

**PRIMEWEST (PWG)
ASX RELEASE
19 JUNE 2020**

**ACQUISITION OF MANAGER TO VITAL HARVEST TRUST AND 11.8% STRATEGIC CO-
INVESTMENT**

- **Primewest has acquired 100% interest in the manager of the ASX listed Vitalharvest Freehold Trust (VTH)**
- **Primewest also acquired a 11.8% strategic interest in VTH and will become VTH's largest unitholder**
- **As a result of the Transaction, Primewest has increased AUM by 7% to \$4.4bn and is well positioned for further growth**
- **The Transaction was funded by cash reserves. Primewest has \$43 million in available cash to explore further growth initiatives**

Transaction overview

Primewest (**ASX:PWG**) is pleased to announce that it acquired a 100% interest in GoFARM Asset Management Pty Ltd (**goFARM**) for \$10 million. GoFARM is the manager of ASX listed, Vitalharvest Freehold Trust (**ASX:VTH**). Primewest has separately acquired a 11.8% strategic interest in VTH (Collectively, "The Transaction"). Primewest has also acquired a right of first refusal over a further 6.2% interest in VTH, subject to certain conditions.

VTH is an externally managed real estate investment trust providing investors 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 currently holds circa \$275 million in investment properties with a market capitalisation of approximately \$143 million.

VTH owns Australia's largest aggregation of berry and citrus farms which are 100% leased to Australia's largest horticultural company, Costa Group Holdings Limited (**ASX:CGC**). The portfolio has a weighted average lease expiry of 6.5 years. The tenant holds an option for a further 10 year period, and in exercising this, provides significant future rent growth through an uncapped market rent review at the end of the initial lease term in 2026.

The Transaction will increase Primewest's AUM by a further 7% to \$4.4bn. It also establishes Primewest's listed A-REIT platform in a sector with strong fundamentals including:

- Low correlation to market shocks driving consistent returns whilst offering an inflation hedge
- Sector characterized by a sticky tenant base given the size and scale of operations and challenges in transitioning to competing sites
- Farming systems and technology advances increasing production efficiency, lowering cost of production and expanding earnings, which should support rental growth
- Other tailwinds such as changing consumer preferences in emerging markets and global population growth

The Transaction was funded out of cash reserves and leaves Primewest with \$43 million in available cash.

John Bond, Executive Chairman of Primewest said: "This transaction is an exciting step forward for Primewest and consistent with the strategy to expand our distribution capability into listed A-REITs. Importantly, Primewest will co-invest along with other VTH investors as its largest investor. We look forward to working with VTH's existing investors in its next stage of growth".

Benefits to VTH investors

Primewest and key goFARM personnel have agreed a transitional services arrangement to ensure continuity through the transition. Going forward, Primewest and goFARM will seek to partner on future developments and acquisition opportunities. The intention is to establish a pipeline of investment grade assets which could be acquired by VTH if they meet its investment criteria.

Importantly, Primewest believes the Transaction offers existing and new VTH unitholders the following benefits:

- Strong alignment and trust with Primewest becoming VTH's largest unitholder with a 11.8% holding
- Enhanced brand awareness with Primewest being recognised as one of Australia's leading property funds management platforms

- Primewest is solely focused on property and property funds management with a long dated and successful track record
- Access to Primewest’s capital base to assist in VTH’s future growth and enhance liquidity
- Continuing support from goFARM specialists through transitional services arrangements and an ongoing strategic partnership

Further, existing VTH investors will not bare any costs associated with the Transaction.

Primewest intentions post transaction

It is intended that VTH will be renamed the Primewest Agri-chain Fund (the **Fund**).

Primewest intends to pursue a growth path focusing on extending the Fund’s exposure to real agricultural property assets whose earnings profile and underlying value are exposed to the growing global demand for nutritious, healthy food. It also identifies an opportunity to extend this strategy into agri-logistics related assets.

To this end, with investor support, the Fund will look to opportunities that are focused not only on production but processing, storage and delivery of food or other products within the agricultural supply chain. Importantly, any future acquisitions will meet VTH’s existing strategic framework and will be:

- Strategically located in excellent farming locations throughout Australia and New Zealand
- Leased to quality operators / managers that are subject to long term leases with attractive lease terms
- Adhere to the existing capital management and capital structure parameters

David Schwartz, Managing Director of Primewest said “The real agricultural property and agri-logistics sector is an exciting sector with strong fundamentals. By expanding our investment opportunities to include the broader food supply chain, we believe we can attract a broader investor universe to support the Fund’s growth. We aim to create Australasia’s leading pure play agri-chain A-REIT which leverages Australia and New Zealand’s position as a leading global agricultural supplier”.

Advisers

Primewest appointed Moelis Australia Advisory Pty Ltd as the financial adviser and Hamilton Locke as legal adviser.

For further information please contact David Schwartz or John Bond on (08) 9321 7133.

Authorised by the Board of Directors of Primewest Group Limited

About Primewest

ASX listed Primewest (ASX:PWG) is an Australian property fund manager with over \$4.4 billion of assets under management across all mainland states of Australia and in the west coast of the USA. Established in 1995, PWG is a property manager, operating in the retail, industrial, commercial, residential and large format retail property sectors with a focus to achieve maximum returns for holders of its stapled securities and investors in the underlying funds it manages.