



RFM Poultry (NSX: RFP)

Financial results presentation year ended 30 June 2016

7 September 2016

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Agenda

1. Highlights and results summary
2. Forecasts
3. Fund and operational update
4. Appendices
5. Questions

RFM attendees



Stuart Waight
*Chief Operating
Officer*



Daniel Yap
Financial Controller



James Powell
*Investor Relations &
Distribution Manager*

Highlights and results summary

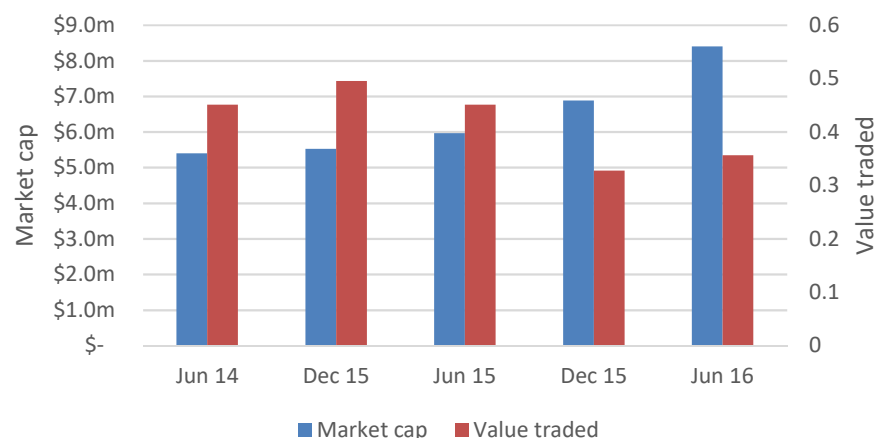
FY16 highlights

Achievements	<ul style="list-style-type: none">• 40% trading price improvement• 10% register turnover
Financial	<ul style="list-style-type: none">• Net profit after income tax of \$0.87m• Earnings per unit of 12.59 cents• Net assets of \$7.7m• DPU 14.36 cents including franking
Key events	<ul style="list-style-type: none">• Suspension of Distribution Reinvestment Plan following review of ongoing capital requirements (Aug 15)• Transfer of Lethbridge grower contracts from Baiada Poultry to Turi Foods (Aug 16)
Forecasts FY17	<ul style="list-style-type: none">• Distribution forecast maintained of 10.05 cpu and franking credits of 4.31 cpu (total 14.36 cpu)• Profit forecast consistent with FY16 result

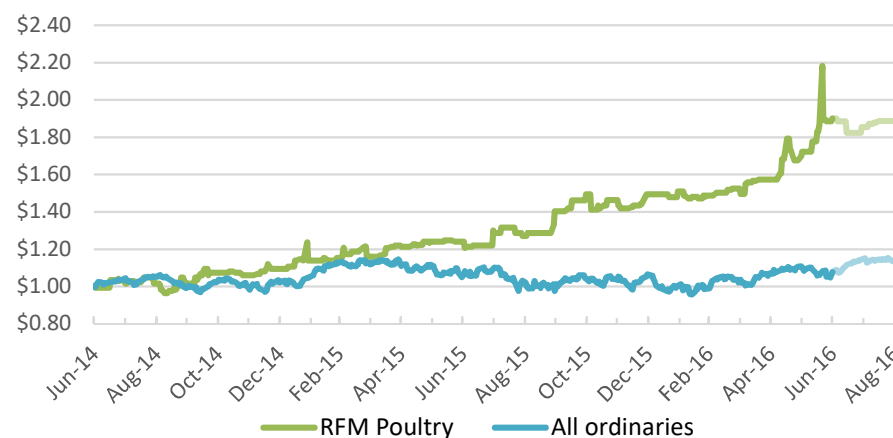
Strategy and performance

- RFM has communicated the following strategy for RFP:
 - building awareness to increase liquidity and fair valuation
- Market capitalisation has increased since listing, consistent with this strategy:
 - RFP closed at \$1.22 on 30 June 2016, 10% above the NAV of \$1.11
- Liquidity could be improved:
 - 663,689 units traded during FY16
 - RFM will prepare communication on trading units on the NSX for unitholders and their advisers

Market capitalisation and liquidity



Total shareholder return 1 July 2014 – 31 August 2016¹



Notes:

