

Rural Funds Group | ASX: RFF

Managed by:



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8 June 2017

ASX Release

Subject: Successful completion of Institutional Entitlement Offer

Rural Funds Management Limited (**RFM**) as responsible entity and manager of the Rural Funds Group (**RFF or Fund**) advises the successful completion of the institutional component of its fully underwritten 2 for 9 accelerated pro rata non-renounceable entitlement offer (**Institutional Entitlement Offer**) announced to the market on 7 June 2017, raising approximately \$18.6 million. The retail component of the entitlement offer (**Retail Entitlement Offer**) will raise approximately \$60.0 million, taking the total size of the entitlement offer to \$78.6 million (**Equity Raising**). New units will be issued at a fixed price of \$1.70 per unit in the Fund (**Unit**) and will rank equally with existing units from allotment.

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.

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

Institutional Entitlement Offer

The Institutional Entitlement Offer was well supported by existing unitholders, with approximately 99% take-up by eligible institutional unitholders. The shortfall under the Institutional Entitlement Offer attracted strong demand with broad support from both existing unitholders and new investors. New units issued under the Institutional Entitlement Offer are expected to settle on Wednesday, 21 June 2017. Allotment and commencement of normal trading on the ASX of these new units is expected to occur on Thursday, 22 June 2017. Eligible retail unitholders also have the opportunity to apply and pay for their entitlements before 5.00pm (AEST) on Tuesday, 20 June 2017 to have new units allotted on the same day as units issued under the Institutional Entitlement Offer.

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

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Retail Entitlement Offer

The Retail Entitlement Offer will open at 9.00am (AEST) on Wednesday, 14 June 2017 and close at 5.00pm (AEST) on Monday, 26 June 2017. Retail unitholders who hold units in the Fund as at 7.00pm (AEST) on the record date of Friday, 9 June 2017 and have a registered address in Australia or New Zealand (**Eligible Retail Unitholders**) will be invited to participate in the Retail Entitlement Offer at the same offer price, being \$1.70 and offer ratio, being 2 for 9 as the participants in the Institutional Entitlement Offer.

Further details on the Retail Entitlement Offer are set out in the booklet (**Retail Offer Booklet**) that will be dispatched to eligible retail unitholders on Wednesday, 14 June 2017. If you have any questions about the Retail Entitlement Offer, please contact Investor Services on 1800 026 665 (within Australia) or +61 2 6203 9700 (outside Australia) from 8.30am to 5.00pm (AEST), Monday to Friday.

Units in the Fund are expected to recommence trading on an ex-entitlement basis from market open today.

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About Rural Funds Group (RFF)

RFF owns a diversified portfolio of high quality Australian agricultural assets. RFF's investment objective is to generate a stable income stream derived from leasing its assets to suitable counterparts and capital growth through any appreciation in the value of those assets. RFF is a stapled security, incorporating Rural Funds Trust (ARSN 112 951 578) and RF Active (ARSN 168 740 805), trading under the ASX code 'RFF'. Rural Funds Management Ltd (RFM) is the responsible entity of RFF.

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