
Offer Booklet

Issuer

Rural Funds Management Limited
ACN 077 492 838, AFSL 226701
as responsible entity of the Rural Funds Trust
ARSN 112 951 578 and RF Active ARSN 168 740 805 trading as

Rural Funds Group (ASX: RFF)

1 for 4 pro rata non-renounceable entitlement offer
at \$1.475 per Unit.

**Last date for acceptance and payment
5.00pm (AEST) on 21 July 2016.**

If you are an Eligible Unitholder, this is an important document that requires your immediate attention. It should be read in its entirety. If, after reading this document, you have any questions about the securities being offered for issue under it, or any other matter, you should contact your stockbroker, solicitor, accountant or other professional adviser.

NOT FOR DISTRIBUTION OR RELEASE IN
THE UNITED STATES

Lead Manager and Sole Underwriter

Bell Potter Securities Limited ACN 006 390 772

Co-Manager

Wilson HTM Corporate Finance Ltd ACN 057 547 323

Issue Date: 5 July 2016

IMPORTANT NOTICE

This Offer Booklet is issued by Rural Funds Management Limited (ABN 65 077 492 838) (the “**Responsible Entity**” or “**RFM**”) as the Responsible Entity of the Rural Funds Group (“**RFF**” or the “**Fund**”) and is dated 5 July 2016.

This Offer Booklet and the Entitlement and Acceptance Form are important and require your immediate attention. You should read these documents carefully and in their entirety, before deciding whether or not to participate in the Entitlement Offer.

You should consider the risk factors outlined in the Investor Presentation, which is included in this Offer Booklet at section 3, and the tax implications outlined in section 4 of this Offer Booklet. The potential tax effects of the Entitlement Offer will vary between individual investors, and each investor should seek their own professional taxation advice before deciding whether or not to participate in the Entitlement Offer. The information provided in this Offer Booklet does not constitute financial product advice.

Neither this Offer Booklet nor the Entitlement and Acceptance Form is a product disclosure statement for the purposes of the *Corporations Act 2001*. Accordingly, these documents do not contain all of the information which a prospective investor may require to make an investment decision. They do not, and are not required to, contain all of the information which would otherwise be required to be disclosed in a product disclosure statement. They are not required to be, and will not be, lodged with ASIC.

The Offer Booklet should be read in conjunction with RFF’s continuous disclosure announcements made to the ASX available at www.asx.com.au.

The Responsible Entity does not give any undertaking or representation that information in this Offer Booklet will be updated, except to the minimum extent required by law. Neither the Responsible Entity nor any other person warrants or guarantees the future performance of RFF or any return on any investment made under this Offer Booklet.

Past performance

Investors should note that RFF’s past performance, including past unit price performance, cannot be relied upon as an indicator of (and provides no guidance as to) RFF’s future performance including RFF’s future financial position or unit price performance.

Forward looking statements

This Offer Booklet contains certain ‘forward looking statements’. Forward looking statements include those containing words such as: ‘anticipate’, ‘believe’, ‘expect’, ‘project’, ‘forecast’, ‘estimate’, ‘likely’, ‘intend’, and other similar expressions. Any forward looking statements, opinions and estimates provided in this Offer Booklet are based on assumptions and are subject to change without notice and involve known or unknown risk and uncertainties and other factors which are beyond the control of the Responsible Entity.

Forward looking statements may include indications, projections, forecasts and guidance on earnings, distributions and other estimates. Forward looking statements are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. Actual results, performance or achievements may differ materially from those expressed or implied in such statements and any projections and assumptions on which those statements are based. Readers are cautioned not to place undue reliance on forward looking statements, and, except as required by law or regulations, the Responsible Entity assumes no obligation to update these forward looking statements. To the maximum extent permitted by law, the

Responsible Entity, the Underwriter and their directors, officers, employees, agents, associates and advisers disclaim any obligation or undertaking to release any updates or revisions to the information to reflect any change in the expectations or assumptions, do not make any representation or warranty, express or implied, as to the accuracy, reliability or completeness of such information, or likelihood of fulfilment of any forward looking statement or any event or results expressed or implied in any forward looking statement, and disclaim all responsibility and liability for these forward looking statements (including, without limitation, liability for negligence).

Risks

Refer to the Key Risks section of the Investor Presentation included in section 3 of this Offer Booklet for a summary of general and specific risk factors that may affect RFF.

Financial information

Unless otherwise stated, all numbers in this Offer Booklet are in AUD\$ and financial data is presented as at 31 December 2015.

Times and dates

Times and dates in this Offer Booklet are indicative only and subject to change. All times and dates refer to Australian Eastern Standard Time. Refer to the Key Dates section of this Offer Booklet for more details.

If you (or any person for whom you are acquiring the Units) are in Hong Kong, you (and any such person) are a “professional investor”, as defined under the Securities and Futures Ordinance of Hong Kong, Chapter 571 of the Laws of Hong Kong.

No overseas registration

This Offer Booklet does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been taken to register or qualify the Units or the Offer, or to otherwise permit a public offering of Units, in any jurisdiction outside Australia and New Zealand. The distribution of this Offer Booklet (including in electronic form) outside Australia and New Zealand may be restricted by law and persons who come into possession of this Offer Booklet outside Australia or New Zealand should seek advice and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of the applicable securities laws. In particular, the Units have not been, and will not be, registered under the *US Securities Act 1933 (US Securities Act)*, and may not be offered or sold in the United States or to, or for the account or benefit of, US Persons (as defined in *Regulation S* under the *US Securities Act*) unless the Units are registered under the *US Securities Act*, or an exemption from the registration requirements of the *US Securities Act* is available.

The Investor Presentation, included in this Offer Booklet at section 3, contains other important notices, disclaimers and acknowledgements.

Please see page 48 of this Offer Booklet for important Eligible Unitholder declarations in relation to the Entitlement Offer.

Contents

1. OVERVIEW OF THE OFFER	8
2. HOW TO APPLY – ELIGIBLE UNITHOLDERS	10
3. ASX ANNOUNCEMENT AND PRESENTATION	12
4. TAXATION	40
5. IMPORTANT INFORMATION FOR UNITHOLDERS	42
6. GLOSSARY	46
7. ELIGIBLE UNITHOLDER DECLARATIONS	48
8. CORPORATE DIRECTORY	49

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Enquiries

If you have any questions, please consult your financial adviser or other professional adviser, or call Rural Funds Management on 1800 026 665 (within Australia) or +61 2 6203 9700 (from outside Australia) from 8.30am to 5.00pm (AEST), Monday to Friday.

Summary of the Entitlement Offer

Ratio	1 New Unit for every 4 Existing Units
Issue Price	\$1.475 per New Unit
Size	Approximately 41,339,323 New Units
Gross proceeds	Approximately \$61.0 million

Key Dates

EVENT	DATE
Announcement of the Entitlement Offer	Tuesday, 5 July 2016
Ex-date	Thursday, 7 July 2016
Record Date for Entitlement Offer	Friday, 8 July 2016
Entitlement Offer opens Offer Booklet and personalised Entitlement and Acceptance Forms sent to all Eligible Unitholders	Tuesday, 12 July 2016
Entitlement Offer closes (Closing Date)	Thursday, 21 July 2016
New Units quoted on deferred settlement basis	Friday, 22 July 2016
Announcement of results of Entitlement Offer and undersubscription	Tuesday, 26 July 2016
Settlement of New Units issued pursuant to the Entitlement Offer	Wednesday, 27 July 2016
Allotment of New Units issued under Entitlement Offer	Thursday, 28 July 2016
Dispatch of holding statements	Thursday, 28 July 2016
Expected date for trading of New Units	Friday, 29 July 2016

This timetable is indicative only and subject to change. The Responsible Entity may vary these dates, in consultation with the Underwriter, subject to the ASX Listing Rules. The last day for extension of the Closing Date is Monday, 18 July 2016. An extension of the Closing Date will delay the anticipated date for issue of the New Units.

The Responsible Entity also reserves the right not to proceed with the whole or part of the Entitlement Offer any time prior to issue of the New Units. In that event, the relevant Application Monies (without interest) will be returned in full to Applicants.

Capital structure

Subject to rounding down of fractional Entitlements, the equity structure of RFF following the issue of New Units is expected to be as follows:

Units on issue as at 5 July 2016 (announcement of the Entitlement Offer)	165,357,290
New Units to be issued under the Entitlement Offer	41,339,323
Units on issue after the Entitlement Offer	206,696,613

Underwriting

The Entitlement Offer is fully underwritten by Bell Potter Securities Limited.

Risks

The key risks associated with an investment in RFF are set out in the Investor Presentation in section 3 of this Offer Booklet.

What should you do?

1. Read this Offer Booklet and the accompanying Entitlement and Acceptance Form

This Offer Booklet and the accompanying personalised Entitlement and Acceptance Form contain important information about the Entitlement Offer. You should read them carefully and in their entirety before deciding whether or not to participate in the Entitlement Offer.

The Entitlement Offer is not being made under a product disclosure statement and therefore does not contain all of the information that must be disclosed in a product disclosure statement. The Entitlement Offer is being made pursuant to provisions of the *Corporations Act 2001*, which allow rights issues and related issues to be made by providing certain confirmations to the market on the basis that all information that investors and their professional advisers would reasonably require to make an informed investment decision in relation to the Entitlement Offer, when read with this Offer Booklet and the accompanying information, is publicly available. You should read the publicly available information on the Fund and the Entitlement Offer (for example, available on www.ruralfunds.com.au/rural-funds-group/ or www.asx.com.au) prior to deciding whether to accept your Entitlement and apply for New Units.

2. Consider the Entitlement Offer in light of your particular investment objectives and circumstances

An investment in New Units is subject to investment risks as well as other known and unknown risks, some of which are beyond the control of the Responsible Entity, including the possible loss of income and principal invested. The Responsible Entity does not guarantee any particular rate of return or the performance of the Fund, nor does it guarantee the repayment of capital from the Fund or any particular tax treatment. In considering an investment in New Units, investors should have regard to (amongst other things) the Key Risks section in the Investor Presentation located at section 3 and the disclaimers outlined in this Offer Booklet.

The Responsible Entity recommends that you seek appropriate professional advice before making an investment decision.

3. What are your options?

If you are an Eligible Unitholder, you have three options. You may subscribe for all, some, or none of your Entitlement. Eligible Unitholders are not able to subscribe for more than their Entitlement.

Allotment of New Units offered under the Entitlement Offer will take place on 28 July 2016.

Eligible Unitholders who do not participate in the Entitlement Offer, or participate for an amount less than their Entitlement, will have their percentage holding in the Fund reduced.

Eligible Unitholders who fully participate in the Entitlement Offer will see their percentage holding in the Fund stay the same.

This is a non-renounceable Entitlement Offer, and Entitlements cannot be traded or otherwise transferred on the ASX or any other exchange or privately.

4. Apply for new units

To participate in the Entitlement Offer, you must either lodge a valid Entitlement and Acceptance Form and Applicable Monies for New Units, or make a payment via BPAY, in either case before 5.00pm (AEST) on 21 July 2016. If you take no action, your Entitlement under the Entitlement Offer will lapse.

5. Questions

If you have any questions relating to the Entitlement Offer, you can contact Rural Funds Management Limited on 1800 026 665 (within Australia) or +61 2 6203 9700 (from outside Australia) from 8.30am to 5.00pm (AEST), Monday to Friday.

1. OVERVIEW OF THE OFFER

1.1 Overview

RFF is a stapled security comprising two trusts: Rural Funds Trust and RF Active. Rural Funds Trust holds the majority of RFF's assets including the agricultural land, water and infrastructure from which it derives a passive income stream. RF Active holds around 2.5% of RFF's assets, comprising plant and equipment and units in RFM StockBank, a fund managed by RFM. RF Active assets are considered to be operational in nature.

RFM, as the Responsible Entity of RFF, intends to raise approximately \$61.0 million through the Entitlement Offer. Under the Entitlement Offer, the Responsible Entity is offering Eligible Unitholders the opportunity to subscribe for 1 New Unit for every 4 Existing Units held on the Record Date. The issue price per New Unit is \$1.475. The Entitlement Offer is non-renounceable, which means that the Entitlements are non-transferable and cannot be sold or traded.

Information regarding the Entitlement Offer is contained in the ASX Announcement and the Investor Presentation at section 3 of this Offer Booklet.

1.2 Entitlement Offer

Eligible Unitholders are being sent this Offer Booklet with a personalised Entitlement and Acceptance Form so that they may subscribe for all or part of their Entitlement.

The Entitlement Offer constitutes an offer only to Eligible Unitholders, being Unitholders on the Record Date who have a registered address in Australia or New Zealand, and are eligible under all applicable laws to receive an offer under the Entitlement Offer.

Eligible Unitholders have the opportunity to be allotted New Units up to their Entitlement if they submit an Application and their relevant Application Monies are received in cleared funds by 5.00pm (AEST) on 21 July 2016 in accordance with their Entitlement and Acceptance Form. Otherwise, the Entitlement Offer closes at 5.00pm (AEST) on 21 July 2016, with New Units to be allotted on 28 July 2016.

The Entitlement Offer is fully underwritten, and seeks to raise approximately \$61.0 million.

1.3 Ranking of New Units

New Units will be issued on a fully paid basis and will rank equally with Existing Units.

1.4 Reconciliation and rounding

The Responsible Entity may need to issue a small quantity of Additional New Units to ensure all Eligible Unitholders have the opportunity to receive their full Entitlement. The price, at which these Units will be issued, will be the same as the offer price (\$1.475).

The Responsible Entity may reduce the number of New Units allocated to Eligible Unitholders if their Entitlement claims prove to be overstated.

To the extent that application of the offer ratio of 1 New Unit for every 4 Existing Units results in a fractional entitlement to New Units for a particular Unitholder, that Unitholder's Entitlement shall be rounded down to the next whole number of New Units.

1.5 Control

Whilst some existing Unitholders may take a sub-underwriting position for the Entitlement Offer, RFM does not consider the issue of the New Units under the Entitlement Offer will have a material impact on the control of the Rural Funds Group.

1.6 Underwriting

The Entitlement Offer is fully underwritten by Bell Potter Securities. See section 5.11 for further information regarding the underwriting arrangements.

1.7 Use of funds

Proceeds from the Offer, combined with debt and retained earnings, will be used to fund the expansion of RFF's agricultural property portfolio in three sectors; cattle properties and livestock, an almond orchard development and macadamia orchard funding.

The majority of funds raised (\$50 million) will be used to purchase three cattle properties and livestock in Queensland. The transaction consists of two breeding properties near Normanton in Northern Queensland and a finishing property near Rolleston in Central Queensland. The properties and livestock will be leased for ten years to Cattle JV Pty Ltd, a wholly owned subsidiary of RFM. The transaction represents RFF's first acquisition in the Australian cattle industry and will provide greater exposure to natural resource assets as well as diversification into a new commodity and climatic zones.

Secondly, proceeds of the Offer will assist to fund an additional 1,000 hectares of almond orchards and water entitlements on RFF's existing Kerarbury property near Darlington Point, New South Wales. The potential for this 1,000 hectare expansion was disclosed in RFF's entitlement offer of October 2015, and is now possible as additional water entitlements have been acquired. The Kerarbury property is leased to Olam Orchards Australia Pty Ltd until April 2038.

