

Rural Funds Group 10 YEARS | ASX: RFF

Managed by:
 Rural
Funds
Management
Managing good assets with good people

Financial results presentation

for the half-year ended
31 December 2023

23 February 2024



Disclaimer and glossary of terms

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Glossary of terms

Adjusted NAV – Net Asset Value (NAV) adjusted for the independent valuation of water entitlements, **Adjusted total assets** – Total assets adjusted for the independent valuation of water entitlements, **ASX** – Australian Securities Exchange, **AFFO** – Adjusted funds from operations, a financial metric used in the REIT sector to measure available cash flow from operations (adjustment relates to non-cash tax expense), **AWF** – Australian Wine Fund, **Capex** – Capital expenditure, **CPI** – Consumer Price Index, **cpu** – Cents per unit, **DPU** – Distributions per Unit, **e** – End, **Earnings** – Calculated TCI/weighted average units, **EBITDA** – Earnings Before Interest, Taxes, Depreciation and Amortisation, **EPU** – Earnings per unit (calculated TCI/weighted average units), **ESG** – Environmental, Social and Governance, **f** – Forecast, **Fair value** – Value of an asset as determined by an independent valuation, **FY** – Financial year, **FY23** – Full-year ended 30 June 2023, **FY24f revenue** – unless otherwise stated includes AFFO contribution from farming operations from owner-occupied properties, **Gearing** – Calculated as external borrowings/adjusted total assets, **GL** – Gigalitre, **Group** – Term used for the Rural Funds Group, **ha** – Hectare(s), **ICR** – Interest Cover Ratio, a bank covenant calculated as EBITDA for previous 12 months divided by Interest Expense for previous 12 months, **LVR** – Loan to valuation ratio, a bank covenant calculated as debt divided by tangible assets (including water entitlements), **ML** – Megalitre, **m** – Million(s), **NAV** – Net asset value, calculated as assets minus the value of liabilities (does not recognise fair value of water entitlements), **NTA** – Net Tangible Assets, **Owner occupied properties** – Unleased properties which are operated by RFF including macadamia orchards (Swan Ridge, Moore Park, Beerwah and Bauple); sugar cane (Maryborough x6); cropping (Baamba Plains) and cattle (Yarra, Cerberus and Kaiuroo), **P&E** – Plant and equipment, **RFF** – Rural Funds Group (ASX: RFF), **RFM** – Rural Funds Management Limited, manager and responsible entity for RFF, **RFT** – Rural Funds Trust, **TCI** – Total comprehensive income, **Total assets** – Total value of assets as presented on the balance sheet (water entitlements recorded at the lower of cost or fair value), **TRG JV** – Joint venture between TRG (The Rohatyn Group) and a global institutional investor, **WALE** – Weighted average lease expiry, calculated as the FY24 forecast rent and the year of lease expiry (excludes J&F Australia guarantee fee, income from annual water allocation sales, operating income from owner occupied properties and other income), **x** – Times), **1H24** – First-half 2024 (ending 31 December 2023), **2H24** – Second-half 2024 (ending 30 June 2024).

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Presenters



David Bryant
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Chief Financial Officer



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General Manager – Investor
Relations, Corporate Affairs
and Sustainability



1 Financial results summary

Learn more:



Maryborough macadamia orchard – leased to TRG JV, Maryborough, Queensland, February 2024.

Earnings and balance sheet summary

Property revenue increased 12% primarily due to macadamia developments.

Income and earnings metrics	6 months ended 31 December 2023	6 months ended 31 December 2022
Property revenue – \$	41,981,000	37,360,000
Total comprehensive income (TCI) – \$	71,003,000	59,404,000
Earnings per unit (EPU) – cents	18.39	15.50
Adjusted funds from operations (AFFO) – \$	15,536,000	19,725,000
AFFO per unit – cents	4.0	5.1
Distributions per unit (DPU) – cents	5.87	5.87

Balance sheet metrics	As at 31 December 2023	As at 30 June 2023
Total assets – \$	1,792,442,000	1,671,009,000
Adjustment for water at fair value – \$	142,694,000	135,514,000
Adjusted total assets – \$	1,935,136,000	1,806,523,000
External borrowings – \$	700,983,000	640,415,000
Gearing – %	36.2%	35.5%
Net asset value (NAV) – \$	1,045,010,000	993,159,000
NAV per unit – \$	2.69	2.58
Adjusted NAV – \$	1,187,704,000	1,128,673,000
Adjusted NAV per unit – \$	3.07	2.93

Property revenue increased \$4.6m, or 12.4%, primarily due to rental income earned on first tranche of macadamia developments and lease indexation.¹

Earnings increased \$11.6m, or 19.5%, driven by property revaluations.

AFFO forecast to be higher 2H24 due to:

- rent payable on capex deployed for second tranche of macadamia developments¹
- timing of the receipt of operating income from owner occupied properties.

Forecast FY24 AFFO 11.2 cpu and distributions 11.73 cpu.

Adjusted total assets increased \$128.6m, or 7.1%, primarily due to revaluations (\$72.2m) and capex (\$45.3m).

Gearing increased <1%, to 36.2%, primarily due to macadamia development capex, offset by asset revaluations.

Adjusted net assets increased \$59.0m, or 5.2%, primarily due to asset revaluations.

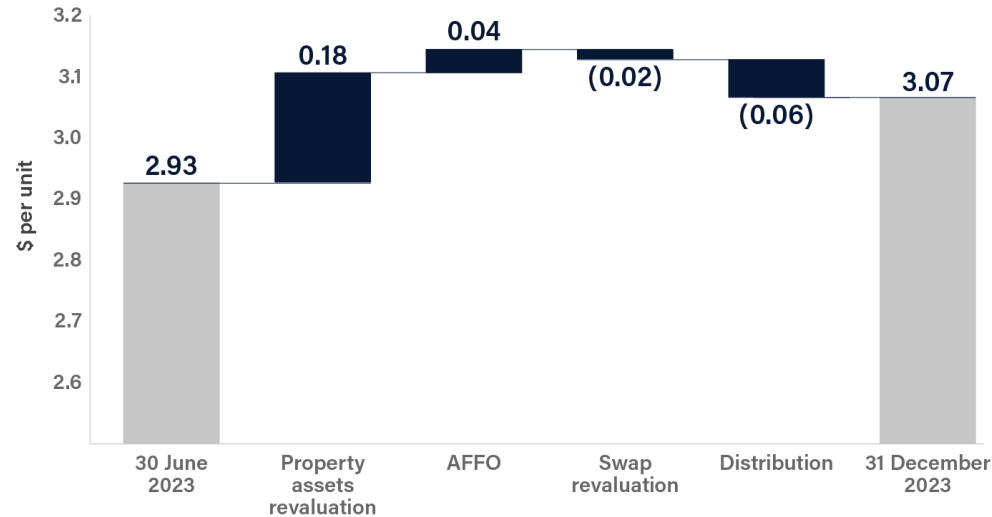
Note:

1. Commencement of second tranche of macadamia lease (1,800 ha) subject to water allocations being issued following completion of the Rookwood Weir. Allocations expected to be issued 2H24. Second tranche rent earned on the value of land, water and capex as it is deployed, payable on lease commencement.

