

# LWR Finance Trust

ARSN 614 713 138

Interim financial report

For the half year ended 31 December 2018



### **Important Notice**

The Charter Hall Long WALE REIT (REIT or CLW) consists of the securities of the two Australian registered schemes listed below (collectively referred to as the “Stapled Trusts”):

- Charter Hall Direct Industrial Fund (“DIF”) and its controlled entities (ARSN 144 613 641); and
- LWR Finance Trust (“Finance Trust”) and its controlled entity (ARSN 614 713 138).

Charter Hall WALE Limited ABN 20 610 772 202; AFSL 486721 (CHWALE) is the responsible entity of the schemes listed above, and is a controlled entity of Charter Hall Limited ABN 57 113 531 150 (Charter Hall).

Past performance is not a reliable indicator of future performance. Due care and attention has been exercised in the preparation of forecast information; however, forecasts, by their very nature, are subject to uncertainty and contingencies, many of which are outside the control of CHWALE. Actual results may vary from forecasts and any variation may be materially positive or negative.

This report has been prepared for general information purposes only and is not an offer or invitation for subscription or purchase of, or recommendation of, securities. It does not take into account the investment objectives, financial situation or needs of any investor. Before investing, the investor or prospective investor should consider whether such an investment is appropriate to their particular investment needs, objectives and financial circumstances and consult an investment adviser if necessary.

CHWALE does not receive fees in respect of the general financial product advice it may provide; however, it will receive fees for operating the REIT which, in accordance with the REIT’s constitutions, are calculated by reference to the value of the assets. Controlled entities of Charter Hall may also receive fees for managing the assets of, and providing resources to, the REIT. Charter Hall and its related entities, together with their officers and directors, may hold securities in the REIT from time to time.

© Charter Hall

# Contents

Directors' report .....	4
Auditor's independence declaration .....	6
Consolidated statement of comprehensive income .....	7
Consolidated balance sheet.....	8
Consolidated statement of changes in equity .....	9
Consolidated cash flow statement .....	10
Notes to the consolidated financial statements .....	11
1 Summary of significant accounting policies.....	11
2 Earnings per security .....	12
3 Loans receivable .....	12
4 Derivative financial instruments .....	12
5 Borrowings .....	13
6 Contributed equity .....	13
7 Net tangible assets.....	13
8 Fair value measurement .....	14
9 Commitments and contingent liabilities .....	14
10 Events occurring after reporting date .....	14
Directors' declaration to securityholders .....	15
Independent auditor's report to securityholders .....	16

## Directors' report

For the half year ended 31 December 2018

The Directors of Charter Hall WALE Limited (CHWALE) present the consolidated interim financial report of LWR Finance Trust (Trust or LWR FT) and its controlled entity for the period ended 31 December 2018.

### Principal activities

The principal activity of the Trust during the period was financing of the REIT through the Intra-Group Facility Agreement (IGFA). There were no significant changes in the nature of the Trust's activities during the financial period.

### Directors

The following persons have held office as directors of the Responsible Entity during the period and up to the date of this report:

- Peeyush Gupta AM                      - Chairman and Non-Executive Director
- Glenn Fraser                            - Non-Executive Director
- Ceinwen Kirk-Lennox                - Non-Executive Director
- David Harrison                        - Executive Director and Chief Executive Officer/Managing Director of Charter Hall Group
- Adrian Taylor                         - Executive Director

### Distributions

No distributions were paid or declared during the period.

### Review and results of operations

The Trust recorded a statutory loss for the period of \$3.3 million (31 December 2017: \$0.5 million profit).

### Significant changes in the state of affairs

#### Equity raise

During October and November 2018, the REIT (of which the trust is a member) raised \$70.9 million of equity, issuing 17.6 million stapled securities at \$4.04 per stapled security to both institutional and retail investors. The proceeds were used to partially fund the acquisition of 85 George Street in Brisbane, QLD, National Archives in Chester Hill, NSW and the Optima Centre in Perth, WA as well as associated transaction and capital raising costs.

In December 2018, the REIT raised \$124.9 million of equity, issuing 30.8 million stapled securities at \$4.05 per stapled security to both institutional and retail investors. The proceeds were used to partially fund the acquisition of the Ingham's Portfolio consisting of 27 agri-logistics properties and associated transaction and capital raising costs.

