

PROSPECTUS

Proposed Heidelberg Community Bank® Branch of Bendigo Bank



IMPORTANT NOTICE

This Prospectus is dated 19 June 2009. 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 Bendigo Stock Exchange (BSX). Neither ASIC nor the BSX take any responsibility for the content of this Prospectus. The fact that the BSX may quote the Shares on the BSX official list 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 that any forecast or prospective information made in this Prospectus will be achieved.

Contents

Letter from the Chairman of Heidelberg District Community Enterprise Limited	2
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Letter from the Chief General Manager Retail and Distribution - Bendigo and Adelaide Bank Limited	3
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1. Purpose and Details of the Offer 4

1.1 Purpose of the Offer	4
1.2 Description of the Offer	4
1.3 Capital Structure	4
1.4 Voting and Ownership Restrictions	5
1.5 Minimum Subscription	5
1.6 Allocation	5
1.7 Quotation of Shares on the Bendigo Stock Exchange	5
1.8 How to Invest	5
1.9 Important Dates	5
1.10 Expiry Date of this Prospectus	5
1.11 Accepting Applications	5
1.12 Forward looking statements	6
1.13 Investors should seek financial advice	6
1.14 Questions	6

2. Directors 7

3. Bendigo Bank Franchise 10

3.1 Bendigo Bank	10
3.2 Community Bank® Project	10
3.3 Duration of Franchise	12
3.4 Activities of Company	13
3.5 Benefits of Franchise Arrangements	14
3.6 Restrictions on Operations	15
3.7 Community Interest in the New Heidelberg Community Bank® Branch	15
3.8 Business allocated to the company on opening the Heidelberg Community Bank® Branch	15
3.8 The Company's Board of Directors	16
3.9 Share Price	16

4. Financial Information 17

4.1 Feasibility Study	17
4.2 Forecasts	17
4.3 Sensitivity	25
4.4 Revenue	25
4.5 Establishment and Operating Costs	27
4.6 Goods and Services Tax	27
4.7 Pro-Forma Balance Sheet	28
4.8 International Financial Reporting Standards	28

5. Risk Factors 29

5.1 Introduction	29
5.2 Investment Risk	29
5.3 Business Risks	30
5.4 Relationship with Bendigo Bank	32
5.5 Other Factors	32

6. Franchise Agreement 33

7. Additional Information 35

7.1 Constitution	35
7.2 Rights Attaching to Shares	35
7.3 Prohibited Shareholding Interest	35
7.4 Authorised Representative Appointment	36
7.5 Taxation Implications	37
7.6 Directors' Interests	37
7.7 Disclosure of Interests	38
7.8 BSX waivers	38
7.9 Bendigo and Adelaide Bank Group and the BSX	39
7.10 Consents and Disclaimer	39
7.11 Privacy Collection Statement	40

8. Definitions 41

9. Signatures 42

10. Directory 43

Annexure A Feasibility Study Pro Forma Survey 44

Application Details and Instructions 51

Public Share Offer Application Form 53

Letter from Heidelberg District Community Enterprise Limited

Dear Investor

We welcome you and thank you for your interest in the East Ivanhoe Community Bank® Branch of Bendigo Bank and the proposed Heidelberg 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 community, as well as the prospect of positive returns to its shareholders.

In keeping with these dual aims, 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.

Eight years ago, the Company established and has continued to prudently manage the East Ivanhoe Community Bank® Branch of Bendigo Bank.

This Prospectus outlines your opportunity to assist in raising funds for the establishment and operation by the Company of a new, second Community Bank® branch to be located in Heidelberg.

Following the successful raising of the capital pursuant to this Prospectus both Community Bank® branches 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 Heidelberg was based on a survey in which local people and businesses in Heidelberg indicated the banking business they would bring to a locally-owned branch. This indicative support formed the basis of a business plan which, if achieved, shows the enterprise has solid prospects of generating positive returns for investors.

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.

The successful history of the East Ivanhoe Community Bank® Branch and the enthusiasm shown by the local Heidelberg people is further proof that once operational, a significant number of groups, clubs, schools and local organizations will benefit by this unique community enterprise.

The East Ivanhoe Community Bank® Branch of Bendigo Bank and the Heidelberg 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.

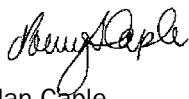
The success of the campaign to bring a Community Bank® branch to Heidelberg has been largely due to the efforts of the Heidelberg Steering Committee. This committee, comprised of local business owners and community members, under the Chairmanship of Brett Purchase, has driven the campaign in a very focused manner.

In addition, there has been unified commitment from the Board of Heidelberg District Community Enterprise Limited (formerly East Ivanhoe Community Corporation Ltd.,) and from our hard working branch staff, who continue to provide great service to our customers.

All parties involved in this campaign have shared a positive attitude knowing that the shareholders and the community will be the beneficiaries of their endeavours.

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

Yours sincerely,



Nan Caple

Chairman, Heidelberg District Community Enterprise Limited

Letter from Bendigo and Adelaide Bank Limited

Dear Investor

“Heidelberg Community Bank® Branch - 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 Heidelberg District Community Enterprise Limited, you will help secure banking services for your community and also share in the prospect of income which can be used to generate further development in your region.

Why has Bendigo Bank developed this concept? Because we are a community based bank ourselves 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 Heidelberg, just as it has worked with Heidelberg District Community Enterprise Limited in relation to the existing Community Bank® branch at East Ivanhoe. 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 East Ivanhoe and Heidelberg 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 Heidelberg District Community Enterprise 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 Heidelberg 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
Chief General Manager – Retail & Distribution
Bendigo and Adelaide Bank Limited

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 in respect of a Community Bank® branch of Bendigo Bank to be established in Heidelberg. After meeting the costs of the Offer, all funds raised under the Offer (including any oversubscriptions) will be used for the purposes of meeting these requirements and for working capital.

Details of the establishment costs and estimated initial annual operating costs of both branches are set out in Section 4.5 of this Prospectus. The total costs of the Offer are estimated to be \$40,000 (inclusive of GST).

In 2001 the Company entered into a franchise agreement with Bendigo Bank for the Company to manage, and provide services to the East Ivanhoe Community Bank® Branch as a “franchise” of Bendigo Bank. The Company raised the funds required for the establishment and initial ongoing operations of the East Ivanhoe Community Bank® Branch via an offer of shares (at an issue price of \$1.00 per share) to the East Ivanhoe community. The Company’s Prospectus for that offer of shares was dated 31 January 2001. If this Offer under this Prospectus is successful, the Company will manage, and provide services to, the East Ivanhoe Community Bank® Branch and a newly formed Heidelberg Community Bank® Branch. Each branch will operate as a “franchise” of Bendigo Bank. The franchise arrangements relating to the East Ivanhoe Community Bank® Branch and those relating to the Heidelberg Community Bank® Branch are contained in one franchise agreement between the Company and Bendigo Bank (the New Franchise Agreement).

The franchise arrangements for both branches and the business of the Company are described in detail in this Prospectus, especially Sections 3 and 6.

Please Note: This is not an offer to subscribe for shares in Bendigo and Adelaide Bank Limited - it is an offer to subscribe for shares in Heidelberg District Community Enterprise Limited (the Company).

1.2 Description of the Offer

The Company is offering for subscription 800,000 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 Sections 1.3 and 7.3 below) greater than 20,000 Shares. The Directors reserve the right to accept oversubscriptions of up to 400,000 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 Agreement 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	1,098,388
Shares issued pursuant to this Prospectus	800,000
TOTAL	1,898,388

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	1,098,388
Shares issued pursuant to this Prospectus	1,200,000
TOTAL	2,298,388

Note: The capital structure includes the issue of bonus shares allotted on 25 May 2009 to existing shareholders at the ratio of 1.3 shares for each one share.

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. A shareholder will not be able to control or own 10% or more of the Company.

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 existing and proposed restrictions, not only must 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 800,000 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 “New Franchise Arrangements” in Section 3.2 below 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 Bendigo Stock Exchange

The Company is listed, and its Shares are quoted, on the Bendigo Stock Exchange (BSX). Application will be made within seven days of the date of this Prospectus for quotation of the Shares offered under this Prospectus on the BSX. Please see Section 5 of this Prospectus for a discussion of the risk factors relevant to the Company's listing on the BSX 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 from that Application Form, but only if the copy was made 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	6 July 2009
Offer closes	15 August 2009
Shares pursuant to this Prospectus expected to be allotted:	29 August 2009
Quotation on BSX	18 September 2009
Certificates expected to be dispatched	17 September 2009

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

The 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. The forecast financial information contained in this Prospectus should be read in conjunction with, and is qualified by reference to, the information contained in Section 5 of this Prospectus.

No person named in this Prospectus, nor any other person, guarantees the performance of the Company or the repayment of capital or the payment of a return on the Shares.

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 advisor 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 John Nelson on 9499 4801 or Brian Simpson on 9499 2627.

2. Directors

Details of the Directors of the Company are as follows:

Name Cameron David Bragg

Date of Birth 11 January 1976

Occupation Website developer

Background Information

Cameron lives in Ivanhoe and has spent the past thirteen years working with small business, government and community organisations. He recently launched his own business specialising in business communications and website development. He is involved with the local community through his work with Banyule Community Health and is also Treasurer of the West Heidelberg Community Legal Service. Cameron brings his passion for local communities to the Board, sitting on the marketing and the grants committees.

Resides 9 Locksley Road
Ivanhoe 3079

Name Nancy Louise Caple

Date of Birth 16 November 1954

Occupation Retailer

Background Information

Nan established a retail business in 1989 in the East Ivanhoe Village and has managed its growth over the last twenty years. More than a decade ago Nan saw the last bank leave East Ivanhoe. In 1999, along with Graham Norman and Andy Harris, she initiated the campaign to establish the East Ivanhoe Community Bank® Branch. Nan holds a Bachelor of Education degree and spent her early working years teaching in secondary education. Nan is married with four adult children and has lived in Ivanhoe for the last thirty years. Nan has played an active role in her community over this period.

Resides 413 The Boulevard
East Ivanhoe 3079

Name Jennifer Sonia June Christiansen

Date of Birth 13 June 1941

Occupation Coordinator of the Palliative Care Volunteer Service at the Austin Hospital

Background Information

Most of Jen's working life has been in education: teaching as well as research and development projects for state and federal governments and industry. Ten years were spent at RMIT University as a Senior Lecturer. She has a Masters degree in education, has co-authored a senior level text book and education related reports for government and

industry. Her post career employment has been in quality control and real estate sales. Jen has a passion for volunteers and the potential they have for helping people through tough times. Equally she believes that the volunteer experience should be well supported and valued.

Resides 2/11 Silverdale Road
Eaglemont 3084

Name Paul Anthony Gittings

Date of Birth 12 October 1950

Occupation Real estate agent, semi-retired

Background Information

Paul was educated in Albury. He is a licensed estate agent with over thirty years experience in property in the Banyule area. Paul was a partner and director of real estate agency business from 1984 to 2006 with responsibility for over forty employees and over two thousand residential and commercial and rental properties. Paul is an auctioneer and has an Associate Diploma of Valuations from RMIT University. For more than four years he was a director of a co-operative of independent agents. He also served for over ten years on a branch committee of the Real Estate Institute of Victoria.

Resides 34 Marshall Street,
Ivanhoe 3079

Name Alexander (Andy) Aaron Harris

Date of Birth 16 June 1942

Occupation Building contractor

Background Information

Andy is married with three adult children and has lived in Eaglemont for twenty years. He was educated at Ivanhoe Grammar and RMIT Institute of Management. He has been in the domestic building industry for forty years, and has been the proprietor of his own business for thirty-two years. He was a member of the steering committee of the East Ivanhoe Community Bank® Branch of the Bendigo Bank and has been a Board member for eight years. In 2008 he was seconded to the steering committee overseeing the development of the Heidelberg Community Bank® Branch. He has strong interests in the local community and has long been involved in the Old Ivanhoe Grammarians Football Club.

