

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

Private and Confidential

9 July 2021

Dear Nominee/Custodian

**Rural Funds Management Limited (ACN 077 492 838; AFSL 226701) ("RFM"),
as responsible entity of the Rural Funds Trust (ARSN 112 951 578) ("RFT") and
RF Active (ARSN 168 740 805) trading as Rural Funds Group ("RFF" or "Offeror")**

**1 for 8.4 accelerated pro-rata non-renounceable entitlement offer of new fully paid units in Rural Funds
Group to raise approximately \$100 million ("Entitlement Offer")**

Important instructions to nominees and/or custodians acting for beneficial owners of units in RFF

If you are not the correct person in your organisation to receive this letter we apologise and ask that you forward it to the most appropriate person. Terms used but not defined in this letter have the same meaning given to them in the retail offer booklet dated 9 July 2021 and lodged with the ASX on that date, including any supplementary or replacement retail offer booklet that may be subsequently lodged in connection with the Entitlement Offer ("**Retail Offer Booklet**").

INTRODUCTION

On Thursday, 8 July 2021, RFF announced that it is conducting a fully underwritten 1 for 8.4 accelerated pro-rata non-renounceable entitlement offer to raise \$100 million.

The proceeds from the Entitlement Offer will be used for:

1. The development of 1,000 ha of macadamia orchards;
2. The acquisition of cattle properties to be leased to corporate lessees; and
3. The acquisition of up to 8,338ML of water entitlements for \$38.4m¹ ("**Water Entitlements**").

Under the Entitlement Offer, eligible unitholders in RFF will be entitled to subscribe for 1 new unit in RFF ("**New Units**") for every 8.4 existing units ("**Existing Units**") held in RFF as at 7:00pm (AEST) on Monday, 12 July 2021 ("**Record Date**") ("**Entitlement**").

New Units are being offered at an offer price of \$2.47 per New Unit ("**Offer Price**").

The Entitlement Offer is being made pursuant to section 1012DAA of the *Corporations Act 2001* (Cth) ("**Corporations Act**") (as modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84), which allows rights issues to be offered without a product disclosure statement.

UBS AG, Australia Branch, Bell Potter Securities Limited and Wilsons Corporate Finance Ltd are acting as underwriters to the Entitlement Offer ("**Underwriters**").

¹ The Water Entitlements are being acquired in two tranches. Contracts have been exchanged for 6,533 ML, there is a risk that the balance may not exchange.

BACKGROUND AND DOCUMENTS

We refer to the retail component of the proposed Entitlement Offer (“**Retail Entitlement Offer**”). As a nominee/custodian unitholder in RFF, you will shortly receive:

- a copy of documentation in relation to the Retail Entitlement Offer (“**Information Materials**”); and
- a personalised Entitlement and Acceptance Form. The personalised Entitlement and Acceptance Form will indicate a pro-rata allocation of Entitlements based on the number of Units (as defined below) you hold in aggregate under your nominee/custodian account name on the Record Date.

As the Entitlement Offer is non-renounceable, Entitlements under the Retail Entitlement Offer cannot be traded, transferred, sold, assigned or otherwise dealt with (whether on the Australian Securities Exchange or on any other exchange, or privately). If Eligible Retail Unitholders (as defined below) take no action they will not be allocated any New Units and their Entitlements will lapse.

No action has been taken to register or qualify the New Units or the Entitlement Offer or otherwise permit an offering of the New Units in any jurisdiction outside Australia and New Zealand, except to certain institutional and professional investors in, and to the extent permitted under, the section titled "International Offer Restrictions" in the Investor Presentation lodged with ASX. Please refer to such section for more information.

RETAIL ENTITLEMENT OFFER - ELIGIBILITY

Eligible Retail Unitholders

In order to comply with relevant securities laws, the Retail Entitlement Offer is only open to those holders of units in RFF who:

- are a registered holder of units in RFF (“**Units**”) as at 7.00pm (AEST) on the Record Date;
- have a registered address on the RFF Unitholder register in Australia or New Zealand;
- are not in the United States and are not acting for the account or benefit of a person in the United States (to the extent such person holds Units in RFF for the account or benefit of such person in the United States);
- are not an Eligible Institutional Unitholder (other than as a nominee to the extent that the nominee also holds Units on behalf of an Eligible Retail Unitholder) or an Ineligible Institutional Unitholder (each as defined in the Retail Offer Booklet lodged with ASX on 9 July 2021); and
- are eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer.

Such Unitholders are referred to in this letter as **Eligible Retail Unitholders**.

RFF and the Underwriters reserve the right to reject any application that they believe comes from a person who is not an Eligible Retail Unitholder.

