

# Rural Funds Group (RFF)



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21 September 2015

## ASX Release

### **Subject: Rural Funds Group secures another long term lease**

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Rural Funds Management Limited, as responsible entity and manager of the Rural Funds Group (RFF), is pleased to announce the execution of a lease with Olam Orchards Australia Pty Ltd (Olam), for a term of 22 years and 9 months, to develop and operate an almond orchard near Darlington Point, NSW.

The lease is conditional on RFF acquiring two properties, Kerarbury and Kamelda, and Olam obtaining Foreign Investment Review Board approval for the transaction.

The manager, on behalf of RFF, has contracted to acquire the two properties and associated water entitlements, subject to funding. The purchase price of the two properties is \$19.25 million and the manager expects the property acquisitions will be funded through a combination of equity, debt and retained earnings.

It is intended that the orchard development will take place with 1,500 hectares planted to almonds during the 2016 calendar year. This 1,500 hectare development will cost approximately \$109 million and commence once the property purchases have completed. It is expected that there will be further area of up to 1,000 hectares suitable for development, taking total plantings to 2,500 hectares. Development of this additional area is subject to a number of factors including water availability and funding.

The key features of the lease are:

- lease term of 22 years and 9 months to Olam Orchards Australia Pty Ltd, increasing RFF's weighted average lease expiry from 12.9 years to 15.7 years;
- RFF to supply eight megalitres of water prior to planting, for each hectare to be developed, with further water to be supplied as the orchard matures. The manager is well advanced with this requirement; and
- lease rate which is consistent with the existing RFF portfolio, and is payable on the value of all capital expenditure, including all orchard maintenance costs incurred by RFF in the first four years and is indexed in accordance with CPI.

As the lease is conditional upon RFF acquiring both properties and Olam obtaining FIRB approval, the manager will provide updated information as appropriate.



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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 and manager of RFF.

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