

RFM Poultry (RFP)

Financial Statements

For the Year Ended 30 June 2019

RFM Poultry

ARSN 164 851 218

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Corporate Directory

Registered Office	Level 2, 2 King Street DEAKIN ACT 2600
Responsible Entity	Rural Funds Management Limited ABN 65 077 492 838 AFSL 226701 Level 2, 2 King Street DEAKIN ACT 2600 Ph: 1800 026 665
Directors	Guy Paynter David Bryant Michael Carroll Julian Widdup
Company Secretaries	Emma Spear Stuart Waight
Custodian	Australian Executor Trustees Limited ABN 84 007 869 794 Level 19, 60 Castlereagh Street SYDNEY NSW 2000
Auditors	PricewaterhouseCoopers One International Tower Sydney Watermans Quay BARANGAROO NSW 2001
Share Registry	Boardroom Pty Limited Level 12, 225 George Street SYDNEY NSW 2000 Ph: 1300 737 760
Bankers	Australia and New Zealand Banking Group Limited (ANZ) 242 Pitt Street SYDNEY NSW 2000
Stock Exchange Listing	RFM Poultry units are listed on the National Stock Exchange of Australia (NSX)
NSX Code	RFP

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Directors' Report

30 June 2019

The Directors of Rural Funds Management Limited (RFM), the responsible entity of RFM Poultry (RFP or the Trust) present their report on the Trust for the year ended 30 June 2019.

Directors

The following persons held office as directors of the responsible entity during the year and up to the date of this report:

Guy Paynter	Non-Executive Chairman
David Bryant	Managing Director
Michael Carroll	Non-Executive Director
Julian Widdup	Non-Executive Director

Principal activities and significant changes in nature of activities

The principal activity of RFM Poultry during the year was the growing of chickens in accordance with growing contracts including the provision of labour, management and infrastructure.

Operating results

The net loss after income tax of the Trust for the year ended 30 June 2019 amounted to \$2,004,587 (2018: profit \$618,536). Three farms of RFP's Riverina site experienced a disease outbreak in November 2018 and birds were not placed on three farms for a period of three months resulting in a loss of revenue for FY19. During the year, all the contract farm labour have been converted to employees of RFP, and this has resulted in significant increases to RFP's labour related expenses. Further, RFP's repair and maintenance expenses have increased due to more maintenance being required on the farms. Higher insurance costs and higher costs for bedding materials associated with the Lethbridge farms have also contributed to the decrease in profit for FY19. RFM has halved its management fees for FY19.

A number of the loss factors affecting FY19 are expected to continue in FY20 including the growing performance, higher labour costs and maintenance. The drought is continuing which will require the purchase of temporary water and will result in higher litter costs. Although the insurance market moves in cycles, there is no sign of premiums softening. RFM remains committed to manage the operations to achieve the best possible outcomes and will also assess options for the business going forward for the best interests of the RFP unitholders.

Financial position

The net assets of the Trust have changed to \$5,267,575 at 30 June 2019 from \$7,726,209 at 30 June 2018.

At 30 June 2019 the Trust had total assets of \$7,023,547 (2018: \$9,283,464).

Significant changes in state of affairs

In the opinion of the Directors, there were no significant changes in the state of affairs of the Trust during the year.

Distributions

	Cents per unit	Total \$
Distribution declared 1 June 2018, paid 31 July 2018	2.5125	172,971
Distribution paid 31 October 2018	2.6920	185,328
Distribution paid 31 January 2019	2.6022	179,146
Distribution paid 30 April 2019	1.3011	89,573

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Directors' Report

30 June 2019

Earnings per unit

Net loss after income tax for the year (\$)	(2,004,587)
Weighted average number of units on issue during the year	6,884,416
Basic and diluted earnings per unit (total) (cents)	(29.12)

Summary of historical performance

The results and net assets attributable to unitholders for the last 3 years were as follows:

	2019	2018	2017
	\$	\$	\$
Revenue	24,595,665	24,772,117	24,188,653
Net (loss)/profit after income tax	(2,004,587)	618,536	821,911
Total assets	7,023,547	9,283,464	9,003,360
Total liabilities	1,755,972	1,557,255	1,203,803
Net assets attributable to unitholders	5,267,575	7,726,209	7,799,557

Indirect cost ratio

The indirect cost ratio (ICR) is the ratio of the Trust's management costs over the Trust's average net assets for the year, expressed as a percentage. Management costs include management fees and reimbursement of other expenses in relation to the Trust, but do not include transactional and operational costs such as brokerage. Management costs are not paid directly by the unitholders of the Trust.

The ICR for the Trust for the year ended 30 June 2019 is 3.90% (2018: 3.55%).

Matters subsequent to the end of the year

No matter or circumstance has arisen since the end of the year that has significantly affected or could significantly affect the operations of the Trust, the results of those operations or the state of affairs of the Trust in future financial years.

Likely developments and expected results of operations

RFP intends to maintain growing standards consistent with RSPCA guidelines while conducting an efficient operation that achieves competitive chicken grow-out times and feed conversion rates.

Environmental regulation

The operations of the Trust are subject to significant environmental regulations under the laws of the Commonwealth and States or Territories of Australia. RFP breached a condition of Environment Protection Licence 11107 during the year, however no penalty or regulatory action has arisen from the breach. No other known significant breaches of any environmental requirements applicable to the Trust.

Units on issue

6,884,416 units in RFM Poultry were on issue at 30 June 2019 (2018: 6,884,416). During the year nil (2018: nil) units were issued by the Trust and nil (2018: nil) were redeemed.

