Ruralco Holdings Limited

EQUITY RAISING FOR ACQUISITIONS

15 FEBRUARY 2017

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- Eligible institutional shareholders of Ruralco (**Institutional Entitlement Offer**); and
- Eligible retail shareholders of Ruralco (**Retail Entitlement Offer**),

under section 708AA of the *Corporations Act 2001* (Cth) (**Corporations Act**), as notionally modified by the Australian Securities and Investments Commission (**ASIC**) Legislative Instrument 2016/84 and ASIC Corporations (Disregarding Technical Relief) Instrument 2016/73.

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All dollar values are in Australian dollars ($ or AUD) unless stated otherwise. All references starting with "FY" refer to the financial year for Ruralco, ended 30 September. For example, "FY17" refers to the financial year ending 30 September 2017.

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Contents

Executive Summary

Executive Summary – Strategy Execution

Ruralco continues to deliver on its Future Farming Strategy

Strategy execution:
Organic growth from underlying business

- ✓ Positive Q1 trading update
- ✓ Improved opex as % of gross profit
- ✓ Tight control of working capital
- ✓ Maintaining prudent capital structure
- ✓ Optimised debt funding facility

Improved Operating Leverage

NPAT + EPS growth

Strategy execution:
Portfolio of acquisitions

- ✓ Aligned to strategy
- ✓ Attractive acquisition metrics: Pro-forma annualised EBITDA of ~$13.6 million[1], Average implied multiple of ~4.5x[2], EPS accretive[3]
- ✓ Quality businesses
- ✓ Low integration risk
- ✓ Increases scale

up to $65 million[4]
EQUITY RAISING

Notes:
[1] EBITDA contribution based on maintainable annual earnings on a standalone basis adjusting for non-recurring items and modest cost synergies and excluding transaction costs or integration costs
[2] The multiple has been calculated based on the initial purchase price divided by the pro-forma annualised earnings of the acquisitions. This calculation excludes the estimated contingent consideration and any EBITDA increases that may be associated with these future payments
[3] On a full year earnings basis, refer to Accretion Calculation assumptions on page 35. NPATA excludes amortisation that will result from the acquisitions on any potential acquired identifiable intangible assets. The impact of purchase price accounting has not been completed but will impact future depreciation and amortisation expense
[4] The equity raising is outlined in further detail on page 33 and the amount raised is subject to the risks outlined under “Equity Funding Risk” on page 46

Strategy Execution– Organic Growth From Underlying Business

Extensive strategic and operational actions undertaken over the past 12-18 months, coupled with a diversified business model, ensures Ruralco is uniquely positioned for success

Ag Sector in Growth Mode

- Increased Primary Producer confidence
- Significant investment in water
- Adoption of AgTech
- Move towards more intensive agriculture

Ruralco Actions & Outcomes

- Refreshed Board
- New Executive team
- Clearly articulated strategy
- Increase in staff engagement (+6% on FY15)
- Focus on cost base & operating leverage
- Restructuring activities & launch of Project Elevate
- Significantly improved reporting transparency & market engagement

Record Q1 FY17 Operating Profit

Strategy Execution – Portfolio Of Acquisitions

Portfolio of acquisitions aligned to Investment and Integration pillars of Future Farming Strategy

To fill the remaining gaps in the rural supplies network

- **TP Jones & Co:** located in key agricultural markets in TAS, long standing CRT member (subject to shareholder approval at AGM on 17 February 2017)
- **Great Northern Rural Services**: located in Geraldton, a hub of WA's broadacre, livestock and horticulture markets, long standing CRT member (Completed on 1 October 2016)
- **Sid Newham Rural Supplies**: located in Bathurst, bolstering Ruralco's retail footprint in a priority growth area of NSW, long standing CRT member (Completed on 2 February 2017)

To be the leading industry consolidator in the water retail and services sector

- **Irrigation Tasmania**: located amongst major irrigation water schemes, provides scale on the East Coast (Completion due 1 March 2017)
- **Mildura Irrigation Centre:** located in Mildura, sophisticated irrigation business with IP that will be used across the business (Completed 1 February 2017)
- **River Rain:** located on the Murray River, specialist provider of soil moisture and irrigation services with IP that will be used across the business (Completion due 1 March 2017)
- **Riverland Irrigation:** located on the Murray River, has synergistic benefits when combined with River Rain (Completed 1 November 2016)
- **Hunter Irrigation:** located in the Hunter region, adds scale to Total Eden retail business in the region (Completed 1 November 2016)

Delivering a step change to financial services

- **Ausure Consolidated Brokers:** 50% equity interest in this JV, transforms Ruralco's previously sub-scale insurance business into a scaleable operation (Completed 13 December 2016)

Attractive acquisition metrics

Aggregate portfolio of acquisitions yields:

- Pro-forma annualised EBITDA of ~$13.6 million[1]
- Average implied multiple of ~4.5x EBITDA[2]
- EPS accretion[3] on a pro-forma NPATA basis in the low teens[4]

Notes:
[1] EBITDA contribution based on maintainable annual earnings on a standalone basis adjusting for non-recurring items and modest cost synergies and excluding transaction costs or integration costs
[2] The multiple has been calculated based on the initial purchase price divided by the pro-forma annualised earnings of the acquisitions. This calculation excludes the estimated contingent consideration and any EBITDA increases that may be associated with these future payments
[3] EPS accretion is based on comparing the average of the historical FY15 and FY16 underlying EPS of Ruralco (average of 23.90 cents per share and 16.96 cents per share), adjusted to reflect the bonus element in the Entitlement Offer
[4] On a full year earnings basis, refer to Accretion Calculation assumptions on page 35. NPATA excludes amortisation that will result from the acquisitions on any potential acquired identifiable intangible assets. The impact of purchase price accounting has not been completed but will impact future depreciation and amortisation expense

Executive Summary – Equity Raise

Launch of equity raising to fund portfolio of acquisitions

- Equity Offering to raise up to $65 million[1] being announced through an accelerated non-renounceable entitlement offer and placement to fund the portfolio of acquisitions and provide enhanced balance sheet flexibility
- Equity raise comprises:
  - An institutional placement to raise approximately $30 million (“Institutional Placement”;) and
  - A 1 for 6 accelerated non-renounceable entitlement offer to raise approximately $35 million (“Entitlement Offer”)
- Offer price per New Share under the Entitlement Offer and Institutional Placement is $2.66 :
  - Represents a discount of 10% to TERP[2] and 11.5% to the last traded price of $3.00 on 14th February 2017
  - New Shares under the Entitlement Offer are being offered to all eligible shareholders on a pro-rata basis
- Launch date of 15th February 2017 with Institutional Placement and institutional component of Entitlement Offer (“Institutional Entitlement Offer”) closing date of 16th February 2017 and retail component of the Entitlement Offer (“Retail Entitlement Offer”) opening on 22nd February 2017 and closing on 8th March 2017
- The Joint Lead Managers of the Equity Offering are Insight Capital Advisors Pty Ltd and Wilsons Corporate Finance Limited. Insight Capital Advisors has also acted as the sole Capital Markets Advisor to Ruralco

Notes:
[1] The equity raising is outlined in further detail on page 33 and the amount raised is subject to the risks under “Equity Funding Risk” on page 46
[2] The Theoretical Ex-Rights Price (“TERP”) is the theoretical price at which Ruralco shares should trade immediately after the ex date for the Entitlement Offer. The TERP is a theoretical calculation only and the actual price at which shares trade after the ex date of the Entitlement Offer will depend on various factors and may not equate to the TERP

Summary Of Acquisitions

Continued Execution Of Future Farming Strategy

- Announced portfolio of acquisitions deliver on the Investment and Integration pillars of Ruralco's Future Farming Strategy
- Targeted on the basis of fit with Ruralco's strategy and future contribution to earnings

Portfolio Of Acquisitions

The portfolio of acquisitions represents initial cash consideration of $60.8 million[1], pro-forma annualised EBITDA of ~$13.6 million[2] and are priced at an average implied EBITDA multiple of ~4.5x[3]

