

AUSTRALIAN RURAL CAPITAL LIMITED

ABN 52 001 746 710



Pro-Rata Non-Renounceable Entitlement Offer Document

**1 for 2.85 PRO-RATA NON-RENOUNCEABLE ENTITLEMENT OFFER OF
AUSTRALIAN RURAL CAPITAL LIMITED
ORDINARY SHARES AT AN ISSUE PRICE OF
50 CENTS PER SHARE**

THIS ENTITLEMENT OFFER CLOSES AT 5.00 pm (Sydney time) on 13 APRIL 2017

This offer is fully underwritten

Important notice

This is an important Offer Document which is accompanied by an Entitlement and Acceptance Form for you to subscribe for new ordinary shares in Australian Rural Capital Limited. Please read both documents carefully. If after reading the Offer Document you have any questions about the Offer or the New Shares then you should consult your stockbroker, accountant or other professional advisor.

The Offer made pursuant to this Offer Document is for a rights issue of continuously quoted securities (as defined in the Corporations Act) of the Company. This Offer Document is not a disclosure document for the purposes of Chapter 6D of the Corporations Act and has not been lodged with ASIC.

The Company is offering the securities under this Offer Document without disclosure to investors under Chapter 6D of the Corporations Act pursuant to section 708AA of the Corporations Act. Accordingly, the level of disclosure contained in this Offer Document is less than that required under a prospectus and Eligible Shareholders should consider all relevant facts and circumstances, including their knowledge of the Company and disclosures made to ASX, before deciding whether to accept the Offer.

Summary of entitlement offer

Pro-Rata Non-Renounceable Entitlement Offer Document

Australian Rural Capital Limited (**ARC** or the **Company**) is undertaking a pro-rata non-renounceable rights issue on a 1 for 2.85 basis to raise approximately \$1,600,000 (the **Offer**).

The Offer is unconditional and fully underwritten.

Issue Price 50 cents per New Share

Entitlement 1 New Share for every 2.85 existing Share held on the Record Date

Top Up Eligible Shareholders taking up their entitlements in full will have the opportunity to apply for and be allocated Additional Shares in accordance with the Top Up Facility outlined in section 2.6 below

Key Dates*

EVENT	DATE
Announcement of the Offer	21 March 2017
Lodgment of the following documents with ASX: <ul style="list-style-type: none">• an Appendix 3B;• this Offer Document; and• a cleansing notice under section 708AA(2)(f) of the Corporations Act.	21 March 2017
Notice sent to Option holders regarding participation	21 March 2017
“Ex” Date where the Company’s existing shares will commence trading without the entitlement to participate in the Offer	23 March 2017
Record Date to determine Entitlements under the Offer	7.00pm (Sydney time) 24 March 2017
Dispatch Date to all Shareholders	28 March 2017
Opening Date for the Entitlement Offer	28 March 2017
Last day to extend Entitlement Offer Closing Date	10 April 2017
Closing Date for the Entitlement Offer	13 April 2017
Shares quoted on a deferred settlement basis	18 April 2017
ASX notified of under subscriptions	19 April 2017
New Shares for which valid applications have been received and accepted by the Company will be issued	21 April 2017
Normal trading of New Shares on ASX expected to commence	24 April 2017
Mail out of holding statements for the New Shares	24 April 2017

*ARC in consultation with the Underwriters, reserves the right, subject to the listing rules of the ASX (**Listing Rules**), the *Corporations Act 2001* (Cth) (**Corporations Act**) and other applicable laws to, without notice, vary any or all of the dates of the Offer (whether or not they are key dates), including extending the Offer, closing the Offer early, accepting late Applications either generally or in particular cases, or withdrawing the Offer.

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.

Letter from the Executive Chairman

Dear Shareholder,

On behalf of the Board of Australian Rural Capital Limited (**ARC**), I am pleased to invite you to participate in the recently announced non-renounceable entitlement offer of 1 New Share in ARC for every 2.85 existing Shares currently held in ARC at an issue price of 50 cents per New Share (**Entitlement Offer**).

The Entitlement Offer will result in the issuance of 3,218,660 new shares in ARC and will raise a total of approximately \$1,600,000 before costs.

The proceeds from this entitlement offer will be used for general working capital purposes, the further development of our funds management business and to continue our current direct investing activities.

The issue price of 50 cents per New Share represents a 15% discount to the estimated Net Asset Value of an ARC share as at Monday March 20th 2017 which was 59 cents per share.

If you take up your Entitlement in full, you can also apply for Additional Shares under a Top Up Facility. For more information please refer to section 2.6 of this Offer Document.

The Top Up Facility also gives shareholders who currently do not hold a marketable parcel of shares the opportunity to apply for Additional Shares, so as to increase your shareholding to a marketable parcel (a marketable parcel is 1,000 Shares). In the event of any Shortfall in the allocation of any Additional Shares, the Board and the Underwriter will give priority to those Shareholders in order to enable them to create a marketable parcel. In order to take advantage of the priority Shortfall allocation, Shareholders will need to take up their full entitlement.

The Directors of ARC, who currently hold shares representing approximately 23% of the current issued shares of the Company, have advised that they each intend to take up their full Entitlement of New Shares under the Entitlement Offer respectively. In compliance with the ASX Listing Rules, participating Directors will not be applying for any Additional Shares under the Top Up Facility.

The Entitlement Offer is non-renounceable and will not be tradeable on the ASX or otherwise transferable. Shareholders who do not take up their Entitlement in full will not receive any value in respect of those Entitlements they do not take up. Therefore, I encourage you to consider this offer carefully.

This Entitlement Offer is fully underwritten by Baron Partners Limited (**Underwriters**).

