

PROSPECTUS

Proposed Dunkeld & District Community Bank[®] Branch of Bendigo Bank



IMPORTANT NOTICE

This Prospectus is dated 29 January 2010. A copy of this Prospectus has been lodged with the Australian Securities and Investments Commission (ASIC). ASIC takes no responsibility for the content of this Prospectus.

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 the Chairman of Grampians Regional Community Enterprises Limited

ACN 139 414 234

Dear Investor

Thank you for your interest in the proposed Dunkeld & 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 keeping with these dual aims, the amount of profits that can be distributed to shareholders is limited and, in addition, there are limitations and restrictions on shareholdings (for example, you are required to have a close connection to our community to hold shares in the Company). This is explained in detail in this Prospectus.

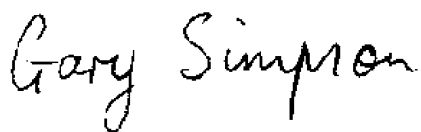
This Prospectus outlines your opportunity to assist in raising funds for the establishment and operation of a Community Bank® branch of Bendigo Bank. The Community Bank® branch is to be established as part of the Bendigo Bank Community Bank® project, the terms of which are outlined in this document.

I encourage you to read the 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.

Our decision to proceed with this capital raising was based on a survey in which local people and businesses 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 Dunkeld & District Community Bank® Branch of Bendigo Bank affords the communities of Dunkeld, Cavendish and Penshurst the chance not only to secure branch banking services, but to improve our long-term prospects by retaining greater control over the district's capital resources. I commend the investment to you.

Yours sincerely,

A handwritten signature in black ink that reads "Gary Simpson". The signature is written in a cursive, slightly slanted style.

Gary Simpson
Chairman, Grampians Regional Community Enterprises Limited

Letter from Bendigo and Adelaide Bank Limited

Dear Investor

“Dunkeld & District Community Bank® Branch of Bendigo Bank”. The prospect of seeing that sign fills me with pride and I hope it does the same for you.

By owning shares in Grampians Regional Community Enterprises Limited, you will help secure banking services for your communities 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 and will help you every step of the way. However, as for any business, the success of your community company is ultimately based on the support it receives from its customers – which in this case is the Dunkeld, Peshurst and Cavendish communities.

Members of your communities have already indicated their intention to support the branch with their banking business. Now is your chance to support it through investing in Grampians Regional Community Enterprises Limited. This Prospectus provides you with information you need to make an informed choice.

Your commitment will help make a difference to your communities.

I look forward to the establishment and ongoing success of the Dunkeld & 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, Customer & Community
Bendigo and Adelaide Bank Limited

1. Purpose and Details of the Offer

1.1 Purpose of the Offer

The purpose of the Offer is to raise funds for the capital expenditure and working capital requirements in respect of a Community Bank® branch of Bendigo Bank to be established in Dunkeld. All funds raised under the Offer (including any oversubscriptions) will be used for the purposes of meeting these requirements. Details of the establishment costs and estimated initial annual operating costs are set out in Section 4.5 of this Prospectus.

Grampians Regional Community Enterprises Limited (the Company) will establish and manage the Community Bank® branch as a “franchise” of Bendigo Bank. The franchise arrangements and the business of the Company are described in detail in this Prospectus, especially Sections 3 and 6.

Please Note: This is not an offer to subscribe for shares in Bendigo and Adelaide Bank Limited - it is an offer to subscribe for shares in the Company.

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 200,000 Shares. Proceeds from oversubscriptions will be used to provide additional working capital for the Company.

The amount of dividends and other distributions to shareholders that the Company may 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 | |
|---|----------------|
| Initial subscriber shares issued | 11 |
| Shares issued pursuant to this Prospectus | 500,000 |
| TOTAL | 500,011 |

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 | |
|---|----------------|
| Initial subscriber share issued | 11 |
| Shares issued pursuant to this Prospectus | 700,000 |
| TOTAL | 700,011 |

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 the Directors must refuse to register a transfer of Shares if, to their knowledge, it would be to a person who does not have, in the opinion of the Directors, a close connection with the Dunkeld, Penshurst or Cavendish communities. The Directors will not accept any application if it appears the Applicant would be in breach of these restrictions.

In addition, the Directors must refuse to register a transfer of Shares if, to their knowledge, the result would be to reduce the number of shareholders below a “Base Number” (see Section 7.3 below).

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, not only must the Directors refuse to register a transfer but the voting and dividend rights attaching to the relevant Shares are suspended and the Directors have the power to require a divestment of the relevant Shares (see Section 7.3 below).

1.5 No Proposal to seek Stock Exchange Listing

The Company does not intend to seek listing, or to have the Shares quoted, on any stock exchange. However, it is proposed that the Company will apply to ASIC for permission to establish and conduct a 'low volume financial market' in the Shares (see Section 5.2 below).

1.6 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 1.7 below and "Franchise Arrangements" in Section 3.2 for further information on the minimum subscription requirement. This Offer is not underwritten.

1.7 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.

1.8 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 | 15 February 2010 |
| Offer closes | 22 March 2010 |
| Shares expected to be allotted | 12 April 2010 |
| Certificates expected to be dispatched | 3 May 2010 |

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 lodgment 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 lodgment 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 Gary John Simpson
Date of Birth 07 December 1959
Occupation Wool Broker

Background Information

Gary lives in Dunkeld with his wife and has three adult children. He was born in Bacchus Marsh and spent his childhood on the family sheep farm, playing football, tennis and cricket. He has spent his working life in the wool industry and is currently employed as a wool broker. Since moving to Dunkeld in 2003 he has been a committeeman and Vice Captain at the golf club, founding chairman of Hockey Monivae, Secretary of the Grampians Cricket Club and assisted with fundraising for a local centre for the disabled.

Resides 21 Henty Street,
Dunkeld Vic 3294

Name Timothy John Fletcher Sanders
Date of Birth 30 May 1949
Occupation Manager - Sandstone Business

Background Information

Tim is currently employed by a local Dunkeld company managing the local sandstone business. Originally from the UK he has a BA (Hons) Arts Degree and has had extensive experience in IT, most of it with a large UK Retail Bank. He moved to Australia in 1992 with his wife and two daughters. Tim has led an active community life as President of the Hamilton Regional Business Association, been a member of the inaugural Dunkeld Mosaic of Arts Committee and has co-founded a local community choir.

Resides 195 Old Ararat Road,
Dunkeld Vic 3294

Name Pamela Dawn Coates
Date of Birth 13 October 1952
Occupation Administrator/Farmer

Background Information

Pamela grew up in at Heywood. She now runs a mixed farm operation at Cavendish with her husband, son and daughter in law. She has experience of management, administration and accounting within the private sector and public service as well as involvement in various community committees. She is currently employed by a large community services organisation dealing primarily with foster care as well as providing accounting support for a local branch of an international woolbuying firm.

Resides "Woolstock" Balmoral Road
Cavendish Vic 3314

Name Penny Fraser
Date of Birth 23 July 1973
Occupation Administration

Background Information

Penny grew up on a dairy farm and attended Heywood Consolidated School and subsequently Hamilton and Alexandra College. She has a Bachelor of Applied Science (Prosthetics and Orthotics) and has worked for several years in this field. Penny now lives on a farm at Glenthompson with her husband and daughter. As well as running the farm in partnership with her husband, Penny currently works in administration for a local health service and is a member of the local hall committee and local Red Cross.

