

Notice of Annual General Meeting

Canterbury Surrey Hills Community Finance Limited

ABN 96 099 590 593

To be held at the Camberwell Central Bowls Club, 14 Bowen Street, Camberwell VIC 3124
on Wednesday 14 November 2018 at 6:00pm (AEDT)

ORDINARY BUSINESS

1. Receipt of Annual Report

To receive the Company's Financial Report, the Director's Report and the Auditor's Report for the year ended 30 June 2018.

2. Remuneration Report

To consider, and if thought fit, to pass each of the following resolutions as an ordinary resolution:

That the Remuneration Report be adopted.

Except to the extent permitted by law, the Company will disregard any votes cast (in any capacity) on Item 2 by or on behalf of a member of key management personnel named in the Remuneration Report (and any closely related party of any such member) unless the vote is cast as proxy for a person entitled to vote in accordance with a direction on the proxy form.

3. Election of Directors

To consider, and if thought fit, to pass each of the following resolutions as ordinary resolutions:

Re-election of Directors retiring by rotation

- (a) That **Hans Diedrick Menting** be re-elected as a Director of the Company.
- (b) That **Robert Einar Stensholt** be re-elected as a Director of the Company.
- (c) That **Daizy Maan** be re-elected as a Director of the Company.

4. Share Buy-Back Program

To consider, and if thought fit, to pass an ordinary resolution approving the Share Buy-Back Program as set out in the Explanatory Notes.

5. Directors' Remuneration

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

That the Directors of Canterbury Surrey Hills Community Finance Limited be remunerated in accordance with the proposal set out in the Explanatory Notes.

Except to the extent permitted by law, the Company will disregard any votes cast (in any capacity) on Item 5 by or on behalf of a member of key management personnel named in the Remuneration Report (and any closely related party of any such member) unless the vote is cast as proxy for a person entitled to vote in accordance with a direction on the proxy form.

Attending the Meeting

All shareholders may attend the Annual General Meeting.

Joint holders: In the case of joint shareholders, all holders may attend the Meeting. If only one holder attends (including by proxy), that shareholder may vote at the Meeting as if that holder were solely entitled to the shares. If more than one joint holder is present (including by proxy), the joint holder whose name appears first in the register may vote.

Proxy: If you are unable to attend the Meeting, you are entitled to appoint a proxy to attend and vote. See the attached Proxy Form for information on appointing a proxy.

Corporate shareholder: A corporate shareholder may appoint one or more persons to act as its representative under section 250D of the Corporations Act, but only one representative may exercise the corporate shareholder's powers at any one time. The Company requires written evidence of a representative's appointment to be given to the Company *before* the Meeting.

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Voting Rights

In accordance with the Constitution of the Company, each shareholder is entitled to **one** vote.

Voting Restrictions

Key management personnel of the Company and their closely related parties may not vote on Items 2 and 5. If you appoint a member of the key management personnel (other than the Chair) or their closely related party as your proxy, they may not vote your proxy on Items 2 and 5 unless you direct them how to vote. You can direct your proxy how to vote by marking the appropriate boxes on the proxy form. If the Chair of the Meeting is your proxy and you do not direct him how to vote, the Chair intends to vote undirected proxies in favour of all items of business to the extent permitted by law.

For the purposes of these voting restrictions:

- The 'key management personnel' for **Canterbury Surrey Hills Community Finance Limited** are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, either directly or indirectly, including any Director (whether executive or otherwise) of the Company.
- A 'closely related party' of a member of the key management personnel for **Canterbury Surrey Hills Community Finance Limited** includes a spouse or child, a child of the member's spouse, a dependent of the member or of the member's spouse, or anyone else who may be expected to influence the member (or be influenced by the member) in the member's dealings with the Company.

For the purposes of voting at the Meeting, shares will be taken to be held by the persons who are registered as shareholders as at **7:00pm (AEDT) on 12 November 2018**.

By order of the Board

Michael Sapountzis
Company Secretary
26 September 2018

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EXPLANATORY NOTES

This information has been included to assist you in making an informed decision about the resolutions proposed at the Meeting.

Agenda Item 2. Remuneration Report

The Corporations Act requires a resolution for the adoption of the Remuneration Report contained in the Company's Annual Report be put to the vote. The resolution is advisory only and does not bind the Directors of the Company.

Agenda Item 3. Election of Directors

The following information is provided about candidates for election to the Board.

Re-election of Directors retiring by rotation

(a) **Hans Diederick Menting.** Dick is retiring by rotation in accordance with Clause 62 of the Company's Constitution and offers himself for re-election.

Dick was the foundation Chairman of Canterbury Surrey Hills Community Finance Ltd and previous Chief Executive Officer. He is currently a member of the Finance Committee and Community Investment & Marketing Committee. Dick previously spent 35 years in banking, finance and administration. Dick retired as a Councillor for Boroondara City Council and continues to run a local small business.

The Board recommends this resolution be passed by members.

(b) **Robert Einar Stensholt.** Bob is retiring by rotation in accordance with Clause 62 of the Company's Constitution and offers himself for re-election.

Bob was a foundation Director of the Company. He is currently the Deputy Chair of the Board, Chairman of the Audit & Governance Committee and member of the Community Investment & Marketing Committee, Finance Committee and Events Committee. Bob has extensive community connections and contacts built over a career in areas including State politics, diplomatic postings and the education sector.