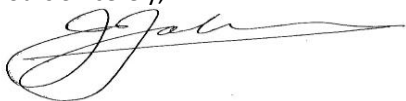
A personalised Entitlement and Acceptance Form accompanies this Offer Document. This form details your Entitlement. If you want to participate in the Entitlement Offer this form must be completed in accordance with the instructions contained in the form.

The Entitlement Offer closes at 5.00pm AEST on Thursday April 13 2017.

Please read carefully the details on how to submit your application, which are set out in this Offer Document. You should also consult your stockbroker, solicitor, accountant or other professional adviser to evaluate whether or not to participate in the Entitlement Offer.

On behalf of the Board of ARC, I encourage you to consider this investment opportunity to enable the further development of ARC and thank you for your ongoing support.

Yours Sincerely,



James A Jackson
Executive Chairman

1. Important Information

1.1. This Offer Document is not a prospectus

This Offer Document has been prepared by ARC, and is not a prospectus or a disclosure document for the purposes of Chapter 6D of the Corporations Act, and has not been lodged with ASIC. The Company is offering the securities under this Offer Document without disclosure to investors under Chapter 6D of the Corporations Act, pursuant to section 708AA of the Corporations Act, which allows ARC to offer shares to existing shareholders after providing certain confirmations to the market. The Offer Document does not purport to contain all the information that Eligible Shareholders may require to make an informed investment decision regarding, or about the rights attaching to, the New Shares. Eligible Shareholders should consider all relevant facts and circumstances, including their knowledge of the Company and disclosures made to ASX, before deciding whether to accept the Offer. In particular, it is important that you read and understand the information on ARC which is publicly available, prior to accepting the Offer. Please refer to:

- (a) ARC's annual report and other announcements made available at www.asx.com.au; and
- (a) the 'cleansing notice' lodged by the Company with ASX on 21 March 2017. A copy of the 'cleansing notice' is available at www.asx.com.au (**ASX:ARC**).

Neither ASX nor ASIC takes any responsibility for the content of this document.

1.2. Eligibility to participate in Offer

A person will be an "Eligible Shareholder" and eligible to participate in the Offer if, as at 7.00pm (Sydney time) 24 March 2017 (**Record Date**):

- (a) the person was a registered holder of Shares; and
- (b) the person's registered address is in Australia or New Zealand.

ARC reserves the right to determine whether a Shareholder is an Eligible Shareholder or an Ineligible Shareholder. This Offer Document and Entitlement and Acceptance Form will only be sent to Eligible Shareholders.

1.3. Ineligible Shareholders

ARC has decided that it is unreasonable to make the Offer to any Shareholder with a registered address outside Australia or New Zealand as at the Record Date, having regard to:

- (a) the number of Shareholders with addresses in such other countries;
- (b) the number and value of the Shares they hold; and
- (c) the cost to ARC of complying with applicable legal and regulatory requirements in such other countries.

Accordingly, the Offer is not being extended to, and does not qualify for distribution or sale by or to, and no New Shares will be issued to Shareholders having registered addresses outside Australia or New Zealand.

1.4. Foreign jurisdictions and restrictions on distribution of this Offer Document

The Company has not made any investigation as to the regulatory requirements that may prevail in the countries outside of Australia or New Zealand in which Shareholders may reside. The distribution of this Offer Document in jurisdictions other than Australia and New Zealand may be restricted by law and any failure to comply with such restrictions might constitute a violation of applicable securities laws.

This Offer Document and accompanying Entitlement and Acceptance Form, and any document that is related to any of them do not, and are not intended to, constitute an offer of Shares in any jurisdiction in which or to any person to whom it would not be lawful to make such an offer. No action has been taken to register ARC Shares or otherwise permit a public offering of those shares in those jurisdictions. Lodgement of the Entitlement and Acceptance Form or payment by BPAY will be taken by ARC to constitute a representation by you that there has been no breach of any such law. To the extent that you hold Shares on behalf of another person resident outside Australia or New Zealand, it is your responsibility to ensure that any acceptance

complies with all applicable foreign laws. Eligible Shareholders who are nominees, trustees or custodians should seek independent advice as to how to proceed.

The distribution of this document, any document that accompanies it, or any document that is related to any of them outside Australia and New Zealand may be restricted by law. In particular, this document and any document that accompanies it or any copy of any of them must not be taken into or distributed or released in the United States of America (**US**) or distributed or released by any US person or to any person acting for the account or benefit of a US person. Any person who comes into possession of this document, any document that accompanied it, or any document that is related to any of them should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws, and ARC disclaims any liability in relation to any such violation.

The New Shares being offered to residents of New Zealand under this Offer Document are offered in reliance on the Securities Act (Overseas Companies) Exemption Notice 2002 (New Zealand). This Offer Document and the accompanying Entitlement and Acceptance Form have not been registered, filed or approved by any New Zealand regulatory authority under the Securities Act 1978 (New Zealand). This Offer Document is not an investment statement or prospectus under New Zealand law.

1.5. Custodians and nominees

The Entitlement Offer is being made to all Eligible Shareholders. ARC is not required to determine whether or not any Eligible Shareholder is acting as a nominee or the identity or residence of any beneficial owners of Shares. Where any registered holder that qualifies as an Eligible Shareholder is acting as a nominee for a foreign person, that registered holder, in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary in the Entitlement Offer is compatible with applicable foreign laws.

Any person in the United States or any person that is, or is acting for the account or benefit of a US person with a holding through a nominee may not participate in the Entitlement Offer and the nominee must not take up any Entitlement or send any materials into the United States or to any person that is, or is acting for the account or benefit of, a US person. ARC is not able to advise on foreign securities laws.

1.6. Fractional entitlements

Any fractional entitlements to a New Share will be rounded up to the nearest whole New Share.