- Each of the acquisitions are either well known to Ruralco as existing CRT members or as long standing well regarded peers
- Integration plans have been enacted or developed with financial, legal and commercial due diligence performed on each acquisition with internal or external advisor teams deployed according to the size and complexity of the transaction
- Whilst synergies will be targeted (especially revenue growth synergies), cost synergies are expected to be modest

Acquisition[4] (and % ownership if not 100%)	Reportable Segment	Purchase Price $'000	Completion status	Integration status
Irrigation Tasmania	Water Services	19,926[1]	Due 1 March 2017[5]	
Portfolio of other Water Services acquisitions				
Mildura Irrigation Centre	Water Services		Completed	
Riverland Irrigation	Water Services		Completed	
River Rain	Water Services		Due 1 March 2017[5]	
Hunter Irrigation	Water Services		Completed	
Subtotal of other Water Services acquisitions		13,259[1]		
TP Jones & Co	Rural Services	16,000	Due 1 March 2017[5]	
Portfolio of other Rural Services acquisitions				
Great Northern Rural Services (60%)	Rural Services		Completed	
Sid Newham Rural Supplies	Rural Services		Completed	
Subtotal of other Rural Services acquisitions		4,066		
Ausure Consolidated Brokers (50%)	Financial Services	7,183	Completed	

Key:
- Acquisition not yet completed
- Integration in progress
- On SAP and integrated into existing operations

Notes:
[1] Represents initial cash consideration to be paid for these acquisitions, i.e. excludes estimated contingent consideration to be paid at the end of contractual multi-year earn out periods. The value of such contingent consideration is estimated at approximately $11.3 million based on earn-out targets
[2] EBITDA contribution based on maintainable annual earnings on a standalone basis adjusting for non-recurring items and modest cost synergies and excluding transaction costs or integration costs
[3] The multiple has been calculated based on the initial purchase price divided by the pro-forma annualised earnings of the acquisitions. This calculation excludes the estimated contingent consideration and any EBITDA increases that may be associated with these future payments
[4] Table excludes the acquisition of 70% of Water Trading Australia Pty Limited for cash consideration of $0.3million on 1 December 2016 as this is not considered a material acquisition for the purposes of the Equity Raise but is included in the acquisition metrics disclosed in this presentation
[5] Acquisitions expected to complete are based on executed transaction agreements with the respective vendors. The TP Jones & Co acquisition is subject to shareholder approval at the upcoming AGM

Strategic Rationale:
Water Services Acquisitions

Water: Backed By Significant Government Investment, Transforming The Face Of Agriculture In Australia

As the leading provider of water products, services and entitlements trading to the Australian agricultural sector, Ruralco is uniquely positioned to capture demand for design, installation and maintenance of on-farm water infrastructure

- Water is a scarce resource and increasingly volatile in price - over the two years to 2016, the **value of water** entitlements held for consumptive use in the southern Murray Darling Basin **doubled to $11.5 billion**[1]
- Agriculture accounts for more than 62% of Australian water consumption, irrigation uses 90% of agriculture volume[2]
- Water sector funding is underpinned by **significant government and private investment**
- A farmer's ability to utilise water entitlements efficiently and to capture rainfall run-off for future use is essential to **maximising the productive capacity** of their farm[1] and provides an opportunity to **intensify operations** e.g. increase livestock stocking levels or convert to higher value crops
- As focus on agricultural production continues to grow so will demand for **innovative, high tech water infrastructure**

Notes:
[1] Water Markets Report 2015-16 Review and 2016-17 outlook, Aither
[2] Source : ABS based on 14/15 year data

Water: Extensive Government And Private Investment Supports Demand

- **Federal Government**
  - Federal Government has established a $2 billion National Water Infrastructure Loan Facility to help state and territory governments build dams, pipelines and aquifer recharge projects, over the next decade[1]
  - *Agricultural Competiveness White Paper* increased the funding to the National Water Infrastructure Development Fund taking the total available funding to $500 million[2]
  - The Government is spending $2.5 million per day in Murray Darling Basin communities up until 2019[3]
- **State Governments**
  - Tasmania has invested or committed $376 million in scheme investment throughout the state[4]
  - WA Government established a $40 million Water For Food program in 2014 aiming to increase irrigated agriculture across the Kimberley, Gascoyne, Wheat belt and South West[5]
- Recent examples of **major private investment** in water infrastructure and markets:
  - Colonial First State has identified water infrastructure as a significant new asset class in Australia[6]
  - National Australia Bank, The Nature Conservancy, Besen Family Foundation & other HNWIs launched a $100 million water rights investment fund in 2016[7]
  - Blue Sky Alternative Investments and Aware Water have established funds to invest in water entitlements across the Southern Murray darling Basin[7]

Notes:
[1] Budget Paper No. 2, Budget Measures 2016-17
[2] Commonwealth of Australia 2015, Agricultural Competitiveness White Paper, Canberra
[3] http://www.mdba.gov.au/news/opening-statement-select-committee-murray–darling-basin-plan
[4] See page 19 of this presentation for further details
[5] http://www.abc.net.au/news/2015-02-06/$24.5-million-for-wa-water-projects/6073640
[6] http://www.afr.com/business/energy/electricity/colonial-first-state-gears-up-to-invest-in-water-infrastructure-20161211-gt8vtf
[7] http://www.theaustralian.com.au/business/in-depth/global-food-forum/heavyweights-invest-100m-in-murraydarling-water/news-story/fb87da4ef09aafce782cccb8bc9a91b8

The Strategic Rationale For Ruralco's Focus On Water

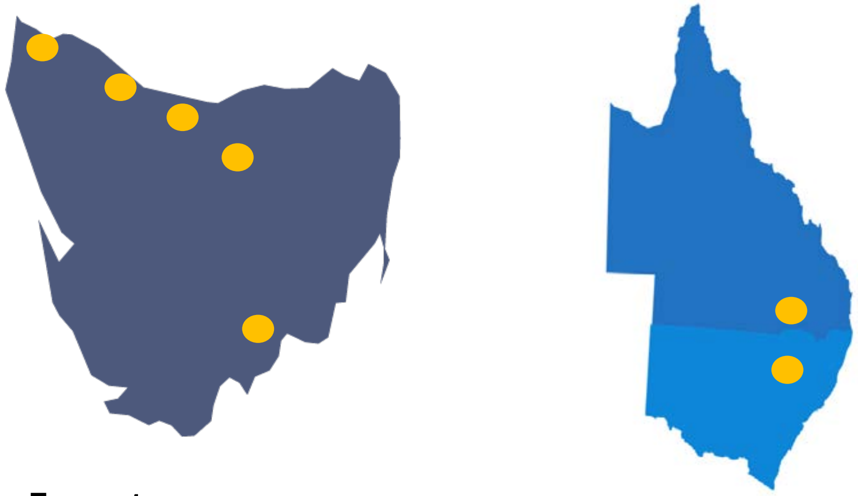
Investment in water businesses has the potential to reduce the cyclical impact of rainfall and drought events on earnings, allows Ruralco to capture a greater share of wallet in a higher margin category and represents a significant point of difference/ competitive advantage between Ruralco and its peers

- Ruralco's ongoing focus is to invest in water businesses that operate in regions with significant upcoming or prolonged government or private investment in irrigation infrastructure and water schemes
- As set out below, Ruralco invests in three areas of the water supply chain: water broking, water services and water retail
- As farms become more productive there are also two key flow on benefits to Ruralco's wider operations:
  1. Intensive operations typically require greater values of inputs (e.g. fertiliser, chemicals, animal health products, etc.); and
  2. Greater yields mean more outputs (livestock, grain and wool) available for marketing

Activities	**Water Broking** **Brokering of water trades (to buy/sell water entitlements)**	**Water Services** **Design, Construction, Installation, Maintenance**	**Water Retail** **Sale of domestic and agricultural irrigation products & parts**
Brands	national waterexchange; Ruralco WATER	TOTAL EDEN A RURALCO BUSINESS; Irrigation Tasmania; Mildura IRRIGATION CENTRE	TOTAL EDEN A RURALCO BUSINESS; ProWater Nationwide
Geographic spread	Murray Darling Basin	Key catchment areas and agricultural centres in WA, Murray Darling Basin and Tasmania	Distribution centres in all major capital cities and national footprint of 46 stores

