Rural Funds Management Ltd (RFM) AFSL 226701 has prepared this presentation based on information available to it. Although all reasonable care has been taken to ensure that the facts stated and opinions given in this presentation are fair and accurate, the information provided in this presentation has not been independently verified. Accordingly, no representation or warranty, expressed or implied is made as to the fairness, accuracy, completeness or correctness of the information and opinions contained in this presentation.

Whilst RFM has taken all reasonable care in producing the information in this presentation, subsequent changes in circumstances may occur at any time and may impact on the accuracy of the information. Neither RFM or its directors or employees guarantee the success of the 2007 Macgrove Project (ARSN 119 560 235) including any return received by Growers in the 2007 Macgrove Project.

The information contained in this presentation is by way of general summary only and has been prepared without taking into account any person's individual objectives, financial situation or needs. Before making any decision to invest a person should consider the appropriateness of the information to their individual objectives, financial situation and needs and if necessary seek advice from a suitably qualified professional.

**Cash flow disclaimer**

The information included in the presentation is not a financial forecast, a financial projection, financial product advice or an investment recommendation, and is provided for general information purposes only.

The actual performance of the respective Project is likely to differ significantly from the examples included in this table.

This spreadsheet may not be published or disclosed or otherwise disseminated to third parties without the prior express consent of RFM.

**Taxation**

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.

*Cover image: Swan Ridge Orchard, Bundaberg, Queensland.*
**Agenda**

1. **FY17 distribution, performance incentive fee and cash flow matrix**

2. **Industry, harvest and orchard update**

3. **Conclusion and questions**

---

**RFM presenters**

- **Andrea Lemmon**
  Executive Manager, Funds Management

- **Scott Norval**
  National Manager, Macadamias

- **James Powell**
  Investor Relations & Distribution Manager
FY17 distribution, performance fee and cash flow matrix
Distributions are based on harvest proceeds received during a financial year. Therefore each harvest will overlap two financial years.

**Calendar year or harvest year**

<table>
<thead>
<tr>
<th>Jan</th>
<th>Feb</th>
<th>Mar</th>
<th>Apr</th>
<th>May</th>
<th>Jun</th>
<th>Jul</th>
<th>Aug</th>
<th>Sept</th>
<th>Oct</th>
<th>Nov</th>
<th>Dec</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- **Harvest**: February to September
- **Harvest proceeds**: March to December

**Financial Year (e.g. FY17)**

<table>
<thead>
<tr>
<th>Jul 16</th>
<th>Aug 16</th>
<th>Sept 16</th>
<th>Oct 16</th>
<th>Nov 16</th>
<th>Dec 16</th>
<th>Jan 17</th>
<th>Feb 17</th>
<th>Mar 17</th>
<th>Apr 17</th>
<th>May 17</th>
<th>Jun 17</th>
</tr>
</thead>
</table>

- **2016 harvest period**
- **2016 harvest proceeds**
- **2017 harvest period**
- **2017 harvest proceeds**
## FY17 distribution

Growers will receive a net return of $1,081 per Macgrove

<table>
<thead>
<tr>
<th>Per Macgrove</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Income</strong></td>
</tr>
<tr>
<td>Harvest proceeds - 2016 crop</td>
</tr>
<tr>
<td>Harvest proceeds - 2017 crop</td>
</tr>
<tr>
<td>Other income - e.g. interest</td>
</tr>
<tr>
<td><strong>Total Income</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating expenses</td>
</tr>
<tr>
<td>Partial prepayment operating expenses (FY18)</td>
</tr>
<tr>
<td>Lease payments</td>
</tr>
<tr>
<td>Farm management fees</td>
</tr>
<tr>
<td>RE cost recovery</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
</tr>
</tbody>
</table>

| Net benefit to growers | $1,081 |

**Comprised of:**

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Distribution</td>
<td>$446</td>
</tr>
<tr>
<td>GST refund</td>
<td>$635</td>
</tr>
<tr>
<td>Net return to Growers</td>
<td>$1,081</td>
</tr>
</tbody>
</table>

