

1 for 6 accelerated pro rata non-renounceable entitlement offer of Ruralco Holdings Limited ordinary shares (New Shares) at an offer price of \$2.66 per New Share



1 | Retail Entitlement Information Booklet

RETAIL ENTITLEMENT INFORMATION BOOKLET

RURALCO HOLDINGS LIMITED
ABN 40 009 660 879

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This Information Booklet contains forward looking statements and comments about future events, including Ruralco's expectations about the performance of its businesses and the effect of the funds raised under the Entitlement Offer on that business.

Forward looking statements can generally be identified by the use of forward looking words such as, "expect", "anticipate", "likely", "intend", "should", "could", "may", "predict", "plan", "propose", "will", "believe", "forecast", "estimate", "target" and other similar expressions. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward looking statements and include statements in this presentation regarding the conduct and outcome of the Offer, the use of proceeds and Ruralco's outstanding debt.

You are cautioned not to place undue reliance on any forward looking statement. While due care and attention has been used in the preparation of forward looking statements, forward looking statements, opinions and estimates provided in this presentation are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends which are based on interpretations of current market conditions. Forward looking statements including projections, guidance on future earnings and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance and may involve known and unknown risks, uncertainties and other factors, many of which are outside the control of Ruralco.

A number of important factors could cause Ruralco's actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward looking statements, including the risk factors described in the "Key Risks" section of this presentation. Actual results, performance or achievements may vary materially from any forward-looking statements and the assumptions on which statements are based. Ruralco disclaims any intent or obligation to update publicly any forward-looking statements, whether as a result of new information, future events or results or otherwise.

Investors should note that the past share price performance of Ruralco provides no guarantee or guidance as to future share price performance.

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

This Information Booklet, and any accompanying ASX announcements and the Entitlement and Acceptance Form do not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States.

Neither this Information Booklet nor the Entitlement and Acceptance Form may be distributed or released in the United States. Neither the Entitlements nor the New Shares offered in the Entitlement Offer have been, or will be, registered under the U.S. Securities Act of 1933, as amended (U.S. Securities Act) or the securities laws of any state or other jurisdiction of the United States. Accordingly, the Entitlements may not be taken up by, and the New Shares may not be offered or sold to, persons in the United States or persons who are acting for the account or benefit of a person in the United States unless they have been registered under the U.S. Securities Act or in a transaction exempt from, or not subject to, the registration requirements of the U.S. Securities Act and any other applicable U.S. state securities laws. The New Shares to be offered and sold in the Retail Entitlement Offer may only be offered and sold outside the United States in "offshore transactions" (as defined in Rule 902(h) under the U.S. Securities Act) in compliance with Regulation S under the U.S. Securities Act.

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CHAIRMAN'S LETTER

22 February 2017

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

DEAR SHAREHOLDER,

On behalf of the directors of Ruralco Holdings Limited (**Ruralco**), I am pleased to invite you to participate in a 1 for 6 accelerated pro rata non-renounceable entitlement offer of new fully paid ordinary shares in Ruralco (**New Shares**) at an offer price of \$2.66 (**Offer Price**) per New Share (**Entitlement Offer**).

On 15 February 2017, Ruralco announced its intention to raise up to \$65 million through an Entitlement Offer and a placement to institutional shareholders (**Placement**).

Purpose of the Entitlement Offer and Placement and use of proceeds

The net proceeds of the Entitlement Offer and Placement will be applied principally to fund Ruralco's portfolio of announced acquisitions in line with its Future Farming Strategy and to provide enhanced balance sheet flexibility.

In November 2016, Ruralco announced the acquisition of two water businesses (Riverland Irrigation and Hunter Irrigation), two rural supplies businesses (Great Northern Rural and TP Jones & Co) and an equity interest in an insurance business (Ausure Consolidated Brokers). As announced in the ASX Offer Announcements on 15 February 2017, Ruralco will add to its portfolio of acquisitions three further water businesses (River Rain, Mildura Irrigation Centre and Irrigation Tasmania), and a rural supplies business (Sid Newham Rural Supplies).

The acquisition of these businesses aligns with Ruralco's strategy across our rural supplies, financial services and water businesses, respectively, of filling the remaining gaps in our rural supplies network, delivering a step change in our financial services business, and to be the leading industry consolidator in the water retail and services sector.

We look forward to utilising the funds raised as part of the Entitlement Offer and Placement to generate value for Ruralco shareholders.

The Entitlement Offer

The Entitlement Offer comprises an institutional component, being the Institutional Entitlement Offer and a retail component, being the Retail Entitlement Offer. This information booklet (**Information Booklet**) relates to the Retail Entitlement Offer. Under the Retail Entitlement Offer, eligible retail shareholders are entitled to subscribe for 1 New Share for every 6 existing fully paid ordinary shares in Ruralco (**Shares**) held at 7.00pm (AEDT) on **17 February 2017 (Record Date)**, at the Offer Price of \$2.66 per New Share. This is the same price which was offered to institutional investors who participated in the Institutional Entitlement Offer (and as set out in the Entitlement and Acceptance Form that is enclosed with this Information Booklet). The Offer Price represents a 10% discount to the theoretical ex-rights price (**TERP**).¹

New Shares will be issued on a fully paid basis and will rank equally with existing Shares on issue.

The Entitlement Offer and the Placement are joint lead managed by Insight Capital Advisors Pty Ltd and Wilsons Corporate Finance Limited.

The Institutional Entitlement Offer was completed on Thursday, 16 February 2017 with a take-up rate of 57% from all Eligible Institutional Shareholders and 100% when the non-participation of the Company's largest shareholder² is excluded.

¹ The theoretical ex-rights price (**TERP**) is the theoretical market price for shares in Ruralco immediately following the Entitlement Offer assuming the Entitlement Offer is fully subscribed, based on the 5-day volume weighted average price (**VWAP**) of Ruralco shares prior to announcement of the equity raising on 15 February 2017. This is a theoretical calculation only and the actual market price may be higher or lower than this.

² Neale Edwards Pty Ltd indicated its strong support for the Company's articulated strategy and the acquisitions but was unable to participate in the offer at this time.

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INFORMATION BOOKLET

This Information Booklet is important and requires your immediate attention. It is accompanied by your personalised Entitlement and Acceptance Form which contains details of your Entitlement as well as important information including:

- Key Dates for the Entitlement Offer;
- Instructions on How to Apply, setting out how to accept all or part of your Entitlement in the Retail Entitlement Offer if you choose to do so; and
- ASX Offer Announcement and Investor Presentation.

The Retail Entitlement Offer closes at 5:00pm (AEDT) on Wednesday, 8 March 2017.

To participate, you need to ensure that you have completed your application by:

- paying Application Monies via BPAY® pursuant to the instructions that are set out on the Entitlement and Acceptance Form so that your payment via BPAY® has been received by Ruralco by 5:00pm (AEDT) on Wednesday, 8 March 2017;

OR

- lodging your Entitlement and Acceptance Form, together with payment of Application Monies, by cheque, bank draft or money order so that it is received by Ruralco (care of **Computershare Investor Services Pty Ltd**) by 5:00pm (AEDT) on Wednesday, 8 March 2017.

Please refer to the instructions in section 2 of this Information Booklet for further information.

NO ENTITLEMENTS TRADING

Your Entitlement cannot be traded on ASX or any other exchange or privately transferred.

If you do not take up some or all of your Entitlement, your rights will lapse. Please see section 1.4 for more information.

ADDITIONAL NEW SHARES

You may also apply for Additional New Shares in excess of your Entitlement up to a maximum of 100% of your Entitlement, at the Offer Price. The allocation of Additional New Shares will be subject to there being New Shares available to fill those allocations, and Ruralco retains the flexibility to scale back applications for Additional New Shares at its discretion. Please refer to Section 2.3 of this Information Booklet for further information.

ADDITIONAL INFORMATION

Further information on the Entitlement Offer is detailed in this Information Booklet. You should read the entirety of this Information Booklet carefully (including the “Key Risks” section of the Investor Presentation released to ASX on Wednesday, 15 February 2017) before deciding whether to participate in the Entitlement Offer.

If you have any further questions about the Entitlement Offer, you should seek advice from your stockbroker, accountant or other independent professional adviser, or you can call the Ruralco Offer Information Line on 1300 850 505 or +61 3 9415 4000 at any time between 8:30am and 5:00pm (AEDT) on Monday to Friday during the Retail Entitlement Offer period.

The board of directors of Ruralco looks forward to your participation in the Entitlement Offer.

Yours sincerely,

Richard (Rick) Lee AM

Chairman

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EVENT	DATE
ENTITLEMENT OFFER ANNOUNCED	Wednesday, 15 February 2017
RECORD DATE TO DETERMINE ELIGIBILITY TO PARTICIPATE IN THE ENTITLEMENT OFFER	7.00pm on Friday, 17 February 2017
RETAIL INFORMATION BOOKLET AND ENTITLEMENT AND ACCEPTANCE FORMS DESPATCHED	Wednesday, 22 February 2017
RETAIL OFFER OPENS	Wednesday, 22 February 2017
INSTITUTIONAL ENTITLEMENT OFFER AND PLACEMENT SETTLEMENT DATE	Thursday, 23 February 2017
ISSUE OF NEW SHARES UNDER THE INSTITUTIONAL ENTITLEMENT OFFER AND PLACEMENT	Friday, 24 February 2017
RETAIL ENTITLEMENT OFFER CLOSES	5.00pm on Wednesday, 8 March 2017
ISSUE OF NEW SHARES UNDER THE RETAIL ENTITLEMENT OFFER	Wednesday, 15 March 2017
TRADING OF NEW SHARES ISSUED UNDER THE RETAIL ENTITLEMENT OFFER EXPECTED TO COMMENCE ON ASX	Thursday, 16 March 2017
HOLDING STATEMENTS SENT TO RETAIL SHAREHOLDERS	Friday, 17 March 2017

NOTE:

The timetable above is indicative only and subject to change. Ruralco reserves the right to amend any or all of these events, dates and times subject to the Corporations Act 2001 (Cth) (**Corporations Act**), the ASX Listing Rules and other applicable laws. In particular, Ruralco reserves the right to extend the closing date of the Entitlement Offer, to accept late applications either generally or in particular cases or to withdraw the Retail Entitlement Offer without prior notice. The commencement of quotation of New Shares is subject to confirmation from ASX. All references in this Information Booklet are to Australian Eastern Daylight Time (**AEDT**).

