

Australian Rural Capital Limited: Chairman's Address AGM Brisbane, October 14, 2016

Good Morning, I am James Jackson, the Executive Chairman of Australian Rural Capital Limited, which I will refer to as ARC from now on today.

I welcome shareholders and guests to our AGM for 2016 and thank you for interest and attendance. I also wish to welcome a representative from our retiring Auditors, BDO East Coast Partnership, Naresh Kumar and also Mr Stewart Douglas and Mr Ben Pepperel from Bentleys who, subject to your approval today, will become our new Auditors. Please now let me introduce my fellow directors, Darren Anderson, Wayne Massey and Christopher Lobb our Company Secretary.

The conduct for today will be as follows, firstly the meeting opening, then I will make the Chairman's address, we will then present the Financial Statements to the meeting and questions on these can be directed to me as the Chairman of the meeting or the Auditor's representative. We then move onto the 8 items of business to be considered for approval by shareholders in the ordinary course of business. Once these have been voted upon the meeting will be closed. I request that any questions on the ordinary items be asked when that particular resolution is up for discussion and voting and any other questions of a general nature to be asked after the Chairman's address. Following the meeting today please join us for morning tea and meet your directors.

Introduction

The Net Profit after Tax of \$262,986 was largely due to the increase in value of our Namoi Cotton Capital Units holding and the mark to market of this stake to 35 cents per unit. We also kept our operating costs down and operated in a frugal manner considering our activities, with cash outflow of approximately \$450,000 which included approximately \$150,000 expenses related to the Kidman transaction. We have no operating cash income at present and we continue to fund operations with working capital reserves and at the same time progress our business to develop a cash-flow model which I will discuss later.

Progress on our objectives from the 2015 AGM

Last year we outlined these objectives

- Constructively engage with Namoi Cotton on a capital restructure and recapitalisation
- Identify new opportunities for investment by the Fund and ARC
- Establish, Seed and Launch our Fund
- Seek to appoint a Director with agribusiness expertise and experience
- Relocate our registered office and operations from Sydney to a Brisbane location

I will now cover off each of these objectives on our progress over the past year.

Namoi Cotton Investment and Capital Restructure

We are told by the co-operative that the directors believe the best way to fund the future of Namoi is with the one class of ordinary shares, which aligns with our long held public view that Namoi

Cotton address the limitations to growth imposed by the current capital structure. We are pleased in this development and look forward to the progress of this initiative to simplify the capital structure and the potential benefits which include a reduction of financial risk, a greater clarity as to the operations of the business and a new source of growth capital to capture existing and new opportunities to create value for all stakeholders.

We remain positive on the potential for this investment and continue to positively participate in the capital structure process where requested. Drought breaking winter and spring rains have had a positive impact with water in storage now available for the next two seasons cotton crops. This is good news for cotton crops hence we expect Namoi's 2017 and 2018 ginning volumes will recover to about 1 million bales per season and marketing volumes could reach 750,000 bales. Currently, each ARC issued share equates to holding 1.31 Namoi Cotton Capital Units which at 40 cents per unit (the closing ASX price on 11 October 2016) represents 54 cents per ARC share (undiluted for ARC options).

New opportunity explored: S Kidman and Co Ltd

This opportunity was identified and we acted upon a transaction seeking to jointly acquire Kidman as an asset in order to enable us to establish our fund business, which unfortunately did not succeed. The current proposal announced by Kidman earlier this week represents approximately a \$10m increase above our offer, with majority Australian ownership and control alongside a strategic Chinese partner, a deal we believe will be difficult to compete with. We have learnt a great deal from our Kidman experience and now believe we have a greater understanding of the Australian political process and what is required to enable foreign investment into Australian agriculture.

Establish and Launch Fund: ARC Investor Ltd (ARCI)

We have recently created this entity and our 100% owned Australian Rural Capital Management (ARCM) holds a wholesale AFSL license and we have now a custodian engaged. Our next steps are to seed this entity with assets and raise capital into ARCI with the eventual objective to list ARCI on the ASX as an investment company managed by ARCM. We are proceeding on this process and would like to complete this first round by end of the first quarter in 2017 or earlier. This is critical to the establishment of our management income stream and to extend our operations.

Director Appointment with Agribusiness Expertise and experience:

Wayne Massey joined the board in December last year and is now up for election by you our shareholders today. As you will have noted Wayne has significant agribusiness and finance expertise and we strongly recommend him for election.

Registered Office Relocation to Brisbane

We have successfully moved from Sydney to Brisbane which is now our operating base and we wish to thank the partners and staff of our legal advisers, Broadley Rees Hogan in the facilitating our registered office and offices here in Brisbane, an agribusiness hub of Australia.

Current Opportunities

We are currently working on Beef Industry Consolidation opportunities and we continue to believe considerable value can be created from the correct funding structures to achieve scale and the eventual greater vertical integration of the beef production business model. We believe that significant potential exists to match the correct capital with the correct assets, and to remove the operating risks from the land ownership of these operations and replace with a long term lease.

This property investment will generate stable rental returns and long term capital appreciation of a limited resource. Alongside this a working capital funded operating company can have much greater flexibility and focus on achieving productivity gains and scale without the burden of servicing a debt from the funding of capital asset purchases. We believe this model is workable in the current interest rate environment and with the returns available in the industry.

We are also evaluating opportunities in grains and pulses, sugar and nuts. We remain very cautious of dairy assets and any commodities with only a domestic market given the bargaining power of the domestic supermarkets to limit returns.

Our Objectives for the Next Year

- Support the capital restructuring process at Namoi Cotton and consolidate our investment
- Raise external equity capital into ARCI to establish ARCI as our investment entity for “Operating Companies” and entities.
- Establish an ARCM managed Property Trust structure and seek to establish this model as an investor in appropriate assets alongside ARCI.
- Renew our corporate website.
- Evolve the ARC business to be cash-flow neutral.

Closing

I wish to thank my fellow Directors and our new Company Secretary Chris Lobb for your efforts in at times a demanding year. I also again wish to acknowledge the efforts of our recently retired director Mr Andrew Brown particularly in facilitating the transition and contributing to the solid corporate platform that is ARC today. I also wish to thank the patience and support of all our shareholders whilst we continue to progress our efforts to create shareholder value.

James A Jackson

Executive Chairman

Brisbane October 14, 2016.