2. The Entitlement Offer

2.1. Structure of the Offer

The Offer is a 1 for 2.85 pro-rata non-renounceable rights issue at 50 cents per New Share, to raise approximately A\$1,600,000 (less the costs of the Offer). It is open to Eligible Shareholders, being Shareholders who had a registered address in Australia or New Zealand on the Record Date.

ARC currently has 9,173,181 fully paid ordinary shares on issue. It will issue up to 3,218,660 new shares (**New Shares**) under the Offer. If all New Shares are issued, ARC will have 12,391,841 Shares on issue.

The capital structure of the Company before and after the Offer, assuming the Placement is completed and all New Shares are issued, is set out below:

EVENT	NO. OF SHARES
Shares on issue at date of Offer Document	9,173,181
Maximum New Shares issued pursuant to the Offer	3,218,660
MAXIMUM TOTAL SHARES ON ISSUE AFTER COMPLETION OF THE OFFER*	12,391,841

The Offer opens on 28 March 2017 and closes at 5:00pm (Sydney time) on 13 April 2017.

2.2. Offer Price

The Offer Price payable for each New Share is 50 cents.

Eligible Shareholders will not be required to pay brokerage or other fees in respect of New Shares acquired under the Offer. Eligible Shareholders should note that the market price of ARC Shares may rise and fall between the date of this Offer Document and the date on which the New Shares are allotted. Accordingly, the price you pay per New Share pursuant to the Offer may be higher or lower than the market price of Shares at the time of this Offer or at the time the New Shares are issued under this Offer.

ARC recommends that you monitor the price of ARC Shares, which can be done via the ASX website at www.asx.com.au (**ASX: ARC**).

2.3. No trading of Entitlements

The Offer is made on a 'non-renounceable' basis, which means that you cannot sell, trade or transfer all or any part of your Entitlement to New Shares under the Offer. Any part of your Entitlement that is not accepted by you revert to the Underwriter.

2.4. Minimum subscription

There is no minimum subscription for the Offer.

2.5. Directors' Entitlements

All of the Company's Directors have advised ARC that they have each provided an undertaking to the Underwriter, that they each will participate in full in the Entitlement Offer. As at the date of this Offer Document, collectively the Directors hold approximately 23% of ARC.

2.6. Top Up Facility

The Company proposes, subject to the requirements of the Underwriter, to adopt a dispersion strategy for dealing with any Shortfall by way of a facility for Eligible Shareholders to apply for Additional Shares in excess of their Entitlements (**Top Up Facility**).

Under the Top Up Facility, and subject always to the Corporations Act and the requirements of the Listing Rules, Eligible Shareholders who subscribe for their full Entitlement may apply for Additional Shares. The issue price of each Additional Share will be the Offer Price. In compliance with the ASX Listing Rules Directors will not be applying for Additional Shares under the Top Up Facility.

The Company will only issue up to the aggregate number of New Shares that are offered under the Offer. The Company's allocation policy under the Top Up Facility will be such that if ARC receives Applications for Additional Shares which in aggregate are more than the total number of Shortfall shares available, then the Applications under the Top Up Facility will be scaled back in the Board's discretion.

The Top Up Facility will also provide Shareholders who currently do not hold marketable parcels of Shares (**Small Shareholders**) the opportunity to apply for Additional Shares, which will assist in creating a marketable parcel. The Company has determined that in the event of Shortfall Shares, the Company and the Underwriter will give priority to the issue of Additional Shares to Small Shareholders, including in the event of any scale back (as noted above).

Importantly, Shareholders will not be permitted to acquire a relevant interest in the Company's share capital that is in excess of 20%. Therefore, any Eligible Shareholder who may, as a result of applying for any Additional Shares under the Top Up Facility, be at a risk of exceeding the takeovers threshold set out in section 606 of the Corporations Act, should seek professional advice before completing and returning the enclosed Entitlement and Acceptance Form.

In the event of any disputes in relation to the implementation of the allocation policy outlined above, the Board reserves the right to resolve such disputes in a manner it deems appropriate, and at its sole discretion. The decision of the Board as to allocation of Additional Shares is final.

There is no guarantee that you will receive Additional Shares and the Directors do not represent that any

Applications for Additional Shares will be successful. By applying under the Top Up Facility, you agree to accept a lesser number of Additional Shares than that applied for in your Entitlement and Acceptance Form. If the number of Additional Shares allotted to an Eligible Shareholder is less than the number applied for by that Eligible Shareholder, surplus Application Monies will be refunded in full. Interest will not be paid on monies refunded. Any Additional Shares will be allotted at the same time as the New Shares, in accordance with the Offer timetable.

2.7. New Shares issued under the Offer

New Shares issued under the Offer will be fully paid ordinary shares ranking equally with Shares currently on issue. The rights and liabilities attaching to the New Shares (and any Additional Shares) are set out in ARC's Constitution, a copy of which is available at www.ruralcapital.com.au

ARC will apply to ASX for Quotation of the New Shares to be issued under the Offer. If ASX does not grant permission for the Quotation of the New Shares within 3 months of the date the Offer opens, ARC will refund all Application Monies, without interest, as soon as practicable. If you sell New Shares issued under the Offer before you receive a holding statement, you do so at your own risk.

3. How to apply for New Shares

3.1. Entitlement under the Offer

An Eligible Shareholder's Entitlement will be set out in the Entitlement and Acceptance Form accompanying this Offer Document which will be sent to Eligible Shareholders. Eligible Shareholders will be entitled to 1 New Share for every 2.85 ARC Shares held as at the Record Date.

If you have more than one holding of ARC Shares you will receive more than one set of Offer Documents and you will have a separate Entitlement for each holding.

3.2. Options available to Eligible Shareholders

If you are an Eligible Shareholder, you may:

- (a) take up all of your Entitlement;
- (b) in addition to applying for all of your Entitlement, apply for Additional Shares under the Top Up Facility described herein;
- (c) take up part of your Entitlement and allow the balance of your entitlement to lapse; or
- (d) allow all of your Entitlement to lapse.

