

ASX release

FY23 financial results summary

24 August 2023

Rural Funds Management Limited (RFM) today released the Rural Funds Group (ASX: RFF, the Group) Financial Statements for the year ended 30 June 2023 (FY23) as summarised below.

Financial highlights

- **Property revenue increased 10.6%** (\$7.9m) to \$81.8m, primarily due to rental income earned on macadamia developments.
- **Adjusted net asset value (NAV) increased 8.9%** (\$0.24) to \$2.93 per unit, benefiting from externally revalued assets in the macadamia (up \$21.9m, or 14%), almond (up \$47.1m, or 12%), cattle (up \$26.1m, or 10%), cropping (up \$6.8m, or 7%) and vineyard (up \$1.6m, or 3%) sectors (representing 67% of the portfolio).
- **Earnings of 30.1 cents per unit** largely driven by property revenue and asset revaluations.¹
- **FY23 results in line with prior forecasts**, including distributions per unit (DPU) of 11.73 cents and adjusted funds from operations (AFFO) of 10.7 cpu.
- **FY24 forecast AFFO growth of 4.7%** (11.2 cpu) and distributions of 11.73 cpu.

Capital management

- **Sufficient facility headroom for FY24 capex** primarily for the continuation of accretive macadamia development pipeline.
- **Increased interest rate hedging and fixed debt facilities to 67.0%** FY24 (FY23: 35.9%).²

Portfolio and strategy update

During FY23 a 40-year lease for 3,000 ha of macadamia orchards under development commenced. The macadamia developments which are located in Maryborough and Rockhampton are progressing well. The nature of the leases provides additional income as capital expenditure is deployed and therefore the developments are expected to contribute increasing lease income for the Group.³

RFM is in various stages of discussion to lease cropping and mature macadamia assets with material progress expected in FY24.⁴ This is consistent with the Groups strategy to maintain a majority of long WALE triple-net leases of agricultural assets to high quality lessees.

¹ Based on Total Comprehensive Income.

² FY24 average hedges and total fixed debt facility divided by total facilities. FY23 based on actuals.

³ Second stage of lease (1,800 ha) subject to completion of water supply infrastructure.

⁴ The parties have not entered into any binding agreements and there is a chance that the negotiations will not be successfully concluded.

Portfolio highlights

- **Provides exposure to a defensive property sector (food production):** with inflationary hedge characteristics.⁵
- **Quarterly distributions:** March, June, September and December.⁶
- **Long WALE:** 13.9 years with leases predominantly triple-net structure.
- **Diversification:** 67 properties across five agricultural sectors and multiple climatic zones.
- **Quality lessees:** 79% of FY24f income from corporate lessees.
- **Structural rental growth:** Mix of lease indexation mechanisms and market rent reviews.
- **Development and leasing pipeline:** Productivity improvements and conversion to higher and better use development opportunities.

Results webinar

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

<https://edge.media-server.com/mmc/p/pp74tkqt/>

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

Rural Funds Group (ASX: RFF)

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

Rural Funds Management Limited (RFM)

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

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⁵ See RFM June 2022 Newsletter: <https://www.ruralfunds.com.au/news/rfm-newsletter-edition-17-june-2022>.

⁶ Months of distribution record dates shown, actual distribution dates advised via ASX.