

Rural Funds Group (RFF)



Rural Funds Management Ltd
ABN 65 077 492 838
AFSL 226701

Level 2, 2 King Street Deakin ACT 2600
Locked Bag 150 Kingston ACT 2604

P 02 6203 9700
F 02 6281 5077
E management@ruralfunds.com.au
W www.ruralfunds.com.au

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ASX Release

Subject: Successful completion of placement and selldown

Further to the announcement on Friday, 6 March 2015, Rural Funds Management Limited (RFM) as responsible entity of the Rural Funds Group (RFF) is pleased to announce the successful completion of a Placement, raising approximately \$7.5 million through the issue of 7.143 million fully paid stapled securities (**Placement Units**) to institutional and sophisticated investors at an issue price of \$1.05 per unit (**Placement**). In response to significant demand from institutional unitholders, RFF has also facilitated the sale of approximately 7.0 million existing fully paid stapled securities (**Selldown Units**) at \$1.05 per unit (**Selldown**).

The Placement and Selldown were substantially oversubscribed with strong, broad based support from Rural Funds Group's existing institutional investors, as well as a number of new institutional investors.

Mr David Bryant, Managing Director of Rural Funds Management said: "The Board is delighted with the response to the institutional placement. It demonstrates the confidence of our investors and the wider market in Rural Funds Group, and the strengthened dynamics of the Australian almond industry".

Settlement of the Placement is scheduled to occur on Tuesday 17 March 2015, with the Placement Units being allotted and quoted on the Australian Securities Exchange on Wednesday 18 March 2015.

Rural Funds Group is today also launching a fully underwritten, non-renounceable entitlement offer to eligible unitholders, to raise approximately \$7.5 million. Eligible unitholders will be able to subscribe for 2 new, fully paid stapled securities (each an **Entitlement Unit**) for every 33 RFF units held on the unit register as at 7:00pm (AEDT) on 16 March 2015, at an issue price of \$1.05, being the same price as the Placement. The Offer Price represents:

- 0.9% discount to the closing price of \$1.06 per unit on 5 March 2015, being the last trading day before the announcement of the Placement and Entitlement Offer;
- 2.3% discount to the volume weighted average trading price of RFF units on ASX during the 5 trading days up to and including 5 March 2015 (\$1.071 per unit);
- 1.9% discount to the theoretical ex-rights price¹; and
- 8.4% forecast FY16 distribution yield based on RFF's FY16 guidance of 8.85 cpu.

Wilson HTM Corporate Finance Ltd is the Lead Manager and Sole Bookrunner to the Placement and Entitlement Offer, and is the Underwriter of the Entitlement Offer.

¹ Theoretical ex-rights price is calculated based on the market capitalisation of RFF based on the volume weighted average trading price of RFF units during the 5 days up to and including 5 March 2015 (\$1.071 per unit) and is inclusive of the Placement.

Use of Funds

The Entitlement Offer and Placement will provide RFF with funding to initially pay down borrowings, before being applied towards capital expenditure associated with the Tocabil almond development project.

Details of the Placement

The Placement to institutional and sophisticated investor clients of Wilson HTM Corporate Finance Ltd has been conducted within the 15% placement capacity of RFF. Placement Units will not be eligible to participate in the Entitlement Offer, as they will be issued after the record date for the Entitlement Offer.

Details of the Entitlement Offer

The Entitlement Offer is non-renounceable and is fully underwritten. Entitlement Units issued under the Entitlement Offer will rank equally with existing RFF units in all respects. As the Entitlement Offer is non-renounceable, unitholders will be unable to trade their rights to participate in the Entitlement Offer on the ASX.

Key dates of the Entitlement Offer are provided in the timetable section below. Eligible unitholders will be invited to participate in the Entitlement Offer, which will open on Wednesday, 18 March 2015 and close at 5:00pm (AEDT) Wednesday, 1 April 2015.

The Entitlement Offer is open to eligible unitholders, being persons who are registered holders of existing RFF units at 7:00pm (AEDT), Monday, 16 March 2015 and have a registered address in Australia or New Zealand. In limited circumstances, RFF may elect to treat unitholders in other jurisdictions as eligible unitholders, provided RFF is satisfied that it is not precluded from lawfully issuing Entitlement Units to such unitholders, either unconditionally or after compliance with conditions which the Responsible Entity in its sole discretion regards as acceptable and not unduly onerous.

Eligible unitholders may apply for additional Entitlement Units under the Entitlement Offer in excess of their entitlement. The Responsible Entity intends to cap applications at 150% of each eligible unitholder's entitlement. All applications for such additional Entitlement Units will be allocated in accordance with the terms in the Offer Document, including the discretion of the Responsible Entity.

Further details of the Entitlement Offer will be contained in the Offer Booklet which will be dispatched to eligible unitholders in due course.

Placement Key Dates

Event	Date
RFF units recommence trading after trading halt ends	Tuesday, 10 March 2015
Settlement of Placement Units	Tuesday, 17 March 2015
Allotment and trading of Placement Units	Wednesday, 18 March 2015

Entitlement Offer Key Dates

Event	Date
Ex-Entitlement date	Thursday, 12 March 2015
Record date for determining eligibility to participate in the Entitlement Offer and to determine entitlements	Monday, 16 March 2015
Entitlement Offer Booklet and Entitlement and Acceptance Forms dispatched to eligible unitholders	Wednesday, 18 March 2015
Entitlement Offer opens	Wednesday, 18 March 2015
Entitlement Offer closes – last date for lodgement of Entitlement and Acceptance Forms and payment of application money in full	Wednesday, 1 April 2015
Allotment of Entitlement Units	Friday, 10 April 2015
Commencement of trading of Entitlement Units on ASX	Monday, 13 April 2015

Note: the above timetables are indicative only and subject to change. RFF reserves the right, subject to the Corporations Act 2001 (Cth) and the ASX Listing Rules, to amend the indicative timetables set out above, or to withdraw the Entitlement Offer at any time.

Please direct any enquiries to RFM Investor Services by telephone on 1800 026 665 or by email at investorservices@ruralfunds.com.au.

This release does not constitute an offer to sell, or the solicitation of an offer to buy, securities in the United States or in any other jurisdiction in which such an offer or sale would be unlawful. This release may not be distributed or released in the United States. No action has been or will be taken to register, qualify or otherwise permit a public offering of the units referred to in this release in any jurisdiction outside Australia. In particular, none of the entitlements, the new units to be offered and sold in the Entitlement Offer all the new units offered and sold under the Placement, have been, and none of them will be, registered under the U.S. Securities Act of 1933 (Securities Act) or the securities laws of any state or other jurisdiction of the United States. Accordingly, the entitlements may not be taken up or exercised by, and the new units may not be offered or sold, directly or indirectly, to, any person in the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable U.S. state securities laws.

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.

For further information:

David Bryant
Managing Director
Rural Funds Management
T 02 6203 9700
E DBryant@ruralfunds.com.au

For media enquiries:

Stuart Waight
Chief Operating Officer
Rural Funds Management
T 0419 126 689
E SWaight@ruralfunds.com.au

For investor relations enquiries :

James Powell
Investor Relations & Distribution Manager
Rural Funds Management
T 0420 279 374
E JPowell@ruralfunds.com.au
