

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

6 September 2019

Scheme Meeting – Chairman’s Address

In accordance with ASX Listing Rule 3.13, attached to this announcement is the Chairman’s address, which will be made at today’s Scheme Meeting, commencing at 10:00am (Sydney time).

For further information:

Shareholder Information Line

1300 171 805 (within Australia)
+61 3 9415 4124 (outside Australia)
from 8.30am to 5.00pm (Sydney time)

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CHAIRMAN'S ADDRESS

Welcome

Good morning ladies and gentlemen. My name is Rick Lee and I am the Independent Non-Executive Chairman of Ruralco Holdings Limited.

Welcome and thank you for attending today's Scheme Meeting relating to the Ruralco scheme of arrangement.

Quorum

It is now 10:00am and a quorum is present, so I am pleased to declare the meeting open.

Directors and executives

I would like to introduce my fellow directors who are in attendance today:

- Elizabeth Johnstone, Independent Non-Executive Director;
- Trudy Vonhoff, Independent Non-Executive Director;
- Andrew Macpherson, Independent Non-Executive Director; and
- Travis Dillon, Managing Director and Chief Executive Officer.

I would also like to introduce our Chief Financial Officer, Adrian Gratwicke, and our Group General Counsel & Company Secretary, Timothy Rowe.

We are also joined by other members of Ruralco's Executive, management and employees.

Outline of the Scheme Meeting

Notice of today's Scheme Meeting is included as Attachment A of the Scheme Booklet. The notice of meeting has been given in accordance with the orders made by the Federal Court of Australia on 5 June 2019.

I will take the notice of meeting as being read.

There are two major components to today's meeting. First, I will make a few remarks about the proposed Scheme and the Scheme Meeting, and then we will move to consider the formal business of the Scheme Meeting and conduct the formal vote.

Purpose of this Scheme Meeting

The purpose of this Scheme Meeting is for Ruralco's shareholders to consider and, if thought fit, approve the proposed acquisition of all of the shares in Ruralco by Agrium Australia Pty Ltd (a wholly owned subsidiary of Nutrien Ltd and a related body corporate of Landmark Operations Limited) by way of a Scheme of Arrangement.

From here I will refer to this proposed arrangement simply as the 'Scheme'.

If the Scheme is approved by shareholders today and becomes effective, then Ruralco Shareholders will be paid a total cash payment of \$4.40 per Ruralco share on the implementation date of the Scheme, comprising:

- a fully franked Special Dividend of \$0.84 per Ruralco share held on the Special Dividend Record Date; and
- Scheme Consideration of \$3.56 per Ruralco share held on the Scheme Record Date.

The implementation date for the Scheme is currently expected to be 30 September 2019.

Full details of the proposed Scheme are set out in the Scheme Booklet.

You will have an opportunity to ask questions prior to voting on the proposed resolution to approve the Scheme.

Scheme Resolution and voting thresholds

The Scheme Resolution, as set out in the Notice of Meeting, is as follows:

“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 the 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.”

In accordance with 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 this Scheme Meeting; and
- at least 75% of the votes cast on the Scheme Resolution.

As noted in the proxy form which was included as Attachment F to the Scheme Booklet, in my capacity as Chairman of this Scheme Meeting, I intend to vote all undirected proxies I hold in favour of the Scheme Resolution.

Reasons for the directors’ recommendation

The Ruralco directors have considered the advantages and disadvantages of the Scheme and unanimously recommend that Ruralco Shareholders vote in favour of the Scheme in the absence of a Superior Proposal, and have voted the shares held or controlled by them or on their behalf in favour of the Scheme.

In relation to the recommendation of Mr Dillon, shareholders are reminded that they 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 of the Scheme Booklet, and that the 'Ruralco Performance Rights' and 'Ruralco Matched Share Rights' held by Mr Dillon will be subject to the regime described in section 11.12 of the Scheme Booklet.

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

Your directors have not received any alternative approaches or proposals for Ruralco since the announcement of the Scheme.

The Scheme Booklet sets out the detailed reasons for the directors' recommendation. In summary, the directors of Ruralco made their recommendation on the basis that:

- the total cash consideration of \$4.40 per share represents an attractive premium to the trading levels of Ruralco shares on the ASX prior to the announcement of the Scheme on 27 February 2019;
- the Independent Expert appointed by the Board, Grant Thornton, concluded that the Scheme is fair and reasonable and, therefore, in the best interests of Ruralco Shareholders in the absence of a superior proposal;
- If the Scheme proceeds, Ruralco Shareholders will receive certain cash value of \$4.40 per Ruralco share for their investment in Ruralco, and will avoid ongoing risks and uncertainties associated with the Ruralco business;
- Those Ruralco Shareholders who are entitled to the franking credits attached to the Special Dividend of \$0.84 declared (subject to the Scheme becoming Effective) may be entitled to an Australian tax offset of up to approximately \$0.36 per Ruralco Share (subject to confirmation from the ATO via a class ruling);
- The Scheme allows shareholders to sell all of their Ruralco shares; and
- Ruralco's share price may fall if the Scheme does not proceed and no comparable proposal or superior proposal emerges.

Of course, there are some reasons why Ruralco Shareholders might consider voting against the Scheme, and these are set out in the Scheme Booklet. For example, you may:

- disagree with the directors' unanimous recommendation and the Independent Expert's conclusion;
- prefer to participate in the future financial performance of Ruralco's business;
- believe that it is in your best interests to maintain your current investment and risk profile; and
- believe that there is the potential for a superior proposal to be made in the foreseeable future. However, no alternative approach or proposal has been received by the Ruralco Board since the announcement of the Scheme.

Independent expert

Ruralco 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 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.

Scheme conditions

Implementation of the Scheme is subject to a number of conditions. The relevant conditions which remain outstanding at this time are:

- the approval of the Scheme by Ruralco Shareholders, which is why we are holding the Scheme Meeting today; and
- the approval of the Scheme by the Federal Court of Australia, which will be sought following this meeting in the event shareholders approve the Scheme.

Your Directors are not aware of any circumstance to date which would prevent any of the outstanding conditions from being satisfied.

Timetable for implementation

If the Scheme is approved by Ruralco Shareholders at today's Scheme Meeting, the expected next key dates in the Scheme timetable are:

- on 12 September 2019, Ruralco will seek the approval of the Federal Court of Australia to implement the Scheme. If the Court approves the Scheme and issues the orders sought, then on 13 September 2019 Ruralco will lodge with the Australian Securities and Investments Commission a copy of the Court's orders and the Scheme will

become effective. Trading in Ruralco shares will be suspended at the close of trading on the ASX on that day;

- the Special Dividend Record Date will be 7:00pm (Sydney time) on 17 September 2019. All Ruralco Shareholders who hold Ruralco shares on the Special Dividend Record Date will be entitled to receive the Special Dividend; and
- the formal Record Date for the Scheme will be 7:00pm (Sydney time) on 23 September 2019. All Ruralco Shareholders who hold Ruralco shares on the Scheme Record Date will be entitled to receive the Scheme Consideration.

With this background, we will now move to the formal business of the Scheme Meeting.