The Board recommends this resolution be passed by members.

(c) **Daizy Maan.** Daizy is retiring by rotation in accordance with Clause 62 of the Company's Constitution and offers herself for re-election.

Daizy is the Chairman of the Youth Advisory Committee and is a member of the Audit & Governance Committee. Daizy has considerable experience working with and for youth organisations and is working with Deakin University on its innovation and entrepreneurship program. Daizy is involved in the Social Enterprise Collective and is a volunteer for various organisations, including the Boroondara Youth Foundation. Daizy was Boroondara Young Citizen of the Year in 2015.

The Board recommends this resolution be passed by members.

Agenda Item 4. Share Buy-Back Program

As part of its ongoing review of the strategic needs of the Company, in 2015 the Board considered the capital structure and ongoing capital needs of the group. The Board considered:

- The low volume of buyers available when a shareholder wants to sell their shares;
- The low share price compared to the net asset backing of the shares;
- The limits place on the Company regarding shareholder distributions set out in the Franchise Agreement with Bendigo Bank; and
- The excess capital held and the restrictions placed on the Company under the Franchise Agreement to invest that capital in other risk ventures.

The Board, then subsequently shareholders at previous Annual General Meetings of the Company have considered and approved a proposal to enter into a Share Buy-Back Program with the following limitations:

1. The Program would operate for 12 months from 1 January to 31 December. The Company would reserve the right to close the Program early at any time;
2. All shares would be purchased under the Program on the NSX market at the market price available from time to time;
3. The Company appoint Strategem Investment Services Pty Ltd as its brokers for the purpose of acquiring these shares; and
4. The Program would have no minimum number of shares that must be purchased. The Maximum number of shares that may be purchased pursuant to this Program is 300,000 shares.

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The Board has instructed the Finance Committee to:

- A. Monitor the Company's ability to buy shares under the program to ensure it does not breach the requirements of the Corporations Act; and
- B. Determine, in the absence of regular share trading in the shares of the Company, what offer price should be provided to the market in order to meet the objects of the Program.

The Board has considered and approved a proposal, subject to shareholder approval, to enter into a Share Buy-Back Program to operate from 1 January 2019 to 31 December 2019 with the same limitations as the Program operating described above.

General Questions

To assist shareholders to make a decision on this proposal, the Company has provided the following questions and answers:

Do I have to sell my shares?	No. Shareholders can choose to keep their shares or sell them on the market.
How can I sell my shares?	<p>If you want to sell your shares, you will need to appoint an NSX share broker to sell them on the market for you.</p> <p>Details of NSX brokers can be found at:</p> <p>https://www.nsx.com.au/investing/broker-directory/</p> <p>Once you have appointed a broker, they can guide you through the selling process, including how you will be paid.</p>
How many shares do I own?	<p>If you have any questions about your shareholding, such as how many shares you own, you should contact our share registry at:</p> <p>BoardRoom Pty Limited GPO Box 3993 Sydney NSW 2001</p> <p>Ph: +61 2 9290 9600 Fax: +61 2 9279 0664 Email: enquiries@boardroomlimited.com.au Web: www.boardroomlimited.com.au</p>
What happens to the shares after the Company purchases them?	Once the Company purchases shares under the Program, the shares must be cancelled. The Company cannot sell them back to the market again. (Section 257H <i>Corporations Act</i> 2001)
If I sell shares, will I still get a dividend?	There is no guarantee the Company will pay dividends in the future. If it does, the shareholders that own shares at the "Record Date" for any dividend shall be entitled to that dividend. If you sell your shares before any Record Date, you will not be entitled to a dividend.
How will I know if the Company has purchased any shares?	<p>The Company is required to advise ASIC when it has cancelled any shares and will also make a formal announcement on the NSX. Our NSX code is CSH.</p> <p>More details can be found at:</p> <p>https://www.nsx.com.au/summary/CSH</p>
Will the Company buy these shares all at once?	No. The Company does not intend to make it difficult for potential purchasers to acquire shares on the NSX. It may therefore acquire parcels of shares progressively throughout the duration of the Program. It may stop purchasing or cancel or suspend the Program at any time.

The Board recommends this resolution be passed by members.

Agenda Item 5. Directors Remuneration

The Staff Committee of Canterbury Surrey Hills Community Finance Limited has undertaken a review of the Company's current remuneration system for its directors, which has remained unchanged since 2012.

The current remuneration system is outlined below:

Chairman	\$21,000
Other Directors	\$7,000

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Marketing Committee Chair \$3,000

This review has identified the need to realign the remuneration of its directors to reflect the personal liability each director a public listed company is exposed to including the increased time commitment performed by each of the Company's directors. The review acknowledged that the Company with its direct and permanent links to the community service ethos was not prepared to provide a remuneration level that was comparable to other publicly listed companies however has determined a proposed increase in remuneration in order to appropriately remunerate and acknowledge its Board of Directors.

Proposed New Remuneration System

The proposed new director remuneration model will consist of a standard payment that is made in recognition of the personal liabilities each director of a publicly listed company and to compensate for the additional work the Company's directors are required to undertake because of their positions. This payment will be:

Chairman	\$30,000
Committee Chairs	\$13,000
Other Directors	\$10,000

The proposed increased is considered reasonable and appropriate.