Irrigation Tasmania – A Premier Water Asset In A Transformed Market

Strategic pillar:
Integration



Target

Irrigation Tasmania

Regional commodities

- TAS: High value cropping (including poppies, potatoes, viticulture and berries) and livestock production (dairy, wool, meat production)
- Northern NSW/QLD: Cotton and livestock region requiring regular and intensive irrigation throughout the Namoi Valley

Overview

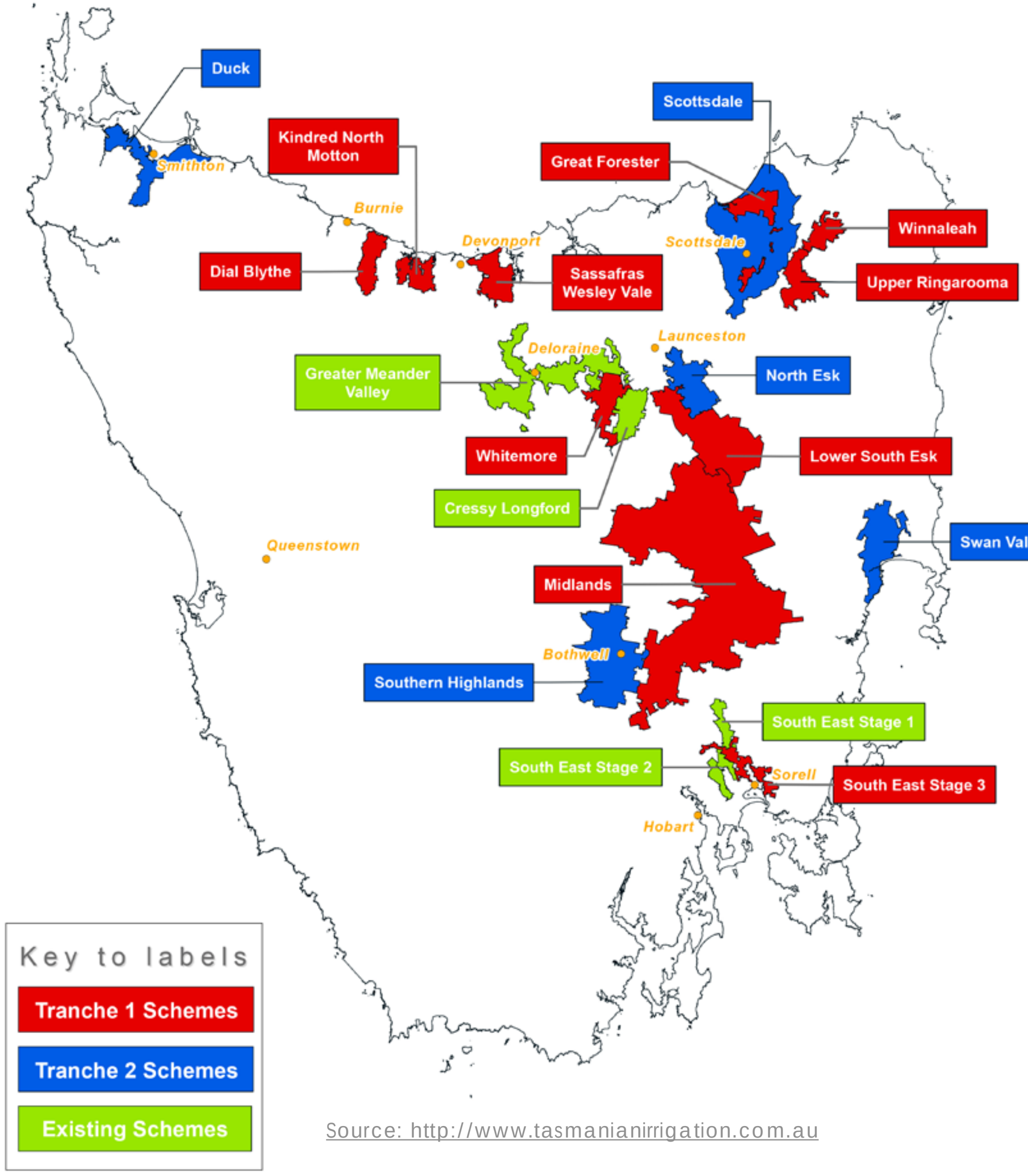
- 5 locations in TAS with a track record of servicing customers state-wide and nationally. Incorporates recently acquired two branch operation in Gunnedah (NSW) and Goondiwindi (QLD)
- Exclusive distribution of a number of market leading water technologies and brands
- Expert management team, with the Principal retained under a multi-year earn out, reporting into Ruralco’s Executive General Manager Water, Peter Weaver

Strategic rationale

- Balances the geographic spread of Ruralco water businesses as it provides large scale, East Coast expertise
- Branch network clustered amongst major water schemes and in a long standing irrigation area
- Opportunity to deliver revenue synergies by leveraging its capabilities across Ruralco’s existing customer network
- Integration with Total Eden’s existing water businesses will provide workforce efficiency opportunities by deploying in-house teams to national water projects

Why Tasmania? A Transformative Water Infrastructure Market

- Tasmania receives 13% of Australia's national rainfall yet accounts for only 1% of its landmass
- Tasmania's agricultural landscape has been transformed under state and federal funding:
  - **Tranche 1** investment of $310 million[1] including $220 million[2] of state and federal funding and $90 million of private investment into 10 schemes between 2010 and 2015[1]
  - **Tranche 2** involves a further $156 million of funding for another 5 schemes to be brought online between 2016 and 2018[1]
- Schemes to which Tranche 1 and 2 relate are set out in the map opposite
- Building from this is the **Tasmanian Future Irrigation Project**[3], which will evaluate a further 8 concepts for new schemes, enhancement of existing schemes and connectivity improvements



Source: http://www.tasmanianirrigation.com.au

Notes:
[1] http://www.tasmanianirrigation.com.au/uploads/docs/FIP_v17_Low_Res_Final_all.pdf (page 6 of that document)
[2] http://www.tasmanianirrigation.com.au/index.php/about
[3] http://www.tasmanianirrigation.com.au/index.php/about/news/article/tasmanias-future-irrigation-project

Mildura Irrigation Centre – Technical Expertise In A Key Irrigation Region

Strategic pillar:
Integration

Target
Mildura Irrigation Centre

Regional commodities

- High value intensive horticulture including: table grapes, citrus, wine grapes, vegetables, nuts and olives as well as sheep and lamb production

Overview

- Services clients around the borders of NSW, SA and VIC from its location at the intersection of the Murray and Darling Rivers in the Sunraysia district
- Traditionally has good forward visibility of its pipeline of works with the region having defined annual periods for irrigation upgrades and installations
- Expert management team with both Principals retained under a multi-year earn out, reporting into Ruralco’s Executive General Manager Water, Peter Weaver

Strategic rationale

- Mildura is a hub in the Murray Darling Basin. It represents a large catchment area with a high concentration of irrigators
- Links Ruralco’s recent Riverland acquisition footprint in SA eastwards and provides a diverse service offering to farmers
- Significant opportunities to leverage Ruralco’s existing footprint in the region, which currently includes offerings in merchandise, livestock marketing and water brokerage

Riverland Irrigation & River Rain – Establishing A Water Footprint In The Riverland

Strategic pillar:
Integration/ Investment

Riverland Irrigation   River Rain

Targets
Riverland Irrigation and River Rain

Regional commodities

- Citrus, almonds, wine grapes, livestock and grain

Overview

Riverland Irrigation

- Two branches located at Waikerie and Renmark with a long history of servicing the Riverland with sophisticated pumping solutions and a diverse array of specialised equipment for irrigation
- Already integrated into Total Eden and onto SAP
- Principals retained within the business, reporting into Ruralco's Executive General Manager Water, Peter Weaver