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

FY16 results summary

Metrics as at 30 June 2016

Income		
	Revenue	24,324,125
	Net profit after income tax	866,573
	Earnings per unit (cents)	12.59
Portfolio		
	Net assets value (NAV)	7,669,530
	NAV per unit	1.11
Balance sheet		
	Gross assets	8,978,581
	External borrowings	Nil
Distributions		
	Paid October 2015 (CPU)	2.5125
	Paid January 2016 (CPU)	2.5125
	Paid April 2016 (CPU)	2.5125
	Declared June 2016 (CPU)	2.5125
	Total distribution	10.0500
	Total franking	4.3071
	Total grossed up distribution	14.3571

- Results within expectations for the full financial year
- Distributions were fully franked. Total distribution was 14.3571 cpu for the full financial year on a grossed-up basis
- Income yield 11.8%¹

Notes:

¹ Calculated FY16 distribution of 14.36 cpu divided by 30 June 16 closing price of \$1.22

FY16 results

Summarised statement of comprehensive income

	Year ended 30 June 2016	Year ended 30 June 2015
Revenue	24,324,125	25,746,811
Other income	124,581	96,964
Total income	24,448,706	25,843,775
Property lease expenses	(10,467,969)	(10,366,287)
Direct grower expenses	(8,014,420)	(8,727,887)
Employee expenses	(496,458)	(583,148)
Depreciation and impairment	(53,813)	(79,096)
Repairs and maintenance	(2,499,294)	(2,155,059)
Management fees	(540,875)	(586,255)
Other expenses	(1,137,915)	(1,204,308)
Net profit before income tax	1,237,962	2,141,735
Income tax expense	(371,389)	(642,521)
Net profit after income tax	866,573	1,499,214
Total comprehensive income	866,573	1,499,214

- Lower profit to 30 June 2016 primarily due to lower revenue and higher repairs and maintenance (R&M) costs
 - Lower revenue FY16 due to performance penalties, largely offset by reduced payments to contractors (direct grower expenses)
 - Higher repairs and maintenance expenses in FY16 due to additional work on farms
- Higher revenue in comparative year (FY15) is mainly attributable to compensation received for higher energy costs incurred in FY14
- Lower direct grower expenses are also a result of lower energy costs and charges following improved weather conditions

FY16 results

Summarised balance sheet

	As at 30 June 2016	As at 30 June 2015
Cash and cash equivalents	6,384,706	6,175,672
Trade and other receivables	2,048,855	2,711,964
Other current assets	289,385	372,397
Income tax receivable	69,400	-
Plant and equipment	165,488	232,866
Deferred tax assets	20,747	24,225
Total assets	8,978,581	9,517,124
Trade and other payables	1,111,736	1,383,087
Short term provisions	196,571	190,651
Income tax payable	-	468,709
Long term provisions	744	214
Total liabilities	1,309,051	2,042,661
Net assets	7,669,530	7,474,463
Units on issue	6,884,416	6,860,964

- Net assets \$7.7m
- NAV per unit \$1.11
- RFP maintains an adequate capital position with sufficient working capital and reserves to offset financial volatility resulting from operations and maintain continuity of distribution payments
- \$1.5m of cash held in term deposits
- Nil interest bearing liabilities

Forecasts

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Forecasts

- Forecast distributions per unit consistent with FY16
- Forecast profit consistent with FY16 result
- The forecast profit is subject to poultry growing operating risks including; disease, growing performance and associated bonuses and penalties, seasonal conditions, operating expenses including energy costs, unforeseen repairs and maintenance and inflation. The financial consequences of these risks can be permanent or represent timing differences depending on how the variances interact with the growing contracts
- On 3 August 2015, RFM suspended the Distribution Reinvestment Plan until further notice. This decision is a consequence of RFP not requiring additional capital

FY17 forecast distributions (inc. franking)

Record date	cpu
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 key forecasts

Distributions per unit (inc. franking)	14.36 cents
Distribution payment frequency	Quarterly

Fund and operational update

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Fund and operational update

- RFM maintains a focus on:
 - Continuous improvement of operations
 - Relationship with processors (Baiada Poultry and Turi Foods following grower contract transfer announced 22 August 2016 – see slides 14 and 15)
 - Seeking to improve awareness of RFP to increase liquidity and fair valuation
 - Investigating growth opportunities
- Griffith poultry sheds leased by RFP continue to be endorsed as compliant with RSPCA guidelines
- The ILT respiratory disease that affected the wider Griffith region last calendar year (as disclosed on 9 September 2015) has been contained, though RFP remains on heightened levels of biosecurity
- The Australian Department of Agriculture and Water Resources has announced new import conditions for uncooked chicken meat and chicken meat products from New Zealand, effective from 3 September 2016. Uncanned or unretorted meat for human consumption can now be imported from New Zealand subject to strict import conditions

