

NSX Release

23 May 2019

Subject: Revised FY19 profit forecast and operational update

Rural Funds Management Limited (RFM), as responsible entity and manager of RFM Poultry (RFP) announces a revised FY19 forecast loss of (\$1.27m) before tax and (\$0.92m) after tax.

The revised forecast follows the monthly results review and is primarily attributable to higher labour costs and repairs and maintenance (R&M) expenses, both incurred and forecast.

As a result, no further distributions will be declared in FY19.

Operational update

RFP operates 17 farms which undertake five to six bird growing cycles per annum. All farms are fully operational, following an isolated event in December which led to three farms not being placed for one cycle.

In February, RFM outlined a program of improving facility standards and restructuring operational staff, as part of a strategy to improve RFP's profitability.

Improvements to facility standards

Two water sanitation systems, servicing 40 sheds, are now installed and operational. The two remaining sanitation systems remain on track to be installed by 30 June 2019.

Upgrades to the floors and insulation of 110 sheds are being conducted between bird growing cycles. RFM has completed approximately 30% of the required works to date.

Ongoing R&M is also being undertaken on sheds as required, including to shed sealing and internal components.

Restructuring operational staff

RFM has completed the transition of all contract farm managers, to direct employees of RFP. Additional managers, such as an Operations Training Manager, have also been employed.

RFM Poultry | NSX: RFP

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This has resulted in an additional 59 RFP employees, with much of this cost offset by the elimination of contractor fees. The staff restructure is expected to provide several benefits, including greater control over operations.

While it is too early to assess the impact of the improvements to facility standards and the restructure of staff, RFM remains confident these endeavours will lead to improved performance. However, RFP remains subject to volatility and the forecast in this disclosure is based on numerous assumptions that may positively or negatively impact financial performance.

A further update will be included in the FY19 results presentation, expected to occur in late August.

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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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