



**Viva Energy REIT
FY2017 Results
22 February 2018**

AGENDA



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For a reconciliation of the non-IFRS financial information to IFRS-compliant comparative information, please refer to slide 10 in this Presentation.

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Highlights

MARGARET KENNEDY

Managing Director VER Manager Pty Limited

Key Highlights

FOR FULL YEAR ENDED 31 DECEMBER 2017

EARNINGS PER
SECURITY ABOVE
FORECAST

UPLIFT IN NTA
FROM PROPERTY
REVALUATIONS

CONTINUED
GROWTH
THROUGH
ACQUISITIONS

Financial Highlights

FOR FULL YEAR ENDED 31 DECEMBER 2017



**\$170.5 million
statutory
profit**

For FY2017
+45% PDS Forecast



**13.41 CPS
Distributable
Earnings**

For FY2017
+2.6% PDS Forecast
+1.6% June 2017 Forecast



**NTA +5.8% to
\$2.19 per
security¹**

Resulting from net increase
in property valuation of \$77
million



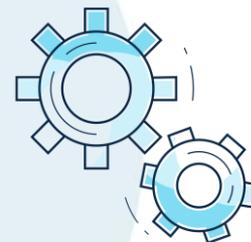
**11% pa
total property
return**

Total annualised property
return² since Initial Listing



**0.24% pa
management
costs**

Total management cost per
annum since Initial Listing



**32%
gearing
ratio**

Below target range
of 35-45%

¹ NTA per security after allowing for the 6.60 CPS distribution paid on 15 February 2018 is \$2.12

² Calculated as the increase in NTA plus distributions per security, divided by the NTA per security at Initial Listing for the period from Initial Listing to 31 December 2017

Portfolio Overview

AT 31 DECEMBER 2017



**\$2.28 billion
portfolio**

Portfolio of 438 high-quality service station and convenience properties with WACR 5.8%



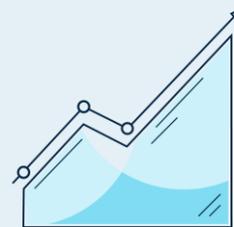
**1.86 million m²
of real estate**

Geographically diversified across all Australian states and territories



**76% metro
properties**

24% regional properties



**WALE of
13.7 years**

With 3% per annum fixed rent increases¹



**100%
occupancy**

Predominantly long-term Triple Net leases² to Viva Energy Australia³

¹ 9 of 438 properties in the portfolio are subject to annual rent increases other than fixed 3% per annum

² 9 of 438 properties in the portfolio have Double Net leases in place

³ 3 of 438 properties in the portfolio are leased to Liberty Oil. Viva Energy Australia is a 50% shareholder in Liberty Oil

Financial Results

GUY FARRANDS

Chief Financial Officer VER Manager Pty Limited

Statutory Financial Performance

Statutory Profit and Loss	Full year 31 December 2017 \$ million	Part year 31 December 2016 ¹ \$ million
Income		
Rental income from investment properties	127.9	49.2
Revenue from investment properties – straight-line lease adjustments	29.0 ²	12.1
Finance income	0.9	0.4
Net revaluation of investment properties	48.2 ²	-
Total income	206.0	61.7
Expenses		
VVR establishment costs	-	34.9
Management fee	3.3	1.1
Board and other corporate costs	2.2	1.0
Finance costs	30.0	11.6
Impact of straight-line lease adjustments on fair value of investment properties	-	12.1
Total expenses	35.5	60.7
Net statutory profit for the period	170.5	1.0

¹ The period from the establishment date of Viva Energy REIT Trust and the incorporation date of Viva Energy REIT Limited, being 14 June to 31 December 2016

² \$48.2 million comprised of \$87.2 million gross valuation uplift less \$39 million primarily made up of straight-line lease adjustments and acquisition costs

Distributable Earnings

Distributable Earnings	Full year 31 December 2017 \$ million ¹	Part year 31 December 2016 ² \$ million
Net statutory profit for the period	170.5	1.0
Add back: amortisation of debt establishment costs	1.6	0.6
Add back: VVR establishment costs	-	34.9
Deduct: straight-line lease adjustments	29.0	-
Deduct: net revaluation of investment properties	48.2	-
Distributable Earnings	95.0	36.5
	Full year 31 December 2017	Part year 31 December 2016 ²
Weighted average number ordinary securities	708.3m	690.2m
Distributable Earnings per security	13.41 CPS	5.28 CPS
PDS Forecast	13.07 CPS	5.09 CPS
Outperformance	+2.6%	+3.7%
Forecast 22 June 2017	13.20 CPS	-
Outperformance	+1.6%	-