Resides 26 Odenwald Road
Eaglemont 3084

Name Russell James Hutchins
Date of Birth 11 November 1949
Occupation Information technology commercial contract manager
Background Information
Russell currently works for a major international IT company as a commercial contract manager. Russell has extensive experience in the IT industry, having worked in the industry for twenty-nine years. His work included IT support for one of Australia's major banks. Russell's IT roles have included computer programming, project management, audit, procurement and latterly commercial contract negotiation and management. In his most recent roles Russell has worked on projects throughout Asia. Prior to working in the IT industry Russell taught overseas for four years. Russell holds Bachelor of Science and Bachelor of Business degrees and a Diploma in Computer Programming. Having lived in the area most of his life, Russell considers appointment to the board as an ideal opportunity to make a tangible contribution to the Heidelberg district community generally and especially to the disadvantaged in the district.
Resides 7 Jellicoe Street
Ivanhoe 3079

Name David John Mayne
Date of Birth 4 November 1950
Occupation Consultant
Background Information
David has been employed in the communication industry for over thirty-five years and held a number of positions in areas including engineering, sales and marketing and commercial management. He has also worked in the mining industry. David has extensive experience at the executive management level with a major communication company and is now a consultant in the communications industry. David is married with two children and has lived in the local area for over thirty years. He is an active member of the Heidelberg community.
Resides 14 King Street
East Ivanhoe 3079

Name John Kenneth Nelson
Date of Birth 15 May 1949
Occupation Chartered Accountant, semi-retired
Background Information
John has been a Board member for two years and a resident of Ivanhoe for sixty years. John has over thirty-five years' experience in finance roles in chartered accounting, private and public companies. He is committed to supporting community projects, activities and groups through Board sponsorship and grants. John is married with three adult children.
Resides 16 Mervyn Crescent
Ivanhoe 3079

Name Graham Peter Norman
Date of Birth 15 June 1942
Occupation Chartered Accountant
Background Information
Graham has practiced as a chartered accountant in Upper Heidelberg Road for the past thirty years. He has been a director of the Heidelberg District Community Enterprises Limited for the past eight years. He was a student at Ivanhoe Grammar School and has lived in Ivanhoe for the past twenty-five years. He is a member of the Rotary Club of Ivanhoe and was a member of the Ivanhoe Traders Association for eight years. He has a strong interest in the local communities of Ivanhoe and Heidelberg.
Resides 20 Keam Street
East Ivanhoe 3079

Name Catherine (Katy) Richmond
Date of Birth 3 May 1938
Occupation Retired university lecturer
Background Information
Katy has lived in and around Banyule nearly all her adult life. She was a foundation lecturer at La Trobe University where she taught sociology for four decades, retiring in 2006. She has been an active participant in a number of voluntary and professional associations and was a founding member of Women's Electoral Lobby. She was on the council of Rosanna Golf Links Primary School for two years. She is a member of the Rotary Club of Ivanhoe and has a strong interest in the local community. She has been a Board member for two years.
Resides 24 Riverside Road
Ivanhoe 3079

Name Brian Thomas Simpson

Date of Birth 20 March 1949

Occupation Retired bank executive

Background Information

Brian retired in January 2006 after a lengthy career spanning forty years within the banking industry. During Brian's career he was stationed in Papua New Guinea, Tasmania, Queensland, South Australia and Victoria. Prior to his retirement he held a senior management position in the company. Brian was also involved in many sporting organisations and Rotary throughout his banking career.

Resides Unit 1, 12-14 Silverdale Road
Eaglemont 3084

Name Evelyn (Lyndy) Stagg

Date of Birth 24 January 1950

Occupation Teacher, Director for Leadership and Service

Background Information

Lyndy moved, with her husband and two sons, from Geelong Grammar School to live in Rosanna and then Ivanhoe twenty-nine years ago and has been a teacher at Ivanhoe Girls' Grammar School for nearly twenty-five years. She is on the senior management team and has been a faculty coordinator and a year level coordinator in the pastoral care team. She has a Graduate Diploma in Educational Administration and has presented papers at several education conferences. She has many ties with community groups, especially with organising volunteers from school who regularly provide voluntary help throughout Banyule. She has been Vice President of Hockey Victoria and an assistant cub leader with 1st Ivanhoe Sea Scouts for over twenty years. For twelve years of her teaching career Lyndy also helped run the family business. She has been on the Board for six years and serves on the marketing and grants committees.

Resides 950 Heidelberg Road
Ivanhoe 3079

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

The past 20 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 and Oxford Funding are wholly-owned subsidiaries of Bendigo Bank, as is the financial planning arm Bendigo Financial Planning. Bendigo Bank also operates a joint venture, with Elders Limited, called Elders Rural Bank. This joint venture

is aimed at bringing banking services to farmers throughout Australia.

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 undertaking of Adelaide Bank Limited was transferred to Bendigo Bank on 1 December 2008.

Bendigo Bank now operates (itself and through franchises) approximately 423 branches. It has assets under management of more than \$52 billion and a market capitalisation of around \$3 billion. It has more than 1.3 million retail customers and declared an after tax profit of \$170.5 million for the 12 months ending June 2008. It is listed on the Australian Securities Exchange. Bendigo Bank maintains corporate headquarters in Bendigo and in Adelaide. Through Bendigo Bank and its subsidiary companies, the Bendigo and Adelaide Group provides a wide range of products including home loans, commercial mortgages, unsecured loans, investment products, insurance and superannuation.

3.2 Community Bank® Project

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

A Community Bank® branch 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® project are threefold:

- to secure branch banking services for participating communities;
- to help these communities better manage locally generated capital, and so provide them with a better return on their capital; and
- to enable participating communities to share in revenues generated from their Community Bank® enterprise.

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

Through the potential to share in branch revenues, communities have the opportunity to generate profits

which can 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® project 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 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 232 Community Bank® branches, located in places such as Avoca, Bayswater, Bellarine Peninsula, Carrum Downs, Coleambally, East Gosford, East Malvern, Elwood, Goomalling, Henty, Kulin, Lang Lang, Laverton, Maldon, Minyip and Rupanyup (combined franchise), Nathalia, Neerim South, Parkdale, Tambellup and Cranbrook (combined franchise), Toodyay, Toora, Upwey, Virginia, East Ivanhoe and Wentworth. Bendigo Bank has also granted a small number of commercial franchises.

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 51ACA of the Trade Practices Act 1974 (Cth) (TPA). Section 51AD of the TPA makes a contravention of the Franchising Code a contravention of Part IVB of the TPA.

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 East Ivanhoe Community Bank® Branch and a further disclosure

document has been provided by Bendigo Bank to the Company in connection with the New Franchise Agreement relating both to the East Ivanhoe Community Bank® Branch and to the proposed Heidelberg 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 Arrangements

In 2001 the Company entered into the Original Franchise Agreement with Bendigo Bank pursuant to which the Company acquired rights to manage the East Ivanhoe Community Bank® Branch of Bendigo Bank. The funds required for the Company to acquire these rights and provide initial working capital were raised by way of an offer of shares in the Company, under a prospectus. The subscription price was \$1.00 per share and the sum of \$477,560 was raised under that offer. The Company currently has approximately 222 shareholders. The East Ivanhoe Community Bank® Branch of Bendigo Bank has been operating since 11 May 2001. Information regarding the financial performance 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 Heidelberg (this is discussed further below).

To facilitate these new arrangements, the Company has entered into the New Franchise Agreement with Bendigo Bank pursuant to which, subject to the satisfaction of a number of conditions, the Company will have the right to continue to manage and provide services to the East Ivanhoe Community Bank® Branch and also to manage and provide services to a new Community Bank® branch to be established in Heidelberg. The New Franchise Agreement also provides for the termination, subject to satisfaction of the conditions, of the Original Franchise Agreement on the "Commencement Date". The Commencement Date is the expected branch opening date for the new Heidelberg site (as specified in the New Franchise Agreement), unless a different date is agreed. As at the date of this Prospectus, the only

conditions that have not been satisfied are the condition relating to the raising of the minimum subscription amount and the condition relating to the lease.

The effect of these arrangements will be that the existing management rights in relation to the East Ivanhoe Community Bank® Branch will terminate on the Commencement Date of the New Franchise Agreement. For a customer of the East Ivanhoe Community Bank® Branch, this change in arrangements should not have any material effect.

If the conditions in the New Franchise Agreement are not satisfied (or waived), the New Franchise Agreement will not terminate the Original Franchise Agreement.

The Original Franchise Agreement was for an initial period of five years (which expired on 11 May 2006), plus two options to renew each for a five year period (subject to the satisfaction of certain conditions at each renewal). The Original Franchise Agreement was renewed for five years from 11 May 2006 and Bendigo Bank also granted an additional renewal period, i.e. a third option to renew for five years. As a practical matter, the new arrangements described above do not change this. Under the New Franchise Agreement, in relation to the East Ivanhoe Community Bank® Branch, an initial term of five years from 11 May 2006 is granted, plus two options to renew each for a five year period (subject to the satisfaction of certain conditions at each renewal).

If the conditions in the New Franchise Agreement are not satisfied (or waived), the Original Franchise Agreement will continue in effect.

New Franchise Arrangements

In addition to the arrangements described above in relation to the East Ivanhoe Community Bank® Branch, under the New 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 Heidelberg.

As indicated above, the Company has entered into the New Franchise Agreement with Bendigo Bank that will govern the management of both the Community Bank® branch at East Ivanhoe and the Community Bank® branch at Heidelberg. For ease of reference in this Prospectus, the rights granted to the Company under the New Franchise Agreement to manage and operate the East Ivanhoe Community Bank® Branch are referred to as the East Ivanhoe Franchise Rights and the rights granted to the Company under the New Franchise Agreement to manage and operate the Heidelberg Community Bank® Branch are referred to as the Heidelberg Franchise Rights.

A condition to the New Franchise Agreement being granted is that the Company raises the subscription amount of \$800,000 pursuant to the Issue. If this remaining condition in the New Franchise Agreement is not satisfied, the Company will not have the right to manage and operate the Heidelberg Community Bank® Branch and the Company's right to manage and operate the East Ivanhoe Community Bank® Branch will be governed by the terms of the Original Franchise Agreement.

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

3.3 Duration of Franchise

Under the New Franchise Agreement Bendigo Bank has granted the Company the East Ivanhoe Franchise Rights for an initial term of five years from 11 May 2001 and the Heidelberg Franchise Rights for an initial term of five years from the Commencement Date. Pursuant to the New Franchise Agreement, the Company may seek to extend the term of the East Ivanhoe Franchise Rights, the Heidelberg Franchise Rights or both for (in total) two additional five year terms each (subject to satisfying the applicable conditions).

It is possible that the Company will not be able to, or may not wish to, renew the term of the Franchise Rights in relation to one Community Bank® branch (i.e. East Ivanhoe or Heidelberg), but will do so in relation to the other. For example, at the end of the initial terms, the Company may satisfy the conditions required in relation to one site, but not the other. In such circumstances, it is possible that the Company will continue to manage and operate only one Community Bank® branch. It is, of course, also possible that at the end of an applicable term, the Company may not be able to, or may not wish to, renew the Franchise Rights in relation to either branch, in which case, the Company would not be able to continue and operate either branch.

A request to extend the term of either the East Ivanhoe Franchise Rights, or the Heidelberg Franchise Rights, must be made between three and six months prior to the end of the then existing term relevant to that Franchise Right. Bendigo Bank must agree to extend the term of the particular Franchise Rights (i.e. the East Ivanhoe Franchise Rights, the Heidelberg Franchise Rights or both) provided that the Company:

- is not in breach of the New Franchise Agreement;
- secures continued rights to possession and use of each location from which the relevant 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 for the particular Franchise Rights being renewed under the New Franchise Agreement and pays Bendigo Bank's costs of renewing the term of the particular Franchise Rights being renewed.

These conditions must be satisfied at the end of an initial term and, in the case of either of the East Ivanhoe Franchise Rights or the Heidelberg Franchise Rights which are 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 New Franchise Agreement 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 New Franchise Agreement) 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 New Franchise Agreement. In any event, any assignee would have to continue to perform Bendigo Bank's obligations under the New Franchise Agreement.

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 New Franchise Agreement (including, for example, the East Ivanhoe Franchise Rights or the Heidelberg Franchise Rights) or the location of either 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 New Franchise Agreement, the East Ivanhoe Franchise Rights, the Heidelberg Franchise Rights or the branch locations.

