



Offer Booklet

Renounceable pro rata entitlement offer by Adcorp Australia Limited ACN 002 208 915 to Eligible Shareholders of 3 New Shares for every 2 Shares held on the Record Date at an offer price of 1.1 cents per New Share.

The Entitlement Offer closes at 5:00pm (Sydney Time) on Wednesday, 3 October 2018

The Entitlement Offer is fully underwritten.

This is an important document and requires your immediate attention. This document is accompanied by a personalised Entitlement and Acceptance Form. You should read both documents in their entirety before making any investment decision. If you are in any doubt about what to do, please consult your accountant, stockbroker, lawyer or other professional adviser.

This document is not a prospectus or other form of disclosure document. It does not contain all of the information that an investor may require to make an informed investment decision regarding, or about the rights attaching to, the New Shares offered under this Offer Booklet.

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IMPORTANT INFORMATION

This Offer Booklet has been prepared by Adcorp Australia Limited ACN 002 208 915 (**Adcorp** or **Company**) and is dated 11 September 2018. This Offer Booklet is not a prospectus or other disclosure document under the *Corporations Act 2001* (Cth) (**Corporations Act**) and has not been lodged with the Australian Securities and Investments Commission (**ASIC**). The Entitlement Offer contained in this Offer Booklet is being made without disclosure in accordance with section 708AA of the Corporations Act (as modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84).

Neither ASIC nor ASX, nor any of their officers or employees takes responsibility for this Offer Booklet, the Entitlement Offer or the merits of the investment to which the Entitlement Offer relates.

This Offer Booklet does not contain all of the information which would be required to be disclosed in a prospectus or product disclosure statement. This Offer Booklet does not constitute financial product advice and has been prepared without taking into account Eligible Shareholders' investment objectives, financial circumstances or particular needs. This Offer Booklet does not purport to contain all the information that Eligible Shareholders may require to make an informed investment decision regarding, or about the rights attaching to, the New Shares. If, after reading this Offer Booklet, you have any questions about the Entitlement Offer, you should contact your stockbroker, lawyer, accountant or other professional adviser.

Before deciding whether to apply for New Shares, each Eligible Shareholder should consider whether Adcorp is a suitable investment for them in light of their own investment objectives and financial circumstances and should seek professional advice from their accountant, stockbroker, lawyer or other professional adviser before deciding whether or not to invest.

Investment Risks

There are a number of risk factors that could potentially impact on Adcorp and its operations. For information about these risks, please refer to section 3 *Investment Risks*. The potential tax effects of the Entitlement Offer will vary between investors. All investors should satisfy themselves of any possible tax consequences by consulting their own professional tax advisers. Applications for New Shares, including any Additional Shares, by Eligible Shareholders can only be made on the Entitlement and Acceptance Form sent to Eligible Shareholders which accompanies this Offer Booklet.

Future performance and forward looking statements

Applicants for New Shares should note that the past share price performance of Adcorp provides no guidance as to its future share price performance. Any financial information provided in this Offer Booklet is for illustrative purposes only and is not represented as being indicative of Adcorp's future financial performance.

Any forward looking statements in this Offer Booklet are based on Adcorp's current expectations about future events. They are subject to known and unknown risks, uncertainties and assumptions, many of which are outside the control of Adcorp and its Directors, which could cause actual results, performance or achievements to differ materially from future results, performance or achievements expressed or implied by any forward looking statements in this Offer Booklet.

Ineligible Shareholders

The Entitlement Offer is only made to Eligible Shareholders. The Entitlement Offer is not extended to, and no New Shares are offered or will be issued to, holders of Shares with registered addresses outside Australia and New Zealand (**Ineligible Shareholders**).

Adcorp considers it is unreasonable to extend the Entitlement Offer to Shareholders with registered addresses in jurisdictions outside Australia and New Zealand having regard to the small number and nominal value of New Shares that would be offered in such jurisdictions and the cost of complying with the legal and regulatory requirements in those jurisdictions.

The Company has appointed the Nominee for the purposes of section 615 of the Corporations Act to sell Entitlements or New Shares which would otherwise have been available to Ineligible Shareholders had they been eligible to participate in the Entitlement Offer. The Nominee will arrange for the proceeds of sale of Entitlements or New Shares (if any), net of expenses, to be distributed to Ineligible Shareholders in proportion to their shareholding at the Record Date. There is no guarantee that any proceeds will be realised from the sale of Entitlements or New Shares that would otherwise have been offered to Ineligible Shareholders.

Foreign jurisdictions and restrictions on the distribution of this Offer Booklet

No action has been taken to register or qualify this Offer Booklet, the New Shares, or the Entitlement Offer, or otherwise to permit a public offering of the New Shares, in any jurisdiction outside Australia and New Zealand.

This Offer Booklet and accompanying Entitlement and Acceptance Form do not, and are not intended to, constitute an offer of New Shares in any place outside Australia and New Zealand. The distribution of this Offer Booklet and the accompanying Entitlement and Acceptance Form outside of Australia and New Zealand may be restricted by law and persons who come into possession of this Offer Booklet and the accompanying Entitlement and Acceptance Form should seek advice on and observe those restrictions. Any failure to comply with those restrictions may constitute a violation of applicable securities laws. By applying for New Shares under this Offer Booklet, including by submitting the Entitlement and Acceptance Form or making a payment by BPAY^{®1} you represent and warrant that there has been no breach of such laws.

The Company disclaims all liabilities to such persons. Eligible Shareholders who are not resident in Australia or New Zealand are responsible for ensuring that taking up New Shares under the Entitlement Offer does not breach the selling restrictions set out in this Offer Booklet or otherwise violate the securities laws in the relevant overseas jurisdictions.

In particular, this Offer Booklet does not constitute an offer to sell, or the solicitation of an offer to buy, securities in the United States of America. The Entitlement Offer has not been, and will not be, registered under the *Securities Act of 1933* (US) or the securities laws of any State of the United States of America and is not being made in the United States of America or to persons resident in the United States of America. Without limitation, neither this Offer Booklet nor the accompanying Entitlement and Acceptance Form may be sent to investors in the United States of America or otherwise distributed in the United States of America.

The New Shares being offered to residents of New Zealand under this Offer Booklet are offered in reliance on the *Financial Markets Conduct (Incidental Offers) Exemption Notice 2016* (New Zealand). This Offer Booklet and the accompanying Entitlement and Acceptance Form have not been registered, filed or approved by any New Zealand regulatory authority. This Offer Booklet is not an investment statement or prospectus under New Zealand law and may not contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

Disclaimer

No person is authorised to give any information, or to make any representation, in connection with the Entitlement Offer not contained in this Offer Booklet. Any information or representation not contained in this Offer Booklet may not be relied on as having been authorised by Adcorp, or its related bodies corporate, in connection with the Entitlement Offer. Except as required by law, and only to the extent so required, neither Adcorp, nor any other person, warrants the future performance of Adcorp or any return on any investment made under this Entitlement Offer.

Neither Adcorp's advisers nor any of their respective affiliates or related bodies corporate nor any of their respective directors, officers, partners, employees, representatives or agents has authorised or caused the issue of this Offer Booklet and they do not take any responsibility for the information set out in this Offer Booklet or any action taken by you on the basis of such information.

To the maximum extent permitted by law, Adcorp's advisers and their respective affiliates or related bodies corporate and any of their respective directors, officers, partners, employees, representatives or agents exclude and disclaim all liability for any expenses, losses, damages or costs incurred by you as a result of your participation in the Entitlement Offer or this Offer Booklet being inaccurate or incomplete in any way for any reason, whether by negligence or otherwise.

Neither Adcorp's advisers nor any of their respective affiliates or related bodies corporate nor any of their respective directors, officers, partners, employees, representatives or agents makes any recommendations as to whether you or your related parties should participate in the Entitlement Offer, nor do they make any representations or warranties to you concerning this Entitlement Offer, or any information contained in this Offer Booklet and you represent, warrant and agree that you have not relied on any statements made by any of Adcorp's advisers or any of their respective affiliates or related bodies corporate or any of their respective directors, officers, partners, employees, representatives or agents in relation to the New Shares or the Entitlement Offer generally.

Statements made in this Offer Booklet are made only as at the date of this Offer Booklet. The information in this Offer Booklet remains subject to change without notice.

