**APPENDIX 4D – Preliminary Half-year Report**

## RESULTS FOR ANNOUNCEMENT TO THE MARKET FOR THE PERIOD ENDED 30 JUNE 2018

Viva Energy REIT is Australia's largest listed REIT owning solely service station properties with a high quality portfolio of service stations across all Australian states and territories. Viva Energy REIT's objective is to maximize the long-term income and capital returns from its ownership of the portfolio for the benefit of all security holders.

Viva Energy REIT is a stapled entity (**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, together 'Group'.

## REPORTING PERIOD

This report details the consolidated results of Viva Energy REIT for the half-year ended 30 June 2018. All comparisons are to the half-year ended 30 June 2017.

## RESULTS FOR ANNOUNCEMENT TO THE MARKET

Statutory net profit was $59.6 million, compared to the prior period of $43.1 million.

| | Half-year ended 30 June 2018 | Half-year ended 30 June 2017 | Change % |
|---|---|---|---|
| Revenue from ordinary activities | $81.9 million | $78.8 million | 3.9% |
| Net profit from ordinary activities after tax attributable to Group investors | $61.0 million | $ 61.4 million | (0.7%) |
| Net profit after tax attributable to Group investors (statutory net profit) | $59.6 million | $43.1 million | 38.3% |
| Net operating profit (distributable earnings) | $50.7 million | $47.0 million | 7.9% |
| Total assets | $2,365.3 million | $2,275.4 million | 3.9% |
| Net assets | $1,598.5 million | $1,508.9 million | 5.9% |

Revenue was $81.9 million (up 3.9% pcp) due to annual fixed rate rental increases and property acquisitions during the twelve months ended 30 June 2018. Statutory net profit was $59.6 million (up 38.3%) due to a fair value adjustment to investment properties of $15.2m at 30 June 2017 not recurring in the half-year to 30 June 2018.

Net operating profit was $50.7m (up 7.9%) due to higher rental income flowing from annual fixed rate rental increases and property acquisitions during the twelve months ended 30 June 2018. This represents the underlying cash-based profit of the Group for the relevant period excluding fair value changes from asset and derivative revaluations and items of income or expense not representative of the Group's underlying operating earnings or cash flow.

Gearing was 32.5% at 30 June 2018, which is below the target gearing range of 35% - 45%.

## DISTRIBUTIONS

| | Cents per security | Franked amount per security | Date paid or payable |
|---|---|---|---|
| Interim for the year ended 31 December 2017 | 6.60 | - | 11 August 2017 |
| Final for the year ended 31 December 2017 | 6.60 | - | 15 February 2018 |
| Interim for the year ended 31 December 2018 *(record date 25 July 2018)* | 6.99 | - | 10 August 2018 |

Distributions paid during the period were $47.9 million (6.60 cents per security) for the period ending 31 December 2017. This was paid on 15 February 2018.

Subsequent to period end, an interim distribution for the period ending 30 June 2018 of $50.7 million (6.99 cents per security) was declared (record date 25 July 2018) and paid on 10 August 2018.

## NET ASSETS PER SECURITY

Net tangible assets per security as at 30 June 2018 was $2.20 (30 June 2017 $2.07). Net tangible assets per security as at 30 June 2018 after allowing for the 6.99 cents per security distribution paid on 10 August 2018 is $2.13.

This information should be read in conjunction with the 30 June 2018 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 2018 Interim Financial Report which has been reviewed by PricewaterhouseCoopers. The Independent Auditor's Review Report provided by PricewaterhouseCoopers is included in the 30 June 2018 Interim Financial Report.

**Laurence Brindle - Chairman**

23 August 2018

# Viva Energy REIT
# Interim Financial Report 2018

For the half-year ended 30 June 2018

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## Financial report


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This financial report is for Viva Energy REIT ('Group').

The financial report is presented in Australian currency.

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

The manager of the Trust is VER Manager Pty Limited ('Manager').

The registered office of the Company, VER Limited ('Responsible Entity') and the Manager is:
Level 16, 720 Bourke Street
Docklands VIC 3008, Australia.

# Directors' Report

**Your directors of Viva Energy REIT Limited ('Company') and VER Limited ('Responsible Entity'), the Responsible Entity of Viva Energy REIT Trust ('Trust'), present their report and financial statements for the half-year ended 30 June 2018 for Viva Energy REIT.**

Viva Energy REIT ('Group') is a stapled group consisting of the Company and the Trust. The Trust, through its 100% ownership of VER Trust, owns the portfolio 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 Australian Securities Exchange ('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 half-year ended 30 June 2018. Viva Energy REIT's financial year-end is 31 December.

