



AUSTRALIAN RURAL CAPITAL LIMITED

ACN 001 746 710

NOTICE OF ANNUAL GENERAL MEETING

TIME: 10:00 AM AEST (Brisbane time)/11:00AM AEDT (Sydney and Melbourne time)

DATE: 21 October 2021

PLACE: Held virtually via the Lumi online platform at
<http://web.lumiagm.com/336333588>

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 (0) 3 8689 9997

BUSINESS OF THE MEETING

1. Chairman's address

Report on results and activities during the financial year.

2. Financial statements and reports

To receive and consider the Company's audited financial statements and reports for the year ended 30 June 2021.

3. Adoption of remuneration report

Resolution 1

To consider, and if thought fit, to pass the following Resolution as a non-binding ordinary Resolution:

"That the Company adopt the remuneration report for the year ended 30 June 2021 in accordance with Section 250R (2) of the Corporations Act."

Note: The vote on this Resolution is advisory only and does not bind the Directors or the Company.

Voting exclusion statement: The Company will disregard any votes cast on this Resolution 1 by or on behalf of a member of the Company's Key Management Personnel whose remuneration details are disclosed in the remuneration report, or by or on behalf of a Closely Related Party, in any capacity unless the vote is cast:

- (a) by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) by the Chairman of the Meeting as a proxy for a person entitled to vote and the Chairman has received express authority to vote undirected proxies as the Chairman sees fit; or
- (c) it is cast by a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting on the resolution; and
 - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

The Chairman will vote all undirected proxies in favour of this Resolution 1.

4. Election of Director – Mr Harley Grosser

Resolution 2

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That Harley Grosser, having been appointed by the Board on 1 July 2021 and in accordance with 17.7 of the Company’s Constitution, being eligible and offering himself for election, be formally elected as a Director of the Company.”

5. Re-election of Director - Mr James Jackson

Resolution 3

To consider, and if thought fit, to pass the following Resolution as an ordinary Resolution:

“That Mr James Jackson, who retires in accordance with clause 17.5 of the Constitution and ASX Listing Rule 14.4 and, being eligible, be re-elected as a Director of the Company”.

6. Approval to issue ordinary shares to Mr James Jackson or his nominee in accordance with Listing Rule 10.11

Resolution 4

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

“That for the purposes of ASX Listing Rule 10.11 and for all other purposes, Shareholders approve and authorise the Company to issue to Mr James Jackson or his nominee fully paid ordinary shares in accordance with the terms set out in the Explanatory Memorandum attached.

Voting Exclusion Statement: The Company will disregard any votes cast in favour of this Resolution 4 by: or on behalf of Mr James Jackson, any other director or any of their Associates:

- (a) James Jackson (Director); and
- (b) any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company).

However, the entity need not disregard a vote if:

- (a) by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides; or
- (c) it is cast by a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:

- the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting on the resolution; and
- the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

The Chairman will vote all undirected proxies in favour of this resolution.

7. Approval to issue ordinary shares to Mr Darren Anderson or his nominee in accordance with Listing Rule 10.11

Resolution 5

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

***“That for the purposes of ASX Listing Rule 10.11 and for all other purposes, Shareholders approve and authorise the Company to issue to Mr Darren Anderson or his nominee fully paid ordinary shares in accordance with the terms set out in the Explanatory Memorandum attached.*”**

Voting Exclusion Statement: The Company will disregard any votes cast in favour of this Resolution 5 by: or on behalf of Mr Darren Anderson, any other director or any of their Associates:

- Darren Anderson (Director); and
- any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company).

However, the entity need not disregard a vote if:

- by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides; or
- it is cast by a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting on the resolution; and
 - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

The Chairman will vote all undirected proxies in favour of this resolution.

8. Approval of 10% Placement Facility

Resolution 6

To consider and if thought fit, pass the following resolution as a special resolution:

“That for the purposes of Listing Rule 7.1A, the Directors are authorised to issue up to 10% of the Company's share capital calculated in accordance with Listing Rule 7.1A and otherwise on the terms and conditions set out in the Explanatory Memorandum.”

Without limitation, Listing Rule 7.1A is relevant to this resolution.

Voting Exclusion Statement: The Company will disregard any votes cast in favour of this Resolution 6 by any person who may participate in the proposed issue of equity securities under this Resolution 6 and any person who will obtain a benefit as a result of the proposed issue, except a benefit solely in the capacity as a Shareholder if Resolution 6 is passed or any of their Associates, unless the vote is cast:

- (a) by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides; or
- (c) it is cast by a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting on the resolution; and
 - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

The Chairman will vote all undirected proxies in favour of this resolution.

Note: In accordance with Listing Rule 14.11.1 and the relevant note under that rule concerning Listing Rule 7.1A, as at the date of this Notice of Meeting it is not known who may participate in the proposed issue (if any). On that basis, no Shareholders are currently excluded.

9. Change of Company Name

Resolution 7

To consider and if thought fit, pass the following resolution as a special resolution:

“That pursuant to section 157(1) of the Corporations Act, the name of the Company be changed to “ARC Funds Limited” on the terms set out in the Explanatory Memorandum accompanying this Notice of General Meeting.”