The consequences of the termination of the New Franchise Agreement, the East Ivanhoe Franchise Rights or the Heidelberg Franchise Rights are discussed in Section 5.2 below.

3.4 Activities of Company

Branches

The East Ivanhoe Community Bank® Branch at 233-235 Lower Heidelberg Road, East Ivanhoe, Victoria commenced operation on 11 May 2001. The Company has managed that branch since that time under the Original Franchise Agreement. The rental costs for the East Ivanhoe site have been included for the purposes of the forecasts. The East Ivanhoe Community Bank® Branch is open from 9.00am to 5.00pm on Monday to Friday, and from 9.00am to 12 noon on Saturdays (excluding public holidays).

In addition, the Company intends to establish a Community Bank® branch of Bendigo Bank in Heidelberg at 164 Burgundy Street. Estimated rental costs for the Heidelberg site have been included for the purposes of the forecasts. It is proposed that the Heidelberg Community Bank® Branch will open from 9.00am to 5.00pm on Monday to Friday, and from 9.00am to 12 noon on Saturday (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 a Branch Manager and a number of Customer Service officers to staff the East Ivanhoe Community Bank® 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 Heidelberg 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 Group to the Company.

Financial Products and Services

Through the East Ivanhoe Community Bank® Branch and the Heidelberg 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 for three years from November 2008. It applies automatically to deposits of \$1 million or less with an ADI (Authorised Deposit Taking Institution). An ADI must apply for the facility in respect of deposits over \$1 million. The deposit can be at call or with maturity of up to 60 months. Bendigo Bank successfully applied for the guarantee in respect of deposits over \$1 million in November 2008.

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 East Ivanhoe Community Bank® Branch and the Heidelberg Community Bank® 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 including the trademark "Community Bank®" for the purpose of managing the East Ivanhoe Community Bank® Branch and the Heidelberg Community Bank® Branch of Bendigo Bank. 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 New Franchise Agreement).

Assistance and Advice

Bendigo Bank will provide significant assistance in relation to the East Ivanhoe Community Bank® Branch and Heidelberg Community Bank® Branch franchise operations 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 Heidelberg Community Bank® Branch (assistance has already been given by Bendigo Bank in relation to the launch of the East Ivanhoe Community Bank® 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.

Non-exclusive Franchise

The Franchise Rights granted under the New Franchise Agreement 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 New Franchise Agreement provides 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 East Ivanhoe Community Bank® Branch of Bendigo Bank and the Heidelberg Community Bank® Branch of Bendigo Bank, and it must not own or use any assets, or incur any liabilities, other than those required by the franchise operations unless Bendigo Bank has given its approval.

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, and for a further three years after the franchise has terminated.

Pursuant to these covenants (as contained in the New Franchise Agreement), 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 New Franchise Agreement 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 (see Section 7.4 below).

3.7 Community Interest in the new Heidelberg Community Bank® Branch

A significant amount of work and public consultation has been undertaken in relation to the feasibility of establishing the Heidelberg Community Bank® Branch of Bendigo Bank.

A preliminary public meeting was held to discuss the Community Bank® concept and the steps required to establish a Community Bank® branch of Bendigo Bank in Heidelberg. As a result, the Company engaged an independent consultant, HLB Mann Judd (Vic) Pty Ltd to conduct a feasibility study in relation to the proposal.

The results of the feasibility study were presented to the Directors at a meeting held on 24 April 2009 and it was unanimously voted to proceed towards the establishment of the Heidelberg Community Bank® Branch.

The results of the feasibility study are discussed in Section 4 of this Prospectus.

A similar process of consultation was undertaken in relation to the East Ivanhoe Community Bank® Branch prior to its establishment.

3.8 Business allocated to the company on opening the Heidelberg Community Bank® Branch

Bendigo Bank has recorded new banking business originating within the Heidelberg community from August 2008, and will treat this new business as business provided through the Company. The amount of this new business as at the date of the Prospectus exceeds \$3.3 million.

This new business will contribute to the Company's revenues from the date that the Heidelberg Community Bank® Branch opens. The Company's sources of revenue from banking business are discussed further in Section 4.4 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 (other than the Company's first 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.

3.10 Share Price

Shares in the Company have been listed on the BSX since 8 March 2006. While past performance cannot be taken as an indication of future performance, as at 10 June 2009 the following shares have been traded on the BSX.

Qty	Price	Date
2,000	1.180	10/10/2007
5,000	1.200	9/10/2007
1,000	1.170	27/03/2007
2,500	1.150	15/10/2006

Updated share price information can be obtained from the BSX.

4. Financial information

4.1 Feasibility Study

A feasibility study was conducted in the Heidelberg area (the Heidelberg Feasibility Study) by HLB Mann Judd (Vic) Pty Ltd to assist the Company to decide whether to proceed with establishing a Community Bank® branch of Bendigo Bank in Heidelberg.

The Heidelberg Feasibility Study involved:

- distributing surveys to 8,600 households and businesses located in Heidelberg 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 copy of the pro forma survey is set out in annexure A to this Prospectus. The response rate to the surveys was as follows:

Feasibility Study Factors	Results
Surveys Distributed	8,600
Surveys Analysed	692
% of Surveys Returned	7.3%
Respondents' Total Banking Business	\$175,214,800
Respondents' Banking Business Available In First Year	\$60,304,500

Prior to the establishment of the East Ivanhoe Community Bank® Branch in 2001, a similar feasibility study was undertaken in the East Ivanhoe area. As with the Heidelberg Feasibility Study, the East Ivanhoe feasibility study involved:

- distributing surveys to households and businesses located in East Ivanhoe and surrounds;
- conducting interviews with a selection of local businesses and community members; and
- reviewing the available economic information regarding the area.

The surveys distributed in the East Ivanhoe feasibility study were not substantially different to the surveys set out in Annexure A to this Prospectus.

4.2 Forecasts

Overview of the process of preparing the forecasts

Based on the history of operations of the East Ivanhoe Community Bank® Branch, the Company

(together with assistance from Bendigo Bank based on its experience with its own branches and other franchises), has prepared forecasts of the interest earnings from the lending products and the interest cost of the deposits, together with forecasts of other revenue streams.

The assumptions made in relation to this financial modelling conducted by the Company and Bendigo Bank are those set out below and in Sections 4.3 and 4.4.

The annual operating costs (refer to Section 4.5) were estimated by the Company on the basis of the annual operating costs incurred by the East Ivanhoe Community Bank® Branch, and on the basis of other comparable Bendigo Bank branches and franchises. (This comparable information was provided, without identifying particular franchises, by Bendigo Bank.)

Tables 3 and 4 also include an estimate of the cost of operating the Heidelberg Branch assuming it opened on 1 July 2009.

The estimated annual operating costs of the Company were included to arrive at the estimated operating profit or loss before any allowance for depreciation, tax or dividends.

The Company's accountant was then provided with these figures and, as part of the accountant's role in relation to the preparation of the forecasts, the accountant calculated the depreciation and taxation expenses.

The process of preparation of the forecasts is discussed in detail below.

(a) East Ivanhoe Stand Alone Forecast (see Table 1).

This is a forecast for the Company as a whole, assuming that the Heidelberg Community Bank® Branch is not opened and assuming that the existing East Ivanhoe Community Bank® Branch continues to achieve the level and type of business growth historically achieved.

(b) Heidelberg Business Volume Forecast (see Table 2 below).

This is a forecast assuming that the Heidelberg Community Bank® Branch achieves the level and type of business indicated by the survey results adjusted, in its first year of operation, by the performance of other comparable Community Bank® branches, and that the amount of new banking business originating within the Heidelberg community which will be treated as business provided through the Company at the commencement of operations of the Heidelberg Community Bank® Branch will be at least

\$3.3 Million. See section 4.4 level of business for Heidelberg.

The banking business indicated by respondents to the Heidelberg Feasibility Study has been analysed and collated by the consultant who conducted the feasibility study. The Directors understand that Bendigo Bank regularly collates data on, and analyses the performance of, the existing Community Bank® branches and, based on this, the feasibility study results are modified to produce the Modified Forecast. Based on discussions with Bendigo Bank, the Directors believe that this process produces forecasts that are more reliable than simply relying on the feasibility study results, as the modified Forecast builds in the experience of other Community Bank® branches.

Set out below is a more detailed explanation of how the Modified Forecast in this Prospectus is produced.

- Bendigo Bank identifies existing Community Bank® branches that are comparable to the proposed Heidelberg Community Bank® Branch and then calculates the average volume of loans and average volume of deposits these branches have achieved in each of their first three years of operation. In determining whether an existing Community Bank® branch is considered “comparable” to the proposed Heidelberg Community Bank® Branch, Bendigo Bank considers a range of factors, including whether it is located in a community with a similar population and similar demographic profile to the Heidelberg community and whether the volume of business carried on by the existing branch is similar to that expected to be carried on by the Heidelberg Community Bank® Branch.
- The average volume of loans and average volume of deposits for the comparable branches for each of their first three years of operation are then compared to the anticipated volume of loans and deposits identified in the feasibility study results for those branches to produce the factor by which the feasibility study results for the proposed Heidelberg Community Bank® Branch should be modified.
- The relevant factor is then applied to each of the product groups identified in the feasibility study to produce the results for each of Year 1, Year 2 and Year 3 in the “Modified Forecast”. This is discussed further in Section 4.4 below.

By way of an overview, the statistics generated for the performance of all the branches across the Community Bank® branch network demonstrate

that while individual Community Bank® branch performances vary from branch to branch, and month to month, on average the actual performance of deposit products of each branch exceeds the amounts of deposit business respondents indicated they would transfer to the branch. However, lending products for each branch are more difficult to convert and so may fall short of the amounts of lending business respondents indicated they would transfer to the branch, especially in the first 12 months of operation. These results also show that the superannuation business identified in the surveys has proved difficult to convert. Therefore, the forecasts do not take into account any income from superannuation.

(c) Company Forecast (see Table 3 below)

This is a forecast for the Company as a whole, assuming that it will continue to manage the East Ivanhoe Community Bank® Branch and opens the Heidelberg Community Bank® Branch on 1 July 2009. The forecast for the year ended 30 June 2010 assumes the East Ivanhoe Community Bank® Branch achieves the level and type of business growth in the year as it experienced in the year ended 30 June 2009.

(d) 80% of Company Forecast (see Table 4 below)

This is a forecast for the Company as a whole assuming that the Company will manage the East Ivanhoe Community Bank® Branch and the Heidelberg Community Bank® Branch and assuming that, in the year ended 30 June 2010, the Heidelberg Community Bank® Branch achieves 80% of the volume of business assumed for the “Company Forecast” (refer to Section 4.1 (a) above).

Assumptions

Whilst the Directors have given due care and attention to adopting the forecasts in this Prospectus, they can give no guarantee that the forecast results will be achieved, since there are many factors which may impact on the ability of the Company to achieve such forecasts, which are beyond its influence and control. Some of these factors are discussed in Section 5 below.

The other assumptions made in relation to the survey responses and on which these forecasts are based are set out in Sections 4.4 and 4.5 below.

The impact of the Australian goods and services tax is discussed in Section 4.6.

(a) East Ivanhoe Stand Alone Forecast

Table 1 shows that if the Company managed only the East Ivanhoe Community Bank® Branch, it could, if it achieves the assumed level of business for this forecast, generate a profit before tax of \$102,831 in the Year ending 30 June 2009 and \$52,645 in the Year ending 30 June 2010.

