



APPENDIX 4D – Preliminary Half-year Report

RESULTS FOR ANNOUNCEMENT TO THE MARKET FOR THE PERIOD ENDED 30 JUNE 2017 (no previous corresponding period as this is the first half-year reporting period).

Viva Energy REIT is Australia's largest listed REIT owning solely service station properties with a high quality, fully leased portfolio 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 properties for the benefit of all security holders.

Viva Energy REIT is a stapled entity (**Stapled Group**) comprising one share in Viva Energy REIT Limited (ABN 35 612 986 517) and one unit in the Viva Energy REIT Trust (ARSN 613 146 464).

The financial report has been prepared to show the consolidated results of Viva Energy REIT Limited and Viva Energy REIT Trust and their controlled entities.

REPORTING PERIOD

This report details the consolidated results of Viva Energy REIT for the half-year ended 30 June 2017.

RESULTS FOR ANNOUNCEMENT TO THE MARKET

	Half-year ended 30 June 2017
Revenue from ordinary activities	\$78.8 million
Statutory net profit after tax attributable to Viva Energy REIT stapled group investors	\$43.1 million
Net operating profit (distributable earnings)	\$47.0 million
Total assets	\$2,275.4 million

Revenue is higher than that forecast in the Stapled Group's Prospectus and Product Disclosure Statement (**PDS**) dated 22 July 2016 due to property acquisitions made in the half-year ended 30 June 2017. Statutory net profit was \$43.1 million, with operating costs below **PDS** forecast.

Net operating profit was \$47.0 million. This is the measure used to determine security holder distributions, and was \$1.9m above that forecast in the PDS, due to higher revenue and lower operating costs.

DISTRIBUTIONS

Distributions paid during the period were \$36.4 million (5.28 cents per security) for the period ended 31 December 2016. This was paid on 6 February 2017.

Subsequent to period end, an interim distribution for the period ended 30 June 2017 of \$47.9 million (6.60 cents per security) was declared (record date 26 July 2017) and paid on 11 August 2017.

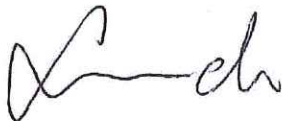
NET ASSETS PER SECURITY

Net tangible assets per security as at 30 June 2017 was \$2.07.

This information should be read in conjunction with the 30 June 2017 Interim Financial Report of Viva Energy REIT and any public announcements made during the period in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and Listing Rules.

This report is based on the Viva Energy REIT 30 June 2017 Interim Financial Report which has been reviewed by PricewaterhouseCoopers. The Independent Auditor's Review Report provided by PricewaterhouseCoopers is included in the 30 June 2017 Interim Financial Report.

Signed

A handwritten signature in black ink, appearing to read 'L Brindle', with a stylized flourish at the end.

Laurence Brindle

Chairman

17 August 2017

Viva Energy REIT Interim Financial Report 2017

For the half-year ended 30 June 2017

Contents

Financial report

Directors' Report	3
Auditor's Independence Declaration	7
Financial Statements	
— Condensed Consolidated Statement of Comprehensive Income	8
— Condensed Consolidated Balance Sheet	9
— Condensed Consolidated Statement of Changes in Equity	10
— Condensed Consolidated Statement of Cash Flows	11
Contents of the Notes to the Consolidated Financial Statements	12
Notes to the Consolidated Financial Statements	13
Directors' Declaration	23
Independent auditor's review report	24
Corporate Directory	26

These financial statements are for Viva Energy REIT (the 'Group'). The financial statements are presented in Australian Currency.

Viva Energy REIT comprises Viva Energy REIT Limited, the 'Company' (ACN 612 986 517), and VER Limited (ABN 43 609 868 000) (AFSL 483795) as responsible entity of the Viva Energy REIT Trust (the 'Trust') (ARSN 613 146 464).

The manager of Viva Energy REIT is VER Manager Pty Limited.

The registered office of the Responsible Entity, Viva Energy REIT and VER Manager Pty Limited is:
Level 16,
720 Bourke Street
Docklands VIC 3008, Australia

Directors' Report

The Directors of Viva Energy REIT present the report and financial statements for the period ended 30 June 2017 for Viva Energy REIT.

Viva Energy REIT ('Group' or 'the Group' or 'the REIT') is a stapled group consisting of the 'Company' and the 'Trust'. The Trust, through its 100% ownership of VER Trust, owns a portfolio of fully leased service station properties and receives rent under the leases. The Company owns all of the shares in VER Limited ('the Responsible Entity').

The Trust was established and the Company was incorporated on 14 June 2016. Following an initial public offer of the stapled securities and a debt raising, the Group was formed on 3 August 2016 when the Company and the Trust were stapled. The stapled securities then commenced trading on the ASX on a deferred settlement basis on 3 August 2016. Each Stapled Security consists of one share in the Company and one unit in the Trust.

