

NSX Release

14 June 2017

Subject: RFP FY18 profit guidance

Rural Funds Management Limited (RFM), as responsible entity and manager of RFM Poultry (RFP), today affirmed the RFP profit guidance for FY17, and approved RFP's budget for FY18.

The FY17 forecast profit remains in line with previous guidance of \$1.26m (before tax) and \$0.88m (after tax).

RFM advises that increasing energy costs will impact FY18 financial performance with budgeted profit expected to be within a range of \$0.87m to \$1.18m (before tax) and \$0.61m to \$0.83m (after tax). The mid-point of the before tax range, being \$1.03m, is lower than FY17 guidance by 18%.

RFP's electricity contracts are due to be re-priced on 1 January 2018, and gas prices are subject to regular review. The FY18 budget assumes these costs increase by an average of 11.6% or \$0.413m during the year. This is in addition to the electricity cost increases experienced in FY17. The growing fee received from the processors is adjusted for energy costs the year after they change, and therefore the expected increased costs in FY18 will result in a corresponding increase in revenue in FY19. As a consequence, changes in energy costs affect profitability as a one-off in the year incurred. All other things held constant, RFP's result for FY19 should return to normal levels.

The FY18 budget reflects increasing costs across several line items, however these are expected to be substantially offset by increased revenue from the growing fee review. These year on year variances are consistent with the normal parameters for this operating business, with the exception of the increase in energy costs as discussed above.

The FY18 budget contains assumptions and estimates including the agreed growing fee, the quantum of energy price increases, growing performance and associated bonuses and penalties, and the level of required repairs and maintenance, which will vary from actual revenue and expenditure.

Key highlights include:

- FY18 forecast distributions are unchanged at 10.05 cents per unit fully franked, or 14.36 cents grossed up;
- FY18 forecast total cash distributions are \$0.69m compared to budgeted after tax earnings of between \$0.61m and \$0.83m;
- As at 31 December 2016, RFP's retained earnings were \$0.78m and cash position was \$6.09m.

RFM Poultry | NSX: RFP

Managed by:
 Rural
Funds
Management

Rural Funds Management Ltd

ABN 65 077 492 838

AFSL 226701

Level 2, 2 King Street Deakin ACT 2600

Locked Bag 150 Kingston ACT 2604

P 02 6203 9700

F 02 6281 5077

E management@ruralfunds.com.au

W www.ruralfunds.com.au

-ends-

About RFM Poultry (RFP) ARSN 164 851 218

RFP is one of Australia's largest contract chicken growers producing approximately 30 million chickens every year. The chicken growing facilities that RFP operates are situated in Griffith, New South Wales and Lethbridge, Victoria. These facilities are leased from the Rural Funds Group, a listed entity that owns a suite of agricultural assets including poultry farms, almond orchards, vineyards, macadamia orchards, cattle and cotton assets. All chicken production is backed by long term grower contracts with two large processors. RFM is the responsible entity of RFP.

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

For investor relations enquiries:

James Powell

Investor Relations & Distribution

Manager

Rural Funds Management

T 0420 279 374

E JPowell@ruralfunds.com.au
