

PROSPECTUS

Proposed Yarra Junction District Community Bank® Branch of Bendigo Bank Limited



IMPORTANT NOTICE

This Prospectus is dated 27 November 2007. A copy of this Prospectus has been lodged with the Australian Securities and Investments Commission (ASIC). The Company is listed on the Bendigo Stock Exchange (BSX). Application will be made within seven days for quotation of the Shares offered under this Prospectus. Neither ASIC nor the BSX take any responsibility for the content of this Prospectus. The fact that the BSX may admit the Company to the BSX official list and quote the Shares is not to be taken in any way as an indication of the merits of the Company or of the Offer.

This Prospectus is an important document. Before deciding to invest in the shares offered under this Prospectus, you should read the Prospectus in its entirety (especially the risk factors) and carefully consider your own personal circumstances (including financial and tax issues). You should also obtain the advice of your solicitor, accountant or other financial adviser.

No person is authorised to give any information or to make any representation in connection with the Offer which is not contained in this Prospectus and any information or representation not contained in the Prospectus may not be relied upon as having been authorised in relation to the Offer. No assurance is given that any forecast or prospective information made in this Prospectus will be achieved.

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Letter from Upper Yarra Community Enterprise Limited

Dear Investor

We welcome you and thank you for your interest in the Upper Yarra Community Enterprise Limited, incorporating the Warburton Community Bank® Branch of Bendigo Bank and the proposed Yarra Junction District Community Bank® Branch of Bendigo Bank.

We are pleased to offer you the opportunity to invest in a project which we believe will deliver significant social and economic benefits to our region, as well as the prospect of positive returns to its shareholders.

In line with these community and financial aims, the amount of profits that can be distributed to shareholders is limited and likewise, there are limitations and restrictions on shareholdings, which are outlined in detail in this Prospectus.

Seven years ago, the Company established and has continued to prudently manage the Warburton Community Bank® Branch of Bendigo Bank, one of the top performing Community Bank® branches in Australia.

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 Yarra Junction.

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.

Please 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 Company is already listed on the Bendigo Stock Exchange, which facilitates a secondary market for the trade of Shares (subject to the rules regarding share ownership described in this Prospectus).

The Board's decision to proceed with this capital raising for a new Community Bank® branch in Yarra Junction was based on a survey in which local people and businesses in the Yarra Junction district 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 Warburton Community Bank® Branch and the enthusiasm shown by the local Yarra Junction people is further proof that once operational, a significant number of groups, clubs, schools and local organizations will benefit from this unique community enterprise.

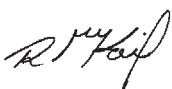
The Warburton Community Bank® Branch of Bendigo Bank and the Yarra Junction District Community Bank® Branch of Bendigo Bank afford our communities the chance not only to secure branch banking services with a focus on excellent customer service, but also an opportunity to improve our long-term prospects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

I am honoured to be involved with this locally owned community enterprise and have enjoyed seeing first hand how we have positively impacted on the Warburton community through our various sponsorships, donations and grants programs. I have also seen our shareholders gain a solid return on their investment in line with the forecast in the original prospectus.

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

I encourage you to read through this Prospectus carefully and if you are satisfied that we (you included) can make a difference in the Yarra Junction community through your investment in our Company and the Yarra Junction District Community Bank® Branch of Bendigo Bank, I commend the investment to you.

Yours sincerely,



Rodney McKail

Chairman, Upper Yarra Community Enterprise Limited

Letter from Bendigo Bank Limited

Dear Investor

“Yarra Junction District 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 **Upper Yarra 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 Yarra Junction, just as it has worked with Upper Yarra Community Enterprise Limited (formerly known as Warburton Community Financial Services Limited) in relation to the existing Community Bank® branch at Warburton. 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 are the Warburton and Yarra Junction 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 Upper Yarra 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 Yarra Junction District 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 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 Yarra Junction. Details of the establishment costs and estimated initial annual operating costs of both branches are set out in Section 4.5 of this Prospectus.

In February 2000 the Company (then called Warburton Community Financial Services Limited) entered into a Franchise Agreement with Bendigo Bank for the Company to manage and provide services to the Warburton Community Bank® Branch as a “franchise” of Bendigo Bank. The Company raised the funds required for the establishment and initial ongoing operations of the Warburton Community Bank® Branch via an Offer of Shares (at an issue price of \$1.00 per Share) to the Warburton community. The Company’s Prospectus for that Offer of Shares was dated 24 November 1999. If this Offer under this Prospectus is successful, the Company will manage and provide services to, the Warburton Community Bank® Branch and a newly formed Yarra Junction District Community Bank® Branch. Each branch will operate as a “franchise” of Bendigo Bank. The franchise arrangements relating to the Warburton Community Bank® Branch and those relating to the Yarra Junction District 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 Bank - it is an Offer to subscribe for Shares in Upper Yarra Community Enterprise Limited (the Company), which is listed on the Bendigo Stock Exchange (BSX). It is not intended that Shares in the Company will be listed on the Australian Stock Exchange.

1.2 Description of the Offer

The Company is offering for subscription 500,000 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 10,000 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 10,000 Shares. The Directors reserve the right to accept oversubscriptions of up to 250,000 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 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	400,000
Shares issued pursuant to bonus issue ¹	800,000
Shares issued pursuant to this Prospectus	500,000
TOTAL	1,700,000

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	400,000
Shares issued pursuant to bonus issue ¹	800,000
Shares issued pursuant to this Prospectus	750,000
TOTAL	1,950,000

Note: 1. On the basis of a valuation of the Company, made as at 21 May 2007 by AFS & Associates Pty Ltd, the value of the Shares in the Company was determined at approximately \$3.00 per Share. Accordingly a 2-for-1 bonus issue was made.

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 number of restrictions on shareholdings. For example, a shareholder will not be able to control or own 10% or more of the Company, and a person who does not have, in the opinion of the Directors, a close connection with the Warburton or Yarra Junction communities, may be divested of their Shares.

The Directors reserve the right to not accept any application if it appears the Applicant would be in breach of these restrictions.

The voting rights attaching to Shares and the ownership restrictions are discussed further in Sections 7.2(a) and 7.3 below. You should note that where a person is or would be in breach of these restrictions, the Directors may not only have the power to refuse to register a transfer (when the company is not listed – see section 7.8 (d) below) 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 and 7.8 below).

1.5 Minimum Subscription

The Company must receive applications (and payment) for at least 500,000 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 section 1.6 and “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 the 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 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 December 2007
Offer closes	4 January 2008
Shares pursuant to this Prospectus expected to be allotted:	21 January 2008
Shares expected to be quoted on BSX:	30 January 2008
Certificates expected to be dispatched:	20 February 2008

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).

2. Directors

Details of the Directors of the Company are as follows:

Name Rodney McKail
Date of Birth 7 May 1956
Occupation Governance Manager



Background Information

Rodney has been a resident of Warburton for over 45 years. His wife Karen has been a teacher at the Warburton Primary School for the past 24 years, apart from time off to raise the couple's two children Brooke and Tim. Rodney has been employed in Local Government for over 30 years. He worked at the Upper Yarra Shire and Lilydale Shire (now Yarra Ranges) before joining the Knox City Council 12 years ago where he is currently Manager - Governance. Rodney has enjoyed involvement with a range of local community groups including the Warburton Primary School Council, Warburton Advancement League, Warburton Golf Club, Warburton-Millgrove Sports Club and Wesburn Junior Football Club. He is a former director of the Yarra Valley Cricket Association, a Life Member of the Warburton-Millgrove Football Club and Warburton-Millgrove Cricket Club and an active committee member of both clubs. He has coached the Warburton-Millgrove Football Club's Under 18's for the past 3 years, prior to which he coached and team managed a range of junior football and cricket teams at Warburton and Wesburn. Rodney has been a Justice of the Peace for fifteen years and more recently has taken on the role of a Bail Justice.

Resides 20 Boronia Road
Warburton Vic 3799

Name Geoffrey Michael Vickers
Date of Birth 27 January 1962
Occupation Company Secretary



Background Information

A Warburton resident since 1983, Geoffrey was a member of the Warburton Community Bank® Steering Committee before becoming a Director of the Company at its inception in 1999. He was appointed Company Secretary in 2002 and Secretary/Treasurer in 2003. Since early January 2006 Geoffrey has been a full-time employee of the Company in the role of Executive Officer. Prior to his full-time position with the Company, Geoffrey was employed as a Welfare Worker for The Salvation Army after selling his own business in horticulture of 15 years. Geoffrey and

his fiancée Carolyn reside in Millgrove and between them have three daughters, Angela 18, Lisa 17 and Claire 16.

