Annual Report

for the year ended 30 June 2024

Rural Funds Group | ASX: RFF

Rural Funds Management

Managing good assets with good people

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. RFF's strategy is to generate capital growth and income from developing and leasing agricultural assets. Distributions are paid quarterly. RFF is a stapled security, incorporating Rural Funds Trust (ARSN 112 951 578) and RF Active (ARSN 168 740 805).

Rural Funds Management
Managing good assets with good people

Rural Funds Management Limited (RFM) is the manager and the Responsible Entity of RFF. RFM manages over $2.4 billion of agricultural assets on behalf of retail and institutional investors and has a depth of experience accumulated over 27 years owning, developing and operating Australian farmland, agricultural infrastructure and other assets. The management team includes specialist fund managers, finance professionals, horticulturalists, agronomists and other agricultural managers. RFM's culture is built on the core principle of 'managing good assets with good people'.

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Rural Funds Group (ASX: RFF) stapled group comprising:
Rural Funds Trust ARSN 112 951 578 and
RF Active ARSN 168 740 805
Responsible Entity: Rural Funds Management Limited
ACN 077 492 838 AFSL 226 701

Issued on: 27 September 2024

Cover image: Irrigated mungbean crop at Lynora Downs, central Queensland, March 2024.

Adjacent image: Macadamia trees in bloom at the Beerwah orchard, south-east Queensland, August 2024.

Letter from the Managing Director

Dear Unitholder,

We are pleased to provide you with the Rural Funds Group (RFF, the Fund) Annual Report for the financial year ended 30 June 2024 (FY24).

Financial results

A significant feature of the 2024 financial year has been the continued development of the macadamia orchards that are leased to a global institutional investor.[1] This lease was the main driver for property revenue to increase 8.0% to $88.4m during the year. The 40-year lease is forecast to constitute almost a fifth of RFF's revenue this year and will continue to increase as rent is earned on additional capex.

During the period, RFF generated earnings of $117.2m, or 30.3 cents per unit (cpu), through a combination of property revenue and independent asset valuations that were conducted on 69% of the Fund's assets.

Independent valuations also drove an increase in RFF's adjusted net asset value (NAV) of 7.2%, to end the year at $3.14 per unit.

Adjusted funds from operations (AFFO) of 11.0 cpu were achieved during FY24. In line with prior forecasts, the Fund paid unitholders 11.73 cpu of distributions.

Leasing and developments update

At the full-year results, Rural Funds Management (RFM) was pleased to advise that the 3,000 ha of leased macadamia orchard developments, which commenced in 2021, are on track to be materially complete by the end of 2024. The orchards are mainly located in Maryborough and Rockhampton and their completion will be a major achievement for the Rural Funds Group – representing a forecast $287m of capital by the end of the coming financial year, and an estimated 7% of Australia's total planted area.

During the orchard's development, a continued focus on precision is expected to culminate in high yielding, low cost of production assets for the lessee. Achieving high yields and management efficiency will be assisted through the integration of new technology. To this end, RFF made a $7m investment in a technology company whose data and farm management systems are being incorporated in the macadamia orchards.[2]

RFM also announced the lease and partial sale of two cropping properties, valued at $76m, to a global institutional investor.[3] An additional lease of a $26m cattle property has also been arranged with a local lessee.

The lease of these properties will improve the earnings profile of the Fund by reducing operating exposure. Where transactions include partial sales, proceeds will provide funds to reduce gearing.

Strategy update

The core business of RFF is to generate capital growth and income from developing and leasing agricultural assets. While a significant number of assets have been leased, several assets are being operated by RFF to generate income through their development, and prior to leasing.

This includes two cattle properties, Kaiuroo and Yarra. Both farms carry significant water entitlements enabling the development of irrigated cropping fields. These developments and other improvements will increase productivity, enhancing value and rent payments once they are leased.

Four mature macadamia orchards are also being operated by the Fund. During the period of recent lower macadamia prices, RFM has undertaken various improvements on areas in a number of these farms which seeks to increase their yield in future years. It is expected that the productivity improvements and macadamia price recovery, will make them more attractive to lessees.

These developments are expected to provide better leasing outcomes, further supporting the quarterly distributions which RFF has paid to Unitholders since listing.

Capital management and forecasts

During the year RFF's syndicated debt facility was refinanced. The combined facilities increased from $795m to $867m during FY24 to provide funding for the macadamia developments. As of 30 June 2024, the facilities pro forma headroom was $98m, providing sufficient funding for committed FY25 capex.[4]

Taking into account the fixed facility and interest hedges, 70% of RFF's debt is fixed as at 30 June. RFF's weighted average hedge rate for FY25 is 2.8%.[5]

As part of the full-year results released on 23 August 2024, RFM announced forecast FY25 AFFO of 11.4 cpu, representing 3.6% growth on the prior year, and distributions of 11.73 cpu.

Sustainability

Key sustainability initiatives for the year included quantifying emissions and continuing to include sustainability principles in the development of assets. More detail is included in the 'Sustainability' section of this report.

Conclusion

Over the next year we will continue to focus on completing transactions to further improve the earnings and risk profile of the portfolio through transactions on cattle, cropping and macadamia assets.

We encourage our Unitholders to read our biannual newsletter which contains updates on the Fund.

We also look forward to providing further updates as part of the half-year results in February 2025. In the interim, should you have any queries about your investment, we encourage you to contact our Investor Services team.

Yours faithfully

David Bryant
Managing Director
Rural Funds Management Limited

Wheat at Kaiuroo, central Queensland, January 2024.

1. Lessee is TRG JV, a company managed by The Rohatyn Group (TRG) on behalf of a joint venture between TRG and a global institutional investor.
2. Purchase of shares in July 2024 totals $5.0m, convertible debt facility (two tranches) totals $2.0m. Repayment of debt through issue of additional equity to RFF. The equity ownership in Inform Ag is 35%, increasing to 43% following the conversion of both tranches of the debt facility, with options over an additional 7%.
3. Lessee is TRG JV. The transaction is expected to settle HY25, subject to various conditions precedent and Foreign Investment Review Board (FIRB) approval.
4. Pro forma to 30 June 2024 includes Mayneland and Baamba Plains partial sale ($39.2m) plus associated plant and equipment ($5.3m), which is expected to settle HY25 subject to various conditions precedent and FIRB approval; and investment in Inform Ag ($7.0m).
5. Current hedges and total fixed debt drawn divided by total debt drawn.

Strategy

To generate capital growth and income from developing and leasing agricultural assets, with distributions paid quarterly.

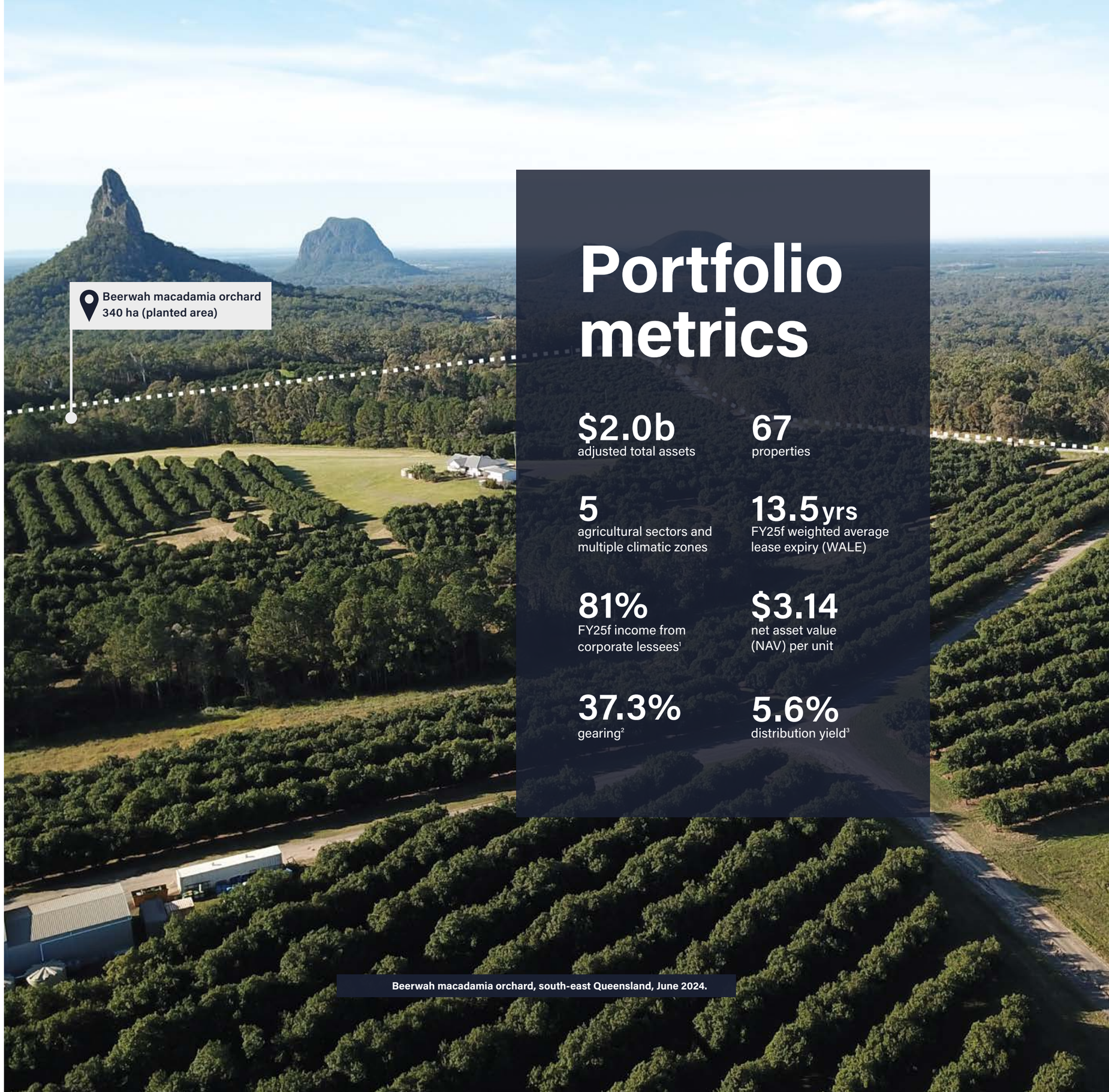
Leasing model
Maintain a majority of long WALE, triple-net leases of agricultural assets to high quality lessees.

Active management
Seek to improve assets by developing for improved productivity or higher and better use. Generate income during development phase by operating assets prior to leasing.

Diversification
Diversify 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. Focus on commodities where RFM has operating experience or Australia has a comparative advantage.



Beerwah macadamia orchard, south-east Queensland, June 2024.

Portfolio metrics

$2.0b
adjusted total assets

67
properties

5
agricultural sectors and multiple climatic zones

13.5yrs
FY25f weighted average lease expiry (WALE)

81%
FY25f income from corporate lessees[1]

$3.14
net asset value (NAV) per unit

37.3%
gearing[2]

5.6%
distribution yield[3]

1. Percentage of FY25f income from corporate lessees includes TRG JV cropping leases of Mayneland and Baamba Plains (2% of FY25f revenue by lessee), expected to settle HY25 subject to various conditions precedent and FIRB approval.
2. Gearing pro forma includes Mayneland and Baamba Plains partial sale ($39.2m) plus associated plant and equipment ($6.1m), expected to settle HY25 subject to various conditions precedent and FIRB approval; and investment in Inform Ag ($7.0m).
3. Distribution yield based on $2.09 per unit close price on 21 August 2024.

Results highlights

Property revenue increased 8.0%
up $6.5m to $88.4m primarily due to additional rental income earned on macadamia developments and lease indexation.

Earnings of 30.28 cents per unit (cpu)
largely driven by property revenue and independent property valuations.[1]

Adjusted net asset value (NAV) increased 7.2%
up $0.21 to $3.14 per unit, benefiting from independent asset valuations.

FY24 DPU and AFFO
including distributions per unit (DPU) of 11.73 cents and adjusted funds from operations (AFFO) of 11.0 cpu.

FY25 forecast AFFO growth of 3.6%
to 11.4 cpu and forecast distributions of 11.73 cpu.

For more detailed information, scan to access the RFF FY24 financial results presentation and webinar.

Independent valuations in FY24[2]

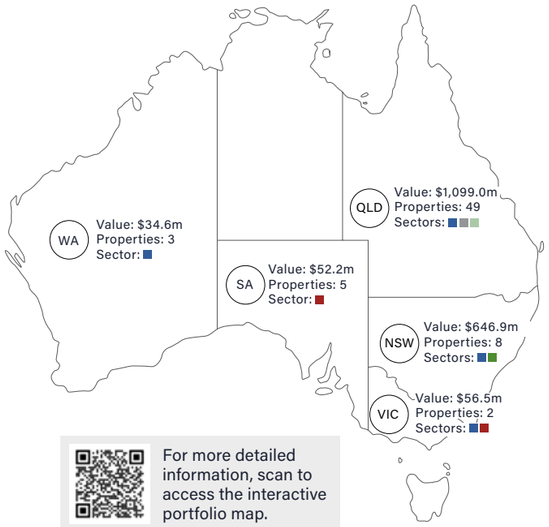
Almonds $451.8m	↑ $1.6m	0.3%	
Cattle $354.2m	↑ $47.4m	13.4%	
Macadamias $270.1m	↑ $52.4m	19.4%	
Cropping $117.5m	↓ $0.3m	(0.3%)	
Water $110.0m	↑ $1.5m	1.4%	
Vineyards $61.2m	↓ $5.3m	(8.7%)	

1. Based on total comprehensive income.
2. Value of assets externally revalued shown in coloured box (inclusive of capex since 30 June 2023 of $0.1b, excluding revaluations). Revaluation movement (plus/minus) $ and % includes depreciation on bearer plants and owner-occupied properties.

Steers at Kaiuroo, central Queensland, January 2024.

Portfolio overview

Asset map

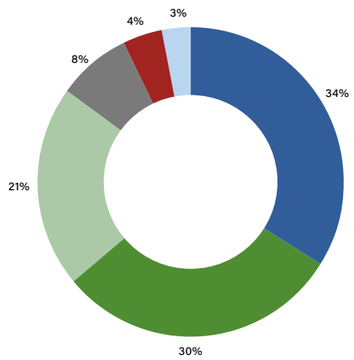


For more detailed information, scan to access the interactive portfolio map.

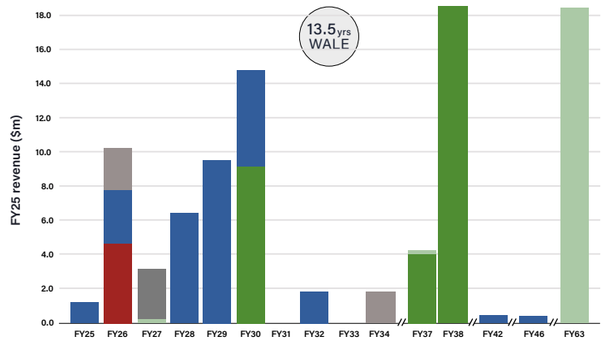
Corporate and institutional lessees

Lessees	Sector	% FY25f income
Olam	Almonds	21%
THE ROHATYN GROUP	Macadamias, Cropping	20%[1]
JBS	Cattle	9%[2]
SELECT HARVESTS	Almonds	9%
CAM	Cattle	6%
STONE AXE	Cattle	7%
MM CO	Cattle	5%
TREASURY WINE ESTATES	Vineyards	4%

FY25f revenue by sector[3]



Weighted average lease expiry (WALE)



Cattle | Almonds | Macadamias | Cropping | Vineyards | Other

1. Total TRG JV FY25f revenue (percentage by lessee) is 20% with 18% macadamias and 2% cropping. TRG JV cropping leases, expected to commence HY25, are subject to conditions precedent being satisfied, including FIRB approval.
2. JBS revenue includes J&F Australia guarantee fee.
3. FY25f revenue/total adjusted property assets – by sector: cattle $35.9m/$741.5m, almonds $31.7m/$453.6m, macadamias $21.2m/$402.1m, cropping $7.9m/$208.2m, vineyards $4.7m/$56.1m and other $3.5m/$90.2m. Includes TRG JV cropping leases, subject to conditions precedent being satisfied, including FIRB approval.

Sustainability

Rural Funds Management (RFM) is pleased to provide an update on sustainability-related projects for the Rural Funds Group (RFF, the Fund) for the financial year ended 30 June 2024 (FY24).

During FY24 RFM continued to progress various sustainability initiatives, highlights included:

- **Greenhouse gas (GHG) emissions quantification** – quantified RFF FY23 Scope 1 and Scope 2 emissions (disclosed in December 2023)[1]
- **Diversity, equity and inclusion** – set target of 40% female representation on the RFM Board by December 2026
- **Wellbeing and safety** – implemented improvements to the safety management system
- **Carbon feasibility studies** – continued work on feasibility studies of various carbon projects
- **Protecting land and water** – continued engagement with voluntary industry-led best management practice systems myBMP and Hort360
- **Sustainability reporting progress** – ongoing progress to align with sustainability reporting standards
- **Community engagement** – engaged with and continued to support community groups throughout the year.

Over the coming year RFM has identified several areas of focus, including:

- **Greenhouse gas (GHG) emissions** – improve Scope 1 and Scope 2 emissions quantification process to incorporate emissions intensity tracking
- **Carbon projects** – continue assessment of additional carbon opportunities
- **Sustainability reporting** – progress climate-related scenario analysis
- **Modern slavery statement** – release modern slavery statement by 31 December 2024.

Additional detail and updates are provided in this section on several topics, including:

- sustainability policy updates and framework
- climate related reporting
- emissions disclosure
- social considerations.

Throughout the year, updates on sustainability-related topics are also included in various publications, including the biannual newsletter. In the June 2024 edition, an article titled 'Developing sustainable macadamia orchards' presented a detailed discussion of elements of the developments which seek to improve environmental outcomes, conserve water and maximise yield.

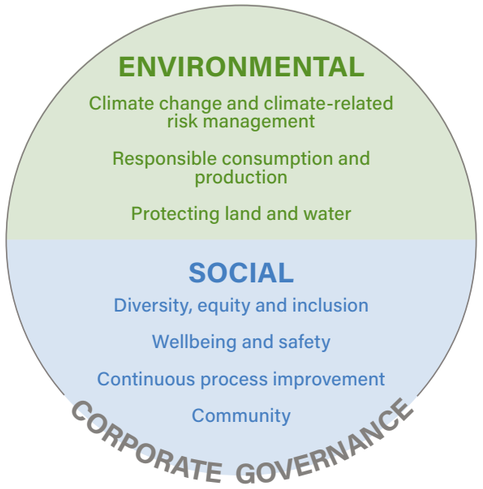
The macadamia developments have represented the most significant activity in terms of capital deployment over the past few years. Figure 2 and 3 outlines sustainability elements that are being incorporated into these developments.

Sustainability policy updates and framework

During the year RFM updated its Sustainability Policy (Policy). RFF, as an externally managed entity, adopts the Policy of its Responsible Entity, RFM.

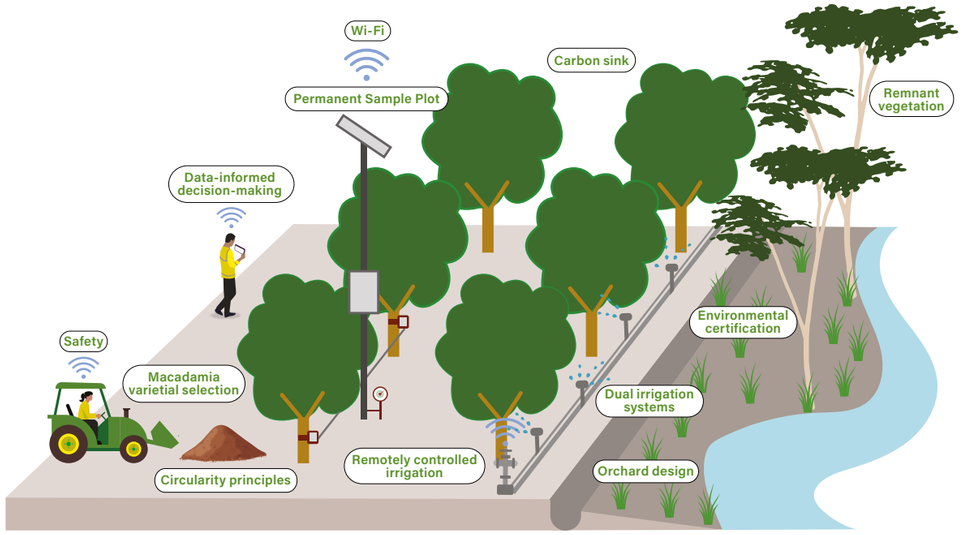
The Policy outlines RFM's commitment and approach to conducting its activities in an environmentally and socially responsible manner. This is achieved by assessing the impact of its operations on the environment, its employees, lessees, and the local communities in which it operates. Figure 1 summarises the areas of focus within the policy which have been identified as relevant to RFM's business. The Policy is publicly available on RFM's website.

Figure 1. Sustainability policy framework



1. RFM has elected to disclose Scope 1 and Scope 2 emissions for assets for which RFF receives the operational proceeds for a given financial year.

Figure 2. Sustainability and macadamia orchards[2]



Sustainability elements are incorporated into macadamia orchard developments, seeking to achieve more efficient operations and improved yields, while aligning with goal of 'growing more with less'.

Permanent Sample Plot (PSP)
Solar powered PSP sites are established throughout the orchard to collect data from trees and soil via sapflow meters, soil moisture potential probes and dendrometers. Climatic and irrigation data is also collected throughout the orchard.

Data-informed decision making
Data from PSPs and across the orchard is provided to dashboards which are used for data-informed and science-based orchard management decision making, seeking to maximise yields and optimise inputs.

Wi-Fi
Wi-Fi mesh network across the orchards provide for transmission of PSP data, remote control of infrastructure and other connectivity benefits.

Varietal selection
Higher yielding cultivars capable of producing quality nuts are planted throughout the orchard. RFM is also collaborating with The University of Queensland to seek to develop improved varieties for potential future use.

Circularity principles
Macadamia husks and prunings are composted and applied across the orchards to enhance soil health, carbon levels, and water holding capacity.

Remnant vegetation
Helps minimise sediment movement and promotes biodiversity.

Dual irrigation systems
Efficient water application supports trees and interrow grasses, improves soil health, reduces erosion and assists in managing stress during heatwave events.

Safety
Employees have access to an online safety platform which is one element contributing to an overall culture of safety and precision.

Remotely controlled irrigation
Irrigation valves can be controlled remotely to improve the precision of water application.

Environmental certification
Implementation of Hort360 Reef standards for practices to protect sensitive marine environments, such as the Great Barrier Reef, by minimising potential run-off from sediment and fertiliser.

Orchard design
Diversion banks and grassed drains minimise sediment loss and maintain soil integrity by limiting water accumulation and velocities during rain events.

Carbon sink
The macadamia trees, remnant vegetation and soil serve as carbon sinks by sequestering carbon.

2. The graphic is for illustrative purposes only. Not all of the systems outlined are included across all RFF orchards.

Figure 3: Macadamia orchard technology

Emissions disclosure

In FY23, RFM made a commitment to quantify emissions from assets for which the Fund receives operational proceeds. While RFF's strategy is to lease agricultural assets, the Fund will generate income by operating assets prior to leasing, for example while being developed.

The first emissions disclosure was included in the December 2023 biannual newsletter with a detailed discussion on the sources of these emissions and the Fund's overall strategy.