The Offer will also provide equity for the purchase of three macadamia orchards acquired by RFF in March 2016 using debt. Located near Bundaberg in South East Queensland, two of the orchards are leased to a managed investment scheme (MIS), the 2007 Macgrove Project of which RFM is the Responsible Entity, until June 2037. The third orchard is leased to RFM until December 2036.

1.8 Allotment

It is expected that allotment of the New Units under the Entitlement Offer will take place no more than five business days after the close of the Entitlement Offer.

Application Monies will be held by the Responsible Entity on trust for Applicants until the New Units are allotted. No interest will be paid on Application Monies.

It is the responsibility of Applicants to determine the number of New Units allotted and issued to them prior to trading in the New Units. The sale by an Applicant of New Units prior to receiving their holding statement is at the Applicant's own risk.

1.9 Quotation and trading

The Responsible Entity will make an application within seven days from the date of this Offer for quotation of the New Units on the ASX. Subject to ASX approval being granted, it is expected that normal trading of New Units under the Entitlement Offer will commence on 29 July 2016.

1.10 Holding statements

Holding statements are expected to be dispatched to Eligible Unitholders on 28 July 2016.

It is the responsibility of each Applicant to confirm their holding before trading in New Units. Any Applicant who sells New Units before receiving confirmation of their holding in the form of their holding statement will do so at their own risk. The Responsible Entity and the Underwriter disclaim all liability whether in negligence or otherwise (and to the maximum extent permitted by law) to persons who trade New Units before receiving their holding statements, whether on the basis of confirmation of the allocation provided by the Responsible Entity, the Registry or the Underwriter.

1.11 Withdrawal of the Entitlement Offer

The Responsible Entity reserves the right to withdraw the Entitlement Offer at any time, in which case the Responsible Entity will refund any Application Monies already received in accordance with the *Corporations Act 2001* without interest.

2. HOW TO APPLY – ELIGIBLE UNITHOLDERS

2.1 Eligible Unitholders

An Eligible Unitholder is a person or entity who holds Existing Units on the Record Date and who has a registered address in Australia or New Zealand and is not located in the US and is not a US Person (or a person acting for the account or benefit of a US Person).

Eligible Unitholders will receive a personalised Entitlement and Acceptance Form setting out their Entitlement, which accompanies this Offer Booklet.

Eligible Unitholders may:

- take up all or part of their Entitlement (refer to section 2.2); or
- do nothing and allow their Entitlement to lapse (refer to section 2.3).

Eligible Unitholders are not able to subscribe for more than their Entitlement.

2.2 How can Eligible Unitholders take up their Entitlement?

First of all, you should read this Offer Booklet and the Entitlement and Acceptance Form and seek appropriate professional advice if necessary. If you then wish to take up some or all of your Entitlement, there are two different ways you can submit your Application and Application Monies.

2.2.1 Payment via BPAY

To apply and pay via BPAY, you should make your payment in respect of the full Application Monies via BPAY for the number of New Units you wish to subscribe for, being the issue price of \$1.475 per New Unit multiplied by the number of New Units you are applying for, so that it is received no later than the Closing Date, being 5:00pm (AEST) on 21 July 2016. You can only make a payment via BPAY if you are the holder of an account with an Australian financial institution.

If you choose to pay via BPAY, you are **not required to submit the Entitlement and Acceptance Form** but are taken to make the statements on that form and representations outlined below in section 2.4 “Implications of making an Application”, including the Eligible Unitholder declarations set out on page 48 of this Offer Booklet.

If you have multiple holdings, you will have multiple BPAY reference numbers. To ensure you receive your Entitlement in respect of that holding, you must use the reference number shown on each personalised Entitlement and Acceptance Form when paying for any New Units that you wish to apply for in respect of that holding.

Please be aware of cut off times with regards to electronic payment. These vary between financial institutions, and you should take this into consideration when making payment of Application Monies.

If the amount of Application Monies is insufficient to pay in full for the number of New Units you applied for, you will be taken to have applied for such whole number of New Units which is covered in full by your Application Monies. Alternatively, your application will be rejected.

2.2.2 Submit your completed Entitlement and Acceptance Form together with cheque, bank draft or money order for all Application Monies

To apply and pay by cheque, bank draft or money order, you should complete the personalised Entitlement and Acceptance Form accompanying this Entitlement Offer indicating the number of New Units you wish to subscribe for. The form must be returned to the Registry (address details below) together with a cheque, bank draft or money order, which must be:

- in respect of the full Application Monies (being \$1.475 multiplied by the number of New Units you wish to subscribe for);

-
- in Australian currency drawn on an Australian branch of a financial institution; and
 - made payable to 'Rural Funds Group' and crossed 'Not Negotiable'.

Cash payments will not be accepted. Receipts for payment will not be issued.

If you wish to be allotted New Units, your Entitlement and Acceptance Form and your Application Monies in cleared funds must be received by the Registry by no later than the Closing Date, being 5:00pm (AEST) on 21 July 2016. Entitlement and Acceptance Forms (and payments for Application Monies) will not be accepted after the Closing Date and no New Units will be issued to you in respect of that Application.

You need to ensure that your completed Entitlement and Acceptance Form and a cheque, bank draft or money order in respect of the full Application Monies reaches the Registry at the following address:

Postal Address

Rural Funds Group Offer
Boardroom Pty Limited
GPO Box 3993
SYDNEY NSW 2001

For the convenience of Eligible Unitholders, a reply paid envelope addressed to the Registry has been enclosed with this Offer Booklet.

Do **not** send your Entitlement and Acceptance Forms (and payments for any Application Monies) to the Responsible Entity's registered or corporate offices.

Note that if you have more than one holding of Units, 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.

2.3 Take no action and allow all of your Entitlement to lapse

If you are an Eligible Unitholder and you do nothing, the Entitlement Offer will lapse in respect of your Units. If this occurs, then your percentage unitholding in the Fund will be reduced.

2.4 Implications of making an Application

Returning a completed Entitlement and Acceptance Form or paying any Application Monies for New Units via BPAY will be taken to constitute a representation by the Eligible Unitholder that they:

- have received a copy of this Offer Booklet accompanying the Entitlement and Acceptance Form, and have read them in their entirety;
- have made the Eligible Unitholder declarations set out at page 48 of this Offer Booklet; and
- acknowledge that once the Entitlement and Acceptance Form is returned, or a BPAY payment instruction is given in relation to any Application Monies, the Application may not be varied or withdrawn except as required by law.

2.5 Enquiries

This Offer Booklet and the accompanying Entitlement and Acceptance Form are important and require your immediate attention. You should read them in their entirety. If you are in doubt as to the course you should follow, you should consult your stockbroker, solicitor, accountant or other professional adviser. If you:

- have questions in relation to the Existing Units upon which your Entitlement has been calculated; or
- have questions on how to complete the Entitlement and Acceptance Form or take up your Entitlement; or
- you have lost your Entitlement and Acceptance Form and would like a replacement form;

call Rural Funds Management on 1800 026 665 (within Australia) or +61 2 6203 9700 (from outside Australia) from 8.30am to 5.00pm (AEST), Monday to Friday.

3. ASX ANNOUNCEMENT AND PRESENTATION

Rural Funds Group (RFF)



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5 July 2016

ASX Release

Subject: Announcement of capital raising

Rural Funds Management Limited (RFM) as responsible entity and manager of the Rural Funds Group (RFF) advises that it intends to undertake a capital raising. Offer proceeds, combined with debt and retained earnings, will be used to fund the expansion of RFF's agricultural property portfolio in three sectors, and marks RFF's entry into the northern Australian cattle industry.

Details:

- Capital raising of up to \$61 million, 1 for 4 pro rata non-renounceable Entitlement Offer at \$1.475 per Unit
- Proceeds, together with debt and retained earnings will be used:
 - to settle the purchase of three cattle properties and breeding herd in Queensland;
 - to develop a further 1,000 hectare almond orchard on Kerarbury; and
 - to fund three Macadamia orchards acquired in March 2016

Part of the funds raised (\$50 million) will be used to expand the RFF agricultural property portfolio into a new sector and climatic zone with the acquisition of three cattle properties and breeding herd in Queensland. The properties and breeding herd, which will be leased for ten years to Cattle JV Pty Ltd, a wholly owned subsidiary of RFM, form an efficient, integrated cattle operation, with two breeding properties near Normanton in Northern Queensland and a finishing property situated in central Queensland.



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Funds will also be used to develop an additional 1,000 hectares of almond plantings on the 'Kerarbury' orchard, near Darlington Point, NSW. RFM announced the lease extension with Olam Orchards Australia Pty Ltd on 29 June 2016. This development, which will commence in 2017, will entail capital expenditure of up to \$65 million over three-and-a-half years, and increase the planted area on Kerarbury to 2,500 hectares.

The Offer will provide equity funding for three macadamia orchards acquired in March 2016. Located near Bundaberg in South East Queensland, two of the orchards are leased to a managed investment scheme (MIS), the 2007 Macgrove Project of which RFM is the Responsible Entity, until June 2037. The third orchard is leased to RFM until December 2036.

The Offer is fully underwritten by Lead Manager and Sole Underwriter, Bell Potter Securities, and Wilson HTM Corporate Finance Ltd is the Co-Lead Manager. Details of the capital raising are set out in the Offer Booklet lodged with the ASX today. An Offer Booklet will be dispatched to those unitholders eligible to participate in the Entitlement Offer on or about 12 July 2016.

About Rural Funds Group (RFF)

RFF owns a diversified portfolio of high quality Australian agricultural assets. RFF's investment objective is to generate a stable income stream derived from leasing its assets to suitable counterparts and capital growth through any appreciation in the value of those assets. RFF is a stapled security, incorporating Rural Funds Trust (ARSN 112 951 578) and RF Active (ARSN 168 740 805), trading under the ASX code 'RFF'. Rural Funds Management Ltd (RFM) is the responsible entity of RFF.

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Rural Funds Group

(ASX: RFF)

\$61.0m Entitlement Offer for:

- Cattle assets
- Almond orchard development and water entitlements
- Macadamia orchards



5 July 2016

Disclaimer



This presentation has been prepared by Rural Funds Management Limited (ACN 077 492 838, AFSL 226701) ("RFM") as the responsible entity of Rural Funds Trust (ARSN 112 951 578) and RF Active (ARSN 168 740 805), collectively known as the Rural Funds Group ("RFF") in connection with a proposed issue of stapled securities in RFF ("Units") by RFM. This presentation contains summary information about RFF and is dated 5 July 2016. The information contained in this presentation is not investment or financial product advice and is not intended to be used as the basis for making an investment decision. Please note that, in providing this presentation, RFM has not considered the investment objectives, financial circumstances or particular needs of any particular recipients.

This presentation is not, and does not constitute, an offer to sell or the solicitation, invitation or recommendation to purchase any securities and neither this presentation nor anything contained herein shall form the basis of any contract or commitment. In particular, this presentation does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States. This presentation must not be released or distributed in the United States. Any securities described in this presentation have not been, and will not be, registered under the *US Securities Act of 1933* and may not be offered or sold in the United States except in transactions exempt from, or not subject to, registration under the *US Securities Act* and applicable US state securities laws.

WARNING: The contents of this presentation have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this presentation, you should obtain independent professional advice

Persons receiving this presentation acknowledge that some of the information in this presentation would be considered 'inside information' and by receiving this presentation you agree you must not deal, or cause another person to deal, in any securities of RFF contrary to part 7.10, division 3 *Corporations Act 2001* (Cth). By receiving this presentation you acknowledge and agree you will not:

- a) acquire, purchase or sell, or agree to acquire, purchase or sell any securities (or direct or indirect rights, warrants or options to acquire any securities) in RFF;
- b) enter into any agreement or arrangement which confers rights, the economic effect of which is equivalent or substantially equivalent to the acquisition, purchase or disposal of securities in RFF (including cash settled derivative contracts, contracts for differences or other derivative contracts); or
- c) aid, abet, counsel, procure or induce any person, corporation or other entity to do any of the things set out in clauses (a) or (b);

until the inside information has been released to the Australian Securities Exchange or RFF goes into a trading halt pending release of the inside information.

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Contents



Section 1: Transaction summary

Section 2: Cattle assets acquisition

Section 3: Almond orchard development expansion

Section 4: Macadamia orchards funding

Section 5: Appendices:

- About Rural Funds Management Ltd (RFM)
- RFF pro forma financials
- Key risks

1

Transaction summary



Summary



1 for 4 pro rata non-renounceable Entitlement Offer at \$1.475 per unit to raise \$61.0m

- RFF is raising \$61.0m for the following:
 - Cattle** assets – acquisition of three cattle properties (breeding, backgrounding and finishing) and breeder herd
 - Almond** orchard development – 1,000 ha expansion, including 14,326 ML of water entitlements, of the Kerarbury almond orchard development¹
 - Macadamia** orchards – funding for three established macadamia orchards acquired March 2016
- Key benefits to investors:
 - ✓ **Adjusted Funds from Operations (AFFO) accretive** (see slide 9)
 - ✓ **Supports growing distributions** (see slide 9)
 - ✓ **Longer Weighted Average Lease Expiry (WALE)** (see slide 7)
 - ✓ **Increased sector/lessee diversification** (see slide 11)
 - ✓ **Provides climatic diversification** (see slide 13)
 - ✓ **Increased exposure to natural resources predominant assets** (see slide 12)
 - ✓ **Positive industry fundamentals** (see slide 18 - 19 & 31, 35)

Key metrics: post-transaction

AFFO per unit	12.42 cents
Forecast income yield ²	6.5%
WALE ³	15.2 years
Occupancy	100%
Adjusted total assets	\$452.3m
Payout ratio	78%
DPU growth rate	8%, reverting to 4%

Sources and uses of funds

Source of funds	
Debt	\$12.8m
Equity	\$61.0m
Total sources	\$73.8m
Use of funds	
Cattle	\$50.0m
Almonds ⁴	\$11.3m
Macadamias	\$9.9m
Transaction costs	\$2.6m
Total uses	\$73.8m

Notes:

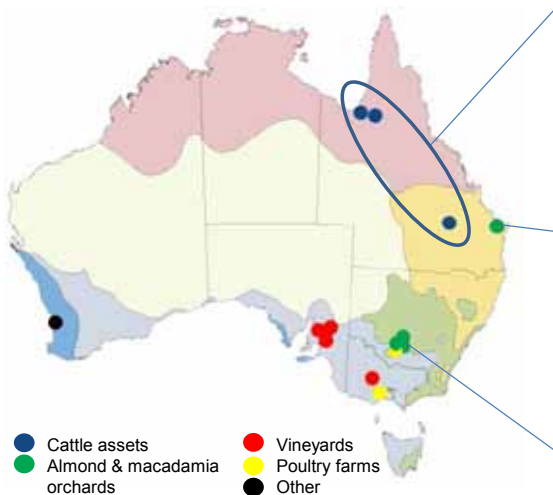
- Lease requires 10,000 ML of high security equivalent water. To meet this requirement RFF will acquire a blend of high and general security entitlements, estimated to total 14,326 ML
- Calculated as forecast FY17 distribution of 9.64 cents per unit divided by the Offer price of \$1.475
- Pro forma WALE calculated as though Kerarbury and Tocabil developments were complete 30 June 2016
- Includes water entitlements to be settled upon completion of the equity raising. The total forecast capital cost of the 1,000 ha extension to the Kerarbury development is \$63.8m with completion by 31 December 2019

New investments overview



The equity raised will fund new investments in three key sectors

New investments and existing assets¹



Cattle assets: Three properties including two breeding properties and breeder herd (approx. 10,900 head) located in the Gulf of Carpentaria totalling 225,800 ha. High value backgrounding and finishing property of 17,500 ha including feedlot located in central Queensland