## Directors of Viva Energy REIT Limited

The following persons held office as directors of Viva Energy REIT Limited during the period ended 30 June 2018 and up until the date of this report:

- Laurence Brindle (Independent Non-Executive Director and 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)

Tina Mitas was appointed as Company Secretary on 15 May 2018.

Mark Licciardo and Kate Goland were appointed as Joint Company Secretaries on 11 October 2017, and resigned on 15 May 2018.

## Directors of VER Limited

The following persons held office as directors of VER Limited during the period ended 30 June 2018 and up until the date of this report:

- Laurence Brindle (Independent Non-Executive Director and Chairman)
- Georgina Lynch (Independent Non-Executive Director)
- Stephen Newton (Independent Non-Executive Director)
- Lachlan Pfeiffer (Non-Independent, Non-Executive Director)

Tina Mitas was appointed as Company Secretary on 15 May 2018.

Mark Licciardo and Kate Goland were appointed as Joint Company Secretaries on 11 October 2017, and resigned on 15 May 2018.

## Principal activities

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

Viva Energy REIT owns a portfolio of 442 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 (continued)

## 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.

*Key financial metrics*

| | Half-year to 30 June 2018 | Half-year to 30 June 2017 |
|---|---|---|
| Net profit (statutory) | $59.6 million | $43.1 million |
| Net operating profit (distributable income) | $50.7 million | $47.0 million |
| Total assets | $2,365.3 million | $2,275.4 million |
| Investment properties | $2,327.3 million | $2,144.8 million |
| Borrowings | $764.7 million | $742.2 million |
| Net assets | $1,598.5 million | $1,508.9 million |
| Net asset value ('NAV') per security * | $2.20 | $2.07 |
| Gearing ** | 32.5% | 33.8% |
| Management expense ratio *** | 0.21% | 0.21% |

* NAV includes cash which subsequent to year end was distributed to security holders on 10 August 2018 (refer to note 8 to the consolidated financial statements).

** 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 $'000*

| | Half-year to 30 June 2018 | Half-year to 30 June 2017 |
|---|---|---|
| Rental income | 67,449 | 63,230 |
| Other income | 363 | 293 |
| **Total operating income** | **67,812** | **63,523** |
| Management and administration expenses | (2,671) | (2,426) |
| Interest paid or payable | (14,424) | (14,101) |
| **Net operating profit (distributable income) *** | **50,717** | **46,996** |
| Non-distributable items: | | |
| Amortisation of borrowing costs | (3,680) | (791) |
| Straight-line rental income | 14,051 | 15,230 |
| Impact of straight-line lease adjustment on fair value of investment properties | - | (15,230) |
| Fair value adjustment to investment properties | (1,417) | (3,093) |
| **Net profit before income tax** | **59,671** | **43,112** |
| Income tax expense | (105) | - |
| **Statutory net profit after income tax** | **59,566** | **43,112** |

* Net operating profit (distributable income) is not a statutory measure of profit. Items are excluded from distributable income on the basis that they do not reflect the underlying earnings or net cash flow from operating activities of the Group.

# Directors' Report (continued)

## Operating and financial review (continued)

| | Half-year to 30 June 2018 | Half-year to 30 June 2017 |
|---|---|---|
| Net operating profit (distributable income) ($'000) | 50,717 | 46,996 |
| Weighted average number of ordinary securities ('000) | 725,750 | 690,726 |
| Distributable income per security (cents) | 6.99 | 6.80 |

Net operating profit is the measure used to determine security holder distributions and represents the underlying cash-based profit of the Group for the relevant period. Net operating profit excludes fair value changes from asset and derivative revaluations and items of income or expense which, in the opinion of the directors, are not representative of the Group's underlying operating earnings or cash flow.

*Distributions to security holders*

On 15 February 2018, a distribution was paid to security holders of $47.9 million (6.60 cents per security) for the period ended 31 December 2017.

Subsequent to the end of the period, the directors declared the payment of a distribution for the period ended 30 June 2018 of $50.7 million (6.99 cents per security) which was paid on 10 August 2018.

*Investment property portfolio*

| | 30 June 2018 | 31 December 2017 |
|---|---|---|
| **Total value of investment properties** | **$2,327.3 million** | **$2,281.0 million** |
| Total properties in portfolio | 442 | 438 |
| Portfolio occupancy | 100% | 100% |
| Weighted average lease expiry | **13.2 years** | **13.7 years** |

*Capital management*

*Equity* – The Group paid a distribution during February 2018 for the period ended 31 December 2017 of $47.9 million.