10. Ratification of issue of Ordinary Shares pursuant to ASX Listing Rule 7.4

Resolution 8

To consider and if thought fit, to pass the following resolution as an ordinary resolution:

“That in accordance with ASX Listing Rule 7.4, the Company ratifies and approves for the purposes of ASX Listing Rule 7.1, the issue of 1,941,936 Fully Paid Ordinary

Shares in the capital of the Company, details of which are set out in the Explanatory Memorandum attached.”

Voting Exclusion Statement: The Company will disregard any votes cast in favour of Resolution 8, by a person(s) who participated in the issue or an associate of that person(s) or is a counterparty to the agreement being approved, unless the vote is cast:

- (a) by a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution;
- (b) or by the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given on the proxy;
- (c) it is cast by a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting on the resolution; and
 - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

The Chairman intends to vote all available undirected proxies in favour of Resolution 8.

11. Other business

To consider any other business that may lawfully be brought forward in accordance with the Constitution of the Company or the law.

12. Other information

An Explanatory Memorandum accompanies and forms part of this Notice of Meeting.

All Shareholders should read the Explanatory Memorandum carefully and in its entirety. Shareholders who are in doubt regarding any part of the business of the Meeting should consult their financial adviser or legal adviser for assistance.

Dated: 20 September 2021

By order of the Board



**James Jackson
Executive Chairman**

IMPORTANT INFORMATION

Time and place of meeting

Notice is given that an Annual General Meeting of the Members of Australian Rural Capital Limited ACN 001 746 710 (**ARC** or the **Company**) will be held on 21 October 2021 at **10.00am AEST (Brisbane time) / 11.00am AEDT (Sydney and Melbourne time)** via the Lumi online platform videoconference (**Meeting**). The online Meeting link is available below.

Your vote is important

The business of the Meeting affects your shareholding and your vote is important.

Voting eligibility

In accordance with section 1074E(2)(g)(i) of the *Corporations Act 2001* (Cth) (**Corporations Act**) and Regulation 7.11.37 of the Corporations Regulations and ASX Settlement Operating Rule 8.3.1(a), the Company has determined that for the purposes of the Meeting all Shares will be taken to be held by the persons who, according to records of the Company's Share registrar, held them as registered Shareholders at 7:00pm AEDT, 19 October 2021.

Accordingly, Share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

Voting in person

To vote in person, attend the Meeting at the time and date set out above and in the manner set out as follows.

How to join online

The Company advises that due to the Australian Government's restrictions with respect to in response to the COVID-19 pandemic, ARC has determined that it would be prudent for the 2021 Annual General Meeting of Shareholders to be held as a virtual meeting.

The Board encourages Shareholders to monitor the ASX and the Company's website for any updates in relation to the Meeting that may need to be provided. In the meantime, the Board encourages Shareholders to submit their proxies as early as possible.

Once you have logged in via the Lumi online portal you will be able to join and view the meeting by selecting the link to the Zoom meeting on the Lumi portal screen. You can access the Lumi Online Voting User Guide at <https://www.ruralcapital.com.au/investors-centre>

Online Voting Procedures during the AGM

Shareholders who wish to participate in the AGM online may do so by entering the following URL into an internet browser on your computer, laptop, smartphone, tablet or other smart device:

<http://web.lumiagm.com/336333588>

You can log in to the meeting by entering:

1. Your username, which is your Voting Access Code (VAC) which can be located on the first page of your proxy form or Notice of Meeting email.
2. Your password, which is the postcode registered to your holding if you are an Australian shareholder. Overseas shareholders should refer to the online voting user guide for their password details.
3. If you have been nominated as a third party proxy, please contact Boardroom on 1300 737 760.

Attending the meeting online enables shareholders to view the AGM live, ask questions and cast direct votes at the appropriate times whilst the meeting is in progress

Attendee registration by Lumi online platform will be available between 9:00am and 10:00am AEST (Brisbane time)/10:00am and 11:00am AEDT (Sydney and Melbourne time) on the day of the Meeting which will be conducted by the Company's Share registry via Lumi online portal.

In order to provide for an efficient virtual Meeting, we request that any questions from Shareholders are provided to the Company Secretary at least 48 hours in advance of the Meeting. We also strongly recommend that all Shareholders lodge their votes via the Company's Share register platform prior to 10.00am AEST (Brisbane time) / 11.00am AEDT (Sydney and Melbourne time) on 19 October 2021 or by appointing a proxy prior to 10.00am AEST (Brisbane time) / 11.00am AEDT (Sydney and Melbourne time) on 19 October 2021.

Voting by proxy

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- any Shareholder entitled to attend and vote at this Meeting is entitled to appoint a proxy to attend and vote instead of that Shareholder;
- the proxy does not need to be a Shareholder of the Company; and
- a Shareholder who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If no proportion or number is specified, each proxy may exercise half of the Shareholder's votes.

Shareholders and their proxies should be aware that under the Corporations Act:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chairman, who must vote the proxies as directed.

Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, if it does:

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed);
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands;
- if the proxy is the chair of the meeting at which the resolution is voted on, the proxy must vote on a poll, and must vote that way (that is, as directed); and
- if the proxy is not the chair, the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (that is, as directed).

Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members;
- the appointed proxy is not the chair of the meeting;
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
 - the proxy is not recorded as attending the meeting; or
 - the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

Proxy requirements

Proxies must be:

- lodged at the Company's Share registry, Boardroom Pty Limited; or
- faxed to the fax number specified below

not later than 10.00am AEST (Brisbane time) / 11.00am AEDT (Sydney and Melbourne time) on 19 October 2021.

Address (postal deliveries): c/-Boardroom Pty Limited, GPO Box 3993, Sydney NSW, 2001 Australia

Fax number for lodgement: +61 2 9290 9655

By electronic lodgement: <https://www.votingonline.com.au/arcagm2021>

In accordance with instructions provided on the proxy form you will need your postcode or country of residence (if your registered address is outside of Australia) as well as your Voting Access Code (**VAC**) to lodge your proxy vote online.

The proxy form has been enclosed with this Notice. Please read all instructions carefully before completing the proxy form.

Voting intentions

Subject to any voting restrictions and exclusions, the Chairman intends to vote in favour of all Resolutions on the agenda.

In respect of undirected proxies, subject to any voting restrictions and exclusions, the Chairman intends to vote in favour of all Resolutions on the agenda.

Questions and comments by Shareholders at the Meeting

In accordance with the Corporations Act, a reasonable opportunity will be given to Shareholders as a whole to ask questions or to make comments on the management of the Company at the Meeting. Due to the current global pandemic and the limitations of the available technology, relevant written questions must be submitted no later than 10.00am AEST (Brisbane time) / 11.00am AEDT (Melbourne time) on 19 October 2021 via markl@mertons.com.au.

A list of those questions will be made available to Shareholders attending the Meeting. A representative who has been designated by management of the Company will either answer questions at the Meeting or table written answers to them at the Meeting. If written answers are tabled at the Meeting, they will be made available to Shareholders as soon as practicable after the Meeting.

DEFINITIONS

Capitalised terms in this Notice and Explanatory Memorandum are defined either in the Glossary section or where the relevant term is first used.

RESPONSIBILITY

This Notice of Meeting and Explanatory Memorandum has been prepared by the Company under the direction and oversight of its Directors.

MATERIAL INFORMATION

There is no information known to the Company that is material to the decision by a Shareholder on how to vote on the resolutions other than as disclosed in this Notice of Meeting and the Explanatory Memorandum, and information that the Company has previously disclosed to Shareholders.

PURPOSE OF THIS DOCUMENT

The main purpose of this Notice of Meeting is to set out all information which the Company considers relevant to a Shareholder's decision on how to vote on the Resolutions.

ASX

A final copy of this Notice of Meeting and Explanatory Memorandum has been lodged with ASX. ASX nor any of their respective officers takes any responsibility for the contents of this Notice of Meeting.

EXPLANATORY MEMORANDUM

(This Explanatory Memorandum forms part of the Notice of Meeting)

This Explanatory Memorandum provides further information for members in respect of the Resolutions to be considered at the Annual General Meeting of Australian Rural Capital Limited (**ARC** or the **Company**) to be held at held at 10.00am AEST (Brisbane time) / 11.00am AEDT (Sydney and Melbourne time) virtually via the Lumi online platform (the **Meeting**). The online Meeting link will be available from: www.ruralcapital.com.au and is available in the Notice of Meeting.

This Explanatory Memorandum has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

This Explanatory Memorandum should be read in conjunction with, and forms part of the accompanying Notice of Meeting. The purpose of this Explanatory Memorandum is to provide such information as is prescribed or otherwise material to Shareholders in deciding whether or not to pass the Resolutions set out in the Notice.

Chairman's Address

Report on results and activities during the financial year.

Financial statements and reports

Under s317 of the Corporations Act, ARC is required to lay its annual financial report, directors' report and remuneration report before its Shareholders at its Annual General Meeting. The annual financial report is submitted for Shareholders' consideration and discussion at the Annual General Meeting as required. Meeting attendees are invited to direct questions to the Chairman in respect of any aspect of the report they wish to discuss. There is no requirement for Shareholders to approve the reports.

Representatives of ARC's auditor, Bentleys Brisbane (Audit) Pty Ltd, will be present for discussion purposes on matters of relevance to the audit.

Shareholders can access a copy of the annual report from: www.ruralcapital.com.au

Resolution 1 – Adoption of remuneration report

Board recommendation and undirected proxies. The Board recommends that Shareholders vote in **FAVOUR** of Resolution 1. The Chairman of the Meeting intends to vote undirected proxies in **FAVOUR** of Resolution 1.

Resolution 1 provides Shareholders the opportunity to vote on ARC's remuneration report. The remuneration report is contained in the Directors' report. Under s250R(2) of the Corporations Act, ARC must put the adoption of its remuneration report to a vote at its annual general meeting.

This vote is advisory only and does not bind the Directors or ARC.

