9. Signatures

Each Director of the Company has consented to the lodgement of this prospectus with ASIC.

Ross Christopher Begent

James Alan Beveridge

Jeffrey Bruce Connor

David Wayne Emms

Brenton Lester McLennan

David Francis Robison

Francis Edward Smith

Noel Leslie Strohfeld

Ross Michael Towell

10. Directory

Directors

Ross Christopher Begent
James Alan Beveridge - Treasurer
Jeffrey Bruce Connor
David Wayne Emms
Brenton Lester McLennan – Vice Chairman
David Francis Robison – Company Secretary
Francis Edward Smith - Chairman
Noel Leslie Strohfeld
Ross Michael Towell

Company Secretary

David Francis Robison

Registered Office

23 Toomey Street
YARRAMAN QLD 4614

Solicitors

Rennick & Gaynor Solicitors
431 Riverside Road
HAWTHORN EAST VIC 3124

Accountants

Beveridge & Carey Accounting Pty Ltd
131 Russell Street
TOOWOOMBA QLD 4350

This page was left blank intentionally.

This page was left blank intentionally.

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 one dollar.

- 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 by cheque payable to **South Burnett Community Enterprises Limited** 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 **SOUTH BURNETT 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:

**South Burnett Community Enterprises Limited
Share Offer**

PO Box 42

Yarraman QLD 4614

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 David Robison (07) 4163 0905, Jeff Connor on (07) 4163 0023, Anne Woodrow on (07) 4163 8162 or Frank Smith on (07) 4170 0357.

This page was left blank intentionally.

PUBLIC SHARE OFFER APPLICATION FORM

PLEASE READ ALL INSTRUCTIONS ON THE BACK OF THIS FORM

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

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

— 10 —

☐ No ☐ Yes Holder number _____ (See your original certificate)

[illegible][illegible]

| (| | |) | | | | | | | |

| (| | |) | | | | | | | | |

Drawer	Bank	Branch	BSB	Amount

- 1 offer to subscribe for shares in the Company;
- 2 agree to be bound by the Constitution of the Company, and by the terms and conditions set out in the Prospectus;
- 3 agree 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 me/us pursuant to this Prospectus;
- 4 declare that all details and statements made by me/us in this Application Form are complete and accurate; and
5. agree that the personal information included in this Application Form may be collected by the Company and used
and disclosed by the Company and any member of the Bendigo Group as set out in Section 7.9 of the Prospectus.

A person lodging this Application Form on behalf of the above-named Applicant(s) hereby confirms that the Applicant(s) has/have consented to the above terms.

1	2	3	4	5	6	7	8	9	10
---	---	---	---	---	---	---	---	---	----

Applicant #1:

Applicant #2:

Applicant #3:

PUBLIC SHARE OFFER APPLICATION FORM

PLEASE READ ALL INSTRUCTIONS ON THE BACK OF THIS FORM

| | | | Shares in South Burnett Financial Enterprises Limited at A\$1.00 per share

\$							0	0
----	--	--	--	--	--	--	---	---

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

| | | | | | | | | | | | | | | | | | | | |

[illegible]

| | | | | | | | | | | | | | | | | | | | | |

[illegible]

Street Number Street

| | | | | | | | | | | | | | | | | | | | |

| | | | | | | | | | | | | | | | | | | |

Post Code

| | | | |

111

— 188 —

☐ No ☐ Yes Holder number _____ (See your original certificate)

[illegible]

| | | | | | | | | | | | | | | | | | | | | |

()							
---	--	--	---	--	--	--	--	--	--	--

| (| | |) | | | | | | | |

| | | | | | | | | |

Drawer	Bank	Branch	BSB	Amount

- 1 offer to subscribe for shares in the Company;
- 2 agree to be bound by the Constitution of the Company, and by the terms and conditions set out in the Prospectus;
- 3 agree 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 me/us pursuant to this Prospectus;
- 4 declare that all details and statements made by me/us in this Application Form are complete and accurate; and
5. agree that the personal information included in this Application Form may be collected by the Company and used and disclosed by the Company and any member of the Bendigo Group as set out in Section 7.9 of the Prospectus.

A person lodging this Application Form on behalf of the above-named Applicant(s) hereby confirms that the Applicant(s) has/have consented to the above terms.

[illegible]

Applicant #1:

Applicant #2:

Applicant #3:

This page was left blank intentionally.

