



ASX Announcement

14 May 2020

Annual General Meeting Script

Chairman's Address – Laurence Brindle.

The Notice of Meeting was distributed on 9 April 2020 and will be taken as read. The formal part of the Meeting is to present the Financial Report, Directors' Report and Auditor's Report for the year ended 31 December 2019 (as detailed in the 2019 Annual Report), to vote on the 2019 Remuneration Report and the re-election of Ms Georgina Lynch as director of the Company. We will also be seeking approval to change the name of the Company from Viva Energy REIT Limited to Waypoint REIT Limited, and to amend the constitution of the Company and the Trust as outlined in the Notice of Meeting.

Before we move to the formal business of the meeting, I will give a short address followed by a business update from Hadyn Stephens, Chief Executive Officer of VER Manager.

The 2019 financial year saw steady growth for Viva Energy REIT with strong performance both financially and operationally. Viva Energy REIT delivered Distributable Earnings of 14.54 cents per security, which was 3.7% higher than the previous financial year, and at the upper end of our 3-3.75% guidance range. Net tangible assets per security increased 4.1% during the year to \$2.29.

During the 2019 financial year Viva Energy REIT invested \$88.5 million across 15 acquisitions and fund-through projects at a weighted average capitalisation rate of 6.8%. This, in addition to a \$100m valuation uplift across the portfolio, resulted in Viva Energy REIT's portfolio having a value of \$2.65 billion at year-end. All of the investments made during the 2019 financial year have added to the strength of the portfolio, cemented the geographical diversity and added to stable, long-term income growth which is supported by quality tenant covenants and long-term leases, with a portfolio WALE of 11.7 years.

In December 2019 Viva Energy REIT was assigned a Baa1¹ investment grade corporate rating by Moody's Investor Services, which is a testament to the strength of our balance sheet and tenant covenants, and which we expect will provide funding optionality both domestically and offshore, once market conditions stabilise. Viva Energy REIT's strong credit position was also demonstrated by the support that we received from the majority of our banking syndicate during the debt review event that was triggered by Viva Energy Australia's sale of its 35.5% stake in Viva Energy REIT in February, and we thank these lenders for their ongoing support.

The Board remains focused on maintaining a strong balance sheet, with gearing at the end of 2019 of 30.4%, at the bottom end of our target range of 30-45%. This commitment to prudent capital

¹ Credit rating must not be used, and Viva Energy REIT does not intend or authorise its use, in the support of, or in relation to, the marketing of its securities to retail investors in Australia or overseas.

management resulted in Viva Energy REIT raising \$123.4 million of equity during the 2019 financial year at a weighted average security price of \$2.33.

Viva Energy REIT's Management Expense Ratio remains one of the lowest in the REIT sector, due in large part to the effective management of the vehicle, led by Margaret Kennedy and Guy Farrands. Changes to the management team were announced in the second half of the 2019 financial year with Margaret and Guy stepping down from the roles of Managing Director and Chief Financial Officer respectively. On behalf of the Board and the securityholders, I would like to thank both Margaret and Guy for their service and wish them every success in the future.

Hadyn Stephens commenced as Chief Executive Officer at the start of 2020, and Kerri Leech joined the team as Chief Financial Officer in late January. I would like to take this opportunity to welcome Hadyn and Kerri to the team.

As announced to the market this morning, Viva Energy REIT has agreed terms with Viva Energy Australia and VER Manager to internalise the management function moving forward. Hadyn will cover this in more detail in his address, however, from a Board viewpoint we are very pleased with this result as it establishes the vehicle as an independent, standalone business following Viva Energy Australia's sell-down of its stake in Viva Energy REIT.

Consistent with this internalised model and separation from Viva Energy Australia, Viva Energy REIT intends to change its name to Waypoint REIT at today's meeting. Viva Energy Australia's nominee directors, Jevan Bouzo and Lachlan Pfeiffer, will also resign as directors of Viva Energy REIT, effective at the conclusion of this meeting.