3.3. Applying for New Shares

The Entitlement and Acceptance Form will allow you to apply for less New Shares than your Entitlement. An Eligible Shareholder may take up all or part of their Entitlement by completing their personalised Entitlement and Acceptance Form which should accompany this Offer Document, and returning it together with the correct Application Monies in accordance with the instructions contained herein by no later than the Closing Date of 5.00pm (Sydney) on 13 April 2017.

ARC may, but is not obliged to, accept an Application received after the Closing Date. If the Company does not accept an Application for any reason, ARC will refund any excess Application Monies to the Eligible Shareholder without interest.

3.4. Applying for Additional Shares

Eligible Shareholders who subscribe for their full Entitlement may apply for Additional Shares under the Top Up Facility. To do this, Eligible Shareholders should enter the number of Additional Shares they wish to apply for in the relevant section of their Entitlement and Acceptance Form entitled "Application for Additional Shares if available".

The amount of Application Monies that Eligible Shareholders submit with their Applications must be equal to

the Offer Price multiplied by the total number of New Shares applied for (including Additional Shares).

3.5. Form of payment

Payment of Application Monies (Application Monies must be equal to the Offer Price multiplied by the total number of New Shares applied for, including Additional Shares) will only be accepted in Australian currency. You must apply by BPAY® or by returning your cheque, bank draft or money order payment with your completed Entitlement and Acceptance Form to the Share Registry by post.

Payment by BPAY®

For payment by BPAY®, please follow the instructions on the Entitlement and Acceptance Form. You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions. Please note that should you choose to pay by BPAY®:

- (a) you do not need to submit the Entitlement and Acceptance Form but are taken to have made the declarations on that Entitlement and Acceptance Form; and
- (b) you are deemed to have applied for such whole number of Shares which is covered in full by your Application Monies, whether that number is less than, equal to, or more than your Entitlement (in the latter case, you will be deemed to have applied for Shortfall Shares under the Shortfall Offer).

It is your responsibility to ensure that your BPAY® payment is received by the share registry by no later than 5.00pm (EST) on the Closing Date. You should be aware that your financial institution may implement earlier cut-off times with regards to electronic payment and you should therefore take this into consideration when making payment.

Eligible Shareholders are requested not to forward cash as cash payment will not be accepted. Receipts for payment will not be provided. Neither the Share Registry nor the Company accepts any responsibility if you lodge your Entitlement and Acceptance Form and payment at any other address or by any means other than those detailed above.

If the amount of Application Monies provided is insufficient to pay in full for the number of New Shares including any Additional Shares you applied for, or is more than the number of New Shares including any Additional Shares you applied for, then you will be taken to have applied for such whole number of New Shares including any Additional Shares which is covered in full by your Application Monies. Alternatively, the Company may in its discretion reject your Application, in which case any Application Monies will be refunded to you, without interest. If you do not receive any or all of the Additional Shares you applied for, any surplus Application Monies will be refunded to you, without interest.

Paying by cheque, bank draft or money order

If you intend on paying by cheque, bank draft or money order you must:

- (a) complete your personalised Entitlement and Acceptance Form;
- (b) attach your payment of Application Monies, which must be drawn on an Australian bank or an Australian branch of a financial institution and be made payable in Australian currency;
- (c) address the cheque, bank draft or money order to **'Australian Rural Capital Limited'** and cross **'Not Negotiable'**;
- (d) and return the completed Entitlement and Acceptance Form and payment by no later than the Closing Date of **5.00pm (Sydney time)** on 13 April 2017 to:
c/- Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001

3.6. Effect of Application

By applying for New Shares and Additional Shares under the Offer, an Eligible Shareholder is taken to:

- (a) agree to be bound by the terms and conditions set out in this Offer Document and the accompanying Entitlement and Acceptance Form;

- (b) acknowledge the statement of risks in this Offer Document and that investments in ARC are subject to risk;
- (c) represent and warrant that they satisfy the criteria of being an “Eligible Shareholder” ;
- (d) authorise the Company to place the Eligible Shareholder’s name on the Company’s shareholder register in respect of those New Shares (and if applicable, Additional Shares); and
- (e) agree to be bound by the Company’s Constitution.

Any application for New Shares under the Offer, once lodged, cannot be withdrawn.

3.7. Allowing your Entitlement to lapse

If you do not wish to accept the Offer or take no action, then all of your Entitlement will lapse. Your shareholding in ARC will be diluted.

4. The purpose and effect of the Offer

4.1. Purpose of the Offer and use of funds

ARC is making the Offer to raise funds to provide operating and working capital to continue the development of the funds management business unit. In addition, the funds will be used for potential further direct investing activities.

4.2. Effect of the Offer on Shareholder dilution and the control of ARC

If you exercise your full entitlement under the Offer you will not be diluted. If you do not exercise your full entitlement under the Offer you will be diluted. Ineligible shareholders will have their holdings diluted by the Offer. The effect of the Offer on the control of ARC will depend upon a number of factors including:

- (a) the level of shareholder participation (including both the taking up of Entitlements and applications for Shortfall Shares);
- (b) which Eligible Shareholders participate;
- (c) the extent to which the underwriting is called upon;
- (d) the level of dispersion of Shortfall Shares (if any) to the Underwriter and any sub-underwriters to the Offer.

If every Eligible Shareholder was to take up their full entitlement, there would be no effect on the control of ARC, as the Offer is made pro-rata and in that case there would not be any scope for any Eligible Shareholder to apply for additional New Shares under the Offer and there would be no shortfall for the Underwriter.