An **Institutional Unitholder** is a holder of Units on the Record Date, to whom:

- an offer of New Units may be made in Australia without a disclosure document or product disclosure statement (as defined in the Corporations Act) on the basis that such a person is an “exempt investor” as defined in ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84; or
- an offer of New Units may be made outside Australia without registration, lodgment of a formal disclosure document or other formal filing in accordance with the laws of that particular foreign jurisdiction (or in any other jurisdiction to the extent that RFF is willing to comply with such requirements).

Eligible Underlying Unitholders

For legal and regulatory reasons, the Retail Entitlement Offer is only being made available to the beneficial owners of Existing Units for whom you act as custodian or nominee, who are:

- not in the United States and are not acting for the account or benefit of a person in the United States (to the extent such person holds Units in RFF for the account or benefit of such person in the United States);
- not an Eligible Institutional Unitholder as defined in the Retail Offer Booklet (other than as a nominee to the extent that the nominee also holds Units on behalf of an Eligible Retail Unitholder);
- not an Ineligible Institutional Unitholder (as defined in the Retail Offer Booklet); and
- eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer.

Such persons are referred to in this letter as **Eligible Underlying Unitholders**.

Compliance with Foreign Securities Laws

You must not send copies of any Information Materials, the personalised Entitlement and Acceptance Form or any other material relating to the Entitlement Offer to any of your clients (or any other person) who are not Eligible Underlying Unitholders.

In particular, the New Units have not been, and will not be, registered under the U.S. Securities Act of 1933 ("**Securities Act**") or the securities laws of any state or other jurisdiction of the United States. Accordingly, the New Units may not be offered or sold to persons in the United States or persons acting for the account or benefit of a person in the United States, except in a transaction exempt from, or not subject to, the registration requirements of the Securities Act and applicable U.S. state securities laws. The New Units to be offered and sold in the Retail Entitlement Offer may only be offered and sold outside the United States in 'offshore transactions' (as defined in Rule 902(h) under the Securities Act) in reliance on Regulation S under the Securities Act.

In dealing with beneficial owners of Existing Units, custodians/nominees will need to assess whether indirect participation in the Entitlement Offer by the beneficiary complies with applicable foreign laws. Neither RFF nor the Underwriters will advise as to, and neither is responsible for determining, whether any such person qualifies as an Eligible Underlying Unitholder. Accordingly, any application made on the respective personalised Entitlement and Acceptance Forms by you on behalf of beneficial owners of Units for whom you act as nominee or custodian must only be for Eligible Underlying Unitholders as set out above. For further information, please refer to the "International Offer Restrictions" section of the Investor Presentation.

The Information Materials do not constitute an offer to sell, or the solicitation of an offer to buy, any securities to any person in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer.

Warranties and Representations

Return of the Entitlement and Acceptance Form or payment of Application Monies by you on behalf of beneficial owners of Units for which you act as nominee and/or custodian will be taken by RFF to constitute a representation by you that there has been no breach of any such laws or the representations, warranties, acknowledgements and restrictions set out in this letter and the Information Materials, the Entitlement and Acceptance Form or any other relevant materials. Further, consistent with the representations and warranties contained in the Entitlement and Acceptance Form, you are also advised not to submit any completed Entitlement and Acceptance Form with respect to the Retail Entitlement Offer on behalf of any of your clients (or any other person) resident in the United States or who are acting for the account or benefit of a person in the United States. Failure to comply with these restrictions may result in violations of applicable laws.

Not Financial Product Advice

RFF is not licensed to provide financial product advice in respect of Entitlements or New Units. The information in this letter is general information only, does not constitute a securities recommendation or financial product advice, and has been prepared without taking account of the investment objectives, financial situation or needs of any particular investor. You should read the Information Materials, which includes a summary of general and specific risk factors, and consider whether any investment is appropriate having regard to your (or your client's) objectives, financial situation or needs before acting on the information.

Ineligible Unitholders

IMPORTANT NOTE: Any underlying beneficial owners of Units who are not Eligible Underlying Unitholders are ineligible to apply for New Units under the Retail Entitlement Offer. If you are a nominee for underlying beneficial owners of Units who are not Eligible Underlying Unitholders, you must neither submit personalised Entitlement and Acceptance Forms nor apply for New Units on their behalf. In particular, without limiting the foregoing, you must not submit an Entitlement and Acceptance Form or BPAY® payment on behalf of an underlying beneficial owner of Units that is in (or is resident in) the United States, or is acting for the account or benefit of a person that is in (or is resident in) the United States.

