

RFM Poultry

NSX:
RFP



Managed by:



Financial results presentation

Half year ended 31 December 2016

2 March 2017

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1. Results and outlook
2. Fund and operational update
3. Appendices

RFM attendees



Stuart Waight
Chief Operating Officer



Daniel Yap
Financial Controller



James Powell
*Investor Relations &
Distribution Manager*

1

Results and outlook

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Week old chicks access water at 'drinkers', Griffith 2014

Results summary

Metrics as at 31 December 2016

Income		
	Revenue	12,102,383
	Net profit after income tax	546,506
	Earnings per unit (cents)	7.94
Portfolio		
	Net assets value (NAV)	7,870,094
	NAV per unit	1.14
Balance sheet		
	Gross assets	8,965,313
	External borrowings	Nil
Distributions		
(cents per unit)	Paid October 2016	2.51
	Declared December 2016	2.51
	Total distribution	5.03
	Total franking	2.15
	Total grossed up distribution	7.18

- HY17 net profit higher than HY16 (refer slide 6)
- Distributions totalled 7.18 cpu (inclusive of franking), consistent with previous corresponding period
- NAV per unit \$1.14, up from \$1.11 at 30 June 2016
- Nil interest bearing liabilities
- Forecast income yield 11.77% based on 17 Feb 2017 close price of \$1.22 per unit and forecast FY17 DPU of 14.36 cents (inclusive of franking)

Summarised statement of comprehensive income

	Half Year ended 31 December 2016	Half Year ended 31 December 2015
Revenue	12,102,383	12,270,560
Other income	47,547	71,691
Total income	12,149,930	12,342,251
Direct grower costs	(9,124,871)	(9,523,070)
Employee costs	(309,353)	(236,067)
Depreciation	(12,601)	(20,438)
Repairs and maintenance	(1,175,123)	(1,261,673)
Management fees	(271,720)	(277,502)
Other expenses	(475,539)	(635,605)
Net profit before income tax	780,723	387,896
Income tax expense	(234,217)	(116,369)
Net profit after income tax	546,506	271,527
Total comprehensive income	546,506	271,527

- Higher profit to 31 December 2016 is primarily due to lower:
 - energy and water usage;
 - repairs and maintenance; and
 - other expenses (savings in insurance premiums and service fees)
- Employee costs were higher during the period, offset by lower contracting costs

Summarised balance sheet

	As at 31 December 2016	As at 30 June 2016
Cash and cash equivalents	6,086,460	6,384,706
Trade and other receivables	2,044,523	2,048,855
Other current assets	342,346	289,385
Income tax receivable	229,790	69,400
Plant and equipment	249,679	165,488
Deferred tax assets	12,515	20,747
Total assets	8,965,313	8,978,581
Trade and other payables	889,154	1,111,736
Short term provisions	204,302	196,571
Long term provisions	1,763	744
Total liabilities	1,095,219	1,309,051
Net assets	7,870,094	7,669,530
Units on issue	6,884,416	6,884,416
NAV per unit	1.14	1.11

- NAV increased in line with RFP's profitability net of distributions
- RFP maintains an adequate capital position with sufficient working capital, and reserves to assist with financial volatility resulting from operations (subject to annual review)

- Outlook remains unchanged:
 - distributions per unit of 14.36 cents inclusive of franking
 - net profit of \$1.24m before tax and \$0.87m after tax, consistent with FY16 result
- RFM is expecting an increase in energy prices and other operating expenses in 2H17
- The forecast profit is subject to operating risks such as; disease, growing performance (and associated bonuses and penalties), seasonal conditions, operating expenses and inflation
- The financial consequences of the above risks can be permanent or represent timing differences depending on how the variances interact with the growing contracts
- The Distribution Reinvestment Plan remains suspended

FY17 forecast DPU (inc. franking)

Record date	cents
30 September 2016	3.59
30 December 2016	3.59
31 March 2017	3.59
30 June 2017	3.59
Total FY17	14.36

FY17 forecast profit

Net profit before tax	\$1.24m
Net profit after tax	\$0.87m

2

Fund and operational update

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Turi contract transition for Lethbridge sheds