RFM's strategy is focused on developing properties to operate more efficiently, aligning with the Group's overarching goal of 'growing more with less'. In recognising the challenges associated with reducing emissions in agriculture, as outlined in the December 2023 biannual newsletter, RFM has implemented a range of initiatives to address these complexities and continues to explore further opportunities for improvement.

In FY24, RFM has improved its capacity to account for greenhouse gas (GHG) emissions by establishing in-house capability for calculating Scope 1 and Scope 2 emissions. RFM calculated RFF Scope 1 and Scope 2 emissions for cattle, cropping and macadamia activities across identified assets.[3]

Despite the overall size of RFF's portfolio, the Scope 1 and Scope 2 emissions remain relatively modest. This is primarily due to the majority of the assets being leased, and therefore not under RFF's direct operational control. The emissions from these leased assets are accounted for under the lessees' Scope 1 and Scope 2 emissions as per the National Greenhouse and Energy Reporting (NGER) Scheme.

During FY24, Scope 1 and Scope 2 emissions were quantified at 21,585 tonnes of CO_2 equivalent (CO_2-e), comprising 20,447 tonnes under Scope 1 and 1,138 tonnes under Scope 2.[4] A detailed breakdown is presented in Figure 4.

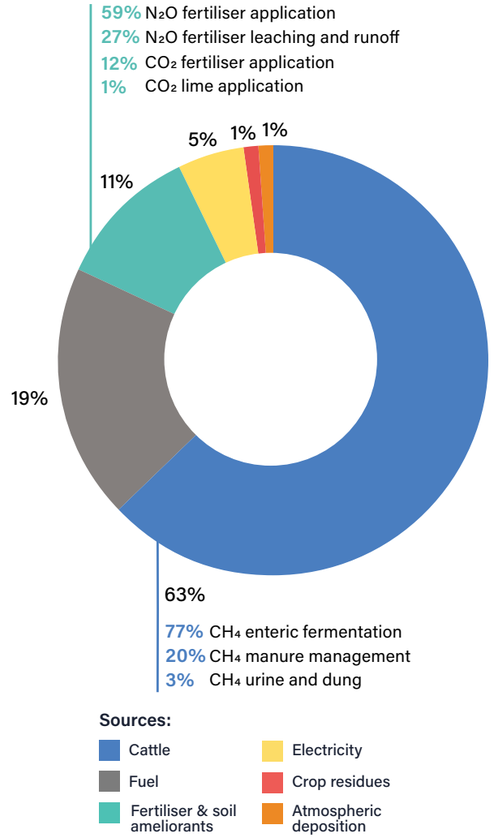
Calculated emissions in FY24 included an additional property, Kaiuroo, which is being developed prior to leasing. The inclusion of this property added approximately 8,800 tonnes of CO_2-e in FY24 due to the significant cattle herd.

The carbon sequestration potential of soil and remnant vegetation on RFF properties and of the trees within the orchards themselves is not currently accounted for in the RFF emissions calculations. This represents an additional, unquantified contribution to the Group's overall emissions abatement.

While the current focus has been on quantifying Scope 1 and Scope 2 emissions, RFM acknowledges the importance of quantifying Scope 3 emissions in the future. Scope 3 emissions encompass the indirect emissions that occur in the value chain, including those from leased assets and supply chain activities. RFM plans to gradually expand its emissions profiling over time to include Scope 3 emissions to align with climate reporting standards.

3. For assets for which RFF receives the operational proceeds for a given financial year.
4. Scope 1 and Scope 2 emissions were derived using the Greenhouse Accounting Framework (GAF), developed by the Primary Industries Climate Challenges Centre (PICCC) and the University of Melbourne for one cotton property, three cattle properties, four macadamia orchards and 16 properties with sugar cane.

Figure 4: FY24 Scope 1 and Scope 2 emissions



Climate-related reporting

During the year RFM has also continued to monitor the evolving climate-related reporting standards.

The Australian Accounting Standards Board (AASB) has developed Australian Sustainability Reporting Standards (ASRS) for the Disclosure of Climate-related Financial Information for local entities.

Based on current understandings of the standards and the reporting thresholds, RFF will likely form part of Group 3 and will therefore be required to align with the ASRS in FY28.

RFM already considers climate-related risk, as deemed appropriate for property acquisitions or investments, and manages climate-related risk in line with the Risk Management Framework. RFM is considering Representative Concentration Pathway (RCP) climate modelling scenarios and will seek to evaluate potential climate impacts for multiple RCP scenarios and properties.

Social considerations

As detailed in Figure 1, RFM's social sustainability framework considers diversity, equity and inclusion, wellbeing and safety, continuous process improvement and community.

RFM considers workforce diversity a strength and is committed to fostering an inclusive environment that values diverse perspectives. RFM promotes diversity, equity and inclusion through various policies.

RFM has formalised a target to achieve 40% female representation on the RFM Board by December 2026. Within RFM corporate roles, females comprise 47% of employees. Recognising agriculture is traditionally male-dominated, RFM continues to implement strategies to improve operational roles held by women. RFM's employee age composition reflects a diverse workforce, with representation across all age groups.

While RFM has not had a high incidence of workplace injuries, during FY24 RFM's People and Safety team focused on enhancing return-to-work strategies. This is achieved by engaging with injured workers whenever practicable. Developed through consultation with the injured worker, their treating medical professional, the worker's manager and the return-to-work coordinator, the approach identifies meaningful and suitable duties that allow a staged return to pre-injury roles. This positively impacts the worker and has reduced the total lost time injury rate to about half the industry (Agriculture, Forestry and Fisheries) average.

RFM's employee retention rate in FY24 was 92%, reflecting the positive work environment across both corporate offices and operational sites.[5] These figures highlight RFM's commitment to being an attractive and stable employer.

RFM continues to support and engage with organisations connected to the agricultural industry and our employees. Information about the organisations supported by RFM is available on the RFM website.

5. 12 months to 30 April 2024.

ASX additional information

Additional information required by the ASX Limited (ASX) Listing Rules and not disclosed elsewhere in this report is set out below. This information is effective as at 24 September 2024.

Distribution of equity securities

Holding size	Unitholders	Class
1 – 1,000	5,224	Ordinary fully stapled securities
1,001 – 5,000	6,417	Ordinary fully stapled securities
5,001 – 10,000	2,741	Ordinary fully stapled securities
10,001 – 100,000	4,142	Ordinary fully stapled securities
100,001 and over	200	Ordinary fully stapled securities

Substantial Unitholders[1]

Unitholder	Number of units	%
The Vanguard Group, Inc	32,584,896	9.7%
Argo Investments Limited	24,296,798	6.3%

Holders of less than marketable parcels

The number of holders of less than marketable parcels, being $500 based on the ASX unit closing price of $1.98 as at 24 September 2024 is set out below:

Number of Unitholders	Number of units
2,917	725,630

Voting rights

The voting rights attaching to the ordinary units, set out in section 253C of the Corporations Act 2001, are:

(i) On a show of hands, each member of a registered scheme has one vote; and
(ii) On a poll, each member of the scheme has one vote for each dollar of the value of the total interests they have in the scheme.

1. Based on the latest substantial holder notice lodged with the ASX.

The 20 largest Unitholders

Unitholder	Number of units	%
J P Morgan Nominees Australia Pty Limited	58,511,145	15.044%
HSBC Custody Nominees (Australia) Limited	53,329,622	13.711%
Argo Investments Limited	24,296,798	6.247%
Citicorp Nominees Pty Limited	14,896,462	3.830%
Rural Funds Management Ltd	11,843,659	3.045%
Prudential Nominees Pty Ltd	8,200,000	2.108%
BNP Paribas Nominees Pty Ltd <Agency Lending A/C>	4,155,497	1.068%
Bryant Family Services Pty Ltd <BFS Superannuation Fund A/C>	3,768,012	0.969%
Netwealth Investments Limited <Wrap Services A/C>	3,644,118	0.937%
BNP Paribas Nominees Pty Ltd <HUB24 Custodial Serv Ltd>	2,967,077	0.763%
National Nominees Limited	2,842,827	0.731%
BNP Paribas Noms Pty Ltd	2,120,231	0.545%
HSBC Custody Nominees (Australia) Limited - A/C 2	2,016,430	0.518%
BNP Paribas Nominees Pty Ltd <Ib Au Noms Retailclient>	2,004,128	0.515%
Sccasp Holdings Pty Ltd <H & R Super Fund A/C>	1,663,073	0.428%
One Managed Investment Funds Ltd <Charter Hall Maxim Property Sec>	1,500,000	0.386%
Boskenna Pty Ltd	1,353,044	0.348%
Netwealth Investments Limited <Super Services A/C>	1,199,874	0.308%
Merrill Lynch (Australia) Nominees Pty Limited	1,154,462	0.297%
Citicorp Nominees Pty Limited <Colonial First State Inv A/C>	1,078,919	0.277%

On-market buy-back

RFF confirms there is no on-market buy-back facility in operation.

Securities exchange

The Fund is listed on the ASX. The ASX reserves the right (but without limiting its absolute discretion) to remove Rural Funds Trust (RFT), or RF Active (RFA) from the official list if any of their securities cease to be "stapled" together, or any securities are issued by RFA which are not stapled to equivalent securities in RFT, or any securities are issued by RFT which are not stapled to equivalent securities in RFA.

Financial statements

for the year ended 30 June 2024

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Rural Funds Group

Corporate Directory

Registered Office	Level 2, 2 King Street DEAKIN ACT 2600
Responsible Entity	Rural Funds Management Limited ABN 65 077 492 838 AFSL 226701 Level 2, 2 King Street DEAKIN ACT 2600 Ph: 1800 026 665
Directors	Guy Paynter David Bryant Michael Carroll Julian Widdup Andrea Lemmon
Company Secretary	Emma Spear
Custodian	Certane CT Pty Limited / Australian Executor Trustee Limited ACN 106 424 088 / ACN 007 869 794 Level 6, 80 Clarence Street SYDNEY NSW 2000
Auditors	PricewaterhouseCoopers One International Towers Sydney Watermans Quay BARANGAROO NSW 2000
Share Registry	Boardroom Pty Limited Level 8, 210 George Street SYDNEY NSW 2000 Ph: 1300 737 760
Bankers	Australia and New Zealand Banking Group Limited (ANZ) 242 Pitt Street SYDNEY NSW 2000 Cooperatieve Rabobank UA Darling Park Tower 3 201 Sussex Street SYDNEY NSW 2000 National Australia Bank (NAB) Level 6, 2 Carrington Street SYDNEY NSW 2000
Stock Exchange Listing	Rural Funds Group units (Rural Funds Trust and RF Active form a stapled investment vehicle) are listed on the Australian Securities Exchange (ASX)
ASX Code	RFF

Directors' Report

30 June 2024

Rural Funds Group (RFF or the Group) comprises the stapled units in two Trusts, Rural Funds Trust (RFT) (ARSN 112 951 578) and RF Active (RFA) (ARSN 168 740 805) (collectively, the Trusts). The Directors of Rural Funds Management Limited (RFM) (ACN 077 492 838, AFSL 226701), the Responsible Entity of Rural Funds Group present their report on the Group for the year ended 30 June 2024.

In accordance with AASB 3 *Business Combinations*, the stapling arrangement referred to above is regarded as a business combination and Rural Funds Trust has been identified as the parent for the purpose of preparing the consolidated financial report.

The Directors' report is a combined report that covers both Trusts. The financial information for the Group is taken from the Consolidated Financial Statements and notes.

Directors

The following persons held office as Directors of the Responsible Entity during the period and up to the date of this report:

Guy Paynter	Non-Executive Chair
David Bryant	Managing Director
Michael Carroll	Non-Executive Director
Julian Widdup	Non-Executive Director
Andrea Lemmon	Non-Executive Director

Principal activities and significant changes in state of affairs

The principal activity of the Group during the year was the development and leasing of agricultural properties. The Group is a lessor of agricultural property with revenue derived from leasing almond orchards, macadamia orchards, vineyards, cattle properties, cropping properties, agricultural plant and equipment, cattle and water rights. The Group also carries out farming operations on an interim basis for unleased properties and properties under development.

The Group also provides a guarantee to J&F Australia Pty Ltd (J&F), a wholly owned subsidiary of RFM, earning a return equivalent to an equity rate of return calculated on the amount of the guarantee during the year.

The following activities of the Group changed during the year:

In December 2023, the Group increased its available core debt to $750,000,000 (2023: $670,000,000). The facility limit on the $410,000,000 tranche expiring in November 2024 was extended to November 2026. The facility limit on the $260,000,000 tranche expiring in November 2025 was increased to $340,000,000.

In February and March 2024, the Group contracted to dispose of two Maryborough cropping properties for $3,105,000, expected to settle in the second half of 2024.

In April 2024, the Group reduced the J&F guarantee from $132,000,000 to $123,000,000.

In June 2024, the lease commenced for the remaining macadamias properties making up approximately 3,000ha of macadamia orchards to a company managed by The Rohatyn Group (TRG).

In June 2024, the Group completed the acquisition of 22,100 megalitres of Fitzroy River water allocations on completion of the Rookwood Weir for $36,300,000 including acquisition costs.

In June 2024, the Group announced that it had entered into a transaction for a 10-year lease of Mayneland and Baamba Plains to a company managed by The Rohatyn Group and a sale of 50% interest in both properties, subject to Foreign Investment Review Board (FIRB) approval. As part of the transaction, the Group is expected to receive catch up rent for part of the year ended 30 June 2024 for these properties.

In the opinion of the Directors, there were no other significant changes in the state of affairs of the Group during the year.

Directors' Report

30 June 2024

Operating results

The consolidated net profit after income tax of the Group for the year ended 30 June 2024 amounted to $80,441,000 (2023: $94,498,000). The consolidated total comprehensive income of the Group for the year ended 30 June 2024 amounted to $117,155,000 (2023: $115,521,000).

The Group holds investment property, bearer plants, owner-occupied property and derivatives at fair value. The Group also reports adjusted funds from operations (AFFO) as a performance measure which adjusts profit for the effects of contracted rent, rental straight-lining, unrealised fair value adjustments, depreciation, impairments, non-cash tax expense, one-off transaction costs and other transactions. AFFO for the year was $42,373,000 (2023: $41,077,000) and is reconciled to net profit before income tax below.

Adjusted funds from operations (AFFO)

The adjusted funds from operations (AFFO) calculated below effectively represents the underlying and recurring cash earnings from the Group's operations from which distributions are funded:

	2024	**2023**
	$'000	**$'000**
Net profit before income tax	**81,560**	94,171
Property related		
Change in fair value of investment property	**(58,057)**	(61,106)
Change in fair value of bearer plants	**128**	(2,475)
Impairment of property - owner occupied	**558**	3,202
(Reversal of impairment) / impairment of intangible assets	**(1,400)**	247
Depreciation - bearer plants	**11,271**	9,583
Depreciation - property - owner occupied	**946**	502
Depreciation and impairments - other	**3,546**	2,336
Gain on sale of assets	**(444)**	(802)
Farming operations		
Change in fair value of biological assets (unharvested crops and unsold cattle)*	**(725)**	1,505
Change in fair value of biological assets (prior year biological assets realised during the year)	**(581)**	1,819
Contracted farming cost recovery (TRG cropping)	**850**	-
Revenue items		
Rental revenue - prepaid rent (TRG macadamias)	**4,803**	6,050
Contracted rent (TRG cropping)	**2,726**	-
Lease incentive amortisation (TRG macadamias)	**68**	9
Straight-lining of rental revenue	**(3,203)**	(1,470)
Interest component of JBS feedlot finance lease	**(2,172)**	(4,187)
Other		
Change in fair value of financial assets/liabilities	**(154)**	(156)
Change in fair value of interest rate swaps	**3,297**	(8,930)
Income tax payable (AWF)	**(644)**	(257)
Macgrove acquisition		
Impairment of goodwill - Macgrove acquisition	**-**	195
Loss on settlement of pre-existing relationship - Macgrove acquisition	**-**	1,281
Gain on bargain purchase - Macgrove acquisition	**-**	(440)
AFFO	**42,373**	41,077
AFFO cents per unit	**11.0**	10.7

*FY24 excludes revaluation of calves on weaning

Directors' Report

30 June 2024

Financial position

The net assets of the consolidated Group have increased to $1,071,317,000 at 30 June 2024 from $993,159,000 at 30 June 2023. At 30 June 2024, the Group had total assets of $1,901,214,000 (2023: $1,671,009,000).

At 30 June 2024, the Group held total water entitlements (including investments in Barossa Infrastructure Limited (BIL) and Coleambally Irrigation Co-operative Limited (CICL)) at a book value of $213,708,000 (2023: $178,972,000). Directors obtain independent valuations on RFF properties ensuring that each property will have been independently valued at least every two years or more often where appropriate. These valuations attribute a value to the water entitlements held by the Group. The Directors have taken into account the most recent valuations on each property and consider that they remain a reasonable estimate of fair value. On this basis the fair value of water entitlements at 30 June 2024 was $360,150,000 (2023: $314,486,000). The value of water entitlements is illustrated in the table below:

	2024 $'000	2023 $'000
Intangible assets (water entitlements)	**201,724**	166,988
Investment in CICL	**11,464**	11,464
Investment in BIL	**520**	520
Total book value of water entitlements	**213,708**	178,972
Revaluation of intangible assets per valuation	**146,442**	135,514
Adjusted total water entitlements	**360,150**	314,486

Adjusted net asset value

The following depicts the net assets of the Group following the revaluation of water entitlements comprising intangible assets and investments in BIL and CICL per these valuations.

	2024 $'000	2023 $'000
Net assets per Consolidated Statement of Financial Position	**1,071,317**	993,159
Revaluation of intangible assets per valuation	**146,442**	135,514
Adjusted net assets	**1,217,759**	1,128,673
Adjusted NAV per unit ($)	**3.14**	2.93

Banking facilities

At 30 June 2024 the core debt facility available to the Group was $750,000,000 (2023: $670,000,000), with a drawn balance of $724,606,000 (2023: $574,606,000). The facility is split into two tranches with a $410,000,000 tranche expiring in November 2026 and a $340,000,000 tranche expiring in November 2025. At 30 June 2024, RFF had active interest swaps totalling 68.5% (2023: 42.2%) of the drawn balance on the floating debt facility to manage interest rate risk.

Units on issue

388,243,046 units in Rural Funds Trust were on issue at 30 June 2024 (2023: 384,856,558). During the year 3,386,488 units (2023: 2,341,799) were issued by the Trust and nil (2023: nil) were redeemed.

Distributions

	Cents per unit	Total $
Distribution declared 01 June 2023, paid 31 July 2023	2.9325	11,285,919
Distribution declared 01 September 2023, paid 31 October 2023	2.9325	11,323,511
Distribution declared 01 December 2023, paid 31 January 2024	2.9325	11,343,210
Distribution declared 01 March 2024, paid 30 April 2024	2.9325	11,365,302
Distribution declared 03 June 2024, paid 31 July 2024	2.9325	11,385,227

Directors' Report

30 June 2024

Earnings per unit

Net profit after income tax for the year ($'000)	80,441
Weighted average number of units on issue during the year	386,899,957
Basic and diluted earnings per unit (total) (cents)	20.79

Property leasing

At 30 June 2024 the Group held 67 (2023: 67) properties as follows:

- 3 almond orchards (4,068 planted hectares);
- 6 vineyards (638 planted hectares);
- 12 macadamia orchards (1,916 planted hectares and 71 planned hectares);
- 7 macadamia orchards currently being developed (1,773 planted and planned hectares) and other areas with the potential to be developed into macadamia orchards;
- 23 cattle properties made up of 18 breeding, backgrounding and finishing properties (717,434 hectares)* and 5 cattle feedlots with combined capacity of 150,000 head**;**
- 16 cropping properties (14,617 hectares).

During the year ended 30 June 2024, the properties held by the Group recorded fair value movements and deprecation as follows:

	2024 $'000	2023 $'000
Change in fair value of investment property	**58,057**	61,106
(Impairment)/reversal of impairment of bearer plants	**(128)**	2,475
Revaluation increment - Bearer plants	**27,352**	19,653
Depreciation - bearer plants	**(11,271)**	(9,583)
Reversal of impairment/(impairment) of intangible assets	**1,400**	(247)
Impairment of property - owner occupied	**(558)**	(3,202)
Revaluation increment - Property - owner occupied	**9,446**	1,843
Depreciation - property - owner occupied	**(946)**	(502)
Total property revaluation through total comprehensive income	**83,352**	71,543
Revaluation of water entitlements per Directors' valuation	**10,928**	25,198
Total property revaluation	**94,280**	96,741

Almond orchards

The three fully established almond orchard properties (including water entitlements) are located in Hillston, NSW and Darlington Point, NSW and are leased to tenants who make regular rental payments. These encompass a planted area of 4,068 hectares (2023: 4,068 hectares):

- Yilgah 935 planted hectares (2023: 935 hectares);
- Tocabil 603 planted hectares (2023: 603 hectares);
- Kerarbury 2,530 planted hectares (2023: 2,530 hectares).

These properties are under lease to the following tenants:
- Select Harvests Limited (SHV) 935 planted hectares (2023: 935 hectares);
- Olam Orchards Australia Pty Limited (Olam) 3,133 planted hectares (2023: 3,133 hectares);

For its almond orchards the Group owns water entitlements of 55,525ML (2023: 55,525ML) comprising groundwater, high security river water, general security river water, supplementary river water, and domestic and stock river water. In addition, the Group owns 21,430ML (2023: 21,430ML) of water delivery entitlements that provide access to water delivery through CICL, with a low annual allocation expected to be provided.

* The Group's Area for Wyseby (held as tenant-in-common in the interest of 57.25%) included in the number of hectares.

Property leasing (continued)

Vineyards

The vineyard properties held by the Group include six vineyards, with five located in South Australia, in the Barossa Valley and Adelaide Hills regions, and one located in the Grampians in Victoria. For its vineyards, the Group owns 909ML of water entitlements (2023: 909ML). All vineyards are leased to Treasury Wine Estates Limited and produce premium quality grapes. All of the vineyards are leased until June 2026.

Macadamia orchards

Three established macadamia orchards are located near Bundaberg, Queensland:

- Swan Ridge and Moore Park, 234 hectares (2023: 234 hectares), currently operated by the Group.
- Bonmac, 27 hectares (2023: 27 hectares), currently leased to RFM Farming.

Beerwah and Bauple, 475 hectares (2023: 475 hectares) located in the Glass House mountains and Wide Bay regions of Queensland are unleased and currently operated by the Group.

The following properties are leased to a company managed by The Rohatyn Group:

- Cygnet, located in Bundaberg, Queensland consists of 37 hectares (2023: 37 hectares) of newly established plantings.
- Nursery Farm, located in Bundaberg, Queensland consists of 41 hectares (2023: 41 hectares) of newly established plantings and a macadamia tree nursery, separately leased to another external party.
- Four properties located in Maryborough, Queensland, Glendorf, Charleville, Dowlings and Marriots, consisting of 743 hectares (2023: 743 hectares) of newly established macadamia plantings and 11 hectares of planned macadamia plantings..
- Riverton, located in the Fitzroy region in Queensland consisting of 360 hectares (2023: 321 hectares) of newly established plantings and 60 hectares (2023: 99 hectares) of planned macadamia plantings.

The following properties under development are leased to a company managed by The Rohatyn Group:

- Six properties located in Maryborough, Queensland, Little Tinana, Tulesco, Iindah, Owanyilla, Bidwill and Magnolia with 190 newly planted macadamia plantings and 557 hectares (2023: 661 hectares) of planned macadamia plantings.
- The Rookwood Farms aggregation, located in the Fitzroy region in Queensland with 411 hectares of newly planted macadamia plantings and 615 hectares of planned macadamia plantings totalling 1,026 hectares (2023: 1,150 hectares).

