

2007 Macgrove Project (MP07)

ARSN 119 560 235

Managed by:



Managing good assets with good people

Financial results presentation

for the year ended 30 June 2020

13 October 2020



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All amounts provided are pre income tax. RFM's understanding is that the amounts received by Growers will generally be assessable for income tax purposes but may be offset in some circumstances against past amounts. Income tax will vary based on individuals circumstances and independent advice should be sought.

Presenters



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Industry harvest overview



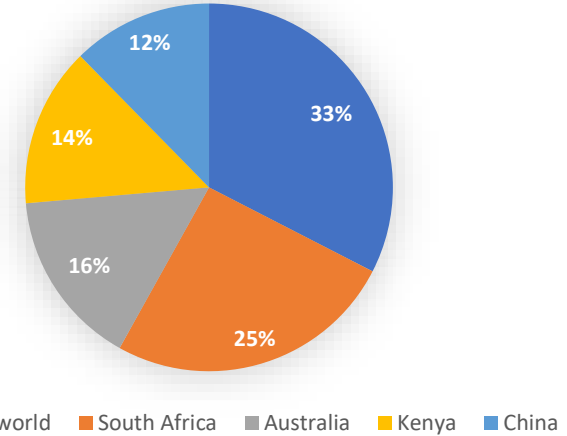
Macadamias ready to be swept up for collection, Swan Ridge Qld, August 2020.

Industry update

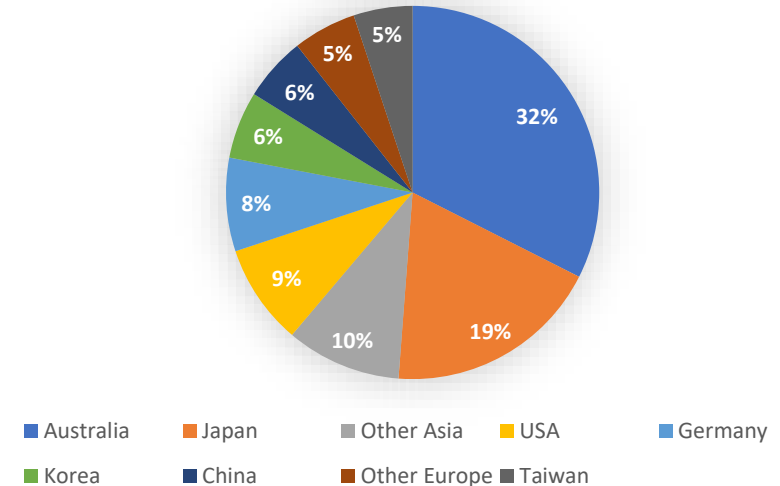
Robust Australian industry.

- Australian 2020 harvest conditions were favourable and overall crop quality has been good.
- The Australian 2020 crop is forecast to reach 45,000 tonnes nut-in-shell (NIS) at 10% moisture, down from 46,600 tonnes NIS in 2019, primarily due to seasonal conditions.¹
- Australia is the worlds second largest grower with 13% of the global crop. Key export markets for Australia are Japan, USA and Europe.
- Widespread adaptation to COVID-19 has ensured the industry has been largely unaffected. The industry is well positioned due to the diversity of markets and customers.
- Australian exports are lower than 2019 (primarily due to the lower crop size) but up 16% compared with 2018.
- Global supply is expected to be down around 7% on last year due to seasonal conditions in the major growing regions, leading to lower inventory levels going into 2021.

Global macadamia 2020 crop forecast¹



Australian 2019/20 macadamia sales¹



Notes:

1. Australian Macadamias. Source Australian Macadamia Handlers Association (AMHA).

Harvest overview

Good growing season and ideal harvest conditions.

- The 2019 harvest was completed in September. Flowering for the 2020 crop began in October 2019 and was followed by a good 'nut set' across all varieties.
- Throughout the growing period (September to January) temperatures were above average and rainfall was below average. Supplementary irrigation used (see page 7) in response to the seasonal conditions.
- Procedures implemented in response to COVID-19 including isolation of teams to specific orchards.
- Weather conditions were ideal for the majority of the harvest (March to August). Conditions combined with additional harvest equipment enabled the harvest to be completed early.
- The early completion of harvest enabled orchard maintenance completion prior to flowering.
- Flowering for the 2021 crop has commenced and pollination appears to have been successful.



