

ASX Release

16 August 2018

Subject: Media Release - FY18 Financial Results

Rural Funds Management Ltd (RFM), as responsible entity and manager of the Rural Funds Group (RFF), is pleased to announce RFF's FY18 financial results.

Highlights of the financial results include:

- Adjusted funds from operations (AFFO) per unit of 12.7 cents – in-line with forecast;
- Distributions per unit (DPU) of 10.03 cents – in-line with forecast;
- Earnings of \$44.0m – up 29%;
- Pro forma gearing of 25% – against a target range of 30%-35%;
- FY19 forecast AFFO per unit of 13.2 cents – 4% increase on FY18; and
- FY19 forecast distributions per unit of 10.43 cents – 4% increase on FY18.

Contributing to the 29% increase in earnings for the period was lease income from the Natal cattle property aggregation acquired in December 2017 as well as valuation increases on assets in the cattle, cotton, almond, macadamia and water sectors.

During July 2018 RFF conducted a \$149.5m Entitlement Offer to fund the acquisitions of cattle industry assets generating additional fixed income. Pro forma gearing adjusting for the equity raising and associated transactions was 25%, against a target range of 30-35%.

AFFO growth of 26% generated in FY18 compared to the previous period is mainly attributable to additional lease income from acquisitions, development capital expenditure and indexation.

In the investor presentation accompanying the results, RFM outlined RFF's climatic diversification strategy and significant holding of high security water that underpins the reliability of lessees operations in southern Australia. RFM reports that it is business as usual for RFF lessees.

RFM continues to pursue opportunities to expand the fund, with additional natural resource assets in the cattle and cotton sectors. Assets such as these offer growth potential relating to improvements in productivity and value, and complement infrastructure predominant assets such as recently acquired cattle feedlots.

RFM reaffirms FY19 AFFO and distributions forecasts of 13.2 and 10.43 cents per unit respectively. RFF is forecast to maintain a conservative payout ratio of 79% and has a weighted average lease expiry of over 12 years.

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About Rural Funds Group (RFF)

RFF owns a diversified portfolio of high quality Australian agricultural assets. RFF's investment objective is to generate a stable income stream derived from leasing its assets to suitable counterparts and capital growth through any appreciation in the value of those assets. RFF is a stapled security, incorporating Rural Funds Trust (ARSN 112 951 578) and RF Active (ARSN 168 740 805), trading under the ASX code 'RFF'. Rural Funds Management Ltd (RFM) is the responsible entity of RFF.

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