Indemnity of Responsible Entity and Custodian

In accordance with the constitution, RFM Poultry indemnifies the Directors, Company Secretaries and all other officers of the Responsible Entity and Custodian when acting in those capacities, against costs and expenses incurred in defending certain proceedings.

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Directors' Report

30 June 2019

Information on Directors of the Responsible Entity

Guy Paynter	Non-Executive Chairman
Qualifications	Bachelor of Laws from The University of Melbourne
Experience	Guy Paynter is a former director of broking firm JB Were and brings to RFM more than 30 years of experience in corporate finance. Guy is a former member of the Australian Securities Exchange (ASX) and a former associate of the Securities Institute of Australia (now known as the Financial Services Institute of Australasia). Guy's agricultural interests include cattle breeding in the Upper Hunter region in New South Wales.
Special responsibilities	Member of Audit Committee and Remuneration committee
Directorships currently held in other listed entities and during the three years prior to the current year	Rural Funds Group
David Bryant	Managing Director
Qualifications	Diploma of Financial Planning from the Royal Melbourne Institute of Technology and a Masters of Agribusiness from The University of Melbourne.
Experience	David Bryant established RFM in February 1997 and since that time has led the team that is responsible for the acquisition of large scale agricultural property assets and associated water entitlements. As at 30 June 2019, RFM manages over \$1.2 billion of agricultural assets. On a day-to-day level, David is responsible for maintaining key commercial relationships and sourcing new business opportunities.
Special responsibilities	Managing Director
Directorships currently held in other listed entities and during the three years prior to the current year	Rural Funds Group
Michael Carroll	Non-Executive Director
Qualifications	Bachelor of Agricultural Science from La Trobe University and a Masters of Business Administration from The University of Melbourne's Melbourne Business School. Michael has completed the Advanced Management Program at Harvard Business School, Boston, and is a Fellow of the Australian Institute of Company Directors.
Experience	Michael Carroll serves a range of food and agricultural businesses in a board and advisory capacity. Michael is on the boards of Elders Limited, Select Harvests Limited, Paraway Pastoral Company Limited and Viridis Agriculture Pty Limited. Michael has senior executive experience in a range of companies, including establishing and leading the National Australia Bank (NAB) Agribusiness division.
Special responsibilities	Chairman of Audit Committee and Remuneration committee
Directorships currently held in other listed entities and during the three years prior to the current year	Michael is on the Board of Rural Funds Group, Elders Limited and Select Harvests Limited and was a director at Tassal Group Limited.

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Directors' Report

30 June 2019

Information on Directors of the Responsible Entity (continued)

Julian Widdup	Non-Executive Director
Qualifications	Bachelor of Economics from the Australian National University. Julian is a Fellow of the Institute of Actuaries of Australia and a Fellow of the Australian Institute of Company Directors.
Experience	Julian brings extensive experience to the RFM board having previously served as a 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 AgriBioscience Research Facility, Casey Hospital in Melbourne and Mater Hospital in Newcastle.
Special responsibilities	Member of the Audit Committee and Remuneration Committee.
Directorships currently held in other listed entities and during the three years prior to the current year	Rural Funds Group

Interests of Directors of the Responsible Entity

	Guy Paynter Units	David Bryant Units
Balance at 30 June 2017	21,507	247,256
Additions	-	-
Balance at 30 June 2018	21,507	247,256
Additions	-	-
Balance at 30 June 2019	21,507	247,256

Company Secretaries of the Responsible Entity

Stuart Waight and Emma Spear are RFM's joint company secretaries. Stuart joined RFM in 2003 and is a Chartered Accountant. Emma joined RFM in 2008 and is a CPA.

Meetings of Directors of the Responsible Entity

During the financial year 12 meetings of Directors (including committees of Directors) were held. Attendances by each Director during the year were as follows:

	Directors meetings		Audit Committee meetings		Remuneration Committee meetings	
	No. eligible to attend	No. attended	No. eligible to attend	No. attended	No. eligible to attend	No. attended
Guy Paynter	12	11	2	2	1	1
David Bryant	12	12	-	-	-	-
Michael Carroll	12	12	2	2	1	1
Julian Widdup	12	12	2	2	1	1

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Directors' Report

30 June 2019

Non-audit services

During the year ended 30 June 2019 fees of \$5,655 (2018: \$5,655) were paid or payable to PricewaterhouseCoopers for compliance audit services provided.

Auditor's independence declaration

The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001* for the year ended 30 June 2019 has been received and is included on page 7 of the financial report.

The Directors' report is signed in accordance with a resolution of the Board of Directors of Rural Funds Management Limited.

A handwritten signature in black ink, appearing to read 'David Bryant', is written over a light grey rectangular background.

David Bryant
Director

30 August 2019



Auditor's Independence Declaration

As lead auditor for the audit of RFM Poultry for the year ended 30 June 2019, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink, appearing to read 'Rod Dring'.

Rod Dring
Partner
PricewaterhouseCoopers

Sydney
30 August 2019

PricewaterhouseCoopers, ABN 52 780 433 757

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Statement of Comprehensive Income

For the year ended 30 June 2019

	Note	2019 \$	2018 \$
Revenue	5	24,595,665	24,772,117
Other income	6	31,994	119,629
Property lease expenses		(10,730,273)	(10,688,652)
Direct grower expenses		(5,839,807)	(4,849,701)
Contractor fees		(3,491,408)	(4,192,025)
Employee expenses		(2,038,819)	(577,788)
Repairs and maintenance		(2,820,237)	(2,088,804)
Insurance expenses		(582,221)	(370,174)
Professional fees		(550,375)	(510,573)
Other indirect expenses		(131,436)	(101,778)
Management fees		(257,132)	(545,000)
Depreciation and impairment	14	(156,513)	(83,628)
Net (loss)/profit before income tax		(1,970,562)	883,623
Income tax expense	7	(34,025)	(265,087)
Net (loss)/profit after income tax		(2,004,587)	618,536
Other comprehensive income:			
Other comprehensive income		-	-
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income attributable to unitholders		(2,004,587)	618,536
Earnings per unit			
Basic and diluted earnings per unit from continuing operations (cents)		(29.12)	8.98

The accompanying notes form part of these financial statements.

