

RFM Poultry (NSX: RFP)

Financial results presentation half year ended 31 December 2014

3 March 2015



Disclaimer

This presentation has been prepared by Rural Funds Management Limited (ACN 077 492 838) ("RFM") as the responsible entity of RFM Poultry (ARSN 164 851 218) ("**RFP**"). The information contained in this presentation is not investment or financial product advice and is not intended to be used as the basis for making an investment decision. Please note that, in providing this presentation, RFM has not considered the investment objectives, financial circumstances or particular needs of any particular recipients.

This presentation is not, and does not constitute, an offer to sell or the solicitation, invitation or recommendation to purchase any securities and neither this presentation nor anything contained herein shall form the basis of any contract or commitment. In particular, this presentation does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States. This Presentation must not be released or distributed in the United States. Any securities described in this presentation have not been, and will not be, registered under the US Securities Act of 1933 and may not be offered or sold in the United States except in transactions exempt from, or not subject to, registration under the US Securities Act and applicable US state securities laws.

RFM has prepared this presentation based on information available to it at the time of preparation. No representation or warranty is made as to the fairness, accuracy or completeness of the information, opinions and conclusions contained in this presentation or any other information that RFM otherwise provides to you. To the maximum extent permitted by law, RFM, their related bodies corporate and their officers, employees and advisers are not liable for any direct, indirect or consequential loss or damage suffered by any person as a result of relying on this presentation or otherwise in connection with it.

This presentation includes "forward-looking statements". These forward-looking statements are based on current views, expectations and beliefs as at the date they are expressed. They involve known and unknown risks, uncertainties and other factors which could cause the actual results, performance or achievements of RFP to be materially different from those expressed or implied by the forward-looking statements. Accordingly, there can be no assurance or guarantee that these statements and you must not place undue reliance on these forward-looking statements. RFM and RFP disclaims any responsibility for the accuracy or completeness of any forward-looking statements.

1. Highlights and results summary
2. Forecasts
3. Strategic and operational update
4. Appendices

RFM attendees



Stuart Waight
*Chief Operating
Officer*



Daniel Yap
Financial Controller



James Powell
*Investor Relations &
Distribution Manager*

Highlights and results



Highlights first half FY2015

Achievements

- Outsourced maintenance activities of Griffith farms to a third party
- Sale facility for small parcels completed 24 September 2014
- 9% register turnover for result period and 18% since listing

Financial

- Net profit after tax of \$745,168
- Earnings per unit of 10.95 cents
- Net assets of \$7.0m
- Nil interest bearing liabilities

Forecasts FY15

- Profit expected to be above previous guidance
- Distributions of 14.35 cents per unit (CPU), inclusive of franking credits, forecast for 12 months ended 30 June 2015 maintained in line with previous forecast

Results summary

Metrics as at 31 December 2014

Income		
	Revenue	12,851,633
	Net profit after income tax	745,168
	Earnings per unit (cents)	10.95
Portfolio		
	Net asset value (NAV)	7,030,850
	NAV per unit	1.03
Balance sheet		
	Gross assets	9,146,961
	External borrowings	Nil
Distributions		
	Declared September 2014 (CPU)	2.51
	Declared December 2014 (CPU)	2.51

- Results reflect 6 months of operations to 31 December 2014
- Result above expectation for the period due to:
 - Lower gas cost
 - Maintenance timing
- Declared distributions expected to attract an additional 1.07 CPU franking per quarter

First half FY2015 results

Summarised statement of comprehensive income

	6 months ended 31 Dec 2014	Period ended 31 Dec 2013
Revenue	12,851,633	950,978
Other income	30,681	-
Total income	12,882,314	950,978
Direct grower costs	(9,780,926)	(811,484)
Employee costs	(351,769)	(22,080)
Depreciation and impairment	(25,025)	(2,081)
Repairs and maintenance	(735,245)	(34,593)
Management fees	(289,382)	(22,891)
Other expenses	(635,441)	(42,386)
Net profit before income tax	1,064,526	15,463
Income tax expense	(319,358)	(4,850)
Net profit after income tax	745,168	10,613
Total comprehensive income	745,168	10,613

- Comparative period of 31 December 2013 relates to 13 days of operation
- RFM outsourced the maintenance activities of Griffith farms in December 2014 which is expected to bring operational efficiencies to RFP
- Result above expectation for the period due to:
 - Lower gas usage than achieved on implementation of RSPCA standards in previous year
 - Timing difference on repairs and maintenance