Lessee: Cattle JV Pty Ltd (CJV) (a wholly owned subsidiary of RFM)

Lease term: 10 years

Indexation & rent review: CPI plus EYCI² based indexation & market review at year 5 (property)



Macadamia orchards: Three established macadamia orchards totalling 261 ha located in Bundaberg, QLD. Orchards are cash flow positive and are 2-3 years from mature production

Lessees: 2007 Macgrove Project & RFM

Lease term: up to 21 years

Indexation & rent review: CPI (Project), 2.5% (RFM)



Almond orchard: Additional 1,000 ha expansion of current Kerarbury development. Located near Darlington Point, NSW and 135km south of RFF's existing almond orchards. Development to include an additional 10 ML/ha of water entitlements. Three water sources: Groundwater, Murrumbidgee River and Kerarbury Channel Scheme

Lessee: Olam Orchards Australia Pty Ltd (a wholly owned subsidiary of Olam International Ltd)

Lease term: 22 years

Indexation: CPI

Notes:

1. Shaded areas denote different rainfall classes, see slide 13 for details
2. Eastern Young Cattle Indicator as published by Meat and Livestock Australia (MLA)

Pro forma impact of transaction



The transaction improves key portfolio metrics

Pro forma transaction effect

	Unaudited pre-transaction pro forma ¹ 31 May 2016	Unaudited post-transaction pro forma 31 May 2016
Adjusted Total Assets ²	\$381.1m	\$452.3m
Adjusted Net Asset Value (NAV) ²	\$243.0m	\$301.3m
Adjusted NAV per unit ²	\$1.47	\$1.46
Units on issue	165.4m	206.7m
Gearing ³	33.0%	30.6%
Number of properties	28 properties	34 properties
WALE (pro forma) ⁴	13.8 years	15.2 years
Occupancy	100%	100%
Water entitlements	60,842 ML	66,093 ML
Annual indexation ⁵	2.2%	2.3%

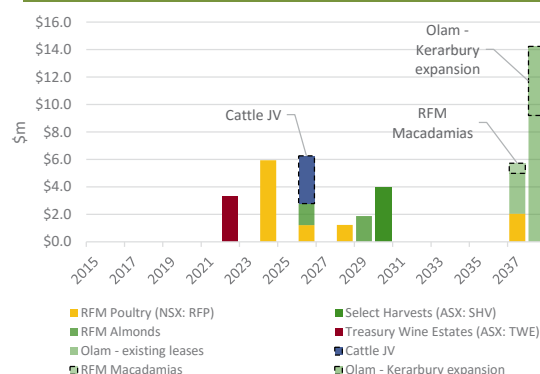
Notes:

1. Pre-transaction pro forma based on unaudited results to 31 May 2016, with an adjustment to exclude the macadamia transaction in order to better show the effect of the transaction
2. Adjusted assets incorporates independent property valuations, inclusive of water entitlements. Post-transaction pro forma includes assets settled upon completion of the Offer
3. Gearing calculated as external borrowings/adjusted total assets
4. Lease expiries weighted by forecast FY17 rental income, expressed in years from 30 June 2016. Post-transaction pro forma weighted assuming cattle assets, macadamias, and all almond developments complete
5. Assumes CPI of 2.5%, weighted by forecast FY17 revenue
6. Calculated forecast FY17 distribution of 9.64 cents per unit divided by the Offer price of \$1.475

Key forecasts FY17

Adjusted Funds From Operations (AFFO) per unit	12.42 cents
Distributions per unit (DPU)	9.64 cents
Payout ratio	78%
Distribution payment frequency	Quarterly
Forecast income yield ⁶	6.5%

Weighted average lease expiry profile



Almond development timetable

Almond orchard capex and investment program totalling \$122.9m to FY20 underpins growth

- Funded from the Entitlement Offer, forecast retained earnings and debt facilities
- Investment and expansion of existing asset base over the next few years is expected to underpin:
 - Increased revenue
 - Increased AFFO
 - Increased NAV
 - Distribution growth
 - Reduced fixed costs as a proportion of the Fund

Almond developments: timetable and capital cost

	FY17	FY18	FY19	FY20	Total
Tocabil	4.5	5.3	4.2		\$14.0m
Kerarbury – 1,500 ha	21.4	9.9	7.3	6.5	\$45.1m
Kerarbury – 1,000 ha	34.5	18.7	6.2	4.4	\$63.8m
Total development	\$60.4m	\$33.9m	\$17.7m	\$10.9m	\$122.9m

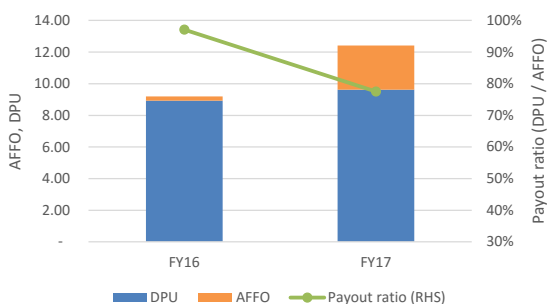
AFFO and DPU

The transaction is AFFO accretive and supports DPU growth

AFFO, DPU and payout ratio forecasts

	DPU (cpu)	AFFO (cpu)	Payout ratio
FY16 forecast	8.93	9.20	97%
% change	8%	34%	-19%
FY17 forecast	9.64	12.36	78%
% change	-	0.5%	-0.4%
Post-transaction FY17 forecast	9.64	12.42	78%
Post-FY17 forecast growth rate	4%		

FY16 and post transaction FY17 forecasts

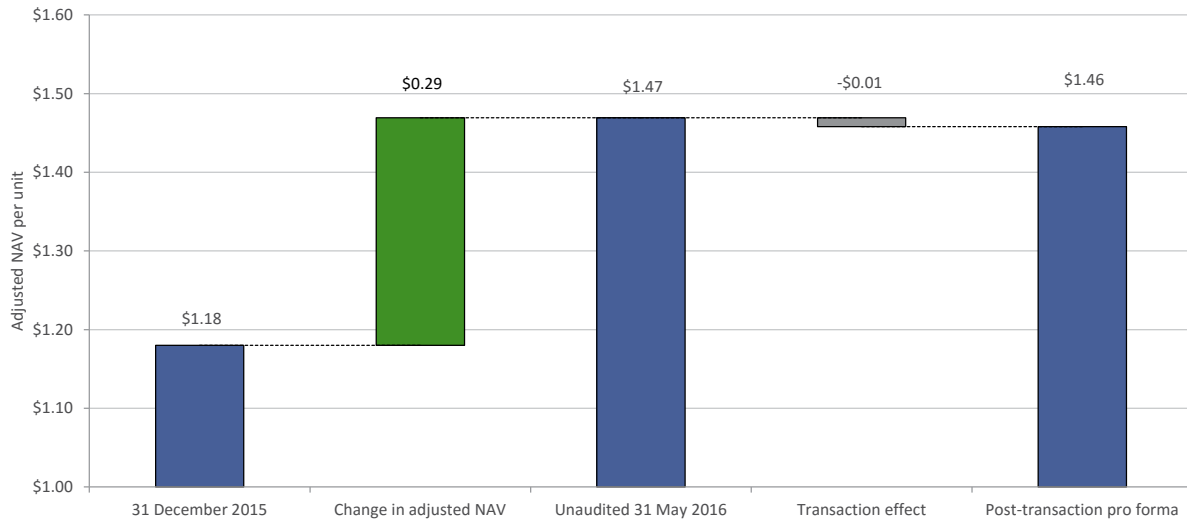


- The transaction, together with debt and retained earnings, provides funding for:
 - Cattle assets;
 - Almond development expansion; and
 - Macadamia orchards acquired March 2016 (initially debt funded)
- The increase between the forecast FY16 AFFO of 9.20 cents per unit (cpu) and forecast FY17 AFFO of 12.36 cpu is primarily a result of a rent review finalised in May 2016
- The transaction is accretive, growing forecast FY17 AFFO to 12.42 cpu, and will become significantly more accretive in future years as the almond development progresses
- RFF is lowering its payout ratio whilst increasing distributions
- The lower payout ratio and growth in DPU is supported by:
 - growth in rent from almond developments
 - lease indexation and rent reviews
 - accretive investments
- RFM will not charge a management fee in FY17 on the cattle assets and the additional 1,000 ha almond plantings to avoid unitholder dilution as a result of the timing of almond development capex

Adjusted NAV



FY16 independent valuations have had a material impact on adjusted NAV



- Property assets, including water entitlements, have increased in value by approximately \$82m since 31 December 2015 as a result of property valuations (\$47m), capital expenditure and acquisitions (combined \$35m)
- The change equates to a 25% increase in adjusted NAV per unit
- The increased exposure to natural resources predominant assets provides potential for higher levels of NAV growth

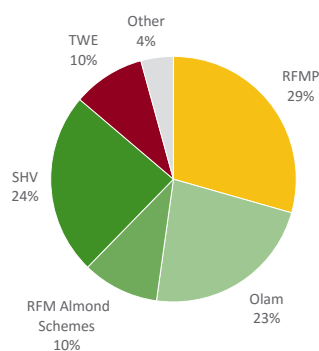
10

Sector and lessee diversification

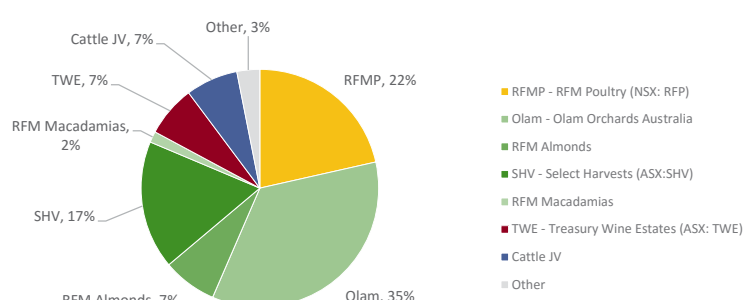


The transaction further diversifies sectors and lessees

FY17 forecast revenue pre-transaction¹



Post-transaction pro forma (at completion of developments)²



- One of RFM's key strengths is its operational experience in all of the sectors in which RFF leases farming assets
- For example, RFM operated almond orchards and vineyards before entering agreements with lessees such as Select Harvests (ASX: SHV), Olam and Treasury Wine Estates (ASX: TWE)
- RFM intends to pursue expansion within the cattle and macadamia sectors with additional lessees

Notes:

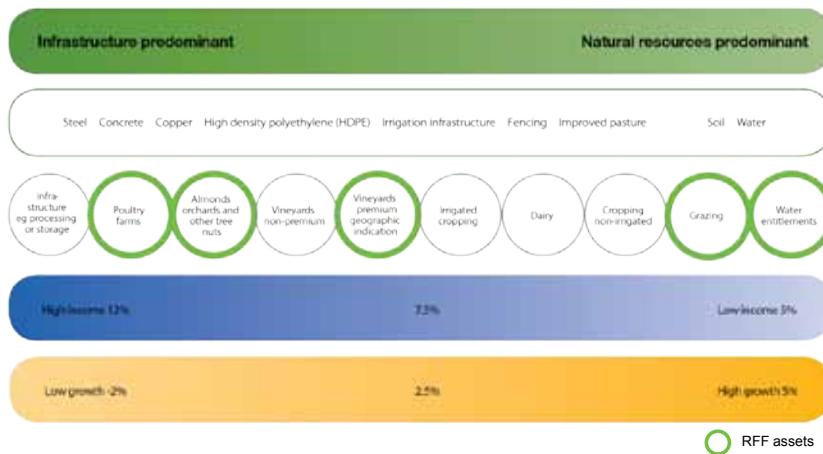
- The pre-transaction pro forma assumes forecast FY17 revenue from existing leases, excluding RFM macadamias
- The post-transaction pro forma assumes forecast FY17 revenue from existing leases, with the addition of the cattle and macadamia transactions, and assuming all almond developments were completed 30 June 2016. Almond developments will be complete by 31 December 2019

11

Spectrum of investment opportunities

The transaction will improve diversification into natural resources predominant assets

Spectrum of investment opportunities¹



- The majority of existing assets are infrastructure predominant
- Cattle grazing properties are natural resources predominant:
 - with higher levels of potential capital growth; and
 - lower levels of depreciating infrastructure components
- Water entitlements are also natural resource predominant
- Property and productivity improvements of natural resources predominant assets may increase their capital value, leading to income growth through rent review mechanisms

Notes:

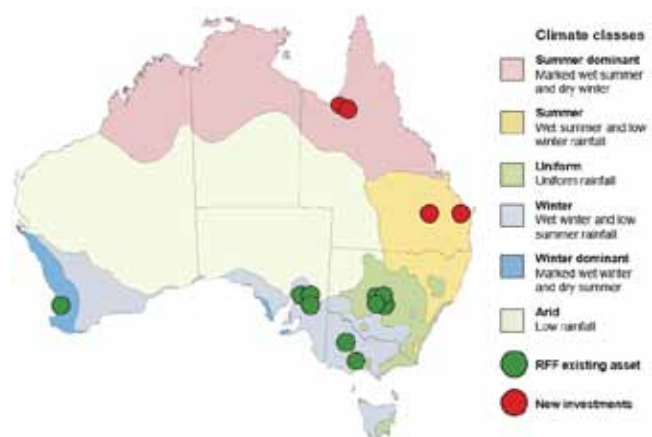
1. The income and growth figures presented have been provided to differentiate the profile of income and growth that can be derived from different assets. They are based on RFM's experience and observations of agricultural lease transactions and historical rates of growth. They are neither forecasts nor projections of future returns. Past performance is not a guide to future performance

Climatic diversification

The transaction will provide climatic diversification benefits

- New acquisitions add climatic diversification:
 - Cattle and macadamia properties are located in Queensland with summer dominant rainfall
 - The almond orchard expansion is located in south eastern Australia where rainfall is uniform or winter dominant
- The benefits of climatic diversification include³:
 - Moderating the likelihood of multiple lessees experiencing wetter or drier conditions at the same time
 - Introducing new commodities with different production cycles and commodity prices
 - Reduced exposure to the effects of large scale climatic systems (e.g. El Niño) and moderation of the long-term exposure to possible climate change impacts

Climatic zones and RFF assets^{1,2}



Notes:

1. Australian Bureau of Meteorology
2. Based on median annual rainfall and seasonal incidence determined from the ratio of the median rainfall November to April and May to October over 100 year period from 1900-1999. Property locations approximate
3. RFM (2016), RFF Climatic diversification discussion paper

Entitlement Offer



Key details

Structure	<ul style="list-style-type: none"> 1 for 4 pro rata non-renounceable Entitlement Offer to raise \$61.0m <ul style="list-style-type: none"> - 41.3 million New Units - Fully underwritten
Offer Price	<ul style="list-style-type: none"> Fixed offer price of \$1.475 per Unit <ul style="list-style-type: none"> - 6.6% discount to last close (30 June 2016 close \$1.58) - 8.5% discount to 5-day VWAP of \$1.61 - 6.9% discount to TERP¹ - 6.5% forecast FY17 income yield at Offer Price
Use of funds	<ul style="list-style-type: none"> Acquisition of cattle properties and livestock, development of almond orchard, funding of macadamia orchards and Offer costs
Ranking	<ul style="list-style-type: none"> New Units will be fully paid and rank equally with RFF's existing Units New Units will be eligible for the distribution payable for the quarter ending 30 September 2016
RFM Unitholding	<ul style="list-style-type: none"> Entitlement of approximately 1.3 million New Units and will subscribe approximately \$1.9 million
Offer jurisdictions	<ul style="list-style-type: none"> Registered addresses for retail investors - Australia and New Zealand
Lead Manager	<ul style="list-style-type: none"> Bell Potter Securities Ltd
Co-Lead Manager	<ul style="list-style-type: none"> Wilson HTM Corporate Finance Ltd