*Bank facilities and gearing* – On 24 May 2018 the Group executed a new syndicated facility agreement for $836.7 million with maturity terms of 3, 4 and 5 years, and on 27 June 2018 the Group executed two Institutional Term Loan agreements for $60.0 million with maturity terms of 8 and 10 year. At 30 June 2018 the Group has facilities available and undrawn of $192.0 million. At 30 June 2018 gearing was 32.5% and 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 2018, 96.3% (31 December 2017: 100.0%) of the Group's borrowings were hedged with a weighted average term of 3.9 years. The average fixed interest rate at 30 June 2018 is 2.02%, excluding the margin (refer to note 5) and the amortisation of debt establishment costs.

# Directors' Report (continued)

## Operating and financial review (continued)

*FY18 outlook*

The Group is Australia's largest ASX listed REIT owning solely service station properties with a high quality portfolio of service station and convenience retail properties across all Australian states and territories broadly spread in line with the population distribution. Its objective is to maximize the long-term income and capital returns from its ownership of the portfolio for the benefit of all security holders.

As at 30 June 2018 the Group owned 442 freehold service station properties and had contracted to purchase two additional properties for an aggregate purchase price of $22.8 million before transactions costs. Settlement of these properties has occurred in July and August 2018.

The Group expects income from the existing service station portfolio to grow in line with contracted annual rental increases and will consider opportunities to acquire new service station properties that satisfy its investment objectives and guidelines.

## 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:

- The directors have declared the payment of a final distribution for the year ended 30 June 2018 of $50.7 million which was paid on 10 August 2018.
- Two investment properties with an aggregate purchase price of $22.8 million which were contracted before 30 June 2018 have been settled and were funded from existing debt facilities.
- Five investment properties with an aggregate purchase price of $49.5 million have been contracted subsequent to 30 June 2018, with one settled during August 2018 funded from existing debt facilities, and the others are expected to settle during 2018.

No other matter or circumstance has arisen since 30 June 2018 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.

# Directors' Report (continued)

## Auditor's Independence Declaration

The Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 is set out on page 8.

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

**Laurence Brindle**

**Chairman**

23 August 2018

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# *Auditor's Independence Declaration*

As lead auditor for the review of Viva Energy REIT Limited for the half-year ended 30 June 2018, 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.

Charles Christie
Partner
PricewaterhouseCoopers

Melbourne
23 August 2018

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# Financial Statements

## Condensed Consolidated Statement of Comprehensive Income

| | Notes | Half-year to 30 June 2018 $'000 | Half-year to 30 June 2017 $'000 |
|---|---|---|---|
| **Income** | | | |
| Rental income from investment properties | | 67,449 | 63,230 |
| Revenue from investment properties – straight-line lease adjustment | | 14,051 | 15,230 |
| Finance income | | 363 | 293 |
| **Total income** | | **81,863** | **78,753** |
| **Expenses** | | | |
| Management and administration expenses | | 2,671 | 2,426 |
| Finance costs | 3 | 18,104 | 14,892 |
| Impact of straight-line lease adjustment on fair value of investment properties | | - | 15,230 |
| Fair value adjustment to investment properties | | 1,417 | 3,093 |
| **Total expenses** | | **22,192** | **35,641** |
| **Net profit for the period before tax** | | **59,671** | **43,112** |
| Income tax expense | | 105 | - |
| **Net profit for the period after tax** | | **59,566** | **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 | | (2,601) | (5,932) |
| **Other comprehensive income/(loss) for the period** | | **(2,601)** | **(5,932)** |
| **Total comprehensive income for the period** | | **56,965** | **37,180** |
| Total comprehensive income/(loss) for the period is attributable to Viva Energy REIT stapled group investors, comprising: | | | |
| Unitholders of Viva Energy REIT Limited | | (105) | 3,052 |
| Unitholders of Viva Energy REIT Trust (non-controlling interest) | | 57,070 | 34,128 |
| | | **56,965** | **37,180** |
| **Earnings per security based on weighted average number of securities on issue:** | | Cents | Cents |
| Basic earnings per security in Viva Energy REIT | | 7.85 | 5.38 |
| Diluted earnings per security in Viva Energy REIT | | 7.85 | 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 2018 $'000 | As at 31 December 2017 $'000 |
|---|---|---|---|
| **Current assets** | | | |
| Cash and cash equivalents | | 33,803 | 43,631 |
| Other current assets | | 1,028 | 1,356 |
| **Total current assets** | | **34,831** | **44,987** |
| **Non-current assets** | | | |
| Investment properties | 4 | 2,327,314 | 2,280,967 |
| Derivative financial instruments | 6 | 2,762 | 5,363 |
| Other non-current assets | | 398 | 6,812 |
| **Total non-current assets** | | **2,330,474** | **2,293,142** |
| **Total assets** | | **2,365,305** | **2,338,129** |
| **Current liabilities** | | | |
| Trade and other payables | | 3,074 | 4,662 |
| Interest payable | | 2,711 | 11,059 |
| **Total current liabilities** | | **5,785** | **15,721** |
| **Non-current liabilities** | | | |
| Borrowings | 5 | 760,999 | 732,953 |
| **Total non-current liabilities** | | **760,999** | **732,953** |
| **Total liabilities** | | **766,784** | **748,674** |
| **Net assets** | | **1,598,521** | **1,589,455** |
| **Equity** | | | |
| Contributed equity – the Company | | 2,542 | 2,542 |
| Accumulated profit/(loss) | | (1,142) | (1,037) |
| Non-controlling interests – the Trust | 9 | 1,597,121 | 1,587,950 |
| **Total equity** | | **1,598,521** | **1,589,455** |

