

Financial Statements

for the half-year ended 31 December 2024



Rural Funds Group

ASX:
RFF

Managed by:



Managing good assets with good people

Rural Funds Group

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Rural Funds Group

Corporate Directory

Registered Office	Level 2, 2 King Street DEAKIN ACT 2600
Responsible Entity	Rural Funds Management Limited ABN 65 077 492 838 AFSL 226701 Level 2, 2 King Street DEAKIN ACT 2600 Ph: 1800 026 665
Directors	Guy Paynter David Bryant Michael Carroll Julian Widdup Andrea Lemmon
Company Secretary	Emma Spear
Custodian	Certane CT Pty Limited / Australian Executor Trustee Limited ACN 106 424 088 / ACN 007 869 794 Level 6, 80 Clarence Street SYDNEY NSW 2000
Auditors	PricewaterhouseCoopers One International Towers Sydney Watermans Quay BARANGAROO NSW 2000
Share Registry	Boardroom Pty Limited Level 8, 210 George Street SYDNEY NSW 2000 Ph: 1300 737 760
Bankers	Australia and New Zealand Banking Group Limited (ANZ) 242 Pitt Street SYDNEY NSW 2000 Cooperatieve Rabobank UA Darling Park Tower 3 201 Sussex Street SYDNEY NSW 2000 National Australia Bank (NAB) Level 6, 2 Carrington Street SYDNEY NSW 2000
Stock Exchange Listing	Rural Funds Group units (Rural Funds Trust and RF Active form a stapled investment vehicle) are listed on the Australian Securities Exchange (ASX)
ASX Code	RFF

Rural Funds Group

Directors' Report

31 December 2024

Rural Funds Group (RFF or the Group) comprises the stapled units in two Trusts, Rural Funds Trust (RFT) (ARSN 112 951 578) and RF Active (RFA) (ARSN 168 740 805) (collectively, the Trusts). The Directors of Rural Funds Management Limited (RFM) (ACN 077 492 838, AFSL 226701), the Responsible Entity of Rural Funds Group present their report on the Group for the half year ended 31 December 2024.

In accordance with AASB 3 *Business Combinations*, the stapling arrangement referred to above is regarded as a business combination and Rural Funds Trust has been identified as the parent for the purpose of preparing the consolidated financial report.

The Directors' report is a combined report that covers both Trusts. The financial information for the Group is taken from the Consolidated Financial Statements and notes.

Directors

The following persons held office as Directors of the Responsible Entity during the period and up to the date of this report:

Guy Paynter	Non-Executive Chair
David Bryant	Managing Director
Michael Carroll	Non-Executive Director
Julian Widdup	Non-Executive Director
Andrea Lemmon	Non-Executive Director

Principal activities and significant changes in state of affairs

The principal activity of the Group during the half year was the development and leasing of agricultural properties. The Group is a lessor of agricultural property with revenue derived from leasing almond orchards, macadamia orchards, vineyards, cattle properties, cropping properties, agricultural plant and equipment, cattle and water rights. The Group also carries out farming operations on an interim basis for unleased properties and properties under development.

The Group also provides a guarantee to J&F Australia Pty Ltd (J&F), a wholly owned subsidiary of RFM, earning a return equivalent to an equity rate of return calculated on the amount of the guarantee during the half year.

The following activities of the Group changed during the half year:

During the half year, the Group completed the sale of three Maryborough cropping properties previously contracted.

During the half year, the Group made a \$7,000,000 investment in Inform Ag, an agriculture technology company which includes an upfront purchase of shares totalling \$5,000,000 and a convertible debt facility in two tranches totalling \$2,000,000. Repayment of the debt facility will be through the issue of additional equity to RFF. The initial ownership in Inform Ag is 35%. This will increase to 43% following the conversion of both tranches of the debt facility.

In August 2024, the additional \$60,000,000 facility was drawn from The Rohatyn Group (TRG). Debt is repaid with interest to March 2030.

In October 2024, the Group entered into a 5-year lease with an established private farming enterprise for the Cerberus property.

In December 2024, the Group completed the sale of 50% interest in Mayneland and Baamba Plains to a company managed by The Rohatyn Group.

In December 2024, the Group completed the acquisition of a 50% shareholding in Cotton JV Pty Limited (Cotton JV) from Queensland Cotton Corporation Pty Limited. The Cotton JV lease of the Lynora Downs property remains in place.

In December 2024, the Group increased its available core debt to \$830,000,000 (30 June 2024: \$750,000,000). The facility limit on the \$340,000,000 tranche was increased to \$420,000,000 and extended to November 2027. The facility limit on the \$410,000,000 tranche was unchanged and expires in November 2026. The maximum Loan to Value Ratio was increased to 60% (30 June 2024: 55%) as part of the extension. The Wyseby debt facility was extended to September 2025.

In the opinion of the Directors, there were no other significant changes in the state of affairs of the Group during the half year.

Rural Funds Group

Directors' Report

31 December 2024

Operating results

The consolidated net profit after income tax of the Group for the half year ended 31 December 2024 amounted to \$12,090,000 (31 December 2023: \$43,754,000). The consolidated total comprehensive income of the Group for the half year ended 31 December 2024 amounted to \$13,051,000 (31 December 2023: \$71,003,000).

The Group holds investment property, bearer plants, owner-occupied property and derivatives at fair value. The Group also reports adjusted funds from operations (AFFO) as a performance measure which adjusts profit for the effects of contracted rent, rental straight-lining, unrealised fair value adjustments, depreciation, impairments, non-cash tax expense, one-off transaction costs and other transactions. AFFO for the half year was \$22,311,000 (31 December 2023: \$15,536,000) and is reconciled to net profit before income tax below.

Adjusted funds from operations (AFFO)

The adjusted funds from operations (AFFO) calculated below effectively represents the underlying and recurring cash earnings from the Group's operations from which distributions are funded:

	31 December 2024 \$'000	31 December 2023 \$'000
Net profit before income tax	12,595	44,618
Property related		
Change in fair value of investment property	(4,583)	(45,115)
(Reversal of impairment) / impairment of bearer plants	(155)	2,695
Impairment of property - owner occupied	788	176
Impairment / (reversal of impairment) of intangible assets	1,129	(1,560)
Depreciation - bearer plants	6,003	5,629
Depreciation - property - owner occupied	473	425
Depreciation and impairments - other	2,218	1,828
Loss / (gain) on sale of assets	216	(266)
Revenue items		
Rental revenue - prepaid rent (TRG)	870	244
Prepaid rent recognised (TRG)	(152)	-
Lease incentive amortisation (TRG)	80	28
Straight-lining of rental revenue	(4,195)	(1,647)
Interest component of JBS feedlot finance lease	(11)	61
Share of net loss of associates and joint ventures accounted for using the equity method	569	-
Farming operations		
Change in fair value of biological assets (unharvested crops and unsold cattle)	(1,258)	218
Change in fair value of biological assets (prior year biological assets realised during the half year)	893	(581)
Contracted farming cost recovery (TRG cropping)*	(850)	-
Share of loss in Cotton JV Pty Ltd (AFFO)	(534)	-
Other		
Change in fair value of financial assets	24	24
Change in fair value of interest rate swaps	8,776	9,073
Income tax payable (AWF)	(585)	(314)
AFFO	22,311	15,536
AFFO cents per unit	5.7	4.0

* Contracted farming cost recovery (TRG cropping) recognised in AFFO for the year ended 30 June 2024, realised in net profit before income tax for the half year ended 31 December 2024.

Rural Funds Group

Directors' Report

31 December 2024

Financial position

The net assets of the consolidated Group have decreased to \$1,064,477,000 at 31 December 2024 from \$1,071,317,000 at 30 June 2024. At 31 December 2024, the Group had total assets of \$1,898,652,000 (30 June 2024: \$1,901,214,000).

At 31 December 2024, the Group held total water entitlements (including investments in Barossa Infrastructure Limited (BIL) and Coleambally Irrigation Co-operative Limited (CICL)) at a book value of \$214,211,000 (30 June 2024: \$213,708,000). Directors obtain independent valuations on RFF properties ensuring that each property will have been independently valued at least every two years or more often where appropriate. These valuations attribute a value to the water entitlements held by the Group. The Directors have taken into account the most recent valuations on each property and consider that they remain a reasonable estimate of fair value. On this basis the fair value of water entitlements at 31 December 2024 was \$359,502,000 (30 June 2024: \$360,150,000). The value of water entitlements is illustrated in the table below:

	31 December 2024	30 June 2024
	\$'000	\$'000
Intangible assets (water entitlements)	202,227	201,724
Investment in CICL	11,464	11,464
Investment in BIL	520	520
Total book value of water entitlements	214,211	213,708
Revaluation of intangible assets per valuation	145,291	146,442
Adjusted total water entitlements	359,502	360,150

Adjusted net asset value

The following depicts the net assets of the Group following the revaluation of water entitlements comprising intangible assets and investments in BIL and CICL per these valuations.

	31 December 2024	30 June 2024
	\$'000	\$'000
Net assets per Consolidated Statement of Financial Position	1,064,477	1,071,317
Revaluation of intangible assets per valuation	145,291	146,442
Adjusted net assets	1,209,768	1,217,759
Adjusted NAV per unit (\$)	3.10	3.14

Banking facilities

At 31 December 2024 the core debt facility available to the Group was \$830,000,000 (30 June 2024: \$750,000,000), with a drawn balance of \$674,105,000 (30 June 2024: \$724,606,000). The facility is split into two tranches with a \$410,000,000 tranche expiring in November 2026 and a \$420,000,000 tranche expiring in November 2027. At 31 December 2024, RFF had active interest swaps totalling 73.4% (30 June 2024: 68.5%) of the drawn balance on the floating debt facility to manage interest rate risk.

At 31 December 2024 the TRG loan balance was \$84,784,000 (30 June 2024: \$32,857,000). Debt is repaid with interest over 7 years to March 2030.

At 31 December 2024 a borrowing facility provided by Rabobank to the Group relating to the acquisition of Wyseby property was \$24,455,000. At balance date, the facility is due to expire on September 2025.

Units on issue

389,722,999 units in Rural Funds Trust were on issue at 31 December 2024 (30 June 2024: 388,243,046). During the half year 1,479,953 units (30 June 2024: 3,386,488) were issued by the Trust and nil (30 June 2024: nil) were redeemed.

Rural Funds Group

Directors' Report

31 December 2024

Distributions

	Cents per unit	Total \$
Distribution declared 3 June 2024, paid 31 July 2024	2.9325	11,385,227
Distribution declared 2 September 2024, paid 31 October 2024	2.9325	11,405,842
Distribution declared 2 December 2024, paid 31 January 2025	2.9325	11,428,636

Earnings per unit

Net profit after income tax for the half year (\$'000)	12,090
Weighted average number of units on issue during the half year	389,085,166
Basic and diluted earnings per unit (total) (cents)	3.11

Property leasing

At 31 December 2024 the Group held 64 (30 June 2024: 67) properties as follows:

- 3 almond orchards (4,068 planted hectares).
- 6 vineyards (638 planted hectares).
- 12 macadamia orchards (1,916 planted hectares and 71 planned hectares).
- 7 macadamia orchards currently being developed (1,773 planted and planned hectares) and other areas with the potential to be developed into macadamia orchards.
- 23 cattle properties made up of 18 breeding, backgrounding and finishing properties (717,434 hectares)* and 5 cattle feedlots with combined capacity of 150,000 head.
- 13 cropping properties (14,216 hectares).

During the half year ended 31 December 2024, the properties held by the Group recorded fair value movements and depreciation as follows:

	31 December 2024 \$'000	31 December 2023 \$'000
Change in fair value of investment property	4,583	45,115
Reversal of impairment / (impairment) of bearer plants	155	(2,695)
Revaluation (decrement) / increment - Bearer plants	(403)	17,691
Depreciation - bearer plants	(6,003)	(5,629)
(Impairment) / reversal of impairment of intangible assets	(1,129)	1,560
Impairment of property - owner occupied	(788)	(176)
Revaluation increment - Property - owner occupied	1,364	9,558
Depreciation - property - owner occupied	(473)	(425)
Total property revaluation through total comprehensive income	(2,694)	64,999
Revaluation of water entitlements per Directors' valuation	169	7,180
Total property revaluation	(2,525)	72,179

Almond orchards

The three fully established almond orchard properties (including water entitlements) are located in Hillston, NSW and Darlington Point, NSW and are leased to tenants who make regular rental payments. These encompass a planted area of 4,068 hectares (30 June 2024: 4,068 hectares):

- Yilgah 935 planted hectares (30 June 2024: 935 hectares).
- Tocabil 603 planted hectares (30 June 2024: 603 hectares).
- Kerarbury 2,530 planted hectares (30 June 2024: 2,530 hectares).

These properties are under lease to the following tenants:

- Select Harvests Limited (SHV) 935 planted hectares (30 June 2024: 935 hectares).
- Olam Orchards Australia Pty Limited (Olam) 3,133 planted hectares (30 June 2024: 3,133 hectares).

* The Group's Area for Wyseby (held as tenant-in-common in the interest of 57.25%) included in the number of hectares.

Rural Funds Group

Directors' Report

31 December 2024

Property leasing (continued)

Almond orchards (continued)

For its almond orchards the Group owns water entitlements of 55,525ML (30 June 2024: 55,525ML) comprising groundwater, high security river water, general security river water, supplementary river water, and domestic and stock river water. In addition, the Group owns 21,430ML (30 June 2024: 21,430ML) of water delivery entitlements that provide access to water delivery through CICL, with a low annual allocation expected to be provided.

Vineyards

The vineyard properties held by the Group include six vineyards, with five located in South Australia, in the Barossa Valley and Adelaide Hills regions, and one located in the Grampians in Victoria. For its vineyards, the Group owns 909ML of water entitlements (30 June 2024: 909ML). All vineyards are leased to Treasury Wine Estates Limited and produce premium quality grapes.