This financial report contains the results of the Group for the six month period ended 30 June 2017 ("the Period" or "Period"). Viva Energy REIT's financial year-end is 31 December. Comparatives, where provided, are for the period from 14 June 2016 to 31 December 2016.

Directors

The following persons held office as directors of Viva Energy REIT Limited during the period ended 30 June 2017 and up until the date of this report:

- Laurence Brindle (Independent Non-Executive Chairman)
- Georgina Lynch (Independent Non-Executive Director)
- Stephen Newton (Independent Non-Executive Director)
- Scott Wyatt (Non-Independent, Non-Executive Director)

Lachlan Pfeiffer (Non-Independent, Non-Executive Director) was appointed on 28 March 2017, and continues in office at the date of this report.

Michael Bradburn (Non-Independent, Non-Executive Director) was appointed a director on 14 June 2016 and resigned as a director effective 28 March 2017.

The company secretary is Tony Tran.

Principal activities

The principal activity of Viva Energy REIT is investment in service station property.

Viva Energy REIT owns a portfolio of 431 freehold service station properties. During August 2016, 425 of these service station properties located in all Australian states and territories were acquired from Viva Energy Australia Pty Limited, one of Australia's leading fuel suppliers.

Operating and financial review

Viva Energy REIT's investment objective is to own a portfolio of high quality and strategically located service station properties throughout Australia, subject to long-term leases to tenants with strong credit profiles.

Directors' Report

Operating and financial review (continued)

Key financial metrics

	Half-year to 30 June 2017	Part period to 31 December 2016
Net profit (statutory)	\$43.1 million	\$1.0 million
Net operating profit (distributable earnings)	\$47.0 million	\$36.5 million
Total assets	\$2,275.4 million	\$2,173.3 million
Investment properties	\$2,144.8 million	\$2,104.8 million
Borrowings	\$742.2 million	\$731.5 million
Net assets	\$1,508.9 million	\$1,429.7 million
Net asset value per security *	\$2.07	\$2.07
Gearing **	33.8%	34.4%
Management expense ratio ***	0.21%	0.24%

* Net asset value excluding derivative financial instruments and including cash which was distributed to security holders on 11 August 2017.

** Gearing calculated as total liabilities/total assets excluding derivative financial instruments.

*** The Management expense ratio is shown on an annualised basis; and is calculated as the ratio of operating expenses incurred (excluding financing costs and initial transaction costs) over total assets (excluding derivative assets)

Financial results

	Half-year to 30 June 2017	Part period to 31 December 2016
Rental income	63,230	49,191
Other income	293	385
Total operating income	63,523	49,576
Management fee expenses	(1,332)	(1,060)
Board and other corporate costs	(1,094)	(1,050)
Interest paid or payable	(14,101)	(11,012)
Distributable earnings *	46,996	36,454
Non-distributable items:		
Establishment costs	-	(34,852)
Amortisation of borrowing costs	(791)	(626)
Straight-line rental income	15,230	12,118
Impact of straight-line lease adjustment on fair value	(15,230)	(12,118)
Fair value adjustment to investment properties	(3,093)	-
Statutory net profit	43,112	976

* Net operating profit (distributable earnings) is not a statutory measure of profit. Items are excluded from distributable earnings on the basis that they do not reflect the underlying net cash flow from operating activities of the Group, and is calculated as net profit adjusted to remove transaction costs and non-cash items, including straight lining of rental income, the amortisation of debt establishment fees and any fair value adjustment to investment properties and derivatives

Directors' Report

Operating and financial review (continued)

Distributable earnings

	Half-year to 30 June 2017	Part period to 31 December 2016
Net operating profit (distributable earnings) (\$'000)	46,996	36,454
Weighted average number of ordinary securities ('000)	690,726	690,152
Distributable earnings per security (cents) calculated on the weighted average number of ordinary securities	6.80	5.28

Distributions to security holders

On 6 February 2017, a distribution was paid to security holders of \$36.4 million (5.28 cents per security) for the period ended 31 December 2016.

Subsequent to the end of the period, the directors declared the payment of a distribution for the period ended 30 June 2017 of \$47.9 million (6.60 cents per security) which was paid on 11 August 2017.

Investment property portfolio

	30 June 2017	31 December 2016
Total value of investment properties	\$2,144.8 million	\$2,104.8 million
Total properties in portfolio	431	425
Portfolio occupancy	100%	100%
Weighted average lease expiry (WALE)	14.2 years	14.9 years

Capital management

Equity – The Group completed an institutional placement on 28 June 2017 raising \$80.0 million (before costs), and paid a distribution during February 2017 for the period ended 31 December 2016 of \$36.4 million.