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 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** |
| **Balance at 1 January 2018** | **2,542** | **(1,037)** | **1,587,950** | **1,589,455** |
| Profit/(loss) for the half-year | - | (105) | 59,671 | 59,566 |
| **Other comprehensive income:** | | | | |
| Effective portion of changes in fair value of cash flow hedges | - | - | (2,601) | (2,601) |
| **Total comprehensive income for the half-year** | **-** | **(105)** | **57,070** | **56,965** |
| **Transactions with owners in their capacity as owners:** | | | | |
| Distributions paid | - | - | (47,899) | (47,899) |
| **Total transactions with owners in their capacity as owners** | **-** | **-** | **(47,899)** | **(47,899)** |
| **Balance at 30 June 2018** | **2,542** | **(1,142)** | **1,597,121** | **1,598,521** |

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 2018 | Half-year to 30 June 2017 |
|---|---|---|
| | $'000 | $'000 |
| **Cash flows from operating activities** | | |
| Rental income from investment properties (GST inclusive) | 72,838 | 80,046 |
| Payments to suppliers (GST inclusive) | (10,846) | (7,613) |
| Interest received | 497 | 291 |
| Interest paid | (22,772) | (14,112) |
| Income tax paid | (105) | - |
| **Net cash inflow from operating activities** | **39,612** | **58,612** |
| **Cash flows from investing activities** | | |
| Payments for acquisition of investment properties | (27,449) | (40,778) |
| Deposits paid for property acquisitions | (50) | (5,374) |
| Security deposits received | - | 110 |
| **Net cash (outflow) from investing activities** | **(27,499)** | **(46,042)** |
| **Cash flows from financing activities** | | |
| Proceeds from borrowings | 25,958 | 10,000 |
| Proceeds of equity issue (net of costs) | - | 78,788 |
| Distributions paid | (47,899) | (36,440) |
| **Net cash (outflow)/inflow from financing activities** | **(21,941)** | **52,348** |
| **Net (decrease)/increase in cash and cash equivalents** | **(9,828)** | **64,918** |
| Cash and cash equivalents at the beginning of the financial period | 43,631 | 54,122 |
| **Cash and cash equivalents at the end of the financial period** | **33,803** | **119,040** |

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


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# Notes to the Consolidated Financial Statements

## 1. Corporate structure and general information

These consolidated financial statements cover Viva Energy REIT ('Group'). Viva Energy REIT is listed on the Australian Securities Exchange ('ASX') (code: VVR) and registered and domiciled in Australia.

Viva Energy REIT is a stapled group consisting of the Company and the Trust and their wholly owned entities. The Trust indirectly owns the investment property portfolio through its 100% ownership of VER Trust, the owner of the investment property portfolio, and receives rent under operating leases. The Company directly owns all of the shares in VER Limited ('Responsible Entity').

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.

This condensed consolidated financial report contains the results of the Group for the six months ended on 30 June 2018. Viva Energy REIT's financial year-end is 31 December.

The financial statements were authorised for issue by the directors on 23 August 2018. 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 2018 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 2017 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, with the exception of those noted below.

### (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) Segment reporting

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

### (c) 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.

# Notes to the Consolidated Financial Statements (continued)

## (d) New and amended standards adopted by the group

A number of new or amended standards became applicable for the current reporting period and the Group had to change its accounting policies as a result of adopting the following standards:

- AASB 9 *Financial Instruments*, and
- AASB 15 *Revenue from Contracts with Customers*.

The impact of the adoption of these standards and the new accounting policies are disclosed below. The other standards did not have any impact on the Group's accounting policies and did not require retrospective adjustments.