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Statement of Financial Position

As at 30 June 2019

	Note	2019 \$	2018 \$
ASSETS			
Current assets			
Cash and cash equivalents	9	2,505,523	5,432,110
Trade and other receivables	10	1,874,931	1,852,519
Inventories	11	230,807	134,972
Other current assets	12	372,001	425,552
Income tax receivable	18	146,822	46,334
Total current assets		5,130,084	7,891,487
Non-current assets			
Plant and equipment	14	1,893,463	1,357,952
Deferred tax assets	17	-	34,025
Total non-current assets		1,893,463	1,391,977
Total assets		7,023,547	9,283,464
LIABILITIES			
Current liabilities			
Trade and other payables	15	1,528,403	1,319,513
Provisions	16	194,532	236,825
Total current liabilities		1,722,935	1,556,338
Non-current liabilities			
Provisions	16	33,037	917
Total non-current liabilities		33,037	917
Total liabilities (excluding net assets attributable to unitholders)		1,755,972	1,557,255
Net assets attributable to unitholders		5,267,575	7,726,209
Total liabilities		7,023,547	9,283,464

The accompanying notes form part of these financial statements.

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Statement of Changes in Net Assets Attributable to Unitholders

For the year ended 30 June 2019

2019	Issued units	Retained earnings prior years	Current year loss	Total
	\$	\$	\$	\$
Balance at 1 July 2018	6,642,054	1,084,155	-	7,726,209
Loss before income tax	-	-	(1,970,562)	(1,970,562)
Income tax expense	-	-	(34,025)	(34,025)
Total comprehensive income for the year	-	-	(2,004,587)	(2,004,587)
Distributions to unitholders	-	(454,047)	-	(454,047)
Balance at 30 June 2019	6,642,054	630,108	(2,004,587)	5,267,575

2018	Issued units	Retained earnings prior years	Current year profit	Total
	\$	\$	\$	\$
Balance at 1 July 2017	6,642,054	1,157,503	-	7,799,557
Profit before income tax	-	-	883,623	883,623
Income tax expense	-	-	(265,087)	(265,087)
Total comprehensive income for the year	-	-	618,536	618,536
Distributions to unitholders	-	(691,884)	-	(691,884)
Balance at 30 June 2018	6,642,054	465,619	618,536	7,726,209

The accompanying notes form part of these financial statements.

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Statement of Cash Flows

For the year ended 30 June 2019

	Note	2019 \$	2018 \$
Cash flows from operating activities			
Receipts from customers		27,021,063	27,315,752
Payments to suppliers and employees		(28,601,038)	(26,334,730)
Interest received	6	31,484	84,677
Income tax paid		(100,488)	(234,538)
Net cash (outflow)/inflow from operating activities	25	(1,648,979)	831,161
Cash flows from investing activities			
Payments for plant and equipment		(654,616)	(952,074)
Net cash outflow from investing activities		(654,616)	(952,074)
Cash flows from financing activities			
Distributions paid		(622,992)	(677,139)
Net cash outflow from financing activities		(622,992)	(677,139)
Net (Decrease) in cash and cash equivalents held		(2,926,587)	(798,052)
Cash and cash equivalents at the beginning of the year		5,432,110	6,230,162
Cash and cash equivalents at the end of the year	9	2,505,523	5,432,110

The accompanying notes form part of these financial statements.

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Notes to the Financial Statements

30 June 2019

1 General information

These financial statements cover RFM Poultry (RFP or the Trust) as an individual entity. RFM Poultry is a for profit entity domiciled in Australia.

The Directors of the Responsible Entity authorised the Financial Report for issue on 30 August 2019 and have the power to amend and reissue the Financial Report.

Items included in the financial statements are measured using the currency of the primary economic environment in which the Trust operates (functional currency), which is Australian dollars. The financial statements are presented in Australian dollars which is the Trust's functional and presentation currency.

2 Summary of significant accounting policies

Basis of preparation

The accounting policies that have been adopted in respect of the financial report are those of Rural Funds Management Limited (RFM) as responsible entity of the Trust.

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting interpretations, other authoritative pronouncements of the Australian Accounting Standard Board, the Trust's constitution and the *Corporations Act 2001*.

The financial statements and accompanying notes of RFM Poultry comply with International Financial Reporting Standards as issued by the International Accounting Standards Board. The significant accounting policies used in the preparation and presentation of these financial statements are provided below and are consistent with prior reporting periods unless otherwise stated. The financial statements are based on historical cost.

New and amended standards adopted by the Trust

A number of new or amended standards became applicable for the current reporting period and the Trust had to change its accounting policies:

- AASB 9 *Financial Instruments*, and
- AASB 15 *Revenue from Contracts with Customers*.

The adoption AASB 9 and AASB 15 and other amendments did not have any material impact on the financial performance of the Trust.

Going concern

The report has been prepared on a going concern basis. The Directors believe the Trust will be able to pay its debts as and when they fall due. However, RFM is pessimistic about RFP's future prospects and sustainability, given the increasing intensity of the operating environment. Based on current assumptions, a cash flow forecast for the next 12 months indicates that the Trust will have sufficient cashflow and equity to be able to meet its working capital commitments through the normal course of business.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

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Notes to the Financial Statements

30 June 2019

2 Summary of significant accounting policies (continued)

Trade and other receivables

Trade and other receivables include accrued income for poultry growing fees which is receivable one month in arrears.

