

Rural Funds Group (RFF)



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ASX Release

24 February 2015

Subject: Media release Rural Funds Group first half FY2015 results

Rural Funds Management Ltd (RFM), as responsible entity for Rural Funds Group (RFF or the Group), is pleased to announce RFF's first half FY2015 financial results.

RFF results overview

Key achievements:

- Completion of stapling Rural Funds Trust units to RF Active units, collectively called the Rural Funds Group
- Acquisition of Tocabil Station suitable for development to an almond orchard

Half year results:

- Net profit before income tax \$3.9m inclusive of a \$0.96m unrealised loss relating to interest rate hedges
- Adjusted funds from operations (AFFO) \$5.0m and distributions of 4.3 cents per unit
- Gearing was marginally increased due to the debt used to acquire Tocabil

Forecast

Total comprehensive income has been adversely impacted by valuation losses of approximately \$0.96m or 0.82 cents per unit relating to interest rate swaps, and the decrease in market interest rates.

AFFO and distributions on track to previously forecast result to 30 June 2015

RFM is currently considering hedging opportunities in the low interest rate environment.

Tocabil Station acquisition and ongoing strategy

The Tocabil Station acquisition and proposed development closely adheres to RFF's previously stated long term objectives. RFM is finalising a lessee for the development and operation of a 600 hectare almond orchard, and in the interim Tocabil Station is leased for cotton and wheat farming.

David Bryant, Managing Director of RFM commented on RFF's broader strategy "we are optimistic about the potential for future expansion in the almond sector. The almond industry, like many of the agricultural industries where RFF owns assets, is benefitting from a lower Australian dollar. This should translate to higher margins for our lessees and has the potential to drive asset prices, resulting in good news for owners of those assets, the RFF unitholders".



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Forecast FY15 distributions in-line with previous guidance

Previous forecast of 8.6 cpu distributions for FY2015 remains in place, with 4.3 cpu already paid for the half year ended 31 December 2014.

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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