

Canterbury Surrey Hills
Community Finance Limited



22 July 2008

Dear Shareholder

CAPITAL RETURN OF 10 CENTS PER SHARE

At the Board meeting on 25 June 2008, the directors of **Canterbury Surrey Hills Community Finance Ltd** decided to make a capital return of \$0.10 per fully paid ordinary share.

The return of capital is being recommended to return surplus capital to shareholders and to ensure that the company retains an efficient capital structure. The company's strong earnings this year and cashflow enables it to undertake the return without adversely affecting its financial flexibility and growth objectives.

It is expected the capital return will not be taxable in the hands of the majority of shareholders but will reduce the cost base of their shares for capital gains tax purposes by 10 cents per share. We advise all shareholders to obtain taxation advice in regard to the return of capital.

The return of capital is subject to shareholder approval. This approval will be sought at an Extraordinary General Meeting. The notice of meeting is enclosed, together with an explanatory note. The meeting will be held at 7.30pm on the 20th of August 2008, at Strathcona.

Your Directors recommend you vote in favour of the resolution.

Yours Sincerely

A handwritten signature in black ink, appearing to read 'Dick Menting'.

Dick Menting
Chairman

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that a General Meeting of the members of Canterbury Surrey Hills Community Finance Limited is to be held at :-

Strathcona Baptist Girls Grammar School
34 Scott Street
CANTERBURY VIC 3126
Wednesday 20 August, 2008 at 7.30 pm.

ON

The agenda of the meeting will be as follows:-

RETURN OF CAPITAL

To consider and, if thought fit, pass the following resolution as an ordinary resolution.

That in accordance with section 256C(1) of the Corporations Act 2001, approval is given for the capital of the company to be reduced by a distribution to the holders of fully paid ordinary shares in the Company of \$0.10 per share. The payment to be made to each shareholder of fully paid ordinary shares on the register at 22nd of August 2008.

OTHER BUSINESS

To transact any other business which may legally be brought before the meeting.

If you are unable to attend, an instrument for appointing a proxy is attached and must be returned by 13th August 2008 to The Secretary, 143 Maling Road, Canterbury, VIC, 3126.

Dated this 22nd day of July 2008.



Juliann Byron
SECRETARY

This notice of meeting should be read in conjunction with the accompanying explanatory memorandum, which forms part of this notice.

CANTERBURY SURREY HILLS COMMUNITY FINANCE LIMITED

FORM OF PROXY

I,

of

Being a shareholder of Canterbury Surrey Hills Community Finance Limited HEREBY APPOINT the person named below(*) or failing him/her (or in the absence of such nomination) the Chairman as my proxy for the meeting to be held on 20 August 2008, and any adjournment thereof.

(*)

Signed.....

DATED thisday of2008.

NOTE: A shareholder who is entitled to attend and vote at the meeting, is entitled to appoint a Proxy to attend and vote instead of the shareholder.

EXPLANATORY NOTES

INTRODUCTION

This explanatory memorandum has been prepared for the shareholders of Canterbury Surrey Hills Community Finance Limited (the "**Company**") in connection with the general meeting of the Company to be held on 20 August 2008. It should be read in conjunction with the accompanying Notice of Meeting.

At the general meeting, shareholders will be asked to consider a resolution authorising a return of the capital of the Company by way of a distribution of an aggregate of \$109,206.20 to the holders of fully paid ordinary shares in the Company ("**Ordinary Shareholders**"), pro rata to the number of fully paid ordinary shares in the Company ("**Ordinary Shares**") held as at 22nd August 2008 ("**Record Date**").

For the purposes of the *Corporations Act 2001*, the proposed capital return is treated as an "equal" reduction of capital and requires the approval of an ordinary resolution of shareholders in general meeting. The purpose of this explanatory memorandum is to provide shareholders with information that the Company's board of directors ("**Board**") believes to be material to shareholders in deciding whether or not to approve the above resolution.

This explanatory memorandum is an important document and should be read carefully in full by all shareholders. Shareholders are strongly advised to consult their legal or financial advisers if they require further advice in connection with the matters contained in this explanatory memorandum.

1. DETAILS OF THE PROPOSED RETURN OF CAPITAL

1.1 Reasons For The Return Of Capital

As at 30 June 2008, the Company had cash, and liquid securities worth approximately \$426,132. The directors have reviewed the Company's cash position and its ongoing cash requirements and have concluded that it would be in shareholders' interests to return capital at this time.

The directors consider the remaining cash along with budgeted cashflow from its operations will be adequate to continue its development.

1.2 Who Will Participate In The Proposed Distribution?

Subject to shareholder approval being obtained, the proposed distribution will be made to the holders of ordinary fully paid shares in the Company ("Ordinary Shares"), pro rata to the number Ordinary Shares held by each Ordinary Shareholder as at the Record Date (22 August 2008)

1.3 How Much Will Each Ordinary Shareholder Receive In The Proposed Distribution?

As at the date of this explanatory memorandum, there are 1,092,062 Ordinary Shares on issue. The proposed capital return will result in each Ordinary Shareholder receiving 10 cents per Ordinary Share.

1.4 When Will The Distribution Be Made?

It is the directors' intention that the Company will make the distribution to Ordinary Shareholders on 29 August 2008.

2. EFFECT OF THE PROPOSED RETURN OF CAPITAL ON ORDINARY SHAREHOLDERS –

TAXATION IMPLICATIONS

It is expected the capital return will not be taxable in the hands of the majority of shareholders but will reduce the cost base of their shares for capital gains tax purposes by 10 cents per share. We advise all shareholders to obtain taxation advice in regard to the return of capital.

Canterbury Surrey Hills
Community Finance Limited



23 July 2008

BSX Announcements Office

Fax 02 4929 1556

Re:

Canterbury Surrey Hills Community Finance Ltd proposes a 10c per share capital return

Canterbury Surrey Hills Community Finance Ltd shareholders are set to receive a proposed capital return of 10 cents a share in August 2008.

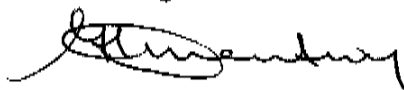
The proposed capital return has been structured in the same way as the 2007 capital return. Shareholder approval for the return of capital will be sought at an extraordinary general meeting to be held on 20th of August 2008.

Relevant dates for the capital return if approved by the shareholders at the extraordinary general meeting are:

Record date: 22 August 2008

Payment date: 29 August 2008

Kind Regards

A handwritten signature in black ink, appearing to read 'Dick Menting'.

Dick Menting
Chairman