Trade Receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses.

The Trust has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance.

Amounts are generally received within 30 days of being recorded as receivable.

Inventories

Inventories are measured at the lower of cost and net realisable value. Cost of inventory is determined using the first-in-first-out basis and is net of any rebates and discounts received.

Plant and equipment

General information

Each class of plant and equipment is carried at cost less, any accumulated depreciation, and any impairment losses. Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight-line basis over their useful lives to the Trust commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Capital works in progress	Nil
Plant and equipment	5-33 years
Office furniture, fixtures and fittings	3-16 years
Motor vehicles	8 years
Leasehold improvements	5-20 years

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

Impairment of non-financial assets

At the end of each reporting year the Trust reviews the carrying values of its tangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Statement of Comprehensive Income.

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Notes to the Financial Statements

30 June 2019

2 Summary of significant accounting policies (continued)

Financial assets and liabilities

Recognition

Financial instruments are recognised initially using trade date accounting, i.e. on the date that the Trust becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Financial liabilities

Financial liabilities are recognised when the Trust becomes a party to the contractual agreements of the instrument. All interest-related charges are reported in profit or loss and are included in the income statement line item titled "finance costs".

All financial liabilities are measured at amortised cost.

Trade and other payables

Liabilities for creditors are carried at amortised cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Trust.

Payables include outstanding settlements on distributions payable. The carrying period of payables is dictated by market conditions and is generally less than 60 days.

Provisions

Provisions are recognised when the Trust has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Employee benefits

Short term obligations

Provision is made for the employee benefits including salary and wages and annual leave arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs.

Long term obligations

Liabilities for long service leave are not expected to be settled wholly within 12 months after the end of the year in which the employees render the service. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows for those benefits.

Notes to the Financial Statements

30 June 2019

2 Summary of significant accounting policies (continued)

Revenue

Revenue is recognised at an amount that reflects the consideration to which the Trust is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Trust identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are initially recognised as deferred revenue in the form of a separate refund liability.

Revenue for managing the growth of chicken batches is recognised upon the performance of the growing service to the customers on an accruals basis.

Interest revenue is recognised on an accrual basis taking into account the interest rates applicable to the financial assets.

Revenue from the rental of on-farm housing is recognised in income over the rental period on an accruals basis.

All revenue is stated net of the amount of goods and services tax (GST).

Leases

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the life of the lease term.

Finance costs

Finance costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other finance costs are recognised in the Statement of Comprehensive Income in the year in which they are incurred.

Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO).

Receivables and payables are shown inclusive of GST.

Cash flows in the Statement of Cash Flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

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Notes to the Financial Statements

30 June 2019

2 Summary of significant accounting policies (continued)

Income tax

The charge for current income tax expense is based on the profit adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the year when the asset is recognised or liability is settled. Deferred tax is credited in the Statement of Comprehensive Income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be recognised.

The amount of benefits brought to account or which may be recognised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Trust will derive sufficient future assessable income to enable the benefit to be recognised and comply with the conditions of deductibility imposed by the law.

Earnings per unit

Basic earnings per unit are calculated on net profit/(loss) attributable to unitholders of the Trust divided by the weighted average number of issued units.

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Notes to the Financial Statements

30 June 2019

2 Summary of significant accounting policies (continued)

Issued units

Ordinary units are classified as liabilities in accordance with AASB 132 *Financial Instruments: Presentation*. Incremental costs directly attributable to the issue of ordinary units and unit options which vest immediately are recognised as a deduction from net assets attributable to unitholders, net of any tax effects. There is no equity relating to the Trust.

Distributions

In accordance with the Trust's Constitution, the Responsible Entity of the Trust has the discretion to distribute both income and capital.

New accounting standards and interpretations

Standard Name	Effective date for the Trust	Requirements	Impact
AASB 16 Leases	1 July 2019	Introduces a single lease accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months.	Management is currently assessing the impact of the new rules. It is expected that this standard will have a significant impact on the property leases of the Trust. Total assets and liabilities to be recognised on 1 July 2019 are: Right-of-use lease asset \$77,678,646 Lease liability \$77,678,646

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods.

Notes to the Financial Statements

30 June 2019

3 Significant accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements, estimates and assumptions in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors it believes to be reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

Management has identified no reported amounts for which significant judgements, estimates and assumptions are made.

4 Operating segments

RFP operates one business segment (2018: one segment) being the growing of chickens under contract to a third party. Performance of the segment is measured on profit before tax as included in internal financial reports.

All revenue is generated in Australia, and all non-current assets are located in Australia. Two external customers individually account for more than 10% of Trust revenues.

5 Revenue

	2019	2018
	\$	\$
Grower fees	24,478,098	24,611,600
Rental revenue	117,567	160,517
Total	24,595,665	24,772,117

6 Other income

Interest income	31,484	84,677
Other income	510	34,952
Total	31,994	119,629

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Notes to the Financial Statements

30 June 2019

7 Income tax expense

The major components of income tax comprise:

	2019	2018
	\$	\$
Current tax	-	269,023
Deferred tax	34,025	(3,936)
Income tax expense reported in the Statement of Comprehensive Income	34,025	265,087

Income tax expense is attributable to:

Profit from continuing operations	34,025	265,087
Total	34,025	265,087

Numerical reconciliation of income tax benefit/ expense to prima facie tax payable:

Net (loss)/ profit before tax from continuing operations	(1,970,562)	883,623
At the statutory income tax rate of 27.5% (2018: 30%)	(541,905)	265,087
Adjustments in respect deferred income tax of previous years	36,861	-
Tax losses not recognised	539,069	-
Total	34,025	265,087

Tax losses during the year have not been recognised as their recoverability is not deemed certain at this point in time.