Cattle property

Cattle properties held by the Group comprise of cattle breeding, backgrounding and finishing properties and cattle feedlots.

- Rewan located near Rolleston in central Queensland 17,479 hectares (2023: 17,479 hectares);
- Mutton Hole and Oakland Park located in far north Queensland 225,800 hectares (2023: 225,800 hectares);
- Natal aggregation located near Charters Towers in north Queensland 390,600 hectares (2023: 390,600 hectares);
- Comanche located in central Queensland 7,600 hectares (2023: 7,600 hectares);
- Cerberus located north west of Rockhampton in central Queensland 8,280 hectares (2023: 8,280 hectares);
- Dyamberin located in the New England region of New South Wales 1,728 hectares (2023: 1,728 hectares);
- Woodburn located in the New England region of New South Wales 1,063 hectares (2023: 1,063 hectares);
- Cobungra located in the East Gippsland region of Victoria 6,497 hectares (2023: 6,497 hectares);
- Petro, High Hill and Willara located in Western Australia 6,196 hectares (2023: 6,196);
- Yarra located south west of Rockhampton in central Queensland 4,090 hectares (2023: 4,090);
- Homehill located north west of Rockhampton in central Queensland 4,925 hectares (2023: 4,925);
- Coolibah and River Block located south west of Rockhampton in central Queensland 724 hectares (2023: 724 hectares);
- Thirsty Creek located south west of Rockhampton in central Queensland 503 hectares* (2023: 762 hectares);
- Prime City, Mungindi, Caroona, Beef City and Riverina, 5 cattle feedlots with a combined capacity of 150,000 head (2023:150,000 head).
- Kaiuroo, located north west of Rockhampton in central Queensland, 27,879 hectares (2023: 27,879 hectares).
- Wyseby, held as tenant-in-common arrangement (57.25% interest), located south-west of Rockhampton in Central Queensland adjoining Rewan 14,071 hectares (2023: 14,071 hectares).

* A portion of Thirsty Creek was allocated to Macadamias - Rookwood Farms during the year.

Property leasing (continued)

Cattle property (continued)

The following cattle properties are leased to the following tenants:

- Australian Agricultural Company Limited, leasing Rewan, Comanche and Home Hill;
- Cattle JV Pty Limited, a wholly owned subsidiary of RFM, leasing Mutton Hole and Oakland Park;
- DA & JF Camm Pty Limited, a member of the Camm Agricultural Group, leasing the Natal aggregation;
- Stone Axe Pastoral Company Pty Limited, leasing Dyamberin, Woodburn, Cobungra, Petro, High Hill and Willara;
- Mort & Co Lot Feeder Pty Limited, leasing Coolibah, River Block and Thirsty Creek; and
- Clarke Creek Energy Pty Limited, leasing a portion of Cerberus.
- Caldwell Family (Milong) Pty Limited, leasing a portion of Wyseby.

In addition to this, JBS Australia Pty Limited (JBS) leases the Prime City, Mungindi, Caroona, Beef City and Riverina feedlots.

The remaining properties are not currently leased as at 30 June 2024.

Cerberus, Yarra and Kaiuroo are currently being operated by the Group, allowing for capital development and improvement designed to improve the productivity of the properties while long-term lessees are being sought.

The lease arrangement for Natal aggregation includes a $5,000,000 cattle leasing arrangement to fund the purchase of cattle. The balance drawn as at 30 June 2024 net of security deposits held is $1,871,000 (2023: Nil).

Cropping property

Cropping properties held by the Group comprise of:

- Lynora Downs, a 4,963 hectare (2023: 4,963 hectare) cropping property located near Emerald, QLD is leased to Cotton JV Pty Limited (Cotton JV), a joint venture between RFM and Queensland Cotton Corporation Pty Limited (a subsidiary of Olam International Limited) until April 2027.
- The 22 Maryborough properties located in Queensland, have potential to be developed into approximately 2,200 hectares (2023: 2,200 hectares) of macadamia orchards. 12 of these properties are currently held for cropping purposes of which 3 properties are currently held for sale as at 30 June 2024.
- Swan Ridge South, located in Bundaberg, Queensland totalling 123 hectares (2023: 123 hectares)
- Mayneland, a 2,942 hectare (2023: 2,942 hectare) cropping property located 25 km north of Lynora Downs in central Queensland. The property was licensed to and operated by RFM Farming Pty Limited (a wholly owned subsidiary of RFM) on an interim basis for a period of FY24.
- Baamba Plains, a 4,130 hectare (2023: 4,130 hectare) cropping property located 60 km south-east of Emerald in central Queensland. A capital development program has been implemented to improve the productivity of the property. The property was operated by the Group on an interim basis for a period of FY24.

In June 2024, the Group announced that it had entered into transaction for a 10-year lease of Mayneland and Baamba Plains to a company managed by The Rohatyn Group and a sale of 50% interest in both properties, subject to Foreign Investment Review Board (FIRB) approval. As part of the transaction, the Group is expected to receive catch up rent for part of the year ended 30 June 2024 for these properties.

Other activities

The Group provides a $123,000,000 (2023: $132,000,000) limited guarantee to J&F Australia Pty Ltd (J&F). The guarantee is currently used to support $123,000,000 of J&F's debt facility which is used for cattle purchases, feed and other costs associated with finishing the cattle on the feedlots, enabling J&F to supply cattle to JBS Australia Pty Limited (JBS) for its grain fed business. During the year, the guarantee was reduced from $132,000,000 to $123,000,000. In addition, the guarantee was extended to support the funding of grain in JBS' Rivalea business as part of the existing arrangement. The guarantee earns a return for RFF equivalent to an equity rate of return which is calculated on the amount of the guarantee during the period.

Breeder herd assets under finance lease of $18,864,000 (2023: $16,621,000) are leased to Cattle JV.

Agricultural plant and equipment with a net book value of $400,000 (2023: $2,244,000) is owned by the Group and leased to RFM Farming and Cattle JV. Agricultural plant and equipment with a net book value of $28,601,000 (2023: $24,801,000) is used for the Group's farming operations and macadamia developments. $6,244,000 is classified as held for sale at 30 June 2024.

Risks and opportunities

Climate-related risk

As the Responsible Entity for the Group, RFM acknowledges the potential risk of climate change. RFM implements the Group's climate diversification strategy to mitigate these risks within the portfolio. In accordance with the Group's Sustainability Policy, RFM manages climate-related risks within its Risk Management Framework.

Extreme weather events have the potential to damage assets and disrupt operations. The majority of assets are subject to triple-net leases where the lessee is responsible for operations and insurance costs. RFM considers that climate change may present risks for the Group primarily in the form of residual risk of the Group's assets at the end of the lease term. These risks may be mitigated by how the assets are managed. External valuations consider these types of factors as well as other risks when determining the valuations of the assets.

The Group is working towards climate-related risk disclosure to align of the Australian Sustainability Reporting Standards. RFM monitors Scope 1 and Scope 2 emissions, focusing on carbon dioxide, methane, and nitrous oxide from assets operated by the Group. RFM is enhancing internal systems to enable more transparent and comprehensive reporting in line with these disclosures. This approach will support the Group in managing climate related risks while improving asset management practices.

The Group's assets produce these emissions through its agricultural infrastructure and machinery, cattle assets and through the application of fertiliser. As part of RFM's ongoing strategy to mitigate and improve climate related risks, RFM will continue to monitor emissions on properties operated by the Group and seeks to implement infrastructure and practice changes.

Capital and funding requirements

Volatility in capital markets and debt markets will impact on the Group's ability to access capital. RFM will continue to explore opportunities to diversify funding sources through capital partnering and by managing debt levels in line with the Group's internal target gearing of between 30-35%. The optimal capital structure is reviewed periodically with reference to prevailing market conditions.

Likely developments and expected results of operations

The Group expects to continue to derive its core future income from the holding and leasing of agricultural property and water entitlements. A key part of the Group's strategy is the continued development of macadamia orchards in Queensland in addition to identifying opportunities for the Group to enter into leases of the assets that the Group is currently operating. Management continues to look for growth opportunities in agricultural and related industries.

Environmental regulation

The operations of the Group are subject to significant environmental regulations under the laws of the Commonwealth and States or Territories of Australia. Water usage for irrigation, domestic and levee purposes, including containing irrigation water from entering the river, water course or water aquifer are regulated by the *Water Management Act 2000*. Responsibility of water licences that are leased to external parties then requires the tenant to meet the legislative requirements for these licences. There have been no known breaches of any environmental requirements applicable to the Group.

Indirect cost ratio

The indirect cost ratio (ICR) is the ratio of the Group's management costs over the Group's average net assets for the year, expressed as a percentage.

Management costs include management fees and other expenses such as corporate overheads in relation to the Group, but do not include transactional and operational costs such as brokerage. Management costs are not paid directly by the unitholders of the Group.

The ICR for the Group for the year ended 30 June 2024 is 1.71% (2023: 1.65%).

Indemnity of Responsible Entity and Custodian

In accordance with its constitution, Rural Funds Group indemnifies the Directors, Company Secretary and all other officers of the Responsible Entity and Custodian when acting in those capacities, against costs and expenses incurred in defending certain proceedings.

Matters subsequent to the end of the year

In July 2024, the Group contracted for the disposal of a Maryborough cropping property for $3,000,000, to settle in the second half of 2024.

In July 2024, the Group made a $7,000,000 investment in Inform Ag, an agriculture technology company which includes an upfront purchase of shares totalling $5,000,000 and a convertible debt facility in two tranches totalling $2,000,000. Repayment of the debt facility will be through the issue of additional equity to RFF. The initial ownership in Inform Ag would be 35%, this would increase to 43% following the conversion of both tranches of the debt facility.

No other matter or circumstance has arisen since the end of the year that has significantly affected or could significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

Rounding of amounts

The Group is an entity to which ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 applies and accordingly amounts in the consolidated financial statements and Directors' report have been rounded to the nearest thousand dollars.

Information on Directors of the Responsible Entity

Guy Paynter	Non-Executive Chair
Qualifications	Bachelor of Laws from The University of Melbourne
Experience	Guy is a former director of broking firm JB Were. Guy brings to RFM more than 30 years of experience in corporate finance. Guy is a former member of the Australian Securities Exchange (ASX) and a former associate of the Securities Institute of Australia (now known as the Financial Services Institute of Australasia). Guy's agricultural interests include cattle breeding in the Upper Hunter region in New South Wales.
Special responsibilities	Member of Remuneration Committee.
Directorships of other listed entities in the last three years	None
David Bryant	Managing Director
Qualifications	Diploma of Financial Planning from the Royal Melbourne Institute of Technology and Masters of Agribusiness from The University of Melbourne.
Experience	David Bryant established RFM in February 1997 and leads the RFM team. David focuses on strategic planning, maintaining key commercial relationships and sourcing new business opportunities.
Special responsibilities	Managing Director
Directorships of other listed entities in the last three years	None

Information on Directors of the Responsible Entity (continued)

Michael Carroll	Non-Executive Director
Qualifications	Bachelor of Agricultural Science, La Trobe University and Master of Business Administration, Melbourne University Business School. Michael has completed the Advanced Management Program, Harvard Business School, Boston, and is a Fellow of the Australian Institute of Company Directors.
Experience	Michael is currently the Chair of Viridis Ag Pty Limited, a Director of Paraway Pastoral Company Limited and Incitec Pivot Limited. Former board positions include the Australian Rural Leadership Foundation, Genetics Australia, Regional Investment Corporation, RFM Poultry, Select Harvests Limited, Elders Limited, Sunny Queen Australia Pty Limited, Tassal Group Limited, the Australian Farm Institute, Warrnambool Cheese and Butter Factory Company Holdings Limited, Queensland Sugar Limited, Rural Finance Corporation of Victoria, Meat and Livestock Australia and the Geoffrey Gardiner Dairy Foundation. Michael's executive experience includes establishing and leading the National Australia Bank's Agribusiness division and as a Senior Adviser in NAB's internal investment banking and corporate advisory team. Prior to that Michael worked for Monsanto Agricultural Products and a biotechnology venture capital company.
Special responsibilities	Chair of Audit Committee and Remuneration Committee
Directorships of other listed entities in the last three years	Incitec Pivot Limited
Julian Widdup	Non-Executive Director
Qualifications	Bachelor of Economics and Master of Business Administration from the Australian National University. Completed the Senior Executive Leadership Program at Harvard Business School. Fellow of the Institute of Actuaries of Australia and Fellow of the Australian Institute of Company Directors.
Experience	Julian is currently a director of Equip Super, Australian Catholic University and Catholic Schools NSW. Julian's prior experience includes executive roles in investment management, asset consulting and with the Australian Government.
Special responsibilities	Member of Audit Committee and Remuneration Committee
Directorships of other listed entities in the last three years	None
Andrea Lemmon	
Qualifications	Diploma in Financial Planning from Deakin University
Experience	Andrea was employed by RFM from its inception in 1997 until her retirement in October 2018. During her tenure with RFM, Andrea held a variety of executive roles and was responsible for overseeing RFM's investment into the macadamia industry. From August 2020 until November 2022, Andrea was Chair of Marquis Macadamias Limited, Australia's largest macadamia processor and a non-executive Director of Marquis Marketing, the company responsible for marketing around 25% of the global macadamia crop. Andrea's extensive experience includes previously serving as a non-executive director of Perth Markets Limited and Market City Operator.
Special responsibilities	Member of Audit Committee and Remuneration Committee
Directorships of other listed entities in the last three years	None

Interests of Directors of the Responsible Entity

	Guy Paynter Units	David Bryant* Units	Michael Carroll Units	Julian Widdup Units	Andrea Lemmon Units
Balance at 30 June 2022	1,744,710	16,325,462	254,740	135,026	183,357
Additions	-	619,000	12,668	6,714	-
Balance at 30 June 2023	**1,744,710**	**16,944,462**	**267,408**	**141,740**	**183,357**
Additions	300,000	-	16,686	6,741	-
Balance at 30 June 2024	**2,044,710**	**16,944,462**	**284,094**	**148,481**	**183,357**

*Includes interests held by Rural Funds Management Limited as the Responsibly Entity.

Company Secretary of the Responsible Entity

Emma Spear is RFM's company secretary. Emma joined RFM in 2008, is a member of CPA Australia and is admitted as a Legal Practitioner of the Supreme Court of the ACT.

Meetings of Directors of the Responsible Entity

During the financial year 18 meetings of Directors (including committees of Directors) were held. Attendances by each Director during the year were as follows:

	Directors meetings		Audit Committee meetings		Remuneration Committee meetings	
	No. eligible to attend	No. attended	No. eligible to attend	No. attended	No. eligible to attend	No. attended
Guy Paynter	15	14	-	-	1	1
David Bryant	15	15	-	-	-	-
Michael Carroll	15	15	2	2	1	1
Julian Widdup	15	15	2	2	1	1
Andrea Lemmon	15	14	2	2	1	1

Non-audit services

Fees of $50,931 (2023: $36,812) were paid or payable to PricewaterhouseCoopers for compliance audit services provided for the year ended 30 June 2024.

Auditor's independence declaration

The auditor's independence declaration in accordance with section 307C of the *Corporations Act* 2001 for the year ended 30 June 2024 has been received and is included on page 28 of the financial report.

The Directors' report is signed in accordance with a resolution of the Board of Directors of Rural Funds Management Limited.

David Bryant

Director

23 August 2024

Auditor's Independence Declaration

As lead auditor for the audit of Rural Funds Group for the year ended 30 June 2024, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Rural Funds Group and the entities it controlled during the period.

Marc Upcroft
Partner
PricewaterhouseCoopers

Sydney
23 August 2024

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Liability limited by a scheme approved under Professional Standards Legislation.

Rural Funds Group

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2024

	Note	2024 $'000	2023 $'000
Revenue	B3	**109,763**	95,004
Other income	B3	**2,740**	3,493
Management fee		**(9,976)**	(8,558)
Asset management fee		**(7,482)**	(6,419)
Property expenses		**(3,451)**	(3,165)
Other expenses		**(7,402)**	(7,522)
Finance costs		**(20,567)**	(17,281)
Cost of goods sold - farming operations		**(20,629)**	(13,049)
Property and other expenses - farming operations		**(8,822)**	(5,408)
Gain on sale of assets		**444**	802
Depreciation and impairments - other		**(3,546)**	(2,336)
Change in fair value of investment property	C2	**58,057**	61,106
(Impairment)/reversal of impairment of bearer plants	C3	**(128)**	2,475
Depreciation - bearer plants	C3	**(11,271)**	(9,583)
Reversal of impairment/(impairment) of intangible assets	C5	**1,400**	(247)
Impairment of property - owner occupied	C6	**(558)**	(3,202)
Depreciation - property - owner occupied	C6	**(946)**	(502)
Change in fair value of biological assets - farming operations	F4	**7,077**	513
Change in fair value of interest rate swaps		**(3,297)**	8,930
Change in fair value of financial assets/liabilities		**154**	156
Loss on settlement of pre-existing relationship - Macgrove acquisition		**-**	(1,281)
Gain on bargain purchase - Macgrove acquisition		**-**	440
Impairment of goodwill - Macgrove acquisition		**-**	(195)
Net profit before income tax		**81,560**	94,171
Income tax (expense)/credit	D1	**(1,119)**	327
Net profit after income tax		**80,441**	94,498
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Revaluation increment - Bearer plants	C3	**27,352**	19,653
Revaluation increment - Property - owner occupied	C6	**9,446**	1,843
Income tax expense relating to these items	D1	**(84)**	(473)
Other comprehensive income for the year, net of tax		**36,714**	21,023
Total comprehensive income attributable to unitholders		**117,155**	115,521

The accompanying notes form part of these financial statements.

Rural Funds Group

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2024

	Note	2024 $'000	2023 $'000
Total net profit after income tax for the year attributable to unitholders arising from:			
Rural Funds Trust		**83,247**	111,953
RF Active (non-controlling interest)		**(2,806)**	(17,455)
Total		**80,441**	94,498
Total comprehensive income for the year attributable to unitholders arising from:			
Rural Funds Trust		**119,961**	132,976
RF Active (non-controlling interest)		**(2,806)**	(17,455)
Total		**117,155**	115,521
Earnings per unit			
Basic and diluted earnings per unit attributable to the unitholders:			
Per stapled unit (cents)	B4	**20.79**	24.62
Per unit of Rural Funds Trust (cents)	B4	**21.52**	29.17
Per unit of RF Active (cents)	B4	**(0.73)**	(4.55)

The accompanying notes form part of these financial statements.

Rural Funds Group

Consolidated Statement of Financial Position

As at 30 June 2024

	Note	2024 $'000	2023 $'000
ASSETS			
Current assets			
Cash and cash equivalents	F1	**7,243**	5,753
Trade and other receivables	F2	**20,538**	10,553
Other current assets	F3	**2,186**	1,860
Assets held for sale	C8	**48,876**	-
Biological assets	F4	**12,907**	14,295
Inventories	F5	**2,222**	1,853
Derivative financial assets	E3	**619**	-
Income tax receivable	D2	**-**	259
Total current assets		**94,591**	34,573
Non-current assets			
Investment property	C2	**1,003,241**	923,405
Plant and equipment - bearer plants	C3	**248,842**	217,700
Financial assets	C4, E2	**112,860**	102,488
Intangible assets	C5	**201,724**	166,988
Property - owner occupied	C6	**169,796**	144,200
Plant and equipment - other	C7	**29,001**	27,045
Derivative financial assets	E3	**38,124**	42,040
Deferred tax assets	D2	**-**	918
Other assets	F3	**3,035**	11,652
Total non-current assets		**1,806,623**	1,636,436
Total assets		**1,901,214**	1,671,009
LIABILITIES			
Current liabilities			
Trade and other payables	F6	**6,783**	6,878
Unearned income	F7	**507**	975
Current tax payable	D2	**705**	-
Interest bearing liabilities	E1	**35,994**	33,150
Distributions payable	E8	**11,948**	11,942
Total current liabilities		**55,937**	52,945
Non-current liabilities			
Interest bearing liabilities	E1	**751,749**	607,463
Deferred tax liabilities	D2	**7,914**	8,334
Unearned income	F7	**10,581**	5,902
Other non-current liabilities	F8	**3,716**	3,206
Total non-current liabilities		**773,960**	624,905
Total liabilities (excluding net assets attributable to unitholders)		**829,897**	677,850
Net assets attributable to unitholders		**1,071,317**	993,159
Total liabilities		**1,901,214**	1,671,009

*Water entitlements are held at cost less accumulated impairment in the Consolidated Statement of Financial Position in accordance with accounting standards. Refer to note B1 Segment information, for disclosure of the Directors' valuation of water entitlements, which are supported by independent property valuations.

The accompanying notes form part of these financial statements.

Rural Funds Group

Consolidated Statement of Financial Position

As at 30 June 2024

	Note	2024 $'000	2023 $'000
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS			
Unitholders of Rural Funds Trust			
Issued units	E7	**424,533**	459,078
Asset revaluation reserve	F9	**106,979**	70,265
Retained earnings		**546,700**	468,034
Parent entity interest		**1,078,212**	997,377
Unitholders of RF Active			
Issued units	E7	**6,963**	6,834
Retained earnings		**(13,858)**	(11,052)
Non-controlling interest		**(6,895)**	(4,218)
Total net assets attributable to unitholders		**1,071,317**	993,159

The accompanying notes form part of these financial statements.

Rural Funds Group

Consolidated Statement of Changes in Net Assets Attributable to Unitholders

For the year ended 30 June 2024

2024	Note	Issued units $'000	Asset revaluation reserve $'000	Retained earnings $'000	Total $'000	Non-controlling interest $'000	Total $'000
Balance at 1 July 2023		**459,078**	**70,265**	**468,034**	**997,377**	**(4,218)**	**993,159**
Other comprehensive income, net of income tax		**-**	**36,714**	**-**	**36,714**	**-**	**36,714**
Net profit after income tax		**-**	**-**	**83,247**	**83,247**	**(2,806)**	**80,441**
Total comprehensive income for the year		**-**	**36,714**	**83,247**	**119,961**	**(2,806)**	**117,155**
Issued units							
Units issued during the year		**6,292**	**-**	**-**	**6,292**	**129**	**6,421**
Total issued units	E7	**6,292**	**-**	**-**	**6,292**	**129**	**6,421**
Distributions to unitholders	B5,E7	**(40,837)**	**-**	**(4,581)**	**(45,418)**	**-**	**(45,418)**
Balance at 30 June 2024		**424,533**	**106,979**	**546,700**	**1,078,212**	**(6,895)**	**1,071,317**

2023	Note	Issued units $'000	Asset revaluation reserve $'000	Retained earnings $'000	Total $'000	Non-controlling interest $'000	Total $'000
Balance at 1 July 2022		465,076	49,417	385,183	899,676	17,335	917,011
Other comprehensive income, net of income tax		-	21,023	-	21,023	-	21,023
Net profit after income tax		-	-	111,953	111,953	(17,455)	94,498
Total comprehensive income for the year		-	21,023	111,953	132,976	(17,455)	115,521
Transfer from property - owner occupied to investment property		-	(148)	148	-	-	-
Transfer on disposal of bearer plants to retained earnings		-	(27)	27	-	-	-
Issued units							
Units issued during the year		5,552	-	-	5,552	113	5,665
Total issued units	E7	5,552	-	-	5,552	113	5,665
Distributions to unitholders	B5,E7	(11,550)	-	(29,277)	(40,827)	(4,211)	(45,038)
Balance at 30 June 2023		**459,078**	**70,265**	**468,034**	**997,377**	**(4,218)**	**993,159**

The accompanying notes form part of these financial statements.

