



SCHEME
BOOKLET

VOTE IN FAVOUR

Financial
Adviser



Legal
Adviser



In relation to the proposed acquisition of Ruralco Holdings Limited by Agrium Australia Pty Ltd (which is a wholly-owned subsidiary of Nutrien Ltd and related body corporate of Landmark Operations Limited) by way of a scheme of arrangement

YOUR DIRECTORS UNANIMOUSLY RECOMMEND THAT YOU **VOTE IN FAVOUR OF THE SCHEME IN THE ABSENCE OF A SUPERIOR PROPOSAL**

THE INDEPENDENT EXPERT HAS CONCLUDED THAT THE SCHEME IS IN THE BEST INTERESTS OF RURALCO SHAREHOLDERS IN THE ABSENCE OF A SUPERIOR PROPOSAL

This is an important document and requires your immediate attention. You should read this document carefully and in its entirety before deciding whether or not to vote in favour of the resolution to approve the Scheme. If you are in doubt as to what you should do, you should consult your legal, financial, taxation or other professional adviser.

If, after reading this Scheme Booklet, you have any questions about the Scheme or the number of Ruralco Shares you hold or how to vote, please call the Shareholder Information Line on 1300 171 805 (within Australia) or +61 3 9415 4124 (outside Australia) Monday to Friday between 8.30am and 5.00pm (Sydney time).

If you have recently sold all of your Ruralco Shares, please disregard this document.



IMPORTANT NOTICES

THIS SCHEME BOOKLET

This Scheme Booklet provides Ruralco Shareholders with information about the proposed acquisition of Ruralco by Landmark Acquirer. You should read this Scheme Booklet carefully and in its entirety before deciding how to vote on the resolution to be considered at the Scheme Meeting. If you are in doubt as to what you should do, you should consult your legal, financial, taxation or other professional adviser.

DEFINED TERMS

Capitalised terms used in this Scheme Booklet are defined in the Glossary in section 12.

RESPONSIBILITY FOR INFORMATION

Except as set out below, this Scheme Booklet has been prepared by, and is the responsibility of, Ruralco. The Nutrien Group Parties expressly disclaim, and do not assume any responsibility for the accuracy or completeness of, any such information other than the Nutrien Group Information.

The Nutrien Group Information has been prepared by, and is the responsibility of, the Nutrien Group. The Ruralco Group Parties expressly disclaim, and do not assume any responsibility for the accuracy or completeness of, the Nutrien Group Information.

The Independent Expert's Report set out in Attachment E has been prepared by, and is the responsibility of, the Independent Expert. The Ruralco Group Parties and the Nutrien Group Parties expressly disclaim, and do not assume any responsibility for the accuracy or completeness of, the Independent Expert's Report.

NO INVESTMENT ADVICE

The information in this Scheme Booklet does not constitute financial product advice. This Scheme Booklet has been prepared without reference to the investment objectives, financial situation or particular needs of any Ruralco Shareholder or any other person. This Scheme Booklet should not be relied on as the sole basis for any investment decision. Independent legal, financial and taxation advice should be sought before making any investment decision in relation to your Ruralco Shares.

REGULATORY INFORMATION

This document is the explanatory statement for the scheme of arrangement between Ruralco and the holders of Ruralco Shares as at the Scheme Record Date for the purposes of section 412(1) of the *Corporations Act*. A copy of the proposed Scheme is included as Attachment C to this Scheme Booklet.

A copy of this Scheme Booklet was provided to ASIC for examination in accordance with section 411(2)(b) of the *Corporations Act* and was lodged with ASIC for registration under section 412(6) of the *Corporations Act*. It was then registered by ASIC under section 412(6) of the *Corporations Act* before being sent to Ruralco Shareholders.

ASIC has been requested to provide a statement in accordance with section 411(17)(b) of the *Corporations Act* that ASIC has no objection to the Scheme. If ASIC provides that statement, then it will be produced to the Court at the time of the Second Court Hearing.

Neither ASIC nor any of its officers take any responsibility for the contents of this Scheme Booklet.

A copy of this Scheme Booklet will be lodged with the ASX. Neither the ASX nor any of its officers take any responsibility for the contents of this Scheme Booklet.

IMPORTANT NOTICE ASSOCIATED WITH COURT ORDER UNDER SUBSECTION 411(1) OF THE *CORPORATIONS ACT*

The fact that under subsection 411(1) of the *Corporations Act* the Court has ordered that a meeting be convened and has approved the explanatory statement required to accompany the notice of the meeting does not mean that the Court:

- (a) has formed any view as to the merits of the proposed Scheme or as to how members should vote (on this matter members must reach their own decision); or
- (b) has prepared, or is responsible for the content of, the explanatory statement.

NOTICE REGARDING SECOND COURT HEARING AND IF A RURALCO SHAREHOLDER WISHES TO OPPOSE THE SCHEME

At the Second Court Hearing, the Court will consider whether to approve the Scheme.

Any Ruralco Shareholder may appear at the Second Court Hearing, currently expected to be held at 10:15am (Sydney time) on Monday, 22 July 2019 at the Federal Court of Australia, Law Courts Building, 184 Phillip Street, Sydney NSW 2000.

Any Ruralco Shareholder who wishes to oppose approval of the Scheme at the Second Court Hearing may do so by filing with the Court and serving on Ruralco a notice of appearance in the prescribed form together with any affidavit that the Ruralco Shareholder proposes to rely on.

DISCLAIMER REGARDING FORWARD-LOOKING STATEMENTS

This Scheme Booklet contains both historical and forward-looking statements.

The forward-looking statements in this Scheme Booklet are not based on historical facts, but rather reflect the current views of Ruralco or, in relation to the Nutrien Group Information, the Nutrien Group, held only as at the date of this Scheme Booklet concerning future results and events and generally may be identified by the use of forward-looking words or phrases such as "believe", "aim", "expect", "anticipated", "intending", "foreseeing", "likely", "should", "planned", "may", "estimated", "potential", or other similar words and phrases. Similarly, statements that describe Ruralco's and the Nutrien Group's objectives, plans, goals or expectations are or may be forward-looking statements.

The statements in this Scheme Booklet about the impact that the Scheme may have on the results of Ruralco's operations, and the advantages and disadvantages anticipated to result from the Scheme, are also forward-looking statements.

Any forward-looking statements included in the Nutrien Group Information have been made on reasonable grounds. Although Nutrien Group and each Nutrien Group Member believes that the views reflected in any forward-looking statements included in the Nutrien Group Information have been made on a reasonable basis, no assurance can be given that such views will prove to have been correct.

Any other forward-looking statements included in this Scheme Booklet and made by Ruralco have been made on reasonable grounds. Although Ruralco believes that the views reflected in any forward-looking statements in this Scheme Booklet (other than the Nutrien Group Information and the information in Attachment E of this Scheme Booklet) have been made on a reasonable basis, no assurance can be given that such views will prove to have been correct.

These forward-looking statements involve known and unknown risks, uncertainties, assumptions and other factors that may cause Ruralco's, Landmark Acquirer's or the Nutrien Group's actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed, projected or implied by these forward-looking statements. Deviations as to future results, performance and achievements are both normal and to be expected. Ruralco Shareholders should note that the historical financial performance of Ruralco is no assurance of future financial performance of Ruralco (whether the Scheme is implemented or not). Ruralco Shareholders should review carefully all the information included in this Scheme Booklet. The forward-looking statements included in this Scheme Booklet are made only as of the date of this Scheme Booklet. None of Ruralco, nor Landmark Acquirer, nor any Nutrien Group Member, nor any of their respective directors give any representation, assurance or guarantee to Ruralco Shareholders that any forward-looking statements will occur or be achieved. Ruralco Shareholders are cautioned not to place undue reliance on such forward-looking statements.

Subject to any continuing obligations under law, the ASX Listing Rules or the applicable rules of any securities exchange other than ASX, Ruralco, Landmark Acquirer and the Nutrien Group do not give any undertaking to update or revise any forward-looking statements after the date of this Scheme Booklet to reflect any change in expectations in relation to those statements or any change in events, conditions or circumstances on which any such statement is based.

PRIVACY AND PERSONAL INFORMATION

Ruralco, Landmark Acquirer and the Nutrien Group may collect personal information to implement the Scheme. The personal information may include the names, contact details and details of holdings of Ruralco Shareholders, plus contact details of individuals appointed by Ruralco Shareholders as proxies, corporate representatives or attorneys to vote at the Scheme Meeting. The collection of some of this information is required or authorised by the *Corporations Act*.

Computershare advises that personal information it holds about you (including your name, address, date of birth and details of the financial assets) is collected by Computershare group organisations to administer your investment. Personal information is held on the public register in accordance with Chapter 2C of the *Corporations Act*. Some or all of your personal information may be disclosed to contracted third parties, or related Computershare group companies in Australia and overseas. Your information may also be disclosed to Australian government agencies, law enforcement agencies and regulators, or as required under other Australian law, contract, and court or tribunal order. For further details about Computershare's personal information handling practices, including how you may access and correct your personal information and raise privacy concerns, visit Computershare's website at www.computershare.com/au/privacy-policies for a copy of the Computershare group condensed privacy statement, or contact Computershare by phone on 1300 171 805 (within Australia) or +61 3 9415 4124 (outside Australia) Monday to Friday between 8.30am and 5.00pm (Sydney time) to request a copy of Computershare's complete privacy policy.

The information may be disclosed to print and mail service providers, and to Ruralco and the Nutrien Group and their respective Related Bodies Corporate and advisers to the extent necessary to effect the Scheme. If the information outlined above is not collected, Ruralco may be hindered in, or prevented from, conducting the Scheme Meeting or implementing the Scheme effectively or at all. Ruralco Shareholders who appoint an individual as their proxy, corporate representative or attorney to vote at the Scheme Meeting should inform that individual of the matters outlined above.

FOREIGN JURISDICTIONS

The release, publication or distribution of this Scheme Booklet in jurisdictions other than Australia may be restricted by law or regulation in such other jurisdictions and persons outside of Australia who come into possession of this Scheme Booklet should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable laws or regulations.

This Scheme Booklet has been prepared in accordance with Australian law and the information contained in this Scheme Booklet may not be the same as that which would have been disclosed if this Scheme Booklet had been prepared in accordance with the laws and regulations outside Australia.

NOT AN OFFER

This Scheme Booklet does not constitute or contain an offer to Ruralco Shareholders, or a solicitation of an offer from Ruralco Shareholders, in any jurisdiction.

EFFECT OF ROUNDING

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

TIMES AND DATES

Unless otherwise stated, all times referred to in this Scheme Booklet are times in Sydney, Australia. All dates following the date of the Scheme Meeting are indicative only and are subject to the Court approval process and the satisfaction or, where applicable, waiver of the conditions precedent to the implementation of the Scheme (see section 11.10(a)).

CURRENCY

The financial amounts in this Scheme Booklet are expressed in Australian currency unless otherwise stated. A reference to \$ and cents is to Australian currency, unless otherwise stated.

DATE

This Scheme Booklet is dated 5 June 2019.

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CHAIRMAN'S LETTER

Dear Ruralco Shareholder,

On behalf of the Ruralco Board, I am pleased to provide you with this Scheme Booklet, which contains important information for your consideration in relation to the proposed acquisition of Ruralco by Agrium Australia Pty Ltd (**Landmark Acquirer**). Landmark Acquirer is an indirectly wholly-owned subsidiary of Nutrien Ltd (**Nutrien**), a global supplier of crop nutrients, inputs and services, and a related body corporate of Landmark Operations Limited (**Landmark**). Nutrien currently operates in Australia via its wholly-owned subsidiary Landmark under the Landmark brand.

On 27 February 2019, Ruralco announced that it had entered into a Scheme Implementation Deed with Nutrien, under which it is proposed that Landmark Acquirer will acquire 100% of the issued share capital of Ruralco via a scheme of arrangement (which is a commonly used legal procedure in Australia to undertake an acquisition of a publicly listed company). The Scheme is subject to certain conditions precedent, including shareholder, court and regulatory approvals.

If the Scheme is approved and implemented, you will receive cash payments equal to \$4.40 for each Ruralco Share that you hold (**Total Cash Consideration**), comprising:

- cash consideration under the Scheme of \$4.40 for each Ruralco Share you hold on the Scheme Record Date, less the amount of any Special Dividend that may be declared and paid by Ruralco on or before the date the Scheme is implemented (**Scheme Consideration**); and
- a fully franked special dividend of up to \$0.90 for each Ruralco Share you hold on the Special Dividend Record Date that may be declared and paid by Ruralco on or before the date the Scheme is implemented (**Special Dividend**).

The Ruralco Board intends to declare a fully franked Special Dividend of up to \$0.90 per Ruralco Share which, subject to the Scheme becoming Effective, is expected to be paid on the Special Dividend Payment Date. However, **the Total Cash Consideration will be \$4.40 regardless of the amount of any Special Dividend**. This is because the Scheme Consideration you receive from Landmark Acquirer will be \$4.40 less the cash amount of any Special Dividend you receive from Ruralco.

The Total Cash Consideration of \$4.40 per Ruralco Share represents a:

- 43.8% premium to the closing price of Ruralco Shares on 25 February 2019 (the last trading day prior to Ruralco entering a trading halt and announcing the Scheme Implementation Deed with Nutrien) of \$3.06;
- 44.4% premium to the 30-day VWAP of Ruralco Shares up to and including 25 February 2019 of \$3.05; and
- 44.6% premium to the 90-day VWAP of Ruralco Shares up to and including 25 February 2019 of \$3.04.

In addition, the Total Cash Consideration represents:

- an implied equity value of A\$469 million¹ and enterprise value of \$615 million;²

- an underlying FY18 P/E multiple of 16.3x, which is favourable to the trading multiples of Ruralco Shares up to and including 25 February 2019; and
- an underlying FY18 EV/EBITDA multiple of 8.8x, which is substantially in line with the EBITDA multiple of the comparable transactions referenced in the Independent Expert's Report.

If a Special Dividend of up to \$0.90 is paid, those Ruralco Shareholders who are entitled to the franking credits attached to the Special Dividend may be entitled to an Australian tax offset of up to approximately \$0.39³ per Ruralco Share (subject to confirmation from the ATO via a class ruling). Whether you will be entitled to the franking credits attached to any Special Dividend, and whether the receipt of franking credits attached to any Special Dividend is beneficial to you, will depend on your own specific circumstances. Ruralco Shareholders should seek independent taxation advice in respect of this matter and refer to section 10.

In addition to the Total Cash Consideration, on 14 May 2019, the Ruralco Board announced a fully franked Interim Dividend of \$0.10 per Ruralco Share in relation to the financial half year ended 31 March 2019. Ruralco Shareholders will be entitled to receive the Interim Dividend for each Ruralco Share they held on the Interim Dividend Record Date. The Interim Dividend will be paid on 18 June 2019, and will not reduce the Scheme Consideration or Total Cash Consideration.

DIRECTORS' RECOMMENDATION

Your Directors unanimously recommend that you vote in favour of the Scheme, in the absence of a Superior Proposal.

Each of your Directors has stated that he or she intends to vote all Ruralco Shares held or controlled by them, or on their behalf, in favour of the Scheme, in the absence of a Superior Proposal.

Mr Dillon (Ruralco's Managing Director and Chief Executive Officer) will, if the Scheme is implemented, become entitled to a maximum cash payment of up to \$2,460,375 (in aggregate), as described in section 11.5, and the Ruralco Performance Rights and Ruralco Matched Share Rights held by Mr Dillon (see section 11.1) will be subject to the regime described in section 11.12. Ruralco Shareholders should have regard to these arrangements when considering Mr Dillon's recommendation on the Scheme, which appears throughout this Scheme Booklet. Mr Dillon considers that, despite these arrangements, it is appropriate for him to make a recommendation on the Scheme.

Your Directors, having regard to multiple factors including the dynamics of the industry within which Ruralco operates and the cash premium available to Ruralco Shareholders compared to recent share trading results, believe that the Scheme is in the best interests of Ruralco Shareholders for the following reasons:

- the Independent Expert has concluded that the Scheme is fair and reasonable and, therefore, in the best interests of Ruralco Shareholders in the absence of a superior proposal;

¹ Based on 106,540,034 shares (comprising the 105,052,247 shares currently on issue and 1,487,787 shares to be issued before the Special Dividend Record Date – see section 7.5), multiplied by \$4.40.

² Based on FY18 average net debt of \$133.3 million, plus \$12.8 million of non-controlling interests.

³ Assuming a Special Dividend of \$0.90. If the Special Dividend is less than \$0.90, the franking credits attached to the Special Dividend and the Australian tax offset that Ruralco Shareholders may be entitled to will be commensurately less than \$0.39.

CHAIRMAN'S LETTER continued

- the Total Cash Consideration represents an attractive premium to Ruralco's recent share price performance;
- the Total Cash Consideration provides an attractive and compelling opportunity for Ruralco Shareholders to realise immediate and certain value for their investment in Ruralco;
- if a Special Dividend of up to \$0.90 is paid, those Ruralco Shareholders who are entitled to the franking credits attached to the Special Dividend may be entitled to an Australian tax offset of up to approximately \$0.39 per Ruralco Share (subject to confirmation from the ATO via a class ruling);
- Ruralco's share price may fall if the Scheme does not proceed and no comparable proposal or superior proposal emerges;
- no alternative proposal has emerged since the announcement of the Scheme to the ASX;
- if the Scheme does not proceed, Ruralco Shareholders will continue to be exposed to risks associated with Ruralco's business rather than realising certain value for their Ruralco Shares in a certain timeframe; and
- you will not incur any brokerage or stamp duty on the transfer of your Ruralco Shares under the Scheme.

In forming their view that the Scheme is in the best interest of Ruralco Shareholders, your Directors considered the potential disadvantages of the Scheme proceeding. In particular, you may prefer to continue to participate in the future financial performance of the Ruralco business. You may also believe that there is potential for a superior proposal to be made in relation to Ruralco. However, as at the date of this Scheme Booklet, no alternative proposal has been received by the Ruralco Board since the announcement of the Scheme to the ASX.

Your Directors also considered the future of the Ruralco business and its stakeholders under the ownership of Landmark Acquirer and Nutrien in reaching their decision to recommend the Scheme in the absence of a Superior Proposal.

Based on discussions with Nutrien and Landmark Acquirer, your Directors understand the proposed acquisition by Landmark Acquirer of Ruralco may bring a number of important benefits to the combined Landmark and Ruralco business and its operations, customers and suppliers. These are expected to include: reduced operating costs; broader distribution channels; enhanced ability to foster innovation; and opportunity to expand water services activities.

Section 8 contains information on Landmark Acquirer and Nutrien, including their rationale for the proposed acquisition of Ruralco and current intentions for the Ruralco business.

INDEPENDENT EXPERT

Ruralco has appointed Grant Thornton as the Independent Expert to assess the merits of the Scheme. The Independent Expert has concluded that the Scheme is fair and reasonable and, therefore, in the best interests of Ruralco Shareholders in the absence of a superior proposal.

The Independent Expert has assessed the full underlying value of Ruralco at between \$4.14 and \$5.03 per Ruralco Share. The Total Cash Consideration of \$4.40 per Ruralco Share is within this valuation range. Further, Ruralco's intention to pay a fully franked Special Dividend of up to \$0.90 per Ruralco Share (as part of the Total Cash Consideration) may provide certain eligible Ruralco Shareholders with an Australian tax offset of up to

approximately \$0.39 per Ruralco Share (subject to confirmation from the ATO via a class ruling), reinforcing the Independent Expert's conclusion.

A complete copy of the Independent Expert's Report is included as Attachment E to this Scheme Booklet.

HOW TO VOTE

Your vote is important. For the Scheme to be implemented, the Scheme Resolution must be approved by the Requisite Majorities of Ruralco Shareholders at the Scheme Meeting. The Scheme Meeting will be held at 10:00am (Sydney time) on Wednesday, 17 July 2019.

The Transaction is subject to an informal review by the ACCC, with a decision expected on or around 13 June 2019. If the ACCC's decision is to release a Statement of Issues or delay its determination, it may be that the date of the Scheme Meeting may move from Wednesday, 17 July 2019.

Your Directors strongly encourage you to vote on this significant proposed transaction (and to vote in favour of it, in the absence of a Superior Proposal). You may vote on the Scheme Resolution by attending the Scheme Meeting in person, or by appointing a proxy, attorney or body corporate representative to attend the Scheme Meeting and vote on your behalf. If you do not wish to or are unable to attend the Scheme Meeting in person, I encourage you to vote on the Scheme Resolution by completing the personalised proxy form accompanying the Scheme Booklet and returning it to Computershare Investor Services Pty Limited, GPO Box 242, Melbourne VIC 3001 so that it is received no later than 10:00am (Sydney time) on Monday, 15 July 2019.

FURTHER INFORMATION

This Scheme Booklet sets out important information relating to the Scheme, including the reasons for your Directors' recommendation and the Independent Expert's Report. It also sets out some of the reasons why you may wish to vote against the Scheme.

Please read this Scheme Booklet carefully and in its entirety as it contains important information that you should consider before you vote. You should also seek independent legal, financial, taxation or other professional advice before making an investment decision in relation to your Ruralco Shares.

If you have any questions regarding the Scheme or this Scheme Booklet you should contact the Ruralco Shareholder Information Line on 1300 171 805 (within Australia) or + 61 3 9415 4124 (outside Australia) Monday to Friday between 8.30am and 5.00pm (Sydney time).

On behalf of your Directors, I thank you for your ongoing support and I look forward to your participation at the Scheme Meeting.

Yours sincerely,



RICHARD (RICK) LEE AM
CHAIRMAN
RURALCO HOLDINGS LIMITED

KEY DATES

DATE	EVENT
Thursday, 13 June 2019	Provisional date for announcement of ACCC decision* (final approval or publication of a Statement of Issues)
10:00am (Sydney time) on Monday, 15 July 2019	Scheme Meeting proxies Last date and time for receipt by Ruralco's Share Registry of proxy forms (including proxies lodged online) for the Scheme Meeting
7:00pm (Sydney time) on Monday, 15 July 2019	Scheme Meeting record date Date and time for determining eligibility to vote at the Scheme Meeting
10:00am (Sydney time) on Wednesday, 17 July 2019	Scheme Meeting To be held at the offices of Gilbert + Tobin Level 35, Tower Two – International Towers, 200 Barangaroo Avenue, Sydney NSW 2000 Special Dividend declared**

All dates following the date of the Scheme Meeting are indicative only and are subject to the Court approval process and the satisfaction or, where applicable, waiver of the conditions precedent to the implementation of the Scheme (see section 11.10(a)). All dates and times, unless otherwise indicated, refer to the date and time in Sydney, Australia. Any changes to this timetable will be announced to the ASX and notified on Ruralco's website at <http://www.ruralco.com.au>.

IF RURALCO SHAREHOLDERS APPROVE THE SCHEME AT THE SCHEME MEETING

10:15am (Sydney time) on Monday, 22 July 2019	Second Court Date Date on which Court approval of the Scheme will be sought
Tuesday, 23 July 2019	Effective Date Date on which the Scheme becomes Effective and is binding on Ruralco Shareholders. The Court order will be lodged with ASIC and announced on the ASX. Ruralco Shares will be suspended from trading at the close of trading. If the Scheme proceeds, this will be the last day that Ruralco Shares will trade on the ASX.
Wednesday, 24 July 2019	Ex-dividend date of Special Dividend**
7:00pm (Sydney time) on Thursday, 25 July 2019	Special Dividend Record Date Date and time for determining entitlement to receive the Special Dividend**
7:00pm (Sydney time) on Tuesday, 30 July 2019	Scheme Record Date Date and time for determining Ruralco Shareholders eligible to participate in the Scheme and to receive the Scheme Consideration
Tuesday, 6 August 2019	Implementation Date and Special Dividend Payment Date Payment of Scheme Consideration to Scheme Shareholders and transfer of Scheme Shares to Landmark Acquirer If declared, the Special Dividend is also expected to be paid on this date.

* This date may change and if it does it may impact on other dates in this table. If this date does not change, depending on the ACCC's decision on this date (final approval or publication of Statement of Issues), it may impact on other dates in this table. Please see section 11.11 for information on the status of the ACCC condition.

** Subject to the determination of the Ruralco Board.

Purpose of this Scheme Booklet

Section 1













1

PURPOSE OF THIS SCHEME BOOKLET

The purpose of this Scheme Booklet is to explain the terms of the proposed Scheme and provide you with information on the Scheme to assist you in your decision whether or not to vote in favour of the Scheme.






Voting will take place at the Scheme Meeting to be held at 10:00am (Sydney time) on Wednesday, 17 July 2019 at the offices of Gilbert + Tobin, Level 35, Tower Two – International Towers, 200 Barangaroo Avenue, Sydney NSW 2000. You should read this Scheme Booklet in full before deciding how to vote at the Scheme Meeting. The Scheme has a number of advantages, disadvantages and risks, which may affect Ruralco Shareholders in different ways depending on their individual circumstances. Ruralco Shareholders should seek professional advice on their particular circumstances, as appropriate.

REASONS TO VOTE IN FAVOUR OF THE SCHEME

-  The Ruralco Board unanimously recommends that you vote in favour of the Scheme, in the absence of a Superior Proposal
-  The Independent Expert has concluded that the Scheme is fair and reasonable and, therefore, in the best interests of Ruralco Shareholders in the absence of a superior proposal
-  The Total Cash Consideration represents attractive value for Ruralco Shareholders
-  If a Special Dividend of up to \$0.90 is paid, those Ruralco Shareholders who are entitled to the franking credits attached to the Special Dividend may be entitled to an Australian tax offset of up to approximately \$0.39 per Ruralco Share (subject to confirmation from the ATO via a class ruling)
-  You will receive certain value of \$4.40 cash per Ruralco Share for your investment in Ruralco
-  No alternative proposal has been received since the announcement of the Scheme, as at the date of this Scheme Booklet
-  The Scheme allows you to sell all of your Ruralco Shares
-  Ruralco's share price may fall if the Scheme does not proceed and no comparable proposal or superior proposal emerges
-  If the Scheme does not proceed, Ruralco Shareholders will continue to be exposed to risks associated with Ruralco's business rather than realising certain value for their Ruralco Shares in a certain timeframe
-  You will not incur any brokerage charges or stamp duty on the transfer of your Ruralco Shares under the Scheme

For more information about the reasons to vote in favour of the Scheme, please see section 6.2 which Ruralco Shareholders should read carefully and in its entirety.

REASONS NOT TO VOTE IN FAVOUR OF THE SCHEME

-  You may believe that there is the potential for a superior proposal to be made in the foreseeable future. However, as at the date of this Scheme Booklet, no alternative proposal has been received by the Ruralco Board since the announcement of the Scheme
-  You may disagree with the Ruralco Board's recommendation and the opinion of the Independent Expert and consider that the Scheme is not in your best interests
-  You may prefer to participate in the future financial performance of Ruralco's business
-  You may believe that it is in your best interests to maintain your current investment and risk profile
-  The tax consequences of the Scheme may not suit your current financial position

For more information about the reasons to vote against the Scheme, please see section 6.3 which Ruralco Shareholders should read carefully and in its entirety.

Next Steps

Section 2



2 NEXT STEPS

CAREFULLY READ THIS SCHEME BOOKLET

This is an important document and you should read it carefully and in its entirety before deciding how to vote at the Scheme Meeting.

SEEK FURTHER INFORMATION

If you have any questions in relation to the Scheme or the number of Ruralco Shares you hold or how to vote, please call the Shareholder Information Line on 1300 171 805 (within Australia) or +61 3 9415 4124 (outside Australia) Monday to Friday between 8.30am and 5.00pm (Sydney time).

If you have any doubts as to the actions you should take or you have further questions, please contact your legal, financial, taxation or other professional adviser.

VOTE ON THE SCHEME

As a Ruralco Shareholder, you are entitled to vote on whether the Scheme should proceed at the Scheme Meeting.

Please refer to section 3 for details on how to vote at the Scheme Meeting.

WHY YOU SHOULD VOTE

As a Ruralco Shareholder, you have a say in whether Landmark Acquirer will acquire all the issued shares in Ruralco. This is your opportunity to play a role in deciding the future of Ruralco.



How to Vote

Section 3

3 HOW TO VOTE

WHO IS ENTITLED TO VOTE AT THE SCHEME MEETING?

If you are registered on the Register as a Ruralco Shareholder at 7:00pm (Sydney time) on Monday, 15 July 2019, then you will be entitled to attend and vote at the Scheme Meeting. Voting is not compulsory.

JOINT HOLDERS

In the case of Ruralco Shares held by joint holders, only one of the joint holders is entitled to vote. If more than one shareholder votes in respect of jointly held Ruralco Shares, only the vote of the Ruralco Shareholder whose name appears first in the Register will be counted.

YOUR VOTE IS IMPORTANT

For the Scheme to be implemented, the Scheme Resolution must be approved by Ruralco Shareholders by the Requisite Majorities at the Scheme Meeting.

For this reason the Ruralco Directors unanimously recommend that you vote in favour of the Scheme Resolution in the absence of a Superior Proposal.

If you are unable to attend the Scheme Meeting, the Ruralco Directors urge you to complete and return, in the enclosed reply-paid envelope, the personalised proxy form that accompanies this Scheme Booklet or lodge your proxy form online at Computershare's website (www.investorvote.com.au) in accordance with the instructions given there.

LOCATION AND DETAILS OF SCHEME MEETING

The details of the Scheme Meeting are as follows:

Location	The offices of Gilbert + Tobin Level 35, Tower Two – International Towers, 200 Barangaroo Avenue, Sydney NSW 2000
Date	Wednesday, 17 July 2019
Time	10:00am (Sydney time)

SCHEME MEETING

A copy of the Notice of Scheme Meeting is set out in Attachment A to this Scheme Booklet.

Section 5.3(b) provides details of the Scheme Resolution and the voting majorities that are required for the Scheme Resolution.

VOTING IN PERSON, BY ATTORNEY OR CORPORATE REPRESENTATIVE

If you wish to vote in person, you must attend the Scheme Meeting.

If you cannot attend the Scheme Meeting, you may vote by proxy by completing the proxy form accompanying this Scheme Booklet.

Attorneys who plan to attend the Scheme Meeting should bring with them the original or a certified copy of the power of attorney under which they have been authorised to attend and vote at the Scheme Meeting.

A body corporate which is a Ruralco Shareholder may appoint an individual to act as its corporate representative. The appointment must comply with the requirements of section 250D of the *Corporations Act*. The representative should bring to the Scheme Meeting evidence of his or her appointment, including any authority under which it is signed.

VOTING BY PROXY

If you wish to appoint a proxy to attend and vote at the Scheme Meeting on your behalf, please complete and sign the personalised proxy form accompanying this Scheme Booklet in accordance with the instructions set out on the proxy form or lodge your proxy form online at Computershare's website (www.investorvote.com.au) in accordance with the instructions given there. You may complete the proxy form in favour of the Chairperson of the Scheme Meeting or appoint up to two proxies to attend and vote on your behalf at the Scheme Meeting.

TO BE VALID, PROXY FORMS FOR THE SCHEME MEETING MUST BE RECEIVED BY RURALCO'S SHARE REGISTRY OR RURALCO BY NO LATER THAN 10:00AM (SYDNEY TIME) ON MONDAY 15 JULY 2019.

Proxy forms, duly completed in accordance with the instructions set out on the proxy form, may be returned to Ruralco's Share Registry:

- by posting them in the reply-paid envelope provided;
- by posting them to Computershare Investor Services Pty Limited, GPO Box 242, Melbourne VIC 3001, Australia;
- by delivering them in person to Computershare Investor Services Pty Limited, 60 Carrington Street, Sydney NSW 2000, Australia;
- by faxing them to Computershare Investor Services Pty Limited on 1800 783 447 (within Australia) or +61 3 9473 2555 (outside of Australia); or
- by submitting them online at www.investorvote.com.au. Login to the www.investorvote.com.au website and enter the control number shown on the proxy form. Select 'Submit' and follow the prompts to lodge your vote. To use the online voting facility, Ruralco Shareholders will need their Securityholder Reference Number (**SRN**) or Holder Identification Number (**HIN**) as shown on the front of the proxy form, and their post code or country of residence (if outside Australia).

Alternatively, you may send your proxy form to Ruralco's registered office at Level 5, Building A, 26 Talavera Road, Macquarie Park NSW 2113.

If the proxy form is signed by an attorney, the original or a certified copy of the power of attorney must be received by Ruralco's Share Registry or Ruralco at the same time as the proxy form (unless previously provided to Ruralco's Share Registry or Ruralco).

Frequently Asked Questions

Section 4

4 FREQUENTLY ASKED QUESTIONS

This Scheme Booklet contains detailed information regarding the Scheme. This section provides summary answers to some questions you may have and will assist you to locate further detailed information in this Scheme Booklet. It is not intended to address all relevant issues for Ruralco Shareholders. This section should be read together with the other parts of this Scheme Booklet.

QUESTION	RESPONSE
AN OVERVIEW OF THE SCHEME	
Why have I received this Scheme Booklet?	<p>This Scheme Booklet has been sent to you because you are a Ruralco Shareholder and Ruralco Shareholders are being asked to vote on a Scheme which, if approved and implemented, will result in Landmark Acquirer acquiring all Ruralco Shares.</p> <p>This Scheme Booklet is intended to help you decide how to vote on the Scheme Resolution which needs to be passed by the Requisite Majorities at the Scheme Meeting for the Scheme to proceed.</p>
What is the Scheme?	<p>The Scheme is a members' scheme of arrangement between Ruralco and Ruralco Shareholders. A scheme of arrangement is a statutory procedure that is commonly used in Australia to undertake an acquisition of a publicly listed company.</p> <p>If the Scheme is approved and implemented:</p> <ul style="list-style-type: none"> • Landmark Acquirer will acquire all the Ruralco Shares; and • Ruralco Shareholders will receive the Total Cash Consideration for each Ruralco Share held at both the Scheme Record Date and the Special Dividend Record Date.
Who are Nutrien and Landmark Acquirer?	<p>Nutrien is a company incorporated in Canada and listed on the Toronto Stock Exchange and New York Stock Exchange. It is a global supplier of crop nutrients, inputs and services, which was formed from the merger of Agrium Inc. and Potash Corporation of Saskatchewan Inc. on 1 January 2018.</p> <p>Nutrien currently operates in Australia via its wholly-owned subsidiary Landmark under the Landmark brand. Landmark has been part of rural Australia for over 150 years.</p> <p>Landmark Acquirer is an indirectly wholly-owned subsidiary of Nutrien and a related body corporate of Landmark. It was incorporated in 2002 as Agrium Inc.'s initial entry point into Australia.</p> <p>Please refer to section 8 for more information on Nutrien and Landmark Acquirer, including their rationale for the proposed acquisition of Ruralco and current intentions for the Ruralco business.</p>
What is required for the Scheme to be implemented?	<p>In order for the Scheme to be implemented, all conditions precedent under the Scheme Implementation Deed must be satisfied or waived (where applicable), including that the Scheme Resolution must be approved by Ruralco Shareholders at the Scheme Meeting and the Scheme must be approved by the Court, and Ruralco and Landmark Acquirer must undertake the steps set out in section 5.4 so that all of the Ruralco Shares are transferred to Landmark Acquirer and the Ruralco Shareholders receive the Total Cash Consideration.</p> <p>Details of this Scheme Resolution and the voting majorities required to approve the Scheme Resolution are set out in section 5.3(b).</p>
What do the Ruralco Directors recommend?	<p>The Ruralco Directors unanimously recommend that you vote in favour of the Scheme Resolution to approve the Scheme, in the absence of a Superior Proposal. In relation to the recommendation of Travis Dillon, Ruralco Shareholders should have regard to the fact that, if the Scheme is implemented, Mr Dillon will become entitled to the cash amounts described in section 11.5.</p> <p>The reasons for this recommendation, and other matters that you may wish to take into consideration, are set out in section 6.</p>
How are the Ruralco Directors intending to vote?	<p>Each of the Ruralco Directors states that he or she intends to vote all the Ruralco Shares controlled or held by them, or on their behalf, in favour of the Scheme, in the absence of a Superior Proposal.</p> <p>The Relevant Interests of Ruralco Directors in Ruralco Shares as at the date of this Scheme Booklet are set out in section 11.1.</p>

4 FREQUENTLY ASKED QUESTIONS

QUESTION	RESPONSE
What is the Independent Expert's opinion of the Scheme?	<p>The Independent Expert concluded that the Scheme is fair and reasonable and, therefore, in the best interests of Ruralco Shareholders in the absence of a superior proposal.</p> <p>The Independent Expert has estimated the full underlying value of Ruralco to be in the range of \$4.14 and \$5.03 per Ruralco Share.</p> <p>The Ruralco Directors recommend that you read the Independent Expert's Report carefully and in its entirety.</p> <p>The Independent Expert's Report is included as Attachment E to this Scheme Booklet.</p>
What if the Independent Expert changes its opinion?	<p>If the Independent Expert changes its opinion:</p> <ul style="list-style-type: none"> • this will be announced to the ASX; • the Ruralco Directors will carefully consider the Independent Expert's revised opinion; • Nutrien and Landmark Acquirer can exercise their rights, in relation to the Independent Expert's Report, under the Scheme Implementation Deed; and • the Ruralco Directors will advise you of their recommendation.
Why you may consider voting in favour of the Scheme	<p>Reasons why you may consider voting in favour of the Scheme include:</p> <ul style="list-style-type: none"> • The Ruralco Board has unanimously recommended that you vote in favour of the Scheme in the absence of a Superior Proposal; • The Independent Expert has concluded that the Scheme is fair and reasonable and, therefore, in the best interests of Ruralco Shareholders in the absence of a superior proposal; • The Total Cash Consideration represents attractive value for Ruralco Shareholders – being at a premium of 43.8% to the closing share price of Ruralco Shares on 25 February 2019 (the last trading day prior to Ruralco entering into a trading halt and announcing it had entered into a Scheme Implementation Deed with Nutrien) of \$3.06; • If a Special Dividend of up to \$0.90 is paid, you may be entitled to the franking credits attached to the Special Dividend and therefore may be entitled to an Australian tax offset of up to approximately \$0.39 per Ruralco Share (subject to confirmation from the ATO via a class ruling) • You will receive certain value of \$4.40 cash per Ruralco Share for your investment in Ruralco; • No alternative proposal has been received since the announcement of the Scheme, as at the date of this Scheme Booklet; • Ruralco's share price may fall if the Scheme does not proceed and no comparable proposal or superior proposal is received; • The Scheme allows you to sell all of your Ruralco Shares; • If the Scheme does not proceed, Ruralco Shareholders will continue to be exposed to risks associated with Ruralco's business rather than realising certain value for their Ruralco's Shares in a certain timeframe; and • No brokerage or stamp duty will be payable by you on the transfer of your Ruralco Shares under the Scheme.
Why you may consider voting against the Scheme	<p>Reasons why you may consider voting against the Scheme include:</p> <ul style="list-style-type: none"> • You may believe that there is the potential for a superior proposal to be made in the foreseeable future. However, as at the date of this Scheme Booklet, no alternative proposal has been received by the Ruralco Board; • You may disagree with the Ruralco Board's recommendation and the opinion of the Independent Expert and believe that the Scheme is not in your best interests; • You may prefer to participate in the future financial performance of Ruralco's business; • You may believe that it is in your best interests to maintain your current investment and risk profile; and • The tax consequences of the Scheme may not suit your current financial position.

QUESTION**RESPONSE**

What are the risks associated with an investment in Ruralco if the Scheme does not become Effective?

If the Scheme does not proceed, and no comparable proposal or superior proposal is received, then Ruralco's share price may fall or trade at a price below the Total Cash Consideration of \$4.40 per Ruralco Share. Please note that the Total Cash Consideration of \$4.40 per Ruralco Share represents: (i) 43.8% premium to the closing price of Ruralco Shares on 25 February 2019 (the last trading day prior to Ruralco entering a trading halt and announcing the Scheme Implementation Deed with Nutrien) of \$3.06; (ii) a 44.4% premium to the 30-day VWAP of Ruralco Shares up to and including 25 February 2019 of \$3.05; and (iii) 44.6% premium to the 90-day VWAP of Ruralco Shares up to and including 25 February 2019 of \$3.04.

You will continue to be a Ruralco Shareholder and participate in the future financial performance of Ruralco's business and continue to be subject to the specific risks associated with Ruralco's business and other general risks.

Details of these risks are set out in sections 9.3, 9.4 and 9.5.

AN OVERVIEW OF THE TOTAL CASH CONSIDERATION

What is the Total Cash Consideration?

If the Scheme is approved and implemented, you will receive cash payments equal to \$4.40 for each Ruralco Share that you hold (**Total Cash Consideration**), comprising:

- the Scheme Consideration, which will be \$4.40 for each Ruralco Share you hold on the Scheme Record Date, less the amount of any Special Dividend; and
- a fully franked Special Dividend of up to \$0.90 for each Ruralco Share you hold on the Special Dividend Record Date that Ruralco intends to declare and pay on or before the date the Scheme is implemented.

The Ruralco Board intends to declare a fully franked Special Dividend of up to \$0.90 per Ruralco Share which, subject to the Scheme becoming Effective, is expected to be paid on the Special Dividend Payment Date. However, the Total Cash Consideration will be \$4.40 regardless of the amount of any Special Dividend. This is because the Scheme Consideration you receive from Landmark Acquirer will be \$4.40 less the cash amount of any Special Dividend you receive from Ruralco.

You will only receive the Total Cash Consideration in respect of the Ruralco Shares that you hold both on the Special Dividend Record Date and the Scheme Record Date.

What is the premium of the Total Cash Consideration to Ruralco's recent share price performance?

The Total Cash Consideration of \$4.40 per Ruralco Share represents a:

- 43.8% premium to the closing share price of Ruralco Shares on 25 February 2019 (the last trading day prior to Ruralco entering into a trading halt and announcing it had entered into a Scheme Implementation Deed with Nutrien) of \$3.06;
- 44.4% premium to the 30-day VWAP up to and including 25 February 2019 of \$3.05; and
- 44.6% premium to the 90-day VWAP up to and including 25 February 2019 of \$3.04.

In addition, the Total Cash Consideration represents:

- an implied equity value of A\$469 million¹ and enterprise value of \$615 million;²
- an underlying FY18 P/E multiple of 16.3x, which is favourable to the trading multiples of Ruralco Shares up to and including 25 February 2019; and
- an underlying FY18 EV/EBITDA multiple of 8.8x, which is substantially in line with the EBITDA multiple of the comparable transactions referenced by the Independent Expert's Report.

¹ Based on 106,540,034 shares (comprising the 105,052,247 shares currently on issue and 1,487,787 shares to be issued before the Special Dividend Record Date – see section 7.5), multiplied by \$4.40.

² Based on FY18 average net debt of \$133.3 million, plus \$12.8 million of non-controlling interests.

4 FREQUENTLY ASKED QUESTIONS

QUESTION

How does the Special Dividend affect the Scheme Consideration?

RESPONSE

If a Special Dividend is paid, the amount payable by Landmark Acquirer as cash consideration under the Scheme of \$4.40 will be reduced by an amount equal to the cash amount of the Special Dividend. Accordingly, the Scheme Consideration will be \$4.40 for each Ruralco Share you hold on the Scheme Record Date, less the amount of any Special Dividend.

The table below sets out what you will receive based on different assumed scenarios in relation to the Special Dividend. Please note that these are examples only and that the Special Dividend is subject to the determination of the Ruralco Board.

Scenario	What you will receive	Total Cash Consideration
No Special Dividend is paid	\$4.40 cash from Landmark Acquirer for every Ruralco Share you hold at the Scheme Record Date ('Scheme Consideration')	\$4.40
Ruralco pays a Special Dividend of \$0.80	\$3.60 cash from Landmark Acquirer for every Ruralco Share you hold at the Scheme Record Date ('Scheme Consideration') <i>plus</i> \$0.80 cash from Ruralco for every Ruralco Share you hold as at the Special Dividend Record Date ('Special Dividend')	\$4.40 (\$3.60 + \$0.80)
Ruralco pays a Special Dividend of \$0.85	\$3.55 cash from Landmark Acquirer for every Ruralco Share you hold at the Scheme Record Date ('Scheme Consideration') <i>plus</i> \$0.85 cash from Ruralco for every Ruralco Share you hold as at the Special Dividend Record Date ('Special Dividend')	\$4.40 (\$3.55 + \$0.85)
Ruralco pays a Special Dividend of \$0.90	\$3.50 cash from Landmark Acquirer for every Ruralco Share you hold at the Scheme Record Date ('Scheme Consideration') <i>plus</i> \$0.90 cash from Ruralco for every Ruralco Share you hold as at the Special Dividend Record Date ('Special Dividend')	\$4.40 (\$3.50 + \$0.90)

Please note that you will only receive the Total Cash Consideration in respect of the Ruralco Shares that you hold both on the Special Dividend Record Date and the Scheme Record Date. If you become a Ruralco Shareholder after the Special Dividend Record Date, you will not receive the Special Dividend. Similarly, if you sell your Ruralco Shares before the Scheme Record Date, you will not receive the Scheme Consideration. Please refer to the question "Can I sell my Ruralco Shares now?" on page 17 for more information on what you will receive based on when you become or cease to hold Ruralco Shares.

The table above does not take into account any franking credits that may be attached to a Special Dividend that may entitle you to an Australian tax offset.

What is the maximum Scheme Consideration payable by Landmark Acquirer if the Scheme becomes Effective?

The maximum aggregate Scheme Consideration payable by Landmark Acquirer under the Scheme is \$468,776,149.60, based on the number of Ruralco Shares on issue as at the date of this Scheme Booklet when added to the number of Ruralco Shares to be issued to the holders of Ruralco Performance Rights, Ruralco Share Rights and Ruralco Matched Share Rights before the Special Dividend Record Date (see section 7.5). The maximum aggregate Scheme Consideration payable by the Landmark Acquirer will be reduced by the aggregate amount of any Special Dividend paid by Ruralco.

QUESTION	RESPONSE
How is Landmark Acquirer and/or Nutrien Group funding the Scheme Consideration?	Landmark Acquirer intends to fund payment of the Scheme Consideration using funds to be made available by related bodies corporate of Landmark Acquirer, all of whom are wholly-owned Subsidiaries of Nutrien. As at 31 March 2019, the Nutrien Group had cash and cash equivalents of approximately US\$373 million (being approximately \$525 million based on an exchange rate of 1.41 Australian dollars to 1 US\$ as at 31 March 2019) and remaining available credit facilities of approximately US\$3.9 billion (being approximately \$5.5 billion based on an exchange rate of 1.41 Australian dollars to 1 US\$ as at 31 March 2019). As at the date of this Scheme Booklet, the Nutrien Group had cash and cash equivalents and available credit facilities in excess of the maximum aggregate Scheme Consideration. The aforementioned credit facilities are either not subject to any conditions precedent to drawdown or are subject to customary conditions precedent to drawdown which Nutrien expects to satisfy if it becomes necessary to draw from those credit facilities.
Who is entitled to participate in the Scheme?	Persons who hold Ruralco Shares on the Scheme Record Date will participate in the Scheme and, if the Scheme is approved and implemented, those persons will receive the Scheme Consideration in respect of each Ruralco Share held on the Scheme Record Date.
When will I be paid the Total Cash Consideration?	<p>If all conditions precedent to the Scheme becoming Effective are satisfied or waived (as applicable):</p> <ul style="list-style-type: none"> Ruralco Shareholders on the Register on the Scheme Record Date will be sent or have paid to them the Scheme Consideration on the Implementation Date; and if a Special Dividend is declared by the Ruralco Board, Ruralco Shareholders on the Register on the Special Dividend Record Date are expected to be sent or have paid to them the Special Dividend on the Special Dividend Payment Date.
How will I be paid?	All payments (including the Special Dividend) will be made by direct deposit into your nominated bank account, as advised to Ruralco's Share Registry (Computershare). If you have not nominated a bank account, payments will be made by cheque.
What are the tax implications of the Scheme for you?	<p>The tax implications for each Ruralco Shareholder of the Scheme being implemented will depend on your specific taxation circumstances, including whether you are an Australian resident for tax purposes.</p> <p>For information about your individual financial or taxation circumstances please consult your financial, legal, taxation or other professional adviser.</p> <p>General information about the Australian tax consequences of the Scheme is set out in section 10. You should not rely on this general information as advice for your own affairs.</p>
Will I have to pay brokerage or stamp duty?	No, you will not have to pay brokerage or stamp duty if your Ruralco Shares are acquired under the Scheme.
Can I sell my Ruralco Shares now?	<p>You can sell your Ruralco Shares on-market at any time before the close of trading on the ASX on the Effective Date. However, if you do so you will receive the prevailing on-market price set at the time of sale which may not be the same price as the Total Cash Consideration, and you may also be required to pay brokerage.</p> <p>Ruralco intends to apply to the ASX for Ruralco Shares to be suspended from official quotation on the ASX from close of trading on the Effective Date. You will not be able to sell your Ruralco Shares on-market after that time.</p> <p>If you sell your Ruralco Shares before the Special Dividend Record Date, then you will not receive the Special Dividend (if declared) nor the franking credits attached to the Special Dividend that may entitle you to an Australian tax offset of up to approximately \$0.39 per Ruralco Share depending on your individual tax circumstances (subject to confirmation from the ATO via a class ruling).</p> <p>You will only receive the Total Cash Consideration in respect of the Ruralco Shares that you hold both on the Special Dividend Record Date and the Scheme Record Date. For example, if you sell any Ruralco Shares through an off-market transfer after the Special Dividend Record Date but before the Scheme Record Date:</p> <ul style="list-style-type: none"> the 'seller' will receive the Special Dividend (if declared) and may be entitled to the franking credits attached to the Special Dividend, and will also receive any consideration for the sale, but will not receive the Scheme Consideration; and the 'buyer' will receive the Scheme Consideration, but will not receive the Special Dividend and the franking credits attached to the Special Dividend, <p>which may not be the same amount in aggregate as the Total Cash Consideration.</p>

4 FREQUENTLY ASKED QUESTIONS

QUESTION	RESPONSE
THE INTERIM DIVIDEND AND THE SPECIAL DIVIDEND (IF DECLARED)	
Am I eligible to receive the Interim Dividend?	<p>On 14 May 2019, the Ruralco Board announced a fully franked Interim Dividend of \$0.10 per Ruralco Share in relation to the financial half year ended 31 March 2019.</p> <p>If you were a Ruralco Shareholder on the Interim Dividend Record Date, you are eligible to receive the fully franked Interim Dividend of \$0.10 in respect of each Ruralco Share that you held on that date.</p> <p>The Interim Dividend is independent of the Scheme and will not reduce the Scheme Consideration or Total Cash Consideration.</p>
What is the Special Dividend, and will any franking credits attach to the Special Dividend?	<p>The Ruralco Board intends to declare a fully franked Special Dividend of up to \$0.90 per Ruralco Share which, subject to the Scheme becoming Effective, is expected to be paid on the Special Dividend Payment Date.</p> <p>The Special Dividend has not yet been declared and remains at the absolute discretion of the Ruralco Board.</p> <p>If a Special Dividend of up to \$0.90 is paid, those Ruralco Shareholders who are entitled to the franking credits attached to the Special Dividend may be entitled to an Australian tax offset of up to approximately \$0.39 per Ruralco Share (subject to confirmation from the ATO via a class ruling). Whether a Ruralco Shareholder will be entitled to the franking credits, will depend on their own specific circumstances.</p> <p>If the Special Dividend is less than \$0.90, the franking credits attached to the Special Dividend and the Australian tax offset that Ruralco Shareholders may be entitled to will be commensurately less than \$0.39.</p>
Am I eligible to receive the Special Dividend?	<p>Yes, provided that:</p> <ul style="list-style-type: none"> the Ruralco Board declares the Special Dividend; and all approvals and conditions for the Special Dividend are satisfied or waived (as applicable); and you are registered as a Ruralco Shareholder on the Special Dividend Record Date.
When will I know what the amount of Special Dividend (if any) will be?	<p>The Ruralco Board intends to declare the Special Dividend on the date of the Scheme Meeting.</p> <p>If declared, Ruralco Shareholders will be informed through an announcement on the ASX and Ruralco's website (www.ruralco.com.au/investors).</p>
When will I receive the Special Dividend?	<p>If the Scheme becomes Effective and the Special Dividend is declared, the Special Dividend is expected to be paid to Ruralco Shareholders on the Special Dividend Payment Date.</p> <p>The Special Dividend (if declared) will be conditional on the Scheme becoming Effective. If the Scheme does not become Effective, the Special Dividend will not be paid to Ruralco Shareholders.</p>
Will the Special Dividend be franked?	<p>Ruralco intends that the Special Dividend (if declared) will be fully franked.</p>
Will I get the benefit of franking credits attached to the Special Dividend?	<p>If you are an Australian resident for tax purposes and satisfy the "qualified person" rules, you may be entitled to the franking credits attached to the Special Dividend (if declared) and the corresponding tax offset (subject to confirmation from the ATO via a class ruling). If you are not an Australian resident for tax purposes, you will not be entitled to the franking credits attached to the Special Dividend and the corresponding tax offset, but the Special Dividend should ordinarily not be subject to Australian tax.</p> <p>For an Australian resident Ruralco Shareholder to be considered a "qualified person", they must hold their Ruralco Shares at risk for a continuous 45 day period within the qualification period (excluding the date of acquisition and disposal of their Ruralco Shares). The qualification period starts 45 days before the ex-dividend date of the Special Dividend and ends the day before the Scheme Record Date.</p> <p>Further information is provided at section 10 of this Scheme Booklet. The comments in section 10 are general in nature and should not be relied upon as advice for your affairs. It is recommended that you consult your financial, legal, taxation or other professional adviser with respect to the potential tax consequences of receiving the Special Dividend.</p>

QUESTION	RESPONSE
What is the status of the Class Ruling?	<p>Ruralco has applied for a Class Ruling from the ATO on behalf of Ruralco Shareholders on certain matters.</p> <p>The ATO has not issued the Class Ruling requested as at the date of the Scheme Booklet. Ruralco expects to receive a draft of the ATO Class Ruling before the date of the Scheme Meeting. When Ruralco receives a draft of the ATO Class Ruling, Ruralco Shareholders will be informed through an announcement on the ASX and Ruralco's website (www.ruralco.com.au/investors).</p> <p>The final ATO Class Ruling may, however, not be issued until after the Implementation Date for the Scheme.</p> <p>Further information is provided at section 10.2 of this Scheme Booklet.</p>
How will Ruralco fund the Special Dividend (if declared)?	<p>Ruralco has entered into a facility agreement with Nutrien under which Nutrien has agreed to provide an unsecured, interest-free loan available to Ruralco to fund the payment of the Special Dividend (Special Dividend Loan). Ruralco can only access the Special Dividend Loan if the Scheme becomes Effective. The Special Dividend Loan has been negotiated on arm's length commercial terms.</p>

SCHEME, VOTING AND APPROVALS

Are there any conditions that must be satisfied or waived in order for the Scheme to be implemented?	<p>Yes. There are several conditions that must either be satisfied or waived (where applicable) for the Scheme to be implemented. The conditions which remain outstanding as at the date of this Scheme Booklet are:</p> <ul style="list-style-type: none"> • Landmark Acquirer receiving FIRB and ACCC approval for the Scheme; • no legal restraint or prohibition being issued preventing or materially restricting the Scheme or its implementation; • the Scheme Resolution being passed by the Requisite Majorities (see section 5.3(b) of this Scheme Booklet for further details) at the Scheme Meeting; • Court approval of the Scheme; • no Prescribed Occurrence, or Regulated Event described in paragraphs (a) or (c) of the definition of Regulated Event, or Material Adverse Change, occurring between the date of the Scheme Implementation Deed and 8:00am on the Second Court Date; • the Independent Expert continuing to consider the Scheme to be in the best interests of Ruralco Shareholders; • the representations and warranties given by Ruralco in the Scheme Implementation Deed are true and correct in all material respects, other than the representation and warranty in clause 9.3(b)(xxii) of the Scheme Implementation Deed, which is true and correct in all respects, as at the date of the Scheme Implementation Deed and 8:00am on the Second Court Date; and • arrangements being put in place so that no Ruralco Performance Rights, Ruralco Share Rights or Ruralco Matched Share Rights are in existence on the Business Day prior to the Scheme Record Date. <p>The conditions of the Scheme are summarised in further detail in section 11.10(a) of this Scheme Booklet.</p> <p>Ruralco Shareholders should also be aware that the Scheme Implementation Deed may be terminated in certain circumstances (details of which are summarised in section 11.10(d) of this Scheme Booklet). If the Scheme Implementation Deed is terminated, the Scheme will not proceed.</p> <p>As at the date of this Scheme Booklet, Ruralco is not aware of any circumstances which would cause any of these conditions to not be satisfied.</p>
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4 FREQUENTLY ASKED QUESTIONS

QUESTION	RESPONSE
What happens if these conditions are not satisfied or the Scheme Implementation Deed is terminated?	<p>If the Scheme conditions are not satisfied or waived (where applicable), or the Scheme Implementation Deed is terminated, then the Scheme will not be implemented and, as set out in section 9.1 of this Scheme Booklet:</p> <ul style="list-style-type: none"> • you will retain your Ruralco Shares and they will not be acquired by Landmark Acquirer; • you will not receive the Scheme Consideration; • you will not receive the Special Dividend (if declared); • Ruralco will continue to operate as a stand-alone company listed on the ASX; • if no comparable proposal or superior proposal emerges, then the Ruralco share price may fall or trade at a price below the Total Cash Consideration of \$4.40 per Ruralco Share; and • in certain circumstances, when the Scheme Implementation Deed is terminated, either Ruralco or Nutrien may have to pay a break fee (see section 11.10(c)).
What happens if the Scheme is approved, all conditions are satisfied and it is implemented?	<p>If the Scheme is implemented, all of your Ruralco Shares will be transferred to Landmark Acquirer under the Scheme, and you will receive the Total Cash Consideration of \$4.40 for each Ruralco Share that you hold, comprising:</p> <ul style="list-style-type: none"> • the Scheme Consideration, which will be \$4.40 for each Ruralco Share you hold on the Scheme Record Date, less the amount of any Special Dividend; and • a Special Dividend of up to \$0.90 cash for each Ruralco Share you hold on the Special Dividend Record Date that Ruralco intends to declare and pay on or before the date the Scheme is implemented.
Can the Scheme be terminated?	<p>The Scheme Implementation Deed may be terminated in certain circumstances, details of which are summarised in section 11.10(d). If the Scheme Implementation Deed is terminated, the Scheme will not proceed.</p>
Am I entitled to vote at the Scheme Meeting?	<p>If you are registered as a Ruralco Shareholder on the Register at 7:00pm (Sydney time) on Monday, 15 July 2019, then you will be entitled to attend and vote at the Scheme Meeting. Details of the Scheme Meeting and voting are in section 3.</p>
How do I vote?	<p>Voting at the Scheme Meeting may be in person, by proxy, by attorney or, in the case of a corporation, by corporate representative. If you wish to vote in person, you must attend the Scheme Meeting.</p> <p>If you cannot attend the Scheme Meeting, you may complete and return the enclosed personalised proxy form in accordance with the instructions or lodge your proxy form online at www.investorvote.com.au in accordance with the instructions given there. The deadline for lodging your proxy form for the Scheme Meeting is 10:00am (Sydney time) on Monday, 15 July 2019.</p> <p>Details of the Scheme Meeting and how to vote are in section 3.</p>
When and where will the Scheme Meeting be held?	<p>The Scheme Meeting will be held at 10:00am (Sydney time) on Wednesday, 17 July 2019 at the offices of Gilbert + Tobin, Tower Two – International Towers, 200 Barangaroo Avenue, Sydney NSW 2000.</p>
Is voting compulsory?	<p>Voting is not compulsory. However, the Scheme will only be successful if it is approved by the Requisite Majorities of Ruralco Shareholders so voting is important and Ruralco Directors encourage you to vote. If the Scheme is approved, you will be bound by the Scheme whether or not you voted and whether or not you voted in favour of it.</p>
What voting majority is required to approve the Scheme?	<p>For the Scheme to proceed, the Scheme Resolution must be passed by the Requisite Majorities, being:</p> <ul style="list-style-type: none"> • a majority in number (more than 50%) of Ruralco Shareholders present and voting at the Scheme Meeting (whether in person, by proxy, by attorney or, in the case of corporate Ruralco Shareholders, by a corporate representative) (noting that the Court may waive this requirement); and • at least 75% of the total number of votes cast on the Scheme Resolution at the Scheme Meeting.

QUESTION	RESPONSE
What happens if I do not vote or if I vote against the Scheme?	<p>If you do not vote, or vote against the Scheme, the Scheme may not be approved at the Scheme Meeting by the Requisite Majorities of Ruralco Shareholders. If this occurs then the Scheme will not proceed, you will not receive the Scheme Consideration or the Special Dividend (if declared) and you will remain a Ruralco Shareholder.</p> <p>However, if the Scheme is approved by the Requisite Majorities and the Scheme is implemented, your Ruralco Shares will be transferred to Landmark Acquirer under the Scheme and you will receive the Total Cash Consideration, comprising the Scheme Consideration and Special Dividend (if declared), for each Ruralco Share you hold on the Scheme Record Date and Special Dividend Record Date whether or not you voted in favour of the Scheme.</p>
Can I keep my Ruralco Shares?	<p>If the Scheme is implemented, your Ruralco Shares will be transferred to Landmark Acquirer. This will occur even if you did not vote at all or you voted against the Scheme Resolution at the Scheme Meeting.</p>
When will the results of the Scheme Meeting be available?	<p>The results of the Scheme Meeting will be available shortly after the conclusion of the Scheme Meeting and will be announced to the ASX once available. Even if the Scheme Resolution is passed at the Scheme Meeting by the Requisite Majorities, the Scheme will only proceed if Court approval of the Scheme is obtained and all the other conditions precedent are satisfied or waived. The conditions of the Scheme are summarised in section 11.10(a).</p>
What do I do if I oppose the Scheme?	<p>If you, as a Ruralco Shareholder, oppose the Scheme, you should:</p> <ul style="list-style-type: none"> • attend the Scheme Meeting either in person or by proxy and vote against the Scheme Resolution; and/or • if Ruralco Shareholders pass the Scheme Resolution at the Scheme Meeting and you wish to appear and be heard at the Second Court Hearing and oppose the approval of the Scheme at the Second Court Hearing, you must lodge a notice of intention to appear at the Second Court Hearing, attend the Second Court Hearing and indicate opposition to the Scheme. Please see the “Important notices” section of this Scheme Booklet for further details under the heading “Notice regarding Second Court Hearing and if a Ruralco Shareholder wishes to oppose the Scheme” on the inside front cover.
FURTHER INFORMATION	
What if I want further information?	<p>If you have any questions about the Scheme or you would like additional copies of this Scheme Booklet, please contact the Shareholder Information Line on 1300 171 805 (within Australia) or +61 3 9415 4124 (outside Australia) Monday to Friday between 8.30am and 5.00pm (Sydney time). For information about your individual financial or taxation circumstances please consult your financial, legal, taxation or other professional adviser.</p>

Overview of the Scheme

Section 5



5 OVERVIEW OF THE SCHEME

5.1 SCHEME

On 27 February 2019, Ruralco announced that it had entered into the Scheme Implementation Deed with Nutrien, under which it is proposed that Landmark Acquirer (an indirectly wholly-owned Subsidiary of Nutrien) will acquire all the Ruralco Shares on issue by way of the Scheme.

If the Scheme is approved by Ruralco Shareholders at the Scheme Meeting and by the Court, and if all other necessary approvals and conditions for the Scheme are satisfied or waived (as applicable), Ruralco will become a wholly-owned subsidiary of Landmark Acquirer and will be delisted from the ASX.

This Scheme Booklet contains information that the Ruralco Board considers is material to Ruralco Shareholders in deciding whether or not to vote in favour of the Scheme. You should carefully read this Scheme Booklet as part of your consideration of the Scheme.

5.2 SCHEME CONSIDERATION

The terms of the proposed Scheme provide that Ruralco Shareholders will receive from Landmark Acquirer \$4.40 cash per Ruralco Share held on the Scheme Record Date less the amount of any Special Dividend.

If the Scheme is approved and implemented, Ruralco Shareholders will therefore receive Total Cash Consideration of \$4.40 cash for each Ruralco Share they hold, comprising:

- the Scheme Consideration, which will be \$4.40 for each Ruralco Share they hold on the Scheme Record Date, less the amount of any Special Dividend; and
- a fully franked Special Dividend of up to \$0.90 for each Ruralco Share they hold on the Special Dividend Record Date that Ruralco intends to declare and pay on or before the date the Scheme is implemented.

The Ruralco Board intends to declare a fully franked Special Dividend of up to \$0.90 per Ruralco Share which, subject to the Scheme becoming Effective, is expected to be paid on the Special Dividend Payment Date. However, the Total Cash Consideration will be \$4.40 regardless of the amount of any Special Dividend. This is because the Scheme Consideration you receive from Landmark Acquirer will be \$4.40 less the cash amount of any Special Dividend you receive from Ruralco. Ruralco has entered into a facility agreement with Nutrien under which Nutrien has made a loan available to Ruralco to allow Ruralco to pay the Special Dividend (see section 8.6(b)). Ruralco can only access that facility for this purpose if the Scheme becomes Effective.

If a Special Dividend of up to \$0.90 is paid, those Ruralco Shareholders who are entitled to the franking credits attached to the Special Dividend may be entitled to an Australian tax offset of up to approximately \$0.39 per Ruralco Share (subject to confirmation from the ATO via a class ruling). Whether a Ruralco Shareholder will be entitled to the franking credits will depend on their own specific circumstances.

Separately, on 14 May 2019, the Ruralco Board announced a fully franked Interim Dividend of \$0.10 per Ruralco Share in relation to the financial half year ended 31 March 2019. Ruralco Shareholders are entitled to receive the Interim Dividend for each Ruralco Share they held on the Interim Dividend Record Date. The Interim Dividend will be paid on 18 June 2019, and will not reduce the Scheme Consideration or Total Cash Consideration.

5.3 STEPS FOR IMPLEMENTING THE SCHEME

(a) Preliminary steps

Ruralco and Nutrien entered into the Scheme Implementation Deed on 27 February 2019 under which, among other things, Ruralco agreed to propose the Scheme.

Nutrien and Landmark Acquirer have executed the Deed Poll, under which both have undertaken in favour of each Scheme Shareholder to provide the Scheme Consideration to which each Scheme Shareholder is entitled under the Scheme and to perform their respective obligations under the Scheme, subject to the Scheme becoming Effective.

A copy of the Scheme Implementation Deed is set out in Attachment B to this Scheme Booklet.

A copy of the Scheme is set out in Attachment C to this Scheme Booklet.

A copy of the Deed Poll is set out in Attachment D to this Scheme Booklet.

(b) Scheme Meeting

The Court has ordered that the Scheme Meeting be held at 10:00am (Sydney time) on Wednesday, 17 July 2019 at the offices of Gilbert + Tobin, Tower Two – International Towers, 200 Barangaroo Avenue, Sydney NSW 2000 for the purposes of considering the Scheme Resolution. The Notice of Scheme Meeting for Ruralco Shareholders which sets out the Scheme Resolution is included in Attachment A to this Scheme Booklet.

Each Ruralco Shareholder who is registered on the Register at 7:00pm (Sydney time) on Monday, 15 July 2019 is entitled to attend and vote at the Scheme Meeting, either in person or by proxy or attorney or in the case of a body corporate, by its corporate representative appointed in accordance with section 250D of the *Corporations Act*.

Instructions on how to attend and vote at the Scheme Meeting in person, or to appoint a proxy to attend and vote on your behalf, are set out in section 3.

The Scheme Resolution must be approved by the Requisite Majorities, being:

- a majority in number (more than 50%) of Ruralco Shareholders present and voting at the Scheme Meeting (whether in person, by proxy, by attorney or, in the case of corporate Ruralco Shareholders, by a corporate representative) (the **Headcount Test**); and
- at least 75% of the total number of votes cast on the Scheme Resolution at the Scheme Meeting.

It should be noted that the Court has the power to waive the Headcount Test.

5 OVERVIEW OF THE SCHEME

5.3 STEPS FOR IMPLEMENTING THE SCHEME CONTINUED

(c) Second Court Hearing

If:

- (i) the Scheme Resolution is approved by the Requisite Majorities of Ruralco Shareholders at the Scheme Meeting; and
- (ii) all conditions precedent of the Scheme have been satisfied or remain capable of being satisfied, or waived (if applicable),

Ruralco will apply to the Court for orders approving the Scheme.

(d) Effective Date

If the Court makes orders approving the Scheme, Ruralco will lodge with ASIC an office copy of the Court orders given under section 411(4)(b) of the *Corporations Act* approving the Scheme. It is anticipated that this will occur on the Business Day immediately following the Court Approval Date.

Once the Scheme becomes Effective:

- (i) Landmark Acquirer will become bound to pay the Scheme Consideration as described in section 5.4(a) below;
- (ii) if a Special Dividend has been declared, Ruralco will become bound to pay the Special Dividend on the Special Dividend Payment Date;
- (iii) subject to payment of the aggregate Scheme Consideration by Landmark Acquirer, Ruralco will become bound to take the steps required for Landmark Acquirer to become the holder of all Ruralco Shares.

5.4 IMPLEMENTATION OF THE SCHEME - PAYMENT OF SCHEME CONSIDERATION

The Scheme will be implemented by Ruralco and Landmark Acquirer undertaking the following steps.

(a) Deposit of aggregate Scheme Consideration by Landmark Acquirer

By no later than the Business Day before the Implementation Date, Landmark Acquirer will deposit (or will procure the deposit of) in cleared funds an amount equal to the aggregate Scheme Consideration payable to the Scheme Shareholders in an Australian dollar denominated trust account operated by or on behalf of Ruralco as trustee of the Scheme Shareholders.

(b) Transfer of all Ruralco Shares to Landmark Acquirer

On the Implementation Date, all of the Ruralco Shares will be transferred to Landmark Acquirer by Ruralco and Ruralco will enter the name of Landmark Acquirer in the Register in respect of all Ruralco Shares.

(c) Payment of Scheme Consideration and Special Dividend (if declared)

On the Implementation Date, the Scheme Consideration will be paid by Ruralco to each Scheme Shareholder by either:

- (i) where a Scheme Shareholder has before the Scheme Record Date made a valid election in accordance with the requirements of Ruralco's Share Registry to receive dividend payments from Ruralco by electronic funds transfer to a bank account nominated by the Scheme Shareholder, paying or procuring the payment of the

relevant amount of Australian currency by electronic means in accordance with that election; or

- (ii) otherwise dispatching or procuring the dispatch of a cheque in Australian currency to the Scheme Shareholder by prepaid post to their address shown in the Register as at the Scheme Record Date, such cheque being drawn in the name of the Scheme Shareholder for the relevant amount.

If a Special Dividend is declared, it will be paid by Ruralco to each Ruralco Shareholder in the same way that they have previously elected to receive dividends from Ruralco. Accordingly, Ruralco Shareholders are encouraged to elect to receive their dividend entitlements via electronic funds transfer.

If you have not previously notified Ruralco's Share Registry of your nominated bank account or you would like to change your existing nominated bank account, you should contact Ruralco's Share Registry on +61 1300 171 805 (within Australia) or +61 3 9415 4124 (outside Australia) Monday to Friday between 8.30am and 5.00pm (Sydney time) before the Record Date.

5.5 DETERMINATION OF PERSONS ENTITLED TO SCHEME CONSIDERATION

(a) Dealings on or prior to the Scheme Record Date

To establish the identity of the Scheme Shareholders, dealings in Ruralco Shares will only be recognised if:

- (i) in the case of dealings of the type to be effected using CHESS, the transferee is registered on the Register as a holder of the relevant Ruralco Shares on or before the Scheme Record Date; and
- (ii) in all other cases, registrable transfers or transmission applications in respect of those dealings, or valid requests in respect of other alterations, are received on or before 7.00pm (Sydney time) on the Scheme Record Date at Ruralco's Share Registry,

and Ruralco will not accept for registration nor recognise for any purpose (except a transfer to Landmark Acquirer pursuant to the Scheme and any subsequent transfer by Landmark Acquirer or its successors in title), any transfer or transmission application or other request received after such times or received prior to these times and not in registrable or actionable form, as appropriate.

(b) Dealings after the Record Date

For the purposes of determining entitlements to Scheme Consideration, Ruralco will maintain the Register in accordance with the terms of the Scheme until the Scheme Consideration has been paid to the Scheme Shareholders and the name and address of Landmark Acquirer has been entered in the Register as the holder of all the Ruralco Shares. The Register in this form will solely determine entitlements to the Scheme Consideration.

As from the Scheme Record Date, all statements of holding for Ruralco Shares (other than statements of holding in favour of Landmark Acquirer) will cease to have effect as documents of title in respect of those shares and, as from the Scheme Record Date, each entry on the Register (other than the entries on the Register in respect of Landmark Acquirer and subsequent transferees) will cease to have effect except as evidence of entitlement to the Scheme Consideration in respect of the Ruralco Shares relating to that entry.

5.6 DETERMINATION OF PERSONS ENTITLED TO THE SPECIAL DIVIDEND (IF DECLARED)

To establish the identity of the persons who are entitled to receive the Special Dividend (if declared), dealings in Ruralco Shares will only be recognised if:

- (a) in the case of dealings of the type to be effected by CHES, the transferee is registered on the Register as a holder of the relevant Ruralco Shares as at the Special Dividend Record Date; and
- (b) in all other cases, registrable transfers or transmission applications in respect of those dealings, or valid requests in respect of other alterations, are received on or before 7:00pm (Sydney time) on the Special Dividend Record Date at the place where the Register is kept.

Ruralco will not accept for registration nor recognise for the purpose of establishing the persons who are entitled to receive the Special Dividend (if declared) any transmission application or transfer in respect of Ruralco Shares received after such times or received prior to these times and not in registrable form.

5.7 DELISTING

If the Scheme becomes Effective, on a date after the Implementation Date (to be determined by Landmark Acquirer), Ruralco will apply for termination of the official quotation of Ruralco Shares on the ASX, and to be removed from the official list of the ASX.

5.8 END DATE

If the Scheme has not become Effective on or before the End Date (or such later date that Ruralco and Landmark Acquirer agree in writing), either Ruralco or Landmark Acquirer is able to terminate the Scheme Implementation Deed. If the Scheme Implementation Deed is terminated, the Scheme will not proceed.

5.9 FURTHER QUESTIONS

If you have any further questions, you should call the Shareholder Information Line on 1300 171 805 (within Australia) or +61 3 9415 4124 (outside Australia) Monday to Friday between 8.30am and 5.00pm (Sydney time).



Ruralco Directors' recommendation and matters relevant to your vote on the Scheme

Section 6

A large center pivot irrigation system is visible in a field, with the long metal arms extending across the landscape. The system is supported by a series of wheels and has a 'ZIMMATIC' brand name visible on one of the arms. The field is filled with rows of young plants, and the background shows a line of trees under a dark, overcast sky.