Resides 222 Lovatsale Lane,
Glenthompson Vic 3293

Name Brendan John Kelly
Date of Birth 13 May 1968
Occupation Business Owner

Background Information

Brendan is the owner of a long standing rural merchandise, fertiliser and hardware businesses in Penshurst and has run a similar business in partnership at Dunkeld since 2005. Brendan is fourth generation of the Kelly family to live and work in Penshurst and district. He currently resides in Penshurst with his wife and three children. He and his family are active in the local community being involved in the football netball club, pre school, St Joesph's School and swimming pool.

Resides 97 Cobb Street,
Penshurst Vic 3289

Name Christy Lee Lazzari
Date of Birth 23 July 1977
Occupation Lawyer (currently on maternity leave)

Background Information

Christy currently resides in Dunkeld with her husband and two children. She spent her early school years in Hamilton before completing a Bachelor of Arts Business at Ballarat University. After working in Melbourne for two years she returned to Hamilton and worked with a local law firm while completing her Bachelor of Laws by correspondence.

Resides 160 Sturgeon Lane,
Dunkeld Vic 3294

Name Anthony John Page
Date of Birth 27 December 1963
Occupation Business Proprietor & Electrical Contractor

Background Information

Anthony has lived in Penshurst all his life. He is married with two teenage children. As a member of the local fire brigade, Apex Club and Advance Penshurst he has undertaken a number of key roles. He started his working life as an electrical apprentice in 1981 before purchasing his current service station and electrical contracting business in 1986.

Resides 1 French Street,
Penshurst Vic 3289

Name Angela Jayne Field
Date of Birth 09 March 1972
Occupation Accounts Administrator

Background Information

Angela is married with two children aged six and eight. She and her husband run a wool growing property in Mirranatwa, north of Dunkeld. With an education degree she has spent many years teaching in the region and maintained an active role in many sporting clubs with an emphasis on the development of junior sport. She is currently employed in an administrative role with a local Dunkeld company.

Resides 118 Wills Street,
Dunkeld Vic 3294

Name Craig Gordon Oliver
Date of Birth 14 March 1965
Occupation Farmer

Background Information

Craig has an Associate Diploma of Farm Management and a Graduate Diploma of Business Studies (Finance and Management). Living in Dunkeld since 1991 with his wife and children, he worked for several national and multi national agribusiness companies before pursuing a full time farming career running fine wool merinos, prime lambs and Fresian bull beef cattle. Craig has served on various industry and community committees, is currently a member of the Bestwool/Bestlamb Advisory Committee and a member of the Pannyabyr Landcare Group and the Dunkeld CFA.

Resides 2027 Dunkeld – Blackwood Road,
Dunkeld Vic 3294

Name Carly Renee Quinn
Date of Birth 8 January 1986
Occupation Account Manager/ Marketing Officer

Background Information

Carly grew up on a farm in Cavendish, was educated in Hamilton and now lives in Dunkeld with her partner. She is currently employed as an account manager with a local radio network, a position she has held for the last four years. She is an active member of the Glenthompson/Dunkeld Football/Netball Club, Grampians Cricket Club and Dunkeld Hall Redevelopment Committee.

Resides 697 Old Ararat Road,
Dunkeld Vic 3294

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.

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

The past 30 years have seen 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), Victorian Securities Corporation Limited (1997), Queensland based First Australian Building Society (2000) and cashflow finance company Oxford Funding (2005). Sandhurst Trustees, National Mortgage Market Corporation, Monte Paschi (now Cass Comm Limited), Victorian Securities Corporation Limited and Oxford Funding are wholly owned subsidiaries of Bendigo Bank, as is the financial planning arm Bendigo Financial Planning. Bendigo Bank also operates a joint venture, with Elders Limited, called Elders Rural Bank. This joint venture

is aimed at bringing banking services to farmers throughout Australia.

In November 2007, Bendigo Bank Limited merged with Adelaide Bank Limited. Under the terms of the merger, Adelaide Bank Limited became a wholly owned subsidiary of Bendigo Bank Limited and shareholders in Adelaide Bank Limited became shareholders in Bendigo Bank.

The shareholders approved a name change from "Bendigo Bank Limited" to "Bendigo and Adelaide Bank Limited", effective 31 March 2008. The bulk of the assets and undertaking of Adelaide Bank Limited was transferred to Bendigo Bank on 1 December 2008.

The Bendigo and Adelaide Group now operates (itself and through franchises) approximately 433 branches. As at 30 June 2009, Bendigo and Adelaide Group had an asset base of \$47.1 billion. It has more than 1.4 million retail customers and declared an after-tax profit before significant items of \$173.2 million for the 12 months ending June 2009.

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

3.2 Community Bank® Project

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

A Community Bank® branch is a means by which communities with the will and enthusiasm can enhance their future prospects by securing a conduit to the finance system.

The aims of the Community Bank® project are threefold:

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

The Community Bank® project draws 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 by the community and agreed to by the Company.

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 'Bendigo Bank' and the logo and system of operations of Bendigo Bank. The franchisees are appointed as 'authorised representatives' of Bendigo Bank for the purposes of the Corporations Act and manage the Community Bank® branches on behalf of Bendigo Bank, however all transactions with customers conducted through the Community Bank® branches are effectively conducted between the customers and Bendigo Bank.

To date, Bendigo Bank has granted franchises to operate around 242 Community Bank® branches, located in places such as Avoca, Bayswater, Bellarine Peninsula, Carrum Downs, Coleambally, Coleraine, East Gosford, East Malvern, Elwood, Goomalling, Henty, Kulin, Lang Lang, Laverton, Maldon, Minyip, Rupanyup, Nathalia, Neerim South, Parkdale, Tambellup, Cranbrook, Toodyay, Toora, Upwey, Virginia, Warburton, Willaura/Lake Bolac and Wentworth. Bendigo Bank has also granted a small number of commercial franchises.

Regulation of Franchising

The relationship between Bendigo Bank and the Company as franchisor and franchisee is governed by the Franchising Code of Conduct (Franchising Code).

The Franchising Code is a mandatory industry code of conduct for the purposes of Section 51ACA of the Trade Practices Act 1974 (Cth) (TPA). Section 51AD of the TPA makes a contravention of the Franchising Code a contravention of Part IVB of the TPA.

The Franchising Code requires a franchisor to provide a prospective franchisee with a Disclosure Document to enable the prospective franchisee to make a reasonably informed decision about entering into the franchise. The Franchising Code prescribes the information that must be included in the Disclosure Document. Such a Disclosure Document has been provided by Bendigo Bank to the Company.

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.

Franchise Arrangements

The Company has entered into a Franchise Agreement with Bendigo Bank that will govern the management of the Community Bank® branch at Dunkeld. A condition to the Franchise Agreement is that the Company raises the minimum subscription amount of \$500,000 pursuant to the Issue.

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

3.3 Duration of Franchise

Bendigo Bank has granted the Company the franchise rights described below for an initial term of five years. Pursuant to the Franchise Agreement, the Company may seek to extend the term of the franchise for (in total) two additional five year terms. A request to extend the term of the Franchise Agreement must be made between 3 and 6 months prior to the end of the then existing term. Bendigo Bank must agree to extend the term provided that the Company:

- is not in breach of the Franchise Agreement;
- secures continued rights to possession and use of each location from which the franchise is being conducted for the renewal period, and refurbishes each such location to the then current standards of Bendigo Bank franchises;
- provides the relevant statement required under the Franchising Code; and
- pays the Renewal Fees under the Franchise Agreement and Bendigo Bank's costs of renewing the Franchise Agreement.

