

2 June 2021

### **PRO-RATA ENTILEMENT OFFER – CLOSING DATE AND FURTHER INFORMATION**

On 10 May 2021 Australian Rural Capital Limited (ASX: ARC) (**ARC** or **Company**) announced a fully underwritten pro-rata non-renounceable entitlement offer to eligible shareholders to raise up to approximately \$3.127 million before costs (**Entitlement Offer**).

Under the Entitlement Offer, eligible shareholders are invited to subscribe for 1 new fully paid ordinary share (**New Share**) for a price of 21 cents per New Share for every 1 existing ARC share (**Entitlement**) held at 5.00pm (AEST) on Thursday, 13 May 2021 (**Record Date**).

The offer opened on May 18 2021 and the offer documents were despatched on that day. The Company has extended the offer on 2 occasions, enabling shareholders further opportunity to consider and participate in the offer.

### **CLOSING DATE**

The Company does not intend to further extend the closing date for the Entitlement Offer and it will close at 5.00pm (AEST) on Monday 7 June 2021.

The timetable<sup>1</sup> for the remaining dates is set out below:

| <b>Event</b>                                                    | <b>Date</b>                |
|-----------------------------------------------------------------|----------------------------|
| Entitlement Offer closes                                        | 5.00pm Monday, 7 June 2021 |
| Announcement of Results of Entitlement Offer                    | Thursday, 10 June 2021     |
| Issue of New Shares under the Entitlement Offer                 | Tuesday, 15 June 2021      |
| Normal trading of New Shares issued under the Entitlement Offer | Wednesday, 16 June 2021    |

<sup>1</sup> \*The timetable above is indicative only and may be subject to change without notice. Australian Rural Capital, with the consent of the Underwriter, reserves the right, subject to the Corporations Act, Listing Rules and other applicable laws to amend or vary any or all of the dates and times without notice. In particular, Australian Rural Capital reserves the right to extend the closing date of the Entitlement Offer, accept late applications (either generally or in particular cases) and to withdraw the Entitlement Offer without prior notice. The commencement of quotation of New Shares is subject to confirmation from ASX. All references to a time are to Australian Eastern Standard Time (AEST).

**Australian Rural Capital Limited**

**ABN 52 001 746 710**

c/- Mertons Corporate Services, Level 7, 330 Collins Street, Melbourne VIC 3000

phone: +61 3 8689 9997

## FURTHER INFORMATION

In addition to the information the Company has already given in respect of the Entitlement Offer, the Company provides the following further details, which may be useful for Shareholders.

### Use of Funds

The Company has previously disclosed in the Entitlement Offer document dated 12 May 2021 (**Offer Document**) that the proceeds of the capital raised from the Entitlement Offer will be used to:

- **(Working capital)** provide working capital for the Company;
- **(Investment capital)** undertake potential new investments including equity investments and/or acquisitions;
- **(Replenishment of capital base)** replenish the Company's capital base following the return of capital to shareholders in the form of the Namoi Cotton shares; and
- **(Costs of Entitlement Offer)** cover the cost of conducting the Entitlement Offer.

The Company's proposed use of funds has not changed from what has been disclosed and the Company now provides the additional level of detail specified in the table below<sup>2</sup>.

| Use                                                   | Amount | Detail                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|-------------------------------------------------------|--------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Working capital /<br>Replenishment of<br>capital base | \$1.4m | The working capital requirements of the Company over the next <b>three (3) years</b> are estimated to be approximately \$1.5m (\$500,000 per annum) as the company seeks to develop its business. These funds along with existing cash balances help to replenish the Company's capital base.                                                                                                                                                                                                                        |
| Investment capital                                    | \$1.5m | Of the funds raised, approximately \$1.5m is proposed to be used for the Company's principal investments over the <b>next twelve months</b> .<br>At present, the board has not approved any specific project or investment opportunity. The Company continues to monitor the listed securities markets to assess investment opportunities. Following completion of the fundraising, the Company will be actively seeking proposals / investment opportunities from third parties to examine and potentially approve. |

<sup>2</sup> The information provided in this table is approximate only and based on the Company's current estimates and intentions and may change in the Company's discretion.

| Use                        | Amount          | Detail                                                                                                                                                                                           |
|----------------------------|-----------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Costs of Entitlement Offer | 0.227m          | Of the funds raised, approximately \$0.227m is proposed to be used to cover the costs of conducting the Entitlement Offer, including underwriting fee, legal costs and other necessary expenses. |
| <b>Total</b>               | <b>\$3.127m</b> |                                                                                                                                                                                                  |

### Capital H Management Pty Ltd (Capital H)

Capital H became a substantial holder on 4 March 2021 and lodged its initial substantial holder notice on 5 March 2021. Capital H currently has a 19.91% interest in the Company.