The Board will consider the outcome of the vote and comments made by Shareholders on the remuneration report at this Meeting when reviewing ARC's remuneration policies. If 25% or

more of the votes that are cast are voted against the adoption of the remuneration report at two consecutive annual general meetings, Shareholders will be required to vote at the second of those annual general meetings on a resolution (a **spill resolution**) that another meeting be held within 90 days at which all of ARC's Directors other than the Executive Chairman must be offered up for election.

Key management personnel (including Directors) and their Closely Related Parties must not cast a vote on the remuneration report, unless as holders of directed proxies for Shareholders eligible to vote on Resolution 1.

ARC encourages all Shareholders to cast their votes on this Resolution. The Chairman will vote all undirected proxies in favour of this Resolution. If you wish to vote "against" or "abstain" you should mark the relevant box in the attached proxy form.

Resolution 2 – Election of Mr Harley Grosser as a Director

Board recommendation and undirected proxies. The Board recommends that Shareholders vote in **FAVOUR** of Resolution 2. The Chairman of the Meeting intends to vote undirected proxies in **FAVOUR** of Resolution 2.

Harley Grosser was appointed by the Board on 1 July 2021 and in accordance with 17.7 of the Company's Constitution, and being eligible, Mr Grosser offers himself for election by members.

Clause 17.7 of the Constitution grants the Board the power at any time to appoint any person to be a Director either to fill a casual vacancy or as an addition to the existing Directors. That Director will hold office until the end of the next annual general meeting of the Company when the Director may be re-elected but will not be taken into account in determining the number of Directors who must retire by rotation.

Mr Grosser is the Founder, Managing Director and Principal of Capital H Management, a Sydney based specialist small cap funds management company and the manager of the Capital H Inception Fund and Capital H Active Fund. Mr Grosser brings extensive knowledge and skills in capital markets, financial analysis and valuation, building and operating an investment management business and investor relations, developed over the past 12 years. Mr Grosser holds a Bachelor of Commerce from the University of New South Wales and is also currently a Non- Executive Director of Motio Limited (ASX: MXO).

Resolution 3 – Re-election of Mr James Jackson as a Director

Board recommendation and undirected proxies. The Board recommends that Shareholders vote in **FAVOUR** of Resolution 3. The Chairman of the Meeting intends to vote undirected proxies in **FAVOUR** of Resolution 3.

The ASX Listing Rules and the Constitution of the Company require each Director to be re-elected every three years and also that an election of Directors be held each year.

Mr James Jackson was originally appointed a Director of the Company on 25 July 2014. Under Clause 17.5 of ARC's constitution, James Jackson, retires by rotation. Mr Jackson being eligible, offers himself for re-election by shareholders as a Director of the Company.

Resolution 3 therefore provides for the re-election of James Jackson as a Director of ARC in accordance with ARC's constitution.

James Jackson has background and experience in both capital markets and agribusiness. He worked for JB Were in Australia and SG Warburg & Co in both London and New York over a ten-year period in Equity Capital Markets and Institutional Sales transacting with significant American and European institutional investors. He has since been a company director and professional investor for over a period of 15 years, and has served as a director of the following ASX-listed companies, Namoi Cotton Limited from 2018 to 2020, Deputy Chairman of Elders Limited from 2014 to 2017 and MSF Sugar Limited (known formerly as The Maryborough Sugar Factory Ltd) from 2004 and was Chairman from 2008 until 2012. The skills and expertise relevant to the position of director include a deep knowledge of equity capital markets, financial risk management, strategic analysis, the development and implementation of corporate strategy and corporate governance. He has a large network in both Australia and abroad and in the capital markets. James holds a Bachelor of Commerce from the University of Queensland, completed the Program for Management Development (PMD69) at Harvard Business School and is a Fellow of the Australian Institute of Company Directors.

Mr Jackson was a director of Namoi Cotton Limited (ASX: NAM) until 13 May 2020 however he has not been a director of any other listed entities currently or in the last three years.

Resolutions 4 and 5 – Approval to issue ordinary shares to Directors

Board recommendation and undirected proxies. The Board, excluding Mr Jackson and Mr Anderson, recommends that shareholders vote in **FAVOUR** of resolutions 4 and 5. The Chairman of the meeting intends to vote undirected proxies in **FAVOUR** of resolutions 4 and 5.

Messrs Jackson and Anderson (together the Related Parties) all executed Director Agreements pursuant to which each of the Related Parties agreed to provide services to the Company as Directors and the proposed issue of Shares to them is for remuneration for their services to the year ended 30 June 2021.

In consideration of the appointments, the Company agreed to pay each of the Related Parties (or an entity nominated by them), the following remuneration for the period 1 July 2020 – 30 June 2021 or the period of their tenure as Director during the 2021 Financial Year:

- a) Mr Jackson:
as executive Director the sum of \$50,000 in a Share Based Payment, in a quantity of fully paid ordinary shares determined prior to the end of the financial year being June 30, 2020. This payment supplements a reduced cash payment of \$25,000 plus a Superannuation benefit of \$2375 paid to Mr Jackson in the period.
- b) Mr Anderson:
as non-executive Director the sum of \$25,000 in a Share Based Payment, in a quantity of fully paid ordinary shares determined prior to the end of the financial year being June 30, 2020. This Share Based Payment is in lieu of Directors Fees.