Rural Funds Group

Consolidated Statement of Cash Flows
For the year ended 30 June 2024

	Note	2024 $'000	2023 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		**94,347**	89,183
Payments to suppliers (inclusive of GST)		**(57,160)**	(57,609)
Interest received	B3	**1,094**	389
Finance income	B3	**13,609**	14,118
Finance costs		**(20,567)**	(17,281)
Income tax received	D2	**259**	415
Net cash inflow from operating activities	G4	**31,582**	29,215
Cash flows from investing activities			
Payments for investment property	C2	**(64,779)**	(80,266)
Payments for plant and equipment - bearer plants		**(9,715)**	(13,415)
Payments for financial assets - property related		**(4,672)**	(420)
Payments for intangible assets		**(33,041)**	(9,556)
Payments for property - owner occupied	C6	**(14,363)**	(54,743)
Payments for plant and equipment		**(11,852)**	(12,892)
Payments for financial assets - other		**(217)**	-
Payments for other assets		**(301)**	(1,518)
Proceeds from sale of investment property		**80**	26
Proceeds from sale of financial assets - property related		**206**	893
Settlement of financial assets - property related		**34**	323
Proceeds from sale of plant and equipment		**312**	361
Proceeds from assets held for sale		**-**	530
Acquisition of new business		**-**	(1,392)
Distributions received		**62**	40
Net cash outflow from investing activities		**(138,246)**	(172,029)
Cash flows from financing activities			
Proceeds from issue of units	E7	**6,421**	5,665
Proceeds from borrowings		**223,369**	303,107
Repayment of borrowings		**(76,225)**	(120,317)
Distributions paid		**(45,411)**	(44,849)
Net cash inflow from financing activities		**108,154**	143,606
Net increase in cash and cash equivalents held		**1,490**	792
Cash and cash equivalents at the beginning of the year		**5,753**	4,961
Cash and cash equivalents at the end of the year	F1	**7,243**	5,753

The accompanying notes form part of these financial statements.

Rural Funds Group

Notes to the Financial Statements
30 June 2024

A. REPORT OVERVIEW

General information

This financial report covers the consolidated financial statements and notes of Rural Funds Trust and its Controlled Entities including RF Active (Rural Funds Group, the Group or collectively the Trusts). Rural Funds Group is a for profit entity incorporated and domiciled in Australia. The Directors of the Responsible Entity authorised the Financial Report for issue on 23 August 2024 and have the power to amend and reissue the Financial Report.

Items included in the financial statements of each of the Group entities are measured using the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

The separate financial statements and notes of the parent entity, Rural Funds Trust, have not been presented within this financial report as permitted by amendments made to the *Corporations Act 2001*. Parent entity information is included in section G3.

Basis of preparation

The Trusts have common business objectives and operate collectively as an economic entity known as Rural Funds Group. The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, and other authoritative pronouncements of the Australian Accounting Standards Board, the *Corporations Act 2001* and the Trusts' Constitution. The report has been prepared on a going concern basis.

The material accounting policies used in the preparation and presentation of these financial statements are provided below and are consistent with prior reporting periods unless otherwise stated. The financial statements are based on historical cost, except for the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

These financial statements are consolidated financial statements and accompanying notes of both Rural Funds Trust and RF Active.

Rounding of amounts

The Group is an entity to which ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 applies and accordingly amounts in the consolidated financial statements and Directors' report have been rounded to the nearest thousand dollars.

Principles of consolidation

The consolidated financial statements include the financial position and performance of controlled entities from the date on which control is obtained until the date that control is lost.

Intragroup assets, liabilities, income, expenses and cash flows relating to transactions between entities in the consolidated Group have been eliminated in full for the purpose of these financial statements.

Appropriate adjustments have been made to the controlled entity's financial position, performance and cash flows where the accounting policies used by that entity were different from those adopted by the consolidated entity. All controlled entities have a 30 June financial year end.

Controlled entities

In accordance with AASB 3 *Business Combinations*, Rural Funds Trust is deemed to control RF Active from the stapling date of 16 October 2014. Rural Funds Trust is considered to be the acquirer of RF Active due to the size of the respective entities and as the stapling transaction and capitalisation of RF Active was funded by a distribution from Rural Funds Trust that was compulsorily used to subscribe for units in RF Active.

Notes to the Financial Statements

30 June 2024

Significant accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements, estimates and assumptions in relation to assets, liabilities, contingent liabilities, revenue and expenses.

Management bases its judgements, estimates and assumptions on historical experience and on other various factors it believes to be reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

The following are areas for which significant judgements, estimates or assumptions are made:

Valuation of property related assets

Independent valuations on the Group's properties are obtained, ensuring that each property will have been independently valued every two financial years or more often where appropriate. Independent valuation reports assess and provide value for properties in their entirety.

Significant judgement is applied in order to allocate the total property value, as disclosed in the independent valuation reports where applicable, to investment property, bearer plants and water entitlements. The allocation technique will vary depending on the nature of the lease arrangement.

Where information is available, each component of the property, meaning the land and infrastructure, the trees and any water assets, disclosed in the financial statements as investment property, bearer plants and water entitlements, will be allocated on an encumbered (subject to lease) basis.

If this information is not available, the valuation report may provide additional information, such as the summation basis of the unencumbered (vacant possession) value, evidence of other market transactions and the analysis of those component parts, which along with other sources, including the nature of capital expenditure on the property, is used to determine the encumbered allocation to components. Significant judgement is applied as part of these allocations, which vary from property to property, given the individual circumstances of the leasing arrangements. The allocation technique may change to reflect the best estimate of fair value attributable to each component at reporting date. Allocation techniques are disclosed in Note C1.

Estimation of useful lives of bearer plants

The useful lives of bearer plants have been estimated by assessing industry data. The useful lives of bearer plants are disclosed in Note C3.

Comparative amounts

Comparative amounts have not been restated unless otherwise noted.

Notes to the Financial Statements

30 June 2024

B. RESULTS

B1 Segment information

The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Directors of the Responsible Entity. During the year ended 30 June 2024, the Group held property in agricultural sectors presented in five segments (2023: five segments) each holding and leasing agricultural property and equipment. Segment revenue includes rental income, finance income and interest income. Segment property assets include investment property, bearer plants, intangible assets, property – owner occupied, financial assets and plant and equipment. Revenue and property assets not categorised in these sectors are managed at a corporate level. Liabilities and direct or indirect expenses are not allocated to individual segments as these are reviewed by the chief operating decision maker on a consolidated basis.

Segment revenue and revaluation movements

2024	Almonds $'000	Cattle $'000	Vineyards $'000	Cropping $'000	Macadamias $'000	Other* $'000	Total $'000
Rental revenue**	30,052	20,516	4,929	5,404	14,448	2,714	78,063
Rental revenue - prepaid rent (TRG)**	-	-	-	(3,054)	(4,475)	-	(7,529)
Lease incentive amortisation	-	-	-	-	(68)	-	(68)
Rental revenue - straight-lining	130	127	63	-	2,848	35	3,203
Revenue from farming operations	-	-	-	-	-	21,391	21,391
Interest received	-	713	-	-	-	381	1,094
Finance income	-	13,609	-	-	-	-	13,609
Total revenue	30,182	34,965	4,992	2,350	12,753	24,521	109,763
Other income	-	-	-	-	-	2,740	2,740
Gain on disposal	-	33	206	73	48	84	444
Depreciation - bearer plants	(6,241)	-	(1,089)	-	(3,941)	-	(11,271)
Depreciation - property (owner occupied)	-	(169)	-	(451)	(326)	-	(946)
Change in fair value through profit or loss	417	47,417	(2,931)	(2,471)	14,756	1,737	58,925
Revaluation increment through other comprehensive income	2,987	-	279	2,186	31,346	-	36,798
Total revaluation	3,404	47,417	(2,652)	(285)	46,102	1,737	95,723
Revaluation of water entitlements per director's valuation	4,408	-	(1,586)	391	7,715	-	10,928
Total revaluation including water entitlements	7,812	47,417	(4,238)	106	53,817	1,737	106,651

*Other rental revenue relates to lease of water entitlements.
**Includes Rental revenue – prepaid rent (TRG macadamias) and Contracted rent (TRG cropping).

Rural Funds Group

Notes to the Financial Statements

30 June 2024

B1 Segment information (continued)

Segment revenue and revaluation movements (continued)

Revaluation for cattle segment largely relates to the external valuation for the Natal Aggregation. The revaluation increment from the external valuation is mainly due to market movements which are supported by comparable sales transactions.

Revaluation for macadamia segment largely relates to the external valuations for the Swan Ridge and Moore Park properties and the next group of macadamia properties under development that were leased to a company managed by TRG during the year. For the Swan Ridge and Moore Park properties, the revaluation increment is due to market movements supported by comparable sales transactions and the properties now being valued on an unencumbered (vacant possession) basis, following the wind up of the 2007 Macgrove Project. The next group of macadamia properties under development were leased during the year with the effective lease commencement date in June 2024. The revaluation increment on these macadamia properties under development reflects the recognition of the lease and the ongoing development of the properties to a higher and better use.

Revaluation for almond segment relates to the external valuations for the Kerarbury, Tocabil and Yilgah properties. Net revaluation increments are due to the indexation of rent and market movements supported by comparable sale transactions, offset by an increase to discount rates for certain properties.

Revaluation for vineyard segment relates to the external valuations for Geier, Kleinig, Hahn, Rosebank and Mundy and Murphy properties. Revaluation movements are due to market movements supported by comparable sales transactions.

Revaluation for cropping segment relates to external valuations for the Maryborough cropping properties, with market movements supported by comparable sales transactions. In addition, the revaluation of Mayneland and Baamba Plains properties were recognised, through investment properties and owner occupied properties respectively, based on transaction price from the 50% sale subject to final approvals.

Revaluation for other segment relates to external valuations for water entitlements. Revaluation increment is due to market movements supported by comparable sales transactions.

Refer to section C1 for details on properties valued during the year.

Rural Funds Group

Notes to the Financial Statements

30 June 2024

B1 Segment information (continued)

Segment revenue and revaluation movements (continued)

2023	Almonds $'000	Cattle $'000	Vineyards $'000	Cropping $'000	Macadamias $'000	Other* $'000	Total $'000
Rental revenue**	29,364	17,931	4,809	3,446	9,585	2,584	67,719
Rental revenue - prepaid rent (TRG)**	-	-	-	-	(6,050)	-	(6,050)
Lease incentive amortisation	-	-	-	-	(9)	-	(9)
Rental revenue - straight-lining	(6)	342	183	-	951	-	1,470
Revenue from farming operations	-	-	-	-	-	13,180	13,180
Interest received	-	262	-	-	-	127	389
Finance income	-	18,251	-	-	54	-	18,305
Total revenue	29,358	36,786	4,992	3,446	4,531	15,891	95,004
Other income	-	-	-	-	-	3,493	3,493
Gain/(loss) on disposal	(45)	52	707	8	80	-	802
Depreciation - bearer plants	(5,761)	-	(941)	-	(2,881)	-	(9,583)
Depreciation - property (owner occupied)	-	(25)	-	(294)	(183)	-	(502)
Change in fair value through profit or loss	20,908	26,086	967	4,148	12,977	(4,798)	60,288
Revaluation increment through other comprehensive income	10,246	-	1,578	-	9,672	-	21,496
Total revaluation	31,154	26,086	2,545	4,148	22,649	(4,798)	81,784
Revaluation of water entitlements per director's valuation	21,764	-	-	2,638	2,109	(1,313)	25,198
Total revaluation including water entitlements	52,918	26,086	2,545	6,786	24,758	(6,111)	106,982

*Other rental revenue relates to lease of water entitlements.
**Includes Rental revenue – prepaid rent (TRG macadamias) and Contracted rent (TRG cropping).

Rural Funds Group

Notes to the Financial Statements

30 June 2024

B1 Segment information (continued)

Segment assets

2024	Almonds $'000	Cattle $'000	Vineyards $'000	Cropping $'000	Macadamias $'000	Unallocated $'000	Total $'000
Investment property	167,334	535,575	33,253	71,372	195,707	-	1,003,241
Plant and equipment - bearer plants	125,899	-	17,946	-	104,997	-	248,842
Financial assets - property related	11,589	87,601	766	-	3,799	35	103,790
Intangible assets (water)	66,707	21,437	500	6,831	26,251	79,998	201,724
Property - owner occupied	-	92,200	-	38,869	38,727	-	169,796
Plant and equipment	112	4,668	-	4,361	19,860	-	29,001
Assets held for sale	-	-	-	48,876	-	-	48,876
Total property assets per statutory accounts	371,641	741,481	52,465	170,309	389,341	80,033	1,805,270
Revaluation of intangible assets per director's valuation	81,951	-	3,679	3,030	12,749	45,033	146,442
Total adjusted property assets at director's valuation	453,592	741,481	56,144	173,339	402,090	125,066	1,951,712
Other assets per statutory accounts	-	-	-	-	-	95,944	95,944
Total adjusted assets	453,592	741,481	56,144	173,339	402,090	221,010	2,047,656

2023	Almonds $'000	Cattle $'000	Vineyards $'000	Cropping $'000	Macadamias $'000	Unallocated $'000	Total $'000
Investment property	163,663	503,945	35,442	83,440	136,915	-	923,405
Plant and equipment - bearer plants	129,121	-	19,172	-	69,407	-	217,700
Financial assets - property related	11,460	80,713	703	-	949	-	93,825
Intangible assets (water)	66,707	14,831	500	11,966	6,954	66,030	166,988
Property - owner occupied	-	62,220	-	50,830	31,150	-	144,200
Plant and equipment	214	4,389	-	6,205	16,237	-	27,045
Total property assets per statutory accounts	371,165	666,098	55,817	152,441	261,612	66,030	1,573,163
Revaluation of intangible assets per director's valuation	77,542	-	5,266	3,547	4,126	45,033	135,514
Total adjusted property assets at director's valuation	448,707	666,098	61,083	155,988	265,738	111,063	1,708,677
Other assets per statutory accounts	-	-	-	-	-	97,846	97,846
Total adjusted assets	448,707	666,098	61,083	155,988	265,738	208,909	1,806,523

Rural Funds Group

Notes to the Financial Statements

30 June 2024

B1 Segment information (continued)

Net asset value adjusted for water rights

The chief operating decision maker of RFF assesses the segments on property asset values adjusted for water rights. RFF owns permanent water rights and entitlements which are recorded at historical cost less accumulated impairment losses. Such rights have an indefinite life and are not depreciated. The carrying value is tested annually for impairment as well as for possible reversal of impairment. If events or changes in circumstances indicate impairment, or reversal of impairment, the carrying value is adjusted to take account of impairment losses.

The book value of the water rights (including investments in BIL and CICL recognised as financial assets) at 30 June 2024 is $213,708,000 (2023: $178,972,000).

Independent valuations on the Group's properties are obtained, ensuring that each property will have been independently valued every two years or more often where appropriate. Independent valuation reports assess and provide value for properties in their entirety. The independent valuation reports contain information with which judgement is applied in order to allocate values to investment property, bearer plants and water entitlements. The Directors have taken into account the most recent valuations on each property and consider that they remain a reasonable estimate and, on this basis, the fair value of water entitlements before deferred tax adjustments at 30 June 2024 was $360,150,000 (2023: $314,486,000) representing the value of the water rights of $146,442,000 (2023: $135,514,000) above cost.

The following is a reconciliation of the book value at 30 June 2024 to an adjusted value based on the Directors' valuation of the water rights which are assessed by the chief operating decision maker.

	Per Statutory Consolidated Statement of Financial Position $'000	Revaluation of water entitlements per Directors' valuation $'000	Directors' valuation (Adjusted) $'000
Assets			
Total current assets	94,591	-	94,591
Total non-current assets	1,806,623	146,442	1,953,065
Total assets	1,901,214	146,442	2,047,656
Liabilities			
Total current liabilities	55,937	-	55,937
Total non-current liabilities	773,960	-	773,960
Total liabilities (excluding net assets attributable to unitholders)	829,897	-	829,897
Net assets attributable to unitholders	1,071,317	146,442	1,217,759
Net asset value per unit ($)	2.76	0.38	3.14

Notes to the Financial Statements

30 June 2024

B1 Segment information (continued)

30 June 2024	Area[1]	2024 Adjusted property value $'000	2023 Adjusted property value $'000	Most Recent Independent Valuation Date $'000	Most Recent Independent Valuation Valuation $'000
Almonds					
Yilgah (NSW)	935 ha	111,566	114,500	May 2024	111,500
Tocabil (NSW)	603 ha	61,523	61,500	May 2024	61,500
Kerarbury (NSW)	2,530 ha	280,269	272,500	May 2024	280,500
Cattle					
Rewan (QLD)	17,479 ha	72,455	72,500	Nov 2022	72,500
Mutton Hole (QLD)	140,300 ha	19,370	19,000	Jun 2023	19,000
Oakland Park (QLD)	85,500 ha	10,074	9,900	Jun 2023	9,900
Natal Aggregation (QLD)	390,600 ha	184,032	138,490	Oct 2023	183,600
Comanche (QLD)	7,600 ha	36,128	35,105	May 2024	36,250
Cerberus (QLD)	8,280 ha	26,088	24,784	May 2024	25,900
Dyamberin (NSW)	1,728 ha	23,235	21,015	Sep 2023	23,235
JBS Feedlots Finance Lease Receivable (NSW/QLD)	150,000 hd	65,160	62,989	N/A	N/A
Woodburn (NSW)	1,063 ha	12,540	11,461	Sep 2023	12,539
Cobungra (VIC)	6,497 ha	52,764	52,200	Feb 2024	52,700
Petro (WA)	2,942 ha	17,386	16,825	Jun 2023	16,825
High Hill (WA)	1,601 ha	8,995	8,780	Jun 2023	8,780
Willara (WA)	1,653 ha	8,261	8,260	Jun 2023	8,260
Yarra (QLD)	4,090 ha	33,478	24,788	May 2024	27,200
Homehill (QLD)	4,925 ha	20,825	20,156	May 2024	20,825
Coolibah aggregation (QLD)[2]	724 ha	5,660	5,688	May 2024	5,660
Thirsty Creek (QLD)[3]	503 ha	6,785	5,225	Oct 2023	3,867
Kaiuroo (QLD)	27,879 ha	75,516	71,000	Jun 2023	71,000
Wyseby (QLD)	14,071 ha	34,952	34,951	Jun 2023	34,951
Cropping					
Lynora Downs (QLD)	4,963 ha	45,578	45,400	Jun 2023	45,400
Mayneland (QLD)	2,942 ha	30,511	28,550	Jun 2023	28,550
Maryborough – Cropping (QLD)	2,460 ha	39,460	38,383	Oct 2023	38,780
Baamba Plains (QLD)	4,130 ha	45,183	37,450	Jun 2023	37,450
Swan Ridge South (QLD)	123 ha	2,002	1,980	Oct 2023	2,000
Macadamias					
Swan Ridge (QLD)	130 ha	23,420	7,164	Oct 2023	23,650
Moore Park (QLD)	104 ha	17,801	4,402	Oct 2023	18,000
Bonmac (QLD)	27 ha	4,572	3,061	Oct 2023	4,650
Cygnet and Nursery Farm – Tranche 1 (QLD)[4]	78 ha	9,609	9,472	Oct 2023	8,900
Riverton – Tranche 1 (QLD)[4]	420 ha	44,726	36,081	Oct 2023	39,550
Maryborough – Tranche 1 (QLD)[4]	754 ha	73,621	70,727	Oct 2023	72,050
Maryborough – Tranche 2 (QLD)[5]	747 ha	57,558	23,778	Oct 2023	46,350
Rookwood Farms – Tranche 2 (QLD)[5]	1,026 ha	76,306	22,613	Oct 2023	40,000
Rookwood Farms (QLD)	N/A	14,953	11,273	Oct 2023	14,450
Beerwah (QLD)	340 ha	36,770	38,300	Jun 2023	38,300
Bauple (QLD)	135 ha	19,093	19,700	Jun 2023	19,700

Valuations are encumbered unless not applicable (for example where a property is not subject to lease or at acquisition)
[1] Unless otherwise denoted, the almond, vineyard and macadamia areas refer to planted and planned development areas. Wyseby held as tenant-in-common arrangement with a 57.25% interest.
[2] Coolibah aggregation comprises of the Coolibah and River Block properties.
[3] A portion of Thirsty Creek is included in Rookwood Farms – Tranche 2, allocated during the year.
[4] Tranche 1 properties subject to the lease with a company managed by The Rohatyn Group (TRG) from January 2023
[5] Tranche 2 properties subject to lease with a company managed by TRG from June 2024

Notes to the Financial Statements

30 June 2024

B1 Segment information (continued)

30 June 2024		2024 Adjusted property value $'000	2023 Adjusted property value $'000	Most Recent Independent Valuation Date $'000	Most Recent Independent Valuation Valuation $'000
Vineyards					
Kleinig (SA)	206 ha	20,100	21,800	Jun 2024	20,100
Geier (SA)	244 ha	23,700	25,900	Jun 2024	23,700
Hahn (SA)	50 ha	4,000	4,800	Jun 2024	4,000
Mundy and Murphy (SA)	55 ha	4,400	4,400	Jun 2024	4,400
Rosebank (VIC)	83 ha	3,700	4,000	Jun 2024	3,700
Water rights					
River water (NSW)	8,754 ML	76,597	76,597	Jun 2024	76,597
River water (QLD)	600 ML	394	1,113	N/A	N/A
Rookwood weir (QLD)	8,227 ML	13,140	-	N/A	N/A
Ground water (NSW)	8,338 ML	34,900	33,353	Dec 2023	34,900
Total property and water assets		**1,889,156**	**1,661,914**		
Cattle finance leases and other assets		**21,910**	17,487		
Plant and equipment		**35,245**	27,045		
Other receivables and equipment leases		**5,401**	2,231		
Total adjusted property assets		**1,951,712**	**1,708,677**		

Revaluations from external valuations

All of the Group's properties have been valued by an independent valuer within the last 24 months. Further information on the significant unobservable inputs adopted by the external valuer in the fair value measurement of the properties is described in note C1.

The total uplift for the year ended 30 June 2024 has been largely due to the external valuer's assessment of the continued strength in demand and market sentiment for cattle properties.

The uplift has also included market movements and a change in valuation basis to an unencumbered (vacant possession) basis for the Swan Ridge and Moore Park macadamia properties now operated by the Group.

The uplift has also included the Tranche 2 Macadamia properties with an effective lease commencement date in June 2024, reflecting the recognition of the lease and the ongoing development of the properties to a higher and better use. Tranche 2 Macadamia properties were previously valued on an unencumbered (vacant possession) basis prior to the commencement of leases. The encumbered (subject to lease) valuation has been adopted for these properties as at 30 June 2024.

The Group's remaining macadamia properties under development have been valued on an unencumbered (vacant possession) basis.

Adjusted property values movements after the most recent independent valuation

Increases to the adjusted property value from the last valuation is primarily a result of new acquisitions or capital expenditure subsequent to the valuation, designed to improve an asset's productivity and value.

Decrease to adjusted property value from last valuation for properties is primarily a result of depreciation on owner occupied property and bearer plants (where relevant).

