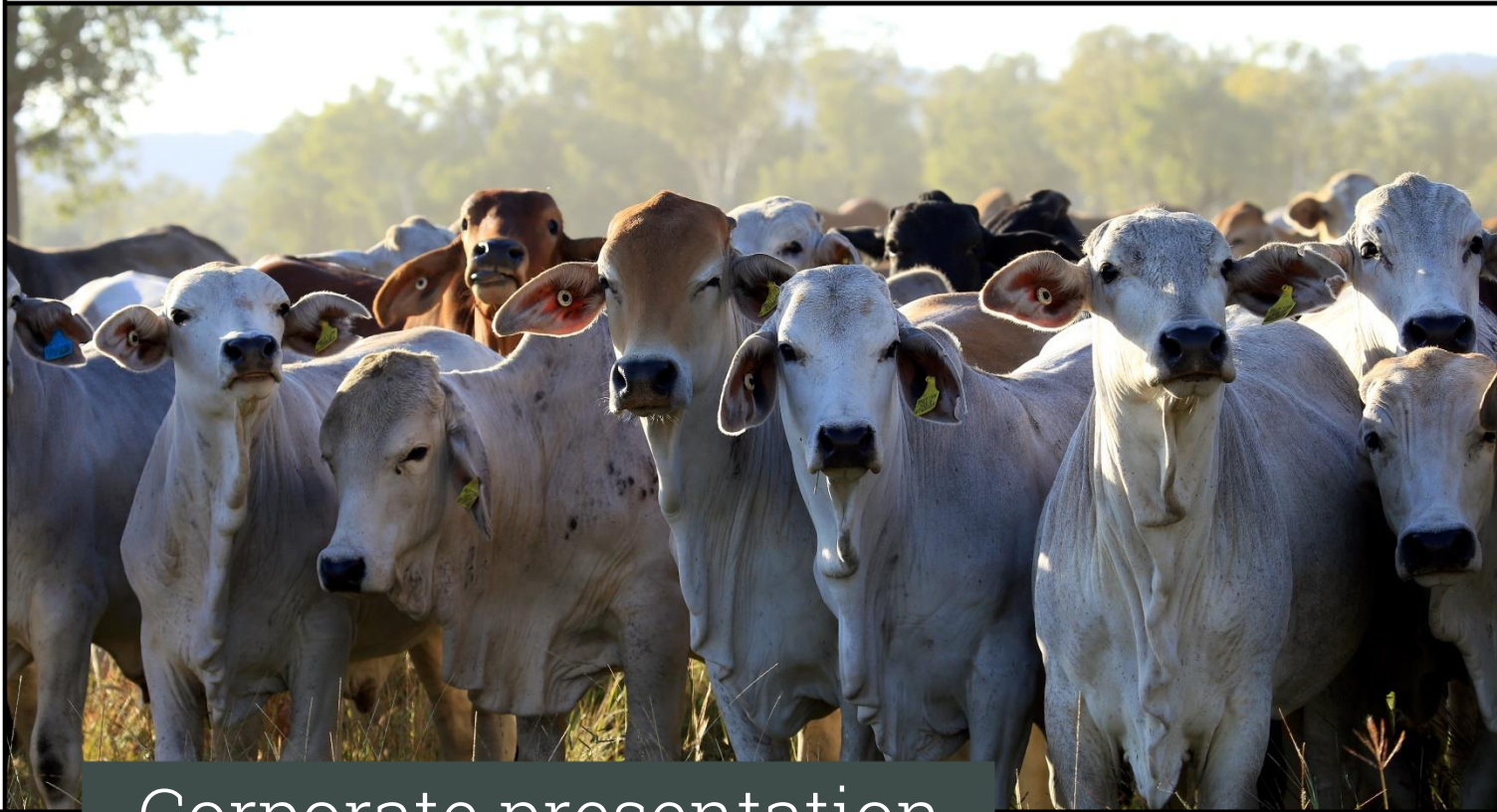


# Rural Funds Group | ASX: RFF



## Corporate presentation

October 2017

Managed by:



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# Agenda

- 1. Portfolio update**
- 2. Portfolio impact**
- 3. Strategy & outlook**
- 4. Appendices**

# 1

## Portfolio update

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*Finishing country on Natal, Qld, Feb 2016*



# Cattle property acquisition

## RFF has contracted to acquire three contiguous Queensland cattle properties referred to as Natal

- Natal is a 390,600 ha aggregation which includes:
  - approx. 150,000 ha of underutilised breeding land suitable for the development of additional water points and fencing (stage 1);
  - 62,461 ha of high value finishing land of which 21,270 ha is untimbered and suitable for future development (stage 2); and
  - balance of property marginal breeding land (fully developed)
- Stage 1 development aims to improve carrying capacity of underutilised breeding land by 36%
- Potential for stage 2 development of improved pasture, increased fodder cropping area and irrigation
- The transaction enables the lessee to reduce debt and facilitate an intergenerational transfer of assets and management
- Financial arrangements provide appropriate security to RFF and enable the lessee to increase cattle numbers, with the aim of improving operating profitability and asset valuation

### Key property and lease details

<b>Property description</b>	<ul style="list-style-type: none"> <li>Three cattle properties Natal Downs, Longton and Narellan ("Natal") in Northern Qld being purchased from members of the Camm Agricultural Group (CAG)</li> </ul>
<b>Purchase price</b>	<ul style="list-style-type: none"> <li>\$53.0m inc \$3.0m stamp duty (settlement expected Dec 17)</li> </ul>
<b>Lessee</b>	<ul style="list-style-type: none"> <li>DA and JF Camm Pty Ltd (Camm)</li> </ul>
<b>Lease term</b>	<ul style="list-style-type: none"> <li>10 years</li> </ul>
<b>Indexation</b>	<ul style="list-style-type: none"> <li>2.5% p.a. and market review at year five</li> </ul>
<b>Productivity capex</b>	<ul style="list-style-type: none"> <li>\$2.5m for water points and fencing with potential for future additional productivity improvements. A fee of \$2m is payable to lessee for pre-agreed development points prior to Dec 18</li> </ul>
<b>Cattle finance facility</b>	<ul style="list-style-type: none"> <li>\$5.0m cattle financing facility, five year term for funding trade cattle. Lessee bears operating risks</li> </ul>
<b>Security</b>	<ul style="list-style-type: none"> <li>Net security position representing greater than two years of lease payments</li> <li>\$10m loan to enable first mortgage security over two northern Queensland finishing properties ("NQ") independently valued in excess of \$20m</li> <li>First mortgage security covers lease, loan and cattle financing obligations</li> </ul>