Defined terms and abbreviations

Terms and abbreviations used in this Offer Booklet are defined in section 6. References to sections are to sections of this Offer Booklet, unless otherwise stated.

¹ [®] Registered to BPAY Pty Ltd ABN 69 079 137 518

Queries

If you have not received a personalised Entitlement and Acceptance Form or have any queries on how to complete the Entitlement and Acceptance Form, please contact the Company's share registry, Computershare Investor Services Pty Limited, on 1 300 855 080 (within Australia) or +61 3 9415 4000 (outside Australia) Monday to Friday during business hours before the Closing Date.

LETTER FROM THE CHAIR

11 September 2018

Dear Shareholder,

On behalf of Adcorp Australia Limited (**Adcorp** or the **Company**), I am pleased to invite you to participate in a fully underwritten 3-for-2 renounceable pro rata entitlement offer (**Entitlement Offer**) at an offer price of 1.1 cents per New Share (**Offer Price**) to raise approximately \$3 million (before expenses). The Entitlement Offer was announced to ASX today, 11 September 2018.

Adcorp has over the past few years continued to restructure the business to match revenue to expenses however it has been constrained in making large scale change due to its weak balance sheet position. With the losses experienced by the business over the last three years this has further exacerbated the Company's inflexibility to pursue strategic objectives.

Today the Company has announced that following a strategic review of its operations it proposes to restructure its Australian business operations to create a newly branded, smaller yet profitable, strategic marketing solutions business. The new business together with Adcorp's other profitable operating divisions of New Zealand, Quadrant and Showrunner, and its 15% stake in Shootsta, is expected to generate both positive cashflows and positive EBITDA for the Adcorp group.

In conjunction with the business restructure the Company is undertaking the Entitlement Offer. The Board believes that the funds raised through the Entitlement Offer will provide the Company with adequate increased working capital to:

- allow for flexibility to operate the Company on a day-to-day basis;
- restructure operations and realign the cost base of the Company; and
- rebrand and reposition the business as a profitable strategic marketing solutions business,

with a view to creating a greater opportunity for future returns for Adcorp shareholders. Further details are provided in section 1.7 *Use of Funds*.

In considering its funding options, Adcorp has considered further debt financing. However, Adcorp currently has two existing tranches of debt, both of which tend to be fully utilised by the Company (although utilisation fluctuates from time to time depending on the Company's invoicing and voluntary repayments made by the Company). The Company considers that further indebtedness at this time is not sensible, practical or realistic. The Board determined that pursuing the Entitlement Offer was in the best interests of the Company and its shareholders as it will allow all shareholders the opportunity to participate in acquiring further equity in the Company and avoid dilution of their existing shareholding.

Under the Entitlement Offer, Eligible Shareholders are being given the opportunity to subscribe for 3 New Shares for every 2 Shares held at 7:00pm (Sydney time) on Friday 14 September 2018 (**Record Date**) at the Offer Price of 1.1 cents per New Share.

The Offer Price represents an approximate discount of:

- 26.7% to the last trading price of Shares on the ASX on 10 September 2018 (being 1.5 cents);
- 26.7% to the one month volume weighted average price (**VWAP**) of Shares prior to 10 September 2018; and
- 16.1% to the three month VWAP of Shares prior to 10 September 2018.

Your Entitlements are renounceable. This means that Eligible Shareholders who do not take up all or any part of their Entitlements are able to trade their Entitlements on ASX or otherwise transfer their Entitlements off-market.

The Entitlement Offer is fully underwritten by MCO Nominees Pty Ltd ACN 609 094 724 as trustee for AAU Unit Trust (**MCO**), an entity associated with me, Ian Rodwell.

The Company has put in place a Shortfall Facility under which Eligible Shareholders can apply for New Shares in excess of their Entitlement. Any New Shares that are not taken up by Shareholders (whether on exercise of any Entitlement allocated under this Offer Booklet, or otherwise acquired from a Shareholder or under the Shortfall Facility) will be subscribed for by MCO as the underwriter of the Entitlement Offer.

The maximum number of New Shares which may be issued under the Entitlement Offer is 273,044,709.

This Offer Booklet contains important information about the Entitlement Offer, including a personalised Entitlement and Acceptance Form which details your entitlement to New Shares. If you are an Eligible Shareholder and you wish to apply for all or some of the New Shares making up your Entitlement, you must complete the accompanying Entitlement and Acceptance Form and lodge it together with a cheque or payment through BPAY®. If paying by BPAY®, you do not need to return the Entitlement and Acceptance Form.

This Offer Booklet should be read carefully and in its entirety before deciding whether or not to participate in the Entitlement Offer. In particular, you should consider the risks outlined in section 3 *Investment Risks*.

If you have any questions in respect of the Entitlement Offer, please consult your stockbroker, accountant, lawyer or other professional adviser.

On behalf of the Board of Adcorp, I invite you to consider this investment opportunity and thank you for your ongoing support of our Company.

Yours Sincerely

A handwritten signature in black ink, appearing to read 'Ian Rodwell', with a horizontal line drawn underneath it.

Mr Ian Rodwell
Chair

KEY DETAILS RELATING TO THE ENTITLEMENT OFFER

Key data relating to the Entitlement Offer

Entitlement Offer	3 New Shares for every 2 Shares held on the Record Date
Offer Price per New Share	\$0.011 (1.1 cents)
Discount of the Offer Price to the last trading price of Adcorp on the ASX on 10 September 2018 (being the last day on which Shares traded before announcement of the Entitlement Offer)	26.7%
Maximum number of New Shares to be offered under the Entitlement Offer	273,044,709
Proceeds from the Entitlement Offer (before expenses)	approximately \$3 million

Summary of key Entitlement Offer dates**

Announcement of the Entitlement Offer	Tuesday, 11 September 2018
Lodgement of section 708AA cleansing notice	
Entitlements start trading on a deferred settlement basis Securities quoted on an “ex”-entitlement basis	Thursday, 13 September 2018
Record Date	7:00pm (Sydney time) on Friday, 14 September 2018
Despatch of Offer Booklet and Entitlement and Acceptance Forms Entitlement Offer opens	Wednesday, 19 September 2018
Entitlements trading ends	Wednesday, 26 September 2018
Closing Date	5:00pm (Sydney time) Wednesday, 3 October 2018, unless extended
Notify ASX of Shortfall	Monday, 8 October 2018
Allotment of New Shares	Wednesday, 10 October 2018
Trading of New Shares expected to commence on ASX	Thursday, 11 October 2018
Holding statements expected to be despatched to Shareholders	Friday, 12 October 2018

*** These dates are indicative only and are subject to change. Adcorp reserves the right, subject to the Corporations Act and the Listing Rules, to amend this indicative timetable. In particular, Adcorp reserves the right to extend the Closing Date, accept late applications under the Entitlement Offer (either generally or in particular cases) and to withdraw or vary the Entitlement Offer without prior notice. Any extension of the Closing Date will have a consequential effect on the date for the allotment of New Shares. Adcorp will consult with the Underwriter in relation to any change to this indicative timetable and any such change may require the consent of the Underwriter.*

ANSWERS TO KEY QUESTIONS

Question	Answer	Further Information
What is the Entitlement Offer?	The Entitlement Offer constitutes the offer of 3 New Shares for every 2 Shares held at the Record Date, at an Offer Price of 1.1 cents per New Share.	Section 1.1
Who can participate in the Entitlement Offer?	Only Eligible Shareholders can participate in the Entitlement Offer. Eligible Shareholders are shareholders of Adcorp with a registered address in Australia or New Zealand and who are registered holders of Shares at 7:00pm (Sydney Time) on the Record Date.	Section 1.2
How much do I have to pay to participate in the Entitlement Offer?	The Offer Price for each New Share is 1.1 cents. You may subscribe for all, or part, of your Entitlement. You may also subscribe for additional New Shares in excess of your Entitlement under the Shortfall Facility up to the maximum of your Entitlement (see below and section 1.12).	Section 1.5
What are the terms of the New Shares?	The New Shares issued under the Entitlement Offer will rank equally with all existing Shares.	Section 1.15
What is the purpose of the Entitlement Offer?	Proceeds from the Entitlement Offer will be used to provide the Company with adequate increased working capital to allow for flexibility to operate the Company on a day-to-day basis, to restructure operations and realign the cost base of the Company and to rebrand and reposition the business as a profitable strategic marketing solutions business, with a view to creating a greater opportunity for future returns for Adcorp shareholders.	Section 1.7
Is the Entitlement Offer underwritten?	The Entitlement Offer is fully underwritten by MCO Nominees Pty Ltd ACN 609 094 724 as trustee for AAU Unit Trust, an entity associated with Mr Ian Rodwell. Mr Ian Rodwell is the major shareholder, a non-executive director and Chair of the Company.	Section 1.11
Can I apply for New Shares in excess of my Entitlement?	Yes. Eligible Shareholders who take up their full Entitlement under the Entitlement Offer may apply for more New Shares than the number shown on their Entitlement and Acceptance Form (up to a maximum of their original entitlement, i.e. 3 additional New Shares for 2 existing Shares held). Applications for Additional Shares will be considered in accordance with the rules of the Shortfall Facility.	Section 1.12