8 Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the Trust:

PricewaterhouseCoopers Australia :		
Auditing and review of financial report	49,496	47,787
Compliance audit	5,655	5,655
Total	55,151	53,442

9 Cash and cash equivalents

Cash at bank	2,505,523	5,432,110
Total	2,505,523	5,432,110

Reconciliation of cash

Cash and cash equivalents reported in the Statement of Cash Flows are reconciled to the equivalent items in the Statement of Financial Position as follows:

Cash and cash equivalents	2,505,523	5,432,110
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Notes to the Financial Statements

30 June 2019

10 Trade and other receivables

	2019	2018
Current	\$	\$
Trade receivables	-	12,582
Accrued income	1,874,931	1,839,937
Total	1,874,931	1,852,519

Receivables are recognised and carried at original amount, less an allowance for any uncollectable amounts. An estimate for doubtful debts is made when collection of an amount is no longer probable. Financial difficulties of the debtor, default payments or debts more than 180 days are considered objective evidence of impairment.

Trade receivables are non-interest bearing and are generally on 30 days terms at 30 June 2019, there were no impaired or past due receivables (2018: nil).

Accrued income includes poultry growing fees which are receivable one month in arrears.

11 Inventories

Current		
Gas inventory	55,063	70,102
Chemicals	-	9,480
Parts	175,744	55,390
Total	230,807	134,972

12 Other current assets

Current		
Prepayments	262,857	398,588
Lease receivable	-	7,735
Sundry debtors	109,144	10,229
Other assets	-	9,000
Total	372,001	425,552

13 Minimum lease payments

Minimum lease payments under non-cancellable operating leases of land, buildings and improvements not recognised in the financial statements, are payable as follows:

Within one year	10,880,115	10,705,774
More than one year, but not later than five years	42,069,824	44,233,056
Later than five years	39,428,544	54,773,332
Total	92,378,484	109,712,162

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14 Plant and equipment

	2019	2018
	\$	\$
Plant and equipment		
Cost	936,653	484,142
Accumulated depreciation	(146,189)	(79,761)
Total plant and equipment	790,464	404,381
Office furniture, fixtures and fittings		
Cost	33,775	4,108
Accumulated depreciation	(5,732)	(2,706)
Total office furniture, fixtures and fittings	28,043	1,402
Motor vehicles		
Cost	140,144	140,144
Accumulated depreciation	(91,340)	(81,059)
Total motor vehicles	48,804	59,085
Leasehold improvements		
Cost	1,150,595	825,469
Accumulated depreciation	(124,443)	(47,665)
Total Leasehold improvements	1,026,152	777,804
Capital works in progress		
Cost	-	115,280
Accumulated depreciation	-	-
Total Capital works in progress	-	115,280
Total plant and equipment	1,893,463	1,357,952

Movement in carrying amounts of plant and equipment:

	Plant and equipment	Office furniture, fixtures and fittings	Motor vehicles	Leasehold improvements	Capital works in progress	Total
	\$	\$	\$	\$	\$	\$
2019						
Opening net book amount	404,381	1,402	59,085	777,804	115,280	1,357,952
Additions	452,511	29,667	-	209,846	-	692,024
Transfers	-	-	-	115,280	(115,280)	-
Depreciation	(66,428)	(3,026)	(10,281)	(76,778)	-	(156,513)
Closing net book amount	790,464	28,043	48,804	1,026,152	-	1,893,463
	Plant and equipment	Office furniture, fixtures and fittings	Motor vehicles	Leasehold improvements	Capital works in progress	Total
	\$	\$	\$	\$	\$	\$
2018						
Opening net book amount	161,130	2,243	71,112	185,853	-	420,338
Additions	270,259	-	4,000	-	746,983	1,021,242
Transfers	-	-	-	631,703	(631,703)	-
Depreciation	(27,008)	(841)	(16,027)	(39,752)	-	(83,628)
Closing net book amount	404,381	1,402	59,085	777,804	115,280	1,357,952

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Notes to the Financial Statements

30 June 2019

15 Trade and other payables

	2019	2018
	\$	\$
Trade payables	681,859	378,162
Accruals	679,195	884,427
Sundry payables	167,349	56,924
Total	1,528,403	1,319,513

16 Provisions

Current		
Employee entitlements	163,620	36,968
Provision for distribution	30,912	199,857
Total	194,532	236,825
Non-current		
Employee entitlements	33,037	917
Total	33,037	917

17 Deferred tax

Deferred tax assets

	2019	2018
	\$	\$
Accruals	-	22,660
Provision for employee entitlements - current	-	11,090
Provision for employee entitlements - noncurrent	-	275
Total	-	34,025

Deferred tax assets have not been recognised as their recoverability is not deemed certain at this point in time.

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Notes to the Financial Statements

30 June 2019

18 Recognised tax assets and liabilities

	Current income tax		Deferred income tax	
	2019	2018	2019	2018
	\$	\$	\$	\$
Opening balance	46,334	80,819	34,025	30,089
Income tax expense	-	(269,023)	(34,025)	3,936
Payments	100,488	234,538	-	-
Closing balance	146,822	46,334	-	34,025
Tax expense in Statement of Comprehensive Income			34,025	265,087
Amounts recognised in the Statement of Financial Position				
Deferred tax assets			-	34,025
Total			-	34,025

19 Financial risk management

Financial risk management policies

Risks arising from holding financial instruments are inherent in the Trust's activities and are managed through a process of ongoing identification, measurement and monitoring. The Trust is exposed to credit risk and liquidity risk.

