



**ASX Announcement
Vitalharvest Freehold Trust**

26 February 2021

Non-Binding Offer Received from Roc Private Equity Pty Ltd

The Trust Company (RE Services) Limited as responsible entity (**VTH RE**) for Vitalharvest Freehold Trust (**VTH**) advises that late on Thursday, 25 February 2021 it received a non-binding proposal from Roc Private Equity Pty Ltd (ACN 615 322 060) (**ROC**) to acquire:

- 100% of the issued units in VTH (**VTH Units**) for \$1.08 in cash per VTH Unit by way of a trust scheme (**Trust Scheme Proposal**); or
- if the Trust Scheme Proposal is not approved by the requisite majority of VTH unitholders, but VTH unitholders approve a resolution under ASX Listing Rule 11, all of the assets of VTH for \$314.8 million in cash, subject to adjustments as described below,

(together the **ROC Proposal**).

Other than as to price, ROC has stated that it intends that the ROC Proposal, if it became a binding proposal, would be on substantially the same terms as the proposal, announced on 17 November 2020, from Macquarie Agricultural Funds Management Limited as trustee for the Macquarie Agriculture Fund – Crop Australia 2 (**MAFM**), including that VTH would be permitted to pay a distribution of 2.5c per VTH Unit from rent received for the first half year ended 31 December 2020.

The VTH RE Board notes there is no certainty as to whether this non-binding ROC Proposal will result in a binding offer or what the terms of any binding offer may be.

The VTH RE Board is assessing the ROC Proposal further and will provide a further announcement to the market once it has done so. VTH unitholders do not need to take any action pending that assessment.

A copy of the ROC Proposal is attached to this announcement.

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

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Media

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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.

25 February 2021

Mr Richard McCarthy
Director
The Trust Company (RE Services) Limited ('**VTH RE**')
as responsible entity for Vitalharvest Freehold Trust ('**VTH**')
Level 18, Angel Place
123 Pitt Street
Sydney NSW 2000

With a copy to:

Ms Rebecca Maslen-Stannage
Chair of the Scheme Meeting
Herbert Smith Freehills
Level 43, ANZ Tower
161 Castlereagh Street
Sydney NSW 2000

Proposal to acquire 100% of the units in VTH for an all cash consideration of A\$1.08 per unit, with an asset sale alternative for A\$314.8 million, plus 2.5c 1H FY2021 distribution

Dear Mr McCarthy,

Introduction

On behalf of Roc Private Equity Pty Ltd (ACN 615 322 060) ('**Roc PE**') we are pleased to present this non-binding proposal for a transaction to acquire:

- 100% of the issued units in VTH ('**VTH Units**') for A\$1.08 in cash per VTH Unit by way of a trust scheme (the '**Trust Scheme Proposal**'); or
- if the Trust Scheme Proposal is not approved by the requisite majority of VTH unitholders ('**VTH Unitholders**'), but VTH Unitholders approve a resolution under ASX Listing Rule 11, all of the assets of VTH for A\$314.8 million in cash, subject to adjustments as described below (the '**Asset Sale Proposal**'),

(together the '**Proposal**').

The Trust Scheme Proposal represents an 8.0% premium to the current trust scheme proposal from Macquarie Agricultural Funds Management Limited as trustee for the Macquarie Agriculture Fund – Crop Australia 2 ('**MAFM**') announced on 17 November 2020 ('**MAFM Proposal**'). Based on our investigations of publicly available information we believe that the Asset Sale Proposal provides superior returns to VTH Unitholders representing an 8.0% premium to the estimated per unit return of the MAFM Proposal.

Other than as to price, Roc PE intends that the Proposal will be on substantially the same terms as the MAFM Proposal, including that VTH will be permitted to pay a distribution of 2.5c per VTH Unit from rent received for the half year ended 31 December 2020 (**'VTH Interim Distribution'**).

We believe our Proposal represents a compelling proposition to VTH Unitholders, providing cash proceeds at a significant premium to the MAFM Proposal.

Overview of Roc Partners and Roc PE

Roc PE is an investment vehicle managed by Roc Partners.

Roc Partners is a leading alternative investment manager specialising in private markets in the Asia Pacific region with over \$7.1 billion of assets currently under management on behalf of its investors. Roc Partners has been in continuous operation since 1996 with over 40 staff located across Sydney, Hong Kong, Melbourne and Shanghai.