Question	Answer	Further Information
<p>What are the risks associated with applying for New Shares under the Entitlement Offer?</p>	<p>An investment in Adcorp involves general risks associated with any investment in the share market, including that the price of New Shares may rise or fall.</p> <p>There are also a number of risk factors, both specific to Adcorp and of a general nature, which may affect the future operating and financial performance of Adcorp and the value of an investment in Adcorp.</p> <p>Shareholders are recommended to review each of these risks carefully before making any investment decision regarding New Shares.</p>	<p>Section 3</p>
<p>What are my options under the Entitlement Offer?</p>	<p>You may:</p> <ol style="list-style-type: none"> 1. take up all of your Entitlement and, if you choose to do so, apply for Additional Shares; or 2. take up part of your Entitlement and allow the balance of your Entitlement to lapse; or 3. take up part of your Entitlement and sell or transfer the remaining part of your Entitlement; or 4. sell or transfer all of your Entitlement; or 5. do nothing and allow all of your Entitlement to lapse. <p>Any Entitlement to New Shares not taken up by Eligible Shareholders will either be issued under the Shortfall Facility or taken up by the Underwriter.</p>	<p>Section 4</p>
<p>How do I accept my Entitlement?</p>	<p>If you are an Eligible Shareholder, and you wish to apply for all or some of the New Shares making up your Entitlement, you must complete the accompanying Entitlement and Acceptance Form and lodge it together with a cheque or payment through BPAY® for the Application Monies. If paying by BPAY®, you do not need to return the Entitlement and Acceptance Form.</p> <p>Please refer to section 4 for further details on how to accept your Entitlement.</p> <p>If you have not received a personalised Entitlement and Acceptance Form, or if you have any queries about how to accept your Entitlement, please contact the Company's share registry, Computershare Investor Services Pty Ltd, on 1 300 855 080 (within Australia) or +61 3 9415 400 (outside Australia) Monday to Friday during business hours before the Closing Date.</p>	<p>Section 4.2</p>

Question	Answer	Further Information
Can I sell or transfer my Entitlement?	Yes. The Entitlement Offer is renounceable and Eligible Shareholders may sell, trade or transfer all or part of their Entitlement on ASX or off-market.	Section 1.9
How do I trade my Entitlements on ASX or off-market?	<p>If you wish to sell some or all of your Entitlement on ASX, then please contact your stockbroker.</p> <p>If you wish to transfer all or part of your Entitlements to a person off-market (i.e. other than by trading your Entitlements on ASX), you must complete and forward:</p> <ul style="list-style-type: none"> • a Standard Renunciation Form (which you can obtain from the Share Registry); and • your Entitlement and Acceptance Form, <p>to the Share Registry before the expiration of the Trading Period</p>	Section 4.6
How can I obtain further information?	If you are in any doubt as to what to do in connection with the Entitlement Offer, Adcorp recommends that you seek advice from your financial or other professional adviser, including any possible tax consequences of the Entitlement Offer.	

1 DETAILS OF ENTITLEMENT OFFER AND ELIGIBILITY

1.1 Overview of the Entitlement Offer

Adcorp is undertaking the Entitlement Offer under which it is offering Eligible Shareholders the opportunity to subscribe for 3 New Shares for every 2 Shares held at an Offer Price of 1.1 cents per New Share (**Offer Price**).

Under the Entitlement Offer, Eligible Shareholders are invited to subscribe for 3 New Shares for every 2 Shares held at 7:00pm (Sydney time) on Friday 14 September 2018 (**Record Date**) at the Offer Price.

The Entitlement Offer opens on Wednesday 19 September 2018 and will close at 5:00pm (Sydney time) Wednesday 3 October 2018, unless extended (**Closing Date**).

The number of New Shares to which you are entitled to subscribe for is shown on the accompanying Entitlement and Acceptance Form. Fractional Entitlements (if any) have been rounded up to the nearest whole Entitlement. You may also wish to apply for additional New Shares under the Shortfall Facility set out in section 1.12.

1.2 Eligibility to participate in the Entitlement Offer

A person will be eligible to participate in the Entitlement Offer if:

- (1) the person was a registered holder of Shares at the Record Date; and
- (2) the person's registered address is in Australia or New Zealand.

Adcorp reserves the right to determine whether a shareholder is an Eligible Shareholder or an Ineligible Shareholder.

1.3 Shareholders outside Australia and New Zealand

The Company has determined that it is not practical for holders of Shares with registered addresses in jurisdictions other than Australia and New Zealand (**Ineligible Shareholders**) to participate in the Entitlement Offer, having regard to the number and value of New Shares that would be offered to those persons and the costs of complying with the regulatory requirements in those jurisdictions.

To the extent that a person holds Shares on behalf of another person resident outside Australia or New Zealand, it is that person's responsibility to ensure that any acceptance complies with all applicable foreign laws.

1.4 Appointment of nominee on behalf of Ineligible Shareholders

The Company has appointed Veritas Securities Limited (AFSL 297043) (**Veritas**) (**Nominee**) as nominee for the purposes of section 615 of the Corporations Act to sell Entitlements or New Shares which would otherwise have been available to Ineligible Shareholders had they been eligible to participate in the Entitlement Offer.

The Nominee will have the absolute and sole discretion to determine the timing, price at which the Entitlements or New Shares may be sold and the manner of such sale. The Nominee will arrange for the proceeds of sale of Entitlements or New Shares (if any), net of expenses, to be distributed to Ineligible Shareholders in proportion to their shareholding at the Record Date.

If the Entitlements of Ineligible Shareholders cannot be sold or are otherwise allowed to lapse, any New Shares that could have potentially been issued pursuant to the Entitlements do not form part of the Shortfall.

There is no guarantee that the Nominee will be able to sell the Entitlements or New Shares at a price that will result in Ineligible Shareholders receiving any net proceeds for Entitlements or New Shares such that Ineligible Shareholders may receive no value for their Entitlements or New Shares.

The Company and the Nominee will not be liable for the failure to sell the Entitlements or New Shares of the Ineligible Shareholders or the failure to sell the Entitlements or New Shares at any particular price. If there is no viable market for the Entitlements or New Shares, the Entitlements of the Ineligible Shareholders will be allowed to lapse and the New Shares of the Ineligible Shareholders will not be issued.

1.5 Offer Price

The Offer Price payable for each New Share is 1.1 cents which represents a 26.7% discount to the closing market price of Shares on ASX on 10 September 2018 (being the last day on which Shares traded prior to the announcement of the Entitlement Offer on 11 September 2018).

Eligible Shareholders will not be obliged to pay brokerage or other fees in respect of New Shares acquired under the Entitlement Offer, although the Company may pay certain professional and other fees to third parties.

Eligible Shareholders should note that the market price of Shares may rise and fall between the date of this Entitlement Offer and the date when New Shares are allotted under the Entitlement Offer. Accordingly, the price you pay per New Share pursuant to this Entitlement Offer may be either higher or lower than the market price of Shares at the time of this Entitlement Offer or at the time the New Shares are allotted under this Entitlement Offer.

Adcorp recommends that you monitor the price of Shares, which can be found on the ASX website at www.asx.com.au (ASX code: AAU).

1.6 Closing Date

The Entitlement Offer is scheduled to close at 5:00pm (Sydney time) Wednesday 3 October 2018, unless extended. Please refer to section 4 for details on how to accept your Entitlement.

Please note that Adcorp reserves the right, subject to the Corporations Act and the Listing Rules, to amend the Closing Date of the Entitlement Offer. Any extension of the Closing Date will have a consequential effect on the date for the allotment of New Shares.