These conditions must be satisfied at the end of the initial term and, if the franchise is extended for the first five year period, at the end of that first renewal period.

Bendigo Bank has the ability to assign or novate its rights and obligations (or any part of them) under the Franchise 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 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 Franchise Agreement. In any event, any assignee would have to continue to perform Bendigo Bank's obligations under the Agreement.

The Company may only dispose (in any way) of, or otherwise effect or permit a change of control or ownership of, the franchise, the Company or the Company's interest in the franchise operation, the Franchise Agreement or the branch location 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, transfer or disposal of the Company's interest in the franchise operation or the branch location.

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

3.4 Activities of Company

Branch

The Company will establish a Community Bank® branch of Bendigo Bank in Dunkeld. A lease has been negotiated for a site at 92-94 Parker Street, Dunkeld for the term of the franchise and estimated rental costs have been included for the purposes of the forecasts.

It is proposed that the branch will be open from 10.00am to 4.00pm on Monday to Thursday, 10.00am to 5.00pm on Friday and 10.00am to 12 noon on Saturdays (excluding Public Holidays).

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

Branch Manager and Employees

It is envisaged that a Branch Manager and a number of Customer Service Officers will be engaged by the Company. All staff members must be first approved by Bendigo Bank. It is possible that rather than be directly employed by the Company, staff will be seconded from the Bendigo and Adelaide Group.

Financial Products and Services

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. As deposits are with Bendigo Bank, they have the benefit of the Commonwealth Government's deposit guarantee facility. The guarantee applies for three years from November 2008. It applies automatically to deposits of \$1 million or less with an ADI (Authorised Deposit Taking Institution). An ADI must apply for the facility in respect of deposits over \$1 million. The deposit can be at call or with maturity of up to 60 months. Bendigo Bank successfully applied for the guarantee in respect of deposits over \$1 million in November 2008.

All loans, leases or hire purchase transactions, issues of new credit or debit cards, temporary or bridging finance and any other transaction that involves creating a new debt, or increasing or changing the terms of an existing debt owed to Bendigo Bank, must be approved by Bendigo Bank. All credit transactions are made with Bendigo Bank, and all credit products are products of Bendigo Bank.

The products and services available to be offered through the Dunkeld & District Community Bank® Branch by the Company will not necessarily be the same as those offered by other Bendigo and Adelaide Group 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 and Adelaide 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 and Adelaide Group under which the Company will, in return for a commission, offer and promote to our communities 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 the name 'Bendigo Bank' and its logo and system of operations and other relevant intellectual property rights including the trademark "Community Bank®" for the purpose of managing the 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 Franchise Agreement).

Assistance and Advice

Bendigo Bank will provide significant assistance in establishing and maintaining the Dunkeld & District Community Bank® Branch franchise operations including:

- advice and assistance in relation to the design, layout and fitout of the Community Bank® branch;
- training for the Branch Manager and other employees in banking, management systems and interface protocol; and
- assistance in the launch of the 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 the 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 granted under the Franchise Agreement is a non-exclusive franchise. That is, any member of the Bendigo and Adelaide 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 franchise operation can only be carried on from a location approved by Bendigo Bank, the Company is entitled to market to, or deal with, persons located anywhere.

3.6 Restrictions on Operations

Sole Purpose Company

The Franchise 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 Dunkeld & 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 operation.

The Company may offer or promote other products and services pursuant to an arrangement with a member of the Bendigo and Adelaide 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 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 and Adelaide 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 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).

3.7 Community Interest

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

A group of interested community members was briefed by Bendigo Bank on 16 July 2008 in relation to the proposal to establish the Dunkeld & District Community Bank® Branch, and a Steering Committee formed to evaluate the proposal.

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 at Dunkeld. In March 2009, the Steering Committee was extended to include representatives from the Penshurst and Cavendish communities.

The Steering Committee engaged independent consultant, Richmond Sinnott & Delahunty, to conduct a feasibility study in relation to the proposal.

The results of the feasibility study were presented to the Steering Committee at a meeting held on 2 September 2009 and it was unanimously voted to proceed towards the establishment of the Dunkeld & District Community Bank® Branch.

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

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.

4. Financial information

4.1 Feasibility Study

A feasibility study was conducted in Dunkeld, Peshurst and Cavendish by Richmond Sinnott & Delahunty to assist the community to decide whether to proceed with establishing a Community Bank[®] branch of Bendigo Bank in Dunkeld.

The feasibility study involved:

- distributing surveys to 1500 households and businesses;
- 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 | 1500 |
| Surveys Returned | 301 |
| % Of Surveys Returned | 20% |
| Respondents' Total Banking Business | \$131,710,500 |
| Respondents' Banking Business Available In First Year | \$86,653,500 |

4.2 Forecasts

Overview of the Process of Preparing the Forecasts

The banking business indicated by respondents to the survey has been analysed and collated by the consultant who conducted the feasibility study.

Based on this information, 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 4.4 and 4.5.

Three forecasts have been prepared, each assuming that a different level of business is generated by the Company. This process is discussed in detail below.

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

Forecasts – Three Different Scenarios

From the information received in the feasibility study, the following three separate forecasts were made in relation to the overall income, expenses and profit (or loss) of the Company.

- (i) Modified Forecast (see Table 1 below) – this is a forecast for the Company assuming that the Dunkeld & District Community Bank[®] Branch achieves the level and type of business indicated by the survey results adjusted by the performance of other comparable Community Bank[®] branches in their first three years of operations (this adjustment process is described below).
- (ii) 80% of The Modified Forecast (see Table 2 below) – this is a forecast for the Company assuming that the Dunkeld & District Community Bank[®] Branch only achieves 80% of the level of business assumed for the "Modified Forecast" (this adjustment process is described below).
- (iii) 120% of The Modified Forecast (see Table 3 below) – this is a forecast for the Company assuming that the Dunkeld & District Community Bank[®] Branch achieves 120% of the level of business assumed for the "Modified Forecast" (this adjustment process is described below).

Preparing the Forecasts

The Directors understand that Bendigo Bank regularly collates data on, and analyses the performance of, the existing Community Bank[®] branches and, based on this, the feasibility study results are modified to produce the Modified Forecast. Based on discussions with Bendigo Bank, the Directors believe that this process produces forecasts that are more reliable than simply relying on the feasibility study results, as the Modified Forecast builds in the experience of other Community Bank[®] branches.

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

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

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

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.

In particular, the forecasts are based on the survey responses provided by community members. Community members are under no obligation to act in accordance with their responses and there is no guarantee that these results will be achieved.

The other assumptions made in relation to the survey responses and on which these forecasts are based are set out in Sections 4.4 and 4.5 below. The impact of the GST is discussed in Section 4.6.

(i) Modified Forecast

The forecasts outlined in the table below have been prepared by taking the feasibility study results and adjusting those figures (as described above) based on the average trading performances of existing comparable Community Bank® branches in each of their first three years of operation. This is discussed further in Section 4.4 below.

Table 1 shows that if the Company achieves the level of business assumed in the Modified Forecast, it will incur a loss in Operating Profit before tax in Years 1 and 2, but could generate a positive Operating Profit before tax of \$56,583 in Year 3. Investors should note however that Retained Earnings will still be negative in Years 2 and 3 as a result of the carrying forward of start up costs incurred by the Company.