6

RURALCO DIRECTORS' RECOMMENDATION AND MATTERS RELEVANT TO YOUR VOTE ON THE SCHEME

6.1 RECOMMENDATION

The Ruralco Directors unanimously recommend that Ruralco Shareholders vote in favour of the Scheme Resolution at the Scheme Meeting in the absence of a Superior Proposal.

Each Ruralco Director states that he or she intends to vote all Ruralco Shares held or controlled by them, or on their behalf, in favour of the Scheme at the Scheme Meeting, in the absence of a Superior Proposal. The Relevant Interests of Ruralco Directors in Ruralco Shares as at the date of this Scheme Booklet are set out in section 11.1.

As noted in the Chairman's Letter, in relation to the recommendation of Mr Dillon, Ruralco Shareholders should have regard to the fact that, if the Scheme is implemented, Mr Dillon will become entitled to the cash amounts referred to in section 11.5, and that the Ruralco Performance Rights and Ruralco Matched Share Rights held by Mr Dillon (see section 11.1) will be subject to the regime described in section 11.12. Mr Dillon considers that, despite these arrangements, it is appropriate for him to make a recommendation on the Scheme.

Section 6.2 provides a summary of the key reasons why the Ruralco Board unanimously recommends that you vote in favour of the Scheme. This section should be read in conjunction with section 6.3, which sets out some of the key reasons why Ruralco Shareholders may wish to vote against the Scheme.

While the Ruralco Board acknowledge the reasons to vote against the Scheme, they believe the advantages of the Scheme significantly outweigh the disadvantages.

6.2 REASONS FOR RECOMMENDATION AND ADVANTAGES OF THE SCHEME

(a) The Ruralco Board unanimously recommends that you vote in favour of the Scheme in the absence of a Superior Proposal

In reaching its conclusion that the Scheme is in the best interests of Ruralco Shareholders, the Ruralco Board has assessed the Scheme having regard to the reasons to vote in favour of, and against, the Scheme, as set out in this Scheme Booklet.

The Ruralco Directors consider that the Total Cash Consideration recognises the value and future growth potential of Ruralco.

The Ruralco Directors unanimously recommend that Ruralco Shareholders vote in favour of the Scheme Resolution in the absence of a Superior Proposal. Each Ruralco Director states that he or she intends to vote all Ruralco Shares controlled or held by them, or on their behalf, in favour of the Scheme, in the absence of a Superior Proposal. The Relevant Interests of Ruralco Directors in Ruralco Shares as at the date of this Scheme Booklet are set out in section 11.1.

(b) The Independent Expert concluded that the Scheme is fair and reasonable and, therefore, in the best interests of Ruralco Shareholders in the absence of a superior proposal

Ruralco appointed the Independent Expert, Grant Thornton, to prepare the Independent Expert's Report, including an opinion as to whether the Scheme is in the best interests of Ruralco Shareholders. The Independent Expert concluded that the Scheme is fair and reasonable and, therefore, in the

best interests of Ruralco Shareholders in the absence of a superior proposal.

The basis for this conclusion is that the Total Cash Consideration of \$4.40 per Ruralco Share is within the valuation range (as concluded by the Independent Expert) of \$4.14 to \$5.03 per Ruralco Share.

A complete copy of the Independent Expert's Report is included as Attachment E to this Scheme Booklet and your Directors encourage you to read this report in its entirety.

(c) The Total Cash Consideration represents attractive value for Ruralco Shareholders

The Total Cash Consideration of \$4.40 cash per Ruralco Share, which will be paid to Ruralco Shareholders if the Scheme is implemented, represents an attractive premium of:

- 43.8% to the closing share price of Ruralco Shares on 25 February 2019 (the last trading day prior to Ruralco entering a trading halt and announcing it had entered a Scheme Implementation Deed with Nutrien) of \$3.06;
- 44.4% to the 30-day VWAP up to and including 25 February 2019 of \$3.05; and
- 44.6% to the 90-day VWAP up to and including 25 February 2019 of \$3.04.

In addition, the Total Cash Consideration represents:

- an underlying FY18 P/E multiple of 16.3x, which is favourable to the trading multiples of Ruralco Shares up to and including 25 February 2019; and
- an underlying FY18 EV/EBITDA multiple of 8.8x, which is attractive which is substantially in line with the EBITDA multiple of the comparable transactions referenced by the Independent Expert's Report.

(d) If a Special Dividend of up to \$0.90 is paid, those Ruralco Shareholders who are entitled to the franking credits attached to the Special Dividend may be entitled to an Australian tax offset of up to approximately \$0.39 per Ruralco Share (subject to confirmation from the ATO via a class ruling)

The Ruralco Board intends to declare a fully franked Special Dividend of up to \$0.90 per Ruralco Share which, subject to the Scheme becoming Effective, is expected to be paid on the Special Dividend Payment Date. If the Special Dividend is paid, it will form part of the Total Cash Consideration to be received by Ruralco Shareholders.

If a Special Dividend is paid of up to \$0.90, those Ruralco Shareholders who are entitled to the franking credits attached to the Special Dividend may be entitled to an Australian tax offset of up to approximately \$0.39 per Ruralco Share (subject to confirmation from the ATO via a class ruling). Whether a Ruralco Shareholder will be entitled to the franking credits will depend on their own specific circumstances.

In addition, each Ruralco Shareholder will be entitled to receive the Interim Dividend per Ruralco Share held on the Interim Dividend Record Date, which is a fully franked interim dividend of \$0.10 in relation to the financial half year ended 31 March 2019. The Interim Dividend will be paid on 18 June 2019. The Interim Dividend is independent of the Scheme and will not reduce the Scheme Consideration or Total Cash Consideration.

6 RURALCO DIRECTORS' RECOMMENDATION AND MATTERS RELEVANT TO YOUR VOTE ON THE SCHEME

(e) Ruralco Shareholders will receive certain value of \$4.40 cash per Ruralco Share for their investment in Ruralco

If the Scheme is approved and implemented, Ruralco Shareholders will receive the Total Cash Consideration of \$4.40 for each Ruralco Share held on both the Scheme Record Date and Special Dividend Record Date.

By contrast, if the Scheme does not proceed, the amount which Ruralco Shareholders will be able to realise for their investment in Ruralco Shares will be uncertain. The Scheme removes this uncertainty for Ruralco Shareholders.

For details of risks relating to remaining a Ruralco Shareholder if the Scheme does not go ahead, please see sections 9.3, 9.4 and 9.5.

(f) No alternative proposal has been received by the Ruralco Board as at the date of this Scheme Booklet

Since the announcement of the Scheme Implementation Deed on 27 February 2019, and up to the date of this Scheme Booklet, no alternative proposal has been received by the Ruralco Board.

The Ruralco Directors are not aware, as at the date of this Scheme Booklet, of any alternative proposal that is likely to emerge.

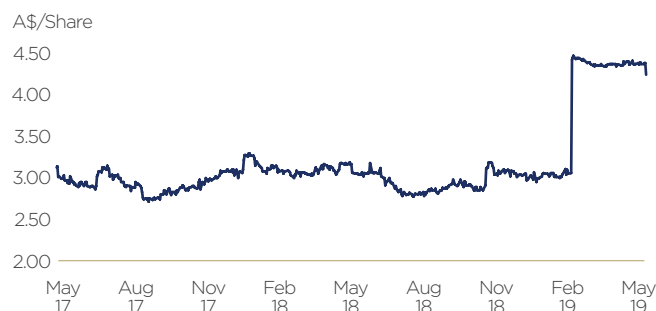
(g) Ruralco's share price may fall if the Scheme does not proceed and no comparable or superior proposal emerges

If the Scheme is not implemented, and no comparable proposal or superior proposal is received by the Ruralco Board, then the price of Ruralco Shares on the ASX may fall.

The closing Ruralco share price on 25 February 2019 was \$3.06, being the last trading day prior to Ruralco entering into a trading halt and announcing it had entered into a Scheme Implementation Deed with Nutrien which contemplates the Scheme. If the Scheme is approved and implemented, Ruralco Shareholders who participate in the Scheme will receive the Total Cash Consideration of \$4.40 for each Ruralco Share held at both the Scheme Record Date and the Special Dividend Record Date.

Since then, Ruralco's share price has increased by 39.2% up to \$4.26 per Ruralco Share on 30 May 2019 (being the last practicable trading date before the date of this Scheme Booklet), reflecting a significant premium to any price Ruralco Shares have traded over the preceding two-year period as reflected in the chart below.

Historic Ruralco share price



The Ruralco Directors are unable to predict the price at which Ruralco Shares will trade in the future, but consider that in the absence of the implementation of the Scheme or a comparable of superior proposal, the price of Ruralco Shares may fall.

In addition, the future trading price of Ruralco Shares will continue to be subject to market volatility if the Scheme is not implemented, compared to the certain value of \$4.40 cash per Ruralco Share available under the Scheme. Please note that the Total Cash Consideration of \$4.40 per Ruralco Share represents: (i) a 44.4% premium to the 30-day VWAP of Ruralco Shares up to and including 25 February 2019 of \$3.05; and (ii) 44.6% premium to the 90-day VWAP of Ruralco Shares up to and including 25 February 2019 of \$3.04.

(h) If the Scheme does not proceed, Ruralco Shareholders will continue to be exposed to risks associated with Ruralco's business rather than realising certain value for their Ruralco Shares in a certain timeframe

If the Scheme does not proceed, the amount which Ruralco Shareholders will be able to realise in respect of their Ruralco Shares, in terms of price and future dividends, will be uncertain and subject to a number of risks outlined in sections 9.3, 9.4 and 9.5.

Among other things, this will be subject to the performance of Ruralco's business from time to time (including the uncertainties associated with Ruralco's outlook as described in section 9.2), general economic conditions and the movements in the share market.

The Scheme removes these risks and uncertainties for Ruralco Shareholders and allows Ruralco Shareholders to fully exit their investment in Ruralco at a price that the Ruralco Directors consider compelling. If the Scheme is approved and implemented, these risks and uncertainties will be assumed by Landmark Acquirer, as the sole shareholder of Ruralco following implementation of the Scheme.

(i) You will not incur any brokerage or stamp duty on the transfer of your Ruralco Shares under the Scheme

You will not incur any brokerage or stamp duty on the transfer of your Ruralco Shares to Landmark Acquirer under the Scheme.

If you sell your Ruralco Shares on the ASX (rather than disposing of them as part of the Scheme), you may incur brokerage charges (and, potentially GST on those charges).

6.3 REASONS WHY RURALCO SHAREHOLDERS MAY CONSIDER VOTING AGAINST THE SCHEME AND DISADVANTAGES OF THE SCHEME

- (a) You may believe that there is potential for a superior proposal to be made in the foreseeable future. However, no alternative proposal has been received since the announcement of the Scheme**

Since the execution of the Scheme Implementation Deed on 27 February 2019 and as at the date of this Scheme Booklet, no alternative proposal has emerged and the Ruralco Directors are not aware, as at the date of this Scheme Booklet, of any alternative proposal that is likely to emerge.

The Scheme Implementation Deed prohibits Ruralco from soliciting a Competing Proposal. However, Ruralco is permitted to respond to any Competing Proposal should the Ruralco Directors determine that failing to do so would likely constitute a breach of their fiduciary or statutory duties. Further details of the key terms in the Scheme Implementation Deed are provided in section 11.10 of the Scheme Booklet.

- (b) You may disagree with the Ruralco Board's recommendation and the opinion of the Independent Expert and consider that the Scheme is not in your best interests**

Despite the recommendation of the Ruralco Board that the Scheme is in the best interests of Ruralco Shareholders in the absence of a Superior Proposal, and the opinion of the Independent Expert that the Scheme is in the best interests of Ruralco Shareholders in the absence of a superior proposal, you may believe that the Scheme is not in your best interests or that of other Ruralco Shareholders.

- (c) You may prefer to participate in the future financial performance of Ruralco's business**

If the Scheme is implemented, you will no longer be a Ruralco Shareholder. This will mean that you will not participate in the future performance, potential upside or prospects of Ruralco, including any benefits from being a Ruralco Shareholder. However, as with all investments in securities, there can be no guarantee as to future performance of Ruralco.

- (d) You may believe it is in your best interests to maintain your current investment and risk profile**

You may wish to keep your Ruralco Shares as you may want to preserve your investment in a publicly listed company with the specific characteristics of Ruralco. In particular, you may consider that, despite the risks relevant to Ruralco's potential future operations (including those set out in sections 9.3, 9.4 and 9.5), Ruralco may be able to return greater value from its assets by remaining independent or seeking alternative commercialisation strategies.

- (e) The tax consequences of the Scheme may not suit your current financial position**

Implementation of the Scheme may trigger taxation consequences for Ruralco Shareholders.

A general guide to the taxation implications of the Scheme is set out in section 10. This guide is expressed in general terms only and Ruralco Shareholders should seek professional taxation advice regarding the tax consequences applicable to their own specific circumstances.

Information on Ruralco

Section 7

7 INFORMATION ON RURALCO

7.1 OVERVIEW OF RURALCO

Ruralco is a leading Australian agriservices business, with a presence in over 500 locations nationally¹ and employing approximately 2,000 people across its operations.

Ruralco is headquartered in Sydney and is listed on the ASX (ASX:RHL).

Ruralco services Australian farmers through the provision of an extensive and diversified range of agriculture supplies through both its owned stores and Combined Rural Traders (CRT), Australia's largest independent rural retailing group, and provides agronomic advice and agency services that help maximise the returns of production. Ruralco is also a leading distributor of water products, provider of on-farm water infrastructure services, and is a broker of water entitlements to the Australian agricultural sector.

7.2 OVERVIEW OF OPERATIONS

Ruralco has four key operating divisions: Rural Services, Water Services, Live Export and Financial Services:

RURAL SERVICES

Ruralco's Rural Services division is made up of more than 40 businesses nationally providing customers with agronomic advice, selling supplies such as fertiliser, crop-protection products and general farm merchandise and providing agency services that help maximise the returns of production.

The division employs approximately 1,200 staff members across fields in agronomy, ag supplies retail, livestock agency, wool brokerage and real estate.

Ruralco's CRT and Town & Country wholesale businesses comprise approximately 350 members, including 243 independent members, providing a channel to market from which Ruralco earns a wholesale margin. The CRT and Town & Country wholesale businesses provide members with combined buying power, access to national accounts and a centralised billing system. For CRT, the benefits include the addition of consolidated marketing, networking and business development events.

The division consists of:

- **Ag Supplies stores:** these businesses cater to Australia's primary industry sector and provide a comprehensive range of animal health, crop protection products, fertilisers and general rural merchandise. Additionally, Ruralco's national agronomy network provides expertise across cropping, horticulture and viticulture markets
- **Wool Agency:** the wool team market over 180,000 bales of wool nationwide, providing marketing, warehousing and handling services to wool growers across Western Australia, South Australia, Tasmania, Victoria and New South Wales
- **Real Estate:** Ruralco Property and other agencies operate through a national footprint of businesses which specialise in marketing and selling rural, rural lifestyle, commercial and residential real estate
- **Livestock Agency:** Ruralco provides independent and experienced livestock specialist services through a comprehensive national network of livestock agency businesses.

WATER SERVICES

Ruralco's water services division has a presence in almost 60 locations across Australia and employs approximately 400 people. It comprises:

- **Water retail:** sale of domestic, civil, industrial and agricultural irrigation products and parts
- **Water projects:** design, construction, installation and maintenance of on-farm water infrastructure solutions
- **Water broking:** brokering the buying and selling of temporary and permanent water entitlements.

LIVE EXPORT

Frontier International (Frontier) is a majority owned subsidiary of Ruralco established in 2013 to focus on the short-haul live export of feeder and slaughter cattle from northern Australia to Asia, primarily Indonesia and Vietnam.

Frontier creates a demand channel for Ruralco livestock agents and customers through an integrated supply chain. It has extensive expertise in the live export supply chain, from production, sourcing, handling, logistics and animal welfare, to value-adding and final disaggregation.

FINANCIAL SERVICES

Ruralco's financial services offering incorporates insurance broking, finance broking, and commodity advice and analysis via the Mecardo market analysis website.

Ruralco acts as a broker of term financing and a marketer of working capital finance products in partnership with financiers.

Ruralco's insurance partnership with Ausure, part of the Steadfast Group, assists customers to manage risks associated with their operations and Agfarm, Ruralco's 50% joint venture, provides customers with input financial solutions (such as Agfarm Accelerate) tailored to grain growers, buyers and commodity management and marketing services.

¹ Including those stores that Ruralco supplies on a wholesale basis.

7

INFORMATION ON RURALCO

7.3 BOARD AND SENIOR MANAGEMENT

(a) Ruralco Directors

At the date of this Scheme Booklet, the Ruralco Board is comprised of the following directors:

Name	Current position
Richard (Rick) Lee AM	Independent Non-Executive Director and Chairman
Elizabeth Johnstone	Independent Non-Executive Director
Trudy Vonhoff	Independent Non-Executive Director
Andrew Macpherson	Independent Non-Executive Director
Travis Dillon	Managing Director and Chief Executive Officer

(b) Ruralco senior management

As at the date of this Scheme Booklet, Ruralco's senior management team is comprised of the following members:

Name	Current position
Travis Dillon	Managing Director and Chief Executive Officer
Adrian Gratwicke	Chief Financial Officer
Timothy Rowe	Group General Counsel and Company Secretary
Elizabeth Hardaker	Executive General Manager – People and Culture
Peter Weaver	Executive General Manager – Water
John Tuskin	Executive General Manager Rural Services – Tasmania
Andrew Slatter	Executive General Manager Rural Services – Northern
Greg O'Neil	Executive General Manager – CRT & Procurement
Ian Perry	Executive General Manager – Financial Services

7.4 RURALCO DIRECTORS' INTENTIONS

The *Corporations Act* requires a statement by the Ruralco Directors of their intentions regarding Ruralco's business. If the Scheme is implemented, the current Ruralco Directors will resign, and the Ruralco Board will be reconstituted in accordance with instructions from Landmark Acquirer after the Implementation Date. Landmark Acquirer intends to replace some or all members of the Ruralco Board and Ruralco Group with nominees of Landmark Acquirer after the Implementation Date.

Accordingly, it is not possible for the Ruralco Directors to provide a statement of their intentions regarding:

- (a) the continuation of the business of Ruralco or how Ruralco's existing business will be conducted;
- (b) any major changes to be made to the business of Ruralco, including any redeployment of the fixed assets of Ruralco; or
- (c) the future employment of the present employees of Ruralco,

in each case, after the Scheme is implemented.

If the Scheme is implemented, Landmark Acquirer will have 100% control of Ruralco. Nutrien's current intentions in relation to Ruralco and its directors and employees if the Scheme is implemented are set out in section 8.

If the Scheme does not proceed, the Ruralco Board intends that Ruralco will continue its current strategic plans and operate on a stand-alone basis and will remain listed on the ASX. See section 9.2 for further information on the strategy and intentions of Ruralco if the Scheme does not proceed.

7.5 RURALCO'S ISSUED SECURITIES AND CAPITAL STRUCTURE

The capital structure of Ruralco as at the date of this Scheme Booklet is as follows:

Type of security	Number of securities
Number of Ruralco Shares on issue	105,052,247
Number of Ruralco Performance Rights	1,301,611
Number of Ruralco Share Rights	165,130
Number of Ruralco Matched Share Rights	67,510

Before the Special Dividend Record Date, Ruralco will issue a total of 1,487,787 Ruralco Shares to the holders of Ruralco Performance Rights, Share Rights and Matched Share Rights. The number of Ruralco Shares on issue will, as a result, increase from 105,052,247 (being the number on issue as at the date of this Scheme Booklet) to 106,540,034 (being the number that will be on issue on the Implementation Date), and there will no longer be any Ruralco Performance Rights, Share Rights or Matched Share Rights on issue.

Please note that Ruralco does not have to issue new Ruralco Shares in respect of all of the Ruralco Performance Rights, Share Rights and Matched Share Rights to satisfy their proposed treatment in connection with the Scheme (which is described in section 11.12). This is because certain existing Ruralco Shares have already been allocated to certain Ruralco Matched Share Rights, and certain other existing Ruralco Shares are otherwise available to be allocated to Ruralco Performance Rights and/or Ruralco Share Rights to satisfy their proposed treatment in connection with the Scheme.

Ruralco does not anticipate that it will be required to issue any Ruralco Shares before the Implementation Date, other than on the vesting or exercise of existing Ruralco Performance Rights, Share Rights and Matched Share Rights in connection with the Scheme (as described immediately above).

See section 11.12 for further information on the treatment of Ruralco Performance Rights, Share Rights and Matched Share Rights in connection with the Scheme.

7.6 SUBSTANTIAL SHAREHOLDERS

The substantial holders of Ruralco Shares as at 30 May 2019 (being the last practicable trading date before the date of the Scheme Booklet) are:

Name	Number of Ruralco Shares	Percentage of issued capital ¹
Neale Edwards	22,513,643	21.43%
UBS Group AG	8,256,878	7.86%
Investors Mutual Limited	6,728,348	6.40%
Perpetual Limited	5,810,463	5.53%
Regal Funds Management Pty Ltd	5,700,205	5.43%

The shareholdings listed in this section are as disclosed to Ruralco by the shareholders in substantial holding notices or as otherwise notified by Ruralco's Share Registry. Information regarding substantial holdings that arise, change or cease after the date of the substantial holding notices disclosed to Ruralco, or in respect of which the relevant announcement is not available on the ASX's website (www.asx.com.au) is not included above.

7.7 HISTORICAL FINANCIAL INFORMATION

This section sets out in summary financial information in relation to Ruralco for the purpose of this Scheme Booklet in abbreviated form and does not contain all the disclosures, statements or comparative information as required by Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and applicable to annual financial reports in accordance with the *Corporations Act*.

Details of where to obtain the recent full statutory financial reports for Ruralco, including all notes to those accounts, are set out in section 7.10.

The historical financial information set out in this section 7.7 has been extracted from Ruralco's interim financial statements for the half year ended 31 March 2019 (**1H19**), and its audited financial statements for the financial years ended 30 September 2018 (**FY2018**) and 30 September 2017 (**FY2017**) and should be read in conjunction with the notes included in those financial reports.

Those reports have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australia Accounting Standards Board and the *Corporations Act*.

¹ Percentage of issued share capital based on number of Ruralco Shares on issue on 30 May 2019 (being the last practicable trading date before the date of the Scheme Booklet).

7 INFORMATION ON RURALCO

7.7 HISTORICAL FINANCIAL INFORMATION CONTINUED

(a) Ruralco consolidated statement of profit or loss and other comprehensive income

The audited historical Consolidated Statement of Profit or Loss and Other Comprehensive Income for the years ended 30 September 2018 and 2017 and the reviewed historical Consolidated Statement of Profit or Loss and Other Comprehensive Income for the six months ended 31 March 2019 are summarised below.

Consolidated Statement of Profit or Loss and Other Comprehensive Income	1H19 \$'000	FY2018 \$'000	FY2017 \$'000
Revenue	686,110	1,913,497	1,826,800
Cost of sales	(511,186)	(1,570,365)	(1,492,463)
Personnel expenses	(96,050)	(193,776)	(195,526)
Property and equipment expenses	(14,689)	(30,429)	(29,511)
Motor vehicle expenses	(11,434)	(21,910)	(20,596)
Administrative expenses	(6,054)	(11,445)	(9,915)
Data and telephony expenses	(5,551)	(10,904)	(8,548)
Marketing and advertising expenses	(3,324)	(6,721)	(6,937)
Depreciation expense	(3,368)	(6,910)	(5,889)
Amortisation expense	(2,791)	(5,816)	(4,601)
Bad debt expense	(151)	(406)	(165)
Net gain/(loss) on disposal of assets	258	5	(1,118)
Other expenses	(1,954)	(3,768)	(2,711)
Results from operating activities	29,816	51,052	48,820
Share of net profit of equity accounted investees	147	1,144	913
Bank charges	(495)	(855)	(919)
Interest expense	(3,306)	(4,984)	(4,667)
Total finance costs	(3,801)	(5,839)	(5,586)
Profit before income tax	26,162	46,357	44,147
Income tax expense	(8,055)	(14,681)	(13,321)
Profit for the period	18,107	31,676	30,826
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss:</i>			
Revaluation of property, plant and equipment, net of tax	(168)	2,447	(81)
Total items that will not be reclassified to profit and loss	(168)	2,447	(81)
<i>Items that may be reclassified to profit or loss:</i>			
Changes in the fair value of cash flow hedges, net of tax	308	(160)	(229)
Foreign currency translation differences	-	1	1
Total items that may be reclassified to profit or loss	308	(159)	(228)
Total comprehensive income for the period	18,247	33,964	30,517

Earnings per share for profit attributable to the ordinary equity holders of Ruralco Holdings Limited:

	Cents	Cents	Cents
Basic	14.73	24.03	23.51
Diluted	14.73	24.03	23.51



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INFORMATION ON RURALCO

7.7 HISTORICAL FINANCIAL INFORMATION CONTINUED

(b) Ruralco consolidated statement of cash flows

The audited historical Consolidated Statement of Cash Flows for the years ended 30 September 2018 and 2017 and the reviewed Consolidated Statement of Cash Flows for the 6 months to 31 March 2019 are summarised below.

Consolidated Statement of Cash Flows	1H19 \$'000	FY2018 \$'000	FY2017 \$'000
Cash flows from operating activities			
Receipts from customers	979,224	2,092,134	1,991,337
Payments to suppliers and employees	(984,463)	(2,043,245)	(1,966,249)
Interest received	1,914	4,312	5,477
Bank charges	(495)	(855)	(918)
Interest paid	(3,319)	(5,025)	(4,699)
Income taxes paid	(9,712)	(12,684)	(10,795)
Net cash flows from operating activities	(16,851)	34,637	14,153
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment	1,883	5,658	2,253
Proceeds from sale of interest in existing subsidiaries	-	103	860
Proceeds from sale of shares in subsidiary	-	495	2,072
Proceeds from sale of intangible assets	-	-	50
Dividends received	646	1,152	151
Payment for property, plant and equipment	(2,528)	(4,210)	(5,608)
Payment for intangible assets	(7,393)	(19,716)	(19,266)
Purchase of equity accounted for investees	-	(5,050)	(7,835)
Purchase of investments	-	(2,300)	-
Purchase of shares in existing subsidiaries	(2,852)	(1,449)	(1,836)
Acquisition of subsidiaries, net of cash acquired	(717)	(14,664)	(60,095)
Net cash flows used in investing activities	(10,961)	(39,981)	(89,254)
Cash flows from financing activities			
Loans repayments from related entities	148	141	417
Repayment of finance lease liabilities	(200)	(347)	(661)
Proceeds from borrowings	424,500	907,000	873,521
Repayment of borrowings	(392,204)	(886,590)	(829,044)
Proceeds from issue of share capital	-	-	65,000
Payment of share issue costs	-	-	(1,680)
Payment for treasury shares	(380)	(1,126)	(741)
Dividends paid to ordinary shareholders in the company	(5,979)	(14,271)	(8,706)
Dividends paid to non-controlling interests	(7,208)	(7,252)	(5,633)
Net cash flows used (in)/from financing activities	18,677	(2,445)	92,473
Net (decrease)/increase in cash and cash equivalents	(9,135)	(7,789)	17,372
Cash and cash equivalents at beginning of year	15,000	22,789	5,417
Cash and cash equivalents at end of year	5,865	15,000	22,789

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INFORMATION ON RURALCO

(c) Ruralco consolidated statement of financial position

The audited Consolidated Statement of Financial Position as at 30 September 2018 and 2017 and the reviewed Consolidated Statement of Financial Position as at 31 March 2019 are summarised below.

Consolidated Statement of Financial Position	1H19 \$'000	FY2018 \$'000	FY2017 \$'000
Current assets			
Cash and cash equivalents	7,499	18,151	22,789
Trade and other receivables	413,376	400,689	393,609
Inventories	205,646	170,329	141,870
Biological assets	834	14,022	18,325
Prepayments	4,895	10,951	9,937
Derivative financial assets	125	447	175
Total current assets	632,375	614,589	586,705
Non-current assets			
Intangible assets	251,009	244,633	214,690
Property, plant and equipment	40,523	42,687	43,966
Deferred tax assets	19,754	19,960	19,930
Investments in equity accounted investees	23,466	23,873	18,504
Other financial assets	2,455	2,455	155
Trade and other receivables	1,254	1,463	857
Total non-current assets	338,461	335,071	298,102
Total assets	970,836	949,660	884,807
Current liabilities			
Trade and other payables	451,157	455,031	429,707
Loans and borrowings	2,829	17,646	18,323
Employee benefits	23,161	22,416	21,584
Contingent consideration	5,202	10,438	2,646
Deferred consideration	150	150	322
Restructuring and onerous contract provisions	1,175	1,544	2,655
Current tax liabilities	1,655	3,311	1,696
Derivative financial instruments	135	1,374	389
Make good provision	1,324	1,185	48
Total current liabilities	486,788	513,095	477,370
Non-current liabilities			
Loans and borrowings	165,350	120,365	95,645
Contingent consideration	3,023	2,815	8,642
Deferred consideration	-	-	736
Deferred tax liabilities	8,593	8,593	8,085
Employee benefits	2,960	3,607	3,167
Make good provision	315	454	522
Total non-current liabilities	180,241	135,834	116,797
Total liabilities	667,029	648,929	594,167
Net assets	303,807	300,731	290,640
Equity			
Share capital	240,538	240,220	238,795
Retained earnings	49,078	41,327	34,617
Reserves	7,350	6,346	5,389
Total equity attributable to equity holders of the Company	296,966	287,893	278,801
Non-controlling interests	6,841	12,838	11,839
Total equity	303,807	300,731	290,640

7 INFORMATION ON RURALCO

7.8 MATERIAL CHANGES TO THE FINANCIAL POSITION OF RURALCO SINCE 31 MARCH 2019

The Ruralco Interim Financial Report for the half year ended 31 March 2019 was released to the ASX on 14 May 2019. To the knowledge of the Ruralco Directors, the financial position of Ruralco has not materially changed since 31 March 2019, as reported in the Ruralco Interim Financial Report, other than:

- the movement in Ruralco's net working capital and net debt balances, which are highly cyclical throughout the year and largely driven by changes to normal seasonal conditions (further details of which are set out in section 4.4.2, page 46 of the Independent Expert's Report);
- the accumulation of profits in the ordinary course of trading;
- as disclosed in this Scheme Booklet or as otherwise disclosed to the ASX by Ruralco; and
- in accordance with generally known market conditions.

A copy of the Ruralco Interim Financial Report for the half year ended 31 March 2019 is available on Ruralco's website (www.ruralco.com.au/investors).

7.9 RISKS RELATING TO RURALCO'S BUSINESS

There are existing risks relating to Ruralco's business and an investment in Ruralco that will continue to be relevant to Ruralco Shareholders if the Scheme does not become Effective. A summary of the key risks relating to Ruralco's business and an investment in Ruralco are set out in sections 9.3, 9.4 and 9.5.

7.10 PUBLICLY AVAILABLE INFORMATION AND CONTINUOUS DISCLOSURE

Ruralco is a listed disclosing entity for the purposes of the *Corporations Act* and as such is subject to regular reporting and disclosure obligations. Specifically, as a company listed on the ASX, Ruralco is subject to the ASX Listing Rules which require (subject to some exceptions) continuous disclosure of any information Ruralco has that a reasonable person would expect to have a material effect on the price or value of Ruralco Shares.

ASX maintains files containing publicly disclosed information about all companies listed on the ASX. Information disclosed to the ASX by Ruralco is available on the ASX's website at www.asx.com.au.

In addition, Ruralco is required to lodge various documents with ASIC. Copies of documents lodged with ASIC by Ruralco may be obtained from an ASIC office.

Ruralco Shareholders may obtain a copy of:

- Ruralco's 2018 Annual Report; and
- the Ruralco Interim Report for the half year ended 31 March 2019 (being the most recent financial reports recently lodged with the ASX before registration of this Scheme Booklet with ASIC); and
- all announcements given to the ASX to date,

free of charge by calling the Shareholder Information Line on 1300 171 805 (within Australia) or +61 3 9415 4124 (outside Australia) Monday to Friday between 8:30am and 5:00pm (Sydney time), or from the ASX's website at www.asx.com.au.

A list of announcements made by Ruralco to the ASX from the time that Ruralco announced that it and Nutrien had entered the Scheme Implementation Deed on 27 February 2019 to 30 May 2019 (being the last practicable trading date before the date of this Scheme Booklet):

Announcement	Date
Change in substantial holding from UBS	28 May 2019
Change in substantial holding from PPT	27 May 2019
Change in substantial holding from PPT	23 May 2019
Dividend/Distribution - RHL	14 May 2019
Ruralco 2019 Half Year Results - Investor Presentation	14 May 2019
Ruralco 2019 Half Year Results and Interim Dividend	14 May 2019
Ruralco 2019 Appendix 4D and half year accounts	14 May 2019
Change in substantial holding from PPT	22 March 2019
Becoming a substantial holder	15 March 2019
Letter to Shareholders	8 March 2019
Change in substantial holding from PPT	4 March 2019

A substantial amount of information about Ruralco, including financial information and releases to the ASX, is available in electronic form on Ruralco's website at www.ruralco.com.au.



Information on Nutrien and Landmark Acquirer

Section 8

8 INFORMATION ON NUTRIEN AND LANDMARK ACQUIRER

8.1 INFORMATION ABOUT NUTRIEN AND LANDMARK ACQUIRER

The information concerning Nutrien and Landmark Acquirer contained in this section 8 has been provided by Nutrien and is the responsibility of Nutrien. Ruralco and its directors do not assume any responsibility for the accuracy or completeness of this information.

8.2 OVERVIEW OF NUTRIEN

(a) Corporate overview, principal activities and operations

Nutrien is a company incorporated in Canada and listed on the Toronto Stock Exchange and New York Stock Exchange. It is a global supplier of crop nutrients, inputs and services, which was formed from the merger of Agrium Inc. and Potash Corporation of Saskatchewan Inc. on 1 January 2018. Nutrien sells over 27 million tonnes of potash, nitrogen and phosphate annually to agricultural, industrial and feed customers worldwide. As at 24 May 2019, Nutrien had a market capitalisation of approximately US\$29 billion.

Nutrien's business is divided into four interrelated business units:

- **Retail:** Nutrien is a direct-to-grower provider of products, services and solutions. It has retail locations across North America, Australia and South America.
- **Potash:** In 2018, Nutrien produced 12,800,000 tonnes of potash. It has potash production facilities in Canada.
- **Nitrogen:** In 2018, Nutrien sold 10,600,000 tonnes of nitrogen. It has nitrogen facilities in Canada, the United States and Trinidad.
- **Phosphate:** Nutrien has phosphate facilities in the United States with integrated mining and also has upgrading facilities. Nutrien has a phosphate facility in Alberta, Canada which is being converted into an ammonium sulphate facility.

Further information on Nutrien is available at <https://www.nutrien.com/>.

(b) Australian operations through Landmark

Nutrien currently operates in Australia via its wholly-owned subsidiary Landmark under the Landmark brand. Landmark has been part of rural Australia for over 150 years.

Landmark operates in the following areas.

- **Rural supplies and merchandise.** Landmark is a distributor of farming supplies and merchandise in Australia including fertiliser, seed, crop protection, animal health, fencing and general merchandise. It also offers a number of agronomy services through its retail outlets including product application, soil and leaf testing and crop scouting. Landmark has retail outlets throughout mainland Australia.
- **Livestock agency and live exports.** Landmark has agents who provide livestock agency services to farmers in Australia and it is also a livestock exporter to international markets. Livestock includes beef cattle, stud stock, sheep/lamb, dairy cattle and horses. Landmark's livestock experts provide advice regarding market specifications, lot feeding, breeding and animal health.

- **Wool broking.** Landmark provides a range of wool marketing services including auctions, online sales through the Wooltrade platform, basis contracts with forward pricing through the wool exporters and private buying. Landmark has a team of auctioneers and selling staff.
- **Other services.** Landmark is also a provider of agricultural insurance broking and financial products to farmers, rural real estate agency services, precision technology services in crop fertilisation, soil and plant tissue testing, and farm planning services.

Further information on Landmark is available at <https://www.landmark.com.au/>.

8.3 OVERVIEW OF LANDMARK ACQUIRER

Landmark Acquirer is an indirectly wholly-owned subsidiary of Nutrien and a related body corporate of Landmark. It was incorporated in 2002 as Agrium Inc.'s initial entry point into Australia.

The directors of Landmark Acquirer as at the date of this Scheme Booklet are:

- Robert James Clayton (who is Managing Director of Landmark); and
- Brett Freer (who is General Manager, Fertiliser & Distribution at Landmark).

8.4 RATIONALE FOR THE PROPOSED ACQUISITION OF RURALCO

Nutrien considers that the proposed acquisition by Landmark Acquirer of Ruralco will bring a number of important benefits to the combined Landmark and Ruralco business and its operations, customers and suppliers.

These include: reduced operating costs; broader distribution of Nutrien/Landmark products; enhanced ability to foster innovation; and exposure to the water segment. For instance, through the combined Landmark and Ruralco group, Nutrien will have access to a broader distribution platform through which to supply its products. Landmark will also be better-positioned to remain competitive in agricultural innovation through the combination of its existing operations, Nutrien's global investments in agricultural technology and research and development and the work that Ruralco is also undertaking in this space. Lastly, Landmark does not currently offer water broking or water project services to its customers and is not a material player in water retailing; Landmark will obtain immediate exposure to this sector as a result of the proposed acquisition of Ruralco. In the absence of Nutrien acquiring Ruralco, Landmark is highly unlikely to enter this sector in the near or mid-term.

With Ruralco as part of Nutrien's and Landmark's businesses, Nutrien believes that Landmark will be in a better position to invest through the cycle and will enable more farmers to invest with long-term confidence, through more flexible terms and conditions. The customers of Ruralco will have access to more financial tools that will help them manage their farming operations.

8

INFORMATION ON NUTRIEN AND LANDMARK ACQUIRER

8.5 THE INTENTIONS OF NUTRIEN AND LANDMARK ACQUIRER

(a) Overview

This section sets out the present intentions of Nutrien in relation to the following:

- the continuation of the business of the Ruralco Group;
- any major changes to the business of the Ruralco Group and any redeployment of the fixed assets of the Ruralco Group; and
- the future employment of the present employees of the Ruralco Group,

assuming Landmark Acquirer acquires 100% of the Ruralco Shares as a result of implementation of the Scheme.

These statements of intention are based on the information concerning the Ruralco Group, its business and the general business environment, which is known to Nutrien at the time of preparation of this section 8. Final decisions will only be reached by Nutrien in light of increased knowledge through exposure to the business and material information and circumstances at the relevant time. Any major decisions regarding the business of the Ruralco Group will only be made following receipt of appropriate legal, taxation and financial advice and a detailed review of Ruralco Group's strategic, financial and commercial operational matters to determine the optimum manner of operating and managing the business. Accordingly, the statements set out in this section 8 are statements of current intention only which may change as new information becomes available or circumstances change.

The intentions of Nutrien set out in this section 8 also reflect the intentions of Landmark Acquirer, subject to the same qualifications set out above.

(b) Intentions upon the Scheme being approved

(i) Business continuity and general operational matters

It is intended that the businesses of Landmark and Ruralco be operated in a combined and co-ordinated manner by an Australian team under the leadership of Landmark's Managing Director Robert Clayton. It is intended that the store network and distribution centres of Landmark and Ruralco be optimised where it makes commercial sense to do so.

In addition, Nutrien intends for a detailed review of the Ruralco Group's strategic, financial and commercial operations to be conducted to:

- evaluate the Ruralco Group's performance, profitability and prospects; and
- determine the optimum manner of operating and managing the Ruralco Group's business.

Subject to completion of this review and except as otherwise disclosed in this section 8, it is the current intention of Nutrien, on the basis of the facts and information concerning the Ruralco Group known to it and the existing circumstances affecting the assets and operations of the Ruralco Group as at the date of this Scheme Booklet, that:

- the business of the Ruralco Group will be conducted substantially in the same manner as at the date of this Scheme Booklet;
- no major changes will be made to the Ruralco Group business; and
- there will be no redeployment of the fixed assets of the Ruralco Group.

(ii) Corporate structure

If the Scheme is implemented, Landmark Acquirer will become the holder of all of the Ruralco Shares and Nutrien will be the ultimate holding company of Ruralco.

As part of business as usual planning following implementation of the Scheme, there may be changes in the Ruralco Group's corporate and operating structure as part of integrating the Ruralco Group into the Nutrien Group's corporate and operating structure.

(iii) Board of Directors

If the Scheme is implemented, Nutrien intends to reconstitute the board of Ruralco to comprise Nutrien Group nominees, who are yet to be identified. The reconstituted board of Ruralco will be of a size and composition as is customary and appropriate for the board of a wholly-owned Subsidiary of an international corporate group.

(iv) Employees

Landmark and Ruralco have a longstanding track record of significant and meaningful employment in the agriculture sector throughout rural and regional Australia. It is intended that the two companies continue to be a major employer in rural and regional areas going forward. As in any transaction there will inevitably be some change and overlap in select positions which may result in redundancies (with any redundancies being primarily in back office corporate functions) – this will be dealt with in a way that makes best business sense in the interests of stakeholders. However, over time, as the Landmark and Ruralco businesses are brought together, it is intended and expected that employees will benefit from new and better opportunities for career growth and professional development. In addition, a consolidated Landmark and Ruralco business will create a stronger local employer for both entities and more diverse opportunities for staff, including global opportunities through the Nutrien business.

(v) Ruralco to apply to be delisted

If the Scheme is implemented, Nutrien will procure that Ruralco applies to the ASX to be removed from the official list of the ASX.

8.6 FUNDING ARRANGEMENTS**(a) The Scheme Consideration**

The Scheme Consideration will be provided wholly in cash. The maximum aggregate Scheme Consideration payable by Landmark Acquirer under the Scheme will be \$468,776,149.60 assuming there are 106,540,034 Scheme Shares on issue on the Implementation Date. The aggregate Scheme Consideration will be reduced by the aggregate amount of any Special Dividend.

Landmark Acquirer intends to fund payment of the Scheme Consideration using funds to be made available by related bodies corporate of Landmark Acquirer, all of whom are wholly-owned Subsidiaries of Nutrien. As at 31 March 2019, the Nutrien Group had cash and cash equivalents of

approximately US\$373 million (being approximately \$525 million based on an exchange rate of 1.41 Australian dollars to 1 US\$ as at 31 March 2019) and remaining available credit facilities of approximately US\$3.9 billion (being approximately \$5.5 billion based on an exchange rate of 1.41 Australian dollars to 1 US\$ as at 31 March 2019). As at the date of this Scheme Booklet, the Nutrien Group had cash and cash equivalents and available credit facilities in excess of the maximum aggregate Scheme Consideration. The aforementioned credit facilities are either not subject to any conditions precedent to drawdown or are subject to customary conditions precedent to drawdown which Nutrien expects to satisfy if it becomes necessary to draw from those credit facilities.

(b) The Special Dividend

If a Special Dividend is paid, the maximum aggregate amount of the Special Dividend will be \$95,886,030.60 assuming there are 106,540,034 Scheme Shares on issue on the Special Dividend Record Date and that Ruralco pays a Special Dividend of \$0.90 per Ruralco Share.

Nutrien has entered into a facility agreement with Ruralco under which Nutrien has agreed to provide Ruralco with an unsecured, interest free loan to fund the payment of the Special Dividend (**Special Dividend Loan**). Ruralco can only access the Special Dividend Loan if the Scheme becomes Effective. The Special Dividend Loan has been negotiated on arm's length commercial terms.

Nutrien has funds available from the Nutrien Group's existing cash and cash equivalents and available credit facilities (see section 8.6(a)) sufficient to satisfy its obligations under the Special Dividend Loan.

8.7 OTHER INFORMATION**(a) Landmark Acquirer's interests in Ruralco shares**

As at the date of this Scheme Booklet, none of Landmark Acquirer or any of its Associates has a Relevant Interest in any Ruralco Shares nor any Voting Power in Ruralco.

(b) No dealings in Ruralco shares in previous four months

None of Landmark Acquirer or any of its Associates has provided, or agreed to provide, consideration for Ruralco Shares under any purchase or agreement during the four months before the date of this Scheme Booklet.

(c) Pre-Scheme benefits

During the period of four months before the date of this Scheme Booklet, none of Landmark Acquirer or any of its Associates gave, or offered to give, or agreed to give a benefit to another person which was likely to induce the other person, or an Associate of the other person, to:

- vote in favour of the Scheme; or
- dispose of Ruralco Shares,

and which is not offered to all Ruralco Shareholders.

What if the Scheme is not implemented?

Section 9

9

WHAT IF THE SCHEME IS NOT IMPLEMENTED?

9.1 INTRODUCTION

If the Scheme is not implemented, Ruralco will continue to operate as a stand-alone company listed on the ASX. You will retain your Ruralco Shares and they will not be acquired by Landmark Acquirer under the Scheme. While it is not possible to predict the future performance of Ruralco, in deciding whether or not to vote in favour of the Scheme you should have regard to the prospects of Ruralco on a stand-alone basis (that is, if the Scheme is not approved and implemented).

The following are some possible implications of the Scheme not being implemented:

- Ruralco Shareholders will retain their Ruralco Shares and they will not be acquired by Landmark Acquirer;
- Ruralco Shareholders will not receive the Total Cash Consideration;
- Ruralco will, in the absence of another proposal, continue to operate as a stand-alone company listed on the ASX and, as such, Ruralco Shareholders will be exposed to the risks relating to Ruralco's business (refer to sections 9.3, 9.4 and 9.5 for a summary of these risks); and
- if no comparable proposal or superior proposal is received by the Ruralco Board, then the Ruralco share price is expected to fall.

9.2 STRATEGY AND INTENTIONS FOR RURALCO IF THE SCHEME DOES NOT PROCEED

Should the Scheme not proceed or if a superior proposal does not emerge, Ruralco will continue to operate on a stand-alone basis in accordance with its publicly stated Future Farming Strategy. This strategy positions Ruralco as a leader in the future of Australian farming and is focused on three key pillars to drive growth:

- continuing investment in Ruralco's chosen agribusiness sectors through a targeted geographic presence;
- embracing innovation to disrupt the traditional business model and being an industry leader in the future of farming by connecting its customers to the latest in agricultural technology; and
- generating value through vertical integration across the agricultural value chain through Ruralco's national points of presence, providing end to end solutions for our customers.

These three pillars are underpinned by a scaleable back office that can help drive operating leverage and a people and culture strategy that promotes safety (including a commitment to Zero Harm), a high-performance culture and diversity and equal opportunity.

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**WHAT IF THE SCHEME
IS NOT IMPLEMENTED?****9.2 STRATEGY AND INTENTIONS FOR RURALCO IF THE SCHEME DOES NOT PROCEED** CONTINUED

Ruralco will continue with its focus on strategy execution, cost control and balance sheet management, which is critical to ensuring growth in earnings and total shareholder returns.

DELIVERING THE **FUTURE** OF AGRICULTURE

**INVESTMENT**

Targeted geographic presence in all our chosen activities

**INNOVATION**

Be a leader in the future of farming

**INTEGRATION**

Provide end to end solutions for our customers

**PEOPLE
& CULTURE****SCALEABLE
BACK OFFICE**

WE'RE HERE FOR AUSTRALIAN FARMERS™

The points above should be considered in conjunction with the general investment risks and specific risks relating to an investment in Ruralco outlined in sections 9.3, 9.4 and 9.5 of this Scheme Booklet.

9.3 RISKS ASSOCIATED WITH RURALCO IF THE SCHEME IS NOT IMPLEMENTED

The Ruralco Directors consider that it is appropriate for Ruralco Shareholders, in considering the Scheme, to be aware that there are a number of risks that could materially adversely affect the future operating and financial performance of Ruralco, as well as the value of Ruralco.

Sections 9.4 and 9.5 outline:

- general investment risks (refer to section 9.4); and
- risks associated with your current investment in Ruralco Shares (refer to section 9.5).

Sections 9.4 and 9.5 are a summary of notable risks that could have an impact on Ruralco and therefore a continued investment in Ruralco Shares, and do not purport to list every risk that may be associated with an investment in Ruralco now or in the future.

If the Scheme is implemented, you will receive the Total Cash Consideration, cease to be a Ruralco Shareholder and will no longer be exposed to the risks set out below. If the Scheme is not implemented, you will continue to hold your Ruralco Shares and continue to be exposed to risks associated with that investment.

You should carefully consider the risks described in sections 9.4 and 9.5, as well as the other information contained in this Scheme Booklet before voting on the Scheme. Sections 9.4 and 9.5 are general in nature only and do not take into account your individual objectives, financial situation, taxation position or particular needs.

9.4 GENERAL INVESTMENT RISKS

The market price of Ruralco Shares and future distributions made to shareholders will be influenced by a number of factors, including the following:

- changes in investor sentiment and overall performance of local and international stock markets;
- changes in general business, industry cycles and economic conditions including inflation, interest rates, exchange rates, prices of commodities and raw materials, the cost of energy and other utility costs, employment levels and consumer demand;
- changes in government, fiscal, monetary and regulatory policies;
- government or political intervention in export and import markets and the disruptions this causes to supply and demand dynamics;
- loss of key personnel;
- interruptions at Ruralco's workplaces arising from industrial disputes, work stoppages and accidents, which may result in business operations delays;
- natural disasters and catastrophes, whether on a global, regional or local scale; and
- accounting standards which affect the financial performance and position reported by Ruralco.

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WHAT IF THE SCHEME
IS NOT IMPLEMENTED?

9.5 RISKS ASSOCIATED WITH YOUR CURRENT INVESTMENT IN RURALCO

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.
Increased competition	Existing competitors or new entrants to markets in which Ruralco operates may be successful in taking market share from Ruralco. A failure by Ruralco to effectively compete may affect its future financial performance and position.
Weather conditions and natural events	Ruralco is exposed to weather conditions and natural events such as drought, flood and fire, and the associated changes in agricultural activity. Weather variability and natural events can reduce the purchasing confidence and production prospects of Ruralco's customers (including by impacting crop size and quality) and therefore result in varied revenue outcomes for Ruralco.
Market prices for agricultural commodities	Ruralco is exposed in various ways to fluctuations in the prices of agricultural commodities, including sheep, cattle and wool. The market for agricultural commodities can be cyclical and is influenced by various factors, including seasonal conditions, global commodity supply-demand dynamics and economic conditions. Changes in the prices of commodities can have a material impact on Ruralco's profitability.
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.
Ability to attract, maintain and motivate key personnel	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 enough 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.
Information Technology	Failure to manage Ruralco's IT infrastructure, systems and security (including cyber threats) and ensure Ruralco's IT environment can 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	<p>There are dynamic and varied business risks that apply to live animal export, including regulatory, foreign exchange, political and sovereign risks, which could adversely impact Ruralco's reputation and Ruralco's financial position and performance. Ruralco's majority owned subsidiary, Frontier International, has faced challenges around regulatory and political risks over the last 12 months in relation to its live export business.</p> <p>There are a number of government policies and regulations that apply to live animal export which, if changed, may have a material adverse impact on Ruralco's financial position and performance. The nature, timing and impact of future government policy and regulatory changes are not predictable and beyond Ruralco's control.</p>
Workplace Health & Safety	<p>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.</p>
Joint Ventures	<p>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.</p>
Disputes and Litigation	<p>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.</p>
Insurance	<p>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 enough in such circumstances and if there is an event or claim causing loss, not all losses may be recoverable.</p>
Changes in laws, regulations and government policies	<p>There may be changes in laws, regulation and government policies that have an adverse impact on Ruralco's financial performance and position. 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 the ASX.</p>
Competition	<p>Existing competitors or new entrants to markets in which Ruralco operates may be successful in taking market share from Ruralco. A failure by Ruralco to effectively compete may affect its future financial performance and position.</p>
Litigation risk	<p>Ruralco may be exposed to potential legal claims, disputes and litigation in the future, with respect to its operations, suppliers or customers in the ordinary course of business. There is a risk that any material or costly claim, dispute or litigation could adversely affect the reputation or financial performance of Ruralco.</p>

Taxation implications for Scheme Shareholders

Section 10

10

TAXATION IMPLICATIONS FOR SCHEME SHAREHOLDERS

Ruralco Shareholders are advised to consult their own independent tax adviser regarding the consequences of acquiring, holding or disposing of Ruralco Shares and receiving the Special Dividend (if declared) considering the Tax Law and their own specific circumstances.

10.1 INTRODUCTION

This section is a general outline of the Australian tax consequences for Ruralco Shareholders who receive the Special Dividend (on the assumption that a Special Dividend is declared) and dispose of their Ruralco Shares under the Scheme.

This general outline reflects the current provisions of the *Income Tax Assessment Act 1936* (Cth) (**ITAA 1936**), the *Income Tax Assessment Act 1997* (Cth) (**ITAA 1997**) and the *A New Tax System (Goods and Services Tax) Act 1999* (Cth) (the **Tax Law**), and the regulations made under those Acts, and considers current tax rulings issued by the ATO and the current administrative practices of the ATO. This outline does not otherwise consider or anticipate changes in the law, whether by way of judicial decision or legislative action.

This outline is general in nature only. It does not constitute tax advice and should not be relied upon as such.

This outline is relevant to Ruralco Shareholders who are individuals, companies (other than life insurance companies), trusts and complying superannuation funds that hold their Ruralco Shares on capital account for Australian tax purposes. It does not apply to persons who:

- hold their Ruralco Shares on revenue account (such as share trading entities) or as trading stock;
- are temporary residents of Australia for Australian taxation purposes;
- are non-residents that hold their Ruralco Shares in connection with a business carried on through a permanent establishment in Australia;
- acquired their Ruralco Shares pursuant to an employee share plan of Ruralco (including the Long-Term Incentive Plan);
- are subject to the investment manager regime in subdivision 842-I of the ITAA 1997 in relation to their Shares; or
- are subject to the taxation of financial arrangements rules in Division 230 of the ITAA 1997 in relation to gains and losses on their Ruralco Shares.

10.2 CLASS RULING REQUEST

Ruralco has applied for a Class Ruling from the ATO on behalf of Ruralco Shareholders on certain matters discussed in this section, including (but not limited to):

- whether the Special Dividend is assessable to Australian tax resident Ruralco Shareholders, and not assessable or subject to withholding tax for non-resident Ruralco Shareholders;
- whether the Special Dividend constitutes a frankable distribution;
- whether Ruralco Shareholders can claim a tax offset in respect of the Special Dividend;
- confirmation of the timing of the CGT disposal and confirmation that the capital proceeds received by Ruralco Shareholders in relation to the CGT disposal will not include the Special Dividend paid by Ruralco; and
- whether the Commissioner of Taxation (the **Commissioner**) will decide to deny the imputation benefit received by Ruralco Shareholders pursuant to the franking credit streaming or other anti-avoidance provisions.

The ATO has not issued the Class Ruling requested as at the date of the Scheme Booklet. Ruralco expects to receive a draft of the ATO Class Ruling before the date of the Scheme Meeting. When Ruralco receives a draft of the ATO Class Ruling, Ruralco Shareholders will be informed through an announcement on the ASX and Ruralco's website (www.ruralco.com.au/investors). The final ATO Class Ruling may, however, not be issued until after the Implementation Date for the Scheme.

The Class Ruling will be available on the ATO website at www.ato.gov.au.

It is anticipated that the Commissioner's views to be expressed in the Class Ruling will be generally consistent with the income tax information in this summary.

However, it is possible that the Commissioner may reach different conclusions in the final Class Ruling. Accordingly, it is important that this summary be read on the understanding that it is possible the Commissioner will issue the final ruling after the Implementation Date for the Scheme.

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TAXATION IMPLICATIONS FOR SCHEME SHAREHOLDERS

10.3 SPECIAL DIVIDEND

A Ruralco Shareholder who is an Australian resident is required to include the Special Dividend in their assessable income. The franking credits attached to the Special Dividend will also be included in the assessable income of the Ruralco Shareholder and a corresponding tax offset may be available to the Ruralco Shareholder provided they are a “qualified person” (refer below). Ruralco Shareholders that are individuals or complying superannuation entities may be entitled to a refund of excess franking credits where the tax offset exceeds their tax liability for the income year. Ruralco Shareholders that are companies will not be entitled to a refund of any excess tax offset but instead, may convert any excess tax offset to a tax loss for the income year.

For an Australian resident Ruralco Shareholder to be considered a “qualified person”, they must hold their Ruralco Shares at risk for a continuous 45 day period within the qualification period (excluding the dates of acquisition and disposal of their Ruralco Shares). The qualification period starts 45 days before the ex-dividend date of the Special Dividend and ends the day before the Scheme Record Date.

The benefit of franking credits can be denied where a Ruralco Shareholder is not a “qualified person”. In this case the Ruralco Shareholder should not include the amount of the franking credits in their assessable income and will not be entitled to a corresponding Australian tax offset.

The fully franked Special Dividend should be non-assessable non-exempt income of a non-resident Ruralco Shareholder (other than those who receive the Special Dividends in carrying on business in Australia at or through a permanent establishment in Australia) and therefore not included in their assessable income. The Ruralco Shareholder should not be liable for Australian dividend withholding tax.

10.4 DISPOSAL OF RURALCO SHARES

A CGT event (that is, CGT Event A1) will happen when a Ruralco Shareholder disposes of their Ruralco Shares under the Scheme on the Scheme Implementation Date. Subject to the comment below, the capital proceeds received by the Ruralco Shareholders for the disposal of their shares to Landmark Acquirer under the Scheme should prima facie be \$4.40 per share (being the total of the cash consideration and special dividend received). The Ruralco Shareholder should make a capital gain from this CGT event if the capital proceeds from the disposal of the Ruralco Shares are more than the cost base of their Ruralco Shares. The Ruralco Shareholder should make a capital loss if the capital proceeds are less than the reduced cost base of their Ruralco Shares. The cost base and reduced cost base of a Ruralco Shareholder’s Ruralco Shares will depend on their own specific circumstances. Ruralco Shareholders should consult their own independent taxation adviser.

With respect to Scheme Shareholders that make a capital gain from the disposal of their Ruralco Shares, the anti-overlap provisions should apply to reduce any capital gain by the amount of the Special Dividend received. However, the capital gain cannot be reduced below nil.

If a Ruralco Shareholder is an individual, complying superannuation fund or trust and acquired their Ruralco Shares at least 12 months before the Scheme Implementation Date, the amount of the capital gain (after being reduced for current year capital losses and prior year capital losses, if any) is reduced by the relevant CGT discount. The CGT discount percentage for individuals and trusts is 50% and for complying superannuation entities is 33.33%.

No CGT discount is available for Ruralco Shareholders that are companies.

10.5 GST

Ruralco Shareholders should not be liable to GST in respect of a disposal of the Ruralco Shares.

Ruralco Shareholders may be charged GST on costs (such as adviser fees relating to their participation in the Scheme) that relate to the Scheme. Ruralco Shareholders may be entitled to input tax credits or reduced input tax credits for such costs but should seek independent advice in relation to their own specific circumstances.



Additional Information

Section 11



11 ADDITIONAL INFORMATION

11.1 INTERESTS OF RURALCO DIRECTORS IN RURALCO SECURITIES

The table below lists the Relevant Interests of Ruralco Directors in Ruralco Shares as at the date of this Scheme Booklet.

Ruralco Director	Position	Relevant Interest in Ruralco Shares
Richard (Rick) Lee AM	Independent Non-Executive Director and Chairman	83,334
Elizabeth Johnstone	Independent Non-Executive Director	51,860
Trudy Vonnhoff	Independent Non-Executive Director	46,607
Andrew Macpherson	Independent Non-Executive Director	34,000
Travis Dillon	Managing Director and Chief Executive Officer	111,854 ¹

Ruralco Directors who hold Ruralco Shares will be entitled to vote at the Scheme Meeting and receive the Scheme Consideration along with all other Ruralco Shareholders.

Each Ruralco Director states that he or she intends to vote, or cause to be voted, all Ruralco Shares held or controlled by them, or on their behalf, in favour of the Scheme, in the absence of a Superior Proposal.

No Ruralco Director acquired or disposed of a Relevant Interest in any Ruralco Shares in the four month period ending on the date immediately before the date of this Scheme Booklet.

The table below lists the Relevant Interests of Ruralco Directors in Ruralco Performance Rights, Ruralco Share Rights and Ruralco Matched Share Rights as at the date of this Scheme Booklet.

Ruralco Director	Position	Relevant Interest in Ruralco		
		Performance Rights	Share Rights	Matched Share Rights
Richard (Rick) Lee AM	Independent Non-Executive Director and Chairman	-	-	-
Elizabeth Johnstone	Independent Non-Executive Director	-	-	-
Trudy Vonnhoff	Independent Non-Executive Director	-	-	-
Andrew Macpherson	Independent Non-Executive Director	-	-	-
Travis Dillon	Managing Director and Chief Executive Officer	435, 782	-	7,247

Travis Dillon, Ruralco's Managing Director and Chief Executive Officer, will be entitled to receive Ruralco Shares in respect of each of the Ruralco Performance Rights and Ruralco Matched Share Rights he holds, subject to the Scheme becoming Effective.

See section 11.12 for details regarding the treatment of Ruralco's Performance Rights, Share Rights and Matched Share Rights in connection with the Scheme.

11.2 INTERESTS OF RURALCO DIRECTORS IN NUTRIEN GROUP

No Ruralco Director holds a Relevant Interest in any shares in a Nutrien Group Member.

No Ruralco Director acquired or disposed of a Relevant Interest in any shares in a Nutrien Group Member in the four month period ending on the date immediately before the date of this Scheme Booklet.

11.3 INTERESTS OF RURALCO DIRECTORS IN CONTRACTS OF A NUTRIEN GROUP MEMBER

No Ruralco Director has an interest in any contract entered into by a Nutrien Group Member.

11.4 OTHER INTERESTS OF RURALCO DIRECTORS

Other than as noted in section 11.1 above and as set out in section 11.5 below, no Ruralco Director has any other interest, whether as a director, member or creditor of Ruralco or otherwise, which is material to the Scheme, other than in their capacity as a holder of Ruralco Shares, Ruralco Options or Ruralco Performance Rights.

¹ This number includes the 7,247 Ruralco Matched Share Rights held by Mr Dillon because, in respect of each such right, there is a corresponding Ruralco Share held in Ruralco's employee share trust that is allocated to Mr Dillon and in respect of which Mr Dillon has a Relevant Interest.

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ADDITIONAL INFORMATION

11.5 AGREEMENTS OR ARRANGEMENTS WITH RURALCO DIRECTORS CONNECTED WITH OR CONDITIONAL ON THE SCHEME

As noted above, Travis Dillon, Ruralco's Managing Director and Chief Executive Officer, holds 435,782 Ruralco Performance Rights and 7,247 Ruralco Matched Share Rights that will be subject to the regime described in section 11.12.

Ruralco has an executive performance plan (**EPP**) in place, which became operational on 1 October 2018 and was intended to replace Ruralco's then existing short-term incentive and long-term incentive arrangements. The EPP operates with the effect that, if the Scheme becomes Effective, participating executives will be entitled to receive their incentive in cash only in lieu of their entitlement to otherwise receive their incentive in a combination of cash and a deferred right to be issued Ruralco Shares. Under the EPP, participating executives will be entitled to receive in aggregate up to a maximum of \$4,375,433 (including the payment to Travis Dillon). Travis Dillon, Ruralco's Managing Director and Chief Executive Officer, participates in the EPP and will be entitled to a cash payment of up to a maximum of \$1,215,000 in lieu of his entitlements under the EPP.

Ruralco has in place specific retention arrangements with certain senior executives (each, a **Senior Executive**), including Ruralco's Managing Director and Chief Executive Officer, Travis Dillon. The Ruralco Board considered it appropriate and in the interests of Ruralco to put in place the retention arrangements:

- to protect Ruralco against the risk that it loses some of its Senior Executives given the uncertainty and disruption arising from the Scheme by incentivising them to remain with Ruralco until, and for six months after, the Scheme is implemented; and
- in recognition of the significant role of each Senior Executive both in respect of the process relating to the Scheme and in ensuring the continuity of the business regardless of the outcome of the Scheme.

Under these retention arrangements:

- half of the retention amount will be paid on the Implementation Date in the event that the Scheme is approved by Ruralco Shareholders and the Court;
- half of the retention amount will be paid six months following the Implementation Date; and
- entitlement to and payment of any retention amount is conditional on the Scheme being implemented and the continued employment of the relevant Senior Executive (unless the Senior Executive's employment is terminated before that date other than for serious misconduct or breach of the Senior Executive's contract of employment).

The maximum aggregate amount of the retention payments that may be payable to all Senior Executives is \$4,548,149 (including the payment to Travis Dillon). The amount of Travis Dillon's retention payment is \$1,245,375.

Other than these agreements and arrangements, there is no agreement or arrangement made between any Ruralco Director and any other person, including a Nutrien Group member, in connection with or conditional upon the outcome of the Scheme.

11.6 PAYMENTS AND OTHER BENEFITS TO DIRECTORS, SECRETARIES OR EXECUTIVE OFFICERS OF RURALCO IN CONNECTION WITH RETIREMENT FROM OR LOSS OF OFFICE

There is no payment or other benefit proposed to be made or given to a director, secretary or executive officer of Ruralco or any member of Ruralco Group as compensation for loss of, or as consideration for or in connection with their retirement from, office in Ruralco or any member of Ruralco Group in connection with the Scheme.

11.7 SUSPENSION OF TRADING OF RURALCO SHARES

If the Court approves the Scheme, Ruralco will notify the ASX. It is expected that suspension of trading on the ASX in Ruralco Shares will occur at the close of business on the Effective Date.

11.8 DEED POLL

Nutrien and Landmark Acquirer have executed the Deed Poll, under which both have undertaken in favour of each Scheme Shareholder to provide the Scheme Consideration to which each Scheme Shareholder is entitled under the Scheme and to perform their respective obligations under the Scheme, subject to the Scheme becoming Effective.

A copy of the Deed Poll is contained in Attachment D to this Scheme Booklet.

11.9 WARRANTY BY SCHEME SHAREHOLDERS ABOUT THEIR RURALCO SHARES

The effect of clause 9.4(a) of the Scheme is that all Scheme Shareholders, including those who vote against the Scheme and those who do not vote, will be deemed to have warranted to Landmark Acquirer, and to the extent enforceable, to have appointed and authorised Ruralco as that Scheme Shareholder's agent and attorney to warrant to Landmark Acquirer that all their Scheme Shares will, at the date of transfer of them to Landmark Acquirer under the Scheme, be fully paid and not subject to any of the encumbrances specified in that clause, and that they have full power and capacity to sell and transfer their Ruralco Shares to Nutrien together with any rights attaching to those Scheme Shares. Clause 9.4(a) of the Scheme is set out in Attachment C to this Scheme Booklet.

11.10 SUMMARY OF SCHEME IMPLEMENTATION DEED

On 27 February 2019, Ruralco and Nutrien entered into a Scheme Implementation Deed under which Ruralco agreed to propose the Scheme. The Scheme Implementation Deed sets out the parties' rights and obligations in connection with the Scheme.

A summary of the key elements of the Scheme Implementation Deed is set out below. A full copy of the Scheme Implementation Deed is provided in Attachment B and can also be obtained from www.asx.com.au or www.ruralco.com.au/investors.

(a) Conditions precedent

Implementation of the Scheme is subject to the following conditions which must be satisfied or waived (where capable of waiver) before the Scheme can be implemented:

- **(FIRB approval)** Before 8.00am on the Second Court Date, either:
 - Nutrien or Landmark Acquirer has received written notice under *Foreign Acquisitions and Takeovers Act 1975* (Cth) (**FATA**) from the Treasurer of Australia (or his delegate) (**Treasurer**) stating that, or to the effect that, the Commonwealth Government does not object to the acquisition of all the Scheme Shares by Landmark Acquirer under the Scheme, either without condition or on terms that are acceptable to Nutrien (acting reasonably); or
 - the Treasurer ceases to be empowered to make any order under Part 3 of FATA;
- **(ACCC approval)** Before 8.00am on the Second Court Date, Nutrien or Landmark Acquirer has received written notice from the ACCC to the effect that the ACCC does not propose to oppose, intervene or seek to prevent the implementation of the Scheme under or by reference to section 50 of the *Competition and Consumer Act 2010* (Cth), which notification is either unconditional or is on or requires conditions or undertakings acceptable to Nutrien (acting reasonably), and such notification has not been withdrawn or revoked;
- **(Orders convening Scheme Meeting)** The Court orders the convening of the Scheme Meeting;
- **(No Restraints)** There is no legal restraint or prohibition preventing or materially restricting the Scheme or its implementation in effect at 8.00am on the Second Court Date;
- **(Shareholder approval)** Ruralco Shareholders agree to the Scheme at the Scheme Meeting by the Requisite Majorities;
- **(Regulatory Approvals)** Before 8.00am on the Second Court Date, ASIC and ASX having issued (and not withdrawn, cancelled or revoked) such Regulatory Approvals as are necessary or which Ruralco and Nutrien agree are reasonably necessary or desirable to implement the Scheme, either unconditionally or on conditions that do not impose unduly onerous obligations on either party (acting reasonably);
- **(Court approval)** The Court approves the Scheme in accordance with the *Corporations Act*;
- **(No Prescribed Occurrence)** No Prescribed Occurrence occurs between the date of the Scheme Implementation Deed and 8.00am on the Second Court Date;
- **(No Regulated Event)** No Regulated Event described in paragraphs (a) or (c) of the definition of Regulated Event occurs between the date of the Scheme Implementation Deed and 8:00am on the Second Court Date;
- **(No Material Adverse Change)** No Material Adverse Change occurs between the date of the Scheme Implementation Deed and 8.00am on the Second Court Date;

- **(Independent Expert's Report)** The Independent Expert in the Independent Expert's Report concludes that the Scheme is in the best interests of Ruralco Shareholders and does not change or publicly withdraw that conclusion before 8:00am on the Second Court Date;
- **(Ruralco representations and warranties)** The representations and warranties given by Ruralco in the Scheme Implementation Deed are true and correct in all material respects (other than the representation and warranty contained in clause 9.3(b)(xxii) of the Scheme Implementation Deed that is true and correct in all respects) as at the date of the Scheme Implementation Deed and 8:00am on the Second Court Date;
- **(Nutrien representations and warranties)** The representations and warranties given by Nutrien in the Scheme Implementation Deed are true and correct in all material respects as at the date of the Scheme Implementation Deed and 8:00am on the Second Court Date; and
- **(Ruralco Performance Rights, Ruralco Share Rights and Ruralco Matched Share Rights)** Before 8.00am on the Second Court Date, arrangements have been put in place so that no Ruralco Performance Rights, Ruralco Share Rights or Ruralco Matched Share Rights are in existence on the Business Day prior to the Scheme Record Date.

These conditions, and the provisions relating to the satisfaction or waiver of these conditions, are set out in full in clause 3 of the Scheme Implementation Deed (which is Attachment B to this Scheme Booklet). As at the date of this Scheme Booklet, Ruralco is not aware of any circumstances which would cause any of these conditions to not be satisfied. In relation to the status of the ACCC approval as at the date of this Scheme Booklet, please refer to section 11.11.

(b) Exclusivity

The Scheme Implementation Deed contains certain exclusivity arrangements in favour of Nutrien. In summary, from the date of the Scheme Implementation Deed until the earlier of the Effective Date, the End Date and the date the Scheme Implementation Deed is terminated (**Exclusivity Period**):

- **(No shop)** Ruralco must not, and must ensure that its Related Bodies Corporate and their respective Authorised Persons do not, solicit, invite, initiate or encourage any Competing Proposal or any enquiries, proposals, discussions or negotiations in relation to a Competing Proposal (or which would reasonably be expected to lead to a Competing Proposal), or communicate any intention to do so;
- **(No talk)** Ruralco must not, and must ensure that its Authorised Persons and its Related Bodies Corporate and their Authorised Persons do not, participate in negotiations or discussions with respect to any inquiry, expression of interest, offer or proposal, or enter into any agreement, arrangement or understanding, in relation to a Competing Proposal (or which would reasonably be expected to encourage or lead to a Competing Proposal) or communicate any intention to do so;

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ADDITIONAL INFORMATION

11.10 SUMMARY OF SCHEME IMPLEMENTATION DEED CONTINUED

(b) Exclusivity continued

- **(No due diligence)** Ruralco must not, and must ensure that its Authorised Persons and its Related Bodies Corporate and their Authorised Persons do not, without Nutrien's prior written consent, make available to any person (other than Nutrien) or permit any such person to receive, other than in the ordinary course of business or as required by law or the listing rules of the ASX, any non-public information relating to Ruralco, its Related Bodies Corporate, or any of their respective businesses and operations, in connection with or with a view to obtaining a Competing Proposal (or which would reasonably be expected to lead to such person formulating, developing or finalising a Competing Proposal);

- **(Notification of approaches)** Ruralco must promptly notify Nutrien of:
 - any approach, inquiry or proposal to initiate discussions or negotiations in respect of any inquiry or discussion in relation to an actual, proposed or potential Competing Proposal;
 - any request for any information relating to Ruralco, its Related Bodies Corporate, or any of their businesses and operations, in connection with such person formulating, developing or finalising (or assisting in the formulating, developing or finalising of) an actual, proposed or potential Competing Proposal,

made by any person to Ruralco, any of its Related Bodies Corporate or any of their Respective Authorised Persons (with the notice including the material terms of the Competing Proposal and the identity of the person making the Competing Proposal).

- **(Provision of non-public information)** Ruralco:
 - must promptly provide Nutrien with any material non-public information relating to Ruralco, its Related Bodies Corporate or any of their businesses and operations made available, or received by, any person in connection with or assisting in, the formulating, developing or finalising of an actual or proposed Competing Proposal, which has not previously been provided to Nutrien;
 - must not directly or indirectly disclose or otherwise provide or make available any non-public information about the businesses and affairs of Ruralco or any Ruralco Group Member to a third party with a view to obtaining an actual or proposed Competing Proposal unless it is permitted by the 'fiduciary out' exception described below.

- **(Matching right)** Ruralco:

- must not, and must procure that each of its Related Bodies Corporate do not, enter into any agreement, understanding or commitment in respect of a Competing Proposal; and
- must use its reasonable endeavours to ensure that none of the Ruralco directors change, withdraw or modify his or her recommendation, or publicly recommend the Competing Proposal,

unless (in summary) the Competing Proposal constitutes a Superior Proposal, Ruralco has given Nutrien at least 5 Business Days to make a proposal which is equally or more favourable to Ruralco Shareholders than the Competing Proposal, and Nutrien has not made such a proposal within the time frame.