Note:

1. Theoretical ex-rights price (TERP) calculated on pre-announcement 5-day VWAP price

14

Conclusion



- RFF is an agricultural REIT designed to generate stable rental income from a quality portfolio of agricultural assets and includes:
 - diverse portfolio: 35¹ properties with revenue primarily derived from five sectors: almonds, poultry, vineyards, cattle and water
 - high quality tenants and key counterparts: including Treasury Wine Estates (\$6.8bn mkt cap), Olam Australia a wholly owned subsidiary of Olam International (\$5.1bn mkt cap), Select Harvests (\$0.5bn mkt cap)², Baiada Poultry Pty Ltd
 - attractive yield: forecast 6.5% based on Offer price. Distributions paid quarterly.
 - potential for capital and income growth: through increased valuation of natural resources predominant assets
- The Entitlement Offer transaction:
 - is AFFO accretive immediately and increasing in future years: FY17 12.42 cpu, with decreased payout ratio to allow for reinvestment to generate future AFFO and NAV growth
 - supports growing forecast distributions: FY17 9.64 cpu with 4% annual indexation
 - enhances long term income stability: WALE of 15.2 years³ and 100% occupancy
 - improves diversification: natural resources predominant assets, climatic zones, agricultural sectors and lessees



Notes:

- Properties include the proposed acquisitions
- Market capitalisations as at 30 June 2016
- Pro forma WALE calculated as though Kerarbury and Tocabil developments were complete 30 June 2016

15

Timetable

Entitlement Offer key dates

Proposed trading halt	Friday, 1 July 2016 – Monday, 4 July 2016
Ex-date for Entitlement Offer	Thursday, 7 July 2016
Record Date for Entitlement Offer	Friday, 8 July 2016
Entitlement Offer opens	Tuesday, 12 July 2016
Offer Booklet and Personalised Entitlement and Acceptance Forms sent to all Eligible Unitholders	Tuesday, 12 July 2016
Entitlement Offer closes (Closing Date)	Thursday, 21 July 2016
Allotment of Units issued under Entitlement Offer	Thursday, 28 July 2016
Dispatch of holding statements	Thursday, 28 July 2016
Expected date for trading of Entitlement Offer Units	Friday, 29 July 2016

2 Cattle assets acquisition

Sector: Cattle industry

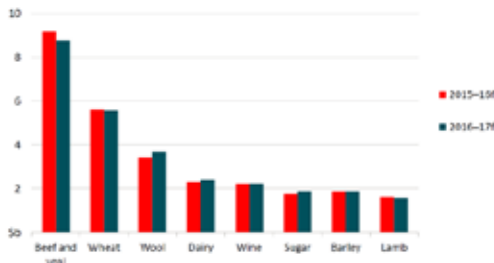
Cattle is Australia's largest agricultural industry

- The cattle industry is the largest agricultural sector in Australia with annual production of \$18.2 billion¹
- 44% of the national cattle herd of 29.1 million head are in Queensland¹
- Though smaller than the mining industry, the Australian meat industry is a meaningful and growing share of the country's export sector²
- Beef and veal is the largest agricultural export category³
- Australia is the third largest beef exporter globally¹
- Total capital value of industry estimated at \$108 billion⁴

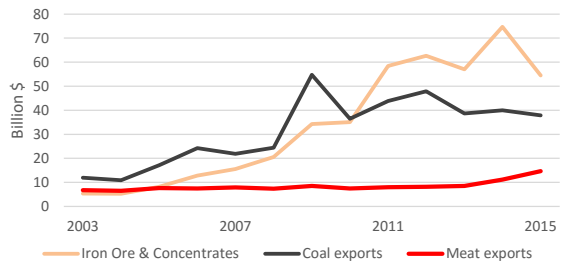
National cattle herd by head of cattle¹



Beef & veal exports vs other agricultural commodities³



Meat exports vs Iron Ore & Coal²



Notes:

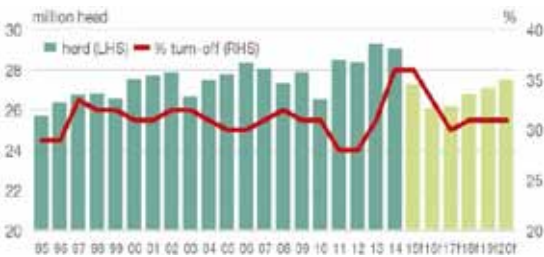
1. MLA - Fast Facts 2015: Australia's beef industry
2. ABS data

3. ABARES
4. RFM estimate. Based on 29.1m herd, cattle value of \$700 per head plus \$3,000 per head property value

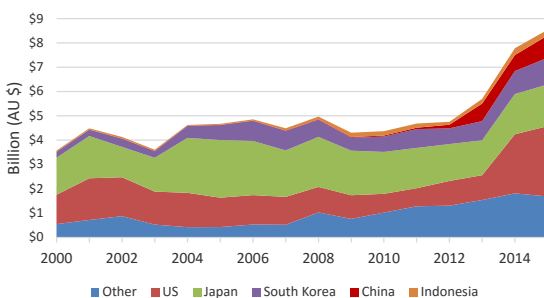
Sector: Outlook

Low domestic inventory and increasing offshore demand supports a positive sector outlook

Total herd – historical and forecast¹



Australian beef export values (2000 – 2015)¹



- The Australian cattle herd is forecast to decline to 26.2 million head by 30 June 2016, the lowest level since 1994
- Low herd numbers are expected to drive strong competition between re-stockers, feedlots and processors
- Existing and new export markets are growing: Australian beef exports have increased by 76% from 2000 to 2015²
- As China's middle class continues to grow, demand for beef is expected to increase from 28.8 million head to 33.6 million head in 2024, an increase of 17%²
- Based on OECD data, it is estimated the world will consume an additional 70 million head of cattle per year by 2024³
- Exports for 2015 were valued at \$9.3 billion, 84% above the ten-year average and are expected to benefit as a consequence of recent free-trade agreements with China, Korea and Japan
- Lower AUD has made exports more competitive
- ABARES is projecting high beef prices to continue over next five years driven by aforementioned low herd numbers, lower AUD and export market growth⁴

Notes:

1. MLA
2. OECD and IMF

3. OECD, converted to head based on an assumed average of 250kg carcass weight
4. ABARES Agricultural Commodities March 2016

Sector: Cattle property values

Cattle property values are yet to respond to significantly higher cattle prices

Queensland grazing property prices, cattle prices¹



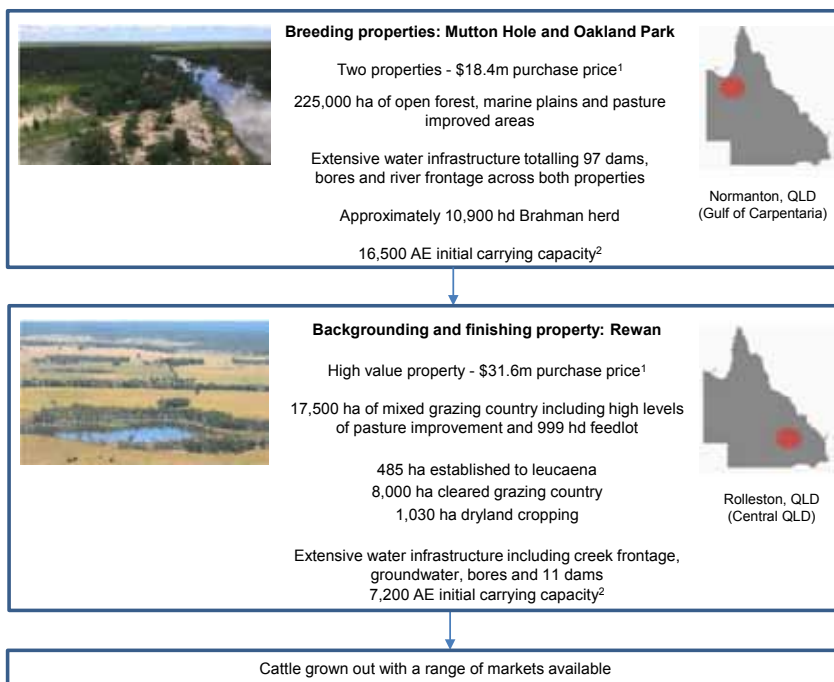
- Queensland agricultural property prices, on a \$/ha basis, have remained flat over the past 10 years
- There has been a significant increase in cattle prices (45% since 2013) with property prices yet to respond
- Potential for high capital growth in near-to-medium term, which may lead to higher AFFO through market reviews

Notes:

1. Herron Todd White, Australian Grazing Property Index dataset, 2016. Property price index calculated as \$/ha sales of relevant properties, rebased to 100

Lessor: Property details

The properties combine to form a large-scale, integrated cattle operation attractive to a lessee



- Breeding herds located at Mutton Hole and Oakland Park, provide an efficient and reliable supply of young cattle. This reduces exposure to market price fluctuations. Cattle are transported to Rewan for backgrounding and finishing
- Improved pasture on Rewan, including fodder crops, forage legumes and highly productive leucaena, provide a quality feed base for fattening
- Rewan is located within commercial proximity of multiple feedlots, abattoirs, saleyards and port facilities providing the lessee with a range of options depending on seasonal and market conditions

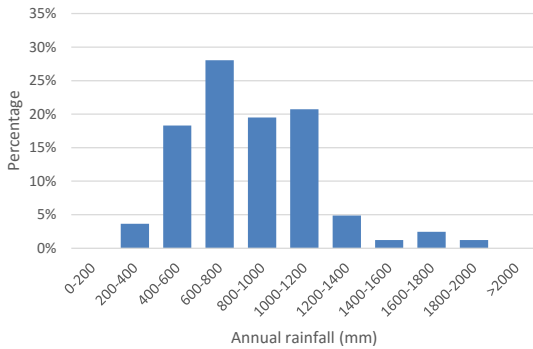
Notes:

1. Purchase price shown inclusive of stamp duty, subject to adjustment following completion of the muster expected in July 2016
 2. Adult Equivalent (AE) is the standard measure of grazing loads commonly used across northern and pastoral Australia and is based on a 450kg Bos Taurus steer at maintenance (not gaining weight)

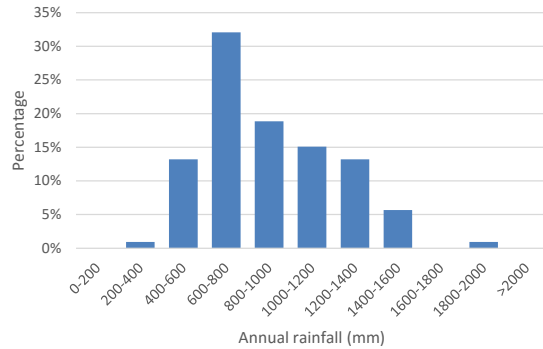
Lessor: Property historical rainfall

The properties are in high reliability rainfall areas

Rainfall histogram: Rewan 1910 - 2015



Rainfall histogram: Mutton Hole and Oakland 1910 - 2015

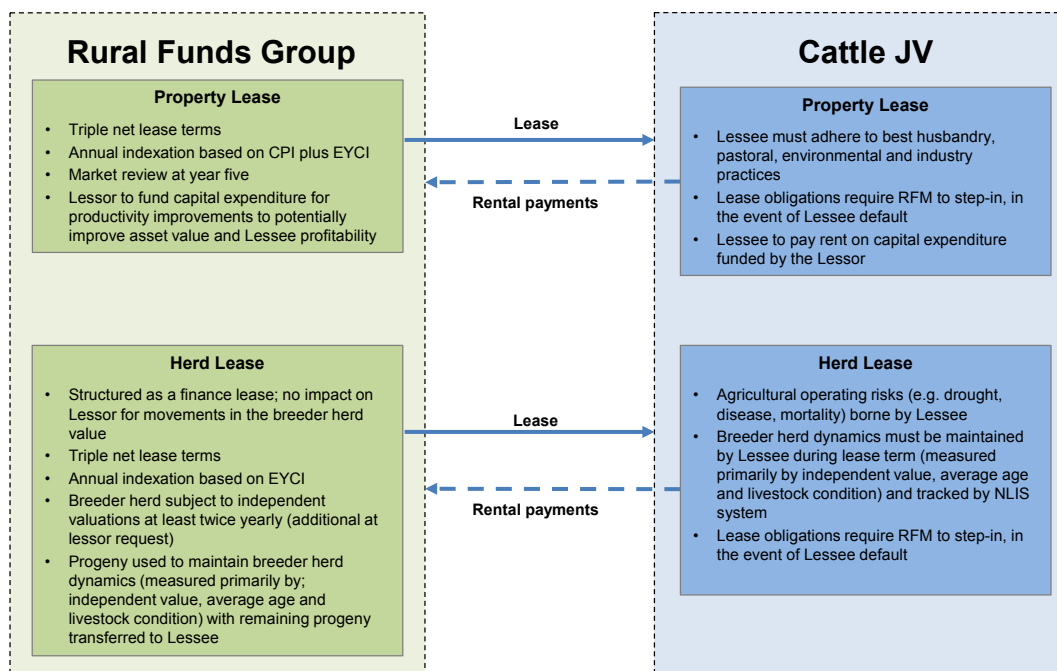


- Based on data from 1910, Rewan receives average annual rainfall of 842mm
- The data demonstrates in 95% of years between 1910 and 2015, rainfall has been above 445mm, making it a highly reliable asset

- Based on data from Normanton since 1910, the property receives average rainfall of 898mm, with 94% of annual rainfall occurring over October-March.
- The data demonstrates in 95% of years between 1910 and 2015 the rainfall has been above 495mm making it a highly reliable asset

Lessor: Lease structure

The RFM Board commissioned and considered a range of information including external data to objectively satisfy itself that the rate and terms of the rental agreement are on an arm's length commercial basis



Lessee: Details



CJV and RFM are taking the agricultural operating risk

Structure:

- CJV is a wholly owned subsidiary of RFM, a fund and farm manager established in 1997 (see table: RFM forecast FY16)
- RFM will invest \$4.5m equity and has negotiated a \$5.5m bank facility for Cattle JV for working capital and additional livestock purchases
- RFM is required to step-in and perform the lease obligations in the event CJV defaults on its obligations under the leases (see table: Key lease features)
- The RFM board is satisfied that the lease is on arm's length terms and at market rates
- CJV structured to accept investment with suitable joint venture partners (e.g. processors seeking to secure supply)

Experience:

- CJV has employed property managers for each of the three properties with 80 years combined experience in livestock operations and management. The personnel have worked on the properties being purchased, or within the immediate region
- RFM has engaged a consultant with direct experience with the breeding properties being purchased
- RFM directors and managers have direct operational and corporate experience in livestock operations

RFM forecast FY16 – key information

Total assets	\$34.7m
Net assets	\$18.0m
Net profit before tax	\$2.0m

Key lease features

Lease term	10 years
RFM step in obligation term	10 years
Indexation	CPI plus EYCI, market review 2021 (property)
Herd lease structure	Finance lease (no exposure to herd market value)