Table 1: East Ivanhoe Stand Alone Forecast

	30 June 2007 Actual Audited \$	30 June 2008 Actual Audited \$	30 June 2009 Forecast (Unaudited) \$*	30 June 2010 Forecast (Unaudited) \$**
Revenue from ordinary activities ²	956,889	1,125,559	1,131,919	1,160,697
Salaries and employee benefit expense ³	(323,040)	(366,417)	(408,085)	(458,400)
Advertising and promotion expenses ³	(134,846)	(207,116)	(133,814)	(171,000)
Occupancy & associated costs	(69,805)	(86,468)	(83,585)	(90,200)
System costs	(21,945)	(26,634)	(48,310)	(70,100)
Depreciation and amortisation expense ⁴	(11,970)	(12,516)	(20,808)	(20,392)
General administration expenses ³	(120,810)	(145,170)	(119,480)	(253,960)
Finance Costs ³	-	-	(56,009)	(44,000)
Impairment loss ¹	-	-	(158,997)	-
Profit before income tax expense	274,473	281,238	102,831	52,645
Income tax expense ⁵	(82,271)	(86,498)	(31,448)	(16,394)
Profit for the period	192,202	194,740	71,383	36,251
Profit attributable to members of the entity	192,202	194,740	71,383	36,251
Earnings per Share				
Earnings per share for the period (cents per share):	40.20	40.78	13.25***	3.30***
- dividends paid or provided for (cents per share)	10	26.0		

*Actual for the 10 months ended 30 April 2009, and budgeted for the 2 months ended 30 June 2009

**Budget for the 12 months ended 30 June 2010

***assumes no new shares issued, but after a 1:1.3 bonus issue on 25 May 2009

Notes:

- 1 In the year ended 30 June 2009 an Impairment Loss of \$158,997 on an investment property was recognised.
- 2 See assumptions in Section 4.4 below.
- 3 See assumptions in Section 4.5 below.
- 4 Non current assets attributable to the East Ivanhoe Community Bank® Branch will be depreciated over their useful economic life as follows:-

	Life	Method	30 June 2007 Actual Audited \$	30 June 2008 Actual Audited \$	30 June 2009 Forecast (Unaudited)* \$	30 June 2010 Forecast (Unaudited)** \$
Depreciation of non current assets						
Owned Plant & Equipment	2.5 – 13 Years	Straight Line	9,970	10,516	10,791	10,000
Leasehold Improvements	40 Years	Straight Line	0	0	8,017	7,992
Amortisation of non current assets						
Intangibles	Term of the franchise	Straight Line (over 5 years)	2,000	2,000	2,000	2,400
Total			11,970	12,516	20,808	20,392

*Actual for the 10 months ended 30 April 2009, and budgeted for the 2 months ended 30 June 2009

**Budget for the 12 months ended 30 June 2010

5. Income tax expense

	30 June 2007 Actual Audited \$	30 June 2008 Actual Audited \$	30 June 2009 Forecast (Unaudited) \$*	30 June 2010 Forecast (Unaudited) \$**
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The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows

Operating Profit before tax	274,473	281,238	102,831	52,645
Income tax expense calculated at 30% of operating profit	82,342	84,371	30,848	15,794
Add tax effect of:				
- non-deductible expenses	600	600	600	600
- non-assessable income	(671)	1,527	-	-
Income tax expense on operating profit	82,271	86,498	31,448	16,394

The income tax expense may vary depending upon allowable tax deductions applicable to the Company under current income tax legislation.

(b) Heidelberg Business Volume Forecast

Table 2 shows business identified in the Heidelberg Feasibility Study results adjusted (as described above) based on the average trading performances of existing comparable Community Bank® branches. The forecast also assumes that the amount of new banking business originating within the Heidelberg community which will be treated as business provided through the Company at the date that the Heidelberg Community Bank® Branch commences operations will be at least \$3.3 million.

Table 2: Heidelberg Business Volume Forecast

	Year ended 30 June 2010 \$ (unaudited)	Year ended 30 June 2011 \$ (unaudited)	Year ended 30 June 2012 \$ (unaudited)
Deposits Raised	17,526,470	27,621,781	36,258,911
Loans Generated	10,361,613	16,841,717	21,851,365
Total Portfolio	27,888,083	44,463,498	58,110,276

Company Forecast

Table 3 shows that the Company could, if it achieves the assumed level of business for this forecast, generate a profit before tax of \$102,831 in the Year ended 30 June 2009 but a loss before tax of \$362,716 in the Year ended 30 June 2010. This table assumes that the Company will manage both the East Ivanhoe and Heidelberg Community Bank® branches from 1 July 2009.

Table 3: Company Forecast

	30 June 2007 Actual Audited \$	30 June 2008 Actual Audited \$	30 June 2009 Forecast (Unaudited) \$*	30 June 2010 Forecast (Unaudited) \$**
Revenue from ordinary activities ²	956,889	1,125,559	1,131,919	1,309,312
Salaries and employee benefit expense ³	(323,040)	(366,417)	(408,085)	(708,445)
Advertising and promotion expenses ³	(134,846)	(207,116)	(133,814)	(172,500)
Occupancy & associated costs	(69,805)	(86,468)	(83,585)	(220,700)
System costs	(21,945)	(26,634)	(48,310)	(149,540)
Depreciation and amortisation expense ⁴	(11,970)	(12,516)	(20,808)	(59,783)
General administration expenses ³	(120,810)	(145,170)	(119,480)	(317,060)
Finance Costs ³	-	-	(56,009)	(44,000)
Impairment loss ¹	-	-	(158,997)	-
Profit before income tax expense	274,473	281,238	102,831	(362,716)
Income tax expense ⁵	(82,271)	(86,498)	(31,448)	105,815
Profit for the period	192,202	194,740	71,383	(256,901)
Profit attributable to members of the entity	192,202	194,740	71,383	(256,901)
Earnings per Share				
Earnings per share for the period (cents per share):	40.20	40.78	13.25***	(14.03)*** (11.70)****
- dividends paid or provided for (cents per share)	10	26.0		

*Actual for the 10 months ended 30 April 2009, and budgeted for the 2 months ended 30 June 2009

**Budget for the 12 months ended 30 June 2010

***assumes 800,000 new shares issued, and after a 1:1.3 bonus issue on 25 May 2009

**** assumes 1,200,000 new shares issued, and after a 1:1.3 bonus issue on 25 May 2009

Notes:

- 1 In the year ended 30 June 2009 an Impairment Loss of \$158,997 on an investment property was recognised.
- 2 See assumptions in Section 4.4 below.
- 3 See assumptions in Section 4.5 below.
- 4 Non current assets attributable to the East Ivanhoe Community Bank® Branch will be depreciated over their useful economic life as follows:-

	Life	Method	30 June 2007 Actual Audited \$	30 June 2008 Actual Audited \$	30 June 2009 Forecast (Unaudited)* \$	30 June 2010 Forecast (Unaudited)** \$
Depreciation of non current assets						
Owned Plant & Equipment	2.5 – 13 Years	Straight Line	9,970	10,516	10,791	29,045
Leasehold Improvements	40 Years	Straight Line	0	0	8,017	12,338
Amortisation of non current assets						
Intangibles	Term of the franchise	Straight Line (over 5 years)	2,000	2,000	2,000	18,400
Total			11,970	12,516	20,808	59,783

*Actual for the 10 months ended 30 April 2009, and budgeted for the 2 months ended 30 June 2009

**Budget for the 12 months ended 30 June 2010

5. Income tax expense

	30 June 2007 Actual Audited \$	30 June 2008 Actual Audited \$	30 June 2009 Forecast (Unaudited) \$*	30 June 2010 Forecast (Unaudited) \$**
The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows				
Operating Profit before tax	274,473	281,238	102,831	(362,716)
Income tax expense calculated at 30% of operating profit	82,342	84,371	30,848	(108,815)
Add tax effect of:				
- non-deductible expenses	600	600	600	3,000
- non-assessable income	(671)	1,527	-	-
Income tax expense on operating profit	82,271	86,498	31,448	(105,815)

The income tax expense may vary depending upon allowable tax deductions applicable to the Company under current income tax legislation.

The following forecast illustrates how a change in the level of business generated by the Community Bank® branch affects the forecast in Table 3 above.

For this table all other assumptions described in sections 4.4 and 4.5 remain the same – see section 4.6 for a discussion of the impact of the Goods and Services tax.

(d) Company Forecast, Heidelberg achieves 80% of Budget

Table 4 shows that the Company could, if it only achieves 80% of level of business assumed for the Heidelberg Community Bank® Branch, generate a profit before tax of \$102,831 in the Year ended 30 June 2009 but a loss before tax of \$380,791 in the Year ended 30 June 2010. This table also assumes that the Company will manage both the East Ivanhoe and Heidelberg Community Bank® branches from 1 July 2009.

Table 4: Company Forecast, Heidelberg achieves 80% of Budget

	30 June 2007 Actual Audited \$	30 June 2008 Actual Audited \$	30 June 2009 Forecast (Unaudited) \$*	30 June 2010 Forecast (Unaudited) \$**
Revenue from ordinary activities ²	956,889	1,125,559	1,131,919	1,291,237
Salaries and employee benefit expense ³	(323,040)	(366,417)	(408,085)	(708,445)
Advertising and promotion expenses ³	(134,846)	(207,116)	(133,814)	(172,500)
Occupancy & associated costs	(69,805)	(86,468)	(83,585)	(220,700)
System costs	(21,945)	(26,634)	(48,310)	(149,540)
Depreciation and amortisation expense ⁴	(11,970)	(12,516)	(20,808)	(59,783)
General administration expenses ³	(120,810)	(145,170)	(119,480)	(317,060)
Finance Costs ³	-	-	(56,009)	(44,000)
Impairment loss ¹	-	-	(158,997)	-
Profit before income tax expense	274,473	281,238	102,831	(380,791)
Income tax expense ⁵	(82,271)	(86,498)	(31,448)	111,237
Profit for the period	192,202	194,740	71,383	(269,554)
Profit attributable to members of the entity	192,202	194,740	71,383	(269,554)
Earnings per Share				
Earnings per share for the period (cents per share):	40.20	40.78	13.25***	(14.73)*** (12.27)****
- dividends paid or provided for (cents per share)	10	26.0		

*Actual for the 10 months ended 30 April 2009, and budgeted for the 2 months ended 30 June 2009

**Budget for the 12 months ended 30 June 2010

***assumes 800,000 new shares issued, and after a 1:1.3 bonus issue on 25 May 2009

**** assumes 1,200,000 new shares issued, and after a 1:1.3 bonus issue on 25 May 2009

Notes:

- 1 In the year ended 30 June 2009 an Impairment Loss of \$158,997 on an investment property was recognised.
- 2 See assumptions in Section 4.4 below.
- 3 See assumptions in Section 4.5 below.
- 4 See note 4 to Table 3.

5. Income tax expense

	30 June 2007 Actual Audited \$	30 June 2008 Actual Audited \$	30 June 2009 Forecast (Unaudited) \$*	30 June 2010 Forecast (Unaudited) \$**
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The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows

Operating Profit before tax	274,473	281,238	102,831	(380,791)
Income tax expense calculated at 30% of operating profit	82,342	84,371	30,848	(114,237)
Add tax effect of:				
- non-deductible expenses	600	600	600	3,000
- non-assessable income	(671)	1,527	-	-
Income tax expense on operating profit	82,271	86,498	31,448	(111,237)

The income tax expense may vary depending upon allowable tax deductions applicable to the Company under current income tax legislation.

4.3 Sensitivity

The forecasts will be affected by the following factors:

- the extent to which the business generated by the East Ivanhoe Community Bank® Branch varies from the business generated by that branch in the past, including the impact of the Heidelberg Community Bank® Branch;
- the extent to which the business generated by the Heidelberg Community Bank® Branch varies from the Heidelberg Feasibility Study responses including:
 - the value of the accounts;
 - different business mixes;
 - the timing of writing the business; and
 - account retention;
- the assumption that the Heidelberg Community Bank® Branch commences trading on 1 July 2009;
- the extent to which new banking business originating within the Heidelberg community from the date of the meeting at which it was resolved to proceed towards the establishment of the Community Bank® Branch is retained following the opening of the Heidelberg Community Bank® Branch;
- interest rate variations (though see Section 4.4 below); and
- operating costs containment.

4.4 Revenue

Revenue Calculation

The estimated revenue in Tables 1, 3 and 4 for each year is the amount that is estimated to be earned by the Company under the New Franchise Agreement on the basis of the assumed level of business forecast for that year (see below).

The New Franchise Agreement provides for three types of revenue that may be earned by the Company.

First, the Company is entitled to 50% of the monthly gross margin earned by Bendigo Bank on products and services provided through the Company that are regarded as “day to day” banking business (i.e. ‘margin business’). 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 business’).

