

Media Release

Charter Hall's Direct Industrial Fund No.4 enhances portfolio with \$141 million industrial acquisition

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Charter Hall Direct's industrial fund has announced the acquisition of two food manufacturing facilities on a 30 year sale and leaseback to leading food business Patties Foods for \$141 million.

The sale and leaseback arrangement with Patties Foods provides for a 30 year triple net lease with fixed 3% annual reviews. The Portfolio consists of two properties including the world class bakery in Bairnsdale and fast growing ready meals facility in Pakenham, Victoria, with a combined site area of 27.2 hectares. The improvements comprise 46,175sqm of GLA (17% site coverage) including 41,478sqm of warehouse and total office area of 4,697sqm (10.2%) across both sites.

Patties Foods Group is one of the largest pie manufacturers in the world, producing some of Australia's most iconic, market leading brands, including Four'N Twenty, Patties, Herbert Adams, Boscastle, Nanna's, Ruffie Rustic Foods and Fitness Outcomes, for domestic and global export.

Patties Foods Chief Executive Office, Paul Hitchcock said "the sale and leaseback is part of the business's future growth strategy."

"Both facilities are critical to Patties Foods' operations and this arrangement enables the company to invest in additional growth opportunities to support our people, business and brands. The business has recently entered new categories via acquisition, and we are now in a position to continue this expansion" said Mr Hitchcock.

Charter Hall CIO, Sean McMahon, said "The Patties Food portfolio acquisition continues our successful sale and leaseback strategy which has resulted in more than \$10.0 billion of sale and leaseback transactions in the past 6 years."

"Charter Hall through its strong relationships with leading corporate tenants in Australia continues to be dominant in the sale and lease back segment, unlocking exclusive opportunities for our investors. The Patties Foods acquisition also increases Charter Hall's substantial portfolio in the food logistics sector joining groups including Coles, Woolworths, Metcash, ALDI, Inghams, Coca-Cola Amatil, Arnotts, and Marley Spoon.

We actively seek out properties leased to tenants in the consumer staples and food logistics sector because our investors consistently tell us that they value the defensive and stable cashflows these properties generate over the long term" said Mr McMahon.

Charter Hall has been extremely active in the industrial market acquiring more than \$2.3 billion in industrial and logistics facilities so far in FY21 and \$6 billion in the past 3 years. Charter Hall's total industrial portfolio now stands at \$12.4 billion with a \$2.3 billion development pipeline.

Charter Hall Direct CEO, Steven Bennett said "Charter Hall Direct Industrial Fund No 4 (DIF4) continues to grow and meet investor demand for high quality exposure to the resilient Australian industrial property market. The acquisition will see DIF4's WALE extend to a market leading 12.3 years and DIF4 also benefits from the annual 3% rent reviews under the Patties Foods lease. The Fund is currently providing a distribution yield of 5.9% per annum to DIF4 investors."

“The acquisition is consistent with DIF4’s strategy to acquire industrial properties leased to quality tenants on long terms leases” said Mr Bennett.

DIF4 is currently a \$1.5 billion unlisted property fund, with capacity to grow to over \$2.0 billion. DIF4 invests in a portfolio of quality Australian industrial and logistics properties with the aim to provide investors with sustainable and stable, tax advantaged income and the potential for capital growth from a portfolio with a 12.3 year WALE diversified by geography and tenant customer industries, with average property rental growth of 2.7% per annum and 99.9% occupancy.

DIF4 is currently open for investment providing the potential to receive sustainable and stable-tax advantaged income paid quarterly and the potential for capital growth.

DIF4 is currently available on the following platforms: Asgard, Direct, BT Wrap, BT Panorama, Macquarie, Netwealth, Hub24, Powerwrap, First Wrap, and North.

The transaction was jointly managed by Tony Iuliano & Adrian Rowse of JLL & Andrew Grant of Charter Keck Cramer.

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About Charter Hall Direct Industrial Fund No.4 (DIF4) and Charter Hall Group (ASX: CHC)

DIF4 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, we’ve carefully curated a \$46.4 billion diverse portfolio of over 1,395 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 \$7.0 billion development pipeline delivers sustainable, technologically enabled projects for our customers. Charter Hall’s industrial and logistics FUM exceeds \$12.4 billion.

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.

About Patties Foods

Here at Patties Foods, our motivation is to create irresistible comfort food that exemplifies Australia’s exceptional ingredients and quality standards the world over. Our purpose is to provide delicious food snapped frozen or smartly chilled with the best ingredients from across Australia, and deliver superior products.

Over five decades, we have learnt to always maintain quality, trust our insights and value and honour each brand in the Patties Foods family. Most importantly, we aim to help people enjoy each flavour, moment and occasion with food that’s remembered.

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