

ABARES Outlook 2025 conference: Sowing seeds of investment - attracting capital to agriculture

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Presenter details and disclaimer



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Rural Funds Management (RFM)

A specialist **agricultural fund and asset manager**, managing retail and institutional investor funds.

RFM is one of Australia's most experienced agricultural fund managers, with over 28 years' experience owning, developing and operating farmland and agricultural assets including cropping (predominantly cotton), almonds, poultry, macadamias, cattle and viticulture.

Portfolio map



- Cattle feedlots
- Cattle properties
- Almond properties
- Macadamia properties
- Cropping properties
- Vineyard properties

\$2.5b
assets under
management

28 years
experience
(est. 1997)

240+
staff in Australia

12+ years
average tenure of
management team

172 GL
Water
entitlements

741,000ha
Australian farmland
portfolio

Major lessees and total number of properties

Cattle **18** **5**



Almonds **3**



Macadamias **19**

THE ROHATYN GROUP

Cropping **13**

THE ROHATYN GROUP

Vineyards **6**



TREASURY WINE ESTATES

Case study: ASX-listed agricultural fund

Rural Funds Group ASX: RFF

- Australia's first ASX listed diversified agricultural Real Estate Investment Trust (REIT), listed in 2014.
- Included in the S&P/ASX 300 index with a current market capitalisation of \$0.7b.
- One of the largest Australian owners of farmland by value.



Diversification:

64 properties, five sectors and multiple climatic zones.



Structural rental growth:

Mix of lease indexation mechanisms and market rent reviews.



Quarterly distributions:

March, June, September and December record dates.



Long WALE:

13.0 years.



Quality lessees:

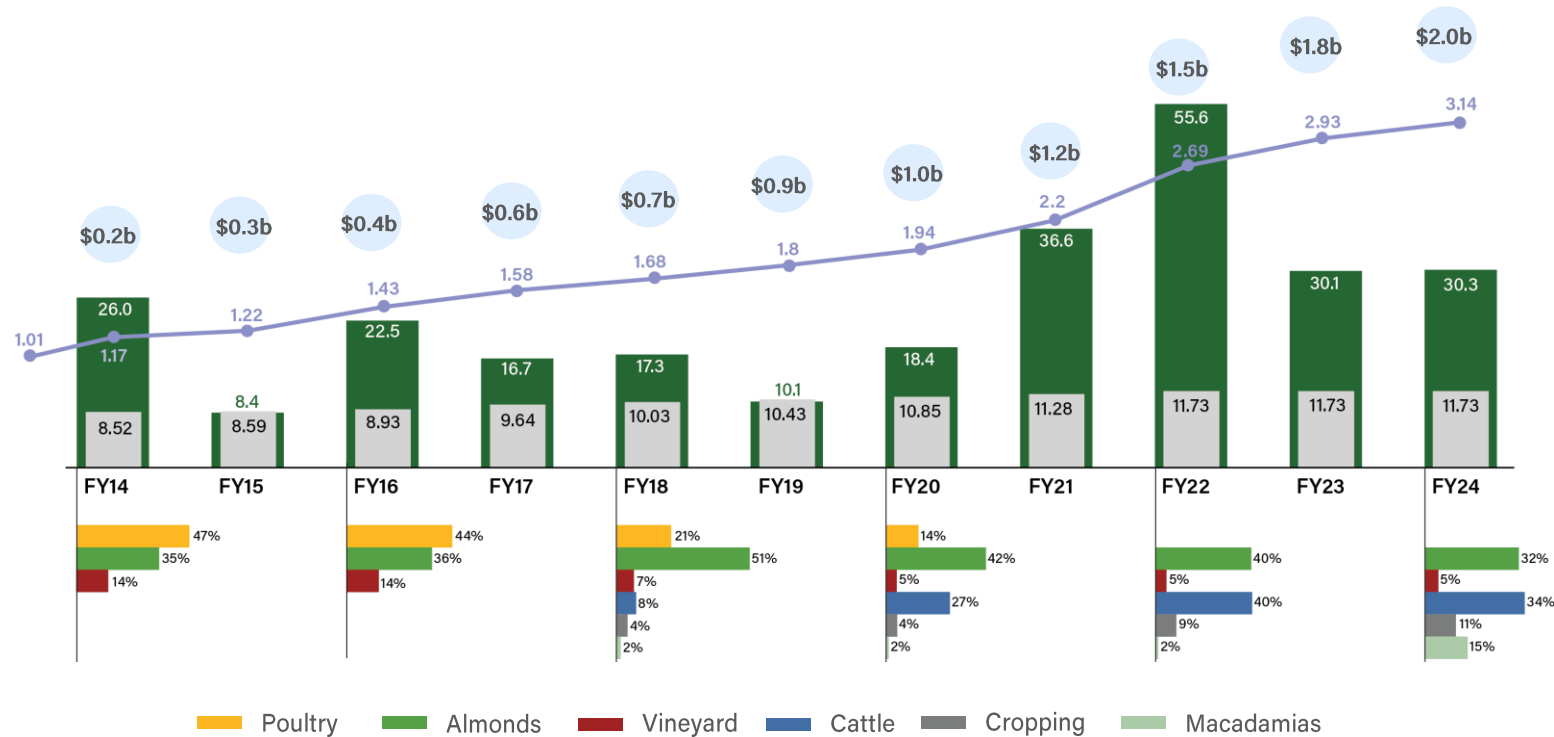
c.80% of FY25f income from corporate lessees.



