



Retail
Petroleum
Fund

INVESTOR PRESENTATION

May 2020



COBRAND GROUP



Nexia
Australia

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Fund Overview

Retail Petroleum Fund is an open-ended unlisted unregistered wholesale managed investment scheme structured as a unit trust established by the Trustee pursuant to the Trust Deed and is governed by Australian law.

The Fund provides Investors with an opportunity to acquire A Class Units, which entitles them to returns generated by the Fund.

Each class of Units in the Fund is attributable to the Fund's investment in a unit trust Special Purpose Vehicle ("SPV") that intends to acquire site(s) for the purposes of retail petroleum station development.

The Vision

Retail Petroleum Fund's vision is to become an Australian leader in the ownership of retail fuel sites. This will be achieved by establishing a revenue stream of long term rental returns from nationally and globally major anchor tenants, growing stakeholder wealth through building scale both within and across the retail fuel market.

The Mission

Retail Petroleum Fund aims to generate attractive returns through building a portfolio of developed sites with current market rental returns and then increasing the value by undertaking capital improvements on the acquired sites through proven "Unlocking" and "Value Adding" programs.



EXECUTIVE SUMMARY



Name of Fund	Retail Petroleum Fund
Target Returns	The Fund is targeting a Return on Equity (ROE) of 10.00% p.a after fees and cost to the investor
Investor Eligibility	Wholesale clients only
Investment Suitability	The Fund may be suitable to investors that have a short-term investment outlook and seek returns that are in line with the objective of the Fund and who have a risk tolerance in line with the Fund's risk level
Minimum Investment	\$50,000 with minimum increments of \$50,000 unless otherwise agreed by the Trustee
Unit Price	The Trustee intends to issue A Class Units at \$1.00. The unit price is based on the value of the Fund's underlying assets and is calculated in accordance with the terms of the Trust Deed
Valuations	The Fund's assets are usually valued at their most recent market valuation using external pricing sources. The Investment Manager may also conduct its own internal valuation where external pricing information is unavailable
Distributions	Distributions are calculated with references to the number of A Class Units you hold in proportion to the number of A Class Units on Issue at a particular point in time
Reporting	<p>Investors will receive:</p> <ul style="list-style-type: none"> - Confirmation of all investments and withdrawals - Annual statement of account holdings and interest payments - Annual taxation statement of your distributions from the Fund - Upon request, the annual financial statements of the Fund

Retail Petroleum Fund is an Australian unlisted wholesale managed investment scheme that will not be registered with ASIC.

Unit holders will have an undivided beneficial interest in the Trust as conferred by each Unit. Each class of Units in the Fund is attributable to the Fund's investment in a unit trust Special Purpose Vehicle ("SPV") that intends to acquire site(s) for the purposes of retail petroleum station development.

Trustee – Guildfords Funds Management

The Trustee holds an AFSL No. 471379 and will hold the Fund's assets on trust for the benefit of Unitholders. The Trustee is responsible for the overall operation of the Fund.

Investment Manager – Avenue Capital Managers

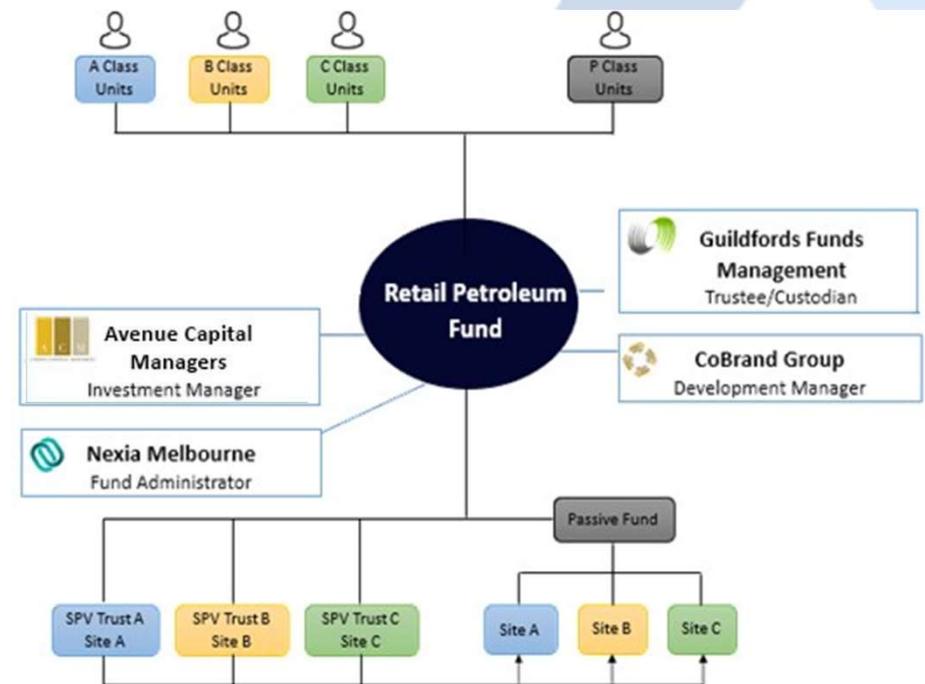
The Investment Manager is responsible for the day-to-day management of the investments of the Fund, which includes presenting potential Fund investments to the Investment Committee and monitoring the performance of investments.

