

Viva Energy REIT HY2018 Results 23 August 2018

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Highlights

MARGARET KENNEDY

Managing Director VER Manager Pty Limited

Key HY2018 Highlights

RESULTS

CAPITAL
MANAGEMENT

PORTFOLIO &
ACQUISITIONS

HY2018 Financial Highlights

HALF YEAR ENDED 30 JUNE 2018

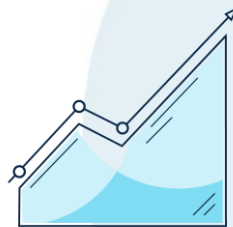


**\$59.6 million
statutory
profit**



**6.99 CPS
Distributable
Earnings¹**

+2.8% HY2017



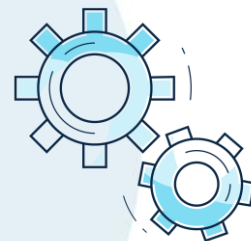
**NTA\$2.20 per
security²**

6.2% greater than HY2017



21bps MER

Annualised total
management cost



**32.5%
gearing
ratio**

Below target range
of 35-45%

¹ Based on weighted average number of securities on issue over the period

² NTA per security after allowing for the 6.99 CPS distribution paid on 10 August 2018 is \$2.13

Portfolio & Acquisitions Overview

AT 30 JUNE 2018



**\$2.33 billion
portfolio**

Portfolio of 442 high-quality service station and convenience properties with WACR 5.8%



**1.88 million m²
of land area**

Geographically diversified across all Australian states and territories



**76% metro
properties¹**

24% regional properties¹



**WALE of
13.2 years**

With 3% per annum fixed rent increases²



**100%
occupancy**

Predominantly long-term Triple Net leases³ to Viva Energy Australia⁴

¹ By portfolio value

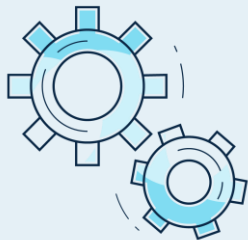
² 9 of 442 properties in the portfolio are subject to annual rent increases other than fixed 3% per annum

³ 10 of 442 properties in the portfolio have Double Net leases in place

⁴ 6 of 442 properties in the portfolio are leased to Liberty Oil. Viva Energy Australia is a 50% shareholder in Liberty Oil

Capital Management Highlights

AT 30 JUNE 2018



**32.5%
gearing
ratio**

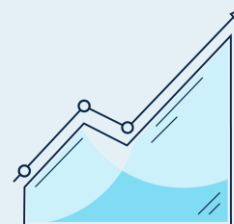
Below target range
of 35-45%



**Progressed
capital
management
program**



**Lengthened
tenor and
diversified
sources of
capital**



**Weighted debt
facility
maturity of 4.3
years**

Increased from 2.5 years



**Restructured
swap book**

96% of drawn debt hedged
for 3.9 years

Financial Results

GUY FARRANDS

Chief Financial Officer VER Manager Pty Limited

Statutory Financial Performance

Statutory Profit and Loss	Half year 30 June 2018 \$ million	Half year 30 June 2017 \$ million	% Change HY18 vs HY17
Income			
Rental income from investment properties	67.4	63.2	
Revenue from investment properties – straight-line lease adjustments	14.1	15.2	
Finance income	0.4	0.3	
Net revaluation increment of investment properties	-	-	
Total income	81.9	78.8	
Expenses			
Management and administration expenses	2.7	2.4	
Finance costs	18.1	14.9	
Net revaluation decrement of investment properties	1.4	3.1	
Impact of straight-line lease adjustments on fair value of investment properties	-	15.2	
Total expenses	22.2	35.6	
Statutory net profit before tax	59.7	43.1	38.4%
Tax expense	0.1	-	
Statutory net profit	59.6	43.1	