Resides 122 Wonga Road
Millgrove Vic 3799

Name Jaquilyn Dawn Hall
Date of Birth 6 October 1952
Occupation Business Proprietor



Background Information

Jaqui and her husband John have lived in Gladysdale since 1974. Together they have raised two sons and are now enjoying the delights of being grand-parents. Jaqui has been actively involved in community groups over many years, helping to establish a play-group at Don Valley when her children were babies, through 15 years on school councils, and continued participation in various sporting clubs. She is currently Lady President of the Warburton Golf and Sporting Club. Over the past 4 years Jaqui has been involved with the traders group in Yarra Junction and formed a committee to begin the Awareness Campaign for a Community Bank® branch in the township. She comes to the Board with real passion for the community and enthusiasm about the difference we can all make by supporting the Community Bank® model.

Resides 525 Tarrango Road
Gladysdale Vic 3797

Name Rodney John Woods
Date of Birth 27 December 1969
Occupation Environmental Contractor



Background Information

Rodney has lived in the Upper Yarra region all his life and lived in Warburton for the first 26 years. He now lives in Wesburn with his wife Anita and their three daughters. Rodney has been involved with the Warburton-Millgrove Football club for seven years, four of which he served as President. He operates his own local business based in Woori Yallock, employing 12 local people.

Rodney joined the Board of the Company in early 2005.

Resides 10 Mill Court
Wesburn Vic 3799

Name Leonard Barry Marshall
Date of Birth 22 October 1937
Occupation Maintenance Manager
(retired)



Background Information

Barry is a life-long Warburton resident. He worked for Martyrs Bus Service as maintenance Manager, having responsibility for a fleet of 30 vehicles. Barry joined the Board of the Company in March 2006. He has given more than 50 years volunteer service to Warburton Fire Brigade, including 22 years as captain. In 2000 he was awarded the Australian Fire Service Medal in the Queens Birthday Honours list. Barry has a wealth of local and historical knowledge and has been recognised by many local clubs for his involvement. He played cricket and football for Warburton. He was largely responsible for amalgamation of fire brigades, replacement of fire stations and forging strong relationships between CFA and other emergency services. Barry and his wife Sue live in Warburton. They have a son, daughter and five grandchildren.

Resides 19 Webb Street
Warburton Vic 3799

Name Maxwell Magee
Date of Birth 28 June 1960
Occupation Truck Body Builder



Background Information

Max has been a Director of the Company for 5 years and is currently Deputy Chairman. Originally from Bogong Village, High Country Victoria, and growing up in suburban Melbourne, he purchased an allotment at Millgrove in 1984. In 2003 Max and his wife Marlene moved to Launching Place with their teenage daughter. For 23 years, Max has been employed at Kenworth Trucks Bayswater, building Australian made, World's best heavy duty trucks. Involved with many aspects of product development through research and development as well as prototype development, he has seen that through continuous improvement based on quality, service and cost, that the pursuit of excellence has outstanding rewards for all Australians. Max has been involved with a number of community groups. A Warranted Venturer Leader, Warburton Scouts from 1990 to 1996 and Rangers Australia from 1999 to 2005 and, from time to time, an attendee at Valley Christian Fellowship.

Resides 16 Cairncroft Avenue
Launching Place Vic 3139

Name Catherine Louise Aulich
Date of Birth 19 August 1981
Occupation Account Manager



Background Information

When Catherine was appointed to the Board of the Company five years ago, she was the youngest Community Bank® Director in the country. Now a veteran Director at the ripe old age of 26, Catherine works as an Account Manager for a manufacturer of premium quality polypropylene sheet. Catherine enjoys local sport, playing mixed doubles tennis and netball in Yarra Junction and was recently awarded Best and Fairest (B Grade) of the inaugural Powelltown Netball Team. Catherine and her husband both grew up in the Yarra Valley residing within a number of local communities including East Warburton, Millgrove, Gladysdale and Hoddles Creek, and have recently settled in Seville where they look forward to raising their family.

Resides 3 Capri Close
Seville Vic 3139

Name Barry John Sharman
Date of Birth 25 April 1968
Occupation Office Manager



Background Information

Barry lives in Warburton with his two children James aged six and Jordan aged five. He has worked at the Little Yarra Steiner School since June 2003. Barry's first employment was in Banking. From there his career moved to the Hospitality trade where he has held management roles within hotels in Victoria, New South Wales and the Northern Territory. Barry has travelled Australia extensively and has contributed as a volunteer for a variety of environmental organisations including the Australian Conservation Trust of Volunteers, Surfrider Foundation and Greenpeace. Barry is currently Secretary of the Yarra Junction District Community Bank® Steering Committee.

Resides 11 Unity Court
Warburton Vic 3799

Name Elizabeth Rosemary Fox

Date of Birth 4 January 1949

Occupation Student Counsellor



Background Information

Elizabeth has worked at Upper Yarra Secondary College for 18 years, working with special education support and as a Student Wellbeing Coordinator. Prior to this Elizabeth worked in a number of local primary schools assisting students with special needs. She enjoys a strong connection with our young people and is committed to advancing their learning and wellbeing. Elizabeth has lived in the local area for 35 years; her two sons grew up in Warburton and attended Warburton Primary School and Upper Yarra Secondary College. Elizabeth was secretary of the Warburton Primary School Council; she was also one of the original organisers of the local Basketball Association, again acting as secretary for a number of years. During this time she undertook a coaching role and helped form a new basketball club which fielded a number of teams. Elizabeth has been involved in various volunteer groups in the local community. For the past 14 years Elizabeth has undertaken further tertiary study in Behavioural Science and Psychology.

Resides 18 Clarke Avenue
Warburton Vic 3799

3. Bendigo Bank Franchise

3.1 Bendigo Bank

Bendigo Bank had its origins on the Bendigo goldfield in 1858 when the settlement comprised thousands of makeshift tents and humpies clustered along the gold bearing gullies. Disturbed by the temporary and unsightly nature of these dwellings, a group of prominent citizens banded together to foster a sense of civic pride by providing finance for miners wishing to own their own homes. Thus was born the Bendigo Land and Building Society, which immediately began financing humble miners' cottages, some of which remain in the city today.

Within 30 years, Bendigo had established itself as one of the most gracious Victorian era cities in the world, its grand public buildings a monument to the vast riches produced by the deep reef miners.

As Bendigo prospered, so did its building society, which rapidly established a reputation for prudent financial management and ethical dealing. While other societies came and went, the Bendigo Land and Building Society grew steadily, declaring a profit in each year of its operation, even through the crises of the 1890s and 1930s Depressions.

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

The past 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). Sandhurst Trustees, National Mortgage Market Corporation, Monte Paschi (now Cass Comm Limited) and Victorian Securities Corporation Limited are wholly-owned subsidiaries of Bendigo Bank, as is the financial planning arm Bendigo Investment Services. 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 October 2000, Bendigo Bank acquired the Queensland-based First Australian Building Society, which has since been integrated into Bendigo Bank.

The Bendigo Group now operates (itself and through franchises) approximately 361 branches and has assets of around \$ 17 billion. It is listed on the Australian Stock Exchange and is the only Australian bank with headquarters outside a capital city. Through Bendigo Bank and its subsidiary companies, the Bendigo Group provides a wide range of products including home loans, commercial mortgages, unsecured loans, investment products, insurance and superannuation.

Bendigo Bank and Adelaide Bank Limited merger

In November 2007, Adelaide Bank shareholders approved a scheme of arrangement to effect a merger of Adelaide Bank with Bendigo Bank. Court approval of the scheme of arrangement was obtained on 16 November 2007, with implementation late November.

Bendigo Bank released a letter to shareholders on 9 August 2007, which stated, amongst other things, that the merger would achieve a number of objectives, including securing Bendigo Bank's unique customer and community based banking strategy and that the Bendigo Bank would continue to open new company and Community Bank® branches.

The letter also included this statement:

"Following the merger a proposal to change the name of the company to "Bendigo and Adelaide Bank Limited" will be submitted to a vote of the shareholders in the merged company. The change of name will not impact on branding."

The full text of the Bendigo Bank and Adelaide Bank announcements are available from the Australian Securities Exchange website www.asx.com.au. Future announcements can also be accessed from this site.