24

Lessee: Business case



CJV has an integrated breeder to feeder model reducing volatility through the cycle

- Carrying capacity, weight gain¹ and calving rates² are the primary measures of productivity of cattle grazing properties
- Initially CJV is forecasting a calving rate of 55% and a weight gain rate of 0.6kg per day, resulting in a forecast cost of production of \$2.04/kg live weight (lwt) (Scenario 1)
- CJV will seek to increase the calving rate and weight gain through:
 - Increasing supplement
 - Pasture improvement (e.g. leucaena or other crops)
 - Investment in infrastructure (eg. watering points)
 - Improved herd genetics
 - Management practices
- Assuming a calving rate of 62.5% and a weight gain of 0.7kg per day, the cost of production is forecast to be \$1.77/kg lwt (Scenario 2)
- The EYCI is 641 cents per kg (\$3.22 per kg lwt) at 23 June 2016, and over the past 5 years the EYCI has averaged 397 cents per kg (\$2.06 per kg lwt)³
- ABARES is forecasting five year average sale yard price of 518 cents per kg (\$2.69 per kg lwt)⁴

Forecast cost of production

	Scenario 1	Scenario 2
Breeder assumptions: Gulf properties		
Calving rate (% p.a.)	55.0%	62.5%
Weaning weight (kg/hd)	175	175
Breeders (total hd) ⁵	12,000	12,000
Backgrounding assumptions: central Queensland		
Weight gain (kg/day)	0.6	0.7
Stocking rate (total hd)	8,500	8,500
Consolidated cost of production		
Total kg produced	3,016,500	3,484,250
Cost of production (\$/kg lwt)⁶	\$2.04	\$1.77

Notes:

- Weight gain: the rate of weight gain per day over a specified period of time
- Calving rate: the average number of calves born per year per cow present in the herd
- MLA
- ABARES forecast dressed saleyard price to FY2021 in nominal terms
- CJV intends to increase the breeding herd to 12,000 head from the initial 10,900 head
- Includes all on-farm, lease and finance costs

25

Lessee: Productivity improvements

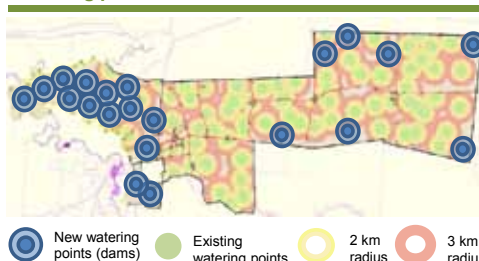
Productivity improvements can have multiple benefits for RFF investors

- CJV aims to increase the carrying capacity, weight gain and calving rates on the properties, partly through additional capex, such as:
 - expanding the existing 485 ha of leucaena on Rewan. Research has demonstrated that leucaena can double productivity¹
 - expanding existing areas planted to legumes (e.g. stylo) on Mutton Hole and Oakland Park. Research has indicated legumes provide substantial productivity gains²
 - expanding existing watering points on Mutton Hole and Oakland to improve carrying capacity and weight gain. Additional watering points reduce the distance, and thus energy cattle are required to expend, and unlocks under-utilised areas
- CJV aims to improve carrying capacity from 23,700AE to 28,000AE
- Capex on the properties will attract additional rent and aims to:
 - increase property values
 - improve counterpart profitability

Pasture improvement – Rewan



Watering points – Mutton Hole



Proposed pasture improvement – Mutton Hole and Oakland Park³



Notes:

1. MLA. Bannockburn PDS report: The economic performance of beef cattle finishing systems used on the North-Eastern Downs
2. MLA. Analysis of the potential to manipulate the rumen of northern beef cattle to improve performance
3. Image source: Wikimedia (creative commons)

Key lease details

The property and breeding herd lease rates fit within the spectrum of investment opportunities and meet RFF's return requirements

Cattle JV - key lease terms

Lessee	<ul style="list-style-type: none"> • Cattle JV Pty Ltd (CJV), a wholly owned subsidiary of RFM
Leased assets	<ul style="list-style-type: none"> • Mutton Hole and Oakland Park (225,800 ha breeding properties) • Rewan (17,500 ha backgrounding and finishing property) • Approximately 10,900 head breeding herd (approx. 95% cows, 5% bulls)
Key lease terms	<ul style="list-style-type: none"> • 10 year term (property leases and herd lease) ending 30 June 2026 • Lease rate components vary between land, capex and breeding herd • Leases payable quarterly in advance • Triple net lease (repairs and maintenance and all outgoings on account of CJV) • CJV must adhere to best husbandry, pastoral, environmental and industry practices • RFM is required to step-in and perform the lease obligations in the event CJV defaults on its obligations under the leases
Herd lease – further details	<ul style="list-style-type: none"> • Breeder herd (Herd) on Mutton Hole and Oakland Park (approx. 10,900 head) • Herd dynamics must be maintained during lease term (measured primarily by independent value, average age and livestock condition) tracked by NLIS system • Herd to be mustered at least once per year (June) to determine herd dynamics, in conjunction with independent valuer as well as desktop review (December). Additional musters at lessor request • Progeny owned by CJV after allowing for replacement females to maintain Herd dynamics • Structured as a finance lease; no price risk impact on RFF. CJV must immediately pay RFF the difference between the Herd valuation, if below the lease value, in either cash or additional livestock. At commencement of the lease, the lease value is expected to be 29% below the market value • CJV to repay outstanding lease value at the end of the lease (ownership transfers to CJV)
Capex	<ul style="list-style-type: none"> • Capex funded by RFF to attract additional rent • Capex by agreement between the parties
Lease indexation	<ul style="list-style-type: none"> • Annual indexation based on CPI (property lease only) plus EYCI adjustment mechanism (up to an additional 150bps above base rate). Lease rate cannot go below base rate • Market review at end of year five for property

3

Almond orchard development expansion



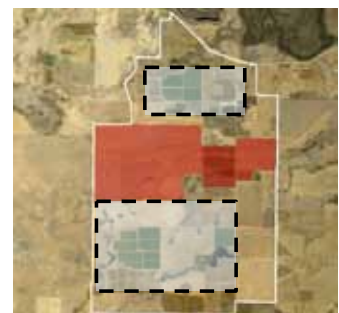
Almond orchard expansion



RFF will expand the existing Kerarbury almond orchard development by 1,000 ha

- RFF raised equity in October 2015 to purchase Kerarbury and fund a 1,500 ha almond orchard development to be leased to Olam Orchards Australia
- Current orchard development is on schedule: 1,200 ha to be planted 2016 calendar year and a further 300 ha in 2017
- The existing lease includes a provision for a further 1,000 ha
- RFM has entered into a lease variation for the additional plantings (see slide 30 for further details)
- The forecast capital cost of the 1,000 ha extension to the Kerarbury development is \$63.8m. This will be funded through a combination of the proceeds of this Offer, debt and retained earnings

Kerarbury expansion



The 1,000 ha development is expected to take place in the white areas indicated above; the 2016 development is indicated by the red area

Kerarbury expansion: development timetable and capital cost

	FY17	FY18	FY19	FY20	Total
Water entitlements	27.5				\$27.5m
Infrastructure and trees	6.8	14.1			\$20.9m
Orchard maintenance	0.2	4.6	6.2	4.4	\$15.4m
Total development	\$34.5m	\$18.7m	\$6.2m	\$4.4m	\$63.8m

Almond orchard expansion – property & lease details



The almond orchard lease rate fits within the spectrum of investment opportunities and meets RFF's return requirements

Key property and lease extension details

Background	<ul style="list-style-type: none"> Existing asset purchased October 2015 for initial 1,500 ha almond orchard development Lease entered into with Olam Orchards Australia Pty Ltd (subsidiary of SGX-listed Olam International Limited) which included a provision for an additional 1,000 ha subject to funding and water purchases
Property	<ul style="list-style-type: none"> Kerarbury, located near Darlington Point, NSW 50km south of Griffith, 135km south of RFF's existing almond orchards Total area 7,756 ha with surplus land suitable for irrigated cropping and grazing
Water access	<ul style="list-style-type: none"> Groundwater: Lower Murrumbidgee Groundwater aquifer (six irrigation bores) Murrumbidgee River: direct access to the river at the north of the property Kerarbury Channel Scheme
Key lease terms	<ul style="list-style-type: none"> 1,000 ha almond plantings commencing 2017¹ 22 years ending April 2038 10 ML/ha (average 11.2 ML/ha permanent water entitlements across 2,500 ha development) Lease payable quarterly in advance Lease rate applied to all capital expenditure funded by RFF Lease indexation CPI Line fee payable on any undrawn capital expenditure payable from 1 July 2017 Conditional on FIRB approval if required
Capex	<ul style="list-style-type: none"> Capped at \$65,000/ha Olam to incur costs as required; RFF to reimburse quarterly Capex funded through to December 2019 Includes capitalised orchard maintenance costs² Total capex estimated at \$63.8 million

Notes:

- RFM will not charge a management fee in FY17 on the cattle assets and the additional 1,000 ha almond plantings to avoid unit holder dilution as a result of the timing of almond development capex.
- Orchard maintenance costs (direct growing costs) capitalised (i.e. attract rental income) through to December 2019, and thereafter become lessee's responsibility.

30

Almond industry



There is a positive outlook for the Australian almond industry

- Global demand for Australian almonds remains strong and will be supported by the recently signed Free Trade Agreements with Asian trading partners
- The declining AUD is favourable for Australian growers as almonds are traded in USD
- California (growing 80% of the world's almonds) continues to experience drought conditions despite some relief in 2015/16, which delivered higher than expected yields and impacted the almond price
- Long-term, systemic issues of unsustainable levels of groundwater extraction in California

Improving supply and demand outlook¹



Californian drought conditions – as at 20 June 2016²



Notes:

- Almond Insights 2014-2015, Almond Board of Australia
- USDA Drought Monitor (accessed 20 June 2016)

31

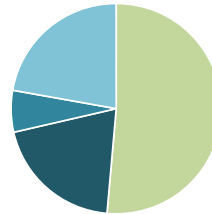
Olam International Limited



Overview¹

- Leading global agribusiness company operating from seed to shelf in 70 countries
- 62,500 employees
- Covers 16 product platforms with leadership positions in a variety of commodities including cocoa, coffee, cashew, rice and cotton
- World's largest grower of almonds and the only supplier with operations in both Australia and California
 - 12,000 ha in Australia, 4,000 ha in California
- Listed on SGX Mainboard

Key shareholders³



- Temasek (51.4%)
- Mitsubishi Corporation (20.0%)
- Olam Management (6.4%)
- Others (22.2%)

Australian operations¹

- Integrated supply chain operations in five commodities – cotton, almonds, pulses, cocoa and dairy
- Over 400 permanent and ~300 seasonal employees
- Largest almond orchard operator in Australia
 - 12,000 of Australia's total 30,000 ha of orchards²
- Corporate activity in Australia:
 - Acquisition of Qld Cotton Holdings (2007)
 - Acquisition of Timbercorp almond orchards (2010)
 - Sale and leaseback of A\$200m of almond orchards (2014)
 - Sale of Dirranbandi and Collymungle cotton gins (2014)
 - Grain JV with Mitsubishi Corporation (2014)

Key metrics (as at 31 December 2015)⁴

Annual sales revenue	S\$19.1 billion
Total assets	S\$17.7 billion
Market capitalisation (S\$1.82/share)	S\$5.1 billion

Notes:

1. Olam company information
2. Almond Board of Australia

3. Olam Shareholding Structure
4. Olam Full Year Report Ending 31 December 2015

32

4

Macadamia orchards funding



Macadamia orchards funding

Macadamias provide commodity, lessee and climatic diversification

- RFF acquired three macadamia orchards totalling 261 ha in March 2016. The orchards were initially debt funded
- 234 ha leased to a tax effective managed investment scheme known as the 2007 Macgrove Project (Project), planted between 2007-2009. Similar structure to the RFM Almond Funds which are current lessees to RFF
- The Project has 117 lessees (RFM represents 22% of Project area) with unexpired lease terms up to 21 years
- Project is forecast to be cash flow positive in FY16 and is 2-3 years from mature production.
- Remaining 27 ha leased to RFM is cash flow positive and is mature
- RFM also acquired the existing farm management entity and control farming operations drawing on almond expertise and existing farm management
- RFM is seeking productivity gains through the application of additional inputs such as water and fertiliser as well as automation of the irrigation infrastructure system
- Productivity gains in macadamias benefit RFF by:
 - Strengthening lessee profitability
 - Potentially improving the value of the asset
 - Proof of concept to attract corporate lessees to the macadamia industry

Macadamia productivity gains



RFM will automate the water and nutrient delivery infrastructure and soil moisture probes on the Macadamia orchards. This will allow more efficient, timely and precise application of inputs to the trees. It is expected this will increase orchard yield.

34

Macadamia industry

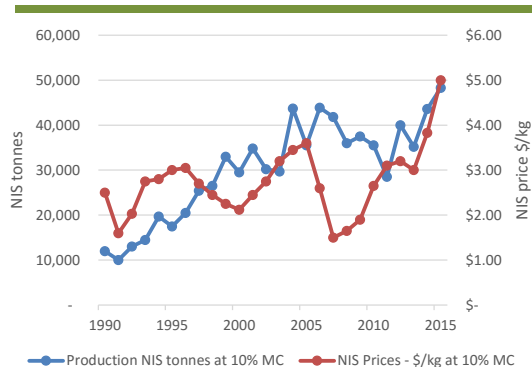
The macadamia industry is in a growth phase and Australia is the leading supplier

- Australia is the world's largest producer of macadamia kernel (29%)
- The value of the Australian industry has doubled since 2010, reaching \$200m in 2015 and producing over 40,000 tonnes nut in shell per annum
- There are 17,000 ha of macadamias planted in Australia, increasing 1,500 ha in the last three years
- Macadamia prices at record highs, reaching \$4/kg in 2014 and \$5/kg in 2015
- Global production has increased from 125,000 tonnes in 2012 to >140,000 tonnes in 2015
- Export markets are growing, particularly in Asia (100% increase in exports to China 2014-2015)
- Free Trade Agreements recently signed with Japan, Korea and China include tariff reductions

Global macadamia production estimate 2015¹

	Metric tonnes produced (kernel)	% world kernel production
Australia	13,530	29%
South Africa	12,900	28%
Kenya	8,846	19%
USA	3,600	8%
Malawi	1,781	4%
Guatemala	1,835	4%
China	1,250	3%
Brazil	1,250	2%
Others	1,407	3%

Australian macadamia production and price²



Notes:

1. International Nut & Dried Fruit Council (INC)
2. Australian Macadamia Society & RFM data for 2015 price NIS at 33% kernel recovery

35

Macadamia orchard – property & lease details



The macadamia orchards lease rates fit within the spectrum of investment opportunities and meet RFF's return requirements