¹ Rounding of figures may result in some discrepancies between the sum components and the totals outlined in this table

² The period from the establishment date of Viva Energy REIT Trust and the incorporation date of Viva Energy REIT Limited, being 14 June to 31 December 2016

Financial Position

Balance Sheet	Full year 31 December 2017 \$ million ¹	Part year 31 December 2016 ² \$ million
Assets		
Cash and cash equivalents	43.6	54.1
Prepayments and property deposits	8.2	2.0
Fair value of interest rate swaps	5.4	12.4
Investment properties	2,281.0	2,104.8
Total assets	2,338.1	2,173.3
Liabilities		
Accounts payable and accruals	15.7	12.1
Borrowings	733.0	731.5
Total liabilities	748.7	743.6
Net assets	1,589.5	1,429.7
Total ordinary securities	725.7	690.2
NTA per security	\$2.19³	\$2.07⁴

¹ Rounding of figures may result in some discrepancies between the sum components and the totals outlined in this table

² The period from the establishment date of Viva Energy REIT Trust and the incorporation date of Viva Energy REIT Limited, being 14 June to 31 December 2016

³ Prior to the payment of 2H2016 distribution of 5.28 CPS paid 2 February 2017

⁴ Prior to the payment of 2H2017 distribution of 6.60 CPS paid 15 February 2018

Capital Management

AS AT 31 DECEMBER 2017

- GEARING 32.1% VERSUS TARGET RANGE 35-45%, POTENTIAL TO ACHIEVE ACCRETION THROUGH ADDITIONAL DEBT-FUNDED ACQUISITIONS
 - Undrawn debt capacity of \$160 million, full utilisation moves gearing to 36.6%
- DRAWN-DEBT IS 100% HEDGED FOR A WEIGHTED AVERAGE 2.6 YEARS AT AVERAGE INTEREST RATE OF 3.72%
- INTEREST COVER RATIO 4.4X
- UNSECURED BORROWINGS WITH NO PRIORITY SECURITY
- PROGRESSING CAPITAL MANAGEMENT PROGRAM

Portfolio Update

MARGARET KENNEDY

Managing Director VER Manager Pty Limited

Portfolio Overview

PORTFOLIO AT 31 DECEMBER 2017						
	Properties	Value \$m	Average Value \$m	Average size m ²	WACR ¹ %	WALE years
Metropolitan	311	1,743	5.6	3,514	5.5	14.0
Regional	127	538	4.2	6,031	6.8	13.1
Total	438	2,281	5.2	4,244	5.8	13.7



Shell Coles Express Coorparoo QLD

¹ Weighted by contract price excluding transaction costs

Property Revaluations

AT 31 DECEMBER 2017



Shell Coles Express Laverton North Vic

Total portfolio valuation

- Gross increase of \$87 million or 4.2%
- Cap Rate tightened from 5.9% to 5.8%

167 properties independently valued by JLL

- Total gross increase of \$36 million or 4.9%

Metropolitan portfolio

- Gross increase of \$30 million or 5.5%
- Cap Rate tightened from 5.6% to 5.5%

Regional portfolio

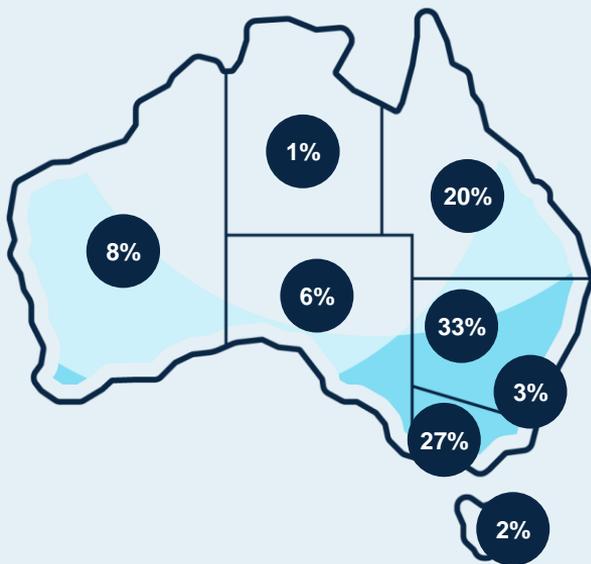
- Gross increase of \$6 million or 3.1%

Balance of portfolio (271 properties)

