

Rural Funds Group (RFF)



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Subject: Market guidance update

RFM as responsible entity for the Rural Funds Group (RFF) arranges annual valuations by licensed valuers for RFF's key agricultural assets.

Following the results of property valuations carried out in June 2015, RFF's property assets, which include water entitlements, have increased in value by \$13.478m from 31 December 2014, which is comprised of capital expenditure and unrealised gains. The increase predominately relates to the value of RFF's almond orchards, and the valuation results are expected to be disclosed as part of the 30 June 2015 financial statements.

Tax losses of \$1.462m that were not previously recognised or forecast, were brought to account during the period from 31 December 2014 to 30 June 2015. This action has been taken as there is now more certainty in relation to the recoverability of these legacy tax losses.

The treatment of the valuations and tax losses remain subject to the year-end audit and taxation review. The movements in the items noted above are expected to have a positive, material impact on the FY15 total comprehensive income. The items noted above are non-cash items and therefore not expected to have an effect on FFO with distributions remaining in line with previous forecast.

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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