A close-up photograph of an almond tree branch. The branch is covered in vibrant green leaves and several white almond blossoms with visible pinkish centers. The background is a soft-focus green field under a clear blue sky.

RFM Almond Funds (AF06, AF07 & AF08) Grower update

Presented by: James Powell & Daryl Winter

August 2016

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RFM Almond Funds: 2016

1. Grower & Adviser update

- Industry update
- 2015 harvest overview
- 2016 distributions
- 2016 harvest update
- Key projects
- Conclusion

2. Appendix

- Varroa mite update

RFM attendees



Andrea Lemmon
*Executive Manager –
Funds Management*



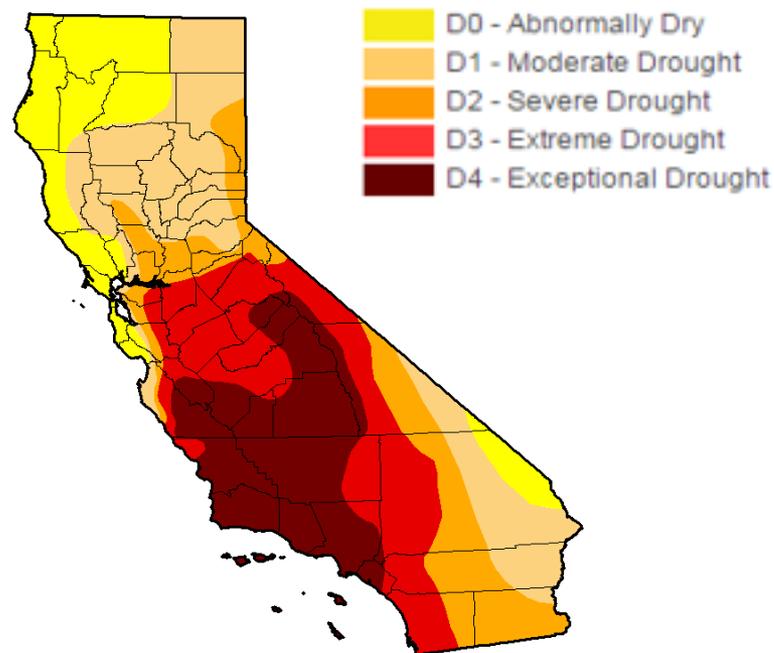
Daryl Winter
*National Manager -
Almonds*



James Powell
*Investor Relations &
Distribution Manager*

- California grows 80% of the world's almonds
- Continues to experience drought conditions despite some relief in 2015/16 winter snowpack
- Delivered higher than expected crop yields in 2015 and impacted the almond price
- Long-term, systemic issues exist with unsustainable levels of groundwater extraction in California

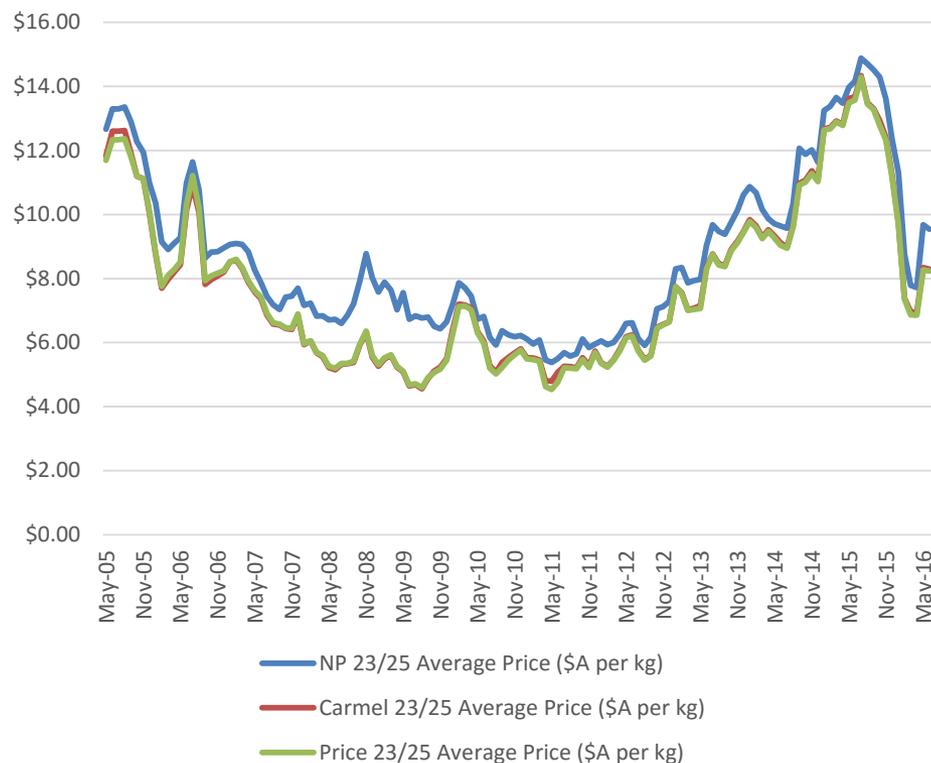
Californian drought conditions – as at 27 July 2016¹



