

Retail Offer Booklet

Issuer

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

2 for 9 accelerated pro rata non-renounceable entitlement offer at \$1.70 per Unit.

**Last date for acceptance and payment:
5.00pm Australian Eastern Standard Time (AEST) on 26 June 2017**

If you are an Eligible Retail 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

Joint Lead Managers and Underwriters

UBS AG, Australia Branch ABN 47 088 129 613
Bell Potter Securities Limited ABN 25 006 390 772
Wilson's Corporate Finance Limited ABN 65 057 547 323

Issue Date
8 June 2017

Managed by:



IMPORTANT NOTICE

This Retail 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 8 June 2017.

This Retail 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 Retail Entitlement Offer.

You should consider the risk factors outlined in the Investor Presentation, which is included in this Retail Offer Booklet at section 3, and the tax implications outlined in section 4 of this Retail 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 Retail Entitlement Offer. The information provided in this Retail Offer Booklet does not constitute financial product advice.

Neither this Retail 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 Retail Offer Booklet should be read in conjunction with RFF’s continuous disclosure announcements made to the Australian Securities Exchange (“ASX”) available at www.asx.com.au.

The Responsible Entity does not give any undertaking or representation that information in this Retail 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 Retail 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 Retail 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 Retail 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 Underwriters 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. Moreover they 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 Retail Offer Booklet for a summary of general and specific risk factors that may affect RFF.

Financial information

Unless otherwise stated, all numbers in this Retail Offer Booklet are in A\$ and financial data is presented as at 31 December 2016.

Times and dates

Times and dates in this Retail 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 Retail Offer Booklet for more details.

No overseas registration

This Retail 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 Retail Entitlement Offer, or to otherwise permit an offering of Units, in any jurisdiction outside Australia and New Zealand. The distribution of this Retail Offer Booklet (including in electronic form) outside Australia and New Zealand may be restricted by law and persons who come into possession of this Retail Offer Booklet outside Australia and New Zealand should 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 of 1933 (“US Securities Act”)*, and may not be offered or sold in the United States or to, or for the account or benefit of, persons in the United States unless the Units are registered under the *US Securities Act*, or pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the *US Securities Act*.

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

Please see section 5.17 of this Retail Offer Booklet for important Eligible Unitholder declarations in relation to the Retail Entitlement Offer.

Contents

| | |
|--|----|
| Letter from the Chairman and Managing Director | 2 |
| Summary of the Entitlement Offer | 4 |
| Key Dates | 4 |
| What should you do? | 6 |
| Section 1 – Overview of the Entitlement Offer | 8 |
| Section 2 – How to apply – Eligible Retail Unitholders | 11 |
| Section 3 – ASX Announcement and Investor Presentation | 14 |
| Section 4 – Taxation | 44 |
| Section 5 – Important information for Unitholders | 47 |
| Glossary | 53 |
| Corporate directory | 56 |

Contact details

Website: www.ruralfunds.com.au

Email (investors): investorservices@ruralfunds.com.au

Email (advisers): adviserservices@ruralfunds.com.au

Phone (investors): 1800 026 665

Phone (advisers): 1300 880 295

Fax: 1800 625 518

Postal: Locked Bag 150 Kingston ACT 2604

Enquiries

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

LETTER FROM THE CHAIRMAN AND MANAGING DIRECTOR

Dear Unitholder

Rural Funds Management Limited (“RFM”), as responsible entity and manager of Rural Funds Group (“RFF”), is pleased to offer you the opportunity to participate in a fully underwritten 2 for 9 accelerated non-renounceable entitlement offer of new units in RFF (**New Units**) at an offer price of \$1.70 per New Unit (**Offer Price**).

Entitlement Offer

On 7 June 2017, RFM announced its intention to raise approximately \$78.6 million via a fully underwritten 2 for 9 accelerated non-renounceable entitlement offer (**Entitlement Offer**) at the Offer Price.

The Entitlement Offer comprises:

- > an offer to Eligible Institutional Unitholders (**Institutional Entitlement Offer**); and
- > an offer to Eligible Retail Unitholders (**Retail Entitlement Offer**) to which this Retail Offer Booklet relates.

The Institutional Entitlement Offer was successfully completed on 7 June 2017 and raised approximately \$18.6 million.

The Entitlement Offer is fully underwritten by UBS AG, Australia Branch, Bell Potter Securities Limited and Wilsons Corporate Finance (**Underwriters**) subject to the terms of an underwriting agreement (see section 5.11 for more details).

Use of proceeds

RFF will use the proceeds of the Entitlement Offer to reduce gearing from 42.7% to 29.5%¹, following the debt funded acquisition of two key assets over the past six months. Lynora Downs, a cotton property located in central Queensland, was purchased for \$26.5 million in December 2016. The property has significant development potential, including underutilised water entitlements.

During the same month, RFF acquired 9,549 ML of Murrumbidgee River high security water entitlements. This asset is a cornerstone resource for RFF’s next horticultural development and, in the interim, the water allocation will be sold on the temporary market on an annual basis.

The reduction in gearing will create balance sheet capacity to further build RFF’s portfolio of quality agricultural assets and RFM is currently undertaking due diligence on an asset of significant scale within the Australian cattle sector. This asset is similar in functionality to RFF’s other cattle assets, providing the potential lessee, an arm’s length party, with an integrated breeding and backgrounding operation.

Strategic rationale

The recent purchases of Lynora Downs and the Murrumbidgee River high security water entitlement, as well as the cattle assets that have been identified by RFM will provide a number of benefits to RFF, including:

- > increased exposure to natural resource “growth” assets that contain productivity improvement potential;
- > are in sectors that Australia possesses both comparative and competitive advantages, longevity and scale;

¹ Gearing shown on a pro forma basis. For more information see slide 5 of the Investor Presentation

- > the Murrumbidgee River high security water entitlement is a strategic asset as it may be used in time to seed a large horticultural development of greater value;
- > enhancing RFF's scale, sector and climatic zone diversification; and
- > RFM as manager has direct operational knowledge in all sectors to which acquisitions pertain.

RFM is pleased to provide Eligible Retail Unitholders with an opportunity to increase their investment in RFF and participate in the expected benefits of the acquisitions and long-term growth of RFF.

Retail Entitlement Offer

This letter relates to the Retail Entitlement Offer, which will raise approximately \$60.0 million. Under the Retail Entitlement Offer, Eligible Retail Unitholders can subscribe for 2 New Units for every 9 Units they hold as at the Record Date at an Offer Price of \$1.70 per New Unit. The Offer Price under the Retail Entitlement Offer is the same Offer Price as for the Institutional Entitlement Offer, and represents a:

- > 4.0% discount to RFF's last close price on 6 June 2017 of \$1.77
- > 4.8% discount to RFF's 5-day volume weighted average price (VWAP) to 6 June 2017 of \$1.79
- > 3.3% discount to the theoretical ex-rights price (TERP) of \$1.76
- > forecast FY18 AFFO yield of 7.4% and FY18 distribution yield of 5.9%

New Units issued will rank equally with existing Units in RFF and will be fully entitled to the distribution for the quarter ending 30 June 2017, which is expected to be 2.41 cents per Unit.

The number of New Units which you are entitled to subscribe for under the Retail Entitlement Offer (**Entitlement**) is set out in your personalised Entitlement and Acceptance Form that will accompany this Retail Offer Booklet when it is dispatched to Eligible Retail Unitholders on 14 June 2017.

If you wish to participate in the Retail Entitlement Offer you must ensure that your Application Monies are received before 5.00pm (AEST) on 26 June 2017 (**Final Retail Closing Date**), otherwise your rights under the Retail Entitlement Offer will lapse. Instructions for how to pay your Application Monies are set out in your personalised Entitlement and Acceptance Form that will accompany this Retail Offer Booklet when it is dispatched to you. Additionally, you have the opportunity to apply and pay for your Entitlements before 5.00pm (AEST) on 20 June 2017 (**Early Retail Closing Date**), and your New Units will be allotted on 22 June 2017.

You should seek appropriate professional advice before making any investment decisions. If you have any questions about the Retail Entitlement Offer, please contact RFM Investor Services on 1800 026 665 (from within Australia) or +61 2 6203 9700 (from outside Australia) from 8.30am to 5.00pm (AEST), Monday to Friday prior to the Final Retail Closing Date.

If you do not wish to take up any of your Entitlement, you do not have to take any action.

The RFM Directors encourage you to participate in the Entitlement Offer and thank you for your continued support.

Yours faithfully



Guy Paynter
Chairman



David Bryant
Managing Director

SUMMARY OF THE ENTITLEMENT OFFER

| | |
|-----------------------|--|
| RATIO | 2 New Units for every 9 Existing Units |
| ISSUE PRICE | \$1.70 per New Unit |
| SIZE | Approximately 46,251,611 New Units |
| GROSS PROCEEDS | Approximately \$78.6 million |

KEY DATES

| EVENT | DATE |
|--|--------------------------------------|
| Trading halt, Institutional Entitlement Offer opens | Wednesday, 7 June 2017 |
| Institutional Entitlement Offer closes | Wednesday, 7 June 2017 |
| Trading of Units recommences on ASX on an 'ex-entitlement' basis | Thursday, 8 June 2017 |
| Record Date for determining entitlement to subscribe for New Units | Friday, 9 June 2017 |
| Retail Entitlement Offer Booklet is dispatched and Retail Entitlement Offer opens | Wednesday, 14 June 2017 |
| Early Retail Closing Date | 5.00pm (AEST), Tuesday, 20 June 2017 |
| Settlement of New Units issued under the Institutional Entitlement Offer and Retail Entitlement Offer for applications received by the Early Retail Closing Date | Wednesday, 21 June 2017 |
| Allotment and normal trading of New Units issued under the Institutional Entitlement Offer and Retail Entitlement Offer for applications received by the Early Retail Closing Date | Thursday, 22 June 2017 |
| Retail Entitlement Offer closes | 5.00pm (AEST), Monday, 26 June 2017 |
| Allotment of remaining New Units issued under the Retail Entitlement Offer | Friday, 30 June 2017 |
| Dispatch of holding statements and normal trading of remaining New Units issued under the Retail Entitlement Offer | Monday, 3 July 2017 |

This timetable is indicative only and subject to change. The Responsible Entity may vary these dates, in consultation with the Underwriters, subject to the ASX Listing Rules. The last day for extension of the closing date is Wednesday, 21 June 2017. 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 7 June 2017 (announcement of the Entitlement Offer) | 208,132,251 |
| New Units to be issued under the Entitlement Offer | 46,251,611 |
| Units on issue after the Entitlement Offer | 254,383,862 |

Underwriting

The Entitlement Offer is fully underwritten by UBS AG, Australia Branch, Bell Potter Securities Limited and Wilsons Corporate Finance Limited.

Risks

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

WHAT SHOULD YOU DO?

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

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

Eligible Retail Unitholders will receive a personalised Entitlement and Acceptance Form, accompanying this Retail Offer Booklet, setting out their Entitlement. Those Unitholders who have elected to receive notices by email, will receive an email with a direct link to their personalised Entitlement and Acceptance Form and the Retail Offer Booklet. Those Unitholders who have not elected to receive notices by email will receive both documents by post.

The Retail 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 Retail 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 Retail Entitlement Offer, when read with this Retail 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 Retail Entitlement Offer in light of your particular investment objectives and circumstances

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

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 of this Retail Offer Booklet and the disclaimers outlined in this Retail Offer Booklet.

3. What are your options?

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

Allotment of New Units offered under the Early Retail Entitlement Offer will take place on 22 June 2017 and the allotment of New Units offered under the Retail Entitlement Offer will take place on 30 June 2017.

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

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

This is an accelerated non-renounceable Entitlement Offer, and Entitlements cannot be traded or otherwise transferred on the ASX or any other exchange or privately. If you do not participate in the Retail Entitlement Offer, you will not receive any value for your Entitlement.

4. Apply for new Units

To participate in the Retail Entitlement Offer, you must complete and lodge a valid Entitlement and Acceptance Form and Applicable Monies for New Units, or make a payment via BPAY, by 5.00pm (AEST) on 26 June 2017. You can also apply and pay by the Early Retail Closing Date, and be allotted New Units on 22 June 2017. See section 1.3 for more information.

If you take no action, your Entitlement under the Retail Entitlement Offer will lapse.

5. Questions

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

OVERVIEW OF THE ENTITLEMENT OFFER

1.1 Overview

Rural Funds Group (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 9.15% of RFF's assets, comprising Murrumbidgee River high security water entitlements, breeding cattle and plant and equipment. RF Active assets are considered to be operational in nature.

The Responsible Entity is offering Eligible Unitholders the opportunity to subscribe for 2 New Units for every 9 Existing Units held on the Record Date at an issue price per New Unit of \$1.70. The Entitlement Offer is non-renounceable, which means that the Entitlements are non-transferable and cannot be sold or traded. The Entitlement Offer comprises:

- > the Institutional Entitlement Offer; and
- > the Retail Entitlement Offer (to which this Retail Entitlement Offer Booklet relates).

The Entitlement Offer is fully underwritten, and seeks to raise approximately \$78.6 million. The Offer Price under the Retail Entitlement Offer is the same as the Offer Price under the Institutional Entitlement Offer.

RFF raised approximately \$18.6 million through the Institutional Entitlement Offer² and is seeking to raise approximately \$60.0 million under the Retail Entitlement Offer.

The Entitlement Offer is non-renounceable which means that the Entitlements cannot be traded or otherwise transferred on the ASX or any other exchange or privately. If you do not participate in the Entitlement Offer, you will not receive any value for your Entitlement.

All New Units issued under the Entitlement Offer will be eligible to receive the quarterly distribution for the period ending 30 June 2017.

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

1.2 Institutional Entitlement Offer

On 7 June 2017, Eligible Institutional Unitholders were given the opportunity to take up all or part of their Entitlement under the Institutional Entitlement Offer.

The Institutional Entitlement Offer to raise approximately \$18.6 million, at an Offer Price of \$1.70 per New Unit was successfully conducted on 7 June 2017. New Units are expected to be allotted on 22 June 2017 under the Institutional Entitlement Offer.