1.7 Use of funds

The total amount to be raised under the Entitlement Offer is approximately \$3 million (before expenses). The proceeds of the Entitlement Offer will be used to provide the Company with adequate increased working capital to:

- allow for flexibility to operate the company on a day-to-day basis
- restructure operations and realign the cost base; and
- rebrand and reposition the business as a profitable strategic marketing solutions business,

with a view to creating a greater opportunity for future returns for Adcorp shareholders.

Moreover, the proceeds of the Entitlement Offer will substantially improve the working capital position and balance sheet ratios of Adcorp.

1.8 No cooling off rights

Cooling off rights do not apply to an investment in New Shares. You cannot withdraw your Application once it has been accepted.

1.9 Renounceable offer

The Entitlement Offer is made on a renounceable basis and, accordingly, Eligible Shareholders may sell, trade or transfer all or part of their Entitlement on ASX or off-market.

Information on how your Entitlements may be sold on ASX is set out in section 4.6(1). You may also transfer all or some of your Entitlements to another person off-market (i.e. other than through ASX). Details of how you may transfer your Entitlements off-market are set out in section 4.6(2).

Any portion of your Entitlements that you do not exercise, trade, sell or transfer will lapse and the New Shares, the subject of those Entitlements, will form part of the Shortfall and be taken up either by Eligible Shareholders under the Shortfall Facility or the Underwriter pursuant to the Underwriting Agreement.

1.10 Minimum Subscription

There is no minimum subscription for the Entitlement Offer.

1.11 Entitlement Offer fully underwritten

The Company has entered into an Underwriting Agreement with the Underwriter for the Entitlement Offer. The terms of the Underwriting Agreement are summarised in section 5.2.

The Underwriter will take up New Shares not subscribed for by Shareholders under the Entitlement Offer including the Shortfall Facility.

If there is a Shortfall, the underwriting could result in the voting power of the Underwriter (and entities associated with it) in the Company increasing from the current level of approximately

74.34% up to a maximum of 89.73% (please refer to section 2.6 for further information on the control effects).

1.12 Shortfall Facility

Subject to the Corporations Act and the requirements of the Listing Rules, Eligible Shareholders who subscribe for their full Entitlement may apply for more New Shares than the number shown on their Entitlement and Acceptance Form. That is, those Shareholders may apply for Additional Shares up to a maximum of the proportion of their original entitlement, i.e. 3 New Shares for every 2 existing Shares. The issue price of each Additional Share will be the Offer Price (i.e. the same price for New Shares as under the Entitlement Offer).

If a Shortfall exists following the closing of the Offer, Applications for Additional Shares will be considered in accordance with the rules of the Shortfall Facility.

Eligible Shareholders may apply for Additional Shares by entering the number of Additional Shares they wish to subscribe for in the field marked *Number of Additional New Shares applied for*: of the Entitlement and Acceptance Form (please refer to section 4.3 for further information).

The Directors intend to accept all Applications for Additional Shares. If the Shortfall is oversubscribed the Directors intend to allocate Additional Shares to Eligible Shareholders pro rata in proportion to their respective shareholdings. In that circumstance, there is no guarantee that you will receive Additional Shares and the Directors do not represent that any Application for Additional Shares will be successful. This means an Eligible Shareholder may receive a lesser number of Additional Shares than the Eligible Shareholder applied for. If the number of Additional Shares allotted to an Eligible Shareholder is less than the number applied for by that Eligible Shareholder, surplus Application Monies will be refunded in full. Interest will not be paid on monies refunded. The Directors may exercise a discretion with respect to the allocation of Additional Shares under the Shortfall to ensure there is no breach of the law or the ASX Listing Rules with respect to the issue of Additional Shares under the Shortfall Facility.

Mr Rodwell will excuse himself from any Board discussion or resolution regarding the allocation of Additional Shares under the Shortfall Facility. Mr Rodwell, the other Directors and any of their respective associated entities are not eligible to participate in the Shortfall. The Company will ensure that Mr Rodwell and his associated entities are not given any priority with respect to the allocation of any of the Shortfall.

Additional Shares to be issued under the Shortfall Facility will be allotted at the same time as the New Shares under the Entitlement Offer are allotted.

1.13 Quotation and Trading

Adcorp has applied to the ASX for official quotation of the New Shares in accordance with the Listing Rule requirements. ASX has advised Adcorp that official quotation of the New Shares will be granted subject to compliance with certain usual conditions and deferred to a date to be decided by ASX. If ASX does not grant quotation of the New Shares, Adcorp will repay all Application Monies (without interest).

1.14 Allotment of New Shares including Additional Shares

Adcorp expects to issue the New Shares, including any Additional Shares which the Directors exercise their discretion to allot, on or before Wednesday 10 October 2018 and expects to despatch holding statements for New Shares including any Additional Shares on or before Friday 12 October 2018. Quotation of New Shares including any Additional Shares which the Directors exercise their discretion to allot, is expected to commence on Thursday 11 October 2018.

Applications Monies will be held in trust for applicants until New Shares including any Additional Shares are allotted. Interest earned on Applications Monies will be for the benefit of

Adcorp and will be retained by Adcorp irrespective of whether New Shares or any Additional Shares are issued.

1.15 Rights attaching to New Shares

New Shares including any Additional Shares will be fully paid and rank equally in all respects with existing Shares and will carry the same voting rights, dividend rights and other entitlements at the date they are issued.

The rights and liabilities attaching to the New Shares including any Additional Shares are set out in Adcorp's constitution, a copy of which can be obtained from the Company Secretary of Adcorp.

1.16 Reconciliation and the rights of Adcorp

The Entitlement Offer is a complex process and in some instances investors may believe that they will own more Shares than they ultimately did as at the Record Date or are otherwise entitled to more New Shares than initially offered to them. This may result in a need for reconciliation. If reconciliation is required, it is possible that Adcorp may need to issue additional New Shares to ensure that the relevant Shareholders receive their appropriate allocation of New Shares.

Adcorp reserves the right to reduce the size of an Entitlement or the number of New Shares allocated to Eligible Shareholders, or persons claiming to be Eligible Shareholders or other applicable investors, if Adcorp believes in its complete discretion that their claims are overstated or if they or their nominees fail to provide information requested to substantiate their claims. In that case, Adcorp may, in its discretion, require the relevant Shareholder to transfer excess New Shares to another Shareholder or third party at the Offer Price. If necessary, the relevant Shareholders may need to transfer existing Shares held by them or purchase additional Shares on-market to meet this obligation. The relevant Shareholder will bear any and all losses caused by subscribing for New Shares in excess of their Entitlement and any actions they are required to take in this regard.

By applying under the Entitlement Offer, those doing so irrevocably acknowledge and agree to do the above as required by Adcorp in its absolute discretion. Those applying acknowledge that there is no time limit on the ability of Adcorp to require any of the actions set out above.

1.17 Notice to nominees and custodians

Persons acting as nominees for other persons must not take up any Entitlements on behalf of, or send any documents related to the Entitlement Offer to, any person in the United States of America or any person that is acting for the account or benefit of a person in the United States of America.

Adcorp is not required to determine whether or not any registered Shareholder or investor is acting as a nominee or custodian or the identity or residence of any beneficial owners of existing Shares or Entitlements. Where any person is acting as a nominee or custodian for a foreign person, that person, in dealing with its beneficiary, will need to assess whether indirect participation in the Entitlement Offer by the beneficiary complies with applicable foreign laws. Adcorp is not able to advise on foreign laws.

1.18 Information availability

If you are in Australia or New Zealand, you can obtain a copy of this Offer Booklet during the term of the Entitlement Offer on Adcorp's website at www.adcorp.com.au/investors or you can contact the Share Registry on 1 300 855 080 (within Australia) or +61 3 9415 4000 (outside Australia) Monday to Friday during business hours before the Closing Date.

A replacement Entitlement and Acceptance Form can also be requested by calling the Share Registry.

If you access the electronic version of this Offer Booklet, you should ensure that you download and read the entire Offer Booklet. The electronic version of this Offer Booklet on the Adcorp website will not include an Entitlement and Acceptance Form.

1.19 Privacy

If you complete an Entitlement and Acceptance Form, you will be providing personal information to the Company (directly or through the Share Registry). The Company collects, holds and will use that information to assess your Application, service your needs as a Shareholder of Adcorp and to facilitate distribution payments and corporate communications to you as a Shareholder of Adcorp.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Share Registry.

