



**ASX Announcement  
Vitalharvest Freehold Trust**

10 February 2021

**VTH Scheme Booklet and Meeting**

The Trust Company (RE Services) Limited as responsible entity (**VTH RE**) for Vitalharvest Freehold Trust (**VTH**) today announced that the Supreme Court of New South Wales has confirmed that VTH RE would be justified in convening a meeting of VTH Unitholders (**Meeting**) to consider and, if thought fit, vote on resolutions to give effect to the acquisition by Macquarie Agricultural Funds Management Limited as trustee of Macquarie Agriculture Fund – Crop Australia 2 (**MAFM**), of:

- all of the fully paid ordinary units in VTH from VTH Unitholders by way of a trust scheme (**Trust Scheme**); or
- if the Trust Scheme is not approved by the requisite majority of VTH Unitholders, all of the assets of VTH (**Asset Sale**)

(together, the **Transaction**).

The Scheme Booklet is attached to this announcement and will be available on ASX and at [www.VTHscheme.com](http://www.VTHscheme.com).

Information relating to the Transaction, including the notice convening the Meeting and Independent Expert's Report, are included in the Scheme Booklet.

**Independent Expert's Report**

The Independent Expert, Grant Thornton Corporate Finance Pty Ltd, has concluded that the Scheme and, if the Scheme is not implemented, Asset Sale is fair and reasonable to, and in the best interests of, VTH Unitholders. Grant Thornton's conclusion should be read in context with the full Independent Expert's Report and the Scheme Booklet attached to this announcement.

**VTH RE Board Recommendation**

The VTH RE Board unanimously recommends that VTH unitholders vote in favour of:

- the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is fair and reasonable to, and in the best interests of, VTH Unitholders; and
- the Asset Sale, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Asset Sale is fair and reasonable to, and in the best interests of, VTH Unitholders (and on the basis that it will only be implemented if the Scheme Approval Condition is not satisfied).



## Meeting

The Meeting will take place online at 2.00pm (Sydney time) on Thursday 4 March. In order to minimise health risks created by the COVID-19 pandemic, and in accordance with Government directions and restrictions with respect to non-essential gatherings of people and the Treasurer's determination regarding electronic meetings, there will not be a physical meeting where VTH Unitholders and their proxies, attorneys or corporate representatives can attend in person. Refer to the notice of meeting attached to the Scheme Booklet at Annexure D for further information on how to attend the online Meeting.

All VTH Unitholders are encouraged to vote either by attending the Meeting online, or by lodging a proxy vote by 2pm, Sydney time on Tuesday 2 March 2021. Details on how to lodge a proxy vote are included on the proxy form and in the Scheme Booklet.

## Key Dates

The key dates in relation to the Transaction are set out in the Scheme Booklet and are as follows:

Event	Time and date
Latest time and date for receipt of proxy forms (including proxies lodged online) or powers of attorney by the VTH Registry for the Meeting	Tuesday, 2 March 2021 at 2.00pm (Sydney time)
Time and date for determining eligibility to vote at the Meeting	Tuesday, 2 March 2021 at 7.00pm (Sydney time)
Meeting	Thursday, 4 March 2021 at 2.00pm (Sydney time)
Second Court Date	Monday, 8 March 2021 at 2.00pm (Sydney time)

If the Scheme is approved by the requisite majorities of VTH Unitholders at the Meeting:

Effective Date	Monday, 8 March 2021
Last day of trading in VTH Units on ASX (VTH Units will be suspended from trading on ASX from close of trading)	Monday, 8 March 2021



Scheme Record Date (for determining entitlements to Scheme Consideration)      Wednesday, 10 March 2021

---

Implementation Date (Scheme Participants will receive the Scheme Consideration on the Implementation Date)      Wednesday, 17 March 2021

---

If the Scheme is not approved by the requisite majorities of VTH Unitholders at the Meeting, but the Asset Sale is approved by the requisite majority at the Meeting:

Completion Date      Monday, 15 March 2021

---

All times and dates in the above timetable are references to the time and date in Sydney, New South Wales, Australia and all such times and dates are subject to change. VTH RE may vary any or all of these dates and times and will provide notice of any such variation on ASX. Certain times and dates are conditional on the approval of the Scheme or the Asset Sale (as applicable) by VTH Unitholders and by the Court. Any changes will be announced by VTH RE to ASX.

#### **Further Information**

For further information, please contact the Unitholder Information Line on 1300 855 080 (within Australia) or +61 3 9415 4000 (outside Australia), Monday to Friday between 8.30am and 5.30pm (Sydney time).

**Authorised for release by:** The Board of The Trust Company (RE Services) Limited

ENDS



## Media

Jon Snowball  
Domestique  
+61 477 946 068  
jon@domestiqueconsulting.com.au

## About Vitalharvest Freehold Trust

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.

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

## About The Trust Company (RE Services) Ltd

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

Perpetual is a financial services group operating in funds management, financial advisory and trustee services and has been in operation for over 130 years. Perpetual provides the fiduciary and governance oversight for the Vitalharvest Freehold Trust and Perpetual's Responsible Entity Services are provided independently of the manager to ensure the Vitalharvest Freehold Trust meets its regulatory and compliance obligations. Perpetual currently acts for over 90 Australian and international investment managers making their Responsible Entity team one of Australia's leading providers.



# Vitalharvest

FREEHOLD TRUST



# VTH SCHEME BOOKLET

For a trust scheme (**Scheme**) in relation to the proposed acquisition by Macquarie Agricultural Funds Management Limited (ACN 122 169 368) as trustee of Macquarie Agriculture Fund – Crop Australia 2 (**MAFM**), of all of the issued units of the Vitalharvest Freehold Trust (ARSN 626 537 362) (**VTH**), or alternatively, a sale of the assets of VTH (**Asset Sale**).

**The Directors of The Trust Company (RE Services) Limited (ACN 003 278 831), as responsible entity of VTH, unanimously recommend that you:**

- (a) **vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is fair and reasonable to, and in the best interests of, VTH Unitholders; and**
- (b) **vote in favour of the Asset Sale, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Asset Sale is fair and reasonable to, and in the best interests of, VTH Unitholders (and on the basis that it will only be implemented if the Scheme Approval Condition is not satisfied).**

**The Independent Expert has concluded that each of the Scheme and Asset Sale, if the Scheme is not implemented, is fair and reasonable to, and in the best interests of, VTH Unitholders.**

A Notice of Meeting is included as Annexure D to this Scheme Booklet, and a proxy form for the Meeting accompanies this Scheme Booklet.

The Meeting will be held online at 2.00pm (Sydney time) on Thursday, 4 March 2021.

**This is an important document that requires your immediate attention.**

**You should read this Scheme Booklet carefully and in its entirety before deciding whether or not to vote in favour of the Scheme or Asset Sale.**

**If you are in any doubt as to what you should do, you should consult your broker, financial adviser or legal adviser immediately.**





## IMPORTANT NOTICES

### General

This Scheme Booklet is important and requires your immediate attention. You should read this Scheme Booklet in full before making any decision as to how to vote at the Meeting. If you have sold all of your VTH Units, please ignore this Scheme Booklet.

If you are in any doubt as to what you should do, you should consult your broker, financial adviser or legal adviser immediately.

### Nature of this Scheme Booklet

This Scheme Booklet does not constitute or contain an offer to VTH Unitholders, or a solicitation of an offer from VTH Unitholders, in any jurisdiction.

This Scheme Booklet has been prepared for VTH Unitholders in connection with the Meeting to be held online at 2.00pm (Sydney time) on Thursday, 4 March 2021 in relation to the Proposal under which MAFML2 proposes to acquire:

- (a) pursuant to the Scheme, all of the VTH Units on issue; or
- (b) if the Scheme Resolutions are not approved by the Requisite Majorities of VTH Unitholders but the Asset Sale Resolution is approved by the Requisite Majority, pursuant to the Asset Sale, all of the units in the Leasehold Trust from VTH RE and all of the shares in the Leasehold Trustee from Vitalharvest Finance.

The purpose of this Scheme Booklet is to provide VTH Unitholders with information about the Scheme and Asset Sale, and with information that is prescribed or otherwise which the VTH RE Directors believe to be material to VTH Unitholders' decision whether or not to vote in favour of the Scheme Resolutions and Asset Sale Resolution detailed in the Notice of Meeting included as Annexure D to this Scheme Booklet.

### ASIC and ASX

A copy of this Scheme Booklet has been provided to ASIC and ASX. None of ASIC, ASX, or any of their officers, takes any responsibility for the contents of this Scheme Booklet.

### Court involvement

The Court provided the First Judicial Advice on Wednesday, 10 February 2021. The Court's provision of the First Judicial Advice is not and should not be treated as an endorsement by the Court of, or any other expression of opinion by the Court on, the proposed Scheme or Asset Sale. In particular, the Court's provision of the First Judicial Advice does not mean that the Court has:

- (a) formed any view as to the merits of the Scheme or Asset Sale, or as to how VTH Unitholders should vote (on these matters VTH Unitholders must reach their own conclusion); or
- (b) prepared, or is responsible for the content of, this Scheme Booklet.

### Notice of Meeting

The Notice of Meeting is set out in Annexure D which includes resolutions to approve the Scheme and the Asset Sale.

### Notice of Second Court Hearing

At the Second Court Hearing, the Court will consider whether to give the Second Judicial Advice.

Any VTH Unitholder may appear at the Second Court Hearing, expected to be held at 2:00pm (Sydney time) on Monday, 8 March 2021 at the Supreme Court of New South Wales, Law Courts Building, 184 Phillip Street Sydney, NSW 2000.

Any VTH Unitholder who wishes to be heard on the application for the Second Judicial Advice at the Second Court Hearing may do so by filing with the Court and serving on VTH RE (in its capacity as the responsible entity for VTH) a notice of appearance in the prescribed form together with any affidavit on which the VTH Unitholder proposes to rely.

### Defined terms

Capitalised terms used in this Scheme Booklet are defined in section 14.1 of this Scheme Booklet. Section 14.2 of this Scheme Booklet also sets out some rules of interpretation which apply to this Scheme Booklet. Some of the documents reproduced in the annexures to this Scheme Booklet have their own defined terms, which are sometimes different to those set out in section 14.1.

### Responsible entity

The Trust Company (RE Services) Limited (**VTH RE**) is the responsible entity for VTH.

VTH is a managed investment scheme registered under Chapter 5C of the Corporations Act.

Unless the context otherwise requires in this Scheme Booklet, a reference to VTH RE is a reference to it in its capacity as responsible entity of VTH.

### No investment advice

This Scheme Booklet has been prepared without reference to the investment objectives, financial and taxation situation or particular needs of any VTH Unitholder or any other person. The information and recommendations contained in this Scheme Booklet do not constitute, and should not be taken as, financial product advice.

The VTH RE Directors encourage you to seek independent financial and taxation advice before making any investment decision and any decision as to whether or not to vote in favour of the Scheme or Asset Sale.

This Scheme Booklet should be read in its entirety before making a decision on whether or not to vote in favour of the Scheme or Asset Sale. In particular, it is important that you consider the potential risks if the Scheme or Asset Sale do not proceed, as set out in sections 6.9 and 7.8 of this Scheme Booklet, and the views of the Independent Expert set out in the Independent Expert's Report contained in Annexure A. If you are in doubt as to the course you should follow, you should consult your legal, financial, taxation or other professional adviser.

Your investment in VTH Units is subject to investment and other risks, including possible loss of income and principal invested. VTH RE gives no guarantee or assurance as to the performance of VTH, the VTH Units or the repayment of capital. Past performance is not indicative of future performance.



### **Forward looking statements**

Some of the statements appearing in this Scheme Booklet (including in the Independent Expert's Report) may be in the nature of forward looking statements. Forward looking statements or statements of intent in relation to future events in this Scheme Booklet (including in the Independent Expert's Report) should not be taken to be forecasts or predictions that those events will occur. Forward looking statements generally may be identified by the use of forward looking words such as 'believe', 'aim', 'expect', 'anticipate', 'intending', 'foreseeing', 'likely', 'should', 'planned', 'may', 'estimate', 'potential', or other similar words.

Similarly, statements that describe the objectives, plans, goals, intentions or expectations of VTH RE, MAFM or MAFML2 are or may be forward looking statements. You should be aware that such statements are only opinions and are subject to inherent risks and uncertainties. Those risks and uncertainties include factors and risks specific to VTH RE, MAFM or MAFML2 or the industries in which they operate, as well as general economic conditions, prevailing exchange rates and interest rates and conditions in financial markets.

Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement and deviations are both normal and to be expected. None of VTH RE, MAFM or MAFML2 or any of their respective officers, directors, employees or advisers or any person named in this Scheme Booklet or involved in the preparation of this Scheme Booklet makes any representation or warranty (either express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statement. Accordingly, you are cautioned not to place undue reliance on those statements.

Factors which may affect future financial performance include those matters identified in section 10 of this Scheme Booklet, the assumptions underlying any forecast or forward looking statement financial information not proving correct and other matters not currently known to, or considered by, VTH RE, MAFM or MAFML2. VTH Unitholders should note that the historical financial performance of VTH is not an assurance or indicator of future financial performance of VTH (whether or not the Scheme or Asset Sale proceeds). VTH RE does not guarantee the repayment of capital or any particular tax treatment in respect of any investment in VTH.

The forward looking statements in this Scheme Booklet reflect views held only at the date of this Scheme Booklet. Subject to any continuing obligations under the Listing Rules or the Corporations Act, VTH RE, MAFM and MAFML2, and their respective officers, directors, employees and advisers, disclaim any obligation or undertaking to distribute after the date of this Scheme Booklet any updates or revisions to any forward looking statements to reflect (a) any change in expectations in relation to such statements; or (b) any change in events, conditions or circumstances on which any such statement is based.

### **Responsibility statement**

VTH RE has prepared, and is responsible for, the VTH Information. Neither MAFM nor MAFML2 nor any of their respective Subsidiaries, directors, officers, employees or advisers assume any responsibility for the accuracy or completeness of such information.

MAFM and MAFML2 have prepared, and are responsible for, the MAFM Information. Neither VTH RE nor any of its Subsidiaries, directors, officers, employees or advisers assume any responsibility for the accuracy or completeness of such information.

Pitcher Partners has prepared the tax letter contained at section 11 of this Scheme Booklet and takes responsibility for that letter. None of VTH RE, MAFM or MAFML2 or any of their respective Subsidiaries, directors, officers, employees or advisers assume any responsibility for the accuracy or completeness of the information contained in section 11 of this Scheme Booklet.

Grant Thornton has prepared the Independent Expert's Report (as set out in Annexure A of this Scheme Booklet) and takes responsibility for that report. None of VTH RE, MAFM or MAFML2 or any of their respective Subsidiaries, directors, officers, employees or advisers assume any responsibility for the accuracy or completeness of the information contained in the Independent Expert's Report.

No consenting party has withdrawn their consent to be named before the date of this Scheme Booklet.

### **Foreign jurisdictions**

The release, publication or distribution of this Scheme Booklet in jurisdictions other than Australia may be restricted by law or regulation in such other jurisdictions and persons outside of Australia who come into possession of this Scheme Booklet should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable laws or regulations.

This Scheme Booklet has been prepared in accordance with the laws of Australia and the information contained in this Scheme Booklet may not be the same as that which would have been disclosed if this Scheme Booklet had been prepared in accordance with the laws and regulations of a jurisdiction outside of Australia.

VTH Unitholders who are nominees, trustees or custodians should seek independent advice as to how they should proceed.

### **Currency and financial information**

Unless stated otherwise, all references to dollars, \$, cents or c in this Scheme Booklet are to Australian currency.

### **Charts and diagrams**

Any diagrams, charts, graphs or tables appearing in this Scheme Booklet are illustrative only and may not be drawn to scale. Unless stated otherwise, all data contained in diagrams, charts, graphs and tables is based on information available as at the Last Practicable Date.



### **Effect of Rounding**

A number of figures, amounts, percentages, prices, estimates, calculations of value and fractions in this Scheme Booklet are subject to the effect of rounding.

Accordingly, the actual calculation of these figures, amounts, percentages, prices, estimates, calculations of value and fractions may differ from the figures, amounts, percentages, prices, estimates, calculations of value and fractions set out in this Scheme Booklet.

As a result, any calculations you make based on the figures, amounts, percentages, prices, estimates, calculations of value and fractions in this Scheme Booklet may differ from the correct answers to those calculations.

Any discrepancies between totals in tables or financial statements, or in calculations, graphs or charts, or to previously published financial figures, are due to rounding.

### **Timetable and dates**

All times and dates referred to in this Scheme Booklet are times and dates in Sydney, New South Wales, Australia, unless otherwise indicated. All times and dates relating to the implementation of the Scheme or Asset Sale referred to in this Scheme Booklet may change and, among other things, are subject to all necessary approvals from Government Agencies.

### **External websites**

Unless expressly stated otherwise, the content of the websites of VTH RE, MAFM, MAFML2 and their Related Bodies Corporate do not form part of this Scheme Booklet and VTH Unitholders should not rely on any such content.

### **Privacy**

VTH RE may collect personal information in the process of implementing the Scheme or completing the Asset Sale. The type of information that it may collect about you includes your name, contact details and information on your unitholding in VTH and the names of persons appointed by you to act as a proxy, attorney or corporate representative at the Meeting as relevant to you. The collection of some of this information is required or authorised by the Corporations Act.

The primary purpose of the collection of personal information is to assist VTH RE to conduct the Meeting and implement the Scheme or complete the Asset Sale. Without this information, VTH RE may be hindered in its ability to issue this Scheme Booklet and implement the Scheme or complete the Asset Sale. Personal information of the type described above may be disclosed to the VTH Registry, third party service providers (including print and mail service providers and parties otherwise involved in the conduct of the Meeting), authorised securities brokers, professional advisers, Related Bodies Corporate of VTH RE, Government Agencies, and also where disclosure is otherwise required or allowed by law. VTH Unitholders who are individuals and the other individuals in respect of whom personal information is collected as outlined above have certain rights to access the personal information collected in relation to them.

If you would like to obtain details of the information about you held by the VTH Registry in connection with VTH Units, please contact the VTH Registry. VTH Unitholders who appoint an individual as their proxy, corporate representative or attorney to vote at the Meeting should ensure that they inform such an individual of the matters outlined above. Further information about how VTH RE collects, uses and discloses personal information is contained in our Privacy Policy located at <https://www.vitalharvest.com.au/site/utilities/privacy>.

### **Additional information**

If, after reading this Scheme Booklet, you have any questions regarding the Proposal, please call 1300 855 080 (within Australia) or +61 3 9415 4000 (outside Australia), or consult your legal, investment or other professional adviser.

### **Date of Scheme Booklet**

This Scheme Booklet is dated 10 February 2021.

This Scheme Booklet may be updated. Any update will be made available for inspection on the website at [www.vitalharvest.com.au](http://www.vitalharvest.com.au) or released on ASX. If you access an electronic version of the Scheme Booklet you should ensure you download and read the entire Scheme Booklet.



## Contents of this Scheme Booklet

---

<b>Key Dates</b>	<b>6</b>
<b>Letter to VTH Unitholders</b>	<b>7</b>
<b>1 Overview of the Proposal</b>	<b>11</b>
1.1 What is the Proposal? .....	11
1.2 What is the recommendation of the VTH RE Directors? .....	13
1.3 What is the conclusion of the Independent Expert? .....	14
1.4 Summary of reasons why you may want to vote in favour of the Proposal .....	14
1.5 Summary of reasons why you may want to vote against the Proposal .....	15
<b>2 What should you do in relation to the Scheme and Asset Sale?</b>	<b>17</b>
2.1 Step 1: Read this Scheme Booklet in its entirety .....	17
2.2 Step 2: Vote on the Proposal .....	17
<b>3 Key considerations relevant to your vote on the Scheme</b>	<b>19</b>
3.1 Reasons why you may choose to vote in favour of the Scheme .....	19
3.2 Reasons you may choose to vote against the Scheme .....	21
3.3 Other considerations .....	22
<b>4 Key considerations relevant to your vote on the Asset Sale</b>	<b>24</b>
4.1 Reasons why you may choose to vote in favour of the Asset Sale .....	24
4.2 Reasons you may choose to vote against the Asset Sale .....	25
4.3 Other considerations .....	26
<b>5 Frequently Asked Questions</b>	<b>28</b>
<b>6 Key features of the Scheme</b>	<b>42</b>
6.1 Background .....	42
6.2 Scheme Consideration Overview .....	42
6.3 Scheme Conditions Precedent .....	43
6.4 Scheme procedure .....	43
6.5 Provision of Scheme Consideration .....	45
6.6 VTH RE Directors' unanimous recommendation .....	46
6.7 Primewest voting intentions .....	46
6.8 Independent Expert's conclusion .....	46
6.9 Implications if the Scheme does not proceed .....	47
6.10 Your choices as a VTH Unitholder .....	47
6.11 Copy of the VTH Register .....	47
6.12 Warranty by Scheme Participants .....	48
6.13 Delisting of VTH .....	48
<b>7 Key features of the Asset Sale</b>	<b>49</b>
7.1 Background .....	49
7.2 Asset Sale Consideration Overview .....	49
7.3 Asset Sale Conditions Precedent .....	50
7.4 Asset Sale procedure .....	50
7.5 The VTH RE Directors' unanimous recommendation .....	52
7.6 Primewest voting intentions .....	53
7.7 Independent Expert's conclusion .....	53
7.8 Implications if the Asset Sale does not proceed .....	53
7.9 Your choices as a VTH Unitholder .....	54



<b>8</b>	<b>Information on VTH</b>	<b>55</b>
8.1	Overview of VTH.....	55
8.2	VTH business and portfolio.....	57
8.3	VTH Group financial information.....	62
8.4	Material agreements.....	68
8.5	Capital structure.....	69
8.6	Substantial Unitholders.....	69
8.7	Recent unit price performance.....	70
8.8	Disputes.....	70
8.9	Continuous Disclosure.....	71
<b>9</b>	<b>Information about MAFM and MAFML2</b>	<b>72</b>
9.1	Information on MAFM and MAFML2.....	72
9.2	Intentions of MAFML2 if Proposal is implemented.....	72
9.3	Funding.....	74
9.4	Relevant Interests and voting power in VTH.....	75
9.5	Dealings in VTH Units in previous four months.....	75
9.6	Benefits to holders of VTH Units.....	75
9.7	No other material information.....	75
<b>10</b>	<b>Risk Factors</b>	<b>76</b>
10.1	Introduction.....	76
10.2	General risks.....	76
10.3	Risks relating to the business and operations of VTH.....	77
10.4	Risks associated with implementation of the Asset Sale.....	85
10.5	Risks preventing or delaying Implementation of the Scheme or Completion of the Asset Sale.....	86
<b>11</b>	<b>Tax Considerations</b>	<b>87</b>
<b>12</b>	<b>Information relating to VTH RE Directors</b>	<b>93</b>
12.1	Interests of VTH RE Directors in VTH Units.....	93
12.2	Benefits and agreements.....	93
<b>13</b>	<b>Additional Information</b>	<b>95</b>
13.1	Scheme Implementation Deed.....	95
13.2	Consents and disclaimers.....	99
13.3	Regulatory relief.....	100
13.4	No unacceptable circumstances.....	101
13.5	Foreign jurisdictions.....	101
13.6	No other material information.....	101
13.7	Fees.....	101
13.8	Supplementary disclosure.....	102
<b>14</b>	<b>Glossary and Interpretation</b>	<b>103</b>
14.1	Glossary.....	103
14.2	Interpretation.....	121
	<b>Annexure A - Independent Expert's Report</b> .....	<b>122</b>
	<b>Annexure B - VTH Supplemental Deed</b> .....	<b>404</b>
	<b>Annexure C - Deed Poll</b> .....	<b>425</b>
	<b>Annexure D - Notice of Meeting</b> .....	<b>435</b>
	<b>Annexure E - Corporate Directory</b> .....	<b>443</b>



## Key Dates

---

Event	Time and date
Date of this Scheme Booklet	Wednesday, 10 February 2021
First Court Date	Wednesday, 10 February 2021
Latest time and date for receipt of proxy forms (including proxies lodged online) or powers of attorney by the VTH Registry for the Meeting	Tuesday, 2 March 2021 at 2.00pm (Sydney time)
Time and date for determining eligibility to vote at the Meeting	Tuesday, 2 March 2021 at 7.00pm (Sydney time)
Meeting	Thursday, 4 March 2021 at 2.00pm (Sydney time)
Second Court Date	Monday, 8 March 2021 at 2.00pm (Sydney time)
<i>If the Scheme is approved by the Requisite Majorities of VTH Unitholders at the Meeting:</i>	
Effective Date	Monday, 8 March 2021
Last day of trading in VTH Units on ASX (VTH Units will be suspended from trading on ASX from close of trading)	Monday, 8 March 2021
Scheme Record Date (for determining entitlements to Scheme Consideration)	Wednesday, 10 March 2021
Implementation Date (Scheme Participants will receive the Scheme Consideration on the Implementation Date) <sup>1</sup>	Wednesday, 17 March 2021
<i>If the Scheme is not approved by the Requisite Majorities of VTH Unitholders at the Meeting, but the Asset Sale is approved by the Requisite Majority at the Meeting:</i>	
Completion Date	Monday, 15 March 2021

All times and dates in the above timetable are references to the time and date in Sydney, New South Wales, Australia and all such times and dates are subject to change. VTH RE may vary any or all of these dates and times and will provide notice of any such variation on ASX. Certain times and dates are conditional on the approval of the Scheme or the Asset Sale (as applicable) by VTH Unitholders and by the Court. Any changes will be announced by VTH RE to ASX.

---

<sup>1</sup> The Scheme Consideration is subject to rounding for fractional entitlements.



## Letter to VTH Unitholders

---

10 February 2021

Dear VTH Unitholders

On behalf of the VTH RE Directors, I am pleased to provide you with this Scheme Booklet which contains details for your consideration in relation to the proposed acquisition of VTH or its assets by Macquarie Agricultural Funds Management No. 2 Pty Limited as trustee of M2 Acquisition Trust (**MAFML2**). It is proposed that the acquisition of all of the issued units in VTH will occur under a trust scheme (**Scheme**). If the Scheme is not approved by the Requisite Majorities of VTH Unitholders (but VTH Unitholders approve a resolution under Listing Rule 11),<sup>2</sup> the acquisition of VTH by MAFML2 would instead be implemented by the purchase of the assets of VTH (**Asset Sale**). We refer to the Asset Sale together with the Scheme as the **Proposal**.

### OVERVIEW

On 17 November 2020, VTH RE announced that it had entered into a Scheme Implementation Deed with Macquarie Agricultural Funds Management Limited as trustee for Macquarie Agriculture Fund – Crop Australia 2 (**MAFM**), under which it nominated MAFML2 as the acquiring entity.

This followed an announcement by Macquarie Infrastructure and Real Assets (**MIRA**), on 9 November 2020, that an agricultural fund it managed had made a conditional proposal to VTH RE. Before and after that announcement, VTH RE negotiated to maximise VTH Unitholder value.

The Proposal remains subject to a number of conditions, including receiving the relevant VTH Unitholder approvals, obtaining the Second Judicial Advice and certain other conditions described in sections 6.3 and 7.3 of this Scheme Booklet.

As at the date of this Scheme Booklet, no Alternative Transaction has emerged.

### KEY TERMS OF THE PROPOSAL

#### The Scheme

If the Scheme is approved and implemented, VTH Unitholders will receive the Scheme Consideration, being \$1.00 cash per VTH Unit held as at the Scheme Record Date. In addition, MAFM has agreed to VTH paying a distribution of 2.5c per VTH Unit from rent received for the half year ended 31 December 2020 (**VTH Interim Distribution**), which would otherwise (in the absence of MAFM's consent) be prohibited under the Scheme Implementation Deed.

The all-cash Scheme Consideration together with the VTH Interim Distribution is \$1.025 per VTH Unit, and represents:

- a 30.6% premium to the undisturbed unit price of VTH Units on Friday, 6 November 2020, prior to the announcement by MIRA on Monday, 9 November 2020, that an agricultural fund managed by it intended to seek VTH RE's support for the Proposal; and
- a 12.8% premium to the VTH net asset value (**NAV**) as at 30 June 2020,<sup>3</sup> and is in line with the estimated net asset value of VTH of \$1.022 per VTH Unit as at 31 December 2020, based on the unaudited management accounts, noting that the unaudited management accounts do not factor in capitalised corporate costs.<sup>4</sup>

---

<sup>2</sup> For details of the voting resolutions and thresholds required to approve the Scheme and the Asset Sale, see the 'Key Terms of the Proposal' section of this letter below.

<sup>3</sup> The distribution adjusted net asset value as at 30 June 2020 was \$0.894 (reduced for the 1.5 cents per unit distribution paid on 30 September 2020).

<sup>4</sup> The Independent Expert's Report notes that reported NAV in the unaudited management accounts as at 31 December 2020 does not take into account capitalised corporate costs. If adjusted for the Independent Expert's assessed value of those costs the NAV figure as at 31 December 2020 would be \$0.93. See Independent Expert's Report at page 11.



In order to approve the Scheme, VTH Unitholders will be asked to consider and, if appropriate, approve both of the below resolutions:

- the first, under which the VTH Constitution will be amended to give effect to the Scheme, requires at least 75% of the votes cast on the resolution at the Meeting by VTH Unitholders eligible to vote on the Scheme; and
- the second, approving the acquisition by MAFML2 under item 7 of section 611 of the Corporations Act, requires more than 50% of the votes cast on the resolution at the Meeting by VTH Unitholders eligible to vote on the Scheme.

### **The Asset Sale**

If the Scheme is not approved by the requisite majorities of VTH Unitholders described above, VTH Unitholders will be asked to consider and, if appropriate, approve (by a resolution under ASX Listing Rule 11),<sup>5</sup> the acquisition by MAFML2 of the assets of VTH for cash consideration of \$300 million, subject to certain adjustments. For the Asset Sale to proceed, the Asset Sale Resolution must be passed by more than 50% of votes cast at the Meeting by VTH Unitholders eligible to vote.

As soon as practicable following completion of the Asset Sale, VTH RE proposes to distribute the proceeds received from the Asset Sale (after meeting the outstanding liabilities of VTH and provisioning for the estimated costs of winding up VTH) on a pro-rata basis to VTH Unitholders, and to wind up VTH as soon as practicable following that distribution.

If the Asset Sale is implemented, VTH RE's expectation based on the information available to it as at the date of this Scheme Booklet is that the distribution ultimately received by VTH Unitholders should be equivalent to the consideration they would have received under the Scheme.<sup>6</sup>

In addition to the pro-rata distribution received by VTH Unitholders under the Asset Sale, VTH Unitholders will receive the VTH Interim Distribution of 2.5c per VTH Unit.

If the Proposal does not proceed, VTH will continue to be listed on ASX and VTH Unitholders will continue to hold their respective units and not have their VTH Units acquired under the Scheme and VTH will not have its assets acquired under the Asset Sale and VTH RE and Primewest Agrichain Management Pty Ltd, the manager of VTH, (**Manager**) will continue as the responsible entity and manager respectively.

### **INDEPENDENT EXPERT'S CONCLUSION**

The VTH RE Board appointed Grant Thornton Corporate Finance Pty Ltd (**Grant Thornton**) to prepare an Independent Expert's Report in relation to whether the Proposal is fair and reasonable to, and in the best interests of, VTH Unitholders.

The Independent Expert considered the value of VTH Units to be between \$0.97 and \$1.11 per VTH Unit. As the consideration for VTH Unitholders under the Proposal, plus the VTH Interim Distribution, is within this assessed value range the Independent Expert has concluded that each of the Scheme and Asset Sale, if the Scheme is not implemented, is fair and reasonable to, and in the best interests of, VTH Unitholders.

---

<sup>5</sup> ASX Listing Rule 11.2 requires an ordinary resolution of unitholders, being more than 50% of the votes cast by unitholders, to approve the sale of a trust's main undertaking.

<sup>6</sup> As detailed in section 10.4 of this Scheme Booklet, there is a risk that expenses may be higher than expected in which case the return to VTH Unitholders may be lower or there may be delays in distributing the proceeds of the Asset Sale back to VTH Unitholders.



## RECOMMENDATIONS AND VOTING INTENTIONS

The VTH RE Directors unanimously recommend that, in the absence of a Superior Proposal, VTH Unitholders vote in favour of:

- the Scheme, subject to the Independent Expert continuing to conclude that the Scheme is fair and reasonable to, and in the best interests of, VTH Unitholders; and
- the Asset Sale, subject to the Independent Expert continuing to conclude that the Asset Sale is fair and reasonable to, and in the best interests of, VTH Unitholders (on the basis that it will only be implemented if the Scheme is not approved by the requisite majorities of VTH Unitholders).

VTH RE notes that Primewest Management Ltd as responsible entity for Primewest Property Fund (**Primewest**), VTH's largest unitholder, which holds, and has indicated that it can control the votes in relation to, 36,752,949 VTH Units (representing approximately 19.87% of the total number of VTH Units on issue), has indicated to VTH RE that, subject to no Superior Proposal emerging, it intends to vote, or procure the vote of, those units (and any units it acquires in the future) in favour of the Scheme and, if the Scheme is not approved by the VTH Unitholders, the Asset Sale.

VTH RE has been informed by the Manager and MAFML2 that they have also entered into a Facilitation Deed that will see the Manager novate the Management Agreement for VTH to MAFML2 if the Scheme is implemented for a total consideration of \$8 million payable by MAFML2 to the Manager and provide assistance to MAFML2. The Manager is a wholly owned subsidiary of Primewest Group Limited, of which Primewest is also a subsidiary. The Facilitation Deed is conditional on the Scheme being implemented and at least 50% of VTH Unitholders present and voting (and eligible to vote) at the Meeting and who are not associated with Primewest voting in favour of the amendments to the VTH Constitution required to give effect to the Scheme.<sup>7</sup>

VTH RE notes that, on the terms of the Proposal and Facilitation Deed, the consideration payable to VTH Unitholders under the Scheme will not be reduced by any fees payable to the Manager under the Facilitation Deed and VTH RE understands that under the terms of the Facilitation Deed, the Manager will not be entitled to a termination fee under the Management Agreement on implementation of the Scheme (previously estimated to be in the order of \$4.5 million). On this basis, if the Scheme is implemented and the conditions of the Facilitation Deed met, it is expected that there will not be any deduction from the Scheme Consideration payable by MAFML2 under the Scheme in respect of the termination fee that may otherwise be payable to the Manager under the Management Agreement.

## THIS BOOKLET

This Booklet provides details of the Proposal, the Independent Expert's Report, reasons to vote in favour of or against the Scheme and Asset Sale and information on how to vote.

I encourage you to read this Scheme Booklet carefully and in full as it contains important information in relation to the Scheme and the Asset Sale and will assist you in making an informed decision at the Meeting. The Scheme Booklet should be read with reference to the defined terms set out in the Glossary. Frequently Asked Questions are included at section 5 of this Scheme Booklet.

It is very important that you cast your vote either by attending the Meeting online or by appointing a proxy, attorney or body corporate representative to attend the Meeting online and vote on your behalf. If you do not wish to or are unable to attend the Meeting online, I encourage you to vote by completing and returning the Proxy Form that accompanies this Scheme Booklet by no later than 2.00pm (Sydney time) on Tuesday, 2 March 2021. Even if you plan to attend the Meeting online, you are still encouraged to submit a directed proxy in advance of the Meeting so that your votes can still be counted if you encounter any issues in attending the Meeting (for example, if there is an issue with your internet connection on the day of the Meeting).

---

<sup>7</sup> This resolution to amend the VTH Constitution to give effect to the Scheme requires approval by at least 75% of the votes cast on the resolution at the Meeting by VTH Unitholders eligible to vote on the Scheme to pass.



You should also consult your legal, financial, tax or other professional adviser prior to making any investment decision in relation to your VTH Units.

**FURTHER INFORMATION**

If you have any questions about the Scheme, Asset Sale or any other matter in this Booklet, you should contact the VTH Unitholder Information Line on 1300 855 080 (within Australia) and +61 3 9415 4000 (from outside Australia) on Business Days between 8:30am and 5:30pm (Sydney time).

On behalf of the VTH RE Board, I would like to take this opportunity to thank you for your continued support of VTH. I look forward to your participation at the Meeting.

Yours sincerely,

Richard Mccarthy

**Director**

**The Trust Company (RE Services) Limited as responsible entity for Vitalharvest Freehold Trust**

# 1 Overview of the Proposal

## 1.1 What is the Proposal?

The Proposal is for MAFML2 to:

- (a) acquire 100% of the VTH Units by way of the Scheme; or
- (b) if the Scheme is not approved by the Requisite Majorities of VTH Unitholders (but VTH Unitholders approve the resolution under Listing Rule 11), purchase all of the Leasehold Trust Units and the Leasehold Trustee Shares by means of the Asset Sale,

in each case, in accordance with the terms set out in the Scheme Implementation Deed.

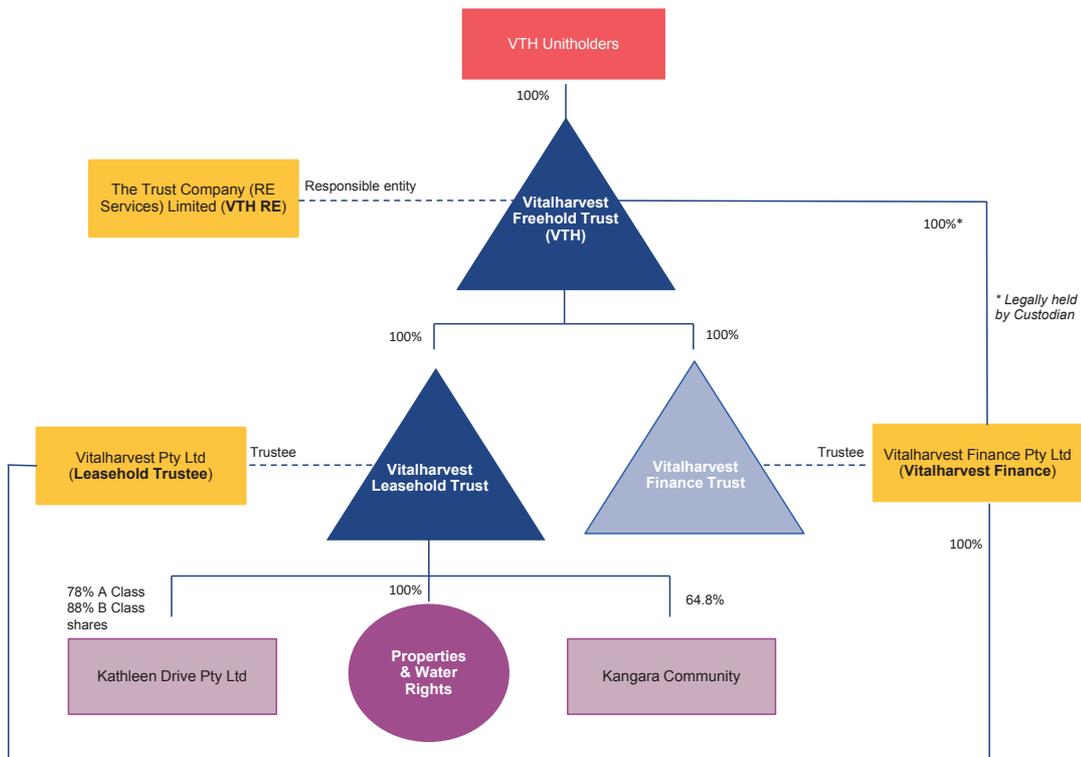
A brief summary of the Scheme Implementation Deed is included in section 13.1 of this Scheme Booklet. A full copy of the Scheme Implementation Deed was released to ASX on 17 November 2020 and can be obtained from [www2.asx.com.au](http://www2.asx.com.au) or [www.vitalharvest.com.au](http://www.vitalharvest.com.au).

Sections 6 and 7 contain an overview of the Scheme and Asset Sale respectively.

If the Scheme becomes Effective, on the Implementation Date:

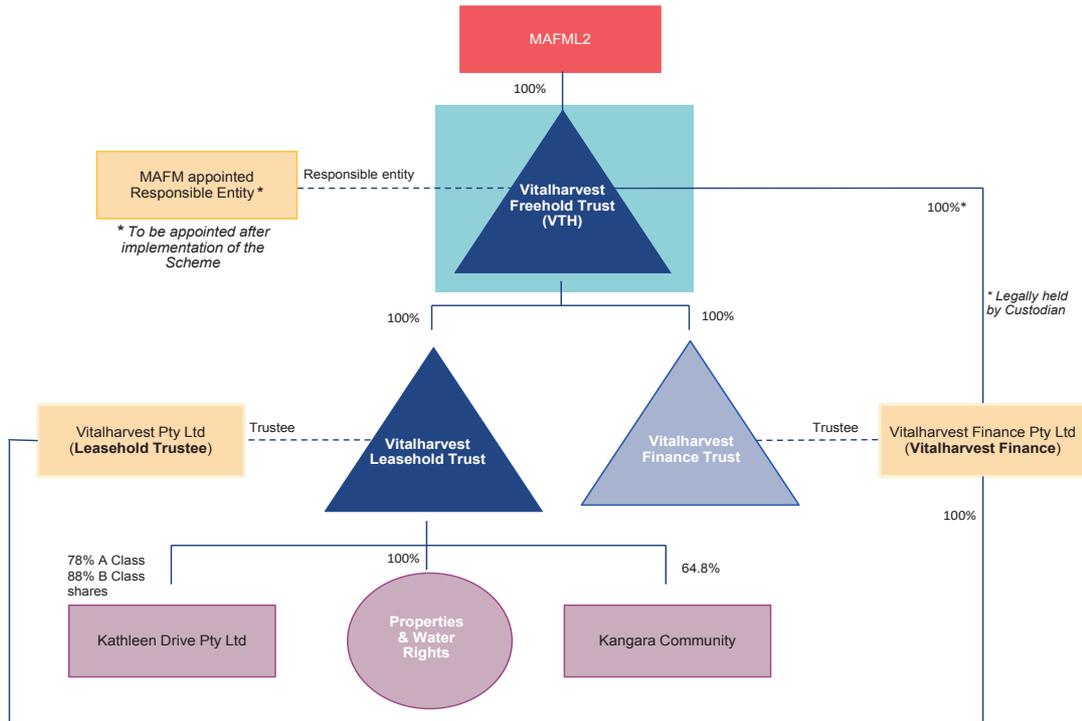
- MAFML2 will acquire all VTH Units; and
- VTH Unitholders will be entitled to receive the Scheme Consideration from MAFML2.

The diagram below shows the current structure of the VTH Group:





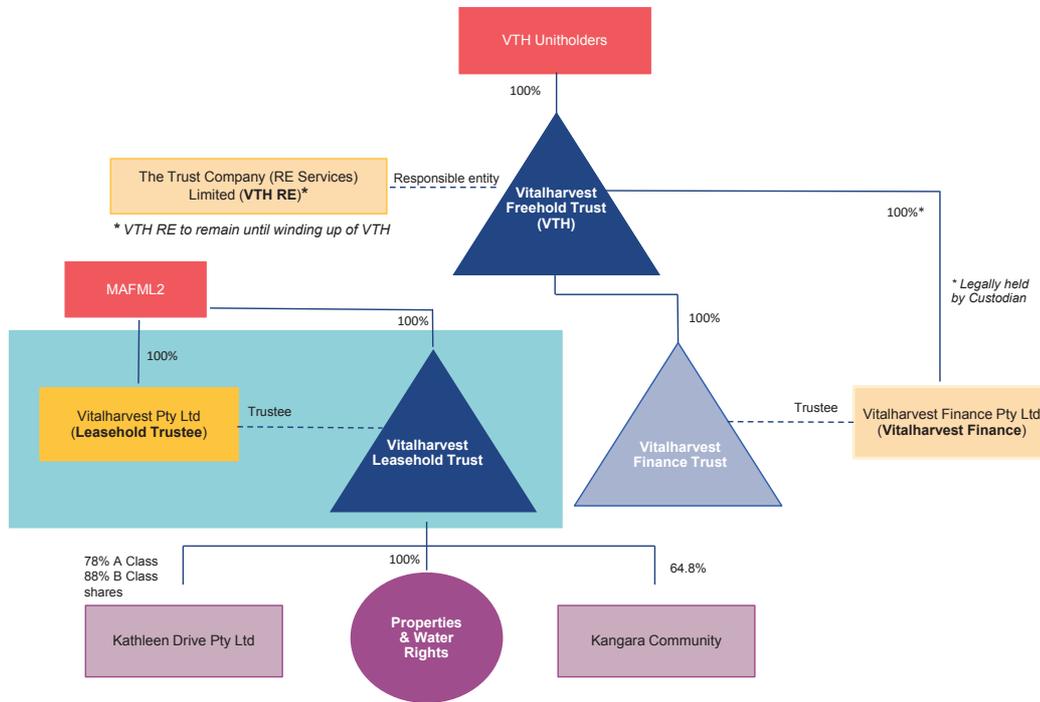
The diagram below shows the outcome if the Scheme is implemented:



If the Scheme is not approved by the Requisite Majorities of VTH Unitholders but the Asset Sale is approved by the Requisite Majorities of VTH Unitholders (required under ASX Listing Rule 11) and is implemented, on the Completion Date:

- MAFML2 will acquire substantially all of the assets of VTH, being the Leasehold Trust Units from VTH RE and all of the Leasehold Trustee Shares from Vitalharvest Finance; and
- VTH RE proposes to wind up VTH as soon as practicable following the distribution of the proceeds received from the Asset Sale (after meeting the outstanding liabilities of VTH and provisioning for the estimated costs of winding up VTH) on the basis that the purpose of VTH can no longer be accomplished.

The diagram below shows the outcome if the Asset Sale is implemented:



## 1.2 What is the recommendation of the VTH RE Directors?

This table sets out the VTH RE Board's recommendation in respect of each of these matters.

<b>Voting in favour of the Scheme Resolutions</b>	The VTH RE Directors unanimously recommend that VTH Unitholders vote in favour of the Scheme at the Meeting to be held on Thursday, 4 March 2021 at 2.00pm (Sydney time), in the absence of a Superior Proposal, and subject to the Independent Expert continuing to conclude that the Scheme is fair and reasonable to, and in the best interests of, VTH Unitholders.
<b>Voting in favour of the Asset Sale Resolution</b>	The VTH RE Directors unanimously recommend that VTH Unitholders vote in favour of the Asset Sale at the Meeting, in the absence of a Superior Proposal, and subject to the Independent Expert continuing to conclude that the Asset Sale is fair and reasonable to, and in the best interests of, VTH Unitholders (on the basis that the Asset Sale will only be implemented if the Scheme Approval Condition is not satisfied).

In considering whether to vote in favour of the Scheme and the Asset Sale, the VTH RE Directors encourage you to:

- carefully read all of this Scheme Booklet (including the Independent Expert's Report);
- have regard to your individual risk profile, portfolio strategy, tax position and financial circumstances; and
- obtain advice from your legal, financial, tax or other professional advisers in relation to voting on the Proposal.



### **1.3 What is the conclusion of the Independent Expert?**

#### **(a) Scheme conclusion**

The Independent Expert has concluded that, in the absence of a Superior Proposal, the Scheme is fair and reasonable to, and in the best interests of, VTH Unitholders.

This opinion is based on:

- the Independent Expert has valued a VTH Unit to be in the range of \$0.97 to \$1.11 on a 100%, control basis; and
- the Scheme Consideration of \$1.00 cash per VTH Unit plus the VTH Interim Distribution falls within the Independent Expert's assessed valuation range.

#### **(b) Asset Sale conclusion**

The Independent Expert has concluded that, if the Scheme is not implemented, in the absence of a Superior Proposal, the Asset Sale is fair and reasonable to, and in the best interests of, VTH Unitholders.

The Independent Expert considered the possible returns to VTH Unitholders under the Asset Sale and concluded that the Asset Sale is fair given they are expected to be substantially in line with the returns obtained under the Scheme.

For further detail regarding the Independent Expert's conclusions refer to the Independent Expert's Report, a copy of which is included in Annexure A of this Scheme Booklet.

### **1.4 Summary of reasons why you may want to vote in favour of the Proposal**

The following are reasons you may want to vote in favour of the Proposal:

- (a) the VTH RE Directors unanimously recommend that, in the absence of a Superior Proposal, you vote in favour of:
  - (1) the Scheme, subject to the Independent Expert continuing to conclude that the Scheme is fair and reasonable to, and in the best interests of, VTH Unitholders; and
  - (2) the Asset Sale, subject to the Independent Expert continuing to conclude that the Asset Sale is fair and reasonable to, and in the best interests of, VTH Unitholders (on the basis that it will only be implemented if the Scheme Approval Condition is not satisfied);
- (b) the Independent Expert has concluded that each of the Scheme and Asset Sale is fair and reasonable to, and in the best interests of, VTH Unitholders, in the absence of a Superior Proposal;
- (c) the all cash Scheme Consideration under the Scheme or the pro-rata cash distribution expected to be made to VTH Unitholders (subject to the risks set out in section 10.4 of this Scheme Booklet) after the implementation of the Asset Sale (as applicable) together with the VTH Interim Distribution of 2.5c per VTH Unit provides a premium for your VTH Units compared to pre-announcement recent trading levels and VTH's pre-announcement NAV backing, including:
  - (1) a 30.6% premium to the undisturbed trading price of VTH Units on Friday, 6 November 2020, prior to the announcement by MIRA that an agricultural fund managed by it intended to seek VTH RE's support for the Proposal;



- (2) a 12.8% premium to the VTH net asset value as at 30 June 2020, and is in line with the estimated net asset value of VTH of \$1.022 as at 31 December 2020, based on unaudited management accounts, which reflect updated valuations as at 1 December 2020, noting that the unaudited management accounts do not factor in capitalised corporate costs;<sup>8</sup>
  - (3) a VTH Interim Distribution of 2.5c per VTH Unit, which MAFM has permitted to be paid from rent received in addition to its original \$1 per VTH Unit Scheme Consideration;
  - (4) a 32.7% premium to the 30-day VWAP of VTH Units as at Friday, 6 November 2020 and a 31.3% premium to the 12-month VWAP of VTH Units as at Friday, 6 November 2020;
  - (5) the Scheme Consideration is higher than any closing price since Wednesday, 9 January 2019 until the announcement of the Proposal; and
  - (6) the all-cash Scheme Consideration under the Scheme or the pro-rata cash distribution expected to be made to VTH Unitholders (subject to the risks set out in section 10.4 of this Scheme Booklet) after the implementation of the Asset Sale (as applicable) represents greater than 21x the total value of VTH's FY2020 distributions paid;
- (d) if the Scheme is implemented, the Scheme Consideration would provide VTH Unitholders with immediate, certain value with no associated brokerage costs;
  - (e) Primewest, VTH's largest unitholder which holds, and has indicated that it can control the votes in relation to, 36,752,949 VTH Units (representing approximately 19.87% of the total number of VTH Units on issue), has indicated to VTH RE that, subject to no Superior Proposal emerging, it intends to vote in favour of the Proposal;
  - (f) no Superior Proposal has emerged as at the date of this Scheme Booklet, despite the Proposal being made public from 9 November 2020; and
  - (g) if the Scheme and the Asset Sale do not proceed, and no Superior Proposal emerges, the price of VTH Units may fall.

The reasons you may want to vote in favour of the Scheme are discussed in more detail in section 3.1 of this Scheme Booklet.

The reasons you may want to vote in favour of the Asset Sale are discussed in more detail in section 4.1 of this Scheme Booklet.

## **1.5 Summary of reasons why you may want to vote against the Proposal**

The following are reasons you may want to vote against the Proposal:

- (a) you may disagree with the VTH RE Directors' unanimous recommendation or the Independent Expert's conclusion;
- (b) you may believe that there is potential for a Superior Proposal to be made in the foreseeable future;

---

<sup>8</sup> The Independent Expert's Report notes that reported NAV in the unaudited management accounts as at 31 December 2020 does not take into account capitalised corporate costs. If adjusted for the Independent Expert's assessed value of those costs the NAV figure as at 31 December 2020 would be \$0.93. See Independent Expert's Report at page 11.



- (c) you may wish to maintain your investment in VTH and for VTH to continue to pursue a business strategy as a listed trust;
- (d) the tax consequences of the Scheme or the Asset Sale may not suit your current personal financial circumstances; and
- (e) in respect of the Asset Sale, as detailed in section 10.4 of this Scheme Booklet, the risk that the distribution to VTH Unitholders of the proceeds received from the Asset Sale, which is currently expected to be equivalent to the consideration they would have received under the Scheme, may be delayed or less than the Scheme Consideration because of costs being higher than anticipated.

The reasons you may want to vote against the Scheme are discussed in more detail in section 3.2 of this Scheme Booklet.

The reasons you may want to vote against the Asset Sale are discussed in more detail in section 4.2 of this Scheme Booklet.



## 2 What should you do in relation to the Scheme and Asset Sale?

---

### 2.1 Step 1: Read this Scheme Booklet in its entirety

This Scheme Booklet contains information that is material to your decision whether or not to approve the Proposal by voting in favour of the Scheme Resolutions or, if required, the Asset Sale Resolution. Accordingly, you should read this Scheme Booklet in its entirety before making a decision on how to vote on the Proposal.

You should also consult your legal, financial, tax or other professional adviser in relation to voting on the Proposal. Answers to some common questions are contained in section 5 of this Scheme Booklet titled 'Frequently Asked Questions'.

If you have any questions, please contact the VTH Unitholder Information Line on 1300 855 080 (within Australia) and +61 3 9415 4000 (from outside Australia) on Business Days between 8.30am and 5.30pm (Sydney time).

### 2.2 Step 2: Vote on the Proposal

#### YOUR VOTE IS IMPORTANT

- If you are a VTH Unitholder on Tuesday, 2 March 2021 at 7.00pm, you are entitled to vote on the Scheme Resolutions and, if put, the Asset Sale Resolution, at the Meeting.
- The Scheme Resolutions must be passed by the Requisite Majorities of VTH Unitholders for the Scheme to proceed.
- If the Scheme Resolutions are not passed by the Requisite Majorities at the Meeting, the Scheme will not proceed and eligible VTH Unitholders will vote on the Asset Sale Resolution, which must be passed by the Requisite Majority of VTH Unitholders for the Asset Sale to proceed.
- If either the Scheme Resolutions or the Asset Sale Resolution are passed at the Meeting, VTH RE will make an application to the Court to grant the Second Judicial Advice.

Please see sections 6.4(a) and 7.4(a) of this Scheme Booklet for further details on the Scheme Resolutions and the Asset Sale Resolution.

#### VIRTUAL (ONLINE ONLY) MEETING

VTH RE is closely monitoring the impact of the global COVID-19 pandemic and is following guidance from the Federal and State governments.

In order to minimise health risks created by the COVID-19 pandemic, and in accordance with Government directions and restrictions with respect to non-essential gatherings of people and the Treasurer's determination regarding electronic meetings, there will not be a physical meeting where VTH Unitholders and their proxies, attorneys or corporate representatives can attend in person. Instead, the Meeting will be virtual (online only).

Further information about attending the Meeting online can be found in the Notice of Meeting at Annexure D of this Scheme Booklet.



**HOW TO VOTE**

- Proxy Forms and powers of attorney must be lodged by 2.00pm (Sydney time) on Tuesday, 2 March 2021.
- As a VTH Unitholder, it is your right to vote on whether the Scheme or the Asset Sale proceeds. Your vote is important and you are strongly encouraged to vote on the Scheme Resolutions and, if put, the Asset Sale Resolution.
- A VTH Unitholder can vote by doing one of the following:

- (1) **voting online**– by attending the Meeting online at <https://web.lumiagm.com/366584164>. Further information about attending the Meeting online can be found in the Notice of Meeting at Annexure D of this Scheme Booklet;
- (2) **voting by proxy** – by completing and returning to the VTH Registry the enclosed Proxy Forms for the Meeting, which must be received by the VTH Registry by no later than 2.00pm (Sydney time) on Tuesday, 2 March 2021 at:

Mailing Address	Hand Delivery
Computershare Investor Services Pty Limited	Computershare Investor Services Pty Limited
GPO Box 1282	Level 3, 60 Carrington Street
Melbourne Victoria 3001	Sydney NSW 2000
Australia	Australia

Alternatively, you can lodge your Proxy Form online at [www.investorvote.com.au](http://www.investorvote.com.au) or [www.intermediaryonline.com](http://www.intermediaryonline.com) (for Intermediary Online subscribers (custodians)), and following the instructions on the Proxy Form;

- (3) **voting by attorney** – by providing the VTH Registry the original (or certified copy) of the instrument appointing an attorney by no later than 2.00pm (Sydney time) on Tuesday, 2 March 2021 (unless a copy has already been provided to the VTH Registry); or
  - (4) **voting by corporate representative** – (in the case of a body corporate) by appointing a corporate representative to act as its representative. The appointment must comply with section 250D of the Corporations Act. A corporate VTH Unitholder or corporate proxy should obtain a “Certificate of Appointment of Corporate Representative” form from the VTH Registry, and complete and sign the form in accordance with the instructions on it.
- Please refer to the voting instructions in Annexure D of this Scheme Booklet where these voting options are set out in full.



## 3 Key considerations relevant to your vote on the Scheme

---

### 3.1 Reasons why you may choose to vote in favour of the Scheme

This section sets out the reasons why the VTH RE Directors recommend that you approve the Scheme by voting in favour of the Scheme Resolutions.

This section 3.1 should be read in conjunction with the 'Reasons you may choose to vote against the Scheme' set out in section 3.2 of this Scheme Booklet, and the 'Other Considerations' set out in section 3.3 of this Scheme Booklet.

- (a) **The VTH RE Directors unanimously recommend that you vote in favour of the Scheme, in the absence of a Superior Proposal, and subject to the Independent Expert continuing to conclude that the Scheme is fair and reasonable to, and in the best interests of, VTH Unitholders.**

The VTH RE Directors unanimously recommend that you vote in favour of the Scheme at the upcoming Meeting on Thursday, 4 March 2021 at 2.00pm (Sydney time), in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is fair and reasonable to, and in the best interests of, VTH Unitholders.

In reaching their recommendation, the VTH RE Directors have assessed the Scheme, having regard to the reasons to vote in favour of, and against, the Scheme, as set out in this Scheme Booklet and in light of MAFM's agreement to permit an additional payment of the VTH Interim Distribution of 2.5c per VTH Unit. The VTH RE Directors consider that the Scheme provides the opportunity for VTH Unitholders to realise a certain and immediate outcome that is in the best interests of VTH Unitholders. The Proposal was agreed after negotiation by the VTH RE to maximise value for VTH Unitholders.

- (b) **The Independent Expert has concluded that the Scheme is fair and reasonable to, and in the best interests of, VTH Unitholders, in the absence of a Superior Proposal**

VTH RE appointed Grant Thornton to prepare an Independent Expert's Report, including an opinion as to whether the Scheme is fair and reasonable to, and in the best interests of, VTH Unitholders.

The Independent Expert has concluded that the fair value of VTH Units is between \$0.97 and \$1.11 per VTH Unit. As the consideration for VTH Unitholders under the Proposal plus the VTH Interim Distribution is within this range the Independent Expert concluded that the Scheme is fair and reasonable to, and in the best interests of, VTH Unitholders.

This opinion is based on:

- the Independent Expert has valued a VTH Unit to be in the range of \$0.97 to \$1.11 on a 100%, control basis; and
- the Scheme Consideration of \$1.00 cash per VTH Unit plus the VTH Interim Distribution falls within the Independent Expert's assessed valuation range.

The reasons why the Independent Expert reached these conclusions are set out in the Independent Expert's Report, a copy of which is included in Annexure A.

**The VTH RE Directors encourage you to read the Independent Expert's Report in its entirety.**



**(c) The all cash Scheme Consideration provides a premium for your VTH Units compared to pre-announcement trading levels**

The all-cash Scheme Consideration together with the VTH Interim Distribution to be paid from rent received is \$1.025 per VTH Unit:

- (1) represents a 30.6% premium to the undisturbed unit price of VTH Units on Friday, 6 November 2020 prior to the announcement by MIRA on Monday, 9 November 2020 that an agricultural fund managed by it intended to seek VTH RE's support for the Proposal;
- (2) represents a 12.8% premium to the VTH net asset value as at 30 June 2020, and is in line with the estimated net asset value of VTH of \$1.022 as at 31 December 2020, based on unaudited management accounts, which reflect updated valuations as at 1 December 2020, noting that the unaudited management accounts do not factor in capitalised corporate costs;<sup>9</sup>
- (3) represents a 32.7% premium to the 30-day VWAP of VTH Units as at Friday, 6 November 2020 and a 31.3% premium to the 12-month VWAP of VTH Units as at Friday, 6 November 2020;
- (4) is higher than any closing price since Wednesday, 9 January 2019 until the announcement of the Proposal; and
- (5) represents greater than 21x the total value of VTH's FY2020 distributions paid.

**(d) The Scheme Consideration would provide VTH Unitholders with immediate, certain value with no associated brokerage costs**

Subject to the Scheme becoming Effective, the Scheme Consideration will provide certainty of value for your VTH Units and the opportunity for you to realise your investment for cash, avoiding the uncertainties and risks associated with VTH's operations. The Scheme would also provide an opportunity for you to sell all your VTH Units at once with no associated brokerage costs.

**(e) Unitholder voting intention statement**

Primewest, VTH's largest unitholder which holds, and has indicated that it can control the votes in relation to, 36,752,949 VTH Units (representing approximately 19.87% of the total number of VTH Units on issue), has indicated to VTH RE that, subject to no Superior Proposal emerging, it intends to vote in favour of the Proposal.

**(f) No Superior Proposal has emerged as at the date of this Scheme Booklet, despite the Proposal being made public from 9 November 2020**

On 17 November 2020, VTH RE announced it had entered into the Scheme Implementation Deed.

This followed the initial announcement by MIRA, on 9 November 2020, in relation to the Proposal. Before and after that announcement, VTH RE negotiated to maximise VTH Unitholder value.

Up to the date of this Scheme Booklet, the VTH RE Directors are not aware of, and have not received, any Superior Proposal or proposal for an Alternative Transaction.

---

<sup>9</sup> The Independent Expert's Report notes that reported NAV in the unaudited management accounts as at 31 December 2020 does not take into account capitalised corporate costs. If adjusted for the Independent Expert's assessed value of those costs the NAV figure as at 31 December 2020 would be \$0.93. See Independent Expert's Report at page 11.



**(g) If the Scheme does not proceed, and no Superior Proposal emerges, there is a risk that the price of VTH Units may fall**

If the Scheme is not implemented, and in the absence of a Superior Proposal, VTH Units may trade below the price at which they have traded since VTH RE's announcement of entry into the Scheme Implementation Deed on 17 November 2020.

In addition, the future trading price of VTH Units will continue to be subject to market volatility compared to the certain value of \$1.00 cash per VTH Unit available under the Scheme.

### **3.2 Reasons you may choose to vote against the Scheme**

**(a) You may disagree with the VTH RE Directors' unanimous recommendation or the Independent Expert's conclusion**

Notwithstanding the unanimous recommendation of the VTH RE Board to vote in favour of the Scheme and the conclusion of the Independent Expert that the Scheme is fair and reasonable to, and in the best interests of, VTH Unitholders, in the absence of a Superior Proposal, you may believe that the Scheme is not in your best interests.

**(b) You may believe that there is potential for a Superior Proposal to be made in the foreseeable future**

It is possible that a more attractive proposal for VTH Units could materialise in the future. If the Scheme is implemented, this precludes the possibility of receiving the benefit of any future, potentially more favourable, proposal for your VTH Units. The VTH RE Board is, as at the date of this Scheme Booklet, not aware of, and has not received, any Superior Proposal.

**(c) You may wish to maintain your investment in VTH and for VTH to continue to pursue a business strategy as a listed trust**

If the Scheme is implemented and you receive the Scheme Consideration, you will cease to hold an interest in VTH and will no longer have the rights of a VTH Unitholder. In particular, you will no longer be able to participate in VTH's future financial performance (including future potential capital growth and distributions from VTH that may be paid), potential benefits from any future lease renegotiations which may occur, potential upside or the future prospects of its activities.

As explained in sections 8.2(a)(3) and 9.2(b) of this Scheme Booklet, MAFM has disclosed that it has agreed with VTH Group tenant, Costa Group, subject to the implementation of the Proposal, to replace the fixed-variable leases with fixed rent lease agreements in respect of the properties Costa Group currently leases from VTH Group for a 20-year term, with a 10-year option. The Manager has had past negotiations with Costa Group to renegotiate the lease terms and could seek to resume negotiations with Costa Group if the Proposal does not proceed.



While VTH RE has concluded that the Proposal offers greater certainty of value for VTH Unitholders than the prospect of negotiating acceptable revised lease terms, you may believe that the Manager pursuing the strategy of renegotiating the leases with Costa Group may be more beneficial than the Proposal. In evaluating the Proposal, VTH RE considered the content and status of the lease negotiations, the potential range of revised fixed lease terms, their potential impact on value, and risks and uncertainties as to whether, and if so when, acceptable revised leases could be negotiated with Costa Group in parallel with, or in the absence of, the Proposal. VTH RE notes the ongoing dispute between the Tenant and the Manager and the material difference between the fixed rent value of \$17 million previously indicatively offered by the Tenant and that of the Independent Valuer's assumed market rent. VTH RE believes that there is material uncertainty as to whether, and if so on what timing, acceptable terms for such a fixed rent lease may be able to be negotiated in the absence of the Proposal. VTH RE also notes that MAFM has confirmed their proposed fixed rent arrangement is below the assumed market rent value for valuation purposes.<sup>10</sup>

**(d) The tax consequences of the Scheme may not suit your current personal financial circumstances**

Implementation of the Scheme may trigger different or adverse tax consequences for certain VTH Unitholders. The tax treatment may vary depending on the nature and characteristics of each VTH Unitholder and their specific circumstances. The tax consequences of the Scheme may not suit a VTH Unitholder's financial position. VTH Unitholders should seek financial, tax and other professional advice as necessary for their specific circumstances.

VTH Unitholders should read the tax implications outlined in section 11. Section 11 is general in nature and VTH Unitholders should consult with their professional tax adviser regarding their particular circumstances.

### **3.3 Other considerations**

**(a) The Scheme may be implemented even if you vote against the Scheme or you do not vote at all**

You should be aware that if you do not vote, or you vote against the Scheme, the Scheme may still be implemented if it is approved by the Requisite Majorities of VTH Unitholders and VTH RE receives the Second Judicial Advice. If this occurs, your VTH Units will be transferred to MAFML2 and you will receive the Scheme Consideration even though you did not vote on, or voted against, the Scheme.

**(b) Implications for VTH if the Scheme is not implemented**

If the Scheme is not implemented, and in the absence of the Asset Sale or a Superior Proposal being implemented, VTH Unitholders will retain their VTH Units and will not receive the Scheme Consideration. VTH RE will continue to operate as it does currently and VTH will remain listed on ASX.

VTH RE has incurred significant costs in respect of the Scheme, including those to conduct negotiations with MAFM, retain advisers, provide information to MAFM, engage the Independent Expert and prepare this Scheme Booklet. If the Scheme is not implemented, transaction related costs of approximately \$1.55 million (exclusive of GST) are expected to be incurred by VTH RE, which will be paid out of the assets of VTH. Further details of the estimated costs are set out in section 13.7 of this Scheme Booklet.

---

<sup>10</sup> The Independent Valuer's assumed market rent value on a fixed rental basis is \$20 million per annum.



**(c) Exclusivity obligations**

The Scheme Implementation Deed includes certain exclusivity arrangements between VTH RE and MAFM. These arrangements include no shop and no talk arrangements, and obligations to notify the other party of an Alternative Transaction. Refer to section 13.1(c) of this Scheme Booklet for further information on these arrangements.

**(d) Reimbursement fees**

VTH RE has agreed that it will be liable to pay MAFM a Reimbursement Fee of \$1.85 million (excluding GST) in the circumstances set out in clause 12 of the Scheme Implementation Deed (summarised in section 13.1(e) of this Scheme Booklet). Those circumstances will not include the failure by VTH Unitholders to pass the Scheme Resolutions, or Asset Sale Resolution as detailed below, at the Meeting. Nor would the Reimbursement Fee be payable simply because the Court declined to provide the Second Judicial Advice.

**(e) Facilitation deed – conditional on vote**

VTH RE has been informed by the Manager, and MAFML2 that they have entered into a Facilitation Deed that will see the Manager novate the Management Agreement for VTH to MAFML2 if the Scheme is implemented for a total consideration of \$8 million payable by MAFML2 to the Manager and provide implementation assistance to MAFML2. The Manager is a wholly owned subsidiary of Primewest Group Limited, of which Primewest (VTH's largest unitholder) is also a group entity. The Facilitation Deed is conditional on the Scheme being implemented and at least 50% of VTH Unitholders present and voting (and eligible to vote) at the Meeting and who are not associated with Primewest voting in favour of the amendments to the VTH Constitution required to give effect to the Scheme.<sup>11</sup>

If the Manager receives the \$8 million fee under the Facilitation Deed, the Manager will not receive any early termination fee. Accordingly, \$8 million is the maximum amount the Manager will receive in respect of the implementation of the Scheme.

The Independent Expert has considered the Facilitation Deed as part of its review and concluded that the Manager will not obtain a 'net benefit' (as that term is used in the Takeovers Panel Guidance Note 21: Collateral Benefits) as a result of the arrangements contained in the Facilitation Deed. Having had regard to the Independent Expert's Report, VTH RE also considers that there is no net benefit for this purpose. Further detail regarding the Facilitation Deed and the Independent Expert's conclusions are set out in the Independent Expert's Report, a copy of which is included in Annexure A of this Scheme Booklet.

**THE VTH RE DIRECTORS ENCOURAGE YOU TO READ THE INDEPENDENT EXPERT'S REPORT IN ITS ENTIRETY.**

---

<sup>11</sup> This resolution to amend the VTH Constitution to give effect to the Scheme requires approval by at least 75% of the votes cast on the resolution at the Meeting by VTH Unitholders eligible to vote on the Scheme to pass.



## 4 Key considerations relevant to your vote on the Asset Sale

---

### 4.1 Reasons why you may choose to vote in favour of the Asset Sale

This section sets out the reasons why, if the Scheme is not approved by the Requisite Majorities of VTH Unitholders, the VTH RE Directors recommend that you approve the Asset Sale by voting in favour of the Asset Sale Resolution.

This section 4.1 should be read in conjunction with the 'Reasons you may choose to vote against the Asset Sale' set out in section 4.2 of this Scheme Booklet, and the 'Other considerations' set out in section 4.3 of this Scheme Booklet.

- (a) **The VTH RE Directors unanimously recommend that you vote in favour of the Asset Sale, in the absence of a Superior Proposal, and subject to the Independent Expert continuing to conclude that the Asset Sale is fair and reasonable to, and in the best interests of, VTH Unitholders (on the basis that it will only be implemented if the Scheme Approval Condition is not satisfied)**

In the event that the Scheme is not approved by the Requisite Majorities of VTH Unitholders at the Meeting on Thursday, 4 March 2021 at 2.00pm (Sydney time), the VTH RE Directors unanimously recommend that you vote in favour of the Asset Sale at the Meeting, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Asset Sale is fair and reasonable to, and in the best interests of, VTH Unitholders.

In reaching their recommendation, the VTH RE Directors have assessed the Asset Sale having regard to the reasons to vote in favour of, or against, the Asset Sale, as set out in this Scheme Booklet and in light of MAFM's agreement to permit an additional payment of the VTH Interim Distribution of 2.5c per VTH Unit (refer to section 8.3(c) of this Scheme Booklet for further information). The VTH RE Directors consider that the Asset Sale provides the opportunity for VTH Unitholders to realise an outcome that is in the best interests of VTH Unitholders.

- (b) **The Independent Expert has concluded that the Asset Sale is in the best interests of VTH Unitholders, in the absence of a Superior Proposal**

VTH RE appointed Grant Thornton to prepare an Independent Expert's Report, including an opinion as to whether the Asset Sale is fair and reasonable to, and in the best interests of, VTH Unitholders.

The Independent Expert has concluded that, if the Scheme is not implemented, the Asset Sale is fair and reasonable to, and in the best interests of, VTH Unitholders. This opinion is based on an examination of the possible returns to VTH Unitholders under the Asset Sale, which the Independent Expert considered to be substantially in line with returns obtained under the Scheme.

The reasons why the Independent Expert reached these conclusions are set out in the Independent Expert's Report, a copy of which is included in Annexure A.

**The VTH RE Directors encourage you to read the Independent Expert's Report in its entirety.**

- (c) **Distribution to be made to VTH Unitholders expected to be equivalent to Scheme Consideration**

Under the Asset Sale, MAFML2 undertakes to acquire the assets of VTH for cash consideration of \$300 million, subject to certain adjustments detailed at section 7.2 of this Scheme Booklet.



As soon as practicable following completion of the Asset Sale, VTH RE proposes to distribute the proceeds received from the Asset Sale (after meeting the outstanding liabilities of VTH (including any debts identified in section 8.3(h)) and provisioning for the estimated costs of winding up VTH) on a pro-rata basis to VTH Unitholders, and to wind up VTH as soon as practicable following that distribution on the basis that the purpose of VTH can no longer be accomplished.

If the Asset Sale is implemented, VTH RE's expectation based on information available to it as at the date of this Scheme Booklet is that the distribution ultimately received by VTH Unitholders should be equivalent to the Scheme Consideration which they would have received under the Scheme.<sup>12</sup>

As set out in section 3.1, the Scheme Consideration, and therefore the Asset Sale Consideration, represents a premium to trading prices of VTH Units prior to entry into the Scheme Implementation Deed, and (together with the VTH Interim Distribution) is in line with the current anticipated NAV as at 31 December 2020, based on the unaudited management accounts, noting that the unaudited management accounts do not factor in capitalised corporate costs.<sup>13</sup>

**(d) Unitholder voting intention statement**

Primewest, VTH's largest unitholder which holds, and has indicated that it can control the votes in relation to, 36,752,949 VTH Units (representing approximately 19.87% of the total number of VTH Units on issue), has indicated to VTH RE that, subject to no Superior Proposal emerging, it intends to vote in favour of the Asset Sale if the Scheme Resolutions do not pass.

**(e) No Superior Proposal has emerged as at the date of this Scheme Booklet**

On 17 November 2020, VTH RE announced it had entered into the Scheme Implementation Deed.

This followed an announcement, on 9 November 2020, by MIRA in relation to the Proposal. Before and after the Proposal was initially announced by MIRA VTH RE negotiated with MAFM to maximise VTH Unitholder value.

Up to the date of this Scheme Booklet, the VTH RE Directors are not aware of, and have not received, any Superior Proposal or proposal for an Alternative Transaction.

## **4.2 Reasons you may choose to vote against the Asset Sale**

**(a) You may disagree with the VTH RE Directors' unanimous recommendation or the Independent Expert's conclusion**

Notwithstanding the unanimous recommendation of the VTH RE Board to vote in favour of the Asset Sale and the conclusion of the Independent Expert that the Asset Sale is fair and reasonable to, and in the best interests of, VTH Unitholders, in the absence of a Superior Proposal, you may believe that the Asset Sale is not in your best interests.

---

<sup>12</sup> As detailed in section 10.4 of this Scheme Booklet, there is a risk that expenses may be higher than expected in which case the return to VTH Unitholders may be lower or there may be delays in distributing the proceeds of the Asset Sale back to VTH Unitholders.

<sup>13</sup> The Independent Expert's Report notes that reported NAV in the unaudited management accounts as at 31 December 2020 does not take into account capitalised corporate costs. If adjusted for the Independent Expert's assessed value of those costs the NAV figure as at 31 December 2020 would be \$0.93. See Independent Expert's Report at page 11.



**(b) You may believe that there is potential for a Superior Proposal to be made in the foreseeable future**

It is possible that a more attractive proposal for the acquisition of VTH's assets could materialise in the future. If the Asset Sale completes, VTH proposes to distribute the proceeds received from the Asset Sale (after meeting the outstanding liabilities of VTH and provisioning for the estimated costs of winding up VTH) on a pro-rata basis to VTH Unitholders, and to wind up VTH as soon as practicable following that distribution on the basis that the purpose of VTH can no longer be accomplished.

The VTH RE Board is, as at the date of this Scheme Booklet, not aware of, and has not received, any Superior Proposal or proposal for an Alternative Transaction.

**(c) The tax consequences of the Asset Sale may not suit your current personal financial circumstances**

Implementation of the Asset Sale may trigger different or adverse tax consequences for certain VTH Unitholders. The tax treatment may vary depending on the nature and characteristics of each VTH Unitholder and their specific circumstances. The tax consequences of the Asset Sale may not suit a VTH Unitholder's financial position. VTH Unitholders should seek financial, tax and other professional advice as necessary for their specific circumstances.

VTH Unitholders should read the tax implications outlined in section 11 of this Scheme Booklet. Section 11 is general in nature and VTH Unitholders should consult with their professional tax adviser regarding their particular circumstances.

**(d) You may prefer VTH to continue to pursue a business strategy as a listed trust rather than sell its assets**

See section 3.2(c) of this Scheme Booklet.

### **4.3 Other considerations**

**(a) The Asset Sale may complete even if you vote against the Asset Sale or you do not vote at all**

You should be aware that if you do not vote, or you vote against the Asset Sale, the Asset Sale may still be implemented if it is approved by the Requisite Majority of VTH Unitholders and VTH RE receives the Second Judicial Advice. If this occurs, VTH's main undertaking will be sold to MAFML2, and you will receive a distribution from the proceeds of the sale of these assets, even though you did not vote on, or voted against, the Asset Sale.

**(b) Implications for VTH RE if the Asset Sale does not complete**

If the Asset Sale does not complete, and in the absence of the Scheme or a Superior Proposal being implemented, VTH Unitholders will retain their VTH Units and will not receive the Asset Sale Consideration. VTH RE will continue to operate as it does currently and VTH will remain listed on ASX.

VTH RE has incurred significant costs in respect of the Asset Sale, including those to conduct negotiations with MAFM, retain advisers, provide information to MAFM, engage the Independent Expert and prepare this Scheme Booklet. If the Asset Sale does not complete, transaction related costs of approximately \$1.55 million (exclusive of GST) are expected to be incurred by VTH RE, which will be paid out of the assets of VTH. Further details of the estimated costs are set out in section 13.7 of this Scheme Booklet.



**(c) Exclusivity obligations**

The Scheme Implementation Deed includes certain exclusivity arrangements between VTH RE and MAFM. These arrangements include no shop and no talk arrangements, and obligations to notify the other party of an Alternative Transaction. Refer to section 13.1(c) of this Scheme Booklet for further information on these arrangements.

**(d) Reimbursement fees**

VTH RE has agreed that it will be liable to pay MAFM a Reimbursement Fee of \$1.85 million (excluding GST) in the circumstances set out in clause 12 of the Scheme Implementation Deed (summarised in section 13.1(e) of this Scheme Booklet). Those circumstances will not include the failure by VTH Unitholders to pass the Scheme Resolutions, or Asset Sale Resolution as detailed below, at the Meeting. Nor would the Reimbursement Fee be payable simply because the Court declined to provide the Second Judicial Advice.

**(e) Transaction Costs**

If the Asset Sale does Complete, MAFML2 has agreed to pay to VTH RE (or as otherwise directed by VTH RE) the aggregate Transaction Costs paid or payable. This obligation of MAFML2 only applies to the extent that VTH RE reasonably considers it is required to enable VTH RE to distribute an aggregate amount of \$1.00 per unit to VTH Unitholders (pre any tax liability which will or may arise for VTH Unitholders, including any capital gains tax or any amount required to be withheld by VTH RE) following the Completion of the Asset Sale and is capped at \$6 million (see section 7.4(g) of this Scheme Booklet for more detail).



## 5 Frequently Asked Questions

This section 5 answers some frequently asked questions about the Proposal. It is not intended to address all relevant issues for VTH Unitholders. This section 5 should be read together with all other parts of this Scheme Booklet.

Question	Answer	More information
<b>Background and overview of the Proposal</b>		
<b>What is the Proposal?</b>	<p>The Proposal is for MAFML2 to:</p> <ul style="list-style-type: none"> <li>acquire 100% of the VTH Units by way of the Scheme; or</li> <li>if the Scheme is not approved by the Requisite Majorities of VTH Unitholders (but VTH Unitholders approve a resolution under Listing Rule 11), purchase all of the Leasehold Trust Units and the Leasehold Trustee Shares by means of the Asset Sale,</li> </ul> <p>in each case, in accordance with the terms set out in the Scheme Implementation Deed.</p>	Section 1.1
<b>Will VTH Unitholders vote on both the Scheme and the Asset Sale at the Meeting?</b>	<p>VTH Unitholders will have the opportunity to vote on the Scheme Resolutions at the Meeting.</p> <p>If the Scheme Resolutions are not passed by the Requisite Majorities at the Meeting, eligible VTH Unitholders will vote on the Asset Sale Resolution, which must be passed by the Requisite Majority for the Asset Sale to proceed.</p>	Section 2.2
<b>Are there any termination rights?</b>	<p>The Scheme Implementation Deed may be terminated by written agreement between VTH RE and MAFM, or terminated by either of VTH RE and MAFM if:</p> <ol style="list-style-type: none"> <li>at any time before 8.00am on the Second Court Date, the other is in material breach of the Scheme Implementation Deed (including a material breach of a warranty);</li> <li>at any time before 8:00am on the Second Court Date, the Court or another Government Agency has taken any action permanently restraining or otherwise preventing the implementation of the Proposal;</li> <li>certain Conditions Precedent become unable to be satisfied; or</li> </ol>	Section 13.1(g)



Question	Answer	More information
----------	--------	------------------

4 neither the Effective Date nor the Completion Date have occurred or will occur, on or before the End Date.

In addition, MAFM may terminate the Scheme Implementation Deed by prior written notice to VTH RE at any time before 8.00am on the Second Court Date if:

- a VTH Prescribed Occurrence or VTH Regulated Event occurs; or
- a VTH RE Director fails to recommend the Proposal, withdraws or adversely changes his or her support for the Proposal or his or her recommendation in favour of the Proposal, or makes a public statement indicating he or she no longer recommends the Proposal or recommends or enforces another transaction.

## Background and overview of the Scheme

<b>What is the Scheme?</b>	The Scheme is an arrangement under which MAFML2 acquires all of the VTH Units from VTH Unitholders in the manner contemplated by the Scheme Implementation Deed and facilitated by amendments to the VTH Constitution as set out in the VTH Supplemental Deed, subject to the requisite approvals of VTH Unitholders and the Court providing the Second Judicial Advice.	Section 6
<b>What is the Scheme Consideration?</b>	If the Scheme is implemented, VTH Unitholders will be entitled to receive the Scheme Consideration from MAFML2, being the cash consideration of \$1.00 for each Scheme Unit, which together with the VTH Interim Distribution of 2.5c per VTH Unit to be paid from rent received, is \$1.025 per VTH Unit.	Section 6.2
<b>How is MAFML2 funding the Scheme Consideration?</b>	MAFML2 has indicated that it will fund the Scheme Costs or Asset Sale Costs (as applicable) through equity committed by MAFM.	Section 9.3
<b>Who is entitled to Scheme Consideration?</b>	Scheme Participants, being each person who is registered in the VTH Register as at the Scheme Record Date as a holder of VTH Units (other than an Excluded Unitholder).	Section 6



Question	Answer	More information
<b>When and how will I receive my Scheme Consideration?</b>	<p>If the Scheme becomes effective, the Scheme Consideration will be paid on the Implementation Date (currently proposed to be Wednesday, 17 March 2021).</p> <p>Immediately after the Scheme Consideration is sent or issued to Scheme Participants, the Scheme Units will be transferred to MAFML2.</p>	Section 6.4(i)
<b>Background and overview of the Asset Sale</b>		
<b>What is the Asset Sale?</b>	<p>The Asset Sale is the acquisition by MAFML2 of all of the Leasehold Trust Units from VTH RE and all of the Leasehold Trustee Shares from Vitalharvest Finance.</p> <p>The Asset Sale will only be voted on by VTH Unitholders at the Meeting if the Scheme Resolutions are not passed by the Requisite Majorities of VTH Unitholders (i.e. if the Scheme is approved by the Requisite Majorities at the Meeting, the Asset Sale will not be voted on and will not Complete).</p>	Section 7
<b>What is the Purchase Price and Share Purchase Price?</b>	<p><b>Purchase Price:</b> The consideration for the sale of the Leasehold Trust Units is the payment by MAFML2 to VTH RE of a \$300 million cash consideration, which is subject to certain adjustments detailed at section 7.2 of this Scheme Booklet.</p> <p><b>Share Purchase Price:</b> The consideration for the sale of the Leasehold Trustee Shares is the payment by MAFML2 to VTH RE as agent for Vitalharvest Finance of \$1.</p>	Section 7.2
<b>How is MAFML2 funding the Purchase Price and Share Purchase Price?</b>	MAFML2 has indicated that it will fund the Scheme Costs or Asset Sale Costs (as applicable) through equity committed by MAFM.	Section 9.3
<b>Voting recommendations and considerations</b>		
<b>Under what circumstance will the Asset Sale Resolution be put before VTH Unitholders?</b>	If the Scheme Resolutions are not passed by the Requisite Majorities of VTH Unitholders at the Meeting (detailed in the Meeting Details and Voting section below), eligible VTH Unitholders will be asked to vote on the Asset Sale Resolution.	Section 1.1



Question	Answer	More information
	<p>For the Asset Sale to proceed, the Asset Sale Resolution must be passed by more than 50% of votes cast at the Meeting by VTH Unitholders eligible to vote.</p> <p>For clarity, the VTH Unitholders will not vote on the Asset Sale Resolution at the Meeting if the Scheme Resolutions are passed by the Requisite Majorities.</p>	
<b>What do the VTH RE Directors recommend?</b>	<p>The VTH RE Directors unanimously recommend that, in the absence of a Superior Proposal, VTH Unitholders vote in favour of:</p> <ul style="list-style-type: none"><li>• the Scheme, subject to the Independent Expert continuing to conclude that the Scheme is fair and reasonable to, and in the best interests of, VTH Unitholders; and</li><li>• the Asset Sale at the Meeting, subject to the Independent Expert continuing to conclude that the Asset Sale is fair and reasonable to, and in the best interests of, VTH Unitholders (on the basis that it will only be implemented if the Scheme Approval Condition is not satisfied).</li></ul>	Section 1.2
<b>What is the opinion of the Independent Expert?</b>	<p>The Independent Expert has concluded that:</p> <ul style="list-style-type: none"><li>• the Scheme is fair and reasonable to, and in the best interests of, VTH Unitholders; and</li><li>• if the Scheme is not implemented, the Asset Sale is fair and reasonable to, and in the best interests of, VTH Unitholders,</li></ul> <p>in each case in the absence of a Superior Proposal.</p>	Section 1.3 and Annexure A
<b>What are the reasons you may want to vote in favour of the Proposal?</b>	<p>The following are reasons you may want to vote in favour of the Proposal:</p> <ul style="list-style-type: none"><li>• the VTH RE Directors unanimously recommend that, in the absence of a Superior Proposal, VTH Unitholders vote in favour of:</li><li>• the Scheme, subject to the Independent Expert continuing to conclude that the Scheme is fair and reasonable to, and in the best interests of, VTH Unitholders; and</li><li>• the Asset Sale, subject to the Independent Expert continuing to conclude that the Asset Sale is fair and reasonable to, and in the best interests</li></ul>	Sections 3.1 and 4.1



Question	Answer	More information
----------	--------	------------------

- of, VTH Unitholders (on the basis that it will only be implemented if the Scheme Approval Condition is not satisfied);
- the Independent Expert has concluded that each of the Scheme and Asset Sale is fair and reasonable to, and in the best interests of, VTH Unitholders, in the absence of a Superior Proposal;
  - the all cash Scheme Consideration under the Scheme or the pro-rata cash distribution expected to be made to VTH Unitholders (subject to the risks set out in section 10.4 of this Scheme Booklet) after the implementation of the Asset Sale (as applicable) together with the VTH Interim Distribution of 2.5c per VTH Unit provides a premium for your VTH Units compared to pre-announcement trading levels and is in line with VTH's estimated NAV as at 31 December 2020, based on unaudited management accounts, noting that the unaudited management accounts do not factor in capitalised corporate costs;<sup>14</sup>
  - if the Scheme is implemented, the Scheme Consideration would provide VTH Unitholders with immediate, certain value with no associated brokerage costs;
  - Primewest, VTH's largest unitholder which holds, and has indicated that it can control the votes in relation to, 36,752,949 VTH Units (representing approximately 19.87% of the total number of VTH Units on issue), has indicated to VTH RE that, subject to no Superior Proposal emerging, it intends to vote in favour of the Proposal;
  - no Superior Proposal has emerged as at the date of this Scheme Booklet, despite the Proposal being made public from 9 November 2020; and
  - if the Scheme and the Asset Sale do not proceed, and no Superior Proposal emerges, the price of VTH Units may fall.

---

<sup>14</sup> The Independent Expert's Report notes that reported NAV in the unaudited management accounts as at 31 December 2020 does not take into account capitalised corporate costs. If adjusted for the Independent Expert's assessed value of those costs the NAV figure as at 31 December 2020 would be \$0.93. See Independent Expert's Report at page 11.



Question	Answer	More information
<b>Reasons you may want to vote against the Proposal</b>	<p>The following are reasons you may want to vote against the Proposal:</p> <ul style="list-style-type: none"><li>• you may disagree with the VTH RE Directors' unanimous recommendation or the Independent Expert's conclusion;</li><li>• you may believe that there is potential for a Superior Proposal to be made in the foreseeable future;</li><li>• you may wish to maintain your investment in VTH and for VTH to continue to pursue a business strategy as a listed trust;</li><li>• the tax consequences of the Scheme or the Asset Sale may not suit your current personal financial circumstances; and</li><li>• in respect of the Asset Sale, there is a risk, detailed in section 10.4 of this Scheme Booklet, that the distribution to VTH Unitholders of the proceeds received from the Asset Sale, which is currently expected to be equivalent to the consideration they would have received under the Scheme, may be delayed or less than the Scheme Consideration because of costs being higher than anticipated.</li></ul>	Sections 3.2, 8.2(a)(3) and 10.4

### Conditions to the Scheme and approval of the Scheme

<b>Conditions to the Scheme</b>	<p>The implementation of the Scheme is subject to a number of outstanding Conditions Precedent, including:</p> <ul style="list-style-type: none"><li>• any applicable relief from ASIC in relation to the Scheme having been obtained;</li><li>• approval of the Scheme by the Requisite Majorities of VTH Unitholders at the Meeting;</li><li>• the Independent Expert continuing to conclude that the Scheme is fair and reasonable to, and in the best interests of, VTH Unitholders;</li><li>• the Court granting the Second Judicial Advice;</li><li>• no court or Government Agency restrains, prevents or delays implementation of the Scheme;</li><li>• no VTH Prescribed Occurrence occurs;</li></ul>	Section 6.3
---------------------------------	--	-------------



Question	Answer	More information
	<ul style="list-style-type: none"><li>• no VTH Regulated Event occurs;</li><li>• no Material Adverse Change of VTH occurs; and</li><li>• the representations and warranties given by VTH RE and MAFM to each other being accurate and not misleading..</li></ul>	
<b>What is required for the Scheme to become Effective?</b>	The Scheme will not proceed unless all the Conditions Precedent are satisfied or waived (as applicable) in accordance with the Scheme Implementation Deed.	Section 6.3
<b>Conditions to the Asset Sale and Completion of the Asset Sale</b>		
<b>Conditions to the Asset Sale</b>	Completion of the Asset Sale is subject to a number of outstanding Conditions Precedent, including: <ul style="list-style-type: none"><li>• the applicable Conditions Precedent to the Scheme, detailed in section 6.3 of this Scheme Booklet, are satisfied or waived (as applicable), other than:<ul style="list-style-type: none"><li>– the Scheme Approval Condition, being the approval of the Scheme by the Requisite Majorities of VTH Unitholders; and</li><li>– that no court or Government Agency restrains, prevents or delays the implementation of the Scheme;</li></ul></li><li>• no court or Government Agency restrains, prevents or delays the Asset Sale;</li><li>• the Scheme is not approved by the Requisite Majorities of VTH Unitholders at the Meeting; and</li><li>• the Asset Sale is approved by the Requisite Majority of VTH Unitholders at the Meeting.</li></ul>	Section 7.3
<b>What is required for completion of the Asset Sale?</b>	The Asset Sale will not proceed unless all the Asset Sale Conditions Precedent are satisfied or waived (as applicable) in accordance with the Scheme Implementation Deed.	Section 7.3



Question	Answer	More information
<b>Meeting details and voting</b>		
<b>When and where will the Meeting be held?</b>	<p>The Meeting will be held as a virtual (online only) meeting at 2.00pm (Sydney time) on Thursday, 4 March 2021.</p> <p>You can attend the Meeting by logging in online at the following link: <a href="https://web.lumiagm.com/366584164">https://web.lumiagm.com/366584164</a>. This online platform enables participants to view the Meeting live, ask questions online and vote on the Scheme Resolutions and, if required, the Asset Sale Resolution in real time.</p>	Notice of Meeting as attached in Annexure D
<b>Can I attend the Meeting, and vote, in person?</b>	<p>Due to the health risks created by the COVID-19 pandemic, the Meeting will proceed as virtual (online only). There will not be a physical meeting that VTH Unitholders and their proxies, attorneys or corporate representatives can attend.</p>	Notice of Meeting as attached in Annexure D
<b>What will VTH Unitholders be asked to vote on at the Meeting?</b>	<p>At the Meeting, VTH Unitholders will be asked to consider and, if thought fit, to pass:</p> <ul style="list-style-type: none"><li>• two resolutions approving the Scheme, which are:<ul style="list-style-type: none"><li>– a resolution for the amendment of the VTH Constitution, which requires the approval of 75% of the votes cast on the resolution at the Meeting by VTH Unitholders eligible to vote at the Meeting; and</li><li>– a resolution for the approval of MAFML2's acquisition of all of the VTH Units, which requires the approval of more than 50% of the votes cast on the resolution at the Meeting by VTH Unitholders eligible to vote at the Meeting,</li></ul></li></ul> <p>noting that in order for the Scheme to be approved, both resolutions must be approved by at least the Requisite Majorities described above; or</p> <ul style="list-style-type: none"><li>• if the Scheme is not approved by the Requisite Majorities of VTH Unitholders set out above, the Asset Sale Resolution approving the sale of all the substantive assets of VTH to MAFML2, which requires the approval of more than 50% of the votes cast at the Meeting by VTH Unitholders eligible to vote at the Meeting.</li></ul>	Section 6.4 Notice of Meeting as attached in Annexure D



Question	Answer	More information
	<p>As noted above, the Facilitation Deed is conditional on the Scheme being implemented and at least 50% of VTH Unitholders present and voting (and eligible to vote) at the Meeting and who are not associated with Primewest voting in favour of the amendments to the VTH Constitution required to give effect to the Scheme.</p>	
<b>What is the VTH Unitholder approval threshold for the Asset Sale?</b>	<p>If the Scheme Resolutions are not passed by the Requisite Majorities, the Asset Sale Resolution must be passed by more than 50% of the total votes cast on the resolution at the Meeting by VTH Unitholders entitled to vote at the Meeting.</p>	<p>Section 6.4 Notice of Meeting as attached in Annexure D</p>
<b>Am I entitled to vote at the Meeting?</b>	<p>You will be entitled to vote at the Meeting if you are registered as a VTH Unitholder on the VTH Register at 7.00pm on the date which is two days before the Meeting (two days prior is currently expected to be Tuesday, 2 March 2021).</p>	<p>Notice of Meeting as attached in Annexure D</p>
<b>Do I have to vote at the Meeting?</b>	<p>The VTH RE Board strongly encourages all VTH Unitholders to read this Scheme Booklet carefully and in full and to vote on the Proposal.</p> <p>VTH Unitholders are not required to vote on the Proposal.</p>	<p>N/A</p>
<b>How can I vote if I cannot attend the Meeting?</b>	<p>If you would like to vote but cannot attend the Meeting online, you can vote by appointing a proxy, attorney or corporate representative (if applicable) to attend and vote online on your behalf, including by lodging your Proxy Form online at <a href="http://www.investorvote.com.au">www.investorvote.com.au</a> or <a href="http://www.intermediaryonline.com">www.intermediaryonline.com</a> (for Intermediary Online subscribers (custodians)), and following the instructions on your Proxy Form.</p>	<p>Notice of Meeting as attached in Annexure D</p>
<b>When will the results of the Meeting be known?</b>	<p>The results of the Meeting will be available as soon as possible after the conclusion of the Meeting and will be announced to ASX (<a href="http://www2.asx.com.au">www2.asx.com.au</a>) once available.</p>	<p>Section 6.4 Notice of Meeting as attached in Annexure D</p>
<b>Do I need to attend Court?</b>	<p>VTH Unitholders are not required to attend Court for the Second Court Hearing.</p>	<p>Section 6.4(e)</p>



Question	Answer	More information
	<p>However, it is open to all VTH Unitholders to attend the Second Court Hearing (currently anticipated to be at 2:00 pm (Sydney time) on Monday, 8 March 2021).</p>	
<b>What happens if the Court does not approve the Scheme or Asset Sale, or if the Scheme or Asset Sale does not otherwise proceed?</b>	<p>If neither the Scheme nor the Asset Sale proceeds, and in the absence of a Superior Proposal:</p> <ul style="list-style-type: none"><li>• VTH Unitholders will continue to hold VTH Units;</li><li>• VTH RE will continue to own the Leasehold Trust Units and Vitalharvest Finance will continue to own the Leasehold Trustee Shares;</li><li>• VTH Unitholders will not receive the Scheme Consideration or the Asset Sale Consideration;</li><li>• VTH Unitholders will be exposed to general risks as well as risks specific to VTH or the industries in which it operates, including those set out in sections 3.3 and 4.3 of this Scheme Booklet;</li><li>• the advantages of the Scheme and Asset Sale described in sections 3.1 and 4.1 of this Scheme Booklet will not be realised and the potential disadvantages and risks of the Scheme and Asset Sale described in sections 3.2, 3.3, 4.2 and 4.3 of this Scheme Booklet will not arise;</li><li>• VTH will continue as an ASX-listed trust with management continuing to implement the business plan, and financial and operating strategies it had in place prior to VTH RE's announcement of entry into the Scheme Implementation Deed on 17 November 2020; and</li><li>• VTH Unitholders will receive any future distributions generated from the assets of VTH.</li></ul> <p>Prior to the Meeting, costs will have been incurred, or committed to, by VTH RE in relation to the Scheme and the Asset Sale. Those costs will be payable by VTH RE from the assets of VTH in the event that the Proposal is not approved and implemented.</p> <p>If neither the Scheme nor Asset Sale are implemented, transaction related costs of approximately \$1.55 million (excluding GST) are expected to be incurred by VTH RE.<sup>15</sup></p>	Sections 7.8 and 8.3(c)

<sup>15</sup> Further transaction expenses may be incurred after the issue of this scheme booklet.



Question	Answer	More information
<b>What if I do not vote on the Scheme Resolutions, or if I vote against the Scheme?</b>	If you do not vote, or vote against the Scheme, and the Scheme Resolutions are passed by the Requisite Majorities and the Scheme becomes Effective and is implemented, any VTH Units held by you on the Scheme Record Date (currently expected to be Wednesday, 10 March 2021) will be transferred to MAFML2 and you will receive the Scheme Consideration, despite not having voted or having voted against the Scheme.	Section 6.10
<b>What if I do not vote on the Asset Sale Resolution, or if I vote against the Asset Sale?</b>	If the Scheme Resolutions are not passed, you do not vote, or vote against the Asset Sale Resolution, and the Asset Sale Resolution is passed by the Requisite Majority and the Asset Sale proceeds to Completion, VTH RE will wind up VTH and you will receive a distribution from VTH RE on a pro-rata basis, despite not having voted or having voted against the Asset Sale.	Section 7.9
<b>When will the Scheme become Effective and when will it be implemented?</b>	<p>If the Scheme Resolutions are passed by the Requisite Majorities and the Court provides the Second Judicial Advice, the Scheme will become Effective on the date that the VTH Supplemental Deed takes effect pursuant to section 601GC(2) of the Corporations Act (currently expected to be Monday, 8 March 2021).</p> <p>The Implementation Date is currently expected to be Wednesday, 17 March 2021, being the fifth Business Day after the Scheme Record Date.</p>	Section 6.4(g)
<b>When will the Asset Sale complete?</b>	<p>The proposed Completion Date is the day that is five Business Days after the date on which the last Asset Sale Condition Precedent is satisfied. Based on the current timetable it is expected that this would occur around Monday, 15 March 2021 if the Scheme Resolutions were not passed and the Asset Sale Resolution was passed, noting that dates are indicative only and this could change.</p> <p>As soon as practicable following Completion of the Asset Sale, VTH RE proposes to distribute the proceeds received from the Asset Sale (after meeting the outstanding liabilities of VTH and provisioning for the estimated costs of winding up VTH) on a pro-rata basis to VTH Unitholders, and wind up VTH as soon as practicable following that distribution on the basis that the purpose of VTH can no longer be accomplished.</p>	Section 7.4(f)



Question	Answer	More information
<b>Information about MAFM and MAFML2</b>		
<b>Who are MAFM and MAFML2?</b>	<p>The Scheme Implementation Deed was entered into by Macquarie Agricultural Funds Management Limited, a wholly-owned subsidiary of Macquarie Group, as the trustee and manager of MAFCA2 (<b>MAFM</b>), an unlisted Australian unit trust.</p> <p>MAFM has nominated its wholly-owned subsidiary trust, M2 Acquisition Trust, as the acquiring entity under the Scheme Implementation Deed. M2 Acquisition Trust is an Australian unit trust that was established for the purpose of acquiring the VTH Units (for the Scheme) or the Leasehold Trust Units and Leasehold Trustee Shares (for the Asset Sale) (as applicable). The trustee of M2 Acquisition Trust is Macquarie Agricultural Funds Management No. 2 Pty Limited, a wholly-owned subsidiary of Macquarie Group.</p>	Section 9.1.
<b>What are MAFM's and MAFML2's intentions if the Scheme is implemented or if the Asset Sale completes?</b>	<p>MAFM and MAFML2 have indicated that they intend that the core business of the VTH Group will be conducted in substantially the same manner as it currently operates, other than as set out in section 9.2(b).</p> <p><b>Scheme implementation</b></p> <p>If the Scheme is implemented, MAFML2 will become the holder of all VTH Units.</p> <p>On or following the Implementation Date:</p> <ul style="list-style-type: none"><li>• VTH Units will be removed from the official list of the ASX; and</li><li>• MAFML2 has indicated that it intends to appoint its nominees to the boards of Vitalharvest Finance and the Leasehold Trustee.</li></ul> <p>MAFML2 has indicated that it intends to deregister VTH as a registered managed investment scheme in due course, and that VTH RE will remain as responsible entity of VTH until such time as VTH is deregistered, following which a member of the MAFCA or Macquarie Group will be appointed as trustee of VTH.</p> <p><b>Asset Sale implementation</b></p> <p>If the Asset Sale is implemented, MAFML2 will become the holder of the Leasehold Trust Units and Leasehold Trustee Shares. On the Implementation Date, MAFML2 intends to appoint its nominees to the board of the Leasehold Trustee in accordance with the Scheme Implementation Deed.</p>	Section 9.2(b)



Question	Answer	More information
<b>Other questions</b>		
<b>Under the Proposal, will I receive a distribution for the half year ending 31 December 2020?</b>	If the Scheme is approved on the currently proposed timetable, implementation will occur before the timing on which a distribution for the half year to December has historically been paid to unitholders. The terms of the Scheme Implementation Deed restrict payment of any distribution. However, MAFM has agreed the VTH Interim Distribution of 2.5c per VTH Unit will be payable in respect of the half year to 31 December 2020.	Section 8.3(c)
<b>What happens if an Alternative Proposal is received?</b>	<p>Under the Scheme Implementation Deed, VTH RE is bound by certain exclusivity obligations, including in relation to an Alternative Transaction. Subject to VTH RE's exclusivity obligations under the Scheme Implementation Deed, the VTH RE Directors will carefully consider an Alternative Transaction and advise you of their recommendation should such an Alternative Transaction arise.</p> <p>From the date of the announcement by MIRA in relation to the Proposal (on 9 November 2020) and as at the date of this Scheme Booklet, the VTH RE Directors are not aware of any Alternative Transaction. If the VTH RE Directors withdraw or adversely modify their recommendation concerning the Scheme or Asset Sale, VTH RE may be obliged to pay MAFM a reimbursement fee of \$1.85 million (excluding GST).</p>	Section 13.1(c)
<b>Can I sell my VTH Units now?</b>	Yes. You can sell your VTH Units on market at any time before the close of trading on ASX on the Effective Date at the prevailing market price at that time. If you do so, and assuming the Scheme is approved by VTH Unitholders at the Meeting, you will not receive the Scheme Consideration and you may incur brokerage costs.	Section 6.10
<b>Will I have to pay brokerage?</b>	No brokerage fees will be payable on the transfer of VTH Units to MAFML2 under the Scheme.	Section 3.1(d)



Question	Answer	More information
<b>What are the taxation implications of the Scheme?</b>	<p>The tax implications of the Scheme or Asset Sale will depend on your personal circumstances.</p> <p>A general outline of the main Australian tax implications of the Scheme and Asset Sale for certain VTH Unitholders is set out in section 11 of this Scheme Booklet.</p> <p>As this outline is general in nature, you should consult with your own tax advisers for detailed tax advice regarding the Australian and, if applicable, foreign tax implications for participating in the Scheme or Asset Sale in light of the particular circumstances which apply to you before making a decision as to how to vote on the Scheme or, if required, Asset Sale.</p>	Section 11
<b>Where can I get further information?</b>	<p>If, after reading this Scheme Booklet, you have any questions regarding the Proposal, please call 1300 855 080 (within Australia) or +61 3 9415 4000 (outside Australia), or consult your legal, investment or other professional adviser.</p>	N/A



## 6 Key features of the Scheme

---

### 6.1 Background

It is proposed that, in accordance with the terms of the Scheme Implementation Deed, MAFML2 will:

- (a) acquire all of the issued units in VTH by way of the Scheme; or
- (b) if the Scheme is not approved by the Requisite Majorities of VTH Unitholders (but VTH Unitholders approve a resolution under Listing Rule 11), purchase the assets of VTH by way of the Asset Sale.

A brief summary of the Scheme Implementation Deed is included in section 13.1 of this Scheme Booklet. A full copy of the Scheme Implementation Deed was released to ASX on 17 November 2020 and can be obtained from [www2.asx.com.au](http://www2.asx.com.au) or [www.vitalharvest.com.au](http://www.vitalharvest.com.au).

This section 6 contains an overview of the Scheme.

If the Scheme becomes Effective, on the Implementation Date:

- MAFML2 will acquire all of the VTH Units; and
- VTH Unitholders will be entitled to receive the Scheme Consideration for each VTH Unit held as at the Scheme Record Date.

### 6.2 Scheme Consideration Overview

#### (a) Scheme Consideration

If the Scheme is implemented, Scheme Participants will be entitled to receive the Scheme Consideration from MAFML2, being the cash consideration of \$1.00 for each Scheme Unit less any Excess Manager Payment (see section 13.1(h) of this Scheme Booklet for further information as to whether the Excess Manager Payment will be payable).

The Scheme Consideration together with the VTH Interim Distribution is \$1.025 per VTH Unit represents:

- (1) a 30.6% premium to the undisturbed unit price of VTH Units on Friday, 6 November 2020, prior to the announcement by MIRA on Monday, 9 November 2020 that an agricultural fund managed by it intended to seek VTH RE's support for the Proposal; and
- (2) a 12.8% premium to the VTH net asset value as at 30 June 2020, and is in line with the estimated net asset value of VTH of \$1.022 as at 31 December 2020, based on unaudited management accounts, which reflect updated valuations as at 1 December 2020, noting that the unaudited management accounts do not factor in capitalised corporate costs.<sup>16</sup>

---

<sup>16</sup> The Independent Expert's Report notes that reported NAV in the unaudited management accounts as at 31 December 2020 does not take into account capitalised corporate costs. If adjusted for the Independent Expert's assessed value of those costs the NAV figure as at 31 December 2020 would be \$0.93. See Independent Expert's Report at page 11.

**(b) Excess Manager Payment**

VTH RE does not expect there to be any applicable deduction for an Excess Manager Payment due to the terms of the Facilitation Deed. For the further details, see section 13.1(h) of this Scheme Booklet.

**6.3 Scheme Conditions Precedent**

Implementation of the Scheme is subject to a number of outstanding Conditions Precedent, including:

- (a) any applicable relief from ASIC in relation to the Scheme being granted;
- (b) approval of the Scheme Resolutions by the Requisite Majorities of VTH Unitholders at the Meeting;
- (c) the Independent Expert continuing to conclude that the Scheme is fair and reasonable to, and in the best interests of, VTH Unitholders;
- (d) the Court granting the Second Judicial Advice;
- (e) no restraining order, injunction or other order being made by a court or Government Agency that would prevent, make illegal or delay the Scheme;
- (f) no VTH Prescribed Occurrence occurring;
- (g) no VTH Regulated Event occurring;
- (h) no Material Adverse Change of VTH occurring;
- (i) the representations and warranties given by VTH RE and MAFM to each other being accurate and not misleading.

The Conditions Precedent are set out in full in clause 4.1 of the Scheme Implementation Deed.

The Scheme will not proceed unless all the Conditions Precedent are satisfied or waived (as applicable) in accordance with the Scheme Implementation Deed.

**6.4 Scheme procedure****(a) Resolutions**

Eligible VTH Unitholders will be asked to consider and, if thought fit, pass the following Scheme Resolutions at the Meeting, to be held on Thursday, 4 March 2021 at 2.00pm (Sydney time):

Resolution	Description of Resolution
Scheme Resolution 1 - Amendment of the VTH Constitution ( <b>Amendment Resolution</b> )	a special resolution under section 601GC(1) of the Corporations Act to approve amendments to the VTH Constitution as set out in the VTH Supplemental Deed (as set out in Annexure B).
Scheme Resolution 2 – Acquisition of VTH Units ( <b>Acquisition Resolution</b> )	an ordinary resolution for the purposes of item 7 of section 611 of the Corporations Act to approve the acquisition of all the Scheme Units by MAFML2.



**(b) Scheme approval requirements**

The Scheme will become Effective only if:

- the Scheme Resolutions are approved by the Requisite Majorities of VTH Unitholders entitled to vote on the Scheme Resolutions at the Meeting;
- the Court grants the Second Judicial Advice; and
- all other Conditions Precedent in relation to the Scheme outlined in section 6.3 of this Scheme Booklet are satisfied or waived (as appropriate).

**(c) Meeting**

The terms of the Scheme Resolutions to be considered at the Meeting are contained in the Notice of Meeting in Annexure D of this Scheme Booklet.

For the Scheme Resolutions to be approved:

- the Amendment Resolution must be passed by at least 75% of the votes cast on the resolution at the Meeting by VTH Unitholders entitled to vote on the resolution. For the purposes of this Amendment Resolution, and in accordance with section 253E of the Corporations Act, VTH RE and any of its associates are not entitled to vote any interests they may have if they have an interest in the resolution other than as a VTH Unitholder; and
- the Acquisition Resolution must be passed by more than 50% of the votes cast at the Meeting on the resolution by VTH Unitholders entitled to vote on the resolution. For the purposes of this Acquisition Resolution, and in accordance with item 7, section 611 and section 253E of the Corporations Act, MAFML2 and its associates must not cast any votes in favour of the resolution, and VTH RE and its associates are not entitled to vote their interests if they have an interest in the resolution other than as a VTH Unitholder.

As previously disclosed and as set out in section 3.3(e) of this Scheme Booklet, the Facilitation Deed between MAFML2 and the Manager under which the Manager has agreed to novate the Management Agreement to MAFML2 if the Scheme is implemented for a total consideration of \$8 million payable by MAFML2 to the Manager and provide assistance to MAFML2, is conditional on the Scheme being implemented and at least 50% of VTH Unitholders present and voting (and eligible to vote) at the Meeting and who are not associated with Primewest voting in favour of the Amendment Resolution.<sup>17</sup>

Voting at the Meeting will be by poll. Instructions on how to attend and vote at the Meeting are set out in Annexure D of this Scheme Booklet.

**(d) Results of Meeting**

The results of the Meeting will be available as soon as possible after the conclusion of the Meeting and will be announced to ASX ([www2.asx.com.au](http://www2.asx.com.au)) once available.

**(e) Suspension from trading**

VTH RE intends to apply to ASX for VTH Units to be suspended from trading on ASX from close of trading on the Effective Date.

---

<sup>17</sup> The Amendment Resolution to amend the VTH Constitution to give effect to the Scheme requires approval by at least 75% of the votes cast on the resolution at the Meeting by VTH Unitholders eligible to vote on the Scheme to pass.



**(f) Second Judicial Advice**

In the event that:

- the Scheme Resolutions are approved by the Requisite Majorities of VTH Unitholders at the Meeting; and
- it can be reasonably expected that all Conditions Precedent (except the provision of the Second Judicial Advice) will be satisfied or waived (if they are capable of being waived) in accordance with the Scheme Implementation Deed before 8.00am on the Second Court Date,

VTH RE will apply to the Court for the Second Judicial Advice in respect of the Scheme.

Each VTH Unitholder has the right, if they so wish, to appear at the Court on the Second Court Hearing, expected to be held at 2:00 pm (Sydney time) on Monday, 8 March 2021 at the Supreme Court of New South Wales, Law Courts Building, 184 Phillip Street, Sydney, NSW 2000.

**(g) Effective Date**

If the Court grants the Second Judicial Advice, the Scheme will become Effective on the Effective Date, being the date the VTH Supplemental Deed is executed and lodged with ASIC. VTH RE will, on the Scheme becoming Effective, announce that on ASX.

**(h) Scheme Record Date and entitlement to Scheme Consideration**

Those VTH Unitholders on the VTH Register on the Scheme Record Date (currently proposed to be Wednesday, 10 March 2021) will be entitled to receive the Scheme Consideration in respect of the VTH Units they hold at that time in accordance with the Scheme and Deed Poll.

**(i) Implementation Date**

Scheme Participants will be paid the Scheme Consideration on the Implementation Date (currently proposed to be Wednesday, 17 March 2021).

Immediately after the Scheme Consideration is sent to Scheme Participants, the Scheme Units will be transferred to MAFML2.

**(j) Deed Poll**

As at the date of this Scheme Booklet, a Deed Poll has been entered into by MAFM and MAFML2 in favour of the Scheme Participants, committing to:

- provide the Scheme Consideration to each Scheme Participant in accordance with the terms of the Scheme; and
- undertake all other actions attributed to them under the Scheme.

A copy of the Deed Poll is contained in Annexure C of this Scheme Booklet.

## **6.5 Provision of Scheme Consideration**

If the Scheme is implemented, the Scheme Consideration will be paid to Scheme Participants on the Implementation Date.

Scheme Participants who have validly registered their bank account details with the VTH Registry may have their Scheme Consideration sent directly to their bank account. Otherwise, Scheme Participants will have their Scheme Consideration sent by cheque to their Registered Address.



## 6.6 VTH RE Directors' unanimous recommendation

Voting is not compulsory, however the VTH RE Directors unanimously recommend that VTH Unitholders vote in favour of the Scheme at the Meeting to be held on Thursday, 4 March 2021 at 2.00pm (Sydney time), in the absence of a Superior Proposal, and subject to the Independent Expert continuing to conclude that the Scheme is fair and reasonable to, and in the best interests of, VTH Unitholders.

In considering whether to vote in favour of the Scheme, the VTH RE Directors encourage you to:

- carefully read all of this Scheme Booklet (including the Independent Expert's Report);
- have regard to your individual risk profile, portfolio strategy, tax position and financial circumstances; and
- obtain advice from your legal, financial, tax or other professional advisers on the Proposal.

## 6.7 Primewest voting intentions

Primewest, VTH's largest unitholder which holds, and has indicated that it can control the votes in relation to, 36,752,949 VTH Units (representing approximately 19.87% of the total number of VTH Units on issue), has indicated to VTH RE that, subject to no Superior Proposal emerging, it intends to vote in favour of the Proposal.

## 6.8 Independent Expert's conclusion

VTH RE appointed Grant Thornton as an Independent Expert:

- to review the Scheme and opine on whether the Scheme is in the best interests of VTH Unitholders; and
- to consider the Facilitation Deed and opine on whether the Manager will obtain a 'net benefit' (as that term is used in the Takeovers Panel Guidance Note 21: Collateral Benefits) as a result of the arrangements contained in the Facilitation Deed.

The Independent Expert has concluded that, in its opinion:

- the Scheme is fair and reasonable to, and in the best interests of VTH Unitholders; and
- the Manager will not obtain a 'net benefit' as a result of the arrangements contained within the Facilitation Deed.

Among other things, the Independent Expert has noted that, in respect of the Scheme:

- the Independent Expert has valued a VTH Unit to be in the range of \$0.97 to \$1.11 on a 100%, control basis; and
- the Scheme Consideration of \$1.00 cash per VTH Unit plus the VTH Interim Distribution falls within the Independent Expert's assessed valuation range.

In respect of the Facilitation Deed, the Independent Expert concluded that:

- the Manager and MAFML2 were dealing at arms' length in negotiation of the Facilitation Deed; and
- the fee paid by MAFML2 under the Facilitation Deed does not provide a 'net benefit' to the Manger as the asset under management (**AUM**) multiple implied in the Facilitation Deed:



- is in line with the internalisation proposals of asset managers with similar level of AUM; and
- lower than the average and medium AUM multiples paid in internalisation proposals in the Australian market.

The reasons why the Independent Expert reached this conclusion are set out in the Independent Expert's Report, a copy of which is included in Annexure A of this Scheme Booklet.

## **6.9 Implications if the Scheme does not proceed**

If the Scheme is not implemented:

- VTH Unitholders will not receive the Scheme Consideration;
- VTH Unitholders will continue to hold VTH Units; and
- VTH Unitholders will be asked to consider and, if thought fit, pass the Asset Sale Resolution to approve the Asset Sale, as detailed below at section 7 of this Scheme Booklet.

If the Scheme is not implemented, the advantages of the Scheme described in section 3.1 of this Scheme Booklet will not be realised and the potential disadvantages and risks of the Scheme described in sections 3.2 and 3.3 of this Scheme Booklet will not arise.

## **6.10 Your choices as a VTH Unitholder**

As a VTH Unitholder, you have the following choices currently available to you in respect of the Scheme Resolutions (noting that, if the Scheme Resolutions are not passed by the Requisite Majorities, VTH Unitholders will have the opportunity to vote on the Asset Sale Resolution):

- (a) vote in favour of the Scheme Resolutions at the Meeting and, if the Scheme is implemented, your Scheme Units will be transferred to MAFML2, you will receive the Scheme Consideration, and you will cease to hold VTH Units;
- (b) vote against the Scheme Resolutions at the Meeting, but if, in spite of your vote, the Scheme Resolutions are passed by the Requisite Majorities and the Scheme is implemented), your Scheme Units will still be transferred to MAFML2 and you will still receive the Scheme Consideration, and you will cease to hold VTH Units;
- (c) sell your VTH Units, at the prevailing market rate at that time, before the close of trading on ASX on the Effective Date, in which case you will not be entitled to the Scheme Consideration if the Scheme is implemented; or
- (d) do nothing (and if the Scheme is implemented, your Scheme Units will be transferred to MAFML2 and you will receive the Scheme Consideration).