- On 22 August 2016, RFM announced that the Victorian chicken growing contracts had been novated from Baiada Poultry Pty Ltd to Turi Foods Pty Ltd (Turi)
- Birds were placed on the first two farms in November and the remaining two farms in early February, in conjunction with their normal batch cycle
- The handover is now complete with no disruptions to operations

RSPCA endorsement for sheds

- Since December, the Lethbridge poultry sheds have been undergoing the assessment process to conform with the RSPCA guidelines (see slide 14)
- Griffith poultry sheds operated by RFP continue to be endorsed as compliant with RSPCA guidelines

RSPCA improvements



Stocking density has been reduced from 38-40 kg/m² down to 34-36 kg/m²

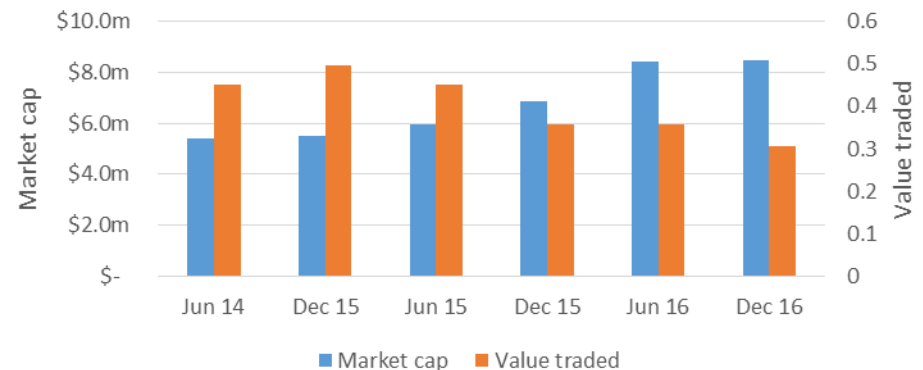


Lighting systems have been installed to simulate dusk and dawn conditions within the sheds. Ground litter is maintained in a dry and friable condition

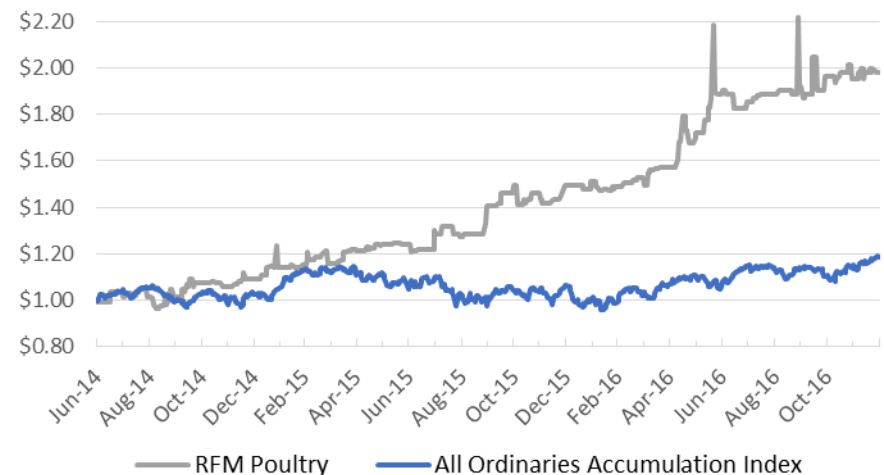
Fund performance and strategy

- RFM has communicated the following strategy for RFP:
 - build awareness to increase liquidity and fair valuation
- Market capitalisation has increased since listing, consistent with this strategy:
 - RFP closed at \$1.23 on 31 December 2016, 7% above the NAV of \$1.14
- Liquidity:
 - 80 trades comprising 252,442 units during the 6 months ended Dec 2016
 - RFP advised Unitholders that to assist in improving liquidity it would prepare information on trading on the NSX
 - RFP has since reviewed a number of methods available to Unitholders to trade RFP (see slide 13)

Market capitalisation and liquidity



Total shareholder return 1 July 2014 – 31 Dec 2016¹



Notes:

¹ RFP is not part of the All Ordinaries Index. Total return assumes \$1.00 invested June 2014 and all distributions are reinvested. Total return of All Ordinaries Index as provided by S&P.