1.3 Retail Entitlement Offer

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

The Retail 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

² Subject to settlement of the Institutional Entitlement Offer, which is scheduled to occur on 21 June 2017. The Institutional Entitlement Offer is fully underwritten (refer to section 5.11 for a description of key terms of the Underwriting Agreement)

applicable laws to receive an offer under the Retail Entitlement Offer. A person in the United States or acting for the account or benefit of a person in the United States or an Institutional Unitholder is not entitled to participate in the Retail Entitlement Offer.

Eligible Retail Unitholders have the opportunity to be allotted New Units up to their Entitlement at the same time as Eligible Institutional Unitholders under the Institutional Entitlement Offer, if they submit an Application and their relevant Application Monies are received by 5.00pm (AEST) on 20 June 2017. Otherwise, the Retail Entitlement Offer closes at 5.00pm (AEST) on 26 June 2017, with New Units to be allotted on 30 June 2017.

1.4 Ranking of New Units

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

1.5 Reconciliation and fractional entitlements

The Responsible Entity may need to issue a small quantity of additional New Units to ensure all Eligible Institutional Unitholders and Eligible Retail 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 of \$1.70.

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

To the extent that application of the offer ratio of 2 New Units for every 9 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.

1.6 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 RFF.

1.7 Underwriting

The Entitlement Offer is fully underwritten by UBS AG, Australia Branch, Bell Potter Securities Limited and Wilsons Corporate Finance Limited. See section 5.11 for further information regarding the underwriting arrangements.

1.8 Use of funds

RFF will use the proceeds of the Entitlement Offer to reduce gearing from 42.7% to 29.5%³, following the debt funded acquisition of two key assets over the past six months.

In December 2016, RFF acquired Lynora Downs, a 4,880 ha cotton property located in central Queensland for \$26.5 million. The property comprises 780 ha of developed irrigation fields and substantial underutilised water entitlements. Lynora Downs will be further developed during 2017 with the construction of an additional water storage facility and development of a larger irrigation area. RFM and Queensland Cotton Corporation Pty Ltd, a subsidiary of Olam International Limited have established a joint venture, Cotton JV Pty Ltd, which leases and operates Lynora Downs.

During the same month, RFF acquired 9,549 ML of Murrumbidgee River high security water entitlements for approximately \$34 million. This asset is a cornerstone resource for RFF's next horticultural development, and in the interim, the water allocation will be sold on an annual basis. This parcel of water represents one of the largest parcels of Murrumbidgee River high security entitlements traded.

RFF's target gearing range is 35%, plus or minus 5%. The reduction in gearing will create balance sheet capacity to further build RFF's portfolio of quality agricultural assets. RFM is currently undertaking due

3 Gearing shown on a pro forma basis. For more information see slide 5 of the Inestor Presentation

diligence on an asset within the Australian cattle sector. The asset is similar in functionality to RFF's other cattle assets, in that it provides the potential lessee, an arm's length party, with an integrated breeding and backgrounding operation.

The assets acquired in December 2016, grow the natural resource predominant component of RFF's portfolio, balancing the infrastructure intensive assets owned by RFF. One of the features of natural resource assets is the higher level of capital growth they can achieve when compared to infrastructure assets which tend to deliver higher levels of income but depreciate over time.

1.9 Allotment

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

1.10 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 allotted under the Institutional Entitlement Offer and Retail Entitlement Offer for applications received by the Early Retail Closing Date will commence on 22 June 2017; and
- > normal trading of new Units allotted under the Retail Entitlement Offer will commence on 3 July 2017.

1.11 Holding statements

Holding statements are expected to be dispatched to Eligible Unitholders:

- > on 22 June 2017 in respect of New Units allotted under the Institutional Entitlement Offer and the Retail Entitlement Offer for applications received by the Early Retail Closing Date; and
- > on 3 July 2017 in respect of New Units allotted under the Retail Entitlement Offer for applications received after the Early Retail Closing Date and, on or before, the Final Retail Closing Date.

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 Underwriters 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 Underwriters.

1.12 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* and will do so without interest.

HOW TO APPLY – ELIGIBLE RETAIL UNITHOLDERS

2.1 Eligible Retail Unitholders

An Eligible Retail Unitholder is generally 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 Retail Unitholders will receive a personalised Entitlement and Acceptance Form, accompanying this Retail Offer Booklet, setting out their Entitlement. Those Unitholders who have elected to receive notices by email, will receive an email with a direct link to their personalised Entitlement and Acceptance Form and the Retail Offer Booklet. Those Unitholders who have not elected to receive notices by email will receive both documents by post.

Eligible Retail Unitholders may:

- > take up all or part of their Entitlement by the Early Retail Closing Date or the Final Retail Closing Date (refer to section 2.2); or
- > do nothing and allow their Entitlement to lapse. It is not possible to sell or transfer your Entitlement if you decide not to take it up (refer to section 2.3).

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

2.2 How can Eligible Retail Unitholders take up their Entitlement?

You should read this Retail 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 \$1.70 per New Unit multiplied by the number of New Units you are applying for.

If you have multiple holdings, you will have multiple BPAY reference numbers. To ensure you receive your Entitlement in respect of each 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.

If you wish to participate in the Early Retail Offer and be allotted New Units at the same time as the Eligible Institutional Unitholders, your Application Monies must be received via BPAY only, by the Early Retail Closing Date, being 5.00pm (AEST) on 20 June 2017.

Alternatively, if your Application Monies are received after the Early Retail Closing Date, but before the Final Retail Closing Date, your application will be processed with the Retail Entitlement Offer which closes at 5.00pm (AEST) on 26 June 2017 and New Units will be allotted on 30 June 2017. **Your payment of the Application Monies will not be accepted after the Final Retail Closing Date, being 5.00pm (AEST) on 26 June 2017, and no New Units will be issued to you on the Final Allotment Date.**

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 in section 5.17 of this Retail Offer Booklet.

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 may 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 Retail Offer Booklet 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 \$1.70 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
- > should be 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 must be received by the Registry no later than the Final Retail Closing Date, being 5.00pm (AEST) on 26 June 2017. Entitlement and Acceptance Forms (and payments for Application Monies) will not be accepted after the Final Retail 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

Mail to:

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

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

Do **not** send your Entitlement and Acceptance Forms (and payments for any Application Monies) to the Responsible Entity’s registered address 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.

Any Application Monies received for more than your Entitlement to New Units will be refunded as soon as practicable after allotment. No interest will be paid to Applicants on any Application Monies received or refunded.

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

If you are an Eligible Retail Unitholder and you do nothing, the Entitlement in respect of your existing Units will lapse. If this occurs, then your proportionate interest in the Fund will be diluted to the extent that New Units are issued to other Unitholders and Institutional Investors.

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 Retail Offer Booklet accompanying the Entitlement and Acceptance Form, and have read them in their entirety;
- > have made the Eligible Unitholder declarations set out in section 5.17 of this Retail 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 Retail 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
- > have lost your Entitlement and Acceptance Form and would like a replacement form;

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

ASX ANNOUNCEMENT AND INVESTOR PRESENTATION

Not for release to US wire services or distribution in the United States

Rural Funds Group | ASX:
RFF

Managed by:
 Rural
Funds
Management

Rural Funds Management Ltd
 ABN 65 017 452 638
 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

ASX Release

7 June 2017

Subject: \$78.6 million Entitlement Offer

Rural Funds Management Limited (RFM), as responsible entity and manager of Rural Funds Group (RFF), is pleased to announce that it will undertake a \$78.6 million Entitlement Offer.

RFF will use the proceeds of the Entitlement Offer to initially reduce gearing from 42.7% to 29.5%¹, following the debt funded acquisition of two key assets over the past six months. RFM Managing Director, David Bryant said, "RFF has acquired \$60.5 million of strategic new assets since December 2016 in sectors where RFM has existing expertise and knowledge. The assets are currently underdeveloped and contain a number of identified opportunities to improve productivity and drive long term income and asset value growth for RFF unitholders."

In December 2016, RFF acquired Lynora Downs, a 4,880 ha cotton property located in central Queensland for \$26.5 million. The property comprises 780 ha of developed irrigation fields and substantial underutilised water entitlements. Lynora Downs will be further developed during 2017 with the construction of an additional water storage and development of a larger irrigation area. RFM and Queensland Cotton Corporation Pty Ltd, a subsidiary of Olam International Limited have established a joint venture, Cotton JV Pty Ltd, which leases and operates Lynora Downs.

During the same month, RFF acquired 9,549 ML of Murrumbidgee River high security water entitlements for approximately \$34 million. This asset is a cornerstone resource for RFF's next horticultural development, and in the interim, the water allocation will be sold on an annual basis. This parcel of water represents one of the largest parcels of Murrumbidgee River high security entitlements traded.

RFF's target gearing range is 35%, plus or minus 5%. The reduction in gearing will create balance sheet capacity to further build RFF's portfolio of quality agricultural assets. RFM is currently undertaking due diligence on an asset within the Australian cattle sector. The asset is similar in functionality to RFF's other cattle assets, in that it provides the potential third party lessee, with an integrated breeding and backgrounding operation.

¹ Gearing shown on a pro forma basis. For more information see slide 5 of the Investor Presentation lodged with the ASX on 7 June 2017.

Rural Funds Group | ASX:
RFF

Managed by:
 Rural
Funds
Management

Rural Funds Management Ltd

ABN 66 077 402 838
AFSL 226101

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

The assets acquired in December 2016, grow the natural resource predominant component of RFF's portfolio, balancing the infrastructure intensive assets owned by RFF. One of the features of natural resource assets is the higher level of capital growth they can achieve when compared to infrastructure assets which tend to deliver higher levels of income but depreciate over time.

The recent purchases of Lynora Downs and the Murrumbidgee River high security water entitlement, as well as the cattle assets that have been identified by RFM will provide a number of benefits to RFF, including:

- increased exposure to natural resource "growth" assets that contain productivity improvement potential;
- acquisitions secured by long-term leases to quality tenants in sectors that Australia possesses both comparative and competitive advantages, longevity and scale;
- the Murrumbidgee River high security water entitlement is a strategic asset as it may be used in time to seed a large horticultural development of greater value;
- enhancing RFF's scale, sector and climatic zone diversification; and
- RFM as manager has direct operational knowledge in all sectors to which acquisitions pertain.

Impact of the transaction and FY18 guidance

Following completion of the transaction:

- Gearing will reduce from 42.7% to 29.5% on a pro forma basis as at 30 April 2017, within RFF's target range
- AFFO and DPU forecast for FY17 remains consistent with previous guidance
 - FY17 AFFO per Unit expected to be 12.42 cents
 - FY17 DPU expected to be 9.64 cents
- FY18 AFFO per Unit is forecast to be 12.5 cents
- FY18 DPU is forecast to be 10.0 cents
 - represents growth of 4% p.a. over FY17 DPU and a conservative payout ratio of 80%

Rural Funds Group | ASX: RFF



Equity Raising

The Equity Raising will comprise a fully-underwritten 2 for 9 non-renounceable entitlement offer to raise \$78.6 million.

The fixed issue price of \$1.70 per Unit represents a:

- 4.0% discount to RFF's last close price on 6 June 2017 of \$1.77
- 4.8% discount to RFF's 5-day VWAP to 6 June 2017 of \$1.79
- 3.3% discount to the TERP of \$1.76
- forecast FY18 AFFO yield of 7.4% and FY18 distribution yield of 5.9%

New Units issued will rank equally with existing Units in RFF and will be fully entitled to the distribution for the quarter ending 30 June 2017, which is expected to be 2.41 cents per Unit.

RFM holds approximately 3.39% of RFF Units on issue, has committed to take up its full entitlement under the Entitlement Offer equating to approximately \$2.7 million.

The Equity Raising is fully underwritten by UBS AG, Australia Branch, Bell Potter Securities Ltd and Wilsons Corporate Finance Ltd.

The institutional component of the offer will be conducted today, and the retail component will open on 14 June 2017 and close at 5.00pm on 26 June 2017.

Additional information

Additional information regarding the Entitlement Offer is contained in the investor presentation released to the ASX today. A retail offer booklet will be released separately and sent to Eligible Retail Unitholders. Those Unitholders who have elected to receive notices by email will receive an email with a direct link to their personalised Entitlement and Acceptance Form and the Retail Offer Booklet. Those Unitholders who have not elected to receive notices by email will receive both documents by post.

If you have any questions about the Retail Entitlement Offer, please do not hesitate to contact RFM Investor Services on 1800 026 665 (from within Australia) or +61 2 6203 9700 (from outside Australia) between 8:30am and 5:00pm (AEST), Monday to Friday during the Retail Offer Period.

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

Rural Funds Group

ASX:
RFF

Managed by:



Rural Funds Management Ltd

ABN 66 077 402 838
AFSL 226101

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

Key dates of the Equity Raising

| Event | Date |
|--|--------------------------------------|
| Trading halt, Institutional Entitlement Offer opens | Wednesday, 7 June 2017 |
| Institutional Entitlement Offer closes | Wednesday, 7 June 2017 |
| Trading of Units recommences on ASX on an 'ex-entitlement' basis | Thursday, 8 June 2017 |
| Record Date for determining entitlement to subscribe for New Units | Friday, 9 June 2017 |
| Retail Entitlement Offer Booklet is dispatched and Retail Entitlement Offer opens | Wednesday, 14 June 2017 |
| Early Retail Closing Date | 5.00pm (AEST), Tuesday, 20 June 2017 |
| Settlement of New Units issued under the Institutional Entitlement Offer and Retail Entitlement Offer for applications received by the Early Retail Closing Date | Wednesday, 21 June 2017 |
| Allotment and normal trading of New Units issued under the Institutional Entitlement Offer and Retail Entitlement Offer for applications received by the Early Retail Closing Date | Thursday, 22 June 2017 |
| Retail Entitlement Offer closes | 5.00pm (AEST), Monday, 26 June 2017 |
| Allotment of remaining New Units issued under the Retail Entitlement Offer | Friday, 30 June 2017 |
| Dispatch of holding statement and normal trading of remaining New Units issues under the Retail Entitlement Offer | Monday, 3 July 2017 |

All dates and times referred to are based on Sydney time and are subject to change. RFF reserves the right to vary these dates or to withdraw the entitlement offer at any time.