ENQUIRIES

If you have any questions, you should seek advice from your stockbroker, accountant or other independent professional adviser, or call the Ruralco Offer Information Line on 1300 850 505 or +61 3 9415 4000 at any time between 8:30am and 5:00pm (AEDT) on Monday to Friday during the Retail Entitlement Offer period.

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1. OVERVIEW OF THE ENTITLEMENT OFFER

1.1 ENTITLEMENT OFFER

The Entitlement Offer is an offer of approximately 24.5 million New Shares at the Offer Price of \$2.66 per New Share. All Eligible Institutional Shareholders and all Eligible Retail Shareholders are entitled to subscribe for 1 New Share for every 6 Shares held at 7.00pm (AEDT) on the Record Date.

The Entitlement Offer is comprised of two parts:

- the **Institutional Entitlement Offer** – Eligible Institutional Shareholders were invited to take up their Entitlements. The Institutional Entitlement Offer closed on Thursday, 16 February 2017;
- the **Retail Entitlement Offer** – Eligible Retail Shareholders are now being invited to take up all or part of their Entitlement. Eligible Retail Shareholders may also apply for Additional New Shares in excess of their Entitlement up to a maximum of 100% of their Entitlement.

The Retail Entitlement Offer closes at 5.00pm (AEDT) on Wednesday, 8 March 2017.

The Entitlement Offer is non-renounceable, which means that Entitlements are non-transferable and cannot be sold or traded.

New Shares will be issued on a fully paid basis and will rank equally with existing Shares on issue.

The Entitlement Offer is joint lead managed by Insight Capital Advisors Pty Ltd and Wilsons Corporate Finance Limited (the **Joint Lead Managers**).

1.2 WHO IS ELIGIBLE TO PARTICIPATE THE RETAIL ENTITLEMENT OFFER

Under the Retail Entitlement Offer, Eligible Retail Shareholders are being offered the opportunity to subscribe for 1 New Share for every 6 Shares held as at the Record Date (7:00pm (AEDT) on 17 February 2017), at the Offer Price of \$2.66 per New Share. Eligible Retail Shareholders may also apply for Additional New Shares in excess of their Entitlement up to a maximum of 100% of their Entitlement.

Eligible Retail Shareholders are those Shareholders who:

- (a) are not Eligible Institutional Shareholders or Ineligible Institutional Shareholders;
- (b) are registered as a holder of Shares as at the Record Date, being 7:00pm (AEDT) on 17 February 2017;
- (c) as at the Record Date, have a registered address in Australia or New Zealand;
- (d) are not in the United States and are not acting for the account or benefit of a person in the United States (to the extent they are holding Shares for the account or benefit of such person in the United States); and
- (e) are eligible under all applicable securities laws to receive an offer under the Entitlement Offer without any requirement for a prospectus or offer document to be lodged or registered.

Ruralco may (in its absolute sole discretion) extend the Retail Entitlement Offer to any institutional shareholder who was eligible to participate in the Institutional Entitlement Offer but was not invited to participate in the Institutional Entitlement Offer and was not treated as an Ineligible Institutional Shareholder under the Entitlement Offer (subject to compliance with applicable laws).

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1.3 WHAT IS YOUR ENTITLEMENT

Your Entitlement is set out on the accompanying personalised Entitlement and Acceptance Form and has been calculated as 1 New Share for every 6 Shares you held as at the Record Date, being 7:00pm (AEDT) on Friday, 17 February 2017. If the result is not a whole number your Entitlement will be rounded up to the nearest whole number. If you have more than one registered holding of Shares, you will be sent more than one personalised Entitlement and Acceptance Form and you will have separate Entitlements for each separate holding.

Note: The Entitlement stated on your personalised Entitlement and Acceptance Form may be in excess of the actual Entitlement you may be permitted to take up; for example, you are not permitted to take up an Entitlement to the extent you are holding Shares for the account or benefit of a person in the United States (see definition of Eligible Retail Shareholders in section 1.2 of this Information Booklet).

1.4 CAN YOU TRADE YOUR ENTITLEMENT

The Entitlements are personal and cannot be traded on ASX, transferred, assigned or otherwise dealt with. If you do not take up your Entitlements by Wednesday, 8 March 2017, your rights will lapse.

By allowing your Entitlement to lapse you will forgo any exposure to increases or decreases in the value of the New Shares had you taken up your Entitlement. Your interest in Ruralco will also be diluted.

1.5 RECONCILIATION

The Entitlement Offer is a complex structure and in some instances investors may believe that they will own more Shares in Ruralco than they actually do on the Record Date. This results in a need for reconciliation. If reconciliation is required, it is possible that Ruralco may need to issue a small quantity of additional New Shares (**Top-Up Shares**) to ensure all Eligible Shareholders receive their full Entitlement.

These Top-Up Shares would be issued at the Offer Price.

1.6 ASX QUOTATION

Subject to approval being granted, quotation of the New Shares is expected to commence on:

- Friday, 24 February 2017 for New Shares issued under the Institutional Entitlement Offer and Placement (on a normal settlement basis); and
- Thursday, 16 March 2017 for New Shares issued under the Retail Entitlement Offer (on a normal settlement basis).

Holding statements will be dispatched in accordance with the Listing Rules. It is the responsibility of each applicant to confirm their holding before trading in New Shares. Any applicant who sells New Shares before receiving confirmation of their holding in the form of a holding statement will do so at their own risk. Ruralco and the Joint Lead Managers disclaim all liability (to the maximum extent permitted by law) to persons who trade New Shares before receiving their holding statements, whether on the basis of confirmation of the allocation provided by Ruralco, the Joint Lead Managers or the Ruralco share registry or otherwise.

1.7 INELIGIBLE RETAIL SHAREHOLDERS

All Shareholders who are not Eligible Retail Shareholders, Eligible Institutional Shareholders or Ineligible Institutional Shareholders are ineligible retail shareholders (**Ineligible Retail Shareholders**). Ineligible Retail Shareholders will not be entitled to participate in the Retail Entitlement Offer.

Ruralco has determined that it would be unreasonable on this occasion to extend the Retail Entitlement Offer to Ineligible Retail Shareholders, having regard to the number of securities held by Ineligible Retail Shareholders, the number and value of New Shares that they would be offered and the costs of complying with the legal and regulatory requirements which would apply to an offer of securities to Ineligible Retail Shareholders in those places.

1.8 RIGHTS OF RURALCO AND THE JOINT LEAD MANAGERS

(a) Adjusting Entitlements

Ruralco reserves the right (in its absolute sole discretion) to reduce the number of New Shares allocated to Eligible Retail Shareholders, or persons claiming to be Eligible Retail Shareholders, if their claims prove to be overstated or they fail to provide information to substantiate their claims.

(b) Over-subscription

If any Shareholder subscribes under the Entitlement Offer for New Shares in excess of its Entitlement which exceeds 100% of its Entitlement then, in the absolute discretion of Ruralco and the Joint Lead Managers, the relevant Shareholder may be required to transfer to the Joint Lead Managers the excess New Shares at the Offer Price of \$2.66. If necessary, the relevant Shareholder will be required to transfer existing Shares held by them or to purchase Shares on market to meet this obligation. The relevant Shareholder will bear any and all losses caused by subscribing for New Shares in excess of its Entitlement and any actions it is required to take in this regard.

(c) Acknowledgement

By accepting their Entitlement, Shareholders irrevocably acknowledge and agree to do any of the above as required by Ruralco and the Joint Lead Managers in their absolute discretion. Shareholders also acknowledge that:

- there is no time limit on the ability of Ruralco and the Joint Lead Managers to require any of the actions set out above; and
- where Ruralco and the Joint Lead Managers exercise their right to correct a Shareholder's Entitlement, the Shareholder is treated as continuing to accept or not take up any remaining Entitlement.

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2. HOW TO APPLY

2.1 WHAT YOU MAY DO – CHOICES AVAILABLE

If you have any questions, you should seek advice from your stockbroker, accountant or other independent professional adviser, or call the Ruralco Offer Information Line on 1300 850 505 or +61 3 9415 4000 at any time between 8:30am and 5:00pm (AEDT) on Monday to Friday during the Retail Entitlement Offer period. You should also refer to the “Key Risks” section of the Investor Presentation.

If you are an Eligible Retail Shareholder, you may do any one of the following:

- take up all of your Entitlement (see section 2.2 of this Information Booklet);
- take up all of your Entitlement and apply for Additional New Shares in excess of your Entitlement (see section 2.3 of this Information Booklet);
- take up part of your Entitlement (see section 2.4 of this Information Booklet); or
- not take up your Entitlement (see section 2.5 of this Information Booklet).

You should note that if you do not take up all or part of your Entitlement, your percentage shareholding in Ruralco will be diluted.

2.2 IF YOU WISH TO TAKE UP ALL OF YOUR ENTITLEMENT

If you decide to take up all of your Entitlement and you wish to pay by cheque, bank draft or money order you should:

- complete the personalised Entitlement and Acceptance Form by following the instructions set out on the personalised Entitlement and Acceptance Form;
- attach payment for the full amount payable (being the Offer Price multiplied by the number of New Shares comprising your Entitlement) to the form; and
- return the Entitlement and Acceptance Form together with payment to the Registry so that it is received by 5:00pm (AEDT) on 8 March 2017.

If you wish to take up **all** of your Entitlement and you wish to pay by BPAY® you should make your payment by BPAY® for the full amount payable (being the Offer Price multiplied by the number of New Shares comprising your Entitlement) so that it is received by 5:00pm (AEDT) on 8 March 2017.

If you choose to pay by BPAY® you are not required to submit the personalised Entitlement and Acceptance Form but are taken to make the statements on that form.

If you take up and pay for your Entitlement before the closing date of the Retail Entitlement Offer of 5:00pm (AEDT), Wednesday, 8 March 2017, you will be allotted your New Shares on 15 March 2017. Ruralco’s decision on the number of New Shares allotted to you will be final.

2.3 IF YOU WISH TO APPLY FOR ADDITIONAL NEW SHARES IN EXCESS OF YOUR ENTITLEMENT

Eligible Retail Shareholders may also apply for Additional New Shares in excess of their Entitlement, up to a maximum of 100% of their Entitlement. If you wish to do so, you should follow the payments instructions set out in section 2.2.