Fiduciary out exception: However, Ruralco is not required to comply with its obligations under the 'no talk' and 'no due diligence' provisions in the Scheme Implementation Deed (and the obligation in the 'notification of approaches' provision to provide the identity of the person who made the Competing Proposal) with respect to a Competing Proposal if:

- the Competing Proposal is bona fide and made by or on behalf of a person that the Ruralco Board considers is of sufficient commercial standing; and
- the Ruralco Board has determined in good faith after:
 - consultation with Ruralco's financial advisers, that the Competing Proposal is a Superior Proposal or may reasonably be expected to lead to a Superior Proposal; and
 - receiving written advice from Ruralco's external Australian legal Adviser practising in the area of corporate law, that the failure to take such action or refusing to take such action (as the case may be) with respect to the Competing Proposal would be reasonably likely to constitute a breach of the fiduciary or statutory duties owed by the Ruralco Directors under applicable law, or it would otherwise be unlawful not to take that action.

These exclusivity arrangements are set out in full in clause 10 of the Scheme Implementation Deed (which is Attachment B to this Scheme Booklet).

(c) Break Fees

Ruralco has agreed to pay Nutrien a break fee of \$4,698,000 (**Ruralco Break Fee**) in certain circumstances: Those circumstances are:

- **Change in recommendation:** during the Exclusivity period, any Ruralco directors fails to recommend, or changes, withdraws, modifies or qualifies his or her recommendation that, Ruralco Shareholders vote in favour of the Scheme, other than as a result of:
 - the Independent Expert opining that the Scheme is not in the best interests of Scheme Shareholders (other than where the reason for that opinion is a Competing Proposal);
 - Nutrien having materially breached the Scheme Implementation Deed with that breach not having been remedied within 10 Business Days of notice being given, or a condition precedent (other than the condition precedent contained in clause 3.1(l) of the Scheme Implementation Deed) not having been satisfied or waived (as applicable) and (in certain circumstances) Ruralco and Nutrien having been unable to agree on a course of action;
 - a failure of a condition precedent relating to FIRB approval or ACCC approval, other than as a result of a breach by Ruralco of clauses 3.4 or 3.5 of the Scheme Implementation Deed;
- **Competing Proposal announced and completes:** a Competing Proposal is announced before the End Date and, within 9 months of the Competing Proposal being announced, any Third Party (either alone or together with any Associate) obtains Control of Ruralco, or merges or amalgamates with Ruralco or acquires (directly or indirectly) an interest in all or a substantial part of the business or assets of the Ruralco Group; or
- **Nutrien terminates the Scheme Implementation Deed:** Nutrien terminates the Scheme Implementation Deed due to a material breach of the Scheme Implementation Deed by Ruralco that is not remedied within 10 Business Days of notice being given.

Nutrien has agreed to pay Ruralco a break fee of \$4,698,000 (**Nutrien Break Fee**) if Ruralco validly terminates the Scheme Implementation Deed due to a material breach of the Scheme Implementation Deed by Nutrien that is not remedied within 10 Business Days of notice being given.

Neither the Ruralco Break Fee nor the Nutrien Break Fee is payable:

- if the Scheme becomes Effective; or
- merely for the reason that Ruralco Shareholders do not approve the Scheme at the Scheme Meeting.

The Ruralco Break Fee and Nutrien Break Fee arrangements are set out in full in clause 11 of the Scheme Implementation Deed (which is Attachment B to this Scheme Booklet).

(d) Termination

The termination rights of Ruralco and Nutrien are set out in clause 12 of the Scheme Implementation Deed which is Attachment B to this Scheme Booklet. In summary:

- Either party may terminate the Scheme Implementation Deed at any time prior to 8:00am on the Second Court Date if:
 - the other party commits a material breach of the Scheme Implementation Deed (other than a representation or warranty) which is not remedied within 10 Business Days of notification of the breach being given; or
 - a condition precedent (other than the condition precedent contained in clause 3.1(l) of the Scheme Implementation Deed) has not been satisfied or waived (as applicable) by the End Date and, in certain circumstances, Ruralco and Nutrien are unable to agree on a course of action.
- Nutrien may, by notice in writing to Ruralco, terminate the Scheme Implementation Deed at any time prior to 8:00am on the Second Court Date if, at any time before then:
 - any Ruralco Director fails to make his or her recommendation that Ruralco Shareholders vote in favour of the Scheme in the absence of a Superior Proposal or state his or her intention to vote in favour of the Scheme in respect of all Ruralco Shares controlled or held by them or on their behalf in the absence of a Superior Proposal, or changes, withdraws, modifies or qualifies that recommendation or voting intention; and
 - any Ruralco Director recommends or supports a Competing Proposal.
- Ruralco may terminate the Scheme Implementation Deed if at any time prior to 8:00am on the Second Court Date a majority of the Ruralco Board fails to make his or her recommendation that Ruralco Shareholders vote in favour of the Scheme in the absence of a Superior Proposal or has changed, withdrawn or modified that recommendation in the manner permitted by clause 6.3 of the Scheme Implementation Deed, being where:
 - the Ruralco Board has determined that a Competing Proposal constitutes a Superior Proposal, after Nutrien's matching rights have been exhausted; or
 - the Independent Expert concludes the Scheme is not in the best interests of Ruralco Shareholders, or concludes in the Independent Expert's Report that the Scheme is in the best interests of Ruralco Shareholders but then changes or publicly withdraws this conclusion prior to the Scheme Meeting, after Nutrien's rights in relation to the Independent Expert's Report have been exhausted.

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ADDITIONAL INFORMATION

11.11 STATUS OF THE ACCC CONDITION

On 22 March 2019, the ACCC commenced an informal review of the Transaction to assess whether the acquisition would be likely to have the effect of substantially lessening competition in a market (in contravention of section 50 of the *Competition and Consumer Act 2010*).

The provisional date for announcement of the ACCC's decision (which may change) is 13 June 2019. At this time, the ACCC will either:

- make a final decision to approve the Transaction; or
- release a Statement of Issues (SOI) in relation to the Transaction. If the ACCC releases a SOI, it will identify the preliminary competition concerns it has with the Transaction and will seek information on those issues before making its final decision.

The status of the ACCC's review can be monitored at: <https://www.accc.gov.au/public-registers/mergers-registers/public-informal-merger-reviews/landmark-proposed-acquisition-of-ruralco>.

Unless and until ACCC informal clearance is obtained, the Scheme Meeting and Second Court Hearing will not be held (unless the Ruralco Board determines otherwise). Accordingly, the Scheme Meeting (scheduled to be held on 17 July 2019) and Second Court Hearing (currently expected to be held on 22 July 2019) may need to be delayed. If ACCC informal clearance is not received before the End Date, the Scheme will not be implemented.

Any changes to the timetable for the Scheme will be announced to the ASX and notified on Ruralco's website at <http://www.ruralco.com.au>.

11.12 RURALCO'S INCENTIVE ARRANGEMENTS

(a) Ruralco Performance Rights, Share Rights and Matched Share Rights on issue

As at the date of this Scheme Booklet, Ruralco had:

- (i) 1,301,611 Ruralco Performance Rights;
- (ii) 165,130 Ruralco Share Rights; and
- (iii) 67,510 Ruralco Matched Share Rights

on issue which, if they vest and are exercised (as required) in accordance with their terms of issue, convert into Ruralco Shares on a one-for-one basis.

(b) Intended treatment of Ruralco Performance Rights, Share Rights and Matched Share Rights in connection with the Scheme

Under the terms of the Long-Term Incentive Plan in relation to Ruralco Performance Rights and the terms that apply to Ruralco Share Rights, in the event of a proposed change of control of Ruralco:

- Ruralco Performance Rights and Ruralco Share Rights automatically vest on a pro rata basis based on the proportion of the applicable performance period which has elapsed at the date of the proposed change of control; and
- the Ruralco Board has discretion to determine the treatment of the Ruralco Performance Rights and Ruralco Share Rights that do not automatically vest (in the manner described above). The Ruralco Board has exercised its discretion and determined that all such unvested Ruralco Performance Rights and Ruralco Share Rights will vest in connection with the Scheme.

The Ruralco Performance Rights and Ruralco Share Rights will, subject to the Scheme becoming Effective, automatically convert into Ruralco Shares on the Effective Date (after trading in Ruralco Share has been suspended at the close of trading on the ASX on that date).

Under the terms of the Long-Term Incentive Plan, which also apply to Ruralco Matched Share Rights, all Ruralco Matched Share Rights will, subject to the Scheme becoming Effective, automatically convert into Ruralco Shares on the Effective Date (after trading in Ruralco Shares has been suspended at the close of trading on the ASX on that date).

11.13 ASIC RELIEF

Regulation 5.1.01(b) and clause 8302(h) of Part 3 of Schedule 8 of the Corporations Regulations requires the Scheme Booklet to set out whether, within the knowledge of the directors of Ruralco, the financial position of Ruralco has materially changed since the date of the last balance sheet laid before Ruralco in general meeting or sent to shareholders in accordance with section 314 and 317 of the *Corporations Act*, being its financial statements for the financial year ended 30 September 2018, as well as the full particulars of the changes.

ASIC has granted Ruralco relief from this requirement so that this Scheme Booklet only needs to set out whether, within the knowledge of the Ruralco directors, the financial position of Ruralco has materially changed between 31 March 2019 (being the last date of the period to which the financial statements for the half-year ended 31 March 2019 relate).

11.14 CONSENTS

(a) Consents given

The following parties have given, and have not withdrawn before the date of this Scheme Booklet, their consent to be named in this Scheme Booklet in the form and context in which they are named:

- (i) Gresham as financial adviser to Ruralco;
- (ii) Computershare as the manager of Ruralco's Share Registry; and
- (iii) Gilbert + Tobin as legal adviser to Ruralco in relation to the Scheme.

(b) Independent Expert

The Independent Expert has given and has not withdrawn its consent to be named in this Scheme Booklet and to the inclusion of the Independent Expert's Report in Attachment E to this Scheme Booklet and to the references to the Independent Expert's Report in this Scheme Booklet being made in the form and context in which each such reference is included.

(c) Nutrien and Landmark Acquirer

Nutrien and Landmark Acquirer has given and has not withdrawn its consent to the inclusion of the Nutrien Group Information in this Scheme Booklet in the form and context in which the Nutrien Group Information is included.

(d) Each person named in this section

Each person named in this section 11.14:

- (i) has not authorised or caused the issue of this Scheme Booklet;
- (ii) does not make, or purport to make, any statement in this Scheme Booklet or any statement on which a statement in this Scheme Booklet is based, other than as specified in this section 11.14; and
- (iii) to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representation regarding, and takes no responsibility for, any part of this Scheme Booklet, other than a reference to its name and the statement (if any) included in this Scheme Booklet with the consent of that party as specified in this section 11.14.

11.15 TRANSACTION COSTS

If the Scheme is implemented, Ruralco expects to pay an aggregate of approximately \$9.3 million (excluding GST and disbursements) in transaction costs in connection with the Scheme. If the Scheme is not implemented, Ruralco expects to pay an aggregate of approximately \$2.9 million (excluding GST and disbursements) in transaction costs in connection with the Scheme. These transaction costs are primarily payable to Ruralco's financial, legal, accounting and tax advisers, the Independent Expert and Ruralco's Share Registry.

These transaction costs do not include any retention payments that may be payable by Ruralco (see section 11.5 for information on the retention arrangements that Ruralco has in place) and any Break Fee that may be payable by Ruralco (see section 11.10(c) for information on the circumstances in which a Break Fee may be payable by Ruralco).

11.16 DOCUMENTS AVAILABLE

An electronic version of this Scheme Booklet including the Independent Expert's Report and the Scheme Implementation Deed are available for viewing and downloading online at Ruralco's website at www.ruralco.com.au/investors.

11.17 SUPPLEMENTARY INFORMATION

If Ruralco becomes aware of any of the following between the date of lodgement of this Scheme Booklet for registration with ASIC and the Court Approval Date:

- a material statement in this Scheme Booklet is false or misleading;
- a material omission from this Scheme Booklet;
- a significant change affecting a matter in this Scheme Booklet; or
- a significant new matter has arisen, and it would have been required to be included in this Scheme Booklet if known about at the date of lodgement with ASIC,

depending on the nature and timing of the changed circumstances, and subject to obtaining any relevant approvals, Ruralco may circulate and publish any supplementary document by:

- making an announcement to the ASX;
- placing an advertisement in a prominently published newspaper which is circulated generally throughout Australia;
- posting the supplementary document to Ruralco Shareholders at their registered address as shown in the Register; or
- posting a statement on Ruralco's website at www.ruralco.com.au,

as Ruralco in its absolute discretion considers appropriate.

11.18 OTHER

(a) Registration of Scheme Booklet with ASIC

This Scheme Booklet was registered with ASIC on 5 June 2019 in accordance with section 411(2)(b) of the *Corporations Act*.

(b) Other material information

Other than as contained or referred to in this Scheme Booklet, including the Independent Expert's Report and the information that is contained in the Attachments to this Scheme Booklet, there is no other information that is material to the making of a decision by a Ruralco Shareholder whether or not to vote in favour of the Scheme Resolution to approve the Scheme, being information that is known to any Ruralco Director and which has not previously been disclosed to Ruralco Shareholders.

Glossary

Section 12



12

GLOSSARY

In this Scheme Booklet unless the context otherwise requires:

\$ means Australian dollars unless otherwise stated.

1H19 means the financial period for the six months ended 31 March 2019.

ACCC means the Australian Competition and Consumer Commission.

Accounting Standards has the meaning given to it in the Scheme Implementation Deed.

Adviser has the meaning given to it in the Scheme Implementation Deed.

ASIC means the Australian Securities and Investments Commission.

Associate has the meaning set out in section 12 of the *Corporations Act*, as if section 12(1) included a reference to this Scheme Booklet and on the basis that Ruralco is the 'designated body'.

ASX means ASX Limited (ACN 008 624 691) or, as the context requires, the financial market operated by it.

ASX Listing Rules means the official listing rules, from time to time, of ASX.

ATO means the Australian Taxation Office.

Authorised Person means, in respect of a person:

- (a) a director, officer, contractor, agent or employee of the person;
- (b) an Adviser of the person; and
- (c) a director, officer or employee of an Adviser of the person.

Business Day means a day that is not a Saturday, Sunday or a public holiday or bank holiday in Sydney, New South Wales.

CGT means capital gains tax.

CHESS means the Clearing House Electronic Subregister System, which provides for electronic share transfers in Australia.

Competing Proposal means any proposal, agreement, transaction or arrangement (or expression of interest), by or with any person pursuant to which, if the proposal, agreement, transaction or arrangement is entered into or completed substantially in accordance with its terms, would mean a third party (either alone or together with any Associate) would:

- (a) directly or indirectly acquire a Relevant Interest in, or have a right to acquire a legal, beneficial or economic interest in, or control of, 20% or more of the Ruralco Shares or the share capital of any material Related Body Corporate of Ruralco;
- (b) acquire Control of Ruralco or any material Related Body Corporate of Ruralco;
- (c) directly or indirectly acquire or become the holder of, or otherwise acquire or have a right to acquire, a legal, beneficial or economic interest in, or control of, all or a material part of Ruralco's assets or business or the assets or business of the Ruralco Group;

(d) otherwise directly or indirectly acquire or merge with Ruralco or any material Related Body Corporate of Ruralco; or

(e) require Ruralco to abandon, or otherwise fail to proceed with, the Scheme,

whether by way of takeover offer or bid, members' or creditors' scheme of arrangement, shareholder approved acquisition, capital reduction, buy back, sale or purchase of shares, other securities or assets, assignment of assets and liabilities, incorporated or unincorporated joint venture, dual-listed company (or other synthetic merger), deed of company arrangement, any debt for equity arrangement or other transaction or arrangement.

For the avoidance of doubt, each successive material modification or variation of any proposal, agreement, arrangement or transaction in relation to a Competing Proposal will constitute a new Competing Proposal.

Computershare means Computershare Investor Services Pty Limited (ACN 078 279 277).

Control has the meaning given under section 50AA of the *Corporations Act*. **Controlled** has the equivalent meaning.

Corporations Act means the *Corporations Act 2001* (Cth), as amended by any applicable ASIC class order, ASIC legislative instrument or ASIC relief.

Corporations Regulation means the *Corporations Regulations 2001* (Cth), as amended from time to time.

Court means the Federal Court of Australia.

Court Approval Date means the date when the Court grants its approval to the Scheme under section 411(4) of the *Corporations Act*.

Deed Poll means the deed poll in the form of Attachment D to this Scheme Booklet, executed by Nutrien and Landmark Acquirer in favour of Scheme Shareholders.

Disclosure Letter means the letter so entitled from Ruralco provided to Nutrien on or prior to the date of the Scheme Implementation Deed and countersigned by Nutrien.

Due Diligence Materials means the information in relation to the Ruralco Group disclosed in writing by or on behalf of Ruralco to Nutrien and its Representatives as at 11.59pm on 26 February 2019 in:

- (a) the Online Data Room; and
- (b) any written answers as contained in the Online Data Room to requests for further information made by Nutrien and its Representatives.

EBITDA means earnings before interest, tax, depreciation and amortisation. In relation to "EV/EBITDA", EBITDA includes Ruralco's share of profits from equity accounted investees.

Effective means the coming into effect, pursuant to section 411(10) of the *Corporations Act*, of the order of the Court made under section 411(4)(b) of the *Corporations Act* in relation to the Scheme.

Effective Date means the date on which the Scheme becomes Effective.

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GLOSSARY

End Date means:

- (a) the later of:
 - (i) 26 August 2019; and
 - (ii) if the FIRB or ACCC condition precedent in the Scheme Implementation Deed have not been satisfied prior to 26 August 2019 – 25 September 2019; or
- (b) such other date and time agreed in writing between Nutrien and Ruralco.

EPP means Ruralco's executive performance plan.

EV means enterprise value.

Exclusivity Period means the period commencing on the date of the Scheme Implementation Deed and ending on the earliest of:

- (a) the End Date;
- (b) the Effective Date; and
- (c) the date the Scheme Implementation Deed is terminated in accordance with its terms.

FATA means the *Foreign Acquisitions and Takeovers Act 1975* (Cth).

Fairly Disclosed means disclosed in writing to any of that party or any of its Authorised Persons in good faith and in sufficient detail so as to reasonably apprise a party (or one of its Authorised Persons) as to the nature and scope of the relevant matter, event or circumstance.

FIRB means the Foreign Investment Review Board.

FY2017 means the financial year ended 30 September 2017.

FY2018 means the financial year ended 30 September 2018.

Government Agency means any government or representative of a government or any governmental, semi-governmental, administrative, fiscal, regulatory or judicial body, department, commission, authority, tribunal, agency, competition authority or entity and includes any minister, FIRB, ASIC, ASX and any regulatory organisation established under statute or any stock exchange.

Grant Thornton means Grant Thornton Corporate Finance Pty Ltd (ABN 59 003 265 987).

Gresham means Gresham Advisory Partners Limited.

GST means a goods and services tax or similar value added tax levied or imposed under the GST Law.

GST Law has the meaning given to it in the *A New Tax System (Goods and Services Tax) Act 1999* (Cth).

Headcount Test has the meaning given to it in section 5.3(b)(i) of this Scheme Booklet.

Implementation Date means the fifth Business Day after the Scheme Record Date, or such other Business Day as Ruralco and Nutrien may agree.

Independent Expert means the expert appointed by Ruralco, being Grant Thornton.

Independent Expert's Report means the report prepared by the Independent Expert, a copy of which is set out in Attachment E to this Scheme Booklet.

ITAA 1936 means *Income Tax Assessment Act 1936* (Cth).

ITAA 1997 means *Income Tax Assessment Act 1997* (Cth).

Insolvency Event has the meaning given to it in the Scheme Implementation Deed.

Interim Dividend means a fully franked cash dividend of \$0.10 for each Ruralco Share held by a Ruralco Shareholder on the Interim Dividend Record Date (payable by Ruralco).

Interim Dividend Record Date means the record date for determining entitlements to the Interim Dividend, being 31 May 2019.

Landmark means Landmark Operations Limited (ACN 008 743 217).

Landmark Acquirer means Agrium Australia Pty Ltd (ACN 100 419 314), which is an indirectly wholly-owned Subsidiary of Nutrien and a Related Body Corporate of Landmark.

Long-Term Incentive Plan means the long-term incentive plan operated by Ruralco (as amended from time to time).

Material Adverse Change means an event, occurrence or matter that occurs, is announced, is disclosed or otherwise becomes known to Nutrien (whether it becomes public or not) after the date of the Scheme Implementation Deed, and which (individually or when aggregated with other events, occurrences or matters) has or is reasonably likely to have the effect of:

- (a) diminishing the net assets of the Ruralco Group by \$50 million or more; or
- (b) diminishing the annual underlying EBITDA of the Ruralco Group by at least \$15 million per financial year in any financial year,

compared to Ruralco's consolidated annual financial statements for the year ended 30 September 2018 (in each case determined in accordance with Accounting Standards), other than events, occurrences or matters:

- (a) expressly required or permitted to be done or procured by Ruralco pursuant to the Scheme Implementation Deed or the Scheme (including the payment of an Interim or Special Dividend);
- (b) to the extent that it was Fairly Disclosed in the Disclosure Letter or the Due Diligence Materials;
- (c) to the extent it was Fairly Disclosed in publicly available filings to the ASX before the date of the Scheme Implementation Deed;
- (d) to the extent it was actually known to Nutrien prior to the date of the deed (which does not include knowledge of the risk of an event, matter or circumstance occurring);
- (e) which Nutrien has previously approved in writing;
- (f) directly relating to costs and expenses incurred by Ruralco associated with the Scheme process, including all fees payable to external advisers of Ruralco, to the extent such amounts are Fairly Disclosed in the Disclosure Letter or the Due Diligence Materials; or

(g) which arise from:

- (i) changes that affect the agricultural industry generally;
 - (ii) changes in exchange rates or interest rates;
 - (iii) general economic, political or business conditions, including material adverse changes or major disruptions to, or fluctuations in, domestic or international financial markets, and acts of terrorism, war (whether or not declared), natural disaster or the like; or
 - (iv) changes to accounting standards or policies or the interpretation of them, applicable laws or policies of a Government Agency in Australia,
- but exclude any events, occurrence or matter which has a disproportionate effect on the Ruralco Group as compared to other participants in the industries in which the Ruralco Group operates.

Nutrien means Nutrien Ltd.

Nutrien Group means Nutrien and each of its Subsidiaries, including Landmark Acquirer and a reference to a “Nutrien Group Member” or a “member of the Nutrien Group” is to Nutrien or any of its Subsidiaries from time to time (excluding, at any time, Ruralco and its Subsidiaries to the extent that Ruralco and its Subsidiaries are subsidiaries of Nutrien at that time).

Nutrien Group Information means the information contained in section 8, and under the headings “Who are Nutrien and Landmark Acquirer?” on page 13 and “How is Landmark Acquirer and/or Nutrien Group funding the Scheme Consideration?” on page 17, of this Scheme Booklet.

Nutrien Group Parties means the Nutrien Group and its directors, officers, employees and advisers.

Online Data Room has the meaning given to it in the Scheme Implementation Deed.

P/E means price divided by net profit.

Prescribed Occurrence means the occurrence of any of the following:

- (a) Ruralco converts all or any of its shares into a larger or smaller number of shares (see section 254H of the *Corporations Act*);
- (b) any member of the Ruralco Group resolves to reduce its share capital in any way;
- (c) any member of the Ruralco Group:
 - (i) enters into a buy-back agreement; or
 - (ii) resolves to approve the terms of a buy-back agreement under subsections 257C(1) or 257D(1) of the *Corporations Act*;

- (d) any member of the Ruralco Group declares, pays or distributes any dividend (other than the Special Dividend and Interim Dividend), bonus or other share of its profits or assets or returning or agreeing to return any capital;
 - (e) any member of the Ruralco Group issues shares, or grants a performance right, a phantom performance right, or an option over its shares, or agrees to make such an issue or grant such a performance right, phantom performance right or an option;
 - (f) any member of the Ruralco Group issues, or agrees to issue, convertible notes;
 - (g) any member of the Ruralco Group disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property;
 - (h) any member of the Ruralco Group creates or agrees to create, any mortgage, charge, lien or Security Interest over the whole, or a substantial part, of its business or property; or
 - (i) an Insolvency Event occurs in relation to any member of the Ruralco Group,
- provided that a Prescribed Occurrence will not include any matter:
- (j) expressly required to be done or procured by Ruralco pursuant to the Scheme Implementation Deed or the Scheme;
 - (k) to the extent it is Fairly Disclosed in publicly available filings of Ruralco with the ASX prior to the date of the Scheme Implementation Deed;
 - (l) to the extent it is Fairly Disclosed in the Disclosure Letter or the Due Diligence Materials;
 - (m) required by law or by an order of a court or Governmental Agency;
 - (n) expressly permitted pursuant to the Scheme Implementation Deed; or
 - (o) the undertaking of which Nutrien has previously approved in writing.

Register means the register of Ruralco Shareholders kept by Ruralco and **Registry** means the manager from time to time of the Register (currently Computershare).

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GLOSSARY

Regulated Event has the meaning given in the Scheme Implementation Deed, including the occurrence of either of the following (which are contained in paragraphs (a) and (c) of the definition in the Scheme Implementation Deed respectively):

- (a) **(acquisitions and disposals)** any member of the Ruralco Group:
 - (i) acquires, leases or disposes of;
 - (ii) enters into or announces any agreement for the acquisition, leasing or disposal of;
 - (iii) offers, proposes, announces a bid or tenders for, any asset, security, entity, business or undertaking (or similar business arrangement) the total consideration or the value of which exceeds \$10 million individually or in excess of \$20 million when aggregated; and
- (b) **(new business)** any member of the Ruralco Group commences any business activity not already carried out as at the date of the Scheme Implementation Deed, whether by way of acquisition or otherwise, where the consideration paid for that business activity, or capital expenditure committed to that business activity, exceeds \$2 million.

Regulatory Approvals means:

- (a) any approval, consent, authorisation, registration, filing, lodgement, permit, franchise, agreement, notarisation, certificate, permission, licence, direction, declaration, authority, waiver, modification or exemption from, by or with a Governmental Agency; or
- (b) in relation to anything that would be fully or partly prohibited or restricted by law if a Governmental Agency intervened or acted in any way within a specified period after lodgement, filing, registration or notification, the expiry of that period without intervention or action.

Related Body Corporate of a person, means a related body corporate of that person under section 50 of the *Corporations Act*.

Relevant Interest has the same meaning as given by sections 608 and 609 of the *Corporations Act*.

Representative of a party includes an employee, agent, officer, director, adviser, partner, joint venturer or sub-contractor of that party.

Requisite Majorities means the majorities required under section 411(4)(a)(ii) of the *Corporations Act*, being:

- (a) a majority in number (more than 50%) of Ruralco Shareholders present and voting at the Scheme Meeting (whether in person, by proxy, by attorney or, in the case of corporate Ruralco Shareholders, by a corporate representative); and
- (b) at least 75% of the total number of votes cast on the Scheme Resolution at the Scheme Meeting.

The Court has the power to waive the requirement in paragraph (a) of this definition.

Ruralco means Ruralco Holdings Limited (ACN 009 660 879).

Ruralco Board means the board of directors of Ruralco.

Ruralco Director or **your Director** means a director of Ruralco.

Ruralco Group means Ruralco and each of its Subsidiaries and a reference to a "Ruralco Group Member" or a "member of the Ruralco Group" is to Ruralco or any of its Subsidiaries.

Ruralco Group Parties means the Ruralco Group and its directors, officers, employees and advisers.

Ruralco Performance Rights means performance rights granted or issued under the long-Term Incentive Plan.

Ruralco Share Rights means share rights granted or issued under Ruralco's employee retention plan or otherwise in connection with the retention of Ruralco's employees and described as a 'Share Right'.

Ruralco Matched Share Rights means rights to Ruralco Shares awarded under Ruralco's executive share matching plan.

Ruralco Share means a fully paid ordinary share issued in the capital of Ruralco.

Ruralco Shareholder means each person who is registered in the Register as the holder of Ruralco Shares.

Ruralco's Share Registry means Computershare.

Security Interest has the meaning given in section 51A of the *Corporations Act*.

Scheme means a members' scheme of arrangement pursuant to Part 5.1 of the *Corporations Act* between Ruralco and Scheme Shareholders, on the terms described in Attachment C to this Scheme Booklet, subject to any alterations or conditions made or required by the Court under section 411(6) of the *Corporations Act* and approved in writing by Ruralco and Nutrien.

Scheme Booklet means this scheme booklet in relation to the Scheme.

Scheme Consideration means \$4.40 per Ruralco Share held on the Scheme Record Date, less the amount of any Special Dividend that may be declared and paid by Ruralco on or before the date the Scheme is implemented.

Scheme Implementation Deed means the Scheme Implementation Deed dated 27 February 2019 between Ruralco and Nutrien in the form set out in Attachment B of this Scheme Booklet.

Scheme Meeting means the meeting of Ruralco Shareholders ordered by the Court to be convened pursuant to section 411(1) of the *Corporations Act* in relation to the Scheme, and includes any meeting convened following any adjournment or postponement of that meeting.

Scheme Record Date means 7:00pm (Sydney time) on the fifth Business Day after the Effective Date, or such other date as Ruralco and Nutrien agree.

Scheme Resolution means a resolution of Ruralco Shareholders to approve the Scheme, the form of which is set out in the Notice of Scheme Meeting in Attachment A to this Scheme Booklet.

Scheme Shareholder means a holder of Ruralco Shares on the Scheme Record Date.

Scheme Share means a Ruralco Share held by a Scheme Shareholder on the Scheme Record Date.

Second Court Date means the first day on which an application made to the Court for an order under section 411(4)(b) of the *Corporations Act* approving the Scheme is heard (or, if the application is adjourned or subject to appeal for any reason, the day on which the adjourned application is heard), with such hearing being the **Second Court Hearing**.

Special Dividend means a fully franked cash dividend of up to \$0.90 for each Ruralco Share held on the Special Dividend Record Date that Ruralco intends to declare and pay on or before the date the Scheme is implemented.

Special Dividend Loan has the meaning given in section 8.6(b).

Special Dividend Record Date means 7:00pm (Sydney time) on Thursday, 25 July 2019, or such other date as notified by Ruralco to the ASX.

Special Dividend Payment Date means Tuesday, 6 August 2019.

Subsidiary of an entity (the 'first body') means an entity which is a 'subsidiary' (within the meaning of section 46 of the *Corporations Act*) of the first body, or an entity which is Controlled by the first body.

Superior Proposal means a bona fide Competing Proposal (in relation to which there has been no contravention of clause 10 of the Scheme Implementation Deed and which has not arisen or comes into existence as a result of Ruralco having breached clause 10 of the Scheme Implementation Deed) which the Ruralco Board determines, acting in good faith and in order to satisfy what the Ruralco Board reasonably considers to be its fiduciary or statutory duties (and after having obtained written advice from Ruralco's external legal and financial Advisers):

- (a) is reasonably capable of being valued and completed; and
- (b) would, if completed substantially in accordance with its terms, be more favourable to Ruralco Shareholders than the Transaction (as the Transaction may be amended or varied following application of the matching right set out in clause 10.7 of the Scheme Implementation Deed),

in each case, taking into account all aspects of the Competing Proposal as compared to the Transaction (as the Transaction may be amended or varied following application of the matching right set out in clause 10.7 of the Scheme Implementation Deed).

Tax Law means the ITAA 1936, the ITAA 1997 and the GST Law.

Third Party means a person other than Nutrien or any of its Related Bodies Corporate.

Total Cash Consideration means cash payments equal to \$4.40 per Ruralco Share comprising:

- (a) the Scheme Consideration, payable by Landmark Acquirer; and
- (b) the Special Dividend, payable by Ruralco.

Transaction means the proposed acquisition by Landmark Acquirer of all of the Ruralco Shares through the implementation of the Scheme.

VWAP means volume weighted average price.

Voting Power has the meaning given in the *Corporations Act*.

Notice of Scheme Meeting

Attachment A

ATTACHMENT A

NOTICE OF SCHEME MEETING

RURALCO HOLDINGS LIMITED (ACN 009 660 879)

Notice is hereby given that by an order of the Federal Court of Australia (**Court**) made on Wednesday, 5 June 2019 pursuant to section 411(1) of the *Corporations Act 2001* (Cth) (**Corporations Act**) a meeting of the holders of ordinary shares in Ruralco Holdings Limited (ACN 009 660 879) (**Ruralco**) will be held at 10:00am (Sydney time) on Wednesday, 17 July 2019 at the offices of Gilbert + Tobin, Tower Two – International Towers, 200 Barangaroo Avenue, Sydney NSW 2000.

The Court has also directed that Richard Lee act as Chairperson of the meeting or failing him Trudy Vonhoff and has directed the Chairperson to report the result of the meeting to the Court if the resolution is approved.

BUSINESS OF THE MEETING – SCHEME RESOLUTION

To consider, and if thought fit, to pass the following resolution in accordance with section 411(4)(a)(ii) of the *Corporations Act*:

“That, pursuant to and in accordance with section 411 of the *Corporations Act 2001* (Cth), the scheme of arrangement proposed between Ruralco Holdings Limited and the holders of its ordinary shares (the terms of which are contained in and more particularly described in the Scheme Booklet (of which this Notice of Scheme Meeting forms part)) is agreed to (with or without alterations or conditions as approved by the Court and which are agreed to by Ruralco Holdings Limited and Nutrien Ltd.) and, subject to approval of the Scheme by the Court, the Ruralco Holdings Limited board of directors is authorised to implement the Scheme with any such alterations or conditions.”

By Order of the Court



Timothy Rowe
Company Secretary
5 June 2019

EXPLANATORY NOTES

To enable you to make an informed decision on the Scheme Resolution, further information on the Scheme is set out in the Scheme Booklet, of which this Notice of Scheme Meeting forms part. Terms used in this Notice of Scheme Meeting have the same meaning as set out in the Glossary in section 12 of the Scheme Booklet.

These notes should be read in conjunction with the Notice of Scheme Meeting.

REQUISITE MAJORITIES

In accordance with section 411(4)(a)(ii) of the *Corporations Act*, the Scheme Resolution must be approved by:

- a majority in number of the holders of Ruralco Shares present and voting (either in person, by proxy or attorney or in the case of a corporate holder, by duly appointed corporate representative) at the Scheme Meeting; and
- at least 75% of the votes cast on the Scheme Resolution.

ENTITLEMENT TO VOTE

The Court has ordered that, for the purposes of the Scheme Meeting, Ruralco Shares will be taken to be held by the persons who are registered as members of Ruralco as of 7.00pm (Sydney time) on Monday, 15 July 2019. Accordingly, transfers registered after this time will be disregarded in determining entitlements to vote at the Scheme Meeting.

VOTING AT THE MEETING

You may vote in person at the Scheme Meeting, or appoint a proxy, attorney or, if you are a body corporate, a duly appointed corporate representative to attend and vote for on your behalf.

If Ruralco Shares are jointly held, either one of the joint shareholders is entitled to vote. If more than one joint shareholder votes in respect of jointly held shares, only the vote of the shareholder whose name appears first in the register will be counted.

Voting will be conducted by poll.

(a) Voting in person

To vote in person, attend the Scheme Meeting on the date and at the place set out in the Notice of Scheme Meeting.

(b) Voting by proxy

A Ruralco Shareholder entitled to attend and vote at the Scheme Meeting is also entitled to vote by proxy. The proxy form is enclosed with the Scheme Booklet. You may not appoint more than two proxies to attend and act for you at the Scheme Meeting. A proxy need not be a holder of Ruralco Shares. If 2 proxies are appointed, each proxy may be appointed to represent a specified number or proportion of your votes. If no such number or proportion is specified, each proxy may exercise half your votes.

If you do not instruct your proxy on how to vote, your proxy may vote as he or she sees fit at the Scheme Meeting.

ATTACHMENT A

NOTICE OF SCHEME MEETING

VOTING AT THE MEETING CONTINUED

(b) Voting by proxy continued

Please refer to the enclosed proxy form for instructions on completion and lodgement. Please note that proxy forms must be received at Ruralco's Share Registry, or lodged online at www.investorvote.com.au, by no later than 10:00am (Sydney time) on Monday, 15 July 2019 (or if the Scheme Meeting is adjourned, at least 48 hours before the resumption of the Scheme Meeting in relation to the resumed part of the Scheme Meeting).

(c) Voting by attorney

Unless Ruralco's Share Registry or Ruralco already has this, original or certified copies of powers of attorney must be received by Ruralco's Share Registry or Ruralco at either their registered office (before the Scheme Meeting) or at the Scheme Meeting before the Scheme Meeting commences. An attorney will be admitted to the Scheme Meeting and given a voting card upon providing at the point of entry to the Scheme Meeting written evidence of their appointment, of their name and address and the identity of their appointer.

The sending of a power of attorney will not preclude a Ruralco Shareholder from attending in person and voting at the Scheme Meeting if the Ruralco Shareholder is entitled to attend and vote.

(d) Voting by corporate representative (in the case of a body corporate)

To vote at the Scheme Meeting (other than by proxy or attorney), a body corporate that is a Ruralco Shareholder must appoint a person to act as its representative. The appointment must comply with section 250D of the *Corporations Act*.

The representative must bring to the Scheme Meeting evidence of his or her appointment including any authority under which it is signed, or it must be lodged with Ruralco before the Scheme Meeting.

LODGE MENT OF PROXIES AND QUERIES

Completed proxy forms should be sent to Ruralco's Share Registry:

- by posting them in the reply-paid envelope provided;
- by posting them to Computershare Investor Services Pty Limited, GPO Box 242, Melbourne VIC 3001, Australia;
- by delivering in person to Computershare Investor Services Pty Limited, 60 Carrington Street, Sydney NSW 2000, Australia;
- by faxing them to Computershare Investor Services Pty Limited on 1800 783 447 (within Australia) or +61 3 9473 2555 (outside of Australia); or
- by submitting online at www.investorvote.com.au. Login to the www.investorvote.com.au website and enter the control number shown on the proxy form. Select 'Submit' and follow the prompts to lodge your vote. To use the online voting facility, Ruralco Shareholders will need their Securityholder Reference Number (**SRN**) or Holder Identification Number (**HIN**) as shown on the front of the proxy form, and their postcode or country of residence (if outside Australia).

so that it is received by no later than **10:00am (Sydney time) on Monday, 15 July 2019**.

Alternatively, you may send your proxy form to Ruralco's registered office at Level 5, Building A, 26 Talavera Road, Macquarie Park NSW 2113.

If the proxy form is signed by an attorney, the original or a certified copy of the power of attorney must be received by Ruralco's Share Registry or Ruralco at the same time as the proxy form (unless previously provided to Ruralco's Share Registry or Ruralco).

Holders of Ruralco Shares should contact Ruralco's Share Registry on 1300 171 805 (within Australia) or +61 3 9415 4124 (outside Australia) Monday to Friday between 8.30am and 5.00pm (Sydney time) with any queries regarding the number of Ruralco Shares held, how to vote and lodgement of proxy forms.

COURT APPROVAL

If the Scheme Resolution is approved at the Scheme Meeting by the Requisite Majorities, the implementation of the Scheme (with or without modification) will be subject, among other things, to the subsequent approval of the Court.



Scheme Implementation Deed

Attachment B





Scheme implementation deed

Nutrien Ltd.
Ruralco Holdings Limited

Execution version

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Date: 27 February 2019

Parties

- 1 **Ruralco Holdings Limited** (ABN 40 009 660 879) of Level 5, Building A, 26 Talavera Road, Macquarie Park NSW 2113 (**Ruralco**)
- 2 **Nutrien Ltd.** of 13131 Lake Fraser Drive S.E., Calgary AB T2J 7E8, Canada (**Nutrien**)

The parties agree:

Background

- A Ruralco and Nutrien have agreed to implement the Transaction on and subject to the terms and conditions of this deed.
- B Ruralco and Nutrien have agreed certain other matters in connection with the Transaction as set out in this deed.

1 Defined terms and interpretation

1.1 Definitions in the Dictionary

A term or expression starting with a capital letter:

- (a) which is defined in the Dictionary in Schedule 1 (**Dictionary**), has the meaning given to it in the Dictionary;
- (b) which is defined in the Corporations Act, but is not defined in the Dictionary, has the meaning given to it in the Corporations Act; and
- (c) which is defined in the GST Law, but is not defined in the Dictionary or the Corporations Act, has the meaning given to it in the GST Law.

1.2 Interpretation

The interpretation clause in Schedule 1 (**Dictionary**) sets out rules of interpretation for this deed.

2 Agreement to propose Scheme

2.1 Proposal of Scheme

- (a) Ruralco will propose and implement the Scheme on and subject to the terms and conditions of this deed.
- (b) Subject to clauses 2.1(c) and (d), Nutrien will assist Ruralco in proposing and implementing the Scheme on and subject to the terms and conditions of this deed.
- (c) Nutrien may nominate any wholly-owned Subsidiary of Nutrien (**Nutrien Sub**) to acquire the Scheme Shares under the Scheme by giving written notice to Ruralco on or before the date that is 5 Business Days before the First Court Date (**Sub Notification**).

- (d) If Nutrien nominates a Nutrien Sub to acquire the Scheme Shares under the Scheme, then:
 - (i) references in this deed to Nutrien acquiring the Scheme Shares under the Scheme, or taking any other action under or in respect of the Scheme, are to be read as references to the Nutrien Sub doing so;
 - (ii) Nutrien must procure that Nutrien Sub complies with its obligations under the Scheme; and
 - (iii) despite paragraphs 2.1(d)(i) and 2.1(d)(ii), Nutrien will continue to be bound by all of the obligations of Nutrien under this deed and will not be released from any obligations or liabilities under this deed following the Sub Notification. However, Ruralco agrees that Nutrien will not be in breach of this deed for failing to discharge an obligation of Nutrien under this deed if the Nutrien Sub fully discharges that obligation.

2.2 Timetable

The parties acknowledge the Timetable as an indicative timetable and will consult with each other regularly in relation to:

- (a) performing their respective obligations within the framework established by the Timetable; and
- (b) any need to modify the Timetable.

3 Conditions precedent and pre-implementation steps

3.1 Conditions to Scheme

Subject to this clause 3, the Scheme will not become Effective, and the respective obligations of the parties in relation to the implementation of the Scheme will not be binding, unless and until each of the following conditions precedent is satisfied or waived (to the extent and in the manner set out in this clause 3):

- (a) **(FIRB)** before 8.00am on the Second Court Date, either:
 - (i) Nutrien or Nutrien Sub has received a written notice under FATA from the Treasurer (or his delegate) stating that, or to the effect that, the Commonwealth Government does not object to the acquisition of all the Scheme Shares by Nutrien under the Transaction, either without condition or on terms that are acceptable to Nutrien (acting reasonably); or
 - (ii) following notice of the proposed acquisition of all the Scheme Shares by Nutrien under the Transaction having been given by Nutrien to the Treasurer under FATA, the Treasurer ceases to be empowered to make any order under Part 3 of FATA;
- (b) **(ACCC)** before 8.00am on the Second Court Date, Nutrien or Nutrien Sub has received written notice from the ACCC to the effect that the ACCC does not propose to oppose, intervene or seek to prevent the implementation of the Scheme under or by reference to section 50 of the *Competition and Consumer Act 2010* (Cth), which notification is either unconditional or is on or requires conditions or undertakings acceptable to Nutrien (acting reasonably), and such notification has not been withdrawn or revoked;

- (c) **(Restraints)** no law, statute, ordinance, regulation, rule, temporary restraining order, preliminary or permanent injunction or other judgment, order or decree issued by any Court of competent jurisdiction or Governmental Agency or other legal restraint or prohibition preventing or materially restricting the Scheme or its implementation is in effect at 8.00am on the Second Court Date;
- (d) **(Orders convening Scheme Meeting)** the Court orders the convening of the Scheme Meeting under section 411(1) of the Corporations Act;
- (e) **(Shareholder approval)** the Scheme is approved by Ruralco Shareholders at the Scheme Meeting by the majorities required under section 411(4)(a)(ii) of the Corporations Act;
- (f) **(Regulatory Approvals)** before 8.00am on the Second Court Date, ASIC and ASX having issued or provided such Regulatory Approvals as are necessary or which Ruralco and Nutrien agree are reasonably necessary or desirable to implement the Scheme, either unconditionally or on conditions that do not impose unduly onerous obligations on either party (acting reasonably), and those Regulatory Approvals have not been withdrawn, cancelled or revoked before 8.00am on the Second Court Date;
- (g) **(Court approval)** the Scheme is approved by the Court in accordance with section 411(4)(b) of the Corporations Act either unconditionally or on conditions that do not impose unduly onerous obligations upon either party (acting reasonably);
- (h) **(No Prescribed Occurrence)** no Prescribed Occurrence occurs between the date of this deed and 8.00am on the Second Court Date;
- (i) **(No Regulated Event)** no Regulated Event described in paragraph (a) or (c) of the definition of Regulated Event occurs between the date of this deed and 8.00am on the Second Court Date;
- (j) **(No Material Adverse Change)** there is no Material Adverse Change between the date of this deed and 8.00am on the Second Court Date;
- (k) **(Independent Expert's Report)** the Independent Expert provides the Independent Expert's Report to Ruralco, stating that in its opinion the Scheme is in the best interests of Ruralco Shareholders, on or before the date on which the Scheme Booklet is registered with ASIC under the Corporations Act, and the Independent Expert does not change or publicly withdraw this conclusion prior to 8.00am on the Second Court Date;
- (l) **(Ruralco Warranties):**
 - (i) the Ruralco Warranties (other than the Ruralco Warranty contained in clause 9.3(b)(xxii) are true and correct in all material respects as at the date of this deed and as at 8am on the Second Court Date (or if a representation or warranty is expressed to be operative as at any other date, as at that date); and
 - (ii) the Ruralco Warranty contained in clause 9.3(b)(xxii) is true and correct in all respects as at the date of this deed and as at 8am on the Second Court Date;
- (m) **(Nutrien Warranties):** the Nutrien Warranties are true and correct in all material respects as at the date of this deed and as at 8am on the Second Court Date (or if

a representation or warranty is expressed to be operative as at any other date, as at that date); and

- (n) **(Ruralco Performance Rights, Ruralco Share Rights and Ruralco Matched Share Rights)** before 8.00am on the Second Court Date, arrangements have been put in place so that all Ruralco Performance Rights, Ruralco Share Rights and Ruralco Matched Share Rights outstanding at the date of this deed will convert, have been exercised, vest, have lapsed or have been cancelled prior to the Record Date in accordance with clause 4.5 such that no Ruralco Performance Rights, Ruralco Share Rights or Ruralco Matched Share Rights are in existence on the Business Day prior to the Record Date.

3.2 FIRB condition

Each of Nutrien and Ruralco acknowledges and agrees that the Standard Tax Conditions are reasonable and acceptable to it if they are included in any “no objections” notification contemplated by clause 3.1(a)(i) that is received in connection with the Transaction.

3.3 Benefit and waiver of conditions precedent

- (a) The Conditions in clauses 3.1(a), 3.1(d), 3.1(e) and 3.1(g) cannot be waived.
- (b) The Conditions in clauses 3.1(c) and 3.1(f) are for the benefit of both parties and any breach or non-satisfaction of any of it may only be waived in accordance with applicable law and with the written agreement of both parties.
- (c) The Conditions in clauses 3.1(b), 3.1(h), 3.1(i), 3.1(j), 3.1(l) and 3.1(n) are for the sole benefit of Nutrien and any breach or non-satisfaction of any of them may only be waived by Nutrien in writing.
- (d) The Conditions in clauses 3.1(k) and 3.1(m) are for the sole benefit of Ruralco and any breach or non-satisfaction may only be waived by Ruralco in writing.
- (e) A party entitled to waive the breach or non-satisfaction of a Condition pursuant to this clause 3.3 (either individually or jointly) may do so in its absolute discretion.
- (f) Any waiver of the breach or non-satisfaction of a Condition by a party who is entitled to do so pursuant to this clause 3.3 is only effective if such waiver is given on or prior to 8.00am on the Second Court Date.
- (g) If a party waives the breach or non-satisfaction of any Condition, that waiver will not preclude it from suing the other party for any breach of this deed including a breach that resulted in the non-satisfaction of the Condition that was waived.
- (h) Waiver of a breach or non-fulfilment in respect of one Condition does not constitute:
 - (i) a waiver of breach or non-fulfilment of any other Condition resulting from the same event; or
 - (ii) a waiver of breach or non-fulfilment of that Condition arising from any other event.

3.4 Reasonable endeavours

- (a) Nutrien must use its reasonable endeavours to satisfy, or procure the satisfaction of, the Conditions in clauses 3.1(a) and 3.1(b) as soon as reasonably practicable after the date of this deed.
- (b) Ruralco must use its reasonable endeavours to satisfy, or procure the satisfaction of, the Conditions in clauses 3.1(h), 3.1(i), 3.1(j), 3.1(l) and 3.1(n) as soon as reasonably practicable after the date of this deed;
- (c) Each party must use their respective reasonable endeavours to ensure or procure that:
 - (i) the Conditions in clauses 3.1(c), 3.1(d), 3.1(e), 3.1(f), 3.1(g) and 3.1(k) are satisfied as soon as reasonably practicable after the date of this deed; and
 - (ii) there is no occurrence within their control that prevents, or would be reasonably likely to prevent, the satisfaction of any Condition (except to the extent such action is required to be taken or procured pursuant to, or is otherwise permitted by, this deed or the Scheme, or is required by law).

3.5 Regulatory Approvals

- (a) Without limiting clauses 3.6 and 3.7, the parties must (to the extent they are required, by clause 3.4, to apply for approvals necessary to satisfy the Regulatory Approval Conditions):
 - (i) give the other a reasonable opportunity to review and comment on any application for any such approval and consider in good faith any comments received from the other as to the form and content of such application;
 - (ii) promptly apply for those approvals and provide the other party with a copy of all such applications;
 - (iii) take all the steps for which it is responsible as part of the process to obtain those approvals;
 - (iv) respond, at the earliest practicable time, to all requests for information in respect of the applications for those approvals;
 - (v) provide the other with all information and assistance reasonably requested by the other and the relevant Governmental Agency in connection with the application necessary in seeking to satisfy the Regulatory Approval Conditions; and
 - (vi) give the other and its Authorised Persons reasonable notice of any proposed meeting with the relevant Governmental Agency relating to the application necessary in order to satisfy the Regulatory Approval Conditions and, if the participation of the other in any such meeting is required by the relevant Governmental Agency, use reasonable endeavours to procure that the relevant meeting is held at such time that will enable Representatives of the other to attend.
- (b) Before providing any document or other information to the other party (in this clause 3.5(b), the **Recipient**) pursuant to clause 3.5(a)(v), a party (in this clause 3.5(b), the **Discloser**) may redact any part of that document, or not disclose any

part of that information, which contains or is confidential, non-public information if the Discloser reasonably believes that:

- (i) the information is of a competitively sensitive or commercially sensitive nature; or
- (ii) the disclosure of the information to the Recipient would be damaging to the commercial or legal interest of the Discloser or any of its Related Bodies Corporate,

(Sensitive Confidential Information), and may provide the document or disclose the information to the Recipient with any Sensitive Confidential Information redacted or excluded, provided that, where Sensitive Confidential Information is so redacted or excluded, the Discloser must provide:

- (iii) the Recipient with as much details about the relevant communication, submission or correspondence (and any other relevant circumstances) as is reasonably possible without disclosing Sensitive Confidential Information; and
- (iv) a complete version of the document or other information, without any redaction or exclusion of information, to the Recipient's external lawyers on the basis that the Recipient's external lawyers will not disclose the Sensitive Confidential Information to the Recipient or any other third party including the ACCC without the Discloser's prior written consent and will only use the information for the purpose of satisfying the Condition in clause 3.1(b).

3.6 Notifications

Each of Nutrien and Ruralco must:

- (a) keep the other promptly and reasonably informed of the steps it has taken and of its progress towards satisfaction of the Conditions;
- (b) promptly notify the other in writing if it becomes aware that any Condition has been satisfied; and
- (c) promptly notify the other in writing if it becomes aware that any Condition is or has become incapable of being satisfied (having regard to the respective obligations of each party under clause 3.4).

3.7 Certificate

- (a) At or prior to the hearing on the Second Court Date:
 - (i) Nutrien and Ruralco will provide a joint certificate to each other and to the Court confirming whether or not the Conditions for which they are both responsible, as noted in clause 3.4(c) (other than the Condition set out in clause 3.1(g)), have been satisfied or waived in accordance with the terms of this deed;
 - (ii) Nutrien will provide a certificate to Ruralco and to the Court confirming whether or not the Conditions for which it is responsible, as noted in clause 3.4(a), have been satisfied or waived in accordance with the terms of this deed; and

- (iii) Ruralco will provide a certificate to Nutrien and to the Court confirming whether or not the Conditions for which it is responsible, as noted in clause 3.4(b), have been satisfied or waived in accordance with the terms of this deed.
- (b) Each party must provide to the other party a draft of the certificate to be provided by it pursuant to clause 3.7(a) by 5pm on the day that is two Business Days prior to the Second Court Date.

3.8 Scheme voted down because of Headcount Test

If the Scheme is not approved by Ruralco Shareholders at the Scheme Meeting by reason only of the non-satisfaction of the Headcount Test and Ruralco or Nutrien considers, acting reasonably, that Share Splitting or some abusive or improper conduct may have caused or contributed to the Headcount Test not having been satisfied then Ruralco must:

- (a) apply for an order of the Court contemplated by section 411(4)(a)(ii)(A) of the Corporations Act to disregard the Headcount Test and seek Court approval of the Scheme under section 411(4)(b) of the Corporations Act, notwithstanding that the Headcount Test has not been satisfied; and
- (b) make such submissions to the Court and file such evidence as counsel engaged by Ruralco to represent it in Court proceedings related to the Scheme, in consultation with Nutrien, considers is reasonably required to seek to persuade the Court to exercise its discretion under section 411(4)(a)(ii)(A) of the Corporations Act by making an order to disregard the Headcount Test.

3.9 Conditions not capable of being satisfied

- (a) If a Condition is not satisfied, or becomes incapable of being satisfied, before the End Date, then unless the relevant Condition (where capable of waiver) is waived:
 - (i) subject to clause 3.9(b), either party may give the other party written notice (**Consultation Notice**) within 5 Business Days after the relevant notice of that fact being given under clause 3.6(c);
 - (ii) upon delivery of the Consultation Notice, the parties must consult in good faith with a view to determining whether they can reach agreement with respect to:
 - (A) the terms (if any) on which the party with the benefit of the relevant Condition will waive that Condition;
 - (B) an extension of the time for satisfaction of the relevant Condition or an extension of the End Date (as the case may be);
 - (C) changing the Second Court Date to another date agreed by the parties (provided that if the relevant Condition is that in clause 3.1(l) Ruralco can unilaterally extend the Second Court Date to a date that is not later than the 6th Business Day after the scheduled Second Court Date);
 - (D) the Transaction being amended or proceeding by way of alternative means or methods; or

- (E) in the case of the Condition in clause 3.1(k), addressing the reasons for the Independent Expert not opining that the Scheme is in the best interests of Ruralco Shareholders;
- (iii) if the relevant Condition is one other than the Condition in clause 3.1(l) and if either:
 - (A) the parties are unable to reach such agreement within 5 Business Days (or within 10 Business Days if the relevant Condition is that in clause 3.1(k)) after a Consultation Notice is given; or
 - (B) a Consultation Notice is not given within the timeframe specified in clause 3.9(a)(i),
 then, subject to clauses 3.9(b) and 3.9(c), either party may terminate this deed by notice to the other without any liability to any party by reason of that termination alone; and
- (iv) if the relevant Condition is that in clause 3.1(l)(i) and the non-satisfaction of that Condition would be material in the context of the Transaction as a whole, or if the relevant Condition is that in clause 3.1(l)(ii), and either:
 - (A) as at 5.00pm on the earlier of the 5th Business Day after a Consultation Notice is given and the day before the Second Court Date, it remains the case that such Condition is not satisfied or becomes incapable of being satisfied; or
 - (B) a Consultation Notice is not given within the timeframe specified in clause 3.9(a)(i),
 then, subject to clause 3.9(b) and 3.9(c), Nutrien may terminate this deed by notice to Ruralco without any liability to Ruralco by reason of that termination alone.
- (b) A party will not be entitled to give a Consultation Notice or terminate this deed pursuant to clause 3.9(a)(iii) if the relevant Condition has not been satisfied as a result of:
 - (i) a breach of this deed by that party; or
 - (ii) a deliberate act or omission of that party which directly and materially contributed to that Condition not being satisfied.
- (c) Ruralco will not be entitled to terminate this deed pursuant to clause 3.9(a)(iii) if:
 - (i) the relevant Condition is that in clause 3.1(k); and
 - (ii) the requirements of clause 6.3(d) have not been satisfied.

3.10 Interpretation

For the purposes of this clause 3, a Condition will be incapable of satisfaction, or incapable of being satisfied if there is an act, failure to act or occurrence that will prevent the Condition being satisfied by the End Date (and the breach or non-satisfaction that would otherwise have occurred has not already been waived in accordance with this deed).

4 Scheme and Scheme Consideration

4.1 Scheme

The parties acknowledge and agree that, subject to the Scheme becoming Effective, on the Implementation Date the general effect of the Scheme will be that all of the Scheme Shares will be transferred to Nutrien and the Scheme Shareholders will be entitled to receive, for each Scheme Share held at the Record Date, the Scheme Consideration.

4.2 Scheme Consideration

- (a) Nutrien undertakes and warrants to Ruralco (in its own right and separately as trustee for each Scheme Shareholder) that, if the Scheme becomes Effective, in consideration for the transfer to Nutrien of the Scheme Shares held by each Scheme Shareholder under the terms of the Scheme, Nutrien will:
 - (i) accept that transfer on the Implementation Date; and
 - (ii) pay, or procure the payment, into a trust account operated by Ruralco as trustee for the Scheme Shareholders of an amount in cleared funds equal to the aggregate amount of the Scheme Consideration for all Scheme Shares, by no later than the Business Day before the Implementation Date (provided that any interest on the amount so deposited (less bank fees and other charges) will accrue for the benefit of Nutrien),

in each case in accordance with the terms of the Scheme.

- (b) Subject to the Scheme becoming Effective and Nutrien complying with its obligations under clause 4.2(a), on the Implementation Date the transactions which form part of the Scheme will be implemented in the following sequence:
 - (i) all Scheme Shares will be transferred to Nutrien; and
 - (ii) in exchange, each Scheme Shareholder will receive the Scheme Consideration for each Scheme Share held by that Scheme Shareholder as at the Record Date, which Ruralco will procure is paid to each Scheme Shareholder from the trust account referred to in clause 4.2(a)(ii).

4.3 Permitted Dividends

- (a) Subject to clause 4.3(b), Nutrien acknowledges and agrees that at any time on or prior to the Implementation Date, Ruralco may announce, declare and pay:
 - (i) a Permitted Interim Dividend (and for the avoidance of doubt there cannot be more than one Permitted Interim Dividend); and
 - (ii) subject to the Scheme becoming Effective, a Permitted Special Dividend (and there may be more than one Permitted Special Dividend).
- (b) If Ruralco announces, declares and pays a Permitted Special Dividend:
 - (i) the Permitted Special Dividend must be paid in cash;
 - (ii) the payment of the Permitted Special Dividend will be determined by Ruralco provided that the Permitted Special Dividend is paid no later than the Implementation Date and that the Special Dividend does not breach the

Benchmark Franking Rule of section 203-25 of the *Income Tax Assessment Act 1997* (Cth);

- (iii) the Permitted Special Dividend may be franked to the maximum extent possible, subject to the franking account of Ruralco not being in deficit at any time after the payment of the Permitted Special Dividend (and prior to the declaration of or resolution to pay any Permitted Special Dividend) and, prior to the declaration of or resolution to pay any Permitted Special Dividend, Ruralco must provide Nutrien with supporting documents evidencing that the franking account of Ruralco shall not be in deficit at any time after the payment of such and that the permitted Special Dividend does not breach the Benchmark Franking Rule of section 203-25 of the *Income Tax Assessment Act 1997* (Cth);
- (iv) the record date of the Permitted Special Dividend must be a date that is no later than the Record Date of the Scheme;
- (v) payment of the Permitted Special Dividend must comply with the Corporations Act;
- (vi) the Scheme Consideration per Ruralco Share will be reduced by the cash amount of the Permitted Special Dividend on a per Ruralco Share basis (but not, for the avoidance of doubt, by a Permitted Interim Dividend); and
- (vii) the Ruralco Group may use its existing debt facilities (being those debt facilities which are in existence as at the date of this deed and which have been Fairly Disclosed in the Due Diligence Materials) to fund the payment of the Permitted Special Dividend.

4.4 No amendment to Scheme without consent

Ruralco must not consent to any modification of, or amendment to, or the making or imposition by the Court of any condition in respect of, the Scheme without the prior written consent of Nutrien.

4.5 Ruralco Performance Rights, Ruralco Share Rights and Ruralco Matched Share Rights

Ruralco must take such action as is necessary after the Effective Date and prior to the Record Date to ensure that any Ruralco Performance Rights, Ruralco Share Rights and Ruralco Matched Share Rights which have not already converted, exercised, vested, lapsed or been cancelled, do convert, have been exercised, vest, lapse or are cancelled prior to the Record Date such that no Ruralco Performance Rights, Ruralco Share Rights or Ruralco Matched Share Rights are in existence on the Business Day prior to the Record Date, which action may include the Ruralco Board:

- (a) accelerating the conversion or exercise period under such rights such that all rights convert or are exercised prior to the Record Date; and
- (b) notifying such holders of such accelerating prior to the Scheme Meeting,

and Ruralco must, prior to the Record Date, issue the number of Ruralco Shares permitted by the terms of those Ruralco Performance Rights, Ruralco Share Rights or Ruralco Matched Share Rights on such vesting so that the relevant holders of the Ruralco Performance Rights, Ruralco Share Rights and Ruralco Matched Share Rights can participate in the Scheme.

5 Implementation of the Scheme

5.1 Ruralco's obligations

Ruralco must take all steps reasonably necessary to implement the Scheme as soon as reasonably practicable, including taking each of the following steps:

- (a) **(Timetable)** use reasonable endeavours to ensure that each step in the Timetable is met by the relevant date set out beside that step (subject to the assumptions and limitations set out in the Timetable);
- (b) **(Ruralco Information)** prepare the Ruralco Information in compliance with all applicable laws (in particular with the Corporations Act, RG 60 and the Listing Rules) and, without limitation, ensure that the Ruralco Information includes the recommendation and statement required by clause 6.2;
- (c) **(consultation on drafts of Ruralco Information)** make available to Nutrien drafts of the Ruralco Information, consult with Nutrien in relation to the content of those drafts, and consider in good faith, for the purpose of amending those drafts, comments from Nutrien on those drafts, provided such comments are provided in a timely manner, and provide to Nutrien revised drafts of the Ruralco Information within a reasonable time before the Regulator's Draft is finalised and to enable Nutrien to review the Regulator's Draft before the date of its submission to ASIC;
- (d) **(commission Independent Expert's Report)** promptly appoint an Independent Expert to provide the Independent Expert's Report, and provide any assistance and information reasonably requested by the Independent Expert to enable it to prepare the Independent Expert's Report;
- (e) **(review of draft Independent Expert's Report)** on receipt from the Independent Expert, provide Nutrien with the draft report received from the Independent Expert for factual accuracy review (noting in each case that any draft of the Independent Expert's Report provided to Nutrien for review will not include those sections containing the Independent Expert's opinion), and promptly give to the Independent Expert any comments that Nutrien provides Ruralco in relation to factual matters regarding Nutrien in any draft of the Independent Expert's Report;
- (f) **(approval of Nutrien Information)** seek approval from Nutrien for the form and context in which the Nutrien Information appears in the Regulator's Draft, which approval Nutrien must not unreasonably withhold or delay, and Ruralco must not provide the Regulator's Draft to ASIC until such approval is obtained from Nutrien;
- (g) **(liaison with ASIC):**
 - (i) subject to Nutrien complying with clause 5.2(b) and 5.2(d) provide the Regulator's Draft to ASIC; and
 - (ii) liaise with ASIC during the period of its consideration of the Regulator's Draft and keep Nutrien reasonably informed of any matters raised by ASIC in relation to the Scheme Booklet and use reasonable endeavours, in consultation with Nutrien, to resolve any such matters (provided that, where any matters relate to Nutrien Information, Ruralco must not take any steps to address them without the prior written consent of Nutrien, not to be unreasonably withheld or delayed);

- (h) **(approval of Scheme Booklet)** as soon as reasonably practicable after the conclusion of the review by ASIC of the Scheme Booklet, procure that a meeting of the Ruralco Board, or of a committee of the Ruralco Board appointed for the purpose, is held to consider approving the Scheme Booklet for despatch to the Ruralco Shareholders, subject to orders of the Court under section 411(1) of the Corporations Act;
- (i) **(section 411(17)(b) statements)** apply to ASIC for the production of statements in writing pursuant to section 411(17)(b) of the Corporations Act stating that ASIC has no objection to the Scheme;
- (j) **(first Court hearing)** lodge all documents with the Court and take all other reasonable steps to ensure that promptly after, and provided that, the approval in clause 5.1(h) has been received, an application is heard by the Court for an order under section 411(1) of the Corporations Act directing Ruralco to convene the Scheme Meeting;
- (k) **(registration of Scheme Booklet)** if the Court directs Ruralco to convene the Scheme Meeting, as soon as possible after such orders are made, request ASIC to register the explanatory statement included in the Scheme Booklet in relation to the Scheme in accordance with section 412(6) of the Corporations Act;
- (l) **(updating Scheme Booklet)** until the time of the Scheme Meeting but subject to Nutrien complying with clause 5.2(f), promptly update the Scheme Booklet with any information that:
 - (i) is necessary to ensure that the Scheme Booklet does not contain any statement that is false or misleading in a material respect (including because of any material omission from that statement); or
 - (ii) is required to be disclosed to Ruralco Shareholders under any applicable laws (in particular the Corporations Act, RG 60 and the Listing Rules),

and co-operate with Nutrien to ensure that the Scheme Booklet or the information contained in it is updated accordingly, provided that in all cases Ruralco has complied with the regime in clause 5.1(c) with respect to any update to the Scheme Booklet and Nutrien has complied with clause 5.2(b) with respect to any updated Nutrien Information;
- (m) **(solicitation)** in consultation with Nutrien and for so long as a majority of the Ruralco Board continues to provide the Recommendation in the manner set out in clause 6.2, undertake reasonable shareholder engagement and proxy solicitation actions so as to promote the merits of the Transaction and encourage Ruralco Shareholders to vote on the Scheme in accordance with the recommendation of the Ruralco Board;
- (n) **(information)**
 - (i) for so long as a majority of the Ruralco Board continues to recommend the Schemes in the manner set out in clause 6.2 and upon the reasonable request of Nutrien, provide reasonable information about the Scheme, the Scheme Shareholders and Ruralco Shareholders to Nutrien and its Related Bodies Corporate, which Nutrien requests and reasonably requires in order to:
 - (A) canvass views on the Scheme by Ruralco Shareholders;

- (B) facilitate the provision by, or on behalf of, Nutrien Sub of the Scheme Consideration; or
- (C) review the tally of proxy appointments and directions received by Ruralco before the Scheme Meeting;
- (ii) within 5 Business Days after the date of this deed, provide Nutrien with:
 - (A) a copy of the Ruralco Register as at the date of this deed to the extent doing so does not breach applicable privacy laws; and
 - (B) the most recently available information in Ruralco's possession regarding the beneficial ownership of Ruralco Shares including a copy of the most recent beneficial ownership analysis report received by Ruralco (which, for the avoidance of doubt, may be as at a date prior to the date of this deed);
- (iii) for so long as a majority of the Ruralco Board continues to recommend the Schemes in the manner set out in clause 6.2, provide Nutrien:
 - (A) on a fortnightly basis, a copy of the latest Ruralco Register; and
 - (B) on a fortnightly basis, the most recently available information in Ruralco's possession regarding the beneficial ownership of Ruralco Shares including a copy of the most recent beneficial ownership analysis report received by Ruralco,

provided that if the Ruralco Register or any beneficial ownership analysis report is received by Ruralco more frequently than on a fortnightly basis Ruralco must provide Nutrien with a copy of each such report after it is received by Ruralco;

- (o) **(convening Scheme Meeting)** comply with the orders of the Court including, as required, despatching the Scheme Booklet to the Ruralco Shareholders and convening and holding the Scheme Meeting, provided that if this deed is terminated under clause 12 Ruralco will take all steps reasonably required to ensure the Scheme Meeting is not held;
- (p) **(Court approval application)** if the resolution submitted to the Scheme Meeting is passed by the majorities required under section 411(4)(a)(ii) of the Corporations Act (or, where clause 3.8 applies, the majority required under section 411(4)(a)(ii)(B) of the Corporations Act), subject to all other Conditions being satisfied or waived in accordance with this deed (other than the Condition in clause 3.1(g)), apply (and, to the extent necessary, re-apply) to the Court for orders approving the Scheme;
- (q) **(implementation of Scheme)** if the Scheme is approved by the Court:
 - (i) subject to the Listing Rules, promptly lodge with ASIC an office copy of the orders approving the Scheme in accordance with section 411(10) of the Corporations Act;
 - (ii) determine entitlements to the Scheme Consideration as at the Record Date in accordance with the Scheme;
 - (iii) execute proper instruments of transfer of and effect and register the transfer of the Scheme Shares to Nutrien on the Implementation Date; and

- (iv) do all other things contemplated by or necessary to give effect to the Scheme and the orders of the Court approving the Scheme;
- (r) **(documents)** provide Nutrien with drafts of the Court documents required for the purpose of the Scheme (including originating process, affidavits, submissions and draft minutes of Court orders) and consider in good faith, for the purpose of amending those drafts, any comments from Nutrien and its Representatives on those drafts, provided such comments are provided in a timely manner;
- (s) **(ASX quotation)** not do anything to cause Ruralco Shares to cease being quoted on ASX (and for this purpose a suspension of quotation of Ruralco Shares after the Scheme becomes Effective is not considered to be a cessation of quotation of Ruralco Shares on ASX); and
- (t) **(compliance with laws)** do everything reasonably within its power to ensure that all transactions contemplated by this deed are effected in accordance with all applicable laws and regulations.

5.2 Nutrien's obligations

Nutrien must take all steps reasonably necessary to assist Ruralco to implement the Scheme as soon as reasonably practicable after the date of this deed, including taking each of the following steps:

- (a) **(Timetable)** use reasonable endeavours to ensure that each step in the Timetable is met by the relevant date set out beside that step (subject to the assumptions and limitations set out in the Timetable);
- (b) **(Nutrien Information)** prepare the Nutrien Information including all information regarding Nutrien and Nutrien's intentions with respect to the assets, business and employees of Ruralco if the Scheme is approved and implemented that is required by all applicable laws (in particular under the Corporations Act, RG 60 and the Listing Rules) for inclusion in the Scheme Booklet;
- (c) **(consultation on Nutrien Information)** make available to Ruralco drafts of the Nutrien Information, consult with Ruralco in relation to the content and presentation of the Nutrien Information in the Scheme Booklet and consider, in good faith, for the purpose of amending those drafts, comments from Ruralco on those drafts, provided such comments are provided in a timely manner, and provide to Ruralco revised drafts of the Nutrien Information within a reasonable time before the Regulator's Draft is finalised;
- (d) **(confirmation of approval of Nutrien Information)** provide, and not unreasonably withhold or delay, approval for the form and context in which the Nutrien Information appears in the Regulator's Draft as contemplated by clause 5.1(f);
- (e) **(consent to inclusion of Nutrien Information)** as soon as practicable after the conclusion of the review by ASIC of the draft Scheme Booklet and prior to the First Court Date, confirm in writing to Ruralco that it consents to the inclusion of the Nutrien Information in the Scheme Booklet, in the form and context in which the Nutrien Information appears;
- (f) **(update Nutrien Information)** promptly advise Ruralco in writing if it becomes aware:

- (i) of information which should have been but was not included in the Nutrien Information in the Scheme Booklet (including if known at the time), and promptly provide Ruralco with the omitted information; or
- (ii) that the Nutrien Information in the Scheme Booklet is false or misleading in any material respect (whether by omission or otherwise), and promptly provide Ruralco with any information required to correct the false or misleading statements,

and, until the time of the Scheme Meeting but subject to Ruralco complying with clause 5.2(c), promptly update the Nutrien Information with any information that:

- (iii) is necessary to ensure that the Nutrien Information does not contain any statement that is false or misleading in a material respect (including because of any material omission from that statement); or
- (iv) is required to be included in the Nutrien Information under any applicable laws (in particular the Corporations Act, RG 60 and the Listing Rules),

and co-operate with Ruralco to ensure that the Nutrien Information contained in the Scheme Booklet is updated accordingly, provided that in all cases Nutrien has complied with the regime in clause 5.2(c) with respect to any update to the Nutrien Information and Ruralco has complied with clause 5.1(c) with respect to any updated Ruralco Information;

- (g) **(Independent Expert)** promptly provide all assistance and information reasonably requested by the Independent Expert to enable it to prepare the Independent Expert's Report for inclusion in the Scheme Booklet;
- (h) **(assistance with Scheme Booklet and Court documents)** promptly provide any assistance or information reasonably requested by Ruralco or its Advisers in connection with the preparation of the Scheme Booklet (including any supplementary disclosure to Ruralco Shareholders) and any documents required to be filed with the Court in respect of the Scheme, provided any such assistance or access to information is consistent with the Protocols;
- (i) **(Deed Poll)** before 5:00pm on the Business Day before the First Court Date, enter into the Deed Poll and deliver it to Ruralco;
- (j) **(representation)** procure that Nutrien is represented by counsel at the Court hearings convened for the purposes of section 411(1) and 411(4)(b) of the Corporations Act; and
- (k) **(compliance with laws)** do everything reasonably within its power to ensure that all transactions contemplated by this deed are effected in accordance with all applicable laws and regulations.

5.3 Conduct of Court proceedings

- (a) Nutrien is entitled to separate representation at all Court proceedings affecting the Transaction.
- (b) Nothing in this deed gives Ruralco or Nutrien any right or power to give undertakings to the Court for or on behalf of the other party without that other party's written consent.

5.4 Appeal process

If the Court refuses to make any orders directing Ruralco to convene the Scheme Meeting or approving the Scheme, Ruralco and Nutrien must:

- (a) consult with each other in good faith as to whether to appeal the Court's decision; and
- (b) appeal the Court decision unless the parties agree otherwise or an independent senior counsel opines that, in his or her view, an appeal would have no reasonable prospect of success.

