

Release to the Australia Stock Exchange Ltd

19 July 2006

**Wide Bay Australia Ltd announces all cash bid for
Pioneer Permanent Building Society Limited**

Regional building society Wide Bay Australia Ltd (**Wide Bay**) [ASX:WBB] (“Wide Bay”) today announced its intention to make a cash offer of \$4.32 per share for all of the outstanding shares in Pioneer Permanent Building Society Limited [NSX:PBS] (**Pioneer**).

The off-market bid values Pioneer’s equity at \$44.8 million, substantially higher than Pioneer’s market capitalization of \$34.2 million at yesterday’s close. The offer price represents a:

- 30.9% premium to Pioneer’s last trading price on NSX of \$3.30 ¹;
- 30.9% premium to Pioneer’s first ever trading price on NSX of \$3.30 ²;
- 30.9% premium to Pioneer’s highest ever trading price on NSX of \$3.30 ³;
- 72.8% premium to Pioneer’s lowest ever trading price on NSX of \$2.50 ⁴.

Wide Bay intends to fund the cash bid using existing financing facilities.

The offer, which will be subject to the conditions set out in Annexure A to this announcement, is expected to be lodged shortly such that Pioneer shareholders will receive it in early August.

The imminent move by Pioneer from the Newcastle Stock Exchange to the Australian Stock Exchange is not expected to have any implications for Wide Bay’s bid.

Wide Bay is being advised by Investec Bank (Australia) Limited and Mallesons Stephen Jaques.

For further information contact:

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Notes:

1. Last traded on NSX on 22 June 2006
2. 31 March 2004
3. Various dates
4. 20, 23 August 2004

Source: Newcastle Stock Exchange

Wide Bay Australia Limited

Wide Bay is an ASX-listed building society with a market capitalisation as at 18 July 2006 of approximately \$214 million. Wide Bay first listed on ASX on 19 September 1994.

Based in Bundaberg, Wide Bay's origins stem from four regional Queensland building societies that commenced operations approximately 40 years ago before merging between 1979 to 1983.

Wide Bay currently has 35 branches and agencies of which 32 are located in Queensland. In recent years, new branches have been established in Parramatta in Sydney and Camberwell in Melbourne with a lending centre introduced in Adelaide.

At 31 December 2005, Wide Bay had total assets of more than \$1.5 billion and in November 2005 received a Standard and Poor's investment grade credit rating of "BBB-". Wide Bay is one of only four building societies in Australia with a credit rating.

Wide Bay plays an active part in the communities in which it operates, supporting local activities, organisations and events and building its reputation around a true community banking philosophy.

ANNEXURE A - Conditions of the Offers

The Offers and any contracts resulting from acceptance of the Offers are subject to fulfilment of the following conditions:

- (a) **(minimum ownership)** during or at the end of the Offer Period:
 - (i) Wide Bay has acquired a relevant interest in at least 90% (by number) of the Pioneer Shares; and
 - (ii) Wide Bay has acquired at least 75% (by number) of the Pioneer Shares which it has offered to acquire under the Offer (whether the acquisition happened under the Offer or otherwise);
- (b) **(Treasurers Approval)** Wide Bay receiving from the Treasurer of the Commonwealth of Australia (or APRA as delegated) unconditional approval under section 13 of the Financial Sector (Shareholdings) Act 1992 (Cwlth) for Wide Bay to acquire up to 100% of the Pioneer Shares under the Offer;
- (c) **(Trade Practices Act)** Wide Bay not receiving a notice from the ACCC that the Offer is likely to substantially lessen competition;
- (d) **(other regulatory approvals):** all appropriate waiting and other time periods (including any extensions of such waiting and other time periods) under applicable laws or regulations of any relevant jurisdiction having expired, lapsed or been terminated (as appropriate) and all regulatory obligations in any relevant jurisdiction having been complied with in each case in respect of the Offer or any matter arising from the proposed acquisition of Pioneer by Wide Bay;
- (e) **(no restraining orders)** that between the Announcement Date and the end of the Offer Period:
 - (i) there is not in effect any preliminary or final decision, order or decree issued by a Regulatory Authority; and
 - (ii) no application is made to any Regulatory Authority (other than by any member of the Pioneer Group), or action or investigation is announced, threatened or commenced by a Regulatory Authority, in consequence of, or in connection with, the Offer (other than a determination by ASIC or the Takeovers Panel in exercise of the powers and discretions conferred by the Corporations Act), which:
 - (iii) restrains or prohibits (or if granted could restrain or prohibit), or otherwise materially adversely impacts on, the making of the Offer or the completion of any transaction contemplated by the Offer (whether subject to conditions or not) or the rights of Wide Bay in respect of Pioneer and the Pioneer Shares to be acquired under the Offer; or