Key property and lease details

Property	<ul style="list-style-type: none"> Swan Ridge Bundaberg, QLD 130 ha 	<ul style="list-style-type: none"> Moore Park Bundaberg, QLD 104 ha 	<ul style="list-style-type: none"> Bonmac Bundaberg, QLD 27 ha
Background	<ul style="list-style-type: none"> Existing asset purchased in March 2016 Near mature macadamia orchard 	<ul style="list-style-type: none"> Existing asset purchased in March 2016 Near mature macadamia orchard 	<ul style="list-style-type: none"> Existing asset purchased in March 2016 Mature macadamia orchard
Water access	<ul style="list-style-type: none"> 2.28 ML/ha medium security (total 298 ML) Additional dam water available of up to 150 ML from 3 dams 	<ul style="list-style-type: none"> 2.35 ML/ha medium security (total 296 ML) Additional dam water available of up to 50 ML 	<ul style="list-style-type: none"> 2.17 ML/ha medium security (total 59 ML) Additional dam water available of up to 50 ML
Lessee	<ul style="list-style-type: none"> 2007 Macgrove Project (117 Growers) 	<ul style="list-style-type: none"> 2007 Macgrove Project (117 Growers) 	<ul style="list-style-type: none"> RFM
Key lease terms	<ul style="list-style-type: none"> Payments made annually in advance Indexation; CPI (All Groups) Brisbane, no rent review Lease expiry; 30 June 2037 (assumes final 5 and 4 year options are taken up) 	<ul style="list-style-type: none"> Payments made annually in advance Indexation; CPI (All Groups) Brisbane, no rent review Lease expiry; 30 June 2037 (assumes final 5 and 4 year options are taken up) 	<ul style="list-style-type: none"> Payments made quarterly in advance Indexation; 2.5% per annum, 3 yearly rent reviews Lease expiry; 31 December 2036
Capex	<ul style="list-style-type: none"> R&M on account of lessee 	<ul style="list-style-type: none"> R&M on account of lessee 	<ul style="list-style-type: none"> R&M on account of lessee
Overall funding	<ul style="list-style-type: none"> Initially debt funded 	<ul style="list-style-type: none"> Initially debt funded 	<ul style="list-style-type: none"> Initially debt funded

36

5

Appendices:

- About Rural Funds Management
- RFF pro forma financials
- Key risks



Responsible entity relationship



RFM is one of the oldest and most experienced agricultural funds management organisations in Australia

- Rural Funds Management Limited (RFM) is an experienced fund and asset manager that specialises in Australian agriculture
- Established in 1997, RFM operates as an external manager and is currently the responsible entity for seven agricultural investment funds which as at 31 December 2015 had approximately \$380m of assets under management in New South Wales, South Australia and Victoria and a combined FY15 turnover of approximately \$95m
- David Bryant is the founding director and majority owner (80%) of RFM. Other owners include senior staff and non-executive directors
- Both RFM and David Bryant have investments in each of the listed entities RFM manages
- RFM manages additional operational entities enabling RFF to benefit from shared services
- The RFM management team includes specialist fund managers, finance professionals, horticulturists, livestock managers, and agronomists. This team provides RFM with the specialised skills and experience required to manage the agricultural assets
- RFM employs or directly contracts 35 corporate staff (offices in Canberra and Sydney) and approx. 50 farm/operational staff
- RFM has a simple and transparent fee structure for managing and administering RFF:
 - Fund and Asset Management Fees totalling 1.05% p.a. of gross asset value;
 - Reimbursement of all reasonable expenses; and
 - Constitution provides for a termination fee of 1.5% of gross asset value in the event RFM is removed as responsible entity

38

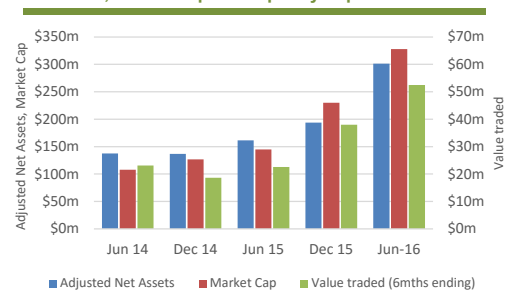
Investment strategy and performance



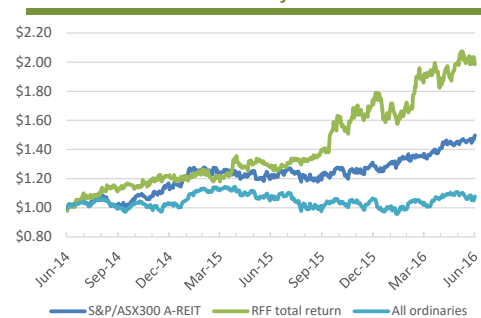
The transaction is consistent with RFF's investment strategy

- Investment strategy: expand the scale of the fund through AFFO accretive acquisitions
- Benefits of the investment strategy include:
 - increased AFFO per unit and enables future distribution growth
 - enhanced diversification
 - greater market awareness of RFF
- RFF's net assets, market capitalisation, and liquidity have all increased since listing, consistent with investment strategy
- RFF has materially outperformed both the S&P/ASX 300 A-REIT Index and ASX All Ordinaries Index

Net asset, market cap and liquidity improvement¹



Total shareholder return 1 July 2014 – 30 June 2016²



Notes:

1. June 2016 figures assume post-transaction pro forma adjusted Net Assets and market cap based on the TERP
2. Total return assumes \$1.00 invested June 2014 and all distributions are reinvested at the DRP price. Total return of indices as provided by S&P. Data current to 30 June 2016

39

RFM board and management team



RFF is externally managed and governed by a highly experienced management team and board

Board of directors



Guy Paynter
Non-executive
Chairman

- Former director of broking firm JBWere with more than 30 years' experience in corporate finance
- Guy is a former member of the ASX
- Agricultural interests include cattle breeding in the Upper Hunter region in New South Wales



David Bryant
Managing Director

- Established RFF in February 1997
- Responsible for leading the RFF Executive and sourcing and analysing new investment opportunities
- Responsible for over \$390m in asset acquisitions across eight Australian agricultural regions, including negotiating the acquisition of more than 35 properties and over 70,000 megalitres of water entitlements



Michael Carroll
Non-Executive
Director

- Serves a range of food and agricultural businesses in a board and advisory capacity, including Tassal Group Ltd, Select Harvests Ltd, Paraway Pastoral Company, Sunny Queen Ltd and the Gardiner Dairy Foundation
- Senior executive experience in a range of companies, including establishing and leading NAB's Agribusiness division

Contacts



Stuart Waight
Chief Operating
Officer

- Joined RFF in 2003
- RFF Company Secretary
- Responsible for reviewing and optimising the performance of the RFF funds, and analysing future developments, acquisitions, and investments
- Oversees the Asset Management activities, as well as the Farm Management activities of the National Manager of each of Poultry, Almonds, Cattle and Cropping and Livestock.



Andrea Lemmon
Executive Manager,
Funds Management

- Joined at inception in 1997
- RFF Company Secretary
- Responsible for the development of new products, the continuous improvement of existing products, management of research activities, and the provision of services and communications to investors and advisers



Dan Edwards
Business Manager
Rural Funds Group

- Joined RFF in 2005
- Manages leases with major counterparts and water resources
- Responsible for the analysis of RFF financial performance, and the analysis of future development and investment opportunities
- Responsible for the operational support and day-to-day funds management of RFF



James Powell
Investor Relations
and Distribution
Manager

- Joined RFF in 2006
- Responsible for overseeing RFF's sales and distribution activities, development of key relationships required to increase the awareness of RFF's investment opportunities and part of the product development division

40

RFF pro forma summarised adjusted balance sheet



(\$000s)	Unaudited pre-transaction adjusted pro forma 31 May 2016 ¹	Offer proceeds ²	Offer Costs ³	Macadamia acquisition	Cattle acquisition	Almonds water entitlements ⁴	Post- transaction pro forma 31 May 2016
Cash	5,543	-	-	-	-	-	5,543
Property investments ⁵	358,079	-	-	9,339	41,737	11,284	420,440
Deferred tax assets	1,921	-	-	-	-	-	1,921
Other assets	15,601	-	-	528	8,281	-	24,410
Total Assets	381,145	-	-	9,867	50,018	11,284	452,314
Interest bearing liabilities							
Plant and equipment facility	2,550	-	-	528	-	-	3,077
Core debt facility	123,061	(60,976)	2,625	9,339	50,018	11,284	135,351
Other liabilities	12,581	-	-	-	-	-	12,581
Total Liabilities	138,192	(60,976)	2,625	9,867	50,018	11,284	151,010
Net Assets	242,953	60,976	(2,625)	-	-	-	301,304
Units on issue ('000s)	165,357	41,339	-	-	-	-	206,697
NAV per unit	\$1.47						\$1.46
Gearing ⁶	33.0%						30.6%

Notes:

1. Pre-transaction pro forma uses RFF unaudited accounts as at 31 May 2016, inclusive of independent valuations received during May-June 2016, adjusted to remove the macadamia investments and associated debt.
2. The proceeds from the Offer provide funding for a) the macadamia transaction, b) the cattle properties, c) water entitlements associated with the Kerarbury expansion, and d) funding to complete the Kerarbury expansion by December 2019
3. Costs associated with the Offer, \$52k of these costs are expensed, with remainder offset against net assets attributable to unitholders
4. Includes water entitlements associated with the Kerarbury expansion to be purchased in the quarter ending 30 September 2016
5. Independent valuations carried out in FY16 on RFF's almond properties (excluding Kerarbury property), and vineyard properties. The poultry growing assets are based on Directors' valuations. Macadamia properties are held at cost for the purpose of this analysis. Water entitlements held at fair value which differs from the RFF statutory accounts which hold water entitlements at cost
6. Gearing calculated as interest bearing liabilities divided by total assets

41

Debt



Debt metrics

	Unaudited pre-transaction adjusted pro forma 31 May 2016	Post-transaction pro forma 31 May 2016
Term debt facility limit	\$136.0m	\$200.0m
Term debt drawn	\$123.1m	\$135.4m
Headroom	\$12.9m	\$64.6m
Loan to Valuation Ratio (LVR) ¹	36.3%	35.1%
Gearing	33.0%	30.6%
Debt Facility expiry	18 Dec 2018	18 Dec 2018
Interest Cover Ratio ²	4.82x	4.82x
Hedging policy ³	>50%	>50%
Proportion hedged ³	71.5%	65.0%
Weighted average hedge expiry	22 Nov 2018	22 Nov 2018
Effective hedge rate	3.43%	3.43%
Effective total cost of debt ⁴	4.66%	4.66%

- Facility increased to \$200m
- Key financial covenants:
 - LVR <50%
 - Interest Cover Ratio >2.5x, with distribution permitted at >2.75x
 - Net Tangible Assets >\$150 million
- Security:
 - Real property mortgages
 - General security agreement
 - Cross guarantees between RFF and subsidiaries

Notes:

1. LVR calculated as debt drawn/directly secured assets
2. Interest Cover Ratio calculated based on 11 months to 31 May 2016 (no pro forma adjustment)
3. Proportion hedged based on term debt drawn
4. Effective total cost of debt calculated based on 11 months to 31 May 2016 (no pro forma adjustment)

42

Key risks



An investment in RFF, like any investment, involves risk. These risks can be broadly divided between specific risks, property market risks, and general risks relevant to RFF.

Whilst the assumptions used in generating the forward looking statements within this presentation are considered reasonable, a number of these risk factors could affect these forward looking statements. Most risk factors are outside the control of RFM.

Detailed below are what RFM considers to be material risk factors however this is not an exhaustive list. Investors should make their own independent assessment of the Offer.

Specific risks

Risk	Summary
Counterpart	All land and infrastructure assets owned by RFF are leased and as such Unitholders are not directly exposed to agricultural operational risk There is a risk that a counterpart may default on its financial or operational lease obligations to RFF. Any financial default would reduce RFF's revenue and its ability to meet its debt obligations and to pay distributions. A default by a counterpart may require RFF to meet operating obligations until a new lessee is contracted. In the case of a default by a counterpart, the health or quality of RFF's asset may be adversely affected RFF has several lessees, with the largest lessee (by rental income) being RFM Poultry, representing 39% of RFF's revenue stream during the 2016 financial year
Rental risk – timing of development expenditure	RFF has entered into leases with Olam Orchards Australia Pty Ltd that require RFF to fund orchard development expenditure. There is a risk that delays in the commencement of the development of the orchards, or the timing of the expenditure, may result in a reduction or deferral of rent to be received under the lease until the development is completed
Takeover	RFM, an experienced agricultural manager, is the responsible entity of RFF Another entity may seek to take over RFF or replace RFM as responsible entity. Any change of responsible entity will require Unitholders' approval of an ordinary resolution at a Unitholder meeting
Future distributions or reduction in distributions	RFF must meet its operating expenses, capital commitments and debt servicing obligations before distributions can be made to Unitholders. Consequently, distributions may vary. Interest rate movements and changes in costs may also impact AFFO
Olam lease conditions precedent (Kerabury)	Foreign Investment Review Board (FIRB) approval was received in October 2015 for Olam Orchards Australia Pty Ltd to lease Kerabury, including the initial 1,500 ha development. The lease extension for an additional 1,000 ha on Kerabury is conditional on Foreign Investment Review Board (FIRB) approval if required, and the successful completion of this capital raising

43

Key risks



Specific risks (continued)

Risk	Summary
Suspension event	<p>There is a risk that a suspension event could occur under the terms of the chicken growing contracts. Under the terms of the RFM Poultry lease, any reduction in the grower fee revenue relating to a suspension event will result in a proportional reduction in the rent payable to RFF</p> <p>RFM Poultry has chicken growing contracts with Barter Enterprises that expire over the period from 31 March 2024 to 3 July 2036. RFM Poultry is dependent on the income from those contracts to meet its obligations to RFF under the leases</p> <p>The Barter Enterprises growing contracts include the following suspension events, which, if triggered, mean all obligations under the relevant growing contract, including payments to RFM Poultry, are suspended until the suspension event is rectified</p> <p>In the event RFM Poultry suffers a suspension event, this will have a corresponding suspension or reduction in the lease payments received by RFF under its lease with RFM Poultry. If the suspension event persists for longer than six months, the growing contract may be terminated by either party by giving one months' notice. Suspension events for all chicken growing contracts include: acts of God; epidemics, fires, industrial disputes by Barter employees, livestock husbandry issues, disease caused by RFM Poultry and chicken meat importation</p> <p>In the case of the Lethbridge farm growing contracts, suspension events that result in contract payments being suspended as a result of either disease or chicken meat importation, allow for RFM Poultry to be compensated when the next batch of chicks are placed with that farm</p>
Competition	RFM has a significant track record in identifying, acquiring and managing agricultural properties in Australia. A number of competitors exist for potential acquisitions, which could impact upon RFM's ability to execute RFF's business strategy and thus its financial performance
Acquisition risk	In order to drive future growth of the business of RFF, RFM intends to develop a significant acquisition pipeline. There is no guarantee that RFM will be able to execute any or all future acquisitions
Business strategy	RFM's business strategy for RFF is focused on building RFF's portfolio and cash yield through acquisition and development. RFF's future growth is dependent on the successful execution of this strategy including funding. Any change or impediment to implementing this strategy or funding may adversely impact RFF's operations and future financial performance

44

Key risks



Specific risks (continued)