RFP operations



Birds are provided three feed types throughout the batch cycle - starter, grower and finishing rations. This provides tailored nutrition for the growing birds

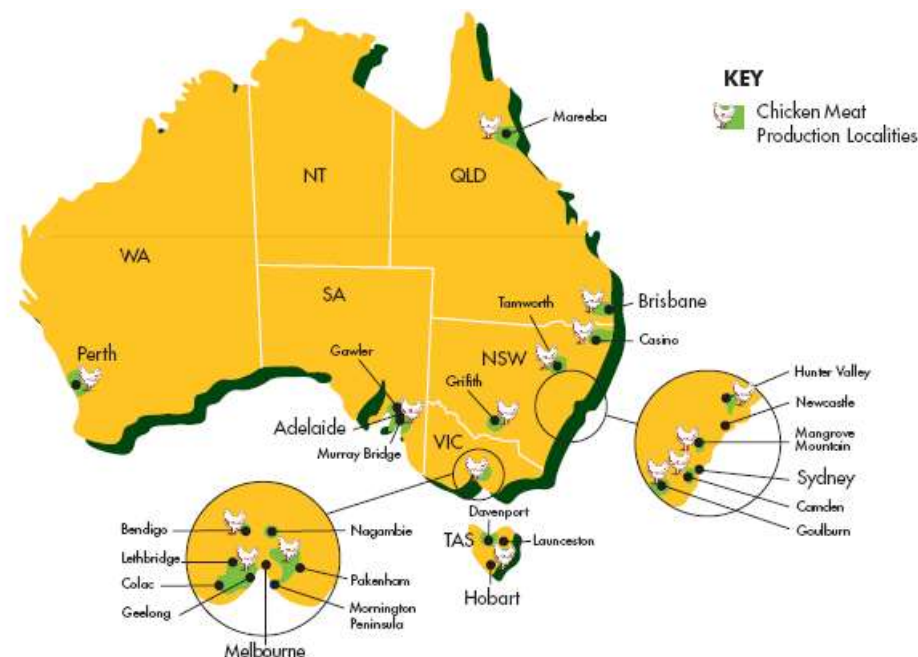


Daily inspections of drinker and feeder lines to ensure they are at the correct height for birds to access as they grow

Industry snapshot

- Three largest poultry processors in Australia:
 - 1. Baiada Poultry:**
 - Australia's largest chicken processor
 - Family owned enterprise with key brands Steggles and Lilydale
 - Has recently grown its business in NSW, investing significantly in Tamworth and Griffith
 - 2. Ingham Poultry:**
 - Purchased by US based private equity firm TPG in 2013
 - Ingham has largely withdrawn its production capacity from NSW, focusing on facilities in SA and Queensland
 - 3. Turi Foods:**
 - Largest processor in Victoria (third largest in Australia)
 - Family owned enterprise in operation since 1976 (see slide 15 for further details)
- Australia processes approx. 641m birds per annum³ primarily for domestic consumption

Australian chicken meat production locations¹



Australian State shares of poultry meat production²

NSW	Vic	Qld	SA	WA	Tas
32.6%	25.4%	20.8%	12.2%	8.0%	1.0%

Notes:

¹ Australian Chicken Meat Federation (2013), ² NSW DPI - Poultry Meat Industry Overview 2015, ³ Based on ABS data

Turi Foods

- On 22 August 2016 RFM announced the transfer of Lethbridge - Victoria grower contracts from Baiada Poultry to Turi Foods
- Contract terms are otherwise unchanged
- Lethbridge contracts account for approximately 20% of RFF's poultry assets by area
- Turi Foods is considered a suitable counterpart due to:
 - their Geelong processing plant's proximity to RFP Lethbridge operations
 - the company's strong footing as the largest chicken processor in Victoria
 - their financial position
 - the diversification opportunity presented to RFP
- It is expected that the changeover will occur for poultry batches placed in February 2017, with no disruption to growing operations anticipated

Turi Foods



- Operating 40 years, since 1976
- Largest processor in Victoria with two poultry processing plants:
 - Breakwater (Geelong) distributes through major and independent supermarkets, Quick Service Restaurants and other chicken outlets. Employs approx. 400 people
 - Thomastown, Melbourne supplies mainly charcoal chicken outlets and specialty chicken stores and distributors. Employs approx. 250 people
- In excess of 85 contract broiler growers across Victoria
- Fully integrated operations incl. breeder farms, hatcheries, broiler farms, processing plants and warehousing