Please note that Additional New Shares will only be allocated to you if there is a sufficient number of New Shares available by reason of other Eligible Retail Shareholders not taking up their Entitlements in full or there are sufficient New Shares which would have been offered to Ineligible Retail Shareholders if they had been eligible to participate in the Retail Entitlement Offer. Ruralco reserves the right to allot any Additional New Shares or scale back your application for Additional New Shares in its absolute discretion. If you apply for Additional New Shares there is no guarantee that you will be allocated any Additional New Shares. Ruralco’s decision on the number of Additional New Shares to be allocated to you will be final.

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Amounts received by Ruralco for New Shares in excess of your Entitlement will be treated as an application for as many Additional New Shares as your overpayment will pay for in full at the Offer Price up to a maximum of 100% of your Entitlement.

Application amounts received for New Shares in excess of the number of New Shares allocated to you will be refunded to you in accordance with the payment instructions on the Ruralco register for payment of dividends. You will be sent the applicable refund within ten business days of the Retail Allotment Date. It is not practicable to refund amounts of less than \$1.00 and these amounts will be donated to a charity chosen by Ruralco. No interest will be paid on any refunded amount.

2.4 IF YOU WISH TO TAKE UP PART OF YOUR ENTITLEMENT

If you decide to take up part of your Entitlement and reject the balance and you wish to pay by cheque, bank draft or money order you should:

- complete the personalised Entitlement and Acceptance Form by following the instructions set out on the personalised Entitlement and Acceptance Form indicating the number of New Shares you wish to take up. This will be less than your Entitlement as specified on the Entitlement and Acceptance Form;
- attach payment for the full amount payable (being the Offer Price multiplied by the number of New Shares you are taking up – you will need to calculate this number yourself) to the form; and
- return the Entitlement and Acceptance Form to the Registry so that it is received by 5:00pm (AEDT) on Wednesday, 8 March 2017.

If you wish to take up **part** of your Entitlement and reject the balance and you wish to pay by BPAY® you should make your payment by BPAY® for the full amount payable (being the Offer Price multiplied by the number of New Shares you are taking up – you will need to calculate this number yourself).

If you choose to pay by BPAY® you are not required to submit the personalised Entitlement and Acceptance Form but are taken to make the statements on that form.

If you take up and pay for part of your Entitlement before the closing date of the Retail Entitlement Offer of 5:00pm (AEDT) on Wednesday, 8 March 2017, you will be allotted your New Shares on 15 March 2017. Ruralco's decision on the number of New Shares allotted to you will be final.

2.5 IF YOU DO NOT WISH TO TAKE UP YOUR ENTITLEMENT

If you do not wish to take up your Entitlement you should do nothing.

2.6 PAYMENT

(a) General

The Offer Price of \$2.66 per New Share accepted is payable on acceptance of your Entitlement.

You can pay in the following ways:

- BPAY®; or
- cheque, bank draft or money order.

Cash payments will not be accepted. Receipts for payment will not be issued.

Application Monies received from Eligible Retail Shareholders will be held in the Ruralco Entitlement Offer Account solely for the purpose of holding the Application Monies.

Ruralco reserves the right to cancel the Entitlement Offer at any time prior to the allocation of New Shares under the Institutional Entitlement Offer. If the Entitlement Offer is cancelled, all Application Monies will be refunded without interest. To the fullest extent permitted by law, each Eligible Retail Shareholder agrees that any Application Monies paid by them to Ruralco will not entitle them to any interest against Ruralco and that any interest earned in respect of Application Monies will belong to Ruralco. This will be the case, whether or not all or none (if the Entitlement Offer is withdrawn) of the New Shares applied for by a person are issued to that person.

Any Application Monies received for more than your final allocation of New Shares will be refunded (except for where the amount is less than \$1.00 in which case it will be donated to a charity chosen by Ruralco). No interest will be paid on any Application Monies received or refunded.

(b) Payment by BPAY®

For payment by BPAY®, please follow the instructions on the personalised Entitlement and Acceptance Form (which includes the biller code and your unique reference number). 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.

If you are paying by BPAY®, please make sure to use the specific Biller Code and unique Reference Number on your Entitlement and Acceptance Form. If you have multiple holdings and receive more than one Entitlement and Acceptance Form, when taking up your Entitlement in respect of one of those holdings, please only use the Reference Number specific to the Entitlement on that Form. If you do not use the correct Reference Number specific to that holding, or inadvertently use the same Reference Number for more than one of your Entitlements, your application will not be recognised as valid.

Please note that should you choose to pay by BPAY®:

- you do not need to submit the personalised Entitlement and Acceptance Form but are taken to have made the statements on that personalised Entitlement and Acceptance Form; and
- if you do not pay for your full Entitlement, you are deemed to have taken up your Entitlement in respect of such whole number of New Shares which is covered in full by your Application Monies.

It is your responsibility to ensure that your BPAY® payment is received by the Registry by no later than 5:00pm (AEDT) on Wednesday, 8 March 2017 (subject to variation). You should be aware that your financial institution may implement earlier cut-off times with regard to electronic payment and you should therefore take this into consideration when making payment.

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(c) Payment by cheque, bank draft or money order

Your cheque, bank draft or money order must be:

- for an amount equal to \$2.66 multiplied by the number of New Shares that you are applying for;
- in Australian currency drawn on an Australian branch of a financial institution; and
- payable to "Ruralco Holdings Limited – Entitlement Offer" and crossed "Not Negotiable".

If you wish to pay by cheque, bank draft or money order, you must also complete your personalised Entitlement and Acceptance Form in accordance with the instructions set out on that form and return it to the Registry accompanied by a cheque, bank draft or money order.

You should ensure that sufficient funds are held in the relevant account(s) to cover the Application Monies. If the amount of your cheque for Application Monies (or the amount for which the cheque clears in time for allocation) is insufficient to pay in full for the number of New Shares you have applied for in your personalised Entitlement and Acceptance Form, you will be taken to have applied for such lower number of whole New Shares as your cleared Application Monies will pay for (and you will be taken to have specified that number of New Shares on your personalised Entitlement and Acceptance Form). Alternatively, your application will not be accepted.

2.7 MAIL AND HAND DELIVERY

Shareholders who make payment via cheque, bank draft or money order should send their completed personalised Entitlement and Acceptance Form together with Application Monies to:

By mail:

Ruralco Holdings Limited
c/o Computershare Investor Services Pty Ltd
GPO Box 505
Melbourne VIC 3001
Australia

By hand:

Ruralco Holdings Limited
c/o Computershare Investor Services Pty Ltd
452 Johnston Street
Abbotsford VIC 3067
Australia

2.8 EFFECT OF PARTICIPATING IN ENTITLEMENT OFFER

By completing and returning your personalised Entitlement and Acceptance Form or making a payment by BPAY®, or otherwise applying to participate in the Entitlement Offer, you:

(a) declare that:

- (i) all details and statements made in the personalised Entitlement and Acceptance Form are complete and accurate;
- (ii) you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Retail Entitlement Offer; and
- (iii) you were the registered holder(s) at the Record Date of the Shares indicated on the personalised Entitlement and Acceptance Form as being held by you on the Record Date;

(b) acknowledge that:

- (i) once Ruralco receives the Entitlement and Acceptance Form with the requisite Application Monies or your payment by BPAY®, you may not withdraw it except as allowed by law;
- (ii) you have read and understood this Information Booklet and the personalised Entitlement and Acceptance Form; and
- (iii) the information contained in this Information Booklet is not investment advice or a recommendation that the New Shares are suitable for you, given your investment objectives, financial situation or particular needs;

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- (c)** agree to:
 - (i) apply for, and be issued with up to, the number of New Shares that you apply for at the Offer Price of \$2.66 per New Share; and
 - (ii) be bound by the terms of this Information Booklet and the provisions of Ruralco's constitution;
- (d)** authorise Ruralco to register you as the holder of New Shares and authorise Ruralco and its officers or agents to do anything on your behalf necessary for the New Shares to be issued to you, including to act on instruction of Ruralco's share registry by using the contact details set out in the personalised Entitlement and Acceptance Form;
- (e)** represent and warrant that:
 - (i) the law of any place (other than Australia and New Zealand) does not prohibit you from being given this Information Booklet or making an application for New Shares; and
 - (ii) you are an Eligible Retail Shareholder.

By completing and returning your Entitlement and Acceptance Form with the requisite Application Monies or making a payment by BPAY® or otherwise applying to participate in the Retail Entitlement Offer you will also be treated as:

- (a)** having represented and warranted that:
 - (i) you are not in the United States and are not applying for New Shares on behalf of, or for the account or benefit of, a person in the United States;
 - (ii) you and each person on whose account you are acting are not engaged in the business of distributing securities;
 - (iii) you and each person on whose account you are acting have not and will not send any materials relating to the Entitlement Offer, including this Information Booklet and the Entitlement and Acceptance Form, to any person that is in the United States or that is acting for the account or benefit of a person in the United States; and
- (b)** acknowledging on your own behalf and on behalf of each person on whose account you are acting that:
 - (i) you are not in the United States and you are not acting for the account or benefit of a person in the United States;
 - (ii) you understand and acknowledge that neither the Entitlements nor the New Shares have been, or will be, registered under the US Securities Act or the securities laws of any state or other jurisdiction in the United States;
 - (iii) you are subscribing for or purchasing the Entitlements or the New Shares outside the United States in an 'offshore transaction' (as defined in Rule 902(h) under the US Securities Act) in compliance with reliance on Regulation S under the US Securities Act;
 - (iv) you have not and will not send this Retail Information Booklet, the Entitlement and Acceptance Form or any other materials relating to the Retail Entitlement Offer to any person in the United States or any other country outside Australia or New Zealand; and
 - (v) if you are acting as a nominee or custodian, each beneficial holder on whose behalf you are submitting the Entitlement and Acceptance Form is resident in Australia or New Zealand and is not in the United States and is not acting for the account or benefit of a person in the United States, and you have not sent this Retail Information Booklet, the Entitlement and Acceptance Form or any information relating to the Retail Entitlement Offer to any such person.

3. AUSTRALIAN TAX IMPLICATIONS

This section summarises the general Australian taxation implications of the Retail Entitlement Offer for Australian resident Eligible Retail Shareholders who hold their Shares on capital account for Australian income tax purposes.