Notes to the Financial Statements

30 June 2024

B2 Adjusted funds from operations (AFFO)

The following presents the components of adjusted funds from operations (AFFO) and provides a reconciliation from AFFO to Net profit after income tax which is assessed by the chief operating decision maker.

	2024 $'000	2023 $'000
Revenue	**88,372**	81,824
Other income	**2,279**	3,281
Management fee	**(9,976)**	(8,558)
Asset management fee	**(7,482)**	(6,419)
Property expenses	**(3,451)**	(3,165)
Other expenses	**(7,402)**	(7,522)
Finance costs	**(20,567)**	(17,281)
Income tax payable (AWF)	**(644)**	(257)
Revenue adjustments		
Rental revenue - prepaid rent (TRG macadamias)	**4,803**	6,050
Contracted rent (TRG cropping)	**2,726**	-
Lease incentive amortisation (TRG macadamias)	**68**	9
Straight-lining of rental revenue	**(3,203)**	(1,470)
Interest component of JBS feedlot finance lease	**(2,172)**	(4,187)
Farming operations		
Revenue from farming operations	**21,391**	13,180
Other income - farming operations	**461**	212
Cost of goods sold - farming operations	**(20,629)**	(13,049)
Change in fair value of biological assets (realised from harvested crops and cattle)*	**6,352**	2,018
Change in fair value of biological assets (prior year biological assets realised during the year)	**(581)**	1,819
Property and other expenses - farming operations	**(8,822)**	(5,408)
Contracted farming cost recovery (TRG cropping)	**850**	-
Adjusted Funds From Operations (AFFO)	**42,373**	41,077
Property related		
Change in fair value of investment property	**58,057**	61,106
Change in fair value of bearer plants	**(128)**	2,475
Impairment of property - owner occupied	**(558)**	(3,202)
Impairment of intangible assets	**1,400**	(247)
Depreciation - bearer plants	**(11,271)**	(9,583)
Depreciation - property owner occupied	**(946)**	(502)
Depreciation and impairments - other	**(3,546)**	(2,336)
Gain on sale of assets	**444**	802
Farming operations		
Change in fair value of biological assets (unharvested crops and unsold cattle)**	**725**	(1,505)
Change in fair value of biological assets (prior year biological assets realised during the year)	**581**	(1,819)
Contracted farming cost recovery (TRG cropping)	**(850)**	-
Revenue items		
Rental revenue - prepaid rent (TRG macadamias)	**(4,803)**	(6,050)
Contracted rent - (TRG cropping)	**(2,726)**	-
Lease incentive amortisation (TRG macadamias)	**(68)**	(9)
Straight-lining of rental revenue	**3,203**	1,470
Interest component of JBS feedlot finance lease	**2,172**	4,187
Other		
Change in fair value of financial assets/liabilities	**154**	156
Change in fair value of interest rate swaps	**(3,297)**	8,930
Income tax (expense)/credit	**(475)**	584
Macgrove acquisition	**-**	(1,036)
Net profit after income tax	**80,441**	94,498
AFFO cents per unit	**11.0**	10.7

*FY24 includes revaluation of calves on weaning
**FY24 excludes revaluation of calves on weaning

Notes to the Financial Statements

30 June 2024

B3 Revenue

	2024 $'000	2023 $'000
Rental income	**73,669**	63,130
Sale of agricultural produce - farming operations	**15,151**	8,250
Sale of livestock and agistment income	**6,240**	4,930
Finance income	**13,609**	18,305
Interest received	**1,094**	389
Total	**109,763**	95,004

The Group's revenue is largely comprised of income under leases and finance income. All revenue is stated net of the amount of goods and services tax (GST).

Rental income primarily arises from the leasing of property assets at commencement and is accounted for on a straight-line basis over the period of the lease. The respective leased assets are included in the Consolidated Statement of Financial Position based on that nature.

Sale of agricultural produce and livestock is recognised when the performance obligation of passing control of agricultural produce and livestock at an agreed upon delivery point to the customer has been satisfied.

Finance income arises from the provision of financial guarantees and working capital loans, finance leases on cattle feedlots and cattle breeders and leased agricultural plant and equipment and recognised on an accrual basis using the effective interest rate method.

Other Income

	2024 $'000	2023 $'000
Sale of temporary water allocations	**1,811**	3,043
Other income	**929**	450
Total	**2,740**	3,493

Sale of temporary water allocations is recognised when the water allocations are received by the customer.

Expenses

Expenses such as Responsible Entity fees, property expenses and overheads are recognised on an accruals basis. Interest expenses are recognised on an accrual basis using the effective interest method.

B4 Earnings per unit

	2024	2023
Per stapled unit		
Net profit after income tax for the year ($'000)	**80,441**	94,498
Weighted average number of units on issue during the year (thousands)	**386,900**	383,761
Basic and diluted earnings per unit (total) (cents)	**20.79**	24.62
Per unit of Rural Funds Trust		
Net profit after income tax for the year ($'000)	**83,247**	111,953
Weighted average number of units on issue during the year (thousands)	**386,900**	383,761
Basic and diluted earnings per unit (total) (cents)	**21.52**	29.17
Per unit of RF Active		
Net (loss)/profit after income tax for the year ($'000)	**(2,806)**	(17,455)
Weighted average number of units on issue during the year (thousands)	**386,900**	383,761
Basic and diluted earnings per unit (total) (cents)	**(0.73)**	(4.55)

Basic earnings per unit are calculated on net profit attributable to unitholders of the Group divided by the weighted average number of issued units.

B5 Distributions

The group paid and declared the following distributions during the year:

	Cents per unit	Total $
Distribution declared 01 June 2023, paid 31 July 2023	2.9325	11,285,919
Distribution declared 01 September 2023, paid 31 October 2023	2.9325	11,323,511
Distribution declared 01 December 2023, paid 31 January 2024	2.9325	11,343,210
Distribution declared 01 March 2024, paid 30 April 2024	2.9325	11,365,302
Distribution declared 03 June 2024, paid 31 July 2024	2.9325	11,385,227

C. PROPERTY ASSETS

This section includes detailed information regarding RFF's properties, which are made up of multiple line items on the Consolidated Statement of Financial Position including Investment property, Plant and equipment – bearer plants, Financial assets – property related, Intangible assets, Property – owner occupied and Plant and equipment – other.

C1 RFF property assets

		2024 $'000	2023 $'000
Investment property	C2	**1,003,241**	923,405
Plant and equipment - bearer plants	C3	**248,842**	217,700
Financial assets - property related	C4	**103,790**	93,825
Intangible assets	C5	**201,724**	166,988
Property - owner occupied	C6	**169,796**	144,200
Plant and equipment - other	C7	**29,001**	27,045
Assets held for sale	C8	**48,876**	-
Total		**1,805,270**	1,573,163

Leasing arrangements

Minimum lease payments receivable under non-cancellable operating leases of investment properties, bearer plants, water rights and plant and equipment not recognised in the financial statements, are receivable as follows:

	2024 $'000	2023 $'000
Within 1 year	**70,745**	64,874
Between 1 and 2 years	**71,942**	65,807
Between 2 and 3 years	**65,741**	68,414
Between 3 and 4 years	**61,646**	61,816
Between 4 and 5 years	**59,276**	57,748
Later than 5 years	**1,035,426**	743,692
Total	**1,364,776**	1,062,351

The Group has entered into a 40 year lease for 3,000ha of macadamia orchards with a company managed by The Rohatyn Group (TRG). The lease includes lessee termination rights under certain conditions including if the orchards fail to produce the equivalent of a mature yield of 3.6 tonnes per hectare over a rolling five-year period commencing in year 10.

Key changes to the property portfolio during the year:

- In February and March 2024, the Group contracted to dispose of two Maryborough cropping properties for $3,105,000, expected to settle the second half of 2024.
- In June 2024, the lease to a company managed by The Rohatyn Group for the additional macadamia properties making up the 3,000ha development commenced.
- In June 2024, the Group completed the acquisition of 22,100 megalitres of Fitzroy River water allocations on completion of the Rookwood Weir for $36,300,000 including acquisition costs
- In June 2024, the Group announced that it had entered into a transaction for a 10-year lease of Mayneland and Baamba Plains to a company managed by The Rohatyn Group and a sale of 50% interest in both properties, subject to Foreign Investment Review Board (FIRB) approval. As part of the transaction, the Group is expected to receive catch up rent for part of the year ended 30 June 2024 for these properties.

Macadamia development

The Group is developing macadamia orchards across a number of properties located in Queensland, Australia. As part of the development, costs relating to the acquisition, construction and development of macadamia orchards will be capitalised to the respective asset class that the cost relates to. The asset classes identified are investment property, bearer plants and water entitlements.

C1 RFF property assets (continued)

Macadamia development (continued)

Investment Property

This includes costs associated with the acquisition for land, buildings, orchard and irrigation infrastructure and any costs directly attributable to bringing the asset to the condition necessary for it to be capable of operating in the manner intended by management.

Bearer Plants

This includes costs associated with the acquisition of macadamia trees, planting costs, growing costs incurred for the trees to reach maturity including fertiliser and watering costs and costs associated with establishing the macadamia trees in the orchard and bringing the asset to the condition necessary for it to be capable of operating in the manner intended by management.

Water entitlements

This includes costs associated with the purchase of water entitlements. Water entitlements are deemed ready for use on acquisition.

Borrowing costs

Borrowing costs may be capitalised on qualifying assets up until the property is deemed ready for use. Borrowing costs relating to the acquisition, construction and development of properties are capitalised to the respective asset classes up until the property is deemed ready for use. Properties could be deemed ready for use when the property has been leased or when the property is operating in a manner as intended by management, for example, a macadamia orchard may be deemed operational when the orchard is fully planted and the plantings have been established.

Valuations

Independent valuations on the Group's properties are obtained, ensuring that each property will have been independently valued every two financial years or more often where appropriate. Independent valuers engaged hold recognised and relevant professional qualifications with experience in agricultural properties.

The following existing properties had relevant independent valuations during the year ended 30 June 2024:

Almond properties	Kerarbury, Tocabil, Yilgah
Cattle properties	Natal Aggregation, Woodburn, Dyamberin, Thirsty Creek, Cobungra, Yarra, Cerberus, Comanche, Coolibah aggregation
Macadamia properties	Swan Ridge, Moore Park, Bonmac, Cygnet, Nursery Farm, Riverton, Maryborough – Macadamias, Rookwood Farms
Cropping properties	Maryborough – Cropping, Swan Ridge South
Vineyard properties	Geier, Kleinig, Hahn, Rosebank, Mundy and Murphy
Water allocation	8,338ML Murrumbidgee Groundwater, 8,754ML Murrumbidgee Riverwater

The Directors have considered independent valuations and market evidence where appropriate to determine the appropriate fair value to adopt. The Directors have adopted all valuations from independent valuers in the periods where valuations have been obtained.

The Directors have deemed that independent valuations were not required on the remaining properties as there have been no material changes to the industry, physical and geographical conditions of these properties in which the independent valuers have previously assessed. For these properties, the Directors have performed internal assessments, considering the latest valuation reports, that the carrying amount is still reflective of the fair value of the properties at reporting date.

The Directors have revalued Mayneland and Baamba Plains properties based on the transaction price from the 50% sale subject to final approvals.

The Group's properties, including those under development, are carried at fair value excluding the value of water rights. Water rights are treated as intangible assets, which are held at historical cost less accumulated impairment losses. Independent valuation reports assess and provide value for properties in its entirety. The independent valuation reports contain information with which judgement is applied in order to allocate values to investment property, bearer plants, property – owner occupied and water entitlements, where relevant.

C1 RFF property assets (continued)

Valuations (continued)

Judgement is applied in order to allocate the total property value, as disclosed in the independent valuation reports, to each component; investment property, bearer plants and water entitlements. The allocation technique will vary depending on the nature of the underlying lease arrangement.

Where information is available, such as when provided by the external valuer, each component of the property, meaning the land and infrastructure, the trees and any water assets, disclosed in the financial statements as investment property, bearer plants and water entitlements, will be allocated on an encumbered (subject to lease) basis. Conditions associated with individual assets are considered as part of the valuation allocation.

If this information is not available, the valuation report may provide additional information, such as the summation basis of the unencumbered (vacant possession) value, which along with other sources, including the nature of capital expenditure on the property, is used to determine the encumbered allocation to components.

Judgement is applied as part of these allocations which vary from property to property given the individual circumstances of the leasing arrangements. The allocation technique may change to reflect the best estimate of fair value attributable to each component at reporting date.

Significant accounting judgements, estimates and assumptions in relation to valuation of property assets

At the end of each reporting period, the Directors update their assessment of fair value of each property, considering the most recent independent valuations. The Directors determine a property's value using reasonable fair value estimates from the most recent independent valuer's valuation reports.

Independent valuation reports assess and provide fair values for properties in their entirety. Judgement is applied in order to allocate the total property values as disclosed in the independent valuation reports, to investment property, bearer plants, property – owner occupied and water entitlements. The independent valuation reports contain information with which judgement is applied to allocate values to investment property, bearer plants, property – owner occupied and water entitlements.

Investment property, Bearer plants and Property – owner occupied

The main level 3 inputs used by the Group include discount rates, terminal capitalisation rates, rate per area of land, adult equivalent rates and carrying capacity estimated in the respective valuations based on comparable transactions and industry data.

At the end of each reporting period, the directors update their assessment of the fair value of each property. Changes in level 3 fair values are analysed at each reporting date and during discussions with the independent valuers.

C1 RFF property assets (continued)

Valuations (continued)

The following table summarises the quantitative information about the significant unobservable inputs used in recurring level 3 fair value measurement:

Description*	Fair value at 2024 $'000	Fair value at 2023 $'000	Primary valuation technique	Unobservable inputs**	Allocation technique	Range of inputs 2024 %	Range of inputs 2023 %
Almond orchard property	**293,233**	292,784	Discounted Cash Flow	Discount rate (%)	Rental base	**7.25 - 8.00**	7.25 - 8.00
				Terminal Capitalisation Rate (%)	Component based	**7.75 - 10.00**	7.75 - 10.20
Cattle property and infrastructure	**627,775**	566,165	Summation assessment	$ per adult equivalent (AE) carrying capacity (Backgrounding properties)	Component based	**$5,793 - $11,829**	$5,792 - $11,742
			Productive unit	$ per adult equivalent (AE) carrying capacity (Breeder properties)		**$1,630 - $3,489**	$1,590 - $3,051
Vineyard property and infrastructure	**51,199**	54,614	Discounted Cash Flow	Discount rate (%)	Component based	**8.25**	7.50 - 8.50
				Terminal Capitalisation rate (%)		**8.50 - 9.00**	8.50 - 9.00
Cropping property and infrastructure	**152,873**	134,270	Summation assessment	$ per irrigated hectare per property	Component based	**$15,770 - $21,090**	$12,500 - $16,314
				Average $ per plantable hectare (Maryborough)		**$20,433**	$21,248
Macadamia orchard property	**339,431**	237,472	Discounted Cash Flow	Discount rate (%)	Rental base	**8.25**	7.25 - 8.00
			Summation assessment	Terminal Capitalisation rate (%)	Component based	**6.50 - 7.00**	6.50 - 8.00
				Average $ per planted hectare (Orchard > 5 years)		**$132,121**	$96,898
				Average $ per planted/plantable hectare (Orchard < 5 years)		**$89,291**	$52,291
Total	**1,464,511**	1,285,305					

*Fair values disclosed exclude water assets.
**There were no significant inter-relationships between unobservable inputs that materially affect fair values. Unobservable inputs are based on assessments by external valuers.

C1 RFF property assets (continued)

Valuations (continued)

Primary valuation technique

External valuations typically assess property values using different valuation techniques.

Discounted cash flow	Valuation based on future net rental cash flows discounted to the present value. The terminal value (as determined by the terminal capitalisation rate) is typically assessed and discounted in these types of valuations. The valuer may also use comparative sales as supporting information.
Summation assessment	Assessment of the property on an asset-by-asset basis based on comparative sales evidence and typically driven by a rate per productive hectare and assessment of other components such as water and supporting buildings.
Productive unit	Assessment on the property driven by the value per adult equivalent head that is supported by the property and carrying capacity of the property.
Rent capitalisation	Valuation based on passing rent applied against a capitalisation rate.

Allocation technique

Independent valuation reports assess and provide value for properties in their entirety. Component allocation techniques are adopted to allocate the total property value to investment property, bearer plants, property – owner occupied and water entitlements. The component allocation technique applied is assessed on each external valuation to ensure that the allocation technique is consistent with the nature and characteristics of the property including any lease encumbrances. The allocation technique may change to reflect the best estimate of fair value attributable to each component at reporting date.

The following allocation techniques have been applied:

Rental base	Applied for properties with long term indexed leases by allocating value to component assets using the rental base. The rental base is identifiable and generally determined by the cost of the assets. The allocation by rental base reflects the encumbered nature of the assets where rental incomes are not affected by short term market fluctuations in the value of the assets due to lack of rental review mechanism.
Component based	The encumbered value is allocated based on information in the valuation report which enables the allocation by components on an encumbered basis. Conditions associated with individual assets are considered as part of the valuation allocation. To determine the allocation of components on an encumbered basis, the external valuer will assess various factors such as market indicators, comparable sales data of encumbered assets, comparable rental data and other relevant information such as replacement cost concepts.
Component based – Almonds and Macadamias	Applied for properties where leases include rental reviews. Information is provided in the valuation to allocate the encumbered value of the property to water assets, investment property and bearer plants on an encumbered basis. Firstly, the approach allocates value to water assets based on comparable encumbered rental data. The value of land is determined based on comparable sales data. Orchard infrastructure including irrigation is determined based on a replacement cost assumption adjusted for an estimate of the age of the assets. Bearer plants are identified as being the residual value of the total encumbered value of the property.

C1 RFF property assets (continued)

Valuations (continued)

Unobservable inputs

Unobservable inputs are assumptions based on the assessments and determinations made by external valuers in their capacity as qualified experts which are key inputs in the valuation techniques utilised.

Discount rate (%)	The higher the discount rate the lower the fair value
Terminal capitalisation rate (%)	The higher the terminal capitalisation rate the lower the fair value
$ per irrigated/planted hectare	The higher the value per irrigated/planted hectare, the higher the fair value
Average $ per plantable hectare	The higher the value per plantable hectare, the higher the fair value
$ per adult equivalent carrying capacity	The higher the value per adult equivalent carrying capacity, the higher the fair value

C2 Investment property

2024	**Almond property $'000**	**Cattle property $'000**	**Vineyard property $'000**	**Cropping property $'000**	**Macadamia property $'000**	**Total $'000**
Opening net book amount	**163,663**	**503,945**	**35,442**	**83,440**	**136,915**	**923,405**
Additions	**3,254**	**8,841**	**327**	**5,851**	**40,795**	**59,068**
Capitalisation of borrowing costs	**-**	**1,054**	**-**	**1,396**	**3,261**	**5,711**
Classified as held for sale	**-**	**-**	**-**	**(17,136)**	**-**	**(17,136)**
Transfer	**-**	**-**	**-**	**58**	**(58)**	**-**
Transfer to property - owner occupied	**-**	**(25,677)**	**-**	**-**	**-**	**(25,677)**
Transfer from bearer plants	**-**	**-**	**-**	**-**	**13**	**13**
Amortisation of lease incentives	**-**	**(200)**	**-**	**-**	**-**	**(200)**
Fair value adjustment	**417**	**47,612**	**(2,516)**	**(2,237)**	**14,781**	**58,057**
Closing net book amount	**167,334**	**535,575**	**33,253**	**71,372**	**195,707**	**1,003,241**

2023	**Almond property**	**Cattle property**	**Vineyard property**	**Cropping property**	**Macadamia property**	**Total**
Opening net book amount	141,080	433,090	35,727	88,931	88,153	786,981
Acquisitions	-	36,993	-	-	9,563	46,556
Additions	1,202	5,112	-	76	23,511	29,901
Capitalisation of borrowing costs	-	436	-	84	3,289	3,809
Disposals	(71)	-	-	-	-	(71)
Transfer	-	-	-	(7,220)	7,220	-
Transfer to property - owner occupied	-	-	-	-	(5,445)	(5,445)
Transfer to bearer plants	-	-	(290)	-	-	(290)
Transfer from property - owner occupied	-	-	-	-	1,058	1,058
Amortisation of lease incentives	-	(200)	-	-	-	(200)
Fair value adjustment	21,452	28,514	5	1,569	9,566	61,106
Closing net book amount	163,663	503,945	35,442	83,440	136,915	923,405

Investment properties comprise land, buildings and integral infrastructure including shedding, irrigation and trellising.

Macadamia properties under development include Maryborough – Macadamias, Riverton and Rookwood Farms. Development costs for these properties have been capitalised.

Investment properties are held for long-term rental yields and capital growth and are not occupied by the Group. RFF measures and recognises investment property at fair value where the valuation technique is based on unobservable inputs. Changes in fair value are presented through profit or loss in the Consolidated Statement of Comprehensive Income.

Capital expenditure that enhances the future economic benefits of the assets are capitalised to investment property. Incentives provided are capitalised to the investment property and amortised on a straight-line basis over the term of the lease as a reduction of rental revenue.

C3 Plant and equipment – bearer plants

2024	Bearer Plants - Almonds $'000	Bearer Plants - Vineyards $'000	Bearer Plants - Macadamias $'000	Total $'000
Opening net book amount	**129,121**	**19,172**	**69,407**	**217,700**
Additions	**32**	**-**	**12,402**	**12,434**
Capitalisation of borrowing costs	**-**	**-**	**191**	**191**
Transfer to investment property	**-**	**-**	**(13)**	**(13)**
Lease incentive	**-**	**-**	**2,645**	**2,645**
Amortisation of lease incentive	**-**	**-**	**(68)**	**(68)**
Depreciation	**(6,241)**	**(1,089)**	**(3,941)**	**(11,271)**
Fair value adjustment - profit and loss	**-**	**(416)**	**288**	**(128)**
Fair value adjustment - other comprehensive income	**2,987**	**279**	**24,086**	**27,352**
Closing net book amount	**125,899**	**17,946**	**104,997**	**248,842**

2023	Bearer Plants - Almonds $'000	Bearer Plants - Vineyards $'000	Bearer Plants - Macadamias $'000	Total $'000
Opening net book amount	124,948	17,260	48,280	190,488
Additions	232	24	12,166	12,422
Capitalisation of borrowing costs	-	-	262	262
Transfer from investment property	-	290	-	290
Lease incentive	-	-	1,702	1,702
Amortisation of lease incentive	-	-	(9)	(9)
Depreciation	(5,761)	(941)	(2,881)	(9,583)
Fair value adjustment - profit and loss	(544)	961	2,058	2,475
Fair value adjustment - other comprehensive income	10,246	1,578	7,829	19,653
Closing net book amount	129,121	19,172	69,407	217,700

Bearer plants are solely used to grow produce over their productive lives and are accounted for under AASB 116 *Property, Plant and Equipment*.

RFF initially measures and recognises bearer plants at cost, including planting costs and direct costs associated with establishing these plants to maturity. After initial measurement, the Group adopts the revaluation model and bearer plants are carried at fair value less any accumulated depreciation and accumulated impairment losses.

Bearer plants are subject to revaluations based on the Group's valuation policies. Increases in the carrying amounts arising from revaluation of bearer plants are recognised in other comprehensive income and accumulated in net assets attributable to unitholders under asset revaluation reserve. Revaluation increases which reverse a decrease previously recognised in profit and loss are recognised in profit or loss. Revaluation decreases which offset previous increases are recognised in other comprehensive income in the asset revaluation reserve. Any other decreases are recognised in profit and loss.

