

Rural Funds Management Limited

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Securities Trading Policy

Last updated April 2015

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# 1. Introduction

## 1.1. Background

This document records the Company's securities trading policy and outlines:

- the Insider Trading prohibition and potential sanctions for breach;
- when employees and Directors may Deal;
- how to apply for approval to Deal during a Prohibited Period; and
- sanctions for a breach of this Policy.

## 1.2. Scope

This policy applies to all staff of the Company and its managed and/or owned entities. The restrictions outlined in this policy will apply to Dealing in RFM securities and securities in its managed and/or owned entities, which are listed on the ASX and/or NSX, including those allocated under RFM's Employee Share Plan.

## 1.3. Purpose

The purpose of this policy is to impose basic trading restrictions on all employees and representatives of the Company and its subsidiaries including Key Management Personnel and to impose additional trading restrictions on Directors.

## 1.4. Roles and responsibilities

Position	Role
<b>Company Secretary</b>	<ul style="list-style-type: none"> <li>- Regular policy review</li> <li>- Reviews existing rules and their adequacy in relation to RFM's operations</li> <li>- Reports any breaches to the Board</li> </ul>
<b>All Staff</b>	<ul style="list-style-type: none"> <li>- Strict compliance with this policy</li> </ul>
<b>RFM Board</b>	<ul style="list-style-type: none"> <li>- Policy approval</li> <li>- Determine if additional trading rules should be imposed or existing trading rules amended</li> <li>- Determine the course of action to be taken in each instance of insider trading</li> </ul>

### 1.5. Key definitions

Term	Explanation
<b>Approved Trading Window</b>	Has the meaning given in section 4.2.
<b>Company or RFM</b>	Rural Funds Management Limited.
<b>Company Secretary</b>	means the company secretary of the Company from time to time.
<b>Dealing</b>	Includes any acquisition or disposal of, or agreement to acquire or dispose of securities or to grant, accept, acquire, dispose, exercise or discharge an option or other right or obligation to acquire or dispose of securities and <b>Deal</b> has a corresponding meaning.
<b>Director</b>	Means a director of the Company.
<b>Insider</b>	The person that possesses 'inside information' and the insider knows or ought to reasonably to know that the matters specified in the s1024A definition of "insider information" are satisfied in relation to the information. That person may, or may not, have a business or employment connection with a company.
<b>Inside Information</b>	Has the meaning given in section 2.2
<b>Insider Trading</b>	Has the meaning given to that term under Part 7.10, Division 3 Corporations Act 2001 (summarised in section 2.1).
<b>Leadership Team and/or Key Management Personnel</b>	Means the chief financial officer, financial controller, company secretary, chief operating officer of the Company from time to time and any other persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, but excluding any directors.
<b>Prescribed Person</b>	Has the meaning given in section 3.1
<b>Prohibited Period</b>	Any period which is outside an Approved Trading Window and any other periods designated as a Prohibited Period by the Company Secretary under section 3.3
<b>RFF</b>	Means Rural Funds Group, which is a collective term for the RFM managed stapled entity listed on the ASX encompassing Rural Funds Trust and RF Active.
<b>RFP</b>	RFM Poultry, an RFM managed entity listed on the NSX
<b>RFA</b>	RF Active
<b>RFT</b>	Rural Funds Trust

### 1.6. Reporting requirements

The Company Secretary will immediately report any breaches of this policy to the Board.

### **1.7. Policy review and revision**

The Company Secretary will review this policy annually. The policy may be updated more regularly if required as a result of regulatory changes, significant licence changes or changes in the circumstances or operations of RFM.

## 2. Insider Trading

### 2.1. The prohibition

Insider Trading is prohibited under Div 3 of Part 7.10 of the *Corporations Act 2001* (Cth).

Insider Trading is:

- Dealing in securities on the basis of Inside Information; or
- procuring another person to Deal in securities on the basis of Inside Information; or
- communicating Inside Information, directly or indirectly, to another person who the person knows, or ought reasonably to know, is likely to Deal in those securities or procure another person to Deal in those securities.

