

ASX release

HY21 financial results announcement

18 February 2021

Rural Funds Management Limited (RFM) have today released the Rural Funds Group (ASX: RFF) (the Group) Financial Statements for the half year ended 31 December 2020 (HY21). Key highlights compared to the prior corresponding period include:

Financial highlights

- Earnings (total comprehensive income) per unit increase of 94% to 17.3 cents.
- Adjusted net asset value (NAV) per unit increase of 4% to \$2.01 per unit.
- Adjusted funds from operations (AFFO) per unit of 6.6 cents on track for full-year forecast.
- Distributions per unit (DPU) of 5.64 cents on track with full-year forecast.
- FY21 forecasts confirmed and announcement of FY22 forecast DPU of 11.73 cents (in line with 4% growth target).

Operating and portfolio highlights

- Additional land and water secured for macadamia orchard development program:
 - Maryborough: 25 sugar cane farms and 8,060 ML of water entitlements.
 - Rockhampton: two cattle properties and contracts exchanged to acquire 21,600 ML of water entitlements upon completion of Rookwood Weir.
- Macadamia orchard developments commenced: 500 ha planned for CY21.
- Disposal of Moorool almond orchard: at 21% premium to adjusted book value, providing funds for reinvestment.
- Increase of guarantee associated with JBS operated feedlots: from \$82.5m to \$99.9m (January 2021), providing increased revenue.

The increase in earnings and adjusted net assets are largely driven by the sale of the Moorool almond orchard at a 21% premium to book value.

RFM horticultural staff have relocated to central Queensland to oversee the macadamia developments, with 500 ha planned for CY21. The Rural Funds Group has existing earnings and balance sheet capacity to enable the commencement of the developments while continuing to fund distributions. FY22 forecast distributions have been announced, in line with the 4% growth target. The developments are expected to provide ongoing earnings growth in future years.

The investment into macadamias is consistent with RFM’s strategy of investing in sectors in which Australia participates globally, improving portfolio diversification, and utilising RFM’s development and operating knowledge. RFM has macadamia orchard development and operating experience, currently farming three orchards in Bundaberg, and is able to draw on its extensive agricultural development experience.

Key investment highlights

- **Diversification:** 67 properties across five agricultural sectors (almonds, cattle, cropping, vineyards and macadamias).
- **Quality lessees and counterparties:** 78% corporate and/or listed entities.
- **Long weighted average lease expiry profile:** 11.1 years.
- **Balance sheet capacity:** gearing at lower end of target range of 30-35%.
- **Structured rental growth:** fixed and CPI indexation and market rent review mechanisms.
- **Material development pipeline:** productivity improvements and conversion to higher and better use. Expected to generate earnings growth in future years.
- **Established track record:** 9.5% NAV compound annual growth, 4.3% AFFO compound annual growth and DPU growth of at least 4% in line with strategy.

Results webinar

A financial results webinar will be held at 11:00AM AEDT. Those wishing to attend the webinar will need to register via the link below to receive login details:

<https://attendee.gotowebinar.com/register/6881469856759996429>

A recording of the webinar will be made available on the RFM website.

Rural Funds Group (ASX: RFF)

Rural Funds Group is an agricultural Real Estate Investment Trust (REIT) listed on the ASX under the code RFF. RFF owns a diversified portfolio of Australian agricultural assets which are leased predominantly to corporate agricultural operators. RFF targets distribution growth of 4% per annum by owning and improving farms that are leased to good counterparties. RFF is a stapled security, incorporating Rural Funds Trust (ARSN 112 951 578) and RF Active (ARSN 168 740 805).

Rural Funds Management Limited (RFM)

Rural Funds Management Limited is the responsible entity and manager of RFF. RFM is an agricultural fund and asset manager established in 1997. The management team includes specialist fund managers, finance professionals, horticulturists, agronomists and other agricultural managers. RFM’s company culture is informed by its long-standing motto “Managing good assets with good people”.

Authorised by:	For further information:	RFM details:	
Tim Sheridan Chief Operating Officer Rural Funds Management T 0400 634 230 E TSheridan@ruralfunds.com.au	James Powell General Manager - Investor Relations & Marketing Rural Funds Management T 0420 279 374 E JPowell@ruralfunds.com.au	David Bryant Managing Director Rural Funds Management T 02 6203 9700 E DBryant@ruralfunds.com.au	ABN 65 077 492 838 AFSL 226701 Level 2, 2 King St Deakin ACT 2600 Locked Bag 150 Kingston ACT 2604 T 02 6203 9700 E management@ruralfunds.com.au

www.ruralfunds.com.au