

21 October 2021

2021 Annual General Meeting

Chairman's Address

Welcome to the 2021 Annual General Meeting for Australian Rural Capital.

Today is a significant day in the evolution of ARC and marks another step in the journey of your company into becoming a dynamic and growing Funds Management Platform and Business.

As detailed in our Full Year results and previous presentations the past year has seen significant progress and growth and it excites us to think we are still only at the starting line. Building a business from the ground up requires plenty of energy, talent, experience, capability, funding, and support. It also requires plenty of work.

We believe we have these essential elements in our team now headed by our Managing Director, Harley Grosser and supported by our service providers, and your board. You will hear more from Harley after we conclude the formal business of today's meeting.

The other exciting element to our business is our Affiliate Manager Partners and today we also welcome Luke Winchester from Merewether Capital Management, our first Affiliate Manager, who Harley will introduce as part of his presentation. But firstly, a quick summary of what has transpired over the past year.

The Full Year Results and Financial Position

The after-tax loss of \$577,486 was a result of our annual operating costs plus the fees associated with the restructuring of the company, all of which totalled circa \$400,000, the balance was a small loss on past investments bought to account. Our cash operating cost is now circa \$475,000 per annum (which does not include investments in Affiliates). The company has current cash balances of \$3.1m and no debt, so the financial position remains robust and is well funded to continue our growth path

Return of Capital, Placement, Entitlement Offer and Recapitalisation

As noted in previous announcements, we completed our return of capital (Namoi Cotton Shares) to shareholders in February of this year. Subsequently, we undertook a share placement and then an entitlement offer to recapitalise the financial position of the company. This was a successful process completed in June and our shareholders supported these offers with a total of \$3.3m (after costs) of new equity raised in the period. We thank again our shareholders for your support and further investment.

New Strategy

Harley will cover in his presentation how the new Funds Management Platform is being implemented and our solid progress to date in this new financial year. Significantly, we completed our agreement to acquire 40% in Merewether Capital Management, our first investment and Merewether is about to launch fund raising.

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In recognition of this new strategy, the board recommends shareholders vote FOR to approve resolution 7 at the today's meeting. This will enable us to proceed with the change of company name to ARC Funds Limited. We believe this better reflects the business model whilst retaining our current ASX code. We will also be launching a new logo and website if the name change is approved by our shareholders.

Thanks

We understand over the past 18 months, it has been a difficult time for many people due to the enormous disruption of the Covid Pandemic. We all hope that this period will pass, and we can all return to more normal circumstances.

I wish to again thank my fellow directors, Darren, and Wayne for your contributions in the past financial year and welcome and thank Harley for his significant contribution since joining the board in July and following his appointment as Managing Director. The board strongly recommends shareholders vote FOR the election of Harley as a Director at today's meeting, which is resolution 2.

On behalf of my fellow directors, I would also wish to acknowledge and thank the support from the folks at Merton's, our company secretaries and all our various other advisers for your help over the past year.

Summary

It has been our enduring quest to preserve our capital and create value for our shareholders. The Capital Return, Recapitalisation and Implementation of the New Strategy are all actions that are consistent with these objectives.

The new element for our shareholders is that we are now seeking to grow our business with a strategy that can be executed, and we believe will ultimately create enduring value for our shareholders. Fundamental to this, is the support and services we provide to our Affiliate Manager Partners enabling them to perform as investors and grow successful businesses. Our model aligns us directly with our partners to share in their success as we are also part owners.

We believe that having "skin in the game" acts a significant motivation and focus in business and life. Collectively as your board of directors, we hold over 44 % of the shares in your company. This ownership interest directly aligns us to act and perform in seeking our objectives of capital preservation, value creation and growth for all our shareholders.

We look forward to reporting on our future progress and once again thank our shareholders for your interest and support.

James Jackson

By order of the Board of Directors.

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