

Rural Funds Group (RFF)

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

ASX Release

29 August 2014

Subject: FY14 RFF Financial report release

Rural Funds Management Limited (RFM), Responsible Entity for Rural Funds Group (RFF or the Group) is pleased to announce RFF's FY14 results, reflecting performance in line with expectations.

RFF highlights and results overview

- Listed on the ASX on 14 February 2014
- Net profit after tax of \$20.1m
- Property revaluation increment of \$2.8m to \$227.2m
- Established flow through tax status
- **Delivered distributions as forecast in FY14 half year results**
- Built awareness resulting in trading price increase from \$0.75 (on listing) to \$0.92. Registry turnover of 23% with ~40% linked to institutional investors
- **NAV improvement from \$1.01 (31 Dec 13) to \$1.17 per unit** following write back of deferred tax liabilities and financial results
- Secured improved bank debt facility providing lower costs and greater flexibility
- **Identified suitable property acquisition** for lease and potential development
- Increased **FY15 forecast distributions** from 8.4 cents per unit (Explanatory Memorandum SPDS dated 27 November 2013) to 8.6 cents, **in-line with half year guidance**

This report is the first annual financial report since RFF (formerly RFM RiverBank) merged with RFM Chicken Income Fund and RFM Australian Wine Fund on 19 December 2013. The financial results reflect 12 months performance of the leased Almond orchard business and 6½ months performance of the leased poultry property and infrastructure, and vineyards. As a consequence of this merger, RFF's issued units increased from 33m to 117m during the period.

David Bryant, the Managing Director of the Responsible Entity said: "We are pleased to report profit after tax of \$20.1 million. Adjusting this result for merger transaction costs, tax liabilities written-back and fair value adjustments, provides a before tax operating profit of \$7.0 million. The results are in line with our expectations and reflect stability in the business during the post listing period."

The only material item outside the forecast net profit after tax, was the write back of the deferred tax assets and liabilities associated with the almond and poultry leasing businesses. These write backs

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

totalled \$18.5 million and reflect the transactions required to convert RFF to a leasing business (REIT).

The Group's net assets grew from \$118,913,000 at the time of the merger, to \$137,471,000 at 30 June 2014 as a result of the write-back of net deferred tax liabilities, the operating results, and fair value increases. On a per unit basis the RFF NAV increased 16 cents for the six month period ended 30 June 2014. This is 18 cents per unit higher than previously forecast.

Property acquisition

RFF is set to expand its property portfolio after contracting the purchase of Tocabil (\$5.2m), a property located near Hillston, NSW.

The asset is in close proximity to RFF's other properties at Hillston and is intended to be developed into a 600ha almond orchard. The purchase of the property and associated water entitlements is expected to be completed within the next two months.

RFM currently leases Tocabil on an arm's length basis from a third party. The lease commenced in 2013 and is for a three year term. In order for the almond development to occur expediently, RFM will agree to the early termination of the lease once final details of the development have been agreed. During the interim period whilst RFM is lessee, no management fee will be charged by RFM in relation to the acquisition or management of Tocabil.

Forecast FY15 distributions in-line with half year guidance

Forecast distributions for FY15 of 8.6cpu are in-line with half year guidance. RFF will continue to pay distributions on a quarterly basis.

About Rural Funds Group (RFF) ARSN 112 951 578

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. Rural Funds Management Ltd (RFM) is the responsible entity of RFF.

For further information:

David Bryant
Managing Director
Rural Funds Management
T 02 6203 9703
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