Financial instruments of the Trust comprise cash and cash equivalents and other financial instruments such as trade debtors and creditors, which arise directly from the operations.

The Responsible entity is responsible for identifying and controlling the risks that arise from these financial instruments.

The risks are measured using a method that reflects the expected impact on the results and net assets attributable to unitholders of the Trust from changes in the relevant risk variables. Information about these risk exposures at the reporting date, measured on this basis, is disclosed below.

Concentration of risk arise where a number of financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

In order to avoid excessive concentration of risk, the Trust monitors its exposure to ensure concentrations of risk remain within acceptable levels and either reduces exposure or uses derivative instruments to manage excessive risk concentrations when they arrive.

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Notes to the Financial Statements

30 June 2019

19 Financial risk management (continued)

Liquidity risk and capital management

The table below reflects all contractually fixed repayments resulting from recognised financial assets and liabilities as at 30 June 2019. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 6 months		6 months to 1 year		1 to 5 years		Over 5 years		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Financial assets										
Cash and cash equivalents	2,505,523	5,432,110	-	-	-	-	-	-	2,505,523	5,432,110
Trade and other receivables	1,874,931	1,852,519	-	-	-	-	-	-	1,874,931	1,852,519
Total	4,380,454	7,284,629	-	-	-	-	-	-	4,380,454	7,284,629
Financial liabilities										
Trade and other payables	1,528,403	1,319,513	-	-	-	-	-	-	1,528,403	1,319,513
Total	1,528,403	1,319,513	-	-	-	-	-	-	1,528,403	1,319,513

The Trust manages liquidity risk by monitoring forecast cash flows and ensuring that adequate cash reserves are maintained.

The responsible entity of the Trust defines capital as net assets attributable to unit holders. The Trust's objectives when managing capital are to safeguard the going concern of the Trust and maintain an optimal capital structure.

The Trust is able to maintain or adjust its capital by divesting assets or adjusting the amount of distributions paid to unitholders.

Notes to the Financial Statements

30 June 2019

19 Financial risk management (continued)

Credit risk

The following table details the Trust's trade and other receivables exposure to credit risk (prior to collateral and other credit enhancements) with aging analysis and impairment provided therein. Amounts are considered as 'past due' when the debt has not been settled, within the terms and conditions agreed between the Trust and the customer or counterparty to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there is objective evidence indicating that the debt may not be fully paid to the trust.

	Gross amount	Within initial trade terms	Past due but not impaired (days overdue)				Past due and impaired
			<30	30-60	61-90	>90	
	\$	\$	\$	\$	\$	\$	\$
2019							
Trade and other receivables	1,874,931	1,874,931	-	-	-	-	-
Total	1,874,931	1,874,931	-	-	-	-	-
2018							
Trade and other receivables	1,852,519	1,852,519	-	-	-	-	-
Total	1,852,519	1,852,519	-	-	-	-	-

The Trust does not hold any financial assets with terms that have been renegotiated, but which would otherwise be past due or impaired. Receivables do not contain impaired assets.

Credit risk arises from the financial assets of the Trust, which comprise cash and cash equivalents and trade and other receivables. The Trust's exposure to risk arises from potential default of the counterparty, with a maximum exposure equal to the carrying amount of the financial assets and accrued income.

At 30 June 2019 Baiada Poultry Pty Limited (Baiada) and Turi Foods Pty Limited (Turi Foods) were the sole customers of RFP's chicken growing activities in Griffith NSW and in Lethbridge VIC respectively. Baiada and Turi Foods are two of Australia's largest poultry producers with farming, processing, distribution, marketing and sales operations. Baiada and Turi contract with RFP in relation to the provision of broiler sheds and managing the growth of chicken batches.

The credit risk is managed through careful monitoring of debtor outstanding balances and through the ongoing relationship and communication with RFP's customers.

The maximum exposure to credit risk (excluding the value of collateral or other security) at balance date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets. This has been disclosed in the Statement of Financial Position and notes to the financial statements.

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Notes to the Financial Statements

30 June 2019

20 Distributions

The Trust paid and declared the following distributions in the year:

	Cents per unit	Total \$
Distribution declared 1 June 2018, paid 31 July 2018	2.5125	172,971
Distribution paid 31 October 2018	2.6920	185,328
Distribution paid 31 January 2019	2.6022	179,146
Distribution paid 30 April 2019	1.3011	89,573

21 Earnings per unit

	2019	2018
Net (loss)/profit after income tax for the year (\$)	(2,004,587)	618,536
Weighted average number of units on issue during the year	6,884,416	6,884,416
Basic and diluted earnings per unit (total) (cents)	(29.12)	8.98

22 Issued units

	2019 No of units	2018 No of units
Units on issue at the beginning of the year	6,884,416	6,884,416
Units issued during the year	-	-
Units on issue at the end of the year	6,884,416	6,884,416

23 Key management personnel

Directors

The directors of RFM are considered to be key management personnel of the Trust. The Directors of the responsible entity in office during the year and up to the date of report are:

Guy Paynter
David Bryant
Michael Carroll
Julian Widdup

Interests of Directors of the responsible entity

Units in the Trust held by Directors of RFM or entities controlled by Directors of RFM as at 30 June 2019 were:

	Guy Paynter Units	David Bryant Units
Balance at 30 June 2017	21,507	247,256
Additions	-	-
Balance at 30 June 2018	21,507	247,256
Additions	-	-
Balance at 30 June 2019	21,507	247,256

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Notes to the Financial Statements

30 June 2019

23 Key management personnel (continued)

Other key management personnel

In addition to the Directors noted above, RFM, the Responsible Entity of the Trust is considered to be key management personnel with the authority for the strategic direction and management of the Trust.