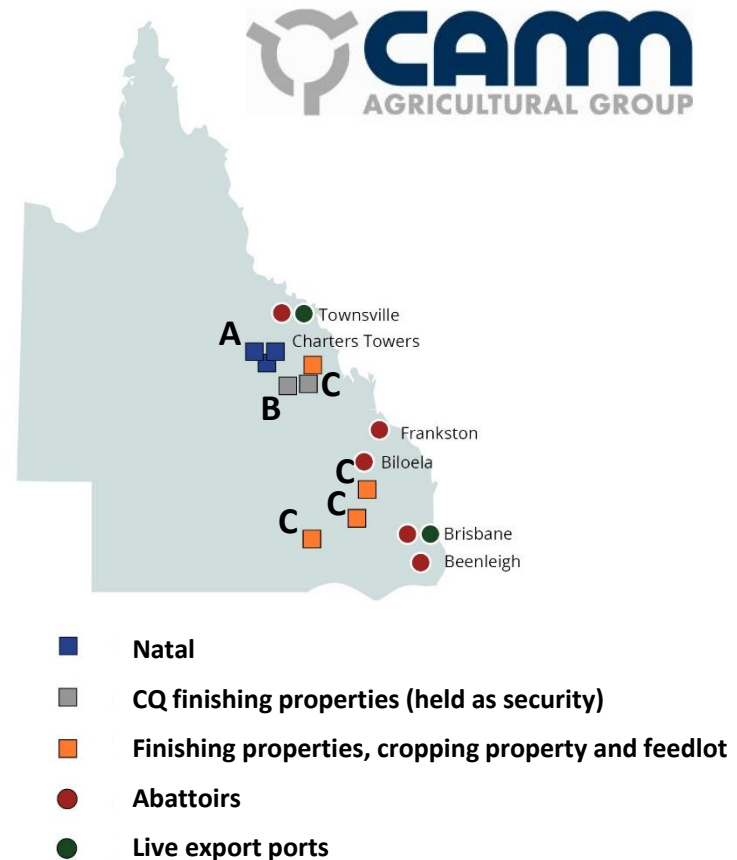
# Cattle property acquisition

The lessee DA & JF Camm Pty Ltd (Camm), operates an integrated cattle business, the Camm Agricultural Group (CAG)

## Operational overview

<b>Locations</b>	<p>Nine properties comprised of:</p> <ul style="list-style-type: none"> <li>• three breeding and finishing properties acquired by RFF (Natal) <b>(A)</b></li> <li>• two finishing properties held as security by RFF (CQ properties) <b>(B)</b></li> <li>• four other properties operated by Camm including finishing properties, a cropping property and feedlot <b>(C)</b></li> </ul>
<b>Business overview</b>	<ul style="list-style-type: none"> <li>• Breed and fatten cattle on northern properties</li> <li>• Finish cattle in feedlot on Darling Downs</li> <li>• Cropping property can supply feedlot</li> <li>• Cattle sold in multiple markets (e.g. processors)</li> </ul>
<b>Current stocking</b>	<ul style="list-style-type: none"> <li>• 24,600 head breeding herd</li> <li>• 660 bulls</li> <li>• 11,530 backgrounding and feedlot cattle</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>• approx. 42 permanent plus seasonal/contract staff</li> </ul>
<b>Revenues</b>	<ul style="list-style-type: none"> <li>• approx. \$35m (FY16)</li> </ul>
<b>Experience</b>	<ul style="list-style-type: none"> <li>• owned and operated Natal since 1978</li> </ul>

## Asset locations



# Cattle property acquisition

## Development aims to increase carrying capacity and valuation

- Natal is located 225km south-west of Townsville
- Significant development opportunities identified:
  - Stage 1: Water points and fencing on breeding land budgeted for \$2.5m (FY18-FY19) with the aim of increasing carrying capacity from 32,400 AE<sup>1</sup> to 44,150 AE
  - Potential stage 2: Pasture improvement, leucaena and irrigation on high value untimbered finishing land
- The capital expenditure is expected to provide cattle with access to land which is currently unutilised as well as allowing the operator to better manage pastures
- One of the key determinants of cattle property valuations is carrying capacity. The stage 1 development aims to increase carrying capacity by 36%, with the potential for further increases from additional development
- Increases in value are monetised at rent review

Note:

1. Adult Equivalent. Cattle properties are analysed and valued with reference to AE, much like other farms are analysed on a per hectare basis (an AE is defined as a 450kg Bos Taurus steer at maintenance)

## Natal stage 1 development

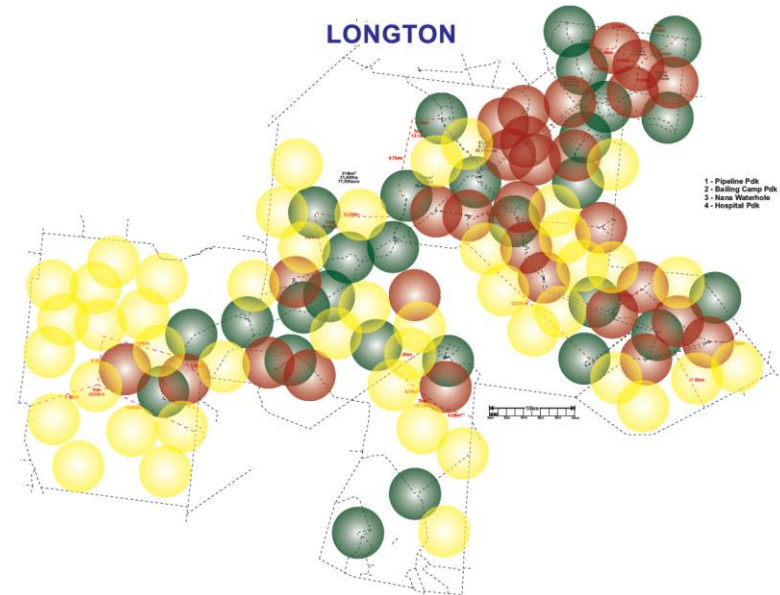


Image shows Longton development only, one of the three properties comprising Natal. Circles represent 3km radius

- Proposed additional water points
- Existing water points
- Existing bores and troughs
- Proposed additional fencing
- Existing fencing

