

Rural Funds Group (RFF)



Rural Funds Management Ltd
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ASX Release

24 February 2016

Subject: Media release - Rural Funds Group first half FY2016 results

Rural Funds Management Ltd (RFM), as responsible entity and manager for the Rural Funds Group (RFF), is pleased to announce RFF's first half FY2016 financial results.

RFF results overview

Key achievements:

- Acquisition of Kerarbury property and commencement of a 1,500 ha almond orchard development, leased to Olam Australia for 22.75 years. Stage one planned development set to be undertaken in 2016 expanded from 1,000 ha to 1,200 ha
- Completion of the first 400 ha of a 600 ha almond orchard development on Tocabil Station, leased to Olam over a 22 year period
- Entered into an option to acquire three Queensland macadamia orchards to be leased for 21 years
- Acquisition of a 9% investment in Perth Markets Limited, the successful bidder of the recently privatised Western Australian central wholesale fruit and vegetable market

Half year results:

- Total assets \$302.5m up from \$252.7m as at 30 June 2015, due to capital expenditure primarily associated with the Kerarbury and Tocabil developments
- Net profit before income tax \$5.2m up from \$3.9m for the previous corresponding period, largely due to increased revenue linked to Kerarbury and Tocabil transactions
- Gearing of 33.8% remains within target range
- Adjusted funds from operations (AFFO) \$6.2m and distributions of 4.3 cents per unit in line with previous forecast to 30 June 2016



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Strategy update

RFM restated its commitment to seek opportunities which increase the market liquidity of RFF by growing net assets and AFFO per unit.

David Bryant, RFM Managing Director, also highlighted a desire to look for opportunities which provide climatic diversification to the existing RFF asset base.

“The macadamia orchards once acquired and wholesale agricultural market opportunities, while modest initial investments, are a measured step into these sectors,” he said.

“In the case of macadamias in particular, this is a logical extension of RFF’s existing tree nut exposure and a continuation of our strategy of identifying sectors in which we can leverage our existing farming expertise. These acquisitions add to the climatic diversification of the portfolio.”

RFM discussed the economics of the Australian cattle industry, noting that it is currently investigating opportunities within this and other sectors.

Forecast

RFF is on track to deliver on previous forecast distribution growth of 4% for FY16 of 8.93 cpu.

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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