Triple net leases:

Property leases are largely triple net.

RFF historical earnings and assets



11.4%

Adjusted NAV
CAGR (FY14-FY24)

3.3%

DPU average growth
(FY14-FY24)

\$1.17 per unit

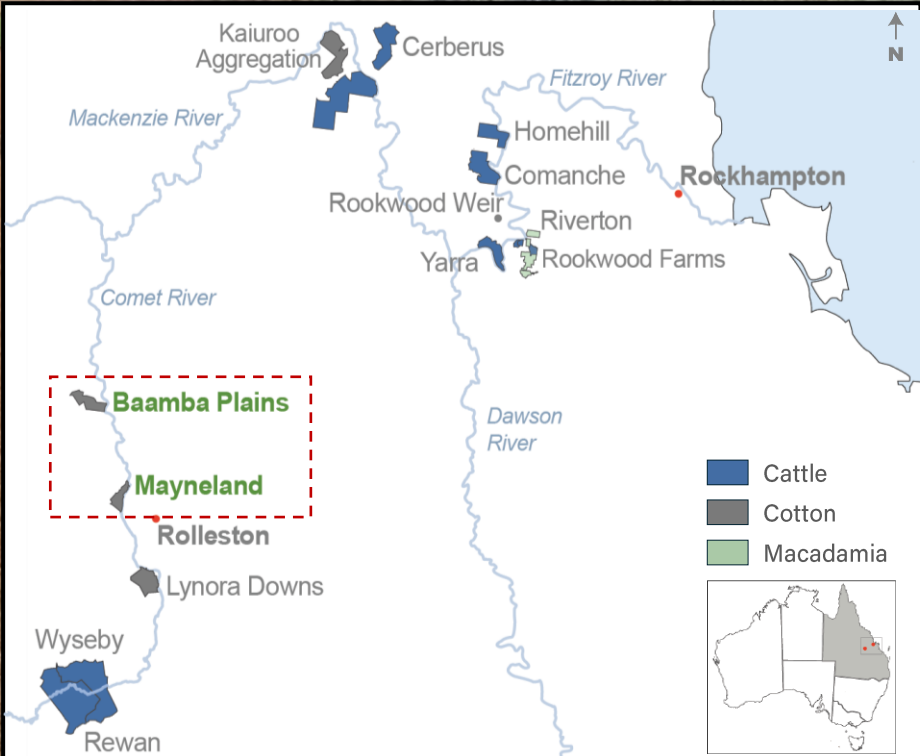
Total paid in distributions
(since listing)