Distributable Earnings

Distributable Earnings	Half year 30 June 2018 \$ million ¹	Half year 30 June 2017 \$ million ¹	% Change HY18 vs HY17
Statutory net profit	59.6	43.1	
Add back: amortisation of debt establishment costs	3.7	0.8	
Straight-line lease adjustments	(14.1)	(15.2)	
Net revaluation increment of investment properties	-	15.2	
Add back: net revaluation decrement of investment properties	1.4	3.1	
Distributable Earnings	50.6	47.0	
	Half year 30 June 2018	Half year 30 June 2017	% Change HY18 vs HY17
Weighted average number ordinary securities	725.7m	690.7m	
Distributable Earnings per security	6.99 CPS	6.80 CPS	2.8%

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

Financial Position

Balance Sheet	As at 30 June 2018 \$ million ¹	As at 30 June 2017 \$ million ¹	As at 31 December 2017 \$ million ¹
Assets			
Cash and cash equivalents	33.8	119.0	43.6
Prepayments and property deposits	1.4	5.2	8.2
Fair value of interest rate swaps	2.8	6.4	5.4
Investment properties	2,327.3	2,144.8	2,281.0
Total assets	2,365.3	2,275.4	2,338.1
Liabilities			
Accounts payable and accruals	5.8	24.4	15.7
Borrowings	761.0	742.2	733.0
Total liabilities	766.8	766.5	748.7
Net assets	1,598.5	1,508.9	1,589.5
Total ordinary securities	725.7	690.7	725.7
NTA per security	\$2.20⁴	\$2.07³	\$2.19²

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

² Prior to the payment of 2H 2017 distribution of 6.60 CPS paid 15 February 2018

³ Prior to the payment 1H 2017 distribution of 6.60 CPS paid 11 August 2017

⁴ Prior to the payment of 1H 2018 distribution of 6.99 CPS paid 10 August 2018

Capital Management

Well positioned for growth

- **Weighted average cost of debt is 3.84%**
- **Gearing 32.5% versus target range 35% to 45%**
- **Potential to achieve accretion through additional debt-funded acquisitions**
 - **Undrawn debt capacity of \$192 million, full utilisation moves gearing to 37.7%**
- **Interest cover ratio 5.6x**
- **Drawn-debt is 96.3% hedged for a weighted average 3.9 years**

	30 June 2018 \$ million ¹	31 December 2017 \$ million
Facility limit²	956.7	896.7
Drawn debt	764.7	736.7
Gearing²	32.5%	32.1%
% debt fixed	96.3%	100.0%
Weighted average cost of debt ³	3.84%	3.80%
Weighted debt facility maturity (years)	4.3	2.5
Average fixed / hedged debt maturity (years)	3.9 years	2.6 years
Interest cover ratio⁴	5.6x	4.4x

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

² Gearing calculated as total liabilities to total tangible assets measured in accordance with Accounting Standards, but excluding any mark-to-market valuations of derivative assets/liabilities

³ Weighted average cost of debt including undrawn commitment fees

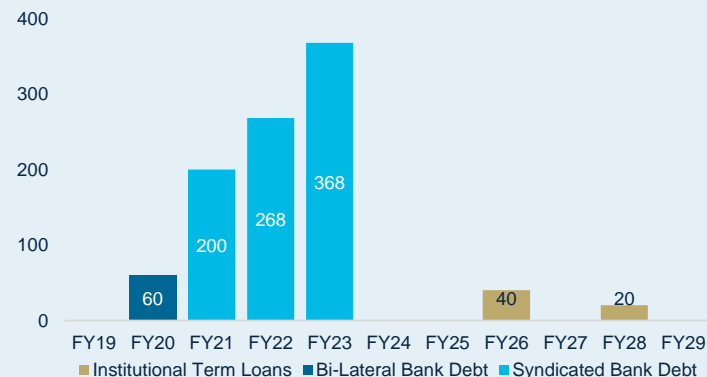
⁴ Interest cover ratio calculated as earnings before interest, tax, depreciation and amortization (excluding any asset revaluations, mark-to-market movements and transaction costs) divided by Net Interest Expense