**Insider Trading is prohibited by any Prescribed Person (as defined in section 3.1) at all times.**

### 2.2. Inside Information

Inside information is information that:

- is not generally available; and
- if it were generally available, a reasonable person would expect it to have a material effect on the price or value of securities or derivatives to which the information pertains to; or
- would, or would be likely to, influence persons who commonly invest in securities in deciding whether to acquire or dispose of the securities in question,

**(Inside Information).**

Information is generally available if it:

- is readily observable;
- has been made known in a manner likely to bring it to the attention of persons who commonly invest in securities of the relevant type and a reasonable period for that information to be disseminated has elapsed since it was made known; or
- consists of deductions, conclusions or inferences made or drawn from information falling under the paragraphs above.

### 2.3. Consequences of Insider Trading

- Insider Trading is a criminal offence and could entail prosecution under the provisions of the *Corporations Act 2001* (Cth) which carry criminal penalties

and/or imprisonment. A breach of these provisions can also be prosecuted as a civil action and those incurring loss as a result of Insider Trading can sue individuals for damages.

- In addition to any consequences under the Corporations Act, Insider Trading breaches this policy and will result in disciplinary action, which may include termination of employment.
- As well as action against an employee, the Australian Financial Services Licence (**AFSL**), which permits RFM to operate its funds management business, can be suspended or even terminated as a result of a breach of Insider Trading provisions by RFM's staff.

#### **2.4. Basis for prohibition**

There are a number of arguments as a basis for prohibiting Insider Trading:

- Fairness: market participants should have equal access to the relevant information from the company which issues the securities;
- fiduciary duty: a person who holds a position of trust should not make a personal profit from that position without the informed consent of the beneficiaries;
- economic efficiency: Insider Trading is damaging to the integrity of the financial market;
- corporate injury: Insider Trading injures the company which issued the securities, the shareholders in the company and investors who deal with insiders.

The continuous disclosure provisions of Ch 6CA (ss674-678) of the Corporations Act complement the Insider Trading provisions. The continuous disclosure provisions require disclosing entities, such as listed companies, to disclose price-sensitive information that is not generally available. Timely disclosure of such information reduces the opportunities for insider trading.

#### **2.5. Primacy of Insider Trading laws**

This policy is intended to minimise the risk of Insider Trading, as well as the appearance of Insider Trading, for the reasons set out above. However, it is only a guide.

**Warning:** Under Insider Trading laws, an Insider (as defined in this policy) is prohibited from Dealing in RFM securities and securities in its managed and/or owned entities even where the Dealing may otherwise occur in compliance with this policy. Accordingly:

- any approval to Deal obtained under this policy is **not** an endorsement of the proposed Dealing. The Prescribed Person carrying out the Dealing is individually responsible for their investment decisions and their compliance with Insider Trading laws;

- before a Prescribed Person Deals in RFM securities and securities in its managed and/or owned entities, that person should consider carefully whether they are in possession of any Inside Information that might preclude them from Dealing at that time; and
- if a Prescribed Person comes into possession of Inside Information after receiving approval to Deal under this policy, they must not Deal despite having received the approval.

A breach of Insider Trading laws will be regarded as serious misconduct which may lead to disciplinary action against the person responsible person, including dismissal.

## **2.6. Inside Information Controls**

### **2.6.1. Control of Inside Information**

RFM has an obligation to ensure that it does not permit Insider Trading by its Directors and employees.

Insiders are not permitted to Deal in RFM securities if they are in possession of Inside Information relating to RFM.

Those employees and Directors that have access to Inside Information must ensure that this information is quarantined within the company. The members of the Leadership Team will frequently be “Insiders” with regards to RFM. Those persons must ensure that they do not disclose Inside Information and will undertake best endeavours to prevent such information from being in the general domain of the RFM’s employees. Best endeavours include restricting access to sensitive computer files, locking working papers away in a secure cabinet and ensuring sensitive material is not displayed on computer screens during meetings with non-Insiders.

### **2.6.2. Inside Information Registers**

A register of Insiders will be kept by the Company Secretary and a list of securities about which there is Inside Information (the “**Restricted List**”) will be also maintained by the Company Secretary. The Company Secretary may delegate these duties as considered appropriate maintaining compliance oversight.