# 2

## Portfolio impact

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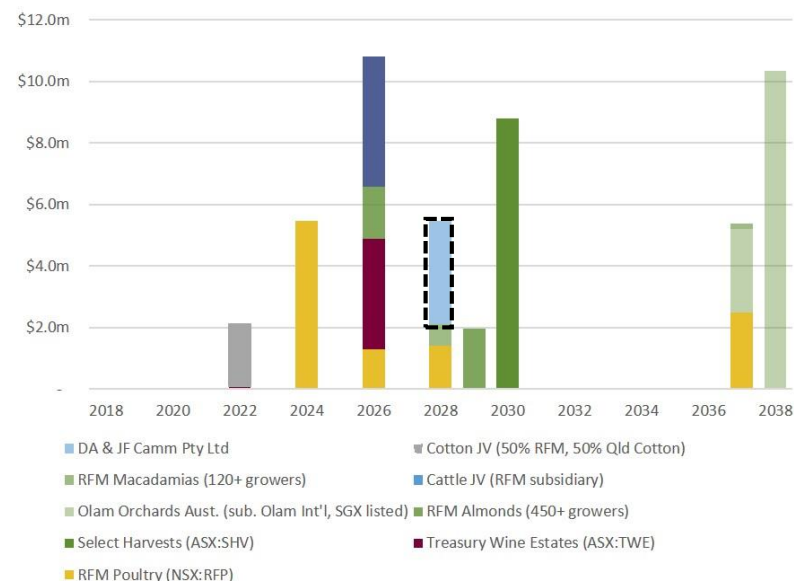
# Rural Funds Group (ASX:RFF)

RFF adjusted total assets are \$660m on a pro forma basis following Camm transaction

## Key information

	30 June 2017	Pro forma <sup>1</sup> 30 June 2017
Adjusted total assets <sup>2</sup>	\$587.5m	\$660.0m
Adjusted net assets <sup>2</sup>	\$402.2m	\$402.2m
Adjusted NAV per unit <sup>2</sup>	\$1.58	\$1.58
Market capitalisation	\$470.6m <sup>5</sup>	\$534.2m <sup>6</sup>
Number of properties	35	38
Number of agricultural sectors	6	6
Weighted avg lease expiry (WALE) <sup>3</sup>	13.2 years	13.0 years
Gearing <sup>4</sup>	28.5%	36.4%
AFFO per unit (FY18 forecast)	12.5 cents	12.7 cents
Distributions per unit (FY18 f'cast)	10.03 cents	10.03 cents
Payout ratio	80%	79%
Distribution payment frequency	Quarterly	Quarterly
Forecast distribution yield <sup>6</sup>	4.8%	4.8%
FY18 forecast distribution growth	4%	4%

## Weighted average lease expiry profile<sup>3</sup>



### Notes:

<sup>1</sup> Pro forma for the Camm transaction, refer to slide 19

<sup>2</sup> Adjusted assets incorporates most recent independent property valuations, inclusive of water entitlements

<sup>3</sup> Lease expiries weighted by forecast FY18 rental income, expressed in years from 30 June 2017

<sup>4</sup> Gearing calculated as external borrowings/adjusted total assets

<sup>5</sup> Calculated using 30 June 2017 closing price of \$1.85

<sup>6</sup> Calculated using 20 October 2017 closing price of \$2.10

# Portfolio assets and lessees

Assets leased across six sectors and with a combined WALE of 13 yrs

**Cattle**

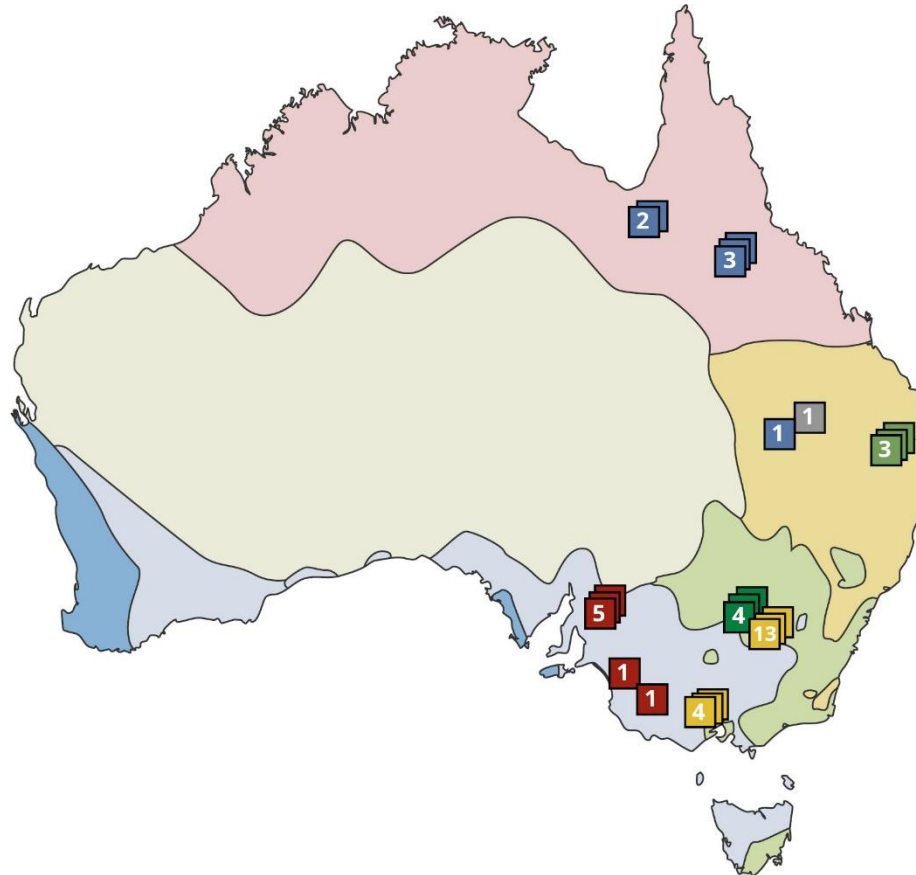
Properties:	6
Value:	\$101.0m
Lessee:	Cattle JV & Camm
WALE:	9.6 yrs
FY18 fcast rent:	\$5.9m
% of FY18 revenue:	11%

**Vineyards**

Properties:	7
Value:	\$46.8m
Lessee:	TWE
WALE:	8.9 yrs
FY18 fcast rent:	\$3.7m
% of FY18 revenue:	7%

**Poultry**

Properties:	17 farms (154 sheds)
Value:	\$85.7m
Lessee:	RFM Poultry
WALE:	10.3 yrs
FY18 fcast rent:	\$10.7m
% of FY18 revenue:	21%



**Cotton**

Properties:	1
Value:	\$27.8m
Lessee:	Cotton JV
WALE:	4.8 yrs
FY18 fcast rent:	\$2.0m
% of FY18 revenue:	4%

**Macadamias**

Properties:	3
Value:	\$8.9m
Lessees:	2007 Macgrove Project & RFM
WALE:	12.7 yrs
FY18 fcast rent:	\$0.9m
% of FY18 revenue:	2%

**Almonds**

Properties:	4
Value:	\$311.2m
Lessees:	SHV, Olam, RFM Almond schemes & RFM
WALE:	16.4 yrs
FY18 fcast rent:	\$25.5m
% of FY18 revenue:	49%