Table 1: Modified Forecast

| | Year 1 \$ | Year 2 \$ | Year 3 \$ |
|--|----------------------------|----------------------------|----------------------------|
| Deposits Raised | 13,623,114 | 20,111,912 | 23,738,912 |
| Loans Generated | 8,523,443 | 13,397,492 | 17,991,787 |
| Total Portfolio | 22,146,557 | 33,509,404 | 41,730,699 |
| Estimated Revenue from Ordinary Activities¹ | 145,281 | 326,452 | 435,881 |
| Estimated Expenses from Ordinary Activities ² | | | |
| Employee Expenses | (200,920) | (187,172) | (192,787) |
| Other Expenses | (307,629) | (179,134) | (184,511) |
| Depreciation and amortisation ³ | (2,000) | (2,000) | (2,000) |
| Operating Profit (Loss) before tax | (365,268) | (41,854) | 56,583 |
| Income Tax credit (expense) attributable to ordinary activities ⁴ | 78,980 | 11,956 | (17,575) |
| Estimated Operating Profit (Loss) after income tax expense | (286,288) | (29,898) | 39,008 |
| Retained earnings (accumulated losses) at the beginning of the financial year | - | (286,288) | (316,186) |
| Retained Earnings (accumulated losses) at the end of the financial year | (286,288) | (316,186) | (277,178) |

Notes:

- 1 See assumptions in Section 4.4 below.
- 2 See assumptions in Section 4.5 below.
- 3 Non Current Assets will be depreciated over their useful economic life as follows:-

| | Life | Method | Year 1 \$ | Year 2 \$ | Year 3 \$ |
|---|-------------------------------|------------------------------|----------------------------|----------------------------|----------------------------|
| Depreciation of non current assets | | | | | |
| Leasehold Building Improvements | 20 years | Straight Line | - | - | - |
| Owned Plant & Equipment | 2 - 40 years | Straight Line | - | - | - |
| Amortisation of non current assets | | | | | |
| Franchise Fee | Initial term of the franchise | Straight Line (over 5 years) | (2,000) | (2,000) | (2,000) |
| Total | | | (2,000) | (2,000) | (2,000) |

- 4 Income tax at the company tax rate of 30% has been applied to the estimated profit/(loss). The income tax expense may vary depending upon allowable tax deductions applicable to the Company under current income tax legislation.

The following two forecasts illustrate how changes in the level of business generated by the Community Bank® branch affect the forecasts in Table 1 above. For these tables, all of the other assumptions described in Sections 4.4 and 4.5 remain the same. (See Section 4.6 for a discussion of the impact of the goods and services tax).

(ii) 80% of the Modified Forecast

Table 2 shows that if the Company only achieves 80% of the level of business assumed in the Modified Forecast (see Table 1), it is forecast that the Company will achieve an Operating Loss before tax in Year 3 (that loss forecast to be \$21,337). Investors should note that Retained Earnings will still be negative in Year 3 partially as a result of the carrying forward of start up costs incurred by the Company.

Table 2: 80% of the Modified Forecast

| | Year 1 | Year 2 | Year 3 |
|--|------------------|------------------|------------------|
| | \$ | \$ | \$ |
| Deposits Raised | 10,898,491 | 16,089,529 | 18,991,128 |
| Loans Generated | 6,818,752 | 10,717,993 | 14,393,430 |
| Total Portfolio | 17,717,243 | 26,807,522 | 33,384,558 |
| Estimated Revenue from Ordinary Activities¹ | 122,229 | 270,158 | 357,961 |
| Estimated Expenses from Ordinary Activities ² | | | |
| Employee Expenses | (200,920) | (187,172) | (192,787) |
| Other Expenses | (307,629) | (179,134) | (184,511) |
| Depreciation and amortisation ³ | (2,000) | (2,000) | (2,000) |
| Operating Profit (Loss) before tax | (388,320) | (98,148) | (21,337) |
| Income Tax credit (expense) attributable to ordinary activities ⁴ | 85,896 | 28,844 | 5,801 |
| Estimated Operating Profit (Loss) after income tax expense | (302,424) | (69,304) | (15,536) |
| Retained earnings (accumulated losses) at the beginning of the financial year | - | (302,424) | (371,728) |
| Retained Earnings (accumulated losses) at the end of the financial year | (302,424) | (371,728) | (387,264) |

Notes:

1 See assumptions in Section 4.4 below.

2 See assumptions in Section 4.5 below.

3 See Note 3 to Table 1 above.

4 Income tax at the company tax rate of 30% has been applied to the estimated profit/(loss). The income tax expense may vary depending upon allowable tax deductions applicable to the Company under current income tax legislation.

(iii) 120% of the Modified Forecast

Table 3 shows that if the Company achieves 120% of the level of business assumed in the Modified Forecast (see Table 1), it is forecast that the Company could achieve a positive Operating Profit before tax in Year 2 of \$14,434 and in Year 3 of \$134,504. Investors should note however that, in this forecast, Retained Earnings would still be negative in Year 3 partially as a result of the carrying forward of start up costs incurred by the Company.

Table 3: 120% of the Modified Forecast

| | Year 1 | Year 2 | Year 3 |
|--|------------------|------------------|------------------|
| | \$ | \$ | \$ |
| Deposits Raised | 16,347,738 | 24,134,294 | 28,486,695 |
| Loans Generated | 10,228,131 | 16,076,990 | 21,590,147 |
| Total Portfolio | 26,575,869 | 40,211,284 | 50,076,842 |
| Estimated Revenue from Ordinary Activities¹ | 168,330 | 382,740 | 513,802 |
| Estimated Expenses from Ordinary Activities ² | | | |
| Employee Expenses | (200,920) | (187,172) | (192,787) |
| Other Expenses | (307,629) | (179,134) | (184,511) |
| Depreciation and amortisation ³ | (2,000) | (2,000) | (2,000) |
| Operating Profit (Loss) before tax | (342,219) | 14,434 | 134,504 |
| Income Tax credit (expense) attributable to ordinary activities ⁴ | 72,066 | (4,930) | (40,951) |
| Estimated Operating Profit (Loss) after income tax expense | (270,153) | 9,504 | 93,553 |
| Retained earnings (accumulated losses) at the beginning of the financial year | - | (270,153) | (260,649) |
| Retained Earnings (accumulated losses) at the end of the financial year | (270,153) | (260,649) | (167,096) |

Notes:

- 1 See assumptions in Section 4.4 below.
- 2 See assumptions in Section 4.5 below.
- 3 See Note 3 to Table 1 above.
- 4 Income tax at the company tax rate of 30% has been applied to the estimated profit/(loss). 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 Community Bank® branch varies from the survey responses including:
 - the value of the accounts;
 - different business mixes;
 - the timing of writing the business; and
 - account retention;
- 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 Franchise Agreement on the basis of the assumed level of business for that year (see below).

The 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 (ie ‘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 (ie ‘commission business’).

The initial list of products and services to be provided by the Company is set out in Section 3.4. The 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 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 were covered by the surveys:

- 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

As described in detail in Section 4.2, revenue for Years 1, 2 and 3 of the “Modified Forecast” is based upon the feasibility study results, as modified based on the average trading performances of existing comparable Community Bank® branches in each of their first three years of operation. The “80% of the Modified Forecast” assumes that the Company only achieves 80% of this business and the “120% of the Modified Forecast” assumes that the Company

achieves 120% of this business. As discussed in Section 4.2 above, the existing comparable Community Bank® branches are identified as having similar characteristics to the proposed Dunkeld & District Community Bank® Branch.