## **6.11 Copy of the VTH Register**

Under sections 169 and 173 of the Corporations Act, any VTH Unitholder has a right to inspect, and to ask for a copy of, the VTH Register which contains details of the name and address of each VTH Unitholder. VTH RE may require a VTH Unitholder to provide reasons for their request prior to providing a copy of the VTH Register, and a VTH Unitholder must not use any information obtained for an improper purpose. A copy of the VTH Register will be given to any VTH Unitholder upon request and payment of the prescribed fee under the Corporations Act where VTH RE is satisfied that the details provided are not likely to be used for an improper purpose.



## **6.12 Warranty by Scheme Participants**

Under the terms of the Scheme, set out in the VTH Supplemental Deed attached to this Scheme Booklet at Annexure B, each Scheme Participant is deemed to have warranted to VTH RE and MAFML2, and is deemed to have authorised VTH RE as its attorney and agent to warrant to MAFML2, on the Implementation Date, that:

- all of their Scheme Units (including any rights and entitlements attaching to those units) which are transferred under the Scheme will, at the date of transfer, be fully paid and free from all encumbrances; and
- they have full power and capacity to transfer their Scheme Units to MAFML2 together with any rights and entitlements attaching to those units.

Under the terms of the Scheme, VTH RE undertakes that they will provide that warranty to MAFML2 as agent and attorney of each Scheme Participant.

## **6.13 Delisting of VTH**

Following the Implementation Date, on a date to be determined by MAFML2, VTH RE will apply for the termination of the official quotation of VTH Units on ASX and for VTH to be removed from the official list of ASX.



## 7 Key features of the Asset Sale

---

### 7.1 Background

As set out in section 6.1 above, it is proposed that, in accordance with the terms of the Scheme Implementation Deed, if the Scheme is not approved by the Requisite Majorities of VTH Unitholders (but VTH Unitholders approve a resolution under Listing Rule 11), MAFML2 will purchase the Leasehold Trustee Shares and Leasehold Trust Units by way of the Asset Sale.

The Asset Sale will only be considered by VTH Unitholders at the Meeting if the Scheme Resolutions are not approved by the Requisite Majorities at the Meeting.

A brief summary of the Scheme Implementation Deed is included in section 13.1 of this Scheme Booklet. A full copy of the Scheme Implementation Deed was released to ASX on 17 November 2020 and can be obtained from [www2.asx.com.au](http://www2.asx.com.au) or [www.vitalharvest.com.au](http://www.vitalharvest.com.au).

This section 7 contains an overview of the Asset Sale.

If the Asset Sale is approved, on the Completion Date:

- (a) VTH RE will sell the Leasehold Trust Units to MAFML2;
- (b) VTH RE will procure Vitalharvest Finance to sell the Leasehold Trustee Shares to MAFML2;
- (c) VTH RE proposes to wind up VTH as soon as practicable following the distribution of the proceeds received from the Asset Sale (after meeting the outstanding liabilities of VTH and provisioning for the estimated costs of winding up VTH) on the basis that the purpose of VTH can no longer be accomplished; and
- (d) VTH RE expects that the distribution received by VTH Unitholders should be equivalent to the consideration they would have received under the Scheme,<sup>18</sup>

on the terms and conditions outlined in the Scheme Implementation Deed.

### 7.2 Asset Sale Consideration Overview

If the Asset Sale is approved by the Requisite Majority of VTH Unitholders at the Meeting, the Asset Sale Consideration payable by MAFML2 will comprise the Share Purchase Price and the Purchase Price.

#### (a) Purchase Price

The consideration for the sale of the Leasehold Trust Units is the payment by MAFML2 of the Purchase Price of \$300 million cash consideration, less:

- the Adjustment Escrow Amount of \$10,000,000;
- the Estimated Completion Adjustment Amount; and
- the Final Completion Adjustment Payment.

More detail regarding this adjustment mechanism is set out at section 7.4(e) of this Scheme Booklet.

---

<sup>18</sup> As detailed in section 10.4 of this Scheme Booklet, there is a risk that expenses may be higher than expected in which case the return to VTH Unitholders may be lower or there may be delays in distributing the proceeds of the Asset Sale back to VTH Unitholders.



**(b) Share Purchase Price**

The consideration for the sale of the Leasehold Trustee Shares is the payment by MAFML2 of the Share Purchase Price of \$1.00 total.

**7.3 Asset Sale Conditions Precedent**

Completion of the Asset Sale is subject to a number of outstanding Conditions Precedent, including:

- the applicable Conditions Precedent to the Scheme, detailed above in section 6.3 of this Scheme Booklet, are satisfied or waived (as applicable), other than:
  - the approval by the Requisite Majorities of VTH Unitholders at the Meeting of the Scheme Resolutions; and
  - that no court or Government Agency restrains, prevents or delays the implementation of the Scheme;
- no court or Government Agency restrains, prevents or delays the Asset Sale;
- the Scheme is not approved by the Requisite Majorities of VTH Unitholders at the Meeting; and
- the Asset Sale is approved by the Requisite Majorities of VTH Unitholders at the Meeting.

The Conditions Precedent are set out in full in clause 3.1 of Schedule 3 of the Scheme Implementation Deed.

The Asset Sale will not proceed unless all the Conditions Precedent are satisfied or waived (as applicable) in accordance with the Scheme Implementation Deed.

**7.4 Asset Sale procedure**

**(a) Resolution**

If the Scheme is not approved by the Requisite Majorities of VTH Unitholders, VTH Unitholders entitled to vote at the Meeting will be asked to consider, and if thought fit, pass the following resolution (**Asset Sale Resolution**) at the Meeting on Thursday, 4 March 2021 at 2.00pm (Sydney time):

Resolution	Description of Resolution
Asset Sale Resolution	an ordinary resolution in accordance with ASX Listing Rule 11.2 to approve the disposal of the Leasehold Trust Units and Leasehold Trustee Shares to MAFML2.

**(b) Asset Sale approval requirements**

The Asset Sale will only be implemented and reach Completion if:

- the Scheme Resolutions are not approved by the Requisite Majorities of VTH Unitholders at the Meeting;
- the Asset Sale Resolution is approved by the Requisite Majorities of VTH Unitholders entitled to vote on the Asset Sale Resolution at the Meeting; and
- all other Conditions Precedent in relation to the Asset Sale outlined in section 7.3 of this Scheme Booklet are satisfied or waived (as appropriate).



**(c) Meeting**

The terms of the Asset Sale Resolution, which will be considered at the Meeting if the Scheme is not approved by the Requisite Majorities of VTH Unitholders, is contained in the Notice of Meeting in Annexure D of this Scheme Booklet.

For the Asset Sale Resolution to be approved, it must be passed by more than 50% of the votes cast on the resolution at the Meeting by VTH Unitholders entitled to vote on the Asset Sale Resolution.

Voting at the Meeting will be by poll. Instructions on how to attend and vote at the Meeting are set out in the Notice of Meeting attached to this Scheme Booklet at Annexure D of this Scheme Booklet.

**(d) Results of Meeting**

The results of the Meeting will be available as soon as possible after the conclusion of the Meeting and will be announced to ASX ([www2.asx.com.au](http://www2.asx.com.au)) once available.

**(e) Adjustment to the Purchase Price**

As is common in asset sales, the Scheme Implementation Deed contains a post-completion adjustment mechanism for the Purchase Price. Accordingly, the consideration payable under the Asset Sale contemplates an adjustment process to account for the liabilities and assets of VTH as at Completion Date. Accordingly, the Purchase Price ultimately payable by MAFML2 will be adjusted based on the balance of outstanding liabilities and liquid assets (meaning cash and accounts receivable).

**Completion Date**

On the Completion Date, the initial amount payable by MAFML2 is based on forward estimates as to what the relative assets and liabilities of VTH will be at completion and comprises:

- the Completion Amount, which is calculated by subtracting from \$300 million, the following:
  - the \$10 million Adjustment Escrow Amount, which will be paid to the Adjustment Escrow Agent to be held in escrow as part of any post-completion adjustments, as detailed below; and
  - the Estimated Completion Adjustment Amount, being the sum of the estimated liabilities of the Leasehold Trust and Leasehold Trustee and a distribution to unitholders of Leasehold Trust (as required under paragraph 6.3, schedule 3 of the Scheme Implementation Deed), minus the estimated total liquid assets (being cash and receivables) of the Leasehold Trust and Leasehold Trustee; and
- the Share Purchase Price of \$1 for the Leasehold Trustee Shares.

**Post Completion**

After completion of the Asset Sale, MAFML2 must prepare, and provide to VTH RE, a final statement detailing the final completion amount based on the total of the value of the actual liquid assets (being cash and receivables) of the Leasehold Trust and Leasehold Trustee as at Completion (subject to certain exclusions) against the actual liabilities (**Final Completion Adjustment Amount**). There is a dispute resolution mechanism, involving an expert, available to the parties in the event of any dispute over the Final Completion Adjustment Amount.



In the event that the Final Completion Adjustment Amount is greater than the Estimated Completion Adjustment Amount, VTH RE will be required to pay MAFLM2 for the difference (and vice versa where the Estimated Completion Adjustment Amount is less than the Final Completion Adjustment Amount).

In the event that VTH RE is required to pay money to MAFML2, the money held in escrow will be used, unless the additional payment requires more than the escrow amount, in which case VTH RE will be required to provide the additional cash (and vice versa in the case of an underpayment to VTH RE).

**(f) Distribution of proceeds and winding up of VTH**

As soon as practicable following completion of the Asset Sale, VTH RE proposes to distribute the proceeds received from the Asset Sale (after meeting the outstanding liabilities of VTH and provisioning for the estimated costs of winding up VTH) on a pro-rata basis to VTH Unitholders, and wind up VTH as soon as practicable following that distribution on the basis that the purpose of VTH can no longer be accomplished.

If the Asset Sale is implemented, VTH RE's expectation is that the distribution ultimately received by VTH Unitholders should be equivalent to the consideration they would have received under the Scheme.<sup>19</sup>

**(g) Partial cost underwrite of Transaction Costs**

As detailed below at section 10.4, there is a risk that the outstanding liabilities of VTH and the estimated costs of winding up VTH are greater than anticipated, thereby reducing the proceeds of the Asset Sale available to be distributed to VTH Unitholders on a pro-rata basis.

VTH RE has mitigated this risk, to an extent, by obtaining MAFM's conditional agreement to pay to VTH RE its Transaction Costs, which include its internal costs and third party expenses from implementing the Asset Sale, returning proceeds to VTH Unitholders and terminating, winding up or delisting VTH, and the Manager's early termination fee.

However, MAFM will only reimburse the Transaction Costs to the extent that VTH RE reasonably considers this is required to enable VTH RE to distribute an aggregate amount of \$1.00 per unit to VTH Unitholders (before any tax liability which will or may arise for VTH Unitholders, including any capital gains tax or any amount required to be withheld by VTH RE). MAFM's liability to cover these costs is also capped at \$6 million (inclusive of GST), although there is provision for the inclusion of additional expenses if incurred at the direction or with the approval of MAFM.

## **7.5 The VTH RE Directors' unanimous recommendation**

Voting is not compulsory, however the VTH RE Directors unanimously recommend that VTH Unitholders vote in favour of the Asset Sale at the Meeting to be held on Thursday, 4 March 2021 at 2.00pm (Sydney time), in the absence of a Superior Proposal, and subject to the Independent Expert continuing to conclude that the Asset Sale is fair and reasonable to, and in the best interests of, VTH Unitholders (on the basis that it will only be implemented if the Scheme Approval Condition is not satisfied).

---

<sup>19</sup> As detailed in section 10.4 of this Scheme Booklet, there is a risk that expenses may be higher than expected in which case the return to VTH Unitholders may be lower or there may be delays in distributing the proceeds of the Asset Sale back to VTH Unitholders.



In considering whether to vote in favour of the Asset Sale, the VTH RE Directors encourage you to:

- carefully read all of this Scheme Booklet (including the Independent Expert's Report);
- have regard to your individual risk profile, portfolio strategy, tax position and financial circumstances; and
- obtain advice from your legal, financial, tax or other professional advisers on the Proposal.

## **7.6 Primewest voting intentions**

Primewest, VTH's largest unitholder which holds, and has indicated that it can control the votes in relation to, 36,752,949 VTH Units (representing approximately 19.87% of the total number of VTH Units on issue), has indicated to VTH RE that, subject to no Superior Proposal emerging, it intends to vote in favour of the Proposal.

## **7.7 Independent Expert's conclusion**

VTH RE appointed Grant Thornton as an Independent Expert to review the Asset Sale and opine on whether the Asset Sale is fair and reasonable to, and in the best interests of, VTH Unitholders.

The Independent Expert has concluded that, if the Scheme is not implemented, the Asset Sale is fair and reasonable to, and in the best interests of, VTH Unitholders.

Among other things, the Independent Expert has noted that the possible returns to VTH Unitholders under the Asset Sale are expected to be substantially in line with the returns obtained under the Scheme.

The reasons why the Independent Expert reached this conclusion are set out in the Independent Expert's Report, a copy of which is included in Annexure A of this Scheme Booklet.

## **7.8 Implications if the Asset Sale does not proceed**

If the Asset Sale is not implemented (and the Scheme is also not implemented), and in the absence of a Superior Proposal being implemented:

- (a) VTH Unitholders will continue to hold VTH Units;
- (b) VTH RE will continue to own the Leasehold Trust Units and Vitalharvest Finance will continue to own the Leasehold Trustee Shares;
- (c) VTH Unitholders will not receive the Asset Sale Consideration;
- (d) VTH Unitholders will be exposed to general risks as well as risks specific to VTH or the industries in which it operates, including those set out in section 4.3 of this Scheme Booklet; and
- (e) VTH Unitholders will receive any future distributions generated from the assets of VTH.

If the Asset Sale is not implemented, the advantages of the Asset Sale described in section 4.1 of this Scheme Booklet will not be realised and the potential disadvantages and risks of the Asset Sale described in section 4.2 and 4.3 of this Scheme Booklet will not arise.



In the absence of a Superior Proposal or implementation of the Scheme or Asset Sale, VTH will continue as an ASX-listed trust with management continuing to implement the business plan, and financial and operating strategies it had in place prior to VTH RE's announcement of entry into the Scheme Implementation Deed.

Prior to the Meeting, costs will have been incurred, or committed to, by VTH RE in relation to the Scheme and the Asset Sale. Those costs will be payable by VTH RE from the assets of VTH in the event that the Proposal is not approved and implemented.

If neither the Scheme nor Asset Sale are implemented, transaction related costs of approximately \$1.55 million (excluding GST) are expected to be incurred by VTH RE.<sup>20</sup>

## **7.9 Your choices as a VTH Unitholder**

If the Scheme Resolutions do not receive the requisite number of votes at the Meeting, as a VTH Unitholder you have the following choices available to you in respect of the Asset Sale Resolution, which are as follows:

- (a)** vote in favour of the Asset Sale Resolution at the Meeting and, if the Asset Sale is implemented, VTH Unitholders will receive a distribution from VTH RE on a pro-rata basis as detailed in section 7.4(f) of this Scheme Booklet;
- (b)** vote against the Asset Sale Resolution at the Meeting (but acknowledging that the Asset Sale could still be approved if, in spite of your vote, the Asset Sale Resolution is passed by the Requisite Majority); or
- (c)** do nothing (and if the Asset Sale is approved, VTH RE will wind up VTH and VTH Unitholders will receive a distribution from VTH RE on a pro-rata basis as detailed in section 7.4(f) of this Scheme Booklet).

---

<sup>20</sup> Further transaction expenses may be incurred after the issue of this scheme booklet.



## 8 Information on VTH

---

### 8.1 Overview of VTH

#### (a) Introduction

VTH Group is an ASX-listed real estate investment trust which owns one of the largest aggregation of berry and citrus farms, along with associated water rights, in Australia. Details of the Properties and associated water rights are set out in section 8.2 of this Scheme Booklet.

The Properties are diversified across locations (including northern and southern NSW, northern Tasmania and the South Australian Riverland area), water sources and climates. The crop-types are also varied with the berry farms containing a mixture of blueberries, blackberries and raspberries, and the citrus farms growing oranges, mandarins, lemons, as well as persimmons, avocados and wine grapes. This mixture of crops across the Properties is sold both locally and into export markets, subject to trade agreements with target countries.

VTH Group generates revenue by leasing the Properties to various wholly-owned subsidiaries of the ASX listed Costa Group Holdings Limited (**Costa Group**), Australia's leading horticultural company and fresh produce supplier, on an initial 15-year term that commenced in 2011 as is scheduled to expire in 2026 but which has options exercisable by the Tenant to extend for an additional 10 years. Further details regarding the terms of the leases are set out below at section 8.2(a).

#### (b) Strategy of VTH Group

The investment and growth strategy of VTH Group and the Manager has been to focus on investment-grade, mature, operating agricultural assets within Australia, which are strategically located in excellent farming locations, with diversified crops and quality operators and subject to long-term leases on attractive terms.

#### (c) VTH Group

As described in the diagrams above at section 1.1 of this Scheme Booklet, the VTH Group is comprised of:

- VTH RE, as responsible entity for VTH, which holds the Leasehold Trust Units;
- Vitalharvest Finance, as trustee for the Vitalharvest Finance Trust, which holds all of the Leasehold Trustee Shares;
- Leasehold Trustee, as trustee for the Leasehold Trust, which holds the Properties and associated water rights;
- Kathleen Drive Pty Ltd, which holds certain water rights, is partly owned by Leasehold Trustee; and
- Kangara Community Water Pty Ltd, which holds certain water rights, is 64.8% owned by Leasehold Trustee.



**(d) Management and governance**

**VTH RE**

VTH RE is a registered professional trustee service provider, which is a wholly-owned subsidiary of Perpetual.

The VTH RE Directors (as at the Last Practicable Date) are listed below:

<b>Name</b>	<b>Current position</b>
Simone Alison Mosse	Director
Richard Lyn Mccarthy	Director
Vicki Riggio	Director
Glenn Foster	Director

VTH RE’s senior management comprises the following members:

<b>Name</b>	<b>Current position</b>
Richard Lyn Mccarthy	Group Executive, Perpetual Corporate Trust
Vicki Riggio	General Manager, Managed Fund Services
Martin Farr	Relationship Manager

**Manager**

Under the Management Agreement, VTH RE has delegated certain investment management, property management and other administrative functions to the Manager.

The Manager is a member of the group of companies headed by Primewest Group Limited (ASX:PWG), a private estate funds management business,<sup>21</sup> which manages over \$4.5 billion of assets under management across more than 80 syndicates and funds, across seven separate asset classes. Primewest, VTH’s largest unitholder, is a member of the stapled group comprising Primewest Property Group Limited, Primewest Property Fund and their controlled subsidiaries.

<sup>21</sup> By assets under management as at 30 June 2020.



The Manager, previously named goFARM Asset Management Pty Ltd, was acquired on 18 June 2020 from goFarm Holdings Pty Ltd by Primewest Group Limited, and subsequently renamed Primewest Agrichain Management Pty Ltd.

The Manager's board of directors (as at the Last Practicable Date) are listed below:

Name	Current position
James Litis	Executive Director
David Schwartz	Managing Director
John Bond	Executive Chairman

The Manager's senior management comprises the following members:

Name	Current position
David Richardson	Group Finance and Administration Manager
Andrew Tout	Agricultural Assets Manager

The directors and senior managers of the subsidiaries of VTH Group, including Leasehold Trustee and Vitalharvest Finance, are employees of Primewest Group Limited.

## 8.2 VTH business and portfolio

While the VTH Group's portfolio comprises over 130 property titles, some of which are aggregations of various non-contiguous properties in close proximity to one another, the portfolio is generally divided up into the following categories:

- the Farming Properties, comprised of:
  - four berry properties (Corindi and Tumbarumba in NSW, and Dunorlan and 9 Mile in Tasmania) (**Berry Properties**);
  - three citrus properties across SA (Kangara, Solora and Yandilla) (**Citrus Properties**);
- the Non Farming Properties, primarily including:
  - Solora Packshed; and
  - land on the Berry Property at Dunorlan which is the subject of two leases to NBNC0; and
- associated water rights and entitlements attaching to the relevant Properties (as described below at section 8.2(c) of this Scheme Booklet).



**(a) Overview of the Farming Properties**

The Farming Properties comprise a mixed crop of new and mature fruit trees and bushes.

A summary of the various Farming Properties is set out below:

<b>Property (&amp; location)</b>	<b>Tenant</b>	<b>Crop varieties</b>	<b>Size (ha) (planted)<sup>22</sup></b>	<b>General lease terms</b>
<b>Berry Properties</b>				<b>Period of Leases</b>
Corindi (NSW)	CostaExchange	Blueberry Raspberry	930 (311)	The current leases in respect of the Farming Properties expire on 30 June 2026 (with certain exceptions noted below). Both the Berry Leases and Citrus Leases have the option for one further 10-year renewal at the option of the Tenant (with certain exceptions noted below).  All leases are stapled, renewal of the lease for any Farming Property by the Tenant will renew all other leases held by that Tenant.
Tumbarumba (NSW)	CostaExchange	Blueberry	71 (23)	
9 Mile (TAS)	CostaExchange	Blueberry Raspberry	103 (49)	
Dunorlan (TAS)	CostaExchange	Blackberry	94 (14)	
<b>Citrus Properties</b>				<b>Rent</b>
Solora (SA)	AgriExchange	Grapefruit Mandarin Orange	582 (467)	Refer to section 8.2(a)(2) of this Scheme Booklet for more detail.  <b>Maintenance and capital contributions</b>  The Tenant is required to maintain at its own expense the crops on the Farming Properties and return them in substantially the same condition, including productivity, at the end of the Lease.  The Tenant may carry out works with consent, the Leasehold Trustee (as landlord) may also choose to fund new capital expenditure if requested. Refer to section 8.2(a)(2) of this Scheme Booklet for more detail.
Kangara (SA)	AgriExchange	Avocado Lemon Mandarin Orange Persimmon	962 (793)	
Yandilla (SA)	AgriExchange	Avocado Grapefruit Lemon Mandarin	1,003 (636)	

<sup>22</sup> Due to a variety of reasons, not all of this area is plantable.



<i>Property (&amp; location)</i>	<i>Tenant</i>	<i>Crop varieties</i>	<i>Size (ha) (planted)<sup>22</sup></i>	<i>General lease terms</i>
		Orange Wine grapes		<b>Early termination and right of first refusal</b> If the Leasehold Trustee ceases to carry on business or is subject to an insolvency event prior to the end of the lease term, the Tenant has a right of first refusal to purchase the land the subject of the relevant lease.

**(1) Exceptions**

The noted exceptions are at two of the Berry Properties:

- **Dunorlan:** Owing to Tasmanian subdivision legislation restricting the leasing of only part of a property, the lease for the Berry Property at Dunorlan is subject to three back-to-back leases, the last of which expires on 30 June 2036 (although if none of the other Berry Lease options are exercised, the Dunorlan Berry Lease will automatically terminate on the date of expiry for the other Berry Properties).

For detail on the NBNC Co Leases which also form part of the Dunorlan Arrangements see section 8.2(b) of this Scheme Booklet.

- **Corindi:** The lease of Grays Road Property applies to a small component (20.21 hectares) of the Corindi farm and expires on 30 June 2027 with a 10 year option to renew the lease to 2037. If the option for one of the other Berry Leases is exercised, the option for this property will automatically be exercised and the lease expiry will automatically be brought into line with the other Berry Leases (i.e. to June 2036).

**(2) Rent**

Annual rent under the leases for the Farming Properties is split between:

- a base rent component, of equal monthly instalments paid in advance (**Base Rent**); and
- a variable rent component, calculated annually and payable bi-annually based on the earnings before tax and interest of the Tenant from the leased properties (**Variable Rent**).

While there is no annual rent review mechanism, if an option to renew is exercised, there will be an adjustment to the Base Rent.



### **Base Rent**

The Base Rent (per annum plus GST) is calculated as:

- 8% of the total cost paid by the Leasehold Trustee for the property, including stamp duty, lodging fees, legal, accounting and valuation fees associated with the acquisition; plus
- 8% of all monies paid by the Leasehold Trustee for any crop expansion or further development undertaken in relation to the relevant property from time to time with the Leasehold Trustee's approval.

While there can be no guarantee that the options to renew will be exercised, if the Tenant exercises the option to renew, the Base Rent will be adjusted to the higher of:

- the 'market formula', being 8% of the value of the Properties (including any improvements, fixtures, fittings and chattels), on a going concern basis as at the applicable rent review date (including improvements) but not including the amount of any rent or other amounts paid to the Leasehold Trustee in respect of the Properties; and
- the Base Rent in the final year of the initial term.

While there is no option to renew the Dunorlan Berry Lease, which is instead structured as three consecutive leases, the concept and method for determining the Base Rent and Variable Rent in the second and third consecutive leases is not dissimilar to the consequence of the Tenant exercising the option to renew under the other leases.

### **Variable Rent**

The Variable Rent is calculated as 25% of the pre-interest and tax earnings of each of the Tenants' berry and citrus businesses derived from the relevant properties as defined in the leases.

Calculation of Variable Rent will not be adjusted if an option to renew is exercised.

### **(3) Prospects of lease renegotiation**

The Manager previously engaged in negotiations with Costa Group with a view to amending the lease arrangements, including by replacing the fixed-variable rent arrangements with a fixed rent arrangement. While the Manager received a non-binding position put by Costa Group at an annual fixed rental of \$17 million, no revised terms had been entered into at the time of signing the Scheme Implementation Deed. In evaluating the Proposal, VTH RE considered the content and status of the lease negotiations, the potential range of revised fixed leases terms, their potential impact on value, and risks and uncertainties as to whether, and if so when, acceptable revised leases could be negotiated with Costa Group in parallel with, or in the absence of, the Proposal.

VTH RE concluded that the Proposal offered greater certainty of value for VTH Unitholders than the prospect of negotiating acceptable revised lease terms with Costa Group, and that it was in the best interests of unitholders to progress the Proposal.



MAFM has subsequently disclosed that it agreed with Costa Group on 18 December 2020, subject to the implementation of the Proposal, to enter into fixed rent lease agreements in respect of the properties Costa currently leases from VTH Group for a 20-year term, with a 10-year option. MAFM has disclosed that the fixed annual rent payment is on market terms and has disclosed commercially sensitive details of these lease terms to the Independent Expert. VTH RE notes that Costa Group (which has a long standing relationship with MIRA) has announced that it expects the revised terms it has agreed with MIRA to be value accretive to Costa Group over the medium to longer term.

In reviewing the Independent Expert's report, VTH RE notes that the Independent Expert and Independent Valuer have had regard to the possibility that a fixed rent lease may have been agreed with Costa Group, VTH's sole tenant, in the absence of the Proposal. VTH RE notes the ongoing dispute between the Tenant and the Manager, and the material difference between the fixed rent value of \$17 million indicatively offered by the Tenant and that of the Independent Valuer's assumed market rent. VTH RE believes that there is material uncertainty as to whether, and if so on what timing, acceptable terms for such a fixed rent lease may be able to be negotiated by the Manager, in the absence of the Proposal. VTH RE also notes that MAFM has confirmed their proposed fixed rent arrangement is below the assumed market rent value for valuation purposes.<sup>23</sup>

**(b) Non Farming Properties**

The Non Farming Properties comprise leases for use of land or property which do not contain crops cultivated by the Tenant.

A summary of the Non Farming Properties is set out below:

<i>Non Farming Property (&amp; location)</i>	<i>Tenant</i>	<i>Size</i>	<i>Expiry</i>	<i>Rent and additional key terms</i>
Solora Packshed (Solora, SA)	AgriExchange Murtho Pty Ltd (ACN 093 583 049), a wholly-owned subsidiary of AgriExchange	N/A	December 2021 (with a single three-year right of renewal exercised)	\$41,811.18 per annum (plus GST), adjusted annually by CPI.  Leasehold Trustee (as landlord) is responsible for routine maintenance, including structural and capital repairs
NBNCo Leases (Dunorlan, TAS)	NBNCo	100m <sup>2</sup>	September 2034 (the second of two back to back leases)	The current rent is \$11,924.46 per annum plus GST. With a CPI increase on 17 September each year.

<sup>23</sup> The Independent Valuer's assumed market rent value on a fixed rental basis is \$20 million per annum.



- (1) **NBNCo Leases:** NBNCo leases a small portion of the property at Dunorlan for telephone towers. As with the Berry Lease at Dunorlan, owing to Tasmanian subdivision legislation, the NBNCo Leases are two consecutive leases, the second of which is due to commence on 17 September 2024 and to expire on 16 September 2034.

The NBNCo Leases restrict sale of the land the subject of the leases unless the Leasehold Trustee first obtains a deed poll in favour of NBNCo from the transferee complying with the lessor's covenants under the NBNCo Leases.

(c) **Water Rights**

VTH Group holds 13,893.02ML of various water entitlements for the Farming Properties, including the following which are the subject of legal agreements:

- The water access licences required to support the irrigation undertaken at the Farming Properties. In the event of a shortfall in any season, the relevant Tenant is required to supplement water through spot purchases either at the Tenant's cost at the Citrus Properties, or by way of an increase in the Rent, as a result of an increase in the amount of capital expenditure, as described in section 8.2(a)(2).
- VTH Group holds a majority interest in an entity that owns land on which there is a dam catchment area that services, among others, the remainder of the Corindi Berry Property. This arrangement does not generate any profits for VTH Group.
- Under the Water Management Agreement, VTH Group has the right to draw water from a dam on a property adjacent to the Berry Property at Kangara, which is owned by an entity that is co-owned by the Leasehold Trustee and the owner of a neighbouring property. The Leasehold Trustee is restricted from disposing or transferring the land without the purchaser agreeing to the terms of the Water Management Agreement.

### 8.3 VTH Group financial information

As outlined in the FY20 Annual Report, a number of events have negatively impacted the performance of the portfolio, consequently Funds from Operations (**FFO**) in FY20 were \$8.81 million compared to \$10.46 million in FY19.

(a) **Summary of financial performance of VTH Group**

At 30 June 2020, VTH had net assets amounting to \$168,181,000, compared to \$167,131,000 in 2019, and total assets amounting to \$285,631,000, compared to \$280,319,000 in 2019. The adjusted net asset value per unit as at 30 June 2020 was 89.4c (allowing for the 1.5c distribution relating to the 6 months ended 30 June 2020), compared to 88.35c at 30 June 2019 (allowing for a 1.65c distribution for the 6 months ended 30 June 2019).

(b) **Basis of preparation**

This section sets out a summary of historical financial information in relation to VTH Group for the purposes of this Scheme Booklet. This financial information has been extracted from the 2020 VTH Financial Report.

The historical financial information of VTH Group is presented in its abbreviated form and does not contain all disclosures, presentation, statements, noted or comparative that are usually provided in an annual report prepared in accordance with the Corporations Act.



The full financial accounts of VTH Group, including all notes to those accounts, can be found in:

- the VTH Group Full Year FY20 Statutory Accounts and Appendix 4E (released to ASX on 31 August 2020); and
- the VTH Group Full Year FY19 Statutory Accounts and Appendix 4E (released to ASX on 30 August 2019).

These documents are available on ASX's website ([www2.asx.com.au](http://www2.asx.com.au)) and VTH RE's website ([www.vitalharvest.com.au](http://www.vitalharvest.com.au)).

**(c) Outlook**

Based on unaudited information provided by the Tenants after the completion of the half year ended 31 December 2020 the variable rent component for the 2020 calendar year was ~\$2.9 million greater than anticipated when the Scheme Implementation Deed was entered into, and it appears that FFO is likely to be significantly higher than prior corresponding periods. The FFO available for distribution as at 31 December 2020 are therefore likely to be in excess of past distributions.

If the Scheme is approved on the currently proposed timetable, implementation will occur before the timing on which a distribution for the half year to December has historically been paid to unitholders. The terms of the Scheme Implementation Deed restrict payment of any distribution. However, MAFM has agreed the VTH Interim Distribution of 2.5c will be payable in respect of the half year to 31 December 2020.

For prior corresponding periods, the half year distribution was:

- 3.25c per VTH Unit for the half year ending 31 December 2019; and
- 4c per VTH Unit for the half year ending 31 December 2018.

A detailed summary of the FY20 audited financial results is set out below.

**(d) Overview of Historical consolidated statement of profit or loss**

	<b>FY2020</b>	<b>Restated</b>
	<b>(\$'000)</b>	<b>For the period</b>
		<b>14 June 2018 to</b>
		<b>30 June 2019</b>
		<b>(\$'000)</b>
<b>Income</b>		
Revenue	14,318	15,436
Other Income	1,809	2,833
	<b>16,127</b>	<b>18,269</b>
<b>Expenses</b>		
Depreciation expense	(11,318)	(11,383)
Finance costs	(3,919)	(3,674)
VTH RE's fees	(163)	(152)



Management fees	(670)	(547)
Professional fees	(782)	(659)
Initial Public Offering related costs	-	(7,245)
Change in fair value of interest rate swaps	(2,800)	(8,403)
Change in fair value of investment property	16,537	7,552
Change in fair value of value of plant and equipment – bearer plants	(1,805)	(11,305)
Loss on disposal of non-current assets	-	(430)
Other expenses	(491)	(430)
	<b>(5,411)</b>	<b>(37,802)</b>
<b>Profit / (Loss)</b>	<b>10,716</b>	<b>(19,534)</b>
<b>Other comprehensive income</b> <i>(Items that will not be reclassified to profit and loss)</i>		
Change in fair value of bearer plants	(601)	14,003
Reserves arising on business combination	-	15
<b>Other comprehensive income / (loss)</b>	<b>(601)</b>	<b>(14,017)</b>
<b>Total comprehensive income / (loss)</b>	<b>10,115</b>	<b>(5,516)</b>
<b>Total comprehensive income / (loss) attributable to:</b>		
VTH Unitholders	10,115	(5,531)
Non-controlling interests	-	15
	<b>10,115</b>	<b>(5,516)</b>
<b>Earnings per VTH Unit</b>		
Basic and diluted profit / (loss) per VTH unit (cents)	5.47	(2.99)

**(e) Historical consolidated statement of financial position**

	<b>FY2020</b> <b>(\$'000)</b>	<b>Restated</b> <b>For the period</b> <b>14 June 2018 to</b> <b>30 June 2019</b> <b>(\$000)</b>
<b>Current assets</b>		
Cash and cash equivalents	4,982	7,239
Trade and other receivables	318	6,118
Other assets	<b>5</b>	<b>282</b>
<b>Total current assets</b>	<b>5,305</b>	<b>13,639</b>
<b>Non-current assets</b>		
Investments accounted for using equity method	-	-
Intangible assets – water rights	43,916	39,675
Investment property	125,466	102,333
Property, plant and equipment	126	387
Property, plant and equipment – bearer plants	110,818	124,285
<b>Total non-current assets</b>	<b>280,326</b>	<b>266,680</b>
<b>Total Assets</b>	<b>285,631</b>	<b>280,319</b>
<b>Current liabilities</b>		
Trade and other payments	1,758	3,508
Other financial liabilities	1,885	1,205
Other liabilities	2,069	5,431
<b>Total current liabilities</b>	<b>5,712</b>	<b>10,144</b>
<b>Non-current liabilities</b>		
Borrowings	102,420	95,846
Other financial liabilities	9,318	8,198
<b>Total non-current liabilities</b>	<b>111,738</b>	<b>103,044</b>
<b>Total liabilities</b>	<b>117,450</b>	<b>113,188</b>
<b>Net assets</b>	<b>168,181</b>	<b>167,131</b>



<b>Trust funds</b>		
Issued units	180,037	180,037
Asset Revaluation Reserve	13,402	14,003
Accumulated losses	(25,283)	(26,934)
<b>Trust funds attributable to unitholders of VTH</b>	<b>168,156</b>	<b>167,106</b>
Non-controlling interests	25	25
<b>Total trust funds</b>	<b>168,181</b>	<b>167,131</b>

**(f) Historical consolidated statement of cash flows**

	<b>FY2020</b>	<b>Restated</b>
	<b>(\$'000)</b>	<b>For the period</b>
		<b>14 June 2018 to</b>
		<b>30 June 2019</b>
		<b>(\$000)</b>
<b>Cash flows from operating activities</b>		
Receipts from customers	18,804	18,206
Operating grant receipts	2,228	2,164
Payments to suppliers	(5,652)	(11,251)
Interest received	14	58
Finance costs	(3,901)	(2,787)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>11,492</b>	<b>6,390</b>
<b>Cash flows from investing activities</b>		
Payments for investment property	(6,596)	(3,064)
Payments for bearer plants	(255)	(509)
Payments for intangible assets	(4,241)	-
Proceeds from sale of investment property	-	1
Net cash outflow on acquisition of assets on business combination	-	(209,782)
<b>Net cash inflow/(outflow) from investing activities</b>	<b>(11,092)</b>	<b>(213,354)</b>



<b>Cash flows from financing activities</b>		
Proceeds from issue of units	-	185,000
Costs in relation to unit issue	-	(4,963)
Proceeds from borrowings	54,520	96,417
Repayment of borrowings	(48,112)	(54,110)
Payment for debt issue costs	-	(741)
Distributions paid	(9,065)	(7,400)
<b>Net cash inflow/(outflow) from financing activities</b>	<b>(2,657)</b>	<b>214,203</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(2,257)</b>	<b>7,239</b>
Cash and cash equivalents at the beginning of the year	7,239	-
<b>Cash and cash equivalents at the end of the year</b>	<b>4,982</b>	<b>7,239</b>

**(g) Material changes in financial position (between 30 June 2020 and 31 December 2020)**

The NAV of VTH as at 31 December 2020, based on unaudited management accounts, has increased by approximately \$28.9 million, represented by:

	\$m
Increase in the valuation of investment properties and bearer plants	22.7
Increase in net current assets	7.4
Increase in financial liabilities	(1.2)

The increase in net current assets is primarily due to the balance of variable rent due for the calendar year ended 31 December 2020, and the increase in financial liabilities is primarily due to the revaluation of interest rate hedging contracts.



**(h) Financing arrangements**

VTH has the following financial arrangements in place in respect of its business.

**(1) Debt facilities**

The Finance Trust has a \$110 million secured revolving club debt facility with National Australia Bank Ltd and Cooperative Rabobank U.A (Australian Branch).

**(2) Interest rate and risk management strategy**

The Manager is responsible for ensuring an appropriate level of interest rate hedging in light of the weighted average lease expiry and rent characteristics of the portfolio by using interest rate hedging arrangements to minimise exposure to fluctuations in interests rates and seeking appropriate maturity dates for the fixed rate hedging agreements.

## 8.4 Material agreements

**(a) 3IP Deed**

On 5 September 2018, the SA Minister and Leasehold Trustee entered a deed of grant as varied from time to time (**3IP Deed**), under which the Leasehold Trustee agreed to transfer some permanent water entitlements to the SA Minister and undertake various irrigation projects in exchange for funding.

The 3IP Deed was entered in respect of the Citrus Properties to obtain the benefits of grants given by the SA Minister for projects designed to support the restoration of a healthy Murray-Darling Basin environment. As at the date of this Scheme Booklet, the Leasehold Trustee has received approximately \$9.6 million of government funding relating to the 3IP programme. No further expenditure or grants are expected from the 3IP programme.

As at the date of this Scheme Booklet, the Leasehold Trustee has completed its obligations in respect of the 3IP Deed and has received all of the funding from the SA Minister, although the 3IP Deed remains on foot.

Under the 3IP Deed, if the Leasehold Trustee ceases to carry on the business defined in the 3IP Deed or there is a change of control in the Leasehold Trustee without the prior written consent of the SA Minister, the SA Minister may terminate and recover any amounts (plus interest) paid to Leasehold Trustee.

Obtaining the consent of the SA Minister is a condition precedent under clause 4.1(k) of the Scheme Implementation Deed. On 22 January 2021, the SA Minister's office confirmed no consent was required as the project has now completed.

**(b) Intellectual property and plant breeder rights arrangements**

Other than under certain arrangements where bushes are the subject of existing intellectual property rights (either due to its own intellectual property or licensing arrangements) by CostaExchange, all bushes planted on the Berry Properties are the property of the Leasehold Trustee.

To ensure continued access to the plant breeder rights in the plants on the Berry Properties, the Leasehold Trustee entered into the Grower Deed, under which Driscoll's:

- grants the Leasehold Trustee the right to plant and grow certain plants on the relevant land, to harvest the fruit from those plants, and to use certain trade marks for the purpose of preparing packaging for the sale of that fruit by Driscoll's as agent for the Leasehold Trustee; and



- agrees to enter into the Grower and Sale Agency Agreement to ensure the Leasehold Trustee has continued access to the plant breeder rights following termination or expiration of the Berry Leases.

The Grower Deed, and Grower and Sale Agency Agreement, may be terminated by both parties for a number of reasons. Notably however, the Grower and Sale Agency Agreement will automatically terminate within a set number of seasons, depending upon the type of berry.

## 8.5 Capital structure

As at the date of this Scheme Booklet, there are 185,000,000 VTH Units on issue.

## 8.6 Substantial Unitholders

As extracted from filings released on ASX, in each case prior to the Last Practicable Date, the following persons held a substantial holding (within the meaning of the Corporations Act) in VTH Units.

VTH Unitholder	Effective date	Number of VTH Units	Voting power at time of notice
Macquarie Agricultural Funds Management No. 2 Pty Limited <sup>24</sup>	1 February 2021	37,093,667	20.05%
Primewest Management Ltd as responsible entity for Primewest Property Fund	10 November 2020	36,752,949	19.87%
Salt Funds Management	15 December 2020	11,514,140	6.22%
Samson Rock Capital LLP	1 February 2021	11,783,234	6.37%

<sup>24</sup> See further detail regarding MAFML's voting interests at section 9.4 of this Scheme Booklet.



## 8.7 Recent unit price performance

The closing price for VTH Units on Friday, 6 November 2020 was 78.5c per VTH Unit, being the last undisturbed closing unit price prior to MIRA's announcement in relation to the Proposal on Monday, 9 November 2020 that an agricultural fund it managed had made a conditional proposal to VTH RE.

The volume weighted average price (**VWAP**) for VTH Units in the lead up to the announcement on 9 November 2020 was:

- \$0.771 for the 1-month VWAP ended 6 November 2020;
- \$0.775 for the 3-month VWAP ended 6 November 2020;
- \$0.806 for the 6-month VWAP ended 6 November 2020; and
- \$0.781 for the 12-month VWAP ended 6 November 2020.

Entry into the Scheme Implementation Deed was announced on ASX after close of the market on 17 November 2020.

The following chart highlights the movements in the price of VTH Units prior to and since the announcement of a conditional proposal to VTH RE on 9 November 2020.

The closing price of VTH Units on ASX on the Last Practicable Date was \$0.995.



As at 22 January 2021. 1. NAV as published with FY20 accounts after adjustment for the final FY20 distribution of 1.5 cents per unit paid on 30 September 2020.

## 8.8 Disputes

As disclosed in note 33 of VTH RE's Annual Report for FY20, there is an ongoing dispute with Costa Group regarding the format and transparency of the financial information provided by Costa Group under the terms of the leases.



## 8.9 Continuous Disclosure

VTH is a listed disclosing entity for the purpose of the Corporations Act and as such is subject to regular reporting and disclosure obligations. Specifically, as a managed investment scheme listed on ASX, VTH is subject to Listing Rules which require (subject to some exceptions) continuous disclosure of any information that VTH has that a reasonable person would expect to have a material effect on the price or value of VTH Units.

ASX maintains files containing publicly disclosed information about all entities listed on ASX. Information disclosed to ASX by VTH is available on the ASX's website at [www2.asx.com.au](http://www2.asx.com.au).

In addition, VTH is required to lodge various documents with ASIC. Copies of documents lodged with ASIC by VTH may be obtained from an ASIC office.

VTH Unitholders may obtain a copy of VTH's 2020 Annual Report (including its audited financial statements in respect of the year ended 30 June 2020) from ASX's website ([www2.asx.com.au](http://www2.asx.com.au)), from VTH's website ([www.vitalharvest.com.au](http://www.vitalharvest.com.au)) or free of charge by calling the VTH Unitholder Information Line on 1300 855 080 (within Australia) and +61 3 9415 4000 (from outside Australia).

VTH's announcements to ASX after the lodgement with ASX of its financial statement for FY2020 to the Last Practicable Date are listed in the table below.

### VTH ASX announcements since 20 November 2020

This table does not contain announcements on ASX relating to substantial holder notices.

Date	Announcement
18 December 2020	CGC: Costa Signs Lease Implementation Deed with MIRA
31 December 2020	Timing update on transaction with MAFM
1 February 2021	Agreement with MAFM to pay 2.5c half year distribution
1 February 2021	Appointment of Director of the Responsible Entity
1 February 2021	Initial Director's Interest Notice



## 9 Information about MAFM and MAFML2

---

The information in this section of the Scheme Booklet has been prepared by MAFM. The information concerning MAFM, MAFML2 and the intentions, views and opinions contained in this section are the responsibility of MAFM.

The VTH Group and its directors and officers do not assume any responsibility for the accuracy or completeness of this information.

### 9.1 Information on MAFM and MAFML2

#### (a) MAFM and MAFML2

MAFCA2 is an unlisted Australian unit trust. The trustee and manager of MAFCA2 is Macquarie Agricultural Funds Management Limited, a wholly-owned subsidiary of Macquarie Group. The units in MAFCA2 are stapled to the units in Macquarie Agriculture Fund – Crop Australia 1 (**MAFCA1**). MAFCA1 and MAFCA2 together constitute the Macquarie Agriculture Fund – Crop Australia (**MAFCA**), an Australian wholesale investment vehicle which targets investment opportunities in agriculture cropping in Australia.

MAFM has nominated its wholly-owned subsidiary trust, M2 Acquisition Trust, as the acquiring entity under the Scheme Implementation Deed. M2 Acquisition Trust is an Australian unit trust that was established for the purpose of acquiring the VTH Units or the Leasehold Trust Units and Leasehold Trustee Shares (as applicable). The trustee of M2 Acquisition Trust is Macquarie Agricultural Funds Management No. 2 Pty Limited, a wholly-owned subsidiary of Macquarie Group.

#### (b) Rationale for proposed acquisition of VTH

VTH Group and its assets are consistent with the investment objectives and mandate of MAFCA, which includes the ownership of permanent crop assets leased to high quality operators.

### 9.2 Intentions of MAFML2 if Proposal is implemented

#### (a) Overview

This section sets out MAFML2's present intentions if the Proposal is implemented in relation to:

- the continuation of the business of the VTH Group;
- any major changes to be made to the business of the VTH Group; and
- any plans to remove the current responsible entity of VTH and appoint a new responsible entity.

The intentions of MAFM are the same as the intentions of MAFML2.

The statements set out in this section are statements of present intent only. Despite having conducted due diligence in relation to VTH, MAFML2 does not currently have full knowledge of all material information, facts and circumstances that are necessary to assess the operational, commercial, tax and financial implications of some of its current intentions. Final decisions regarding these matters will only be made by MAFML2 following implementation of the Proposal in light of any further material information received and the circumstances at the relevant time. Accordingly, the statements set out in this section 9.2 are statements of current intention only, which may change as new information becomes available to MAFML2 or as circumstances change.

**(b) Continuation of VTH Group business**

It is intended that the core business of the VTH Group will be conducted in substantially the same manner as it currently operates, other than as set out below.

**Leases**

The tenants of the properties owned by VTH, being wholly-owned subsidiaries of the Costa Group, have agreed to surrender substantially all of the existing leases over the properties and enter into new leases with MAFML2 if the Proposal is implemented.

The key terms of the new leases include an initial term of 20 years with an option for a further 10 years and a fixed annual rental payment subject to annual CPI adjustment. The fixed annual rental payment is on market terms.

**Management Agreement**

As previously disclosed and as set out in section 3.3(e) of this Scheme Booklet, MAFML2 and the Manager have entered into a Facilitation Deed pursuant to which the Manager has agreed to novate the Management Agreement to MAFML2 immediately following implementation of the Scheme. MAFML2 intends to terminate the Management Agreement by agreement with VTH RE on or following implementation of the Scheme and assume management of VTH.

If the Asset Sale is implemented, the Management Agreement will cease to apply in respect of the Leasehold Trust Units, Leasehold Trustee Shares and the real property and other assets held by Leasehold Trustee.

**(c) Corporate matters****Scheme**

If the Scheme is implemented, MAFML2 will become the holder of all VTH Units.

On or following the Implementation Date:

- VTH Units will be removed from the official list of the ASX; and
- MAFML2 intends to appoint its nominees to the boards of Vitalharvest Finance and the Leasehold Trustee.

MAFML2 intends to deregister VTH as a registered managed investment scheme in due course. It is intended that VTH RE will remain as responsible entity of VTH until such time as VTH is deregistered, following which a member of the MAFCA or Macquarie Group will be appointed as trustee of VTH.

**Asset Sale**

If the Asset Sale is implemented, MAFML2 will become the holder of the Leasehold Trust Units and Leasehold Trustee Shares. On the Implementation Date, MAFML2 intends to appoint its nominees to the board of the Leasehold Trustee in accordance with the Scheme Implementation Deed.



## 9.3 Funding

### (a) Funding commitments

#### **Scheme**

The following funding commitments may arise for MAFML2 if the Scheme becomes effective and is implemented:

- the Scheme Consideration of approximately \$185 million, which will be provided wholly in cash; and
- a facilitation payment of \$8 million payable in cash to the Manager in consideration for the novation of the Management Agreement and assistance with the implementation of the Scheme pursuant to the Facilitation Deed,

(the **Scheme Costs**).

The maximum total Scheme Costs is \$193 million.

#### **Asset Sale**

The following funding commitments may arise for MAFML2 if the Asset Sale is implemented:

- the Purchase Price; and
- the Transaction Costs, which are capped at \$6 million,

(the **Asset Sale Costs**).

The maximum total Asset Sale Costs is \$306 million.

### (b) Funding sources

MAFML2 is able to fund the Scheme Costs or Asset Sale Costs (as applicable) through equity committed by MAFM, as described below.

### (c) Equity Commitment Letter

On 22 December 2020, MAFML2 and MAFM entered into an equity commitment letter (**Equity Commitment Letter**) pursuant to which MAFM has undertaken to provide MAFML2 with sufficient funds to enable the Scheme Costs or Asset Sale Costs (as applicable) to be paid by MAFML2. MAFM is able to fund its obligations under the Equity Commitment Letter using free cash and undrawn commitments from MAFCA investors. As at the date of the Equity Commitment Letter, MAFM has undrawn commitments in excess of the amounts required to fund either the Scheme Costs or the Asset Sale Costs and will ensure it retains sufficient commitments and/or free cash until the Implementation Date. The commitments are not subject to conditions that are not within MAFM's control.

### (d) Provision of consideration

On the basis of the arrangements described in this section, MAFML2 is of the opinion that it has a reasonable basis for holding the view, and holds the view, that it will be able to satisfy the funding commitments described in this section 9.3.



## **9.4 Relevant Interests and voting power in VTH**

As at the date of this Scheme Booklet, the voting power of MAFML2 and its Associates in VTH is 20.05%.

MAFML2 acquired a Relevant Interest in 30,000,000 VTH Units through the entry into a Call Option Deed with Primewest on 17 November 2020. As at the date of this Scheme Booklet, MAFML2's Relevant Interest and voting power is 16.40% when combined with other Relevant Interests held by other Macquarie Group entities.

The total voting power of 20.05% arises as a result of the aggregation of MAFML2's Relevant Interest with that of the Manager, who became an Associate of MAFML2 as a result of entering into the Facilitation Deed on 17 November 2020. The Manager's Relevant Interest of 19.87% includes the Relevant Interest in the securities the subject of the Call Option Deed which are therefore not double counted.

## **9.5 Dealings in VTH Units in previous four months**

Other than as disclosed in this section and the substantial holder notices lodged by MAFML2, neither MAFML2, MAFM nor any of their Associates has provided, or agreed to provide, consideration for VTH Units under a purchase or agreement during the period of four months before the date of this Scheme Booklet except for the Scheme Consideration or the Asset Sale Consideration (as applicable) which MAFML2 has agreed to provide under the Proposal.

## **9.6 Benefits to holders of VTH Units**

Other than as disclosed in this section 9 and the substantial holder notices lodged by MAFML2, during the period of four months before the date of this Scheme Booklet, neither MAFML2, MAFM nor any of their Associates has given or offered to give or agreed to give a benefit to another person where the benefit was likely to induce the other person or an Associate of that person to:

- vote in favour of the Proposal; or
- dispose of VTH Units,

and which benefit was not offered to all other VTH Unitholders.

## **9.7 No other material information**

Except as disclosed elsewhere in this Scheme Booklet, there is no other information that is material to the making of a decision in relation to the Proposal, being information that is within the knowledge of the directors of MAFML2 and MAFM, at the date of this Scheme Booklet, which has not previously been disclosed to VTH Unitholders.



## 10 Risk Factors

---

### 10.1 Introduction

The Proposal represents a number of potential risks that VTH Unitholders should consider when deciding how to vote on the Proposal.

This section outlines some of the:

- risks relating to the activities and operations of VTH, including your current investment in VTH Units (see sections 10.2 and 10.3); and
- general risks relating to the Scheme and Asset Sale.

The risks in sections 10.2 and 10.3 relating to the activities and operation of VTH will only apply to you if you retain your VTH Units in circumstances where the Scheme does not proceed or is not implemented, and the Asset Sale does not proceed or Complete.

The VTH RE Directors unanimously recommend that you:

- vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is fair and reasonable to, and in the best interests of, VTH Unitholders; or
- if the Scheme Resolutions do not pass and the Asset Sale Resolution is put to eligible VTH Unitholders, vote in favour of the Asset Sale subject to the Independent Expert continuing to conclude that the Asset Sale is fair and reasonable to, and in the best interests of, VTH Unitholders.

The outline of risks in this section 10 is a summary only and should not be considered exhaustive. This section 10 does not purport to list every risk that may be associated with an investment in VTH now or in the future or that may be associated with the Scheme being implemented or Asset Sale completing. The occurrence or consequences of some of the risks described in section 10 may be partially or completely outside the control of VTH RE, the Manager or their respective directors and senior management teams.

These risks do not take into account the individual investment objectives, financial situation, position or particular needs of VTH Unitholders.

You should carefully consider the risks discussed in this section 10, as well as the other information contained in this Booklet before voting on the Scheme.

### 10.2 General risks

VTH Units carry no guarantee in respect of profitability, distributions, return of capital or the price at which they may trade on ASX.

If the Proposal is not implemented, the market price of VTH Units and future distributions made to VTH Unitholders will be influenced by a number of factors beyond the control of the VTH RE Directors, the Manager and their respective management teams, including:

- changes in the Australian and international economic outlook, including having regard for the volatility and economic uncertainty caused by COVID-19 and international trade disputes and conditions;
- changes in investor sentiment and overall performance of the Australian and international stock markets;
- performance of comparable listed entities;



- changes in governmental laws and regulations, fiscal policies and zoning ordinances and related costs of compliance;
- changes in general economic conditions (both domestically and internationally) including inflation, interest rates, rental capitalisation rates, employments levels, consumer demand and credit markets;
- changes in accounting standards which affect the financial performance and position reported by VTH RE;
- changes in operating expenses (to the extent they are payable by VTH RE and to the extent that they impact the ability of Tenants of VTH to make rental payments);
- pandemics (including COVID-19), civil unrest, acts of war, terrorist attacks, acts of god and natural disasters, including earthquakes and floods, which may result in uninsured and insured losses; and
- significant contractual or political disturbances impacting the Tenants, VTH RE or the continuity of their respective businesses.

### **10.3 Risks relating to the business and operations of VTH**

In addition to the general risk factors described in section 10.2 above, there are also a number of risks specific to VTH and the industry in which it operates, which are relevant to the VTH Unitholders' consideration of the Proposal.

Many of these risks are currently relevant to VTH Unitholders and will only continue to be relevant to VTH Unitholders if they retain their VTH Units in circumstances where the Proposal is not implemented.

#### **(a) Re-leasing and vacancy**

If options to renew the leases of the Farming Properties from on or about 30 June 2026 to on or about 30 June 2036 are not exercised by the relevant Tenants, there is a risk that all the leases of the Farming Properties will expire or terminate on or about 30 June 2026 (with the exception of the Berry Leases at Dunorlan and Grays Road Property, see section 8.2(a) of this Scheme Booklet for more detail on these arrangements). If the options to renew are not exercised, it will be necessary to re-lease some or all of the Farming Properties, and there is no guarantee that the terms upon which the Farming Properties are re-leased will be the same or similar. This may have an adverse impact on VTH RE's income stream from, and the value of, the affected Properties.

If a Tenant does not extend a lease, VTH has, among other things, the right to lease the property itself or to find another third party lessee to operate the relevant property.

#### **(b) Properties are substantially leased to Costa Group entities**

As VTH's Properties are substantially leased to Tenants which are wholly owned subsidiaries of Costa Group, most of VTH's rental income is received from entities within the same corporate group (being Costa Group). If the Costa Group's financial standing materially deteriorates such that the Tenants are unable to make rental payments to VTH, this may have an adverse impact on the Rent which VTH receives. In the longer term, this may have an adverse impact on the value of VTH's Properties.



In addition, as a proportion of the rent which VTH receives is calculated based on the Tenants' EBIT, if the Tenants' EBIT declines, this may adversely impact on the aggregate rent (base plus variable) which VTH receives and its financial position. VTH's ability to maintain and grow its revenue streams is also dependent on the decisions and actions of the Tenants as the Variable Rent is based on the Tenants' EBIT derived from VTH's Properties and the Base Rent can only grow as a result of VTH contributing to capital expenditure projects proposed by the Tenants. There is no guarantee that the Tenant will continue to propose capital expenditure projects at the relevant property, which may impact on the growth of the rent received.

**(c) Property valuations**

The value of the Properties held by VTH Group may be impacted by a number of risks affecting the property market generally, and farmland in particular, including changes in market rental rates, property yields, capitalisation and discount rates, economic growth outlooks and demand for end-market products such as berries or citrus fruits. The value of VTH Group's Properties may also be affected by matters affecting the Costa Group and the Tenants including their earnings, biological assets and intellectual property rights.

The Properties are independently valued regularly in accordance with VTH's valuation policy. However, reported valuations represent only the analysis and opinion of qualified experts at a certain date, and are not guarantees of present or future values or the amount of a sale price at that value at any particular time. Further valuations are based on assumptions which (notwithstanding that they must be reasonably based) may prove to be inaccurate which may ultimately affect the accuracy of the valuation. Accordingly, properties in VTH's portfolio may not be able to be realised for the value ascribed to it under VTH's valuation policy and may be materially lower than that shown in the valuation.

A change in the value of the Properties may cause VTH (through the Vitalharvest Finance Trust) to breach its financial covenants or limit the ability of VTH to refinance its Debt Facilities at the end of their respective terms. This may adversely impact VTH's future financial performance and position.

**(d) Financial performance of Tenants' activities on Rent**

As set out at section 8.2(a)(2) of this Scheme Booklet, the Tenants' pay Rent comprising of Base Rent and Variable Rent. As described above, the Variable Rent component is calculated based on the performance of the Tenants' businesses at the Farming Properties.

Over recent years, the annual income from Variable Rent has fluctuated significantly, which has had a material impact on the operating performance of VTH Group and the reliability, and quantum, of distributions paid to VTH Unitholders. The Manager and VTH RE are unable to provide reasonably based estimates of future Variable Rent income.

**(e) Weather and climate risks**

Extreme weather events including fire, frost, floods, hail or drought may result in damage to crops at VTH's Properties and may adversely impact on VTH's agricultural productivity and financial performance. It is not possible to predict the timing or severity of extreme weather events, although in FY20 the Citrus Properties were impacted by higher summer temperatures and ongoing drought conditions while the Berry Properties were also impacted by ongoing drought conditions, as well as severe bushfires in December 2019.



Additionally, climate is one of the biggest risk factors impacting on the agricultural sector's performance. Climate change may have a number of adverse impacts on VTH's agricultural productivity at VTH's Properties which may adversely impact the financial position and operating capability of the Tenants and Costa Group.

While certain measures adopted at VTH's Properties to reduce the impact of climatic elements, such as nets and tunnels, may assist in mitigating the effects of weather events, there is no guarantee that these measures will be sufficient for all weather events or effects.

Extreme weather events and climate change may also adversely impact the Tenants' EBIT from time to time, which in turn may have an adverse impact on the aggregate rent (base plus variable) which VTH receives and the distributions that can be paid to VTH Unitholders. In the longer term, this may have an adverse impact on the value of VTH's Properties.

**(f) Loss of citrus market**

Costa Group exports a significant proportion of its citrus produce to offshore markets. If key offshore markets are closed to Australian citrus produce or if it becomes uneconomic to export Australian citrus to these markets by virtue of a rising Australian dollar, government or regulatory actions (including tariffs or restrictions) or other reasons (such as interruptions to global trade resulting from COVID-19, or increases in shipping or transport costs or import / export fees), this may adversely impact the Tenants' EBIT from time to time, which in turn may have an adverse impact on the aggregate rent (base plus variable) which VTH receives. In the longer term, this may have an adverse impact on the value of VTH's Properties.

**(g) Access to water**

The Citrus Properties rely predominantly on water sourced from the Murray River system which is highly regulated by the government. Due to the highly regulated nature of water from this source, the Citrus Properties may be exposed to water availability risks which may adversely impact agricultural productivity on the Citrus Properties and the financial position of VTH, including by way of higher water usage charges. Changes in government policy relating to the delivery and cost of water may also impact the underlying value of VTH RE's assets.

The Berry Properties have locally sourced surface and groundwater and are less impacted by any change to the regulation of water allocation. However, the Berry Properties are directly impacted by the amount of rainfall at the locations of the Berry Properties and may be adversely impacted by any material changes in rainfall patterns and quantity impacting those properties, such as prolonged drought conditions experienced during FY2020.

**(h) Disease and other horticultural risks**

Plantings at VTH's Properties may be exposed to disease or insect infestation which may adversely impact the viability of the crops in any particular season. If the Tenants' plantings are unable to be sold due to disease or insect infestation, this may adversely affect the Tenants' EBIT from time to time, which in turn may have an adverse impact on the aggregate rent (base plus variable) which VTH receives.

If the Tenants' endeavours to combat disease or insect infestation are unsuccessful, the suitability of VTH's Properties to produce the intended crops in the future and the value of VTH's Properties may also be adversely effected in the long term. Further, to the extent that the Tenants are required to implement additional endeavours to respond to disease or insect infestation, there may be additional costs which would reduce the rent payable by the Tenants.



**(i) Loss of IP licence from Driscoll's Australia Partnership by the Tenant or VTH**

CostaExchange (which leases VTH properties planted with berries) undertakes its own research and development for new berry plant varieties at the Berry Property at Corindi in NSW (**Costa IP**). CostaExchange also has a licence of the intellectual property rights in new berry plant varieties developed by Driscoll's (**Driscoll's IP**). VTH believes that the Costa IP and Driscoll's IP are important to CostaExchange's success and its competitive position.

The failure to maintain the Costa IP, defend against claims of infringement of Costa IP or to maintain the use of the Driscoll's IP may diminish CostaExchange's competitiveness and materially impact CostaExchange's financial position and business.

Furthermore, the loss of the licence for Driscoll's IP may adversely impact CostaExchange's berry business and VTH's business.

**(j) Environmental contamination**

If any of VTH's Properties were found to be contaminated, the value of the portfolio and the use of the relevant properties for farming purposes may be adversely impacted.

There may be undiscovered soil or groundwater contamination or other environmental problems at VTH's Properties that could require investigation or remediation. If environmental claims or violations do arise, VTH could be required to conduct costly investigations or clean-ups. Environmental concerns could also cause a reduction in resale prices.

There is some possibility of asbestos being contained in buildings located on VTH's Properties. The Tenants keep and maintain asbestos registers in relation to VTH's Properties. There is a risk that any new properties acquired may be contaminated rendering the properties unable to be used for farming purposes which would result in costs to remove and replace the affected buildings, a write-down in their valuation and a reduction in the value of VTH and VTH Units. The Manager will undertake the necessary due diligence on all new property acquisitions to mitigate this risk as far as reasonably possible.

**(k) Property illiquidity**

Property assets are, by their nature, illiquid investments. In the context of the Properties, this illiquidity may be more acute given that the majority of assets owned by VTH are large scale.

Should VTH (including through the Leasehold Trust) be required to realise one or more assets, for example in the event of a covenant breach, VTH may not be able to do so in a timely manner, or at the amount at which the asset has been valued. Additionally, if the reason for the sale of the asset is VTH's insolvency, this would trigger the Tenants' right of first refusal under the terms of the certain leases of the Properties planted with berry and citrus fruits.

**(l) Commodity price production fluctuations**

Australian commodity prices are determined by supply and demand dynamics. For example, citrus fruit prices are determined by factors in the domestic and international citrus fruit markets, product type, seasonal factors (such as the timing and length of the growing season), demand from citrus fruit processors and import quotas and tariffs. Some or all of those factors, and other risks may also have an impact on total production.



Changes in production and global and domestic commodity pricing (in particular, berry and citrus prices, and fluctuations in the cost of farming inputs including fertiliser and insecticides) may adversely impact the Tenants' EBIT. For example, a shorter or longer growing season may result in production occurring and Variable Rent being recognised earlier or later in a particular financial year, which may adversely impact one financial year but benefit another.

As such, there is no guarantee that previous commodity prices or production results will be achieved or will increase in future, and any negative movement in commodity prices and production may have an adverse effect on the Tenants' EBIT from time to time, which in turn may have an adverse impact on the aggregate rent (base plus variable) which VTH receives. In the longer term, this may have an adverse impact on the value of VTH's Properties.

**(m) Exchange rates**

VTH's revenues are generated in Australian dollars. However a substantial proportion of the citrus products that Costa Group produces in Australia is sold in the world market and typically traded in US dollars. Additionally, some farming input costs such as chemical fertiliser and fuel may be payable in US dollars. Accordingly, any appreciation or depreciation of the Australian dollar against the US dollar as well as other adverse exchange rate movements could have an adverse effect on VTH's future financial performance and position.

**(n) Increasing competition**

The berry and citrus markets are competitive, and if the Tenants are unable to compete effectively, the Tenants' EBIT may suffer, which in turn may have an adverse impact on the aggregate rent (base plus variable) which VTH receives.

Increased supply from existing and new competitors to the Tenants' berry or citrus businesses may threaten the Tenants' market position or result in a decrease in berry or citrus prices.

In addition, the Tenants' competitors may introduce new or superior citrus or berry varieties which may adversely impact the Tenants' market position and the prices it can command from the market. VTH RE cannot predict the timing and scale of the Tenants' competitors' actions in these areas or whether new competitors will emerge in the berry and citrus markets, including competitors who offer comparable products at more attractive prices.

These factors may adversely impact the Tenants' EBIT from time to time, which in turn may have an adverse impact on the aggregate rent (base plus variable) which VTH receives. In the longer term, this may have an adverse impact on the value of VTH's Properties.

**(o) Breach of the debt facilities**

VTH Group is required to comply with a number of undertakings and financial covenants in relation to its debt facilities.

An event of default may occur under the debt facilities if Vitalharvest Finance fails to comply with any of these financial covenants or undertakings, which could result in VTH's lenders demanding immediate repayment of all or part of the debt facilities (together with accrued interest). VTH Group may need to dispose of some or all of its Properties for less than market value, raise additional equity, or reduce or suspend distributions to VTH Unitholders in order to repay the debt facilities.



**(p) Risk of disputes**

From time to time, the Tenants and the Leasehold Trustee may assert (against each other) breaches of the leases, other agreements between the Tenants and the Leasehold Trustee (or their respective wholly-owned subsidiaries) or other rights that the Tenants or the Leasehold Trustee (or their respective wholly-owned subsidiaries) may have, whether in contract, tort, at law or equity and whether express or implied, including for example, disputes under the leases including disputes relating to the methodology used for the calculation of Variable Rent, implementation of capital expenditure programs or other claims or disputes in the future with respect to their ordinary course of operations. While VTH endeavours to settle claims and disputes collaboratively, this may not always be possible and may lead to litigation. If the litigation involves a material sum or related costs, this may have an adverse effect on VTH's financial performance and other resources.

**(q) Interest rates, gearing and financial covenants**

VTH partially finances its acquisition of VTH's Properties with debt. Borrowings magnify investment gains or losses and increase the volatility of returns in response to movements in interest rates and property values.

Interest payable on the debt facilities is dependent on the interest rate which is comprised of a base interest rate plus a variable interest rate margin (based on a margin grid). Interest rates moving unfavourably may result in increased interest costs. This could result in a reduction in profits and distributions.

The Finance Trust as directed by the Manager engages in interest rate hedging through the use of interest rate swaps for the debt facilities in order to help protect against these movements in the base interest rate. While these swaps provide more certainty in a changing interest rate market, they may also result in interest expenses that are higher than the spot rate.

In addition, for accounting purposes, interest rate swaps are required to be recorded at fair value and this may lead to fluctuations in comprehensive income.

Additionally, VTH is exposed to the risk that part or all of the existing debt facilities cannot be refinanced at maturity. To minimise this risk VTH has equally split its core debt into multiple tranches.

**(r) Decrease in size of domestic market**

Domestically, the Tenants sell their produce to a number of customers including several large supermarket chains and other retailers. If a key customer does not stock or refuses to stock the berries or citrus produced by the Tenants, this may have an adverse effect on the Tenants' EBIT, which in turn may have an adverse impact on the aggregate rent (base plus variable) which VTH receives. In the longer term, this may have an adverse impact on the value of VTH's Properties.

**(s) Counterparty Risk**

VTH RE is subject to strict regulatory and compliance arrangements under the Corporations Act and ASIC policy. If a breach or series of breaches by VTH RE of the Corporations Act or the terms of its AFS Licence is significant and not resolved to ASIC's satisfaction, ASIC may take action to suspend or revoke its AFS Licence which in turn may adversely impact the ability of VTH to operate until a new responsible entity is appointed.



The Manager is obliged to comply with its obligations under the Management Agreement including all applicable laws. If the Manager becomes insolvent or otherwise breaches the Management Agreement and VTH RE terminates the Management Agreement, a new manager will need to be appointed which may adversely affect the operation of VTH if the new manager does not have the knowledge of VTH's Properties that the Manager has or there is a disruption to management as a result of the transition to a new manager.

The Manager does not hold an AFS Licence but acts as an authorised representative of an AFS Licence holder. If the Manager breaches the terms of its appointment as an authorised representative and its appointment is terminated or if the AFS Licence holder's AFS Licence is cancelled or suspended, the Manager will need to make alternative arrangements for the provision of financial services required under the Management Agreement.

VTH may also be exposed to counterparty risk as a consequence of hedging arrangements entered into to hedge the exposure of VTH to interest rates from time to time.

**(t) Potential conflicts of interest**

The Manager may become the manager to other funds and accounts. While the Manager has implemented policies and procedures to identify and mitigate conflicts of interest, it is possible that the Manager may, in the course of its business, have potential conflicts of interest which may not be managed effectively and may be detrimental to VTH and VTH Unitholders.

VTH is only exposed to investments managed by the Manager and as such the Manager may benefit from such investments. Other parties may have interests that diverge from that of the Manager and VTH, which may have an adverse effect on VTH Unitholders.

Additionally, there may be potential conflicts involving Perpetual Group entities, including several Perpetual Group entities acting in various capacities with respect to VTH (i.e. as responsible entity or custodian) and Perpetual Group entities acting in similar roles for other funds.

**(u) Access to equity and debt funding**

Volatility in the financial markets could have an adverse effect on VTH's ability to fund its business.

VTH's ability to raise additional funds will be subject to, among other things, factors beyond the control of VTH, including cyclical factors affecting the economy and share markets generally.

A reduction in VTH's ability to raise additional funds directly or through the Vitalharvest Finance Trust, deterioration of the terms on which such funds can be raised, increased cost of funding or otherwise reduced or limited access to capital may adversely impact VTH's financial position.

In addition, any deterioration in global financial markets could impact risk appetite among lending institutions which may impact VTH's ability to refinance its existing Debt Facilities or obtain new debt funding from another lending institution. As a result, VTH may not be able to implement its business strategy (including by investing in existing properties or acquiring new properties) and may not be able to meet its working capital and general financing needs. This may adversely impact VTH's future financial performance and position.



**(v) Unitholder dilution**

In the future, VTH may elect to engage in various types of capital raisings, including the issue of new VTH Units to raise equity. If you do not participate in a future entitlement offer or choose not to reinvest your distributions pursuant to any future distribution reinvestment plan, this may result in your percentage interest in VTH being diluted. While VTH is subject to the constraints of the ASX Listing Rules regarding the percentage of its capital that it is able to issue within a 12 month period without VTH Unitholder approval (other than where exceptions apply), VTH Unitholders' holdings at the time may be diluted as a result of such capital raisings if they do not participate.

**(w) Trading in VTH Units may not be liquid**

There may be relatively few potential buyers or sellers of the VTH Units on the ASX at any time. This may increase the volatility of the market price of the VTH Units.

Significant blocks of VTH Units held by individual investors may also reduce liquidity in the trade of the VTH Units. In particular, as a listed investment trust there is no regular redemption facility for the VTH Units. The ability to sell VTH Units depends on the availability of buyers. Compared to other products that are traded on ASX, such as shares in some of Australia's largest companies, the VTH Units may be relatively illiquid.

**(x) Unit trading price**

The trading price of any listed security may change, related to performance and matters inherent to the investment performance of the securities, but also due to external factors such as market sentiment, or a range of other factors including the presence of larger VTH Unitholders buying or selling interests in the VTH Units. Therefore, VTH Unitholders should expect that for periods of time, sometimes extended periods, the VTH Units may trade below the stated underlying Net Asset Value per VTH Unit.

**(y) Volatility of units**

Given that VTH Units are listed on ASX, they may be thinly or heavily traded, and could be subject to significant volatility, irrespective of any changes in the underlying value of the investments held by VTH.

VTH Units may also trade at a discount or premium to the Net Asset Value per VTH Unit. There can be no guarantee that the total number of buyers multiplied by the number of VTH Units that each buyer wants to buy at any point in time in the market will match or exceed the total number of sellers multiplied by the number of VTH Units each seller wants to sell, or that VTH Unitholders will be able to buy or sell VTH Units for a price which they or VTH RE believe fairly reflects the value of their units. In addition, the Net Asset Value per VTH Unit will fluctuate with changes in the value of the underlying investments held by VTH.

**(z) ASX counterparty risk**

ASX counterparty risk is the risk that when a VTH Unitholder sells their units on market they are relying on CHES, the central system for clearing and settling trades on the ASX, to ensure they receive their settlement proceeds as well as the risk that arises as a result of VTH Unitholders relying on the creditworthiness of their broker when making trades on the ASX.



**(aa) Changes in laws, regulations and policy**

VTH and the attractiveness of an investment in VTH may be affected by changes in laws, regulations and government policies relevant to VTH's activities and operations (including matters such as planning and zoning regulation and policy, compliance with environmental laws, regulations, taxation and general compliance costs).

Any changes in laws, regulations and government policies relevant to the Tenants' activities and operations may also adversely impact the Tenants' EBIT from time to time, which in turn may have an adverse impact on the aggregate rent (base plus variable) which VTH receives. In the longer term, this may have an adverse impact on the value of VTH's Properties.

**(bb) Accounting Standards**

The Accounting Standards to which VTH RE adheres are set by the Australian Accounting Standards Board (**AASB**) and are consequently out of the control of VTH RE. Changes to the Accounting Standards issued by the AASB or changes to the commonly held views on the application of those standards could materially adversely affect the financial performance and position reported in VTH's financial statements.

**(cc) Cyber risk**

There is a risk of fraud, data loss, business disruption or damage to the information of VTH or to investors' personal information as a result of a threat or failure to protect this information or data.

## **10.4 Risks associated with implementation of the Asset Sale**

If the Asset Sale is implemented, VTH Unitholders may also be exposed to a number of risks which they would not be exposed to if the Scheme was implemented:

**(a) Consideration received under the Asset Sale is less than anticipated**

While VTH RE expects that the distribution to be made to VTH Unitholders upon completion of the Asset Sale should be equivalent to the consideration they would have received under the Scheme, there is a risk that this will not be the case.

The proceeds of the Asset Sale will first be applied to meet the outstanding liabilities of VTH, including costs of implementing the Proposal, and some will be retained to meet the anticipated costs of winding up. In the event that the liabilities or the wind up costs are greater than anticipated the amount left to be distributed to VTH Unitholders will be less, and therefore may be less than the amount VTH Unitholders would have made under Scheme Consideration.

This risk is mitigated, to an extent, by MAFM's agreement to pay to VTH RE's reasonable Transaction Costs. However, MAFM's liability for these costs is capped at \$6 million (inclusive of GST) plus incremental amounts associated with requests made by MAFM that VTH RE take particular action in implementing the Asset Sale.

To the extent that payment of these costs by MAFML2 is insufficient to meet outstanding liabilities of VTH and anticipated costs of winding up VTH, any distribution received by VTH Unitholders of proceeds from the Asset Sale may be less than the amount VTH Unitholders would have received the Scheme.



**(b) Distribution of Asset Sale proceeds is delayed**

VTH RE proposes to distribute the proceeds of the Asset Sale, after meeting any outstanding liabilities of VTH and provisioning for the estimated costs of winding up VTH, as soon as practicable following completion of the Asset Sale.

However, there is a risk that, owing to factors partly or fully beyond its control, VTH RE could be delayed in making this distribution to VTH Unitholders.

**(c) Delay to winding up VTH**

While VTH RE proposes to wind up VTH as soon as practicable following the distribution of the Asset Sale proceeds to VTH Unitholders (after meeting the outstanding liabilities of VTH and provisioning for the estimated costs of winding up VTH) on the basis that the purpose of VTH can no longer be accomplished, in the event that there is a delay in winding up VTH, VTH Unitholders may be exposed to:

- greater ongoing costs caused by delay in winding up VTH and any necessary costs incurred by VTH RE during this time; and
- until VTH is wound up, VTH Unitholders will continue to be exposed to the risks relating to the business of VTH detailed above as they will continue to retain their VTH Units.

**(d) Tax consequences**

Section 11 of this Scheme Booklet sets out potential tax consequences for VTH Unitholders arising under the Proposal. The VTH RE Directors encourage you to read section 11 of this Scheme Booklet carefully and in full as it contains important information and will assist you in making an informed decision at the Meeting.

As this outline is general in nature, you should consult with your own tax advisers for detailed tax advice regarding the Australian and, if applicable, foreign tax implications for participating in the Scheme or Asset Sale in light of the particular circumstances which apply to you before making a decision as to how to vote on the Scheme or, if required, Asset Sale.

## **10.5 Risks preventing or delaying Implementation of the Scheme or Completion of the Asset Sale**

As set out in sections 6.3 (in respect of the Scheme Conditions Precedent), 7.3 (in respect of the Asset Sale Conditions Precedent), and 13.1(b) (for a general overview of the Conditions Precedent) of this Scheme Booklet, the Scheme and Asset Sale are both subject to a number of Conditions Precedent.

In particular, there is a risk that the Second Judicial Advice or regulatory approvals may not be obtained, or may be delayed or obtained subject to conditions upon which MAFM (acting reasonably) is not prepared to accept.



## 11 Tax Considerations

**Pitcher Partners Advisors  
Proprietary Limited**

ACN 052 920 206

Level 13, 664 Collins Street  
Docklands, VIC 3008Level 1, 80 Monash Drive  
Dandenong South, VIC 3175Postal address  
GPO Box 5193  
Melbourne, VIC 3001

p. +61 3 8610 5000

Ref: SD;bl

5 February 2021

The Directors  
The Trust Company (RE  
Services) Limited  
Vitalharvest Freehold Trust  
Level 18, Angel Place  
123 Pitt Street  
SYDNEY NSW 2001

Dear Directors

**VITALHARVEST FREEHOLD TRUST – AUSTRALIAN TAX CONSEQUENCES OF THE PROPOSAL**

We have been instructed by The Trust Company (RE Services) Limited, as responsible entity of the Vitalharvest Freehold Trust (“VTH” or “Trust”), to prepare this letter for inclusion in the Scheme Booklet.

Unless defined in this letter or the context indicates otherwise, all capitalised terms in the letter have the same meaning as those contained in the Scheme Booklet.

**1. GENERAL**

The following is a general description of the Australian tax consequences of the Scheme and the Asset Sale (together the “Proposal”) for VTH Unitholders. It does not constitute tax advice and should not be relied upon as such.

The description is based on current Australian taxation laws contained in the *Income Tax Assessment Act 1997* (Cth), *Income Tax Assessment Act 1936* (Cth), *A New Tax System (Goods & Services Tax) Act 1999* (Cth), *Tax Administration Act 1953* (Cth), applicable stamp duty legislation, applicable case law and administrative practice in effect at the date of this Scheme Booklet. Taxation laws are complex and subject to ongoing change. Accordingly, this section does not consider any changes in administrative practice or interpretation by the relevant tax authorities, or any changes (or anticipated changes) in law by judicial decision or legislation. We have not sought to have our opinion ruled upon by the Australian Taxation Office (“ATO”) and therefore there is a risk that the ATO may not agree with our comments or aspects of it.

The description in this section is general in nature and is not intended to be an exhaustive list of all the Australian tax laws applicable to the particular circumstances of a VTH Unitholder. The comments set out below are relevant only to those VTH Unitholders who hold their VTH Units on capital account for Australian income tax purposes and it does not address the Australian tax consequences for VTH Unitholders who:

C.4303814.1

Adelaide Brisbane Melbourne Newcastle Perth Sydney

Pitcher Partners is an association of independent firms.

Liability limited by a scheme approved under Professional Standards Legislation.

Pitcher Partners is a member of the global network of Baker Tilly International Limited, the members of which are separate and independent legal entities.



pitcher.com.au

B J BRITTEN	M J LANGHAMMER	A R YEO	A T DAVIDSON	D J HONEY	A M KOKKINOS	M R SONEGO	B POWERS	M DAWES	A O'CARROLL
J BRAZZALE	M CHAY	M J HARRISON	K L BYRNE	G J NIELSEN	P B BRAINE	A T CLUGSTON	A SULEYMAN	B A LETHBORG	D BEDFORD
G M RAMBALDI	S SCHONBERG	P W TONER	C D WHATMAN	A D STANLEY	G A DEBONO	S J DALL	K J DAVIDSON	M J WILSON	J MURPHY
D A THOMSON	S DAHN	T SAKELL	S D WHITCHURCH	N R BULL	R MCKIE	M G JOZWIK	D R DOHERTY	I CULL	T LAPHORNE
D A KNOWLES	P A JOSE	G I NORISKIN	A E CLERICI	D C BYRNE	F V RUSSO	D W LOVE	J L BEAUMONT	B FARRELLY	Y TANG



2

- hold their units on revenue account or as trading stock;
- are subject to the Taxation of Financial Arrangements rules contained in Division 230 *Income Tax Assessment Act 1997* (Cth);
- exempt organisations and entities subject to the Investment Manager Regime under Subdivision 842-I of the *Income Tax Assessment Act 1997* (Cth) in respect of their VTH Units; or
- are non-residents of Australia who hold their VTH Units in carrying on a business at or through a permanent establishment in Australia.

This taxation summary does not purport to be a complete analysis of the potential tax consequences of the Proposal and is intended as a general guide to the Australian tax implications only. It is recommended that each VTH Unitholder seek independent professional advice in relation to the Proposal having regard to their own particular circumstances.

VTH Unitholders who are tax residents of a country other than Australia (whether or not they are also residents, or are temporary residents, of Australia for tax purposes) should take into account the tax consequences of the Proposal under the laws of their country of residence, as well as under Australian law.

The information contained herein is based on the tax law at the date of the Scheme Booklet. The tax consequences outlined in this section may alter if there is a change in the tax law after the date of the Scheme Booklet.

The taxation implications for VTH Unitholders under the Scheme and the Asset Sale is set out below.

## 2. TAXATION IMPLICATIONS FOR VTH UNITHOLDERS UNDER THE SCHEME

### Australian resident Unitholders

#### ***Capital Gains Tax (CGT)***

Under the Scheme, VTH Unitholders will dispose of their VTH Units to MAFML2 as trustee of the M2 Acquisition Trust in exchange for the Scheme Consideration. This disposal will give rise to CGT event A1 for Australian CGT purposes for VTH Unitholders.

The time of the CGT event should be the date the VTH Units are disposed of, which will occur on the Implementation Date.

#### *Calculation of capital gain or loss*

VTH Unitholders will make a capital gain on the disposal of VTH Units to the extent that the capital proceeds from the disposal of the VTH Units are more than the cost base of those VTH Units. Conversely, VTH Unitholders will make a capital loss to the extent that the capital proceeds are less than their reduced cost base of those VTH Units.

Any capital gain (prior to the application of the CGT discount) or capital loss realised by a VTH Unitholder in respect of VTH Units should be aggregated with any other capital gains or losses that a VTH Unitholder may have in that income year, less any available net capital losses from prior income years.

A net capital gain is included in assessable income and is subject to income tax. Capital losses may not be deducted against other income for income tax purposes, but may be carried forward to offset against future capital gains (subject to satisfaction of loss recoupment tests for certain taxpayers).

#### *(a) Cost base*

**3**

The cost base of VTH Units generally includes the cost of acquisition and certain non-deductible incidental costs of their acquisition and disposal. The reduced cost base of the VTH units is usually determined in a similar, but not identical, manner.

VTH Unitholders will also be required to adjust the cost base of their units where they have received Attribution Managed Investment Trust (“AMIT”) cost base adjustments in connection with their VTH Units. This may also include any AMIT cost base adjustments arising as a result of the VTH Interim Distribution. In the case of AMIT cost base net excess amounts, VTH Unitholders are required to reduce the cost base of their VTH Units whereas VTH Unitholders are required to increase the cost base of their VTH Units if they have received AMIT cost base net shortfall amounts.

**(b) Capital proceeds**

The capital proceeds received in respect of the disposal of each VTH Unit is expected to be equal to the Scheme Consideration.<sup>1</sup>

**(c) CGT discount**

Individuals, complying superannuation entities or trustees that have held VTH Units for at least 12 months prior to the Implementation Date may be entitled to discount the amount of the capital gain (after application of capital losses) from the disposal of VTH Units by 50% in the case of individuals and trustees or by 33⅓% for complying superannuation entities. Companies are not eligible to apply the CGT discount.

**Taxation of Distributions**

As noted in the Scheme Booklet, MAFM has agreed to VTH paying the VTH Interim Distribution, which would otherwise (in the absence of MAFM’s consent) be prohibited under the Scheme Implementation Deed. As VTH is an AMIT, the taxable income of VTH is required to be attributed to VTH Unitholders on a fair and reasonable basis, having regard to VTH Unitholders income and capital entitlements under the constituent documents of VTH. This will need to be determined by The Trust Company (RE Services) Limited as responsible entity of VTH or the relevant member of MAFCA or Macquarie Group that will be appointed as trustee of VTH (as the case may be) and advised to VTH Unitholders.

VTH will be required to issue tax statements to VTH Unitholders detailing the tax components of the VTH Interim Distribution no later than three months after 30 June 2021.

**Non-resident Unitholders****Foreign resident capital gains withholding tax**

Foreign resident capital gains withholding tax applies to a transaction involving the acquisition of the ownership of an asset that is an “indirect Australian real property interest” from a “relevant foreign resident”.

VTH Units will constitute to an indirect Australian real property interest if:

- a VTH Unitholder, together with its associates, held 10 percent or more of the VTH Units at the time of the CGT event or for any continuous 12 month period within 2 years preceding the CGT event (referred to as a ‘non-portfolio interest’); and
- more than 50% of VTH’s value is due to direct or indirect interests in Australian real property (as defined in the income tax legislation).

For the purposes of these rules, a “relevant foreign resident” is any entity, at the time of the transaction, that is:

- known or reasonably believed by the purchaser to be a foreign resident; or

<sup>1</sup> Note that Scheme Consideration may be reduced by the Excess Manager Payment. However, as noted in the Scheme Booklet, VTH RE does not expect the Scheme Consideration to be reduced by the Excess Manager Payment



4

- is not reasonably believed by the purchaser to be an Australian resident, and either has an address outside Australia or has authorised the purchaser to provide a financial benefit to a place outside Australia; or
- has connection outside Australia of a kind specified in the regulations.

For this reason, the MAFML2 as trustee of the M2 Acquisition Trust (“**Purchaser**”) will seek a declaration from certain relevant Scheme Participants confirming that either it is an Australian resident (“**Residency Declaration**”), or that it and its associates have not owned 10% or more of the Units over any 12 month period in the two years before Implementation of the Scheme (“**Interest Declaration**”).

If no declaration is received from the relevant Scheme Participant from which a declaration has been sought and the Purchaser considers or reasonably believes that the Scheme Participant is:

- (i) a foreign resident or not an Australian resident; and
- (ii) it and its associates have owned 10% or more of the Units over any 12 month period in the two years before Implementation of the Scheme,

the Purchaser will withhold and remit 12.5% of the Scheme Consideration payable to the Scheme Participant, to the ATO prior to, or on the Implementation Date.

If a signed Residency Declaration or an Interest Declaration form is received from the relevant Scheme Participant from which a declaration has been sought by the required time, the Purchaser does not intend to withhold any amount from the Scheme Consideration payable to a VTH Unitholder.

To the extent non-resident VTH Unitholders meeting the criteria at (i) and (ii) derive a capital gain under the Scheme, regardless of whether or not a declaration is made, such Unitholders should be subject to Australian income tax. VTH Unitholders who have an amount withheld should generally be entitled to a credit for that amount withheld upon lodging an Australian income tax return.

VTH Unitholders should seek their own independent tax advice as to the tax implications of foreign resident capital gains withholding tax and the making of a foreign resident capital gains withholding tax declaration.

### ***Taxation of Distributions***

As noted above, MAFM has agreed to VTH paying the VTH Interim Distribution, which would otherwise (in the absence of MAFM’s consent) be prohibited under the Scheme Implementation Deed. VTH will advise VTH Investors how much of the VTH Interim Distribution gives rise to a “Fund Payment” for Australian income tax purposes. To the extent of any amount of the VTH Interim Distribution is a Fund Payment to Non-resident unitholders, VTH is required to apply a 30% withholding tax rate to the distribution.

As withholding tax is a final tax for Australian income tax purposes, VTH Unitholders that are non-residents are not required to lodge income tax returns with respect to any Fund Payments received from VTH.

### **3. TAXATION IMPLICATIONS FOR VTH UNITHOLDERS UNDER THE ASSET SALE**

VTH Unitholders are expected to receive a trust distribution under the Asset Sale, as set out in the sections entitled “Asset Sale Procedure” and “Letter to VTH Unitholders” of the Scheme Booklet. The components of the distribution may include net rental income (including the VTH Interim Distribution) and net capital gains from the disposal of the assets of VTH. This may also include any AMIT cost base adjustments.

VTH will issue tax statements to VTH Unitholders in respect of any distribution to be made detailing the componentry of the distribution.



## **Australian resident Unitholders**

### ***Taxation of distributions***

On the basis that VTH is an AMIT, the taxable income of VTH is required to be attributed to VTH Unitholders on a fair and reasonable basis, having regard to VTH Unitholders income and capital entitlements under the constituent documents of VTH. Accordingly, the taxable income of VTH will be taxed in the hands of VTH Unitholders.

To the extent VTH distributes a net capital gain (that is, from the proceeds from the Asset Sale) VTH Unitholders are required to gross up the net capital gain by the CGT discount factor of 50% or 33 $\frac{1}{3}$ % (as the case may be), where the VTH Unitholder qualifies for the CGT discount.<sup>2</sup>

### ***Redemption of VTH Units***

Under the Asset Sale, VTH Unitholders will redeem their VTH Units upon winding up of VTH. The redemption of units will give rise to CGT event C2 for Australian CGT purposes for VTH Unitholders.

The time of the CGT event will be the time VTH Units are redeemed.

Please refer to the comments above with respect to the calculation of capital gains and losses. Please note that at this stage the capital proceeds for the redemption of VTH Units is yet to be confirmed.

## **Non-resident Unitholders**

For Australian income tax purposes, the distribution of net rental income and net capital gains from the disposal of the assets of VTH should give rise to a "Fund Payment". As the net rental income and net capital gains of VTH are attributable to Australian agricultural land for rent, VTH is required to apply a 30% withholding tax rate to the distribution to VTH Unitholders that are non-residents.

As withholding tax is a final tax for Australian income tax purposes, VTH Unitholders that are non-residents are not required to lodge income tax returns with respect to any Fund Payments received from VTH.

As noted above, foreign capital gains withholding tax applies in respect of an asset that is an indirect Australian real property interest. At the time the VTH Units are redeemed, it is not expected that VTH will have an interest (direct or indirect) in Australian real property. Therefore, no foreign capital gains withholding and no CGT implications are expected to arise for non-resident Unitholders who hold their shares on capital account.

## **4. GST**

VTH Unitholders should not be liable to GST under the Proposal.

VTH Unitholders may be charged GST on costs (such as advisor fees relating to their participation in the Proposal) that relate to the Proposal. VTH Unitholders may be entitled to input tax credits or reduced input tax credits for such costs, but should seek independent advice in relation to their particular circumstances.

## **5. STAMP DUTY**

No stamp duty should be payable by VTH Unitholders under the Proposal.

## **6. TAX FILE NUMBER (TFN) AND AUSTRALIAN BUSINESS NUMBER (ABN)**

A VTH Unitholder is not required to quote a TFN, or where relevant, ABN, to VTH. However, if a TFN or ABN is not quoted, or no appropriate TFN or ABN exemption information is provided, tax is

<sup>2</sup> On 8 May 2018, the Government announced that the CGT discount will be removed at the AMIT level. As at the Scheme Booklet, no legislation has been released nor has the start date of such legislation been confirmed. Note that the proposal still allows AMITs that derive a capital gain to distribute the income as capital gains that the beneficiary is then able to discount.



**6**

required to be withheld by the VTH RE from any income tax distribution entitlement at the highest marginal rate plus the Medicare Levy.

VTH Unitholders holding their units as part a business may quote their ABN instead of their TFN.

\* \* \* \* \*

Yours faithfully  
Pitcher Partners Advisors Pty Ltd



## 12 Information relating to VTH RE Directors

### 12.1 Interests of VTH RE Directors in VTH Units

**(a) Relevant Interests of VTH RE Directors in VTH Units**

As at the Last Practicable Date, each of the VTH RE Directors has the following Relevant Interests in VTH Units:

VTH RE Director	Number of VTH Units
Simone Alison Mosse	0
Richard Lyn Mccarthy	0
Vicki Riggio	0
Glenn Foster	0

**(b) Dealings of VTH RE Directors in VTH Units**

No VTH RE Director acquired or disposed of a Relevant Interest in any VTH Units in the four month period ending on the date immediately prior to the date of this Scheme Booklet.

### 12.2 Benefits and agreements

**(a) Benefits in connection with retirement from office**

No payment or other benefit is proposed to:

- be made or given to any director, company secretary or executive officer of VTH RE as compensation for the loss of, or as consideration for or in connection with his or her retirement from, office in VTH RE or in a Related Body Corporate of VTH RE in connection with the Proposal; or
- be made or given to any director, company secretary or executive officer of any Related Body Corporate of VTH RE as compensation for the loss of, or as consideration for or in connection with his or her retirement from, office in that Related Body Corporate of VTH RE or in VTH RE, in connection with the Proposal.

**(b) Agreements connected with or conditional on the Proposal**

Except as otherwise disclosed in this Scheme Booklet, there are no agreements or arrangements made between any VTH RE Director and any other person in connection with, or conditional on, the outcome of the Proposal.



**(c) Interests of VTH RE Directors in contracts with MAFML2 or any Related Bodies Corporate of MAFM**

None of the VTH RE Directors has any interest in any contract entered into by MAFML2 or any Related Bodies Corporate of MAFML2.

**(d) Benefits from MAFML2**

None of the VTH RE Directors has agreed to receive, or is entitled to receive, any benefit from MAFML2, any Related Body Corporate of MAFML2, which is conditional on, or is related to, the Proposal, other than in their capacity as a VTH Unitholder (set out in section 12.2 of this Scheme Booklet).



## 13 Additional Information

---

### 13.1 Scheme Implementation Deed

#### (a) Overview

On 17 November 2020, VTH RE entered into a Scheme Implementation Deed with MAFM, under which MAFML2, as nominated entity of MAFM, undertakes to:

- acquire all of the issued units in VTH by way of the Scheme; or
- if the Scheme is not approved by the Requisite Majorities of unitholders (but VTH Unitholders approve a resolution under Listing Rule 11), purchase the Leasehold Trustee Shares and Leasehold Trust Units by way of the Asset Sale.

A brief summary of the key terms of the Scheme Implementation Deed is set out below. A full copy of the Scheme Implementation Deed was released to ASX on 17 November 2020 and can be obtained from [www2.asx.com.au](http://www2.asx.com.au) or [www.vitalharvest.com.au](http://www.vitalharvest.com.au).

Capitalised expressions used in this section but not otherwise defined in this Scheme Booklet have the meaning given to them in the Scheme Implementation Deed.

#### (b) Conditions Precedent

Implementation of the Scheme and the Asset Sale are subject to the Conditions Precedent in the Scheme Implementation Deed which must be satisfied or waived (as applicable).

For details of the Scheme Conditions Precedent, see clause 4.1 of the Scheme Implementation Deed and section 6.3 of this Scheme Booklet.

For details of the Asset Sale Conditions Precedent, see clause 3.1 of Schedule 3 of the Scheme Implementation Deed and section 7.3 of this Scheme Booklet.

#### (c) Exclusivity arrangements

The Scheme Implementation Deed contains certain exclusivity arrangements in favour of MAFM. These arrangements are in line with Australian market practice in this regard and may be summarised as follows:

- **No shop:** VTH RE must not solicit any enquiries, discussions or proposals from any person (other than MAFM) in relation to an Alternative Transaction;
- **No talk:** subject to a fiduciary exception, VTH RE must not participate in, continue or recommence any discussions or negotiations in relation to an Alternative Transaction or participate in any agreement, understanding or arrangement that may be reasonably expected to lead to an Alternative Transaction;
- **No due diligence:** subject to a fiduciary exception, VTH RE must not provide any third party with confidential information in connection with the development of an Alternative Transaction or otherwise cooperate with any effort to initiate an Alternative Transaction, other than by MAFM;



- **Notification:** VTH RE must notify MAFM as soon as reasonably possible, and at least within 48 hours, if the VTH RE Board receives a proposal from a third party in respect of an Alternative Transaction and provide reasonable details of the proposal. VTH RE must notify MAFM as soon as reasonably practicable if VTH RE determines that the Alternative Transaction would be or would be reasonably likely to result in a Superior Proposal; and
- **Matching right:** VTH RE must not enter into an agreement to give effect to any Alternative Transaction unless the VTH RE Board acting in good faith and in what they consider to be their statutory or fiduciary duties determines that the Alternative Transaction would be or would be reasonably likely to result in a Superior Proposal, VTH RE has provided MAFM with the terms and conditions of the Alternative Transaction (including price and identity of the bidder), the VTH RE Board has given MAFM at least five Business Days after the date of the provision of that information to provide a matching or superior proposal to the terms of the Alternative Transaction and MAFM has not provided a further proposal that the VTH RE Board, acting in good faith determines will or is likely to provide an equivalent or superior outcome for VTH RE or VTH Unitholders than the Alternative Transaction.

These exclusivity provisions end on the earlier of the date of termination of the Scheme Implementation Deed, the End Date, the Implementation Date or, if an Alternative Transaction is a Superior Proposal, VTH RE electing to pursue the Alternative Transaction after having complied with its matching right obligations (**Exclusivity Period**).

If a condition precedent to the Scheme and Asset Sale, of which VTH RE has the benefit, was not satisfied, for example if the Court declined to give the Judicial Advice or neither the Scheme nor Asset Sale was approved by the Requisite Majorities, VTH RE would have the right to terminate the Scheme Implementation Deed if, after 5 business days' reasonable good faith consultation, VTH RE and MAFM did not agree an alternative means of implementing the Proposal. If VTH considered it to be in the best interests of VTH Unitholders to do so, VTH RE would exercise that termination right, which would bring the Exclusivity Period to an end.

These exclusivity arrangements are set out in clause 11 of the Scheme Implementation Deed.

**(d) VTH RE Board recommendation**

VTH RE must use all reasonable endeavours to procure that the VTH RE Directors:

- unanimously recommend that VTH Unitholders:
  - vote in favour of the Scheme Resolutions at the Meeting, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude, that the Scheme is fair and reasonable to, and in the best interests of, VTH Unitholders; and
  - vote in favour of the Asset Sale Resolution at the Meeting, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Asset Sale is fair and reasonable to, and in the best interests of, VTH Unitholders (and on the basis that it will only be implemented if the Scheme Resolutions are not approved by the Requisite Majorities of VTH Unitholders); and



- do not change, withdraw or modify their recommendation to vote in favour of:
  - the Proposal, unless VTH RE has received a Superior Proposal;
  - the Scheme, unless the Independent Expert provides a report to VTH RE that concludes that the Scheme is not fair and reasonable to, or not in the best interests of, VTH Unitholders; or
  - the Asset Sale, unless the Independent Expert provides a report to VTH RE that concludes that the Asset Sale is not fair and reasonable to, or not in the best interests of, VTH Unitholders,

and unless the VTH RE Board determines, having received advice from its legal advisers that the VTH RE Board is required to change, withdraw or modify their recommendation by virtue of their directors' duties and VTH RE is not in breach any of its obligations in respect of the exclusivity provisions detailed above at section 13.1(c) of this Scheme Booklet.

VTH RE's obligations regarding the recommendation of the VTH RE Board are set out in clause 6.7 of the Scheme Implementation Deed.

**(e) Break fee payable by VTH RE**

In accordance with Australian market practice, VTH RE has agreed to pay MAFM a break fee of \$1.85 million if certain events occur (**Reimbursement Fee**), including where:

- during the Exclusivity Period, any VTH RE Director withdraws or adversely changes his or her support for, or recommendation in favour of, the Scheme and Asset Sale, unless:
  - the Independent Expert ceases to conclude that the Proposal (or any part of it) is not fair and reasonable to, and not in the best interests of, VTH Unitholders (except where such a conclusion is due wholly or partly to the existence, announcement or publication of an Alternative Transaction); or
  - VTH RE is entitled to terminate the Scheme Implementation Deed as a result of MAFM being in material breach (including a material breach of warranty);
- during the Exclusivity Period, any VTH RE Director supports, or recommends that VTH Unitholders accept, or vote in favour of, an Alternative Transaction that is announced during the Exclusivity Period;
- within 12 months of the earlier to occur of the End Date and the date the Scheme Implementation Deed is validly terminated in accordance with its terms, any third party:
  - completes an Alternative Transaction;
  - enters into an agreement with VTH RE or any member of the VTH Group; or
  - acquires a Relevant Interest in more than 50% of the VTH Units or the Leasehold Trust Units; and



- MAFM terminates the Scheme Implementation Deed as a result of VTH RE:
  - being in material breach of a warranty; or
  - provided that it was within the reasonable control of VTH RE, a material breach other than of a warranty or the occurrence of a VTH Prescribed Occurrence or VTH Regulated Event, which VTH RE has failed to remedy within five business days of receiving notice from MAFM.

Each of VTH RE and MAFM considers that the Reimbursement Fee is a genuine and reasonable pre-estimate of costs that would be suffered by MAFM if the Proposal does not proceed.

The Reimbursement Fee arrangements are set out in clause 12 of the Scheme Implementation Deed.

**(f) Representations and warranties**

Each party to the Scheme Implementation Deed has given representations and warranties to the other. A breach of such representations and warranties is capable of giving rise to a termination right.

These representations and warranties are set out in clause 7 and Schedule 1 (in the case of MAFM) or Schedule 2 (in the case of VTH RE) of the Scheme Implementation Deed.

**(g) Termination Rights**

The Scheme Implementation Deed may be terminated by written agreement between VTH RE and MAFM, or by either of VTH RE and MAFM if:

- at any time before 8.00am on the Second Court Date, the other is in material breach of the Scheme Implementation Deed (including a material breach of warranty), if it gives written notice to the other setting out the relevant circumstances of the material breach, which continues for five Business Days after such notice is given;
- at any time before 8.00am on the Second Court Date, the Court or another Government Agency has taken any action permanently restraining or otherwise preventing the implementation of both the Scheme and the Asset Sale and the action has become final and cannot be appealed or there is no realistic prospect of an appeal succeeding; or
- certain Conditions Precedent become unable to be satisfied or neither the Effective Date nor the Completion Date have occurred on or before the End Date.

In addition, MAFM may terminate the Scheme Implementation Deed at any time before 8.00am on the Second Court Date if:

- a VTH Prescribed Occurrence or VTH Regulated Event Occurs; and
- MAFM gives notice to VTH RE setting out the relevant circumstances and the relevant circumstances continue for five Business Days after such notice is given; or
- a VTH RE Director fails to recommend the Scheme or the Asset Sale, withdraws or adversely changes his or her support of the Scheme or the Asset Sale or his or her recommendation in favour of the Scheme or the Asset Sale, or makes a public statement indicating he or she no longer recommends the Scheme or the Asset Sale or recommends or endorses another transaction.



Subject to payment of any applicable Reimbursement Fee, VTH RE may terminate the Scheme Implementation Deed at any time before 8.00am on the Second Court Date if the VTH RE Board, or a majority of the VTH RE Board, has changed or withdrawn its recommendation of the Scheme (owing to VTH RE receiving a Superior Proposal or the Independent Expert ceasing to conclude that the Scheme is fair and reasonable to, and in the best interests of, VTH Unitholders).

The termination rights are set out in clause 13 of the Scheme Implementation Deed.

**(h) Excess Manager Payment**

Under the terms of the Management Agreement with VTH RE, the Manager is, in certain instances, entitled to an early termination fee. No early termination fee will be paid to the Manager if it receives the \$8 million fee under the Facilitation Deed.

Under the Scheme Implementation Deed, the Scheme Consideration, of \$1.00 per VTH Unit held as at the Scheme Record Date, will be reduced by any Excess Manager Payment. The Excess Manager Payment is any amount in excess of \$4.5 million paid or payable by VTH RE to the Manager as a result of the termination of the Management Agreement, including any early termination fee, divided by the total number of Scheme Units.

However, VTH RE believes it is within its control to ensure that there is no Excess Manager Payment, because even if the Early Termination Fee is payable (which VTH RE considers unlikely), it would be less than the \$4.5 million permitted under the Scheme Implementation Deed, and VTH RE does not intend to agree to pay any additional amounts to the Manager in respect of any termination of the Management Agreement.

**(i) VTH Interim Distribution**

On 30 January 2021, MAFM agreed to permit the VTH Interim Distribution to be paid to VTH Unitholders, subject to certain conditions being satisfied which include the Meeting being held by 15 March 2021, noting that the current proposed Meeting date meets this requirement, and payment by Costa Group of at least sufficient rent to cover the distribution. VTH RE expects the rental received from Costa Group to be sufficient for this purpose.

## **13.2 Consents and disclaimers**

**(a) Consents to be named**

Each party in this section 13.2(a) as consenting parties:

- has given and has not, before the lodgement of this Scheme Booklet with ASIC, withdrawn its written consent to be named in this Scheme Booklet in the form and context in which it is named;
- has given and has not, before the lodgement of this Scheme Booklet with ASIC, withdrawn its written consent to the inclusion of its respective statements and reports (where applicable) noted next to its names in this section 13.2, and the references to those statements and reports in the form and context in which they are included in this Scheme Booklet;
- has not caused or authorised the issue of this Scheme Booklet; and



- to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any statements in or omissions from this Scheme Booklet.

The term “consent” as used in this Scheme Booklet, is used solely in the context of this Scheme Booklet and as that term is used in Australia.

Party	Consenting Party
MAFM	Macquarie Agricultural Funds Management Limited as trustee of Macquarie Agriculture Fund – Crop Australia 2
MAFML2	Macquarie Agricultural Funds Management No. 2 Pty Limited as trustee for M2 Acquisition Trust
VTH Registry	Computershare Investor Services Pty Limited
Legal adviser	Herbert Smith Freehills
Independent Expert (in relation to the Independent Expert’s Report in Annexure A)	Grant Thornton Corporate Finance Pty Ltd
Tax adviser	Pitcher Partners Advisors Proprietary Limited
Independent Property Valuation Expert (in relation to the Independent Property Valuation Expert’s Report annexed to the Independent Expert’s Report at Annexure A)	CIVAS (SA) Pty Limited (ABN 87 168 282 586)
Deloitte Touche Tohmatsu	Auditor of VTH

### 13.3 Regulatory relief

As at the date of this Scheme Booklet, VTH RE has applied for ASIC to grant relief to VTH RE from the operation of the following provisions of the Corporations Act:

- **Chapter 7 relief:** an exemption from Division 2 of Part 7.7 of the Corporations Act in relation to the requirement for VTH RE to issue a Financial Services Guide under section 941A of the Corporations Act.

As at the date of this Scheme Booklet, MAFML2 has also applied to ASIC for relief to MAFML2 from the operation of the following provisions of the Corporations Act:

- **Takeovers relief:** a modification of item 7, section 611 of the Corporations Act to permit holders of VTH Units not associated with MAFML2 to vote on the Acquisition Resolution; and
- **Chapter 7 relief:**
  - an exemption from Division 2 of Part 7.7 of the Corporations Act in relation to the requirement for VTH RE to issue a Financial Services Guide under section 941A of the Corporations Act; and



- an exception to Division 5A of Part 7.9 of the Corporations Act in relation to offers under the Scheme potentially being characterised as unsolicited off-market offers to purchase VTH Units.

### **13.4 No unacceptable circumstances**

So far as the VTH RE Directors are aware, the Scheme and the Asset Sale do not involve any circumstances in relation to the affairs of VTH that could reasonably be characterised as constituting 'unacceptable circumstances' for the purposes of section 657A of the Corporations Act.

### **13.5 Foreign jurisdictions**

The distribution of this Scheme Booklet outside Australia may be restricted by law and persons who come into possession of it outside Australia should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may contravene applicable securities laws. VTH RE and VTH disclaims all liabilities to such persons who contravene these laws.

VTH Unitholders who are nominees, trustees or custodians are encouraged to seek independent advice as to how they should proceed.

No action has been taken to register or qualify this Scheme Booklet or any aspect of the transaction in any jurisdiction outside of Australia.

This Scheme Booklet has been prepared in accordance with the laws of Australia and the information contained in this Scheme Booklet may not be the same as that which would have been disclosed if this Scheme Booklet had been prepared in accordance with the laws and regulations of a jurisdiction outside of Australia. This Scheme Booklet does not constitute an offer in any place which, or to any person whom, it would not be lawful to make such an offer.

### **13.6 No other material information**

Except as disclosed elsewhere in this Scheme Booklet, so far as the VTH RE Directors are aware, there is no other information that is:

- material to the making of a decision by a VTH Unitholder whether or not to vote in favour of the Proposal; and
- known to any VTH RE Director at the date of lodging this Scheme Booklet with ASIC for registration, which has not previously been disclosed to VTH Unitholders.

### **13.7 Fees**

VTH RE has incurred significant costs in respect of the Proposal, including those to conduct negotiations with MAFM, retain advisers, provide information to MAFM, engage the Independent Expert and prepare this Scheme Booklet. If the Proposal does not proceed (i.e. neither the Scheme nor the Asset Sale proceeds), VTH RE is likely to incur transaction related costs of approximately \$1.55 million (exclusive of GST), which would be paid from the assets of VTH.<sup>25</sup> This assumes no Reimbursement Fee is payable by VTH RE to MAFM (see section 13.1(e) of this Scheme Booklet for more information as to when the Reimbursement Fee may be payable).

---

<sup>25</sup> Further transaction expenses may be incurred after the issue of this scheme booklet.



## 13.8 Supplementary disclosure

VTH RE will issue a supplementary document to this Scheme Booklet if it becomes aware of any of the following between the date of this Scheme Booklet and the Second Court Date:

- a material statement in this Scheme Booklet is false or misleading in a material respect;
- a material omission from this Scheme Booklet;
- a significant change affecting a matter included in this Scheme Booklet; or
- a significant new matter has arisen and it would have been required to be included in this Scheme Booklet if it had arisen before the date of this Scheme Booklet.

Depending on the nature and timing of the changed circumstances, and subject to obtaining any relevant approvals, VTH RE may circulate and publish any supplementary document by:

- making an announcement to ASX;
- placing an advertisement in a prominently published newspaper which is circulated generally throughout Australia;
- posting the supplementary document to VTH Unitholders at their address shown on the VTH Register; or
- posting a statement on VTH's website at [www.vitalharvest.com.au](http://www.vitalharvest.com.au),

as VTH RE, in its absolute discretion, considers appropriate.



## 14 Glossary and Interpretation

---

### 14.1 Glossary

In this Scheme Booklet, unless the context otherwise appears, the following terms have the meanings shown below:

<b>Term</b>	<b>Meaning</b>
<b>3IP</b>	the South Australian River Murray Sustainable Irrigation Industry Improvement Program.
<b>3IP Deed</b>	has the meaning given to that term in section 8.4(a) of this Scheme Booklet.
<b>AASB</b>	has the meaning given to that term in section 10.3(bb) of this Scheme Booklet.
<b>Accounting Standards</b>	<ol style="list-style-type: none"><li>1 Accounting Standards as that term is defined in the Corporations Act; and</li><li>2 to the extent not inconsistent with paragraph 1 generally accepted Australian accounting principles which are consistently applied.</li></ol>
<b>Acquisition Resolution</b>	an ordinary resolution for the purposes of item 7 of section 611 of the Corporations Act to approve the acquisition by MAFML2 of all the Scheme Units.
<b>Adjustment Escrow Agent</b>	means the escrow agent to be appointed by MAFM and VTH RE on or before Completion to hold the Adjustment Escrow Amount in accordance with the Adjustment Escrow Agreement.
<b>Adjustment Escrow Agreement</b>	means the agreement for the escrow of the Adjustment Escrow Amount with the Adjustment Escrow Agent, to be entered into between MAFM, VTH RE and the Adjustment Escrow Agent on or before Completion.
<b>Adjustment Escrow Amount</b>	\$10,000,000.

---



<b>Term</b>	<b>Meaning</b>
<b>Affiliate</b>	in respect of a person ( <b>Primary Person</b> ), a person: <ol style="list-style-type: none"><li>1 Controlled directly or indirectly by the Primary Person;</li><li>2 Controlling directly or indirectly the Primary Person;</li><li>3 who is Controlled, directly or indirectly, by a person or persons who Control the Primary Person; or</li><li>4 directly or indirectly under the common Control of the Primary Person and another person or persons.</li></ol>
<b>AFS Licence</b>	Australian Financial Services Licence.
<b>AgriExchange</b>	AgriExchange Pty Ltd ACN 050 165 921.
<b>Alternative Transaction</b>	any proposal, agreement, arrangement or transaction, which, if entered into or completed, would mean a third party (either alone or together with any Associate) would: <ol style="list-style-type: none"><li>1 acquire direct or indirect legal, beneficial or economic interests in, or control of, 20% or more of the units in VTH, or which would result in the disposal or transfer of, VTH or all or substantially all of its business and undertaking; or</li><li>2 otherwise directly or indirectly acquire or merge with VTH.</li></ol>
<b>Amendment Resolution</b>	a special resolution under section 601GC(1) of the Corporations Act to approve amendments to the VTH Constitution as set out in the VTH Supplemental Deed (as set out in Annexure B).
<b>ASIC</b>	the Australian Securities and Investments Commission.
<b>Asset Sale</b>	the acquisition by MAFML2 of all of the Leasehold Trust Units from VTH RE and all of the Leasehold Trustee Shares from Vitalharvest Finance in accordance with the Scheme Implementation Deed.
<b>Asset Sale Approval Condition</b>	the approval by VTH Unitholders of the Asset Sale Resolution at the Meeting by the Requisite Majority under Listing Rule 11.2, being more than 50% of total number of votes cast on the Asset Sale Resolution by VTH Unitholders entitled to vote on the Asset Sale Resolution.
<b>Asset Sale Costs</b>	has the meaning given to the term in section 9.3(a) of this Scheme Booklet.



<b>Term</b>	<b>Meaning</b>
<b>Asset Sale Conditions Precedent</b>	each of the conditions set out in paragraph 3.1 of Schedule 3 to the Scheme Implementation Deed, summarised at section 7.3 of this Scheme Booklet.
<b>Asset Sale Consideration</b>	the Share Purchase Price plus the Purchase Price.
<b>Asset Sale Resolution</b>	a resolution for all purposes, including for the purposes of Listing Rule 11.2, to approve the Asset Sale.
<b>Associate</b>	has the meaning set out in section 12 of the Corporations Act, as if subsection 12(1) of the Corporations Act included a reference to the Scheme Implementation Deed and VTH was the designated body.
<b>ASX</b>	ASX Limited ABN 98 008 624 691 and, where the context requires, the financial market that it operates.
<b>ATO</b>	Australian Taxation Office.
<b>Base Rent</b>	has the meaning set out in section 8.2(a)(2) of this Scheme Booklet.
<b>Berry Leases</b>	the leases of each of the Berry Properties to CostaExchange.
<b>Berry Properties</b>	the properties that are planted with berries and are more particularly described in section 8.2(a).
<b>Business Day</b>	a business day as defined in the Listing Rules and which is not a Saturday, Sunday or a public holiday or bank holiday in Sydney, Australia.
<b>Call Option Deed</b>	means the call option deed between Primewest Management Ltd, as responsible entity for Primewest Property Fund, and MAFML2.
<b>Citrus Leases</b>	the farm leases of each of the Citrus Properties to AgriExchange.



<b>Term</b>	<b>Meaning</b>
<b>Citrus Properties</b>	the properties that are planted with predominantly citrus, more particularly described in section 8.2(a).
<b>Completion</b>	completion of the sale and purchase of the Leasehold Trust Units and the Leasehold Trustee Shares in accordance with paragraph 4 of Schedule 3 to the Scheme Implementation Deed, and <b>Complete</b> has a corresponding meaning.
<b>Completion Amount</b>	the amount equal to: <ol style="list-style-type: none"><li>1 \$300 million;</li><li>2 less the Estimated Completion Adjustment Amount;</li><li>3 less the Adjustment Escrow Amount.</li></ol>
<b>Completion Date</b>	the date that is 5 Business Days after the date on which the last Asset Sale Condition Precedent is satisfied.
<b>Conditions Precedent</b>	each of the Scheme Conditions Precedent and the Asset Sale Conditions Precedent.
<b>Control</b>	with respect to any person (other than an individual) the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such person whether through the ownership of voting securities, by agreement or otherwise, and for the avoidance of doubt, a general partner is deemed to Control a limited partnership of which it is the general partner and, solely for the purposes of this deed, a fund advised or managed directly or indirectly by a person will also be deemed to be Controlled by such person, and, in respect of MAFML2, will also include any fund, account, client, limited partnership or other collective investment vehicle or other person which is managed or advised by an Affiliate of MAFML2.
<b>Corporations Act</b>	the <i>Corporations Act 2001</i> (Cth), as modified or varied by ASIC.
<b>Corporations Regulations</b>	the <i>Corporations Regulations 2001</i> (Cth).
<b>Costa Asset Management</b>	Costa Asset Management Pty Ltd ACN 079 151 894 as trustee for Costa Asset Management Unit Trust ACN 256 383 719.



