



## ASX Announcement

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**21 February 2019**

### **Viva Energy REIT FY2018 Results and Equity Raising**

Viva Energy REIT (ASX: VVR) ("VVR") today announced its financial results for the year ended 31 December 2018 and an Equity Raising, comprising a \$100 million fully underwritten institutional placement ("Institutional Placement") and a non-underwritten Security Purchase Plan ("SPP") to eligible securityholders.<sup>1</sup>

### **Key FY2018 Highlights**

- Statutory net profit of \$167.1 million
- FY2018 distributable earnings per security (CPS) of 14.02<sup>2</sup>, up 4.5% from FY2017
- FY2018 distributable earnings of \$101.7 million
- Full year distribution of \$101.7 million (100% payout ratio)
- Final distribution of 7.03 CPS
- Net tangible assets of \$2.20 per security, up 3.8% from \$2.12 on a like-for-like basis<sup>3</sup>
- 36.2% gearing ratio<sup>4</sup> with the target gearing range revised from 35-45% to 30-45%
- Acquired 16 sites for \$129 million<sup>5</sup> during FY2018 at a WACR<sup>6</sup> of 6.4%<sup>7</sup>
- Debt terms improved, tenor lengthened and sources diversified
- Post balance date, forward start swaps totalling \$368 million (agreed in June 2018) reset to take advantage of improved interest rate environment<sup>8</sup>
- FY2019 distributable earnings per security growth guidance range of 3-3.75%<sup>9</sup>, provided there are no material changes in market conditions and no other factors adversely affecting VVR

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<sup>1</sup> Eligible securityholders are holders of existing VVR securities as at 7.00pm Australian Eastern Daylight Savings Time ("AEDT") on 20 February 2019 with a registered address in Australia or New Zealand.

<sup>2</sup> Based on weighted average number of securities on issue during the reporting period.

<sup>3</sup> NTA reported as at 31 December 2017 adjusted for the distribution of 6.60 CPS paid on 15 February 2018 to allow like for like comparison.

<sup>4</sup> Prior to the impact of the Equity Raising announced today. Gearing calculated as total liabilities to total tangible assets measured in accordance with Australian Accounting Standards, but excluding any mark-to-market valuations of derivative assets/liabilities.

<sup>5</sup> Pre transaction costs. Excludes \$8.0 million of committed expenditures (pre transaction costs) in 1H FY2019 in relation to fixed-price development fund-through agreements. Refer to the presentation lodged today with the ASX for further information.

<sup>6</sup> Weighted average capitalisation rate.

<sup>7</sup> Capitalisation rates at acquisition are reported pre transaction costs.

<sup>8</sup> Up-front cost of \$9.2 million (Treated as a transaction cost for the calculation of Distributable Earnings), resulting in a c.65 bps improvement in hedged rate.

<sup>9</sup> Includes the impact of the \$100 million fully underwritten Institutional Placement but does not include any impact attributable to the SPP.

## Financial Results

Margaret Kennedy, Managing Director of VER Manager Pty Ltd, Manager of VVR, said “VVR has delivered excellent FY2018 results, above guidance, demonstrating continued delivery on our strategic objectives. Distributable earnings per security for the period increased by 4.5% to 14.02 cents per security, underpinned by fixed rent escalators and further acquisitions made in FY2018. Throughout FY2018, we acquired \$129 million<sup>5</sup> of properties at a WACR of 6.4%, increasing the total portfolio to \$2,496 million with a WACR of 5.8%. These acquisitions highlight the continued growth in portfolio size whilst maintaining a focus on quality.”

VVR confirms the final distribution of 7.03 CPS (totalling 14.02 CPS for FY2018) as previously estimated on 17 December 2018 and confirms the payment date of 28 February 2019.

## Equity Raising and acquisition pipeline

VVR today also announced an Equity Raising, comprising a \$100 million fully underwritten Institutional Placement of new ordinary stapled securities in VVR ("New Securities") at an issue price of \$2.32 per security and a non-underwritten SPP to eligible securityholders<sup>10</sup> to raise up to \$10 million (together, the **Equity Raising**).

The proceeds of the Equity Raising will be used to partly finance 8 acquisitions totalling approximately \$47 million<sup>11</sup> completed in 2H FY2018 (in addition to \$8 million in committed expenditure) and to provide headroom for future growth.

Pro forma gearing as at 31 December 2018 reduces to 32.3%<sup>12</sup> from 36.2%, providing headroom for further acquisitions, consistent with VVR's investment criteria, as opportunities arise. The Equity Raising is neutral to VVR's NTA per security as at 31 December 2018.

## Outlook

Taking into account the Institutional Placement announced today, VVR expects growth in FY2019 underlying distributable earnings per security of 3-3.75% relative to FY2018, provided there are no material changes in market conditions and no other factors adversely affecting VVR.<sup>13</sup>

Margaret Kennedy said, “VVR is well positioned for growth in FY2019 with an approximately \$130 million identified pipeline of potential acquisitions, of which \$67 million are in advanced due diligence<sup>14</sup>. Our active approach to capital management, both debt and equity, provides an ongoing platform for future growth in the portfolio, and we are well placed to capitalise on attractive opportunities that meet our stated investment criteria.”

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<sup>10</sup> Eligible securityholders are holders of existing VVR securities as at 7.00pm (AEDT) on 20 February 2019 with a registered address in Australia or New Zealand.

<sup>11</sup> Pre transaction costs. Excludes \$8.0 million of committed expenditures (pre transaction costs) in 1H FY2019 in relation to fixed-price development fund-through agreements.

<sup>12</sup> Includes the impact of the Institutional Placement but does not include any impact attributable to the SPP. 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. Refer to the “Key Risk Factors” in Appendix 2 of the presentation lodged today with the ASX.