First half FY2015 results

Summarised balance sheet

	As at 31 Dec 2014	As at 30 Jun 2014
Cash and cash equivalents	5,383,442	4,065,890
Trade and other receivables	3,219,805	4,198,374
Other current assets	242,916	283,043
Plant and equipment	286,937	311,962
Deferred tax assets	13,861	46,837
Total assets	9,146,961	8,906,106
Trade and other payables	1,470,838	1,834,823
Short term provisions	183,786	276,176
Income tax payable	459,092	172,711
Long term provisions	2,395	14,380
Total liabilities	2,116,111	2,298,090
Net assets	7,030,850	6,608,016
Units on issue	6,820,062	6,794,115

- Net assets \$7.0m
- NAV per unit \$1.03
- Nil interest bearing liabilities
- Cash position will fluctuate depending on the timing of the batch cycle

Forecasts



- Revised profit before tax forecast to be in the range of \$1.25m to \$1.40m or \$0.86m to \$0.98m after tax, reflecting lower gas costs across the year
- Profitability lower in second half FY2015 as a result of maintenance timing
- Distributions remain as previously forecast result to 30 June 2015

Distributions

Record date	CPU
30 September 2014 (inc franking)	3.58
30 December 2014 (inc franking)	3.58
31 March 2015 (inc franking) f	3.58
30 June 2015 (inc franking) f	3.58

Key forecasts FY15 at disclosure date 11 September 2014

Profit / (loss) before tax (\$)	1,091,636
Earnings per unit after tax	11.25 cents
Profit / (loss) after tax (\$)	764,484
Earnings per unit before tax	16.07 cents
Distributions per unit (inc franking)	14.35 cents
Distribution payment frequency	Quarterly

Strategic and operational update



- Completed the outsourcing of the RFP assets maintenance function to a third party as outlined in FY14 accounts presentation. This will allow RFP management to focus on chicken growing activities, and allow the external provider to focus on maintenance activities. The overall costs of the maintenance activities are not expected to change materially however there may be some positive impact on overhead costs
- All poultry sheds in Griffith leased by RFP were endorsed as compliant with RSPCA guidelines for the half year ended 31 December 2014, securing RFP's position as a premium chicken grower
- It is expected that the Griffith farms will adopt a new simpler bonus and penalty system. This system measures performance to the average of all applicable farms and subsequently all new farms will be introduced into the pool. While the same outright limit on bonus and penalties applies, additional rights relating to disease identification are conveyed to RFP
- Manager maintains a focus on:
 - continuing to work closely with processor
 - seeking to improve awareness of RFP to increase liquidity and fair valuation
 - investigating new opportunities; currently considering options in renewable energy

Appendices



RFP further details

- One of Australia's largest contract chicken growers (growing ~30 million birds p.a.) successfully managed by RFM since 2003
- RFP has long term contracts for growing chicken spanning 10 to 22 years with Bartter Enterprises Pty Ltd which is a wholly owned subsidiary of Baiada Poultry Pty Ltd (Baiada), assets leased from the Rural Funds Group
- 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
- Each farm undertakes ~5 to 6 growing cycles per year
- RFP grower payments are primarily based on the size of the chicken growing facilities, not on throughput (i.e. take-or-pay contracts)
- Baiada owns and delivers chicks, provides the necessary food and other inputs, and then collects the chickens for processing. RFP therefore does 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
- Further details can be obtained from the RFM Poultry Product Disclosure Statement dated 21 October 2013 available at www.ruralfunds.com.au or by calling RFM on 1800 026 665

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	303,216 sqm
FY15 lease cost	\$10.35m
FY15 lease indexation	1.96%
Water entitlement	Leased property includes water entitlement attached to each farm



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 has historically operated as an external manager and is currently the responsible entity for 7 agricultural investment funds which as at 31 December 2014 had approximately \$313m of assets under management in New South Wales, South Australia and Victoria and a combined FY15 turnover of approximately \$85m
- RFM holds units in each of the listed funds that it manages
- RFM manages additional operational entities enabling RFF 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 24 full time corporate staff (offices in Canberra, Sydney and Melbourne) and 14 full time 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 below. Further details can be obtained from the RFM Poultry Product Disclosure Statement dated 21 October 2013 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 \$300m in assets acquisitions across eight Australian agricultural regions, including negotiating the acquisition of more than 25 properties and over 60,000 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, 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
- Responsible for reviewing and optimising the performance of the RFM funds, and analysing future developments, acquisitions, and investments
- Oversees the Asset Management activities, as well as the Farm Management activities of the National Manager of each of Poultry, Vines, Almonds, and Cotton



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



Tim Sheridan
Senior Analyst

- Joined RFM in 2008
- Responsible for the analysis of financial performance, and the analysis of future development and investment opportunities



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



Rural Funds Management Ltd

ACN 077 492 838
AFSL 226701

Canberra Office
Level 2
2 King Street
Canberra ACT 2600

Telephone: +61 2 6203 9700
Facsimile: +61 2 6281 5077
Website: www.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 Relation and Distribution Manager
Rural Funds Management
T 0420 279 374
E JPowell@ruralfunds.com.au