Appendices

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RFP further details

- One of Australia's largest contract chicken growers (growing ~30 million birds p.a.). RFM has successfully managed chicken growing operations since 2003, now operated by RFP, with RFM as responsible entity
- Griffith assets are located within a 8km radius of the processing facility and contribute ~50% throughput. Limited additional development potential within similar proximity to processing facility. Sheds are aged between 8 and 32 years
- RFP has long term contracts for growing chicken spanning 8 to 20 years with Bartter Enterprises Pty Ltd, which is a wholly owned subsidiary of Baiada Poultry Pty Ltd (Baiada), and Turi Foods
- Poultry farms are leased from the Rural Funds Group (ASX: RFF)
- RFP grower payments are primarily based on the size of the chicken growing facilities, not on throughput (i.e. take-or-pay contracts)

Lease information

Location	17 poultry farms consisting of 154 sheds (13 poultry farms with 134 sheds located in Griffith, NSW and 20 sheds on 4 farms in Lethbridge, VIC)
Lease expiry	WALE date of April 2027
Area	303,486m ²
Asset value	\$88.7m
FY17 lease cost	\$10.52m
FY17 lease indexation	0.67%
Water entitlement	Leased property includes water entitlement attached to each farm



Farm 55, Griffith NSW



Farm L1, Lethbridge Vic

RFP further details

~60 day cycle occurring 5-6 times per year on each farm



Days	1-7	8-28	29-54	55-60
Activities	<ul style="list-style-type: none"> Day-old chicks arrive Placed in brooding area with extra feed, water & heating 	<ul style="list-style-type: none"> Chicks leave brooding area into shed floor space Shed temp. gradually reduces from 32° c to 20° 	<ul style="list-style-type: none"> Growing continues Processor conducts several 'thinning outs' or harvests Remaining chickens removed ~ day 54 	Sheds cleaned-out: <ul style="list-style-type: none"> Removal of old bedding litter Washing, sanitising and fumigation. Prepared for next delivery of chicks
Chicken weight	40 grams	2kg (by day 28)	2 to 3kg+	
Feed	Starter ration	Grower ration	Finisher ration	

- The processors own the chickens at all times
- Chicken growing contracts require RFP to:
 - prepare the sheds for the arrival of each new batch of chicks;
 - manage the chicken flocks;
 - grow the chickens from the time of delivery to collection; and
 - monitor the health of the chickens
- Processors deliver chicks, provide the necessary food and other inputs, and then collect the chickens for processing. RFP therefore does not have a direct exposure to the chicken meat price
- Processors are required to reimburse the grower for the majority of costs it incurs in growing the chickens e.g. energy costs

Poultry assets under management

Property	Location	No. of sheds	Total farm size (m ²)	Date built
Farm 53a	Griffith, NSW	10	18,630	1986-1993
Farm 53b	Griffith, NSW	10	16,200	1984-1993
Farm 54	Griffith, NSW	10	16,200	1991
Farm 55	Griffith, NSW	10	16,200	1986
Farm 56	Griffith, NSW	10	16,200	1987
Farm 57	Griffith, NSW	10	12,360	1988
Farm 58	Griffith, NSW	10	15,000	1989
Farm 63	Griffith, NSW	10	15,000	1989
Farm 64	Griffith, NSW	10	15,000	1991
Farm 65	Griffith, NSW	10	15,000	1989
Farm 66	Griffith, NSW	10	15,000	1990
Farm 67	Griffith, NSW	12	35,088	2007
Farm 68	Griffith, NSW	12	35,496	2008
Farm L1	Lethbridge, VIC	5	14,790	2007
Farm L2	Lethbridge, VIC	5	14,790	2007
Farm L3	Lethbridge, VIC	5	14,790	2007
Farm L4	Lethbridge, VIC	5	14,790	2007

Growing contract details

Counterpart:	Bartter Enterprises	Bartter Enterprises	Bartter Enterprises	Turi Foods
Property	Farm 53 - 66	Farm 67	Farm 68	Lethbridge
Agreement type	Chicken Growing Contract	Chicken Growing Contract	Chicken Growing Contract	Chicken Growing Contract
Expiry	31-Mar-24	23-Feb-26	30-Sep-27	3-Jul-36
Area	173,472 sq metres	35,088 sq metres	35,496 sq metres	59,160 sq metres
Other key terms				
Payment dates	Monthly	Monthly	Monthly	Monthly
Repairs & maintenance	On account of Grower	On account of Grower	On account of Grower	On account of Grower
Insurance	On account of Grower	On account of Grower	On account of Grower	On account of Grower
Water licences / easements	Water provided by Grower	Water provided by Grower	Water provided by Grower	Water provided by Grower
Performance system	Bonus and penalties payable based on farm performance as compared to average of all applicable farms and subsequently all new farms (RFP and non RFP) introduced into the pool	Bonus and penalties payable based on farm performance as compared to average of all applicable farms and subsequently all new farms (RFP and non RFP) introduced into the pool	Bonus and penalties payable based on farm performance as compared to average of all applicable farms and subsequently all new farms (RFP and non RFP) introduced into the pool	Not applicable *Continues overleaf

Growing contract details (cont.)