- Gross increase of \$51 million or 3.8%

Portfolio Profile

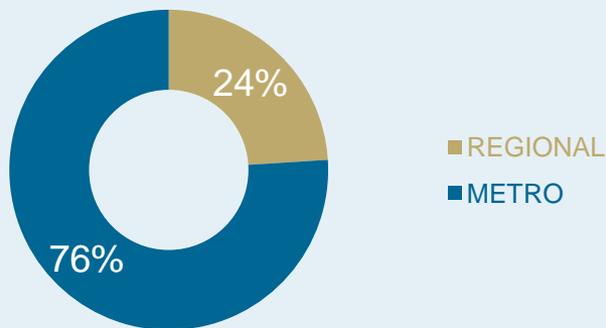
AT 31 DECEMBER 2017



- 1.86 million m² of property geographically diversified across all Australian states and territories
- 83% of properties by value located in Australia's more populous Eastern seaboard states
- 75% of property by land size located in Australia's more populous Eastern seaboard states
- 76% of properties by value located in metropolitan areas
- 59% of property by land size located in metropolitan areas
- 24% of properties by value located in regional areas
- 41% of property by land size located in regional areas

Portfolio Profile

AT 31 DECEMBER 2017



Metropolitan properties

- Typically higher-value and higher-volume properties that attract tighter Cap Rates
- Located on major roads with high traffic volumes and in higher population density areas
- Ease of entry and exit
- Multiple lanes with premium and/or diesel fuel
- 1.09 million m² located in metropolitan areas
- Average property size approximately 3,500m²

Regional properties

- Highway or main road locations in major regional centres with significant traffic flow
- Ease of access, particularly for heavy vehicles
- 0.77 million m² located in regional areas
- Average property size approximately 6,000m²

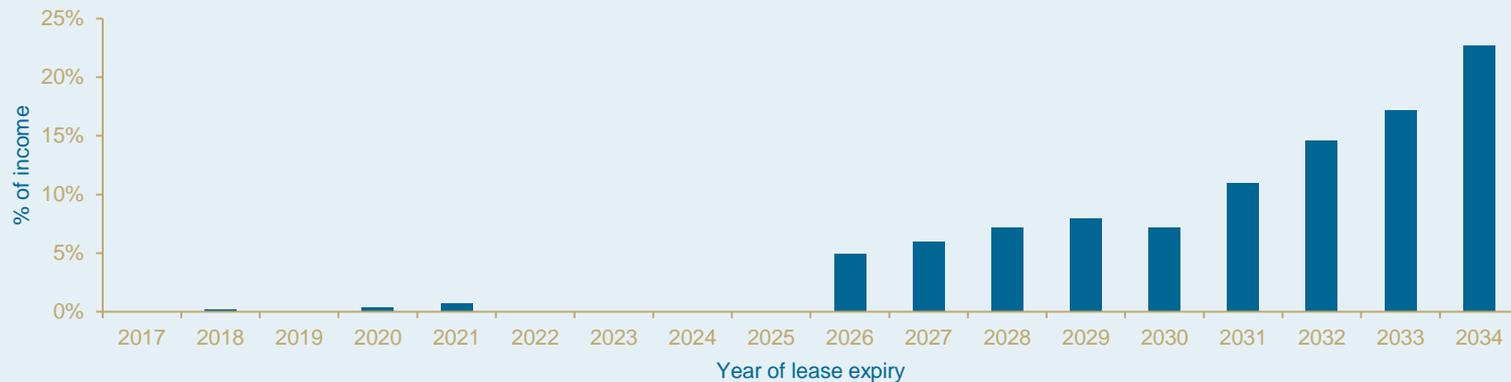
Portfolio Lease Profile

AT 31 DECEMBER 2017

100% OCCUPANCY

3%¹ PER ANNUM FIXED RENTAL INCREASES COMMENCED AUGUST 2017

Portfolio WALE



¹ 9 of 438 properties in the portfolio are subject to annual rent increases other than fixed 3% per annum

Acquisition Strategy



Shell Coles Express Annerley QLD



Shell Truganina Vic

VVR will continue to consider acquisition and development opportunities consistent with the following investment criteria:

- 1 Investment is high quality and strategically located;
- 2 Portfolio remains geographically diversified;
- 3 Investment has strong lease characteristics; and
- 4 Investment provides security holders with potential for capital growth over time.