Valuations summary and NAV bridge

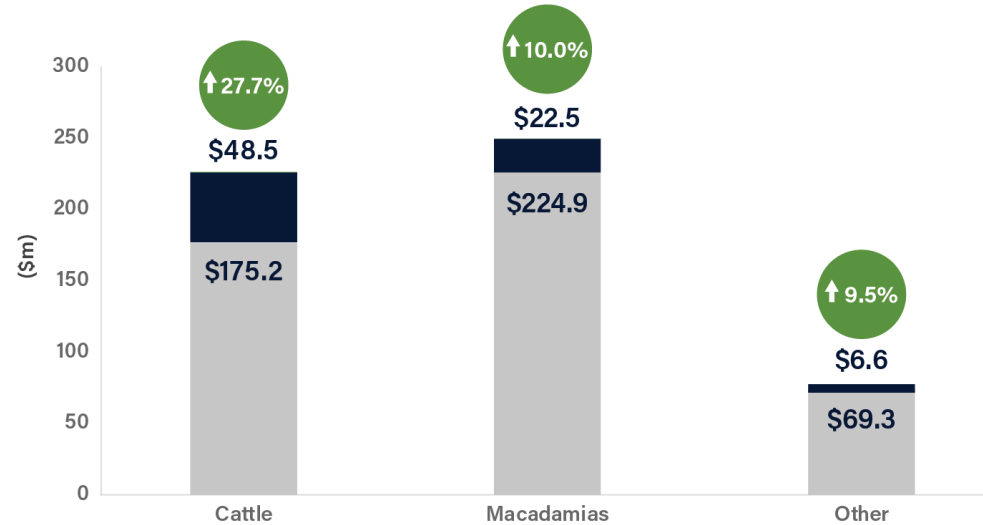
Adjusted NAV increased 5% due to external asset revaluations.

Adjusted NAV per unit movement



- Adjusted NAV per unit increased \$0.14, or 4.8%.
 - Increase primarily due to asset revaluations providing \$0.18 on a per unit basis.

External revaluations received 1H24¹



- Independent valuations arranged for \$438.5m of assets representing 24.3% of the adjusted total assets.² Revaluations totalled \$77.6m.³
- Properties revalued:
 - cattle: Natal aggregation, Dyamberin, Woodburn and Thirsty Creek
 - macadamias: three mature orchards (Bundaberg) and 14 recently developed orchards (Maryborough and Rockhampton)
 - other: 12 sugar cane properties (Maryborough) and 8,338 ML groundwater entitlements (NSW).

Notes:

- Value of assets externally revalued (\$) in 1H24 (inclusive of capex since 30 June 2023 of \$30.0m plus revaluation movement (\$ and %). Revaluation movement includes depreciation on bearer plants and owner-occupied properties.
- Calculated based on values and adjusted total assets as at 30 June 2023.
- Excludes Directors Valuations of -\$5.4m for bearer plant depreciation and depreciation on owner occupied property for assets not externally revalued.

Capital management

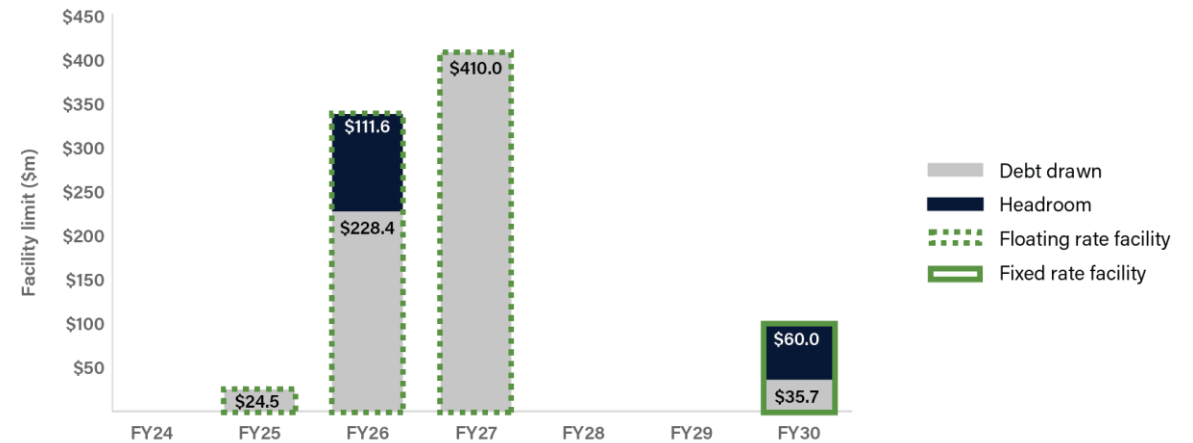
Sufficient facility headroom for capex requirements.

- Extension and limit increase of debt facilities implemented in 1H24:
 - increased to \$870.2m (FY23: \$794.5m), comprising floating rate facility \$774.5m (FY23: \$694.5m) plus fixed rate facility \$95.7m (FY23: \$100.0m)
 - facility headroom of \$171.6m sufficient for 2H24f (\$124.8m) and FY25f (\$40.9m) committed capex requirements.
- 1H24 debt metrics:
 - cost of debt 3.08% (FY23: 3.28%)¹
 - LVR 45.6% (FY23: 45.3%): FY24 covenant 55.0%^{2,3}
 - ICR 2.25x (FY23: 2.91x): FY24 covenant >1.5x.²
- FY24 average interest rate hedges \$432m (FY23: \$200m):
 - weighted average hedge duration 4.9 yrs (FY23: 5.4 yrs)⁴
 - weighted average hedge rate (for duration) 2.55%⁴
 - portion of debt hedged and fixed 73.5% (FY23: 45.7%).⁵

