

7 February 2018

NSX Announcement

Bendigo Telco Limited (BT) wishes to inform its Shareholders and the market that it has entered into a Memorandum of Understanding (MOU) with Bendigo and Adelaide Bank Limited (BEN) to purchase BEN's last remaining client telco undertakings and establish BT as the telco provider on behalf of its clients. The MOU is non-binding on all parties, and the parties are working to finalise a legally binding agreement.

Under the proposed transactions, BT will acquire BEN's telco customers and will enter into a joint working party to explore ways for BT and BEN to work together to provide competitive and effective Telco solutions to BEN's expanding small business customer base.

The transaction is expected to be EPS neutral for BT in this financial year.

Bendigo Telco is currently negotiating a loan facility of approximately \$850,000 with BEN to assist with financing the proposed transaction.

The acquisition will comprise the transfer of approximately 10,500 BEN telco customers, a transfer of agreed staff and access to the existing billing system.

BT looks forward to an expansion of its customer base and maximising all of the opportunities that the acquisition provides.

The aim is to complete the transaction in March 2018.

Yours sincerely



Mr Ken Belfrage
Company Secretary