Capital Management

Delivering on the capital management strategy

- **Debt extended, increased and restructured**
- **Maintained unsecured structure while improving terms**
 - Margin step-up at 35% LVR removed
- **Bank Debt**
 - New 3, 4 and 5 year tenor to smooth expiries
 - Slightly improved pricing
- **Non-Bank Debt**
 - Inaugural Institutional Term Loans totaling \$60m
 - 8 & 10 year tenor
- **Interest rate risk management**
 - Swaps restructured to smooth expiry profile
 - New series of delayed-start interest rate swaps, effective from 12 August 2019

Debt Facilities Expiry Profile (\$m): as at 30 June 2018



Acquisitions & Portfolio Update

MARGARET KENNEDY

Managing Director VER Manager Pty Limited

Acquisition Strategy



Shell Alderley Qld



Shell Coomera Qld

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.

Portfolio Overview

PORTFOLIO AT 30 JUNE 2018						
	Properties	Value \$m	Average Value \$m	Average size m ²	WACR %	WALE years
Metropolitan	314	1,782.5	5.7	3,510	5.5%	13.5
Regional	128	544.8	4.3	6,014	6.8%	12.6
Total	442	2,327.3	5.3	4,236	5.8%	13.2

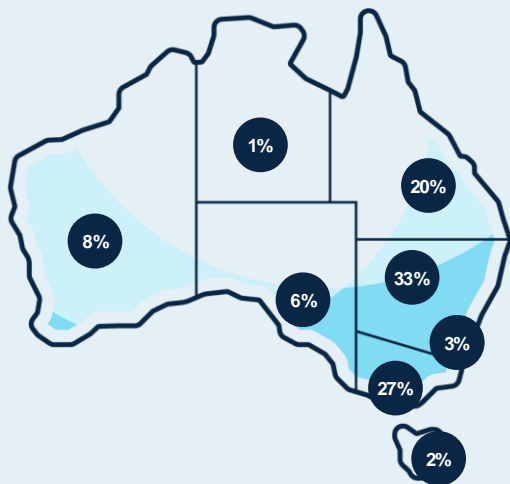
- 4 sites settled during HY 2018 for \$22.68m¹
- New South Wales and Victoria metropolitan properties represents ~47% of the total portfolio value



Shell Maddington WA

Portfolio Profile

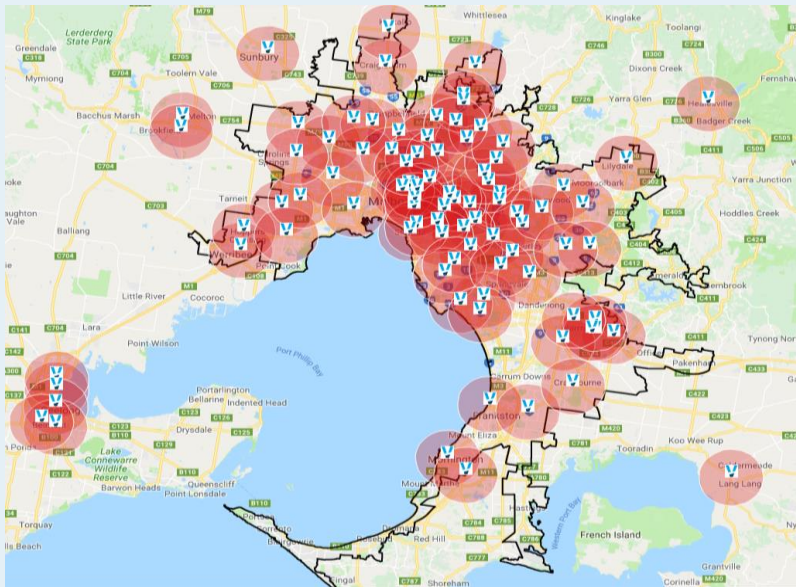
AT 30 JUNE 2018



- 1.88 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
- 77% of properties by value located in metropolitan areas
- 86% of VIC property value located within the metropolitan region
- 71% of NSW property value located within the metropolitan region