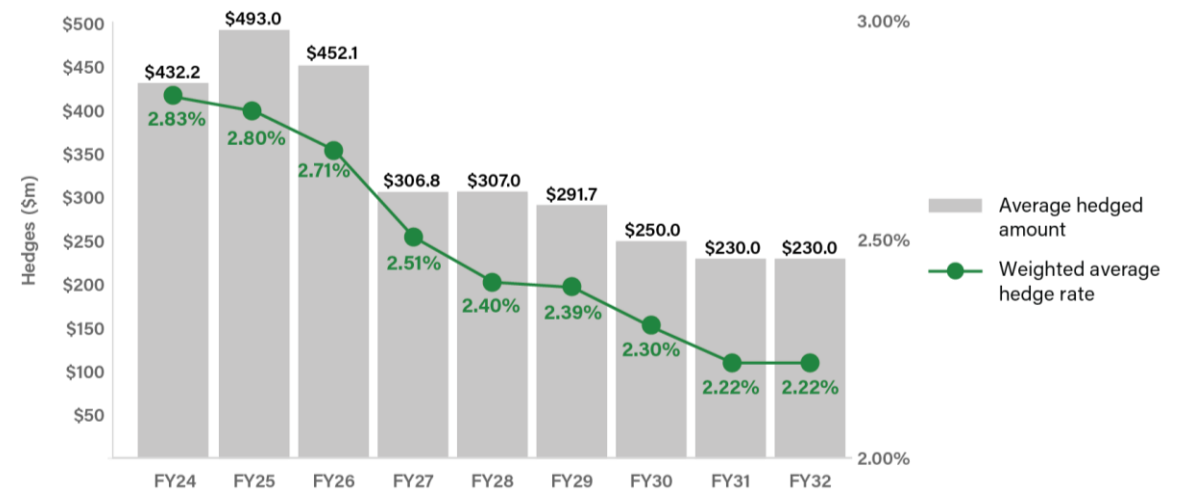
Notes:

- 12-month total interest expense (including bank margin) plus cost of hedges, divided by average term debt drawn. Excludes capitalised borrowing costs.
- Key financial covenants FY24: LVR <55%, ICR >1.50x, with distribution permitted at >1.65x, adjusted NTA including water entitlements >\$400m (1H24: \$1,187.7m) and >40% hedging.
- LVR calculated as term debt drawn plus guarantee of \$132.0m (as at 31 December 2023), excluding TRG JV debt drawn; divided by directly secured assets based on independent valuations.
- Duration and rate calculated on hedges from 1 January 2024 and 1 July 2023 respectively and includes forward start hedges.
- Current hedges and total fixed debt drawn divided by total debt drawn.
- Facility maturing FY25 pertains to Wyseby property, expected to be refinanced by debt syndicate upon subdivision.

Debt facility limits, maturity (FY) and headroom⁶



Interest rate hedging profile and hedge rate





Riverton 426 ha
(orchard area)

Rookwood Farms 1 km

2 Portfolio and strategy update

Learn more:



Rookwood Weir (foreground – not an RFF asset) and the Riverton macadamia orchard – leased to TRG JV, Rockhampton region, central Queensland, February 2024.

Strategy

To generate capital growth and income from developing and leasing agricultural assets. Target distribution growth of 4% p.a.

Leasing model

Maintain a majority of long WALE triple net leases of agricultural assets to high-quality lessees.

Active management

Seek to improve assets by developing for improved productivity or higher and better use. Income generated during development phase by operating assets prior to leasing.

Diversification

Diversification by agricultural sector and climatic zone.

Capital management

Target gearing between 30–35%.

Investment criteria

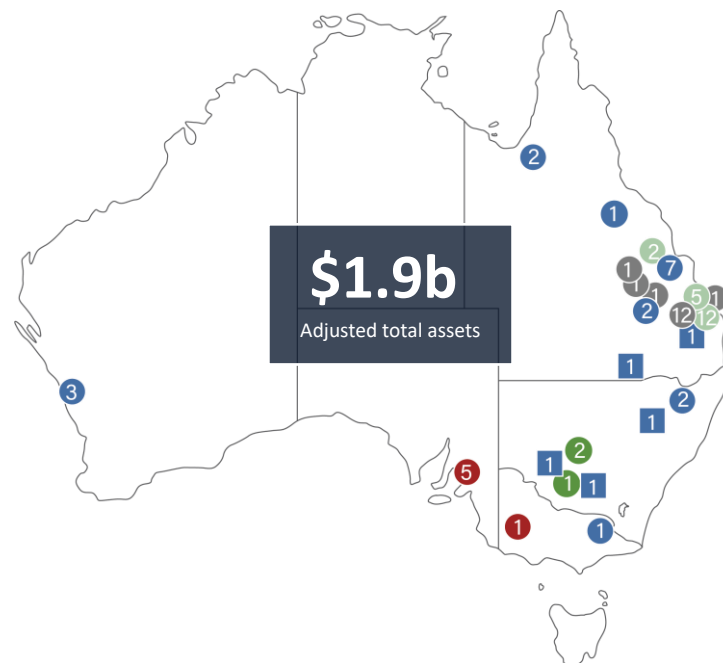
Preference agricultural sectors where low cost of production assets can be acquired or developed, Australia has a comparative advantage or RFM has operating experience.

Overview



Australia's only diversified ASX-listed agricultural real estate investment trust.

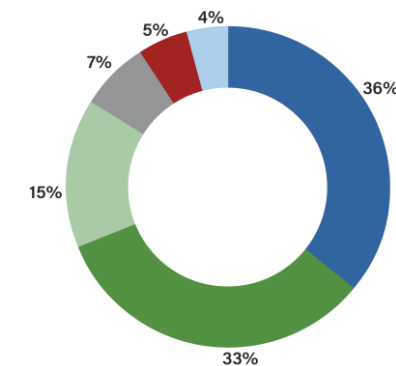
Asset map¹



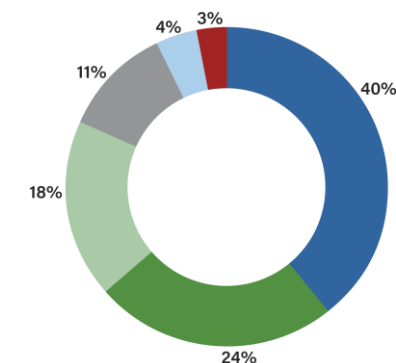
- Cattle
- Almonds
- Macadamias
- Cropping
- Vineyards
- Other

12.8yrs **\$3.07** **36.2%** **67**
WALE Adjusted NAV per unit Gearing Properties

FY24f revenue by sector²



1H24 value by sector²



Notes:

1. Numbers on the map denote number of assets. Blue square boxes represent cattle feedlots.
2. Revenue/total adjusted property assets – by sector: cattle \$32.9m/\$722.6m, almonds \$30.3m/\$447.7m, macadamias \$14.0m/\$324.8m, cropping \$6.8m/\$204.5m, vineyards \$4.9m/\$60.6m and other \$3.4m/\$77.0m.

Lessees

High quality lessees. Majority are listed or corporate entities.

