



RFM Poultry (NSX: RFP)

Financial results presentation half year ended 31 December 2015

2 March 2016

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RFM attendees



Stuart Waight
*Chief Operating
Officer*



Daniel Yap
Financial Controller



James Powell
*Investor Relations &
Distribution Manager*

Highlights and results



Achievements	<ul style="list-style-type: none">• 5% register turnover and 15% trading price improvement for the period
Financial	<ul style="list-style-type: none">• Net profit after income tax of \$0.27m• Earnings per unit of 3.95 cents• Net assets of \$7.42m• DPU 7.18 cents including franking
Forecasts FY16	<ul style="list-style-type: none">• Profit forecast range maintained between \$0.8m to \$1.1m after tax• DPU forecast maintained of 10.05 cent paid and 4.31 cents franking credits (total 14.36 cents per unit)

Results summary

Metrics as at 31 December 2015

Income		
	Revenue	12,270,560
	Net profit after income tax	271,527
	Earnings per unit (cents)	3.95
Portfolio		
	Net assets value (NAV)	7,420,426
	NAV per unit	1.08
Balance sheet		
	Gross assets	8,483,182
	External borrowings	Nil
Distributions		
	Paid October 2015 (CPU)	2.5125
	Declared December 2015 (CPU)	2.5125
	Total distribution	5.0250
	Total franking	2.1535
	Total grossed up distribution	7.1785

- Results in line with expectations for the period
- Distributions were fully franked. Total distribution was 7.18 cpu for the half year on a grossed-up basis

Summarised statement of comprehensive income

	6 mths ended 31 December 2015	6 mths ended 31 December 2014
Revenue	12,270,560	12,854,783
Other income	71,691	30,681
Total income	12,342,251	12,885,464
Direct grower costs	(9,523,070)	(9,784,076)
Employee costs	(236,067)	(351,769)
Depreciation and impairment	(20,438)	(25,025)
Repairs and maintenance	(1,261,673)	(735,245)
Management fees	(277,502)	(289,382)
Other expenses	(635,605)	(635,441)
Net profit before income tax	387,896	1,064,526
Income tax expense	(116,369)	(319,358)
Net profit after income tax	271,527	745,168
Total comprehensive income	271,527	745,168

- Lower profit for the period ended 31 December 2015 primarily due to lower revenue and higher repairs and maintenance (R&M) costs
- Higher revenue in comparative period mainly attributable to compensation received for higher energy costs incurred in FY14
- R&M costs for the period higher due to timing of some activities on poultry farms
- R&M expected to be lower in second half of FY16

Summarised balance sheet

	As at 31 December 2015	As at 30 June 2015
Cash and cash equivalents	5,881,098	6,175,672
Trade and other receivables	2,052,405	2,711,964
Other current assets	314,620	372,397
Income tax receivable	44,979	-
Plant and equipment	179,175	232,866
Deferred tax assets	10,905	24,225
Total assets	8,483,182	9,517,124
Trade and other payables	870,900	1,383,087
Short term provisions	191,272	190,651
Income tax payable	-	468,709
Long term provisions	584	214
Total liabilities	1,062,756	2,042,661
Net assets	7,420,426	7,474,463
Units on issue	6,884,416	6,860,964

- Net assets \$7.4m
- NAV per unit \$1.08
- \$1.75m of cash held in term deposits
- Nil interest bearing liabilities
- RFP maintains an adequate capital position with sufficient working capital and reserves to assist with financial volatility resulting from operations and to fund growth opportunities. See slide 12 for details

Forecasts



- Forecast profit maintained, with lower R&M and energy costs expected in the second half
 - reduced energy costs reflect seasonal temperatures
- Forecast DPU maintained
- On 3 August 2015, RFM suspended the RFP Distribution Reinvestment Plan until further notice. This decision is a consequence of RFP not requiring additional capital

FY16 forecast distributions (inc franking)¹

Record date	cpu
30 September 2015 (paid 30 October 2015)	3.59
30 December 2015 (paid 29 January 2016)	3.59
31 March 2016	3.59
30 June 2016	3.59
Total FY16	14.36

Key forecasts FY16¹

Profit / (loss) before tax (\$)	1.2m – 1.6m
Profit / (loss) after tax (\$)	0.8m – 1.1m
Earnings per unit after tax	11.7 – 16.0 cents
Distributions per unit (inc franking)	14.36 cents
Distribution payment frequency	Quarterly

Note:

¹ See slide 15 for detailed forecast assumptions

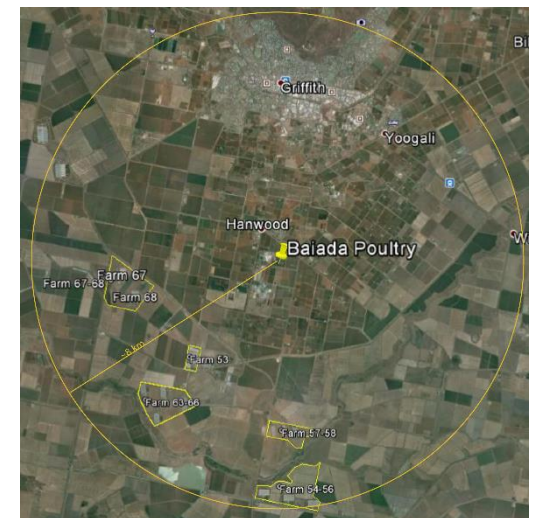
Fund and operational update



Fund and operational update

- RFM has a prudent approach to the capital management of RFP
 - Balance sheet \$7.4m, cash \$5.9m
 - Minimum cash balance last 12 months \$2.7m
 - Capital reserves held for potential:
 - lag in fee review mechanism between increased expenditure and related revenue (losses)
 - Baiada performance interruptions
 - Suspension events
 - Growth opportunities
 - Expensive to raise equity if needed