Survey Responses

The following additional assumptions were made in relation to the survey 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;
- averages are used for the ranges indicated on the survey forms (ie \$0-\$5,000 is taken to be \$2,500);
- 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 three forecasts, 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 all three forecasts, it is assumed that deposits and loans will be transferred to the Community Bank® branch equally each month; and
- no allowance has been made for revenue generated from products or services other than the deposit and loan business specified in the survey.

Interest Rates

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

| Product | Rate |
|------------------------------|--------|
| Personal Transaction Account | 1.24% |
| Business Cheque Account | 1.31% |
| Term Deposits ≤ 90 days | 2.46% |
| Home Loans | 5.59% |
| Home Equity Loans | 8.67% |
| Credit Cards | 8.74% |
| Overdrafts (Business) | 8.67% |
| Personal Loans | 11.50% |

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

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

However, as the interest rate margin changes, so does the profitability of the branch. It is estimated that, for the “Modified Forecast” in Table 1 above, an increase/decrease of 0.1% in the interest rate margin would increase/decrease the Company’s gross revenue by the following amounts:

| | |
|---------|----------|
| Year 1: | \$6,027 |
| Year 2: | \$9,808 |
| Year 3: | \$13,273 |

4.5 Establishment and Operating Costs

The following costs of the Company were taken into account in preparing the forecasts:

- the initial investment required to establish the Community Bank® branch and commence operations; and
- the estimated annual operating costs of the Community Bank® branch.

Establishment Costs

The costs to establish the branch and commence operations include:

- the Initial Fees and Training Costs payable under the Franchise Agreement;
- the Start-Up Costs (including site modifications and IT establishment) payable under the Franchise Agreement;
- legal and accountancy costs (including the costs of undertaking this Issue);
- the costs of the opening launch of the Community Bank® branch; and
- working capital.

Annual Operating Costs

The operating costs of the Community Bank® branch are incorporated in the forecasts in Section 4.2.

These costs include:

- labour (Branch Manager and Customer Service Officers) and related costs (eg uniforms);
- occupancy and outgoings;
- marketing;
- bad debts and other credit expenses;
- IT equipment, running costs and support costs;
- insurance;
- phone and fax;
- postage and stationery;
- cash logistics;
- security monitoring and maintenance;
- travel and accommodation;
- repairs and maintenance;
- automatic teller machine (ATM);
- accountancy and secretarial; and
- annual audit fees.

4.6 Goods and Services Tax

The Goods and Services Tax (GST) legislation took effect from 1 July 2000. The impact of the GST on providers of financial services is quite different from its impact on other businesses. Most businesses are able to claim back all GST paid on business inputs. This is not the case for providers of 'financial supplies'. Providers of 'financial supplies' are input taxed. This means that they can not charge GST on these 'financial supplies' and can not claim back all the GST paid on their inputs.

The regulations distinguish between a financial supply "provider" who makes a financial supply and a "facilitator" who facilitates a financial supply made by another entity. Generally, supplies by a "financial supply facilitator" are not financial supplies and would therefore be subject to GST.

The Directors of the Company have been advised by the Company's accountant that the Company will be a "financial supply facilitator" and it will therefore be able to reclaim the GST suffered on its business inputs but also required to account for GST on its revenues.

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

4.7 Pro-Forma Balance Sheet

Set out below is an unaudited Pro-Forma Balance Sheet of the Company showing the actual position as at incorporation and alternative unaudited balance sheet showing the effect of the Issue.

| | Actual as at 11 September 2009 \$ | Unaudited Pro-Forma as at 12 April 2010 ^{1&3} \$ | Unaudited Pro-Forma as at 12 April 2010 ^{2&3} \$ |
|---|---|---|---|
| Current Assets | | | |
| Cash assets | 11 | 500,011 | 700,011 |
| Total Assets | 11 | 500,011 | 700,011 |
| Current Liabilities | | | |
| Payables | - | (32,000) | (32,000) |
| Total Liabilities | - | (32,000) | (32,000) |
| Net Assets | 11 | 468,011 | 668,011 |
| Equity | | | |
| Issued capital ordinary shares of \$1 each | 11 | 500,011 | 700,011 |
| Less: Equity raising costs | - | (32,000) | (32,000) |
| Contributed Equity | 11 | 468,011 | 668,011 |

Notes

- 1 Assumes the Offer is fully subscribed and no oversubscriptions are accepted, and all Shares have been allotted by 12 April 2010.
- 2 Assumes the Offer is fully subscribed and the maximum amount of oversubscriptions is accepted, and all Shares have been allotted by 12 April 2010.
- 3 This balance sheet shows the position before any amount has been paid to Bendigo Bank under the Franchise Agreement.

4.8 International Financial Reporting Standards

The Company must comply with International Financial Reporting Standards (IFRS) as issued by the Australian Accounting Standards Board.

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 is being established, that is, to manage a Community Bank® branch of Bendigo Bank pursuant to a 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

Once the Company achieves profitability, its Directors intend that such 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.

Based on the forecast results set out in Section 4 above, it is not envisaged that the Company will be in a position to pay any dividends during the forecast period and there is, of course, no certainty of any dividends after that time.

Trading in Shares

The Company is being established to provide members of the community with the opportunity to contribute to establishing a Community Bank® branch of Bendigo Bank in Dunkeld. 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).

The Company proposes to apply to ASIC for permission to establish and conduct a 'low volume financial market' in Shares in accordance with the Corporations Act 2001 (Cth), but 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.

Termination of Franchise

The Franchise Agreement provides for a maximum possible term of 15 years (see Section 3.3 above), after which the continued operation of the Community Bank® branch will be subject to further negotiations with Bendigo Bank. Bendigo Bank also has broad rights to terminate the Franchise Agreement (see Section 6 below), in particular, if the franchise operation is not profitable. The Company is not entitled to any payment upon termination of the Franchise Agreement, though it would be entitled to the net proceeds of the sale or transfer of the franchise operation if, at its discretion, Bendigo Bank proceeded with such a sale or transfer 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 Franchise Agreement – see Section 3.5 above).

On the expiration or earlier termination of the 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 franchise, the Franchise Agreement, the franchise operation or the branch location (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 and Adelaide Group members that have been approved by Bendigo Bank, the Company's only business will be managing a Community Bank® branch of Bendigo Bank.

Revenue & Level of Banking Business

Although all transactions conducted through the branch 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 survey 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 Dunkeld & 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 Dunkeld & District Community Bank® Branch is being established, in part, given the current level of banking facilities available in Dunkeld, Peshurst and Cavendish. 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 our community 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 Dunkeld, particularly if the proposed Community Bank® branch is successful.

Branch Operations

Like any small business, the Branch Manager and employees will have a key role in the success of the Dunkeld & District Community Bank® Branch. The Branch Manager and employees will be responsible for promoting the branch in Dunkeld, Peshurst and Cavendish and providing a level of service and support that will engender ongoing relationships with customers. The ability of the Branch Manager to communicate effectively with representatives of Bendigo Bank, and represent the interests of the Dunkeld & District Community Bank® Branch, will also be critical to the smooth operation of the branch.