As disclosed in the Remuneration Report of the Company's 2021 Annual Report, the remuneration of Mr Jackson and Mr Anderson is as follows:

	<i>Short-Term Benefits</i>	<i>Post Employment Benefits</i>	<i>Share Based Payments</i>		
	Salaries & fees	Superannuation	Shares	Options	Total
James Jackson	\$25,000	\$2,375	\$50,000*	\$759	\$78,134
Darren Anderson	-	-	\$25,000*	-	\$25,000

* Fully paid ordinary shares to be issued to Directors in lieu of Directors Fees.

The Company is seeking shareholder approval for all purposes, including ASX Listing Rules 10.11, for the grant of the relevant fully paid ordinary shares to the Related Parties.

Under ASX Listing Rule 7.1, every listed entity has the ability to issue 15% of its issued capital without shareholder approval in a 12 month period. When an entity issues or agrees to issue securities under ASX Listing Rule 7.1 without shareholder approval, that issue or agreement to issue uses up part of the 15% available under that rule. However, if approval is given under ASX Listing Rule 10.11, approval will not be required under ASX Listing Rule 7.1. This means that the fully paid ordinary shares granted to the Related Parties will not use up part of the 15% available under ASX Listing Rule 7.1.

The fully paid ordinary shares will be issued pari passu to existing securities and will be subject to a trading lock period that restricts trading on the Australian Stock Exchange for an overall period of one year (365 days) from the date of approval for the issue of the shares. The shares will be issued within one month from the date of the Meeting.

Names of Directors Receiving an Issue of Shares as Share Based Payments

Issue of shares to Mr James Jackson

The Board, Mr Jackson aside, recommends that Members approve the grant of a total of 200,000 fully paid ordinary shares in the capital of the Company to James Jackson.

Issue of shares to Mr Darren Anderson

The Board, Mr Anderson aside, recommends that Members approve the grant of a total of 100,000 fully paid ordinary shares in the capital of the Company to Darren Anderson.

Maximum Number of Shares to be issued to Directors

For the purposes of ASX Listing Rule 10.13.2, the maximum number of shares being issued to Directors under Resolution 3 and 4 is 300,000 Ordinary Shares.

Trading Locks

The shares issued to Messrs Jackson and Anderson will be subject to a trading lock period from the date of approval as per the terms of each Director's Agreement. The trading lock will determine that the shares will become tradable in one year (365 days) from the date of approval for the issue of the shares.

Issue Price

The proposed grants are in respect of fully paid ordinary shares at a price of \$0.25 per share this being the rounded Volume Weighted Average Price or VWAP for the 10 trading days prior to 30 June 2021 (\$0.2477 per share) that are to be issued as the Directors' remuneration, subject to Shareholder approval and priced in line with agreements with Directors prior to the end of the financial year

No funds will be raised from the issue of shares to Directors in lieu of Director Fees.

The Directors have chosen to Remunerate Directors in this manner in order to reduce the cash cost of Directors fees to the Company, therefore conserving cash resources and to further align the rewards to Directors with those of shareholders.

Timing of issue of Shares to Directors

The Shares proposed to be issued to Messrs Jackson and Anderson will be issued within one month after the date of this meeting.

Consequences if shareholder approval is not obtained

If Shareholder approval is not obtained for the grant of the fully paid ordinary shares to either Mr Jackson or Mr Anderson, the Company has agreed to provide Mr Jackson and/or Mr Anderson (as applicable) a cash payment plus the relevant Superannuation Guarantee as an alternative remuneration relating to their services as Directors for the period 1 July 2020 to 30 June 2021.

Resolution 6 – Approval of 10% Placement Facility

Board recommendation and undirected proxies. The Board recommends that shareholders vote in **FAVOUR** of resolution 6. The Chairman of the meeting intends to vote undirected proxies in **FAVOUR** of resolution 6.

Placement capacity

Listing Rule 7.1A provides that an eligible entity may seek shareholder approval by special resolution at its annual general meeting to issue equity securities equivalent to an additional 10% of the number of ordinary securities on issue over a period of 12 months after the annual general meeting (**10% Placement**). This is in addition to the existing 15% placement capacity permitted by Listing Rule 7.1.

If Shareholders approve Resolution 6, the number of equity securities the Company may issue under the 10% Placement will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (as set out below).

Eligibility Criteria

An eligible entity is one that, as at the date of the relevant Annual General Meeting:

- a) is not included in the S&P/ASX 300 Index: and

- b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

The Company is an eligible entity as it is not included in the S&P/ASX 300 Index and has a current market capitalisation of less than \$300,000,000.

Any equity securities issued must be in the same class as an existing class of quoted equity securities. The Company currently has One class of quoted equity securities on issue, being Shares (ASX Code ARC)

Calculation for 10% Placement

The number of equity securities that the Company may issue under the approval sought by Resolution 6 will be calculated in accordance with the following formula as set out in Listing Rule 7.1A.2:

$$(A \times D) - E$$

Where:

A = the number of fully paid Shares on issue 12 months before the date of issue or agreement to issue:

plus the number of Shares issued in the 12 months under an exception in Listing Rule 7.2;

plus the number of partly paid Shares that became fully paid in the 12 months;

plus the number of fully paid Shares issued in the 12 months under Listing Rules 7.1 and 7.4; and

less the number of fully paid Shares cancelled in the 12 months.