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 around 203 franchises to 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, Warburton and Wentworth. Bendigo Bank has also granted a 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 Warburton 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 Warburton Community Bank® Branch and to the proposed Yarra Junction District 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 February 2000 the Company entered into the Original Franchise agreement with Bendigo Bank pursuant to which the Company acquired rights to manage the Warburton 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 \$400,000 was raised under that Offer. The Company currently has approximately 321 shareholders. The Warburton Community Bank® Branch of Bendigo Bank has been operating since February 2000. 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 Yarra Junction (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 Warburton Community Bank® Branch and also to manage and provide services to a new Community Bank® branch to be established in Yarra Junction. 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 Yarra Junction site (as specified in the New Franchise Agreement), unless a different date is agreed. As at the date of this Prospectus, the only condition that has not been satisfied is the condition relating to the raising of the minimum subscription amount (see below).

The effect of these arrangements will be that the existing management rights in relation to the Warburton Community Bank® Branch will terminate on the Commencement Date of the New Franchise Agreement. For a customer of the Warburton 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 25 February 2005), 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 has been renewed for five years and will now expire on 25 February 2010. The Company and Bendigo Bank have also agreed on a third option to renew for an additional five year period (subject to satisfaction of certain conditions at renewal). As a practical matter, the new arrangements described above do not change this. That is, the current term will expire on 25 February 2010 and there are two options to renew each for a five year period (subject to the satisfaction of certain conditions at each renewal).

New Franchise Arrangements

In addition to the arrangements described above in relation to the Warburton 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 Yarra Junction.

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 Warburton and the Community Bank® branch at Yarra Junction. For ease of reference in this Prospectus, the rights granted to the Company under the New Franchise Agreement to manage and operate the Warburton Community Bank® Branch are referred to as the Warburton Franchise Rights and

the rights granted to the Company under the New Franchise Agreement to manage and operate the Yarra Junction District Community Bank® Branch are referred to as the Yarra Junction District Franchise Rights.

A condition to the New Franchise Agreement being granted is that the Company raises the subscription amount of \$500,000 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 Yarra Junction District Community Bank® Branch and the Company's right to manage and operate the Warburton 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 granted the Company the Warburton Franchise Rights for an initial term of five (5) years from 25 February 2000 which has been renewed for five (5) years and will now expire on 25 February 2010 and the Yarra Junction District Franchise Rights for an initial term of five (5) years from the Commencement Date. Pursuant to the New Franchise Agreement, the Company may seek to extend the term of the Warburton Franchise Rights, the Yarra Junction District 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. Warburton or Yarra Junction), 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 any of the Warburton Franchise Rights, or the Yarra Junction District 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 Warburton Franchise Rights, the Yarra Junction District 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 Warburton Franchise Rights or the Yarra Junction District Franchise Rights.

These conditions must be satisfied at the end of an initial term and, in the case of either of the Warburton Franchise Rights or the Yarra Junction District 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 Warburton Franchise Rights or the Yarra Junction District 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

Agreements, the Warburton Franchise Rights, the Yarra Junction District Franchise Rights or the branch locations.

The consequences of the termination of the New Franchise Agreement, the Warburton Franchise Rights or the Yarra Junction District Franchise Rights are discussed in Section 5.2 below.

3.4 Activities of Company

Branches

The Warburton Community Bank® Branch at 3399 Warburton Highway Warburton, Victoria commenced operation in February 2000. The Company has managed that branch since that time under the Original Franchise Agreement. The holding costs for the Warburton site have been included for the purposes of the forecasts. The Warburton Community Bank® Branch is open from 9.00am to 5.00pm Monday to Friday, and from 9.00am to 12 noon Saturdays, excluding public holidays.

In addition, the Company intends to establish a Community Bank® branch of Bendigo Bank in Yarra Junction at Shop 1, 2452 Warburton Highway, Yarra Junction, Victoria. Estimated rental costs for the Yarra Junction District site have been included for the purposes of the forecasts. It is proposed that the Yarra Junction District Community Bank® Branch will open from 9.00am to 5.00pm Monday to Friday, and from 9.00am to 12 noon 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.

Managers and Employees

The Company currently employs a Branch Manager and a number of Customer Service Officers to staff the Warburton 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 Yarra Junction District Community Bank® Branch. All employees must be first approved by Bendigo Bank. It is also possible that staff will be seconded from the Bendigo Group.

Financial Products and Services

Through the Warburton Community Bank® Branch and the Yarra Junction District 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", "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.

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 Warburton Community Bank® Branch and the Yarra Junction District 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 Warburton Community Bank® Branch and the Yarra Junction District 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 Warburton Community Bank® Branch and Yarra Junction District 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 Yarra Junction District Community Bank® Branch (assistance has already been given by Bendigo Bank in relation to the launch of the Warburton 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 franchise. 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.

With the consent of Bendigo Bank, the Company has entered into a Memorandum of Understanding dated 4 September 2007, with Wydcom Financial Services Limited, which manages and operates the Woori Yallock Community Bank® Branch. The intent of the Memorandum of Understanding is that the Company will not undertake marketing, grants or sponsorships or promotional activities in the area of the 3139 postcode (which includes the locations of Launching Place, Don Valley, Hoddles Creek and Woori Yallock) and that Wydcom Financial Services Limited will not undertake marketing, grants or sponsorships or promotional activities in the area covered by the 3797 postcode (which includes the locations of Gladysdale, Powelltown, Yarra Junction, Gilderoy and Three Bridges).

The Memorandum of Understanding also contemplates the establishment of a joint committee to be responsible for developing and administering joint marketing, sponsorship, grants and promotional initiatives on behalf of the Company and Wydcom Financial Services Limited and that any grant and sponsorship proposals received by either the Company or Wydcom Financial Services Limited from within the excluded postcodes will be referred to the joint committee for consideration.

Wandin Seville Financial Services Limited, which manages and operates the Wandin/Seville Community Bank® Branch, will also be invited to join the joint committee, with the intent that the joint committee will be responsible for developing and administering joint marketing, sponsorship, grants and promotional initiatives on behalf of all three Community Bank® branches in the broader Upper Yarra area.

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 Warburton Community Bank® Branch of Bendigo Bank and the Yarra Junction District 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.

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 (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, including the provision by the Company to Bendigo Bank of regular and detailed reports. Bendigo Bank also has the right to inspect or audit the 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 Yarra Junction District Community Bank® Branch

A significant amount of work and public consultation has been undertaken in relation to the feasibility of establishing the Yarra Junction District 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 Yarra Junction. As a result, the Company engaged an independent consultant, HLB Mann Judd Consulting 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 19 March 2007 and it was unanimously voted to proceed towards the establishment of the Yarra Junction District 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 Warburton Community Bank® Branch prior to its establishment.

3.8 The Company's Board of Directors

The management and control of the business and affairs of the Company is the responsibility of the Board of Directors. There are various rules in the constitution 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.

Under the constitution, each Director is required to undergo a probity check (primarily a national criminal record check) as a condition of their appointment as a Director. This rule requires that a Director will need to undergo such a check prior to their appointment as a Director or, if a Director was appointed before this rule became effective, within six months of their

appointment. Directors can be required to undergo a further check every 12 months.

Further, the Company must only use Bendigo Bank's intellectual property (including its trademarks) licensed to the Company under the Franchise Agreement in accordance with the guidelines provided by Bendigo Bank.

The Company will also be appointed as an 'authorised representative' of Bendigo Bank pursuant to a separate authorised representative appointment (see Section 7.4 below).

3.9 Share Price

Shares in the Company have been listed on the BSX since 22 December 2003. While past performance cannot be taken as an indication of future performance, as at 23 October 2007 the following shares have been traded on the BSX.

Qty	Price	Date
500	1.000	5/4/2007
4500	1.200	28/3/2007
500	1.200	9/2/2007
1000	1.200	25/1/2007
1000	1.200	7/12/2006

Updated share price information can be obtained from the BSX.

4. Financial Information

4.1 Feasibility Study

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

The Yarra Junction Feasibility Study involved:

- distributing surveys to 2000 households and businesses located in Yarra Junction 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	2000
Surveys Returned	411
% of Surveys Returned	21%
Respondents' Total Banking Business	\$67,519,000
Respondents' Banking Business Available in First Year	\$28,625,000

Warburton

Prior to the establishment of the Warburton Community Bank® Branch in 2000, a similar feasibility study was undertaken in the Warburton area. As with the Yarra Junction Feasibility Study, the Warburton feasibility study involved:

- distributing surveys to households and businesses located in Warburton 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 Warburton 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 Warburton 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 forecasts have been prepared assuming that a different level of business is generated by the Company as a whole. 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 Warburton 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 Yarra Junction Community Bank® Branch from 01 July 2007.

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 and review of the forecasts, the accountant calculated the depreciation and taxation expenses.