Macadamia orchards

Three established macadamia orchards are located near Bundaberg, Queensland:

- Swan Ridge and Moore Park, 234 hectares (30 June 2024: 234 hectares), currently operated by the Group.
- Bonmac, 27 hectares (30 June 2024: 27 hectares), currently leased to RFM Farming.

Beerwah and Bauple, 475 hectares (30 June 2024: 475 hectares) located in the Glass House mountains and Wide Bay regions of Queensland are unleased and currently operated by the Group.

The following properties are leased to a company managed by The Rohatyn Group (TRG):

- Cygnet, located in Bundaberg, Queensland consists of 37 hectares (30 June 2024: 37 hectares) of newly established plantings.
- Nursery Farm, located in Bundaberg, Queensland consists of 41 hectares (30 June 2024: 41 hectares) of newly established plantings and a macadamia tree nursery, separately leased to another external party.
- Four properties located in Maryborough, Queensland, Glendorf, Charleville, Dowlings and Marriots, consisting of 743 hectares (30 June 2024: 743 hectares) of newly established macadamia plantings and 23 hectares of planned macadamia plantings.
- Riverton, located in the Fitzroy region in Queensland consisting of 422 hectares (30 June 2024: 360 hectares) of newly established plantings.

The following properties under development are leased to a company managed by The Rohatyn Group:

- Six properties located in Maryborough, Queensland, Little Tinana, Tulesco, Lindah, Owanyilla, Bidwill and Magnolia with 402 hectares (30 June 2024: 190 hectares) newly planted macadamia plantings and 343 hectares (30 June 2024: 557 hectares) of planned macadamia plantings.
- The Rookwood Farms aggregation, located in the Fitzroy region in Queensland with 571 hectares (30 June 2024: 411 hectares) of newly planted macadamia plantings and 431 hectares (30 June 2024: 615 hectares) of planned macadamia plantings totalling 1,002 hectares (30 June 2024: 1,026 hectares).

Cattle property

Cattle properties held by the Group comprise of cattle breeding, backgrounding and finishing properties and cattle feedlots.

- Rewan located near Rolleston in central Queensland 17,479 hectares (30 June 2024: 17,479 hectares).
- Mutton Hole and Oakland Park located in far north Queensland 225,800 hectares (30 June 2024: 225,800 hectares).
- Natal aggregation located near Charters Towers in north Queensland 390,600 hectares (30 June 2024: 390,600 hectares).
- Comanche located in central Queensland 7,600 hectares (30 June 2024: 7,600 hectares).
- Cerberus located north west of Rockhampton in central Queensland 8,280 hectares (30 June 2024: 8,280 hectares).
- Dyamberin located in the New England region of New South Wales 1,728 hectares (30 June 2024: 1,728 hectares).
- Woodburn located in the New England region of New South Wales 1,063 hectares (30 June 2024: 1,063 hectares).
- Cobungra located in the East Gippsland region of Victoria 6,497 hectares (30 June 2024: 6,497 hectares).
- Petro, High Hill and Willara located in Western Australia 6,196 hectares (30 June 2024: 6,196 hectares).

Rural Funds Group

Directors' Report

31 December 2024

Property leasing (continued)

Cattle property (continued)

- Yarra located south west of Rockhampton in central Queensland 4,090 hectares (30 June 2024: 4,090 hectares).
- Homehill located north west of Rockhampton in central Queensland 4,925 hectares (30 June 2024: 4,925 hectares).
- Coolibah and River Block located south west of Rockhampton in central Queensland 724 hectares (30 June 2024: 724 hectares).
- Thirsty Creek located south west of Rockhampton in central Queensland 503 hectares (30 June 2024: 503 hectares).
- Prime City, Mungindi, Caroon, Beef City and Riverina, 5 cattle feedlots with a combined capacity of 150,000 head (30 June 2024: 150,000 head).
- Kaiuroo, located north west of Rockhampton in central Queensland, 27,879 hectares (30 June 2024: 27,879 hectares).
- Wyseby, held as tenant-in-common arrangement (57.25% interest), located south-west of Rockhampton in Central Queensland adjoining Rewan 14,071 hectares (30 June 2024: 14,071 hectares).

The following cattle properties are leased to the following tenants:

- Australian Agricultural Company Limited, leasing Rewan, Comanche and Home Hill.
- Cattle JV Pty Limited, a wholly owned subsidiary of RFM, leasing Mutton Hole and Oakland Park.
- DA & JF Camm Pty Limited, a member of the Camm Agricultural Group, leasing the Natal aggregation.
- Stone Axe Pastoral Company Pty Limited, leasing Dyamberin, Woodburn, Cobungra, Petro, High Hill and Willara.
- Mort & Co Lot Feeder Pty Limited, leasing Coolibah, River Block and Thirsty Creek.
- Acton Cattle Company Pty Limited, leasing a portion of Cerberus.
- Clarke Creek Energy Pty Limited leasing a portion of Cerberus.
- Caldwell Family (Milong) Pty Limited, leasing a portion of Wyseby.

In addition to this, JBS Australia Pty Limited (JBS) leases the Prime City, Mungindi, Caroon, Beef City and Riverina feedlots.

Yarra and Kaiuroo are currently being operated by the Group, allowing for capital development and improvement designed to improve the productivity of the properties while long-term lessees are being sought.

The lease arrangement for Natal aggregation includes a \$5,000,000 cattle leasing arrangement to fund the purchase of cattle. The balance drawn as at 31 December 2024 net of security deposits held is \$889,000 (30 June 2024: 1,871,000).

Cropping property

Cropping properties held by the Group comprise of:

- Lynora Downs, a 4,963 hectare (30 June 2024: 4,963 hectare) cropping property located near Emerald, QLD is leased to Cotton JV Pty Limited (Cotton JV), a joint venture between RFM and the Group, until April 2027.
- The 19 Maryborough properties located in Queensland, have potential to be developed into approximately 2,059 hectares (30 June 2024: 2,200 hectares) of macadamia orchards. 9 of these properties are currently held for cropping purposes.
- Swan Ridge South, located in Bundaberg, Queensland totalling 123 hectares (30 June 2024: 123 hectares)
- Baamba Plains (50% share), a 4,130 hectare cropping property located in central Queensland leased to a company managed by The Rohatyn Group.
- Mayneland (50% share), a 2,942 hectare cropping property, located in central Queensland leased to a company managed by The Rohatyn Group.

Rural Funds Group

Directors' Report

31 December 2024

Other activities

The Group provides a \$123,000,000 (30 June 2024: \$123,000,000) limited guarantee to J&F Australia Pty Ltd (J&F). The guarantee is currently used to support \$123,000,000 of J&F's debt facility which is used for cattle purchases, feed and other costs associated with finishing the cattle on the feedlots, enabling J&F to supply cattle to JBS Australia Pty Limited (JBS) for its grain fed business and the funding of grain in JBS' Rivalea business. The guarantee earns a return for RFF equivalent to an equity rate of return which is calculated on the amount of the guarantee during the period.

Breeder herd assets under finance lease of \$19,604,000 (30 June 2024: \$18,864,000) are leased to Cattle JV.

Agricultural plant and equipment with a net book value of \$402,000 (30 June 2024: \$400,000) is owned by the Group and leased to RFM Farming and Cattle JV. Agricultural plant and equipment with a net book value of \$19,365,000 (30 June 2024: \$28,601,000) is used for the Group's farming operations and macadamia developments.

Risks and opportunities

Climate-related risk

As the Responsible Entity for the Group, RFM acknowledges the potential risk of climate change. RFM implements the Group's climate diversification strategy to mitigate these risks within the portfolio. In accordance with the Group's Sustainability Policy, RFM manages climate-related risks within its Risk Management Framework.

Extreme weather events have the potential to damage assets and disrupt operations. The majority of assets are subject to triple-net leases where the lessee is responsible for operations and insurance costs. RFM considers that climate change may present risks for the Group primarily in the form of residual risk of the Group's assets at the end of the lease term. These risks may be mitigated by how the assets are managed. External valuations consider these types of factors as well as other risks when determining the valuations of the assets.

The Group is working towards climate-related risk disclosure to align of the Australian Sustainability Reporting Standards. RFM monitors Scope 1 and Scope 2 emissions, focusing on carbon dioxide, methane, and nitrous oxide from assets operated by the Group. RFM is enhancing internal systems to enable more transparent and comprehensive reporting in line with these disclosures. This approach will support the Group in managing climate related risks while improving asset management practices.

The Group's assets produce these emissions through its agricultural infrastructure and machinery, cattle assets and through the application of fertiliser. As part of RFM's ongoing strategy to mitigate and improve climate related risks, RFM will continue to monitor emissions on properties operated by the Group and seeks to implement infrastructure and practice changes.

Capital and funding requirements

Volatility in capital markets and debt markets will impact on the Group's ability to access capital. RFM will continue to explore opportunities to diversify funding sources through capital partnering and by managing debt levels in line with the Group's internal target gearing of between 30-35%. The optimal capital structure is reviewed periodically with reference to prevailing market conditions.

Likely developments and expected results of operations

The Group expects to continue to derive its core future income from the holding and leasing of agricultural property and water entitlements. A key part of the Group's strategy is the continued development of macadamia orchards in Queensland in addition to identifying opportunities for the Group to enter into leases of the assets that the Group is currently operating. Management continues to look for growth opportunities in agricultural and related industries.

Environmental regulation

The operations of the Group are subject to significant environmental regulations under the laws of the Commonwealth and States or Territories of Australia. Water usage for irrigation, domestic and levee purposes, including containing irrigation water from entering the river, water course or water aquifer are regulated by the *Water Management Act 2000*. Responsibility of water licences that are leased to external parties then requires the tenant to meet the legislative requirements for these licences. There have been no known breaches of any environmental requirements applicable to the Group.

Rural Funds Group

Directors' Report

31 December 2024

Indirect cost ratio

The indirect cost ratio (ICR) is the ratio of the Group's management costs over the Group's average net assets for the half year, expressed as a percentage.

Management costs include management fees and other expenses such as corporate overheads in relation to the Group, but do not include transactional and operational costs such as brokerage. Management costs are not paid directly by the unitholders of the Group.

The ICR for the Group for the half year ended 31 December 2024 is 1.71% (31 December 2023: 1.68%).

Indemnity of Responsible Entity and Custodian

In accordance with its constitution, Rural Funds Group indemnifies the Directors, Company Secretary and all other officers of the Responsible Entity and Custodian when acting in those capacities, against costs and expenses incurred in defending certain proceedings.

Matters subsequent to the end of the half year

In January 2025, the Group contracted to sell the Woodburn property. The expected settlement is in March 2025.

In January 2025, the Group exercised options to acquire shares in Inform Ag Pty Limited (Inform Ag) in addition to the initial investment. The ownership in Inform Ag will increase from the initial 35% to 43%, after the exercise of the options, and increasing to approximately 50% following the conversion of both tranches of the \$2,000,000 debt facility.

In January 2025, the Group extended the leases on five Vineyard properties leased to Treasury Wine Estates Limited (ASX: TWE). The Group's six vineyards were leased until June 2026, and following the extension, the weighted average lease expiry is now approximately 12.7 years.

No other matter or circumstance has arisen since the end of the half year that has significantly affected or could significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

Rounding of amounts

The Group is an entity to which ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 applies and accordingly amounts in the consolidated financial statements and Directors' report have been rounded to the nearest thousand dollars.

Auditor's independence declaration

The auditor's independence declaration in accordance with section 307C of the *Corporations Act* 2001 for the half year ended 31 December 2024 has been received and is included on page 10 of the financial report.

The Directors' report is signed in accordance with a resolution of the Board of Directors of Rural Funds Management Limited.



David Bryant
Director

21 February 2025



Auditor's Independence Declaration

As lead auditor for the review of Rural Funds Group for the half-year ended 31 December 2024, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Rural Funds Trust and the entities it controlled during the period.

A handwritten signature in blue ink, appearing to read 'M Upcroft', is positioned above the printed name.

Marc Upcroft
Partner
PricewaterhouseCoopers

Sydney
21 February 2025

Rural Funds Group

Consolidated Statement of Comprehensive Income

For the half year ended 31 December 2024

		31 December 2024	31 December 2023
	Note	\$'000	\$'000
Revenue	B3	62,155	53,164
Other income	B3	3,183	2,151
Management fee		(5,423)	(4,713)
Asset management fee		(4,067)	(3,534)
Property expenses		(1,834)	(1,861)
Other expenses		(3,745)	(3,614)
Finance costs		(12,344)	(10,338)
Cost of goods sold - farming operations		(11,340)	(11,177)
Property and other expenses - farming operations		(2,894)	(4,387)
(Loss) / gain on sale of assets		(216)	266
Depreciation and impairments - other		(2,218)	(1,828)
Change in fair value of investment property	C2	4,583	45,115
Reversal of impairment / (impairment) of bearer plants	C3	155	(2,695)
Depreciation - bearer plants	C3	(6,003)	(5,629)
(Impairment) / reversal of impairment of intangible assets	C5	(1,129)	1,560
Impairment of property - owner occupied	C6	(788)	(176)
Depreciation - property - owner occupied	C6	(473)	(425)
Change in fair value of biological assets - farming operations	E2	4,362	1,836
Change in fair value of interest rate swaps		(8,776)	(9,073)
Change in fair value of financial assets		(24)	(24)
Share of net loss of associates and joint ventures accounted for using the equity method	E3	(569)	-
Net profit before income tax		12,595	44,618
Income tax expense		(505)	(864)
Net profit after income tax from continuing operations		12,090	43,754
Other comprehensive income:			
<i>Items that will not be reclassified to profit or loss</i>			
Revaluation (decrement) / increment - Bearer plants	C3	(403)	17,691
Revaluation increment - Property - owner occupied	C6	1,364	9,558
Other comprehensive income for the half year, net of tax		961	27,249
Total comprehensive income attributable to unitholders		13,051	71,003

The accompanying notes form part of these financial statements.