	Description	Sector	Lessee since	Percentage income (by FY24f revenue)
	Subsidiary of Olam Group, Singapore-listed (SGX: O32)	Almonds	2015	23%
THE ROHATYN GROUP	US asset manager joint venture with global institutional investor	Macadamias	2023	15%
	Subsidiary of JBS SA, Brazil- listed (BVMF: JBSS3)	Cattle	2018	10% ¹
 SELECT HARVESTS	ASX-listed (ASX: SHV)	Almonds	2010	9%
	Large privately owned cattle operator	Cattle	2017	7%
	Institutionally owned cattle operator	Cattle	2018	7%
 TREASURY WINE ESTATES	ASX-listed (ASX: TWE)	Vineyards	2012	5%
 MCO THE ART OF AUSTRALIAN BEEF	ASX-listed (ASX: AAC)	Cattle	2019	5%

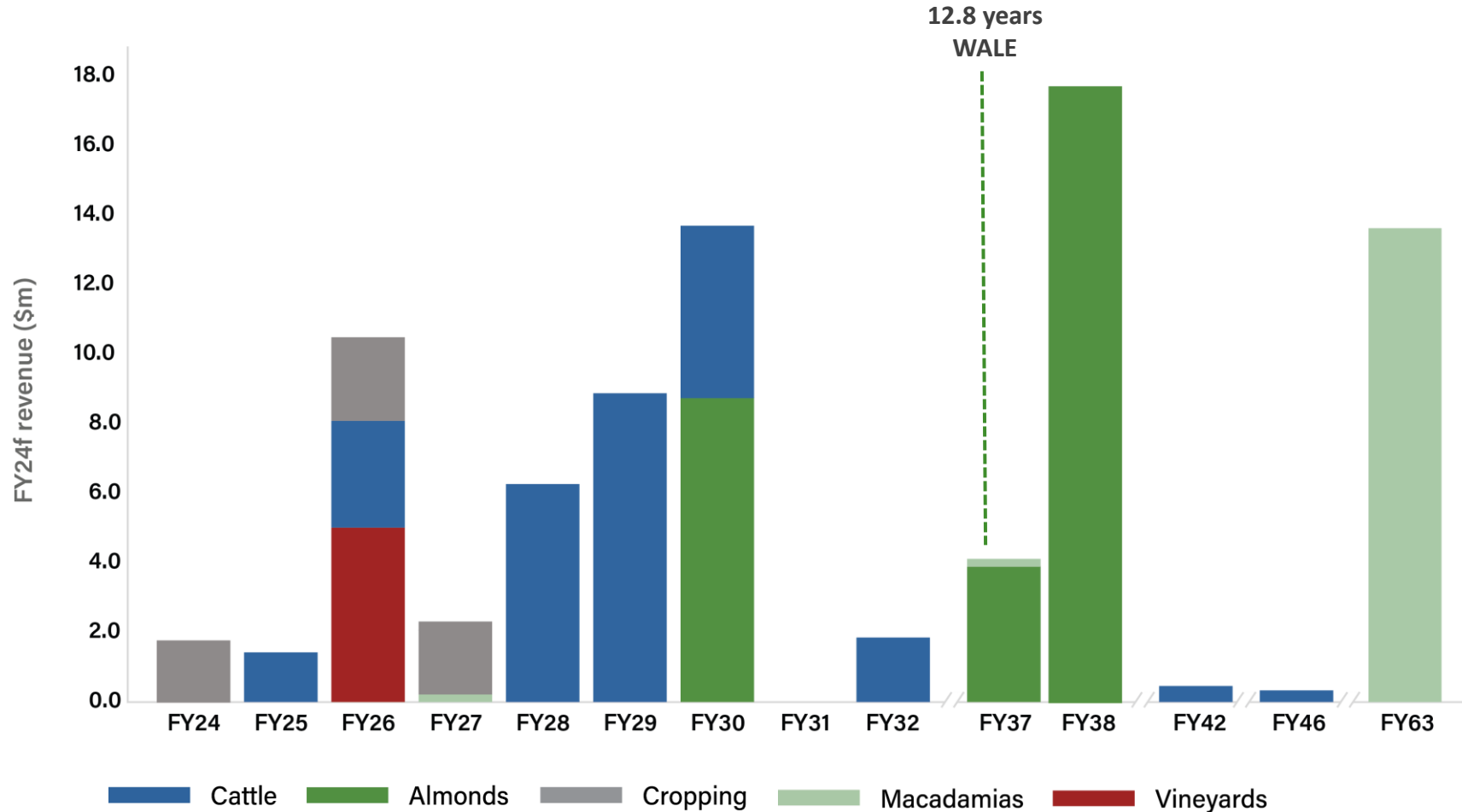
Note:

1. JBS revenue includes J&F Australia guarantee fee.

Weighted average lease expiry and indexation

Long dated WALE provides stability of income and long-term rental growth via a mix of indexation mechanisms.

WALE profile



Indexation mechanisms (by FY24f revenue)

52% CPI linked

- 30% CPI
- 17% CPI (cap and collar) plus profit share
- 3% CPI plus market review
- 2% CPI (cap and collar) plus market review

33% Fixed

- 28% Fixed plus market review
- 5% Fixed

15% Other

- 8% Finance income
- 4% Annual
- 2% Operating income
- 1% Nil

Cropping property developments and transactions

Partial sale and lease of two cropping properties in documentation phase.¹

Proposed transaction overview¹

- RFF to sell 50% interest in each property (Mayneland and Baamba Plains) to operator.
- Operator will lease 100% of properties.
- Settlement of transaction expected by financial year end.
- Sale of 50% interest in both properties will provide confirmation of current valuation.

Macadamia proposed transaction strategy

- Management pursuing macadamia transaction with similar characteristics with the aim of improving gearing, operating exposure and earnings.

Mayneland



Cotton crop (foreground) and water storage (background), Mayneland, February 2024.

- 2,793 ML water storage complete, additional 2,150 ML water storage nearing completion.
- Irrigation area increased from 485 ha to 851 ha, additional 176 ha under development.
- Property value \$29.8m.

Baamba Plains



Pumps transferring water into the newly constructed water storages, Baamba Plains, February 2024.

- Two water storages (4,100 ML and 3,800 ML) complete.
- Irrigation area increased from 386 ha to 772 ha, additional 170 ha under development.
- Property value \$43.8m.

Note:

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

Macadamia orchard developments

Accretive development pipeline to provide ongoing property revenue growth.

Key development stages and activities

1. Ground preparation



Initial ground preparation at Dowlings, Maryborough, Queensland, October 2021.