<b>Term</b>	<b>Meaning</b>
<b>Costa Group</b>	Costa Group Holdings Ltd ACN 151 363 129 (ASX Code: CGC).
<b>Costa IP</b>	has the meaning given to that term in section 10.3(i) of this Scheme Booklet.
<b>Court</b>	the NSW Supreme Court.
<b>CostaExchange</b>	CostaExchange Pty Ltd (ACN 002 687 961).
<b>Data Room</b>	means the online data room operated by Ansarada in relation to the Proposal.
<b>Deed Poll</b>	a deed poll in the form of Annexure C (or in such other form as may be agreed to by MAFML2 and VTH RE) under which MAFM and MAFML2 covenant in favour of the Scheme Participants to perform the obligations attributed to MAFM and MAFML2 under the Scheme.
<b>Disclosure Materials</b>	the documents and information contained in the Data Room made available by VTH RE to MAFM and its Related Persons as at 7.00pm on 16 November 2020, comprising the material described in the due diligence index contained in Schedule 5 to the Scheme Implementation Deed.
<b>Driscoll's</b>	Driscoll's Australia Pty Ltd as agent for the Driscoll's Australia Partnership (ABN 32 685 595 255), being the partnership between Costa Berry Holdings Pty Ltd (ACN 142 331 780) and Berry Holdings of Australia Pty Ltd (ACN 108 172 425) to conduct the business of propagating and licensing certain proprietary plants in Australia and New Zealand.
<b>Driscoll's IP</b>	has the meaning given to that term in section 10.3(i) of this Scheme Booklet.
<b>Dunorlan Arrangements</b>	the Berry Lease on the property at Dunorlan and the NBNC Co Leases.
<b>EBIT</b>	earnings before interest and taxes.



Term	Meaning
<b>Effective</b>	when used in relation to the Scheme, the VTH Supplemental Deed taking effect pursuant to section 601GC(2) of the Corporations Act.
<b>Effective Date</b>	the date on which the Scheme becomes Effective.
<b>End Date</b>	12 months after the date of the Scheme Implementation Deed, or such other later date as agreed in writing by MAFM and VTH RE.
<b>Equity Commitment Letter</b>	has the meaning given to that term in section 9.3(c) of this Scheme Booklet.
<b>Estimated Completion Adjustment Amount</b>	has the meaning given in clause 1.1 of the Scheme Implementation Deed.
<b>Excess Manager Payment</b>	<p style="text-align: center;"><b>A</b> – <b>B</b></p>
	<p>Where:</p> <p><b>A</b> = any Early Termination Fee paid or payable under the Management Agreement between VTH RE and Primewest Agrichain Management Pty Ltd as amended from time to time plus any other amount paid or payable by VTH RE to Primewest Agrichain Management Pty Ltd that arises as a result of the termination of the management agreement, but only to the extent the total amount paid or payable is in excess of \$4.5 million</p> <p><b>B</b> = the total number of Scheme Units</p>
<b>Excluded Unitholder</b>	any VTH Unitholder who is a member of the MAFM Group or any of its associates or any VTH Unitholder who holds any VTH Units on behalf of, or for the benefit of, any member of the MAFM Group and does not hold VTH Units on behalf of, or for the benefit of, any other person.
<b>Exclusivity Period</b>	<p>the period from and including the date of the Scheme Implementation Deed to the earlier of:</p> <ol style="list-style-type: none"> <li>1 the date of termination of the Scheme Implementation Deed;</li> <li>2 the End Date; and</li> <li>3 the Implementation Date.</li> </ol>



<b>Term</b>	<b>Meaning</b>
<b>Facilitation Deed</b>	the facilitation deed between MAFML2 and the Manager dated 17 November 2020.
<b>Fairly Disclosed</b>	in relation to a matter means disclosed to MAFM or any of its Related Persons, to a sufficient extent, and in sufficient detail, so as to enable a reasonable bidder (or one of its Related Persons) experienced in transactions similar to the Scheme or the Asset Sale and experienced in a business similar to any business conducted by the MAFM Group, to identify the nature and scope of the relevant matter, event or circumstance (including, in each case, that the potential financial effect of the relevant matter, event or circumstance was reasonably ascertainable from the information disclosed).
<b>Farming Properties</b>	the Berry Properties and Citrus Properties.
<b>FFO</b>	funds from operations, determined on the basis described in the annual report for VTH for the financial year ended 30 June 2020.
<b>Final Completion Adjustment Amount</b>	has the meaning given to that term in section 7.4(e) of this Scheme Booklet.
<b>Final Completion Adjustment Payment</b>	the Final Completion Adjustment Amount less the Estimated Completion Adjustment Amount.
<b>First Court Date</b>	the first day on which an application is made to the Court to seek the First Judicial Advice or, if the application is adjourned or subject to appeal for any reason, the day on which the adjourned application is heard.
<b>First Judicial Advice</b>	confirmation from the Court under section 63 of the <i>Trustee Act 1925</i> (NSW) that: <ol style="list-style-type: none"><li>1 VTH RE would be justified in convening the Meeting for the purposes of considering the Scheme Resolutions and the Asset Sale Resolution, and circulating the Scheme Booklet;</li><li>2 subject to VTH Unitholders passing the Scheme Resolutions by the Requisite Majorities, VTH RE would be justified in proceeding on the basis that amending the VTH Constitution as set out in the VTH Supplemental Deed would be within the powers of alteration conferred by the VTH Constitution and section 601GC of the Corporations Act;</li></ol>



<b>Term</b>	<b>Meaning</b>
	<ol style="list-style-type: none"><li>3 if the Scheme Resolutions are not passed by the Requisite Majorities, but the Asset Sale Resolution is passed by the Requisite Majorities, VTH RE would be justified in proceeding with the Asset Sale; and</li><li>4 VTH RE would be justified in seeking that its costs in pursuing the Proposal be met from the assets of VTH.</li></ol>
<b>Grays Road Property</b>	a small component of land on the Corindi Berry Property (20.21ha) comprised in Folio 43/1091464 located at 212 Grays Road, Corindi, New South Wales.
<b>Grower and Sale Agency Agreement</b>	the grower sales and agency agreement, the subject of the Grower Deed, between Driscoll's and the Leasehold Trustee, which will be entered into upon termination of the Berry Leases.
<b>Grower Deed</b>	the grower deed, dated 7 October 2011, between CostaExchange, Driscoll's and the Leasehold Trustee.
<b>Government Agency</b>	any foreign or Australian government or governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity (including any stock or other securities exchange), or any minister of the Crown in right of the Commonwealth of Australia or any State, and any other federal, state, provincial, or local government, whether foreign or Australian.
<b>GST</b>	has the meaning given in the GST Law.
<b>GST Law</b>	the <i>A New Tax System (Goods and Services Tax) Act 1999</i> (Cth).
<b>Implementation Date</b>	<ol style="list-style-type: none"><li>1 in relation to the Scheme, if the Scheme Approval Condition is satisfied and the Scheme becomes Effective, the fifth Business Day after the Scheme Record Date, or such other date after the Scheme Record Date as VTH RE and MAFM agree in writing; or</li><li>2 in relation to the Asset Sale, if the Asset Sale Approval Condition is satisfied, the Completion Date.</li></ol>
<b>Independent Expert</b>	Grant Thornton Corporate Finance Pty Ltd (ABN 59 003 265 987).



<b>Term</b>	<b>Meaning</b>
<b>Independent Expert's Report</b>	the report to be issued by the Independent Expert in connection with the Proposal as attached at Annexure A, setting out the Independent Expert's opinion whether or not the Scheme and Asset Sale are each fair and reasonable to, and in the best interests of, VTH Unitholders and the reasons for holding that opinion.
<b>Independent Valuer</b>	CIVAS (SA) Pty Limited (ABN 87 168 282 586)
<b>Insolvency Event</b>	means, in relation to an entity: <ol style="list-style-type: none"><li>1 the entity resolving that it be wound up or a court making an order for the winding up or dissolution of the entity;</li><li>2 a liquidator, provisional liquidator, administrator, receiver, receiver and manager or other insolvency official being appointed to the entity or in relation to the whole, or a substantial part, of its assets;</li><li>3 the entity executing a deed of company arrangement;</li><li>4 the entity ceases, or threatens to cease to, carry on substantially all the business conducted by it as at the date of this deed;</li><li>5 the entity is or becomes unable to pay its debts when they fall due within the meaning of the Corporations Act (or, if appropriate, legislation of its place of incorporation); or</li><li>6 the entity being deregistered as a company or otherwise dissolved.</li></ol>
<b>Last Practicable Date</b>	4 February 2021.
<b>Leasehold Trust</b>	the Vitalharvest Leasehold Trust (ABN 64 668 461 398).
<b>Leasehold Trust Units</b>	the units in the Leasehold Trust.
<b>Leasehold Trustee</b>	Vitalharvest Pty Ltd (ACN 140 954 874).
<b>Leasehold Trustee Shares</b>	the shares in the Leasehold Trustee.
<b>Listing Rules</b>	the official listing rules of ASX.



<b>Term</b>	<b>Meaning</b>
<b>Loan to Value Ratio</b>	the interest-bearing liabilities divided by the external market value of VTH's property portfolio.
<b>Macquarie Group</b>	Macquarie Group Limited (ACN 122 169 279) and its subsidiaries.
<b>MAFCA</b>	Macquarie Agricultural Fund – Crop Australia, comprising MAFCA1 and MAFCA2.
<b>MAFCA1</b>	Macquarie Agriculture Fund – Crop Australia 1, the trustee of which is Macquarie Agricultural Funds Management Limited (ACN 122 169 368).
<b>MAFCA2</b>	Macquarie Agriculture Fund – Crop Australia 2, the trustee of which is Macquarie Agricultural Funds Management Limited (ACN 122 169 368).
<b>MAFM</b>	Macquarie Agricultural Funds Management Limited (ACN 122 169 368) as trustee for MAFCA2.
<b>MAFM Group</b>	MAFM and each of its Related Bodies Corporate, including MAFML2, but only to the extent that those Related Bodies Corporate are directly or indirectly owned or Controlled by MAFCA, and a reference to a <b>MAFM Group Member</b> or a <b>member of the MAFM Group</b> is to any member of the MAFM Group.
<b>MAFM Information</b>	<p>information regarding the MAFM Group (other than any VTH Information contained in that information), provided by MAFML2 to VTH RE in writing for inclusion in this Scheme Booklet, being:</p> <ol style="list-style-type: none"><li>1 information about MAFML2, other MAFM Group Members, the businesses of the MAFM Group, MAFM's interests and dealings in VTH Units, MAFM's intentions for VTH, and funding for the Proposal; and</li><li>2 any other information required under the Corporations Act, Corporations Regulations or the Listing Rules to enable this Scheme Booklet to be prepared that VTH RE and MAFM agree is 'MAFM Information' and that is identified in the Scheme Booklet as such.</li></ol> <p>For the avoidance of doubt, the MAFM Information excludes the VTH Information, the Independent Expert's Report and any description of the taxation effect of the Proposal on VTH Unitholders prepared by an external adviser to VTH RE.</p>



<b>Term</b>	<b>Meaning</b>
<b>MAFML2</b>	Macquarie Agricultural Funds Management No. 2 Pty Limited as trustee for M2 Acquisition Trust (ABN 52 712 569 900).
<b>Manager</b>	Primewest Agrichain Management Pty Ltd (ACN 625 505 455).
<b>Management Agreement</b>	the management agreement between VTH RE and the Manager dated 29 June 2018 (as amended from time to time).
<b>Material Adverse Change</b>	<p>any event, occurrence or matter which has resulted in, or is reasonably likely to result in, either individually or when aggregated with all such events, occurrences or matters:</p> <ol style="list-style-type: none"><li>1 a diminution in the consolidated net assets of the VTH Group by an amount that is equal to or more than 3% of the value of the consolidated net assets of the VTH Group as at 30 June 2020; or</li><li>2 a reduction in the FFO of the VTH Group by an amount that is equal to or more than 5%, as compared to what the FFO of the VTH Group could reasonably be expected to have been from 1 July 2020 to 31 December 2020 or 30 June 2021 (as relevant) but for the relevant events, occurrences or matters, in each case other than an event, occurrence or matter:</li><li>3 which occurs as a result of natural variability of the rent payable under the variable rent payment structure under the terms of the leases to which VTH Group is a party;</li><li>4 required or expressly contemplated by the Scheme Implementation Deed or the transactions contemplated by it;</li><li>5 Fairly Disclosed in the Disclosure Materials;</li><li>6 agreed to in writing by MAFM;</li><li>7 Fairly Disclosed by VTH RE in an announcement made by VTH RE to ASX, or a publicly available document lodged by it with ASIC or disclosed to MAFM prior to the date of the Scheme Implementation Deed;</li><li>8 arising as a result of any generally applicable change in law or governmental policy applicable to Australian business generally;</li><li>9 arising from changes in economic or business conditions (including interest rates) applicable to Australian business generally; or</li><li>10 resulting from a change in generally accepted accounting principles or the interpretation of them.</li></ol>



<b>Term</b>	<b>Meaning</b>
<b>Meeting</b>	the online meeting of VTH Unitholders convened on Thursday, 4 March 2021 at 2.00pm (Sydney time) by VTH RE to consider the Scheme Resolutions and, if necessary, the Asset Sale Resolution, and includes any adjournment or further adjournments of that meeting.
<b>MIRA</b>	Macquarie Infrastructure and Real Assets.
<b>NAV</b>	net asset value.
<b>NBNC Co</b>	NBNC Co Ltd (ACN 136 533 741).
<b>NBNC O Leases</b>	the leases to NBNC Co of part of the Dunorlan Property.
<b>Net Asset Value</b>	the total assets of VTH less the total liabilities of VTH as at the relevant time.
<b>Non-Farming Properties</b>	the Solora Packshed and the land the subject of the NBNC O Leases. See more detail at section 8.2(b) of this Scheme Booklet.
<b>Notice of Meeting</b>	the notice of meeting relating to the Meeting attached as Annexure D.
<b>Perpetual</b>	Perpetual Limited ACN 000 431 827 (ASX:PPT).
<b>Pitcher Partners</b>	Pitcher Partners Advisors Proprietary Limited
<b>Primewest</b>	Primewest Management Ltd (ACN 091 415 833) as responsible entity for Primewest Property Fund.
<b>Properties</b>	the Farming Properties and Non Farming Properties.
<b>Proposal</b>	the acquisition by MAFML2 of either: <ol style="list-style-type: none"><li>1 the VTH Units through implementation of the Scheme; or</li><li>2 the Leasehold Trust Units and the Leasehold Trustee Shares, through completion of the Asset Sale,</li></ol> in accordance with the terms of the Scheme Implementation Deed.



<b>Term</b>	<b>Meaning</b>
<b>Proxy Form</b>	the proxy form for the Meeting to be held on Thursday, 4 March 2021 which accompanies this Scheme Booklet.
<b>Purchase Price</b>	the Completion Amount minus the Final Completion Adjustment Payment, and as may be further adjusted in accordance with the terms of the Scheme Implementation Deed.
<b>Registered Address</b>	in relation to a VTH Unitholder, the address shown in the VTH Register as at the Scheme Record Date.
<b>Reimbursement Fee</b>	\$1.85 million.
<b>Related Bodies Corporate</b>	has the meaning set out in section 50 of the Corporations Act, except that references to 'subsidiary' have the meaning given to 'Subsidiary' in this Scheme Booklet.
<b>Related Person</b>	in respect of a party or its Related Bodies Corporate, each director, officer, employee, advisor, agent or representative of that party or Related Body Corporate.
<b>Relevant Interests</b>	has the meaning given in sections 608 and 609 of the Corporations Act.
<b>Rent</b>	means the annual rent payable under the leases for the Farming Properties, comprising Base Rent and Variable Rent.
<b>Representative</b>	of a person or entity means any director, officer, employee, advisor, consultant, agent or other representative of or to such person or entity acting in that capacity (and, in the case of an entity which is a body corporate, includes any Related Body Corporate of such entity and any director, officer, employee, advisor, consultant, agent or other representative of or to any such Related Body Corporate).
<b>Requisite Majorities</b>	<p>1 in relation to the Scheme Resolutions, the Requisite Majorities are:</p> <ul style="list-style-type: none"><li>– for the amendment of the VTH Constitution under section 601GC(1) of the Corporations Act, at least 75% of the votes cast by VTH Unitholders entitled to vote on the resolution; and</li></ul>



<b>Term</b>	<b>Meaning</b>
	<ul style="list-style-type: none"><li>– for the acquisition of VTH Units in accordance with item 7 of section 611 of the Corporations Act, more than 50% of the total votes cast by VTH Unitholders entitled to vote on the resolution;</li></ul> <p>VTH Unitholders will have to pass both of these resolutions by the described majorities to pass the Scheme Resolutions; and</p> <ol style="list-style-type: none"><li>2 in relation to the Asset Sale Resolution, the Requisite Majority is an ordinary resolution passed by more than 50% of the total number of votes cast by VTH Unitholders entitled to vote on the Asset Sale Resolution.</li></ol>
<b>SA Minister</b>	the person holding the position of South Australian Minister for Primary Industries and Regional Development, from time to time.
<b>Scheme</b>	an arrangement under which MAFML2 acquires all of the VTH Units from VTH Unitholders in the manner contemplated by the Scheme Implementation Deed and facilitated by amendments to the VTH Constitution as set out in the VTH Supplemental Deed, subject to the requisite approvals of VTH Unitholders.
<b>Scheme Approval Condition</b>	the approval by VTH Unitholders of the Scheme Resolutions at the Meeting by the Requisite Majorities.
<b>Scheme Conditions Precedent</b>	each of the conditions set out in clause 4.1 of the Scheme Implementation Deed.
<b>Scheme Consideration</b>	the consideration to be provided by MAFML2 to each Scheme Participant as at the Scheme Record Date for the transfer to MAFML2 of each Scheme Unit being \$1.00 for each Scheme Unit held by a Scheme Participant, less the Excess Manager Payment, if any.
<b>Scheme Costs</b>	has the meaning given to the term in section 9.3(a) of this Scheme Booklet.
<b>Scheme Implementation Deed</b>	<p>the scheme implementation deed dated 17 November 2020 between MAFM and VTH RE.</p> <p>A brief summary of the scheme implementation deed is included in section 13.1 of this Scheme Booklet. A full copy of the Scheme Implementation Deed was released to ASX on 17 November 2020 and can be obtained from <a href="http://www2.asx.com.au">www2.asx.com.au</a> or <a href="http://www.vitalharvest.com.au">www.vitalharvest.com.au</a>.</p>



<b>Term</b>	<b>Meaning</b>
<b>Scheme Participants</b>	each VTH Unitholder who is registered in the VTH Register as at the Scheme Record Date as a holder of VTH Units (other than an Excluded Unitholder).
<b>Scheme Record Date</b>	means 7.00pm on the second Business Day after the Effective Date, or such other Business Day after the Effective Date as may be agreed to in writing by MAFM and VTH RE.
<b>Scheme Resolutions</b>	the resolutions set out in the Notice of Meeting in Annexure D to agree to the terms of the Scheme.
<b>Scheme Unit</b>	VTH Units as at the Scheme Record Date.
<b>Second Court Date</b>	the first day on which an application is made to the Court for the Second Judicial Advice or, if the application is adjourned or subject to appeal for any reason, the day on which the adjourned application or appeal is heard.
<b>Second Court Hearing</b>	the Court hearing on the Second Court Date.
<b>Second Judicial Advice</b>	<p>confirmation from the Court under section 63 of the <i>Trustee Act 1925</i> (NSW) that either, VTH Unitholders:</p> <ol style="list-style-type: none"><li>1 having approved the Scheme Resolutions by the Requisite Majorities, VTH RE would be justified in implementing the Scheme Resolutions, giving effect to the provisions of the VTH Constitution (as amended by the VTH Supplemental Deed) and in doing all things and taking all necessary steps to put the Scheme into effect; or</li><li>2 having failed to approve the Scheme Resolutions by the Requisite Majorities, but having approved the Asset Sale Resolution by the Requisite Majorities, VTH RE would be justified in implementing the Asset Sale Resolution and in doing all things and taking all necessary steps to put the Asset Sale into effect; and</li></ol> <p>in either case, VTH RE would be justified in seeking that its costs in pursuing the Proposal be met from the assets of VTH.</p>
<b>Security Interest</b>	has the meaning given in section 51A of the Corporations Act.
<b>Share Purchase Price</b>	\$1.00.



<b>Term</b>	<b>Meaning</b>
<b>Solora Packshed</b>	the packshed located on land at the Citrus Property known as Solora farm.
<b>Subsidiary</b>	<p>has the meaning given in Division 6 of Part 1.2 of the Corporations Act, provided that an entity will also be taken to be a Subsidiary of another entity if it is Controlled by that entity and, without limitation:</p> <ol style="list-style-type: none"><li>1 a trust may be a Subsidiary, for the purposes of which a unit or other beneficial interest will be regarded as a share;</li><li>2 an entity may be a Subsidiary of a trust if it would have been a Subsidiary if that trust were a corporation; and</li><li>3 an entity will also be deemed to be a Subsidiary of an entity if that entity is required by the Accounting Standards to be consolidated with that entity.</li></ol>
<b>Superior Proposal</b>	<p>a bona fide written proposal of the kind referred to in the definition of “Alternative Transaction” that the VTH RE Board, acting in good faith, and after taking advice from its legal advisers, determines is:</p> <ol style="list-style-type: none"><li>1 reasonably capable of being completed taking into account all aspects of the Alternative Transaction, including its conditions; and</li><li>2 more favourable to VTH Unitholders than the Proposal, taking into account all aspects of the Alternative Transaction, including the identity, reputation and financial condition of the person or entity making such proposal, legal, regulatory and financial matters.</li></ol>
<b>Tenant</b>	<p>in respect of:</p> <ol style="list-style-type: none"><li>1 the Berry Leases, means CostaExchange; and</li><li>2 the Citrus Leases, means AgriExchange,</li></ol> each a wholly-owned subsidiary of Costa Group.
<b>Third Party</b>	a person other than MAFM, MAFML2, their Related Bodies Corporate and its other Associates.
<b>Transaction Costs</b>	<ol style="list-style-type: none"><li>1 all internal costs of VTH RE and any third party out of pocket costs and expenses without any limitation (inclusive of GST) reasonably incurred by VTH RE after the date of the Scheme Implementation Deed in connection with the implementation of the Proposal, the return of proceeds to VTH Unitholders or any termination, wind-up or delisting of VTH. For the avoidance of doubt, internal costs of VTH RE includes the time in attendance costs of the personnel of VTH RE and its Related Bodies Corporate in taking actions directed by MAFM or otherwise required to implement the Proposal; and</li></ol>



<b>Term</b>	<b>Meaning</b>
	2 any early termination fee payable by VTH RE to the Manager under the Management Agreement.
<b>Variable Rent</b>	has the meaning set out in section 8.2(a)(2) of this Scheme Booklet.
<b>Vitalharvest Finance</b>	Vitalharvest Finance Pty Ltd (ACN 626 149 326).
<b>Vitalharvest Finance Trust</b>	a sub-trust in the VTH Group, for which Vitalharvest Finance is trustee and the sole unitholder.
<b>VTH</b>	the Vitalharvest Freehold Trust (ARSN 626 537 362).
<b>VTH Constitution</b>	the constitution establishing VTH as amended from time to time.
<b>VTH Group</b>	VTH and each of its Subsidiaries, and a reference to a <b>VTH Group Member</b> or a <b>member of the VTH Group</b> is to VTH or any of its Subsidiaries.
<b>VTH Indemnified Parties</b>	VTH RE, its Subsidiaries and their respective directors, officers and employees.
<b>VTH Information</b>	the information contained in this Scheme Booklet other than the MAFM Information, the Independent Expert's Report or any description of the taxation effect of the Proposal on VTH Unitholders prepared by Pitcher Partners.
<b>VTH Interim Distribution</b>	the interim distribution of 2.5c per VTH Unit to be paid to VTH Unitholders, as described in section 8.3(c) of this Scheme Booklet.
<b>VTH Prescribed Occurrence</b>	other than as: <ol style="list-style-type: none"><li>1 required or expressly contemplated by this deed, the Proposal, or the transactions contemplated by them;</li><li>2 Fairly Disclosed in the Disclosure Materials;</li><li>3 agreed to in writing by MAFM; or</li><li>4 Fairly Disclosed by VTH RE in an announcement made by VTH RE to ASX, or a publicly available document lodged by it with ASIC, each prior to the date of the Scheme Implementation Deed,</li></ol>



<b>Term</b>	<b>Meaning</b>
	<p>the occurrence of any of the following:</p> <ol style="list-style-type: none"><li>1 a member of the VTH Group (where applicable, through its responsible entity) converting all or any of its shares or units (as applicable) into a larger or smaller number of shares or units;</li><li>2 a member of the VTH Group resolving to reduce its capital;</li><li>3 a member of the VTH Group:<ol style="list-style-type: none"><li>(i) entering into a buy-back agreement; or</li><li>(ii) resolving to approve the terms of a buy-back agreement under the Corporations Act;</li></ol></li><li>4 a member of the VTH Group issuing securities, or granting a performance right or an option over its securities, or agreeing to make such an issue or grant such a right or an option;</li><li>5 a member of the VTH Group issuing or agreeing to issue securities convertible into shares;</li><li>6 a member of the VTH Group disposing, or agreeing to dispose, of the whole, or a substantial part, of its business or property;</li><li>7 a member of the VTH Group granting a Security Interest, or agreeing to grant a Security Interest, in the whole, or a substantial part, of its business or property other than a lien which arises by operation of law or legislation securing an obligation that is not yet due;</li><li>8 a member of the VTH Group making a revaluation of assets unless required to do so by applicable law, the Accounting Standards or by the Independent Expert as part of the preparation of the Independent Expert's Report;</li><li>9 a member of the VTH Group amalgamating, merging or consolidating with any other entity; or</li><li>10 an Insolvency Event occurs in relation to a member of the VTH Group.</li></ol>
<b>VTH RE</b>	The Trust Company (RE Services) Limited (ACN 003 278 831) as responsible entity for VTH.
<b>VTH RE Board</b>	the board of directors of VTH RE or a committee of the board.
<b>VTH RE Director</b>	any director of VTH RE.
<b>VTH Register</b>	the unit register of VTH.
<b>VTH Registry</b>	Computershare Investor Services Pty Limited ABN 48 078 279 277.



<b>Term</b>	<b>Meaning</b>
<b>VTH Regulated Event</b>	has the meaning given to the term in clause 1.1 of the Scheme Implementation Deed.
<b>VTH Supplemental Deed</b>	a deed poll in the form of Annexure B under which VTH RE will amend the VTH Constitution to effect the Scheme consistently with the Scheme Implementation Deed and on terms which are reasonably satisfactory to MAFM and VTH RE.
<b>VTH Unit</b>	a fully paid ordinary unit in VTH.
<b>VTH Unitholder</b>	each person who is registered in the VTH Register as a holder of VTH Unit.
<b>VWAP</b>	volume weighted average price.
<b>Water Management Agreement</b>	the Water Management Agreement between Leasehold Trustee, Kingston Vineyards Pty Ltd (ACN 080 860 555) and Kangara Community Water Pty Ltd (ACN 604 033 114), dated 8 April 2015.

## 14.2 Interpretation

In this Scheme Booklet, unless the context otherwise appears:

- (a) words and phrases have the same meaning (if any) given to them in the Corporations Act;
- (b) words importing a gender include any gender;
- (c) words importing the singular include the plural and vice versa;
- (d) an expression importing a natural person includes any company, partnership, joint venture, association, corporation or other body corporate and vice versa;
- (e) a reference to a section or annexure is a reference to a section of and an annexure to this Scheme Booklet as relevant;
- (f) a reference to any statute, regulation, proclamation, ordinance or by law includes all statutes, regulations, proclamations, ordinances, or by laws amending, varying, consolidating or replacing it and a reference to a statute includes all regulations, proclamations, ordinances and by laws issued under that statute;
- (g) headings and bold type are for convenience only and do not affect the interpretation of this Scheme Booklet;
- (h) a reference to time is a reference to time in Sydney, Australia;
- (i) a reference to writing includes facsimile transmissions; and
- (j) a reference to dollars, \$, cents, ¢ and currency is a reference to the lawful currency of the Commonwealth of Australia.



**Grant Thornton**

An instinct for growth™

# Vitalharvest Freehold Trust

Independent Expert's Report and Financial Services Guide

09 February 2021

#4793648v1



The Directors  
The Trust Company (RE Services) Limited as responsible  
entity of Vitalharvest Freehold Trust  
Angel Place, 123 Pitt St  
Sydney NSW 2000

---

**Grant Thornton Corporate Finance  
Pty Ltd**  
Level 17  
383 Kent Street  
Sydney NSW 2000  
Locked Bag Q800  
Queen Victoria Building NSW 1230  
T +61 2 8297 2400

09 February 2021

Dear Directors

## Introduction

Vitalharvest Freehold Trust ("VTH" or the "Trust") is a real estate investment trust ("REIT") domiciled in Australia and listed on the Australian Securities Exchange ("ASX") with a market capitalisation of circa A\$180 million as at 29 January 2021. The Trust owns one of the largest aggregations of berry and citrus farms in Australia<sup>1</sup> comprising 4 berry properties, 3 citrus properties and attached water rights (collectively referred to as "the Properties") which are leased to wholly owned subsidiaries of Costa Group Holdings Limited ("CGC" or "Costa")<sup>2</sup>.

The leases are for an initial 15-year term commencing in 2011<sup>3</sup> (the "Leases") and expiring on or around 30 June 2026<sup>4</sup> (i.e. WALE<sup>5</sup> of 5.5 years). CGC holds an option to extend the Leases for a further 10-year term. The rental payments are structured as outlined below:

---

<sup>1</sup> These farms are located in prime growing locations in New South Wales ("NSW"), South Australia ("SA") and Tasmania ("TAS").

<sup>2</sup> Costa is a large grower, packer and marketer of fresh fruit and vegetables listed on the ASX with a market capitalisation of circa A\$1.6 billion on or around 18 December 2021.

<sup>3</sup> The lease arrangement started prior to the Trust commencing operations.

<sup>4</sup> With the exception of certain smaller leases which are discussed in section 4.

<sup>5</sup> Weighted Average Lease Expiry which is the weighted average lease term remaining to expire across the portfolio.

**ABN-59 003 265 987 ACN-003 265 987 AFSL-247140**

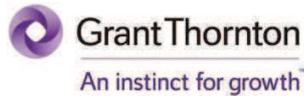
---

Grant Thornton Corporate Finance Pty Ltd ABN 59 003 265 987 ACN 003 265 987 (holder of Australian Financial Services Licence No. 247140), a subsidiary or related entity of Grant Thornton Australia Limited ABN 41 127556 389. 'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton Australia Limited is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate one another and are not liable for one another's acts or omissions. In the Australian context only, the use of the term 'Grant Thornton' may refer to Grant Thornton Australia Limited ABN 41 127 556 389 and its Australian subsidiaries and related entities. Liability limited by a scheme approved under Professional Standards Legislation.

---

**[www.grantthornton.com.au](http://www.grantthornton.com.au)**

**#4793648v1**



- Base rent calculated as 8% of the acquisition costs<sup>6</sup> of the Properties plus 8% of all monies paid by the Trust for any crop expansion or further development undertaken ("Base Rent"). The Base Rent for 2020 is expected to be circa A\$10.2 million.
- Variable rent broadly calculated as 25% of the earnings before tax ("EBT") plus/minus various adjustments derived by the tenant from the Properties utilised for the purpose of the berry and citrus businesses ("Variable Rent"). The Variable Rent for 2020 is expected to be circa A\$8.7 million and the average Variable Rent received in the last 7 years is A\$8.9 million.

The responsible entity of the Trust ("RE") is The Trust Company (RE Services) Limited, part of Perpetual Limited. The asset manager is Primewest Agrichain Management Pty Ltd ("Manager"), a wholly-owned subsidiary of Primewest Group Limited (together with the Manager referred to as "Primewest"), an Australian property fund manager listed on the ASX. Primewest Management Limited as responsible entity of the Primewest Property Fund ("Primewest Property Fund") owns circa 19.87% of the issued units of the Trust and it is the major unitholder. Primewest Group Limited has a deemed interest in those units. Primewest Management Limited provides its services under the Investment Management Agreement ("IMA") for an initial period of 10 years currently expiring on 29 June 2028.

On 17 November 2020<sup>7</sup>, the RE announced that it had entered into a scheme implementation deed ("SID") with Macquarie Agricultural Funds Management Limited ("MAFM") as trustee of Macquarie Agriculture Fund – Crop Australia 2<sup>8</sup> to regulate the acquisition of VTH units to be implemented as a trust scheme ("Trust Scheme"). The cash consideration is A\$1 per unit ("Trust Scheme Consideration").

If the Trust Scheme fails to be approved by the requisite majority of VTH Unitholders<sup>9</sup>, the acquisition will instead be implemented by the purchase of the Properties (subject to unitholders approval<sup>10</sup>) for a cash consideration of A\$300 million ("Asset Sale")<sup>11</sup>. As soon as practicable following completion of the Asset Sale, the RE proposes to distribute the proceeds (after meeting the outstanding liabilities of the Trust and provisioning for the estimated costs of winding down the Trust) on a pro-rata basis. The RE expects that the distributions ultimately received by the unitholder should be substantially equivalent to the consideration they would receive under the Trust Scheme. In order to achieve this, MAFM has agreed to pay to VTH its transaction costs<sup>12</sup> to the extent that this is required to enable aggregate distributions of \$1.00 per unit to VTH Unitholders (before any tax liability). MAFM's liability to cover these costs is capped at A\$6 million (inclusive of GST).

On 30 January 2021, MAFM agreed to VTH paying a distribution of 2.5c per VTH Unit for the half year ended 31 December 2020 ("VTH Interim Distribution"), which would otherwise (in the absence of MAFM's consent) be prohibited under the SID. Accordingly, if the Trust Scheme or the Asset Sale

<sup>6</sup> As discussed in Section 4, this is materially below market value.

<sup>7</sup> We note that on 9 November 2020, the RE announced that it had received a conditional proposal ("Initial Proposal") from an agricultural fund managed by Macquarie Infrastructure and Real Assets to acquire all of the issued units in the Trust for A\$1.00 per unit by way of a trust scheme or asset sale on substantially similar commercial terms as the SID.

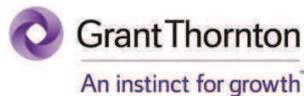
<sup>8</sup> As part of the SID, MAFM nominated M2 Acquisition Trust, as the acquiring entity. M2 Acquisition Trust was established for the purpose of acquiring VTH and Macquarie Agricultural Funds Management No. 2 Pty Limited is the trustee ("MAFML2") of M2 Acquisition Trust. In the remainder of this document, MAFM refers to both MAFM and MAFML2.

<sup>9</sup> It requires at least 75% of the votes cast at the Meeting by VTH Unitholders eligible to vote on the Scheme

<sup>10</sup> Requiring an ordinary resolution of shareholders ie 50% approval.

<sup>11</sup> This will occur through the acquisition of the units in the Leasehold Trust which owns the Properties.

<sup>12</sup> Which include its internal costs and third party expenses from implementing the Assets Sale, returning proceeds to VTH Unitholders and terminating, winding up or delisting VTH and the Manager's early termination fee.



are implemented, VTH Unitholders will receive a total consideration of the A\$1.025 per unit. The VTH Interim Distribution is subject to certain conditions which are discussed in section 1.5.

We refer to the Asset Sale together with the Trust Scheme as the Proposed Transaction.

On the same date that the Proposed Transaction was announced, Primewest Group Limited disclosed the following:

- The Manager had entered into a Facilitation Deed in order to novate the IMA to MAFML2 and to provide certain transitional services ("Facilitation Agreement"). Subject to the conditions precedent being satisfied, Primewest will receive a fee of A\$8 million (this is not payable under the Assets Sale). The consideration to be received by the unitholders under the Trust Scheme will not be reduced by any fees payable to the Manager under the Facilitation Deed. Under the Facilitation Deed, the Manager has waived its rights to receive an early termination payment<sup>13</sup> in conjunction with the Trust Scheme as per the term of the IMA.
- Primewest Property Fund provided a voting intention statement for its 19.87% interest held in the Trust in support of the Proposed Transaction in the absence of a superior proposal.
- Primewest Property Fund entered into a call option deed with MAFML2 over 30 million securities representing 16.21% of the issued units at an exercise price of A\$1 per unit ("Call Option"). The Call Option can only be exercised where a competing proposal to acquire more than 20% of VTH units or all or substantially all of VTH's business and undertaking or otherwise acquire or merge with VTH has been publicly announced within 7 months from the date the Call Option was granted. As a result of the Call Option, MAFML2 and its associates have a voting power of 22.2% of the issued units<sup>14</sup>.

Further, on 18 December 2020, Costa announced that it signed a Lease Implementation Deed ("LID") with Macquarie Infrastructure and Real Assets ("MIRA")<sup>15</sup> for the Properties currently leased from VTH which will only take effect if the Proposed Transaction completes. The new leases are based on fixed rental payments for each of the seven farms for 20 years plus a 10-year extension option. Before the Initial Proposal, Costa had approached the RE to commence discussions to restructure the terms of the Leases in line with the terms agreed in the LID. These discussions were halted after the Initial Proposal.

The Proposed Transaction is subject to customary conditions precedent as set out in Section 1 of this Independent Expert's Report ("IER") including approval by VTH unitholders and the Court granting the judicial advice the RE is applying for in connection with the Trust Scheme. The SID contains customary exclusivity provisions including no shop, no talk restrictions subject to RE Director's fiduciary obligations, and a notification obligation and matching right in case the RE Directors receive a superior proposal. The SID also details circumstances under which VTH may be required to pay MAFM a reimbursement fee of approximately A\$1.85 million (refer to Section 1 for more details).

<sup>13</sup> Estimated at circa A\$4.5 million having regard to the gross asset value as at 31 December 2020.

<sup>14</sup> 19.87% interest in the Trust held by Primewest plus the voting interest held by other entities part of the Macquarie Group.

<sup>15</sup> MAFM and MAFML2 are a wholly-owned subsidiary of the Macquarie Group however the actual trust which is acquiring VTH or the Assets is not part of the Macquarie Group.



Subject to no superior proposal emerging and an independent expert concluding and continuing to conclude that the Proposed Transaction<sup>16</sup> is fair and reasonable to and in the best interests of VTH unitholders, the Directors of the RE have unanimously recommended that VTH unitholders vote in favour of the Proposed Transaction.

## Purpose of the report

There is no specific statutory framework for a trust scheme as there is for a scheme of arrangement between companies and their members. As such, the Takeovers Panel has issued Guidance Note 15 (“GN15”) outlining the recommended procedures for a trust scheme. GN15 requires that a notice of meeting and explanatory memorandum for a trust scheme contains a report by an independent expert that states whether, in the expert’s opinion, the terms of the trust scheme are fair and reasonable, and therefore consistent with determining whether it is in the best interests of the members.

Accordingly, the Directors of the RE have commissioned this IER to assist VTH unitholders in assessing the merits of the Trust Scheme and of the Assets Sale in accordance with the requirements of GN15.

Given that Primewest and its associates are the Manager and substantial unitholder of VTH and that the Manager has entered into the Facilitation Agreement with MAFML2, the Directors of the RE have also requested Grant Thornton Corporate Finance to provide an opinion as to whether:

- The Facilitation Agreement is on an arm’s length basis.
- The terms of the Facilitation Agreement constitutes the receipt of a net benefit by Primewest for the purpose of the Corporations Act as interpreted in Guidance Note 21 Collateral Benefits issued by the Takeovers Panel (“GN21”).

When preparing this IER, Grant Thornton Corporate Finance has had regard to the Australian Securities Investment Commission (“ASIC”) Regulatory Guide 111 *Contents of expert reports* (“RG 111”) and Regulatory Guide 112 *Independence of experts* (“RG 112”). The IER also includes other information and disclosures as required by ASIC.

## Summary of opinion

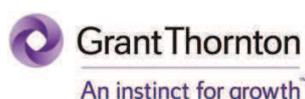
### ***Proposed Transaction***

**Grant Thornton Corporate Finance has concluded that the Trust Scheme is FAIR and REASONABLE and hence in the BEST INTEREST of VTH unitholders.**

**If the Trust Scheme is not implemented, Grant Thornton Corporate Finance has concluded that the Assets Sale is FAIR and REASONABLE and hence in the BEST INTEREST of VTH unitholders.**

---

<sup>16</sup> In the case of the Asset Sale on the basis that it will only be implemented if the Trust Scheme is not approved by the requisite majority.

**Net benefit opinion**

Based on the analysis, procedures and limitations outlined throughout this document and the requirements of GN21, we are of the opinion that:

- **Primewest and MAFML2 are dealing at arms' length in relation to the Facilitation Agreement.**
- **The terms of the Facilitation Agreement do not constitute the receipt of a net benefit by Primewest.**

Refer to Section 8 for our detailed analysis on the Facilitation Agreement.

**Fairness Assessment of the Trust Scheme**

In forming our opinion in relation to the fairness of the Trust Scheme, Grant Thornton Corporate Finance has compared the fair market value of a VTH Unit to the Trust Scheme Consideration of A\$1.00 per unit plus the VTH Interim Distribution of 2.5c per Unit. We note that the balance sheet as at 31 December 2020, which is the starting point for our valuation assessment, does not include a provision for the VTH Interim Distribution and accordingly we have considered it in our assessment of the consideration receivable by VTH Unitholders. A summary of our assessment is set out in the table below.

Fairness assessment	Section Reference	Low	High
A\$ per unit			
Fair market value of VTH Unit	6.1	0.970	1.110
Trust Scheme Consideration plus VTH Interim Distribution		1.025	1.025
<b>Premium/(discount)</b>		<b>0.05</b>	<b>(0.09)</b>
<b>Premium/(discount) (%)</b>		<b>5.6%</b>	<b>(7.7%)</b>
<b>FAIRNESS ASSESSMENT</b>		<b>FAIR</b>	

Source: GTCF analysis

The Trust Scheme Consideration plus the VTH Interim Distribution falls within our assessed valuation range of a VTH Unit. Accordingly, we conclude that the Trust Scheme is **FAIR** to VTH Unitholders.

We note that the Trust Scheme Consideration plus the VTH Interim Distribution is or around the draft unaudited net assets per unit as at 31 December 2020. We discuss this in details in the remainder of this executive summary.

**Net assets approach**

REITs are commonly valued by reference to their underlying net asset values. For such entities, investment properties are generally carried on the balance sheet at market value and the appropriate valuation methodology is to aggregate the market value of the individual properties. Grant Thornton Corporate Finance has commissioned Colliers International ("Colliers") to undertake a valuation of the Properties to be relied upon for the purpose of this IER. Colliers undertook site visits of all the Properties earlier in December and a copy of Colliers Report is included in Appendix E.



One of the key drivers affecting the value of the Properties is the structure of the Leases which is unique and, in our opinion, detracts from the value of the unit price which, before the announcement of the Initial Proposal, was trading at a material discount (circa 15%) to net assets as at 30 June 2020. The Variable Rent is linked to the underlying profitability of Costa's subsidiaries and accordingly it has a risk/return profile closer to the cost of equity of Costa rather than that of a passive rental yield.

For the purpose of assessing the value of VTH for a change of control transaction, we are of the opinion that it is reasonable to assume that Costa and VTH will seek to restructure the terms of the Leases into a more traditional fixed rental structure due to the following:

- They initiated these discussions before the Initial Proposal and both the Manager and Costa were willing to change the existing terms into a long WALE fixed rental payment.
- Costa and MIRA have already entered into the LID which will only become effective if the Proposed Transaction is implemented. It demonstrates the willingness of the tenant to alter the existing agreement.
- Costa announced in November 2020 that the Leases are legacy agreements and that all subsequent expansion by Costa beyond these sites in the berry and citrus categories has not involved and will not involve any variable lease arrangement.
- Based on discussions with the Manager, we understand that the calculation of the Variable Rent is prone to disputes and uncertainties.

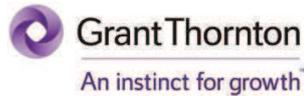
Accordingly, Grant Thornton and Colliers have agreed that it would be appropriate for Colliers to undertake the valuation of the Properties for the purpose of a change of control transaction under two different scenarios as outlined below:

- *Fixed lease (Scenario 1)* – Under this scenario, Colliers has assumed that VTH and Costa renegotiate the Leases for a 20 year period and Colliers has estimated the fixed rental payment at A\$20 million per annum<sup>17</sup> (escalated at 2% per annum). Whilst Grant Thornton and Colliers have not been able to review the full terms of the LID as they are commercially sensitive and confidential to the parties, we have received written confirmation from MAFML2's legal advisers that the fixed annual rental payment agreed between Costa and MIRA in the LID is lower than the annual fixed rental payment adopted by Colliers as market benchmark. The fixed rental payment estimated by Colliers is higher than the total average rent received by VTH over the last 7 years of A\$17.7 million or the adjusted 2020 total rent of A\$19.2 million<sup>18</sup>.
- *Status Quo until expiry of the Leases and then fixed long term lease structure (Scenario 2)* – This scenario is based on the assumption that the current Leases structure will continue until on or around expiry after which the parties will enter into new long term leases based on the same terms adopted under Scenario 1 with a fixed market rent estimated by Colliers at A\$22.3 million in 2026<sup>19</sup>.

<sup>17</sup> Please refer to page 126 of the Colliers valuation report for further supporting assumptions.

<sup>18</sup> Estimated as the fixed rent for 2020 of A\$10.2 million plus the average variable rent for the last seven years of A\$8.9 million.

<sup>19</sup> A\$20 million in 2020 escalated at 2% per annum.



We note that Colliers has also undertaken a valuation assessment under the Status Quo (Scenario 3) whereby the existing Leases will continue until expiry and then the parties will renegotiate the terms on a similar structure with a fixed Base Rent plus Variable Rent. For the purpose of this Report, we have not relied on this scenario given that it does not represent the highest value of the Properties, however this scenario is consistent with the approach adopted for financial reporting purposes in the 30 June 2020 accounts.

In the assessment of the value of VTH based on the net assets approach, Grant Thornton has also undertaken other adjustments as outlined below:

- *Funds from operations ("FFO") to completion* – The Trust usually pays its interim dividend at the end of March, but we understand that this is not allowed under the terms of the SID<sup>20</sup>. However, MAFM has now waived this prohibition to allow the VTH Interim Distribution to be distributed. Given that this was not provided on the balance sheet as at 31 December 2020, we have considered it as additional consideration to be received by VTH Unitholders. In our valuation assessment, we have also considered an estimate of the FFO from 1 January 2021 to the end of March 2021 (assumed implementation date) provided by the Manager<sup>21</sup> net of the transaction costs yet to be incurred or accrued as at 31 December 2020.
- *Corporate costs* – The valuation of the Properties undertaken by Colliers and included in the net assets approach does not reflect the costs of management and administration of the Trust nor the early termination payment payable to the Manager by a pool of potential purchasers based on the terms of the IMA. Accordingly, we have deducted these costs from our valuation assessment after allowing for a material amount of cost savings available to a range of potential purchasers. We have also considered the cost that the Trust may incur in an orderly realisation of the Properties.

As the adjusted net assets is based on estimates of the full underlying value of each property in the portfolio, it already reflects a value on a 100% basis. A summary of our valuation assessment is outlined below.

Adjusted net assets A\$ '000	Section Reference	Section	
		Low	High
Draft unaudited net assets as at 31 Dec 2020 (excluding VTH Interim Distrib.)	4.4.1	189,102	189,102
Less carrying value of the Properties as at 31 December 2020	6.1	(295,000)	(295,000)
Add market value of the Properties (Average of Scenario 1 and Scenario 2)	6.1	295,500	320,500
Forecast FFO net of transaction costs to 31 March 2021	6.1.3	106	106
Capitalised corporate overheads (net of cost savings)/Realisation costs <sup>(1)</sup>	6.1.4	(10,214)	(9,333)
<b>Adjusted net assets</b>		<b>179,494</b>	<b>205,375</b>
Issued and paid units (in '000)		185,000	185,000
<b>Adjusted net assets per unit</b>		<b>0.970</b>	<b>1.110</b>

Source: GTCF analysis

Note 1: Including A\$4.5 million for the early termination payment of the Manager

<sup>20</sup> Whereby the Trust is prevented from making distributions before completion of the Proposed Transaction in the absence of written consent received by MAFM.

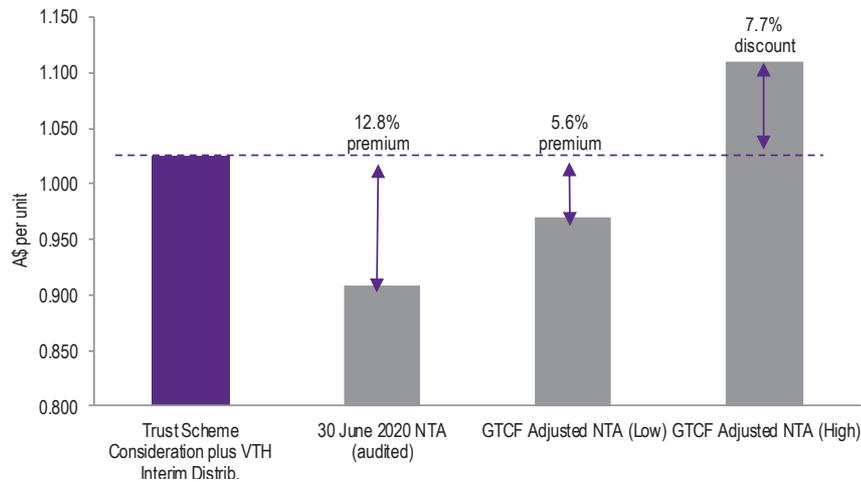
<sup>21</sup> This is based on draft unaudited Management accounts and it may be subject to changes.



*Premium/discount to net assets*

We have set out in the graph below a comparison of the premium/discounts of the Trust Scheme Consideration plus the VTH Interim Distribution with the reported NTA as at 30 June 2020 (audited) and the low and high of our assessed valuation range based on the net assets approach.

**Premium and discount to NTA**



Source: GTCF analysis; FY20 Annual Report; Management accounts

Based on the above, we make the following observations in relation to the Trust Scheme Consideration plus the VTH Interim Distribution:

- It represents a circa 13% premium to VTH's reported NTA as at 30 June 2020. This is in line with certain comparable companies and transactions.
- It is in the range of our assessed value which, in our opinion, reflects the full underlying value of the Trust due to the following:
  - It is based the highest value for the Properties estimated by Colliers under Scenario 1 and Scenario 2.
  - Colliers valuations assume that the Leases are renegotiated on a long term fixed rental payment, either immediately (Scenario 1) or in 2026 (Scenario 2), even if this is not the current structure.
  - The market fixed rental payment assumed by Colliers of A\$20 million escalated at CPI under both Scenario 1 and Scenario 2<sup>22</sup> is materially in excess of the average total rental payment received over the last seven years of A\$17.7 million and the adjusted 2020 rental payment estimated at A\$19.1 million<sup>23</sup>.

<sup>22</sup> A\$22.3 million from 2026 which is based on A\$20 million escalated at 2% per annum.

<sup>23</sup> Estimated as the Base Rent for 2020 of A\$10.2 plus the average Variable Rent for the previous 7 years of A\$8.9 million.



- We have included cost savings available to a pool of potential purchasers in our assessment of the corporate costs.

As at the date of this report, the half year reviewed accounts have not been released yet but we have been provided with a draft of the Management Accounts as at 31 December 2020. We have held discussions with the RE and we understand that the Directors intend to revalue the Properties as at 31 December 2020 at A\$295 million. We note that this value has not been reviewed and signed-off by the auditors and accordingly it may be subject to changes.

We have presented in the table below a comparison between the draft unaudited pro-forma net assets as at 31 December 2020 with updated valuation of the Properties at A\$295 million with our assessed valuation range and the Trust Scheme Consideration plus the VTH Interim Distribution. Unitholders should consider the pro-forma draft unaudited net assets as at 31 December 2020 with caution given they have not been reviewed by the auditors and they may be subject to changes.

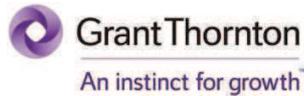
Pro-forma net assets comparison A\$ per unit	Section Reference	Low	High
Draft unaudited net assets as at 31 Dec 2020 <sup>(1)</sup>	4.4.2	1.022	1.022
GT assessed valuation range	6.1	0.970	1.110
<b>Premium/(discount) (%)</b>		<b>(5.1%)</b>	<b>8.6%</b>
Pro-forma net assets comparison A\$ per unit	Section Reference	Low	High
Draft unaudited net assets as at 31 Dec 2020 <sup>(1)</sup>	4.4.2	1.022	1.022
Trust Scheme Consideration plus VTH Interim Distribution		1.025	1.025
<b>Premium/(discount) (%)</b>		<b>0.3%</b>	<b>0.3%</b>

Source: GTCF analysis and calculations

Note 1 – Based on the 31 December 2020 draft Management Accounts with the valuation of the Properties of A\$295 million.

The Trust Scheme Consideration (plus the VTH Interim Distribution), which we have considered fair as it falls within our assessed valuation range, is substantially in line with the pro-forma draft unaudited net assets per unit as at 31 December 2020. Historically, control transactions of A-REITs have occurred at various level of premium/discount to reported net assets, this is usually driven by the following elements (this list is not exhaustive and there may other factors that may play a role depending on the specific circumstances of each transaction):

- *Competitive tension in the sale process* – As at the date of this report, no alternative proposal to the Proposed Transaction has emerged. In addition, the Facilitation Agreement and the Call Option agreement entered into by the Manager limit the ability of potential alternative transactions to emerge.
- *Strategic Value of the Properties* – Larger portfolios of quality properties have scarcity value and may represent a strategic acquisition for some buyers. Whilst the Properties are strategic for Costa and they represent a significant contributor towards its citrus and berry production, the portfolio in itself cannot be considered unique considering the size, value and the structure of the Leases. In addition, the Properties are 100% leased to one tenant providing no counterparty diversification.
- *Cost savings* – A portion of the economies of scale and synergies that can be achieved by the purchaser's existing operations should be reflected in the purchase price. However, the reported



net assets excludes from the calculation the corporate costs necessary to run the Properties like the RE and Managers fees and other costs.

- *Development/growth opportunities* – They do not appear evident in relation to the Properties.
- *Stamp duty savings* – The materially reduced stamp duty costs in acquiring a portfolio of properties through the acquisition of a listed REIT rather than individual assets. However, as demonstrated with the Asset Sale structure, there is an opportunity for potential purchasers to acquire the Properties directly without triggering an abnormal stamp-duty costs. In addition, the individual Properties may be too small to be sold in isolation.
- *Out of date property valuations* – There is usually a lag of time between the latest round of independent property valuations and the transaction date. In addition, the accounting policies of listed REITs usually only require each property in the portfolio to be independently valued every two or three years (the latter for the Trust). In a rising property market such as the current one, both these factors create latent value in the reported net assets which is usually reflected in a takeover offer being at a premium to NTA. In the case of VTH, all the Properties have been revalued in December 2020 after the Trust entered into the SID. The Trust Scheme Consideration plus the VTH Interim Distribution is at a premium of circa 13% to the net assets as at 30 June 2020 which did not reflect current valuations of the Properties, however the premium is substantially eroded when the updated valuations of the Properties are taken into account as at 31 December 2020.

Similar circumstances to what is described above occurred for the acquisition of Investa Office Fund (“IOF”) in 2018. The first offer from Blackstone was announced at the end of May 2018 at a premium of circa 4% to the reported NTA per unit as at 31 December 2017. Subsequently, on 13 June 2018, the Board entered into a Scheme Implementation Deed and recommended the transaction. Then on 26 June 2018, IOF announced that it had received updated valuations of the properties as at 31 May 2018 which would increase the reported NTA as at 31 December 2017 to A\$5.45 per unit, implying that the agreed and recommended consideration was at a discount of circa 6% to the adjusted net assets as at 31 December 2017. Subsequently, on 24 July 2018, IOF released the Notice of Meeting and Explanatory Memorandum, including an IER concluding that the transaction was in the best interest of the unitholders. Whilst a number of alternative proposals emerged afterwards which increased the final price up to A\$5.60 per unit, this is not relevant for the purpose of our analysis. It appears that the premium to net assets embedded in the first offer for IOF was mainly related to out of date valuations which presents similarities with the Proposed Transaction.

Before reaching our conclusion on the above, we have also undertaken a valuation assessment assuming that VTH terminates the SID, incur the break fee of A\$1.85 million and continue to trade on the ASX with the Leases renegotiated in line with the assumptions adopted by Colliers under Scenario 1 (20 year lease term with a fixed annual lease of A\$20 million per annum) and Scenario 2.

Under these circumstances, the Trust will continue to incur corporate costs at the full run rate, which we have estimated at circa A\$1.2 million per annum<sup>24</sup> but it will save the early termination payment of A\$4.5 million as the Manager will not be terminated. As set out below, the Trust Scheme

<sup>24</sup> This compares with corporate costs of A\$1.8 million incurred in FY20. We have capitalised the normalised corporate costs having regard to the weighted average capitalisation rate of the Properties.



Consideration plus the VTH Interim Distribution would be above the mid-point range of the price that the units may trade at based on the above assumptions.

Valuation assuming the Proposed Transaction is terminated A\$ '000	Section Reference	Low	High
Draft unaudited net assets as at 31 Dec 2020 (excluding VTH Interim Distrib.)	4.4.1	189,102	189,102
Less carrying value of the Property as at 31 December 2020	6.1	(295,000)	(295,000)
Add market value of the Property estimated by Colliers (Scenario 1)	6.1	296,000	322,000
Forecast FFO net of transaction costs	6.1.3	106	106
Break fee payable		(1,850)	(1,850)
Capitalised corporate overheads (ongoing)	6.1.4	(17,161)	(17,161)
<b>Adjusted net assets</b>		<b>171,197</b>	<b>197,197</b>
Issued and paid units (in '000)		185,000	185,000
<b>Adjusted net assets per unit</b>		<b>0.925</b>	<b>1.066</b>

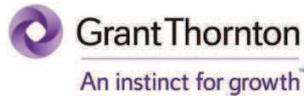
Source – GT analysis, Colliers Report and Management Accounts

However, unitholders should be aware of the following risks implied in the valuation assessment above:

- There is uncertainty on the Leases terms that Costa and VTH may be able to agree and negotiate.
- The market fixed rental payment of A\$20 million adopted by Colliers in the valuation assessment under Scenario 1 and Scenario 2<sup>25</sup> is in excess of the historical average total annual rent received by VTH. Considering that the structure of the Leases under Scenario 1 and Scenario 2 would significantly de-risk future rental payments for VTH and the long dated resulting WALE, there is uncertainty whether or not VTH may be able to negotiate a fixed rental payment in excess of the historical rent received given the risk reduction.
- The annual rent payment agreed between Costa and MIRA in the LID is lower than A\$20 million per annum adopted by Colliers.
- The market fixed rental payment of A\$20 million is materially in excess of the annual rent that Costa initially proposed to VTH in an indicative and draft term sheet before the Initial Proposal.
- In the absence of the Proposed Transaction, there is no guarantee that the unit prices will trade in line with the draft unaudited pro-forma net assets. From this perspective, we note that VTH will still be an externally managed REIT with limited development and growth opportunities and with no tenant diversification.

We are of the opinion that the specific circumstances of the Trust and the analysis undertaken above support our conclusion in relation to the fairness of the Proposed Transaction and it seems appropriate that the Trust Scheme Consideration plus the VTH Interim Distribution is at on or around the draft unaudited net assets per unit as at 31 December 2020.

<sup>25</sup> The A\$20 million fixed rent at 2020 is escalated by 2% to obtain the fixed rent in 2026 which becomes circa A\$22.5 million.

*FFO multiple and dividend yield*

We present in the table below VTH's implied FFO multiples and distribution yields:

VTH Implied Multiples Cross-Check A\$ (ex cept where stated otherwise)	Section Reference	GT Assessment		Trust Scheme Consideration + VTH Interim Distr.
		Low	High	
Value per VTH unit	6.1	0.970	1.110	1.025
<b>FFO Multiple</b>				
FY20 FFO (Cents per VTH unit)		4.76	4.76	4.76
FY21 FFO (Cents per VTH unit) <sup>1</sup>		5.50	5.50	5.50
FY20 FFO Multiple (times)		20.4x	23.3x	21.5x
FY21 FFO Multiple (times) <sup>1</sup>		17.6x	20.2x	18.6x
<b>Distribution Yield</b>				
FY20 Distribution (Cents per VTH unit)		4.75	4.75	4.75
FY21 Distribution (Cents per VTH unit) <sup>1</sup>		5.35	5.35	5.35
FY20 Distribution Yield (%)		4.9%	4.3%	4.6%
FY21 Distribution Yield (%) <sup>1</sup>		5.5%	4.8%	5.2%

Source: S&P Capital IQ, VTH FY20 Investor Presentation, GTCF analysis.

Note (1) We have relied on the median of broker estimates for FY21 FFO per unit and FY21 dividend per unit when calculating the FY21 FFO Multiple and FY21 Distribution yield. We note that VTH has not provided guidance for FY21 FFO or distributions.

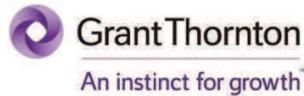
In order to cross check our valuation assessment based on the net assets, we have also considered the FFO multiples and distribution yields from listed trading companies and comparable transactions. The analysis above should be treated with caution due to the following:

- None of the listed peers have released the half year accounts as at 31 December 2020 and accordingly we have based our analysis on the 30 June 2020 financial information.
- FY21 FFO and distributions are based on analysts' consensus forecast for both VTH and the listed peers. However, we understand that the actual performance for the half year accounts for VTH is expected to be better than consensus forecast and an uplift on the FY21 FFO and distributions is likely.

We consider Rural Funds Group<sup>26</sup> ("RFF") the relatively more comparable listed company. VTH's lower FY21 FFO multiple of between 17.6x and 20.2x compared to 21.2x for RFF (refer to section 6.2), and higher FY21 distribution yield of between 4.8% and 5.5% compared to 4.5% for RFF (refer to section 6.2) do not appear unreasonable due to the following:

- RFF is larger and far more diversified by geography, agricultural sector and climate.
- It has significant development opportunities.
- The lease arrangements of RFF are structured differently from VTH where there is no variable lease component that exposes the Trust to rental income and distribution variability.

<sup>26</sup> Rural Funds Group is a real estate investment trust listed on the ASX which owns a diversified portfolio of high quality Australian agricultural assets that are leased to experienced agricultural operators.



- RFF has a materially longer WALE of over 10 years.

In addition we note the following:

- VTH's implied FY21 FFO Multiples appear reasonable when compared to the listed peers. For instance the Office REITs are trading around 12.5x which appears reasonable given the headwinds facing the sector. The multiple range is at a discount to the Childcare specialised REITS FY21 FFO multiple between 21.0x and 24.9x which seems reasonable given the significant government underwriting in the form of the childcare subsidy scheme.
- All of the identified comparable transactions occurred prior to COVID-19, however we note they provide directional evidence and support for our valuation.

VTH Unitholders should be aware that our assessment of the value of VTH should not be considered to reflect the price at which VTH Units will trade if the Proposed Transaction is not implemented. The price at which VTH Units will ultimately trade depends on a range of factors, including: the liquidity of VTH Units, macro-economic conditions, interest rates and the performance of VTH's business.

### ***Fairness Assessment of the Assets Sale***

In relation to the Asset Sale, we have considered the possible returns to Unitholders which are expected to be substantially in line with the returns obtained under the Trust Scheme and accordingly, we have concluded that the Assets Sale is also fair to VTH Unitholders (refer to Section 7 for details).

### ***Reasonableness Assessment***

In considering the reasonableness of the Proposed Transaction, we have assessed the following advantages, disadvantages and other factors.

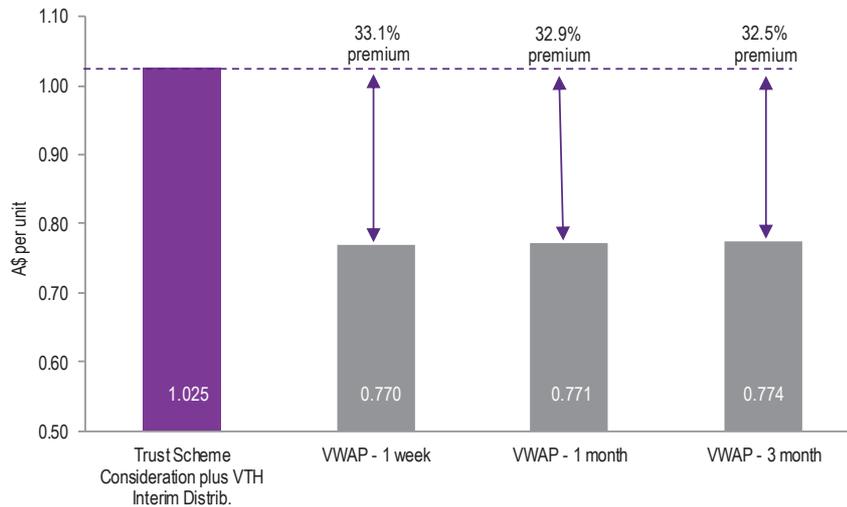
#### **Advantages**

##### *Premium for control*

The implied premium of the Trust Scheme Consideration plus VTH Interim Distribution relative to the VTH Unit price over various period of time before the announcement of the Initial Proposal is illustrated in the following chart.



**Premium for control analysis**



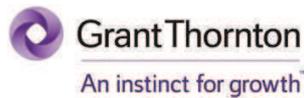
Source: GTCF analysis; FY20 Annual Report; Management accounts

The ability of the Unitholders to trade their units on the ASX in line with the Trust Scheme Consideration in the short term and in the absence of the Proposed Transaction is unknown at this point in time, in particular considering the potential renegotiations of the Leases. However, we note that unitholders should consider/treat the above analysis with caution as the prices on the ASX before the announcement of the Initial Proposal did not reflect the uplift in the valuation of the Properties assessed by Colliers.

*Removing the volatility and uncertainty of the Variable Rent*

If the Proposed Transaction is implemented, VTH Unitholders will no longer be exposed to the ongoing risks associated with the Variable Rent which are linked to the performance of Costa's relevant subsidiaries and affected by the following (summarised in a non-exhaustive manner):

- *Weather patterns* – Costa's operations, like its competitors, are influenced by the availability and distribution of rainfall in key farming regions. In recent years, rainfall in Australia has fluctuated between average and less than average, and Australia has experienced rainfall deficiencies since early 2017. Australia has also been experiencing extreme weather events, like the 2019/2020 bushfires, in the last several years along with changes to well established weather patterns caused by global warming. This can reduce purchasing confidence and production prospects for Costa and therefore bring additional uncertainty to the future Variable Rent.
- *Commodity prices* – Costa's profits are linked to the market prices of citrus and berries and these profits are inherently subject to movements in commodity prices, which can be volatile and are influenced by seasonal conditions, global commodity supply-demand dynamics, and exchange rate movements.
- *Diseases* – Planting at the Properties may be exposed to disease or insect infestation which may adversely impact the crops and hence the Variable Rent.



- *Calculation of the variable rent* – As disclosed in VTH's annual report for FY20, VTH is engaged in an ongoing dispute with Costa regarding the format and transparency of the financial information provided by Costa under the terms of the Leases to support the calculation of the Variable Rent. The ability of the Manager to verify and obtain proof of how the Variable Rent is calculated is limited under the Leases which provides an additional element of uncertainty. The calculation of the Variable Rent is not audited or verified/reviewed by external independent parties and some of the adjustments made are subject to interpretation.

#### *Certainty of the cash consideration*

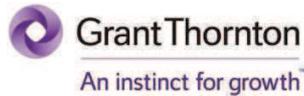
The cash nature of the Trust Scheme Consideration plus VTH Interim Distribution offers VTH Unitholders an opportunity to exit their investment in VTH at premium to the unit prices before the announcement of the Initial Proposal and the net assets as at 30 June 2020 and on or around the draft unaudited pro-forma net assets in the Management accounts as at 31 December 2020. In the absence of the Proposed Transaction or a similar transaction, VTH Unitholders could only realise their investment by selling their VTH Units on market at a price which was materially below the Trust Scheme Consideration (plus the VTH Interim Distribution ) prior to the announcement of the Initial Proposal. However, we note that the unit prices did not reflect the updated valuations of the Properties which have increased materially compared with 30 June 2020.

In the absence of the Proposed Transaction, there are expectations that Costa and VTH may renegotiate the terms of the Leases which may cause uncertainty and volatility to the unit prices on the ASX, at least in the short term. The Proposed Transaction removes these uncertainties. In the absence of the Proposed Transaction, the Unitholders share the risk that the negotiations of the new lease agreements may not bring the expected benefits and the unit prices continue to trade at a discount to net assets. We further note that Colliers' valuation of the Properties under Scenario 1 and Scenario 2 assumes new leases for a 20 year term with a fixed rental payment of A\$20 million per annum (escalated at 2%) are negotiated and agreed. This is significantly in excess of the average historical total annual rent received by the Trust.

#### *The Manager supports the Proposed Transaction*

Primewest is the manager and the largest shareholders of the Trust and it has supported the Proposed Transaction in a number of ways as outlined below:

- It entered into the Facilitation Agreement to novate the IMA to MAFML2 and it will receive a fee of A\$8 million on completion.
- It provided a voting intention in support of the Proposed Transaction in the absence of a superior proposal. We note that Primewest is an experienced and sophisticated asset manager with A\$4.9 billion of assets under management as at 31 December 2020. Also, as the manager of the Trust, it has an in-depth knowledge of the Properties, the Leases and all the stakeholders involved.
- It entered into the Call Option agreement which adversely affects the ability of potential interested parties to launch an alternative proposal.



#### *No brokerage costs*

VTH Unitholders will be able to realise their investment in VTH without incurring any brokerage or stamp duty costs.

## Disadvantages

#### *Timing of the Proposed Transaction and potential leases renegotiation*

We are of the opinion that the timing of the Initial Proposal is not beneficial for the unitholders as it occurred when VTH had been approached by Costa to renegotiate the structure of the Leases. This process halted following the Initial Proposal. On 18 December 2020, MIRA entered into the LID which, subject to the Proposed Transaction being completed, will achieve the desired outcome of converting a legacy leases structure, which was subject to the volatility of the underlying performance of Costa, into a 20 year long WALE lease with fixed rental payments. This structure is considered particularly valuable by investors in the current low interest rate environment.

The RE could implement the same strategy on a stand-alone basis which should generate a re-rating of the prices at which units were trading before the announcement of the Initial Proposal and benefit the existing Unitholders. In our opinion, the unusual structure of the Leases and the relative short WALE adversely affect the unit prices. Whilst the Proposed Transaction provides an opportunity to Unitholders to potentially bridge part of the gap between unit prices and net assets, a renegotiation of the Leases could potentially achieve a substantially similar outcome (or at least part of it).

#### *Shareholders will not be able to participate in the future upside of VTH*

If the Proposed Transaction is implemented, VTH Unitholders receiving the Trust Scheme Consideration plus the VTH Interim Distribution will forgo the opportunity to participate in the future upside potential of the Trust and any uplift in current market conditions, which may arise from the following:

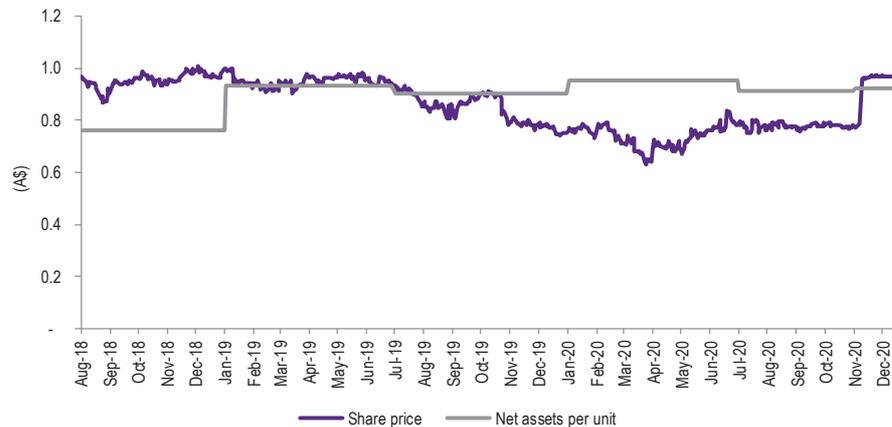
- Before the Initial Proposal, VTH was commencing the process of renegotiating the Leases with Costa. The current low interest rate environment is expected to continue to compress capitalisation rates which may lead to a further future re-rating of the Properties, in particular if the RE is able to secure a long term WALE with a fixed rental payments escalated at CPI.
- The Variable Rents was particularly low in 2019 (A\$4.7 million) and in the first part of 2020 due to the millennial drought, bushfires and other weather events which adversely affected Costa's profit reducing the Variable Rent. The conditions in the agricultural sector have materially improved during the current season and there are expectations of increasing profitability which should translate in an uplift of the Variable Rent. Costa announced in the half year results to 30 June 2020 that Australian operations have recovered from weather and drought challenges in late 2019 and the first half of 2020 with the business now having secured high water levels across all sites. Costa has indicated that strong export and domestic demand, robust citrus prices and increased second half harvest all support expectations for improved financial outcomes. Costa has also been investing heavily in capital expenditure to continue its innovation and intellectual property ("IP") program to generate yield growth and shareholder returns. All these factors should lead to expectations of an increased Variable Rent going



forward assuming normal weather conditions. The Manager has recently received communication from Costa that the Variable Rent payable in December is significantly higher than initially budgeted which supports expectations for a higher variable rent in 2021.

After the IPO, VTH unit prices traded at a premium or in line with net assets but then from the end of 2019 they started to diverge. In our opinion this was mainly due to the structure of the Leases with the Variable Rent materially affected by the drought and bushfires in the second part of 2019 and at the beginning of 2020 which reduced Costa's profitability. With the normalisation of the agricultural conditions discussed above and potential renegotiations of the Leases, it is not unreasonable to expect the unit prices to reduce the gap, or part of it, with the net assets per share. We have set out in the graph below a comparison between the unit prices and the net assets per unit.

**VTH unit prices and net assets per unit since IPO**



Source: S&P Capital IQ, Annual report, GTCF analysis

**Risk attached to the returns obtained under the Asset Sale**

If the Proposed Transaction completes as an Asset Sale, as soon as practicable following completion, the RE proposes to distribute the proceeds on a pro-rata basis. The RE expects that the distributions ultimately received by the unitholder should be substantially equivalent to the consideration they would have received under the Trust Scheme given that MAFM has agreed to pay for transaction costs<sup>27</sup> up to A\$6 million to the extent this is required to enable VTH RE to distribute an aggregate amount of A\$1.00 per unit to VTH Unitholders (before any tax liability). To the extent that payment of these costs by MAFM is insufficient to meet outstanding liabilities of VTH and anticipated costs of winding up, any distribution received by VTH Unitholders of proceeds from the Asset Sale may be less than the amount VTH Unitholders would have received under the Trust Scheme. However, based on the information provided by the RE and the Manager, this risk is considered remote.

<sup>27</sup> Which include its internal costs and third party expenses from implementing the Asset Sale, returning proceeds to VTH Unitholders and terminating, winding up or delisting VTH and the Manager's early termination fee.

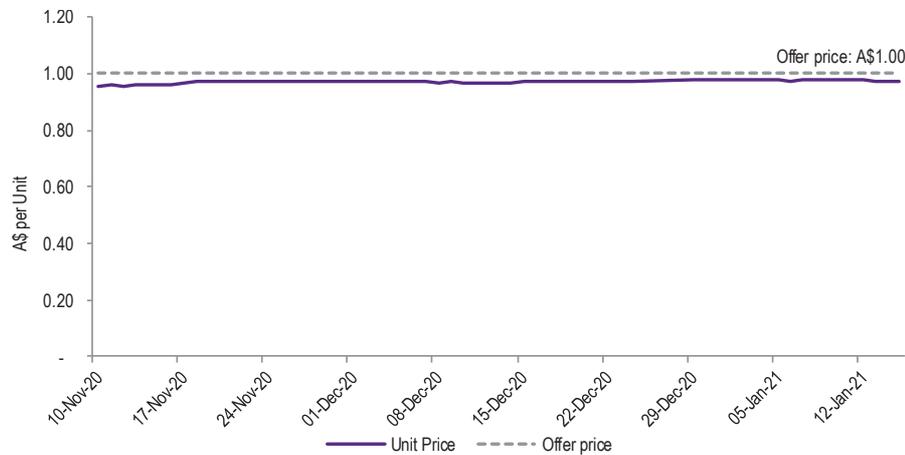


### Other factors

#### *Unit price after the announcement*

As set out below, following the announcement of the Proposed Transaction, VTH has substantially in line with the Trust Scheme Consideration which seems to indicate good support from investors for the Proposed Transaction, perceived low risk of the Proposed Transaction not being implemented and limited expectations for a superior proposal.

#### **Trading prices after the announcement of the Initial Proposal**



Sources: S&P Global, GTCF analysis.

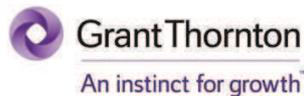
#### *Value of VTH for MAFML2 and the acquisition trust*

If the Proposed Transaction is implemented, VTH will apply to be delisted from the ASX and, assuming delisting occurs, the acquisition trust will realise cost savings on listing fees, ASX compliance costs and Directors' fees. These cost savings have already been included into our valuation assessment. From MAFML2 perspective, we are of the opinion that the marginal costs for MAFML2 to run VTH will be minimal also taking into account that MAFML2 has already entered into the LID. On the flip side, we note that the fixed annual rental payment agreed between MAFML2 and Costa in the LID is less than the assumed annual market rent of \$20 million adopted by Colliers in the valuation of the Properties, MAFML2 will be required to pay A\$8 million for the novation of the Facilitation Agreement and the acquisition trust is likely to continue to pay a management fee to MAFML2.

In addition, MAFML2 may renegotiate the terms of the debt facilities and lower the cost of debt of VTH which accordingly may increase future distributions, all things being the same. We also note that VTH had active interest rate swaps to manage interest rate risk which were established shortly after the IPO but they are now significantly out of the money with an assessed liability as at 31 December 2020 of circa A\$10.4 million. A potential purchaser may be able to renegotiate or refinance the existing debt facility and extract some additional value from the interest rate swaps in the form of a reduced liability.

Further, MAFML2/MIRA may be able to integrate the Properties into a broader, larger and more diversified portfolio of agri assets which collectively would trade at a lower capitalisation rate.

#4793648v1



On balance, we are of the opinion that there is no special value accruing to MAFML2 or the acquisition trust.

*Prospects of a superior proposal or alternatives available to VTH*

To date no superior proposal to the Proposed Transaction has emerged. Whilst VTH has agreed not to solicit any competing proposals or, subject to a fiduciary exception, not to participate in discussions or negotiations in relation to any competing proposals, there are no material impediments to an alternative proposal being submitted by potentially interested parties. Although the Initial Proposal has been public since 9 November 2020, no alternative proposal has emerged. However, the transaction process may act as a catalyst for other interested parties and it will provide significant additional information in the Scheme Booklet and Independent Expert's Report to enable such potential acquirers to assess the merits of potential alternative transactions. If a superior proposal emerges before VTH Unitholders cast their vote on the Proposed Transaction, the Unitholders meeting may be adjourned or VTH Unitholders may vote against it<sup>28</sup>.

Notwithstanding the above, we are of the opinion that it may be difficult for a superior proposal to emerge given that Primewest Property Fund has agreed to support the Proposed Transaction and it has entered into a Call Option with MAFML2. In addition, MAFM and Costa have already agreed the terms of the LID which provides strength and certainty to the MAFM proposal and expectations in relation to the future cash flows which may not be achievable by potential alternative bidders.

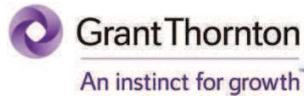
On the other hands, Unitholders also have the following options as alternatives to the Proposed Transaction:

- *Remaining as a listed A-REIT.* VTH Unitholders may vote against the Proposed Transaction and retain their investment in VTH in the expectation that the VTH Unit price will increase in the short term above the Trust Scheme Consideration plus the VTH Interim Distribution, in particular if the RE is able enter into new leases with Costa. However there is no guarantee that this strategy may lead to the ability for the Unitholders to realise a price higher than the Trust Scheme Consideration plus VTH Interim Distribution. In addition VTH is an externally managed A-REIT and this structure is increasingly out of favour with investors and given the low gross assets value of the Properties, there are limited opportunities to internalise the management.
- *An orderly realisation of the Properties.* We have considered this scenario in our fairness assessment.

*Implications if the Scheme is not implemented*

If the Proposed Transaction is not implemented, the Manager may decide to re-ignite the discussions with Costa in relation to renegotiating the Leases under a long term fixed rent structure which, all other things remaining the same, would be expected to bridge some of the gap between net assets and unit prices. However, there is no certainty that the annual rental payment will be in line with Colliers' estimate or that discussions will culminate in a revised lease beyond the current expiry of 2026.

<sup>28</sup> We note that if Directors withdraw their recommendation of the Trust Scheme in the event of a superior proposal VTH will be required to pay a break fee of approximately A\$1.85 million.



We are of the opinion that in the absence of the Proposed Transaction or an alternative transaction, all other things being equal, it is likely that VTH units will trade at prices below the current level, at least in the short-term, but above the prices that they were trading before the Initial Proposal in order to reflect the value uplift in the Properties estimated by Colliers.

*Break fee*

In the event that a competing superior proposal is announced and completed or the Directors withdraw their recommendation of the Proposed Transaction, VTH will pay, subject to certain exceptions, a break fee of A\$1.85 million plus GST. The break fee may also become payable under other circumstances as set out in the SID.

*Tax implications*

Implementation of the Proposed Transaction may crystallise a capital gains tax liability for VTH Unitholders, however the taxation consequences for VTH Unitholders will vary according to their individual circumstances and will be impacted by various factors. VTH Unitholders should read the overview of tax implications of the Scheme set out in the Scheme Booklet and also seek independent financial and tax advice.

*Directors' recommendations and intentions*

As set out in the Scheme Booklet, as at the date of this Report, the Directors of the RE have recommended that VTH Unitholders vote in favour of the Proposed Transaction subject to no superior proposal emerging and the independent expert concluding and continuing to conclude that the Proposed Transaction is in the best interests of VTH Unitholders.

## Reasonableness conclusion

Based on the qualitative factors identified above, it is our opinion that the Proposed Transaction is **REASONABLE** to VTH Unitholders.

## **Overall conclusion**

After considering the abovementioned quantitative and qualitative factors, Grant Thornton Corporate Finance has concluded that the Proposed Transaction is **FAIR AND REASONABLE AND THEREFORE IN THE BEST INTERESTS** of VTH unitholders in the absence of a superior proposal emerging.



## Other matters

Grant Thornton Corporate Finance has prepared a Financial Services Guide in accordance with the Corporations Act. The Financial Services Guide is set out in the following section.

The decision of whether or not to vote in favour of the Proposed Transaction is a matter for each VTH Shareholder to decide based on his or her own views of value of VTH and expectations about future market conditions, VTH's performance, risk profile and investment strategy. If VTH Unitholders are in doubt about the action they should take in relation to the Proposed Transaction, they should seek their own professional advice.

Yours faithfully

GRANT THORNTON CORPORATE FINANCE PTY LTD

ANDREA DE CIAN  
Director

HELEN LAGIS  
Authorised Representative



09 February 2021

## Financial Services Guide

### 1 Grant Thornton Corporate Finance Pty Ltd

Grant Thornton Corporate Finance carries on a business, and has a registered office, at Level 17, 383 Kent Street, Sydney NSW 2000. Grant Thornton Corporate Finance holds Australian Financial Services Licence No 247140 authorising it to provide financial product advice in relation to securities and superannuation funds to wholesale and retail clients.

Grant Thornton Corporate Finance has been engaged by the Trust to provide general financial product advice in the form of an independent expert's report in relation to the Proposed Transaction. This Report is included in VTH's Scheme Booklet.

### 2 Financial Services Guide

This Financial Services Guide ("FSG") has been prepared in accordance with the Corporations Act, 2001 and provides important information to help retail clients make a decision as to their use of general financial product advice in a report, the services we offer, information about us, our dispute resolution process and how we are remunerated.

### 3 General financial product advice

In our Report, we provide general financial product advice. The advice in the Report does not take into account your personal objectives, financial situation or needs.

Grant Thornton Corporate Finance does not accept instructions from retail clients. Grant Thornton Corporate Finance provides no financial services directly to retail clients and receives no remuneration from retail clients for financial services. Grant Thornton Corporate Finance does not provide any personal retail financial product advice directly to retail investors nor does it provide market-related advice directly to retail investors.

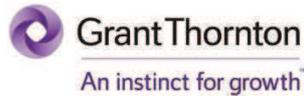
### 4 Remuneration

When providing the Report, Grant Thornton Corporate Finance's client is the Trust. Grant Thornton Corporate Finance receives its remuneration from the Trust. In respect of the Report, Grant Thornton Corporate Finance will receive from the Trust a fee of A\$230,000 (plus GST) which is based on commercial rates, plus reimbursement of out-of-pocket expenses for the preparation of the Report. Our directors and employees providing financial services receive an annual salary, a performance bonus or profit share depending on their level of seniority.

Except for the fees referred to above, no related body corporate of Grant Thornton Corporate Finance, or any of the directors or employees of Grant Thornton Corporate Finance or any of those related bodies or any associate receives any other remuneration or other benefit attributable to the preparation of and provision of this Report.

### 5 Independence

Grant Thornton Corporate Finance is required to be independent of VTH in order to provide this Report. The guidelines for independence in the preparation of independent expert's reports are set out



in RG 112 *Independence of expert* issued by ASIC. The following information in relation to the independence of Grant Thornton Corporate Finance is stated below.

*“Grant Thornton Corporate Finance and its related entities do not have at the date of this Report, and have not had within the previous two years, any unitholding in or other relationship with VTH (and associated entities) that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation the Proposed Transaction.*

*Grant Thornton Corporate Finance has no involvement with, or interest in the outcome of the Proposed Transaction, other than the preparation of this Report.*

*Grant Thornton Corporate Finance will receive a fee based on commercial rates for the preparation of this Report. This fee is not contingent on the outcome of the Proposed Transaction. Grant Thornton Corporate Finance’s out of pocket expenses in relation to the preparation of the Report will be reimbursed. Grant Thornton Corporate Finance will receive no other benefit for the preparation of this Report.*

*Grant Thornton Corporate Finance considers itself to be independent in terms of RG 112 “Independence of expert” issued by the ASIC.”*

## **6 Complaints process**

Grant Thornton Corporate Finance has an internal complaint handling mechanism and is a member of the Australian Financial Complaints Authority. All complaints must be in writing and addressed to the Chief Executive Officer at Grant Thornton. We will endeavour to resolve all complaints within 30 days of receiving the complaint. If the complaint has not been satisfactorily dealt with, the complaint can be referred to the Australian Financial Complaints Authority who can be contacted at:

Australian Financial Complaints Authority Limited  
GPO Box 3  
Melbourne, VIC 3001  
Telephone: 1800 931 678

Grant Thornton Corporate Finance is only responsible for this Report and FSG. Complaints or questions about the Scheme Meeting should not be directed to Grant Thornton Corporate Finance. Grant Thornton Corporate Finance will not respond in any way that might involve any provision of financial product advice to any retail investor.

## **7 Compensation arrangements**

Grant Thornton Corporate Finance has professional indemnity insurance cover under its professional indemnity insurance policy. This policy meets the compensation arrangement requirements of section 912B of the Corporations Act, 2001.



# Contents

	Page
<b>1 Outline of the Proposed Transaction</b>	25
<b>2 Purpose and scope of the report</b>	28
<b>3 Industry overview</b>	33
<b>4 Profile of VTH</b>	43
<b>5 Valuation methodologies</b>	57
<b>6 Valuation assessment of VTH units</b>	59
<b>7 Assets Sale</b>	71
<b>8 Facilitation Agreement – net benefit analysis</b>	72
<b>9 Sources of information, disclaimer and consents</b>	81
<b>Appendix A – Valuation methodologies</b>	83
<b>Appendix B – Comparable companies</b>	84
<b>Appendix C – Comparable transaction target company descriptions</b>	86
<b>Appendix D – Glossary</b>	87
<b>Appendix E – Colliers Property Valuation Report</b>	89

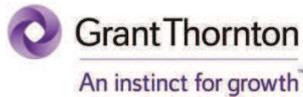


## 1 Outline of the Proposed Transaction

### 1.1 Trust Scheme

We have outlined below some additional terms of the Trust Scheme and the Asset Sale not previously discussed (in a non-exhaustive manner):

- *Conditions precedent to the Trust Scheme* – the SID includes, among others, the following conditions precedent:
  - ASIC issuing or providing such consents, approvals, waivers and approvals or doing such other acts that are necessary to implement the Trust Scheme.
  - Approval of the Trust Scheme by the requisite majorities of VTH Unitholders under section 601GC(1) and item 7 of section 611 of the Corporations Act.
  - The Independent Expert issuing a report which concludes and does not change or withdraw its conclusion that the Trust Scheme is fair and reasonable and is in the best interests of VTH Unitholders.
  - The Court granting the judicial advice sought by the RE.
  - The South Australian Minister for Agriculture, Food and Fisheries (the “SA Minister”) providing a written approval to the Proposed Transaction for the purposes of the 3IP Deed of Grant dated 17 December 2014 (as amended from time to time) between VTH Leasehold Trustee and the SA Minister.
  - Other conditions precedents customary for a transaction of this type.
- *Financing (also applicable to the Assets Sale)* – the RE agrees to provide reasonable assistance upon request from MAFM to assist it to satisfy any conditions precedent under its debt financing arrangements for the Proposed Transaction.
- *Reimbursement fee of approximately A\$1.85 million (also applicable to the Assets Sale)* – It covers MAFM’s genuine and reasonable pre-estimate legal, financial and other fees in planning and implementing the Proposed Transaction. The Reimbursement fee costs are triggered if:
  - Any RE Director fails to recommend or changes, withdraws, modifies or qualifies their recommendation to vote in favour of the Proposed Transaction, except in limited circumstances set out in the SID.
  - During the exclusivity period, one or more of the RE Directors recommends that Unitholders accept or vote in favour of an alternative transaction.
  - Within 12 months of the earlier of 17 November 2020 or the SID is validly terminated, any third party obtains control of VTH, or merges with the Trust or acquires an interest in all or a substantial part of the business or assets of the Trust.



- MAFM terminates the SID due to a material breach by the RE of the terms or conditions of the SID.
- *Others* – other terms common for a transaction of this nature, including customary exclusivity arrangements (also applicable to the Assets Sale) such as “no shop” and “no talk” and a right for MAFM to be notified of and to be given an opportunity to match any competing transactions.

## 1.2 Asset Sale

If the Trust Scheme resolutions are not passed by the requisite majorities, the parties will seek to obtain the requisite Unitholders’ approval to implement the Asset Sale which will occur based on the following terms:

- The RE will sell to MAFM all the units in the Vitalharvest Leasehold Trust (“Leasehold Trust”) and all the shares in the trustee Vitalharvest Pty Ltd (“Leasehold Trustee”) for a total consideration of A\$300 million subject to certain adjustments.
- The consideration payable on completion is A\$290 million<sup>29</sup> with A\$10 million paid into an escrow account subject to potential completion adjustment if the Leasehold Trust does not have sufficient cash and other liquid assets available to match the liabilities. In case of dispute between the parties, the matter is reserved to the determination of an independent expert.

The Asset Sale is subject to the following conditions precedent:

- Satisfaction or waiver of the Trust Scheme conditions precedent other than no restraints on the implementation of the Trust Scheme.
- There is not in effect any restraint that could prevent, make illegal or delay the sale of the units in the Leasehold Trust.
- A meeting of VTH Unitholders is convened to consider the Trust Scheme and the Unitholders do not approve the Trust Scheme by the requisite majority.
- Unitholders approve the Asset Sale by the requisite majority<sup>30</sup>.

If the Asset Sale does complete, MAFM has agreed to pay to VTH RE the aggregate transaction costs paid or payable up to a cap of A\$6 million to the extent that VTH RE reasonably considers it is required to enable VTH RE to distribute an aggregate amount of \$1.00 per unit to VTH Unitholders (pre any tax liability) following the completion of the Asset Sale.

## 1.3 Facilitation Agreement

Refer to Section 7 for details.

<sup>29</sup> Assuming that the Leasehold Trust has sufficient cash and other liquid assets available to match the liabilities.

<sup>30</sup> Being 50%



## 1.4 Call Option

As discussed in the executive summary, MAFML2 and Primewest Property Group have entered into the Call Option to grant MAFML2 the ability to purchase 30 million units (16.21%) in the Trust at A\$1 per unit in case a competing proposal is announced within 7 months of entering into the Call Option.

We have set out below the key terms of the Call Option:

- Exercise price of A\$1 per unit.
- The Call Option can only be exercised where a competing proposal to acquire more than 20% of the units or otherwise acquire or merge with VTH has been publicly announced within 7 months from the date the Call Option was granted.
- If Primewest Property Group becomes entitled to any distributions, the exercise price will be reduced by the cash amount of any such distribution.
- During the term of the Call Option, Primewest Property Group is prevented from dealing with the units under the Call Option.

## 1.5 VTH Interim Distribution

On 31 January 2021, MAFM agreed to the VTH Interim Distribution being paid to VTH Unitholders, subject to the following conditions:

- The Unitholders meeting to consider the Trust Scheme or the Assets Sale is held by 15 March 2021. We understand that the current proposed Meeting date meets this requirement
- Payment in cash by Costa of the variable rent receivable (as recognised at 31 December 2020) of at least the aggregate amount of the VTH Interim Distribution. We have been instructed that the Variable Rent to be received from Costa for the period to 31 December 2020 is expected to be at least sufficient to cover the VTH Interim Distribution.
- VTH Unitholders approving the Scheme or the Asset Sale.
- Other conditions customary for an agreement of this type.



## 2 Purpose and scope of the report

### 2.1 Proposed Transaction

#### 2.1.1 Purpose

There is no specific statutory framework for a scheme pertaining to trusts as there is for a scheme of arrangement between companies and their members. As such, the Takeovers Panel has issued Guidance Note 15 outlining the recommended procedures for a trust scheme. GN15 suggests that the notice of meeting and explanatory memorandum for a trust scheme should contain a report by an independent expert that states whether, in the expert's opinion, the terms of the trust scheme are fair and reasonable, and therefore consistent with determining whether it is in the best interests of the members.

Although an expert's report is only required in a bid (scheme) if the acquirer and the target have a shared director or the acquirer has over 30% voting power in the target, there is a requirement for a trust scheme to always commission an IER given the absence of judicial or ASIC scrutiny, and the potential for the responsible entity of the target to have an interest.

GN15 also requires the Notice of Meeting and Explanatory Memorandum to meet the same disclosure requirements of s611 Item 7 and s411 of the Corporations Act.

##### 2.1.1.1 Basis of assessment

Grant Thornton Corporate Finance has had regard to relevant Regulatory Guides issued by ASIC, including RG 111, Regulatory Guide 60 Schemes of arrangement ("RG60") and RG 112. The IER will also include other information and disclosures as required by ASIC.

We note that neither the Corporations Act nor the Corporations Regulations define the term "in the best interests of members". RG 111 establishes certain guidelines in respect of the independent expert's reports prepared for the purposes of the Corporations Act. RG111 is framed largely in relation to reports prepared pursuant to Section 640 of the Corporations Act and comments on the meaning of "fair and reasonable" in the context of a takeover offer. RG111 requires an independent expert's report prepared for a change of control transaction implemented by way of scheme of arrangement to undertake an analysis substantially the same as for a takeover bid. However, the opinion of the expert should be whether or not the Scheme is "in the best interests of the members of the company". If an expert were to conclude that a proposal was "fair and reasonable" if it was in the form of a takeover bid, it will also conclude that the Scheme is "in the best interests of the members of the company".

Pursuant to RG111, an offer is "fair" if the value of the offer price or consideration is equal to or greater than the value of the securities that are subject of the offer. A comparison must be made assuming 100% ownership of the target company.

RG111 considers an offer to be "reasonable" if it is fair. An offer may also be reasonable if, despite not being "fair" but after considering other significant factors, Unitholders should accept the offer in the absence of any higher bid before the close of the offer.

In our opinion, the most appropriate way to evaluate the fairness of the Trust Scheme is to compare the fair market value of the Trust on a control basis with the Trust Scheme Consideration plus the VTH Interim



Distribution. In relation to the Asset Sale, we have considered the possible returns to Unitholders and we have compared them with the returns under the Trust Scheme and the value of VTH.

In considering whether the Proposed Transaction is in the best interests of the Trust's Unitholders, we have considered a number of factors, including:

- Whether the Proposed Transaction is fair.
- The terms and conditions relating to the Proposed Transaction.
- The implications to the Trust's Unitholders if the Proposed Transaction is not approved.
- Other likely advantages and disadvantages associated with the Proposed Transaction.
- Other costs and risks associated with the Scheme that could potentially affect the Trust's Unitholders.

## 2.2 Net benefits

### 2.2.1 Purpose

Given that Primewest and its associates are the Manager and substantial unitholder and that the Manager has entered into the Facilitation Agreement with MAFML2, the Directors of the RE have also requested Grant Thornton Corporate Finance to provide an opinion as to whether:

- The Facilitation Agreement is on an arm's length basis.
- The terms of the Facilitation Agreement constitutes the receipt of a net benefit by Primewest for the purpose of the Corporations Act as interpreted in GN21.

### 2.2.2 Basis of assessment

#### *Arm's length*

In forming our opinion as to whether or not the terms of the Facilitation Agreement are on an arm's length basis, we have had regard to the meaning of 'arm's length' set out in Section C of ASIC Regulatory Guide 76 Related Party Transaction ("RG76").

The Corporations Act does not define 'arm's length'. RG76 specifies that the meaning of 'arm's length' refers to a relationship between parties where neither bears the other any special duty or obligation, they are unrelated, uninfluenced and each acts in its own interests.

Accordingly, we have considered the following:

- Whether MAFML2 and Primewest were dealing with each other at arm's length in negotiating the Facilitation Agreement.
- Rationale and genesis for entering into the Facilitation Agreement.
- Whether or not the terms of the Facilitation Agreement are comparable to those of similar agreements.



- The relationship between the Facilitation Agreement and the Proposed Transaction.

*Net benefits*

In the circumstances of a takeover offer, one of the purposes of Chapter 6 of the Corporations Act is to ensure that security holders have a reasonable and equal opportunity to participate in the benefits arising under a proposal. Section 623 prohibits a benefit that is likely to induce an acceptance and is not offered to all security holders in the same class.

GN21 indicates that an expert's opinion about whether there is a net benefit should meet the standard in ASIC RG111.

The basic principle of GN21 is that, prima facie, a net benefit not offered to all the security holders in a specific class offends the equality principle. A net benefit should be assessed on a holistic basis and having regard to the commercial balance of advantages flowing to and from the security holder. In accordance with GN21, the factors affecting the balance of advantages include:

- The substance and commercial reality of the transaction.
- The context in which the benefit is given.
- The overall effect of the transaction.
- An objective assessment of the transaction (rather than the parties' intentions).

In our opinion, the key principles in GN21 applicable to the circumstances of the Facilitation Agreement are summarised below:

- *The equality principle* – if MAFM provides Primewest something of value which it does not offer to other security holders, this may give rise to unacceptable circumstances. Under the circumstances of a change of control transaction, such as the Proposed Transaction, all the shareholders must have a reasonable and equal opportunity to participate in any benefits.
- The Panel takes the view that, prima facie, a benefit offends the equality principle if it is a net benefit. A net benefit is assessed by reference to the commercial balance of advantages flowing to and from the security holder.
- The Panel indicates that market testing of the transaction, for example, by a public sale process is the preferable way to seek to establish no net benefit.

In assessing whether or not a net benefit has been provided to Primewest based on the terms of the Facilitation Agreement, we have had regard to the following:

- We have considered whether the consideration payable to Primewest and the other terms of the Facilitation Agreement are on an arms' length basis and we have benchmark the price paid of A\$8 million with other relevant valuation benchmarks.
- Whether the Facilitation Agreement offends the equality principle of the takeover rules.



- The balance of the advantages flowing to and from Primewest.
- Other qualitative factors

### 2.3 Independence

Prior to accepting this engagement, Grant Thornton Corporate Finance (a 100% subsidiary of Grant Thornton Australia Limited) considered its independence with respect to the Proposed Transaction with reference to RG 112.

Grant Thornton Corporate Finance has no involvement with, or interest in, the outcome of the approval of the Proposed Transaction other than that of an independent expert. Grant Thornton Corporate Finance is entitled to receive a fee based on commercial rates and including reimbursement of out-of-pocket expenses for the preparation of this Report.

Except for these fees, Grant Thornton Corporate Finance will not be entitled to any other pecuniary or other benefit, whether direct or indirect, in connection with the issuing of this Report. The payment of this fee is in no way contingent upon the success or failure of the Scheme.

In our opinion, Grant Thornton Corporate Finance is independent of VTH and RE and all other relevant parties of the Scheme.

### 2.4 Consent and other matters

Our Report is to be read in conjunction with the Scheme Booklet dated on or around 31 January 2020 in which this Report is included, and is prepared for the exclusive purpose of assisting the Trust's Unitholders in their consideration of the Scheme. This Report should not be used for any other purpose.

Grant Thornton Corporate Finance consents to the issue of this Report in its form and context and consents to its inclusion in the Scheme Booklet.

This Report constitutes general financial product advice only and in undertaking our assessment, we have considered the likely impact of the Proposed Scheme on the Trust's Unitholders as a whole. We have not considered the potential impact of the Proposed Transaction on individual Trust's Unitholders. Individual Unitholders have different financial circumstances and it is neither practicable nor possible to consider the implications of the Proposed Transaction on individual Unitholders.

The decision of whether or not to approve the Proposed Transaction is a matter for each of the Trust's Unitholder based on his or her views on the value of VTH and expectations about future market conditions, together with VTH's performance, risk profile and investment strategy. If the Trust's Unitholders are in doubt about the action they should take in relation to the Proposed Transaction, they should seek their own professional advice.

### 2.5 Compliance with APES 225 Valuation Services

This Report has been prepared in accordance with the requirements of the professional standard APES 225 Valuation Services ("APES 225") as issued by the Accounting Professional & Ethical Standards Board. In accordance with the requirements of APES 225, we advise that this assignment is a Valuation Engagement as defined by that standard as "an Engagement or Assignment to perform a Valuation and



*provide a Valuation Report where the Member is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Member at that time.”*



### 3 Industry overview

This section is structured into two major components. The first part focuses on the A-REIT industry along with the macro-environment in Australia. The second part then deals specifically with the agribusiness sector.

#### 3.1 A-REIT industry

A-REITs are trust structures that provide security holders with an opportunity to invest in a vehicle that owns/holds investments in property assets. Investors generally evaluate A-REITs by assessing the security of the rental and other property income, quality of the individual property portfolio and tenants, future distributions and distribution yield, degree of diversification, lease expiry profile, level of gearing and quality of management. The relative risk of these elements generally is reflected in the yield of the individual A-REITs. A-REITs may be able to access certain tax concessions such as capital allowances and tax deferral on rental income which is generally passed onto security holders through tax deferred distributions.

A-REITs usually invest in a range of properties in various sub-sectors and geographical locations. Among them are the following:

- Retail – investment in shopping malls and community shopping centres
- Industrial – investment in industrial warehouses and distribution properties
- Office – investment in office buildings and office parks
- Residential – investment in residential properties including housing, apartments and student housing
- Hotel – investment in properties that provide accommodation on a room and/or suite
- Diversified – investment across a range of property sectors
- Bulky goods – investment in retail warehouses which contain white goods and hardware
- Specialised – includes investment in physical and electronic record storage centres, childcare and early learning, agricultural land as well as retirement communities, aged care and other seniors living and agricultural land, among others. VTH falls within this category.

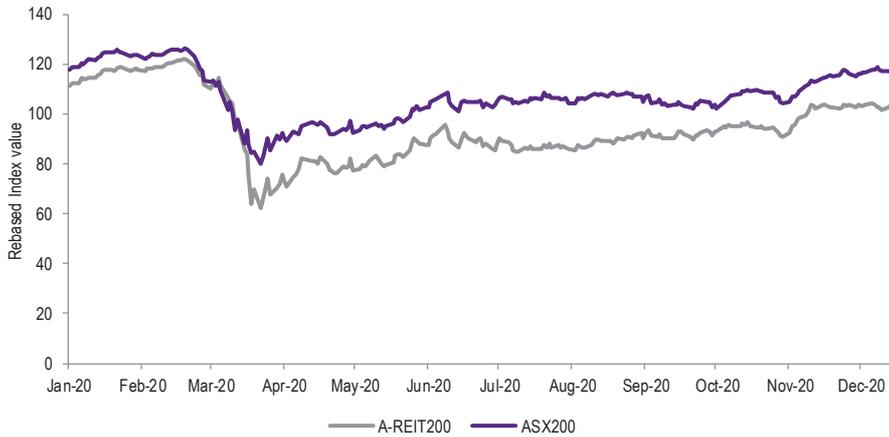
As at 22 December 2020, the A-REIT 200 Index had a market capitalisation of A\$117.9 billion<sup>31</sup> and was made up of 19 constituents. The index's constituents include seven diversified REIT (37%), six retail REIT (32%), two industrial REIT (11%), two office REIT (11%), one residential REIT (5%) and one specialised REIT (5%). Presented below is the index's relative performance compared with the ASX200 index since the beginning of the year.

---

<sup>31</sup> Based on S&P Capital IQ



### A-REIT index and ASX 200 index relative performance



Source: S&P Capital IQ, GTCF analysis

In late January to mid-March 2020, the A-REIT index has performed above the ASX200 index and this was driven by the strong performance across the board.

Starting in mid-March 2020, however, with the onset of COVID-19 pandemic, the A-REIT index performed below the ASX200 index despite the industrial and specialised A-REITs remaining strong. The underperformance of the A-REIT index was largely driven by the office and retail A-REITs which were significantly impacted by the COVID-19-related measures put in place by the State and Federal governments which included social distancing, lockdowns and work from home arrangements.

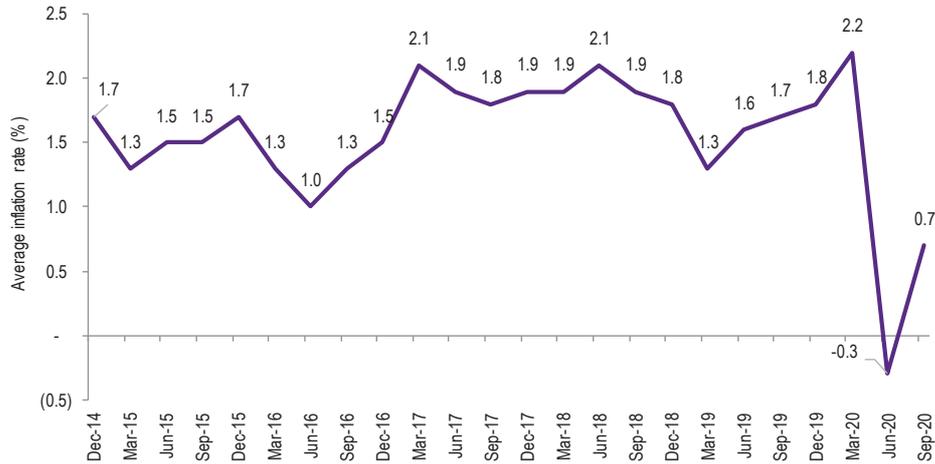
Presented below is a brief summary of the Australian key macroeconomic factors that may impact the performance of the A-REIT industry.

- *Low interest rates* – To support the recovery of businesses after easing the COVID-19-related restrictions, the RBA reduced the cash rate to 0.10% in early November from 0.75% at the start of the year. For the A-REITs sector, the current falling interest rates mean a lower cost of debt which is expected to drive an increase in earnings making the sector look more attractive than stocks and bonds. In addition, a decreasing interest rate environment would usually lead to a compression in the cap rates and as a consequence, an increase in market value.
- *Low inflation rate* – A-REITs primarily derive their revenue from property rentals. Therefore, higher inflationary expectations tend to improve their rental yields, which then ultimately improves distributions to investors<sup>32</sup>. Presented below is the historical average inflation rate in Australia covering the period from December 2014 to September 2020 quarter.

<sup>32</sup> The macroeconomic forces that drive REIT returns in Australia by Woon Weng Wong as presented to the School of Property Construction and Project Management, RMIT University.



**Historical Average Inflation Rate**



Source: Reserve Bank of Australia

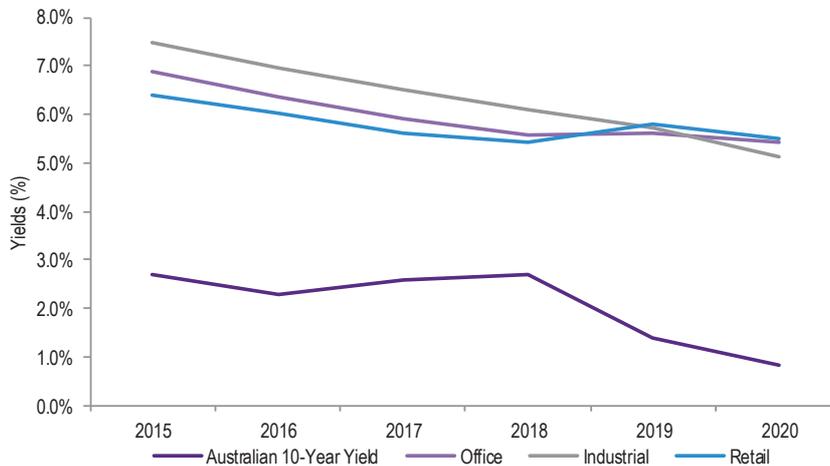
Evident in the graph is the decline in the average inflation rate from 1.7% in December 2014 to 0.7% in the third quarter of 2020. Based on the forecast of the International Monetary Fund, the inflation rate is expected to rise to 1.3% in FY21 and to 1.5% in FY22.

- **Compressing real property yields** – As outlined in the graph below, the yield on real properties has closely followed the 10-year bond, which in turn is linked to the cash rate. Due to the increase in the level of real estate activity in the past five years, property prices have increased which has resulted in a reduction in yields<sup>33</sup>. However, the lower returns provided by other asset classes such as government bonds has helped maintain the demand for real estate assets. Considering that more than half of the performance of the A-REIT index is driven by the office, industrial and retail A-REIT players, the graph below provides some context on the past yield performance of these sub-sectors.

<sup>33</sup> Yields indicates how much of an annual return an investor is likely to get on an investment. Property yields are calculated as a ratio of the rental income divided by the property value. Accordingly, when demand is high, the cost of purchasing a property increases (i.e. its value) reducing the yield as a result, provided that the rental income does not increase proportionately.



**Correlation between yield on 10-year Australian Government Bond and yield on real estate**



Source: Reserve Bank of Australia, MOE Investor Day presentation, CBRE reports, GTCF analysis  
Note (1) Data for the industrial and retail sectors are up to 3Q 2019 only.

**3.1.1 Economic outlook**

The economic outlook has recently improved with continued signs of recovery in consumption with GDP growth of 3.3% in Q3 2020. Nevertheless, the medium-term outlook remains uncertain and we have set out below some key indicators.

- The recovery in activity has been underway for several months after the economy experienced the deepest peacetime contraction since the Great Depression in the first half of the year. In the near term, growth is expected to be driven by household consumption and government investment. Households are expected to consume a larger share of their income than they did over the June and September quarters, when the savings ratio was unusually high.
- There have been new recent COVID-19 outbreaks in NSW, VIC and QLD which has resulted in the reintroduction of closures of several state borders.
- There are now expectations that a COVID-19 vaccine should be widely distributed in 2021 which should provide a significant boost to the domestic and global demand and consumption. The UK, the US and several countries in Europe have commenced mass vaccination processes with herd immunity expected to be achieved sometime towards the end of 2021.
- The recovery in international tourism and education exports is expected to commence in 2021 in conjunction with the easing of international travel restrictions and the availability of a vaccine. Australia's success in managing the virus could make Australia a more attractive destination for international students and tourists. There is also likely to be some pent-up travel demand.
- The Federal Government's JobKeeper program has reduced the impact of the outbreak on unemployment, with most businesses able to maintain employees due to the subsidy program. Although the economic effects of COVID-19 are anticipated to weaken by the end of 2020-21, the easing of both Federal and State Government assistance is anticipated to result in business failures and a spike in unemployment in 2021.



- The Melbourne Institute and Westpac Bank Consumer Sentiment Index for Australia jumped 4.1% month-over-month to the highest level since October 2010 in December 2020, after a 2.5 percent rise the previous month. It was the fourth straight month of increases in the index, amid the ongoing success across the country in containing the COVID-19 outbreak. The index for economic conditions for the next 12 months also surged 9.9% to a decade-high and that for economic conditions in the next five years jumped 5.9% to the highest since December 2009.
- Housing prices have been supported by significant reductions in interest rates and the support measures introduced by the Government and banks in response to the pandemic.
- All time low interest rates are also expected to support the recovery and boost demand from consumers. The RBA has also announced a formal quantitative easing program that will allow the central bank to inject money through buying government bonds, which reduces borrowing rates, increases the supply of money and stimulates spending and economic activity.
- The political and commercial relationships between Australia and China are currently tense and they have escalated recently with China imposing tariffs of 107% to 212% on Australian wine imported into the country which follows earlier actions against other Australian goods, including some agricultural products, seafood and timber. With China accounting for about 35% of Australia's total trade, if the relationships between the two countries deteriorates further, it may have an adverse impact on GDP growth and recovery post COVID-19.

### 3.2 Agriculture's key value drivers

The agricultural industry is subject to a number of key value drivers and risks and which also affect the performance of VTH, in particular considering the Variable Rent. These factors are summarised below in a non-exhaustive manner.

- *Capital intensity* – The industry is highly capital-intensive. For every dollar spent on wages in 2019/2020, the average industry operator will invest an estimated A\$0.41 in capital<sup>34</sup> (which usually excludes wages of farm owners). The industry's capital intensity is anticipated to further rise over the next five years driven by innovation and productivity improvements. Labour requirements are forecast to fall over the period as the industry moves towards more mechanised production systems. Further improvements in sorting and grading technology are also projected to reduce the industry's reliance on labour.
- *Seasonality* – Agricultural crops such as fruits and vegetables follow certain seasonality in terms of planting and harvesting. However, given Australia's geographical position, the sector has maintained a competitive advantage due to its counter-seasonal harvesting periods to other major exporting nations in the Northern Hemisphere. Further, there are regions that have recently increased plantings to take advantage of late and early season fruit, with the aim of having certain fresh produce available all year-round.
- *Level of rainfall* – Rainfall levels significantly affect the industry's performance in terms of crop yields and input costs. Extreme weather conditions such as floods and drought diminish fruit production and cause industry revenue to decline sharply. Geographic spread of agricultural crops provides a buffer

---

<sup>34</sup> IBISWorld's Citrus Fruit, Nut and Other Fruit Growing in Australia report, March 2020

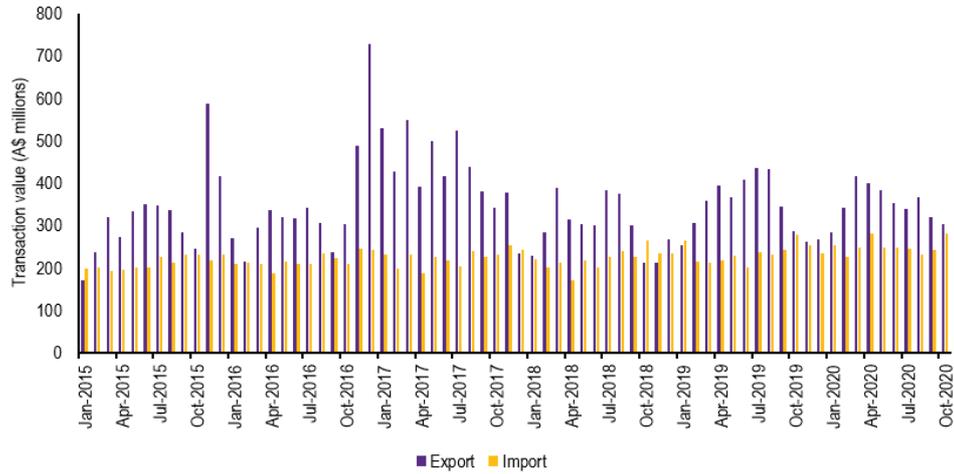


to poor weather conditions. However, industry growers have encountered increased difficulty accessing irrigated water due to restrictions stemming from the Murray-Darling Basin Plan, which limits the volume of water that can be diverted from the Murray-Darling River and its tributaries. As a result, farmers have generally had less water available for irrigation over the past few years. Drought conditions in the past have further reduced water availability and increased irrigation water prices, resulting in higher costs and lower yield and produce.

- *Consumer preferences and trends* – Consumption of fresh produce has increased recently which has supported industry revenue growth. Population growth, healthier eating habits, and a preference for Australian-grown fresh food have all driven greater consumer demand for fresh produce such as fruits and vegetables. Also, State and Federal governments' initiatives to promote healthy eating / living have greatly supported rising health consciousness / awareness over the past few years, which has benefited the industry.
- *Cost of agricultural inputs* – Fertiliser is a key input for the industry and accounts for a significant portion of the production costs. Domestic fertiliser prices are expected to rise in 2020/2021, which presents a threat to industry profitability.
- *International trade* – The industry has been developing new export markets, particularly in Asia, where population and income growth rates are high. For instance, free trade agreements ("FTAs") have been signed with China, Japan and South Korea. These FTAs have reduced or eliminated tariffs on most industry exports entering these countries. Non-tariff barriers have also eased over the past five years. In October 2013, Horticulture Innovation Australia's licence requirements for all orange exports and US-bound citrus exports were removed. This change has allowed citrus growers greater access to export markets at reduced trade costs. In addition, South Korea announced in 2016 that it would begin allowing imports of Australian blood oranges, which often attract a premium price. These factors have all contributed to strong export revenue growth over the past five years. The total value of imports has grown slowly over the past five years, as depreciation of the Australian dollar has negatively affected demand for imported produce. Presented below are Australia's export and import of fruits and vegetables in the past five years.



**Australian import and export of fruit and vegetable**



Source: Australian Bureau of Statistics

Australia is a net exporter of fresh fruits and vegetables as set out above. Based on the data compiled by the Australian Bureau of Statistics<sup>35</sup>, total export to China (not limited to exports of fresh fruits and vegetables which on average accounts for 1% of total Australian exports) increased from 29% in FY15 to 39% in FY20, making China the major trading partner of Australia. The current geopolitical tension with China discussed before and the tariff/ban recently imposed on several fresh produce and other products from Australia may significant impact the growth opportunities for the industry going forward.