Rural Funds Group

Consolidated Statement of Comprehensive Income

For the half year ended 31 December 2024

	31 December 2024	31 December 2023
Note	\$'000	\$'000
Total net profit after income tax for the half year attributable to unitholders arising from:		
Rural Funds Trust	12,051	46,721
RF Active (non-controlling interest)	39	(2,967)
Total	12,090	43,754
Total comprehensive income for the half year attributable to unitholders arising from:		
Rural Funds Trust	13,012	73,970
RF Active (non-controlling interest)	39	(2,967)
Total	13,051	71,003
Earnings per unit		
Basic and diluted earnings per unit attributable to the unitholders:		
Per stapled unit (cents)	3.11	11.33
Per unit of Rural Funds Trust (cents)	3.10	12.10
Per unit of RF Active (cents)	0.01	(0.77)

The accompanying notes form part of these financial statements.

Rural Funds Group

Consolidated Statement of Financial Position

As at 31 December 2024

		31 December 2024 \$'000	30 June 2024 \$'000
	Note		
ASSETS			
Current assets			
Cash and cash equivalents		7,005	7,243
Trade and other receivables		21,952	20,538
Other current assets		3,487	2,186
Assets held for sale	C8	12,540	48,876
Biological assets	E2	11,006	12,907
Inventories		2,259	2,222
Financial assets	E1	1,000	-
Derivative financial assets		1,107	619
Total current assets		60,356	94,591
Non-current assets			
Investment property	C2	1,042,722	1,003,241
Plant and equipment - bearer plants	C3	251,689	248,842
Financial assets	C4, E1	125,271	112,860
Intangible assets	C5	202,227	201,724
Property - owner occupied	C6	154,192	169,796
Plant and equipment - other	C7	19,767	29,001
Investments accounted for using the equity method	E3	6,871	-
Derivative financial assets		28,892	38,124
Other assets		6,665	3,035
Total non-current assets		1,838,296	1,806,623
Total assets		1,898,652	1,901,214
LIABILITIES			
Current liabilities			
Trade and other payables		5,613	6,783
Unearned income		2,386	507
Current tax payable		585	705
Interest bearing liabilities	D1	45,552	35,994
Distributions payable		12,030	11,948
Total current liabilities		66,166	55,937
Non-current liabilities			
Interest bearing liabilities	D1	742,740	751,749
Deferred tax liabilities		8,076	7,914
Unearned income		13,676	10,581
Other non-current liabilities		3,485	3,716
Derivative financial liabilities		32	-
Total non-current liabilities		768,009	773,960
Total liabilities (excluding net assets attributable to unitholders)		834,175	829,897
Net assets attributable to unitholders		1,064,477	1,071,317
Total liabilities		1,898,652	1,901,214

*Water entitlements are held at cost less accumulated impairment in the Consolidated Statement of Financial Position in accordance with accounting standards. Refer to note B1 Segment information, for disclosure of the Directors' valuation of water entitlements, which are supported by independent property valuations.

The accompanying notes form part of these financial statements.

Rural Funds Group

Consolidated Statement of Financial Position

As at 31 December 2024

		31 December	30 June
		2024	2024
	Note	\$'000	\$'000
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS			
Unitholders of Rural Funds Trust			
Issued units	D2	412,050	424,533
Asset revaluation reserve		107,919	106,979
Retained earnings		551,305	546,700
Parent entity interest		1,071,274	1,078,212
Unitholders of RF Active			
Issued units	D2	7,022	6,963
Retained earnings		(13,819)	(13,858)
Non-controlling interest		(6,797)	(6,895)
Total net assets attributable to unitholders		1,064,477	1,071,317

The accompanying notes form part of these financial statements.

Rural Funds Group

Consolidated Statement of Changes in Net Assets Attributable to Unitholders

For the half year ended 31 December 2024

31 December 2024	Note	Issued units \$'000	Asset revaluation reserve \$'000	Retained earnings \$'000	Total \$'000	Non- controlling interest \$'000	Total \$'000
Balance at 1 July 2024		424,533	106,979	546,700	1,078,212	(6,895)	1,071,317
Other comprehensive income, net of income tax		-	961	-	961	-	961
Net profit after income tax		-	-	12,051	12,051	39	12,090
Total comprehensive income for the half year		-	961	12,051	13,012	39	13,051
Transfer on disposal of property - owner occupied to retained earnings		-	(21)	21	-	-	-
Issued units							
Units issued during the half year		2,885	-	-	2,885	59	2,944
Total issued units		2,885	-	-	2,885	59	2,944
Distributions to unitholders		(15,368)	-	(7,467)	(22,835)	-	(22,835)
Balance at 31 December 2024		412,050	107,919	551,305	1,071,274	(6,797)	1,064,477
31 December 2023	Note	Issued units \$'000	Asset revaluation reserve \$'000	Retained earnings \$'000	Total \$'000	Non- controlling interest \$'000	Total \$'000
Balance at 1 July 2023		459,078	70,265	468,034	997,377	(4,218)	993,159
Other comprehensive income, net of income tax		-	27,249	-	27,249	-	27,249
Net profit after income tax		-	-	46,721	46,721	(2,967)	43,754
Total comprehensive income for the half year		-	27,249	46,721	73,970	(2,967)	71,003
Issued units							
Units issued during the half year		3,445	-	-	3,445	70	3,515
Total issued units		3,445	-	-	3,445	70	3,515
Distributions to unitholders		(22,349)	-	(318)	(22,667)	-	(22,667)
Balance at 31 December 2023		440,174	97,514	514,437	1,052,125	(7,115)	1,045,010

The accompanying notes form part of these financial statements.

Rural Funds Group

Consolidated Statement of Cash Flows

For the half year ended 31 December 2024

		31 December 2024	31 December 2023
	Note	\$'000	\$'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		60,204	59,106
Payments to suppliers (inclusive of GST)		(27,610)	(31,403)
Interest received	B3	303	350
Finance income		6,064	5,735
Finance costs		(12,344)	(10,338)
Income tax paid		(463)	-
Net cash inflow from operating activities		26,154	23,450
Cash flows from investing activities			
Payments for investment property	C2	(27,605)	(30,236)
Payments for plant and equipment - bearer plants		(8,735)	(4,044)
Payments for financial assets - property related		(1,564)	(3,594)
Payments for intangible assets	C5	(1,667)	(767)
Payments for property - owner occupied	C6	(6,066)	(9,842)
Payments for plant and equipment	C7	(3,201)	(7,665)
Payments for financial assets – convertible note		(2,000)	-
Payment for investments accounted for using the equity method	E3	(7,440)	-
Payments for other assets		(3,630)	(395)
Proceeds from sale of investment property	C2	1,229	-
Proceeds from financial assets - property related		1,802	223
Proceeds from sale of intangible assets	C5	35	-
Proceeds from sale of property - owner occupied	C6	611	-
Proceeds from sale of plant and equipment		2,102	158
Proceeds from assets held for sale		48,864	-
Distributions received		133	62
Net cash outflow from investing activities		(7,132)	(56,100)
Cash flows from financing activities			
Proceeds from issue of units		2,944	3,515
Proceeds from borrowings		148,666	173,327
Repayment of borrowings		(148,117)	(112,759)
Distributions paid		(22,753)	(22,685)
Net cash (outflow) / inflow from financing activities		(19,260)	41,398
Net (decrease) / increase in cash and cash equivalents held		(238)	8,748
Cash and cash equivalents at the beginning of the half year		7,243	5,753
Cash and cash equivalents at the end of the half year		7,005	14,501

The accompanying notes form part of these financial statements.

Rural Funds Group

Notes to the Financial Statements

31 December 2024

A. REPORT OVERVIEW

General information

This financial report covers the consolidated financial statements and notes of Rural Funds Trust and its Controlled Entities including RF Active (Rural Funds Group, the Group or collectively the Trusts). Rural Funds Group is a for profit entity incorporated and domiciled in Australia. The Directors of the Responsible Entity authorised the Financial Report for issue on 21 February 2025 and have the power to amend and reissue the Financial Report.

Items included in the financial statements of each of the Group entities are measured using the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

The separate financial statements and notes of the parent entity, Rural Funds Trust, have not been presented within this financial report as permitted by amendments made to the *Corporations Act 2001*.

Basis of preparation

The Trusts have common business objectives and operate collectively as an economic entity known as Rural Funds Group. The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, and other authoritative pronouncements of the Australian Accounting Standards Board, the *Corporations Act 2001* and the Trusts' Constitution. The report has been prepared on a going concern basis.

The material accounting policies used in the preparation and presentation of these financial statements are provided below and are consistent with prior reporting periods unless otherwise stated. The financial statements are based on historical cost, except for the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

This general purpose financial report for the half year ended 31 December 2024 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. The half year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as the full financial report.

It is recommended that the half year financial report be read in conjunction with the annual financial report for the financial year ended 30 June 2024 and any public announcements made by the Group during the half year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*.

These financial statements are consolidated financial statements and accompanying notes of both Rural Funds Trust and RF Active.

Rounding of amounts

The Group is an entity to which ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 applies and accordingly amounts in the consolidated financial statements and Directors' report have been rounded to the nearest thousand dollars.

Principles of consolidation

The consolidated financial statements include the financial position and performance of controlled entities from the date on which control is obtained until the date that control is lost.

Intragroup assets, liabilities, income, expenses and cash flows relating to transactions between entities in the consolidated Group have been eliminated in full for the purpose of these financial statements.

Appropriate adjustments have been made to the controlled entity's financial position, performance and cash flows where the accounting policies used by that entity were different from those adopted by the consolidated entity. All controlled entities have a 30 June financial year end.

Rural Funds Group

Notes to the Financial Statements

31 December 2024

Principles of consolidation (continued)

Controlled entities

In accordance with AASB 3 *Business Combinations*, Rural Funds Trust is deemed to control RF Active from the stapling date of 16 October 2014. Rural Funds Trust is considered to be the acquirer of RF Active due to the size of the respective entities and as the stapling transaction and capitalisation of RF Active was funded by a distribution from Rural Funds Trust that was compulsorily used to subscribe for units in RF Active.

Significant accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements, estimates and assumptions in relation to assets, liabilities, contingent liabilities, revenue and expenses.

Management bases its judgements, estimates and assumptions on historical experience and on other various factors it believes to be reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

The following are areas for which significant judgements, estimates or assumptions are made:

Valuation of property related assets

Independent valuations on the Group's properties are obtained, ensuring that each property will have been independently valued every two financial years or more often where appropriate. Independent valuation reports assess and provide value for properties in their entirety.

Significant judgement is applied in order to allocate the total property value, as disclosed in the independent valuation reports where applicable, to investment property, bearer plants and water entitlements. The allocation technique will vary depending on the nature of the lease arrangement.

Where information is available, each component of the property, meaning the land and infrastructure, the trees and any water assets, disclosed in the financial statements as investment property, bearer plants and water entitlements, will be allocated on an encumbered (subject to lease) basis.

If this information is not available, the valuation report may provide additional information, such as the summation basis of the unencumbered (vacant possession) value, evidence of other market transactions and the analysis of those component parts, which along with other sources, including the nature of capital expenditure on the property, is used to determine the encumbered allocation to components. Significant judgement is applied as part of these allocations, which vary from property to property, given the individual circumstances of the leasing arrangements. The allocation technique may change to reflect the best estimate of fair value attributable to each component at reporting date. Allocation techniques are disclosed in Note C1.

Estimation of useful lives of bearer plants

The useful lives of bearer plants have been estimated by assessing industry data. The useful lives of bearer plants are disclosed in Note C3.

Working capital

The deficiency in working capital at 31 December 2024 is due to the timing of distributions at balance date. Based on the forecast cash flows, the Group believes it can pay all its debts as and when they fall due for at least a minimum period of 12 months from the date of these accounts. The Group has headroom in its syndicated bank facility of \$155,900,000 as at 31 December 2024 subject to compliance with the Group's bank covenants.

Comparative amounts

Comparative amounts have not been restated unless otherwise noted.

Rural Funds Group

Notes to the Financial Statements

31 December 2024

B. RESULTS

B1 Segment information

The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Directors of the Responsible Entity. During the half year ended 31 December 2024, the Group held property in agricultural sectors presented in five segments (30 June 2024: five segments) each holding and leasing agricultural property and equipment. Segment revenue includes rental income, finance income and interest income. Segment property assets include investment property, bearer plants, intangible assets, property – owner occupied, financial assets and plant and equipment. Revenue and property assets not categorised in these sectors are managed at a corporate level. Liabilities and direct or indirect expenses are not allocated to individual segments as these are reviewed by the chief operating decision maker on a consolidated basis.

Segment revenue and revaluation movements

	Almonds	Cattle	Vineyards	Cropping	Macadamias	Other*	Total
31 December 2024	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Rental revenue**	15,807	10,848	2,337	2,575	7,818	1,578	40,963
Rental revenue - prepaid rent (TRG)**	-	-	-	(710)	(8)	-	(718)
Lease incentive amortisation	-	-	-	-	(80)	-	(80)
Rental revenue - straight-lining	1	137	(88)	-	4,174	(29)	4,195
Revenue from farming operations	-	-	-	-	-	11,417	11,417
Interest received	-	195	-	-	-	108	303
Finance income	-	5,771	-	-	247	57	6,075
Total revenue	15,808	16,951	2,249	1,865	12,151	13,131	62,155
Other income	-	-	-	-	-	3,183	3,183
Gain / (loss) on disposal	-	29	-	(244)	(1)	-	(216)
Depreciation - bearer plants	(3,196)	-	(554)	-	(2,253)	-	(6,003)
Depreciation - property (owner occupied)	-	(271)	-	(7)	(195)	-	(473)
Change in fair value through profit or loss	-	476	-	3,915	(1,594)	-	2,797
Revaluation increment through other comprehensive income	-	-	-	-	961	-	961
Total revaluation	-	476	-	3,915	(633)	-	3,758
Revaluation of water entitlements per director's valuation	-	142	-	-	27	-	169
Total revaluation including water entitlements	-	618	-	3,915	(606)	-	3,927

*Other rental revenue relates to lease of water entitlements.