Viva Energy Australia remains a key strategic partner of Viva Energy REIT, and I would like to thank both Jevan and Lachlan, along with previous Viva Energy Australia nominee director and CEO of Viva Energy Australia, Scott Wyatt, for their contributions to Viva Energy REIT. We look forward to maintaining our strong landlord-tenant relationship for many years to come.

The beginning of the 2020 financial year has seen the global community hit by a period of unprecedented disruption caused by the outbreak of the Covid-19 Novel Coronavirus. We continue to monitor the potential impacts of this virus on our business and Hadyn will go into more detail on this during his business update. I can, however, assure you that the Board and management team continue to work hard to ensure the right structures and frameworks are in place to enable Viva Energy REIT to deliver quality results year after year and have the right skills to manage the business through even the hardest of times while continuing to deliver on strategic objectives.

I would like to extend my thanks to the Board, management at VER Manager, 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 Hadyn Stephens to address the meeting and provide a business update.

Chief Executive Officer's Address – Hadyn Stephens

Thank you Laurie.

As Laurie has just described, the 2019 financial year was a successful one for Viva Energy REIT, and it is in a strong position to withstand the extraordinary economic and social conditions that we now find ourselves in.

I am sure you will agree that 2019 feels like a long time ago, and with that in mind I would like to focus on recent events impacting Viva Energy REIT, and the outlook for the business moving forward.

Following Viva Energy REIT's announcement of its FY19 results on the 20th of February, Viva Energy Australia announced that it had sold its entire 35.5% stake in Viva Energy REIT, with 10% being sold to Charter Hall, and the remaining 25.5% to a range of institutional investors.

Viva Energy REIT's debt facilities included a review event if Viva Energy Australia's holding fell below 20%, and accordingly this review event was triggered, requiring Viva Energy REIT to consult with its lenders regarding the continuation (or otherwise) of its various debt facilities.

As announced to the market on the 28th of April, this review event has now been concluded and waivers received in relation to 89% of the facilities impacted, with these facilities to continue on the same terms and with no fees payable by Viva Energy REIT. This was an excellent result in the current climate, and validates the strong financial position and credit profile of the vehicle.

Pleasingly, at the same time that the review event was underway, Viva Energy REIT was able to secure a new four-year, \$275 million revolving credit facility with a group of existing lenders, which was used to replace \$300 million of shorter-dated facilities.

On behalf of the Board and management team, I would like to extend our thanks to those lenders that supported us through this period, with Viva Energy REIT now in a strong position with in excess of \$100 million in liquidity and no expiries on drawn facilities until June 2022. We are very comfortable with this position, noting that the vehicle has very low non-discretionary capital requirements as a result of its predominantly triple net lease structure.

Following the February sale of Viva Energy Australia's stake in the REIT, Viva Energy REIT's independent directors have worked constructively with Viva Energy Australia with respect to future management arrangements for the vehicle, with Viva Energy Australia's nominee directors remaining on the Board during this time to facilitate an orderly transition.

As announced this morning, Viva Energy REIT has agreed unconditional terms with Viva Energy Australia to internalise the management function, which, along with the proposed change of name to Waypoint REIT, will establish the REIT as a completely independent, standalone business.

The Implementation Deed and associated documentation that has been executed by the parties provides that:

- The internalisation will be implemented no later than 31 October 2020, with the ability to complete sooner upon finalisation of all transition arrangements;
- VER Manager will retire as the manager of Viva Energy REIT with effect from the Implementation Date, but will continue to provide management services until this time;
- The current management team will resign from Viva Energy Australia and be employed directly by Viva Energy REIT from the Implementation Date;
- Viva Energy REIT will make a \$2.5 million Internalisation Payment to Viva Energy Australia on the Implementation Date to facilitate the transaction; and
- Viva Energy REIT will have the right to acquire properties owned by third parties and tenanted by Viva Energy Australia, where the third party owner wishes to sell and Viva Energy has a pre-emptive right as tenant that it does not wish to exercise.