From time to time Insiders will require the other staff to have Inside Information to complete for them. In such cases those persons involved with the Insiders will have their name added to the Register of Insiders and will be subject to the restrictions on trading and dissemination of sensitive material.



## 3. Securities Trading – General Principles

### 3.1. Definition of a Prescribed Person

The following prescribed persons are treated as “employees / staff” for the purposes of this policy:

- (a) An employee, Director, a Partner or an Affiliate or Responsible Manager (AFSL) of RFM;
- (b) An employee, Director, a Partner or an Affiliate of RFM Farming;
- (c) The immediate family of a person referred to in paragraphs (a) and (b);
- (d) A family company, self-managed superannuation fund or a family trust of a person referred to in paragraphs (a) to (c); and
- (e) Where a market participant or a person referred to in paragraphs (a) to (d) is a body corporate, any body corporate or other entity controlled by that body corporate  
(each a “**Prescribed Person**”).

Please note this policy relates to all full-time, part-time and casual employees or any officer, consultant, agent, representative or independent contractor who acts for or by arrangement with RFM and its subsidiaries in the conduct of its business.

### 3.2. Securities to which this policy relates

This policy will apply to:

- all RFM securities and securities in its managed and/or owned entities, which are listed on the ASX and/or NSX; and
- any securities allocated under RFM’s Employee Share Plan.

### 3.3. Excluded Dealing

This Policy does not apply to:

- 3.3.1. transfers of securities already held by a Prescribed Person into a superannuation fund or other saving scheme in which the Prescribed Person is a beneficiary;
- 3.3.2. where a Prescribed Person is a trustee, Dealing by that trustee provided the Prescribed Person is not a beneficiary of the trust and any decision to Deal during a Prohibited Period is taken by the other trustees or by the investment managers independently of the Prescribed Person;
- 3.3.3. undertakings to accept, or the acceptance of, a takeover offer;

- 3.3.4. Dealing under an offer or invitation made to all or most of the security holders, such as a pro-rata rights issue, a security purchase plan, a dividend or distribution reinvestment plan and an equal access buy-back, where the plan that determines the timing and structure of the offer has been approved by the Board (which includes decisions relating to whether or not to take up the entitlements and the sale of entitlements required to provide for the take up of the balance of entitlements under a renounceable pro-rata issue);
- 3.3.5. disposals by a secured lender exercising their rights, for example, under an approved margin lending arrangement;
- 3.3.6. the exercise (but not the sale of securities following exercise) of an option or a right under an employee incentive scheme, or the conversion of a convertible security, where the final date for the exercise of the option or right, or the conversion of the security, falls during a Prohibited Period;
- 3.3.7. Dealing under a non-discretionary trading plan for which prior written clearance has been provided in accordance with this Policy provided the Prescribed Person did not enter into the plan or amend the plan during a Prohibited Period and the trading plan does not permit the Prescribed Person:
  - 3.3.7.1. to exercise any influence or discretion over how, when, or whether to Deal; or
  - 3.3.7.2. to cancel the trading plan or cancel or otherwise vary the terms of his or her participation in the trading plan during a Prohibited Period other than in exceptional circumstances.

### **3.4. Trading Black-Out Periods**

There are periods during the year when it is not possible to effectively quarantine Inside Information to one person or group of persons. During such periods it will be taken that all RFM staff and Board members are Insiders and will be prohibited from any trading activity in RFM securities.

These periods of no trading are known as “trading black-out” periods and will be designated by the Company Secretary. A list of set black-out periods is provided in Appendix 1 of this policy. The Board and/or Company Secretary may impose further black-out periods as they consider necessary.

### **3.5. Records of Authorisations**

A record of authorisations will be maintained by the Company Secretary however the Company Secretary can delegate this duty to another RFM officer while maintaining oversight to ensure details have been correctly recorded. Authorisation is only valid

for 2 business days. Any Dealings occurring 3 or more business days after authorisation must be re-authorized.

### **3.6. Off-Market Transfers**

Prescribed Persons (including Directors) may Deal in RFF securities, RFMP securities and/or the securities of any other listed entity which RFM is the responsible entity for, off-market but must abide by the same rules with regard to consent and notification that are applicable to on-market transactions.