Industry update - price

- Almond price dropped significantly in 2015 following record highs
- Price has recovered ~20% from lows in April 2016
- Lower AUD has provided some protection to Australian growers
- Lower prices starting to drive growth in demand

Almond price 2005 – 2016 (AUD)¹⁻⁵



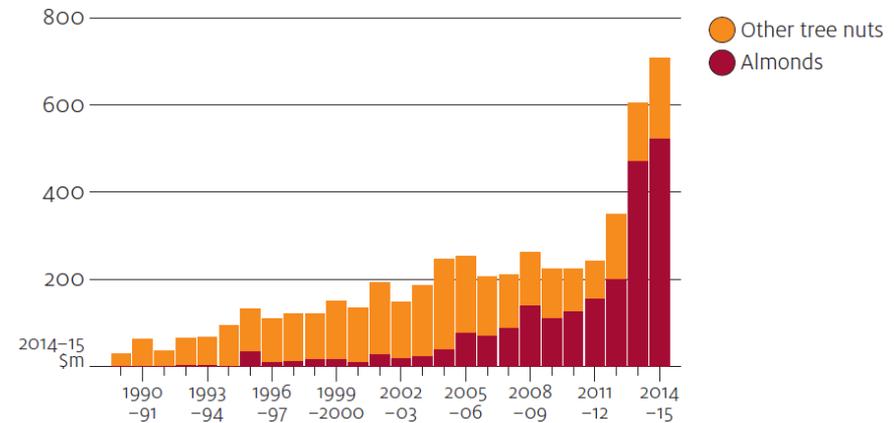
Notes:

1. Data sourced from Almondco
2. Average almond price is calculated using the \$US average price data for Nonpareil, Carmel and Price 23-25 almonds per ounce category almonds, converted into AUD
3. Almond prices are based on the average monthly Landed Price (Import Parity)
4. Prices are a "domestic" market pricing guide only and may not reflect actual market conditions.
5. Exchange rate used is the average AUD v USD rates based on average FX rate from 15th day of each month to the 15th day of the next month

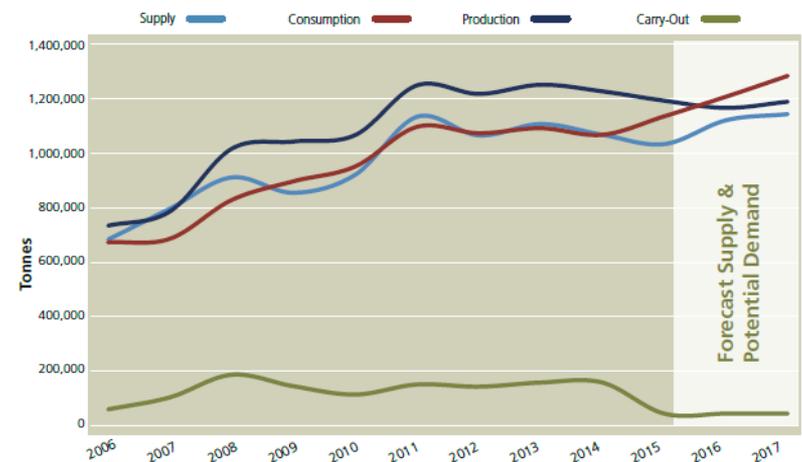
Industry update - outlook

- Australia well placed to capitalise on growth in Asian middle class incomes
- Free Trade Agreements with Asian trading partners to benefit export demand for Australian products
- Production capacity over 80,000t in 2015, moving to 100,000t in early 2020s
- New product development (almond milk and butters)
- Drought related challenges remain for Californian industry