Population Map Study – Melbourne

National distribution platform aligned with population density

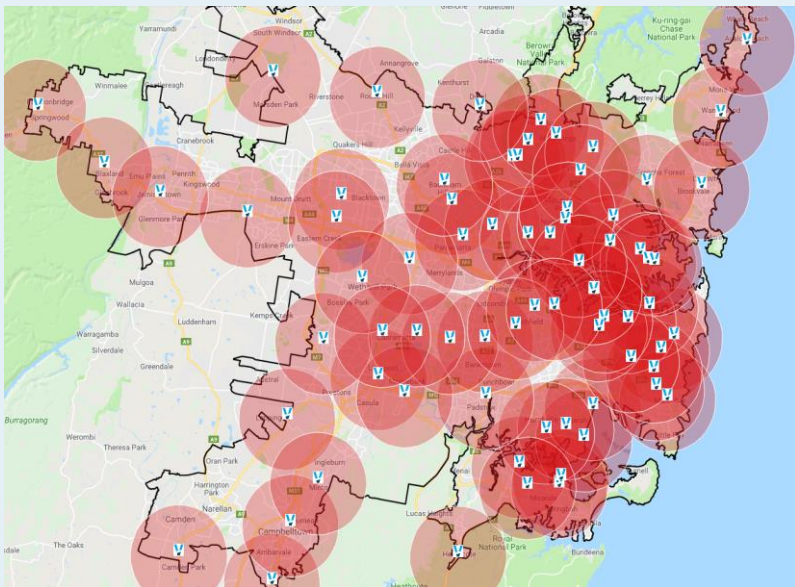


- 91% of Melbourne's metropolitan population¹ is located within a 5km radius of VVR's property coverage²
- 81% of VVR's Victoria portfolio by number is located within the Melbourne Metropolitan region by number

¹ Metropolitan population as defined as the Urban Boundary, sourced from the Australian Bureau of Statistics (ABS 2016 Significant Urban Area (SUA) boundary)

² Based on GapMaps technology and Company provided information

National distribution platform aligned with population density



- **93% of Sydney's metropolitan population¹ is located within a 5km radius of VVR's property coverage²**
- **65% of VVR's New South Wales portfolio by number is located within the Sydney Metropolitan region by number**

¹ Metropolitan population as defined as the Urban Boundary, sourced from the Australian Bureau of Statistics (ABS 2016 Significant Urban Area (SUA) boundary)

² Based on GapMaps technology and Company provided information

Convenience Retail Market Update



Shell Coomera Qld

- The \$8.4 billion Petrol and Convenience industry (in-store sales only) grew by 1.0% in 2017 and industry dollar growth has oscillated between 3.4% and 4.5% per annum for the 5 years to 2017¹
- New South Wales and Victoria experienced the highest levels of dollar growth with 3.1% and 3.9% respectively in 2017¹
- Viva Energy REIT's portfolio is ideally located within the growing Victorian and New South Wales market
- Retailer investment continues to support key market segments e.g. Take Home Food and On the Go Food¹

¹ Australasian Association of Convenience Stores State of Industry Report 2017

Strategy & Outlook

MARGARET KENNEDY

Managing Director VER Manager Pty Limited

Strategy

Market-leading national service station and convenience retail distribution platform



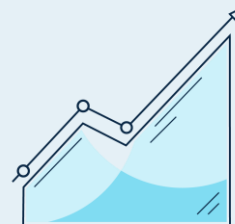
Irreplicable high-quality strategically located service station and convenience retail distribution platform



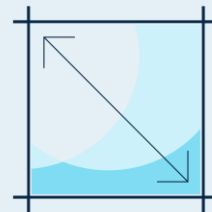
National distribution platform aligned with population density



100% occupancy, predominantly long-term Triple Net leases to high-quality tenants¹



3% per annum rent increases and ongoing acquisition and development opportunities²



Portfolio underpinned by 1.88 million m² of quality real estate

¹ 10 of 442 properties in the portfolio have Double Net leases in place

² 9 of 442 properties in the portfolio are subject to annual rent increases other than fixed 3% per annum