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

(a) Warburton Stand Alone Forecast (see Table 1 below)

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

(b) Yarra Junction Business Volume Forecast (see Table 2 below)

The banking business indicated by respondents to the Yarra Junction Feasibility Study has been analysed and collated by the consultant who conducted the feasibility study, and adjusted

to disregard the banking business indicated by respondents located in the area of the 3139 Postcode (see section 3.5). 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. This is a forecast assuming that the Yarra Junction District Community Bank® Branch achieves the level and type of business indicated by the adjusted survey results, in its first year of operation, by the performance of other comparable Community Bank® branches. See section 4.4 Level of Business for Yarra Junction.

(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 Warburton Community Bank® Branch and assumes that the Yarra Junction District Community Bank® Branch opens on 1 July 2007. The forecast for the year ended 30 June 2008 assumes the Warburton Community Bank® Branch achieves the level and type of business growth in the year as it experienced in the year ended 30 June 2007.

(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 Warburton Community Bank® Branch and the Yarra Junction District Community Bank® Branch and assuming that, in the year ended 30 June 2008, the Yarra Junction District Community Bank® Branch achieves 80% of the volume of business assumed for the "Company Forecast" (refer to Section 4.2 (c) above).

Assumptions

Whilst the Directors have given due care and attention to adopting the forecasts in this Prospectus, they can give no guarantee that these results will be achieved, since there are many factors beyond their influence and control. Some of these risks 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 4.3, 4.4 and 4.5 below.

The impact of the GST is discussed in Section 4.6.

(a) Warburton Stand Alone Forecast

Table 1 shows that if the Company managed only the Warburton Community Bank® Branch, it could, if it achieves the assumed level of business for this forecast, generate a profit before tax of \$223,671 in the Year ending 30 June 2008 and \$190,294 in the Year ending 30 June 2009.

Table 1: Warburton Stand Alone Forecast

	Year ended 30 June 2006 \$ (Audited)	Year ended 30 June 2007 \$ (Audited)	Year ended 30 June 2008 \$ (Unaudited)	Year ended 30 June 2009 \$ (Unaudited)
Revenue from ordinary activities ¹	846,900	893,751	933,311	960,929
Salaries and employee benefit expense ²	(283,943)	(348,238)	(373,170)	(388,096)
Charitable Donations and Sponsorships ²	(168,000)	(206,574)	(130,000)	(170,000)
Finance Costs ²	(4,957)	(15,583)	(12,945)	(10,443)
Depreciation and amortisation expense ³	(7,849)	(20,658)	(20,200)	(20,200)
General administration expenses ²	(321,801)	(193,765)	(173,325)	(181,896)
Profit before income tax expense/credit	60,350	108,933	223,671	190,294
Income tax expense/credit ⁴	(22,784)	(39,145)	(73,601)	(63,588)
Profit for the period	37,566	69,788	150,070	126,706
Profit attributable to members of the entity	37,566	69,788	150,070	126,706
Earnings per Share				
Earnings per share for the period (cents)	9.39	17.45	12.51*	10.56*
- dividends paid or provided for (cents per share)	9	9	12	

*after bonus issue to existing shareholders at a ratio of two for one allotted on 7 November 2007.

Notes:

1 See assumptions in Section 4.4 below.

2 See assumptions in Section 4.5 below.

3 Non Current Assets attributable to Warburton Community Bank Branch will be depreciated over their useful economic life as follows:

	Life	Method	Year ended 30 June 2006 \$ (Audited)	Year ended 30 June 2007 \$ (Audited)	Year ended 30 June 2008 \$ (Unaudited)	Year ended 30 June 2009 \$ (Unaudited)
Depreciation of non current assets						
Building	40 years	Straight Line	-	8,204	8,200	8,200
Owned Plant & Equipment	5 - 10 years	Straight Line	5,751	10,356	10,000	10,000
Amortisation of non current assets						
Franchise fee	Initial term of the franchise	Straight line (over 5 years)	2,098	2,098	2,000	2,000
Total			7,849	20,658	20,200	20,200

4 Income Tax Expense

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	60,350	108,933	223,671	190,294
Income tax expense calculated at 30% of operating profit	18,105	32,680	67,101	57,088
Add tax effect of:				
Permanent differences	4,679	6,465	6,500	6,500
Income tax expense on operating profit	22,784	39,145	73,601	63,588

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

(b) Yarra Junction Business Volume Forecast

Table 2 shows business identified in the Yarra Junction District Feasibility Study results adjusted (as described above) for the first 12 months of trading (i.e. Year ended 30 June 2008), based on the average trading performances of existing comparable Community Bank® branches. The assumption of growth for Years ended 2009 and 2010 is discussed in Section 4.4 below.

Table 2: Yarra Junction District Business Volume Forecast

	Year ended 30 June 2008 \$	Year ended 30 June 2009 \$	Year ended 30 June 2010 \$
Deposits Raised	13,495,574	20,185,363	26,875,149
Loans Generated	11,331,356	15,428,034	19,524,712
Total Portfolio	24,826,930	35,613,397	46,399,861

(c) Company Forecast

Table 3 shows that the Company could, if it achieves the assumed level of business for this forecast, generate a loss of \$16,475 in the Year ended 30 June 2008 but a profit before tax of \$109,333 in the Year ended 30 June 2009. This Table assumes that the Company will manage the Warburton and Yarra Junction District Community Bank® branches from 1 July 2007.

Table 3: Company Forecast

	Year ended 30 June 2006 \$ (Audited)	Year ended 30 June 2007 \$ (Audited)	Year ended 30 June 2008 \$ (Unaudited)	Year ended 30 June 2009 \$ (Unaudited)
Revenue from ordinary activities ¹	846,900	893,751	1,096,713	1,250,810
Salaries and employee benefit expense ²	(283,943)	(348,238)	(598,645)	(601,384)
Charitable Donations and Sponsorships ²	(168,000)	(206,574)	(130,000)	(170,000)
Finance Costs ²	(4,957)	(15,583)	(12,945)	(10,443)
Depreciation and amortisation expense ³	(7,849)	(20,658)	(42,001)	(42,001)
General administration expenses ²	(321,801)	(193,765)	(329,597)	(317,649)
Profit/Loss before income tax expense/credit	60,350	108,933	(16,475)	109,333
Income tax expense credit ⁴	(22,784)	(39,145)	(4,257)	(42,000)
Profit/Loss for the period	37,566	69,788	(20,732)	67,333
Profit/Loss attributable to members of the entity	37,566	69,788	(20,732)	67,333
Earnings per Share				
Earnings per share for the period (cents)	9.39	17.45	(1.22)* (1.06)**	3.96* 3.45**
- dividends paid or provided for (cents per share)	9	9	12	

* assumes 500,000 shares issued under this Prospectus and after a 2:1 bonus issue

** assumes 750,000 shares issued under this Prospectus and after a 2:1 bonus issue

Notes:

- 1 See assumptions in Section 4.4 below.
- 2 See assumptions in Section 4.5 below.
- 3 Non Current Assets attributable to Warburton and Yarra Junction District branches will be depreciated over their useful economic life as follows:

	Life	Method	Year ended 30 June 2006 \$ (Audited)	Year ended 30 June 2007 \$ (Audited)	Year ended 30 June 2008 \$ (Unaudited)	Year ended 30 June 2009 \$ (Unaudited)
Depreciation of non current assets						
Buildings	40 years	Straight Line	-	8,204	10,853	10,853
Owned Plant & Equipment	5 - 10 years	Straight Line	5,751	10,356	27,148	27,148
Amortisation of non current assets						
Franchise fee	Initial term of the franchise	Straight line (over 5 years)	2,098	2,098	4,000	4,000
Total			7,849	20,658	42,001	42,001

4 Income Tax Expense

The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:

Operating Profit/Loss before tax	60,350	108,933	(16,475)	109,333
Income tax expense/credit calculated at 30% of operating profit	18,105	32,680	(4,943)	32,800
Add tax effect of:				
Permanent Differences	4,679	6,465	9,200	9,200
Income tax expense (credit) on operating profit	22,784	39,145	4,257	42,000

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

(d) Company Forecast, Yarra Junction achieves 80% of Budget

Table 4 shows that the Company could, if it achieves the assumed level of business for this forecast, generate a loss of 37,287 in the Year ended 30 June 2008 but a profit before tax of \$59,080 in the Year ended 30 June 2009. This Table assumes that the Company will manage the Warburton and Yarra Junction District Community Bank® branches from 1 July 2007.