Security Risks (eg. armed robbery)

Although all cash deposits made through the Dunkeld Community Bank® Branch will be transferred to Bendigo Bank, the Company will bear the risk of implementing procedures for handling and transferring such deposits. For example, the risk of robbery is inherent in the nature of the Company's business of managing a Community Bank® branch of Bendigo Bank.

Under the Franchise Agreement, the Company is responsible for ensuring that at all times it has in place, to the satisfaction of Bendigo Bank,

appropriate security and cash logistic controls. This may require the Company to acquire security and cash logistic services from Bendigo Bank, to make modifications to the fitout of its Community Bank® branch premises or incur other security-related expenses that are not anticipated at the date of this Prospectus.

5.4 Relationship with Bendigo Bank

Success of Bendigo Bank

The Dunkeld & 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 and Adelaide 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 branch) 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 Dunkeld & 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 Franchise Agreement, the Company is responsible for certain claims made against Bendigo Bank in connection with the operation of the franchise operation (see Section 6).

5.5 Other Factors

Regulatory Environment

Although the Company will not carry on banking business, by managing a Community Bank® branch of Bendigo Bank it will effectively be subject to

the regulatory environment in which Bendigo Bank operates. In particular, decisions of APRA that affect Bendigo Bank may also have an impact on the business conducted by the Company.

In addition, as part of the franchise arrangements, the Company must be appointed as an 'authorised representative' of Bendigo Bank for the purposes of carrying out the franchise operation (see Section 7.4 below).

Economic Conditions

As noted above, the Company's business will be affected by changes in economic conditions both directly and indirectly through the effect such changes may have on Bendigo Bank. Relevant factors include market growth, inflation, movements in interest rates and exchange rates and the level of loan defaults.

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

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

Government Policies and Legislation

The Company's business may be affected by changes to government policies, including those relating to prudential supervision, taxation and regulation of financial services industries. Again, such changes may affect the Company directly or indirectly as a result of their impact on Bendigo Bank.

6. Franchise Agreement

The Franchise Agreement establishes the relationship between the Company and Bendigo Bank, and sets out the parameters within which the Company must operate. The 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 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 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 a Community Bank® branch of Bendigo Bank.

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

Term

The initial term of the Franchise Agreement is five years. Provided certain conditions are met at the end of each term, Bendigo Bank must agree to extend the term 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 the Community Bank® branch. In particular, the Company must only offer the products and services specified by Bendigo Bank, it must comply with Bendigo Bank's promotions, it (and its staff) must comply with the operating manuals supplied by Bendigo Bank, it must seek the prior approval of Bendigo Bank to its promotional activities and material, public communications, signs and stationery and there are tight controls over the use of Bendigo Bank's intellectual property.

Security and Cash Logistics

The Company is required to ensure that at all times it has in place, to the satisfaction of Bendigo Bank, appropriate security and cash logistic controls (including appropriate security surveillance and monitoring and appropriate arrangements regarding the secure transportation of cash). All arrangements with providers of security services and cash logistic services must receive prior written approval from Bendigo Bank.

Payments/Receipts

The Company is required to pay Bendigo Bank the Initial Fees, Training Costs and Start-Up Costs. For each additional five year period, 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 Franchise (including legal fees).

In addition, the Company is responsible for all ongoing costs in relation to the branch and the 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 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 operation, a breach of the Franchise Agreement (including the manuals) by a person other than Bendigo Bank, the offering of any products and services (whether banking or non banking) by the Company, the carrying on of any business by the Company (whether or not permitted by Bendigo Bank), the activities of the Company or its employees at or near 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 Franchise Agreement in various circumstances, including if:

- the Company breaches the 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 the 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 franchise within the time period (being not less than 7 days) specified by Bendigo Bank;
- the Company carries on the 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 Franchise Agreement (eg the Company abandons the branch, carries it on in a way that endangers public health or safety or agrees to terminate the Franchise Agreement);
- the Company operates the business from a location not previously approved by Bendigo Bank;
- there is, without Bendigo Bank’s prior written consent, a change in the underlying ownership or control of the Company, the franchise or the Company’s interest in the franchise agreement or the branch location (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);

- the Branch Manager of the Community Bank® branch becomes unable to perform his or her duties for an extended period, without suitable replacement;
- the franchise operation is not profitable; 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.

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

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

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

Upon termination of the Franchise Agreement, there is no obligation on Bendigo Bank to sell or transfer the franchise operation. However, if such a sale or transfer did proceed, the Company would be entitled to the proceeds received (less the costs of the sale or transfer 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 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 Dunkeld & 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 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. Further, the Directors must refuse to register a transfer of shares if, to their knowledge, the registration would result in a shareholder having, or if it would be to a shareholder who has, a prohibited shareholding interest (see Section 7.3 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.

(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 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.

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.

In addition, in keeping with the community spirit and intent of the Company, a person will also be deemed to have a prohibited shareholding interest if they have voting power in the Company and, in the opinion of the Directors, they do not have a close connection to the Dunkeld, Peshurst or Cavendish communities. For example, individuals who are residents of our communities, and their close family members, would ordinarily be considered to have such a close connection. Similarly, a company whose registered office is in our 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.

Further, a person is also 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. This Base Number is 90% of the shareholders in the Company after the issue of Shares under this Prospectus. The purpose of this Base Number restriction, together with the requirement of a close community connection, is to seek to ensure that the Company has broad based local ownership.

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.

Furthermore, as noted above in Section 7.2, the Board must refuse to register a transfer of shares if, to their knowledge, it would result in a person having, or if it would be to a person who has, a prohibited shareholding interest.

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 must be appointed as an 'authorised representative' of Bendigo Bank so that the Company can provide financial services on behalf of Bendigo Bank.

Under the appointment, Bendigo Bank authorises the Company to provide financial services advice in relation to, and deal in, various classes of financial products on behalf of Bendigo Bank. It is a condition of Bendigo Bank granting the authorisation that, amongst other things, the Company does everything necessary to ensure that Bendigo Bank complies with the law. If Bendigo Bank believes on reasonable grounds that the Company or its staff may have or are about to contravene the law or cause Bendigo Bank to contravene the law, Bendigo Bank has the power to modify or revoke the authorisation (in which case Bendigo Bank may also have the ability to terminate the Franchise 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 33 $\frac{1}{3}$ % (where the investor is a superannuation fund) in the hands of the investor. In the case of trust investors, the calculation of the CGT discount is complex, and specific advice should be obtained.

Any capital loss (namely the excess of the cost base of the ordinary shares over the consideration received for those shares) with respect to the shares can generally be offset against capital gains realised by the investor in the same year or in later years. However, if there are net capital gains to which the investor is entitled to a CGT discount, any capital losses must be offset against the net capital gains realised by the investor before the CGT discount is applied to the net capital gains.

Certain investors, for example those who carry on business of share trading, may be liable to tax in respect of any profit on the disposal of ordinary shares as ordinary income.

Investors who are resident individual shareholders (or a resident superannuation fund) and who receive dividends from the Company must include in their assessable income the amount of the dividend together with any franking credits attached to the dividend. Income tax is calculated on this total amount and investors will generally be entitled to claim a rebate equal to any franking credits attaching to the dividend. Any excess rebate over and above the total tax payable can be refunded to investors.

A resident corporate shareholder that is:

- a public company for tax purposes – is entitled to a rebate of tax only to the extent of the franked portion (if any) of any dividends received; and
- a private company for tax purposes - is entitled to a rebate only to the extent of the franked portion (if any) of any dividends received.