The initial list of products and services to be provided by the Company is set out in Section 3.4. The New Franchise Agreement provides 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 by Rural Bank, leasing referrals, fixed loans and certain term deposits (>90 days), and that all other products and services are taken into account in determining the gross margin. The amount of commission payable can be varied in accordance with the New Franchise Agreement (which, in some cases, permits commissions to be varied at the discretion of Bendigo Bank). However, for the purposes of the forecasts, it has been assumed that the rates of commission payable to the Company will not vary during the forecast period.

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 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 by Bendigo Bank from time to time. For the purposes of these forecasts, it has been assumed that the proportions will not vary during the forecast period.

As it is too uncertain to determine whether any revenue (and, if so, how much) will be generated by the Company in promoting or offering “non banking” products or services during the forecast period (see Section 3.4), no such revenue has been included in any forecast.

Description of Business

The following types of business are currently generated by the East Ivanhoe Community Bank® Branch and was also covered by the Heidelberg Feasibility Study:

- Deposits
“Deposits raised” comprises personal and business savings accounts, cheque accounts and term deposits. Of these products, savings and cheque accounts and term deposits of less than 90 days are included in the calculation of the monthly gross margin. Term deposits of more than 90 days earn a commission.

- Loans
“Loans generated” comprises personal and business overdrafts, personal loans, home loans, business leasing and hire purchase and other business loan facilities. Of these products and services, overdrafts, personal loans and flexible home loans are margin business and fixed home loans, leasing, hire purchase and other business loan facilities are commission business.
- Other
“Other business” consists of superannuation products, which are commission based products.

Level of Business - East Ivanhoe

In preparing the forecasts, the following assumptions were made in relation to the level and type of business to be generated by the East Ivanhoe Community Bank® Branch.

In preparing the forecast in Table 1 for the years ended 30 June 2010, it has been assumed that the level of growth the East Ivanhoe Community Bank® Branch has historically experienced will continue.

In the forecast in Tables 3 and 4, a reduction has been made for the year ending 30 June 2010 for the estimated transfer of business that may arise as a result of the opening of the Heidelberg Community Bank® Branch.

In Table 4, it has been assumed that in the first year of the forecast, the Heidelberg Community Bank® Branch will only achieve 80% of the volume of business assumed for the corresponding period in Table 3.

Level of Business – Heidelberg

As described in detail in Section 4.2, revenue for Years 1, 2 and 3 of the “Modified Forecast” is based upon the following.

- The feasibility study results, as modified based on the average trading performances of existing comparable Community Bank® branches in each of their first three years of operation.
- New banking business originating within the Heidelberg community from the date of the meeting at which it was resolved to proceed towards the establishment of the Community Bank® Branch is at least \$3.3 million, and is retained following the opening of the Heidelberg Community Bank® Branch.

Survey Responses

The following additional assumptions were made in relation to the Heidelberg Feasibility Study responses:

- no allowance is made for financial seasonality
- survey responses indicating current account balances were considered to be equal to the average annual account balances;
- specific amounts have been used where indicated in the response;
- the maturity profile of term deposits has been regarded as 1/4 less than 90 days and 3/4 greater than 90 days;
- home loans have been regarded as 3/4 variable and 1/4 fixed interest loans;
- in Year 1 in all forecasts based on the Heidelberg Feasibility Study results (Tables 3 and 4), it has been assumed that deposits will be transferred to the Community Bank® branch equally each month. However, as loans can be slower to convert, this is not assumed for loans – rather, the total loans for Year 1 are divided by 12 and it is assumed that, based on this per month amount, only 50% will be written in each of months 1-4, 100% will be written in each of months 5-8, but 150% will be written in each of months 9-12. In Year 2 and Year 3 in Table 2 of the forecast, it is assumed that deposits and loans will be transferred to the Community Bank® Branch equally each month.

Interest Rates

Interest rates (set out below) within broad product groups have been adopted across all forecasts.

Product	Rate Range
Personal Transaction Account	1.65% - 1.82%
Business Cheque Account	1% - 1.05%
Term Deposits ≤ 90 days	4.87% - 4.98%
Home Loans	5.40% - 5.47%
Home Equity Loans	8.67% - 8.91%
Credit Cards	7.58% - 8.57%
Overdrafts (Business)	8.67% - 9.08%
Personal Loans	11.33% - 11.52%

The rates in the above table represent a weighted average of the interest earned on products within each product group listed across five comparable Community Bank® branches. They are included in the Prospectus solely for the purpose of providing information concerning the rates of interest used in preparing the forecasts and do not purport to represent a market interest rate that customers of any Bendigo Bank® branch should expect to be offered. The interest rates were determined as at March 2009 and reflect the rates current at the time the forecasts were prepared. Although some of these rates would now be likely to have changed given movements in market interest rates in the intervening period, the margins that the Company

could expect to receive on these products and services have not changed in any material respect. As indicated below, it is changes in the interest rate margin that would be expected to affect the profitability of the Company.

In determining the profitability of a Community Bank® branch (as with any other bank branch), one factor is the interest rate margin. The interest rate margin can be described as the difference between the interest rate earned on lending products as compared to the interest rate paid out on deposits and investments. If interest rates change over the period of the forecasts in this Prospectus, the profitability of the branch may not be affected if the interest rate margin remains unchanged.

However, as the interest rate margin changes, so does the profitability of the branch. It is estimated that an increase/decrease of 0.1% in the interest rate margin would increase/decrease the Company's gross revenue by \$31,549 based on the existing lending profile as at 31 December 2008 and the forecast lending for the first year of operation of the Heidelberg branch.

ATM Fees

The forecasts in this Prospectus contain an estimate of the amount of fees generated from non Bendigo Bank customers using the Company's existing ATM at East Ivanhoe and the proposed ATM at Heidelberg.

4.5 Establishment and Operating Costs

The following costs will be incurred by the Company:

- the initial investment required to establish the Heidelberg Community Bank® Branch and commence operations; and
- the annual operating costs of the East Ivanhoe Community Bank® Branch and the Heidelberg Community Bank® Branch.

Establishment Costs

The costs to establish the Heidelberg branch and commence operations include:

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

Annual Operating Costs

The operating costs of the Company have been incorporated in the forecasts in Section 4.2.

These costs include:

- share registry fees;
- labour (Branch Managers and Customer Service officers) and related costs (e.g. 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;
- travel and accommodation;
- repairs and maintenance;
- automatic teller machines (ATMs);
- accountancy and secretarial; and
- annual audit fees.

4.6 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.

For the purposes of the forecasts in this Prospectus, it has been assumed that the services which the Company provides to Bendigo Bank are subject to GST, and the tax paid on purchases of inputs to the business will be able to be reclaimed in full. The revenues stated in the forecasts are net of GST and the costs are net of input tax credits.

4.7 Pro-Forma Balance Sheet

Set out below is an unaudited Pro-Forma Balance Sheet of the Company showing the actual position after the issue of shares to directors and alternative unaudited balance sheets showing the effect of the Issue.

	Actual reviewed by the auditor as at 31 December 2008 \$	Unaudited Pro Forma as at 31 December 2008 \$ (see notes 1&3)	Unaudited Pro Forma at 31 December 2008 \$ (see notes 2&3)
Current Assets			
Cash assets	308,906	1,108,906	1,508,906
Trade and other receivables	113,435	113,435	113,435
Total Current Assets	422,341	1,222,341	1,622,341
Non-Current Assets			
Property, plant and equipment	1,023,520	1,023,520	1,023,520
Deferred income tax asset	16,046	16,046	16,046
Intangible assets	4,833	4,833	4,833
Total Non-Current Assets	1,044,399	1,044,399	1,044,399
Total Assets	1,466,740	2,266,740	2,666,740
Current Liabilities			
Trade and other payables	71,836	111,836	111,836
Current tax liability	8,874	8,874	8,874
Borrowings	16,379	16,379	16,379
Provisions	45,758	45,758	45,758
Total Current Liabilities	142,847	182,847	182,847
Non-Current Liabilities			
Borrowings	593,621	593,621	593,621
Provisions	7,732	7,732	7,732
Total Non-Current Liabilities	601,353	601,353	601,353
Total Liabilities	744,200	784,200	784,200
Net Assets	722,540	1,482,540	1,882,540
Equity			
Issued capital	473,010	1,273,010	1,673,010
Less cost of equity raising	-	(40,000)	(40,000)
Retained earnings	249,530	249,530	249,530
Contributed Equity	722,540	1,482,540	1,822,540

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 before any amount has been paid to Bendigo Bank under the New Franchise Agreement.

4.8 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 applies 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 pursuant to the New Franchise Agreement 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

The Directors have established a policy whereby profits will, as a general rule, 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 profits or

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 profit or funds of the Company otherwise available for distribution to shareholders in that 12 month period; and
- (b) subject to the availability of distributable profits, 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, “profit” 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.

The Company has paid dividends previously and intends to continue to pay dividends as per the forecasts set out in Section 4 of this Prospectus.

Trading in Shares

The Company provides members of the community with the opportunity to contribute to establishing and maintaining the East Ivanhoe Community Bank® Branch of Bendigo Bank and the Heidelberg Community Bank® 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 members 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 BSX (and the Directors intend to apply for quotation on BSX 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 BSX, 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. 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.

Further, the market price of the Shares will fluctuate due to various factors, including general movements in the Australian equity market (which, in turn, is influenced by the international equity markets), investor perceptions, local and worldwide economic conditions, movements in interest rates and specific factors affecting the performance and financial position of the Company and its business.

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 New Franchise Agreement.

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 New Franchise Agreement provides for a maximum possible term of 15 years for the East Ivanhoe Franchise Rights and a maximum possible

term of 15 years for the Heidelberg 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 the New Franchise Agreement (see Section 6 below), the East Ivanhoe Franchise Rights and/or the Heidelberg Franchise Rights, in particular, if the relevant franchise operation is not profitable.

If the New Franchise Agreement itself is terminated, the East Ivanhoe Franchise Rights and the Heidelberg Franchise Rights would also terminate. However, if the East Ivanhoe Franchise Rights alone are terminated, the Heidelberg Franchise Rights would not, by that fact alone, necessarily terminate (and vice versa). In other words, it is possible that the Company may end up managing and operating only one of the Community Bank® branches.

The Company is not entitled to any payment upon termination of the New Franchise Agreement or of the East Ivanhoe Franchise Rights or the Heidelberg Franchise Rights, though it would be entitled to the net proceeds of the sale of either or both of the franchise operations if, at its discretion, Bendigo Bank proceeded with such a sale after termination (see Section 6 below).

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 New Franchise Agreement – see Section 3.5 above).

On the expiration or earlier termination of the New 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 New Franchise Agreement (including the East Ivanhoe Franchise Rights, the Heidelberg Franchise Rights, or both, as the case may be, the franchise operations or the branch locations (see Section 3.3 above).

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 East Ivanhoe Community Bank® Branch of Bendigo Bank and the Heidelberg Community Bank® Branch.

Suitable location

The Company has not as yet secured a suitable location for the proposed Heidelberg Community Bank® Branch. It is a condition of the Franchise Agreement that the Company secures the rights to the possession and use of a suitable location for the initial five year term of the Franchise Agreement and each of the renewal periods. If the Company is unable to secure a suitable location within six months of the date of the Franchise Agreement, Bendigo Bank has the ability to terminate the Franchise Agreement.

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 4.4) 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 the forecasts presented in Section 4.2 are based (in part) on the Heidelberg Feasibility Study responses, and there is no obligation on respondents to transfer the business indicated in the survey. There is also no certainty that the new banking business originating within the Heidelberg community from the date of the meeting at which it was resolved to proceed towards the establishment of the Heidelberg Community Bank® Branch will be retained following the opening of the Heidelberg Community Bank® Branch. Accordingly, there is no guarantee that the results set out in Section 4 will be achieved. 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 East Ivanhoe Community Bank® Branch and the Heidelberg Community Bank® 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 East Ivanhoe Community Bank® Branch was established

and the Heidelberg Community Bank® Branch is being established, in part, given the current level of banking facilities available in the East Ivanhoe and Heidelberg 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 East Ivanhoe, Heidelberg 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 East Ivanhoe or Heidelberg, particularly if the Community Bank® branches are successful.

