

Notice of General Meeting

Clifroy Limited
A.B.N. 31 114 604 358

**To be held at 6.30pm AEDT on Wednesday 6 March 2019 at the
Clifton Hill/North Fitzroy Community Bank® branch,
101 Queens Parade, Clifton Hill, Vic 3066**

Special Business - De-Listing from the National Stock Exchange

The Board has resolved to call a General Meeting of members of Clifroy Limited ("Company") to consider and vote on a proposal to de-list the Company from the National Stock Exchange, and participate in the ASIC-run Low Volume Market.

This proposal has the full support of Bendigo Bank Pty Ltd and would bring Clifroy Ltd in to line with the vast majority of the approximately 320 other Community Bank branches.

The Board Resolution is as follows:

The Board of Clifroy Limited requests the Company Secretary to call a General Meeting of members of the Company to consider and vote on the following proposals:

- a) That the Company de-list from the National Stock Exchange at the earliest practical opportunity and become an unlisted public company, and*
- b) that the Company join the Low Volume Market scheme permitted by the Corporations (Low Volume Financial Markets) Instrument 2016/888 operated by the Australian Securities and Investments Commission (ASIC).*

The background to this resolution is provided in the explanatory notes at Attachment A to this Notice paper.

Attending the meeting

All shareholders may attend this General Meeting.

Joint holders: In the case of joint shareholders, all holders may attend the Meeting. If only one holder attends (including by proxy), that shareholder may vote at the Meeting as if that holder were solely entitled to the shares. If more than one joint holder is present (including by proxy), the joint holder whose name appears first in the register may vote.

Proxy: If you are unable to attend the Meeting, you are entitled to appoint a proxy to attend and vote. See the attached Proxy Form for information on appointing a proxy.

Corporate Shareholder: A corporate shareholder may appoint one or more persons to act as its representative under section 250D of the Corporations Act, but only one representative may exercise the corporate shareholder's powers at any one time. The Company requires written evidence of a representative's appointment to be given to the Company before the meeting.

Notice of General Meeting

Voting rights

Each shareholder is entitled to **one** vote. For the purposes of voting at the Meeting, shares will be taken to be held by the persons who are registered as members as at **7pm AEDT on Monday, 04 March 2019**.

By order of the Board

Adrian H Nelson
Company Secretary
1 February 2019

Notice of General Meeting

Attachment A - Explanatory Notes

When Clifroy Limited was established in 2006, Bendigo Bank's preference was for all Community Bank® franchisee companies to be listed public companies on what was then the Bendigo Stock Exchange (BSX). The rationale was that being listed under BSX rules provided transparency around governance that might otherwise be lacking. A secondary benefit was to facilitate share trading on an independent and regulated platform free of any potential bias.

Clifroy listed on the BSX from its inception, and in 2011 when the National Stock Exchange (NSX) bought out the BSX, Clifroy moved across and remains listed on the NSX (www.nsx.com.au) with company code CFY.

Clifroy has always had around 300 shareholders, most of whom are individuals but there are some companies, family trusts, SMSFs, and deceased estates. There are less than 10 share trades each year on average, and in almost every transaction the trade is handled as an off-market transfer rather than via a broker trading on the NSX.

The cost of being a listed public company on the NSX is as follows:

- ASIC currently charges Clifroy \$1,201 for its annual review. However, from 1 July 2018 charges have been increased to \$1,224 plus \$4,000 as an additional funding cost recovery. ie an annual increase of \$4,023. Unlisted public companies are charged \$1,224 plus \$321 – a saving to Clifroy of \$3,679 if it becomes unlisted.
- The listing fees charged by the NSX to Clifroy are approximately \$7,000 annually which would be reduced to under \$1000 if Clifroy de-lists and joins the Low Volume Market alternative (see below).

Proposed Change

Clifroy will de-list from the NSX and establish itself as an unlisted public company. This is a straightforward process which will immediately deliver the significant savings in ASIC fees and NSX listing costs noted above.

In order to facilitate the buying and selling of Clifroy shares by members, and to maintain transparent governance, the Board proposes that the Company join the Low Volume Market (LVM) scheme which is used by most other Community Bank® franchisee companies. The LVM has been specifically set up under the Corporations Act by ASIC and adapted by Bendigo Bank to cater for companies like Community Bank® companies that, among other limitations, have less than 100 share trades annually.

Risks and Issues

The original governance reasons for being publicly listed were seen as valid in 1996. However as a result of major improvements in Bendigo Bank's systems and oversight, and your Board's history and experience in operating the business for over 13 years, your Board is confident that there will be no material governance issues arising from this transition.

The Company will still remain a public company and is a 'disclosing entity' as defined under section 111 AC of the Corporations Act 2001, due to the issuing of share capital via a prospectus. As a disclosing entity Clifroy will continue to be required to report to ASIC and provide a set of annual financial statements and a half-yearly financial report which are required to be audited by an independent registered company auditor.

As noted above, the theoretical benefit of simple share trading on the NSX has never materialised. Clifroy averages less than 10 trades annually, and despite regular information about trading on the NSX, almost all members trying to buy or sell Company shares contact the branch to ask what to do and end up using an off-market transfer process.

The transfer to the LVM will provide for simpler share trading while still being subject to the ASIC-determined processes and procedures. Details of the LVM can be reviewed in full at www.asic.gov.au.