Table 4: Company Forecast, Yarra Junction achieves 80% of Budget

	Year ended 30 June 2006 \$ (Audited)	Year ended 30 June 2007 \$ (Audited)	Year ended 30 June 2008 \$ (Unaudited)	Year ended 30 June 2009 \$ (Unaudited)
Revenue from ordinary activities ¹	846,900	893,751	1,075,901	1,200,557
Salaries and employee benefit expense ²	(283,943)	(348,238)	(598,645)	(601,384)
Charitable Donations and Sponsorships ²	(168,000)	(206,574)	(130,000)	(170,000)
Finance Costs ²	(4,957)	(15,583)	(12,945)	(10,443)
Depreciation and amortisation expense ³	(7,849)	(20,658)	(42,001)	(42,001)
General administration expenses ²	(321,801)	(193,765)	(329,597)	(317,649)
Profit/Loss before income tax expense/credit	60,350	108,933	(37,287)	59,080
Income tax expense/credit ⁴	(22,784)	(39,145)	1,986	(26,924)
Profit/Loss for the period	37,566	69,788	(35,301)	32,156
Profit/Loss attributable to members of the entity	37,566	69,788	(35,301)	32,156
Earnings per Share				
Earnings per share for the period (cents)	9.39	17.45	(2.08)* (1.81)**	1.89 * 1.65 **
- dividends paid or provided for (cents per share)	9	9	12	

* assumes 500,000 shares issued under this Prospectus and after a 2:1 bonus issue

** assumes 750,000 shares issued under this Prospectus and after a 2:1 bonus issue

Notes:

- 1 See assumptions in Section 4.4 below.
- 2 See assumptions in Section 4.5 below.
- 3 See Note 3 on Table 3.

4 Income Tax Expense

The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:

Operating Profit/Loss before tax	60,350	108,933	(37,287)	59,080
Income tax expense/credit calculated at 30% of operating profit	18,105	32,680	(11,186)	17,724
Add tax effect of:				
Permanent differences	4,679	6,465	9,200	9,200
Income tax expense (credit) on operating profit	22,784	39,145	(1,986)	26,924

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 Warburton Community Bank® Branch varies from the business generated by that branch in the past, including the impact of the Yarra Junction District Community Bank® Branch;
- the extent to which the business generated by the Yarra Junction District Community Bank® Branch varies from the Yarra Junction 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 Yarra Junction District Community Bank® Branch commences trading in 01 July 2007;
- interest rate variations (though see Section 4.4 below); and
- operating costs containment.

4.4 Revenue

Revenue Calculation

The estimated revenue for each year is the amount that would be earned by the Company under the New Franchise Agreement on the basis of the assumed level of business 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 Elders 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 (that is, 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 Warburton Community Bank® Branch and was also covered by the Yarra Junction 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 – Warburton

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

In preparing the forecast in Table 1 for the years ended 30 June 2008 and 30 June 2009, it has been assumed that the level of growth the Warburton 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 2008 for the estimated transfer of business that may arise as a result of the opening of the Yarra Junction District Community Bank® Branch. In Table 4, it has been assumed that in the first year of the forecast, the Yarra Junction District Community Bank® Branch will only achieve 80% of the volume of business assumed for the corresponding period in Table 3.

Level of Business – Yarra Junction

As described in detail in Section 4.2, the business volume for Year 1 of the Yarra Junction (Table 2) Modified Forecast is based upon the adjusted Yarra Junction Feasibility Study results, as modified based on the average trading performances of existing comparable Community Bank® branches.

Thereafter, in Table 2 the figures assume a consistent straight line growth in business in the second and third year of combined operation. The growth rates have been set having regard to Bendigo Bank's experience of the growth achieved across the Community Bank® branch network and consideration of the Company's particular circumstances (i.e. the volume of business indicated by the Yarra Junction Feasibility Study results and the size of the Yarra Junction community). In this process, it is not possible to consider solely the comparable branches, as there is not sufficient data for these branches over the forecast period on which to base any assumptions as to growth. The 80% of Company Forecast assumes that the Company only achieves 80% of this business during the year ended 30 June 2008.

Survey Responses

The following additional assumptions were made in relation to the Yarra Junction 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 Yarra Junction 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 revenue forecasts in the range shown below.

Product	Rate Range
Personal Transaction Account	2.35 - 2.79%
Business Cheque Account	2.05 - 3.70%
Term Deposits ≤ 90 days	5.53 - 5.80%
Home Loans	7.81 - 7.95%
Home Equity Loans	8.00 - 9.95%
Credit Cards	9.59 - 10.32%
Overdrafts (Business)	9.16 - 9.95%
Personal Loans	11.25 - 11.26%

The rates in the above table represent a weighted average of the interest earned on products within each product group listed across the current Warburton branch and other selected 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 3 July 2007 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 annual gross revenue as at 30 June 2008 by \$44,144.

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 Warburton and the proposed ATM at Yarra Junction.

4.5 Establishment and Operating Costs

The following costs will be incurred by the Company:

- the initial investment required to establish the Yarra Junction District Community Bank® Branch and commence operations; and
- the annual operating costs of the Warburton Community Bank® Branch and the Yarra Junction District Community Bank® Branch.

Establishment Costs

The costs to establish the Yarra Junction branch and commence operations include:

- the Franchise Fees and training costs payable under the New Franchise Agreement in relation to the Yarra Junction District Community Bank® Branch;
- site modifications and IT establishment in relation to the Yarra Junction District Community Bank® Branch;
- legal costs (including the costs of undertaking this Issue);
- costs of quotation of the Shares issued pursuant to this Prospectus on the BSX;
- the costs of the opening launch of the Yarra Junction District Community Bank® Branch;
- Yarra Junction 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:

- annual BSX listing and quotation fees;
- share registry fees;
- labour (Branch Manager and Customer Service Officers) and related costs (i.e. 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 fees; 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 the GST suffered on its business inputs but also is 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 audited pro forma balance sheet for the Company showing the actual position prior to the date of Issue and alternative unaudited pro forma balance sheets showing the effect of the Issue.

	Actual as at 30 June 2007 \$ (Audited)	Unaudited Pro Forma 30 June 2007 ¹ \$	Unaudited Pro Forma 30 June 2007 ² \$
CURRENT ASSETS			
Cash assets	335,913	835,913	1,085,913
Receivables	81,630	81,630	81,630
Total Current Assets	417,543	917,543	1,167,543
Non Current Assets			
Property, plant and equipment	614,782	614,782	614,782
Intangible assets	5,509	5,509	5,509
Total Non Current Assets	620,291	620,291	620,291
Total Assets	1,037,834	1,537,834	1,787,834
CURRENT LIABILITIES			
Payables	41,727	77,077	77,077
Interest bearing liabilities	59,488	59,488	59,488
Current tax liability	3,145	3,145	3,145
Provisions	39,367	39,367	39,367
Total Current Liabilities	143,727	179,077	179,077
NON-CURRENT LIABILITIES			
Interest bearing liabilities	135,685	135,685	135,685
Total Non-Current Liabilities	135,685	135,685	135,685
Total Liabilities	279,412	314,762	314,762
Net Assets	758,422	1,223,072	1,473,072
Equity			
Share capital	400,000	900,000	1,150,000
Less cost of equity raising	-	(35,350)	(35,350)
Retained earnings	358,422	358,422	358,422
Total Equity	758,422	1,223,072	1,473,072

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 These balance sheets show 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 Warburton Community Bank® Branch of Bendigo Bank and the Yarra Junction District 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 Warburton Franchise Rights and a maximum possible

term of 15 years for the Yarra Junction District 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 Warburton Franchise Rights and/or the Yarra Junction District Franchise Rights, in particular, if the relevant franchise operation is not profitable.

If the New Franchise Agreement itself is terminated, the Warburton Franchise Rights and the Yarra Junction District Franchise Rights would also terminate. However, if the Warburton Franchise Rights alone are terminated, the Yarra Junction District 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 Warburton Franchise Rights or the Yarra Junction District 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 Warburton Franchise Rights, the Yarra Junction District 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 Warburton Community Bank® Branch of Bendigo Bank and the Yarra Junction District Community Bank® Branch.

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 Yarra Junction Feasibility Study responses, and there is no obligation on respondents to transfer the business indicated in the survey. 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 Warburton Community Bank® Branch and the Yarra Junction District 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 Warburton Community Bank® Branch was established and the Yarra Junction District Community Bank® Branch is being established, in part, given the current level of banking facilities available in the Warburton and Yarra Junction 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 Warburton, Yarra Junction or in nearby communities or 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 Warburton or Yarra Junction, 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 Yarra Junction Feasibility Study choose to base their banking at Warburton instead of converting their business to Yarra Junction 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 Warburton Community Bank® Branch and the Yarra Junction District 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.

Although all deposits made through the Warburton Community Bank® Branch and the Yarra Junction District Community Bank® Branch will be transferred to Bendigo Bank, the Company will bear the risk of implementing procedures for handling and transferring such deposits.