Outlook

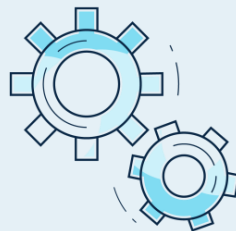
FY2018 Distributable Earnings guidance remains unchanged



Optimise core business and maintain low management fee



Ongoing opportunities for acquisition and development



Continue to focus on the capital management program



FY2018 Distributable Earnings guidance of 13.81-13.91 CPS +3-3.75% FY2017¹



Target payout ratio 100% of Distributable Earnings¹

¹ Excluding any unforeseen events and assuming no material change in current capital structure or market conditions

Viva Energy Australia

MARGARET KENNEDY

Managing Director VER Manager Pty Limited

All information has been extracted from the Viva Energy Group Limited Prospectus dated 20 June 2018

Viva Energy Australia Snapshot

A leading integrated downstream petroleum company in Australia

24% ¹	of the Australian downstream petroleum market
1,165	service station sites nationwide in Viva Energy's network
44	fuel import terminals and depots ² nationally to support operations
52	Airports and airfields across Australia supplied by Viva Energy
120 kbbbls/d	capacity oil refinery in Geelong, Australia
110+	years proudly operating in Australia
	Sole right to use the Shell brand in Australia for the sale of retail fuels ³
	Retail Alliance with Coles – one of Australia's largest supermarket retailers
	Strategic relationship with Vitol – one of the world's largest independent energy commodity trading companies
	38% strategic securityholding in ASX listed Viva Energy REIT – c.\$0.6 bn ⁴

Note: All information has been extracted from the Viva Energy Group Limited Prospectus PDS dated 20 June 2018. All data as of 31 March 2018

¹ Market share data is based on total Australian market fuel volumes of 59.6 billion litres, as per Australia Petroleum Statistics in 2017, and in respect of Viva Energy, is based on total fuel volumes of 14.2 billion litres in the 2017 calendar year.

² Includes 23 import terminals and 21 active depots (including 16 Liberty Oil depots), Viva Energy holds a 50% interest in the Liberty business and supplies it with fuel

³ Viva Energy has been granted that right by an affiliate of Royal Dutch Shell and Viva Energy has in turn granted a sub-licence to Coles Express and to certain other operators of Retail Sites

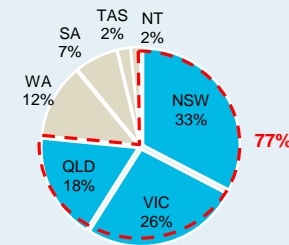
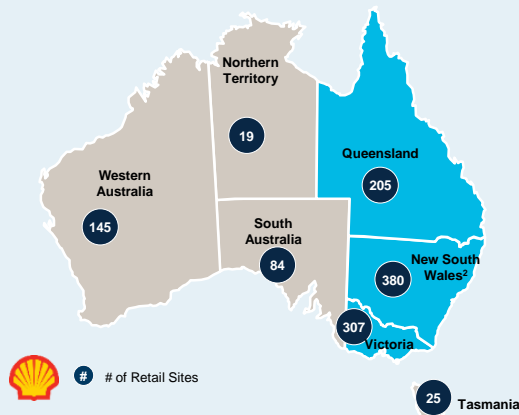
⁴ Based on ASX market price of \$2.25 per stapled security as of 29 June, 2018

Viva Energy Australia Brand Recognition

Network scale and strategic support earnings stability

Strategically Located Network of 1,165 Service Stations¹

Viva Energy Service Station Distribution by State



77% of the Australian Population are Located in the Eastern Seaboard

Supported by Strong Strategic Relationships and Well Recognised Brands

Shell Branded Coles Express Alliance Nationwide Network	Retail Agent Sites and Unmanned Truck Stops Retail Offering	Shell Branded Dealer Network	Fuel Supply and 50% Ownership	Sites Leased through Viva Energy REIT
<p>713 Sites</p> <ul style="list-style-type: none"> Core platform for retail business since 2003 	<p>25</p> <ul style="list-style-type: none"> Truck Stop network Develop in-house convenience offer 	<p>161</p> <ul style="list-style-type: none"> Business owned by independent operators 	<p>266</p> <ul style="list-style-type: none"> Built up by independent owners 	<p>WALE³: 13.2 Years</p> <ul style="list-style-type: none"> IPO in 2016 Strategic capital partner