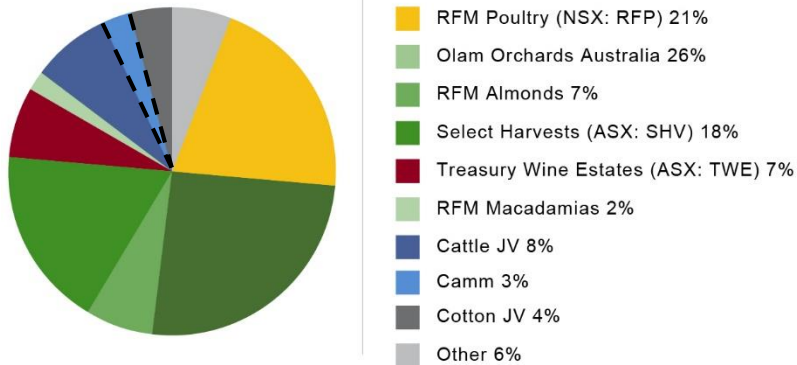
Notes:

- Shaded areas denote different climatic zones. Source: Bureau of Meteorology (BOM)
- Valuations as at 30 June 2017 with water entitlements held at fair value
- Plant and equipment rental of \$1.8m not included in the above forecast rent. Plant and equipment assets held by RF Active of \$5.1m at 30 June 2017
- Forecasts rents subject to assumptions on timing of capex where applicable

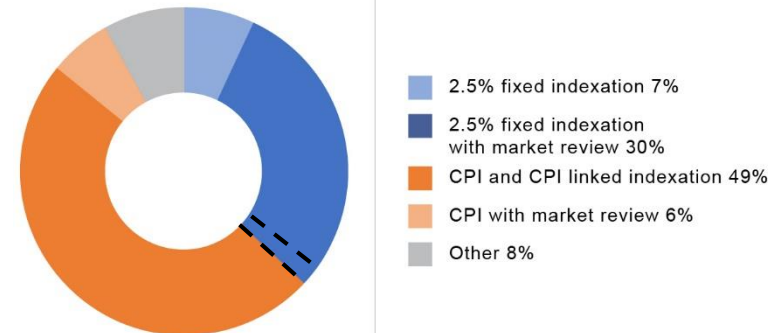
# Portfolio diversification by FY18f revenue

The new cattle properties acquired improve lessee, sector and climatic zone diversification<sup>1</sup>

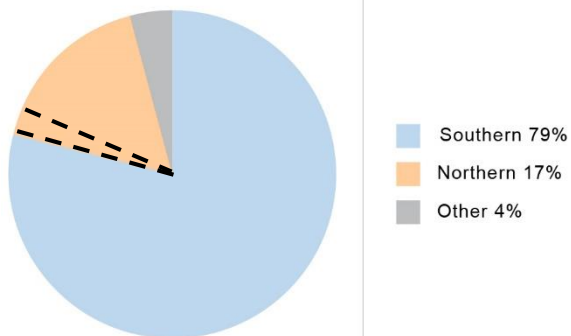
## Lessees<sup>2</sup>



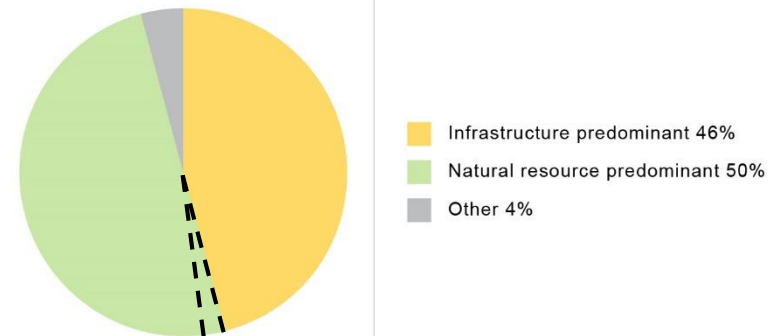
## Lease indexation mechanisms



## Climatic zone



## Sector type<sup>3</sup>



Notes:

1. Broken line reflects revenue attributable to Camm properties in FY18 forecast

2. Other primarily includes plant and equipment

3. Assumes poultry is infrastructure predominant, vineyards and cattle natural resource predominant, and almond/macadamia orchards split equally

# Development and capex

Development and capex are undertaken by lessees, funded by RFF, and attract additional income

## Development and capex

			FY18	FY19	FY20	Total (\$m)
<b>Almonds: Kerarbury</b>	Development	2,500 ha orchard	\$28.1	\$13.7	\$25.2	<b>\$67.0</b>
<b>Almonds: Tocabil</b>	Development	600 ha orchard	\$4.8	\$1.9	-	<b>\$6.7</b>
<b>Almonds: Yilgah &amp; Moorabool</b>	Capex	Irrigation	\$1.2	-	-	<b>\$1.2</b>
<b>Cattle: Cattle JV</b>	Capex (A, B, C)	Water inf. & pasture	\$1.1	-	-	<b>\$1.1</b>
<b>Cattle: Camm</b>	Capex	Water points & inf.	\$1.8	\$0.7	-	<b>\$2.5</b>
<b>Cotton</b>	Capex (D)	Water infrastructure	\$3.6	-	-	<b>\$3.6</b>
<b>Vineyards</b>	Capex	Grafting	\$1.3	\$0.2	-	<b>\$1.5</b>
<b>Macadamias</b>	Capex	Irrigation & machinery	\$0.3	-	-	<b>\$0.3</b>
<b>Total (\$m)</b>			<b>\$42.2</b>	<b>\$16.5</b>	<b>\$25.2</b>	<b>\$83.9</b>