### *(i) AASB 9 Financial Instruments (and subsequent amendments)*

The revised AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities. All financial assets and liabilities are to be recognised at fair value with the exception of debt instruments with basic loan features that are managed on a contracted yield basis. As the Group currently classifies its investments at fair value through profit or loss, there is no impact to the Group due to the adoption of this standard. The derecognition rules have been transferred from AASB 139 Financial Instruments: Recognition and Measurement and have not been changed.

AASB 9 also introduces the expected credit losses model which is based on the concept of providing for expected impairment losses at inception of a contract. As the impairment requirements of AASB 9 do not apply to the financial assets at fair value through profit or loss, there is no impact on the Group's investments.

As of 30 June 2018, the Group does not have any outstanding receivables and hence, there is no impact on the financial statements due to the adoption of this standard.

As part of the process of adopting this standard, the Group has revised the following accounting policies. These revisions to the accounting policies have no impact on the financial statements.

*Receivables*

Trade and sundry debtors are initially recorded at fair value. The Group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade and sundry debtors. To measure the expected credit losses, trade and sundry debtors are grouped based on shared credit risk characteristics and the days past due.

Trade and sundry debtors are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 90 days past due.

*Financial instruments – investments and other financial assets*

(i) Classification

From 1 January 2018, the Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI, or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income ('OCI').

# Notes to the Consolidated Financial Statements (continued)

(ii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest

(iii) Impairment

From 1 January 2018, the Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

*Financial instruments – derivative and hedging*

Cash flow hedges that qualify for hedge accounting

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the cash flow hedge reserve within equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, within other income (expenses).

Gains or losses relating to the effective portion of the change in intrinsic value of the options are recognised in the cash flow hedge reserve within equity. The changes in the time value of the options that relate to the hedged item ('aligned time value') are recognised within OCI in the costs of hedging reserve within equity.

Amounts accumulated in equity are reclassified in the periods when the hedged item affects profit or loss, as follows:

* Where the hedged item subsequently results in the recognition of a non-financial asset (such as inventory), both the deferred hedging gains and losses and the deferred time value of the option contracts or deferred forward points, if any, are included within the initial cost of the asset. The deferred amounts are ultimately recognised in profit or loss as the hedged item affects profit or loss (for example through cost of sales).
* The gain or loss relating to the effective portion of the interest rate swaps hedging variable rate borrowings is recognised in profit or loss within finance cost at the same time as the interest expense on the hedged borrowings.

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remains in equity until the forecast transaction occurs, resulting in the recognition of a non-financial asset such as inventory. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to profit or loss.

### *(ii) AASB 15 Revenue from Contracts with Customers*

AASB 15 Revenue from Contracts with Customers was issued in May 2015 and is effective for reporting periods beginning on or after 1 January 2018.

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. Lease contracts are excluded from the scope of AASB 15. In most instances, control passes and sales revenue is recognised when legal title of the property is transferred to the buyer. However, there may be circumstances when judgment is required based on the five indicators of control below:

- The buyer has the significant risks and rewards of ownership and has the ability to direct the use of, and obtain substantially all of the remaining benefits from the good or service;
- The buyer has a present obligation to pay in accordance with the terms of the sales contact. For a property disposed of, this is generally on transfer of legal title, at which time settlement of the remaining contract price occurs;
- The buyer has accepted the asset;
- The buyer has legal title to the asset; and
- The buyer has physical possession of the asset.

AASB 15 required the Group to identify deliverables in contracts with customers that qualify as 'performance obligations'. The transaction price receivable from customers must be allocated between the Group's performance obligations under the contracts on a relative stand-alone selling price basis.

The Group has assessed the impact of the application of AASB 15 and it does not have any revenue within the scope of AASB 15. Therefore, the adoption of this standard has no impact on the financial statements.

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

*AASB 16 Leases*

AASB 16 Leases was issued in February 2016 and is effective for reporting periods beginning on or after 1 January 2019. It is expected that the Group will adopt AASB 16 on 1 January 2019.

The standard introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months with the exception of low value assets. Lessors continue to classify leases as operating or finance, with AASB 16's approach to lessor accounting substantially unchanged from AASB 117 Leases.

The Group's analysis of leases indicates that, as a lessor, the adoption of this standard will not impact the Group.

There are no other issued standards that are not yet effective and that are expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

## 3. Finance costs

| | 30 June 2018 $'000 | 30 June 2017 $'000 |
|---|---:|---:|
| Interest paid or payable | 14,424 | 14,101 |
| Amortised borrowing costs | 3,680 | 791 |
| **Total finance costs** | **18,104** | **14,892** |

Finance costs represent interest expense and the amortisation of borrowing costs for the borrowing facilities available to the Group.