D = 10%.

E = the number of equity securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of issue or agreement to issue that are not issued with the approval of the Shareholders under Listing Rule 7.1 or 7.4.

Minimum Issue Price

In accordance with Listing Rule 7.1A.3, equity securities issued by the Company under a 10% Placement can only be issued at a price that is not less than 75% of the VWAP of the equity securities calculated over the 15 trading days on which trades in that class were recorded immediately before:

- a) the date on which the price at which the equity securities are to be issued is agreed; or
- b) if the equity securities are not issued within 5 trading days of the date in paragraph (i) above, the date on which the equity securities are issued.

Dilution to Existing Shareholdings

If Resolution 6 is approved by Shareholders and the Company issues Shares under the 10% Placement, Shareholders should be aware there is a risk of economic and voting dilution that may result from an issue of equity securities under the 10% Placement, including the risk that:

- a) the market price for equity securities in that class may be significantly lower on the issue date than on the date of the Meeting where approval is being sought; and
- b) the equity securities may be issued at a price that is at a discount to the market price for those equity securities on the date of issue.

Any issue of equity securities under the 10% Placement will dilute the interests of Shareholders who do not receive any equity securities under the issue, unless the only equity securities issued under the 10% Placement are options and these options are not exercised.

If Resolution 6 is approved by Shareholders and the Company issues the maximum number of equity securities available under the 10% Placement, the economic and voting dilution of existing Shares would be as shown in the table below, assuming that any options issued under the 10% Placement are exercised.

The table below shows the potential dilution of existing Shareholders calculated in accordance with the formula outlined in Listing Rule 7.1A.2, on the basis of the current market price of the Shares and the current number of Shares on issue as at the date of this Notice of Meeting.

The table also shows the voting dilution impact where the number of Shares on issue (variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 10% Placement ¹

Variable "A" in Listing Rule 7.1A.2		Dilution		
		\$ 0.250 50% decrease in Issue Price	\$ 0.500 Issue Price	\$ 1.000 100% increase in Issue Price
Current Variable A 29,776,352	10% Voting dilution	2,977,635	2,977,635	2,977,635
	Funds raised	\$ 744,409	\$ 1,488,818	\$ 2,977,635
50% increase in current Variable A 44,664,528	10% Voting dilution	4,466,453	4,466,453	4,466,453
	Funds raised	\$ 1,116,613	\$ 2,233,226	\$ 4,466,453
100% increase in current Variable A 59,552,704	10% Voting dilution	5,955,270	5,955,270	5,955,270
	Funds raised	\$ 1,488,818	\$ 2,977,635	\$ 5,955,270

¹ The table has been prepared on the following assumptions:

- (i) The Company issues the maximum number of shares available under Listing Rule 7.1A;
- (ii) The table shows only the effect of shares issues under Listing Rule 7.1A and does not factor in the Company's ability to issue up to 15% of its issued capital under Listing Rule 7.1;
- (iii) The issue price is \$0.50, being the closing price of the shares on the ASX on 10 September 2021.

The table shows:

- two examples where variable “A” has increased, by 50% and 100%. Variable “A” is based on the number of shares the Company has on issue, adjusted for Listing Rule 7.1A.2 requirements. The number of shares on issue may increase as a result of issues of shares that do not require approval (for example, a pro rata entitlements issue) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders’ meeting; and
- two examples of where the issue price of shares has decreased by 50% and increased by 100% as against the current market price.

Placement Period

If Shareholder approval is granted for Resolution 6, then that approval will expire on the earlier of:

- a) 21 October 2022, being 12 months from the date of the Meeting;
- b) the time and date of the Company’s next annual general meeting; or
- c) the date Shareholder approval is granted to a transaction under Listing Rule 11.1.2 (proposed change to nature and scale of activities) or Listing Rule 11.2 (change involving main undertaking).

The approval under Listing Rule 7.1A will cease to be valid in the event that Shareholders subsequently approve a transaction under Listing Rule 11.1.2 or 11.2.

Purpose of Issue under 10% Placement

The purpose for which the 10% Placement may be issued include to raise funds for the Company or for non-cash consideration (details set out below). Funds raised from the 10% placement are intended to be used as follows:

- a) to enable the company to solely or part fund any investment acquisitions in line with the Company’s investment policy; or
- b) working capital;

The Company may issue the 10% Placement for non-cash consideration, such as the acquisition of new investments or assets. The Company issues equity securities for non-cash consideration, the Company will release to the market a valuation of the non-cash consideration that demonstrates that the issue price of the equity securities complies with Listing Rule 7.1A.3.

Allocation Policy

The Company’s allocation policy is dependent on the prevailing market conditions at the time of any proposed issue under the 10% Placement. The identity of the allottees under the 10% Placement will be determined on a case by case basis having regard to the following factors:

- a) the purpose of the issue;
- b) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;
- c) the effect of the issue of the equity securities on the control of the Company;
- d) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;
- e) prevailing market conditions; and
- f) advice from corporate, financial and broking advisers (if applicable).