- Soil sampling and mapping
- Orchard design and planning approvals
- Levelling, drainage and mounding

2. Irrigation infrastructure



Laying infield irrigation pipe at Dowlings, Maryborough, Queensland, May 2023.

- Infield irrigation and pumping infrastructure
- Water storages

3. Planting



Tree planting at Dowlings, Maryborough, Queensland, July 2023.

- Planting and staking

4. Establishment



Tree pruning at Dowlings, Maryborough, Queensland, February 2024.

- Tree pruning
- Orchard maintenance
- Irrigation and fertiliser

40-year lease commenced January 2023. Development of 3,000 ha forecast to be materially complete in 2024.

Rent earned on value of land, water and capex as it is deployed. \$173m deployed to 1H24e, increasing to forecast \$298m by FY25e (unindexed).

Sustainability

Continued progress of sustainability initiatives.

FY23 achievements

GHG emissions

Quantified RFF Scope 1 and Scope 2 emissions.

Sustainability reporting progress

Ongoing review of evolving sustainability reporting standards.

Safety

Implemented improvements to the safety management system.

Carbon feasibility studies

Undertook feasibility studies of various carbon projects.

Governance

Implemented Sustainability Policy. Updated Risk Management Policy to include climatic considerations.

Diversity

Formalised target of 40% female representation on the RFM Board by 2026.

1H24 focus areas

GHG emissions:

Scope 1 and Scope 2 emissions quantification and disclosure. Disclosed December 2023 (RFF operated assets).

Carbon projects

Conditionally registered two projects (Human-Induced Regeneration Method) with Clean Energy Regulator.

Continue assessment of additional carbon opportunities.

For additional information see:

- [RFF Annual Report \(September 2023\) and](#)
- [RFM Biannual Newsletter \(December 2023\).](#)



Water efficient pivot irrigation, Lynora Downs, central Queensland, April 2023.



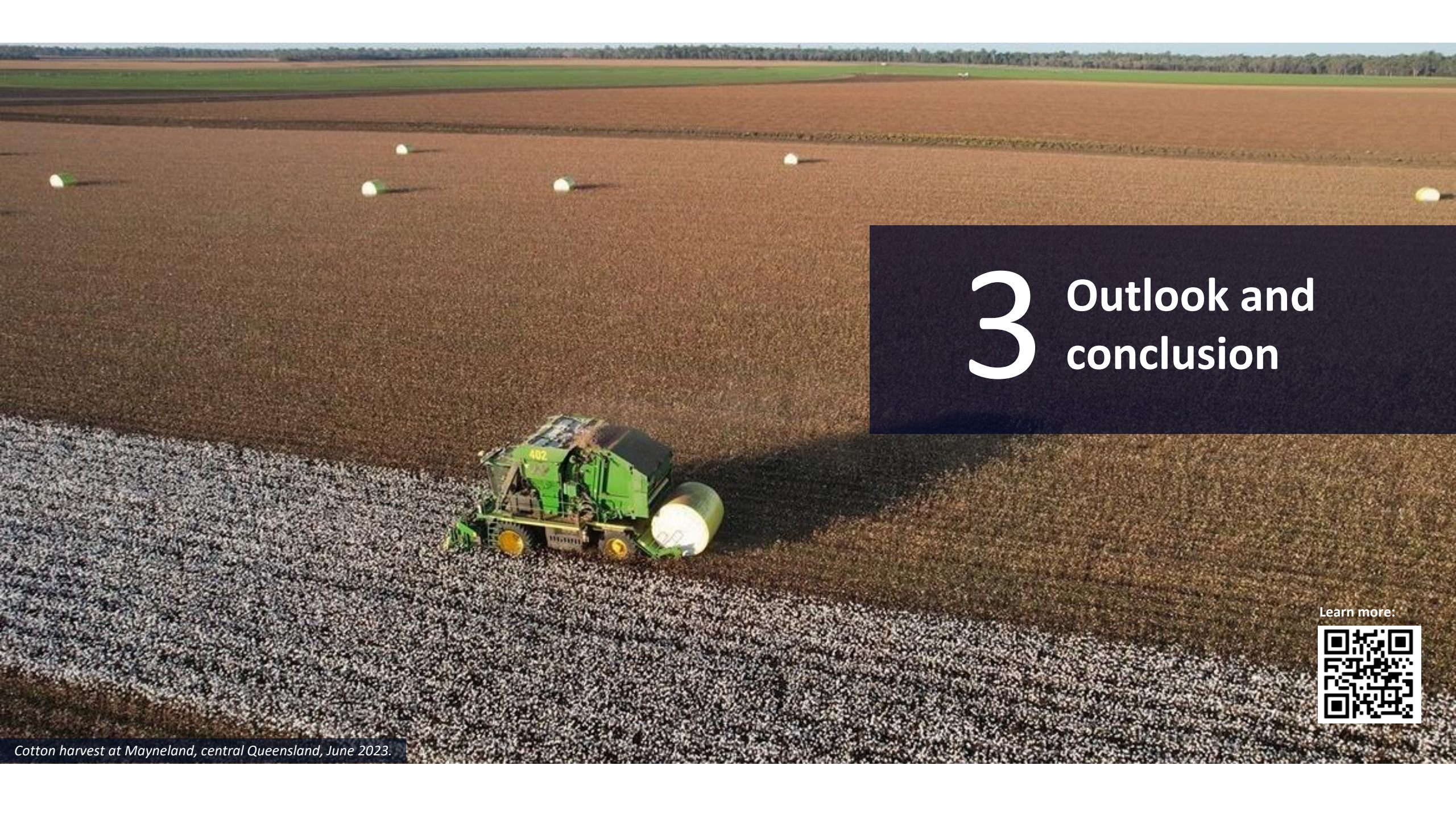
Productivity improvements seek higher cattle average daily weight gains and lower emissions intensity, Yarra, central Queensland, February 2023.



Optimising nutrient efficiency and yield through vapor pressure deficit sensors, sap flow meters and soil moisture sensors, Riverton, central Queensland, September 2023.



Polyethylene waste recycling program during installation of the rising main pipeline, Rookwood Farms, central Queensland, July 2023.



3 Outlook and conclusion

Learn more:



Cotton harvest at Mayneland, central Queensland, June 2023.

Outlook

FY24 forecast AFFO 11.2 cpu and distributions 11.73 cpu.

- **Resilient asset values:**
 - \$438.5m of assets externally valued (representing 24.3% of the adjusted total assets) providing \$77.6m increase in valuations.
- **Progressing first of several planned transactions which seek to improve gearing, operating exposure and earnings:**
 - partial sale and lease of two cropping properties in documentation phase.¹
- **Accretive macadamia development pipeline to generate ongoing property revenue growth:**
 - Rent earned on value of land, water and capex as it is deployed. \$173m deployed to 1H24e, increasing to forecast \$298m by FY25e.
- **FY24 forecasts:**
 - AFFO 11.2 cpu
 - Distributions 11.73 cpu (distribution yield 5.6%).²

Notes:

1. The parties have not entered into any binding agreements and there is a chance that the negotiations will not be successfully concluded.
2. Based on \$2.11 per unit close price on 20 February 2024.