These comments do not apply to:

- Eligible Retail Shareholders who are not residents of Australia for tax purposes; or
- Eligible Retail Shareholders who carry on a business of life insurance or hold their Shares on revenue account (rather than on capital account) or as trading stock for Australian income tax purposes; or
- an Entitlement issued in respect of Shares previously acquired under an employee share scheme; or
- Eligible Retail Shareholders that are subject to the "taxation of financial arrangements" provisions in Division 230 of the *Income Tax Assessment Act 1997* (Cth) in respect of their holding of existing Shares, New Shares or Entitlements; or
- a reconciliation, as described in section 1.5 of this Information Booklet, or an oversubscription for New Shares, as described in section 1.8(b) of this Information Booklet.

These comments are general in nature. The tax implications of the Retail Entitlement Offer will depend upon each Eligible Retail Shareholder's specific circumstances. Accordingly, all Eligible Retail Shareholders should seek their own independent taxation advice before reaching any conclusions as to the possible taxation consequences of the Retail Entitlement Offer. Neither Ruralco, nor any of its officers, nor its taxation adviser, nor any other advisor to Ruralco, accepts any liability or responsibility in respect of any statement concerning the taxation consequences of the Retail Entitlement Offer.

These comments do not address the taxation implications of the Retail Entitlement Offer under the laws of any jurisdiction other than the laws of Australia. These comments are based on Australian law and administrative practice as at the time of issue of the Information Booklet.

(a) Issue of Entitlements

The issue of an Entitlement should not of itself result in an amount being included in the assessable income of an Eligible Retail Shareholder.

(b) Exercise of Entitlements

The exercise of an Entitlement should not of itself result in an amount being included in the assessable income of an Eligible Retail Shareholder.

(c) New Shares

Eligible Retail Shareholders who exercise their Entitlements will acquire New Shares. Any future dividends or other distributions made in respect of those New Shares should be subject to the same taxation treatment as dividends or other distributions made on existing Shares held in the same circumstances.

On a future disposal of New Shares, Eligible Retail Shareholders may make a capital gain or capital loss for Australian tax purposes, depending on whether the capital proceeds from that disposal are more than the "cost base" of the New Shares (in which case a capital gain will arise) or less than the "reduced cost base" of the New Shares (in which case a capital loss will arise). The cost base and reduced cost base of the New Shares should initially be equal to the Offer Price paid by the Eligible Retail Shareholder for the New Shares plus certain non-deductible incidental costs incurred in acquiring them (if any).

If an Eligible Retail Shareholder is an individual, trust or complying superannuation fund, the Eligible Retail Shareholder should be entitled to a CGT discount on the disposal of New Shares if the New Shares were held for at least 12 months before the disposal. New Shares should be treated for the purposes of the CGT discount as having been acquired when the Eligible Shareholder exercised their Entitlement (ie, the date they accepted the Entitlement Offer in respect of the New Shares). The applicable CGT discount (ie, the amount by which a capital gain, after offsetting applicable capital losses, is reduced) is 50% for individuals and trustees and 33 ¹/₃% for complying superannuation funds. The CGT discount is not available to a company other than a company acting in the capacity of a trustee.

If a capital loss arises on the disposal of New Shares, the capital loss can only be used to offset capital gains, i.e, the capital loss cannot be offset against other types of ordinary or statutory income. However, if the capital loss cannot be used in a particular income year it can be carried forward to offset capital gains in future income years, provided applicable loss utilisation tests are satisfied.

(d) Lapse of Entitlements

If an Eligible Retail Shareholder allows an Entitlement to lapse, no capital gain or loss should arise for the Eligible Retail Shareholder.

(e) Provision of TFN or ABN

Ruralco may be required to withhold an amount at the top marginal tax rate plus Medicare levy (currently, 49%) from the payment of certain distributions to you on your Shares (such as the unfranked part of any dividends).

However, where you have provided Ruralco with your Tax File Number **(TFN)**, or in certain circumstances your Australian Business Number **(ABN)**, or you have notified Ruralco that you are exempt from providing this information, Ruralco is not required to withhold any amount on account of tax from these payments.

You are not required to provide your TFN or ABN to Ruralco.

(f) Other Australian Taxes

No Australian GST or stamp duty should be payable in respect of the grant or exercise of the Entitlements, or the acquisition of New Shares.

16 February 2017

ASX Announcement

Ruralco Holdings Limited (“Ruralco”) (ASX: RHL)

RURALCO SUCCESSFULLY COMPLETES PLACEMENT AND INSTITUTIONAL ENTITLEMENT OFFER

- Placement and Institutional Entitlement Offer raised approximately \$52.5 million with strong support from both existing and new investors
- Retail Entitlement Offer will open on 22 February 2017 and close on 8 March 2017 and is expected to raise approximately \$12.5 million

Ruralco is pleased to announce the successful completion of the \$29.9 million placement to institutional investors (“Placement”) and the \$22.6 million institutional component of the one for six accelerated pro rata non-renounceable entitlement offer (“Institutional Entitlement Offer”, and together with the Placement, the “Institutional Offer”).

The Institutional Entitlement Offer attracted strong demand, with a take-up rate of 57% from all eligible institutional shareholders and 100% when the non-participation of the Company’s largest shareholder¹ is excluded.

New shares subscribed for under the Institutional Offer (“New Shares”) are expected to be settled on 23 February 2017 and commence trading on the ASX on 24 February 2017. New shares will rank equally in all respects with existing ordinary shares from allotment.

Ruralco expects its shares to recommence trading on an ex-entitlement basis on Friday 17 February 2017.

Travis Dillon, CEO of Ruralco said “The funds raised will be used for acquisitions expected to deliver EPS accretion in the low teens on a full year basis. We thank our existing investors for their ongoing support, and we are delighted to welcome a number of new institutional investors to the share register”.

Retail Entitlement Offer

The retail component of the Entitlement Offer (“Retail Entitlement Offer”), which is expected to raise approximately \$12.5 million, will open on 22 February 2017 and close on 8 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. Retail shortfall commitments have been secured to cover the Retail Entitlement Offer providing the Company with certainty in receiving total retail proceeds.

Key dates for the Retail Entitlement Offer are provided at the end of this statement.

¹ Neale Edwards Pty Ltd indicated its strong support for the Company’s articulated strategy but was unable to participate in the offer at this time

Shareholder enquires

Retail shareholders who have questions in relation to the Retail Entitlement Offer should call the Ruralco Offer Information line: 1300 850 505 or +61 3 9415 4000 at any time between 8.30am and 5.00pm (AEST) on Monday to Friday during the Retail Entitlement Offer period.





ENDS

Further information:

Jonathan Sweet, General Manager Marketing and Communications

Phone: +61 (0) 429 494 623

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Appendix

TIMETABLE AND KEY DATES

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

Note: 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 New Shares is subject to ASX confirmation.

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15 February 2017

ASX Announcement

Ruralco Holdings Limited (“Ruralco”) (ASX: RHL)

PORTFOLIO OF ACCRETIVE ACQUISITIONS AND EQUITY OFFERING

Ruralco today announced a portfolio of targeted acquisitions across Water Services and Rural Services – delivering on the Investment and Integration pillars of its Future Farming Strategy.

HIGHLIGHTS





- Portfolio of acquisitions with attractive acquisition metrics:
 - Total initial cash consideration of \$60.8 million;
 - Pro-forma annualisedⁱ EBITDA of ~\$13.6 million;
 - Average implied EBITDA multiple of ~4.5xⁱⁱ;
 - EPS accretionⁱⁱⁱ on a pro-forma NPATA basis in the low teens^{iv};
- Equity Offering to raise up to \$65 million^v, comprising an accelerated non-renounceable entitlement offer and placement to fund the portfolio of acquisitions and provide enhanced balance sheet flexibility;
- Offer price of \$2.66 per new share represents a: 10% discount to TERP; 11.5% discount to the last traded price of \$3.00 on 14th February 2017; and 11.5% discount to the 5 day VWAP of \$3.00;
- FY17 first half expectations remain strong compared with the prior year after a record Q1 earnings result; and
- Management are pleased with the early progress made towards achieving targeted opex as a % of gross profit of 80%, with positive cost savings resulting from last year’s cost-out initiatives.

BOARD AND MANAGEMENT COMMENTARY:

Mr Travis Dillon, CEO and Managing Director of Ruralco, said: “We are pleased to have secured a portfolio of high quality businesses aligned with our Future Farming Strategy on attractive acquisition metrics. Ruralco is well positioned to grow the business, with the focus remaining on balancing the execution of strategy with improvements in operating leverage to ensure increased shareholder returns.”

Ruralco Chairman, Rick Lee, said: “The Ruralco management team have ensured the strategic fit of the acquisitions to the core business. I am confident they will deliver value into the future.”

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ACQUISITION SUMMARY:

Acquisition ^{vi} (and % ownership if not 100%)	Reportable Segment	Purchase Price \$'000
Irrigation Tasmania	Water Services	19,926 ^{vii}
<i>Portfolio of other Water Services acquisitions</i>		
Mildura Irrigation Centre	Water Services	
Riverland Irrigation	Water Services	
River Rain	Water Services	
Hunter Irrigation	Water Services	
<i>Subtotal of other Water Services acquisitions</i>		13,259 ^{vii}
TP Jones & Co	Rural Services	16,000
<i>Portfolio of other Rural Services acquisitions</i>		
Great Northern Rural Services (60%)	Rural Services	
Sid Newham Rural Supplies	Rural Services	
<i>Subtotal of other Rural Services acquisitions</i>		4,066
Ausure Consolidated Brokers (50%)	Financial Services	7,183

ACQUISITIONS AND STRATEGIC RATIONALE

Water Services

- Announced today: *Irrigation Tasmania, Mildura Irrigation Centre, River Rain*; and
- Previously announced at release of FY16 Results: *Riverland Irrigation and Hunter Irrigation*.
- ✓ The agricultural sector consumes more than 62% of water in Australia, irrigation uses 90% of agricultural volume^{viii};
- ✓ The price of water is increasingly volatile; – over the two years to 2016, for example, the value of water entitlements held for consumptive use in the southern Murray Darling Basin doubled to \$11.5 billion^{ix};
- ✓ Water sector funding is underpinned by significant government and private investment^x;
- ✓ On-farm water infrastructure investment represents an opportunity for farmers to intensify operations and become more productive. This typically requires a greater value of inputs, the greater yields mean more outputs available for marketing (benefitting Ruralco's core Rural Services and Agency businesses).
- ✓ 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 competitive advantage between Ruralco and its peers.