Directors must obtain prior approval from the Managing Director or Executive Manager before entering into an off-market transaction of RFM securities.

### **3.7. Monitoring**

The Compliance Department (Compliance Officer, Internal Compliance Committee) will monitor order records and approvals on a regular basis. Compliance will have access to share registry records and Restricted Lists, and other materials necessary to evaluate that any Dealing in securities by any employee and Director complied with this policy.

### **3.8. Enforcement**

Compliance with this policy is a condition of employment. Breaches of this policy will result in disciplinary action, which may include termination of employment.

## 4. Trading by Prescribed Persons including Key Management Personnel

### 4.1. Permitted Trading by Prescribed Persons including Key Management Personnel

Subject to section 4.3, a Prescribed Person including a member of the Leadership Team may Deal in RFF, RFMP securities and the securities of any other listed entity which RFM is responsible entity for, if:

- they do not have Inside Information; **and**
- within an Approved Trading Period (without consent) (section 4.2.); **or**
- outside an Approved Trading Period (with written consent) (section 4.3.).

### 4.2. Approved Trading Periods (2 Week Rule)

Prescribed Persons including members of the Leadership Team may Deal in securities in RFF, RFMP and any other listed entity which RFM is the responsible entity for without authorisation within the prescribed 2 week period immediately after each 6 monthly financial statements or following the release of a major corporate disclosure document e.g. rights issue or other product disclosure statement, subject to the ASX / NSX being fully informed all other RFM corporate activity (**Approved Trading Period**).

The order, execution and settlement of the Dealing must all occur within the two week trading window. If this does not occur within the prescribed two week period, authorisation must be sought in accordance with section 4.3.

Prescribed Persons including members of the Leadership Team should refer to **Appendix 1** of this policy for the indicative timetable of Approved Trading Periods.

**RFM staff and members of the Leadership Team are still required to notify the Company Secretary of the details of the Dealing completed without authorisation during the Approved Trading Periods within 2 days of execution.**

### 4.3. Ad hoc restrictions during Approved Trading Periods

The Board reserves the right, in its absolute discretion, to impose an ad-hoc restriction on Dealing during any period, including those periods otherwise identified as Approved Trading Periods under this policy.

### 4.4. Internal Consent and Notification required for trading outside approved periods by Prescribed Persons including Key Management Personnel (see Figure 1)

Any proposed Dealing by a Prescribed Person including members of the Leadership Team in RFF securities, RFMP securities or any other securities in a listed entity

which RFM is the responsible entity for, outside of the Approved Transaction Periods must first be granted written authorisation by email from the Managing Director or another Executive Manager (in the case of a Prescribed Person) or in the case of members of the Leadership Team, a Director or Company Secretary. That authorisation must be obtained separately for each relevant Dealing. **Authorisation must be given before an order is placed on market.**

The Prescribed Person or member of the Leadership Team must, at the time of seeking authorisation for the Dealing, certify in writing that they are not in possession of any Inside Information that might preclude them from trading at that time.