The Trust's share of the equity raised amounted to \$nil (31 December 2017: \$39,000) as securities were allocated based on relative NTA. However, the same number of securities were issued by each Stapled Trust under the Stapling Deed.

#### Debt arrangements

During the period, the REIT entered into a new unsecured \$100 million debt facility maturing in August 2023 and increased its existing syndicated debt facility limit by \$10 million to \$480 million.

On 28 December 2018, the Trust revised its Intra-Group Facility Agreement (IGFA) to reflect the REIT's new simplified structure.

There were no other significant changes in the state of affairs of the Trust that occurred during the period under review.

### Matters subsequent to the end of the financial half year

The directors of the Responsible Entity are not aware of any matter or circumstance not otherwise dealt within this report or the financial report that has significantly affected or may significantly affect the operations of the Trust, the results of its operations or the state of affairs of the Trust in future financial years.

### Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 6.

### Rounding of amounts to the nearest hundred thousand dollars

As permitted by ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 (as amended) issued by the Australian Securities and Investments Commission relating to the 'rounding off' of amounts in the Director's report and

## Directors' report (continued)

For the half year ended 31 December 2018

consolidated financial statements, amounts in the Directors' report and consolidated financial statements have been rounded to the nearest thousand dollars, unless otherwise indicated.

This report is made in accordance with a resolution of the Board of Directors of Charter Hall WALE Limited.

A handwritten signature in black ink, appearing to read 'P. Gupta', with a long horizontal stroke extending to the right.

Peeyush Gupta AM  
Chairman

Sydney  
11 February 2019





### *Auditor's Independence Declaration*

As lead auditor for the review of LWR Finance Trust for the half-year ended 31 December 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 LWR Finance Trust and the entity it controlled during the period.

A handwritten signature in black ink, appearing to read "J A Dunning", with a large, stylized loop at the end.

J A Dunning  
Partner  
PricewaterhouseCoopers

Sydney  
11 February 2019

---

**PricewaterhouseCoopers, ABN 52 780 433 757**  
One International Towers Sydney, Watermans Quay, Barangaroo, GPO BOX 2650, SYDNEY NSW 2001  
T: +61 2 8266 0000, F: +61 2 8266 9999, [www.pwc.com.au](http://www.pwc.com.au)  
Level 11, 1PSQ, 169 Macquarie Street, Parramatta NSW 2150, PO Box 1155 Parramatta NSW 2124  
T: +61 2 9659 2476, F: +61 2 8266 9999, [www.pwc.com.au](http://www.pwc.com.au)

Liability limited by a scheme approved under Professional Standards Legislation.

## Consolidated statement of comprehensive income

For the half year ended 31 December 2018

	Notes	6 months to 31 Dec 2018 \$'000	6 months to 31 Dec 2017 \$'000
<b>Revenue</b>			
Interest income		10,399	8,177
<b>Total revenue</b>		<b>10,399</b>	<b>8,177</b>
<b>Other income</b>			
Net gain on derivative financial instruments		-	184
<b>Total other income</b>		<b>-</b>	<b>184</b>
<b>Total revenue and other income</b>		<b>10,399</b>	<b>8,361</b>
<b>Expenses</b>			
Fund management fees		(2)	(20)
Administration and other expenses		(9)	(50)
Net loss on derivative financial instruments		(2,628)	-
Finance costs		(11,072)	(7,801)
<b>Total expenses</b>		<b>(13,711)</b>	<b>(7,871)</b>
<b>Net (loss)/profit for the period</b>		<b>(3,312)</b>	<b>490</b>
Other comprehensive income		-	-
<b>Total comprehensive (loss)/profit</b>		<b>(3,312)</b>	<b>490</b>
<b>Basic and diluted earnings per ordinary securityholder of the Trust</b>			
Earnings per security (cents)	2	(1.38)	0.23