River Rain

- Located in Renmark with a focus on utilising agronomy and moisture monitoring to deliver crop planning and irrigation design services
- Business acquired from the Costa Group

Strategic rationale

- The Riverland area accounts for a significant proportion of SA's citrus, almond and wine grape production and is dependent on irrigation. The region is also supported by the $265 million South Australian River Murray Sustainability program[1]
- These acquisitions represent a complimentary footprint to Ruralco's successful Platinum Operations JV, which offers rural merchandise throughout the region

Notes:
[1] http://www.pir.sa.gov.au/regions/sarms

Hunter Irrigation – Repositions The Total Eden Footprint In A Strong Agricultural Market

Strategic pillar:
Investment

Hunter Irrigation

Target
Hunter Irrigation

Regional commodities

- Wine grapes, livestock, grain

Overview

- Three branches located at Singleton, Raymond Terrace and Rutherford
- Services a range of agricultural enterprises and surrounding industries
- Integration of these sites is complete with minimal staff and customer disruption

Strategic rationale

- This acquisition enabled relocation of the now closed Gosford branch staff to the three new sites to realise cost synergies, redeploying these resources into more attractive markets
- Aligns to Ruralco's plan to refocus the Total Eden business on agriculture markets where appropriate
- This acquisition provides a relatively low-cost eastern base from which Total Eden can push westerly towards other prime agricultural irrigation markets

Strategic Rationale:
Rural Services Acquisitions

TP Jones & Co – Aligned To A Market Experiencing Increased Investment

Strategic pillar:
Investment

Target

TP Jones & Co

Regional Commodities

- High value horticulture (peas, potatoes and onions), broadacre (including poppies), and viticulture
- Extensive number of livestock operations with both cattle and sheep production

Overview

- Four locations in Tasmania: Youngtown; Longford; Latrobe; and Campbell Town
- Retailer of rural merchandise (chemicals, fertiliser, animal health, farm supplies and spray equipment) and agronomic advice services
- Long standing CRT member established in 1985
- Completion of acquisition subject to shareholder approval at forthcoming AGM
- Expert management team, with the business reporting into Ruralco's Executive General Manager Rural Operations, Matt Pedersen

Strategic rationale

- Footprint expansion in a key agricultural market
- Captures the 'retail' margin in a market where previously Ruralco only received its 'wholesale' margin via CRT

Great Northern Rural Services – A Beach Head Acquisition In A Major Agricultural Centre

Strategic pillar:
Investment

Target

Great Northern Rural Services

Regional Commodities

- Grains, oilseeds, livestock, wool and horticulture

Overview

- Ruralco acquired a 60% interest in this long standing CRT member based in Geraldton WA
- Remaining 40% held by key management with the business reporting into Ruralco's Executive General Manager Rural Operations, Matt Pedersen

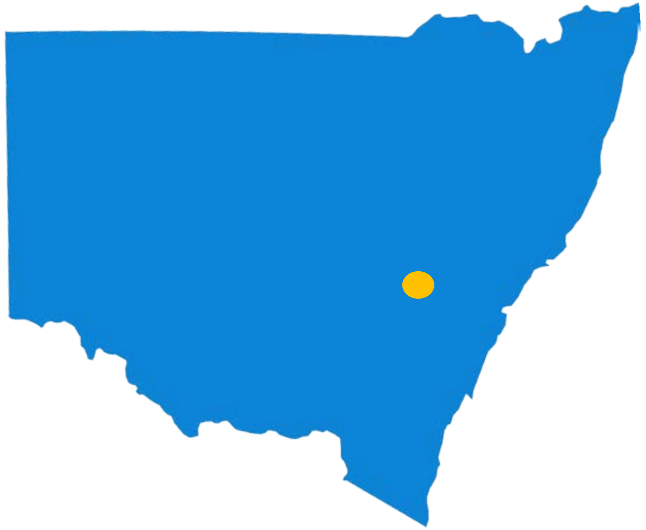
Strategic rationale

- Provides a retail footprint in a regional hub of WA to service a broad geographic catchment. As smaller markets surrounding Geraldton have declined, Geraldton has grown and is expected to continue to do so
- Potential to capture greater market share through a complete offering of other Ruralco products and services not previously provided in this market
- Captures the 'retail' margin in a market where previously Ruralco only received its 'wholesale' margin via CRT

Sid Newham Rural Supplies – Filling A Retail Footprint Gap In NSW

Strategic pillar:
Investment

Sid Newham
Rural Supplies



Target

Sid Newham Rural Supplies

Regional Commodities

- Livestock, horticulture, grains and oilseeds

Overview

- Acquired long standing CRT member based in Bathurst NSW, part of the central west region
- 100% of the business was acquired by Ruralco's existing Joint Venture, AgriWest
- AgriWest is 51% owned by Ruralco with existing branches in Parkes, Forbes and Peak Hill

Strategic rationale

- This acquisition extends the regional footprint of an existing JV, creating scale
- Captures the 'retail' margin in a market where previously Ruralco only received its 'wholesale' margin via CRT
- New South Wales is considered a focus area for increasing market share

Strategic Rationale:
Financial Services Acquisitions

Financial Services – Strategic Rationale

Financial Services in Ruralco

- Ruralco's Financial Services division incorporates:
  - Insurance broking
  - Finance broking
  - Seasonal Finance
  - Risk management and commodity advice
- Assisting farmers with **insurance** offerings supports them in managing the risks associated with their operations, increasing their confidence and supporting their demand for goods and services from Ruralco. Insurance also has a consistent earnings profile (mirroring annual premium recognition)
- Assisting farmers with **finance** (be it equipment, long term or working capital) supports their ability to invest in and intensify their operations, and to manage the cash flow cycle between planting and harvesting

Insurance

Overview – ACB transaction

- Ruralco has merged its existing insurance operations with Ausure Consolidated Brokers ("ACB"), transforming a sub-scale, loss making Ruralco division into a scalable operation

Strategic rationale

- Ruralco has a national network of more than 500 locations servicing over 100,000 farmers, all of whom require insurance. Historically, Ruralco has not had the buying power or a sufficient number of brokers with the right expertise to adequately service this market
- ACB has expertise, systems and scale in insurance backed by the scale of Steadfast. It also brings an Authorised Representative network of independent brokers, which represent further bolt on opportunities to the JV

Finance

- Developing innovative working capital products, such as the Ruralco Rabo Seasonal Finance product, reduces the demand on Ruralco's balance sheet for extended terms improving working capital efficiency

Ausure Consolidated Brokers – 50% JV, Building Scale In Insurance

Strategic pillar:
Integration

Ruralco has entered into a strategic partnership with Australia's largest insurance broking network Steadfast Group Limited through the establishment of a joint venture with Ausure Holdings in Ausure Consolidated Brokers

Steadfast Group Limited

- ✓ Meaningful scale ($4.5billion GWP) = buying power
- ✓ Expertise in product innovation
- ✓ Network of potential acquisitions for the JV

70%

Ausure Holdings

- ✓ Brings insurance expertise
- ✓ Automated IT systems
- ✓ 150 locations & 330 Authorised Representative network

50%

Ruralco Holdings Limited

- ✓ Brings national rural footprint
- ✓ > 100,000 customers

N.B Investment treated in Ruralco financial statements as an equity accounted for investment under accounting rules, with its share of earnings from the JV recognised through the Share of Associates profit in the Consolidated P&L

50%

AUSURE
Consolidated Brokers

- ✓ Holds the existing equity "owned" insurance books of both Ruralco and Ausure Holdings
- ✓ Seeks to build equity ownership by acquiring independent Ausure Authorised Representatives as they become available
- ✓ Works with both shareholders & Steadfast to develop unique tailored products for the rural sector

Strategic aim:

Steadfast's Scale + Ausure's Expertise + Ruralco's distribution network = a leading insurance offering for Australian Farmers