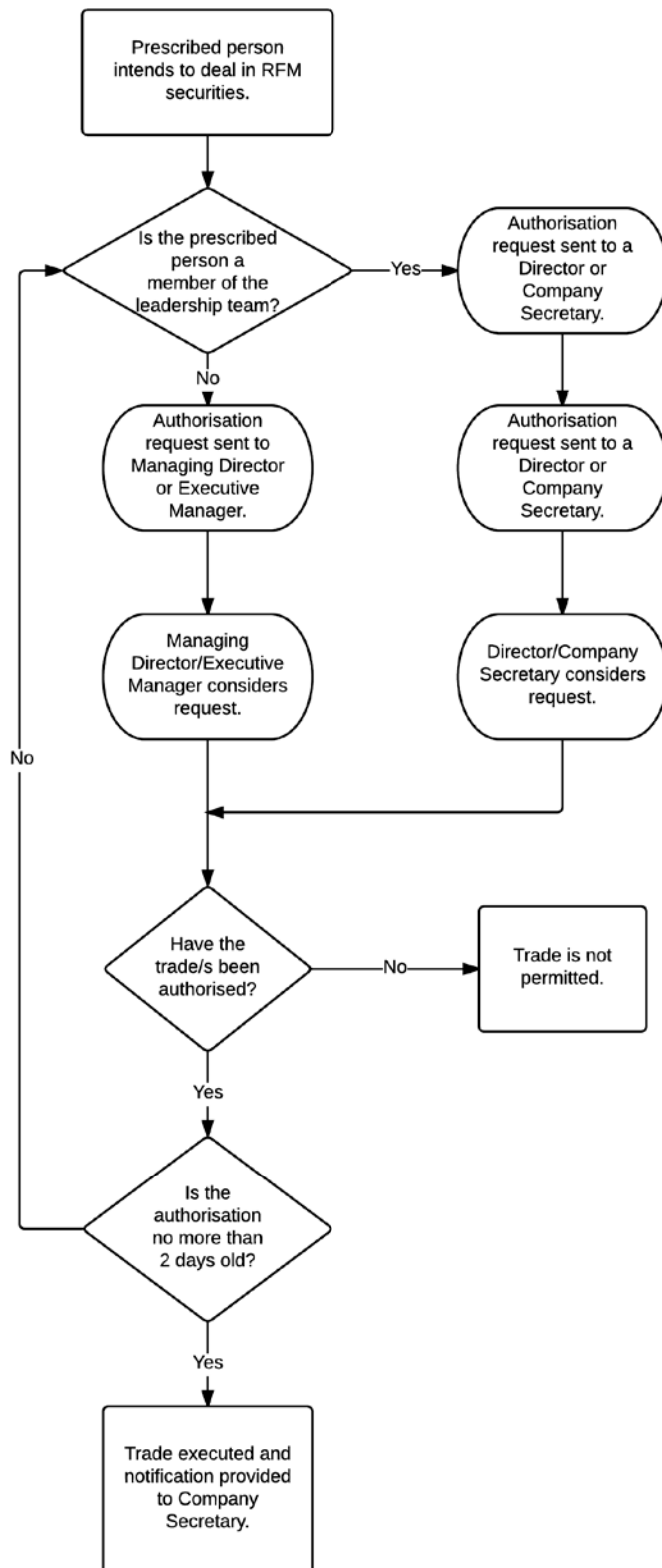
The Managing Director of Executive Manager (for Prescribed Persons) and a Director or Company Secretary is required to respond to the request for authorisation within 2 days of the request to deal being submitted. The authorising officer that responds has an obligation to take into account the circumstances of the proposed transaction and anything that may materially affect the price of the relevant security. Since a response may be withheld by reason of Inside Information not known to the person applying for authorisation personally, reasons for refusal of authorisation may not be given.

If authorisation is granted, the Dealing order must be executed within 2 days after authorisation is granted.

#### **4.5. Notification to Company Secretary**

All Prescribed Persons and members of the Leadership Team are also required to notify the **Company Secretary** by email of the details of the Dealing within 2 business days of being granted approval for the Dealing. Details should include volume and average price of securities the subject of the Dealing.

**Figure 1: Process of Authorisation for Prescribed Persons including Key Management Personnel**



## 5. Trading by Directors

### 5.1. Internal Consent and Notification required for trading by Directors

Where any Director of RFM seeks to Deal in RFM securities, RFF securities, RFMP securities or the securities of any other listed entity, which RFM is the responsible entity for **at any time** the request to Deal will be considered by the Managing Director or the Chairman of the Board of Directors, who will only exercise their discretion where it is reasonable in the circumstances to conclude that there is no apparent breach of this policy.

In addition, Directors will be required to advise the Managing Director and Company Secretary within 24 hours of the details of the trading for the purpose of satisfying the ASX and NSX listing rules and notifying the ASX and/or NSX.

Where the Chairman seeks to Deal in RFM securities the request will be considered by the full Board of Directors who will only exercise their discretion where it is reasonable in the circumstances to conclude that there is no apparent breach of this policy.

Executive Directors who are Insiders are subject to the same restrictions as those which apply to all other staff in terms of dealing in companies on the Restricted List.