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 Warburton Community Bank® Branch and the Yarra Junction District 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, 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 Warburton Community Bank® Branch and the Yarra Junction District Community Bank® Branch and 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.

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 brief summary of the key provisions of the New Franchise Agreement.

Grant of Rights

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 Warburton Community Bank® Branch and the Yarra Junction District Community Bank® Branch of Bendigo Bank.

It is a condition to the New Franchise Agreement that the Company raises \$500,000 pursuant to the Issue.

Term

The initial term of the Warburton Franchise Rights is the balance of its current five year term (expiring 25 February 2010) and the initial term of the Yarra Junction District Franchise Rights is five years. Provided certain conditions are met at the end of each term, Bendigo Bank must agree to extend the term of the Warburton Franchise Rights or the Yarra Junction District 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 of its promotional activities and material, public communications, signs and stationery, and there are tight controls over the use of Bendigo Bank's intellectual property.

Payments/Receipts

In relation to the Yarra Junction District Community Bank® Branch, the Company is required to pay Bendigo Bank the Franchise Fees, training costs and start up costs. For each additional five year period in respect of each branch (i.e. the Warburton Franchise Rights, the Yarra Junction District 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. 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 Warburton Community Bank® Branch and the Yarra Junction District Community Bank® Branch), a breach of the New Franchise Agreement (including the operating 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 Warburton Franchise Rights or the Yarra Junction District 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 (eg 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 Warburton Community Bank® Branch or the Yarra Junction District 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 Warburton Community Bank® Branch and/or the Yarra Junction District 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 Warburton Franchise Rights or the Yarra Junction District 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 Warburton Community Bank® Branch and the Yarra Junction District 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 (for example, by breaching the 10% share ownership limit) (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. For example, the Directors may refuse to register a transfer of Shares where the registration would result in a shareholder holding a prohibited shareholding interest. As the Company is listed on the BSX, the Directors can only exercise this discretion in certain limited circumstances (for example, the Directors may refuse to register a transfer of Shares where permitted or required by law or the BSX Listing rules or as permitted by BSX waiver (see Sections 7.3 and 7.8 below)).

Subject to the foregoing, shareholders may transfer Shares by a proper transfer effected in accordance with the Company's constitution and the Corporations Act and the rules applicable to transfers on BSX.

In addition, it is likely that brokers may require a statutory declaration from the transferee confirming that the transfer will not breach any of the shareholding ownership restrictions that apply (see Section 7.3 below).

(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 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 may be carried out as the liquidator thinks fit, subject to the right of any shareholder prejudiced by the division to dissent. Any dissenting shareholder has ancillary rights as if the determination made by the liquidator were a special resolution passed under the Corporations Act relating to the transfer of the Company's assets by a liquidator in a voluntary

winding up (see, in particular, chapter 5 of the Corporations Act, especially Section 507).

7.3 Prohibited Shareholding Interest

The Company's constitution prohibits a person from having a "prohibited shareholding interest". The ways in which a prohibited shareholding interest may arise are set out in the constitution and are summarised below.

10% shareholding limit

A person who controls or owns 10% or more of the Shares in the Company has a prohibited shareholding interest.

Similarly to the voting rights, the purpose of this shareholding limit is to reflect the community based nature of the Company, by ensuring that the Board can prevent ownership of the Company being concentrated in the hands of a small number of community members.

In summary, 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.

Close connection to community

In keeping with the community spirit and intent of the Company, a person will also be deemed to have a prohibited shareholding interest if they have voting power in the Company and, in the opinion of

the Directors, they do not have a close connection to the Warburton or Yarra Junction communities. For example, individuals who are residents of the Warburton or Yarra Junction communities and their close family members, would ordinarily be considered to have such a close connection. Similarly, a company whose registered office is in the Warburton or Yarra Junction communities and that is owned and controlled by such individuals would ordinarily be considered to have such a close connection. However, these are illustrative examples only. Ultimately the Directors will need to assess in each case whether there is a close community connection.

Base Number

A person is deemed to have a prohibited shareholding interest if after the transfer of Shares to that person, the number of shareholders in the Company would be less than the Base Number of shareholders. The Base Number is 299. The current number of shareholders in the Company is approximately 321. The purpose of the Base Number restriction is to seek to ensure that the Company has broad based local ownership.

Consequences of holding a prohibited shareholding interest

Where a person has a prohibited shareholding interest, the voting and dividend rights attaching to those Shares in the Company in which the person and the person's associates have a relevant interest are suspended. However, where a person has a prohibited shareholding interest purely on the basis that they own or control 10% or more of the Shares or votes in the Company, the suspension only applies to those Shares in which the person and the person's associates have a relevant interest in excess of 10% of the Company.

The Board has the power to request information from a person who has (or is suspected by the Board of having) a legal or beneficial interest in any Shares in the Company or any voting power in the Company, for the purpose of determining whether a person has a prohibited shareholding interest. If the Board becomes aware that a 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.

The Board's power to suspend voting and dividend rights and to require Shares to be disposed of where the prohibited shareholding interest is a breach of the 10% limit or a breach of the requirement that a shareholder have a close connection with the community served by the Company may be exercised while the Company is listed on BSX. Furthermore, as noted above in Section 7.2, the Board may refuse to register a transfer of Shares where permitted by BSX waiver. BSX has given the necessary waivers and confirmations to accommodate the 10% limit and close connection, which are discussed further below in Section 7.8.

The Board's power to suspend voting and dividend rights, to require Shares to be disposed of, or to refuse to register a transfer where the prohibited shareholding interest is a breach of the Base Number requirement may not be exercised while the Company is listed on BSX. Rule 9(11) states that where the Company is listed, a person cannot have a prohibited shareholding interest on the basis that after the transfer of Shares to that person, the number of shareholders in the Company would be less than the Base Number unless BSX has confirmed that the Base Number provisions are appropriate and equitable. BSX has advised that it does not consider the Base Number provisions to be appropriate and equitable for a listed entity, as they would be inconsistent with BSX's obligations as an operator of a licensed financial market to provide an orderly market. Consequently, the Base Number provisions do not apply while the Company is listed on BSX. This is discussed further below in 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; or
- 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.

Name of Director	Number of Shares	Nature of Interest
Rodney McKail	0	Legal and Beneficial
Geoffrey Vickers	1,500	Legal and Beneficial
Jaqui Hall	0	Legal and Beneficial
Rodney Woods	0	Legal and Beneficial
Leonard Barry Marshall	0	Legal and Beneficial
Catherine Aulich	300	Legal and Beneficial
Max Magee	6,000	Legal and Beneficial
Barry Sharman	0	Legal and Beneficial
Elizabeth Fox	0	Legal and Beneficial

No Director holds shares in any related body corporate of the Company.

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 above.

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; 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

In addition to his Honorary Director's role, Geoffrey Vickers is employed by the Company as Board Executive Officer. The position created in 2005 includes responsibility for attendance to the Company's interests and encompasses the statutory role of Company Secretary. In the financial year ended 30 June 2007, Mr Vickers' salary was \$51,695.

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 \$7,950.

HLB Mann Judd Consulting have undertaken the Yarra Junction Feasibility Study and prepared a report in connection with the Offer, and for those services has been paid a fee of \$12,400.

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 \$3,000.

7.8 BSX Waivers

The Company obtained a number of waivers and confirmations from the BSX at the time of admission to the official list of BSX. A number of those waivers and confirmations related to the Company's constitution, which was subsequently replaced on 29 October 2006. The new constitution includes "close connection" and "Base Number" provisions. These waivers and confirmations apply to the new constitution adopted by the Company on 29 October 2006 as follows.

(a) Company's Constitution

On 15 December 2003 the Company 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 granted by BSX at the time of admission).

At the time of this confirmation, the Company's constitution provided only that breach of the 10% limit was a prohibited shareholding interest. This confirmation extends to the "close connection" provisions introduced on 29 October 2006. BSX has

advised that the "Base Number" provisions are not appropriate and equitable, and consequently those provisions do not apply, as provided for in rule 9(11).

(b) Suspension of Dividend and Voting rights

On 15 December 2003 the Company 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(f).

At the time of this confirmation, the Company's constitution provided only that breach of the 10% limit was a prohibited shareholding interest. This confirmation extends to the "close connection" provisions introduced on 29 October 2006. BSX has advised that the "Base Number" provisions are not appropriate and equitable, and consequently those provisions do not apply, as provided for in rule 9(11).

(c) Divestment of shares

On 15 December 2003 the Company 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 (c) or (d).

