



25 October 2019

MARKET ANNOUNCEMENT

The Company has been made aware that Mr Ian Rodwell, Adcorp's major shareholder and Chairman, sent the attached letter to shareholders.

To ensure the market is equally informed, a copy of this letter is attached.

~ends~

For further information, please contact:

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Ian Rodwell AO

Date: 23rd October 2019

RE: Adcorp Australia Limited Shareholding

Dear Fellow Shareholder,

Further to my recent correspondence, as the majority (92%) shareholder in the Company, I am writing to advise that an entity associated with the Rodwell Group will retain an open "BUY" position in Adcorp Australia Limited ("Adcorp") shares, on market, for the period over which the Company remains to be listed.

My open market "BUY" offer will remain set at a price of \$0.009 per share.

Please Note: If you hold an Unmarketable Parcel of Adcorp Australia Limited shares, a parcel which is less than 55,555 shares and therefore valued at less than \$500, then I critically draw your attention to the present Adcorp Share Buy-Back program as being undertaken by the Company. I attach a copy of the Company's official correspondence in relation to this matter for further clarity.

As you will no doubt be aware, Adcorp continues to struggle with the transition to a new business model, a direct consequence of which has been the need for an entity associated with myself to extend a further \$600,000 loan facility to the Company, for liquidity purposes. Uncertainty continues to exist around the business and related financial demands.

It is no longer sustainable that Adcorp shares remain listed on the ASX and accordingly, the Company has last week instigated proceedings to seek to officially delist. I also provide a copy of the official correspondence by the Company to the ASX for your information. The delisting of Adcorp will be subject to a shareholder vote at an Extraordinary General Meeting scheduled for the 20th November 2019. You should be aware however, that as the majority shareholder I intend to resoundingly vote in favour of the delisting of the Company.

For those of you whom have not had experience of investing in a company which is delisting from

the Australian Stock Exchange, I provide the following factual information on the basis of the reasonable assumption, that the related motion is passed at the EGM;

1. Anticipated Final Date: Potentially the company's shares will cease official trading around one month following the date of the Extraordinary General Meeting, therefore the last official trading day can be anticipated to be around the 20th December 2019.
2. Market Window: All shareholders will have one month's notice from the 20th November Extraordinary General Meeting in regard to the Company's official delisting and therefore any open market in the shares of Adcorp will remain for just 22 business days (1 calendar month) thereafter. Accordingly, all shareholders will have only a very short window to decide what to do with their shareholding.
3. Trading Ceases: After the last day of listed trading, Adcorp shares will no longer be officially quoted on any stock market. There will no longer be a ready market for the trading (buying or selling) of shares in the Company. Furthermore, all transactions in Adcorp shares will need to occur directly between shareholders by way of some private bargain. Suffice to say, it is highly unlikely that any shareholder will find an easy mechanism by which they may either buy or sell shares in the Company after this final delisting date.
4. Pricing: After the company ceases trading it will no longer have an easily identifiable pricing mechanism and it will be very difficult to determine what the "market" price of the Company's shares will be on any given day. Once again any price will be determined by a private, not public, basis of negotiation.
5. Information Flows: Additionally, shareholders will not be afforded the degree of public information as is available for a publicly listed company. Whilst certain statutory information will be supplied to shareholders, a layer of additional contextual information will no longer become freely available.
6. Administration; Certain additional administrative burdens will fall upon shareholders, such as maintaining records and other data as pertains to their shareholding.

As stated above, an entity related to the Rodwell Group will retain an open "BUY" position in Adcorp shares for the entire duration over which the Company remains listed. This offer is available so that any minority shareholder not wishing to remain in an unlisted company may freely dispose of their shareholding.

Holders of an "unmarketable parcel" of Adcorp shares however, should firstly consider the Company's share buy-back program as set out in the attached documentation.

The Rodwell Group "BUY" offer price will remain to be set at \$0.009 per share for the duration the final trading window in Adcorp shares.

In the event that you are able find a buyer on market at a higher price, assuming you wish to sell your shareholding, then you should seek to do so at that prevailing price. However, all shareholders

need to be aware that should they remain a holder of shares in Adcorp as at the expiry of the final trading window, as anticipated above, then they will in all likelihood be dragged along into a non-listed business entity. Where after there remains a very high likelihood the Company will become a "private" incorporated business in due course.

At the very least I urge you to take suitable independent professional advice as to the matters set out above. Subject to the appropriate independent advice you may consider availing the above trading window.

Should you wish to discuss this matter with myself directly, please feel free to contact me by my mobile telephone number [REDACTED]

Yours sincerely,



Ian Frederick Rodwell AO

PLEASE NOTE: You have received this letter on the basis that you are a Shareholder in Adcorp Australia Limited ("AAU"). Should you not fully understand any of the matters set out above, then you should seek suitable independent financial advice in respect to any or all of the information provided in this letter. This letter is not intended to provide any advice nor recommendations in respect to any securities matter, the intent solely is to convey merely factual information to those minority shareholders in AAU shares.



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Tuesday 22 August 2019

Minimum holding share buy-back

Adcorp Australia Limited ACN 002 208 915 (**Company**) is pleased to announce that it intends to undertake a second minimum holding buy-back of ordinary shares for holders of less than a marketable parcels of shares in the Company (**Buy-Back**). Under the ASX Listing Rules, any shareholding valued at less than \$500 based on the closing price on the ASX is considered to be an “unmarketable parcel” of shares.

The Buy-Back will allow shareholders who hold unmarketable parcels of shares in the Company (**Eligible Shareholders**) to sell their shares back to the Company at the Buy-Back price of \$0.009 cents per share, being the Volume Weighted Average Closing Price (**VWACP**) for Company shares based on the 3 months trading (66 business days) prior to the 16 October 2019. These shares will be cancelled once transferred to the Company in accordance with the Corporations Act 2001 (Cth).

The Company has decided to undertake the Buy-Back to assist Eligible Shareholders to sell and realise their shares without incurring brokerage fees and other expenses, in particular in light of the potential delisting of the Company from the ASX. The Company will pay for all costs related to this Buy-Back (excluding tax consequences from the sale which remains the Eligible Shareholder’s responsibility) and expects to reduce administrative costs associated with maintaining a large number of very small holdings.

In accordance with the Corporations Act 2001 (Cth), the Company does not need shareholder approval for the Buy-Back, however Eligible Shareholders are able to opt-out of the Buy-Back by signing and returning to Computershare a Share Retention Form.

Based on the Buy-Back price per share and the register of members of the Company as at 7pm (AEST) on the 16 October 2019 (**Record Date**):

- (a) An unmarketable parcel of shares is any shareholding of 55,555 shares or less, based on the VWACP of \$0.009 per share;
- (b) 80 shareholders hold an unmarketable parcel of shares;
- (c) 0.19% of the Company’s ordinary shares held by shareholders are unmarketable parcels; and

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- (d) The aggregate value of the Company's ordinary shares held by Eligible Shareholders is \$7,761.83.

Shareholders who own 55,556 shares or more will not be eligible to participate in the Buy-Back.

Computershare has been appointed to transact the program for the Company in relation to all shares which will be cancelled under the Buy-Back.

The Company is sending the attached letter to Eligible Shareholders. Those who wish to retain their shares must complete and sign the Share Retention Form and forward it to Computershare, to be received by 5pm (AEST) on the 5 December 2019. **Notices sent by post are effective on the day after the date of its posting (clause 26.2(a) of the Company constitution).**

Shareholders with queries regarding the operation of the facility may contact the Company on +61 2 8524 8500 during business hours 9:00am to 5:00pm (AEDT).

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14 October 2019

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

FURTHER INFORMATION:

David Morrison
Chief Executive Officer

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