**Includes Rental revenue – prepaid rent (TRG).

Rural Funds Group

Notes to the Financial Statements

31 December 2024

B1 Segment information (continued)

Segment revenue and revaluation movements (continued)

Revaluation for cropping segment relates to external valuations for Lynora Downs and Kaiuroo, with market movements supported by comparable sales transactions.

Revaluation for macadamia segment largely relates to the external valuations for mature macadamia properties and macadamia properties under development that are leased to a company managed by The Rohatyn Group (TRG), with market movements supported by comparable sales transactions.

Refer to section C1 for details on properties valued during the half year.

Rural Funds Group

Notes to the Financial Statements

31 December 2024

B1 Segment information (continued)

Segment revenue and revaluation movements (continued)

	Almonds	Cattle	Vineyards	Cropping	Macadamias	Other*	Total
31 December 2023	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Rental revenue**	15,026	10,029	2,464	2,005	3,729	1,328	34,581
Rental revenue - prepaid rent (TRG)**	-	-	-	-	(244)	-	(244)
Lease incentive amortisation	-	-	-	-	(28)	-	(28)
Rental revenue - straight-lining	129	3	32	-	1,471	12	1,647
Revenue from farming operations	-	-	-	-	-	11,183	11,183
Interest received	-	131	-	-	-	219	350
Finance income	-	5,675	-	-	-	-	5,675
Total revenue	15,155	15,838	2,496	2,005	4,928	12,742	53,164
Other income	-	-	-	-	-	2,151	2,151
Gain/(loss) on disposal	-	9	206	26	(2)	27	266
Depreciation - bearer plants	(3,240)	-	(555)	-	(1,834)	-	(5,629)
Depreciation - property (owner occupied)	-	(73)	-	(210)	(142)	-	(425)
Change in fair value through profit or loss	-	48,535	-	2,209	(8,512)	1,548	43,780
Revaluation increment through other comprehensive income	-	-	-	2,530	24,719	-	27,249
Total revaluation	-	48,535	-	4,739	16,207	1,548	71,029
Revaluation of water entitlements per director's valuation	-	-	-	391	6,789	-	7,180
Total revaluation	-	48,535	-	5,130	22,996	1,548	78,209

*Other rental revenue relates to lease of water entitlements.

**Includes Rental revenue – prepaid rent (TRG).

Rural Funds Group

Notes to the Financial Statements

31 December 2024

B1 Segment information (continued)

Segment assets

31 December 2024	Almonds \$'000	Cattle \$'000	Vineyards \$'000	Cropping \$'000	Macadamias \$'000	Unallocated \$'000	Total \$'000
Investment Property	170,374	525,052	34,030	98,827	214,439	-	1,042,722
Plant and equipment - bearer plants	122,771	-	18,123	-	110,795	-	251,689
Financial assets - property related	11,590	87,259	678	-	15,669	5	115,201
Intangible assets (water)	66,707	22,368	500	6,985	25,245	80,422	202,227
Property - owner occupied	-	95,849	-	18,688	39,655	-	154,192
Plant and equipment	106	4,349	-	2,738	12,385	189	19,767
Assets held for sale	-	12,540	-	-	-	-	12,540
Total property assets per statutory accounts	371,548	747,417	53,331	127,238	418,188	80,616	1,798,338
Revaluation of intangible assets per director's valuation	81,951	142	3,679	1,710	12,776	45,033	145,291
Total adjusted property assets at director's valuation	453,499	747,559	57,010	128,948	430,964	125,649	1,943,629
Other assets per statutory accounts	-	-	-	-	-	100,314	100,314
Total adjusted assets	453,499	747,559	57,010	128,948	430,964	225,963	2,043,943

Rural Funds Group

Notes to the Financial Statements

31 December 2024

B1 Segment information (continued)

Segment assets

30 June 2024	Almonds \$'000	Cattle \$'000	Vineyards \$'000	Cropping \$'000	Macadamias \$'000	Unallocated \$'000	Total \$'000
Investment property	167,334	535,575	33,253	71,372	195,707	-	1,003,241
Plant and equipment - bearer plants	125,899	-	17,946	-	104,997	-	248,842
Financial assets - property related	11,589	87,601	766	-	3,799	35	103,790
Intangible assets (water)	66,707	21,437	500	6,831	26,251	79,998	201,724
Property - owner occupied	-	92,200	-	38,869	38,727	-	169,796
Plant and equipment	112	4,668	-	4,361	19,860	-	29,001
Assets held for sale	-	-	-	48,876	-	-	48,876
Total property assets per statutory accounts	371,641	741,481	52,465	170,309	389,341	80,033	1,805,270
Revaluation of intangible assets per director's valuation	81,951	-	3,679	3,030	12,749	45,033	146,442
Total adjusted property assets at director's valuation	453,592	741,481	56,144	173,339	402,090	125,066	1,951,712
Other assets per statutory accounts	-	-	-	-	-	95,944	95,944
Total adjusted assets	453,592	741,481	56,144	173,339	402,090	221,010	2,047,656

Rural Funds Group

Notes to the Financial Statements

31 December 2024

B1 Segment information (continued)

Net asset value adjusted for water rights

The chief operating decision maker of RFF assesses the segments on property asset values adjusted for water rights. RFF owns permanent water rights and entitlements which are recorded at historical cost less accumulated impairment losses. Such rights have an indefinite life and are not depreciated. The carrying value is tested annually for impairment as well as for possible reversal of impairment. If events or changes in circumstances indicate impairment, or reversal of impairment, the carrying value is adjusted to take account of impairment losses.

The book value of the water rights (including investments in BIL and CICL recognised as financial assets) at 31 December 2024 is \$214,211,000 (30 June 2024: \$213,708,000).

Independent valuations on the Group's properties are obtained, ensuring that each property will have been independently valued every two years or more often where appropriate. Independent valuation reports assess and provide value for properties in their entirety. The independent valuation reports contain information with which judgement is applied in order to allocate values to investment property, bearer plants and water entitlements. The Directors have taken into account the most recent valuations on each property and consider that they remain a reasonable estimate and, on this basis, the fair value of water entitlements before deferred tax adjustments at 31 December 2024 was \$359,502,000 (30 June 2024: \$360,150,000) representing the value of the water rights of \$145,291,000 (30 June 2024: \$146,442,000) above cost.

The following is a reconciliation of the book value at 31 December 2024 to an adjusted value based on the Directors' valuation of the water rights which are assessed by the chief operating decision maker.

	Per Statutory Consolidated Statement of Financial Position \$'000	Revaluation of water entitlements per Directors' valuation \$'000	Directors' valuation (Adjusted) \$'000
Assets			
Total current assets	60,356	-	60,356
Total non-current assets	1,838,296	145,291	1,983,587
Total assets	1,898,652	145,291	2,043,943
Liabilities			
Total current liabilities	66,166	-	66,166
Total non-current liabilities	768,009	-	768,009
Total liabilities (excluding net assets attributable to unitholders)	834,175	-	834,175
Net assets attributable to unitholders	1,064,477	145,291	1,209,768
Net asset value per unit (\$)	2.73	0.37	3.10

Rural Funds Group

Notes to the Financial Statements

31 December 2024

B1 Segment information (continued)

31 December 2024	Area ¹	31 December 2024 Adjusted property value \$'000	30 June 2024 Adjusted property value \$'000	Most Recent Independent Valuation	
				Date	Valuation \$'000
Almonds					
Yilgah (NSW)	935 ha	111,936	111,566	May 2024	111,500
Tocabil (NSW)	603 ha	61,923	61,523	May 2024	61,500
Kerarbury (NSW)	2,530 ha	279,409	280,269	May 2024	280,500
Cattle					
Rewan (QLD)	17,479 ha	72,748	72,455	Jul 2024	72,600
Mutton Hole (QLD)	140,300 ha	19,436	19,370	Jun 2023	19,000
Oakland Park (QLD)	85,500 ha	10,080	10,074	Jun 2023	9,900
Natal Aggregation (QLD)	390,600 ha	184,851	184,032	Oct 2023	183,600
Comanche (QLD)	7,600 ha	36,233	36,128	May 2024	36,250
Cerberus (QLD)	8,280 ha	26,175	26,088	May 2024	25,900
Dyamberin (NSW)	1,728 ha	23,235	23,235	Sep 2023	23,235
JBS Feedlots Finance Lease Receivable (NSW/QLD)	150,000 hd	65,171	65,160	N/A	N/A
Woodburn (NSW)	1,063 ha	12,540	12,540	Sep 2023	12,539
Cobungra (VIC)	6,497 ha	52,854	52,764	Feb 2024	52,700
Petro (WA)	2,942 ha	17,749	17,386	Jun 2023	16,825
High Hill (WA)	1,601 ha	9,010	8,995	Jun 2023	8,780
Willara (WA)	1,653 ha	8,292	8,261	Jun 2023	8,260
Yarra (QLD) ²	4,090 ha	34,828	33,478	May 2024	27,200
Homehill (QLD)	4,925 ha	20,825	20,825	May 2024	20,825
Coolibah aggregation (QLD) ³	724 ha	5,660	5,660	May 2024	5,660
Thirsty Creek (QLD) ²	503 ha	7,004	6,785	Nov 2024	4,123
Kaiuroo (QLD)	27,879 ha	78,887	75,516	Aug 2024	77,000
Wyseby (QLD)	14,071 ha	34,974	34,952	Jun 2023	34,951
Cropping					
Lynora Downs (QLD)	4,963 ha	50,411	45,578	Jul 2024	50,000
Mayneland (QLD) ⁴	2,942 ha	16,700	30,511	Jun 2023	28,550
Maryborough – Cropping (QLD)	2,059 ha	33,867	39,460	Oct 2023	38,780
Baamba Plains (QLD) ⁴	4,130 ha	23,232	45,183	Jun 2023	37,450
Swan Ridge South (QLD)	123 ha	2,000	2,002	Sep 2024	2,000
Macadamias					
Swan Ridge (QLD)	130 ha	22,223	23,420	Sep 2024	22,350
Moore Park (QLD)	104 ha	16,849	17,801	Sep 2024	16,950
Bonmac (QLD)	27 ha	4,370	4,572	Sep 2024	4,400
Cygnets and Nursery Farm – Tranche 1 (QLD) ⁵	78 ha	10,182	9,609	Nov 2024	10,150
Riverton – Tranche 1 (QLD) ⁵	422 ha	49,393	44,726	Nov 2024	49,150
Maryborough – Tranche 1 (QLD) ⁵	766 ha	77,590	73,621	Nov 2024	77,300
Maryborough – Tranche 2 (QLD) ⁶	745 ha	64,035	57,558	Nov 2024	62,800
Rookwood Farms – Tranche 2 (QLD) ⁶	1,002 ha	86,001	76,306	Nov 2024	83,750
Rookwood Farms (QLD)	N/A	15,655	14,953	Nov 2024	15,450
Beerwah (QLD)	340 ha	36,841	36,770	Sep 2024	37,300
Bauple (QLD)	135 ha	19,771	19,093	Sep 2024	20,000

Valuations are encumbered unless not applicable (for example where a property is not subject to lease or at acquisition)

¹ Unless otherwise denoted, the almond, vineyard and macadamia areas refer to planted and planned development areas. Wyseby held as tenant-in-common arrangement with a 57.25% interest.

² Includes Rookwood weir (QLD) water allocated at cost.

³ Coolibah aggregation comprises of the Coolibah and River Block properties.

⁴ Sale of 50% interest during the half year.

⁵ Tranche 1 properties subject to the lease with a company managed by The Rohatyn Group (TRG) from January 2023.

⁶ Tranche 2 properties subject to lease with a company managed by TRG from June 2024.

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31 December 2024

31 December 2024		31 December 2024 Adjusted property value \$'000	30 June 2024 Adjusted property value \$'000	Most Recent Independent Valuation		
				Date	Valuation \$'000	
Vineyards						
	Kleinig (SA)	206 ha	20,552	20,100	Jun 2024	20,100
	Geier (SA)	244 ha	24,076	23,700	Jun 2024	23,700
	Hahn (SA)	50 ha	3,943	4,000	Jun 2024	4,000
	Mundy and Murphy (SA)	55 ha	4,601	4,400	Jun 2024	4,400
	Rosebank (VIC)	83 ha	3,683	3,700	Jun 2024	3,700
Water rights						
	River water (NSW)	8,754 ML	76,597	76,597	Jun 2024	76,597
	River water (QLD)	600 ML	394	394	N/A	N/A
	Rookwood weir (QLD)	8,227 ML	13,565	13,140	N/A	N/A
	Ground water (NSW)	8,338 ML	34,900	34,900	Dec 2023	34,900
Total property and water assets			1,885,251	1,889,156		
	Cattle finance leases and other assets		21,338	21,910		
	Plant and equipment		19,767	35,245		
	Other receivables and equipment leases		17,273	5,401		
Total adjusted property assets			1,943,629	1,951,712		

Revaluations from external valuations

All of the Group's properties have been valued by an independent valuer within the last 24 months. Further information on the significant unobservable inputs adopted by the external valuer in the fair value measurement of the properties is described in note C1.

The Group's unleased macadamia properties have been valued on an unencumbered (vacant possession) basis.