Lease incentives relate to orchard establishment costs incurred by the Group subsequent to lease commencement. Lease incentives are capitalised to bearer plants and amortised on a straight-line basis over the term of the lease as a reduction of rental revenue.

C3 Plant and equipment – bearer plants (continued)

Bearer plants are subject to depreciation over their respective useful lives calculated on a straight-line basis on the carrying amount. Depreciation commences when bearer plants are assumed ready for use which is considers when the trees reach maturity or on the commencement of lease. The useful lives and maturity assumptions used for each class of depreciable asset are shown below:

Fixed asset class:	Useful life:
Almond bearer plants	30 years
Vineyard bearer plants	40 years
Macadamia bearer plants	45 - 55 years

At the end of each annual reporting period, the useful life, maturity assumptions and carrying amount of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

Bearer plants as stated on a historical cost basis is as follows:

	2024 $'000	2023 $'000
Cost	**196,671**	185,241
Accumulated depreciation	**(31,362)**	(24,557)
Accumulated impairment	**(2,564)**	(3,277)
Bearer plants at historical cost less accumulated impairment	**162,745**	157,407

C4 Financial assets – property related

	2024 $'000	2023 $'000
Financial Assets - property related		
Investment - BIL	**520**	520
Investment - CICL	**11,464**	11,464
Finance Lease - Breeders	**18,864**	16,621
Finance Lease - Feedlots	**65,160**	62,989
Finance Lease - Equipment	**130**	164
Finance Lease - DA & JF Camm Pty Limited	**2,381**	-
Other receivables - straight-line asset	**5,271**	2,067
Total	**103,790**	93,825

Barossa Infrastructure Ltd (BIL) is an unlisted public Company supplying non-potable supplementary irrigation water for viticulture in the Barossa. The Group holds a minority interest in BIL.

Coleambally Irrigation Co-operative Limited (CICL) is one of Australia's major irrigation companies and is wholly owned by its farmer members. CICL's irrigation delivery system delivers water to 400,000 hectares of area across the Coleambally Irrigation District, in the Riverina, near Griffith, NSW. The Group holds a minority interest in CICL.

Finance Lease – Breeders is comprised of breeders owned by the Group which have been leased to Cattle JV, a wholly-owned subsidiary of Rural Funds Management Limited, for a term of ten years ending in 2028. As part of the arrangement, the lessee is required to maintain the breeder herd and maintain an active breeding program. The expected credit loss on the finance lease is assessed on the value of the breeder herd secured against the finance lease. This assessment involves the monitoring of the value of the breeder herd through a bi-annual mustering process conducted by the lessee, Cattle JV and an annual valuation process. There has been no expected credit loss recognised at 30 June 2024 (2023: nil).

Finance Lease – Feedlots is comprised of feedlots leased to JBS Australia Pty Limited (JBS) for a term of ten years ending in 2028 with a repurchase call option exercisable by JBS and a sale put option exercisable by the Group. The call option held by JBS can be exercised from year six but will incur a break fee if exercised before year ten.

C4 Financial assets – property related (continued)

Finance Lease – DA & JF Camm Pty Limited comprises of cattle owned by the Group and leased to DA & JF Camm Pty Limited, the lessee of the Natal aggregation, as part of a $5,000,000 facility. The gross balance drawn as at 30 June 2024 was $2,381,000 (2023: nil). The balance drawn net of security deposits held is $1,871,000 (2023: nil). The expected credit loss on the finance lease are based on an assessment of the value of the security held. There has been no expected credit loss recognised at 30 June 2024 (2023: nil).

Other receivables relate to recognition of rental revenue on a straight-line basis in accordance with AASB 16 *Leases.*

Significant accounting judgements in the valuation of Coleambally Irrigation Co-operative and Barossa Infrastructure Limited shares

The investments in BIL and CICL are treated the same as water rights, that is, recorded at historical cost less accumulated impairment losses and not revalued.

Finance leases

Finance leases are measured at amortised cost. Each lease payment was allocated as a reduction to the finance lease receivable and as finance income. The finance income was charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the receivable for each period. These represent leases of property or biological assets where all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are substantially transferred from the lessor.

Minimum lease payments receivable under non-cancellable finance leases of feedlots, breeders and equipment not recognised in the financial statements, are receivable as follows:

	2024	2023
	$'000	**$'000**
Within 1 year	**6,125**	6,055
Between 1 and 2 years	**24,882**	6,051
Between 2 and 3 years	**4,516**	22,501
Between 3 and 4 years	**4,490**	4,367
Between 4 and 5 years	**65,295**	4,333
Later than 5 years	**-**	57,334
Total	**105,308**	100,641

C5 Intangible assets

Intangible assets are made up of water rights and entitlements. Refer to note B1 for Directors' valuation of water rights and entitlements.

2024	**Almonds**	**Cattle**	**Vineyards**	**Cropping**	**Macadamias**	**Unallocated**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Non-current							
Opening net book amount	**66,707**	**14,831**	**500**	**11,966**	**6,954**	**66,030**	**166,988**
Additions	**-**	**6,397**	**-**	**-**	**15,995**	**13,140**	**35,532**
Capitalisation of borrowing costs	**-**	**369**	**-**	**165**	**380**	**-**	**914**
Transfers	**-**	**-**	**-**	**(2,190)**	**2,910**	**(720)**	**-**
Classified as held for sale	**-**	**-**	**-**	**(3,110)**	**-**	**-**	**(3,110)**
(Impairment)/reversal of impairment	**-**	**(160)**	**-**	**-**	**12**	**1,548**	**1,400**
Closing net book amount	**66,707**	**21,437**	**500**	**6,831**	**26,251**	**79,998**	**201,724**
Cost	**67,462**	**22,434**	**500**	**7,135**	**26,354**	**83,486**	**207,371**
Accumulated impairment	**(755)**	**(997)**	**-**	**(304)**	**(103)**	**(3,488)**	**(5,647)**
Net book amount	**66,707**	**21,437**	**500**	**6,831**	**26,251**	**79,998**	**201,724**

2023	**Almonds**	**Cattle**	**Vineyards**	**Cropping**	**Macadamias**	**Unallocated**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Non-current							
Opening net book amount	66,707	6,038	500	7,961	5,441	71,032	157,679
Additions	-	8,862	-	-	454	-	9,316
Capitalisation of borrowing costs	-	56	-	65	119	-	240
Transfers	-	-	-	(940)	940	-	-
(Impairment)/reversal of impairment	-	(125)	-	4,880	-	(5,002)	(247)
Closing net book amount	66,707	14,831	500	11,966	6,954	66,030	166,988
Cost	67,462	15,668	500	12,270	7,069	71,066	174,035
Accumulated impairment	(755)	(837)	-	(304)	(115)	(5,036)	(7,047)
Net book amount	66,707	14,831	500	11,966	6,954	66,030	166,988

C5 Intangible assets (continued)

Water rights

Permanent water rights and entitlements are recorded at historical cost less accumulated impairment losses. Such rights have an indefinite life and are not depreciated. The carrying value is tested annually for impairment as well as for possible reversal of impairment. If events or changes in circumstances indicate impairment, or reversal of impairment, the carrying value is adjusted to take account of impairment losses.

C6 Property – owner occupied

2024	Land	Building	Irrigation	Total
	$'000	$'000	$'000	$'000
Opening net book amount	129,730	11,154	3,316	144,200
Additions	1,143	1,979	5,362	8,484
Capitalisation of borrowing costs	5,142	229	508	5,879
Transfer from investment property	14,974	1,973	8,730	25,677
Classified as held for sale	(16,158)	(2,033)	(4,195)	(22,386)
Depreciation	-	(650)	(296)	(946)
Impairment	(151)	(305)	(102)	(558)
Fair value adjustment - other comprehensive income	5,932	233	3,281	9,446
Closing net book amount	140,612	12,580	16,604	169,796

2023	Land	Building	Irrigation	Total
	$'000	$'000	$'000	$'000
Opening net book amount	61,796	6,035	596	68,427
Acquisitions	41,812	2,549	-	44,361
Additions	1,003	1,945	6,420	9,368
Capitalisation of borrowing costs	1,003	8	3	1,014
Transfer from deposit	18,504	-	-	18,504
Transfer from investment property	3,687	1,522	236	5,445
Transfer to investment property	(1,030)	(28)	-	(1,058)
Depreciation	-	(370)	(132)	(502)
Impairment	1,184	(579)	(3,807)	(3,202)
Fair value adjustment - other comprehensive income	1,771	72	-	1,843
Closing net book amount	129,730	11,154	3,316	144,200

Property – owner occupied relates to owner occupied property that is being used to conduct farming operations by the Group and accounted for under AASB 116 *Property, Plant and Equipment*. Property – owner occupied are held under the revaluation model. As at 30 June 2024, this included properties that were operated by the Group including the Maryborough properties (cropping), Beerwah, Bauple, Swan Ridge, Moore Park (macadamias), Yarra (cattle) and Kaiuroo (cattle).

These assets are subject to revaluations based on the Group's valuation policies. Increases in the carrying amounts arising from revaluation of Property are recognised in other comprehensive income and accumulated in net assets attributable to unitholders under asset revaluation reserve. Revaluation increases which reverse a decrease previously recognised in profit and loss are recognised in profit or loss. Revaluation decreases which offset previous increases are recognised in other comprehensive income in the asset revaluation reserve. Any other decreases are recognised in profit and loss.

C6 Property – owner occupied (continued)

Elements of Property – owner occupied are subject to depreciation over their respective useful lives calculated on a straight-line basis on the carrying amount. The useful lives and for each class of depreciable asset are shown below:

Fixed asset class:	Useful life:
Land	Not applicable
Buildings	20 years
Irrigation	40 years

At the end of each annual reporting period, the useful life of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

Property – owner occupied as stated on a historical cost basis is as follows:

30 June 2024	Land	Building	Irrigation	Total
	$'000	$'000	$'000	$'000
Cost	132,311	14,585	17,662	164,558
Accumulated depreciation and impairment	(527)	(2,324)	(4,340)	(7,191)
Net book amount	131,784	12,261	13,322	157,367

30 June 2023	Land	Building	Irrigation	Total
	$'000	$'000	$'000	$'000
Cost	127,813	12,446	7,259	147,518
Accumulated depreciation and impairment	(1,126)	(1,378)	(3,943)	(6,447)
Net book amount	126,687	11,068	3,316	141,071

C7 Plant and equipment – other

	2024	2023
	$'000	$'000
Opening net book amount	27,045	16,530
Additions	12,877	12,892
Transfers from finance lease - equipment	-	1,151
Disposals	(153)	(221)
Classified as held for sale	(6,244)	-
Depreciation	(3,456)	(2,336)
Depreciation capitalised to developments	(1,068)	(971)
Closing net book amount	29,001	27,045
Cost	45,534	40,633
Accumulated depreciation	(15,211)	(12,266)
Accumulated impairment	(1,322)	(1,322)
Net book amount	29,001	27,045

Classes of plant and equipment other than bearer plants are measured using the cost model as specified below. The asset is carried at its cost less any accumulated depreciation and any impairment losses. Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and removing the asset, where applicable.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

The Group manages and monitors its leased assets and physically attends to properties where as
on a regular basis.

C7 Plant and equipment – other (continued)

The useful lives and for each class of depreciable asset are shown below:

Fixed asset class:	Useful life:
Capital works in progress	Not applicable
Plant and equipment	2-16 years
Farm vehicles and equipment	2-16 years

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit and loss.

C8 Assets held for sale

	Note	2024 $'000	2023 $'000
Investment property	C2	**17,136**	-
Intangible assets	C5	**3,110**	-
Property - owner occupied	C6	**22,386**	-
Plant and equipment - other	C7	**6,244**	-
Total		**48,876**	-

At 30 June 2024, assets held for sale relates to 50% interest in Mayneland and Baamba Plains and three Maryborough cropping properties.

In February and March 2024, the Group contracted to dispose of two Maryborough cropping properties for $3,105,000, expected to settle in the second half of 2024.

In June 2024, the Group was in the process of selling a Maryborough cropping property, the sale is expected to settle in the second half of 2024.

In June 2024, the Group entered into a transaction for a 10-year lease of Mayneland and Baamba Plains to a company managed by The Rohatyn Group and a sale of 50% interest in both properties, subject to Foreign Investment Review Board (FIRB) approval. The Group is expected to settle in the coming months. Any gain or loss recognised on the Mayneland property is included in change in fair value of investment property. An impairment of $151,000 was recognised on the Baamba Plains property.

C9 Capital commitments

Capital expenditure across all properties largely relates to macadamia developments, cattle property developments cropping property developments and almond property improvements. These commitments are contracted for but not recognised as liabilities.

	2024 $'000	2023 $'000
Investment property	**71,269**	95,862
Bearer plants	**20,658**	28,301
Intangible assets	**2,243**	24,766
Plant and equipment	**-**	1,508
Total	**94,170**	150,437

D. TAX

Since 1 July 2014, Rural Funds Trust (a subsidiary of Rural Funds Trust at the time) became a flow through trust for tax purposes. As a result, it is no longer probable that a tax liability will be incurred in these entities in relation to future sale of assets for a gain or through trading. Rural Funds Trust is an attribution managed investment trust (AMIT). RFM Australian Wine Fund (a subsidiary of Rural Funds Trust) is the head of a separate tax consolidated group, taxed in its own right. RF Active (a subsidiary of Rural Funds Trust) is a public trading trust and is taxed as a company. All entities within the Group are tax residents in Australia.

D1 Income tax expense

The charge for current income tax expense is based on the profit adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding in a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is charged/credited in the Consolidated Statement of Comprehensive Income except where it relates to items that may be credited directly to net assets attributable to unitholders, in which case the deferred tax is adjusted directly against net assets attributable to unitholders.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on management's judgement, the assumption that no adverse change will occur in income taxation legislation and the anticipation that the consolidated group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

The major components of income tax expense comprise:

	2024 $'000	2023 $'000
Current tax	**705**	364
Deferred tax	**414**	(651)
Adjustments in respect of deferred income tax of previous years	**-**	(40)
Income tax expense reported in the Statement of Comprehensive Income	**1,119**	(327)
Income tax expense is attributable to:		
Profit from continuing operations	**1,119**	(327)
Total	**1,119**	(327)
Deferred income tax expense included in income tax expense comprises:		
Decrease in deferred tax assets	**918**	918
Decrease in deferred tax liabilities	**(420)**	(1,136)
Total	**498**	(218)
Amounts charged or credited directly to equity		
Change in fair value taken through asset revaluation reserve	**84**	473
Total	**84**	473

D1 Income tax expense (continued)

Numerical reconciliation of income tax expense to prima facie tax payable

	2024 $'000	2023 $'000
Net profit before income tax	**81,560**	94,171
At the statutory income tax rate of 30% (2023: 30%)	**24,468**	28,251
Tax effect of amounts that are not taxable in determining taxable income	**(24,833)**	(32,523)
Derecognition of tax losses	**1,484**	3,985
Adjustments in respect of tax of previous years	**-**	(40)
Total	**1,119**	(327)

Tax losses

	2024 $'000	2023 $'000
Unused tax losses for which no deferred tax asset has been recognised	**18,230**	13,283
Potential tax benefit @ 30%	**5,469**	3,985

The unused tax losses relate to RF Active and can be carried forward indefinitely.

Franking credits

At 30 June 2024 there were $1,277,000 of franking credits available to apply to future income distributions (2023: $1,986,000).

D2 Deferred tax and current tax

	2024 $'000	2023 $'000
Deferred tax liabilities		
Bearer plants	**3,041**	3,408
Plant and equipment	**1,131**	1,390
Fair value investment property	**4,834**	5,151
Other assets	**1,674**	876
Gross deferred tax liabilities	**10,680**	10,825
Set off of deferred tax assets	**(2,766)**	(2,491)
Net deferred tax liabilities	**7,914**	8,334
Deferred tax assets		
Investments	**(175)**	216
Intangible assets	**1,048**	1,513
Other	**45**	64
Unused income tax losses	**1,848**	1,616
Gross deferred tax assets	**2,766**	3,409
Set off of deferred tax liabilities	**(2,766)**	(2,491)
Net deferred tax assets	**-**	918

The deferred tax assets include an amount of $1,848,000 which relates to carried-forward tax losses in RF Active and RFM Australian Wine Fund. The group expects to be able to recover these losses against taxable income over the following few years.

D2 Deferred tax and current tax (continued)

Recognised tax assets and liabilities

	Current income tax		Deferred income tax	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000
Opening balance	**259**	1,038	**(7,416)**	(7,634)
Charged to income	**(705)**	(364)	**(414)**	691
Credited to equity	**-**	-	**(84)**	(473)
Tax refund	**(259)**	(415)	**-**	-
Closing balance	**(705)**	259	**(7,914)**	(7,416)
Tax expense in the Consolidated Statement of Comprehensive Income			**1,119**	(327)
Amounts recognised in the Consolidated Statement of Financial Position:				
Deferred tax asset			**-**	918
Deferred tax liability			**(7,914)**	(8,334)

E. CAPITAL STRUCTURE AND FINANCIAL RISK MANAGEMENT

RFM, the Responsible Entity of RFF, is responsible for managing the policies designed to optimise RFF's capital structure. This is primarily monitored through an internal gearing ratio target range of 30-35% calculated as interest bearing liabilities as a proportion of adjusted total assets. The optimal capital structure is reviewed periodically, although this may be impacted by market conditions which may result in an actual position which may differ from the desired position.

E1 Interest bearing liabilities

	2024 $'000	2023 $'000
Current		
Equipment loans (ANZ)	**5,641**	2,783
Wyseby facility	**24,454**	24,455
TRG loan	**5,714**	5,714
J&F Guarantee - Borrowing loss provision	**185**	198
Total	**35,994**	33,150
Non-current		
Borrowings (ANZ)	**290,159**	281,393
Borrowings (Rabobank)	**286,397**	242,565
Borrowings (NAB)	**148,050**	50,648
TRG loan	**27,143**	32,857
Total	**751,749**	607,463

Interest bearing liabilities are initially recognised at fair value less any related transaction costs. Subsequent to initial recognition, interest bearing liabilities are stated at amortised cost. Any difference between cost and redemption value is recognised in the Consolidated Statement of Comprehensive Income over the entire period of the borrowings on an effective interest basis. Interest-bearing liabilities are classified as current liabilities unless the Group has an unconditional right to defer the settlement of the liability for at least twelve months from the balance sheet date.

J&F Guarantee

Subsequent to initial recognition, financial guarantee contracts are measured as financial liabilities at the higher of any loss allowance calculated and the amount initially recognised. A loss allowance is recognised for expected credit losses on a financial guarantee contract. The expected credit loss is assessed based on the probability of default and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the risk of default at the reporting date is compared to the risk of default at the date of initial recognition. Consideration is made to factors that could impact the financial guarantee such as actual or expected significant adverse changes in business, financial or economic conditions, and any material / adverse changes to the operating results of the associated parties of the financial guarantee.

The J&F Guarantee is a $123.0 million (2023: $132.0 million) limited guarantee provided by the Group to J&F Australia Pty Ltd (J&F), a wholly owned subsidiary of Rural Funds Management Limited, for a period of ten years from August 2018. From the provision of this guarantee, the Group earns a guarantee fee classified as finance income as noted in B3, paid on a monthly basis. The guarantee is currently used to support $123.0 million of J&F's debt facility which is used for cattle purchases, feed and other costs associated with finishing the cattle on the feedlots, enabling J&F to supply cattle and grain to JBS Australia Pty Limited (JBS) for its grain fed business. During the year, the guarantee was extended to support the funding of grain in JBS' Rivalea business as part of the existing arrangement. Given J&F's primary source of income is from payments from JBS, a J&F default is only likely to occur in the event of a JBS default. In the event of a JBS default, J&F would cease buying cattle and commence selling cattle in the feedlots. As cattle are sold, J&F bank loans would be repaid. Given that lot-fed cattle can gain up to 2kgs per day, and are sold on a per kg basis, a material fall in the cattle price would be required for there to be a shortfall. The guarantee would be called to cover any shortfall between J&F borrowings and cattle sales but limited to $123.0 million.

E1 Interest bearing liabilities (continued)

J&F Guarantee (continued)

The guarantee fee received from J&F during the year was $5,215,000 (2023: $7,615,000). The return to the Group relating to the guarantee fee arrangement for the year was approximately 6.7% (2023: 7.6%) inclusive of interest offset savings. There was no event of default during the year, and as a result, the guarantee has not been called.

The financial guarantee was recognised at fair value at inception, which was nil. Subsequently, it is carried at the value of the expected credit loss. The credit loss has been calculated considering the likelihood of the financial guarantee being triggered and its financial impact on the Group. In calculating the allowance, consideration is given to counterparty risk associated with the arrangement, with JBS being the ultimate counterparty. The credit risk of JBS was determined not to have increased significantly since initial recognition, therefore the loss allowance for the guarantee has been recognised at an amount equal to 12-month expected credit losses. Consideration is also given to the value of cattle in assessing any potential shortfall should the guarantee be called by the Group. The reduction in credit loss provision recognised in the year was $13,000 (2023: nil).

As part of the JBS transaction, the Group purchased five feedlots from JBS Australia Pty Limited (JBS) and leased them back to JBS. The feedlots are classified as a finance lease with a repurchase call option exercisable by JBS and a sale put option exercisable by the Group as noted in C4. The call option held by JBS can be exercised from year six but will incur a break fee if exercised before year ten in 2028.

Borrowings

At 30 June 2024 the syndicated debt facility available to the Group was $750,000,000 (2023: $670,000,000), with a drawn balance of $724,606,000 (2023: $574,606,000). The facility is split into two tranches, with a $340,000,000 tranche expiring in November 2025 and a $410,000,000 tranche expiring in November 2026.

As at 30 June 2024 RFF had active interest rate swaps totalling 68.5% (2023: 42.4%) of the syndicated debt balance to manage interest rate risk. Hedging requirements under the terms of the borrowing facility may vary with bank consent.

As at 30 June 2024 the TRG loan balance was $32,857,000. A $40,000,000 loan was provided to the Group on commencement of the initial lease with an additional $60,000,000 to be provided during the balance of the development. Debt is repaid with interest over 7 years to March 2030.

As at 30 June 2024 a borrowing facility provided by Rabobank to the Group relating to the acquisition of Wyseby property was $24,455,000. At balance date, the facility is due to expire on 31 March 2025.

Loan covenants

Under the terms of the updated borrowing facility, the Group was required to comply with the following financial covenants for the year ended 30 June 2024:

- maintain a maximum Loan to Value Ratio of 55% (2023: 55%);
- maintain Net Tangible Assets (including water entitlements) in excess of $400,000,000; and
- an Interest Cover Ratio for the Group not less than 1.50:1.00 (2023: 2.00:1.00) with distributions permitted if the Interest Cover Ratio is not less than 1.65:1.00 (2023: 2.15:1.00).

The loan to value ratio calculation includes the J&F guarantee of $123.0 million (2023: $132.0 million).

Rural Funds Group has complied with the financial covenants of its borrowing facilities during the year.

In September 2023, the Group received approval from the banking syndicate to reduce the Interest Cover Ratio financial covenant to 1.50:1.00 with distributions permitted if the Interest Cover Ratio is not less than 1.65:1:00 from 1 July 2023 to 30 June 2025.

Loan amounts are provided at the Bankers' floating rate, plus a margin. For bank reporting purposes, these assets are valued at market value based on the latest external valuation report. Refer to section B1 for Directors' valuation of water rights and entitlements.