Bank facilities and gearing – On 21 June 2017 the Group executed a new loan facility for \$60.0 million, and at 30 June 2017 has facilities available and undrawn of \$150.0 million. Gearing at 33.8% is below the target range of 35% to 45%.

Interest rate management

During the period the Group managed its interest rate risk in accordance with its interest rate risk management policy.

At 30 June 2017, 98.7% of the Group's borrowings are hedged with a weighted average term of 3.1 years. The average fixed interest rate at 30 June 2017 is 2.02%, excluding the margin (refer to note 5) and the amortisation of debt establishment costs.

Directors' Report

Operating and financial review (continued)

FY17 outlook

On 22 June 2017, the Group provided an updated full year 2017 distribution forecast of 13.20 cents per security, which exceeds the forecast provided in the Prospectus and Product Disclosure Statement dated 11 July 2016 of 13.07 cents per security.

The Group's strategy is to own a portfolio of high quality and strategically located Australian service stations. There are acquisition opportunities under consideration that are consistent with this strategy.

Significant changes in the state of affairs

In the opinion of the Directors, other than the matters identified in this report, there were no significant changes in the state of affairs of the Group that occurred during the financial period.

Matters subsequent to the end of the financial period

Subsequent to the end of the financial period:

- a Share Purchase Plan raised \$2.2 million of new equity which was issued on 24 July 2017 at \$2.31 per security; and,
- the Directors declared a distribution for the period ended 30 June 2017 of \$47.9 million which was paid on 11 August 2017.

No other matter or circumstance has arisen since 30 June 2017 that has significantly affected, or may significantly affect:

- (i) the operations of the Group in future financial years; or
- (ii) the results of those operations in future financial years; or
- (iii) the state of affairs of the Group in future financial years.

Likely developments and expected results of operations

The Group will continue to be managed in accordance with its existing investment objectives and guidelines.

The results of the Group's operations will be affected by a number of factors, including the performance of investment markets in which the Group invests. Investment performance is not guaranteed and future returns may differ from past returns. As investment conditions change over time, past returns should not be used to predict future returns.

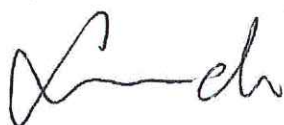
Rounding of amounts to the nearest thousand dollars

The Group is an entity of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, relating to the 'rounding off' of amounts in the Directors' Report. Amounts in the Directors' report have been rounded to the nearest thousand dollars in accordance with that Instrument, unless otherwise indicated.

Auditor's Independence Declaration

The Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 is set out on page 7.

This report is made in accordance with a resolution of Directors.



Laurence Brindle

Chairman

17 August 2017



Auditor's Independence Declaration

As lead auditor for the review of Viva Energy REIT Limited for the half-year ended 30 June 2017, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Viva Energy REIT Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'Charles Christie', written in a cursive style.

Charles Christie
Partner
PricewaterhouseCoopers

Melbourne
17 August 2017

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Financial Statements

Condensed Consolidated Statement of Comprehensive Income

	Notes	Half-year to 30 June 2017 \$'000
Income		
Rental income from investment properties		63,230
Revenue from investment properties – straight-line lease adjustment		15,230
Finance income		293
Total income		78,753
Expenses		
Management fee expenses		1,332
Board and other corporate costs		1,094
Finance costs	3	14,892
Impact of straight-line lease adjustment on fair value of investment properties		15,230
Fair value adjustment to investment properties		3,093
Total expenses		35,641
Net profit for the period		43,112
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Effective portion of changes in fair value of cash flow hedges:		
- Unrealised gains/(losses) on cash flow hedges		(5,932)
Total comprehensive income for the period		(5,932)
Total comprehensive income for the period is attributable to Viva Energy REIT stapled group investors, comprising:		37,180
Unitholders of Viva Energy REIT Limited		3,052
Unitholders of Viva Energy REIT Trust (non-controlling interest)		34,128
Earnings per security based on weighted average number of securities on issue:		Cents
Basic earnings per security in Viva Energy REIT		5.38
Diluted earnings per security in Viva Energy REIT		5.38

The above condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Condensed Consolidated Balance Sheet

	Notes	As at 30 June 2017 \$'000	As at 31 December 2016 \$'000
Current assets			
Cash and cash equivalents		119,040	54,122
Other current assets		5,192	2,013
Total current assets		124,232	56,135
Non-current assets			
Investment properties	4	2,144,765	2,104,820
Derivative financial instruments	6	6,441	12,373
Total non-current assets		2,151,206	2,117,193
Total assets		2,275,438	2,173,328
Current liabilities			
Trade and other payables		13,541	1,292
Interest payable		10,826	10,837
Total current liabilities		24,367	12,129
Non-current liabilities			
Borrowings	5	742,177	731,506
Total non-current liabilities		742,177	731,506
Total liabilities		766,544	743,635
Net assets		1,508,894	1,429,693
Equity			
Contributed equity – the Company		2,538	2,286
Accumulated profit/(loss)		(433)	(3,485)
Non-controlling interests – the Trust	9	1,506,789	1,430,892
Total equity		1,508,894	1,429,693

The above condensed consolidated balance sheet should be read in conjunction with the accompanying notes.