Rural Services

- Announced today: *Sid Newham Rural Supplies*; and
- Previously announced at release of FY16 Results: *TP Jones & Co, Great Northern Rural Services*.
- ✓ Ruralco has identified specific geographic gaps in its Rural Services footprint and has aligned its growth initiatives to fill these; and
- ✓ Acquiring existing independent CRT members grows Ruralco's earnings from each geography from purely wholesale earnings to a 'vertical margin' encompassing both wholesale and retail margin.

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Financial Services

- Previously announced at release of FY16 Results: *50% of Ausure Consolidated Brokers (ACB)*;
- ✓ 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; and
- ✓ ACB has expertise, systems and scale in insurance backed by the scale of Steadfast. They bring an Authorised Representative network of brokers, which represent further bolt-on opportunities to the joint venture.

EQUITY OFFERING

Ruralco today announced the launch of an Equity Offering to raise up to \$65 million^v, 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 will be issued if the offer is fully taken up, representing approximately 31% of current issued capital.

The Offer Price of \$2.66 ("Offer Price") per New Share, represents a:

- 10% discount to TERP
- 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

New shares will rank equally in all respects with existing ordinary shares from allotment.

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.^{xi}

The Joint Lead Managers of the Equity Offering are Insight Capital Advisors and Wilsons Corporate Finance Limited. Insight Capital Advisors has also acted as the sole Capital Markets Advisor to Ruralco.

Institutional Placement and Institutional Entitlement Offer

The Institutional Placement and Institutional Entitlement Offer opens on the 15th and closes on the 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

The Retail Entitlement Offer opens on the 22nd February 2017 and closes on the 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.

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FY17 OUTLOOK

In announcing the details of the portfolio of acquisitions and the Equity Offering, Ruralco provides the following trading update:

- The update given to the market on 23rd January 2017, reported a record Q1 earnings result for Ruralco, due mainly to favourable rainfall and a strong summer cropping season. The business also reported that volumes in Live Export have increased on the same period last year, with a solid sales pipeline in place;
- January 2017 results are aligned to management 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 is pleased with early progress made towards achieving its opex target of 80% of gross profit with embedded cost savings resulting from last year's cost-out initiatives.

ENDS

Further information:

Jonathan Sweet, General Manager Marketing and Communications

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ⁱ 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.

ⁱⁱ 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.

ⁱⁱⁱ EPS accretion is based on comparing the average of the historical FY 15 and FY 16 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.

^{iv} On a full year earnings basis, refer to Accretion Calculation assumptions on page 35 of the accompanying Investor Presentation. 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.

^v The Equity Offering is outlined in further detail on page 33 of the accompanying Investor Presentation and the amount raised is subject to the risks outlined under "Equity Funding Risk" on page 46 of the accompanying Investor Presentation.

^{vi} 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 Offering.

^{vii} 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.

^{viii} Source: ABS based on 14/15 year data.

^{ix} Water Markets Report 2015-16 Review and 2016-17 outlook, Aither.

^x See accompanying Investor Presentation for more detail.

^{xi} 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.

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ADDITIONAL INFORMATION

Further information on the Entitlement Offer and Institutional Placement is detailed in the Investor Presentation also provided to the ASX on Wednesday, 15 February 2017 and in the Retail Information Booklet. Please read the Investor Presentation before deciding whether to participate in the Entitlement Offer as it contains important information including the "Key Risks" with respect to the Acquisitions and the Equity Offering.

If you have any further questions about the Entitlement Offer, you should seek advice from your stockbroker, accountant or other independent professional adviser, or you can call the Ruralco Offer Information Line 1300 850 505 or +61 3 9415 4000 at any time between 8:30am and 5:30pm (AEDT) on Monday to Friday during the Retail Entitlement Offer period.

NOT FOR RELEASE OR DISTRIBUTION IN THE UNITED STATES

This ASX announcement does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States. This announcement may not be distributed or released in the United States. Neither the Entitlements nor the New Shares offered in the Entitlement Offer have been, or will be, registered under the U.S. Securities Act of 1933, as amended (U.S. Securities Act) or the securities laws of any state or other jurisdiction of the United States. Accordingly, the Entitlements may not be taken up by, and the New Shares may not be offered or sold to, persons in the United States or persons who are acting for the account or benefit of a person in the United States unless they have been registered under the U.S. Securities Act or in a transaction exempt from, or not subject to, the registration requirements of the U.S. Securities Act and any other applicable U.S. state securities laws. The New Shares to be offered and sold

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may only be offered and sold outside the United States in “offshore transactions” (as defined in Rule 902(h) under the U.S. Securities Act) in compliance with Regulation S under the U.S. Securities Act.

FUTURE PERFORMANCE

This announcement contains certain forward looking statements and comments about future events, including Ruralco’s expectations about the performance of its businesses and the effect of the funds raised under the Offer on that business. Forward looking statements can generally be identified by the use of forward looking words such as, “expect”, “anticipate”, “likely”, “intend”, “should”, “could”, “may”, “predict”, “plan”, “propose”, “will”, “believe”, “forecast”, “estimate”, “target” and other similar expressions. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward looking statements and include statements in this presentation regarding the conduct and outcome of the Offer, the use of proceeds and Ruralco’s outstanding debt. You are cautioned not to place undue reliance on any forward looking statement. While due care and attention has been used in the preparation of forward looking statements, forward looking statements, opinions and estimates provided in this announcement are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends which are based on interpretations of current market conditions. Forward looking statements including projections, guidance on future earnings and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance and may involve known and unknown risks, uncertainties and other factors, many of which are outside the control of Ruralco. A number of important factors could cause Ruralco’s actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward looking statements, including the risk factors described in the “Key Risks” section of this presentation. Actual results, performance or achievements may vary materially from any forward-looking statements and the assumptions on which statements are based. Ruralco disclaims any intent or obligation to update publicly any forward-looking statements, whether as a result of new information, future events or results or otherwise.

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EQUITY RAISING FOR ACQUISITIONS

15 FEBRUARY 2017

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Important Notice And Disclaimer

This presentation has been prepared by Ruralco Holdings Limited ABN 40 009 660 879 (**Ruralco**) in relation to an institutional placement (**Placement**) and pro-rata accelerated non-renounceable entitlement offer (**Entitlement Offer**), and together with the Placement (the **Offer**), of new shares in Ruralco (**New Shares**). The Entitlement Offer will be made to:

- 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.

Summary Information

This presentation contains summary information about Ruralco and its associated entities and their activities current as at the date of this presentation.

The information contained in this presentation is of a general nature and does not purport to include or summarise all information that an investor should consider when making an investment decision nor does it contain all the information which would be required in a disclosure document or prospectus prepared in accordance with the requirements of the Corporations Act. It should be read in conjunction with Ruralco's other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange (**ASX**), which are available at www.asx.com.au.

Not An Offer

This presentation is for information purposes only and is not a prospectus, product disclosure statement or other disclosure or offering document under Australian law or any other law (and will not be lodged with ASIC). This presentation is not and should not be considered an offer or an invitation to acquire any entitlements or New Shares or any other financial product and neither this presentation nor any of the information contained herein shall form the basis of any contract or commitment.

This presentation may not be released or distributed in the United States. In particular, this presentation does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States or any other jurisdiction in which such an offer would be illegal. The New Shares have not been, and will not be, registered under the US Securities Act of 1933 (**US Securities Act**) or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold in the United States unless the securities have been registered under the US Securities Act or are offered and sold in a transaction exempt from, or not subject to, the registration requirements of the US Securities Act and any other applicable securities laws. The distribution of this presentation in jurisdictions outside Australia may be restricted by law and you should observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

Investment Risk

An investment in shares in Ruralco is subject to known and unknown risks, some of which are beyond the control of Ruralco, including possible loss of income and principal invested. Ruralco does not guarantee any particular rate of return or the performance of Ruralco, nor does it guarantee any particular tax treatment. Investors should have regard to (amongst other things) the risk factors outlined in this presentation when making their investment decision. See the "Key Risks" section of this presentation for certain risks relating to an investment in Ruralco shares.

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Important Notice And Disclaimer (continued)

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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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A number of figures, amounts, percentages, estimates, calculations of value and fractions in this presentation are subject to the effect of rounding. Accordingly, the actual calculation of these figures may differ from the figures set out in this presentation.

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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

**NPAT + EPS
growth**

Strategy execution:
Portfolio of
acquisitions

- ✓ Aligned to strategy
- ✓ Attractive acquisition metrics: Pro-forma annualised EBITDA of ~\$13.6 million¹, Average implied multiple of ~4.5x², EPS accretive³
- ✓ Quality businesses
- ✓ Low integration risk
- ✓ Increases scale

**Improved Operating
Leverage**

**up to \$65 million⁴
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. NPAT 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



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 million¹
- Average implied multiple of ~4.5x EBITDA²
- EPS accretion³ on a pro-forma NPATA basis in the low teens⁴