More recently, Roc Partners has been focussed on the deployment of capital for its food and agriculture investment strategy which currently has in excess of \$1.3 billion of assets under management. Our recent transactions include the acquisition of Emerald Grain, ProTen Limited (Australia's largest chicken broiler farmer) and Flavorite Group (one of Australia's largest fresh produce operators) amongst others.

Roc PE is backed by major institutional and sophisticated investors and the Proposal will not be subject to any FIRB requirements.

Proposed Consideration

Proposed Scheme Consideration

Roc PE proposes to offer an all cash consideration of A\$1.08 for each VTH Unit (the **'Proposed Scheme Consideration'**). Roc PE will also not seek to restrict VTH from paying the VTH Interim Distribution on scheme implementation, nor will it deduct the VTH Interim Distribution of 2.5c per VTH Unit from the Proposed Scheme Consideration.

We believe the Proposed Scheme Consideration represents superior value for VTH Unitholders to the MAFM Proposal and reflects:

- an 8.0% premium to the VTH Unit price value of the MAFM Proposal;
- a 9.4% premium (when including the VTH Interim Distribution) to VTH's closing price on 24 February 2021 of A\$1.01 per VTH Unit; and
- a value that is at the upper end of the valuation range as assessed by Grant Thornton in its independent expert's report dated 9 February 2021 in relation to the MAFM Proposal (**'IER'**), compared with the MAFM Proposal which is at the lower end of the IER valuation range.

The Trust Scheme Proposal is based upon VTH's current units on issue and the financial position and operating performance of VTH as disclosed in publicly available information.

Proposed Asset Sale Consideration

If the Trust Scheme Proposal is not approved by the requisite majority of VTH Unitholders, but VTH Unitholders approve a resolution under ASX Listing Rule 11, Roc PE proposes to offer an all cash consideration of A\$314.8 million (subject to the adjustments described below) for all of the assets of VTH (the **'Proposed Asset Sale Consideration'**).

The Proposed Asset Sale Consideration:

- represents an 8.0% premium to the estimated per unit return resulting from the MAFM Proposal asset sale alternative; and
- is intended, based on publicly available information (including VTH RE's disclosures in the Scheme Booklet for the MAFM Proposal ('**Scheme Booklet**')) to enable the VTH RE to make a final distribution to VTH Unitholders following completion of the Asset Sale Proposal which is equivalent to the consideration they would have received under the Trust Scheme Proposal.

The Proposed Asset Sale Consideration would be subject to adjustments which are equivalent to those described in section 7.4(e) of the Scheme Booklet and in clause 5 of Schedule 3 to the Scheme Implementation Deed between VTH RE and MAFM ('**MAFM SID**').

Roc PE confirms that, upon any binding proposal being submitted by Roc PE ('**Binding Proposal**'), it would also contain a cost reimbursement clause for the VTH RE in connection with the Asset Sale Proposal equivalent to that in clause 15.3 of the MAFM SID.

Material assumptions

We have based this Proposal on a review of publicly available information on VTH, including regulatory filings and our in-depth knowledge of the agricultural sector (which includes vast experience managing several permanent crop and horticultural assets). Specifically, we have assumed the following:

- no material make-whole or other premium becoming payable under VTH's existing debt facilities on a change of control;
- VTH net debt as at 31 December 2020 being accurately reflected in the IER;
- the number of fully diluted VTH Units outstanding not exceeding 185,000,000;
- no further distributions or capital returns will be declared or paid by VTH prior to the Proposal completing (other than the VTH Interim Distribution already announced); and
- no material adverse change to the underlying assets of VTH occurring prior to the Proposal completing, as compared to the information in the Scheme Booklet and IER.

Funding

Roc PE has received a Commitment Letter and Credit Approved Terms from its debt financiers (Rabobank and CBA) for the purposes of supporting this Proposal.

Equity funding for the balance of the costs of the Proposal will be provided from undrawn equity commitments from existing Roc investors and via the Roc Agri+ Infrastructure Fund ('**RAIF**'), which is in the final stages of completing an equity commitment from one of Australia's largest superannuation funds. It is proposed that equity commitments will be formally documented prior to the submission of any Binding Proposal.

