

# Rural Funds Group (RFF)



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9 November 2015

## ASX Release

### Subject: Updated Securities Trading Policy

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Rural Funds Management Limited, as responsible entity and manager of the Rural Funds Group (RFF) has updated its Securities Trading policy. A copy of the revised policy is attached.

The changes to the policy are designed to increase liquidity within RFF, and bring the policy into line with industry standards.

All key policies are available on RFM's website at <http://ruralfunds.com.au/about/corporate-governance/>.

#### 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 Management Limited

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Securities Trading Policy

Last updated 6 November 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; and
- how to apply for approval to Deal during a Prohibited Period.

## 1.2. Scope

This policy applies to all Prescribed Persons (as defined in section 3.1). The restrictions outlined in this policy will apply to Dealing in RFF and RFP securities and securities in its managed and/or owned entities, which are listed on the ASX or NSX, including those allocated under RFF's and RFP's Distribution Reinvestment 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 and to impose additional trading restrictions on Directors and Key Management Personnel.

## 1.4. Responsibility and Accountability

All Company employees have an individual responsibility to ensure that they comply with the law relating to insider trading and this policy.

A breach of the law relating to insider trading can have serious consequences, including individual criminal and civil liability. A breach of this policy will be treated by the Company as serious misconduct, and may lead to disciplinary action, including termination of employment with the Company.

Guidance on the application of this policy can be obtained from the Company Secretary.

## 1.5. 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 the Company'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>

Position	Role
<b>Company 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>

## 1.6. Key definitions

Term	Explanation
<b>ASX</b>	Australian Securities Exchange or ASX Limited.
<b>Company</b>	Rural Funds Management Limited.
<b>Company Secretary</b>	means the company secretary of the Company
<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 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>NSX</b>	National Stock Exchange of Australia Limited
<b>Prescribed Person</b>	Has the meaning given in section 3.1
<b>Prohibited Period</b>	The periods specified in Appendix 1.
<b>RFF</b>	Means Rural Funds Group, which is a collective term for the registered managed investment schemes and stapled entity listed on the ASX encompassing Rural Funds Trust and RF Active of which the Company is the responsible entity.
<b>RFP</b>	RFM Poultry, a registered managed investment scheme listed on the NSX

## 1.7. Reporting requirements

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

### **1.8. 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 the Company.

## 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 the Company to operate its funds management business, can be suspended or even terminated as a result of a breach of Insider Trading provisions by Prescribed Persons.

#### **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 Chapter 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 RFF or RFP securities 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 RFF or RFP 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**

The Company has an obligation to ensure that it does not permit Insider Trading by Company employees.

Insiders are not permitted to Deal in RFF or RFP securities if they are in possession of Inside Information relating to RFF or RFP respectively.

Company employees 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 RFF and/or RFP. 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 Company 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 will be also maintained by the Company Secretary. The Company Secretary may delegate these duties as considered appropriate to maintain compliance oversight.

From time to time Insiders will require other Prescribed Person to have Inside Information to complete tasks 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 the Company;
- (b) an employee, Director, a Partner or an Affiliate of RFM Farming Pty Ltd;
- (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 the Company and its subsidiaries in the conduct of its business.

### 3.2. Securities to which this policy relates

This policy will apply to all RFF and RFP securities and securities in its managed and/or owned entities, which are listed on the ASX and/or NSX.

### 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 and an equal access

buy-back, where 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. Dealing under a distribution reinvestment plan where:

- (a) the Prescribed Person do not commence or amend their participation in the plan during a Prohibited Period; and
- (b) the Prescribed Person is not permitted to withdraw from the plan during a Prohibited Period other than in exceptional circumstances and with the appropriate consent;

3.3.6. disposals by a secured lender exercising their rights, for example, under an approved margin lending arrangement;

3.3.7. 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;

3.3.8. 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:

- (a) to exercise any influence or discretion over how, when, or whether to Deal; or
- (b) 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 Prescribed Persons are Insiders and will be prohibited from any trading activity in RFF or RFP 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. Off-Market Transfers**

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

### **3.6. Monitoring**

The Compliance Department (Compliance Officer) will monitor Dealing, authorisations and notifications half yearly. Compliance will have access to securities registry records and other materials necessary to evaluate that any Dealing in securities by any Prescribed Person.

### **3.7. 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 may Deal in RFF, RFP securities and the securities of any other listed entity which the Company is responsible entity for, if:

- (a) they do not have Inside Information;
- (b) it is outside a Prohibited Period; and
- (c) in the case of Key Management Personnel or Directors, following lodgment of a Compliance Certificate.

### **4.2. Compliance Certificate**

Before any Key Management Personnel or Director Deals in RFF or RFP securities, they must first complete a Compliance Certificate and submit it to the Company Secretary or the Company Secretary's delegate.

The form of Compliance Certificate is set out in Appendix 2 and is available from the Company Secretary. The Compliance Certificate is a confirmation from that person that he or she does not possess any Inside Information.

Receipt of the Compliance Certificate by the Company is intended as a compliance monitoring function only, and is not an endorsement of the proposed transaction: individuals remain responsible for their own investment decisions and their compliance with the law.

If Dealing is to occur, the Dealing must occur within 10 business days of lodgment of the Compliance Certificate.

### **4.3. Ad hoc restrictions outside Prohibited Periods**

The Board reserves the right, in its absolute discretion, to impose an ad-hoc restriction on Dealing during any period outside the Prohibited Periods under this policy.

## **5. Trading in exceptional circumstances**

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

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

Extraordinary circumstances may include any of the following:

- (a) severe financial hardship where the persons financial commitments can only be met by selling their securities;
- (b) court order or a court enforceable undertaking (for example a bona fide family settlement); or
- (c) 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.

### **5.2. Obtaining prior written clearance**

Where it can be reasonably established that exceptional circumstances exist, the authorisation to Deal in securities must be given by either:

- (a) the Managing Director; or
- (b) the Chairman (where the circumstances relate to the Managing Director).

### **5.3. Records of Authorisations**

A record of authorisations will be maintained by the Company Secretary however the Company Secretary can delegate this duty to another Company 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-authorised.

## APPENDIX 1

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

Event	Month		Prohibited Period/ Black out
	ASX	NSX	
Appendix 4D announcement (Half-Year Financial Report)	February	March	2 weeks preceding announcement date
Appendix 4E announcement (ASX/NSX Preliminary Financial Report)	August	September	2 weeks preceding announcement date
Offer documents issued in relation to offer of RFF or RFP securities	Various dates to be advised		As determined by the Board

**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



## APPENDIX 2

### Compliance Certificate

The Company Secretary  
Rural Funds Management Limited

I, \_\_\_\_\_ hereby confirm that I intend to deal in RFF and/or RFP securities and prior to doing so, I have satisfied myself that I am not in possession of any Inside Information as that term is defined in section 1042A of the Corporations Act 2001 (Cth).

Signed.....

Dated.....

## 6. Document Information

### 6.1. Primary Contact

For all enquiries or proposed changes, please contact:

**Document Owner:** Company Secretary

### 6.2. 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	13 October 2015	Annual review and typographical error corrections	KS
1.9	6 November 2015	Removal of trading windows and reliance of blackout periods only	McRob
2.0			
FINAL			

### 6.3. 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
22 October 2015	RFM Board	Board approval	Approved
6 November 2015	RFM Board	Board approval	Approved

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

Acronym	Description
The Company	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

#### 6.5. 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