### 5.2. Hedging of Unvested Entitlements

Members of the Leadership Team participating in an equity-based incentive plan are prohibited from entering into any transactions or arrangements which would have the effect of hedging or otherwise transferring to any other person the risk of any fluctuation in the value of unvested entitlement in RFM's securities.

No prior notification is needed for participation in RFM's dividend reinvestment plan or other corporate actions open to all security holders.

## **6. Trading in exceptional circumstances**

### **6.1. Exceptional circumstances: prohibited periods**

There may be extraordinary circumstances in which a Prescribed Person may be granted special consent to Deal during a Prohibited Period, subject to receiving prior written clearance.

Extraordinary circumstances may include any of the following:

- Severe financial hardship where the persons financial commitments can only be met by selling their securities;
- Court order or a court enforceable undertaking (for example a bona fide family settlement);
- Other overriding legal or regulatory requirement to transfer, or accept a transfer of, securities.

An executive manager, the Managing Director or the Chairman of the Board may determine that other exceptional circumstances not included above may exist that warrant the granting of approval to Deal.

### **6.2. Obtaining prior written clearance**

Where it can be reasonably established that exceptional circumstances exist, the consent to Deal in securities can be given. To obtain consent, procedures outlined in sections 4.4. and 4.5. (Prescribed Persons including Key Management Personnel) and section 5.1 (Directors) must be followed.



## APPENDIX 1

**Table 1. Indicative Annual Timetable of Trading Period for Employee Trading and Key Management Personnel**

Event	Month		Indicative trading period (inclusive)	Black-out period
	ASX	NSX		
Appendix 4D announcement (Half-Year Financial Report)	February	March	2 weeks post announcement date	2 weeks preceding announcement date
Appendix 4E announcement (ASX/NSX Preliminary Financial Report)	August	September	2 weeks post announcement date	2 weeks preceding announcement date
Offer documents issued in relation to offer of securities	Various dates to be advised		2 weeks post announcement date	As determined by the Responsible Entity

**Table 2. ASX and NSX Periodic Reporting Obligations**

Report	Lodgement period	
	ASX	NSX
Half-Year Financial Report	Within two months after the end of the accounting period	Within 75 days after the end of the accounting period
Preliminary Financial Report	Within two months after the end of the accounting period	Within 75 days after the end of the accounting period

## 7. Document Information

### 7.1. Primary Contact

For all enquiries or proposed changes, please contact:

**Document Owner:** Company Secretary

### 7.2. Version Control – Word Doc whilst in Draft (PDF = Final)

Version	Date	Comments	Initials
1.0	3 June 2013	First draft	LW
1.1	6 June 2013	Review	SW
1.2	7 June 2013	McCullough Robertson comments	SR
1.3	20 March 2014	Amendments (RF Active)	LW, McRob
1.4	6 May 2014	Amendments (as approved by the Board on 30 April)	LW
1.5	21 August 2014	Amendments	LW
1.6	26 February 2015	Amendments, following update ASX GN 27	LW, KS
1.7	March 2015	External legal review (McCullough Robertson)	SR
1.8			
1.9			
2.0			
FINAL			

### 7.3. Authorisation and Sign-off

Date	Name	Position / Department	Sign-Off
26 June 2013	RFM Board	Board approval	Approved
25 March 2014	RFM Board	Board approval	Approved
30 April 2014	RFM Board	Board approval	Approved
10 September 2014	RFM Board	Board approval	Approved
29 April 2015	RFM Board	Board approval	Approved

#### 7.4. Acronyms / Definitions Used Throughout the Document

Acronym	Description
RFM	Rural Funds Management Limited (RE)
RE	Responsible Entity
COO	Chief Operating Officer
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
NSX	National Stock Exchange

#### 7.5. References (Related Policies / Procedures and Requirements)

Related Policies / Procedures / Documents
Employee Induction
Code of Conduct
Corporate Governance Charter
Delegations Policy
Legislation / Other References
<i>Corporations Act</i> 2001 (Cth), Corporations Regulations
ASX Listing Rules and other guidance (listing rule 12, guidance note 27)
NSX Listing Rules and other guidance