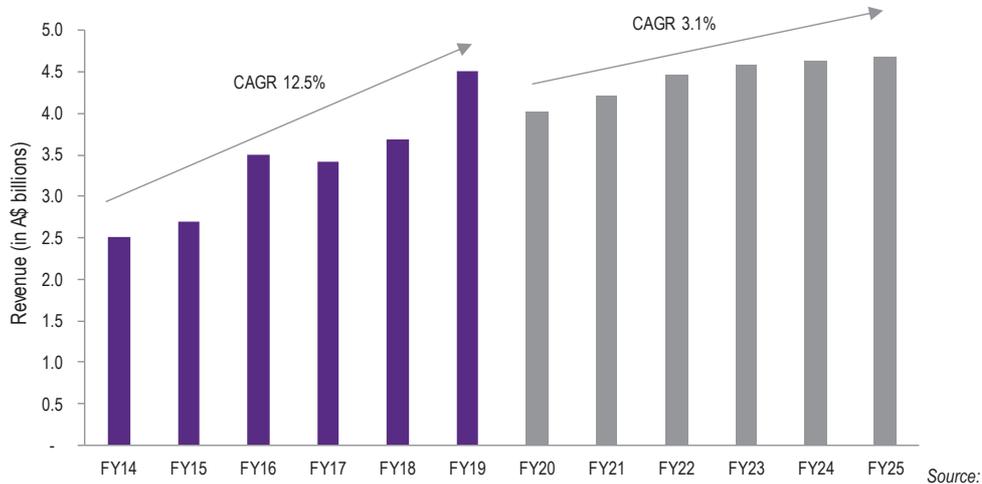
**3.3 Australian Berry, Citrus and other fruit growing industry**

This sector is largely represented by almonds (20%), citrus fruits (19%), bananas (13%), avocados (10%) and strawberries (9%). For the past five years to FY19, the sector revenue grew from A\$2.5 billion to A\$4.5 billion, equivalent to an annual growth rate of 12.5% with the growth rate expected to continue, even if at a slower pace, going forward as shown below:

<sup>35</sup> Data released on 3 September 2020



**Industry revenue (historical and forecast)**



Source: IBISWorld's Citrus Fruit, Nut and Other Fruit Growing in Australia report, March 2020

Note (1) The forecast revenue of the industry above does not take into account yet any impact if the escalating tension between Australia and China will not be resolved immediately and favourably to Australia.

The sector has benefitted largely from the growth in the export revenue over the past five years, which was driven by Australia's reputation for high-quality produce. The sector also maintains a competitive advantage due to its counter-seasonal harvesting periods to other major exporting nations in the Northern Hemisphere. Greater emphasis on lower unit costs and increased efficiency have maintained its competitiveness, particularly in comparison with other growing regions that operate with much lower labour costs.

The FY20 revenue of the sector, however, is expected to decline by 10.7% to A\$4 billion. Whilst most of the decline can be attributed to falling output due to drought and the recent bushfires, the COVID-19 outbreak is also expected to negatively impact the sector in the short-term. There is a reduced demand from the hospitality sector which will likely weigh on its performance, although this is anticipated to be partly offset by greater demand from supermarkets.

Recovery is expected to occur between FY21 and FY25 where revenue of the sector are expected to grow by 3% annually to A\$4.7 billion by end of FY25.

Citrus is one of most important horticultural industries in Australia with a production area of around 28,000 hectares<sup>36</sup> (approximately 13,000 hectares of which are in NSW<sup>37</sup>). The Australian citrus industry (which collectively refers to oranges, mandarins, lemons, limes and grapefruit) is the largest fresh fruit exporter in Australia worth in excess of A\$200 million annually. NSW produces around 250,000 tonnes of citrus annually representing 40% of Australian production and 36% of citrus exports. Presented below are the annual value of citrus production from FY14 to FY18 based on local value of production.

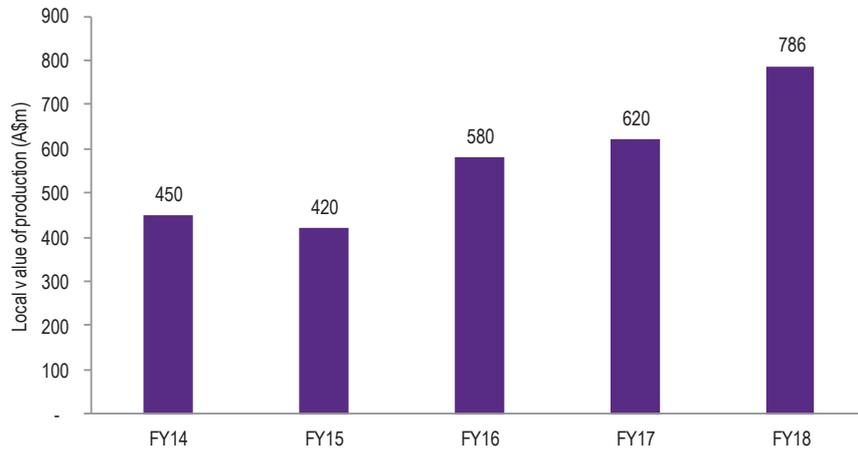
<sup>36</sup> Citrus Australia

<sup>37</sup> NSW Department of Primary Industries

#4793648v1



**Annual Value of Citrus Production – FY14 to FY18**

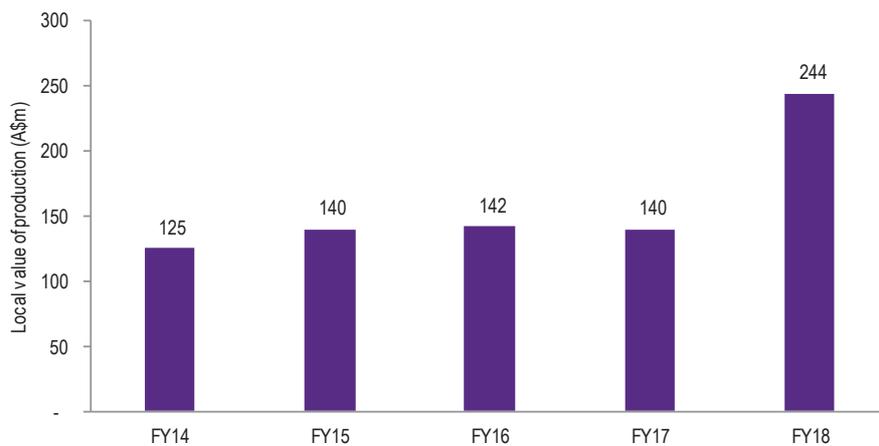


Source: Plant Health Australia's National Plant Biosecurity Status Report for 2019

The largest and most important production areas are in Riverland (South Australia); Murray Valley (Victoria); Riverina (New South Wales)<sup>38</sup>; and the Central Burnett region (Queensland). Lemon production is expected to pick up over the next five years as farmers in Australia's southern growing region have increased their planting over the past three years.

In 2017/2018, blueberry production was valued at approximately A\$244 million. This fruit category is expanding, with an average 15,000 tonnes of blueberries being produced annually. The majority of blueberries are consumed domestically, with less than five per cent exported to Asian markets including Hong Kong, Singapore and Thailand<sup>39</sup>. Presented below are the annual value of berry production from FY14 to FY18 based on local value of production.

**Annual Value of Berry Production – FY14 to FY18**



Source: Plant Health Australia's National Plant Biosecurity Status Report for 2019

<sup>38</sup> The main citrus fruits grown in NSW are navel and Valencia oranges, mandarins, lemons, limes and grapefruit

<sup>39</sup> Plant Health Australia. PHA is the national coordinator of the government-industry partnership for plant biosecurity in Australia.



Around 300 growers produce blueberries on more than 2,500 hectares nationally. The major production area is on the north coast of NSW, with NSW producing around 70% to 75% of the Australian crop in 2018. Other regions have increased plantings to take advantage of late and early season fruit, with the aim of having Australian blueberries available all year-round.

There are three varieties of blueberries grown in Australia and these are the northern highbush, southern highbush and rabbiteye. Northern highbush are grown in the cooler climate areas such as Victoria, Tasmania and the southern highlands of NSW, whereas southern highbush and rabbiteye varieties are grown in the northern part of NSW and Queensland.



## 4 Profile of VTH

### 4.1 Overview

VTH commenced operations on 1 August 2018 upon the acquisition of 100% of the share capital of Vitalharvest Pty Ltd (“Vitalharvest”) from Costa Asset Management Pty Ltd ATF<sup>40</sup> Costa Asset Management Unit Trust (“CAM”), which was the ultimate owner of the Property portfolio, for a total consideration of A\$211.8 million.

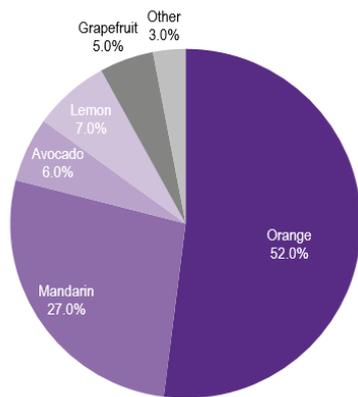
The Property portfolio was originally held by Chiquita Brands South Pacific Limited (“Chiquita Brands”). In 2007, interests associated with Frank, Robert and Anthony Costa acquired Chiquita Brands in a joint takeover bid. Chiquita Brands was subsequently delisted and renamed CostaExchange. Upon sale of 50% of the CostaExchange to Paine Partners in October 2011, the Property portfolio was sold to Vitalharvest and leased back to wholly owned subsidiaries of CGC under the terms of the existing Leases.

We have set out below a breakdown of the Properties:

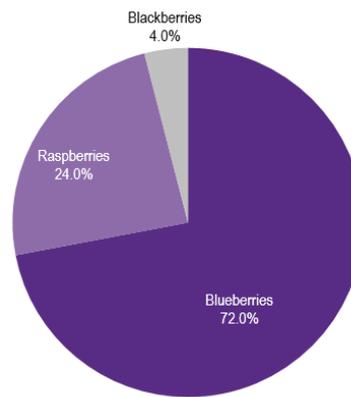
- Four (4) berry properties and three (3) citrus properties.
- Water rights related to the farming properties.
- Other non-farming properties.

The seven farms within the Properties are made up of over 130 property titles, some of which are aggregations of various non-contiguous properties in close proximity to one another. Below we present the FY20 crop profile by planted area.

**Citrus Crop Profile by Planted Area**



**Berry Crop Profile by Planted Area**



Source: Management information

VTH's citrus properties are located in the Riverland region of South Australia<sup>41</sup>. VTH's citrus portfolio represents approximately 23% of total citrus plantation in the Riverland region<sup>42</sup>. Peak harvest season is

<sup>40</sup> As Trustee For

<sup>41</sup> South Australia is one of Australia's largest producers of citrus where citrus has been grown for more than a century.

<sup>42</sup> Riverland's citrus plantation is approximately 8.4 hectares (in total area) – calculated based on VTH's 1,925 hectares of citrus planted area as at 1 January 2020 divided by VTH's 23% portfolio share.



from late May until September each year. Below we present details on the citrus portfolio by property location currently all leased to AgriExchange, a wholly-owned subsidiary of CGC.

Citrus portfolio				
Property	State	Crop varieties	Size (ha)	Planted (ha)
Kangara	SA	Orange, mandarin, persimmon, avocado and lemon	962	867
Yandilla	SA	Orange, mandarin, lemon, grapefruit, avocado, lime and grapes	1,003	612
Solora	SA	Orange, mandarin, grapefruit, avocado and lemon	582	446
<b>Total</b>			<b>2,547</b>	<b>1,925</b>

Source: Management information, Colliers Property Valuations report

Note (1) Due to a variety of reasons, not all of the area above (i.e., size in hectare) is suited for planting.

Note (2) The planted hectare (i.e., 75.6%) is based on the planted area as at 1 January 2020.

Note (3) ha stands for hectares.

VTH's Berry properties are located across NSW and TAS and they represent one of Australia's largest aggregations of berry farms at approximately 15%<sup>43</sup> of Australian plantings. Berries planted include blueberries which are harvested from July to February, raspberries which are harvested all year round and blackberries which are harvested from November to May.

Below we present details of the Berry portfolio by property location which is all leased to CostaExchange, a wholly-owned subsidiary of CGC.

Berry portfolio				
Property	State	Crop varieties	Size (ha)	Planted (ha)
Corindi	NSW	Blueberries, raspberries and blackberries	927	296
9 Mile	TAS	Blueberries	103	49
Tumbarumba	NSW	Blueberries	71	23
Dunorlan	TAS	Blueberries	94	16
<b>Total</b>			<b>1,195</b>	<b>384</b>

Source: Management information, VTH Investment Property Valuations report

Note (1) Due to a variety of reasons, not all of the area above (i.e., size in hectare) is suited for planting.

Note (2) The planted hectare (i.e., 32.1%) is based on the planted area as at 1 January 2020.

Note (3) ha stands for hectares.

We note that a small component of the Dunorlan Property is leased to NBNC Co and a part of it is also subject of a Tree Farming Agreement between VTH and The Trust Company (Australia) Limited ATF the Tasmanian Forest Operating Sub Trust ("TFOST").

In addition to the Property portfolio, below is a list of VTH's non-farming properties:

Non-farming portfolio				
Property	State	Size	Tenant	Lease expiry
Solora Packshed	SA	4.046 ha	AgriExchange	December 2021
Kangara Packshed Lease	SA	7.848 ha	AgriExchange Murtho Pty Ltd	December 2102
NBNC Co Lease	Dunorlan, TAS	100 sqm	NBNC Co	September 2034
Land subject of the Tree Farming Agreement at Dunorlan	Dunorlan, TAS	10.16 ha	NA	2022

Source: Management information

Note (1) AgriExchange Murtho Pty Ltd is a wholly owned subsidiary of AgriExchange.

Note (2) ha stands for hectare and sqm stands for square metre

<sup>43</sup> Excluding strawberries



With regards the Non-farming portfolio, we note the following:

- The Solora Packshed lease was originally for three years until December 2018 and then it was extended for a further 3 years.
- The Kangara Packshed lease is for a term of 99 years, to December 2102, for a “peppercorn” rent.
- There are two consecutive leases to NBNC Co. The first lease commenced on 17 September 2014 and the second will start on 17 September 2024 expiring on 16 September 2034. The second lease provides no option to renew. Conditions within the leases include that VTH must not sell the land or the specified adjoining land unless it procures a deed poll in favour of NBNC Co from the transferee complying with the lessor’s covenants under the lease.
- Part of the Dunorlan property is subject to the Tree Farming Agreement between Vitalharvest and TFOST. TFOST secures its rights under the Tree Farming Agreement by way of a registered caveat on title. The Tree Farming Agreement is for a period of 20 years set to expire on the earlier of 27 August 2022 and the date of completion of the harvesting the trees. Vitalharvest is the owner of 42.8% of the trees planted on the property as tenants in common with TFOST and will be paid 42.8% of the value of the timber once harvested by TFOST. Vitalharvest must not sell, lease or mortgage the relevant land without the prior written consent of TFOST. Also, Vitalharvest must not dispose of the land without TFOST agreement.

Water rights cover all of the water rights and entitlements attached to the berry and citrus properties that VTH owns directly. Kathleen Drive Pty Ltd (“KD”) and Kangara Community Water Pty Ltd (“KCW”) (collectively, the “Water companies”) hold water rights and entitlements relevant to the berry and citrus properties and certain land on which dams are located. The Trust holds 78% of Class A units and 88% of Class B units in KD and 64.8% of the units in KCW.

We have set out below a brief description of the water rights attached to the Trust’s properties:

- VTH holds 13,531 million litres of water access licence (“WAL”) in order to support the irrigation of the plantings at the berry and citrus properties. In the event of any water supply shortage, it is expected that CGC will supplement water through spot purchase in respect of the citrus property at its own cost or submit capital expenditure requests to the Trust which will, if accepted by the Trust, result in an increase to the relevant Base Rent.
- Kathleen Drive Pty Ltd Water Sharing Agreement – KD owns land on which there is a dam catchment area that services the remainder of the berry property in Corindi and the other KD shareholder’s farms.
- Kangara Community Water Pty Ltd Water Management Agreement – KCW owns one property adjacent to Kangara on which a dam is located and is the licensee of a Crown Licence of land located on the Murray River on which pumps and other infrastructure are housed.

## 4.2 Leases

Rental on the leased Properties is structured as Base Rent plus Variable Rent, as described below:

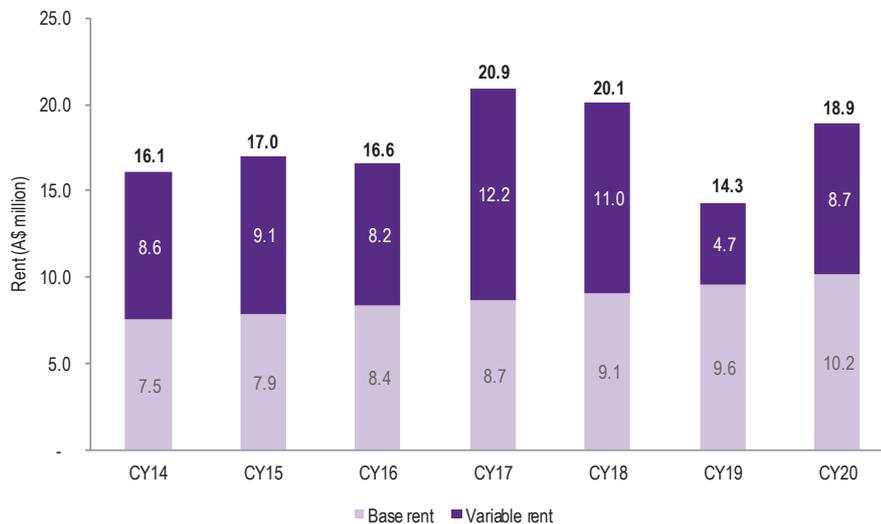


- **Base Rent** – It is calculated as 8% of the landlord's acquisition cost of the Property portfolio plus 8% of all monies paid by the landlord for any crop expansion or further development undertaken (by the tenant) from time to time with the landlord's approval. The cost base to assess the Base Rent was A\$127 million at the beginning of 2020, which is materially below the market value.
- **Variable Rent** – It is broadly calculated as 25% of earnings before interest and tax derived by the tenant from the properties utilised for the purposes of the Berry and Citrus business, net of agreed adjustments including an imputed interest charge for the tenants' working capital and capital expenditure undertaken by the tenants and not paid by the landlord. We note that the Variable Rent is not a typical arrangement in the sector and is specific to VTH. Costa has made clear in public announcements that it does not support this structure and before the Initial Proposal had already approached the RE seeking to renegotiate the Leases.

All the Properties are listed to wholly owned subsidiaries of Costa, an ASX-listed horticultural company that focuses on growing, packing and marketing of premium quality fresh fruit and vegetables. CGC operates through three segments such as Produce, Costa Farms & Logistics and International. Aside from fresh produce, CGC also provides chilled logistics warehousing and services and wholesale and marketing services. In half year to 30 June 2020, Costa generated revenue of A\$612 million and EBITDA of A\$94.8 million. As at the date of this Report, it has a market capitalisation of A\$1.6 billion.

Presented below is the historical rental profile on the Property portfolio.

**Base and variable rental profile**



Source: Colliers Property valuation report

In relation to the above graph, we note the following:

- The Base Rent continued to increase steadily at a CAGR of approximately 4.4%. This is due to the investments in capital expenditure which yields 8% per annum.
- The Variable Rent has been highly volatile as it is exposed to the tenants' operating business and is subject to seasonal pricing, volume, costs of production and climatic factors. On average, the Variable Rent over the seven-year period was A\$8.9 million. The Variable Rent in FY19 and in the first part of

#4793648v1



2020 was particularly low due to severe drought conditions and the bushfires which affected some of the leases areas.

We have set out below an overview of some of the key terms of the Leases.

Key Lease Terms Clause	Berry Leases	Citrus Leases
Tenant	CostaExchange	AgriExchange
Guarantor	Not applicable	CostaExchange
Term	The initial term for the Berry Leases is 15 years from 1 July 2011 and expiring on or about 30 June 2026. There is a 10-year option to renew the Berry Leases (excluding the Berry Lease of the Dunorlan Property) at the Tenants' option. Exercise of an option for one of the Berry Leases will automatically exercise the options for all other Berry Leases.	Same as for the Berry Leases (i.e. exercise of an option for one of the Citrus Leases will automatically exercise the options for all other Citrus Leases).
Annual review	No annual review of rent provisions.	Same as for the Berry Leases.
Outgoings	The Tenant is responsible for all rates, charges, taxes (including land tax assessed on the basis of the aggregate of all the land leased to the Tenant), assessments and all other charges and levies separately assessed in connection with the Berry Properties. The Tenant is also to pay for all services (utilities, waste and garbage removal and telephone) in connection with the Berry Properties. The Tenant must also reimburse all insurance premiums to insure the land, the Landlord's fixtures and irrigation improvements and public liability insurance for the amount of A\$20 million.	Same as for the Berry Leases.
Rent review	Upon exercise of the option, the Base Rent for further term, will be the higher of (a) the 'Market Formula' and (b) the Base Rent in the final year of the initial Lease term. Variable Rent will continue to be payable and its calculation methodology will not change upon the exercise of an option to renew the Lease.	Same as for the Berry Leases.
Maintenance of trees and bushes	The Tenant, at its own cost and expense, must cultivate, maintain and manage the Plantings to ensure that the Plantings are healthy and producing optimal crop with an obligation to ensure that the Berry Properties are returned to the Landlord in substantially similar condition with productive and functioning farms at the end of the Leases.	Same as for the Berry Leases.
Capital expenditure	The Tenant must maintain the Landlord's fixtures in their original condition and repair fixtures to the state of repair required by the Landlord. The Landlord has the option to fund new Plantings and capital expenditure if requested by the Tenant. If the Landlord provides funding for the expenditure, the annual Base Rent will increase by 8% of the funded amount. Subject to the Landlord's consent, the Tenant may carry out works at its own cost and expense.	Same as for the Berry Leases.
Landlord's contribution to capital expenditure	The Landlord may, if requested by the Tenant, contribute to capital expenditure projects undertaken by the Tenant.	Same as for the Berry Leases.

Source: Management information

With regards the lease renewal options discussed above, the following are exceptions:

- The Berry lease for the Dunorlan property comprises of three back-to-back leases, the last of which is expiring on or about 30 June 2036. However, if none of the other Berry lease options are exercised, the Berry lease for the Dunorlan property will automatically terminate on the date of the expiry for the remaining Berry leases.
- Berry lease for the Corindi property – The Grays Road property lease applies only to a small portion of the Corindi farm (i.e., 20.21 hectares) and expires in 2027 with a 10-year renewal option to 2037. If the option for one of the Berry leases is exercised, the option for this property will automatically be exercised and the lease expiry will automatically align with the other Berry leases (i.e., 2036).



## 4.3 Management of the Trust

### 4.3.1 Responsible Entity

The RE's powers, rights and liabilities in relation to the Trust are governed by the Constitution, the Corporations Act and the general trust law. Under the Corporations Act, the RE is required to act in the best interest of the unitholders in the Trust. The key responsibilities of the RE include:

- Evaluation and approval of all capital expenditure, acquisitions and disposals.
- Oversight of financial management and administration by the Investment Manager and other persons appointed by it to provide services in relation to the Trust.
- Governance and regulatory compliance.

The RE receives a fee of 0.05% per annum based on the Trust's Gross Asset Value ("GAV") as permitted under the Trust's constitution, up to and including A\$250 million of GAV. The percentage reduces on a sliding scale as the Trust GAV increases above A\$250 million. Based on the Trust's Constitution, the maximum fees (excluding GST) the RE can charge to VTH every year in carrying its roles is 2% of the GAV.

### 4.3.2 Investment Manager

Primewest acquired the management rights from goFARM Holdings Pty Ltd for A\$10 million on 18 June 2020. On the same day, Primewest Property Group also acquired 11.8% interest in VTH along with a right of first refusal over a further 6.2% interest in VTH, subject to certain conditions<sup>44</sup>. As at the date of this Report, Primewest Property Group owns 19.87% interest in VTH.

The Manager is engaged by the Responsible Entity to invest and manage the assets of VTH in accordance with the terms of the IMA. It is also responsible for setting and executing VTH's acquisition strategy and criteria and its capital management policy. It also manages the Leases and is responsible for all operational matters associated with the Properties.

The appointment of the Investment Manager is for an initial period of 10 years currently expiring on 29 June 2028. Upon approval by the unitholders, the term may be extended for two further period of five years (total of 10 years), unless otherwise terminated in accordance with the provisions of the IMA. After the initial term, the IMA can also be terminated with the unitholders approval following the RE giving a 90 days' written notice to the Investment Manager.

The following fees are payable to the Investment Manager.

<sup>44</sup> Primewest paid a consideration of between A\$0.85 and A\$0.92 per VTH unit, which represented a discount to (the 31 December 2019) net assets of between 3% and 11%.



Fees Payable to the Investment Manager		
Fees	Manner of calculation	Timing
Management fee for the initial period	A\$500,000 per year increasing by annual CPI	Monthly in arrears
Asset management fee	0.45% annually of the difference between the Initial Assets GAV and the Commencing GAV plus 1.05% annually of the New Assets GAV	Calculated in advance on the first day of each quarter based on the relevant management accounts for the immediately preceding quarter and paid from the assets of the Trust during the quarter (and later reconciled to the relevant audited financial statements for the financial year in which the payments were made based on the management accounts).
Acquisition fee (New Asset)	1% of the Gross Acquisition Cost of New Assets	Calculated and payable as all amounts paid to or at the direction of the vendor (including any pre-settlement cash distributions or dividends), paid at the settlement for the purchase of the assets, and any amounts of the purchase price or other adjustment paid post settlement at the time of payment of the post-settlement payments.

Source: Management information

Note (1) Initial Assets include the four berry properties, three citrus properties and water rights.

Note (2) The total value of the assets of the Leasehold Trust

Note (3) The total value of New Assets (excluding depreciation and amortisation) based on, as applicable, the audited financial accounts of the Trust through which New Assets are held, as applicable, for the financial year in relation to which the amount is calculated adjusted for the accounting treatment of Water rights.

The Manager is also entitled to claim for reimbursement of all costs properly incurred by it in providing the services under the management agreement.

Unless specific provisions in the IMA applies, the IMA cannot be terminated by the RE or the Unitholders during the initial period. The Manager can terminate the IMA by giving the RE 90 days' written notice or at any time in certain circumstances including breach or insolvency of the RE, the Trust ceasing to be listed on the ASX, if a person, alone or together with their associates, acquires a relevant interest in units whereby that person's or someone else's voting power in the Trust exceeds 50%, or if the law requires.

In the event that the IMA is terminated prior to the end of the initial term by the Manager under the circumstances that the Trust is delisted from the ASX or a change of control occurs<sup>45</sup>, the Manager will be entitled to a fee for early termination equivalent to 1.5% of GAV.

## 4.4 Financial information

### 4.4.1 Financial performance

The table below shows the Trust's audited statements of profit and loss for FY19 and FY20.

<sup>45</sup> If a person (alone or together with their associate) acquires a relevant interest whereby their voting power (or that of another person) in the Trust exceeds 50%.



Statements of financial performance	FY19	FY20
AS '000	Audited	Audited
Revenue	15,436	14,318
Other income	2,833	1,809
Operating expenses		
Responsible Entity's fees	(152)	(163)
Management fees	(547)	(670)
Professional fees	(659)	(782)
Initial Public Offering related costs	(7,245)	-
Change in fair value of interest rate swaps	(8,403)	(2,800)
Change in fair value of investment property	7,552	16,537
Change in fair value of plant and equipment - bearer plants	(11,305)	(1,805)
Loss on disposal of non-current assets	(1,557)	-
Other	(430)	(491)
<b>Reported EBITDA</b>	<b>(4,477)</b>	<b>25,953</b>
<i>Reported EBITDA margin</i>	<i>(29.0%)</i>	<i>181.3%</i>
Depreciation & Amortisation	(11,383)	(11,318)
<b>EBIT</b>	<b>(15,860)</b>	<b>14,635</b>
<i>EBIT margin</i>	<i>(102.7%)</i>	<i>102.2%</i>
Net interest expense	(3,674)	(3,919)
<b>Net profit (loss) before tax</b>	<b>(19,534)</b>	<b>10,716</b>
<b>Key operational metrics:</b>		
<i>Change in revenue</i>	<i>NA</i>	<i>(7.2%)</i>
<i>Underlying Funds From Operations</i>	<i>10,463</i>	<i>8,807</i>
<i>Underlying FFO margin</i>	<i>67.8%</i>	<i>61.5%</i>
<i>Underlying FFO per unit</i>	<i>0.0566</i>	<i>0.0476</i>

Source: Annual report, Management accounts

Note (1) FY19 financial statements have been restated to reflect the correct accounting policy. In FY19, VTH recognised increases in the fair value of bearer plants in the profit and loss instead of in the revaluation reserve.

Note (2) FY19 covered a period from 14 June 2018 to 30 June 2019.

Note (3) FFO is a non-IFRS metric and is calculated as net profit adjusted for establishment costs and non-cash accounting adjustments such as fair value adjustments, impairment charges, depreciation, amortisation of upfront debt costs and other non-distributable items such as grant income.

In relation to the above, we note the following:

- The decline in rental revenue in FY20 by 7.2% was mainly caused by lower than historical Variable Rent. This was caused by bush fire, drought, high summer temperatures and costs associated with fruit fly treatment which all impacted the profitability of the underlying businesses.
- Other income mainly consists of grant income. The South Australian River Murray Sustainable Irrigation Industry Improvement Program ("3IP") is a competitive grants program to support the restoration of a healthy Murray-Darling Basin environment. Under the 3IP, the South Australian government provides grant to the owner of the land on which 3IP approved projects to improve irrigation efficiency and water returns are undertaken. This is eventually reversed for the purpose of calculating FFO.
- The change in the fair value of investment property and bearer plants are the result of regular valuations.



#### 4.4.2 Financial position

The table below shows the Trust's audited statements of financial position for 30 June 2019 and 30 June 2020 and the unaudited draft Management Accounts as at 31 December 2020.

Consolidated statements of financial position A\$ '000	30-Jun-19 Audited	30-Jun-20 Audited	31-Dec-20 Manag Acc.
<b>Assets</b>			
Cash and cash equivalents	7,239	4,982	2,513
Trade and other receivables	6,118	318	7,451
Other assets	282	5	2
<b>Total current assets</b>	<b>13,639</b>	<b>5,305</b>	<b>9,966</b>
Intangible assets - Water rights	39,675	43,916	
Investment property	102,333	125,466	
Property, plant and equipment	387	126	
Property, plant and equipment - Bearer plants	124,285	110,818	
<b>Total non-current assets</b>	<b>266,680</b>	<b>280,326</b>	<b>295,000</b>
<b>Total assets</b>	<b>280,319</b>	<b>285,631</b>	<b>304,966</b>
<b>Liabilities</b>			
Trade and other payables	3,508	1,758	2,070
Other financial liabilities	1,205	1,885	-
Other liabilities	5,431	2,069	851
<b>Total current liabilities</b>	<b>10,144</b>	<b>5,712</b>	<b>2,921</b>
Borrowings	95,846	102,420	102,516
Other financial liabilities	7,198	9,318	10,427
<b>Total non-current liabilities</b>	<b>103,044</b>	<b>111,738</b>	<b>112,943</b>
<b>Total liabilities</b>	<b>113,188</b>	<b>117,450</b>	<b>115,864</b>
<b>Net assets</b>	<b>167,131</b>	<b>168,181</b>	<b>189,102</b>
Number of units issued and paid	185,000	185,000	185,000
<b>Net assets value per unit</b>	<b>0.90</b>	<b>0.91</b>	<b>1.02</b>

Source: Annual report, Management accounts

Note (1) FY19 financial statements have been restated to reflect the correct accounting policy. In FY19, VTH recognised increases in the fair value of bearer plants in the profit and loss instead of in the revaluation reserve.

In relation to the above, we note the following:

- The low cash balance as at 31 December 2020 reflects distributions of A\$2.8 million paid in September.
- The increase in trade and other receivables in December 2020 is driven by the accrual of the monthly variable rent which is paid at the end of March.
- The increase in water rights of A\$4.2 million as at 30 June 2020 relates to the acquisition of the Water Acquisition Licence ("WAL").
- With regards the investment property and bearer plants, the fair value of the Property portfolio is reviewed by the RE at each reporting date with the assistance of an independent expert's valuation. The RE may determine the requirement for a valuation at any time but has adopted a valuation



program where the each Property is independently valued once every three years so that over the course of three years all of the Properties are revalued.

- The valuation of the Properties as at 30 June 2020 was based on an internal valuation assessment by the Directors of the RE, which were corroborated by the desktop valuation prepared by Colliers. The valuation of the Properties as at 31 December 2020 is based on the Directors' valuation of A\$295 million. This may be subject to change once the management accounts are reviewed by the auditors of VTH.
- Trade and other payables as at 31 December 2020 includes an accrual for most of the costs for the Proposed Transaction.
- Financial liabilities relate to the derivative financial instruments (i.e., interest rate swaps) held by the Trust to mitigate exposures from interest rate movements. As at 31 December 2020, VTH had active interest rate swaps equivalent to circa 75% of the bank loans to manage interest rate risk. Loan amounts are provided at floating rate plus margin.
- A provision for the VTH Interim Dividend is not included on the balance sheet as at 31 December 2020.
- Borrowings largely consist of bank loans from National Australian Bank ("NAB") and Cooperatieve Rabobank U.A (the "Debt facilities"). The Trust has Debt facilities available amounting to A\$110 million, broken down as follows:
  - A\$62.5 million<sup>46</sup> due to expire on 31 July 2021
  - The remaining A\$47.5 million due to expire on 31 July 2023.

Of the total available Debt facilities, A\$102.8 million has already been drawn as at 30 November 2020.

The Debt facilities are subject to certain financial covenants including:

- The Loan to Value ratio must not be less than 55%
- The interest coverage ratio must be greater than 3 times
- The net asset value must be greater than A\$125 million
- Distributions for any given financial year are to be capped at 100% FFO.

These covenants are tested on 30 June and 31 December of each year.

Debt facilities are secured by first priority general security agreement over all the assets and undertakings of VTH (excluding assets held under by Kathleen Drive Pty Ltd<sup>47</sup> and Kangara

<sup>46</sup> Comprised of A\$4777.5 million core debt facility plus A\$15 million capital expenditure facility

<sup>47</sup> KD owns land on which there is a dam catchment area that services the remainder of the Berry property in Corindi and the other KD shareholder's farms. The Trust (through the Leasehold Trust) holds 78% of Class A shares and 88% of Class B shares in KD.



Community Water Pty Ltd<sup>48</sup>). First ranking registered mortgages are over all properties excluding assets held by KD and KCW.

Below we present the Trust's gearing ratio calculations:

Gearing A\$ '000	FY19 Audited	FY20 Audited	FY20 Actual
Net debt	88,607	97,438	100,209
Total assets less cash	273,080	280,649	283,337
Ratio	32.4%	34.7%	35.4%

Source: Annual report, Management accounts, GTCF analysis

Note (1) Gearing in this case is calculated as net debt divided by total assets less cash.

Actual gearing ratios, as summarised above, are below the target gearing of the Trust of 40%.

#### 4.4.3 Cash flows

The table below shows the Trust's audited statements of cash flows for FY19 and FY20.

Statements of cash flows A\$ '000	FY19 Audited	FY20 Audited
<b>Cash flows from operating activities</b>		
Receipts from customers	18,206	18,804
Operating grant receipts	2,164	2,228
Payments to suppliers	(11,251)	(5,652)
Interest received	58	14
Interest paid	(2,787)	(3,902)
<b>Net cash inflow from operating activities</b>	<b>6,390</b>	<b>11,492</b>
<b>Cash flows from investing activities</b>		
Payments for investment property	(3,064)	(6,596)
Payments for bearer plants	(509)	(255)
Payments for intangible assets	-	(4,241)
Proceeds from sale of investment property	1	-
Net cash outflow on acquisition of assets on business combination	(209,782)	-
<b>Net cash outflow from investing activities</b>	<b>(213,354)</b>	<b>(11,092)</b>
<b>Cash flow from financing activities</b>		
Proceeds from issue of units	185,000	-
Costs in relation to unit issue	(4,963)	-
Proceeds from borrowings	96,417	54,520
Repayment of borrowings	(54,110)	(48,112)
Payment for debt issue costs	(741)	-
Distributions paid	(7,400)	(9,065)
<b>Net cash (outflow)/inflow from financing activities</b>	<b>214,203</b>	<b>(2,657)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>7,239</b>	<b>(2,257)</b>
Cash and cash equivalents at the beginning of the financial year	-	7,239
<b>Cash and cash equivalents at year end</b>	<b>7,239</b>	<b>4,982</b>

Source: Annual report, Management accounts

<sup>48</sup> KCW owns one property adjacent to Kangara on which a dam is located and is the licensee of a Crown Licence of land located on the Murray River on which pumps and other infrastructure are housed. The Trust (through the Leasehold Trust) holds 64.8% of the shares in KCW.



Note (1) FY19 financial statements have been restated to reflect the correct accounting policy. In FY19, VTH recognised increases in the fair value of bearer plants in the profit and loss instead of in the revaluation reserve.

In relation to the above, we note the following:

- The increase in operating cash flows in FY20 is due to a reduction of payments to supplier by approximately 50%.
- The significant cash outflows from investing activities in FY19 followed VTH's acquisition in August 2018 of 100% of the share capital of Vitalharvest Pty Ltd from Costa Asset Management Pty Ltd ATF Costa Asset Management Unit Trust.
- VTH made distributions of A\$7.4 million in FY19 and A\$9.1 million in FY20. It is the policy of the Trust to pay out between 85% and 100% of FFO. Distributions are usually made semi-annually in November (for the period from 1 January to 30 June) and March (for the period from 1 July to 31 December) of each year. The timing of the distributions reflects the timing of the receipt of the Variable Rent.

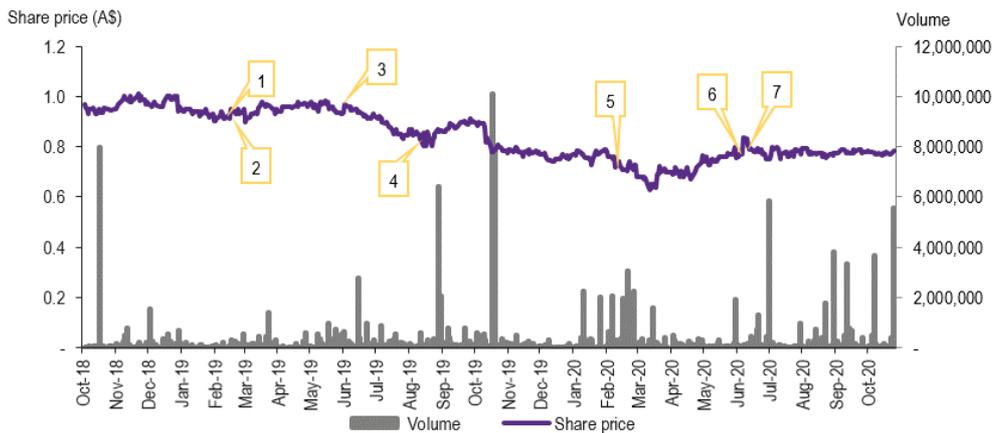
### 4.5 Unit capital structure

As at the date of this report, VTH has 185 million units issued and paid.

#### 4.5.1 Unit price and market analysis

Our analysis of the daily movements in VTH's unit price and volume for the period from 1 October 2018 to 8 November 2020 is set out below:

#### Historical unit trading prices and volume for VTH up to announcement of the Initial Proposal



Source: S&P Global and GTCF analysis  
Note: Trading prices as at 6 November 2020.

The table below illustrates the key VTH events from October 2018 to November 2020, which had material impact on the share price and volume movements.



Unit price event analysis		
Event	Date	Comments
1	Feb-19	VTH reported its financial results for the half year period 1 August 2018 to 31 December 2018, highlighting the following: <ul style="list-style-type: none"> <li>- Total comprehensive loss of A\$8.1 million for the five-month period since the IPO and restructure</li> <li>- Statutory rental revenue of A\$10.7 million for the five-month period since the IPO and restructure, and A\$12.4 million rental revenue on a six-month comparable basis</li> <li>- FFO of A\$8.2 million for the five-month period since the IPO and restructure, representing 4.45 cents per unit</li> <li>- Interim distribution at 90% payout ratio from the FFO</li> <li>- Total assets of A\$283.3 million, inclusive of A\$5.2 million cash</li> <li>- Net asset value of A\$0.93 per unit</li> <li>- Gearing of 39.6% lower than the target of 40%.</li> </ul>
2	Feb-19	This marked the transaction closing of VTH's acquisition of Vitalharvest from Costa Asset Management Pty Ltd for approximately A\$210 million.
3	Jun-19	VTH announced distribution of A\$0.005 per unit, payable on 30 September 2019.  VTH further clarified that the A\$0.005 distribution per unit was a prudent estimate given the variable rent component, such that it was unable to accurately determine the amount of the distribution for the period ended 30 June 2019.
4	Aug-19	VTH reported its financial results for the period 1 August 2018 to 30 June 2019 (i.e., 11-month period), highlighting the following: <ul style="list-style-type: none"> <li>- FY19 statutory loss after tax of A\$5.5 million for the 11-month period since the IPO and restructure</li> <li>- The statutory result was negatively impacted by a number of abnormal items. Excluding these abnormal items would result in an adjusted net profit after tax of A\$1.9 million</li> <li>- FFO of A\$10.5 million for the 11-month period since the IPO and restructure, representing 5.66 cents per unit</li> <li>- FY19 distribution amounted to 5.65 cents per unit, with the final distribution scheduled on 30 September 2019</li> <li>- Total assets of A\$280.3 million, inclusive of A\$7.2 million cash</li> <li>- Net asset value of A\$0.90 per unit</li> <li>- Gearing of 36.7% lower than the target of 40%.</li> </ul>
5	Feb-20	VTH reported its financial results for the half year period ended 31 December 2019, highlighting the following: <ul style="list-style-type: none"> <li>- Profit for the period of A\$14.3 million</li> <li>- Rental revenue of A\$9.4 million</li> <li>- FFO of A\$6.7 million representing 3.62 cents per unit</li> <li>- Interim distribution at 90% payout ratio from the FFO</li> <li>- Total assets of A\$282.6 million, inclusive of A\$6.8 million cash</li> <li>- Net asset value of A\$0.95 per unit</li> <li>- Gearing of 35% lower than the target of 40%.</li> </ul>
6	Jun-20	GoFARM Holdings Pty Ltd advised the Responsible Entity that it has sold its 100% interest in goFARM Asset Management Pty Ltd (the external manager of the Trust) to Primewest Group Limited.  The board of goFARM has been replaced with Primewest representatives.
7	Jun-20	VTH announced distribution of A\$0.015 per unit, payable on 30 September 2020.  VTH further clarified that the A\$0.015 distribution per unit excluded the 2H variable rent component.

Source: ASX announcements; S&P Global Capital IQ

The monthly share price performance of VTH prior to the announcement of the Trust Scheme is summarised below:



Vitalharvest Freehold Trust	Share Price			Average weekly volume 000'
	High \$	Low \$	Close \$	
<b>Month ended</b>				
Oct 2019	0.925	0.770	0.790	5,798
Nov 2019	0.830	0.760	0.780	775
Dec 2019	0.810	0.740	0.750	441
Jan 2020	0.800	0.730	0.745	1,196
Feb 2020	0.790	0.700	0.710	2,255
Mar 2020	0.775	0.610	0.690	2,602
Apr 2020	0.740	0.650	0.690	650
May 2020	0.770	0.665	0.760	561
Jun 2020	0.860	0.745	0.780	1,071
Jul 2020	0.825	0.725	0.760	2,140
Aug 2020	0.800	0.750	0.775	975
Sep 2020	0.792	0.750	0.775	2,879
Oct 2020	0.790	0.765	0.780	1,375
<b>Week ended</b>				
24 Jul 2020	0.810	0.750	0.770	517
31 Jul 2020	0.780	0.755	0.760	253
7 Aug 2020	0.790	0.760	0.790	270
14 Aug 2020	0.795	0.765	0.795	1,262
21 Aug 2020	0.800	0.760	0.770	594
28 Aug 2020	0.795	0.755	0.775	1,573
4 Sep 2020	0.785	0.750	0.755	2,529
11 Sep 2020	0.775	0.760	0.775	4,222
18 Sep 2020	0.790	0.770	0.788	640
25 Sep 2020	0.792	0.770	0.775	4,840
2 Oct 2020	0.790	0.770	0.785	1,001
9 Oct 2020	0.790	0.775	0.780	654
16 Oct 2020	0.790	0.770	0.780	766
23 Oct 2020	0.790	0.770	0.775	4,001
30 Oct 2020	0.780	0.765	0.780	458
6 Nov 2020	0.790	0.765	0.785	6,161

Source: S&P Global and GTCF calculations

#### 4.5.2 Top 10 unitholders

We have set out below the top 10 unitholders of VTH as at 13 January 2021:

Top 10 unitholders as at 13 January 2021			
Rank	Name	No. of units	Interest (%)
1	One Managed Investment Funds Ltd (Primewest Property A/C)	36,752,949	19.9%
2	JP Morgan Nominees Australia Pty Limited	15,867,876	8.6%
3	Citicorp Nominees Pty Ltd	13,762,417	7.4%
4	National Nominees Limited	10,248,621	5.5%
5	HSBC Custody Nominees (Australia) Limited - A/C 2	9,590,388	5.2%
6	CS Fourth Nominees Pty Limited (HSBC Custody Nominees (Australia) Limited)	7,738,977	4.2%
7	BNP Paribas Noms Pty Ltd	5,643,183	3.1%
8	MOGGS Creek Pty Ltd (MOGGS Creek Super A/C)	4,675,370	2.5%
9	HSBC Custody Nominees (Australia) Limited	4,070,283	2.2%
10	Mutual Trust Pty Ltd	2,520,924	1.4%
<b>Top 10 unitholders total</b>		<b>110,870,988</b>	<b>59.9%</b>
<b>Remaining unitholders</b>		<b>74,129,012</b>	<b>40.1%</b>
<b>Total units issued and outstanding</b>		<b>185,000,000</b>	<b>100.0%</b>

Source: Annual report



## 5 Valuation methodologies

### 5.1 Introduction

Our fairness assessment involves comparing the Trust Scheme Consideration plus the VTH Interim Dividend of A\$1.025 per unit with the fair market value of the Trust on a control and fully diluted basis.

Grant Thornton Corporate Finance has assessed the value of the Trust using the concept of fair market value. Fair market value is commonly defined as *“the price that would be negotiated in an open and unrestricted market between a knowledgeable, willing but not anxious buyer and a knowledgeable, willing but not anxious seller acting at arm’s length.”*

Fair market value excludes any special value. Special value is the value that may accrue to a particular purchaser. In a competitive bidding situation, potential purchasers may be prepared to pay part, or all, of the special value that they expect to realise from the acquisition to the seller.

### 5.2 Valuation methodologies

RG 111 outlines the appropriate methodologies that a valuer should generally consider when valuing assets or securities for the purposes of, amongst other things, share buy-backs, selective capital reductions, schemes of arrangement, takeovers and prospectuses. These include:

- Discounted cash flow and the estimated realisable value of any surplus assets (“DCF Method”)
- Application of earnings multiples to the estimated future maintainable earnings or cash flows of the entity, added to the estimated realisable value of any surplus assets (“FME Method”)
- Amount available for distribution to security holders on an orderly realisation of assets (“NAV Method”)
- Quoted price for listed securities, when there is a liquid and active market (“Quoted Security Price Method”)
- Any recent genuine offers received by the target for any business units or assets as a basis for valuation of those business units or assets.

Further details on these methodologies are set out in Appendix A to this Report. Each of these methodologies is appropriate in certain circumstances.

RG111 does not prescribe any above methodologies as the method(s) that an expert should use in preparing its report. The decision as to which methodology to use lies with the expert based on the expert’s skill and judgement and after considering the unique circumstances of the entity or asset being valued. In general, the expert would have regard to valuation theory, the accepted and most common market practice in valuing the entity or asset in question and the availability of relevant information.



### 5.3 Selected valuation methodologies

In our assessment of the fair value of the Trust, Grant Thornton Corporate Finance has relied on a number of valuation methodologies as outlined below:

- *Net Assets approach ("Net Assets")*: Grant Thornton Corporate Finance has selected the Net Assets approach to assess the fair market value of the Trust. We have adopted the Net Assets approach due to the following key considerations:
  - It is the most commonly adopted valuation approach for A-REITs.
  - It is appropriate for VTH, which passively holds portfolio of properties, as its value lies in its underlying Properties.

The Net Assets Approach requires a valuer to determine the market value of the assets and liabilities at the valuation date, before deducting an allowance for corporate costs incurred to manage or to realise the portfolio on an orderly basis.

- *Cross checks*: In our valuation cross-check, we have had regard to the premium / discount to net assets, FFO multiples and distribution yields implied by our primary approach and compared them to those of the comparable listed A-REITs and recent transactions involving A-REITs.

### 5.4 Independent valuation of the Property Portfolio

Grant Thornton Corporate Finance has engaged Colliers to undertake an independent assessment of the Property portfolio as at 1 December 2020. Colliers undertook a site visit of all the Properties in early December.

As part of our procedures, we have held several discussions with Colliers and reviewed Colliers' valuations methodologies and key assumptions to ensure they were consistent with the generally accepted approaches and market best practice.



## 6 Valuation assessment of VTH units

As discussed in the previous section, in our valuation assessment of VTH, we have considered the market value of the net assets of the Trust as our primary valuation approach. As a cross-check, we have had regard to the premium / discount to net assets, FFO multiples and distribution yields implied by our primary approach and compared them to those of the comparable listed A-REITs and recent A-REIT transactions.

### 6.1 Net Assets Approach

In order to derive the market value of VTH, we have made the following adjustments to the draft unaudited net assets as at 31 December 2020:

- Pro-forma adjustments of VTH's Property portfolio in accordance with the independent valuations prepared by Colliers as at 1 December 2020. A copy of the Property valuation is attached as Appendix E.
- Forecast FFO up to the expected implementation date, net of transaction costs.
- Corporate costs incurred to manage the Property portfolio which are not captured in the reported net assets.

The adjusted net assets per unit of VTH as at 31 December 2020 is calculated in the table below:

Adjusted net assets A\$ '000	Section Reference	Low	High
Draft unaudited net assets as at 31 Dec 2020 (excluding VTH Interim Distrib.)	4.4.1	189,102	189,102
Less carrying value of the Properties as at 31 December 2020	6.1	(295,000)	(295,000)
Add market value of the Properties (Average of Scenario 1 and Scenario 2)	6.1	295,500	320,500
Forecast FFO net of transaction costs to 31 March 2021	6.1.3	106	106
Capitalised corporate overheads (net of cost savings)/Realisation costs <sup>(1)</sup>	6.1.4	(10,214)	(9,333)
<b>Adjusted net assets</b>		<b>179,494</b>	<b>205,375</b>
Issued and paid units (in '000)		185,000	185,000
<b>Adjusted net assets per unit</b>		<b>0.970</b>	<b>1.110</b>

Source: Management information, Colliers Property valuation report, GTCF analysis

#### 6.1.1 Market value of the Property portfolio

One of the key value drivers for the Properties is the structure of the Leases which is quite unique and, in our opinion, it has been detracting from the value of VTH with the units prices prior to the announcement of the Initial Proposal trading at a discount to the reported net assets as at 30 June 2020. The structure of the Leases is a legacy of the past with an above market rental yield of 8% applied to a below market value of the Properties to assess the Base Rent and then it provides exposure to the volatile profitability of CGC in establishing the Variable Rent. This structure was put in place prior to VTH owning the Properties, when both the lessor and the lessee were part of the same group.

The underlying volatility in the Variable Rent which is linked to underlying profitability of Costa's subsidiaries generate a risk profile to the Variable Rent which is more similar to a cost of equity rather than a passive rental yield. This risk profile does not seem consistent with the asset class and investors' appetite.



Costa announced to ASX in November 2020 that the VTH Leases are legacy agreements and that all subsequent expansion by Costa beyond these sites in the berry and citrus categories has not involved and will not involve any variable lease arrangement.

It is not unreasonable to assume that even in the absence of the Proposed Transaction, CGC and VTH may be seeking to restructure the terms of the Leases as they already were in discussions before the Initial Proposal. Further, on 18 December 2020, CGC announced that it signed the LID with MIRA for the Properties which will only take effect if the Proposed Transaction completes. This again seems to indicate a propensity of Costa to change the terms of the Leases. The key terms of the LID disclosed by CGC are outlined below:

- Fixed rent lease agreement for each of the seven farms for 20 years plus a 10-year extension option.
- Rent yields reflect current market conditions for large scale horticulture assets and the terms are otherwise consistent with existing agreements CGC has with MIRA.
- The new leases between Costa and MIRA are expected to be value accretive to Costa over the medium to longer term

Based on the above discussions, Grant Thornton and Colliers have agreed that it would be appropriate for Colliers to undertake the valuation of the Properties under two different scenarios as outlined below:

- *Fixed lease (Scenario 1)* – Colliers has assumed that VTH enters into a 20 year long lease structure with Costa at a fixed rental payment of A\$20 million escalated by 2% per annum.
- *Status Quo until expiry and then fixed long term lease structure (Scenario 2)* – This scenario is based on the assumption that the current Leases structure will continue until expiry after which fixed rent arrangement similar to those assumed under Scenario 1 will come into effect (fixed rent in 2026 of A\$22.3 million). The commercial rationale for this Scenario is that VTH continues with the current agreement until expiry given that there are expectations of an increase in the Variable Rent compared with the last few years and it is likely that its bargaining power to renegotiate the Leases increases with the nearing of the maturity.

Colliers has also undertaken the valuation of the Properties under the Status Quo (Scenario 3) whereby the existing Leases will continue until expiry and then the parties will renegotiate the terms on a similar structure with a fixed Base Rent plus Variable Rent. Whilst we have not relied on this scenario for the reasons outlined in the executive summary, we are of the opinion that it is useful to illustrate it to the unitholders given it is based on the current terms and there are uncertainties in relation to what terms could be renegotiated in the absence of the Proposed Transaction. In addition, this approach is consistent with the historical carrying value of the Properties for financial reporting purposes.

The valuation of the Properties undertaken by Colliers is a sum of the valuation of the individual citrus and berry properties. Considering peculiarities of each of the farm, Colliers valued them separately and this has been the practice of Colliers since it was first mandated by the Trust to carry out the independent valuations in 2019. Colliers valued 100% freehold interest of the properties on an encumbered basis and on a going concern basis.

The critical assumptions used by Colliers in the Properties valuations are summarised below:



- *Vacant possession value*<sup>49</sup> – It has been estimated at approximately A\$310 million. It accounts for the changes to the citrus plantings over recent years with immature citrus plantings which are expected to come into production as they reach maturity in six to eight years.
- *Fixed Rent* – Colliers has estimated the market rent for a fixed rental payment over a 20 year period at A\$20 million per annum as at the date of the valuation escalating at 2% per annum. This is higher than the fixed rental payment agreed between Costa and MIRA in the LID.
- *Current passing rent* – The Base Rent is estimated at circa A\$10.2 million in 2020 which is projected to increase at 2% per annum. The Variable Rent is estimated at A\$8.9 million which is the average Variable Rent paid over the last seven years. During this period, the highest and lowest Variable Rents were A\$12.2 million in 2017 and A\$4.7 million in 2019 respectively.
- *Market passing rent* – At expiry of the current leases, Colliers have assumed that the Base Rent would reduce to 5.0% of the vacant possession value of A\$310,000,000 which equates to approximately A\$15.5 million. Variable Rent is assumed to remain unchanged at 25% of the profit before tax realised by the relevant Costa subsidiaries estimated at A\$8.9 million.
- *Valuation methodologies* – Under all the scenarios undertaken, Colliers has relied on a number of valuation methodologies including the Passing Rent Approach, Market Rent Approach and DCF Approach.
- *Value range* – The overall valuation range is estimated by applying a sensitivity of +/- 25 bps to the adopted valuation range.
- *Water entitlements* – the Water assets have been valued at market. VTH has entitlement to approximately 13,531 million litres of high security water in order to support the irrigation of the plantings at the berry and citrus properties. The value of the water assets goes into the market rent at approximately 6% of value.

We have set out below the key valuation ranges adopted by Colliers under the three scenarios:

Summary - Property valuation scenarios (\$)	Section	Low	High
	Reference		
Scenario 1 - Fixed lease	Appendix E	296,000,000	322,000,000
Scenario 2 - Status Quo to 2026 and then fixed lease	Appendix E	295,000,000	319,000,000
<b>GT Selected range (average)</b>		<b>295,500,000</b>	<b>320,500,000</b>
Scenario 3 - Status Quo - Not adopted in the valuation	Appendix E	286,000,000	306,000,000

Source: Colliers Property valuation report

#### 6.1.2 Other assets and liabilities

We have reviewed the book value of the other assets and liabilities and believe that the book values are representative of their fair market value.

<sup>49</sup> This is the value of the individual assets disregarding the leases in place.



6.1.3 Forecast FFO

The implementation date for the Proposed Transaction is expected to occur around the end of March 2021. The NTA as at 31 December 2020 reflects a low cash balance as the Trust paid the full year distribution of A\$2.8 million in September 2020 and the payment of the Variable Rent is accrued for most of the year and paid in March once the audited accounts of Costa are finalised.

The Trust usually pays its interim dividend at the end of March, but we understand that this is not allowed based on the terms of the SID (excluding the VTH Interim Distribution which has now been allowed by MAFM under the SID). In our opinion, it is appropriate to add to our valuation assessment, the forecast FFO for the period between 1 January 2021 and 31 March 2021. The Manager has advised that this amount is estimated at A\$0.2 million which we have considered in our valuation assessment net of the transaction costs yet to be incurred or accrued (A\$0.1m) as at 31 December 2020.

6.1.4 Corporate costs

The valuation of the Properties undertaken by Colliers and included in the net assets approach does not reflect the costs of management and administration of the Trust. VTH incurs the following overheads expenses:

- Responsible entity and investment manager fees.
- Listed entity costs such as listing fees and share registry fees.
- Other administrative costs such as marketing, bank fees, valuation fees and other expenses.

We have set out below a breakdown of the corporate costs incurred by VTH in FY19 and FY20.

Corporate costs breakdown		
A\$ '000	FY19	FY20
Responsible entity fees	152	163
Management fees	547	670
Professional fees	659	703
Other expenses	64	130
<b>Total corporate costs</b>	<b>1,422</b>	<b>1,666</b>

Source: Management accounts, GTCF analysis

Operating expenses exclude the outgoings for the Properties which is then recharged to Costa.

Given our valuation assessment is on a 100% and control basis, we have considered whether a pool of potential purchasers may achieve any savings in relation to these costs. The quantum and extent to which such savings may be realised is inherently uncertain and will vary based upon both the different types of potential acquirers and the circumstances of individual potential acquirers. In the case of any other hypothetical buyer, it is likely that such a buyer may have an existing investment platform and accordingly it will equally seek to remove both the RE and the Manager and absorb the management of the underlying assets within its existing structure.

While cost savings could be achieved, certain change of control and termination obligations may also be triggered. We note that an early termination fee of 1.5% of GAV is payable to the Manager in case the Trust is delisted from the ASX or if a person acquires a relevant interest in excess of 50%.



In our valuation assessment, we have assumed the following for corporate costs:

- Under a change of control transaction, the early termination payment of circa A\$4.5 million<sup>50</sup> would be triggered (by the Manager) and a potential purchaser would optimise management and administrative efforts across its existing platform such that only minimal additional staff would be required for property management and the back office support functions would be absorbed in the existing platform. We have estimated corporate costs after savings available to a pool of potential purchasers at circa A\$0.4 million per annum which we have then capitalised having regard to the weighted average capitalisation rate of the Properties and add the one-off early termination payment of A\$4.5 million. We have estimated the overall costs at circa A\$10.2 million (of which A\$4.5 million is represented by the early termination payment to the Manager).
- As an alternative, we have also assumed that the unitholders could elect to undertake a managed wind-up in order to realise the underlying value of the Properties. We understand that a managed wind-up is likely to require six to twelve month period in order to carry out the necessary marketing, sales and due diligence requirements. During this time, the existing operational overhead structure will remain in place. Further, the Trust is likely to incur early termination payment and real estate selling costs which are not captured in the Properties valuation. We have estimated the costs to be incurred under an orderly wind-up at circa A\$9.3 million (of which A\$4.5 million is represented by the early termination payment to the Manager).

#### 6.1.5 Number of units on issue

For the purpose of this Report, there are 185 million units of the Trust issued and paid.

## 6.2 Valuation cross-checks

### 6.2.1 Premium / (discount) to Net Assets, FFO Multiple and distributions yields

In order to provide a cross check of our valuation conclusions under the net assets methodology and the Trust Scheme Consideration (plus the VTH Interim Distribution), we have considered the premium/discount to NTA, the FFO multiples and distribution yields of comparable listed A-REITs and recent transactions involving A-REITs.

Below we present VTH FFO multiples, distribution yields and premium discount to NTA:

<sup>50</sup> Calculated based on early termination fee of 1.5% of gross asset value. The Trust's gross asset value is defined as the total value of the assets based on the audited accounts prepared on a consolidated basis in accordance with AASB140 and AASB116 at the applicable time.



VTH Implied Multiples Cross-Check A\$ (except where stated otherwise)	Section Reference	GT Assessment		Trust Scheme Consideration + VTH Interim Distr.
		Low	High	
Value per VTH unit	6.1	0.970	1.110	1.025
<b>FFO Multiple</b>				
FY20 FFO (Cents per VTH unit)		4.76	4.76	4.76
FY21 FFO (Cents per VTH unit) <sup>1</sup>		5.50	5.50	5.50
FY20 FFO Multiple (times)		20.4x	23.3x	21.5x
FY21 FFO Multiple (times) <sup>1</sup>		17.6x	20.2x	18.6x
<b>Distribution Yield</b>				
FY20 Distribution (Cents per VTH unit)		4.75	4.75	4.75
FY21 Distribution (Cents per VTH unit) <sup>1</sup>		5.35	5.35	5.35
FY20 Distribution Yield (%)		4.9%	4.3%	4.6%
FY21 Distribution Yield (%) <sup>1</sup>		5.5%	4.8%	5.2%

Source: S&P Capital IQ, VTH FY20 Investor Presentation, GTCF analysis.

Note (1) We have relied on the median of broker estimates for FY21 FFO per unit and FY21 DPS when calculating the FY21 FFO Multiple and FY21 Distribution yield. We note that VTH has not provided guidance for FY21 FFO or distributions.

### Comparable transactions

We have set out below the FFO multiples and distribution yields of A-REITs focussed on passive property investments and externally managed.

Comparable companies analysis						Distribution yield		FFO Multiple	
Date	Target	Bidder	Internally / Externally managed	Deal value (A\$m) / 100%	Premium / Discount to NTA	Historical	Forecast	Historical	Forecast
Feb-20	VIVA Energy REIT	Charter Hall Long WALE REIT; Charter	E	2,068	16.0%	5.4%	5.6%	18.6 x	17.9 x
Sep-18	Investa Office Fund	Oxford Properties Group, Inc.	E	3,372	2.2%	3.6%	3.6%	18.3 x	19.1 x
Apr-17	Brookfield Prime Property Fund	Brookfield BPPF Investment Trust	E	432	(0.3%)	1.6%	3.1%	NA	NA
Apr-16	GPT Metro Office Fund	Growthpoint Properties Australia	E	321	6.4%	6.1%	6.2%	15.4 x	NA
Sep-15	Aspen Parks Property Fund	Discovery Parks Group	E	147	38.2%	5.9%	6.1%	28.6 x	15.8 x
<b>Average</b>					<b>12.5%</b>	<b>4.5%</b>	<b>4.9%</b>	<b>20.2 x</b>	<b>17.6 x</b>
<b>Median</b>					<b>6.4%</b>	<b>5.4%</b>	<b>5.6%</b>	<b>18.4 x</b>	<b>17.9 x</b>

Source: S&P Capital IQ, Annual reports, GTCF analysis.

Note (1) "I" short for Internally managed, "E" short for Externally managed.

We note the following regarding the comparable transactions:

- The implied transaction multiples and yields may incorporate various levels of control premium and special values paid for by the acquirers. In particular, the multiples may reflect synergies paid which are unique to the acquirers.
- The transactions took place between September 2015 and February 2020. Economic and market factors, including competition dynamics and property prices may be materially different from those current as at the valuation date. In particular, we note that since March 2020, the economy has been



significantly affected by COVID-19 with certain sectors more materially affected than others as a result of changing socioeconomic factors.

#### *VIVA Energy REIT*

In February 2020, VIVA Energy sold its 35.5% stake in the VIVA Energy REIT. A 25% interest was sold via a fully underwritten block trade and the remaining 10% was sold 5% each to Charter Hall Group and the Charter Hall Long WALE REIT. VIVA Energy REIT owned a portfolio of 469 service stations with a total valuation of A\$2.65 billion as at 31 December 2019. On completion of the transactions, VIVA received A\$2.66 per VIVA security compared to reported NTA as at 31 December 2019 of A\$2.29 per security, a premium of 16%. The larger premium compared with the Trust Scheme reflects the strategic nature and size of the portfolio, the long term nature of the triple net leases, with a WALE of 11.7 years, the contracted 3% annual rent increases which is in excess of the current and expected inflation and the 100% occupancy rate with a diverse range of tenants. In addition, only one third of the properties was independently valued as at 31 December 2019 which in a rising market would create significant latent value on the NTA which is accordingly reflected into the premium.

The forecast VIVA Energy dividend yield is substantially in line with VTH's implied FY21 dividend yield. VIVA Energy properties are exposed to the risk that increased penetration of electrical cars could reduce the dominance of petroleum and diesel cars in the future, reducing overall demand. On the flipside, we note the stable and predictable nature of the cash flows which are underpinned by 3% fixed annual rent reviews and the long dated nature of the leases with no near term reviews (only 2% of income is due to expire before FY26).

#### *Investa Office Fund*

Oxford Properties Group acquired Investa Office Fund ("IOF") in December 2018 for an equity value of A\$3.35 billion, representing 2.2% premium to net assets. At the time, IOF held a portfolio of approximately 20 office buildings, with 65% of the book value located in North Sydney and Sydney, with the remaining in Queensland, Victoria, Western Australia and the ACT. The low premium above net assets reflected generally less optimistic expectations of property valuation growth at the time, the passive nature of the REIT, and the fact it was externally managed. Most of these circumstances are common with the Trust.

Investa's low distribution yield reflected its exposure to the stronger performing Sydney and Melbourne CBD office markets around that time and low exposure to the underperforming Brisbane and Perth markets. In addition, the low yield reflects the highly competitive nature of the acquisition with competing bids from Oxford Properties and Blackstone, which resulted in the consideration increasing from A\$5.15 per unit to A\$5.60 per unit.

#### *Brookfield Prime Property*

It had interests in three grade-A office buildings of which two were in Sydney and one was in Perth. The slightly negative premium likely reflected that the shares were more than 80% owned by Brookfield and the limited diversification of the portfolio by location, asset class and number of assets. In addition, whilst the portfolio occupancy was high at 91%, the WALE was only 4.7 years presenting potential risks on renegotiations of the leases.

Brookfield Prime Property Fund's historical distribution yield is low due to tenancy risk at its 680 George street office in Sydney. Ernst & Young occupied almost half the lettable area in the building and its lease



was up for renewal in December 2016. 680 George Street accounted for c. 47% of Brookfield's book value of properties.

#### *GPT Metro Office Fund*

Growthpoint Properties Australia acquired GPT Metro Office Fund ("GPT") for A\$321 million, representing a premium of 6.4% to revised net assets<sup>51</sup> as at 31 March 2016. GPT's portfolio consisted of six A-grade office assets across Sydney, Melbourne and Brisbane. At the time of the transaction, Sydney and Melbourne property markets were in the midst of a long bull-run with property prices having achieved strong growth over the previous 5 years. In addition to market conditions, the premium on net assets reflected that the transaction occurred as part of a highly competitive bidding process between Growthpoint Properties Australia and Centuria Metropolitan REIT, reflecting the scarcity value of the portfolio.

GPT Metro Office Fund distribution yield is relatively high despite the competitive bidding process given the portfolio concentration to Sydney Olympic Park. Four out of six of its buildings were located there, representing c. 55% of the book value of the portfolio. Approximately 29% of the portfolio was also located in the worse performing Brisbane market. Queensland had just recorded a 1.8% economic contraction for the year to March 2016, and vacancy rates were increasing in Brisbane.

#### *Aspen Parks Property Fund*

Discovery Parks Group acquired the Aspen Parks Property Fund ("APPF") towards the end of 2015 following a highly contested bidding process. Its offer came after Aspen Group and APPF had announced a merger implementation agreement whereby the two entities would merge to create a quadruple stapled group in a cash and scrip transaction. APPF's portfolio consisted of 21 accommodation parks around Australia. The large premium reflected the highly competitive nature of the transaction, positive market conditions at the time of the deal for this asset class and the significant development opportunities in the portfolio.

#### Comparable listed companies

There are no directly comparable listed peers to VTH that operate a passive strategy focussed purely on the agricultural sector. Rural Funds Trust is the only other purely agricultural-focussed A-REIT. We have specifically excluded A-REITs with a funds management business when selecting our listed comparable companies, as VitalHarvest does not have a funds management business.

We present below the discount/premium to NTA, the FFO multiples and distribution yields of the comparable listed companies, which we have grouped by each company's sector focus:

---

<sup>51</sup> GPT revalued the assets as at 31 December 2015 following the receipt of an unsolicited approach by Growthpoint after the release of the half year accounts.



Comparable companies analysis							FFO Multiple		Distribution yield <sup>2</sup>	
Companies	Market Capitalisation (A\$m) <sup>1</sup>	Internally / Externally managed <sup>3</sup>	REIT type	NTA (A\$m)	Premium / (Discount) to NTA	FY20	FY21	FY20	FY21	
<b>Agricultural REITs</b>										
Rural Funds Group	854	E	Agricultural	656	30.3%	18.8x	21.2x	4.3%	4.5%	
<b>Diversified REITs</b>										
Blackwall Property Trust	206	E	Diversified	209	(1.4%)	NA	NA	2.4%	NA	
Aspen Group	136	E	Diversified	134	1.6%	NA	NA	5.1%	5.2%	
Abacus Property Group	2,196	E&I	Diversified	2,573	(14.7%)	17.6x	16.4x	6.8%	6.2%	
Charter Hall Long WALE REIT	2,571	E	Diversified	2,436	5.6%	NA	NA	6.3%	6.5%	
<b>Average - Diversified REITs</b>					<b>(2.2%)</b>	<b>17.6x</b>	<b>16.4x</b>	<b>5.2%</b>	<b>6.0%</b>	
<b>Median - Diversified REITs</b>					<b>0.1%</b>	<b>17.6x</b>	<b>16.4x</b>	<b>5.7%</b>	<b>6.2%</b>	
<b>Specialised REITs</b>										
Charter Hall Social Infrastructure REIT	1,346	E	Childcare	1,050	28.2%	27.9x	24.9x	5.1%	4.8%	
Arena REIT	1,009	I	Childcare	741	36.1%	22.9x	21.0x	4.7%	5.1%	
BWP Trust	2,743	E	Warehouse	1,969	39.3%	NA	NA	4.3%	4.3%	
<b>Average - Specialised REITs</b>					<b>34.5%</b>	<b>25.4x</b>	<b>23.0x</b>	<b>4.7%</b>	<b>4.7%</b>	
<b>Median - Specialised REITs</b>					<b>36.1%</b>	<b>25.4x</b>	<b>23.0x</b>	<b>4.7%</b>	<b>4.8%</b>	
<b>Office REITs</b>										
Australian Unity Office Fund	348	E	Office	443	(21.4%)	12.6x	NA	7.0%	7.0%	
Centuria Office REIT	1,070	E	Office	1,283	(16.6%)	12.5x	12.6x	8.6%	7.9%	
<b>Average - Office REITs</b>					<b>(19.0%)</b>	<b>12.6x</b>	<b>12.6x</b>	<b>7.8%</b>	<b>7.5%</b>	
<b>Median - Office REITs</b>					<b>(19.0%)</b>	<b>12.6x</b>	<b>12.6x</b>	<b>7.8%</b>	<b>7.5%</b>	
<b>Average - All</b>					<b>8.7%</b>	<b>18.7x</b>	<b>19.2x</b>	<b>5.5%</b>	<b>5.7%</b>	
<b>Median - All</b>					<b>3.6%</b>	<b>18.2x</b>	<b>21.0x</b>	<b>5.1%</b>	<b>5.2%</b>	

Source: S&P Capital IQ, Annual reports of comparable companies, GTCF analysis

Note (1) Market capitalisation as at 15 January 2021.

Note (2) Calculated as distributions per share divided by the share price as at 15 January 2020.

Note (3) "I" short for Internally managed, "E" short for Externally managed.

Note (4) Rural Funds Group net assets adjusted to reflect the revaluation of water entitlements (including investments in Barossa Infrastructure Limited and Coleambally Irrigation Co-operative Limited) of A\$97.7 million.

Note (5) Charter Hall Long WALE REIT 30 June 2020 NTA adjusted to include A\$250 million raised from a private placement completed on 10 December 2020.

Note (6) Abacus Property Group 30 June 2020 NTA adjusted to include proceeds from capital raise of A\$402 million under a fully underwritten 1 - for - 4.8 accelerated non-renounceable pro rate entitlement offer.

The KPIs presented above reflect the value of underlying companies on a minority basis and do not include a premium for control (if applicable).

#### Rural Funds Group

It is a diversified agricultural REIT with interests in cattle, cotton, almonds, macadamias and vineyards. Its 61 property assets are geographically and climatically diversified and are located in Queensland, New South Wales, Victoria and Western Australia. Its leases have a WALE of 10.9 years and it has a strong development pipeline across 44 properties over the next five years including productivity improvements and larger cultivation areas. Approximately 87% of its leases are either fixed indexation at 2.5% (with market review) or CPI-linked thereby providing strong inflationary protection and are mostly held with large listed corporate entities.



As set out above, RFF is trading at a higher premium to the reported net assets as at 30 June 2020 and FY21 FFO multiple and lower distribution yield compared to VTH. We are of the opinion that this is not unreasonable due to the following:

- RFF is larger and far more diversified by geography, agricultural sector and climate.
- It has significant development and growth opportunities in the portfolio.
- The lease arrangements of RFF are structured differently from VTH where there is no variable lease component that exposes the Trust to rental income and distribution variability.
- RFF has a WALE of over 10 years on its existing property portfolio compared to VTH's c 5.5 years. This longer WALE profile results in a more predictable long-term revenue and cash flows for RFF.

In relation to the higher premium to NTA, we note the following:

- Rural Funds has a policy to externally value each property every two financial years. For the year ending 30 June 2020, circa 30% of the properties were not externally valued which in a rising market would create latent value on the NTA which is accordingly reflected into the premium. This is different from the circumstance of VTH with all the Properties revalued in December 2020 by Colliers.
- The premium tends to moderate on or around the announcement of the results as the trading prices beforehand would incorporate expectations of an uplift in the properties valuations. The premium over adjusted reported NTA was 8.3%<sup>52</sup> after the release of the H1FY20 accounts on 2 March 2020 and circa 14%<sup>53</sup> after the release of the FY20 accounts on 25 August 2020.

#### *Blackwall Property Trust ("BWR")*

It is a diversified A-REIT with a portfolio of industrial, retail and commercial properties and unlisted securities. In December 2020, BWR entered into a scheme of arrangement to acquire WOTSO, one of its largest tenants and a provider of flexible work spaces including private offices and co-working spaces to small-to-medium enterprises. At the beginning of 2020, WOTSO demerged from Blackwall Limited, fund manager of Blackwall Property Trust however due to capital constraints caused by the impact of COVID-19 on the business, BWR is seeking to acquire WOTSO. BWR's key asset is its Pyrmont mixed use building which accounts for 49% of the book value of its portfolio with major tenants being Verizon and IAG. Its other assets include a purpose built printing facility leased to News Limited and other mixed use and office buildings in metropolitan and regional areas around the country. The low distribution yield reflects the low payout ratio and decline in EPS in 2020. Given the above challenges, we have placed limited reliance on BWR.

#### *Aspen Group ("Aspen")*

It is a provider of affordable accommodation to the residential, retirement and short stay sectors. Its weekly rents are typically in the range of \$270 to \$350 for dwellings and \$140-\$170 for land sites which are able to be supported by low household incomes including those on government subsidies. Aspen's financial performance was strong in FY20, with EPS increasing 32% and underlying EBITDA up 38% on FY19. The

<sup>52</sup> Based on the 5 days VWAP after the announcement.

<sup>53</sup> IBID



company had a relatively high payout ratio of c. 88% in FY20. We have placed limited reliability on Aspen given its significantly different operations compared to VTH.

*Abacus Property Group ("Abacus")*

It is diversified A-REIT although it has a large focus on office accommodation, representing 48% of its A\$3.3 billion in assets. Its office portfolio has a relatively short WALE of 3.6 years. We note the office sector has been negatively affected by COVID-19, and particularly SMEs, which have sought rent relief. The outlook for the office sector is bearish given the increasing work-from-home arrangements as a result of the COVID-19 pandemic. Its self-storage business, which makes up 39% of total assets, generates much lower revenues per square metre than office space and the leases are typically much shorter and not indexed. Accordingly, we would expect Abacus' distribution yield to be higher and FFO multiple to be lower than for Vitalharvest.

*Charter Hall Long WALE REIT ("CHLWR")*

It holds a high quality and low risk property portfolio with a 14 year WALE with investment grade tenants in defensive sectors. Its portfolio consists of 225 BP convenience retail properties, Telstra Exchanges portfolio, office buildings leased to NSW and Commonwealth Governments and Telstra, and industrial properties leased to Arnott's and a SUEZ waste transfer facility. It has limited lease expiries until FY24. It is more diversified than VTH however is more exposed to office (26% of portfolio) and has a portfolio of 60 pubs and other retail which supports the higher FY21 distribution yield than VTH.

*Charter Hall Social Infrastructure REIT*

It owns childcare centres in Australia and New Zealand with gross assets of A\$1.3 billion as at 30 June 2020. Childcare centres are heavily government subsidised through the child care subsidy ("CCS"). In addition, the Government introduced the Early Childhood Education and Care Relief Package ("ECECRP") in 2020 to support the sector through COVID-19. The strong level of government support has effectively underwritten the sector from COVID-19 risks. Charter Hall Social Infrastructure REIT's payout ratio was c. 97%, it had a WALE of 12.7 years and occupancy of 99.5% as at 30 June 2020. Given the above, the lower distribution yield and higher FFO multiples compared to VTH seems reasonable.

*Arena REIT ("Arena")*

It is similar to Charter Hall Social Infrastructure REIT, Arena REIT also focusses primarily on childcare centres. Its childcare portfolio makes up approximately 85% of its A\$914 million portfolio, with healthcare accounting for the remaining 15%. As at 30 June 2020 its WALE was 14 years and it was geographically diversified around the country. Only 4% of Arena's lease portfolio is subject to expiry before FY29. In FY20, it paid out approximately 96% of earnings.

*BWP Trust ("BWP")*

Its portfolio comprised 75 warehouse-style properties leased to Bunnings and is valued at A\$2.5 billion. It has a 4 year WALE and good retention prospects with average length of stay of 24 years. In 2020 its payout ratio was approximately 100%. Wesfarmers, which owns Bunnings, is one of Australia's largest conglomerates and is amongst the top ten of ASX-listed companies. Accordingly, we would expect its yield to be below that of VTH.



#### *Australian Unity Office Fund ("AOF")*

It is an office REIT with a portfolio of metropolitan and CBD office assets located in NSW, QLD, South Australia, Victoria and the ACT. Approximately 47% is located in NSW. Office REITs have been negatively affected by COVID-19 and the outlook remains uncertain with the industry expected to experience headwinds in coming months and years. Approximately 15% of tenants in its portfolio as at July 2020 have requested rent relief. Occupancy was 93.7% at 30 June 2020. AOF has a WALE of 4.6 years. Given the above, the lower FFO multiple and higher distribution yield when compared to VTH appears reasonable.

#### *Centuria Office REIT ("COF")*

It has a portfolio of 23 office assets with a book value of A\$2.1 billion as at 30 June 2020, and a WALE of 4.7 years. Similar to AOF, it is exposed to the headwinds facing the sector. It has a 25% exposure to State and Commonwealth governments and approximately 79% exposure to ASX-listed, multinational and multinational listed companies. Given the challenges facing the office REIT sector, the lower FFO multiple and higher distribution yields than VTH seem reasonable.

#### *Conclusion*

In summary, we have concluded that the multiples implies in our valuation assessment and the Trust Scheme Consideration plus the VTH Interim Distribution do not seem unreasonable due to the following:

- The discounts compared with Rural Funds seem justified by the specific differences between the two businesses, the development and growth opportunities of Rural Funds and the different valuation policies and timing underlying the value of the properties on the balance sheet.
- VTH's implied FY21 FFO Multiple of between 17.6x and 20.2x appears reasonable when compared to the other listed peers. For instance the Office REITs are trading around 12.5x which appears reasonable given the headwinds facing the office sector. Furthermore the multiple range is at a discount to the FY21 Childcare specialised REITS multiple which seems reasonable given the significant government underwriting in the form of the childcare subsidy scheme and ECECRP.
- All of our identified comparable transactions occurred prior to COVID-19, however we note they provide directional evidence and support for our adopted valuation. VTH's implied FY21 FFO Multiple appears reasonable when compared to the forecast FFO multiples of the transactions of between 15.8x and 19.1x. In addition the forecast distribution yield of 4.8% to 5.5% seems reasonable in the context of the average distribution yield for the transactions of 5.6%.



## 7 Assets Sale

As discussed in the Executive Summary, under the Assets Sale, the RE will sell to MAFML2 all the units in the Leasehold Trust and all the shares in the Leasehold Trustee for a total consideration of A\$300 million, with A\$290 million payable on completion and A\$10 million paid into an escrow account subject to potential completion adjustment if the Leasehold Trust does not have sufficient cash and other liquid assets available to match the liabilities.

If the Asset Sale does complete, MAFML2 has agreed to pay to VTH RE the aggregate transaction costs paid or payable up to a cap of A\$6 million, including the early termination payment to the Manager, to the extent that VTH RE reasonably considers it is required to enable VTH RE to distribute an aggregate amount of \$1.00 per unit to VTH Unitholders (pre any tax liability) following the completion of the Asset Sale.

The RE and the Manager has provided Grant Thornton with an estimate of the distributions expected to be received by the Unitholders under the Assets Sale after taking into account the following:

- Early termination payment of A\$4.5 million.
- Wind-up costs of circa A\$0.5 million. The wind-up of the Trust is expected to take six to nine months.
- Corporate costs to be incurred until the wind-up is completed.
- VTH Interim Distribution.

The distributions per units are on or around A\$1.00 per unit (after having deducted the VTH Interim Dividend).



## 8 Facilitation Agreement – net benefit analysis

### 8.1 Summary of our conclusions

Based on the analysis, procedures and limitations outlined throughout this document and the requirements of GN21, we have concluded that the terms of the Facilitation Agreement do not constitute the receipt of a net benefit by Primewest.

In arriving to this conclusion, we have considered the following:

- Based on the information provided by MAFLM2 and Primewest, we have concluded that the Parties were dealing at arms' length in the negotiation of the Facilitation Agreement (refer to section 8.3), although this, in itself, does not imply that there is no net benefit provided to Primewest.
- Primewest is trading on the ASX at a multiple of AUM<sup>54</sup> of circa 9%<sup>55</sup>. The AUM Multiple implied in the Facilitation Agreement (between 2.5% and 2.7%) is at a material discount and therefore value dilutive and not beneficial to Primewest (refer to section 8.4.1). Simplistically, if we assume that under the IMA Primewest manages AUM of circa A\$300 million<sup>56</sup> on behalf of the unitholders of VTH, the trading prices of Primewest on the ASX imply a value of the IMA of circa A\$27 million<sup>57</sup> (all other things being the same). The consideration being received by Primewest of A\$8 million for the IMA is only a fraction of the theoretical value of the IMA implied in the trading prices of Primewest. Whilst, the analysis is simplistic and it should be taken with caution as the trading prices of Primewest also reflects the value of the management platform and the growth opportunities of the business, nonetheless it supports the conclusions reached.
- The AUM Multiple implied in the Facilitation Agreement between 2.5% and 2.7% is lower than the median AUM multiple of the comparable transactions (circa 3.6%) but substantially in line with the AUM multiple implied by two of the smaller comparable transactions<sup>58</sup> adopted in our analysis (refer to section 8.4.2). AUM Multiple is a commonly adopted valuation methodology to value funds managers or specific IMA and it expresses the enterprise value as a percentage of the AUM. This calculated multiple percentage reflects (among others) the value of the management platform, growth opportunities, the terms of the IMAs, the profitability of the manager/IMA, any performance fees payable, the risks of the IMAs being terminated and the level of entrenchment of the asset managers.
- Primewest acquired the management rights of VTH from goFarm Asset Management for a cash consideration of A\$10 million in June 2020 (i.e. circa 5 months before the announcement of the Proposed Transaction). The cash consideration of A\$8 million agreed between Primewest and MAFLM2 is at a discount to the purchase price of the IMA paid by Primewest even if no material changes in the underlying business occurred since the acquisition (refer to section 8.4.1).

We are of the opinion that the goFarm transaction is the best evidence of value for the IMA given that it is the price agreed between a knowledgeable, willing but not anxious buyer (Primewest) and a knowledgeable, willing but not anxious seller (goFarm) acting at arm's length for the same asset which is transacting under the Facilitation Agreement (IMA). Accordingly, this price takes into account all the

<sup>54</sup> Representing the ratio between the enterprise value and the asset under management

<sup>55</sup> Calculated having regard to the share price of A\$1.30 and A\$4.9 billion FUM after deducting from the enterprise value the assessed value of direct investments and net cash after the capital raising.

<sup>56</sup> Assumed rounded value of the Properties.

<sup>57</sup> A\$300 million times 9% AUM multiple that Primewest is trading at.

<sup>58</sup> Eildon and Arena Transactions.



specific circumstances of the IMA, its terms, the underlying Properties and all the stakeholders involved. The goFarm transaction also occurred in substantially similar market conditions.

We are of the opinion that the reference to the goFarm transaction as evidence of value provides a superior accuracy and reduced requirements for Grant Thornton to rely on hypothetical and subjective assumptions compared with other valuation methodologies.

Specifically, in the valuation assessment of the IMA, we have also considered whether or not to apply the discounted cash flows ("DCF") approach, however, we have not adopted it as it would require Grant Thornton to make subjective and hypothetical assumptions in relation to the following:

- *Revenue estimate* – The management fees payable to Primewest is calculated as a percentage of the value of the Properties which is affected by the amount of the Base rent and Variable rent received by Costa. As discussed in section 4, the Variable rent is broadly calculated as 25% of earnings before interest and tax derived by the tenant from the Properties<sup>59</sup>. As a result, the Variable rent has been volatile over the last 7 years between a minimum of A\$4.7 million in 2019 and a maximum of A\$12.2 million in 2017. This volatility in the Variable rent may continue going forward which may affect the value of the Properties and hence the calculation of the management fee payable to Primewest (i.e. Primewest revenue under the IMA).
- *Growth opportunities* – Primewest has indicated in the FY20 Annual Report that *"there is a great opportunity to enhance the portfolio [of VTH] through active management and acquiring suitable assets and that this asset class will outperform the broader market over the near to medium term"*. It would be highly hypothetical and speculative for Grant Thornton to attempt to incorporate into the assessment of the future revenue that Primewest may receive from the IMA growth of the AUM arising acquisitions yet to be identified or above market growth rates.
- *Cost structure* – In order to undertake a DCF, Grant Thornton would also be required to estimate the direct and indirect cost structure (asset manager and allocation of centralised expenses) of Primewest to manage VTH. This is not feasible to be estimated with a reasonable degree of certainty and it cannot be extrapolated from publicly available information given that the IMA represents a small part (circa 6.7%) of the total AUM of Primewest. In addition, a component of the cost structure of Primewest is in relation to growing the business rather than managing existing contracts and accordingly this should be removed from the overall cost structure of the group before attempting to estimate the costs incurred by Primewest to manage the IMA.

For the same reasons outlined above, other valuation methodologies based on earnings multiples (EBIT multiple or PE multiple) would have the same limitations as they would require an estimate of the normalised level of profitability that Primewest is able to extract from the IMA.

The selected approach to the valuation of the IMA is consistent with the fair value hierarchy established by Australian Accounting Standard Board ("AASB") 13 "Fair Value Measurement". To increase consistency and comparability in fair value measurements and related disclosures, AASB 13 establishes a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value. The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs). A summary of the fair value hierarchy outlined in AASB13 is provided below:

---

<sup>59</sup> Plus or minus some other adjustments.



- Level 1 inputs – They are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs – They are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs also include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active. The valuation assessments based on the goFarm transaction and on the AUM Multiple can be categorised as Level 2 inputs.
- Level 3 inputs – They are unobservable inputs for the asset or liability. Unobservable inputs shall be used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. The DCF approach is categorised as a Level 3 inputs by AASB13.

## 8.2 Key terms of the Facilitation Agreement

MAFML2 and the Manager have entered into the Facilitation Agreement to novate the IMA. We have summarised below the key terms:

- MAFML2 will pay a fee of A\$8 million for the novation of the IMA and for the Manager to waive its entitlement to an early termination payment under the IMA conditional on the Trust Scheme being implemented.
- The Manager agrees to provide certain services to MAFML2 in order to ensure a smooth transition of the management of VTH.
- The Manager agrees to procure reasonable access to the Properties and key Primewest management personnel and promptly respond to queries in relation to Vitalharvest and the Portfolio.
- Take all reasonable actions to assist MAFML2 in connection with it and its nominee' appointment as the responsible entity or trustee of Vitalharvest
- Procure the retirement of the directors of each subsidiary of VTH on or before the implementation of the Trust Scheme and take all reasonable actions to assist MAFLM2 to appoint those persons nominated by MAFLM2 to the boards of the subsidiaries.
- Transfer to MAFLM2 all know-how, books, records and all operational and financial information (e.g. board papers, financial reports, tax reports, etc.) relating to VTH and its portfolio. In addition, it is required to assist in preparing historical financial reports covering the period up until completion of the Proposed Transaction.
- Assist MAFLM2 in obtaining third party consents in relation to VTH and its portfolio.
- Assist MAFLM2 in facilitating repayment of VTH's debt facilities and release of securities granted by VTH, including, if requested, the novation of interest rate swap transactions to MAFLM2 financiers.
- The Facilitation Agreement is subject to the following conditions precedent:
  - The Trust Scheme is implemented.



- At least 50% of the Unitholders not associated with the Manager present and voting at the Trust Scheme Unitholders meeting vote in favour of the Trust Scheme after disclosure that the fee under the Facilitation Agreement will be payable if the condition is satisfied.

### 8.3 Arms' length assessment

As discussed in Section 2, as part of our procedures, we have considered whether or not the Facilitation Agreement was negotiated on arm's length. If the Facilitation Agreement was not negotiated at arms' length, it may be an indication that a net benefit was provided to Primewest, although the fact that we concluded that it was an arms' length negotiation, in itself, does not imply that there is no net benefit provided to Primewest.

In analysing whether or not the Facilitation Agreement was negotiated at arms' length, we have considered the following qualitative factors.

#### *Relationship between Primewest and MAFLM2*

- Primewest is an ASX-listed Australian property fund manager with over A\$4.9 billion in AUM across Australia and the west coast of the USA.
- MAFLM2 is the Trustee of the M2 Acquisition Trust, which was established for the purpose of acquiring VTH. MAFLM2 is part of the Macquarie Group but the M2 Acquisition Trust is not.
- No pre-existing relationship between MAFLM2 and Primewest existed before the Facilitation Agreement was agreed.
- Beyond the life and scope of the Facilitation Agreement, MAFLM2 and Primewest do not have any other relationship / agreement nor a present intention or foreseeable benefit to working together.

#### *The negotiation process undertaken*

- Based on information received from Primewest and MAFLM2, we understand that the parties have negotiated terms and conditions of the Facilitation Agreement mainly via their legal representative. The agreed price of A\$8 million was the outcome of a mutual compromise between the initial request of the Manager and the offer of MAFLM2. We note that both parties have their own legal and financial advisors.
- We have also been advised that:
  - MAFLM2 has undertaken detailed due diligence in relation to VTH's assets.
  - Primewest Group Limited and MAFLM2 were only concerned to achieve the best available commercial outcome for themselves in all circumstances. It is common for MAFLM2 and consistent with its business model and strategy to seek to assume sole management of assets which it integrates into its existing platform.

#### *Rationale for novating the Management Agreement*



- MAFLM2 and its advisers formed the view that the IMA could not be terminated without engagement and agreement with Primewest.
- MAFLM2 advised that given Primewest’s role as the expert sole operator of the assets, there was recognition that assistance was necessary to execute a smooth transition of operations in the interests of MAFCA’s diligence and protecting MAFCA’s unitholders.
- It is common for MAFML2 and consistent with its business model and strategy to novate the IMA given it will be able to achieve cost savings by integrating into its existing platform.
- Novation of the Management Agreement will reduce administration and create efficiencies for MAFLM2.
- It is common practice for large entities such as MIRA to internalise the management functions when acquiring funds such as Vitalharvest.

*Conclusion on the arm’s length assessment*

Based on the information provided by MAFLM2 and Primewest, we have concluded that the Parties were dealing at arms’ length in the negotiation of the Facilitation Agreement although this, in itself, does not imply that there is no net benefit provided to Primewest.

**8.4 Quantitative analysis**

We have also undertaken a quantitative analysis of the price paid of A\$8 million for the Facilitation Agreement by considering whether or not the consideration payable to Primewest is supported by market evidence. We have set out below the AUM multiple implied in the Facilitation Agreement having regard to the high and low valuation of the Properties assessed by Colliers as at 1 December 2020. AUM Multiple is a commonly adopted valuation methodology to value funds managers or specific IMA and it expresses the enterprise value as a percentage of the AUM. This calculated multiple percentage reflects (among others) the value of the management platform, growth opportunities, the terms of the IMAs, the profitability of the manager/IMA, any performance fees payable, the risks of the IMAs being terminated and the level of entrenchment of the asset managers.

Summary - Implied AUM Multiple (\$)	Section Reference	Low High	
		Facilitation Agreement consideration	8,000,000
Properties valuation range assessed by Colliers (Average Scenarios 1 and 2)	Appendix E	295,500,000	320,500,000
<b>AUM Multiple (%)</b>		<b>2.71%</b>	<b>2.50%</b>

Source: Facilitation Deed, GTCF analysis

In order to assess whether or not the price agreed provide Primewest with any net benefits, we have considered the following:

- The advantages and disadvantages flowing to Primewest as a result of entering into the Facilitation Agreement.
- Whether or not the price agreed is consistent with recent comparable transactions.



#### 8.4.1 Advantages and disadvantages flowing to and from Primewest

Primewest is listed on the ASX and on or around the date of this report, it had a market capitalisation of approximately A\$515 million and an enterprise value of circa A\$475 million. Primewest has approximately A\$4.9 billion of AUM consisting of assets in office, retail and large format retail, industrial and agriculture (i.e., VTH). Primewest also has two active mandates focused on office and non-discretionary retail. Primewest is trading at a multiple of AUM<sup>60</sup> of circa 9%<sup>61</sup>.

We are of the opinion that there are no net benefits flowing to Primewest as a result of entering into the Facilitation Agreement due to the following:

- The AUM Multiple implied in the Facilitation Agreement is at a material discount to the AUM Multiple that Primewest is trading at and therefore value dilutive and not beneficial to Primewest.
- Six months ago, Primewest acquired the management rights of VTH from goFarm Asset Management in an arms' length transaction for A\$10 million. The consideration agreed with MAFLM2 is at a discount to the purchase price of the IMA even if no material changes in the underlying business can be identified since the acquisition. We are of the opinion that the goFarm transaction is the best evidence of value for the IMA given that it is the price agreed between a knowledgeable, willing but not anxious buyer (Primewest) and a knowledgeable, willing but not anxious seller (goFarm) acting at arm's length for the same asset.
- If the Proposed Transaction completes, Primewest is entitled to terminate the IMA (this right is not available to the Trust or unitholders before the end of the initial term) and receive an early termination payment of circa A\$4.5 million. The Facilitation Agreement provides a superior outcome for Primewest.
- Primewest is required to provide some transition services to MAFLM2 and as a result it will incur some margin additional costs, which have not been considered for the purpose of our analysis.

#### 8.4.2 Comparable transactions

As discussed above, we have also compared the AUM Multiple implied in the Facilitation Agreement with the AUM Multiples of the relevant guideline transactions as set out below:

<sup>60</sup> Representing the ratio of consideration paid / to be paid compared to the value of the asset under management

<sup>61</sup> Calculated having regard to the share price of A\$1.30 and A\$4.9 billion FUM after deducting from the enterprise value the assessed value of direct investments and net cash after the capital raising.



Summary of recent transactions and Internalisation Transactions					
Date	Target	Acquirer	EV (\$m)	AUM (\$m)	EV/AUM (%)
<b>Tier 1: Internalisation Transactions</b>					
Sep-20	Eildon Funds Management Limited	Eildon Capital Group	4	205	2.0%
Sep-19	Garda Capital Group	Garda Diversified Property Fund	40	333	9.7%
Aug-18	Aventus Capital Limited	Aventus Retail Property Fund	143	2,000	7.2%
Nov-14	Arena Investment Management	Arena REIT	12	411	2.8%
Dec-13	Commwealth Investment Management	CFS Retail Property Trust	460	13,900	3.3%
Oct-13	GDI	GDI Property Group	32	742	4.3%
Jul-13	Kiwi Income Property Pty Ltd	Kiwi Income Property Trust	62	1,809	3.5%
Aug-11	Centro Services Business	Centro Retail Group	251	6,975	3.6%
Aug-11	Centro Services Business	Centro Retail Group	251	6,975	3.6%
<b>Average</b>					<b>4.4%</b>
<b>Median</b>					<b>3.6%</b>

Source: S&P Capital IQ, GTCF analysis

The large basket of transactions included in the table above is due to consolidation trends in the market wherein asset managers are internalised owing to perceived conflicts of interest and large variable expenses such as performance fees. Further, some of the institutional investors are unable to invest in standalone fund management entities and, therefore, tend to prefer internalised fund management functions in order to gain exposure to these businesses. Whilst the Facilitation Agreement does not explicitly deal with internalisation of existing management functions of Primewest, MIRA has an internalised structure and accordingly the price agreed to pay for the IMA is comparable with previous internalisation transactions, even if with some differences to be noted.

Generally, the transaction metrics are impacted by several factors which can be broadly classified into three categories:

- Level of entrenchment such as tenure of the management agreement, the mechanism of appointing an alternative responsible entity and the ability of the responsible entity and its associates to control resolutions of unit holders. Higher levels of entrenchment tend to make the removal of the asset manager more difficult, which may result in larger multiples being realised.
- Transaction metrics such as size of EV compared to AUM. All else being equal, a larger AUM and larger EV will result in higher EV/AUM %. The ratio of EV to AUM provides an indication on how the AUM is creating value for a company and this is largely dependent on the efficient operations of the manager.
- Other qualitative factors such as the reputation of management team, historical returns generated and depth of services.

In our assessment, we have mainly relied on the three smaller transaction in terms of AUM as we consider them more comparable with the Facilitation Agreement and we have briefly discussed them below.

- *Eildon Funds Management (“EFM”)* – EFM was an alternate real estate investment management firm that invests equity and debt across the entire property spectrum and it was wholly owned by CVC Limited. The IMA included a termination fee of 12 times the monthly Management fee but the trust can



terminate the IMA by passing a special resolution of its shareholders. However, CVC was the owner of the manager and the largest shareholder of Eildon Capital, accordingly we consider it deeply entrenched in the IMA.

- *Garda Capital Group ("GCG")* – GCM was a real estate investment and funds management business which was the responsible entity of GARDA Diversified Property Fund ("GDF") whose existing property portfolio was valued c. A\$404 million<sup>62</sup> comprising both completed and under construction projects for a total of 17 investment properties. Whilst this transaction is comparable in terms of AUM, Garda was an active assets manager with significant development opportunities and growth prospects. In addition, the manager was yielding an above market return on the AUM and it was deeply entrenched.
- *Arena Internalisation* – Arena REIT held a property portfolio of childcare centers with an aggregated carrying value of A\$411 million and was externally managed by Arena Investment Management Limited ("AIML"). The role of the responsible entity of the Arena REIT was governed by the provisions of the Corporations Act 2001 (Cth) relating to the retirement and removal of responsible entities for listed managed investment schemes, implying that the manager had an indefinite tenure unless it retired or was removed. Further, disposal and performance fees of c. up to \$7.5 million<sup>63</sup> would have been payable to the manager had the Arena REIT been merged or dissolved. The responsible entity's removal or retirement could be effected by an ordinary resolution of security holders of the Arena REIT trust. However, the owner of the manager, through various other related funds, was the largest shareholder holding 12.74% interest in the Arena REIT and the balance were held by various other shareholders. In our opinion, this level of entrenchment is not dissimilar to the observed level of entrenchment in the Manager.

In relation to the IMA, the Manager cannot be removed during the initial period but after that the Manager can be removed by ordinary resolution. We consider the level of entrenchment of Primewest as manager of VTH to be relatively high due to the following:

- Primewest Property Group holds a 19.87% interest in VTH and, accordingly, is in a position to exert influence in any decision to potentially remove the Manager from its current role.
- The IMA between the Manager and VTH RE has specified a term of 10 years from the date of listing of VTH with a five-year extension upon approval of the unitholders.
- In relation to the early termination, the Manager and not the RE or the unitholders has the right, triggered by a change of control or delisting, to terminate the IMA and claim the early termination fee. If Primewest wishes to continue as Manager, at least for the initial term, it can choose not to exercise its termination right.
- If the Manager is removed/replaced, the unitholders may face significant risks in relation to frequent turnover of Manager. Six months ago, Primewest took over the management agreement from goFarm and we understand Primewest is still in the process of fully transitioning to its role. Removal/replacement of Primewest may potentially raise issues on stability of VTH.

<sup>62</sup> Pro-forma FUM as at the announcement of the internalisation

<sup>63</sup> Based on the Independent Expert's Report published in relation to the Arena Internalisation.





## 9 Sources of information, disclaimer and consents

### 9.1 Sources of information

In preparing this report Grant Thornton Corporate Finance has used various sources of information, including:

- Scheme Implementation Deed
- Draft Scheme Booklet
- Annual reports/ consolidated accounts of VTH for FY19 and FY20.
- FY20 budget pack and minutes of Board meetings
- FY21 budget and related information
- Press releases and announcements by VTH, Primewest and CGC to the ASX.
- Management accounts
- Management and board reports for the last 6 months before the announcement of the Scheme
- S&P Global
- IBISWorld reports
- Other publicly available information.

In preparing this Report, Grant Thornton Corporate Finance has also held discussions with, and obtained information from, Management of VTH and its advisers.

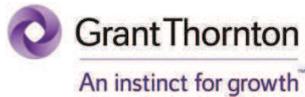
### 9.2 Limitations and reliance on information

This Report and opinion is based on economic, market and other conditions prevailing at the date of this Report. Such conditions can change significantly over relatively short periods of time.

Grant Thornton Corporate Finance has prepared this Report on the basis of financial and other information provided by the Trust, and publicly available information. Grant Thornton Corporate Finance has considered and relied upon this information. Grant Thornton Corporate Finance has no reason to believe that any information supplied was false or that any material information has been withheld. Grant Thornton Corporate Finance has evaluated the information provided by the Trust through inquiry, analysis and review, and nothing has come to our attention to indicate the information provided was materially misstated or would not afford reasonable grounds upon which to base our Report. Nothing in this Report should be taken to imply that Grant Thornton Corporate Finance has audited any information supplied to us, or has in any way carried out an audit on the books of accounts or other records of the Trust.

This Report has been prepared to assist the Directors of VTH in advising the Trust's Unitholders in relation to the Proposed Transaction. This Report should not be used for any other purpose. In particular, it is not intended that this Report should be used for any purpose other than as an expression of Grant Thornton Corporate Finance's opinion as to whether the Proposed Transaction is in the best interest of the Trust's Unitholders.

VTH has indemnified Grant Thornton Corporate Finance, its affiliated companies and their respective officers and employees, who may be involved in or in any way associated with the performance of services



contemplated by our engagement letter, against any and all losses, claims, damages and liabilities arising out of or related to the performance of those services whether by reason of their negligence or otherwise, excepting gross negligence and wilful misconduct, and which arise from reliance on information provided by the Trust, which the Trust knew or should have known to be false and/or reliance on information, which was material information the Trust had in its possession and which the Trust knew or should have known to be material and which did not provide to Grant Thornton Corporate Finance. The Trust will reimburse any indemnified party for all expenses (including without limitation, legal expenses) on a full indemnity basis as they are incurred.

### 9.3 Consents

Grant Thornton Corporate Finance consents to the issuing of this Report in the form and context in which it is included in the Scheme Booklet to be sent to the Trust's Unitholders. Neither the whole nor part of this Report nor any reference thereto may be included in or with or attached to any other document, resolution, letter or statement without the prior written consent of Grant Thornton Corporate Finance as to the form and context in which it appears.



## Appendix A – Valuation methodologies

### Capitalisation of future maintainable earnings

The capitalisation of future maintainable earnings multiplied by appropriate earnings multiple is a suitable valuation method for businesses that are expected to trade profitably into the foreseeable future.

Maintainable earnings are the assessed sustainable profits that can be derived by a company's business and excludes any abnormal or "one off" profits or losses.

This approach involves a review of the multiples at which units in listed companies in the same industry sector trade on the share market. These multiples give an indication of the price payable by portfolio investors for the acquisition of a parcel shareholding in the company.

### Discounted future cash flows

An analysis of the net present value of forecast cash flows or DCF is a valuation technique based on the premise that the value of the business is the present value of its future cash flows. This technique is particularly suited to a business with a finite life. In applying this method, the expected level of future cash flows are discounted by an appropriate discount rate based on the weighted average cost of capital. The cost of equity capital, being a component of the WACC, is estimated using the Capital Asset Pricing Model.

Predicting future cash flows is a complex exercise requiring assumptions as to the future direction of the company, growth rates, operating and capital expenditure and numerous other factors. An application of this method generally requires cash flow forecasts for a minimum of five years.

### Orderly realisation of assets

The amount that would be distributed to Unitholders on an orderly realisation of assets is based on the assumption that a company is liquidated with the funds realised from the sale of its assets, after payment of all liabilities, including realisation costs and taxation charges that arise, being distributed to Unitholders.

### Market value of quoted securities

Market value is the price per issued share as quoted on the ASX or other recognised securities exchange. The share market price would, prima facie, constitute the market value of the units of a publicly traded company, although such market price usually reflects the price paid for a minority holding or small parcel of units, and does not reflect the market value offering control to the acquirer.

### Comparable market transactions

The comparable transactions method is the value of similar assets established through comparative transactions to which is added the realisable value of surplus assets. The comparable transactions method uses similar or comparative transactions to establish a value for the current transaction.

Comparable transactions methodology involves applying multiples extracted from the market transaction price of similar assets to the equivalent assets and earnings of the company. The risk attached to this valuation methodology is that in many cases, the relevant transactions contain features that are unique to that transaction and it is often difficult to establish sufficient detail of all the material factors that contributed to the transaction price.



## Appendix B – Comparable companies

Company	Description
Vitalharvest Freehold Trust	Vitalharvest owns the largest aggregation 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. Vitalharvest is an agricultural real estate investment trust managed by goFARM Asset Management (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.
Rural Funds Group	Rural Funds Group is an agricultural Real Estate Investment Trust (REIT) listed on the ASX under the code RFF. RFF owns a diversified portfolio of Australian agricultural assets which are leased predominantly to corporate agricultural operators. RFF targets distribution growth of 4% per annum by owning and improving farms that are leased to good counterparties.
Elanor Retail Property Fund	Elanor Retail Property Fund (ASX:ERF) is an externally managed listed real estate investment fund investing in Australian retail property. The fund invests in high investment quality, non-discretionary retail based neighborhood and sub-regional shopping centers. The strategy of Elanor Retail Property Fund is to acquire assets that provide strong income and capital growth potential. The Elanor Retail Property Fund's management team has proven experience in identifying and managing high investment value retail property assets.
Blackwall Property Trust	Blackwall Property Trust is a real estate investment trust externally managed by BlackWall Fund Services Limited. It invests in the real estate markets across Australia. It primarily invests in the industrial, retail and commercial Australian properties, and unlisted property securities. Blackwall Property Trust is based in Australia.
Aspen Group	Formed in 2001, Aspen Group is an ASX listed property group strategically focused on providing "value for money" accommodation. The accommodation sector is considered to have positive long term structural characteristics, with an enduring customer need and effective capital utilisation. Aspen has been a leading owner and manager of holiday and accommodation parks since 2004. Aspen currently owns 9 holiday and accommodation parks across Australia. An active acquisition programme is underway to expand the portfolio within the "value for money" accommodation sector.
APN Property Group Limited	APN Property Group Limited operates as a real estate investment fund manager in Australia and internationally. It operates through Real Estate Securities Funds, Industrial Real Estate Fund, Direct Real Estate Funds, and Investment Revenue segments. The company manages open ended properties securities funds, listed property trusts, fixed term Australian funds, and wholesale funds. It manages direct property and listed funds, and managed investment schemes. The company provides its products to institutional and retail investors directly, as well as through independent financial planner networks and financial institutions. APN Property Group Limited was founded in 1996 and is headquartered in Melbourne, Australia.
Australian Unity Office Fund	AOF is an ASX-listed REIT that wholly owns a diversified portfolio of nine office properties located across Australian metropolitan and CBD markets in Sydney, Adelaide, Melbourne, Brisbane and Canberra.
Arena REIT	Arena REIT is an ASX300 listed property group that owns, manages and develops social infrastructure properties across Australia. Our current portfolio of social infrastructure properties is leased to a diversified tenant base in the growing early learning and healthcare sectors.
Abacus Property Group	Abacus Property Group (ASX:ABP), is a diversified Australian REIT with an investment portfolio concentrated in the Office and Self Storage sectors. We invest capital in real estate opportunities to deliver superior long term returns and maximise securityholder value. Abacus is a strong asset backed, annuity style business model where capital is directed towards assets that provide potential for enhanced income growth and ultimately create value. Our people, market insight and repositioning capability together with strategic partnering are the key enablers of our strategy. Located in a single corporate office in Sydney, Australia, Abacus is listed on the Australian Stock Exchange and is included in the S&P/ASX 200 index. Abacus is comprised of Abacus Group Holdings Limited (the nominated parent entity), Abacus Group Projects Limited and Abacus Storage Operations Limited, Abacus Trust, Abacus Income Trust and Abacus Storage Property Trust. The shares and units in these entities are stapled together and trade as one security in ABP.
Stockland	Stockland (ASX:SGP) was founded in 1952 and has grown to become one of Australia's largest diversified property groups – owning, developing and managing a large portfolio of shopping centres, residential communities, workplace and logistic assets and retirement living villages. Stockland is consistently rated as one of the most sustainable real estate companies in the world by the Dow Jones Sustainability World Index (DJSI). Stockland is also an Employer of Choice for Gender Equality, as recognised by the Workplace Gender Equality Agency.
Mirvac Group	Mirvac is an Australian property group with a clearly defined purpose to reimagine urban life. By creating beautiful homes, inspiring workplace precincts and thriving shopping centres, we aim to make a positive contribution to our cities and communities. Mirvac was founded in 1972, which means we've been shaping Australia's urban landscape for almost fifty years. Of course, we've evolved a lot over that time – growing from a small joint venture to become a thriving ASX-listed property group that leads the way in innovation, sustainability and placemaking. Renowned for the quality of our products, we've created some of Australia's most iconic places and precincts, from thriving masterplanned communities, to landmark offices including our own headquarters at EY Centre, 200 George Street, Sydney. At the heart of every project there exists a deep commitment to our customers and communities.



Company	Description
Centuria Office REIT	COF is Australia's largest ASX listed pure play office REIT and is included in the S&P/ASX300 Index. COF owns a portfolio of high quality assets situated in core office markets throughout Australia. COF is overseen by a hands-on, active manager and provides investors with income and the opportunity for capital growth from a pure play portfolio of high-quality Australian office assets. Centuria Property Funds Limited (CPFL) is the Responsible Entity for the ASX listed Centuria Office REIT (COF). CPFL, is a wholly owned subsidiary of Centuria Capital Group (CNI). CNI is an ASX-listed specialist investment manager with \$9.4 billion <sup>13</sup> in total assets under management and offers a range of investment opportunities including listed and unlisted property funds as well as tax-effective investment bonds.
BWP Trust	Established and listed on the Australian Securities Exchange ("ASX") in 1998 (see prospectus), BWP Trust ("BWP" or "the Trust") is a real estate investment trust investing in and managing commercial properties throughout Australia. The majority of the Trust's properties are large format retailing properties, in particular, Bunnings Warehouses, leased to Bunnings Group Limited ("Bunnings"). Bunnings is the leading retailer of home improvement and outdoor living products in Australia and New Zealand, and a major supplier to project builders, commercial trades people, and the housing industry. Full details on the Trust's property portfolio can be found in the Our Properties section of this website. The Trust is managed by an external responsible entity, BWP Management Limited ("the responsible entity") which is appointed under the Trust's constitution and operates under an Australian Financial Services Licence. The responsible entity is committed to managing the Trust solely and is paid an annual fee based on the gross assets of the Trust. Both Bunnings and the responsible entity are wholly-owned subsidiaries of Wesfarmers Limited ("Wesfarmers"), one of Australia's largest listed companies. Wesfarmers also owns approximately 24.75 per cent of the issued units in the Trust.
Charter Hall Social Infrastructure REIT	Charter Hall Social Infrastructure REIT is the largest Australian ASX-listed real estate investment trust (A-REIT) that invests in social infrastructure properties. Charter Hall Social Infrastructure REIT is managed by Charter Hall Group (ASX:CHC). With over 29 years' experience in property investment and funds management, we're one of Australia's leading fully integrated property groups. We use our property expertise to access, deploy, manage and invest equity across our core sectors – office, retail, industrial and social infrastructure. Operating with prudence, Charter Hall as manager of CQE, has carefully curated a \$40 billion plus diverse portfolio of over 1,100 high quality, long leased properties. Partnership and financial discipline are at the heart of our approach. Acting in the best interest of customers and communities, we combine insight and inventiveness to unlock hidden value. Taking a long term view, our \$7.3 billion development pipeline delivers sustainable, technologically enabled projects for our customers. The impacts of what we do are far-reaching. From helping businesses succeed by supporting their evolving workplace needs, to providing investors with superior returns for a better retirement, we're powered by the drive to go further.
Charter Hall Long WALE REIT	Charter Hall Long WALE REIT is an Australian Real Estate Investment Trust (REIT) listed on the ASX and investing in high quality Australasian real estate assets that are predominantly leased to corporate and government tenants on long term leases. Charter Hall Long WALE REIT is managed by Charter Hall Group (ASX:CHC). With over 29 years' experience in property investment and funds management, we're one of Australia's leading fully integrated property groups. We use our property expertise to access, deploy, manage and invest equity across our core sectors – office, retail, industrial and social infrastructure. Operating with prudence Charter Hall Group as manager of CLW has carefully curated a \$40 billion diverse portfolio of over 1100 high quality, long leased properties. Partnership and financial discipline are at the heart of our approach. Acting in the best interest of customers and communities, we combine insight and inventiveness to unlock hidden value. Taking a long term view, our \$7.3 billion development pipeline delivers sustainable, technologically enabled projects for our customers. The impacts of what we do are far-reaching. From helping businesses succeed by supporting their evolving workplace needs, to providing investors with superior returns for a better retirement, we're powered by the drive to go further.
Aspen Group	Formed in 2001, Aspen Group is an ASX listed property group strategically focused on providing "value for money" accommodation. The accommodation sector is considered to have positive long term structural characteristics, with an enduring customer need and effective capital utilisation. Aspen has been a leading owner and manager of holiday and accommodation parks since 2004. Aspen currently owns 9 holiday and accommodation parks across Australia. An active acquisition programme is underway to expand the portfolio within the "value for money" accommodation sector.

Source: S&amp;P Capital IQ



### Appendix C – Comparable transaction target company descriptions

Target Company	Description
VIVA Energy REIT	VIVA Energy is now known as Waypoint REIT and it is Australia's largest listed REIT owning solely service station and convenience retail properties with a high quality portfolio of properties across all Australian States and mainland Territories. Waypoint REIT's objective is to maximize the long-term income and capital returns from its ownership of the portfolio for the benefit of all security holders. Waypoint REIT is a stapled entity in which one share in Waypoint REIT Limited (ABN 35 612 986 517) is stapled to one unit in the Waypoint REIT Trust (ARSN 613 146 464).
Investa Office Fund	Investa Office Fund is a real estate investment trust. Its portfolio comprised of over \$4.5 billion of investment grade office buildings and receives rental income from a tenant register comprising predominantly government and blue chip tenants. Investa Office Fund was acquired by Oxford Properties Group in 2018 and changed its name to Oxford Investa Property Partners since then.
Propertylink Group	Propertylink is an A-REIT, listed on the Australian Stock Exchange under the code "PLG". Propertylink is an internally managed real estate group that owns and manages a diversified portfolio of logistics, business park and office properties and is a leading investment and asset management business with A\$1.8 billion of assets under management. Propertylink's integrated, in-house approach to active asset management is aimed at maximising the performance and value of assets under management for our global investors from North America, Europe, the Middle East, Asia and Australia.
Centuria Urban REIT	Centuria Urban REIT is a real estate investment trust externally managed by Centuria Property Funds No. 2 Limited. It invests in the real estate markets of Australia. It invests in urban offices. Centuria Urban REIT is based in Sydney, Australia. Centuria Urban REIT operates as a subsidiary of Centuria Metropolitan REIT.
Brookfield Prime Property Fund	Brookfield Prime Property Fund is a Managed Investment Trust specializing in investments in property assets using a combination of debt and equity financing. The Fund does not intend to actively trade the listed property trust portfolio. It comprises interests in four A-grade office buildings. It seeks to invest in retail and commercial property assets located within the Sydney and Melbourne Central Business Districts.
GPT Metro Office Fund	The GPT Metro Office Fund is an Australian real estate investment trust which offers investors an exposure to a quality portfolio of six A-grade metropolitan and business park office properties located across Sydney, Melbourne and Brisbane. The Fund's portfolio has been independently valued at \$439.3 million.
Aspen Parks Property Fund	Aspen Parks owns a diversified portfolio of 23 park properties across Australia. The Fund may change its portfolio through the acquisition of additional parks, continued development of existing parks within its portfolio and the sale of existing parks, in order to enhance the Fund's income returns and growth potential.