Acquisition Summary

TOTAL ACQUISITIONS FROM INITIAL LISTING TO 31 DECEMBER 2017							
	Properties	Purchase price \$m	Average cost \$m	Average size m2	WACR ¹ %	WALE years	
Metropolitan	7	76.4	10.9	5,002	5.7	9.2	
Regional	6	26.8	4.5	23,272	7.1	10.2	
Total	13	103.2	7.9	13,434	5.9	9.5	



Shell Coles Express Fawkner Vic

Industry Update

MARGARET KENNEDY

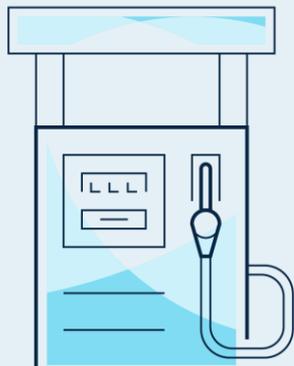
Managing Director VER Manager Pty Limited

Evolution of Convenience Industry



- The mix of customers' goods and services requirements are changing, supporting strong and consistent growth in the convenience sector¹
- The \$8.3 billion Petrol and Convenience industry (excluding fuel sales) grew by 4.5% in 2016 and industry dollar growth has consistently tracked between 3-5% per annum for the 5 years to 2016¹
- Viva Energy REIT's portfolio is aligned with Australia's population density and ideally placed to support the growing convenience offer and provide "last mile" delivery and "click and collect"

Evolution of Fuel Industry



- Australian automotive fuel sales have experienced +2.7% CAGR from July 2011 to June 2017¹
 - premium unleaded sales +5.0% CAGR over period¹
 - diesel sales +4.1% CAGR over period¹
- Diesel and premium fuels comprised over 70% of total Australian automotive fuel sales in year to June 2017¹
- The current composition of fuel demand is expected to change over time due to population growth, improved vehicle efficiency, changes in mobility choices and new fuels technology
- Electric vehicle sales represented less than 0.1% of total new vehicles sales in Australia in 2017
- Viva Energy REIT's portfolio is aligned with Australia's population density and ideally placed to participate in future revenues arising from new and alternative fuel technologies

¹ Department of the Environment and Energy, Australian Petroleum Statistics Issue 252, July 2017

² Federal Chamber of Automotive Industries New Vehicles Sales data (VFACTS): excludes Tesla sales – Tesla does not publicly release vehicle sales data]