Irrigated rotation crop (wheat), Baamba Plains, November 2022.

Rural Funds Group attributes



Diversification

67 properties, five sectors and multiple climatic zones.



Structural rental growth

Mix of lease indexation mechanisms and market rent reviews.



Development pipeline

Productivity improvement and conversion to higher and better use opportunities.



Defensive property sector

In food production with inflationary hedge characteristics.



Quarterly distributions

March, June, September and December record dates.



Long WALE

12.8 years.



Quality lessees

~80% of FY24f revenue from corporate lessees.



Triple net leases

Property leases are largely triple net.

4 Appendices

Learn more:



Wyseby (adjacent to Rewan cattle property) – leased to private farming business, central Queensland, February 2024.

Appendix A – summarised comprehensive income

- Revenue from farming operations relates to sale of farming proceeds (primarily cattle, cropping, sugar and macadamias).
- Other income mainly relates to annual allocation sales of unleased water.
- Property and other expenses decreased mainly due to costs incurred in 1H23 relating to the impact of floods on the Yilgah almond orchard property.
- Property and other expenses – farming operations increased mainly due to farming operations on Kaiuroo (cattle and cropping), Baamba Plains (cropping) and Swan Ridge and Moore Park (macadamias).
- Finance costs increased as a result of increase in interest rates and capital expenditure.
- Depreciation and impairments relates mainly to P&E owned within RF Active.
- Change in fair value of biological assets relates to farming operations (harvested and unharvested) on Maryborough properties (sugar), Beerwah and Bauple (macadamias), Swan Ridge and Moore Park (macadamias), Yarra and Cerberus (cattle), Kaiuroo (cropping and cattle) and Baamba Plains (cropping).
- Property revaluations of \$65.0m (including bearer plants, investment property, intangibles and property-owner occupied).
- Income tax expense relates to RF Active and AWF.¹ RFT treated as a flow-through trust for tax purposes.

Summarised statement of comprehensive income

	6 months ended 31 December 2023	6 months ended 31 December 2022
	\$	\$
Property revenue	41,981,000	37,360,000
Revenue - farming operations	11,183,000	6,615,000
Revenue	53,164,000	43,975,000
Other income	2,151,000	3,290,000
Cost of goods sold – farming operations	(11,177,000)	(7,478,000)
Property expenses	(1,861,000)	(2,426,000)
Other expenses	(3,614,000)	(3,783,000)
Property and other expenses – farming operations	(4,387,000)	(2,441,000)
Management fees ²	(4,713,000)	(4,256,000)
Asset management fees ²	(3,534,000)	(3,192,000)
Finance costs	(10,338,000)	(7,646,000)
Gain/(loss) on sale of assets	266,000	(154,000)
Depreciation and impairments	(1,828,000)	(1,118,000)
Property revaluations – bearer plants	(8,324,000)	(5,307,000)
Property revaluations – investment property	45,115,000	31,038,000
Property revaluations – intangible assets	1,560,000	-
Property revaluations – property-owner occupied	(601,000)	(197,000)
Change in fair value of financial assets/liabilities	(24,000)	(24,000)
Change in fair value of biological assets – farming operations	1,836,000	2,365,000
Change in fair value of derivatives	(9,073,000)	11,215,000
Profit before tax	44,618,000	53,861,000
Income tax expense	(864,000)	682,000
Profit after tax	43,754,000	54,543,000
Other comprehensive income	27,249,000	4,861,000
Total comprehensive income	71,003,000	59,404,000
Weighted average units	386.1m	383.2m
Earnings per unit	18.39 cents	15.50 cents

Notes:

1. RFM Australian Wine Fund (AWF) is a subsidiary of Rural Funds Trust (RFT) that has formed its own tax consolidated group.
2. Management fees calculated 0.6% and asset management fees calculated 0.45% of adjusted total assets excluding acquisition costs of macadamia properties under development, Kaiuroo, Wyseby, Beerwah and Bauple and derivative financial assets. 1H24 management fee is 0.92% of the average adjusted total assets during the half-year.

Appendix B – AFFO composition

- Adjusted funds from operations (AFFO) is pre-tax and excludes fair value adjustments, depreciation and impairment to represent RFF's operating result.
- Property expenses relate to costs directly attributable to the properties (eg insurance, rates and taxes on properties, applicable cost recovery). Other expenses relate to non-property overheads (eg ASX, bank, audit, registry fees and cost recovery).
- Farming operations relate to operations on unleased Maryborough properties, Beerwah and Bauple, Yarra and Cerberus, Swan Ridge and Moore Park, Kaiuroo and Baamba Plains. Change in fair value of biological assets related to the profit recognised for the harvested crops and cattle sold (or realised) during the year.
- Property leases are largely triple net.

Composition of AFFO (pre-tax)

	6 months ended 31 December 2023 \$	6 months ended 31 December 2022 \$
Property revenue	40,667,000	37,014,000
Property expenses	(1,861,000)	(2,426,000)
Net property income	38,806,000	34,588,000
Other income	2,151,000	3,290,000
Other expenses	(3,614,000)	(3,783,000)
Management fees	(4,713,000)	(4,256,000)
Asset management fees	(3,534,000)	(3,192,000)
Farming operations		
Revenue from farming operations	11,183,000	6,615,000
Cost of goods sold – farming operations	(11,177,000)	(7,478,000)
Change in fair value of biological assets (realised from harvested crops and cattle)	2,054,000	2,290,000
Change in fair value of biological assets (prior year unharvested crops realised during the year)	(581,000)	1,738,000
Property and Other expenses – farming operations	(4,387,000)	(2,441,000)
EBITDA	26,188,000	27,371,000
Income tax payable (AWF)	(314,000)	-
Finance costs	(10,338,000)	(7,646,000)
AFFO	15,536,000	19,725,000
AFFO per unit¹	4.0 cents	5.1 cents
DPU	5.87 cents	5.87 cents

Note:

- Based on the weighted average number of units on issue during the half year.