Companies are generally entitled to credit their franking account for the franked amount of any dividend.

7.6 Directors' Interests

Other than as set out below, no Director (and no proposed Director) has, or has held at any time during the last two years, any interest in the formation or promotion of the Company, in property acquired or proposed to be acquired by the Company in connection with its formation or promotion or in connection with the Offer of the Shares, or in the Offer of the Shares.

Shares

The Directors of the Company and their interests in the share capital of the Company as at the date of this Prospectus are set out below.

| Name of Director | Number of Shares | Nature of Interest |
|-------------------------------|------------------|----------------------|
| Gary John Simpson | 1 | Legal and Beneficial |
| Timothy John Fletcher Sanders | 1 | Legal and Beneficial |
| Pamela Dawn Coates | 1 | Legal and Beneficial |
| Penny Fraser | 1 | Legal and Beneficial |
| Brendan John Kelly | 1 | Legal and Beneficial |
| Christy Lee Lazzari | 1 | Legal and Beneficial |
| Anthony John Page | 1 | Legal and Beneficial |
| Angela Jayne Field | 1 | Legal and Beneficial |
| Craig Gordon Oliver | 1 | Legal and Beneficial |
| Carly Renee Quinn | 1 | Legal and Beneficial |

One subscriber share was issued to a Director who has since resigned. No Director holds shares in any related body corporate of the Company.

Indemnity

Under the Company's Constitution, the Company:

- indemnifies its current and former officers against liability to third parties incurred arising out of the conduct of the business of the Company or in the discharge of their duties as officers; and
- is permitted to pay premiums for insurance policies insuring its Directors and officers against liability to third parties incurred arising out of the conduct of the business of the Company or in the discharge of their duties as officers.

Other Interests

Nil.

Other benefits

No amounts have been paid or agreed to be paid (and no benefits have been given or agreed to be given) to a Director (or a proposed Director) to induce them to become, or to qualify as, a Director of the Company.

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, no promoter of the Company and no stockbroker or underwriter to the Issue of Shares has, or has held at any time during the last two years, any interest in the formation or promotion of the Company, in property acquired or proposed to be acquired by the Company in connection with its formation or promotion or in

connection with the Offer of the Shares, or in the Offer of the Shares.

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 promoter, stockbroker or underwriter, for services provided in connection with the formation or promotion of the Company or in connection with the Offer of the Shares are as follows:

Peter S Glare & Associates have provided legal services to the company in connection with the Offer and for those services will be paid a fee of \$6,750.

Richmond Sinnott & Delahunty have undertaken a feasibility study and prepared a report in connection with the Offer, and for their services will be paid a fee of \$8,500.

7.8 Consents and Disclaimer

None of the parties referred to below have made any statement that is included in this Prospectus or any statement on which a statement made in this Prospectus is based, other than as specified below. Each of the parties referred to below, to the maximum extent permitted by law, expressly disclaims, and takes no responsibility for any statements in, any omissions from, this Prospectus, other than the reference to its name and a statement included in this Prospectus with the consent of that party, as specified below.

(a) Peter S Glare & Associates have given and have not, before lodgment of this Prospectus, withdrawn their written consent to be named as solicitors to the Company in the form and context in which they are named.

(b) Richmond Sinnott & Delahunty have given and have not, before lodgment of this Prospectus, withdrawn their written consent to be named in this Prospectus in the form and context in which they are named and to the inclusion, in Sections 4.1, 4.2, 4.3 and 4.4 of this Prospectus, of the factual information obtained in the feasibility surveys.

(c) Bendigo Bank has given and has not, before lodgment 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.

7.9 Privacy Collection Statement

If you apply for Shares, you will provide personal information to the Company and the Company's Share Registrar. The Company and the Company's Share Registrar collect, 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 may disclose your personal information for purposes related to your investment to Bendigo Bank and to related bodies corporate, agents and service providers of the Company and of Bendigo Bank or as otherwise authorised under the Privacy Act.

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 or other matters concerning the Bendigo and Adelaide Group generally that the Company or Bendigo Bank thinks may be of interest to you. You agree that the contact details you provide to the Company (including any personal or home phone number) can be used by the Company and any member of the Bendigo and Adelaide 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 Secretary at the Company's Registered Office (see page 34). You can request access to your personal information held by Bendigo Bank by contacting Bendigo Bank as follows:

Customer Help

1300 361 911

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

7.10 Continuous Disclosure obligations

The Company proposes to take advantage of the good practice guidance for website disclosure of continuous disclosure information in ASIC Regulatory Guide 198 Unlisted disclosing entities: Continuous disclosure obligations, and consequently will not lodge such information with ASIC.

The good practice guidance promotes website disclosure that has the following features.

(a) All material information is included on the website.

The Company will lodge information such as a material change in the financial forecasts contained in this Prospectus on its website www.bendigobank.com.au/dunkeld.

(b) Investors are able to find material information easily and determine its significance for them.

Material information will be accessible by clicking the "Investor Information" link on the website homepage.

Subscribers under this Prospectus can also elect to receive an e-mail alert when information is updated by ticking the appropriate box in the Application Form.

(c) Any new material information is included on the website as soon as practicable.

The Company will lodge updated information on its website as soon as possible after becoming aware of the information.

(d) Information is kept on the website on for as long as it is relevant.

Following the close of the offer under this Prospectus, the Company will inform transferees of shares from subscribers under this Prospectus of its practices in relation to lodging continuous disclosure information on its website. It will also advise them that they can elect to receive an e-mail alert when information is updated.

8. Definitions

Applicant – A person that applies for Shares pursuant to this Prospectus.

APRA – Australian Prudential and Regulatory Authority.

ASIC – Australian Securities and Investments Commission.

Bendigo Bank – Bendigo and Adelaide Bank Limited (ABN 11 068 049 178).

Bendigo and Adelaide Group – Bendigo Bank and its related bodies corporate.

Company – Grampians Regional Community Enterprises Limited (ACN 139 414 234).

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.

Franchising Code – Franchising Code of Conduct.

Issue – Issue of Shares pursuant to this Prospectus.

Offer – Offer of Shares pursuant to this Prospectus.

Prospectus – This Prospectus.

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

9. Signatures

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

Gary John Simpson

Timothy John Fletcher Sanders

Pamela Dawn Coates

Penny Fraser

Brendan John Kelly

Christy Lee Lazzari

Anthony John Page

Angela Jayne Field

Craig Gordon Oliver

Carly Renee Quinn

10. Directory

Directors

Gary John Simpson

Timothy John Fletcher Sanders

Pamela Dawn Coates

Penny Fraser

Brendan John Kelly

Christy Lee Lazzari

Anthony John Page

Angela Jayne Field

Craig Gordon Oliver

Carly Renee Quinn

Company Secretary

Timothy John Fletcher Sanders

Registered Office

99 Parker Street

DUNKELD VIC 3294

Solicitors

Peter S Glare & Associates

15 Lawrence Street

BEAUFORT VIC 3373

Accountants

Richmond Sinnott & Delahunty

172 McIvor Road

BENDIGO VIC 3550

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**Annexure A
Feasibility Study
Pro Forma Survey**



Richmond Sinnott
& Delahunty
Chartered Accountants

Dunkeld & District Community Bank® Branch

Personal Banking Survey

Please return by: August 10, 2009

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 Dunkeld & District 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® 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 200 communities throughout Australia.