Update on FY17 outlook

Update On FY17 Outlook

- Ruralco released a trading update to the market on 23 January 2017 regarding its first quarter. **It's been a strong start to FY17 with earnings exceeding last year's record Q1:**
  - Rainfall has been favourable to the summer cropping season across most of the country leading to growth in sales of agricultural chemicals and pre-season fertiliser. Improved farmer confidence and cash flows have also led to increased demand for general rural merchandise
  - Above average rainfall experienced in the first quarter, particularly in southern Australia, has led to a slower than expected start to the year in Water Services but the impact of the reset cost base is expected to lead to a full recovery of earnings in this existing water business by the end of the year
  - Live Export volumes have increased on the same period last year with a solid sales pipeline in place for the remainder of the half
- **January 2017's results have performed to management's expectations and the first half is anticipated to remain strong compared with the prior year. The next critical event impacting the full year outlook will be the timing and extent of the season break in winter cropping regions**
- **The impact of completed acquisitions to earnings in the first half will be modest with the more significant acquisitions being completed in February/March**
- **Management are pleased with early progress made towards achieving targeted opex as a % of gross profit of 80% with embedded cost savings resulting from last year's cost-out initiatives**

Equity Raising Details

- Equity Raising Overview
- Source & Uses Of Funds
- EPS Accretion
- Pro-forma Balance Sheet
- Offer Timetable

Equity Raising Overview

Structure Element	Description
Offer structure/size	▶ Equity Offering to raise up to $65 million[1], comprising: - An institutional placement to raise approximately $30 million and - A 1 for 6 accelerated non-renounceable entitlement offer to raise approximately $35 million ▶ Approximately 24.5 million new Ruralco shares to be issued (approximately 31% of current issued capital if the offer is fully taken up)
Offer price	▶ Offer price of $2.66 per New Share under the Entitlement Offer and Institutional Placement (“Offer Price”), which represents a: - 10% discount to TERP[2] - 11.5% discount to the last traded price of $3.00 on 14th February 2017 - 11.5% discount to the 5 day VWAP of $3.00
Institutional Placement and Institutional Entitlement Offer	▶ Institutional Placement and the Institutional Entitlement Offer will be conducted over 15th February 2017 and 16th February 2017 ▶ Entitlements not taken up under the Institutional Entitlement Offer will be offered to new and existing eligible institutional investors concurrently with the Institutional Entitlement Offer and Institutional Placement
Retail Entitlement Offer	▶ Retail Entitlement Offer opens 22nd February 2017 and closes 8th March 2017 ▶ Eligible retail shareholders will be able to apply for additional shares in excess of their entitlement up to a maximum of 100% of their entitlement under the Retail Entitlement Offer
Ranking	▶ New shares will rank equally in all respects with existing ordinary shares from allotment
Record Date	▶ 7.00pm AEDT of 17th February 2016
Board Participation	▶ The Ruralco Directors have stated they intend to participate in the Entitlement Offer for some or all of their respective pro-rata entitlements to the extent their financial circumstances permit
Major shareholder participation	▶ The major shareholders have all confirmed their support of Ruralco’s strategy and three of the four major shareholders have committed to take up their entitlements in full[3]

Notes:
[1] The equity raising is subject to the risks outlined under “Equity Funding Risk” on page 46
[2] The Theoretical Ex-Rights Price (“TERP”) is the theoretical price at which Ruralco shares should trade immediately after the ex date for the Entitlement Offer. The TERP is a theoretical calculation only and the actual price at which shares trade after the ex date of the Entitlement Offer will depend on various factors and may not equate to the TERP
[3] As at 8:00am on 15 February 2017 Ruralco has received written confirmation from all major shareholders except Neale Edwards Pty Ltd that they intend to take up their entitlements in full

Sources & Uses Of Funds

Source of funds	$'000
Total Equity to be raised	65,000[1]
Total	**65,000**

Use of funds	$'000
Acquisition of Irrigation Tasmania[2]	19,926
Acquisition of TP Jones & Co[3]	16,000
Acquisition of 50% equity interest in Ausure Consolidated Brokers[4]	7,183
Acquisition of portfolio of other Water Services businesses: • Mildura Irrigation Centre[2, 4] • Riverland Irrigation[4] • River Rain • Hunter Irrigation[4]	13,259
Acquisition of portfolio of other Rural Services businesses: • Great Northern Rural Services[4] • Sid Newham Rural Supplies[4]	4,066
Transaction costs, integration costs, working capital and debt repayment	4,566
Total	**65,000**

Contingent purchase price consideration expected to be funded through future operating cash flows	11,300

Notes:
[1] The amount raised pursuant to the equity raising is subject to the risks outlined under "Equity Funding Risk" on page 46
[2] Represents initial cash consideration to be paid for these acquisitions, i.e. excludes estimated contingent consideration to be paid at the end of contractual multi-year earn out periods. The value of such contingent consideration is $11.3 million
[3] The agreed price is to be reduced to reflect the after-tax cost to Ruralco of taking over the accrued long service and annual leave entitlements of transferring employees and to reflect the difference between the agreed and completion level of working capital
[4] These acquisitions were initially debt funded for an aggregate amount of $21.8 million. The proceeds of the equity raising will be used to repay this initial debt funding

EPS Accretion

The portfolio of acquisitions are estimated to deliver annualised EPS accretion in the low teens

Key assumptions used to determine the impact of the portfolio of acquisitions include:

- Expected completion of the full portfolio of acquisitions by 1 March 2017[1]
- Equity issuance of approximately 24.5 million New Shares at $2.66 raising up to $65 million[2]
- Earnings from the portfolio of acquisitions (~$13.6 million EBITDA) are included on a pro-forma annualised basis[3]
- Pro-forma annualised NPATA[4] used in the accretion calculation excludes one-off transaction and integration costs (treated below the line as non-recurring items)
  - Modest cost synergies are included in the accretion calculation and whilst revenue growth synergies are targeted, they are not factored into acquisition earnings
- On a 100% equity funded basis and using the 2 year historical average underlying EPS of Ruralco[5] as the comparator, Ruralco calculates the EPS accretion from the portfolio of acquisitions to be in the low teens
- Under accounting standards, the EPS comparator is adjusted for the bonus element. A bonus factor of 0.984 has been calculated and applied based on Ruralco's last traded share price of $3.00 and the TERP of $2.95

Notes:
[1] Subject to conditions precedent in the respective sale agreements being satisfied. Refer to risks associated with acquisitions outlined under "Completion Risk" on page 44
[2] The equity raising is outlined in further detail on page 33 and the amount raised is subject to the risks outlined under "Equity Funding Risk" on page 46
[3] EBITDA contribution based on maintainable annual earnings on a standalone basis adjusting for non-recurring items and modest cost synergies and excluding transaction costs or integration costs
[4] NPATA excludes amortisation that will result from the acquisitions on any potential acquired identifiable intangible assets. The impact of purchase price accounting has not been completed but will impact future depreciation and amortisation expense
[5] Average of FY15 and FY16 uEPS (23.90 and 16.96 cents per share respectively)

Pro-forma Balance Sheet

$000	As at 31 March 2016	As at 30 September 2016	Acquisitions[1]	Transaction costs	Proceeds of equity raise[6]	Pro-forma 30 September 2016
Total net working capital	**159,599**	**90,461**	14,142	-	-	**104,603**
Property, plant & equipment	**41,938**	**40,875**	4,828	-	-	**45,703**
Intangibles	**139,827**	**147,305**	45,901	-	-	**193,206**
Investments	**9,006**	**8,805**	7,183	-	-	**15,988**
Net tax and other items	**(16,918)**	**(13,942)**	(11,300)[5]	-	-	**(25,242)**
Total capital employed	**333,452**	**273,504**	60,754	-	-	**334,258**
Total net debt[2]	**(110,026)**	**(62,384)**	(60,754)[5]	(3,000)	65,000	**(61,138)**
Total shareholders' equity	**223,426**	**211,120**	-	(3,000)	65,000	**273,120**
Gearing ratio[3]	33%	23%				18%
Leverage ratio[4]	2.14 X	1.47 X				1.09 X

