

**VITALHARVEST FREEHOLD TRUST**  
**ASX RELEASE**  
**31 AUGUST 2020**

**VTH FY20 FINANCIAL RESULTS**

Primewest Agrichain Management (**PWG** or **The Manager**) today announces that Vitalharvest Freehold Trust (**VTH**), the owner of an investment grade portfolio of agricultural assets 100% leased to the Costa Group, has reported its results for the 12 months ending 30 June 2020.

**FY20 FINANCIAL HIGHLIGHTS**

- Funds from operations (**FFO**) of \$8.8m (4.76 cpu)
- Distribution per unit of 4.75 cents
- Net Asset Value (**NAV**) of \$0.91 per unit
- Balance sheet strength maintained, with 34.7% gearing and interest cover ratio of 3.2x

**OTHER FY20 HIGHLIGHTS**

- In June 2020, PWG acquired a 100% interest in the manager of VTH. PWG is an aligned, highly experienced, and successful real estate fund manager

**FY20 FINANCIAL RESULTS**<sup>1</sup>

VTH generated \$14.3m of rental income over FY20, a (6.5%) decrease on FY19. Base rent for the period totalled \$9.6m, a +12.9% increase on FY19, however, variable rent for the period was significantly impacted by a series of coinciding, unprecedented events, leading to a (30.9%) decrease on FY19<sup>2</sup> – the variable rent component is the lowest variable rental return since FY14.

The Manager believes these specific challenges have now been addressed and is exploring initiatives to reduce the downside risk associated with the variable rent component. VTH delivered FFO of \$8.8m, a decrease of (16.2%) on FY19.

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<sup>1</sup> Past performance information is given for illustrative purposes only and should not be relied upon (and is not) an indication of future performance.

<sup>2</sup> FY19 information based on statutory accounts – represents 11 months of trading activity

### **CITRUS PERFORMANCE**

Citrus variable rent for FY20 was impacted by:

- Smaller fruit sizing in late varieties for the CY19 crop caused by higher summer temperatures;
- Higher water allocation prices due to ongoing drought conditions; and
- Additional costs associated with fruit fly treatment.

### **BERRY PERFORMANCE**

Berry variable rent for FY20 was impacted by:

- Ongoing drought conditions which led to the removal of raspberries from production;
- Heavy pruning of in-soil blueberries at Corindi due to severe water shortages; and
- The loss of hanging fruit from Tumbarumba due to a bushfire event.

### **PORTFOLIO GROWTH – CAPITAL EXPENDITURE**

VTH continued to invest in its properties over FY20, funding \$8.6m of capital expenditure to the Citrus and Berry properties which contributed to an increase in base rent over the period.

### **CAPITAL MANAGEMENT**

Balance sheet strength was maintained over the period with VTH gearing currently at 34.7%, below its target gearing of 40.0%. VTH maintains a robust 3.2x interest cover ratio.

### **DISTRIBUTION**

VTH will pay a total distribution of 4.75 cent per unit for the FY20 year, declaring a final distribution of 1.5 cents per unit for the period ending 30 June 2020. This follows the interim distribution of 3.25 cents per unit paid on 27 March 2020 and represents 99.8% of FY20 FFO.

### **OUTLOOK**

PWG believes that the agricultural sector will outperform other real estate investment classes in the current environment.

David Schwartz, Director Primewest Agrichain Management, said “Continued demand from export markets for quality agricultural products will drive future performance. Improvement in climatic conditions may have a positive influence on production, also increasing maturity of the citrus planted area should support a natural increase in yields over the period”.

“PWG is actively seeking new asset opportunities that enhance the portfolio composition of VTH and we are currently exploring initiatives to reduce the downside risk associated with the variable rent component”.

PWG also plans to change the name of VTH to Primewest Agri-Chain Fund (proposed ticker ASX.PWA – subject to ASX confirmation)

## **RESULTS WEBCAST**

Vitalharvest will conduct a webinar of its FY20 results presentation at **11.30am** (Sydney time) / **9.30am** (Perth time) on Monday 31 August 2020.

Participants can access the webcast via the following link:

[https://us02web.zoom.us/webinar/register/WN\\_aOWQsOI-QCG3jEcAN0K5cA](https://us02web.zoom.us/webinar/register/WN_aOWQsOI-QCG3jEcAN0K5cA)

Passcode: **342422**

Participants should log on at least 15 minutes before the scheduled commencement time.

This announcement is issued and authorised for release by The Trust Company (RE Services) Ltd.

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## **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 are 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 healthy, nutritious food. These assets provide agricultural diversification by way of crop type, climatic region, water source and product end markets.



Managed by:  
**primewest**  
AGRICHAIN MANAGEMENT

Vitalharvest is an agricultural real estate investment trust managed by Primewest Agrichain Management Pty Ltd (ACN 625 505 455) AR No. 001264243.

The Trust Company (RE Services) Limited (ABN 45 003 278 831) (Responsible Entity), part of Perpetual Limited (ASX:PPT), is the responsible entity for the Vitalharvest Freehold Trust ARSN 626 537 362.

### **About Primewest**

ASX listed Primewest (PWG) is one of Australia's most active and successful property fund managers with over \$4.5 billion of assets under management across all mainland states of Australia and the west coast of the USA.

Established in 1995 PWG is a value-add and often counter-cyclical manager, operating in the retail, industrial, commercial, residential, large format retail and agricultural property sectors to achieve maximum returns for holders of its stapled securities and investors in the underlying funds it manages.