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RFF is a specialist real estate investment trust (REIT) which 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 quality tenants, and capital growth through any appreciation in the value of those assets. Rural Funds Management Ltd (RFM) is the responsible entity of RFF.



### **INVESTMENT HIGHLIGHTS**

### **Quality Australian agricultural REIT**

 RFF owns a portfolio of quality, diversified agricultural assets including tree nut orchards, commercial scale poultry farms, premium vineyards, cattle assets and water entitlements, all of which are leased to quality tenants

### Attractive forecast yield

 Forecast FY17 yield of 6.1% based on distributions of 9.64cpu<sup>2</sup>

# Stable revenue stream and structured rental income appreciation

- Rental income is underpinned by long-term leases to experienced agricultural operators (tenants) who assume agricultural risks
- Leases contain rental indexation (fixed and/or CPI linked) and review mechanisms

### **Strong industry dynamics**

- Australian agricultural land values have increased at an average rate of 4.8% per annum during 1978–2014<sup>4</sup>
- Positive investment thematics with competition for Australian farmland driven by global population growth, emerging middle class in Asia and constrained global supply of agricultural land and water

### **Investment growth strategy**

 RFF's investment strategy is to generate income and capital growth from owning and leasing out agricultural assets. Consistent with this strategy, RFM will pursue the acquisition of additional assets that grow the amount and diversity of RFF's earnings \*469m ADJUSTED TOTAL ASSETS

\$295m

\$1.43

ADJUSTED NAV P/UNIT

**6.1**%

FY17 yield<sup>2</sup>

**9.64**cpu

DIST FY17

# **QUARTERLY**

DIST FREQUENC'

32.5%

GEARING RATIO (FY17)3

34

NUMBER OF PROPERTIES

100%

OCCUPANCY RATE

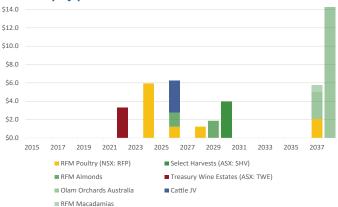
**15.1**YRS

WEIGHTED AVERAGE LEASE EXP5

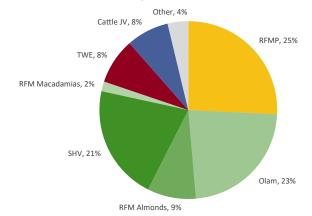
## KEY ASSETS AND LEASE SUMMARY

Assets <sup>6</sup>	Tenants & Lease Expiries⁵
Almond Orchards \$241.4m	Select Harvests Limited, RFM, RFM Almond Funds & Olam Orchards Australia Pty Ltd WALE April 2033
Poultry Infrastructure \$88.7m	RFM Poultry (which holds grower agreements with Baiada Poultry P/L) WALE April 2027
Vineyards \$41.9m	Treasury Wine Estates Pty Ltd WALE June 2022
Cattle Assets \$50.0m	Cattle JV Pty Ltd (a wholly owned subsidiary of RFM) WALE June 2026
Macadamia Orchards \$8.2m	2007 Macgrove Project & RFM WALE May 2037

### Lease expiry profile<sup>5</sup>



### FY17 forecast revenue by lessee<sup>7</sup>





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Hillston (NSW): Almond Orchard



Griffith (NSW): Poultry Infrastructure



Barossa Valley (SA): Shiraz Vineyard



Rewan Station (QLD): Cattle Assets

# ABOUT RURAL FUNDS MANAGEMENT LTD

RFM is a boutique fund and asset manager specialising in the agricultural sector. Established in 1997 to provide investors with an opportunity to invest in Australian rural assets, RFM has corporate offices in Canberra (Head Office) and Sydney.

RFM is the Responsible Entity for seven agricultural investment funds and has approximately \$535m of assets under management in New South Wales, Queensland, South Australia and Victoria.

The RFM Board of Directors comprises three members, two of whom are independent of RFM. Further details can be obtained from our website.

www.ruralfunds.com.au

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<sup>&</sup>lt;sup>1</sup> Post-transaction, pro forma figure as at 30 June 2016, see ASX disclosure 24 August 2016. Adjusted total and net assets recognise the value of water entitlements as stated by a licenced independent valuer. This compares to Financial Statements that recognise water entitlements at cost as per ASIC guidance and accounting standards <sup>2</sup> FY17 forecast DPU of 9.64 cents divided by 30 June 2016 closing price of \$1.58 per unit

<sup>&</sup>lt;sup>3</sup> Post-transaction, pro forma figure as at 30 June 2016, see ASX disclosure 24 August 2016. Gearing calculated as external borrowings / adjusted total assets

<sup>&</sup>lt;sup>4</sup> Source: ABARES - Agricultural land growth comprises growth in the value of cattle and sheep grazing properties and cropping land

<sup>&</sup>lt;sup>5</sup> Lease expiries weighted by forecast FY17 rental income

<sup>6</sup> Independent valuations for all assets shown except the Kerarbury almond orchard (held at cost) and poultry farms (directors valuation, consistent with management's approach to depreciate assets)

<sup>&</sup>lt;sup>7</sup> Assumes forecast FY17 revenue from existing tenants