The Directors believe that the possibility of two Community Bank® branches in close proximity offers additional convenience and service opportunities to local people, and may increase the rate of conversion of new customers to either branch. It is however possible that this additional business may be offset if respondents to the Heidelberg Feasibility Study choose to base their banking at East Ivanhoe instead of converting their business to Heidelberg as indicated. The Directors are unable to quantify the value of such business that may be affected.

Branch Operations

Like any small business, the Branch Manager and employees will have a key role in the success of each of the East Ivanhoe Community Bank® Branch and the Heidelberg Community Bank® Branch. The Branch Manager 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, will also be critical to the smooth operation of the branches.

Security Risks (e.g. armed robbery)

Although all cash deposits made through the East Ivanhoe and Heidelberg Community Bank® branches 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 a Community Bank® branch of Bendigo Bank.

Under the Franchise Agreement, 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 Community Bank® branch premises or incur other security-related expenses that are not anticipated at the date of this Prospectus.

Two Branches

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

5.4 Relationship with Bendigo Bank

Success of Bendigo Bank

The East Ivanhoe Community Bank® Branch operates and the Heidelberg 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.

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.

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, 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 East Ivanhoe Community Bank® Branch and the Heidelberg Community Bank® Branch and that decisions in respect of the branch operations are made accordingly.

Bendigo Bank Claims

Pursuant to a broad indemnity in the New Franchise Agreement, 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 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 must be appointed as an 'authorised representative' of Bendigo Bank for the purposes of carrying out the franchise operations (see Section 7.4 below).

Economic 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. Relevant factors include market growth, inflation, movements in interest rates and exchange rates and the level of loan defaults.

Recently global financial markets have been adversely impacted by the deterioration in the sub-prime mortgage market in the United States and consequential impacts on the stability of the international financial system. The current dislocation in global financial markets presents challenges for all financial institutions, including Bendigo Bank, that rely on access to international capital markets to fund their operations.

The duration and extensity of dislocation in global financial markets is still largely unknown and continuation of these conditions could adversely affect Bendigo Bank's ongoing financial performance or financial condition and potentially could affect the Company's business as the operator of a Community Bank® branch.

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 Agreement

The New Franchise Agreement establishes the relationship between the Company and Bendigo Bank, and sets out the parameters within which the Company must operate. The New Franchise Agreement defines the business that will be conducted by the Company and, accordingly, is critical to an assessment of the Company.

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

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

Grant of Rights

Under the New Franchise Agreement, 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 East Ivanhoe Community Bank® Branch and the Heidelberg Community Bank® Branch of Bendigo Bank.

It is a condition to the New Franchise Agreement that the Company raises \$800,000 pursuant to the Issue.

Term

Under the New Franchise Agreement, the initial term of the East Ivanhoe Franchise Rights is five years (commencing on 11 May 2006) and the initial term of the Heidelberg Franchise rights is five years (commencing on the date that the Heidelberg Community Bank® Branch opens). Provided certain conditions are met at the end of each term, Bendigo Bank must agree to extend the term of the East Ivanhoe Franchise Rights or the Heidelberg Franchise Rights (or both) for two further five year terms (see Section 3.3).

Branch Operations

There are strict controls on the Company in relation to the operations of each Community Bank® 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 Heidelberg Community Bank® Branch, the Company is required to pay Bendigo Bank the Initial Fees, Training costs and Start Up costs. For each additional five year period in respect of each branch (i.e. the East Ivanhoe Franchise Rights, the Heidelberg Franchise Rights or both), the Company must pay Renewal Fees, 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 4.4 above.

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

Indemnity

The Company provides a broad indemnity in favour of Bendigo Bank under the New Franchise Agreement. 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 (i.e. the management and operation of the East Ivanhoe Community Bank® Branch and the Heidelberg Community Bank® Branch), a breach of the New Franchise Agreement (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 the New Franchise Agreement (or, at Bendigo Bank's discretion, the East Ivanhoe Franchise Rights or the Heidelberg Franchise Rights) in various circumstances, including if:

- the Company breaches the New 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 New Franchise Agreement (e.g. the Company abandons a branch, carries it on in a way that endangers public health or safety or agrees to terminate the New Franchise Agreement);
- 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 New Franchise Agreement or either of 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 branch (i.e. the East Ivanhoe Community Bank® Branch or the Heidelberg 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 is not profitable; or
- the Company operates the branch from a location not previously approved by Bendigo Bank.

The Company may terminate the New Franchise Agreement if Bendigo Bank materially breaches the New Franchise Agreement.

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

In certain circumstances, where there has been a breach of the New Franchise Agreement by the Company, the right to manage and operate the East Ivanhoe Community Bank® Branch and/or the Heidelberg Community Bank® Branch is suspended until the breach is rectified or the New Franchise Agreement is terminated.

Upon termination of the New Franchise Agreement, the East Ivanhoe Franchise Rights or the Heidelberg Franchise Rights, there is no obligation on Bendigo Bank to sell the franchise operations or those Franchise Rights that have been terminated. 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 member has the right to vote at a general meeting.

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

The purpose of giving each member 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 East Ivanhoe Community Bank® Branch and the Heidelberg Community Bank® Branch have the same ability to influence the operation of the Company.

(b) Dividends

Generally, dividends are payable to members 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 New Franchise Agreement 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.

Subject to the foregoing, shareholders may transfer shares by a proper transfer effected in accordance with the Company's constitution and the Corporations Act.

(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

A person must not have a prohibited shareholding interest in the Company.

In summary, a person has a prohibited shareholding interest if any of the following applies.

- They control or own 10% or more of the shares in the Company (the "10% limit").
- In the opinion of the Board they do not have a close connection to the community or communities in which the Company predominantly carries on business (the "close connection test"). For example, individuals who reside in East

Ivanhoe or Heidelberg or in nearby communities, or a company with a registered office in East Ivanhoe or Heidelberg that is owned and controlled by such individuals would ordinarily be considered to have this close connection. The area of East Ivanhoe is within the City of Banyule, north of the Yarra River and East of the Darebin Creek, bordering on La Trobe University (Kingsbury Drive) across to Lower Plenty Road in Viewbank. The area of Heidelberg includes residential pockets of Rosanna, Eaglemont, Heidelberg West and East Ivanhoe, a major industrial pocket at Heidelberg West, and key retail precincts at Heidelberg and Ivanhoe.

- Where the person is a shareholder, after the transfer of shares in the Company to that person the number of shareholders in the Company is (or would be) lower than the base number (the “base number test”). The base number is 200. As at the date of this Prospectus, the Company had 222 shareholders.

As with voting rights, the purpose of this prohibited shareholding provision is to reflect the community-based nature of the Company.

In other words, in relation to the 10% limit, 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 the person, and the person’s 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.

Where a person has a prohibited shareholding interest, the voting and dividend rights attaching to the shares in which the person (and his or her associates) have a prohibited shareholding interest, are suspended.

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 member has a prohibited shareholding interest, it must serve a notice requiring the member (or the member’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.

A person cannot have a Prohibited Shareholding Interest on the basis of the 10% limit until the earlier of the time when the number of shareholders in the Company first exceeds ten and the date which is twelve months after the date of incorporation of the Company and, where the Company is Listed, a person cannot have a Prohibited Shareholding Interest on the basis of the base number test unless Bendigo Stock Exchange (BSX) has confirmed that the base number test is appropriate and equitable and the base number test does not apply to any transfer registered before that time. BSX has advised that its confirmation that the prohibited shareholding provisions are appropriate and equitable does not extend to the base number test (see section 7.8).

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

7.4 Authorised 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 New Franchise Agreement).

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 ordinary 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 ordinary 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 ordinary shares.

Generally, a net capital gain is determined by reference to the excess (if any) of the consideration received for the ordinary shares over the cost base of the ordinary 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 33⅓ (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 ordinary 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 ordinary 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
- 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 property acquired or proposed to be acquired by the Company in connection with the Offer of the Shares, or in the Offer of the Shares.

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
Cameron David Bragg	1,150	Legal and Beneficial
John Kenneth Nelson	1,150	Legal and Beneficial
Paul Anthony Gittings	0	Legal and Beneficial
Evelyn Stagg	2,300	Legal and Beneficial
Nancy Louise Caple	12,077	Legal and Beneficial
Alexander Aaron Harris	12,077	Legal and Beneficial
Graham Peter Norman	33,927	Legal and Beneficial
Catherine Richmond	0	Legal and Beneficial
Brian Thomas Simpson	0	Legal and Beneficial
David John Mayne	0	Legal and Beneficial
Russell James Hutchins	0	Legal and Beneficial
Jennifer Sonia June Christiansen	0	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

Nil

Other Benefits

Nil

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 property acquired or proposed to be acquired by the Company 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 \$7,750.

HLB Mann Judd (Vic) Pty Ltd have undertaken the Heidelberg Feasibility Study and prepared a report in connection with the Offer, and for those services has been paid a fee of \$9,500.

AFS & Associates Pty Ltd has provided accountancy services to the Company in connection with the Offer and for those services will be paid a fee of \$4,000.

7.8 BSX waivers

In connection with the listing of the Company, and the quotation of its Shares, on the Bendigo Stock Exchange, the Company sought a number of waivers and confirmations from the Bendigo Stock Exchange. The main waivers and confirmations sought were as follows.

(a) Company's Constitution

The Company sought and obtained confirmation that, for the purposes of BSX Listing Rule 1.2(b), the Company's Constitution is consistent with the BSX Listing Rules (as modified by the waivers and confirmations referred to in this Section). The confirmation by BSX did not extend to the Base Number provisions and consequently they do not apply while the Company is listed on BSX.

(b) Voting Rights

The Company sought and was granted a waiver from the requirement in BSX Listing Rule 4.3(b) that, on a poll, each shareholder must have one vote for each fully paid share held. As noted above (see Section 7.2(a)), each shareholder in the Company will have only one vote, regardless of the number of shares held. The waiver was granted on condition that there is no substantial change in the nature of the Company's business.

(c) Suspension of Dividend & Voting Rights

The Company sought and obtained confirmation that the provisions in the Company's Constitution that suspend the rights of a shareholder to receive dividends or vote if they have a prohibited shareholding interest (see Section 7.3 above) are "appropriate and equitable" for the purposes of the BSX Listing Rule 4.4(g). The confirmation by BSX did not extend to the Base Number provisions and consequently they do not apply while the Company is listed on BSX.

(d) Divestment of shares

The Company sought and obtained confirmation that the provisions in the Company's Constitution that permit a divestment of shares if a shareholder has a prohibited shareholding interest (see Section 7.3 above) are "appropriate and equitable" for the purposes of the BSX Listing Rule 4.6(d). The confirmation by BSX did not extend to the Base Number provisions and consequently they do not apply while the Company is listed on BSX.

(e) Ongoing Operations

Under the BSX Listing Rules, there is a requirement for a listed entity to maintain a level of operations and financial stability that, in the BSX's opinion, is sufficient for the entity to remain on the BSX official list (see BSX Listing Rule 9.1). There is also a requirement to maintain a spread of security holders in a company's main class of securities which, in the BSX's opinion, is sufficient to ensure that there is an orderly market in securities (see BSX Listing Rule 9.2). The Company sought and obtained confirmation from the BSX that the level of business contemplated by the Company, and the expected shareholder spread, will be sufficient for the purposes of these rules.

(f) Rights attaching to shares

The Company sought and obtained confirmation that, for the purposes of BSX Listing Rule 2.1(a), the rights attaching to the Shares satisfy the requirements of chapter 4 of the BSX Listing Rules (as modified by the waivers and confirmations described in this Section) and that, for the purposes of BSX Listing Rule 4.1, the rights attaching to the Shares are "appropriate and equitable".

(g) Test for listing

In order to list, a company must satisfy among other things, either the "profits test" (i.e. among other things, it must have earned a certain level of profits over the past three years) or the "assets test" (i.e. it must have assets of a certain value). The Company was granted a waiver from listing rule 1.2(i) so that it was not required to satisfy either the profit test in rule 1.5 or the assets test in rule 1.7.

7.9 Bendigo and Adelaide Group and the BSX

Bendigo Bank is a major shareholder in, and key supporter of, NSX Limited, which is the parent company of Bendigo Stock Exchange Ltd, the market operator of BSX.

In recognition of this relationship, the BSX has indicated to Bendigo Bank that it may consider favourable fee arrangements for Community Bank® franchisees.