-ends-

Rural Funds Group | ASX: RFF

Managed by:



Rural Funds Management Ltd
ACN 65 077 402 838
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

This announcement has been prepared for publication in Australia and may not be released or distributed in the United States. This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or any other jurisdiction. Any securities described in this announcement 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, the registration of the US Securities Act and applicable US 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

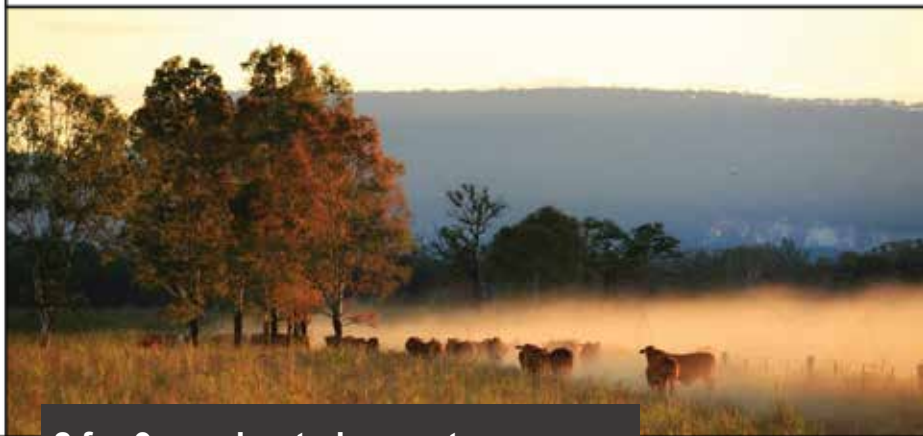
For media enquiries:

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

Rural Funds Group | ASX:
RFF



**2 for 9 accelerated pro rata
non-renounceable entitlement offer
to raise \$78.6m**

7 June 2017

Not for release or distribution in the United States

Managed by:
 Rural
Funds
Management

Disclaimer



This presentation has been prepared by Rural Funds Management Limited (ACN 077 492 838, AFSL 226 701) ("RFM") as the responsible entity of Rural Funds Group ("RFF"). RFF is a stapled security, incorporating Rural Funds Trust (ARSN 112 951 578) and RF Active (ARSN 168 740 805). 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. Please see 'International Offer Restrictions' in Appendix D.

RFM has prepared this presentation based on information available to it at the time of preparation. No representation or warranty is made as to the fairness, accuracy or completeness of the information, opinions and conclusions contained in this presentation or any other information that RFM otherwise provides. To the maximum extent permitted by law, RFM, their related bodies corporate and their officers, employees and advisers are not liable for any direct, indirect or consequential loss or damage suffered by any person as a result of relying on this presentation or otherwise in connection with it.

This presentation includes "forward-looking statements". These forward-looking statements are based on current views, expectations and beliefs as at the date they are expressed. They involve known and unknown risks, uncertainties and other factors which could cause the actual results, performance or achievements of RFF to be materially different from those expressed or implied by the forward-looking statements. Accordingly, there can be no assurance or guarantee regarding these statements and you must not place undue reliance on these forward-looking statements. RFM and RFF disclaim any responsibility for the accuracy or completeness of any forward-looking statements.

All dollar values are in Australian dollars unless otherwise stated. The pro forma financial information included in this presentation has been prepared in accordance with Australian market practice and does not purport to be in compliance with Article 11 of Regulation S-X promulgated by the US Securities and Exchange Commission.

Cover image – Cattle on Rewan, Rolleston, Qld 2012

2

Contents



Section 1: Transaction summary and thesis




Section 2: Portfolio and strategy


Section 3: Key details and conclusion

Appendices:

- A. Asset and sector details
- B. Pro forma financials
- C. Portfolio and manager overview
- D. Key risks and international offer restrictions

3

| | |
|--|--|
| <p>Managed by:</p>  | <h1 style="font-size: 48px; margin: 0;">1</h1> <h2 style="font-size: 36px; margin: 0;">Transaction summary and thesis</h2> |
|  |  |
| | <p><i>Mooral almond orchard, Hillston, NSW, December 2016</i></p> |

| | |
|--|---|
| | <h2 style="margin: 0;">Equity Raising summary</h2> <div style="text-align: right;"> <p>Managed by:</p>  </div> |
| <p style="color: #4CAF50; font-weight: bold;">The Equity Raising reduces gearing and provides financial capacity to pursue future acquisitions</p> | |
| <p>Equity Raising</p> | <ul style="list-style-type: none"> • Rural Funds Management ("RFM") as responsible entity of Rural Funds Group ("RFF") is undertaking a fully underwritten \$78.6 million, 2 for 9 accelerated pro rata non-renounceable entitlement offer of units in RFF ("Units") at an issue price of \$1.70 ("Equity Raising") • Proceeds from the Equity Raising will be used to: <ul style="list-style-type: none"> – Reduce gearing following the \$66.4 million debt-funded acquisitions of Lynora Downs cotton property (\$32.2 million including forecast capex) and Murrumbidgee River high security (HS) water entitlement (\$34.4 million) in December 2016 – Pursue future acquisitions |
| <p>Financial impact</p> | <ul style="list-style-type: none"> • On completion of the Equity Raising, pro forma gearing will reduce from 42.7% to 29.5% • FY17 forecast AFFO per Unit of 12.4 cents and distributions per Unit ("DPU") of 9.6 cents remains consistent with previous guidance • FY18 forecast AFFO per unit of 12.5 cents and DPU of 10.0 cents <ul style="list-style-type: none"> – FY18 distribution yield of 5.9% on the issue price – FY18 DPU growth of 4% p.a. – Conservative payout ratio of 80% |
| <p>Future acquisitions</p> | <ul style="list-style-type: none"> • RFM plans to acquire a Queensland cattle property: <ul style="list-style-type: none"> – The acquisition would be in line with RFF's strategy of increasing exposure to natural resource predominant assets with arm's length third party lessees – Expected to increase AFFO per Unit – The acquisition will include significant development opportunity via productivity capex • RFM continues to identify potential acquisitions and the Equity Raising enhances financial capacity to pursue these opportunities, whilst maintaining an appropriate capital structure |
| <p>5</p> | |

Target investments

Managed by:
 Rural Funds Management

RFM is undertaking due diligence on a substantial cattle transaction expected to complete FY18

- RFM has continued to assess investment opportunities to support or enhance the DPU growth rate, and has identified:
 - Investment opportunities in the Queensland cattle industry with similar attributes to the cattle assets previously acquired by RFF but with larger scale
 - Potential lessees which:
 - ✓ are arm's length third parties
 - ✓ bring skill, capital and appropriate security arrangements
 - ✓ are able to increase property values through productivity capex, monetised for RFF through rent reviews
- Circumstances supporting this strategy:
 - Restructuring of family businesses required to fund intergenerational asset transfer
 - Farms operating sub optimally due to capital constraints
 - Substantial opportunities for property development

6

Replicating successful acquisitions

Managed by:
 Rural Funds Management

RFF has acquired and improved three cattle properties with productivity capex

- RFF acquired three properties in 2016 that were leased to Cattle JV (wholly owned subsidiary of RFM)
- The operation consists of two breeding properties in the Gulf of Carpentaria (totalling 225,800 ha) and a finishing property in central Queensland (17,500 ha)
- The properties currently hold 27.5% more Adult Equivalents (AE) compared to the initially assessed capacity
- The increase is a consequence of management intensity with limited initial gains from productivity capex
- RFF has funded a productivity capex program of increasing cultivation area, pasture improvement and the development of water points
- Further increases in carrying capacity are expected once full benefits of productivity capex have taken effect
- Increasing productivity through productivity capex can:
 - improve the profitability and financial viability of the lessee
 - generate rent earned on capex
 - increase property value and in time increase rent

Productivity capex: completed FY17

| | |
|------------------------|---------------------------------|
| Rewan | |
| Water points | 10 |
| Cultivation area | 65% increase (668 ha) |
| Gulf properties | |
| Water points | 12 |
| Pasture improvement | 20,000 ha legumes aerially sown |

Productivity capex: FY18 forecast

| | |
|------------------------|---|
| Rewan | |
| Water points | 30 |
| Cultivation area | 119% increase (1,222 ha from acquisition) |
| Pasture improvement | 52% increase (190 ha) |
| Gulf properties | |
| Water points | 4 |

7

Water points

Managed by:
Rural Funds Management

Additional water points unlock previously under utilised pasture and improve carrying capacity

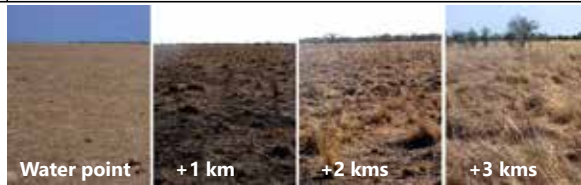
Case study: Water points and pasture utilisation¹

- **Water point:** pasture in the immediate vicinity of where cattle have access to water is grazed excessively when water points are inadequately dispersed
- **1 – 2kms:** pasture within a 2km radius of the water point is well utilised
- **3kms:** pastures more than 2kms away from water points are under utilised and therefore outside the effective grazing distance from water

Mutton Hole, Gulf

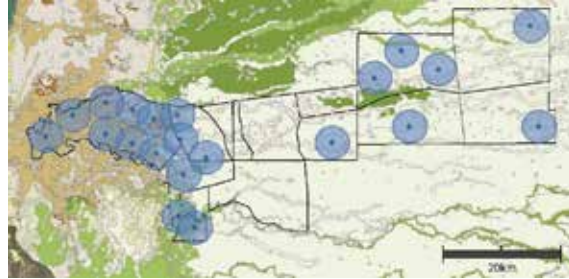
- RFF is funding the development of additional water points on Mutton Hole, Oakland Park and Rewan to improve carrying capacity by unlocking previously under utilised pasture

Case study: Water points and pasture utilisation¹



Pasture at various distances from water point. Additional water points provide more even pasture utilisation

Mutton Hole, Gulf



Mutton Hole: proposed additional water points. Circles represent 3km radius. Area's without circles have adequate water point distribution

Note:
1. Source: <http://www.soilsforlife.org.au/cs-beetaloo-station>, not an RFF asset

8

Pasture improvement

Managed by:
Rural Funds Management

Pasture improvement can significantly increase productivity

Pasture improvement

- Legumes such as leucaena and stylo have higher nitrogen levels that drive protein production in cattle
- Higher legume content in pastures increases carrying capacity, fertility and weight gain
- Winter forage crops such as oats provide additional metabolizable energy when summer pastures are dormant

Pasture improvement – legumes



Legumes such as leucaena (above left) and stylo (above right) can provide substantial productivity gains^{2,3}

Rewan, Central QLD

- Forage oats crop on Rewan have provided daily weight gain in excess of 1kg/day
- Forage crops to be doubled in FY17/18 and leucaena area expanded

Rewan, Central Qld



Expansion of cultivation area and improved pasture (yellow shaded area)

RFM inspects forage oats crop on Rewan, October 2016

Notes:
1. Source: MLA (October 2015) Bannockburn PDS report: The economic performance of beef cattle finishing systems used on the North-Eastern Downs
2. Source: MLA (November 2011) Analysis of the potential to manipulate the rumen of northern beef cattle to improve performance
3. Source: MLA (March 2015) Beef cattle nutrition: An introduction to the essentials

9

Managed by:



2

Portfolio and strategy




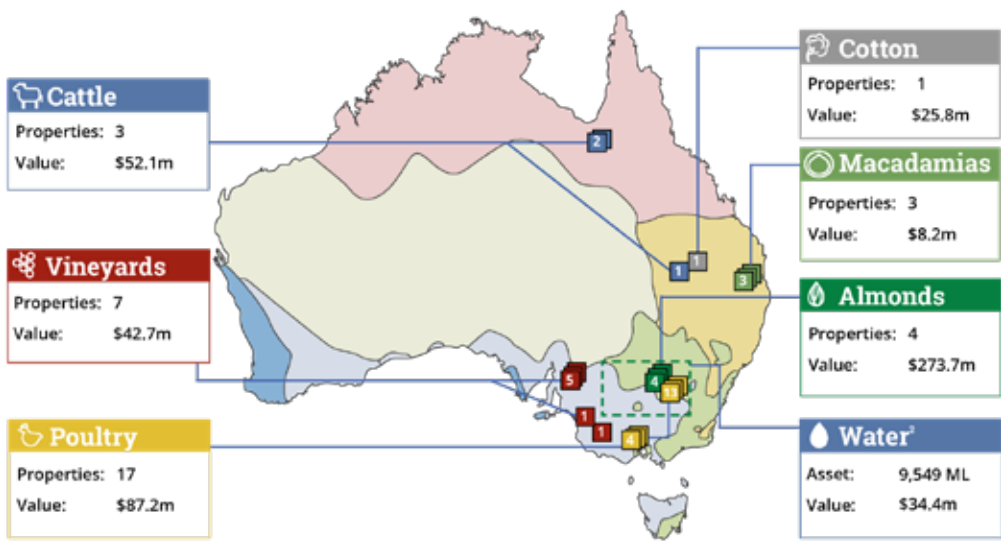
Baled raw cotton on Lynora Downs, ready for delivery to Queensland Cotton for ginning, Rolleston, Qld, March 2017

Portfolio snapshot¹

A growing and diversified portfolio with acquisitions in the cotton and water sectors having settled in December 2016

Managed by:





| | |
|--------------------------|-----------------------------------|
| Cattle | Properties: 3 Value: \$52.1m |
| Vineyards | Properties: 7 Value: \$42.7m |
| Poultry | Properties: 17 Value: \$87.2m |
| Cotton | Properties: 1 Value: \$25.8m |
| Macadamias | Properties: 3 Value: \$8.2m |
| Almonds | Properties: 4 Value: \$273.7m |
| Water² | Asset: 9,549 ML Value: \$34.4m |

Notes:

1. Shaded areas denote different climatic zones. Source: Bureau of Meteorology (BOM). Valuations as at 31 December 2016 include water entitlements held at fair value
2. 9549 ML high security entitlement acquired Dec 16 held at acquisition cost. An additional 90,669 ML of water is owned and leased by RFF and is reflected in the respective asset valuation, predominantly almonds