5.5 New information

- (a) Ruralco must provide to Nutrien all such further or new information of which Ruralco becomes aware that arises after the Scheme Booklet has been despatched to Ruralco Shareholders until the date of the Scheme Meeting where this is or may be necessary to ensure that the Scheme Booklet continues to comply with the Corporations Act, RG 60 and the Listing Rules.
- (b) Nutrien must provide to Ruralco all such further or new information of which Nutrien becomes aware that arises after the Scheme Booklet has been despatched to Ruralco Shareholders until the date of the Scheme Meeting where this is or may be necessary to ensure that the Nutrien Information continues to comply with the Corporations Act, RG 60 and the Listing Rules.

5.6 Verification

- (a) Ruralco must undertake reasonable verification processes in relation to the information included in the Scheme Booklet (other than the Nutrien Information and the Independent Expert's Report) so as to ensure that such information is not misleading or deceptive in any material respect (whether by omission or otherwise).
- (b) Nutrien must undertake reasonable verification processes in relation to the Nutrien Information so as to ensure that such information is not misleading or deceptive in any material respect (whether by omission or otherwise).

5.7 Responsibility statements

The Scheme Booklet will include a responsibility statement to the effect that:

- (a) Nutrien will be responsible for the Nutrien Information contained in the Scheme Booklet and, to the maximum extent permitted by law, Ruralco will not be responsible for any Nutrien Information and will disclaim any liability for Nutrien Information appearing in the Scheme Booklet; and
- (b) Ruralco will be responsible for the Scheme Booklet (other than the Nutrien Information, the Independent Expert's Report and any other report or letter issued to Ruralco by a third party) and, to the maximum extent permitted by law, Nutrien will not be responsible for any information appearing in the Scheme Booklet other than the Nutrien Information and will disclaim any liability for any information appearing in the Scheme Booklet other than the Nutrien Information.

5.8 Disagreement on content

If Nutrien and Ruralco disagree on the form or content of the Scheme Booklet, they must consult in good faith to try to settle an agreed form of the Scheme Booklet. If complete agreement is not reached after reasonable consultation, then:

- (a) if the disagreement relates to the form or content of any information appearing in the Scheme Booklet other than the Nutrien Information, the Ruralco Board will, acting in good faith and reasonably, decide the final form or content of the disputed part of the Scheme Booklet; and
- (b) if the disagreement relates to the form or content of the Nutrien Information, Ruralco will make such amendments to the form or content of the disputed part of the Nutrien Information as Nutrien reasonably requires.

5.9 Good faith co-operation

Each party must procure that its Authorised Persons work (including by attending meetings and by providing information) in good faith and in a timely and co-operative fashion with the other parties to implement the Scheme, to prepare all documents required relating to the Scheme, and to agree and execute the strategy described in clause 7.4.

6 Board recommendation and intentions

6.1 Representation and warranty

Subject to clause 6.3, Ruralco represents and warrants to Nutrien, as at the date of this deed, that it has been advised by each Ruralco director that he or she will act in accordance with this clause 6.

6.2 Recommendation

The Ruralco public announcement to be issued in accordance with clause 14.3 must include, and Ruralco will use all reasonable endeavours to ensure that the Scheme Booklet includes:

- (a) statements that the Ruralco Board unanimously considers the Scheme to be in the best interests of Ruralco Shareholder and that the Ruralco Board recommends that Ruralco Shareholders vote in favour of the Scheme (collectively the **Recommendation**); and
- (b) a statement by each Ruralco director that he or she intends to vote in favour of the Scheme in respect of all Ruralco Shares controlled or held by, or on behalf of, that Ruralco director (**Voting Intention**),

qualified only by words to the effect of:

- (c) *'in the absence of a superior proposal'*; and
- (d) other than in respect of the Scheme Booklet or any document issued after the issue of the Scheme Booklet, *'subject to the independent expert concluding that the scheme is in the best interests of Ruralco shareholders'*.

6.3 Withdrawal or modification of recommendation and voting intention

Ruralco must use all reasonable endeavours to ensure that no director of Ruralco:

- (a) fails to make the Recommendation or Voting Intention, or changes, withdraws, modifies or qualifies his or her Recommendation or Voting Intention (it being acknowledged that the inclusion of the qualifications in clauses 6.2(c) and 6.2(d), or references to the requirements in clause 6.3(d)(ii), do not breach clause 6.2 or this clause 6.3(a)); or
- (b) makes any public statement to the effect, or takes any other action that is inconsistent with his or her Recommendation or Voting Intention,

in each case except where:

- (c) Ruralco receives a Competing Proposal and the relevant Ruralco director determines, after all of Nutrien's rights under clause 10.7 have been exhausted, that the Competing Proposal constitutes a Superior Proposal; or
- (d) all of the following requirements are met:
 - (i) either:
 - (A) the Independent Expert concludes in the Independent Expert's Report that the Scheme is not in the best interests of Ruralco Shareholders; or
 - (B) the Independent Expert concludes in the Independent Expert's Report that the Scheme is in the best interests of Ruralco Shareholders but then changes or publicly withdraws this conclusion prior to the Scheme Meeting;
 - (ii) where the reason for the conclusion is the existence of a Competing Proposal, all of Nutrien's rights under clause 10.7 have been exhausted without resulting in a Matching Or Superior Counter Proposal;
 - (iii) where the reason for the conclusion is that the Scheme Consideration is lower than the Independent Expert's value range for each Ruralco Share, either:
 - (A) Nutrien has not within 5 Business Days after being notified of the Independent Expert's value range announced or provided to Ruralco a proposal to amend the terms of the Transaction to increase the Scheme Consideration so that the Scheme Consideration (as increased) is at least equal to the bottom end of the Independent Expert's range; or
 - (B) Nutrien has announced or provided to Ruralco a proposal to amend the terms of the Transaction to increase the Scheme Consideration so that the Scheme Consideration (as increased) is at least equal to the bottom end of the Independent Expert's range and the Independent Expert concludes in an updated, revised or amended Independent Expert's Report that the Scheme (as amended to reflect the increased Scheme Consideration) is not in the best interests of Ruralco Shareholders and clause 6.3(d)(iv) has been complied with; and

- (iv) where the reason for the Independent Expert's conclusion is neither the existence of a Competing Proposal nor that the Scheme Consideration is lower than the Independent Expert's value range for each Scheme Share, a Consultation Notice has been given pursuant to clause 3.9(a)(i) in relation to the non-satisfaction of the condition in clause 3.1(k), and the process in clause 3.9(a) has been undertaken without resulting in an agreement of the type contemplated in clause 3.9(a)(ii) having been reached within 10 Business Days after a Consultation Notice is given.

7 Conduct of business before the Implementation Date

7.1 Conduct of Ruralco business

Subject to clause 7.2, from the date of this deed up to and including the Implementation Date, Ruralco must conduct its business, and must ensure that each member of the Ruralco Group:

- (a) conducts its business in the ordinary and usual course of business and in compliance in all material respects with all applicable laws, regulations and regulatory approvals;
- (b) operates those businesses in a manner substantially consistent with the manner in which those businesses have been conducted in the 12 months prior to the date of this deed;
- (c) uses reasonable endeavours to:
 - (i) preserve intact the Ruralco Group's current business organisation;
 - (ii) maintain the condition of its business and assets in accordance with the ordinary course of its business, allowing for fair wear and tear;
 - (iii) preserve their relationships with Governmental Agencies, customers, suppliers, landlords, licensors, licensees and others having material business dealings with them; and
 - (iv) retain the services of all key employees; and
- (d) maintains adequate working capital consistent with past practices;
- (e) not take or fail to take any action that constitutes a Prescribed Occurrence or Regulated Event; and
- (f) provide Ruralco Group's monthly management accounts, in a timely manner to Nutrien, but excluding any Sensitive Confidential Information.

7.2 Ruralco permitted activities

The obligations of Ruralco under clause 7.1 do not apply in respect of any matter of event:

- (a) expressly required to be done or procured by Ruralco pursuant to this deed or the Scheme;
- (b) which has been Fairly Disclosed in the Ruralco Disclosure Letter or the Ruralco Due Diligence Materials;

- (c) which has been Fairly Disclosed in publicly available filings of Ruralco with the ASX before the date of this deed;
- (d) for which Nutrien has provided prior written consent (such consent not to be unreasonably withheld or delayed);
- (e) which is required to reasonably and prudently respond to an emergency or disaster (including a situation giving rise to a risk of personal injury or damage to property);
- (f) which is expressly required by the Protocol; or
- (g) required by any applicable law or regulation, or by an order, injunction or undertaking of a court or Governmental Agency.

7.3 Access and integration committee

- (a) Subject to clauses 7.3(b) and 7.3(d), from the date of this deed to the Second Court Date, Ruralco must use reasonable endeavours to procure that the Ruralco Group provides Nutrien and its Representatives with:
 - (i) reasonable access (subject to the Confidentiality Deed) during normal business hours and on reasonable notice to the management, offices, books, records and business operations of the Ruralco Group that Nutrien reasonably requires; and
 - (ii) reasonable co-operation,
 for the purposes of:
 - (iii) implementing the Transaction;
 - (iv) seeking consents from any Governmental Agency to facilitate compliance with any undertakings, commitments and conditions to which a Regulatory Approval related specifically to the Transaction is or is likely to be subject;
 - (v) the refinancing of any Ruralco Group debt facilities which may need to be repaid in connection with the Scheme; and
 - (vi) any other purpose that is agreed in writing between the parties.
- (b) The parties agree to establish a transition and integration committee (the **Committee**) comprising two representatives of Nutrien and two representatives of Ruralco. The role of the Committee will be to act as a forum for discussion and planning in relation to overseeing the progress of the Transaction, and assisting with the integration of the Ruralco Group and Nutrien following the implementation of the Scheme.
- (c) The parties acknowledge that their rights and obligations under clauses 7.3(a) and 7.3(b) shall be subject to the Protocols and all applicable laws (including competition laws) or requirements of any Government Agency.
- (d) Nothing in clause 7.3(a) or 7.3(b) requires Ruralco or any member of the Ruralco Group to:
 - (i) disclose or make available any information in breach of an obligation of confidentiality to any person or applicable privacy laws;

- (ii) without limitation to any of Ruralco's obligations and covenants in clause 10, disclose or make available any information concerning the consideration of the Transaction or any actual or potential Competing Proposal by the Ruralco Board (or a sub-committee of the Ruralco Board) or Ruralco management; or
- (iii) do anything that would, in the reasonable opinion of Ruralco (acting in good faith), result in undue disruption to the Ruralco Group's business.

7.4 Change of control

As soon as practicable after the date of this deed, the parties must:

- (a) seek to identify any change of control or similar provisions in any material contract to which a member of the Ruralco Group is party which may be triggered by the announcement or implementation of the Transaction or by the Scheme becoming Effective (**Change of Control Requirements**); and
- (b) use all reasonable endeavours to agree a proposed strategy to obtain any consents required in accordance with the terms of any identified Change of Control Requirements, and, if agreed between the parties as part of the proposed strategy, to then use reasonable efforts to promptly seek those consents in accordance with the agreed strategy.

This clause 7.4 does not limit or affect clause 9.3(b)(xxvi).

8 Board composition

Ruralco must procure that, with effect on and from the Implementation Date (subject to the provision of the Scheme Consideration in accordance with clause 4.2(a)(ii)):

- (a) those persons nominated by Nutrien are appointed to the Ruralco Board and the boards of other members of the Ruralco Group, provided that:
 - (i) such persons sign consents to act as a director of the relevant member(s) of the Ruralco Group; and
 - (ii) such consents to act are provided to Ruralco before the Implementation Date; and
- (b) those directors of Ruralco and directors of other members of the Ruralco Group, as nominated by Nutrien before the Implementation Date, resign as a director of the relevant member(s) of the Ruralco Group unconditionally and irrevocably release the Ruralco Group from any Claims they may have against the Ruralco Group for loss of office, remuneration or otherwise in respect of their holding of office as a director of a member of the Ruralco Group (provided that nothing in this clause 8(b) requires any such director to forego any rights they may have under any deed of access and indemnity or policy of directors and officers insurance).

9 Representations and warranties

9.1 Nutrien representations and warranties

- (a) Nutrien represents and warrants to Ruralco that each of the Nutrien Warranties are true and correct as at the date of this deed and at 8.00am on the Second Court

Date (except that where any statement is expressed to be made only at a particular date it is given only at that date).

- (b) Nutrien represents and warrants that:
- (i) Nutrien is a validly existing corporation registered under the laws of its place of incorporation;
 - (ii) the execution and delivery of this deed has been properly authorised by all necessary corporate action and Nutrien has full corporate power and lawful authority to execute and deliver this deed and the Deed Poll, and to perform or cause to be performed its obligations under this deed and the Deed Poll;
 - (iii) this deed constitutes legal, valid and binding obligations on it and this deed does not result in a breach of or default under any deed or any writ, order or injunction, rule or regulation to which Nutrien is a party or is bound;
 - (iv) the execution and, subject to its terms, performance by Nutrien of this deed and each transaction contemplated by this deed did not and will not violate in any respect a provision of:
 - (A) a law or treaty or a judgment, ruling, order, injunction or decree binding on it;
 - (B) its constitution or other constituent documents; or
 - (C) any other document or agreement that is binding on it;
 - (v) so far as Nutrien is aware, no regulatory approval is required to be obtained by Nutrien in order for it to execute, deliver and perform this deed, other than those approvals set out in clause 3.1;
 - (vi) the Nutrien Information provided to Ruralco in accordance with clause 5.2(a) for inclusion in the Scheme Booklet will:
 - (A) be provided in good faith;
 - (B) comply in all material respects with the requirements of the Corporations Act, the Listing Rules and RG 60; and
 - (C) be provided on the understanding that Ruralco will rely on that information for the purposes of preparing the Scheme Booklet and proposing and implementing the Scheme in accordance with the requirements of the Corporations Act;
 - (vii) as at the date the Scheme Booklet is despatched to Ruralco Shareholders, the Nutrien Information, in the form and context in which that information appears in the version of the Scheme Booklet registered by ASIC under section 412(6) of the Corporations Act will not be misleading or deceptive in any material respect (whether by omission or otherwise);
 - (viii) Nutrien will, as a continuing obligation, provide to Ruralco all further or new information which arises after the Scheme Booklet has been despatched to Ruralco Shareholders until the date of the Scheme Meeting which is necessary to ensure that the Nutrien Information is not misleading or deceptive in any material respect (including by way of omission);

- (ix) any statement of opinion or belief contained in the Nutrien Information is honestly held and there are reasonable grounds for Nutrien holding that opinion or belief;
- (x) all information provided by or on behalf of Nutrien to the Independent Expert to enable the Independent Expert's Report to be included in the Scheme Booklet to be prepared and completed will not be misleading or deceptive in any material respect (whether by omission or otherwise) and will be provided in good faith and on the understanding that the Independent Expert will rely upon that information for the purposes of preparing the Independent Expert's Report for inclusion in the Scheme Booklet;
- (xi) neither Nutrien nor any of its Associates has any agreement, arrangement or understanding with any Ruralco Shareholder under which that Ruralco Shareholder (or an Associate of that Ruralco Shareholder) would be entitled to receive consideration for their Ruralco Shares that is different from the Scheme Consideration;
- (xii) Nutrien does not require the approval of its shareholders or the approval or consent of any other person to enter into or perform any of its obligations under this deed or the Deed Poll;
- (xiii) no Insolvency Event has occurred in relation to Nutrien or Nutrien Sub that will acquire the Scheme Shares, nor has any regulatory action of any nature of which Nutrien is aware been taken that would prevent or restrict Nutrien's ability to fulfil its obligations under this deed; and
- (xiv) Nutrien will have available to it on the Implementation Date sufficient cash amounts (whether from internal cash resources or external funding (including debt and equity financing) arrangements or a combination of both) to satisfy Nutrien's obligation to pay the Scheme Consideration in accordance with its obligations under this deed, the Scheme and the Deed Poll.

9.2 Nutrien's indemnity

Nutrien agrees with Ruralco (on Ruralco's own behalf and separately as trustee for each of the other Ruralco Indemnified Parties) to indemnify and keep indemnified Ruralco and the other Ruralco Indemnified Parties against all claims, actions, proceedings, liabilities, obligations, damages, loss, harm, charges, costs, expenses, duties and other outgoings of whatever nature and however arising which Ruralco may suffer or incur by reason of any breach of any of the Nutrien Warranties.

9.3 Ruralco representations and warranties

- (a) Ruralco represents and warrants to Nutrien each of the Ruralco Warranties are true and correct as at the date of this deed and at 8.00am on the Second Court Date (except that where any statement is expressed to be made only at a particular date it is given only at that date).
- (b) Ruralco represents and warrants that:
 - (i) Ruralco is a validly existing corporation registered under the laws of its place of incorporation;
 - (ii) the execution and delivery of this deed by Ruralco has been properly authorised by all necessary corporate action and Ruralco has full corporate

power and lawful authority to execute and deliver this deed and to perform or cause to be performed its obligations under this deed and the Scheme;

- (iii) this deed constitutes legal, valid and binding obligations on Ruralco and the execution of this deed of itself does not result in a breach of or default under any agreement or deed or any writ, order or injunction, rule or regulation to which Ruralco or any of its Subsidiaries is a party or to which they are bound;
- (iv) the execution and, subject to its terms, performance by Ruralco of this deed and each transaction contemplated by this deed did not and will not violate in any respect a provision of:
 - (A) a law or treaty or a judgment, ruling, order, injunction or decree binding on it;
 - (B) its constitution or other constituent documents; or
 - (C) any other document or agreement that is binding on it;
- (v) no Prescribed Occurrence has occurred since 1 January 2019;
- (vi) the Ruralco Information:
 - (A) will be prepared and included in the Scheme Booklet in good faith; and
 - (B) will comply in all material respects with the requirements of the Corporations Act, Listing Rules and RG 60;
- (vii) as at the date the Scheme Booklet is despatched to Ruralco Shareholders, the Ruralco Information contained in the Scheme Booklet registered by ASIC under section 412(6) of the Corporations Act will not be misleading or deceptive in any material respect (whether by omission or otherwise, after regard is had to the content of the Nutrien Information and the Independent Expert's Report);
- (viii) Ruralco will, as a continuing obligation (but in respect of the Nutrien Information, only to the extent that Nutrien provides Ruralco with updates to the Nutrien Information), ensure that the Scheme Booklet is updated to include all further or new information which arises after the Scheme Booklet has been despatched to Ruralco Shareholders until the date of the Scheme Meeting which is necessary to ensure that the Scheme Booklet is not misleading or deceptive (including by way of omission) in any material respect;
- (ix) any statement of opinion or belief contained in the Ruralco Information is honestly held and there are reasonable grounds for Ruralco holding that opinion or belief;
- (x) Ruralco has provided Nutrien with reasonable estimates of the aggregate fees payable by Ruralco to its Advisers in relation to the Scheme (on the terms and conditions set out in this deed, and in the absence of a Competing Proposal) and the basis on which such fees will be determined;
- (xi) as at the date of this deed, Ruralco is not aware of any materially adverse information relating to the Ruralco Group or its respective businesses or

operations, or any information that has or could reasonably be expected to give rise to a Material Adverse Change, that has not been publicly disclosed or disclosed to Nutrien before the date of this deed;

- (xii) each member of the Ruralco Group has complied in all material respects with all Australian and foreign laws and regulations applicable to them and orders of Australian and foreign Governmental Agencies having jurisdiction over them;
- (xiii) with respect to Environmental Laws and Environmental Permits:
 - (A) during the two year period prior to the date of this deed, no member of the Ruralco Group has been convicted of any material offence under any Environmental Law;
 - (B) as at the date of this deed and during the two year period prior to the date of this deed, there are or were no orders issued by any Government Agency or any claims relating to the breach of any Environmental Law or Environmental Permit against any member of the Ruralco Group that would be regarded as material in the context of the Ruralco Group's business (when taken as a whole);
 - (C) so far as Ruralco is aware, each member of the Ruralco Group has complied in all material respects with all Environmental Laws;
 - (D) so far as Ruralco is aware, all Environmental Permits necessary for the conduct of the business of the Ruralco Group as presently conducted have been obtained, are in force and effect and are being complied with in all material respects; and
 - (E) no member of the Ruralco Group has received notice from any Governmental Agency of any obligation to undertake remediation in relation to any fuel tanks located on property owned or used by any member of the Ruralco Group;
- (xiv) the Ruralco Group has all material Authorisations necessary for it to conduct the business of the Ruralco Group as presently being conducted, are in force and effect and are being complied with in all material respects;
- (xv) no member of the Ruralco Group has received notice from any Governmental Agency of any material breach of Australian and foreign laws and regulations applicable to them or orders of Australian and foreign Government Agencies having jurisdiction over them;
- (xvi) with respect to Material Contracts, so far as Ruralco is aware:
 - (A) no member of the Ruralco Group is in default, or would be in default but for the requirements of notice or lapse of time, under any Material Contract;
 - (B) no other party to any Material Contract is in default, or would be in default but for the requirements of notice or lapse of time, under that agreement;
 - (C) no member of the Ruralco Group has received, or given, any notice of termination of any Material Contract;

- (D) no member of the Ruralco Group is party to any Material Contract under which any person (other than Ruralco) is entitled upon a change in control of Ruralco to:
 - (1) terminate the Material Contract; or
 - (2) impose or require the adoption of terms that are less favourable to that member of the Ruralco Group than the current terms;
- (xvii) no member of the member of the Ruralco Group has entered into an agreement that contains a non-compete undertaking in favour of any third party that materially restricts Ruralco's ability to carry on its business or would materially restrict Nutrien's ability to conduct its business;
- (xviii) no member of the Ruralco Group has been subject to any material litigation or regulatory actions within the 2 years before the date of this deed which have not been disclosed to ASX in publicly available filings or to Nutrien, and there are no outstanding threats of material litigation against any member of the Ruralco Group;
- (xix) during the 5 year period prior to the date of this deed, no member of the Ruralco Group nor, to the Ruralco Group's knowledge, any of the officers, directors, employees, agents, intermediaries, representatives or joint venture partners of any member of the Ruralco Group has, directly or indirectly, in connection with the business of the Ruralco Group:
 - (A) requested, received, made, offered, authorised, solicited or promised to make or offer any unlawful payment, loan or transfer of anything of value or advantage to or for the benefit of or from any person, including any government official, candidate for public office, political party or political campaign;
 - (B) requested, received, paid, offered or promised to make or offer any bribe, payoff, influence payment, kickback, unlawful rebate, or other similar unlawful payment of any nature;
 - (C) requested, received, made, offered or promised to make or offer any unlawful contributions (including political or charitable contributions), gifts, entertainment or other unlawful expenditures;
 - (D) established or maintained any unlawful fund of corporate monies or other properties;
 - (E) created or caused the creation of any false or inaccurate books and records of any member of the Ruralco Group related to any of the foregoing; or
 - (F) otherwise directly or indirectly violated any local or international anti-corruption or anti-bribery law (including, without limitation, the US Foreign Corrupt Practices Act of 1977 as amended and the UK Bribery Act of 2010) applicable to the Ruralco Group,
 - (G) have sold or purchased goods or services from, or otherwise engaged in any such transaction with, any person in Cuba, Iran, North Korea, Syria, Sudan or the Crimea Region of Ukraine and no such sales, purchases or other transactions are pending or have any outstanding

obligations involving any person in Cuba, Iran, North Korea, Syria, Sudan or the Crimea Region of Ukraine;

- (xx) during the five year period prior to the date of this deed, no current or former director or officer of any member of the Ruralco Group is or was a Sanctioned Person and, so far as Ruralco is aware, no member of the Ruralco Group or any of their respective current or former employees or their respective intermediaries is or was a Sanctioned Person;
- (xxi) so far as Ruralco is aware, there are no, and no such person referred to in clause 9.3(b)(xx) has received any notice of any, Claims threatening the commencement of any material litigation, prosecution, mediation, arbitration, investigation or other proceeding in respect of any matter in clause 9.3(b)(xix) or 9.3(b)(xx);
- (xxii) the issued capital of Ruralco as of the date of this deed is:
 - (A) 105,052,247 Ruralco Shares (45,534 of which have been allocated to satisfy Ruralco Matched Share Rights);
 - (B) 1,301,611 Ruralco Performance Rights;
 - (C) 397,907 Ruralco Share Rights; and
 - (D) 66,580 Ruralco Matched Share Rights,

and there are no other Ruralco options, performance rights, shares, warrants, convertible notes, instruments or other securities (or offers, agreements or obligations (whether or not subject to conditions) to issue or grant any of the foregoing) that may convert or be exercisable into Ruralco Shares;
- (xxiii) Ruralco's financial statements as disclosed to the ASX have been prepared in accordance with the Accounting Standards on a basis consistent with past practice financial statements and, so far as Ruralco is aware, there has not been any event, change, effect or development which would require Ruralco to restate its financial statements as disclosed to the ASX;
- (xxiv) so far as the Ruralco Board and the key management personnel of any member of the Ruralco Group are aware, as at the date of this deed, there is no material breach by any Ruralco Group member of any law or regulation applicable to them (or order of any Governmental Agency having jurisdiction over them), which breach would be reasonably likely to have the effect of causing a Material Adverse Change;
- (xxv) Ruralco has complied with its continuous disclosure obligations under ASX Listing Rule 3.1 and, other than in relation to this Transaction, it is not relying on the carve-out in Listing Rule 3.1 to withhold any material information from public disclosure; and
- (xxvi) none of the contracts relating to any joint venture in which the Ruralco Group has an interest has:
 - (A) any change of control or similar provision which may be triggered by announcement or the implementation of the Transaction or by the Scheme becoming Effective; or

- (B) any exclusivity or most favoured nation or similar provisions;
- (xxvii) the Due Diligence Materials were compiled in good faith with reasonable care and:
 - (A) other than Sensitive Confidential Information, Ruralco has not deliberately withheld from the Due Diligence Materials any information of which Ruralco is aware which, if disclosed, might reasonably be expected to affect the decision of Nutrien to enter into this deed or complete the Transaction;
 - (B) Ruralco has not deliberately omitted from the Due Diligence Materials any information which would render the information disclosed incomplete or misleading in any material respect; and
 - (C) Ruralco has not deliberately included in the Due Diligence Materials any information that is misleading in any material respect; and
- (xxviii) no Insolvency Event has occurred in relation to any material member of the Ruralco Group, nor has any regulatory action of any nature of which Ruralco is aware been taken that, in each case, would prevent or restrict Ruralco's ability to fulfil its obligations under this deed.
- (c) The Ruralco Warranties are given subject to and are qualified by any matters or information which:
 - (i) subject to clause 9.3(c)(ii), have been Fairly Disclosed in the Due Diligence Materials;
 - (ii) in respect of the Ruralco Warranties in clauses 9.3(b)(v), 9.3(b)(xiii), 9.3(b)(xix), 9.3(b)(xx) and 9.3(b)(xxi), have been Fairly Disclosed in the Disclosure Letter which identifies the specific Ruralco Warranties which are so qualified;
 - (iii) have been Fairly Disclosed in publicly available filings of Ruralco with the ASX before the date of this deed; or
 - (iv) contained in those Australian Court searches undertaken on behalf of Nutrien as notified to Ruralco's solicitors by Nutrien's solicitors in writing prior to the date of this deed.
- (d) If certain Ruralco Warranties are given and made by Ruralco on the basis of its knowledge or awareness, those Ruralco Warranties are expressly limited to the knowledge and awareness which Travis Dillon, Adrian Gratwicke, Tim Higgins, Timothy Rowe, Emma Roche and Elizabeth Hardaker actually have or would have as a result of them performing their roles with a level of prudence and care as is reasonably expected of his or her respective roles (save that they are not required to have made inquiries of their direct reports or other employees between 17 December 2018 and the date of this deed).

9.4 Ruralco's indemnity

Ruralco agrees with Nutrien (on Nutrien's own behalf and separately as trustee for each of the other Nutrien Indemnified Parties) to indemnify and keep indemnified Nutrien and Nutrien Indemnified Parties from and against all claims, actions, proceedings, liabilities, obligations, damages, loss, harm, charges, costs, expenses, duties and other outgoings

of whatever nature and however arising which Nutrien may suffer or incur by reason of any breach of any of the Ruralco Warranties.

9.5 Notifications

Each party will promptly advise the other in writing if it becomes aware of any fact, matter or circumstance which constitutes or is reasonably expected to constitute a breach of any of the representations or warranties given by it under this clause 9.

9.6 Survival of representations

Each representation and warranty in clauses 9.1 and 9.3:

- (a) is severable;
- (b) will survive the termination of this deed; and
- (c) is given with the intent that liability thereunder will not be confined to breaches which are discovered prior to the date of termination of this deed.

9.7 Survival of indemnities

Each indemnity in this deed (including those in clauses 9.2 and 9.4) will:

- (a) be severable;
- (b) be a continuing obligation;
- (c) constitute a separate and independent obligation of the party giving the indemnity from any other obligations of that party under this deed; and
- (d) survive the termination of this deed.

10 Exclusivity

10.1 No existing discussions

Ruralco represents and warrants to Nutrien that, as at the date of this deed, Ruralco Group:

- (a) is not a party to any agreement with a Third Party entered into for the purpose of facilitating a Competing Proposal; and
- (b) is not participating in any discussions or negotiations with a Third Party that concern, or that could reasonably be expected to lead to, a Competing Proposal.

10.2 No-shop

During the Exclusivity Period, Ruralco must not, and must ensure that its Related Bodies Corporate and their respective Authorised Persons do not, directly or indirectly:

- (a) solicit, invite, initiate or encourage any Competing Proposal;
- (b) solicit, invite, initiate or encourage any enquiries, proposals, discussions or negotiations with any Third Party in relation to, or that could reasonably be expected to lead to, a Competing Proposal; or

- (c) communicate any intention to do any of these things referred to in clauses 10.2(a) to 10.2(b).

10.3 No-talk

Subject to clause 10.8, during the Exclusivity Period, Ruralco must not, and must ensure that its Authorised Persons and its Related Bodies Corporate and their respective Authorised Persons do not, directly or indirectly:

- (a) negotiate or enter into or participate in negotiations or discussions with respect to any inquiry, expression of interest, offer, proposal or discussion by any person to make, or which would reasonably be expected to encourage or lead to the making of a Competing Proposal or participate in or continue any negotiations or discussions with respect to any actual, proposed or potential Competing Proposal;
- (b) negotiate, accept or enter into, or offer or agree to negotiate, accept or enter into, any agreement, arrangement or understanding in relation to (or which may reasonably be expected to lead to) a Competing Proposal; or
- (c) communicate any intention to do any of the things in clause 10.3(a) or 10.3(b).

10.4 No due diligence

Subject to clause 10.8, during the Exclusivity Period, except with the prior written consent of Nutrien, Ruralco must not, and must ensure that its Authorised Persons and its Related Bodies Corporate and their respective Authorised Persons do not, directly or indirectly:

- (a) solicit, invite, initiate, or encourage any person (other than Nutrien) to undertake due diligence investigations in respect of Ruralco, its Related Bodies Corporate, or any of their businesses and operations, in connection with or with a view to obtaining or which would reasonably be expected to lead to such person formulating, developing or finalising, or assisting in the formulation, development or finalisation of, a Competing Proposal; or
- (b) make available to any person (other than Nutrien) or permit any such person to receive, other than in the ordinary course of business or as required by law or the Listing Rules, any non-public information relating to Ruralco, its Related Bodies Corporate, or any of their businesses and operations, in connection with or with a view to obtaining or which would reasonably be expected to lead to such person formulating, developing or finalising, or assisting in the formulation, development or finalisation of, a Competing Proposal.

10.5 Notification of approaches

- (a) During the Exclusivity Period, Ruralco must promptly notify Nutrien in writing of:
 - (i) any approach, inquiry or proposal made by any person to Ruralco, any of its Related Bodies Corporate or any of their respective Authorised Persons, to initiate any discussions or negotiations in respect of any inquiry or discussion in relation to an actual, proposed or potential Competing Proposal; or
 - (ii) any request made by any person to Ruralco, any of its Related Bodies Corporate, or any of their respective Authorised Persons, for any information relating to Ruralco, its Related Bodies Corporate, or any of their businesses and operations, in connection with such person formulating, developing or finalising, or assisting in the formulation, development or finalisation of, an actual, proposed or potential Competing Proposal.

- (b) A notice given under clause 10.5(a) must be accompanied by all material details of the actual, proposed or potential Competing Proposal, including:
 - (i) to the extent known by Ruralco, the material terms and conditions (including price, conditions precedent and proposed timetable) of any actual, proposed or potential Competing Proposal; and
 - (ii) subject to clause 10.8, the identity of the person who made the actual, proposed or potential Competing Proposal.
- (c) During the Exclusivity Period, Ruralco must also notify Nutrien in writing as soon as possible after becoming aware of any material developments in relation to any actual, proposed or potential Competing Proposal, including in respect of any of the information previously notified to Nutrien pursuant to this clause 10.5.

10.6 Provision of non-public information

- (a) During the Exclusivity Period, Ruralco must promptly provide Nutrien with:
 - (i) in the case of written materials, a copy of; or
 - (ii) in any other case, a written statement of,

any material non-public information relating to Ruralco, its Related Bodies Corporate, or any of their businesses and operations made available or received by any person in connection with such person formulating, developing or finalising, or assisting in the formulation, development or finalisation of, an actual or proposed Competing Proposal and which has not previously been provided to Nutrien and is not Sensitive Confidential Information.
- (b) During the Exclusivity Period, Ruralco must not, and must ensure that its Authorised Persons and its Related Bodies Corporate and their respective Authorised Persons do not, directly or indirectly, disclose or otherwise provide or make available any non-public information about the business or affairs of Ruralco or of any other member of the Ruralco Group to a Third Party with a view to obtaining an actual or proposed Competing Proposal unless:
 - (i) permitted by clause 10.8; and
 - (ii) before that information is disclosed or otherwise provided or made available to that Third Party, the Third Party has entered into a confidentiality agreement with Ruralco that contains obligations on the Third Party that are, when assessed on an overall basis, on terms no less onerous in any material respect than the obligations of Nutrien under the Confidentiality Deed.

10.7 Matching right

- (a) If Ruralco is permitted by virtue of clause 10.8 to engage in activity that would otherwise breach any of clauses 10.3 or 10.4, Ruralco must enter into a confidentiality agreement with the person who has made the applicable Competing Proposal (**Rival Acquirer**) which complies with clause 10.6(b)(ii) and must not enter into a Competing Proposal Agreement except as permitted by clause 10.7(b).
- (b) If Ruralco receives a Competing Proposal, Ruralco:

- (i) must not, and must procure that each of its Related Bodies Corporate do not, enter into any Competing Proposal Agreement (other than a confidentiality agreement contemplated by clause 10.7(a)); and
- (ii) must use its reasonable endeavours to ensure that none of the Ruralco directors change, withdraw or modify his or her Recommendation, or publicly recommend the Competing Proposal (or recommend against the Transaction) or make any public statement to the effect that they may do so at a future point,

unless all of the following requirements are satisfied:

- (iii) the Competing Proposal constitutes a Superior Proposal;
- (iv) Ruralco has provided Nutrien with:
 - (A) where the Competing Proposal can only be implemented with the agreement of Ruralco or with the support or recommendation of the Ruralco Board or where the person making the Competing Proposal has required, as a condition of that proposal, that the Competing Proposal has the agreement of Ruralco or the support or recommendation of the Ruralco Board, a copy of the final version, in execution form, of each Competing Proposal Agreement that any member of the Ruralco Group proposes to enter into in relation to that Competing Proposal, but for the operation of this clause 10.7; or
 - (B) otherwise, the material terms and conditions of the Competing Proposal which have been publicly announced, including price, conditions precedent, timetable and the identity of the Third Party making the Competing Proposal;
- (v) Ruralco has given Nutrien at least 5 Business Days after the date of the provision of all documents and information referred to in clause 10.7(b)(iv) to announce or provide a Counter Proposal (as defined in clause 10.7(c)); and
- (vi) either:
 - (A) Nutrien has not announced or provided to Ruralco a Counter Proposal (as defined in clause 10.7(c)) by the expiry of the 5 Business Day period referred to in clause 10.7(b)(v); or
 - (B) Nutrien has announced or provided to Ruralco a Counter Proposal (as defined in clause 10.7(c)) by the expiry of the 5 Business Day period, and the Ruralco directors have reviewed the Counter Proposal in accordance with clause 10.7(c) and concluded that the Counter Proposal does not constitute a Matching Or Superior Counter Proposal.
- (c) If, during the 5 Business Day period described in clause 10.7(b)(v), Nutrien announces or provides to Ruralco a proposal to amend the terms of the Transaction (which might include increasing the amount of consideration offered under the Transaction) or announces or provides to Ruralco any other form of transaction (each a **Counter Proposal**), the Ruralco directors must review the Counter Proposal in good faith. If the Ruralco directors (acting in good faith) determine that the Counter Proposal is a Matching Or Superior Counter Proposal, then Ruralco and Nutrien must use their reasonable endeavours to agree the amendments to this deed that are reasonably necessary to reflect the Counter

Proposal and to enter into an amended agreement to give effect to those amendments and to implement the Counter Proposal, and Ruralco must use its reasonable endeavours to procure that the Ruralco directors recommend the Counter Proposal to Ruralco Shareholders and not recommend the applicable Competing Proposal.

- (d) For the purposes of this clause 10.7, each successive material modification of any Competing Proposal or potential Competing Proposal (or Third Party expression of interest, offer or proposal in relation to a Competing Proposal) and each amendment to the form of any Competing Proposal Agreement provided pursuant to clause 10.7(b)(iv) will constitute a new Competing Proposal or potential Competing Proposal, and the procedures set out in this clause 10.7 must again be followed prior to any member of the Ruralco Group entering into any proposed Competing Proposal Agreement in respect of such Competing Proposal or potential Competing Proposal.

10.8 Fiduciary out

The restrictions in clauses 10.3 and 10.4 and the obligations in clause 10.5(b)(ii) do not apply to restrict Ruralco or any member of the Ruralco Group or any Ruralco Indemnified Party from taking or refusing to take any action with respect to a Competing Proposal (in relation to which there has been no contravention of this clause 10) provided that:

- (a) the Competing Proposal is bona fide and is made by or on behalf of a person that the Ruralco Board considers is of sufficient commercial standing; and
- (b) the Ruralco Board has determined in good faith after:
 - (i) consultation with Ruralco's financial advisers, that the Competing Proposal is a Superior Proposal or may reasonably be expected to lead to a Superior Proposal; and
 - (ii) receiving written advice from Ruralco's external Australian legal Adviser practising in the area of corporate law,

that failing to take the action or refusing to take the action (as the case may be) with respect to the Competing Proposal would be reasonably likely to constitute a breach of the fiduciary or statutory duties owed by the Ruralco directors under applicable law, or it would otherwise be unlawful not to take that action.

10.9 Normal provision of information

Nothing in this clause 10 prevents Ruralco from:

- (a) providing information to its Related Bodies Corporate and any Authorised Person of any member of the Ruralco Group;
- (b) providing information to any Government Agency;
- (c) providing information required to be provided by law, including to satisfy its obligations under the Listing Rules or to any Governmental Agency;
- (d) providing information to its auditors, customers, financiers, joint venturers and suppliers acting in that capacity in the ordinary course of business; or

- (e) making presentations to, or responding to enquiries from, brokers, portfolio investors, analysts and other third parties in the ordinary course of business or promoting the merits of the Transaction.

11 Break Fees

11.1 Nutrien declaration

Nutrien represents and warrants to Ruralco that it would not have entered into this deed without the benefit of this clause 11 and it would not have entered into and continued the negotiations leading up to this deed unless Nutrien had a reasonable expectation that Ruralco would agree to enter into a clause of this kind.

11.2 Acknowledgments in relation to Ruralco Break Fee

- (a) Ruralco acknowledges that Nutrien has incurred and will incur significant costs, including significant opportunity costs, if they enter into this deed and the Scheme is subsequently not implemented. Those costs include external advisory costs, some internal costs of a similar kind and out-of-pocket expenses.
- (b) Ruralco represents and warrants that:
 - (i) it has received legal advice on this deed and the operation of this clause 11; and
 - (ii) it considers this clause 11 to be fair and reasonable and that it is appropriate to agree to the terms in this clause 11 in order to secure the significant benefits to it (and its shareholders) resulting from the Scheme.
- (c) The parties acknowledge that:
 - (i) the amount of the costs is inherently unascertainable and that, even after termination of this deed, the costs will not be able to be accurately ascertained; and
 - (ii) the Ruralco Break Fee represents a genuine and reasonable estimate of cost and loss that Nutrien will suffer if the Scheme is subsequently not implemented.

11.3 Ruralco Break Fee

- (a) Ruralco must pay to Nutrien the Ruralco Break Fee, within 5 Business Days after receipt of a written demand for payment from Nutrien, if:
 - (i) during the Exclusivity Period, any Ruralco director fails to make the Recommendation or changes, withdraws, modifies or qualifies his or her Recommendation, other than as a result of:
 - (A) the Independent Expert opining in the Independent Expert's Report (including in any update, revision or amendment thereto) that the Scheme is not in the best interests of Scheme Shareholders (other than where the reason for that opinion is a Competing Proposal); or
 - (B) any matter or thing giving Ruralco the right to terminate this deed under clause 12.1; or

- (c) failure of a Condition in clause 3.1(a) or 3.1(b), other than as a result of a breach by Ruralco of clause 3.4 or 3.5 (to the extent applicable to the relevant condition);
- (ii) a Competing Proposal is announced before the End Date and, within 9 months of the Competing Proposal being announced, any Third Party (either alone or together with any Associate) obtains Control of Ruralco, or merges or amalgamates with Ruralco or acquires (directly or indirectly) an interest in all or a substantial part of the business or assets of the Ruralco Group;
- (iii) Nutrien has validly terminated this deed under clause 12.1(a).
- (b) The payment of the Ruralco Break Fee by Ruralco to Nutrien provided for in this clause 11.3 must be made within 5 Business Days of receipt of a written demand for payment by Nutrien. The demand may only be made after the occurrence of an event referred to in clause 11.3(a).

11.4 Qualifications

- (a) No Ruralco Break Fee is payable if the Scheme becomes Effective. To the extent that any amounts have already been paid to Nutrien under this clause 11 and the Scheme becomes Effective, such amounts must be immediately refunded to Ruralco.
- (b) The Ruralco Break Fee is not payable by Ruralco if Ruralco validly terminates this deed in accordance with clause 12.1(a).
- (c) The Ruralco Break Fee is only payable once and the maximum amount payable by Ruralco under clause 11.3 is the amount of the Ruralco Break Fee.
- (d) This clause 11 does not impose an obligation on Ruralco to pay the Ruralco Break Fee to the extent (and only to the extent) that the obligation to pay the Ruralco Break Fee:
 - (i) constitutes unacceptable circumstances as declared by the Takeovers Panel; or
 - (ii) is held to be unenforceable by one party against another as determined by a court,

after all proper avenues of appeal and review, whether judicial or otherwise, have been exhausted.
- (e) During the course of the Takeovers Panel or court proceedings (including any appeal or review thereof) referred to in clause 11.4(d), the parties must take all reasonable steps to ensure that any such declaration or determination has the minimum effect possible.
- (f) The parties must not make or cause or permit to be made, any application to a court or the Takeovers Panel for or in relation to a determination referred to in clause 11.4(d).
- (g) A statement that shareholders should “*take no action pending further advice*” (or words to that effect) is not regarded as an adverse modification of a recommendation for the purposes of clause 11.3(a)(i), provided that the Ruralco Board publicly re-affirms its recommendation in favour of the Transaction at least 5

Business Days before the earlier of the date that the Scheme is considered by Ruralco Shareholders and the End Date.

11.5 Ruralco's limitation of liability

- (a) Notwithstanding any other provisions of this deed but subject to clauses 11.5(b) and 11.10:
 - (i) the maximum liability of Ruralco to Nutrien under or in connection with this deed including in respect of any breach of the deed will be the Ruralco Break Fee; and
 - (ii) a payment by Ruralco in accordance with this clause 11 represents the sole and absolute liability of Ruralco under or in connection with this deed and no further damages, fees, expenses or reimbursements of any kind will be payable by Ruralco in connection with this deed.
- (b) Clause 11.5(a) does not limit the liability of Ruralco under or in connection with this deed or otherwise reduce or limit the amount which may be recovered by Nutrien in respect of any fraud, wilful misconduct or wilful breach of this deed (except as otherwise provided for under clause 11.11) by Ruralco or any other Ruralco Indemnified Party.

11.6 Acknowledgments in relation to Nutrien Break Fee

- (a) Each party acknowledges that, if they enter into this deed and the Scheme is subsequently not implemented, Ruralco will incur significant costs, including significant opportunity costs. Those costs include external advisory costs, some internal costs of a similar kind and out-of-pocket expenses.
- (b) In the circumstances referred to in clause 11.6(a), Ruralco has requested provision be made for the costs outlined in this clause 11.6, in the form of the Nutrien Break Fee, without which Ruralco would not have entered into this deed or otherwise agreed to implement the Scheme.
- (c) Nutrien represents and warrants that:
 - (i) it has received legal advice on this deed and the operation of this clause 11; and
 - (ii) it considers this clause 11 to be fair and reasonable and that it is appropriate to agree to the terms in this clause 11 in order to secure the significant benefits to Nutrien (and its shareholders) resulting from the Scheme.
- (d) The parties acknowledge that:
 - (i) the amount of the costs is inherently unascertainable and that, even after termination of this deed, the costs will not be able to be accurately ascertained; and
 - (ii) the Nutrien Break Fee represents a genuine and reasonable estimate of cost and loss that Ruralco will suffer if the Scheme is subsequently not implemented.

11.7 Nutrien Break Fee

- (a) Subject to clause 11.8, Nutrien must pay to Ruralco the Nutrien Break Fee, within 5 Business Days after receipt of a written demand for payment from Ruralco, if Ruralco has validly terminated this deed for material breach by Nutrien in accordance with clause 12.1(a).
- (b) The payment of the Nutrien Break Fee by Nutrien to Ruralco provided for in this clause 11.7 must be made within 5 Business Days of receipt of a written demand for payment by Ruralco. The demand may only be made after the occurrence of an event referred to in clause 11.7(a).

11.8 Qualifications

- (a) No Nutrien Break Fee is payable if the Scheme becomes Effective. To the extent that any amounts have already been paid to Ruralco under this clause 11 and the Scheme becomes Effective, such amounts must be immediately refunded to Nutrien.
- (b) The Nutrien Break Fee is not payable by Nutrien if Nutrien validly terminates this deed in accordance with clause 12.1(a).
- (c) The Nutrien Break Fee is only payable once and the maximum amount payable by Nutrien under clause 11.7 is the amount of the Nutrien Break Fee.
- (d) This clause 11 does not impose an obligation on Nutrien to pay the Nutrien Break Fee to the extent (and only to the extent) that the obligation to pay the Nutrien Break Fee:
 - (i) constitutes unacceptable circumstances as declared by the Takeovers Panel; or
 - (ii) is held to be unenforceable by one party against another as determined by a court,

after all proper avenues of appeal and review, whether judicial or otherwise, have been exhausted.

- (e) During the course of the Takeovers Panel or court proceedings (including any appeal or review thereof) referred to in clause 11.4(d), the parties must take all reasonable steps to ensure that any such declaration or determination has the minimum effect possible.
- (f) The parties must not make or cause or permit to be made, any application to a court or the Takeovers Panel for or in relation to a determination referred to in clause 11.8(d).

11.9 Nutrien's limitation of liability

- (a) Notwithstanding any other provisions of this deed but subject to clauses 11.9(b) and 11.10:
 - (i) the maximum liability of Nutrien to Ruralco under or in connection with this deed including in respect of any breach of the deed will be the Nutrien Break Fee; and

- (ii) a payment by Nutrien in accordance with this clause 11 represents the sole and absolute liability of Nutrien under or in connection with this deed and no further damages, fees, expenses or reimbursements of any kind will be payable by Nutrien in connection with this deed.
- (b) Clause 11.9(a) does not limit the liability of Nutrien under or in connection with this deed or otherwise reduce or limit the amount which may be recovered by Ruralco in respect of any fraud, wilful misconduct or wilful breach of this deed (except as otherwise provided for under clause 11.11) by Nutrien or any other Nutrien Indemnified Party.

11.10 Regulatory Intervention

If any regulatory body (including ASIC or the Takeovers Panel) or a court requires any modification (including requiring such a modification as a condition of consenting to or approving the Scheme or as a condition of not opposing the Scheme) to the Ruralco Break Fee or the Nutrien Break Fee, including as to the amount or circumstances in which it is to be paid, then:

- (a) the parties will accept this determination and amend this deed to that extent; and
- (b) it will not result in a breach of this deed or termination of the transactions contemplated by it.

11.11 No consequential loss

- (a) Subject to clause 11.11(b), no party will be liable to make any payment (whether by way of indemnity, damages or otherwise) to the other party in respect of any Claim for any indirect loss or for any:
 - (i) loss of income, revenue, profit or business;
 - (ii) loss of opportunity;
 - (iii) damage to goodwill or business reputation; or
 - (iv) special, exemplary or punitive damages,
 however arising.
- (b) Clauses 11.5(a) and 11.11(a) do not apply in respect of direct losses incurred or suffered by Nutrien as a result of any wilful breaches of clause 10 of this deed. The maximum liability for such direct losses will be \$9.4 million (including, if applicable, the Ruralco Break Fee).

12 Termination

12.1 Termination by either party

Either party may, by notice in writing to the other, terminate this deed:

- (a) at any time prior to 8.00am on the Second Court Date if:
 - (i) the other is in material breach of any of its obligations (including, for the avoidance of doubt, any breach of any of its material obligations) under this

deed (other than the breaching party's respective representations and warranties which are regulated by clause 3);

- (ii) that breach is material in the context of the Transaction as a whole;
 - (iii) the party wishing to terminate has given written notice to the other party in a timely manner setting out details of the relevant circumstance and stating an intention to terminate this deed; and
 - (iv) if capable of remedy, the relevant circumstances continue to exist for 10 Business Days (or any shorter period ending at 5.00 pm on the day before the Second Court Date) from the time the notice is given;
- (b) in accordance with clause 3.9.

12.2 Termination by Nutrien

Nutrien may, by notice in writing to Ruralco, terminate this deed at any time prior to 8.00am on the Second Court Date if, at any time before then:

- (a) either:
 - (i) the Ruralco public announcement to be issued in accordance with clause 14.3; or
 - (ii) the Scheme Booklet,

does not include the Recommendation and Voting Intention in respect of every Ruralco director (subject to the inclusion of the qualifications in clauses 6.2(c) and 6.2(d), or references to the requirements in clause 6.3(d)(ii));
- (b) any Ruralco director fails to make the Recommendation or Voting Intention, or changes, withdraws, modifies or qualifies his or her Recommendation or Voting Intention; or
- (c) any Ruralco director recommends or supports a Competing Proposal.

12.3 Termination by Ruralco

Ruralco may, by notice in writing to Nutrien, terminate this deed at any time prior to 8.00am on the Second Court Date if at any time before then a majority of the Ruralco Board has failed to make the Recommendation or has changed, withdrawn or modified their Recommendation in each case in the manner permitted by clause 6.3.

12.4 Effect of termination

- (a) In the event of termination of this deed, this deed will have no further force and effect, except that the provisions of clauses 11, 12, 13, 15 and 16.2 to 16.14 (inclusive) survive termination.
- (b) Termination of this deed does not affect any accrued rights of a party in respect of a breach of this deed prior to termination.

13 Releases

13.1 Release of Ruralco Indemnified Parties

- (a) Subject to any restrictions imposed by law, Nutrien releases any and all rights that it may have as at the date of this deed and from time to time, and agrees with Ruralco that it will not make any Claim, against any Ruralco Indemnified Party in connection with:
- (i) any breach of any covenant, representation or warranty given by Ruralco under this deed;
 - (ii) any disclosures containing any statement which is false or misleading (whether by omission or otherwise); or
 - (iii) any failure to provide information,
- except to the extent the relevant Ruralco Indemnified Party has acted in fraud or has engaged in wilful misconduct. To avoid doubt, nothing in this clause 13.1(a) limits the rights of Nutrien to terminate this deed under clause 12.
- (b) Ruralco receives and holds the benefit of clause 13.1(a) as trustee for the Ruralco Indemnified Parties.

13.2 Release of Nutrien Indemnified Parties

- (a) Subject to any restrictions imposed by law, Ruralco releases any and all rights that it may have as at the date of this deed and from time to time, and agrees with Nutrien that it will not make any Claim, against any Nutrien Indemnified Party in connection with:
- (i) any breach of any covenant, representation or warranty given by Nutrien under this deed;
 - (ii) any disclosure containing any statement which is false or misleading (whether by omission or otherwise); or
 - (iii) any failure to provide information,
- except to the extent the relevant Nutrien Indemnified Party has acted in fraud or has engaged in wilful misconduct. To avoid doubt, nothing in this clause 13.2(a) limits the rights of Ruralco to terminate this deed under clause 12.
- (b) Nutrien receives and holds the benefit of clause 13.2(a) as trustee for the Nutrien Indemnified Parties.

13.3 Deeds of indemnity, access and insurance

- (a) Nutrien acknowledges that, notwithstanding any other provision of this deed, Ruralco may, prior to the Implementation Date, enter into arrangements to secure directors and officers run-off insurance for up to such 7 year period in a form to be approved by Nutrien (acting reasonably), and that any actions to facilitate that insurance or in connection therewith will not be Prescribed Occurrences or Regulated Events or breach any provision of this deed.

- (b) Subject to the Scheme becoming Effective and implementation of the Transaction occurring, Nutrien undertakes in favour of Ruralco and each director and officer of a member of the Ruralco Group that it will:
 - (i) for a period of 7 years from the Implementation Date, ensure that the constitutions of Ruralco and each other Ruralco Group member continue to contain such rules as are contained in those constitutions at the date of this deed that provide for each company to indemnify each of its directors and officers against any liability incurred by that person in his or her capacity as a director or officer of the company to any person other than a Ruralco Group member; and
 - (ii) procure that Ruralco and each other Ruralco Group member complies with any deeds of indemnity, access and insurance made by them in favour of their respective directors and officers from time to time and, without limiting the foregoing, not take any action which would prejudice or adversely affect any directors' and officers' runoff insurance cover taken out prior to the Implementation Date.
- (c) The undertakings contained in this clause 13.3 are subject to any Corporations Act restriction, or any restriction in the law of a jurisdiction in which an entity is incorporated, and will be read down accordingly.
- (d) Ruralco receives and holds the benefit of this clause 13.3 as trustee for each director and officer of a member of the Ruralco Group.

14 Confidentiality and Public Announcement

14.1 Protocols

Notwithstanding any other provision of this deed, where this deed requires a party to provide information or materials to the other party, that requirement is subject to the condition that any "competitively sensitive information" (as defined in the Protocols) so provided will only be accessed and used by the other party in accordance with the Protocols.

14.2 Confidentiality

Each party agrees and acknowledges that it remains bound by the terms of the Confidentiality Deed save that:

- (a) the terms of this deed will prevail over the Confidentiality Deed to the extent of any inconsistency; and
- (b) despite clause 14.2(a), clause 9 of the Confidentiality Deed is superseded by the provisions of this deed.

14.3 Public Announcements on execution

Immediately after the parties' execution of this deed, the parties must issue public announcements in the form previously agreed to in writing between them.

14.4 Further public announcements

- (a) Subject to clause 14.4(b), the parties must:

- (i) consult with each other before issuing and, to the extent practicable, give each other a reasonable opportunity to review and consider in good faith the views of the other party regarding, any press release or other public statement with respect to the Transaction; and
 - (ii) must not issue any such press release or make any such public statement prior to such consultation, except as may be required by applicable law or the Listing Rules.
- (b) The provisions of clause 14.4(a) do not apply to:
- (i) any internal communications (including statements, presentations and videos) by Ruralco to its employees or CRT members in connection with the Transaction;
 - (ii) any announcement, document or publication in connection with a Competing Proposal or withdrawal of a Ruralco Board recommendation; or
 - (iii) any disclosure by Ruralco or Nutrien of any information concerning this deed or the transactions contemplated by this deed in connection with any dispute between the parties regarding this deed, the Scheme or the transactions contemplated by this deed.

15 Notices

15.1 Service of notices

- (a) A notice, consent or other communication under this deed (**Notice**) is only effective if:
- (i) it is in writing, signed by or on behalf of the party giving it; and
 - (ii) it is directed to the recipient's address for notices as follows:

Ruralco

Address: Level 5, Building A, 26 Talavera Road, Macquarie Park NSW 2113
 E-mail: thiggins@ruralco.com.au and trowe@ruralco.com.au
 Attn: Tim Higgins (Group Manager, Strategy and Business Development) and Tim Rowe (Group General Counsel & Company Secretary)

with a copy to Gilbert + Tobin:

Address: Level 35, Tower 2, International Towers Sydney, 200 Barangaroo Avenue, Barangaroo, NSW 2000
 E-mail: ccondoleon@gtlaw.com.au and kko@gtlaw.com.au
 Attn: Costas Condoleon and Kevin Ko

Nutrien

Address: Nutrien Ltd., 13131 Lake Fraser Drive S.E., Calgary AB T2J 7E8, Canada
 E-mail: andy.kelemen@nutrien.com and tom.mix@nutrien.com

Attn: Andy Kelemen (Vice President, Corporate Development) and
Tom Mix (General Counsel, Mergers & Acquisitions)

with a copy to Allens:

Address: Level 28, Deutsche Bank Place, 126 Phillip Street, Sydney
NSW 2000 Australia
E-mail: richard.kriedemann@allens.com.au
Attn: Richard Kriedemann

and to Blake, Cassels & Graydon LLP:

Address: Blake, Cassels & Graydon LLP, 855 - 2nd Street S.W., Suite
3500, Bankers Hall East Tower, Calgary AB T2P 4J8, Canada
E-mail: peter.keohane@blakes.com
Attn: Peter Keohane

- (b) If a party changes address and fails to notify the other party of this change and the new address, delivery of Notices to a new address, or otherwise brought to the attention of the addressee, are deemed compliance with the notice obligations under this clause 15.1.

15.2 Effective on receipt

A Notice given in accordance with clause 15.1 takes effect when received (or at a later time specified in it), and is taken to be received:

- (a) if hand delivered, on delivery;
- (b) if sent by prepaid post, the second Business Day after the date of posting (or the seventh Business Day after the date of posting if posted to or from outside Australia); or
- (c) if sent by email:
 - (i) when the sender receives an automated message confirming delivery; or
 - (ii) 2 hours after the time sent (as recorded on the device from which the sender sent the email) unless the sender receives an automated message that the email has not been delivered,

whichever happens first,

but if the delivery or transmission under clause 15.2(a) or 15.2(b) is not on a Business Day or after 5.00pm on a Business Day, the Notice is taken to be received at 9.00am on the Business Day after that delivery, receipt or transmission.

16 General

16.1 Further acts

Each party will promptly do and perform all further acts and execute and deliver all further documents (in form and content reasonably satisfactory to that party) required by law or reasonably requested by any other party to give effect to this deed.

16.2 Payments

Unless otherwise expressly provided in this deed, where an amount is required to be paid to a party (the **Receiving Party**) by another party under this deed, that amount shall be paid:

- (a) in immediately available and irrevocable funds by electronic transfer to a bank account or accounts notified by the Receiving Party in writing on or before the due date for payment, or in other such immediately payable funds as the parties may agree; and
- (b) without deduction, withholding or set-off.

16.3 Consents or approvals

Except as expressly provided in this deed, a party may conditionally or unconditionally in its absolute discretion give or withhold any consent or approval under this deed.

16.4 GST

- (a) Any reference in this clause 16.4 to a term defined or used in the *A New Tax System (Goods and Services Tax) Act 1999* (Cth) is, unless the context indicates otherwise, a reference to that term as defined or used in that Act.
- (b) Unless expressly included, the consideration for any supply under or in connection with this deed does not include GST.
- (c) To the extent that any supply made by a party (**Supplier**) to another party (**Recipient**) under or in connection with this deed is a taxable supply, the Recipient must pay to the Supplier, in addition to the consideration to be provided under this deed but for the application of this clause 16.4(c) for that supply (**GST Exclusive Consideration**), an amount equal to the amount of the GST Exclusive Consideration (or its GST exclusive market value) multiplied by the rate at which GST is imposed in respect of the supply. This clause 16.4(c) does not apply to any taxable supply under or in connection with this deed that is expressly stated to include GST.
- (d) The amount on account of GST payable in accordance with this clause 16.4 will be paid at the same time and in the same manner as the consideration otherwise payable for the supply is provided.
- (e) Any reference in the calculation of any consideration or of any indemnity, reimbursement or similar amount to a cost, expense or liability incurred by a person (**Relevant Expense**) is a reference to the relevant expense reduced by an amount equal to any input tax credit entitlement of that person (or of the representative member of any GST group to which the person belongs) in relation to the Relevant Expense. A party will be assumed to have an entitlement to a full input tax credit unless it demonstrates otherwise prior to the date on which the relevant payment or consideration must be provided.
- (f) Unless expressly included, any monetary thresholds specified in this deed are exclusive of GST.

16.5 Stamp duty

Nutrien must pay all stamp duties (if any) and any fines and penalties with respect to stamp duty in respect of this deed or the Scheme or the steps to be taken under this deed

or the Scheme (including the acquisition or transfer of Scheme Shares pursuant to the Scheme).

16.6 Expenses

Except as otherwise provided in this deed, each party will pay its own costs and expenses in connection with the negotiation, preparation, execution, and performance of this deed and the Scheme Booklet and the proposed, attempted or actual implementation of this deed and the Scheme.

16.7 Amendments

This deed may only be varied by a document signed by or on behalf of each of the parties.

16.8 Assignment

A party must not assign or novate this deed or otherwise deal with the benefit of it or a right under it, or purport to do so, without the prior written consent of the other party, which consent may be withheld at the absolute discretion of the party from whom consent is sought.

16.9 Waiver

- (a) Failure to exercise or enforce or a delay in exercising or enforcing or the partial exercise or enforcement of any right, power or remedy provided by law or under this deed by any party will not in any way preclude, or operate as a waiver of, any exercise or enforcement, or further exercise or enforcement of that or any other right, power or remedy provided by law or under this deed.
- (b) Any waiver or consent given by any party under this deed will only be effective and binding on that party if it is given or confirmed in writing by that party.
- (c) No waiver of a breach of any term of this deed will operate as a waiver of another breach of that term or of a breach of any other term of this deed.
- (d) Nothing in this deed obliges a party to exercise a right to waive any conditional term of this deed that may be in its power.

16.10 Counterparts

- (a) This deed may be executed in any number of counterparts and by the parties on separate counterparts. Each counterpart constitutes the agreement of each party who has executed and delivered that counterpart. Each counterpart is an original but the counterparts together are one and the same agreement.
- (b) This deed is binding on the parties on the exchange of duly executed counterparts.
- (c) The parties agree that a copy of an original executed counterpart sent by email to the email address of the other party specified in clause 15, instead of the original, is sufficient evidence of the execution of the original and may be produced in evidence for all purposes in place of the original.

16.11 Entire agreement

This deed:

- (a) embodies the entire understanding of the parties and constitutes the entire terms agreed on between the parties; and
- (b) supersedes any prior agreement (whether or not in writing) between the parties.

16.12 No representation or reliance

- (a) Each party acknowledges that no party (nor any person acting on its behalf) has made any representation or other inducement to it to enter into this deed, except for representations or inducements expressly set out in this deed.
- (b) Each party acknowledges and confirms that it does not enter into this deed in reliance on any representation or other inducement by or on behalf of any other party, except for any representation or inducement expressly set out in this deed.

16.13 No merger

The rights and obligations of the parties will not merge on completion of any transaction under this deed. They will survive the execution and delivery of any assignment or other document entered into for the purpose of implementing any transaction.

16.14 Governing law

- (a) This deed is governed by and will be construed according to the laws of New South Wales.
- (b) Each party irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of New South Wales and of the courts competent to determine appeals from those courts.

Schedule 1 Dictionary

1 Dictionary

1.1 Defined terms

In this deed, unless the context otherwise requires, the following words and expressions have meanings as follows:

ACCC means the Australian Competition and Consumer Commission.

Accounting Standards means:

- (a) the accounting standards made by the Australian Accounting Standards Board in accordance with the Corporations Act, and the requirements of that Act relating to the preparation and content of accounts; and
- (b) generally accepted accounting principles that are consistently applied in Australia, except those inconsistent with the standards or requirements referred to in paragraph (a).

Adviser means any person who is engaged to provide professional advice of any type (including legal, accounting, consulting, financial, investor relations, public relations or government relations advice) in relation to the Transaction to Ruralco or Nutrien.

ASIC means the Australian Securities and Investments Commission.

Associate has the meaning set out in section 12 of the Corporations Act, as if section 12(1) included a reference to this deed and on the basis that Ruralco is the 'designated body'.

ASX means ASX Limited (ABN 98 008 624 691) or, if the context requires, the financial market operated by it.

Authorisation means an approval, authorisation, consent, declaration, exemption, licence, notarisation, permit or waiver, however it is described, including any renewal or amendment and any condition attaching to it.

Authorised Person means, in respect of a person:

- (a) a director, officer, contractor, agent or employee of the person;
- (b) an Adviser of the person; and
- (c) a director, officer or employee of an Adviser of the person.

Business Day means a day that is not a Saturday, Sunday or a public holiday or bank holiday in Sydney, New South Wales.

Claim means a claim, notice, demand, action, proceeding, litigation, prosecution, arbitration, investigation, judgment, award, damage, loss, cost, expense or liability however arising, whether present, unascertained, immediate, future or contingent, whether based in contract, tort or statute.

Competing Proposal means any proposal, agreement, transaction or arrangement (or expression of interest), by or with any person pursuant to which, if the proposal, agreement, transaction or arrangement is entered into or completed substantially in accordance with its terms, would mean a Third Party (either alone or together with any Associate) would:

- (a) directly or indirectly acquire a Relevant Interest in, or have a right to acquire a legal, beneficial or economic interest in, or control of, 20% or more of the Ruralco Shares or the share capital of any material Related Body Corporate of Ruralco;
- (b) acquire Control of Ruralco or any material Related Body Corporate of Ruralco;
- (c) directly or indirectly acquire or become the holder of, or otherwise acquire or have a right to acquire, a legal, beneficial or economic interest in, or control of, all or a material part of Ruralco's assets or business or the assets or business of the Ruralco Group;
- (d) otherwise directly or indirectly acquire or merge with Ruralco or any material Related Body Corporate of Ruralco; or
- (e) require Ruralco to abandon, or otherwise fail to proceed with, the Scheme,

whether by way of takeover offer or bid, members' or creditors' scheme of arrangement, shareholder approved acquisition, capital reduction, buy back, sale or purchase of shares, other securities or assets, assignment of assets and liabilities, incorporated or unincorporated joint venture, dual-listed company (or other synthetic merger), deed of company arrangement, any debt for equity arrangement or other transaction or arrangement.

For the avoidance of doubt, each successive material modification or variation of any proposal, agreement, arrangement or transaction in relation to a Competing Proposal will constitute a new Competing Proposal.

Competing Proposal Agreement means any agreement, understanding or commitment in respect of a Competing Proposal.

Conditions means the conditions set out in clause 3.1 and **Condition** means any one of them.

Confidentiality Deed means the confidentiality deed between Ruralco and Nutrien dated 11 February 2019.

Consultation Notice has the meaning given to that term in clause 3.9(a)(i).

Control has the meaning given under section 50AA of the Corporations Act. **Controlled** has the equivalent meaning.

Corporations Act means the *Corporations Act 2001* (Cth), as amended by any applicable ASIC class order, ASIC legislative instrument or ASIC relief.

Counter Proposal has the meaning given to that term in clause 10.7(c).

Court means the Supreme Court of New South Wales or any other court of competent jurisdiction under the Corporations Act as the parties may agree in writing.

Deed Poll means the deed poll to be executed by Nutrien prior to the First Court Date, in the form set out in Schedule 4 or in such other form as is acceptable to Ruralco acting

reasonably, provided that where Nutrien nominates a Nutrien Sub in accordance with clause 2.1(c), the Deed Poll must provide for the Nutrien Sub to have the primary obligations under the Deed Poll.

Discloser has the meaning given to that term in clause 3.5(b).

Disclosure Letter means the letter so entitled from Ruralco provided to Nutrien on or prior to the date of this deed and countersigned by Nutrien.

Due Diligence Materials means the information in relation to the Ruralco Group disclosed in writing by or on behalf of Ruralco to Nutrien and its Representatives as at 11.59pm on 26 February 2019 in:

- (a) the Online Data Room; and
- (b) any written answers as contained in the Online Data Room to requests for further information made by Nutrien and its Representatives.

Effective means, when used in relation to the Scheme, the coming into effect, under section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) of the Corporations Act in relation to that Scheme.

Effective Date, with respect to the Scheme, means the date on which the Scheme becomes Effective.

End Date means:

- (a) the later of:
 - (i) the date that is 180 calendar days after the date of this deed;
 - (ii) if a Regulatory Approval Condition has not been satisfied prior to the date referred to in sub-paragraph (a) immediately above – a further 30 calendar days after the end of 180 calendar days after the date of this deed; or
- (c) such other date and time agreed in writing between Nutrien and Ruralco.

Environmental Law means any law or regulation relating to the environment including relating to:

- (a) the discharge or emission of substances to air, water or land;
- (b) contamination of air, water or land; or
- (c) the production, use, handling, storage, disposal or transport of waste or hazardous substances.

Environmental Permit means any Authorisation required by any Environmental Law.

Excluded Shareholder means any Ruralco Shareholder who is Nutrien or a wholly-owned Subsidiary of Nutrien.

Exclusivity Period means the period commencing on the date of this deed and ending on the earliest of:

- (a) the End Date;

- (b) the Effective Date; and
- (c) the date this deed is terminated in accordance with its terms.

FATA means the *Foreign Acquisitions and Takeovers Act 1975 (Cth)*.

FIRB means the Foreign Investment Review Board.

Financial Adviser means any financial Adviser retained by a party in relation to the Transaction or a Competing Proposal from time to time.

Financial Indebtedness means any debt or other monetary liability (whether actual or contingent) in respect of monies borrowed or raised or any financial accommodation including under or in respect of any:

- (a) bill, bond, debenture, note or similar instrument;
- (b) acceptance, endorsement or discounting arrangement;
- (c) guarantee;
- (d) finance or capital lease;
- (e) agreement for the deferral of a purchase price or other payment in relation to the acquisition of any asset or service, other than in the ordinary course of business of the Ruralco Group; or
- (f) obligation to deliver goods or provide services paid for in advance by any financier.

First Court Date means the date the Court first hears the application to order the convening of the Scheme Meeting under section 411(1) of the Corporations Act or, if the hearing of such application is adjourned for any reason, means the first day of the adjourned meeting.

Governmental Agency means any government or representative of a government or any governmental, semi-governmental, administrative, fiscal, regulatory or judicial body, department, commission, authority, tribunal, agency, competition authority or entity and includes any minister, FIRB, ASIC, ASX and any regulatory organisation established under statute or any stock exchange.

GST means a goods and services tax, or similar value added tax, levied or imposed in Australia under the GST Law.

GST Act means the *A New Tax System (Goods and Services Tax) Act 1999 (Cth)*.

GST Exclusive Consideration has the meaning given to that term in clause 16.4(c).

GST Law has the meaning given to it in the GST Act.

Headcount Test means the requirement under section 411(4)(a)(ii)(A) of the Corporations Act that the resolution to approve the Scheme at the Scheme Meeting is passed by a majority in number of Ruralco Shareholders present and voting, either in person or by proxy.

Implementation Date means, with respect to the Scheme, the fifth Business Day, or such other Business Day as the parties agree, following the Record Date for the Scheme.

Independent Expert means an expert, independent of the parties, engaged by Ruralco in good faith to opine on whether the Scheme is in the best interests of Ruralco Shareholders.

Independent Expert's Report means the report from the Independent Expert commissioned by Ruralco for inclusion in the Scheme Booklet, which includes a statement by the Independent Expert on whether, in its opinion, the Scheme is in the best interests of Ruralco Shareholders, and includes any update, revision or amendment of that report by the Independent Expert.

Insolvency Event means in relation to a person:

- (a) **(insolvency official)** the appointment of a liquidator, provisional liquidator, administrator, statutory manager, controller, receiver, receiver and manager or other insolvency official (whether under an Australian law or a foreign law) to the person or to the whole or a substantial part of the property or assets of the person and the action is not stayed, withdrawn or dismissed within 14 days;
- (b) **(arrangements)** the entry by the person into a compromise or arrangement with its creditors generally;
- (c) **(winding up)** the calling of a meeting to consider a resolution to wind up the person (other than where the resolution is frivolous or cannot reasonably be considered to be likely to lead to the actual winding up of the person) or the making of an application or order for the winding up or deregistration of the person other than where the application or order (as the case may be) is set aside or withdrawn within 14 days;
- (d) **(ceasing business)** the person ceases or threatens to cease to carry on business;
- (e) **(insolvency)** the person is or becomes unable to pay its debts when they fall due within the meaning of the Corporations Act or is otherwise presumed to be insolvent under the Corporations Act;
- (f) **(deregistration)** the person being deregistered as a company or otherwise dissolved;
- (g) **(deed of company arrangement)** the person executing a deed of company arrangement;
- (h) **(person as trustee or partner)** the person incurs a liability while acting or purporting to act as trustee (or co-trustee) or general partner of a trust or partnership (including a limited partnership) and the person is not entitled to be fully indemnified against the liability out of trust or partnership assets because of one or more of the following:
 - (i) a breach of trust or obligation as partner by the person;
 - (ii) the person acting outside the scope of its powers as trustee or partner;
 - (iii) a term of the trust or partnership denying, or limiting, the person's right to be indemnified against the liability;
 - (iv) the assets of the trust or partnership being insufficient to discharge the liability; or

- (i) **(analogous events)** anything analogous to those set out in any of paragraphs (a) to (g) inclusive occurs in relation to the person under the laws of a foreign jurisdiction.

Listing Rules means the official listing rules of ASX as amended from time to time.

Matching Or Superior Counter Proposal means a Counter Proposal which the Ruralco Board determines, acting in good faith and in order to satisfy what the Ruralco Board reasonably considers to be its fiduciary or statutory duties (and after having obtained written advice from Ruralco's external legal and financial Advisers):

- (a) is reasonably capable of being valued and completed; and
- (b) would, if completed substantially in accordance with its terms, be equally favourable to Ruralco Shareholders as, or more favourable to Ruralco Shareholders than, the Competing Proposal referred to in clause 10.7(b).