Briefly it works like this:

- Revenue will be shared between Bendigo Bank and our Community Bank® branch.
- The Community Bank® 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 Dunkeld & District to get a Community Bank® Branch.

Gary Simpson
Chairman, Dunkeld & District Community Bank® Branch
Steering Committee

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

| | |
|------------------|--------------|
| Gary Simpson | 0428 772 449 |
| Tiffany McKnight | 0418 772 343 |
| Tim Sanders | 0419 565 647 |
| Scott Olsen | 0427 742 275 |
| Craig Crawford | 5574 2150 |
| Louise Williams | 0409 105 128 |
| Brendan Kelly | 0419 444 549 |
| Anthony Page | 0418 529 568 |
| Catherine Loria | 5576 5420 |

THE CONTENTS OF THIS SURVEY ARE CONFIDENTIAL

This survey is anonymous and confidential and will be processed by Richmond Sinnott & Delahunty, PO Box 30, Bendigo Victoria 3552.

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

Only aggregated information is disclosed. Richmond Sinnott & Delahunty (RSD) 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 STEPHEN BROWN of RSD on (03) 5443 1177.

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 RSD in the enclosed reply paid envelope by **August 10, 2009**

| | |
|---|--|
| <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 |
|---|--|

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

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

(b) Where do you live?

- Dunkeld
- Cavendish
- Glenthompson
- Hamilton
- Mirranatwa
- Mooralla
- Peshurst
- Victoria Valley
- Woodhouse
- 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
- Elders
- National Australia Bank
- St George
- Westpac
- Other (please specify)

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

- Hamilton
- Lake Bolac
- Willaura
- Other (please specify)

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

- Account fee structure
- Banked with them for many years
- Competitive interest rates
- Convenience/locality
- Customer service received
- Loyalty/relationship
- Products and services offered
- 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?

- | | | | | | |
|-------------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| <input checked="" type="checkbox"/> | 1 | 2 | 3 | 4 | 5 |
| <input 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 Dunkeld & District Community Bank?

- 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 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 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 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 were to open in Dunkeld:

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

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

(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 in Dunkeld 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 would (or would not) meet your banking needs.

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COMPLETION
OF THE FOLLOWING IS
ENTIRELY OPTIONAL

Please Note: If the details below are completed, **ONLY YOUR CONTACT DETAILS** will be forwarded to the Dunkeld & District Community Bank® Steering Committee.

All banking details are confidential and withheld by Richmond Sinnott & Delahunty.

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

Name

Address

.....

.....

.....

.....Postcode.....

Telephone

ADDITIONAL SURVEYS CAN BE OBTAINED FROM THE FOLLOWING BUSINESSES:

Dunkeld Gourmet Pantry
Phone 5577 2288

Cavendish General Store
Phone 5574 2395

Kelly's in Pendhurst
Phone 5576 5549

Thank you for completing this survey.

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

6. If you have Business Overdraft, Leasing/Hire Purchase agreement and/or Other Loan Facilities, please indicate the approximate current 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 were to open in Dunkeld?

(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 in Dunkeld 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 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 Dunkeld & District Community Bank® Steering Committee.

All banking details are confidential and withheld by Richmond Sinnott & Delahunty

I WISH TO SHOW MY SUPPORT FOR THE DUNKELD & DISTRICT 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 the amount per Share.

C Enter the **FULL NAME(S)** and **TITLE(S)** of all legal entities that are to be recorded as the registered holder(s). Refer to the **Name Standards** below for guidance on valid registration.

D Enter the **POSTAL ADDRESS** for all communications from the Company. Only one address can be recorded.

E Enter telephone numbers and a contact person the Company Secretary can speak to if there are any queries regarding this application.

F Payment must be made by cheque payable to **GRAMPIANS REGIONAL COMMUNITY ENTERPRISES LIMITED SHARE OFFER** and crossed **Not Negotiable**. Cheques not properly drawn will be rejected. Cheques will usually be banked on the day of receipt. If cheques are dishonoured the application may be rejected.

G. Before completing the Application Form the Applicant(s) should read the Prospectus to which the application relates. The Applicant(s) offer(s) to subscribe for Shares in the Company, and agree(s) to be bound by the Constitution of the Company and the terms and conditions set out in this Prospectus. The Applicant(s) agree(s) to take any number of Shares equal to or less than the number of Shares indicated in Box A that may be allotted to the Applicant(s) pursuant to the Prospectus. The Applicant(s) declare(s) that all details and statements made in the Application Form are complete and accurate and consent(s) to the use and disclosure of their personal information in the manner described in the Prospectus. The Application Form does not need to be signed.

H. Enter the Tax File Number(s) (TFNs), Australian Business Number(s) (ABNs) (where you make the investment in the course of carrying on an enterprise) or tax exemption categories (such as aged pension, invalid pension or non-profit organisation) of the Applicant(s). For joint applications, only the TFNs or ABNs of two applicants are required. Provision of your TFN, ABN or tax exemption category is not compulsory and will not affect your application. If your TFN, ABN or tax exemption category is not provided, the Company is required to deduct tax from your dividend entitlement at the maximum personal tax rate plus the Medicare levy, which currently totals 46.5%.

Payment

Payment must be made in **Australian Currency** and cheques must be drawn on an **Australian Bank**. Cheques or bank drafts must be payable to **GRAMPIANS REGIONAL COMMUNITY ENTERPRISES LIMITED SHARE OFFER** and crossed **Not Negotiable**. **Cheques not properly drawn will be rejected**. Cheques will usually be banked on the day of receipt. If cheques are dishonoured the application may be rejected.

Where to send application form

Forward your completed application together with the application money to:

GRAMPIANS REGIONAL COMMUNITY ENTERPRISES LIMITED SHARE OFFER

PO Box 50

Dunkeld Vic 3294

Name Standards

- Only individuals and 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 Christy Lazzari (0409 956 216), Pamela Coates (0418 529 568) or Anthony Page (0419 586 495).

GRAMPIANS REGIONAL COMMUNITY ENTERPRISES LIMITED

ACN 139 414 234

PUBLIC SHARE OFFER APPLICATION FORM

DO NOT STAPLE

PLEASE READ ALL INSTRUCTIONS ON THE BACK OF THIS FORM

A I/We apply for

Shares in Grampians Regional Community Enterprises Ltd at A\$1.00 per share

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

B I/We lodge full application monies

\$. 0 0

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

C Full name (PLEASE PRINT)

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

ABN (if applicable)

Joint Applicant #2 or <designated account>

Joint Applicant #3 or <designated account>

D PO Box/Postal Address (PLEASE PRINT)

Street Number Street

Suburb/Town

State

Post Code

GRAMPIANS REGIONAL COMMUNITY ENTERPRISES LIMITED

ACN 139 414 234

PUBLIC SHARE OFFER APPLICATION FORM

DO NOT STAPLE

PLEASE READ ALL INSTRUCTIONS ON THE BACK OF THIS FORM

A I/We apply for

Shares in Grampians Regional Community Enterprises Ltd at A\$1.00 per share

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

B I/We lodge full application monies

\$. 0 0

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

C Full name (PLEASE PRINT)

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

ABN (if applicable)

Joint Applicant #2 or <designated account>

Joint Applicant #3 or <designated account>

D PO Box/Postal Address (PLEASE PRINT)

Street Number Street

Suburb/Town

State

Post Code