Portfolio snapshot

Managed by
Rural Funds Management

The portfolio's stable rental income is underpinned by a WALE of 13.3 years

Key portfolio metrics as at 31 December 2016

| | |
|--------------------------------|------------|
| Adjusted total assets | \$552m |
| Adjusted net assets | \$311m |
| Number of properties | 35 |
| Number of agricultural sectors | 6 |
| WALE ¹ | 13.3 years |
| Water entitlements | 100,218 ML |
| Annual indexation ² | 2.02% |

Indexation mechanisms²

Lease expiry profile

■ RFM Poultry (NSX:RFP) ■ Treasury Wine Estates (ASX:TWE)
■ Select Harvests (ASX:SHV) ■ RFM Almonds (450+ growers)
■ Olam Orchards Aust. (sub. Olam Int'l, SGX listed) ■ Cattle JV (RFM subsidiary)
■ RFM Macadamias (120+ growers) ■ Cotton JV (50% RFM, 50% Qld Cotton)

Notes:

1. Weighted average lease expiry (WALE) weighted by forecast FY18 revenue (including other income from lessees), expressed in years from 31 May 2017
2. Annual indexation assumes CPI of 2.1%, weighted by forecast FY18 revenue

12

Strategy

Managed by
Rural Funds Management

Diligent management of existing assets and examination of acquisition opportunities

Key principles underpinning assessment of acquisition opportunities

| | | |
|----------|---|--|
| 1 | Maintain agricultural REIT structure | ✓ Acquire properties with income secured by long-term leases to quality tenants without the agricultural operating risks associated with a direct investment |
| 2 | Manage good assets with good people | ✓ Acquire quality properties in sectors that Australia possesses a competitive advantage, longevity and scale |
| 3 | Enhance sector diversification | ✓ Increase exposure to natural resource "growth" assets |
| 4 | Enhance climatic diversification | ✓ Strategic geographic diversification and introduction of new counterparties in different climatic zones |
| 5 | Identify investments which may benefit from productivity capex | ✓ Identify productivity improvements which over time deliver asset value growth, rental growth, and improve counterparty profitability |
| 6 | Invest in sectors where RFM has direct operational knowledge | ✓ RFM is a fund and farm manager with 20 years of experience which benefits RFF in assessing acquisitions |

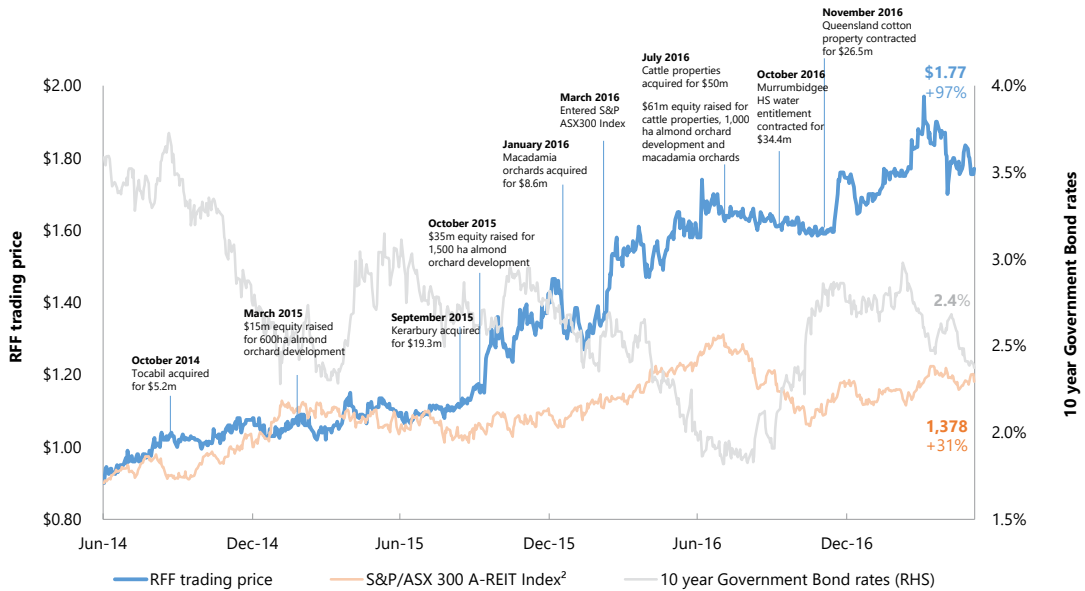
13

Acquisition track record and performance

Managed by:
Rural Funds Management

RFF has demonstrated a track record of growth and performance

RFF trading price vs. S&P/ASX 300 A-REIT Index & 10 yr Govt Bond rates¹



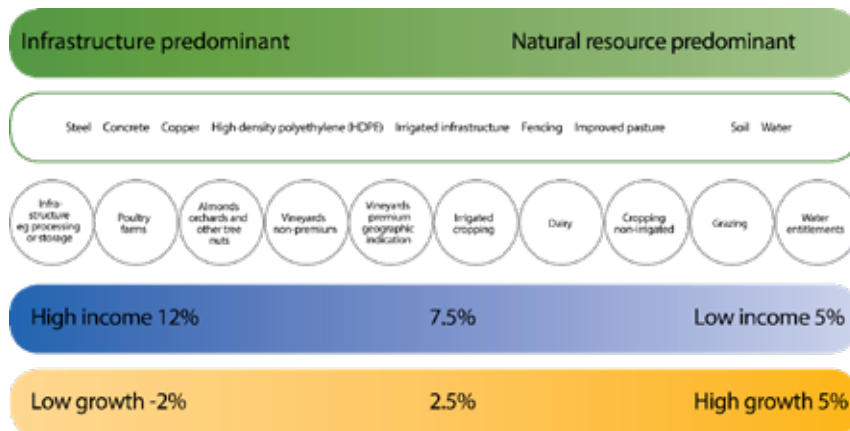
Notes:
 1. Source: IRESS as at 6 June 2017
 2. S&P/ASX 300 A-REIT Index rebased to RFF's close price of \$0.90 on 1 July 2014

Sector diversification strategy

Managed by:
Rural Funds Management

Acquiring natural resource predominant assets complements existing infrastructure predominant assets and can drive NAV, AFFO and DPU growth over the medium to long term

Spectrum of investment opportunities¹

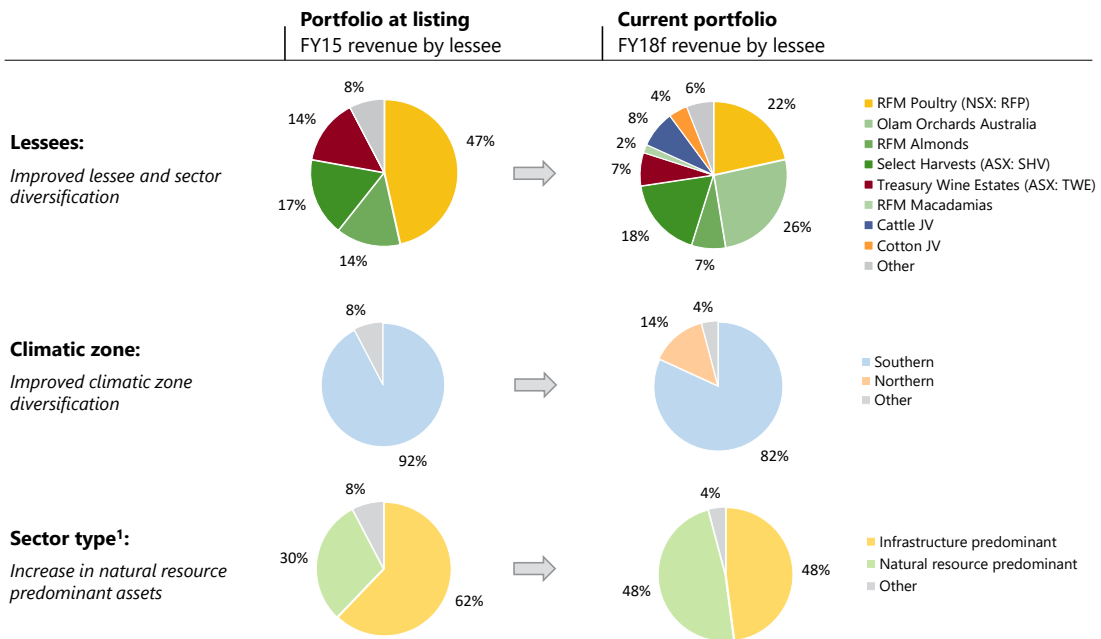


Note:
 1. The income and growth figures presented in the figure above have been provided to differentiate the profile of income and growth that can be derived from different assets. They are based on RFM's experience and observations of agricultural lease transactions and historical rates of growth. They are neither forecasts nor projections of future returns. Past performance is not a guide to future performance. See RFM Newsletters dated April 2014 and May 2016 for further information

Portfolio diversification

Managed by:
Rural Funds Management

RFM will continue to improve diversification and scale in line with strategy



Note:
1. Assumes poultry is infrastructure predominant, vineyards and cattle natural resource predominant, and almond/macadamia orchards split equally

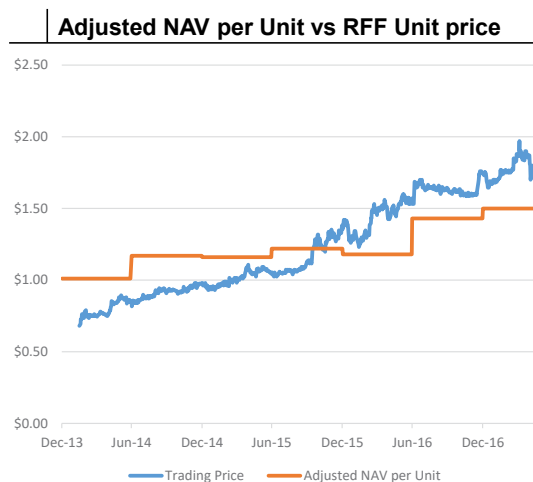
16

Portfolio delivering NAV per Unit growth

Managed by:
Rural Funds Management

RFM aims to grow NAV through active management and productivity capex opportunities

- Portfolio delivering strong growth in Adjusted NAV per Unit primarily through investment in capex and targeted acquisitions
- CAGR of approximately 14% p.a. since listing in February 2014
- Capex investment of \$63.8 million in FY17 and \$79.9 million over FY18 - FY20
- Key areas for future investment:
 1. Almond capex of \$73.7 million over FY18-FY20
 2. Cotton capex of \$3.3 million FY18
 3. Pairing 9,549 ML Murrumbidgee River HS water entitlement with horticultural investment
 4. Future acquisitions in the cattle industry



17

Recent acquisitions

Managed by:
 Rural Funds Management

Lynora Downs and Murrumbidgee HS water entitlement were settled in December 2016

Cotton

- Lynora Downs is a 4,880 ha cotton property located at the northern end of the Arcadia Valley in central Queensland with:
 - Close proximity to processing infrastructure (gins)
 - Highly fertile soils and high average annual rainfall
 - Underutilised water licences
 - Five year lease with five year option to extend
- Acquisition price of \$26.6 million with identified productivity capex of \$5.6 million to:
 - Expand irrigated cropping area from 780 ha to 1,164 ha (49%)
 - Expand water storage from 10,400 ML to 14,650 ML (41%) and better utilise water entitlements
- Further investment into this sector is facilitated by technology advances and the availability of assets with development potential

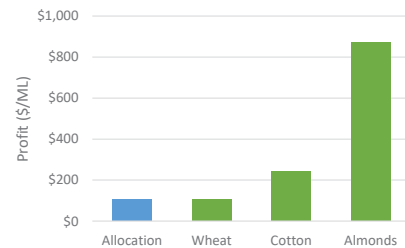
Lynora Downs: irrigation area and water storage development



Water

- Murrumbidgee River HS water entitlement of 9,549 ML was acquired for \$34.4 million
- Almonds are one of the most profitable crops on a per ML basis¹
- The HS entitlement will provide a strategic cornerstone resource for a horticultural development due to transferability and historical reliability
- In the interim, revenue will be generated from the sale of the annual water allocation from FY18 seeking the highest return throughout the irrigation season

Water: Profitability per ML¹



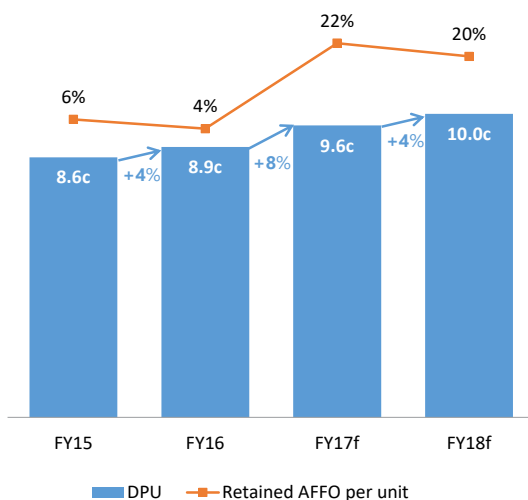
Note:
 1. Based on RFM's estimates of gross margins. Allocation sale price based on historical data since 2006

Distribution growth

Managed by:
 Rural Funds Management


RFF's conservative payout ratio supports investment into natural resource predominant assets whilst maintaining the DPU growth target of 4% per annum

DPU and AFFO retention




- Forecast distribution growth of 4% per annum is supported by:
 - Growth in existing revenue through structured rent indexation and market rent reviews
 - New revenue streams resulting from reinvestment of retained earnings into development and productivity capex

Managed by:



3


Key details and conclusion



Mooral almond orchard, Hillston, NSW,
December 2016

Sources and uses of funds

Managed by:



The Equity Raising will initially be used to reduce gearing, following debt-funded acquisitions which settled in December 2016, and pursue future acquisitions

| Sources and uses of funds | |
|---------------------------|----------------|
| Sources of funds | |
| Equity Raising | \$78.6m |
| Total sources | \$78.6m |
| Uses of funds | |
| Repayment of debt | \$75.6m |
| Transaction costs | \$3.0m |
| Total uses | \$78.6m |