## Productivity capex examples



**A:**

Existing water point in Gulf, June 2017



**B:**

Stylo aerially sown in Dec 2016, June 2017



**C:**

Installation of a water trough, June 2017



**D:**

Water storage development, May 2017



# 3

## Strategy & outlook

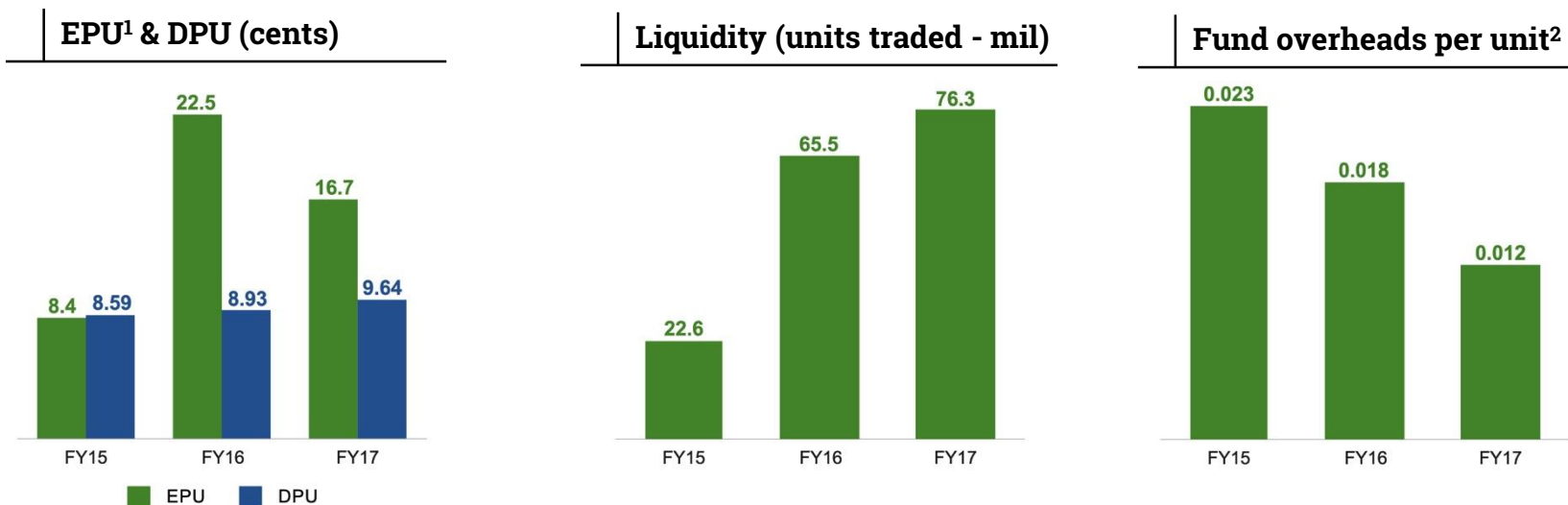
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*Griffith Poultry sheds, NSW 2009*

## Clear strategic objectives and acquisition assessment principles

- Management of the existing portfolio and expansion through acquisitions with the aim of:
  - increasing earnings and distribution growth (target DPU growth 4% p.a.);
  - enhancing diversification;
  - improving liquidity; and
  - lowering operating costs per unit
- Principles when assessing acquisitions:
  - Long term leases and quality tenants
  - Sustainable agricultural sectors
  - Diversification by sector and climate
  - Opportunities to improve property value and lease income
  - Sectors where RFM has operational knowledge



Notes:

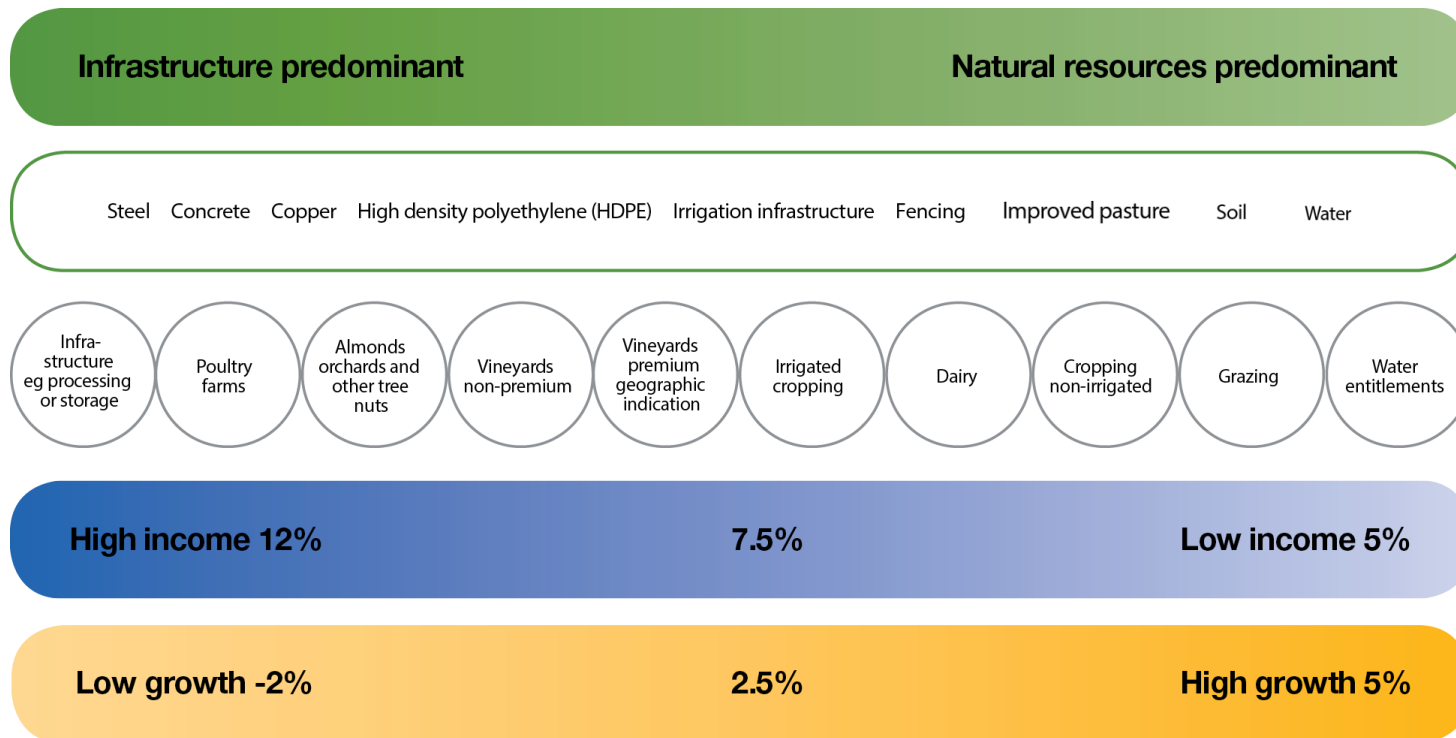
<sup>1</sup> EPU calculated Total Comprehensive Income / weighted average units

<sup>2</sup> Calculated as 'other expenses' from Statement of Comprehensive Income divided by weighted average units on issue

# Acquisition strategy

Strategy includes investing across the full range of the asset continuum, whilst ensuring the asset mix continues to fund distributions (Explanatory Memorandum, October 2013)

## Spectrum of investment opportunities<sup>1</sup>



Note:

<sup>1</sup> The income and growth figures presented in the figure above have been provided to differentiate the profile of income and growth that can be derived from different assets. They are based on RFM's experience and observations of agricultural lease transactions and historical rates of growth. They are neither forecasts nor projections of future returns. Past performance is not a guide to future performance. See RFM Newsletters dated April 2014 and May 2016 for further information

## FY18 forecast AFFO increase from 12.5cpu to 12.7cpu

- RFF has a target of 4% p.a. DPU growth. This is supported by a combination of a low payout ratio and AFFO growth from:
  - annual lease indexation; combination of fixed and CPI linked
  - market rent reviews; Treasury Wine Estates Ltd, Select Harvests Ltd, and Cattle JV
  - reinvestment of retained cash; FY18 forecast retained AFFO 21%
  - future acquisitions
- Retained AFFO also provides scope for RFM to consider investments with capital growth potential, therefore lower initial yield, whilst still supporting DPU growth through lease indexation and market rent reviews
- Over time RFM will seek to increase the number of leases with market rent reviews (monetising capital growth) with the aim of growing AFFO at a greater rate than DPU target growth