Appendix C – reconciliation of net profit to AFFO

- Non-cash items added back to reconcile net profit after tax to AFFO.
- Key adjustments include:
 - Property revaluations (excluding other comprehensive income) include \$48.5m in cattle properties, \$1.5m in water entitlements, \$2.2m in cropping properties and (\$8.5m) in macadamia properties.
 - Depreciation and impairments relates mainly to plant and equipment owned within RF Active.
 - Rental income recognised on a straight-lined basis over the term of the lease (under AASB16 for leases with fixed indexation).
 - Interest component of JBS feedlot finance lease reflects indexation due to finance lease classification.
 - Prepaid rent revenue (TRG JV) relates to the rent received prior to lease commencement.

Reconciliation of net profit after tax to AFFO

	6 months ended 31 December 2023 \$	6 months ended 31 December 2022 \$
Net profit after income tax	43,754,000	54,543,000
Adjusted for:		
Property related		
Property revaluations	(43,804,000)	(30,494,000)
Depreciation – Bearer plants	5,629,000	4,763,000
Depreciation – Property owner occupied	425,000	197,000
Depreciation and impairment	1,828,000	1,118,000
(Gain)/loss on sale of assets	(266,000)	154,000
Revenue items		
Rental revenue – prepaid rent (TRG JV)	244,000	-
Lease incentive amortisation (TRG JV)	28,000	-
Straight-lining of rental income	(1,647,000)	(399,000)
Interest component of JBS feedlot finance lease	61,000	53,000
Farming operations		
Change in fair value of biological assets (prior year unharvested crops realised during the year)	(581,000)	1,738,000
Change in fair value of biological assets (unharvested crops not realised and unsold cattle)	218,000	(75,000)
Other		
Change in fair value of financial assets/liabilities	24,000	24,000
Change in fair value of interest rate swaps	9,073,000	(11,215,000)
FFO	14,986,000	20,407,000
Adjusted for income tax expense	550,000	(682,000)
AFFO	15,536,000	19,725,000
AFFO per unit¹	4.0 cents	5.1 cents

Note:

1. Based on the weighted average number of units on issue during the half year.

Appendix D – summarised balance sheet

- Water entitlements are recorded as intangible assets and held at the lower of cost less accumulated impairment or fair value in accordance with accounting standards and ASIC guidance. The adjustment for water entitlements shows the difference between book value and fair value (based on current independent valuations).
- Water entitlements totalled 150.0 GL and water delivery entitlements totalled 21.4 GL, representing a fair value of \$324.0m or 17% of total adjusted assets.
- See page 23 for details of independent valuations.

Summarised balance sheet

	As at 31 December 2023 \$	As at 30 June 2023 \$
Cash	14,501,000	5,753,000
Property investments	1,661,520,000	1,546,118,000
Plant and equipment	33,034,000	27,045,000
Current tax receivable	-	259,000
Deferred tax assets	647,000	918,000
Derivative financial assets	32,967,000	42,040,000
Other assets	49,773,000	48,876,000
Total assets	1,792,442,000	1,671,009,000
Interest-bearing liabilities:		
- Current	32,775,000	33,150,000
- Non-current	668,406,000	607,463,000
Current tax liabilities	117,000	-
Deferred tax liabilities	8,552,000	8,334,000
Other liabilities	37,582,000	28,903,000
Total liabilities	747,432,000	677,850,000
Net assets	1,045,010,000	993,159,000
Units on issue	386,810,238	384,856,588
NAV per unit	2.69	2.58
Adjustment for water entitlements fair value per unit	0.38	0.35
Adjusted NAV per unit	3.07	2.93

Appendix E – total assets reconciliation

Total assets reconciliation

	Investment property	Bearer plants	Intangible assets ^{1, 3}	Property-owner occupied	Financial assets – property ^{2, 3}	Plant and equipment	Other assets	Total	Adjustment for water entitlements at fair value ^{1, 3}	Adjusted total assets
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance as at 30 June 2023	923,405,000	217,700,000	166,988,000	144,200,000	93,825,000	27,045,000	97,846,000	1,671,009,000	135,514,000	1,806,523,000
Additions – cattle	5,518,000	-	224,000	2,468,000	3,594,000	1,601,000	-	13,405,000	-	13,405,000
Additions – cropping	1,532,000	-	140,000	6,860,000	-	2,446,000	-	10,978,000	-	10,978,000
Additions – almond orchard	2,111,000	14,000	-	-	-	9,000	-	2,134,000	-	2,134,000
Additions – macadamias	21,075,000	4,533,000	403,000	514,000	-	4,195,000	-	30,720,000	-	30,720,000
Additions – vineyards	-	-	-	-	-	-	-	-	-	-
Transfer	13,000	(13,000)	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	(98,000)	-	(98,000)	-	(98,000)
Depreciation and impairments	-	(5,629,000)	-	(425,000)	-	(1,661,000)	(167,000)	(7,882,000)	-	(7,882,000)
Fair value adjustment ⁴	45,115,000	14,996,000	1,560,000	9,382,000	(24,000)	-	-	71,029,000	7,180,000	78,209,000
Other movements	(100,000)	(28,000)	-	-	1,569,000	(503,000)	209,000	1,147,000	-	1,147,000
Balance as at 31 December 2023	998,669,000	231,573,000	169,315,000	162,999,000	98,964,000	33,034,000	97,888,000	1,792,442,000	142,694,000	1,935,136,000

Notes:

- Accounting standards and ASIC guidance require water entitlements to be recorded as intangible assets and held at the lower of cost less accumulated impairment or fair value. The adjustment for water entitlements shows the adjustment to the fair value of the water entitlements held.
- Relates to water entitlements held as part of the investment in Barossa Infrastructure Limited, Coleambally Irrigation Co-operative Limited, breeder herd finance lease, straight-lined asset, equipment finance leases and finance lease with JBS Australia for five feedlots, which are accounted for as financial assets.
- Water entitlements of 149,994 ML and water delivery entitlements of 21,430 ML held by the Group representing a fair value of \$324.0m.
- Fair value adjustments as part of valuations for the half-year ended 31 December 2023.

Appendix F – Property compendium

Policy to conduct independent valuations at least every two years.