7.10 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) HLB Mann Judd (Vic) 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 they are named and to the inclusion, in Sections 4.1, 4.2, 4.3 and 4.4 of this Prospectus, of the factual information obtained in the Heidelberg Feasibility Study.

(c) 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 and to the inclusion, in Sections 4.1, 4.2, 4.3 and 4.4 of this Prospectus, of the details of its involvement in the preparation of the forecasts.

(d) 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 and to the inclusion, in Sections 4.2, 4.3, 4.4 and 4.5 of this Prospectus, of the details of Bendigo Bank's involvement in preparation of the forecasts.

(e) BSX - NSX Limited, the operator of the Bendigo 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.

7.11 Privacy Collection Statement

If you apply for Shares, you will provide personal information to the Company and the Company's share registrar. The Company share registrar collects, holds and uses your personal information in order to:

- assess your application;
- service your needs as an investor; and
- provide facilities and services which you may request.

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.

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 and may also be used or disclosed from time to time to inform you about products or services 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 Group 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 Section 10 page 43). 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 their 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.

Company – Heidelberg District Community Enterprise Limited (ACN 095 312 744).

Corporations Act – Corporations Act 2001 (Cth).

Director – a Director of the Company.

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

East Ivanhoe Community Bank® Branch – the Community Bank® branch of Bendigo Bank located at 233-235 Lower Heidelberg Road, East Ivanhoe, Victoria.

East Ivanhoe Franchise Rights – the rights to manage and operate the East Ivanhoe Community Bank® Branch.

Franchise Rights – either of the East Ivanhoe Franchise Rights or the Heidelberg Franchise Rights.

Franchising Code – Franchising Code of Conduct.

Heidelberg Community Bank® Branch – the proposed Community Bank® branch of Bendigo Bank expected to be located at 164 Burgundy Street, Heidelberg, Victoria.

Heidelberg Franchise Rights – the rights to manage and operate the Heidelberg Community Bank® Branch.

Issue – Issue of Shares pursuant to this Prospectus.

New Franchise Agreement – the franchise agreement entered into by Bendigo Bank, the Company and the Directors under which the Company has the right to manage and operate the East Ivanhoe Community Bank® Branch and the Heidelberg Community Bank® Branch.

Offer – Offer of Shares pursuant to this Prospectus

Original Franchise Agreement – the franchise agreement entered into by Bendigo Bank, the Company and the current Directors of the Company in 2001 pursuant to which the Company acquired rights to manage the East Ivanhoe Community Bank® Branch of Bendigo Bank.

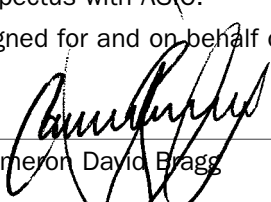
Prospectus – this prospectus.

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

9. Signatures

Each Director of the Company has given, and not withdrawn, their consent to the lodgement of this Prospectus with ASIC.


Signed for and on behalf of the Company:



Cameron David Bragg



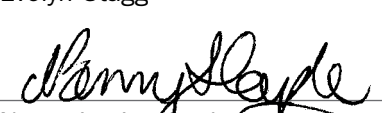
John Kenneth Nelson



Paul Anthony Gittings



Evelyn Stagg



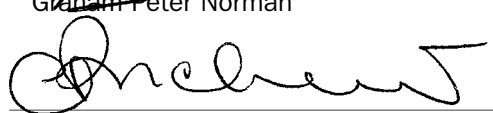
Nancy Louise Caple



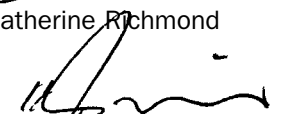
Alexander Aaron Harris



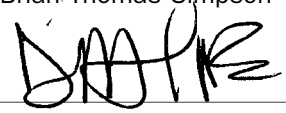
Graham Peter Norman



Catherine Richmond



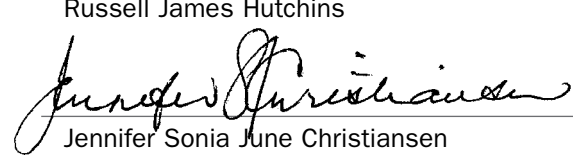
Brian Thomas Simpson



David John Mayne



Russell James Hutchins



Jennifer Sonia June Christiansen

10. Directory

Directors

Cameron David Bragg

John Kenneth Nelson

Paul Anthony Gittings

Evelyn Stagg

Nancy Louise Caple

Alexander Aaron Harris

Graham Peter Norman

Catherine Richmond

Brian Thomas Simpson

David John Mayne

Russell James Hutchins

Jennifer Sonia June Christiansen

Company Secretary

John Kenneth Nelson

Registered Office

233-235 Lower Heidelberg Road
EAST IVANHOE VIC 3079

Solicitors

Rennick & Gaynor Solicitors
431 Riversdale Road
HAWTHORN VIC 3123

Accountants

AFS & Associates Pty Ltd
61-65 Bull Street
BENDIGO VIC 3550

**Annexure A
Feasibility Study
Pro Forma Survey**

Please fill in this paper survey *or* go online to:

www.hlb.com.au/survey.aspx

Password: ourbank

(Only fill out *either* this paper based survey *or* the online survey – not both.)

HEIDELBERG COMMUNITY BANK[®] SURVEY

A Bank of Our Own!

*Please complete this survey by:
Friday 3 April 09*

PERSONAL BANKING SURVEY

Dear Community Member,

You may be aware that a Steering Committee has been working to establish a Community Bank[®] branch of Bendigo Bank in Heidelberg.

A Community Bank[®] branch is unlike other banks in that we, the people, have the opportunity to generate funds from our local bank, which can be reinvested within our local community. Community Bank[®] branches of Bendigo Bank are already operating in about 220 communities throughout Australia.

Briefly it works like this:

- Revenue will be shared between Bendigo Bank and our Community Bank[®] branch.
- The local Community Bank[®] company pays all branch operating costs while the Bendigo Bank pays for support services.
- The profits we generate will be available for distribution as grants to community projects, to shareholders as dividends and reinvestment in banking services.

The proposed branch will provide a full range of products and services. It is important that everyone in the community takes part and we urge you to complete this short confidential survey as soon as possible.

A decision on whether to proceed will be based on the level of support in this survey from you and your fellow residents.

In order to proceed with the project it is necessary for the community to establish that the Community Bank[®] branch will be financially viable, for this reason, your accurate and speedy response to this survey is important.

All the information you provide remains **confidential**. Please take the time to fill in the survey as we need a response from a cross section of the community (including voluntary organisations). In framing your response, consider your possible future needs as well as your current requirements.

Two survey forms are available. The enclosed survey is for Personal use. If you are a Business Proprietor, please complete the personal survey for your personal banking and go online to complete a business survey for your business banking. The online link details are on the top right of this page.

We urge you to complete this survey now. Five minutes of your time could make the difference for Heidelberg to get a Community Bank[®] branch.

Brett Purchase
Chair, Heidelberg Community Bank[®]
Steering Committee

Please feel free to contact any of the following members of the Steering Committee.

Brett Purchase	9960 4744
Russell Hutchins	9626 6516
Jason Dwyer	8414 7605

THE CONTENTS OF THIS SURVEY ARE CONFIDENTIAL

This survey is anonymous and confidential and will be processed by HLB Mann Judd, Level 1, 160 Queen Street, Melbourne Vic 3000.

Neither the steering committee nor any bank representative will be permitted access to these surveys or their contents.

Only aggregated information is disclosed. HLB Mann Judd (HLB) are an independent chartered accounting firm appointed by the Steering Committee to conduct the feasibility study. If you have any questions or concerns relating to any of the questions asked, please do not hesitate to call LES BURGER of HLB on (03) 9606 3304.

PLEASE HELP US BY ENSURING THAT:

- This personal survey is used only for personal banking information (Business proprietors and community organisations complete the business survey).
- Your response includes all of the banking products you currently use.
- Each account is only recorded once.
e.g. Joint accounts should be recorded on one survey only. Business accounts should only be recorded by one proprietor/officeholder.
- Your survey is completed and returned to HLB Mann Judd in the enclosed reply paid envelope (or completed online) by **Friday 20 March 2009**.

☒ Tick one box only

1. (a) Please indicate your current occupation or income source

- ☐ Business Proprietor/Self Employed
☐ Employee (Full Time or Part Time)
☐ Home Duties
☐ Retired/Unemployed/Pensioner
☐ Student
☐ Other (please specify)

(b) Where do you live?

- ☐ Heidelberg
☐ Heidelberg Heights
☐ Heidelberg West
☐ Rosanna
☐ Eaglemont
☐ Viewbank
☐ Other (please specify)

(c) What is your age?

- | | | |
|--------------------------------|--------------------------------|------------------------------------|
| <input type="checkbox"/> 10-19 | <input type="checkbox"/> 40-49 | <input type="checkbox"/> 70-79 |
| <input type="checkbox"/> 20-29 | <input type="checkbox"/> 50-59 | <input type="checkbox"/> 80-89 |
| <input type="checkbox"/> 30-39 | <input type="checkbox"/> 60-69 | <input type="checkbox"/> 90 & Over |

2. (a) Which is your main financial institution?

- ☐ ANZ
☐ Bendigo Bank
☐ Commonwealth Bank of Australia
☐ National Australia Bank
☐ Credit Union
☐ Westpac
☐ Other (please specify)

(b) If your main institution is Bendigo Bank, which branch do you use?

- ☐ East Ivanhoe
☐ Greensborough
☐ Doncaster East
☐ Preston
☐ Clifton Hill
☐ Other (please specify).....

Rank Top 3

**3. Why do you use your main financial institution?
Please rank top three reasons**

- | | 1 | 2 | 3 |
|--|---|---|---|
| <input type="checkbox"/> Account fee structure | | | |
| <input type="checkbox"/> Banked with them for many years | | | |
| <input type="checkbox"/> Competitive interest rates | | | |
| <input type="checkbox"/> Convenience/locality | | | |
| <input type="checkbox"/> Customer service received | | | |
| <input type="checkbox"/> Loyalty/relationship | | | |
| <input type="checkbox"/> Products and services offered | | | |
| <input type="checkbox"/> Support Community | | | |
| <input type="checkbox"/> Too difficult/expensive to change | | | |
| <input type="checkbox"/> Other (please specify)..... | | | |

☒ Tick one box only

4. (a) How satisfied are you with the service you currently receive from your main financial institution?

- | 1 | 2 | 3 | 4 | 5 |
|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Not Satisfied | | | | Very Satisfied |

(b) Please tell us any way in which you feel the service from your main financial institution could be improved.

.....

.....

.....

.....

.....

.....

.....

5. Have you made a pledge to become a shareholder of the Heidelberg Community Bank® branch?

- ☐ Yes ☐ No

☒ ☒ ☒ Tick as many boxes as applicable

6. How do you withdraw cash when you need it?



TICK AS MANY BOXES AS APPLICABLE

- ☐ ATM
☐ EFTPOS
☐ Giro-Post
☐ Over the Counter (Bank or Non-Bank)
☐ Other (please specify)

7. What services would you require frequently from your financial institution?



TICK AS MANY BOXES AS APPLICABLE

- ☐ ATM
☐ Cheque Deposit
☐ Bank Cheque
☐ Credit Card
☐ Bpay
☐ EFTPOS
☐ Cash Deposit
☐ Internet Banking
☐ Cash Withdrawal
☐ Personal Cheque Book
☐ Cheque Cashing
☐ Phone Banking
☐ Other (please specify)

☒ Tick one box only

8. If you have Personal Savings, Cheque and/or Term Deposit accounts with any institution, please indicate the approximate typical balance. Please ensure that each account is only marked ONCE.

PERSONAL SAVINGS/CHEQUE ACCOUNT(S)

- ☐ DON'T HAVE
☐ \$0 - \$20,000
☐ \$20,001 - \$40,000
☐ \$40,001 - \$60,000
☐ \$60,001 - \$80,000
☐ \$80,001 - \$100,000
☐ \$100,001 - \$120,000
☐ More (please specify)

PERSONAL INVESTMENTS

[Term Deposit(s)/Cash Management Account(s)]

- ☐ DON'T HAVE
☐ \$0 - \$50,000
☐ \$50,001 - \$75,000
☐ \$75,001 - \$100,000
☐ \$100,001 - \$150,000
☐ \$150,001 - \$200,000
☐ \$200,001 - \$250,000
☐ More (please specify)

9.