### Key forecasts FY18

AFFO per unit	12.7 cents
Distributions per unit (DPU)	10.03 cents
Payout ratio	79%
FY18 distribution growth rate	4%
Distribution payment frequency	Quarterly
Forecast income yield <sup>1</sup>	4.8%
Forecast tax deferred component to DPU <sup>2</sup>	>50%

Notes:

<sup>1</sup> FY18 forecast DPU of 10.03 cents divided by 20 October 2017 closing price of \$2.10

<sup>2</sup> FY18 distributions are expected to continue to have a majority tax deferred component arising from almond development capital expenditure



# 4

# Appendices

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*Geier vineyard, SA, June 2014*

# Camm asset and key lease details

## Camm: Asset and lease details

<b>Property description</b>	<ul style="list-style-type: none"> <li>• Three contiguous cattle properties (“Natal”) being purchased from members of the Camm Agricultural Group (CAG)</li> <li>• 390,600 ha suitable for breeding and backgrounding with current carrying capacity of 32,400 Adult Equivalent (AE)</li> </ul>
<b>Location</b>	<ul style="list-style-type: none"> <li>• Northern Queensland, 225km south-west of Townsville</li> </ul>
<b>Purchase price</b>	<ul style="list-style-type: none"> <li>• \$53.0m (inc \$3.0m stamp duty)</li> </ul>
<b>Settlement</b>	<ul style="list-style-type: none"> <li>• Expected December 2017</li> </ul>
<b>Lessee</b>	<ul style="list-style-type: none"> <li>• DA and JF Camm Pty Ltd (Camm)</li> </ul>
<b>Lease term</b>	<ul style="list-style-type: none"> <li>• 10 years</li> </ul>
<b>Indexation</b>	<ul style="list-style-type: none"> <li>• 2.5% p.a. and market review at year five</li> </ul>
<b>Productivity capex</b>	<ul style="list-style-type: none"> <li>• \$1.5m for 47 additional water points and \$1.0m for fencing</li> <li>• \$2.0m payable to lessee upon completion of pre-agreed development points prior to December 2018</li> <li>• Potential for additional productivity capex for pasture improvement, cultivation area and irrigation</li> </ul>
<b>Cattle finance facility</b>	<ul style="list-style-type: none"> <li>• \$5.0m cattle financing facility, five year term for funding trade cattle</li> <li>• RFF owns the cattle and the lessee bears all operational and trading risk</li> <li>• Camm to provide an equity contribution equal to 20% of the purchase price of any cattle acquired using this facility</li> <li>• Cattle to be monitored through radio frequency identification devices (RFIDs)</li> </ul>
<b>Security</b>	<ul style="list-style-type: none"> <li>• First mortgage security over two northern Queensland finishing properties (“NQ”) independently valued at in excess of \$20m</li> <li>• To obtain first mortgage security a loan of \$10m with a term equal to the lease, will be provided secured by the NQ properties</li> <li>• Security covers lease, loan and cattle financing obligations</li> <li>• Net security position representing greater than two years of lease payments</li> <li>• DA &amp; JF Camm Pty Ltd to provide quarterly financial reports, annual financial statements</li> </ul>

# Summarised pro forma adjusted balance sheet

## Summarised pro forma adjusted balance sheet<sup>1</sup>

	As at 30 June 2017 \$	Camm transaction \$	Pro forma 30 June 2017 \$
Cash	3,838,000	-	3,838,000
Property investments <sup>2</sup>	548,257,000	57,488,000	605,745,000
Plant and equipment	5,127,000	-	5,127,000
Other assets <sup>3</sup>	30,324,000	15,000,000	45,324,000
<b>Adjusted total assets</b>	<b>587,546,000</b>	<b>72,488,000</b>	<b>660,034,000</b>
Interest bearing liabilities			
- Current	3,204,000	-	3,204,000
- Non-current	164,500,000	72,488,000	236,988,000
Other liabilities	17,621,000	-	17,621,000
<b>Total liabilities</b>	<b>185,325,000</b>	<b>72,488,000</b>	<b>257,813,000</b>
<b>Adjusted net assets</b>	<b>402,221,000</b>	-	<b>402,221,000</b>
<b>Units on issue</b>	<b>254,380,898</b>	-	<b>254,380,898</b>
<b>Adjusted NAV per unit</b>	<b>1.58</b>	-	<b>1.58</b>
<b>Gearing<sup>4</sup></b>	<b>28.5%</b>	-	<b>36.4%</b>

### Notes:

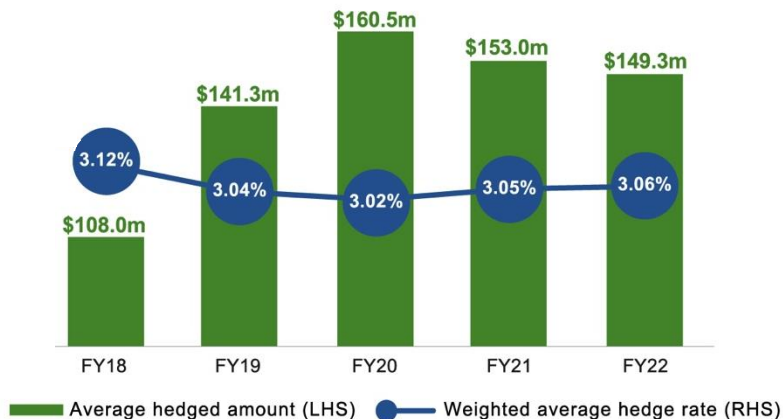
- Adjusted balance sheet and property investments represents water entitlements held at fair value
- Camm transaction includes purchase price of \$53.0m (incl. stamp duty), \$2m development fee and \$2.5m capital expenditure
- Camm transaction includes \$10m loan and \$5m cattle financing facility, however cattle financing facility not forecast to be drawn down initially by lessee
- Calculated as interest bearing liabilities divided by adjusted total assets

# Debt facility

## Debt metrics

	30 June 2017	Pro forma 30 June 2017
Term debt facility limit <sup>1,2,3</sup>	\$250.0m	\$275.0m
Term debt drawn	\$164.5m	\$237.0m
Headroom	\$85.5m	\$38.0m
Loan to Value Ratio (LVR) <sup>4</sup>	29.0%	38.0%
Debt facility expiry	Dec 2019	Dec 2019
Interest Cover Ratio	5.29x	5.29x
Portion hedged <sup>5, 6, 7</sup>	53.5%	39.3%
Effective cost of total debt	4.08%	4.08%