This confirmation extends to the "close connection" provisions introduced on 29 October 2006. BSX has advised that the "Base Number" provisions are not appropriate and equitable, and consequently those provisions do not apply, as provided for in rule 9(11).

(d) Registration of share transfers

On 15 December 2003 the Company obtained a waiver from BSX Listing rule 6.3 in order to permit the Directors of the Company to prevent a Share transfer in accordance with the rules under the Company's constitution (see Sections 7.2 and 7.3 above), on condition that there is no substantial change in the Company's business, the Company does not make any changes to its constitution without BSX's prior written approval and if the Directors exercise their discretion to refuse to register a transfer, written notice of the refusal together with reasons for the refusal must be provided to the lodging party within five business days of the date that the transfer is lodged with the Company.

At the time BSX granted this waiver, rule 29 of the Company's constitution provided that the Board in its discretion may refuse to register any transfer

of Shares and may decline to give its reasons and grounds for doing so. Rule 29 was replaced on 29 October 2006 with a substantially similar rule (Rule 28), which is subject to Rule 28A. Rule 28A provides that while Shares in the Company are quoted on an exchange, the Board may only refuse to register a transfer of Shares in limited circumstances. These circumstances are essentially circumstances permitted by the BSX listing rules, and therefore the waiver from Listing Rule 6.3 no longer has any effective operation as Rule 28 is consistent with the BSX Listing rules.

7.9 Bendigo Bank and the BSX

The Bendigo Group is a major shareholder in, and key supporter of, NSX Limited, the parent Company of the market operator (i.e. Bendigo Stock Exchange Ltd (BSX)) of the Bendigo Stock Exchange.

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, or 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 Consulting 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 and 4.2 of this Prospectus, of the factual information obtained in the Yarra Junction 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) NSX Limited the operator of 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.

(f) Wydcom Financial Services Limited has given and has not, before lodgement of this Prospectus, withdrawn its written consent to be named in the form and context in which it is named, in Section 3.5 and the factual information in the Memorandum of Understanding.

(g) Wandin Seville Financial Services Limited has given and has not, before lodgement of this Prospectus, withdrawn its written consent to be named in the form and context in which it is named, in Section 3.5 and the factual information in the Memorandum of Understanding.

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, to the BSX and to related bodies corporate, agents and service providers of the Company and of Bendigo Bank or as otherwise authorised under the Privacy Act.

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 page 41). You can request access to your personal information held by Bendigo Bank by contacting Bendigo Bank as follows:

Bendigo Bank Limited

Registered Head office: The Bendigo Centre
Bendigo, Victoria, 3550

Postal Address: PO Box 480,
Bendigo, Victoria, 3552

Telephone: 1300 366 666 (local call)

You can obtain copies of the privacy policy of the Company by contacting their Company Secretary and copies of the privacy policy of Bendigo Bank are 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 Bank Limited (ABN 11 068 049 178).

Bendigo Group – Bendigo Bank and its related bodies corporate.

Bendigo Stock Exchange or BSX – Bendigo Stock Exchange Ltd (ACN 087 708 898) or, as the context requires, the Bendigo Stock Exchange.

BSX Listing Rules – Listing rules of the BSX.

Company – Upper Yarra Community Enterprise Limited (ACN 090 252 627) (previously called Warburton Community Financial Services Limited).

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.

Franchise Rights – either of the Warburton Franchise Rights or the Yarra Junction Franchise Rights.

Franchising Code – Franchising Code of Conduct.

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 Warburton Community Bank® Branch and the Yarra Junction District 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 February 2000 pursuant to which the Company acquired rights to manage the Warburton Community Bank® Branch of Bendigo Bank.

Prospectus – this prospectus.

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

Warburton Community Bank® Branch – the Community Bank® branch of Bendigo Bank located at 3399 Warburton Highway, Warburton, Victoria.

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

Yarra Junction District Community Bank® Branch – the proposed Community Bank® branch of Bendigo Bank to be located at Shop 1, 2452 Warburton Highway, Yarra Junction, Victoria.

Yarra Junction District Franchise Rights – the rights to manage and operate the Yarra Junction District Community Bank® Branch.

9. Signatures

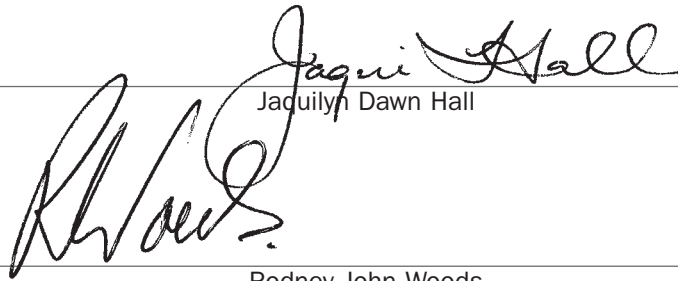
Each Director of the Company has consented to the lodgement of this Prospectus with ASIC.
Signed for and on behalf of the Company:



Rodney McKail



Geoffrey Michael Vickers



Jacquilyn Dawn Hall



Rodney John Woods



Leonard Barry Marshall



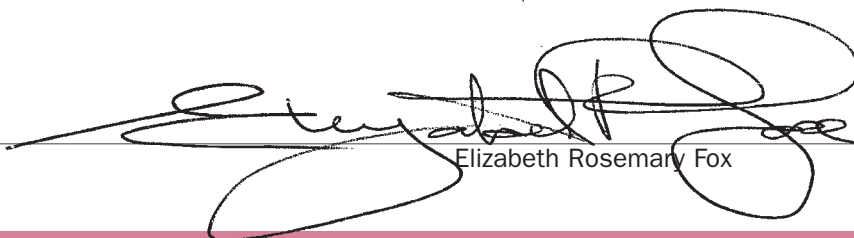
Catherine Louise Aulich



Maxwell Magee



Barry John Sharman



Elizabeth Rosemary Fox

10. Directory

Directors

Rodney McKail
Geoffrey Michael Vickers
Jaquilyn Dawn Hall
Rodney John Woods
Leonard Barry Marshall
Catherine Louise Aulich
Maxwell Magee
Barry John Sharman
Elizabeth Rosemary Fox

Company Secretary

Geoffrey Michael Vickers

Registered Office

3399 Warburton Highway
WARBURTON, VIC 3799

Solicitors

Rennick & Gaynor Solicitors
431 Riversdale Road
HAWTHORN EAST VIC 3123

Accountants

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

**Annexure A
Feasibility Study
Pro forma Survey**

Personal Banking Survey

Please return by: Saturday, December 9, 2006

☒ TICK ONE BOX ONLY ☒ ☒ ☒ TICK AS MANY BOXES AS APPLICABLE

A Bank of Our Own!

A PROPOSAL WORTHY OF YOUR SUPPORT

Dear Community Member,

You may be aware that a Steering Committee has been working to secure long term banking services for the Yarra Junction area by opening a Community Bank® branch of Bendigo Bank. 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 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 over 187 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.

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 enclosed. One is for Personal use, the other is for Business use. If you are a Business Proprietor, please complete the personal survey for your personal banking and the business survey for your business banking.

We urge you to return this survey now. Five minutes of your time could make the difference for Yarra Junction to get a Community Bank® branch.

Jaqui Hall
Chair, Yarra Junction Community Bank®
Steering Committee

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

Jaqui Hall	0417 394 758 or 5967 1339
Barry Sharman	0400 565 548
Glennice Mathers	0407 309 832
Ray Seeger	0409 030 120
Andrew McMath	0418 569 361

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 by **December 9, 2006.**

<input checked="" type="checkbox"/> TICK ONE BOX ONLY	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> TICK AS MANY BOXES AS APPLICABLE
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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?

- ☒ ☐ Yarra Junction
☐ Wesburn
☐ Launching Place
☐ Don Valley
☐ Gladysdale
☐ Three Bridges
☐ Gilderoy
☐ Powelltown
☐ Other (please specify)

(c) What is your age?

- ☒ ☐ 10-19 ☐ 40-49 ☐ 70-79
☐ 20-29 ☐ 50-59 ☐ 80-89
☐ 30-39 ☐ 60-69 ☐ 90 & Over

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

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

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

- ☒ ☐ Warburton
☐ Woori Yallock
☐ Mt Evelyn
☐ Wandin/Seville
☐ Other (please specify)

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

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

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

- | | | | | | |
|-------------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| | 1 | 2 | 3 | 4 | 5 |
| <input checked="" type="checkbox"/> | <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.

.....

.....