Adjusted property values movements after the most recent independent valuation

Increases to the adjusted property value from the last valuation is primarily a result of new acquisitions or capital expenditure subsequent to the valuation, designed to improve an asset's productivity and value.

Decrease to adjusted property value from last valuation for properties is primarily a result of depreciation on owner occupied property and bearer plants (where relevant).

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31 December 2024

B2 Adjusted funds from operations (AFFO)

The following presents the components of adjusted funds from operations (AFFO) and provides a reconciliation from AFFO to Net profit after income tax which is assessed by the chief operating decision maker.

	31 December 2024 \$'000	31 December 2023 \$'000
Revenue	50,738	41,981
Other income	2,180	1,723
Management fee	(5,423)	(4,713)
Asset management fee	(4,067)	(3,534)
Property expenses	(1,834)	(1,861)
Other expenses	(3,745)	(3,614)
Finance costs	(12,344)	(10,338)
Income tax payable (AWF)	(585)	(314)
Revenue adjustments		
Rental revenue - prepaid rent (TRG)	870	244
Prepaid rent recognised (TRG)	(152)	-
Lease incentive amortisation (TRG)	80	28
Straight-lining of rental revenue	(4,195)	(1,647)
Interest component of JBS feedlot finance lease	(11)	61
Farming operations		
Revenue from farming operations	11,417	11,183
Other income - farming operations	153	428
Cost of goods sold - farming operations	(11,340)	(11,177)
Change in fair value of biological assets (realised from harvested crops and cattle)	3,104	2,054
Change in fair value of biological assets (prior year biological assets realised during the year)	893	(581)
Property and other expenses - farming operations	(2,894)	(4,387)
Share of loss – Cotton JV Pty Ltd	(534)	-
Adjusted Funds From Operations (AFFO)	22,311	15,536
Property related		
Change in fair value of investment property	4,583	45,115
Reversal of impairment / (impairment) of bearer plants	155	(2,695)
Impairment of property - owner occupied	(788)	(176)
(Impairment) / reversal of impairment of intangible assets	(1,129)	1,560
Depreciation - bearer plants	(6,003)	(5,629)
Depreciation - property owner occupied	(473)	(425)
Depreciation and impairments - other	(2,218)	(1,828)
(Loss) / gain on sale of assets	(216)	266
Revenue items		
Rental revenue - prepaid rent (TRG)	(870)	(244)
Prepaid rent recognised (TRG)	152	-
Lease incentive amortisation (TRG)	(80)	(28)
Straight-lining of rental revenue	4,195	1,647
Interest component of JBS feedlot finance lease	11	(61)
Share of net loss of associates accounted for using the equity method	(569)	-
Farming operations		
Change in fair value of biological assets (unharvested crops and unsold cattle)	1,258	(218)
Change in fair value of biological assets (prior year biological assets realised during the half year)	(893)	581
Contracted farming cost recovery (TRG cropping)*	850	-
Share of loss – Cotton JV Pty Ltd	534	-
Other		
Change in fair value of financial assets	(24)	(24)
Change in fair value of interest rate swaps	(8,776)	(9,073)
Income tax credit / (expense)	80	(550)
Net profit after income tax	12,090	43,754
AFFO cents per unit	5.7	4.0

* Contracted farming cost recovery (TRG cropping) recognised in AFFO for the year ended 30 June 2024, realised in net profit before income tax for the half year ended 31 December 2024.

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Notes to the Financial Statements

31 December 2024

B3 Revenue

	31 December 2024 \$'000	31 December 2023 \$'000
Rental income	44,360	35,956
Sale of agricultural produce - farming operations	9,551	8,801
Sale of livestock and agistment income	1,866	2,382
Finance income	6,075	5,675
Interest received	303	350
Total	62,155	53,164

The Group's revenue is largely comprised of income under leases and finance income. All revenue is stated net of the amount of goods and services tax (GST).

Rental income primarily arises from the leasing of property assets at commencement and is accounted for on a straight-line basis over the period of the lease. The respective leased assets are included in the Consolidated Statement of Financial Position based on that nature.

Sale of agricultural produce and livestock is recognised when the performance obligation of passing control of agricultural produce and livestock at an agreed upon delivery point to the customer has been satisfied.

Finance income arises from the provision of financial guarantees and working capital loans, finance leases on cattle feedlots and cattle breeders and leased agricultural plant and equipment and recognised on an accrual basis using the effective interest rate method.

Other Income

	31 December 2024 \$'000	31 December 2023 \$'000
Lease and sale of temporary water allocations	2,048	1,779
Other income	1,135	372
Total	3,183	2,151

Lease and sale of temporary water allocations is recognised when the annual water allocations are received by the customer.

Expenses

Expenses such as Responsible Entity fees, property expenses and overheads are recognised on an accruals basis. Interest expenses are recognised on an accrual basis using the effective interest method.

B4 Distributions

The Group paid and declared the following distributions during the half year:

	Cents per unit	Total \$
Distribution declared 3 June 2024, paid 31 July 2024	2.9325	11,385,227
Distribution declared 2 September 2024, paid 31 October 2024	2.9325	11,405,842
Distribution declared 2 December 2024, paid 31 January 2025	2.9325	11,428,636

Rural Funds Group

Notes to the Financial Statements

31 December 2024

C. PROPERTY ASSETS

This section includes detailed information regarding RFF's properties, which are made up of multiple line items on the Consolidated Statement of Financial Position including Investment property, Plant and equipment – bearer plants, Financial assets – property related, Intangible assets, Property – owner occupied and Plant and equipment – other.

C1 RFF property assets

		31 December 2024 \$'000	30 June 2024 \$'000
Investment property	C2	1,042,722	1,003,241
Plant and equipment - bearer plants	C3	251,689	248,842
Financial assets - property related	C4	115,201	103,790
Intangible assets	C5	202,227	201,724
Property - owner occupied	C6	154,192	169,796
Plant and equipment - other	C7	19,767	29,001
Asset held for sale	C8	12,540	48,876
Total		1,798,338	1,805,270

Key changes to the property portfolio during the half year:

- During the half year, the Group completed the sale of three Maryborough cropping properties previously contracted.
- In December 2024, the Group completed the sale of 50% interest in Mayneland and Baamba Plains and associated plant and equipment to a company managed by The Rohatyn Group.

Macadamia development

The Group is developing macadamia orchards across a number of properties located in Queensland, Australia. As part of the development, costs relating to the acquisition, construction and development of macadamia orchards will be capitalised to the respective asset class that the cost relates to. The asset classes identified are investment property, bearer plants and water entitlements.

Investment Property

This includes costs associated with the acquisition for land, buildings, orchard and irrigation infrastructure and any costs directly attributable to bringing the asset to the condition necessary for it to be capable of operating in the manner intended by management.

Bearer Plants

This includes costs associated with the acquisition of macadamia trees, planting costs, growing costs incurred for the trees to reach maturity including fertiliser and watering costs and costs associated with establishing the macadamia trees in the orchard and bringing the asset to the condition necessary for it to be capable of operating in the manner intended by management.

Water entitlements

This includes costs associated with the purchase of water entitlements. Water entitlements are deemed ready for use on acquisition.

Borrowing costs

Borrowing costs may be capitalised on qualifying assets up until the property is deemed ready for use. Borrowing costs relating to the acquisition, construction and development of properties are capitalised to the respective asset classes up until the property is deemed ready for use. Properties could be deemed ready for use when the property has been leased or when the property is operating in a manner as intended by management, for example, a macadamia orchard may be deemed operational when the orchard is fully planted and the plantings have been established.

Total borrowing costs capitalised during the half year ended 31 December 2024 was \$7,089,000 (31 December 2023: \$5,682,000).

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Notes to the Financial Statements

31 December 2024

C1 RFF property assets (continued)

Valuations

Independent valuations on the Group's properties are obtained, ensuring that each property will have been independently valued every two financial years or more often where appropriate. Independent valuers engaged hold recognised and relevant professional qualifications with experience in agricultural properties.

The following existing properties had relevant independent valuations during the half year ended 31 December 2024:

Cattle properties	Rewan, Kaiuroo
Macadamia properties	Swan Ridge, Moore Park, Bonmac, Cygnet, Nursery Farm, Riverton, Maryborough – Tranche 1, Maryborough – Tranche 2, Rookwood Farms – Tranche 2, Rookwood Farms, Beerwah, Bauple
Cropping properties	Lynora Downs, Swan Ridge South

The Directors have considered independent valuations and market evidence where appropriate to determine the appropriate fair value to adopt. The Directors have adopted all valuations from independent valuers in the periods where valuations have been obtained.

The Directors have deemed that independent valuations were not required on the remaining properties as there have been no material changes to the industry, physical and geographical conditions of these properties in which the independent valuers have previously assessed. For these properties, the Directors have performed internal assessments, considering the latest valuation reports, that the carrying amount is still reflective of the fair value of the properties at reporting date.

The Group's properties, including those under development, are carried at fair value excluding the value of water rights. Water rights are treated as intangible assets, which are held at historical cost less accumulated impairment losses. Independent valuation reports assess and provide value for properties in its entirety. The independent valuation reports contain information with which judgement is applied in order to allocate values to investment property, bearer plants, property – owner occupied and water entitlements, where relevant.

Judgement is applied in order to allocate the total property value, as disclosed in the independent valuation reports, to each component; investment property, bearer plants and water entitlements. The allocation technique will vary depending on the nature of the underlying lease arrangement.

Where information is available, such as when provided by the external valuer, each component of the property, meaning the land and infrastructure, the trees and any water assets, disclosed in the financial statements as investment property, bearer plants and water entitlements, will be allocated on an encumbered (subject to lease) basis. Conditions associated with individual assets are considered as part of the valuation allocation.

If this information is not available, the valuation report may provide additional information, such as the summation basis of the unencumbered (vacant possession) value, which along with other sources, including the nature of capital expenditure on the property, is used to determine the encumbered allocation to components.

Judgement is applied as part of these allocations which vary from property to property given the individual circumstances of the leasing arrangements. The allocation technique may change to reflect the best estimate of fair value attributable to each component at reporting date.

Significant accounting judgements, estimates and assumptions in relation to valuation of property assets

At the end of each reporting period, the Directors update their assessment of fair value of each property, considering the most recent independent valuations. The Directors determine a property's value using reasonable fair value estimates from the most recent independent valuer's valuation reports.

Independent valuation reports assess and provide fair values for properties in their entirety. Judgement is applied in order to allocate the total property values as disclosed in the independent valuation reports, to investment property, bearer plants, property – owner occupied and water entitlements. The independent valuation reports contain information with which judgement is applied to allocate values to investment property, bearer plants, property – owner occupied and water entitlements.

Investment property, Bearer plants and Property – owner occupied

The main level 3 inputs used by the Group include discount rates, terminal capitalisation rates, rate per area of land, adult equivalent rates and carrying capacity estimated in the respective valuations based on comparable transactions and industry data.

At the end of each reporting period, the directors update their assessment of the fair value of each property. Changes in level 3 fair values are analysed at each reporting date and during discussions with the independent valuers.

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Notes to the Financial Statements

31 December 2024

C1 RFF property assets (continued)

Valuations (continued)

The following table summarises the quantitative information about the significant unobservable inputs used in recurring level 3 fair value measurement:

Description*	Fair value at		Primary valuation technique	Allocation technique	Unobservable inputs**	Range of inputs	
	31 December 2024 \$'000	30 June 2024 \$'000				31 December 2024 %	30 June 2024 %
Almond orchard property	293,145	293,233	Discounted Cash Flow	Rental base	Discount rate (%)	7.25 - 8.00	7.25 - 8.00
				Component based	Terminal Capitalisation Rate (%)	7.75 - 10.00	7.75 - 10.00
Cattle property and infrastructure	620,901	627,775	Summation assessment Productive unit	Component based	\$ per adult equivalent (AE) carrying capacity (Backgrounding properties)	\$5,794 - \$12,326	\$5,793 - \$11,829
					\$ per adult equivalent (AE) carrying capacity (Breeder properties)	\$1,632 - \$3,489	\$1,630 - \$3,489
Vineyard property and infrastructure	52,153	51,199	Discounted Cash Flow	Component based	Discount rate (%)	8.25	8.25
					Terminal Capitalisation rate (%)	8.50 - 9.00	8.50 - 9.00
Cropping property and infrastructure	130,055	152,873	Summation assessment	Component based	\$ per irrigated hectare per property	\$16,770 - \$21,090	\$15,770 - \$21,090
					Average \$ per plantable hectare (Maryborough)	\$20,883	\$20,443
Macadamia orchard property	364,889	339,431	Discounted Cash Flow	Rental base	Discount rate (%)	8.25	8.25
				Summation assessment	Component based	Terminal Capitalisation rate (%)	6.50 - 7.00
				Average \$ per planted hectare (Orchard > 5 years)	\$129,845	\$132,121	
				Average \$ per planted/plantable hectare (Orchard < 5 years)	\$97,519	\$89,291	
Total	1,461,143	1,464,511					

*Fair values disclosed exclude water assets.

**There were no significant inter-relationships between unobservable inputs that materially affect fair values. Unobservable inputs are based on assessments by external valuers.

Rural Funds Group

Notes to the Financial Statements

31 December 2024

C1 RFF property assets (continued)

Valuations (continued)

Primary valuation technique

External valuations typically assess property values using different valuation techniques.

Discounted cash flow	Valuation based on future net rental cash flows discounted to the present value. The terminal value (as determined by the terminal capitalisation rate) is typically assessed and discounted in these types of valuations. The valuer may also use comparative sales as supporting information.
Summation assessment	Assessment of the property on an asset-by-asset basis based on comparative sales evidence and typically driven by a rate per productive hectare and assessment of other components such as water and supporting buildings.
Productive unit	Assessment on the property driven by the value per adult equivalent head that is supported by the property and carrying capacity of the property.
Rent capitalisation	Valuation based on passing rent applied against a capitalisation rate.