Material Adverse Change means an event, occurrence or matter that occurs, is announced, is disclosed or otherwise becomes known to Nutrien (whether it becomes public or not) after the date of this deed, and which (individually or when aggregated with other events, occurrences or matters) has or is reasonably likely to have the effect of:

- (a) diminishing the net assets of the Ruralco Group by \$50 million or more; or
- (b) diminishing the annual underlying EBITDA (earnings before interest, tax, depreciation and amortisation) of the Ruralco Group by at least \$15 million per financial year in any financial year,

compared to Ruralco's consolidated annual financial statements for the year ended 30 September 2018 (in each case determined in accordance with Accounting Standards), other than events, occurrences or matters:

- (c) expressly required or permitted to be done or procured by Ruralco pursuant to this deed or the Scheme (including the payment of a Permitted Dividend);
- (d) to the extent that it was Fairly Disclosed in the Disclosure Letter or the Due Diligence Materials;
- (e) to the extent it was Fairly Disclosed in publicly available filings to the ASX before the date of this deed;
- (f) to the extent it was actually known to Nutrien prior to the date of the deed (which does not include knowledge of the risk of an event, matter or circumstance occurring);
- (g) which Nutrien has previously approved in writing;
- (h) directly relating to costs and expenses incurred by Ruralco associated with the Scheme process, including all fees payable to external advisers of Ruralco, to the extent such amounts are Fairly Disclosed in the Disclosure Letter or the Due Diligence Materials; or
- (i) which arise from:
 - (i) changes that affect the agricultural industry generally;
 - (ii) changes in exchange rates or interest rates;

- (iii) general economic, political or business conditions, including material adverse changes or major disruptions to, or fluctuations in, domestic or international financial markets, and acts of terrorism, war (whether or not declared), natural disaster or the like; or
- (iv) changes to accounting standards or policies or the interpretation of them, applicable laws or policies of a Government Agency in Australia,

but exclude any events, occurrence or matter which has a disproportionate effect on the Ruralco Group as compared to other participants in the industries in which the Ruralco Group operates.

Material Contract means any agreement, contract, deed or other arrangement, right or instrument which:

- (a) generates, or is expected to generate, annual revenue for the Ruralco Group in excess of \$15 million individually; or
- (b) incurs, or expected to incur, gross annual expenditure for the Ruralco Group in excess of \$1.5 million individually or in excess of \$5 million when aggregated with all related agreements, contracts, deeds, arrangements, rights or instruments).

Notice has the meaning given to that term in clause 15.1(a).

Nutrien Break Fee means \$4,698,000.

Nutrien Group means Nutrien and its Subsidiaries, and **member of the Nutrien Group** means each such entity.

Nutrien Indemnified Parties means each member of the Nutrien Group and each Authorised Person of a member of the Nutrien Group.

Nutrien Information means all information regarding Nutrien that is provided by or on behalf of Nutrien to Ruralco for inclusion in the Scheme Booklet (and that is specifically identified as such by Nutrien) which for the avoidance of doubt does not include the Ruralco Information or the Independent Expert's Report.

Nutrien Sub has the meaning given to that term in clause 2.1(c).

Nutrien Warranties means the representations and warranties of Nutrien set out in clause 9.1.

Online Data Room means the documents and information (including, for the avoidance of doubt, information and responses to questions or requests for information from Nutrien and its Representatives provided by Ruralco or its Representatives via the "Q&A" function) contained in the Intralinks online data room entitled "Project Everlast" as at 11.59pm on 26 February 2019 to which Nutrien and its Representatives were given access prior to 11.59pm on 26 February 2019, an electronic copy of which has been provided to Nutrien by Ruralco or its Representatives on or before the date of this deed.

Permitted Dividends means the Permitted Interim Dividend and the Permitted Special Dividend.

Permitted Interim Dividend means a dividend in an amount not exceeding \$0.10 per Ruralco Share paid by Ruralco to Ruralco Shareholders between the date of this deed and the Implementation Date (which will be fully franked subject to the availability of

franking credits and which, to the extent franked, will not result in the franking account of Ruralco being in deficit after the payment of the dividend).

Permitted Special Dividend means a special dividend declared or determined by the Ruralco Board in respect of which all of the requirements in clauses 4.3(a) and 4.3(b) in respect of such special dividend have been satisfied.

Prescribed Occurrence means the occurrence of any of the following on or after the date of this deed and before 8.00am on the Second Court Date:

- (a) Ruralco converts all or any of its shares into a larger or smaller number of shares (see section 254H of the Corporations Act);
- (b) any member of the Ruralco Group resolves to reduce its share capital in any way;
- (c) any member of the Ruralco Group:
 - (i) enters into a buy-back agreement; or
 - (ii) resolves to approve the terms of a buy-back agreement under subsections 257C(1) or 257D(1) of the Corporations Act;
- (d) any member of the Ruralco Group declares, pays or distributes any dividend (other than a Permitted Dividend), bonus or other share of its profits or assets or returning or agreeing to return any capital;
- (e) any member of the Ruralco Group issues shares, or grants a performance right, a phantom performance right, or an option over its shares, or agrees to make such an issue or grant such a performance right, phantom performance right or an option;
- (f) any member of the Ruralco Group issues, or agrees to issue, convertible notes;
- (g) any member of the Ruralco Group disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property;
- (h) any member of the Ruralco Group creates or agrees to create, any mortgage, charge, lien or Security Interest over the whole, or a substantial part, of its business or property; or
- (i) an Insolvency Event occurs in relation to any member of the Ruralco Group,

provided that a Prescribed Occurrence will not include any matter:

- (j) expressly required to be done or procured by Ruralco pursuant to this deed or the Scheme;
- (k) to the extent it is Fairly Disclosed in publicly available filings of Ruralco with the ASX prior to the date of this deed;
- (l) to the extent it is Fairly Disclosed in the Disclosure Letter or the Due Diligence Materials;
- (m) required by law or by an order of a court or Governmental Agency;
- (n) expressly permitted pursuant to this deed; or

- (o) the undertaking of which Nutrien has previously approved in writing.

Protocol means the competition law protocol in the form agreed between the parties from time to time.

Receiving Party has the meaning given to that term in clause 16.2.

Recipient has the meaning given to that term in clause 3.5(b).

Recommendation has the meaning given to the term in clause 6.2(a).

Record Date means, in respect of the Scheme, 7.00pm on the third Business Day (or such other Business Day as the parties agree in writing) following the Effective Date.

Regulated Event means the occurrence of any of the following on or after the date of this deed and before 8.00am on the Second Court Date:

- (a) **(acquisitions and disposals)** any member of the Ruralco Group:
 - (i) acquires, leases or disposes of;
 - (ii) enters into or announces any agreement for the acquisition, leasing or disposal of;
 - (iii) offers, proposes, announces a bid or tenders for,

any asset, security, entity, business or undertaking (or similar business arrangement) the total consideration or the value of which exceeds \$10 million individually or in excess of \$20 million when aggregated with all related businesses or classes of assets or a series of related transactions;
- (b) **(constitution)** any member of the Ruralco Group makes any change to its constitution;
- (c) **(new business)** any member of the Ruralco Group commences any business activity not already carried out as at the date of this deed, whether by way of acquisition or otherwise, where the consideration paid for that business activity, or capital expenditure committed to that business activity, exceeds \$2 million.
- (d) **(cessation of business)** any member of the Ruralco Group ceases, or threatens to cease, to carry on a material part of the Ruralco Group's business;
- (e) **(restraint of trade)** any member of the Ruralco Group enters into a contract or commitment restraining a member of the Ruralco Group from competing with any person or conducting activities in any market, where such restraint would on its terms operate to restrain any member of the Nutrien Group (excluding the Ruralco Group) following Implementation of the Scheme;
- (f) **(contract not on arm's-length terms)** any member of the Ruralco Group enters into any transaction or agreement that continues beyond the Implementation Date on terms that are not arm's-length commercial terms;
- (g) **(material contracts)** any member of the Ruralco Group enters into, or materially varies or terminates, any Material Contract other than, in each case in the ordinary course of business of the Ruralco Group, a Material Contract for:
 - (i) the purchase of inventory;

- (ii) budgeted capital expenditure as contained in Ruralco's Current Capital Expenditure Budget;
 - (iii) shipping charges;
 - (iv) water projects (provided that Ruralco promptly notifies Nutrien of any entry into, or material variation or termination of, any Material Contract for water projects);
 - (v) live export trading contracts (provided that Ruralco promptly notifies Nutrien of any entry into, or material variation or termination of, any Material Contract for water projects); and
 - (vi) Adviser arrangements.
- (h) **(capital expenditure)** any member of the Ruralco Group enters into any commitments for capital expenditure of more than \$1 million individually, or in excess of \$5 million when aggregated with all related capital expenditure, other than to the extent the relevant expenditure is contained in Ruralco's Current Capital Expenditure Budget;
- (i) **(Authorisations)** any member of the Ruralco Group takes any action that is intended to result in the termination, surrender or variation in a material respect of an Authorisation that is material to the Transaction;
- (j) **(financing arrangements as lender)** any member of the Ruralco Group makes or agrees to provide any Financial Indebtedness, other than:
- (i) pursuant to existing debt facilities (being those debt facilities which are in existence as at the date of this deed and which have been Fairly Disclosed in the Due Diligence Materials);
 - (ii) any Financial Indebtedness of the type described in paragraph (e) of the definition of Financial Indebtedness made or agreed to be provided as part of a disposal by a member of the Ruralco Group of an asset, security, entity, business or undertaking that is not otherwise a Regulated Event;
 - (iii) the provision of guarantees in the ordinary course of business consistent with past practices; or
 - (iv) to a Related Body Corporate of Ruralco or any joint ventures in which the Ruralco Group has an interest, in excess of \$2.5 million (individually or in aggregate);
- (k) **(financing arrangements as borrower or guarantor)** any member of the Ruralco Group incurs or agrees to incur any Financial Indebtedness in excess of \$5 million (individually or in aggregate) other than to pay the Permitted Special Dividend in the manner contemplated by clause 4.3;
- (l) **(derivatives)** any member of the Ruralco Group enters into any agreement, arrangement or transaction with respect to derivative instruments (including, but not limited to, swaps, futures contracts, forward commitments, commodity derivatives or options) or similar instruments, other than in the ordinary course of business;
- (m) **(related party transactions)** any member of the Ruralco Group enters into, or resolves to enter into, a transaction with any related party of Ruralco (other than a

related party which is Ruralco or another member of the Ruralco Group (including joint ventures in which the Ruralco Group has an interest)), as defined in section 228 of the Corporations Act, save as permitted by section 210 of the Corporations Act;

- (n) **(enterprise bargaining agreement)** any member of the Ruralco Group enters into any enterprise bargaining agreement or any other form of collective agreement concerning the terms of employment of employees of the Ruralco Group;
- (o) **(remuneration and termination benefits)** any member of the Ruralco Group:
 - (i) increases the remuneration or compensation of any one or more of its officers, directors, executives or employees, other than in the ordinary and usual course of business consistent with past practices;
 - (ii) enters into or materially alters, varies or amends any employment, consulting, severance or similar agreement or arrangement with one or more of its officers, directors, executives or employees, or accelerates or otherwise materially increases compensation or benefits for any of the foregoing; or
 - (iii) pays any of its officers, directors, executives or employees a termination or retention payment, other than in accordance with contractual arrangements in effect on the date of this deed and which are contained in the Due Diligence Materials,

provided that sub-paragraph (i), (ii) and (iii) above does not restrict the Ruralco Group from undertaking any action or making any payment which Ruralco considers is reasonably necessary to retain any executive or employee as a result of announcement of the Transaction provided that the aggregate financial impact on the Ruralco Group of all such actions and payments does not and will not exceed \$1 million;

- (p) **(Adviser arrangements)** any member of the Ruralco Group:
 - (i) amends in any material respect any arrangement with an Adviser;
 - (ii) enters into arrangements with a new Financial Adviser; or
 - (iii) pays any Adviser any fee where that fee is contingent on the Transaction;
- (q) **(accounting policy)** any member of the Ruralco Group makes any material change to its accounting policy, other than to the extent required by applicable accounting standards; or
- (r) **(delisting)** Ruralco is delisted from ASX,

provided that a Regulated Event will not include any matter:

- (s) expressly required to be done or procured by Ruralco pursuant to this deed or the Scheme;
- (t) to the extent it is Fairly Disclosed in publicly available filings of Ruralco with the ASX prior to the date of this deed;
- (u) to the extent it is Fairly Disclosed in the Disclosure Letter or the Due Diligence Materials;

- (v) required by law or by an order of a court or Governmental Agency;
- (w) expressly permitted pursuant to this deed; or
- (x) the undertaking of which Nutrien has previously approved in writing.

Regulator's Draft means the draft of the Scheme Booklet in a form acceptable to Ruralco and Nutrien, subject to the operation of clause 5.8, which is provided to ASIC for review for the purposes of section 411(2) of the Corporations Act.

Regulatory Approval means:

- (a) any approval, consent, authorisation, registration, filing, lodgment, permit, franchise, agreement, notarisation, certificate, permission, licence, direction, declaration, authority, waiver, modification or exemption from, by or with a Governmental Agency; or
- (b) in relation to anything that would be fully or partly prohibited or restricted by law if a Governmental Agency intervened or acted in any way within a specified period after lodgment, filing, registration or notification, the expiry of that period without intervention or action.

Regulatory Approval Conditions means those Conditions in clauses 3.1(a) and 3.1(b).

Related Body Corporate of a person, means a related body corporate of that person under section 50 of the Corporations Act.

Relevant Expense has the meaning given to that term in clause 16.4(e).

Relevant Interest has the meaning given in sections 608 and 609 of the Corporations Act.

Representative of a party includes an employee, agent, officer, director, adviser, partner, joint venturer or sub-contractor of that party.

Rival Acquirer has the meaning given to that term in clause 10.7(a).

RG 60 means Regulatory Guide 60 issued by ASIC.

Ruralco Break Fee means \$4,698,000.

Ruralco Board means the board of directors of Ruralco as constituted from time to time (or any committee of the board of directors of Ruralco constituted from time to time to consider the Transaction on behalf of Ruralco).

Ruralco's Existing Capital Expenditure Budget means the capital expenditure budget contained in Folder 2.5.1 of the Online Data Room.

Ruralco's Current Capital Expenditure Budget means Ruralco's Existing Capital Expenditure Budget, provided that, in the event the Implementation Date has not occurred before 1 October 2019:

- (a) the budgeted amount for each item of maintenance capital expenditure for the financial year commencing 1 October 2019 will be 1.05 times the budgeted amount for each item of maintenance capital expenditure in Ruralco's Existing Capital Expenditure Budget; and

- (b) the budgeted amount for investment capital expenditure for the financial year commencing 1 October 2019 will be 1.05 times the budgeted amount for each item of investment capital expenditure in Ruralco's Existing Capital Expenditure Budget, divided by 365 and multiplied by the number of days since 1 October 2019).

Ruralco Group means Ruralco and its Subsidiaries, and **member of the Ruralco Group** means each such entity.

Ruralco Indemnified Parties means each member of the Ruralco Group and each Authorised Person of a member of the Ruralco Group.

Ruralco Information means all information in the Scheme Booklet, other than the Nutrien Information and the Independent Expert's Report.

Ruralco Matched Share Rights means rights to Ruralco Shares awarded under Ruralco's executive share matching plan.

Ruralco Performance Rights means performance rights granted or issued under Ruralco's long term incentive plan.

Ruralco Register means the register of members of Ruralco maintained by or on behalf of Ruralco in accordance with section 168(1) of the Corporations Act.

Ruralco Share means a fully paid ordinary share in the capital of Ruralco.

Ruralco Share Rights means share rights granted or issued under Ruralco's employee retention plan or otherwise in connection with the retention of Ruralco's employees and described as a 'Share Right'.

Ruralco Shareholder means each person who is registered in the Ruralco Register as a holder of Ruralco Shares.

Ruralco Warranties means the representations and warranties of Ruralco set out in clauses 6.1, 9.3 and 10.1.

Sanctioned Person means, at any time:

- (a) any person listed in any sanctions-related list of designated Persons maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the U.S. Department of State, the United Nations Security Council, the European Union, any Member State of the European Union, the United Kingdom, Canada, or Australia;
- (b) any person operating organised or resided in a U.S. Sanctioned Country (including Iran, Syria, Sudan, Cuba, North Korea, or the Crimea Region of Ukraine); or
- (c) any person owned or controlled by any such person.

Scheme means the proposed scheme of arrangement pursuant to Part 5.1 of the Corporations Act between Ruralco and Scheme Shareholders in respect of all Scheme Shares, in the form set out in Schedule 3 or in such other form as the parties agree in writing, subject to any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act and approved in writing by each party.

Scheme Booklet means the notice of Scheme Meeting explanatory booklet to be prepared by Ruralco in respect of the Transaction in accordance with the terms of this deed and to be despatched to Ruralco Shareholders.

Scheme Consideration means an amount of \$4.40 for each Scheme Share.

Scheme Meeting means the meeting of Ruralco Shareholders ordered by the Court to be convened under section 411(1) of the Corporations Act to consider and vote on the Scheme and includes any meeting convened following any adjournment or postponement of that meeting.

Scheme Share means a Ruralco Share on issue as at the Record Date other than any Ruralco Share then held by an Excluded Shareholder (but including any such Ruralco Share held on behalf of one or more third parties or otherwise in a fiduciary capacity).

Scheme Shareholder means a person who holds one or more Scheme Shares.

Second Court Date means the first day on which an application made to the Court for an order under section 411(4)(b) of the Corporations Act approving the Scheme is heard or, if the hearing of such application is adjourned for any reason, means the date on which the adjourned application is heard.

Security Interest has the meaning given in section 51A of the Corporations Act.

Sensitive Confidential Information has the meaning given to that term in clause 3.5(b).

Share Splitting means the splitting by a holder of Ruralco Shares into two or more parcels of Ruralco Shares whether or not it results in any change in beneficial ownership of the Ruralco Shares.

Standard Tax Condition means any tax-related conditions which are in the form, or substantially in the form, of those set out in Attachment B of FIRB Guidance Note 47 on 'Tax Conditions' (in the form released on 13 August 2018).

Sub Notification has the meaning given to that term in clause 2.1(c).

Subsidiary of an entity (the 'first body') means an entity which is a 'subsidiary' (within the meaning of section 46 of the Corporations Act) of the first body, or an entity which is Controlled by the first body.

Superior Proposal means a bona fide Competing Proposal (in relation to which there has been no contravention of clause 10 and which has not arisen or comes into existence as a result of Ruralco having breached clause 10) which the Ruralco Board determines, acting in good faith and in order to satisfy what the Ruralco Board reasonably considers to be its fiduciary or statutory duties (and after having obtained written advice from Ruralco's external legal and financial Advisers):

- (a) is reasonably capable of being valued and completed; and
- (b) would, if completed substantially in accordance with its terms, be more favourable to Ruralco Shareholders than the Transaction (as the Transaction may be amended or varied following application of the matching right set out in clause 10.7),

in each case, taking into account all aspects of the Competing Proposal as compared to the Transaction (as the Transaction may be amended or varied following application of the matching right set out in clause 10.7).

Supplier has the meaning given to that term in clause 16.4(c).

Third Party means a person other than Nutrien or any of its Related Bodies Corporate.

Timetable means the indicative timetable in relation to the Transaction set out in Schedule 2 with such modifications as may be agreed in writing by the parties.

Treasurer means the Treasurer of Australia.

Transaction means the proposed acquisition by Nutrien, in accordance with the terms and conditions of this deed, of all of the Ruralco Shares (other than the Ruralco Shares held by an Excluded Shareholder) through the implementation of the Scheme.

Voting Intention has the meaning given to that term in clause 6.2(b).

1.2 Interpretation

In this deed the following rules of interpretation apply unless the contrary intention appears:

- (a) headings are for convenience only and do not affect the interpretation of this deed;
- (b) the singular includes the plural and vice versa;
- (c) words that are gender neutral or gender specific include each gender;
- (d) where a word or phrase is given a particular meaning, other parts of speech and grammatical forms of that word or phrase have corresponding meanings;
- (e) the words 'such as', 'including', 'particularly' and similar expressions are not used as, nor are intended to be, interpreted as words of limitation;
- (f) a reference to:
 - (i) a person includes a natural person, partnership, joint venture, government agency, association, corporation, trust or other body corporate;
 - (ii) a thing (including, but not limited to, a chose in action or other right) includes a part of that thing;
 - (iii) a party includes its agents, successors and permitted assigns;
 - (iv) a document includes all amendments or supplements to that document;
 - (v) a clause, term, party, schedule or attachment is a reference to a clause or term of, or party, schedule or attachment to this deed;
 - (vi) this deed includes all schedules and attachments to it;
 - (vii) a law includes a constitutional provision, treaty, decree, convention, statute, regulation, ordinance, by-law, judgment, rule of common law or equity and is a reference to that law as amended, consolidated or replaced;
 - (viii) a statute includes any regulation, ordinance, by-law or other subordinate legislation made under it;
 - (ix) an agreement other than this deed includes an undertaking, or legally enforceable arrangement or understanding, whether or not in writing; and
 - (x) a monetary amount is in Australian dollars;

- (g) an agreement on the part of two or more persons binds them jointly and each of them severally;
- (h) when the day on which something must be done is not a Business Day, that thing must be done on the following Business Day;
- (i) a reference to time is to Sydney, Australia time;
- (j) no rule of construction applies to the disadvantage of a party because that party was responsible for the preparation of this deed or any part of it;
- (k) a reference to a fact, matter, circumstance or thing being **Fairly Disclosed** to a party means disclosed in writing to any of that party or any of its Authorised Persons in good faith and in sufficient detail so as to reasonably apprise a party (or one of its Authorised Persons) as to the nature and scope of the relevant matter, event or circumstance;
- (l) an obligation imposed by this deed on a party to use reasonable endeavours to ensure that an act or thing occurs or does not occur is to be read as including an obligation on that party to cause its subsidiaries to use reasonable endeavours to ensure that such act or thing occurs or does not occur, as the case may be;
- (m) a reference to a party using or an obligation on a party to use its reasonable endeavours or to act reasonably does not oblige that party to:
 - (i) pay money:
 - (A) in the form of an inducement or consideration to a third party to procure something (other than the payment of immaterial expenses or costs, including costs of advisers, to procure the relevant thing); or
 - (B) in circumstances that are commercially onerous or unreasonable in the context of this Deed;
 - (ii) provide other valuable consideration to or for the benefit of any person; or
 - (iii) agree to commercially onerous or unreasonable conditions; and
- (n) a reference to taking an action in relation to a potential Competing Proposal means taking an action which ought reasonably be expected to lead to a Competing Proposal.

Schedule 2 Indicative Timetable

Event	Date
Provide draft Scheme Booklet to ASIC for review and comment	Late March 2019 / Early April 2019
First Court Date	Early to mid April 2019
Despatch Scheme Booklet to Ruralco Shareholders	Mid to late April 2019
Scheme Meeting	Late May 2019 (subject to status of Regulatory Approvals)
Second Court Date	Late May 2019 to early June 2019
Effective Date – lodge office copy of Court order approving the Scheme with ASIC	Late May 2019 to early June 2019
Record Date	June 2019
Implementation Date: Pay Scheme Consideration in accordance with the Scheme. Reconstitute boards of each Ruralco Group company	June 2019

Schedule 3 Scheme of arrangement

Not reproduced here – please see Attachment C of the Scheme Booklet.

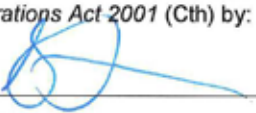
Schedule 4 Deed Poll

Not reproduced here – please see Attachment D of the Scheme Booklet.

Execution page

Executed and delivered as a deed.

Signed, sealed and delivered by **Ruralco Holdings Limited** in accordance with section 127 of the *Corporations Act 2001* (Cth) by:



Signature of director

TRAVIS ANDREW DILLON

Name of director (print)



Signature of director/secretary

Timothy Godolphin Rowe

Name of director/secretary (print)

Executed by Nutrien Ltd.:



Signature of authorised signatory

Mike Frank.

Name of authorised signatory (print)



Signature of witness

Nina Riky

Name of witness (print)



Scheme of Arrangement made under section 411 of the Corporations Act

Attachment C



Scheme of Arrangement

Ruralco Holdings Limited
Each person who holds one or more Scheme Shares

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Parties

- 1 Ruralco Holdings Limited (ABN 40 009 660 879) of Level 5, Building A, 26 Talavera Road, Macquarie Park NSW 2113 (**Ruralco**)
 - 2 Each person who holds one or more Scheme Shares (**Scheme Shareholders**)
-

1 Defined terms and interpretation

1.1 Definitions in the Dictionary

A term or expression starting with a capital letter:

- (a) which is defined in the Dictionary in Schedule 1 (**Dictionary**), has the meaning given to it in the Dictionary;
- (b) which is defined in the Corporations Act, but is not defined in the Dictionary, has the meaning given to it in the Corporations Act; and
- (c) which is defined in the GST Law, but is not defined in the Dictionary or the Corporations Act, has the meaning given to it in the GST Law.

1.2 Interpretation

The interpretation clause in Schedule 1 (**Dictionary**) sets out rules of interpretation for this deed.

2 Preliminary matters

- (a) Ruralco is a public company limited by shares and is admitted to the official list of ASX.
- (b) As at the date of the Scheme Booklet, Ruralco had on issue or had granted (as applicable):
 - (i) 105,052,247 Ruralco Shares;
 - (ii) 1,301,611 Ruralco Performance Rights;
 - (iii) 165,130 Ruralco Share Rights; and
 - (iv) 67,510 Ruralco Matched Shares.
- (c) Nutrien Ltd. (**Nutrien**) is a public company limited by shares admitted to the official list of the Toronto Stock Exchange and the New York Stock Exchange.
- (d) Agrium Australia Pty Ltd (**Nutrien Sub**) is a proprietary company limited by shares incorporated in Australia. Nutrien Sub is a wholly-owned subsidiary of Nutrien.
- (e) On 27 February 2019, Nutrien and Ruralco entered into the Implementation Deed pursuant to which, amongst other things, Ruralco has agreed to propose this Scheme to the Scheme Shareholders, and each of Ruralco and Nutrien have agreed to take certain steps to give effect to this Scheme.

- (f) If this Scheme becomes Effective, then all the Scheme Shares and all of the rights and entitlements attaching to them on the Implementation Date will be transferred to Nutrien Sub, and the Scheme Consideration will be provided to the Scheme Shareholders in accordance with the provisions of this Scheme.
- (g) Each of Nutrien and Nutrien Sub have entered into the Deed Poll for the purposes of covenanting in favour of Scheme Shareholders to perform all actions attributed to it under this Scheme.

3 Conditions

3.1 Conditions to this Scheme

This Scheme is conditional upon, and will have no force or effect until, the satisfaction of each of the following:

- (a) as at 8.00am on the Second Court Date, each of the conditions set out in clause 3.1 of the Implementation Deed (other than the condition relating to the approval of the Court set out in clause 3.1(g) of the Implementation Deed) have been satisfied or waived in accordance with the terms of the Implementation Deed;
- (b) as at 8.00am on the Second Court Date, neither the Implementation Deed nor the Deed Poll have been terminated in accordance with their terms;
- (c) the Court approves this Scheme under section 411(4)(b) of the Corporations Act either unconditionally or subject to any alternations or conditions made or required by the Court under section 411(6) of the Corporations Act and that are agreed to by Nutrien and Ruralco;
- (d) such conditions made or required by the Court under section 411(6) of the Corporations Act in relation to the Scheme, and that are agreed to by Nutrien and Ruralco, have been satisfied or waived; and
- (e) the coming into effect of the Scheme Order, in accordance with section 411(10) of the Corporations Act, on or before the End Date.

3.2 Certificate

Ruralco will provide to the Court on the Second Court Date certificates signed by Nutrien and Ruralco (or such other evidence as the Court requests) stating whether or not the conditions to this Scheme (other than the conditions in clauses 3.1(c) to 3.1(e) above and the condition in clause 3.1(g) of the Implementation Deed) have been satisfied or waived in accordance with the terms of the Implementation Deed as at 8.00am on the Second Court Date.

4 The Scheme

- (a) Subject to clause 3.1, this Scheme takes effect for all purposes on and from the Effective Date.
- (b) This Scheme will lapse and be of no further force or effect if:
 - (i) the Effective Date has not occurred on or before the End Date; or

- (ii) the Implementation Deed or the Deed Poll is terminated in accordance with its terms unless Ruralco and Nutrien otherwise agree in writing.

5 Implementation of the Scheme

5.1 Lodgement of Scheme Order with ASIC

If the conditions in clauses 3.1(a) to 3.1(d) are satisfied or waived, Ruralco must lodge with ASIC, in accordance with section 411(10) of the Corporations Act, an office copy of the Scheme Order approving this Scheme as soon as possible after, and in any event by 5.00pm on the first Business Day after, the day on which the Court approves this Scheme.

5.2 Transfer of Scheme Shares

Subject to this Scheme becoming Effective, the following actions will occur (in the order set out below):

- (a) Nutrien Sub will deposit (or procure the deposit of) the Scheme Consideration in the manner contemplated by clause 6.2(a); and
- (b) on the Implementation Date:
 - (i) the Scheme Shares, together with all rights and entitlements attaching to the Scheme Shares as at the Implementation Date, will be transferred to Nutrien Sub, without the need for any further act by any Scheme Shareholder (other than acts performed by Ruralco as attorney and agent for Scheme Shareholders under clause 9) by:
 - (A) Ruralco delivering to Nutrien a duly completed Scheme Transfer, executed on behalf of the Scheme Shareholders by Ruralco; and
 - (B) Nutrien duly executing the Scheme Transfer, attending to the stamping of the Scheme Transfer (if required) and delivering it to Ruralco for registration; and
 - (ii) immediately following receipt of the Scheme Transfer in accordance with clause 5.2(b)(i)(B) or the transfer being effected under section 1074D of the Corporations Act (as the case may be), Ruralco must enter, or procure the entry of, the name of Nutrien in the Register in respect of all the Scheme Shares transferred to Nutrien in accordance with this Scheme.

6 Scheme Consideration

6.1 Entitlement to Scheme Consideration

Subject to the terms of this Scheme, on the Implementation Date, in consideration for the transfer to Nutrien Sub of the Scheme Shares, each Scheme Shareholder will be entitled to the Scheme Consideration in respect of each of their Scheme Shares.

6.2 Provision of Scheme Consideration

- (a) Nutrien must, by no later than the Business Day before the Implementation Date, deposit (or procure the deposit) in cleared funds an amount equal to the aggregate Scheme Consideration payable to the Scheme Shareholders in an Australian dollar

denominated trust account operated by or on behalf of Ruralco as trustee of the Scheme Shareholders (the **Trust Account**) provided that any interest on the amounts deposited (less bank fees and other charges) will be credited to Nutrien Sub's account.

- (b) Subject to Nutrien having complied with clause 6.2(a), Ruralco must, on the Implementation Date and from the Trust Account, pay or procure the payment to each Scheme Shareholder the Scheme Consideration attributable to that Scheme Shareholder, based on the number of Scheme Shares held by that Scheme Shareholder as at the Record Date.
- (c) Ruralco's obligation under clause 6.2(b) will be satisfied by Ruralco:
 - (i) where a Scheme Shareholder has, before the Record Date, made a valid election in accordance with the requirements of the Ruralco Share Registry to receive dividend payments from Ruralco by electronic funds transfer to a bank account nominated by the Scheme Shareholder, paying, or procuring the payment of, the relevant amount of Australian currency by electronic means in accordance with that election; or
 - (ii) otherwise dispatching, or procuring the dispatch of, a cheque in Australian currency to the Scheme Shareholder by prepaid post to their address shown in the Ruralco Register as at the Record Date, such cheque being drawn in the name of the Scheme Shareholder (or in the case of joint holders, in accordance with the procedures set out in clause 6.3), for the relevant amount.
- (d) If, following satisfaction of Nutrien Sub's obligations under clause 6.2(a) but prior to the occurrence of all of the events described in clause 5, this Scheme lapses under clause 4(b):
 - (i) Ruralco must immediately repay (or cause to be repaid) to or at the direction of Nutrien Sub the funds that were deposited in the Trust Account plus any interest on the amounts deposited (less bank fees and other charges);
 - (ii) the obligation to transfer Scheme Shares, together with all rights and entitlements attaching to the Scheme Shares as at the Implementation Date, to Nutrien Sub under clause 5 will immediately cease;
 - (iii) Nutrien Sub must return the Scheme Transfers, if provided pursuant to clause 5; and
 - (iv) Ruralco is no longer obliged to enter, or procure the entry of, the name of Nutrien Sub in the Ruralco Register in accordance with clause 5.

6.3 Joint holders

In the case of Scheme Shares held in joint names:

- (a) any cheque required to be paid to Scheme Shareholders will be payable to the joint holders and will be forwarded to the holder whose name appears first in the Ruralco Register on the Record Date; and
- (b) any other document required to be sent under this Scheme will be forwarded to the holder whose name appears first in the Ruralco Register as at the Record Date.

6.4 Permitted Dividends

Nutrien Sub acknowledges and agrees that at any time on or prior to the Implementation Date, Ruralco may announce, declare and pay:

- (a) a Permitted Interim Dividend (and for the avoidance of doubt there cannot be more than one Permitted Interim Dividend); and
- (b) subject to this Scheme becoming Effective, a Permitted Special Dividend (and there may be more than one Permitted Special Dividend),

in accordance with clause 4.3 of the Implementation Deed. The Scheme Consideration per Scheme Share will be reduced by the cash amount of the Permitted Special Dividend on a per Ruralco Share basis (but not, for the avoidance of doubt, by a Permitted Interim Dividend).

6.5 Unclaimed monies

- (a) The *Unclaimed Money Act 1995* (NSW) will apply in relation to any Scheme Consideration which becomes 'unclaimed money' (as defined in section 7 of the *Unclaimed Money Act 1995* (NSW)).
- (b) Ruralco may cancel a cheque issued under this clause 6.2(c) if the cheque:
 - (i) is returned to Ruralco; or
 - (ii) has not been presented for payment within six months after the date on which the cheque was sent.
- (c) During the period of one year commencing on the Implementation Date, on request in writing from a Scheme Shareholder to Ruralco (or the Ruralco Share Registry) (which request may not be made until the date which is 20 Business Days after the Implementation Date), Ruralco must reissue a cheque that was previously cancelled under this clause 6.5.

6.6 Remaining monies (if any) in Trust Account

To the extent that, following satisfaction of Ruralco's obligations under the other provisions of clause 5 and this clause 6 and provided Nutrien has by that time acquired the Scheme Shares in accordance with this Scheme, there is a surplus in the Trust Account, then subject to compliance with applicable laws, the other terms of this Scheme, the Deed Poll and the Implementation Deed, that surplus (less any bank fees and related charges) shall be paid by Ruralco (or the Ruralco Share Registry on Ruralco's behalf) to Nutrien Sub.

6.7 Orders of a Court or Governmental Agency

- (a) If written notice is given to Ruralco (or the Ruralco Share Registry) of an order or direction made by a court or Governmental Agency that:
 - (i) requires consideration to be provided to a third party (either through payment of a sum or the issuance of a security) in respect of Scheme Shares held by a particular Scheme Shareholder, which would otherwise be payable or required to be issued to that Scheme Shareholder by Ruralco in accordance with clause 5, then Ruralco shall be entitled to procure that provision of that consideration is made in accordance with that order or direction; or

- (ii) prevents Ruralco from providing consideration to any particular Scheme Shareholder in accordance with clause 5, or the payment or issuance of such consideration is otherwise prohibitive by applicable law, Ruralco shall be entitled to (as applicable) retain an amount equal to the number of Scheme Shares held by that Scheme Shareholder multiplied by the Scheme Consideration in accordance with clause 5 is permitted by that (or another) court or direction or otherwise by law.
- (b) To the extent that amounts are so deducted or withheld in accordance with clause 6.7(a), such deducted or withheld amounts will be treated for all purposes under this Scheme as having been paid to the person in respect of which such deduction and withholding was made, provided that such deducted or withheld amounts are actually remitted as required.

7 Dealings in Ruralco Shares

7.1 Determination of Scheme Shareholders

To establish the identity of the Scheme Shareholders, dealings in Ruralco Shares or other alterations to the Ruralco Register will only be recognised if:

- (a) in the case of dealings of the type to be effected using CHESS, the transferee is registered in the Ruralco Register as the holder of the relevant Ruralco Shares on or before the Record Date; and
- (b) in all other cases, registrable transfer or transmission applications in respect of those dealings, or valid requests in respect of other alterations, are received on or before the 7.00pm on the Record Date at the place where the Ruralco Register is kept,

and Ruralco must not accept for registration, nor recognise for any purpose (except a transfer to Nutrien pursuant to this Scheme and any subsequent transfer by Nutrien or its successors in title), any transfer or transmission application or other request received after such times, or received prior to such times but not in registrable or actionable form, as appropriate.

7.2 Register

- (a) Ruralco must register all registrable transmission applications or transfers of the Scheme Shares in accordance with clause 7.1(b) on or before the Record Date.
- (b) If this Scheme becomes Effective, a Scheme Shareholder (and any person claiming through that Scheme Shareholder) must not dispose of, or purport or agree to dispose of, any Scheme Shares or any interest in them after the Record Date otherwise than pursuant to this Scheme, and any attempt to do so will have no effect and Ruralco shall be entitled to disregard any such disposal.
- (c) For the purpose of determining entitlements to the Scheme Consideration, Ruralco must maintain the Ruralco Register in accordance with the provisions of this clause 7.2 until the Scheme Consideration has been paid to the Scheme Shareholders. The Ruralco Register in this form will solely determine entitlements to the Scheme Consideration.
- (d) All statements of holding for Ruralco Shares (other than statements of holding in favour of Nutrien Sub) will cease to have effect after the Record Date as documents of title in respect of those shares and, as from the Record Date, each

entry on the Register (other than entries on the Register in respect of Nutrien Sub and subsequent transferees) will cease to have effect except as evidence of entitlement to the Scheme Consideration in respect of the Ruralco Shares relating to that entry.

- (e) As soon as possible on or after the Record Date, and in any event within one Business Day after the Record Date, Ruralco will ensure that details of the names, registered addresses and holdings of Ruralco Shares for each Scheme Shareholder as shown in the Ruralco Register as at the Record Date are available to Nutrien in the form Nutrien reasonably requires.

8 Quotation of Ruralco Shares

- (a) Ruralco will ensure that ASX suspends trading of Ruralco Shares on the ASX with effect from the close of trading on the Effective Date.
- (b) On a date after the Implementation Date to be determined by Nutrien, Ruralco will apply:
 - (i) to the ASX for termination of the official quotation of Ruralco Shares on the ASX; and
 - (ii) to have itself removed from the official list of the ASX.

9 General Scheme provisions

9.1 Appointment of agent and attorney

- (a) On this Scheme becoming Effective, each Scheme Shareholder, without the need for any further act, irrevocably appoints Ruralco as its agent and attorney for the purposes of:
 - (i) executing any document or form or doing any other act necessary to give effect to the terms of this Scheme including, without limitation, the execution of the Share Transfer; and
 - (ii) enforcing the Deed Poll against Nutrien and Nutrien Sub,
 and Ruralco accepts such appointment.
- (b) Ruralco, as agent and attorney of each Scheme Shareholder, may sub-delegate its functions, authorities or powers under this clause 9.1 to all or any of its directors and officers (jointly, severally, or jointly and severally).

9.2 Enforcement of Deed Poll

Ruralco undertakes in favour of each Scheme Shareholder that it will enforce the Deed Poll against Nutrien and Nutrien Sub (as applicable on behalf of and as agent and attorney for the Scheme Shareholders).

9.3 Scheme Shareholders' agreements

Under this Scheme:

- (a) each Scheme Shareholder irrevocably agrees to the transfer of their Scheme Shares, together with all rights and entitlements attaching to those Scheme Shares, to Nutrien in accordance with the terms of this Scheme;
- (b) each Scheme Shareholder irrevocably agrees to the variation, cancellation or modification of the rights attached to their Scheme Shares constituted by or resulting from this Scheme;
- (c) each Scheme Shareholder irrevocably acknowledges that this Scheme binds Ruralco and all Scheme Shareholders (including those who did not attend the Scheme Meeting and those who did not vote, or voted against this Scheme, at the Scheme Meeting) and, to the extent of any inconsistency, overrides the constitution of Ruralco; and
- (d) each Scheme Shareholder irrevocably consents to Ruralco and Nutrien Sub doing all things and executing all deeds, instruments, transfers or other documents as may be necessary, incidental or expedient to the implementation and performance of this Scheme,

without the need for any further act by that Scheme Shareholder.

9.4 Warranty by Scheme Shareholders

- (a) Each Scheme Shareholder is deemed to have warranted to Nutrien Sub, and to the extent enforceable, to have appointed and authorised Ruralco as that Scheme Shareholder's agent and attorney to warrant to Nutrien Sub, that:
 - (i) all their Scheme Shares (including any rights and entitlements attaching to those Scheme Shares) will, at the date of the transfer of them to Nutrien Sub pursuant to this Scheme, be fully paid and free from all mortgages, charges, security interests (including any 'security interests' within the meaning of section 12 of the *Personal Property Securities Act 2009* (Cth)), liens, encumbrances and interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind; and
 - (ii) they have full power and capacity to sell and to transfer their Scheme Shares, and all rights and entitlements attaching to those Scheme Shares, to Nutrien Sub.
- (b) Ruralco undertakes in favour of each Scheme Shareholder that it will provide such warranty, to the extent enforceable, to Nutrien Sub on behalf of that Scheme Shareholder.

9.5 Title to Scheme Shares

- (a) Immediately upon deposit of the Scheme Consideration in accordance with clause 6.2(a), Nutrien will be beneficially entitled to the Scheme Shares transferred to it under this Scheme pending registration by Ruralco of Nutrien Sub in the Ruralco Register as the holder of the Scheme Shares.
- (b) To the extent permitted by law, the Scheme Shares (including all rights and entitlements attaching to the Scheme Shares) transferred under this Scheme to Nutrien Sub will, at the time of transfer of them to Nutrien Sub, vest in Nutrien Sub free from all mortgages, charges, security interests (including any 'security interests' within the meaning of section 12 of the *Personal Property Securities Act 2009* (Cth)), liens, encumbrances and interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind.

9.6 Appointment of sole proxy

Immediately upon deposit of the Scheme Consideration in accordance with clause 6.2, and until Ruralco registers Nutrien Sub as the holder of all Scheme Shares in the Ruralco Register, each Scheme Shareholder:

- (a) is deemed to have appointed Nutrien Sub as attorney and agent (and directed Nutrien Sub in each such capacity) to appoint any director, officer, secretary or agent nominated by Nutrien Sub as its sole proxy and, where applicable or appropriate, corporate representative to attend shareholders' meetings, exercise the votes attaching to the Scheme Shares registered in their name and sign any shareholders' resolution;
- (b) acknowledges that no Scheme Shareholder may itself attend or vote at any of those meetings or sign any resolutions, whether in person, by proxy or by corporate representative (other than pursuant to clause 9.6(a));
- (c) must take all other actions in the capacity of a registered holder of Scheme Shares as Nutrien Sub reasonably directs; and
- (d) acknowledges and agrees that in exercising the powers conferred in clause 9.6(a), Nutrien Sub and any director, officer, secretary or agent nominated by Nutrien Sub under that clause may act in the best interests of Nutrien Sub as the intended registered holder of the Scheme Shares.

9.7 Notices

- (a) Where a notice, transfer, transmission application, direction or other communication referred to in this Scheme is sent by post to Ruralco, it will not be deemed to be received in the ordinary course of post or on a date other than the date (if any) on which it is actually received at Ruralco's registered office or at the Ruralco Share Registry as the case may be.
- (b) The accidental omission to give notice of the Scheme Meeting or the non-receipt of such notice by a Ruralco Shareholder will not, unless so ordered by the Court, invalidate the Scheme Meeting or the proceedings of the Scheme Meeting.

9.8 Inconsistencies

This Scheme binds Ruralco and all Ruralco Shareholders, and to the extent of any inconsistency, overrides the Ruralco constitution.

9.9 No liability when acting in good faith

None of Nutrien, Nutrien Sub, Ruralco nor any director, officer, secretary or employee of Ruralco will be liable for anything done or omitted to be done in good faith in the performance of this Scheme or the Deed Poll.

9.10 Further assurance

Ruralco will execute all documents and do all acts and things as may be necessary or expedient for the implementation of, and performance of its obligations under, this Scheme.

9.11 Alterations and conditions

If the Court proposes to approve this Scheme subject to any conditions or alterations under section 411(6) of the Corporations Act, Ruralco may, by its counsel on behalf of all persons concerned, consent to only such of those conditions or alterations to this Scheme to which Nutrien has consented.

9.12 Stamp Duty

Nutrien Sub will pay any stamp duty payable on the transfer by Scheme Shareholders of the Scheme Shares to Nutrien.

9.13 Governing Law

- (a) This Scheme is governed by and will be construed according to the laws of New South Wales.
- (b) Each party irrevocably submits to the non-exclusive jurisdiction of the courts of New South Wales and of the courts competent to determine appeals from those courts.

Schedule 1 Dictionary

1 Dictionary

In this deed:

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ABN 98 008 624 691) or, if the context requires, the financial market operated by it.

Business Day means a day that is not a Saturday, Sunday or a public holiday or bank holiday in Sydney, New South Wales.

CHESS means the Clearing House Electronic Subregister System operated by ASX Settlement Pty Ltd and ASX Clear Pty Limited.

Corporations Act means the *Corporations Act 2001* (Cth), as amended by any applicable ASIC class order, ASIC legislative instrument or ASIC relief.

Court means the Supreme Court of New South Wales or any other court of competent jurisdiction under the Corporations Act as the parties may agree in writing.

Deed Poll means the deed poll dated 31 May 2019 under which each of Nutrien and Nutrien Sub covenants in favour of the Scheme Shareholders to perform all actions attributed to it under this Scheme.

Effective means, when used in relation to the Scheme, the coming into effect, under section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) of the Corporations Act in relation to that Scheme.

Effective Date means the date on which this Scheme becomes Effective.

End Date means the later of:

- (a) the later of:
 - (i) the date that is 180 calendar days after the date of the Implementation Deed; and
 - (ii) if a Regulatory Approval Condition has not been satisfied prior to the date referred to in sub-paragraph (a) immediately above - a further 30 calendar days after the end of 180 calendar days after the date of the Implementation Deed; or
- (b) such other date and time agreed in writing between Nutrien and Ruralco.

Excluded Shareholder means any Ruralco Shareholder who is Nutrien or a wholly-owned subsidiary of Nutrien.

Governmental Agency means any government or representative of a government or any governmental, semi-governmental, administrative, fiscal, regulatory or judicial body, department, commission, authority, tribunal, agency, competition authority or entity and includes any minister, Australian Taxation Office, Foreign Investment Review Board,

ASIC, ASX and any regulatory organisation established under statute or any stock exchange.

Implementation Deed means the scheme implementation deed dated 27 February 2019 between Nutrien and Ruralco, as amended or varied from time to time.

Implementation Date means the fifth Business Day, or such other Business Day as Nutrien and Ruralco agree, following the Record Date.

Listing Rules means the official listing rules of ASX as amended from time to time.

Nutrien means Nutrien Ltd. of 13131 Lake Fraser Drive S.E., Calgary AB T2J 7E8, Canada.

Permitted Interim Dividend has the meaning given to it in the Implementation Deed.

Permitted Special Dividend has the meaning given to it in the Implementation Deed.

Record Date means, in respect of this Scheme, 7.00pm on the third Business Day (or such other Business Day as the parties agree in writing) following the Effective Date.

Regulatory Approval Condition has the meaning given to it in the Implementation Deed.

Ruralco Matched Shares means rights to Ruralco Shares awarded under Ruralco's executive share matching plan.

Ruralco Performance Rights means performance rights granted or issued under Ruralco's long term incentive plan.

Ruralco Register means the register of members of Ruralco maintained by or on behalf of Ruralco in accordance with section 168(1) of the Corporations Act.

Ruralco Share means a fully paid ordinary share in the capital of Ruralco.

Ruralco Share Rights means share rights granted or issued under Ruralco's employee retention plan or otherwise in connection with the retention of Ruralco's employees and described as a 'Share Right'.

Ruralco Shareholder means each person who is registered in the Ruralco Register as a holder of Ruralco Shares.

Ruralco Share Registry means Computershare Investor Services Pty Limited (ACN 078 279 277).

Scheme means this scheme of arrangement pursuant to Part 5.1 of the Corporations Act proposed between Ruralco and the Ruralco Shareholders as set out in this document together with, any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act and that are agreed to by Nutrien and Ruralco.

Scheme Consideration means an amount of \$4.40 for each Scheme Share.

Scheme Meeting means the meeting of Ruralco Shareholders ordered by the Court to be convened under section 411(1) of the Corporations Act to consider and vote on the Scheme and includes any adjournment or postponement of that meeting.

Scheme Order means the orders of the Court made under section 411(4)(b) of the Corporations Act (and, if applicable, section 411(6) of the Corporations Act) in relation to this Scheme.

Scheme Share means a Ruralco Share on issue as at the Record Date other than any Ruralco Share then held by an Excluded Shareholder (but including any such Ruralco Share held on behalf of one or more third parties or otherwise in a fiduciary capacity).

Scheme Shareholder means each person who holds one or more Scheme Shares.

Scheme Transfer means, in relation to each Scheme Shareholder, a duly completed and executed proper instrument of transfer in respect of the Scheme Shares for the purposes of section 1071B of the Corporations Act, which may be a master transfer of all or part of all of the Scheme Shares.

Second Court Date means the first day on which an application made to the Court for an order under section 411(4)(b) of the Corporations Act approving this Scheme is heard or scheduled to be heard or, if the application is adjourned for any reason, means the date on which the adjourned application is heard or scheduled to be heard.

takes effect or taking effect means on and from the first time when an office copy of the Scheme Order approving the Scheme pursuant to section 411(4)(b) of the Corporations Act is lodged with ASIC pursuant to section 411(10) of the Corporations Act.

Trust Account has the meaning given in clause 6.2(a).

2 Interpretation

In this Scheme, except where the context otherwise requires:

- (a) headings are for convenience only and do not affect the interpretation of this Scheme;
- (b) the singular includes the plural and vice versa;
- (c) words that are gender neutral or gender specific include each gender;
- (d) where a word or phrase is given a particular meaning, other parts of speech and grammatical forms of that word or phrase have corresponding meanings;
- (e) the words 'such as', 'including', 'particularly' and similar expressions are not used as, nor are intended to be, interpreted as words of limitation;
- (f) a reference to:
 - (i) a person includes a natural person, partnership, joint venture, government agency, association, corporation, trust or other body corporate;
 - (ii) a thing (including, but not limited to, a chose in action or other right) includes a part of that thing;
 - (iii) a party includes its agents, successors and permitted assigns;
 - (iv) a document includes all amendments or supplements to that document;

- (v) a clause, term, party, schedule or attachment is a reference to a clause or term of, or party, schedule or attachment to this Scheme;
 - (vi) this Scheme includes all schedules and attachments to it;
 - (vii) a law includes a constitutional provision, treaty, decree, convention, statute, regulation, ordinance, by-law, judgment, rule of common law or equity and is a reference to that law as amended, consolidated or replaced;
 - (viii) a statute includes any regulation, ordinance, by-law or other subordinate legislation made under it;
 - (ix) an agreement other than this Scheme includes an undertaking, or legally enforceable arrangement or understanding, whether or not in writing; and
 - (x) a monetary amount is in Australian dollars;
- (g) an agreement on the part of two or more persons binds them jointly and each of them severally;
 - (h) when the day on which something must be done is not a Business Day, that thing must be done on the following Business Day;
 - (i) a reference to time is to Sydney, Australia time; and
 - (j) no rule of construction applies to the disadvantage of a party because that party was responsible for the preparation of this Scheme or any part of it.

Deed Poll

Attachment D

Deed Poll

Parties

This deed poll is made on 31 May 2019

by:

Name	Nutrien Ltd.
Short name	Nutrien
Address	13131 Lake Fraser Drive S.E., Calgary AB T2J 7E8, Canada

and

Name	Agrium Australia Pty Ltd
ACN	100 419 314
Short name	Nutrien Sub
Address	Level 10, 737 Bourke Street, Docklands, Victoria 3008, Australia

in favour of each Scheme Shareholder.

Background

- A Nutrien and Ruralco Holdings Limited (**Ruralco**) have entered into a scheme implementation deed with respect to the Scheme and associated matters (**Implementation Deed**).
- B The effect of the Scheme will be to transfer all Scheme Shares to Nutrien Sub in exchange for the Scheme Consideration.
- C Each of Nutrien and Nutrien Sub are entering into this deed poll to covenant in favour of the Scheme Shareholders that it will perform all actions attributed to it under the Scheme.

The parties agree:

1 Defined terms and interpretation

1.1 Defined terms

In this deed poll, unless otherwise defined, capitalised words and phrases have the same meaning as given to them in the proposed scheme of arrangement pursuant to Part 5.1 of the Corporations Act between Ruralco and Scheme Shareholders in respect of all Scheme Shares (**Scheme**).

1.2 Interpretation

In this deed poll, headings are for convenience only and do not affect its interpretation and, unless the context requires otherwise:

- (a) words importing the singular include the plural and vice versa;
- (b) a reference to any document (including the Scheme) is to that document as varied, novated, ratified or replaced; and

- (c) a reference to a clause, party, annexure or schedule is a reference to a clause of, and a party, annexure and schedule to, this deed poll and a reference to this deed poll includes any annexure and schedule.

1.3 Nature of deed poll

Each of Nutrien and Nutrien Sub acknowledges that:

- (a) this deed poll may be relied on and enforced by any Scheme Shareholder in accordance with its terms, even though the Scheme Shareholder is not party to it; and
- (b) under the Scheme, each Scheme Shareholder irrevocably appoints Ruralco as its agent and attorney to enforce this deed poll against Nutrien on behalf of that Scheme Shareholder.

2 Condition precedent and termination

2.1 Condition precedent to obligations of the Scheme

The obligations of Nutrien and Nutrien Sub under this deed poll are subject to the Scheme becoming Effective.

2.2 Termination

The obligations of Nutrien under this deed poll will automatically terminate, and the terms of this deed poll will be of no force or effect, if:

- (a) the Implementation Deed is terminated in accordance with its terms; or
- (b) the Scheme is not Effective by the End Date.

2.3 Consequences of termination

If this deed poll is terminated under clause 2.2, in addition and without prejudice to any other rights, powers or remedies available to it:

- (a) Nutrien is released from its obligations to further perform this deed poll, except those obligations under clause 6.7; and
- (b) each Scheme Shareholder retains the rights it has against Nutrien and Nutrien Sub in respect of any breach of this deed poll which occurs before it is terminated.

3 Scheme obligations

Subject to clause 2, each of Nutrien and Nutrien Sub covenants in favour of each Scheme Shareholder to:

- (a) by no later than the Business Day before the Implementation Date, deposit (or procure the deposit) in cleared funds an amount equal to the aggregate Scheme Consideration payable to the Scheme Shareholders in an Australian dollar denominated trust account operated by or on behalf of Ruralco as trustee of the Scheme Shareholders, provided that any interest on the amounts deposited (less bank fees and other charges) will be credited to Nutrien Sub's account; and

- (b) perform all actions attributed to it under, and otherwise comply with, the Scheme as if it were a party to the Scheme.

4 Warranties

Each of Nutrien and Nutrien Sub represents and warrants with respect to itself in favour of each Scheme Shareholder that:

- (a) it is a corporation validly existing under the laws of its place of registration;
- (b) it has the corporate power to enter into and perform its obligations under this deed poll and to carry out the transactions contemplated by this deed poll;
- (c) it has taken all necessary corporate action to authorise its entry into this deed poll and has taken or will take all necessary corporate action to authorise the performance of this deed poll and to carry out the transactions contemplated by this deed poll;
- (d) this deed poll is valid and binding on it and enforceable against it in accordance with its terms; and
- (e) this deed poll does not conflict with, or result in the breach of or default under, any provision of its constitution or any material term or provision of any agreement, or any writ, order or injunction, judgment, law, rule or regulation to which it is a party or by which it is bound.

5 Continuing obligations

This deed poll is irrevocable and, subject to clause 2, remains in full force and effect until:

- (a) Nutrien has fully performed its obligations under this deed poll; or
- (b) the earlier termination of this deed poll under clause 2.

6 General

6.1 Notices

Any notice or other communication to Nutrien in respect of this deed poll (**Notice**):

- (a) is only effective if:
 - (i) it is in writing, signed by the person making the communication or by a person duly authorised by that person;
 - (ii) it is directed to the recipient's address for notices as follows:

Address: 13131 Lake Fraser Drive S.E., Calgary AB T2J 7E8, Canada
 E-mail: andy.kelemen@nutrien.com and tom.mix@nutrien.com
 Attn: Andy Kelemen (Vice President, Corporate Development) and Tom Mix (General Counsel, Mergers & Acquisitions)

with a copy to Allens:

Address: Deutsche Bank Place, 126 Phillip St, Sydney NSW 2000
 E-mail: Richard.Kriedemann@allens.com.au
 Attn: Richard Kriedemann

- (b) takes effect when received (or at a later time specified in it), and is taken to be received:
 - (i) if hand delivered, on delivery;
 - (ii) if sent by prepaid post, the second Business Day after the date of posting (or the seventh Business Day after the date of posting if posted to or from outside Australia);
 - (iii) if sent by email:
 - (A) when the sender receives an automated message confirming delivery; or
 - (B) 2 hours after the time sent (as recorded on the device from which the sender sent the email) unless the sender receives an automated message that the email has not been delivered,

whichever happens first,

but if the delivery or transmission under clause 6.1(b)(i) or 6.1(b)(ii) is not on a Business Day or after 5.00pm on a Business Day, the Notice is taken to be received at 9.00am on the Business Day after that delivery, receipt or transmission.

6.2 Governing law

- (a) This deed poll is governed by and will be construed according to the laws of New South Wales.
- (b) Each party irrevocably submits to the non-exclusive jurisdiction of the courts of New South Wales and of the courts competent to determine appeals from those courts.

6.3 Waiver

A party does not waive a right, power or remedy if it fails to exercise or delays in exercising the right, power or remedy. A single or partial exercise by a party of a right, power or remedy does not prevent another or further exercise of that or another right, power or remedy. A waiver of a right, power or remedy must be in writing and signed by the party giving the waiver.

6.4 Variation

This deed poll may not be varied unless:

- (a) if before the First Court Date (as defined in the Implementation Deed), the variation is agreed to by Ruralco; or
- (b) if on or after the First Court Date (as defined in the Implementation Deed), the variation is agreed to by Ruralco and the Court indicates that the variation would not of itself preclude approval of the Scheme,

in which event Nutrien will enter into a further deed poll in favour of the Scheme Shareholders giving effect to the variation.

6.5 Cumulative rights

The rights, powers and remedies of Nutrien, Nutrien Sub and the Scheme Shareholders under this deed poll are cumulative and do not exclude any other rights, powers or remedies provided by law independently of this deed poll.

6.6 Assignment

The rights created by this deed poll are personal to Nutrien, Nutrien Sub and each Scheme Shareholder and may only be assigned with the prior written consent of Nutrien.

6.7 Stamp duty

Nutrien must pay any stamp duties and any related fines and penalties in respect of this deed poll, the performance of this deed poll and each transaction effected by or made under or pursuant to this deed poll.

6.8 Further assurances

Each of Nutrien and Nutrien Sub must promptly do all things necessary or expedient to be done by it in connection with the matters referred to in this deed poll and to implement the Scheme.

6.9 Counterparts

This deed poll may be executed in any number of counterparts and by the parties on separate counterparts. Each counterpart constitutes the agreement of each party who has executed and delivered that counterpart. Each counterpart is an original but the counterparts together are one and the same deed poll.

Executed and delivered as a deed.

Executed as a deed by affixing the corporate seal of **Nutrien Ltd.** in the presence of:



Signature of witness

Tom Mix

Name of witness (print)



Signature of authorised signatory

Charles (Chuck) Magro

Name of authorised signatory (print)

Executed as a deed by **Agrium Australia Pty Ltd** in accordance with the provisions of section 127(1) of the *Corporations Act* (Cth):



Signature of director

Rob Clayton

Name of director (print)



Signature of director/secretary

DORAL RICHARDSON

Name of director/secretary (print)



Independent Expert's Report

Attachment E





Ruralco Holdings Limited

Independent Expert's Report and Financial Services Guide

5 June 2019



The Directors
Ruralco Holdings Limited
Building A, Level 5, 26 Talavera Road
Macquarie Park NSW 2113

5 June 2019

Grant Thornton Corporate Finance Pty Ltd
ABN 59 003 265 987
AFSL 247140

Level 17, 383 Kent Street
Sydney NSW 2000
PO Locked Bag Q800
QVB Post Office
Sydney NSW 1230
T + 61 2 8297 2400
F + 61 2 9299 4445
E info@gtinsw.com.au
W www.grantthornton.com.au

Dear Directors

Introduction

Ruralco Holdings Limited ("Ruralco" or "the Company") is one of Australia's leading agriservices businesses, with a presence in over 500 locations nationally¹. Ruralco supplies its products and provides its services via four divisions as outlined below:

- Rural Services Division – Retail supplies such as fertiliser, crop protection products and general farm merchandise, and provides agronomic advice and agency services to the Australian farmer.
- Water Services Division – Leading distributor of water products, a provider of on-farm water infrastructure services and a broker of water entitlements.
- Financial Services Division – Provides insurance broking, finance broking and commodity advice and analysis.
- Live Export Division - Short haul live export of feeder and slaughter cattle mainly to Indonesia and Vietnam.

Ruralco is listed on the Australian Securities Exchange ("ASX") and had a market capitalisation of A\$460.1² million as at 26 April 2019.

Nutrien Ltd. ("Nutrien") is a global agribusiness and the world's largest provider of crop inputs and services. The company formed through the merger of the Potash Corporation of Saskatchewan ("PotashCorp") and Agrium Inc. ("Agrium") in January 2018. In Australia, Nutrien operates through its wholly-owned subsidiary Landmark Operations Limited ("Landmark"), a farming supplies retailer with a network of over 200 branches across the country.

On 27 February 2019, the Company announced that it had entered into a Scheme Implementation Deed ("SID") under which Nutrien (or a wholly owned subsidiary of Nutrien) will acquire 100% of the issued shares of Ruralco ("Ruralco Shares") via a scheme of arrangement ("Scheme")³. It has subsequently been determined that the acquirer entity will be Agrium Australia Pty Ltd which is a wholly-owned subsidiary of Nutrien.

¹ Including those stores that Ruralco supplies on a wholesale basis.

² Based on the closing share price of A\$4.38 as at 26 April 2019 and 105,052,247 shares outstanding.

³ The Scheme is subject to certain conditions precedent, including shareholders, court and regulatory approvals.



If the Scheme is approved and implemented, Ruralco shareholders will receive cash payments equal to A\$4.40 per share ("Total Cash Consideration"), comprising:

- Cash consideration under the Scheme of A\$4.40 for each Ruralco Share held as at the Scheme record date, less the amount of any special dividend that may be declared and paid by Ruralco on or before the date the Scheme is implemented; and
- A fully franked special dividend up to 90 cents per Ruralco Share held as at the Record Date⁴ that may be declared and paid by Ruralco on or before the date the Scheme is implemented ("Special Dividend").

The Ruralco Board intends to declare a fully franked Special Dividend of up to 90 cents per Ruralco Share which, subject to the Scheme becoming effective, is expected to be paid on 6 August 2019. The Total Cash Consideration will be A\$4.40 per share regardless of the amount of the Special Dividend as the Special Dividend will reduce the amount payable by Nutrien under the Scheme. We note that those Ruralco shareholders who are able to realise the full benefit of the franking credits attached to the Special Dividend will receive a total consideration of up to A\$4.79 value per share⁵. The Special Dividend is subject to approval of the Scheme, receipt of a favourable tax ruling from the ATO⁶ and the determination of Ruralco Board.

In addition, the Directors of Ruralco have declared a fully franked FY19 interim dividend ("Interim Dividend") of 10 cents per share on 14 May 2019 which will be paid on 19 June 2019. The Total Cash Consideration will not be reduced by the amount of the Interim Dividend.

The Scheme is subject to customary conditions precedent as set out in Section 1 of this Independent Expert's Report ("IER") including approval by Ruralco Shareholders, the Court and regulatory approvals from the Foreign Investment Review Board ("FIRB") and Australian Competition and Consumer Commission ("ACCC").

The SID contains customary exclusivity provisions including no shop, no talk restrictions and a notification obligation, subject to Ruralco Director's fiduciary obligations, and a matching right for Nutrien in case the Directors receive a superior proposal. The SID also details circumstances under which Ruralco may be required to pay Nutrien a break fee of approximately A\$4.7 million excluding GST (refer to Section 1 for more details).

Subject to no superior proposal emerging and an independent expert concluding and continuing to conclude that the Scheme is in the best interests of Ruralco shareholders, the Directors have unanimously recommended that Ruralco shareholders vote in favour of the Scheme and have advised that all Directors intend to vote all Ruralco shares held or controlled by them in favour of the Scheme.

⁴ 16 July 2019.

⁵ Assuming a Special Dividend of 90 cents per share.

⁶ Ruralco has applied to the Australian Taxation Office for a class ruling on the treatment of the cash consideration and the Special Dividend in the hands of Australian resident shareholders.



Purpose of the report

Whilst there is no legal requirement for the preparation of the IER in conjunction with the Scheme, the Directors of Ruralco have commissioned this IER to assist Ruralco shareholders in assessing the merits of the Scheme⁷.

When preparing this IER, Grant Thornton Corporate Finance has had regard to the Australian Securities Investment Commission ("ASIC") Regulatory Guide 111 *Contents of expert reports* ("RG 111") and Regulatory Guide 112 *Independence of experts* ("RG 112"). The IER also includes other information and disclosures as required by ASIC.

Summary of opinion

Grant Thornton Corporate Finance has concluded that the Scheme is FAIR AND REASONABLE and hence in the BEST INTERESTS of Ruralco shareholders.

In forming our opinion, Grant Thornton Corporate Finance has considered whether the Scheme is fair and reasonable to Ruralco shareholders and, as part of that consideration, have had regard to other quantitative and qualitative considerations.

Fairness Assessment

Grant Thornton Corporate Finance has compared the value per Ruralco share before the Scheme on a control basis with the Total Cash Consideration of A\$4.40 per share.

We note that if Ruralco decides to pay the Special Dividend, the Total Cash Consideration of A\$4.40 per share will be reduced on a A\$ for A\$ basis as regulated in the SID. Given that the Board is yet to make a final decision on the Special Dividend, we have assessed the fairness of the Scheme assuming no Special Dividend payment. However, the outcome for Ruralco shareholders and our opinion will not change if the Board of Ruralco decides to pay before implementation of the Scheme the Special Dividend.

We note that in our valuation assessment, we have not grossed up the value of the Total Cash Consideration for the potential value of the franking credits attached to the Special Dividend nor have we considered in our valuation assessment of Ruralco the value of the accumulated franking credits.

In our opinion, the benefit of the franking credits does not accrue to Ruralco directly, rather they are valuable under certain circumstances to Australian resident shareholders who can claim an income tax offset. We have considered the potential value of the franking credits attached to the Special Dividend in our reasonableness considerations.

⁷ We note that it is a condition precedent of the Scheme that an IER is commissioned.



The following table summarises our fairness assessment:

Ruralco - Fairness assessment	Section	Low	High
A\$ per share	Reference		
Fair market value of Ruralco Shares before the Scheme	6.1.4	4.14	5.03
Total Cash Consideration	1.1	4.40	4.40
Premium/ (discount)		0.26	(0.63)
Premium/ (discount) (%)		6.3%	(12.5%)
FAIRNESS ASSESSMENT		FAIR	

Source: GTCF analysis.

The Total Cash Consideration is within our assessed valuation range of a Ruralco share on a 100% basis. Accordingly, we conclude that the Scheme is **FAIR** to Ruralco shareholders.

Ruralco shareholders should be aware that our assessment of the value per Ruralco share should not be considered to reflect the price at which Ruralco shares will trade if the Scheme is not implemented. The price at which Ruralco shares will ultimately trade depends on a range of factors, including: the liquidity of Ruralco shares; macro-economic conditions; seasonal conditions; interest rates; and the performance of Ruralco's business.

We have assessed the fair market value of Ruralco shares on a control basis adopting the DCF Method and we have cross checked our assessment based on the EBITDA⁸ Multiple Method and Quoted Securities Prices as outlined below.

DCF Method

We have built a financial model projecting the post-tax free cash flows of Ruralco ("GT Model") based on the internal management forecast up to 30 September 2021 ("Internal Model"), historical financial performance, and industry benchmarks.

In our assessment of Ruralco based on the DCF Method, we have considered two scenarios which could reasonably be adopted by market participants in their pricing of the Company as outlined below:

1. *As-Is Scenario* – Under the As-Is Scenario, we have modelled the future performance of the business based on organic growth, having regard in particular to the assumptions below:
 - *Normal seasonal conditions* – The performance of the business is affected in each year by seasonal conditions and the level and timing of rainfall during the summer and winter cropping seasons. In our valuation assessment, we have assumed that the financial performance in FY20, FY21 and then in perpetuity is a function of the earnings that can be delivered under normal/average seasonal conditions i.e. "through the cycle" earnings. However, Ruralco shareholders should be aware that these are high level estimates and the actual performance in the discrete forecast period may be different from the through the cycle assumptions adopted in our DCF approach.
 - *Operating assumptions* – We have assumed that the operating assumptions are broadly in line with the historical long term averages under "through the cycle" assumptions for the Rural Services Division and the Water Services Division. The Financial Services Division

⁸ Earnings before interest, tax, depreciation and amortisation



delivered its first full year profit in FY18. Ramp-up in operations is expected under normal seasonal conditions given that drought has had a negative impact on farmers' confidence to draw down on their loans. The Live Export Division is expected to continue to face challenging market conditions, however in the first half of FY19, the financial performance has improved significantly.

- *Corporate costs* – Over the last 3 years, Ruralco has been implementing “Program Elevate” which comprises a number of initiatives (9 separate projects) and it has undertaken significant investments to upgrade its IT and infrastructure platform which are expected to reduce the corporate cost to serve (“Corporate Costs as % of GP”) over the next four years. In our valuation, we have included the risk-adjusted value of the expected reduction in the corporate cost to serve.
 - *Non-Controlling Interests (“NCIs”)* – The value of NCIs, mainly in the Rural Services Division and Live Export Division, has been estimated based on the net present value of the future profits attributable to the NCIs. The resulting value, which we have deducted from the enterprise value of Ruralco, has been discounted by 30% to reflect the lack of marketability and the minority position of the NCIs⁹.
 - *Discount rate* – assessed based on the weighted average cost of capital (“WACC”) between 9.0% and 10.0%.
2. *Acquisitions Scenario* – Ruralco has a history of growing via acquisitions and it has usually benefited from a multiple arbitrage as the acquisitions are normally undertaken at an EBITDA multiple which is lower than the EBITDA multiple at which the Company is valued by the market. Under the Acquisition Scenario, we have adopted the business performance projected under the As-Is Scenario and additionally we have assumed that Ruralco will make acquisitions over the next three years adding a total EBITDA of circa A\$16.5 million. We have assumed that the acquisitions will complete at an average EBITDA multiple of 4.5x¹⁰. In order to fund the acquisitions, Ruralco has a number of alternatives, and the funding requirements will also be dependent on the speed at which the acquisitions are completed, the performance of the underlying business and general market conditions. In our valuation assessment, we have assumed that the acquisitions will be funded by a combination of debt and equity¹¹.

The assumptions in relation to the potential future acquisitions are based on discussions with Management, a review of the strategic plan, the current pipeline of opportunities and the historical acquisitions completed by the Company. We note that the strategy of Ruralco is to continue undertaking bolt-on acquisitions to grow the business.

Whilst we acknowledge that the assumptions above in relation to future acquisitions are hypothetical at this point in time, we are of the opinion that the acquisition team and the ability of Ruralco to identify, complete and integrate value accretive small businesses into its platform have value for a pool of potential purchasers which needs to be recognised in our fairness assessment. We have also undertaken a number of sensitivity analyses on the acquisition multiple and the total EBITDA of the acquired businesses in Section 6.1.4.

⁹ Refer to Appendix F for details about marketability and minority discounts.

¹⁰ We note that in 2016 and 2017, Ruralco completed 9 acquisitions across the various divisions which were expected to generate A\$13.5 million EBITDA. The total average implied EBITDA multiple was 4.5x.

¹¹ We have assumed that the equity raising will be dilutive compared with our valuation of Ruralco on a control basis.



We have set out below a summary of our valuation assessment under the two Scenarios.

Valuation of Ruralco - Based on two scenarios		A\$ per share	
Scenarios	Section reference	Low	High
As-Is scenario	6.1.2	4.07	4.96
Acquisitions scenario	6.1.3	4.21	5.10
Overall assessed valuation range (average)		4.14	5.03

Source: GTCF analysis

EBITDA Multiple implied in the DCF assessment

The value range of Ruralco on a control basis having regard to the DCF approach implies an enterprise value as a multiple of historical and consensus forecast EBITDA as set out in the following table.

Implied EBITDA multiples		
A\$m	Low	High
Enterprise value on a control basis ¹	681,093	767,139
EBITDA		
FY18 EBITDA (Actual, underlying)	70,095	70,095
FY19 EBITDA (Consensus forecast)	73,233	73,233
FY20 EBITDA (Consensus forecast)	77,633	77,633
FY21 EBITDA (Consensus forecast)	80,600	80,600
Implied EV/EBITDA		
FY18 EV/EBITDA	9.7x	10.9x
FY19 EV/EBITDA	9.3x	10.5x
FY20 EV/EBITDA	8.8x	9.9x
FY21 EV/EBITDA	8.5x	9.5x

Sources: S&P Global, Management, GTCF analysis

Notes: (1) The enterprise value has been calculated on the average of the two scenarios. The calculation of the enterprise value under the Acquisitions Scenario has been reduced for the dilution discount applied. Refer to section 6.2.1 for details; (2) Consensus EBITDA forecasts represent the average of investment analysts' forecast EBITDA as at 31 March 2019. Refer Section 6.2.1 for details.

We are of the opinion that the FY20 EBITDA multiple¹² implied in our assessment based on the DCF Method between 8.8x to 9.9x on a control basis is not unreasonable due to following:

- Elders Limited ("Elders"), which we have considered the most comparable listed company, is trading at FY20 EBITDA multiple of c.9.7x¹³ on a minority basis. If a typical premium for control is added (refer to Appendix F for details), the EBITDA multiple of Elders is at premium to the EBITDA multiple of Ruralco implied in the DCF. However, as discussed in Section 6.2.2, we are of the opinion that the premium EBITDA multiple at which Elders would trade¹⁴ is mostly driven by the large tax losses available to Elders. The existing tax losses are expected to limit tax payments by the company for the foreseeable future. The FY20 PE¹⁵ multiple of Ruralco implied in our DCF valuation is at a premium to the FY20 PE multiple of Elders.