3

Appendices

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RFM National Poultry Manager, Adriaan Shields and contractor Jonathan Stone, Griffith 2016

Trading RFP units

- RFM previously advised it would prepare communication on trading RFP units on the NSX with the aim of improving liquidity
- Taylor Collison provides a broking service at a cost of 1%, with a \$100 min (plus GST)
- A detailed guide to trading RFP units through Taylor Collison can be accessed by contacting RFM (Figure 1), however as an overview:

1. Provide a copy of your Issuer Sponsored Holding Statement with Securities Reference Number (SRN) (Figure 2);
2. Complete an Account Application form, available from Taylor Collison (and RFM);
3. Submit certified identification (e.g. certified by a financial planner); and
4. Provide Taylor Collison with instruction by email or phone to trade

Taylor Collison contact - Emilia Seto:

- eseto@taylorcollison.com.au
- (08) 8217 3900 (South Australia)

- A complete list of authorised brokers is available on the NSX website

Fig 1: Step-by-step guide

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Step-by-step guide to trading RFP units

February 2017

Rural Funds Management (RFM), as responsible entity for RFM Poultry (RFP), a National Stock Exchange (NSX) listed entity, has prepared the following guide to assist investors trade RFP units.

Taylor Collison provides a broking service for a fee of 1% of the trade value (minimum \$100 + GST). A full list of brokers who deal via the NSX is available at: www.nsx.com.au.

To instruct Taylor Collison to trade RFP units, investors and/or their financial planner need to follow the below 3-step process:

1. Provide supporting documentation related to your RFP holding;
2. Complete a Taylor Collison Account Opening Form; and
3. Send documents to Taylor Collison, along with a buy or sell instruction.

Step 1 – Supporting Documentation

The supporting documents required are listed below:

RFM has compiled a step-by-step guide to trading RFP through a broker, Taylor Collison

Fig 2: Obtaining your SRN

Rural
Funds
Management

BoardRoom
Smart Business Solutions
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GPO Box 3983
Sydney NSW 2001
Tel: 1 300 737 780 (within Australia)
Tel: +61 2 9295 9900 (outside Australia)
Fax: +61 2 9297 0064
www.boardroomint.com.au
info@boardroomint.com.au

JOE BLOGS PTY LTD
43 SUPER FUND
123 MAIN STREET
CITY ACT 2600

Date: 05 November 2015
Reference No: XXXXXXXX
Stronggate: Investor Sponsored
Tax Reference: Owned
Dealer Group: No Dealer
Adviser Name: No Adviser

RFM Poultry Ordinary Fully Paid Units
ARSN: 164551218

Periodic Statement - 01 July 2014 to 30 June 2015

Investment Return	Amount(\$)
Closing Balance	\$
Add: disposal proceeds	\$2.00
Less: opening balance	\$

Example: Periodic Holding Statement (SRN circled in red)

RSPCA standards summary

- RFP's Griffith operations are assessed against the RSPCA's Approved Farming Scheme Standards — Meat chickens¹
- Guidelines are extensive but are underpinned by the 'Five Freedoms' framework (see table below)
- Ongoing compliance with the Standards is monitored through RSPCA audits, with each farm being audited twice annually. Random audits are also conducted
- In addition to animal welfare improvements, RFP staff have observed that compliance has led to reduced bird mortality in extreme weather events, safer working conditions and overall healthier chickens

	Five key freedoms	RFP practices
1	Freedom from hunger and thirst: by ready access to fresh water and a diet to maintain full health and vigour	Chickens are provided with 24 hr access to clean food and water
2	Freedom from discomfort: by providing an appropriate environment including shelter and a comfortable resting area	Chickens are housed in temperature and lighting controlled sheds, with sufficient dry, friable flooring
3	Freedom from pain, injury or disease: by prevention, rapid diagnosis and treatment	RFP staff undertake ongoing health and disease monitoring. Any sick chickens are quickly relocated and treated
4	Freedom to express normal behaviour: by providing sufficient space, proper facilities and company of the animal's own kind	RFP has reduced the density rates of chickens in line with standards
5	Freedom from fear and distress: by ensuring conditions and treatment which avoid mental suffering	All sheds have been installed with perches and pecking toys

Note:

¹ RSPCA (2013), 'RSPCA's Approved Farming Scheme Standards — Meat chickens', RSPCA, ACT, Australia.