- (iv) requires the divestiture by Wide Bay of any Pioneer Shares, or the divestiture of any assets of the Pioneer Group, the Wide Bay Group or otherwise;
- (f) **(Pioneer Material Adverse Change)** The following does not occur in respect of Pioneer during the Offer Period, an event or circumstance or matter not announced on NSX prior to 19 July 2006 other than:
 - (i) those required to be done or procured by Pioneer pursuant to this Offer;
 - (ii) those relating to changes in business conditions affecting the industry in which Pioneer and Wide Bay operates;
 - (iii) an event, circumstance, matter or information that is fairly disclosed in public filings by Pioneer with ASIC or provided to NSX or ASX on or prior to 19 July 2006,

which individually, or in aggregate with all such events, has or is reasonably likely to have one of the following materially adverse effects:

- (iv) diminish the value of the net assets of Pioneer by \$1.0 million or more; or
- (v) diminish the net profit before tax of Pioneer by \$200,000 or more; or
- (g) **(No persons exercising rights under certain agreements or instruments)** after the Announcement Date and before the end of the Offer Period, no person exercises or purports to exercise, or states an intention to exercise, any rights under any provision of any agreement or other instrument to which Pioneer or any subsidiary of Pioneer is a party, or by or to which Pioneer or any subsidiary of Pioneer or any of its assets may be bound or be subject, which results, or could result, to an extent which is material in the context of Pioneer or Pioneer and its subsidiaries taken as a whole, in:
 - (i) any monies borrowed by Pioneer or any subsidiary of Pioneer being or becoming repayable or being capable of being declared repayable immediately or earlier than the repayment date stated in such agreement or other instrument;
 - (ii) any such agreement or other instrument being terminated or modified or any action being taken or arising thereunder;
 - (iii) the interest of Pioneer or any subsidiary of Pioneer in any firm, joint venture, trust, corporation or other entity (or any arrangements relating to such interest) being terminated or modified; or
 - (iv) the business of Pioneer or any subsidiary of Pioneer with any other person being adversely affected,

as a result of the acquisition of Pioneer Shares by Wide Bay;

- (h) **(No Pioneer Prescribed Occurrences)** that during the Offer Period, none of the following events happen:
- (i) Pioneer or any subsidiary of Pioneer converting all or any of its shares into a larger or smaller number of shares in accordance with section 254H of the Corporations Act;
 - (ii) Pioneer or any subsidiary of Pioneer resolving to reduce its share capital in any way;
 - (iii) Pioneer or any subsidiary of Pioneer:
 - (A) entering into a buy-back agreement; or
 - (B) resolving to approve the terms of a buy-back agreement under the Corporations Act;
 - (iv) Pioneer or any subsidiary of Pioneer making an allotment or issue of, or granting an option to subscribe for, any of its shares or agreeing to make such an allotment or issue or to grant such an option, or Pioneer or any subsidiary of Pioneer making, or agreeing to make, an allotment or issue of any securities convertible into shares in Pioneer;
 - (v) Pioneer or any subsidiary of Pioneer issuing, or agreeing to issue, convertible notes or other debentures;
 - (vi) Pioneer or any subsidiary of Pioneer disposing of shares in a subsidiary of Pioneer;
 - (vii) Pioneer or any subsidiary of Pioneer disposing, or agreeing to dispose, of the whole, or a substantial part, of its business or property other than in the ordinary course of its trading business;
 - (viii) Pioneer or any subsidiary of Pioneer charges or agrees to charge the whole, or a substantial part, of its business or property, other than in the ordinary course of its ordinary business;
 - (ix) Pioneer or any subsidiary of Pioneer resolving that it be wound up;
 - (x) the appointment of a provisional liquidator or administrator of Pioneer or of any subsidiary of Pioneer;
 - (xi) the making of an order by a Court for the winding up of Pioneer or of any subsidiary of Pioneer;
 - (xii) an administrator of Pioneer, or of any subsidiary of Pioneer, being appointed under section 436A, 436B or 436C of the Corporations Act;

