

15 February 2017

The Manager
Company Announcements Office
ASX Limited
20 Bridge Street
SYDNEY NSW 2000

Dear Sir

Ruralco Holdings Limited (ASX code: RHL)
Notification under section 708AA(2)(f) of the *Corporations Act 2001* (Cth) as modified
by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84

Ruralco Holdings Limited (the **Company**) announced today an accelerated non-renounceable pro-rata entitlement offer (the **Entitlement Offer**) of 1 ordinary share in the Company (**New Shares**) for every 6 ordinary shares in the Company held as at 7.00pm (AEDT) on Friday, 17 February 2017 (the **Record Date**) by holders with registered addresses in Australia and New Zealand and certain institutional holders in other jurisdictions to which the Company decides to extend the Entitlement Offer (**Eligible Shareholders**).

The Company gives notice under section 708AA(2)(f) of the *Corporations Act 2001* (Cth) (the **Corporations Act**) as modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84 that:

1. The Company will offer New Shares in the Company for issue pursuant to the Entitlement Offer without disclosure to investors under Part 6D.2 of the Corporations Act.
2. As at the date of this notice:
 - (a) the Company has complied with the provisions of Chapter 2M of the Corporations Act as they apply to the Company;
 - (b) the Company has complied with section 674 of the Corporations Act; and
 - (c) there is no "excluded information" within the meaning of sections 708AA(8) and 708AA(9) of the Corporations Act which is required to be disclosed under section 708AA(7)(d) of the Corporations Act;
3. The effect that the issue of New Shares will have on control of the Company and the consequences of that effect will depend upon a number of factors, including investor demand. However, given the structure of the Entitlement Offer as a pro rata offer, the potential effect that the issue of the New Shares will have on the control of the Company is as follows:
 - (a) if all Eligible Shareholders take up their entitlements under the Entitlement Offer, there will be no material effect on the control of the Company;
 - (b) to the extent that any Eligible Shareholder fails to take up their entitlements under the Entitlement Offer, that Eligible Shareholder's percentage holding in the Company's shares will be diluted by the issue of the New Shares;

- (c) Eligible Shareholders who receive an offer to participate in the Entitlement Offer may also apply for New Shares in excess of their entitlement (**Additional New Shares**) up to a maximum of 100% of their entitlement. The issue of any Additional New Shares will be limited to the extent that there are sufficient New Shares from Eligible Shareholders who do not take up their full entitlements. Although the issue of Additional New Shares may increase the voting power of one or more existing shareholders, it is not expected to have any material effect on the control of the Company;
- (d) so far as the Company is aware, there are two shareholders in the Company with voting power of 20% or more as at the date of this notice, being Neale Edwards Pty Ltd (**Edwards**) (who has voting power in the Company of approximately 27.43%) and Washington H Soul Pattinson (**WHSP**) (who has voting power in the Company of approximately 20.11%). The Company understands that Edwards will not be participating in the Entitlement Offer and therefore its voting power in the Company will be diluted as a result of the issue of all of the New Shares. WHSP has committed to taking up its pro rata entitlement under the Entitlement Offer and therefore there will not be any effect on WHSP's voting power in the Company as a result of the Entitlement Offer if all Eligible Shareholders take up their entitlements. If all Eligible Shareholders do not take up their entitlements and not all of the New Shares are issued there is the potential for the voting power of WHSP to increase but it is not expected to have any material effect on the control of the Company;
- (e) the percentage holding in the Company's shares of shareholders with registered addresses outside of Australia and New Zealand (excluding any relevant institutional holders) will be diluted as a result of the issue of the New Shares; and
- (f) although the issue of New Shares which are not taken up by Eligible Shareholders under the Entitlement Offer may increase the voting power of institutional investors and institutional shareholders who may be allocated New Shares via the bookbuild and institutional commitment processes to be conducted by the lead managers to the Offer, it is not expected to have any material effect on the control of the Company.

Yours sincerely,



Ilona Alsters
General Counsel & Company Secretary