¹² The FY19 EBITDA multiple is affected by drought conditions and accordingly less relevant.

¹³ Based on the trading prices as at 15 April 2019.

¹⁴ If a typical control premium is added.

¹⁵ The PE multiple is based on the net profit after tax and accordingly it is after the tax benefits of the tax losses. Hence, the comparison between Ruralco and Elders multiples is more on a like for like basis.



- It is at a premium to the EBITDA multiple of PGG Wrightson Limited ("PGW") on a pro-forma basis after completion of the sale of the seeds business¹⁶. However, we note that we have taken the PGW pro-forma EBITDA multiple with caution and we have placed limited reliance on it given that it may be affected by the limited liquidity in PGW shares, the fact that PGW is only covered by 1 investment broker, the recent sale of the seeds business and concerns raised by analysts and commentators that the corporate governance adopted by the company may not necessarily comply with market best practice.
- It is substantially in line with the EBITDA multiple of the comparable transactions which occurred in the last ten years.

Quoted Security Price Method

We have selected a value range based on the trading price between A\$3.00 and A\$3.10 having regard to the VWAP before the announcement of the SID on 27 February 2019. We have applied a premium for control of between 35% and 40% to our assessed valuation range based on the trading price. Our assessment of the premium for control is based on specific transactions in the agriculture sector and our generic premium for control analysis in the Australian market (refer to Section 6.3.3 and Appendix E for details).

Valuation summary - Quoted Security Price Method	Section		
A\$ per Share	Reference	Low	High
GT assessed value per Ruralco Share (on a minority basis)	6.3.2	3.00	3.10
Estimated control premium	6.3.3	35.0%	40.0%
GT assessed value per Ruralco Share (on a control basis)		4.05	4.34

Source: GTCF analysis

We note that our valuation assessment based the trading prices plus a premium for control is line with, although at the low-end, our valuation assessment based on the DCF approach.

Reasonableness Assessment

In considering the reasonableness of the Scheme, we have assessed the following advantages, disadvantages and other factors.

Advantages

Premium for control

A premium for control is applicable when the acquisition of control of a company or business would give rise to benefits such as the ability to realise synergies, access cash flows, access tax benefits and control of the board of Directors of the company.

The Total Cash Consideration of A\$4.40 per Ruralco share represents a premium of:

¹⁶ In August 2018, PGW announced the sale of the seeds and grains division to DLF Seeds A/S for NZ\$413 million plus net debt of NZ\$21 million. The transaction settled on 1 May 2019. The pro-forma EBITDA multiple reflects the value of the remaining business.



- 43.8% to the closing price of Ruralco shares on 25 February 2019¹⁷ of A\$3.06.
- 43.4% to the 1 week VWAP of Ruralco on 25 February 2019 of A\$3.07.
- 44.4% to the 1 month VWAP of Ruralco shares up to and including 25 February 2019 of A\$3.05.
- 44.6% to the 3 month VWAP of Ruralco shares up to and including 25 February 2019 of A\$3.04.

This premium for control is unlikely to be available to Ruralco shareholders in the absence of the Scheme or a superior proposal.

Certainty of the cash consideration

Ruralco shareholders have the opportunity to receive a certain cash amount at a premium to the trading price of Ruralco before the announcement of the Scheme and at a premium to the price that Ruralco shares may trade in the absence of the Scheme or an alternative transaction.

If the Scheme is implemented, Ruralco shareholders will no longer be exposed to the ongoing risks associated with holding an investment in Ruralco which are summarised below in a non-exhaustive manner:

- Rainfall activity – Ruralco's operations, like its competitors, are influenced by the availability and distribution of rainfall in key farming regions. In recent years, rainfall in Australia has fluctuated between average and less than average, with the current outlook for El Nino conditions¹⁸ recorded at 70% probability. In particular, Australia has been experiencing extreme weather in the last several years along with changes to well established weather patterns caused by global warming. This can reduce purchasing confidence and production prospects for Ruralco's customers and therefore bring additional uncertainties to future financial performance, which has driven Ruralco's strategy to diversify the business to ensure earnings are sourced from a range of geographies and complementary activities.
- Commodity prices – c.31% of the Company's gross profits¹⁹ are linked to the market prices of sheep, cattle and wool. These profits are inherently subject to movements in commodity prices, which can be volatile and are influenced by seasonal conditions, global commodity supply-demand dynamics, and exchange rate movements.
- Competition – Existing competitors or new entrants to markets in which Ruralco operates may be successful in taking market share from Ruralco which may have ramifications on the underlying financial performance.

Franking credits attached to the Special Dividend

¹⁷ The last trading day prior to Ruralco entering a trading halt and announcing it had entered into the Scheme Implementation Deed.

¹⁸ El Nino conditions are associated with scarce rainfalls resulting in droughts and warmer than average temperatures that altogether negatively impact the agribusiness sector. Refer to section 3.2 for details.

¹⁹ In FY18; refer Section 4 for a detailed breakdown by division.



The Special Dividend component of the Total Cash Consideration is fully franked. Under the current tax regime, Australian resident shareholders on a lower tax rate can claim an income tax offset and accordingly realise greater value compared with the Total Cash Consideration. These Ruralco shareholders are likely to be better off on a post-tax basis if the Special Dividend is paid compared with the scenario that 100% of the Total Cash Consideration is paid as capital gain (nil Special Dividend). The following table summarises the after-tax cash amount from the Special Dividend that certain Ruralco shareholders could realise depending on their tax position.

Special Dividend - franking credits benefit		Australian resident				Corporate
		45% tax rate	30% tax rate	0% tax rate	0% tax rate with no Special Dividend	
A\$						
Special Dividend ¹	A	0.90	0.90	0.90	0.00	0.90
Franking credits on Special Dividend	B	0.39	0.39	0.39	0.00	0.39
Gross taxable income	C = A + B	1.29	1.29	1.29	0.00	1.29
Tax payable ²	D = C * Tax	(0.58)	(0.39)	0.00	0.00	(0.39)
Net after tax dividends	E = C + D	0.71	0.90	1.29	0.00	0.90

Source: GTCF analysis

Notes: (1) For the purpose of this calculation the Special Dividend has been assumed at 90 cents per share but Ruralco can elect to pay a different amount up to 90 cents per share; (2) Ignores Medicare levy and other surcharges.

As outlined in the table above, the benefits of the Special Dividend are expected to accrue to Australian resident shareholders on lower tax rates.

No brokerage costs

Ruralco shareholders will be able to realise their investment in Ruralco without incurring any brokerage or stamp duty costs.

Disadvantages

Shareholders will not be able to participate in the future upside of Ruralco

If the Scheme is implemented, Ruralco shareholders receiving the Consideration will forgo the opportunity to participate in the future upside potential of the Company and any uplift in current market conditions, which may arise from the following:

- Ruralco has significantly grown its Water Services Division to provide a wide range of services to agricultural customers in key Australian irrigation markets and water schemes like the Murray-Darling Basin. Ruralco has a market leading position as the only national water business with a focus on agriculture. This provides a competitive advantage in the fragmented water services industry and additional opportunities for acquisitions. Further, with increasing water scarcity and seasonal variability, the supply and demand for water is intimately linked to Ruralco's revenues and provides significant opportunities for Ruralco in the long term.
- Ruralco has a team primarily focussed on acquisitions, which have added significant value over the years and provided the backbone of the Company's historical earnings growth. There are still significant acquisition opportunities in the agriculture sector particularly in the Water Services Division. Although we have assumed under one of the valuation Scenarios that Ruralco will benefit from an additional A\$16.5 million EBITDA being derived from future



acquisitions, the extent of EBITDA accretion derived from external growth may be significantly higher for the Company.

- Management has been investing in improving the quality of data, improving processes and automation, and developing the Company's digital capability through Program Elevate. The Company has already started to realise benefits from the investment in systems through a reduction in Corporate Costs as % of GP. Whilst we have included the risk adjusted financial benefits expected to be realised from Program Elevate in our valuation assessment if Ruralco is able to realise the full financial benefits from Program Elevate within the required timeframe, the value accretion for Ruralco Shareholders may be greater than what is considered in our overall value range.
- The Company has made its first cash investments in agtech start-ups, which introduce innovation in agriculture through technology like data analytics and satellite imagery. Management has established relationships and partnerships through these investments, and the key focus going forward is to remain at the forefront of new technologies that change the way farming practices are performed and typically increase farming efficiency.
- Ruralco operates a large network of retail and wholesale outlets. The Australian market is still competitive and fragmented. Accordingly, the Company has opportunities to capture higher market share and increase the scale of its operations through acquisitions as well as by leveraging its extensive network, particularly in light of global demand trends, which are expected to affect the Australian market. The global demand for agricultural produce is expected to be driven not only for food consumption but also for non-food uses like textiles and biofuel. The middle class is expected to generate the majority of this demand, given the rising median incomes, particularly in Asia.
- Ruralco continues to grow its private label agricultural chemical product penetration, a vertical integration strategy that allows Ruralco to realise both the retail and manufacturer's margin.

Other factors

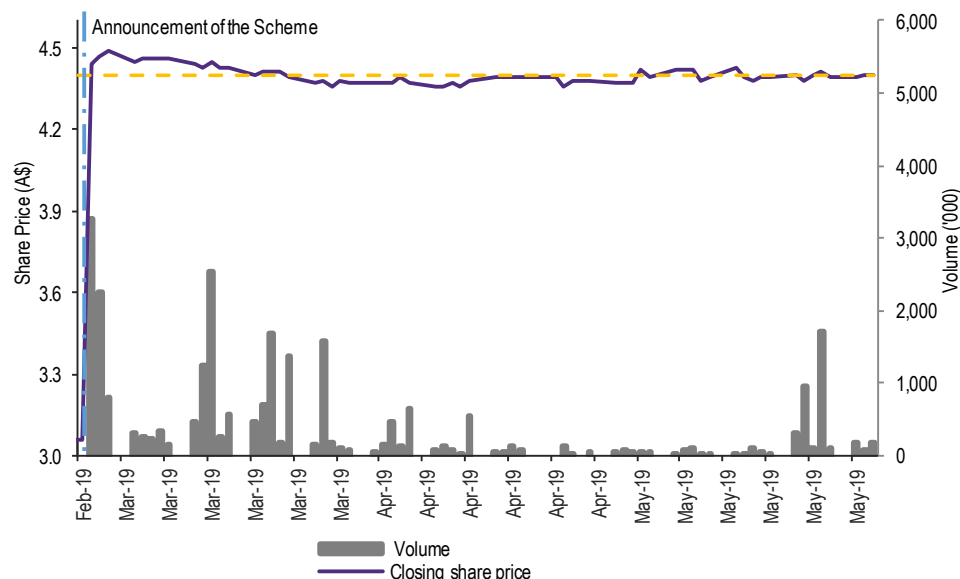
Share price after the announcement

As set out below, following the announcement of the Scheme, Ruralco has traded substantially in line with or slightly below the Total Cash Consideration which seems to indicate good support from investors for the Total Cash Consideration²⁰, perceived low risk of the Scheme not being implemented and limited expectations for a superior proposal.

²⁰ The structure of the Total Cash Consideration with a Special Dividend of up to 90 cents per share is attractive to those Australian shareholders on a lower tax rate who can claim an income tax offset, and accordingly realise greater value compared with the Total Cash Consideration.



Trading price between the announcement date and 29 May 2019



Sources: S&P Global, GTCF analysis.

Value of Ruralco for Nutrien

If the Scheme is implemented, Ruralco will apply to be delisted from the ASX and, assuming delisting occurs, Nutrien will realise cost savings on listing fees, ASX compliance costs and Directors' fees. These cost savings have been included into our valuation assessment of Ruralco on a control basis based on the DCF Method.

In addition, Nutrien has announced that the acquisition is anticipated to be immediately earnings accretive and it is expected to have a post-synergy EBITDA multiple of 5.6x²¹ based on 2018 results, which implies full run rate synergies of c.A\$45 million. These are expected to be derived from revenue synergies as well as cost savings through site consolidation and back office costs. Furthermore, Nutrien would be able to offer Water Services to their customers through the Landmark network, which currently does not offer any water products or services.

We are of the opinion that a large component of the above synergies are unique to Nutrien/Landmark and they represent special value for Nutrien rather than fair market value to a pool of potential purchasers.

Prospects of a superior offer

To date no superior proposal to the Scheme has emerged. Whilst Ruralco has agreed not to solicit any competing proposals or, subject to a fiduciary exception, to participate in discussions or negotiations in relation to any competing proposals, there are no material impediments to an alternative proposal being submitted by potentially interested parties. The transaction process may act as a catalyst for other interested parties and it will provide significant additional information in the Scheme Booklet and Independent Expert's Report to enable such potential acquirers to assess the

²¹ Based on the Total Cash Consideration, average FY18 net debt A\$133.3 million, carrying value of non-controlling interests A\$12.8 million and reported FY18 EBITDA A\$65 million.



merits of potential alternative transactions. If a superior proposal emerges before Ruralco shareholders cast their vote on the Scheme, the Scheme meeting may be adjourned or Ruralco shareholders may vote against it²².

Implications if the Scheme is not implemented

If the Scheme is not implemented, it would be the current Directors' intention to continue operating Ruralco in line with its stated strategy and objectives. However, in the absence of the Scheme or an alternative transaction, all other things being equal, it is likely that Ruralco shares will trade at prices below the Total Cash Consideration, at least in the short-term. In our opinion, the prospect of Ruralco shares trading above the Total Cash Consideration in the short term, based on the current market conditions, is limited.

Break fee

In the event that a competing superior proposal is announced and completed or the Directors withdraw their recommendation of the Scheme, Ruralco will pay, subject to certain exceptions, to Nutrien a break fee of A\$4,698,000 plus GST. The break fee may also become payable under other circumstances as set out in the SID.

Tax implications

Implementation of the Scheme may crystallise a capital gains tax liability for Ruralco shareholders, however the taxation consequences for Ruralco shareholders will vary according to their individual circumstances and will be impacted by various factors. Ruralco shareholders should read the overview of tax implications of the Scheme set out in Section 10 of the Scheme Booklet and also seek independent financial and tax advice.

Directors' recommendations and intentions

As set out in the Scheme Booklet, as at the date of this Report, the Directors of Ruralco have recommended that Ruralco shareholders vote in favour of the Scheme subject to the independent expert concluding that the Scheme is in the best interests of Ruralco shareholders. The Directors also intend to vote the shares they hold or control in favour of the Scheme.

Reasonableness conclusion

Based on the qualitative factors identified above, it is our opinion that the Scheme is **REASONABLE** to Ruralco shareholders.

Overall conclusion

After considering the abovementioned quantitative and qualitative factors, Grant Thornton Corporate Finance has concluded that the Scheme is **FAIR AND REASONABLE and hence in the BEST INTERESTS** of the Ruralco shareholders in the absence of a superior alternative proposal emerging.

²² We noticed that if Directors withdraw their recommendation of the Scheme in the event of a superior proposal Ruralco will be required to pay a break fee of approximately A\$4.7 million (excluding GST).



Other matters

Grant Thornton Corporate Finance has prepared a Financial Services Guide in accordance with the Corporations Act. The Financial Services Guide is set out in the following section.

The decision of whether or not to vote in favour of the Scheme is a matter for each Ruralco shareholder to decide based on their own views of value of Ruralco and expectations about future market conditions, Ruralco's performance, risk profile and investment strategy. If Ruralco shareholders are in doubt about the action they should take in relation to the Scheme, they should seek their own professional advice.

Yours faithfully

GRANT THORNTON CORPORATE FINANCE PTY LTD

ANDREA DE CIAN
Director

JANNAYA JAMES
Director



5 June 2019

Financial Services Guide

1 Grant Thornton Corporate Finance Pty Ltd

Grant Thornton Corporate Finance carries on a business, and has a registered office, at Level 17, 383 Kent Street, Sydney NSW 2000. Grant Thornton Corporate Finance holds Australian Financial Services Licence No 247140 authorising it to provide financial product advice in relation to securities and superannuation funds to wholesale and retail clients.

Grant Thornton Corporate Finance has been engaged by Ruralco to provide general financial product advice in the form of an independent expert's report in relation to the Scheme. This report is included in Ruralco's Scheme Booklet.

2 Financial Services Guide

This Financial Services Guide ("FSG") has been prepared in accordance with the Corporations Act, 2001 and provides important information to help retail clients make a decision as to their use of general financial product advice in a report, the services we offer, information about us, our dispute resolution process and how we are remunerated.

3 General financial product advice

In our report we provide general financial product advice. The advice in a report does not take into account your personal objectives, financial situation or needs.

Grant Thornton Corporate Finance does not accept instructions from retail clients. Grant Thornton Corporate Finance provides no financial services directly to retail clients and receives no remuneration from retail clients for financial services. Grant Thornton Corporate Finance does not provide any personal retail financial product advice directly to retail investors nor does it provide market-related advice directly to retail investors.

4 Remuneration

When providing the Report, Grant Thornton Corporate Finance's client is the Company. Grant Thornton Corporate Finance receives its remuneration from the Company. In respect of the Report, Grant Thornton Corporate Finance will receive from Ruralco a fee of A\$150,000 (plus GST) which is based on commercial rates, plus reimbursement of out-of-pocket expenses for the preparation of the report. Our directors and employees providing financial services receive an annual salary, a performance bonus or profit share depending on their level of seniority.

Except for the fees referred to above, no related body corporate of Grant Thornton Corporate Finance, or any of the directors or employees of Grant Thornton Corporate Finance or any of those related bodies or any associate receives any other remuneration or other benefit attributable to the preparation of and provision of this report.

5 Independence

Grant Thornton Corporate Finance is required to be independent of Ruralco in order to provide this report. The guidelines for independence in the preparation of independent expert's reports are set out



in RG 112 *Independence of expert* issued by ASIC. The following information in relation to the independence of Grant Thornton Corporate Finance is stated below.

“Grant Thornton Corporate Finance and its related entities do not have at the date of this report, and have not had within the previous two years, any shareholding in or other relationship with Ruralco (and associated entities) that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation the Scheme.

Grant Thornton Corporate Finance has no involvement with, or interest in the outcome of the Scheme, other than the preparation of this report.

Grant Thornton Corporate Finance will receive a fee based on commercial rates for the preparation of this report. This fee is not contingent on the outcome of the Scheme. Grant Thornton Corporate Finance’s out of pocket expenses in relation to the preparation of the report will be reimbursed. Grant Thornton Corporate Finance will receive no other benefit for the preparation of this report.

We note that in March 2018, Grant Thornton Corporate Finance prepared an independent valuation assessment of Ruralco for the purpose of a potential transaction. Grant Thornton Corporate Finance only provided independent valuation services and it did not participate in any strategic decisions, discussions or negotiations.

Grant Thornton Corporate Finance considers itself to be independent in terms of RG 112 “Independence of expert” issued by the ASIC.”

6 Complaints process

Grant Thornton Corporate Finance has an internal complaint handling mechanism and is a member of the Australian Financial Complaints Authority. All complaints must be in writing and addressed to the Chief Executive Officer at Grant Thornton Corporate Finance. We will endeavour to resolve all complaints within 30 days of receiving the complaint. If the complaint has not been satisfactorily dealt with, the complaint can be referred to the Australian Financial Complaints Authority who can be contacted at:

Australian Financial Complaints Authority Limited
GPO Box 3
Melbourne, VIC 3001
Telephone: 1800 931 678

Grant Thornton Corporate Finance is only responsible for this report and FSG. Complaints or questions about the General Meeting should not be directed to Grant Thornton Corporate Finance. Grant Thornton Corporate Finance will not respond in any way that might involve any provision of financial product advice to any retail investor.

7 Compensation arrangements

Grant Thornton Corporate Finance has professional indemnity insurance cover under its professional indemnity insurance policy. This policy meets the compensation arrangement requirements of section 912B of the Corporations Act, 2001.

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1 Outline of the Scheme

1.1 Key terms of the Scheme

We have set out below some key terms of the SID:

- *Interim Dividend* – Ruralco declared an Interim Dividend of 10 cents per share on 14 May 2019 to be paid on 19 June 2019. The Interim Dividend does not reduce the Total Cash Consideration.
- *Special Dividend* – Ruralco has the discretion to pay a fully franked special dividend of up to 90 cents per share to its shareholders which will be deducted from the Total Cash Consideration.
- *Performance Rights* – As at the date of this report, the Company has 1,534,251²³ performance rights, share rights and matched share rights in existence. Upon certain conditions being achieved, those rights are convertible into Ruralco shares on a 1-for-1 basis without the payment of any consideration. It is proposed that, before the Special Dividend Record Date, Ruralco will issue a total of 1,487,787²⁴ Ruralco shares to the holders of such performance rights, share rights and matched share rights, and such newly issued Ruralco shares will be transferred to Agrium Australia Pty Ltd under the Scheme along with the other Ruralco shares on issue.
- *Conditions precedent* – the SID includes the following conditions precedent:
 - Approval of the Scheme by Ruralco shareholders.
 - Approval of the Scheme by the Court in accordance with Section 411 of the Corporations Act.
 - FIRB approval.
 - ACCC approval.
 - The rights either vest or lapse before the Scheme record date.
 - No material adverse changes to Ruralco including, as compared with Ruralco's consolidated annual financial statements for the year ending 30 September 2018:
 - a reduction in the net assets of Ruralco by A\$50 million or more; or
 - a reduction in the annual underlying EBITDA of Ruralco by at least A\$15 million.
 - We note that the "No material adverse changes" exclude, among other things, changes that affect the agriculture industry generally, change in exchange rates, interest rates and adoption of new accounting standards.
 - Other conditions precedent customary for a transaction of this type including representations, warranties and prescribed occurrences.

²³ 1,301,611 performance rights, 165,130 share rights and 66,580 matched share rights.

²⁴ New Ruralco Shares do not have to be issued in respect of all of the Ruralco performance rights, share rights and matched share rights because certain existing Ruralco Shares have already been allocated or are otherwise available that purpose.



- *Break Fee* – a break fee of A\$4,698,000 (plus GST subject to certain exemptions) may become payable by Ruralco to Nutrien if during the exclusivity period:
 - Any Ruralco Director fails to recommend or changes, withdraws, modifies or qualifies their recommendation to vote in favour of the Scheme, except in limited circumstances set out in the SID.
 - A Competing Proposal is announced by a third party within 180 days after the date of the SID (subject to FIRB and ACCC regulatory approvals being obtained, otherwise a further 30 days is added) and within 9 months from its announcement any third party obtains control of Ruralco, or merges with Ruralco or acquires an interest in all or a substantial part of the business or assets of Ruralco.
 - Nutrien terminates the SID due to a material breach by Ruralco of the terms or conditions of the SID.
- *Others* – other terms common for a transaction of this nature, including customary exclusivity arrangements such as “no shop”, “no talk”, and “no due diligence” and a right for Nutrien to be notified of and to match any competing proposals.



2 Purpose and scope of the report

2.1 Purpose

Section 411 of the Corporations Act

Section 411 of the Corporations Act 2001 regulates schemes of arrangement between companies and their members. Part 3 of Schedule 8 of the Corporations Regulations 2001 prescribes information to be sent to shareholders and creditors in relation to members' and creditors' schemes of arrangement pursuant to Section 411 of the Corporations Act.

Part 3 of Schedule 8 (s640) of the Corporations Regulations requires an independent expert's report in relation to a scheme to be prepared when a party to that scheme has a shareholding greater than 30% in the company subject to the scheme, or where any of its directors are also directors of the company subject to the scheme. In those circumstances, the independent expert's report must state whether a scheme is in the best interests of shareholders and state reasons for that opinion. Even where there is no requirement for an independent expert's report, documentation for a scheme of arrangement typically includes an independent expert's report.

While there is no legal requirement for an independent expert's report to be prepared in respect of the Scheme, the Directors of Ruralco have requested that Grant Thornton Corporate Finance prepare an independent expert's report to express an opinion as to whether the Scheme is in the best interests of Ruralco shareholders.

2.2 Basis of assessment

In determining whether the Scheme is in the best interests of the Company's members, Grant Thornton Corporate Finance has had regard to relevant Regulatory Guides issued by the ASIC, including RG 111, Regulatory Guide 60 Scheme of arrangement ("RG60") and RG 112. The IER will also include other information and disclosures as required by ASIC. We note that neither the Corporations Act nor the Corporations Regulations define the term "in the best interests of members".

RG 111 establishes certain guidelines in respect of independent expert's reports prepared for the purposes of the Corporations Act. RG111 is framed largely in relation to reports prepared pursuant to Section 640 of the Corporations Act and comments on the meaning of "fair and reasonable" in the context of a takeover offer. RG111 requires an independent expert report prepared for a change of control transaction implemented by way of scheme of arrangement to undertake an analysis substantially the same as for a takeover bid. However, the opinion of the expert should be whether or not the proposed scheme is "in the best interests of the members of the company". If an expert were to conclude that a proposal was "fair and reasonable" if it was in the form of a takeover bid, it will also conclude that the proposed scheme is "in the best interests of the members of the company".

Pursuant to RG111, an offer is "fair" if the value of the offer price or consideration is equal to or greater than the value of the securities that are subject of the offer. A comparison must be made assuming 100% ownership of the target company.

RG111 considers an offer to be "reasonable" if it is fair. An offer may also be reasonable if, despite not being "fair" but after considering other significant factors, shareholders should accept the offer in the absence of any higher bid before the close of the offer.



In our opinion, the most appropriate way to evaluate the fairness of the Scheme is to compare the fair market value of Ruralco on a control basis with the Total Cash Consideration.

In considering whether the Scheme is in the best interests of Ruralco shareholders, we have considered a number of factors, including:

- Whether the Scheme is fair.
- The implications to Ruralco shareholders if the Scheme is not approved.
- Other likely advantages and disadvantages associated with the Scheme.
- Other costs and risks associated with the Scheme that could potentially affect Ruralco shareholders.

2.3 Independence

Prior to accepting this engagement, Grant Thornton Corporate Finance (a 100% subsidiary of Grant Thornton Australia Limited) considered its independence with respect to the Scheme with reference to RG 112 issued by ASIC.

Grant Thornton Corporate Finance has no involvement with, or interest in, the outcome of the approval of the Scheme other than that of an independent expert. Grant Thornton Corporate Finance is entitled to receive a fee based on commercial rates and including reimbursement of out-of-pocket expenses for the preparation of this report.

Except for these fees, Grant Thornton Corporate Finance will not be entitled to any other pecuniary or other benefit, whether direct or indirect, in connection with the issuing of this report. The payment of this fee is in no way contingent upon the success or failure of the Scheme.

We note that in March 2018, Grant Thornton Corporate Finance prepared an independent valuation assessment of Ruralco for the purpose of a potential transaction. Grant Thornton Corporate Finance only provided independent valuation services and it did not participate in any strategic decisions, discussions or negotiations.

In our opinion, Grant Thornton Corporate Finance is independent of Ruralco and its Directors and all other relevant parties of the Scheme.

2.4 Consent and other matters

Our report is to be read in conjunction with the Scheme Booklet dated on or around 5 June 2019 in which this report is included, and is prepared for the exclusive purpose of assisting Ruralco shareholders in their consideration of the Scheme Booklet. This report should not be used for any other purpose.

Grant Thornton Corporate Finance consents to the issue of this report in its form and context and consents to its inclusion in the Scheme Booklet.

This report constitutes general financial product advice only and in undertaking our assessment, we have considered the likely impact of the Scheme to Ruralco shareholders as a whole. We have not considered the potential impact of the Scheme on individual Ruralco shareholders. Individual shareholders have



different financial circumstances and it is neither practicable nor possible to consider the implications of the Scheme on individual shareholders.

The decision of whether or not to approve the Scheme is a matter for each Ruralco shareholder based on their views on the value of Ruralco and expectations about future market conditions, together with Ruralco's performance, risk profile and investment strategy. If Ruralco shareholders are in doubt about the action they should take in relation to the Scheme, they should seek their own professional advice.

2.5 Compliance with APES 225 Valuation Services

This report has been prepared in accordance with the requirements of the professional standard APES 225 Valuation Services ("APES 225") as issued by the Accounting Professional & Ethical Standards Board. In accordance with the requirements of APES 225, we advise that this assignment is a Valuation Engagement as defined by that standard as follows:

"An Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Member is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Member at that time."



3 Industry overview

3.1 Introduction to the Australian agricultural and rural supply industries

Agriculture commodities are consumed mainly as food, animal feed and in industrial applications, including textiles and fuel. Food demand is influenced by population growth, income growth, and changing trends in dietary requirements and consumer preferences. Demand for animal feed is closely linked to human consumption of livestock products such as meat, eggs and milk.

The production of agricultural commodities is subject to natural elements including bad weather and diseases which can affect plant and animal production as well as regulatory changes which can impact agricultural production (for example ban on using certain pesticides or a new international trade agreement). The use of technologies can improve yields and productivity.

Access to affordable water for irrigation drives demand for cropping inputs and the ability to generate higher farm output. Water is a fundamental 'must have' agricultural input, however Australian farmers contend with variable rainfall and compete with other industries and stakeholders for access to sufficient water for irrigation. As the cost of water increases, certain crops decline in economic viability. In addition, the long-term outlook for water availability is uncertain. Australia is an arid environment and the future of water availability and its cost is unclear.

Land is also an important input into agricultural production, both for arable crops and for grazing. Production growth can be derived from taking more land into production or from increasing the output per unit of land. In Australia, land dedicated to agriculture is expected to slightly decrease over the next decade driven by competitive alternative use for the land.

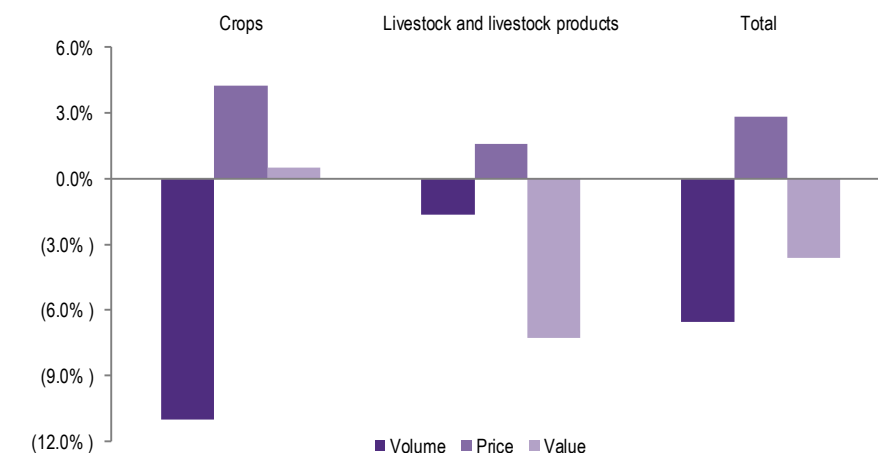
The agriculture industry forms an important part of the Australian economy, contributing 2.1% of the GDP and employing 2.2% of the workforce²⁵. Key agricultural outputs include grains (particularly wheat, barley and sorghum), oilseeds, pulses, industrial crops (like cotton, sugar/ sugarcane and wine grapes), horticultural products (like grapes, fruits, nuts and vegetables), cattle, sheep and goats for slaughter and live export, and related products like wool, milk, eggs, honey and others.

As set out in the graph below, at a national level, the volume of farm production is expected to have declined by 6% in 2018-19, driven by an 11% reduction in the volume of crop production caused by the drought in the eastern states, which was only partially offset by Western Australia benefiting from one of the largest harvests on record.

²⁵ In 2017-18; <http://www.agriculture.gov.au/abares/publications/insights/snapshot-of-australian-agriculture>



Growth in the value of farm production, by price and volume – 2018-2019

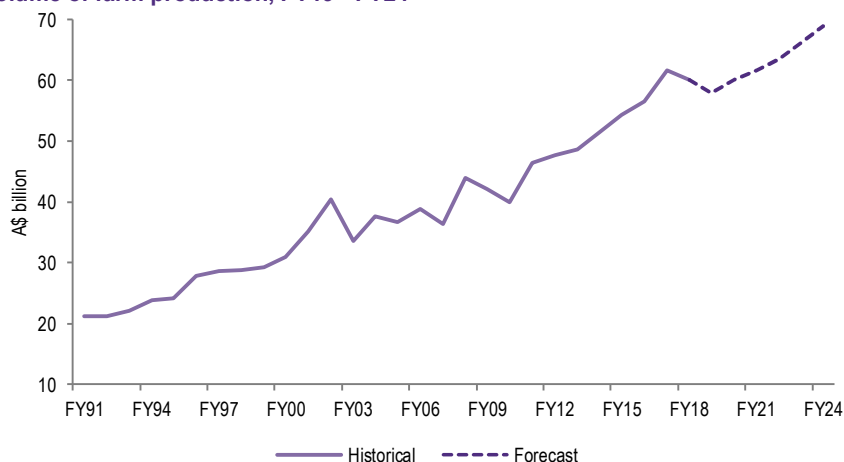


Sources: ABARES Report March 2019, Australian Bureau of Statistics

As seen above, the volume of production for livestock and livestock products is expected to decline by 2% in 2018-19²⁶ as a result of several factors. Wool production has been affected by the drought, and the floods in Queensland in February 2019 have significantly reduced the northern cattle herd. The weather conditions prevalent in 2018 put a halt to the herd-rebuilding phase seen in 2016-17. Severe dry conditions across a large portion of the country forced widespread destocking, especially within the female herd. Adult slaughter rose 9% year-on-year with female slaughter rising by more than 20%²⁷. If seasonal conditions improve, farmers are expected to recommence the rebuilding of flocks and herds, which are at historically low levels.

Going forward, the volume of farm production is expected to increase over the medium term (assuming a return to normal seasonal conditions) as set out below. An increase in crop production is expected to be partially offset by reduced livestock slaughter due to improved pasture availability and high livestock prices, which is expected to contribute to a rebuild in herds and flocks.

Volume of farm production, FY19 - FY24



Source: ABARES

Note: Financial year ending on 30 June

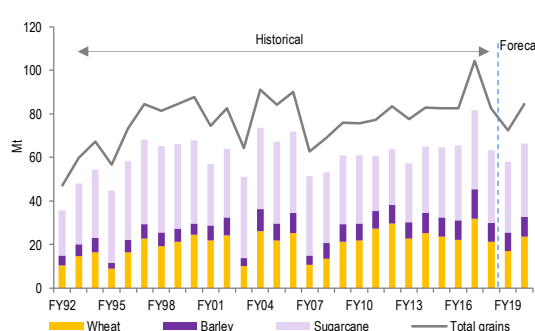
²⁶ ABARES

²⁷ Meat and Livestock Australia cattle industry projections 2019



Historically, Australian agricultural production has been dominated by wheat and sugarcane. Livestock in Australia has been mainly utilised to produce meat for human consumption (primarily beef, veal and lamb meat). Over the last decade, global agricultural markets have also witnessed increased demand and price levels due to the emergence of non-food uses for commodities, like biofuels and textiles. Rising incomes in developing countries led to an increase in the demand for meat, driving an increase in livestock production. The historical production of major commodities in Australia are set out in the graph below:

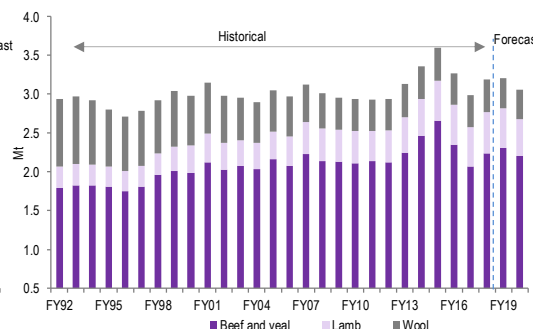
Historical and forecast grain production



Source: ABARES

Note: (1) Sugarcane cut for crushing; (2) Financial year ending on 30 June

Historical and forecast production of meat and wool



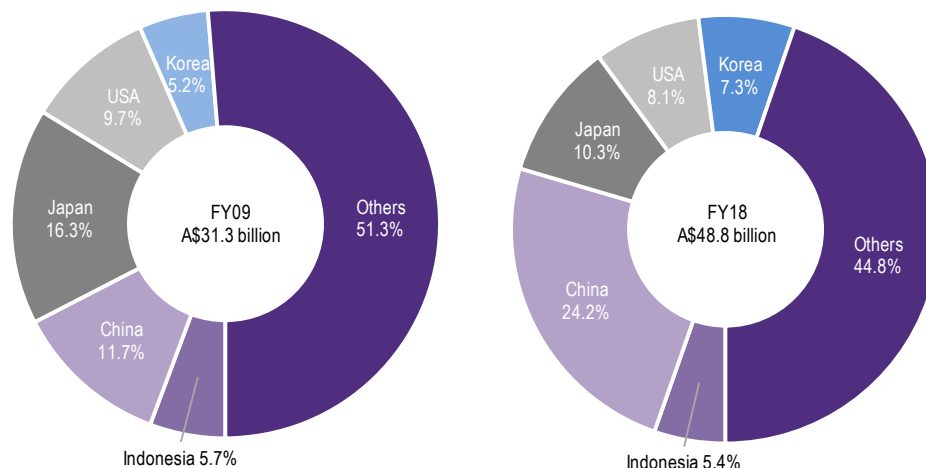
Farm profitability in the drought-affected areas in Eastern Australia is expected to decrease due to lower production from winter crops, higher prices for fodder and feed-grains, increased expenditure on purchased feed for livestock and high prices for irrigation water in the Murray–Darling Basin. Conversely, farm cash income in Western Australia is expected to increase from A\$368,000 per farm in FY18 to A\$490,000 per farm in FY19.

In FY20, farmgate prices for crops are forecast to increase. This is offset by a forecast decline in average prices for livestock and livestock products. Prices for cattle, lamb and wool are forecast to decline from the high levels achieved in recent years, however, they will still remain high in comparison to historical averages. In the medium term, farmgate prices are forecast to modestly rise again in conjunction with a return to normal seasonal conditions, however growth in crop prices is expected to remain constrained over the outlook period due to strong growth in global corn, oilseeds and wheat production over the same period.

Of the total Australian agricultural production, a significant proportion of commodities and livestock are exported. Australia is a major source of agriculture exports, and the expected conditions in the export market are key drivers of crop planting decisions. Since 2008-09, the Australian agriculture industry has exported between 60-70% of the total production of grains, oilseeds and pulses; between 11-14% of industrial crops; and 33-40% of meat produced. China is the largest importer of agricultural products from Australia, importing 24.2% of Australian agricultural exports, as shown below. Overall, Asia is Australia's largest market for agricultural goods, accounting for approximately 47% of all Australian agricultural exports in FY18.



Major agricultural export destinations – Comparison between FY09 and FY18



Source: ABARES

Note: Financial year ending on 30 June

The proportion of exports to China has significantly increased from c.11.7% in FY09 to 24.2% in FY18. The growth in population and an increase in disposable incomes among the middle class in several developing countries including China have led to a substantial increase in the value of Australian agricultural exports (4.8% p.a. since 2008-09).

The share of Australian exports of agricultural products among the global agricultural exports is expected to reduce by FY20, owing to uncertainty of global trade dynamics (for example, the ongoing US-China trade war) as well as increased competition from low-cost production countries in price-sensitive markets.

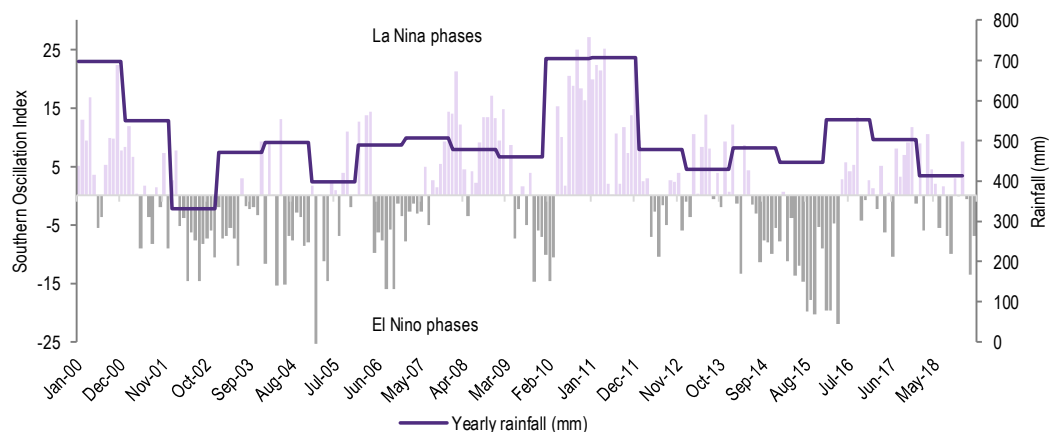
3.2 Role of weather conditions in agriculture

The performance of the agribusiness sector is inherently dependent on regional climatic conditions. Favourable weather conditions influence farm production and prices of various commodities. The demand for crop protection products and fertilisers is highly dependent on the right seasonal conditions. Such seasons can improve soil moisture and quality, potentially improving farm yield. Rainfall is also critical to a steady supply of pasture to provide feed for livestock. Drought conditions increase the cost of feed, which can lead to increased slaughter rates. We note that in 2018, Australia experienced one of the driest autumns since records began more than 100 years earlier, leading to an extremely poor winter crop impacting the demand for crop protection products and fertilisers.

El Nino and La Nina

El Nino and La Nina are part of a natural cycle of the El Nino-Southern Oscillation, an irregular periodic variation in winds and sea surface temperatures over the tropical eastern Pacific Ocean. These have a significant impact on the climate of tropical and subtropical countries, particularly regions bordering the Pacific Ocean. El Nino is the warmer phase of the cycle and has been generally associated with adverse weather conditions in Australia. The last two decades of the El Nino-Southern Oscillation are set out below:

Historical Southern Oscillation Index and Rainfall

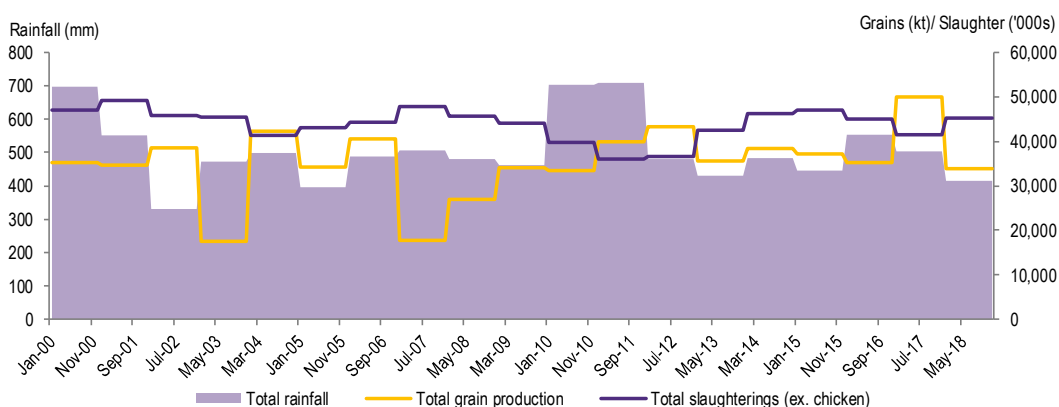


Some of the typical historical effects of an El Nino are outlined below:

- Australian rainfall is usually reduced from winter to spring, mainly in eastern and northern Australia. Rainfall may also be delayed by 2 to 6 weeks. The Murray-Darling basin has historically witnessed lower-than-average rainfall and severe droughts in El Nino periods. However, not all Australian droughts have been associated with El Nino and the strength of El Nino may not always be directly proportional to adverse rainfall in all parts of the country.
- Warmer than average temperatures across southern Australia are witnessed, which exacerbate the effects of lower rainfall and increase the risk of fires.
- Fewer tropical cyclones have occurred in El Nino years, particularly in Queensland.

As shown below, the production of agricultural commodities as well as livestock is influenced by the level of rainfall.

Historical annual rainfall and farm production Australia



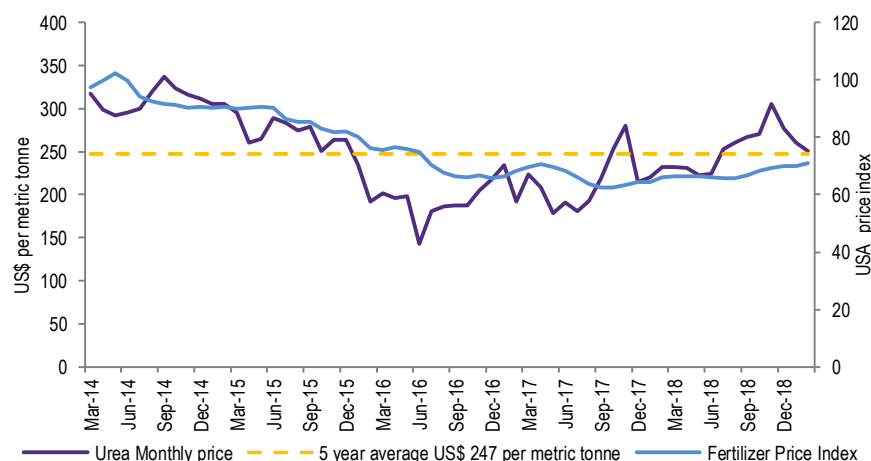


At present, the Bureau of Meteorology expects a 70% chance of an El Niño occurring in 2019, which is approximately three times the normal likelihood²⁸.

3.3 Fertilisers and crop protection

Ruralco's crop protection products and fertiliser sales represented c.64% of the revenue in the Rural Services Division in FY18. The use of fertilisers is critical to enhance farm productivity. Demand for fertilisers is anticipated to continue to grow globally and in Australia to support increases in global and domestic food production to meet the demand from emerging countries. As set out in the graph below, over the last few years, the prices of fertilisers (mainly urea and ammonia) have decreased substantially due to imbalance between supply and demand, however there are expectations of a revision in the pricing going forward.

USA Fertilizer Price Index¹ and Urea historical prices



Sources: Fertilizer Week; Fertilizer International; World Bank, United States Department of Agriculture
Note: (1) It considers the price paid for fertilizes and 2011 equal 100 points.

In relation to crop protection products, producers are experiencing continued deterioration of conditions in the Australian market which negatively impacted revenues. However, this is a short term trend, which is expected to reverse in the long term given that increasing crop yields are fundamental to meet the expected increased demand for agricultural products²⁹ due to the following:

- Global population is expected to increase to 8.6 billion people by 2030 which will increase the demand for food³⁰.
- Between 2019 and 2024 meat consumption is expected to rise. This is largely driven by population growth and rising income in developing countries³¹.
- Cereals for human consumption and animal feed are expected to increase by 43% to approximately 3 billion tonnes from 2005 to 2050.

²⁸ Bureau of Meteorology ENSO Wrap-Up as at 16 April 2019.

²⁹ 2018 Nufarm presentation.

³⁰ World Population Prospects: The 2017 Revision, United Nations Department of Economic and Social Affairs.

³¹ ABARES.



- Limited availability of land for cropping, with permitted global arable land per capita reducing.

We note that approximately 80% of the growth in crop output anticipated by 2050 is expected to be driven by higher yields which can only be achieved with a greater use of agricultural inputs e.g. specific seed varieties, fertilisers, treatment for seed and fertilisers.

3.4 Livestock

Australia is among the largest producers of livestock and one of the world's largest exporters of red meat and livestock. The industry contributes A\$18 billion to the Australian economy³² and livestock numbers have grown to more than 90 million head comprising the national sheep flock at c.65 million and the national cattle herd at c.26 million³³.

The growth of export markets requiring a consistent supply of cattle, whose volume were not affected by seasonal conditions, led to the rapid expansion of the Australian feed lotting industry in the mid-1980s. Today, the feed lotting sector is an integral part of the beef industry in Australia as it provides well finished cattle 365 days a year, ensuring a consistent supply of beef to customers. There are currently several accredited feedlots in Australia (mainly in Queensland and Northern NSW). These cattle are marketed predominantly to Japan (over 50%), and the domestic market.

We have set out in the graphs below the major areas of production of beef cattle and sheep and lamb.

Beef cattle locations



Sheep and lamb locations



Source: Meat and Livestock Australia, June 2017

Australian cattle

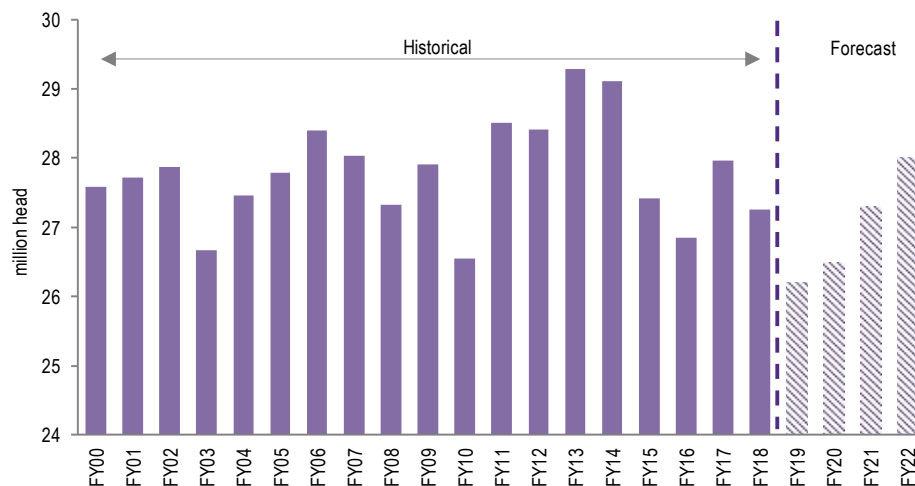
The national cattle herd is expected to fall to its lowest levels since the last two decades in FY19 as the effects of the drought in NSW and south-west Queensland have not been sufficiently offset by the rebuild in the national herd that occurred after the 2015 drought. Many key cattle producing regions have heavily reduced the size of the breeding herd and potential pool of available finished cattle.

³² Represents ABARES' estimated gross value of livestock production in 2017-18.

³³ Meat and Livestock Australia estimates for 2019.



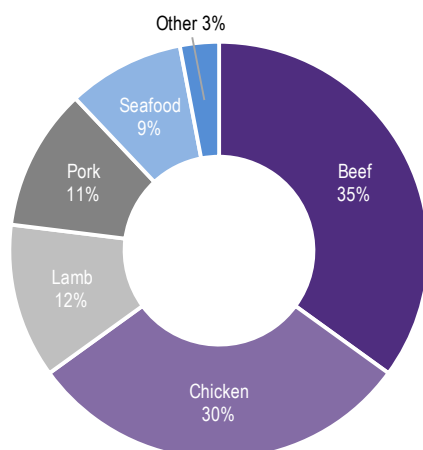
Historical and forecast national cattle herd



Source: Meat and Livestock Australia
 Note: Financial year ending on 30 June

Australia's domestic beef consumption has been steady in recent years, however lack of growth in household income, combined with rising cost of living and a depressed housing market may put downward pressure on demand. Since 2013, the average retail price of beef has increased by c.25% while pork has reduced by 8% and chicken by 3% over the same period. Notwithstanding these challenges, Australia has one of the highest per capita consumption of beef in the world, and beef maintained its market leading position in the consumption of fresh meat as outlined in the graph below.

Retail fresh meat value share in Australia – 2018

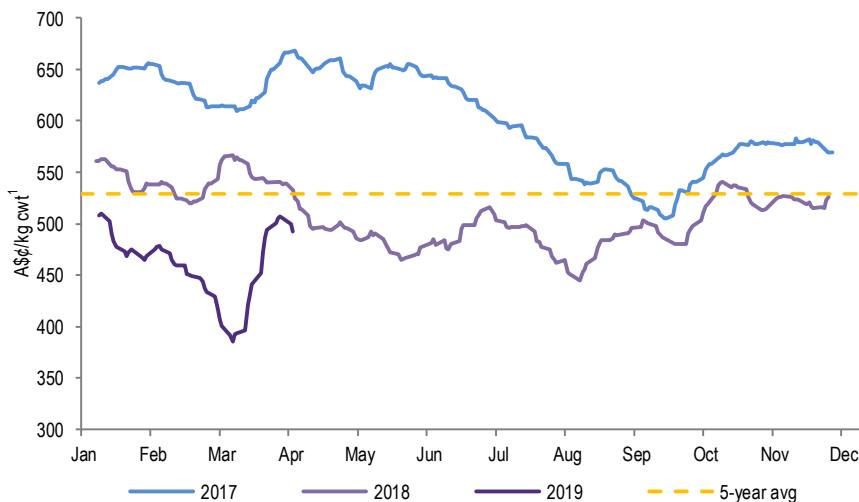


Sources: ABARES, AC Nielsen Homescan, MAT to 1 December 2018

As set out in the graph below, the Eastern Young Cattle Indicator ("EYCI")³⁴ has reduced year on year on the back of the difficult seasonal conditions in NSW and Queensland which materially increased the slaughter rate and adversely affected prices.

³⁴ The Eastern Young Cattle Indicator is a seven-day rolling average of young cattle from 25 saleyards across Queensland, NSW and Victoria. It is expressed in cents per kilogram carcass weight (A\$/kg cwt).

Eastern Young Cattle prices



Source: Meat and Livestock Australia

Note: (1) A\$/kg cwt: Australian dollar cents per kilogram of carcase weight.

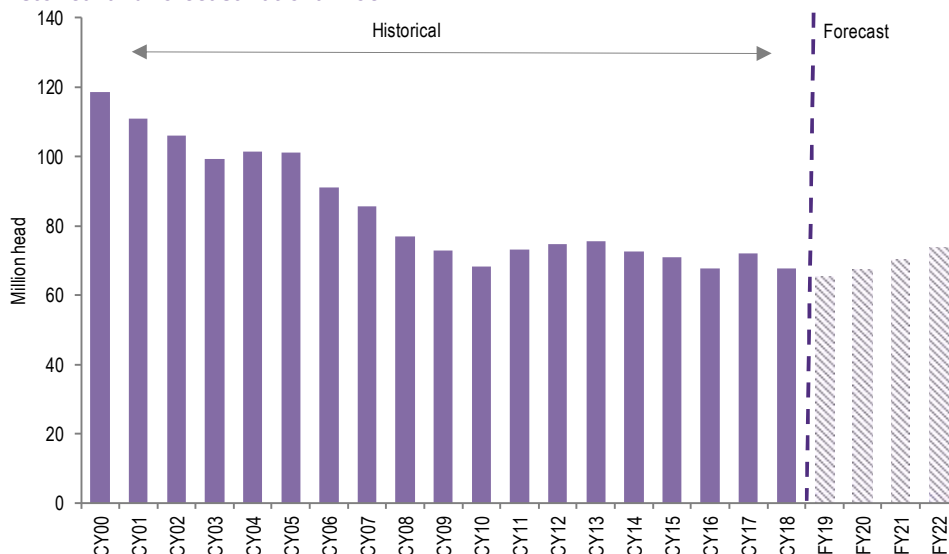
Going forward, weather conditions will have a major impact on prices, which are expected to increase quickly if seasonal conditions improve from the current level as producers will look for opportunities to rebuild the depleted herds, which will tighten supply.

Australian sheep production

Similar to the beef market, poor seasonal conditions in 2018 have impacted the sheepmeat supply in 2019, and lamb flock sizes have significantly reduced compared with previous years.

As set out in the graph below, the national sheep flock is estimated to have declined by 6% to around 67.7 million head in June 2018 with a further reduction expected in 2019 to 65.3 million head mainly driven by an expected 27% increase in sheep slaughter over the same period.

Historical and forecast national flock



Source: Meat and Livestock Australia

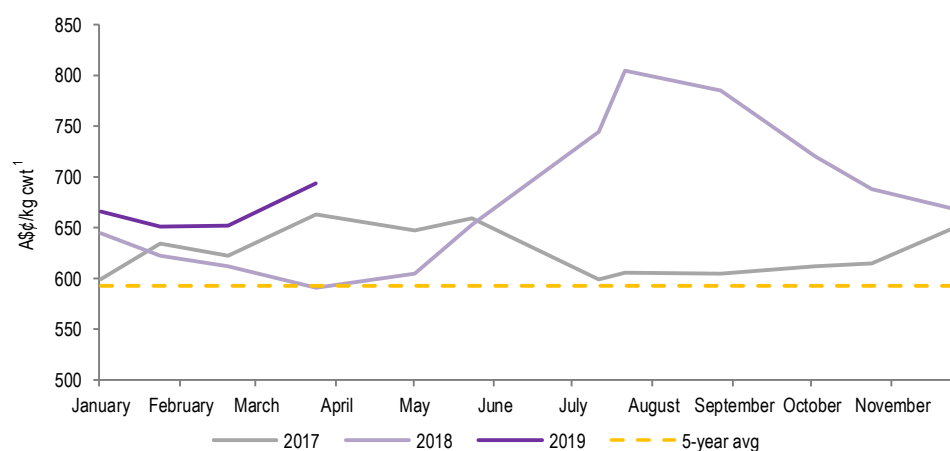
Note: Financial year ending on 30 June



The domestic demand/consumption of lamb was under pressure in 2018 mainly driven by record prices supported by international demand. However, in the medium term, domestic demand will remain strong as Australia has one of the highest per capita consumptions of lamb in the world at 7.5kg per annum.

Lamb prices increased to unprecedented levels in 2018 driven by an increase in global demand and domestic supply constraints. As set out below, the national saleyard trade lamb indicator averaged 681 A\$/kg cwt³⁵ in March 2019 which was 28% higher than the last five year average and 8% higher than the year before. The market and seasonal conditions that have led to record prices are expected to continue in 2019.

Saleyard trade lamb prices



Source: Meat and Livestock Australia

Note: (1) A\$/kg cwt: Australian dollar cents per kilogram of carcase weight.

3.5 Export

The international trade environment is facing increasing uncertainties in recent years which may affect international trading flows. In March 2018, Australia and New Zealand, together with other 9 countries, signed the Comprehensive and Progressive Agreement for Trans-Pacific Partnership which binds participating countries to reduce tariffs on each other's agricultural imports. This is likely to intensify trading relationships among participants.

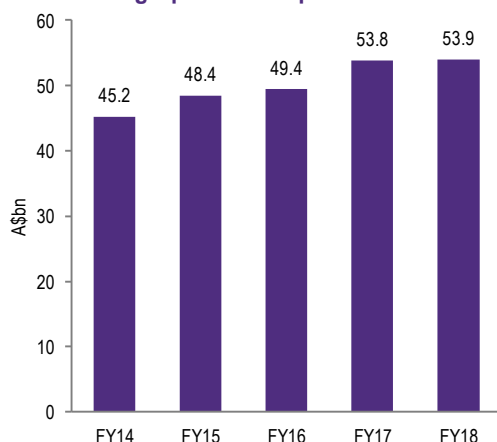
Australia exports a significant proportion of its agricultural production, with China, Japan, USA, Korea and Indonesia collectively accounting for 55.2% of exports in 2017-18³⁶.

³⁵ Australian dollar cents per kilogram of carcase weight.

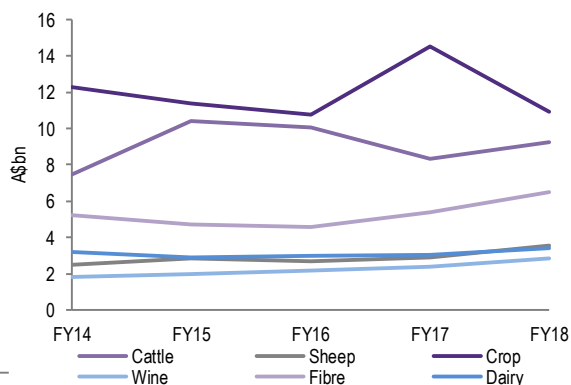
³⁶ ABARES



Australian agri-products exports value



Australian agri-products export by category



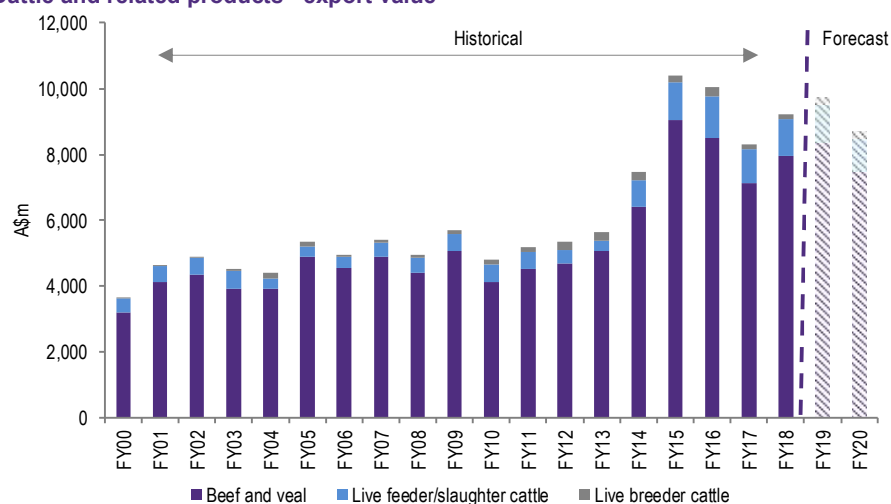
Sources: ABARES

Note: Financial year ending on 30 June

Australian agricultural food exports were valued at c.A\$50 billion in 2017-18, with cattle and crops accounting for 41.5%³⁷. The total value of exports increased by 0.4%, marking the eighth consecutive year of growth in export values despite a reduction in the value of broadacre crop exports. The top commodities exported were wool, beef, dairy products, wheat, barley and wine. Export performance among the states was mixed, with Victoria and Tasmania recording an increase in the value of commodities exported, and Queensland, New South Wales and Western Australia witnessing a reduction in exports. In the year ahead, agricultural export values for Queensland and New South Wales are again expected to decrease due to lower broadacre cropping and livestock production.

Australia is a world leader in the export of commercial livestock, exporting more than four million sheep, 570,000 cattle and 40-50,000 goats annually. Live sheep exports from Australia primarily supply markets in the Middle East whereas the live cattle export industry is primarily focussed on South East Asia. The Australian cattle is sought after given the ability of northern Australian cattle to combat heat and humidity and resist parasites. The historical export value of Australian cattle and related products is shown below:

Cattle and related products - export value



Source: ABARES

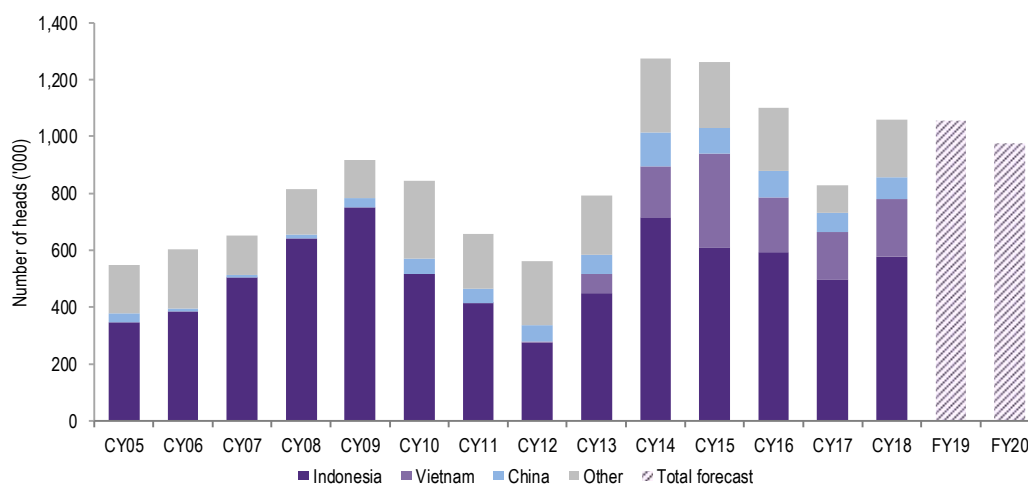
Note: Financial year ending on 30 June

³⁷ Rural Bank Australian Agricultural Trade Annual Review 2017-18



As set out in the graph below, live cattle export volumes are expected to decline out to FY20 following expected production declines and a contraction in the northern herd limiting the availability of cattle suitable for export. Australian live cattle exports are also adversely affected by the price sensitive nature of key destination markets like Indonesia and Vietnam, with a further rain-induced lift in the domestic Australian cattle price potentially leading to additional pressure on export cattle prices.

Live cattle exports (million heads)



Source: Meat and Livestock Australia, ABARES

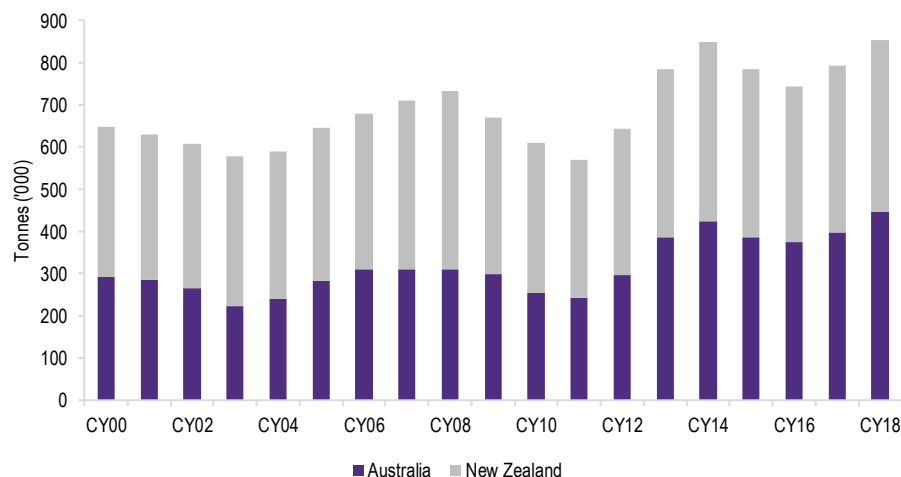
Note: Financial year ending on 30 June

Going forward, whilst a contraction in volume is expected compared with 2018 levels (same trend as production volumes), the demand fundamentals are strong given that beef consumption remains strong in South-East Asia and population growth is one of the fastest in the world.

In relation to sheepmeat, Australia and New Zealand accounts for c.70% of the global trade and they have been unable to keep pace with growth in demand, in particular from China. The other key exports markets are USA and the Middle East. As set out in the graph below, Australian sheepmeat exports increased significantly in 2018 (lamb by 7% and mutton by 23%), however due to poor seasonal conditions, 2019 lamb exports are forecast to reduce by 8%³⁸. The reduction on the supply side from Australia and New Zealand will keep upward pressure on prices.

³⁸ Meat and Livestock Australia

Australian and New Zealand sheepmeat exports



Source: Meat and Livestock Australia

Live sheep exports came to a temporary cessation in the second half of 2018 as a draft government advice recommended that temperatures on board live export ships to the Middle East reach no higher than 28 degrees Celsius. At the moment, the industry has self-imposed an annual cessation of sheep trade between June and August, however the additional regulation proposed may extend that window to May-October period which accounts for half of the export volumes. So the outlook for the Australian live sheep export remains uncertain and the new regulation may threaten the viability of the industry.

3.6 Wool market

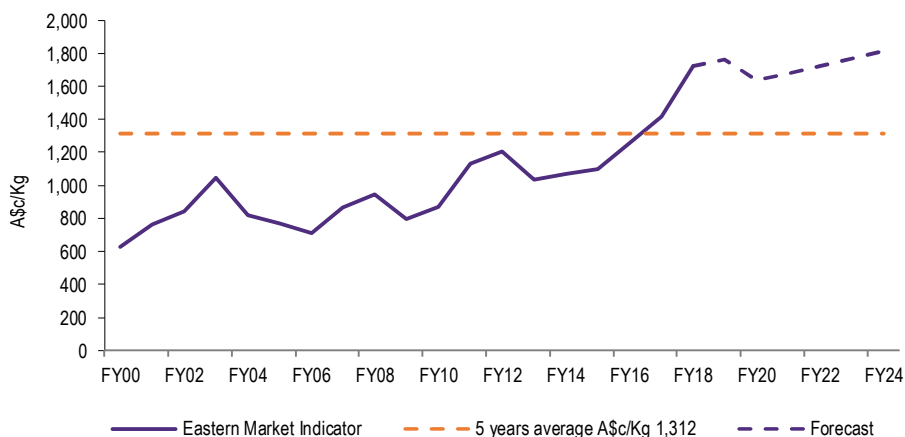
Farmers typically alternate between utilising sheep/ lambs for slaughter or for producing wool, based on the prevailing price of sheep/ lambs, with a view to generate the highest profit or lower production costs. The future production volumes also depend on animal health.

In January and February 2019, wool prices have increased strongly due to China's suspension of greasy wool imports from South Africa due to the outbreak of the foot-and-mouth disease. In addition, prices are also high due to smaller flock sizes being observed in both Australia and New Zealand.

The Eastern Market Indicator ("EMI") price for wool (a weighted average price across different wool types) is forecast to increase in FY19 as the supply of wool falls. In FY20 the EMI is forecast to fall, reflecting expected higher volumes of wool coming to market as flock rebuilding commences. The current high EMI is creating an incentive for processors to substitute away from wool for synthetic fibres, which can be blended. In addition, consumer trends are likely to have an impact on wool demand and hence prices. A cause of potential reduction in sales growth is the rise in athleisure wear. This means woven fabrics are giving way to more jersey fabrics.



Historical and forecast Eastern Market Indicator



Source: ABARES

Nowadays, wool is faced with much more direct competition from other fibres, both natural and synthetic. Marketing efforts over the last three decades have concentrated on the virtues of pure wool, with little emphasis given to wool blends. As the competition has increased and the quality and versatility of alternative fibres has improved, the value of wool has diminished. The direct result has been a dramatic reduction in the national flock and ABS estimates that there are approximately 108 million sheep in Australia today compared with 172 million in 1989. The Australian Merino remains the dominant sheep breed, accounting for approximately 75% of the Australian flock. The wool of the Australian Merino is widely regarded as the best quality in the world.

3.7 Water industry

The Australian government has committed significant funds to develop water infrastructure through the National Water Infrastructure Development Fund and the National Water Infrastructure Loan Facility. This includes the construction of several dams, weirs, pipelines and storage facilities, as well as water infrastructure projects in the Murray-Darling basin, Australia's largest river system. The government has made investments in irrigation projects and water efficiency measures in Tasmania and the Great Artesian Basin. Further, funds have been committed to transition to a long-term funding model incentivising more private investment in water infrastructure.

In particular, the government's Murray-Darling Basin Plan requires the recovery of 2,680GL³⁹ of surface water by June 2019 and an additional 450GL by 2024 through the introduction of various efficiency measures⁴⁰. This plan aims to restore the health of the basin's rivers, support regional communities and enable sustainable food production. The government is working to improve efficiency and productivity of on-farm water use and management through the Sustainable Rural Water Use and Infrastructure Program (including more than 50 programs funded as part of this program), providing legislation like the Water Act 2007 and reforms like the National Water Initiative, and participating in international water-related development goals (for example, through the UN's High-Level Panel on Water and the ISO's international standard for water efficiency testing and rating of domestic water-saving products). In addition, between 2005 and 2017, the Australian government has invested more than A\$2.4 billion to assist cities and towns to improve water security.

³⁹ Giga litres

⁴⁰ EY - Analysis of efficiency measures in the Murray-Darling Basin, 19 January 2018



Improvements in efficient water usage has been driven both by operational changes among users as well as capital investment. Operational changes include improvements in on-farm water infrastructure hardware and software as well as diagnostics. Investments in these measures drives improvements in productivity and results in sustainable farming.

These developments enable a positive operating environment for providers of irrigation systems and water related services and products like Ruralco.



4 Profile of Ruralco

4.1 Introduction

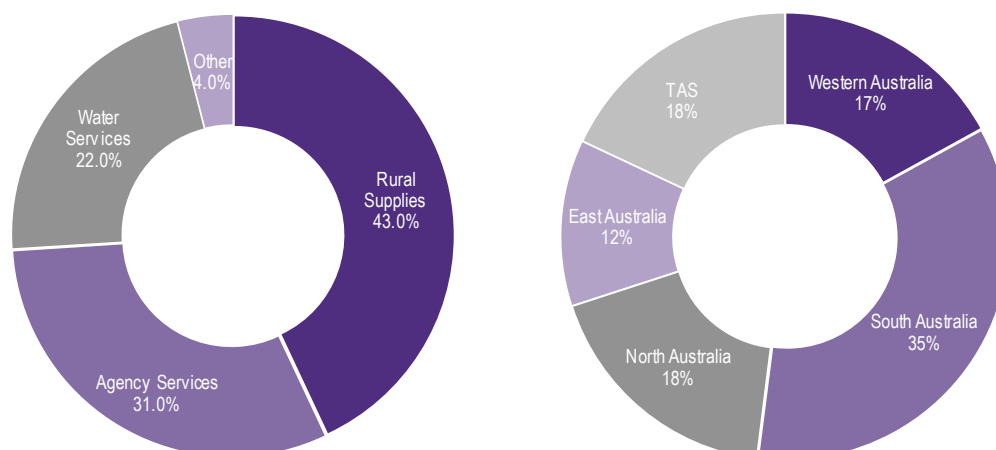
Ruralco, in its current form, was established following the 2006 merger between Ruralco Limited and Roberts Limited. Through the years, Ruralco has become one of Australia's leading agriservices businesses, operating under numerous brands across 500 locations and employing over 2,000 people.

The Company provides the following services to farmers and various other customers in the agriculture sector in Australia:

- *Rural Services Division* – Retailing farm supplies such as fertiliser, crop protection, animal health products, animal feed, seeds, and other general farm merchandise and provision of agronomic advice and agency services that help maximise the returns of production (“Agency Services”). Ruralco's CRT and Town & Country wholesale business platform comprises more than 350 members including 243 independent members providing a channel to market from which Ruralco earns a wholesale margin. The CRT business provides members with combined buying power and access to national accounts and consolidated marketing, networking and business development events.
- *Water Services Division* – Retailing of domestic, civil, industrial and agricultural irrigation products and parts; design, construction, installation and maintenance of on-farm water infrastructure solution; and brokering the buying and selling of temporary and permanent water entitlements.
- *Financial Services Division* – Insurance and finance broking services, grain trading and commodity advice, input financing solutions and other financial products.
- *Live Export Services Division* – Short-haul live export of feeder and slaughter cattle from Northern Australia to South East Asia, primarily to Indonesia and Vietnam.

