

ASX ANNOUNCEMENT

Company Announcements Officer
Australian Securities Exchange

ACORN CAPITAL INVESTMENT FUND LIMITED (ASX:ACQ) **ACQ Short Term Recurring Option (ASTRO) Program**

17 December 2018

Acorn Capital Investment Fund Limited (ASX: ACQ) today announces the launch of ASTRO, its Bonus Option issuance scheme, subject to and in accordance with the terms of ACQ's prospectus dated 17 December 2018 ("Prospectus")¹.

Under ASTRO, on a semi-annual basis, likely post the payment of the interim and final dividend in a year (each such date being a "Decision Date"), the ACQ Board, in its discretion, will make a decision whether to issue on a pro rata basis to Eligible Shareholders a series of Bonus Options and the details of such series. If it exercises its discretion to issue Bonus Options under ASTRO, it is intended that:

- no consideration will be payable by Eligible Shareholders for (and ACQ will not raise any money from) the issue or grant of any Bonus Options;
- the Bonus Options will not be quoted on any financial market but will be transferable;
- the ACQ Board will have regard to the prevailing pre-tax Net Tangible Assets of the ACQ investment portfolio in determining the appropriate Bonus Option Exercise Price at each Decision Date; and
- Bonus Options will typically be issued following the payment of the then most recent ACQ dividend and will expire prior to the 'ex'-date for ACQ Shares on the next subsequent dividend.

The ACQ Board considers that ASTRO has the potential to help increase the size of ACQ. Growing ACQ, is expected to result in an enlarged investment portfolio while maintaining diversification. Based on its experience, Acorn Capital believes that there is currently reduced capital available to emerging Australian companies thereby creating a more attractive investible universe for ACQ. The ACQ Board also believes investors will benefit from ACQ's forecast increased liquidity and lower costs as it increases in market capitalisation.

Noting that no consideration is payable for the issue or grant of any of the Bonus Options under the Initial Offer (and that the Bonus Options issued under the Initial Offer will not be quoted but are transferable), details of the Initial Offer are as follows:

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| Bonus Option Entitlement in respect of the Initial Offer | 1 Bonus Option for every 3 ACQ Shares owned on the Bonus Option Record Date |
| Exercise Price in respect of the Initial Offer | \$1.20 per Bonus Option |
| Lodgement of Prospectus with ASIC and ASX in respect of the Initial Offer | 17 December 2018 |

¹ Unless otherwise defined, capitalised terms used in this document have the meaning given to them in the Prospectus. This document is the 'Announcement' for the purposes of the Initial Offer.

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| ACQ Shares quoted on an “ex” Bonus Option Entitlement basis in respect of the Initial Offer | 10 January 2019 |
| Bonus Option Record Date in respect of the Initial Offer | 7.00pm (Melbourne time) on 11 January 2019 |
| Bonus Option Issue Date in respect of the Initial Offer | 18 January 2019 |
| Prospectus and Entitlement Statement distributed to Eligible Shareholders in respect of the Initial Offer | 22 January 2019 |
| Bonus Option Expiry Date in respect of the Initial Offer | 5.00pm (Melbourne time) on 26 April 2019 |

Before deciding to invest in the Company by exercising Bonus Options, Eligible Shareholders should read the entire Prospectus.

For Shareholder enquiries please contact Robert Routley or Matthew Sheehan, the CEO and Company Secretary of ACQ’s investment manager, Acorn Capital Limited, on (03) 9639 0522.

For more information please visit the website www.ACQfund.com.au