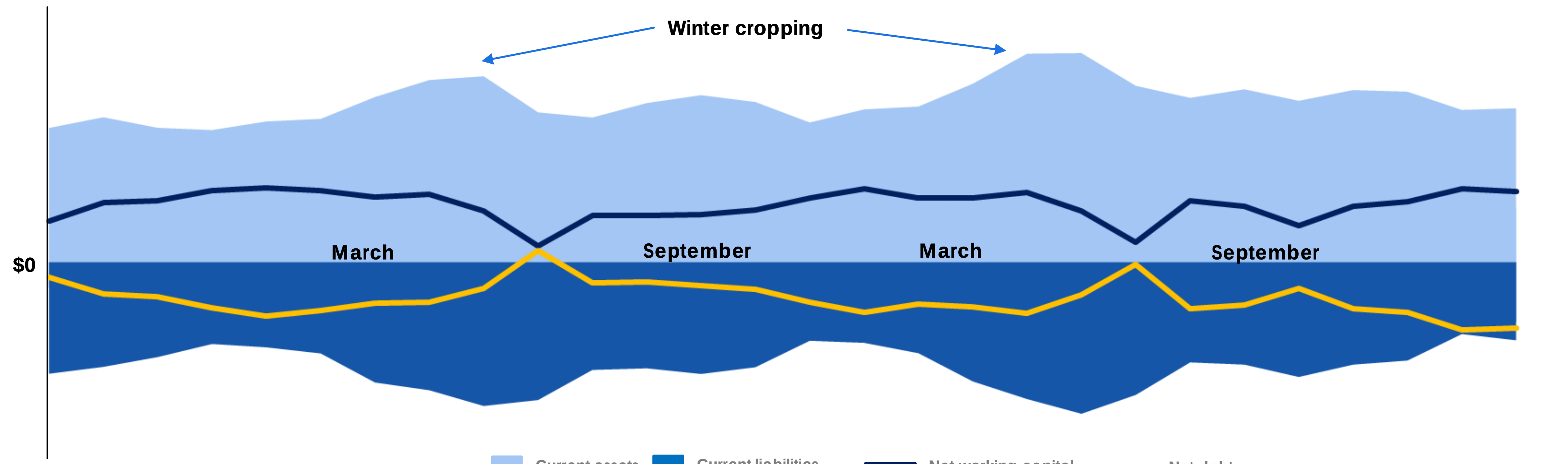
- Ruralco's working capital and net debt are highly cyclical throughout the year reflecting events such as the timing of summer and winter cropping (refer to the indicative chart overleaf)
- On average, balance sheet metrics such as gearing and leverage are highest in March each year as it is close to the top of the working capital cycle, and lower in September
- The pro-forma gearing ratio disclosed at September 2016 is a relatively low comparison and March 2017 gearing levels are expected to return towards historical averages
- Ruralco aims to maintain a capital structure within Board approved targets for gearing (25-45% through the cycle) and pro-forma leverage ratios (net debt to EBITDA) of <2.5x following transaction close

Notes:
[1] Impact of acquisitions summarised on page 13 and the acquisition of 70% of Water Trading Australia Pty Limited for cash consideration of $0.3 million, which completed on 1 December 2016. Acquired assets and liabilities have not been adjusted for purchase price accounting
[2] Calculated as Cash and Cash Equivalents + Drawn Debt + Other Loans + Finance Lease Liabilities
[3] Calculated as Net Debt/(Net Debt + Total Shareholders Equity)
[4] Calculated as Net Debt/rolling 12 months EBITDA. Earnings impact of the acquisitions on leverage ratio is calculated using pro-forma annualised EBITDA as defined on page 13
[5] Represents initial cash consideration to be paid for these acquisitions, i.e. excludes estimated contingent consideration to be paid at the end of contractual multi-year earn out periods. The value of such contingent consideration is estimated at approximately $11.3 million based on earn-out targets and is treated as a liability in the Pro-forma Balance Sheet
[6] The equity raising is outlined in further detail on page 33 and the amount raised is subject to the risks outlined under "Equity Funding Risk" on page 46

Ruralco's Working Capital/Net Debt Seasonality Trend

- Ruralco's working capital and net debt are highly cyclical throughout the year reflecting events such as the timing of summer and winter cropping, which are historically when there is a high demand for products and services
- As Ruralco's main source of debt funding is a debtor securitisation facility and its usage is primarily to fund working capital, movements in working capital are mirrored with movements in net debt and debt related balance sheet metrics such as gearing
- Set out below is a graph that represents this trend over a 2 year period

Working capital/net debt monthly trend



Offer Timetable

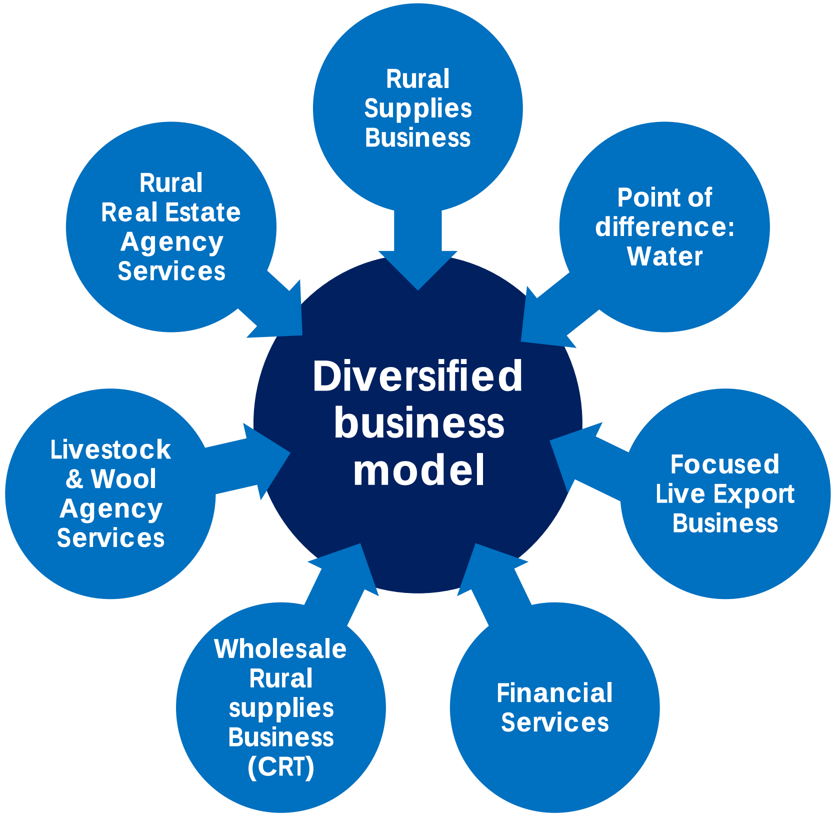
Event	Date
Announcement and trading halt	**15 February 2017**
Institutional Placement and Institutional Entitlement Offer opens	**15 February 2017**
Institutional Placement and Institutional Entitlement Offer closes	**16 February 2017**
Ruralco shares re-commence trading on ex-entitlement basis	17 February 2017
Ruralco AGM to be held	**17 February 2017**
Record date for the Entitlement Offer (7.00pm AEDT)	17 February 2017
Retail Entitlement Offer opens	**22 February 2017**
Settlement of Institutional Placement and Institutional Entitlement Offer	23 February 2017
Allotment and normal trading of new shares issued under the Institutional Placement and Institutional Entitlement Offer	24 February 2017
Retail Entitlement Offer closes (5pm AEDT)	**8 March 2017**
Allotment of new shares issued under the Retail Entitlement Offer	15 March 2017
Normal trading of new shares issues under the Retail Entitlement Offer	16 March 2017

All dates and time refer to Australian Eastern Daylight Time. Ruralco reserves the right to amend any or all of these dates and times, to accept late applications either general or, in particular cases, to withdraw the Entitlement Offer without prior notice subject to the Corporations Act, the ASX Listing Rules and other applicable laws. The commencement of quotation and trading of Entitlements and New Shares is subject to ASX confirmation.