# Notes to the Consolidated Financial Statements (continued)

## 4. Investment properties

### (a) Valuations and carrying amounts

| | Carrying amount 30 June 2018 $'000 | Carrying amount 31 December 2017 $'000 |
|---|---|---|
| Service station properties | 2,327,314 | 2,280,967 |
| **Total** | **2,327,314** | **2,280,967** |

In accordance with the Group's Valuation Policy, independent valuations were performed on 167 investment properties during the year ended 31 December 2017. For investment properties not independently valued as at 31 December 2017, directors' valuation were performed based on an independent market report obtained during the period.

The key inputs into valuations are:

- passing rent;
- market rents;
- capitalisation rates; and
- lease terms.

The key inputs into the valuation are based on market information for comparable properties. The investment properties are located in markets with evidence to support valuation inputs. The independent valuers have experience in valuing similar assets and have access to market evidence to support their conclusions. Comparable assets are considered those in similar markets and condition with similar lease terms.

Key assumptions

| | 30 June 2018 | 31 December 2017 |
|---|---|---|
| Weighted average capitalisation rate | 5.8% | 5.8% |
| Weighted average passing yield | 5.8% | 5.8% |

For the financial period ended 30 June 2018, the directors obtained an independent market report and concluded that the 31 December 2017 carrying value of investment properties remain an appropriate approximation of fair value as at 30 June 2018. In accordance with the Group's Valuation Policy, independent valuations will be undertaken on one third of the investment property portfolio effective 31 December 2018.

Investment properties have been classified as level 3 in the fair value hierarchy (refer to note 11(b)(i)). There have been no transfers between the levels in the fair value hierarchy during the period.

# Notes to the Consolidated Financial Statements (continued)

## (b) Movements during the financial period

| | Half-year to 30 June 2018 $'000 | Half-year to 31 December 2017 $'000 |
|---|---|---|
| **At fair value** | | |
| Opening balance | 2,280,967 | 2,144,765 |
| Property acquisitions and capital expenditure | 33,713 | 58,280 |
| Disposals | - | - |
| Straight-line rental asset | 14,051 | 13,754 |
| Net revaluation of investment properties | (1,417) | 64,168 |
| **Closing balance** | **2,327,314** | **2,280,967** |

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

| | Half-year to 30 June 2018 $'000 | Half-year to 30 June 2017 $'000 |
|---|---|---|
| Rental income | 67,449 | 63,230 |
| Other rental income (recognised on a straight-line basis) | 14,051 | 15,230 |
| Net revaluation of investment properties | (1,417) | (770) |
| Impact of straight-line lease adjustment on fair value of investment properties | - | (15,230) |

## (d) Leasing arrangements

Investment properties are leased to Viva Energy Australia Pty Limited (98% of rental income) and other fuel operators (1% of rental income) under long-term operating leases and various convenience or fast foods stores (1% of rental income). Minimum lease payments receivable on leases of investment properties are as follows:

| | 30 June 2018 $'000 | 31 December 2017 $'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 | 137,258 | 134,197 |
| Later than one year but not later than five years | 586,262 | 573,119 |
| Later than five years | 1,478,647 | 1,537,901 |
| **Total** | **2,202,167** | **2,245,217** |

## 5. Borrowings

| | 30 June 2018 $'000 | 31 December 2017 $'000 |
|---|---|---|
| Syndicated facility | 739,687 | 736,687 |
| Bilateral facility | 25,000 | - |
| Unamortised transaction costs | (3,688) | (3,734) |
| **Total unsecured borrowings** | **760,999** | **732,953** |

# Notes to the Consolidated Financial Statements (continued)

The Group has three debt facilities at 30 June 2018:

(a) a syndicated facility agreement dated 24 May 2018 pursuant to which a syndicate of domestic and international banks provide unsecured debt facilities. This facility comprises a $636.7 million term loan facility split into two tranches (Facility A) with four and five year maturity terms; and a $200.0 million revolving credit facility (Facility B) with a three year maturity.

The interest margin applied to the borrowings under this facility will increase should the gearing ratio exceed 40% (increase of 0.10%);

(b) a $60.0 million bilateral debt facility agreement dated 21 June 2017 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% (increase of 0.15%); and

(c) a $60.0 million Institutional Term Loan provided by two domestic financial institutions with terms of 8 and 10 years which was executed on 27 June 2018.

**Debt facility overview**

| | Syndicated Facility A1 | Syndicated Facility A2 | Syndicated Facility B | Bilateral 3-yr | Institutional Term Loans |
|---|---|---|---|---|---|
| **Term** | 4 years from 24 May 2018 | 5 years from 24 May 2018 | 3 years from 24 May 2018 | 3 years from 21 June 2017 | 8 and 10 years from 27 June 2018 |
| **Expiry** | 23 May 2022 | 23 May 2023 | 23 May 2021 | 20 June 2020 | 26 June 2026 and 26 June 2028 |
| **Facility amount** | $268.3 million | $368.3 million | $200.0 million | $60.0 million | $60.0 million |
| **Amount drawn** | $268.3 million | $368.3 million | $103.0 million | $25.0 million | Nil |
| **Undrawn amount** | Nil | Nil | $97.0 million | $35.0 million | $60.0 million |
| **Interest margin** | 1.65% | 1.75% | 1.50% | 1.60% | 2.13% |
| **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 2018 is 4.3 years.

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

The undrawn amount of the debt facilities may be drawn at any time. The covenants over the Group's debt facilities require an interest cover ratio of not less than 2.0 times (actual at 30 June 2018 of 5.6 times) and a gearing ratio of not more than 50% (actual at 30 June 2018 of 32.5%). The Group was in compliance with its covenants throughout the period.

# Notes to the Consolidated Financial Statements (continued)

## 6. Derivative financial instruments

| | 30 June 2018 $'000 | 31 December 2017 $'000 |
|---|---|---|
| Interest rate swaps | 2,762 | 5,363 |
| **Total derivative financial instruments** | **2,762** | **5,363** |

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 96.3% of the facility principal outstanding. The weighted average fixed interest swap rate at 30 June 2018 was 2.02%, and the weighted average term was 3.9 years.

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

| | 30 June 2018 $'000 | 31 December 2017 $'000 |
|---|---|---|
| Less than 1 year | - | - |
| 1 – 2 years | 368,343 | 368,343 |
| 2 – 3 years | - | - |
| 3 – 4 years | 368,344 | 368,344 |
| 4 – 5 years * | 368,000 | - |
| Greater than 5 years | - | - |
| | **1,104,687** | **736,687** |

* Includes delayed start swap contracts which do not create any cash flows until 12 August 2019.

## 7. Contributed equity

### (a) Securities

| | 30 June 2018 Number of Securities '000 | 31 December 2017 Number of Securities '000 | 30 June 2018 $'000 | 31 December 2017 $'000 |
|---|---|---|---|---|
| **Ordinary Securities** | | | | |
| Fully Paid | 725,750 | 725,750 | 1,496,958 | 1,496,958 |

### (b) Movement in ordinary securities

| Date | Details | No. of Securities '000 | $'000 |
|---|---|---|---|
| 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 | - | (1,618) |
| **30 June 2017** | **Closing balance** | **724,784** | **1,494,726** |
| 24 July 2017 | Issue of securities under Securities Purchase Plan | 966 | 2,232 |
| **31 December 2017** | **Closing balance** | **725,750** | **1,496,958** |
| **30 June 2018** | **Closing balance** | **725,750** | **1,496,958** |

# Notes to the Consolidated Financial Statements (continued)

## (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 and interest cover ratio.

## (d) Gearing ratio

| | 30 June 2018 $'000 | 31 December 2017 $'000 |
|---|---|---|
| Total liabilities | 766,784 | 748,674 |
| Total assets (excluding derivative financial instruments) | 2,362,543 | 2,332,766 |
| Gearing ratio | 32.5% | 32.1% |

## 8. Distributions to security holders

| | 30 June 2018 $'000 | 30 June 2017 $'000 |
|---|---|---|
| Final distribution for the period ended 31 December 2016 of 5.28 cents per security | - | 36,440 |
| Final distribution for the year ended 31 December 2017 of 6.60 cents per security | 47,899 | - |
| **Total distributions to security holders** | **47,899** | **36,440** |

Subsequent to the end of the period, the directors declared the payment of a distribution for the period ended 30 June 2018 of $50.7 million (6.99 cents per security) which was paid on 10 August 2018.

## 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.

# Notes to the Consolidated Financial Statements (continued)

Movements in non-controlling interests were as follows:

| | 30 June 2018 $'000 | 30 June 2017 $'000 |
|---|---|---|
| **Opening balance – 1 January** | 1,587,950 | 1,430,892 |
| Net profit for the period | 59,671 | 40,060 |
| Effective portion of changes in fair value of cash flow hedges | (2,601) | (5,932) |
| Issue of securities under an institutional placement | - | 79,746 |
| Equity raising costs | - | (1,537) |
| Distributions paid | (47,899) | (36,440) |
| **Closing balance – 30 June** | **1,597,121** | **1,506,789** |

## 10. Related party disclosures

### Stapled Group

Viva Energy REIT is a stapled group consisting of the Company and the Trust and their wholly owned entities. The Trust indirectly owns the investment property portfolio through its 100% ownership of VER Trust, the owner of the investment property portfolio, and receives rent under operating leases. The Company directly owns all of the shares in VER Limited ('Responsibility Entity'). Each stapled security consists of one share in the Company and one unit in the Trust.

### 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 the Company and the Trust:

| Name of entity | Country of incorporation | Class of equity | Equity holding June 2018 % | Equity holding December 2017 % |
|---|---|---|---|---|
| Controlled by the Company | | | | |
| VER Limited | Australia | Ordinary shares | 100 | 100 |
| VER Custodian Pty Limited | Australia | Ordinary shares | 100 | 100 |
| Controlled by the Trust | | | | |
| VER Trust | Australia | Unit trust | 100 | 100 |
| VER Finco Pty Limited | Australia | Ordinary shares | 100 | 100 |

# Notes to the Consolidated Financial Statements (continued)

## Responsible Entity

The Responsible Entity or its related parties are entitled to receive fees in accordance with the Scheme Deed, from the Group and its controlled entities.

| | 30 June 2018 $'000 | 30 June 2017 $'000 |
|---|---|---|
| **The following transactions occurred with related parties:** | | |
| Rental income received from Viva Energy Australia Pty Limited and its associated entities | 65,340 | 72,532 |
| Management fees paid to VER Manager Pty Limited | 1,576 | 1,332 |
| Purchase of investment properties from an associated entity of Viva Energy Australia Pty Limited (Liberty Oil Holdings Pty Limited and its controlled entities) | 4,000 | - |
| Reimbursement of initial transaction costs paid to Viva Energy Australia Pty Limited | - | - |
| **Amounts payable:** | | |
| Amounts payable to VER Manager Pty Limited at the end of the period | 271 | 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 at fair value through profit or loss are expensed immediately. 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.

# Notes to the Consolidated Financial Statements (continued)

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 2018 on a recurring basis:

| Consolidated | Level 1<br>$'000 | Level 2<br>$'000 | Level 3<br>$'000 | Total<br>$'000 |
|---|---|---|---|---|
| **30 June 2018** | | | | |
| **Financial assets** | | | | |
| Investment properties | - | - | 2,327,314 | 2,327,314 |
| Interest rate swaps | - | 2,762 | - | 2,762 |
| **Total** | **-** | **2,762** | **2,327,314** | **2,330,076** |
| **31 December 2017** | | | | |
| **Financial assets** | | | | |
| Investment properties | - | - | 2,280,967 | 2,280,967 |
| Interest rate swaps | - | 5,363 | - | 5,363 |
| **Total** | **-** | **5,363** | **2,280,967** | **2,286,330** |

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 2018.

### (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 2018, the Group has entered into contracts for the purchase of two investment properties totalling in aggregate $22.8 million. Deposits paid under these contracts total $1.0 million. Settlement of these properties has occurred during July and August 2018.

Other than that noted above, there are no material outstanding contingent assets, liabilities or commitments as at 30 June 2018.

## 13. Events occurring after the reporting period

Subsequent to the end of the financial period:

- The Directors declared a distribution for the period ended 30 June 2018 of $50.7 million which was paid on 10 August 2018.
- Two investment properties with an aggregate purchase price of $22.8 million which were contracted before 30 June 2018 have been settled and were funded from existing debt facilities.
- Five investment properties with an aggregate purchase price of $49.5 million have been contracted subsequent to 30 June 2018, with one settled during August 2018 funded from existing debt facilities, and the others are expected to settle during 2018.

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 2018 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 9 to 26 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 2018 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.

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

**Laurence Brindle**

**Chairman**

23 August 2018

# 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 2018, 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, a summary of significant accounting policies, other 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 2018 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***
*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 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 2018 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*.

PricewaterhouseCoopers

Charles Christie
Partner

Melbourne
23 August 2018

# 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
Responsible Entity

## Registered Office

Level 16, 720 Bourke Street
Docklands VIC 3008, Australia

**Website:** www.vivaenergyreit.com.au

## Directors of Viva Energy REIT Limited

Laurence Brindle
Georgina Lynch
Stephen Newton
Lachlan Pfeiffer
Scott Wyatt

## Directors of VER Limited

Laurence Brindle
Georgina Lynch
Stephen Newton
Lachlan Pfeiffer

## Company Secretary

Tina Mitas

## Auditor

PricewaterhouseCoopers
2 Riverside Quay
Southbank VIC 3006

## Share Registry

Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235, Australia
Telephone: 1300 554 474

## Investor inquiries and correspondence

VER Manager Pty Limited

| | |
|---|---|
| Telephone: | +61 3 8823 4863 |
| Website: | www.vivaenergyreit.com.au |
| Email: | cameron.sinclair@vivaenergy.com.au |

## Stock exchange listing

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