Value of tree nut exports, Australia, 1989–90 to 2014–15¹



Supply & demand outlook²



1. ABS 2016
2. Almond Insights 2014-2015, Almond Board of Australia

2015 harvest overview

Almond Fund	2006	2007	2008
Project year	9	8	7
Yield - t/ha	4.18	4.34	4.28
Almond price - (\$/kg)	\$11.26	\$11.27	\$11.28

- Key observations from 2015 crop and harvest:
 - Biennial bearing nature of almonds resulted in a larger crop for all varieties following smaller 2014 crop
 - Drier conditions led to good kernel quality
 - Up to 3 'shakes' during harvest for some areas of the orchard
 - Higher yield required greater inputs including water, fertiliser and labour
 - High price

2016 distribution

Almond Fund	2006	2007	2008
Harvest proceeds from 2015 crop	\$11,763.55	\$10,543.34	\$10,415.27
Interest revenue	\$68.54	\$42.99	\$37.65
Less estimated operating costs for 2016 crop:			
Management Fee	(\$231.83)	(\$249.84)	(\$249.84)
Licence Fee	(\$1,540.08)	(\$1,374.95)	(\$1,374.92)
Operating Costs	(\$4,517.05)	(\$4,259.82)	(\$3,979.24)
Performance fee	n/a	(\$587.59)	(\$604.78)
Total costs (inc. GST)	(\$6,288.96)	(\$6,472.20)	(\$6,208.78)
Total per Grove (inc. GST)	\$5,543.13	\$4,114.13	\$4,244.14
GST refund	\$543.15	\$559.10	\$536.07
Total benefit to growers[^]	\$6,086.28	\$4,673.23	\$4,780.21

[^]Note: figures are unaudited and therefore estimates only

2016 harvest update

Almond Fund	2006	2007	2008
2015 Yield - t/ha	4.18	4.34	4.28
2015 Almond price - (\$/kg)	\$11.26	\$11.27	\$11.28
2016 Total benefit to growers	\$6,086	\$4,673	\$4,780
2016 Estimated yield - t/ha ¹	2.70	3.00	3.15
2016 Estimated almond price - (\$/kg) ²	\$7.60	\$7.60	\$7.60
2017 Total benefit to growers	(\$516)	(\$352)	\$140

- Key observations for the 2016 crop and harvest:
 - Biennial bearing nature of almonds will result in a lower crop for all varieties
 - Inclement weather during flowering and pollination
 - Dry conditions for majority of harvest
 - Lower price

- FY16 projects included:
 - New bores and bore replacement
 - Fences
 - Harvest equipment
 - Scientific equipment trials
- FY17 projects:
 - Expansion of scientific equipment use
 - Upgrade to pump shed technology



Special equipment is used to measure how much and when water is used by the almond trees (top) while the 'Stem Psychrometer' (bottom) measures plant stress

- 2016 crop will be lower following the significant 2015 harvest which coincided with a record almond price
- Distributions to be processed in October following project audits – this will be the third distribution received by Growers
- Sector outlook continues to be positive for Australian almond growers, prices still sound



Appendix: Varroa Mite

Presenter: Daryl Winter
August 2016

- A strain of Varroa mite (*Varroa jacobsoni*) has been detected on Asian honey bees in Townsville
- Asian honey bees are not affected by the mite
- *Varroa jacobsoni* does not readily move to European honey bees used in almond orchard pollination
- A separate variety, *Varroa destructor*, is connected with bee hive decline in the northern hemisphere. It has **not** been detected in Australia
- *Varroa destructor* is present in most other countries including USA (since 1987) where almonds continue to be grown



Source: Queensland Department of
Agriculture and Forestry

- If a national outbreak of the *Varroa destructor* were to occur it is **not** likely to lead to an extinction of the domestic bees
- It is more likely to have an impact on the cost of agricultural production
- Biosecurity Queensland is undertaking surveillance activities in the Townsville area
- Restrictions have been imposed on the movement of bees and hives
- Sentinel hives in southern ports such as Melbourne
- Chemicals and other treatments can be used to eradicate the pest from hives



Source: Daryl Winter, RFM

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