Source: S&P Capital IQ



## Appendix D – Glossary

\$ or A\$	Australian Dollar
1Hxx	The first half (i.e. the period 1 July to 31 December) of the financial year ending 30 June 20xx
3IP	The South Australian River Murray Sustainable Irrigation Industry Improvement Program
AASB 117	Australian Accountings Standards Board 117 – Leases ("AASB117"), the precursor to AASB16.
AASB 16	Australian Accountings Standards Board 16 – Leases
ACCC	Australian Competition and Consumer Commission
APES	Accounting Professional and Ethical Standards
APES225	Accounting Professional and Ethical Standard 225 "Valuation Services"
APRA	Australian Prudential and Regulatory Authority
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
ATF	As Trustee For
ATO	Australian Tax Office
BBSY	Bank Bill Swap Bid Rate
CAGR	Compound annual growth rate
CAM	Costa Asset Management Unit Trust
CAS	Capital Asset Services, a segment of Link Administration
CGC	Costa Group Holdings Limited
Colliers	Colliers International
Corporations Act	Corporations Act 2001
COVID-19	Coronavirus pandemic
CPI	Consumer Price Index
Debt facilities	The borrowings from NAB and Cooperatieve Rabobank U.A
Distribution yield	Distribution paid out per share divided by the price per share
EBITDA	Earnings before interest, tax, depreciation and amortisation
EBITDA multiple	Enterprise Value divided by EBITDA
EBT	Earnings before tax
EV	Enterprise value
FFO	Funds from operations
FME Method	Application of earnings multiples to the estimated future maintainable earnings or cash flows of the entity, added to the estimated realisable value of any surplus assets
FSG	Financial Service Guide
FUA	Funds under administration
AUM	Funds under management
FYxx	12-month financial year ended 30 June 20xx
GAV	Gross asset value
Gearing Ratio	Net Debt over Equity
GT Model	Financial model prepared by GTCF, projecting the post-tax free cash flows of OneVue based on the internal model
GTCF, Grant Thornton, or Grant Thornton Corporate Finance	Grant Thornton Corporate Finance Pty Ltd (ACN 003 265 987)
IER or Report	Independent Expert's Report
Investment Manager	Primewest Agrichain Management Pty Ltd
IPO	Initial public offering
KCW	Kangara Community Water Pty Ltd
KD	Kathleen Drive Pty Ltd



LID	Lease Implementation Deed
MIRA	Macquarie Infrastructure and Real Assets
NAB	National Australian Bank
NAV	Net asset value
Net Assets	Net assets approach
NSW	New South Wales
NTM	Next twelve months
Primewest	Primewest Group Pty Ltd
Property valuation	The independent valuations prepared by Colliers as at 1 December 2020
RBA	Reserve Bank of Australia
RG	Regulatory Guide
RG111	ASIC Regulatory Guide 111 "Contents of expert reports"
RG112	ASIC Regulatory Guide 112 "Independence of experts"
RG60	ASIC Regulatory Guide 60 "Scheme of arrangement"
S&P 500	A stock market index that measures the stock performance of 500 large companies listed on stock exchanges in the United States.
SA	South Australia
Scheme	Scheme of Arrangement whereby Iress will acquire all outstanding shares of OneVue
Scheme Booklet	The Scheme Booklet, including each attachment
TAS	Tasmania
TFOST	Tasmanian Forest Operating Sub Trust
VTH, or Trust	Vitalharvest Freehold Trust
VTH Interim Distribution	Distribution of 2.5c per unit.
VWAP	Volume Weighted Average Price
WACC	Weighted Average Cost of Capital
WALE	Weighted Average Lease Expiry
WALE	Water access licence
Water Companies	Kathleen Drive Pty Ltd ("KD") and Kangara Community Water Pty Ltd ("KCW")



## Appendix E – Colliers Property Valuation Report



# Valuation Report

## Vitalharvest Berry & Citrus Portfolio

The Trust Company RE Services as RE for  
Vitalharvest Freehold Trust

1 December 2020

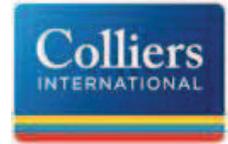
CIVAS Ref: VADEL5914

Independent Expert Report





Vitalharvest Berry & Citrus Portfolio



## Executive Summary



**Enterprise Type:**  
Multi-site Mixed  
Orchard Production



**Plantings:**  
396.97 ha berries  
1,896.18 ha  
citrus/other



**Water Licences:**  
Approximately 14,100  
ML from multiple water  
sources

**ha**

**Total Area:**  
3,744.85 ha

## Valuation Details

### Instructing Party

Andrea de Cian  
Partner – Financial Advisory  
Corporate Finance  
Grant Thornton  
Level 17, 383 Kent Street  
Sydney NSW 2000

### Reliant Party

**Purpose of Report**  
**Interest Valued**  
**Date of Valuation**  
**Date of Inspections**

Grant Thornton

Independent Expert Report Preparation

Fee simple subject to Lease

1 December 2020

2 to 9 December 2020

## Property Overview



The within valuation relates to a suite of citrus and berry orchards geographically spread within three states. The citrus orchards are located in the Renmark district of the South Australian Riverland and cover a titled area of approximately 2,547 hectares of which 1,896 hectares is planted land. The berry farms are located in Tasmania and New South Wales and cover a titled area of 1,198 hectares of which 396.97 hectares is planted land.

The portfolio is the largest aggregation of berry and citrus farms in Australia and is leased to the Costa Group (ASX: CGC), with a 15-year initial term that commenced in 2011. Vitalharvest as land owner receives two rental streams, the first being a base rent, which is calculated as being 8% on historical acquisition price (2011 base) plus capital expenditure contributed by Vitalharvest. Any capital expenditure delivers 8% increase to Base Rent which is advised as being approximately \$10,226,396 as at 31 December 2020. The second income stream is a Variable Rent component equivalent to 25% of the Tenant's Earnings Before Tax (EBT) generated from operations on the properties (production, packing, marketing, royalties).

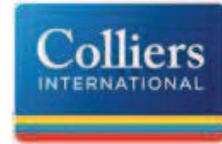
Costa Group holds an option to extend the leases for a further 10-year term from 1 July 2026 (window to exercise option is January 2025 to June 2025). Under the existing lease terms, the rent will be reviewed to 8.0% of the Vacant Possession value which we estimate to currently be in the order of \$310M with variable rent payable in addition.

The Berry Leases are stapled such that the Tenant electing to exercise the option to extend on one property automatically extends the leases on the other properties (including Dunorlan and Grays Rd). The citrus leases are also stapled.

The assets incorporate significant water rights which have been included in the within valuation.



Vitalharvest Berry & Citrus Portfolio



### Valuation Conclusions

<b>Market Value Range</b>	(GST Exclusive)
<b>Lease Scenario 1 – Tenant renegotiates existing lease on a fixed 20 year term basis at a fixed rental amount of A\$20M effective immediately</b>	Value Range is \$296,000,000 to \$322,000,000
<b>Lease Scenario 2 – Current lease structure continues until expiry with rent reset to fixed basis at market rates on renewal</b>	Value Range is \$295,000,000 to \$319,000,000
<b>Lease Scenario 3 - Existing tenant renews in 2026 under existing lease structure but with fixed rent reset to 5.0% Vacant Possession value plus variable rent on renewal</b>	Value Range is \$286,000,000 to \$306,000,000
<b>Vacant Possession Value (unencumbered with lease)</b>	\$310,000,000

### Alternative Rent and Yield Comparisons

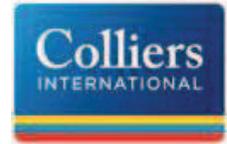
Value Range (Lowest to Highest – Scenarios 1 & 2)	\$295,000,000	\$322,000,000
5 Year Average Rent	\$18,142,482	\$18,142,482
7 Year Average Rent	\$17,694,630	\$17,694,630
Dec 2020 Adopted Rent (current fixed/variable structure)	\$19,149,597	\$19,149,597
Adopted Market Rent (assumed fixed structure)	\$20,000,000	\$20,000,000
5 Year Average Yield	6.15%	5.63%
7 Year Average Yield	6.00%	5.50%
Dec 2020 Adopted Rent (current fixed/variable structure)	6.49%	5.95%
Adopted Market Rent (assumed fixed structure)	6.78%	6.21%

Note: The above valuation ranges under scenarios 1 and 2 should not be used for financial reporting purposes as they do not reflect the current lease terms.

Valuation completed by: Alex Thamm, AAPI MRICS – Head of Agribusiness e: alex.thamm@colliers.com ph.: +61 409 595 415  
 John Harrison, AAPI MRICS – Director e: john.harrison@colliers.com ph.: + 61 404 335 267

NOTE: This Executive Summary must be read in conjunction with the attached report and the details contained therein.

*Liability Limited by a scheme approved under Professional Standards Legislation.*



## Key Assumptions & Important Comments



Our report has been prepared to assist Grant Thornton as Independent Expert appointed to advise the unitholders in the Vitalharvest Freehold Trust with respect to an offer that has been received for the units in the trust.

This report contains the following specific limitations:

- CIVAS (SA) Pty Limited does not extend reliance authority for the valuations to any party beyond Grant Thornton and does not extend reliance authority for the valuations to any third parties which may have or consider having an interest in the Vitalharvest Freehold Trust.
- Furthermore, the valuations have not been prepared for the purpose of assessing the properties from an investment opportunity and anyone reading the valuations must seek their own advice in relation to any investment or divestment decision.
- CIVAS (SA) Pty Limited has not been involved in the preparation of the Independent Expert's report nor have the valuations had regard to the other material contained in that report. Neither CIVAS (SA) Pty Limited nor any of its Directors makes any representation or recommendation in relation to the valuations, nor accepts responsibility for any information or representation made in the Independent Expert's report.



The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on 11 March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries.

Market activity is being impacted in many sectors. As at the valuation date, we consider that we can attach less weight to previous market evidence for comparison purposes to inform opinions of value. Indeed, the ongoing impact of the COVID-19 pandemic means that we are faced with an unprecedented set of circumstances on which to base a judgement.

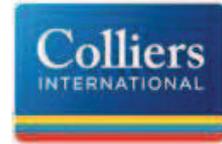
Our valuations are therefore reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global Standards and the API Valuation Protocol – Significant Valuation Uncertainty. Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case.



We assume all information provided by the Investment Manager and other disclosed sources is correct and current.



Due to time constraints in the preparation of this report we have not undertaken current title searches for the within portfolio. We have relied upon information compiled in previous full valuations undertaken in June 2019 (Citrus properties) and December 2019 (Berry properties). We have assumed that there have been no changes to land areas or registrations on titles that would be capable of giving rise to value impacts and caution that our valuation will require amendment should this assumption be found to be incorrect.



Key Assumptions & Important Comments continued...



“Black Swan” events can impact on agricultural markets in an unpredictable manner. Aside from the COVID-19 pandemic, Australia is currently experiencing trade difficulties with China that may negatively impact a number of commodity types including those produced within the horticulture sector. At this point in time we are unable to predict what, if any, impacts there will be on Australian agricultural land or investment values should there be any further exacerbation of the global impacts of COVID-19 and further trade disruptions. Based on current activity it is likely that volatility in global equity markets, depressed oil prices and disruptions in international and domestic travel will continue to be experienced. CIVAS (SA) Pty Limited recognises that the global risk outlook is extremely fluid. For that reason, we recommend the situation be closely monitored and regular valuation updates initiated by the reliant party.



The within portfolio has been assessed as a leased investment under three assumed lease scenarios. These lease scenarios have been adopted based on our discussions with, and instructions from the Independent Expert. They involve assumptions that may or may not materialise as assumed. The scenarios represent our best estimates of the most likely and reasonable pathway that the lease structures and renewal options will follow going forward. Nevertheless, these assumptions should be reconsidered at each relevant milestone.

Of key importance, we have not considered the likelihood of the leases being renewed at expiry under the terms currently provided for in the lease namely a base rent of 8% of asset value plus variable rent. We do not consider this structure to represent a commercially realistic proposition for the tenant and all publicly communicated market signals from the Tenant support this position.

The lease for the Betts property was entered into a year later than the other properties in the portfolio and therefore expires one year later. For the purposes of our lease renewal assumptions (and as a stapled lease), we have assumed that this lease would terminate one year early in order to align with the main portfolio renewal. As a minor property in value terms we regard this as a realistic and likely outcome of any lease renewal negotiations.

As part of our valuation approach we have also undertaken an assessment of the market value of the portfolio on a vacant possession basis, that is assuming that the property is not encumbered by the existing leases.



The properties have been valued inclusive of all water rights as described in this report. In addition, all biological assets (growing plants) are assumed to form part of the real estate including plants located in substrate that may technically be relocatable. All items of irrigation equipment and infrastructure are included in our assessment as are all above ground structures including growing enclosures, trellis and buildings as described in this report. Growing crops, mobile machinery, packing and processing equipment and all other chattels are assumed to be the property of the tenant, as are structures and other items if listed as such in this report or the individual leases.



Key Assumptions & Important Comments continued...

Decorative white chevrons pointing down in the top left corner of the light blue box.

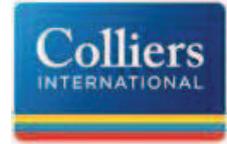
- » We understand that Vitalharvest Limited own land within the Kangara plantation upon which a large packhouse has been erected. This packhouse is understood to be occupied under a long term peppercorn rental by Costa associated entities. Whilst we have not specifically valued this land, it is considered to add no value to the portfolio given the long term peppercorn rental agreement in place.
- » CIVAS (SA) Pty Limited does not extend reliance authority for the valuations to any party beyond Grant Thornton and does not extend reliance authority for the valuations to any third parties which may have or consider having an interest in the Vitalharvest Freehold Trust.  
Furthermore, the valuations have not been prepared for the purpose of assessing the properties from an investment opportunity and anyone reading the valuations must seek their own advice in relation to any investment or divestment decision.
- » CIVAS (SA) Pty Limited has not been involved in the preparation of the Independent Expert's report nor have the valuations had regard to the other material contained in that report. Neither CIVAS (SA) Pty Limited nor any of its Directors makes any representation or recommendation in relation to the valuations, nor accepts responsibility for any information or representation made in the Independent Expert's report.
- » Our valuation will require review and possible amendment should further investigation of any of the above Key Assumptions and Important Comments identify alternative conclusions.

Decorative white chevrons pointing up in the bottom right corner of the light blue box.



# Contents

<b>1</b>	<b>Instructions.....</b>	<b>7</b>		
1.1	Purpose of Valuation.....	7		
1.2	Date of Valuation.....	8		
1.3	Sources of Information.....	8		
1.4	Basis of Valuation.....	9		
<b>2</b>	<b>Brief Portfolio Overview.....</b>	<b>10</b>		
<b>3</b>	<b>Lease Details.....</b>	<b>11</b>		
3.1	Lease Summaries.....	11		
3.2	Lease Expiry Profile and Weighted Lease Duration.....	26		
<b>4</b>	<b>Berry Portfolio Overview.....</b>	<b>27</b>		
4.1	BerryExchange and Betts, Halfway Creek NSW.....	27		
<b>5</b>	<b>Citrus Portfolio Overview.....</b>	<b>67</b>		
5.1	Yandilla Park, Various Site, Renmark District SA.....	67		
5.2	Kangara Orchards, Murtho SA.....	90		
5.3	Solora Orchards, Bookpurnong SA.....	95		
5.4	Solora Packing Shed, Bookpurnong SA.....	101		
<b>6</b>	<b>Water Holdings.....</b>	<b>103</b>		
6.1	BerryExchange and Betts.....	103		
6.2	Tumbarumba – Taradale Blueberry Farm.....	104		
6.3	9 Mile Blueberries.....	105		
6.4	Dunorlan – Brooklyn Berries.....	106		
6.5	Yandilla Park.....	107		
6.6	Kangara Orchards.....	107		
6.7	Solora Orchards.....	108		
<b>7</b>	<b>Annual Net Rental Summary.....</b>	<b>109</b>		
7.1	Rental Apportionment.....	109		
7.2	Existing Lease Structure – Fixed Rental Analysis.....	110		
7.3	Existing Lease Structure – Variable Rental Analysis.....	111		
7.4	Alternative Lease Scenarios.....	113		
<b>8</b>	<b>Market Commentary.....</b>	<b>114</b>		
8.1	Coronavirus (COVID-19) Impact.....	115		
8.2	Berry Market Overview.....	116		
8.3	Citrus Market Overview.....	118		
8.4	Investment Sales Evidence.....	120		
8.5	Market Rental Evidence.....	122		
8.6	Investment Sales Conclusions.....	125		
<b>9</b>	<b>Valuation Methodology.....</b>	<b>129</b>		
9.1	Highest and Best Use.....	129		
9.2	Valuation Calculations – Vacant Possession.....	130		
9.3	Valuation Calculations – Leased Investment Analysis.....	131		
9.4	Discounted Cash Flow Approach (DCF).....	132		
9.5	Valuation Conclusions.....	139		
<b>10</b>	<b>Valuation.....</b>	<b>140</b>		
<b>11</b>	<b>Report Qualifications.....</b>	<b>141</b>		
	<b>Appendix A Schedule of Title Particulars</b>			
	<b>Appendix B Water Licence Details</b>			
	<b>Appendix C Service Agreement</b>			
	<b>Appendix D CIVAS Standard Terms of Business</b>			



# 1 Instructions

## 1.1 Purpose of Valuation

We have received written instructions from Andrea De Cain, Partner – Financial Advisory, Corporate Finance, Grant Thornton dated 15 December 2020, to determine the Market Value **as at 1 December 2020** of the following properties:

### Berry Properties

- Corindi and Bett’s – BerryExchange, Kathleen Drive, 212 Grays Road, Halfway Creek NSW
- Taradale Blueberry Farm, Taradale Road, Tumbarumba NSW (referred to as “Tumbarumba”)
- 9 Mile Blueberries, 315 Zig Zag Road, Sulphur Creek TAS
- Brooklyn Berries, 505 and 535 Dunorlan Road, Dunorlan TAS (referred to as “Dunorlan”)

### Citrus Properties

- Yandilla Park, Renmark and Paringa SA (comprising 5 farm sites)
- Kangara Orchards, Murtho Road, Murtho SA
- Solora Orchards, 803 Bookpurnong Road, Bookpurnong SA
- Solora Packing Shed, 836 Bookpurnong Road, Bookpurnong SA

Reliant Party	Purpose of Valuation
Grant Thornton as an Independent Expert	To assist the Independent Expert Grant Thornton to prepare a report for The Trust Company (RE Services Limited) as it looks to inform investors with an interest in the Vitalharvest Freehold Trust.

We have assumed that the instructions and all subsequently supplied material is a full and frank disclosure of all relevant information.

This valuation has been prepared in accordance with our standard Terms & Conditions as provided to you and appended to this report.

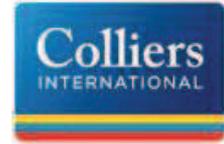
Our valuation has been prepared in accordance with the Australian Property Institute (API) Australia and New Zealand Valuation and Property Standards and the Royal Institution of Chartered Surveyors (RICS) Valuation – Global Standards.

A copy of the Professional Services Agreement (PSA) is attached to the rear of this report.

### Pecuniary Interest

We confirm that the Valuers who have undertaken this valuation:

- are suitably qualified to carry out such valuations and has at least five years appropriate experience;
- have no pecuniary interest that could reasonably be regarded as being capable of affecting that person’s ability to give an unbiased opinion of the value or that could conflict with a proper valuation of the property.



Vitalharvest Berry & Citrus Portfolio

**Conflict of Interest**

For Disclosure purposes, we advise that we have undertaken previous valuations of the within assets for both financial reporting purposes and bank finance purposes. These instructions have been provided by the previous Manager goFARM, as well as Perpetual as Responsible Entity for the Vitalharvest Freehold Trust. We have also provided various pieces of advice to the current Manager Primewest.

We regard none of these tasks as giving rise to any conflict of interest in undertaking this assignment. We confirm that the matter was discussed with both the Independent Expert and the interested party Vitalharvest and from this, those parties agreed that there was no conflict of interest that would prevent the proper completion of this valuation.

**1.2 Date of Valuation**

The date of valuation is the 1 December 2020 based on our instructions and discussion with the Independent Expert. Our inspections of the respective occurred as set out below:

Property	Date Inspected	Valuer
Corindi and Betts, BerryExchange, Halfway Creek NSW	8 December 2020	John Harrison
Taradale Blueberry Farm, Tumbarumba NSW	2 December 2020	John Harrison
9 Mile Blueberries, Sulphur Creek TAS	7 December 2020	John Harrison
Brooklyn Berries, Dunorlan TAS	7 December 2020	John Harrison
Yandilla Park, Renmark and Paringa SA	8 December 2020	Alex Thamm
Kangara Orchards, Murtho SA	8 December 2020	Alex Thamm
Solora Orchards, Bookpurnong SA	9 December 2020	Alex Thamm
Solora Packing Shed, Bookpurnong SA	9 December 2020	Alex Thamm

This valuation represents our opinion as at the date of valuation only. We do not accept any liability for losses arising from any subsequent changes in value.

For the purpose of this valuation, we have assumed that the property and the market have remained unchanged between the date of valuation and the date of issue of this report. We are not aware of, nor have we been notified of any material changes to the properties or the market conditions between the date of valuation and the date of issue of this report.

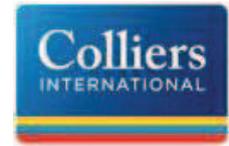
**1.3 Sources of Information**

Our valuation conclusions have been reached after reviewing financial information provided by Manager Primewest, and other details obtained from representatives of the tenant during our inspections. The information reviewed and supplied includes, although is not limited to, the following:

- Orchard and farm plans;
- Dated title searches and planning scheme details (no fresh title searches undertaken);
- Historical and 2020 forecast variable rent payable by the lessee and current base rent as advised by the manager;
- Our onsite recording of property details including land system details, and particulars of items including but not limited to water, infrastructure and buildings;



## Vitalharvest Berry & Citrus Portfolio



- Planting inventory of the portfolio disclosing varieties planted, age and area;
- Water licences
- General discussions on crop yields and management practice details as disclosed by representatives of the lessee during inspection; and
- Other relevant information.

### 1.4 Basis of Valuation

We have assessed the freehold interest of the properties subject to the following lease structures:

1. Market Value on an Encumbered (leased) basis assuming a 20 year fixed lease but otherwise on the same terms;
2. Market Value on an Encumbered (leased) basis assuming the existing lease but with a fixed rent lease structure at renewal; and
3. Market Value on an Encumbered (leased) basis with the existing lease structure.

As a necessary benchmark, we have assessed the market value on an "In Use" basis assuming Vacant Possession. This approach assumes that there are no leases in place and the properties are available for immediate owner occupation.

Under the above scenarios we have provided a valuation range. Our valuation approach considers the assets on a portfolio basis. Included in the amount of this valuation are normal items or infrastructure and equipment essential for the ongoing operation of the orchards and which would reasonably be expected to transfer to a purchaser in the event of sale of the assets, other than where specifically identified as Tenant property. All water rights as described in this report are also included in our assessment, as are all biological assets in substrate. Excluded from the amount of this valuation are items of furniture and furnishings, and tenant's fixtures and fittings as well as all crops.

### Market Value Definition

This valuation has been completed in accordance with the following definitions of Market Value and In Use as defined by the International Valuation Standards Council (IVSC) and endorsed by the API:

---

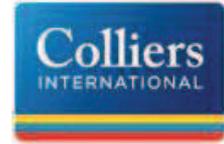
**Market Value**

"Market Value is the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently, and without compulsion."

**In Use**

The 'In Use' value for rural property reflects the market value of the real estate component inclusive of purpose built structural improvements, and fixed essential plant and equipment that form part of the existing operational use. It may also include the value of any water rights that enable the property to operate at the value level. The 'In Use' value is distinct from a 'Going Concern' value assessment which may include non-fixed plant and equipment, and/or business goodwill plus other tangible and intangible assets.

---



## 2 Brief Portfolio Overview

### Location

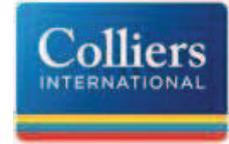
The geographic spread of properties is as indicated below:



Source: GoogleEarthPro

### Land Details

Property	Location	Title Area (ha)	Planted Area (ha)
9 Mile	N Tasmania	102.60	49.02
Dunorlan	N Tasmania	94.01	13.73
Corindi	N NSW	909.87	299.29
Betts	N NSW	20.21	11.47
Tumbarumba	S NSW	70.83	23.46
Subtotal Berries		1,197.52	396.97
Solara (incl pack shed)	Riverland SA	581.99	467.25
Kangara	Riverland SA	962.55	793.12
Yandilla Park	Riverland SA	1,002.79	635.81
Subtotal Citrus		2,547.33	1,896.18
Total Portfolio		3,744.85	2,292.85



### 3 Lease Details

#### 3.1 Lease Summaries

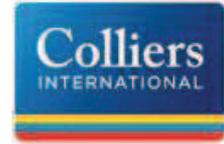
##### BerryExchange, Corindi

We have been provided with an executed copy of the lease which we have synthesised for reporting purposes in the following table:

<b>Status:</b>	Executed and registered Memorandum of Lease AG696236F dated 7 October 2011 is executed. A Memorandum of Extension of Lease dated 10 April 2015. A second Memorandum of Lease dated 4 March 2016. There have also been several variations to lease associated with the addition of neighbouring land.
<b>Titles encumbered by lease</b>	All Folios
<b>Lessor:</b>	Vitalharvest Limited
<b>Lessee:</b>	CostaExchange Ltd
<b>Guarantor:</b>	N/A
<b>Commencement Date</b>	7 October 2011
<b>Term:</b>	15 years together with one option of renewal 10 years. The lease options for all four sites are stapled. In other words, if one lease is renewed this triggers all leases to be renewed.
<b>Expiry Date</b>	30 June 2026
<b>Base Rent:</b>	The rent payable under the lease comprises two main components: (i) fixed rent and (ii) variable rent. The fixed rent was set at 8% of the acquisition costs (Land, water and duties) plus GST but is fixed for the initial term. At the time of preparing this valuation the passing fixed rent was advised as being \$4,839,096 plus GST. Per the lease where the landlord is responsible for funding any development work the rent will increase from the date of each payment by the landlord by an amount determined by the formula $R = Y \times C$ R = rent increase Y = 8% C = funding provided by or expenditure of the landlord in relation to the development works. A level of capital works (\$5,170,000) was written into the lease which is captured in the above figure.
<b>Variable Rent:</b>	The variable rent is payable to the lessor in addition to the fixed rent. Variable rent is calculated as being $VR = [(BX\ EBT) \times 0.25] \times D/366$ Where VE means the Variable Rent, BX EBT means the EBT in a particular financial year of the BerryExchange Division. EBT means the EBIT of the particular enterprise. BX EBT refers to the income (positive and negative) in a particular financial year of the BerryExchange Division EBT refers to EBIT less an amount of imputed interest and before but excluding income generated from Driscoll's and African Blue (but for avoidance of doubt) includes all reimbursement of costs to the BerryExchange Division by each of Driscoll's and African Blue (if any). Schedule 2 of the lease refers to the methodology for calculating the EBT including how the interest is imputed. The parties acknowledge that variable rent calculation is a gross realisation figure across all the leased properties and apportioned on the basis of the proportion of bushes/plants as a percentage. 'Corindi' is 77.0% of the variable rent income for the portfolio. Further discussion around the property's historical variable rent performance is provided in Section 10.4 Variable Rent.
<b>Outgoings:</b>	Payable by the Lessee including land tax. The lease is triple net. The tenant must obtain any additional or temporary water at its own cost to carry out its irrigation obligations.



Vitalharvest Berry & Citrus Portfolio



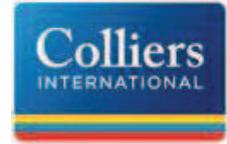
---

<b>Capital Expenditure</b>	<p>Per the lease where the landlord is responsible for funding any development work the rent will increase from the date of each payment by the landlord by an amount determined by the formula</p> $R = Y \times C$ <p>R = rent increase; Y = 8%; C = funding provided by or expenditure of the landlord in relation to the development works</p>
<b>Review</b>	<p>No annual reviews for the base rent. The variable rent fluctuates per the lessee's profitability. The base rent is reset to 8.0% of the land assets valued on a going concern (presumably "In Use") basis as at the Rent Review Date.</p>
<b>Permitted Use:</b>	<p>The tenant must only use the land in accordance with the Lease and Best Horticultural Practice, including: Farm management, harvesting and processing the crop; and Removing and selling or otherwise dealing in the crop and retaining all income from such sale or dealing.</p>
<b>Subleases:</b>	<p>Approval is required from the landlord</p>
<b>Maintenance &amp; Repairs:</b>	<p>The lessee must maintain the Landlord's fixtures in their original condition as of commencement date. The lessee must:</p> <ul style="list-style-type: none"><li>• Undertake all repairs required to be carried out within a reasonable time frame;</li><li>• Use high quality materials specified by the landlord; and</li><li>• Use properly qualified tradesman to carry out all such repairs or such other persons as the landlord may approve.</li></ul> <p>The lease states that parties agree that the annual replacement of bushes under replanting scheme shall be reviewed and amended on each anniversary of the commencement date.</p>
<b>Bushes:</b>	<p>The parties acknowledge that the bushes other than the PBR bushes are and will at all times remain the property of the landlord. The PBR bushes are subject to the terms and conditions of the respective licences to use such PBR's on the land.</p> <p>The tenant shall at its own cost and expense implement a replanting scheme. The tenant is responsible for the replacement of any dead or damaged bushes.</p> <p>At the expiration or termination of the lease if the tenant controls the PBR and the PBR is not subject to any licence agreement or arrangement then the tenant grants to the landlord for \$1 a perpetual and non-exclusive licence to all PBR's that it owns or uses. (Section 13.3)</p>
<b>PBR Bushes:</b>	<p>Bushes that are planted pursuant to PBR remain with the licensor of the PBR.</p>
<b>Right to Purchase</b>	<p>The tenant has the first right of refusal to purchase the land in accordance with Section 21 of the lease.</p>

---



Vitalharvest Berry & Citrus Portfolio

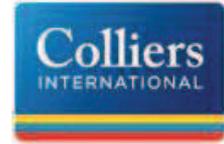


**Betts, Grays Road, Halfway Creek (Corindi)**

<b>Status:</b>	Executed and registered Memorandum of Lease AG696158Y dated 7 October 2011 is executed. A Memorandum of Extension of Lease dated 10 April 2015. A second Memorandum of Lease dated 4 March 2016.
<b>Titles encumbered by lease</b>	43/1091464
<b>Lessor:</b>	Vitalharvest Limited
<b>Lessee:</b>	CostaExchange Ltd
<b>Guarantor:</b>	N/A
<b>Commencement Date</b>	1 September 2011
<b>Term:</b>	15 years together with one option of renewal 10 years. The lease options for all four sites are stapled. In other words, if one lease is renewed this triggers all leases to be renewed.
<b>Expiry Date</b>	30 June 2027
<b>Base Rent:</b>	The rent payable under the lease comprises two main components: (i) fixed rent and (ii) variable rent. The fixed rent was set at 8% of the acquisition costs (Land, water and duties) plus GST but is fixed for the initial term. At the time of preparing this valuation the passing fixed rent was advised as being \$195,936 plus GST.  Per the lease where the landlord is responsible for funding any development work the rent will increase from the date of each payment by the landlord by an amount determined by the formula $R = Y \times C$ R = rent increase Y = 8% C = funding provided by or expenditure of the landlord in relation to the development works. A level of capital works (\$1,420,000) was written into the lease which is captured in the above figure.
<b>Variable Rent:</b>	The variable rent is payable to the lessor in addition to the fixed rent. Variable rent is calculated as being $VR = [(BX\ EBT) \times 0.25] \times D/366$ . Where VE means the Variable Rent, BX EBT means the EBT in a particular financial year of the BerryExchange Division. EBT means the EBIT of the particular enterprise. BX EBT refers to the income (positive and negative) in a particular financial year of the BerryExchange Division EBT refers to EBIT less an amount of imputed interest and before but excluding income generated from Driscoll's and African Blue (but for avoidance of doubt) includes all reimbursement of costs to the BerryExchange Division by each of Driscoll's and African Blue (if any). Schedule 2 of the lease refers to the methodology for calculating the EBT including how the interest is imputed. The parties acknowledge that variable rent calculation is a gross realisation figure across all the leased properties and apportioned on the basis of the proportion of bushes/plants as a percentage. 'Betts is 2.9% of the variable rent income for the portfolio. Further discussion around the property's historical variable rent performance is provided in Section 10.4 Variable Rent.
<b>Outgoings:</b>	Payable by the Lessee including land tax. The lease is triple net. The tenant must obtain any additional or temporary water at its own cost to carry out its irrigation obligations.
<b>Capital Expenditure / New Area works</b>	Per the lease where the landlord is responsible for funding any development work the rent will increase from the date of each payment by the landlord by an amount determined by the formula $R = Y \times C$ R = rent increase; Y = 8%; C = funding provided by or expenditure of the landlord in relation to the development works
<b>Review</b>	No annual reviews for the base rent. The variable rent fluctuates per the lessee's profitability. The base rent is reset to 8.0% of the land assets valued on a going concern (presumably "In Use") basis as at the Rent Review Date.



## Vitalharvest Berry & Citrus Portfolio

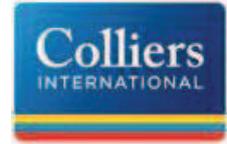


<b>Permitted Use:</b>	The tenant must only use the land in accordance with the Lease and Best Horticultural Practice, including: Farm management, harvesting and processing the crop; and Removing and selling or otherwise dealing in the crop and retaining all income from such sale or dealing.
<b>Subleases:</b>	Approval is required from the landlord.
<b>Maintenance &amp; Repairs:</b>	The lessee must maintain the Landlord's fixtures in their original condition as of commencement date. The lessee must: Undertake all repairs required to be carried out within a reasonable time frame; Use high quality materials specified by the landlord; and Use properly qualified tradesman to carry out all such repairs or such other persons as the landlord may approve. The lease states that parties agree that the annual replacement of bushes under replanting scheme shall be reviewed and amended on each anniversary of the commencement date.
<b>Bushes:</b>	The parties acknowledge that the bushes other than the PBR bushes are and will at all times remain the property of the landlord. The PBR bushes are subject to the terms and conditions of the respective licences to use such PBR's on the land. The tenant shall at its own cost and expense implement a replanting scheme. The tenant is responsible for the replacement of any dead or damaged bushes. At the expiration or termination of the lease if the tenant controls the PBR and the PBR is not subject to any licence agreement or arrangement then the tenant grants to the landlord for \$1 a perpetual and non-exclusive licence to all PBR's that it owns or uses. (Section 13.3)
<b>PBR Bushes:</b>	Bushes that are planted pursuant to PBR remain with the licensor of the PBR.
<b>Right to Purchase</b>	The tenant has the first right of refusal to purchase the land in accordance with Section 21 of the lease.

Please note that this lease was entered into a year later than the other properties in the portfolio and therefore expires one year later. For the purposes of our lease renewal assumptions, we have assumed that this lease would terminate one year early in order to align with the main portfolio renewal. As a minor property in value terms we regard this as a realistic and likely outcome of any lease renewal negotiations.

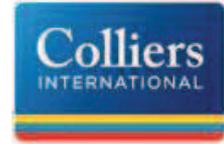


## Vitalharvest Berry &amp; Citrus Portfolio



## Taradale Blueberry Farm, Tumbarumba

<b>Status:</b>	Executed and registered Memorandum of Lease 4983702 dated 7 October 2011 is executed. A Variation of Lease dated 10 April 2014. A Variation of Lease dated 4 March 2016.
<b>Titles encumbered by lease</b>	8/264328, 9/264328, 10/264328, 12/264328, 14/264328, 15/264328 and 19/264328.
<b>Lessor:</b>	Vitalharvest Limited
<b>Lessee:</b>	CostaExchange Ltd
<b>Guarantor:</b>	N/A
<b>Commencement Date</b>	7 October 2011
<b>Term:</b>	15 years together with one option of renewal 10 years. The lease options for all four sites are stapled. In other words, if one lease is renewed this triggers all leases to be renewed.
<b>Expiry Date</b>	30 June 2026
<b>Base Rent:</b>	The rent payable under the lease comprises two main components: (i) fixed rent and (ii) variable rent. The fixed rent was set at 8% of the acquisition costs (Land, water and duties) plus GST but is fixed for the initial term. At the time of preparing this valuation the passing fixed rent was advised as being \$205,093 plus GST. Per the lease where the landlord is responsible for funding any development work the rent will increase from the date of each payment by the landlord by an amount determined by the formula $R = Y \times C$ R = rent increase Y = 8% C = funding provided by or expenditure of the landlord in relation to the development works. A level of capital works (\$120,000) was written into the lease which is captured in the above figure.
<b>Variable Rent:</b>	The variable rent is payable to the lessor in addition to the fixed rent. Variable rent is calculated as being $VR = [(BX \text{ EBT Adjusted}) \times 0.25] \times D/366$ . Where VE means the Variable Rent, BX EBT means the EBT in a particular financial year of the BerryExchange Division. EBT means the EBIT of the particular enterprise. BX EBT refers to the income (positive and negative) in a particular financial year of the BerryExchange Division EBT refers to EBIT less an amount of imputed interest and before but excluding income generated from Driscoll's and African Blue (but for avoidance of doubt) includes all reimbursement of costs to the BerryExchange Division by each of Driscoll's and African Blue (if any). Schedule 2 of the lease refers to the methodology for calculating the EBT including how the interest is imputed. The parties acknowledge that variable rent calculation is a gross realisation figure across all the leased properties and apportioned on the basis of the proportion of bushes/plants as a percentage. 'Tumbarumba' is 5.6% of the variable rent income for the portfolio. Further discussion around the property's historical variable rent performance is provided in <i>Section 11.4 Variable Rent</i> .
<b>Outgoings:</b>	Payable by the Lessee including land tax. The lease is triple net. The tenant must obtain any additional or temporary water at its own cost to carry out its irrigation obligations.
<b>Capital Expenditure / New Area works</b>	Per the lease where the landlord is responsible for funding any development work the rent will increase from the date of each payment by the landlord by an amount determined by the formula $R = Y \times C$ R = rent increase; Y = 8%; C = funding provided by or expenditure of the landlord in relation to the development works
<b>Review</b>	No annual reviews for the base rent. The variable rent fluctuates per the lessee's profitability. The base rent is reset to 8.0% of the land assets valued on a going concern (presumably "In Use") basis as at the Rent Review Date.



Vitalharvest Berry & Citrus Portfolio

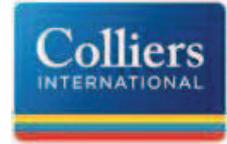
---

<b>Permitted Use:</b>	The tenant must only use the land in accordance with the Lease and Best Horticultural Practice, including: Farm management, harvesting and processing the crop; and Removing and selling or otherwise dealing in the crop and retaining all income from such sale or dealing.
<b>Subleases:</b>	Approval is required from the landlord.
<b>Maintenance &amp; Repairs:</b>	The lessee must maintain the Landlord's fixtures in their original condition as of commencement date. The lessee must: Undertake all repairs required to be carried out within a reasonable time frame; Use high quality materials specified by the landlord; and Use properly qualified tradesman to carry out all such repairs or such other persons as the landlord may approve. The lease states that parties agree that the annual replacement of bushes under replanting scheme shall be reviewed and amended on each anniversary of the commencement date.
<b>Bushes:</b>	The parties acknowledge that the bushes other than the PBR bushes are and will at all times remain the property of the landlord. The PBR bushes are subject to the terms and conditions of the respective licences to use such PBR's on the land. The tenant shall at its own cost and expense implement a replanting scheme. The tenant is responsible for the replacement of any dead or damaged bushes. At the expiration or termination of the lease if the tenant controls the PBR and the PBR is not subject to any licence agreement or arrangement then the tenant grants to the landlord for \$1 a perpetual and non-exclusive licence to all PBR's that it owns or uses. (Section 13.3)
<b>PBR Bushes:</b>	Bushes that are planted pursuant to PBR remain with the licensor of the PBR.
<b>Right to Purchase</b>	The tenant has the first right of refusal to purchase the land in accordance with Section 21 of the lease.

---

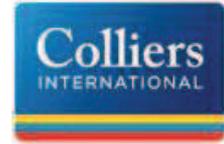


## Vitalharvest Berry &amp; Citrus Portfolio



## 9 Mile Blueberries, Sulphur Creek

<b>Status:</b>	Executed and registered Memorandum of Lease 4983702 dated 7 October 2011 is executed. (unregistered) A Memorandum of Extension of Lease dated 25 March 2011 (unregistered). A second Memorandum of Lease dated 4 March 2016 (unregistered).
<b>Titles encumbered by lease</b>	245068/1, 29047/1, 15374/4 and 61947/1
<b>Lessor:</b>	Vitalharvest Pty Ltd
<b>Lessee:</b>	CostaExchange Ltd
<b>Guarantor:</b>	N/A
<b>Commencement Date</b>	7 October 2011
<b>Term:</b>	14.73 years together with one option of renewal 10 years. The lease options for all four sites are stapled. In other words, if one lease is renewed this triggers all leases to be renewed.
<b>Expiry Date</b>	1 July 2026
<b>Base Rent:</b>	The rent payable under the lease comprises two main components: (i) fixed rent and (ii) variable rent. The fixed rent was set at 8% of the acquisition costs (Land, water and duties) plus GST but is fixed for the initial term. At the time of preparing this valuation the passing fixed rent was advised as being \$820,462 plus GST. Per the lease where the landlord is responsible for funding any development work the rent will increase from the date of each payment by the landlord by an amount determined by the formula $R = Y \times C$ R = rent increase Y = 8% C = funding provided by or expenditure of the landlord in relation to the development works. A level of capital works (\$2,041,764) was written into the lease which is captured in the above figure.
<b>Variable Rent:</b>	The variable rent is payable to the lessor in addition to the fixed rent. Variable rent is calculated as being $VR = [(BX\ EBT) \times 0.25] \times D/366$ . Where VE means the Variable Rent, BX EBT means the EBT in a particular financial year of the BerryExchange Division. EBT means the EBIT of the particular enterprise. BX EBT refers to the income (positive and negative) in a particular financial year of the BerryExchange Division EBT refers to EBIT less an amount of imputed interest and before but excluding income generated from Driscoll's and African Blue (but for avoidance of doubt) includes all reimbursement of costs to the BerryExchange Division by each of Driscoll's and African Blue (if any). Schedule 2 of the lease refers to the methodology for calculating the EBT including how the interest is imputed. The parties acknowledge that variable rent calculation is a gross realisation figure across all the leased properties and apportioned on the basis of the proportion of bushes/plants as a percentage. Nine Mile is 11.9% of the variable rent income for the portfolio. Further discussion around the property's historical variable rent performance is provided in Section 10.4 Variable Rent.
<b>Outgoings:</b>	Payable by the Lessee including land tax. The lease is triple net. The tenant must obtain any additional or temporary water at its own cost to carry out its irrigation obligations.
<b>Capital Expenditure / New Area works</b>	Per the lease where the landlord is responsible for funding any development work the rent will increase from the date of each payment by the landlord by an amount determined by the formula $R = Y \times C$ R = rent increase; Y = 8%; C = funding provided by or expenditure of the landlord in relation to the development works
<b>Review</b>	No annual reviews for the base rent. The variable rent fluctuates per the lessee's profitability. The base rent is reset to 8.0% of the land assets valued on a going concern (presumably "In Use") basis as at the Rent Review Date.



Vitalharvest Berry & Citrus Portfolio

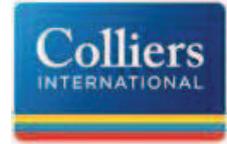
---

<b>Permitted Use:</b>	The tenant must only use the land in accordance with the Lease and Best Horticultural Practice, including: Farm management, harvesting and processing the crop; and Removing and selling or otherwise dealing in the crop and retaining all income from such sale or dealing.
<b>Subleases:</b>	Approval is required from the Landlord.
<b>Maintenance &amp; Repairs:</b>	The lessee must maintain the Landlord's fixtures in their original condition as of commencement date. The lessee must: Undertake all repairs required to be carried out within a reasonable time frame; Use high quality materials specified by the landlord; and Use properly qualified tradesman to carry out all such repairs or such other persons as the landlord may approve. The lease states that parties agree that the annual replacement of bushes under replanting scheme shall be reviewed and amended on each anniversary of the commencement date.
<b>Bushes:</b>	The parties acknowledge that the bushes other than the PBR bushes are and will at all times remain the property of the landlord. The PBR bushes are subject to the terms and conditions of the respective licences to use such PBR's on the land. The tenant shall at its own cost and expense implement a replanting scheme. The tenant is responsible for the replacement of any dead or damaged bushes. At the expiration or termination of the lease if the tenant controls the PBR and the PBR is not subject to any licence agreement or arrangement then the tenant grants to the landlord for \$1 a perpetual and non-exclusive licence to all PBR's that it owns or uses. (Section 13.3)
<b>PBR Bushes:</b>	Bushes that are planted pursuant to PBR remain with the licensor of the PBR.
<b>Right to Purchase</b>	The tenant has the first right of refusal to purchase the land in accordance with Section 21 of the lease.

---

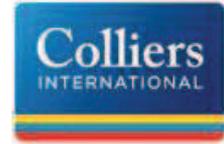


Vitalharvest Berry & Citrus Portfolio



Brooklyn Berries, Dunorlan

<b>Status:</b>	Executed and registered Memorandum of Lease E1573 (lease one) Memorandum of Lease E1573 (lease two) Memorandum of Lease E1575 (lease three)
<b>Titles encumbered by lease</b>	143438/1 and 246831/3
<b>Lessor:</b>	Vitalharvest Limited
<b>Lessee:</b>	CostaExchange Ltd
<b>Guarantor:</b>	N/A
<b>Commencement Date</b>	17 September 2014 (lease one) 1 July 2020 (lease two) 1 July 2026 (lease three)
<b>Terms:</b>	5 years (lease one) 5 years (lease two) 10 years (lease three) In the event that the 10-year option under the remaining Berry Leases (Tumbarumba, Nine Mile and Corindi) is not exercised, the third of three consecutive leases will automatically terminate on its 'commencement date' as defined in that lease, being 1 July 2026.
<b>Expiry Dates:</b>	30 June 2020 (lease one) 30 June 2026 (lease two) 30 June 2036 (lease three)
<b>Base Rent:</b>	The rent payable under the lease comprises two main components: (i) fixed rent and (ii) variable rent. The fixed rent was set at 8% of the acquisition costs (Land, water and duties) plus GST but is fixed for the initial term. At the time of preparing this valuation the passing fixed rent was advised as being \$255,684 plus GST. Per the lease where the landlord is responsible for funding any development work the rent will increase from the date of each payment by the landlord by an amount determined by the formula $R = Y \times C$ R = rent increase Y = 8% C = funding provided by or expenditure of the landlord in relation to the development works. A level of capital works (\$101,240) was written into the lease which is captured in the above figure.
<b>Variable Rent:</b>	The variable rent is payable to the lessor in addition to the fixed rent. Variable rent is calculated as being $VR = [(BX\ EBT) \times 0.25] \times D/366$ . Where VE means the Variable Rent, BX EBT means the EBT in a particular financial year of the BerryExchange Division. EBT means the EBIT of the particular enterprise. BX EBT refers to the income (positive and negative) in a particular financial year of the BerryExchange Division EBT refers to EBIT less an amount of imputed interest and before but excluding income generated from Driscoll's and African Blue (but for avoidance of doubt) includes all reimbursement of costs to the BerryExchange Division by each of Driscoll's and African Blue (if any). Schedule 2 of the lease refers to the methodology for calculating the EBT including how the interest is imputed. The parties acknowledge that variable rent calculation is a gross realisation figure across all the leased properties and apportioned on the basis of the proportion of bushes/plants as a percentage. Nine Mile is 2.6% of the variable rent income for the portfolio. Further discussion around the property's historical variable rent performance is provided in Section 10.4 Variable Rent.
<b>Outgoings:</b>	Payable by the Lessee including land tax. The lease is triple net. The tenant must obtain any additional or temporary water at its own cost to carry out its irrigation obligations.



Vitalharvest Berry & Citrus Portfolio

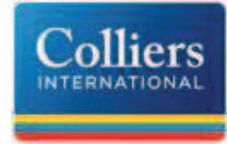
---

<b>Capital Expenditure / New Area works:</b>	<p>Per the lease where the landlord is responsible for funding any development work the rent will increase from the date of each payment by the landlord by an amount determined by the formula</p> $R = Y \times C$ <p>R = rent increase; Y = 8%; C = funding provided by or expenditure of the landlord in relation to the development works</p>
<b>Review</b>	<p>No annual reviews for the base rent. The variable rent fluctuates per the lessee's profitability. The base rent is reset to 8.0% of the land assets valued on a going concern (presumably "In Use") basis as at the Rent Review Date.</p>
<b>Permitted Use:</b>	<p>The tenant must only use the land in accordance with the Lease and Best Horticultural Practice, including: Farm management, harvesting and processing the crop; and Removing and selling or otherwise dealing in the crop and retaining all income from such sale or dealing.</p>
<b>Subleases:</b>	<p>Approval is required from the Landlord.</p>
<b>Maintenance &amp; Repairs:</b>	<p>The lessee must maintain the Landlord's fixtures in their original condition as of commencement date. The lessee must:</p> <ul style="list-style-type: none"><li>Undertake all repairs required to be carried out within a reasonable time frame;</li><li>Use high quality materials specified by the landlord; and</li><li>Use properly qualified tradesman to carry out all such repairs or such other persons as the landlord may approve.</li></ul> <p>The lease states that parties agree that the annual replacement of bushes under replanting scheme shall be reviewed and amended on each anniversary of the commencement date.</p>
<b>Bushes:</b>	<p>The parties acknowledge that the bushes other than the PBR bushes are and will at all times remain the property of the landlord. The PBR bushes are subject to the terms and conditions of the respective licences to use such PBR's on the land.</p> <p>The tenant shall at its own cost and expense implement a replanting scheme. The tenant is responsible for the replacement of any dead or damaged bushes.</p> <p>At the expiration or termination of the lease if the tenant controls the PBR and the PBR is not subject to any licence agreement or arrangement then the tenant grants to the landlord for \$1 a perpetual and non-exclusive licence to all PBR's that it owns or uses. (Section 13.3)</p>

---



Vitalharvest Berry & Citrus Portfolio

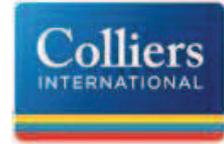


**Yandilla Park, Renmark and Paringa**

<b>Status:</b>	Memorandum of Lease 4983702 dated 25 March 2011 is executed and registered on the title. A Memorandum of Extension of Lease dated 23 April 2013 (registered). A second Memorandum of Lease dated 3 June 2016 (registered).
<b>Titles encumbered by lease</b>	The whole of the land comprised on Certificates of Title Volume 6119 Folios 790, 791, 792, 793, 794, 795, 796, 797, 798, 799, 800, 801, 802, 803, 804, 805, 806, 807, 808, 809, 810, 811, 812, 813, 814, 815, 816, 817, 818, 819, 820, 821, 822, 823, 824, 825, 826, 827, 828, 829, 830, 831, 832, 833, 834, 835
<b>Lessor:</b>	Vitalharvest Limited
<b>Lessee:</b>	AgriExchange Pty Ltd
<b>Guarantor:</b>	CostaExchange Ltd (12 months rent)
<b>Commencement Date</b>	10 August 2011 (Variable Rent commenced 1 July 2011)
<b>Term:</b>	14.89 years together with one option of renewal 10 years.
<b>Expiry Date</b>	30 June 2026
<b>Base Rent:</b>	<p>The rent payable under the lease comprises two main components: (i) fixed rent and (ii) variable rent. The fixed rent was set at 8% of the acquisition costs (Land, water and duties) plus GST but is fixed for the initial term. At the time of preparing this valuation the passing fixed rent was advised as being <b>\$1,729,825 plus GST</b>.</p> <p>Per the lease where the landlord is responsible for funding any development work the rent will increase from the date of each payment by the landlord by an amount determined by the formula</p> $R = Y \times C$ <p>R = rent increase Y = 8% C = funding provided by or expenditure of the landlord in relation to the development works. A level of capital works (\$633,000) was written into the lease which is captured in the above figure.</p>
<b>Variable Rent:</b>	<p>The variable rent is payable to the lessor in addition to the fixed rent. Variable rent is calculated as being 25% x (VM EBT + PS EBT + AX EBT). EBT means the EBIT of the particular enterprise (VM/PS/AX) less an amount of imputed interest and before tax.</p> <p>VM EBT refers to the income (positive and negative) generated from the sale of the tenant's crops <u>or a third parties' fruit</u> plus all trust distributions to any AX group as unitholders of the Vitor Trusts but excludes the proportion of EBT that relates to the marketing of grapes (other than grapes that are grown on the land).</p> <p>PS EBT refers to the income (positive and negative) generated from the packaging of all of the tenant's crops and <u>third parties' fruit</u>.</p> <p>AX EBT refers to income (positive and negative) generated from all activities in the management and sale of the tenant's Crops or any other activities (including without limitation any water trading activities of the Tenant or AXM).</p> <p>Schedule 2 of the lease refers to the methodology for calculating the EBT including how the interest is imputed.</p> <p>The parties acknowledge that variable rent calculation is a gross realisation figure across all the leased properties and apportioned on the basis of the proportion of trees as a percentage. Yandilla Park is 31.4% of the variable rent income for the portfolio.</p> <p>Further discussion around the property's historical variable rent performance is provided in <i>Section 11.4 Variable Rent</i>.</p>
<b>Outgoings:</b>	Payable by the Lessee including land tax. The lease is triple net.
<b>Capital Expenditure</b>	<p>Per the lease where the landlord is responsible for funding any development work the rent will increase from the date of each payment by the landlord by an amount determined by the formula</p> $R = Y \times C$ <p>R = rent increase; Y = 8%; C = funding provided by or expenditure of the landlord in relation to the development works</p>
<b>Review</b>	<p>No annual reviews for the base rent. The variable rent fluctuates per the lessee's profitability.</p> <p>The base rent is reset to 8.0% of the land assets valued on a going concern (presumably "In Use") basis as at the Rent Review Date.</p>
<b>Permitted Use:</b>	The tenant must only use the land in accordance with the Lease and Best Horticultural Practice, including: Harvesting and processing the crop; and Removing and selling or otherwise dealing in the crop and retaining all income from such sale or dealing.
<b>Subleases:</b>	Approval is required from the Landlord.



Vitalharvest Berry & Citrus Portfolio



**Maintenance & Repairs:**

The lessee must maintain the Landlord's fixtures in their original condition as of commencement date.

The lessee must:

Undertake all repairs required to be carried out within a reasonable time frame;

Use high quality materials specified by the landlord; and

Use properly qualified tradesman to carry out all such repairs or such other persons as the landlord may approve.

The lease has replanting provisions which are reviewed on every 5<sup>th</sup> anniversary.

**Trees:**

All trees remain the property of the landlord.

The tenant shall at its own cost and expense implement a replanting scheme.

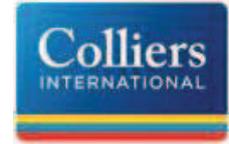
The tenant is responsible for the replacement of any dead or damaged trees.

**Right to Purchase**

The tenant has the right to purchase the land in accordance with Section 21 of the lease.



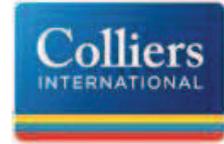
## Vitalharvest Berry &amp; Citrus Portfolio



## Kangara Orchards, Murtho

The following is a summary of the main tenant lease:

<b>Status:</b>	Memorandum of Lease 11864245 dated 25 March 2011 is executed and registered on the title.
<b>Titles encumbered by lease</b>	6183/600, 602 and 603
<b>Lessor:</b>	Vitalharvest Limited
<b>Lessee:</b>	AgriExchange Pty Ltd
<b>Guarantor:</b>	CostaExchange Ltd (12 months' rent)
<b>Commencement Date</b>	10 August 2011 (Variable Rent commenced 1 July 2011)
<b>Term:</b>	14.89 years together with one option of renewal 10 years.
<b>Expiry Date</b>	1 July 2026
<b>Base Rent:</b>	<p>The rent payable under the lease comprises two main components: (i) fixed rent and (ii) variable rent. The fixed rent was set at 8% of the acquisition costs (Land, water and duties) plus GST but is fixed for the initial term. At the time of preparing this valuation the passing fixed rent was advised as being <b>\$417,248 plus GST</b>.</p> <p>Per the lease where the landlord is responsible for funding any development work the rent will increase from the date of each payment by the landlord by an amount determined by the formula</p> $R = Y \times C$ <p>R = rent increase Y = 8% C = funding provided by or expenditure of the landlord in relation to the development works. A level of capital works (\$633,000) was written into the lease which is captured in the above figure.</p>
<b>Variable Rent:</b>	<p>The variable rent is payable to the lessor in addition to the fixed rent. Variable rent is calculated as being 25% x (VM EBT + PS EBT + AX EBT). EBT means the EBIT of the particular enterprise (VM/PS/AX) less an amount of imputed interest and before tax.</p> <p>VM EBT refers to the income (positive and negative) generated from the sale of the tenant's crops <u>or a third parties' fruit</u> plus all trust distributions to any AX group as unitholders of the Vitor Trusts but excludes the proportion of EBT that relates to the marketing of grapes (other than grapes that are grown on the land).</p> <p>PS EBT refers to the income (positive and negative) generated from the packaging of all of the tenant's crops and <u>third parties' fruit</u>.</p> <p>AX EBT refers to income (positive and negative) generated from all activities in the management and sale of the tenant's Crops or any other activities (including without limitation any water trading activities of the Tenant or AXM).</p> <p>Schedule 2 of the lease refers to the methodology for calculating the EBT including how the interest is imputed.</p> <p>The parties acknowledge that variable rent calculation is a gross realisation figure across all the leased properties and apportioned on the basis of the proportion of trees as a percentage. Kangara is 44.7% of the variable rent income for the portfolio.</p> <p>Further discussion around the property's historical variable rent performance is provided in <i>Section 11.4 Variable Rent</i>.</p>
<b>Outgoings:</b>	Payable by the Lessee including land tax. The lease is triple net.
<b>Capital Expenditure</b>	<p>Per the lease where the landlord is responsible for funding any development work the rent will increase from the date of each payment by the landlord by an amount determined by the formula</p> $R = Y \times C$ <p>R = rent increase; Y = 8%; C = funding provided by or expenditure of the landlord in relation to the development works</p>
<b>Review</b>	<p>No annual reviews for the base rent. The variable rent fluctuates per the lessee's profitability.</p> <p>The base rent is reset to 8.0% of the land assets valued on a going concern (presumably "In Use") basis as at the Rent Review Date.</p>
<b>Permitted Use:</b>	<p>The tenant must only use the land in accordance with the Lease and Best Horticultural Practice, including: Harvesting and processing the crop; and Removing and selling or otherwise dealing in the crop and retaining all income from such sale or dealing.</p>
<b>Subleases:</b>	Approval is required from the Landlord.



## Vitalharvest Berry & Citrus Portfolio

### **Maintenance & Repairs:**

The lessee must maintain the Landlord's fixtures in their original condition as of commencement date.

The lessee must:

Undertake all repairs required to be carried out within a reasonable time frame;

Use high quality materials specified by the landlord; and

Use properly qualified tradesman to carry out all such repairs or such other persons as the landlord may approve.

The lease has replanting provisions which are reviewed on every 5<sup>th</sup> anniversary.

### **Trees:**

All trees remain the property of the landlord.

The tenant shall at its own cost and expense implement a replanting scheme.

The tenant is responsible for the replacement of any dead or damaged trees.

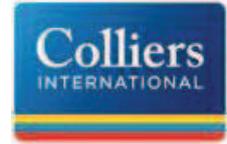
### **Right to Purchase**

The tenant has the right to purchase the land in accordance with Section 21 of the lease.

---



## Vitalharvest Berry &amp; Citrus Portfolio



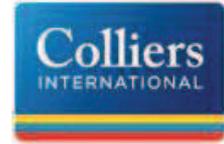
## Solara Orchards, Bookpurnong

The following is a summary of the main tenant lease:

<b>Status:</b>	Memorandum of Lease 4983702 dated 25 March 2011 is executed and registered on the title. A Memorandum of Extension of Lease dated 25 March 2011 (unregistered). A second Memorandum of Lease dated 4 March 2016 (unregistered).
<b>Titles encumbered by lease</b>	6133/851, 6133/852, 6133/853, 6169/713
<b>Lessor:</b>	Vitalharvest Limited
<b>Lessee:</b>	AgriExchange Pty Ltd
<b>Guarantor:</b>	CostaExchange Ltd (12 months' rent)
<b>Commencement Date</b>	10 April 2011 (Variable Rent commenced 1 July 2011)
<b>Term:</b>	15.23 years together with one option of renewal 10 years.
<b>Expiry Date</b>	1 July 2026
<b>Base Rent:</b>	<p>The rent payable under the lease comprises two main components: (i) fixed rent and (ii) variable rent. The fixed rent was set at 8% of the acquisition costs (Land, water and duties) plus GST but is fixed for the initial term. At the time of preparing this valuation the passing fixed rent was advised as being <b>\$1,104,675 plus GST</b>.</p> <p>Per the lease where the landlord is responsible for funding any development work the rent will increase from the date of each payment by the landlord by an amount determined by the formula</p> $R = Y \times C$ <p>R = rent increase Y = 8%</p> <p>C = funding provided by or expenditure of the landlord in relation to the development works. A level of capital works (\$455,000) was written into the lease which is captured in the above figure.</p>
<b>Variable Rent:</b>	<p>The variable rent is payable to the lessor in addition to the fixed rent. Variable rent is calculated as being 25% x (VM EBT + PS EBT + AX EBT). EBT means the EBIT of the particular enterprise (VM/PS/AX) less an amount of imputed interest and before tax.</p> <p>VM EBT refers to the income (positive and negative) generated from the sale of the tenant's crops <u>or a third parties' fruit</u> plus all trust distributions to any AX group as unitholders of the Vitor Trusts but excludes the proportion of EBT that relates to the marketing of grapes (other than grapes that are grown on the land).</p> <p>PS EBT refers to the income (positive and negative) generated from the packaging of all of the tenant's crops and <u>third parties' fruit</u>.</p> <p>AX EBT refers to income (positive and negative) generated from all activities in the management and sale of the tenant's Crops or any other activities (including without limitation any water trading activities of the Tenant or AXM).</p> <p>Schedule 2 of the lease refers to the methodology for calculating the EBT including how the interest is imputed.</p> <p>The parties acknowledge that variable rent calculation is a gross realisation figure across all the leased properties and apportioned on the basis of the proportion of trees as a percentage. Solara is 23.9% of the variable rent income for the portfolio.</p> <p>Further discussion around the property's historical variable rent performance is provided in <i>Section 11.4 Variabel Rent</i>.</p>
<b>Outgoings:</b>	Payable by the Lessee including land tax. The lease is triple net.
<b>Capital Expenditure</b>	<p>Per the lease where the landlord is responsible for funding any development work the rent will increase from the date of each payment by the landlord by an amount determined by the formula</p> $R = Y \times C$ <p>R = rent increase; Y = 8%; C = funding provided by or expenditure of the landlord in relation to the development works</p>
<b>Review</b>	<p>No annual reviews for the base rent. The variable rent fluctuates per the lessee's profitability.</p> <p>The base rent is reset to 8.0% of the land assets valued on a going concern (presumably "In Use") basis as at the Rent Review Date.</p>
<b>Permitted Use:</b>	The tenant must only use the land in accordance with the Lease and Best Horticultural Practice, including: Harvesting and processing the crop; and Removing and selling or otherwise dealing in the crop and retaining all income from such sale or dealing.
<b>Subleases:</b>	Approval is required from the Landlord.



## Vitalharvest Berry & Citrus Portfolio



### **Maintenance & Repairs:**

The lessee must maintain the Landlord's fixtures in their original condition as of commencement date.

The lessee must:

Undertake all repairs required to be carried out within a reasonable time frame;

Use high quality materials specified by the landlord; and

Use properly qualified tradesman to carry out all such repairs or such other persons as the landlord may approve.

The lease has replanting provisions which are reviewed on every 5<sup>th</sup> anniversary.

### **Trees:**

All trees remain the property of the landlord.

The tenant shall at its own cost and expense implement a replanting scheme.

The tenant is responsible for the replacement of any dead or damaged trees.

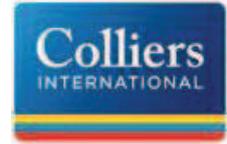
### **Right to Purchase**

The tenant has the right to purchase the land in accordance with Section 21 of the lease.

---

## 3.2 Lease Expiry Profile and Weighted Lease Duration

The Weighted Average Lease Duration for the portfolio is 5.58 years



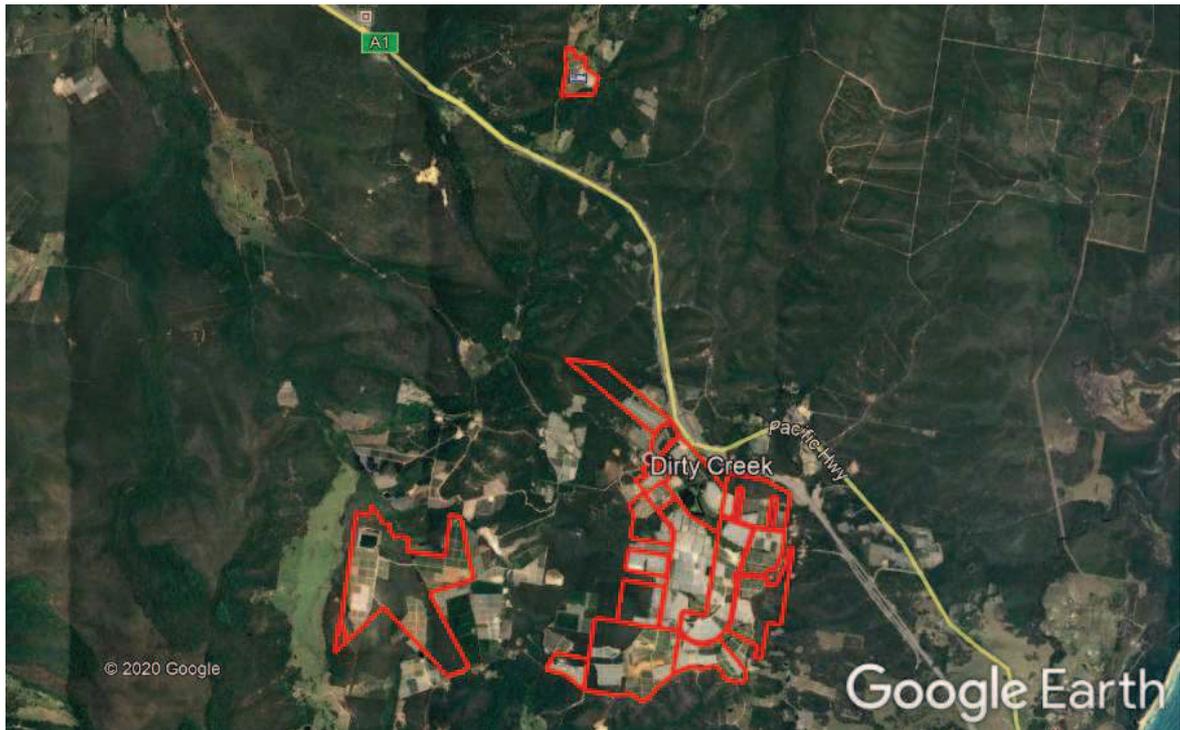
## 4 Berry Portfolio Overview

### 4.1 BerryExchange and Betts, Halfway Creek NSW

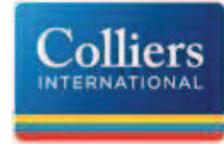
BerryExchange is the main property holding of the Vitalharvest Berry portfolio and is located approximately eight kilometres north west of the settlement of Corindi Beach, approximately 42 kilometres north of the regional centre of Coffs Harbour and approximately 44 kilometres south of the regional centre of Grafton. The property is accessed by series of bitumen and metal surfaced roadways which connect with the main Pacific Highway being a single and dual lane highway connecting towns and cities along the east coast of Australia.

The smaller Betts property is located approximately 10 kilometres north of the BerryExchange holding and is accessed from the Pacific Highway via Grays Road a metal surfaced road of good quality.

A limited range of services are available at Corindi Beach, however, the township of Woolgoolga approximately 18 kilometres south of the subject offers a good range of services and facilities with both Coffs Harbour and Grafton offering a full suite of services.



Source: Google Earth Pro



Vitalharvest Berry & Citrus Portfolio

**Land Break-Up – BerryExchange**

BerryExchange comprises a collection of farms located in the Dirty Creek area. A summary of the berries grown on the sites is provided in the table below:

Blueberries - Soil	122.57	ha approx.	(13.5% of site area)
Blueberries - Substrate	81.11	ha approx.	(8.9% of site area)
Raspberries - Substrate	94.64	ha approx.	(10.4% of site area)
Blackberries - Substrate	0.97	ha approx.	(0.1% of site area)
<i>Subtotal Berry Plantings</i>	<i>299.29</i>	<i>ha approx.</i>	
Plantable Land	176.72	ha approx.	(19.4% of site area)
Support / Other Land	83.86	ha approx.	(9.2% of site area)
Remnant Vegetation	350.00	ha approx.	(38.5% of site area)
<b>Total</b>	<b>909.87</b>	<b>ha approx.</b>	

Please note that our estimates have been prepared without the benefit of a formal survey and should any formal survey be undertaken that discloses a significant variation from the numbers adopted herein then we reserve the right to review this valuation.

It is our understanding that the above areas exclude the R&D poly tunnels and production areas opposite the packing shed, which we suspect remain the property of the Costa Group. The tenant also has a trial patch of substrate Avocados which was not available for inspection.

**Land Break-Up – Betts**

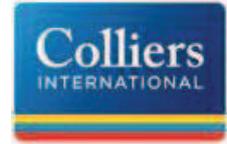
A summary of the berries grown on the Betts site is provided in the table below:

Blueberries - Soil	11.47	ha approx.	(56.8% of site area)
Other Land	8.74	ha approx.	(43.2% of site area)
<b>Total</b>	<b>20.21</b>	<b>ha approx.</b>	

Please note that our estimates have been prepared without the benefit of a formal survey and should any formal survey be undertaken that discloses a significant variation from the numbers adopted herein then we reserve the right to review this valuation.



Vitalharvest Berry & Citrus Portfolio



**Stage 1 of BerryExchange**

The property has been identified by reference to the title plans, cadastral plans and aerial imagery and the approximate boundaries are shown within the images below:



Source: Google Earth Pro

**Title Particulars and Area**

A Certificate of Title schedule and commentary around the Encumbrances, Easements and Interests is appended to the rear of this report.

The property is held in 47 freehold titles and comprises a total area of 243.417 hectares.

CIVAS, under the specific instructions of the reliant party, have not undertaken current title searches of the property due to time and cost limitations.

The reliant party acknowledges and agrees that updated searches as to title and plans in respect of all the properties have not be undertaken. The searches relied upon are not current and accordingly fall outside typical standard valuation practice. The parties hereby release the valuer in respect of its use of non-current searches as to title, plan and water rights for the properties when preparing the valuation report.

**Access**

Access to Stage 1 is available from the continuation of Kathleen Drive being a bitumen surfaced road of good quality which connects with Range Road, a bitumen surfaced road of good quality which in turn connects with the main Pacific Highway. The property is generally not fenced with the exception of boundaries that adjoin the Pacific Highway and third-party landholders.

**Topography and Soils**

The properties are generally considered to range from gently sloping to undulating in nature.

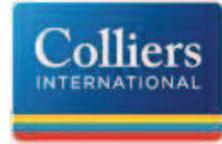
Soils on the property generally range from red brown earth over a shale base to loams over a clay base with soils generally considered to be suitable for horticultural type activities.

**Utilities**

Electricity and telephone services are available throughout the area and are connected to the residential and workshop improvements on the property.



## Vitalharvest Berry & Citrus Portfolio



### Planning Controls

The property is zoned Rural Landscape and Environmental Conservation in the Coffs Harbour Shire Council. The current use of the property as a horticultural property appears to be in compliance with zoning regulations.

Objectives

#### Rural Landscape

- To encourage sustainable primary industry production by maintaining and enhancing the natural resource base.
- To maintain the rural landscape character of the land.
- To provide for a range of compatible land uses, including extensive agriculture.
- To minimise the fragmentation and alienation of resource lands.

#### Environmental Conservation

- To protect, manage and restore areas of high ecological, scientific, cultural or aesthetic values.
- To prevent development that could destroy, damage or otherwise have an adverse effect on those values.

### Photographs



*Patch S1 62*



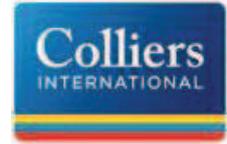
*Internal Track*



*Blueberry Plantings*



Vitalharvest Berry & Citrus Portfolio



**Structures and Site Improvements Overview**



Site Office / Workers Accommodation



Implement Shed



Implement Shed



Fuel Shed



Lunchroom



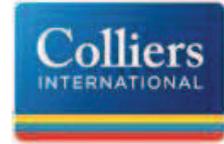
Chemical Shed

The property contains adequate structures for its existing on site operations. The above images provide a general overview of some of the structures on site with all structures described in full within our previously prepared individual valuation report (June / December 2019). The structures are summarised as follows:

- Implement Shed – 433m<sup>2</sup>
- Lean to Extension – 52m<sup>2</sup>
- Irrigation Canopy – 433m<sup>2</sup>
- Fuel Shed – 26m<sup>2</sup>
- Welding Shop – 63m<sup>2</sup>
- Workshop 175m<sup>2</sup>
- Mechanic's Shop – 333m<sup>2</sup>
- Lean to Extension – 33m<sup>2</sup>
- Storage Shed – 85m<sup>2</sup>
- Chemical Shed – 96m<sup>2</sup>
- Implement Shed – 90m<sup>2</sup>
- Implement Shed – 90m<sup>2</sup>
- Implement Shed – 90m<sup>2</sup>
- Implement Shed – 56m<sup>2</sup>
- Lean to Extension – 32m<sup>2</sup>
- Site Office / Workers Accommodation – 62m<sup>2</sup>
- Lunchroom – 88m<sup>2</sup>
- Workers Accommodation – 27m<sup>2</sup>
- Irrigation Shed – 28m<sup>2</sup>
- Implement Shed (and lean-to) – 60m<sup>2</sup>
- Irrigation Shed – 28m<sup>2</sup>



Vitalharvest Berry & Citrus Portfolio



**Stage 2 of BerryExchange**

The property has been identified by reference to the title plans, cadastral plans and aerial imagery and the approximate boundaries are shown within the images below:



Source: Google Earth Pro

**Title Particulars and Area**

A Certificate of Title schedule and commentary around the Encumbrances, Easements and Interests is appended to the rear of this report.

The property is held in 19 freehold titles and comprises a total area of 74.501 hectares.

CIVAS, under the specific instructions of the reliant party, have not undertaken current title searches of the property due to time and cost limitations.

The reliant party acknowledges and agrees that updated searches as to title and plans in respect of all the properties have not be undertaken. The searches relied upon are not current and accordingly fall outside typical standard valuation practice. The parties hereby release the valuer in respect of its use of non-current searches as to title, plan and water rights for the properties when preparing the valuation report.

**Access**

Access to the property is available from Range Road a bitumen surfaced road of good quality which connects with the main Pacific Highway.

**Topography & Soils**

The properties are generally considered to range from gently sloping to undulating in nature.

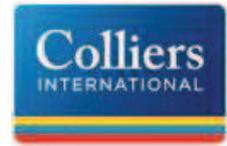
Soils on the property generally range from red brown earth over a shale base to loams over a clay base with soils generally considered to be suitable for horticultural type activities.

**Utilities**

Single and three phase electricity is connected to the property as are telephone services. Effluent disposal throughout the region is via septic tank systems and water for irrigation purposes is sourced from a dam situated on an adjoining property. We have been advised that all required easements are in place to supply water to the plantings on the subject property.



## Vitalharvest Berry & Citrus Portfolio



### Planning Controls

The property is zoned Rural Landscape and Environmental Conservation in the Coffs Harbour Shire Council. The current use of the property as a horticultural property appears to be in compliance with zoning regulations.

Objectives

#### Rural Landscape

- To encourage sustainable primary industry production by maintaining and enhancing the natural resource base.
- To maintain the rural landscape character of the land.
- To provide for a range of compatible land uses, including extensive agriculture.
- To minimise the fragmentation and alienation of resource lands.

#### Environmental Conservation

- To protect, manage and restore areas of high ecological, scientific, cultural or aesthetic values.
- To prevent development that could destroy, damage or otherwise have an adverse effect on those values.

### Photographs



Internal Roadway



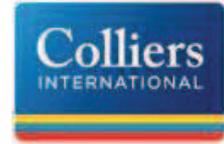
Research and Development Area



Growing on Nursery



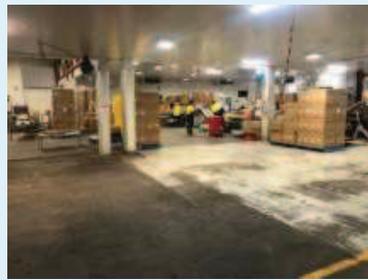
Vitalharvest Berry & Citrus Portfolio



**Structures and Site Improvements Overview**



Office



Packing Shed - Internal



Fumigation Shed



Northern Packing Shed



2 x Hot Houses



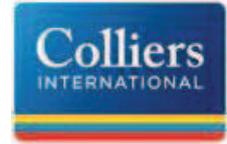
Green Shed / Training Room

The property contains adequate structures for its existing on site operations. The above images provide a general overview of some of the structures on site with all structures described in full within our previously prepared individual valuation report (June / December 2019). The structures are summarised as follows:

- Packing Shed – 4,700m<sup>2</sup>
- Office – 141m<sup>2</sup>
- Fumigation Shed – 185m<sup>2</sup>
- Northern Packing Shed – 120m<sup>2</sup>
- Blueberry Nursery R&D Shed – 120m<sup>2</sup>
- 2 x Hot Houses – 150m<sup>2</sup> (each)
- Green Shed / Training Room – 2,016m<sup>2</sup>
- Growing on Nursery – 3,500m<sup>2</sup>



Vitalharvest Berry & Citrus Portfolio



**Kathleen Drive Stage of BerryExchange**

The property has been identified by reference to the title plans, cadastral plans and aerial imagery and the approximate boundaries are shown within the images below:



Source: Google Earth Pro

**Title Particulars and Area**

A Certificate of Title schedule and commentary around the Encumbrances, Easements and Interests is appended to the rear of this report.

The property is held in 25 freehold titles and comprises a total area of 178.371 hectares.

CIVAS, under the specific instructions of the reliant party, have not undertaken current title searches of the property due to time and cost limitations.

The reliant party acknowledges and agrees that updated searches as to title and plans in respect of all the properties have not be undertaken. The searches relied upon are not current and accordingly fall outside typical standard valuation practice. The parties hereby release the valuer in respect of its use of non-current searches as to title, plan and water rights for the properties when preparing the valuation report.

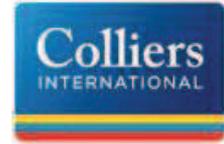
**Access**

Access to Kathleen Drive is available from Range Road a bitumen surfaced road of good quality which in turn connects with the main Pacific Highway.

**Topography & Soils**

The properties are generally considered to range from gently sloping to undulating in nature.

Soils on the property generally range from red brown earth over a shale base to loams over a clay base with soils generally considered to be suitable for horticultural type activities.



### Vitalharvest Berry & Citrus Portfolio

#### Utilities

Single and three phase electricity and telephone services are available in the area. Effluent disposal throughout the region is via septic tank systems and water for irrigation purposes is sourced from a dam situated on an adjoining property. We have been advised that all required easements are in place to supply water to the plantings on the subject property.

#### Planning Controls

The property is zoned Rural Landscape and Environmental Conservation in the Coffs Harbour Shire Council. The current use of the property as a horticultural property appears to be in compliance with zoning regulations.

#### Objectives

##### Rural Landscape

- To encourage sustainable primary industry production by maintaining and enhancing the natural resource base.
- To maintain the rural landscape character of the land.
- To provide for a range of compatible land uses, including extensive agriculture.
- To minimise the fragmentation and alienation of resource lands.

##### Environmental Conservation

- To protect, manage and restore areas of high ecological, scientific, cultural or aesthetic values.
- To prevent development that could destroy, damage or otherwise have an adverse effect on those values.

#### Photographs



Raspberry Plantings



Overview of Plantings



Vacant Poly Tunnels

#### Structures and Site Improvements Overview



Raspberry Nursery / Potting Area



Soil and Fertiliser Storage



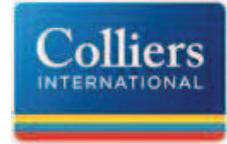
Pump Shed

The property contains adequate structures for its existing on site operations. The above images provide a general overview of some of the structures on site with all structures described in full within our previously prepared individual valuation report (June / December 2019). The structures are summarised as follows:

- Pump Shed – 63 m<sup>2</sup>
- Raspberry Nursery / Potting Area – 324 m<sup>2</sup>
- Soil and Fertiliser Storage Shed – 300 m<sup>2</sup>



Vitalharvest Berry & Citrus Portfolio



**Stage 3 and Fullers of BerryExchange**

The property has been identified by reference to the title plans, cadastral plans and aerial imagery and the approximate boundaries are shown within the images below:



Source: Google Earth Pro

**Title Particulars and Area**

A Certificate of Title schedule and commentary around the Encumbrances, Easements and Interests is appended to the rear of this report.

The property is held in 2 freehold titles and comprises a total area of 111.30 hectares.

CIVAS, under the specific instructions of the reliant party, have not undertaken current title searches of the property due to time and cost limitations.

The reliant party acknowledges and agrees that updated searches as to title and plans in respect of all the properties have not been undertaken. The searches relied upon are not current and accordingly fall outside typical standard valuation practice. The parties hereby release the valuer in respect of its use of non-current searches as to title, plan and water rights for the properties when preparing the valuation report.

**Access**

Access to the property is provided from Kathleen Drive, a bitumen surfaced road of good quality which connects with Range Road a bitumen surfaced road of good quality that connects with the Pacific Highway. Internal roadways on the property are of crushed metal construction and provide all weather access.

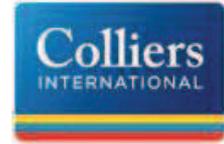
**Topography & Soils**

The property is generally considered to range from gently sloping to undulating in nature and features a major water storage dam with an advised capacity of 900 megalitres.

Soils on the property generally range from red brown earth over a shale base to loams over a clay base with soils generally considered to be suitable for horticultural type activities.

**Utilities**

There are no structural improvements on the property with the exception of a small pump shed, however, electricity and telephone services are available in the area with effluent disposal via septic tank systems.



### Vitalharvest Berry & Citrus Portfolio

#### Planning Controls

The property is zoned Rural Landscape and Environmental Conservation in the Coffs Harbour Shire Council. The current use of the property as a horticultural property appears to be in compliance with zoning regulations.

#### Objectives

##### Rural Landscape

- To encourage sustainable primary industry production by maintaining and enhancing the natural resource base.
- To maintain the rural landscape character of the land.
- To provide for a range of compatible land uses, including extensive agriculture.
- To minimise the fragmentation and alienation of resource lands.

##### Environmental Conservation

- To protect, manage and restore areas of high ecological, scientific, cultural or aesthetic values.
- To prevent development that could destroy, damage or otherwise have an adverse effect on those values.

#### Photographs



Internal Track



Overview – Plantings in Substrate Pots



View Towards Poly Tunnels

#### Structures and Site Improvements Overview



Pump Shed



New Pump Shed



Pump Shed

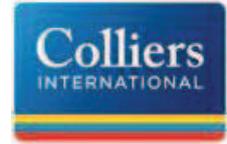
The property contains adequate structures for its existing operations. The structures are described in full within our previously prepared individual valuation report (June / December 2019) and are summarised as follows:

Five pump sheds in relatively new condition. Two of the pump sheds are located south west of the main dam, two sheds are located on the main dam wall and the remaining shed is situated adjacent to the 'turkey-nest' dam.

The sheds are constructed with metal deck walls and roof and concrete flooring. The various sheds are accessed with either a roller door or swing door.



Vitalharvest Berry & Citrus Portfolio



**Tolsons of BerryExchange**

The property has been identified by reference to the title plans, cadastral plans and aerial imagery and the approximate boundaries are shown within the images below:



Source: Google Earth Pro

**Title Particulars and Area**

A Certificate of Title schedule and commentary around the Encumbrances, Easements and Interests is appended to the rear of this report.

The property is held in 2 freehold titles and comprises a total area of 15.589 hectares.

CIVAS, under the specific instructions of the reliant party, have not undertaken current title searches of the property due to time and cost limitations.

The reliant party acknowledges and agrees that updated searches as to title and plans in respect of all the properties have not been undertaken. The searches relied upon are not current and accordingly fall outside typical standard valuation practice. The parties hereby release the valuer in respect of its use of non-current searches as to title, plan and water rights for the properties when preparing the valuation report.

**Access**

Access to the property is from a metal surfaced road of good quality which connects with Kathleen Drive at its eastern extremity which in turn provides access to the Pacific Highway via Range Road.

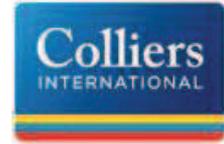
**Topography & Soils**

The properties are generally considered to range from gently sloping to undulating in nature.

Soils on the property generally range from red brown earth over a shale base to loams over a clay base with soils generally considered to be suitable for horticultural type activities.

**Utilities**

Electricity and telephone services are available throughout the area and area connected to the property. Water for irrigation purposes is sourced from a dam on the property and water for residential purposes throughout the area is from rainwater catchment. Effluent disposal throughout the region is via septic tank systems.



### Vitalharvest Berry & Citrus Portfolio

#### Planning Controls

The property is zoned Rural Landscape and Environmental Conservation in the Coffs Harbour Shire Council. The current use of the property as a horticultural property appears to be in compliance with zoning regulations.

#### Objectives

##### Rural Landscape

- To encourage sustainable primary industry production by maintaining and enhancing the natural resource base.
- To maintain the rural landscape character of the land.
- To provide for a range of compatible land uses, including extensive agriculture.
- To minimise the fragmentation and alienation of resource lands.

##### Environmental Conservation

- To protect, manage and restore areas of high ecological, scientific, cultural or aesthetic values.
- To prevent development that could destroy, damage or otherwise have an adverse effect on those values.

#### Photographs



Blueberries – Substrate Plantings



Overview of Tunnels and Netting



Blueberry Plantings

#### Structures and Site Improvements Overview



Toilet Block



Storage Shed



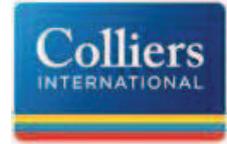
Irrigation Shed

The property contains adequate structures for its existing on site operations. The above images provide a general overview of some of the structures on site with all structures described in full within our previously prepared individual valuation report (June / December 2019). The structures are summarised as follows:

- Toilet Block – 20m<sup>2</sup>
- Irrigation Shed - 60m<sup>2</sup>
- Storage Shed - 147m<sup>2</sup>
- Pump Shed – 18m<sup>2</sup>

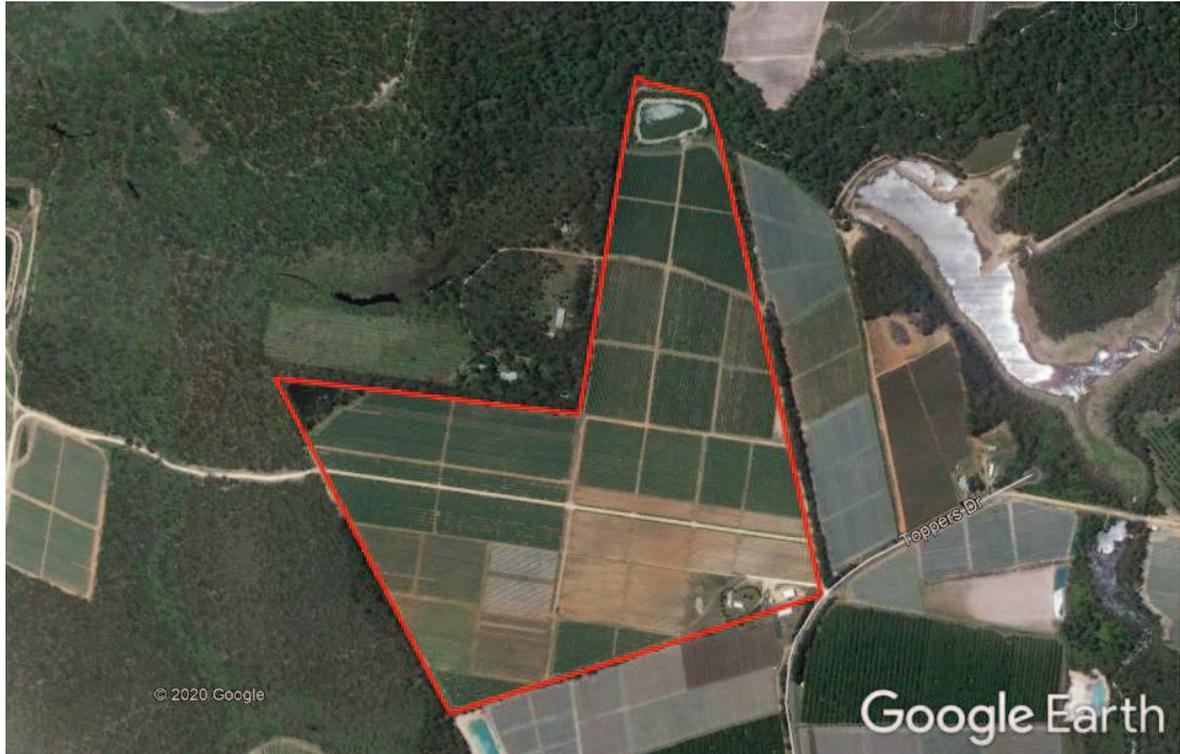


Vitalharvest Berry & Citrus Portfolio



**Stage 4 of BerryExchange**

The property has been identified by reference to the title plans, cadastral plans and aerial imagery and the approximate boundaries are shown within the images below:



Source: Google Earth Pro

**Title Particulars and Area**

A Certificate of Title schedule and commentary around the Encumbrances, Easements and Interests is appended to the rear of this report.

The property is held in a single freehold title and comprises a total area of 45.15 hectares.

CIVAS, under the specific instructions of the reliant party, have not undertaken current title searches of the property due to time and cost limitations.

The reliant party acknowledges and agrees that updated searches as to title and plans in respect of all the properties have not been undertaken. The searches relied upon are not current and accordingly fall outside typical standard valuation practice. The parties hereby release the valuer in respect of its use of non-current searches as to title, plan and water rights for the properties when preparing the valuation report.

**Access**

Access to the property is provided from Toppers Drive, a metal surfaced road of good quality which runs in a north westerly direction from its intersection with Red Ridge Road. Red Ridge Road ultimately connects with Kathleen Drive which in turn connects with the main Pacific Highway via Range Road.

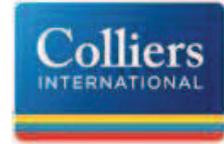
**Topography & Soils**

The properties are generally considered to range from gently sloping to undulating in nature.

Soils on the property generally range from red brown earth over a shale base to loams over a clay base with soils generally considered to be suitable for horticultural type activities.

**Utilities**

Electricity and telephone services are available throughout the area and area connected to the property. Water for irrigation purposes is sourced from a dam on the property and water for residential purposes throughout the area is from rainwater catchment. Effluent disposal throughout the region is via septic tank systems.



### Vitalharvest Berry & Citrus Portfolio

#### Planning Controls

The property is zoned Rural Landscape and Environmental Conservation in the Coffs Harbour Shire Council. The current use of the property as a horticultural property appears to be in compliance with zoning regulations.

#### Objectives

##### Rural Landscape

- To encourage sustainable primary industry production by maintaining and enhancing the natural resource base.
- To maintain the rural landscape character of the land.
- To provide for a range of compatible land uses, including extensive agriculture.
- To minimise the fragmentation and alienation of resource lands.

##### Environmental Conservation

- To protect, manage and restore areas of high ecological, scientific, cultural or aesthetic values.
- To prevent development that could destroy, damage or otherwise have an adverse effect on those values.

#### Photographs



Blueberries



G4 Plantings



Overview of Blueberry Plantings

#### Structures and Site Improvements Overview



Accommodation



Chemical Shed



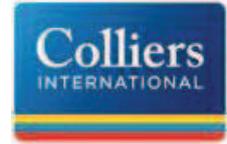
Storage Shed

The property contains adequate structures for its existing on site operations. The above images provide a general overview of some of the structures on site with all structures described in full within our previously prepared individual valuation report (June / December 2019). The structures are summarised as follows:

- Accommodation – 88m<sup>2</sup>
- Chemical Shed – 52m<sup>2</sup>
- Domestic Pump Shed and Toilet Block – 4m<sup>2</sup>
- Storage Shed 148m<sup>2</sup>



Vitalharvest Berry & Citrus Portfolio



**Ponds and Featherstones of BerryExchange**

The property has been identified by reference to the title plans, cadastral plans and aerial imagery and the approximate boundaries are shown within the images below:



Source: Google Earth Pro

**Title Particulars and Area**

A Certificate of Title schedule and commentary around the Encumbrances, Easements and Interests is appended to the rear of this report.

The property is held in 2 freehold titles and comprises a total area of 175.61 hectares.

CIVAS, under the specific instructions of the reliant party, have not undertaken current title searches of the property due to time and cost limitations.

The reliant party acknowledges and agrees that updated searches as to title and plans in respect of all the properties have not been undertaken. The searches relied upon are not current and accordingly fall outside typical standard valuation practice. The parties hereby release the valuer in respect of its use of non-current searches as to title, plan and water rights for the properties when preparing the valuation report.

**Access**

The principle point of access for the subject property is via a private road which runs through the adjoining Stage 4 property, however, access is also available from Sherwood Creek Road, a metal surfaced road of good quality.

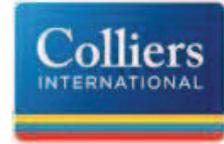
**Topography & Soils**

The properties are generally considered to range from gently sloping to undulating in nature.

Soils on the property generally range from red brown earth over a shale base to loams over a clay base with soils generally considered to be suitable for horticultural type activities.

**Utilities**

Electricity and telephone services are available throughout the area and irrigation water is provided by dams situated on the property and effluent disposal throughout the area is via septic tank system.



### Vitalharvest Berry & Citrus Portfolio

#### Planning Controls

The property is zoned Rural Landscape and Environmental Conservation in the Coffs Harbour Shire Council. The current use of the property as a horticultural property appears to be in compliance with zoning regulations.

Objectives

#### Rural Landscape

- To encourage sustainable primary industry production by maintaining and enhancing the natural resource base.
- To maintain the rural landscape character of the land.
- To provide for a range of compatible land uses, including extensive agriculture.
- To minimise the fragmentation and alienation of resource lands.

#### Environmental Conservation

- To protect, manage and restore areas of high ecological, scientific, cultural or aesthetic values.
- To prevent development that could destroy, damage or otherwise have an adverse effect on those values.

#### Photographs



Overview of Blueberry Plantings



Frost Fan



Young Blueberry Plantings

#### Structures and Site Improvements Overview



Fertigation Shed



Pump Shed



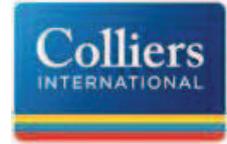
Internal Gravel Tracks

The property contains adequate structures for its existing on site operations. The above images provide a general overview of some of the structures on site with all structures described in full within our previously prepared individual valuation report (June / December 2019). The structures are summarised as follows:

- Fertigation Shed
- Pump Shed
- Gravel based access tracks



Vitalharvest Berry & Citrus Portfolio



**Stage 5 / Stage 6 of BerryExchange**

The property has been identified by reference to the title plans, cadastral plans and aerial imagery and the approximate boundaries are shown within the images below:



Source: Google Earth Pro

**Title Particulars and Area**

A Certificate of Title schedule and commentary around the Encumbrances, Easements and Interests is appended to the rear of this report.

The property is held in a single freehold title and comprises a total area of 40.00 hectares.

CIVAS, under the specific instructions of the reliant party, have not undertaken current title searches of the property due to time and cost limitations.

The reliant party acknowledges and agrees that updated searches as to title and plans in respect of all the properties have not been undertaken. The searches relied upon are not current and accordingly fall outside typical standard valuation practice. The parties hereby release the valuer in respect of its use of non-current searches as to title, plan and water rights for the properties when preparing the valuation report.

**Access**

Access to the property is available from Range Road, a bitumen surfaced road of good quality which connects with the main Pacific Highway.

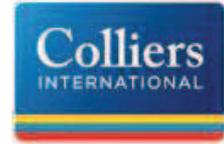
**Topography & Soils**

The properties are generally considered to range from gently sloping to undulating in nature.

Soils on the property generally range from red brown earth over a shale base to loams over a clay base with soils generally considered to be suitable for horticultural type activities.

**Utilities**

Electricity and telephone services are available in the area. Effluent disposal throughout the region is via septic tank systems and water for irrigation purposes is sourced from a dam located on the property.



### Vitalharvest Berry & Citrus Portfolio

#### Planning Controls

The property is zoned Rural Landscape and Environmental Conservation in the Coffs Harbour Shire Council. The current use of the property as a horticultural property appears to be in compliance with zoning regulations.

#### Objectives

##### Rural Landscape

- To encourage sustainable primary industry production by maintaining and enhancing the natural resource base.
- To maintain the rural landscape character of the land.
- To provide for a range of compatible land uses, including extensive agriculture.
- To minimise the fragmentation and alienation of resource lands.

##### Environmental Conservation

- To protect, manage and restore areas of high ecological, scientific, cultural or aesthetic values.
- To prevent development that could destroy, damage or otherwise have an adverse effect on those values.

#### Photographs



Fruit



Overview of Substrate Plantings



Overview of Plantings - Thinned

#### Structures and Site Improvements Overview



Irrigation Shed Compound



Gravel Based Internal Track

The property contains adequate structures for its existing on site operations. The above images provide a general overview of the structures on site and summarised as follows:

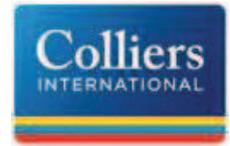
- Irrigation Shed and Canopy Compound – 36m<sup>2</sup>

#### Other Land

There is a further 2.33 hectares or thereabouts of land scattered across the holdings that principally comprises closed roads however there is also a shed site located between stage 5 and Kathleen Drive. This block has an area of about 1.23 hectares and is improved with a steel framed corrugated iron clad shed and a toilet block. This shed is utilised for training prospective pickers



Vitalharvest Berry & Citrus Portfolio

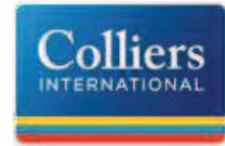


**Betts, Halfway Creek (Corindi) – Note this property is subject to a separate lease)**

The Betts farm is a standalone property located a short distance from BerryExchange. The property has been identified by reference to the title plans, cadastral plans and aerial imagery and the approximate boundaries are shown within the images below:



Source: Google Earth Pro



### Vitalharvest Berry & Citrus Portfolio

#### Title Particulars & Area

A Certificate of Title schedule and commentary around the Encumbrances, Easements and Interests is appended to the rear of this report.

The property is held in a single freehold title and comprises a total area of 20.21 hectares.

CIVAS, under the specific instructions of the reliant party, have not undertaken current title searches of the property due to time and cost limitations.

The reliant party acknowledges and agrees that updated searches as to title and plans in respect of all the properties have not be undertaken. The searches relied upon are not current and accordingly fall outside typical standard valuation practice. The parties hereby release the valuer in respect of its use of non-current searches as to title, plan and water rights for the properties when preparing the valuation report.

#### Access

The property is accessed from Grays Road a metal surfaced road of good quality that connects with the main Pacific Highway.

#### Topography & Soils

The property can be described as gently to steeply sloping in parts with the current plantings generally having a southerly aspect. Soils appear to comprise fertile brown loams over shale.

Properties within the general region comprise a combination of horticulture and rural living interspersed with timbered reserves and national park.

#### Utilities

Electricity and telephone services connected. Effluent disposal throughout the region is via septic tank systems and water for irrigation purposes is sourced from a dam located on a nearby property.

#### Planning Controls

The property is zoned Rural Landscape and Environmental Conservation in the Coffs Harbour Shire Council. The current use of the property as a horticultural property appears to be in compliance with zoning regulations.

##### Objectives

##### Rural Landscape

- To encourage sustainable primary industry production by maintaining and enhancing the natural resource base.
- To maintain the rural landscape character of the land.
- To provide for a range of compatible land uses, including extensive agriculture.
- To minimise the fragmentation and alienation of resource lands.

##### Environmental Conservation

- To protect, manage and restore areas of high ecological, scientific, cultural or aesthetic values.
- To prevent development that could destroy, damage or otherwise have an adverse effect on those values.

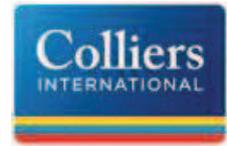
#### Plantings Overview - Betts

Planting	No. of Blocks	Soil Area (ha)	Soil Plants	Total (ha)
Blueberries	17	11.47	41,890	11.47
Raspberries	-	-	-	-
Blackberries	-	-	-	-
<b>Total</b>	<b>17</b>	<b>11.47</b>	<b>41,890</b>	<b>11.47</b>





Vitalharvest Berry & Citrus Portfolio



**Structures and Site Improvements Overview**



Dwelling



Irrigation Shed



Machinery Shed



Bitumen Driveway



Timber Gazebo



Hay Shelter with Lean to Filter Shelter

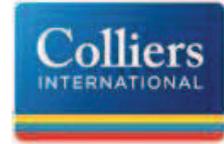
The property contains adequate structures for its existing on site operations. The above images provide a general overview of some of the structures on site with all structures described in full within our previously prepared individual valuation report (June / December 2019).

Structures and site improvements on the property include the following:

- Two Dwellings – Each are 81m<sup>2</sup>
- Irrigation Shed – 48m<sup>2</sup>
- Machinery Shed – 220m<sup>2</sup>
- Bitumen Driveway
- Timber Gazebo
- Hay Shelter with Lean to Filter Shelter
- Water Storage Tanks



Vitalharvest Berry & Citrus Portfolio



**Irrigation – Corindi aggregation of orchards**

Irrigation infrastructure is complex, with the key dam sites depicted by blue shading in the map below. Water is pumped from dams directly to adjacent plants or to buffer tanks for the more remote plantings. Pumps include a combination of diesel and electric pumps.

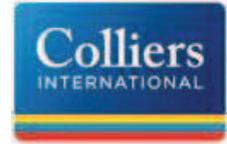


A summary of the irrigation system is as follows:

- Stage 1 & 2 is irrigated from new K.D. (circa 220ML)
- Stage 2 is irrigated from the adjoining Kathleen Drive Dam.
- Stage 3 is irrigated from Stage 3 dam (circa 900ML).
- Stage 4 is irrigated from Stage 4 dam.
- Stage 5 and 6 are irrigated from Stage 5 dam.
- Tolson's is watered from Tolsons Dam.
- Ponds and Featherstons are irrigated from Featherstons dam.
- Fullers is irrigated from Fullers turkey's nest dam (circa 100ML)
- Betts is irrigated from Betts dam situated on an adjoining property protected by an easement.



Vitalharvest Berry & Citrus Portfolio



Water is delivered to the bushes via a series of mainlines typically 100 mm in diameter, the mainline connects to a series of 50- and 75-mm sub-mains that in turn supply the plantings via an inline pressure compensated drip delivery system (soil) or pulsing probes (substrate). The substrate irrigation systems comprise a combination of Dosatrons, Netafim and Priva systems. Approximately 10 hectares of substrate plantings are irrigated from a single irrigation hub, whilst 30 hectares of soil plantings are irrigated via a single irrigation hub.

The following is an example of how soil grown blueberries are irrigated from the source. The below infrastructure is utilised to irrigate the Betts property, with water pumped from a neighbouring dam site, which is protected by an easement:

**Soil irrigation (Betts)**

**Description**

Water is pumped from the dam using three 22kW Grundfos pump which are fitted with a variable speed drive. The pumps are driven by two diesel powered generators and fitted with a variable speed drive. Water is pumped to four 330KL buffer tanks located on the Betts property with filtration provided via six pot filters.

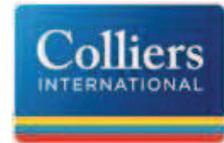
Water is filtered through a bank of five *Netafim* gravel pot filters. It is then pumped through a *Priva nutri-jet* managed fertigation system which features a mixing tank for soluble fertilisers and four storage tanks for dosing mixed solution. The mixed solution pumped to the plants using two 13KW *Grundfoss* pumps fitted with *Hydrovars* (Variable speed drives).

A *Netafim* radio net controller manages irrigation shifts. The Betts property is irrigated in six shifts, which range in size from 0.95 to 1.59 hectares. Water is delivered to the plants at an advised rate of around 600 litres per minute via dual lines of poly dripper. The emitters are spaced at every 0.33 metres.

**Photos**



Similar systems are found on Stage 4, Featherstones and Tolsons.



### Vitalharvest Berry & Citrus Portfolio

The key dam sites have transfer pumps which allow management to transfer water to other dams or buffer tanks. The following transfer pumps are found on the Kathleen Drive dam, which is a Turkey's nest dam. The site provides a good example of other transfer pumps found on all of the dams that supply water. Pump sizes and makes vary in capacity but typically the infrastructure is housed in a lockable shed and features a diesel back-up generator if power is connected to the pump shed.

---

#### Description

Water is pumped from the dam using a poly suction line. Pumps comprise three 22KW Grundfos pumps and 1 x 15KW Grundfos pump. All pumps are fitted with variable speed drives.

The four pumps are driven by a Crossley 128KW Diesel generator.

Water is then filtered through a bank of five *Netafim* gravel pot filters.

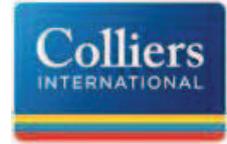
---

#### Photos





Vitalharvest Berry & Citrus Portfolio



The following is an example of how substrate blueberries are irrigated, with the below infrastructure contained on the BerryExchange property:

**Substrate Irrigation (Example on BerryExchange)**

**Description**

Water is pumped from the dams to two buffer tanks which provide roughly two days' supply.

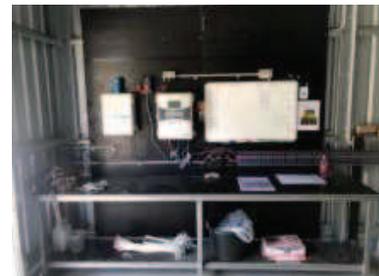
**Photos**



It is then pumped through a *Priva nutri-jet* managed fertigation system which features a mixing tank for soluble fertilisers and four storage tanks for dosing mixed solution. The mixed solution pumped to the plants using impellor pumps with variable speed drives. Pump sizes are typically 14KW or 22KW

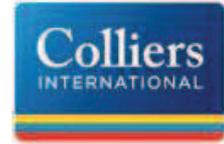


A *Netafim* radio net controller manages irrigation shifts. The water is delivered to the to the substrate plantings using pulse irrigation with typically shifts less than 10 minutes and delivering anywhere from 100 to 175 litres per second to the pots. On average two to three valves make-up a shift, which feed water through 20 to 30 laterals per valve.



The infrastructure for the substrate plantings is typically housed in a lockable compound and features a back-up diesel powered generator.

The Water Licence details are described in Section 6 of this report.



## 4.2 Taradale Blueberry Farm, Taradale Road, Tumbarumba NSW

The property has been identified by reference to the title plans, cadastral plans and aerial imagery and the approximate boundaries are shown in blue within the images.



Source: Google Earth Pro dated 14 December 2020

### Property Description

The Taradale Farm is located approximately 11 kilometres north of the New South Wales country township of Tumbarumba and 155 kilometres north east of Albury. Access is provided from an unnamed road which runs in a north easterly direction from its intersection with Taradale Road. The property was established to soil grown Blueberries with planting years ranging from 1983 to 2020.

The property is accessed from an unnamed public bitumen surfaced public road which runs in a predominantly north easterly direction from its intersection with Taradale Road. This unnamed road provides access to properties within the immediate vicinity of the subject. Taradale Road is a bitumen surfaced road of good quality which provides access from the property to the township of Tumbarumba via Courabyra Road also a bitumen surfaced road of good quality.

The property can be described as gently undulating in nature, however, is considered to generally slope from a point located towards the central easterly boundary towards a depression which runs through the western third of the property. Elevations range from 692 metres to 730 metres above sea level.

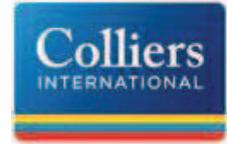
Soils on the property generally appear to comprise a clay based red brown earth, however, all of the blueberries have been developed on raised beds that are improved with organic matter.

### Location

Taradale Blueberry farm is located approximately 11 kilometres north of the New South Wales country township of Tumbarumba. Tumbarumba is located approximately 114 kilometres south east of the city of Wagga Wagga and approximately 155 kilometres north east of the New South Wales regional centre of Albury.



Vitalharvest Berry & Citrus Portfolio



**Title Particulars and Area**

A Certificate of Title schedule and commentary around the Encumbrances, Easements and Interests is appended to the rear of this report.

The property is held in 7 titles and comprises a total area of 70.83 hectares.

CIVAS, under the specific instructions of the reliant party, have not undertaken fresh title searches of the property due to time and cost limitations.

The reliant party acknowledge and agree that updated searches as to title and plans in respect of all the properties will not be undertaken by the valuer. The searches provided are not current and accordingly fall outside typical standard valuation practice. The parties hereby release the valuer in respect of its use of non-current searches as to title, plan and water rights for the properties when preparing the valuation report.

**Planning Controls**

The property is zoned RU1 Primary Production in the Snowy Valleys Shire Council. The current use of the property as a horticultural property appears to be in compliance with zoning regulations.

Objectives:

- To encourage sustainable primary industry production by maintaining and enhancing the natural resource base;
- To encourage diversity in primary industry enterprises and systems appropriate for the area;
- To minimise the fragmentation and alienation of resource lands;
- To minimise conflict between land uses within this zone and land uses within adjoining zones; and
- To protect and enhance the scenic qualities of rural areas of Tumbarumba in a manner that encourages and promotes tourist orientated development and activities.

**Land Break-up**

Based on the provision of aerial photography, information supplied and confirmed by the proprietor including farm maps and our inspection we have adopted the following land break-up for valuation purposes.

Blueberry Area	23.46	ha approx.	(33% of site area)
Plantable Land	3.59	ha approx.	(5% of site area)
Grazing / Support Land	36.28	ha approx.	(51% of site area)
Remnant Vegetation	7.50	ha approx.	(11% of site area)
<b>Total</b>	<b>70.83</b>	<b>ha approx.</b>	

Please note that our estimates have been prepared without the benefit of a formal survey and should any formal survey be undertaken that discloses a significant variation from the numbers adopted herein then we reserve the right to review this valuation.

**Planting Details**

Planting	No. of Blocks	Total Area (ha)
Blueberry	16	23.46
<b>Total</b>		<b>23.46</b>



Overview of Plantings



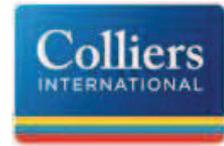
2020 Plantings



Block J2



Vitalharvest Berry & Citrus Portfolio



**Structures and Site Improvements Overview**



**Managers Residence**



**Machinery Shed**



**Electric Pump Shed**



**Carport**



**Diesel Pump Shed**



**Gravel based internal tracks**

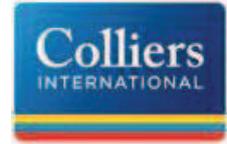
We highlight that the property has traditionally been utilised as a hub for the Costa operations in the region and previously featured a packing shed and cool rooms. During the 2019/2020 summer, the packing shed, cool rooms and other surrounding work sheds were destroyed by bushfires. There are plans in place to construct a new packing shed and site office which is expected to be completed prior to the 2021 harvest. As a consequence, there are several temporary dongas currently on site utilised by staff. We have assessed the property on an "as is" basis for the purposes of this assessment. We understand that the packing shed/cool room was insured and this money is to be dedicated to its replacement. However we do not have details with respect to the other cool room and sundry structures.

The above images provide a general overview of some of the structures on site with all structures described in full within our previously prepared individual valuation report (June / December 2019). The structures and site improvements are summarised as follows:

- House - 241 m<sup>2</sup>
- Electric Pump Shed – 31m<sup>2</sup>
- Machinery Shed – 336m<sup>2</sup>
- Carport – 52m<sup>2</sup>
- Diesel Pump Shed
- Gravel based internal tracks



Vitalharvest Berry & Citrus Portfolio



**Water**

Water for irrigation purposes is sourced from three dams and the Tarcutta Creek. We understand the two bores are not used for irrigation purposes

A total of 4 licences are associated with the land which supply a total volume of 186 megalitres.

The Water Licence details are described in Section 6 of this report.

**Irrigation**

Water for irrigation purposes is sourced from three dams which are interconnected. The system two dam is also filled from the Tarcutta Creek. Management advised they typically require around 4.50 megalitres per hectare to maintain commercial production levels which equates to an annual requirement of 100 megalitres based on the advised planted area.

- System 1 is near the eastern boundary and can irrigate 11.1 hectares in four shifts.
- System 2 irrigates approximately 11.24 hectares in six shifts.
- Mobile Creek Pump delivers water to the system 1 dam

Specific descriptions of pumping infrastructure are held on file.



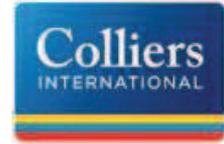
System 1



System 2



Mobile Creek Pump



### 4.3 9 Mile Blueberries, Sulphur Creek TAS

The property has been identified by reference to the title plans, cadastral plans and aerial imagery and the approximate boundaries are shown in blue within the images.



Source: Google Earth Pro

#### Property Description

The property is contained in four certificates of title that make up an irregular shaped parcel. Zig Zag Road dissects the property in a north to south direction, with the bulk of the property's infrastructure located on the southern side.

Structures include a dwelling, office accommodation, storage sheds, chemical/fuel shed, pump shed, nursery and sundries that include formed laneways and a wash bay.

Legal access is provided via Zig Zag Road which is a bitumen sealed roadway that dissects the property in an east to west direction. Additional access is provided off Nine Mile Road (sealed) that aligns with the western boundary (Title 15374/4).

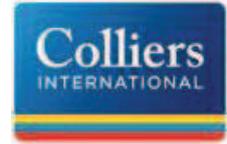
Irrigation water is supplied from on-site storage dams as well as irrigation entitlements owned in the Dial Blythe Irrigation Scheme, which is a pressurised irrigation scheme.

The property is moderately to steeply undulating with elevations ranging between 119 metres to 157 metres above sea level. The lowest elevations belonging to water storages and waterways which are scattered across the property. The planting grid has been established in various directions but predominately in an east-west orientation.

Soils appear to generally comprise of fertile red brown earth. According the data sourced from Tasmanian Government Land Capabilities Map soils in the property range between; well-draining, moderately well-draining and imperfectly draining.



Vitalharvest Berry & Citrus Portfolio



**Location**

9 Mile is located approximately midway between the towns of Ulverstone (approximately 27km east) and Burnie (approximately 15km north west). Access is provided via Zig Zag Road a bitumen sealed roadway dissects the property in an east to west direction. Additional access is provided off Nine Mile Road (sealed) that aligns with the western boundary of title 15374/4.

The land holding forms part of the Central Coast Council which comprises the predominant township of Ulverstone, along with a number of smaller towns. The Central Coast Council district is largely dominated by rural property holdings with appropriate soil and rainfall characteristics. Surrounding land uses to the subject comprise a mix of rural residential, horticultural, dairy and cropping land.

The nearest agricultural supplies, shopping, and regional facilities are available in Ulverstone, which also includes primary and secondary schooling; with all further major services and facilities available at Devonport. The Central Coast LGA comprises approximately 21,362 people as recorded from the Census population survey 2016.

Costa Group lease surrounding land to Nine Mile which is used for growing substrate berries, with Nine Mile considered to be the hub for these operations.

**Title Particulars & Area**

A Certificate of Title schedule and commentary around the Encumbrances, Easements and Interests is appended to the rear of this report.

The property is held in 4 titles and comprises a total area of 102.60 hectares.

CIVAS, under the specific instructions of the reliant party, have not undertaken fresh title searches of the property due to time and cost limitations.

The reliant party acknowledge and agree that updated searches as to title and plans in respect of all the properties will not be undertaken by the valuer. The searches provided are not current and accordingly fall outside typical standard valuation practice. The parties hereby release the valuer in respect of its use of non-current searches as to title, plan and water rights for the properties when preparing the valuation report.

**Planning Controls**

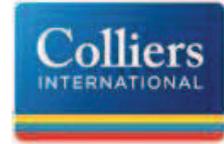
The property is zoned 26.0 Rural Resource Zone in the Central Coast Shire Council. The current use of the property as a horticultural property appears to be in compliance with zoning regulations.

**Land Break-up**

Based on the provision of aerial photography, information supplied and confirmed by the proprietor including farm maps and our inspection we have adopted the following land break-up for valuation purposes.

Blueberry Plantings	49.02	ha approx.	(48% of site area)
Support Land	10.00	ha approx.	(10% of site area)
Other Land	43.58	ha approx.	(42% of site area)
<b>Total</b>	<b>102.60</b>	<b>ha approx.</b>	

Please note that our estimates have been prepared without the benefit of a formal survey and should any formal survey be undertaken that discloses a significant variation from the numbers adopted herein then we reserve the right to review this valuation.



Vitalharvest Berry & Citrus Portfolio

Planting	Age	Area (ha)
Blueberry	2009	28.41
Blueberry	2010	6.61
Blueberry	2011	6.92
Blueberry	2013	0.72
Blueberry	2014	3.09
Blueberry	2020	3.27
<b>Total</b>		<b>49.02</b>



Farm Overview



Fruit

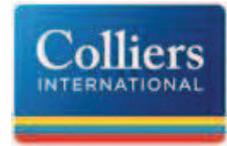


Blueberries Under Permanent Netting

All berries on the property are planted in soil and comprise Northern Highbush varieties which can be netted. Two patches on the northern half of the property are fitted with permanent netting, which is constructed with a timber frame and shade cloth exterior. This is designed to minimise wind damage, sunburn and assist with pollination.



## Vitalharvest Berry & Citrus Portfolio



### Structures and Site Improvements Overview



Managers Residence



Office Accommodation



Storage Shed (Top)



Storage Shed (Middle)



Storage Shed (Bottom)



Pump Shed (Dam 9751)



Chemical Shed



Pump Shed (Dam 826)



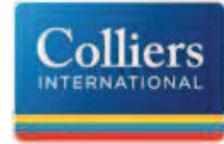
Nursery

The property contains adequate structures for its existing operation. The structures and site improvements are described in full within our previously prepared individual valuation report (June / December 2019) and are summarised as follows:

- House – 150m<sup>2</sup>
- Office Accommodation – 135 m<sup>2</sup>
- Storage Shed (top) – 288m<sup>2</sup>
- Storage Shed (bottom) – 288m<sup>2</sup>
- Storage Shed (middle) – 216m<sup>2</sup>
- Chemical Shed – 128m<sup>2</sup>
- Pump Shed (Dam 9751) – 65m<sup>2</sup>
- Pump Shed (Dam 826) – 18m<sup>2</sup>
- Nursery – comprises of four bays
- Concrete wash down bay
- Internal gravel based roadways



Vitalharvest Berry & Citrus Portfolio



**Water**

Water for irrigation purposes is drawn from dams. Catchment run-off is the dominant source of irrigation water.

