

Rural Funds Group (RFF)



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ASX Release

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Subject: Webinar invitation and Entitlement Offer overview

Rural Funds Management Ltd (RFM), as manager and responsible entity for the Rural Funds Group (ASX:RFF), today announced a \$61.0m fully underwritten, non-renounceable Entitlement Offer to expand RFF's agricultural property portfolio in three sectors.

Proceeds, together with debt and retained earnings, will be used:

- to purchase three **cattle properties** and breeding herd in Queensland;
- to develop a further 1,000 hectare **almond orchard** on Kerarbury; and
- to fund three **macadamia orchards** acquired in March 2016.

Webinar details

RFM Managing Director, David Bryant will host a webinar to detail the Entitlement Offer at **9.30am AEST, Wednesday 6 July 2016**. Those wishing to participate online or via telephone will need to register via the following link:

- <https://attendee.gotowebinar.com/register/2647881661112728065>

After registering, participants will receive login information. Any queries regarding the webinar can be directed to RFM Investor Services via email investorservices@ruralfunds.com.au or telephone 1800 026 665.

Entitlement Offer overview

Existing Unitholders will be offered the opportunity to subscribe for new units on a 1 for 4 basis at \$1.475 per unit.

The Entitlement Offer follows a major announcement advising an increase in forecast adjusted funds from operations (AFFO) for FY17 of 34% to 12.36 cpu following a rent

review associated with RFF's almond orchards in May 2016. The increase in AFFO will result in distributions growing 8% on FY16 levels to 9.64 cpu.

The transaction is accretive, growing forecast FY17 AFFO to 12.42 cpu, and will become significantly more accretive in future years as the almond development progresses.

A range of key metrics will also improve, including a longer WALE, as well as sector and climatic diversification.

Mr David Bryant said, "The Australian cattle industry in northern Australia is attractive to us because of our desire for climatic diversification. It is also a high value commodity and Australia's largest agricultural industry.

The timing appears to be very good as there has been a once in a decade increase of cattle prices, but as yet no significant increase in the value of land.

The transaction also expands RFF's tree nut portfolio, with an investment in both almonds and macadamia nuts. These high value commodities are benefitting from increased demand from the rising middle class and the lower dollar".

In addition to the increase in AFFO which supports continued distribution growth, RFM is pleased to confirm that RFF's adjusted net asset value has increased 24% to \$1.46 per unit following receipt of independent valuations.

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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