## 5 year hedged (fixed rate) position



## Interest rate hedges

Start	Maturity	Duration (years)	Hedge rate	Amount
Current	Dec 18	1.2	3.77%	\$25m
Current	Mar 20	2.4	2.50%	\$10m
Current	Mar 22	4.4	2.70%	\$15m
Current	Jun 25	7.8	3.42%	\$13m
Current	Dec 25	8.2	3.08%	\$25m
Current	Jan 27	9.3	2.78%	\$20m
Jul 18	Jul 28	10.8	2.94%	\$12m
Jul 18	Apr 27	9.5	2.86%	\$13m
Dec 18	Dec 25	8.2	3.29%	\$35m
May 19	May 29	11.7	3.05%	\$20m
<b>Weighted average</b>		<b>7.4 yrs<sup>8</sup></b>	<b>3.11%<sup>8</sup></b>	

### Notes:

<sup>1</sup> Key financial covenants for FY18: LVR <50%, Interest Cover Ratio >2.95x, with distribution permitted at >3.15x, Net Tangible Assets (including water entitlements) >\$200 million, 50% hedging requirement

<sup>2</sup> Security: Real property mortgages, general security agreement, cross guarantees between RFF and subsidiaries

<sup>3</sup> \$25m increase in facility limit approved for cattle property acquisition outlined in this presentation

<sup>4</sup> LVR calculated as term debt drawn/directly secured assets

<sup>5</sup> Proportion hedged calculated as current hedges / term debt drawn

<sup>6</sup> Pro forma includes \$20m hedge commenced 3 July 2017

<sup>7</sup> Hedging may vary from covenant with bank agreement

<sup>8</sup> Duration as at 30 September 2017 and includes forward start hedges



# FY17 results summary

## Key metrics as at 30 June 2017

		12mths ended 30 June 2017	12mths ended 30 June 2016
<b>Income</b>	Total comprehensive income	34,238,000	34,774,000
	Earnings per unit (EPU) <sup>1</sup>	16.7 cents	22.5 cents
	Adjusted funds from operations (AFFO)	25,559,000	14,342,000
	AFFO per unit	12.5 cents	9.3 cents
<b>Balance sheet</b>	Total assets	543,003,000	379,039,000
	Adjustment for water at fair value	44,543,000	28,415,000
	Adjusted total assets <sup>2</sup>	587,546,000	407,454,000
	External borrowings	167,704,000	149,530,000
	Gearing <sup>3</sup>	28.5%	36.7%
	Net asset value (NAV)	357,678,000	207,864,000
	NAV per unit	1.41	1.26
	Adjusted NAV <sup>2</sup>	402,221,000	236,279,000
	Adjusted NAV per unit <sup>2</sup>	1.58	1.43
	<b>Distributions</b>	Total distributions per unit	9.64 cents
AFFO payout ratio		77%	96%
<b>Forecasts</b>	FY18 AFFO per unit	12.5 cents	-
	FY18 DPU	10.03 cents	-
	FY18 AFFO payout ratio	80%	-
<b>Portfolio</b>	Number of properties & sectors	35 & 6	31 & 4
	WALE	13.2 yrs	13.8 yrs
	Units on issue	254.4m	165.4m

- AFFO growth of 3.2 cents per unit primarily a result of almond orchard developments and Select Harvests Ltd market rent review
- FY16 Earnings per unit higher due to substantial revaluation of almond orchards
- Total assets increased by \$164.0m mostly due to:
  - \$51.5m almond orchard development capex;
  - \$113.5m acquisitions; and
  - \$5.5m revaluations
  - (\$9.0m) disposals
- Expanded equity base from two Entitlement Offers:
  - \$61.0m July 2016 (\$1.48/unit); and
  - \$78.6m June 2017 (\$1.70/unit)
- Gearing reduction of 8%
- FY18 forecast AFFO to benefit from anticipated acquisitions using balance sheet capacity
- Improved FY17 AFFO payout ratio of 77%
- Improved portfolio diversification (properties/sectors)






### Notes:

<sup>1</sup> EPU calculated Total Comprehensive Income / weighted average units to more accurately reflect overall financial performance as accounting requirements of bearer plants can distort profit/loss after tax

<sup>2</sup> Adjusted assets incorporates most recent property valuations, inclusive of water entitlements

<sup>3</sup> Gearing calculated as external borrowings / adjusted total assets

# Key assets and counterparts

	Almond orchards	Poultry farms	Vineyards	Cattle assets	Cotton assets
					
<b>Brief description:</b>	1,814 ha mature almond orchards and 3,100 ha of orchards under development	154 sheds on 17 farms	666 ha mature vineyards on seven properties	Six cattle properties and breeding herd	4,880 ha cropping property
<b>Water:<sup>1</sup></b>	80,065 ML HSE: 67,399 ML	1,432 ML HSE: 915 ML	948 ML HSE: 948 ML	70 ML HSE: 70 ML	18,487 ML HSE: 12,085 ML
<b>Valuation<sup>2</sup>:</b>	\$311.2m	\$85.7m	\$46.8m	\$101.0m properties + \$11.0m cattle	\$27.8m
<b>FY18 forecast rent:</b>	\$25.5m	\$10.7m	\$3.7m	\$5.9m	\$2.0m
<b>Key lessees/ counterparts:</b>	<p><b>Olam Orchards Australia Pty Ltd</b></p> <ul style="list-style-type: none"> <li>- wholly owned subsidiary of SGX-listed Olam International Ltd, A\$5.6b, 2nd largest global almond grower</li> </ul> <p><b>Select Harvests (ASX:SHV)</b></p> <ul style="list-style-type: none"> <li>- Australia's largest vertically integrated nut and health food company</li> </ul> <p><b>RFM</b></p>	<p><b>RFM Poultry (NSX: RFP)</b></p> <ul style="list-style-type: none"> <li>- RFP has grower contracts with Baiada Poultry Pty Ltd and Turi Foods</li> </ul> <p><b>Baiada Poultry Pty Ltd<sup>3</sup></b></p> <ul style="list-style-type: none"> <li>- One of two largest processors in Australia. Key brands: Steggles, Lilydale</li> </ul> <p><b>Turi Foods Pty Ltd</b></p> <ul style="list-style-type: none"> <li>- Largest processor in Victoria, third in Australia</li> </ul>	<p><b>Treasury Wine Estates (ASX:TWE)</b></p> <ul style="list-style-type: none"> <li>- World's largest listed pure-play wine company, A\$9.2b</li> <li>- Key brands: Penfolds, Wolf Blass, Seppelt</li> </ul>	<p><b>Cattle JV Pty Ltd (CJV)</b></p> <ul style="list-style-type: none"> <li>- Wholly owned subsidiary of RFM</li> </ul> <p><b>DA and JF Camm Pty Ltd</b></p> <ul style="list-style-type: none"> <li>- Part of the Camm Agricultural Group (CAG) an integrated corporate cattle business operating since 1978</li> </ul>	<p><b>CotJV Pty Ltd</b></p> <ul style="list-style-type: none"> <li>- 50:50 joint venture between Queensland Cotton and RFM</li> <li>- Queensland Cotton is a wholly owned subsidiary of the Olam Group, one of the world's largest cotton companies</li> <li>- RFM has been farming cotton for approx. 20 yrs</li> </ul>