You can access, correct and update the personal information that is held about you. If you wish to do so please contact the Share Registry at the relevant contact numbers set out in this Offer Booklet.

Collection, maintenance and disclosure of certain personal information is governed by legislation, including the *Privacy Act 1988* (Cth) and the Corporations Act. You should note that if all information required on the Entitlement and Acceptance Form is not provided, the Company may not be able to accept or process your Application.

1.20 Risks

An investment in Adcorp involves general risks associated with any investment in the share market, including that the price of New Shares may rise or fall.

There are also a number of important risk factors, both specific to Adcorp and of a general nature, which may affect the future operating and financial performance of Adcorp and the value of an investment in Adcorp. A number of these specific and general risk factors are described in section 3 *Investment Risks*. Before deciding to invest in Adcorp, you should consider these factors carefully.

2 EFFECT ON CAPITAL STRUCTURE

2.1 Effect on existing capital structure

Assuming that the maximum number of New Shares is issued under the Entitlement Offer (and subject to any reconciliations and fractional rounding), the capital structure of the Company will be as follows:

Shares	Number
Shares on issue as at 10 September 2018	182,029,806
New Shares offered under the Entitlement Offer	273,044,709
Total Shares on issue on close of the Entitlement Offer	455,074,515

On 7 June 2018, the Company's shareholders approved the issue of an aggregate of 48,000,000 share units (**Share Units**) to the Company's executive Directors under the Adcorp Executive Incentive Scheme (**EIS**) with each Share Unit redeemable for one Share if certain specified performance conditions are met. However, as part of the business restructure announced on 11 September 2018, the Board and the Company's executive Directors mutually agreed that the Company's executive Directors would forfeit the Share Units approved by shareholders to be issued to them under the EIS.

2.2 Dilution

Shareholders should note that if they do not participate in the Entitlement Offer, their holdings may be diluted by as much as approximately 60%.

The following are examples of how dilution may impact Shareholders if they decide not to participate in the Entitlement Offer, assuming that the maximum number of New Shares available under the Offer is issued:

	Shares at the Record Date	Appr. % of total Shares at the Record Date	Entitlements under the Entitlement Offer	Shares if no Entitlements are taken up	Appr. % of total Shares following allotment of New Shares
Shareholder 1	5,000,000	2.75	7,500,000	5,000,000	1.10
Shareholder 2	1,000,000	0.55	1,500,000	1,000,000	0.22
Shareholder 3	500,000	0.27	750,000	500,000	0.11

2.3 Details of substantial shareholders

As at 10 September 2018, the names of the Shareholders that hold more than 5% of the Shares are:

Shareholder	Number of Shares	%
MCO Nominees Pty Ltd (AAU Unit A/C)	122,400,489	67.24
Rodwell Super Pty Ltd (The Rodwell Family S/F A/C)	12,912,471	7.09

2.4 Interests of the Directors

The interests of the Directors and their related parties in securities of the Company immediately prior to the date of this Offer Booklet are as follows:

	Number of Shares	%
Mr Ian Rodwell	135,312,960	74.34
Mr David Morrison	3,667,081	2.02
Mr Alex Parsons	Nil	Nil
Mr Dean Capobianco	Nil	Nil

2.5 Significant Shareholder as Underwriter

As stated in section 5.2, MCO Nominees Pty Ltd ACN 609 094 724 as trustee for AAU Unit Trust (**MCO**), an entity associated with Mr Ian Rodwell, has entered into the Underwriting Agreement with the Company.

Mr Ian Rodwell is the founder and Chair of Adcorp. Entities associated with Mr Ian Rodwell (**Rodwell Associates**) currently hold 135,312,960 Shares, representing voting power in Adcorp of approximately 74.34%.

If a Shortfall remains after the issue of Additional Shares under the Shortfall Facility, under the Underwriting Agreement, MCO will be required to increase its shareholding in the Company and its voting power (and by association, the voting power of Mr Ian Rodwell and other entities associated with him) will increase based on this increased shareholding.

If there is a Shortfall, and no Shareholders take up Additional Shares, the voting power of the Rodwell Associates in Adcorp could increase from the current level of approximately 74.34% up to a maximum of 89.73%.

The table below sets out the shareholding of the Rodwell Associates, and the resulting relevant interest in the Company, under three scenarios immediately following the completion of the Entitlement Offer. These scenarios are included for illustrative purposes only and are used to highlight the theoretical minimum and maximum shareholding outcomes for the Rodwell Associates following the Entitlement Offer.

Scenario 1: All Shareholders take up 100% of their Entitlements to acquire New Shares under the Entitlement Offer.

Scenario 2: Shareholders take up 50% of their Entitlements to acquire New Shares under the Entitlement Offer. MCO would be required to subscribe for the remaining 50% of New Shares in accordance with the Underwriting Agreement.

Scenario 3: No Shareholders take up their Entitlements to acquire New Shares under this Entitlement Offer. MCO would be required to subscribe for 100% of the New Shares in accordance with the Underwriting Agreement.

Voting Power	Scenario 1 All Shareholders take up their Entitlements		Scenario 1 50% of Shareholders take up their Entitlements		Scenario 1 No Shareholders take up their Entitlements	
	No Shortfall Amount	50% Shortfall Amount	100% Shortfall Amount			
	Number of Shares	Appr. % of total Shares	Number of Shares	Appr. % of total Shares	Number of Shares	Appr. % of total Shares
Shareholding of Rodwell Associates prior to Entitlement Offer	135,312,960	74.34	135,312,960	74.34	135,312,960	74.34
New Shares acquired by Rodwell Associates under the Entitlement Offer	202,969,440	-	202,969,440	-	202,969,440	-
Additional Shares acquired by Eligible Shareholders under Shortfall Facility	Nil	-	35,037,635	-	70,075,269	-
Shareholding of Rodwell Associates immediately after Entitlement Offer	338,282,400	74.34	373,320,035	82.03	408,357,669	89.73

2.6 Effects on control

Depending on the level of participation in the Entitlement Offer, the voting power in Adcorp of Rodwell Associates could increase from the current level of approximately 74.34%, up to a maximum of 89.73%.

Accordingly, following the close of the Entitlement Offer, it is likely the Rodwell Associates will increase their control of the Company. Mr Ian Rodwell has indicated that if the Rodwell Associates were to increase their control of the Company following the Entitlement Offer, their current intention is to continue to work with Adcorp's executive management to implement strategies that will return the Company to sustainable profitability and provide returns to Shareholders. This is consistent with current strategies of the Company.

3 INVESTMENT RISKS

3.1 Introduction

This section describes some of the potential risks associated with Adcorp's business and the industry in which it operates, and the risks associated with an investment in shares in general. It does not purport to list every risk that may be associated with Adcorp's business or the industry in which it operates, or an investment in shares now or in the future, and the occurrence or consequences of some of the risks described in this section are partially or completely outside the control of Adcorp, its Directors and the senior management team.

The selection of risks included in this section has been based on an assessment of a combination of the probability of the risk occurring and the impact of the risk if it did occur. The assessment is based on the knowledge of the Directors as at the date of this Offer Booklet, but there is no guarantee or assurance that the importance of different risks will not change or other risks will not emerge.

Before applying for New Shares, you should satisfy yourself that you have sufficient understanding of these matters and should consider if New Shares are a suitable investment for you, having regard to your own investment objectives, financial circumstances and taxation position. If you do not understand any part of this Offer Booklet or are in any doubt as to whether to participate in the Entitlement Offer, it is recommended that you seek professional guidance from your stockbroker, solicitor, accountant or other independent and qualified professional adviser before deciding to participate in the Entitlement Offer.

3.2 Specific risks related to an investment in Adcorp

(1) *Economic conditions*

Fluctuating economic conditions can cause delays or reductions in advertising and marketing spend in some sectors and regions. These risks are mitigated to an extent by Adcorp's diverse client list and pricing structures though there remains an element of risk associated with reduced advertising spend in certain sectors. Adcorp is committed to further diversifying into innovative sectors of the industry and optimising its business structure to improve returns and sustainable growth of the business.

(2) *Working capital*

Adcorp's working capital has deteriorated over the past three years and with the implementation of the new strategic plan short term working capital requirements will increase further exacerbating the problem. This will result in increases in the working capital requirements of the business, and there can be no certainty that pressure on working capital requirements will decrease materially in the short term. However, it is the Board's expectation that the execution of the new strategic plan will have a positive impact on the future performance of the Company.

