



12 September 2018

Dear Shareholder

Adcorp Australia Limited – Fully underwritten renounceable pro rata entitlement offer

On 11 September 2018 Adcorp Australia Limited ACN 002 208 915 (**Adcorp** or **Company**) announced a fully underwritten 3 for 2 renounceable pro-rata entitlement issue of 273,044,709 new fully paid ordinary Adcorp shares at an issue price of \$0.011 (1.1 cents) per share (**New Share**) (**Entitlement Offer**).

Under the Entitlement Offer, an offer will be made to eligible shareholders (described below) for them to apply for their pro-rata entitlement.

In addition to being able to apply for New Shares under the Entitlement Offer, eligible shareholders who take up their full entitlement will also be able to apply for New Shares that are not subscribed for under the Entitlement Offer (**Additional Shares**). Eligible shareholders are entitled to participate in the shortfall facility up to a maximum of their original entitlement.

The Entitlement Offer is fully underwritten. The underwriter is an entity associated with Mr Ian Rodwell, who is the Chair of the Company and a current major shareholder. The fee for underwriting the Entitlement Offer is \$100,000 (exclusive of GST). Entities associated with Mr Rodwell currently hold Adcorp shares representing approximately 74.34% of the voting power in the Company.

Purpose of the Entitlement Offer

In conjunction with the launch of the Entitlement Offer Adcorp 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.

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 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.

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Entitlement Offer and Offer Booklet

The Entitlement Offer will be made to eligible shareholders without disclosure under Part 6D.2 of the *Corporations Act 2001* (Cth) (**Corporations Act**) pursuant to section 708AA of the Corporations Act, as modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84.

Adcorp will dispatch a copy of the offer booklet containing the terms of the Entitlement Offer, and a personalised Entitlement and Acceptance Form to eligible shareholders in accordance with the indicative timetable below. Once available, the offer booklet will also be lodged with the ASX Company Announcements office and will be available on the ASX website at www.asx.com.au (ASX code: AAU).

The Entitlement Offer is renounceable, which means that eligible shareholders may sell, trade or transfer all or part of their entitlements on ASX or off-market. If you wish to sell some or all of your entitlements on ASX, then please contact your stockbroker before trading of entitlement ends.

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 to Adcorp's share registry, Computershare Investor Services Pty Ltd, a standard renunciation form (which you can obtain from Computershare) and also your Entitlement and Acceptance Form before trading of the entitlements ends.

New Shares issued under the Entitlement Offer will rank equally with all existing ordinary shares on issue. The number of ordinary shares quoted on ASX following the Entitlement Offer will be 455,074,515 (subject to any reconciliations and fractional rounding).

Shareholder approval is not required for the Entitlement Offer.

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Indicative timetable for the Entitlement Offer

Summary of key Entitlement Offer dates**	
Announcement of the Entitlement Offer	Tuesday, 11 September 2018
“Ex” date – Securities are quoted on an ex basis	Thursday, 13 September 2018
Trading of entitlements begins	Thursday, 13 September 2018
Record Date to determine entitlement to New Shares	7:00pm (Sydney time) on Friday, 14 September 2018
Despatch of offer booklet and Entitlement and Acceptance Forms	Wednesday, 19 September 2018
Trading of entitlements ends	Wednesday, 26 September 2018
New Shares quoted on deferred settlement basis	Thursday, 27 September 2018
Closing Date	5:00pm (Sydney time) Wednesday, 3 October 2018
Issue date 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

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*** These dates are indicative only and are subject to change. Adcorp reserves the right, subject to the Corporations Act and the ASX 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.*

Eligible Shareholders

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

- the person was a registered holder of Adcorp shares at 7:00pm (Sydney time) on the Record Date referred to above;
- the person’s registered address is in Australia or New Zealand.

To the extent that a person holds Adcorp shares on behalf of another person resident outside Australia or New Zealand, it is that person’s responsibility to ensure that any receipt of, or acceptance under, the Entitlement Offer complies with all applicable foreign laws.

Ineligible Shareholders

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**)

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to participate in the Entitlement Offer, having regard to the small number and nominal value of New Shares they would be offered and the costs of complying with the regulatory requirements in those jurisdictions.

The countries in which Adcorp currently has shareholders who will not be sent the offer booklet are the United States of America, the United Kingdom, China and Indonesia.

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 receipt of, or acceptance under, the Entitlement Offer complies with all applicable foreign laws.

Accordingly, if you are an Ineligible Shareholder you will not be eligible to subscribe for New Shares or any Additional Shares under the Entitlement Offer and will not be sent a copy of the offer booklet or a personalised Entitlement and Acceptance Form.

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.

If there is a viable market for entitlements or New Shares and a premium over the expenses of their sale can be made, the Nominee will arrange the sale of the entitlements or New Shares which would have been offered to the Ineligible Shareholders. 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 referred to above.

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 facility.

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. 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.

As noted above, a copy of the offer booklet containing the terms of the Entitlement Offer has been lodged with ASX and is available on the ASX website at www.asx.com.au (ASX code: AAU). Full details of the terms and conditions of the Entitlement Offer will be contained in the offer booklet.

This letter has been sent by Adcorp to inform you of the Entitlement Offer. You are not required to do anything in response to this letter. The offer booklet and a personalised Entitlement and Acceptance Form will be sent to all Eligible Shareholders in due course, as set out in the indicative timetable above.

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If you have any questions relating to the Entitlement Offer, please contact Adcorp'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.

Yours sincerely

Ian Rodwell

Chairman

Adcorp Australia Limited

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