The constitution of RFP is a legally binding document between the unit holders of the Trust and RFM as responsible entity. Under the constitution, RFM is entitled to the following remuneration:

- Contribution fee: 3% (2018: 3%) of the value of each application for units in the Trust (not applicable to units issued at formation of RFP or for units issued as part of dividends reinvestment plan);
- Asset management fees: 5% (2018: 5%) of farm operating expenses;
- Performance bonus: 15% (2018: 15%) of the amount by which return on equity in a year exceeds an amount equal to 15% per annum of the total application price of units on issue during the financial year;
- Acquisition fee: 2% (2018: 2%) of the total purchase price of an asset purchased by the Trust; and,
- Expenses: all expenses incurred by RFM in relation to the proper performance of its duties in respect of the Trust are payable or reimbursable out of the Trust assets to the extent that such reimbursements is not prohibited by corporation law.

Compensation of key management personnel

No amount is paid by the Trust directly to the directors of the responsible entity. Consequently, no compensation as defined in AASB 124 *Related Party Disclosures* is paid by the Trust to the Directors as key management personnel. Fees paid to RFM, the responsible entity are disclosed in note 24.

24 Related party transactions

Responsible entity (Rural Funds Management) and related entities

Transactions between the Trust and the responsible entity and its associated entities are shown below:

	2019	2018
	\$	\$
Asset management fee	257,132	545,000
Total management fees	257,132	545,000
Expenses reimbursed to RFM	1,694,277	1,181,232
Lease expenses paid to Rural Funds Group	10,717,331	10,670,301
Water purchase from Rural Funds Group	48,846	-
Expenses reimbursed by Rural Funds Group	(400,974)	-
Distribution paid/payable to RFM	20,541	28,332
Distribution paid/payable to Rural Funds Group	9,892	13,645
Total amount paid to RFM and related entities	12,347,044	12,438,510

Creditors

Current		
Rural Funds Group	7,392	-
RFM	264,794	29,918
Total	272,186	29,918

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Notes to the Financial Statements

30 June 2019

24 Related party transactions (continued)

Entities with influence over the Trust

	2019		2018	
	Units	%	Units	%
RFM	225,529	3.28	225,529	3.28
Rural Funds Group	108,615	1.58	108,615	1.58

25 Cash flow information

Reconciliation of net loss/profit after income tax to cash flow from operating activities:

	2019	2018
	\$	\$
Net (loss)/profit after income tax	(2,004,587)	618,536
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in loss/profit		
Depreciation and impairment	156,513	83,628
Changes in assets and liabilities		
(Increase)/decrease in trade and other receivables	(22,412)	44,028
(Increase) in other current assets	(53,025)	(123,637)
(Increase) in inventories	(95,835)	(91,482)
Decrease/(Increase) in deferred tax assets	34,025	(3,936)
Increase in trade and other payables	278,058	259,925
Increase in provisions	158,772	9,614
(Increase)/decrease in income tax receivable	(100,488)	34,485
Cash (outflow)/inflow from operating activities	(1,648,979)	831,161

26 Economic dependence

At 30 June 2019 80% of RFP's revenue from poultry growing activities comes from growing contracts with Baiada Poultry Pty Limited (ABN 96 002 925 948) (Baiada). RFP is therefore economically dependent on Baiada.

27 Events after the reporting date

No matters or circumstance has arisen since the end of the year that has significantly affected or could significantly affect the operations of the Trust, the results of those operations or the state of affairs of the Trust in future financial years.

28 Likely development and expected results

The Trust is expected to continue poultry growing activities and to provide regular distributions to investors.

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Directors' Declaration

30 June 2019

In the Directors of the Responsible Entity's opinion:

- 1 The financial statements and notes of RFM Poultry set out on pages 8 to 28 are in accordance with the *Corporations Act 2001*, including:
 - a. comply with Accounting Standards, *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - b. give a true and fair view of the Trust's financial position as at 30 June 2019 and of its performance for the year ended on that date; and
- 2 There are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

Note 2 confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standard Board.

The Directors have been given the declarations by the persons performing the chief executive officer and chief financial officer functions as required by section 295A of *the Corporations Act 2001*.

This declaration is made in accordance with a resolution of the Board of the Directors of Rural Funds Management Limited.



David Bryant
Director

30 August 2019



Independent auditor's report

To the unitholders of RFM Poultry

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of RFM Poultry (the Registered Scheme) is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Registered Scheme's financial position as at 30 June 2019 and of its financial performance for the year then ended
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The financial report comprises:

- the statement of financial position as at 30 June 2019
- the statement of comprehensive income for the year then ended
- the statement of changes in net assets attributable to unitholders for the year then ended
- the statement of cash flows for the year then ended
- the notes to the financial statements, which include a summary of significant accounting policies
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Registered Scheme in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if

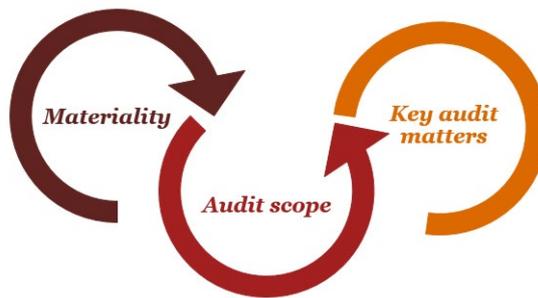
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individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Registered Scheme, its accounting processes and controls and the industry in which it operates.



