

ASX Release

20 April 2020

Subject: Marketing of the Moorall orchard and confirmation of guidance

Rural Funds Management Limited (RFM), as responsible entity for the Rural Funds Group (ASX: RFF) advises CBRE have been appointed to market the Moorall almond orchard.

The decision to market Moorall follows recent favourable comparable sales. If Moorall is sold, proceeds are expected to be redeployed in-line with RFM's strategy to acquire assets with higher earnings potential and that improve climatic diversification. The acquisitions are likely to be in northern Australia, in the macadamia and cattle sectors.

Capital management

RFF's gearing and loan to value ratio (LVR) remain well within their respective limits. Pro forma gearing is 29.3% (target range 30-35%) and the pro forma LVR is 41.0% (covenant 50%), not factoring in the potential sale of Moorall.¹ Due to the stability of agricultural asset values and the performance of the sectors in which RFF is invested RFM considers present gearing and LVR levels to be appropriate.

Confirmation of forecasts

Following the Unitholder meeting on 14 April 2020, RFM confirms increased forecast adjusted funds from operations of 13.5 cpa (FY20). Forecast FY20 distributions per unit (DPU) of 10.85 cents and FY21 DPU of 11.28 cents remain unchanged.

Note:

1. 31 December 2019 gearing and LVR pro forma for: WA cattle properties settled Feb 2020 (\$22.6m), Wattlebank settled Jan 2020 (\$1.8m), Swan Ridge South settled Mar 2020 (\$1.6m), Riverina Beef feedlot forecast to settle May 2020 (\$11.4m), \$41.7m cash balance and (only impacting LVR) \$7.5m additional Guarantee.

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'.

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