NEXT STEPS

Please:

- read and consider the Information Materials;
- seek legal or other professional advice, as required;
- complete the Entitlement and Acceptance Form, as applicable, having regard to the restrictions and requirements set out in this letter;

- complete the Summary for Nominee/Custodian Applications, in Appendix A to this letter. This form requires you to complete the beneficial owner's name and number of New Units for each such person on whose behalf you are applying. Each beneficial owner's portion of the Entitlement Offer is to be calculated as their holding of Existing Units under your nominee/custodian account on the Record Date. In calculating each Eligible Underlying Unitholder's entitlement, where fractions arise in the calculation of entitlements, they will be rounded down to the nearest whole number of New Units; and
- return the completed Entitlement and Acceptance Form, Application Monies and the Summary for Nominee/Custodian Applications to the Registry as set out below.

You must not:

- (i) submit an application or otherwise accept the Retail Entitlement Offer on behalf of a person that is in (or is resident in) the United States, or is acting for the account or benefit of a person that is in (or is resident in) the United States for whom you are the nominee holder; and
- (ii) unless they are an Eligible Underlying Unitholder, submit any confirmation letter, application or otherwise to purchase New Units on behalf of any person in any other country outside Australia and New Zealand for whom you are the nominee holder (except to certain institutional and professional investors in jurisdictions listed in, and to the extent permitted under, the "International Offer Restrictions" section of the Investor Presentation). Failure to comply with the restrictions contained in this letter may result in violations of applicable securities laws.

Your completed Entitlement and Acceptance Form will be taken by RFF and the Underwriters to constitute a representation by you that you have complied with the Entitlement Offer requirements, the Information Materials, this letter and all applicable laws. You acknowledge and agree that any failure by you to comply with the Entitlement Offer requirements may result in violations of applicable laws and loss to RFF and the Underwriters.

Registry details

Attention:

Rural Funds Group Offer
C/- Boardroom Pty Limited

Postal address:

GPO Box 3993
SYDNEY NSW 2001
(Attention: Georgette Elias)

Email: georgette.elias@boardroomlimited.com.au

Please also e-mail a copy to Orient Capital (Attn: Projects at projects@orientcap.com or +61 2 8280 6090).

Applications received from a nominee/custodian account without a completed Summary for Nominee/Custodian Applications form (Appendix A) **WILL NOT BE PROCESSED**. It is important to note that information on the Summary for Nominee/Custodian Applications form will be kept confidential and will only be used by RFF and the Underwriters to compare with our records of nominee/custodian accounts as at the Record Date for the Entitlement Offer.

A separate letter has been issued providing instructions regarding Ineligible Retail Unitholders.

We thank you in advance for your cooperation.



David Bryant
Managing Director

Important U.S. notice to nominees/custodians:

Because of legal restrictions, you must not send copies of this letter or any material in relation to the Entitlement Offer, in whole or in part, to any of your clients (or any other person) in the United States and on whose behalf you are the registered holder of Units. Failure to comply with these restrictions may result in violations of applicable securities laws.

The Information Materials and the Entitlement and Acceptance Form do not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States.

The New Units have not been and will not be registered under the US Securities Act of 1933 or the securities laws of any state or other jurisdiction of the United States. The New Units may not be offered or sold to persons in the United States or persons who are acting for the account or benefit of a person in the United States. The New Units may not be offered, sold or resold in the United States except in transactions exempt from, or not subject to, the registration requirements of the Securities Act and the applicable securities laws of any state or other jurisdiction of the United States. The New Units to be offered and sold in the Retail Entitlement Offer may only be offered and sold outside the United States in 'offshore transactions' (as defined in Rule 902(h) under the Securities Act) in reliance on Regulation S under the Securities Act.

Rural Funds Group (ASX: RFF)

Rural Funds Group is an agricultural Real Estate Investment Trust (REIT) listed on the ASX under the code RFF. RFF owns a diversified portfolio of Australian agricultural assets which are leased predominantly to corporate agricultural operators. RFF targets distribution growth of 4% per annum by owning and improving farms that are leased to good counterparties. RFF is a stapled security, incorporating Rural Funds Trust (ARSN 112 951 578) and RF Active (ARSN 168 740 805).

Rural Funds Management Limited (RFM)

Rural Funds Management Limited is the responsible entity and manager of RFF. RFM is an agricultural fund and asset manager established in 1997. The management team includes specialist fund managers, finance professionals, horticulturists, agronomists and other agricultural managers. RFM's company culture is informed by its long-standing motto "Managing good assets with good people".