Viva Energy REIT's independent directors have determined that the Internalisation is in the best interests of securityholders, with key benefits including:

- An enhanced governance framework, with the management team employed directly by Viva Energy REIT and reporting directly to the Board;
- Establishment of a clear separation between Viva Energy REIT and its largest tenant, Viva Energy Australia;
- The formalisation of existing arrangements in relation to pre-emptive rights that Viva Energy Australia might enjoy in relation to properties that it leases, noting that approximately half of the properties acquired by Viva Energy REIT since IPO in August 2016 have been sourced from its relationship with Viva Energy Australia; and
- Continuity and certainty in relation to the management arrangements for the vehicle moving forward, which is expected to assist access to both debt and equity capital.

Given the proximity of this announcement to the AGM, and the format of this year's AGM to comply with social distancing requirements, questions in relation to the Internalisation can be directed to natalie.barrington@vivaenergy.com.au.

Turning to Slide 9, I would now like to update you generally on the business.

Although the broader Australian economy has been severely impacted by Covid-19, I can confirm that Viva Energy REIT has experienced minimal direct impact to date.

The vast majority of our tenant base does not qualify for rent relief under the mandatory Code of Conduct applying to commercial tenancies, either because they are too large in terms of revenue and/or because they have not experienced the requisite level of financial hardship or distress. As it currently stands, we are in discussions with six of our 14 non-fuel tenants regarding rental relief, and we are actively working to support these tenants during this time and in line with the Code guidelines. These six tenants represent approximately 0.3% of Viva Energy REIT's annual rental income.

In terms of Viva Energy REIT's acquisition pipeline, I'm pleased to announce that we have settled \$26.4 million of transactions so far in 2020, with a further \$24.3 million under contract and likely to settle this year. This brings our total contracted pipeline for the year to \$50.7 million, at a weighted average cap rate of approximately 6.4%.

Although the direct market currently appears to be holding up well, particularly for properties with strong covenants and long leases, we are taking a prudent approach to acquisitions in the current environment. We will continue to assess the market and our pipeline over the coming weeks and months, and will provide a further update on the outlook for acquisitions at our half year results in August.

Viva Energy REIT's debt facilities and liquidity have clearly been a priority for the board and management team over the last couple of the months, and we are very pleased with the outcome of the Review Event and the establishment of a new \$275 million revolving credit facility during this time. Viva Energy REIT is in a strong position, with low gearing and adequate liquidity given the nature of our business.

We remain focused on exploring opportunities to diversify our funding sources and to extend the weighted average maturity of our debt book, with the Baa1² investment grade credit rating assigned to Viva Energy REIT by Moody's in December 2019 providing a strong platform from which to do so. We are well placed to access longer tenor debt options such as US Private Placement or domestic Medium Term Notes when conditions normalise, and we are watching developments in these markets closely.

Finally, I am pleased to confirm that our FY20 earnings guidance remains unchanged, with distributable earnings per security growth of 3-3.75% expected relative to FY19. This guidance remains subject to no material change in market conditions and no other factors adversely affecting Viva Energy REIT.

I will now hand back to Laurie.

End

Authorised by
The Board of the Viva Energy REIT Limited

For further information, please contact:

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About Viva Energy REIT

Viva Energy REIT is Australia's largest listed REIT owning solely service station and convenience retail properties with a high quality network across all Australian States and mainland Territories. Viva Energy REIT's objective is to maximise the long-term income and capital returns from its ownership of the portfolio for the benefit of all security holders.

Viva Energy REIT is a stapled entity in which one share in Viva Energy REIT Limited (ABN 35 612 986 517) is stapled to one unit in the Viva Energy REIT Trust (ARSN 613 146 464). This ASX announcement is prepared for information purposes only and is correct at the time of release to the ASX. Factual circumstances may change following the release of this announcement.

Please refer to Viva Energy REIT website for further information www.vivaenergyreit.com.au

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