A total of seven licences are associated with the land which supply a total volume of 225.50 megalitres.

In addition to the surface water licence, the registered proprietor owns an entitlement volume of 120 megalitres in the Dial Blythe Irrigation Scheme.

The Water Licence details are described in Section 6 of this report.

**Irrigation**

Irrigation water is pumped from the main dam (9751) using two 55 KW and one 22 KW Caprari vertical multi-stage centrifugal pumps mounted on a pontoon. The pumps are fitted with HVAC Variable speed controllers that are located in the pump shed adjacent the dam and monitored via a Netafim NMC Pro.

Irrigation water is filtered through a bank of three Galaxy Spin Klin filters which are connected to a 200 mm mainline which services the northern portion of the property.

Dam 826 comprises a Grundfos X 18.5 KW electric vertical pump, four Netafim Arkal Spin Klin filters and a Netafim controller with a backup Southern Cross pump attached to a CMG motor (disconnected).

Dam 823 provides water to the nursery, quick fill station and research & development area and comprises two Onga pumps fitted with three phase induction motors, Arkal Spin Klin filter and Hunter controller.

Fertigation infrastructure is considered to be best practice. Fertigation of the plantings can occur through two means. Firstly, liquid fertilizer can be injected directly to the mainline with a Grundfos pump and controller or secondly dehydrated fertilizers are dissolved and agitated in a poly tank before being injected back into the system from holding tanks with dosing pumps.

All plantings on the property are irrigated by a dual line pressure compensated drip delivery system with drippers spaced at 30 cm intervals emitting a total of approximately 1 litre per hour.



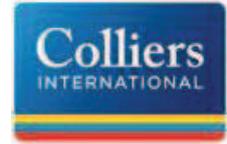
Dam 9751 Pumps



Dam 826 Pump



Dam 823 Pumping Site



#### 4.4 Brooklyn Berries, Dunorlan TAS

The property has been identified by reference to the title plans, cadastral plans and aerial imagery and the approximate boundaries are shown in blue within the images.



Source: Google Earth Pro

##### Property Description

'Dunorlan' is located in the Meander Valley area of Tasmania, approximately nine radial kilometres north west of Deloraine and 50 radial kilometres west of Launceston. 'Dunorlan' has been operated as a berry enterprise for many decades prior to Vitalharvest's ownership and is currently dedicated to growing blackberries, but in the past has grown raspberries and blueberries.

Legal access is provided via Dunorlan Road a bitumen roadway that aligns along the property's southern boundary. To the east of the property Dunorlan Road meets with Bengeo Road which travels in a north-south direction and runs into the Bass Highway not far from the subject property. The Bass Highway is a major transport arterial in the area.

The property is moderately to steeply undulating with elevations ranging between 119 metres to 157 metres above sea level. The lowest elevations belonging to water storages and waterways which are scattered across the property. The planting grid has been established in various directions but predominately is in an east-west orientation.

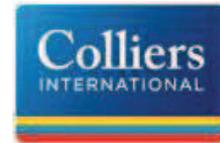
Soils appear to generally comprise of fertile red brown earth. According the data sourced from Tasmanian Government Land Capabilities Map soils in the property range between; well-draining, moderately well-draining and imperfectly draining.

##### Location

The subject property is located approximately nine radial kilometres north west of the township of Deloraine and 50 radial kilometres west of Launceston. Access to the property is provided via Dunorlan Road a bitumen sealed roadway that runs along the property's southern boundary.

The land holding forms part of the Meander Valley Council which comprises the predominant township of Deloraine, along with a number of smaller towns. The Meander Valley Council district is largely dominated by dairy and grazing holdings with appropriate soil and rainfall characteristics.

The nearest agricultural supplies, shopping, and regional facilities are available in Deloraine, which also includes primary and secondary schooling, district hospital, and Woolworths with all major services and facilities available. The Meander Valley LGA comprises approximately 19,282 people as recorded from the Census population survey 2016.



Vitalharvest Berry & Citrus Portfolio

**Title Particulars**

A Certificate of Title schedule and commentary around the Encumbrances, Easements and Interests is appended to the rear of this report.

The property is held in two titles and comprises a total area of 94.01 hectares.

CIVAS, under the specific instructions of the reliant party, have not undertaken fresh title searches of the property due to time and cost limitations.

The reliant party acknowledge and agree that updated searches as to title and plans in respect of all the properties will not be undertaken by the valuer. The searches provided are not current and accordingly fall outside typical standard valuation practice. The parties hereby release the valuer in respect of its use of non-current searches as to title, plan and water rights for the properties when preparing the valuation report.

**Planning Controls**

The property is zoned 26.0 Rural Resource Zone in the Meander Valley Council. The current use of the property as a horticultural property appears to be in compliance with zoning regulations.

**Land Break-up**

Based on the provision of aerial photography, information supplied and confirmed by the proprietor including farm maps and our inspection we have adopted the following land break-up for valuation purposes.

Berry Plantings	13.73	ha approx.	(7.0% of site area)
Serviced Plantable Land	5.83	ha approx.	(6.2% of site area)
Timbered Land (including E Nitens)	12.00	ha approx.	(12.8% of the site area)
Other Land	62.45	ha approx.	(66.7% of site area)
<b>Total</b>	<b>94.01</b>	<b>ha approx.</b>	

Please note that our estimates have been prepared without the benefit of a formal survey and should any formal survey be undertaken that discloses a significant variation from the numbers adopted herein then we reserve the right to review this valuation.

**Planting Details**

Variety	Crop Type	Growing Medium	Area (ha)
Victoria	Blackberry	Substrate	3.21
Elvira	Blackberry	Substrate	3.18
Karaka	Blackberry	Soil	4.04
Fallow	Blackberry	Soil	2.70
Trial / Long Cane Nursery	Blackberry	Soil	0.60
<b>Total</b>			<b>13.73</b>



Blackberry Substrate Plantings



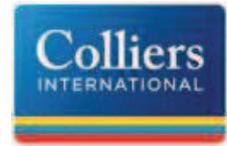
Fruit



Overview



Vitalharvest Berry & Citrus Portfolio



**Structures and Site Improvements Overview**



Dwelling



Former Packing Shed / Site Office



Toilet Block



Chemical Shed



Storage Shed and Fuel Tanks

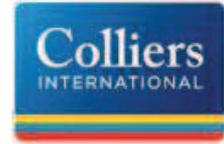


Irrigation Shed

The property contains adequate structures for its existing operation.

The above images provide a general overview of some of the structures on site with all structures described in full within our previously prepared individual valuation report (June / December 2019). The structures and site improvements are summarised as follows:

- Dwelling – 120m<sup>2</sup>
- Former Packing Shed / Site Office – 264m<sup>2</sup>
- Toilet Block – 8.8m<sup>2</sup>
- Chemical Shed – 8m<sup>2</sup>
- Irrigation Shed – 81m<sup>2</sup>
- Storage Shed – 264m<sup>2</sup>
- Tunnel houses covering approximately 6.6ha



### Vitalharvest Berry & Citrus Portfolio

#### Water

Irrigation infrastructure from the Rubicon River and onsite dam is relatively basic. A total of two licences are associated with the land which supply a total volume of 48.75 megalitres.

The Water Licence details are described in Section 6 of this report.

In addition, there is an onsite bore which is equipped with an electric submersible pump and is utilised for fertiliser mixing and spraying.

#### Irrigation

Irrigation infrastructure includes the following:

The dam on the subject property is also used to store Rubicon River water to ensure the full 33.75ML is taken.

Irrigation water is pumped from the Rubicon (Bennets Dam - 1171) using a 30KW WEG motor coupled to a Southern Cross 80-15x315 pump. Water is then filtered through a bank of three Netafim screen filters which feature automatic back-flush. A Danfoss VLT 6000 HVAC variable speed drive regulates pump motor speeds.

Water from the northern dam (7257) is pumped using a portable Goulds pump coupled to a three-cylinder diesel motor on a trailer.

A ring main is installed on the farm to supply water in any direction. Two onsite bores provide stock and domestic water and can also provide top-up irrigation water, but flow rates are considered to be very low. Irrigation water is pumped from the two sources (river and dam) to three 200kL steel tanks which provide a two-day water buffer.

Two systems are used to irrigate the blackberries. The newer of the two is a PRIVA irrigation system housed in the new irrigation shed. The system irrigates all of the substrate blackberries with around 13 shifts per day with shifts on average four minutes. Fertigation solution is housed in four poly tanks. The system can accommodate soluble and liquid fertilisers. The infrastructure was installed in early 2018.

The old system is housed in a shipping container and includes an electric pump with a Netafim fertigation kit and Netafim NMC controller.

Water is delivered to the various blocks on the property via a 100 mm mainline connected to a series of 50- and 75-mm headlines. Water is then delivered to the soil grown blackberries via an inline pressure compensated drip delivery system. The substrate plantings are irrigated with probes which in turn monitor EC and drainage volumes to help maximise growth.



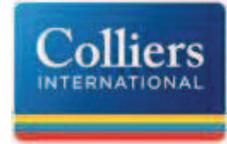
Pump Site at Bennets Dam (1171)



PRIVA Irrigation System



200kL Steel Water Storage Tanks



## 5 Citrus Portfolio Overview

### 5.1 Yandilla Park, Various Site, Renmark District SA

There is a total of five farm sites known as Farm 1, 2, 3, 5 and 9.

The subject comprises five non-contiguous horticultural farms located within the Renmark (3) and Paringa/Murtho (2) regions of the Riverland of South Australia. The properties have been extensively developed to citrus, avocado, persimmon and viticultural plantings. The properties are described in a total of 46 certificates of title having a total area in the order of 1,002.80 hectares.

There are numerous houses and sheds situated on the properties as well as extensive pumping, filtration and fertigation infrastructure.

The Renmark West properties source irrigation water through the Renmark Irrigation Trust (RIT) which is a third party delivery scheme which has infrastructure and delivery costs payable by the scheme's users. The two properties located at Paringa are direct diverters from the Murray River.

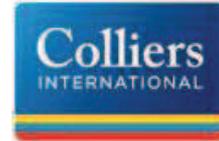
The property forms part of an aggregation of three farms (Solara, Yandilla and Kangara) which share an identical lease structure.

The footprint of the holdings is shown below:





Vitalharvest Berry & Citrus Portfolio



**Farm 1**

The property has been identified by reference to the title plans, cadastral plans and aerial imagery and the approximate boundaries are shown within the image below:



Source: Google Earth Pro dated 17 July 2020

**Property Description**

Farm 1 comprises an aggregation of ten properties, nine of which are developed to horticulture. The exception is Allotment 35 which comprises a residential dwelling situated behind the main AgriExchange office complex. The properties are generally clustered to the north of Ontario Street and to the east of Government Road within the Renmark West area with the exception being the dump property which is located on the western side of Government Road and the Lang and Loxton properties which are located on the southern side of Ontario Street.

**Location**

Farm 1 is generally located within the Renmark West Irrigation District. The property enjoys bitumen road access and is connected to Renmark Irrigation Trust water (RIT).

**Title Particulars**

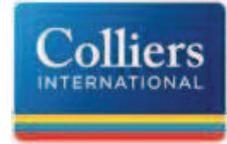
A Certificate of Title schedule and commentary around the Encumbrances, Easements and Interests is appended to the rear of this report. The property is held in 16 freehold titles and comprises a total area of 62.83 hectares.

CIVAS, under the specific instructions of the reliant party, have not undertaken current title searches of the property due to time and cost limitations. The reliant party acknowledges and agrees that updated searches as to title and plans in respect of all the properties have not be undertaken. The searches relied upon are not current and accordingly fall outside typical standard valuation practice. The parties hereby release the valuer in respect of its use of non-current searches as to title, plan and water rights for the properties when preparing the valuation report.

**Encroachment** – please note we have identified a likely encroachment with respect to the main packing shed on Chowilla Street opposite the Costa offices (both excluded from this assessment. The northern end of the packing shed appears to extend onto CT6119/816 of the subject property. We suggest that the easiest way for this to be rectified would be for a realignment of the title boundary to be undertaken, ideally at the expense of the Tenant who occupies the building that encroaches. Any change in title boundary and resultant loss of land is unlikely to have any material impact on the market value of the affected title in our opinion.



Vitalharvest Berry & Citrus Portfolio



**Planning Controls**

The property is zoned Rural Horticulture in the Renmark Paringa Council. The current use of the property as a horticultural property appears to be in compliance with zoning regulations.

Desired Outcomes

- Intensive agriculture in the form of horticulture and associated value-adding enterprises and activities.
- The establishment of appropriately scaled industries for washing, processing, bottling and packaging primary produce and servicing and supporting horticulture.
- Manage interface conflict between horticulture and other land uses.

**Land Break-up**

Based on the provision of aerial photography, information supplied and confirmed by the proprietor including farm maps and our inspection we have adopted the following land break-up for valuation purposes.

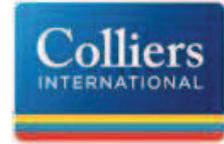
Planted Land	41.28	ha approx.	(70% of site area)
Other Land	21.55	ha approx.	(30% of site area)
Total	62.83	ha approx.	

Please note that our estimates have been prepared without the benefit of a formal survey and should any formal survey be undertaken that discloses a significant variation from the numbers adopted herein then we reserve the right to review this valuation.

**Planting Details**

Variety	Crop Type	Age	Area ha
Avocado	Hass Avocado	1998	2.16
Mid Season Navel	Blood Orange	2013	1.84
Mid Season Navel	Blood Orange	2016	1.00
Mandarin	Honey Murcott	1996-1999	9.38
Lemon	Lemon	1974-2003	7.14
Lemon	Lemon - Seedless	2016	1.74
Early Season Navel	Leng Navel	1986	0.58
Tangelo	Minneola Tangelo	1998-2001	7.56
Seedless Mandarin	Afourer	2017	2.39
Early Season Navel	Navelina	1999	1.01
Early Season Navel	Summer Navel	1986-2002	3.73
Valencia	Valencia	1977	2.04
Mid Season Navel	Washington Navel	1989	0.71
<b>Total</b>			<b>41.28</b>

The other land comprises plantable land, roadways, headlands, building sites and water storages.



Vitalharvest Berry & Citrus Portfolio

Structures and Site Improvements Overview



Nursery block house



Nursery block office



Shed compound



Nursery tunnel houses



Allotment 20 house



Allotment 35 house

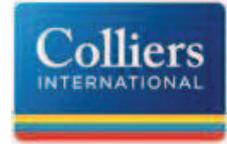
The property contains adequate structures for its existing operation. The structures are described in full within our previously prepared individual valuation report (June / December 2019) and are summarised as follows:

Buildings on the property include the following:

- Nursery Block - House of 248m<sup>2</sup>
- Nursery Block - Office of 140m<sup>2</sup>
- Nursery Block - Storage Shed of 190m<sup>2</sup>
- Nursery Block - Implement Shed of 138m<sup>2</sup>
- Nursery Block - Storage Shed of 172m<sup>2</sup>
- Nursery Block - Shade House of 474m<sup>2</sup>
- Nursery Block - Poly Tunnel House of 234m<sup>2</sup>
- Nursery Block - Shade House of 9,900m<sup>2</sup>
- Nursery Block - Shade House of 5,600m<sup>2</sup>
- Nursery Block - Shade House of 900m<sup>2</sup>
- Nursery Block - 3 x Heat Houses of 192m<sup>2</sup> each
- Little Pope Pump Shed of 126m<sup>2</sup>
- Loxton Block – Former Packing Shed of 806m<sup>2</sup>
- Allotment 20 - Mark's House of 165m<sup>2</sup>
- Allotment 35 - House 240m<sup>2</sup>



Vitalharvest Berry & Citrus Portfolio



**Water Licences**

Improvements on the property are connected with water via the Renmark Irrigation Trust (RIT) and rainwater catchment. Effluent disposal throughout the region is via septic tank systems.

Water for irrigation purposes is sourced via the RIT directly from the River Murray.

The Water Licence details are appended to this rear of this report.

**Irrigation**

Irrigation infrastructure is complex. A summary of the irrigation system is as follows:

Water re-pressurised from RIT using 2 x 30KW *Grundfos CR90* pump and motor assemblies. It is then filtered through a bank of three *Arkal Spin Klin Galaxy* filters. The pumps are fitted with variable speed drives to regulate pipeline pressure.

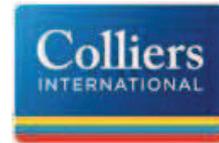
The system has fertigation capabilities with solution mixed in a poly 7,000 litre mixing tub. Solution is stored in three 22,000 litre poly tanks and dosed into the mainline using an 11kW *Grundfos* pump.

Management advised they irrigate Farm 1 in eight shifts with approximately 50 valves installed across the property.

The Nursery block is irrigated separately from the rest of Farm 1. Water is supplied to a concrete tank from RIT and a *Lowara* pump supplies the nursery and a *Grundfos* pump supplies the Honey Murcotts adjacent. A 1,000 litre fertigation tank is positioned adjacent as well.



Vitalharvest Berry & Citrus Portfolio



**Farm 2**

The property has been identified by reference to the title plans, cadastral plans and aerial imagery and the approximate boundaries are shown within the images below:



Source: Google Earth Pro dated 5 May 2020

**Property Description**

Farm 2 comprises three blocks known as Paringa, Sloan and Welsh. Irrigation water is supplied directly from the Murray River, which is to the west of the property. The property is considered to be gently sloping in nature from its Murtho Road boundary to the east.

**Location**

Farm 2 is located on the eastern side of Murtho Road between Bird Road to the south and Thompson Road to the north on the northern outskirts of the River Murray township of Paringa. The property is accessed from Murtho Road, a bitumen surfaced road of good quality.

**Title Particulars**

A Certificate of Title schedule and commentary around the Encumbrances, Easements and Interests is appended to the rear of this report.

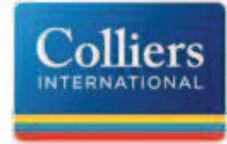
The property is held in 11 freehold titles and comprises a total area of 32.68 hectares.

CIVAS, under the specific instructions of the reliant party, have not undertaken current title searches of the property due to time and cost limitations.

The reliant party acknowledges and agrees that updated searches as to title and plans in respect of all the properties have not be undertaken. The searches relied upon are not current and accordingly fall outside typical standard valuation practice. The parties hereby release the valuer in respect of its use of non-current searches as to title, plan and water rights for the properties when preparing the valuation report.



### Vitalharvest Berry & Citrus Portfolio



#### Planning Controls

The property is zoned Rural Neighbourhood in the Remark Paringa Council. The current use of the property as a horticultural property appears to be in compliance with zoning regulations.

#### Desired Outcome

1. Housing on large allotments in a spacious rural setting, often together with large outbuildings. Easy access and parking for cars. Considerable space for trees and other vegetation around buildings, as well as on-site wastewater treatment where necessary. Limited goods, services and facilities that enhance rather than compromise rural residential amenity.

#### Land Break-up

Based on the provision of aerial photography, information supplied and confirmed by the proprietor including farm maps and our inspection we have adopted the following land break-up for valuation purposes.

Planted Land	29.44	ha approx.	(90% of site area)
Other Land	3.24	ha approx.	(10% of site area)
Total	32.68	ha approx.	

Please note that our estimates have been prepared without the benefit of a formal survey and should any formal survey be undertaken that discloses a significant variation from the numbers adopted herein then we reserve the right to review this valuation.

### Planting Details

Variety	Crop Type	Age	Area ha
White Grapefruit	Grapefruit	1963-1986	0.90
Imperial	Seedless Mandarin	1986-1996	3.49
Lemon	Lemon	1986	3.20
Lemon - Seedless	Seedless Lemon	2018	1.53
Leng Navel	Mid-Season Navel	1962-1986	2.06
Minneola Tangelo	Mandarin	2001	1.88
Summer Navel	Late Navel	1986	4.25
Valencia	Late Navel	1960-1986	6.60
Washington Navel	Mid Season Navel	1960	5.53
Total Citrus			29.44
<b>Total</b>			<b>29.44</b>



Late lane plantings



2018 Seedless lemon plantings



Vitalharvest Berry & Citrus Portfolio



Structures and Site Improvements Overview



Dwelling



Machinery shed



Filler shed

The property contains adequate structures for its existing operation. The structures are described in full within our previously prepared individual valuation report (June / December 2019) and are summarised as follows:

Buildings on the property include the following:

- House of 170m<sup>2</sup>
- Machinery Shed 59m<sup>2</sup> and an extension of approximately 76m<sup>2</sup>
- Small filler shed on southern boundary adjacent to a previously excised dwelling.

Water Licences

Water for irrigation purposes is sourced directly from a tributary of the River Murray with the pump shed being located on Crown Land. In preparing this valuation we have made the assumption that a licence to occupy the land is in place. The pipes connecting the pump house to the property have been laid under a public roadway and we have assumed that all approvals are in place.

Irrigation water is sourced directly from the Murray River at a pump site located at the end of Shepherd Drive which is approximately 500 metres west of the property's frontage to Murtho Road.

The Water Licence details are appended to this rear of this report.

Irrigation

Irrigation infrastructure is complex. A summary of the irrigation system is as follows:

Water is pumped from the river using Two WEG motors coupled to Hydrovar pumps fitted with variable speed drives.

Water is transferred to the orchard through a 250mm mainline which is protected via a registered easement. At the fertigation shed (depicted right) the water is filtered through a bank of eight Arkal Spin Kiiin filters.

Fertigation capabilities are available although the infrastructure is somewhat basic with little automation installed.



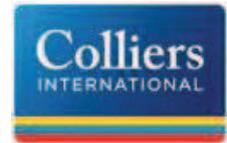
River pump site



River access – pump site



Vitalharvest Berry & Citrus Portfolio



**Farm 3**

The property has been identified by reference to the title plans, cadastral plans and aerial imagery and the approximate boundaries are shown within the images below:



Source: Google Earth Pro dated 5 May 2020

**Property Description**

The main portion of farm three is contained 11 certificates of title having a total area of approximately 712.39 hectares. An additional allotment having an area of 1.29 hectares is located approximately one kilometre to the east of the Farm 3 and is improved with a pump shed.

The property is developed to a total of 326.79 hectares or thereabouts of citrus, 31.06 hectares of avocados and approximately 97.52 hectares of wine grapes. In addition, there is an area of about 43.7 hectares of heritage scrub which has been fenced from the remainder of the land.

**Location**

Farm 3 comprises an irregular shaped holding contained located on the Western side of Government Road, eastern side of Cooltong Boundary Track, the southern side of Mickan Street and to the northern side of Nuske Road. Nicholls Road which is only partially constructed runs in a westerly direction from Government Road through the central portion of the property.

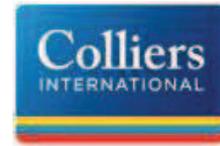
**Title Particulars**

A Certificate of Title schedule and commentary around the Encumbrances, Easements and Interests is appended to the rear.

The property is held in 12 freehold titles and comprises a total area of 713.69 hectares.

CIVAS, under the specific instructions of the reliant party, have not undertaken current title searches of the property due to time and cost limitations.

The reliant party acknowledges and agrees that updated searches as to title and plans in respect of all the properties have not be undertaken. The searches relied upon are not current and accordingly fall outside typical standard valuation practice. The parties hereby release the valuer in respect of its use of non-current searches as to title, plan and water rights for the properties when preparing the valuation report.



Vitalharvest Berry & Citrus Portfolio

**Planning Controls**

The property is zoned Rural Horticulture in the Renmark Paringa Council. The current use of the property as a horticultural property appears to be in compliance with zoning regulations.

Desired Outcomes

- Intensive agriculture in the form of horticulture and associated value-adding enterprises and activities.
- The establishment of appropriately scaled industries for washing, processing, bottling and packaging primary produce and servicing and supporting horticulture.
- Manage interface conflict between horticulture and other land uses.

**Land Break-up**

Based on the provision of aerial photography, information supplied and confirmed by the proprietor including farm maps and our inspection we have adopted the following land break-up for valuation purposes.

Planted Land	452.21	ha approx.	(63% of site area)
Orchard Support Land	50.07	ha approx.	(7% of site area)
Heritage Agreement Land	44.00	ha approx.	(6% of site area)
Other Land	167.41	ha approx.	(23% of site area)
<b>Total</b>	<b>713.69</b>	<b>ha approx.</b>	

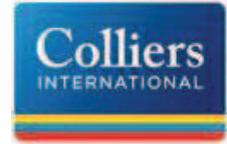
Please note that our estimates have been prepared without the benefit of a formal survey and should any formal survey be undertaken that discloses a significant variation from the numbers adopted herein then we reserve the right to review this valuation.

**Planting Details**

Variety	Crop Type	Age	Area ha
Avocado	Avocado	1992-1998	28.06
Hass Avocado	Avocado	2015	4.38
Hass Avocado	Avocado	2016	0.72
<b>Total Avocados</b>			<b>33.16</b>
Blood Orange	Mid Season Navel	2013	1.45
Blood Orange	Mid Season Navel	2017	3.15
Clementine	Seedless Mandarin	1993-2001	19.68
Daisy	Mandarin	2001	2.27
Honey Murcott	Mandarin	1990-1995	18.78
Honey Murcott	Mandarin	2013	2.49
Honey Murcott	Mandarin	2014	1.21
Imperial	Seedless Mandarin	1982-1997	8.26
Imperial	Seedless Mandarin	2012	5.15
Red Blood Navels	Mid Season Navel	2013	0.70
Red Blood Navels	Mid Season Navel	2014	5.94
Red Blood Navels	Mid Season Navel	2017	8.03
Red Blood Navels	Mid Season Navel	2018	14.09
Red Blood Navels	Mid Season Navel (Unit 6)	2020	3.13
Lemon	Lemon	1986-1996	15.24



Vitalharvest Berry & Citrus Portfolio



**Planting Details**

Variety	Crop Type	Age	Area ha
Lemon - Seedless	Seedless Lemon	2013	2.75
Lemon - Seedless	Seedless Lemon	2014	12.50
Lemon - Seedless	Seedless Lemon	2017	1.58
Leng Navel	Mid-Season Navel	1990-2003	12.89
Lime	Lemon	2016	6.09
Minneola Tangelo	Mandarin	1982-1997	2.24
Afourer	Seedless Mandarin	2002	1.40
Afourer	Seedless Mandarin	2017	23.70
Afourer	Seedless Mandarin	2018	6.24
Navelina	Early Navel (incl 2020 topwork)	1998-2003	5.89
M7 Navel	Early Navel	2017	9.00
Summer Navel	Late Navel	1981-2003	67.86
Summer Gold	Early Navel	1990	1.52
Valencia	Late Navel	1974-1998	33.54
Washington Navel	Mid Season Navel	1964-1992	24.80
<b>Total Citrus</b>			<b>321.53</b>
Red Wine Grapes	Red	1995-1997	81.21
Chardonnay	White	1995-1996	16.31
<b>Total Vines</b>			<b>97.52</b>
<b>Total</b>			<b>452.21ha</b>



2017 Cara Cara plantings



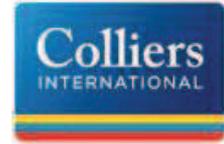
2018 Arafour plantings



Kangaroo fence protecting plantings



Vitalharvest Berry & Citrus Portfolio



2018 Cara Cara plantings



Avocado plantings



Orchard overview – mature citrus

Structures and Site Improvements Overview



Dwelling



Shed Compound



Dwelling



Filtration shed



Chino Street pump shed



Storage sheds – northern end

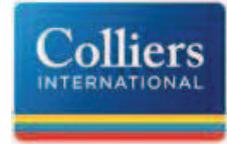
The property contains adequate structures for its existing operation. The structures are described in full within our previously prepared individual valuation report (June / December 2019) and are summarised as follows:

Buildings on the property include the following:

- House 1 of 151m<sup>2</sup>
- House 2 of 211m<sup>2</sup>
- Office/Shed of 98m<sup>2</sup>
- Office/Lunchroom of 38m<sup>2</sup>
- Adjacent transportable ablutions block
- Concrete bunded fuel store
- Implement Shed of 270m<sup>2</sup>
- Chemical Shed of 135m<sup>2</sup>
- Seed Shed of 40m<sup>2</sup>
- Chino Street Pump Shed of 100m<sup>2</sup>
- Pump Shed of 134m<sup>2</sup>
- Various chemical fill stations located throughout the orchard
- Two older storage sheds (northern end).



Vitalharvest Berry & Citrus Portfolio



**Water Licences**

Improvements on the property are connected with water via the Renmark Irrigation Trust and rainwater catchment. Effluent disposal throughout the region is via septic tank systems.

Water for irrigation purposes is sourced directly from the River Murray.

Water is re-pressurised from RIT at a site located on the northern side of Chino Street, approximately 2.6 kilometres west of the filtration shed which is centrally located on Farm 3.

The Water Licence details are appended to this rear of this report.

**Irrigation**

Irrigation infrastructure is complex. A summary of the irrigation system is as follows:

Water is pumped using 3 x 250KW WEG motors coupled to *KSB Omega* pumps which were installed in 2013. Each pump can deliver around 150 litres per second (450L in total). The pumps are regulated with UltraDrive VSD's.

RIT provides an outlet believed to be 600mm in diameter into the re-lift site. Water is pumped through two 450mm mainlines to the fertigation/filtration shed from the Chino Street site.

Historically the flow rate from RIT has been below the flow rates capable at the re-lift site. This has restricted irrigation shifts at Farm 3. Representatives of the lessee have advised they are looking to have this upgraded in the short to medium term with RIT.

At Farm 3 water is filtered through five banks of eight Arkal Spin Klin filters.

The fertigation system is controlled by a Motorola PLC and the fertiliser injection system comprises a poly mixing tub, Grundfos CR8-40, Lowra CO 350/15 mixing pumps and a Grundfos CR2-100 injection pump.

47 soil monitoring sites on the property.

The vineyard plantings are irrigated in three shifts via in-line pressure compensated drippers.

The citrus plantings are irrigated in four shifts via dual line drippers which are pegged either side of the tree.

Finally, the Avocados are irrigated in a single shift via under tree sprinklers and also have overhead misters installed. The citrus and avocados have a common mainline whilst the vineyard has a separate main.



Arkal filters – filtration shed



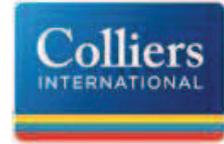
Pumping infrastructure



Controllers/ VSD's



Vitalharvest Berry & Citrus Portfolio



**Farm 5**

The property has been identified by reference to the title plans, cadastral plans and aerial imagery and the approximate boundaries are shown within the images below:



Source: Google Earth Pro dated 5 May 2020

**Property Description**

Farm 5 is predominantly planted to citrus with a small section of avocados and is contained within 14 allotments.

**Location**

Farm 5 is located on the eastern and western side of the Government Road between its intersection with Chino Street to the south and Quarte Street to the north. The western section of Farm 5 has a north easterly frontage to Coolong Avenue. Farm 5 historically comprised five properties that have since been amalgamated and are run as a single operation.

**Title Particulars**

A Certificate of Title schedule and commentary around the Encumbrances, Easements and Interests is appended to the rear of this report.

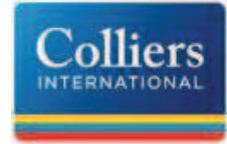
The property is held in 12 freehold titles and comprises a total area of 104.08 hectares.

CIVAS, under the specific instructions of the reliant party, have not undertaken current title searches of the property due to time and cost limitations.

The reliant party acknowledges and agrees that updated searches as to title and plans in respect of all the properties have not be undertaken. The searches relied upon are not current and accordingly fall outside typical standard valuation practice. The parties hereby release the valuer in respect of its use of non-current searches as to title, plan and water rights for the properties when preparing the valuation report.



Vitalharvest Berry & Citrus Portfolio



**Planning Controls**

The property is zoned Rural Horticulture in the Renmark Paringa Council. The current use of the property as a horticultural property appears to be in compliance with zoning regulations.

Desired Outcomes

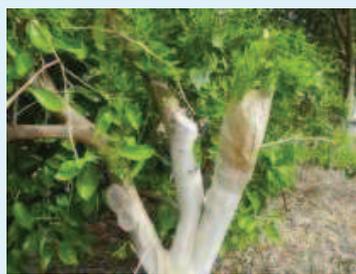
- Intensive agriculture in the form of horticulture and associated value-adding enterprises and activities.
- The establishment of appropriately scaled industries for washing, processing, bottling and packaging primary produce and servicing and supporting horticulture.
- Manage interface conflict between horticulture and other land uses.

**Land Break-up**

Based on the provision of aerial photography, information supplied and confirmed by the proprietor including farm maps and our inspection we have adopted the following land break-up for valuation purposes.

Planted Land	85.14	ha approx.	(74% of site area)
Orchard Support Land	11.25	ha approx.	(10% of site area)
Other Land	7.67	ha approx.	(16% of site area)
Total	104.06	ha approx.	

Please note that our estimates have been prepared without the benefit of a formal survey and should any formal survey be undertaken that discloses a significant variation from the numbers adopted herein then we reserve the right to review this valuation.



Tango – top worked on Tangelo



Orri mandarins



Seedless lemons



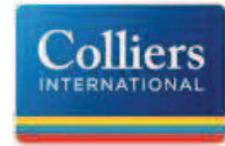
Satsuma plantings



Removed Imperials



Young Cara Caras – Chino Street

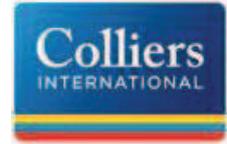


Vitalharvest Berry & Citrus Portfolio

Planting Details			
Variety	Crop Type	Age	Area ha
Hass Avocado	Avocado	2000	5.28
Total Avocados			5.28
Red Blood Navels	Mid Season Navels	2019	2.10
Honey Murcott	Mandarin	1997	6.30
Imperial	Seedless Mandarin	1960-2002	6.40
Red Blood Navels	Mid Season Navel	2018	1.98
Lemon	Lemon	1972-2002	6.08
Lemon - Seedless	Seedless Lemon	2014	0.65
Lemon - Seedless	Seedless Lemon	2017	2.58
Leng Navel	Mid-Season Navel	1983-1988	1.29
Lime	Lemon	1986	0.10
Minneola Tangelo	Mandarin	1987-1998	3.95
Minneola Tangelo	Tango mandarin top worked	2020	2.03
Navelina	Early Navel	1995-2000	5.42
Orri Mandarin	Seedless Mandarin	2017	1.16
Satsuma	Seedless Mandarin	2001-2012	24.91
Satsuma	Seedless Mandarin	2018	1.54
Seville * not in VITOR records	Early Navel	1986	0.48
Summer Navel	Late Navel	1979-1992	5.85
Valencia	Late Navel	1975-1982	3.32
Washington Navel	Mid Season Navel	1960-1987	5.75
Total Citrus			79.86
<b>Total</b>			<b>85.14</b>



Vitalharvest Berry & Citrus Portfolio



**Structures and Site Improvements Overview**



Dwelling – Block 46



Shed compound



Dwelling - Pope



Dwelling – Cooltong Road



Dwelling – Katekar (1 of 4)



Shed compound – off Chowilla Street

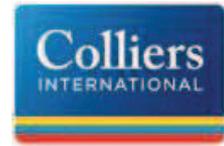
The property contains adequate structures for its existing operation. The structures are described in full within our previously prepared individual valuation report (June / December 2019) and are summarised as follows:

Buildings on the property include the following:

- Home Block - House of 125m<sup>2</sup>
- Home Block – Storage Shed of 60m<sup>2</sup>
- Block 46 – Dwelling of 168m<sup>2</sup>
- Block 46 – Shed 1 of 128m<sup>2</sup>
- Block 46 – Workshop of 136m<sup>2</sup>
- Block 46 – Storage Shed 2 of 84m<sup>2</sup>
- Block 46 – 2 x Implement Shed of 210m<sup>2</sup> each
- Block 46 – Storage Shed of 210m<sup>2</sup>
- Pope Block – Pope House of 187m<sup>2</sup>
- Katekar – Katekar House of 101m<sup>2</sup>
- Katekar – Katekar Homestead of 375m<sup>2</sup>
- Katekar – Katekar Home of 271m<sup>2</sup>
- Katekar – Dwelling of 147m<sup>2</sup>
- Katekar – Shed of 478m<sup>2</sup>
- Katekar – Fertiliser Shed of 70m<sup>2</sup>
- Katekar – Low clearance Storage Shed of 160m<sup>2</sup>
- Katekar – Irrigation Shed of 112m<sup>2</sup>



Vitalharvest Berry & Citrus Portfolio



**Water Licences**

Improvements on the property are connected with water via the Renmark Irrigation Trust and rainwater catchment. Effluent disposal throughout the region is via septic tank systems. Water for irrigation purposes is sourced directly from the River Murray. The Water Licence details are appended to this rear of this report.

**Irrigation**

Irrigation infrastructure is complex. Farm 5 is irrigated in two main sections being either side of Government Road. A summary of the irrigation system on the western side of Government Road is as follows:

Water is re-pressurised from RIT at a pump site fronting Cooltong Avenue. Water is pumped using 2 x 18.5KW Grundfos motors and pumps. The pumps are regulated with VSD's. Water is then filtered through a bank of three Arkal Spin Klin Galaxy filters which are fitted with auto-flush. The system has fertigation capabilities and include a poly mixing tub, four poly storage tanks supporting an 'A' and 'B' system. Dosing pumps comprise two 1.5KW Grundfos pump and motors.

The pumps irrigate citrus plantings via dual line drippers with applications rates advised as being around 7mm per day.

Irrigation and fertigation of the plantings on the Fairview and Katekar properties that form portion of farm 5 which is located on the eastern side of Government Road and are described as follows:

Water is re-pressurised from RIT at a pump site fronting Cooltong Avenue. Water is pumped using 2 x 18.5KW Grundfos motors and pumps. The pumps are regulated with VSD's. Water is then filtered through a bank of three Arkal Spin Klin Galaxy filters which are fitted with auto-flush. The system has fertigation capabilities and include a poly mixing tub, six poly storage tanks supporting an 'A' and 'B' system and dosing pumps.

The pumps irrigate citrus plantings via dual line drippers with applications rates advised as being around 7mm per day.



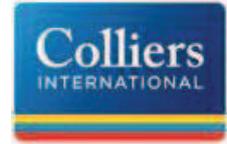
Pump shed – Cooltong Avenue



Irrigation shed



Vitalharvest Berry & Citrus Portfolio



**Farm 9**

The property has been identified by reference to the title plans, cadastral plans and aerial imagery and the approximate boundaries are shown within the images below:



Source: Google Earth Pro dated 5 May 2020

**Property Description**

Farm 9 historically was fallen under the Kangara property as W Block for fruit inventory purposes, however, is known as Farm 9 under Yandilla.

**Location**

Farm 9 is located on the eastern and western side of the Murtho Road. The western section of Farm 5 has a north westerly frontage to the Murray River.

**Title Particulars**

A Certificate of Title schedule and commentary around the Encumbrances, Easements and Interests is appended to the rear of this report.

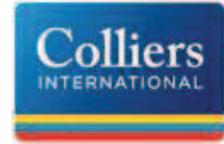
The property is held in 3 freehold titles and comprises a total area of 89.54 hectares.

CIVAS, under the specific instructions of the reliant party, have not undertaken current title searches of the property due to time and cost limitations.

The reliant party acknowledges and agrees that updated searches as to title and plans in respect of all the properties have not be undertaken. The searches relied upon are not current and accordingly fall outside typical standard valuation practice. The parties hereby release the valuer in respect of its use of non-current searches as to title, plan and water rights for the properties when preparing the valuation report.



Vitalharvest Berry & Citrus Portfolio



**Planning Controls**

The property is zoned Rural in the Renmark Paringa Council. The current use of the property as a horticultural property appears to be in compliance with zoning regulations.

Desired Outcomes

- o A zone supporting the economic prosperity of South Australia primarily through the production, processing, storage and distribution of primary produce, forestry and the generation of energy from renewable sources.
- o A zone supporting diversification of existing businesses that promote value-adding such as industry, storage and warehousing activities, the sale and consumption of primary produce, tourist development and accommodation.

**Land Break-up**

Based on the provision of aerial photography, information supplied and confirmed by the proprietor including farm maps and our inspection we have adopted the following land break-up for valuation purposes.

Planted Land	61.80	ha approx.	(69% of site area)
Orchard Support Land	10.00	ha approx.	(11% of site area)
Other Land	17.74	ha approx.	(20% of site area)
Total	89.54	ha approx.	

Please note that our estimates have been prepared without the benefit of a formal survey and should any formal survey be undertaken that discloses a significant variation from the numbers adopted herein then we reserve the right to review this valuation.



Trellised Persimmons under net



Tangelos



Hail damaged area – Persimmon trees relocated



Persimmon crop under hail netting



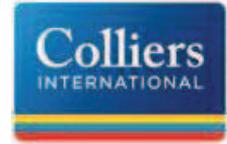
Avocado in substrate



2016 Persimmons with frost fan



Vitalharvest Berry & Citrus Portfolio

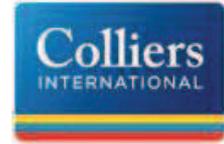


**Planting Details**

Variety	Crop Type	Age	Area ha
Hass Avocado	Avocado	1972-1997	9.20
Hass Avocado	Avocado	2013	9.52
Hass Avocado	Avocado	2017	0.81
Reed Avocado	Avocado	1984	0.43
Gem Avocado	Avocado	2018	0.73
Total Avocados			20.69
Navelina	Early Navels	2001	1.37
Lemon	Lemon	1998	1.12
Minneola Tangelo	Mandarin	1985-1998	6.33
Summer Navel	Mid Season Navel	1987	4.00
Satsuma	Seedless Mandarin	2001	3.10
Satsuma	Seedless Mandarin	2018	0.69
Red Blood Navel	Mid Season Navel	2020	1.50
Total Citrus			18.11
Persimmon	Persimmon	1987-1999	4.44
Persimmon	Persimmon	2012	1.95
Persimmon	Persimmon	2013	1.83
Persimmon	Persimmon	2016	12.05
Persimmon	Persimmon	2017	2.73
Total Persimmons			23.00
<b>Total</b>			<b>61.80</b>



Vitalharvest Berry & Citrus Portfolio



Structures and Site Improvements Overview



Manager's house



Shed compound



Implement shed



River house



Fertigation shed and accessories



River pump sheds

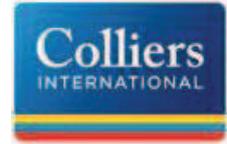
The property contains adequate structures for its existing operation. The structures are described in full within our previously prepared individual valuation report (June / December 2019) and are summarised as follows:

Buildings on the property include the following:

- Storage Shed of 125m<sup>2</sup>
- Implement Shed of 135m<sup>2</sup>
- Fertiliser Shed of 36m<sup>2</sup>
- River Home of 186m<sup>2</sup>
- Irrigation Shed of 30m<sup>2</sup>
- Three Bay Storage Shed of 54m<sup>2</sup>
- Manager's House of 146m<sup>2</sup>
- In addition to the above structures there is a significant modern seasonal worker accommodation complex adjacent to the main shed compound. These improvements are the property of the Tenant and have been excluded from this valuation.



Vitalharvest Berry & Citrus Portfolio



**Water Licences**

Improvements on the property are connected with water via the Renmark Irrigation Trust and rainwater catchment. Effluent disposal throughout the region is via septic tank systems. Water for irrigation purposes is sourced directly from the River Murray. The Water Licence details are appended to this rear of this report.

**Irrigation**

Irrigation infrastructure is complex. A summary of the irrigation system is as follows:

Water is pumped from the Murray using 2 x 90KW *CMG* motors coupled to *TKL Iso* pumps. The pumps are regulated with VSD's. The pumps are mounted to a steel skid which can be adjusted to the river pool height.

Water is then filtered through a bank of three *Arkal* filters which are fitted with auto-flush.

The system has fertigation capabilities and include a poly mixing tub, eight poly storage tanks supporting an 'A' and 'B' system and dosing pumps.

The pumps irrigate citrus plantings via dual line drippers with applications rates advised as being around 7mm per day.

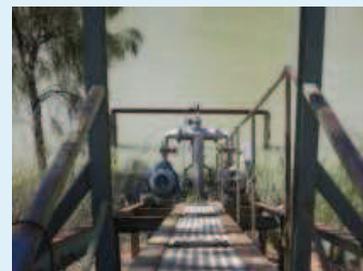
Some areas of the orchard have probes fitted with the lessee experimenting with substrate growing methods.



Filtration point on main irrigation line



Diesel back-up genset



River pump



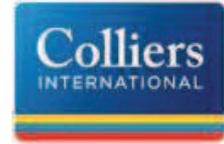
Recessed area in main pump shed



Main pump 1

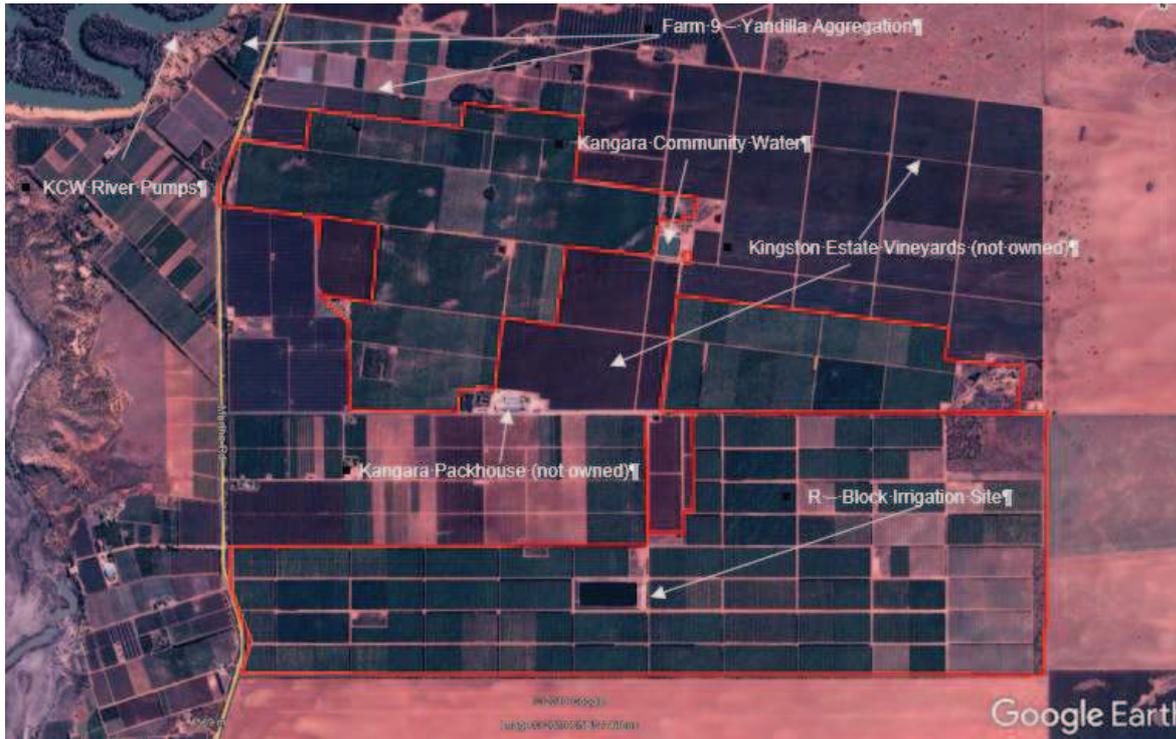


Main pump 2



## 5.2 Kangara Orchards, Murtho SA

The property has been identified by reference to the title plans, cadastral plans and aerial imagery and the approximate boundaries are shown within the images below:



Source: Google Earth Pro

### Property Description

Kangara orchard comprises a one of Australia's largest citrus orchards. Kangara is planted to approximately 805.56 hectares of citrus plantings established from 1985 through to 2018. The orchard is divided into two main areas known as "350 Block" and "R Block" which are located north and south respectively of Beherendts Road which separates Kangara in an east to west direction. Irrigation water is supplied to Kangara via the Kangara Community Water (KCW) scheme which is 65% owned by Vitalharvest Freehold Trust and 35% owned by Kingston Estate Vineyards, a large Riverland based wine company. KCW own a 35 megalitre dam which is filled from the Murray River and distributed to the scheme's owners through their own infrastructure.

### Location

The property is located on the eastern side of Murtho Road, approximately 13 kilometres north of the township of Paringa in South Australia's Riverland region.

### Title Particulars

A Certificate of Title schedule and commentary around the Encumbrances, Easements and Interests is appended to the rear of this report.

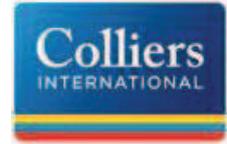
The property is held in 3 freehold titles and comprises a total area of 962.55 hectares.

CIVAS, under the specific instructions of the reliant party, have not undertaken current title searches of the property due to time and cost limitations.

The reliant party acknowledges and agrees that updated searches as to title and plans in respect of all the properties have not be undertaken. The searches relied upon are not current and accordingly fall outside typical standard valuation practice. The parties hereby release the valuer in respect of its use of non-current searches as to title, plan and water rights for the properties when preparing the valuation report.



### Vitalharvest Berry & Citrus Portfolio



#### Planning Controls

The property is zoned Rural in the Renmark Paringa Council. The current use of the property as a horticultural property appears to be in compliance with zoning regulations.

#### Desired Outcomes

1. A zone supporting the economic prosperity of South Australia primarily through the production, processing, storage and distribution of primary produce, forestry and the generation of energy from renewable sources.
2. A zone supporting diversification of existing businesses that promote value-adding such as industry, storage and warehousing activities, the sale and consumption of primary produce, tourist development and accommodation.

#### Land Break-up

Based on the provision of aerial photography, information supplied and confirmed by the proprietor including farm maps and our inspection we have adopted the following land break-up for valuation purposes.

Orchard Land	793.12	ha approx.	(82% of site area)
Plantable Land	17.44	ha approx.	(2% of site area)
Orchard Support Land	90.00	ha approx.	(9% of site area)
Other Land	61.99	ha approx.	(7% of site area)
Total	962.55	ha approx.	

Please note that our estimates have been prepared without the benefit of a formal survey and should any formal survey be undertaken that discloses a significant variation from the numbers adopted herein then we reserve the right to review this valuation.

There is a total of 793.12 hectares developed to mixed age citrus plantings with other land comprising plantable land, service land such as roadways, headlands, building sites and water storages. There is approximately 17.44 hectares of plantable within the holding.



2013 Afourers – R Block



2017 Afourers – R Block



1998 Cara Caras – R Block



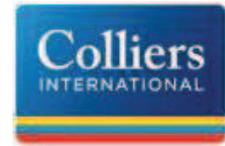
Washington Navels – 350 Block



Lanes late top-worked on Tangelo



1998 Summer Navels – Block 350



Vitalharvest Berry & Citrus Portfolio

**Kangara Orchard Planting Details - (350 Block)**

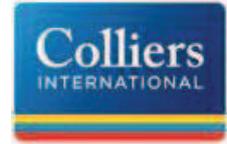
Variety	Crop Type	Age	Area ha
Navelina	Early Navels	1997-2001	45.09
Valencia	Late Navel	1985-2003	53.29
Lemon	Lemon	2003	2.95
Honey Murcott	Mandarin	2000	8.35
Minneola Tangelo	Mandarin	2001	0.50
Leng Navel	Mid Season Navel	1990-2001	19.02
Summer Navel	Mid Season Navel	1988-2003	138.98
Washington Navel	Mid Season Navel	1992-2003	42.20
Clementine	Seedless Mandarin	1996-2000	14.25
Orri Mandarin	Seedless Mandarin	2014	10.99
Total 350 Block			335.62

**Kangara Orchard Planting Details - (R Block)**

Variety	Crop Type	Age	Area ha
Navelina	Early Navels	2005	39.35
Summer Navel	Late Navels	2005-2006	149.21
Daisy	Mandarin	2006	7.53
Imperial	Mandarin	2005-2006	28.28
Red Blood Navel	Mid Season Navel	2018	3.93
Washington Navel	Mid Season Navel	2005	4.04
Summer Gold	Mid Season Navels	2005	40.40
Lemon Seedless	Seedless Lemon	2016	4.06
Lemon Seedless	Seedless Lemon	2017	14.99
Afourer	Seedless Mandarin	2005-2006	60.83
Afourer	Seedless Mandarin	2012	12.12
Afourer	Seedless Mandarin	2013	32.32
Afourer	Seedless Mandarin	2014	10.59
Afourer	Seedless Mandarin	2017	36.14
Afourer	Seedless Mandarin	2018	5.35
Afourer (2005 replants)	Seedless Mandarin	2020	4.32
Satsuma	Seedless Mandarin	2017	4.04
Total Block R			457.50



Vitalharvest Berry & Citrus Portfolio



**Structures and Site Improvements Overview**



3 X irrigation sheds – R Block



Irrigation shed – R Block



Amenities – R Block



Pump shed – 350 Block (Kingston Estate)



Workshop – 350 Block (Kingston Estate)



Shared work compound (Kingston Estate)

The property contains adequate structures for its existing operation. The structures are clustered towards the irrigation infrastructure on the property. The below descriptions incorporate some KCW (Kingston Estate Wines) infrastructure, but we have ascribed no value for the buildings in this instance. The structures are described in full within our previously prepared individual valuation report (June / December 2020) and are summarised as follows:

- KWC Property – River Pump Shed 12m<sup>2</sup>
- KWC Property – River Pump Shed 36.4m<sup>2</sup>
- R Block – Pump Canopy of 90m<sup>2</sup>
- KWC Property – River Pump Shed 55m<sup>2</sup>
- R Block – Acid Shed of 7m<sup>2</sup>
- R Block – Lunchroom of 39m<sup>2</sup>
- R Block – Irrigation Shed of 480m<sup>2</sup>
- R Block – Storage Shed of 216m<sup>2</sup>
- R Block – Ammonium Nitrate Shed of 216m<sup>2</sup>
- Adjacent KWC Property –Workshop/Implement Shed 226m<sup>2</sup>

Irrigation infrastructure is as depicted and described below and overleaf:



Irrigation Dam – 350 Block



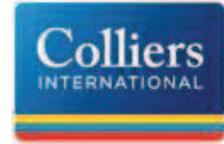
Irrigation dam – R Block



Irrigation pumps – R Block



Vitalharvest Berry & Citrus Portfolio



The Kangara orchard sources irrigation water through a private irrigation scheme known as Kangara Community Water (KCW). The KCW delivery infrastructure comprises a dam, together with pumping infrastructure and a pipeline delivery system, which supplies two horticultural properties owned by the registered proprietor and Kingston Estate Vineyards.

The KCW infrastructure forms a critical part of the assessed market value and is described more fully in Section 6 of this report.

**Water Licences**

Water for irrigation purposes is sourced directly from the River Murray via the KCW scheme. Vitalharvest hold a Water Licence with a nominal 60 megalitre allocation. The orchard relies heavily on temporary water leased by the tenant at its cost. Water is pumped from a site alongside the Yandilla Park Farm 9 pump station (common ownership) and transferred to the holding dams on the property.

**Irrigation**

Irrigation infrastructure is complex. A summary of the irrigation system is as follows:

6 x Suction lines which feed six mainlines to the KCW dam. The mainlines have an advised diameter of 575mm, 450mm, 375mm and 3 x 300mm. The suction lines were upgraded in 2012.

Three pump sheds house the river infrastructure.

Irrigation water in Shed 1 is pumped via a 315kW *CMG motor coupled to a Super Titan* 130x200x580 pump. The same shed houses two Eight-cylinder Detroit diesel generators which are used for back-up.

Irrigation shed two comprises two 150kW *WEG* motors coupled to *Hydro Titan* (200 x 300 x 630) pumps. The pumps each are fitted with a jacking pump for priming.

Irrigation Shed three comprises Super Titan pump and motor, with the capacities unknown.

Combined the pumps provide an average flow rate of around 1,000 litres per second.

KCW pumps at the Murray fill a 40ML earth dam which incorporates a metal beach areas. Kingston Estate and Kangara Orchard have separate meters, pumps and filtrations which supply water to their respective plantings. Incorporated with the KCW land is three *ATCO's* which are shared with Kingston Estate and deemed community owned.

Water to the "R Block" dam is transferred via 2 x 55kW *WEG* three phase electric motors coupled to *Gould* pumps. The pumps are designed for low pressure but high flow, with the mainline connecting the "R Block" dam advised as being 450mm.

Plantings on the Kangara 350 block are irrigated directly from the KCW dam. A diesel pump coupled to a *TKL Hydro- Titan* pump is shared with Kingston Estate for back-up.

Primary pumping infrastructure comprises three *CMG* (70kW, 90kW & 105kW) pumps coupled to *Hydro Titan TP251C* pumps fitted with soft starters and variable speed drives.

Water is filtered through two banks of 12 *Arkal Spin Klin Galaxy* filters. Switch gear is house in a *bondor* panel clad control room which is fitted with a split system air-conditioner.

The orchard plantings on "350" are irrigated in four shifts with the system designed to deliver around 7mm/day and managed with a *Netafim* controller.

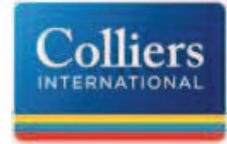
The whole system is fitted with fertigation mixing tub, 2 x 22,000 litre poly holding tanks and various dosing pumps.

"R Block" is irrigated from a plastic lined dam with an advised capacity of 250 megalitres. The dam is filled from the KCW dam.

Irrigation water is pumped from the dams via 4 x *WEG* 132 KW motors coupled to Super Titan pumps (200x250x500). There is provisions for a fifth pump which will be added in the short to medium term. The whole system is primed with a *Monarch* 22KW jacking pump. The pumps are positioned on the dam wall and have individual suction lines and feed a filter shed positioned at the base of the structure.

Irrigation water is filtered through four banks of eight *Arkal Spin Klin Galaxy* filters fitted with auto-flush. Switch gear is house in a *bondor* panel clad control room which is fitted with a split system air-conditioner. The orchard plantings on "R Block" are irrigated in two shifts with the system designed to deliver around 7mm/day and managed with a *Netafim* controller. Overall there is 114 valves.

The whole system is fitted with fertigation mixing tub, 5 x 22,000 litre poly holding tanks and various dosing pumps.



### 5.3 Solora Orchards, Bookpurnong SA

The property has been identified by reference to the title plans, cadastral plans and aerial imagery and the approximate boundaries are shown within the images below:



Source: Google Earth Pro dated 29 July 2020

#### Property Description

The subject property comprises a large citrus operation and packing shed located between Berri and Loxton. The orchard has been developed to approximately 467.25 hectares of citrus and avocado plantings established from 1960 through to 2020. The Solora orchard is improved with two residential dwellings and various sundry shedding improvements.

#### Location

The principle access to the property is from Bookpurnong Road, a bitumen surfaced road of good quality which bisects the holding and connects the River Murray township of Loxton to the regional centre of Berri. Secondary access to the various portions of the property is available from Obst Road, Stanitzki Road, Quast Road and Nitschke Road.

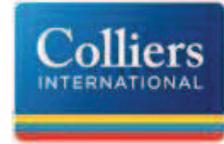
#### Title Particulars

A Certificate of Title schedule and commentary around the Encumbrances, Easements and Interests is appended to the rear of this report.

The orchard holdings are held in four freehold titles and comprises a total area of 577.94 hectares. The packing shed is on a separate but contiguous title of 4.05 hectares (Lot 703).

CIVAS, under the specific instructions of the reliant party, have not undertaken current title searches of the property due to time and cost limitations.

The reliant party acknowledges and agrees that updated searches as to title and plans in respect of all the properties have not been undertaken. The searches relied upon are not current and accordingly fall outside typical standard valuation practice. The parties hereby release the valuer in respect of its use of non-current searches as to title, plan and water rights for the properties when preparing the valuation report.



### Vitalharvest Berry & Citrus Portfolio

#### Planning Controls

The property is zoned Rural in the District Council of Loxton Waikerie. The current use of the property as a horticultural property appears to be in compliance with zoning regulations.

#### Desired Outcomes

1. A zone supporting the economic prosperity of South Australia primarily through the production, processing, storage and distribution of primary produce, forestry and the generation of energy from renewable sources.
2. A zone supporting diversification of existing businesses that promote value-adding such as industry, storage and warehousing activities, the sale and consumption of primary produce, tourist development and accommodation.

#### Land Break-up

Based on the provision of aerial photography, information supplied and confirmed by the proprietor including farm maps and our inspection we have adopted the following land break-up for valuation purposes.

Planted Land	467.25	ha approx.	(81% of site area)
Plantable Land	5.02	ha approx.	(1% of site area)
Orchard Support Land	50.00	ha approx.	(9% of site area)
Other Land	55.67	ha approx.	(9% of site area)
<b>Total</b>	<b>577.94</b>	<b>ha approx.</b>	

Please note that our estimates have been prepared without the benefit of a formal survey and should any formal survey be undertaken that discloses a significant variation from the numbers adopted herein then we reserve the right to review this valuation.



2015 Afourers under netting – J21 Block



Seedless lemons – J15 block



Orchard overview – road/headland



Avocados – o/head sprinklers fitted



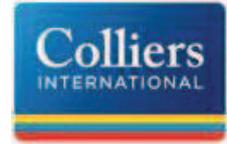
2020 Cara Cara's – east side E3 Block



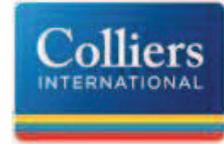
2019 Cara Cara's – B7 Block



## Vitalharvest Berry &amp; Citrus Portfolio

**Planting Details**

Variety	Crop Type	Age	Area ha
Hass Avocado	Avocado	2016	17.39
Hass Avocado	Avocado	2017	21.42
Hass Avocado	Avocado	2018	7.07
Gem Avocado	Avocado	2018	6.24
Total Avocado			52.12
Navelina	Early Navels	1997-2002	16.92
Leng Navel	Early Navels	2002	3.47
Fischer Navel	Early Navels	2006	3.93
Total Early Navels			24.32
White Grapefruit	Grapefruit	2005	4.19
Red Grapefruit	Grapefruit	2002	5.78
Red Grapefruit	Grapefruit	2017	3.50
Total Grapefruit			13.47
Summer Navel	Late Season Navel	1979-1999	30.36
Summer Navel	Late Season Navel	2006-2010	45.13
Summer Gold	Late Season Navel	2006	34.93
Total Late Season Navels			110.42
Lemon	Lemon	1975-2002	24.36
Lime	Lemon	2002-2006	8.90
Lemon Seedless	Lemon	2017	11.46
Total Lemons			44.72
Honey Murcott	Mandarin	1988-97	3.08
Avana Mandarin	Mandarin	2003	0.15
Imperial	Mandarin	1983-2001	31.39
Imperial	Mandarin	2005-2010	17.49
Minneola Tangelo	Mandarin	2001-2006	3.43
Tango – top worked on Tangelo	Mandarin	2020	3.71
Ortanique	Mandarin	1980-2000	12.19
Total Mandarins			71.44



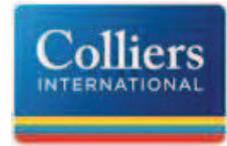
Vitalharvest Berry & Citrus Portfolio

Planting Details			
Variety	Crop Type	Age	Area ha
Red Blood Navel	Mid-Season Navel	2018	11.19
Red Blood Navel	Mid-Season Navel	2019	4.96
Red Blood Navel	Mid-Season Navel	2020	21.79
Blood Orange	Mid-Season Navel	2003	1.62
Washington Navel	Mid-Season Navel	1960-1961	14.01
Washington Navel	Mid-Season Navel	1985-1999	29.20
Washington Navel	Mid-Season Navels	2010	7.62
Total Mid-Season Navels			90.39
Afourer	Seedless Mandarin	2006	17.96
Afourer	Seedless Mandarin	2015	7.58
Clementine	Seedless Mandarin	1998	7.05
Total Mandarins			32.59
Valencia	Valencia	1960-1961	14.66
Valencia	Valencia	2001-2004	13.12
Total Valencias			27.78
<b>Total</b>			<b>467.25</b>

The other land comprises of roadways, headlands, building sites, water storages and plantable land. There is potential for further planting to be undertaken, with 5.02 hectares of plantable area advised by management.



## Vitalharvest Berry & Citrus Portfolio



### Structures and Site Improvements Overview



Dwelling – west side



Work shed complex - westside



Site office



River pump sheds



Dry goods shed



Fertigation shed

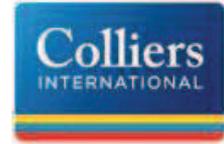
The property contains adequate structures for its existing operation. The structures are described in full within our previously prepared individual valuation report (June / December 2020) and are summarised as follows:

- Dwelling in lower order condition (west side)
- Fertigation Shed of 109m<sup>2</sup>
- Bulk Storage Shed of 146m<sup>2</sup>
- Fertiliser Shed of 17m<sup>2</sup>
- Mixing Shed of 26m<sup>2</sup>
- Fertiliser Storage Shed of 26m<sup>2</sup>
- Pump Shed of 43m<sup>2</sup>
- Pump Shed of 38m<sup>2</sup>

At the time of inspection, an old dwelling and adjacent outbuildings were in the process of being demolished. The structures contained asbestos products and the appropriate safety measures were noted as being in place at our inspection. This assessment assumes that these works have been completed in line with regulatory and industry best practice standards.



Vitalharvest Berry & Citrus Portfolio



**Water Licences**

Improvements on the property are connected with water via the Renmark Irrigation Trust and rainwater catchment. Effluent disposal throughout the region is via septic tank systems.

Water for irrigation purposes is sourced directly from the River Murray.

The Water Licence details are appended to this rear of this report.

**Irrigation**

Irrigation infrastructure is complex. A summary of the irrigation system is as follows:

3 x Suction lines which feed a single mainline with an advised diameter of 630mm. There is a second extraction site upstream (below picture) which is now redundant as a result of the recent upgrades.

The second (disused) extraction point irrigated roughly 100 hectares of Imperial Mandarins via overheads. These have now been converted to drippers.

Irrigation water is pumped via three 185KW WEG motors coupled to *Super Titan* (200 x 300 x 630) pumps. The pumps each are fitted with a jacking pump for priming. All three pumps have flow meters installed and motor speeds are regulated with *Schneider* variable speed drives. Management advised the approximate pumping capacity is around 180 to 200 litres per second for each pump.

The pumps are housed in a lockable pump shed at the base of a shaft which is around water pool height.

Water is filtered through a bank of *Amiad* screen filtered which are fitted with auto-flush. The filtered are located to the rear of the pump shed in a sunken concrete pit which will have a roof installed.

Two back-flush tanks are located adjacent the filters and the whole system is fitted with a surge protection main into the river.

Both east and west of the highway have separate fertigation sites. The eastern side of the highway was locked at the time of our inspection.

The western side comprises a bank of 12 *Arkal Spin Klin* filters and two *Bredel SPX 50* hose pumps for injecting fertigation solution. Solution is stored in six poly tanks with an A&B system in operation.

We anticipate the property will require in the order of 5,250 to 5,300 megalitres to maintain viable production levels once all of the plantings are mature.

Irrigation shifts are managed with a *Enviroscan* controllers. The citrus requires three shifts to irrigate all of the plantings and the avocados can be irrigated in two shifts.

The Avocados are irrigated via under tree sprinklers which have misters installed on every second tree of every second row.

Citrus plantings are irrigated via dual drippers. Management said they aim to apply between 7mm and 8mm of water per day per block.



Westside mainline junction



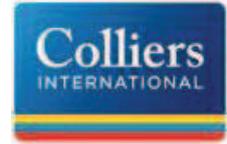
Amiad river pumps



Pump controllers



Vitalharvest Berry & Citrus Portfolio



## 5.4 Solora Packing Shed, Bookpurnong SA

The property has been identified by reference to the title plans, cadastral plans and aerial imagery and the approximate boundaries are shown within the images below:



Source: Google Earth Pro dated 29 July 2020

### Property Description

A separate title containing a packing shed, office and associated working improvements was acquired in 2014 by the registered proprietor. Costa Group pack all their Avocados and Persimmons grown in the Riverland at the site. The packing shed is one of three processing sites Costa Group occupy in the Riverland. There are a number of small transportable style accommodation buildings shown in the above aerial image that are excluded from our assessment. They were the property of the tenant and have since been removed from the site.

### Location

The structures are confined to land adjacent the Bookpurnong Road frontage.

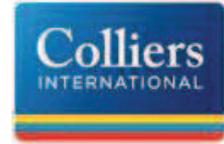
### Title Particulars

A Certificate of Title schedule and commentary around the Encumbrances, Easements and Interests is appended to the rear of this report.

The property is held in a single freehold title and comprises a total area of 4.05 hectares.

CIVAS, under the specific instructions of the reliant party, have not undertaken current title searches of the property due to time and cost limitations.

The reliant party acknowledges and agrees that updated searches as to title and plans in respect of all the properties have not been undertaken. The searches relied upon are not current and accordingly fall outside typical standard valuation practice. The parties hereby release the valuer in respect of its use of non-current searches as to title, plan and water rights for the properties when preparing the valuation report.



Vitalharvest Berry & Citrus Portfolio

**Planning Controls**

The property is zoned Rural in the District Council of Loxton Waikerie. The current use of the property as a horticultural property appears to be in compliance with zoning regulations.

Desired Outcomes

1. A zone supporting the economic prosperity of South Australia primarily through the production, processing, storage and distribution of primary produce, forestry and the generation of energy from renewable sources.
2. A zone supporting diversification of existing businesses that promote value-adding such as industry, storage and warehousing activities, the sale and consumption of primary produce, tourist development and accommodation.

Structures and Site Improvements Overview



Packing shed



Internal – packing area

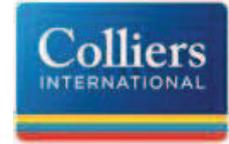


Workshop

The property contains adequate structures for its existing operation. The structures are described in full within our previously prepared individual valuation report (June / December 2020) and are summarised as follows:

- Packing shed of 2,184m<sup>2</sup>
- Packing shed office of 90m<sup>2</sup>
- Packing shed workshop/cardboard shed of 216m<sup>2</sup>
- Packing shed loading canopy of 960m<sup>2</sup>
- Packing shed receipt of 162m<sup>2</sup>
- Packing shed cool room of 120m<sup>2</sup>
- Workshop of 360 m<sup>2</sup>
- Sundry ATCO huts

The packing shed and storage areas do not appear to be fully utilised at present. All structures appeared to be in average condition commensurate with their age at the date of inspection. Please note that the cool room shed was not able to be accessed at inspection.



## 6 Water Holdings

There are several different types of water products utilised within the Vitalharvest portfolio. These are summarised as follows:

### 6.1 BerryExchange and Betts

Water for irrigation purposes is drawn from bores and dams. Catchment run-off is the dominant source of irrigation water. A summary of the water licences is set out in the table below:

Water Licence	Volume	Water Source	Extraction From	Works Approval Number	Property
WAL38161	50 ML	Clarence Moreton Basin Groundwater	Aquifer	30CA310250	Ponds
WAL38249	5 ML	Clarence Moreton Basin Groundwater	Aquifer	30CA310270	Tolsons
WAL39171	30 ML	Mid Orara River Water Source	River, Lake or Surface water runoff	30CA317255	Tolsons
WAL39090	70 ML	Mid Orara River Water Source	River, Lake or Surface water runoff	30CA317257	Betts
WAL39105	60 ML	Mid Orara River Water Source	River, Lake or Surface water runoff	30CA317132	P&F
WAL39110	241 ML	Mid Orara River Water Source	River, Lake or Surface water runoff	30CA317291	Stage 4
WAL39135*	910.9 ML	Mid Orara River Water Source	River, Lake or Surface water runoff	30WA316955	K.D.
WAL39155*	1,146.4 ML	Mid Orara River Water Source	River, Lake or Surface water runoff	30WA316867	K.D.
WAL39175	44 ML	Mid Orara River Water Source	River, Lake or Surface water runoff	30CA317295	Stage 5
WAL40363	148 ML	Mid Orara River Water Source	River, Lake or Surface water runoff	30CA317293	Stage 3
<b>Total</b>	<b>2,705.3 ML</b>				

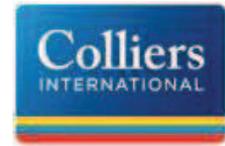
\*Shared water licence:

#### Shared Water Licence Summary

Water Licence	WAL Volume	Vitalharvest Owned (ML)	Number of Irrigators	Percentage of Shares Owned
WAL39135	999 ML	910.9 ML	8	91%
WAL39155	1,345 ML	1,146.4 ML	20	85%

The following water supply works approvals allow the extraction of water for irrigation uses. These approvals do not have a WAL ascribed to them:

Works Approval Number	Water Source	Work Type	Property
30WA316953	Mid Orara River Water Source	150mm centrifugal pump and Bywash storage and Storage – Off Creek	K.D.
30CA320467	Mid Orara River Water Source	100mm centrifugal pump and Bywash storage	Stage 3
30CA320467	Mid Orara River Water Source	100mm centrifugal pump and Bywash storage	Fullers



Vitalharvest Berry & Citrus Portfolio

We have been advised Vitalharvest Pty Ltd holds 7 of 9 (78%) A Class shares and 23 of 26 (88%) B Class shares in Kathleen Drive Pty Ltd (KD). Each share in KD is linked to a particular lot of land within the sub division of Kathleen Drive at BerryExchange. It is legacy of the land’s previous use as co-operative managed Macadamia farms. KD owns land on which there is a dam catchment area that services the remainder of the Berry Farm in Corindi and the remaining other KD owners’ farms. KD does not generate any profits as it does not charge its shareholders for use of water and the lessee paying for its maintenance cost.

The Costa Group manage the day to day administration of KD and the shared WAL’s relate to this dam site which is known as Old K.D. According to advice from management the site in an average year can yield in excess of 1,500 megalitres which is then distributed to other dams for storage.

It must be noted that we have not sighted a copy of the Kathleen Drive water supply agreement. The above summary has been taken from the Vitalharvest Product Disclosure Statement which was released prior to the trust listing on the Australian Stock Exchange. We reserve the right to review this valuation report should the agreement materially differ from the summary supplied in the PDS.

**6.2 Tumbarumba – Taradale Blueberry Farm**

Water for irrigation purposes is sourced from three dams and the Tarcutta Creek. We understand the two bores are not used for irrigation purposes. Vitalharvest Pty Ltd hold the following water licences:

Water Licence	Megalitres	Source	Purpose
WAL 10194	7.00	Stock and Domestic	Domestic & Stock
WAL 10195	144.00	Tarcutta Creek Water Source	Unregulated
WAL 28490	5.00	Lachlan Fold Belt MDB Groundwater Source	Irrigation
WAL 28590	30.00	Lachlan Fold Belt MDB Groundwater Source	Irrigation
<b>Total</b>	<b>186.00</b>		

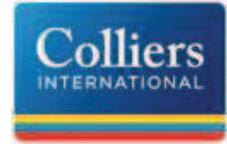
The primary water licence on Taradale blueberry farm (WAL 10195) permits irrigation use from the onsite dams and the Tarcutta Creek with either source able to supply up to the maximum entitlement (144ML). The creek extraction point allows for the top-up of water not received through run off into the property’s dams.

The property up until recently sourced water exclusively from run-off into three irrigation dams, which typically yielded approximately 80 megalitres per annum, with the balance of the licence (approximately 64 ML) not accessible. The registered proprietor recently commissioned a mobile pump to harvest the balance of the WAL10195 water from the Tarcutta Creek.

Access to the Tarcutta Creek pump site is not legally secure through a registered right of way, easement or legally binding water supply agreement. We have been verbally advised by representatives of the lessee a five year lease was signed with the neighbour to gain access to the creek. We have not sighted a copy of the lease but understand the rental is set at \$2,000 per annum. Formalising the access with a registered right of way is essential to underpin the property’s water security going forward.



## Vitalharvest Berry &amp; Citrus Portfolio

**6.3 9 Mile Blueberries**

In order for water to be captured in a dam or extracted from a river and used for commercial use, a licence must be obtained from the Tasmanian Department of Primary Industries, Parks, Water and Environment (DPIPWE).

Water trading is possible independent from the property in Tasmania. The water market is slowly maturing, particularly as Tasmania Irrigation develop schemes within the various rivers around the state. The majority of water trading, other than that directly related to rural property sales (transferring with land), has occurred within the major irrigation schemes (administered by Tasmania Irrigation) and through privately arranged physical transfers between landholders although Tasmania Irrigation does now have a public register of trades.

Vitalharvest hold the following water licences which are summarised in the table below:

<b>Water License 500571</b>	<b>Megaliters</b>	<b>Purpose</b>	<b>Allocation type</b>	<b>Dam</b>	<b>Resource</b>	<b>Start</b>	<b>End</b>
Water License 500571	12.00	Irrigation	Storage	823	Sulphur Creek Tributary	01-May	30-Nov
Water License 500571	9.00	Irrigation	Storage	825	Sulphur Creek Tributary	01-May	30-Nov
Water License 500571	6.00	Irrigation	Direct	823	Sulphur Creek	01-Dec	30-Apr
Water License 500571	6.00	Irrigation	Direct	826	Ellis Creek	01-Dec	30-Apr
Water License 500571	4.50	Irrigation	Storage	826	Ellis Creek	01-May	30-Nov
Water License 500571	85.00	Irrigation	Storage	9751	Sulphur Creek	01-May	30-Nov
Water License 500571	103.00	Irrigation	Storage	9751	Sulphur Creek	01-May	31-Oct
<b>Total</b>	<b>225.50</b>						

Previous discussions with the Department of Primary Industries, Parks, Water and Environment (administering authority) have revealed that it is generally accepted for licences to be annually renewed upon payment of relevant fees and charges. The department has verbally advised that the licences should then be valid until around 2050.

In addition to the above surface water licence the registered proprietor owns entitlements in the Dial Blythe Irrigation Scheme.

The scheme is administered by Tas Irrigation (TI) and has the capacity to supply 2,855 ML of water over a 120-day delivery period on which the summer irrigation season is based. Depending on rainfall, additional water may be able to be supplied by the scheme outside the irrigation season.

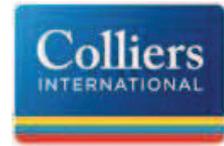
As with most irrigation schemes, delivery and infrastructure charges are payable by users. The current and historical charges are shown in the table below:

<b>Irrigation Season</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
Fixed Charges *	\$103.96 /ML	\$87.84 /ML	\$88.40 /ML	\$94.63 /ML
Variable Charges **	\$70.90 /ML	\$64.19 /ML	\$57.27 /ML	\$43.44 /ML
<b>Total</b>	<b>\$174.86 /ML</b>	<b>\$152.03 /ML</b>	<b>\$145.69 /ML</b>	<b>\$138.07 /ML</b>

\* Fixed charges are payable on your current entitlement holdings on the opening day of the irrigation season.

\*\*Variable charges are payable on water that is supplied during the irrigation season.

Additional charges are payable for additional winter entitlements which taken through the scheme.



Vitalharvest Berry & Citrus Portfolio

A summary of the scheme irrigation entitlements is provided in the table below:

<b>Licensee</b>	Vitalharvest Limited
<b>Irrigation Area</b>	Dial Blythe
<b>Irrigation Right (IR) No.</b>	IR-DB-01-011
<b>Attached Right (volume)</b>	120 mL

The scheme water is available from the months spanning between October to March.

There are currently 49 irrigators within the scheme. Water licenses vary in volume ranging between 10mL and 750mL, however, most holdings sit between 10mL and 40mL. This naturally makes the subject water licence one of the largest in the water scheme.

### 6.4 Dunorlan – Brooklyn Berries

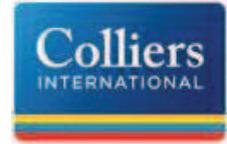
The property is located in the Meander Water Management Region. The management region has the benefit of an irrigation scheme which was established by Tasmania Irrigation (TI) in January 2008. Vitalharvest do not own any entitlements in the scheme which we understand is at capacity. The scheme provides farmers along the Rubicon River with a reliable irrigation water supply in the summer months from the Meander Dam. Water from the scheme can be delivered via the Rubicon River to Dunorlan. We understand approximately 40 megalitres of “top-up” water is purchased each year by the lessee to compliment the water owned by Vitalharvest.

Vitalharvest hold the following water licences which are summarised in the table below:

<b>Water License 500569</b>	<b>Megalitres</b>	<b>Purpose</b>	<b>Dam</b>	<b>Resource</b>	<b>Surety Level</b>	<b>Start</b>	<b>End</b>
Water License 500569	33.75	Irrigation	1171	Rubicon River	5	01-Dec	20-Apr
Water License 500569	15.00	Irrigation	7257	Rubicon River	5	01-May	30-Nov
<b>Total</b>	<b>48.75</b>						



Vitalharvest Berry & Citrus Portfolio



### 6.5 Yandilla Park

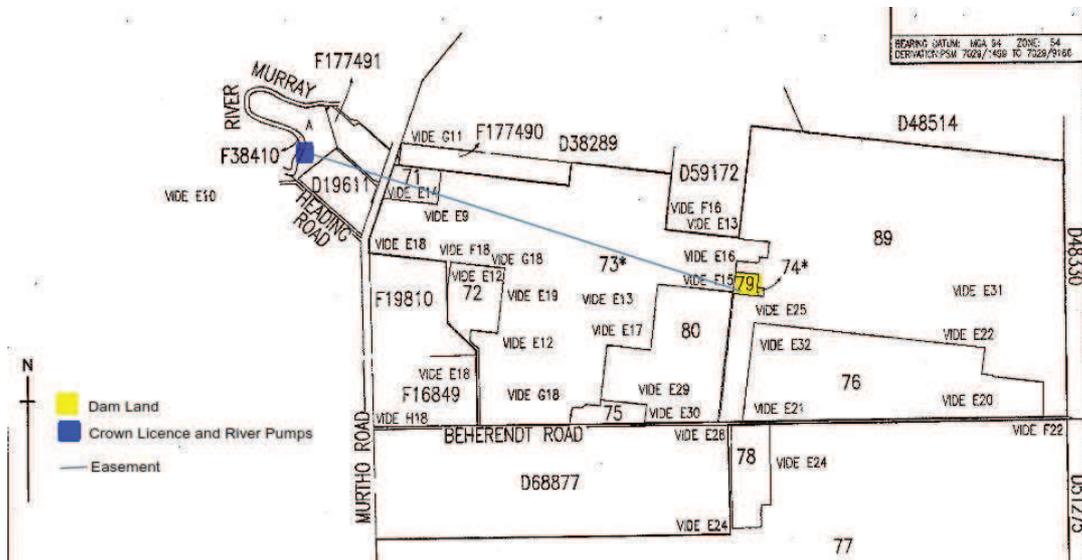
Water for irrigation purposes is sourced through the Renmark Irrigation Trust (RIT) for Farms 1, 3 and 5. The organisation oversees the management of River Murray irrigation water in Renmark and its infrastructure serves more than 600 irrigators (~4,500 hectares) throughout the area. Members pay rates to RIT to access River Murray water.

The particulars of the licences relevant to the property are as follows:

Water Source	Class	Licence No	Volume ML
SA River Murray Zone 12	3	Renmark Irrigation Trust	566.00
SA River Murray Zone 12	3	WL557-5	655.00
SA River Murray Zone 12	3	Renmark Irrigation Trust	4,103.00
SA River Murray Zone 12	3	Renmark Irrigation Trust	906.00
SA River Murray Zone 12	3	WL273-5	935.00
<b>Total Entitlements</b>			<b>7,165.00</b>

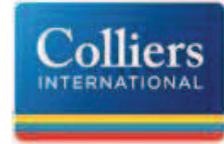
### 6.6 Kangara Orchards

The Kangara orchard sources irrigation water through a private irrigation scheme known as Kangara Community Water (KCW). The KCW delivery infrastructure comprises a dam, together with pumping infrastructure and a pipeline delivery system, which supplies two horticultural properties owned by the registered proprietor and Kingston Estate Vineyards.



The registered proprietor owns 65% in the entity and Kingston Estate Vineyards own the balance (35%). We have not been advised of any formal water supply agreements in place but understand that separate meters are installed for power and water usage.

The KCW infrastructure forms a critical part of the assessed market value.



Vitalharvest Berry & Citrus Portfolio

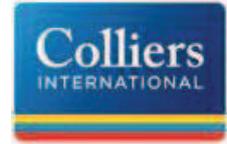
Water for irrigation purposes is sourced from the Murray River. The particulars of the licences relevant to the property are as follows:

Water Source	Class	Licence No	Volume
SA River Murray Zone 12	3	WL827-4	60.00 ML
<b>Total Entitlements</b>			<b>60.00 ML</b>

6.7 Solora Orchards

Water for irrigation purposes is sourced from the Murray River. The particulars of the licences relevant to the property are as follows:

Water Source	Class	Licence No	Volume
SA River Murray Zone 12	3	WL827-4	2,416.00 ML
VIC Murray Zone 7	HR	WEE053214	635.00 ML
Murrumbidgee Regulated River	HS	WAL37199	500.00 ML
<b>Total Entitlements</b>			<b>3,551.00 ML</b>



## 7 Annual Net Rental Summary

### 7.1 Rental Apportionment

The leases contain two rental components namely a fixed rent and a variable rent. The fixed rent component was structured within each lease at commencement as being 8% of the acquisition price of the asset inclusive of transaction costs. This rent was then fixed for the term of the lease with no provision for adjustments (reviews) other than rental increases in line with agreed capital expenditure undertaken by the landlord at the request of the tenant.

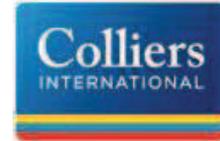
The variable rent is paid as a lump sum for the berries and the citrus properties. It is calculated as 25% of the Earnings Before Tax after deduction of fixed rent and has been apportioned by us to the respective berry and citrus farms on a pro rata basis based on area planted.

The rent for the period since 2014 is shown in the table below:

#### Historical Rental Analysis

Period	Fixed Rent (rounded)	Variable Rent	Total Rent
CY2014	\$7,500,000	\$8,577,730	\$16,077,730
CY2015	\$7,900,000	\$9,142,051	\$17,042,051
CY2016	\$8,400,000	\$8,164,915	\$16,564,915
CY2017	\$8,700,000	\$12,240,713	\$20,940,713
CY2018	\$9,100,000	\$10,987,000	\$20,087,000
CY2019	\$9,600,000	\$4,691,000	\$14,291,000
CY2020	\$10,200,000	\$8,659,000	\$18,859,000
<b>5 Year Average</b>	<b>\$8,320,000</b>	<b>\$9,822,482</b>	<b>\$18,142,482</b>
<b>7 Year Average</b>	<b>\$8,771,429</b>	<b>\$8,923,201</b>	<b>\$17,694,630</b>

As can be seen from the above table (right hand column) the 7 year average annual rent is \$17,694,630. The 5 year average prior to the millennium drought was \$18,142,482.



Vitalharvest Berry & Citrus Portfolio

## 7.2 Existing Lease Structure – Fixed Rental Analysis

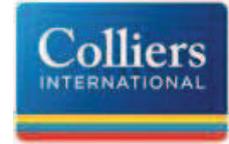
As part of our market value calculations, we have had regard to the rental levels that informed tenants would expect, and be able to afford to pay, to lease these assets. There is limited leasing evidence of agricultural assets incorporating both a fixed and variable rent component. The confidential intelligence we hold on file suggests market rents for the fixed component have ranged from 4.50% to 6.00% depending on the industry, market sentiment and lease term length. These ranges suggest the base rent equates to approximately 65% to 75% of the overall passing rent. We have assessed the likely fixed or base rent under a fixed rent plus profit share structure would be in the order of 5.0% of the vacant possession value of each asset inclusive of water.

Our conclusions indicate that with some exceptions the berry assets are generally aligned with market rates due to the higher levels of capital expenditure these properties have received since inception. However the **citrus assets are significantly below expected market rent levels**, with these properties receiving less landlord funded capital expenditure. In the case of Kangara the low base rent is due to the asset having been purchased at a comparatively low value (receivership circumstances), with the 8% rent calculation resulting in a base which is now well out of market alignment. The below table at column 2 pre-empt's our valuation findings for the assets on a Vacant Possession basis (that is assuming no leases), as at 1 December 2020. These findings are disclosed within Section 7 of this report however have been included below for descriptive purposes.

A summary of our findings is as follows, excluding the Solora Packing Shed which falls outside the common lease structures (fixed/variable rent):

<b>Fixed Rent Analysis – Berry Farms</b>	<b>Vacant Possession Value December 2020</b>	<b>Actual Fixed Rent @ Dec 2020</b>	<b>Actual % Vacant Possession Value</b>	<b>Assessed Market Level Fixed Rent 2020</b>	<b>Market % Vacant Possession Value</b>
9 Mile	\$10,000,000	\$820,462	8.20%	\$500,000	5.00%
Dunorlan (incl NBN rent)	\$6,000,000	\$267,651	4.46%	\$311,967	5.20%
Corindi	\$102,000,000	\$5,095,019	5.00%	\$5,100,000	5.00%
Betts	\$2,100,000	\$195,935	9.33%	\$105,000	5.00%
Tumbarumba	\$4,900,000	\$215,368	4.40%	\$245,000	5.00%
<b>Total Berries</b>	<b>\$125,000,000</b>	<b>\$6,594,454</b>	<b>5.28%</b>	<b>\$6,261,967</b>	<b>5.01%</b>
<b>Fixed Rent Analysis – Citrus Farms</b>					
Solora	\$52,625,000	\$1,420,396	2.70%	\$2,631,250	5.00%
Kangara	\$48,300,000	\$436,509	0.90%	\$2,415,000	5.00%
Yandilla Park	\$84,150,000	\$1,733,225	2.06%	\$4,207,500	5.00%
<b>Total Citrus</b>	<b>\$185,075,000</b>	<b>\$3,590,130</b>	<b>1.94%</b>	<b>\$9,253,750</b>	<b>5.00%</b>
Solora Pack Shed	\$375,000	\$41,811		\$41,811	
<b>Total Fixed Rent – All Assets</b>	<b>\$310,450,000</b>	<b>\$10,226,396</b>	<b>3.29%</b>	<b>\$15,557,528</b>	<b>5.01%</b>

The imputed fixed market rent of \$15,557,528 equates to 5.0% of the assessed vacant possession value. Further analysis on the Variable Rent is provided in the following section.



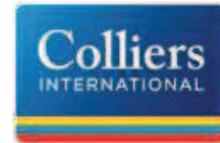
### 7.3 Existing Lease Structure – Variable Rental Analysis

The Variable Rent component is calculated as a percentage of the Earnings Before Tax (EBT) derived by the tenant from the growing, processing and marketing of the produce off the farms. It is provided as a lump sum which may be apportioned under the terms of the lease based on the number of trees or plants on each property. The fixed rent is deducted from the percentage of EBT payable to the landlord under the leases.

The last seven years variable rent as provided by Vitalharvest Management is as set out in the following table. We understand that obtaining detailed production information off the individual farms (and for the group as a whole) from the tenant in relation to their business activities has been something of a challenge, with numerous cost adjustments made to revenue and an overall fairly opaque level of visibility afforded to Vitalharvest Management. We note that the result for calendar year 2019 was significantly down on the corresponding 5 years. This fall in profit rent is advised as being primarily as a consequence of the severe drought conditions experienced in eastern Australia through 2019. Additional negative impacts were fires, high water costs in the Murray Darling Basin and a hail event in the Riverland. The 2019 year represented the worst production year in the measurement period and provides an insight into the potential volatility of revenue associated with rent attached to income results. The final figures for the 2020 year (received in January 2021) show a rebound in production and hence an increase in variable rent closer to longer term averages:

Historical Calendar Year Profit Share	Citrus	Berries	Total
CY2014	\$3,936,522	\$4,641,208	\$8,577,730
CY2015	\$4,787,441	\$4,354,610	\$9,142,051
CY2016	\$3,571,828	\$4,593,087	\$8,164,915
CY2017	\$8,077,403	\$4,163,310	\$12,240,713
CY2018	\$5,783,000	\$5,204,000	\$10,987,000
CY2019	\$3,162,000	\$1,529,000	\$4,691,000
CY2020 forecast	\$5,586,000	\$3,073,000	\$8,659,000
5 Year Average (pre 2019 drought)	\$5,231,239	\$4,591,243	\$9,822,482
7 Year Average (includes all years)	\$4,986,313	\$3,936,888	\$8,923,201

Looking forward, after having completed our site visits in preparing the within report, we are of the view that failing unforeseen disaster, both the berry and the citrus farms are well placed to generate 2021 production levels that are back in line with the 2014 to 2018 period. However for modelling purposes, we have adopted a long term level of variable income that is in line with the 7 year average just to account for the fact that crop failures and other unforeseen events can and do occur in agriculture.

**Vitalharvest Berry & Citrus Portfolio**

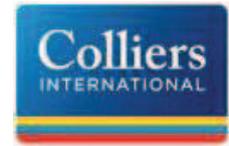
For the sake of comparison, we have set out in the following table the apportionment of the variable rent across the holdings. Specifically, the table discloses our apportionment on an individual farm basis for the 2020 result against the 7 year average variable rent apportionments. The apportionment has been applied on a pro-rata basis for both berries and citrus based on the planting areas of the respective orchards. Please note the table may contain minor rounding errors:

<b>Variable Rent Analysis</b>			<b>Adopted Variable Rent</b>
<b>Berries</b>	<b>Apportionment / weighting</b>	<b>CY 2020 Actual</b>	<b>7 Year Average</b>
9 Mile	11.90%	\$365,687	\$468,490
12 Grays Road (Betts)	2.90%	\$89,117	\$114,170
Corindi (BerryExchange)	77.00%	\$2,366,210	\$3,031,404
Dunloran	2.60%	\$79,898	\$102,359
Tumbarumba	5.60%	\$172,088	\$220,466
<b>Total</b>	<b>100.00%</b>	<b>\$3,073,000</b>	<b>\$3,936,888</b>
<b>Citrus</b>			
Kangara	44.70%	\$2,496,942	\$2,188,652
Solora	23.90%	\$1,335,054	\$1,170,219
Yandilla Park	31.40%	\$1,754,004	\$1,537,442
<b>Total</b>	<b>100.00%</b>	<b>\$5,586,000</b>	<b>\$4,896,313</b>
<b>Combined Variable Rent</b>		<b>\$8,659,000</b>	<b>\$8,932,201</b>

The total rent adopted for application within our analysis of future cash flows is the actual advised base rent and the 7 year average variable rent for the duration of the cash flow model. We are of the opinion that the adoption of the 7 year average variable rent as a benchmark expectation is a reasonable basis for modelling future cashflows in the absence of details of the various components that make-up the variable rent (production/revenue/costs). For capitalisation purposes we have capitalised both the imputed passing rent and the imputed market rent, with a greater emphasis placed on the market rent, making capital adjustments for the present value of the modelled shortfall between actual and market rent for the remaining lease terms.

The adopted rents for the purposes of this assessment are as follows:

<b>Property</b>	<b>1. Advised Fixed Rent Dec 2020</b>	<b>2. Imputed Market Fixed Rent Dec 2020</b>	<b>3. Imputed Variable Rent Dec 2020</b>	<b>Total Rent Dec 2020 (1 + 3)</b>	<b>Total Market Rent Dec 2020 (2 + 3)</b>
9 Mile	\$820,462	\$500,000	\$468,490	\$1,288,952	\$968,490
Dunloran	\$267,651	\$311,967	\$114,170	\$381,822	\$426,137
Corindi	\$5,095,019	\$5,100,000	\$3,031,404	\$8,126,423	\$8,131,404
Betts	\$195,935	\$105,000	\$102,359	\$298,294	\$207,359
Tumbarumba	\$215,368	\$245,000	\$220,466	\$435,852	\$465,466
<b>Total Berries</b>	<b>\$6,594,454</b>	<b>\$6,261,967</b>	<b>\$3,936,888</b>	<b>\$10,531,343</b>	<b>\$10,198,855</b>
Solora	\$1,420,396	\$2,631,250	\$2,228,882	\$2,612,125	\$3,822,979
Kangara	\$436,509	\$2,415,000	\$1,191,729	\$2,665,391	\$4,643,882
Yandilla Park	\$1,733,225	\$4,207,500	\$1,565,702	\$3,298,927	\$5,773,202
<b>Total - Citrus</b>	<b>\$3,590,130</b>	<b>\$9,253,750</b>	<b>\$4,986,313</b>	<b>\$8,576,443</b>	<b>\$14,240,063</b>
Solora Packing Shed	\$41,811	\$41,811	-	\$41,811	\$41,811
<b>Total Rental Income</b>	<b>\$10,226,396</b>	<b>\$15,557,528</b>	<b>\$8,23,201</b>	<b>\$19,149,597</b>	<b>\$24,480,729</b>



## 7.4 Alternative Lease Scenarios

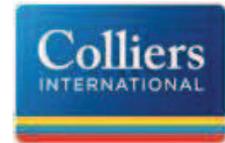
We regard it as unlikely that the tenant would take up the renewal option on the terms prescribed in the leases as the consequences would be a very sizeable upwards rental adjustment. Based on our current projections, if the portfolio continued to perform as expected through to the lease expiry (mostly 30 June or 1 July 2026) then the tenant could potentially be looking at an annual net rental on renewal (base and variable) in the range of \$28,000,000 to \$33,000,000. This range represents 8% of the forecasted vacant possession value in 2026 (current value escalated by forecast CPI) plus the adjusted variable rent to account for a higher base rent. In our imputed rental range of \$28M to \$33M the variable rent component equates to approximately \$5.00M to \$5.50M of the range. This is below the historical averages and reflects the higher proportion of 8% base rent and the impact on the variable rent calculations which are payable under the current structure.

We believe any informed market participants would recognise that notwithstanding the existing lease renewal framework, there is a very high chance that a deal with the tenant would most probably need to be negotiated in 2026, if not before.

As it is considered unlikely that the lease would be renewed on current terms, as part of the within valuation assessment we have been asked to consider the likely value of the portfolio under two additional scenarios. These are:

- the assumption that the lease would be immediately renegotiated to a fixed rental with a new 20 year term; and
- the assumption that the lease would revert to a fixed rent for a term of 20 years on expiry in 2026.

Under both these scenarios we have calculated a likely and reasonable fixed rental range as at the date of this assessment. We have assessed the berry farms as likely to warrant an average annual net rental rate of \$20,000 per planted hectare inclusive of water and all structures. Likewise we have assessed the citrus farms as likely to warrant an average rate of \$6,200 per hectare after allowances for the existing water rights and structures (excluding the Solora packing shed). Further details are set out in Section 8.6 (Conclusions – Market Rental Analysis) at pages 127-128 of this report.



Vitalharvest Berry & Citrus Portfolio

## 8 Market Commentary

### Australian Economic Indicators – December 2020

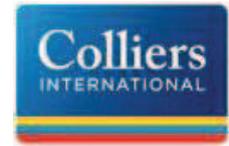
 <p><b>Cash Rate</b></p> <p>↓ 0.75% Nov-19 <b>0.1%</b> Nov-20</p>	 <p><b>Inflation Rate</b></p> <p>↓ 1.7% Sept-19 <b>0.7%</b> Sept-20</p>	 <p><b>AUD to USD Exchange Rate</b></p> <p>↑ \$0.69 Nov-19 <b>\$0.70</b> Nov-20</p>
 <p><b>GDP Growth</b></p> <p>↓ 5.5% Sept-19 <b>-3.8%</b> Sept-20</p>	 <p><b>Unemployment Rate</b></p> <p>↑ 5.3% Oct-19 <b>7.0%</b> Oct-20</p>	 <p><b>Population Growth</b></p> <p>↓ 1.58% Mar-19 <b>1.41%</b> Mar-20</p>
 <p><b>Retail MAT Growth</b></p> <p>↑ 2.2% Oct-19 <b>7.1%</b> Oct-20</p>	 <p><b>Consumer Sentiment Index</b></p> <p>↑ 97.0 Nov-19 <b>107.7</b> Nov-20</p>	 <p><b>Business Conditions Index</b></p> <p>↓ 2.2 Nov-19 <b>-0.3</b> Nov-20</p>

Source: ABS / RBA / NAB / Westpac / Colliers International Research

- The Australian economy has rebounded strongly in the September quarter with growth of 3.3%, however national growth was still 3.8% lower than in September 2019. Vic held growth back with a fall in GDP of -1% in the September quarter, however NSW, QLD, SA and WA economies rebounded strongly. The savings rate is still elevated at 18.9% compared to 5.3% in December 2019 and this gives the economy capacity to see a consumer led recovery.
- The rebound was a result of consumer spending in accommodation & food services, arts & recreation and rental & hiring. Public sector spending was higher as a result of the substantial federal stimulus.
- Businesses have had to re-qualify for JobKeeper in the December quarter and will have to again in the March quarter. Latest figures show that JobKeeper is covering 1.5 million workers, which is well below Treasury estimates which expected the programme to support 2.25 million workers. Payments under the scheme will taper over the December and March quarters. The Federal budget announced a range of measures, including personal tax cuts and extending asset write-offs for businesses.
- Progress has been very positive for vaccine trials with several candidates showing high levels of immune response. With TGA approval still required for all vaccines, it is possible that the vaccine programme could commence rollout in March of 2021.
- With a more definitive timeline on vaccine rollout there is some hope that international borders will commence opening in mid to late 2021. Although domestic travel has picked up substantially with Qantas expecting to be at around 80% of pre-pandemic capacity by December, international travel is expected to take some time to recover.



## Vitalharvest Berry & Citrus Portfolio



- Overseas migration is expected to fall by 85% over the next 12 months which will have a further dampening effect on economic growth. This is the case for NSW and Vic which have seen higher population growth over the last decade. Population growth is expected to fall to 0.2% in 2020 and 0.4% in 2021 and under current settings increase to 1.1% in 2022. The current timeline on the vaccine could boost offshore migration in the second half of 2021.
- Business confidence is in slightly negative territory (-0.3) for November but is higher than the all-time lows in March. Confidence in most states outside Vic however is in positive territory.
- Consumer confidence has rebounded in November and is at a 7-year high at 107.7. The stimulus package, early withdrawal of Super and the inability to travel are having a positive impact on household balance sheets. This indicates that now consumers are more confident there is an increased capacity for household consumption and retail spending.
- The unemployment rate in October increased to 7.0% from 6.9% in September 2020. This is well above the pre-pandemic unemployment rate of 5.1% in February 2020. The participation rate nationally has jumped to 65.8%, which is not far below the pre-pandemic participation rate of 66.0%.
- There continues to be an improvement in the number of employed people with an additional 178,000 people employed over the month, however the number of employed people remains 1.7% lower than in the peak in February 2020 and 1.0% lower than October 2019. Between February and October 2020 there were 226,100 fewer people employed.
- NSW and WA saw their unemployment rate fall over the month to 6.5% and 6.6%. QLD, SA and Vic saw the unemployment rate increase to 7.7%, 7.0% and 7.4% respectively.
- The cash rate was cut to at an all-time low of 0.1% in November. The RBA has extended quantitative easing measures to support the economy through the COVID-19 pandemic, which is aimed at keeping the cost of borrowing low. A further \$100 billion has been allocated to bond purchases over the next 6 months.
- Retail sales have risen by 7.1% YoY in October with Vic seeing a substantial increase in sales with lockdown restrictions being eased. Non-discretionary spending fell by 0.1% MoM and discretionary spending increased by 3.5% over the month.
- The Australian Consumer Price Index (CPI) increased by 1.6% in the September quarter following a fall of 1.9% in the June 2020 quarter. Annually, CPI has increased 0.7% to September 2020 following a fall of 0.3% in June 2020.

### 8.1 Coronavirus (COVID-19) Impact

In light of the general market social and economic turmoil associated with the COVID-19 pandemic throughout 2020, it is prudent to acknowledge that in times of uncertainty, markets can behave in an unpredictable manner. Some of the observations about rural property markets that CIVAS (SA) Pty Ltd are able to make at this time are:

We have not identified any general pull back in farmland values. If things remain unsettled for a period of time, then we may see some increased time on market for particular properties and some sellers may defer a decision until the global uncertainties stabilise.

Agribusinesses in Australia, as essential services, have continued to trade largely uninterrupted. There have been some COVID-19 related closures and shutdowns in processing facilities, and travel disruptions have put pressure on growers seeking to secure seasonal farm labour at key times.

Commodity prices are strong across most major sectors and this has traditionally been a key driver of property values.

Interest rates are low which takes pressure off those holding debt and improves affordability for those seeking to acquire.

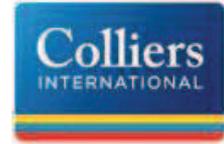
The AUD is low (although showing a firming trend) and this is beneficial for our exports, and for those seeking to invest in Australia.

Oil prices are low although the low AUD offsets some of these benefits. Diesel is a key farm input.

Extensive rain across much of Australia has set the scene for increased production in the coming year.



## Vitalharvest Berry & Citrus Portfolio



Rural property markets are not prone to the same levels of volatility as some other markets. Demand for food products and Australian Agribusiness's ability to rise to the challenge has attracted the attention of investment managers many of whom have concerns about the impact of COVID-19 on future revenues of other property asset classes (office, retail). Farmland is viewed by some segments of the investment market as a safe haven.

It is uncertain how capital markets will react to widespread business disruptions, potential falling company earnings and increased concerns around employment security, but we can expect on-going volatility in the short to medium term (estimated 3 to 6 months). What we do note is that these market disruptions happen periodically and invariably the economic conditions will stabilise and eventually improve in time.

Having made these observations it is undeniable that there are trade headwinds emerging with China as Australia's biggest trading partner when it comes to agricultural products.

The China Australia Free Trade Agreement struck several years ago involved a staged reduction in tariffs between the two countries and this had proved beneficial to many sectors of Australian agricultural production including citrus. It is our understanding that the subject tenant is not heavily exposed into the Chinese export market however many of its competitors are. Should this market fail for a period of time then it will divert export product into areas where Costa currently has strong supply arrangements.

## 8.2 Berry Market Overview

The Australian Berry industry has seen strong growth over the past three years with rising export volumes and demand from consumers. Local demand is being driven by consumers on-going desire for a healthy lifestyle, with 75% of Australian households purchasing fresh berries, buying an average of 327 grams per shopping trip according to industry sources.

Typically, Australia is known for exporting more fresh berries than it imports with suitable agricultural conditions across New South Wales, Victoria, Tasmania, Western Australia and Queensland allowing for profitable production that satisfies local demand, and additionally an export trade.

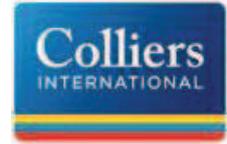
Major production regions for all berries stem from South East Queensland, North Coast, Central and Southern Tableland regions of New South Wales, Yarra Valley in Victoria, Northern and Southern Tasmania, Adelaide Hills in South Australia, and Gin Gin and the Great Southern Region in Western Australia. As a result of this geographic spread in the industry, the introduction of modified farming techniques are being trialled and utilised to allow for year round growth and production.

Despite the high barriers to entry, the demand for fresh fruit is predicted to be ongoing till at least 2021 led by the push for healthy fresh fruit from local consumers and ongoing support from Asian export nations. Blueberries are most commonly exported to Hong Kong (50%) following by Singapore (27%) and Thailand (12%).

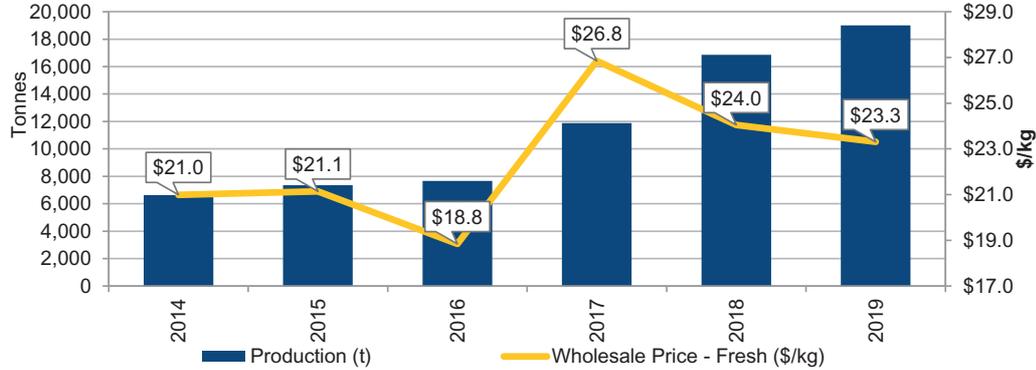
Based on the most recent national production figures available, for the year ending June 2019, Blueberry production totalled 19,008 tonnes, which is an increase of 13% from the 16,850 tonnes produced in 2018. As can be seen in the following chart, this sharp rise in the production has caused price deflation in the category with the average wholesale price of fresh blueberries in 2019, 3% lower than average prices in 2018. It is unlikely this trend will reverse in the short to medium term as consumers become more accustomed to lower prices.



Vitalharvest Berry & Citrus Portfolio



**Blueberry Production (tonnes) and Value (\$/kg)**



Source: Colliers International and Hort Innovation Statistics Handbook

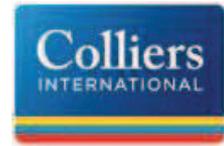
Rubus Berry production (Raspberries and Blackberries) has also increased in recent times, however not to the same degree as blueberries, with Rubus production 9,478 tonnes for the year ending June 2019, a 37% increase on prior years' levels of 6,922 tonnes. Similarly, wholesale market prices have been generally higher than Blueberries, with Blackberries considered to be the most profitable berry crops.

In response to consumer demands for fresh fruit 12 months of the year "long cane production systems" will see production of Raspberries nearly double from the same tunnel infrastructure. This production method is suitable for warmer coastal areas and essentially treats the plants as annuals (up to 18 month production cycle). Plants are placed in cold storage facilities to gain chill and can be planted at various times of the season to stagger production volumes. Production costs are significantly higher than in a perennial planting but in Australia are offset by significant price premiums, at least for the time being while demand outweighs supply.

Poly tunnel production is the now the most common form of berry production in Australia. The level of sophistication is improving rapidly to satisfy consumer's demands for quality, quantity and consistency of the supply whilst minimising risk. Horticulture, in particular berry production has a strong focus on shifting to production efficiency by looking at the best ways to optimise labour, water, nutrients, energy, pollination, improved genetics and timing (for instance, producing berry fruit earlier and later in the season without interruption or to meet very specific supply gaps within the market).

The hurdle rates for return on investment from market participants are very sound for berry producers adopting poly tunnel growing methods and still support the high start-up costs rather than mergers and acquisitions. The outlook for the berry industry appears to be sound in the short to medium term even with supply continuing to rise sharply.

Demand for berries is set to continue to rise, with industry bodies predicting a growth in local and international consumption between now and 2021 at least.

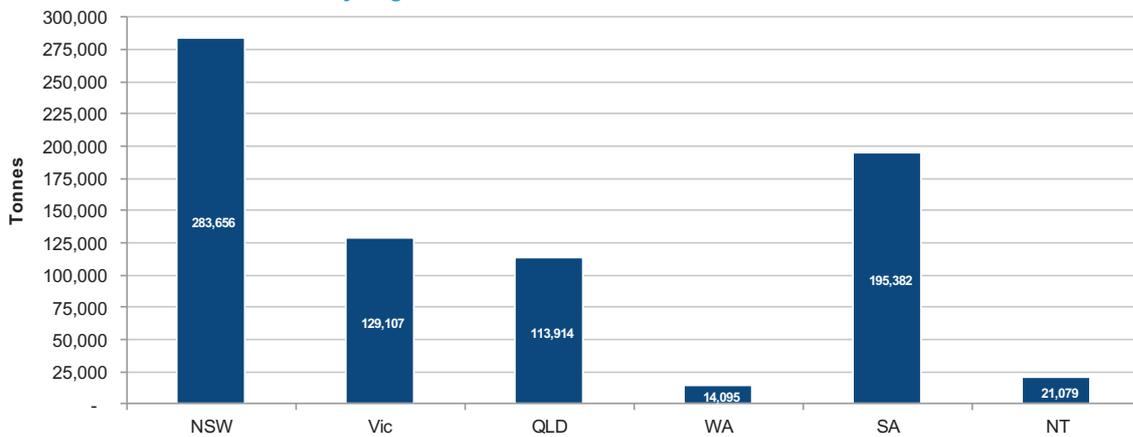


Vitalharvest Berry & Citrus Portfolio

### 8.3 Citrus Market Overview

The citrus industry is one of Australia’s largest fresh fruit exports with an estimated 252,000 tonnes exported in 2019 to numerous countries around the world which totalled approximately \$457 million in value at the farm-gate level. This is broadly in line with the export levels in 2017 and 2018. Like a lot of horticultural sectors, the vast majority of production is controlled by a select group of large farming families, corporates agribusinesses and a growing pool of passive investors or institutional investors. It is estimated that around 20% of growers produce approximately 90% of citrus produce. As can be seen in the chart below citrus production is focussed in four key states. The key growing regions in New South Wales, Victoria and South Australia are heavily reliant on irrigation water from the Southern Murray Darling Basin with orchard typically requiring irrigation water all year round.

**Australian Citrus Production by Region**



Source: 2018/19 Horticulture Statistics Handbook & Colliers International

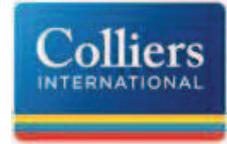
Australian exports remain a relatively minor portion of global trade, accounting for around 3% of global citrus production. Over the past three years the volume of citrus exported to China has increased significantly with this market accounting for approximately one third of all exports. The staged reduction in tariffs, together with the lower Australian dollar has assisted exports with our main trading partners in Korea China Taiwan (KCT). Mildura Fruit Company (MFC) based in the Sunraysia region pack around 75,000 tonnes of fruit. KCT fruit is typically larger fruit and have attracted a price premium over non KCT graded fruit according to their pricing summaries, clearly making export fruit more valuable for producers with prices often above \$1,000 per tonne for those grades.

Throughout COVID-19 these countries (and others) have still been accepting fruit from the 2020 Australian harvest. Industry sources are reporting good demand for fruit as the 2020 harvest is wrapped up. Yields in 2020 are generally slightly lower than 2019, with industry sources of the view this has certainly underpinned sound pricing at the farm-gate level. We anticipate export channels should remain largely unaffected with most citrus products having a favourable shelf life compared with other fresh produce exports.

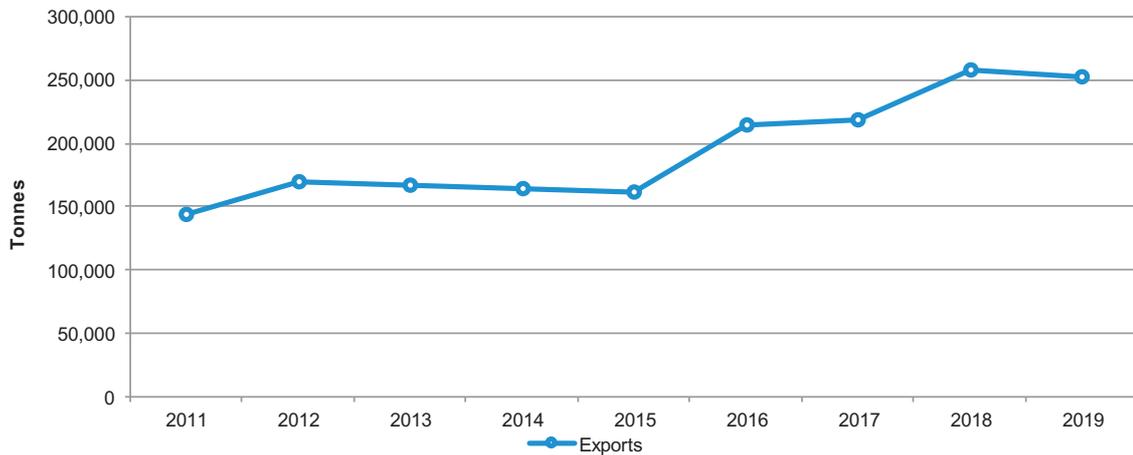
The graph overleaf shows the increase in the export market for oranges which reflects the trend of most exported citrus products. South Africa remains one of Australia’s largest Southern Hemisphere competitors, but continuity of supply has proved challenging which has kept Australia front of mind for importers.



Vitalharvest Berry & Citrus Portfolio



**Australian Orange Exports**

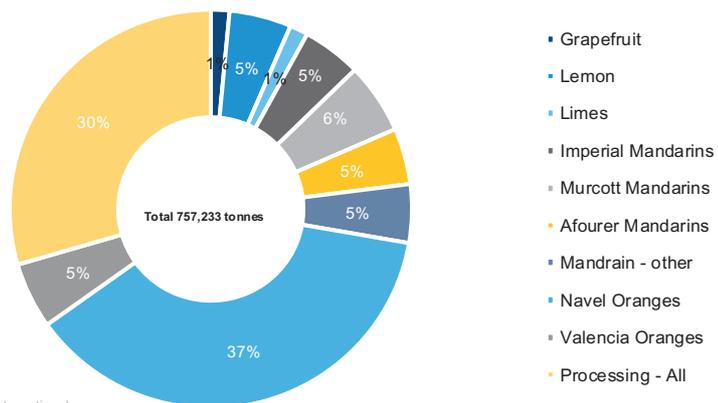


Source: Citrus Australia & Colliers International

The Australian citrus industry comprises over 24,800 hectares of citrus on approximately 1,240 orchards according to the last census completed by industry bodies. The major production regions are in the Riverland, South Australia; Murray Valley, Victoria, Riverina, New South Wales and the Central Burnett region in Queensland. There are also additional plantings throughout Western Australia, inland and coastal New South Wales, regions in Queensland, as well as smaller plantings in the Northern Territory. The three largest citrus producing regions (Riverland, Riverina, and Sunraysia) represent in excess of 80% of total production. These growing areas are heavily reliant on irrigation water from the Southern Murray Darling Basin.

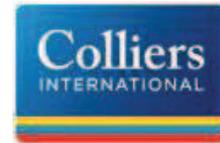
In terms of varieties grown Navel Oranges are the most widely produced citrus crop, accounting for approximately 37% of production in 2019, with approximately 30% Australia's crop grown for processing (juice and the like).

**Citrus Production 2019**



Source: 2018/19 Horticulture Statistics Handbook & Colliers International

Prior to 2015, there was a significant period of stagnation in citrus farm sales. Throughout 2017 to 2019 the key growing regions of Victoria, South Australia and New South Wales experienced significantly higher levels of property sales. Orchard values have appreciated in response to rising returns at the farm-gate level and increased buyer interest.



### Vitalharvest Berry & Citrus Portfolio

As is typical, with a lot of commodities the first buyers to respond were existing growers and market participants although over the past 12 to 24 months we have seen new institutional investors enter the market via sale and leasebacks and walk-in walk-out sales. Institutional investors who have entered the market recently include CK Property, Prime Value, Costa Group, Blue Sky Agriculture and Agriculture Capital to name a few. Buyers have been focussing on orchards which are well located to labour have a good production history and can be efficiently managed. Orchards incorporating fresh citrus varieties, seedless varieties and lemons often are generating the highest margins due to demand from abroad and domestic supermarkets. We have sighted data suggesting these high performing patches can frequently gross over \$100,000 per hectare. Going forward buyers are very mindful of the specialist skill set required to successfully operate a citrus orchard. We have seen an uptick in greenfield development over the past 18 months with the likely to boost supply in the coming two to five years, however the majority of this development has been brownfields development replacing older plantings. Diversifying export channels is key to maintaining viable returns in the future and offset rising picking costs which in some areas have risen by 20% in 2020 due to travel COVID-19 travel restrictions.