<sup>13</sup> Includes the impact of the \$100 million fully underwritten Institutional Placement but does not include any impact attributable to the SPP.

<sup>14</sup> There can be no assurance that VVR will successfully acquire and integrate further acquisitions. Refer to the “Key Risk Factors” in Appendix 2 of the presentation lodged today with the ASX.

## **Institutional Placement**

VVR will undertake a \$100 million fully underwritten Institutional Placement at \$2.32 per security through the issue of approximately 43.1 million New Securities.

The price of \$2.32 per security represents a 4.1% discount to the closing price of \$2.42 on 20 February 2019 and a discount of 3.5% to the 5-day volume weighted average price of \$2.40 to 20 February 2019.

The New Securities issued under the Institutional Placement are expected to be allotted and commence trading on 27 February 2019.

## **SPP**

Following completion of the Institutional Placement, VVR will offer eligible securityholders<sup>15</sup> on VVR's register as at 7:00pm (AEDT) on 20 February 2019, the opportunity to participate in a non-underwritten SPP to raise up to \$10 million. Eligible securityholders in Australia and New Zealand will be invited to apply for up to \$15,000 worth of New Securities per securityholder, free of brokerage and transaction costs. The offer price under the SPP will be \$2.32 per security, which is the same price as the issue price under the Institutional Placement.

If total demand for the SPP exceeds \$10 million, VVR reserves the right to scale back the maximum number of New Securities issued to each eligible securityholder at its absolute discretion.

Further information on the SPP will be released to the ASX and sent to eligible securityholders on or around 5 March 2019.

New Securities issued under the Institutional Placement and the SPP will rank pari passu with existing securities from issue. New Securities issued under the Institutional Placement and the SPP will be entitled to any distribution for the six months ending 30 June 2019, however, they will not be entitled to the distribution for the six months ended 31 December 2018 which will be paid on 28 February 2019. VVR does not intend to seek securityholder approval in relation to the issue of New Securities under the Equity Raising.

## **Timetable**

<b>Event</b>	<b>Date</b>
Trading halt and announcement of Equity Raising	Thursday, 21 February 2019
<b>Institutional Placement</b>	
Institutional Placement Bookbuild	Thursday, 21 February 2019
Announcement of outcome of Institutional Placement	Friday, 22 February 2019
Trading halt lifted	Friday, 22 February 2019
Settlement of New Securities under the Institutional Placement	Tuesday, 26 February 2019
Allotment and trading of New Securities issued under the Institutional Placement	Wednesday, 27 February 2019

<sup>15</sup> Eligible securityholders are holders of existing VVR securities as at 7:00pm (AEDT) on 20 February 2019 with a registered address in Australia or New Zealand

<b>SPP</b>	
Record date for SPP	Wednesday, 20 February 2019 (7:00pm AEDT)
SPP offer period	Tuesday, 5 March 2019 — Tuesday, 19 March 2019
Allotment of New Securities issued under the SPP	Tuesday, 26 March 2019
New Securities issued under the SPP commence trading on ASX	Wednesday, 27 March 2019
Holding statement dispatch date	Thursday, 28 March 2019

All dates and times are indicative only and subject to change. Subject to the requirements of the *Corporations Act 2001* (Cth), ASX Listing Rules and any other applicable laws, VVR, in consultation with the underwriters, reserves the right to amend this timetable at any time.

### **Additional information**

Additional information about the FY2018 Results and the Equity Raising (including “Key Risk Factors”) are contained in the presentation released to the ASX today.

### **About Viva Energy REIT**

Viva Energy REIT is Australia’s largest listed REIT owning solely service station properties with a high quality portfolio of service stations across all Australian States and Territories. Viva Energy REIT’s objective is to maximize 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 VVR website for further information <https://www.vivaenergyreit.com.au/Investors/>.

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### **Important notice and disclaimer**

This release does not constitute, or form part of, an offer to sell or a solicitation of an offer to buy securities in the United States or in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities law of any such jurisdiction. In particular, the New Securities to be offered and sold in the Institutional Placement have not been, and will not be, registered under the U.S. Securities Act of 1933 (the “U.S. Securities Act”) or under the securities laws of any state or other jurisdiction of the United States and, accordingly, may not be

offered and sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. The New Securities to be offered and sold in the SPP may only be offered and sold to certain eligible securityholders of VVR in “offshore transactions” (as defined in Regulation S under the US. Securities Act, in reliance on Regulation S under the U.S. Securities Act. This release must not be released or distributed in the United States, or in any jurisdiction outside of Australia.

This release contains forward-looking statements, including statements regarding the plans, strategies and objectives of VVR management, distribution guidance, the timetable for the Equity Raising and the use of the proceeds thereof. Forward looking statements can generally be identified by the use of forward looking words such as, 'expect', 'anticipate', 'likely', 'intend', 'should', 'could', 'may', 'predict', 'plan', 'propose', 'will', 'believe', 'forecast', 'estimate', 'target', 'guidance' and other similar expressions. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward looking statements. Such prospective financial information contained within this release may be unreliable given the circumstances and the underlying assumptions to this information may materially change in the future.

Any forward-looking statements, including projections, guidance on future revenues, earnings and estimates, are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. Investors are cautioned not to place undue reliance on any forward looking statement. While due care and attention has been used in the preparation of forward looking statements, forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause Viva Energy REIT’s actual results, performance or achievements to differ materially from any future results, performance or achievements expressed or implied by these forward-looking statements. Any forward-looking statements, opinions and estimates in this release are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions. A number of important factors could cause Viva Energy REIT’s actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward looking statements, including the risk factors described in Appendix 2 of the presentation lodged with the ASX today under the heading “Key Risk Factors”, and many of these factors are beyond Viva Energy REIT’s control.