

12th August 2021

ARC makes First Investment Under New Strategy - Merewether Capital Management

Australian Rural Capital Limited (ASX: ARC) (**ARC** or the **Company**) is pleased to announce that it has entered into a binding agreement to acquire 40% of the issued share capital of Merewether Capital Management Pty Ltd (**Merewether Capital Management** or **MCMPL**), which is a newly established boutique micro and small cap funds management company based in Newcastle, NSW.

It is intended Merewether Capital Management will be appointed as the Investment Manager of the Merewether Capital Inception Fund, which will be established as a wholesale managed fund and is intended to be launched in 2H2021.

Merewether Capital Management will be managed and operated, by Mr Luke Winchester as Managing Director and CEO. Mr Winchester is a well-regarded investor and portfolio manager with experience and expertise in the funds management industry with a focus on investments in ASX listed micro and small cap stocks. Mr Winchester (through his related entities) own the remaining 60% of the issued share capital in Merewether Capital Management.

ARC Managing Director Harley Grosser said, “We are delighted to be working with a portfolio manager of Luke’s calibre and look forward to working with him to establish and grow Merewether Capital Management into a successful boutique funds management firm.”

The Merewether Capital Management deal represents an important investment consistent with the Company’s refined strategic initiatives. Investors should refer to the Investor Presentation released to ASX today for more information.

The material terms of the investment in Merewether Capital Management Pty Ltd are outlined on the next page. This transaction will be funded from existing cash reserves of the company.

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

Material terms of the Merewether Capital Management investment

Key Terms	Details
Equity Investment	ARC has paid \$200,000 to acquire 40% of the issued share capital of Merewether Capital Management.
Working Capital Facility	ARC will provide Merewether Capital Management with a working capital facility of \$150,000 on a 2-year term (commencing 11 August 2021), no interest payable. The working capital facility agreement is on short form and usual terms that the Company considers appropriate for an agreement of this nature in the circumstances.
Merewether Capital Inception Fund	Merewether Capital Management will be the exclusive Investment Manager of the Merewether Capital Inception Fund, a wholesale-only managed investment trust specialising in ASX-listed micro and small cap equities.
Managing Director & CEO - Merewether Capital Management	Mr. Luke Winchester has entered into an employment agreement with Merewether Capital Management as Managing Director & CEO ¹ .
Merewether Capital Management	The initial directors of Merewether Capital Management are Harley Grosser (ARC Managing Director) and Luke Winchester. The shareholders of MCMPL are ARC (40%) and the Winchester shareholder (an entity controlled by Luke Winchester (60%)). A shareholders' agreement dated 11 August 2021 between the Winchester shareholder, Luke Winchester, ARC, MCMPL regulates the conduct, control, and governance of MCMPL and the establishment of the Merewether Capital Inception Fund. The shareholders' agreement is on terms that are customary for an agreement and contains other terms that are appropriate for an agreement in these circumstances.

¹ For the purposes of ASX Listing Rule 3.16.4 and all other purposes, Merewether Capital Management Pty Ltd is not, as at the date of this announcement, a child or subsidiary entity of the Company (within the meaning of the ASX Listing Rules and *Corporations Act 2001* (Cth)).

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ENDS.

By order of the Board of Directors.

For Further Details contact:

Harley Grosser

Managing Director

Email: harley.grosser@ruralcapital.com.au

Tel: 0418 860 639

James Jackson,

Executive Chairman

Email: james.jackson@ruralcapital.com.au

Tel: 0402 435762

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, 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, 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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