## 8.4 Investment Sales Evidence

We have drawn conclusions from a selection of leased agricultural assets which are summarised in the table below. Full analysis of the individual properties is held on file, with a summary of the key metrics provided. All bar the two most recent transactions occurred prior to the COVID-19 pandemic, however we do not consider there to have been any discernible weakening in values through 2020 (with the opposite occurring based on some pending sales we are privy to at the time of preparing this advice):

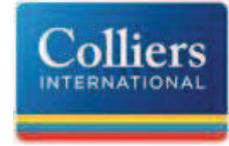
Transaction Table 1 – Agri-investment Sales

Property Address	Commodity	Sale Price	Sale Date	Capital Value \$/ha	Initial Yield	Reversionary Yield	IRR	WALE years
* Moorall Almond Orchard, Hillston NSW	Nuts	\$98,000,000	Nov-20	\$25,514	8.33%*	8.33%*	8.23%*	9.50*
Katnook Estate, Coonawarra SA	Wine grapes	\$11,000,000	Nov-20	\$56,341	7.00%	7.00%	7.62%	15.00
Jubilee Park Vineyard, Pike River SA	Wine grapes	\$9,550,000	Jan-20	\$32,819	7.48%	7.47%	7.30%	10.17
Manbulloo Portfolio, QLD	Avocados and Mangoes	\$20,500,000	Dec-19	\$57,391	7.50%	7.50%	8.24%	20.00
Olam Orchards Portfolio, Sunraysia VIC	Almonds	\$370,000,000	Dec-19	\$18,248	4.91%	8.84%	6.91%	11.54
410 & 512 Wilga Road, Whitton, NSW	Wine grapes	\$22,000,000	Jul-19	\$42,365	7.00%	7.00%	7.41%	9.92
LC1 & LC2 Vineyards, Langhorne Creek SA	Wine grapes	\$30,000,000	Apr-19	\$42,451	6.75%	6.88%	7.47%	10.00
+Simpson Farms, Bundaberg QLD	Avocados	\$162,000,000	Mar-19	\$105,882	7.50%	7.50%	8.03%	25.00
Riana Berries, Riana TAS	Berries	\$6,008,722	Jan-19	\$60,780	7.49%	7.36%	8.10%	20.00
Nangiloc Colignan Farms, Colignan VIC	Citrus, Table Grapes	\$50,000,000	Nov-18	\$71,691	7.25%	7.25%	8.36%	20.00
++ Como Glasshouse, Two Wells SA	Protected cropping	\$112,000,000	Mar-18	N/A	7.50%	7.45% +	8.86%	25.00
Coastal Avocados, Port Macquarie NSW	Avocados	\$19,525,510	Nov-17	\$96,527	7.56%	7.38%	8.48%	20.00

\* The Moorall sale is partially leased, with the above analysis over the leased portion of the property.

+ Simpson Farms contained a fixed and variable rent. We assessed a blended reversionary capitalisation rate of 7.50% based on a fixed rent at 6.25% and variable rent at 12.50%.

++ Como Glass house contained a fixed and variable rent. We assessed a blended reversionary capitalisation rate of 7.45% based on a fixed rent at 7.50% and variable rent at 10.50%.

**Vitalharvest Berry & Citrus Portfolio**

There is a further current transaction of the Dicky Bill Salad Farms which has purportedly been acquired by Warakirri Asset Management for approximately \$18.0M. We understand that this transaction which essentially involves land, water and fixed improvements over 283 hectares of land in Victoria and Queensland, occurred on a lease back basis. Our understanding is that the deal reflected a passing yield of around 6.25% however does not include any “above ground” biological assets such as orchard plantings and therefore presents less owner risk. For clarification purposes, the tenant may be responsible for maintenance of the biological assets but there is landowner risk in owning the above ground assets. These risks may include the potentially aging profile of trees on hand back, as well as changing consumer demand and sentiment for the product type.

In addition we understand that in Western Australia a further transaction involving Warakirri acquiring a berry farm with a ground lease on a lease back to Costa Group and some citrus properties leased to Moora Citrus. Regrettably we do not have any details on these deals however note advice on Warakirri’s website

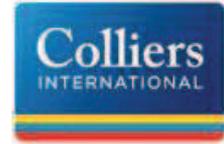
(source: <https://warakirri.com.au/agriculture/warakirri-diversified-agriculture-fund/>)

“The three initial Tenant Partners will lease and operate the selection of high-quality investment grade assets across states of Victoria, Queensland and Western Australia. The properties will provide investors with direct exposure to farmland, infrastructure and water entitlements, producing high quality Berry, Citrus and Soft Leaf Vegetable products for domestic and international markets. Together, the foundation investments provide a secure long-term income return of 8-9% (levered return before fees and tax) per annum to the Fund, quarterly income cash distributions and strong long-term capital growth potential, with an average tenant weighted average lease expiry (WALE) of 12 years.”

In addition to agri-specific transactions we have considered transactions from other property sectors where long term leases are in place. As previously mentioned, there is strong appetite from investment funds to secure stable annuity style acquisitions, particularly for large tranches of investment capital. An example of sales from the commercial and industrial/logistics sector are set out in the following table:

**Transaction Table 2 – Other Investment Sales**

Property	Sale Price	Sale Date	WALE	Initial Yield	Reversionary Yield	IRR
99 Sandstone Place, Parkinson QLD	\$305,000,000	Aug-20	11.91	5.23%	4.99%	6.50%
2 Imperata Close, Kemps Creek NSW	\$133,600,000	Aug-20	15.00	4.50%	4.49%	6.40%
WINC DC 40-66 Lockwood Road, Erskine Park, NSW	\$115,000,000	May-20	12.26	4.37%	4.46%	6.20%
Amott’s Brisbane 46 Robinson Road East, Virginia, QLD	\$211,800,000	Dec-19	30.00	5.76%	5.32%	7.04%
Liberty Place 161 Castlereagh Street, Sydney, NSW	\$405,000,000	Oct-19	8.80	4.13%	4.35%	6.24%
242 Exhibition Street, Melbourne, VIC	\$830,000,000	Jul-19	11.97	4.75%	4.60%	6.51%
57-89 Lockwood Road, Erskine Park, NSW	\$107,000,000	May-19	11.73	5.01%	4.52%	6.50%



### Vitalharvest Berry & Citrus Portfolio

There is no doubt that yield expectations are falling within the commercial and industrial sectors where there is huge appetite for large scale, long WALE assets. Pricing for such portfolios secured to high quality tenants are generating yields in the 4% to 5% range. Indeed at this point in time there seems to be more focus on secure long term future income than on underlying asset type or quality from a capital growth perspective. Low cost of funds are creating significant leverage opportunities that appear to be playing a factor in current yield compression. At this stage we have not seen investment yields transact at this level for assets utilised for agricultural production. However there does seem to be a tightening of yields underway, potentially being driven in part by diversification desires within investment mandates.

## 8.5 Market Rental Evidence

Leasing rural land has become more prevalent in recent years with many investors looking to retain a passive investment with a 'fair' return whilst also recognising the underlying ag-land capital growth component in the long term.

Net annual rentals particularly in sale and leaseback deals, are often struck as a percentage of the assets value. Other metrics are based on rates per hectare of productive area (orchard area, processing area, unit of production or percentage of EBITDA). When expressed as a capitalised annual dollar amount, tighter (lower) yields are typically exhibited for land rich assets (similar to ground rents) whereas softer (higher) yields are applied by investors to assets that contain either

- a higher level of depreciating above ground assets and therefore may exhibit enhanced declining capital growth risk, or
- involve riskier cash flows that may impact on the tenant's ability to sustain annual rental payments.

The table overleaf contains information that is known to the valuer. However, as some of this information has been provided under confidential terms, we have withheld some particulars for privacy reasons.



## Vitalharvest Berry & Citrus Portfolio

Property Address	Lessee	Industry	Commencement Date	Term (years)	Productive Area	Passing Rent	Passing Rent (\$/ha of productive area)	Passing Rent as a % of VP Value	Comments
121 Backhouse Lane, Cambridge TAS	Private	Lettuce	1 March 2020	9+5+5+5	85 ha	\$404,000	\$4,753 /ha	8.00%	The lease is subject to the lesser of annual CPI reviews or 2.5% and is triple net. The lease rate excludes water which is accessed through the SE Irrigation scheme.
Jubilee Park Vineyard – 22062 Sturt Highway, Pike River SA	ASX listed tenant	Vineyard	31 January 2020	10+5	217 ha	\$714,000	\$3,295 /ha	7.48%	The lease is subject to annual CPI reviews (capped at 2.5%) with a mid-term market review in year five. The lessee has also signed a water lease mirroring the terms of the vineyard lease, with water charged to the lower of 5.25% of the lessor's purchase price of the water or \$450/megalitre.
Portion of Moorral Orchard, Hillston NSW	ASX listed tenant	Almonds	1 Jul 2019 (mid-term mkt review) Commenced 3 May 2010	20	214 ha	\$1,881,250	\$8,750 /ha	10.00%	The lease was struck in 2010. The rental rate is reviewed every second anniversary to market and fixed annual reviews of 2.5% for nonmarket years. The lease includes access to 15ML/ha of water and is triple net.
Coastal Avocados Aggregation, Pt Macquarie NSW	ASX listed tenant	Avocados	29 March 2019	20+10	128 ha	\$1,475,581	\$11,528 /ha	7.38%	CPI annual reviews with cap (4.0%) and collar (1.0%) The lease rate includes ample irrigation water.
Riana Berries – 868-890 Pine Road, Riana TAS	Private	Berries	29 November 2018	20+10+10 +10	50	\$1,308,421	\$26,000 /ha	7.50%	The commencing income was \$449,917 per annum net (7.5% of acquisition price) and subject to annual increases of CPI with a cap (3.0%) and collar (0.0%). A substantial CAPEX program was written into the lease amounting to \$11,760,328, with the rent increasing at 7.30% of capital deployed which doesn't attract stamp duty.
Roper Creek & Crystal Brook, 200 & 730 Roper Highway, Mataranka NT	Private	Mangoes & Melons	14 November 2018	10+5+5	610 ha	\$1,925,000	\$3,156 /ha	7.00%	The lease is subject to annual CPI reviews and is triple net. The lease rate includes all of the planting's water requirements
NCF, Colignan VIC	ASX listed tenant	Citrus & table grapes	14 November 2018	20+5+5+5	535 ha	\$3,625,000	\$6,772 /ha	7.25%	The lease is subject to annual CPI reviews and is triple net. The lease rate includes two thirds of the water requirements
Cordoma Emerald QLD	Private	Citrus & table grapes	31 March 2018	20+10	228 ha	\$1,920,000	\$8,388 /ha	8.00%	The lease is subject to annual CPI reviews and is triple net. The lease rate includes all of the

The Trust Company RE Services as RE for Vitalharvest Freehold Trust VADEL5914. 1 December 2020

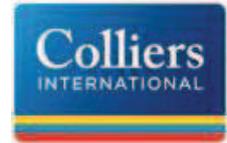
Page 123





Vitalharvest Berry & Citrus Portfolio

Property Address	Lessee	Industry	Commencement Date	Term (years)	Productive Area	Passing Rent	Passing Rent (\$/ha of productive area)	Passing Rent as a % of VP Value	Comments
Portion of Amaroo Orchard, Paringa SA	ASX listed tenant	Citrus	1 September 2014	10	290 ha	\$787,500	\$2,715 /ha	N/A	planting's water requirements The lease is a sub-lease of the citrus plantings only. A head-lease is in place, with a principal use for growing almonds. The citrus can be independently farmed from the almonds and excludes water and is triple net.



## 8.6 Investment Sales Conclusions

The ag-investment sales in transaction table 1 generally indicate that **initial yields** are within the range of 4.91% to 8.33%. The tighter end of the range (Olam) needs adjustment as the transaction offered the buyer significant reversion opportunities. Immediately after settlement our research indicates that the lease was restructured to include water with the renegotiated rent believed to equate to between 7.50% to 8.00% of land and water costs. The upper (softer) end of the yield range is for a pending sale where roughly 25% of the sale price is subject to a lease and the balance was owner operated. The majority of investment sales reflect analysed initial yields in the range of 7.00% to 7.50% offering WALE's of 10+ years. We are aware of several current negotiations where yields in this range are being targeted, with market participants of the view that acquiring a horticultural property leased to an ASX listed tenant is likely to be tighter than the metrics outlined in the sales for a fixed lease offering.

The sales indicate a **reversionary yield** range of between 6.88% and 8.84%, and an internal rate of return range of between 7.30% and 8.48%. Based on the disclosed evidence we are of the view that a capitalisation rate (of market rent) with respect to the **existing leases** in the **7.00% to 7.50%** is representative of current market levels in the horticultural sector. Tenant quality and length of lease term are significant factors. The sales of Nangiloc Colignan Farms (Nov 18) and Coastal Avocados (Nov 17) were both leased to Costa Group for 20 years on a triple net basis. The sales reflect reversionary capitalisation rates of 7.25% and 7.38% for income streams providing a fixed rental stream only. The sales occurred two and three years ago when interest rates were materially higher (cash rate was 1.50%) which has a significant bearing on investor sentiment. For comparison we estimate yield compression since the sales dates has been in the order of 50 to 100 basis points (bps).

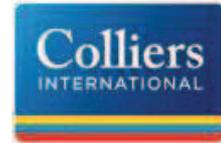
We have identified that institutional investor sentiment for leased agricultural properties appears to have strengthened in 2020 as more traditional real estate investors look to diversify away from office and retail. COVID-19 related headwinds in these sectors over the short to medium term are creating higher risk of vacancies, downtime and increasing incentives required to retain/attract new tenants. Conversely the agricultural sector as an essential service is drawing significant interest from investment managers, with historically low interest rates and share market volatility helping to build the case for investment in alternative assets.

In considering the evidence we have also had regard for the factors that impact upon the subject properties including:

1. Exposure to multiple markets within the portfolio.
2. Good geographic diversity for the berry production.
3. Experienced tenant within the horticultural industry that is ASX listed.
4. Fully tenanted with the eight main properties however the Weighted Average Lease Expiry (WALE) of around 5.6 years (by income) is shorter than most of the investment sales noted.
5. Rental exposure to tenant profit (EBT) provides potential for increased returns but with greater volatility.
6. There is a historical lack of clarity around the calculation of profit rent and the ability to forecast future variable rent is challenging.
7. In practical terms, we consider it unlikely that the existing leases will be renewed under the standing lease structure (8% fixed rent plus variable rent).
8. Capital expenditure is "rentalised" at 8.00% of cost which is very attractive in the current market, and
9. The citrus properties in particular look to be set at fixed base rents that are below where we expect the market would anticipate base rents. Under the current lease structure the fixed and therefore secure proportion of the rent on these assets is significantly underweight making the overall annual revenue stream more volatile and difficult to predict. An informed purchaser ought to have regard to this.



## Vitalharvest Berry & Citrus Portfolio



In arriving at our valuation metrics, we have had regard to the fixed and variable rental components of the subject portfolio and inherent risks associated with each. In our opinion and based on the level of investment on their behalf and expertise required to operate the sites, there appears to be realistic prospects that the assets contained within the subject portfolio comprise a critical part of the Costa Group. On this basis we regard it as unlikely that the tenant would walk away from the properties at the end of the current lease term. However as indicated in point 7 above, we regard it as also unlikely that the tenant would take up the renewal option on the terms prescribed in the lease as the consequences would be a very sizeable upwards rental adjustment. Therefore any informed market participants would recognise that notwithstanding the existing lease renewal framework, there is a very high chance that a deal with the tenant would most probably need to be negotiated in 2026, if not before. This is underscored by the recently announced intention of the Tenant to renegotiate the leases to a fixed term basis only with the Macquarie Group.

Having regard to the previous observations, for the purposes of this assessment, we have formed the view the properties should achieve a core capitalisation rates (reversionary) in the range of **7% to 8% under the current lease structure**. The exception is the Solora Packing Shed which sits outside the main lease structures and is only for a one year remaining term.

When considering the initial yields being the passing fixed rent coupled with the imputed likely longer term variable rent (therefore not a true passing yield as at valuation date) we have assessed capitalisation rates as being likely to fall in the range of **5.50% to 8.75%** (excluding the Solora packing shed). The high end of this range is for the Betts berry farm being a smaller farm that looks to be rented at above market levels, and in our opinion, has potential to receive a downward re-rating at lease expiry. Conversely the lowest capitalisation rate has been applied to Yandilla Park (mixed citrus). This property is in our opinion significantly under-rented, as are the Kangara and Solora Farms due to rent being calculated on historical acquisition prices.

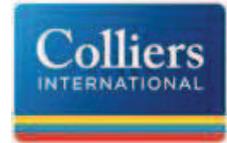
With respect to discount rates, we have had strong regard to the internal rates of return (IRR) reflected in the sales evidence (6.9% to 8.86%) being acceptable benchmark returns for agricultural industry assets. We do note that the sale of Como glasshouse (8.86%) is the only transaction to have occurred involving a lease with fixed and variable rent. The property was subject to a 25-year lease which was a highly desirable factor in the sale. This deal was struck in March 2018 and the cash rate has fallen by 125 basis points since then.

Having regard to the above comments, we have adopted the following valuation metrics in our calculations:

- Initial Capitalisation Rates – ranging from 5.50% to 8.75% for the individual properties other than the Solora Packing shed which we have assessed at 10.00%;
- Reversionary Capitalisation Rates ranging from 7.00% to 8.00% for the individual properties other than the Solora Packing shed which we have assessed at 10.00%; and
- Discount Rates ranging from 8.00% to 9.50%, with individual assessments incorporating split discount rates that reflect the percentage of fixed to variable rent as well as exposure to cost variations including water.



## Vitalharvest Berry & Citrus Portfolio



### Capitalisation rates – Fixed Lease Structure

Having regard to the commercial and industrial evidence disclosed in Transaction Table 2, we consider that were the subject portfolio be offered to the market with a **fixed lease structure** set at reasonable market rates with annual cpi reviews and with a 20 year term, then a capitalisation rate in the **6.25% to 6.75% range** may be acceptable to market participants. It is important to note that our opinion market rent is higher than the historical fixed plus variable rent paid by the tenant. Based in the evidence available within horticultural markets (where trees depreciate with age and form a significant proportion of the value in the case of citrus) we would contend that 6.50% represents a new level of acceptable yield for the asset class. There have been leases entered into for purely land rich assets like grazing and cropping uses at sub 6% levels however this rent level is really a ground lease driven by both tenant affordability and the lower level of property risk associated with generally non-depreciating land rich assets.

### Conclusions – Market Rental Analysis

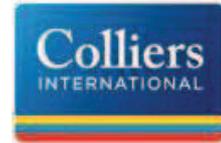
Our research has revealed a reasonable body of leasing evidence to suggest that tenants are prepared to lease vineyards or orchards at rates which equate to a range from 7.00% to 10.00% of capital value or development costs inclusive of sufficient water entitlements or access to same for the duration of the lease.

The horticultural leases focussing on citrus crops produce lease rates ranging from \$2,715 per hectare (excluding water) to \$8,388 per hectare (including water). The most recent transaction was Nangiloc Colignan Farms, Colignan VIC which had a commencing rental of \$6,772 per hectare and included approximately two thirds of the orchard's water requirements. Given the Vitalharvest portfolio includes a large volume of water entitlements as well, we have formed the view that a rental rate in the range of \$6,000 to \$7,000 per hectare inclusive of water is within market parameters for the citrus properties. After adjustments for water requirements across the plantings we have calculated that rates per hectare for the Riverland holdings will vary from \$3,500 per hectare (Kangara – minimal permanent water) to \$8,500 per hectare (Yandilla Park with surplus water) and **average \$6,200 per hectare** across all plantings.

The evidence set out in the table includes one berry lease (Riana, Tasmania) which effectively was a fund through style arrangement. The passing rent on completion equates to approximately \$26,000 per hectare for poly tunnels which in turn reflects approximately 7.30% of development costs. We note that under the current VTH lease structure Costa Group are liable for 8.0% of development costs. Given the scale of the Vitalharvest berry portfolio and mixture of soil and substrate plantings we have formed the view that a market rental ranging from as low as \$12,000 per hectare up to \$28,000 per hectare is likely to be applicable. We have further estimated a blended range of \$18,000 to \$22,000 per hectare appears reasonable for the berry properties (**adopt \$20,000 per hectare as market rent**). Applying these rates to the VTH portfolio suggests annual net market rental on a fixed basis (ie removing the variable rent) is as follows:



Vitalharvest Berry & Citrus Portfolio



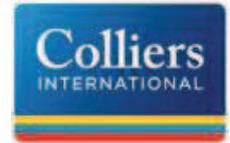
Citrus Assets	\$/ha (incl. water)	Annual Rent	% of V.P. Value
Assuming 1,896.18 productive hectares of citrus, persimmon, avocado and vineyard plantings adjusted for overall water shortfall of 45% of annual requirements	\$6,000	\$11,377,080	6.15%
	<b>Assessed rent \$6,200</b>	<b>\$11,756,316</b>	<b>6.35%</b>
	\$6,500	\$12,325,170	6.66%
Berry Assets	\$/ha (incl. water)	Annual Rent	% of V.P. Value
Assuming 396.67 productive hectares of berry plantings fully watered being a mix of tunnel and open in ground plantings	\$18,000	\$7,140,060	5.71%
	<b>\$20,000</b>	<b>\$7,933,400</b>	<b>6.35%</b>
	\$22,000	\$8,726,740	6.98%
Adopted Market Rent (portfolio plantings)		\$19,689,716	
VP Value excl solora pack house		\$41,811	
		\$19,731,527	
Adopted Market Rent (rounded)		\$20,000,000	6.45%

The total assessed market rent spread is \$18,500,000 (Low) to \$21,000,000 with a rounded mid-point of **\$20,000,000** adopted as market rent for the within portfolio. This equates to 6.45% of vacant possession value which in our opinion is within market parameters, albeit at the lower end of the yield range of the sales evidence considered in the preparation of this report.

As referred to earlier, many of the sale and lease-back transactions we have seen negotiated have been constructed as a percentage of the acquisition price, often inclusive of transaction costs. As a general assumption we would expect an initial term to be in the 10 to 15 year range with one or two rights of renewal of 5 to 10 years each.

We have established our opinion of the market rent based on rates paid in other lease evidence as disclosed. Should the rent be determined based on a simple percentage of vacant possession value then we would expect a return in the order of 7% would be reflective of other transactions. We understand that the present acquisition of the units in VTH assesses the value of the portfolio at approximately \$300 million. A return of 7% as fixed rent equates to \$21,000,000. If transaction costs are added then this annual rental figure would be higher. In the current environment a longer lease term would attract a premium and hence we have selected a capitalisation rate in the 6.25% to 6.75% range under our 20 year fixed lease assumption.

It should be noted that we are aware that a fixed lease scenario was under discussion by the parties prior to the introduction of an offer by Macquarie Bank related entities. The basis of this lease was an annual net passing rental that was below our estimate of market rent (specifics subject to Confidentiality Agreement) for an initial term of 20 years with 2 X 10 year extension options. The rent was to be subject to annual reviews to cpi with a cap and collar. Assessed against the Macquarie Bank unit offer price, the proposed rent reflected a yield of sub 6% being a level that in our opinion would set new benchmarks for returns on an asset of this type, notwithstanding the assumed long lease tenure.



## 9 Valuation Methodology

As the assets are trading as leased orchard operations we have assessed the portfolio utilising an income based approach. Our methodologies involve assessment of the passing and market rent and the future cash flows. The former method involves the capitalisation of net income, and the latter involves a 10 year discounted cash flow (DCF) analysis. The DCF has been assessed over a ten-year time horizon with a hypothetical terminal value at year ten, whilst the net maintainable earnings have been assessed based on capitalisation rates drawn from analysis of available evidence. These methods of valuation are suited towards assets that have a consistent and clearly defined income stream.

Finally, to assess the vacant possession (unencumbered with lease) value of the portfolio, we have utilised a combination of the direct comparison and summation approaches. Under this approach we have analysed sales of assets based on planted varieties/ crop types, water allocations, tree age, level of structures and service land and other property attributes to derive rates per hectare for the differing land/plantings and water classifications. To this we have combined the added value of the structures to derive an overall property value. This value is then cross-checked against the transactional evidence on an improved or all-in rate per hectare to test alignment.

We consider the market would also form a view utilising a combination of direct market comparison and summation assessment and that our adopted approach is consistent with that likely to be adopted by market participants.

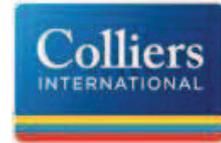
### 9.1 Highest and Best Use

Real estate is valued in terms of its highest and best use which may be defined as the most probable use of a property which is physically possible, appropriately justified, legally permissible, financially feasible and which results in the highest value for the property being valued.

We believe the properties are ideally suited to the current horticultural enterprises, and that this is the likely highest and best use of the portfolio as at the date of valuation.



## Vitalharvest Berry &amp; Citrus Portfolio



## 9.2 Valuation Calculations – Vacant Possession

Our calculations using the direct comparison and summation approaches to establish the likely vacant possession value of the portfolio are summarised in the table below. Our calculations include water and all structures other than the Solora Packing Shed which is considered as a separate line item. Please note that the table may contain minor discrepancies associated with rounding:

Berry Farms	Title Area ha	Planted Area (ha)	Market Value – Unencumbered	\$/Title area	\$/Planted Area
9 Mile	102.60	49.02	\$10,000,000	\$97,466	\$203,998
Dunorlan	82.09	13.43	\$6,000,000	\$73,091	\$446,761
Corindi	909.87	310.34	\$102,000,000	\$112,104	\$328,672
Betts	20.20	11.47	\$2,100,000	\$103,960	\$183,086
Tumbarumba	70.83	23.46	\$4,900,000	\$69,180	\$208,866
Total Berries	1,185.59	407.72	\$125,000,000	\$105,433	\$306,583
Citrus farms					
Yandilla Park	1,002.80	635.81	\$84,150,000	\$83,915	\$132,351
Kangara	962.55	793.12	\$48,300,000	\$50,179	\$60,899
Solara (ex pack house)	581.99	467.25	\$52,625,000	\$90,423	\$112,627
Total Citrus	2,547.34	1,896.18	\$185,075,000	\$72,654	\$97,604
Solara Pack Shed			\$375,000		
Vacant Possession Value - Portfolio	3,732.93	2,303.90	\$310,450,000		

We have assessed the vacant possession value of the portfolio to be **\$310,000,000 (rounded)** as at 1 December 2020.

### Farm Income and Production Analysis

In determining the above vacant possession values we have undertaken income analysis at an individual farm level to test our valuation findings. This has involved imputing anticipated future farm production, pricing and operational costs. The farm cash flows are discounted on an annual basis over the assumed cash flow period (10 years) at an appropriate rate to reflect the risk of and therefore required rate of return of the enterprise. The net cash flow comprises the purchase price (outflow), cash inflows (fruit sales) less the cash outflows (operating expenses) over the cash flow period, with the addition of the terminal value (inflow) in the final cash flow period.

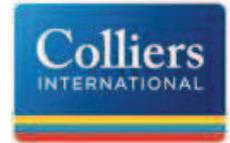
The projected income stream reflects the anticipated growth, or otherwise, inherent in a property investment based upon the physical or market characteristics related to that property.

The future values quoted for property, income and operational expenses are projections only formed on the basis of information currently available to us and are not representations of what the returns of the property will be as at a future date. This information includes the current expectations as to property values and income that may not prove to be accurate. Assumptions in this modelling include:

Commodity prices are based on our research and averaging of historically achieved prices for similar quality fruit and have been escalated by predicted CPI for the term of the cash flow. It is reasonable to conclude that fruit prices may rise or fall at greater levels than those adopted based on seasonal and other factors. However in the absence of firm forward pricing data, we regard CPI to be a reasonably sound basis for cash flow purposes. The average 10-year CPI forecast as calculated from Deloitte Access Economics research is 2.11%.



## Vitalharvest Berry &amp; Citrus Portfolio



The table below summaries our production assumptions and resultant internal rates of return (IRR's) for the respective holdings as calculated utilising our vacant possession valuation findings. These results are considered to support our assessment of vacant possession value.:

Farm	T/ha Yield @ Maturity	Pricing \$/T	Costs \$/ha	IRR
9 Mile	8.00	\$23,000	\$57,500	21.63%
Dunorlan	10 to 20	\$24,000	\$89,500	20.62%
Corindi	10 to 20	\$17,500 to \$22,500	\$57,500 to \$102,500	24.33%
Betts	8 to 10	\$17,500	\$57,500	20.50%
Tumbarumba	8.00	\$20,000	\$48,500	21.49%
Yandilla Park	Citrus 30 to 45 Avocado 12 Persimmon 22 Wine grapes 25 to 30	\$650 to \$1,100 \$3,850 \$2,700 to \$3,500 \$300 to \$500	\$10,000 \$15,000 \$12,500 \$5,000	9% to 19%
Kangara	35 to 40	\$350 to \$1,100	\$10,000	24.39%
Solora (ex pack house)	Citrus 40 Avocado 12	\$650 to \$1,100	\$10,000	13.14%

### 9.3 Valuation Calculations – Leased Investment Analysis

We have assessed the within portfolio under several distinct scenarios in order to cover what we regard to be potential outcomes for the within portfolio in the event of its sale. We have undertaken this analysis at the request of the Independent Expert. As previously indicated we do not consider it a realistic proposition for the tenant to renew on the existing lease structure and with fixed rent reset to 8% of vacant possession value:

The scenarios we have been instructed to address are:

**Lease Scenario 1** – Tenant renegotiates existing lease on a fixed term basis effective immediately;

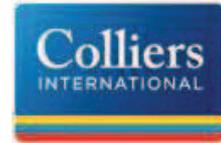
**Lease Scenario 2** – Rent reset to fixed basis at market rates on renewal; and

**Lease Scenario 3** – Existing tenant renews in 2026 under existing lease structure but with fixed rent reset to 5.0% Vacant Possession value plus variable rent on renewal.

Each of the scenarios above have been assessed in terms of a range of values for assessment purposes. A range has been provided rather than a specific point of value for each scenario to reflect the inherent uncertainty associated with the underlying assumptions we have adopted. All approaches involve assessments incorporating a capitalisation of net income approach and a discounted cash flow approach. These approaches are described generally, with the scenario findings tabled under each section for comparison purposes.



Vitalharvest Berry & Citrus Portfolio



**Capitalisation Approach**

The central premise of this approach is that the adopted capitalisation rate is derived from the yields indicated by sales of similar property investments. The yield derived from comparable sales evidence is purported to reflect any expectations of future growth in income and capital value.

As the passing rent includes a variable component that is not considered representative of the long term variable rent that would be payable by the tenant, we have not undertaken an initial or passing yield capitalisation assessment. We have capitalised what we regard as a sustainable level of variable rent for analysis purposes (imputed passing rent), which in this instance is the seven year average variable rent. We regard this as a meaningful approach that market participants would be more likely to consider, than a low level of current variable rent which has been heavily impacted by the effects of the 2019 drought. However we have placed greater reliance on the capitalisation of the reversionary or market net income for assessment purposes.

The capitalisation of net income approach has been undertaken by applying a yield the potential reversionary net income (reversionary yield). Given the portfolio (excluding the Solora Packing Shed) as it is presently leased is being valued on the basis of a WALE of 5.58 years, we have made some allowances and adjustments at lease renewal. Detailed below are the definitions of yields used in our assessment of the valuation for the subject property:-

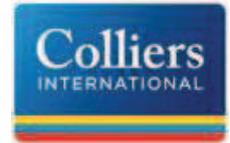
<b>Equivalent Reversionary Yield</b>	<i>The assessed net market income divided by the sum of the sale price or the adopted value plus any capital adjustments to the core value such as letting up allowances, capital expenditure and present value of reversions.</i>	$\frac{\text{Net Market Income}}{\text{Sale Price or Adopted Value} + \text{Capital Adjustments}}$
--------------------------------------	--	--

In this instance, we have not provided for any letting up allowance however have made provisions for some minor incentives and new lease costs at renewal. We have undertaken this analysis under the three previously mentioned lease scenarios and our findings are combined later in this report.

**9.4 Discounted Cash Flow Approach (DCF)**

We have also determined the market value of the subject property through the use of DCF analysis. The DCF approach involves the discounting of the net cash flow on a monthly basis over the assumed cash flow period (10 years) at an appropriate rate to reflect risk to derive a market value. The net cash flow comprises the cash inflows less the cash outflows over the cash flow period, with the addition of the terminal value in the final cash flow period.

Cash inflows comprise income from the portfolio adjusted to reflect actual rental income, speculative rental income and rental growth, whilst cash outflows comprise lease incentives and leasing and marketing fees. The terminal value is determined by the capitalisation of the imputed net market income in the month after the final cash flow period with allowances for any relevant capital adjustments. The projected income stream reflects the anticipated growth, or otherwise, inherent in a property investment based upon the physical, tenancy or market characteristics related to that property. In addition to projected outgoings and allowances, future capital expenditure is reflected in the cash flow.

**Vitalharvest Berry & Citrus Portfolio**

The future values quoted for property, rents and costs are projections only formed on the basis of information currently available to us and are not representations of what the value of the property will be as at a future date. This information includes the current expectations as to property values and income that may not prove to be accurate.

Having regard to the above factors we have prepared a 10-year cash flow projection for the subject portfolio in which we have assumed that the holdings are sold in a single portfolio transaction at the commencement of the eleventh year of the cash flow. The cash flow has been prepared on a tenant-by-tenant monthly basis and is based upon the following assumptions.

**Growth Rates**

With respect to **lease scenario 1**, we have assumed that the market rent of \$20,000,000 will commence immediately on a new 20 year term with annual reviews to cpi.

Under lease **scenarios 2 and 3**, we have not modelled any growth in the fixed rent for the remainder of the lease term as there are no escalations provided for in the lease other than capital expenditure. We have modelled 3.50% growth in the variable rent as we regard the 7 year average to be impacted by the most recent two low revenue years. Based on our inspection and the condition of the farms and the maturing profile of younger plantings we expect that production and revenue ought to return to levels more aligned with the preceding five years (as a conservative expectation).

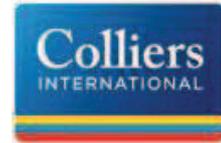
Under lease **scenario 2**, we have imputed a fixed only (that is removing the variable component) annual net rent of \$20,000,000 GST exclusive to be representative of the market rent for the portfolio. This rent would only become payable on renewal of the lease in 2026. To adjust for this we have escalated the current rent at a fixed rate of 2.00% (which is slightly below forecast cpi for the period) to derive a market rent of \$22,523,248 at renewal in 2026.

The growth rates adopted for the cash flow period in our respective models are as follows, noting that CPI growth has been sourced from Deloitte Access Economics forecast data for the September 2020 quarter:

<b>Year Commencing</b>	<b>Scenario 1</b>	<b>Scenario 2 &amp; 3 Fixed rent</b>	<b>Scenario 2 &amp; 3 Variable</b>	<b>Scenario 2 Market Rent</b>	<b>Inflation (CPI)</b>
2020	1.08%	0.00%	3.50%	2.00%	1.08%
2021	1.32%	0.00%	3.50%	2.00%	1.32%
2022	1.74%	0.00%	3.50%	2.00%	1.74%
2023	2.26%	0.00%	3.50%	2.00%	2.26%
2024	2.24%	0.00%	3.50%	2.00%	2.24%
2025	2.14%	0.00%	3.50%	2.00%	2.14%
2026 (renewal)	2.13%	0.00%	3.50%	2.00%	2.13%
2027	2.30%	2.30%	2.30%	2.30%	2.30%
2028	2.50%	2.50%	2.50%	2.50%	2.50%
2029	2.29%	2.29%	2.29%	2.29%	2.29%
2030	2.30%	2.30%	2.30%	2.30%	2.30%
<b>Compounded 10 Years</b>	<b>2.11%</b>	<b>0.85%</b>	<b>3.08%</b>	<b>2.13%</b>	<b>2.11%</b>



Vitalharvest Berry & Citrus Portfolio



**Speculative Lease Assumptions**

Scenario 1 – assumes a 20 year lease from the date of this report with annual reviews to cpi. The net annual rent is assessed at \$20,000,000 plus GST as at the date of the report being our opinion of reasonable market rent for the assets as at the date of valuation.

As previously indicated, under lease scenarios 2 and 3, we have made speculative lease assumptions as follows:

Scenario 2 – assumes that at lease renewal, the tenant would seek, and the landlord would agree, to renegotiating the lease on the basis of a fixed rent with the variable rent component removed. Our best estimate of what a reasonable market rent would be in 2026 is to escalate the current market rent assessed as \$20,000,000 at a flat 2.00% to account for some inflationary impact (refer discussion under growth rates on the previous page).

Scenario 3 – assumes that on renewal of the lease, the tenant will not renew the lease as currently structured which would necessitate a base rent of 8% of the vacant possession value of the portfolio, plus the existing variable rent structure. We have instead assumed that the fixed/variable lease structure will be retained, but that the fixed rent would be reset to 5.0% of the vacant possession value (not 8%). We do not consider this to be the most likely scenario however we have undertaken the analysis to reflect the current lease arrangement. In considering this scenario, we also note that the landlord does have some negotiating power over the new lease structure including potentially ample time to identify alternative tenants or other exit strategies should it wish.

From an practical perspective we have not provided for any re-letting/down-time in our modelling due to the nature of the properties, their importance to the Tenant’s enterprise and the Tenant need to maintain continual tending to crops.

**Capital Expenditure**

In terms of capital expenditure, we have not adopted an amount throughout the cash flow term as the tenant is responsible for Capital Repairs under the terms of the lease. The lease is considered a triple net lease and no forecast capital expenditure has been advised in this instance.

**Terminal Value**

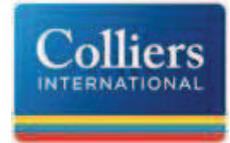
An inherent assumption in the DCF is that the property is sold on the open market at the end of Year 10 of the cash flow. In determining the terminal yield we have given consideration to forecast market trends, the perceived marketability of the property at the terminal date and assumptions regarding income and capital expenditure of the property through our cash flow horizon. The terminal capitalisation rate is then applied to the net operating income in the 11th year which we have then discounted back to the date of valuation.

---

Terminal Capitalisation Rate	Ranges based on lease scenario from 7.25% to 8.47%
Relationship of Terminal Yield to Reversionary Yield	+75.00 to +100.00 basis points



## Vitalharvest Berry &amp; Citrus Portfolio

**Acquisition and Disposal Costs**

Acquisition and disposal costs incorporated within the DCF analysis are outlined as follows:

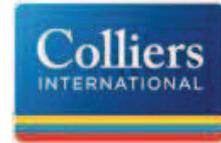
<b>Acquisition Costs</b>		<b>Disposal Costs</b>	
Legal Fees	0.10%	Legal Fees	0.10%
Due Diligence	0.00%	Agents fees	0.50%
Stamp Duty	5.50%*	Marketing costs	0.05%
<b>Total</b>	<b>5.60%</b>	<b>Total</b>	<b>0.65%</b>

\*The stamp duty calculated in our model has been estimated on a single holding basis noting that there are slight variations between states and the portfolio covers three jurisdictions.

Our Income Capitalisation and DCF findings under the respective scenarios are set out in the following tables:



Vitalharvest Berry & Citrus Portfolio



Lease Scenario 1 – Tenant renegotiates existing lease on a fixed term basis effective immediately

Portfolio Results	LOW +25bps	Mid-Point	HIGH -25bps
<b>Imputed Passing Rent (1)</b>			
- Base Rent	\$20,000,000	\$20,000,000	\$20,000,000
- Variable Rent (pro rata 7 year average)	not applicable	not applicable	not applicable
Total Net Rent	\$20,000,000	\$20,000,000	\$20,000,000
<b>Reversionary/Market Rent (2)</b>			
- Base Rent	\$20,000,000	\$20,000,000	\$20,000,000
- Variable Rent	not applicable	not applicable	not applicable
Imputed Market Rent	\$20,000,000	\$20,000,000	\$20,000,000
Remaining Initial Lease Term	20.00 years	20.00 years	20.00 years
<b>Initial Yield</b>			
Capitalisation Rate	6.75%	6.50%	6.25%
Rounded Value	\$296,500,000	\$307,500,000	\$320,000,000
<b>Discounted Cash Flow Inputs</b>			
Cash Flow Term	10 years	10 years	10 years
Discount Rate	7.50%	7.00%	6.75%
Terminal Yield	7.50%	7.25%	7.00%
<b>Capital Value Adjustments</b>			
Deferred Rent – Construction Period	\$0	\$0	\$0
Letting Up, Agency Fees, Renewals			
Capital Expenditure	\$0	\$0	\$0
<b>Reversionary Yield</b>			
Capitalisation Rate	6.75%	6.50%	6.25%
Rounded Value	\$296,500,000	\$307,500,000	\$320,000,000
<b>Discounted Cash Flow Outputs</b>			
NPV of Cash Flows	\$152,489,674	\$155,755,727	\$157,431,430
Discounted Terminal Value	\$159,582,478	\$173,066,060	\$183,597,727
Sum of Cash Flows	\$312,072,152	\$328,821,788	\$341,029,157
Less Acquisition Costs	\$16,549,281	\$17,437,519	\$18,084,880
Net Present Value	\$295,522,871	\$311,384,269	\$322,944,278
Rounded DCF Value	\$295,500,000	\$311,500,000	\$323,000,000
Valuation Conclusions	LOW +25bps	Market	HIGH -25bps
Adopted Value	\$296,000,000	\$309,500,000	\$321,500,000
Passing Initial Yield	6.76%	6.46%	6.22%
Equivalent Initial Yield	6.76%	6.46%	6.22%
Equivalent Reversionary Yield	6.76%	6.46%	6.22%
Internal Rate of Return (including capex)	7.48%	7.09%	6.81%
Internal Rate of Return (excluding capex)	7.48%	7.09%	6.81%



Vitalharvest Berry & Citrus Portfolio



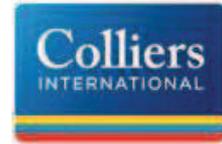
**Lease Scenario 2 – Rent reset to fixed basis at market rates on renewal**

<b>Portfolio Results</b>	<b>LOW +25bps</b>	<b>Mid-Point</b>	<b>HIGH -25bps</b>
Imputed Passing Rent (1)			
- Base Rent	\$10,226,395	\$10,226,395	\$10,226,395
- Variable Rent (pro rata 7 year average)	\$8,923,201	\$8,923,201	\$8,923,201
Total Net Rent	\$19,149,596	\$19,149,596	\$19,149,596
Reversionary/Market Rent (2)			
- Base Rent	\$15,543,117	\$15,543,117	\$15,543,117
- Variable Rent	\$8,923,201	\$8,923,201	\$8,923,201
Imputed Market Rent	\$24,466,318	\$24,466,318	\$24,466,318
Remaining Initial Lease Term	assumed 20 year fixed on renewal	assumed 20 year fixed on renewal	assumed 20 year fixed on renewal
Initial Yield			
Capitalisation Rate	6.75%	6.50%	6.25%
Rounded Value	\$283,750,000	\$294,500,000	\$306,500,000
Discounted Cash Flow Inputs			
Cash Flow Term	10 years	10 years	10 years
Discount Rate	8.25%	8.00%	7.75%
Terminal Yield	7.50%	7.25%	7.00%
Capital Value Adjustments			
Deferred Rent – Construction Period	\$0	\$0	\$0
Letting Up, Agency Fees, Renewals			
Capital Expenditure	\$0	\$0	\$0
Reversionary Yield			
Capitalisation Rate	7.25%	7.00%	6.75%
Rounded Value	\$287,250,000	\$298,500,000	\$310,500,000
Discounted Cash Flow Outputs			
NPV of Cash Flows	\$146,275,860	\$147,820,378	\$149,391,493
Discounted Terminal Value	\$173,170,714	\$183,721,715	\$195,162,456
Sum of Cash Flows	\$319,446,574	\$331,542,092	\$344,553,948
Less Acquisition Costs	\$16,940,349	\$17,581,778	\$18,271,800
Net Present Value	\$302,506,225	\$313,960,315	\$326,282,148
Rounded DCF Value	\$302,500,000	\$314,000,000	\$326,250,000
Valuation Conclusions	LOW +25bps	Market	HIGH -25bps
Adopted Value	\$295,000,000	\$306,250,000	\$318,500,000
Passing Initial Yield	6.49%	6.25%	6.01%
Equivalent Initial Yield	6.49%	6.25%	6.01%
Equivalent Reversionary Yield	7.09%	6.85%	6.61%
Internal Rate of Return (including capex)	8.61%	8.36%	8.09%
Internal Rate of Return (excluding capex)	8.61%	8.36%	8.09%

(NOTE) On expiry of the remaining current term in 2026, the passing rent reverts to a fixed rent of \$22,523,248 being \$20,000,000 escalated at 2% annually to 2026.



Vitalharvest Berry & Citrus Portfolio

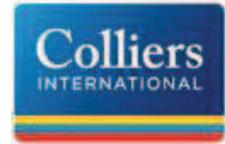


**Lease Scenario 3 - Existing tenant renews in 2026 under existing lease structure but with fixed rent reset to 5.0% Vacant Possession value plus variable rent on renewal**

<b>Portfolio Results</b>	<b>LOW -25bps</b>	<b>Mid Point</b>	<b>HIGH +25bps</b>
Imputed Passing Rent (1)			
- Base Rent	\$10,226,396	\$10,226,396	\$10,226,396
- Variable Rent (pro rata 7 year average)	\$8,923,202	\$8,923,202	\$8,923,202
Total Net Rent	\$19,149,598	\$19,149,598	\$19,149,598
Reversionary/Market Rent (2)			
- Base Rent	\$15,557,528	\$15,557,528	\$15,557,528
- Variable Rent	\$8,894,942	\$8,894,942	\$8,894,942
Imputed Market Rent	\$24,452,470	\$24,452,470	\$24,452,470
Remaining Initial Lease Term			
Initial Yield			
Capitalisation Rate	6.89%	6.64%	6.39%
Rounded Value	\$276,100,000	\$286,125,000	\$297,725,000
Discounted Cash Flow Inputs			
Cash Flow Term			
Discount Rate	8.71%	8.46%	8.21%
Terminal Yield	8.71%	8.47%	8.21%
Capital Value Adjustments			
Deferred Rent – Construction Period	\$0	\$0	\$0
Letting Up, Agency Fees, Renewals			
Capital Expenditure	\$0	\$0	\$0
Reversionary Yield			
Capitalisation Rate	7.71%	7.46%	7.21%
Rounded Value	\$293,250,000	\$303,325,000	\$314,775,000
Discounted Cash Flow Outputs			
NPV of Cash Flows	\$141,713,135	\$143,235,853	\$144,785,569
Discounted Terminal Value	\$150,679,807	\$158,784,792	\$167,481,982
Sum of Cash Flows	\$292,392,941	\$302,020,645	\$312,267,551
Less Acquisition Costs	\$15,234,151	\$15,736,483	\$16,271,115
Net Present Value	\$277,158,790	\$286,284,163	\$295,996,435
Rounded DCF Value	\$276,825,000	\$286,225,000	\$296,200,000
Valuation Conclusions (from previous page)			
Adopted Value	\$285,550,000	\$295,575,000	\$306,025,000
Passing Initial Yield	6.71%	6.48%	6.26%
Equivalent Initial Yield	6.71%	6.48%	6.26%
Equivalent Reversionary Yield	7.90%	7.65%	7.41%
Internal Rate of Return (including capex)	8.27%	8.00%	7.73%
Internal Rate of Return (excluding capex)	8.27%	8.00%	7.73%



## Vitalharvest Berry &amp; Citrus Portfolio

**Discount Rates**

In assessing an appropriate discount rate to apply to the cash flow analysis, we have had strongest regard to the internal rates of return achieved by other agricultural assets that have transacted in the marketplace. The sales set out in Transaction Table 1 on page 117 of this report show IRR's in the range of 6.91% to 8.86%. In our modelling under the various cash flow scenarios, we have adopted discount rates that have ranged from as low as 6.75% to 7.50% under lease scenario 1 (fixed rent / 20 year lease from today) to 8.46% as a weighted discount rate under scenario 3 being the lease structure that carries the highest level of rent variability and therefore the least amount of certainty going forward, but is a remote possibility. Our considerations recognise that the Reserve Bank of Australia set Cash Rate has fallen from 1.50% to 0.25% in the past three years being the period from which the sales analysis has been drawn.

**9.5 Valuation Conclusions**

Our considered valuation conclusions are summarised as follows:

Valuation Approach	Valuation Figure
Scenario 1 – Assessed Value Range (rounded)	\$296,000,000 to \$322,000,000
Scenario 2 – Assessed Value Range (rounded)	\$295,000,000 to \$319,000,000
Scenario 3 – Assessed Value Range (rounded)	\$286,000,000 to \$306,000,000

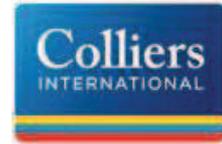
Our three different valuation scenarios produce rounded mid-point values that range from \$296,000,000 to \$310,000,000 and reflect the following results (at midpoint values):

	Scenario 1	Scenario 2	Scenario 3
Passing Initial Yield	6.46%	6.25%	6.48%
Equivalent Initial Yield	6.46%	6.25%	6.48%
Equivalent Reversionary Yield	6.46%	6.85%	7.65%
Internal Rate of Return (including capital expenditure)	7.09%	8.36%	8.00%
Internal Rate of Return (excluding capital expenditure)	7.09%	8.36%	8.00%

**Alternative Rent Scenarios**

Value Range – Low/High Scenarios 1 & 2	\$295,000,000	\$322,000,000
5 Year Average Rent	\$18,142,482	\$18,142,482
7 Year Average Rent	\$17,694,630	\$17,694,630
Dec 2020 Adopted Rent (current fixed/variable structure)	\$19,149,597	\$19,149,597
Adopted Market Rent (assumed fixed structure)	\$20,000,000	\$20,000,000
5 Year Average Yield	6.15%	5.63%
7 Year Average Yield	6.00%	5.50%
Dec 2020 Adopted Rent (current fixed/variable structure)	6.49%	5.95%
Adopted Market Rent (assumed fixed structure)	6.78%	6.21%

We consider that the resultant Initial and Reversionary yields and Internal Rate of Return outcome are reflective of the characteristics of the subject portfolio, the current market fundamentals and comparable evidence considered.



## 10 Valuation

In accordance with our instructions, we assess the Market Value Range of the subject portfolio as at **1 December 2020** and subject to the details referred to herein, to be:

**Scenario 1 – Tenant renegotiates existing lease on a fixed term basis effective immediately**

Rounded Value Range is \$296,000,000 to \$322,000,000

**Scenario 2 – Rent reset to fixed basis at market rates on renewal**

Rounded Value Range is \$295,000,000 to \$319,000,000

**Scenario 3 – Existing tenant renews in 2026 under existing lease structure but with fixed rent reset to 5.0% Vacant Possession value plus variable rent on renewal**

Rounded Value Range is \$286,000,000 to \$306,000,000

**Market Value assuming Vacant Possession, including Tradable Water (GST Exclusive)**

\$310,000,000 (Three Hundred and Ten Million Dollars)

In accordance with our normal practice, we confirm that this report is confidential and provided by CIVAS (SA) Pty Limited and not by any other company in the Colliers International Group. The valuation has been prepared for the parties and purposes as detailed earlier in this report and should not be relied upon for any other purpose or by any other person.

CIVAS (SA) Pty Limited

Alex Thamm, AAPI MRICS  
Head of Agribusiness  
Certified Practising Valuer  
3 February 2021 (Date of Signing Report)  
Direct: +61 409 595 415  
Email: alex.thamm@colliers.com

John Harrison, AAPI MRICS  
Director  
Certified Practising Valuer  
3 February 2021 (Date of Signing Report)  
Direct: +61 404 335 267  
Email: john.harrison@colliers.com

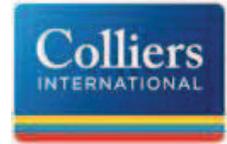
**Report Verification: Nick Cranna, National Director**

QA ID: 8814445

This valuation and the associated report have undergone verification in accordance with the Colliers International Quality Management System (QMS). This QMS has been independently and externally audited and certified in accordance with ISO9001:2015, which confirms the quality of the verification and Quality Assurance process.

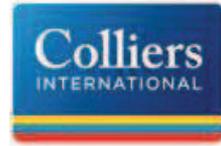


*Liability Limited by a scheme approved under Professional Standards Legislation*



## 11 Report Qualifications

- » CIVAS (SA) Pty Limited accepts no responsibility for any statements in this report other than for the stated purpose. This report is issued on the basis that the statements expressed in this report are those of CIVAS only. No liability attaches to the companies in the Colliers International Group other than CIVAS (SA) Pty Limited in relation to any statements contained in this valuation report.
- » No responsibility is accepted for liability to any third party in respect of the opinions expressed in this valuation. Neither the whole of this report, or any part or reference thereto, may be published in any document, statement or circular, nor in any communication with third parties, without our prior written approval of the form and context in which it will appear.
- » In accordance with the Australian Property Institute Valuers Limited (APIV), this valuation is current as at the date of valuation only. The values assessed herein may change significantly and unexpectedly over a relatively short period of time (including as a result of general market movements or factors specific to the particular property). Liability for losses arising from such subsequent changes in value is excluded as is liability where the valuation is relied upon more than 90 days after the date of valuation.
- » Unless stated elsewhere in this report, we have assumed that the property complies with the appropriate statutory, building and fire safety regulations and we have also assumed that there is no timber infestation, asbestos or other defect and have made no investigations for them, not have we undertaken a structural survey or tested the building services.
- » Rural property as an investment platform is typically characterised by medium to long term holding and operational motivations. As such it is not traditionally subject to the levels of investment volatility witnessed in other forms of yield driven real estate investment. Rather, volatility arises with fluctuations in the key drivers which include commodity prices, operational expenses, seasonal conditions, investment demand, availability of supply and interest rates. The sector is also exposed to the effects of currency fluctuations on both the cost of inputs and farm revenue. Having made reference to lower volatility, we must point out that in times of constrained demand the nature of the market can be such that in order to achieve a prompt sale a level of price discounting may be required to induce buyers to act. Accordingly, and of paramount importance, due consideration must be given to the potential length of time on market indicated in this report as possibly being required to achieve a sale of the subject property at anticipated market values.



## Appendix A Schedule of Title Particulars





## Berry Exchange and Betts

### Title Details

The legal titles for the subject property can be described as follows:

Search Date	13 November 2019
Local Government Area	Coffs Harbour

Description	Volume / Folio	Registered Proprietor	Area ha
<b>Stage 1</b>			
1/731384	731384	1	4.646
2/731384	731384	2	3.753
3/731384	731384	3	4.062
4/731384	731384	4	3.986
5/731384	731384	5	4.083
6/731384	731384	6	8.910
11/731384	731384	11	5.260
12/731384	731384	12	4.166
13/731384	731384	13	3.680
14/731384	731384	14	3.465
15/731384	731384	15	3.335
16/731384	731384	16	3.035
17/731384	731384	17	3.003
18/731384	731384	18	3.008
19/731384	731384	19	3.007
20/731384	731384	20	3.005
21/731384	731384	21	3.001
22/731384	731384	22	3.000
30/731384	731384	30	3.046
31/731384	731384	31	3.312
32/731384	731384	32	3.001
33/731384	731384	33	3.000
34/731384	731384	34	3.002
35/731834	731384	35	3.060
36/731384	731384	36	3.414
37/731384	731384	37	3.514
39/731384	731384	39	3.636
40/731384	731384	40	3.658
41/731384	731384	41	3.655



Description	Volume / Folio	Registered Proprietor	Area ha
<b>Stage 1 (cont)</b>			
42/731384	731384	42	3.627
43/731384	731384	43	3.574
45/731384	731384	45	3.394
46/731384	731384	46	3.268
50/731384	731384	50	3.007
51/731384	731384	51	3.001
52/731384	731384	52	3.870
57/731384	731384	57	2.986
58/731384	731384	58	3.007
59/731384	731384	59	3.008
60/731384	731384	60	3.020
61/731384	731384	61	4.107
62/731384	731384	62	4.026
75/731384	731384	75	3.609
76/731384	731384	76	1.820
77/731384	731384	77	47.680
101/1005498	1005498	101	20.530
104/1003741	1003741	104	19.180
<b>Total</b>			<b>243.417</b>
<b>Stage 2</b>			
77/731408	731408	77	6.189
78/731408	731408	78	3.100
79/731408	731408	79	6.191
80/731408	731408	80	7.582
81/731408	731408	81	3.673
82/731408	731408	82	4.212
83/731408	731408	83	3.884
84/731408	731408	84	3.140
85/731408	731408	85	3.616
86/731408	731408	86	4.200
77/731408	731408	77	6.189
87/731408	731408	87	3.297
88/731408	731408	88	3.678
89/731408	731408	89	3.087
90/731408	731408	90	3.385
91/731408	731408	91	3.641
92/731408	731408	92	2.633



Description	Volume / Folio	Registered Proprietor	Area ha
<b>Stage 2 (cont.)</b>			
93/731408	731408	93	2.538
94/731408	731408	94	3.355
95/731408	731408	95	3.100
<b>Total</b>			<b>74.501</b>
<b>Kathleen Drive</b>			
2/718722	718722	2	8.800
3/718722	718722	3	9.632
4/718722	718722	4	5.993
6/718722	718722	6	8.272
7/718722	718722	7	8.272
8/718722	718722	8	8.272
9/718722	718722	9	8.272
10/718722	718722	10	8.272
11/718711	718722	11	8.315
12/718722	718722	12	8.046
13/718722	718722	13	2.968
14/718722	718722	14	4.962
15/718722	718722	15	5.575
16/718722	718722	16	8.064
17/718722	718722	17	8.089
18/718722	718722	18	8.089
19/718722	718722	19	8.089
20/718722	718722	20	8.091
21/718722	718722	21	8.091
22/718722	718722	22	8.090
23/718722	718722	23	8.743
24/718722	718722	24	8.521
26/718722	718722	26	8.087
1/721356	721356	1	0.460
2/721356	721356	2	0.307
<b>Total</b>			<b>178.371</b>
<b>Fullers</b>			
11/776278	776278	11	55.65
<b>Total</b>			<b>55.65</b>
<b>Stage 3</b>			
12/776278	776278	12	55.65
<b>Total</b>			<b>55.65</b>



Description	Volume / Folio	Registered Proprietor	Area ha
<b>Tolsons</b>			
1/572509	572509	1	2.029
2/572509	572509	2	13.56
<b>Total</b>			<b>15.589</b>
<b>Stage 4</b>			
1341/617976	617976	1341	45.15
<b>Total</b>			<b>45.15</b>
<b>Ponds and Featherstones</b>			
133/253255	253255	133	106.20
1361/620406	620406	1361	69.41
<b>Total</b>			<b>175.61</b>
<b>Stage 5 / 6</b>			
2/253564	253564	2	40.00
<b>Total</b>			<b>40.00</b>
<b>Other Land</b>			
906/716743	716743	906	1.299
1/820074	820074	1	0.347
14/1195255	1195255	14	24.030
15/1195255	1195255	15	0.258
<b>Total</b>			<b>25.934</b>
<b>AgriExchange – Corindi (Total)</b>			<b>909.87</b>
<b>Betts</b>			
43/1091464	1091464	43	20.21
<b>Total</b>			<b>20.21</b>

### Encumbrances, Easements and Interests

We highlight the following notations on the titles:

#### Notation

<b>Stage 1</b>	
Land excludes minerals and is subject to reservations and conditions in favour of the Crown – see Crown Grant (s) <i>(All Folios)</i>	
AK619837	Mortgage to AET Corporate Trust Pty Limited (See AN583712). <i>(All Folios)</i>
AG499435	Variation of restriction DP731384 <i>(Excluding Folios 11/731384, 15/731384, 17/731384, 19/731384, 22/731384, 35/731384, 36/731384, 39/731384, 40/731384, 50/731384, 51/731384, 52/731384, 57/731384, 101/1005498, 104/1003741)</i>
AG696236	Lease to CostaExchange Ltd expires: 30/6/2026 <i>(All Folios)</i>
AK952947	Change of name affection lease AG696236 Lessee now CostaExchange Pty Ltd <i>(All Folios)</i>

**Notation****Stage 1 (cont.)**

T625904	Covenant affecting the part of the land above described shown so burdened in the title diagram ( <i>Only for Folio 1/731384, 15/731384, 16/731384, 17/731384, 18/731384, 19/731384</i> )
DP703787	Right of carriageway appurtenant to the part of the land above described shown so benefited on the title diagram ( <i>All Folios</i> )
DP710399	Restriction (s) on the use of land (Excluding Folio 22/731384, 30/731384, 31/731384, 32/731384, 57/731384)
DP710399	Right of carriageway appurtenant to the land above described (Excluding Folio 22/731384, 31/731384, 57/731384)
DP638049	Easement for water supply 10 wide and variable width appurtenant to the land above described ( <i>All Folios</i> )
DP638049	Easement for water dumping facility var width appurtenant to the land above described ( <i>All Folios</i> )
DP718722	Easement for irrigation 5 wide appurtenant to the land above described ( <i>All Folios</i> )
DP731384	Right of carriageway 5 wide affecting the part of the land above described shown so burdened on the title diagram ( <i>Excluding 3/731384, 4/731384, 15/731384, 31/731384, 46/731384, 51/731384, 52/731384, 57/731384, 60/731384, 75/731384, 76/731384, 77/731384</i> )
DP731384	Right of carriageway 5 wide appurtenant to the land above described ( <i>All Folios except 3/731384, 4/731384, 15/731384, 16/731384, 31/731384, 46/731384, 51/731384, 57/731384, 60/731384, 75/731384, 101/731384, 104/731384</i> )
DP731384	Right of way 10 wide affecting the part of the land above described shown so burdened on the title diagram ( <i>All Folios except 1/731384, 2/731384, 5/731384, 6/731384, 30/731384, 31/731384, 32/731384, 33/731384, 34/731384, 35/731384, 50/731384, 51/731384, 52/731384, 59/731384, 60/731384, 104/731384</i> )
DP731384	Right of way 10 wide appurtenant to the land above described ( <i>All Folios</i> )
DP731384	Right of way variable width affecting the part of the land above described shown so burdened on the title diagram ( <i>Excluding Folios 33/731384, 34/731384, 35/731384</i> )
DP731384	Right of carriageway 8 wide affecting the part of the land above described shown so burdened on the title diagram ( <i>Including Folio 61/731384</i> )
DP731384	Right of carriageway 8 wide appurtenant to the land above described ( <i>Including Folios 57/731384, 58/731384, 59/731384, 60/731384, 76/731384, 77/731384</i> )
DP731384	Restriction (s) on the use of land ( <i>All Folios</i> )
U590294	Variation ( <i>Includes Folios 11/731384, 15/731384, 17/731384, 19/731384, 22/731384, 35/731384, 39/731384, 40/731384, 51/731384, 52/731384, 57/731384</i> )
5292141	Variation of restriction DP731384 ( <i>All Folios except 3/731384, 11/731384, 13/731384, 15/731384, 16/731384, 17/731384, 19/731384, 20/731384, 21/731384, 22/731384, 30/731384, 31/731384, 32/731384, 35/731384, 36/731384, 37/731384, 39/731384, 40/731384, 51/731384, 52/731384, 57/731384, 58/731384, 61/731384, 62/731384, 75/731384, 76/731384, 77/731384</i> )
5379532	Variation of restriction DP731384 ( <i>Including Folios 2/731384, 16/731384, 32/731384, 37/731384</i> )
DP638520	Easement for irrigation pipeline 4.5 wide and variable appurtenant to the land above described ( <i>All Folios</i> )
DP638520	Easement for water storage variable width appurtenant to the land above described ( <i>All Folios</i> )
DP646722	Easement for water storage appurtenant to the land above described affecting the land shown so burdened in DP646722 ( <i>All Folios except 77/731384</i> )
DP646722	Easement for water pumping facilities appurtenant to the land above described affecting the land shown so burdened in DP646722 ( <i>All Folios except 77/731384</i> )
AK506313	Variation of lease AG696236 ( <i>All Folios</i> )
AK507936	Variation of lease AG696236 ( <i>All Folios</i> )

**Stage 2**

Land excludes minerals and is subject to reservations and conditions in favour of the Crown – see Crown Grant (s) (*All folios*)

AK619837	Mortgage to AET Corporate Trust Pty Limited (see AN583712) ( <i>All Folios</i> )
AG696236	Lease to CostaExchange Ltd ( <i>All Folios</i> )
AK952947	Change of name affecting lease AG696236 lessee now Costaexchange Pty Ltd ( <i>All Folios</i> )



**Notation**

**Stage 2 (cont.)**

AK506313	Variation of lease AK696236 ( <i>All Folios</i> )
AK507936	Variation of lease AG696236 ( <i>All Folios</i> )
Q860513	Covenant affecting the part shown so burdened in the title diagram ( <i>Excluding Folios 88/731408, 89/731408</i> )
DP638049	Easement for water supply 10 wide and variable width appurtenant to the land above described ( <i>All folios</i> )
DP638049	Easement for water pumping facility variable width appurtenant to the land above described ( <i>All folios</i> )
DP718722	Easement for irrigation 5 wide and variable width appurtenant to the land above described ( <i>All folios</i> )
DP731408	Right of carriageway 4.5 wide affecting the part of the land above described shown so burdened on the title diagram ( <i>Excluding Folios 87/731408, 88/731408, 90/731408, 91/731408, 92/731408</i> )
DP731408	Right of carriageway 5 wide affecting the part of the land above described shown so burdened on the title diagram ( <i>Excluding Folios 77/731408, 87/731408</i> )
DP731408	Right of carriageway 5 wide appurtenant to the land above described ( <i>Excluding Folios 87/731408, 90/731408</i> )
DP731408	Right of way variable width affecting the part of the land above described shown so burdened on the title diagram ( <i>Excluding Folios 77/731408, 92/731408, 93/731408</i> )
DP731408	Right of way variable width appurtenant to the land above described ( <i>Only Folio 77/731408</i> )
DP731408	Restriction (s) on the use of land ( <i>All Folios</i> )
5292058	Variation of restriction DP731408 ( <i>Only Folios 95/731408</i> )
AG499182	Variation of restriction DP731408 ( <i>Only Folios 95/731408, 93/731408, 92/731408, 89/731408, 80/731408, 78/731408, 77/731408</i> )
5379536	Variation of restriction DP731408 ( <i>Only Folios 89/731408, 78/731408</i> )
DP638520	Easement for irrigation pipeline 4.5 wide and variable affecting the part of the land above described shown so burdened in DP638520 ( <i>Only Folios 77/731408, 78/731408, 80/731408, 81/731408, 82/731408, 83/731408, 84/731408, 85/731408, 86/731408, 87/731408, 89/731408, 93/731408, 94/731408</i> )
U590295	Variation ( <i>Only Folios 94/731408, 91/731408, 90/731408, 88/731408, 87/731408, 86/731408, 85/731408, 84/731408, 83/731408, 82/731408, 81/731408, 79/731408</i> )
DP638520	Easement for irrigation pipeline 4.5 wide and variable appurtenant to the land above described ( <i>All Folios</i> )
DP638520	Easement for water storage variable width affecting the part of the land above described shown so burdened in DP638520 ( <i>Only Folios 77/731408</i> )
DP638520	Easement for irrigation pipeline 4.5 wide affecting the part of the land above described shown so burdened in DP638520 ( <i>Excluding Folios, 79/731408, 88/731408, 90/731408, 91/731408, 92/731408</i> )
DP638520	Easement for water storage variable width appurtenant to the land above described ( <i>Excluding Folios 77/731408</i> )
DP638520	Easement for irrigation pipeline 4.5 wide affecting part of the land above described shown so burdened in DP638520 ( <i>Only Folios 78/731408, 82/731408, 83/731408, 93/731408, 95/731408</i> )
DP646722	Easement for water storage appurtenant to the land above described affecting the land shown so burdened in DP646722 ( <i>Excluding Folio 77/731408</i> )
DP646722	Easement for water pumping facilities appurtenant to the land above described affecting the land shown so burdened in DP646722 ( <i>Excluding Folio 77/731408</i> )
DP646722	Right of carriageway appurtenant to the land above described affecting the land shown so burdened in DP646722 ( <i>Only Folio 93/731408</i> )
O958913	Easement to drain water 75 wide appurtenant to the land above described affecting the part shown so burdened in Plan with O958913 ( <i>Only Folios 77/731408, 82/731408, 83/731408</i> )

**Kathleen Drive**

Land excludes minerals and is subject to reservations and conditions in favour of the Crown – see Crown Grant (s) (*All folios*)

AK619837 Mortgage to AET Corporate Trust Pty Limited (see AN583712) (*All Folios*)

AG696236 Lease to CostaExchange Ltd expires: 30/6/2026 (*All Folios*)





**Notation**

**Kathleen Drive (cont.)**

AK952947	Change of name affecting lease AG696236 lessee now Costaexchange Pty Ltd <i>(All Folios)</i>
AK506313	Variation of lease AG696236 <i>(Excluding Folio 8/718722)</i>
AK507936	Variation of lease AG696236 <i>(Excluding Folio 8/718722)</i>
AK495579	Variation of lease AI687331 <i>(Only Folio 8/718722)</i>
AK495580	Variation of lease <i>(Only Folio 8/718722)</i>
Q605609	Covenant <i>(Only Folios 2/718722, 24/718722 and 26/718722)</i>
Q605609	Covenant affecting the part of the land above described shown so burdened in the title diagram <i>(Only Folios 3/718722, 4/718722, 6/718722, 7/718722, 8/718722, 9/718722, 10/718722, 11/718722, 12/718722)</i>
R343661	Covenant affecting the part of the land above described shown so burdened in the title diagram <i>(Excluding 2/718722, 2/721356, 1/721356)</i>
T625904	Covenant affecting the part of the land above described shown so burdened in the title diagram <i>(Only Folios 13/718722, 14/718722, 15/718722, 16/718722, 17/718722, 18/718722, 19/718722, 20/718722, 21/718722, 22/718722, 23/718722)</i>
DP710399	Restriction(s) on the use of land <i>(Only 11/718722, 12/718722, 13/718722, 14/718722, 15/718722, 16/718722)</i>
DP638049	Easement for water supply 10 wide and var width appurtenant to the land above described <i>(All Folios excluding 2/721356, 1/721356)</i>
DP638049	Easement for water pumping facility var width appurtenant to the land above described <i>(All Folios excluding 2/721356, 1/721356)</i>
DP638049	Easement for water storage var width appurtenant to the land above described <i>(All Folios excluding 2/721356, 1/721356)</i>
DP718722	Right of way 5 wide affecting the part of the land above described shown so burdened in the title diagram <i>(All Folios excluding 2/721356, 1/721356)</i>
DP718722	Right of way 5 wide appurtenant to the land above described <i>(Excluding Folios 13/718722, 14/718722, 2/721356, 1/721356)</i>
DP718722	Right of way 4.5 wide affecting the part of the land above described shown so burdened in the title diagram <i>(Excluding Folios 12/718722, 13/718722, 26/718722, 2/721356, 1/721356)</i>
DP718722	Right of way 4.5 wide appurtenant to the land above described <i>(Excluding Folios 12/718722, 13/718722 2/721356, 1/721356)</i>
DP718722	Right of way 10 wide affecting the part of the land above described shown so burdened in the title diagram <i>(Excluding Folios 15/718722, 2/721356, 1/721356)</i>
DP718722	Right of way var width affecting the part of the land above described shown so burdened in the title diagram <i>(All Folios excluding 2/721356, 1/721356)</i>
DP718722	Easement for access var width affecting the part of the land above described shown so burdened in the title diagram <i>(All Folios excluding 2/721356, 1/721356)</i>
DP718722	Easement for irrigation 5 wide affecting the part of the land above described shown so burdened in the title diagram <i>(Excluding Folios 2/718722, 3/718722, 4/718722, 5/71872, 6/718722, 7/718722, 8/718722, 9/718722, 10/718722, 2/721356, 1/721356)</i>
DP718722	Restriction (s) on the use of land <i>(All Folios excluding 2/721356, 1/721356)</i>
DP646722	Easement for water storage appurtenant to the land above described affecting the land shown so burdened in DP646722 <i>(All Folios excluding 2/721356, 1/721356)</i>
DP646722	Easement for water pumping facilities appurtenant to the land above described affecting the land shown so burdened in DP646722 <i>(All Folios excluding 2/721356, 1/721356)</i>
Q598913	Easement to drain water 75 wide appurtenant to the land above described affecting the part shown so burdened in plan with O958913 <i>(Only Folio 24/718722)</i>
9747142	Easement for power reticulation 10 wide affecting the part of the land shown so burdened in plan with 9747142 <i>(Only Folio 24/718722)</i>

**Stage 3**

Land excludes minerals and is subject to reservations and conditions in favour of the Crown – See Crown Grant (s)

AI694100	Lease to CostaExchange Pty Ltd of 39 Red Ridge Road, Upper Corindi. Expires: 30/6/2026. Option to purchase. Option of renewal: 10 years. <i>(Folio 11/776278)</i>
----------	---



**Notation**

**Stage 3 (cont.)**

AK952947	Change of name affecting lease AG696236 lessee now CostaExchange Pty Ltd (12/776278)
AK495564	Variation of lease AI694100 (Folio 11/776278)
AK495565	Variation of lease AI694100 (Folio 11/776278)
AK619837	Mortgage to AET Corporate Trust Pty Limited (See AN583712) (All Folios)
AK506313	Variation of lease AG696236 (Folio 12/776278)
AK507936	Variation of lease AG696236 (Folio 12/776278)

**Tolsons**

Land excludes minerals and is subject to reservations and conditions in favour of the Crown – see Crown Grant (s)

DP572509	Easement for water supply appurtenant to the land above described (1/572509)
DP572509	Easement for water supply affecting the part (s) shown so burdened in the title diagram (Folio 2/572509)
AG696236	Lease to CostaExchange Ltd expires 30/06/2026 (All Folios)
AK952947	Change of name affecting lease AG696236 Lessee now CostaExchange Pty Ltd (All Folios)
AK506313	Variation of lease AG696236 (All Folios)
AK507936	Variation of lease AG696236 (All Folios)
M408611	Covenant

**Stage 4**

Land excludes minerals and is subject to reservations and conditions in favour of the Crown – see Crown Grant (s)

Land excludes the road (s) shown in the title diagram

As to boundaries to rivers/lakes – see Section 172 of the Crown Lands Act 1989

DP639644	Easement for water supply affecting the part of the land described shown so burdened in DP639644
DP646722	Easement for water storage appurtenant to the land above described affecting the land shown so burdened in DP646722
DP1055280	Easement for water supply 5 metre (s) wide appurtenant to the land above described
DP1055280	Right of access 5 metre (s) wide appurtenant to the land above described
DP105597	Easement for water supply 5 metres (s) wide appurtenant to the land above described
AG696236	Lease to Costaexchange Ltd expires: 30/6/2026
AK952947	Change of name affecting lease AG696236 lessee now Costaexchange Pty Ltd
AK506313	Variation of lease AG696236
AK507936	Variation of lease AG696236
AK619837	Mortgage to AET Corporate Trust Pty Limited (See AN583712)

**Ponds and Featherstones**

Land excludes minerals and is subject to reservations and conditions in favour of the Crown – see Crown Grant (s)

Provisions of S.235A crown lands consolidation act 1913 as to boundaries to rivers and lakes

As to boundaries to creeks – see Sec 235A of the C L C Act, 1913

AK619837	Mortgage to AET Corporate Trust Pty Limited (See AN583712) (All Folios)
AG696236	Lease to CostaExchange Ltd expires: 30/6/2026 (All Folios)
AK952947	Change of name affecting lease AG696236 lessee now Costaexchange Pty Ltd (All Folios)
AK506313	Variation of lease AG696236 (All Folios)



**Notation****Ponds and Featherstones (cont.)**

AK507936	Variation of lease AG696236 ( <i>All Folios</i> )
Q971010	Covenant ( <i>Only Folio 1361/620406</i> )
Q418546	Covenant ( <i>Only Folio 133/253255</i> )
DP620406	Right of carriageway affecting the part (s) shown so burdened in the title diagram ( <i>Only Folio 1361/620406</i> )
DP620406	Right of carriageway appurtenant to the land above described ( <i>Only Folio 1361/620406</i> )
DP620406	Easement for water supply affecting the part (s) shown so burdened in the title diagram ( <i>Only Folio 1361/620406</i> )
DP620406	Easement for water supply appurtenant to the land above described ( <i>Only Folio 1361/620406</i> )
DP1055280	Easement for water supply 5 metre (s) wide appurtenant to the land above described
DP1055280	Right of access 5 metres (s) wide appurtenant to the land above described
DP1055597	Easement for water supply 5 metre (s) wide appurtenant to the land above described

**Stage 5 / 6**

Land excludes minerals and is subject to reservations and conditions in favour of the Crown – see Crown Grant (s)

P926230	Right of carriageway affecting the site designated (A) in the title diagram
Q60104	Right of carriageway affecting the site designated (A) in the title diagram
DP253564	Right of carriageway affecting the site designated (A) in the title diagram
DP253564	Right of carriageway appurtenant to the land above described
Q423461	Covenant
W39215	The appurtenant right of carriageway created by Q65568 is hereby released in so far as it affects lots 19 and 23 in DP705682
AG696236	Lease to Costaexchange Ltd expires: 30/6/2026
AK952947	Change of name affecting lease AG696236 lessee now Costaexchange Pty Ltd
AK506313	Variation of lease AG696236
AK5067936	Variation of lease AG696236
AK619837	Mortgage to AET Corporate Trust Pty Limited (see AN583712)

**Betts**

Land excludes minerals and is subject to reservations and conditions in favour of the crown - see crown grant(s).

D541857	Right of carriageway 20.115 metres wide appurtenant to the part of the land above described shown so benefited in the title diagram (See DP356846)
W350201	Right of carriageway is released as regards the part being the land shown so affected in DP612749
DP558761	Right of carriageway 8 metres wide designated (D) affecting the part (s) of the land above described shown so burdened in the title diagram
DP558761	Right of carriageway 8 metres wide designated (D) appurtenant to the part of the land shown so benefited in the title diagram
DP627001	Right of carriageway 15 metres wide and variable designated (C) affecting the part of the land above described so burdened in the title diagram
DP627001	Right of carriageway 15 metres wide and variable and designated ( C ) appurtenant to the part (s) of the land shown so benefited in the title diagram
DP641260	Easement for passage, storage, soakage, drainage and water supply and drainage variable width designated ( E ) appurtenant to the part (s) of the land shown benefited in the title diagram
DP703131	Restriction (S) on the use of land affecting the part of the land above described shown so burdened in the title diagram
DP1078160	Easement for storage variable width appurtenant to the part of the land above described as shown so benefited in the title diagram
DO1078160	Easement for water supply over existing line of pipes (approximate position) appurtenant to the part (s) of the land above described shown so benefited in the title diagram



**Notation**

**Betts (cont.)**

DP1078160	Easement for water supply 10 metres wide appurtenant to the part (s) of the land shown so benefited in the title diagram
DP1091464	Right of carriageway 6.34 metres wide and variable with designated (g) affecting the part (s) of the land above described shown so burdened in the title diagram
DP1091464	Right of carriageway 6.34 metres wide and variable width designated (g) appurtenant to the land above described
DP1091464	Easement for services variable width designated (h) affecting the part (s) of the land above described shown so burdened in the title diagram
AG696158	Lease to Costaexchange Ltd of 212 Grays Rd, Halfway Creek. Expires: 30/6/2027. Option of renewal 10 years.
AK495577	Variation of lease AG696158
AK495578	Variation of lease AG696158
AK619837	Mortgage to AET Corporate Trust Pty Limited (see AN583712)



## Taradale Blueberry Farm, Tumbarumba

### Title Details

The legal titles for the subject property can be described as follows:

Search Date	15 November 2019
Local Government Area	Snowy Valleys Council

Description	Volume / Folio	Registered Proprietor	Area ha
Allotment 8 in Deposited Plan 264328	8 / 264238	Vitalharvest Limited	10.12
Allotment 9 in Deposited Plan 264328	9 / 264238	Vitalharvest Limited	10.12
Allotment 10 in Deposited Plan 264328	10 / 264238	Vitalharvest Limited	10.12
Allotment 12 in Deposited Plan 264238	12 / 264238	Vitalharvest Limited	10.11
Allotment 14 in Deposited Plan 264328	14 / 264238	Vitalharvest Limited	10.12
Allotment 15 in Deposited Plan 264238	15 / 264238	Vitalharvest Limited	10.12
Allotment 19 in Deposited Plan 264238	19 / 264238	Vitalharvest Limited	10.12
		<b>Total</b>	<b>70.83</b>

### Encumbrances, Easements and Interests

We highlight the following notations on the titles:

Certificate of Title	Notation	Description
All		Land excludes minerals and is subject to reservations and conditions in favour of The Crown.
All	AG696067	Lease to CostaExchange Ltd of 34 Taradale Rd, Tumbarumba. Expires 30/6/2026. Option 10 years.
All	AK495598	Variation of lease AG496067
All	AK495599	Variation of lease AG69067
All	AK619837	Mortgage to AET Corporate Trust Pty Limited (See AN583712)



## 9 Mile Blueberries

### Title Details

The legal titles for the subject property can be described as follows:

Search Date	13 November 2019
Local Government Area	Central Coast Council

Description	Volume / Folio	Registered Proprietor	Area ha
Lot 1 on Plan 245068	245068/1	Vitalharvest Pty Ltd	23.85
Lot 4 on Sealed Plan 15374	15374/4	Vitalharvest Pty Ltd	57.65
Lot 1 on Sealed Plan 61947	61947/1	Vitalharvest Pty Ltd	1.23
Lot 1 on Sealed Plan 163838	163838/1	Vitalharvest Pty Ltd	19.87
<b>Total</b>			<b>102.60</b>

### Encumbrances, Easements and Interests

We highlight the following notations on the titles:

Certificate of Title	Notation	Description
All	M346239 & C976081	Transfer to Vitalharvest Limited
163838/1	C605154	Notice of Permit Corridor under s15 of the Major Infrastructure Development Act 1999 affecting the said land within described. Registered 10 November 2004. Our enquiries have revealed the notation relates to land that was acquired for the Dial Blythe Irrigation Scheme.
All	D50228	Lease to CostaExchange Ltd of a leasehold estate for the term of fifteen (15) years from 01-Jul-2011
All	M552896	Mortgage to National Australia Bank Limited registered 22 February 2016.
All	M547736 & M547737	Variation of lease D50228 the covenants, conditions are restrictions in the said Lease is varied.
All	E138334	Transfer of Mortgage M552896 to AET Corporate Trust Pty Limited





## Brooklyn Berries, Dunorlan

### Title Details

The legal title for the subject property can be described as follows:

Search Date	13 November 2019
Local Government Area	Meander Valley Council

Description	Volume / Folio	Registered Proprietor	Area ha
Allotment 3 on Plan 246831	246831/3	Vitalharvest Pty Ltd	42.22
Allotment 1 on Sealed Plan 143438	143438/1	Vitalharvest Pty Ltd	51.79
<b>Total</b>			<b>94.01</b>

### Encumbrances, Easements and Interests

We highlight the following notations on the titles:

Certificate of Title	Notation	Description
All	M346234	Transfer to Vitalharvest Limited registered 24 October 2011
246831/3	C440836	Subject to the Gas Pipeline right set forth in the Memorandum of Provisions No. M225 acquired by the Crown in accordance with the Land Acquisition Act 1993 freed and discharged from all estates, statutory reservations and dedication in so far as they affect the said Gas Pipeline right over the land marked Gas Supply Easement shown on Plan No. 137022 as passing through the said land within described.
246831/3	D4385	Transfer of the "Gas Pipeline Right" created by the Instrument C440836 in favour of Tasmanian Gas Pipeline Pty Ltd.
246831/3	C288795	Notice of Notified Corridor under section 15 of the Major Infrastructure Development Approvals Act 1999 affecting the land therein described.
246831/3	C282582	Private timber reserve pursuant to Section 15(1) of the Forest Practices Act 1985 (affecting part of the said land within described as shown hatched on the plan annexed thereto).
246831/3	C601772	Notice of Permit Corridor Under Section 15 of the Major Infrastructure Development Approvals Act 1999 affecting the said land within described.
All	E1573	Lease to CostaExchange Pty Ltd of a leasehold estate commencing on 17-Sep-2014 and expiring on 30-Jun-20 if part of the said land within described and shown as Lot 1 on Plan SIO 165109. Registered 4th December 2015.
All	E1574	Lease to CostaExchange Pty Ltd of a leasehold estate for the term of 6 years from 1-Jul-2020.
Both	E1575	Lease to CostaExchange Pty Ltd of a leasehold estate for the term of 10 years less 1 day from 1-Jul-2026 of part of the said land within described and shown as Lot 1 on Plan SIO 165109.
246831/3	E1576	Lease to NBN Co Limited of a leasehold estate for the term of 10 years from 17-Sep-2014 of part of the said land within described and shown as Lot 1 on Plan SIO 165109 that is concurrent with the subject to Lease E1573 until 30-Jun-2020 and Lease E1574 until 16-Sep-2024.
246831/3	E1577	Lease to NBN Co Limited of a leasehold estate for the term of 10 years from 17-Sep-2024 of part of the said land within described and shown as Lot 1 on Plan SIO 165109 that is concurrent with the subject to Lease E1574 until 30-Jun-2026 and Lease E1575 until 16-Sep-2034.



<b>Certificate of Title</b>	<b>Notation</b>	<b>Description</b>
246831/3	E6412	Caveat by The Trust Company (Australia) Limited affecting such portion of the said land within described as shown on the plan attached thereto. The caveat relates to the standing timber which they own a share of. In our view this is not likely to constitute an impediment to the operation or the sale of the property.
All	M552899	Mortgage to National Australia Bank Limited registered 22 April 2016.
All	M547733	Extension or variation of lease E1575 the covenants, conditions and restrictions of the said Lease is varied.
All	M547734	Extension or variation of lease E1574 the covenants, conditions and restrictions of the said lease is varied.
All	M547735	Extension or variation of lease E1573 the covenants, conditions and restrictions of the said lease is varied.
All	E138334	Transfer of mortgage M552899 to AET Corporate Trust Pty Limited.
143438/1	C441111	Subject to Gas Pipeline right set forth in the Memorandum of Provisions No. M260 acquired by the Crown in accordance with the Land Acquisition Act 1993 freed and discharged from all estates, statutory reservations and dedications in so far as they affect the said Gas Pipeline right over the land marked "Gas Supply Easement" '4' 20.00 wide shown on Plan No. P137022 as passing through the said land within described.
143438/1	D4401	Transfer of the "Gas Pipeline Right" created by Instrument C441111 in favour of Tasmanian Gas Pipeline Pty Ltd
143438/1	C288781	Notice of Notified Corridor under Section 15 of the Major Infrastructure Development Approvals Act 1999 affecting the land therein described registered 15 March 2001.
143438/1	C411319	Notice to Treat pursuant to Section 11 of the Land Acquisition Act 1993.
143438/1	C601561	Notice of Permit Corridor under Section 15 of the Major Infrastructure Development Approvals Act 1999 affecting the said land within described registered 15 November 2004.



## Yandilla Orchards

### Title Details

The legal title for the subject property can be described as follows:

Search Date	17, 23 & 24 May 2019
Local Government Area	Renmark Paringa Council

Description	Volume / Folio	Registered Proprietor	Area ha
<b>Farm 1</b>			
Allotment 4 within Filed Plan 105840	6119/800	Vitalharvest Pty Ltd	4.05
Allotment 5 within Filed Plan 105710	6119/804	Vitalharvest Pty Ltd	4.05
Allotment 11 within Filed Plan 105572	6119/805	Vitalharvest Pty Ltd	6.07
Allotment 35 within Deposited Plan 28900	6119/809	Vitalharvest Pty Ltd	0.70
Allotment 34 within Deposited Plan 28900	6119/810	Vitalharvest Pty Ltd	5.13
Allotment 20 within Filed Plan 105579	6119/811	Vitalharvest Pty Ltd	0.18
Allotment 17 within Filed Plan 105576	6119/814	Vitalharvest Pty Ltd	2.03
Allotment 16 within Filed Plan 105575	6119/815	Vitalharvest Pty Ltd	3.86
Allotment 43 within Deposited Plan 21967	6119/816	Vitalharvest Pty Ltd	6.73
Pieces 91 and 92 within Filed Plan 199409	6119/819	Vitalharvest Pty Ltd	4.30
Allotment 93 within Filed Plan 207880	6119/821	Vitalharvest Pty Ltd	4.05
Allotment 305 within Filed Plan 38399	6119/822	Vitalharvest Pty Ltd	10.88
Allotment 306 within Filed Plan 38399	6119/830	Vitalharvest Pty Ltd	6.01
Allotment 103 within Deposited Plan 70713	6119/832	Vitalharvest Pty Ltd	0.37
Allotment comprising Pieces 1 and 2 within Deposited Plan 79493	6119/833	Vitalharvest Pty Ltd	3.66
Allotment 3 within Deposited Plan 79493	6119/834	Vitalharvest Pty Ltd	0.76
			<b>62.83</b>



### Encumbrances, Easements and Interests

We highlight the following notations on the titles:

Certificate of Title	Notation	Description
<b>Farm 1</b>		
6119/800	Subject to the reservations provisions and conditions	Still subsisting and capable of taking effect contained in Land Grant Vol 563 Folio 90
	Lease 11864245	To Agriexchange Pty Ltd commencing on 10/08/2011 and expiring on 1/7/2026
	Mortgage 12487993	To AET Corporate Trust Pty Ltd
6119/804	Subject to the reservations provisions and conditions	Still subsisting and capable of taking effect contained in Land Grant Vol 563 Folio 90
	Lease 11864245	To Agriexchange Pty Ltd commencing on 10/08/2011 and expiring on 1/7/2026
	Mortgage 12487993	To AET Corporate Trust Pty Ltd
6119/805	Subject to the reservations provisions and conditions	Still subsisting and capable of taking effect contained in Land Grant Vol 563 Folio 90
	Lease 11864245	To Agriexchange Pty Ltd commencing on 10/08/2011 and expiring on 1/7/2026
	Mortgage 12487993	To AET Corporate Trust Pty Ltd
	Subject to Easement(s)	Over the land marked A (T 1522794 T 1522795 T 1522797)
	Together with Easement(s)	Over the land marked B (T 1522796)
6119/809	Subject to the reservations provisions and conditions	Still subsisting and capable of taking effect contained in Land Grant Vol 563 Folio 90
	Lease 11864245	To Agriexchange Pty Ltd commencing on 10/08/2011 and expiring on 1/7/2026
	Mortgage 12487993	To AET Corporate Trust Pty Ltd
	Subject to Right(s) of Way	Free and unrestricted over the land marked B
	Together with Right(s) of Way	Free and unrestricted over the land marked A appurtenant only to the land marked Y
6119/810	Subject to the reservations provisions and conditions	Still subsisting and capable of taking effect contained in Land Grant Vol 563 Folio 90
	Lease 11864245	To Agriexchange Pty Ltd commencing on 10/08/2011 and expiring on 1/7/2026
	Mortgage 12487993	To AET Corporate Trust Pty Ltd
	Together with Right(s) of Way	Free and unrestricted over the land marked A appurtenant only to the land marked X
6119/811	Subject to the reservations provisions and conditions	Still subsisting and capable of taking effect contained in Land Grant Vol 563 Folio 90
	Lease 11864245	To Agriexchange Pty Ltd commencing on 10/08/2011 and expiring on 1/7/2026
	Mortgage 12487993	To AET Corporate Trust Pty Ltd
6119/814	Subject to the reservations provisions and conditions	Still subsisting and capable of taking effect contained in Land Grant Vol 563 Folio 90
	Lease 11864245	To Agriexchange Pty Ltd commencing on 10/08/2011 and expiring on 1/7/2026
	Mortgage 12487993	To AET Corporate Trust Pty Ltd
	Subject to Easement(s)	Over the land marked A (T 1522794 T 1522795 T 1522797)
	Together with Easement(s)	Over the land marked B (T 1522796)
6119/815	Subject to the reservations provisions and conditions	Still subsisting and capable of taking effect contained in Land Grant Vol 563 Folio 90
	Lease 11864245	To Agriexchange Pty Ltd commencing on 10/08/2011 and expiring on 1/7/2026



<b>Certificate of Title</b>	<b>Notation</b>	<b>Description</b>
	Mortgage 12487993	To AET Corporate Trust Pty Ltd
6119/816	Subject to the reservations provisions and conditions	Still subsisting and capable of taking effect contained in Land Grant Vol 563 Folio 90
	Lease 11864245	To Agriexchange Pty Ltd commencing on 10/08/2011 and expiring on 1/7/2026
	Mortgage 12487993	To AET Corporate Trust Pty Ltd
6119/819	Lease 11864245	To Agriexchange Pty Ltd commencing on 10/08/2011 and expiring on 1/7/2026
	Mortgage 12487993	To AET Corporate Trust Pty Ltd
6119/821	Subject to the reservations provisions and conditions	Still subsisting and capable of taking effect contained in Land Grant Vol 563 Folio 90
	Lease 11864245	To Agriexchange Pty Ltd commencing on 10/08/2011 and expiring on 1/7/2026
	Mortgage 12487993	To AET Corporate Trust Pty Ltd
6119/821	Subject to the reservations provisions and conditions	Still subsisting and capable of taking effect contained in Land Grant Vol 563 Folio 90
	Lease 11864245	To Agriexchange Pty Ltd commencing on 10/08/2011 and expiring on 1/7/2026
	Mortgage 12487993	To AET Corporate Trust Pty Ltd
6119/822	Subject to the reservations provisions and conditions	Still subsisting and capable of taking effect contained in Land Grant Vol 563 Folio 90
	Lease 11864245	To Agriexchange Pty Ltd commencing on 10/08/2011 and expiring on 1/7/2026
	Mortgage 12487993	To AET Corporate Trust Pty Ltd
	Subject to Easement(s)	Over the land marked J (TG 8371943)
	Together with Right(s) of Way	Free and unrestricted over the land marked A
6119/830	Subject to the reservations provisions and conditions	Still subsisting and capable of taking effect contained in Land Grant Vol 563 Folio 90
	Lease 11864245	To Agriexchange Pty Ltd commencing on 10/08/2011 and expiring on 1/7/2026
	Mortgage 12487993	To AET Corporate Trust Pty Ltd
	Subject to Easement(s)	Over the land marked J and D (TG 8371943 and TG 9684308 respectively)
6119/832	Subject to the reservations provisions and conditions	Still subsisting and capable of taking effect contained in Land Grant Vol 563 Folio 90
	Lease 11864245	To Agriexchange Pty Ltd commencing on 10/08/2011 and expiring on 1/7/2026
	Mortgage 12487993	To AET Corporate Trust Pty Ltd
	Subject to Easement(s)	Over the land marked B to Distribution Lessor Corporation (Subject to Lease 8890000)
6119/833	Subject to the reservations provisions and conditions	Still subsisting and capable of taking effect contained in Land Grant Vol 563 Folio 90
	Lease 11864245	To Agriexchange Pty Ltd commencing on 10/08/2011 and expiring on 1/7/2026
	Mortgage 12487993	To AET Corporate Trust Pty Ltd
6119/834	Subject to the reservations provisions and conditions	Still subsisting and capable of taking effect contained in Land Grant Vol 563 Folio 90
	Lease 11864245	To Agriexchange Pty Ltd commencing on 10/08/2011 and expiring on 1/7/2026
	Mortgage 12487993	To AET Corporate Trust Pty Ltd



### Title Details

The legal title for the subject property can be described as follows:

Description	Volume / Folio	Registered Proprietor	Area ha
<b>Farm 2</b>			
Allotment 6 within Deposited Plan 34105	6119/791	Vitalharvest Pty Ltd	15.49
Allotment 277 within Filed Plan 177483	6119/824	Vitalharvest Pty Ltd	8.09
Allotment 5 within Deposited Plan 34105	6119/790	Vitalharvest Pty Ltd	9.10
			<b>32.68</b>

### Encumbrances, Easements and Interests

We highlight the following notations on the titles:

Certificate of Title	Notation	Description
<b>Farm 2</b>		
6119/790	Lease 11864245	To Agriexchange Pty Ltd commencing on 10/08/2011 and expiring on 1/7/2026
	Mortgage 12487993	To AET Corporate Trust Pty Ltd
	Subject to Easement(s)	Over the land marked B and C (T 3678240 and T 4019240 respectively)
	Together with Easement(s)	Over the land marked D, E and J (T 3069664, T 3069665 and RE 7268126 respectively)
6119/791	Together with Right(s) of Way	Free and unrestricted over the land marked G
	Lease 11864245	To Agriexchange Pty Ltd commencing on 10/08/2011 and expiring on 1/7/2026
	Mortgage 12487993	To AET Corporate Trust Pty Ltd
	Subject to Easement(s)	Over the land marked H (T 3795312)
6119/824	Together with Easement(s)	Over the land marked E and D (T 3069662 and T 3069663 respectively)
	Together with Right(s) of Way	Free and unrestricted over the land marked G
	Lease 11864245	To Agriexchange Pty Ltd commencing on 10/08/2011 and expiring on 1/7/2026
	Mortgage 12487993	To AET Corporate Trust Pty Ltd
6119/824	Together with Easement(s)	Over the land marked A (T 3795312)
	Together with Right(s) of Way	Free and unrestricted over the land marked B





### Title Details

The legal title for the subject property can be described as follows:

Description	Volume / Folio	Registered Proprietor	Area ha
<b>Farm 3</b>			
Allotment 1 within Filed Plan 105562	6119/795	Vitalharvest Pty Ltd	9.71
Allotment 22 within Filed Plan 105581	6119/807	Vitalharvest Pty Ltd	10.32
Allotment 31 within Deposited Plan 3027	6119/827	Vitalharvest Pty Ltd	23.88
Allotments 38, 39 & 54 within Deposited Plan 3027	6119/794	Vitalharvest Pty Ltd	120.98
Allotments 40 & 41 within Deposited Plan 3027	6119/798	Vitalharvest Pty Ltd	85.79
Allotments 52 & 53 within Deposited Plan 3027	6119/806	Vitalharvest Pty Ltd	82.56
Allotments 30, 32 & 33 within Deposited Plan 3027	6119/799	Vitalharvest Pty Ltd	100.75
Allotments 34 within Deposited Plan 3027	6119/801	Vitalharvest Pty Ltd	42.09
Allotment 27 within Deposited Plan 3027	6119/826	Vitalharvest Pty Ltd	41.28
Allotments 22, 23, 35 & 36 within Deposited Plan 3027	6119/817	Vitalharvest Pty Ltd	174.80
Allotment 29 within Deposited Plan 3027	6119/823	Vitalharvest Pty Ltd	20.23
Allotment 36 within Deposited Plan 46122	6119/820	Vitalharvest Pty Ltd	1.30
			<b>713.69</b>

### Encumbrances, Easements and Interests

We highlight the following notations on the titles:

Certificate of Title	Notation	Description
<b>Farm 3</b>		
6119/794	Lease 11864245	To Agriexchange Pty Ltd commencing on 10/08/2011 and expiring on 1/7/2026
	Mortgage 12487993	To AET Corporate Trust Pty Ltd
6119/795	Subject to the reservations provisions and conditions	Still subsisting and capable of taking effect contained in Land Grant Vol 563 Folio 90
	Lease 11864245	To Agriexchange Pty Ltd commencing on 10/08/2011 and expiring on 1/7/2026
	Mortgage 12487993	To AET Corporate Trust Pty Ltd
6119/798	Lease 11864245	To Agriexchange Pty Ltd commencing on 10/08/2011 and expiring on 1/7/2026
	Mortgage 12487993	To AET Corporate Trust Pty Ltd
6119/799	Lease 11864245	To Agriexchange Pty Ltd commencing on 10/08/2011 and expiring on 1/7/2026
	Mortgage 12487993	To AET Corporate Trust Pty Ltd
6119/801	Lease 11864245	To Agriexchange Pty Ltd commencing on 10/08/2011 and expiring on 1/7/2026
	Mortgage 12487993	To AET Corporate Trust Pty Ltd
6119/806	Subject to the reservations provisions and conditions	Still subsisting and capable of taking effect contained in Land Grant Vol 563 Folio 90
	Lease 11864245	To Agriexchange Pty Ltd commencing on 10/08/2011 and expiring on 1/7/2026
	Mortgage 12487993	To AET Corporate Trust Pty Ltd
6119/807	Lease 11864245	To Agriexchange Pty Ltd commencing on 10/08/2011 and expiring on 1/7/2026



<b>Certificate of Title</b>	<b>Notation</b>	<b>Description</b>
6119/817	Mortgage 12487993 Heritage Agreement 8232429	To AET Corporate Trust Pty Ltd Pursuant to Section 23 of Native Vegetation Act 1991 over portion (A in GP273/1996) <i>The heritage agreement is for 43.70 hectares of scrub which has been fenced from the remainder of the property. We are of the opinion that this land has no commercial or agricultural value.</i>
	Lease 11864245	To Agriexchange Pty Ltd commencing on 10/08/2011 and expiring on 1/7/2026
6119/820	Mortgage 12487993 Subject to the reservations provisions and conditions	To AET Corporate Trust Pty Ltd Still subsisting and capable of taking effect contained in Land Grant Vol 563 Folio 90
	Lease 11864245	To Agriexchange Pty Ltd commencing on 10/08/2011 and expiring on 1/7/2026
6119/823	Mortgage 12487993 Lease 11864245	To AET Corporate Trust Pty Ltd To Agriexchange Pty Ltd commencing on 10/08/2011 and expiring on 1/7/2026
	Mortgage 12487993	To AET Corporate Trust Pty Ltd
6119/826	Lease 11864245	To Agriexchange Pty Ltd commencing on 10/08/2011 and expiring on 1/7/2026
	Mortgage 12487993	To AET Corporate Trust Pty Ltd
6119/827	Lease 11864245	To Agriexchange Pty Ltd commencing on 10/08/2011 and expiring on 1/7/2026
	Mortgage 12487993	To AET Corporate Trust Pty Ltd



### Title Details

The legal title for the subject property can be described as follows:

Description	Volume / Folio	Registered Proprietor	Area ha
<b>Farm 5</b>			
Allotment 54 within Deposited Plan 52896	6119/828	Vitalharvest Pty Ltd	24.37
Allotment 56 within Deposited Plan 52896	6119/829	Vitalharvest Pty Ltd	7.16
Allotment 32 within Deposited Plan 44669	6119/825	Vitalharvest Pty Ltd	19.20
Allotment 4 within Deposited Plan 105565	6119/793	Vitalharvest Pty Ltd	3.99
Allotments 24 & 25 within Deposited Plan 105583	6119/797	Vitalharvest Pty Ltd	7.77
Allotment 21 within Deposited Plan 105580	6119/808	Vitalharvest Pty Ltd	4.69
Allotment 1 within Filed Plan 17381	6119/803	Vitalharvest Pty Ltd	7.97
Allotment 6 within Filed Plan 105711	6119/802	Vitalharvest Pty Ltd	4.05
Allotment 19 within Filed Plan 105578	6119/812	Vitalharvest Pty Ltd	7.22
Allotments 5 and 6 within Filed Plan 105566	6119/813	Vitalharvest Pty Ltd	6.32
Allotment 2 within Filed Plan 105563	6119/796	Vitalharvest Pty Ltd	1.60
Allotment 15 within Filed Plan 105574	6119/792	Vitalharvest Pty Ltd	9.74
			<b>104.08</b>

### Encumbrances, Easements and Interests

We highlight the following notations on the titles:

Certificate of Title	Notation	Description
<b>Farm 5</b>		
6119/792	Subject to the reservations provisions and conditions	Still subsisting and capable of taking effect contained in Land Grant Vol 563 Folio 90
	Lease 11864245	To Agriexchange Pty Ltd commencing on 10/08/2011 and expiring on 1/7/2026
	Mortgage 12487993	To AET Corporate Trust Pty Ltd
6119/793	Subject to the reservations provisions and conditions	Still subsisting and capable of taking effect contained in Land Grant Vol 563 Folio 90
	Lease 11864245	To Agriexchange Pty Ltd commencing on 10/08/2011 and expiring on 1/7/2026
	Mortgage 12487993	To AET Corporate Trust Pty Ltd
	Subject to Right(s) of Way	Over the land marked A
6119/796	Subject to the reservations provisions and conditions	Still subsisting and capable of taking effect contained in Land Grant Vol 563 Folio 90
	Lease 11864245	To Agriexchange Pty Ltd commencing on 10/08/2011 and expiring on 1/7/2026
	Mortgage 12487993	To AET Corporate Trust Pty Ltd
6119/797	Subject to the reservations provisions and conditions	Still subsisting and capable of taking effect contained in Land Grant Vol 563 Folio 90
	Lease 11864245	To Agriexchange Pty Ltd commencing on 10/08/2011 and expiring on 1/7/2026
	Mortgage 12487993	To AET Corporate Trust Pty Ltd



Certificate of Title	Notation	Description
6119/802	Subject to the reservations provisions and conditions	Still subsisting and capable of taking effect contained in Land Grant Vol 563 Folio 90
	Lease 11864245	To Agriexchange Pty Ltd commencing on 10/08/2011 and expiring on 1/7/2026
	Mortgage 12487993	To AET Corporate Trust Pty Ltd
6119/803	Subject to the reservations provisions and conditions	Still subsisting and capable of taking effect contained in Land Grant Vol 563 Folio 90
	Lease 11864245	To Agriexchange Pty Ltd commencing on 10/08/2011 and expiring on 1/7/2026
	Mortgage 12487993	To AET Corporate Trust Pty Ltd
	Subject to Right(s) of Way	Over the land marked B
	Together with Right(s) of Way	Free and unrestricted over the land marked A
6119/808	Subject to the reservations provisions and conditions	Still subsisting and capable of taking effect contained in Land Grant Vol 563 Folio 90
	Lease 11864245	To Agriexchange Pty Ltd commencing on 10/08/2011 and expiring on 1/7/2026
	Mortgage 12487993	To AET Corporate Trust Pty Ltd
6119/812	Subject to the reservations provisions and conditions	Still subsisting and capable of taking effect contained in Land Grant Vol 563 Folio 90
	Lease 11864245	To Agriexchange Pty Ltd commencing on 10/08/2011 and expiring on 1/7/2026
	Mortgage 12487993	To AET Corporate Trust Pty Ltd
	Subject to Easement(s)	Over the land marked B (T1632452)
6119/813	Subject to the reservations provisions and conditions	Still subsisting and capable of taking effect contained in Land Grant Vol 563 Folio 90
	Lease 11864245	To Agriexchange Pty Ltd commencing on 10/08/2011 and expiring on 1/7/2026
	Mortgage 12487993	To AET Corporate Trust Pty Ltd
	Subject to Easement(s)	Over the land marked A (T1632452)
6119/825	Lease 11864245	To Agriexchange Pty Ltd commencing on 10/08/2011 and expiring on 1/7/2026
	Mortgage 12487993	To AET Corporate Trust Pty Ltd
	Subject to Easement(s)	Over the land marked B appurtenant only to the within Piece 6 (T1632452)
	Subject to Easement(s)	Over the land marked A for water supply purposes
	Subject to Easement(s)	Over the land marked V and DD (T2620964 and RTD 8041213 respectively)
6119/828	Lease 11864245	To Agriexchange Pty Ltd commencing on 10/08/2011 and expiring on 1/7/2026
	Mortgage 12487993	To AET Corporate Trust Pty Ltd
	Subject to Easement(s)	Over the land marked U and W (2620964 and RTD 8041213 respectively)
	Subject to Easement(s)	Over the land marked A for water supply purposes
6119/829	Lease 11864245	To Agriexchange Pty Ltd commencing on 10/08/2011 and expiring on 1/7/2026
	Mortgage 12487993	To AET Corporate Trust Pty Ltd
	Subject to Easement(s)	Over the land marked B to the ETSA Corporation
	Subject to Easement(s)	Over the land marked A for water supply purposes





## Title Details

The legal title for the subject property can be described as follows:

Description	Volume / Folio	Registered Proprietor	Area ha
<b>Farm 9</b>			
Allotment 20 within Deposited Plan 38289	6119/818	Vitalharvest Pty Ltd	1.74
Allotment 12 within Deposited Plan 38289	6119/831	Vitalharvest Pty Ltd	76.50
Allotment comprising Pieces 31 and 32 within Deposited Plan 396486119/835		Vitalharvest Pty Ltd	11.30
			<b>89.54</b>
<b>Total Title Area</b>			<b>1,002.88</b>

## Encumbrances, Easements and Interests

We highlight the following notations on the titles:

Certificate of Title	Notation	Description
<b>Farm 9</b>		
6119/818	Lease 11864245	To Agriexchange Pty Ltd commencing on 1/08/2011 and expiring on 1/07/2026
	Mortgage 12487993	AET Corporate Trust Pty Ltd
6119/831	Lease 11864245	To Agriexchange Pty Ltd commencing on 1/08/2011 and expiring on 1/07/2026
	Mortgage 12487993	AET Corporate Trust Pty Ltd
	Subject to Easement(s)	Over the land marked G (RE7656714)
	Subject to Right(s) of Way	Free and unrestricted over the land marked G
6119/835	Lease 11864245	To Agriexchange Pty Ltd commencing on 1/08/2011 and expiring on 1/07/2026
	Mortgage 12487993	AET Corporate Trust Pty Ltd
	Subject to Easement(s)	Over the land marked C (RE7656714)
	Subject to Easement(s)	Over the land marked F for the Transmission of Electricity by underground cable (TG 11733863)
	Subject to Easement(s)	Over the land marked A (T3087440 T3087441 and T3087442)
	Subject to Right(s) of Way	Free and unrestricted over the land marked C
	Together with Right(s) of Way	Free and unrestricted over the land marked B
	Together with Right(s) of Way	Free and unrestricted over the land marked D (TG 11733864)



## Kangara Orchards

### Title Details

The legal title for the subject property can be described as follows:

Search Date	17 May 2019
Local Government Area	Renmark Paringa Council
Area	Murtho
Hundred	Murtho

Description	Volume / Folio	Registered Proprietor	Area ha
Allotment comprising Pieces 73 and 74 within Deposited Plan 938816183/600	6183/600	Vitalharvest Pty Ltd	270.25
Allotment 76 within Deposited Plan 93881	6183/602	Vitalharvest Pty Ltd	117.40
Allotment 77 within Deposited Plan 93881	6183/603	Vitalharvest Pty Ltd	574.90
<b>Total</b>			<b>962.55</b>

### Encumbrances, Easements and Interests

We highlight the following notations on the titles:

Certificate of Title	Notation	Description
6183/600	Lease 11864245	To Agriexchange Pty Ltd commencing on 1/08/2011 and expiring on 1/07/2026
	Mortgage 12487993	AET Corporate Trust Pty Ltd
	Encumbrance 12780224	Kangara Community Water Pty Ltd
	Subject to Easement(s)	Over the land marked AB on D93881 (RTC 12362955)
	Subject to Easement(s)	Over the land marked B on D93881 (T 3087441)
	Subject to Easement(s)	Over the land marked BA on D93881 (RTC 12362955)
	Subject to Easement(s)	Over the land marked BF on D93881 (RTC 12362955)
	Subject to Easement(s)	Over the land marked J on D93881 for water supply purposes (RTC 10835006)
	Subject to Easement(s)	Over the land marked KK on D93881 (T 3087440)
	Subject to Easement(s)	Over the land marked T on D93881 (RTC 12362955)
	Subject to Easement(s)	Over the land marked U on D93881 (RTC 12362955)
	Subject to Easement(s)	Over the land marked Z on D93881 (RTC 12362955)
	Subject to Easement(s)	With limitations over the land marked C on D93881 (RE 6426082)
	Subject to Easement(s)	With limitations over the land marked D on D93881 (RE 6426082)
	Subject to Easement(s)	With limitations over the land marked E on D93881 (RE 6426082)
	Subject to Right(s) of Way	Free and unrestricted over the land marked AA on D93881 (RTC 12362955)
	Subject to Right(s) of Way	Free and unrestricted over the land marked AC on D93881 (RTC 12362955)
	Subject to Right(s) of Way	Free and unrestricted over the land marked BG on D93881 (RTC 12362955)
	Subject to Right(s) of Way	Free and unrestricted over the land marked BT on D93881 (RTC 12362955)
	Subject to Right(s) of Way	Free and unrestricted over the land marked BZ on D93881 (RTC 12362955)



Certificate of Title	Notation	Description
	Subject to Right(s) of Way	Free and unrestricted over the land marked C on D93881 (RE 6426082)
	Subject to Right(s) of Way	Free and unrestricted over the land marked D on D93881 (RE 6426082)
	Subject to Right(s) of Way	Free and unrestricted over the land marked E on D93881 (RE 6426082)
	Subject to Right(s) of Way	Free and unrestricted over the land marked C on D93881 (RTC 10835006)
	Subject to Right(s) of Way	Free and unrestricted over the land marked V on D93881 (RTC 12362955)
	Subject to Right(s) of Way	Free and unrestricted over the land marked W on D93881 (RTC 12362955)
	Together with Easement(s)	With limitations over portion of Allotment 72 marked E on D93881 appurtenant only to the land marked XB on D93881 (RE 6426082)
	Together with Easement(s)	With limitations over portion of Allotments 72 and 80 marked D on D93881 appurtenant only to Piece 74 and portion of Piece 73 marked XA on D93881 (RE 6426082)
	Together with Right(s) of Way	Free and unrestricted over portion of Allotment 72 marked E on D93881 appurtenant only to the land marked XB on D93881 (RE 6426082)
	Together with Right(s) of Way	Free and unrestricted over portion of Allotments 72 and 80 marked D on D93881 appurtenant only to Piece 74 and portion of Piece 73 marked XA on D93881 (RE 6426082)
	Together with Easement(s)	Over the land marked AE on D93881 (RTC 12362955)
	Together with Easement(s)	Over the land marked AF on D93881 (RTC 12362955)
	Together with Easement(s)	Over the land marked AG on D93881 (RTC 12362955)
	Together with Easement(s)	Over the land marked AK on D93881 (RTC 12362955)
	Together with Easement(s)	Over the land marked AL on D93881 (RTC 12362955)
	Together with Easement(s)	Over the land marked AN on D93881 (RTC 12362955)
	Together with Easement(s)	Over the land marked AR on D93881 (RTC 12362955)
	Together with Easement(s)	Over the land marked AV on D93881 (RTC 12362955)
	Together with Easement(s)	Over the land marked AW on D93881 (RTC 12362955)
	Together with Easement(s)	Over the land marked AZ on D93881 (RTC 12362955)
	Together with Easement(s)	Over the land marked BC on D93881 (RTC 12362955)
	Together with Easement(s)	Over the land marked BD on D93881 (RTC 12362955)
	Together with Easement(s)	Over the land marked BE on D93881 (RTC 12362955)
	Together with Easement(s)	Over the land marked BH on D93881 (RTC 12362955)
	Together with Easement(s)	Over the land marked BL on D93881 (RTC 12362955)
	Together with Easement(s)	Over the land marked BM on D93881 (RTC 12362955)
	Together with Easement(s)	Over the land marked BN on D93881 (RTC 12362955)
	Together with Easement(s)	Over the land marked BP on D93881 (RTC 12362955)
	Together with Easement(s)	Over the land marked BQ on D93881 (RTC 12362955)
	Together with Easement(s)	Over the land marked BR on D93881 (RTC 12362955)
	Together with Easement(s)	Over the land marked BS on D93881 (RTC 12362955)
	Together with Easement(s)	Over the land marked BV on D93881 (RTC 12362955)
	Together with Easement(s)	Over the land marked F on D93881 appurtenant only to the land marked XF on D93881 (TG 7280591)
	Together with Easement(s)	Over the land marked G on D93881 for water supply purposes appurtenant only to Piece 73 marked XA on D93881 (TG 11864238)



Certificate of Title	Notation	Description
	Together with Easement(s)	Over the land marked G on D93881 for water supply purposes appurtenant only to the land marked XD, XE and XF on D93881 (TG 11864238)
	Together with Easement(s)	Over the land marked J on F251237 (TG 12589420)
	Together with Easement(s)	Over the land marked K on D93881 appurtenant only to the land marked XD on D93881 (T 3087440)
	Together with Easement(s)	Over the land marked K on F2512237 (TG 12589420)
	Together with Easement(s)	Over the land marked L on D93881 appurtenant only to the land marked XD on D93881 (T 3087440)
	Together with Easement(s)	Over the land marked L on D93881 appurtenant only to the land marked XE on D93881 (T 3087440)
	Together with Easement(s)	Over the land marked M on D93881 appurtenant only to the land marked XD on D93881 (T 3087440)
	Together with Easement(s)	Over the land marked M on D93881 appurtenant only to the land marked XE on D93881 (T 3087440)
	Together with Easement(s)	Over the land marked N on D93881 (RTC 12362955)
	Together with Easement(s)	Over the land marked R on D93881 (RTC 12362955)
	Together with Easement(s)	With limitations over the land marked A on D93881 appurtenant only to Piece 73 marked XA and XF on D93881 (RE 6426081)
	Together with Easement(s)	With limitations over the land marked H on F251237 (TG 12589420)
	Together with Right(s) of Way	Free and unrestricted over the land marked AD on D93881 (RTC 12362955)
	Together with Right(s) of Way	Free and unrestricted over the land marked AJ on D93881 (RTC 12362955)
	Together with Right(s) of Way	Free and unrestricted over the land marked AM on D93881 (RTC 12362955)
	Together with Right(s) of Way	Free and unrestricted over the land marked AP on D93881 (RTC 12362955)
	Together with Right(s) of Way	Free and unrestricted over the land marked AS on D93881 (RTC 12362955)
	Together with Right(s) of Way	Free and unrestricted over the land marked AT on D93881 (RTC 12362955)
	Together with Right(s) of Way	Free and unrestricted over the land marked AY on D93881 (RTC 12362955)
	Together with Right(s) of Way	Free and unrestricted over the land marked BB on D93881 (RTC 12362955)
	Together with Right(s) of Way	Free and unrestricted over the land marked BJ on D93881 (RTC 12362955)
	Together with Right(s) of Way	Free and unrestricted over the land marked BW on D93881 (RTC 12362955)
	Together with Right(s) of Way	Free and unrestricted over the land marked BX on D93881 (RTC 12362955)
	Together with Right(s) of Way	Free and unrestricted over the land marked BY on D93881 (RTC 12362955)
	Together with Right(s) of Way	Free and unrestricted over the land marked Q on D93881 (RTC 12362955)
6183/602	Lease 11864245	To Agriexchange Pty Ltd commencing on 1/08/2011 and expiring on 1/07/2026
	Mortgage 12487993	AET Corporate Trust Pty Ltd
	Encumbrance 12780224	Kangara Community Water Pty Ltd
	Subject to Easement(s)	Over the land marked AG on D93881 (RTC 12362955)
	Subject to Easement(s)	Over the land marked AH on D93881 (RTC 12362955)
	Subject to Easement(s)	Over the land marked AK on D93881 (RTC 12362955)
	Subject to Easement(s)	Over the land marked AL on D93881 (RTC 12362955)
	Subject to Easement(s)	Over the land marked BM on D93881 (RTC 12362955)
	Subject to Easement(s)	Over the land marked BV on D93881 (RTC 12362955)
	Subject to Right(s) of Way	Free and unrestricted over the land marked AJ on D93881 (RTC 12362955)





Certificate of Title	Notation	Description
	Subject to Right(s) of Way	Free and unrestricted over the land marked BW on D93881 (RTC 12362955)
	Together with Easement(s)	Over the land marked AB on D93881 (RTC 12362955)
	Together with Easement(s)	Over the land marked AE on D93881 (RTC 12362955)
	Together with Easement(s)	Over the land marked AF on D93881 (RTC 12362955)
	Together with Easement(s)	Over the land marked AN on D93881 (RTC 12362955)
	Together with Easement(s)	Over the land marked AR on D93881 (RTC 12362955)
	Together with Easement(s)	Over the land marked AV on D93881 (RTC 12362955)
	Together with Easement(s)	Over the land marked AW on D93881 (RTC 12362955)
	Together with Easement(s)	Over the land marked AZ on D93881 (RTC 12362955)
	Together with Easement(s)	Over the land marked BC on D93881 (RTC 12362955)
	Together with Easement(s)	Over the land marked BD on D93881 (RTC 12362955)
	Together with Easement(s)	Over the land marked BE on D93881 (RTC 12362955)
	Together with Easement(s)	Over the land marked BF on D93881 (RTC 12362955)
	Together with Easement(s)	Over the land marked BH on D93881 (RTC 12362955)
	Together with Easement(s)	Over the land marked BL on D93881 (RTC 12362955)
	Together with Easement(s)	Over the land marked BN on D93881 (RTC 12362955)
	Together with Easement(s)	Over the land marked BP on D93881 (RTC 12362955)
	Together with Easement(s)	Over the land marked BQ on D93881 (RTC 12362955)
	Together with Easement(s)	Over the land marked BR on D93881 (RTC 12362955)
	Together with Easement(s)	Over the land marked BS on D93881 (RTC 12362955)
	Together with Easement(s)	Over the land marked G on D93881 for water supply purposes (TG 11864238)
	Together with Easement(s)	Over the land marked J on F251237 (TG 12589420)
	Together with Easement(s)	Over the land marked K on F251237 (TG 12589420)
	Together with Easement(s)	Over the land marked N on D93881 (RTC 12362955)
	Together with Easement(s)	Over the land marked R on D93881 (RTC 12362955)
	Together with Easement(s)	Over the land marked U on D93881 (RTC 12362955)
	Together with Easement(s)	With limitations over the land marked A on D93881 (RE 6426081)
	Together with Easement(s)	With limitations over the land marked C on D93881 (RE 6426082)
	Together with Easement(s)	With limitations over the land marked D on D93881 (RE 6426082)
	Together with Easement(s)	With limitations over the land marked H on F251237 (TG 12589420)
	Together with Right(s) of Way	Free and unrestricted over the land marked AA on D93881 (RTC 12362955)
	Together with Right(s) of Way	Free and unrestricted over the land marked AC on D93881 (RTC 12362955)
	Together with Right(s) of Way	Free and unrestricted over the land marked AD on D93881 (RTC 12362955)
	Together with Right(s) of Way	Free and unrestricted over the land marked AM on D93881 (RTC 12362955)
	Together with Right(s) of Way	Free and unrestricted over the land marked AP on D93881 (RTC 12362955)
	Together with Right(s) of Way	Free and unrestricted over the land marked AS on D93881 (RTC 12362955)
	Together with Right(s) of Way	Free and unrestricted over the land marked AT on D93881 (RTC 12362955)
	Together with Right(s) of Way	Free and unrestricted over the land marked AY on D93881 (RTC 12362955)
	Together with Right(s) of Way	Free and unrestricted over the land marked BB on D93881 (RTC 12362955)



Certificate of Title	Notation	Description	
6183/603	Together with Right(s) of Way	Free and unrestricted over the land marked BG on D93881 (RTC 12362955)	
	Together with Right(s) of Way	Free and unrestricted over the land marked BJ on D93881 (RTC 12362955)	
	Together with Right(s) of Way	Free and unrestricted over the land marked BT on D93881 (RTC 12362955)	
	Together with Right(s) of Way	Free and unrestricted over the land marked BX on D93881 (RTC 12362955)	
	Together with Right(s) of Way	Free and unrestricted over the land marked BY on D93881 (RTC 12362955)	
	Together with Right(s) of Way	Free and unrestricted over the land marked BZ on D93881 (RTC 12362955)	
	Together with Right(s) of Way	Free and unrestricted over the land marked C on D93881 (RE 6426082)	
	Together with Right(s) of Way	Free and unrestricted over the land marked D on D93881 (RE 6426082)	
	Together with Right(s) of Way	Free and unrestricted over the land marked Q on D93881 (RTC 12362955)	
	Together with Right(s) of Way	Free and unrestricted over the land marked V on D93881 (RTC 12362955)	
	Together with Right(s) of Way	Free and unrestricted over the land marked W on D93881 (RTC 12362955)	
	Lease 11864245		To Agriexchange Pty Ltd commencing on 1/08/2011 and expiring on 1/07/2026
	Mortgage 12487993		AET Corporate Trust Pty Ltd
	Encumbrance 12780224		Kangara Community Water Pty Ltd
	Subject to Easement(s)		Over the land marked AN on D93881 (RTC 12362955)
	Subject to Right(s) of Way		Free and unrestricted over the land marked AM on D93881 (RTC 12362955)
	Subject to Right(s) of Way		Free and unrestricted over the land marked AP on D93881 (RTC 12362955)
	Together with Easement(s)		Over the land marked AB on D93881 (RTC 12362955)
	Together with Easement(s)		Over the land marked AE on D93881 (RTC 12362955)
	Together with Easement(s)		Over the land marked AF on D93881 (RTC 12362955)
	Together with Easement(s)		Over the land marked AG on D93881 (RTC 12362955)
	Together with Easement(s)		Over the land marked AK on D93881 (RTC 12362955)
	Together with Easement(s)		Over the land marked AL on D93881 (RTC 12362955)
	Together with Easement(s)		Over the land marked AR on D93881 (RTC 12362955)
	Together with Easement(s)		Over the land marked AV on D93881 (RTC 12362955)
	Together with Easement(s)		Over the land marked AW on D93881 (RTC 12362955)
	Together with Easement(s)		Over the land marked AZ on D93881 (RTC 12362955)
	Together with Easement(s)		Over the land marked BC on D93881 (RTC 12362955)
	Together with Easement(s)		Over the land marked BD on D93881 (RTC 12362955)
	Together with Easement(s)		Over the land marked BE on D93881 (RTC 12362955)
	Together with Easement(s)		Over the land marked BF on D93881 (RTC 12362955)
Together with Easement(s)		Over the land marked BH on D93881 (RTC 12362955)	
Together with Easement(s)		Over the land marked BL on D93881 (RTC 12362955)	
Together with Easement(s)		Over the land marked BM on D93881 (RTC 12362955)	
Together with Easement(s)		Over the land marked BN on D93881 (RTC 12362955)	
Together with Easement(s)		Over the land marked BP on D93881 (RTC 12362955)	
Together with Easement(s)		Over the land marked BQ on D93881 (RTC 12362955)	
Together with Easement(s)		Over the land marked BR on D93881 (RTC 12362955)	
Together with Easement(s)		Over the land marked BS on D93881 (RTC 12362955)	





<b>Certificate of Title</b>	<b>Notation</b>	<b>Description</b>
	Together with Easement(s)	Over the land marked BV on D93881 (RTC 12362955)
	Together with Easement(s)	Over the land marked G on D93881 for water supply purposes (TG 11864240)
	Together with Easement(s)	Over the land marked J on F251237 (TG 12589420)
	Together with Easement(s)	Over the land marked K on F251237 (TG 12589420)
	Together with Easement(s)	Over the land marked N on D93881 (RTC 12362955)
	Together with Easement(s)	Over the land marked R on D93881 (RTC 12362955)
	Together with Easement(s)	Over the land marked U on D93881 (RTC 12362955)
	Together with Easement(s)	With limitations over the land marked H on F251237 (TG 12589420)
	Together with Right(s) of Way	Free and unrestricted over the land marked AA on D93881 (RTC 12362955)
	Together with Right(s) of Way	Free and unrestricted over the land marked AC on D93881 (RTC 12362955)
	Together with Right(s) of Way	Free and unrestricted over the land marked AD on D93881 (RTC 12362955)
	Together with Right(s) of Way	Free and unrestricted over the land marked AJ on D93881 (RTC 12362955)
	Together with Right(s) of Way	Free and unrestricted over the land marked AS on D93881 (RTC 12362955)
	Together with Right(s) of Way	Free and unrestricted over the land marked AT on D93881 (RTC 12362955)
	Together with Right(s) of Way	Free and unrestricted over the land marked AY on D93881 (RTC 12362955)
	Together with Right(s) of Way	Free and unrestricted over the land marked BB on D93881 (RTC 12362955)
	Together with Right(s) of Way	Free and unrestricted over the land marked BG on D93881 (RTC 12362955)
	Together with Right(s) of Way	Free and unrestricted over the land marked BJ on D93881 (RTC 12362955)
	Together with Right(s) of Way	Free and unrestricted over the land marked BT on D93881 (RTC 12362955)
	Together with Right(s) of Way	Free and unrestricted over the land marked BW on D93881 (RTC 12362955)
	Together with Right(s) of Way	Free and unrestricted over the land marked BX on D93881 (RTC 12362955)
	Together with Right(s) of Way	Free and unrestricted over the land marked BY on D93881 (RTC 12362955)
	Together with Right(s) of Way	Free and unrestricted over the land marked BZ on D93881 (RTC 12362955)
	Together with Right(s) of Way	Free and unrestricted over the land marked Q on D93881 (RTC 12362955)
	Together with Right(s) of Way	Free and unrestricted over the land marked V on D93881 (RTC 12362955)
	Together with Right(s) of Way	Free and unrestricted over the land marked W on D93881 (RTC 12362955)





## Solara Orchards

### Title Details

The legal title for the subject property can be described as follows:

Search Date	24 April 2019
Local Government Area	District Council of Loxton Waikerie
Area	Bookpurnong
Hundred	Gordon

Description	Volume / Folio	Registered Proprietor	Area ha
Allotment 1 within Deposited Plan 41712	6133/851	Vitalharvest Pty Ltd	208.40
Allotment 2 within Deposited Plan 41712	6133/852	Vitalharvest Pty Ltd	165.50
Section 726	6133/853	Vitalharvest Pty Ltd	57.53
Sections 633, 634 and 636	6169/713	Vitalharvest Pty Ltd	146.51
<b>Total</b>			<b>577.94</b>

### Encumbrances, Easements and Interests

We highlight the following notations on the titles:

Certificate of Title	Notation	Description
6133/851	Subject to Easement(s)	Over the land marked G for drainage purposes (TG 10180807)
	Together with Easement(s)	Over the land marked A on FP 46692 for water supply purposes (TG 10151302)
	Lease 11864241	To Agriexchange Pty Ltd commencing on 10/04/2011 and expiring on 01/07/2026
	Mortgage 1487993	AET Corporate Trust Pty Ltd
6133/852	Subject to Easement(s)	Over the land marked G for drainage purposes (TG 10180807)
	Together with Easement(s)	Over the land marked A on FP 46692 for water supply purposes (TG 10151302)
	Lease 11864241	To Agriexchange Pty Ltd commencing on 10/04/2011 and expiring on 01/07/2026
	Mortgage 1487993	AET Corporate Trust Pty Ltd
6133/853	Together with Easement(s)	Over the land marked A on FP 46692 for water supply purposes (TG 10151302)
	Lease 4983702	Commencing on 2/9/1982 and expiring on 1/9/2081 of an easement over portion of CT 6014/96
	Lease Transfer 11569238A	Lease 4983702 to Agriproperty Pty Ltd
	Lease 11864241	To Agriexchange Pty Ltd commencing on 10/04/2011 and expiring on 01/07/2026
6169/713	Mortgage 12487993	AET Corporate Trust Pty Ltd
	Together with Easement(s)	Over the land marked A on D74452 46692 for water supply purposes (TG 10151302)
	Together with Easement(s)	Over the land marked B for the transmission of electricity by underground cable
6169/713	Lease 11864241	To Agriexchange Pty Ltd commencing on 10/04/2011 and expiring on 01/07/2026
	Mortgage 12487992	AET Corporate Trust Pty Ltd



## Solora Packing Shed

### Title Details

The legal title for the subject property can be described as follows:

Search Date	24 April 2019
Local Government Area	District Council of Loxton Waikerie
Area	Bookpurnong
Hundred	Gordon

Description	Volume / Folio	Registered Proprietor	Area ha
Section 703	5955/918	Vitalharvest Pty Ltd	4.05

### Encumbrances, Easements and Interests

We highlight the following notations on the titles:

Certificate of Title	Notation	Description
6133/851	Subject to Easement(s)	Over the land marked B to Distribution Lessor Corporation (subject to Lease 8890000) (TG 6953379)
	Together with Easement(s)	Over the land marked A on FP 46692 for water supply purposes (TG 10151302)
	Mortgage 12487993	AET Corporate Trust Pty Ltd
	Lease 12864806	To Agriexchange Pty Ltd commencing on 1/01/2016 and expiring on 31/12/2021

The easements marked on the abovementioned titles are generally for water supply purposes, electricity supply purposes or access. We are of the opinion that none of the easements have a negative impact the on the market value of the properties.