Previous Approval under Listing Rule 7.1A

The Company obtained shareholder approval under Listing Rule 7.1A at the 2019 AGM held on 30 October 2019, however no shares were issued pursuant to Listing Rule 7.1A during the period of approval..

Resolution 7 – Change of Company Name

Board recommendation and undirected proxies. The Board recommends that Shareholders vote in **FAVOUR** of Resolution 7. The Chairman of the meeting intends to vote all available undirected proxies in **FAVOUR** of Resolution 7.

The Company is seeking to pass a special resolution under section 157 of the Corporations Act 2001 to change the company name.

Section 157(1)(a) of the Corporations Act provides that a company may change its name if the company passes a special resolution adopting a new name. Resolution 7 seeks the approval of Shareholders of the Company to change its name to “ARC Funds Limited”.

If Resolution 7 is passed the change of name will take effect when ASIC alters the details of the Company’s registration. The proposed name has been reserved by the Company and if Resolution 7 is passed, the Company will lodge a copy of the special resolution with ASIC following the meeting in order to effect the change.

The Company believes the name of ARC Funds Limited is more reflective of its new and revised strategy and will be beneficial in raising the profile of the company in the broader investment industry.

Resolution 7 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders to vote in favour of it.

Resolution 8 – Ratification of issue of Ordinary Shares pursuant to ASX Listing Rule 7.4

Board recommendation and undirected proxies. The Board, excluding Mr. Grosser, recommends that Shareholders vote in **FAVOUR** of Resolution 8. The Chairman of the meeting intends to vote all available undirected proxies in **FAVOUR** of Resolution 8.

On 4 March 2021, the Company announced that 1,941,936 Shares were issued as a placement to a sophisticated investor to raise approximately \$388,000 (before costs). The Shares rank equally with existing ordinary shares on issue.

ASX Listing Rule 7.1 imposes a cap on the number of securities that a company may issue within the 12 month period. ASX Listing Rule 7.4 provides that an issue of equity securities made without Shareholder approval under Listing Rule 7.1 is treated as having been made with Shareholder approval for the purposes of Listing Rule 7.1 if the holders of ordinary securities subsequently approve it, and the issue did not breach Listing Rule 7.1. The issues of the shares described below did not breach any Listing Rules and Shareholder ratification to those issues is now sought.

In order to restore the Company's capacity to issue shares, it is proposed that the Shareholders ratify the issue of ordinary shares as detailed below. Ratification provides the Company with flexibility in capital management and allows the Company to make further issues for working capital or other purposes as required.

Information required by Listing Rule 7.5

In accordance with ASX Listing Rule 7.5, Shareholders are provided the following information:

The number of securities issued	1,941,936 Fully Paid Ordinary Shares
The price at which the securities were issued	\$0.20 per share
The terms of the securities	Fully paid ordinary shares on the same basis as all listed shares on issue
Date of issue of securities	4 March 2021
The names of the persons to whom the entity issued the securities or the basis on which those persons were determined	Capital H Management Ltd
The use (or intended use) of the funds raised	Proceeds of the Placement were used to undertake investment opportunities, as working capital and payment of the costs of the placement.
A voting exclusion statement	A voting exclusion statement is included under Resolution 8 in this Notice of Meeting

Further Information

Shareholders with any queries in relation to the Annual General Meeting may contact the Company Secretary, Mark Licciardo, on (03) 8689 9997 or markl@mertons.com.au

GLOSSARY

In this Notice of meeting:

\$ means Australian dollars.

ARC or the Company means Australian Rural Capital Limited (ABN 52 001 746 710).

ASIC means Australian Securities and Investments Commission.

Associates has the same meaning as in Division 2 of Part 1.2 of the Corporations Act as that Division applies to references in Chapter 6 of the Corporations Act.

ASX means ASX Limited (ACN 008 624 691) or the financial market known as the Australian Securities Exchange that is operated by ASX limited, as the context requires.

AEDT means Australian Eastern Daylight Time.

AEST means Australian Eastern Standard Time as observed in Brisbane, Queensland.

Board means the board of Directors of the Company.

Chairman means the chairperson of this Meeting.

Closely Related Party of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations for the purposes of the definition of 'closely related party' in the Corporations Act.

Constitution means the constitution of the Company.

Corporations Act means *Corporations Act 2001* (Cth).

Corporations Regulations means the *Corporations Regulations 2001* (Cth).

Director means a director of the Company.

Explanatory Memorandum means this explanatory memorandum which forms part of the Notice of Meeting.

Key Management Personnel or **KMP** has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity,

directly or indirectly, including any Director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

Listing Rules means the listing rules of the ASX Limited.

Meeting means the Annual General Meeting of the Company the subject of this Notice of Meeting scheduled to occur on 21 October 2021.

Notice or **Notice of Meeting** means this notice of meeting including the Explanatory Memorandum and the Proxy Form.

Proxy Form means the proxy form accompanying the Notice.

Resolution means a resolution set out in this Notice.

Share means a fully paid ordinary share in ARC.