Note: All information has been extracted from the Viva Energy Group Limited Prospectus PDS dated 20 June 2018. All data as of 31 March 2018

The above map is illustrative of the national retail network and does not include all sites

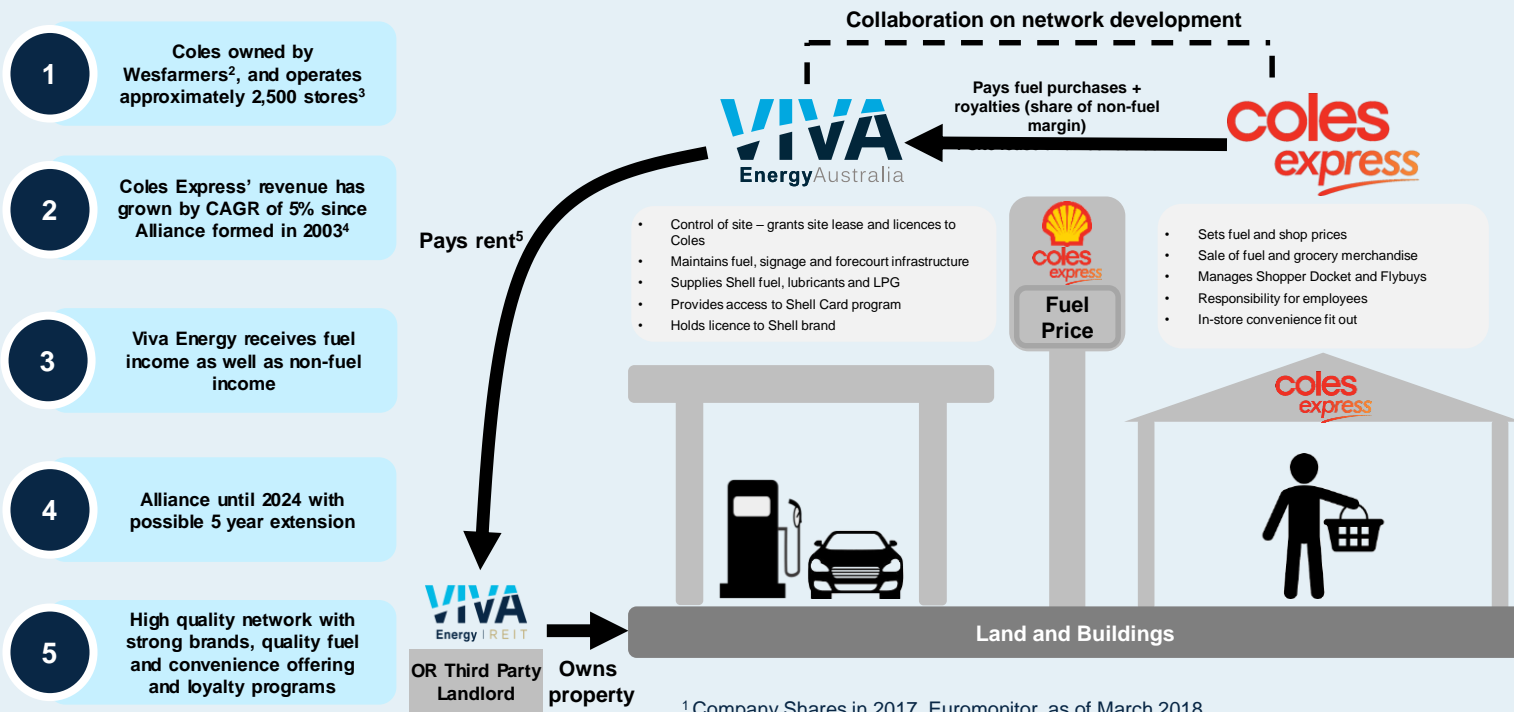
¹ As of 31 March 2018. Includes Shell branded and Liberty branded sites

² New South Wales includes the Australian Capital Territory which has 15 Shell Branded Sites

³ Weighted Average Lease Expiry, as of 30 June 2018

Viva Energy Australia Model

Retail Alliance with One of Australia's Largest Supermarket Operators¹



Note: All information has been extracted from the Viva Energy Group Limited Prospectus dated 20 June 2018. All data as of 31 March 2018.

