

Rural Funds Group (RFF)



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ASX Release

Subject: RFF and Olam Orchards Australia Pty Ltd execute lease extension

Rural Funds Management Limited (RFM), as responsible entity and manager of the Rural Funds Group (RFF), has agreed with Olam Orchards Australia Pty Ltd (Olam), to develop an additional 1,000 hectares of almond plantings on the 'Kerarbury' orchard, near Darlington Point, NSW. This is consistent with a provision in the existing lease, announced September 2015.

The development, commencing in 2017, will entail capital expenditure of \$65 million over four years and take total plantings on Kerarbury to 2,500 hectares. The lease variation is subject to RFF funding, and Olam obtaining Foreign Investment Review Board approval if required.

The key features of the lease are:

- Lease term of approximately 22 years to Olam Orchards Australia Pty Ltd ending in April 2038;
- RFF to supply ten megalitres of water entitlements per hectare for the 1,000 hectare development. RFM has commenced acquiring these entitlements; and
- Rent payable on the value of all capital expenditure, including orchard maintenance costs incurred in the first two and half years, and indexed in accordance with CPI.

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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