If no shareholder was to take up any of their Entitlement, other than the directors of ARC who together hold approximately 23% of ARC, the Underwriter would be bound to subscribe for, or provide subscribers for, up to 2,478,368 shares at a total price of approximately \$1,239,184.

In those circumstances the final shareholding interests of the Underwriter (in the event that the Underwriter elects to directly subscribe for these shares (excluding the shares taken up by directors of ARC) instead of allocating shares to sub-underwriters) upon completion of the Offer will be as follows:

Current Holding	Current % of ARCs issued capital	Full entitlement under the Offer	Maximum number of shares acquired under the offer	Total maximum holding	Maximum % of ARCs issued capital
1,748,651*	19.07%	613,562	2,478,368	4,227,019	34.1%

* held by related parties of the Underwriter. The Underwriter does not currently hold any Shares directly.

The following can be said about the effect of the Offer on the control of ARC:

- (a) currently, the Underwriter does not hold Shares directly in ARC, nor does it control ARC;
- (b) as noted above, if every Shareholder was to take up their full Entitlement, there would be no effect on the control of ARC following the Offer;
- (c) if Eligible Shareholders fail to take up their full Entitlement (other than the Directors Entitlement Shares) the Underwriter could increase its interests (both direct and indirect) in ARC from 19% to 34%, giving it significantly increased voting power (in the event that the Underwriter elects to directly subscribe for these shares instead of allocating Shares to sub-underwriters);
- (d) the Underwriter has advised ARC that it does not currently intend to change its existing relationship with ARC (other than the number of Shares it, or its related parties, holds directly).

5. Investment and business risks

An investment in ARC Shares is subject to investment and other known and unknown risks, including possible loss of income and principal invested.

Set out below are some of the key risks that have been identified as potentially affecting the performance and value of the New Shares and the ability of the Company to potentially pay dividends in the future. The past performance of the Company is not necessarily representative of the future performance of the Company the Company or the value of the New Shares.

5.1. Risk factors associated with owning ARC Shares

The business activities of ARC are subject to risks. These risks include those which apply generally to investments in equity markets, and those which apply specifically to the Company's business. Some of the specific risks may be mitigated through the use of safeguards and contingency plans. However many risks are outside the control of the Company and its directors and cannot be mitigated.

Shareholders should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for the New Shares.

The future performance of ARC and the future investment performance of ARC Shares may be influenced by a range of factors, many of which are outside the control of ARC or of any manager of any assets of ARC. The future value of ARC's assets and the price at which ARC Shares trade on the ASX may be influenced by any one or more of these factors. The following matters and summary of material risk factors given below should be carefully considered in evaluating the prospects of the Company.

5.2. Further funding requirements

Although the Directors believe that, on completion of the Offer, ARC will have sufficient working capital to carry out its stated business objectives, there can be no assurance that such objectives can be met without further financing or, if further financing is necessary, that it can be obtained on favourable terms or at all. If additional funds are raised by issuing equity securities, this may result in dilution of some or all of the existing Shareholders of ARC.

5.3. Long-term investments

Investors are strongly advised to regard an investment in ARC as a long-term proposition and to be aware that, as with any equity investment, substantial fluctuations in the value of their investment may occur. ARC cannot guarantee its future earnings and cannot provide a guaranteed level of return to investors.

5.4. Risks associated with holding Shares Investment risk

There are several types of investment risk that may affect an investment in ARC, including a decline in the market price of the Shares (the initial capital value may decrease, especially if investing for the short term), the amount received as income may vary over time or the value of an investment may not keep pace with inflation. This includes the possibility that ARC may not be able to achieve the medium to long-term capital growth objectives.

5.5. Economic conditions

The operating and financial performance of ARC is influenced by a variety of general economic and business conditions including the level of inflation, international share markets, interest rates and exchange rates, government fiscal, monetary and regulatory policies. A prolonged deterioration in general economic conditions, including an increase in interest rates or a decrease in consumer and business demand, could be expected to have a material adverse impact on ARC's business or financial situation.

5.6. Specific risk factors

The key issues impacting the success of the business undertaken by ARC are:

- (a) the success and profitability of the Company depends, in part, upon the ability of the directors to invest in well-managed companies which have the ability to increase in value over time. In many cases, the directors and management of ARC will be unlikely to be in a position to influence materially the decisions and strategies made and adopted by the management of those companies;
- (b) the primary focus of ARC is investment in agricultural and agriculture related infrastructure assets. The financial performance of such companies is heavily governed by overall conditions in agricultural commodity markets, weather and crop volumes, over which neither ARC nor the investee company has any control. As a consequence, the performance of investments held by ARC may exaggerate movements in specific agricultural commodity markets in either a positive or negative manner;
- (c) ARC may make investments:
 - (i) in companies with small market capitalisations. In general, trading in securities in such entities has more limited liquidity than larger companies and so has the potential for greater volatility. Accordingly, the returns that may be generated by the Company are likely to also be subject to that greater volatility;
 - (ii) in securities which have limited or no voting entitlements. In general, such securities trade at a large discount to intrinsic value, but there is no guarantee that ARC will be able to exert adequate influence to change the voting rights of such securities, which may remain trading at high discounts. In addition, trading in such securities tends to have more limited liquidity than fully voting securities;
 - (iii) in securities not listed on an organised stock exchange, where financial performance is heavily uninfluenced by managerial expertise, and where no ready market for the sale or liquidation of such investments exists. Accordingly, these investments carry substantially larger risks of financial loss;
- (d) the Company's current investment portfolio consists of only one security, being 11,857,249 capital units of Namoi Cotton Cooperative Limited, such capital units having limited voting and other governance rights, and is less diversified and less liquid than most other investment companies;
- (e) shareholders are strongly advised to regard any investments in the Company as a long term proposition and to be aware that, as with any equity investment, substantial fluctuations in the value of their investment may occur over time;
- (f) operating costs for the Company as a proportion of total assets are affected by the level of total assets of the Company.