Approvals

Roc PE confirms that it has received the necessary internal approvals to submit this Proposal, including from the Roc Partners Investment Committee. Roc PE also has the support of its debt financiers and major investors to submit this Proposal.

Roc PE confirms that it will not need Foreign Investment Review Board or Australian Competition and Consumer Commission approval in order to implement this Proposal, and no external approvals are required for Roc PE to submit a Binding Proposal.

Process for submission of a Binding Proposal

Roc PE expects to be in a position to submit a Binding Proposal within 4 weeks of your favourable reply to this Proposal, subject only to:

- formally documenting the equity funding arrangements referred to above; and
- negotiating with VTH RE the terms of a Scheme Implementation Deed ('**SID**') that is acceptable to Roc PE and VTH RE, and which would contain conditions precedent which are equivalent to those are set out in clause 4 of the MAFM SID and other terms as described below ('**Agreed Form SID**').

Conditions of a Binding Proposal

If a Binding Proposal was submitted following the above processes, it would be subject to the following conditions precedent:

- termination of the MAFM SID;
- neither the 'Scheme' nor the 'Asset Sale' as defined in the Scheme Booklet for the MAFM Proposal having been approved by the requisite number of VTH Unitholders at the Scheme Meeting currently scheduled for 4 March 2021 or at any adjournment of that meeting;
- termination of the Facilitation Deed between Primewest Agrichain Management Pty Ltd and Macquarie Agricultural Funds Management No. 2 Pty Limited as trustee for the M2 Acquisition Trust dated 17 November 2020 ('**MAFM Facilitation Deed**');
- Roc PE entering into a Facilitation Deed with Primewest Agrichain Management Pty Ltd on terms equivalent to those set out in the MAFM Facilitation Deed;
- VTH RE entering into the Agreed Form SID; and
- each of the conditions precedent in the Agreed Form SID (which would be equivalent to those set out in clause 4 of the MAFM SID) being satisfied or (if permissible) waived.

Scheme Implementation Deed

We envisage that the Agreed Form SID would:

- contain a recommendation of the Board of VTH RE to support the Binding Proposal;
- confirm that, if either the Trust Scheme Proposal or the Asset Sale Proposal is approved and completes, VTH Unitholders would not bear the economic effect of VTH RE having to pay the Reimbursement Fee of \$1.85m under the MAFM SID, to the extent that such payment obligation is triggered by VTH RE entering into the Agreed Form SID with Roc PE; and
- otherwise be on the same terms (with only required amendments) as the MAFM SID (except as to price and the identity of the bidder).

Advisers

Roc PE is in a position to move quickly and has already dedicated significant senior resources to support the Proposal. We have also retained Kidder Williams Limited as financial advisor and Kain Lawyers as legal advisor in this matter.

Contact Details

Should you have any questions regarding this letter or the Proposal please do not hesitate to contact the below:

Roc Partners

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Basis of this Proposal

This letter and the Proposal are not legally binding. This letter and the Proposal do not constitute an offer or commitment to acquire any VTH Units or any assets of VTH, are not capable of acceptance by VTH RE or of being put as an offer to VTH Unitholders, and may be withdrawn or modified by Roc PE at any time without notice.

Unless and until the Agreed Form SID is entered into, Roc PE will not be under any obligation whatsoever with respect to this letter and Proposal or any other offer or proposal to acquire VTH Units or any assets of VTH.

Release of this Proposal

Notwithstanding the non-binding nature of this Proposal, Roc PE recognises that, particularly in the context of the MAFM Proposal, information about this Proposal may be material to VTH Unitholders. On this basis, Roc PE confirms that it has no objection to VTH RE publicly announcing receipt of this Proposal and releasing this letter to the market (provided that this letter is released in full and it is made clear that the Proposal is non-binding) to ensure that VTH Units are traded on a fully-informed basis. Roc PE reserves the right to publicly release this letter should VTH RE choose not to do so.

Conclusion

Roc PE believes this Proposal represents a highly compelling proposition and superior value to VTH Unitholders compared with the MAFM Proposal. The Proposal is at a substantial premium to the MAFM Proposal, and Roc PE is well-positioned to deliver a Binding Proposal as soon as practicable and close the Proposal in an expedient manner and along a timeline acceptable to VTH RE.

We look forward to discussing this Proposal with you at your earliest convenience.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Lance Zarb', with a long horizontal flourish extending to the right.

Lance Zarb
Director