Historically, Ruralco has been operating mainly as a provider of agricultural supplies and Agency services. However, in recent years Management has been growing the Company's presence in other agricultural services, predominantly water services, with a view to becoming an end-to-end agricultural solutions provider. The current split of Ruralco's earnings by activities and geographic location is set out below:

FY18 Gross Profits by product and geography



Source: Management, GTCF analysis

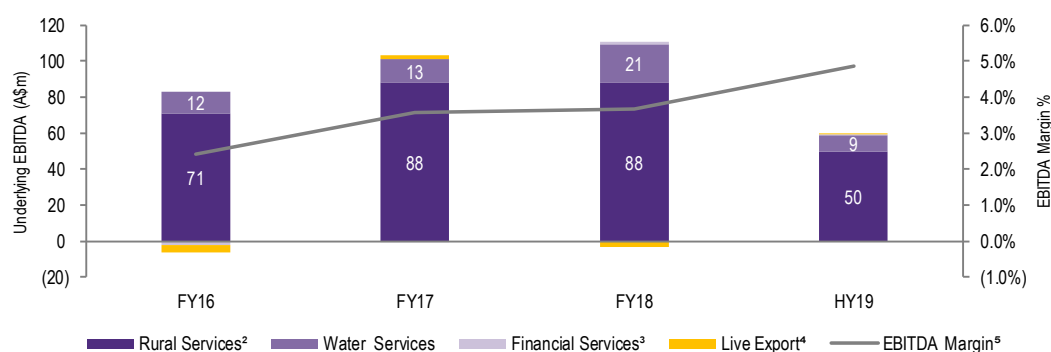


Such diversified operations in terms of products/ services and geography are one of the key strengths and differentiating factors of Ruralco. The above diversified operations have evolved as part of Ruralco's portfolio mainly over the last five years:

- In 2013, the Company established the live export business in partnership with Frontier International ("Frontier") in which it has a 75% stake.
- In 2014, Ruralco significantly expanded its water business through the acquisition of the water services and supplies company Total Eden.
- Between FY15 and FY18, the Company made several acquisitions across its portfolio, increasing the size and scale of the Company's operations, mainly in the Water Services Division.
- In addition, in the last four years, Ruralco has established 3 joint ventures in Western Australia, strengthened its operations in Tasmania⁴¹, enhanced its market penetration in the sugarcane market in Mackay, and acquired agency business in Tasmania⁴².

The Rural Services Division still generates the majority of the EBITDA as set out below, however, it witnessed flat earnings in FY18. Whilst it benefited by a 7% increase in fertiliser sales in Southern Australia and Tasmania, as well as a 14% increase in animal health and advanced animal nutrition products, dry conditions in New South Wales and Queensland, and inconsistent rainfall in South Australia and Victoria concurrently affected key cropping areas in these states. Ruralco is targeting to increase the contribution of the Water Services Division to 25% of gross profit and Financial Services Division to around 10% of gross profit.

Underlying EBITDA¹ of Business Units



Sources: Ruralco annual and semi-annual reports

Notes:

(1) EBITDA (A\$) before corporate overheads.

(2) Rural Services division includes the Ag Supplies, Agency and CRT businesses.

(3) Financial Services contributed A\$(2.2) million in FY16, A\$(0.4) million in FY17, A\$1.5 million in FY18 and A\$0.3 million in 1HFY19.

(4) Live Export contributed A\$(3.8) million in FY16, A\$2.1 million in FY17, A\$(3.1) million in FY18 and A\$0.1 million in 1HFY19.

(5) EBITDA Margin % after corporate overheads.

⁴¹ Through the acquisition of TP Jones & Co Pty Ltd.

⁴² Tasmanian Rural Property Pty Ltd.



4.2 Business divisions

4.2.1 Rural Services Division

Agricultural supplies ("Ag Supplies")

The Ag Supplies retail business is involved in selling of agricultural supplies such as general farm merchandise, seeds, crop-protection products, fertiliser, animal health products and feed through 40 businesses located across the country. The Ag Supplies business is the largest segment in the Rural Services division, and its performance is highly dependent on seasonal conditions, production of crops and livestock, and market prices.

This activity also includes private label products which earn higher margins than the sale of other generic brands produced by third parties due to the ability to retain the manufacturing margin. Currently, the Company distributes private label products for animal health for both cattle and sheep (Covine) and agricultural chemicals for broadacre winter cropping (Relyon). Going forward, Management aims to widen its product offering of private label products, as well as increase their market penetration.

Agency Services

Livestock agency: Ruralco provides livestock marketing and advice on buying and selling livestock, herd selection and genetics. This business is driven by market prices, slaughter rates and production volumes of cattle and sheep, and hence is susceptible to commodity price movements and seasonal conditions. In FY18 this activity has been impacted by reductions in the domestic cattle price and by the recent drought, as feed prices have increased and producers have been forced to reduce their herds to avoid high holding costs. However, favourable sheep price and volumes have partly offset the impact on earnings from lower cattle prices. In FY18, the Company sold 1.3 million cattle and 4.6 million sheep.

Wool agency: Ruralco provides marketing, broking, warehousing and handling services to wool growers across Australia. Similar to livestock, this business is also influenced by commodity prices. Wool prices have increased on account of increased international demand and declining flock levels in Australia and New Zealand. The high prices are incentivising producers to rebuild flock sizes.

Real estate agency: Ruralco assists in marketing and selling properties across rural, rural lifestyle, commercial and residential real estate. This activity has remained buoyant notwithstanding depressed conditions in the residential metro market.

Overall, the earnings from the Agency business have been decreasing in the last two years primarily due to weakening domestic cattle prices. However, the Company's diversification strategy has helped to avoid to impact the overall EBITDA. Earnings in 1H FY19 have remained stable, with cattle volumes continuing to increase driven by ongoing dry conditions and continuing high sheep prices. Wool sales reduced in 1H FY19 despite continuing high wool prices, as result of a reduction in wool inventories in 2018 and a lower wool clip in 1H FY19. The real estate business has grown with increased sales of rural properties, particularly in Tasmania, which now accounts for 43% of Real Estate gross profit (up from 34% in the previous corresponding period).



CRT

Ruralco's CRT Wholesale business provides its members a channel to market by combining buying power on its purchasing platform (RuralcoNet). Members pay a flat monthly fee⁴³ to access the purchasing platform, and receive Ruralco's net position with suppliers. It also provides networking and business development opportunities to members. Members are required to undertake minimum annual purchases, and Ruralco has typically been able to secure most of the members' available spend. The CRT and Town & Country business platform comprises more than 350 members including 243 independent members.

Gross profit in the segment represents the monthly fee paid by members. The Company's revenues were previously recorded on a gross basis (i.e. inclusive of the revenues and costs of sales in the CRT business). Post the adoption of AASB-15 *Revenue from Contracts with Customers*⁴⁴, Ruralco will now record amounts on a net basis, where only the commission on non-warehouse sales will be recognised in revenue⁴⁵. This does not affect either gross profits or EBITDA, however the gross profit margin and EBITDA margin are increased due to lower revenues.

4.2.2 Water Services

This division provides various services including the retail of agricultural irrigation products and parts, the design, construction and maintenance of on-farm water infrastructure and the brokering of water entitlements trades. The retail and water infrastructure activities represent c.95% of the division's revenue⁴⁶. The division operates predominantly through wholly owned subsidiaries across Australia, targeting regions with upcoming or prolonged government or private investment in irrigation infrastructure and water schemes.

We have outlined below some of the key events that have occurred in this division in the last few years:

- Prior to FY14, the Water division did not represent a major part of the Company. In FY14, Ruralco acquired Total Eden for A\$60 million, allowing the division to expand its geographical presence. Total Eden was also used as a platform to bolt-on smaller businesses.
- The Water Services division was restructured in FY16 at a cost of A\$4.5 million with a view to improve the cost base of the division.
- Between FY14 and FY18, several acquisitions were undertaken which added on to the Water division's portfolio. In particular, FY17 was a pivotal year with Ruralco acquiring several firms across the country⁴⁷. These acquisitions have enabled the Company to grow the contribution of the Water division from 12% of overall gross profits in FY14 to 21% in FY18.

Ruralco's water broking business currently contributes less than 10% of the division's gross profits. The Company operates mainly in the Murray Darling basin, with additional presence in the New South Wales and Queensland markets. The water broking business provides services to farmers, government authorities and other investors through the trading or leasing of water entitlements, providing forward water

⁴³ Based on the members average turnover over the preceding 3 years.

⁴⁴ First time adoptions occurred for half year ending 31 March 2019

⁴⁵ Refer page 75 of Ruralco's FY18 annual report for details.

⁴⁶ In FY18; Retail: 47%, Infrastructure 48%.

⁴⁷ Including several smaller acquisitions as well as larger businesses like Mildura Irrigation, Irrigation Tasmania and Riverland Irrigation.



allocations, and associated advisory services. Due to the increased demand for water entitlements in 2018, this activity recorded substantial growth, contributing A\$4 million in gross profits.

The Water Services Division plays a key role in reducing the cyclical impact of rainfall and drought events, resulting in a competitive advantage over peers. As seen in FY18, the Water division has provided a natural hedge against lower earnings in the Agency business and Live Export Division.

In addition, significant government or private investment in irrigation infrastructure and water schemes is being observed, which is expected to create significant growth opportunities going forward.

4.2.3 Financial Services

Ruralco's Financial Services Division provides both financing and insurance solutions. The financing business specialises in seasonal and term finance catering to both rural and regional clients. The insurance business mainly brokers a range of general, crop and commercial insurance packages to customers.

Ruralco has established key joint ventures in the Financial Services Division, including:

- A strategic joint venture with Steadfast, one of the largest insurance broking networks in Australia, through a joint venture vehicle, Ausure, in which Ruralco owns a 25% interest. Ausure provides direct access to 97 independent brokers.
- Agfarm, a grain marketing business that provides input finance to farmers, in which Ruralco owns a 50% interest.

As of 30 September 2018, Ruralco's total loan book was approximately A\$359 million in size, mainly consisting of Term Finance and Seasonal Finance⁴⁸. The loan book of seasonal finance products grew by 45% in FY18, whilst the Flexi Finance product, launched at the beginning of the 2018, recorded A\$36 million in loans written. The segment made total revenue of c.A\$4.1 million in 2018 and delivered its first full year of profit⁴⁹. Despite significant growth in total loan limits, drought conditions significantly impacted loan draw downs, with subdued farmer confidence impacting farmers' need to draw down on their available finance until conditions improve.

4.2.4 Live Export

Ruralco, through their partnership with Frontier International, focus on the short haul export of live feeder and slaughter cattle from Northern Australia to South East Asia, primarily Indonesia and Vietnam. Ruralco exports approximately 135,000 cattle annually, generating revenues of A\$213.3 million in FY18.

The Live Export division has faced the following challenges in recent years:

⁴⁸ Seasonal Finance involves 12-month secured loans of up to 50% of the value of livestock or crops. Flexi Finance is targeted at livestock producers and involves 12-month secured loans up to 100% of the value of current inventory or purchases of livestock. These loans are only provided to customers of Ruralco's livestock business. Term Finance is also targeted at livestock producers but involves 3-5 year loan facilities for the acquisition or rebuild of flocks/ herds. Term Finance, Seasonal Finance and Flexi Finance formed 53%, 31% and 10% of the Company's total loan book respectively.



- Similar to the livestock business, the Live Export business is also exposed to inherent market price fluctuation with fluctuations in the domestic Australian cattle price difficult to pass on to the price sensitive import markets of Indonesia and Vietnam.
- Excess industry capacity and the impact of drought conditions on export-ready cattle supply and feed costs have negatively impacted trading margins across the industry.
- There has been an industry wide shift away from Indonesia to Vietnam in terms of export volumes given Indonesia's move to reduce imports.

Due to these challenges, the Live Export division incurred losses⁵⁰ in FY18. In 1H FY19, there has been significant improvement in live export margins and growth in volumes exported.

4.3 Growth and diversification strategy

4.3.1 Future Farming Strategy

Between 2015 and 2016, Ruralco launched the "Future Farming Strategy". The strategy is made up of three pillars: Investment, Innovation and Integration. Collectively, these assist in diversifying Ruralco's earnings and providing a platform for an end-to-end agricultural services firm.

- *Investment:* The Company has made targeted acquisitions in the Rural Supplies, Agency and Water activities to establish a presence throughout Australia. Management intend to continue expanding the Company's geographical footprint through acquisitions. The Company has invested significantly in FY17 and FY18 to acquire a portfolio of companies, which contributed A\$6.6 million (10%) and A\$13.5 million (20%) to FY17 and FY18 underlying EBITDA respectively.
- *Integration:* Ruralco leverages off its diversified service offering by cross-selling services. For example, the Company lends capital⁵¹ to customers buying products from Ruralco-run stores, which captures a greater proportion of sales. This strategy has led to a growth in the loan book and insurance book in the Financial Services business, as well as increased sales and product registrations for the Company's proprietary products sold through stores.
- *Innovation:* Ruralco has partnered with agtech specialists and agricultural data providers like CSIRO, MLA and SproutX⁵². The Company has also invested in DataFarming, an agtech start-up which aims to deliver technology solutions to farmers and agronomists to support their businesses. The Company aims to support its customers in achieving reliable production while using less intensive, more efficient agricultural inputs. Currently, Management is focussing on commercialising these investments throughout the network.

4.3.2 Joint venture model

In undertaking acquisitions, Ruralco follows a joint venture ("JV") model where appropriate, to enable the Company to attract and retain key income generating staff within its acquired businesses. Ruralco

⁵⁰ The Live Export division made an EBITDA loss of A\$(3.1) million in FY18.

⁵¹ These funds are secured from external lenders and hence do not impact Ruralco's balance sheet.

⁵² (A) Ruralco has partnered with the Digital Agriculture Services, a rural intelligence platform supported by CSIRO, which will create digitised valuations, automated risk assessments and provide insights on productivity of rural land.

(B) As part of MLA's red meat digital agriculture strategy, Ruralco evaluated the uses of aerial drones in agriculture.

(C) Ruralco is the cornerstone investor in SproutX, an agtech accelerator program in Australia.



acquires controlling interests (target of 65% or higher) in independent rural services/agency services operators, and often seeks to buy out the JV partners over time depending on the pace of growth in the business. As part of the acquisition process, Ruralco usually pays a purchase price in line with market multiples of earnings expected for similar businesses. These are typically at a discount to Ruralco's own trading multiple on the ASX.

The operations of the JVs are thoroughly integrated with other activities of the Company⁵³, with working capital facilities and back-office services⁵⁴ provided to the JV. This strategy has proved successful in growing the Company's network, as evidenced by the fact that several JV businesses have now been bought out by Ruralco. Most JVs are in livestock and real estate businesses.

4.3.3 Program Elevate

As part of its aim to improve the Company's operating leverage and cost base efficiency and get the business ready for digital transformations opportunities, Management undertook an IT development program called Program Elevate. Program Elevate was approved by the Board in FY16 and was carried out during FY17 and FY18.

Program Elevate, comprising 9 different projects, was aimed at developing a reliable back office foundation integrated with a scalable e-commerce platform. The projects focused on improving the quality of data utilised by Ruralco in various decision-making process and the automation of certain processes on delivering new interactive platforms to customers. The primary benefits of Program Elevate included:

- The delivery of RuralcoNet, a digital platform to better interact with CRT member customers.
- Cost reduction through enhanced data quality to support improved procurement decision making, better cost prices determination through rebates automation and recovery of input costs; retail pricing and margin protection.
- Roll-out of a modern POS⁵⁵ solution with enhanced business-focused functionality at retail stores.

The financial impacts from Program Elevate benefits are expected to be reflected in the Company's improved Corporate Costs as % of GP (to below 80% with further room for further improvement expected over the coming years). We note that FY18 results have already shown a reduction of 0.8% in operating costs as a portion of gross profit as a result of Program Elevate. Further, the Company has experienced additional initial benefits in the first half of FY19.

⁵³ For example, Ruralco enabled rural supplies providers in Western Australia to offer agency services and financial services.

⁵⁴ IT licence costs are recovered from the JVs.

⁵⁵ Point of Sale systems.



4.4 Financial information

4.4.1 Financial performance

The table below illustrates the Company's audited consolidated statements of comprehensive income for the last 2 financial years as well as for the first half of FY19.

Consolidated statements of financial performance	FY17	FY18	1HFY19
A\$ '000	Audited	Audited	Audited
Revenue	1,826,800	1,913,497	686,110
Cost of sales	(1,492,463)	(1,570,365)	(511,186)
Personnel expenses	(195,526)	(193,776)	(96,050)
Property and equipment expenses	(29,511)	(30,429)	(14,689)
Motor vehicle expenses	(20,596)	(21,910)	(11,434)
Administrative expenses	(9,915)	(11,445)	(6,054)
Data and telephony expenses	(8,548)	(10,904)	(5,551)
Marketing and advertising expenses	(6,937)	(6,721)	(3,324)
Depreciation and Amortisation expense	(10,490)	(12,726)	(6,159)
Bad debt expense	(165)	(406)	(151)
Net gain/(loss) on disposal of assets	(1,118)	5	258
Other expenses	(2,711)	(3,768)	(1,954)
Results from operating activities	48,820	51,052	29,816
Share of net profit of equity accounted investees	913	1,144	147
Bank charges	(919)	(855)	(495)
Interest expense	(4,667)	(4,984)	(3,306)
Total finance costs	(5,586)	(5,839)	(3,801)
Profit for the period before income tax	44,147	46,357	26,162
Income tax expense	(13,321)	(14,681)	(8,055)
Profit for the period	30,826	31,676	18,107
Total other comprehensive income (net of tax)	(309)	2,288	140
Total comprehensive income for the period	30,517	33,964	18,247
Total comprehensive income attributable to			
Equity holders of the Company	22,111	27,467	15,608
Non-controlling interest	8,406	6,497	2,639

Source: Ruralco annual and semi-annual financial reports

Note: 1HFY19 results have been prepared under AASB 15

Reconciliation of Underlying EBITDA	FY17	FY18	1HFY19
A\$ '000	Audited	Audited	Reviewed
Reported EBITDA	60,223	64,922	36,121
Restructuring and cost out initiatives	2,407	2,445	-
Acquisition and portfolio management activities	2,353	2,728	-
Other one-off items	449	-	1,556
Total non-recurring items	5,209	5,173	1,556
Underlying EBITDA	65,432	70,095	37,677
Underlying EBITDA margin	3.6%	3.7%	5.5%

Source: Ruralco annual and semi-annual financial reports



With regard to the financial performance, we note the following:

- In FY18, the increase in revenue and EBITDA are the result of Company's diversification strategy and the acquisitions completed in FY17 and FY18, which delivered a substantial increase in earnings despite challenging trading conditions. The operating costs as percentage of gross profit improved marginally due to the initial benefits from Program Elevate and cost control initiatives.
- Ruralco incurred non-recurring costs of c.A\$5 million in both FY17 and FY18. These are associated mainly with restructuring and cost-out initiatives as well as transaction costs related to acquisitions.
- The income from equity accounted investees represents Ruralco's share of net profits after tax from its equity investments⁵⁶. Ruralco has either significant influence or joint control over these entities and applies the equity method of accounting for these investments, recognising the initial investments at cost and adjusting the same for the share of profits through the profit and loss.
- Underlying net profit attributable to non-controlling interests has reduced from 21.2% of the total net profit in FY16 to 18.4% in FY18 due to the following:
 - The Company's stated objective to grow its stake and transition its joint ventures into wholly owned subsidiaries over time; and
 - The reduction in financial performance of the Livestock Agency business, where several JVs belong to, as cattle prices declined and the volatility in the profits of the Live Export Division.
- Earnings for 1HFY19 are in line with 1HFY18 despite challenging seasonal conditions. In particular, the Live Export division returned to profitability, on account of higher trading margins resulting from a smaller backgrounding program in 1HFY19 and lower domestic cattle prices. Further, the Company's Water Division also recorded growth due to buoyant markets for water entitlement trading as well as the full run rate earnings from previously acquired businesses. Operating expenses and corporate costs have increased marginally, and the Company has also incurred c.A\$1.6 million of one-off restructuring costs, including costs incurred in connection with the Scheme.
- The Company has acquired iWater Pty Ltd in Dalby, QLD during the half year ended 31 March 2019. This acquisition is expected to provide a base for improve the Water Division's capability in Queensland and Northern Territory.

⁵⁶ 50% interest in Agfarm Unit Trust, 25% interest in Ausure Group Pty Ltd and 50% interest in Western Riverina Fertilisers Pty Ltd.



4.4.2 Financial position

The consolidated statement of financial position of Ruralco as at 30 September 2017, 30 September 2018 and 31 March 2019 is summarised in the table below:

Consolidated statements of financial position A\$ '000	FY17 Audited	FY18 Audited	1HFY19 Audited
Cash and cash equivalents	22,789	18,151	7,499
Trade and other receivables	393,609	400,689	413,376
Inventories	141,870	170,329	205,646
Biological assets	18,325	14,022	834
Prepayments	9,937	10,951	4,895
Derivative financial assets	175	447	125
Total current assets	586,705	614,589	632,375
Intangibles assets	214,690	244,633	251,009
Property, plant and equipment	43,966	42,687	40,523
Deferred tax assets	19,930	19,960	19,754
Investment in equity accounted investees	18,504	23,873	23,466
Other financial assets	155	2,455	2,455
Trade and other receivables	857	1,463	1,254
Total non-current assets	298,102	335,071	338,461
Total assets	884,807	949,660	970,836
Liabilities			
Trade and other payables	429,707	455,031	451,157
Loans and borrowings	18,323	17,646	2,829
Employee benefits	21,584	22,416	23,161
Contingent and deferred consideration	2,968	10,588	5,352
Restructuring and onerous contract provisions	2,655	1,544	1,175
Current tax liabilities	1,696	3,311	1,655
Derivative financial instruments	389	1,374	135
Make good provision	48	1,185	1,324
Total current liabilities	477,370	513,095	486,788
Loans and borrowings	95,645	120,365	165,350
Contingent and deferred considerations	9,378	2,815	3,023
Deferred tax liabilities	8,085	8,593	8,593
Employee benefits	3,167	3,607	2,960
Make good provisions	522	454	315
Total non-current liabilities	116,797	135,834	180,241
Total liabilities	594,167	648,929	667,029
Net assets	290,640	300,731	303,807
Non-controlling interests	11,839	12,838	6,841

Sources: Ruralco annual and semi-annual financial reports

Note (1): The information presented in the table above has been extracted/derived from the audited financial statements.

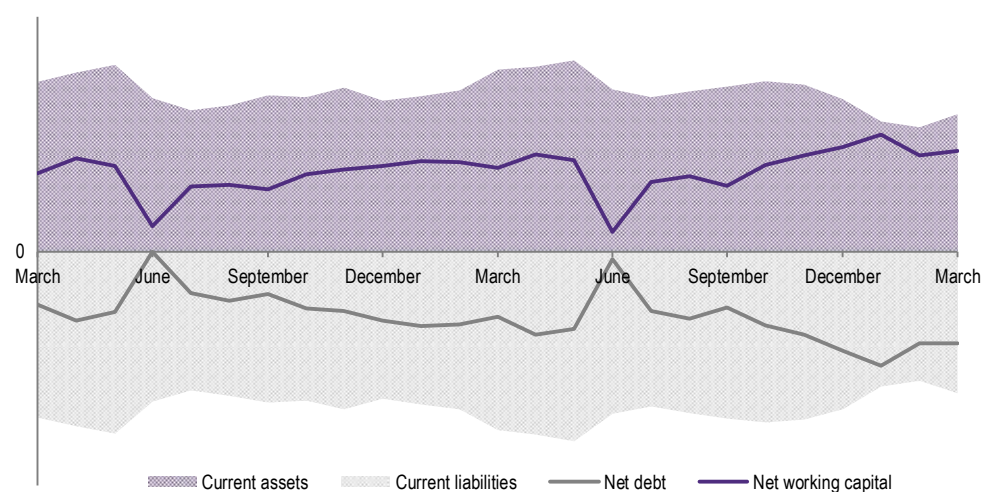
We note the following in relation to Ruralco' financial position:

- Inventory, including livestock, increased by 15% from FY17 to FY18. Other than the impact from acquisitions (c.A\$7 million), the Company recorded a higher inventory of crop protection products due to a slower winter cropping season.



- Intangibles assets are mainly related to the goodwill from the acquisitions undertaken, as a significant proportion of the purchase price was allocated to goodwill. The intangible asset balance increased in FY17 by 46%, due to the acquisitions undertaken in FY17 and FY18 combined with the capex investment associated with Program Elevate.
- The Company's net debt fluctuates significantly over the financial year due to working capital requirements changing between seasons. This is shown in the graph below.

Working capital/net debt monthly trend for the year ending March 2019



Historically, the Company requires higher working capital funding in the sowing and cropping seasons i.e. summer and winter, as higher demand is recorded during these periods.

During 1H FY19, the Company has funded its investment capex and acquisitions through debt funding, resulting in an increase in the net debt from A\$117 million as at 30 September 2018 to A\$158 million.

- Deferred tax assets are mainly in relation to timing differences. These include tax losses carried forward of A\$4.5 million arising primarily from the live export business.
- Equity accounted investments of A\$23.9 million includes the interests in Agfarm (50% interest at a carrying value of A\$8.7 million), Ausure (25% interest at a carrying value of A\$14.8 million) and Western Riverina Fertilisers⁵⁷ (50% interest at a carrying value of A\$0.4 million).
- Ruralco's main source of debt funding is a debtor securitisation facility. This is mainly used to fund working capital. In order to face the fluctuation of the working capital requirements over the year, the Company has agreed to variable draw-down limits. Ruralco is able to draw down up to A\$210 million from January to June and up to A\$150 million from July to December. As at 31 March 2019, the Company has A\$160 million in net debt. The following table summarises the borrowings of the Company:

⁵⁷ Western Riverina Fertilisers Pty Ltd is joint venture entity which primarily operates in rural merchandising.



Ruralco net debt analysis			
A\$ million	30-Jun-17	30-Jun-18	31-Mar-19
Gross drawn debt (current and non-current)	109.6	130.0	165.0
Other loans	1.5	0.6	(2.0)
Finance lease liabilities	1.4	1.7	1.2
Less: Net Cash ¹	(22.8)	(15.0)	(5.9)
Net Debt	89.7	117.3	158.3
Average Net Debt (last 12 months)	117.2	133.3	155.0

Sources: Ruralco annual and semi-annual financial reports

Note: (1) Including A\$3.2 million and A\$1.6 million overdraft in FY18 and 1HFY19 respectively.

The increase in the net debt in FY18 is a reflection of the underlying growth in the business, payments for acquisitions, working capital requirements, and the roll out of Program Elevate driving investment capital expenditure.

- Non-controlling interests represent the carrying value of the entities in which the Company owns a majority ownership interest. These are mainly in the Rural Services and Live Export Division.



4.4.3 Cash flow statement

Ruralco's cash flow statements for the last 2 financial years FY17 and FY18 as well as for the first half of FY19, are set out below:

Consolidated statements of cash flows	FY17	FY18	1HFY19
A\$'000	Audited	Audited	Audited
Cash flow from operating activities			
Receipts from customers	1,991,337	2,092,134	979,224
Payments to supplier and employees	(1,966,249)	(2,043,245)	(984,463)
Bank charges	(918)	(855)	(495)
Net Interest	778	(713)	(1,405)
Income taxes paid	(10,795)	(12,684)	(9,712)
Net cash inflow from operating activities	14,153	34,637	(16,851)
Cash flows from investing activities			
Net cash inflow/(outflow) from property, plant and equipment	(3,355)	1,448	(645)
Net cash inflow/(outflow) from interests in existing subsidiaries	860	103	(2,852)
Net cash inflow/(outflow) from intangibles assets	(19,216)	(19,716)	(7,393)
Dividends received	151	1,152	646
Purchase of equity accounted for investees	(7,835)	(5,050)	-
Purchase of investments	-	(2,300)	-
Net cash inflow/(outflow) from shares in existing subsidiaries	236	(954)	-
Acquisition of subsidiaries, net of cash acquired	(60,095)	(14,664)	(717)
Net cash outflow from investing activities	(89,254)	(39,981)	(10,961)
Cash flow from financing activities			
Loans repayment from related entities	417	141	148
Repayment of finance lease liabilities	(661)	(347)	(200)
Proceeds from borrowings	873,521	907,000	424,500
Repayment of borrowings	(829,044)	(886,590)	(392,204)
Proceeds from issue of equity securities	65,000	-	-
Payment of share issue costs	(1,680)	-	-
Payment for treasury shares	(741)	(1,126)	(380)
Dividends paid to ordinary shareholders	(8,706)	(14,271)	(5,979)
Dividends paid to non-controlling interests	(5,633)	(7,252)	(7,208)
Net cash inflow/(outflow) from financing activities	92,473	(2,445)	18,677
Net increase/(decrease) in cash and cash equivalents	17,372	(7,789)	(9,135)
Cash and cash equivalents at the beginning of the financial year	5,417	22,789	15,000
Cash and cash equivalents at year end	22,789	15,000	5,865

Source: Ruralco annual and semi-annual reports

Note (1): The information presented in the table above has been extracted/derived from the audited financial statements.

- The cash flow from the operating activities, has improved significantly between FY17 and FY18 reaching a cash realisation ratio⁵⁸ of 72% in FY18 from 31% in FY17. The improvement reflects the growth in operating results and the benefits from improved working capital management.

⁵⁸ Operating cash flow as % of profit for the period (before minority interest share of profit) adjusted to remove depreciation and amortisation expense.



- In both FY17 and FY18, the capital expenditure of c.A\$24 million includes investments in IT systems of A\$13 million in FY18 and A\$14.6 million in FY17. These are mainly related to Program Elevate.
- The reduction in cash flows from investing activities in 1HFY19 reflects a decline in capital expenditure following the completion of Program Elevate and the timing of acquisitions.

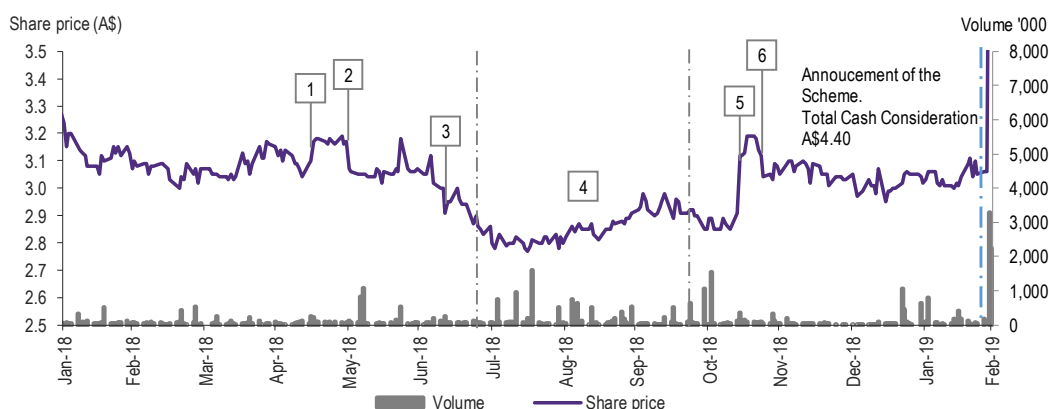
4.5 Share capital structure

As at the date of this report, Ruralco had 105,052,247⁵⁹ Ruralco shares held publicly and 1,534,251 unlisted performance rights, share rights and matched share rights which have been issued to senior management. The vesting of these rights will be accelerated prior to the Scheme record date, with the result that an additional 1,487,787 Ruralco shares will be issued (refer Section 1.1 of this Report).

4.5.1 Share price and market analysis

Our analysis of the daily movements in Ruralco' trading share prices and volume for the period from January 2018 to 27 February 2019 is set out below.

Historical share trading price and volume for Ruralco



Source: S&P Global, GTCF analysis.

The following table describes the key events which may have impacted the share price and volume movements shown above.

Event	Date	Comments
1	15-May-18	Ruralco released the 1HFY18 accounts : - Program Elevate 75% completed with financial benefits starting to be reflected in decreasing cost to serve - Increase in revenue from ordinary activities of 7.0% to A\$920 million - Increase in Profit after tax from ordinary activities of 29.9% to A\$16 million - Interim dividend of A\$0.09 cents with 31 May 2018, as ex-dividend date
2	1-June-18	Record date for interim dividend of A\$0.09 declared on 15 May 2018.

⁵⁹ ASX, Appendix 3B, 2 November 2018



Event	Date	Comments
3	11-Jul-18	Ruralco provided a market update announcing: - Expected full year FY18 underlying net profit between A\$26 and A\$29 million with the midpoint to be in line with market consensus of A\$27.8 million. - The particularly dry conditions in Queensland and northern New South Wales and the delayed autumn season break have curtailed the crop protection sales in the third quarter. Meanwhile, recent rainfall across Western Australia, Southern Australia and Tasmania are expected to positively impact rural supplies activities in these markets over the course of the fourth quarter. - The buoyant wool and sheep market and stable cattle volumes in the third quarter have partially offset the impact from decreases in cattle prices.
4	June 18 - October 18	The Agriculture industry sector experienced a period of uncertainty due to challenging climate conditions. While in West Australia the winter boosted production, in Eastern Australia the drought negatively affected the crop and pasture production. The drought conditions led the Australian cattle to enter a destocking phase, increasing the world beef supplies placing downward pressure on prices. Over the same period, the saleyard prices for lamb increased, driven by strong export demand.
5	13-Nov-18	Ruralco released the financial results for FY18: - Total revenue of A\$1.9 billion and underlying EBITDA of A\$70.1 million, which represent a 5% and 7% increases in respect to FY17, respectively - Fully franked final dividend of A\$0.06 with 26 November 2018 as record date - Program Elevate substantially completed with financial benefits starting to be reflected in decreasing cost to serve. Operating costs to Gross profit FY18 ratio of 79.6% , 0.8 ppts less than previous year
6	26-Nov-18	Record date for fully franked final dividend of A\$0.06 declared on 13 November 2018.

Source: ASX announcements, GTCF analysis

Note: the dates of the events, related to the notifications of changes in substantial shareholdings, represent dates when lodged to ASX.



The monthly share price performance of Ruralco since January 2018 and the weekly share price performance of Ruralco over the last 16 weeks is summarised below:

Ruralco	Share Price			Average weekly volume '000'
	High \$	Low \$	Close \$	
Month ended				
Jan 2018	3.310	3.000	3.150	505
Feb 2018	3.220	3.020	3.070	473
Mar 2018	3.110	3.000	3.070	427
Apr 2018	3.190	3.020	3.150	319
May 2018	3.240	3.030	3.070	394
Jun 2018	3.190	3.020	3.070	825
Jul 2018	3.130	2.790	2.800	410
Aug 2018	2.910	2.750	2.820	1,079
Sep 2018	2.910	2.800	2.910	948
Oct 2018	3.000	2.830	2.890	697
Nov 2018	3.230	2.810	3.050	813
Dec 2018	3.140	2.940	3.050	183
Jan 2019	3.070	2.940	3.030	636
Week ended				
9 Nov 2018	2.890	2.810	2.850	173
16 Nov 2018	3.200	2.820	3.190	851
23 Nov 2018	3.230	3.020	3.040	380
30 Nov 2018	3.140	2.980	3.050	584
7 Dec 2018	3.140	3.010	3.080	336
14 Dec 2018	3.100	3.010	3.090	194
21 Dec 2018	3.090	2.980	3.010	181
28 Dec 2018	3.070	2.940	3.030	46
4 Jan 2019	3.040	2.940	2.990	27
11 Jan 2019	3.070	2.970	3.070	173
18 Jan 2019	3.050	2.950	3.000	192
25 Jan 2019	3.070	2.990	3.050	1,646
1 Feb 2019	3.070	3.000	3.060	1,545
8 Feb 2019	3.100	3.000	3.010	240
15 Feb 2019	3.060	3.000	3.040	841
22 Feb 2019	3.150	3.030	3.050	287

Source: S&P Global, GTCF calculations

We have considered the recent trading share prices of Ruralco for the purpose of our valuation. Refer to Section 6.3.2 for further details and analysis on the trading price of Ruralco.

4.5.2 Top 5 shareholders

We have provided in the table below the top 5 shareholders of Ruralco as recorded in Ruralco's register of shareholders as at 14 May 2019:



Top 5 shareholders of ordinary shares		
	Number of shares	Interest %
Neale Edwards	22,513,643	21.4%
Perpetual Investments Ltd	9,993,839	9.5%
Investors Mutual Limited	7,080,000	6.7%
UBS Group AG	6,111,836	5.8%
Regal Funds Management Pty Ltd	5,700,205	5.4%
Total top 5 shareholders	51,399,523	48.9%
Remaining shareholders	53,652,724	51.1%
Total ordinary shares outstanding	105,052,247	100.0%

Source: Management

In addition, Ruralco has 1,766,098 unlisted performance rights, share rights and matched share rights which have been issued to senior management. The vesting of these rights will be accelerated prior to the Scheme record date, with the result that an additional 1,487,787 Ruralco shares will be issued (refer Section 1.1 of this Report).

4.5.3 Dividend payout

Ruralco has historically been a high dividend-paying stock. The historical dividend distribution to ordinary shareholders is set out below

Ruralco Holding Limited	FY15	FY16	FY17	FY18	1HFY19
Dividend policy					
Dividend on ordinary shares (cents/share) ¹	16	10	15	15	10
Payout ratio ²	67%	59%	55%	55%	66%
Dividend yield ³	4%	3%	5%	5%	2%

Source: S&P Global Notes: (1) Dividend payouts are based on the results declared for the previous year although these may be paid in the current year; (2) Dividend paid out per share ("DPS") divided by Underlying Earnings per Share ("EPS"); (3) Dividend yield has been calculated by dividing the annual dividend by the trading prices at the year-end of A\$3.60 in FY15, A\$3.17 in FY16, A\$2.74 in FY17, A\$2.91 in FY18 and A\$4.37 in 1HFY19

The Company declared a fully franked FY19 interim dividend of 10 cents per share on 14 May 2019. In addition, the Total Cash Consideration includes a fully franked Special Dividend of up to 90 cents per share which is subject to approval of the Scheme, receipt of a favourable class ruling from the ATO and the determination of Ruralco's Board.



5 Valuation methodologies

5.1 Introduction

As discussed in Section 2, our fairness assessment involves comparing the Total Cash Consideration of A\$4.40 per Ruralco share to the fair market value of Ruralco shares on a control and fully diluted basis.

Grant Thornton Corporate Finance has assessed the value of Ruralco using the concept of fair market value. Fair market value is commonly defined as:

“the price that would be negotiated in an open and unrestricted market between a knowledgeable, willing but not anxious buyer and a knowledgeable, willing but not anxious seller acting at arm’s length.”

Fair market value excludes any special value. Special value is the value that may accrue to a particular purchaser. In a competitive bidding situation, potential purchasers may be prepared to pay part, or all, of the special value that they expect to realise from the acquisition to the seller.

5.2 Valuation methodologies

RG 111 outlines the appropriate methodologies that a valuer should generally consider when valuing assets or securities for the purposes of, amongst other things, share buy-backs, selective capital reductions, schemes of arrangement, takeovers and prospectuses. These include:

- Discounted cash flow and the estimated realisable value of any surplus assets (“DCF Method”).
- Application of earnings multiples to the estimated future maintainable earnings or cash flows of the entity, added to the estimated realisable value of any surplus assets (“FME Method”).
- Amount available for distribution to security holders on an orderly realisation of assets (“NAV Method”).
- Quoted price for listed securities, when there is a liquid and active market (“Quoted Security Price Method”).
- Any recent genuine offers received by the target for any business units or assets as a basis for valuation of those business units or assets.

Further details on these methodologies are set out in Appendix A to this report. Each of these methodologies is appropriate in certain circumstances.

RG111 does not prescribe any above methodologies as the method(s) that an expert should use in preparing their report. The decision as to which methodology to use lies with the expert based on the expert’s skill and judgement and after considering the unique circumstances of the entity or asset being valued. In general, an expert would have regard to valuation theory, the accepted and most common market practice in valuing the entity or asset in question and the availability of relevant information.

5.3 Selected valuation methods

In our assessment of the fair value of Ruralco, Grant Thornton Corporate Finance has relied on three



valuation methodologies as outlined below:

- *DCF Method:* For the purpose of our valuation assessment of Ruralco utilising the DCF method, Grant Thornton Corporate Finance has built a valuation model based on the cash flow projections prepared by management of Ruralco until 30 September 2021 and calculated a terminal value at that point in time.

We believe the DCF Method is appropriate due to the following:

- Ruralco has a long history of profitability.
- Working capital and capital expenditure requirements are cyclical and they can be modelled in a robust way.
- The DCF Method is one of the most commonly used methodologies for the valuation of agribusiness companies.
- *EBITDA Multiple Method:* We have cross-checked our valuation assessment based on the DCF having regard to the EBITDA multiple implied in our valuation assessment which we have compared with listed peers and comparable transactions. We have adopted the EBITDA multiple approach due to the following key considerations:
 - EBITDA is a frequently used valuation metric to assess the value of a company as it is not affected by differences in earnings caused by varying capital structures and depreciation and amortisation policies.
 - Investment analysts and other market commentators in the agribusiness sector typically adopt EBITDA metrics to assess the value of companies. Ruralco is also covered by several investment analysts which provide forecast consensus EBITDA.
 - Ruralco is a relatively asset-light business with a large proportion of earnings generated from the provision of services, including agency services, water services, financial services and livestock export services.
 - The Company is a mature business with a history of profitability, which is expected to continue over the long term.
 - Availability of transactional evidence and listed comparable companies for the calculation and analysis of implied EBITDA multiples.
- *Quoted Security Price Method:* In our cross-check, we have also had regard to the Quoted Security Price Method which is based on the Efficient Market Hypothesis which assumes that the share price at any point in time reflects all publicly available information and will change when new information becomes publicly available. We note that in the absence of a takeover or other share offers, the trading share price represents the value at which minority shareholders could realise their portfolio investment.



6 Valuation assessment of Ruralco shares

6.1 DCF Method

6.1.1 Introduction and the GT Model

For the purpose of our valuation assessment of Ruralco utilising the DCF method, Grant Thornton Corporate Finance developed the GT Model based on a critical review and consideration of the following:

- Historical financial performance of Ruralco.
- Budget for FY19 and the reforecast which was completed in the first quarter of FY19 (“Q1 Reforecast”) due to weaker than expected performance in the summer season as a result of the drought.
- Management projections for FY20 to FY21 included in the Internal Model which is based on a top-down approach by division and it takes into account normal seasonal conditions. Whilst discrete period cash flows adopted for DCF valuations are normally based on five year discrete periods, we are of the opinion that it is not unreasonable to adopt a shorter period of time for Ruralco given that under normal trading conditions and in the absence of external acquisitions, Ruralco is a stable and predictable business despite being subject to the agricultural cycle.
- Market updates from various investment analysts who provide coverage of Ruralco’s historical and expected performance and of the industry as a whole.
- Key industry risks, growth prospects and general economic outlook.

Whilst Grant Thornton Corporate Finance believes that the assumptions underlying the GT Model are reasonable and appropriate to be adopted for the purpose of our valuation, we have not disclosed them in our IER as they contain commercially sensitive information and they do not meet the requirements for presentation of prospective financial information as set out in ASIC Regulatory Guide 170 *“Prospective Financial Information”*.

In accordance with the requirement of RG 111, we have undertaken a critical analysis of the Q1 Reforecast and of the Internal Model before integrating them into the GT Model and relying on them for the purpose of our valuation assessment. Specifically, we have performed the following analysis:

- Conducted high level checks, including limited procedures in relation to the mathematical accuracy of the Internal Model.
- Performed a broad review, critical analysis and benchmarking with the historical performance of Ruralco and current trends in the industry.
- Held discussions and interviews with Management of the Company and its advisor to discuss the Internal Model and the key underlying assumptions.
- Reviewed and benchmarked revenue growth rates and earnings margins with listed peers.



The assumptions adopted by Grant Thornton Corporate Finance do not represent projections by Grant Thornton Corporate Finance but are intended to reflect the assumptions that could reasonably be adopted by industry participants in their pricing of similar businesses. We note that the assumptions are inherently subject to considerable uncertainty and there is significant scope for differences of opinion. It should be noted that the value of Ruralco could vary materially based on changes to certain key assumptions.

In our assessment of Ruralco based on the DCF, we have considered two scenarios which could reasonably be adopted by market participants in their pricing of the Company:

- *As-Is Scenario* – Under the As-Is Scenario, we have modelled the future performance of the business based on organic growth under normal seasonal conditions.
- *Acquisitions Scenario* – Ruralco has a history of completing and integrating several acquisitions which have been value accretive for Ruralco Shareholders given the multiple arbitrage between the purchase price and the multiple that Ruralco has been historically trading on the ASX. Under the Acquisitions Scenario, we have adopted the business performance projected under the As-Is Scenario and additionally we have assumed the Company undertakes a number of acquisitions in the Rural Services Division and the Water Services Division between the valuation date and 30 June 2021.

6.1.2 Key valuation assumptions under the As-In Scenario

We have outlined below the key assumptions which we have adopted for the As-Is Scenario.

- *Normal seasonal conditions* – The performance of the business and of the various divisions is significantly affected in any given year by seasonal conditions and the level of rainfall during the summer and winter cropping seasons. A drought period will significantly impact the demand for crop protection and fertiliser which represented almost 65% of FY18 revenue of the Rural Services Division. In addition, it will diminish the confidence level of farmers and their propensity to make investments which may adversely affect the water infrastructure revenue of the Water Services Division. In our valuation assessment, the financial performance in FY20, FY21 and then in perpetuity reflects the earnings that can be delivered under normal/average seasonal conditions – “through the cycle” earnings.
- *Operating assumptions*
 - *Rural Services* – sales growth rate for merchandiser and fertilisers estimated towards the low-end of the current inflation. Gross margin for merchandise sales is forecast to improve on historical averages, reflecting increased sales of the private label products which generate higher margins. The margin for the fertiliser business is in line with the historical average.

Agency gross margin is assumed to remain substantially flat to reflect continued decline in cattle prices (reduction of 14% in FY18), which is partially offset by increases in volumes to reflect the rebuild of the national herd/flock. We note that during FY18, dry conditions have significantly increased the cost of feed which has accordingly driven a subdued re-stocker demand for cattle and led to a higher cattle slaughter rate. The buoyant sheep and wool markets of FY18 are expected to normalise whilst real estate volumes are projected to materially increase due to the full contribution of the acquisition completed in FY18 and strong market conditions in the rural property market.



- *Water Services* – revenue is expected to increase in line with inflation with a moderate improvement in the historical gross margin for the water services division to reflect IT improvements and integration of previous acquisitions. Modest growth is expected in the volumes of the water broking business considering the significant growth achieved in the past.
- *Financial Services* – ramp-up in operations is expected under normal seasonal conditions given that the drought had a negative impact on farmers' confidence to draw down on their loans. Growth is also expected from greater penetration of the insurance products.
- *Live Export* – It is expected to continue to face challenging market conditions, even if the financial performance in the first half of FY19 has significantly improved and returned to profitability.
- *Corporate costs* – we note that we have adjusted the corporate costs down under the As-Is Scenario to remove the cost of the acquisitions team, given that we have assumed no further acquisitions under this Scenario. In addition, given that we have undertaken our valuation on a 100% basis, we have assumed cost synergies available to a pool of potential purchasers of c.A\$2 million per annum. Finally, Ruralco has incurred significant capital expenditure to upgrade its IT and infrastructure platforms which is expected to reduce the Corporate Cost as % of GP in the medium term (Program Elevate). We have allowed for the reduced Corporate Costs as % of GP expected to be realised from Program Elevate on a risk adjusted basis in order to take into account the value that may be attributed to them by a pool of potential purchasers.
- *Tax rate* – We have applied a tax rate of 30% for Ruralco's forecast cash flows from FY20 onwards, in line with the statutory corporate tax rate of 30%.
- *Capital expenditure* – We have adopted a level of maintenance capital expenditure of c.A\$13-15 million per annum which is in line with the historical capital expenditure.
- *Changes in working capital* – We have considered that investment in working capital will be limited as we are expecting a nominal increase in revenue. Notwithstanding that the working capital in the business is highly seasonal, the DCF method is well versed to address this seasonality.
- *Terminal value growth rate* – Assessed at 2.2% having regards to the market dynamics of each division. The assessed perpetual growth rate falls within the Reserve Bank of Australia's long-term inflation target range of 2.0% - 3.0%. Given that the discrete forecast period is limited to 2.5 years, the terminal value forms a large component of overall value and consequently, the overall value is highly sensitive to changes in the long-term growth rate. We have benchmarked below our assessed long-term growth rate to growth assumptions made by agriculture industry reports and observed bond yields on the Australian government bonds as outlined below.



Assessment of reasonableness of terminal growth rate	Australia
Australia macroeconomic indicators	
10-yr government bond yield ¹	1.78%
March 2019 Quarterly CPI	1.80%
Reserve bank long-term inflation target	2% to 3%
Average 10-year quarterly GDP growth rate	2.66%
Average 10-year quarterly inflation	2.12%
Other industry sources	
IBIS World Livestock and Rural Supplies Wholesaling FY19 to FY24 CAGR	0.80%
Historical CAGR (FY14 to FY19) - ABARES (total exports)	5.50%
Historical CAGR (FY14 to FY19) - ABARES (total value of farm products)	2.36%
Selected terminal year growth rate	2.2%

Note 1: As at 29 March 2019

Note 2: The expressed revenue growth is in real terms of 5.5%. Assuming the latest quarterly inflation of 1.9%, the expected revenue growth in nominal terms is 7.50%

- **Non-controlling interests** – The historical contribution of the NCIs at c.20% EBITDA was unusually high and driven by high cattle prices and volumes which positively affected the performance of the livestock agency joint ventures. As cattle prices normalise, the share of EBITDA of the NCIs is expected to become less significant at around 15% of the overall EBITDA. In addition, Ruralco has a stated objective to grow its stake in the Livestock Agency joint ventures. In our valuation assessment, we have reduced the enterprise value of Ruralco for the market value of the NCIs which we have assessed between A\$54 to A\$63 million based on the net present value of future net profit attributable to the NCIs (refer to Appendix D). In our valuation assessment of the NCIs, we have applied a marketability, liquidity and minority discount of 30% (refer to Appendix F for our discussion on the marketability discount).
- **Net debt, interim dividend payment and deferred consideration** – We have adopted a net debt of A\$158 million as at 31 March 2019. Whilst this is typically a relatively high level of debt during the year in order to fund high working capital requirements, the working capital unwinds in the next six months and it is captured in the DCF method. We have also allowed for the following cash outflows in our valuation assessment:
 - Interim Dividend payment of 10 cents per share which occurred after 31 March 2019.
 - Deferred consideration of c.A\$8.2 million in relation to recent acquisitions which is payable after 31 March 2019.
- **Discount rate** – Assessed between 9% to 10% based on the WACC. Refer to Appendix D for details.
- **Shares on issue** – We have assessed the valuation of Ruralco on a fully diluted basis and adjusted the total number of outstanding shares to include the dilution impact from the conversion of performance rights for nil consideration.

Our valuation of Ruralco under the As-Is Scenario is summarised in the table below:



DCF Method - As-Is Scenario - valuation summary		
A\$ '000	Low	High
Enterprise value	673,897	759,540
Less: Net debt as at 31 March 2019 and deferred consideration	(166,487)	(166,487)
Less: Interim Dividend cash payment	(10,654)	(10,654)
Less: Non-controlling interests	(63,138)	(54,493)
Equity value	433,619	527,906
Number of outstanding shares ('000s) (fully diluted)	106,540	106,540
Value per share (control basis) (A\$ per share)	4.07	4.96

Source: GTCF analysis

Our value per share of Ruralco under the As-Is Scenario is between A\$4.07 and A\$4.96.

It should be noted that the enterprise value of Ruralco could vary materially based on changes in certain key assumptions. Accordingly, we have conducted certain sensitivity analysis below to highlight the impact on the value of the Ruralco's equity value based on the DCF Method caused by movements in certain key assumptions. The following table summarises our results.



Sensitivity table (As-Is Scenario)	Low A\$	High A\$	Low % change	High % change
Value per Ruralco Share (As-Is Scenario)	4.07	4.96	-	-
<u>Terminal growth rate (revenue across all divisions)</u>				
Increased by 0.5% per annum	4.42	5.43	8.6%	9.5%
Decreased by 0.5% per annum	3.74	4.51	(8.0%)	(9.0%)
<u>Rural Services - Merchandise - revenue growth rate (FY20 to terminal year)</u>				
Increased by 0.5% per annum	4.25	5.18	4.4%	4.6%
Decreased by 0.5% per annum	3.88	4.70	(4.7%)	(5.1%)
<u>Rural Services - Merchandise - gross margin (FY20 to terminal year)</u>				
Increased by 0.5% per annum	4.28	5.20	5.2%	4.9%
Decreased by 0.5% per annum	3.84	4.67	(5.7%)	(5.7%)
<u>Rural Services - Fertiliser - revenue growth rate (FY20 to terminal year)</u>				
Increased by 0.5% per annum	4.11	5.01	1.1%	1.1%
Decreased by 0.5% per annum	4.01	4.87	(1.5%)	(1.8%)
<u>Rural Services - Fertiliser - gross margin (FY20 to terminal year)</u>				
Increased by 0.5% per annum	4.16	5.05	2.2%	1.9%
Decreased by 0.5% per annum	3.96	4.82	(2.6%)	(2.7%)
<u>Cattle price growth (FY20 to terminal year)</u>				
Increased by 5% per annum	4.59	5.58	12.7%	12.6%
Decreased by 5% per annum	3.61	4.38	(11.4%)	(11.5%)
<u>Cattle volume growth (FY20 to terminal year)</u>				
Increased by 5% per annum	4.57	5.56	12.2%	12.1%
Decreased by 5% per annum	3.62	4.40	(11.0%)	(11.1%)
<u>Water Services revenue growth (FY20 to terminal year)</u>				
Increased by 0.5% per annum	4.18	5.08	2.6%	2.6%
Decreased by 0.5% per annum	3.95	4.79	(3.0%)	(3.3%)
<u>Water Services gross margin (FY20 to terminal year)</u>				
Increased by 0.5% per annum	4.16	5.06	2.3%	2.1%
Decreased by 0.5% per annum	3.96	4.81	(2.8%)	(2.9%)
<u>Opex growth (FY20 to terminal year)</u>				
Increased by 0.5% per annum	3.76	4.59	(7.5%)	(7.4%)
Decreased by 0.5% per annum	4.35	5.28	7.0%	6.6%
<u>Capex (terminal year)</u>				
Increased by \$1m	4.00	4.87	(1.7%)	(1.6%)
Decreased by \$1m	4.14	5.04	1.7%	1.6%
<u>Discount rate</u>				
Increased by 0.5% per annum	3.70	4.48	(9.0%)	(9.5%)
Decreased by 0.5% per annum	4.49	5.50	10.3%	11.0%

Source: GTCF analysis

6.1.3 Valuation assessment under the Acquisition Scenario

Ruralco has a history of growing via acquisitions. We note that the FY18 earnings included A\$13.5 million contributions from the acquisitions completed in FY17. Ruralco usually benefits from a multiple arbitrage on the acquisitions as they are normally undertaken at an EBITDA multiple which is lower than the EBITDA multiple at which the Company is valued by the market. The Company maintains a detailed but



continuously changing pipeline of potential acquisitions. The members of the Water Services Division represent for Ruralco a significant pool of potential acquisition candidates.

The following are the key assumptions that we have adopted with regards to the Acquisition Scenario which differ from the As-Is Scenario:

- EBITDA* – We have assumed that Ruralco will make acquisitions generating an additional A\$16.5 million in EBITDA over the next three years. Our assumption is based on discussions with Management, a review of the strategic plan, the current pipeline of opportunities and the historical acquisitions completed by the Company. We have assumed that the acquisitions will complete at an average EBITDA multiple of 4.5x (based on historical averages). We note that in 2016 and 2017, Ruralco completed 9 acquisitions across the various divisions which had a pro-forma EBITDA of A\$13.5 million and the total average implied acquisition EBITDA multiple was 4.5x. Whilst, we acknowledge that the assumptions above are hypothetical and it is unknown at this point in time whether or not Ruralco will be able to complete acquisitions and at what price, we are of the opinion that the acquisition team and the ability of Ruralco to identify, complete and successfully integrate small businesses has some value for a pool of potential purchasers and accordingly it is appropriate to reflect it in our valuation assessment. This is particularly appropriate considering that, if the Scheme is implemented, Ruralco Shareholders will give away the opportunity to participate in any potential future upside.
- Funding of the acquisitions* – In order to fund the assumed acquisitions, Ruralco has a number of alternatives, and the funding requirements will also be dependent on the speed at which the acquisitions are completed, the performance of the underlying business and general market conditions. In our valuation assessment, we have assumed that Ruralco will fund the acquisition via a combination of debt and equity on a 50/50 basis. The new shares will be issued at a discount of c.10% to the trading prices which will result in a dilution discount of c.5% to the equity value on a control basis. We note that in February 2017, Ruralco raised A\$61 million (before costs) to fund the acquisitions completed in 2016 and 2017 at an 11% discount to the trading prices before the announcement of the equity raising.
- Corporate costs* – We have included in the future cash flows the corporate costs related to the acquisition team up to FY21 which we were excluded from the As-Is Scenario.
- Capex and working capital* - We have allowed for a nominal amount of capex and working capital investment to allow for up-front integration costs.

Our value per share of Ruralco under the Acquisition Scenario is between A\$4.21 and A\$5.10 as summarised in the table below.



DCF Method - Acquisitions Scenario - valuation summary		
A\$ '000	Low	High
Enterprise value	711,868	803,322
Less: Net debt as at 31 March 2019 and deferred consideration	(166,487)	(166,487)
Less: Interim Dividend cash payment	(10,654)	(10,654)
Less: Non-controlling interests	(63,138)	(54,493)
Equity value (pre-money)	471,590	571,688
Estimated dilution discount from equity raising	5.0%	5.0%
Equity value (post-money)	448,010	543,104
Number of outstanding shares ('000s) (fully diluted)	106,540	106,540
Value per share (post-money) (control basis) (A\$ per share)	4.21	5.10

Source: GTCF analysis

We have set out below a sensitivity analysis of the value per share under the Acquisition Scenario based on different levels of EBITDA and EBITDA multiples for the acquisitions.

Acquisitions Scenario sensitivities - Low end of value range		Multiple on Acquisitions (x)								
		3.00x	3.25x	3.50x	3.75x	4.00x	4.25x	4.50x	4.75x	5.00x
EBITDA from Acquisitions (A\$'000)	10,000	4.09	4.07	4.06	4.04	4.02	4.01	3.99	3.97	3.95
	12,000	4.18	4.16	4.14	4.12	4.10	4.08	4.05	4.03	4.01
	14,000	4.26	4.24	4.22	4.19	4.17	4.15	4.12	4.10	4.07
	16,000	4.35	4.32	4.30	4.27	4.24	4.22	4.19	4.16	4.13
	18,000	4.44	4.41	4.38	4.35	4.32	4.29	4.26	4.22	4.19
	20,000	4.52	4.49	4.46	4.42	4.39	4.36	4.32	4.29	4.25

Acquisitions Scenario sensitivities - High end of value range				Multiple on Acquisitions (x)						
		3.00x	3.25x	3.50x	3.75x	4.00x	4.25x	4.50x	4.75x	5.00x
EBITDA from Acquisitions (A\$'000)	10,000	4.93	4.91	4.89	4.87	4.86	4.84	4.82	4.80	4.79
	12,000	5.03	5.01	4.99	4.97	4.95	4.93	4.91	4.88	4.86
	14,000	5.14	5.12	5.09	5.07	5.04	5.02	4.99	4.97	4.94
	16,000	5.25	5.22	5.19	5.16	5.13	5.10	5.08	5.05	5.02
	18,000	5.35	5.32	5.29	5.26	5.23	5.19	5.16	5.13	5.10
	20,000	5.46	5.42	5.39	5.35	5.32	5.28	5.25	5.21	5.18

6.1.4 Value summary based on the DCF approach

We have set out below a summary of our valuation

Valuation of Ruralco - Based on two scenarios		A\$ per share	
Scenarios	Section reference	Low	High
As-Is scenario	6.1.2	4.07	4.96
Acquisitions scenario	6.1.3	4.21	5.10
Overall assessed valuation range (average)		4.14	5.03

Source: GTCF analysis

As set out above, we have assessed the fair market value of Ruralco on a control basis between A\$4.14 and A\$5.03.



6.2 EBITDA Multiple Method

6.2.1 Implied EBITDA Multiple

We have set out in the table below the historical (FY18) and forecast (FY19, FY20 and FY21) EBITDA multiples implied in our valuation assessment of Ruralco based on the DCF.

Implied EBITDA multiples		
A\$m	Low	High
Enterprise value on a control basis ¹	681,093	767,139
EBITDA		
FY18 EBITDA (Actual, underlying)	70,095	70,095
FY19 EBITDA (Consensus forecast)	73,233	73,233
FY20 EBITDA (Consensus forecast)	77,633	77,633
FY21 EBITDA (Consensus forecast)	80,600	80,600
Implied EV/EBITDA		
FY18 EV/EBITDA	9.7x	10.9x
FY19 EV/EBITDA	9.3x	10.5x
FY20 EV/EBITDA	8.8x	9.9x
FY21 EV/EBITDA	8.5x	9.5x

Sources: S&P Global, Management, GTCF analysis

Notes: (1) The enterprise value has been calculated on the average of the two scenarios. The calculation of the enterprise value under the Acquisitions Scenario has been reduced for the dilution discount applied; (2) Consensus EBITDA forecasts represent the average of investment analysts' forecast EBITDA as at 31 March 2019. Refer Section 6.2.1 for details.

We note the following in relation to the calculations above:

- The enterprise value is calculated on a 100% basis having regard to the assessed share price between A\$4.14 and A\$5.03.
- The FY19, FY20 and FY21 implied EBITDA multiple has been estimated based on brokers' consensus estimates. We note that Ruralco is covered by three investment analysts who provide regular market updates on the financial performance of the Company and of the industry as a whole. We are of the opinion that it is more appropriate to rely on broker consensus in relation to the forecast EBITDA to calculate the EBITDA multiple implied in the DCF approach rather than adopt a normalised EBITDA in order to preserve a consistent approach with the multiple of listed peers. The available broker consensus estimates for Ruralco are set out below.



Broker estimate				
A\$m	Date	FY19F	FY20F	FY21F
Revenue¹				
Broker 1	Mar-19	1,970	2,024	2,074
Broker 2	Mar-19	2,019	2,150	2,279
Broker 3	Feb-19	2,014	2,105	2,170
Average		2,001	2,093	2,174
<i>Growth on FY18 / FY19</i>		4.6%	4.6%	3.9%
EBTIDA				
Broker 1	Mar-19	74.4	77.9	81.1
Broker 2	Mar-19	72.1	77.9	81.6
Broker 3	Feb-19	73.2	77.1	79.1
Average		73.2	77.6	80.6
<i>EBITDA Margin</i>		3.7%	3.7%	3.7%

Source: Various broker reports

Notes: (1) Brokers have not adjusted revenue for the impact of AASB-15.

We note that brokers' estimates for FY20 and FY21 have been prepared based on normal seasonal conditions but they seem to attribute limited or no value to EBITDA uplift expected to be derived from the implementation of Program Elevate as Ruralco has not provided any specific guidance to the market in relation to the potential increase in EBITDA. In addition, we note that the consensus estimates above do not take into account the updates released to the market after the half year results, however this is consistent across the comparable companies, in particular Elders.

6.2.2 EV/EBITDA Multiple of listed peers and comparable transactions

The selection of the appropriate EBITDA multiple to apply is a matter of professional judgement and involve consideration of a number of factors including the stability and quality of earnings, the nature of the business, the financial structure of the company and gearing levels, future prospects of the business, and the cyclical nature of the industry.

Summarised below are the trading multiples of the selected listed companies:



		Market Cap ² \$000s	EV/EBITDA			
			FY18 Actual ³	FY19 Projected ⁴	FY20 Projected ⁴	FY21 Projected ⁴
Company	Country ¹					
Rural Services and Suppliers						
PGG Wrightson Limited ⁵	New Zealand	377	NM	6.5x	NM	NM
Elders Limited	Australia	713	11.7x	11.2x	9.7x	9.2x
Rural Services - Median			11.7x	8.9x	9.7x	9.2x
Rural Services - Average			11.7x	8.9x	9.7x	9.2x
Diversified Agricultural Businesses						
Ridley Corporation Limited	Australia	419	10.5x	10.0x	8.3x	7.3x
GrainCorp Limited	Australia	2,154	11.4x	14.0x	10.4x	9.0x
Incitec Pivot Limited	Australia	5,251	8.7x	9.2x	7.3x	7.2x
Nufarm Limited	Australia	1,921	10.1x	7.9x	6.7x	6.2x
Lindsay Australia Limited	Australia	110	6.5x	5.5x	5.1x	4.8x
Diversified Agri. Businesses - Median			10.1x	9.2x	7.3x	7.2x
Diversified Agri. Businesses - Average			9.5x	9.3x	7.5x	6.9x
Combined - Median			10.9x	9.0x	8.6x	8.2x
Combined - Average			10.8x	9.0x	8.6x	8.1x

Sources: S&P Global, GTCF analysis

Notes: (1) Country based on headquarters location; (2) Market capitalisation as at 15 April 2019; (3) Underlying EBITDA (i.e. normalised for unusual items); (4) Forecast based on the median of consensus estimates of all recent broker forecasts sourced from S&P Global; (5) PGW's multiples have been assessed on a pro-forma basis to reflect solely the Rural Services business post completion of the sale of the Seeds and Grains business, and mid-point EBITDA guidance for FY19 provided by Management; (6) NM: Not Meaningful.

A brief description of the selected comparable companies is set out in Appendix B.

In relation to the comparability of the above assessed multiples, we note the following key considerations:

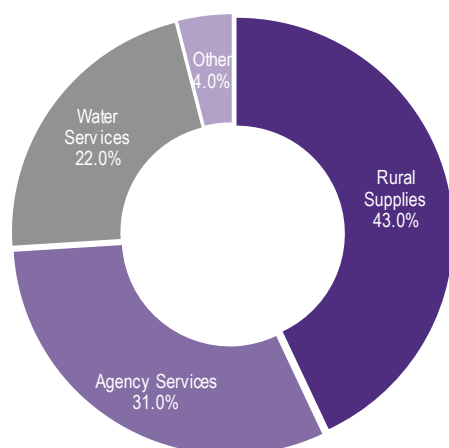
- The EV/EBITDA multiples presented above reflect the value of underlying companies on a minority basis and do not include a premium for control.
- We have selected two baskets of comparable companies. The first basket consists predominantly of companies that provide similar products and services as Ruralco, with operations primarily in Australia and New Zealand ("Rural Services Peers").
- We have also selected a second set of diversified agricultural companies that provide a variety of services and products including animal nutrition, crop protection, water services and logistics. Whilst their operations do differ to that of Ruralco, they share some similarities in risks and revenue drivers. We have placed limited reliance on these companies.

In our opinion, Elders and PGW are the most comparable companies to Ruralco. As presented in the benchmark below, they have fairly similar operations.

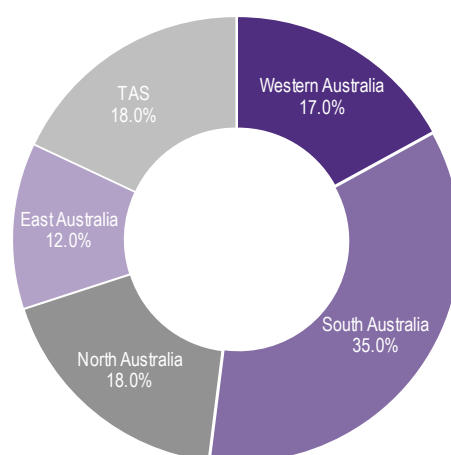


Ruralco Holdings

FY18 EBITDA Margin split by Segment

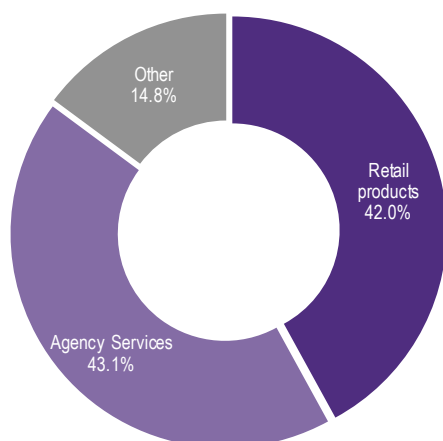


FY18 Revenue split by geography

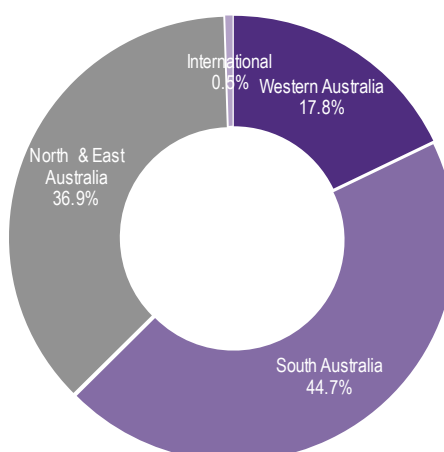


Elders Limited

FY18 Gross Margin split by Segment

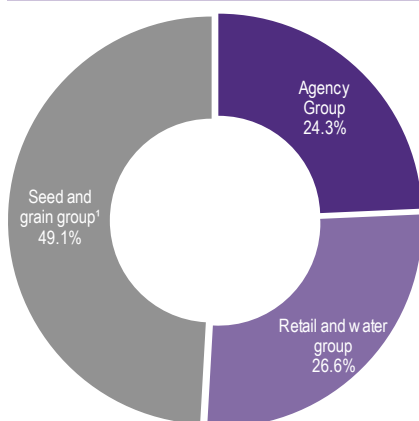


FY18 Gross Margin split by geography

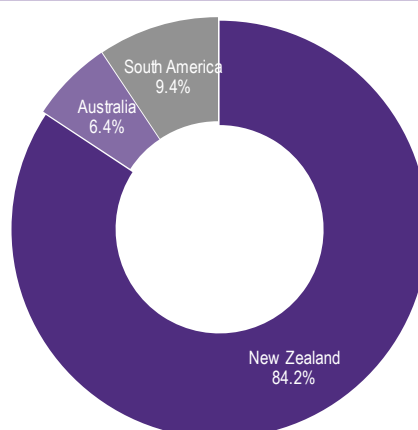


PGG Wrightson Limited

FY18 EBITDA Margin split by Segment



FY18 Revenue split by geography



Sources: S&P Global, GTCF analysis, published annual reports and presentations
 Notes: (1) PGW completed the sale of its Seeds and grain business in May 2019.



In relation to the graphs above, we note that Ruralco's investment in Water Services is significantly larger than the other two peers whereas a greater proportion of Elders' gross margin is derived from the financial services division following the acquisitions completed in 2016 and 2017⁶⁰. The seeds business of PGW is in the process of being sold and the transaction is expected to complete shortly.

We observe that the EBITDA multiple of Elders is trading at FY20 EBITDA multiple of c.9.7x on a minority basis. If a typical premium for control is added (refer to Appendix F for details), the EBITDA multiple of Elders is at premium to the EBITDA multiple of Ruralco implied in the DCF. We are of the opinion that the value gap is not unreasonable and it is driven by specific circumstances of the two businesses which are outlined below:

- Tax losses:** As at 30 September 2018, Elders had gross tax losses of A\$213.5 million⁶¹. These were accumulated during its restructuring phase, and resulted in an operating pro-forma tax rate of c.5%⁶² in FY18 compared to Ruralco's operating pro-forma tax rate of c.27%⁶³. Given the size of the tax losses and the profit before tax generated by Elders in FY18, Elders' tax outflow is not expected to be significant for several years in the future. We are of the opinion that the existing tax losses which will offset a large component of the pre-tax profit of Elders are the key reasons for the EBITDA premium at which Elders is trading in comparison with Ruralco⁶⁴. In order to support the above observation, we have outlined in the table below, the PE multiple implied in our valuation assessment of Ruralco with the PE multiple of Elders. The PE multiple is based on the net profit after tax and accordingly it is after the tax benefits of the tax losses. Hence, the comparison between Ruralco and Elders multiples is more on a like for like basis. Ruralco's PE multiple implied in our DCF assessment is at a premium to Elders' PE multiple which supports our opinion that the existing tax losses play a key role in explaining the premium at which Elders' EBITDA multiple is trading in comparison with Ruralco.

Consensus multiples	Elders (Minority basis)	Ruralco (Mid-point control value)
EV/EBITDA multiple		
FY19 EV/EBITDA	11.2x	9.9x
FY20 EV/EBITDA	9.7x	9.3x
FY21 EV/EBITDA	9.2x	9.0x
P/E ratio¹		
FY19 NPAT	10.4x	16.1x
FY20 NPAT	9.2x	15.3x
FY21 NPAT	8.6x	14.8x

Sources: S&P Global, GTCF analysis, Annual reports of the comparable companies

Notes:

(1): Market Capitalisation and Net Debt calculated as at 15 April 2019.

(2): PER calculated as the market capitalisation divided by the NPAT attributable to shareholders of the respective company

- Non-controlling interest:** Ruralco has a significant proportion of the earnings generated by NCIs given a significant part of its Agency business and its Live Export Division are operated through joint ventures. In comparison, Elders have undertaken less joint ventures and have limited the joint venture model to the company's Financial Services segment. Whilst Ruralco considers the joint venture model a key value differentiator and of strategic importance for the business, the market will consider more

⁶⁰ Acquisition of a 30% stake in StockCo in October 2016 and an additional 10% stake in Elders Insurance in December 2016

⁶¹ Net deferred tax asset balance of A\$78.0 million.

⁶² Calculated using income taxes paid of A\$2.8 million and a reported EBIT of A\$61.7 million.

⁶³ Calculated using income taxes paid of A\$12.7 million and a reported EBIT of A\$46.4 million.

⁶⁴ If Ruralco and Elders generate the same EBITDA, all other things being the same, Elders will generate a substantially higher net profit after tax.



favourable a wholly owned structure as it provides greater control over the operations and more profits attributable to shareholders.

- **Capital-light model:** In our opinion, Elders' business model benefits from a relatively lower asset base compared with Ruralco. This is a result of historical write-offs as well as the relatively larger Agency business⁶⁵, which is predominantly delivered through a franchise model and requires lower investment in fixed assets. While Ruralco also relies on a similar model for its Agency business, the Company derives a significant proportion of gross profits from its Rural Services and Water Services divisions that are more capital and labour intensive than the agency side of its business. Whilst Elders and Ruralco generated a substantially similar underlying EBITDA in FY18, Elders has generated a higher return on assets.

Based on the above, we do not consider the difference between Elders and Ruralco's EBITDA multiple to be unreasonable.

In May 2019, PGW completed the sale of the seeds and grains division to DLF Seeds A/S for NZ\$413 million plus net debt of NZ\$21 million. The Board of PGW has also announced that it intends to make a capital return to shareholders of NZ\$235 million⁶⁶.

Based on the current trading prices of PGW and the terms of the sale of the seeds business, we have calculated the pro-forma EBITDA multiple of PGW, for the rural services business only at 6.5x FY19 EBITDA. Our calculations are outlined in the table below.