Risk	Summary
Asset valuations	Rental yield and profitability of RFF is attached to the valuations and other industry market indicators of the leased properties, biological assets and water rights. Factors affecting asset valuations include capitalisation and discount rates, the economic growth outlook, and demand for end-market products such as chicken meat, almonds and wine. Such impacts on property valuations may lead to variations in the valuation of RFF and the rental yields RFF is able to achieve
Insurance	RFF enters into insurance policies on its properties with policy specifications and insured limits that it believes to be customary in the industry. However, potential losses of a catastrophic nature, such as those arising from war, terrorism, insects or severe flooding, may be uninsurable, or not insurable on reasonable financial terms, may not be insured at full replacement costs, or may be subject to large excesses
Interest rate risk and hedging	RFF holds interest bearing debt and as such it is exposed to movements in interest rates. RFF undertakes interest rate hedging to help protect against changes in interest rates and interest rate swaps are currently used for this purpose. These swaps provide more certainty in a changing interest rate market and will result in a higher or lower interest expense, and cash flow, relative to the spot market. Accounting policies require interest rate swaps to be recorded at fair value and this may lead to fluctuations in comprehensive income, however these market adjustments are non cash and do not impact AFFO
RFM Poultry right of rent review	Under the terms of the RFM Poultry lease, there is a right of rent review where there is material permanent change to the profitability of chicken growing activities. Any reduction in RFM Poultry's profitability may result in a reduction in the rent payable to the RFF
Gearing	RFM has secured a debt facility that sets limits for the next three years <p>Beyond this, there is a risk that RFF's bank could reduce the gearing limit. In these circumstances, where asset values have not increased sufficiently to offset any decrease in gearing limits, Rural Funds Group may be required to sell assets and reduce or suspend distributions to retire debt</p>
Reliance on RFM's skills	Unitholders have no direct control over the decisions that affect the day-to-day management of RFF <p>Instead they rely on the skills of RFM and RFM's employees to manage RFF assets. An RFM employee may have a specialist skill set that is used to manage those assets. If that RFM employee resigns, then RFM may not be able to replace that specialist skill set quickly or easily</p>

45

Key risks



Specific risks (continued)

Risk	Summary
Conflict of interest and related party transactions	<p>RFM is the responsible entity for RFF and for a number of other funds</p> <p>It is possible that investment opportunities will arise for RFF through RFM's relationship with those other funds. Therefore, from time to time, RFM may face a conflict of interest that arises because of its role as the responsible entity for RFF and its role as the responsible entity for other funds</p> <p>Related party transactions are subject to compliance with the <i>Corporations Act 2001 (Cth)</i> and the RFM Conflict of Interest Management Policy</p>
Inflation	<p>Inflation risk is the uncertainty over the future real value of your investment and specifically whether revenue or profitability will increase at least in line with inflation</p> <p>The Select Harvests and Treasury Wine Estates leases allow for annual indexing of 2.5% p.a. with three and five yearly reviews to market respectively. The RFM Poultry lease is subject to standard indexation capped at 2% p.a. The leases to RFM's Almond Funds are subject to standard indexation of 2.5% p.a. The leases to the 2007 Macgrove Project are subject to a CPI linked increase. The lease to RFM of the Bonmac macadamia orchard allows for annual indexing of 2.5% p.a. with three yearly reviews to market. The CJV leases are subject to CPI and EYCI linked movements</p> <p>There is the risk that inflation will be more than the results achieved by the market reviews and annual indexing</p>
Force majeure	<p>All leases, with the exception of the leases to RFM Almond Fund 2006 and Treasury Wine Estates, excuse the lessee from the performance of their obligations under the lease following the occurrence of a force majeure event. In addition, the Olam lease has additional force majeure conditions. During the development period there is a risk of force majeure events, which prevents the development of the almond orchard such as an extreme climatic event which are beyond the control of either party. If a force majeure event results in the Kerarbury 2016 plantings of between 1,000 ha and 1,500 hectares not being completed within 18 months from the event, then Olam Orchards Australia Pty Ltd can terminate the lease</p>

46

Key risks



Property Market risks

Risk	Summary
Decline in asset value	<p>RFF owns property including land, water and infrastructure for agricultural production</p> <p>The value of these assets may rise or fall because of general economic conditions, local and global agricultural conditions, changes in independent valuation methodologies, and changes in discount rates</p>
Destruction or damage of property	<p>It is possible that the assets owned by RFF could be destroyed or damaged by natural or other events</p> <p>RFM will maintain appropriate levels of insurance, provided it is economically sensible to do so</p>
Property illiquidity	<p>The majority of assets owned by RFF are large scale. Given this scale, the number of potential buyers is limited. Therefore, the sale of assets at an appropriate price may take longer to realise</p>
Reduction in water entitlements	<p>Pursuant to the terms of the Treasury Wine Estates leases, and the lease for the RFM Almond Funds 2007 and 2008, where there is a reduction in water entitlements, RFF is required by the terms of the leases to replace the entitlements from an alternative source. Failure to do so may result in a rent abatement or a right to terminate the lease</p> <p>Under the terms of the Select Harvests leases, RFF is not required to replace any reduction in entitlements and there is no rental abatement at the time of the reduction. However the reduction will be taken into account in determining the orchard value at the next review date; and therefore is likely to result in a rental reduction then</p> <p>Under the terms of the Kerarbury and Tocabil leases with Olam, any reduction in water entitlements results in a rent abatement. If RFF secures additional water, rent is payable based on the capital cost of the purchase. In the event that a reduction results in less than 8 ML/ha (Kerarbury) and 10 ML/ha (Tocabil) being available and not replaced by RFF within 18 months of the reduction taking effect, Olam have the right to surrender an area in order to bring the entitlement back to 8 ML/ha (Kerarbury) and 10ML/ha (Tocabil). If the remaining area is less than 800 ha for Kerarbury and 300 ha for Tocabil, Olam have the right to terminate the entire lease</p> <p>There is no such requirement in any of the other existing leases. Annual water allocation risks are on account of the Lessee's</p>

47

Key risks



General risks

Risk	Summary
Change in economic conditions	<p>The following economic conditions may impact the performance of RFF assets:</p> <ul style="list-style-type: none"> ▪ national economic growth; ▪ industry change; ▪ interest rates; ▪ inflation; ▪ exchange rates; and ▪ changes to government economic policy
Change in political and regulatory environment	<p>The following international or domestic political conditions (as well as others that are not listed here) may adversely affect RFF's assets:</p> <ul style="list-style-type: none"> ▪ legislative changes; ▪ regulatory changes; ▪ taxation changes; and ▪ foreign policy changes (including the status of trade agreements)
Taxation changes	<p>Section 4 in the Offer Booklet provides an outline of the current taxation status of RFF</p> <p>As a Unitholder, you should be aware that taxation law can change, which may materially impact your taxation position or the value of your investment in RFF</p>
Units trading at below net asset value	<p>The buying and selling of Units is conducted on the ASX. The trading history of Units indicates that RFF Units have traded below their net asset value. The trading price of the Units will be dependent on the financial performance of RFF</p>
Liquidity	<p>The ability to sell your Units will depend on the availability of buyers. Larger stocks generally have a higher level of liquidity or turnover than smaller stocks. There are almost 2,200 stocks listed on the ASX</p>

Corporate information



Rural Funds Management Ltd

ACN 077 492 838
AFSL 226701

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Level 2, 2 King Street
Deakin ACT 2600

Telephone: +61 2 6203 9700
Facsimile: +61 2 6281 5077
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For further information:	For media enquiries:	Investor relations enquiries:
David Bryant Managing Director Rural Funds Management T 02 6203 9700 E DBryant@ruralfunds.com.au	Stuart Waight Chief Operating Officer Rural Funds Management T 0419 126 689 E SWaight@ruralfunds.com.au	James Powell Investor Relations and Distribution Manager Rural Funds Management T 0420 279 374 E JPowell@ruralfunds.com.au

4. TAXATION

4.1 Introduction

This section is a summary of the key Australian tax issues for Unitholders who are residents for Australian tax purposes, who hold their Units on capital account.

Unitholders should be aware that the actual tax implications of investing in Units may differ depending on their individual circumstances.

Neither RFM nor its directors are registered under the Tax Agent Services Regime to provide tax advice to individual Members. Accordingly, Members should take advice from an appropriately qualified adviser on the taxation implications of the arrangements, taking into account their particular circumstances.

Unitholders who are residents of, or subject to taxation in, other countries should also obtain advice on the tax consequences in that country.

4.2 Taxation of New Units

The New Units will rank equally with all other Units in relation to future distributions and will be taxed in the same manner as each Unitholders' Existing Units (as outlined below).

4.3 Holding of Units

Each of the components of a stapled Unit is treated separately for tax purposes. Unitholders may receive distributions from Rural Funds Trust and distributions from RF Active – the tax consequences of each are outlined below.

4.4 Taxation of distributions from Rural Funds Trust

Rural Funds Trust only holds assets that derive rental or other 'passive' income. On the basis that this continues to be the case, Rural Funds Trust should be a 'flow through' fund (rather than a public trading trust) for tax purposes.

Rural Funds Trust will not be liable for any income tax if at all times the Unitholders are presently entitled to the net taxable income of Rural Funds Trust. The net taxable income of Rural Funds Trust will generally be taxed in the hands of Unitholders.

Each year, Unitholders will include in their assessable income, that portion of the net taxable income of Rural Funds Trust to which they become entitled. This includes distributions that are reinvested to subscribe for additional Units and income to which a Unitholder becomes entitled, but has not yet received.

Distributions from Rural Funds Trust might include capital gains (including gains subject to the general 50% capital gains tax (CGT) discount), imputation credits or foreign tax credits. Unitholders may benefit from the receipt of discount capital gains, imputation credits and foreign tax credits by way of distribution from Rural Funds Trust, depending on their personal circumstances.

Distributions made by Rural Funds Trust may also include non-assessable amounts. If all or part of a distribution by Rural Funds Trust is not subject to tax in the hands of the Unitholder (other than a distribution of the discount component of a capital gain), the Unitholder's CGT cost base in their Rural Funds Trust units will be reduced for CGT purposes by the amount of the non-assessable component.

The cost base of a Rural Funds Trust unit will generally include the expenditure incurred to acquire the unit such as the issue or purchase price, and any incidental costs of acquisition and disposal.

If a Unitholder's CGT cost base in the Rural Funds Trust units is reduced to zero, the Unitholder will make a capital gain in respect of any excess non-assessable amounts received from Rural Funds Trust.

A Unitholder who is an individual, the trustee of a trust or a complying superannuation entity may be entitled to claim the CGT discount to reduce any capital gain in respect of their Rural Funds Trust Units, if those units have been held for at least 12 months. The CGT discount is applied to reduce the capital gain after applying any available capital losses.

4.5 Taxation of distributions from RF Active

RF Active is taxed as a public trading trust. As a public trading trust, RF Active:

- (a) pays tax at the corporate tax rate (currently 30%) on the profit it generates from its operational activities; and
- (b) may, from time to time, make distributions to Unitholders of the profit generated from its trading activities.

Distributions by RF Active to Unitholders will be regarded as dividends for tax purposes (which may be franked). Unitholders will be assessed on any distributions received from RF Active in the year of income in which the distribution is paid (even if the distribution is reinvested).

Any franking credit attached to a distribution (dividend) represents the tax paid on the profits from which the distribution has been paid. Where distributions are wholly or partly franked, the Unitholder's assessable income may include the amount of the distribution, plus an additional amount in respect of the attached franking credit.

Where a franking credit is included in the Unitholder's assessable income, the Unitholder will be entitled to a tax rebate equal to the amount of the franking credit.

In certain circumstances, the franking credit may not be included in the Unitholder's assessable income - for example, where the Unitholder has both purchased and sold Units within 45 days of the ex-distribution date, or otherwise does not hold Units sufficiently at risk.

4.6 Disposal of Units

When a Unitholder disposes of Units, the CGT issues related to the disposal of the Rural Funds Trust Units and RF Active Units should be determined separately. That is, the disposal of a Unit will involve two CGT events - the disposal of Units in Rural Funds Trust and the disposal of Units in RF Active - and the calculation of the capital gain or loss must be performed separately for each CGT event.

On disposal of a Unit, the capital proceeds will need to be apportioned between the two CGT events on the basis of what is reasonably attributable to each CGT event.

Unitholders may make a capital gain or incur a capital loss on the disposal of Units, whether disposal occurs by way of sale or upon redemption. The amount of any capital gain or loss will be calculated as the difference between the capital proceeds received for the disposal and the cost base of the Rural Funds Trust Units and RF Active Units, respectively. The cost base of a CGT asset (i.e. each Unit) generally includes the expenditure incurred to acquire the CGT asset such as the issue or purchase price, and any incidental costs of acquisition and disposal.

Depending upon the circumstances in which Unitholders acquired their Units, an apportionment may also need to be performed to determine the cost base of each CGT asset. Again, the basis of apportioning the expenditure incurred to acquire the Units between the two CGT assets will be by reference to what is reasonably attributable to each CGT asset.

A Unitholder who is an individual, the trustee of a trust or a complying superannuation entity may be entitled to claim the CGT discount in calculating any capital gain on disposal of their Units, if those Units were acquired at least 12 months prior. The CGT discount is applied to reduce the capital gain after any available capital losses are applied.

A Unitholder that is an individual or the trustee of a trust may reduce the capital gain by 50%. A Unitholder that is a complying superannuation entity may discount the capital gain by 33 1/3%. No CGT discount is available to a Unitholder that is a company.

4.7 TFNs

An Applicant is not required to quote a TFN when applying for New Units. However, if a TFN or an Australian Business Number is not provided by a Unitholder who is a resident for Australian tax purposes (and a relevant exemption has not been quoted by the Applicant), tax will be withheld from the payment of distributions by Rural Funds Trust (at the highest marginal tax rate), and from any unfranked component of distributions paid by RF Active.

5. IMPORTANT INFORMATION FOR UNITHOLDERS

5.1 No product disclosure statement

The Entitlement Offer complies with the requirements of section 1012DAA of the *Corporations Act 2001* as modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84 and any ASIC relief applicable to the Responsible Entity or the Fund. This Offer Booklet is not required to be lodged or registered with ASIC and no product disclosure statement for the Entitlement Offer will be prepared.

5.2 Availability of Offer Booklet

Unitholders with registered addresses in Australia and New Zealand can obtain a copy of this Offer Booklet during the Offer Period on the Responsible Entity's website at www.ruralfunds.com.au/rural-funds-group/. If accessing the document electronically, ensure you download the Offer Booklet in its entirety. Alternatively, you can call Rural Funds Management on 1800 026 665 (within Australia) or +61 2 6203 9700 (from outside Australia) from 8.30am to 5.00pm (AEST), Monday to Friday.

Eligible Unitholders with registered addresses in Australia and New Zealand will be sent a copy of this Offer Booklet and their Entitlement and Acceptance Form. You should ensure that you read the Offer Booklet and the Entitlement and Acceptance Form in their entirety.

The electronic version of this Offer Booklet on the Responsible Entity's website will not include a personalised Entitlement and Acceptance Form. You can obtain a personalised Entitlement and Acceptance Form by logging into the *InvestorServe* portal via the Registry's online system and accessing your individual investment portfolio at <https://www.investorserve.com.au/>. Your personalised Entitlement and Acceptance Form can be located under the *Online Statements/Advices* tab. You will only be entitled to accept the Entitlement Offer by completing your personalised Entitlement and Acceptance Form which accompanies this Offer Booklet, or by making a payment of Application Monies via BPAY using the information contained on your personalised Entitlement and Acceptance Form (refer to section 2.2 for further information). Please carefully read the instructions on the accompanying Entitlement and Acceptance Form.

Unitholders in other jurisdictions, or who are US Persons, or are acting for the account or benefit of US Persons, are not entitled to access the electronic version of the Offer Booklet on the Responsible Entity's website.

5.3 Continuous disclosure

The Fund is a disclosing entity under the *Corporations Act 2001* and is subject to regular reporting and disclosure obligations under the *Corporations Act 2001* and the ASX Listing Rules, including the preparation of annual reports and half yearly reports.