(3) *Availability of financing*

Adcorp's continued ability to effectively implement its business plan over time may depend in part on its ability to raise additional funds for future growth opportunities and to repay or refinance existing debt facilities as they fall due. Equity or debt funding may not be available to Adcorp, on favourable terms or at all. If adequate funds are not available on acceptable terms, Adcorp may not be able to take advantage of opportunities or respond to competitive pressure.

(4) *Financial covenants*

A weakening in earnings could lead to Adcorp approaching or breaching its financial covenants. Adcorp's debt facilities are secured by Adcorp's assets. A covenant breach could result in Adcorp having to repay all of its debts, the cancellation of its debt facilities, and the lenders calling in Adcorp's assets, all of which would severely impair Adcorp's ability to continue as a going concern.

(5) ***Retain and attract customers***

The success of Adcorp's future business relies on its ability to attract new customers and to retain and increase revenue from existing customers. With a refocused and rebranded strategic marketing solutions offering in the market, the Board believes that Adcorp's ability to attract new profitable business and retain an existing profitable business will be improved. However there is no guarantee that this new approach will be successful over the long term.

(6) ***Competitive industry***

The media and marketing solutions agency market in Australia is, and will continue to be, a highly innovative and competitive market with key influences which may impact Adcorp's future position over time being factors such as local market consolidation, global market dynamics, continued growth of global tech / media companies, increased marketing automation, new competitors from adjacent industries and an increase in direct to client media solutions.

3.3 Risks associated with the Entitlement Offer

The completion of the Entitlement Offer will result in the issue of 273,044,709 New Shares. If an Eligible Shareholder does not take up their full Entitlement, their percentage holding of Shares will be diluted. Examples of how dilution may impact on Shareholders are set out in section 2.2.

Further, following the close of the Entitlement Offer, it is likely the Rodwell Associates will increase their control of the Company. See sections 2.5 and 2.6 for further information.

3.4 General risks

(1) ***Price of Shares***

As a publicly listed company on ASX, Adcorp is subject to general market risk that is inherent in all securities listed on a stock exchange. This may result in fluctuations in its Share price that are not explained by the fundamental operations and activities of Adcorp.

Some of the factors which may affect the price of the Shares include fluctuations in the local and international stock markets, the size of the Company's market capitalisation, movements in interest rates, general economic and political conditions including interest rates, inflation rates, exchange rates, consumer sentiment, commodity and oil prices, changes to government fiscal, monetary and regulatory policies and settings, and changes in legislation and regulation.

The historic share price performance of the Shares provides no guidance as to its future share price performance.

(2) ***Trading and liquidity in Shares***

There can be no guarantee that an active market for Shares will exist. There may be relatively few potential buyers or sellers of the Shares on ASX at any given time. This may increase the volatility of the market price of the Shares. It may also affect the prevailing market price at which Shareholders are able to sell their Shares. This may result in Shareholders receiving a market price for their Shares that is less or more than the price that Shareholders paid for their Shares under the Entitlement Offer.

(3) ***Shareholder dilution – future share issues***

In the future, Adcorp may elect to issue more Shares or other securities. Shareholders may be diluted as a result of any such future issues of Shares or other securities. However, while the Company is subject to the constraints of the Listing Rules regarding the issue of Shares or other securities this risk is somewhat mitigated by those constraints.

(4) ***Changes in tax rules or their interpretation***

Changes in tax law (including goods and services taxes, stamp duties and other impost and charges imposed by government), or changes in the way taxation laws are interpreted may impact the tax liabilities of the Company or the tax treatment of a Shareholder's investment. In particular, both the level and basis of tax may change. In addition, an investment in the New Shares involves tax considerations which may differ for each Shareholder. Each Eligible Shareholder is encouraged to seek professional tax advice in connection with a further investment in Adcorp.

(5) ***Government and regulatory factors***

Government or regulatory policies may change, which could have an impact on the Australian economic environment, market conditions or Adcorp's operations. Depending on the nature of any such changes, it may adversely impact the operations or future financial performance of Adcorp.

4 HOW TO APPLY FOR NEW SHARES

4.1 What Eligible Shareholders may do

The number of New Shares to which you are entitled is shown on the accompanying Entitlement and Acceptance Form.

You may either:

- (1) take up all of your Entitlement (refer to section 4.2);
- (2) in addition to taking up all of your Entitlement, apply for Additional Shares under the Shortfall Facility described in section 1.12 (refer to section 4.3);
- (3) take up part of your Entitlement and allow the balance of your Entitlement to lapse (refer to section 4.2);
- (4) take up part of your Entitlement and sell or transfer the remaining part of your Entitlement (refer to sections 4.2 and 4.6);
- (5) sell or transfer all of your Entitlement (refer to section 4.6); or
- (6) do nothing and allow all of your Entitlement to lapse (refer to section 4.7).

4.2 Applying for New Shares

An Eligible Shareholder may take up all or part of their Entitlement by completing the Entitlement and Acceptance Form which accompanies this Offer Booklet and returning it, together with correct Application Monies in cleared funds (refer to section 4.4), to:

2018 Adcorp Entitlement Offer
c/o Computershare Investor Services Pty Limited
GPO Box 505
Melbourne VIC 3001

by no later than 5:00pm (Sydney time) on the Closing Date.

If the amount of Application Monies is insufficient to pay in full for the number of New Shares including any Additional Shares you applied for, or is more than the number of New Shares including any Additional Shares you applied for, you will be taken to have applied for such whole number of New Shares (rounded down to the nearest whole New Share) including any Additional Shares which is covered in full by your Application Monies. Alternatively, the Company may in its discretion reject your Application, in which case any Application Monies will be refunded to you (without interest). Any difference between Application Monies received

from an applicant and the number of New Shares multiplied by the Offer Price that results from fractional entitlements will be retained by Adcorp.

The Company may, but is not obliged to, accept an Application received after the Closing Date. If the Company does not accept an Application for any reason, the Company will refund any excess Application Monies to the Eligible Shareholder, without interest, not later than 10 Business Days after the New Shares are allotted.

Entitlement and Acceptance Forms (and payments for any Application Monies) will not be accepted at the Company's registered or corporate offices or other offices of the Share Registry.

For the convenience of Eligible Shareholders, an Australian reply paid envelope has been enclosed with this Offer Booklet.

Please note that if you have more than one holding of Shares, you will be sent more than one personalised Entitlement and Acceptance Form and you will have separate Entitlements for each separate holding. A separate Entitlement and Acceptance Form and payment of Application Monies must be completed for each separate Entitlement you hold.

If you allow all or part of your Entitlement to lapse, your shareholding in Adcorp will be diluted.

4.3 Applying for Additional Shares

Eligible Shareholders who subscribe for their full Entitlement may apply for Additional Shares under the Shortfall Facility described in section 1.12 up to a maximum of their original entitlement, i.e. 3 New Shares for every 2 existing Shares.

To do this, please enter the number of Additional Shares you wish to subscribe for in the field marked *Number of Additional New Shares applied for:* of the Entitlement and Acceptance Form.

The amount of Applications Monies you submit with your Application (refer to section 4.4) must equal the Offer Price multiplied by the total number of New Shares including Additional Shares you wish to subscribe for.

4.4 Form of payment

Payment of Application Monies (which must equal the Offer Price multiplied by the number of New Shares including any Additional Shares you wish to subscribe for) will only be accepted in Australian currency and as follows:

- **Through BPAY®:** Eligible Shareholders can make their payment by BPAY® in accordance with the instructions set out in accompanying personalised Entitlement and Acceptance Form. Payment must be made using the reference number on the Entitlement and Acceptance Form and must be made by 5:00pm (Sydney time) on the Closing Date.

The reference number is used to identify your holding. If you have multiple holdings you will have multiple reference numbers. You must use the reference number on each Entitlement and Acceptance Form to pay for each holding separately.

Eligible Shareholders making a payment by BPAY® are not required to return their Entitlement and Acceptance Form.

Applicants who choose to use BPAY® should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment, and should therefore take this into consideration when making payment of Application Monies. You may also have your own limit on the amount that can be paid via BPAY®. It is your responsibility to check that the amount you wish to pay via BPAY® does not exceed your limit.