This list is not exhaustive. Shareholders should read this offer document in full and, if they require further information on material risks, seek professional advice.

6. Additional information relevant to the Offer

6.1. No financial product advice

This document and any document which accompanies it, are not, and may not be taken to be, financial product advice or a recommendation to acquire ARC Shares. They have been prepared without taking into account the objectives, financial situation or needs of individuals. Before making an investment decision you

should consider all relevant information having regard to your own objectives, financial situation and needs, and consult your stockbroker, accountant or other independent financial adviser.

6.2. Authorised and unauthorised information and representations

No person is authorised to give any information or to make any representation in relation to the Offer which is not contained in this document or in any document that accompanies it, or in any release by ARC to ASX. Any information or representation in relation to the Offer which is not contained in this document or in any document that accompanies it may not be relied upon as having been authorised by ARC or any of its officers.

To the maximum extent permitted by law, ARC and its respective advisers and respective affiliates or related bodies corporate and any of their respective directors, officers, partners, employees, representatives or agents exclude and disclaim all liability for any expenses, losses, damages or costs incurred by you as a result of your participation in the Offer or this Offer Document being inaccurate or incomplete in any way or any reason, whether by negligence or otherwise.

6.3. Taxation

There may be tax consequences associated with being issued New Shares under the Offer. None of ARC, its officers, employees or advisers is giving or is able to give you advice about the specific tax consequences for you. All investors should satisfy themselves of any possible tax consequences by consulting their own professional tax advisers.

6.4. Underwriting arrangements

ARC has entered into an agreement with the Underwriter under which the Underwriter has agreed to fully underwrite the Offer (**Underwriting Agreement**). The Underwriting Agreement was negotiated on an arms-length basis. The parties to the agreement are ARC and the Underwriter. The Directors are not aware of any reason why the Underwriter would not be in a position to meet its financial obligations to subscribe for the Shortfall Shares in accordance with the Underwriting Agreement.

Under the Underwriting Agreement, the Underwriter is obliged to subscribe for the number of New Shares which are not taken up under the Offer or under the Top Up Facility, except for the Directors Entitlement Shares. Therefore, the Underwriter is not obliged to subscribe for the Directors Entitlement Shares, being those shares for which the directors of ARC have undertaken to do subscribe, but for whatever reason have not subscribed, which together is approximately 23% of ARC. However, in the event that the directors of ARC do not subscribe for the Directors Entitlement Shares then the Underwriter may terminate the Underwriting Agreement. As noted above, the Directors are also not entitled to participate in the Top Up Facility.

The maximum number of Shortfall Shares that the Underwriter is required to subscribe for is 2,478,368 Shares at a total price of approximately \$1,239,184. Shortfall Shares will be issued on the same terms as Shares issued pursuant to the Offer.

The Underwriter has or will appoint sub-underwriters to subscribe for any Shortfall Shares.

The Underwriter has advised ARC that as at the date of this Offer Document the Underwriter has entered into sub-underwriting for approximately 53% of the total underwritten amount, which for the avoidance of doubt is in addition to the Directors Entitlement Shares.

Each sub-underwriter will not by its sub-underwriting increase its relevant interest in Shares to more than 19.9%. The Underwriter is responsible for fees payable to sub-underwriters. The failure of the Underwriter to appoint sub-underwriters will not relieve the Underwriter of its obligations.

The Underwriter, via its related parties, currently holds 1,748,651 shares in ARC and 2,032,063 listed options with an exercise price of 50 cents and 240,000 unlisted options with an exercise price of 70 cents. The Underwriter has given an undertaking to the Company that neither it, or its related parties, will exercise any of the options prior to the completion of this Offer. In the event that the Underwriter is required to subscribe for Shortfall Shares, the maximum relevant interest of the Underwriter will be 34%. (See the table at section 4.2 for more information).

The Underwriter is required to meet its obligations under the underwriting agreement within 3 business days (or such other date as determined by the Underwriter) of receiving notification from the Company of the underwriting shortfall amount.

The fee payable to the Underwriter is 5% of the Offer Amount being \$80,000 (excluding GST) payable in cash or, at the election of ARC, a combination of cash and the issuance of new Shares up to \$50,000 at the Offer Price. ARC is also required to reimburse the Underwriter for all reasonable out-of-pocket expenses.

Under the Underwriting Agreement, ARC is required to make the Offer in accordance with all relevant regulatory requirements and ARC has given various representations and warranties to the Underwriter, which are customary for an agreement of this nature.

The obligation on Underwriter to underwrite the Entitlement Offer is subject to a limited number of termination rights. The Underwriter may terminate the underwriting agreement if:

- (a) the Company has defaulted in the performance of any of its material obligations under the underwriting agreement;
- (b) all of the Directors have not, by the close of the offer, taken up the Directors Entitlement Shares (which in total would represent 23% of the Offer);
- (c) there has been a material adverse change to the consolidated asset and liability position of the Company before close of the Entitlement Offer;
- (d) the regulator (including ASX and ASIC) takes certain actions adverse to the Entitlement Offer or which affect the performance of the obligations of the Underwriter; or
- (e) during the period of the Offer there is a decline in the S&P ASX 200 Index to a level that is 10% below the Index level prevailing as at the date of the underwriting agreement or there is a material disruption or adverse change in the prevailing global financial market conditions.

If the Underwriter does terminate the underwriting agreement the Entitlement Offer will proceed but will not be underwritten.