Bees pollinating macadamia flowers at Swan Ridge orchard, October 2020.

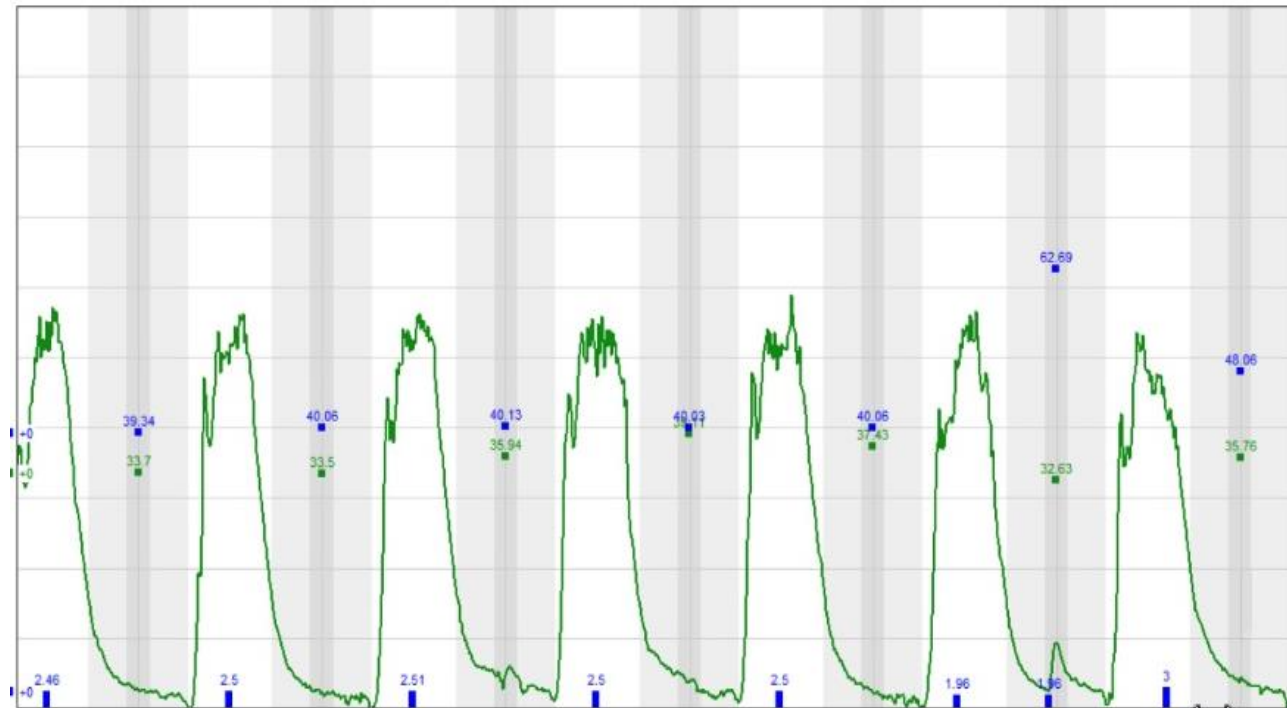


Macadamias delivered ready for de-husking and sorting April 2020.

Irrigation and tree health monitoring

Volumetric sap flow monitoring trials have progressed well.

Sap flow monitoring - sample data over seven days



— Sap velocity
 ■ Water applied (litres/day)
 ■ Tree water consumption (litres/day)
 ■ Irrigation duration

- Cost efficient technology has been identified following various system trials.
- The system integrates with the irrigation management software to provide data including daily tree water application and consumption.
- The system is expected to be implemented on a broader scale across the orchards in 2021.

Yield and price

Yield of 4.0 tonnes/ha and forecast price of \$6.48/kg NIS.



- Crop results were good:
 - Total crop of 928 tonnes or 4.0 tonnes/ha (at 10% moisture), representing an increase of 25% on last season.
 - Sound kernel recovery 35.3%.
 - Reject kernel recovery 2.0%.
- Crop result reflects in part ongoing maturity profile of orchards.
- Current forecast price of \$6.48/kg, however this remains subject to end of season price adjustments.