Development Manager – CoBrand Group

CoBrand Group is responsible for the end to end management and delivery of the sites of the Fund, which includes presenting potential developments to the Investment Committee for purchase and monitoring the development process of all sites.

Fund Administrator – Nexia Melbourne

Nexia Melbourne is the Fund Administrator, who is responsible for providing fund registry and administration services to the Trustee.



Changing Industry

Over the past few years, the Australian retail fuel industry has undergone significant transformational change with new competition entering the market. As a result, the industry has experienced strong levels of growth, expanding at 2.4% annually.

Current Strategy

The current strategy of major owners in the industry is to grow their market share through greenfield developments rather than securing brownfield projects and improving on existing developments.



Revenue	Annual Growth 14-19	Annual Growth 19-24
\$39.0bn	-0.7%	2.3%
Profit	Wages	Businesses
\$898.1m	\$1.4bn	4,021

Fragmented Market

The Australian ownership of retail fuel assets is currently very fragmented, it is estimated that 50% of the freehold sites are owned by high and medium wealth individuals or small syndicated ownership structures. This provides the fund the opportunity to build a portfolio sites with current market rental returns and then increase the value of those sites where appropriate through proven "Unlocking" and "Value Adding" programs.

Opportunity

Retail Petroleum Fund considers this an opportunity to build a large portfolio of developed sites and sees no barriers to prevent the Fund from scaling to become one of the largest freehold site owners within Australia.

Major Player Market Share



2019 INDUSTRY REVENUE

\$37.6bn

Source: IBISWorld Industry Report G4000 Fuel Retailing in Australia published on May 2019

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Ownership of Australian Retail Fuel Sites is at the beginning of a major paradigm shift that is being witnessed around the globe

United Kingdom Market

This strategy is especially prevalent in the United Kingdom Market, where respected investment funds have secured a large portfolios of sites and have achieved strong investor returns.

- Motor Fuel Group backed by Patron Capital Partners - secured 450 retail fuel sites
- Lone Star (US Private Equity Firms) - purchased the MRH network of 450 retail fuel sites
- Euro Garages and European Forecourt Retail Group - merged to form Intervias Fund to create 1,450 fuel sites

Potential in Australian Market

Underdeveloped Sites

Management considers that many of the estimated 7,100 retail fuel sites have not yet been developed to their full potential, where the current owner is yet to:

- Realise full potential of the site
- Achieve funding available to develop the site
- Access sufficient experience and a well-structured management team
- Access to industry contacts to source additional tenants

Secure and Stable Opportunity

Long term rental agreements

Major fuel tenants within the Australian retail environment typically enter into long term rental agreements providing a secure and stable opportunity for the Fund.

- Initial rental terms are normally 10-15 years with additional 3 x 5 years

Anchor Tenants

It is Management's opinion that an asset class anchored by large global and national companies will underpin the strength and opportunity of the Fund platform.