- Proceeds from the Equity Raising will be used to:
 - Reduce gearing following the \$66.4 million debt-funded acquisitions of Lynora Downs cotton property (\$32.2 million including forecast capex) and Murrumbidgee River HS water entitlement (\$34.4 million) in December 2016
 - Pursue future acquisitions
- On completion of the Equity Raising, pro forma gearing will reduce from 42.7% to 29.5%
- Target gearing is 35%, within a range of plus or minus 5%

21

Financial metrics

Managed by:
 Rural Funds Management

Pro forma gearing is at the lower end of RFF's target range and provides financial flexibility to fund future acquisitions in line with strategy

Key financial forecasts

| | FY17f | FY18f ¹ |
|---------------------------------|------------|--------------------|
| AFFO per Unit | 12.4 cents | 12.5 cents |
| DPU | 9.6 cents | 10.0 cents |
| Distribution yield ² | 5.7% | 5.9% |
| DPU growth ³ | 8% | 4% |
| Payout ratio ⁴ | 78% | 80% |

- AFFO per Unit and DPU forecast for FY17 remains consistent with previous guidance
- FY18 DPU growth of 4% maintained, with a conservative payout ratio of 80%
- On completion of the Equity Raising, pro forma gearing will reduce from 42.7% to 29.5%
- Deployment of balance sheet capacity is expected to increase AFFO per Unit

Key balance sheet metrics

| | Actual 31 Dec 2016 | Pro forma ⁶ |
|-----------------------|-----------------------|------------------------|
| Adjusted Total Assets | \$552.4 | \$573.1m |
| Adjusted NAV per unit | \$1.50 | \$1.53 |
| Gearing ⁵ | 40.1% | 29.5% |

Notes:

1. Following completion of the Equity Raising
2. Based on the Offer Price of \$1.70
3. Expressed as change from the prior year
4. Calculated as DPU divided by AFFO per Unit
5. Calculated as interest bearing liabilities divided by adjusted total assets
6. Pro forma following completion of the Equity Raising, refer to slide 36

22

Equity Raising details

Managed by:
 Rural Funds Management

Key details

| | |
|--|--|
| Structure | <ul style="list-style-type: none"> • Fully underwritten 2 for 9 accelerated non-renounceable entitlement offer to raise \$78.6 million |
| Offer price | <ul style="list-style-type: none"> • Fixed offer price of \$1.70 per Unit, representing: <ul style="list-style-type: none"> – 4.0% discount to the last close \$1.77 on 6 June 2017 – 4.8% discount to the 5-day VWAP of \$1.79 – 3.3% discount to the theoretical ex-rights price (TERP) of \$1.76 – Forecast FY18 distribution yield of 5.9% |
| 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 June 2017, forecast to be 2.41 cents per unit |
| RFM & directors participation | <ul style="list-style-type: none"> • RFM, together with RFM directors, holds approximately 4.92% of RFF Units on issue, and has committed to take-up its full entitlement under the Entitlement Offer amounting to approximately \$3.87 million |
| Offer jurisdictions | <ul style="list-style-type: none"> • Registered addresses for retail investors - Australia and New Zealand |
| Joint Lead Managers | <ul style="list-style-type: none"> • UBS AG, Australia Branch, Bell Potter Securities Ltd and Wilsons Corporate Finance Ltd |

23

Indicative timetable

Managed by:
 Rural Funds Management

Equity Raising key dates

| | |
|---|--------------------------------------|
| Trading halt and Institutional Entitlement Offer bookbuild opens | Wednesday, 7 June 2017 |
| Institutional Entitlement Offer bookbuild closes | Wednesday, 7 June 2017 |
| Trading of Units recommences on an ex-entitlement basis | Thursday, 8 June 2017 |
| Record Date for Entitlement Offer | 7:00pm, Friday, 9 June 2017 (AEST) |
| Retail Entitlement Offer Booklet dispatched and Retail Entitlement Offer opens | Wednesday, 14 June 2017 |
| Early Retail Entitlement Offer closes | 5:00pm, Tuesday, 20 June 2017 (AEST) |
| Settlement of New Units issued under Institutional Entitlement Offer and Early Retail Entitlement Offer | Wednesday, 21 June 2017 |
| Allotment and normal trading of New Units issued under Institutional Entitlement Offer and Early Retail Entitlement Offer | Thursday, 22 June 2017 |
| Retail Entitlement Offer closes | 5:00pm, Monday, 26 June 2017 (AEST) |
| Allotment of remaining New Units issued under Retail Entitlement Offer | Friday, 30 June 2017 |
| Dispatch of holding statements | Monday, 3 July 2017 |
| Normal trading of Entitlement Offer Units | Monday, 3 July 2017 |

24

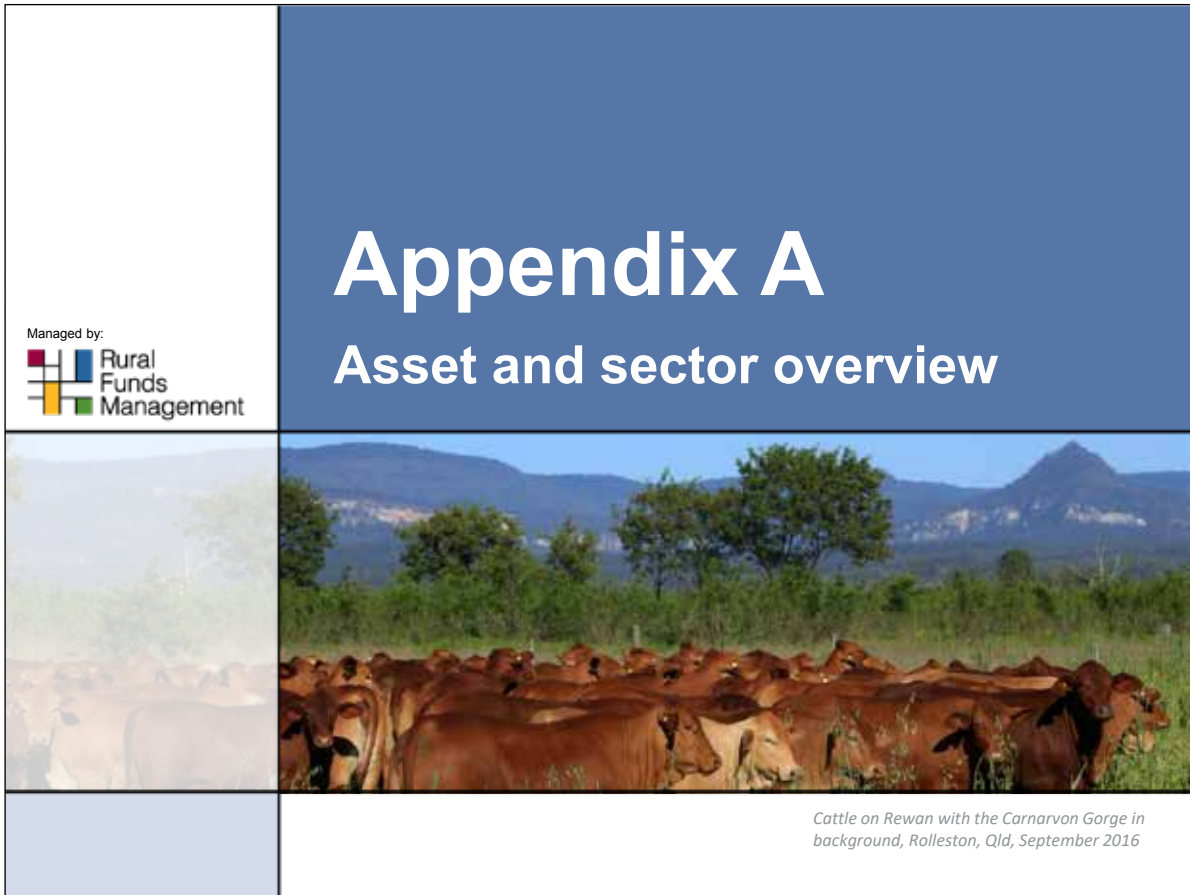
Conclusion

Managed by:
 Rural Funds Management

This Equity Raising supports the continued growth of RFF's portfolio of quality Australian agricultural assets

- **RFF provides investors with exposure to stable rental income and capital growth from a portfolio of quality Australian agricultural assets**
 - ✓ Portfolio diversified by sector and climatic zone
 - ✓ High quality lessees with a WALE of 13.3 years
 - ✓ Structured rental indexation mechanisms
 - ✓ Identified opportunities for productivity capex that delivers rental growth
 - ✓ Forecast distribution growth of 4% per annum
- **RFF maintains existing guidance for FY17 and provides FY18 guidance**
 - FY17 forecast AFFO per Unit of 12.4 cents and DPU of 9.6 cents
 - FY18 forecast AFFO per Unit of 12.5 cents and DPU of 10.0 cents
- **The Equity Raising provides an opportunity for all RFF Unitholders to participate in the continued growth of the Fund**

25



Australian cattle opportunity

RFM is attracted to the cattle industry because of Australia’s comparative advantage, sector size and the opportunity for productivity gains

- The cattle sector is Australia’s largest agricultural industry and Australia is the world largest exporter of this commodity¹
- Current cattle prices, while projected to decline to an average of 465 c/kg carcass weight (cwt) in 2021–22², remain above the EYCI³ average since 2006 of 393 c/kg cwt
- The major determinants of valuation of a cattle property is:
 - Carrying capacity, often expressed using the ‘adult equivalent’ methodology (see adjacent)
 - Weaning rate and weaner weight (for breeding properties)
 - Daily weight gain of cattle (for finishing properties)
- RFM is seeking opportunities where these metrics can be improved through productivity capex

Notes:
 1. Source: MLA – Fast Facts 2016: Australia’s Beef industry
 2. Source: ABARES (2017) Agricultural Commodities report – March 2017
 3. Source: EYCI: MLA through to 11 May 2017
 4. Source: Colliers International – North Australia Beef Market Overview
 5. Source: MLA – Animal Equivalent Methodology
 6. Source: MLA – AE Tables: Bos Taurus

Managed by:

| Key terminology | |
|--|--|
| Adult Equivalent (AE) | Cattle properties are analysed and valued with reference to AE, much like other farms are analysed on a per hectare basis 1 AE is defined as a 450kg Bos Taurus steer at maintenance ⁵ . A young steer will typically represent around 0.7 AE, increasing to around 1.5 AE as it becomes larger. A breeder will represent around 1.3 AE on an annualised basis, varying substantially through the pregnancy cycle ⁶ |
| Eastern Young Cattle Indicator (EYCI) | The leading cattle price indicator in Australia, the EYCI is a composite index of cattle sales in QLD, NSW and Victoria. Expressed in cents per kg carcass weight |

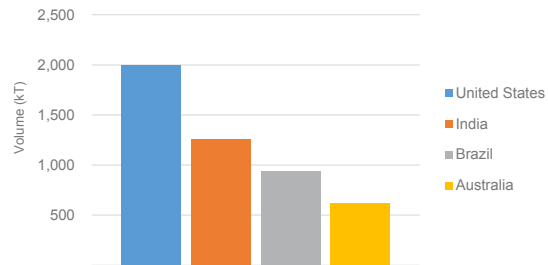
Australian cotton industry

Managed by:
 Rural Funds Management

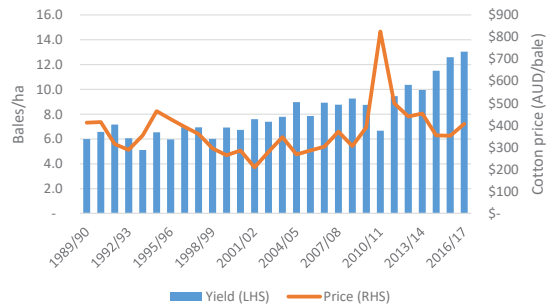
Australia is a world leader in cotton production

- RFM is attracted to the cotton industry due to:
 - Australia's comparative/competitive advantage
 - Industry scale
 - Opportunity for productivity gains
- The Australian cotton sector is a \$1.3b industry dating back to the 1800's
- In 2016, Australia was the world's 4th largest cotton exporter, with major buyers of Australian cotton including China (68%), Indonesia, Thailand, South Korea, Bangladesh and Japan
- Over the last 20 years Australia's average cotton yield has nearly doubled, mainly attributable to advances in plant breeding and seed technology which improves pest and disease resistance and climatic adaptability
- While cotton prices have remained largely flat over the past two decades profitability has been driven by productivity gains

Top four largest cotton exporters by volume (2016)¹



Aust. cotton production and world cotton price²



Notes:
 1. Source: ABARES Estimates
 2. Source: Cotton Australia, Boyce Chartered Accountants, National Cotton Council of America, RBA

Productivity gains

Managed by:
 Rural Funds Management

Advances in cotton biotechnology may provide development opportunities

- Recent advances in cotton biotechnology have improved insect and weed control, providing numerous benefits including:
 - Increased yields
 - Reduced operating costs
 - A wider planting window (approximately two months¹), allowing:
 - o access to more favourable growing conditions
 - o opportunities to plant later in the season if water becomes available
 - o greater flexibility with rotation crops
 - o better utilisation of stored water
- These advances are particularly beneficial in northern Australia, where improved insect and weed control and climatic conditions have historically been difficult to manage

Early plant cotton



Early planted cotton at Lynora Downs, planted in August as opposed to the traditional planting month of September, made possible by biotechnological advances. Image Jan 2017

Note:
 1. Source: CRDC Spotlight on Cotton R&D, Autumn 2017

Lynora Downs

Managed by:
 Rural Funds Management

An opportunity to increase planted area through productivity capex

- In December 2016, RFF acquired Lynora Downs, a 4,880 ha cotton property located at the northern end of the Arcadia Valley in central Queensland for \$26.6 million using debt funding
- Lynora Downs is serviced by Qld Cotton (Olam) cotton gins - Emerald (169 km) and Moura (191 km)
- Fertile soils and average annual rainfall of 638 mm and with 5,000 km² catchment with no upstream irrigation
- Water licences totalling 18,487 ML acquired with the property are currently underutilised:
 - Comet River 7,780 ML
 - Overland flow licence, storage limit of 10,707 ML
- The water storage will be increased from 10,400 ML to 14,650 ML and irrigated cropping area will be expanded from 780 ha to 1,164 ha
- The development will increase the annual average planted area, a key driver of cotton property valuations