Counterpart:	Bartter Enterprises	Bartter Enterprises	Bartter Enterprises	Turi Foods
Suspension events				
	If suspension event, obligations under the contract including bird placement and payment are suspended until rectified.	If suspension event, obligations under the contract including bird placement and payment are suspended until rectified.	If suspension event, obligations under the contract including bird placement and payment are suspended until rectified.	If suspension event, obligations under the contract including bird placement and payment are suspended until rectified.
	Included, but not limited to:	Included, but not limited to:	Included, but not limited to:	Included, but not limited to:
	- Acts of God	- Acts of God	- Acts of God	- Acts of God
	- Epidemics	- Epidemics	- Epidemics	- Epidemics
	- Fires	- Fires	- Fires	- Fires
	- Industrial disputes by Bartter employees	- Industrial disputes by Bartter employees	- Industrial disputes by Bartter employees	- Industrial disputes by Bartter employees
	- Livestock husbandry issues	- Livestock husbandry issues	- Livestock husbandry issues	- Livestock husbandry issues
	- Disease caused by RFM Poultry	- Disease caused by RFM Poultry	- Disease caused by RFM Poultry	- Disease caused by RFM Poultry
	- Chicken meat importation with significant effect on domestic demand for chicken	- Chicken meat importation with significant effect on domestic demand for chicken	- Chicken meat importation with significant effect on domestic demand for chicken	- Chicken meat importation with significant effect on domestic demand for chicken
Change of control / Assignment				
	Subject to written consent by Baiada	Subject to written consent by Baiada	Subject to written consent by Baiada	Subject to written consent by Turi
Termination events				
	<ul style="list-style-type: none"> - Mutual agreement - After 6 month suspension period - Cessation of business (with 6 months notice) - Material breach - Insolvency 	<ul style="list-style-type: none"> - Mutual agreement - After 6 month suspension period - Cessation of business (with 6 months notice) - Material breach - Insolvency 	<ul style="list-style-type: none"> - Mutual agreement - After 6 month suspension period - Cessation of business (with 6 months notice) - Material breach - Insolvency 	<ul style="list-style-type: none"> - Mutual agreement - After 6 month suspension period - If nearest proximity processing plant closes (with 24 months notice) - Material breach - Insolvency

RFM is one of the oldest and most experienced agricultural funds management organisations in Australia

- Rural Funds Management Limited (RFM) is an experienced fund and asset manager that specialises in Australian agriculture
- Established in 1997, RFM operates as an external manager and is currently the responsible entity for seven agricultural investment funds which as at 30 June 2016 had approximately \$535m of assets under management in New South Wales, South Australia, Queensland and Victoria and a combined FY16 turnover of approximately \$107m
- David Bryant is the founding director and majority owner (80%) of RFM. Other owners include senior staff and non-executive directors
- Both RFM and David Bryant have investments in each of the listed entities RFM manages
- RFM manages additional operational entities enabling RFP to benefit from shared services
- The RFM management team includes specialist fund managers, finance professionals, horticulturists, livestock managers, and agronomists. This team provides RFM with the specialised skills and experience required to manage the agricultural assets
- RFM employs or directly contracts 35 corporate staff (offices in Canberra and Sydney) and approx. 50 farm/operational staff
- RFM has a simple and transparent fee structure for managing and administering RFP:
 - Reimbursement of all funds management expenses
 - Asset Management Fee is equal to 5% p.a. of operating expenses
 - The fund is entitled to additional fees permitted under the funds constitution, however RFM does not intend to charge these fees with the exception of those detailed above. Further details are available by contacting RFM

RFM board and management team



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

Board of directors



Guy Paynter
*Non-executive
Chairman*

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



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 \$460m in assets acquisitions across eight Australian agricultural regions, including negotiating the acquisition of more than 35 properties and over 79,000 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

Contact



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 and farm management activities of the National Managers of Poultry, Almonds, 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



Daniel Yap
Financial Controller

- Joined RFM in 2012
- Responsible for Finance and Accounting team which oversees and reports on the financial performance of RFP



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



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