



28 February 2019

ASX Announcement

## Vitalharvest Half Year 2019 Financial Results

Vitalharvest Freehold Trust (VTH) today reported its financial results for the half year period 1 August 2018 to 31 December 2018. VTH listed on the ASX on 1 August 2018.

### Key highlights:

- Total comprehensive loss of \$8.1m for the 5 month period since the IPO and restructure<sup>1</sup>
- Statutory rental revenue of \$10.7m for the 5 month period since the IPO and restructure<sup>1</sup>
- Rental revenue of \$12.4m on a 6 month comparable basis<sup>1</sup>
- Funds From Operations (FFO) of \$8.2m from the 5 months from IPO, representing 4.45 cents per unit
- Interim distribution of 4.0 cents per unit at a 90% payout ratio from FFO
- Total assets of \$283.3m which includes cash balances of \$5.2m
- Net Asset Value (NAV) per unit of \$0.93
- Gearing of 39.6% (target of 40%)

### Financials

VTH recorded a total comprehensive loss due to significant items occurring during the period including transaction costs associated with the IPO and restructure and an impairment loss due to water foregone in return for Government grants.

Base rent for the pro forma 6 months to December 2018 totalled \$4.7m following \$7.1m of capital expenditure on the citrus and berry properties during FY18. A further \$5.6m of capital expenditure is scheduled to be completed during FY19.

Variable rent for the pro forma 6 months to December 2018 totalled \$7.7m. The citrus component of the variable rent was negatively impacted by the “off year” due to the biennial bearing nature of the crop. The berry variable rent benefitted from strong production volumes.

NAV per unit has increased from \$0.79 to \$0.93 predominantly due to the premium for the land and bearer plants, set by reference to the debt and equity raised on the IPO.

### Distribution

VTH has declared an interim distribution of 4.0 cents per unit with a record date of 14 March 2019 and payment date of 28 March 2019. The distribution represents 90% of the FFO for the period.

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<sup>1</sup> The IPO of Vitalharvest Freehold Trust was completed 1 August 2018, accordingly there are only 5 months of trading activities by VTH during the 6 month reporting period ending 31 December 2018. A pro forma 6 month period (inclusive of July 2018) is presented for comparability.

## **Capital Expenditure**

Capital expenditure projects demonstrate a commitment by landlord and tenant to investing in the long-term productivity and profitability of the properties. Capital expenditure contributed by VTH delivers an 8% return through increased base rent. Capital expenditure projects aim to improve productivity and quality which may lead to longer term increased variable rent contributions.

### *Berry Properties*

The tenant has completed \$1.3m of pre-IPO approved capital expenditure at 31 December 2018 for raspberry development and the conversion of blueberries from soil to substrate growing methods at the Corindi property. Further capital expenditure is ongoing at the property.

### *Citrus Properties*

VTH's citrus properties are participating in the Irrigation Industry Improvement Program (3IP), a competitive grants program designed to support the restoration of a healthy Murray-Darling Basin environment.

Under 3IP, VTH elected to transfer 479ML of water entitlements to the Commonwealth in return for \$3.4m in Government grants. \$1.4m worth of grants has been received from the South Australian Government as at 31 December 2018. A further \$2.0m of grant income will be received upon completion of project milestones. The funds are applied to irrigation system upgrades and protected cropping (less evaporation and higher water use efficiency) projects.

## **Growth Strategy**

VTH's objective is to provide unitholders with exposure to real agricultural property assets whose earnings profile and underlying value are exposed to the growing global agricultural demand for nutritious, healthy food.

VTH's investment and growth strategies will be to focus on mature, operating agricultural assets which are:

- producing healthy and nutritious plant-based crops;
- strategically located in productive farming locations in Australia and New Zealand;
- leased to quality operators/managers;
- diversified by crop, geography, water source and tenant; and
- subject to attractive long-term, attractive leases.

The Manager is actively seeking diversified value-accretive acquisition opportunities to add to the current VTH agricultural portfolio consistent with this growth strategy.

## Vitalharvest Conference Call Today

11:00am AEDT Thurs 28 February 2019

**Australia Toll Free: 1800 908 299**

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conference ID **723079**

Australia Alt. Toll Free: 1800 455 963  
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Hong Kong Toll Free: 800 968 273  
Indonesia Toll Free: 007 803 321 8057  
Japan Toll Free: 0066 3386 8000  
Singapore Toll Free: 800 101 2702  
Spain Toll Free: 900 823 322

Taiwan Toll Free: 0080 112 7377  
UK Toll Free: 0800 051 1453  
China Toll Free: 1080 0140 1776  
Germany Toll Free: 0800 183 0918  
India Toll Free: 000 800 100 8070  
Ireland Toll Free: 1800 948 607  
Malaysia Toll Free: 1800 816 441  
South Africa Toll Free: 0800 984 013  
Switzerland Toll Free: 0800 802 498  
UAE Toll Free: 8000 3570 2706

To pre-register for the event [click here](#)

**Liza Whitmore**

goFARM Asset Management

Executive Chair

**Liam Lenaghan**

goFARM Asset Management

Managing Director

### About Vitalharvest

*Vitalharvest owns one of the largest aggregations of berry and citrus farms in Australia. These are located in prime growing locations in New South Wales, South Australia and Tasmania and leased to Costa Group (ASX:CGC).*

*Vitalharvest provides investors with exposure to agricultural property assets whose earnings profile and underlying value are exposed to the growing global agricultural demand for nutritious, healthy food. These assets provide agricultural diversification by way of crop type, climatic region, water source and product end markets.*

*Vitalharvest is an agricultural real estate investment trust managed by goFARM Asset Management. The Trust Company (RE Services) Limited (ABN 45 003 278 831 AFS Licence 235150) is the Responsible Entity of Vitalharvest Freehold Trust ARSN 626 537 362.*

*For more information, please visit [www.vitalharvest.com.au](http://www.vitalharvest.com.au)*

*This communication has been prepared by goFARM Asset Management Pty Ltd (Authorised Representative No 1264243 for AFSL No 486217) (goFARM), the manager of the Vitalharvest Freehold Trust ARSN 626 537 362 (Vitalharvest REIT). The Responsible Entity of Vitalharvest REIT is The Trust Company (RE Services) Limited ACN 003 278 831 AFSL 235150 (Responsible Entity). Vitalharvest REIT is an Australian registered managed investment scheme.*

*This communication contains general information only and should be read in conjunction with VTH Financial Results Presentation – Half Year ended 31 December 2018 announcement released simultaneously with this announcement including without limitation all disclaimers set out therein.*

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