Condensed Consolidated Statement of Changes in Equity

	Contributed Equity \$'000	Accumulated profit/(loss) \$'000	Non- Controlling interests \$'000	Total Equity \$'000
Balance at 14 June 2016	-	-	-	-
Profit/(loss) for the period	-	(3,485)	4,461	976
Other comprehensive income:				
Effective portion of changes in fair value of cash flow hedges	-	-	12,373	12,373
Total comprehensive income for the period	-	(3,485)	16,834	13,349
Transactions with owners in their capacity as owners:				
Equity raised via Initial Public Offer	3,435	-	907,565	911,000
Equity retained by Viva Energy Australia Pty Limited	2,290	-	533,192	535,482
Equity raising costs	(3,439)	-	(26,699)	(30,138)
Total transactions with owners in their capacity as owners	2,286	-	1,414,058	1,416,344
Balance at 31 December 2016	2,286	(3,485)	1,430,892	1,429,693
Balance at 1 January 2017	2,286	(3,485)	1,430,892	1,429,693
Profit/(loss) for the half-year	-	3,052	40,060	43,112
Other comprehensive income:				
Effective portion of changes in fair value of cash flow hedges	-	-	(5,932)	(5,932)
Total comprehensive income for the half-year	-	3,052	34,128	37,180
Transactions with owners in their capacity as owners:				
Issue of securities under institutional placement	254	-	79,746	80,000
Equity raising costs	(2)	-	(1,537)	(1,539)
Distributions paid	-	-	(36,440)	(36,440)
Total transactions with owners in their capacity as owners	252	-	41,769	42,021
Balance at 30 June 2017	2,538	(433)	1,506,789	1,508,894

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Condensed Consolidated Statement of Cash Flows

	Half-year to 30 June 2017 \$'000
Cash flows from operating activities	
Rental income from investment properties (GST inclusive)	80,046
Payments to suppliers (GST inclusive)	(7,613)
Interest received	291
Interest paid	(14,112)
Net cash inflow from operating activities	58,612
Cash flows from investing activities	
Purchase of investment properties	(40,778)
Deposits paid for property acquisitions	(5,374)
Security deposits received	110
Net cash (outflow) from investing activities	(46,042)
Cash flows from financing activities	
Proceeds from borrowings	10,000
Proceeds of equity issue (net of costs)	78,788
Distributions paid to security holders	(36,440)
Net cash inflow from financing activities	52,348
Net increase in cash and cash equivalents	64,918
Cash and cash equivalents at the beginning of the financial period	54,122
Cash and cash equivalents at the end of the financial period	119,040

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Contents

Notes to the Financial Statements

1.	Corporate structure and general information	13
2.	Basis of preparation	13
3.	Finance costs	15
4.	Investment properties	15
5.	Borrowings	17
6.	Derivative financial instruments	18
7.	Contributed equity	18
8.	Distributions to security holders	19
9.	Non-controlling interests	19
10.	Related party disclosures	20
11.	Fair value measurement	20
12.	Contingent assets and liabilities and commitments	22
13.	Events occurring after the reporting period	22

Notes to the Consolidated Financial Statements

1. Corporate structure and general information

Viva Energy REIT is a stapled group consisting of the Company and the Trust and their wholly owned entities. The Trust indirectly owns a portfolio through its 100% ownership of VER Trust, the owner of the Portfolio, and receives rent under the leases. Each Stapled Security consists of one Share in the Company and one Unit in the Trust. The Shares and the Units together are stapled on and from Allotment on 3 August 2016 in accordance with the Constitutions of the Company, the Trust and the Stapling Deed. The Stapling Deed requires Viva Energy REIT to ensure that no issue, transfer or other dealing with a Share may occur unless there is a corresponding and identical issue, transfer or other dealing of a Unit (and vice versa). For so long as the stapling arrangements are in force the Directors must act in the best interests of Security holders as a whole.

The Company directly owns all of the shares in VER Limited ('the Responsible Entity').