If you have a Credit Card, Personal Loan, Home Loan and/or Investment Loan, please indicate approximate typical balance.

CREDIT CARD (NB: Average Balance, not Limit)

- ☐ DON'T HAVE
☐ \$0 - \$3,000
☐ \$3,001 - \$5,000
☐ \$5,001 - \$10,000
☐ \$10,001 - \$15,000
☐ \$15,001 - \$20,000
☐ More (please specify)

PERSONAL LOAN

- ☐ DON'T HAVE
☐ \$0 - \$10,000
☐ \$10,001 - \$20,000
☐ \$20,001 - \$30,000
☐ \$30,001 - \$40,000
☐ \$40,001 - \$50,000
☐ \$50,001 - \$60,000
☐ More (please specify)

HOME LOAN

- ☐ DON'T HAVE
☐ \$0 - \$100,000
☐ \$100,001 - \$200,000
☐ \$200,001 - \$300,000
☐ \$300,001 - \$400,000
☐ \$400,001 - \$500,000
☐ \$500,001 - \$600,000
☐ More (please specify)

INVESTMENT LOAN

- ☐ DON'T HAVE
☐ \$0 - \$100,000
☐ \$100,001 - \$200,000
☐ \$200,001 - \$300,000
☐ \$300,001 - \$400,000
☐ \$400,001 - \$500,000
☐ \$500,001 - \$600,000
☐ More (please specify)

10.

If you have managed funds, please indicate the approximate typical balance.

MANAGED FUNDS

- ☐ DON'T HAVE
☐ \$0 - \$100,000
☐ \$100,001 - \$200,000
☐ \$200,001 - \$300,000
☐ \$300,001 - \$400,000
☐ More (please specify)

11. If a Community Bank[®] branch were to open in Heidelberg:

(a) Would you be prepared to support it by transferring your banking within 12 months?

- ☐ NO - Go to 12
☐ YES - ALL of your banking. Go to 12.
☐ YES - PART of your banking. Go to 11(b).

☒ ☒ ☒ Tick as many boxes as applicable

(b) If you answered YES - PART of your banking to question 11(a), what would you transfer?

- ☒ ☒ ☒ TICK AS MANY BOXES AS APPLICABLE
- ☐ Personal Savings/Cheque Account(s)
☐ Personal Term Deposit(s)/CMA(s)
☐ Managed Fund(s)
☐ Credit Cards/Personal Overdraft(s)
☐ Personal Loan(s)
☐ Home Loan(s)
☐ Investment Loan(s)

☒ Tick one box only

12. In addition to your existing banking identified in Question 11, what additional borrowing or deposit amounts would you expect to transfer to a Community Bank[®] branch in Heidelberg over the next 3 years?

\$

13. (a) How often would you expect to do your banking business in the branch? i.e. over the counter?

- ☐ Never
☐ Daily
☐ 2-4 Times per Week
☐ Weekly
☐ Fortnightly
☐ Monthly
☐ 6 Monthly
☐ Annually

(b) Would you utilise a banking service if it was available on a Saturday morning?

- ☐ Yes ☐ No

14. We would greatly value your comments on why the Community Bank[®] branch would (or would not) meet your banking needs.

.....

COMPLETION OF THE FOLLOWING IS ENTIRELY OPTIONAL

If the details below are completed, **ONLY YOUR CONTACT DETAILS** will be forwarded to the Heidelberg Community Bank[®] Steering Committee. All banking details are confidential and withheld by HLB Mann Judd.

**I WISH TO SHOW MY SUPPORT FOR THE HEIDELBERG
COMMUNITY BANK[®] PROJECT AND AGREE TO BEING
CONTACTED AT A LATER DATE**

Contact Name

Address

.....Postcode

Telephone

ADDITIONAL SURVEYS CAN BE OBTAINED FROM THE FOLLOWING BUSINESSES:

Heidelberg Newsagency, 126-128 Burgundy Street Ph 9457 1098

Ray White Heidelberg, 161 Burgundy Street Ph 9459 1555

Or go to www.heidelbergcommunityproject.info to download or receive further information

Thank you for completing this survey.

Please place it in the reply paid envelope and post it as soon as possible

Please fill in this paper survey or go online to:

www.hlb.com.au/survey.aspx

Password: ourbank

(Only fill out **either** this paper based survey **or** the online survey – not both.)

HEIDELBERG COMMUNITY BANK[®] SURVEY

A Bank of Our Own!

Please complete this survey by:
Friday 3 April 09

BUSINESS BANKING SURVEY

PLEASE HELP US BY ENSURING THAT:

- If your business enterprise consists of a number of partners, please complete only one "Business Survey" per business enterprise.
- Your survey is completed and returned to HLB Mann Judd in the enclosed envelope (or online) by **Friday 20 March 2009**.

☒ Please tick one box only, unless specified

1. (a) If you currently own/manage a business or organisation, please indicate the type of business.

- ☐ Accommodation/Hospitality
- ☐ Agriculture/Aquaculture/Vineyards/Forestry
- ☐ Community Organisation
- ☐ Construction
- ☐ Education
- ☐ Health & Community Services
- ☐ Manufacturing
- ☐ Property & Business Services
- ☐ Retail/Wholesale
- ☐ Service
- ☐ Tourism
- ☐ Transport and Storage
- ☐ Other (please specify)

(b) Where is your business located?

- ☐ Heidelberg
- ☐ Heidelberg West
- ☐ Rosanna
- ☐ Eaglemont
- ☐ Macleod
- ☐ Viewbank
- ☐ Other (please specify)

2. (a) Which is your main financial institution?

- ☐ ANZ
- ☐ Bendigo Bank
- ☐ Commonwealth Bank of Australia
- ☐ National Australia Bank
- ☐ Westpac
- ☐ Credit Union
- ☐ Other (please specify)

(b) If your main financial institution is Bendigo Bank, which branch do you use?

- ☐ East Ivanhoe
- ☐ Greensborough
- ☐ Doncaster East
- ☐ Clifton Hill
- ☐ Preston
- ☐ Other (please specify)

3. On a scale of 1 to 5, how satisfied are you with the service you currently receive from your main Financial Institution?

- | | | | | |
|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| 1 | 2 | 3 | 4 | 5 |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Not | | | | Very |
| Satisfied | | | | Satisfied |

4. Has your business made a pledge to become a shareholder of the Heidelberg Community Bank[®] branch?

- ☐ Yes ☐ No

5. If you have Business Savings, Cheque Account(s) and/or Term Deposit(s), with any institution please indicate the approximate typical balance(s) in the table below. Please ensure each account is only marked once.

THE CONTENTS OF THIS SURVEY ARE CONFIDENTIAL

This survey is anonymous and confidential and will be processed by HLB Mann Judd, Level 1, 160 Queen Street, Melbourne Vic 3000.

Neither the steering committee nor any bank representative will be permitted access to these surveys or their contents.

Only aggregated information is disclosed. HLB Mann Judd (HLB) are an independent chartered accounting firm appointed by the Steering Committee to conduct the feasibility study. If you have any questions or concerns relating to any of the questions asked, please do not hesitate to call LES BURGER of HLB on (03) 9606 3304

BUSINESS SAVINGS/CHEQUE ACCOUNT(S)

- ☐ DON'T HAVE ☐ \$50,001 - \$100,000
☐ \$0 - \$20,000 ☐ \$100,001 - \$150,000
☐ \$20,001-\$50,000 ☐ More (please specify).....

BUSINESS TERM DEPOSIT(S)

- ☐ DON'T HAVE ☐ \$50,001 - \$100,000
☐ \$0 - \$20,000 ☐ \$100,001 - \$150,000
☐ \$20,001-\$50,000 ☐ More (please specify).....

6. If you have Business Overdraft, Leasing/Hire Purchase agreement and/or Other Loan Facilities, please indicate the approximate typical balance(s) in the table below.

Please ensure each account is only marked once.

BUSINESS OVERDRAFT (NB: Average, not Limit)

- ☐ DON'T HAVE
☐ \$0 - \$10,000
☐ \$10,001 - \$50,000
☐ \$50,001 - \$100,000
☐ \$100,001 - 150,000
☐ \$150,001 - \$200,000
☐ More (please specify).....

BUSINESS LEASING/HIRE PURCHASE

- ☐ DON'T HAVE
☐ \$0 - \$30,000
☐ \$30,001 - \$50,000
☐ \$50,001 - \$100,000
☐ \$100,001 - \$200,000
☐ \$200,001 - \$300,000
☐ More (please specify).....

OTHER LOAN FACILITIES

- ☐ DON'T HAVE
☐ \$0 - \$50,000
☐ \$50,001 - \$250,000
☐ \$250,001 - \$500,000
☐ \$500,001 - \$1,000,000
☐ More (please specify).....

7. If a Community Bank® branch were to open in Heidelberg?
- (a) Would you be prepared to support it by transferring your banking within 12 months?
- ☐ No - Go to 8
- ☐ YES - ALL of your banking. Go to 8.
- ☐ YES - PART of your banking. Go to 7(b).

- (b) If you answered YES - PART of your banking to question 7(a), what would you transfer?

- ☒ Business Savings/Cheque Account(s)
☐ Business Term Deposit(s)
☐ Business Overdraft(s)
☐ Business Lease(s)/Hire Purchase(s)
☐ Other Loan Facilities

8. In addition to your existing banking identified in Question 7, what additional borrowing or deposit amounts would you expect to transfer to a Community Bank® branch in Heidelberg over the next 3 years?

\$

- 9.(a) How often would you expect to do your banking business in the branch? i.e. over the counter?

- ☐ Never
☐ Daily
☐ 2-4 Times per Week
☐ Weekly
☐ Fortnightly
☐ Monthly
☐ 6 Monthly
☐ Annually

- (b) Would you utilise a banking service if it was available on a Saturday morning?

- ☐ Yes ☐ No

10. We would greatly value your comments on why the Community Bank® branch would (or would not) meet your business banking needs.

.....

COMPLETION OF THE FOLLOWING IS ENTIRELY OPTIONAL

Please Note: If the details below are completed, **ONLY YOUR CONTACT DETAILS** will be forwarded to the Heidelberg Community Bank® Steering Committee. All banking details are confidential and withheld by HLB Mann Judd.

I WISH TO SHOW MY SUPPORT FOR THE HEIDELBERG COMMUNITY BANK® PROJECT AND AGREE TO BEING CONTACTED AT A LATER DATE

Contact Name

Business Name

Address

.....Postcode

Telephone

Thank you for completing this survey.

PLEASE PLACE IT IN THE REPLY PAID ENVELOPE AND POST IT AS SOON AS POSSIBLE

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 the amount per Share.

- 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 **HEIDELBERG DISTRICT COMMUNITY ENTERPRISE 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.

- 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 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 **HEIDELBERG DISTRICT COMMUNITY ENTERPRISE 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:

**HEIDELBERG DISTRICT COMMUNITY ENTERPRISE
LIMITED SHARE OFFER
233-235 Lower Heidelberg Road
East Ivanhoe VIC 3079**

Name Standards

- Only legal entities may be registered as the holder of securities.
- The full and correct name of each entity must be shown.
- Titles such as Mr, Mrs, Miss 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 John Nelson on 9499 4801 or Brian Simpson on 9499 2627.

PUBLIC SHARE OFFER APPLICATION FORM

PLEASE READ ALL INSTRUCTIONS ON THE BACK OF THIS FORM

					Shares in Heidelberg District Community Enterprise Limited at AU\$1.00 per share
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Drawer	Bank	Branch	BSB	Amount

Applicant #1:

Applicant #2:

Applicant #3:

PUBLIC SHARE OFFER APPLICATION FORM

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					Shares in Heidelberg District Community Enterprise Limited at AU\$1.00 per share
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No ☐ Yes ☐ SRN 007 _____ (See your original certificate)

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Drawer	Bank	Branch	BSB	Amount

I Tax File Number (TFN), Australian Business Number (ABN) or tax exemption category (where applicable):

Applicant #1:

Applicant #2:

Applicant #3:

