



1 July 2019

FUNDING UPDATE

Related Party Loan – ASX Listing Rule 10.1 Waiver Granted

As announced on 11 June 2019, Adcorp secured an increase in the loan facility up to \$2.0 million (“Loan Facility”) from Millennium Company Pty Ltd ATF The Rodwell (New Millennium) Trust (ACN 169 798 798) (“the Lender”), a company associated with Adcorp’s major shareholder and Chairman, Ian Rodwell. The loan facility is due to expire on 31 December 2019 and has an interest rate of 12%. At the time of making the announcement, Adcorp advised it would be seeking a new waiver from Listing Rule 10.1.

The Waiver has now been granted and is subject to the following conditions:

- a) The Security includes a term that if an event of default occurs and the Lender exercises their rights under the Security, neither the Lender nor any of their associates can acquire any legal or beneficial interest in an asset of the Company or its subsidiaries in full or part satisfaction of the Company’s obligations under the Security, or otherwise deal with the assets of the Company or its subsidiaries, without the Company first having complied with any applicable listing rules, including Listing Rule 10.1, other than as required by law or through a receiver, or receiver or manager (or analogous person) appointed by the Lender exercising their power of sale under the Security and selling the assets to an unrelated third party on arm’s length commercial terms and conditions and distributing the cash proceeds to the Lender or any of its associates in accordance with their legal entitlements.
- b) A summary of the material terms of the Security is made in each annual report of the Company during the term of the Security.
- c) Any variations to the terms of the Security which are:
 - i. not a minor change; or
 - ii. inconsistent with the terms of the waiver, must be subject to shareholder approval.
- d) The Company and the Lender must seek to discharge the Security when the funds advanced to the Company are repaid (other than when the funds are prepaid and redrawn within the original term of the Loan Facility), or if it is not discharged, seek shareholder approval for the continuation of the Security for any further period.

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- e) The Company immediately releases to the market an announcement which sets out the terms of this waiver, including:
 - i. the Company's plans with respect to the repayment of the funds advanced under the Loan Facility, and discharge of the Security, including the timeframe within which it expects the repayment and discharge to occur; and
 - ii. a statement of the reasons why the Company has chosen to obtain a financial accommodation from a related party rather than a lender that is not a related party, and the steps the Company's board has taken to satisfy itself that the transaction is being entered into on arms' length terms and is fair and reasonable from the perspective of the Company's shareholders.

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The Company expects to repay the Loan Facility out of its normal operating cash flow on or before the maturity date of 31 December 2019 and discharge the Security shortly thereafter.

The Company has entered into the Loan Facility with a related party as the Loan Facility is on more favourable terms and the Board determined this was preferable to what could be obtained from unrelated party lenders.

~ends~

For further information, please contact:

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