- Adjusted total assets
- Adjusted Net Asset Value
- Earnings per unit
- Distributions per unit
- Forecast revenue by sector

Case study: global institutional investor lease and co-investment

CROPPING PROPERTIES

- Rural Funds Group (ASX: RFF) acquired underdeveloped cotton properties, Mayneland and Baamba Plains because of:
 - Location targeted for high yield potential; and
 - Asset pricing dislocation.
- Developments included increased water storage and irrigation infrastructure.
- In 2024, the properties were leased for a 10-year term to a joint venture between The Rohatyn Group and a global institutional investor.
 - The transaction included the sale of a 50% interest in the properties.
- Lessee return comprised of:
 - farming operations; and
 - capital growth from development gains and land value appreciation.
- RFM provides development and farm management services to the lessee.



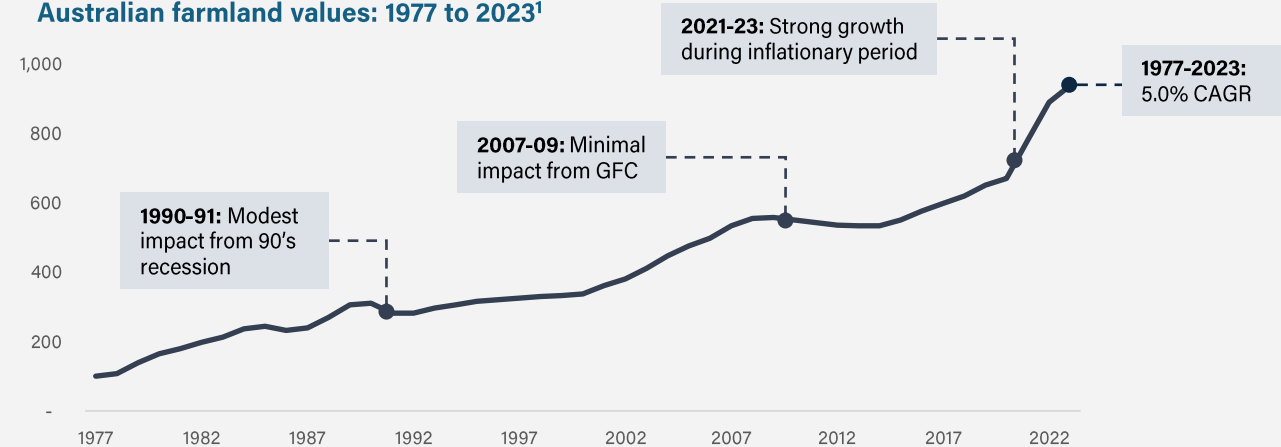
	Existing	Developed	Total
Mayneland			
Water storage	4,435 ML	4,943 ML	9,378 ML
Irrigated cropping area	485 ha	542 ha	1,027 ha
Baamba Plains			
Water storage	5,600 ML	7,900 ML	13,500 ML
Irrigated cropping area	386 ha	556 ha	942 ha

Cotton harvest at Mayneland, central Queensland, June 2023.