- (xiii) Pioneer or any subsidiary of Pioneer executing a deed of company arrangement;
- (xiv) the appointment of a receiver, or a receiver and manager, in relation to the whole, or a part, of the property of Pioneer or of any subsidiary of Pioneer;
- (xv) Pioneer or any subsidiary of Pioneer increases its level of indebtedness (including financial liabilities incurred under finance leases) or issues any indebtedness or debt securities in an amount which is not less than \$1 million, other than advances under existing credit facilities in the ordinary course of business;
- (xvi) Pioneer or any subsidiary of Pioneer defaults under any of its borrowing arrangements which has the effect of being immediately payable by Pioneer or any subsidiary of Pioneer;
- (xvii) Pioneer or any subsidiary of Pioneer makes any loans, advances or capital contributions to, or investments in, any other person of not less than \$1 million, other than in the ordinary and usual course of business;
- (xviii) except as required by law or any contract in effect as at the date of this deed or in the ordinary course of business, Pioneer or any subsidiary of Pioneer:
 - (A) pays any bonus to, or increases the compensation of, any executive officer, director, employee or consultant of Pioneer or a subsidiary of Pioneer;
 - (B) grants to any employee of Pioneer or any subsidiary of Pioneer any increase in severance or termination pay or superannuation entitlements; or
 - (C) establishes, adopts, enters into or amends in any material respect (including by taking any action to accelerate any rights or benefits due under) any enterprise bargaining agreement, Australian workplace agreement, employee benefit plan or superannuation scheme of Pioneer or relating to the employees of Pioneer or any subsidiary of Pioneer;
- (xix) Pioneer or any subsidiary of Pioneer cancels, materially amends or fails to renew on its expiry any existing material insurance policy;
- (xx) Pioneer or any subsidiary of Pioneer makes or commits to make total capital expenditure in aggregate in excess of \$1 million, without the other party's prior written consent;
- (xxi) material licence is revoked, cancelled, suspended or a Regulatory Authority notifies Pioneer or any subsidiary of Pioneer that a

material licence will be revoked, cancelled or suspended and such notification is not withdrawn;

(xxii) Pioneer or any subsidiary of Pioneer is or becomes a party to any material prosecution, litigation or arbitration, in respect of Pioneer or any of its subsidiaries or their respective business or assets that exposes Pioneer or the subsidiary to a potential liability exceeding \$200,000 (excluding legal costs) or having a material effect on the business of Pioneer or any of its subsidiaries; or

(xxiii) Pioneer or any subsidiary of Pioneer authorises, commits or agrees to take any of the actions referred to in paragraphs (i) to (xxiii) above; and

(i) **(Due Diligence)** Pioneer making available promptly to Wide Bay all information reasonably requested by Wide Bay in order for Wide Bay to conduct due diligence inquiries in relation to Pioneer and such due diligence inquiries confirming that:

(i) the net assets of the Pioneer Group calculated on the basis of the application of AIFRS as at 30 June 2006 was not less than \$21.3 million;

(ii) the net profit after tax for the Pioneer Group calculated on the basis of the application of AIFRS for the financial year ended 30 June 2006 was not less than \$1.6 million; and

(iii) the level of provisioning and reserves maintained by Pioneer is in accordance with the requirements of the APRA Prudential Standard and AIFRS.