- Companies with a large balance sheet and long term commitments will look to enter into rental agreements for up to 30 years

Source: ABARES, BMI, Trade Map

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DOMESTIC COMPETITION

Company	Description	FY18-19 Revenue	Comments
	13.9% Market share	\$5.4 Billion	Coles focused on its convenience store offerings to attract customers to its service station, boosting profit margins over the past five years
	12.6% Market share	\$4.9 Billion	Caltex's industry specific revenue is expected to increase at an annualised 0.8%, representing an outperformance of overall industry
	11.5% Market share	\$4.5 Billion	Woolworths grew its fuel business by acquiring long term leases to 69 Liberty Oil service station sites in 2001
	6.7% Market share	\$2.6 Billion	Revenue generated from 7-Eleven service stations is expected to increase at an annualised 2.4%, outperforming the overall industry
	5.4% Market share	\$2.1 Billion	BP has struggled with falling profit margins as it has not matched the convenience store offerings of Woolworths or Coles
	4-5% Market share	N/A	Viva Energy entered the Australian Retail Fuel market in 2014 and now operates 870 retail sites across Australia
 	Aggregate 6-7% Market share	N/A	Puma Energy entered the Market in 2013 and operates 360 sites United Petroleum is an independent Australian owned company that operates over 300 sites across Australia

Source: Company 360, S&P Capital IQ

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INVESTMENT STRATEGY - OVERVIEW

“The Fund has an extensive short, medium and long term plan with the vision to be an Australian leader in the ownership of retail fuel sites”

Short Term Goal

- Acquire and enhance an initial portfolio of sites
- Each site will follow a structured evaluation program to unlock the full “Value Adding” potential of the site
- The Investment Manager will work with their internal and external acquisition teams to identify and secure the initial portfolio of sites in line with the acquisition strategies
- Initial suite of potential sites has already been identified by the Fund’s management team

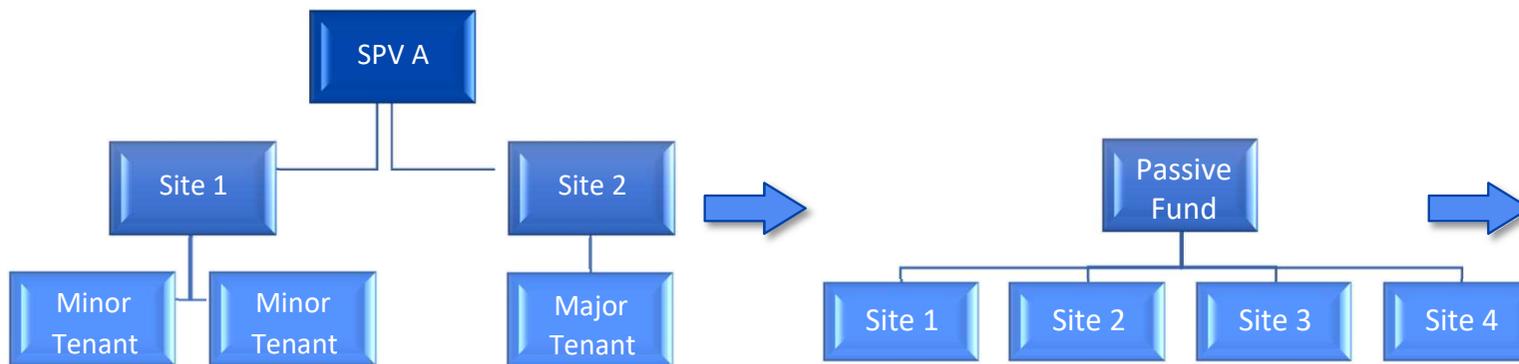
Medium to Long Term Goal

- Accumulate a portfolio of sites in line with the funds strategy
- The following five targeted areas have been identified to secure the initial portfolio of sites:
 - Vendor Owned Sites
 - Minor Brand Owned Sites
 - Independent Sites
 - Corporate Sites
 - Decommissioned Sites
- Maximise investment returns through the established Fund's platform

Exit or Liquidity Event

- Upon completion of the strategy for the initial portfolio of sites, the Fund plans to:
 - Evaluate and execute a liquidity strategy for the Investors
 - Implement an appropriate strategy for the next phase of the Fund’s development

The Vision of the Fund is to maximise investor returns through building asset ownership in an industry that is anchored by major global companies as the tenant and to build scale both within and across the retail fuel market



Minor Tenant

A site with which the development secures a lesser-known tenant, i.e. small business.