E1 Interest bearing liabilities (continued)

Borrowings with Australian and New Zealand Banking Group (ANZ), Cooperatieve Rabobank UA (Rabobank) and National Australia Bank (NAB) are secured by:

- a fixed and floating charge over the assets held by Australian Executor Trustee Limited (AETL) and Certane CT Pty Limited (Certane) as custodians for Rural Funds Trust, RFM Australian Wine Fund (a subsidiary of Rural Funds Trust) and RF Active; and
- registered mortgages over all property owned by the Rural Funds Trust and its subsidiaries provided by AETL and Certane as custodians for Rural Funds Trust and its subsidiaries.

The following assets are pledged as security over the loans:

2024	Investment property	Water licences	Plant and equipment - Bearer Plants	Financial assets	Property - owner occupied	Plant and equipment	Assets held for sale	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Mortgage:								
Properties	1,003,241	121,727	248,842	77,145	169,796	-	42,632	1,663,383
Other assets	-	79,997	-	21,375	-	-	-	101,372
Equipment	-	-	-	-	-	29,001	6,244	35,245
Total	1,003,241	201,724	248,842	98,520	169,796	29,001	48,876	1,800,000

2023	Investment property	Water licences	Plant and equipment - Bearer Plants	Financial assets	Property - owner occupied	Plant and equipment	Assets held for sale	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Mortgage:								
Properties	923,406	100,959	217,700	74,974	144,200	-	-	1,461,239
Other assets	-	66,029	-	16,784	-	-	-	82,813
Equipment	-	-	-	-	-	27,045	-	27,045
Total	923,406	166,988	217,700	91,758	144,200	27,045	-	1,571,097

E2 Financial assets – other (non-property related)

	2024	2023
	$'000	$'000
Investment - Marquis Macadamias Limited	5,315	5,231
Investment - Almondco Australia Limited	3,755	3,432
Total	9,070	8,663

The Group's investments in Marquis Macadamias Limited and Almondco Australia Limited are held at fair value through profit and loss. Fair value has been assessed based on the latest financial information and management's assessment of net realisable value.

E3 Derivative financial instruments measured at fair value

	2024	2023
	$'000	$'000
Assets		
Current		
Interest rate swaps	619	-
Total other assets	619	-
Non-current		
Interest rate swaps	38,124	42,040
Total other assets	38,124	42,040

The Group's derivative financial instruments are held at fair value (level 2 - see section E4).

E4 Fair value measurement of assets and liabilities

This note explains the judgements and estimates made in determining fair values of Investment property, Plant and equipment – bearer plants and financial assets and liabilities that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified each item into the three levels prescribed under Australian Accounting Standards as mentioned above.

Level 1 Fair value based on unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date (such as publicly traded equities).
Level 2 Fair value based on inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3 One or more significant inputs to the determination of fair value is based on unobservable inputs for the asset or liability.

RFF's financial assets and liabilities relating to interest rate swap derivatives are level 2.

At 30 June 2024, cattle biological assets are level 2, and all other non-financial assets are level 3.

RFF's unlisted equity investments, BIL, CICL, Marquis Macadamias Ltd and Almondco are level 3.

The Group's policy is to recognise transfers into and out of fair value hierarchy levels at the end of the reporting period. There were no transfers in the current year (2023: nil).

Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments via level 2 inputs include:

- the use of quoted market prices or dealer quotes for similar instruments;
- the fair value of interest rate swaps is calculated as the present value of estimated future cash flows based on observable yield curves

Specific valuation techniques used to value financial assets, investment property and bearer plants via level 3 are discussed in section C1.

E5 Financial instruments

Financial instruments are recognised initially using trade date accounting, i.e. on the date that the Group becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

a. Financial assets

Financial assets are divided into the following categories which are described in detail below:

- financial assets at amortised cost; and
- financial assets at fair value through profit or loss.

Financial assets are assigned to the different categories on initial recognition, depending on the characteristics of the instrument and its purpose. A financial instrument's category is relevant to the way it is measured and whether any resulting income and expenses are recognised in profit or loss or in other comprehensive income.

E5 Financial instruments (continued)

b. Financial assets at amortised cost

Financial assets held with the objective of collecting contractual cash flows are recognised at amortised cost. After initial recognition these are measured using the effective interest method, less provision for expected credit loss. Any change in their value is recognised in profit or loss.

Discounting is omitted where the effect of discounting is considered immaterial.

For trade receivables, finance lease receivables and loans receivables, impairment provisions are recorded in a separate allowance account with the loss being recognised in profit or loss. Subsequent recoveries of amounts previously written off are credited against other income in profit or loss.

c. Financial assets at fair value through profit or loss

The group classifies the following financial assets at fair value through profit or loss:

- debt investments that do not qualify for measurement at either amortised cost
- equity investments for which the entity has not elected to recognise fair value gains and losses through other comprehensive income

The Group's derivatives, investments in Marquis Macadamias Ltd and Almondco are held at fair value through profit or loss.

Assets included within this category are carried in the Consolidated Statement of Financial Position at fair value with changes in fair value recognised in profit or loss.

Any gain or loss arising from derivative financial instruments is based on changes in fair value, which is determined by direct reference to active market transactions or using a valuation technique where no active market exists.

d. Financial liabilities

Financial liabilities are recognised when the Group becomes a party to the contractual agreements of the instrument. All interest-related charges are reported in profit or loss and are included in the Consolidated Statement of Comprehensive Income line item titled "finance costs".

Financial liabilities that are measured at fair value through profit or loss include the Group's derivatives. All other financial liabilities are measured at amortised cost.

E6 Financial risk management

The Group is exposed to a variety of financial risks through its use of financial instruments. The Group's overall risk management plan seeks to minimise potential adverse effects due to the unpredictability of financial markets. The Group does not speculate in financial assets.

The most significant financial risks which the Group is exposed to are described below:

- Market risk - interest rate risk
- Credit risk
- Liquidity risk

The principal categories of financial instrument used by the Group are:

- Loans and receivables
- Finance lease receivables
- Cash at bank
- Bank overdraft
- Trade and other payables
- Floating rate bank loans
- Interest rate swaps

a. Financial risk management policies

Risks arising from holding financial instruments are inherent in the Group's activities and are managed through a process of ongoing identification, measurement and monitoring. The Responsible Entity is responsible for identifying and controlling risks that arise from these financial instruments.

The risks are measured using a method that reflects the expected impact on the results and net assets attributable to unitholders of the Group from changes in the relevant risk variables. Information about these risk exposures at the reporting date, measured on this basis, is disclosed below.

Concentrations of risk arise where a number of financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

b. Interest rate risk and swaps held for hedging

Interest rate risk is managed by using a floating rate debt and through the use of interest rate swap contracts. The Group does not speculate in the trading of derivative instruments.

Interest rate swap transactions are entered into by the Group to exchange variable to fixed interest payment obligations to protect long-term borrowings from the risk of increasing interest rates. The economic entity has variable interest rate debt and enters into swap contracts to receive interest at variable rates and pay interest at fixed rates.

The notional principal amounts of the swap contracts approximate 68.5% (2023: 42.2%) of the Group's floating rate debt at 30 June 2024.

At balance date, the details of the effective interest rate swap contracts are:

	Effective average interest rate payable		**Balance**	
	2024	**2023**	**2024**	**2023**
	%	**%**	**$'000**	**$'000**
Maturity of notional amounts				
Settlement - between 0 to 3 years	**2.91**	3.37	**351,000**	143,000
Settlement - 3 to 5 years	**3.08**	2.81	**52,000**	33,000
Settlement - greater than 5 years	**2.50**	3.25	**110,000**	77,000
Total			**513,000**	253,000

E6 Financial risk management (continued)

b. Interest rate risk and swaps held for hedging (continued)

The following interest rate swap contracts that have been entered into but are not yet effective as at 30 June 2024 are:

	Effective average interest rate payable		Balance	
	2024	**2023**	**2024**	**2023**
	%	**%**	**$'000**	**$'000**
Maturity of notional amounts				
Settlement - between 0 to 3 years	**-**	2.66	**-**	20,000
Settlement - 3 to 5 years	**-**	3.26	**-**	155,000
Settlement - greater than 5 years	**2.17**	2.25	**165,000**	230,000
Total			**165,000**	405,000

The net loss recognised on the swap derivative instruments for the year ended 30 June 2024 was $3,297,000 (2023: $8,930,000 gain).

At 30 June 2024 the Group had the following mix of financial assets and liabilities exposed to variable interest rates:

	2024	**2023**
	$'000	**$'000**
Cash	**7,243**	5,753
Interest bearing liabilities (current)	**(24,454)**	(24,454)
Interest bearing liabilities (non-current)	**(724,606)**	(574,606)
Total	**(741,817)**	(593,307)

At 30 June 2024, 4.89% (2023: 6.46%) of the Group's debt is fixed, excluding the impact of interest rate swaps.

c. Interest rate risk (sensitivity analysis)

At 30 June 2024, the effect on profit before tax and net assets attributable to unitholders as a result of changes in the interest rate, including the effect of interest rate swaps, finance income and revaluation of derivatives, with all other variables remaining constant, would be as follows:

	2024	**2023**
	$'000	**$'000**
Change in profit before income tax:		
Increase in interest rate by 1%	**17,570**	18,563
Decrease in interest rate by 1%	**(18,973)**	(20,341)
Change in equity:		
Increase in interest rate by 1%	**17,570**	18,563
Decrease in interest rate by 1%	**(18,973)**	(20,341)

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E6 Financial risk management (continued)

d. Credit risk

The maximum exposure to credit risk (excluding the value of any collateral or other security) at balance date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets. This has been disclosed in the Consolidated Statement of Financial Position and notes to the financial statements.

Credit risk and associated impacts are also managed through security, in the form of guarantees, security deposits and property security in favour of the group. Counterparty credit risk for finance leases and term loans have also been assessed and accounted for through the recognition of credit loss provisions.

All the entity's debt investments at amortised cost are considered to have low credit risk and the loss allowance recognised during the year was therefore limited to 12 months' expected losses. Management considers the credit risk to be low where the counterparty does not have material outstanding repayments and has capacity to meet its contractual debt obligations. Debt investments are secured against collateral which is monitored by management. In recognising any potential credit loss provisions, management also assesses the collateral held. Where the fair value of such collateral is greater than the debt investment, a lower loss allowance amount is recognised.

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E6 Financial risk management (continued)

e. Liquidity risk and capital management

The Responsible Entity of the Group defines capital as net assets attributable to unitholders. The Group's objectives when managing capital are to safeguard the going concern of the Group and to maintain an optimal capital structure. The Group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate headroom on borrowing facilities are maintained. The Group is able to maintain or adjust its capital by divesting assets to reduce debt or adjusting the amount of distributions paid to unitholders.

The table below reflects all contractually fixed repayments and interest resulting from recognised financial liabilities as at 30 June 2024. The amounts disclosed in the table are the contractual undiscounted cash flows which have been estimated using interest rates applicable at the reporting date. For interest rate swaps, the undiscounted cash flows have been estimated using forward interest rates applicable at the end of the reporting period.

	Less than 6 months		6 months to 1 year		1 to 3 years		3 to 5 years		Over 5 years		Total	
	2024	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Financial liabilities												
Interest bearing liabilities	**25,289**	20,413	**49,181**	44,769	**779,465**	622,610	**12,714**	13,403	**4,415**	10,601	**871,064**	711,796
Trade and other payables	**6,783**	6,878	**-**	-	**-**	-	**-**	-	**-**	-	**6,783**	6,878
Equipment loans	**656**	430	**612**	584	**2,111**	1,252	**1,409**	798	**-**	-	**4,788**	3,064
Total	**32,728**	27,721	**49,793**	45,353	**781,576**	623,862	**14,123**	14,201	**4,415**	10,601	**882,635**	721,738

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E7 Issued units

	2024		**2023**	
	No.	**$'000**	**No.**	**$'000**
Units on issue at the beginning of the period	**384,856,558**	**465,912**	382,514,759	471,797
Units issued during the year	**3,386,488**	**6,421**	2,341,799	5,665
Distributions to unitholders	**-**	**(40,837)**	-	(11,550)
Units on issue	**388,243,046**	**431,496**	384,856,558	465,912

The holders of ordinary units are entitled to participate in distributions and the proceeds on winding up of the Group. On a show of hands at meetings of the Group, each holder of ordinary units has one vote in person or by proxy, and upon a poll each unit is entitled to one vote. Voting is determined based on the closing market value of each unit.

The Group does not have authorised capital or par value in respect of its units.

Distributions totalling $45,418,000 were declared during the year. Distributions are allocated to the components of equity which is comprised of issued units and retained earnings.

E8 Distributions payable

	2024	**2023**
	$'000	**$'000**
Distributions payable	**11,948**	11,942
Total	**11,948**	11,942

F. OTHER ASSETS AND LIABILITIES

F1 Cash and cash equivalents

	2024 $'000	2023 $'000
Cash at bank	**7,243**	5,753
Total	**7,243**	5,753

Reconciliation of cash

Cash and cash equivalents reported in the Consolidated Statement of Cash Flows are reconciled to the equivalent items in the Consolidated Statement of Financial Position as follows:

	2024 $'000	2023 $'000
Cash and cash equivalents	**7,243**	5,753

F2 Trade and other receivables

	2024 $'000	2023 $'000
Current		
Trade receivables	**14,763**	8,550
Sundry receivables	**2,340**	1,146
Receivables from related parties	**3,435**	857
Total	**20,538**	10,553

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue with no significant overdue amounts.

F3 Other assets

	2024 $'000	2023 $'000
Current		
Prepayments	**2,186**	1,860
Total	**2,186**	1,860
Non-current		
Deposits	**2,996**	11,649
Other	**39**	3
Total	**3,035**	11,652

F4 Biological assets

2024	Soy beans $'000	Sugar $'000	Macadamias $'000	Cropping $'000	Cattle $'000	Total $'000
Opening net book amount	**-**	**2,366**	**403**	**2,324**	**9,202**	**14,295**
Additions	**112**	**2,473**	**4,085**	**4,537**	**1,293**	**12,500**
Increases due to biological transformation	**85**	**903**	**2,691**	**1,734**	**1,664**	**7,077**
Decreases due to sales	**(197)**	**(3,934)**	**(5,030)**	**(6,106)**	**(5,698)**	**(20,965)**
Closing net book amount	**-**	**1,808**	**2,149**	**2,489**	**6,461**	**12,907**

2023	Soy beans $'000	Sugar $'000	Macadamias $'000	Cropping $'000	Cattle $'000	Total $'000
Opening net book amount	-	2,437	1,925	534	2,930	7,826
Additions	32	2,693	3,328	3,405	10,523	19,981
Increases/(decrease) due to biological transformation	(11)	991	(2,258)	2,087	(296)	513
Decreases due to sales	(21)	(3,755)	(2,592)	(3,702)	(3,955)	(14,025)
Closing net book amount	-	2,366	403	2,324	9,202	14,295

Biological assets relate to the Group's farming operations. In accordance with AASB 141 *Agriculture*. The Group's cropping biological assets have been recognised at fair value as determined based on the present value of expected net cash flows from the crops. The fair value of biological assets relating to Baamba Plains is estimated at cost due to the contracted farming cost recovery as part of the 50% sale transaction (subject to final approvals).

Cattle biological assets relates to livestock recognised at fair value as determined based on sales for similar cattle in active markets.

Fair value has been based on expected net cash flows from the crops discounted from the time of harvest. The main level 3 inputs used by the Group includes estimates based on production costs (including input and harvest costs) and the estimated time of harvest adjusted for the risks of the cash flows.

Significant estimates used in determining the expected net cash flows:

Sugar from cane planted (tonnes per ha)	The higher the sugar from cane planted, the higher the fair value
Yield	The higher the yield, the higher the fair value
Price ($ per tonne)	The higher the net price, the higher the fair value

Changes in the fair value of biological assets are recognised in the Consolidated Statement of Comprehensive Income in the year they arise.

Judgements and estimates are made in determining the fair values of the biological assets that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its biological assets into three levels prescribed under the accounting standards.

F4 Biological assets (continued)

2024	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Sugar	**-**	**-**	**1,808**	**1,808**
Macadamias	**-**	**-**	**2,149**	**2,149**
Cropping	**-**	**-**	**2,489**	**2,489**
Cattle	**-**	**6,461**	**-**	**6,461**
Total biological assets	**-**	**6,461**	**6,446**	**12,907**

2023	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Sugar	-	-	2,366	2,366
Macadamias	-	-	403	403
Cropping	-	-	2,324	2,324
Cattle	-	9,202	-	9,202
Total biological assets	-	9,202	5,093	14,295

Farming operations	Fair value at 2024 $'000	Fair value at 2023 $'000	Unobservable inputs	Range of inputs 2024	Range of inputs 2023
Sugar	**1,808**	2,366	Sugar from cane planted (tonnes per ha)	2.3 - 7.0 tonnes per ha	2.5 - 7.2 tonnes per ha
			Net price ($ per tonne) (+/- 10%)	$592 - $723 per tonne	$547 - $668 per tonne
Macadamias	**2,149**	403	Macadamia yield (tonnes) (+/- 10%)	861.8 - 1,053.3 tonnes	718.9 - 878.6 tonnes
			Farmgate NIS price ($ per tonne) (+/-10%)	$2,880 - $3,520 per tonne	$1,530 - $1,870 per tonne
Cropping (mungbean)	**-**	95	Mungbean yield (tonnes per ha) (+/-10%)	-	0.28 - 0.23 tonnes per ha
			Mungbean price ($ per tonne) (+/-10%)	-	$900 - $1,000 per tonne
Cropping (cotton)	**-**	971	Cotton yield (bale per ha) (+/-10%)	-	6.8 - 8.2 bales per ha
			Cotton lint price ($ per bale) (+/-10%)	-	$573 - $700 per bale
Cropping (other crops)	**2,489**	1,258	Cost approximates fair value less costs to sell	-	-
Total	**6,446**	5,093			

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F5 Inventories

	2024 $'000	2023 $'000
Current		
Agricultural produce - farming operations	**1,279**	929
Other	**943**	924
Total	**2,222**	1,853

F6 Trade and other payables

	2024 $'000	2023 $'000
Trade payables	**4,320**	3,935
Accruals	**2,270**	2,072
Sundry creditors	**193**	871
Total	**6,783**	6,878

F7 Unearned income

	2024 $'000	2023 $'000
Current		
Unearned lease income	**507**	975
Total	**507**	975
Non-current		
Unearned lease income	**10,581**	5,902
Total	**10,581**	5,902

Unearned lease income – non-current relates to rent received from or contracted with TRG prior to lease commencement. Lease income is subsequently recognised on a straight-lined basis over the term of the lease upon lease commencement.

F8 Other non-current liabilities

	2024 $'000	2023 $'000
Lessee deposits	**3,716**	3,206
Total	**3,716**	3,206

F9 Asset revaluation reserve

	2024 $'000	2023 $'000
Opening balance	**70,265**	49,417
Disposal of Plant and equipment - bearer plants	**-**	(27)
Transfer from Property - owner occupied to Investment property	**-**	(148)
Property - owner occupied - revaluation	**9,446**	1,843
Plant and equipment - bearer plants - revaluation	**27,352**	19,653
Total comprehensive income	**36,798**	21,321
Income tax applicable	**(84)**	(473)
Closing balance	**106,979**	70,265

G. ADDITIONAL INFORMATION

G1 Key management personnel

Related parties are persons or entities that are related to the Group as defined by AASB 124 *Related Party Disclosures*. These include directors and other key management personnel and their close family members and any entities they control as well as subsidiaries and associates of the Group. The following provides information about transactions with related parties during the year as well as balances owed to or from related parties as at 30 June 2024.

Directors

The Directors of RFM are considered to be key management personnel of the Group. The Directors of the Responsible Entity in office during the year and up to the date of this report are:

Guy Paynter
David Bryant
Michael Carroll
Julian Widdup
Andrea Lemmon

Interests of Directors of the Responsible Entity

Units in the Group held by Directors of RFM or related entities controlled by Directors of RFM as at 30 June 2024 are:

	Guy Paynter	David Bryant*	Michael Carroll	Julian Widdup	Andrea Lemmon
	Units	Units	Units	Units	Units
Balance at 30 June 2022	1,744,710	16,325,462	254,740	135,026	183,357
Additions	-	619,000	12,668	6,714	-
Balance at 30 June 2023	**1,744,710**	**16,944,462**	**267,408**	**141,740**	**183,357**
Additions	300,000	-	16,686	6,741	-
Balance at 30 June 2024	**2,044,710**	**16,944,462**	**284,094**	**148,481**	**183,357**

*Includes interests held by Rural Funds Management Limited as the Responsibly Entity.

Other key management personnel

In addition to the Directors noted above, RFM, as Responsible Entity of the Group is considered to be key management personnel with the authority for the strategic direction and management of the Group.

The constitutions of Rural Funds Trust and RF Active (the stapled entities forming the Group) are legally binding documents between the unitholders of the Group and RFM as Responsible Entity. Under the constitutions, RFM is entitled to the following remuneration:

- Management fee: 0.6% per annum (2023: 0.6%) of adjusted total assets; and,
- Asset management fee: 0.45% per annum (2023: 0.45%) of adjusted total assets.

Compensation of key management personnel

No amount is paid by the Group directly to the Directors of the Responsible Entity. Consequently, no compensation as defined in AASB 124 *Related Party Disclosures* is paid by the Group to the Directors as key management personnel. Fees paid and payable to RFM as Responsible Entity are disclosed in note G2.

G2 Related party transactions

Responsible Entity (Rural Funds Management) and related entities

Transactions between the Group and the Responsible Entity and its associated entities are shown below:

	2024	2023
	$'000	$'000
Management fee	**9,976**	8,558
Asset management fee	**7,482**	6,419
Total management fees	**17,458**	14,977
Expenses reimbursed to RFM	**10,590**	8,356
Expenses and capital expenditure reimbursed to RFM Macadamias	**16,763**	12,321
Expenses reimbursed to Cattle JV	**19**	273
Expenses reimbursed to RFM Farming	**5,449**	3,594
Dividends declared to the Responsible Entity	**1,543**	1,530
Total amount paid to RFM and related entities	**51,822**	41,051
Rental income received from RFM	**44**	22
Rental income received from RFM Farming	**1,025**	1,913
Rental income received from Cattle JV	**1,419**	1,378
Rental income received from Cotton JV	**1,696**	1,775
Rental income received from 2007 Macgrove Project	**-**	1,052
Finance income from Cattle JV	**1,777**	1,670
Finance income from J&F Australia	**5,215**	7,615
Expenses charged to RFM Macadamias	**781**	737
Expenses charged to RFM Farming	**544**	126
Expenses charged to Cattle JV	**125**	198
Expenses charged to Cotton JV	**27**	-
Total amounts received from RFM and related entities	**12,653**	16,486

The terms and nature of the historical transactions between the Group and related parties have not changed during the year ended 30 June 2024. Transactions entered between related parties during the year have been reviewed.

Expenses reimbursed to RFM relates to expenses incurred or paid by RFM on behalf of the Group which are subsequently reimbursed by the Group. Examples of these expenses include corporate overheads, professional service fees such as legal, audit and tax matter costs, and regulatory fees and charges. During the year ended 30 June 2024, additional costs were incurred by RFM on behalf of the Group as a result of an increase in the Group's operations.

RFM Macadamias and RFM Farming perform management activities, including capital development, farming operations and farm management on behalf of the Group. Expenses include service recharge cost recoveries, costs relating to farm management and capital development costs. These costs incurred by RFM Macadamias and RFM Farming are subsequently reimbursed by the Group. Additional costs were incurred by RFM Macadamias and RFM Farming on behalf of the Group as a result of the ongoing macadamia developments and the Group's farming operations.