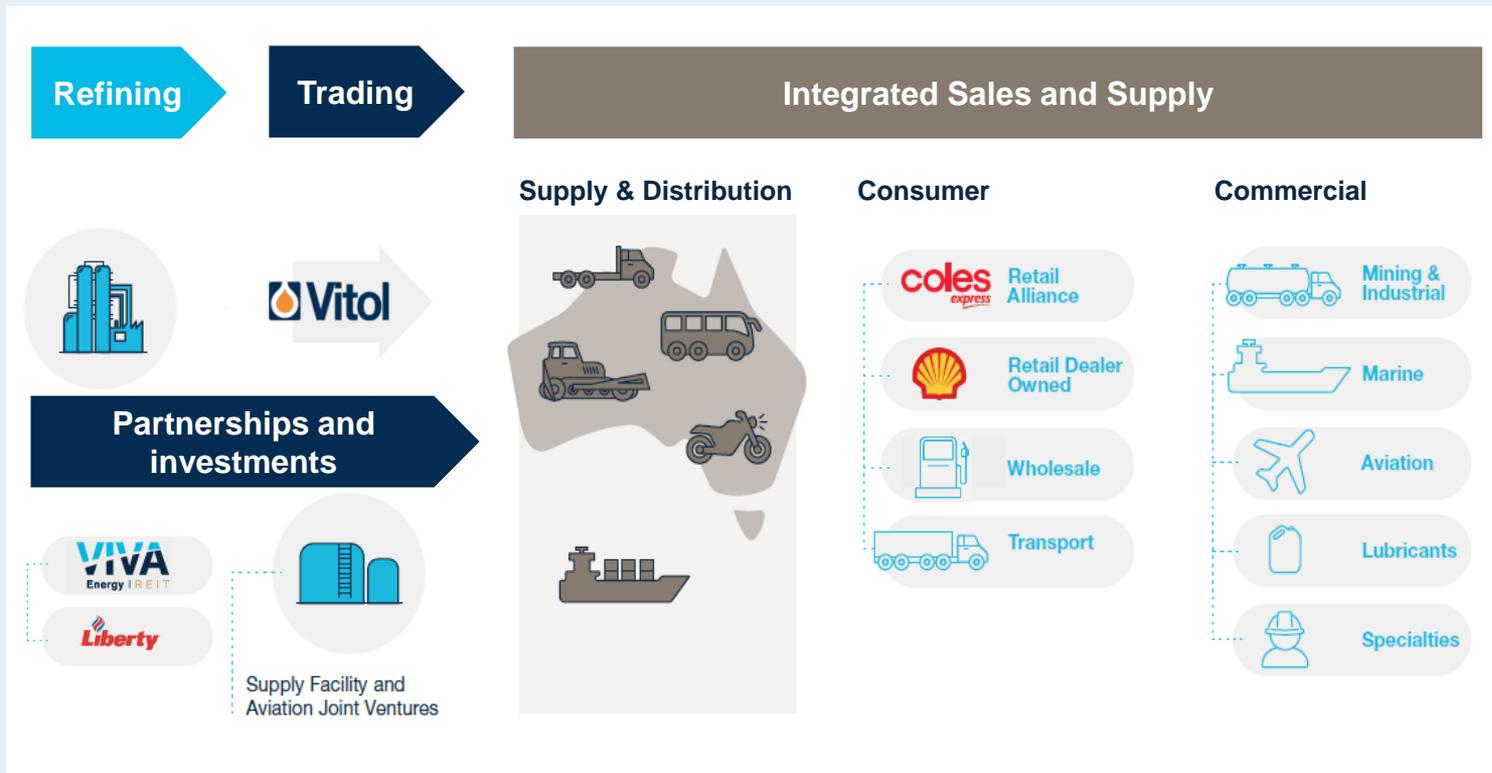
Viva Energy Australia Update

MARGARET KENNEDY

Managing Director VER Manager Pty Limited

Snapshot of Viva Energy Australia

FULLY INTEGRATED PLAYER WITH KEY POSITIONS IN ALL MAJOR MARKET SEGMENTS



Viva Energy Australia

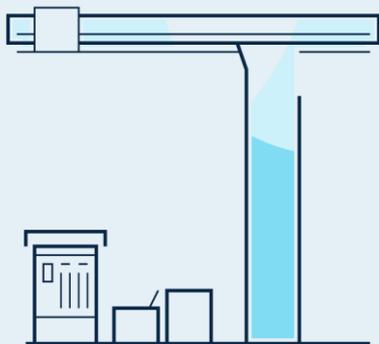


Viva Energy Australia continues to invest to grow its business, with highlights in 2017 including:

- Completion of new \$50 million crude tank in Geelong, and \$23 million investment to expand pipeline capacity to Melbourne
- Completed acquisition of Shell Aviation business
- Continued investment in, and expansion of service station network, through both Alliance and non-Alliance channels
- Continued refresh of the Shell brand identity across the entire retail network
- Launched V-Power Diesel¹

Viva Energy Australia

AT 31 DECEMBER 2017



- Exclusive supplier of fuel and other oil products in Australia under the Shell brand¹
- Manufactures, supplies and markets fuel in Australia through a market-leading service station and convenience platform comprising 972 primarily Shell-branded properties²
 - 713 Alliance properties
 - 259 non-Alliance properties
- VVR owns 432 Alliance and 6 non-Alliance properties
- Assigned S&P BBB- rating; outlook stable
- Productive working relationship with VVR
- Views investment in VVR as strategically significant and currently intends to maintain a significant security holding

¹ Shell branding is used in the marketing of fuels in Australia by Viva Energy Australia under a Brand Licence Agreement

² Viva Energy Australia network figures as at 31 December 2017



Coles Express

- Alliance properties are operated by Coles Express¹ under the terms of the Alliance Agreement between Viva Energy Australia and Coles Express which is due to expire in 2024; either party may unilaterally extend the term by five years to 2029
- Coles Express¹ is the retail convenience offering of the Coles group, part of ASX-listed Wesfarmers Limited
- Coles² reported total convenience store sales CAGR of 8.5% over three years to 30 June 2017

¹ Reference to Coles Express is to Eureka Operations Pty Ltd trading as Coles Express. Eureka Operations Pty Ltd is a subsidiary of Wesfarmers Limited