Major Tenant

A site with which the development secures a large establishment business or franchise, e.g. McDonalds, KFC etc

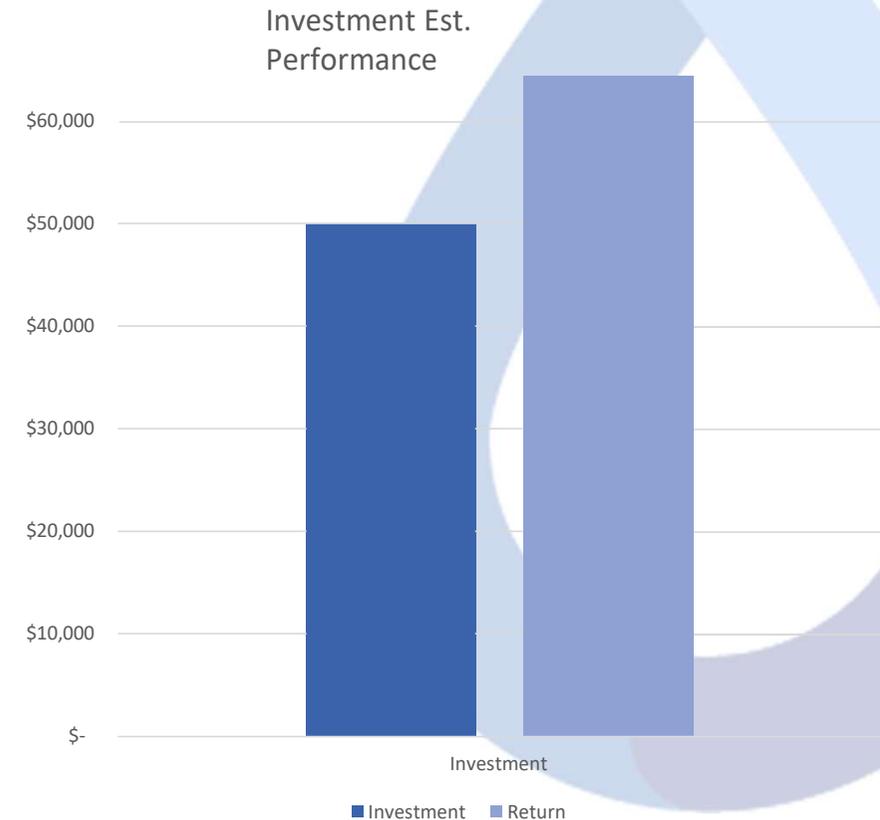
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FORECAST OF MODEL PERFORMANCE

Capitalisation	5.9%	5.6% Standard	5.3%
Revenue			
Net Sales Revenue	15,518,574	15,852,032	16,185,407
Net Rental Income	765,791	765,791	765,791
Total Revenue (after GST)	16,209,138	16,542,596	16,875,971
Costs			
Land Purchase Cost	9,500,000	10,000,000	10,500,000
Land Acquisition Cost	858,000	902,000	946,000
Construction	715,000	715,000	715,000
Fund Management and Professional Costs	1,912,653	1,918,799	1,924,946
Land Holding Costs	193,050	210,000	226,800
Interest Expense	858,875	898,125	939,375
Total Cost (after GST)	13,695,276	14,331,878	14,968,323
Performance Indicators			
Gross Development Profit	2,513,862	2,210,718	1,907,648
IRR on Equity	12.83%	11.46%	10.05%
MER	5.31%	5.45%	5.59%
Management Ratio	4.12%	4.16%	4.20%