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

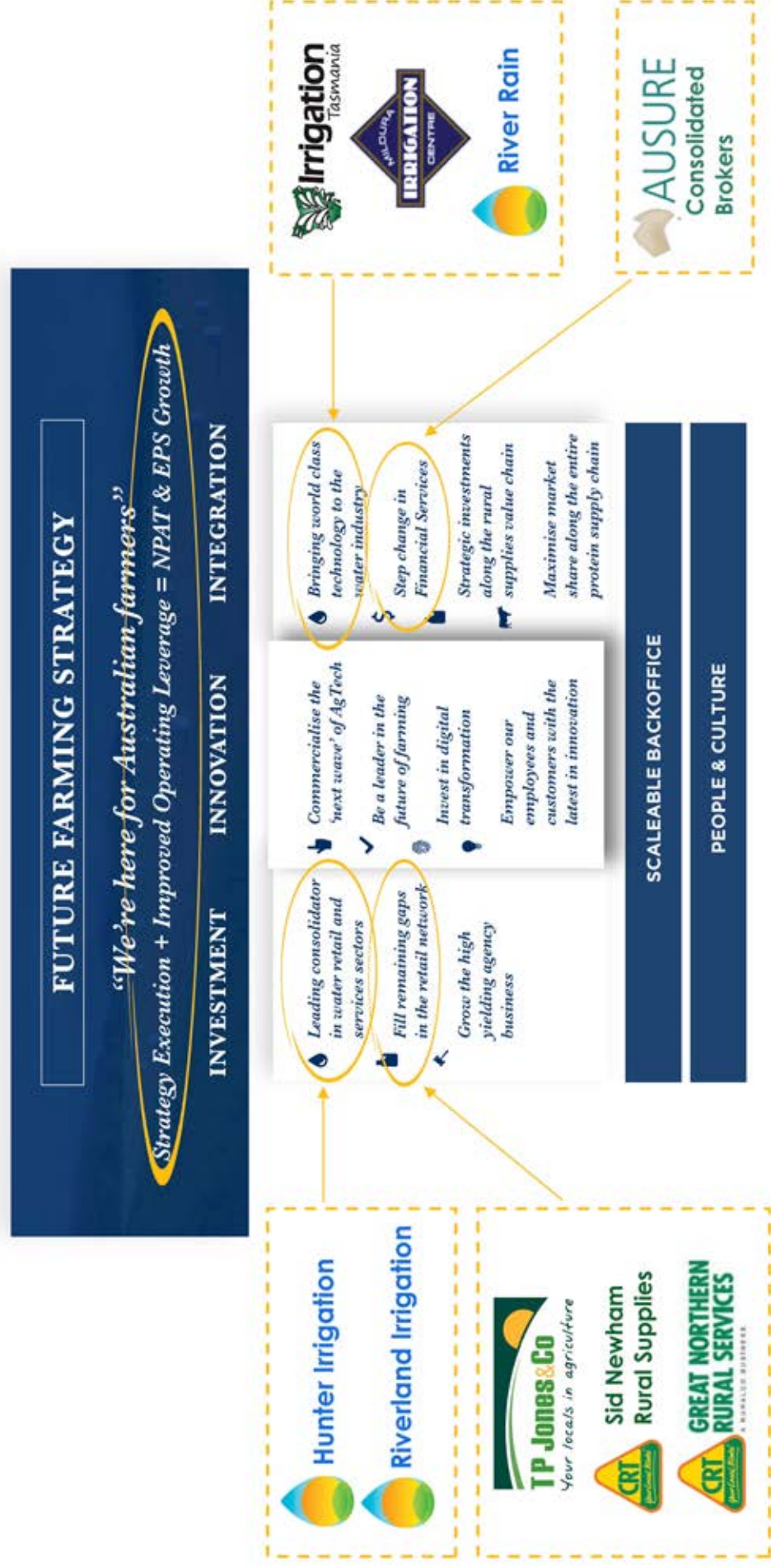
Launch of equity raising to fund portfolio of acquisitions

- ▶ Equity Offering to raise up to \$65 million¹ 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 TERP² 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

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 million¹, pro-forma annualised EBITDA of ~\$13.6 million² and are priced at an average implied EBITDA multiple of ~4.5x³

- 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 volume²
- ▶ 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 farm³ 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**



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
- *Agricultural Competitiveness White Paper*² increased the funding to the National Water Infrastructure Development Fund taking the total available funding to \$500 million
- The Government is spending \$2.5 million per day in Murray Darling Basin communities up until 2019³

▶ State Governments

- Tasmania has invested or committed \$376 million in scheme investment throughout the state⁴
- 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 West⁵

▶ 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 Australia⁶
- National Australia Bank,⁷ The Nature Conservancy, Besen Family Foundation & other HNWLs launched a \$100 million water rights investment fund in 2016
- Blue Sky Alternative Investments and Aware Water have established funds to invest in water entitlements across the Southern Murray Darling Basin

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](http://www.abc.net.au/news/2015-02-06/$24.5-million-for-wa-water-projects/6073640)

⁶ <http://www.afb.com.au/business/energy/electricity/colonial-first-state-gears-up-to-invest-in-water-infrastructure-20161211-g18.vf>

⁷ <http://www.theaustralian.com.au/business/in-dept/global-to-od-forum/heavyweights-invest-100m-in-murray-darling-water/news-story/fb87da4e09aafce782ccc88b59a91b8>

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



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

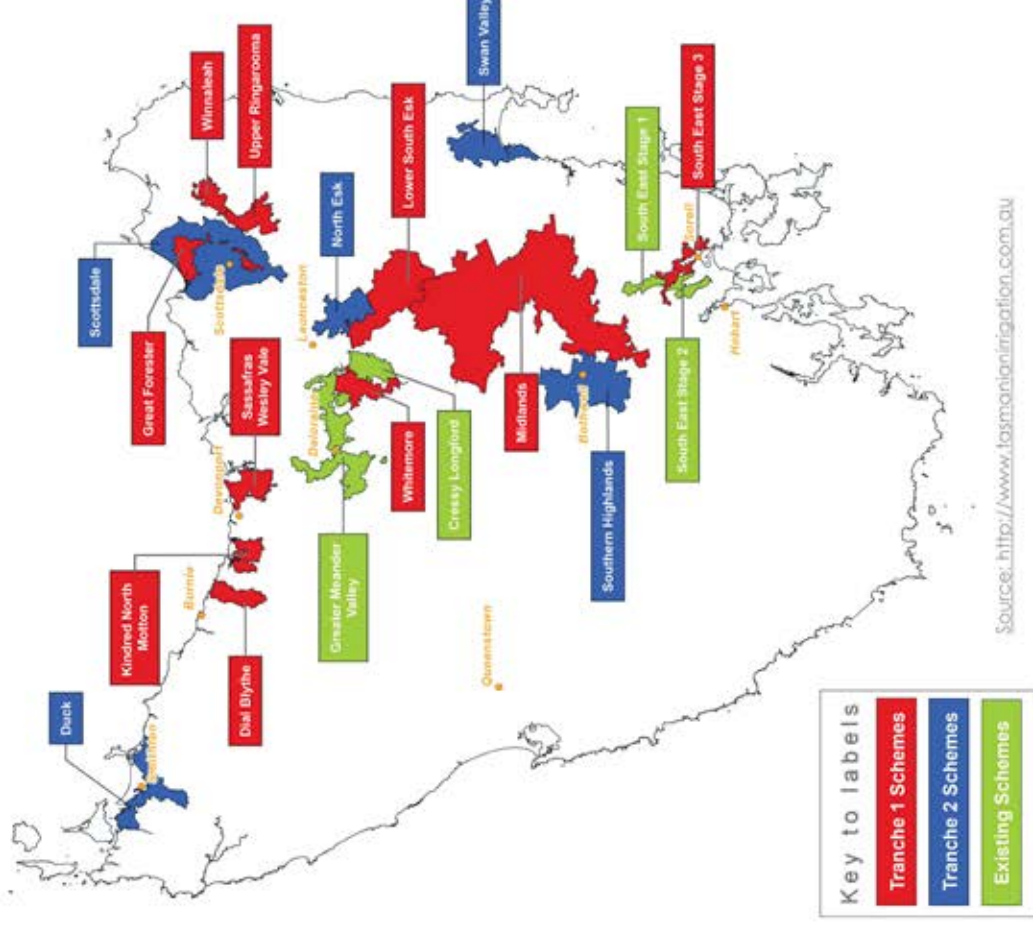
- ▶ 5 locations in TAS with a track record of servicing customers state-wide and nationally. Incorporates recently acquired two branch operation in Gunnedah (NSW) and Goondiwindi (QLD)
- ▶ Exclusive distribution of a number of market leading water technologies and brands
- ▶ Expert management team, with 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 million¹ including \$220 million² of state and federal funding and \$90 million of private investment into 10 schemes between 2010 and 2015
 - **Tranche 2** involves a further \$156 million of funding for another 5 schemes to be brought online between 2016 and 2018
- ▶ 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 https://www.tasmanianirrigation.com.au/uploads/docs/TFIP_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**



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 program¹
- ▶ These acquisitions represent a complimentary footprint to Ruralco's successful Platinum Operations JV, which offers rural merchandise throughout the region

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

Strategic pillar:
Investment



Target

Hunter Irrigation

Regional commodities

- ▶ Wine grapes, livestock, grain

Overview

- ▶ Three branches located at Singleton, Raymond Terrace and Ruthersford
- ▶ 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



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

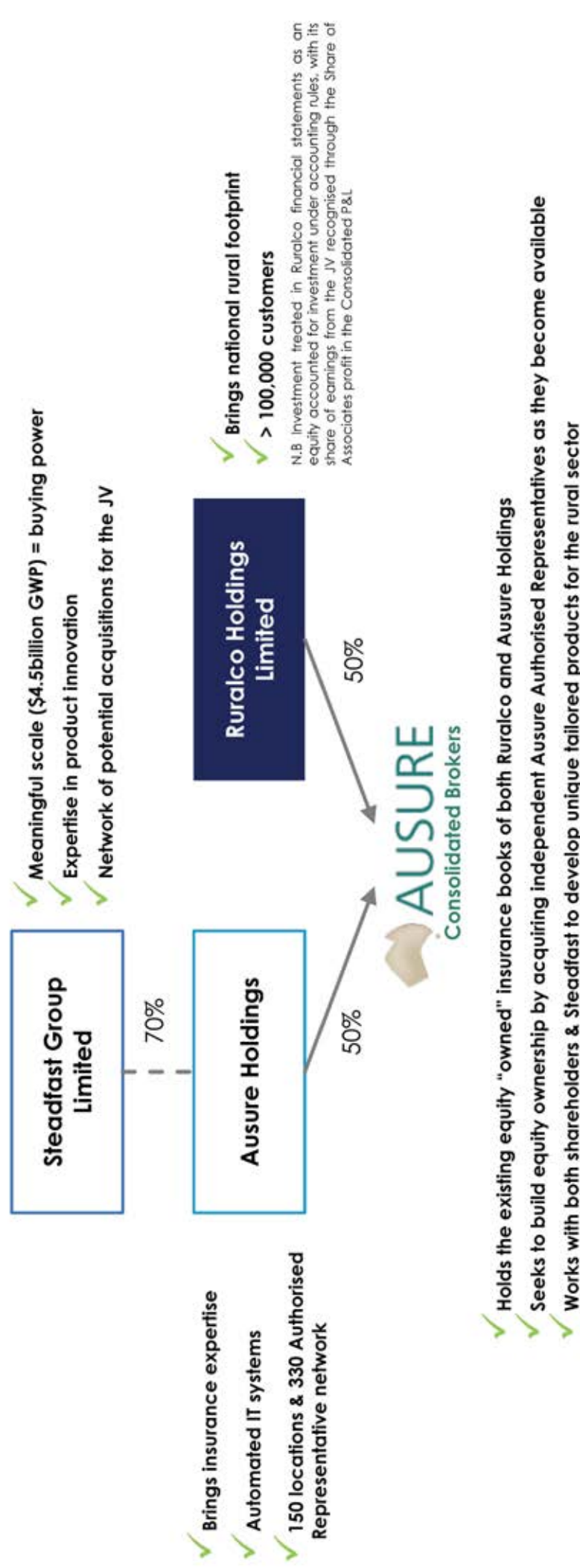
Finance

- ▶ 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



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	<ul style="list-style-type: none"> ▶ Equity Offering to raise up to \$65 million¹, comprising: <ul style="list-style-type: none"> - 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	<ul style="list-style-type: none"> ▶ Offer price of \$2.66 per New Share under the Entitlement Offer and Institutional Placement ("Offer Price"), which represents a: <ul style="list-style-type: none"> - 10% discount to TERP² - 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	<ul style="list-style-type: none"> ▶ 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	<ul style="list-style-type: none"> ▶ 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	<ul style="list-style-type: none"> ▶ New shares will rank equally in all respects with existing ordinary shares from allotment
Record Date	<ul style="list-style-type: none"> ▶ 7.00pm AEDT of 17th February 2016
Board Participation	<ul style="list-style-type: none"> ▶ 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	<ul style="list-style-type: none"> ▶ 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 full³