Existing cropping areas and water storage



Irrigation area and water storage development



30

Cotton JV

Managed by:
 Rural Funds Management

Cotton JV is a joint venture between Queensland Cotton and RFM

- Lynora Downs is leased to Cotton JV, an entity 50% owned by RFM and 50% owned by Queensland Cotton Corporation Pty Ltd

RFM

- RFM is the manager of Cotton JV and has 19 yrs of cotton farming experience
- Executive Management also have management experience within listed cotton organisations

Queensland Cotton (QC)

- QC is a wholly owned subsidiary of the SGX-listed Olam International Ltd: one of the world's largest integrated agribusinesses, including cotton processing and marketing
- Operating in Australia for over 90 years, with 10 cotton gins throughout Queensland and NSW, including gins in relative close proximity to Lynora Downs in Moura and Emerald¹
- Ginning capacity greater than one million bales with Australia's production totalling 4.2 million bales (forecast 2016/17)

Notes:
 1. Source: Olam Group website
 2. Source: Olam International FY16 results
 3. Source: Olam shareholding structure

Queensland Cotton gins relative to Lynora Downs



Olam cotton gins in Emerald and Moura are located approximately 130 radial kilometres from Lynora Downs

Olam International

| | |
|---|--|
| Annual sales revenue² | S\$20.1 billion |
| Market Capitalisation | S\$5.8 billion |
| Employees | 69,800 |
| Key Shareholders³ | Temasek (52.2%) Mitsubishi Corporation (20.3%) Olam Management (6.5%) Other (16.1%) |

31

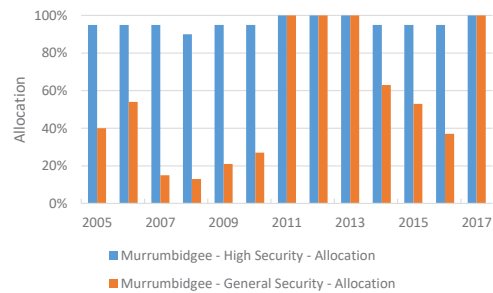
Water entitlements

Managed by:
Rural Funds Management

Water is a tradeable resource that can be applied to the highest value use

- Water entitlements are tradable assets
 - Legally separated from land titles
 - Trading activity disclosed on public registers
 - Can be divided, leased and transferred
 - Legislative framework provided by the Water Act 2007 (Cth)
- Terminology:
 - Entitlement:** the perpetual right to use an amount of water annually
 - Allocation:** the specified volume of water that is allocated to a water entitlement for use each year
 - Security/Reliability:** available water each year is prioritised to different categories of entitlements (typically *high security (HS)* and *general security (GS)*)
- The price of *entitlements* is driven by the profitability of commodities to which it can be applied and the reliability of the allocations it receives
- The price of the *allocation* is primarily driven by seasonal weather conditions in the region

Reliability of Murrumbidgee River water entitlements



32

Murrumbidgee River HS water entitlement

Managed by:
Rural Funds Management

A cornerstone resource for future horticultural development

- In December 2016, RFF acquired a 9,549 ML Murrumbidgee River HS water entitlement for \$34.4 million
- The Murrumbidgee region produces approximately 25% of NSW fruit and vegetable production, 42% of NSW grape production and 50% of NSW rice production
- The HS entitlement will provide a cornerstone asset for future horticultural development due to its transferability and historical reliability
- HS water is essential for permanently planted crops such as almonds
- The combination of water availability and water infrastructure with a suitable climate, makes the Murrumbidgee/Murray regions appropriate for almond production
- Alternative uses for the water entitlement include:
 - cotton
 - viticulture
 - fruit and vegetables
 - rice

Murray-Darling Basin and Murrumbidgee Catchment system¹



The Murrumbidgee River HS water entitlement purchased by RFF can be traded to any area within the darkened outline subject to trading rules

Note:
1. Source: Murray-Darling Basin Authority

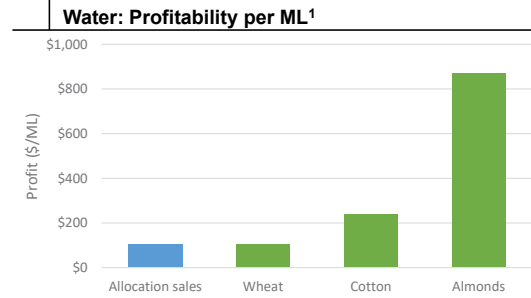
33

Case study: Productivity shift – water

Managed by:
 Rural Funds Management

Water entitlements increase the value of farm land by allowing the production of higher value commodities

- The 9,549 ML Murrumbidgee River HS water entitlement could cornerstone a 1,000 ha almond orchard development
- Almonds are one of the highest value uses for the water as:
 - high profit per ML of water used, supporting higher rent
 - requires high security water as it is a permanent planting as opposed to an annual planted crop such as cotton
- Almond production is expected to grow to 90,000 tonnes (2021-22) from 80,000 tonnes (2015-16), with exports also expected to increase in the medium term due to continued growth in global consumption
- RFM will seek to lease the water on a long-term basis as part of a horticultural development
- In the interim, revenue will be generated from the sale of the annual water allocation from FY18



Note:
 1. Based on RFM's estimates of gross margins. Allocation sale price based on historical data since 2006

Appendix B

Pro forma financials

Managed by:
 Rural Funds Management



Geier Vineyard, Barossa Valley, SA, December 2016

Pro forma summarised adjusted balance sheet

Managed by
Rural
Funds
Management

| (\$m) | 31 Dec 2016 (ex. Lynora & Murrumbidgee acquisitions) ^{1,2} | Lynora Downs & Murrumbidgee acquisitions | Post 31 Dec 2016 transactions ³ | Pre-transaction pro forma | Equity Raising ⁴ | Post-transaction pro forma |
|-----------------------------------|--|--|---|------------------------------|--------------------------------|-------------------------------|
| Cash | 4.7 | - | 1.2 | 5.9 | - | 5.9 |
| Property investments ² | 457.0 | 60.1 | 29.8 | 547.0 | - | 547.0 |
| Plant and equipment | 5.3 | - | (0.2) | 5.1 | - | 5.1 |
| Equity accounted investments | 7.5 | - | (7.2) | 0.3 | - | 0.3 |
| Other assets | 17.7 | - | (2.9) | 14.8 | - | 14.8 |
| Total Assets | 492.2 | 60.1 | 20.7 | 573.1 | - | 573.1 |
| Interest bearing liabilities | | | | | | |
| Plant and equipment facility | 3.0 | - | 0.4 | 3.4 | - | 3.4 |
| Core debt facility | 158.4 | 60.1 | 22.6 | 241.1 | (75.6) | 165.5 |
| Other liabilities | 19.6 | - | (4.5) | 15.1 | - | 15.1 |
| Total Liabilities | 181.0 | 60.1 | 18.5 | 259.6 | (75.6) | 184.0 |
| Adjusted Net Assets | 311.2 | - | 2.2 | 313.4 | 75.6 | 389.0 |
| Units on issue (m) | 207.3 | - | 0.8 | 208.1 | 46.3 | 254.4 |
| Adjusted NAV per unit | 1.50 | | | 1.51 | | 1.53 |
| Gearing⁵ | 32.8% | | | 42.7% | | 29.5% |

Notes:

- The 31 Dec 2016 (ex. Lynora Downs & Murrumbidgee water acquisitions) balance sheet is unaudited. Combining this balance sheet with the Lynora Downs & Murrumbidgee water acquisitions (detailed in the column to the right) equals the Statutory balance sheet at 31 Dec 2016 adjusted for water entitlements held at fair value.
- Adjusted balance sheet and property investments represents water entitlements held at fair value
- Includes Kerarbury capex of \$28m (incl. forecast to 30 Jun 2017), the sale of Perth Markets for \$7m, and is adjusted for actual cash as at 30 Apr 2017
- Includes costs associated with the offer of \$3.0m, with \$0.1m of these costs expensed and remainder offset against net assets attributable to unitholders.
- Calculated as interest bearing liabilities divided by adjusted total assets

36

Debt

Managed by
Rural
Funds
Management

Debt metrics

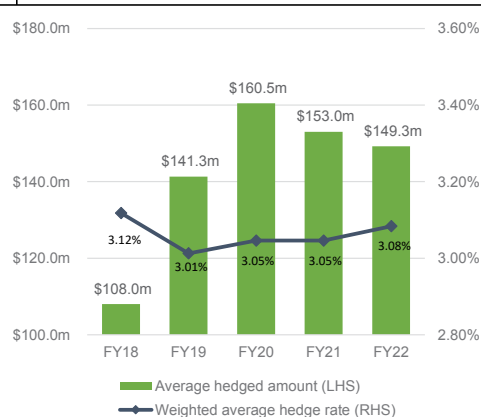
| | Pre-transaction 31 Dec 2016 | Post-transaction pro forma |
|--|--------------------------------|-------------------------------|
| Term debt facility limit ^{1,2} | \$250.0m | \$250.0m |
| Term debt drawn | \$218.5m | \$165.5m |
| Headroom | \$31.5m | \$84.5m |
| Loan to Valuation Ratio (LVR) ³ | 42.4% | 32.2% |
| Gearing | 40.1% | 29.5% |
| Debt Facility expiry | 19 Dec 2019 | 19 Dec 2019 |
| Interest Cover Ratio ⁴ | 6.07x | 6.07x |
| Hedging policy ⁵ | >50% | >50% |
| Proportion hedged ⁶ | 40.3% | 53.2% |
| Weighted average hedge expiry ⁷ | 28 Mar 2022 | 4 Feb 2025 |
| Effective hedge rate ⁸ | 3.43% | 3.19% |
| Effective total cost of debt ⁴ | 4.16% | 4.16% |

Notes:

- Key financial covenants for FY17: LVR <50%, Interest Cover Ratio >2.75x, with distribution permitted at >2.95x, Net Tangible Assets (including water entitlements) >\$200 million
- Security: Real property mortgages, general security agreement, cross guarantees within RFF
- LVR calculated as term debt drawn/directly secured assets
- Calculated over 6 month period ended 31 December 2016 (no pro forma adjustment)
- Hedging may vary from covenant with bank agreement
- Proportion hedged based on term debt drawn
- Includes hedges not yet commenced, pro forma includes hedges entered into at 31 May 2017
- Excludes hedges not yet commenced, pro forma includes effective hedges at 31 May 2017


- Syndicated debt facility comprising ANZ and Rabobank implemented December 2016 incorporating a limit increase, tenor increase, and interest cost reduction
- Outright facility will increase as required to meet existing and future commitments

5 year hedged (fixed rate) position




37

Managed by:



Appendix C


Portfolio and manager overview











800 ML dam storing water for 600 ha of almond orchards on Tocabil, Hillston, NSW, December 2016

Existing key assets and counterparties

Managed by:



Counterparties include ASX listed agricultural companies and major food processors





| |  Almond orchards |  Poultry farms |  Vineyards |  Cattle Assets |
|------------------------------|---|---|---|--|
| Brief description: |  1,814 ha mature almond orchards and 3,100 ha of orchards under development ¹ |  154 sheds on 17 farms |  666 ha mature vineyards on seven properties |  Three cattle properties and breeding herd |
| Water: ² | 69,091 ML HSE: 54,759 ML | 1,432 ML HSE: 915 ML | 936 ML HSE: 936 ML | 70 ML HSE: 70 ML |
| Key lessees/ counterparties: | Olam Orchards Australia Pty Ltd - Wholly owned subsidiary of SGX-listed Olam International Ltd, A\$5.1b, 2nd largest global almond grower Select Harvests (ASX:SHV) - Australia's largest vertically integrated nut and health food company RFM & RFM Almond Funds | RFM Poultry (NSX: RFP) - RFP has grower contracts with Baiada Poultry Pty Ltd and Turi Foods Baiada Poultry Pty Ltd³ - One of two largest processors in Australia. Key brands: Steggles, Lilydale Turi Foods Pty Ltd³ - Largest processor in Victoria, third in Australia | Treasury Wine Estates (ASX:TWE) - World's largest listed pure-play wine company, A\$6.8b - Key brands: Penfolds, Wolf Blass, Seppelt | Cattle JV Pty Ltd - Wholly owned subsidiary of RFM (step-in obligation in the event of lessee default) - RFM's internal cattle expertise (7 yrs) enhanced by external consultants |

Notes:
 1. In addition to almond orchards, RFF owns 259 ha of macadamia orchards located in Bundaberg, Queensland
 2. HSE refers to high security equivalent water entitlements, calculated by applying RFM's assessment of the average annual allocation received based on historical data. In addition, RFF owns a 9,549 ML Murrumbidgee River HS water entitlement (see ASX disclosure 10 Oct 2016) and 653 ML of water entitlements supporting the Macadamia orchards
 3. Lessee, RFM Poultry (NSX: RFP), has grower contracts with Baiada Poultry Pty Ltd and Turi Foods Pty Ltd

