



ASX Announcement

15 May 2018

Annual General Meeting Script

CHAIRMAN'S ADDRESS – LAURENCE BRINDLE

The agenda for today's meeting includes an introduction from myself followed by a business update from Margaret Kennedy, the managing director of VER Manager Pty Ltd.

We will then move to the formal business of the meeting.

This year marks the first full year of operations subsequent to Viva Energy REIT's listing on the ASX in August 2016. Our results for the year delivered security holders statutory profit of \$170.5 million, which was 45% above PDS Forecast, and total distributable earnings of 13.41 cents per security, which was 2.6% above PDS Forecast and 1.6% above June 2017 revised Forecast.

Property revaluations completed during the 2017 year resulted in a total net increase in property valuations of \$77 million and an increase of 5.8% in net tangible assets per security compared with the previous period.

Nine properties were acquired during the 2017 year; we continue to consider acquisition and development opportunities consistent with our investment criteria and this pipeline remains meaningful.

The Board is confident Viva Energy REIT is well placed to build upon the investment platform that has been established whilst maintaining a low level of management costs. Senior management remain focused on managing our capital structure and pursuing opportunities for growth that are accretive to earnings.

Your directors bring a diverse and complementary range of skills and experience to the Board and are excited to be part of Viva Energy REIT. Your Board has worked hard to ensure the right structures and frameworks are in place so that they are effective and that management is equipped with the right skills to deliver the strategic objectives.

I would like to extend my thanks to the Board, management at VER Manager Pty Limited, the manager of Viva Energy REIT and all staff for their continued commitment to the success of Viva Energy REIT; and to our investors, we thank you for your continued support.

I would now like to invite Margaret Kennedy to address the meeting and provide a business update.

MANAGING DIRECTOR PRESENTATION – MARGARET KENNEDY

Good morning. My name is Margaret Kennedy and as the Managing Director of VER Manager Pty Limited, manager of Viva Energy REIT, it gives me great pleasure to present an update on Viva Energy REIT including some detail around our 2017 performance and the outlook for 2018.

2017 Financial Highlights

During the 2017 year we delivered a statutory profit of \$170.5 million and distributable earnings for our security holders of 13.41 cents per security which was above both PDS and revised June 2017 forecasts.

Our revaluation process delivered a net increase in property values of \$77m increasing our NTA to \$2.19 per security, before the distribution of 6.6 cents per security which was paid on the 15 February this year. Viva Energy REIT has delivered an 11% total property return since listing in 2016. Our management costs remained at 0.24% per annum for the year, reflecting the benefits to investors of the triple net leases in our portfolio. Our gearing came in below our target range of 35-45% at 32% at 31 December 2017.

Portfolio Overview

As at the 31 December 2017 our portfolio consisted of 438 high quality service station and convenience properties, for a total value of \$2.28 billion, with a weighted average capitalisation rate of 5.8%. The portfolio is geographically diversified in line with Australia's population, covers more than 1.8 million square meters of property, with 76% being located in metro areas of our capital cities. The weighted average lease expiry is 13.7 years, with fixed 3% rental increases occurring annually. The portfolio is 100% occupied with long term triple net leases to Viva Energy Australia.

The Portfolio includes 438 properties, up from 425 at the time of Viva Energy REITs IPO in August 2016. The average value per property is \$5.2 million (\$5.6 million in metro and \$4.2 million in regional), the total portfolio weighted average capitalisation rate is 5.8% with a weighted average lease expiry of 13.7 years at the 31 December 2017.

Property Revaluations

The Viva Energy REIT valuation policy calls for a rolling three-year independent valuation cycle with one third of the portfolio independently valued each year. The first of these independent valuations was completed as at 31 December 2017 by Jones Lang LaSalle.

The valuation process saw a gross increase of \$87m or 4.2%, and as a result, the capitalisation rate across the portfolio tightened from 5.9% to 5.8%. Metropolitan properties appreciated by the majority of the increase in the independent values being \$30 million of the total \$36 million revaluations. We believe the valuations reflect the overall quality of the portfolio.

Acquisition Strategy

13 properties have been added to the portfolio from the time of IPO up until end of 2017. Our acquisition strategy is to consider acquisition and development opportunities which are consistent with the following investment criteria:

- The investment is high quality and strategically located
- The portfolio remains geographically diversified

- The investment has strong lease characteristics
- The investment provides security holders with potential for capital growth over time.

Acquisition Summary

The acquisition of these 13 properties from initial listing to end of 2017 year equated to a total of \$103 million. The average cost of each site was \$7.9 million, with weighted average capitalisation rate of 5.9% and weighted average lease expiry of just under 10 years. I'm pleased to advise that there are a further 12 properties currently in legal and financial due diligence and the pipeline for acquisitions remains strong.

Strategy

Viva Energy REITs strategy is to own a market leading national service station and convenience property portfolio.

We believe our network is unique and is unable to be replicated, with many properties in locations that would be difficult to access for our use. Our portfolio is aligned with the population density, creating demand for convenience retail and fuel. We have 100% occupancy on long term triple net leases to a high quality tenant.

2018 Outlook

Our outlook is to optimize our core business and maintain our low management fee, which we believe investors are keen for us to maintain. There is a strong pipeline of opportunities for acquisition and development and subject to meeting our investment criteria we will make accretive acquisitions. Our capital management program is progressing and our earnings guidance for FY2018 is 13.81–13.91 cps or 3-3.75% growth above 2017.

It is anticipated that the Board will provide a further update on earnings guidance in line with the 2018 half-year results, or earlier if required.

On behalf of the management team at VER Manager Pty Limited, I thank you for your support and look forward to the continued growth of our business.

I will now hand back to Laurence to conduct the formal proceedings of the meeting.

END

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