This condensed consolidated financial report covers Viva Energy REIT (the 'Group') for the six months ended on 30 June 2017. Viva Energy REIT's financial year-end is 31 December.

Viva Energy REIT is listed on the ASX (Code: VVR) and registered and domiciled in Australia.

The financial statements were authorised for issue by the Directors on 17 August 2017. The Directors have the power to amend and reissue the financial statements.

2. Basis of preparation

This condensed consolidated interim financial report for the half-year reporting period ended 30 June 2017 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This condensed consolidated interim financial report does not contain all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the period ended 31 December 2016 and any public announcements made by Viva Energy REIT during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The financial statements present reclassified comparative information where required for consistency with the current period presentation. The accounting policies adopted are consistent with those of the previous financial period.

(a) Compliance with International Financial Reporting Standards

The financial statements of the Group also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

(b) Going concern

As at 30 June 2017, the Group had a net working capital balance of \$99.9 million, and the Group's debt facilities average term to expiry is 3.1 years.

After taking into account all available information, the directors of the Group have concluded that there are reasonable grounds to believe:

- the Group will be able to pay its debts as and when they fall due; and
- the basis of preparation of the financial report on a going concern basis is appropriate.

(c) Segment reporting

Viva Energy REIT has one business and geographic segment because it has only invested in service station properties within Australia.

(d) Presentation of members' interest in the Trust

As the Company has been assessed as the parent entity of the Group, the security holders' interests in the Trust are included in equity as 'non-controlling interests' relating to the stapled entity. Security holders' interests in the Trust are not presented as attributable to owners of the parent, reflecting the fact that they are not owned by the Company, but by the security holders of the stapled group.

(e) Impact of standards issued but not yet applied by the group

(i) AASB 9 Financial Instruments

AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The standard does not need to be applied until 1 January 2018 but is available for early adoption. The group has decided not to adopt AASB 9 until it becomes mandatory on 1 January 2018.

The group does not expect the new guidance to have a significant impact on the classification and measurement of its financial assets or financial liabilities, as the new requirements only affect the accounting for financial assets and liabilities that are designated at fair value through profit or loss and the group does not have any such assets or liabilities. The derecognition rules have been transferred from AASB 139 Financial Instruments: Recognition and Measurement and have not been changed.

The new hedge accounting rules will align the accounting for hedging instruments more closely with the group's risk management practices. As a general rule, more hedge relationships might be eligible for hedge accounting, as the standard introduces a more principles-based approach. However, at this stage the group does not expect to identify any new hedge relationships. The group's existing hedge relationships appear to qualify as continuing hedges upon the adoption of AASB 9. As a consequence, the group does not expect a significant impact on the accounting for its hedging relationships.

The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under AASB 139. It applies to financial assets classified at amortised cost, debt instruments measured at fair value through other comprehensive income, contract assets under AASB 15 Revenue from Contracts with Customers, lease receivables, loan commitments and certain financial guarantee contracts. The Group does not expect a significant impact on the financial statements.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

(ii) AASB 15 Revenue from contracts with customers

The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 which covers revenue arising from the sale of goods and the rendering of services and AASB 111 which covers construction contracts.

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer, however it does not apply to lease contracts which are governed under AASB 117 Leases. The financial impact on the Group's financial statements will be very limited given that the majority of the Group's revenue is from lease contracts.

The standard permits either a full retrospective or a modified retrospective approach for the adoption. It is effective for the first interim period within annual reporting periods beginning on or after 1 January 2018. The Group will adopt the new standard from 1 January 2018.

(iii) AASB 16 Leases

AASB 16 was issued in February 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change. The Group's preliminary analysis of leases indicates that, as a lessor, the adoption of this standard is not expected to have any impact on the Group.

The standard is mandatory for first interim periods within annual reporting periods beginning on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date.

3. Finance costs

	30 June 2017 \$'000
Finance costs:	
Interest paid or payable (a)	14,101
Amortised borrowing costs (b)	791
Total finance costs	14,892

(a) Represents interest expense on borrowings.

(b) Represents amortisation of the borrowing costs incurred when establishing borrowing facilities. These costs are amortised over the term of the relevant facility.

4. Investment properties

(a) Valuations and carrying amounts

	Carrying Amount 30 June 2017 \$'000	Fair Value 30 June 2017 \$'000
Service station properties	2,144,765	2,144,765
Total	2,144,765	2,144,765

On 7 July 2016 independent valuations were performed over the 425 properties comprising the portfolio of service stations.

(i) The key inputs into valuations were:

- Determination of market rent
- Capitalisation rates
- Lease terms

(ii) Key outputs:

Weighted average capitalisation rate	5.9%
Weighted average passing yield	5.9%
Market rent is the same as passing rent	

In accordance with the Group's Valuation Policy, independent valuations were carried out effective 30 June 2017 for six properties which were impacted by either capital works or physical changes outside of the property (such as road diversions, road works, or increased competition). The outcome of these re-valuations was a write down of \$0.8 million from \$20.3 million to \$19.5 million.

For the investment properties not independently valued at 30 June 2017 the Directors obtained an independent market report and used the data from this report to assist them in reaching their conclusion that there was no material movement in carrying value.

(b) Movements during the financial period

	Half-year to 30 June 2017 \$'000	Part period to 31 December 2016 \$'000
At fair value		
Opening balance	2,104,820	-
Initial acquisition of properties	-	2,104,820
Acquisitions	43,038	-
Write off of acquisition costs and stamp duty	(2,323)	-
Disposals	-	-
Fair value adjustments		
- Specific site valuations	(770)	-
- Straight-lining of rental income	15,230	12,118
- Impact of straight-line lease adjustment	(15,230)	(12,118)
Closing balance	2,144,765	2,104,820

(c) Amounts recognised in profit or loss for investment properties

	Half-year to 30 June 2017 \$'000	Part period to 31 December 2016 \$'000
Rental income received in cash	63,230	49,191
Fair value adjustments – specific site adjustments	(770)	-
Write off of acquisition costs and stamp duty	(2,323)	-
Non-cash rental income - recognised on a straight-line basis	15,230	12,118
Impact of straight-line lease adjustment on fair value of investment properties	(15,230)	(12,118)

(d) Leasing arrangements

Investment properties are leased to Viva Energy Australia Pty Limited and its associated entities as the primary fuel tenant under long-term operating leases with rentals payable monthly. Minimum lease payments receivable on leases of investment properties are as follows:

	30 June 2017 \$'000	31 December 2016 \$'000
Minimum lease receivable under non-cancellable operating leases of investment properties not recognised in the financial statements are receivable as follows:		
Within one year	129,441	125,121
Later than one year but not later than five years	555,912	539,163
Later than five years	1,593,318	1,653,380

5. Borrowings

The Group has two debt facilities at 30 June 2017:

- (a) A syndicated facility agreement dated 10 July 2016 pursuant to which a syndicate of domestic and international banks provide unsecured debt facilities. This facility comprises a \$736.7 million term loan facility split evenly over two tranches (Facility A) with three and five year maturity terms respectively; and a \$100.0 million revolving credit facility (Facility B) with a three year maturity calculated from the date of the drawdown of Facility A (10 August 2016).

The interest margin applied to the borrowings under this facility will increase should the gearing ratio exceed 35% (margin increase of 0.15%) and 40% (margin increase of 0.15%), or if 30% or more of the Group's lease revenue is derived from tenants with a credit rating below investment grade (margin increase of 0.30%).

- (b) On 21 June 2017, the Group entered into a \$60.0 million bilateral debt facility agreement with a three year term. The interest margin applied to the borrowings under the bilateral debt facility agreement will increase should the gearing ratio exceed 40% (margin increase of 0.15%), or if 30% or more of the Group's lease revenue is derived from tenants with a credit rating below investment grade (margin increase of 0.30%).

Debt facility overview

	Facility A1	Facility A2	Facility B	Bilateral 3-yr
Term	3 years from 10 August 2016	5 years from 10 August 2016	3 years from 10 August 2016	3 years from 21 June 2017
Expiry	10 August 2019	10 August 2021	10 August 2019	21 June 2020
Facility amount	\$368.3 million	\$368.3 million	\$100.0 million	\$60.0 million
Amount drawn	\$368.3 million	\$368.3 million	\$10.0 million	Nil
Undrawn amount	Nil	Nil	\$90.0 million	\$60.0 million
Interest margin	1.60%	1.80%	1.60%	1.60%
Interest rate basis	Quoted bank bill swap rate for the relevant interest period.			

The weighted average tenure of the drawn and undrawn facilities as at 30 June 2017 is 3.0 years.

	30 June 2017 \$'000	31 December 2016 \$'000
Non-current:		
Syndicated facility	746,687	736,687
Unamortised transaction costs	(4,510)	(5,181)
Total unsecured non-current borrowings	742,177	731,506

The interest rate applying to the drawn amount of the facilities is presently set on a six monthly basis at the prevailing market interest rate at the commencement of the period (bank bill swap rate), plus the applicable margin.

Subject to being in compliance with the debt covenants, the undrawn amount of the bank facilities may be drawn at any time. The Group's bank facilities contain covenants including an interest cover ratio of not less than 2.0 times (actual at 30 June 2017 of 4.1 times) and a gearing ratio of not more than 50% (actual at 30 June 2017 of 33.8%). The Group was in compliance with all of its covenants throughout the period.

6. Derivative financial instruments

	30 June 2017 \$'000	31 December 2016 \$'000
Non-current assets		
Interest rate swaps	6,441	12,373

The Group has entered into interest rate swap contracts under which they receive interest at variable rates and pay interest at fixed rates to protect interest bearing liabilities from exposure to changes in interest rates.

Swaps currently in place cover 98.7% of the facility principal outstanding. The weighted average fixed interest swap rate at 30 June 2017 was 2.02%, and the weighted average term was 3.1 years.

Periodic swap settlements match the period for which interest is payable on the underlying debt, and are settled on a net basis.

The notional principal amounts and periods of expiry of the interest rate swap contracts are as follows:

	30 June 2017 \$'000	31 December 2016 \$'000
Less than 1 year	-	-
1 – 2 years	-	-
2 – 3 years	368,343	368,343
3 – 4 years	-	-
4 – 5 years	368,344	368,344
Greater than 5 years	-	-
	736,687	736,687

7. Contributed equity

(a) Securities

	30 June 2017 Number of Securities '000	31 December 2016 Number of Securities '000	30 June 2017 \$'000	31 December 2016 \$'000
Ordinary Securities				
Fully Paid	724,784	690,152	1,494,805	1,416,344

(b) Movement in ordinary securities

Date	Details	No. of Securities '000	\$'000
14 June 2016	Opening balance	-	-
8 August 2016	Equity raised via Initial Public Offer	414,091	911,000
8 August 2016	Equity retained by Viva Energy Australia Pty Limited	276,061	535,482
8 August 2016	Equity raising costs	-	(30,138)
31 December 2016	Closing balance	690,152	1,416,344
1 January 2017	Opening balance	690,152	1,416,344
28 June 2017	Issue of securities under institutional placement	34,632	80,000
28 June 2017	Equity raising costs	-	(1,539)
30 June 2017	Closing balance	724,784	1,494,805

(c) Capital management

The Group aims to invest to meet the Group's investment objectives while maintaining sufficient liquidity to meet its commitments. The Group regularly reviews performance, including asset allocation strategies, investment and operational management strategies, investment opportunities, performance review, and risk management strategies.

In order to maintain an appropriate capital structure the Group may adjust the amount of distributions paid to security holders, return capital to security holders, issue new securities or buy-back securities, sell or buy assets or reduce or raise debt.

The Group monitors capital through the analysis of a number of financial ratios, including the gearing ratio.

(d) Gearing ratio

	30 June 2017 \$'000	31 December 2016 \$'000
Total liabilities	766,544	743,635
Total assets (excluding mark-to-market value of derivatives)	2,268,997	2,160,955
Gearing ratio	33.8%	34.4%

8. Distributions to security holders

On 6 February 2017, a distribution was paid to security holders of \$36.4 million (5.28 cents per security) for the period ended 31 December 2016.

Subsequent to the end of the period, the directors declared the payment of a distribution for the period ended 30 June 2017 of \$47.9 million (6.60 cents per security) which was paid on 11 August 2017.

9. Non-controlling interests

The financial statements reflect the consolidation of Viva Energy REIT. For financial reporting purposes, one entity in the stapled group must be identified as the acquirer or parent entity of the others. The Company has been identified as the acquirer of the Trust, resulting in the 'Trust' being disclosed as a non-controlling interest.

Movements in non-controlling interests were as follows:

	30 June 2017 \$'000
Opening balance – 14 June 2016	-
Contributions of equity, net of transaction costs	1,414,058
Net profit for the period	4,461
Effective portion of changes in fair value of cash flow hedges	12,373
Closing balance – 31 December 2016	1,430,892
Opening balance – 1 January 2017	1,430,892
Net profit for the period	40,060
Effective portion of changes in fair value of cash flow hedges	(5,932)
Issue of securities under an institutional placement	79,746
Equity raising costs	(1,537)
Distributions paid	(36,440)
Closing balance – 30 June 2017	1,506,789

10. Related party disclosures

Parent entity

The Company has been assessed as the parent entity of the Group, the security holders' interests in the Trust are included in equity as non-controlling interests relating to the stapled entity.

Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries of Viva Energy REIT.

Name of entity	Country of incorporation	Class of shares	Equity holding %
VER Limited	Australia	Ordinary	100
VER Custodian Pty Limited	Australia	Ordinary	100
VER Finco Pty Limited	Australia	Ordinary	100

Responsible Entity

The Company directly owns all of the shares in VER Limited ('the Responsible Entity'). The Responsible Entity or its related parties are entitled to receive fees in accordance with the Group's constitution, from the Group and its controlled entities.

	30 June 2017	31 December 2016
	\$'000	\$'000
The following transactions occurred with related parties:		
Management fees paid to VER Manager	1,332	838
Reimbursement of initial transaction costs paid to Viva Energy Australia Pty Limited	-	4,535
Amounts payable:		
Amounts payable to VER Manager at the end of the period	222	222

11. Fair value measurement

(a) Fair value estimation

The carrying amounts of the Group's assets and liabilities at the end of each reporting period approximate their fair values.

Financial assets and liabilities held at fair value through profit or loss are measured initially at fair value excluding any transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs on financial assets and financial liabilities are expensed immediately at fair value through profit or loss. Subsequent to initial recognition, all instruments held at fair value through profit or loss are measured at fair value with changes in their fair value recognised in profit or loss.

(b) Fair value hierarchy

(i) Classification of financial assets and financial liabilities

AASB 13 requires disclosure of fair value measurements by level of fair value hierarchy. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgement by the Directors. The Directors consider observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The following table presents the Group's financial assets and liabilities (by class) measured at fair value according to the fair value hierarchy at 30 June 2017 on a recurring basis:

Consolidated	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
30 June 2017				
Financial assets				
Investment properties	-	-	2,144,765	2,144,765
Interest rate swaps	-	6,441	-	6,441
Total	-	6,441	2,144,765	2,151,206
31 December 2016				
Financial assets				
Investment properties	-	-	2,104,820	2,104,820
Interest rate swaps	-	12,373	-	12,373
Total	-	12,373	2,104,820	2,117,193

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period. There were no transfers between levels during the period.

The Group did not measure any financial assets or financial liabilities at fair value on a non-recurring basis as at 30 June 2017.

(ii) Valuation techniques used to derive level 2 and level 3 values

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves, taking into account any material credit risk.

12. Contingent assets and liabilities and commitments

At 30 June 2017, the Group has entered into contracts for the purchase of investment properties totalling in aggregate \$68.8 million. Deposits paid under these contracts total \$5.2 million.

Other than that noted above, there are no material outstanding contingent assets, liabilities or commitments as at 30 June 2017.

13. Events occurring after the reporting period

Subsequent to the end of the financial period:

- a Share Purchase Plan raised \$2.2 million of new equity issued at \$2.31 per security on 24 July 2017; and,
- the Directors declared a distribution for the period ended 30 June 2017 of \$47.9 million which was paid on 11 August 2017.

Other than those noted above, no significant events have occurred since the end of the reporting period which would impact on the financial position of the Group disclosed in the consolidated balance sheet as at 30 June 2017 or on the results and cash flows of the Group for the period ended on that date.

Directors' Declaration

In the opinion of the Directors:

i. the financial statements and notes set out on pages 8 to 22 are in accordance with the *Corporations Act 2001*, including:

1. complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
2. giving a true and fair view of the Group's financial position as at 30 June 2017 and of its performance for the financial period ended on that date, and

ii. there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations by the Managing Director and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the Directors.

A handwritten signature in black ink, appearing to read 'L Brindle', is positioned above the printed name and title.

Laurence Brindle

Chairman

17 August 2017



Independent auditor's review report to the stapled security holders of Viva Energy REIT Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Viva Energy REIT Limited (the Company), which comprises the condensed consolidated balance sheet as at 30 June 2017, the condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration for Viva Energy REIT (the consolidated entity). The consolidated entity comprises the Company and the entities it controlled during that half-year.

Directors' responsibility for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the consolidated entity's financial position as at 30 June 2017 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Viva Energy REIT Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

PricewaterhouseCoopers, ABN 52 780 433 757
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Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Viva Energy REIT Limited is not in accordance with the *Corporations Act 2001* including:

1. giving a true and fair view of the consolidated entity's financial position as at 30 June 2017 and of its performance for the half-year ended on that date;
2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A handwritten signature in black ink that reads 'PricewaterhouseCoopers' in a cursive, flowing script.

PricewaterhouseCoopers

A handwritten signature in black ink, appearing to be 'Charles Christie', written in a cursive style.

Charles Christie
Partner

Melbourne
17 August 2017

Corporate Directory

Viva Energy REIT Limited

ACN 612 986 517

Viva Energy REIT Trust

ARSN 613 146 464

VER Limited

ABN 43 609 868 000 AFSL 483795

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Directors

Laurence Brindle
Georgina Lynch
Stephen Newton
Lachlan Pfeiffer
Scott Wyatt

Company Secretary

Tony Tran

Auditor

PricewaterhouseCoopers
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Southbank VIC 3006

Share Registry

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Investor inquiries and correspondence

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Stock exchange listing

Viva Energy REIT Stapled Securities are listed on the Australian Securities Exchange (ASX) with the code VVR.