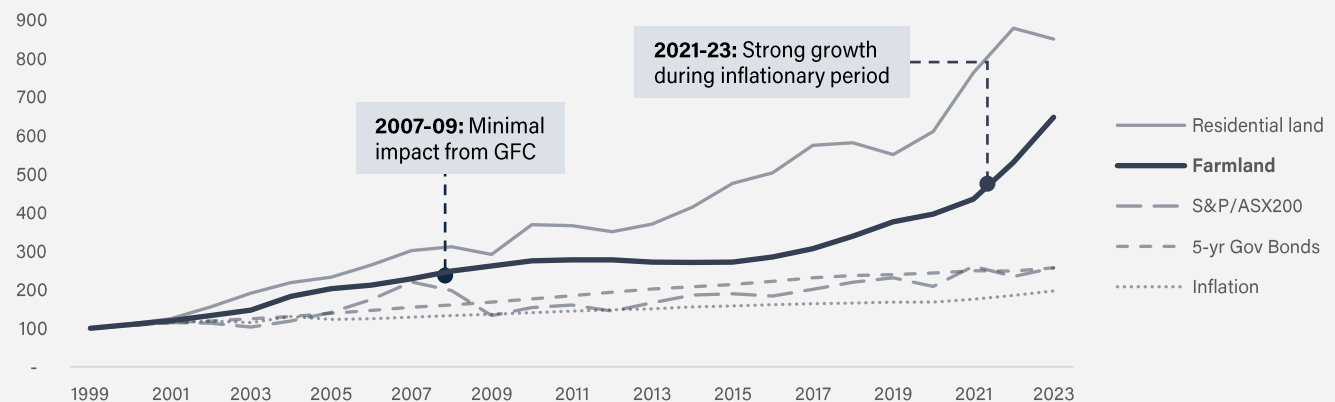
Agricultural property values

- Agricultural property offers several key benefits:
 - attractive risk-adjusted returns
 - lower volatility
 - low correlation to other asset classes
 - defensive characteristics in certain markets.
- Farmland is a tangible and productive asset that meets a fundamental need and can generate income regardless of the inflationary environment.
- Australian farmland values have demonstrated 5.0% p.a. average land value appreciation over the last c. 50 years.

Australian farmland values: 1977 to 2023¹



Asset class returns: 1999 to 2023²



1. ABARES.
2. Rabobank, Australian Financial Review.

Investment approach

Sector criteria

Preference agricultural sectors that Australia has a comparative advantage and/or where low cost of production assets can be acquired or developed.

Active management

Seek to improve assets by developing for **improved productivity** or **higher and better use**. Strategies aim to generate higher operating returns and asset values.

Operational focuses

Operations focus on achieving low cost of production assets, generally by seeking to maximise yield. Achieved through science-based approach farming, precision agricultural management techniques, infrastructure and irrigation design.

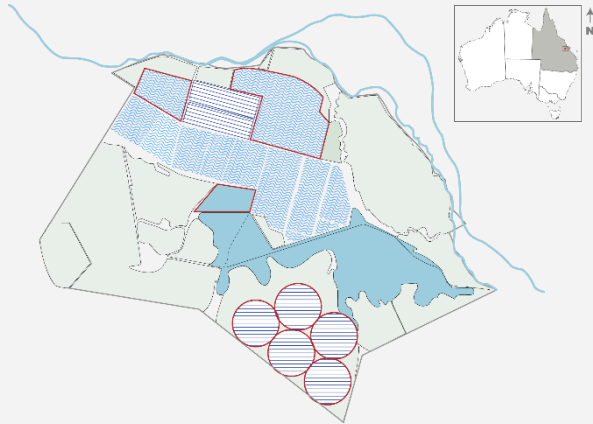


Asset development case studies

Cotton

Lynora Downs was operated by RFM whilst also seeking productivity improvements through developing water storages and irrigation area.

- **17.3%** equity IRR to current valuation
- **92%** increased average farmable hectares (AFHa) from 664 AFHa to 1,272 AFHa
- **305%** increase in production from 3,274 bales to a peak of 13,253 bales in 2021/22.

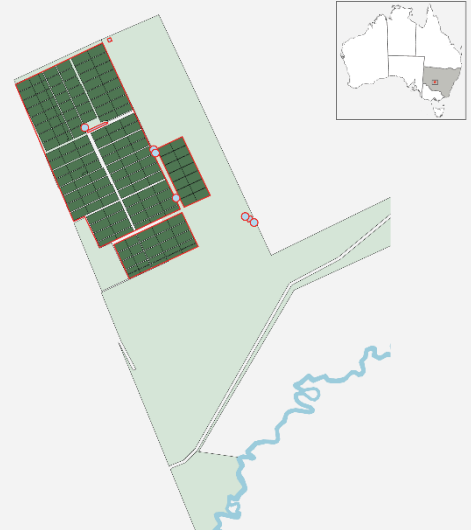


	Existing	Developed	Total
Water storage	10,000 ML	4,142 ML	14,142 ML
Spray irrigation (lateral + pivot)	0 ha	393 ha	393 ha
Flood irrigation	779 ha	351 ha	1,130 ha
Dryland cropping			1,972 ha

Horticulture

Mooral was developed to an almond orchard with an irrigation system exceeding industry average water delivery and soil monitoring equipment.