Location of RFP operations



RFP's Griffith farms are within an ~8km radius of the Baiada processing facility

- Manager maintains a focus on:
 - Continuous improvement of operations
 - Relationship with processor
 - Seeking to improve awareness of RFP to increase liquidity and fair valuation
 - Investigating growth opportunities
- Griffith poultry sheds leased by RFP were endorsed as compliant with RSPCA guidelines, securing RFP's position as a premium chicken grower
- 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 outsourcing of the RFP maintenance function to a third party has successfully achieved a higher level of focus on respective activities

RFP operations



Drinkers supply water to the birds to maintain hydration



Temperature, humidity and fan speeds are managed to maximise bird comfort

Appendices

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Notes and assumptions to FY16 forecast financial results

- The forecast FY16 profit range is subject to the attendant 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
- Forecast expectations for FY16 are based on half year actual results and forecast revenue and expenses for the second half
- Earnings per unit for FY2016 are based on units on issue at 30 June 2015
- Grower Fees relate to services provided pursuant to growing contracts with Bartter Enterprises. Grower fees have been forecast based upon current growing contracts and the standard fee review mechanism specified in the contracts
- All expenditure incurred on the facilities is assumed to be repairs and maintenance. Some items of actual expenditure may be classified as capital expenditure under accounting standards, capitalised in the balance sheet and depreciated. Expenditure is budgeted based on a specific program of works
- Includes depreciation on plant and equipment, calculated on a straight-line basis over the useful life

- 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
- 13 poultry farms consisting of 134 sheds located in Griffith, NSW and 20 sheds on 4 farms in Lethbridge, VIC. Aged between 6 and 32 years
- 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
- RFP has long term contracts for growing chicken spanning 8 to 21 years with Bartter Enterprises Pty Ltd which is a wholly owned subsidiary of Baiada Poultry Pty Ltd (Baiada). Poultry farms are leased from the Rural Funds Group
- RFP grower payments are primarily based on the size of the chicken growing facilities, not on throughput (i.e. take-or-pay contracts)

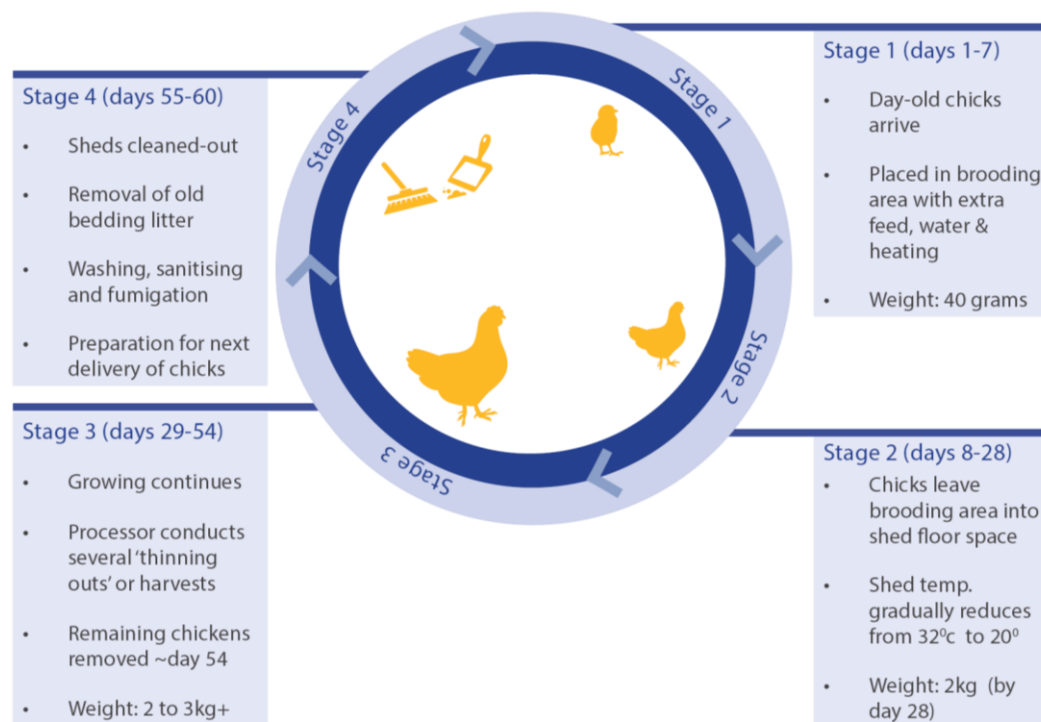
Lease information

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	303,534m ²
FY16 lease cost	\$10.45m
FY16 lease indexation	0.98%
Water entitlement	Leased property includes water entitlement attached to each farm



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

- 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
- Baiada owns and delivers chicks, provides the necessary food and other inputs, and then collects the chickens for processing. RFP therefore does not have a direct exposure to the chicken meat price
- Baiada is also required to reimburse the grower for the majority of costs it incurs in growing the chickens e.g. energy costs



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 31 December 2015 had approximately \$380m of assets under management in New South Wales, South Australia and Victoria and a combined FY15 turnover of approximately \$85m
- 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 32 corporate staff (offices in Canberra and Sydney) and 32 farm 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 \$350m in assets acquisitions across eight Australian agricultural regions, including negotiating the acquisition of more than 30 properties and over 65,000 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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