- **By bank cheque** in Australian currency drawn on and redeemable at any Australian bank.
- **By personal cheque** in Australian currency drawn on and redeemable at any Australian bank.

Cheques or bank cheques should be made payable to **“Adcorp Australia Limited”** and crossed **“Not Negotiable”**.

You should ensure that sufficient funds are held in the relevant account(s) to cover the full Application Monies.

Eligible Shareholders are asked **not** to forward cash as cash payments will **not** be accepted. Receipts for payment will not be provided.

If the amount of Application Monies is insufficient to pay in full for the number of New Shares including any Additional Shares you applied for, or is more than the number of New Shares including any Additional Shares you applied for, you will be taken to have applied for such whole number of New Shares (rounded down to the nearest whole New Share) including any Additional Shares which is covered in full by your Application Monies. Alternatively, the Company may in its discretion reject your Application, in which case any Application Monies will be refunded to you (without interest).

If you do not receive any or all of the Additional Shares you applied for, any excess Application Monies will be returned to you (without interest).

4.5 Effect of Application

By applying for New Shares under the Entitlement Offer (including by way of a payment through BPAY®), you will be deemed to have acknowledged, represented and warranted that you, and each person on whose account you are acting, are an Eligible Shareholder. You will also be deemed to have acknowledged, represented and warranted on your own behalf and on behalf of each person on whose account you are acting that:

- (1) you and each person on whose account you are acting are not in the United States of America and you are not acting for the account or benefit of a person in the United States, and are not otherwise a person to whom it would be illegal to make an offer of or issue of New Shares under the Entitlement Offer and under any applicable laws and regulations;
- (2) you understand that the Entitlements and the New Shares have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state or other jurisdiction in the United States of America, or in any other jurisdiction outside Australia or New Zealand. Despite the above, the Entitlements and the New Shares may not be taken up by persons who are and are acting for the account or benefit of a person in the United States of America. The New Shares may not be offered, sold or resold in the United States of America except in a transaction exempt from, or not subject to, the registration requirements of the U.S. Securities Act and any other applicable securities laws of any state or other jurisdiction in the United States America;
- (3) you and each person on whose account you are acting have not sent and will not send any materials, or copies thereof, relating to the Entitlement Offer to any person in the United States America or any other country outside Australia and New Zealand;
- (4) you acknowledge that you have read and understand this Offer Booklet and your Entitlement and Acceptance Form in their entirety;
- (5) you agree to be bound by the terms of the Entitlement Offer, the provisions of this Retail Offer Booklet and the Company’s constitution;

- (6) you authorise the Company to register you as the holder(s) of New Shares allotted to you;
- (7) you declare that all details and statements in your Entitlement and Acceptance Form are complete and accurate;
- (8) you declare you are over 18 years of age and have full legal capacity and power to perform all of your rights and obligations under your Entitlement and Acceptance Form;
- (9) you acknowledge that after the Company receives your Entitlement and Acceptance Form or any payment of Application Monies, through BPAY® or otherwise, you may not withdraw your application or funds provided except as allowed by law;
- (10) you agree to apply for and be issued up to the number of New Shares specified in the Entitlement and Acceptance Form, or for which you have submitted payment of any Application Monies through BPAY®, at the Offer Price;
- (11) you authorise the Company, the Underwriter, the Share Registry and their respective officers or agents to do anything on your behalf necessary for New Shares to be issued to you, including to act on instructions of the Share Registry on using the contact details set out in your Entitlement and Acceptance Form;
- (12) you declare that you were the registered holder(s) at the Record Date of the Shares indicated on you Entitlement and Acceptance Form as being held by you on the Record Date;
- (13) you acknowledge that the information contained in this Offer Booklet and your Entitlement and Acceptance Form is not investment advice nor a recommendation that New Shares are suitable for you given your investment objectives, financial situation or particular needs;
- (14) you acknowledge that this Offer Booklet is not a prospectus, does not contain all of the information that you may require in order to assess an investment in the Company and is given in the context of the Company's past and ongoing continuous disclosure announcements to ASX;
- (15) you acknowledge the statement of risks in section 3 Investment Risks included in this Offer Booklet, and that investments in the Company are subject to risk;
- (16) you acknowledge that none of the Company, the Underwriter nor their respective related bodies corporate and affiliates and their respective directors, officers, partners, employees, representatives, agents, consultants or advisers, guarantees the performance of the Company, nor do they guarantee the repayment of capital;
- (17) you agree to provide (and direct your nominee or custodian to provide) any requested substantiation of your eligibility to participate in the Entitlement Offer and of your holding of Shares on the Record Date;
- (18) you authorise the Company and the Share Registry to correct any errors in your Entitlement and Acceptance Form or other form provided by you;
- (19) you represent and warrant that the law of any place does not prohibit you from being given this Offer Booklet and your Entitlement and Acceptance Form, nor does it prohibit you from making an application for New Shares and that you are otherwise eligible to participate in the Entitlement Offer;
- (20) if in the future you decide to sell or otherwise transfer the New Shares, you will only do so in regular way transactions on ASX or otherwise where neither you nor any person acting on your behalf know, or has reason to know, that the sale has been

prearranged with, or that the purchaser is, a person in the United States of America or is acting for the account or benefit of a person in the United States of America; and

- (21) if you are acting as a nominee or custodian, each beneficial holder on whose behalf you are submitting the Entitlement and Acceptance Form is resident in Australia or New Zealand and is not in the United States of America and is not acting for the account or benefit of a person in the United States of America, and you have not sent this Offer Booklet, the Entitlement and Acceptance Form or any information relating to the Entitlement Offer to any such person.

4.6 Selling or transferring your Entitlement

(1) *Selling your Entitlements on ASX*

If you wish to sell some or all of your Entitlement on ASX, then please contact your stockbroker. You can trade your Entitlements on the ASX during the Trading Period. All trading of Entitlements must be completed by Wednesday, 26 September 2018.

(2) *Transferring your Entitlement to another person off-market*

If you wish to transfer all or part of your Entitlements to a person off-market (i.e. other than by trading your Entitlements on ASX), you must complete and forward:

- a Standard Renunciation Form (which you can obtain from the Share Registry); and
- your Entitlement and Acceptance Form,

to the Share Registry (at the address specified in section 4.2) before the expiration of the Trading Period.

If a completed Standard Renunciation Form and a completed Entitlement and Acceptance Form in respect of the same Entitlements are received at the same time, then the Company will give effect to the transfer of those Entitlements in priority to the exercise of that Entitlement.

You may transfer all or a proportion of your Entitlements in the two methods set out above.

If you are an Eligible Shareholder on the CHESS sub-register, or subject to regulatory approval, you must contact your sponsoring broker to effect the transfer of your Entitlements. The Company is unable to transfer rights either from or to a CHESS holding.

4.7 Allowing your Entitlement to lapse

If you do nothing, all of your Entitlement will lapse and your shareholding in Adcorp will be diluted following the close of the Entitlement Offer.

4.8 Enquiries concerning Entitlement and Acceptance Form

If you have any questions on how to complete the Entitlement and Acceptance Form or take part or all of your Entitlement, please contact the Share Registry on 1 300 855 080 (within Australia) or +61 3 9415 4000 (outside Australia) Monday to Friday during business hours before the Closing Date.

5 ADDITIONAL INFORMATION

5.1 Reliance on Offer Booklet

This Offer Booklet has been prepared pursuant to section 708AA of the Corporations Act, as modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84, for the offer of New Shares without disclosure to investors under Part 6D.2 of the Corporations Act.

This Offer Booklet was lodged with ASX on Tuesday 11 September 2018.

Section 708AA of the Corporations Act requires an entity who seeks to rely on the disclosure exemption in section 708AA to lodge a “cleansing notice” with ASX which (among other things):

- (1) sets out any information that had been excluded from a continuous disclosure notice in accordance with the Listing Rules and that investors and their professional advisers would reasonably require, and would reasonably expect to find in a disclosure document, for the purpose of making an informed assessment of:
 - (a) the assets and liabilities, financial position and performance, profits and losses and prospects of Adcorp; or
 - (b) the rights and liabilities attaching to the New Shares; and
- (2) states the potential effect of the issue of the New Shares on control of Adcorp and the consequences of that effect.

Adcorp lodged a cleansing notice in respect of the Entitlement Offer with ASX on Tuesday 11 September 2018.