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

- ☒ ☐ Yes ☐ No

6. How do you withdraw cash when you need it?
- ☒ ☐ 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?

- ☒ ☐ 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)

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 - \$5,000
- ☐ \$5,001 - \$10,000
- ☐ \$10,001 - \$20,000
- ☐ \$20,001 - \$40,000
- ☐ \$40,001 - \$60,000
- ☐ \$60,001 - \$80,000
- ☐ More (please specify)

PERSONAL INVESTMENTS

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

- ☒ ☐ DON'T HAVE
- ☐ \$0 - \$5,000
- ☐ \$5,001 - \$25,000
- ☐ \$25,001 - \$50,000
- ☐ \$50,001 - \$75,000
- ☐ \$75,001 - \$100,000
- ☐ \$100,001 - \$125,000
- ☐ 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 - \$3,000
- ☐ \$3,001 - \$5,000
- ☐ \$5,001 - \$10,000
- ☐ \$10,001 - \$20,000
- ☐ \$20,001 - \$30,000
- ☐ \$30,001 - \$40,000
- ☐ More (please specify)

HOME LOAN

- ☐ DON'T HAVE
- ☐ \$0 - \$50,000
- ☐ \$50,001 - \$100,000
- ☐ \$100,001 - \$150,000
- ☐ \$150,001 - \$200,000
- ☐ \$200,001 - \$250,000
- ☐ \$250,001 - \$300,000
- ☐ More (please specify)

INVESTMENT LOAN

- ☐ DON'T HAVE
- ☐ \$0 - \$50,000
- ☐ \$50,001 - \$100,000
- ☐ \$100,001 - \$150,000
- ☐ \$150,001 - \$200,000
- ☐ \$200,001 - \$250,000
- ☐ \$250,001 - \$300,000
- ☐ More (please specify)

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

MANAGED FUNDS

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

11. If a Community Bank® branch were to open in Yarra Junction:
- (a) Would you be prepared to support it by transferring your banking within 12 months?
- ☒ ☐ NO - Go to I2
☐ YES - ALL of your banking. Go to 12.
☐ YES - PART of your banking. Go to 11(b).

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

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 Yarra Junction 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

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

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

Contact Name
 Business Name

 Address

Postcode
 Telephone

ADDITIONAL SURVEYS CAN BE OBTAINED FROM THE FOLLOWING BUSINESSES:

McMath Real Estate
 Phone 5967 1800

Flowers & Flavours
 Phone 5967 1339

Thank you for completing this survey.

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

Business Banking Survey

Please return by: Saturday, December 9, 2006

☒ TICK ONE BOX ONLY ☒☒☒ TICK AS MANY BOXES AS APPLICABLE

Note: If your business enterprise consists of a number of partners, please complete only one "Business Survey" per business enterprise.

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?

- ☒ ☐ Yarra Junction
☐ Wesburn
☐ Launching Place
☐ Don Valley
☐ Gladysdale
☐ Three Bridges
☐ Gilderoy
☐ Powelltown
☐ Other (please specify)

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

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

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

- ☒ ☐ Warburton
☐ Woori Yallock
☐ Mt Evelyn
☐ Wandin/Seville
☐ 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 checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| | Not Satisfied | | | | Very Satisfied |

4. Has your business made a pledge to become a shareholder of the Yarra Junction 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.

BUSINESS SAVINGS/CHEQUE ACCOUNT(S)

- ☒ ☐ DON'T HAVE ☐ \$20,001 - \$50,000
☐ \$0 - \$10,000 ☐ \$50,001 - \$100,000
☐ \$10,001-\$20,000 ☐ More (please specify)

BUSINESS TERM DEPOSIT(S)

- ☒ ☐ DON'T HAVE ☐ \$20,001 - \$50,000
☐ \$0 - \$10,000 ☐ \$50,001 - \$100,000
☐ \$10,001-\$20,000 ☐ More (please specify)

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.

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 Yarra Junction?

- (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 Yarra Junction 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

Yarra Junction Community Bank® Steering Committee.

All banking details are confidential and withheld by

HLB Mann Judd

**I WISH TO SHOW MY SUPPORT FOR
THE YARRA JUNCTION 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 10,000.

- B Enter the **TOTAL AMOUNT** of application money payable. To calculate the amount multiply the number of shares applied for by one dollar.
- C Enter the **FULL NAME(S)** and **TITLE(S)** of all legal entities that are to be recorded as the registered holder(s). Refer to the **Name Standards** below for guidance on valid registration.
- D Enter the **POSTAL ADDRESS** for all communications from the Company. Only one address can be recorded.
- E Enter telephone numbers and a contact person the Company Secretary can speak to if there are any queries regarding this application.
- F Payment must be made by cheque payable to **UPPER YARRA COMMUNITY ENTERPRISE LIMITED** and crossed **Not Negotiable**. Cheques not properly drawn will be rejected. Cheques will usually be banked on the day of receipt. If cheques are dishonoured the application may be rejected.
- G Before completing the Application Form the Applicant(s) should read the Prospectus to which the application relates. The Applicant(s) offer(s) to subscribe for Shares in the Company, and agree(s) to be bound by the Constitution of the Company and the terms and conditions set out in this Prospectus. The Applicant(s) agree(s) to take any number of Shares equal to or less than the number of Shares indicated in Box A 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. 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 **UPPER YARRA COMMUNITY ENTERPRISE LIMITED** and crossed **Not Negotiable**. **Cheques not properly drawn will be rejected**. Cheques will usually be banked on the day of receipt. If cheques are dishonoured the application may be rejected.

Where to send application form

Forward your completed application together with the application money to:

Upper Yarra Community Enterprise Limited Share Offer

PO Box 434

Warburton Vic 3799

- Only legal entities may be registered as the holder of securities.
- The full and correct name of each entity must be shown.
- Salutations such as Mr, Mrs and Ms should be included.
- Securities cannot be registered in the name of a trust and no trust can be implied.
- Securities cannot be registered in the name of a minor or deceased person.
- An account designation can be included. If shown, it must be contained within one line and with the "<>" symbols. The last word of the designation must be ACCOUNT or A/C.

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Individual: Use given names in full, not initials	Mr John Alfred Smith	J A Smith
Company: Use the Company's full title, not abbreviations	ABC Pty Ltd	ABC P/L or ABC Co
Joint Holdings: Use full and complete names	Mr Peter Robert Williams & Ms Louise Susan Williams	Peter Robert & Louise S Williams
Trusts: Individual(s) as trustee: Use the trustee(s) personal name(s)	Mrs Susan Jane Smith <Sue Smith Family A/C>	Sue Smith Family Trust
Trusts: Corporate Trustee: Use the trustee(s) name(s)	Sue Smith Pty Ltd <Sue Smith Family A/C>	Sue Smith Family Trust
Deceased Estates: Use the executor(s) personal name(s)	Ms Jane Mary Smith & Mr Frank William Smith <Est John Smith A/C>	Estate of late John Smith or John Smith Deceased
Minor (a person under the age of 18): Use the name of a responsible adult with appropriate designation	Mr John Alfred Smith <Peter Smith A/C>	Master Peter Smith
Partnerships: Use the partners' personal names	Mr John Robert Smith & Mr Michael John Smith <John Smith & Son A/C>	John Smith and Son
Long Names	Mr John William Alexander Robertson-Smith	Mr John W A Robertson-Smith
Club/Unincorporated Bodies/ Business names: Use office bearer(s) personal name(s)	Mr Michael Peter Smith <ABC Tennis Association A/C>	ABC Tennis Association
Incorporated Associations	ABC Tennis Association Inc	ABC Tennis Association
Superannuation Funds: Use the name of the fund trustee	Jane Smith Pty Ltd <Super Fund A/C>	Jane Smith Pty Ltd Superannuation Fund

Queries

If you have any queries concerning this Offer or any part of this Prospectus, please call.
Jaqui Hall on 5966 6258 or Geoff Vickers on 5966 9028.

PUBLIC SHARE OFFER APPLICATION FORM

PLEASE READ ALL INSTRUCTIONS ON THE BACK OF THIS FORM

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Drawer	Bank	Branch	BSB	Amount

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

Applicant #1:

Applicant #2:

Applicant #3:

PUBLIC SHARE OFFER APPLICATION FORM

PLEASE READ ALL INSTRUCTIONS ON THE BACK OF THIS FORM

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Drawer	Bank	Branch	BSB	Amount

| | | | | | | | |

Applicant #1:

Applicant #2:

Applicant #3:

PUBLIC SHARE OFFER APPLICATION FORM

PLEASE READ ALL INSTRUCTIONS ON THE BACK OF THIS FORM

[illegible]

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| | | | | | | | | |

Drawer	Bank	Branch	BSB	Amount

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

Applicant #1:

Applicant #2:

Applicant #3:

