

Viva Energy REIT Trust Interim Financial Report 2017

For the half-year ended 30 June 2017

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These financial statements are for Viva Energy REIT Trust (the 'Trust') as an individual entity. The financial statements are presented in Australian Currency.

The responsible entity of the Trust is VER Limited, the 'Company' (ABN 43 609 868 000) (AFSL 483795), and the manager of the Trust is VER Manager Pty Limited (the 'Manager').

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

Directors' Report

The Directors of VER Limited, the Responsible Entity of Viva Energy REIT Trust, present the report and financial statements of the Trust for the period ended 30 June 2017.

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 Trust was established on 14 June 2016. The Trust formed a stapled group (the 'Stapled Group') with Viva Energy REIT Limited on 3 August 2016 when Viva Energy REIT Limited and the Trust were stapled. The stapled securities commenced trading on the ASX on a deferred settlement basis on 3 August 2016. Each Stapled Security consists of one share in Viva Energy REIT Limited and one unit in the Trust.

The Trust and Viva Energy REIT Limited are separate entities for which the units have been stapled together to enable trading as one security. The units of the Trust and the shares of Viva Energy REIT Limited cannot be traded separately. Neither entity controls the other, however, for the purposes of financial reporting, Viva Energy REIT Limited has been defined as the parent entity.

For the results of the Stapled Group, refer to the Viva Energy REIT Group interim financial report for the period to 30 June 2017.

This financial report contains the results of the Trust for the six month period ended 30 June 2017 ("the Period" or "Period"). Comparatives, where provided, are for the period from 14 June 2016 to 31 December 2016.

Directors

The following persons held office as directors of VER 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)

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 the Trust is investment in service station property.

This Trust 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.

Directors' Report

Distributions to unit holders

On 6 February 2017, a distribution was paid to unit 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 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.

Operating and financial review

The Trust is part of the Viva Energy REIT Group, a stapled security. Investors should refer to the Operating and Financial Review prepared for Viva Energy REIT Group set out in the Interim Financial Report of the Viva Energy REIT Group lodged with the ASX on 17 August 2017. A separate Operating and Financial Review for the Trust has not been prepared as investors should consider the operations of the Stapled Group in its entirety.

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

Likely developments and expected results of operations

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

The results of the Trust's operations will be affected by a number of factors, including the performance of investment markets in which the Trust 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.

Fees paid to and interests held in the Trust by the Responsible Entity or its associates

Fees paid to the Responsible Entity and its associates out of Trust property during the period are disclosed in note 8 to the financial statements.

Rounding of amounts to the nearest thousand dollars

The Trust 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.

Directors' Report

Auditor's Independence Declaration

The Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 is set out on page 6.

This report 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.

Laurence Brindle

Chairman

17 August 2017



Auditor's Independence Declaration

As lead auditor for the review of Viva Energy REIT Trust for the half-year 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 Trust and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'Charles Christie'.

Charles Christie
Partner
PricewaterhouseCoopers

Melbourne
17 August 2017

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Financial Statements

Condensed Consolidated Statement of Comprehensive Income

	Notes	Half-year 30 June 2017 \$'000
Income		
Rental income from investment properties		63,230
Revenue from investment properties – straight-line lease adjustment		15,230
Finance income		245
Total income		78,705
Expenses		
Management fee expenses		3,194
Board and other corporate costs		2,236
Finance costs	3	14,892
Impact of straight-line lease adjustment on fair value of investment		15,230
Fair value adjustment to investment properties		3,093
Total expenses		38,645
Net profit for the period		40,060
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 Unit holders of Viva Energy REIT Trust		34,128
Earnings per unit based on weighted average number of units on issue:		cents
Basic earnings per unit		4.94
Diluted earnings per unit		4.94

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

Condensed Consolidated Balance Sheet

		As at 30 June 2017 \$'000	As at 31 December 2016 \$'000
Notes			
	Current assets		
	Cash and cash equivalents	111,898	48,607
	Other current assets	19,603	8,866
	Total current assets	131,501	57,473
	Non-current assets		
	Investment properties	2,144,765	2,104,820
	Derivative financial instruments	6,441	12,373
	Total non-current assets	2,151,206	2,117,193
	Total assets	2,282,707	2,174,666
	Current liabilities		
	Trade and other payables	22,915	1,896
	Interest payable	10,826	10,998
	Total current liabilities	33,741	12,894
	Non-current liabilities		
	Borrowings	742,177	730,880
	Total non-current liabilities	742,177	730,880
	Total liabilities	775,918	743,774
	Net assets	1,506,789	1,430,892
	Equity		
	Contributed equity	1,492,267	1,414,058
	Accumulated profit	8,081	4,461
	Hedge reserve	6,441	12,373
	Total equity	1,506,789	1,430,892

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 \$'000	Hedge reserve \$'000	Total equity \$'000
Balance at 14 June 2016	-	-	-	-
Profit/(loss) for the period	-	4,461	-	4,461
Other comprehensive income:				
Effective portion of changes in fair value of cash flow hedges	-	-	12,373	12,373
Total comprehensive income for the period	-	-	12,373	12,373
Transactions with owners in their capacity as owners:				
Equity raised via Initial Public Offer of the Stapled Group	907,565	-	-	907,565
Equity of the Stapled Group retained by Viva Energy Australia Pty Limited	533,192	-	-	533,192
Equity raising costs of the Stapled Group	(26,699)	-	-	(26,699)
Total transactions with owners in their capacity as owners	1,414,058	-	-	1,414,058
Balance at 31 December 2016	1,414,058	4,461	12,373	1,430,892
Balance at 1 January 2017	1,414,058	4,461	12,373	1,430,892
Profit/(loss) for the half-year	-	40,060	-	40,060
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	-	-	(5,932)	(5,932)
Transactions with owners in their capacity as owners:				
Issue of securities under institutional placement	79,746	-	-	79,746
Equity raising costs	(1,537)	-	-	(1,537)
Distributions paid	-	(36,440)	-	(36,440)
Total transactions with owners in their capacity as owners	78,209	(36,440)	-	41,769
Balance at 30 June 2017	1,492,267	8,081	6,441	1,506,789

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

Condensed Consolidated Statement of Cash Flows

30 June 2017

\$'000

Cash flows from operating activities

Rental income from investment properties (GST inclusive)	80,046
Payments to suppliers (GST inclusive)	(9,063)
Interest received	242
Interest paid	(14,112)
Net cash inflow from operating activities	57,113

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)	78,660
Distributions paid to security holders	(36,440)
Net cash inflow from financing activities	52,220

Net increase in cash and cash equivalents

	63,291
Cash and cash equivalents at the beginning of the financial period	48,607
Cash and cash equivalents at the end of the financial period	111,898

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

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Notes to the Consolidated Financial Statements

1. Corporate structure and general information

These financial statements cover Viva Energy REIT Trust (the 'Trust') as an individual entity. The Trust is a managed investment scheme registered and domiciled in Australia and forms part of the Viva Energy REIT Stapled Security.

The Responsible Entity of the Trust is VER Limited (the 'Responsible Entity').

The Trust, through its 100% ownership of VER Trust, owns a portfolio of service station properties and receives rent under the leases.

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

This condensed consolidated financial report covers the results of the Trust for the six months ended 30 June 2017. Viva Energy REIT Trust's financial year-end is 31 December.

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 Trust also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

(b) Going concern

As at 30 June 2017, the Trust had a net working capital balance of \$97.8 million and the Trust's debt facilities average term to expiry is 3.1 years.

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

- the Trust 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

The Trust has one business and geographic segment because it has only invested in service station properties within Australia.

(d) Impact of standards issued but not yet applied by the Trust

(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 Trust has decided not to adopt AASB 9 until it becomes mandatory on 1 January 2018.

The Trust 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 Trust 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 Trust'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 Trust does not expect to identify any new hedge relationships. The Trust's existing hedge relationships appear to qualify as continuing hedges upon the adoption of AASB 9. As a consequence, the Trust 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 Trust 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 Trust'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 financial statements has not yet been fully quantified, but given the majority of the Trust's revenue is from lease contracts, the impact of AASB 15 will be limited.

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 Trust 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 Trust's preliminary analysis of leases indicates that, as a lessor, the adoption of this standard is not expected to have any significant impact on the Trust.

The standard is mandatory for first interim periods within annual reporting periods beginning on or after 1 January 2019. At this stage, the Trust 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 Trust'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 specifically 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 had been no material change in the carrying value of the Trust's other investment properties during the half-year ended 30 June 2017.

(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 Trust 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 Trust'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 Trust 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 Trust'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 compliant with the loan covenants, the undrawn amount of the bank facilities may be drawn at any time. The Trust'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 Trust 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 Trust 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) Units

	30 June 2017 Number of Units '000	31 December 2016 Number of Units '000	30 June 2017 \$'000	31 December 2016 \$'000
Ordinary Units				
Fully Paid	724,784	690,152	1,492,267	1,414,058

(b) Movement in ordinary units

Date	Details	No. of Units '000	\$'000
14 June 2016	Opening balance	-	-
8 August 2016	Equity raised via Initial Public Offer for the Stapled Group	414,091	907,565
8 August 2016	Equity of the Stapled Group retained by Viva Energy Australia Pty Limited	276,061	533,192
8 August 2016	Equity raising costs for the Stapled Group	-	(26,699)
31 December 2016	Closing balance	690,152	1,414,058
1 January 2017	Opening balance	690,152	1,414,058
28 June 2017	Issue of securities under institutional placement	34,632	79,746
28 June 2017	Equity raising costs	-	(1,537)
30 June 2017	Closing balance	724,784	1,492,267

(c) Capital management

The objectives of the Stapled Group are to generate attractive and predictable income distributions to investors with growth over the medium to long term.

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

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

8. Related party disclosures

Stapled Group

The Stapled Group was created when the Shares in Viva Energy REIT Limited and the Units in the Trust were stapled on 3 August 2016 in accordance with the Constitutions of the Company, the Trust and the Stapling Deed. Each Stapled Security consists of one share in the Company and one unit in the Trust.

The Trust indirectly owns the Portfolio through its 100% ownership of VER Trust, the owner of the Portfolio, and receives rent under the Leases.

The Trust pays a fee to Viva Energy REIT Limited for corporate and administrative services. This is based on an agreed fee per month and is on a cost-recovery basis.

Responsible Entity

The Responsible Entity is VER Limited. The Responsible Entity or its related parties are entitled to receive fees in accordance with the Trust's constitution, from the Trust and its controlled entities.

	30 June 2017 \$'000	31 December 2016 \$'000
The following transactions occurred with related parties:		
Reimbursement of initial transaction costs paid to Viva Energy Australia Pty Limited	-	4,535
Reimbursement of corporate and administrative fees paid to Viva Energy REIT Limited	1,968	-
Responsible Entity management fees paid to VER Limited	1,332	1,060
Amounts receivable:		
Receivable from Viva Energy REIT Limited at the end of the period	14,606	6,980
Amounts payable:		
Payable to Viva Energy REIT Limited at the end of the period	10,600	1,496

Amounts receivable from related parties include advisory and legal expenses, listing fees and stamp duty paid to third parties on behalf of Viva Energy REIT Limited directly related to the creation of the Stapled Group, the purchase of the property portfolio and the listing of the Stapled Group.

9. Fair value measurement

The Trust's investing activities expose it to various types of risk that are associated with the financial instruments and markets in which it invests. The most important types of financial risk which the Trust is exposed to are market risk, cash flow and fair value interest rate risk, credit risk and liquidity risk. The exposure to each of these risks, as well as the Trust's policies and processes for managing these risks are described below.

(a) Fair value estimation

The carrying amounts of the Trust'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 judgment, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgment 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 Trust'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 Trust'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 Trust 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.

10. Contingent assets and liabilities and commitments

At 30 June 2017, the Trust has entered into contracts for the purchase of investment properties totaling 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.

11. 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 which was issued at \$2.31 per security on 24 July 2017; and,
- the Directors have 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 Trust disclosed in the consolidated balance sheet as at 30 June 2017 or on the results and cash flows of the Trust for the period ended on that date.

Directors' Declaration

In the opinion of the Directors of the Responsible Entity:

i. the financial statements and notes set out on pages 7 to 20 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 Trust'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 Trust will be able to pay its debts as and when they become due and payable, and

iii. note 2(a) confirms that the financial statements comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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.



Laurence Brindle

Chairman

17 August 2017



Independent auditor's review report to the unitholders of Viva Energy REIT Trust

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Viva Energy REIT Trust (the Trust), 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 Trust and the entities it controlled during that half-year.

Directors responsibility for the half-year financial report

The Directors of the Responsible Entity of the Trust 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 Trust, 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
2 Riverside Quay, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001
T: 61 3 8603 1000, F: 61 3 8603 1999, www.pwc.com.au



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 Trust 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 cursive script that reads 'PricewaterhouseCoopers'.

PricewaterhouseCoopers

A handwritten signature in cursive script, likely belonging to Charles Christie.

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

Registered Office

Level 16, 720 Bourke Street
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Website: www.vivaenergyreit.com.au

Directors

Laurence Brindle
Georgina Lynch
Lachlan Pfeiffer
Stephen Newton

Company Secretary

Tony Tran

Auditor

PricewaterhouseCoopers
2 Riverside Quay
Southbank VIC 3006

Share Registry

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Locked Bag A14
Sydney South NSW 1235, Australia
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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.