In deciding whether or not to apply for New Shares including any Additional Shares under the Entitlement Offer, you should rely on your own knowledge of Adcorp, refer to the documents lodged and the disclosures made by the Company on ASX (which are available on the ASX website at www.asx.com.au (ASX code: AAU)), and seek advice from your financial or other professional adviser.

5.2 Underwriting Agreement

The Company has entered into the Underwriting Agreement with MCO under which the Underwriter has agreed to fully underwrite the Entitlement Offer. The Underwriter is an entity associated with Mr Ian Rodwell, a major shareholder, non-executive director and Chair of the Company.

The Company has agreed to pay to the Underwriter:

- an underwriting fee of \$100,000 which is payable within 30 days of the issue date of the New Shares; and
- all reasonable costs and expenses of, and incidental to, the Entitlement Offer which are incurred by the Underwriter.

The Underwriting Agreement contains customary representations, warranties and indemnities and undertakings in favour of the Underwriter.

The key terms of the Underwriting Agreement are as follows:

- (1) the Underwriter will have two Business Days from notification to pay for New Shares to be acquired pursuant to the underwriting; and
- (2) up to 273,044,709 Additional Shares will be acquired at the Offer Price for a total price of approximately \$3 million.

5.3 Copies of Documents

The preliminary audited financial results for Adcorp for the year ended 30 June 2018, being the most recently lodged audited financial information for Adcorp before the date of this Offer Booklet and all other periodic and continuous disclosure notices given by Adcorp to ASX since the 30 June 2017 annual financial report was lodged with ASX, are available on the ASX website at www.asx.com.au (ASX code: AAU).

The preliminary audited financial report for Adcorp for the year ended 30 June 2018 was lodged with ASX on 31 August 2018.

Adcorp's financial position as at 30 June 2018 was negative net assets of \$1,256,843. Funds raised under the Offer will bring Adcorp's balance sheet from a position of negative net assets to positive net assets of \$1,743,157, and will be used to provide working capital to enable sufficient flexibility to operate Adcorp on a day-to-day basis and to provide some flexibility to enable pursuit of potential strategic business development initiatives.

5.4 Expenses of the Entitlement Offer

The expenses of the Entitlement Offer including the listing fees and underwriting fee (excluding GST) are approximately \$200,000 plus GST, as applicable.

5.5 Risks

You should refer section 3 *Investment Risks*. You should consider these factors in light of your personal circumstances, including financial and taxation issues, before making a decision in relation to your Entitlement.

5.6 Taxation

Shareholders should be aware that there may be taxation implications of participating in the Entitlement Offer. Shareholders should consult their own professional taxation advisers to obtain advice in relation to the taxation laws and regulations applicable to their personal circumstances.

5.7 Alteration of terms

Adcorp reserves the right, at its discretion, to vary (including any dates), suspend or cancel the Entitlement Offer at any time, subject to the Corporations Act, the Listing Rules and any other law or regulation to which the Company is subject.

Any variation, suspension or cancellation does not give rise to any liability on the part of or any action against, Adcorp or any Director and will be binding on all Eligible Shareholders.

If the Directors determine to suspend or cancel the Entitlement Offer, any Application Monies received by the Company in relation to Shares not already issued will be refunded in accordance with the Corporations Act, without interest, as soon as reasonably practical after the suspension or cancellation and in any event within 10 Business Days after the Closing Date.

5.8 Overseas jurisdictions

No action has been taken to register or qualify this Offer Booklet, the New Shares, or the Entitlement Offer, or otherwise to permit a public offering of the New Shares, in any jurisdiction outside Australia and New Zealand.

This Offer Booklet does not, and is not intended to, constitute an offer, invitation or issue in any place in which, or to any person to whom, it would be unlawful to make such an offer, invitation or issue. By applying for New Shares, including by submitting the Entitlement and Acceptance Form or making a payment by BPAY® you represent and warrant that there has been no breach of such laws.

The distribution of this Offer Booklet outside of Australia and New Zealand may be restricted by law and persons who come into possession of it should seek advice and observe any such restrictions. Any failure to comply with such restrictions may contravene applicable securities laws. The Company disclaims all liabilities to such persons. Eligible Shareholders who are not resident in Australia or New Zealand are responsible for ensuring that taking up New Shares under the Entitlement Offer does not breach the selling restrictions set out in this Offer Booklet or otherwise violate the securities laws in the relevant overseas jurisdictions.

5.9 Governing Law

This Offer Booklet, the Entitlement Offer, and the contracts formed on acceptance are governed by the laws of New South Wales. Each applicant for New Shares submits to the non-exclusive jurisdiction of the courts of New South Wales.

5.10 Enquires

If you have any questions in respect of the Entitlement Offer, please contact the Share Registry on 1 300 855 080 (within Australia) or +61 3 9415 4000 (outside Australia) Monday to Friday during business hours before the Closing Date.

6 DEFINITIONS

Terms and abbreviations used in this Offer Booklet have the following meaning:

Adcorp or Company	Adcorp Australia Limited ACN 002 208 915
Additional Shares	New Shares applied for by Eligible Shareholders in excess of their Entitlement.
Application	A valid application by way of an Entitlement and Acceptance Form
Application Monies	Monies paid by Eligible Shareholders in respect of New Shares including any Additional Shares they apply for
ASIC	Australian Securities and Investments Commission
ASX	ASX Limited ABN 98 008 624 691, or the market operated by it, as the context requires
Board	The board of directors of the Company
Business Day	An Australian business day that is not a Saturday, Sunday, or any other day which is a public holiday or bank holiday in the place where an act is to be performed or a payment is to be made
Closing Date	5:00pm (Sydney time) on Wednesday, 3 October 2018, unless extended
Corporations Act	<i>Corporations Act 2001</i> (Cth)
Directors	The directors of the Company
Eligible Shareholder	A person who meets the requirements set out in section 1.2
Entitlement	The entitlement of an Eligible Shareholder under the Entitlement Offer
Entitlement and Acceptance Form	The entitlement and acceptance form which accompanies this Offer Booklet
Entitlement Offer	The offer to Eligible Shareholders to apply for 3 New Shares for every 2 Shares held on the Record Date under this Offer Booklet
GST	Goods and services or any similar tax
Ineligible Shareholder	Holders of Shares with registered addresses outside Australia and New Zealand
Listing Rules	The listing rules of ASX

New Share	A Share to be issued pursuant to the Entitlement Offer
Offer Booklet	This document dated 11 September 2018, including the accompanying Entitlement and Acceptance Form
Offer Price	\$0.011 (1.1 cents) per New Share
Record Date	7:00pm (Sydney time) on Friday, 14 September 2018
Rodwell Associates	Entities associated with Mr Ian Rodwell, including the Underwriter
Share	A fully paid ordinary share in the Company
Share Registry	Computershare Investor Services Pty Limited ACN 078 279 277
Shareholder	A registered holder of Shares
Shortfall	Those New Shares not subscribed for by Eligible Shareholders under the Entitlement Offer
Shortfall Facility	The facility whereby Eligible Shareholders that have fully subscribed for their Entitlements under the Entitlement Offer may subscribe for Additional Shares
Trading Period	The period in which Entitlements may be traded or transferred commencing on Thursday, 13 September 2018 and ending on Wednesday, 26 September 2018.
Underwriter or MCO	MCO Nominees Pty Ltd ACN 609 094 724 as trustee for AAU Unit Trust, an entity associated with Mr Ian Rodwell.
Underwriting Agreement	The underwriting agreement between the Underwriter and the Company, pursuant to which the Underwriter has agreed to subscribe for the balance of the Shortfall that remains after the issue of Additional Shares under the Shortfall Facility.

7 CORPORATE DIRECTORY

Directors

Mr Ian Rodwell
Mr David Morrison
Mr Alex Parsons
Mr Dean Capobianco

Company Secretary

Mr David Franks

Registered Office

Level 2, 309 George Street
Sydney NSW 2000

Website

www.adcorp.com.au

Underwriter

MCO Nominees Pty Ltd ACN 609 094 724 as trustee for AAU Unit Trust
2/8 Milson Road
Cremorne Point NSW 2090

Legal Adviser

Mills Oakley
Level 12, 400 George Street
Sydney NSW 2000

Share Registry

Computershare Investor Services Pty Limited
452 Johnston Street
Abbotsford VIC 3067
www.computershare.com/au