Fund and farm manager

RFM is a fund and farm manager with 20 years of experience in Australian agriculture

Key information

Established	1997
Assets under management	\$608m
Ownership	Directors & staff
	Rural Funds Group: \$552
	RFM Poultry: \$8m
Assets under management (by fund)	Almond Funds 06-08: \$38m
	2007 Macgrove Project: \$10m
Asset locations	NSW, SA, VIC, QLD, WA
Farm management & operations staff	50
Funds management staff	35
RFM direct operational experience	Almonds: Since 2006 Vineyards: Since 2000 Poultry: Since 2003 Livestock: Since 2010 Cotton: Since 1998
Management team tenure	10+yrs (avg.)
RFP fee structure	5% p.a. of operating expenses & cost recovery

Key responsibilities

RFM maintains a focus on:

- Compliance to financial, farming and reporting requirements
- Continuous improvement of operations
- Management of infrastructure e.g. ongoing R&M
- Budgeting and performance monitoring
- Relationship with processors (Baiada Poultry and Turi Foods)
- Improve awareness to increase liquidity and fair valuation
- Investigating growth opportunities



managing good assets with good people

RFM Board and management team

RFP is externally managed and governed by a highly experienced management team and board

Board



Guy Paynter
Non-executive
Chairman

- Former director of broking firm JBWere with more than 30 years' experience in corporate finance
- Guy is a former member of the ASX
- Agricultural interests include cattle breeding in the Upper Hunter region in New South Wales
- Member of RFM Audit Committee



David Bryant
Managing Director

- Established RFM in February 1997
- Responsible for leading the RFM Executive and sourcing and analysing new investment opportunities
- Responsible for over \$500m in asset acquisitions across eight Australian agricultural regions, including negotiating the acquisition of more than 35 properties and over 100,000 megalitres of water entitlements



Michael Carroll
Non-Executive
Director

- Serves a range of food and agricultural businesses in a board and advisory capacity, including Tassal Group Ltd, Select Harvests Ltd, Paraway Pastoral Company, Sunny Queen Ltd and the Gardiner Dairy Foundation
- Senior executive experience in a range of companies, including establishing and leading NAB's Agribusiness division
- Chair of RFM Audit Committee



Julian Widdup
Non-Executive Director

- Fund manager and asset consultant with extensive experience in major infrastructure acquisition and asset management
- Former executive of infrastructure investment management companies, Palisade Investment Partners and Access Capital Advisers (now Whitehelm Capital)
- Previous director of Palisade Investment Partners, Darwin International Airport, Alice Springs Airport, NZ timberland company Taumata Plantations Limited, Regional Livestock Exchange Investment Company, Merredin Energy power generation company, Victorian and AgriBioscience Research Facility
- Member of RFM Audit Committee

Contacts



Stuart Waight
Chief Operating
Officer

- Joined RFM in 2003
- RFM Company Secretary
- Responsible for reviewing and optimising the performance of the RFM funds, and analysing future developments, acquisitions, and investments
- Oversees the Asset Management activities, as well as the Farm Management activities of the National Manager of each of Poultry, Almonds, Cattle and Cropping and Livestock.



Andrea Lemmon
Executive Manager,
Funds Management

- Joined at inception in 1997
- RFM Company Secretary
- Responsible for the development of new products, the continuous improvement of existing products, management of research activities, and the provision of services and communications to investors and advisers



David Thomson
Business Manager -
RFM Poultry

- Joined RFM in 2007
- Business Manager RFM Poultry (RFP), Cattle JV Pty Ltd and Cotton JV Pty Ltd (CotJV).
- Responsible for the financial analysis, operational support, and day-to-day funds management of these entities

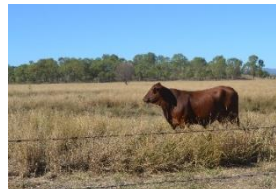


James Powell
Investor Relations and
Distribution Manager

- Joined RFM in 2006
- Responsible for overseeing RFM's sales and distribution activities, development of key relationships required to increase the awareness of RFM's investment opportunities and part of the product development division

Corporate information

Managed by:
 Rural
Funds
Management



Rural Funds Management Ltd

ACN 077 492 838
AFSL 226701

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