Authorised by:	For further information:	RFM details:
Tim Sheridan Chief Operating Officer Rural Funds Management T: 0400 634 230 E: TSheridan@ruralfunds.com.au	James Powell General Manager – Investor Relations & Marketing Rural Funds Management T: 0420 279 374 E: JPowell@ruralfunds.com.au	ABN 65 077 492 838 AFSL 226701 Level 2, 2 King St Deakin ACT 2600 Locked Bag 150 Kingston ACT 2604 T 02 6203 9700 E management@ruralfunds.com.au

www.ruralfunds.com.au

Important information

No representation or warranty is given as to the accuracy or likelihood of achievement of any forward-looking statement in this document, or any events or results expressed or implied in any forward-looking statement. These statements can generally be identified by the use of words such as "anticipate", "believe", "expect", "project", "forecast", "estimate", "likely", "intend", "should", "could", "may", "target", "predict", "guidance", "plan" and other similar expressions. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Such forward-looking statements are not guarantees of future performance and are by their nature subject to significant uncertainties, risks and contingencies. Actual results or events may differ materially from any expressed or implied in any forward-looking statement and deviations are both normal and to be expected. Past performance is not a reliable indicator of future performance. Please refer to the investor presentation released to the ASX today for information on key risks.

Appendix A – RURAL FUNDS GROUP - ENTITLEMENT OFFER
SUMMARY FOR NOMINEE/CUSTODIAN APPLICATIONS

DATE:

NOMINEE ACCOUNT NAME:	HIN:

SUMMARY No.			

	NAME OF BENEFICIAL OWNER	UNITHOLDING AT 7:00PM, Monday, 12 July 2021 (RECORD DATE)	ENTITLEMENT (INSERT)	NEW UNITS APPLIED FOR (UP TO ENTITLEMENT)	APPLICATION MONIES (AUD)
1					\$
2					\$
3					\$
4					\$
5					\$
6					\$
7					\$
TOTAL					\$

ENTITLEMENT:

Entitlement is calculated on the basis of 1 New Units for every 8.4 Existing Units held based on each Eligible Underlying Unitholder’s beneficial holding as at the Record Date, rounding **down** to the nearest whole number. **Example:** if an individual holding is 1,000 Existing Units, then their Entitlement is 119 New Units. Fractions must be rounded **down** to the nearest whole number. Entitlements are subject to adjustment to account for rounding conducted by different nominees on the same institutional unitholding.

IMPORTANT:

Please ensure the “APPLICATION MONIES” column is sufficient for the total in the “NEW UNITS APPLIED FOR” column, with reference to the Offer Price of A\$2.47 per New Unit. If more than one form is required please photocopy this form and submit all forms together and at the same time.

CONTACT PERSON	PHONE NO. ()	SIGNATURE

By submitting the enclosed Entitlement and Acceptance Form we confirm that every Eligible Underlying Unitholder for whose account we are acquiring New Units has made an irrevocable and unconditional offer to subscribe for New Units under the Retail Entitlement Offer on the terms and conditions set out in the Information Materials.

We acknowledge that RFF and the Underwriters may in their absolute discretion refuse to accept this irrevocable offer to subscribe for New Units under the Retail Entitlement Offer if they reasonably believe that our clients are not each an Eligible Underlying Unitholder or have not complied with the terms and conditions set out in the Information Materials.

We hereby acknowledge receipt of the letter from RFF setting out instructions to nominees acting for holders of Units in RFF dated 9 July 2021 and confirm that we understand the procedures and terms and conditions for lodgment of personalised Entitlement and Acceptance Forms under the Retail Entitlement Offer. We further acknowledge that the Retail Entitlement Offer is only available for acceptance (whether directly or indirectly or by us as a nominee) by Eligible Underlying Unitholders that are not in the United States and are not acting for the account or benefit of a person in the United States.

SIGNED: **NAME:**

DATED: **PHONE:**

Please enclose this form with your personalised Entitlement and Acceptance Form and send both to:

Attention:

Rural Funds Group Offer
C/- Boardroom Pty Limited

Postal address:

GPO Box 3993
SYDNEY NSW 2001
(Attention: Georgette Elias)

Email: georgette.elias@boardroomlimited.com.au

Please also e-mail a copy to Orient Capital (Attn: Projects at projects@orientcap.com or +61 2 8280 6090).

Potential for Amendment

The Underwriters reserve the right to adjust the details of the above list if it is determined that a beneficial owner has incorrectly claimed or been given an Entitlement. Potentially, with your assistance, RFF and the Underwriters would then exercise their rights as set out in Schedule 1(5)(Non-Renounceable Entitlement Offers) of the Master ECM Terms.

Thank you for your support with this transaction.