The Company provided information about Capital H and the Company's constructive working relationship with Capital H in its 8 March 2021 ASX announcement welcoming Capital H.

The Company disclosed in the Offer Document that Capital H has irrevocably committed to subscribe for its full Entitlement and agreed to sub-underwrite the Entitlement Offer.

Various scenarios showing the potential shareholding that Capital H may obtain as a consequence of it taking up its Entitlement and sub-underwriting the Offer, assuming different take up levels by Eligible Shareholders are disclosed in section 6.9 of the Offer Document.

The Company provides the following additional information in respect of Capital H, which may be useful to Shareholders:

1. Mr Harley Grosser (the sole director of Capital H) has indicated that he is supportive of the Company and its current business model. Mr Grosser has indicated that Capital H would like the Company to continue to seek to develop the funds management opportunity alongside its principal investment activities.
2. Mr Grosser has expressed support for the Company's shareholder value creation principles which were clearly demonstrated in the distribution of the Namoi Cotton shareholding to shareholders, completed earlier this year.
3. Mr Grosser has indicated to the Company his desire to be appointed as a director of the Company as Capital H's nominee. The Company has not made any decision at this point about whether or not Mr Grosser (or another nominee of Capital H) should be appointed as a director of the Company. However, having regard to Capital H's being the largest and substantial shareholder of the company along with Mr Grosser's skills, commitment and knowledge (especially in respect of capital markets, financial analysis, investment and funds operation and management), the Company considers Mr Grosser would add value to the Company and assist the Board in discharging its duties effectively.

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## **NOMINEE**

The Company has appointed Taylor Collison Limited ACN 008 172 450 (AFSL 247 083) (**Nominee**) as the nominee to subscribe for the New Shares that any ineligible Shareholders would have been entitled to and sell them on their behalf. As stated in the Company's 10 May 2021 announcement, the appointment of the Nominee was subject to ASIC approval. ASIC's in-principle approval of the Nominee has now been obtained.

## **Enquiries**

For any enquiries please call Boardroom Pty Limited, ARC's Share Registry, on 1300 737 760 or contact your stockbroker, accountant or professional adviser.

By order of the Board of Directors.

## **For Further Details contact:**

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Executive Chairman**

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**Company Secretary**

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**Disclaimer - Future performance and forward looking statements**

This announcement contains certain forward looking statements with respect to the financial condition, results of operations, projects and business of the Company and certain plans and objectives of the Company. Forward looking statements can generally be identified by the use of forward looking words such as 'expect', 'anticipate', 'likely', 'intend', 'propose', 'should', 'could', 'may', 'will', 'predict', 'plan', 'believe', 'forecast', 'estimate', 'target', 'continue', 'objectives', 'outlook', 'guidance' and other similar expressions.

The forward looking statements, opinions and estimates contained in this announcement are based on the Company's intent, belief or current expectations, assumptions and contingencies which are subject to change without notice, as are any statements about market and industry trends, which are based on interpretations of current market conditions. They involve known and unknown risks and uncertainties and other factors, many of which are beyond the control of the Company and its officers, employees, agents and associates, and may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct.

Any forward-looking statements are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. Readers are cautioned not to place undue reliance on forward-looking statements. There can be no assurance that actual outcomes will not differ materially from these forward looking statements. A number of important factors could cause actual results or performance to differ materially from the forward looking statements. Investors should consider the forward looking statements contained in this announcement in light of those disclosures.

Neither the Company, the underwriter, nor any other person, gives any representation, warranty, assurance, nor will guarantee that the occurrence of the events expressed or implied in any forward looking statement will occur.

To the maximum extent permitted by law, the Company, the underwriters, other persons referred to in this announcement and each of their respective advisors, affiliates, related bodies corporate, directors, officers, partners, employees and agents disclaim any responsibility and undertake no obligation for the accuracy or completeness of any forward looking statements whether as a result of new information, future events or results or otherwise. The company disclaims any responsibility to update or revise any forward looking statements to reflect any change in the Company's financial condition, status or affairs or any change in the events, conditions or circumstances on which a statement is based except as required by Australian law.

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