- **16.8%** equity IRR. June 2010 (post-development) valuation \$32.0m, sold August 2020 for \$98.0m
- **30%** greater average yield compared to industry average: 3.5t/ha avg yield (2013-2019) compared to industry avg of 2.7 t/ha.

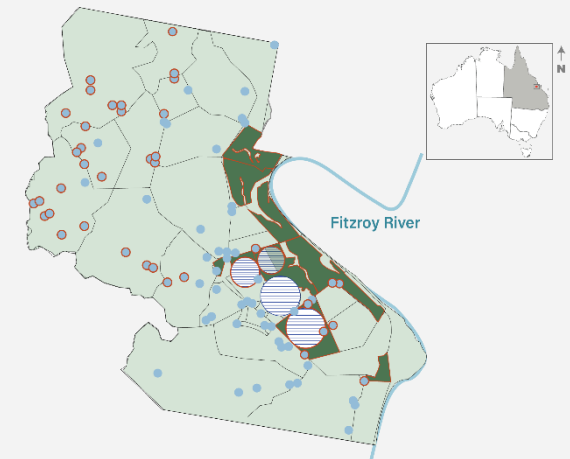


	Existing	Developed	Total
Orchard and irrigation	0	808 ha	808 ha

Cattle

Comanche was operated by RFM while developing irrigated and non-irrigated cultivation areas, additional water points and other productivity improvements.

- **27.6%** equity IRR prior to lease. Purchased July 2018 for \$16.7m, leased to ASX: AAC May 2022 valued at \$24.5m
- **58%** increased carrying capacity from 2,850 AE to 4,500 AE.

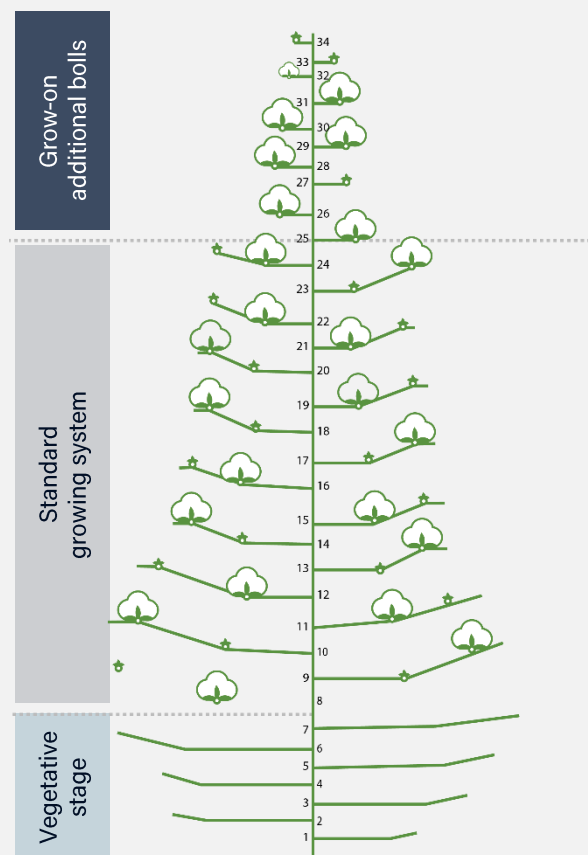


	Existing	Developed	Total
Water points	46	47	93
Irrigated forage crop cultivation area	89 ha	191 ha	280 ha
Dryland forage crop	0 ha	621 ha	621 ha
Grazing area			5,246 ha

Operational excellence: cotton grow-on system

- Uses the plant's perennial nature to support additional boll production.
- Available in regions with prolonged growing seasons.
- Second growth phase triggered, after initial bolls have matured.