PGW Pro-forma EBITDA multiple calculation	
Description	
Share price on 10 May 2019 (NZ\$ per share)	\$0.540
Number of shares outstanding (in millions)	755
Equity Value (NZ\$)	\$408
Net Debt as at 31 December 2018 (NZ\$ million)	\$206
EV before sale of the Seed business (NZ\$)	\$614
EV of the Seed business (NZ\$) ¹	\$434
EV of the remaining business (NZ\$)	\$180
FY19 EBITDA of the remaining business (NZ\$) ²	\$28
EBITDA multiple (times)	6.5x
<i>Sources: GTCF analysis</i>	
<i>Notes: (1) Deal value of NZ\$413 million plus net debt of \$21 million attributable to the division; (2) Mid-point of the guidance provided to the market on 9 May 2019.</i>	

As set out above, the pro-forma EBITDA multiple of PGW is lower than most of the other listed peers and of the EBITDA multiple implied in the DCF assessment of Ruralco (even after a typical premium for control is taken into account). We have taken the PGW pro-forma EBITDA multiple with caution and we have placed limited reliance on it as it could be affected the limited liquidity in PGW shares, the fact that PGW is only covered by 1 investment broker, the recent sale of the seeds business and concerns raised by the market on the corporate governance adopted by the company.

⁶⁵ The Agency business forms c.43% of FY18 gross margin for Elders, compared to c.30% for Ruralco.

⁶⁶ The Board of PGW is also evaluating the corporate service structure for the rural services business.



Notwithstanding the above, we are of the opinion that Ruralco EBITDA multiple should be a premium to PGW EBITDA multiple due to the following:

- PGW's rural services and agency businesses are smaller and less diversified than Ruralco's businesses.
- The size of the Australian market is significantly bigger and Ruralco benefits from a geographic diversification around the country.
- The multiple of PGW is on a minority basis and it may still include some market uncertainty in relation to the operations of the remaining business post transaction. In addition, PGW is undergoing a review of the remaining operations including a review of Management and Board structure, which may lead to further market uncertainty.

6.2.3 Transaction multiples

We have also considered multiples implied by historical transactions involving companies operating in the agricultural sector which are set out below. A brief description of the comparable companies and each transaction is provided in Appendix B and C.

Date	Status	Target		Bidder		Deal value (A\$m)	EBITDA Multiple
		Company	Country	Company	Stake (%)		
Dec-18	Aborted	GrainCorp Limited ³	Australia	Long-Term Asset Partners Pty Ltd	100%	2,397.6	12.4x
Feb-15	Completed	Bengerang Limited	Australia	Webster Limited	100%	206.2	n/a
Feb-15	Completed	Tandou Limited	Australia	Webster Limited	100%	162.0	40.2x
Feb-14	Completed	Total Eden Holdings Pty Limited	Australia	Ruralco Holdings Limited	100%	57.4	7.2x
Oct-12	Aborted	GrainCorp Limited	Australia	Archer-Daniels-Midland Company	100%	3,021.5	9.9x
May-12	Completed	The Gavilon Group, LLC ¹	United States	Marubeni Corporation	100%	2,919.7	7.5x
Dec-10	Completed	PGG Wrightson Limited	New Zealand	New Hope Group Co., Ltd.; Agria (Singapore) Pte Limited	31%	174.2	9.3x
Aug-10	Completed	Landmark ²	Australia	AWB (Australia) Pty Ltd	100%	766.2	10.5x - 11.2x
Average (excluding Tandou)							8.9x
Median (excluding Tandou)							9.3x

Sources: S&P Global, GTCF analysis, Annual reports of the comparable companies

Notes: (1) The EBITDA multiple for the Gavilon Group LLC acquisition by Marubeni is based on estimated FY13 EBITDA adjusted to include EBITDA from only the grains and fertilisers' business, based on brokers' estimates at the time. (2) This is a pro-forma multiple recalculated by Grant Thornton based on a larger transaction involving the acquisition of AWB Limited by Agrium Inc. The EBITDA multiple of Landmark is based on the maintainable EBITDA range assessed by the independent expert at the time of the transaction. The mid-point of this range is considered for the calculation of Average and Median. (3) Based on the offer price of A\$10.42, 230 million diluted shares outstanding, FY18 EBITDA of A\$269 million and net debt of A\$930 million as at 30 September 2018. We have not considered the consensus FY19 EBITDA since this reflects the sale of the Malts business, whereas the offer price of A\$10.42 was for the entire business.

In relation to the multiples implied by the comparable transactions, we note that:

- The implied transaction multiples may incorporate various levels of control premium and special value paid for by the acquirers. In particular, the multiples may reflect synergies paid which are unique to the acquirers.



- Economic and market factor may be materially different at the respective transactions date from those that are at the valuation date. These factors may influence the amounts paid by the acquirers for these businesses.
- The transaction multiples are calculated based on the historical EBITDA of the acquired companies (unless otherwise stated).
- There has been significant M&A activity in the water and water services subsector driven by the expected scarcity of water in the future which led consolidation in the industry. We note that Ruralco has recently been driving M&A activity in this sector.

In relation to the comparable transactions above, we note the following:

- GrainCorp is a large and vertically integrated business focussing on grain handling and storage and it has significant strategic value as it provided the ability to acquire control of an end to end infrastructure network that handled around 75% of eastern Australian grain production as well as marketing around 30% of the export volumes. Its grain handling asset base is not replicable and it has a unique and strategic position in port terminals. In the last 7 years, GrainCorp has received two acquisition offers with the latest bid in late 2018. We have placed limited reliance on the latest transaction given that the offer was withdrawn and also given ⁶⁷that GrainCorp has undertaken a strategic review of the business, including a large sale/ demerger of a sizeable divisions⁶⁸.

In 2012, GrainCorp received an offer from Archer-Daniels-Midland ("ADM"), one of the largest grain handlers in the world. Whilst, the bid was blocked by the Australian government on the basis that it was contrary to Australia's national interests, ADM acquired 19.9% in GrainCorp over two separate transactions⁶⁹ shortly before the bid at EBITDA multiples between c. 8.9x to 9.2x.

- The Bengerang transaction and the Tandou transaction were driven by Webster's willingness to secure a long-term water supply to protect its portfolio of walnut production assets. In our opinion, the purchase price paid for both companies was a reflection of their large land holdings and underlying water entitlements⁷⁰, rather than underlying earnings, which were relatively insignificant. In addition, the Tandou acquisition multiple was affected by the significant drop in FY14 EBITDA⁷¹ due to unusually low yields and fluctuating weather at crucial stages of the crop cycle (i.e. it did not reflect through the cycle earnings). Accordingly, we have placed limited reliance on these transactions and their implied multiples.
- The acquisition of Total Eden Holdings Limited ("Total Eden") is considered relevant due to Ruralco's focus on expanding its water services offering. The Total Eden acquisition is also Ruralco's largest

⁶⁷ Refer GrainCorp ASX announcement on 6 May 2019.

⁶⁸ GrainCorp announced the sale of its Australian bulk liquid storage terminals business in March 2019 and the demerger of its Malts business in April 2019.

⁶⁹ 19 October 2012, ADM acquired a 14.9% interest in GrainCorp and made a conditional non-binding proposal to acquire the remaining shares in GrainCorp for \$11.75 cash per share. Furthermore, on 15 November 2012 ADM Australia acquired an additional 5% interest in GrainCorp and made a revised conditional non-binding proposal to acquire the remaining shares in GrainCorp at \$12.20 cash per share. Both proposals were rejected by the Board of GrainCorp on the basis that they materially undervalued GrainCorp.

⁷⁰ Webster was facing a potential long-term water supply shortfall of 20,000 mega litres p.a. which was expected to increase in three years' time. Due to the difficult in securing long-term water entitlements, Webster had to resort to large scale acquisitions.

⁷¹ Tandou's EBITDA reduced from A\$11.6 million in FY13 to A\$4.9 million in FY14. Normalised EBITDA (adjusted for acquisition costs, impairment charge and gain on disposal of fixed assets) reduced from A\$11.6 million in FY13 to A\$5.5 million in FY14.



acquisition in the last five years and is expected to provide a platform for its future growth in the water services and management sector.

- Gavilon was engaged in grain storage and handling⁷², fertiliser terminals⁷³, and energy trading⁷⁴, and was the third largest grain handler in the US. Marubeni acquired the grains and fertilisers businesses which represented an estimated 80% of the company's EBITDA. We have placed limited reliance on this transaction, given that the assessed acquisition multiple represents businesses which are not only larger and more diversified but also fundamentally different from Ruralco.
- PGW's comparability with Ruralco is discussed extensively in the previous section, however we note that at the time of the acquisition from Agria, PGW was a less comparable business to Ruralco given the significant contribution to the underlying performance of the seeds business.
- The acquisition of Landmark by Agrium is relevant given that Landmark is similar to Ruralco in terms of the products and services offered, however we have not placed greater reliance on this transaction given that the transaction occurred almost 10 years ago when market conditions, value drivers, industry dynamic and digital disruptive factors were different or non-existent. Nonetheless, we have provided below a brief overview and analysis of this transaction in comparison with the Ruralco deal.

In August 2010, Agrium Inc. ("Agrium") acquired 100% of AWB (Australia) Pty Ltd ("AWB"), which included the rural services and agency business under the Landmark banner and the domestic and international commodity trading divisions, for a total consideration of c. A\$1.2 billion. Shortly after completion, Agrium sold the commodity trading division to Cargill Inc. and retained the Landmark business. Similarly to Ruralco, Landmark is one of the relatively larger players in the rural supply sector.

Our assessment of the EBITDA multiple implied in the Landmark transaction is based on the estimated value of the Landmark business and the maintainable earnings assessed by the independent expert at the time of the sale⁷⁵. The EBITDA multiple implied in our assessment of Ruralco for FY19 is consistent with the EBITDA multiple implied in the Landmark deal, however the FY20 EBITDA multiple of Ruralco (more normal seasonal conditions compared with FY19) is at the low-end of the Landmark deal. We are of the opinion that this is not unreasonable due to the following:

- The offer price for the acquisition of AWB was at a premium of approximately 57% on the undisturbed trading prices and it was the result of a competitive process given that Agrium outbid the proposed merger of equals between GrainCorp and AWB announced in July 2010.
- The Landmark transaction occurred in 2010 when the macroeconomic environment as well as industry factors like commodity prices were different to what can be observed now. In 2010, an El Nino phase had just concluded and a La Nina was expected in the following year. Forecast crop production as well as commodity prices were high, with expected growth in cattle volumes, due to a restocking of cattle along the Australian east coast.

⁷² Including the marketing and distribution of agricultural commodities (like grains, oilseeds, feed and food ingredients) and fertilisers (estimated 62% of EBITDA as per the independent expert report on the proposed acquisition of GrainCorp by Archer-Daniels-Midland).

⁷³ Including storage and blending facilities (estimated 18% of EBITDA).

⁷⁴ Including crude oil and natural gas storage facilities (estimated 20% of EBITDA).

⁷⁵ The Independent expert assessed the value of Landmark between A\$659 million and A\$873 million, and the normalised EBITDA between A\$63 million and A\$78 million. We note that this is different from the consensus EBITDA adopted to calculate the EBITDA multiples of Ruralco implied in the DCF approach.



- Landmark had a very successful and market leader live export business which was generating c.20% of the total gross profit whereas the live export business of Ruralco is currently adversely affected by market conditions. In addition, the financial services and insurance businesses of Landmark were more mature at the time of the Agrium acquisition compared with those businesses of Ruralco today.

6.2.4 Multiples conclusion

Based on the above analysis, we are of the opinion that the FY20 EBITDA multiple⁷⁶ implied in our assessment based on the DCF between 8.8x and 9.9x is not unreasonable due to following:

- Elders, which we have considered the most comparable listed company, is trading at FY20 EBITDA multiple of 9.7x on a minority basis. However, as demonstrated in Section 6.2.2, we are of the opinion that the premium at EBITDA level⁷⁷ compared with Ruralco is substantially driven by the large tax losses available to Elders which are expected to limit tax payments for the foreseeable future. The PE multiple implied in our DCF valuation is at a premium to the FY20 PE multiple of Elders.
- It is at a premium to the pro-forma EBITDA multiple at which PGW is expected to trade after completion of the sale of the seeds business, even if we have discussed some concerns in relation to the reliability of the PGW pro-forma EBITDA multiple.
- It is substantially in line with the EBITDA multiple of the comparable transactions which occurred in the last ten years.

6.3 Quoted Security Pricing Method

In our assessment of the fair market value of Ruralco shares, we have also had regard to the trading price of the listed securities on the ASX in the period prior to 27 February 2019 when the Company announced the Scheme with Nutrien.

In accordance with the requirements of RG111, we have analysed the liquidity of Ruralco shares before relying on them for the purpose of our valuation assessment. We have set out below the monthly trading volume of Ruralco shares since August 2017 as a percentage of the total shares outstanding as well as free float shares outstanding⁷⁸.

⁷⁶ The FY19 EBITDA multiple is affected by drought conditions and accordingly less relevant.

⁷⁷ Elders' EBITDA multiple is at a premium to the Ruralco EBITDA multiple implied in the DCF assessment after a premium for control is taken into account.

⁷⁸ Free float Shares excludes those owned by Company employees, individual insiders, related parties and other strategic investors.



Liquidity analysis			Total value of shares traded (\$'000s)	Volume traded as % of free float shares	Cumulative volume traded as % of free float shares	Volume traded as % of total shares	Cumulative volume traded as % of total shares
Month end	Volume traded ('000s)	Monthly VWAP (\$)					
Aug-17	1,680	3.0	5,035	2.3%	2.3%	1.6%	1.6%
Sep-17	8,433	2.8	23,300	11.4%	13.7%	8.1%	9.7%
Oct-17	3,917	2.8	10,960	5.3%	19.0%	3.8%	13.5%
Nov-17	4,329	2.9	12,689	5.9%	24.9%	4.2%	17.7%
Dec-17	2,009	3.0	6,064	2.7%	27.6%	1.9%	19.6%
Jan-18	2,221	3.2	7,066	3.0%	30.6%	2.1%	21.7%
Feb-18	1,891	3.1	5,883	2.5%	33.2%	1.8%	23.5%
Mar-18	1,880	3.1	5,739	2.5%	35.7%	1.8%	25.3%
Apr-18	1,341	3.1	4,122	1.8%	37.5%	1.3%	26.6%
May-18	1,811	3.1	5,701	2.4%	39.9%	1.7%	28.3%
Jun-18	3,464	3.1	10,639	4.7%	44.6%	3.3%	31.7%
Jul-18	1,805	2.9	5,314	2.4%	47.1%	1.7%	33.4%
Aug-18	4,965	2.8	14,002	6.7%	53.7%	4.7%	38.1%
Sep-18	3,793	2.9	10,874	5.1%	58.8%	3.6%	41.8%
Oct-18	3,206	2.9	9,272	4.3%	63.2%	3.1%	44.8%
Nov-18	3,575	3.0	10,608	4.8%	68.0%	3.4%	48.2%
Dec-18	767	3.1	2,348	1.0%	69.0%	0.7%	49.0%
Jan-19	2,798	3.0	8,459	3.8%	72.8%	2.7%	51.6%
Low				1.03%		0.7%	
Average				4.04%		2.9%	
Median				3.38%		2.4%	
High				11.44%		8.1%	

Source: S&P Global, GTCF analysis

Note: The analysis is based on the period prior to 26 February 2018, when the company announced it entered into a trading halt before the announcement of the Scheme.

We make the following observations in relation to the table above:

- The level of the free float of Ruralco shares is c.71%⁷⁹. From August 2017 to January 2018, approximately 72.8% of the free float shares were traded with an average monthly volume of 4.04% of the total free float shares. This indicates that the level of liquidity is moderate.
- A relatively higher level of trading can be noticed in September 2017 and more recently between August and November 2018. Those volumes were associated with the sale of shares in Ruralco by one of its shareholders in a seller-led process. In addition, Regal Fund Management acquired a total of 6.53% of Ruralco Shares over 2 trades in September 2017 and Perpetual Limited increased its position from 7.4% to 12.0% between August 2018 and November 2018.
- The Company is recognised as a well-known player in the agriservices industry and forms part of the S&P/ASX Emerging Companies Index⁸⁰ which includes companies with a market capitalisation between A\$350 to A\$600 million that have met a reasonable liquidity test.

⁷⁹ This comprises of the total shares outstanding 105,052,247 less the shares held by company employees and strategic corporate investors.

⁸⁰ From 16 March 2018.



- In the absence of a takeover or other transactions, the trading price represents the value at which minority shareholders could realise their portfolio investment.
- Ruralco complies with the full disclosure regime required by the ASX. As a result, the market is fully informed about the performance of Ruralco.
- Ruralco stock is covered by three investment analysts who provide updates to the market on a regular basis.

As part of our liquidity assessment, we have benchmarked Ruralco liquidity level to its peers as set out in the table below.

Liquidity analysis ¹			Average volume traded as a % of total shares	Average volume traded as a % of free float shares	Cumulative volume traded as a % of total shares	Cumulative volume traded as a % of free float shares
Company	Country	Free float (%)				
Ruralco Holdings Limited	Australia	71.0%	2.9%	4.0%	51.6%	72.8%
PGG Wrightson Limited	New Zealand	49.7%	0.9%	1.8%	15.8%	31.8%
Elders Limited	Australia	92.3%	8.7%	9.5%	157.3%	170.4%
Lindsay Australia Limited	Australia	49.0%	0.7%	1.5%	13.2%	26.9%
Nufarm Limited	Australia	74.4%	9.0%	12.1%	162.4%	218.4%
Ridley Corporation Limited	Australia	77.0%	1.6%	2.1%	29.2%	37.9%
GrainCorp Limited	Australia	97.8%	9.3%	9.5%	166.9%	170.6%
Incitec Pivot Limited	Australia	99.9%	6.5%	6.5%	116.8%	116.9%
Wellard Limited	Australia	36.9%	1.2%	3.2%	20.9%	56.8%
Duxton Water Limited	Australia	78.4%	1.1%	1.4%	19.7%	25.1%
Peers - Low		36.9%	0.7%	1.4%	13.2%	25.1%
Peers - Average		72.8%	4.3%	5.3%	78.0%	95.0%
Peers - Median		77.0%	1.6%	3.2%	29.2%	56.8%
Peers - High		99.9%	9.3%	12.1%	166.9%	218.4%

Source: S&P Global, GTCF analysis

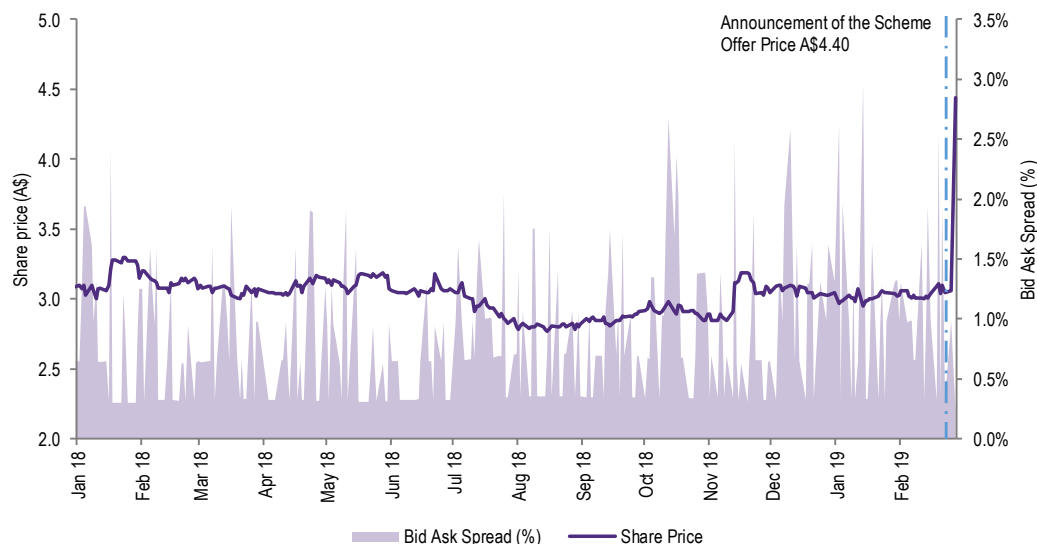
Note: (1) For the 18 months prior to February 2019, when the Company entered in the Scheme.

In relation to the above we note that among the peers, Elders, Nufarm, GrainCorp and Incitec, show materially higher liquidity than Ruralco which is also associated with greater coverage by institutional investors given that they are part of the S&P/ASX 200 Index. Ruralco's liquidity is in line with the peers which are not part of the S&P/ASX 200 Index. Overall, the volume traded in Ruralco Shares of 52% based on total shares on issue or 73% based on the free float shares seems reasonable although at the low-end of the larger listed peers.

In addition to the above, where a company's stock is not heavily traded or relatively illiquid, the market typically observes a sizeable difference between the 'bid' and 'ask' price for the stock as there may be a difference in opinion between the buyer and seller on the value of the stock. As set out in the graph below, we note that the historical average bid-ask spread has not been material (0.87%) in the twelve months before the company entering into the SID.



Ruralco: Spread between Bid and Ask Price



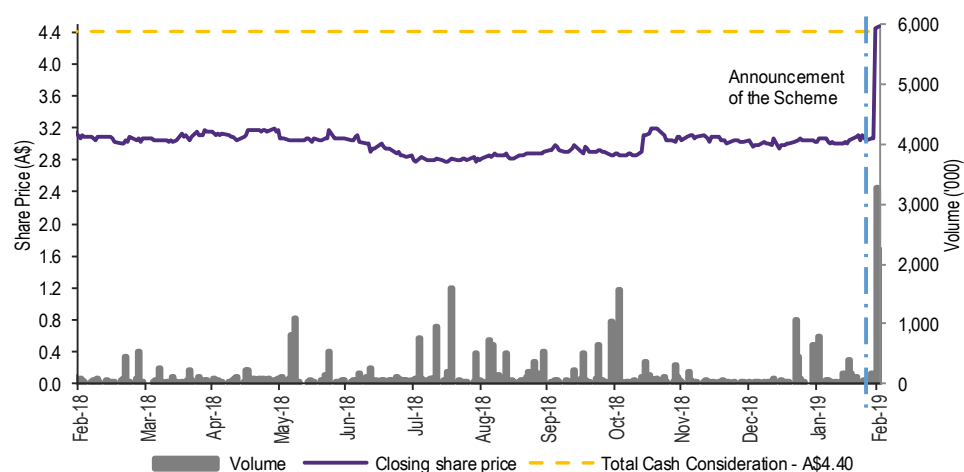
Source: S&P Global, GTCF analysis.

Based on the analysis above, notwithstanding that Ruralco has a more modest level of liquidity than certain larger peers, we believe that it is not unreasonable to adopt the Quoted Share Price security method as a reference point for the fair market value of Ruralco.

6.3.1 Valuation assessment of Ruralco based on the trading price

As part of our valuation procedures based on the trading price, we have analysed the performance of Ruralco's Shares prices over the last 18 months.

Historical share trading prices and volume for Ruralco



Source: S&P Global, GTCF analysis.

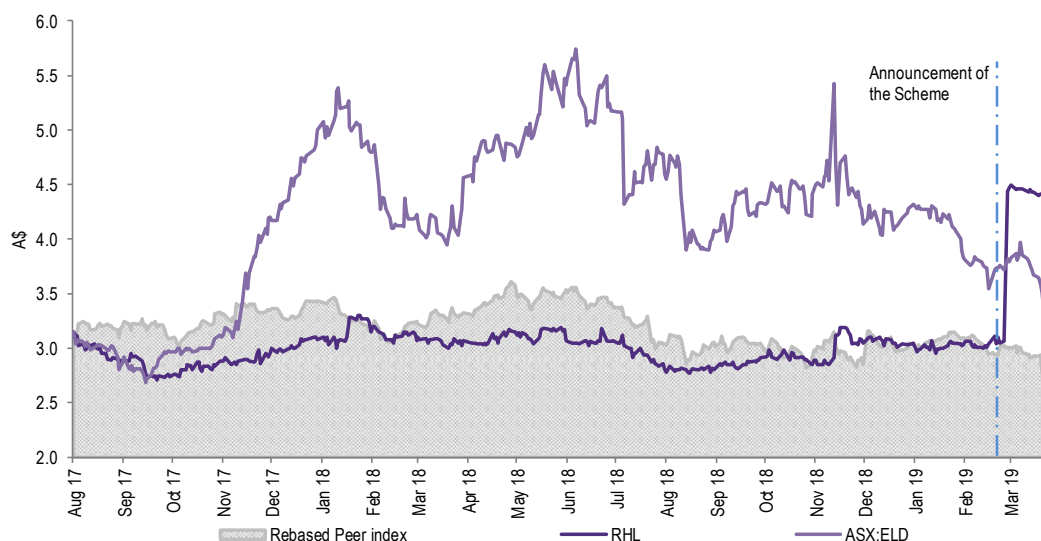
We make the following observations in relation to the chart above:



- Despite certain periods of volatility, over the 18 months, Ruralco Share price has been mostly stable⁸¹ trading between A\$2.90 and A\$3.10 per share notwithstanding the significant improvements in the financial performance of the business.
- Ruralco is a dividend paying stock adopting a dividend payout ratio of underlying earnings between 50% and 70%. As a result, Ruralco trading prices are periodically affected by ex-dividend dates.
- In July 2018 the Company informed the market regarding the impact of the adverse weather conditions, however, confirming the consensus for the underlying net profit for the year.
- On 14 November 2018, Ruralco's share price increased by c.7.2%⁸² following the release of the Company's FY18 results. Despite challenging seasonal conditions and the drought on the east coast, Ruralco delivered growth in revenue and EBITDA of 5% and 7% respectively, attributed to the success of its diversification strategy.

As part of our analysis, we have also outlined in the graph below the relative performance of Ruralco trading prices compared to its listed peers. We have rebased to Ruralco share price the trading prices of Elders and of the peer index ("Peer Index")⁸³ comprising listed agribusinesses in the Australian market.

Share price performance (rebased to Company's share price)



Source: S&P Global, GTCF analysis

Having regard to the above, Ruralco's share price movement has been in line with the Peer Index. In relation to Elders' share price, we make the following observations:

- Elders' trading prices began diverging materially from Ruralco and the peer group in November 2017 when Elders released strong turnaround results for FY17, confirming the achievements of the planned milestones under the restructuring program started in 2013. Overall, Elders was able to deliver growth in underlying EBITDA and profit after tax of 25% and 45% respectively from FY16 to FY17. In

⁸¹ Over the 408 analysed trading days, approximately 58% of the daily closing prices are in the range between A\$2.9 and A\$3.1.

⁸² Ruralco Share price rose from A\$2.91 to A\$3.12.

⁸³ The Peer Index includes: Elders, PGW, Lindsay Australia, Nufarm Limited, Ridley Corporation, GrainCorp Limited, Incitec Pivot Limited, Wellard Limited and Duxton Water Limited.



conjunction with the positive operating results, Elders, for the first time since 2008, declared a dividend payment being a final dividend and a special dividend of A\$0.075 each i.e. total distribution of A\$0.15.

- The decrease in the share price in July 2018 (over 15%) was caused by the company's announcement that it had been impacted by the exceptionally dry period, although confirming its guidance for FY18.
- In November 2018, a number of investment analysts indicated that Elders' share price may reflect overly optimistic assumptions in relation to the growth prospects of the business.
- In March 2019, Elders announced that it expected earnings for 1H FY19 to be in line with 1H FY18, due to adverse seasonal conditions.

Overall, we note that immediately before the announcement of the Scheme, the share price performance gap between Ruralco and Elders since August 2017 had significantly reduced to 22%.

Based on the above, in our opinion, Ruralco's share price movement are in line with Australasian peers, including to a lesser extent, Elders' share price and accordingly we are of the opinion that it is appropriate to adopt them for the purpose of our valuation assessment.

6.3.2 Conclusion on the selected valuation range

Set out below is a summary of the VWAP of Ruralco shares before the trading halt on 26 February 2019 related to the announcement of the Scheme.

VWAP	Low	High	VWAP
Prior to 26 Feb 2019			
1 day	3.030	3.100	3.057
5 day	3.030	3.110	3.069
10 day	3.000	3.150	3.049
1 month	3.000	3.150	3.047
2 month	2.940	3.150	3.036
3 month	2.940	3.150	3.040
4 month	2.810	3.230	2.995
5 month	2.810	3.230	2.978
6 month	2.780	3.230	2.950
9 month	2.750	3.230	2.946

Source: S&P Global, GTCF analysis

Based on the above and the discussions/analysis in the previous sections, we have assessed the fair market value of Ruralco shares based on the trading price before 26 February 2019 between A\$3.00 and A\$3.10 on a minority basis.

6.3.3 Premium for control

Evidence from studies suggests that successful takeovers in Australia have completed based on the premium for control in the range of 20% to 40% (see Appendix E).



In addition, we have considered the premium for control paid by acquirers in the agribusiness industry. The analysis below indicated a control premium paid between 35% and 40%. Whilst some transactions may not necessarily be fully comparable to Ruralco as one of them involves large infrastructure assets which are difficult to replicate (GrainCorp) or significant value attributed to IP (Monsanto), we are of the opinion that they overall still provide directional evidence of the premium for control paid in the agricultural sector.

Control premium observed in recent transactions					Premium to trading price	
Date	Target Company	Bidder Company	Stake (%)	Status	1 Day ¹	1-month ²
May-16	Monsanto Company	Bayer Aktiengesellschaft	100%	Closed	44%	40%
Feb-16	Syngenta AG	China National Chemical Corporation Ltd	95%	Closed	27%	30%
Feb-15	Tandou Limited	Webster Limited	100%	Closed	22%	27%
Oct-12	GrainCorp Limited ³	Archer-Daniels-Midland Company	10%	Closed	38%	37%
Dec-10	PGG Wrightson Limited ⁴	New Hope Group Co., Ltd.	31%	Closed	22%	25%
Aug-10	AWB (Australia) Pty Ltd.	Agrium Inc.	100%	Closed	57%	55%
Jul-10	NZ Farming Systems Uruguay Ltd	Olam International Limited	60%	Closed	109%	68%
Median					38%	37%

Source: S&P Global and GTCF analysis

Notes (1) Refers to the premium over the closing share price of the last day before any market speculation of a potential transaction; (2) The control premium has been calculated based on the 1 day and 1-month VWAP share price the target from the last trading day before market speculation of a potential transaction; (3) Archer-Daniels-Midland had attempted a takeover offer but only managed to acquire 10% of the shares in GrainCorp; (4) Following acquisition, Agri/New Hope owned 50.1% of PGW.

Given the distribution of the control premium in the Australian market in general and in the above transactions in particular, we have applied in our valuation assessment based on the trading prices a control premium in the range of 35% – 40% as set out in the table below.

Valuation summary - Quoted Security Price Method	Section		
A\$ per Share	Reference	Low	High
GT assessed value per Ruralco Share (on a minority basis)	6.3.2	3.00	3.10
Estimated control premium	6.3.3	35.0%	40.0%
GT assessed value per Ruralco Share (on a control basis)		4.05	4.34

Source: GTCF analysis

We note that our valuation assessment based the trading prices plus a premium for control is in line with, although at the low-end of our valuation assessment based on the DCF approach.



7 Sources of information, disclaimer and consents

7.1 Sources of information

In preparing this report Grant Thornton Corporate Finance has used various sources of information, including:

- Draft Scheme Booklet.
- Annual reports/ consolidated accounts of Ruralco for FY14 to FY18.
- FY19 budget pack and minutes of Board meetings.
- Management Projections.
- Press releases and announcements by Ruralco on the ASX.
- Management accounts from FY17 to FY18 and for the YTD March 2019.
- Management reports for the last 6 months before the announcement of the Scheme.
- S&P Global.
- IBISWorld reports OD5128 and M6970.
- Various industry and broker reports.
- Other publicly available information.

In preparing this report, Grant Thornton Corporate Finance has also held discussions with, and obtained information from, Management of Ruralco and its advisers.

7.2 Limitations and reliance on information

This report and opinion is based on economic, market and other conditions prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time.

Grant Thornton Corporate Finance has prepared this report on the basis of financial and other information provided by the Company, and publicly available information. Grant Thornton Corporate Finance has considered and relied upon this information. Grant Thornton Corporate Finance has no reason to believe that any information supplied was false or that any material information has been withheld. Grant Thornton Corporate Finance has evaluated the information provided by the Company through inquiry, analysis and review, and nothing has come to our attention to indicate the information provided was materially misstated or would not afford reasonable grounds upon which to base our report. Nothing in this report should be taken to imply that Grant Thornton Corporate Finance has audited any information supplied to us, or has in any way carried out an audit on the books of accounts or other records of the Company.

This report has been prepared to assist the Directors of Ruralco in advising the Ruralco shareholders in relation to the Scheme. This report should not be used for any other purpose. In particular, it is not intended that this report should be used for any purpose other than as an expression of Grant Thornton Corporate Finance's opinion as to whether the Scheme is in the best interest of Ruralco shareholders.

Ruralco has indemnified Grant Thornton Corporate Finance, its affiliated companies and their respective officers and employees, who may be involved in or in any way associated with the performance of services contemplated by our engagement letter, against any and all losses, claims, damages and liabilities arising



out of or related to the performance of those services whether by reason of their negligence or otherwise, excepting gross negligence and wilful misconduct, and which arise from reliance on information provided by the Company, which the Company knew or should have known to be false and/or reliance on information, which was material information the Company had in its possession and which the Company knew or should have known to be material and which did not provide to Grant Thornton Corporate Finance. The Company will reimburse any indemnified party for all expenses (including without limitation, legal expenses) on a full indemnity basis as they are incurred.

7.3 Consents

Grant Thornton Corporate Finance consents to the issuing of this report in the form and context in which it is included in the Scheme Booklet to be sent to Ruralco shareholders. Neither the whole nor part of this report nor any reference thereto may be included in or with or attached to any other document, resolution, letter or statement without the prior written consent of Grant Thornton Corporate Finance as to the form and context in which it appears.



Appendix A – Valuation methodologies

Capitalisation of future maintainable earnings

The capitalisation of future maintainable earnings multiplied by appropriate earnings multiple is a suitable valuation method for businesses that are expected to trade profitably into the foreseeable future.

Maintainable earnings are the assessed sustainable profits that can be derived by a company's business and excludes any abnormal or "one off" profits or losses.

This approach involves a review of the multiples at which shares in listed companies in the same industry sector trade on the share market. These multiples give an indication of the price payable by portfolio investors for the acquisition of a parcel shareholding in the company.

Discounted future cash flows

An analysis of the net present value of forecast cash flows or DCF is a valuation technique based on the premise that the value of the business is the present value of its future cash flows. This technique is particularly suited to a business with a finite life. In applying this method, the expected level of future cash flows are discounted by an appropriate discount rate based on the weighted average cost of capital. The cost of equity capital, being a component of the WACC, is estimated using the Capital Asset Pricing Model.

Predicting future cash flows is a complex exercise requiring assumptions as to the future direction of the company, growth rates, operating and capital expenditure and numerous other factors. An application of this method generally requires cash flow forecasts for a minimum of five years.

Orderly realisation of assets

The amount that would be distributed to shareholders on an orderly realisation of assets is based on the assumption that a company is liquidated with the funds realised from the sale of its assets, after payment of all liabilities, including realisation costs and taxation charges that arise, being distributed to shareholders.

Market value of quoted securities

Market value is the price per issued share as quoted on the ASX or other recognised securities exchange. The share market price would, prima facie, constitute the market value of the shares of a publicly traded company, although such market price usually reflects the price paid for a minority holding or small parcel of shares, and does not reflect the market value offering control to the acquirer.

Comparable market transactions

The comparable transactions method is the value of similar assets established through comparative transactions to which is added the realisable value of surplus assets. The comparable transactions method uses similar or comparative transactions to establish a value for the current transaction.

Comparable transactions methodology involves applying multiples extracted from the market transaction price of similar assets to the equivalent assets and earnings of the company. The risk attached to this valuation methodology is that in many cases, the relevant transactions contain features that are unique to that transaction and it is often difficult to establish sufficient detail of all the material factors that contributed to the transaction price.



Appendix B – Comparable companies

Company	Description
PGG Wrightson Limited	PGG Wrightson Limited provides goods and services for agricultural sector in New Zealand and internationally. It operates through three segments: Agency, Retail and Water, Seed and Grain. It operates rural supplies stores that offer a range of products, such as animal health and management products; apparel and footwear products; dairy shed hygiene products; fencing products; fertilizers; nutrition products; calf rearing products; pasture and crop protection products; wine making products; pipes, troughs, tanks, and other water products; seeds; and general merchandise products. It also provides agency services for the sale, purchase, and service of livestock through auction, private and on-farm sales, and specialist stud stock sales; offers irrigation and pumping systems to farmers and horticulturists; produces seeds, grains, and turfs; and markets and exports wool products. In addition, it offers insurance products; and rural finance and investment products to small-to-medium sized business, farms, and families. Further, it provides real estate services, including rural, lifestyle, residential, and commercial properties; and operates fruited supplies retail network that provides plant protection and nutrition products, vegetable seeds, crop monitoring, soil tests and fertilizer recommendations, spray programs, frost fighting solutions and machinery, irrigation services, winery supplies, posts, wire and bird nettings, safety gears, and picking and pruning equipment, as well as protective cropping supplies for glasshouses and undercover crops. The company was founded in 1841 and is based in Christchurch, New Zealand. PGG Wrightson Limited is a subsidiary of Agria (Singapore) Pte Limited.
Elders Limited	Elders Limited provides livestock, real estate, and wool agency services to rural and regional customers primarily in Australia. It operates through Network, Feed and Processing, and Other segments. The company offers rural farm inputs, such as seeds, fertilizers, agricultural chemicals, animal health products, and general rural merchandise, as well as professional production and cropping advisory services. It also provides on-farm sales to third parties, regular physical, and online public livestock auctions, as well as directly sells through its owned and third-party feedlots and livestock exporters; agency services for the sale of greasy wool; brokering services for wool growers; and grain marketing services. In addition, the company offers farms, stations, and lifestyle estates marketing; residential real estate agency and property management; and water and home loan broking services. Further, it provides a range of banking, insurance, and financial planning products and services. Additionally, it operates a beef cattle feedlot; and imports, processes, and distributes Australian meat in China and Indonesia. The company is involved in the investment activities. Elders Limited was founded in 1839 and is headquartered in Adelaide, Australia.
Ridley Corporation Limited	Ridley Corporation Limited, together with its subsidiaries, provides animal nutrition solutions in Australasia. It operates through two segments, AgriProducts and Property. The company provides its animal nutrition solutions to food producers in dairy, poultry, pig, aquaculture, sheep, and beef industries; laboratory animals in the research sector; and the equine and canine markets in the recreational sector. Its animal meals include meat and bone meal, poultry meal, hydrolysed feather meal, blood meal, fish meal, and animal fats. The company offers its products primarily under the Barastoc, Rumevite, Cobber, and Primo brands. It is also involved in the sale of residual properties. The company was founded in 1987 and is headquartered in Melbourne, Australia.
GrainCorp Limited	GrainCorp Limited operates as a food ingredients and agribusiness company in Australasia, Asia, North America, Europe, the Middle East, North Africa, and internationally. The company operates in three segments: Grains, Malt, and Oils. The Grains segment receives, transports, tests, stores, and exports/imports grains comprising wheat, barley, canola, and sorghum, as well as other bulk commodities. It also markets grain and agricultural products; and operates grain pools. The Malt segment produces malt products; provides brewing inputs and other malting services to brewers and distillers; sells farm inputs; and exports malt. The Oils segment is involved in processing and crushing oilseeds; supplying edible oils and feeds; operating bulk liquid port terminals; and the provision of storage, packaging, transportation, and logistics services. GrainCorp Limited was founded in 1916 and is headquartered in Sydney, Australia.
Incitec Pivot Limited	Incitec Pivot Limited, an industrial chemicals company, manufactures, trades in, and distributes industrial explosives, industrial chemicals, and fertilizers in Australia, the United States, Canada, Turkey, and internationally. It operates through Incitec Pivot Fertilisers, Southern Cross International, Dyno Nobel Asia Pacific, and Dyno Nobel Americas segments. The company offers ammonia, carbon dioxide, diesel exhaust fluid, fluorosilicic acid, nitric acid, sulphuric acid, industrial urea, di/mono-ammonium phosphate, granulated ammonium sulphate, single super phosphate, urea, urea ammonium nitrate, and ammonium phosphate products; and various industrial chemical products for use in water treatment, process manufacturing, and other industrial applications. It also provides industrial explosives and blasting services, as well as related products and services to the mining, quarrying, seismic, and construction industries; and supplies fertilizers to the grain, cotton, pasture, dairy, sugar, and horticulture industries. The company serves the coal, base and precious metals, quarry and construction, industrial and specialty chemicals, and agriculture markets. Incitec Pivot Limited was founded in 1831 and is headquartered in Southbank, Australia.
Nufarm Limited	Nufarm Limited, together with its subsidiaries, manufactures and sells crop protection products in Australia, New Zealand, Asia, Europe, North America, and Latin America. It operates through two segments, Crop Protection and Seed Technologies. The company offers herbicides, insecticides, and fungicides to protect crops from damage caused by weeds, pests, and diseases. It also provides seeds and seed treatment products; and engages in croplands equipment business. The company is headquartered in Laverton North, Australia.
Lindsay Australia Limited	Lindsay Australia Limited provides transport, logistics, and rural supply services to the food processing, food services, fresh produce, rural, and horticultural sectors in Australia. It operates through Transport and Rural segments. The Transport segment is involved in the cartage of general and refrigerated products, and ancillary sales. The Rural segment sells and distributes a range of agricultural supply products. Lindsay Australia Limited is headquartered in Acacia Ridge, Australia.

Source: S&P Global.

Appendix C – Comparable transactions' target company descriptions

Target Company	Description
Bengerang Limited	Bengerang Limited owns and operates agricultural land and water assets in northern New South Wales and eastern Queensland. The company primarily produces cotton and other soft commodities, such as wheat and chickpeas. Its asset portfolio comprises irrigated and dryland farming operations. The company was incorporated in 2007 and is based in Leeton, Australia. Bengerang Limited was formerly known as PrimeAg Australia Limited. Bengerang Limited operates as a former subsidiary of Webster Limited. As of November 7, 2018, Bengerang Limited operates as a subsidiary of Australian Food & Fibre Ltd.
Tandou Limited	Tandou Limited produces and sells irrigated cotton and cereal crops in Australia and internationally. It operates in two segments, Farming and Water Operations. The company's principal crops include upland cotton, pima cotton, durum wheat, and malting barley; and other crops comprise sorghum, sunflowers, and corn. It is also involved in the pastoral activities relating to sheep and cattle, including organic lamb production. In addition, the company engages in trading water entitlements and temporary water allocations, including water portfolio management, entitlement lease, allocation lease, and allocation parking activities; and the provision of cotton ginning services, and water pumping services and pumping equipment. Further, it provides agronomic services, including irrigated cereal and pima cotton production advice; contract research; and agricultural, environmental, and waste water management technical advice to various clients, such as water authorities, and industrial and agricultural businesses. The company was founded in 1972 and is based in Mildura, Australia. As of June 12, 2015, Tandou Limited operates as a subsidiary of Webster Ltd.
Total Eden Holdings Pty Limited	Total Eden Holdings Pty Limited, through its subsidiaries, provides water management solutions. It sells water-related products that include irrigation, drainage, plumbing, water supply and filtration, drilling, and dust suppression across retail stores and distribution centres in Western Australia, Queensland, New South Wales, and Victoria. The company also provides water management solutions, including consultation, design, product supply, fabrication, installation, repair, and maintenance for a range of industries, including agriculture, turf, mining and drilling, water treatment, civil construction, plumbing, home improvement and DIY, and pool and spa in Australia and New Zealand. In addition, it supplies a range of products to customers in plumbing, mining and drilling, civil infrastructure or, water treatment projects; and sells products online. The company was founded in 2006 and is based in Laverton North, Australia. As of February 28, 2014, Total Eden Holdings Pty Limited operates as a subsidiary of Ruralco Holdings Ltd.
GrainCorp Limited	GrainCorp Limited operates as a food ingredients and agribusiness company in Australasia, Asia, North America, Europe, the Middle East, North Africa, and internationally. The company operates in three segments: Grains, Malt, and Oils. The Grains segment receives, transports, tests, stores, and exports/imports grains comprising wheat, barley, canola, and sorghum, as well as other bulk commodities. It also markets grain and agricultural products; and operates grain pools. The Malt segment produces malt products; provides brewing inputs and other malting services to brewers and distillers; sells farm inputs; and exports malt. The Oils segment is involved in processing and crushing oilseeds; supplying edible oils and feeds; operating bulk liquid port terminals; and the provision of storage, packaging, transportation, and logistics services. GrainCorp Limited was founded in 1916 and is headquartered in Sydney, Australia.
The Gavilon Group, LLC	The Gavilon Group, LLC markets and distributes agricultural commodities and fertilizers. It offers grains, oilseeds, feed, and food ingredients. The company also offers nitrogen-based products, such as anhydrous ammonia, ammonium nitrate, ammonium sulphate, calcium ammonium nitrate, urea, and urea ammonium nitrate; phosphate-based product that includes diammonium phosphate, monoammonium phosphate, single superphosphate, and triple superphosphate; and potash-based product, including comprise muriate and sulphate of potash. Additionally, the company offers origination, storage and handling, transportation and logistics, marketing and distribution, and risk management services. The company serves livestock producers, commercial food industry, dairy producers, feed manufacturers, and industrial users. The Gavilon Group, LLC was founded in 2008 and is based in Omaha, Nebraska. As of July 5, 2013, The Gavilon Group, LLC operates as a subsidiary of Marubeni Corporation.
PGG Wrightson Limited	PGG Wrightson Limited provides goods and services for agricultural sector in New Zealand and internationally. It operates through three segments: Agency, Retail and Water, Seed and Grain. It operates rural supplies stores that offer a range of products, such as animal health and management products; apparel and footwear products; dairy shed hygiene products; fencing products; fertilizers; nutrition products; calf rearing products; pasture and crop protection products; wine making products; pipes, troughs, tanks, and other water products; seeds; and general merchandise products. It also provides agency services for the sale, purchase, and service of livestock through auction, private and on-farm sales, and specialist stud stock sales; offers irrigation and pumping systems to farmers and horticulturists; produces seeds, grains, and turfs; and markets and exports wool products. In addition, it offers insurance products; and rural finance and investment products to small-to-medium sized business, farms, and families. Further, it provides real estate services, including rural, lifestyle, residential, and commercial properties; and operates fruited supplies retail network that provides plant protection and nutrition products, vegetable seeds, crop monitoring, soil tests and fertilizer recommendations, spray programs, frost fighting solutions and machinery, irrigation services, winery supplies, posts, wire and bird nettings, safety gears, and picking and pruning equipment, as well as protective cropping supplies for glasshouses and undercover crops. The company was founded in 1841 and is based in Christchurch, New Zealand. PGG Wrightson Limited is a subsidiary of Agria (Singapore) Pte Limited.
AWB (Australia) Pty Ltd. (nka: Agrium Asia Pacific Limited)	Agrium Asia Pacific Limited is a holding company of entities which are engaged in the collective agribusiness of Landmark. Agrium Asia Pacific Limited was formerly known as AWB (Australia) Pty Ltd. and changed its name to Agrium Asia Pacific Limited in 2011. The company was incorporated in 1998 and is based in Melbourne, Australia. As of December 3, 2010, Agrium Asia Pacific Limited operates as a subsidiary of Agrium Inc. (which is currently a wholly-owned subsidiary of Nutrien Ltd).

Source: S&P Global.



Appendix D – Discount rate

Introduction

The cash flow assumptions underlying the DCF Approach are on a nominal, ungeared and post-tax basis. Accordingly, we have assessed a range of nominal post-tax discount rates for the purpose of calculating the net present value of the cash flows.

The discount rates were determined using the WACC formula. The WACC represents the average of the rates of return required by providers of debt and equity capital to compensate for the time value of money and the perceived risk or uncertainty of the cash flows, weighted in proportion to the market value of the debt and equity capital provided. However, we note that the selection of an appropriate discount rate is ultimately a matter of professional judgment.

Under a classical tax system, the nominal WACC is calculated as follows:

$$WACC = R_d \times \frac{D}{D + E} \times (1 - t) + R_e \times \frac{E}{D + E}$$

Where:

- R_e = the required rate of return on equity capital;
- E = the market value of equity capital;
- D = the market value of debt capital;
- R_d = the required rate of return on debt capital; and
- t = the statutory corporate tax rate.

Required rate of return on equity capital

We have used the CAPM, which is commonly used by practitioners, to calculate the required return on equity capital.

The CAPM assumes that an investor holds a large portfolio comprising risk-free and risky investments. The total risk of an investment comprises systematic risk and unsystematic risk. Systematic risk is the variability in an investment's expected return that relates to general movements in capital markets (such as the share market) while unsystematic risk is the variability that relates to matters that are unsystematic to the investment being valued.

The CAPM assumes that unsystematic risk can be avoided by holding investments as part of a large and well-diversified portfolio and that the investor will only require a rate of return sufficient to compensate for the additional, non-diversifiable systematic risk that the investment brings to the portfolio. Diversification cannot eliminate the systematic risk due to economy-wide factors that are assumed to affect all securities in a similar fashion. Accordingly, whilst investors can eliminate unsystematic risk by diversifying their portfolio, they will seek to be compensated for the non-diversifiable systematic risk by way of a risk premium on the expected return. The extent of this compensation depends on the extent to which the company's returns are correlated with the market as a whole. The greater the systematic risk faced by investors, the larger the required return on capital will be demanded by investors.



The systematic risk is measured by the investment's beta. The beta is a measure of the co-variance of the expected returns of the investment with the expected returns on a hypothetical portfolio comprising all investments in the market – it is a measure of the investment's relative risk.

A risk-free investment has a beta of zero and the market portfolio has a beta of one. The greater the systematic risk of an investment the higher the beta of the investment.

The CAPM assumes that the return required by an investor in respect of an investment will be a combination of the risk-free rate of return and a premium for systematic risk, which is measured by multiplying the beta of the investment by the return earned on the market portfolio in excess of the risk-free rate.

Under the CAPM, the required nominal rate of return on equity (R_e) is estimated as follows:

$$R_e = R_f + \beta_e (R_m - R_f)$$

Where:

- R_f = risk free rate
- β_e = expected equity beta of the investment
- $(R_m - R_f)$ = market risk premium

Risk free rate

In the absence of an official risk free rate, the yield on government bonds (in an appropriate jurisdiction) is commonly used as a proxy. Accordingly, we have observed the yield on the 10-year Australian Government bond over several intervals from a period of 5 trading days to 10 trading years.

Australia Government Debt - 10 Year				Daily average
As at 31 March 2019	Range			Nominal
Previous 5 trading days	1.73%	-	1.84%	1.78%
Previous 10 trading days	1.73%	-	1.95%	1.84%
Previous 20 trading days	1.73%	-	2.72%	2.18%
Previous 30 trading days	1.73%	-	2.74%	2.31%
Previous 60 trading days	1.73%	-	2.88%	2.45%
Previous 1 year trading	1.73%	-	2.93%	2.61%
Previous 2 years trading	1.73%	-	2.93%	2.63%
Previous 3 years trading	1.73%	-	2.99%	2.54%
Previous 5 years trading	1.73%	-	4.19%	2.73%
Previous 10 years trading	1.73%	-	5.88%	3.61%

Source: S&P Global, GTCF analysis

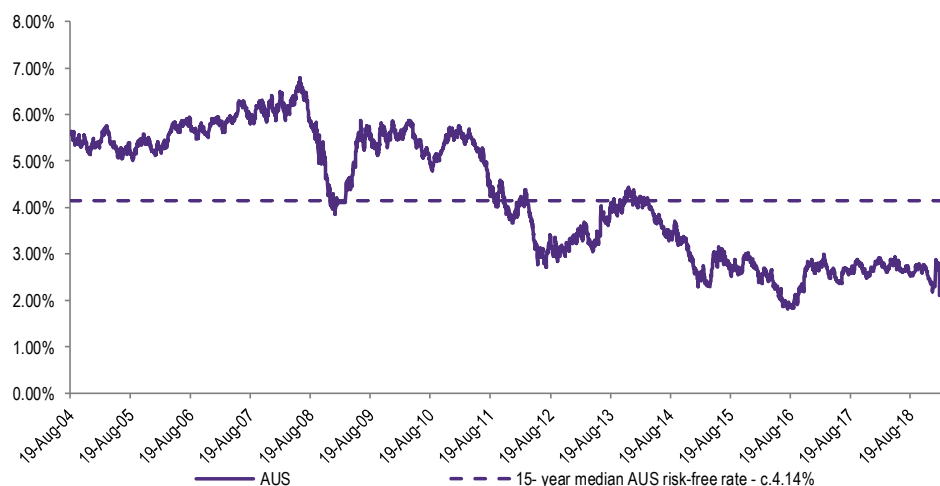
Currently, global financial markets are witnessing significant volatility with several geopolitical factors (like the ongoing US-China trade war and the outcome of Brexit) adding to the fluctuation of bond rates. In addition, the US Federal Reserve has indicated that no further interest rate hikes are expected in 2019, and the indication from the RBA is uncertain⁸⁴. Although we note that the spot rate is 1.7%, given the

⁸⁴ Given that the RBA's expectation of an interest rate cut is as likely as a rate hike.



significant volatility in the global financial markets, we have placed more emphasis on the median risk free rate observed over a longer period of time as shown in the graph below:

10 year Australian Government bond yield



Source: S&P Global, GTCF Analysis

Having regard to the above, we have adopted a risk-free rate of 4% for calculating an Australian dollar discount rate.

Market risk premium

The market risk premium represents the additional return an investor expects to receive to compensate for additional risk associated with investing in equities as opposed to assets on which a risk free rate of return is earned. However, given the inherent high volatility of realised rates of return, especially for equities, the market risk premium can only be meaningfully estimated over long periods of time. In this regard, Grant Thornton studies of the historical risk premium over periods of 20 to 80 years suggest a risk premium of 6.0% for the Australia markets.

For the purpose of the WACC assessment, Grant Thornton Corporate Finance has adopted a market risk premium of 6.0%.

Beta

The beta measures the expected relative risk of the equity in a company. The choice of the beta requires judgement and necessarily involves subjective assessment as it is subject to measurement issues and a high degree of variation.

An equity beta includes the effect of gearing on equity returns and reflects the riskiness of returns to equity holders. However, an asset beta excludes the impact of gearing and reflects the riskiness of returns on the asset, rather than returns to equity holders. Asset betas can be compared across asset classes independent of the impact of the financial structure adopted by the owners of the business.

Equity betas are typically calculated from historical data. These are then used as a proxy for the future which assumes that the relative risk of the past will continue into the future. Therefore, there is no right



equity beta and it is important not to simply apply historical equity betas when calculating the cost of equity.

Grant Thornton Corporate Finance has observed the betas of the comparable companies of Ruralco by reference to the local index of each company (based on country of domicile) over 2 years based on weekly observations and over 5 years based on monthly observations. We consider the local index betas to be appropriate as the agriculture industry is largely dependent on the weather conditions present in the local economy.

It should be noted that the above betas are drawn from the actual and observed historic relationship between risk and returns. From these actual results, the expected relationship is estimated generally on the basis of extrapolating past results. Despite the arbitrary nature of the calculations it is important to assess their commercial reasonableness. That is, to assess how closely the observed relationship is likely to deviate from the expected relationship.

Consequently, while measured equity betas of the listed comparable companies provide useful benchmarks against which the equity beta used in estimating the cost of equity for companies operating in the agriculture industry, the selection of an unsystematic equity beta requires a level of judgement.

The asset betas of the selected company are calculated by adjusting the equity betas for the effect of gearing to obtain an estimate of the business risk of the comparable company, a process commonly referred as degearing. We have then recalculated the equity beta based on an assumed 'optimal' capital structure deemed appropriate for the business (regearing). This is a subjective exercise, which carries a significant possibility of estimation error.

We used the following formula to undertake the degearing and regearing exercise:

$$\beta_e = \beta_a \left[1 + \frac{D}{E} \times (1 - t) \right]$$

Where:

- β_e = Equity beta
- β_a = Asset beta
- t = corporate tax rate

The betas are de-g geared using the average historical gearing levels observed for Ruralco in which the betas were observed and then re-g geared based on a gearing ratio of 20% debt to 80% equity (see Capital Structure Section below for further discussions).

Based on the above, the regear ed betas for the comparable companies for Ruralco are set out in the table below:



Beta analysis			2-year weekly local betas					5-year monthly betas					
		Market Cap	Equity		Gearing		Ungeared	Regeared	Equity		Gearing	Ungeared	Regeared
Company name	Country	(A\$'000s)	beta	R-squared	Ratio	Beta	Beta		beta	R-squared	Ratio	Beta	Beta
Tier 1													
PGG Wrightson Limited	New Zealand	355,027	0.35	0.02	39.3%	0.27	Nmf		0.74	0.11	39.3%	0.58	0.68
Elders Limited	Australia	708,596	1.13	0.09	30.4%	0.93	1.10		0.18	0.00	30.4%	0.15	Nmf
Lindsay Australia Limited	Australia	109,837	0.99	0.18	82.8%	0.63	0.74		0.69	0.15	82.8%	0.44	0.51
Nufarm Limited	Australia	1,788,101	0.94	0.11	47.6%	0.70	0.83		0.85	0.10	47.6%	0.64	0.75
Median (R squared ≥ 0.05)							0.83		0.68				
Average (R squared ≥ 0.05)							0.89		0.65				
Tier 2													
Ridley Corporation Limited	Australia	426,327	0.54	0.04	17.7%	0.48	Nmf		0.29	0.02	17.7%	0.26	Nmf
GrainCorp Limited	Australia	2,097,370	0.86	0.10	61.5%	0.60	0.70		0.58	0.07	61.5%	0.41	0.48
Incitec Pivot Limited	Australia	5,010,046	1.05	0.24	35.7%	0.84	0.99		1.11	0.27	35.7%	0.89	1.05
Wellard Limited	Australia	28,688	0.45	0.00	208.8%	0.18	Nmf		2.11	0.12	208.8%	0.86	1.01
Duxton Water Limited	Australia	179,319	Nmf	0.00	(1.7%)	Nmf	Nmf		0.21	0.01	(1.7%)	0.21	Nmf
Median (R squared ≥ 0.05)							0.85		1.01				
Average (R squared ≥ 0.05)							0.85		0.85				

Source: S&P Global and GTCF calculations

Note: (1) Market capitalisation of all companies (except Elders Limited) as at 31 March 2019; (2) R-squared. Betas with a correlation less than 5% are considered not meaningful ("Nmf") and excluded from the above table; (3) Equity betas are calculated using data provided by S&P Global. The betas are based on a five year period with monthly observations and have been degeared based on the average gearing ratio over five years. The betas based on a two year period with weekly observations are degeared based on the average gearing ratio over two years.

We note the following:

- We have placed limited reliance on the beta for PGW in our assessment, given that PGW's share price has been impacted in the last 9 months by the sale of the seeds and grains business.
- Elders is considered to be the most comparable company to Ruralco. We note that the beta for Elders is higher than other comparable companies on account of volatility in its share due to speculation on corporate activity, operating results and market sentiment about future performance.
- We have placed greater reliance on the betas for Lindsay Australia Limited and Nufarm Ltd. Lindsay Australia earns a sizeable proportion of revenue from the rural services divisions while Nufarm Limited primarily operates in the crop protection industry with some seed exposure. Accordingly, the betas for these companies are likely to correlate with the trends in the agriculture industry in particular rural services and fertiliser sectors.
- We have also considered the beta for other companies like GrainCorp Ltd and Incitec Pivot Ltd, however we have placed limited reliance on these companies since they are large and diversified agricultural groups.

Based on the analysis above, for the purpose of the valuation, we have selected a beta range of between 0.85 and 0.90 to calculate the required rate of return on equity capital.

Specific risk premium

When assessing the specific risk premium, we have considered a number of factors including:

- the nature and size of Ruralco compared to the selected comparable companies
- the uncertainty associated with cash flow forecasts



- the uncertainties associated with the acquisitions to be undertaken by Ruralco, as well as with the successful realisation of the full benefits from Program Elevate
- the challenges likely to be faced in order to emerge from challenging seasonal conditions

Based on our analysis, we have adopted a specific risk premium in the range between 1% to 2% for Ruralco.

We note that the selection of the specific risk premium involves a certain level of professional judgement and as a result, the total specific risk premium is not fully quantifiable with analytical data.

Cost of debt

For the purpose of estimating the cost of debt applicable to Ruralco, Grant Thornton Corporate Finance has considered the following:

- The margin implicit in corporate bond yields over the Australian Government bond yields. Given the relatively low interest rate environment, this is likely to yield a low interest rate, which, in our opinion, does not reflect the long-term interest rate that is likely to be paid by companies borrowing debt in Australian dollars.
- The weighted average interest rate on credit outstanding for large businesses over the last one to five years as published by the Reserve Bank of Australia.
- Expectations of the yield curve.
- The average borrowing cost incurred by Ruralco on its debt facilities.

Based on the above, Grant Thornton Corporate Finance has adopted a cost of debt in the range of 5.5% to 6.5% on a pre-tax basis.

Capital structure

Grant Thornton Corporate Finance has considered the gearing ratio which a hypothetical purchaser of the business would adopt in order to generate a balanced return given the inherent risks associated with debt financing. Factors which a hypothetical purchaser may consider include the shareholders' return after interest payments, and the business' ability to raise external debt.

The appropriate level of gearing that is utilised in determining the WACC for a particular company should be the "target" gearing ratio, rather than the actual level of gearing, which may fluctuate over the life of a company. The target or optimal gearing level can therefore be derived based on the trade-off theory which stipulates that the target level of gearing for a project is one at which the present value of the tax benefits from the deductibility of interest are offset by present value of costs of financial distress. In practice, the target level of gearing is evaluated based on the quality and variability of cash flows. These are determined by:

- The quality and life cycle of a company.
- The quality and variability of earnings and cash flows.



- Working capital.
- Level of capital expenditure.
- The risk profile of the company.

In determining the appropriate capital structure for Ruralco, we have also had particular consideration to the following:

- The average gearing ratio of comparable companies over the last five year period as set out in the beta section of this report.
- The historic, forecast, and target gearing for comparable companies.

Based on the above observations, for the purpose of the discount rate assessment Grant Thornton Corporate Finance has adopted a capital structure of 20% debt and 80% equity for Ruralco.

WACC calculation

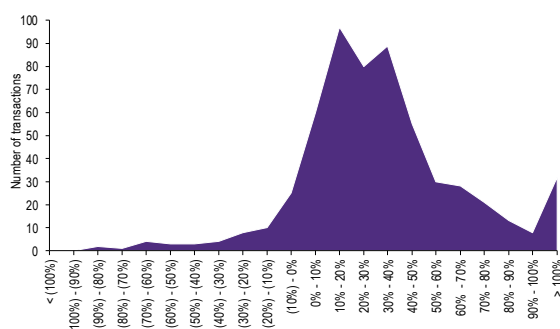
The discount rate for Ruralco on a standalone basis is determined as set out below:

WACC calculation	Low	High
Cost of equity		
Risk free rate	4.00%	4.00%
Beta	0.85	0.90
Market risk premium	6.00%	6.00%
Specific risk premium	1.00%	2.00%
Cost of equity	10.10%	11.40%
Cost of debt		
Cost of debt (pre-tax)	5.5%	6.5%
Tax	30%	30%
Cost of debt (post tax)	3.9%	4.6%
Capital structure		
Proportion of debt	20%	20%
Proportion of equity	80%	80%
WACC (post-tax)	8.9%	10.0%
WACC (selected)	9.0%	10.0%

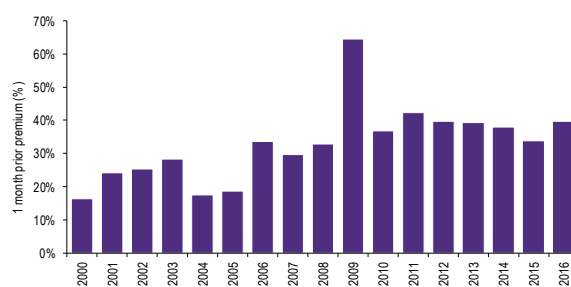
Appendix E – Premium for control study

Evidence from studies indicates that premium for control on successful takeovers has frequently been in the range of 20% to 40% in Australia, and that the premium vary significantly for each transaction.

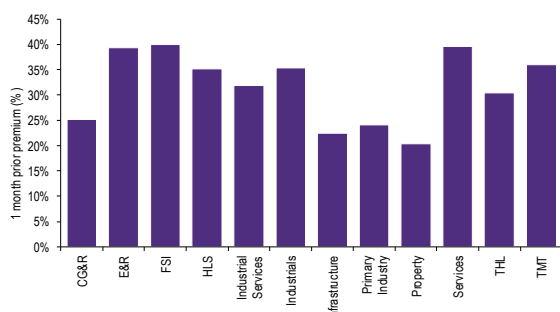
1 Month Prior Control Premium



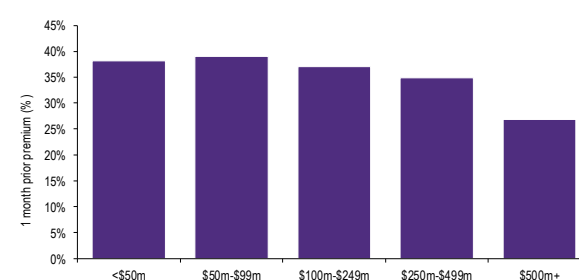
Control premium per completion date



Control premium per industry



Control premium and size



Control premium	
Average	34.33%
Median	29.34%

Source: GTCF analysis.



Appendix F – Marketability discount

Restricted stock and pre-IPO studies have shown discounts for lack of marketability in the range of 20% to 56% as set out below:

Discount for lack of marketability			
Study	Source	Years	Discount
Restricted stock studies			
Alex W Howard	Valuation issues in estate planning - study	2003	21%-25%
Aswath Damodaran	Illiquidity in the market	2003-2005	25%-35%
Michael A Paschall	Banister Financial Inc - New sletter	2004	26%-36%
Russel T Glazer	The CPA Journal	2000-2005	30%-35%
Phil Williams & John Linder	FFECT Winter Journal	1997-2002	25%-40%
Pre-IPO studies			
Shannon Pratt	Pratt	2000-2003	37.5%-56.4%
Michael Paschall	Banister Financial Inc - New sletter	1980-2006	46%
Russell Glazer	The CPA Journal	2000-2005	45%
Phil Williams & John Linder	FFECT Winter Journal	1997-2002	35%

The size of the marketability discount depends from the following factor:

- i. The prospect for liquidity within a known timeframe. The shorter is the expected holding period for an investment and more certain is the potential prospective transaction or initial public offering, the lower is the discount.
- ii. The dividend policy of the Company. A company will usually attract a lower marketability discount if it has a sustainable and consistent dividend policy as the shareholders receive their returns along the way as opposed to at the end when they dispose of their investment.
- iii. The pool of potential buyers. The greater is the pool of potential buyers the lower is the level of marketability discount.
- iv. The level of risk in the industry and in the Company. Typically higher level of risks is usually associated with higher level of marketability discount. The underlying principle is that the potential adverse impact of risk factors is enhanced by the inability to dispose of the investments in a liquid market.



Appendix G – Glossary

\$ or A\$	Australian Dollar
ACCC	Australian Competition and Consumer Commission
Agrium	Agrium Inc.
APES	Accounting Professional and Ethical Standards
APES225	Accounting Professional and Ethical Standard 225 "Valuation Services"
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
ATO	Australian Tax Office
AWB	AWB (Australia) Pty Ltd
Corporations Act	Corporations Act 2001
DCF	Discounted Cash Flow
DCF Method	Discounted Cash Flow and the estimated realisable value of any surplus assets
DPS	Dividend paid out per share
EBITDA	Earnings before, interest, tax, depreciation and amortisation
EBITDA Multiple	Enterprise Value divided by unaudited Underlying EBITDA
Effective Date	The date when a copy of the Court order approving the Scheme is lodged with ASIC.
Elders	Elders Limited
EMI	Eastern Market Indicator
EPS	Earnings per share
EV	Enterprise Value
EYCI	Eastern Young Cattle Indicator
FIRB	Foreign Investment Review Board
FME Method	Application of earnings multiples to the estimated future maintainable earnings or cash flows of the entity, added to the estimated realisable value of any surplus assets
Frontier	Frontier International
FSG	Financial Services Guide
FYxx	12 month financial year ended 30 September 20xx
Gearing Ratio	Net Debt over Equity
GrainCorp	GrainCorp Limited
GT Model	Financial model prepared by GTCF, projecting the post-tax free cash flows of Ruralco based on the Internal Model.
GTCF, Grant Thornton, or Grant Thornton Corporate Finance IER or Report	Grant Thornton Corporate Finance Pty Ltd (ACN 003 265 987)
Internal Model	Independent Expert Report
Interim Dividend	Company's internal Management forecast 30 September 2021
Landmark	Directors of Ruralco intend to declare and pay a fully franked FY19 interim dividend of up to 10 cents per share
Management or Ruralco Management	Landmark Operations Ltd
NAV Method	Senior management and directors of Ruralco
Nutrien or the Buyer	Amount available for distribution to security holders on an orderly realisation of assets
Peer Index	Nutrien Ltd.
PotashCorp	Comprising of listed agribusinesses in the Australian and New Zealand market
Program Elevate	Potash Corporation of Saskatchewan
PGW	Program Elevate, comprising of 9 different projects, aimed at developing a reliable back office foundation integrated with a scalable e-commerce platform. The projects focused on improving the quality of data utilised by Ruralco in various decision-making process, the automation of certain operations and in delivering new interactive platforms to customers.
Q1 Reforecast	PGG Wrightson
Quoted Security Price Method	Budget for FY19 and the reforecast which was completed in the first quarter of FY19
	Quoted price for listed securities, when there is a liquid and active market



RG	Regulatory Guide
RG111	ASIC Regulatory Guide 111 "Contents of expert reports"
RG112	ASIC Regulatory Guide 112 "Independence of experts"
RG60	ASIC Regulatory Guide 60 "Scheme of arrangement"
Rural Services Peers	Basket of comparable companies that provide similar products and services as Ruralco, with operations primarily in Australia and New Zealand
Ruralco or the Company	Ruralco Holdings Limited
Ruralco Model	Cash flow projections prepared by management of Ruralco until 30 September 2021
Ruralco shareholder	An individual/ entity beneficially holding Ruralco share(s)
Ruralco Shares	1 outstanding ordinary share in Ruralco Holdings Limited
Scheme Booklet	The Scheme Booklet, including each attachment
Scheme Implementation Deed or SID	Scheme Implementation Agreement dated 27 February 2019 entered into between Ruralco and Nutrien
Scheme	Scheme of Arrangement whereby Nutrien will acquire all outstanding shares of Ruralco
SID	Scheme Implementation Deed
Special Dividend	A fully franked dividend of up to A\$0.90 per Ruralco Share held as at the Special Dividend Record Date
Total Cash Consideration	Consideration under the Scheme of A\$4.40 per Ruralco Share held as at the Special Dividend Record Date
Total Eden	Total Eden Holdings Limited
VWAP	Volume Weighted Average Price
WACC	Weighted Average Cost of Capital



Sample Proxy Form

Attachment F





RURALCO HOLDINGS LIMITED
ABN 40 009 660 879



RHL

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Lodge your proxy:



Online:
www.investorvote.com.au



By Mail:
Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia;
Ruralco's registered office
Level 5, Building A
26 Talavera Road
Macquarie Park NSW 2113



By Hand:
Computershare Investor Services Pty Limited
60 Carrington Street
Sydney NSW 2000 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:
(within Australia) 1300 171 805
(outside Australia) +61 3 9415 4124

Proxy Form - Scheme Meeting

XX



Lodge your proxy online

- Go to www.investorvote.com.au or scan the QR Code with your mobile device.
- Follow the instructions on the secure website to vote.

Your access information that you will need to lodge your proxy online:

Control Number: 999999

SRN/HIN: I9999999999

PIN: 99999

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.



For your vote to be effective it must be received by 10:00am (Sydney time) Monday 15 July 2019

How to Vote on the Item of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite the item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on the item your vote will be invalid.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions for Postal Forms

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Scheme Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO LODGE YOUR PROXY,
or turn over to complete the form →**

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030



Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

Proxy Form

Please mark ☒ to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Ruralco Holdings Limited hereby appoint



the Chairman
of the Meeting OR

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Scheme Meeting of Ruralco Holdings Limited to be held at the offices of Gilbert and Tobin, Level 35, Tower Two, International Towers Sydney, 200 Barangaroo Avenue, Barangaroo, NSW, 2000 on Wednesday, 17 July 2019 at 10:00am (Sydney time) and at any adjournment or postponement of that meeting.

STEP 2 Item of Business

PLEASE NOTE: If you mark the **Abstain** box for the item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

Scheme Resolution

"That, pursuant to and in accordance with section 411 of the Corporations Act 2001 (Cth), the scheme of arrangement proposed between Ruralco Holdings Limited and the holders of its ordinary shares (the terms of which are contained in and more particularly described in the Scheme Booklet (of which this Notice of Scheme Meeting forms part)) is agreed to (with or without alterations or conditions as approved by the Court and which are agreed to by Ruralco Holdings Limited and Nutrien Ltd.) and, subject to approval of the Scheme by the Court, the Ruralco Holdings Limited board of directors is authorised to implement the Scheme with any such alterations or conditions."

For

Against

Abstain

☐☐☐

The Chairman of the Meeting intends to vote undirected proxies in favour of the item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

SIGN

Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact
NameContact
Daytime
TelephoneDate / /

CORPORATE DIRECTORY

RURALCO HOLDINGS LIMITED

Level 5, Building A, 26 Talavera Rd,
Macquarie Park NSW 2113

<https://www.ruralco.com.au/>

SHAREHOLDER INFORMATION LINE

1300 171 805 (within Australia)
+61 3 9415 4124 (outside Australia)
from 8:30am to 5:00pm (Sydney time)

DIRECTORS

Richard (Rick) Lee
Elizabeth Johnstone
Trudy Vonhoff
Andrew Macpherson
Travis Dillon

COMPANY SECRETARY

Timothy Rowe

SHARE REGISTRY

Computershare Investor Services Pty Limited
Level 4, 60 Carrington Street
Sydney NSW 2000

FINANCIAL ADVISER TO RURALCO

Gresham Advisory Partners Limited
Level 17, 167 Macquarie Street
Sydney NSW 2000

LEGAL ADVISOR TO RURALCO

Gilbert + Tobin
Level 35, Tower Two
International Towers Sydney
200 Barangaroo Avenue
Barangaroo NSW 2000

STOCK EXCHANGE LISTING

Ruralco Holdings Limited shares are listed on the
Australian Securities Exchange

(ASX Code: RHL)

