

ASX Release

21 February 2018

Subject: Media release - RFF Half Year 2018 Financial Results

Rural Funds Management Ltd (RFM), as responsible entity and manager for the Rural Funds Group (RFF), is pleased to announce RFF's half year 2018 financial results.

Highlights of the results are:

- Adjusted funds from operations (AFFO) of \$15.4m, up 22%
- Distributions of 5.02 cpu, up 4%
- Independent valuation increase for cattle property due to productivity improvements
- Adjusted total assets of \$687.4m, up 17%
- FY18 forecast AFFO of 12.7 cpu and distribution of 10.03 cpu reaffirmed
- Forecast FY19 distribution of 10.43 cpu advised

The increase in adjusted total assets is primarily a result of the acquisition of three adjoining cattle properties in northern Queensland totalling 390,600 ha, referred to as Natal. The properties are leased to DA & JF Camm Pty Ltd, part of the Camm Agricultural Group (CAG) and are operated in conjunction with CAG's broader portfolio of cattle properties and a feedlot located near Brisbane.

The acquisition of Natal is consistent with RFM's strategy to expand RFF's sector and climatic diversification. The cattle properties are expected to benefit from planned development capex aimed at improving carrying capacity.

A similar development capex program has been implemented on Rewan, a separate cattle property owned by RFF. The success of this program is reflected in the December 2017 independent valuation of the property, which is 17% higher than the acquisition price plus deployed capital expenditure.

The AFFO increase was due to rent on development capital expenditure, rent from acquisitions and lease indexation. It is expected that AFFO will be higher in the second half of FY18 following the Natal acquisition completed in December 2017, as well as revenue from the sale of the annual allocation attaching to high security water rights held by RFF.

Rural Funds Group

ASX:
RFF

Managed by:



Rural Funds Management Ltd

ABN 65 077 492 838
AFSL 226701

Level 2, 2 King Street Deakin ACT 2600
Locked Bag 150 Kingston ACT 2604

P 02 6203 9700

F 02 6281 5077

E management@ruralfunds.com.au

W www.ruralfunds.com.au

RFM continues to manage the development and improvement of RFF's existing assets while investigating new investment opportunities that may increase earnings and distributions.

RFM will seek acquisition opportunities in both infrastructure and natural resource predominant assets. Infrastructure predominant assets can provide immediate AFFO accretion due to high yields. Natural resource predominant assets have a higher potential for growth through productivity improvements and historically have provided a hedge against inflation.

RFM reaffirms FY18 AFFO and distribution forecasts of 12.7 cpu and 10.03 cpu respectively. Forecast FY19 distributions totalling 10.43 cpu are also advised as part of the results, representing a 4% increase on FY18.

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.

For further information:

David Bryant
Managing Director
Rural Funds Management
T 02 6203 9700
E DBryant@ruralfunds.com.au

For media enquiries:

Stuart Waight
Chief Operating Officer
Rural Funds Management
T 0419 126 689
E SWaight@ruralfunds.com.au

For investor relations enquiries:

James Powell
Investor Relations & Distribution
Manager
Rural Funds Management
T 0420 279 374
E JPowell@ruralfunds.com.au