Shareholder means a registered holder of a Share.



All Correspondence to:

- ✉ **By Mail** Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001 Australia
- 📠 **By Fax:** +61 2 9290 9655
- 💻 **Online:** www.boardroomlimited.com.au
- ☎ **By Phone:** (within Australia) 1300 737 760
(outside Australia) +61 2 9290 9600

YOUR VOTE IS IMPORTANT

For your vote to be effective it must be recorded **before 10:00am (AEST) or 11.00am (AEDT) on Tuesday 19 October 2021.**

🖥 TO VOTE ONLINE

STEP 1: VISIT <https://www.votingonline.com.au/arcagm2021>

STEP 2: Enter your Postcode OR Country of Residence (if outside Australia)

STEP 3: Enter your Voting Access Code (VAC):

📱 BY SMARTPHONE



Scan QR Code using smartphone
QR Reader App

TO VOTE BY COMPLETING THE PROXY FORM

STEP 1 APPOINTMENT OF PROXY

Indicate who you want to appoint as your Proxy.

If you wish to appoint the Chair of the Meeting as your proxy, mark the box. If you wish to appoint someone other than the Chair of the Meeting as your proxy please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting, the Chair of the Meeting will be your proxy. A proxy need not be a securityholder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by contacting the company's securities registry or you may copy this form.

To appoint a second proxy you must:

- complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- return both forms together in the same envelope.

STEP 2 VOTING DIRECTIONS TO YOUR PROXY

To direct your proxy how to vote, mark one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of securities are to be voted on any item by inserting the percentage or number that you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item for all your securities your vote on that item will be invalid.

Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the meeting must have provided an "Appointment of Corporate Representative" prior to admission. An Appointment of Corporate Representative form can be obtained from the company's securities registry.

STEP 3 SIGN THE FORM

The form **must** be signed as follows:

Individual: This form is to be signed by the securityholder.

Joint Holding: where the holding is in more than one name, all the securityholders should sign.

Power of Attorney: to sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: this form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form should be signed by that person. **Please indicate the office held by signing in the appropriate place.**

STEP 4 LODGEMENT

Proxy forms (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the meeting, therefore by **10:00am (AEST) or 11.00am (AEDT) on Tuesday, 19 October 2021.** Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy forms may be lodged using the enclosed Reply Paid Envelope or:

- 🖥 **Online** <https://www.votingonline.com.au/arcagm2021>
- 📠 **By Fax** + 61 2 9290 9655
- ✉ **By Mail** Boardroom Pty Limited
GPO Box 3993,
Sydney NSW 2001 Australia
- 👤 **In Person** Boardroom Pty Limited
Level 12, 225 George Street,
Sydney NSW 2000 Australia

Australian Rural Capital Limited

ACN 001 746 710

Your Address

This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction in the space to the left. Securityholders sponsored by a broker should advise their broker of any changes.

Please note, you cannot change ownership of your securities using this form.

PROXY FORM

STEP 1 APPOINT A PROXY

I/We being a member/s of **Australian Rural Capital Limited** and entitled to attend and vote hereby appoint:

the **Chair of the Meeting** (mark box)

OR if you are **NOT** appointing the Chair of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered securityholder) you are appointing as your proxy below

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Meeting as my/our proxy at the Annual General Meeting of the Company to be held at virtually **on 21 October, 2021 at 10:00am (AEST) or 11.00am (AEDT)** and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

Chair of the Meeting authorised to exercise undirected proxies on remuneration related matters: If I/we have appointed the Chair of the Meeting as my/our proxy or the Chair of the Meeting becomes my/our proxy by default and I/we have not directed my/our proxy how to vote in respect of Resolutions 1,4 & 5, I/we expressly authorise the Chair of the Meeting to exercise my/our proxy in respect of these Resolutions (except where I/we have indicated a different voting intention below) even though Resolutions 1,4 & 5 are connected directly or indirectly with the remuneration of a member of the key management personnel for the Australian Rural Capital Limited, which includes the Chair of the Meeting.

The Chair of the Meeting intends to vote all undirected proxies in favour of all Items of business (including Resolutions 1,4 & 5). If you wish to appoint the Chair of the Meeting as your proxy with a direction to vote against, or to abstain from voting on an item, you must provide a direction by marking the 'Against' or 'Abstain' box opposite that resolution.

STEP 2 VOTING DIRECTIONS

* If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your vote will not be counted in calculating the required majority if a poll is called.

		For	Against	Abstain*
Resolution 1	To Adopt the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Election of Director – Mr Harley Grosser	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Re-election of Director – Mr James Jackson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Issue of Shares to Mr James Jackson or his Nominee	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Issue of Shares to Mr Darren Anderson or his Nominee	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Authority to Issue up to 10% of the Company's Share Capital in Accordance with Listing Rule 7.1A	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Change of Company Name to ARC Funds Limited	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8	Ratification of the issue of 1,941,936 Fully Paid Ordinary Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

STEP 3 SIGNATURE OF SECURITYHOLDERS

This form must be signed to enable your directions to be implemented.

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director / Company Secretary

Contact Name.....

Contact Daytime Telephone.....

Date / / 2021