Existing key assets and leases further details

Managed by:
 Rural Funds Management

Property leases are largely triple net in nature

| |  Almond orchards |  Poultry farms |  Vineyards |  Cattle Assets |
|------------------------------------|---|--|--|---|
| Description: | 1,814 ha across two mature almond orchards located near Hillston, NSW. Leased to SHV (1,221 ha), RFM Almond Funds (551 ha) and RFM (42 ha). 3,100 ha of orchards under development in two locations; Hillston & Darlington Point, NSW. Developed and leased by Olam Orchards Australia Pty Ltd. ¹ | 154 sheds on 17 farms consisting of 134 sheds on 13 farms in Griffith, NSW, and 20 sheds on 4 farms in Lethbridge, VIC. Aged between 8 and 32 years. Griffith assets located within a 8km radius of the processing facility and contribute ~50% throughput. RFM has managed growing operations since 2003. | Seven vineyards with 666 ha planted to vines leased to TWE. Principally located in the Barossa Valley (499 ha planted primarily to Shiraz) as well as Adelaide Hills, Coonawarra and Grampians. Vineyards have historically contributed essential quantities of Icon, A and B grade fruit for key premium labels. | Three cattle properties forming an integrated breeding to finishing system. Two breeding properties located in the Gulf of Carpentaria, Qld (225,800 ha) and breeding herd. High value backgrounding and finishing property (17,500 ha) located in central Qld. |
| Capital commitments: | – R&M on account of lessee – Development and replacement capital items on account of lessor subject to additional lease income | – R&M and ongoing capital expenditure on account of lessee | – R&M on account of lessee – Development and replacement capital items on account of lessor subject to additional lease income and rent review | – R&M (inc. herd maintenance) on account of lessee – Capital expenditure on account of lessor subject to additional lease income |
| Indexation / market review: | RFM & SHV: 2.5% p.a. & SHV 3 yearly market review. Olam: CPI | 65% of CPI capped at 2% | 2.5% p.a. and market review on 1 July 2017 | CPI + EYCI based indexation & market review at year 5 (property) |
| Payment frequency: | Quarterly in advance ² | Quarterly in advance | Quarterly in advance | Quarterly in advance |
| Valuer: | CBRE Valuations Colliers International (Tocabil only) | Opteon Property Group | Gaetjens Pickett Valuers | CBRE Valuations (Central Qld) Herron Todd White (Gulf) |
| Valuation methodology: | Primary: Encumbered Secondary: DCF grower cash flows & comparative sales | Primary: Encumbered Secondary: Multiple direct farm profit & comparative sales | Primary: Encumbered Secondary: Comparative sales | Primary: Encumbered Secondary: Comparative sales |

Notes:

- In addition to almond orchards, RFF owns 259ha of macadamia orchards located at Bundaberg, Queensland
- Excludes AF06 which pays annually in October








40

Development and other capex

Managed by:
 Rural Funds Management

Development and other capex attracts additional lease income¹

Development and capex timetable

| | | | 1H17 | 2H17 | FY18 | FY19 | FY20 | Total (\$m) |
|--|-------------|---|---------------|---------------|---------------|---------------|---------------|----------------|
|  Almonds: Kerarbury | Development | 2,500 ha orchard ² | \$23.7 | \$28.1 | \$24.7 | \$13.7 | \$26.9 | \$117.1 |
|  Almonds: Tocabil | Development | 600 ha orchard ³ | \$2.2 | \$3.2 | \$3.6 | \$3.9 | - | \$12.9 |
|  Almonds: Yilgah & Moorah | Capex | Water infrastructure, other | \$1.2 | \$0.6 | \$0.9 | - | - | \$2.7 |
|  Cattle | Capex | Water infrastructure, pasture improvements ⁴ | \$0.7 | \$0.5 | \$1.2 | - | - | \$2.4 |
|  Cotton | Capex | Water infrastructure, field development ⁴ | - | \$2.3 | \$3.3 | - | - | \$5.6 |
|  Vineyards | Capex | Grafting ⁵ | \$0.1 | \$0.4 | \$1.2 | \$0.2 | - | \$1.9 |
|  Macadamias | Capex | Water infrastructure, machinery | \$0.2 | \$0.6 | \$0.3 | - | - | \$1.1 |
| Total (\$m) | | | \$28.1 | \$35.7 | \$35.2 | \$17.8 | \$26.9 | \$143.7 |

Notes:

- Development and capex activities are undertaken by lessees. Capital deployed accrues rent
- Capital expenditure of \$80.6m to 31 December 2016, 1,218 ha planted and 21,093 HSEML water acquired (6,907 HSEML required in staged acquisitions by 30 Sept 2020)
- Capital expenditure of \$24.4m to 31 December 2016, plantings complete (CY16) and 5,717 HSEML water acquired (1,483 HSEML forecast to be acquired by 30 June 2017). Remaining capital expenditure to be deployed for further irrigation infrastructure, and planned initial maintenance costs
- Capital expenditure for productivity improvements attracts additional rent, and aims to increase property values and improve counterparty profitability
- Grafting and redevelopment program agreed with TWE

41

Fund and farm manager



RFM is a fund and farm manager with 20 years experience in Australian agriculture

Key information

| | |
|-----------------------------------|--|
| Established | 1997 |
| | Total \$608m |
| Assets under management | Rural Funds Group: \$552m RFM Poultry: \$8m Almond Funds 06-08: \$38m 2007 Macgrove Project: \$10m |
| Ownership | Directors & staff |
| Farm & operations staff | 50 |
| Funds management staff | 35 |
| RFM direct operational experience | Cotton: Since 1998 Vineyards: Since 2000 Poultry: Since 2003 Almonds: Since 2006 Macadamias: since 2006 Livestock: Since 2010 |
| Management team tenure | 12+ yrs (avg.) |
| RFF fee structure | 1.05% p.a. adjusted gross assets ¹ & cost recovery |
| RFF key responsibilities | <ul style="list-style-type: none"> Compliance to financial, farming and reporting requirements of leases Water asset management including obtaining approvals, engagement with government Management of infrastructure e.g. ongoing and development capex Coordination of annual independent valuations Facilitating acquisitions Managing lessee/customer relationships |

Note:

1. Adjusted gross assets incorporates water entitlements held at fair value based on most recent independent property valuations subject to leases where appropriate

Board and management team contacts



Guy Paynter
Non-Executive
Chairman



David Bryant
Managing
Director



Michael Carroll
Non-Executive
Director



Julian Widdup
Non-Executive
Director



Stuart Waight
Chief Operating
Officer



Andrea Lemmon
Executive Manager,
Funds Management



Daniel Yap
Financial
Controller



Dan Edwards
Business Manager
Rural Funds Group



Tim Sheridan
Snr Analyst &
National Manager
Cattle



James Powell
Investor Relations &
Distribution Manager



managing good assets with good people

42

Appendix D

Key risks and international offer restrictions



Rewan, Rolleston, Qld, with the Carnarvon Gorge in background, August 2015

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 RFF.

Detailed below are what RFF 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 |
|---|--|
| Counterparty | 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 counterparty 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. An operational default by a counterparty may require RFF to meet operating obligations until a new lessee is contracted. In the case of a default by a counterparty, the health or quality of RFF's asset may be adversely affected RFF has several lessees, with the largest lessee (by rental income) being RFF Poultry, representing 25.2% of RFF's forecast revenue stream during the 2017 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 developing 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 | RFF, an experienced agricultural manager, is the responsible entity of RFF. Another entity may seek to take over RFF or replace RFF 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. These items are subject to interest rate movements and changes in costs. Consequently, distributions may vary. |
| Suspension event | There is a risk that a suspension event could occur under the terms of the chicken growing contracts. Under the terms of the RFF 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 RFF Poultry has chicken growing contracts with Barter Enterprises (a wholly owned subsidiary of Baiada Poultry) that expire over the period from 31 March 2024 to 3 July 2026. RFF Poultry is dependent on the income from those contracts to meet its obligations to RFF under the leases The Barter Enterprises growing contracts include the following suspension events, which, if triggered, mean all obligations under the relevant growing contract, including payments to RFF Poultry, are suspended until the suspension event is rectified In the event RFF Poultry suffers a suspension event, this will have a corresponding suspension or reduction in the lease payments received by RFF under its lease with RFF Poultry. If the suspension event persists for longer than six months, the growing contract may be terminated by either party by giving one month's notice. Suspension events for all chicken growing contracts include: act of God; epidemics; fires; industrial disputes by Barter employees; livestock husbandry issues; disease caused by RFF Poultry and chicken meat importation |
| Competition | RFF 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 RFF'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, RFF intends to develop a significant acquisition pipeline. There is no guarantee that RFF will be able to execute any future acquisitions |

44

Key risks



Specific risks (continued)

| Risk | Summary |
|--|---|
| Business strategy | RFF's business strategy for RFF is focused on building RFF's portfolio and cash yield through the management, acquisition and development of agricultural assets. RFF's future growth is dependent on the successful execution of this strategy. Any change or impediment to implementing this strategy including the access to funding may adversely impact RFF's operations and future financial performance |
| Asset valuations | The rental yield and profitability of RFF is influenced by 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, beef, cotton, macadamias 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 covered 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 floating rate 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 |
| RFF Poultry right of rent review | Under the terms of the RFF 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 RFF Poultry's profitability may result in a reduction in the rent payable to the RFF |
| Gearing and refinancing | RFF maintains a gearing range of 30% - 40%. RFF has secured a debt facility that sets limits for the next 2.5 years. Beyond this, there is a risk that RFF's bank could reduce the gearing limit and/or fees and charges. In these circumstances, where asset values have not increased sufficiently to offset any decrease in gearing limits, RFF may be required to sell assets and reduce or suspend distributions to retire debt |
| Reliance on RFF's skills | Unitholders have no direct control over the decisions that affect the day-to-day management of RFF Instead they rely on the skills of RFF and RFF's employees to manage RFF assets. An RFF employee may have a specialist skill set that is used to manage those assets. If that RFF employee resigns, then RFF may not be able to replace that specialist skill set quickly or easily |
| Conflict of interest and related party transactions | RFF is the responsible entity for RFF and for a number of other funds. It is possible that investment opportunities will arise for RFF through RFF's relationship with those other funds. Therefore, from time to time, RFF 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 Related party transactions are subject to compliance with the <i>Corporations Act 2001 (Cth)</i> and the RFF Conflict of Interest Management Policy |
| Inflation | 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 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 RFF Poultry lease is subject to indexation of 65% of CPI capped at 2% p.a. The leases to RFF's Almond Funds are subject to fixed indexation of 2.5% p.a. The leases to the 2007 Macgrove Project are subject to a CPI linked increase. The lease to RFF 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. The Cotton JV lease is subject to CPI adjustments annually. |
| Force majeure | All leases, with the exception of the leases to RFF 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. |

45

Key risks

Managed by:


Property Market risks

| Risk | Summary |
|---|---|
| Decline in asset value | RFF owns property including land, water and infrastructure for agricultural production 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 |
| Destruction or damage of property | It is possible that the assets owned by RFF could be destroyed or damaged by natural or other events RFF will maintain appropriate levels of insurance, provided it is economically sensible to do so |
| Property illiquidity | 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 |
| Reduction in water entitlements | Pursuant to the terms of the Treasury Wine Estates leases, and the lease for the RFF 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 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 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 There is no such requirement in any of the other existing leases. Annual water allocation risks are on account of the Lessee's |
| Climate risk and climate change risk | RFF monitors the impact of climate change on RFF's portfolio of assets and has implemented a Climatic Diversification strategy including acquiring assets across different growing regions and asset classes. |
| Environmental management | There is a risk that RFF doesn't protect or sustainably manage its natural resources. In aiming to work sustainably, wherever practical RFF will: <ul style="list-style-type: none"> • Monitor industry developments and adopt farm management practices that incorporate the latest research findings and technologies, to minimise environmental impacts and better utilise the natural resources; • Maximise water use efficiency through the utilisation of modern, well managed irrigation systems; • Ensure water management practices take account of water quality and minimise run-off; • Adopt nutrient management practices which improve long term soil health and ensure that pest and weed management requiring the use of chemicals, occurs in a safe and environmentally responsible manner; and • Ensure that our staff understand and are focused on sustainable farming principles and adhere to environmental legislation and regulations. |

46

Key risks

Managed by:


General risks

| Risk | Summary |
|---|--|
| Change in economic conditions | The following economic conditions may impact the performance of RFF assets: <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 | The following international or domestic political conditions (as well as others that are not listed here) may adversely affect RFF's assets: <ul style="list-style-type: none"> ▪ legislative changes; ▪ regulatory changes; ▪ taxation changes; and ▪ foreign policy changes (including the status of trade agreements) |
| Taxation changes | Section 4 in the Offer Booklet provides an outline of the current taxation status of RFF 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 |
| Units trading at below net asset value | The buying and selling of Units is conducted on the ASX. The trading price of the Units will be dependent on the financial performance of RFF |
| Liquidity | 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. |

47

International Offer restrictions

Managed by:
 Rural Funds Management

This presentation does not constitute an offer of new units ("New Units") of RFF in any jurisdiction in which it would be unlawful. In particular, this presentation may not be distributed to any person, and the New Units may not be offered or sold, in any country outside Australia except to the extent permitted below.

Hong Kong

WARNING: This presentation has not been, and will not be, authorized by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). No action has been taken in Hong Kong to authorize this presentation or to permit the distribution of this presentation or any documents issued in connection with it. Accordingly, the New Units have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO).

No advertisement, invitation or document relating to the New Units has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the New Units which are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors as defined in the SFO and any rules made under that ordinance.

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.

New Zealand

This presentation has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the "FMC Act").

The New Units are not being offered to the public within New Zealand other than to existing unitholders of RFF with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the FMC Act and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016.

Other than in the entitlement offer, the New Units may only be offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

Singapore

This presentation has not been registered as a prospectus with the Monetary Authority of Singapore ("MAS") and, accordingly, statutory liability under the Securities and Futures Act, Chapter 289 (the "SFA") in relation to the content of prospectuses does not apply, and you should consider carefully whether the investment is suitable for you. The issuer is not authorised or recognised by the MAS and the New Units are not allowed to be offered to the retail public. This presentation and any other document or material in connection with the offer or sale, or invitation for subscription or purchase of the New Units may not be circulated or distributed, nor may the New Units be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except to "institutional investors" (as defined in the SFA), or otherwise pursuant to, and in accordance with the conditions of, any other applicable provisions of the SFA.

This presentation has been given to you on the basis that you are an "institutional investor" (as defined under the SFA). In the event that you are not an institutional investor, please return this presentation immediately. You may not forward or circulate this presentation to any other person in Singapore.

Any offer is not made to you with a view to the New Units being subsequently offered for sale to any other party. You are advised to acquaint yourself with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

United States

This presentation does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. The New Units 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, the registration requirements of the US Securities Act and applicable US state securities laws.

48

Corporate information

Managed by:
 Rural Funds Management



Rural Funds Management Ltd

ACN 077 492 838
 AFSL 226701

Canberra Office
 Level 2, 2 King Street
 Deakin ACT 2600

Telephone: +61 2 6203 9700
 Facsimile: +61 2 6281 5077
 Website: ruralfunds.com.au

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

Investor relations enquiries:

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

49

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.