Property by sector		State	Brief description	Acquisition date	Adjusted property value 31 December 2023	Valuation date (reporting date)	Valuation	Valuer	1H24 actual capex by sector	2H24f capex by sector	FY25f capex by sector	Development strategy	Rent review mechanism in lease
Almonds	Yilgah	NSW	935 ha orchard	Jun-2008	\$ 114.3m	Jun-2023	\$ 114.5m	LAWD					Yes
	Tocabil	NSW	603 ha orchard	Oct-2014	\$ 61.7m	Jun-2023	\$ 61.5m	LAWD	\$2.1m	\$3.5m	\$0.0m		
	Kerarbury	NSW	2,530 ha orchard	Oct-2015	\$ 271.4m	Jun-2023	\$ 272.5m	LAWD					
Cattle	Rewan	Qld	17,479 ha property	Aug-2016	\$ 72.5m	Nov-2022	\$ 72.5m	LAWD				Productivity improvement	Yes
	Mutton Hole and Oakland Park	Qld	225,800 ha property	Jul-2016, Aug-2016	\$ 29.0m	Jun-2023	\$ 28.9m	Herron Todd White				Productivity improvement	Yes
	Natal Aggregation	Qld	390,600 ha property	Dec-2017	\$ 184.0m	Oct-2023	\$ 183.6m	LAWD				Productivity improvement	Yes
	Comanche	Qld	7,600 ha property	Jul-2018	\$ 35.1m	Apr-2022	\$ 35.0m	LAWD				Productivity improvement	Yes
	Cerberus	Qld	8,280 ha property	Sep-2018	\$ 24.9m	Apr-2022	\$ 24.3m	LAWD				Productivity improvement	
	Dyambersin	NSW	1,728 ha property	Oct-2018	\$ 23.2m	Sep-2023	\$ 23.2m	CBRE				Productivity improvement	Yes
	Woodburn	NSW	1,063 ha property	Jan-2019	\$ 12.5m	Sep-2023	\$ 12.5m	CBRE				Productivity improvement	Yes
	Cobungra	Vic	6,497 ha property	Mar-2019	\$ 52.2m	Dec-2022	\$ 52.2m	CBRE				Productivity improvement	Yes
	WA properties - Petro Farm, High Hill and Willara	WA	6,196 ha property	Feb-2020	\$ 34.1m	Jun-2023	\$ 33.9m	LAWD	\$8.2m	\$8.5m	\$0.0m	Productivity improvement	Yes
	JBS feedlots x 5	NSW/Qld	150,000 head feedlots (total)	Oct-2018	\$ 62.9m	N/A	N/A	Purchase price				Productivity improvement	Yes
	Homehill	Qld	4,925 ha property	Jun-2020	\$ 20.2m	Apr-2022	\$ 19.3m	LAWD				Productivity improvement	Yes
	Yarra	Qld	4,090 ha property	May-2020	\$ 27.5m	Dec-2021	\$ 23.6m	CBRE				Productivity improvement	
	Coolibah Aggregation	Qld	724 ha property	Dec-2021	\$ 5.7m	Apr-2022	\$ 5.6m	LAWD				Productivity improvement	
	Thirsty Creek	Qld	503 ha property	Mar-2022	\$ 3.9m	Oct-2023	\$ 3.9m	CBRE				Higher and better use	
Kaiuroo	Qld	27,879 ha property	Apr-2023	\$ 73.5m	Jun-2023	\$ 71.0m	CBRE				Productivity improvement		
Wyseby	Qld	14,071 ha property	Jun-2023	\$35.0m	Jun-2023	\$ 35.0m	LAWD				Productivity improvement		
Cropping	Lynora Downs	Qld	4,963 ha property	Dec-2016	\$ 45.5m	Jun-2023	\$ 45.4m	CBRE				Productivity improvement	
	Mayneland	Qld	2,942 ha property	Sep-2018	\$ 29.8m	Jun-2023	\$ 28.6m	CBRE				Productivity improvement	
	Maryborough properties x 12	Qld	2,460 ha properties	Nov-2020	\$ 39.0m	Oct-2023	\$ 38.8m	CBRE	\$8.5m	\$5.7m	\$0.0m	Higher and better use	
	Baamba Plains	Qld	4,130 ha property	Nov-2021	\$ 43.8m	Jun-2023	\$ 37.5m	CBRE				Productivity improvement	
	Swan Ridge South	Qld	123 ha property	Mar-2020	\$ 2.0m	Oct-2023	\$ 2.0m	CBRE					
Macadamias	Swan Ridge	Qld	130 ha orchard	Mar-2016	\$ 23.6m	Oct-2023	\$ 23.7m	CBRE					
	Moore Park	Qld	104 ha orchard	Mar-2016	\$ 17.9m	Oct-2023	\$ 18m	CBRE					Yes
	Bonmac	Qld	27 ha orchard	Mar-2016	\$ 4.6m	Oct-2023	\$ 4.7m	CBRE					
	Cygnat	Qld	37 ha orchard	Oct-2019	\$ 3.9m	Oct-2023	\$ 4.2m	CBRE				Higher and better use	
	Nursery Farm	Qld	41 ha orchard	Mar-2020	\$ 5.3m	Oct-2023	\$ 4.8m	CBRE				Higher and better use	
	Riverton	Qld	426 ha orchard	Nov-2020	\$ 40.1m	Oct-2023	\$ 39.6m	CBRE	\$26.5m	\$107.2m	\$40.9m	Higher and better use	
	Rookwood Farms	Qld	1,036 ha orchard	Dec-2020	\$ 44.4m	Oct-2023	\$ 39.1m	CBRE				Higher and better use	
	Maryborough properties x 10	Qld	1,503 ha orchards	Nov-2020	\$ 106.5m	Oct-2023	\$ 104.3m	CBRE				Higher and better use	
	Beerwah	Qld	340 ha orchard	Dec-2021	\$ 37.7m	Jun-2023	\$ 38.3m	CBRE					
	Bauple	Qld	135 ha orchard	Dec-2021	\$ 19.4m	Jun-2023	\$ 19.7m	CBRE					
Vineyards	SA/Vic	638 ha vineyards	2000-03	\$ 60.3m	Jun-2023	\$ 60.9m	JLL	\$0.0m	\$0.0m	\$0.0m		Yes	
Water	Ground water	NSW	8,338 ML	Aug-2021	\$ 34.9m	Dec-2023	\$ 34.9m	LAWD					
	Unencumbered water entitlement – River	Qld	600 ML	Jan-2020	\$ 0.4m	Jun-2020	\$ 1.1m	CBRE					
	Unencumbered water entitlement – River	NSW	8,754 ML	Dec-2016	\$ 76.6m	Jun-2022	\$ 77.9m	JLL					
Adjusted property assets					\$ 1,779.4m		\$ 1,696.1m	Total capex	\$45.3m	\$124.8m	\$40.9m		
Total adjusted assets					\$ 1,837.2m								

Note:

- For full details of asset valuation methodology please refer to Financial Statements. Total adjusted property assets include cattle finance lease and other assets \$21.0m, plant and equipment \$33.0m, other receivables and equipment leases \$3.9m. Forecast capex includes rentable and non-rentable amounts.

Rural Funds Group 10 YEARS | ASX: RFF

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For more information on the RFM management team, visit the RFM website.

Kerabury almond orchard in blossom – leased to Olam Orchards Australia Pty Ltd, a wholly owned subsidiary of Singapore listed Olam International Ltd (SGX: 032), Riverina, NSW, August 2023.