**Notes:**

<sup>1</sup> HSE = high security equivalent water entitlements, calculated by applying RFM's assessment of the average annual allocation received based on historical data. Other key water assets include a 9,549 ML Murrumbidgee high security water entitlement, see ASX disclosure 10 Oct 2016

<sup>2</sup> Independent valuations obtained at 30 June 2017 for almonds (except Tocabil), gulf cattle and cotton properties. Valuations include water entitlements held at fair value. Poultry farms use directors valuation consistent with managements approach to depreciate assets. Macadamia's valued at \$8.9m, FY18 forecast rent \$0.9m. Cattles valuation includes pro forma for Camm acquisition

# Key assets and leases further details

	Almond orchards	Poultry farms	Vineyards	Cattle assets	Cotton assets
<b>Description:</b>	<p>1,814 ha across two mature almond orchards located near Hillston, NSW. Leased to SHV (1,221 ha), RFM Almond Funds (551 ha) and RFM (42 ha).</p> <p>3,100 ha of orchards under development in two locations; Hillston &amp; Darlington Point, NSW. Developed and leased by Olam Orchards Australia Pty Ltd.</p>	<p>154 sheds on 17 farms consisting of 134 sheds on 13 farms in Griffith, NSW, and 20 sheds on 4 farms in Lethbridge, VIC. Aged between 8 and 32 years.</p> <p>Griffith assets located within a 8km radius of the processing facility and contribute ~50% throughput.</p> <p>RFM has managed growing operations since 2003.</p>	<p>Seven vineyards with 666 ha planted to vines leased to TWE. Principally located in the Barossa Valley (499 ha planted primarily to Shiraz) as well as Adelaide Hills, Coonawarra and Grampians.</p> <p>Vineyards have historically contributed essential quantities of Icon, A and B grade fruit for key premium labels.</p>	<p>Two cattle operations comprised of three properties each, both forming an integrated breeding to finishing system. Two breeding properties located in the Gulf of Carpentaria, Qld (225,800 ha) and breeding herd. Three properties High value backgrounding and finishing property (17,500 ha) located in central Qld. Breeding and finishing aggregation (390,600 ha) located in northern Qld.</p>	<p>4,880 ha cropping property located at the northern end of the Arcadia Valley in central Queensland, approximately 130 radial km from Olam cotton gins in Emerald and Moura.</p>
<b>Capital commitments:</b>	<ul style="list-style-type: none"> <li>- R&amp;M on account of lessee</li> <li>- Development and replacement capital items on account of lessor subject to additional lease income</li> </ul>	<ul style="list-style-type: none"> <li>- R&amp;M and ongoing capital expenditure on account of lessee</li> </ul>	<ul style="list-style-type: none"> <li>- R&amp;M on account of lessee</li> <li>- Development and replacement capital items on account of lessor subject to additional lease income and rent review</li> </ul>	<ul style="list-style-type: none"> <li>- R&amp;M on account of lessee</li> <li>- Capital expenditure on account of lessor subject to additional lease income</li> </ul>	<ul style="list-style-type: none"> <li>- R&amp;M on account of lessee</li> <li>- Capital expenditure on account of lessor subject to additional lease income</li> </ul>
<b>WALE<sup>1</sup>:</b>	16.4 yrs	10.3 yrs	8.9 yrs	9.6 yrs	4.8 yrs
<b>Indexation / market review:</b>	RFM & SHV: 2.5% p.a. & SHV 3 yearly market review. Olam: CPI	65% of CPI capped at 2%	2.5% p.a. and market review on 1 July 2022	CJV: CPI + EYCI based indexation, Camm: 2.5% p.a., CJV & Camm: market review at yr 5 (property)	CPI
<b>Payment freq:</b>	Quarterly in advance <sup>2</sup>	Quarterly in advance	Quarterly in arrears	Quarterly in advance	Quarterly in advance
<b>Valuer:</b>	CBRE Valuations Colliers International (Tocabil only)	Opteon Property Group	Gaetjens Pickett Valuers	CBRE Valuations (Central Qld) Herron Todd White (Gulf)	CBRE Valuations
<b>Valuation methodology:</b>	Primary: Encumbered Secondary: DCF grower cash flows & comparative sales	Primary: Encumbered Secondary: Multiple direct farm profit & comparative sales	Primary: Encumbered Secondary: Comparative sales	Primary: Encumbered Secondary: Comparative sales	Primary: Encumbered Secondary: Comparative sales

Notes:

<sup>1</sup> Lease expiries weighted by forecast FY18 rental income

<sup>2</sup> Excludes AF06 which pays annually in October

# Rural Funds Management

RFM is a fund and farm manager with 20 years experience in Australian agriculture

## Key information

Established	1997
Assets under management	Total \$713m Rural Funds Group: \$660m RFM Poultry: \$9m Almond Funds 06-08: \$34m 2007 Macgrove Project: \$10m
Ownership	Directors & staff
Farm & operations staff	50
Funds management staff	35
RFM direct operational experience	Cotton: since 1998 Vineyards: since 2000 Poultry: since 2003 Almonds: since 2006 Macadamias: since 2006 Livestock: since 2010
RFF fee structure	1.05% p.a. adjusted gross assets & cost recovery
RFF key responsibilities	<ul style="list-style-type: none"> <li>Compliance to financial, farming and reporting requirements of leases</li> <li>Water asset management including obtaining approvals, engagement with government</li> <li>Management of infrastructure e.g. ongoing and development capex</li> <li>Coordination of regular independent valuations</li> <li>Facilitating acquisitions</li> <li>Managing lessee/customer relationships</li> </ul>

## Board and management team contacts and tenure



**Guy Paynter**  
Non-Executive Chairman

8 yrs



**David Bryant**  
Managing Director

20 yrs



**Michael Carroll**  
Non-Executive Director

8 yrs



**Julian Widdup**  
Non-Executive Director

1 yr



**Stuart Waight**  
Chief Operating Officer

15 yrs



**Andrea Lemmon**  
Executive Manager, Funds Management

20 yrs



**Daniel Yap**  
Financial Controller

6 yrs



**Dan Edwards**  
Business Manager Rural Funds Group

13 yrs



**Tim Sheridan**  
Snr Analyst & Nat. Mgr. Cattle

10 yrs



**James Powell**  
Investor Relations & Distribution Manager

10 yrs



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