Allocation technique

Independent valuation reports assess and provide value for properties in their entirety. Component allocation techniques are adopted to allocate the total property value to investment property, bearer plants, property – owner occupied and water entitlements. The component allocation technique applied is assessed on each external valuation to ensure that the allocation technique is consistent with the nature and characteristics of the property including any lease encumbrances. The allocation technique may change to reflect the best estimate of fair value attributable to each component at reporting date.

The following allocation techniques have been applied:

Rental base	Applied for properties with long term indexed leases by allocating value to component assets using the rental base. The rental base is identifiable and generally determined by the cost of the assets. The allocation by rental base reflects the encumbered nature of the assets where rental incomes are not affected by short term market fluctuations in the value of the assets due to lack of rental review mechanism.
Component based	<p>The encumbered value is allocated based on information in the valuation report which enables the allocation by components on an encumbered basis. Conditions associated with individual assets are considered as part of the valuation allocation.</p> <p>To determine the allocation of components on an encumbered basis, the external valuer will assess various factors such as market indicators, comparable sales data of encumbered assets, comparable rental data and other relevant information such as replacement cost concepts.</p>
Component based – Almonds and Macadamias	<p>Applied for properties where leases include rental reviews. Information is provided in the valuation to allocate the encumbered value of the property to water assets, investment property and bearer plants on an encumbered basis.</p> <p>Firstly, the approach allocates value to water assets based on comparable encumbered rental data. The value of land is determined based on comparable sales data. Orchard infrastructure including irrigation is determined based on a replacement cost assumption adjusted for an estimate of the age of the assets. Bearer plants are identified as being the residual value of the total encumbered value of the property.</p>

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Notes to the Financial Statements

31 December 2024

C1 RFF property assets (continued)

Valuations (continued)

Unobservable inputs

Unobservable inputs are assumptions based on the assessments and determinations made by external valuers in their capacity as qualified experts which are key inputs in the valuation techniques utilised.

Discount rate (%)	The higher the discount rate the lower the fair value
Terminal capitalisation rate (%)	The higher the terminal capitalisation rate the lower the fair value
\$ per irrigated/planted hectare	The higher the value per irrigated/planted hectare, the higher the fair value
Average \$ per plantable hectare	The higher the value per plantable hectare, the higher the fair value
\$ per adult equivalent carrying capacity	The higher the value per adult equivalent carrying capacity, the higher the fair value

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Notes to the Financial Statements

31 December 2024

C2 Investment property

31 December 2024	Almond property \$'000	Cattle property \$'000	Vineyard property \$'000	Cropping property \$'000	Macadamia property \$'000	Total \$'000
Opening net book amount	167,334	535,575	33,253	71,372	195,707	1,003,241
Additions	3,040	1,750	777	2,478	17,196	25,241
Capitalisation of borrowing costs	-	-	-	657	1,707	2,364
Classified as held for sale	-	(12,540)	-	-	-	(12,540)
Disposal	-	-	-	(1,229)	-	(1,229)
Transfer from property - owner occupied	-	-	-	21,162	-	21,162
Amortisation of lease incentives	-	(100)	-	-	-	(100)
Fair value adjustment	-	367	-	4,387	(171)	4,583
Closing net book amount	170,374	525,052	34,030	98,827	214,439	1,042,722

30 June 2024	Almond property	Cattle property	Vineyard property	Cropping property	Macadamia property	Total
Opening net book amount	163,663	503,945	35,442	83,440	136,915	923,405
Additions	3,254	8,841	327	5,851	40,795	59,068
Capitalisation of borrowing costs	-	1,054	-	1,396	3,261	5,711
Classified as held for sale	-	-	-	(17,136)	-	(17,136)
Transfer	-	-	-	58	(58)	-
Transfer to property - owner occupied	-	(25,677)	-	-	-	(25,677)
Transfer from bearer plants	-	-	-	-	13	13
Amortisation of lease incentives	-	(200)	-	-	-	(200)
Fair value adjustment	417	47,612	(2,516)	(2,237)	14,781	58,057
Closing net book amount	167,334	535,575	33,253	71,372	195,707	1,003,241

Investment properties comprise land, buildings and integral infrastructure including shedding, irrigation and trellising.

Macadamia properties under development include Maryborough – Macadamias, Riverton and Rookwood Farms. Development costs for these properties have been capitalised.

Investment properties are held for long-term rental yields and capital growth and are not occupied by the Group. RFF measures and recognises investment property at fair value where the valuation technique is based on unobservable inputs. Changes in fair value are presented through profit or loss in the Consolidated Statement of Comprehensive Income.

Capital expenditure that enhances the future economic benefits of the assets are capitalised to investment property. Incentives provided are capitalised to the investment property and amortised on a straight-line basis over the term of the lease as a reduction of rental revenue.

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Notes to the Financial Statements

31 December 2024

C3 Plant and equipment – bearer plants

31 December 2024	Bearer Plants - Almonds \$'000	Bearer Plants - Vineyards \$'000	Bearer Plants - Macadamias \$'000	Total \$'000
Opening net book amount	125,899	17,946	104,997	248,842
Additions	67	731	4,431	5,229
Capitalisation of borrowing costs	-	-	197	197
Lease incentive	-	-	3,752	3,752
Amortisation of lease incentive	-	-	(80)	(80)
Depreciation	(3,195)	(554)	(2,254)	(6,003)
Fair value adjustment – profit and loss	-	-	155	155
Fair value adjustment - other comprehensive income	-	-	(403)	(403)
Closing net book amount	122,771	18,123	110,795	251,689

30 June 2024	Bearer Plants - Almonds \$'000	Bearer Plants - Vineyards \$'000	Bearer Plants - Macadamias \$'000	Total \$'000
Opening net book amount	129,121	19,172	69,407	217,700
Additions	32	-	12,402	12,434
Capitalisation of borrowing costs	-	-	191	191
Transfer to investment property	-	-	(13)	(13)
Lease incentive	-	-	2,645	2,645
Amortisation of lease incentive	-	-	(68)	(68)
Depreciation	(6,241)	(1,089)	(3,941)	(11,271)
Fair value adjustment - profit and loss	-	(416)	288	(128)
Fair value adjustment - other comprehensive income	2,987	279	24,086	27,352
Closing net book amount	125,899	17,946	104,997	248,842

Bearer plants are solely used to grow produce over their productive lives and are accounted for under AASB 116 *Property, Plant and Equipment*.

RFF initially measures and recognises bearer plants at cost, including planting costs and direct costs associated with establishing these plants to maturity. After initial measurement, the Group adopts the revaluation model and bearer plants are carried at fair value less any accumulated depreciation and accumulated impairment losses.

Bearer plants are subject to revaluations based on the Group's valuation policies. Increases in the carrying amounts arising from revaluation of bearer plants are recognised in other comprehensive income and accumulated in net assets attributable to unitholders under asset revaluation reserve. Revaluation increases which reverse a decrease previously recognised in profit and loss are recognised in profit or loss. Revaluation decreases which offset previous increases are recognised in other comprehensive income in the asset revaluation reserve. Any other decreases are recognised in profit and loss.

Lease incentives relate to orchard establishment costs incurred by the Group subsequent to lease commencement. Lease incentives are capitalised to bearer plants and amortised on a straight-line basis over the term of the lease as a reduction of rental revenue.

Rural Funds Group

Notes to the Financial Statements

31 December 2024

C3 Plant and equipment – bearer plants (continued)

Bearer plants are subject to depreciation over their respective useful lives calculated on a straight-line basis on the carrying amount. Depreciation commences when bearer plants are assumed ready for use which is considered to be when the trees reach maturity or on the commencement of lease. The useful lives and maturity assumptions used for each class of depreciable asset are shown below:

Fixed asset class:	Useful life:
Almond bearer plants	30 years
Vineyard bearer plants	40 years
Macadamia bearer plants	45 - 55 years

At the end of each annual reporting period, the useful life, maturity assumptions and carrying amount of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

Bearer plants as stated on a historical cost basis is as follows:

	31 December 2024 \$'000	30 June 2024 \$'000
Cost	202,097	196,671
Accumulated depreciation	(37,011)	(31,362)
Accumulated impairment	(2,355)	(2,564)
Bearer plants at historical cost less accumulated impairment	162,731	162,745

C4 Financial assets – property related

	31 December 2024 \$'000	30 June 2024 \$'000
Financial Assets - property related		
Investment - BIL	520	520
Investment - CICL	11,464	11,464
Finance Lease - Breeders	19,604	18,864
Finance Lease - Feedlots	65,171	65,160
Finance Lease - Equipment	7,808	130
Finance Lease - DA & JF Camm Pty Limited	1,169	2,381
Other receivables - straight-line asset	9,465	5,271
Total	115,201	103,790

Barossa Infrastructure Ltd (BIL) is an unlisted public Company supplying non-potable supplementary irrigation water for viticulture in the Barossa. The Group holds a minority interest in BIL.

Coleambally Irrigation Co-operative Limited (CICL) is one of Australia's major irrigation companies and is wholly owned by its farmer members. CICL's irrigation delivery system delivers water to 400,000 hectares of area across the Coleambally Irrigation District, in the Riverina, near Griffith, NSW. The Group holds a minority interest in CICL.

Finance Lease – Breeders is comprised of breeders owned by the Group which have been leased to Cattle JV, a wholly-owned subsidiary of Rural Funds Management Limited, for a term of ten years ending in 2028. As part of the arrangement, the lessee is required to maintain the breeder herd and maintain an active breeding program. The expected credit loss on the finance lease is assessed on the value of the breeder herd secured against the finance lease. This assessment involves the monitoring of the value of the breeder herd through a bi-annual mustering process conducted by the lessee, Cattle JV and an annual valuation process. There has been no expected credit loss recognised at 31 December 2024 (30 June 2024: nil).

Finance Lease – Feedlots is comprised of feedlots leased to JBS Australia Pty Limited (JBS) for a term of ten years ending in 2028 with a repurchase call option exercisable by JBS and a sale put option exercisable by the Group. The call option held by JBS can be exercised from year six but will incur a break fee if exercised before year ten.

Rural Funds Group

Notes to the Financial Statements

31 December 2024

C4 Financial assets – property related (continued)

Finance Lease – DA & JF Camm Pty Limited is comprised of cattle owned by the Group and leased to DA & JF Camm Pty Limited, the lessee of the Natal aggregation, as part of a \$5,000,000 facility. The gross balance drawn as at 31 December 2024 was \$1,169,000 (30 June 2024: \$2,381,000). The balance drawn net of security deposits held is \$889,000 (30 June 2024: \$1,871,000). The expected credit loss on the finance lease are based on an assessment of the value of the security held. There has been no expected credit loss recognised at 31 December 2024 (30 June 2024: nil).

Finance Lease – Equipment largely comprises of plant and equipment leased to a company managed by TRG for the operation of macadamia orchards.

Other receivables relate to recognition of rental revenue on a straight-line basis in accordance with AASB 16 *Leases*.

Significant accounting judgements in the valuation of Coleambally Irrigation Co-operative and Barossa Infrastructure Limited shares

The investments in BIL and CICL are treated the same as water rights, that is, recorded at historical cost less accumulated impairment losses and not revalued.

Rural Funds Group

Notes to the Financial Statements

31 December 2024

C5 Intangible assets

Intangible assets are made up of water rights and entitlements. Refer to note B1 for Directors' valuation of water rights and entitlements.

31 December 2024	Almonds \$'000	Cattle \$'000	Vineyards \$'000	Cropping \$'000	Macadamias \$'000	Unallocated \$'000	Total \$'000
Non-current							
Opening net book amount	66,707	21,437	500	6,831	26,251	79,998	201,724
Additions	-	507	-	85	-	43	635
Capitalisation of borrowing costs	-	299	-	70	282	381	1,032
Disposals	-	-	-	(35)	-	-	(35)
Reversal of impairment / (impairment)	-	125	-	34	(1,288)	-	(1,129)
Closing net book amount	66,707	22,368	500	6,985	25,245	80,422	202,227
Cost	67,462	23,240	500	7,255	26,636	83,910	209,003
Accumulated impairment	(755)	(872)	-	(270)	(1,391)	(3,488)	(6,776)
Net book amount	66,707	22,368	500	6,985	25,245	80,422	202,227
30 June 2024							
	Almonds \$'000	Cattle \$'000	Vineyards \$'000	Cropping \$'000	Macadamias \$'000	Unallocated \$'000	Total \$'000
Non-current							
Opening net book amount	66,707	14,831	500	11,966	6,954	66,030	166,988
Additions	-	6,397	-	-	15,995	13,140	35,532
Capitalisation of borrowing costs	-	369	-	165	380	-	914
Transfers	-	-	-	(2,190)	2,910	(720)	-
Disposals	-	-	-	(3,110)	-	-	(3,110)
(Impairment)/reversal of impairment	-	(160)	-	-	12	1,548	1,400
Closing net book amount	66,707	21,437	500	6,831	26,251	79,998	201,724
Cost	67,462	22,434	500	7,135	26,354	83,486	207,371
Accumulated impairment	(755)	(997)	-	(304)	(103)	(3,488)	(5,647)
Net book amount	66,707	21,437	500	6,831	26,251	79,998	201,724

Rural Funds Group

Notes to the Financial Statements

31 December 2024

C5 Intangible assets (continued)

Water rights

Permanent water rights and entitlements are recorded at historical cost less accumulated impairment losses. Such rights have an indefinite life and are not depreciated. The carrying value is tested annually for impairment as well as for possible reversal of impairment. If events or changes in circumstances indicate impairment, or reversal of impairment, the carrying value is adjusted to take account of impairment losses.