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:	13,259
• Mildura Irrigation Centre ^{2,4}	
• Riverland Irrigation ⁴	
• River Rain	
• Hunter Irrigation ⁴	
Acquisition of portfolio of other Rural Services businesses:	4,066
• Great Northern Rural Services ⁴	
• Sid Newham Rural Supplies ⁴	
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 Ruridco 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 2017¹
- ▶ Equity issuance of approximately 24.5 million New Shares at \$2.66 raising up to \$65 million²
- ▶ Earnings from the portfolio of acquisitions (~\$13.6 million EBITDA) are included on a pro-forma annualised basis³
- ▶ Pro-forma annualised NPATA⁴ 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 Ruralco⁵ 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 EPS (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	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 debt²	(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 ratio³	33%	23%				18%
Leverage ratio⁴	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)

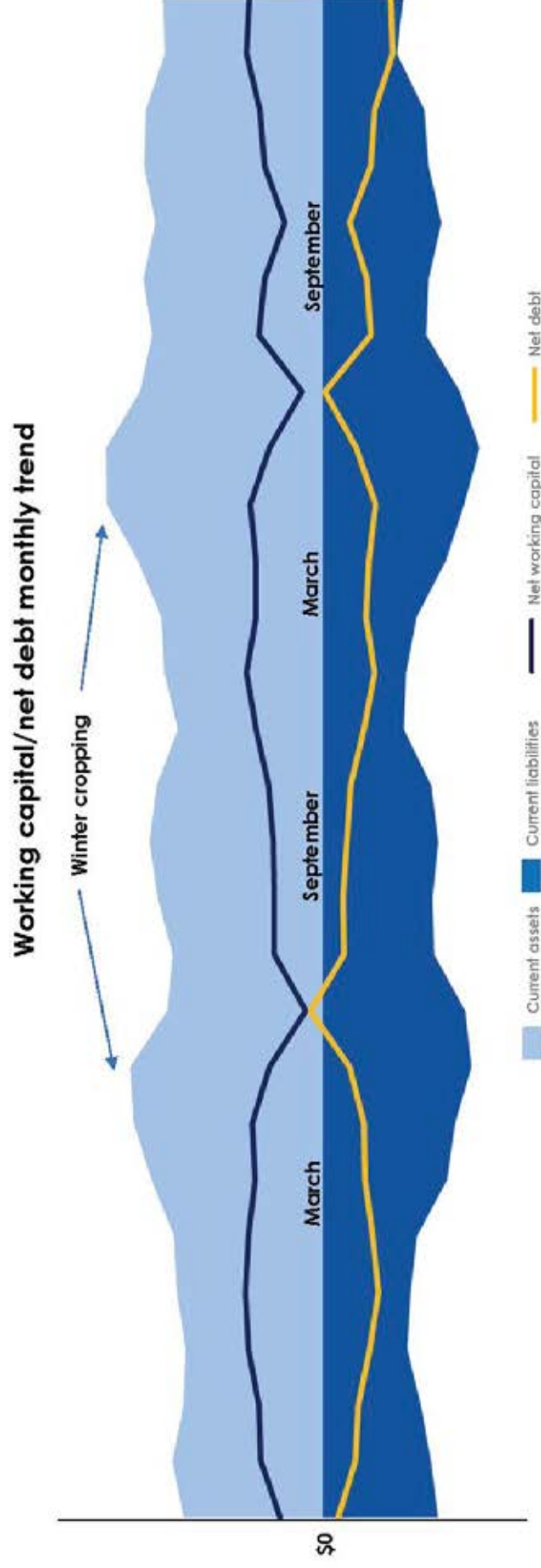
⁴ Calculated as Net Debt/rolling 12 months EBITDA. Earnings impact of the acquisitions on leverage ratio is calculated using pro-forma annualised EBITDA as defined on page 13

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



Offer Timetable

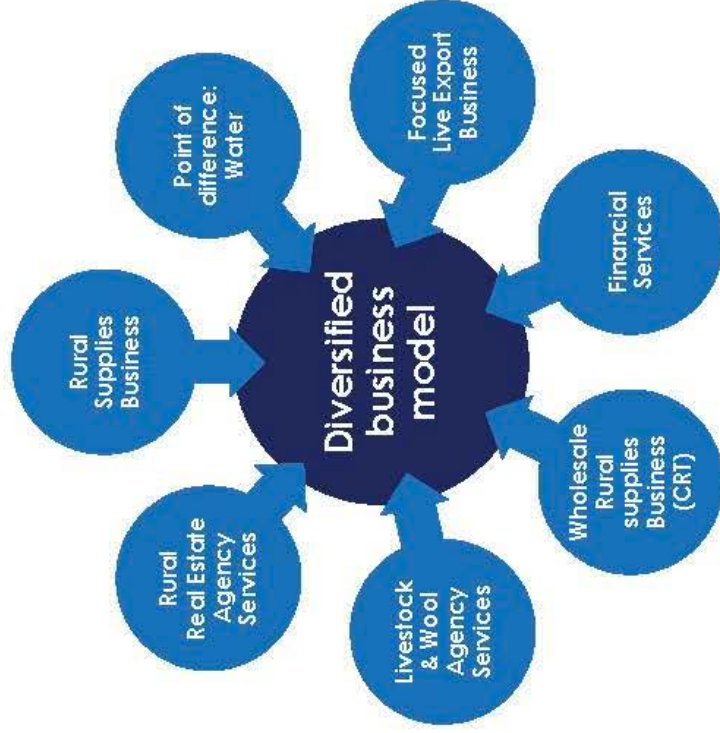
Event	Date
Announcement and trading halt	15 February 2017
Institutional Placement and Institutional Entitlement Offer opens	15 February 2017
Institutional Placement and Institutional Entitlement Offer closes	16 February 2017
Ruralco shares re-commence trading on ex-entitlement basis	17 February 2017
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 million¹, expected pro-forma annualised EBITDA is ~\$13.6 million² and average implied EBITDA multiple of ~4.5x³
- ▶ **The portfolio of acquisitions is estimated to deliver annualised EPS accretion in the low teens⁴**
- ▶ **Ruralco is funding these acquisitions via an equity raising of up to \$65 million⁵**
- ▶ **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	<p>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.</p> <p>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.</p> <p>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.</p>
Completion Risk	<p>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.</p>
Post-Completion Earn out Payments And Other Adjustments	<p>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.</p> <p>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.</p>

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	<p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p>
Share Price Risks	<p>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.</p>
Dilution Risk	<p>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.</p>

Key Risks – Offer and General Risks (continued)

Offer and general risk	Description
Taxation	<p>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.</p>
Asset Impairment	<p>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.</p>
Accounting Standards	<p>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.</p>
Domestic And Global Economic Conditions	<p>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.</p>

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.

An aerial photograph of a vast, arid landscape. The ground is a mosaic of dark, cracked earth, forming a complex, web-like pattern. The cracks are deep and run in various directions, creating a textured surface. The color of the earth is a mix of dark brown and black. The sky above is a clear, deep blue, with a few wispy white clouds scattered across it. The overall scene conveys a sense of extreme dryness and environmental hardship.

Ruralco

WE'RE HERE FOR AUSTRALIAN FARMERS

5. IMPORTANT INFORMATION

5.1 RESPONSIBILITY FOR INFORMATION BOOKLET

This Information Booklet (including the ASX Offer Announcements and the enclosed personalised Entitlement and Acceptance Form) has been prepared by Ruralco. This Information Booklet is dated 22 February 2017 (other than the ASX Offer Announcements, which were published on the ASX website on 15 February 2017 and 17 February 2017).

No party other than Ruralco has authorised or caused the issue of this Information Booklet, or takes any responsibility for, or makes, any statements, representations or undertakings in this Information Booklet.

No person is authorised to give any information, or to make any representation, in connection with the Entitlement Offer that is not contained in this Information Booklet. Any information or representation that is not in this Information Booklet may not be relied on as having been authorised by Ruralco, or its related bodies corporate in connection with the Entitlement Offer.

5.2 STATUS OF INFORMATION BOOKLET

The Retail Entitlement Offer is being made pursuant to provisions of the Corporations Act which allow rights issues to be offered without a prospectus.

Neither this Information Booklet nor the Entitlement and Acceptance Form are required to be lodged or registered with ASIC. This Information Booklet is not a prospectus under the Corporations Act and no prospectus for the Entitlement Offer will be prepared. These documents do not contain, or purport to contain, all of the information that a prospective investor may require in evaluating an investment in Ruralco. They do not contain all the information which would be required to be disclosed in a prospectus.

As a result, it is important for Eligible Retail Shareholders to carefully read and understand the information on Ruralco and the Entitlement Offer made publicly available, prior to accepting all or part of their Entitlement. In particular, please refer to this Information Booklet, the Investor Presentation and other announcements made available at <http://www.asx.com.au/>.

This Information Booklet does not contain financial product advice and has been prepared without taking into account your investment objectives, financial circumstances or particular needs. Ruralco is not licensed to provide financial product advice in respect of the New Shares. Before deciding whether to apply for New Shares, you should consider whether they are a suitable investment for you in light of your own investment objectives and financial circumstances and having regard to the merits or risks involved. If, after reading the Information Booklet, you have any questions about the Entitlement Offer, you should contact your stockbroker, accountant or other independent professional adviser.