Grow-on cotton diagram



Annual cumulative day degrees by region¹



Central Qld: 4,371

Macintyre/Balonne: 3,798

Darling Downs: 3,684

Northern NSW: 3,498

Macquarie: 3,134

Southern NSW: 3,498

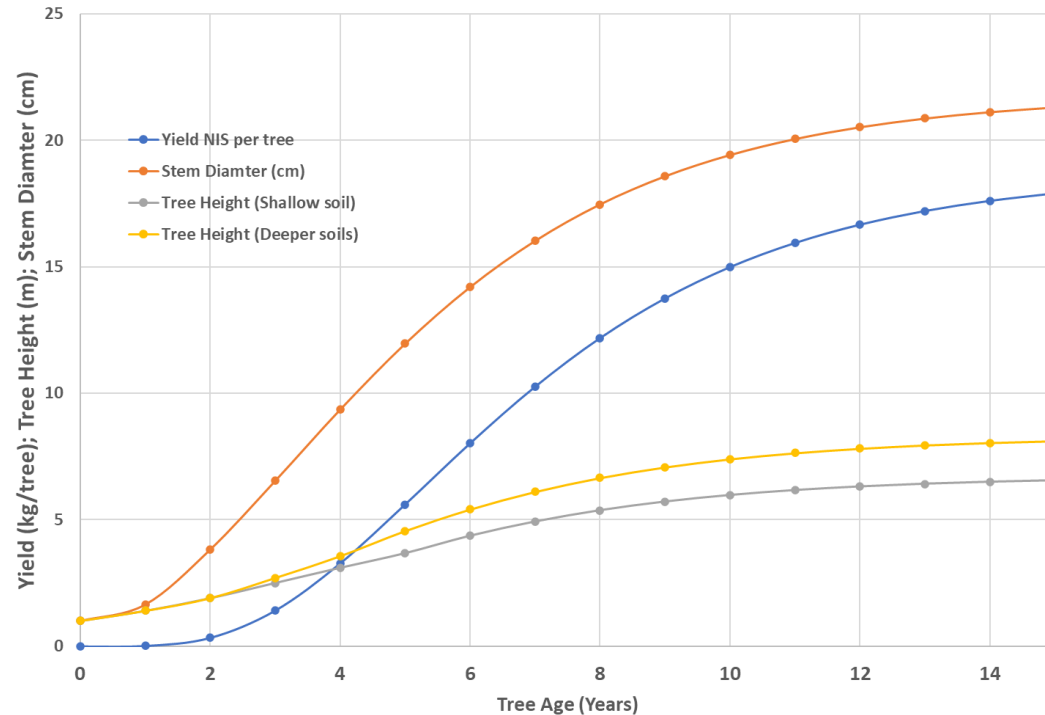
- Central Qld is the only major growing region providing sufficient heat accumulation to support grow-on cotton.

1. Central Qld based on Emerald, Qld data; Darling Downs based on Goondiwindi, Qld data; Macintyre/Balonne based on St Georg, Qld data; Southern NSW based on Griffith, NSW data; Northern NSW based on Moree, NSW data; and Macquarie based on Warren, NSW data.

Operational excellence: macadamias 10 2030 strategy

- RFM is striving to maximise macadamia orchard yields through research, data collection and precision farm management systems.
- The “10 2030” strategy refers to the aspiration of growing 10 tonnes per hectare by 2030.

Relationship between tree stem, height and yield



Root mass of higher yielding trees (4-5 times greater)



Root mass of low yielding trees



Operational excellence: macadamias data analysis

- Permanent Sample Plots (PSP) included on macadamia orchard developments collect data from trees and soil via sap flow meters, soil moisture probes and dendrometers.
- Other data collected from the orchards includes:
 - leaf samples – four times per year (prior to year seven)
 - tree structure measurements – twice yearly
 - soil testing – yearly
 - soil microbiology – yearly
 - sap nutrition – yearly (from year seven)
 - climatic and irrigation data.
- Data-informed and science-based orchard management decision making, seeks to maximise yields and optimise inputs.

Environmental, tree and soil data collection



Remotely controlled irrigation



Management dashboard

