

Rural Funds Group (RFF)



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ASX Release

23 June 2016

Subject: RFF property asset values increase by \$82 million

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

RFF's property assets, including water entitlements, have increased in value by approximately \$82 million from \$295 million¹ at 31 December 2015 as a result of property valuations², capital expenditure and acquisitions. The \$82 million increase in value comprises approximately \$47 million relating to valuation increases and \$35 million associated with capital expenditure and acquisitions. RFF's almond orchard valuations were the main drivers of the increase in property value, and include capital expenditure related to the Tocabil and Kerarbury developments. The increased value also reflects RFF's acquisition of macadamia orchards in March 2016.

The valuation results are expected to be disclosed as part of the 30 June 2016 financial statements, and remain subject to the year-end audit. The valuation increase, excluding capital expenditure and acquisitions, will have a positive impact on the FY16 total comprehensive income, however is a non-cash item and will not impact FY16 AFFO. Distributions remain in line with the previous forecast.

¹Includes water entitlements held at fair value

²Independent valuations carried out in June 2016 for RFF's almond properties (excluding Kerarbury property), and vineyard properties. RFF's poultry growing assets are based on the Directors' valuation.

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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