This section has been prepared on the basis of taxation law as at 8 June 2017. As taxation law and its interpretation of it by the Australian Taxation Office and the courts is subject to change, Unitholders should be aware that the taxation consequences of their holding units could change in the future.

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 Unitholders. Accordingly, Unitholders 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 (or if Rural Funds Trust elects to become an Attributed Managed Investment Trust ("AMIT") for taxation purposes on the amount of taxable income allocated to each Unitholder). 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:

- > pays tax at the corporate tax rate (currently 30%) on the profit it generates from its operational activities; and
- > 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.

Units issued under the Entitlement Offer, will be acquired for CGT purposes on the date of the allotment of Units under the Entitlement Offer.

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 Tax File Numbers

An Applicant is not required to quote a tax file number (“TFN”) when applying for New Units. However, if a TFN or an Australian Business Number (“ABN”) 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.

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 Australian Securities and Investments Corporation's ("ASIC") (Non-Traditional Rights Issues) Instrument 2016/84 and any ASIC relief applicable to the Responsible Entity or the Fund. This Retail 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 Retail Offer Booklet

Unitholders with registered addresses in Australia and New Zealand can obtain a copy of this Retail Offer Booklet during the Retail 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 Retail Offer Booklet in its entirety. Alternatively, you can call Rural Funds Management on 1800 026 665 (from within Australia) or +61 2 6203 9700 (from outside Australia) from 8.30am to 5.00pm (AEST), Monday to Friday.

Eligible Retail Unitholders with registered addresses in Australia and New Zealand will be emailed a copy of this Retail Offer Booklet and their Entitlement and Acceptance Form if an email address is recorded against their profile, otherwise Eligible Unitholders will be posted a copy. You should ensure that you read the Retail Offer Booklet and the Entitlement and Acceptance Form in their entirety.

The electronic version of this Retail 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 calling RFM's Investor Services team on 1800 026 665, or 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 Retail Entitlement Offer by completing your personalised Entitlement and Acceptance Form which accompanies this Retail 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 2.2.2 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 Retail Offer Booklet on the Responsible Entity's website.

5.3 Continuous disclosure requirements

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 or 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 Retail Offer Booklet and the accompanying personalised Entitlement and Acceptance Form 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 Risk factors

The Investor Presentation details important factors and risks that could affect the financial and operating performance of the Fund. Please refer to the 'Key Risks' in the Investor Presentation located at section 3 of this Retail 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 Retail Entitlement Offer.

5.6 Financial information

The summary financials as set out in the Investor Presentation at section 3 of this Retail Offer Booklet have been prepared in abbreviated form in accordance with the recognition and measurement principles of Australian International Financial Reporting Standards ("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 Retail Offer Booklet. Any information or representation not contained in this Retail 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 Retail 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 Retail 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.

New Zealand

The New Units are not being offered to the public within New Zealand other than to existing Unitholders with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the *Financial Markets Conduct Act 2013* and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016.

This Retail Offer Booklet has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority. This document is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

No offer in other 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 Retail 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 Retail Offer Booklet and the Entitlement and Acceptance Form do not constitute an offer of Units to persons in the United States or to any person acting for the account or benefit of a person in the United States.

The distribution of this Retail 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 Retail Offer Booklet and/or the Entitlement and Acceptance Form, you should observe any such 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 Retail Offer Booklet or any Entitlement and Acceptance Form, or participate in the Retail Entitlement Offer on behalf of any beneficial Unitholder, in any country outside Australia and New Zealand, except to institutional and professional investors in Hong Kong and Singapore as contemplated in the “International Offer restrictions” section of the Investor Presentation.

The Responsible Entity is not required to determine whether or not any Unitholder is acting as a nominee or custodian, or determine the identity or residence of any beneficial owners of existing Units or Entitlements. Where any person is acting as a nominee or custodian for a foreign person, that person, in dealing with its beneficiary, will need to assess whether indirect participation in the Entitlement Offer by the beneficiary complies with applicable foreign laws. See the “International Offer restrictions” section of the Investor Presentation for further information.

5.11 Underwriting arrangements and fees

UBS AG, Australia Branch, Bell Potter Securities Limited and Wilsons Corporate Finance Limited will act as Joint Lead Managers and Underwriters.

The Responsible Entity has entered into an Underwriting Agreement with the Underwriters in respect of the Entitlement Offer. The Underwriters have 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% or more fall in the S&P/ASX 200 Index;
- b. the Underwriters will receive:
 - i. an underwriting fee of an amount equal to 2.50% (exclusive of GST) to the Underwriters in their Respective Proportions;
 - ii. a management fee of an amount equal to 0.25% (exclusive of GST) of the Offer proceeds for the Entitlement Offer payable to UBS AG, Australia Branch; and
 - iii. a discretionary fee of an amount equal to 0.50% (exclusive of GST) of the Offer proceeds for the Entitlement Offer payable to the Underwriters in such proportions as the Responsible Entity determines in its absolute discretion.

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

The Underwriters are 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 Underwriters, 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 Underwriters under the Underwriting Agreement.

5.13 Consents

None of the parties referred to in the Corporate Directory of this Retail Offer Booklet (other than the Responsible Entity), have made or authorised the making of any statement that is included in this Retail Offer Booklet or any statement on which a statement in this Retail 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 Retail Offer Booklet other than references to its name or a statement or report included in this Retail Offer Booklet with the consent of that party as specified above.

5.14 Directors' intention

The Chairman of the Responsible Entity, Leslie Guy Julian Paynter intends to apply for his full Entitlement.

The Managing Director of the Responsible Entity, David Anthony Bryant 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.

Michael Carroll, a Non-Executive Director of the Responsible Entity, intends to apply for his full Entitlement.

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 Pty Limited
GPO Box 3993
SYDNEY NSW 2001
Phone: 1300 737 760

5.16 Governing law

This Retail 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.

5.17 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 Retail 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 \$1.70 per New Unit;
- > Agree to be issued the number of New Units that you apply for;
- > Authorise the Responsible Entity, the Underwriters, 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 Retail 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 Retail 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 Retail 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 Underwriters, 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 Underwriters 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 person in the United States;
- > Acknowledge that on the Record Date, you have a registered address in Australia or New Zealand;
- > Acknowledge that the Entitlements and the New Units have not and will not be registered under the *US Securities Act* of the securities laws of any state or other jurisdictions of 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 person in the United States, except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of the *US Securities Act* and any other applicable securities laws;
- > Agree not to send the Retail Offer Booklet, the Entitlement and Acceptance Form or any other material relating to the Retail Offer to any person in the United States or that is acting for the account or benefit of a person in the United States; and
- > Agree to provide (and direct your nominee or custodian to provide) any requested substantiation of your eligibility to participate in the Retail Entitlement Offer and/or your holding of Units on the Record Date.

GLOSSARY

| TERM | DEFINITION |
|---|---|
| A\$ | Australian dollars |
| ABN | Australian Business Number |
| AEST | Australian Eastern Standard Time |
| Allotment | The allotment of New Units issued under the Institutional and Retail Entitlement Offer for which valid Applications have been received by the relevant Closing Date |
| Allotment Date | The date of the Allotment being: <ul style="list-style-type: none"> > Thursday, 22 June 2017 for the Institutional and Early Retail Entitlement Offer; and > Friday, 30 June 2017 for the Retail Entitlement Offer |
| Applicant | An existing Unitholder who subscribes for New Units under the Retail Entitlement Offer |
| Application | An application to subscribe for New Units under the Retail Entitlement Offer |
| Application Monies or Applicable Monies | Monies received from applicants in respect of their Application |
| 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 Wednesday, 7 June 2017 in relation to the Entitlement Offer and included in this Retail 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 |
| Corporations Act 2001 | <i>Corporations Act 2001</i> (Cth) |
| Early Retail Closing Date | The last date for Eligible Unitholders to lodge an Application for the Early Retail Offer, being 5.00pm (AEST), Tuesday, 20 June 2017 |
| Eligible Institutional Unitholder | An Institutional Unitholder on the Record Date who: <ul style="list-style-type: none"> > is not an ineligible Institutional Unitholder; and > has successfully received an invitation from the Underwriters to participate in the Institutional Entitlement Offer |
| Eligible Retail 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 State or acting for the account or benefit of a person in the United States; > is not an Institutional Unitholder; and > is eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer |
| Eligible Unitholder | An Eligible Institutional Unitholder or an Eligible Retail Unitholder |

| TERM | DEFINITION |
|--------------------------------------|---|
| Entitlement | The entitlement to 2 New Units for every 9 Existing Units held on the Record Date by Eligible Unitholders |
| Entitlement and Acceptance Form | The Entitlement and Acceptance Form accompanying this Retail Offer Booklet upon which an Application can be made |
| Entitlement Offer or Offer | The offer of New Units under the Institutional Entitlement Offer and the Retail Entitlement Offer |
| Existing Unit | A Unit on issue on or before the Record Date |
| Final Allotment Date | Friday, 30 June 2017 |
| Final Retail Closing Date | The last date for Eligible Retail Unitholders to lodge an Application for the Retail Entitlement Offer, being 5.00pm (AEST), Monday, 26 June 2017 |
| Fund | Rural Funds Trust ARSN 112 951 578 and RF Active ARSN 168 740 805 trading as Rural Funds Group (ASX:RFF) |
| Indemnified Party | Includes the Underwriters, their affiliates, related bodies corporate, directors, officers, employees, partners, agents and advisers |
| Ineligible Unitholder | A Unitholder with a holding on the Record Date, who is neither an Eligible Institutional Unitholder nor an Eligible Retail Unitholder |
| Institutional Entitlement Offer | The offer of New Units to Eligible Institutional Unitholders |
| Institutional Investor | A person: <ul style="list-style-type: none"> > with a registered address in Australia, who is an “exempt investor” as defined in ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84; or > in certain jurisdictions outside Australia, to whom offers for issue of Units may lawfully be made without the need for a lodged product disclosure statements, prospectus or other disclosure document or other lodgement, registration, filing with or approval by a governmental agency (other than one with which the Responsible Entity is willing, in its absolute discretion, to comply) |
| Institutional Unitholder | A holder of Units on the Record Date who is an Institutional Investor |
| Investor Presentation | The investor presentation in connection with the Entitlement Offer dated Wednesday, 7 June 2017 and included in this Retail Offer Booklet in section 3 |
| Joint Lead Managers and Underwriters | <ul style="list-style-type: none"> > UBS AG, Australia Branch ABN 47 088 129 613 AFSL No. 231087 > Bell Potter Securities Limited ABN 25 006 390 772 AFSL No. 243480 > Wilsons Corporate Finance Limited ABN 65 057 547 323 AFSL No. 238383 |
| New Units | The Units offered under the Entitlement Offer |
| Offer Price or Issue Price | The offer price per New Unit, being \$1.70 per New Unit |
| Privacy Act | Means the <i>Privacy Act 1988</i> (Cth) |
| Record Date | The time and date for determining which Unitholders are entitled to an Entitlement under the Entitlement Offer, being 7.00pm (AEST) Friday, 9 June 2017 |
| Registry | Boardroom Pty Limited ABN 14 003 209 836 |
| Respective Proportions | Means: <ul style="list-style-type: none"> > in the case of UBS AG, Australia Branch, 60%; > in the case of Bell Potter Securities Limited, 20%; and > in the case of Wilsons Corporate Finance Limited, 20% |

| TERM | DEFINITION |
|--|---|
| Responsible Entity or RFM | Rural Funds Management Limited ABN 65 077 492 838, as Responsible Entity of the Fund |
| Retail Entitlement Offer | The offer of New Units to Eligible Retail Unitholders |
| Retail Entitlement Offer Booklet or Retail Offer Booklet | This booklet dated Thursday, 8 June 2017, including the Investor Presentation and the ASX Announcement |
| Retail Offer Period | The period commencing on the opening date of the Retail Entitlement Offer, as specified in the Key Dates section of this Retail Offer Booklet, and ending on the Final Retail Closing Date (being 9.00am (AEST), Wednesday, 14 June 2017 to 5.00pm (AEST), Monday, 26 June 2017) |
| RF Active or RFA | RF Active ARSN 168 740 805 |
| RFF | Rural Funds Group (ASX:RFF) a stapled entity comprising Rural Funds Trust ARSN 112 951 578 and RF Active ARSN 168 740 805 |
| Rural Funds Trust or RFT | Rural Funds Trust ARSN 112 951 578 |
| Tax Agent Services Regime | Describes the regime outlined in the Tax Laws Amendment (Tax Agent Services) Bill 2007 and taken up in the <i>Tax Agent Services Act 2009</i> and the <i>Tax Agent Services Regulations 2009</i> |
| Underwriters | <ul style="list-style-type: none"> > UBS AG, Australia Branch ABN 47 088 129 613 AFSL No. 231087 > Bell Potter Securities Limited ABN 25 006 390 772 AFSL No. 243480 > Wilsons Corporate Finance Limited ABN 65 057 547 323 AFSL No. 238383 |
| Underwriting Agreement | The Underwriting Agreement dated Wednesday, 7 June 2017 between the Responsible Entity and the Underwriters, 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 |
| Unitholding | One or more stapled securities or Units |
| 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 |
| US Securities Act | The <i>US Securities Act of 1933</i> , as amended |

CORPORATE DIRECTORY

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

Responsible Entity

Rural Funds Management Limited
ACN 077 492 838
AFSL 226701
Investor Services: 1800 026 665
Adviser Services: 1300 880 295

Joint Lead Managers and Underwriters

UBS AG, Australia Branch

Level 16, Chifley Tower
2 Chifley Square
SYDNEY NSW 2000

Bell Potter Securities Limited

Level 29
101 Collins Street
MELBOURNE VIC 3000

Wilson's Corporate Finance Limited

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

Auditor

PricewaterhouseCoopers

One International Towers
Watermans Quay
BARANGAROO NSW 2000

Managed by:



02 6203 9700



02 6281 5077



management@ruralfunds.com.au



www.ruralfunds.com.au

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