C6 Property – owner occupied

31 December 2024	Land	Building	Irrigation	Total
	\$'000	\$'000	\$'000	\$'000
Opening net book amount	140,612	12,580	16,604	169,796
Additions	941	618	1,010	2,569
Capitalisation of borrowing costs	2,862	174	461	3,497
Transfer to investment property	(14,417)	(2,131)	(4,614)	(21,162)
Disposals	(94)	(98)	(419)	(611)
Depreciation	-	(297)	(176)	(473)
Fair value adjustment – profit and loss	(341)	(452)	5	(788)
Fair value adjustment - other comprehensive income	1,237	29	98	1,364
Closing net book amount	130,800	10,423	12,969	154,192

30 June 2024	Land	Building	Irrigation	Total
	\$'000	\$'000	\$'000	\$'000
Opening net book amount	129,730	11,154	3,316	144,200
Additions	1,143	1,979	5,362	8,484
Capitalisation of borrowing costs	5,142	229	508	5,879
Transfer from investment property	14,974	1,973	8,730	25,677
Disposals	(16,158)	(2,033)	(4,195)	(22,386)
Depreciation	-	(650)	(296)	(946)
Fair value adjustment – profit and loss	(151)	(305)	(102)	(558)
Fair value adjustment - other comprehensive income	5,932	233	3,281	9,446
Closing net book amount	140,612	12,580	16,604	169,796

Property – owner occupied relates to owner occupied property that is being used to conduct farming operations by the Group and accounted for under AASB 116 *Property, Plant and Equipment*. Property – owner occupied are held under the revaluation model. As at 31 December 2024, this included properties that were operated by the Group including the Maryborough properties (cropping), Beerwah, Bauple, Swan Ridge, Moore Park (macadamias), Yarra (cattle) and Kaiuroo (cattle).

These assets are subject to revaluations based on the Group's valuation policies. Increases in the carrying amounts arising from revaluation of Property are recognised in other comprehensive income and accumulated in net assets attributable to unitholders under asset revaluation reserve. Revaluation increases which reverse a decrease previously recognised in profit and loss are recognised in profit or loss. Revaluation decreases which offset previous increases are recognised in other comprehensive income in the asset revaluation reserve. Any other decreases are recognised in profit and loss.

Rural Funds Group

Notes to the Financial Statements

31 December 2024

C6 Property – owner occupied (continued)

Elements of Property – owner occupied are subject to depreciation over their respective useful lives calculated on a straight-line basis on the carrying amount. The useful lives and for each class of depreciable asset are shown below:

Fixed asset class:	Useful life:
Land	Not applicable
Buildings	20 years
Irrigation	40 years

At the end of each annual reporting period, the useful life of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

Property – owner occupied as stated on a historical cost basis is as follows:

31 December 2024	Land	Building	Irrigation	Total
	\$'000	\$'000	\$'000	\$'000
Cost	122,396	13,021	9,930	145,347
Accumulated depreciation and impairment	(2,219)	(2,225)	(331)	(4,775)
Net book amount	120,177	10,796	9,599	140,572

30 June 2024	Land	Building	Irrigation	Total
	\$'000	\$'000	\$'000	\$'000
Cost	132,311	14,585	17,662	164,558
Accumulated depreciation and impairment	(527)	(2,324)	(4,340)	(7,191)
Net book amount	131,784	12,261	13,322	157,367

C7 Plant and equipment – other

	31 December 2024 \$'000	30 June 2024 \$'000
Opening net book amount	29,001	27,045
Additions	3,201	12,877
Transfers to finance lease - equipment	(7,787)	-
Classified as held for sale	-	(6,244)
Disposals	(2,306)	(153)
Depreciation	(1,899)	(3,456)
Depreciation capitalised to developments	(443)	(1,068)
Closing net book amount	19,767	29,001
Cost	36,762	45,534
Accumulated depreciation	(15,673)	(15,211)
Accumulated impairment	(1,322)	(1,322)
Net book amount	19,767	29,001

Classes of plant and equipment other than bearer plants are measured using the cost model as specified below. The asset is carried at its cost less any accumulated depreciation and any impairment losses. Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and removing the asset, where applicable.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Rural Funds Group

Notes to the Financial Statements

31 December 2024

C7 Plant and equipment – other (continued)

The Group manages and monitors its leased assets and physically attends to properties where assets are located on a regular basis.

The useful lives and for each class of depreciable asset are shown below:

Fixed asset class:	Useful life:
Capital works in progress	Not applicable
Plant and equipment	2-16 years
Farm vehicles and equipment	2-16 years

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit and loss.

C8 Assets held for sale

		31 December	30 June
		2024	2024
	Note	\$'000	\$'000
Investment property	C2	12,540	17,136
Intangible assets	C5	-	3,110
Property - owner occupied	C6	-	22,386
Plant and equipment - other	C7	-	6,244
Total		12,540	48,876

The Woodburn property was held for sale as at 31 December 2024. The property was contracted for sale in January 2025. The expected settlement is in March 2025.

C9 Capital commitments

Capital expenditure across all properties largely relates to macadamia developments, cattle property developments cropping property developments and almond property improvements. These commitments are contracted for but not recognised as liabilities.

	31 December	30 June
	2024	2024
	\$'000	\$'000
Investment property	61,797	71,269
Bearer plants	81,227	20,658
Intangible assets	-	2,243
Total	143,024	94,170

Rural Funds Group

Notes to the Financial Statements

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D. CAPITAL STRUCTURE AND FINANCIAL RISK MANAGEMENT

RFM, the Responsible Entity of RFF, is responsible for managing the policies designed to optimise RFF's capital structure. This is primarily monitored through an internal gearing ratio target range of 30-35% calculated as interest bearing liabilities as a proportion of adjusted total assets. The optimal capital structure is reviewed periodically, although this may be impacted by market conditions which may result in an actual position which may differ from the desired position.

D1 Interest bearing liabilities

	31 December 2024 \$'000	30 June 2024 \$'000
Current		
Equipment loans (ANZ)	4,764	5,641
Wyseby facility	24,454	24,454
TRG loan	16,149	5,714
J&F Guarantee - Borrowing loss provision	185	185
Total	45,552	35,994
Non-current		
Borrowings (ANZ)	285,703	290,159
Borrowings (Rabobank)	264,117	286,397
Borrowings (NAB)	124,285	148,050
TRG loan	68,635	27,143
Total	742,740	751,749

Interest bearing liabilities are initially recognised at fair value less any related transaction costs. Subsequent to initial recognition, interest bearing liabilities are stated at amortised cost. Any difference between cost and redemption value is recognised in the Consolidated Statement of Comprehensive Income over the entire period of the borrowings on an effective interest basis. Interest-bearing liabilities are classified as current liabilities unless the Group has an unconditional right to defer the settlement of the liability for at least twelve months from the balance sheet date.

J&F Guarantee

Subsequent to initial recognition, financial guarantee contracts are measured as financial liabilities at the higher of any loss allowance calculated and the amount initially recognised. A loss allowance is recognised for expected credit losses on a financial guarantee contract. The expected credit loss is assessed based on the probability of default and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the risk of default at the reporting date is compared to the risk of default at the date of initial recognition. Consideration is made to factors that could impact the financial guarantee such as actual or expected significant adverse changes in business, financial or economic conditions, and any material / adverse changes to the operating results of the associated parties of the financial guarantee.

The J&F Guarantee is a \$123.0 million (30 June 2024: \$123.0 million) limited guarantee provided by the Group to J&F Australia Pty Ltd (J&F), a wholly owned subsidiary of Rural Funds Management Limited, for a period of ten years from August 2018. From the provision of this guarantee, the Group earns a guarantee fee classified as finance income as noted in B3, paid on a monthly basis. The guarantee is currently used to support \$123,000,000 of J&F's debt facility which is used for cattle purchases, feed and other costs associated with finishing the cattle on the feedlots, enabling J&F to supply cattle to JBS Australia Pty Limited (JBS) for its grain fed business and the funding of grain in JBS' Rivalea business. Given J&F's primary source of income is from payments from JBS, a J&F default is only likely to occur in the event of a JBS default. In the event of a JBS default, J&F would cease buying cattle and commence selling cattle in the feedlots. As cattle are sold, J&F bank loans would be repaid. Given that lot-fed cattle can gain up to 2kgs per day, and are sold on a per kg basis, a material fall in the cattle price would be required for there to be a shortfall. The guarantee would be called to cover any shortfall between J&F borrowings and cattle sales but limited to \$123.0 million.

Rural Funds Group

Notes to the Financial Statements

31 December 2024

D1 Interest bearing liabilities (continued)

J&F Guarantee (continued)

The guarantee fee received from J&F during the half year was \$2,642,000 (31 December 2023: \$2,713,000). The net return to the Group relating to the guarantee fee arrangement for the half year was approximately 4.3% (31 December 2023: 4.1%). There was no event of default during the half year, and as a result, the guarantee has not been called.

The financial guarantee was recognised at fair value at inception, which was nil. Subsequently, it is carried at the value of the expected credit loss. The credit loss has been calculated considering the likelihood of the financial guarantee being triggered and its financial impact on the Group. In calculating the allowance, consideration is given to counterparty risk associated with the arrangement, with JBS being the ultimate counterparty. The credit risk of JBS was determined not to have increased significantly since initial recognition, therefore the loss allowance for the guarantee has been recognised at an amount equal to 12-month expected credit losses. Consideration is also given to the value of cattle in assessing any potential shortfall should the guarantee be called by the Group. There was no change to the credit loss provision recognised during the half year.

As part of the JBS transaction, the Group purchased five feedlots from JBS Australia Pty Limited (JBS) and leased them back to JBS. The feedlots are classified as a finance lease with a repurchase call option exercisable by JBS and a sale put option exercisable by the Group as noted in C4. The call option held by JBS can be exercised from year six but will incur a break fee if exercised before year ten in 2028.

Borrowings

At 31 December 2024 the syndicated debt facility available to the Group was \$830,000,000 (30 June 2024: \$750,000,000), with a drawn balance of \$674,105,000 (30 June 2024: \$724,606,000). The facility is split into two tranches, with a \$410,000,000 tranche expiring in November 2026 and a \$420,000,000 tranche expiring in November 2027.

As at 31 December 2024 RFF had active interest rate swaps totalling 73.4% (30 June 2024: 68.5%) of the drawn balance on the floating debt facility to manage interest rate risk. Hedging requirements under the terms of the borrowing facility may vary with bank consent.

As at 31 December 2024 the TRG loan balance was \$84,784,000 (30 June 2024: \$32,857,000). A \$40,000,000 loan was provided to the Group on commencement of the initial lease with an additional \$60,000,000 provided in August 2024. Debt is repaid with interest over 7 years to March 2030.

As at 31 December 2024 a borrowing facility provided by Rabobank to the Group relating to the acquisition of Wyseby property was \$24,455,000. At balance date, the facility is due to expire on September 2025.

Loan covenants

Under the terms of the updated borrowing facility, the Group was required to comply with the following financial covenants for the half year ended 31 December 2024:

- maintain a maximum Loan to Value Ratio of 60% (30 June 2024: 55%);
- maintain Net Tangible Assets (including water entitlements) in excess of \$400,000,000; and
- an Interest Cover Ratio for the Group not less than 1.50:1.00 (30 June 2024: 1.50:1.00) with distributions permitted if the Interest Cover Ratio is not less than 1.65:1.00 (30 June 2024: 1.65:1.00).

The loan to value ratio calculation includes the actual amount guaranteed under the J&F guarantee of an amount of up to \$123.0 million (30 June 2024: \$123.0 million).

Rural Funds Group has complied with the financial covenants of its borrowing facilities during the half year.

In December 2024, the Group received approval from the banking syndicate to reduce the Interest Cover Ratio financial covenant to 1.50:1.00 with distributions permitted if the Interest Cover Ratio is not less than 1.65:1.00 from 1 July 2023 to 30 June 2026.

Loan amounts are provided at the Bankers' floating rate, plus a margin. For bank reporting purposes, the Group's property assets are valued at market value based on the latest external valuation report. Refer to section B1 for Directors' valuation of water rights and entitlements.

Rural Funds Group

Notes to the Financial Statements

31 December 2024

D1 Interest bearing liabilities (continued)

Borrowings with Australian and New Zealand Banking Group (ANZ), Cooperatieve Rabobank UA (Rabobank) and National Australia Bank (NAB) are secured by:

- a fixed and floating charge over the assets held by Australian Executor Trustee Limited (AETL) and Certane CT Pty Limited (Certane) as custodians for Rural Funds Trust, RFM Australian Wine Fund (a subsidiary of Rural Funds Trust) and RF Active; and
- registered mortgages over all property owned by the Rural Funds Trust and its subsidiaries provided by AETL and Certane as custodians for Rural Funds Trust and its subsidiaries.

D2 Issued units

	31 December 2024		30 June 2024	
	No.	\$'000	No.	\$'000
Units on issue at the beginning of the period	388,243,046	431,496	384,856,558	465,912
Units issued during the half year	1,479,953	2,944	3,386,488	6,421
Distributions to unitholders	-	(15,368)	-	(40,837)
Units on issue	389,722,999	419,072	388,243,046	431,496

The holders of ordinary units are entitled to participate in distributions and the proceeds on winding up of the Group. On a show of hands at meetings of the Group, each holder of ordinary units has one vote in person or by proxy, and upon a poll each unit is entitled to one vote. Voting is determined based on the closing market value of each unit.

The Group does not have authorised capital or par value in respect of its units.

Distributions totalling \$22,834,000 were declared during the half year. Distributions are allocated to the components of equity which is comprised of issued units and retained earnings.

