



Armidale Investment CORPORATION

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26 August 2016

Dear Shareholder

I am pleased to invite eligible shareholders to participate in a pro rata 1 for 5 non-renounceable rights offer by Armidale Investment Corporation Limited (**Company**) of new fully paid ordinary shares in the Company (**New Shares**), at \$0.11 per New Share (**Offer Price**) raising up to \$12,492,616 in new capital before costs (**Rights Issue**). The Company announced the Rights Issue to the Australian Securities Exchange (**ASX**) on 25 August 2016 together with its intention to conduct a subsequent placement to sophisticated investors for any New Shares not taken up by existing shareholders of AIK under the Rights Issue.

Entitlements not taken up may become available as additional shares. Eligible Shareholders may, in addition to their entitlements, apply for New Shares over and above their entitlement at the Offer Price (**Additional Shares**) regardless of the size of their present holding.

The Rights Issue is being conducted under section 708AA of the *Corporations Act 2001* (Cth) (**Corporations Act**) and does not require a prospectus. Eligible shareholders will be sent a short form offer document relating to the Rights Issue (**Offer Document**) and a personalised Entitlement and Acceptance Form on or about 2 September 2016.

The proceeds of this Rights Issue will be used to partially fund the cash component of proposed acquisition of 80% of the issued capital of Consolidated Finance Group Pty Ltd (ACN 124 319 857) (**CFG**), 50% of the issued capital of Qld Pacific Finance Pty Ltd (ACN 083 028 684) (**QPF**) and 50% of the issued capital of Linx Finance Australia Pty Ltd (ACN 086 431 629) (**Linx**) as announced by the Company on 19 August 2016 (together, the **Acquisitions**).

However, in the event that circumstances change or other better opportunities arise the directors reserve the right to vary the proposed uses to maximise the benefit to Shareholders.

Key Information about the Rights Issue

The Rights Issue is non-renounceable and is not underwritten. Blue Ocean Equities Pty Limited (**Blue Ocean**) has however been appointed as the lead manager to the Rights Issue.

Each shareholder on the Company's register of members who has a registered address in Australia or New Zealand (**Eligible Shareholder**) at 7.00pm (Sydney time) on 30 August 2016 (**Record Date**) will be entitled to subscribe for one New Share in the Company for every five ordinary shares held at the Record Date, at a price of \$0.11 per New Share. The entitlement of Eligible Shareholders to participate in the Rights Issue will be determined on the Record Date. The entitlement will be shown on an Entitlement and Acceptance Form which will accompany the Offer Document in respect of the Rights Issue. Entitlements to New Shares can be accepted by eligible Shareholders in full or in part.

Eligible Shareholders may take one of the following actions:

- take up all of their entitlement (and may also subscribe for Additional Shares);
- take up part of their entitlement; or
- do nothing and allow all of their entitlement to lapse.

Entitlements to New Shares under the Rights Issue are non-renounceable, which means that entitlements will not be tradeable on ASX or otherwise transferable. If an Eligible Shareholder does not take up their entitlement by the closing date of the Rights Issue, that Eligible Shareholder's entitlement under the Rights Issue will lapse and its interest in the Company will be diluted.

The New Shares issued under the Rights Issue and Additional Shares will be fully paid and will rank equally with Company's existing issued ordinary shares. The Company has made an application to the ASX for official quotation of the New Shares. The Company expects that the New Shares will be entered into uncertificated holdings on 20 September 2016.

No dividend is being paid on ordinary shares in the Company in respect of the financial year ended 30 June 2016.

Key dates for shareholders

The indicative timetable for the Rights Issue is as follows:

Announcement of Rights Issue	25 August 2016
"Ex" Date – Shares commence trading without the entitlement to participate in the Rights Issue	29 August 2016
Record Date to determine entitlement to New Shares	30 August 2016 (7.00pm)
Expected date of dispatch of Offer Document and Entitlement and Acceptance Form	2 September 2016
Opening Date	2 September 2016
Last day for acceptance and payment in full (Closing Date)	13 September 2016
Expected allotment and dispatch of Holding Statements	20 September 2016
First day of trading of New Shares on ASX	21 September 2016

This timetable is indicative only and subject to change. Subject to the ASX Listing Rules and the Corporations Act, the Directors of the Company reserve the right to vary these dates, including the Opening Date and Closing Date, without prior notice.

Capital structure

As at the date of the announcement, the Company had 567,846,198 Shares on issue. The maximum number of New Shares to be issued under the Rights Issue is 113,569,240, which would raise up to \$12,492,616. At the conclusion of the Rights Issue, the total number of issued Shares in the Company will be a maximum of 681,415,438.

The Rights Issue is being undertaken prior to a proposed placement of up to 175,000,000 ordinary shares to sophisticated investors at an issue price of \$0.11 per share (subject to shareholder approval) (**Placement**). Blue Ocean has also been appointed as the lead manager for the Placement. Details of the Placement are outlined in the Notice of General Meeting announced and sent to shareholders on 25 August 2016. Following completion of both the Rights Issue and the Placement, the total number of issued Shares in the Company will be a maximum of 856,415,438.

Overseas shareholders

The Rights Issue is not being extended to any shareholder with a registered address outside Australia or New Zealand. The Company has determined that it is not economically viable for it to make offers to shareholders with a registered address outside of Australia or New Zealand, having regard to the cost of meeting compliance requirements with securities laws in each applicable jurisdiction and the small number and value of New Shares that would be offered in such jurisdictions.

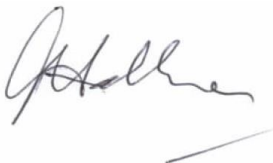
Further information

Shareholders eligible to participate in the Rights Issue do not need take any action at this time. A personalised Entitlement and Acceptance Form will be mailed to each Eligible Shareholder at the address on the Share Register on 2 September 2016 with the Opening Date being 2 September 2016, and the Eligible Shareholders that wish to participate will need to complete the Entitlement and Acceptance Form and return it with payment by the Closing Date.

The Closing Date for acceptance and payment is currently expected to be 5.00pm (Sydney time) on 13 September 2016.

For further information, please contact David Franks, Company Secretary, on 02 9299 9690.

Yours sincerely,

A handwritten signature in dark ink, appearing to read 'Bruce Hatchman', with a horizontal line drawn underneath it.

Bruce Hatchman

Chairman - Armidale Investment Corporation Limited