FY20 financial results

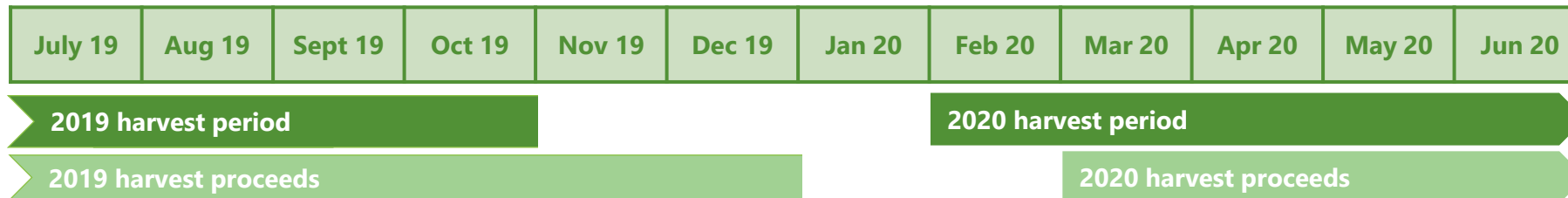


Harvester at Swan Ridge, Bundaberg Qld, August 2020.

Cash flow and harvest timeline

The FY20 distribution is based on harvest proceeds of two crops received during the financial year.

FY20 harvest proceeds



FY20 financial result

Return to Growers of \$2,342 inc. GST refund.

	Per Macgrove
Income	
Harvest proceeds - 2019 crop	\$5,636
Harvest proceeds - 2020 crop	\$3,839
Other income – e.g. interest	\$14
Total Income	\$9,489
Expenses	
Operating expenses	(\$4,804)
Rental	(\$1,540)
Farm management fees	(\$411)
RE cost recovery	(\$392)
Total expenses	(\$7,147)
FY20 result	\$2,342
Adjustments	
Credit for prepayment operating expenses (FY20)	\$500
Partial prepayment operating expenses (FY21)	(\$500)
Total adjustments	\$0
Distribution to Growers	\$1,629
GST refund	\$712
Return to Growers (inc. GST refund)	\$2,342

- Each Macgrove will is entitled to a combined distribution and GST refund of \$2,342 which is 29% higher than FY19. This is driven by a combination of the timing of harvest proceeds and higher yields.
- The return comprises \$1,629 cash distribution and \$712 GST refund.
- The FY20 proceeds consist of:
 - 70% of the 2019 crop and
 - 37% of the 2020 crop.
- Harvest yield and price:
 - 2019 3.2t/ha and NIS price \$6.35/kg
 - 2020 4.0t/ha and forecast NIS price \$6.48/kg.
- Adjustments of \$500 per Macgrove for cash flow management prior to harvest revenue receipts.
- Income, expenses and adjustments are split equally for joint venture growers.

MP07 cash flow matrix (\$/Macgrove)

The matrix sets out financial returns (distribution and GST refund) under a range of yield and price scenarios.

			Yield - t/ha NIS		
			Low	Medium	High
			4	4.5	5
			Price - \$/kg NIS	Low	\$5.50
Medium	\$6.00	\$1,674		\$2,874	\$4,074
High	\$6.50	\$2,484		\$3,785	\$5,086

Cash flow assumptions

The information included in the table is not a financial forecast, a financial projection, financial product advice or an investment recommendation, and is provided for general information purposes only. The cash flow scenarios illustrated in the table are based on:

- current operating costs increased by 5%.
- historical price ranges of macadamias, actual prices may fall outside this range.
- historical yields achieved by fully mature trees, actual yields may be outside of this range.
- based on the range of assumptions used, no Performance Incentive Fee is payable.
- current prepaid management fees are assumed.

All amounts are provided post GST refund to GST registered Growers and individual taxation benefits are not measured. The actual performance of MP07 is likely to differ significantly from the range of scenarios included in this table.



Conclusion

Harvested macadamia nuts, Bundaberg Qld, August 2020.

Conclusion

Positive industry fundamentals and good assets.

- Robust Australian macadamia industry.
- Good management, maturing orchard, use of technology and additional harvest equipment continues to benefit MP07.
- Yield of 4.0 tonnes/ha (up 25% on 2019) and indicative farm gate price of \$6.48/kg NIS (subject to end of season adjustment).
- The return for FY20 of \$2,342 is comprised of \$1,629.40 cash distribution and \$712.32 GST refund.
- Statements posted and distribution payments processed week ending 16 October 2020.
- Please don't hesitate to contact RFM Investor Services at anytime if you have any queries regarding your investment.

2007 Macgrove Project (MP07)

ARSN 117 859 391

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