We have assumed that there are no other encumbrances or notations except those shown on the titles or noted in this valuation report.

We also note that this valuation is conditioned upon the basis that the abovementioned encumbrances or easements on the titles have no material effect on value, marketability or current development.





Appendix B  
Water Licence Details





## BerryExchange and Betts

Water for irrigation purposes is drawn from bores and dams. Catchment run-off is the dominant source of irrigation water. A summary of the water licences is set out in the table below:

Water Licence	Volume (ML)	Water Source	Extraction From	Works Approval Number	Property
WAL38161	50 ML	Clarence Moreton Basin Groundwater	Aquifer	30CA310250	Ponds
WAL38249	5 ML	Clarence Moreton Basin Groundwater	Aquifer	30CA310270	Tolsons
WAL39171	30 ML	Mid Orara River Water Source	River, Lake or Surface water runoff	30CA317255	Tolsons
WAL39090	70 ML	Mid Orara River Water Source	River, Lake or Surface water runoff	30CA317257	Betts
WAL39105	60 ML	Mid Orara River Water Source	River, Lake or Surface water runoff	30CA317132	P&F
WAL39110	241 ML	Mid Orara River Water Source	River, Lake or Surface water runoff	30CA317291	Stage 4
WAL39135*	910.9 ML	Mid Orara River Water Source	River, Lake or Surface water runoff	30WA316955	Old K.D.
WAL39155*	1,146.4 ML	Mid Orara River Water Source	River, Lake or Surface water runoff	30WA316867	Old K.D.
WAL39175	44 ML	Mid Orara River Water Source	River, Lake or Surface water runoff	30CA317295	Stage 5
WAL40363	148 ML	Mid Orara River Water Source	River, Lake or Surface water runoff	30CA317293	Stage 3
<b>Total</b>	<b>2,705.3ML</b>				

\*Shared water-licence

### Shared Water Licence Summary

Water Licence	WAL Volume (ML)	Vitalharvest Owned (ML)	Number of Irrigators	Percentage of Shares Owned
WAL39135	999 ML	910.9 ML	8	91%
WAL39155	1,345 ML	1,146.4 ML	20	85%

The following water supply works approvals allow the extraction of water for irrigation uses. These approvals do not have a WAL ascribed to them:

Works Approval Number	Water Source	Work Type	Property
30WA316953	Mid Orara River Water Source	150mm centrifugal pump and Bywash storage and Storage – Off Creek	New K.D.
30CA320467	Mid Orara River Water Source	100mm centrifugal pump and Bywash storage	Stage 3
30CA320467	Mid Orara River Water Source	100mm centrifugal pump and Bywash storage	Fullers



Water usage varies widely between substrate and soil. We have been advised soil grown blueberries typically require around 2.5 to 3.0 megalitres per hectare and substrate water usage ranges from 5 to 6.5 megalitres per hectare depending on the crop. We estimate the property requires around 1,400 megalitres of water per annum to maintain optimal production levels.





## Taradale Blueberry Farm

Water for irrigation purposes is sourced from three dams and the Tarcutta Creek. We understand the two bores are not used for irrigation purposes. Vitalharvest Pty Ltd hold the following water licences:

Water Licence	Megalitres	Source	Purpose
WAL 10194	7.00	Stock and Domestic	Domestic & Stock
WAL 10195	144.00	Tarcutta Creek Water Source	Unregulated
WAL 28490	5.00	Lachlan Fold Belt MDB Groundwater Source	Irrigation
WAL 28590	30.00	Lachlan Fold Belt MDB Groundwater Source	Irrigation
<b>Total</b>	<b>186.00</b>		

The primary water licence on Taradale blueberry farm (WAL 10195) permits irrigation use from the onsite dams and the Tarcutta Creek with either source able to supply up to the maximum entitlement (144ML). The creek extraction point allows for the top-up of water not received through run off into the property's dams.

The property up until recently sourced water exclusively from run-off into three irrigation dams, which typically yielded approximately 80 megalitres per annum, with the balance of the licence (approximately 64 ML) not accessible. The registered proprietor recently commissioned a mobile pump to harvest the balance of the WAL10195 water from the Tarcutta Creek.

Access to the Tarcutta Creek pump site is not legally secure through a registered right of way, easement or legally binding water supply agreement. We have been verbally advised by representatives of the lessee a five year lease was signed with the neighbour to gain access to the creek. We have not sighted a copy of the lease but understand the rental is set at \$2,000 per annum. Formalising the access with a registered right of way is essential to underpin the property's water security going forward.



## 9 Mile Blueberries

### Overview

In order for water to be captured in a dam or extracted from a river and used for commercial use, a licence must be obtained from the Tasmanian Department of Primary Industries, Parks, Water and Environment (DPIPWE). Water licences are endorsed with water allocations that typically state the following:

- The volume of water than can be taken;
- When it can be taken (a period amount, usually summer or winter);
- Surety (reliability) of the allocation;
- The location at which it can be taken; and
- Any other relevant conditions pertaining to how the water can be taken

Water trading is possible independent from the property in Tasmania. The water market is slowly maturing, particularly as Tasmania Irrigation develop schemes within the various rivers around the state. The majority of water trading, other than that directly related to rural property sales (transferring with land), has occurred within the major irrigation schemes (administered by Tasmania Irrigation) and through privately arranged physical transfers between landholders although Tasmania Irrigation does now have a public register of trades. The clear majority of buyers form their opinion of market value of rural property on a watered basis (i.e. including water) although this is starting to change.

The property is located in the Blythe River catchment is a long, narrow catchment that lies on the north coast of Tasmania and drains northward into Bass Strait east of Burnie at Heybridge. In excess of 400 irrigation licences are located in the catchment according to government statistics.

Vitalharvest hold the following water licences which are summarised in the table below:

Water Licence 500571	Megalitres	Purpose	Allocation Type	Dam	Resource	Start	End
Water License 500571	12.00	Irrigation	Storage	823	Sulphur Creek Tributary	01-May	30-Nov
Water License 500571	9.00	Irrigation	Storage	825	Sulphur Creek Tributary	01-May	30-Nov
Water License 500571	6.00	Irrigation	Direct	823	Sulphur Creek	01-Dec	30-Apr
Water License 500571	6.00	Irrigation	Direct	826	Ellis Creek	01-Dec	30-Apr
Water License 500571	4.50	Irrigation	Storage	826	Ellis Creek	01-May	30-Nov
Water License 500571	85.00	Irrigation	Storage	9751	Sulphur Creek	01-May	30-Nov
Water License 500571	103.00	Irrigation	Storage	9751	Sulphur Creek	01-May	31-Oct
<b>Total</b>	<b>225.50</b>						





## Brooklyn Berries

### DPIPWE Water Licence

The property is located in the Meander Water Management Region. The management region has the benefit of an irrigation scheme which was established by Tasmania Irrigation (TI) in January 2008. Vitalharvest do not own any entitlements in the scheme which we understand is at capacity. The scheme provides farmers along the Rubicon River with a reliable irrigation water supply in the summer months from the Meander Dam. Water from the scheme can be delivered via the Rubicon River to Dunorlan. We understand approximately 40 megalitres of “top-up” water is purchased each year by the lessee to compliment the water owned by Vitalharvest.

Vitalharvest hold water licence the following water licences which are summarised in the table below:

<b>Water Licence 5005699</b>	<b>Megalitres</b>	<b>Purpose</b>	<b>Dam</b>	<b>Resource</b>	<b>Surety Level</b>	<b>Start</b>	<b>End</b>
Water License 500569	33.75	Irrigation	1171	Rubicon River	5	01-Dec	20-Apr
Water License 500569	15.00	Irrigation	7257	Rubicon River	5	01-May	30-Nov
<b>Total</b>	<b>48.75</b>						



## Yandilla Orchards

Water for irrigation purposes is sourced through the Renmark Irrigation Trust (RIT) for Farms 1, 3 and 5. The organisation oversees the management of River Murray irrigation water in Renmark and its infrastructure serves more than 600 irrigators (~4,500 hectares) throughout the area. Members pay rates to RIT to access River Murray water. The particulars of the licences relevant to the property are as follows:

### Farms, 1, 3 and 5 (Renmark Irrigation Trust)

Water Licence Number	Entitlements held within the Renmark Irrigation Trust
Licensee	Vitalharvest Pty Ltd ATF the Vitalharvest Leashold Trust (subject to confirmation)
Prescribed Water Resource	The River Murray Prescribed Watercourse
Water Resource Works Approval	Renmark Irrigation Trust
Water Entitlements (Permanent)	Farm 1: 565.794 ML (10%) of the 5,575.052 ML owned within RIT. Farm 3: 4,102.907 ML (74%) of the 5,575.052 ML owned within RIT. Farm 5: 906.351ML (16%) of the 5,575.052 ML owned within RIT.
Site Use Approval / Delivery Entitlement	Farm 1: 582.784 which equates to 13.2ML per planted hectare Farm 3: 4,226.112 which equates to 9.28ML per planted hectare Farm 5: 933.568 which equates to 12.1ML per planted hectare
Water Delivery Charge (2018/19)	4.70 cente per kilolitre for standard pressure and 11.70 cents per kilolitre for high pressure.
Irrigation Access Charge (2018/19)	\$176 per rate hectare Farm 1: 63 rated hectares Farm 3 455 rated hectares Farm 5 101 rated hectares
Termination Fees	\$3,520 per hectare excluding GST

### Farms, 2 and 9

Water Licence Number	273-5 (SA) utilised on Farm 9 557-5 (SA) utilised on Farm 2
Licensee	Vitalharvest Pty Ltd ATF the Vitalharvest Leasehold Trust
Prescribed Water Resource	The River Murray Prescribed Watercourse
Water Resource Works Approval	Approval No. 171320-2 having a single off take point for Farm 9 Approval No. 172064-2 having a single off take point for Farm 2
Water Entitlements (Permanent)	273-5 –1.0ML of Class 1 (Stock and Domestic) & 935.0ML of Class 3 (Irrigation) of SA Murray Zone 12. WL557-5 655.0ML of Class 3 (Irrigation) of SA Murray Zone 12.
Site Use Approval	Approval No. 171321-2 states that land on which the water is approved to be used on includes CT 6119/831, 818, 835 for 958mL. This approval relates to Farm 9 Approval No. 172065-2 states that land on which the water is approved to be used on includes CT 6119/790, 791, 824 for 655mL. This approval relates to Farm 2 Both farms are located in the High Impact Salinity Zone.

We have not sighted current copies of the RIT water licences or share certificates. For the purposes of this valuation, we have assumed the licensee is the registered proprietor or an associated entity. **We reserve the right to review this valuation should any of the above details are incorrect.**





## Kangara Orchards

Water for irrigation purposes is sourced from the Murray River. The particulars of the licences relevant to the property are as follows:

---

Water Licence Number	827 (SA)
Licensee	Vitalharvest Pty Ltd ATF the Vitalharvest Leashold Trust
Prescribed Water Resource	The River Murray Prescribed Watercourse
Water Resource Works Approval	Approval Licence is held by Kangara Community Water
Water Entitlements (Permanent)	827 –0.5ML of Class 1 (Stock and Domestic) and 60ML of Class 3 (Irrigation) of SA Murray Zone 12.
Site Use Approval	Approval No. 264596-1 states that land on which the water is approved to be used on includes CT 6183/600, 601, 602 and 603 for 11,733.295mL. This equates to 14.6ML per planted hectare. The land is located in the High and Low Impact Salinity Zone.

---

## Solora Orchards

Water for irrigation purposes is sourced from the Murray River. The particulars of the licences relevant to the property are as follows:

---

Water Licence Number	365-5 (SA) and WEE053214 (VIC) and WAL 37199 (NSW)
Licensee	Vitalharvest Pty Ltd ATF the Vitalharvest Leashold Trust
Prescribed Water Resource	The River Murray Prescribed Watercourse
Water Resource Works Approval	Approval No. 171572-3 having six off take points.
Water Entitlements (Permanent)	365-5 –3.5ML of Class 1 (Stock and Domestic) and 2,415.54ML of Class 3 (Irrigation) of SA Murray Zone 12. WEE053214 – 588 ML of Vic Murray Zone 7 WAL37199 – 500 ML from the Murrumbidgee Regulated River Water Source (High Security Category)
Site Use Approval	Approval No. 171573-3 states that land on which the water is approved to be used on includes CT 5955/918, CT6133/851, 852, 853 and CT 6169/713 for 4,950.779mL. This equates to 10.6ML per planted hectare. The land is located in the High Impact Salinity Zone.

---



Appendix C  
Service Agreement





# PROFESSIONAL SERVICE AGREEMENT

COLLIERS INTERNATIONAL  
VALUATION & ADVISORY SERVICES



Level 9  
121 King Street  
Adelaide SA 5000

MAIN +61 8 8305 8888

[www.colliers.com.au](http://www.colliers.com.au)

Ref: QADEL7055.1

30 November 2020

Andrea De Cian  
Partner - Financial Advisory  
Grant Thornton  
Level 17, 383 Kent Street  
Sydney NSW 2000

Email: [andrea.decian@au.gt.com](mailto:andrea.decian@au.gt.com)

Martin Farr  
Relationship Manager  
Perpetual Responsible Entity Services  
Level 18 Angel Place,  
123 Pitt Street  
Sydney NSW 2000

Email: [martin.farr@perpetual.com.au](mailto:martin.farr@perpetual.com.au)

Dear Sirs

Quote for the Provision of Valuation Services

Thank you for considering Colliers International Valuation & Advisory Services for the assignment identified in this Professional Service Agreement. Please sign one copy of the agreement and return it to the undersigned, thereby indicating your authorisation for us to proceed with this assignment and your acceptance of this Professional Service Agreement including the attached Terms & Conditions.

## PROFESSIONAL SERVICE AGREEMENT

<b>Properties:</b>	2 x properties in Tasmania - Berries 1 x property in Tumberumba - Berries 2 x properties Coffs Harbour - Berries 4 x properties in the Riverland – 3 x Citrus and Packing Shed
<b>Parties:</b>	CIVAS (SA) Pty Limited (Us) and Grant Thornton (You) and Vitalharvest Limited
<b>Reliant Party:</b>	Grant Thornton
<b>Purpose of Advice:</b>	The valuations are to be provided assist the Independent Expert Grant Thornton to prepare a report for The Trust Company (RE Services Limited) as it looks to inform investors with an interest in the subject properties. Our report will be annexed to the Grant Thornton Report and included in the Scheme Booklet.  Our valuation advice must not be relied upon for any purpose other than the purpose(s) nominated above.



CIVAS (SA) Pty Limited | ABN 87 168 282 586  
*Liability limited by a scheme approved under Professional Standards Legislation.*



## PROFESSIONAL SERVICE AGREEMENT

CONTINUED

<b>Limitations to Expert Report:</b>	<ul style="list-style-type: none"> <li>▪ Our valuation report will contain the following Limitations:</li> <li>▪ CIVAS (SA) Pty Limited does not extend reliance authority for the valuations to any party beyond Grant Thornton and does not extend reliance authority for the valuations to any third parties which may have or consider having an interest in the Vitalharvest Freehold Trust.</li> <li>▪ Furthermore, the valuations have not been prepared for the purpose of assessing the properties from an investment opportunity and anyone reading the valuations must seek their own advice in relation to any investment or divestment decision.</li> <li>▪ CIVAS (SA) Pty Limited has not been involved in the preparation of the Independent Expert's report nor have the valuations had regard to the other material contained in that report. Neither CIVAS (SA) Pty Limited nor any of its Directors makes any representation or recommendation in relation to the valuations, nor accepts responsibility for any information or representation made in the Independent Expert's report.</li> </ul>
<b>Basis of Valuation:</b>	<p>The valuation is of the freehold interest subject to lease and to be prepared on the basis of:</p> <ul style="list-style-type: none"> <li>▪ Market Value - Market Value is the estimated amount for which an asset or liability should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.</li> <li>▪ It is acknowledged that the valuation may be undertaken having regard to a number of alternative scenarios in relation to the leases.</li> </ul>
<b>Date of Valuation:</b>	As at the date of inspection or as otherwise advised in writing
<b>Form of Advice:</b>	<ul style="list-style-type: none"> <li>▪ Portfolio Valuation Report</li> </ul> <p>Our professional fee includes a PDF soft copy report</p>
<b>Completion Date:</b>	<p>Delivery of numbers by 10 December 2020 and portfolio report by 18 December 2020 subject to the provision of all required information and appropriate inspection access to the subject properties.</p> <p>Please note that we are undertaking this assignment on an extremely tight timeframe and will need to have completed all inspections and investigations prior to delivery of numbers. Should we be prevented from inspecting the properties in a timely fashion (including any unforeseen COVID-19 travel restrictions) this may impact on our ability to meet the proposed timeline of 10 December. We will advise you of any unforeseen delays as soon as they are encountered.</p>
<b>Professional Fees:</b>	<p>Independent Expert Report   excluding GST travel and searches (charged at cost).</p> <p>Note 1: Searches referred to above include certificates of title, registered site plans, easement searches and other title notations, along with travel which will be charged at cost in addition to the above fees; and</p> <p>Note 2: Our fees are to be paid by Vitalharvest Limited. Consequently we will require the within instruction to be executed by an authorised representative of Vitalharvest Limited.</p> <p>This quotation is effective for 10 business days from the date of this correspondence.</p> <p>The above fee is solely for the scope of professional services as outlined herein. On the basis that subsequent or further advice is required additional fees will be agreed accordingly.</p>
<b>Limitation of Liability</b>	<p>Liability limited by a scheme approved under Professional Standards Legislation. Liability further limited in accordance with Clause 19 of the attached Terms &amp; Conditions.</p> <p>Our valuation will be prepared in accordance with Our Terms &amp; Conditions annexed to this PSA.</p>
<b>Required Information:</b>	<p>This Professional Service Agreement is provided on the basis that certain information relating to the subject property is provided to us (where appropriate). This information is detailed in Annexure 1.</p>



## PROFESSIONAL SERVICE AGREEMENT

CONTINUED

- Personnel:** The propose the following valuers will complete the valuations:
- John Harrison, Associate Director - 2 x berry properties in Tasmania
  - John Harrison, Associate Director - 1 x berry property in Tumberumba
  - Nick Cranna, National Director - 2 x berry properties Coffs Harbour
  - Alex Thamm, Head of Agribusiness - 4 x citrus properties in the Riverland
- Standard Conditions:** All advice, reports and opinions of value expressed by the firm or its employees are subject to the "Colliers International Valuation & Advisory Services Terms & Conditions" detailed in Annexure 2 herein.
- Quality Assurance:** Colliers International maintains National Quality Assurance Certification in accordance with ISO Standard 9001.
- An internal verification is conducted on all draft and final calculations and reports in order to confirm the accuracy and quality. This verification is carried out in accordance with the procedures and processes of the Colliers International Quality Assurance Manual.

Please indicate your acceptance of this Professional Service Agreement outlined herein by signing and returning a copy of this letter by email or mail.

Should you have any queries regarding this matter, please do not hesitate to contact the undersigned.

We look forward to your confirmation of instructions.

Yours sincerely

CIVAS (SA) Pty Limited

**Alex Thamm**

Position: Head of Agribusiness  
Product Line: Rural & Agribusiness  
Tel: +61 8 8305 8878  
Mob: +61 409 595 415  
Email: Alex.Thamm@colliers.com



# PROFESSIONAL SERVICE AGREEMENT

CONTINUED

**Acknowledgment**

*I have reviewed and hereby accept this Professional Service Agreement and Annexures including "Colliers International Valuation & Advisory Services Terms & Conditions" and nominated fee.*

*I acknowledge that I/we will be contracting exclusively with CIVAS (SA) Pty Limited (ABN 87 168 282 586) and not with any other member of the Colliers International Group.*

**Properties:** 2 x properties in Tasmania - Berries  
 1 x property in Tumberumba - Berries  
 2 x properties Coffs Harbour - Berries  
 4 x properties in the Riverland (includes Solora Pack Shed complex) - Citrus

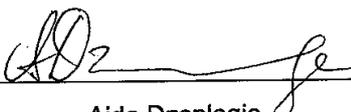
---

**Name:** Vitalharvest Limited

---

**Position:** Relationship Manager

---

**Signed:**    
 Martin Farr Aida Dzonlagic

---

**Contact Details (phone/email):**

---

**Dated:** 15/12/2020

---

**Entity to be Invoiced:** THE TRUST COMPANY RE SERVICES LTD AS RE FOR  
 VITALHARVEST FREEHOLD TRUST

---

**ABN:** 39 241 356 396

---

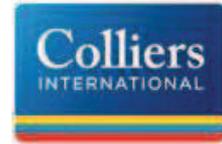
**Address:** LEVEL 18, 123 PITT STREET, SYDNEY, NSW 2000

---



## Appendix D CIVAS Standard Terms of Business





## Colliers International Valuation & Advisory Services Terms and Conditions

IT IS AGREED AS FOLLOWS:

### 1. DEFINITIONS

- (i) **'Confidential information'** means information that:
  - (a) Is by its nature confidential;
  - (b) Is designated by Us as confidential;
  - (c) You know or ought to know is confidential;
  - (d) and includes, without limitation:
    - (i) Information comprised in or relating to any of Our intellectual property in the Services or any reports or certificates provided as part of the Services; and
    - (ii) The Quotation annexed hereto.
- (ii) **'Currency Date'** means, in relation to any valuation or advisory report, the date as at which our professional opinion is stated to be current.
- (iii) **'Fee'** means the amount agreed to be paid for the Services as set out in the Quotation.
- (iv) **'Party'** means You or Us and Parties means You and Us.
- (v) **'Quotation'** means the written quote provided by Us in relation to the Services.
- (vi) **'Services'** means the valuation or advisory services provided pursuant to these Terms & Conditions and the Quotation, and includes any documents, reports or certificates provided by Us in connection with the services.
- (vii) **'Services Validity Period'** means the 90 day period following the Currency Date during which Our professional opinion is valid. After this period, Our professional opinion cannot be relied upon or referred to.
- (viii) **'We', 'Us', 'Our'** means the entity that You engage with to perform the Services as set out in the Quotation being either CIVAS (NSW) Pty Limited (ABN 32 168 282 728), CIVAS (VIC) Pty Limited (ABN 21168282620), CIVAS (ACT) Pty Limited (ABN 70168282451), CIVAS (SA) Pty Limited (ABN 87168282586) or CIVAS (QLD) Pty Limited (ABN 87168282522).
- (ix) **'You', 'Your'** means the entity engaging Us to perform the Services as set out in the Quotation.

### 2. PERFORMANCE OF SERVICES

- 2.1. We will provide the Services in accordance with:
  - (a) The Terms & Conditions contained herein; and
  - (b) The relevant provisions of the current Australian Property Institute (API) Valuation and Property Standards and/or the current Royal Institution of Chartered Surveyors (RICS) Valuation – Global Standards. If there is any inconsistency, they are to be read in the following order: letter of instruction, standing instructions, API Valuation and Property Standards, RICS Valuation – Global Standards.

### 3. CONDITION OF THE PROPERTY

- 3.1. In undertaking the Services We will have regard to the apparent state of repair, condition and environmental factors in relation to the property based upon a visual inspection, but We will not (and are not qualified to) carry out a structural, geotechnical or environmental survey. We will not inspect those parts of the property that are unexposed or inaccessible.
- 3.2. We will assume that there is no timber infestation, asbestos or any other defect (unless advised otherwise) and that the property is compliant with all relevant environmental laws. It is Your responsibility to provide reports to Us that are relevant to these issues.
- 3.3. We will not undertake a detailed inspection of any plant and equipment or obtain advice on its condition or suitability.
- 3.4. We recommend that You engage appropriately qualified persons to undertake investigations excluded from the Services.
- 3.5. No responsibility will be accepted either to You or to any third party for loss or damage that may result directly or indirectly from the condition of the property.

### 4. ENVIRONMENT AND PLANNING

- 4.1. We will obtain only preliminary town planning information. It is Your responsibility to check the accuracy of this information by obtaining a certificate under the appropriate legislation.
- 4.2. State or Federal Laws may require environmental audits to be undertaken before there is a change of land use. You will provide such audits to Us where they are required. We will not advise You whether such audits are required or obtain such audits. If You do not provide Us with such audits We will perform the Services on the assumption that such audits are not required.

### 5. BUILDING AREAS AND LETTABLE AREAS

- 5.1. Where a survey is provided to Us for consideration, We will assume that information contained in the survey is accurate and has been prepared in accordance with the Property Council of Australia (PCA) Method of Measurement.
- 5.2. If You do not provide Us with a survey, We will estimate building and/or lettable areas based only upon available secondary information (including but not limited to building plans, Deposited Plans, and our own check measurements). Such estimates do not provide the same degree of accuracy or certainty as would be provided by a survey prepared by an appropriately qualified professional in accordance with the Property Council of Australia (PCA) Method of Measurement.
- 5.3. Where such a survey is subsequently produced which differs from the areas estimated then You will refer the valuation or advisory advice back to Us for comment or, where appropriate, amendment.

### 6. OTHER ASSUMPTIONS

- 6.1. Unless otherwise notified by You, We will assume:
  - (a) there are no easements, mortgages, leases, encumbrances, covenants, caveats, rights of way or encroachments except those shown on the Title; and
  - (b) all licences and permits can be renewed and We will not make any enquiries in this regard.
- 6.2. Where third party expert or specialist information or reports are provided to Us or obtained by Us in connection with the Services (including but not limited to surveys, quantity surveyor reports, environmental audits, structural / dilapidation reports), We will rely upon the apparent expertise of such experts / specialists. We will not verify the accuracy of such information or reports.

### 7. VALUATION FOR FIRST MORTGAGE SECURITY

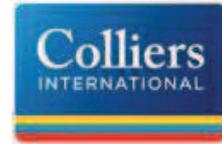
- 7.1. Where the Services are provided for mortgage purposes, You agree that You will not use the valuation where the property is used as security other than for first registered mortgage.
- 7.2. Where our services are prepared for first mortgage security purposes our report will be prepared for the Bank on behalf of the Applicant. Accordingly, our extension of reliance is to the Bank only. In no way is reliance extended to the Applicant for any purpose.

### 8. ASSIGNMENT OF VALUATION

- 8.1. We reserve the right, at Our absolute discretion, to determine whether or not to assign Our valuation to any third party. Without limiting the extent of Our discretion, We may decline a request for assignment where:
  - (a) the proposed assignee is not a major recognised lending institution (such as a major bank);
  - (b) the assignment is sought in excess of 90 days after the date of valuation;
  - (c) We consider that there has been a change in conditions which may have a material impact on the value of the property;
  - (d) the proposed assignee seeks to use the valuation for an inappropriate purpose (including in a manner inconsistent with Your agreement at clause 7.1); or
  - (e) Our Fee has not been paid in full.
- 8.2. Where We decline to provide an assignment on either of the bases at 8.1(b) or (c), We may be prepared to provide an updated valuation on terms to be agreed at that time.

**Colliers International Valuation & Advisory Services  
Terms and Conditions**

- 8.3. In the event that You request us to assign Our valuation and We agree to do so, You authorise Us to provide to the assignee a copy of these Terms & Conditions, the Quotation and any other document, including instructions provided by You, relevant to the scope of Our Services.
- 8.4. Any potential reliance on our valuation by an Intending Mortgagee is conditional upon a formal re-assignment from Us and will be subject to all that is contained within 7.1, 7.2, 8.1, 8.2 and 8.3.
- 8.5. Client instructed valuations for first mortgage security purposes where reliance is extended to a specific Bank may contain particular assumptions which are commented upon throughout this report. We note that each Bank has their own standing instructions, and also from time to time require valuations be undertaken having regard to a specific set of assumptions which are generally property specific and in addition to their standard instructions. Our valuation(s) will be prepared in accordance with the nominated Bank's standard instructions. However, we highlight that where we have not been instructed by the Bank to value the property, specific assumptions required by the Bank may not have been incorporated into this valuation. Should the Bank require the valuation to be undertaken using additional or separate assumptions to those adopted in the valuation, these assumptions should be communicated to the Valuer for comment and if appropriate revision of the valuation may be necessary, which may produce a different result to our opinion of value. We strongly recommend that the Bank issue the Valuer with specific instructions to value the property including any appropriate and/or property specific assumptions that may be required in addition to their standing instructions.
- 8.6. Institutional valuations for financial reporting purposes where reliance is extended to specific Bank(s) for First Mortgage Security purposes will be subject to that within 8.5.
- 9. ESTIMATED SELLING PRICE AND ESTIMATED RENTAL RATES**
- 9.1. Where You instruct Us to provide an estimated selling price or estimated rental rates, You agree that:
- (a) The Services are limited to the provision of an opinion based upon Our knowledge of the market and informal enquiries.
- (b) We are not required to carry out a full inspection of the property; any inspection of comparable properties; a search on Title(s) or other enquiries as to encumbrances, restrictions or impediments on Title(s); or other investigations which would be required for a formal valuation.
- (c) We will provide an indicative figure only which is not suitable for use for any purpose other than as general information or guide as to sale expectations. It is not suitable to be relied upon for the purpose of entry into any transaction.
- 9.2. No responsibility will be accepted either to You or to any third party for loss or damage that may result from the issue of such an estimated selling price or estimated rental rates.
- 10. CURRENCY OF VALUATION**
- 10.1. Due to possible changes in market forces and circumstances in relation to the subject property the Services can only be regarded as relevant as at the Currency Date.
- 10.2. Where You rely upon Our valuation or advisory report after the Currency Date, You accept the risks associated with market movement between the Currency Date and the date of such reliance.
- 10.3. Without limiting the generality of 10.2, You cannot rely upon Our valuation or advisory report:
- (a) after the expiry of the Services Validity Period;
- (b) where circumstances have occurred during the Services Validity Period which has a material effect on the value of the property or the assumptions or methodology used in the valuation or advisory report.
- 11. MARKET PROJECTIONS**
- 11.1. Any market projections incorporated within our Services including, but not limited to, income, expenditure, associated growth rates, interest rates, incentives, yields and costs are projections only, and may prove to be inaccurate. Accordingly, such market projections should be interpreted as an indicative assessment of potentialities only, as opposed to certainties.
- 11.2. Where Our Services include market projections such projections require the dependence upon a host of variables that are highly sensitive to varying conditions. Accordingly, variation in any of these conditions may significantly affect these market projections.
- 11.3. Where market projections form part of Our Services, We draw your attention to the fact that there will be a number of variables within acceptable market parameters that could be pertinent to Our Services and the projections adopted are representative of only one of these acceptable parameters.
- 12. INSURANCE REPLACEMENT COST ESTIMATE**
- 12.1. Where our services include an Insurance Replacement Cost Estimate, we highlight that our advice in this regard is an indicative estimate only, based on generic replacement costs provided by industry sources. Furthermore, our Insurance Replacement Cost Estimate should be confirmed by a full valuation conducted in accordance with ANZVTIP4 Valuations for Insurance Purposes in the Australia and New Zealand Valuation and Property Standards or verified by a suitably qualified quantity surveyor and / or building expert. We accept no responsibility for reliance on this figure other than as an indicative estimate for internal purposes.
- 13. DEVELOPMENT VALUATIONS**
- 13.1. Our services will be conducted on the basis that all building works will be completed in a workmanlike manner and in accordance with all authority regulations. Furthermore, our analysis will be prepared on the basis that the property is appropriately certified upon completion to allow registration of a Strata Plan/Units Plan/Linen Plan and individual sale of the various allotments.
- 13.2. The values that will be adopted for residential apartments and associated car parking spaces will be inclusive of GST, while the non-residential/car space allotments will be adopted on a GST exclusive basis.
- 13.3. Where the property was purchased prior to 1 July 2000, we will adopt a Margin Value once appropriately confirmed. Accordingly, we will adopt the margin scheme for the residual calculation with input tax credits returned after the scheduled expenditure.
- 13.4. We will conduct our valuation analysis on the basis that all DA approvals, DA plans and consultant's reports are transferable, being reflected in the adopted valuation.
- 14. INVOICING AND PAYMENT**
- 14.1. Our invoice will be made out and addressed to the entity as per the information you provide within the Acknowledgement section of the Professional Services Agreement. Any alternative entity will be required to agree in writing prior to any advice being readdressed. Further fees may be required. Payment due dates will not change.
- 14.2. Where You request draft advice, You agree that We are authorised to invoice the full amount of the agreed fee on delivery of said draft.
- 14.3. In the event that the Services continue for a period exceeding 30 days, We may choose to issue You with an invoice for 50% of Our Fees.
- 14.4. Where the brief is terminated prior to its conclusion, You will be invoiced for the cost of work completed at \$400 per hour exclusive of disbursements and GST, and reimbursed the difference between any payment up front. A copy of partially completed work will not be provided.
- 14.5. You must pay our Fees within 14 days of the date of a correctly rendered invoice. Fees that remain unpaid for a period of 30 days or more will attract an administration charge of 2% of the total of the invoice calculated per month or part thereof incurred from the date of the invoice.



## Colliers International Valuation & Advisory Services Terms and Conditions

### 15. YOUR OBLIGATIONS

- 15.1. You warrant that the instructions and subsequent information supplied by You contain a full and frank disclosure of all information that is relevant to Our provision of the Services.
- 15.2. You warrant that all third party expert or specialist reports provided to Us by You for the purpose of Us providing the Services are provided with the authority of the authors of those reports.
- 15.3. You authorise and licence us to incorporate Your intellectual property within our report(s).
- 15.4. You will not release any part of Our valuation or advisory report or its substance to any third party without Our written consent. Such consent will be provided at Our absolute discretion and on such conditions as We may require including that a copy of these Terms & Conditions be provided to such third party. This clause shall not apply to persons noted as reliant parties in Your prior instruction to Us or in the Quotation provided that You shall provide any such reliant parties with a copy of these Terms & Conditions.
- 15.5. You must advise reliant parties named in Your instruction to Us of the Services Validity Period.
- 15.6. You will not rely on any preliminary or draft advice. Our advice cannot be relied upon unless it is in Final form.
- 15.7. If You release any part of the valuation or advisory advice or its substance with our written consent, You agree: a) to inform the other person of the terms of our consent; and b) to compensate Us if You do not do so. We have no responsibility to any other person even if that person suffers damage as a result of any other person receiving this valuation or advisory services.
- 15.8. We reserve the right to reconsider or amend the valuation or advisory services, or the Fee set out in our Quotation to You if:
  - (a) Certificates, surveys, leases, side agreements or related documentation that were not provided to Us prior to the provision of the Services are subsequently provided, and contain matters that may affect the value or the advice; or
  - (b) Where subsequent site inspections made in relation to any of the matters raised in clause 3 materially affect or may alter the value of the property the subject of the Services.

### 16. CONFIDENTIALITY

- 16.1. You must not disclose or make any of the Confidential Information available to another person without Our written consent.
- 16.2. If consent to disclose the Confidential Information is provided by Us, You agree to abide by any additional terms and conditions that We may apply to that disclosure.

### 17. PRIVACY

- 17.1. We may obtain personal information about You in the course of performing Our Services. We respect Your privacy. The Privacy Act 1998 (Cth) requires Us to advise You that we will only obtain information that is necessary to assist us in the course of performing Our Services. If it is necessary for Us to engage third parties, we will inform these parties that they are not to disclose any personal information about You to any person or organisation other than Us.  
A copy of Our Privacy Policy can be obtained by contacting Our Chief Privacy Officer.

### 18. SUBCONTRACTING

- 18.1. We may subcontract or otherwise arrange for another person to perform any part of the Services or to discharge any of Our obligations under any part of these Terms & Conditions, with Your consent.

### 19. LIABILITY

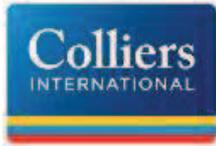
- 19.1. You agree to release Us and hold Us harmless from all liability to You for or in respect of any loss, damage, costs and expenses of whatsoever kind which we have or may have or, but for the operation of this Clause, might have had arising from or in any way connected with the Services or the use of the Services or any part of them. This release shall be complete and unconditional except in the case of gross negligence or wilful misconduct by Us in the provision of the Services.
- 19.2. You agree that You will fully indemnify Us for and in respect of all loss, liability, costs and expenses of whatsoever kind which We may suffer or incur arising from or in any way connected with any breach by You of Clause 15 or Clause 16. This indemnity shall include but not be limited to loss, liability, costs and expenses which we may suffer or incur in respect of any claims, actions, proceedings, disputes or allegations made against Us or to which we are a party.
- 19.3. Where the release referred to in Clause 19.1 does not apply, You agree that our liability in any such claim or claims will be limited to \$100,000 or a multiple of five times our Fee, whichever is the lower.
- 19.4. For the avoidance of doubt, the Services are provided by Us and no individual valuer or any other employee of Ours assumes any liability or responsibility for the Services.

### 20. ENTIRE AGREEMENT

- 20.1. No further agreement, amendment or modification of these Terms & Conditions shall be valid or binding unless made in writing and executed on behalf of the Parties by their duly authorised officers.
- 20.2. If there is an inconsistency between these Terms & Conditions and the Quotation, any letter of instruction from You, or other specific request or information, the other specific request or information shall prevail to the extent of the inconsistency.

### 21. GOVERNING LAW

- 21.1. These Terms and Conditions are governed by the law of the State in which Our principal place of business which is providing the Services is located.



CIVAS (VIC) Pty Limited offers a range of valuation services in the following specialist areas:

Commercial  
Industrial  
Retail (including Large Format Retail)  
Hotels  
Student Accommodation  
Healthcare & Retirement Living  
Government  
Statutory & Litigation  
Development  
Corporate Valuations  
Plant & Machinery  
Extractive Industries & Waste Management  
Rural & Agribusiness  
Wine Industry  
Self-Storage  
Child Care Centres  
Service Stations  
Consultancy Services

CIVAS (VIC) Pty Limited  
ABN: 21 168 282 620  
Level 30, Optus Centre  
367 Collins Street  
Melbourne VIC 3000, Australia

+61 3 9629 8888  
[www.colliers.com.au](http://www.colliers.com.au)

COPYRIGHT Colliers International



Deed

## Constitution of Vitalharvest Freehold Trust Amending Deed

---

The Trust Company (RE Services) Limited



## Contents

### Table of contents

---

<b>1</b>	<b>Definitions and interpretation</b>	<b>3</b>
	1.1 Definitions .....	3
	1.2 Interpretation.....	7
	1.3 Interpretation of inclusive expressions .....	8
	1.4 Business Day.....	8
<b>2</b>	<b>Operation of this deed</b>	<b>8</b>
<b>3</b>	<b>Amendment of the VTH Constitution</b>	<b>8</b>
	3.1 Amendment.....	8
	3.2 Binding conditions.....	8
<b>4</b>	<b>Governing law and jurisdiction</b>	<b>8</b>
	<b>Schedule 1</b>	
	<b>New Clause 47 of the Constitution</b>	<b>9</b>
	<b>Schedule 2</b>	
	<b>Amendments to clause 1.1 of the VTH Constitution</b>	<b>15</b>
	<b>Signing page</b>	<b>19</b>



## Constitution of Vitalharvest Freehold Trust Amending Deed

---

Date ►

---

VTH RE	<b>The Trust Company (RE Services) Limited</b> ABN 45 003 278 831 of Level 18, Angel Place, 123 Pitt Street, Sydney NSW 2000
--------	--

---

### Recitals

- A Vitalharvest Freehold Trust ARSN 626 537 362 (the **Trust**) is governed by a trust constitution originally dated 30 May 2018 and repealed and replaced by a Supplemental Deed No. 1 dated 13 June 2018 (**VTH Constitution**) and lodged with the Australian Securities and Investments Commission.
- B The Trust is registered as a managed investment scheme under Chapter 5C of the Corporations Act 2001.
- C As at [●], there are 185,000,000 Units on issue.
- D VTH RE and MAFM have entered into the Implementation Deed.
- E Under the terms of the Implementation Deed, MAFM has nominated MAFML2 to perform its obligations under clauses 2(b) and 2(c) of the Implementation Deed, which include to implement the Proposal on and subject to the terms of the Implementation Deed.
- F Under the Implementation Deed, MAFM:
- warrants that it will ensure that MAFML2 completes the acquisition in accordance with the Implementation Deed and the Deed Poll; and
  - unconditionally and irrevocably guarantees the due and punctual performance by MAFML2 of the obligations which MAFM has nominated MAFML2 to perform under the Implementation Deed, the Deed Poll and the Corporations Act.
- G The VTH Constitution needs be amended in the manner set out in this amending deed to facilitate the Scheme.
- H Section 601GC(1)(a) of the Corporations Act 2001 provides that the VTH Constitution may be modified by special resolution of the VTH Unitholders.
- I At a meeting of VTH Unitholders held on or about [●], VTH Unitholders approved the Scheme Resolutions, including a special resolution to make the amendments to the VTH Constitution contained in this deed.



---

This deed witnesses as follows:

---



# 1 Definitions and interpretation

---

## 1.1 Definitions

- (a) A word or phrase (except as otherwise provided in this deed) defined in the VTH Constitution has the same meaning when used in this amending deed.
- (b) The meanings of the terms used in this deed are set out below.

Term	Meaning
<b>ASIC</b>	the Australian Securities and Investments Commission.
<b>ASX</b>	ASX Limited ABN 98 008 624 691, and where the context requires, the financial market that it operates.
<b>Business Day</b>	a business day as defined in the Listing Rules and which is not a Saturday, Sunday or a public holiday or bank holiday in Sydney, Australia.
<b>CHESS</b>	the Clearing House Electronic Subregister System operated by ASX Settlement Pty Ltd and ASX Clear Pty Limited.
<b>CHESS Holding</b>	has the meaning given in the Settlement Rules.
<b>Control</b>	with respect to any person (other than an individual) the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such person whether through the ownership of voting securities, by agreement or otherwise, and for the avoidance of doubt, a general partner is deemed to Control a limited partnership of which it is the general partner and, solely for the purposes of this deed, a fund advised or managed directly or indirectly by a person will also be deemed to be Controlled by such person, and, in respect of MAFM, will also include any fund, account, client, limited partnership or other collective investment vehicle or other person which is managed or advised by an Affiliate of MAFM.
<b>Corporations Act</b>	the <i>Corporations Act 2001</i> (Cth) as modified or varied by ASIC.
<b>Court</b>	the Supreme Court of New South Wales, or such other court of competent jurisdiction under the <i>Trustee Act 1925</i> (NSW) agreed to



## Schedule 1 New Clause 47 of the Constitution

<b>Term</b>	<b>Meaning</b>
	in writing by MAFM and VTH RE.
<b>Effective Date</b>	the date on which the Scheme becomes Effective.
<b>Effective</b>	when used in relation to the Scheme, this deed taking effect pursuant to section 601GC(2) of the Corporations Act.
<b>Excess Manager Payment</b>	<p style="text-align: center;"><b>A</b> <b>B</b></p> Where: <b>A</b> = any Early Termination Fee (as that term is defined in the Management Agreement between VTH RE and Primewest Agrichain Management Pty Ltd as amended from time to time ( <b>Management Agreement</b> )) paid or payable under the Management Agreement plus any other amount paid or payable by VTH RE to Primewest Agrichain Management Pty Ltd that arises as a result of the termination of the Management Agreement, but only to the extent the total amount paid or payable is in excess of \$4.5 million <b>B</b> = the total number of Scheme Units
<b>Excluded Unitholder</b>	any VTH Unitholder who is a member of the MAFM Group or any VTH Unitholder who holds any VTH Units on behalf of, or for the benefit of, any member of the MAFM Group and does not hold VTH Units on behalf of, or for the benefit of, any other person.
<b>Government Agency</b>	any foreign or Australian government or governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity (including any stock or other securities exchange), or any minister of the Crown in right of the Commonwealth of Australia or any state, or any other federal, state, provincial, local or other government, whether foreign or Australian.
<b>Implementation Date</b>	in relation to the Scheme, if the Scheme Approval Condition is satisfied and the Scheme becomes Effective, the fifth Business Day after the Record Date, or such other date after the Record Date as VTH RE and MAFM agree in writing.
<b>Implementation Deed</b>	the implementation deed dated 17 November 2020 between VTH RE as responsible entity of the Trust and MAFM relating to the implementation of the Scheme.



Schedule 1 New Clause 47 of the Constitution

<b>Term</b>	<b>Meaning</b>
<b>Issuer Sponsored Holding</b>	has the meaning given in the Settlement Rules.
<b>Listing Rules</b>	the official listing rules of ASX.
<b>MAFM</b>	Macquarie Agricultural Funds Management Limited (ACN 122 169 368) as trustee of Macquarie Agriculture Fund – Crop Australia 2.
<b>MAFML2</b>	Macquarie Agricultural Funds Management No. 2 Pty Limited as trustee for M2 Acquisition Trust (ABN 52 712 569 900).
<b>MAFM Group</b>	MAFM and each of its Related Bodies Corporate but only to the extent that those Related Bodies Corporate are directly or indirectly owned or Controlled by MAFM, and a reference to a <b>MAFM Group Member</b> or a <b>member of the MAFM Group</b> is to any member of the MAFM Group.
<b>Record Date</b>	7.00pm on the third Business Day after the Effective Date, or such other Business Day after the Effective Date as may be agreed to in writing by MAFM and VTH RE.
<b>Registered Address</b>	in relation to a Scheme Participant, the address shown in the Register as at the Record Date.
<b>Related Bodies Corporate</b>	has the meaning set out in section 50 of the Corporations Act, except that references to 'subsidiary' have the meaning given to 'Subsidiary' in this deed.
<b>Scheme</b>	an arrangement under which MAFM, or MAFML2 as its nominee, acquires all of the VTH Units from VTH Unitholders facilitated by amendments to the VTH Constitution as set out in the Implementation Deed, subject to the requisite approvals of the VTH Unitholders.
<b>Scheme Approval Condition</b>	the Scheme Condition Precedent in clause 4.1(b) of the Implementation Deed.
<b>Scheme Condition Precedent</b>	each of the conditions set out in clause 4.1 of the Implementation Deed.
<b>Scheme Consideration</b>	the consideration to be provided by MAFML2 to each Scheme Participant as at the Record Date for the transfer to MAFML2 of each Scheme Unit being \$1.00 for each Scheme Unit held by a Scheme Participant less the Excess Manager Payment.



## Schedule 1 New Clause 47 of the Constitution

<b>Term</b>	<b>Meaning</b>
<b>Scheme Deed Poll</b>	the deed poll under which MAFM and MAFML2 both covenant in favour of the Scheme Participants to perform obligations attributed to them under the Implementation Deed.
<b>Scheme Meeting</b>	the meeting of the VTH Unitholders convened by VTH RE to consider the Scheme Resolutions, and includes any adjournment or further adjournments of that meeting.
<b>Scheme Participants</b>	each person who is registered in the Register as at the Record Date as a holder of VTH Units (other than an Excluded Unitholder).
<b>Scheme Resolutions</b>	the resolutions made to approve the Scheme including: <ol style="list-style-type: none"><li>1 a resolution for the purposes of section 601GC(1) of the Corporations Act to approve amendments to the VTH Constitution, as set out in this deed; and</li><li>2 a resolution for the purposes of item 7 of section 611 of the Corporations Act to approve the acquisition of all the Scheme Units by MAFML2.</li></ol>
<b>Scheme Unit</b>	VTH Units as at the Record Date.
<b>Settlement Rules</b>	ASX Settlement Operating Rules, being the official operating rules of the settlement facility provided by ASX Settlement Pty Ltd.
<b>Subsidiary</b>	has the meaning given in Division 6 of Part 1.2 of the Corporations Act, provided that an entity will also be taken to be a Subsidiary of another entity if it is Controlled by that entity and, without limitation: <ol style="list-style-type: none"><li>1 a trust may be a Subsidiary, for the purposes of which a unit or other beneficial interest will be regarded as a share;</li><li>2 an entity may be a Subsidiary of a trust if it would have been a Subsidiary if that trust were a corporation; and</li><li>3 an entity will also be deemed to be a Subsidiary of an entity if that entity is required by the accounting standards to be consolidated with that entity.</li></ol>
<b>Trust</b>	the Vitalharvest Freehold Trust (ARSN 626 537 362).
<b>VTH Constitution</b>	the constitution establishing the Trust originally dated 30 May 2018 and repealed and replaced by a Supplemental Deed No. 1 dated 13 June 2018.



<b>Term</b>	<b>Meaning</b>
<b>Register</b>	the unit register of the Trust.
<b>VTH Unit</b>	a fully paid ordinary unit in the Trust.
<b>VTH Unitholder</b>	each person who is registered in the Register as a holder of VTH Unit.

## 1.2 Interpretation

In this deed:

- (a) headings and bold type are for convenience only and do not affect the interpretation of this deed;
- (b) the singular includes the plural and the plural includes the singular;
- (c) words of any gender include all genders;
- (d) other parts of speech and grammatical forms of a word or phrase defined in this deed have a corresponding meaning;
- (e) a reference to a person includes any company, partnership, joint venture, association, corporation or other body corporate and any Government Agency as well as an individual;
- (f) a reference to a clause, party, part, schedule, attachment or exhibit is a reference to a clause or part of, and a party, schedule, attachment or exhibit to, this deed;
- (g) a reference to any legislation includes all delegated legislation made under it and amendments, consolidations, replacements or re-enactments of any of them;
- (h) a reference to a document (including this deed) includes all amendments or supplements to, or replacements or novations of, that document;
- (i) a reference to '\$', 'A\$' or 'dollar' is to Australian currency unless denominated otherwise;
- (j) a reference to any time is a reference to that time in Sydney, New South Wales;
- (k) a term defined in or for the purposes of the Corporations Act has the same meaning when used in this deed;
- (l) a reference to a party to a document includes that party's successors and permitted assignees;
- (m) no provision of this deed will be construed adversely to a party because that party was responsible for the preparation of this deed or that provision;
- (n) a reference to a body, other than a party to this deed (including an institute, association or authority), whether statutory or not:
  - (1) which ceases to exist; or



- (2) whose powers or functions are transferred to another body,  
is a reference to the body which replaces it or which substantially succeeds to its powers or functions.

### **1.3 Interpretation of inclusive expressions**

Specifying anything in this deed after the words 'including', 'includes' or 'for example' or similar expressions does not limit what else is included.

### **1.4 Business Day**

Where the day on or by which any thing is to be done is not a Business Day, that thing must be done on or by the next Business Day.

## **2 Operation of this deed**

---

This document is conditional upon, and will have no force of effect until, the satisfaction of each conditions precedent stipulated in clause 4.1 of the Implementation Deed.

## **3 Amendment of the VTH Constitution**

---

### **3.1 Amendment**

- (a) The VTH Constitution as it applies to the Trust is amended (except for clauses 2.2 (*Constitution*) and 2.8 (*Vesting*), which are not amended or affected by this deed in any way) by:
- (1) renumbering Clause 47 (*Governing Law*) as Clause 48;
  - (2) inserting as a new Clause 47 the text contained in Schedule 1; and
  - (3) amending the definitions in clause 1.1 as set out in Schedule 2.
- (b) VTH RE confirms that clauses 2.2 (*Constitution*) and 2.8 (*Vesting*) of the VTH Constitution are not replaced, amended or otherwise affected in any way by this deed.
- (c) The VTH Constitution as it applies to the Trust and as amended by this deed is the constitution of the Trust.

### **3.2 Binding conditions**

This deed is binding on VTH RE, each VTH Unitholder and any other person claiming through any of them as if each was a party to this deed.

## **4 Governing law and jurisdiction**

---

This deed is governed by the law of New South Wales.



## Schedule 1

### New Clause 47 of the Constitution

---

#### 47 Scheme

---

##### 47.1 Implementation of the Scheme

- (a) Each Scheme Participant and VTH RE must do all things and execute all deeds, instruments, transfers or other documents as VTH RE considers are necessary or desirable to give effect to the terms of the Scheme and the transactions contemplated by it.
- (b) Without limiting VTH RE's powers under this clause 47, VTH RE has power to do all things that it considers necessary or desirable to give effect to the Scheme and the Implementation Deed.
- (c) The Scheme is intended to result in the transfer of the Scheme Units to MAFML2 in return for the Scheme Consideration being received by the Scheme Participants.

##### 47.2 Determination of Scheme Participants

To establish the identity and addresses of the Scheme Participants, dealings in VTH Units and other alterations to the Register will only be recognised if:

- (a) in the case of dealings of the type to be effected using CHESSE, the transferee is registered in the Register as the holder of the relevant VTH Units on or before the Record Date; and
- (b) in all other cases, registrable transfer or transmission applications in respect of those dealings, or valid requests in respect of those alterations, are received on or before the Record Date at the place where the Register is kept,

and VTH RE must not accept for registration, nor recognise for any purpose (except a transfer to MAFML2 pursuant to the Scheme and any subsequent transfer by MAFML2 or its successors in title), any transfer or transmission application or other request received after such times, or received prior to such times but not in registrable or actionable form, as appropriate.

##### 47.3 Register

- (a) VTH RE must register or cause to be registered registrable transmission applications or transfers of the Scheme Units in accordance with clause 47.2(b) by, or as soon as practicable after, the Record Date; provided that, for the avoidance of doubt, nothing in this clause 47.3(a) requires the registration of a transfer that would result in a Scheme Participant holding a parcel of Scheme Units that is less than a 'marketable parcel' (for the purposes of this clause 47.3(a) 'marketable parcel' has the meaning given in the ASX Settlement Operating Rules).



## Schedule 1 New Clause 47 of the Constitution

- (b) If the Scheme becomes Effective, a holder of the Scheme Units (and any person claiming through that holder) must not dispose of or purport or agree to dispose of, any Scheme Units or any interest in them after the Record Date (except a transfer to MAFML2 pursuant to the Scheme or any subsequent transfer by MAFML2 or its successors in title).
- (c) For the purpose of determining entitlements to the Scheme Consideration, VTH RE must maintain the Register in accordance with the provisions of this clause 47.3 until the Scheme Consideration has been paid to the Scheme Participants. The Register in this form will solely determine entitlements to the Scheme Consideration.
- (d) All statements of holding for VTH Units (other than statements of holding in favour of an Excluded Unitholder) will cease to have effect after the Record Date as documents of title in respect of those VTH Units and, as from that date and time, each entry current at that date on the Register (other than entries on the Register in respect of MAFML2 or any Excluded Unitholders) will cease to have effect except as evidence of entitlement to the Scheme Consideration in respect of the VTH Units relating to that entry.
- (e) As soon as possible on or after the Record Date, and in any event, by 5.00pm on the first Business Day after the Record Date, VTH RE will ensure that details of the names, Registered Addresses and holdings of Scheme Units for each Scheme Participant as shown in the Register are available to MAFML2 in the form MAFML2 reasonably requires.

**47.4 Scheme Consideration**

Each Scheme Participant is entitled to receive the Scheme Consideration in respect of each Scheme Unit held by that Scheme Participant, subject to the terms of the Scheme.

**47.5 Provision of Scheme Consideration**

- (a) Subject to clause 47.5(d), MAFML2 must, and MAFM unconditionally and irrevocably guarantees to VTH RE that MAFML2 will, by no later than the Business Day before the Implementation Date, deposit, or procure the deposit, in cleared funds of an amount equal to the aggregate amount of the Scheme Consideration payable to all Scheme Participants into an Australian dollar denominated trust account, which will be an account held with an Australian authorised deposit-taking institution, operated by VTH RE as trustee for the Scheme Participants (**Trust Account**), (provided that any interest on the amounts deposited (less bank fees and other charges) will be to MAFML2's account).
- (b) On the Implementation Date, subject to funds having been deposited in accordance with clause 47.5(a), VTH RE must pay or procure the payment of the Scheme Consideration from the Trust Account, to each Scheme Participant.
- (c) The obligations of VTH RE under clause 47.5(b) will be satisfied by VTH RE (in its absolute discretion):
  - (1) paying, or procuring the payment of, the relevant amount in Australian currency by electronic means to a bank account nominated by the Scheme Participant by an appropriate authority from the Scheme Participant to VTH RE; or
  - (2) dispatching, or procuring the dispatch of, a cheque for the relevant amount in Australian currency to the Scheme Participant by prepaid post to their Registered Address (as at the Record Date), such



cheque being drawn in the name of the Scheme Participant (or in the case of joint holders, in accordance with the procedures set out in clause 47.6).

To the extent that, following satisfaction of VTH RE's obligations under clause 47.5(c), there is a surplus in the amount held by VTH RE as trustee for the Scheme Participants in the Trust Account, that surplus may be paid by VTH RE to MAFML2.

- (d) If MAFML2 is required by Subdivision 14-D of Schedule 1 of the *Taxation Administration Act 1953* (Cth) (Subdivision 14-D) to pay amounts to the ATO in respect of the acquisition of VTH Units from certain Scheme Participants, MAFML2 is permitted to deduct the relevant amounts from the payment of the Scheme Consideration to those Scheme Participants and remit such amounts to the ATO. The aggregate sum payable to Scheme Participants shall not be increased to reflect the deduction and the net aggregate sum payable to those Scheme Participants shall be taken to be in full and final satisfaction of the amounts owing to those Scheme Participants. MAFML2 must, and MAFM unconditionally and irrevocably guarantees to VTH RE that MAFML2 will, pay any amount so withheld to the relevant taxation authorities within the time permitted by law, and, if requested in writing by the relevant Scheme Participant, provide a receipt or other appropriate evidence of such payment (or procure the provision of such receipt or other evidence) to the relevant Scheme Participant.

#### **47.6 Joint Holders**

In the case of Scheme Units held in joint names:

- (a) subject to 47.6(b), any Scheme Consideration payable in respect of those Scheme Units is payable to the joint holders and any cheque required to be sent under the Scheme will be made payable to the joint holders and sent to either, at the sole discretion of VTH RE, the holder whose name appears first in the Register as at the Record Date or to the joint holders; and
- (b) any other document required to be sent under the Scheme, will be forwarded to either, at the sole discretion of VTH RE, the holder whose name appears first in the Register as at the Record Date or to the joint holders.

#### **47.7 Transfer of Scheme Securities**

On the Implementation Date:

- (a) subject to the provision of the Scheme Consideration in the manner contemplated by clauses 47.5(b) and 47.5(c), the Scheme Units, together with all rights and entitlements attaching to the Scheme Units as at the Implementation Date, must be transferred to MAFML2, without the need for any further act by any Scheme Participant (other than acts performed by VTH RE as attorney and agent for Scheme Participants under clause 47.8), by:
- (1) VTH RE delivering to MAFML2 duly executed instruments of transfer of the Scheme Units, executed on behalf of the Scheme Participants by VTH RE (**Instruments of Transfer**), for registration; and
- (2) MAFML2 duly executing the Instruments of Transfer, attending to the stamping of the Instruments of Transfer (if required) and delivering them to VTH RE for registration; and
- (b) immediately following receipt of the Instruments of Transfer in accordance with clause 47.7(a)(2), but subject to the stamping of the Instruments of Transfer (if



required), VTH RE must enter, or procure the entry of, the name of MAFML2 in the Register in respect of all the Scheme Units transferred to MAFML2 in accordance with the Scheme.

#### **47.8 Scheme Participants' agreements and warranties**

- (a) Each Scheme Participant:
- (1) agrees to the transfer of their Scheme Units together with all rights and entitlements attaching to those Scheme Units in accordance with the Scheme;
  - (2) agrees to the variation, cancellation or modification of the rights attached to their Scheme Units constituted by or resulting from the Scheme;
  - (3) who holds their Scheme Units in a CHESS Holding agrees to the conversion of those Scheme Units to an Issuer Sponsored Holding and irrevocably authorises VTH RE to do anything necessary or expedient (whether required by the ASX Settlement Operating Rules or otherwise) to effect or facilitate such conversion; and
  - (4) acknowledges and agrees that the Scheme binds VTH RE and all Scheme Participants (including those who do not attend the Scheme Meeting and those who do not vote, or vote against the Scheme, at the Scheme Meeting).
- (b) Each Scheme Participant is taken to have warranted to VTH RE and MAFML2 on the Implementation Date, and appointed and authorised VTH RE as its attorney and agent to warrant to MAFML2 on the Implementation Date, that all their Scheme Units (including any rights and entitlements attaching to those units) which are transferred under Clause 47 will, at the date of transfer, be fully paid and free from all mortgages, charges, liens, encumbrances, pledges, security interests (including any 'security interests' within the meaning of section 12 of the *Personal Property Securities Act 2009* (Cth)) and interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind, and that they have full power and capacity to transfer their Scheme Units to MAFML2 together with any rights and entitlements attaching to those Scheme Units. VTH RE undertakes that it will provide such warranty to MAFML2 as agent and attorney of each Scheme Participant.

#### **47.9 Title to and rights in Scheme Units**

- (a) To the extent permitted by law, the Scheme Units (including all rights and entitlements attaching to the Scheme Units) transferred under this Clause 47 to MAFML2 will, at the time of transfer of them to MAFML2 vest in MAFML2 free from all mortgages, charges, liens, encumbrances, pledges, security interests (including any 'security interests' within the meaning of section 12 of the *Personal Property Securities Act 2009* (Cth)) and interests of third parties of any kind, whether legal or otherwise and free from any restrictions on transfer of any kind.
- (b) Immediately upon the provision of the Scheme Consideration to each Scheme Participant in the manner contemplated by this Clause 47, MAFML2 will be beneficially entitled to the Scheme Units being transferred to it under this Scheme pending registration by VTH RE of MAFML2 in the Register as the holder of the Scheme Units.



#### **47.10 Appointment of sole proxy**

Immediately upon the provision of the Scheme Consideration to each Scheme Participant in the manner contemplated by clauses 47.5(b) and 47.5(c), and until MAFML2 is registered as the holder of all Scheme Units in the Register, each Scheme Participant:

- (a) is deemed to have appointed MAFML2 as attorney and agent (and directed MAFML2 in each such capacity) to appoint any director, officer, secretary or agent nominated by MAFML2 as its sole proxy and, where applicable or appropriate, corporate representative to attend VTH Unitholders' meetings, exercise the votes attaching to the Scheme Units registered in their name and sign any Scheme Participants' resolution or document;
- (b) must not attend or vote at any of those meetings or sign any resolutions, whether in person, by proxy or by corporate representative (other than pursuant to this clause 47.10);
- (c) must take all other actions in the capacity of a registered holder of Scheme Units as MAFML2 reasonably directs; and
- (d) acknowledges and agrees that in exercising the powers referred to in clause 47.10, MAFML2 and any director, officer, secretary or agent nominated by MAFML2 under clause 47.11 may act in the best interests of MAFML2 as the intended registered holder of the Scheme Units.

#### **47.11 Authority given to VTH RE**

Each Scheme Participant, without the need for any further act:

- (a) on the Effective Date, irrevocably appoints VTH RE and each of its directors, officers and secretaries (jointly and each of them severally) as its attorney and agent for the purpose of enforcing the Scheme Deed Poll against MAFM and MAFML2, and VTH RE undertakes in favour of each Scheme Participant that it will enforce the Scheme Deed Poll against MAFM and MAFML2 on behalf of and as agent and attorney for each Scheme Participant; and
- (b) on the Implementation Date, irrevocably appoints VTH RE and each of its directors, officers and secretaries (jointly and each of them severally) as its attorney and agent for the purpose of executing any document or doing or taking any other act necessary, desirable or expedient to give effect to this Scheme and the transactions contemplated by it, including (without limitation) executing the Instruments of Transfer,

and VTH RE accepts each such appointment. VTH RE as attorney and agent of each Scheme Participant, may sub-delegate its functions, authorities or powers under this clause 47.11 to all or any of its directors, officers, secretaries or employees (jointly, severally or jointly and severally).

#### **47.12 Fractional entitlements, splitting**

Where the calculation of the Scheme Consideration to be provided to a particular Scheme Participant would result in the Scheme Participant becoming entitled to a fraction of a cent, the fractional entitlement will be rounded up or down (as applicable) to the nearest cent.

#### **47.13 Quotation and Status of VTH Units**

- (a) VTH RE will apply to ASX to suspend trading of the VTH Units on the ASX with effect from the close of trading on the Effective Date.



- (b) On a date after the Implementation Date to be determined by MAFM, VTH RE will apply:
  - (1) for termination of the official quotation of VTH Units on the ASX; and
  - (2) to have itself removed from the official list of the ASX.

#### **47.14 Binding effect of this Part**

From the Effective Date:

- (a) this Clause 47 binds VTH RE and all of the present and future Scheme Participants (including those who did not attend the Scheme Meeting, did not vote at that meeting, or voted against the Scheme Resolutions) and, to the extent of any inconsistency, overrides any other part of this deed;
- (b) VTH RE and, so far as is relevant, the Scheme Participants, must give effect to the Scheme in accordance with its terms;
- (c) VTH RE may amend the terms of the Scheme if such amendment is not inconsistent with the approval given by the Scheme Participants under the Scheme Resolutions and this Clause 47 shall apply to the Scheme as amended.

#### **47.15 Consent**

Each of the Scheme Participants consents to VTH RE doing all things necessary or incidental to the implementation of the Scheme.

#### **47.16 Further action**

VTH RE must do all things and execute all documents necessary to give full effect to the Scheme and the transactions contemplated by them.

#### **47.17 Cessation of operation**

Clause 47 ceases to have any force or operation if the Implementation Deed or Scheme Deed Poll is terminated in accordance with its terms.



## Schedule 2

### Amendments to clause 1.1 of the VTH Constitution

The following new definitions are inserted into the definitions contained in clause 1.1 of the VTH Constitution in alphabetical order having regard to the existing definitions:

Unless the contrary intention appears, these meanings apply:

Term	Meaning
<b>ATO</b>	Australian Taxation Office
<b>CHESS</b>	the Clearing House Electronic Subregister System operated by ASX Settlement Pty Ltd and ASX Clear Pty Limited.
<b>CHESS Holding</b>	has the meaning given in the ASX Settlement Operating Rules.
<b>Control</b>	with respect to any person (other than an individual) the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such person whether through the ownership of voting securities, by agreement or otherwise, and for the avoidance of doubt, a general partner is deemed to Control a limited partnership of which it is the general partner and, solely for the purposes of this deed, a fund advised or managed directly or indirectly by a person will also be deemed to be Controlled by such person, and, in respect of MAFM, will also include any fund, account, client, limited partnership or other collective investment vehicle or other person which is managed or advised by an Affiliate of MAFM.
<b>Court</b>	the Supreme Court of New South Wales, or such other court of competent jurisdiction under the <i>Trustee Act 1925</i> (NSW) agreed to in writing by MAFM and VTH RE.
<b>Effective Date</b>	the date on which the Scheme becomes Effective.
<b>Effective</b>	when used in relation to the Scheme, this deed taking effect pursuant to section 601GC(2) of the Corporations Act.
<b>Excess Manager Payment</b>	<u>A</u> <u>B</u>
	Where:



## Schedule 2 Amendments to clause 1.1 of the VTH Constitution

<b>Term</b>	<b>Meaning</b>
	<p><b>A =</b> any Early Termination Fee (as that term is defined in the Management Agreement between VTH RE and Primewest Agrichain Management Pty Ltd as amended from time to time (Management Agreement)) paid or payable under the Management Agreement plus any other amount paid or payable by VTH RE to Primewest Agrichain Management Pty Ltd that arises as a result of the termination of the Management Agreement, but only to the extent the total amount paid or payable is in excess of \$4.5 million</p> <p><b>B =</b> the total number of Scheme Units</p>
<b>Excluded Unitholder</b>	any <b>VTH Unitholder</b> who is a member of the <b>MAFM Group</b> or any VTH Unitholder who holds any <b>VTH Units</b> on behalf of, or for the benefit of, any member of the MAFM Group and does not hold VTH Units on behalf of, or for the benefit of, any other person.
<b>Government Agency</b>	any foreign or Australian government or governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity (including any stock or other securities exchange), or any minister of the Crown in right of the Commonwealth of Australia or any State, or any other federal, state, provincial, local or other government, whether foreign or Australian.
<b>Implementation Date</b>	in relation to the Scheme, if the Scheme Approval Condition is satisfied and the Scheme becomes Effective, the fifth Business Day after the Record Date, or such other date after the Record Date as VTH RE and MAFM agree in writing.
<b>Implementation Deed</b>	the implementation deed dated 17 November between VTH RE as responsible entity of the Trust and MAFM relating to the implementation of the Scheme.
<b>Issuer Sponsored Holding</b>	has the meaning given in the ASX Settlement Operating Rules.
<b>MAFM</b>	Macquarie Agricultural Funds Management Limited (ACN 122 169 368) as trustee of Macquarie Agriculture Fund – Crop Australia 2.
<b>MAFML2</b>	Macquarie Agricultural Funds Management No. 2 Pty Limited as trustee for M2 Acquisition Trust (ABN 52 712 569 900).
<b>MAFM Group</b>	MAFM and each of its Related Bodies Corporate but only to the extent that those Related Bodies Corporate are directly or indirectly



Schedule 2 Amendments to clause 1.1 of the VTH Constitution

Term	Meaning
	owned or Controlled by MAFM, and a reference to a MAFM Group Member or a member of the MAFM Group is to any member of the MAFM Group.
<b>Record Date</b>	7.00pm on the third Business Day after the Effective Date, or such other Business Day after the Effective Date as may be agreed to in writing by MAFM and VTH RE.
<b>Registered Address</b>	in relation to a Scheme Participant, the address shown in the Register as at the Record Date.
<b>Scheme</b>	an arrangement under which MAFM, or MAFML2 as its nominee, acquires all of the VTH Units from VTH Unitholders facilitated by amendments to the VTH Constitution as set out in the Implementation Deed, subject to the requisite approvals of the VTH Unitholders.
<b>Scheme Approval Condition</b>	the Scheme Condition Precedent in clause 4.1(b) of the Implementation Deed.
<b>Scheme Condition Precedent</b>	each of the conditions set out in clause 4.1 of the Implementation Deed.
<b>Scheme Consideration</b>	the consideration to be provided by MAFML2 to each Scheme Participant as at the Record Date for the transfer to MAFML2 of each Scheme Unit being \$1.00 for each Scheme Unit held by a Scheme Participant less the Excess Manager Payment.
<b>Scheme Deed Poll</b>	the deed poll under which MAFM and MAFML2 both covenant in favour of the Scheme Participants to perform obligations attributed to them under the Implementation Deed.
<b>Scheme Meeting</b>	the meeting of the VTH Unitholders convened by VTH RE to consider the Scheme Resolutions, and includes any adjournment or further adjournments of that meeting.
<b>Scheme Participants</b>	each person who is registered in the Register as at the Record Date as a holder of VTH Units (other than an Excluded Unitholder).
<b>Scheme Resolutions</b>	the resolutions made to approve the Scheme including: 1 a resolution for the purposes of section 601GC(1) of the Corporations Act to approve amendments to this constitution; and



## Schedule 2 Amendments to clause 1.1 of the VTH Constitution

<b>Term</b>	<b>Meaning</b>
	2 a resolution for the purposes of item 7 of section 611 of the Corporations Act to approve the acquisition of all the Scheme Units by MAFML2.
<b>Scheme Unit</b>	VTH Units as at the Record Date.
<b>Subsidiary</b>	has the meaning given in Division 6 of Part 1.2 of the Corporations Act, provided that an entity will also be taken to be a Subsidiary of another entity if it is Controlled by that entity and, without limitation: <ol style="list-style-type: none"><li>1 a trust may be a Subsidiary, for the purposes of which a unit or other beneficial interest will be regarded as a share;</li><li>2 an entity may be a Subsidiary of a trust if it would have been a Subsidiary if that trust were a corporation; and</li><li>3 an entity will also be deemed to be a Subsidiary of an entity if that entity is required by the accounting standards to be consolidated with that entity.</li></ol>
<b>VTH RE</b>	The Trust Company (RE Services) Limited
<b>VTH Unit</b>	a fully paid ordinary Unit.
<b>VTH Unitholder</b>	each person who is registered in the Register as a holder of VTH Units.



## Signing page

Executed as a deed

---

Signed sealed and delivered for  
**The Trust Company (RE Services) Limited**

*sign here* ► \_\_\_\_\_  
Director

*print name* \_\_\_\_\_

*sign here* ► \_\_\_\_\_  
Director/Secretary

*print name* \_\_\_\_\_



# Scheme Deed Poll

Dated *23 December 2020*

Macquarie Agricultural Funds Management Limited (ACN 122 169 368) as trustee of Macquarie Agriculture Fund – Crop Australia 2 (“**MAFM**”)

Macquarie Agricultural Funds Management No. 2 Pty Limited (ACN 611 566 217) as trustee for M2 Acquisition Trust (ABN 52 712 569 900) (“**MAFML2**”)

**King & Wood Mallesons**

Level 61  
Governor Phillip Tower  
1 Farrer Place  
Sydney NSW 2000  
Australia  
T +61 2 9296 2000  
F +61 2 9296 3999  
DX 113 Sydney  
[www.kwm.com](http://www.kwm.com)



## Contents

<b>Details</b>	<b>3</b>
<b>General terms</b>	<b>5</b>
<b>1 Definitions and interpretation</b>	<b>5</b>
1.1 Definitions	5
1.2 Interpretation	5
1.3 Nature of deed poll	5
<b>2 Conditions to obligations</b>	<b>5</b>
2.1 Conditions	5
2.2 Termination	5
2.3 Consequences of termination	5
<b>3 Scheme obligations</b>	<b>6</b>
3.1 Undertaking of MAFML2	6
3.2 Undertaking of MAFM	6
3.3 General warranties	7
<b>4 Continuing obligations</b>	<b>7</b>
<b>5 MAFM limitation of liability</b>	<b>7</b>
<b>6 MAFML2 limitation of liability</b>	<b>8</b>
<b>7 General</b>	<b>8</b>
7.1 Stamp duty	8
7.2 Governing law and jurisdiction	8
7.3 Waiver	8
7.4 Variation	9
7.5 Cumulative rights	9
7.6 Assignment	9
7.7 Further action	9
<b>Signing page</b>	<b>1</b>



## Scheme Deed Poll

### Details

---

**Parties**

---

**By:**

---

**MAFM**

Name	Macquarie Agricultural Funds Management Limited as trustee of Macquarie Agriculture Fund – Crop Australia 2
ABN	26 122 169 368
Address	Level 6, 50 Martin Place, Sydney NSW 2000
Email	<a href="mailto:Elizabeth.OLeary@macquarie.com">Elizabeth.OLeary@macquarie.com</a> <a href="mailto:Colin.Rigg@macquarie.com">Colin.Rigg@macquarie.com</a>
Attention	Elizabeth O'Leary / Colin Rigg
<i>With a copy to:</i>	Henrik Moritz Email: <a href="mailto:Henrik.Moritz@au.kwm.com">Henrik.Moritz@au.kwm.com</a>

**MAFML2**

Name	Macquarie Agricultural Funds Management No. 2 Pty Limited as trustee for M2 Acquisition Trust
ACN	611 566 217
Address	Level 6, 50 Martin Place, Sydney NSW 2000
Email	<a href="mailto:Elizabeth.OLeary@macquarie.com">Elizabeth.OLeary@macquarie.com</a> <a href="mailto:Colin.Rigg@macquarie.com">Colin.Rigg@macquarie.com</a>
Attention	Elizabeth O'Leary / Colin Rigg
<i>With a copy to:</i>	Henrik Moritz Email: <a href="mailto:Henrik.Moritz@au.kwm.com">Henrik.Moritz@au.kwm.com</a>

---

**In favour of:**

---

<b>Each Scheme Participant</b>	Each VTH Unitholder as at the Record Date (other than the Excluded Unitholders)
--------------------------------	---

---

<b>Business Day place (s)</b>	Sydney, New South Wales
-------------------------------	-------------------------

---

<b>Governing law</b>	New South Wales
----------------------	-----------------

---



- 
- Recitals**
- A** MAFM and VTH RE entered into the Implementation Deed.
  - B** In the Implementation Deed, MAFM agreed to make this deed poll and warranted that MAFML2 would enter into this Deed Poll.



# Scheme Deed Poll

## General terms

---

### 1 Definitions and interpretation

#### 1.1 Definitions

- (a) The meanings of the terms used in this deed poll are set out below.

**Implementation Deed** means the scheme implementation deed entered into between MAFM and VTH RE dated 17 November 2020.

**Trust Account** means the trust account nominated by VTH RE, the details of which must be notified in writing to MAFML2 at least 5 Business Days before the Implementation Date.

- (b) Unless the context otherwise requires, terms defined in the Implementation Deed have the same meaning when used in this deed poll.

#### 1.2 Interpretation

Clause 1.2 (“Interpretation”) of the Implementation Deed applies to the interpretation of this deed poll, except that references to ‘this deed’ are to be read as references to ‘this deed poll’.

#### 1.3 Nature of deed poll

MAFM and MAFML2 acknowledge that this deed poll may be relied on and enforced by any Scheme Participant in accordance with its terms even though the Scheme Participants are not party to it.

---

### 2 Conditions to obligations

#### 2.1 Conditions

This deed poll and the obligations of MAFM and MAFML2 under this deed poll are subject to the Scheme becoming Effective.

#### 2.2 Termination

The obligations of MAFM and MAFML2 under this deed poll to the Scheme Participants will automatically terminate and the terms of this deed poll will be of no force or effect if:

- (a) the Implementation Deed is terminated in accordance with its terms; or  
(b) the Scheme is not Effective on or before the End Date,

unless MAFM and VTH RE otherwise agree in writing.

#### 2.3 Consequences of termination

If this deed poll terminates under clause 2.2, in addition and without prejudice to any other rights, powers or remedies available to it:



- (a) MAFM and MAFML2 are released from their obligations to further perform this deed poll except those obligations under clause 7.1; and
- (b) each Scheme Participant retains the rights they have against MAFM and MAFML2 in respect of any breach of this deed poll which occurred before it was terminated.

---

### **3 Scheme obligations**

#### **3.1 Undertaking of MAFML2**

Subject to clause 2 and the terms of the Scheme, MAFML2 undertakes in favour of each Scheme Participant to:

- (a) assist VTH RE to propose the Scheme and the Asset Sale on and subject to the terms and conditions of the Implementation Deed;
- (b) implement, with VTH RE, the Proposal on and subject to the terms and conditions of the Implementation Deed;
- (c) undertake all other actions, and give each acknowledgement, representation and warranty (if any), which MAFM is required, under the Implementation Deed, to procure that MAFML2 undertake or give; and
- (d) deposit, or procure the deposit of, in cleared funds, by no later than the Business Day before the Implementation Date, an amount equal to the aggregate amount of the Scheme Consideration payable to all Scheme Participants under the Scheme (net of any withholding that MAFML2 is required by law to make in respect of the Scheme Consideration) into the Trust Account on trust for the Scheme Participants, except that any interest on the amounts deposited (less bank fees and other charges) will be credited to MAFML2's account,

each in accordance with the terms of the Scheme.

#### **3.2 Undertaking of MAFM**

Subject to clause 2 and the terms of the Scheme, MAFML undertakes in favour of each Scheme Participant to:

- (a) do all things that it is required to do under the Implementation Deed;
- (b) undertake all other actions, and give each acknowledgement, representation and warranty (if any), attributed to it under the Implementation Deed;
- (c) procure that MAFML2 assists VTH RE to propose the Scheme and the Asset Sale on and subject to the terms and conditions of the Implementation Deed;
- (d) procure that MAFML2 implements, with VTH RE, the Proposal on and subject to the terms and conditions of the Implementation Deed;
- (e) procure that MAFML2 deposits, or procures the deposit of, in cleared funds, by no later than the Business Day before the Implementation Date, an amount equal to the aggregate amount of the Scheme Consideration payable to all Scheme Participants under the Scheme into the Trust Account on trust for the Scheme Participants, except that any interest on the amounts deposited (less bank fees and other charges) will be credited to MAFML2's account,



each in accordance with the terms of the Scheme.

### **3.3 General warranties**

Each of MAFM and MAFML2 represents and warrants in favour of each Scheme Participant, in respect of itself, that:

- (a) it is validly existing under the laws of its place of registration;
- (b) it has the corporate power to enter into and perform its obligations under this deed poll and to carry out the transactions contemplated by this deed poll;
- (c) it has taken all necessary corporate action to authorise its entry into this deed poll and has taken or will take all necessary corporate action to authorise the performance of this deed poll and to carry out the transactions contemplated by this deed poll;
- (d) this deed poll is valid and binding on it and enforceable against it in accordance with its terms; and
- (e) this deed poll does not conflict with, or result in the breach of or default under, any provision of its constitution, or any writ, order or injunction, judgment, law, rule or regulation to which it is a party or subject or by which it is bound.

---

## **4 Continuing obligations**

This deed poll is irrevocable and, subject to clause 2, remains in full force and effect until:

- (a) MAFM and MAFML2 have both fully performed their obligations under this deed poll; or
- (b) the earlier termination of this deed poll under clause 2.

---

## **5 MAFM limitation of liability**

- (a) A liability arising under or in connection with this document is limited to and can be enforced against MAFM only to the extent to which it can be satisfied from the property of the Macquarie Agriculture Fund – Crop Australia 2 out of which MAFM is actually indemnified for the liability. This limitation of liability applies despite any other provision of this document and extends to all liabilities and obligations of MAFM in any way connected with any representation, warranty, conduct, omission, agreement or transaction related to this document.
- (b) VTH RE may not sue MAFM in any capacity other than trustee of the Macquarie Agriculture Fund – Crop Australia 2, including seeking the appointment of a receiver (except in relation to property of the Macquarie Agriculture Fund – Crop Australia 2), a liquidator, an administrator or any similar person to MAFM or prove in any liquidation, administration or arrangement of or affecting MAFM (except in relation to property of the Macquarie Agriculture Fund – Crop Australia 2).
- (c) The limitation in this clause 5 shall not apply to any obligation or liability of MAFM to the extent that it is not satisfied because under the Macquarie Agriculture Fund – Crop Australia 2 constitution or by operation of law there is a reduction in the extent of MAFM's



indemnification out of the assets of the Macquarie Agriculture Fund – Crop Australia 2 as a result of MAFM’s fraud or breach of trust.

---

## **6 MAFML2 limitation of liability**

- (a) A liability arising under or in connection with this document is limited to and can be enforced against MAFML2 only to the extent to which it can be satisfied from the property of the M2 Acquisition Trust out of which MAFML2 is actually indemnified for the liability. This limitation of liability applies despite any other provision of this document and extends to all liabilities and obligations of MAFML2 in any way connected with any representation, warranty, conduct, omission, agreement or transaction related to this document.
- (b) VTH RE may not sue MAFML2 in any capacity other than trustee of the M2 Acquisition Trust, including seeking the appointment of a receiver (except in relation to property of M2 Acquisition Trust), a liquidator, an administrator or any similar person to MAFML2 or prove in any liquidation, administration or arrangement of or affecting MAFML2 (except in relation to property of the M2 Acquisition Trust).
- (c) The limitation in this clause 6 shall not apply to any obligation or liability of MAFML2 to the extent that it is not satisfied because under the M2 Acquisition Trust constitution or by operation of law there is a reduction in the extent of MAFML2’s indemnification out of the assets of the M2 Acquisition Trust as a result of MAFML2’s fraud or breach of trust.

---

## **7 General**

### **7.1 Stamp duty**

MAFML2:

- (a) will pay all stamp duty and any related fines and penalties in respect of the Scheme and this deed poll, the performance of this deed poll and each transaction effected by or made under or in connection with the Scheme and this deed poll; and
- (b) indemnifies each Scheme Participant against any liability arising from failure to comply with clause 7.1(a).

### **7.2 Governing law and jurisdiction**

- (a) This deed poll is governed by the law in force in New South Wales.
- (b) Each of MAFM and MAFML2 irrevocably submit to the non-exclusive jurisdiction of courts exercising jurisdiction in New South Wales and courts of appeal from them in respect of any proceedings arising out of or in connection with this deed poll. Each of MAFM and MAFML2 irrevocably waive any objection to the venue of any legal process in these courts on the basis that the process has been brought in an inconvenient forum.

### **7.3 Waiver**

- (a) MAFM and MAFML2 may not rely on the words or conduct of any Scheme Participant as a waiver of any right unless the waiver is in writing and signed by the Scheme Participant granting the waiver.



(b) No Scheme Participant may rely on words or conduct of MAFM or MAFML2 as a waiver of any right unless the waiver is in writing and signed by MAFM.

(c) The meanings of the terms used in this clause 7.3 are set out below.

**conduct** includes delay in the exercise of a right.

**right** means any right arising under or in connection with this deed poll and includes the right to rely on this clause.

**waiver** includes an election between rights and remedies, and conduct which might otherwise give rise to an estoppel.

#### **7.4 Variation**

A provision of this deed poll may not be varied unless the variation is agreed to by VTH RE in which event MAFM and MAFML2 will each enter into a further deed poll in favour of the Scheme Participants giving effect to the variation.

#### **7.5 Cumulative rights**

The rights, powers and remedies of MAFM, MAFML2 and the Scheme Participants under this deed poll are cumulative and do not exclude any other rights, powers or remedies provided by law independently of this deed poll.

#### **7.6 Assignment**

(a) The rights created by this deed poll are personal to MAFM, MAFML2 and each Scheme Participant and must not be dealt with at law or in equity without the prior written consent of MAFM.

(b) Any purported dealing in contravention of clause 7.6(a) is invalid.

#### **7.7 Further action**

Each of MAFM and MAFML2 must, at its own expense, do all things and execute all documents necessary to give full effect to this deed poll and the transactions contemplated by it.

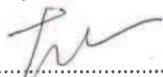
**EXECUTED** as a deed



## Signing page

DATED: 23 December 2020

**SIGNED, SEALED AND DELIVERED** for )  
 and on behalf of **MACQUARIE** )  
**AGRICULTURAL FUNDS** )  
**MANAGEMENT LIMITED** in its capacity )  
 as trustee of **Macquarie Agriculture** )  
**Fund – Crop Australia 2** by its attorneys )  
 under power of attorney dated 22 )  
 February 2019, each of whom state that )  
 they have received no notice of )  
 revocation of the power of attorney, in )  
 the presence of: )

  
 .....  
 Signature of witness

ZHENGZHENG ZUO  
 .....  
 Name of witness (block letters)

  
 .....  
 Signature of Attorney  
 Rhea Diacopoulos  
 .....  
 Name of Attorney (block letters)

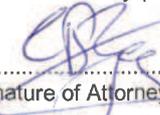
  
 .....  
 Signature of Attorney  
 .....  
**COLIN RIGG**  
 .....  
 Name of Attorney (block letters)

**SIGNED, SEALED AND DELIVERED** )  
 for and on behalf of **MACQUARIE** )  
**AGRICULTURAL FUNDS** )  
**MANAGEMENT NO. 2 PTY LIMITED** )  
 in its capacity as trustee for **M2** )  
**Acquisition Trust** by its attorneys )  
 under power of attorney dated 22 )  
 February 2019, each of whom state )  
 that they have received no notice of )  
 revocation of the power of attorney, in )  
 the presence of: )

  
 .....  
 Signature of witness

ZHENGZHENG ZUO  
 .....  
 Name of witness (block letters)

  
 .....  
 Signature of Attorney  
 Rhea Diacopoulos  
 .....  
 Name of Attorney (block letters)

  
 .....  
 Signature of Attorney  
**COLIN RIGG**  
 .....  
 Name of Attorney (block letters)



## Notice of Meeting

---

The Trust Company (RE Services) Limited (ACN 003 278 831) as responsible entity (**VTH RE**) of Vitalharvest Freehold Trust (ARSN 626 537 362) (**VTH**).

Notice is hereby given by VTH RE that a meeting of holders of units in VTH (**VTH Unitholders**) will be held online at 2pm (Sydney time) on Thursday, 4 March 2021 (**Meeting**).

In response to Government restrictions and the potential health risks arising from the coronavirus (COVID-19) pandemic, the Meeting will be held online only. There will not be a physical meeting where VTH Unitholders can attend in person. More information on how to participate in the Meeting is set out in the explanatory notes below.

### Purpose of the Meeting

The purpose of the Meeting is to consider and, if thought fit, to pass resolutions 1 and 2 (**Scheme Resolutions**) of VTH Unitholders to approve the amendment of the VTH Constitution and the proposed trust scheme under which Macquarie Agricultural Funds Management No. 2 Pty Limited as trustee of M2 Acquisition Trust (ABN 52 712 569 900) (**MAFML2**), would acquire all of the units in VTH from VTH Unitholders as at the Scheme Record Date (**Scheme**).

If the Scheme is not approved by the requisite majorities of VTH Unitholders, the Meeting is to consider and, if thought fit, pass resolution 3 (**Asset Sale Resolution**) of VTH Unitholders to approve the purchase by MAFML2 of all shares in Vitalharvest Pty Ltd (ACN 140 954 874) from Vitalharvest Finance Pty Ltd (ACN 626 149 326) and all of the units in Vitalharvest Leasehold Trust (ABN 64 668 461 398) from VTH RE on the terms and conditions set out in the Scheme Implementation Deed (**Asset Sale**).

A copy of the VTH Supplemental Deed is contained in the Scheme Booklet at Annexure B, of which this notice forms part (**Scheme Booklet**).

Capitalised terms used but not defined in this Notice of Meeting have the meaning given in the Scheme Booklet.

### Scheme Resolutions

#### 1. Resolution 1 - Amendment of the VTH Constitution

To consider and, if thought fit, pass the following resolution for the purpose of section 601GC(1) of the *Corporations Act 2001* (Cth):

*'That, subject to and conditional on resolution 2 in this Notice of Meeting being passed:*

- (1) the VTH Constitution be amended with effect on and from the Effective Date, as set out in the Scheme Booklet of which the notice convening this Meeting forms part, for the purpose of giving effect to the Scheme; and*
- (2) VTH RE be authorised to execute and lodge with ASIC a copy of the VTH Supplemental Deed.'*

Resolution 1 must be passed by at least 75% of the votes cast on the resolution by VTH Unitholders entitled to vote on the resolution.



## 2. Resolution 2 - Acquisition of VTH Units

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

*'That, subject to and conditional on resolution 1 in this Notice of Meeting being passed, pursuant to and in accordance with the provisions of item 7 of section 611 of the Corporations Act 2001 (Cth), the Scheme, as set out in the Scheme Booklet of which the notice convening this Meeting forms part, be approved and, in particular, the acquisition by MAFML2 of all available VTH Units existing as at the Scheme Record Date pursuant to the Scheme be approved for all purposes.'*

Resolution 2 must be passed by more than 50% of the votes cast on the resolution by VTH Unitholders entitled to vote on the resolution.

## Asset Sale Resolution

### 3. Resolution 3 – Asset Sale

If the Scheme Resolutions are not passed by the requisite majorities, the Meeting will be asked to consider and, if thought fit, pass the following resolution:

*"That, for the purposes of Listing Rule 11.2, and all other purposes, the disposal to MAFML2 of:*

- (1) all of the units in the Vitalharvest Leasehold Trust (ABN 64 668 461 398); and*
- (2) all of the shares in Vitalharvest Pty Ltd (ACN 140 954 874),*

*by, as applicable, The Trust Company (RE Services) Limited (ACN 003 278 831) as responsible entity of Vitalharvest Freehold Trust (ARSN 626 537 362) or an entity it controls (Asset Sale), on the terms and conditions of the Asset Sale set out in the Scheme Implementation Deed, as contained in and more particularly described in the Scheme Booklet of which the notice convening this Meeting forms part, is approved."*

The Asset Sale Resolution must be passed by more than 50% of the votes cast on the resolution by VTH Unitholders entitled to vote on the resolution.

## Voting Exclusion Statement

Section 253E of the *Corporations Act 2001* (Cth) (**Act**) provides that a responsible entity of a managed investment scheme and its associates are not entitled to vote their interest on any resolution if they have an interest in the resolution other than as a member, unless the vote is cast as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form.

In accordance with item 7 of section 611 of the Act, no votes may be cast in favour of the Scheme Resolutions by MAFML2 or any of its associates (unless the associate is a custodian, nominee, trustee, responsible entity or other fiduciary which has received a specific instruction from a third party beneficiary, who is not an associate of MAFML2, directing the associate how to vote).

In accordance with ASX Listing Rule 11.2, VTH RE will disregard any votes cast in favour of the Asset Sale Resolution by or on behalf of MAFML2 or any of its associates or any person who may obtain a material benefit, except a material benefit solely in the capacity of a holder of VTH Units, if the Asset Sale Resolution is passed (**Excluded Person**).



This voting exclusion does not apply to a vote cast in favour of a resolution by an Excluded Person:

- (a) as proxy or attorney for a VTH Unitholder who is entitled to vote on the Asset Sale Resolution, in accordance with the directions given to the proxy or attorney on the proxy form to vote on the resolution in that way;
- (b) acting as the chair of the meeting as proxy or attorney for a VTH Unitholder who is entitled to vote on the Asset Sale Resolution, in accordance with a direction given to the chair on the proxy form to vote on the resolution as the chair decides; or
- (c) where they are acting solely as a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (1) the beneficiary provides written confirmation that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Asset Sale Resolution; and
  - (2) the Excluded Person notes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

### Chair

Rebecca Maslen-Stannage will act as chair of the Meeting (and, if Rebecca Maslen-Stannage is unable or unwilling to attend, Richard Mccarthy will act as chair of the Meeting).

### Shareholder questions

If you have any questions in relation to this Notice of Meeting or the Scheme or Asset Sale, please call the Shareholder Information Line on 1300 855 080 (within Australia) or +61 3 9415 4000 (outside Australia), Monday to Friday between 8:30am and 5:30pm (Sydney time).

Questions may be asked online during the Meeting.

Dated 10 February 2021

sign here ►

\_\_\_\_\_  
Company Secretary

print name Gan Minithantri  
\_\_\_\_\_



## Notice of meeting

### Explanatory notes

---

#### 1 General

---

This Notice of Meeting relates to the Scheme and the Asset Sale and should be read in conjunction with the scheme booklet dated on or about the date of this Notice of Meeting (**Scheme Booklet**). The Scheme Booklet contains important information to assist you in determining how to vote on the Scheme Resolutions and, if required, Asset Sale Resolution.

A copy of the Scheme Implementation Deed was released to ASX on 17 November 2020 and can be obtained from [www.asx.com.au](http://www.asx.com.au) or [www.vitalharvest.com.au](http://www.vitalharvest.com.au) and a copy of the VTH Supplemental Deed is set out in Annexure B of the Scheme Booklet.

The explanatory notes form part of, and should be read in conjunction with, the Notice of Meeting. Capitalised terms used in this Notice of Meeting have the same meaning as set out in 'Glossary and Interpretation' in Section 14 of the Scheme Booklet, unless the context otherwise requires.

#### 2 Entitlement to vote

---

The time for determining eligibility to vote at the Meeting is 7pm (Sydney time) on Tuesday, 2 March 2021. Only those VTH Unitholders entered on the VTH Register at that time will be entitled to attend and vote at the Meeting, either online, by proxy or attorney, or in the case of a corporate VTH Unitholder, by a body corporate representative. The remaining comments in these explanatory notes are addressed to VTH Unitholders entitled to attend and vote at the Meeting.

#### 3 Jointly held securities

---

If you hold VTH Units jointly with one or more other persons, only one of you may vote. If more than one of you attempts to vote at the Meeting, only the vote of the holder whose name appears first on the VTH Register will be counted.

See also the comments in paragraph 6.2 below regarding the appointment of a proxy by persons who jointly hold VTH Units.

#### 4 How to vote

---

Voting will be conducted by poll, under which each VTH Unitholder will have 1 vote for each dollar of the value of their total interests in VTH.

If you are a VTH Unitholder entitled to vote at the Meeting, you may vote by:

- attending and voting online;
- appointing one or two proxies to attend the online Meeting and vote on your behalf, using the proxy form that accompanied the Scheme Booklet;



- appointing an attorney to attend the online Meeting and vote on your behalf, using a power of attorney; or
- in the case of a body corporate, appointing a body corporate representative to attend the online Meeting and vote on your behalf, using a certificate of appointment of body corporate representative.

## 5 Attendance

---

VTH RE is closely monitoring the impact of the global COVID-19 pandemic and is following guidance from the Federal and State governments.

In order to minimise health risks created by the COVID-19 pandemic, and in accordance with Government directions and restrictions with respect to non-essential gatherings of people and the Treasurer's determination regarding electronic meetings, there will not be a physical meeting where VTH Unitholders and their proxies, attorneys or corporate representatives can attend in person. Instead, the Meeting will be virtual (online only).

## 6 Voting

---

### 6.1 Voting online

VTH Unitholders can participate in the Meeting online at <https://web.lumiagm.com/366584164>.

VTH Unitholders will be able to view the Meeting live, vote on the resolutions and ask questions online.

VTH Unitholders are also able to submit written questions to VTH RE in advance of the Meeting. Questions may be submitted by email to [returningofficer@computershare.com.au](mailto:returningofficer@computershare.com.au) and must be submitted no later than 2pm (Sydney time) on Tuesday, 2 March 2021. VTH RE will endeavour to address as many of the more frequently raised relevant questions as possible during the course of the Meeting. However, there may not be sufficient time available at the Meeting to address all of the questions raised. Please note that individual responses will not be sent to VTH Unitholders.

VTH Unitholders will need the following details to access the Meeting online:

1. The meeting ID is **366584164**
2. Your username is your SRN or HIN.

More information regarding participating in the Meeting online can be found by visiting [www.computershare.com.au/virtualmeetingguide](http://www.computershare.com.au/virtualmeetingguide)

Unitholders participating in the Meeting will be able to vote between the commencement of the Meeting and the closure of voting as announced by the chair during the Meeting.

The Meeting is viewable online from desktops and laptops and from personal devices.

To participate and vote online you will need your username. Proxy holders, attorneys and corporate representatives will need their proxy, attorney or corporate representative number (as applicable) which will be provided by the VTH Registry no later than 24 hours prior to the Meeting and following lodgement of the proxy appointment.

It is recommended that VTH Unitholders who elect to participate in the Meeting online log in at least 15 minutes prior to the scheduled start time for the Meeting.



Even if you plan to attend the Meeting, you are still encouraged to submit a directed proxy in advance of the Meeting so that your votes can still be counted if for any reason you cannot attend (for example, if there is an issue with your internet connection on the day of the Meeting).

If you have any additional questions in relation to this Notice of Meeting or the Scheme or Asset Sale, please call the Shareholder Information Line on 1300 855 080 (within Australia) or +61 3 9415 4000 (outside Australia), Monday to Friday between 8:30am and 5:30pm (Sydney time).

## 6.2 Voting by proxy

You may appoint one or two proxies. Your proxy need not be another VTH Unitholder. Each proxy will have the right to vote on the polls and also to speak at the Meeting.

To appoint a proxy, you should complete and return the proxy form that accompanied this Scheme Booklet in accordance with the instructions on that form. You must return the signed and completed proxy form to the VTH Registry by 2pm (Sydney time) on Tuesday 2 March 2021 (or, if the Meeting is adjourned or postponed, no later than 48 hours before the resumption of the Meeting in relation to the resumed part of the Meeting) in any of the following ways:

- (a) **online:**  
at [www.investorvote.com.au](http://www.investorvote.com.au) or [www.intermediaryonline.com](http://www.intermediaryonline.com) for Intermediary Online subscribers (custodians)
- (b) **by post in the provided reply paid envelope to the VTH Registry:**  
Computershare Investor Services Pty Limited  
GPO Box 1282  
Melbourne VIC 3001  
Australia
- (c) **by hand delivery to the VTH Registry:**  
Computershare Investor Services Pty Limited  
Level 3, 60 Carrington Street  
Sydney NSW 2000 Australia
- (d) **by fax to the VTH Registry:**  
1800 783 447 within Australia or +61 3 9473 2555 outside Australia

Proxy forms received after this time will be invalid.

If a proxy form is completed under power of attorney or other authority, the power of attorney or other authority, or a certified copy of the power of attorney or other authority, must accompany the completed proxy form unless the power of attorney or other authority has previously been noted by the VTH Registry.

A vote given in accordance with the terms of a proxy appointment is valid despite the revocation of that appointment, unless notice in writing of the revocation has been received by the VTH Registry before the start of the Meeting (or, if the Meeting is adjourned or postponed, before the resumption of the Meeting in relation to the resumed part of the Meeting) in any of the ways above.

If you wish to appoint a second proxy, a second proxy form should be used and you should clearly indicate on the second proxy form that it is a second proxy and not a revocation of your first proxy. You can obtain a second proxy form from the VTH Registry. Replacement proxy forms can also be obtained from the VTH Registry.



If you appoint two proxies, each proxy should be appointed to represent a specified proportion of your voting rights. If you do not specify the proportions in the proxy forms, each proxy may exercise half of your votes with any fractions of votes disregarded.

If you hold VTH Units jointly with one or more other persons, in order for your proxy appointment to be valid, each of you must sign the proxy form.

You should consider how you wish your proxy to vote. That is, whether you want your proxy to vote 'for' or 'against', or abstain from voting on, the Scheme Resolutions and, if required, the Asset Sale Resolution, or whether to leave the decision to the proxy after he or she has considered the matters discussed at the Meeting.

If you do not direct your proxy how to vote on an item of business, the proxy may vote, or abstain from voting, as he or she thinks fit. If you instruct your proxy to abstain from voting on an item of business, he or she is directed not to vote on your behalf, and the shares the subject of the proxy appointment will not be counted in computing the required majority.

If you return your proxy form:

- without identifying a proxy on it, you will be taken to have appointed the chair of the Meeting as your proxy to vote on your behalf; or
- with a proxy identified on it but your proxy does not attend the Meeting, the chair of the Meeting will act in place of your nominated proxy and vote in accordance with any directions on your proxy form.

The chair of the Meeting intends to vote all valid undirected proxies which nominate the chair in favour of the Scheme Resolutions and, if required, the Asset Sale Resolution, in the absence of a Superior Proposal.

Your appointment of a proxy does not preclude you from attending the Meeting online, revoking the proxy and voting at the Meeting.

### **6.3 Voting by attorney**

You may appoint an attorney to attend and vote at the Meeting on your behalf. Your attorney need not be another VTH Unitholder. Each attorney will have the right to vote on the polls and also to speak at the Meeting.

The power of attorney appointing your attorney to attend and vote at the Meeting must be duly executed by you and specify your name, the entity (that is, VTH RE), and the attorney, and also specify the Meeting at which the appointment may be used. The appointment may be a standing one.

The power of attorney, or a certified copy of the power of attorney, should be returned to the VTH Registry before 2pm on Tuesday, 2 March 2021 (or, if the Meeting is adjourned or postponed, no later than 48 hours before the resumption of the Meeting in relation to the resumed part of the Meeting) in any of the following ways:

(a) **by post in the provided reply paid envelope to the VTH Registry:**

Computershare Investor Services Pty Limited  
GPO Box 1282  
Melbourne VIC 3001  
Australia

(b) **by hand delivery to the VTH Registry:**

Computershare Investor Services Pty Limited  
Level 3, 60 Carrington Street  
Sydney NSW 2000 Australia



(c) **by fax to the VTH Registry:**

1800 783 447 within Australia or +61 3 9473 2555 outside Australia

Your appointment of an attorney does not preclude you from attending the Meeting online and voting at the Meeting.

#### **6.4 Voting by corporate representative**

If you are a body corporate, you may appoint an individual to act as your body corporate representative. The appointment must comply with the requirements of section 250D of the Corporations Act, meaning that VTH RE will require a certificate of appointment of body corporate representative to be executed by you in accordance with the Corporations Act. A form of certificate may be obtained from the VTH Registry by calling 1300 855 080 (within Australia) or +61 3 9415 4000 (outside Australia). The certificate of appointment may set out restrictions on the representative's powers.

The certificate should be returned to the VTH Registry before 2pm (Sydney time) on Tuesday, 2 March 2021 (or, if the Meeting is adjourned or postponed, no later than 48 hours before the resumption of the Meeting in relation to the resumed part of the Meeting) in any of the following ways:

(a) **by post in the provided reply paid envelope to the VTH Registry:**

Computershare Investor Services Pty Limited  
GPO Box 1282  
Melbourne VIC 3001  
Australia

(b) **by hand delivery to the VTH Registry:**

Computershare Investor Services Pty Limited  
Level 3, 60 Carrington Street  
Sydney NSW 2000 Australia

(c) **by fax to the VTH Registry:**

1800 783 447 within Australia or +61 3 9473 2555 outside Australia

If a certificate is completed under power of attorney or other authority, the power of attorney or other authority, or a certified copy of the power of attorney or other authority, must accompany the completed certificate unless the power of attorney or other authority has previously been noted by the VTH Registry.

## **7 Technical difficulties**

---

Technical difficulties may arise during the course of the Meeting. The chair of the Meeting has discretion as to whether and how the Meeting should proceed in the event that a technical difficulty arises. In exercising their discretion, the chair of the Meeting will have regard to the number of VTH Unitholders impacted and the extent to which participation in Meeting is affected. Where the chair of the Meeting considers it appropriate, the chair may continue to hold the Meeting, including conducting a poll and voting in accordance with valid proxy instructions.

For this reason, VTH Unitholders are encouraged to lodge a proxy vote by 2pm (Sydney time) on Tuesday, 2 March 2021 even if they plan to attend the Meeting online.



**Vitalharvest Freehold Trust**

Vitalharvest Freehold Trust ARSN 626 537 362

**Responsible Entity**

The Trust Company (RE Services) Limited

ACN 003 278 831

AFS Licence 235150

Level 18

123 Pitt Street

Sydney NSW 2000

**Legal advisor**

Herbert Smith Freehills

Level 34, ANZ Tower

161 Castlereagh Street

Sydney NSW 2000

Australia

**VTH Securities Registry**

Computershare Investor Services Pty Limited

ABN 48 078 279 277

Yarra Falls, 452 Johnston Street

Abbotsford VIC 3067

T +61 3 9415 4000

**Stock Exchange Listing**

VTH ordinary units are quoted by the Australian Securities Exchange (ASX:VTH)





The Trust Company (RE Services) Limited  
ACN 003 278 831  
AFS Licence 235150  
Level 18  
123 Pitt Street  
Sydney NSW 2000

Vitalharvest Freehold Trust  
Level 1, 307 Murray Street  
Perth WA 6000  
T +61 8 9321 7133  
W [www.primewest.com.au](http://www.primewest.com.au)