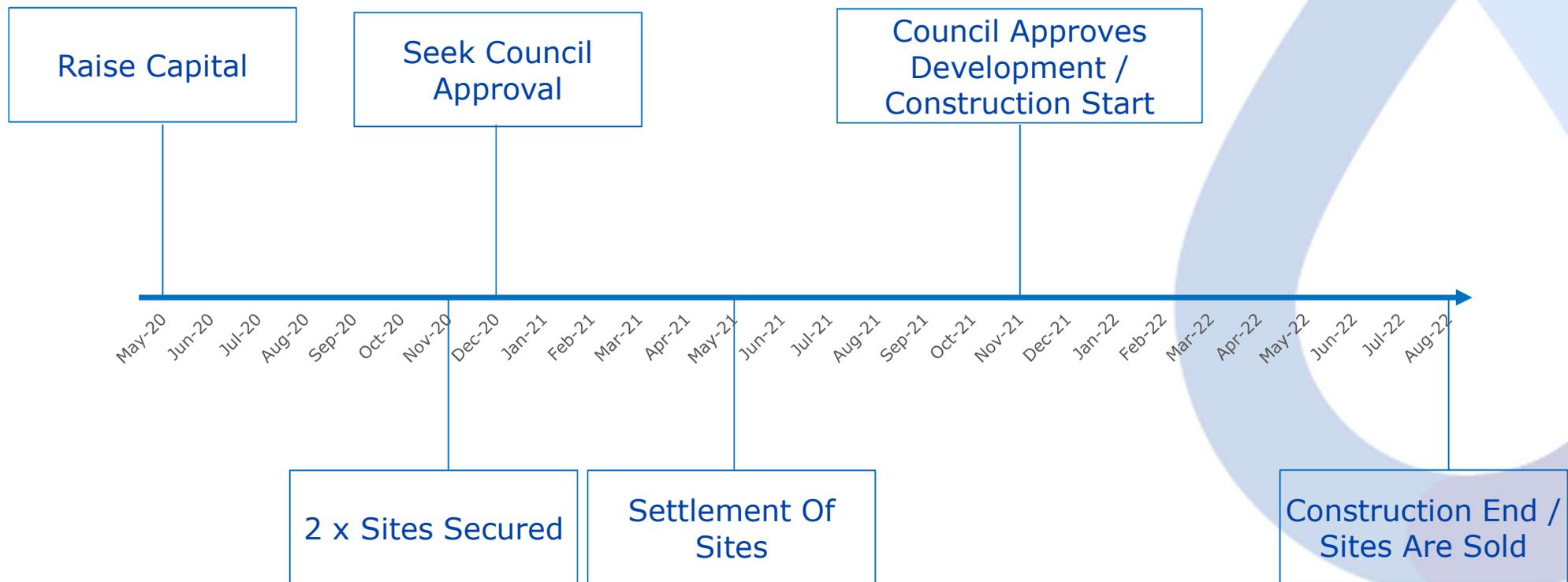
VISUALISING THE STRATEGY



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Norman Coyle	Vito Interlandi	Tino Di Battista	Dr Robert Payne
 <p>Founder, CoBrand Group Chairman, Investment Committee Member, Compliance Committee</p> <p>Norman has over 25 years of experience within national and international companies, creating value and delivering multi-million dollar projects within the Australian commercial and petroleum development environment.</p>	 <p>Member, Investment Committee Member, Compliance Committee</p> <p>Vito is a Partner of Corporate Advisory at Nexia Melbourne. Vito has over 20 years of finance expertise and management experience, gained from corporate public practice and private practice.</p>	 <p>Director, Avenue Capital Managers Member, Investment Committee</p> <p>Tino is a Partner of Business Advisory and Superannuation at Nexia Melbourne. Tino has over 30 years of experience within the accountancy profession and financial services industry expertise.</p>	 <p>Chairman, Compliance Committee Member, Investment Committee</p> <p>Robert is Managing Director of Guildfords Funds Management, the Trustee of the Fund. Robert has over 20 years of experience in corporate governance, where he has specialised in managed investment schemes, trustee services and compliance management.</p>

Anticipated Project Timeline



Investment Manager and Corporate Authorised Representative

Avenue Capital Managers Pty Ltd

Telephone: 03 8613 8866

Email: info@avenuecapitalmanagers.com.au

Website: www.avenuecapitalmanagers.com.au

Address: Level 12, 31 Queen Street, Melbourne, Victoria 3000

Fund Administrator

Nexia Melbourne Pty Ltd

Telephone: 03 8613 8888

Email: info@nexiamelbourne.com.au

Website: www.nexia.com.au

Address: Level 12, 31 Queen Street, Melbourne, Victoria 3000

Trustee

Guildfords Funds Management Pty Ltd

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