Rural Funds Group

Notes to the Financial Statements

31 December 2024

E. OTHER INFORMATION

E1 Financial assets – other (non-property related)

	31 December 2024 \$'000	30 June 2024 \$'000
Current		
Convertible note - Inform Ag Pty Limited	1,000	-
Total	1,000	-
Non - current		
Investment - Marquis Macadamias Limited	5,315	5,315
Investment - Almondco Australia Limited	3,755	3,755
Convertible note - Inform Ag Pty Limited	1,000	-
Total	10,070	9,070

The Group's investments in Marquis Macadamias Limited, Almondco Australia Limited and Convertible note – Inform Ag Pty Limited are held at fair value through profit and loss. Fair value has been assessed based on the latest financial information and an assessment of net realisable value.

E2 Biological assets

	Sugar \$'000	Macadamias \$'000	Cropping \$'000	Cattle \$'000	Total \$'000
31 December 2024					
Opening net book amount	1,808	2,149	2,489	6,461	12,907
Additions	1,906	2,783	1,805	479	6,973
Increases/(decrease) due to biological transformation	1,441	(597)	2,170	1,348	4,362
Decreases due to sales	(3,892)	(1,555)	(6,080)	(1,709)	(13,236)
Closing net book amount	1,263	2,780	384	6,579	11,006
30 June 2024					
Opening net book amount	2,366	403	2,324	9,202	14,295
Additions	2,473	4,085	4,649	1,293	12,500
Increases due to biological transformation	903	2,691	1,819	1,664	7,077
Decreases due to sales	(3,934)	(5,030)	(6,303)	(5,698)	(20,965)
Closing net book amount	1,808	2,149	2,489	6,461	12,907

Biological assets relate to the Group's farming operations. In accordance with AASB 141 *Agriculture*. The Group's cropping biological assets have been recognised at fair value as determined based on the present value of expected net cash flows from the crops.

Cattle biological assets relates to livestock recognised at fair value as determined based on sales for similar cattle in active markets.

Fair value has been based on expected net cash flows from the crops discounted from the time of harvest. The main level 3 inputs used by the Group includes estimates based on production costs (including input and harvest costs) and the estimated time of harvest adjusted for the risks of the cash flows.

Significant estimates used in determining the expected net cash flows:

Sugar from cane planted (tonnes per ha)	The higher the sugar from cane planted, the higher the fair value
Yield	The higher the yield, the higher the fair value
Price (\$ per tonne)	The higher the net price, the higher the fair value

Rural Funds Group

Notes to the Financial Statements

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E2 Biological assets (continued)

Changes in the fair value of biological assets are recognised in the Consolidated Statement of Comprehensive Income in the half year they arise.

Judgements and estimates are made in determining the fair values of the biological assets that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its biological assets into three levels prescribed under the accounting standards.

	Level 1	Level 2	Level 3	Total
31 December 2024	\$'000	\$'000	\$'000	\$'000
Sugar	-	-	1,263	1,263
Macadamias	-	-	2,780	2,780
Cropping	-	-	384	384
Cattle	-	6,579	-	6,579
Total biological assets	-	6,579	4,427	11,006

	Level 1	Level 2	Level 3	Total
30 June 2024	\$'000	\$'000	\$'000	\$'000
Sugar	-	-	1,808	1,808
Macadamias	-	-	2,149	2,149
Cropping	-	-	2,489	2,489
Cattle	-	6,461	-	6,461
Total biological assets	-	6,461	6,446	12,907

Farming operations	Fair value at		Unobservable inputs	Range of inputs	
	31 December 2024	30 June 2024		31 December 2024	30 June 2024
	\$'000	\$'000			
Sugar	1,263	1,808	Sugar from cane planted (tonnes per ha)	4.9 - 6.2 tonnes per ha	2.3 - 7.0 tonnes per ha
			Net price (\$ per tonne) (+/- 10%)	\$542 - \$662 per tonne	\$592 - \$723 per tonne
Macadamias	-	2,149	Macadamia yield (tonnes) (+/- 10%)	-	861.8 - 1,053.3 tonnes
			Farmgate NIS price (\$ per tonne) (+/-10%)	-	\$2,880 - \$3,520 per tonne
Macadamias	2,780	-	Cost approximates fair value less costs to sell	-	-
Cropping (other crops)	384	2,489	Cost approximates fair value less costs to sell	-	-
Total	4,427	6,446			

Rural Funds Group

Notes to the Financial Statements

31 December 2024

E3 Investments accounted for using the equity method

During the half year, the Group paid \$2,440,000 to acquire a 50% joint venture shareholding in Cotton JV Pty Limited (Cotton JV) from Queensland Cotton Corporation Pty Limited. The carry amount of the investment at 31 December 2024 in Cotton JV was \$1,861,000.

The Group also made a \$7,000,000 investment in Inform Ag Pty Limited (Inform Ag) which includes an upfront purchase of shares totalling \$5,000,000 and a convertible debt facility totalling \$2,000,000 (refer to E1 – Financial assets – other (non-property related)). The initial ownership in Inform Ag is 35% and increasing to 43% following the conversion of the debt facility. The carrying amount of the investment in Inform Ag at 31 December 2024 was \$5,010,000.

The carrying amount of equity accounted investments are as follows:

	31 December 2024 \$'000
Beginning of the half year	-
Additions	7,440
Loss for the half year	(569)
Dividends paid	-
End of the half year	6,871

E4 Related party transactions

Responsible Entity (Rural Funds Management) and related entities

Transactions between the Group and the Responsible Entity and its associated entities are shown below:

	31 December 2024 \$'000	31 December 2023 \$'000
Management fee	5,423	4,713
Asset management fee	4,067	3,534
Total management fees	9,490	8,247
Expenses reimbursed to RFM	5,403	5,715
Expenses and capital expenditure reimbursed to RFM Macadamias	10,787	9,065
Expenses reimbursed to Cattle JV	-	13
Expenses reimbursed to RFM Farming	2,537	3,112
Dividends declared to the Responsible Entity	772	772
Total amount paid to RFM and related entities	28,989	26,924
Rental income received from RFM	27	3
Rental income received from RFM Farming	704	1,349
Rental income received from Cattle JV	627	705
Rental income received from Cotton JV	869	840
Finance income from Cattle JV	820	828
Finance income from J&F Australia	2,642	2,713
Expenses charged to RFM Macadamias	146	445
Expenses charged to RFM Farming	82	423
Expenses charged to Cattle JV	-	81
Total amounts received from RFM and related entities	5,917	7,387

Rural Funds Group

Notes to the Financial Statements

31 December 2024

E4 Related party transactions (continued)

The terms and nature of the historical transactions between the Group and related parties have not changed during the half year ended 31 December 2024. Transactions entered between related parties during the half year have been reviewed.

Expenses reimbursed to RFM relates to expenses incurred or paid by RFM on behalf of the Group which are subsequently reimbursed by the Group. Examples of these expenses include corporate overheads, professional service fees such as legal, audit and tax matter costs, and regulatory fees and charges. During the half year ended 31 December 2024, additional costs were incurred by RFM on behalf of the Group as a result of an increase in the Group's operations.

RFM Macadamias and RFM Farming perform management activities, including capital development, farming operations and farm management on behalf of the Group. Expenses include service recharge cost recoveries, costs relating to farm management and capital development costs. These costs incurred by RFM Macadamias and RFM Farming are subsequently reimbursed by the Group. Additional costs were incurred by RFM Macadamias and RFM Farming on behalf of the Group as a result of the ongoing macadamia developments and the Group's farming operations.

Rental income from RFM Farming largely relates to rental income from the Bonmac property, rental income for the use of surplus land on the Yilgah and Tocabil properties and plant and equipment rent for the Mayneland property, prior to sale.

Rental income from Cattle JV largely relates to rental income from Mutton Hole and Oakland Park properties.

Rental income from Cotton JV relates to rental income from Lynora Downs property.

Finance income from Cattle JV relates to breeder herds under finance.

Finance income from J&F Australia Pty Limited (J&F) relates to the \$123.0 million (31 December 2023: \$132.0 million) limited guarantee provided to J&F, a wholly owned subsidiary of Rural Funds Management Limited. From the provision of this guarantee, the Group earns a guarantee fee classified as finance income.

Expenses charged to RFM Macadamias, RFM Farming and Cattle JV relate to farm management operating costs and property rates that are incurred by the Group and subsequently reimbursed to the Group.

Debtors and finance lease receivables

	31 December	30 June
	2024	2024
	\$'000	\$'000
RFM Farming Pty Limited	225	-
RFM Macadamias Pty Limited	-	2,885
Cattle JV Pty Limited	20,491	19,052
Cotton JV Pty Limited	408	62
Total	21,124	21,999

Receivables are not secured and have terms of up to 30 days. Interest is charged on overdue amounts. Finance lease receivables are secured by the Group's ownership of the relevant assets. Outstanding balances are settled through payment.

Finance lease receivable from Cattle JV relates to the breeders and agricultural plant and equipment leased to Cattle JV. \$764,000 of additional breeders were funded during the half year.

Creditors

	31 December	30 June
	2024	2024
	\$'000	\$'000
Rural Funds Management Limited	1,528	1,502
RFM Macadamias Pty Limited	-	9
Total	1,528	1,511

Rural Funds Group

Notes to the Financial Statements

31 December 2024

E4 Related party transactions (continued)

Custodian fees

	31 December 2024 \$'000	31 December 2023 \$'000
Certane CT Pty Limited	293	251
Total	293	251

Financial Guarantee

The Group provides a \$123.0 million (30 June 2024: \$123.0 million) guarantee to J&F Australia Pty Limited (J&F), a subsidiary of RFM. The guarantee is currently used to support \$123.0 million of J&F's debt facility which is used for cattle purchases, feed and other costs associated with finishing the cattle on the feedlots, enabling J&F to supply cattle to JBS Australia Pty Limited (JBS) for its grain fed business. The guarantee is also used to support the funding of grain in JBS' Rivalea business as part of the cattle facility arrangement. The guarantee earns a return for RFF equivalent to an equity rate of return which is calculated on the amount of the guarantee during the half year.

Entities with influence over the Group

	31 December 2024		30 June 2024	
	Units	%	Units	%
Rural Funds Management	13,157,659	3.38	13,157,659	3.39

Other

David Bryant is a director of Inform Ag Pty Limited and Marquis Macadamias Limited. Inform Ag Pty Limited (Inform Ag) is an agriculture technology company. The Group has made a \$7,000,000 investment in Inform Ag which includes a purchase of shares totalling \$5,000,000 and a convertible debt facility in two tranches totalling \$2,000,000. Inform Ag provides services to the Group. Marquis Macadamias Limited provides processing and selling services for the Group's macadamia operations on the Beerwah, Bauple, Swan Ridge and Moore Park properties. The Group also holds shares in Marquis Macadamias Limited. Inform Ag Pty Limited and Marquis Macadamias Limited are not a related party as defined by AASB 124 *Related Party Disclosure*. Procedures are in place to manage any potential conflicts of interest.

E5 Events after the reporting date

In January 2025, the Group contracted to sell the Woodburn property. The expected settlement is in March 2025.

In January 2025, the Group exercised options to acquire shares in Inform Ag Pty Limited (Inform Ag) in addition to the initial investment. The ownership in Inform Ag will increase from the initial 35% to 43%, after the exercise of the options, and increasing to approximately 50% following the conversion of both tranches of the \$2,000,000 debt facility.

In January 2025, the Group extended the leases on five Vineyard properties leased to Treasury Wine Estates Limited (ASX: TWE). The Group's six vineyards were leased until June 2026, and following the extension, the weighted average lease expiry is now approximately 12.7 years.

No other matter or circumstance has arisen since the end of the half year that has significantly affected or could significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

E6 Contingent liabilities

In June 2023, a civil claim was filed in the Supreme Court of Queensland against Australian Executor Trustees Limited as custodian of the Rural Funds Group, RFM Farming Pty Ltd (RFMF) and an employee of RFMF relating to alleged spray drift from the Baamba Plains property in Queensland. RFM was added as a defendant in October 2024. RFM is defending this claim and based on the relevant facts and an indemnity provided by RFM Farming to the Rural Funds Group, there is no material exposure expected to the Group.

Other than what has been disclosed, there are no contingent liabilities as at 31 December 2024.

Rural Funds Group

Directors' Declaration

31 December 2024

In the Directors of the Responsible Entity's opinion:

- 1 The financial statements and notes of Rural Funds Group set out on pages 11 to 49 are in accordance with the *Corporations Act 2001*, including:
 - a. complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - b. giving a true and fair view of the Group's financial position as at 31 December 2024 and of its performance for the half year ended on that date; and
- 2 There are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of the Directors of Rural Funds Management Limited.



David Bryant
Director

21 February 2025



Independent auditor's review report to the stapled security holders of Rural Funds Group

Report on the half-year financial report

Conclusion

We have reviewed the half-year financial report of Rural Funds Trust (the Registered Scheme) and the entities it controlled during the half-year (together Rural Funds Group, or the Group), which comprises the consolidated statement of financial position as at 31 December 2024, the consolidated statement of comprehensive income, consolidated statement of changes in net assets attributable to unitholders and consolidated statement of cash flows for the half-year ended on that date, material accounting policy information and explanatory notes and the directors declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Rural Funds Group does not comply with the *Corporations Act 2001* including:

1. giving a true and fair view of the Group's financial position as at 31 December 2024 and of its performance for the half-year ended on that date
2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibilities of the directors of the Responsible Entity for the half-year financial report

The directors of the Responsible Entity are responsible for the preparation of the half-year financial report, in accordance with Australian Accounting Standards and the *Corporations Act 2001*, including giving a true and fair view, and for such internal control as the directors of the Responsible Entity determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement whether due to fraud or error.

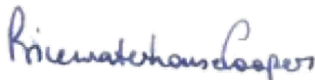
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Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2024 and of its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.


PricewaterhouseCoopers


Marc Upcroft
Partner

Sydney
21 February 2025

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