5.3 INFORMATION BOOKLET AVAILABILITY

Eligible Retail Shareholders in Australia and New Zealand can obtain a copy of this Information Booklet during the period of the Entitlement Offer by accessing the ASX website or accessing the Ruralco website at www.ruralco.com.au. Persons who access the electronic version of this Information Booklet should ensure that they download and read the entire Information Booklet. The electronic version of this Information Booklet on the ASX website and the Ruralco website will not include a personalised Entitlement and Acceptance Form.

A replacement personalised Entitlement and Acceptance Form can be requested by calling the Ruralco Offer Information Line on 1300 850 505 or +61 3 9415 4000 at any time between 8:30am and 5:00pm (AEDT) on Monday to Friday during the Retail Entitlement Offer period. This Information Booklet (including the accompanying personalised Entitlement and Acceptance Form) may not be distributed or released to, or relied upon by, persons in the United States or that are acting for the account or benefit of a person in the United States.

5.4 NOTICE TO NOMINEES

If Ruralco believes you hold Shares as a nominee or custodian you will have received, or will shortly receive, a letter in respect of the Entitlement Offer from Ruralco. Nominees and custodians should consider carefully the contents of that letter and note in particular that the Retail Entitlement Offer is not available to Eligible Institutional Shareholders who were invited to participate in the Institutional Entitlement Offer (whether they accepted their Entitlement or not) and Ineligible Institutional Shareholders.

Persons acting as custodians or nominees must not apply for New Shares on behalf of, or for the account or benefit of, a person in the United States and must not send any document relating to the Retail Entitlement Offer to, any person that is in the United States or that is acting for the account or benefit of any person in the United States.

Ruralco is not required to determine whether or not any registered holder is acting as a nominee or custodian or the identity or residence of any beneficial owners of Shares. Where any holder is acting as a nominee for a foreign person, that holder, in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary in the Retail Entitlement Offer is compatible with applicable foreign laws. Eligible Retail Shareholders who are nominees, trustees or custodians are therefore advised to seek independent advice as to how to proceed.

5.5 NO COOLING OFF

Cooling off rights do not apply to an investment in New Shares. You cannot withdraw your application once it has been made.

5.6 PRIVACY STATEMENT

If you complete an application for New Shares, you will be providing personal information to Ruralco (directly or through the Registry). Ruralco collects, holds and will use that information to assess your application, service your needs as a Shareholder and to facilitate distribution payments and corporate communications to you as a Shareholder.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Registry.

You can access, correct and update the personal information that is held about you. If you wish to do so please contact the Registry at the relevant contact numbers set out in the Corporate Directory of this Information Booklet.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if the information required on the Entitlement and Acceptance Form is not provided, Ruralco may not be able to accept or process your application.

5.7 GOVERNING LAW

This Information Booklet, the Entitlement Offer and the contracts formed on acceptance of the Entitlement Offers pursuant to the personalised Entitlement and Acceptance Forms are governed by the laws applicable in New South Wales, Australia. Each applicant for New Shares submits to the non-exclusive jurisdiction of the courts of New South Wales, Australia.

5.8 FOREIGN JURISDICTIONS

This Information Booklet has been prepared to comply with the requirements of the securities laws of Australia.

The Entitlements and New Shares are not being offered to the public within New Zealand other than to existing Shareholders of Ruralco with registered addresses in New Zealand to whom the offer of Entitlements and New Shares is being made in reliance on the Financial Markets Conduct Act 2013 and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016.

This document has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority. This document is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

This Information Booklet does not constitute an offer 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 or qualify the Entitlement Offer, the Entitlements or the New Shares or otherwise permit the public offering of the New Shares in any jurisdiction other than Australia and New Zealand.

This Information Booklet, and any accompanying ASX announcements and the Entitlement and Acceptance Form, do not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States. Neither this Information Booklet nor the Entitlement and Acceptance Form may be distributed or released in the United States. Neither the Entitlements nor the New Shares offered in the Entitlement Offer have been, or will be, registered under the U.S. Securities Act or the securities laws of any state or other jurisdiction of the United States. Accordingly, the Entitlements may not be taken up by, and the New Shares may not be offered or sold to, persons in the United States or persons who are acting for the account or benefit of a person in the United States.

The New Shares to be offered and sold in the Retail Entitlement Offer may only be offered and sold outside the United States in “offshore transactions” (as defined in Rule 902(h) under the U.S. Securities Act) in compliance with Regulation S under the U.S. Securities Act.

Any non-compliance with these restrictions may contravene applicable securities laws.

See the “International Offer Restrictions” section of the Investor Presentation for more information.

5.9 JOINT LEAD MANAGERS

The Entitlement Offer is joint lead managed by Insight Capital Advisors Pty Ltd and Wilsons Corporate Finance Limited pursuant to an offer management agreement dated 15 February 2017 (**OMA**). The OMA contains customary representations, warranties and indemnities in favour of the Joint Lead Managers. A summary of some of the circumstances in which the OMA may be terminated is set out in the “Key Risks – Equity Funding Risk” section of the Investor Presentation.

5.10 DISCLAIMER OF REPRESENTATIONS

Except as required by law, and only to the extent so required, none of Ruralco, or any other person, warrants or guarantees the future performance of Ruralco or any return on any investment made pursuant to this Information Booklet.

6. GLOSSARY

ABN means Australian Business Number.

Additional New Shares means New Shares in excess of an Eligible Shareholder's Entitlement.

AEDT means Australian Eastern Daylight Time.

Application Monies means the amount specified in the personalised Entitlement and Acceptance Form, being the consideration for New Shares under the Retail Entitlement Offer.

ASIC means the Australian Securities & Investments Commission.

ASX means ASX Limited ACN 008 624 691 or, where the context requires, the financial market operated by it on which Shares are quoted.

ASX Offer Announcements means the ASX announcements reproduced in section 4 of the Information Booklet, being the announcement to ASX on Wednesday, 15 February 2017 of the launch of the Entitlement Offer and Placement, the Investor Presentation and the announcement to ASX on Friday, 17 February 2017 of the successful completion of Institutional Entitlement Offer and Placement.

CGT means capital gains tax.

Corporations Act means the Corporations Act 2001 (Cth).

Eligible Institutional Shareholder means institutional shareholders who were successfully invited to participate in the Institutional Entitlement Offer (as determined by the Joint Lead Managers).

Eligible Retail Shareholders has the meaning given in section 1.2 of the Information Booklet.

Entitlement and Acceptance Form means the personalised form accompanying this Information Booklet to be used to make an application in accordance with the instructions set out on that form.

Entitlement means the number of New Shares for which an Eligible Shareholder is entitled to subscribe under the Entitlement Offer, being 1 New Share for every 6 Shares held at the Record Date.

Entitlement Offer means the accelerated pro rata non-renounceable entitlement offer of 1 New Share for every 6 Shares held at the Record Date at an Offer Price of \$2.66 per New Share.

GST means goods and services tax.

Information Booklet means this information booklet in relation to the Retail Entitlement Offer, including the ASX Offer Announcements reproduced in section 4 and the personalised Entitlement and Acceptance Form accompanying the information booklet.

Ineligible Institutional Shareholder means institutional shareholders who were treated as ineligible institutional shareholders under the Institutional Entitlement Offer (as determined by the Joint Lead Managers).

Ineligible Retail Shareholders has the meaning given in section 1.7 of this Information Booklet.

Institutional Entitlement Offer means the entitlement offer made to Eligible Institutional Shareholders and successfully completed on 16 February 2017.

Institutional Trading Date means the date on which New Shares are issued under the Institutional Entitlement Offer.

Investor Presentation means the Ruralco Investor Presentation released to ASX on Wednesday, 15 February 2017 and included in section 4 of this Information Booklet.

Joint Lead Managers means Insight Capital Advisors Pty Ltd and Wilsons Corporate Finance Limited.

Listing Rules means the official listing rules of the ASX.

RETAIL ENTITLEMENT INFORMATION BOOKLET

RURALCO HOLDINGS LIMITED
ABN 40 009 660 879

New Shares means the fully paid ordinary shares in Ruralco offered under the Entitlement Offer and Placement (as applicable).

Offer Price means \$2.66 being the price payable per New Share under the Entitlement Offer.

OMA means the offer management agreement between Ruralco and the Joint Lead Managers under which the Joint Lead Managers have agreed to manage the Entitlement Offer.

Record Date means 7:00pm (AEDT) on 17 February 2017.

Registry means Computershare Investor Services Pty Ltd.

Retail Allotment Date means the date on which New Shares are issued under the Retail Entitlement Offer.

Retail Entitlement Offer means the accelerated pro rata non-renounceable entitlement offer of 1 fully paid ordinary shares for every 6 existing Shares held at the Record Date at an Offer Price of \$2.66 made to Eligible Retail Shareholders.

Ruralco means Ruralco Holdings Limited ACN 009 660 879.

Share means a fully paid ordinary share in Ruralco.

Shareholder means a holder of a Share.

SRF means Shareholder Reference Number.

TERP means the theoretical ex-rights price.

TFN means tax file number.

Top Up Shares has the meaning ascribed in section 1.5.

U.S. Securities Act means the United States Securities Act 1933 (as amended).

VWAP means the volume weighted average price.

RETAIL ENTITLEMENT INFORMATION BOOKLET

RURALCO HOLDINGS LIMITED
ABN 40 009 660 879

CORPORATE DIRECTORY

RURALCO HOLDINGS LIMITED
ACN 009 660 879

REGISTERED OFFICE

Level 5, 26 Talavera Road
Macquarie Park NSW 2113
Australia

LEGAL ADVISER TO RURALCO HOLDINGS LIMITED

Ashurst
Level 11, 5 Martin Place
Sydney NSW 2000
Australia

JOINT LEAD MANAGERS

Insight Capital Advisors Pty Ltd
49 Thanet Street
Malvern VIC 3144
Australia

and

Wilsons Corporate Finance Limited
'Waterfront Place' Level 30
1 Eagle Street
Brisbane QLD 4000
Australia

SHARE REGISTRY

Computershare Investor Services Pty Ltd
452 Johnston Street
Abbotsford VIC 3067
Australia

WEBSITE

Corporate information and the Ruralco Annual Report can be found via Ruralco's website at www.ruralco.com.au.

RURALCO OFFER INFORMATION LINE

1300 850 505 or +61 3 9415 4000

Open between 8:30am and 5:00pm (AEDT) on Monday to Friday during the Retail Entitlement Offer period

RETAIL ENTITLEMENT INFORMATION BOOKLET

RURALCO HOLDINGS LIMITED
ABN 40 009 660 879

Ruralco