Materiality

- For the purpose of our audit we used overall materiality of \$66,000, which represents approximately 5% of the Registered Scheme's three years' average profit and loss before tax.
- We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole.
- We chose profit and loss before tax because, in our view, it is the benchmark against which the performance of the Registered Scheme is most commonly measured. Due to fluctuations in profit and loss from year to year, we chose a three year average.
- We utilised a 5% threshold based on our professional judgement, noting it is within the range of commonly acceptable profit and loss related thresholds.

Audit Scope

- Our audit focused on where the Registered Scheme made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context. We communicated the key audit matters to the Audit Committee.



Key audit matter

How our audit addressed the key audit matter

Related party transactions

(Refer to note 24)

The Registered Scheme's Responsible Entity, along with its subsidiaries and other funds for which it is the Responsible Entity, are considered related parties of the Registered Scheme. Key transactions with these parties include:

- lease of land, buildings, plant and equipment from related party lessor
- purchase of water from related party lessor
- reimbursement of capital expenditure costs from the related party lessor
- distributions made to related parties
- reimbursement of operating expenses made to related party lessor and Responsible Entity
- asset management fees paid/payable to the Responsible Entity.

We considered the related party transactions to be a key audit matter due to the influence of related parties on the Registered Scheme, as well as the potential impact of these transactions on the results of the Registered Scheme. Additionally, because of their nature, they are pervasive and material to the presentation of and disclosures within the financial report.

- We obtained an understanding of the Registered Scheme's processes for identifying related parties and related party transactions, through discussions with management.
- For significant contracts entered into during the year, we verified that the transactions were approved in accordance with internal procedures including involvement of key personnel at the appropriate level by inspecting relevant supporting documents.
- For a sample of lease expenses incurred during the year, we compared the lease expenses to the relevant supporting documents including the lease agreements.
- For asset management fees, we compared the rate used to determine fees to the rates disclosed in the constitution documents for the Registered Scheme issued on formation of the Registered Scheme.
- We discussed the related party transactions with management to obtain an understanding of the business rationale for the transactions.
- We assessed the adequacy of the disclosures in Note 24, of related party relationships and transactions in light of the requirements of Australian Accounting Standards.

Other information

The directors of the Responsible Entity are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon. Prior to the date of this auditor's report, the other information we obtained included the Corporate Directory, Directors' Report, and National Stock Exchange of Australia (NSX) additional information. We expect the remaining other information to be made available to us after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and we do not and will not express an opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.



If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the other information not yet received, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors of the Responsible Entity and use our professional judgement to determine the appropriate action to take.

Responsibilities of the directors of the Responsible Entity for the financial report

The directors of the Responsible Entity of the Registered Scheme are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors of the Responsible Entity determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors of the Responsible Entity are responsible for assessing the ability of the Registered Scheme to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Responsible Entity either intends to liquidate the Registered Scheme or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar2.pdf. This description forms part of our auditor's report.

A handwritten signature in black ink, appearing to read 'PricewaterhouseCoopers', written in a cursive style.

PricewaterhouseCoopers

A handwritten signature in black ink, appearing to read 'Rod Dring', written in a cursive style.

Rod Dring
Partner

Sydney
30 August 2019

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Additional Information for Listed Public Entities

30 June 2019

NSX Additional Information

Additional information required by National Stock Exchange of Australia Listing Rules and not disclosed elsewhere in this report is set out below. This information is effective as at 30 June 2019.

Distribution of equity securities

Analysis of numbers of unitholders by size of holdings:

	Unitholders
1 - 1,000	166
1,001 - 5,000	625
5,001 - 10,000	134
10,001 - 100,000	86
100,000 and over	9

RFM considers that there were 33 holders of a less than marketable parcel of units at 30 June 2019.

Substantial unitholders

The number of substantial unitholders and their associates are set out below.

Unitholders	Units held	%
Kaizen Capital Pty Ltd	933,698	13.56

Voting rights

Ordinary Units

All ordinary units carry one vote per unit without restriction

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Additional Information for Listed Public Entities

30 June 2019

Twenty largest unitholders at 30 June 2019

	Units held	%
Kaizen Capital Pty Ltd	933,698	13.56
3KY Pty Ltd (Kenneth Yu Super Fund)	412,000	5.98
Rural Funds Management Limited	225,529	3.28
Mr Stanley John Evans & Mrs Beverley Joy Evans	220,000	3.20
Mr Vinh Ngo-Da	198,815	2.89
The Capozzi Family Super Fund	143,759	2.09
K Little Engineering Pty Ltd	147,116	2.14
WF Super Pty Ltd	117,463	1.71
Aust Executor Trustees Ltd (Rural Funds Group)	108,615	1.58
J & M Cameron Pty Ltd (J Cameron Super Fund)	80,087	1.16
Solano Investment Llc	66,000	0.96
Mr Luke Gregory Ross	60,148	0.87
Mr J Dworkin & Mrs H Dworkin	55,529	0.81
Lubbo Pty Ltd (Lubberink Super Fund)	52,407	0.76
Sccasp Holdings Pty Ltd	51,891	0.75
Westro Pty Ltd	49,000	0.71
Mrs Janet Robinson & Mr Alan Edwin Robinson	79,987	1.16
Mr Gary Leonard Russell & Mrs Rita Elanor Russell	46,257	0.67
Legin & Mik Pty Ltd	43,387	0.63
Lesral Pty Ltd	43,215	0.63
	3,134,903	45.54

Securities exchange

The Trust is listed on the National Stock Exchange of Australia (NSX)

Responsible Entity

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