

## NSX Release

28 October 2019

### Subject: Revised FY20 operating loss and announcement of ProTen transaction

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Rural Funds Management Limited (RFM), as responsible entity and manager of RFM Poultry (RFP), today announces revised FY20 forecasts and a proposed transaction with ProTen to affect the wind-up of RFP.

#### Revised FY20 forecast

Due to increased operating expenses and discounts to grower fees the revised FY20 forecast operating loss before tax (excluding adjustments for AASB16) is \$1.83m (previously \$1.50m).

As outlined at the FY19 results presentation (disclosed 30 August 2019) RFM has assessed various options available to Unitholders. This follows the FY19 loss of \$1.97m driven by the poor growing performance of older farms, higher maintenance expenses and increased labour costs.

#### Proposed ProTen transaction and wind-up of RFP

As a result of this assessment, RFM has entered into agreements for the early completion of RFP's leases and growing contracts, and the sale of RFP's plant and equipment assets to ProTen Investment Management Pty Ltd as trustee for ProTen Investment Trust (ProTen). The agreements are subject to RFP Unitholder approval, by ordinary resolution.

Of the 17 farms leased by RFP, 11 have an average age of 30 years, with grower agreements and lease expiries commencing December 2023. RFM has determined that continued investment in this sector is better suited to businesses with greater economies of scale.

ProTen are a specialist developer and operator of broiler chicken farms with significant industry presence, including in the Griffith region of New South Wales where the majority of RFP's operations are based.

RFP leases and operates broiler chicken farms owned by Rural Funds Group (ASX:RFF). Under the interdependent agreements, RFF will sell its farms to ProTen who will thereafter own and operate the poultry assets.

# RFM Poultry | NSX: RFP

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RFM has concluded that it is in the best interests of Unitholders to exit the poultry industry and estimates a return of capital of approximately \$0.80 cents per unit under the agreements with ProTen. If approved, the transaction is expected to occur by 31 December 2019 with a return of capital in the second half of the financial year.

If Unitholder approval is not received, a break fee of between \$0.2m to \$0.3m is payable to ProTen. These fees, in addition to other estimated transaction costs (e.g. legal fees) of \$0.1m, are not included in the revised FY20 forecasts. The 30 June 2020 forecast NAV per unit under this scenario (assuming the lower break fee) would be \$0.46.

## **Documentation and webinar details**

Further details of the proposed transaction, including key terms, are included in a Notice of Meeting and Explanatory Memorandum also disclosed today. The documentation is expected to be posted by 4 November 2019, with a meeting to be held on 28 November 2019.

A webinar regarding the proposed transaction will be hosted by David Bryant, Managing Director and Stuart Waight, Executive Manager, on Friday 1 November at 11:00AM AEDT. To register please click the link below.

<https://attendee.gotowebinar.com/register/8494597440688648203>

After registering, you will receive a confirmation email containing information about joining the webinar. If you have any other queries, please contact Investor Services via email [investorservices@ruralfunds.com.au](mailto:investorservices@ruralfunds.com.au) or by calling 1800 026 665.

A recording of the webinar will be made available on the RFM website.

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## 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.

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