Conclusion

Conclusion

Along with maintaining its diversified business model, Ruralco's focus remains on balancing the execution of its strategy with improvements in operating leverage to ensure growth in shareholder returns



- **Ruralco has secured a portfolio of acquisitions that are consistent with its Future Farming Strategy with attractive acquisition metrics:**
  - total initial cash consideration of $60.8 million[1], expected pro-forma annualised EBITDA is ~$13.6 million[2] and average implied EBITDA multiple of ~4.5x[3]
- **The portfolio of acquisitions is estimated to deliver annualised EPS accretion in the low teens[4]**
- **Ruralco is funding these acquisitions via an equity raising of up to $65 million[5]**
- **FY17 first half expectations remain strong compared with the prior year after a record Q1 earnings result**
- **Management are pleased with the early progress made towards achieving targeted opex as a % of gross profit of 80% with embedded cost savings resulting from last years cost-out initiatives**

Notes:
[1] Represents initial cash consideration to be paid for these acquisitions, i.e. excludes estimated contingent consideration to be paid at the end of contractual multi-year earn out periods. The value of such contingent consideration is estimated at approximately $11.3 million based on earn-out targets
[2] EBITDA contribution based on maintainable annual earnings on a standalone basis adjusting for non-recurring items and modest cost synergies and excluding transaction costs or integration costs
[3] The multiple has been calculated based on the initial purchase price divided by the pro-forma annualised earnings of the acquisitions. This calculation excludes the estimated contingent consideration and any EBITDA increases that may be associated with these future payments
[4] On a full year earnings basis, refer to Accretion Calculation assumptions on page 35. NPATA excludes amortisation that will result from the acquisitions on any potential acquired identifiable intangible assets. The impact of purchase price accounting has not been completed but will impact future depreciation and amortisation expense
[5] The equity raising is outlined in further detail on page 33 and the amount raised is subject to the risks outlined under "Equity Funding Risk" on page 46

Appendices

- Key risks
  - Business risks
  - Acquisition risks
  - Offer and general risks
- International offer restrictions

Key Risks – Business Risks

There are a number of risks, both specific to Ruralco and of a general nature, which may affect the future operating and financial performance of Ruralco, its investment returns and the value of its shares. Many of the circumstances giving rise to these risks are beyond the control of Ruralco.

This section describes certain specific areas that are believed to be the major risks associated with an investment in Ruralco. Each of the risks described below could, if they eventuate, have a material adverse effect on Ruralco's operating and financial performance. You should note that the risks in this section are not exhaustive of the risks faced by a potential investor in Ruralco. You should consider carefully the risks described in this section, as well as other information in this presentation, and consult your financial or other professional adviser before making an investment decision.

Business Risk	Description
Strategy	Failure to execute Ruralco's strategy may result in an inability to achieve business objectives. There is a risk that the strategy does not address market changes or unforeseen events or initiatives from Ruralco competitors, or that the strategy is not effectively implemented. Failure to identify, understand and respond to changes in the industry and the marketplace, increased competition from other Australian and international agribusinesses and customer demands may lead to loss of market share and an adverse impact on financial results.
Seasonality	Seasonal weather conditions and natural events such as drought, flood and fire can reduce the purchasing confidence and production prospects of Ruralco's customers and therefore result in varied revenue outcomes for businesses.
Managing Growth	As Ruralco and its operations expand, Ruralco will be required to continue to improve, and where appropriate, upscale its operational and financial systems, procedures and controls. There is a risk of a material adverse impact on Ruralco if it is not able to manage its expansion and growth efficiently and effectively. Further, failure to manage change risks linked to key projects, new services and products may affect Ruralco's ability to meet its business objectives.
People	Ruralco's growth and profitability may be limited by the failure to attract, motivate and retain talented employees and to develop the required culture, leadership and behaviours resulting in an inability to achieve business objectives. There may also be increased compensation costs associated with attracting and retaining key management personnel.
Finance Risks	Failure to effectively manage Ruralco's working capital and consequential debt position could lead to reduced access to funding and inability to execute on strategy. Existing credit facilities and internally-generated funds may not be sufficient for expenditure that might be required for working capital, acquisitions and new projects. Ruralco may need to raise additional debt or equity in the future. No assurance can be given that any future refinancing required from time to time will be available on terms favourable to Ruralco. In such circumstances, if Ruralco is unable to secure refinancing or refinancing on favourable terms, this may have a material adverse effect on Ruralco.

Key Risks – Business Risks (continued)

Business Risk	Description
Information Technology	Failure to manage Ruralco's IT infrastructure, systems and security (including cyber threats) and ensure Ruralco's IT environment is able to support its business could potentially affect Ruralco's ability to deliver services and adversely impact Ruralco's financial position and performance.
Future Payment Of Dividends	The payment of dividends by Ruralco is announced at the time of release of Ruralco's half year and full year results and is determined by the Ruralco Board at its discretion and with reference to Ruralco's Dividend Policy. Dividend considerations are dependent on the profitability, gearing position, the need to fund working capital and acquisitions in line with strategic objectives and the cash flow of Ruralco's business. There is no guarantee that any dividend will be paid by Ruralco or, if paid, that they will be paid in line with previous levels or payout ratios.
Live Export	Failure to manage the dynamic and varied business risks linked to live animal export including regulatory, foreign exchange, political and sovereign risk could potentially adversely impact Ruralco's reputation and Ruralco's financial position and performance. Ruralco's subsidiary, Frontier International, has faced challenges around regulatory and political risks over the last 12 months in relation to its live export business but has worked extensively to put in place enhanced processes and management oversight in this business.
Workplace Health & Safety	Risks exist of a major health and safety incident occurring in the course of Ruralco's business that results in a loss of human life or significant injury, especially in the areas of livestock handling, construction activities, machinery, manual handling and chemical handling.
Joint Ventures	Ruralco has joint venture arrangements with a number of local and regional businesses. The economic or business interests of Ruralco may or may not be the same as those joint venture partners and disagreements may have an impact on the business, operations and financial performance.
Disputes	As with all businesses, Ruralco is exposed to potential legal and other claims or disputes in the course of its business, including contractual disputes, work health and safety claims and other liability claims in relation to the services that it provides. Ruralco takes legal advice in respect of such claims and, where relevant, makes provisions and disclosure regarding such claims in its consolidated financial statements. Although Ruralco seeks to minimise the risk of such claims arising, and their impact if they do arise, such claims will arise from time to time and could adversely affect Ruralco's business, results of operations or financial condition and performance.
Insurance	Ruralco maintains insurance coverage in respect of its businesses, properties and assets. Some risks are not able to be insured at acceptable prices or at all. Insurance coverage may not be sufficient in such circumstances and if there is an event or claim causing loss, not all losses may be recoverable.
Regulatory	There may be changes in laws or government legislation, regulation and policy that reduce income or increase costs. Failure to comply with legal and regulatory requirements relating to Ruralco's business activities may also result in reputational damage, fines or other adverse financial consequences which may adversely affect the future earnings, asset values and market value of Ruralco securities quoted on ASX.

Key Risks – Acquisition Risks

Ruralco has completed the acquisitions of 60% of Great Northern Rural Services, Hunter Irrigation, Riverland Irrigation, 50% of Ausure Consolidated Brokers, Sid Newham Rural Supplies and Mildura Irrigation Centre. It has also executed contracts to purchase Irrigation Tasmania, River Rain and TP Jones. This subsection describes certain risks in relation to these acquisitions.