The Responsible Entity is required to notify the ASX of information about specific events and matters as they arise for the purposes of the ASX making that information available to markets conducted by the ASX. In particular, the Responsible Entity has an obligation under the ASX Listing Rules (subject to certain exceptions) to notify the ASX immediately if there is, or becomes aware of, any information which a reasonable person would expect to have a material effect on the price value of Units in the Fund. That information is available to the public from the ASX.

Some documents are required to be lodged with ASIC in relation to the Fund. These documents may be obtained from, or inspected at, an ASIC office.

5.4 Not investment advice

The Responsible Entity recommends that you consult your professional adviser before deciding to invest. The information provided in this Offer Booklet does not constitute financial product advice and has been prepared

without taking into account your individual investment objectives, financial circumstances or particular needs. The information should not be considered to comprise all the information which a Unitholder may require in order to determine whether or not to subscribe for New Units.

5.5 Risks

The Investor Presentation details important factors and risks that could affect the financial and operating performance of the Fund. Please refer to Key Risks in the Investor Presentation located at section 3 of this Offer Booklet for details. You should consider these risk factors carefully in light of your personal circumstances, including financial and taxation issues, before making an investment decision in connection with the Entitlement Offer.

5.6 Financial information

The summary financials as set out in the Investor Presentation at section 3 of this Offer Booklet have been prepared in abbreviated form in accordance with the recognition and measurement principles of AIFRS. However, they do not contain all the disclosures that are usually provided in an annual report prepared in accordance with the *Corporations Act 2001*.

The summary financials have not been subject to audit.

5.7 No authorisation

No person is authorised to give any information or make any representation in connection with the Entitlement Offer, which is 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 the Responsible Entity in connection with the Entitlement Offer.

5.8 No cooling-off rights

Cooling-off rights do not apply to a subscription for New Units under the Entitlement Offer. This means that you cannot withdraw your Application once it has been accepted, except as required by law.

5.9 Foreign jurisdictions – restrictions and limitations

The Entitlement Offer will not be made to Unitholders with registered addresses outside Australia and New Zealand. The Responsible Entity has determined that it would be unreasonable to make the Entitlement Offer to Unitholders residing outside Australia or New Zealand, having regard to the number of relevant Unitholders outside of Australia and New Zealand and the costs in complying with the legal and regulatory requirements outside those jurisdictions.

No action has been taken to register the New Units or otherwise permit an offering of New Units in any jurisdiction outside Australia and New Zealand. This document has not been registered, filed with, or approved by any New Zealand regulatory authority under the *Securities Act 1978 (New Zealand)*. This Offer Booklet and the Entitlement and Acceptance Form do not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer. In particular, this Offer Booklet and the Entitlement and Acceptance Form do not constitute an offer of Units in the United States or to any US Persons, or to any person acting for the account or benefit of a US Person.

The distribution of this Offer Booklet and/or the Entitlement and Acceptance Form outside Australia and New Zealand may be restricted by law. If you come into possession of this Offer Booklet and/or the Entitlement and Acceptance Form, you should observe any such restrictions and should seek your own advice on those restrictions. Any failure to comply with such restrictions may contravene applicable securities laws.

5.10 Notice to nominees and custodians

Nominees and custodians may not distribute any part of this Offer Booklet or any Entitlement and Acceptance Form in any country outside Australia, except to beneficial holders of Units in New Zealand.

5.11 Underwriting arrangements and fees

The Underwriter has underwritten the full amount of the Entitlement Offer on the terms set out in the Underwriting Agreement. Customary with these types of arrangements:

- (a) the Underwriting Agreement includes a number of termination events, including market related termination events in respect of a 10% fall in the S&P/ASX All Ordinaries;
- (b) the Underwriter will receive:
 - (i) an underwriting fee of an amount equal to 2.75% (exclusive of GST) reducing by 0.05% for every \$5 million over \$45 million of underwritten capital, of the Offer proceeds for the Entitlement Offer; and
 - (ii) a management fee of an amount equal to 1% (exclusive of GST) of the offer proceeds for the Entitlement Offer.

The Responsible Entity, on behalf of the Fund, has agreed to indemnify the Underwriter and others against their losses in connection with the Entitlement Offer.

The Underwriter is able to procure any person to sub-underwrite the Entitlement Offer.

5.12 Indemnities

Subject to certain exceptions, the Responsible Entity has agreed to indemnify the Underwriter, their affiliates, related bodies corporate, directors, officers, employees, partners, agents and advisers (each an Indemnified Party) from and against all losses incurred by, or claims made against, an Indemnified Party in connection with the offer and appointment of the Underwriter under the Underwriting Agreement.

5.13 Consents

None of the parties referred to in the Corporate Directory of this Offer Booklet (other than the Responsible Entity), have made or authorised the making of any statement that is included in this Offer Booklet or any statement on which a statement in this Offer Booklet is based.

To the maximum extent permitted by law, each of these parties expressly disclaims and takes no responsibility for any statements in or omissions from this Offer Booklet other than references to its name or a statement or report included in this Offer Booklet with the consent of that party as specified above.

5.14 Directors' intentions

The Chairman of the Responsible Entity intends to apply for his full Entitlement.

The Managing Director of the Responsible Entity intends to apply for his full Entitlement in respect of the following unitholdings:

- Rural Funds Management Limited;
- David Anthony Bryant & Bernadette Mary Bryant as trustee for BFS Investment Trust;
- Bryant Family Services Pty Ltd as trustee for BFS Superannuation Fund; and
- David Anthony Bryant as trustee for John Bryant.

5.15 Privacy

As a Unitholder, the Responsible Entity and the Registry have already collected certain personal information from you. If you apply for New Units, the Responsible Entity and the Registry may update that personal information or collect additional personal information. Such information may be used to assess your acceptance of New Units, service your needs as a Unitholder, provide facilities and services that you request and carry out appropriate administration.

To do that, the Responsible Entity and the Registry may disclose your personal information for purposes related to your unitholding to their agents, contractors or third party service providers to whom they outsource services. In addition, your personal information may be used by the Responsible Entity in order to assess your application for New Units, and by the Registry for ongoing administration of the register, printers and mailing houses for the purposes of preparation and distribution of Unitholder information and for handling of mail, or as otherwise authorised under the *Privacy Act 1988 (Cth)*.

If you do not provide us with your personal information, we may not be able to process your application. In most cases, you can gain access to your personal information held by (or on behalf of) the Responsible Entity or the Registry. We aim to ensure that the personal information we retain about you is accurate, complete and up to date. To assist us with this, please contact us if any of the details you have provided change. If you have concerns about the completeness or accuracy of the information we have about you, we will take steps to correct it.

You can request access to your personal information by telephoning or writing to the Responsible Entity, through the Registry as follows:

Boardroom Limited Pty Ltd
GPO Box 3993
SYDNEY NSW 2001
Ph: 1300 737 760

5.16 Governing law

This Offer Booklet, the Entitlement Offer and the contracts formed on acceptance of the Entitlement and Acceptance Forms are governed by the law applicable in New South Wales, Australia. Each Unitholder who applies for New Units submits to the jurisdiction of the courts of New South Wales, Australia.

6. GLOSSARY

TERM	DEFINITION
\$ or A\$ or AUD\$ or dollars	Australian dollars
ABN	Australian Business Number
AEST	Australian Eastern Standard Time
AIFRS	Australian equivalents to International Financial Reporting Standards
Allotment	The allotment of New Units issued under the Entitlement Offer for which valid Applications have been received by the Closing Date
Allotment Date	The date of the Allotment, being Thursday, 28 July 2016
Applicant	An existing unitholder who subscribes for New Units under the Entitlement Offer
Application	An application to subscribe for New Units under the Entitlement Offer
Application Monies	Monies received from applicants in respect of their Applications
ARSN	Australian Registered Scheme Number
ASIC	Australian Securities and Investments Commission
ASX	ASX Limited (ABN 98 008 624 691) or the financial market operated by that entity known as the Australian Securities Exchange
ASX Announcement	The announcement released to ASX on Tuesday, 5 July 2016 in connection with the Entitlement Offer and included in this Offer Booklet in section 3
ASX Listing Rules	The official listing rules of ASX, as amended or replaced from time to time except to the extent of any waiver granted by ASX
BPAY	Refers to BPAY®, a wholly owned subsidiary of Cardlink Services Limited ACN 003 311 644, being a fast, secure and convenient bill payments service offered through over 156 Australian financial institutions
Closing Date	The last date for Eligible Unitholders to lodge an Application, being 5.00pm (AEST), Thursday, 21 July 2016
Co-Lead Manager	Wilson HTM Corporate Finance Ltd AFSL No. 238383
Corporations Act 2001	<i>Corporations Act 2001 (Cth)</i>
Eligible Unitholder	A Unitholder on the Record Date who: <ul style="list-style-type: none"> • has a registered address in Australia or New Zealand; • is not in the United States and is not a US Person and is not acting for the account or benefit of a US Person; and • is eligible under all applicable securities laws to receive an offer under the Entitlement Offer.
Entitlement	The entitlement to 1 New Unit for every 4 Existing Units held on the Record Date by Eligible Unitholders
Entitlement and Acceptance Form	The Entitlement and Acceptance Form accompanying this Offer Booklet upon which an Application can be made

TERM	DEFINITION
Entitlement Offer	The pro rata non-renounceable entitlement offer of New Units to Eligible Unitholders in accordance with their Entitlement as described in this Offer Booklet.
Existing Unit	A Unit on issue on or before the Record Date
Fund	Rural Funds Trust ARSN 112 951 578 and RF Active ARSN 168 740 805 trading as RFF
Initial Acceptance Due Date	The last date for Eligible Unitholders to lodge an Application to be allotted New Units
Investor Presentation	The investor presentation in connection with the Entitlement Offer dated Monday, 5 July 2016 and included in this Offer Booklet in section 3
Lead Manager	Bell Potter Securities Limited AFSL No. 243480
New Units	The Units offered under the Entitlement Offer dated Tuesday, 5 July 2016
Offer Booklet	This booklet dated Tuesday, 5 July 2016, including the Investor Presentation and the ASX Announcement
Offer Period	The period commencing on the opening date of the Entitlement Offer, as specified in the Key Dates section of this Offer Booklet, and ending on the Final Closing Date (being 9.00am (AEST), Tuesday, 12 July 2016 to 5.00pm (AEST), Thursday, 21 July 2016)
Record Date	The time and date for determining which Unitholders are entitled to an Entitlement under the Entitlement Offer, being 7.00pm (AEST) Friday, 8 July 2016
Responsible Entity or RFM	Rural Funds Management Limited (ABN 65 077 492 838), as Responsible Entity of the Fund
RF Active	RF Active ARSN 168 740 805
RFF	Rural Funds Trust ARSN 112 951 578 and RF Active ARSN 168 740 805
Rural Funds Trust	Rural Funds Trust ARSN 112 951 578
Securities Act	The <i>US Securities Act of 1933</i> , as amended
Underwriter	Bell Potter Securities Limited AFSL No. 243480
Underwriting Agreement	The Underwriting Agreement dated Friday, 1 July 2016 between the Responsible Entity and the Underwriter, as described in section 5.11
Unit	A stapled security comprising one fully paid, ordinary unit in Rural Funds Trust which is stapled to one fully paid, ordinary unit in RF Active
Unitholder or Member	The registered holder of an Existing Unit
US or United States	United States of America, its territories and possessions, any state of the United States and the District of Columbia
US Person	The meaning given in Rule 902(k) of <i>Regulation S</i> under the <i>US Securities Act 1933</i> , as amended

7. ELIGIBLE UNITHOLDER DECLARATIONS

Important

If you make an Application, you will be taken to make the following declarations to the Responsible Entity:

- Agree to be bound by the terms of the Entitlement Offer;
- Authorise the Responsible Entity to register you as the holder of the New Units allotted to you;
- Declare that all details and statements in the Entitlement and Acceptance Form are complete and accurate;
- Declare that you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations;
- Acknowledge that once the Responsible Entity receives the Entitlement and Acceptance Form or any payment of Applications Monies via BPAY, you may not withdraw it;
- Agree to apply for the number of New Units specified in the Entitlement and Acceptance Form or for which you have submitted payment of any Application Monies via BPAY at the issue price of \$1.475 per New Unit;
- Agree to be issued the number of New Units that you apply for;
- Authorise the Responsible Entity, the Underwriter, the Registry and their respective officers or agents, to do anything on your behalf necessary for the New Units to be issued to you, including to act on instruction of the Registry upon using the contact details set out in the Entitlement and Acceptance Form;
- Declare that you are the current registered holder of Existing Units and are an Australian or New Zealand resident;
- Acknowledge that the information contained in this Offer Booklet and the Entitlement and Acceptance Form is not investment advice nor a recommendation that New Units are suitable for you given your investment objectives, financial situation or particular needs and is not a product disclosure statement, does not contain all of the information that you may require in order to assess an investment in the Fund and is given in the context of the Fund's past and ongoing continuous disclosure announcements to the ASX;
- Represent and warrant that the law of any other place does not prohibit you from being given this Offer Booklet and the Entitlement and Acceptance Form, nor does it prohibit you from making an Application for New Units;
- Acknowledge the statement of risks in the Key Risks section of the Investor Presentation located at section 3 of this Offer Booklet, and that investments in the Fund are subject to investment risk;
- Acknowledge that neither the Responsible Entity, its directors, officers, employees, agents, consultants, nor advisers, nor the Underwriter, guarantee the performance of the Fund, nor do they guarantee the repayment of capital from the Fund;
- Represent and warrant (for the benefit of the Responsible Entity, the Underwriter and their respective affiliates) that you are not in the United States and that you are not acting for the account or benefit of a US Person;
- Acknowledge that the Entitlements and the New Units have not and will not be registered under the *Securities Act* of the securities laws of any state or other jurisdictions in the United States, or in any other jurisdiction outside Australia and New Zealand and accordingly, the Entitlements may not be taken up and the New Units may not be offered, sold or otherwise transferred in the United States or to, or for the account or benefit of any US Person, except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of the *Securities Act* and any other applicable securities laws;
- Agree not to send the Offer Booklet, the Entitlement and Acceptance Form or any other material relating to the Offer to any person in the United States or that is acting for the account or benefit of a US Person; and
- Agree to provide (and direct your nominee or custodian to provide) any requested substantiation of your eligibility to participate in the Entitlement Offer and/or your holding of Units on the Record Date.

8. CORPORATE DIRECTORY

Rural Funds Group (ASX: RFF)
Rural Funds Trust ARSN 112 951 578
RF Active ARSN 168 740 805

Responsible Entity

Rural Funds Management Limited
ACN 077 492 838
AFSL 226701

Lead Manager

Bell Potter Securities Limited
Level 29
101 Collins Street
MELBOURNE VIC 3000

Co-Lead Manager

Wilson HTM Corporate Finance Ltd
Level 14
99 Elizabeth Street
SYDNEY NSW 2000

Registry

Boardroom Pty Limited
Level 12
225 George Street
SYDNEY NSW 2000

Legal Advisers

McCullough Robertson Lawyers
Level 32
MLC Centre
19 Martin Place
SYDNEY NSW 2000

Financial auditor of Rural Funds Group

PricewaterhouseCoopers
Darling Park Tower 2
201 Sussex Street
SYDNEY NSW 2000

Rural Funds Management Ltd

ABN 65 077 492 838

AFSL 226701

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