

Rural Funds Group (RFF)



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ASX Release

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Subject: RFF Kerarbury asset value increases by \$35 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. For the 31 December 2016 half year, a combination of directors' valuations and external valuations will be adopted in the accounts.

The Kerarbury property, which is leased to Olam Australia Pty Ltd for a term of 22 years, is being developed to a 2,500 hectare almond orchard. As part of the December 2016 financial accounts, and for bank funding purposes, the first external valuation since orchard development commenced was obtained. The valuation of \$91m, including water entitlements, represents an increase of \$35m when compared to the value recorded at 30 June 2016. The increase includes \$24m associated with capital expenditure and \$11m relating to unrealised capital gain.

The valuations of the other properties within RFF's portfolio have remained materially in line with 30 June 2016.

The valuation result is expected to be disclosed as part of the 31 December 2016 financial statements, and remains subject to the Auditor's review. The valuation increase, excluding capital expenditure, will have a positive impact on the HY17 total comprehensive income and net assets, however is a non-cash item and will not impact HY17 AFFO. Distributions remain in line with the previous forecast.

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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