- Each Macgrove will receive a net benefit of $1,081 (26% higher than FY16) and no invoice
- The return for FY17 is comprised of $446 cash distribution and $635 GST refund
- The FY17 proceeds consist of both the 2016 and 2017 harvests:
  - 80% of the 2016 crop
  - 38% of the 2017 crop
- RFM committed to streamline the distribution and invoice process so that Growers receive an annual distribution in years where the Project is cash flow positive, reducing admin costs and paperwork
- The invoice includes an amount of $1,409 for FY18 operating expenses
RFM is entitled to a performance incentive fee of $176,463 for FY17. This compares to a $nil performance incentive fee under the structure proposed by RFM at the February 2016 Grower meeting

- Under the existing performance incentive fee (PIF) structure RFM is entitled to $176,463 based on FY17 net proceeds of sale
- RFM has proposed a PIF structure based on net return to Growers, aligning the interests of both Growers and the Manager
- The proposed PIF does not become payable until the Grower achieves a return equal to 100% above the expenses to occupy and operate the Macgrove in a year. The Manager is entitled to a PIF of 20% above this threshold
- Under the proposed structure, RFM is not entitled to a PIF in FY17 and will seek Grower approval to adopt this structure. RFM will aim to hold a meeting early December and is seeking Growers’ feedback and support for the proposed PIF

---

<table>
<thead>
<tr>
<th>PIF calculation FY17</th>
<th>Current structure</th>
<th>Proposed structure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Harvest proceeds</td>
<td>$4,288,416</td>
<td>$4,288,416</td>
</tr>
<tr>
<td>Expenses</td>
<td>n/app</td>
<td>-$2,887,224</td>
</tr>
<tr>
<td>Net amount</td>
<td>$4,288,416</td>
<td>$1,401,192</td>
</tr>
<tr>
<td>Threshold for PIF</td>
<td>$3,582,563</td>
<td>$5,774,448</td>
</tr>
<tr>
<td>Amount above threshold</td>
<td>$705,853</td>
<td>nil</td>
</tr>
<tr>
<td>PIF % payable above threshold</td>
<td>25%</td>
<td>20%</td>
</tr>
<tr>
<td>Total PIF (inc GST)</td>
<td>$176,463</td>
<td>nil</td>
</tr>
<tr>
<td>PIF per Grove (inc GST)</td>
<td>$305</td>
<td>nil</td>
</tr>
</tbody>
</table>
### Cash flow matrix

The below matrices set out financial returns under a range of yield and price scenarios

#### Maturing orchard ($/Macgrove)

<table>
<thead>
<tr>
<th>Yield - t/ha NIS</th>
<th>Low</th>
<th>Medium</th>
<th>High</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.5</td>
<td>3</td>
<td>3.5</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Price - $ kg/NIS</th>
<th>High</th>
<th>Medium</th>
<th>Low</th>
</tr>
</thead>
<tbody>
<tr>
<td>High</td>
<td>$5.50</td>
<td>$543</td>
<td>$-459</td>
</tr>
<tr>
<td>Medium</td>
<td>$5.00</td>
<td>$42</td>
<td>$426</td>
</tr>
<tr>
<td>Low</td>
<td>$4.50</td>
<td>$459</td>
<td>$1,279</td>
</tr>
</tbody>
</table>

#### Mature orchard ($/Macgrove)

<table>
<thead>
<tr>
<th>Yield - t/ha NIS</th>
<th>Low</th>
<th>Medium</th>
<th>High</th>
</tr>
</thead>
<tbody>
<tr>
<td>4</td>
<td>4.5</td>
<td>5</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Price - $ kg/NIS</th>
<th>High</th>
<th>Medium</th>
<th>Low</th>
</tr>
</thead>
<tbody>
<tr>
<td>High</td>
<td>$5.50</td>
<td>$3,206</td>
<td>$1,602</td>
</tr>
<tr>
<td>Medium</td>
<td>$5.00</td>
<td>$2,404</td>
<td>$2,487</td>
</tr>
<tr>
<td>Low</td>
<td>$4.50</td>
<td>$1,602</td>
<td>$3,372</td>
</tr>
</tbody>
</table>

