

# Notice of Annual General Meeting

**Heidelberg District Community Enterprise Limited**  
**A.B.N. 62 095 312 744**

**To be held at 6pm**  
**on**  
**Tuesday 13 November 2018**  
**at**  
**Heidelberg Community Bank Branch**  
**164 Burgundy Street**  
**Community Room**  
**Heidelberg**

## Ordinary Business

### 1. Receipt of Annual Report

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

### 2. Re-election of Directors

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

#### **Re-election of Directors retiring by rotation**

- (a) That **Russell Hutchins** be re-elected as a Director of the Company.
- (b) That **David Mayne** be re-elected as a Director of the Company.
- (c) That **John Nelson** be re-elected as a Director of the Company.

### 3. Election of New Director

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

- (a) That **John Nota** be elected as a Director of the Company.

### 4. Remuneration Report

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

That the Remuneration Report contained in the Annual Report be adopted.

### 5. Alteration of Share Capital

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

That the Board be granted the discretion to reduce the share capital of the Company by purchasing up to 10% of the Company's outstanding shares annually, at a price not in excess of book value.

## 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. The proxy need not be a shareholder of the Company.

*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.

**Voting rights**

Each shareholder is entitled to **one** vote.

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 4.00pm on 12 October 2018.

By order of the Board

**Russell Hutchins**

Company Secretary

**7 October 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. Re-election of Directors

The following information is provided about candidates for re-election to the Board:

(a) **Russell Hutchins** retires by rotation in accordance with the constitution of the Company, and being eligible, offers himself for re-election. Russell was appointed on 14 November 2017. Russell is an information technology consultant and lives locally.

(b) **David Mayne** retires by rotation in accordance with the constitution of the Company, and being eligible, offers himself for re-election. David was appointed on 14 November 2017. David has extensive experience at executive management level in communications and now works part time in infrastructure.

(d) **John Nelson** retires by rotation in accordance with the constitution of the Company, and being eligible, offers himself for re-election. John was appointed on 8 November 2016. John is a retired Chartered Accountant with over 35 years of industry experience and lives locally.

Russell, David and John have served the Company well and individually make a valuable contribution to the operations and governance of the Company. The Board would like to retain their experience, skills and qualifications and accordingly strongly recommends these three Directors for re-election.

### Agenda item 3. Election of New Directors

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

(a) **Age (John) Nota** was appointed by the Board on 27 November 2017 and resigns in accordance with the constitution of the Company, and being eligible, offers himself for election. John is an economist with extensive experience in senior executive financial management and lives locally.

In his interim appointment, John has served the Company well and made a valuable contribution to the operations and governance of the Company. The Board would like to retain his experience, skills and qualifications and accordingly strongly recommends this candidate for election.

### Agenda item 5. Alteration of Share Capital

Since the inception of Community Banks by Bendigo Bank in 1997, local communities have acquired shares in a local company to provide the necessary capital to operate local branches. Shares in these companies have traditionally been thinly traded, there are few buyers and few sellers for the shares. The Franchise Agreement limits the amount of dividends that can be paid to shareholders to 20% of the profits of a company and also limits each company to the single purpose of operating a Community Bank branch.

With these limitations in mind, the Board of Heidelberg District Community Enterprise determined that an additional means of managing its capital, in the form of a share buy-back, would provide benefits to both the Company and its shareholders. Share buy-backs are governed by Division 2 of the *Corporations Act 2001 (Cth)*. The Company proposes undertaking on-market buy-backs in accordance with, and within the limits set out in, the Act.

The Board therefore proposes being granted the discretion to purchase up to 10% of the outstanding shares annually, at a price which it considers to be in-line with the market.

Some key points for shareholders are:

- Shareholders do not need to participate in this program, selling of shares will continue to be at the discretion of shareholders
- 10% of current shares represents 229,839 shares – by way of example only, if shares were purchased at an average price of 75c, this would amount to a maximum amount of \$172,379 that would be spent on an annual share buy-back (although only an example, the most recently traded shares of HDCE were traded at 75c on the National Stock Exchange (NSX))

- The Board has no intention of buying 10% of outstanding shares every year, each buy-back will be undertaken on its own merits and will be subject to strict governance procedures that the Board will implement
- The Board may suspend the program if it feels this is in the best interest of shareholders
- The Company is in a strong capital position and a share buy-back program will allow the Company the flexibility to be able to return selected amounts of capital to shareholders, thereby:
  - Serving as an ongoing buyer in the market, within the limits determined by the Act and the discretion approved by shareholders, and therefore creating an additional demand for the Company's shares, which should provide greater depth in the market and promote the share price; and
  - Reducing the number of shares issued by the Company and therefore reducing the costs of dividends paid and administration in the longer term
- The program is not expected to have any material impact on the future profitability of the Company or its ongoing community investments
- Shares purchased by the Company must be cancelled and the Company must notify both Australian Securities and Investments Commission (ASIC) and the NSX each time this is done.

Rule 34 of the Company's Constitution requires any change to the Company's share capital to be approved by shareholders in general meeting.

The Board strongly recommends that shareholders approve discretion for the Board to purchase up to 10% of the Company's outstanding shares annually, at a price not in excess of book value.

**Postal address for return of Proxy Forms**

The Secretary

Heidelberg District Community Enterprise Limited

233-235 Lower Heidelberg Road

East Ivanhoe 3079