6.5. Discretion of the Board

Without limiting the other powers and discretions set out in this document, the Directors of ARC may:

- (a) implement the Offer in the manner they think fit (subject always to the Listing Rules and the Corporations Act); and
- (b) settle any difficulty, anomaly or dispute which may arise either generally or in a particular case in connection with, or by reason of, the operation of the Offer or a matter in this Offer Document as they think fit, whether generally or in relation to any Shareholder or any Shares, and the determination of the Directors is conclusive and binding on all relevant Shareholders and other persons to whom the determination relates.

6.6. Governing law of the Offer

This Offer Document and the documents that accompanied it, the Offer and the contracts formed on acceptance of Applications made under the Offer are governed by the laws of Queensland, Australia. Each person who applies for New Shares under the Offer submits to the jurisdiction of the courts of Queensland, Australia.

7. Definitions

Additional Shares	New Shares applied for by Eligible Shareholders in excess of their Entitlement under the Top Up Facility.
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Application	The submission of an Entitlement and Acceptance Form accompanied by the relevant Application Monies or arranging for payment of the relevant Application Monies through BPAY in accordance with the instructions on the Entitlement and Acceptance Form.
Application Monies	The aggregate amount payable for the New Shares (including Additional Shares) applied for in a duly completed Entitlement and Acceptance Form or through BPAY, calculated as the Offer Price multiplied by the number of New Shares (including Additional Shares) applied for.
ASIC	Australian Securities and Investments Commission.
ASX	ASX Limited ACN 008 624 691 or the securities exchange operated by ASX Limited (as the context requires).
ARC or the Company	Australian Rural Capital Limited ACN 001 746 710.
Board	The board of Directors of the Company.
Constitution	The Company's constitution as at the date of this Offer Document.
Corporations Act	<i>Corporations Act 2001</i> (Cth).
Director	A director of the Company.
Directors Entitlement Shares	Those New Shares for which each of the Directors as Eligible Shareholders are entitled to subscribe pursuant to this Offer. Collectively, the Directors hold approximately 23% of Shares in ARC.
Eligible Shareholder	A person who meets the requirements set out in this Offer Document.
Entitlement	The pro-rata entitlement of an Eligible Shareholders to subscribe for New Shares under the Offer.
Entitlement and Acceptance Form	The entitlement and acceptance form accompanying this Offer Document in respect of the Entitlement Offer.
Ineligible Shareholder	A Shareholder with a registered address outside Australia or New Zealand as at the Record Date.
Listing Rules	The Listing Rules of the ASX.
New Shares	The ordinary shares in the Company to be issued under the Offer.
Offer or Entitlement Offer	The non-renounceable rights issue of 3,218,660 New Shares on the basis of 1 New Shares for every 2.85 Shares held at an issue price of 50 cents per New Share issued in order to raise up to \$1,600,000 before costs, pursuant to this Offer Document.
Offer Amount	Means approximately \$1,600,000.
Offer Document	This document to which the Entitlement Offer relates.
Offer Price	The price payable for each New Share, being 50 cents.
Placement	The placement of 3,218,660 Shares at 50 cents per Share.
Quotation	Official quotation on ASX.

Share	A fully paid ordinary share in the capital of the Company.
Shareholder	A holder of a Share as recorded in the register of the Company.
Share Registry	Boardroom Pty Limited.
Shortfall or Shortfall Shares	Those New Shares not validly applied for by Shareholders under the Entitlement component of the Offer by the Closing Date, and which will revert to the Top Up Facility.
Top Up Facility	Has the meaning given to it in section 2.6 of this Offer Document.
Timetable	The timetable (as varied from time to time) of the Offer under as outlined in this Offer Document.
Underwriter	Baron Partners Limited ABN 45 003 397 528.

CORPORATE DIRECTORY

Registered Office

C/- Broadley Rees Hogan
Level 24, 111 Eagle Street
BRISBANE QLD 4000
GPO Box 635
BRISBANE QLD 4001

Board of Directors

Mr James Jackson (Executive Chairman)
Mr Darren Anderson
Mr Wayne Massey

Company Secretaries

Mr Chris Lobb
Mr Mark Licciardo

Legal Advisers

Broadley Rees Hogan
Level 24, ONE ONE ONE, 111 Eagle Street BRISBANE QLD 4000
GPO Box 635
BRISBANE QLD 4001

Underwriters

Baron Partners Limited
L18, Deutsche Bank Place
126 Phillip Street,
Sydney NSW 2000

Share Registry

Boardroom Pty Limited
Level 12, 225 George Street
Sydney NSW 2000

Shareholder enquiries

Telephone 1300 737 760 within Australian and +61 02 9290 9600 outside of Australia
Facsimile: 02 9279 0664
Website: www.boardroomlimited.com.au

Postal address for return of acceptances:

c/- Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001

ENDS

RIGHTS ISSUE ENTITLEMENT AND ACCEPTANCE FORM

Entitlement No.

Subregister

SRN/HIN.

Number of Shares held at 7pm
(Sydney time) on 24 March 2017

Offer Closes: 5pm (Sydney time) 13 April 2017

NON-RENOUNCEABLE ISSUE OF UP TO 3,218,660 NEW SHARES AT AN ISSUE PRICE OF \$0.50 EACH ON THE BASIS OF 1 NEW SHARE FOR EVERY 2.85 ORDINARY SHARES HELD, PAYABLE IN FULL UPON ACCEPTANCE OF THIS OFFER.

A Rights Acceptance

If you wish to accept your **FULL ENTITLEMENT** please complete and return this form **WITH YOUR PAYMENT FOR THE AMOUNT SHOWN BELOW**. The return of this form by the close date with payment will constitute acceptance of the Offer. Your signature is only required when an alteration to your address is indicated by you over the page.

Entitlement to New Shares on the basis of 1 New Share for every 2.85 Ordinary Shares held	Price Per Share	Amount Payable for Full Acceptance, at \$0.50 per New Share
	\$0.50 per Share =	

If you wish to accept **PART OF YOUR ENTITLEMENT ONLY** please complete this form showing in the box below the **NUMBER OF NEW SHARES BEING ACCEPTED** and the appropriate amount payable.

