



**AUSTRALIAN
RURAL CAPITAL**

ARC Full Year Results and Update

- Small after tax loss of \$29k due to operating expenses slightly greater than our gain on investment
- Tight cost control over the period
- NTA is stable at 49 cents per share (50 cents in 2016)
- No Debt, current cash of \$1.6m
- Market Capitalisation now approximately \$7m

- In April we raised \$1.6m of new equity via issue of 3,218,909 shares in an entitlement offer to shareholders
- Well supported by current shareholders and directors, and we welcome some new shareholders via the underwriters shortfall.
- New Total Issued ordinary shares = 12,492,090
- Listed Options (ASX:ARCO) outstanding= 7,930,863
- Unlisted Options=1,090,000 (exercise prices of 70 cents and above)

- ARC holding in the capital units valued at 38 cents per capital unit or \$4.5m in total at year end
- Current Namoi Capital unit price (ASX code: NAM) is 42 cents having traded up to 50 cents this year
- Stated NTA per Namoi capital unit is 113 cents
- Operations are now generating solid cashflows with good 2018 outlook
- ARC supportive of Growth Strategy and Capital Restructure Proposal and have indicated we are willing to contribute more equity (subject to commercial terms)
- Restructure Booklet has been released to ASX , 318 pages worth reading.
- Grower Member and Capital Unit Holder vote to approve restructure is to be held on September 26, 2017 and if approved the effective date of being a registered public company is currently expected to be 10 October, 2017.

- Progressing with documentation and services agreements
- Meetings are being held with potential investors, both institutional and individual
- Unlisted public investment company managed by ARC subsidiary Australian Rural Capital Management (ARCM).
- Initial raise target of \$50m from wholesale and professional investors
- Opportunity to participate in any deal ARC is managing.
- ARC will transfer the Namoi Cotton Investment into ARCI in return for shares in ARCI.
- Currently evaluating the best mechanism to undertake this transfer
- Other target assets have been identified these remain confidential
- Seeking to launch October 2017

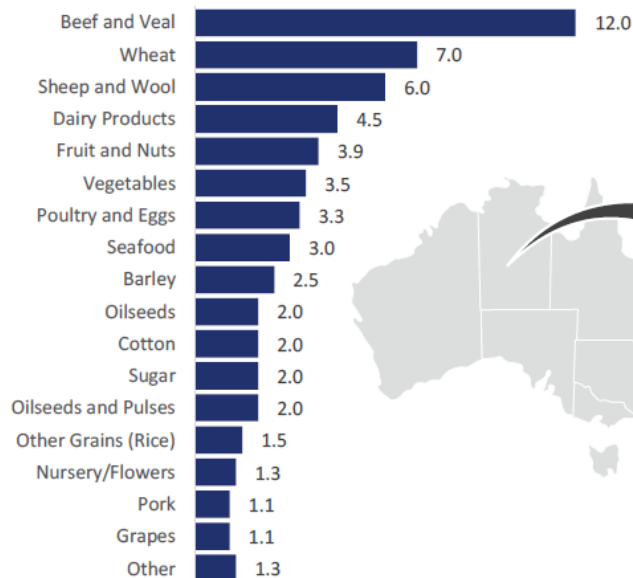
\$60 BILLION

Value by sector or product

\$45 BILLION

Majority Exported

Australia's top ag' exports (\$Bn)



75%

- Growth in global food demand along with global population growth continues to translate into strong demand for quality Australian in our export markets as Australian products maintains a quality, sustainable and trusted reputation
- Australian agricultural output is approximately \$60 billion per annum, a significant business sector
- \$45 billion of produce is exported, enough to feed and clothe 80 million people
- Significant investment opportunities are available to help fund the growth, consolidation of supply chains, real assets and operations of the sector, and grow the route to market for product
- These assets and businesses are akin to mining service companies or the “picks and shovels” approach to investment in the food and fibre theme, and the growth in volumes and value of this sector
- They are generally businesses and operations in various states of corporate or other structures of ownership which challenge their ability to access conventional capital markets

ARC Investor Ltd : The Proposed Concept



- **Australian Rural Capital Investor Limited (ARCI)** is the investment vehicle of the ASX listed Australian Rural Capital Ltd(**ARC**)
- Investment Partners: ARC has access to various partners (investment and operational) – ARCI will get the opportunity to co-invest in ARC deals
- Active direct ownership in operating business backed with real assets, not a sale and lease back REIT
- Agribusiness value creation strategy, not just capital
- ARC expertise matches ARCI focus (Namoi Cotton is a capital structure review and growth strategy play)
- Company structure funded with permanent equity capital
- Concentrated portfolio approach, stake size \$5m to \$15m
- Balanced returns of capital growth and income

- Chinese capital flows in agriculture now restricted which is impacting valuations, many transactions not proceeding.
- Beef Cycle has peaked and we forecast cattle prices will average 500 c/kg on the Eastern Young Cattle Indicator (EYCI), a valuation gap with vendors still exists for investors.
- Large Sheep and Wool consolidation and vertical integration opportunity exists but assets remain above valuations
- Higher grain prices to hurt grain dependent sectors margins, e.g. chicken products, cattle lot-feeding, pork production presents opportunities
- Very positive on opportunities in plant based protein crops and oilseeds
- Almonds as a plant based protein presents opportunities.
- Difficult to find a leveraged entry point into the Dairy sector

- Flat result but remain with a solid financial position
- Busy year in progressing objectives and evaluating deals
- Significant progress in plan to create value in current Namoi investment, approval meeting to be held September 26, 2017.
- Our aim and plans to capture a greater amount of funds under our management presents a considerable value creation opportunity for our shareholders



**AUSTRALIAN
RURAL CAPITAL**

Further Shareholder enquiries, please contact:

Mr James Jackson
Executive Chairman

T: 0402 435 762

E: james.jackson@ruralcapital.com.au