

ASX release

Acquisitions

8 November 2021

Rural Funds Management Limited (RFM) as responsible entity and manager of the Rural Funds Group (ASX: RFF) advises that contracts have been exchanged for the cattle, cropping and macadamia acquisitions detailed below.

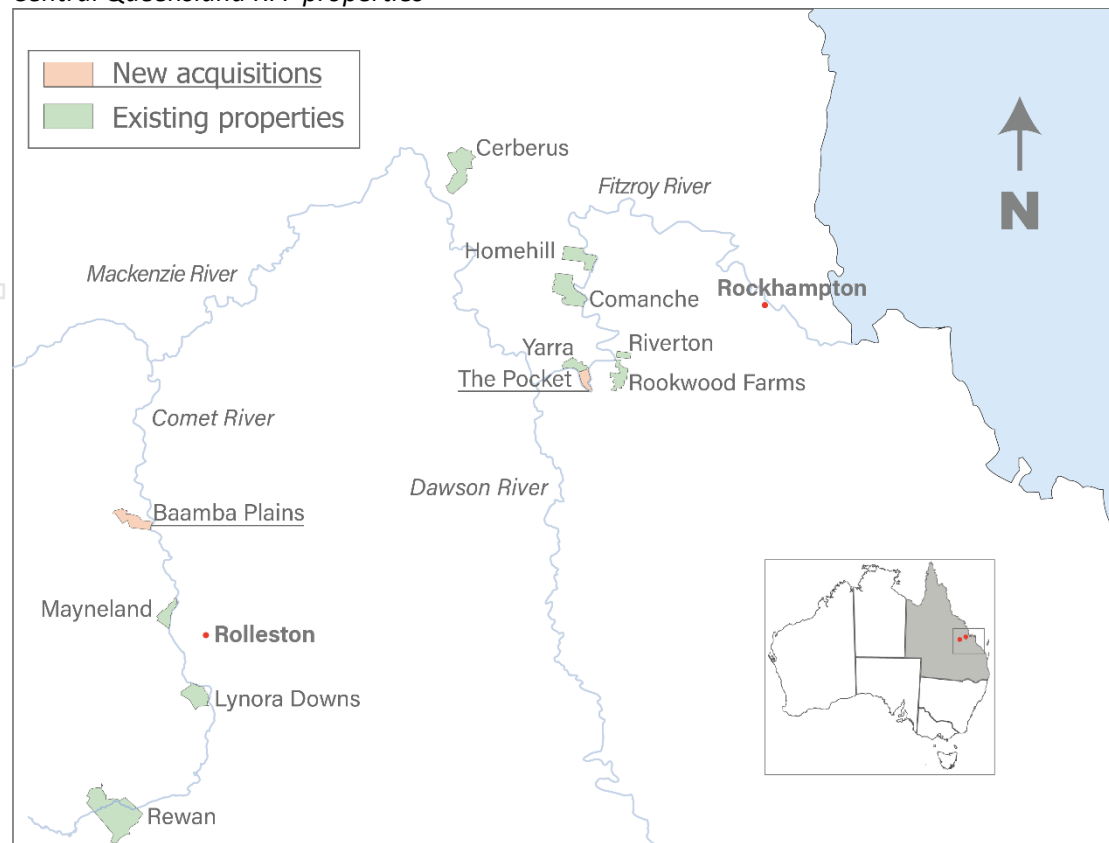
Cattle and cropping properties: The Pocket and Baamba Plains

The properties include a 1,917 ha cattle and cropping property (The Pocket) and a 4,130 ha cropping property (Baamba Plains). Included with the acquisitions are 20,733 ML of water entitlements which are currently underutilised.

RFM plans to utilise surplus water entitlements to improve the productivity of the properties. Productivity developments include expanding irrigated cropping areas and increasing cattle carrying capacity through pasture improvement. These developments are consistent with those successfully implemented on other nearby natural resource assets owned by RFF.

The acquisitions, in conjunction with existing properties owned by RFF, also provide additional scale for prospective lessees.

Central Queensland RFF properties



RFM will initially operate The Pocket and Baamba Plains on behalf of RFF, enabling the commencement of productivity developments prior to seeking lessees. Settlement of The Pocket (\$13.8m¹) and Baamba Plains (\$32.0m¹) is expected to occur in November 2021.

Macadamia orchards: Beerwah and Bauple

The two macadamia orchards total 475 ha and are located in Queensland. The mature orchards immediate income generation complements the existing RFF macadamia orchard developments, enhancing their marketability to prospective lessees. The orchards have potential for improved yields and expansion of planted area. RFM will implement orchard upgrades and operate the assets on behalf of RFF until leased.

The acquisition amount of up to \$63.1m¹ includes shares in Marquis Macadamias Ltd, a processing and marketing company (subject to Marquis Macadamias Ltd board approval). Settlement is expected to occur in December 2021.

Strategy and financial impact

The acquisitions are consistent with RFM's strategy of acquiring assets with potential for productivity improvements, in agricultural sectors in which RFM has operating experience and Australia has a comparative advantage.

The acquisitions will be funded from an increase to RFF's debt facility and result in revised FY22 forecast adjusted funds from operations of 11.8 cents per unit. Forecast FY22 distributions of 11.73 cents per unit remain unchanged.

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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¹ Includes plant and equipment.