### Cash flow assumptions

The information included in the tables 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:

- a range of possible scenarios based on various yield and price assumptions with maturing vs mature orchard scenarios including different operating costs (mature costs being the maturing costs grossed up by 10%), yield assumptions and PIF under existing structure;
- 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;
- all amounts are provided post GST refund to GST registered growers; and
- individual taxation benefits are not measured.

Current orchard maintenance costs, the historical prices of macadamias and the yield of trees are not necessarily a guide to future costs, prices and yields. The actual performance of the respective project is likely to differ significantly from the examples included in this table.

This may not be published or disclosed or otherwise disseminated to third parties without the prior express consent of Rural Funds Management Limited.
2

Industry, harvest and orchard update

Moore Park Orchard, Bundaberg, Queensland.
Industry update

- Global production forecasts primarily attributable to Australia, Africa and China
- African supply has been lower due to drought
- It is yet to be seen if Chinese plantings will produce at predicted levels
- Australian macadamia price:
  - $5.35 at 33% kernel recovery (final price to be announced in December)
  - farm gate price for the 2017 season for the Project is $5.41 (subject to end of season adjustment)
  - exchange rate (AUD/USD) movements have an impact on price
- Largest global per capita consumption is Australia at 172 grams per person
- The emergence of the Chinese in-shell market has put pressure on the world kernel supply

World production forecasts

Harvest overview

• 2017 harvest completed in August 2017:
  - harvested 594.89 tonnes nut-in-shell (NIS) at 10% moisture
  - achieved 2.54 tonne/ha NIS
  - average 33.89% sound kernel recovery
  - season price increased to $5.35/kg (33% SKR) compared to $5.20/kg (33% SKR) last season¹

• The extreme hot weather experienced over the Christmas growing period significantly shortened growing hours within the orchard. The result was approximately 10% reduction in overall nut size

• Tropical Cyclone Debbie resulted in no material damage to the orchard albeit with harvest delays and more crop than initially thought washed from the orchard

1. SKR = Standard Kernel Recovery
Key Projects

- De-husking infrastructure upgrade:
  - old system throughput 2 tonne per hour of NIS maximum
  - new Admac de-huskers and infrastructure:
    o up to 6 tonne per hour
    o virtually no husk left on product
    o colour sorter used to remove defects (previously requiring two people)
    o updated sizing table – fully adjustable
    o double the finished goods storage
    o 200% increase in actual throughput

- Automation of irrigation infrastructure benefits include labor savings and more timely/efficient water application/use

- Tree shaking trials:
  - limited trials in 2016 and more than 15,000 trees shaken in 2017
  - limited (400 trees) tested in Project
  - flower thinning trial 2017
  - program to be expanded across Project orchards next season
  - reduced harvest time, increased quality and breaking of disease cycle
Rural Funds Management Ltd
ACN 077 492 838
AFSL 226701

Canberra Office
Level 2, 2 King Street
Deakin ACT 2600

Telephone: +61 2 6203 9700
Facsimile: +61 2 6281 5077
Website: ruralfunds.com.au

For further information:
David Bryant
Managing Director
Rural Funds Management
T 02 6203 9700
E DBryant@ruralfunds.com.au

For media enquiries:
Stuart Waight
Chief Operating Officer
Rural Funds Management
T 0419 126 689
E SWaight@ruralfunds.com.au

Investor relations enquiries:
James Powell
Investor Relations and Distribution Manager
Rural Funds Management
T 0420 279 374
E JPowell@ruralfunds.com.au