Acquisition Risk	Description
Due Diligence And Reliance On Information Provided	Ruralco undertook a due diligence process in respect of the businesses it acquired and has agreed to acquire, which relied in part on the review of financial and other information provided by the vendors and management of those businesses. Despite taking reasonable efforts, there is a risk that Ruralco has not been able to verify the accuracy, reliability or completeness of all the information which was provided to it against independent data. If any of the data or information provided to (and relied upon) by Ruralco in its due diligence processes proves to be incomplete, incorrect or misleading, there is a risk that the actual financial position and performance of the businesses may be materially different to the financial position and performance expected by Ruralco. Ruralco has business development and due diligence processes in place including formal business case and approval processes. Despite taking reasonable efforts, there is a risk that the processes used to identify and undertake due diligence on these new businesses are not sufficiently robust, leading to negative operational and financial outcomes, missed synergies or new businesses not being aligned to strategy.
Completion Risk	The contracts to acquire Irrigation Tasmania, River Rain and TP Jones are subject to customary conditions precedent for business and asset purchases, including assignment of leases and transfer of employees. In addition, completion of the acquisition of TP Jones is conditional on shareholder approval at Ruralco's AGM to be held on 17 February 2017 as this is a related party transaction. If shareholder approval is not obtained, completion of the TP Jones acquisition will not occur. If any of the transactions do not occur because conditions precedent are not satisfied, Ruralco will work with Vendors to rectify issues with a view to securing a later completion. In the unlikely event that this proves impossible and a transaction fails to complete, the funds raised will immediately be used to repay debt and subsequently to fund future acquisitions in the pipeline.
Post-Completion Earn out Payments And Other Adjustments	There is an earnout payable on the Mildura Irrigation and Irrigation Tasmania transactions depending on the earnings performance of these businesses following completion over a multi- year period. The risk of increased or decreased payment is linked to and therefore mitigated by earnings performance. In addition, there are post completion working capital adjustments in all transactions depending upon matters such as work-in-progress (WIP) and inventory levels and there is a risk that the completion statements could be subject to a dispute however this risk is mitigated through third party escalation procedures and the withholding of payment should the dispute become protracted.

Key Risks – Acquisition Risks (continued)

Acquisition Risk	Description
Key Person Risk	The successful operation of some of the businesses acquired and those to be acquired depends in part upon the retention of key employees. If, despite mitigation through earn-outs and non-compete arrangements, some of these key people become unavailable and Ruralco cannot replace them or their specialist skills, this may adversely affect the financial performance of those businesses acquired and accordingly adversely impact the financial position and performance of Ruralco.
Customer And Supplier Leakage	There are general risks associated with customer and/ or supplier leakage following any acquisition. This risk is mitigated by our strategy of maintaining key employees within an acquired business to maintain relationships where required, together with non-compete undertakings entered into with principals and employees of acquired businesses as part of acquisition terms. In addition, earnout periods linked to ongoing performance of certain businesses post acquisition provide an incentive for principals to maintain performance and minimise customer and supplier leakage.
Post Completion Execution And Integration Risks	There is a risk that if not managed well following acquisition, the acquired businesses will not realise the acquisition business cases. These acquisitions also involve the integration of businesses that have previously operated independently to Ruralco. Ruralco has integration management processes to manage this. However, despite following these processes, there is a risk that the business integration may be more complex than currently anticipated, be more challenging and take longer than expected, divert management attention or fail to deliver the expected benefits, and this may affect Ruralco's operating and financial performance.
Regulatory Risk	None of the acquisitions are subject to regulatory clearance. However, all acquisitions are subject to the risk that a regulator such as ASIC or the ACCC may request information or conduct a market review to satisfy themselves that the acquisitions do not adversely impact consumers or other stakeholders. This may result in delays to completion or other adverse impacts depending upon the nature of the regulatory intervention.

Key Risks – Offer and General Risks

Offer and general risk	Description
Equity Funding Risk	The Entitlement Offer and Placement are not underwritten. As noted on page 33 not all major shareholders have confirmed they intend to take up their entitlements in full. This means there is a risk that the amount raised from the Entitlement Offer and Placement is less than $65 million. If this occurs, some of the acquisitions will continue to be debt funded and the gearing and leverage ratios on page 36 will be adjusted upwards by the commensurate shortfall. Ruralco has entered into an Offer Management Agreement with Insight Capital Advisors Pty Ltd and Wilson Corporate Finance Limited (the **Lead Managers**). The Lead Managers have agreed to manage, and assist in marketing, the Entitlement Offer and Placement and provide settlement support for the Placement and institutional component of the Entitlement Offer. The obligations of the Lead Managers are subject to the satisfaction of customary conditions precedent and may be terminated if certain customary termination events occur including among others misleading or deceptive disclosure documents, RuralCo ceasing to be listed or its shares ceasing to trade, a 10% fall in the S&P/ASX 200 Index prior to the Institutional Opening Date, insolvency, regulatory intervention or timetable delays. In addition, a breach of undertaking or warranty, an adverse change in the financial position or performance or prospects of RuralCo, a change in management and certain other customary events entitle the Lead Managers to terminate if the event has a materially adverse effect on the outcome of the Offer or would give rise to a liability or contravention for the Lead Managers. The commitments of the 3 major shareholders to take up their entitlements in full referred to on page 33 terminates if the Offer Management Agreement is terminated.
Share Price Risks	There are general risks associated with an investment in the share market. As such, the value of New Shares may rise above or fall below the offer price, depending on the financial position and operating performance of Ruralco and other factors. Further, the market price of Ruralco shares will fluctuate due to various factors, many of which are non-specific to Ruralco, including recommendations by brokers and analysts, Australian and international general economic conditions, inflation rates, interest rates, changes in government, fiscal, monetary and regulatory policies, global geo-political events and hostilities and acts of terrorism, investor perceptions and volatility in global markets. In the future, these factors may cause Ruralco shares to trade at a lower price.
Dilution Risk	Eligible shareholders that do not take up all or part of their entitlements will be diluted by not participating to the full extent in the entitlement offer and by the placement and will not be exposed to future increases or decreases in Ruralco's share price in respect of those shares, which would have been issued to them had they taken up all of their entitlement.

Key Risks – Offer and General Risks (continued)

Offer and general risk	Description
Taxation	Future changes in taxation laws, including changes in interpretation or application of those laws by the court or taxation authorities may affect taxation treatment of an investment in Ruralco's securities, or the holdings and disposal of those securities. Tax considerations may differ between security holders. Therefore, prospective investors are encouraged to seek professional tax advice in connection with any investment in securities. Further, changes in tax law, or changes in the way tax law is, or is expected to be, interpreted in the various jurisdictions in which Ruralco operates, may impact the future tax liabilities of Ruralco. Those laws may also adversely affect the taxation treatment of entities in Ruralco and that may in turn adversely affect the value of Ruralco's securities or distributions on those securities.
Asset Impairment	Under AIFRS, Ruralco is required to review the carrying value of its assets, other than inventory and deferred tax assets, annually or whenever there is an indication of impairment. If there is any indication of impairment, then the assets recoverable amount is estimated. Changes in assumptions underlying the recoverable amount of certain assets of Ruralco (or any of the businesses acquired post-acquisition) as a result of deteriorating market conditions or increasing cost of capital could result in an impairment of such assets, which may have a material adverse effect on Ruralco's financial performance and position.
Accounting Standards	Ruralco prepares its general purpose financial statements in accordance with AIFRS and the Corporations Act. Australian Accounting Standards are subject to amendment from time to time, and any such changes may impact on Ruralco's statement of financial position or statement of financial performance.
Domestic And Global Economic Conditions	Ruralco's business is sensitive to market trends, including global and regional economic conditions which may impact local and international prices of commodities and additional raw materials, the cost of energy and other utility costs which may adversely affect margins. The level of economic activity may be affected by a number of factors, such as gross domestic product, interest rates, input cost inflation, foreign currency exchange rates, tax rates and commodity prices and other matters outside Ruralco's control.

International offer restrictions

International Offer Restrictions

This document does not constitute an offer of new ordinary shares ("New Shares") of Ruralco Holdings Limited in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the New Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the New Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO).

No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors (as defined in the SFO and any rules made under that ordinance). No person allotted New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the "FMC Act").

The New Shares are not being offered to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the FMC Act and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016.

Other than in the entitlement offer, the New Shares may only be offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) to a person who:

- investor within the meaning of clause 41 of Schedule 1 of the FMC Act;
- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

International offer restrictions (continued)

Singapore

This document and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an existing holder of the Company's shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) a "relevant person" (as defined in section 275(2) of the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.


Ruralco
WE'RE HERE FOR AUSTRALIAN FARMERS