² WES ASX Announcements 2017 Full Year Results, 2016 Full Year Results and 2015 Full Year Results

Strategy & Outlook

MARGARET KENNEDY

Managing Director VER Manager Pty Limited

Strategy

MARKET-LEADING NATIONAL SERVICE STATION AND CONVENIENCE PROPERTY DISTRIBUTION PLATFORM



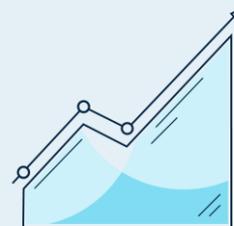
Irreplicable high-quality strategically located service station and convenience portfolio



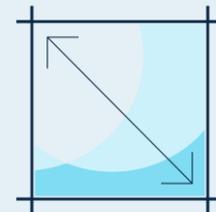
National distribution platform aligned with population density



100% occupancy, predominantly long-term Triple Net¹ leases to high-quality tenants



3% per annum rent increases² and ongoing acquisition and development opportunities



Portfolio underpinned by 1.86 million m² of quality real estate

¹ 9 of 438 properties in the portfolio have Double Net leases in place

² 9 of 438 properties in the portfolio are subject to annual rent increases other than fixed 3% per annum

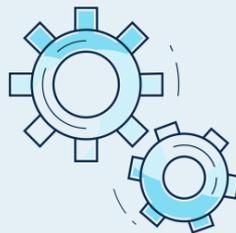
Outlook



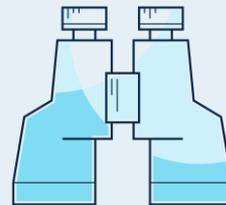
Optimise core business and maintain low management fee



Ongoing opportunities for acquisition and development



Progressing capital management program



FY2018 Distributable Earnings guidance¹ of 13.81-13.91 CPS +3-3.75% FY2017



Target payout ratio 100%¹ of Distributable Earnings

Questions

Glossary

Glossary

Alliance	The contractual alliance between Viva Energy Australia and Coles Express (and their associated entities) including the Alliance Agreement and Site Agreements as outlined in the PDS
CAGR	Compound average growth rate
Cap Rate	Capitalisation rate
CPS	Cents per security
Distributable Earnings	This is a non-IFRS measure being net statutory profit adjusted to remove transaction costs and non-cash items, including straight-lining of rental income, amortisation of debt and establishment fees and any fair value adjustments to investment properties or derivatives
Distributable Earnings Per Security	Calculated as Distributable Earnings divided by the weighted average number of ordinary securities on issue during the period
Double Net lease	Agreement where the tenant is responsible for all outgoings except fair wear and tear, capital expenditure, the difference between single and multiple land tax and, in some cases, the landlord's property management fees (if any)
Forecast	The financial forecasts contained in Viva Energy REIT PDS and subsequent ASX Announcements
FY	Viva Energy REIT financial year, being year end 31 December
Gearing	Total liabilities to total tangible assets measured in accordance with Accounting Standards, but excluding any mark-to-market valuations of derivative assets/liabilities
Initial Listing	Viva Energy REIT initial listing date on the Australian Securities Exchange being 3 August 2016

Glossary

Interest Coverage Ratio or ICR	Earnings before interest, tax, depreciation and amortisation (excluding any asset revaluations, mark-to-market movements and transaction costs) divided by net interest expense
IPO	Initial Public Offering
JLL	Jones Lang LaSalle Advisory Services Pty Limited
Liberty Oil	Liberty Oil Holdings Pty Limited (ABN 67 068 080 124)
NTA	Net tangible assets
PDS	Viva Energy REIT's Replacement Prospectus and Product Disclosure Statement dated 22 July 2016
Triple Net lease	Agreement where the tenant is responsible for all outgoings. In the case of Viva Energy REIT's leases to Viva Energy Australia, the landlord's property management fees (if any) are not paid by the tenant
Viva Energy Australia	Viva Energy Australia Pty Ltd (ABN 46 004 610 459)
Viva Energy REIT or VVR	Viva Energy REIT is a stapled entity comprising one share in Viva Energy REIT Limited (ABN 35 612 986 517) and one unit in the Viva Energy REIT Trust (ARSN 613 146 464)
WACR	Weighted average capitalisation rate, weighted by contract price excluding transaction costs
WALE	Weighted average lease expiry, weighted by rental income

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