¹ Company Shares in 2017, Euromonitor, as of March 2018

² Wesfarmers has announced a planned demerger of the Coles business

³ As per December 2017, including 806 supermarkets, 894 liquor stores, 88 hotels and 712 Coles Express sites, based on Wesfarmers 2018 Half-year Report

⁴ Based on Coles Myer Ltd United States Securities and Exchange Commission Form 20-F, 2004 and Wesfarmers 2017 Full-year Results Briefing Presentation, August 2017

⁵ Viva Energy owns three Alliance Sites

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
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) (a wholly owned subsidiary of Viva Energy Group Limited)
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

Appendix

Acquisitions Since IPO

TOTAL ACQUISITION SUMMARY (ANNOUNCED) FROM INITIAL LISTING TO 23 AUGUST 2018

Property	State	Region	Purchase price (\$m)	Capitalisation rate (%) ²	Major Tenant	Rent Reveiws	Lease
Annerley	QLD	Metro	\$10.8	5.3%	Viva Energy Australia	Fixed 3%	Triple Net
Halfway Creek	NSW	Regional	\$7.0	7.5%	Viva Energy Australia	Higher of 3.5% or CPI	Double Net
Blaxland	NSW	Metro	\$5.5	7.0%	Viva Energy Australia	CPI	Double Net
Alice Springs	NT	Regional	\$2.9	6.6%	Viva Energy Australia	Higher of 3.5% or CPI	Double Net
Laverton North	VIC	Metro	\$21.6	5.3%	Viva Energy Australia	CPI	Double Net
Fawkner	VIC	Metro	\$9.3	5.7%	Viva Energy Australia	CPI	Double Net
Truganina	VIC	Metro	\$9.0	5.1%	Viva Energy Australia	CPI	Double Net
Katanning	WA	Regional	\$4.0	7.0%	Liberty Oil	Fixed 3%	Triple Net
Coomera ¹	QLD	Regional	\$19.3	5.9%	Viva Energy Australia	Fixed 2.75%	Double Net
Alderley	QLD	Metro	\$9.7	5.4%	Viva Energy Australia	CPI	Double Net
Rouse Hill	NSW	Metro	\$10.5	5.4%	Viva Energy Australia	CPI	Double Net
Katherine	NT	Regional	\$4.0	8.0%	Liberty Oil	Fixed 3%	Triple Net
Bundaberg	QLD	Regional	\$3.85	7.0%	Liberty Oil	Fixed 3%	Triple Net
Gympie	QLD	Regional	\$5.04	6.75%	Viva Energy Australia	CPI	Double Net
Maddington	WA	Metro	\$9.4	5.85%	Viva Energy Australia	Fixed 3%	Double Net
Goondiwindi	QLD	Regional	\$4.0	7.0%	Liberty Oil	Fixed 3%	Triple Net
Smithfield Plains	SA	Metro	\$4.64	6.25%	Liberty Oil	Fixed 3%	Triple Net
Woodville South	SA	Metro	\$4.64	6.25%	Liberty Oil	Fixed 3%	Triple Net
Longwarry Eastbound & Longwarry Westbound ¹	VIC	Regional	\$35.95	6.1%	Caltex Australia	Fixed 3%	Double Net
Caboolture ¹	QLD	Metro	\$3.5	6.7%	Viva Energy Australia	CPI	Double Net
Total			\$184.62	6.0%			

¹ Transaction announced but not settled by 30 June 2018. Coomera settled on 14 August 2018

² Capitalisation rate at acquisition