



14 October 2019

APPLICATION FOR THE REMOVAL OF AAU FROM THE OFFICIAL LIST OF THE ASX

- Adcorp Australia Limited (ASX: AAU) is seeking to be de-listed from the ASX as the Directors believe a continued listing is no longer in the best interests of AAU.
- AAU has obtained a conditional in-principle advice from the ASX in relation to Listing Rule 17.11 (Listing Rule 17.11 provides that ASX may at any time remove an entity from the official list at the request of the entity).
- Shareholder approval will be sought at an Extraordinary General Meeting to be held on 15 November, 2019.
- Shares will be able to be traded for at least one month after shareholder approval. AAU expects to be removed from the Official List of ASX on or about 15 December 2019.

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AAU announces that it has made an application to the ASX for the removal of AAU from the official list of ASX under listing rule 17.11.

The Directors of AAU have determined that the continued listing on the ASX is no longer in the best interests of AAU for the following reasons:

1. Listing and Related Costs: Maintaining a stock exchange listing adds significant direct costs to AAU's business: In addition, there are indirect costs associated with the need to devote management time attending to matters relating to the listing, which could be directed elsewhere if AAU was unlisted.
2. Level of Spread: AAU currently has 156 shareholders of which only 75 hold a marketable parcel and 81 hold an unmarketable parcel with a total value of only \$8,310.01. Further there is presently a "90% holder" of the ordinary securities of AAU within the meaning of s. 664A of the Corporations Act, 2001 ("Act"). Therefore there is insufficient spread for an orderly and liquid market.
3. Negative assets: The net tangible assets as at 31 December 2018 are a negative \$0.33 per ordinary security.
4. Dependency on financial support of major shareholder: AAU is totally dependent on the financial support of entities associated with Ian Rodwell who is the Chairman of AAU. As disclosed to the ASX, AAU is, and has been for a considerable time, operating on a cash flow negative basis. It made a loss before income tax (expense) benefit of \$849,772 for the half year ended 31 December 2018 following a loss before income tax (expense) benefit of \$2,084,743 for the income year

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ended 30 June 2018. Further as disclosed to the ASX, Millennium Company Pty Ltd ACN 169 798 798 atf The Rodwell (New Millennium) Trust ABN 85 487 686 508 ("Lender") which is an entity associated with the 90% holder and Chairperson Ian Rodwell, has had to advance monies from time to time and extend the repayment date to fund AAU's operations. At present total of \$2,600,000 has been advance to AAU to enable it to continue to operate which is repayable on 31 August, 2020.

5. Lack of support by other shareholders: As announced to the ASX, a fully underwritten renounceable pro rate entitlement offer was undertaken by AAU in September/October 2018. Despite the attractive offer, there was little interest from security holders. Of the 194,213,932 applications received, only 7,613,196 of those applications were from shareholders other than MCO Nominees Pty Ltd which was the major security holder and underwriter of the issue. There is therefore almost nil shareholder support for AAU. Any further fundraising from shareholders will be a waste of time and costs. This is also illustrated by a lack of attendance either in person or by proxy by security holders at the Annual General Meeting of AAU apart from interests associated with the major shareholder.
6. Need to restructure: Given AAU's current financial circumstances, the only way that AAU can survive long term is for it to restructure. This necessitates that AAU delist and convert to a proprietary company where any restructure options are subject to lesser regulatory involvement and therefore can achieve a favourable result for shareholders in a more efficacious and timely manner.

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The Directors therefore believe that a continued listing is no longer in the best interests of AAU.

AAU also advises that the ASX has given in-principle approval of AAU's application to delist from the ASX, subject to satisfaction of the following conditions:

1. AAU's removal from the official list of ASX is approved by a special resolution of the ordinary shareholders of AAU.
2. The notice of meeting seeking shareholder approval for AAU's removal from the official list must include a statement, in form and substance, satisfactory to ASX, setting out:
 - 2.1 that the removal will take place no earlier than one month after approval is granted;
 - 2.2 the time and date at which AAU will be removed from the ASX if that approval is given;
 - 2.3 that if shareholders wish to sell their shares on ASX, they will need to do so before AAU is removed from the official list of ASX; and if they do not, details of the



processes that will exist after AAU is removed from the official list to allow a shareholder to dispose of their holdings and how they can access those processes;

- 2.4 include, to ASX's satisfaction, information prescribed in section 2.11 of ASX Guidance Note 33; and
3. AAU releases the full terms of this decision to the market upon making a formal application to ASX to remove AAU from the official list of ASX.

The consequence of Adcorp's removal from the Official List of the ASX include:

- Adcorp will no longer be quoted on ASX and will no longer be traded on the ASX;
- Adcorp Shares will only be capable of sale via off-market private transactions which will require Adcorp shareholders to identify and agree terms with potential purchasers of Adcorp Shares;
- Adcorp will no longer be able to raise capital from the issue of securities by means of limited disclosure fundraising documents;
- For as long as Adcorp has at least 100 members, Adcorp will remain subject to the "continuous disclosure" provisions of the Corporations Act;
- A reduction of obligations associated with a listing on ASX, which may include relief from some reporting and disclosure requirements, removal of restrictions from some reporting and disclosure requirements, removal of restrictions on the issue of Shares by Adcorp and requirements concerning significant changes to Adcorp's activities and as an unlisted entity, the ASX Corporate Governance Principles and Recommendations will no longer be applicable to Adcorp.

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AAU will seek a resolution of shareholders to approve the de-listing at an Extraordinary General Meeting of shareholders expected to be held on 15 November, 2019. The notice of extraordinary general meeting will contain information about the proposed de-listing and the timetable for the last day of trading of Company shares on ASX and AAU's removal from ASX if shareholders approve the delisting.

AAU will seek to maintain its listing for one month after any resolution to approve the delisting so as to facilitate the exit of those shareholders who do not wish to remain shareholders in an un-listed company. It is not the intention of the Company to seek a listing on any other exchange.

An entity associated with the 90% holder will be retaining an open "BUY" position in AAU shares on market for \$0.009 per share the duration of the one month period after the approval is granted.

FURTHER INFORMATION:

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Chief Executive Officer

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