Number of New Shares accepted	Price Per Share	Amount Enclosed
	\$0.50 per Share =	\$

B Apply for Top Up Shares (if available)

If you wish to apply for Top Up Shares in addition to your Entitlement above please insert the number of Top Up Shares in the box below and the appropriate amount payable. These additional Top Up Shares will only be allotted if available.

Number of Shortfall Shares Applied for	Price Per Shortfall Share	Amount
	\$0.50 per Share =	\$

C Payment

Payment may only be made by BPAY or cheque. Cash will not be accepted via the mail or at the Australian Rural Capital Limited Share Registry. Payments cannot be made at any bank.

Payment Option 1 - BPAY



Biller Code:

Ref:

Telephone & Internet Banking - BPAY®

Contact your bank, credit union or building society to make this payment from your cheque or savings account.

More info: www.bpay.com.au

© Registered to BPAY Ltd ABN 69 079 137 518

- To pay via BPAY please contact your participating financial institution
- If paying by BPAY you do not need to return the Application Form**
- If paying by BPAY the amount of your payment received in the account divided by the issue price will be deemed to be the total number of shares you are applying for.

Payment Option 2 – Cheque (Record cheque details below)

DRAWER	CHEQUE NO.	BSB NO.	ACCOUNT NO.	AMOUNT \$AUD
				\$

- Only cheques or bank drafts in Australian dollars and drawn on a bank or financial institution in Australia will be accepted.
- Your cheque or bank draft must be made payable to "Australian Rural Capital Limited" and crossed "Not Negotiable".
- Please ensure that you submit the correct amount. Incorrect payments may result in your application being rejected.

THIS FORM CONTINUES OVERLEAF

D Contact Details

CONTACT NAME	TELEPHONE WORK	TELEPHONE HOME	EMAIL ADDRESS
	()	()	

By submitting this Application Form or by using the BPAY facility to accept the Offer, I/We represent and warrant that I/we have read and understood the Offer Document to which this Application Form relates and declare that this Application is completed and lodged according to the Offer Document and the instructions on the reverse of the Application Form and declare that all details and statements made by me/us are complete and accurate. I/We agree to be bound by the constitution of Australian Rural Capital Limited and agree to the terms and conditions of the Offer under this Offer Document. I/We represent and warrant that I/we have not relied on any other information provided by the Company other than as set out in this Offer Document when making my/our decision to invest.

LODGEMENT INSTRUCTIONS TO APPLICANTS

Please read these instructions carefully

ACCEPTANCE OF YOUR ENTITLEMENT IN FULL OR PART

Multiply the number of New shares for which you are accepting (and applying for under the Top Up Shares offer, if applicable) by \$0.50 then fill in the acceptance details, where necessary, in the space provided on the front of this form.

If you do not deal with your entitlement it will lapse at 5.00 pm (Sydney time) on 13 April 2017.

PAYMENT**Cheque or Draft**

Complete your cheque details on the front of this form and send your cheque/draft and completed form to:

Boardroom Pty Limited
GPO Box 3993
SYDNEY NSW 2001

Telephone No. 1300 737 760 (within Australia) + 61 2 9290 9600 (International)
Facsimile No. 02 9279 0664

All cheques or drafts (expressed in Australian currency) are to be made payable to **"Australian Rural Capital Limited"** and crossed **"Not Negotiable"**.

BPAY

If you make payment using BPAY you must contact your Australian bank, credit union or building society to make this payment from your cheque or savings account. For more information: www.bpay.com.au. Refer to the front of this form for the Biller Code and Customer Reference Number. Payments must be received by BPAY before **5.00 pm (Sydney time) on 13 April 2017**.

PAYMENT - OVERSEAS RESIDENTS

Overseas shareholders who are eligible to apply for new shares must obtain a draft in Australian currency payable on a bank in Australia, or where the shareholder has an account with a bank in Australia, by a cheque drawn on that bank within Australia.

The Australian currency draft should be attached to your completed form and the document mailed to Boardroom Pty Limited at the above address.

OVERSEAS SHAREHOLDERS ARE ADVISED TO ENSURE THEIR DOCUMENTS ARE POSTED TO AUSTRALIA BY AIRMAIL.

Personal cheques drawn on overseas banks in Australian or any foreign currency will not be accepted. These will be returned and the acceptance deemed to be invalid.

INTERPRETATION

Terms used in this Entitlement and Acceptance Form have the same meaning as defined in the Offer Document.

CHANGES OF ADDRESS SUPPORTED BY YOUR SIGNATURE(S)

If your address is not exactly as shown, please provide details below. This is only relevant for Issuer Sponsored registered holdings. CHESS holders must notify your sponsoring broker for amendments to holdings on the CHESS Subregister.

CHANGE OF ADDRESS DETAILS – ISSUER SPONSORED ONLY		
SIGN HERE FOR ADDRESS AMENDMENTS:		
Shareholder 1 (Individual) / Sole Director & Sole Company Secretary	Joint Shareholder 2 (Individual) / Director	Joint Shareholder 3 (Individual) / Director/Company Secretary (Delete one)

Privacy Statement:

Boardroom Pty Limited advises that Chapter 2C of the Corporations Act 2001 (Cth) requires information about you as a shareholder (including your name, address and details of the shares you hold) to be included in the public register of the entity in which you hold shares. Information is collected to administer your share holding and if some or all of the information is not collected then it might not be possible to administer your share holding. Your personal information may be disclosed to the entity in which you hold shares. You can obtain access to your personal information by contacting us at the address or telephone number shown on the Application Form.

Our privacy policy is available on our website (<http://www.boardroomlimited.com.au/privacy.html>).