

ASX release

FY24 financial results summary

23 August 2024

Rural Funds Management Limited (RFM) today released the Rural Funds Group (ASX: RFF, the Group) Financial Statements for the year ended 30 June 2024 (FY24) as summarised below.

Financial highlights¹

- **Property revenue increased 8.0%**, or \$6.5m, to \$88.4m, primarily due to additional rental income earned on macadamia developments.
- **Adjusted net asset value (NAV) increased 7.2%**, or \$0.21, to \$3.14 per unit, benefiting from independent assets valuations conducted on 69% of assets.
- **Adjusted funds from operations (AFFO) increased 2.8%** to 11.0 cents per unit (cpu).
- **Earnings of 30.3 cents per unit**, or \$117.2m, largely driven by property revenue and independent property valuations.²
- **Distributions per unit (DPU)** of 11.73 in line with forecasts.
- **FY25 forecast AFFO growth of 3.6%**, to 11.4 cpu, and forecast distributions of 11.73 cpu.

Capital management

- **Increased facility limit providing funding for FY25 capex** primarily for the continuation of macadamia developments.
- **Additional \$80.0m interest rate hedges entered** providing weighted average hedge duration of 4.2 years.
- **Interest rate hedging and fixed debt facilities total 69.8%** of drawn debt.³

Portfolio valuations

During the year independent valuations were arranged for \$1.2b of assets, representing 69% of the portfolio, resulting in a net valuation uplift of \$97.3m.⁴

Portfolio and strategy update

The 3,000 ha of macadamia developments which commenced 2021 are on track to be materially complete end of 2024, despite some delays due to above average rainfall. The 40-year lease associated with these assets is forecast to generate 18% of FY25 total revenue and increase in future years as additional capex is deployed.

¹ Comparisons are to FY23, unless otherwise stated.

² Based on Total Comprehensive Income.

³ Current hedges and total fixed debt facility divided by total facilities.

⁴ Percentage based on 30 June 2023 adjusted values (excluding capex since 30 June 2023 of \$0.1b).

During the period, the second tranche of the macadamia development lease commenced (representing \$133.9m of assets) following issuance of Rookwood Weir water entitlements.

In June 2024, the lease and 50% sale of Mayneland and Baamba Plains cropping properties (\$75.7m) was announced.⁵ Other assets within the Group continue to be developed. Management will pursue leases and partial sales of additional assets, seeking to improve earnings, operating exposure and gearing.

Forecasts

FY25 forecast AFFO of 11.4 cpu, representing 3.6% increase to FY24 actual. Forecast distributions of 11.73 cpu consistent with FY24.

Portfolio highlights

- **Provides exposure to a defensive property sector (food production):** with inflationary hedge characteristics.
- **Quarterly distributions:** March, June, September and December.
- **Long WALE:** 13.5 years with leases predominantly triple-net structure.
- **Diversification:** 67 properties across five agricultural sectors and multiple climatic zones.
- **Quality lessees:** approx. 80% of FY25f income from corporate and institutional lessees.
- **Structural rental growth:** Mix of lease indexation mechanisms and market rent reviews.
- **Development and leasing pipeline:** Productivity improvements and conversion to higher and better use development opportunities.

Results webinar

A financial results webinar will be held today at 11:00AM AEST. Those wishing to attend the webinar will need to register via the link below:

<https://webcast.openbriefing.com/rff-fyr-2024/>

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

For questions, please contact Investor Services by calling 1800 026 665 or via email at investorservices@ruralfunds.com.au.

⁵ Subject to conditions precedent being satisfied, including FIRB approval. \$75.7m is the total FY24 adjusted property value of Mayneland and Baamba Plains.

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. RFF's strategy is to generate capital growth and income from developing and leasing agricultural assets. Distributions are paid quarterly. 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".

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