Rental income from RFM Farming largely relates to rental income from the Mayneland and Bonmac properties. In June 2024, the Group announced that it had entered into a transaction for a 10-year lease of Mayneland and Baamba Plains to a company managed by The Rohatyn Group and a sale of 50% interest in both properties, subject to Foreign Investment Review Board (FIRB) approval. The rental income from RFM Farming - Mayneland relates to the period prior to the agreed lease commencement date.

Rental income from Cattle JV largely relates to rental income from Mutton Hole and Oakland Park properties.

Rental income from Cotton JV relates to rental income from Lynora Downs property.

Finance income from Cattle JV relates to breeder herds under finance.

G2 Related party transactions (continued)

Finance income from J&F Australia Pty Limited (J&F) relates to the $123.0 million (2023: $132.0 million) limited guarantee provided to J&F, a wholly owned subsidiary of Rural Funds Management Limited. From the provision of this guarantee, the Group earns a guarantee fee classified as finance income.

Expenses charged to RFM Macadamias, RFM Farming and Cattle JV relate to farm management operating costs and property rates that are incurred by the Group and subsequently reimbursed to the Group.

Debtors and finance lease receivables

	2024 $'000	2023 $'000
RFM Farming Pty Limited	**-**	340
RFM Macadamias Pty Limited	**2,885**	171
Cattle JV Pty Limited	**19,052**	16,657
Cotton JV Pty Limited	**62**	-
Total	**21,999**	17,168

Receivables are not secured and have terms of up to 30 days. Interest is charged on overdue amounts. Finance lease receivables are secured by the Group's ownership of the relevant assets. Outstanding balances are settled through payment.

Finance lease receivable from Cattle JV relates to the breeders and agricultural plant and equipment leased to Cattle JV. $2,292,000 of additional breeders were funded during the year.

Creditors

	2024 $'000	2023 $'000
Rural Funds Management Limited	**1,502**	814
RFM Farming Pty Limited	**-**	91
RFM Macadamias Pty Limited	**9**	130
Cattle JV Pty Limited	**-**	39
Total	**1,511**	1,074

Custodian fees

	2024 $'000	2023 $'000
Certane CT Pty Limited/Australian Executor Trustee Limited	**512**	437
Total	**512**	437

Financial Guarantee

The Group provides a $123.0 million (2023: $132.0 million) guarantee to J&F Australia Pty Limited (J&F), a subsidiary of RFM. The guarantee is currently used to support $123.0 million of J&F's debt facility which is used for cattle purchases, feed and other costs associated with finishing the cattle on the feedlots, enabling J&F to supply cattle to JBS Australia Pty Limited (JBS) for its grain fed business. During the year, the remit of the guarantee was extended to support the funding of grain in JBS' Rivalea business as part of the existing arrangement. The guarantee earns a return for RFF equivalent to an equity rate of return which is calculated on the amount of the guarantee during the year.

G2 Related party transactions (continued)

Entities with influence over the Group

	2024		2023	
	Units	%	Units	%
Rural Funds Management	**13,157,659**	**3.39**	13,157,659	3.42

Other

David Bryant is a director of Marquis Macadamias Limited. Marquis Macadamias Limited provides processing and selling services for the Group's macadamia operations on the Beerwah, Bauple, Swan Ridge and Moore Park properties. The Group also holds shares in Marquis Macadamias Limited. Marquis Macadamias Limited is not a related party as defined by AASB 124 *Related Party Disclosure*. Procedures are in place to manage any potential conflicts of interest.

G3 Parent entity information

The Group was formed by the stapling of the units in two trusts, Rural Funds Trust and RF Active. In accordance with Accounting Standard AASB 3 *Business Combinations*, the stapling arrangement referred to above is regarded as a business combination and the Rural Funds Trust has been identified as the parent for preparing Consolidated Financial Reports. RFM Australian Wine Fund and Agricultural Income Trust Fund 1, holding the Group's vineyard assets, are wholly owned subsidiaries of Rural Funds Trust. The financial information of the parent entity, Rural Funds Trust has been prepared on the same basis as the consolidated financial statements, except as set out below.

Investments in subsidiaries and associates

Investments in subsidiaries and associates are accounted for at historical cost less any accumulated impairment. Distributions received from equity investments are recognised in the parent entity's profit or loss when its right to receive the distribution is established.

The individual financial statements of the parent entity, Rural Funds Trust, show the following aggregate amounts:

	2024 $'000	2023 $'000
Statement of Financial Position		
ASSETS		
Current assets	**15,775**	16,475
Non-current assets	**1,862,891**	1,628,596
Total assets	**1,878,666**	1,645,071
LIABILITIES		
Current liabilities	**16,796**	15,089
Non-current liabilities	**812,800**	661,082
Total liabilities	**829,596**	676,171
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		
Issued units	**424,533**	459,078
Asset revaluation reserve	**95,634**	66,718
Retained earnings	**528,903**	443,104
Total equity	**1,049,070**	968,900
Statement of Comprehensive Income		
Net profit after income tax	**92,222**	110,257
Other comprehensive income for the year, net of tax	**27,073**	17,927
Total comprehensive income attributable to unitholders	**119,295**	128,184

G4 Cash flow information

Reconciliation of net profit after income tax to cash flow from operating activities

	2024 $'000	2023 $'000
Net profit after income tax	**80,441**	94,498
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit		
Change in fair value of investment property	**(58,057)**	(61,106)
Change in fair value of bearer plants	**128**	(2,475)
Impairment of intangible assets	**(1,400)**	247
Impairment of property - owner occupied	**558**	3,202
Depreciation - bearer plants	**11,271**	9,583
Depreciation - property - owner occupied	**946**	502
Depreciation and amortisation/impairment - other	**3,546**	2,336
Gain on sale of assets	**(444)**	(802)
Amortisation of lease incentives	**268**	209
Finance income - lease receivable	**(2,172)**	(4,187)
Straight-lining of rental revenue	**(3,203)**	(1,470)
Change in fair value of financial assets/liabilities	**(154)**	(156)
Change in fair value of biological assets	**(7,077)**	(513)
Change in fair value of interest rate swaps	**3,297**	(8,930)
Loss on settlement of pre-existing relationship - Macgrove acquisition	**-**	1,281
Gain on bargain purchase - Macgrove acquisition	**-**	(440)
Impairment of goodwill - Macgrove acquisition	**-**	195
Dividend income classified as investing cash flows	**(62)**	(40)
Changes in operating assets and liabilities		
Increase in trade and other receivables	**(9,987)**	(3,661)
Increase in inventories	**(369)**	(1,398)
Decrease/(increase) in biological assets	**8,465**	(5,755)
Decrease/(increase) in other current assets	**(326)**	62
(Decrease)/increase in trade and other payables	**(95)**	1,725
Increase in unearned income	**4,211**	6,220
Increase in net tax liabilities	**1,287**	88
Increase in other liabilities	**510**	-
Net cash inflow from operating activities	**31,582**	29,215

Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the years presented.

Reconciliation of net debt is presented below:

	2024 $'000	2023 $'000
Cash and cash equivalents	**7,243**	5,753
Borrowings - repayable within one year	**(30,095)**	(27,238)
Borrowings - repayable after one year	**(751,749)**	(607,463)
Net debt	**(774,601)**	(628,948)
Cash and cash equivalents	**7,243**	5,753
Gross debt - fixed interest rates	**(32,784)**	(35,640)
Gross debt - variable interest rates	**(749,060)**	(599,061)
Net debt	**(774,601)**	(628,948)

G5 Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the Group:

	2024 $	2023 $
PricewaterhouseCoopers Australia:		
Audit and review of financial statements	**589,553**	558,153
Compliance audit	**50,931**	36,812
Total	**640,484**	594,965

G6 Other accounting policies

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term investments with less than 3 months of original maturity which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Bank overdrafts also form part of cash equivalents for the purpose of the Consolidated Statement of Cash Flows and are presented within current liabilities on the Consolidated Statement of Financial Position.

Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of trade and other receivables or payables in the Consolidated Statement of Financial Position.

Cash flows in the Consolidated Statement of Cash Flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

Leases

Leases of fixed assets or biological assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred from the lessor, are classified as finance leases.

Lease payments for operating leases, where substantially all of the risks and benefits have not been transferred from the lessor, are charged as expenses on a straight-line basis over the life of the lease term.

Lease incentives under operating leases are recognised as part of the property assets and amortised on a straight-line basis over the life of the lease term.

Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result, and that outflow can be reliably measured.

Provisions are measured at the present value of management's best estimate of the outflow required to settle the obligation at the end of the reporting period. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the unwinding of the discount is taken to finance costs in the Consolidated Statement of Comprehensive Income.

Provisions for distributions

Provision is made for the amount of any distribution declared, being appropriately authorised and no longer at the discretion of the Group, on or before the end of the reporting period but not distributed at the end of the reporting period.

Notes to the Financial Statements

30 June 2024

G7 Limited guarantee – Wyseby

In June 2023, the Group acquired a property adjoining the Rewan Cattle Property, Wyseby, as a tenant-in-common arrangement (57.25%). A borrowing facility was provided by Cooperatieve Rabobank relating to the acquisition of the property. In addition, the Group has provided a limited guarantee to Rabobank Australia Limited in respect of the other purchasing party's debt obligations relating to their share of Wyseby. The parties will seek to subdivide the property, in their respective ownership portions, after which the guarantee will no longer be required.

G8 Events after the reporting date

In July 2024, the Group contracted for the disposal of a Maryborough cropping property for $3m, to settle in the second half of 2024.

In July 2024, the Group made a $7m investment in Inform Ag, an agriculture technology company which includes an upfront purchase of shares totalling $5m and a convertible debt facility in two tranches totalling $2m. Repayment of the debt facility will be through the issue of additional equity to RFF. The initial ownership in Inform Ag would be 35%, this would increase to 43% following the conversion of both tranches of the debt facility.

No other matter or circumstance has arisen since the end of the year that has significantly affected or could significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

G9 Contingent liabilities

In June 2023, a civil claim was filed in the Supreme Court of Queensland against Australian Executor Trustees Limited as custodian of the Rural Funds Group, RFM Farming Pty Ltd (RFMF) and an employee of RFMF relating to alleged spray drift from the Baamba Plains property in Queensland. RFM is defending this claim and based on the relevant facts and an indemnity provided by RFM Farming to the Rural Funds Group, there is no material exposure expected to the Group.

Other than what has been disclosed, there are no contingent liabilities as at 30 June 2024.

Directors' Declaration

30 June 2024

In the Directors of the Responsible Entity's opinion:

1 The financial statements and notes of Rural Funds Group set out on pages 29 to 84 are in accordance with the *Corporations Act 2001*, including:

   a. complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

   b. giving a true and fair view of the Group's financial position as at 30 June 2024 and of its performance for the year ended on that date; and

2 There are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations by the persons performing the chief executive officer and chief financial officer functions as required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the Board of the Directors of Rural Funds Management Limited.

David Bryant

Director

23 August 2024

Independent auditor's report

To the stapled security holders of Rural Funds Group

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of Rural Funds Trust (RFT) and its controlled entities, which includes RF Active (RFA), (together the Group) is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2024 and of its financial performance for the year then ended

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

For the purpose of *consolidation accounting, RFT is the deemed parent entity and acquirer of RFA. The financial report represents the consolidation financial results of RFT and includes RFT and its controlled entities and RFA.*

The financial report comprises:

- the consolidated statement of financial position as at 30 June 2024
- the consolidated statement of comprehensive income for the year then ended
- the consolidated statement of changes in net assets attributable to unitholders for the year then ended
- the consolidated statement of cash flows for the year then ended
- the notes to the financial statements, including material accounting policy information and other explanatory information
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.

The structure of Rural Funds Group is commonly referred to as a "stapled group". In a stapled group the securities of two or more entities are 'stapled' together and cannot be traded separately. In the case of the Group, the units in RFT have been stapled to the units in RFA. For the purposes of consolidation accounting, RFT is 'deemed' the parent and the Group financial report reflects the consolidation of RFT and its controlled entities, including RFA.

Audit scope	*Key audit matters*
• Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events. • The audit of the Group was performed by a team which included individuals with industry expertise, as well as property valuation experts, who assisted in our assessment of the reasonableness of some of these subjective judgements.	• Amongst other relevant topics, we communicated the following key audit matters to the Audit and Risk Committee: • Valuation of agricultural properties; and • Related party transactions • These are further described in the *Key audit matters* section of our report.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context. We communicated the key audit matters to the Audit Committee.

Key audit matter	How our audit addressed the key audit matter
Valuation of agricultural properties, which comprise: - Investment property $1,003.2m- Bearer plants $248.8m - Intangibles (water entitlements) $201.7m - Property – owner occupied $169.8m (Refer to notes C2, C3, C5 and C6) The Group holds agricultural properties for long-term leasing or for further development. Each agricultural property held for leasing or development comprises one or more of the following three components: • investment property (including land and infrastructure attached to land) • bearer plants (including almond trees, macadamia trees and wine grape vines) • water entitlements. Agriculture properties on which cropping operations are currently conducted by the Group are classified as property–owner occupied. External valuations provide an aggregate value for each agricultural property. Key variables and considerations in the valuations can include discount rates, terminal capitalisation rate, market rent, cattle carrying capacity. Factors such as associated lease agreements, comparable sales, prevailing market conditions, and the individual nature, condition and location of these properties impact these variables, and overall valuations. The aggregate value of each agricultural property is allocated across the components of investment property (carried at fair value), bearer plants (carried under revaluation model), water entitlements (carried at cost less accumulated impairment), and property – owner occupied (carried under revaluation model). The directors, or external valuers where appropriate, determined the suitable allocation technique to be applied to each agricultural property, considering the nature and characteristics of the property including any lease encumbrances.	For a selection of external valuations obtained by the Group, together with PwC real estate property valuation experts we performed the following procedures, amongst others: • assessed the competency, qualifications, experience and objectivity of the external valuers • read the external valuers' terms of engagement to identify any terms that might affect their objectivity or impose limitations on their work relevant to the valuation • interviewed external valuers in relation to properties subject to valuation and on the rationale behind the chosen allocation techniques and key assumptions • compared inputs used in the valuation and allocation models, such as rental income and lease terms, to the relevant lease agreements and/or other supporting documents • assessed the appropriateness of certain inputs including, where applicable, comparable sales, market rents, discount rate, terminal capitalisation rate, $ per irrigated or planted hectare, average $ per plantable hectare, $ per adult equivalent (AE) carrying capacity used in the valuation and allocation models, for a sample of properties based on benchmark market data. • inspected the final valuation reports and compared the fair value as per the valuation to the value recorded in the Group's accounting records. For properties not subject to external valuations in the current year, we evaluated the directors' internal assessment of the fair value of the properties and the assertion that the properties are carried at fair value as per the latest external valuation report, adding any capital expenditure made during the intervening period. We assessed the reasonableness of the disclosures in Notes C1, C2, C3, C5 and C6 of investment property, bearer plants, water entitlements and property-owner occupied considering the requirements of Australian Accounting Standards.

Key audit matter	How our audit addressed the key audit matter
This was a key audit matter because: • agricultural properties are fundamental to the Group's business model. Investment properties, bearer plants and water entitlements, and property – owner occupied form the majority of the Group's assets in the consolidated statement of financial position • by nature the agricultural property valuations are inherently subjective due to the use of assumptions and estimates in the valuation model • the selection and application of allocation techniques are inherently subjective due to the unique characteristics of each property • the valuations and allocation outcomes are sensitive to key inputs/assumptions in the model such as the discount rate and terminal capitalisation rates, the utilisation of comparable sales data and to allocation techniques.	
Related party transactions (refer to note G2) The Group's Responsible Entity, along with other funds for which it is the Responsible Entity, are considered related parties of the Group. Key transactions with these parties include: • rental income from the lease of agricultural properties • finance income from the lease of cattle • management fees and asset management fees paid • distributions from investments • reimbursement of operating expenses and capital expenditure • provision of a limited financial guarantee and receipt of associated finance income. Related party transactions were a key audit	We performed the following procedures over related party transactions, amongst others: Developed an understanding of the Group's relevant controls and processes for identifying related parties and related party transactions. For significant contracts entered into during the year, we verified that the transactions were approved. For a sample of lease income recorded during the year, we compared the lease income to the relevant supporting documents including the lease agreements and bank statements. For a sample of cropping expenses/macadamia development costs recharged, we obtained and agreed to relevant supporting documents including invoices. For management fees and asset management fees, we compared the rates used to determine fees to the rates disclosed in the explanatory memorandum issued on formation of the Group.

Key audit matter	How our audit addressed the key audit matter
matter due to the significant impact of these transactions on the results of the Group. Additionally, because of their nature, they are pervasive and material to the presentation of and disclosures within the financial report.	We inquired with management to develop an understanding of the business rationale for the related party transactions. In relation to the financial guarantee, we developed an understanding of the arrangement from reading the historic Explanatory memorandum, subsequent amendments and from discussions with management and others of the purpose, terms and conditions, and substance of the arrangement. For a sample of guarantee income recorded we agreed to relevant supporting documents including invoices and bank statements. We assessed the reasonableness of the disclosures in Note G2, of related party relationships and transactions considering the requirements of Australian Accounting Standards.

Other information

The directors of the Responsible Entity are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2024, but does not include the financial report and our auditor's report thereon. Prior to the date of this auditor's report, the other information we obtained included the Directors' Report, Additional Information for Listed Public Entities, and the Corporate Directory. We expect the remaining other information to be made available to us after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and we do not and will not express an opinion or any form of assurance conclusion thereon through our opinion on the financial report.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the other information not yet received, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors of the Responsible Entity and use our professional judgement to determine the appropriate action to take.

Responsibilities of the directors of the Responsible Entity for the financial report

The directors of the Responsible Entity are responsible for the preparation of the financial report in accordance with Australian Accounting Standards and the *Corporations Act 2001* including giving a true and fair view and for such internal control as the directors of the Responsible Entity determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors of the Responsible Entity are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Responsible Entity either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our auditor's report.

PricewaterhouseCoopers

Marc Upcroft
Partner

Sydney
23 August 2024

Almond in bloom at Kerarbury, Darlington Point NSW, August 2023.

Investor information and glossary

The RFM Investor Services team aims to provide Unitholders quality service with up-to-date information about their investment.

Distribution payments

Distribution payments are forecast to be made quarterly for the three-month periods to 30 September, 31 December, 31 March and 30 June each year. Distribution statements are available in print and electronic formats. Distributions are paid only by direct credit into nominated bank accounts. To update the method of receiving documents please visit the investor portal of our external registry, Boardroom Limited, at www.investorserve.com.au.

Unclaimed distribution income

If a distribution has been withheld due to an incorrect bank account or no bank account on file, repayment of this distribution will be made on or around the 22nd of the month in which the registry receives updated banking information.

If a distribution has an amount withheld due to no tax file number or Australian business number on file, this amount must be claimed via the Australian Taxation Office.

Reporting calendar

HY25 financial results reporting date	February 2025
FY25 financial results reporting date	August 2025

Forecast distribution calendar for financial year ending 30 June 2025

Period end	30 September 2024	31 December 2024	31 March 2025	30 June 2025
Ex-distribution date	27 September 2024	30 December 2024	28 March 2025	27 June 2025
Record date	30 September 2024	31 December 2024	31 March 2025	30 June 2025
Payment date	31 October 2024	31 January 2025	30 April 2025	31 July 2025

AMMA statements

An Attribution Managed Investment Trust Member Annual (AMMA) statement is sent to Unitholders following the completion of the external audit, expected to occur in September each year.

The statement summarises distributions provided during the financial year and includes information required to complete a tax return. AMMA statements are also available online at www.investorserve.com.au.

Distribution Reinvestment Plan (DRP)

Participation in the DRP is optional. Investors electing to participate will automatically have their distribution applied to acquire additional units in accordance with the DRP rules, and without incurring brokerage or other transaction costs.

The number of units received is calculated based on a 1.5% discount to the weighted average market price of RFF units traded on the ASX during the 20 consecutive trading days before the Record Date. Full details are available on our website, www.ruralfunds.com.au.

Making contact

If Unitholders have questions regarding their holding or wish to update their details, they can phone RFM Investor Services on 1800 026 665, or the external registry, Boardroom Limited on 1300 737 760.

For speed and to reduce environmental impact, Unitholders can opt to receive all or some communications electronically. Communication preferences can be changed at any time by emailing investorservices@ruralfunds.com.au or logging in to www.investorserve.com.au.

Glossary

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), **Capex** – capital expenditure, **Earnings** – calculated TCI/weighted average units, **Fair value** – Value of an asset as determined by an independent valuation, **FY** – Financial year, **FY23** – Full-year ended 30 June 2023, **FY24** – Full-year ended 30 June 2024, **FY24** – Full-year ended 30 June 2024, **Gearing** – Calculated as external borrowings/ adjusted total assets, **ha** – Hectare(s), **Hort360** – a benchmarking and risk assessment platform designed to give growers a 360-degree view of their farm business operations, assisting growers identify potential risks, capitalise on business opportunities and highlight unnecessary farm expenses, **HY25** – Half-year ended 31 December 2024, **m** – Million(s), **myBMP** – a voluntary farm and environmental management system which provides self-assessment mechanisms, practical tools and auditing processes to ensure that Australian cotton is produced according to best practice, **NAV** – Net asset value, calculated as assets minus the value of liabilities (does not recognise fair value of water entitlements), **REIT** – Real Estate Investment Trust, **RFF** – Rural Funds Group (ASX: RFF), **RFM** – Rural Funds Management Limited, manager and responsible entity for RFF, **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** – a company managed by The Rohatyn Group (TRG) on behalf of a joint venture between TRG and a global institutional investor, **WALE** – Weighted average lease expiry, calculated as the FY25 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).

Wheat at at Lynora Downs central Queensland, September 2023.

Responsible Entity and Manager

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Custodian

Certane CT Pty Limited

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Disclaimer and important information

This publication has been prepared by Rural Funds Management Limited (ACN 077 492 838, AFSL 226 701) (RFM) as the responsible entity of Rural Funds Group (RFF) and has been authorised for release by the Board of RFM. This publication is not an offer of investment or product financial advice. RFM has prepared this publication based on information available to it. Although all reasonable care has been taken to ensure that the facts and opinions stated herein are fair and accurate, the information provided has not been independently verified. Accordingly, no representation or warranty, expressed or implied, is made as to the fairness, accuracy or completeness or correctness of the information and opinions contained within this document. Whilst RFM has taken all reasonable care in producing the information herein, subsequent changes in circumstance may at any time occur and may impact on the accuracy of this information. Neither RFM, nor its directors or employees, guarantee the success of RFM's funds, including any return received by investors in the funds. Past performance is not necessarily a guide to future performance. The information contained within this document is a general summary only and has been prepared without taking into account any person's individual objectives, financial circumstance or needs. Before making any decisions to invest, a person should consider the appropriateness of the information to their individual objectives, financial situation and needs, and if necessary seek advice from a suitably qualified professional. Financial information in this publication is as at 30 June 2024, unless stated otherwise.

RFM is the Responsible Entity and Manager for Rural Funds Group (ASX: RFF). RFF is a stapled entity incorporating Rural Funds Trust ARSN 112 951 578 and RF Active ARSN 168 740 805. Certane CT Pty Limited is the custodian for the Rural Funds Group. To read more about their privacy principles, please visit privacy-policy.pdf (certane.com).

Rural Funds Group | ASX: RFF

Managed by:

Rural Funds Management

Managing good assets with good people