

21 February 2020

The Manager  
Market Announcements Office  
Australian Securities Exchange

Electronic lodgement

**Sale of security holding in Viva Energy REIT**

The attached announcement is for release to the market.



Julia Kagan  
**Company Secretary**

21 February 2020

## Sale of security holding in Viva Energy REIT

Viva Energy (the **Company**) confirms that, pursuant to the agreements referred to in our ASX announcement yesterday, it has sold its 35.5 percent security holding in Viva Energy REIT (**VVR**) by way of a fully underwritten block trade, and a sale to each of the Charter Hall Group (ASX: CHC) and the Charter Hall Long WALE REIT (ASX: CLW). As disclosed yesterday, a 25.5 percent interest in VVR was sold through the underwritten trade, and a 5 percent interest was sold to each of CHC and CLW.

Following completion of those transactions, the Company will receive \$2.66 per VVR security, being a total of \$734.3 million, and an estimated \$112.9 million pre-tax profit on the sales. The sales are expected to settle during the next week.

### Divestment of Viva Energy REIT investment and use of proceeds

The divestment follows a strategic review of the Company's equity holding in VVR. Viva Energy completed the successful Initial Public Offer of VVR in 2016, retaining a 40 percent security holding which has reduced to 35.5 percent as a result of subsequent VVR capital raisings. Since this time, VVR has performed strongly, growing the portfolio of service station assets from 425 to 469 as at 31 December 2019.

Viva Energy has a network of over 1,260 service stations<sup>1</sup>, 440 of which are held under long-term leases from VVR with, in most cases, multiple options to extend. As the major tenant of VVR owned service station properties, we have a strong relationship with VVR and the lease arrangements provide Viva Energy with long-term security of tenure in respect of those leased sites.

Viva Energy maintains a strong balance sheet with net debt of \$137.4 million as at 31 December 2019. The release of capital associated with the divestment will enable Viva Energy to undertake capital management activities. As a result of the sale the Company will no longer receive distributions from VVR (in 2019 the Company received approximately \$39.2 million in distributions on a cash basis).

Following receipt of proceeds, Viva Energy intends to return capital to shareholders through a potential buy-back of shares in the Company, subject to all necessary approvals<sup>2</sup>. Further information on any such buy-back will be provided to the market shortly.

Chief Executive Officer, Scott Wyatt, said: "The divestment of our stake in VVR represents an important transaction for Viva Energy and its shareholders. Having brought VVR to market in 2016, we have maintained a strong strategic relationship with the vehicle as a capital partner with ownership of a substantial proportion of our network. VVR has performed exceptionally well since its listing, and as the main tenant of the vehicle, we look forward to continuing future opportunities to grow with VVR. By realising our equity in the vehicle at an attractive price, it also provides us with an opportunity to provide substantial returns to our shareholders and to continue to support our strong balance sheet."

<sup>1</sup> Including Viva Energy company-controlled sites, third party owned branded wholesale sites, and sites through our affiliates Liberty and Westside.

<sup>2</sup> The potential buy-back is subject to relevant regulatory approvals, and the approval of shareholders.

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## **On-going arrangement with Viva Energy REIT**

Notwithstanding the equity transaction, Viva Energy will have a number of on-going arrangements with VVR. Viva Energy (through its subsidiary VER Manager Pty Ltd), will remain as the Manager of VVR pursuant to the terms of the Management Agreement, which remain unchanged. Viva Energy will continue to perform its role as Manager and to support VVR, with such services being provided on a cost-recovery basis. Going forward, we intend to work constructively with the independent directors of VVR with respect to future management arrangements, under the revised ownership structure. The terms of the lease arrangements between Viva Energy and VVR also remain unchanged.

Following discussions with the Chairman of VVR, Viva Energy's nominee directors on the Board of VVR (Lachlan Pfeiffer and Jevan Bouzo) will remain on the Board in the near term to facilitate an orderly transition.

## **Further enquiries:**

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## **About Viva Energy**

Viva Energy (ASX: VEA) is one of Australia's leading energy companies and supplies approximately a quarter of the country's liquid fuel requirements. It is the exclusive supplier of high quality Shell fuels and lubricants in Australia through an extensive network of more than 1,260 service stations across the country.

Viva Energy owns and operates the strategically located Geelong Refinery in Victoria, and operates bulk fuels, aviation, bitumen, marine, chemicals and lubricants businesses supported by more than 20 terminals and 50 airports and airfields across the country.

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