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

## Consolidated balance sheet

As at 31 December 2018

	Notes	31 Dec 2018 \$'000	30 Jun 2018 \$'000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		1,723	175
<b>Total current assets</b>		<b>1,723</b>	<b>175</b>
<b>Non-current assets</b>			
Loans receivable	3	632,701	430,130
Derivative financial instruments	4	-	149
<b>Total non-current assets</b>		<b>632,701</b>	<b>430,279</b>
<b>Total assets</b>		<b>634,424</b>	<b>430,454</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Payables		400	374
<b>Total current liabilities</b>		<b>400</b>	<b>374</b>
<b>Non-current liabilities</b>			
Borrowings	5	633,033	428,241
Derivative financial instruments	4	4,669	2,205
<b>Total non-current liabilities</b>		<b>637,702</b>	<b>430,446</b>
<b>Total liabilities</b>		<b>638,102</b>	<b>430,820</b>
<b>Net assets</b>		<b>(3,678)</b>	<b>(366)</b>
<b>Equity</b>			
Contributed equity	6	1,952	1,952
Retained profits/(accumulated losses)		(5,630)	(2,318)
<b>Total equity</b>		<b>(3,678)</b>	<b>(366)</b>

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



## Consolidated statement of changes in equity

For the half year ended 31 December 2018

Attributable to securityholders of LWR Finance Trust			
Notes	Contributed equity \$'000	Accumulated losses \$'000	Total \$'000
<b>Balance at 1 July 2017</b>	1,896	(439)	1,457
Securities issued via equity raise	39	-	39
Securities issued via DRP	17	-	17
Total comprehensive income	-	490	490
<b>Balance at 31 December 2017</b>	1,952	51	2,003
<b>Balance at 1 July 2018</b>	1,952	(2,318)	(366)
Total comprehensive income	-	<b>(3,312)</b>	<b>(3,312)</b>
<b>Balance at 31 December 2018</b>	<b>1,952</b>	<b>(5,630)</b>	<b>(3,678)</b>

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

## Consolidated cash flow statement

For the half year ended 31 December 2018

	Notes	6 months to 31 Dec 2018 \$'000	6 months to 31 Dec 2017 \$'000
<b>Cash flows from operating activities</b>			
Interest received		51	43
Finance costs paid		(8,264)	(7,446)
Fund management fees paid		(2)	(5)
Administration and other expenses paid		(29)	(46)
Net GST received with respect to operating activities		17	1
<b>Net cash flows from operating activities</b>		<b>(8,227)</b>	<b>(7,453)</b>
<b>Cash flows from investing activities</b>			
Repayment under Intra-Group Facility Agreement		(495,577)	(53,293)
Receipts under Intra-Group Facility Agreement		396,148	123,480
Acquisition and disposal related costs		(666)	-
<b>Net cash flows from investing activities</b>		<b>(100,095)</b>	<b>70,187</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of securities, net of equity raising costs		-	39
Proceeds from borrowings, net of borrowing costs		475,370	25,224
Repayment of borrowings		(365,500)	-
<b>Net cash flows from financing activities</b>		<b>109,870</b>	<b>25,263</b>
<b>Net increase in cash and cash equivalents</b>		<b>1,548</b>	<b>87,997</b>
<b>Cash at the beginning of the period</b>		<b>175</b>	<b>1,362</b>
<b>Cash and cash equivalents at the end of the half year</b>		<b>1,723</b>	<b>89,359</b>

The above consolidated cash flow statement should be read in conjunction with the accompanying notes.

## Notes to the consolidated financial statements

For the half year ended 31 December 2018

### 1 Summary of significant accounting policies

The Charter Hall Long WALE REIT (REIT or CLW) is a stapled group comprising of LWR Finance Trust (Trust or LWR FT) and its controlled entity and the entities below (collectively referred to as the Stapled Trusts):

Stapled Entity	Description
Charter Hall Direct Industrial Fund (DIF)	Owns all of the REIT's investment properties and equity accounted investments other than those listed below
Franklin Street Property Trust (FSPT)*	100% ownership of ATO, Adelaide SA

\* The REIT structure was simplified on 22 August 2018. FSPT was de-stapled and the units of FSPT were acquired by DIF.

The units of the Stapled Trusts (collectively referred to as the stapled securities) are listed on the Australian Securities Exchange and cannot be traded or dealt with separately. The entities comprising the stapled group remain separate legal entities in accordance with the *Corporations Act 2001*, and are each required to comply with the reporting and disclosure requirements of Accounting Standards and the *Corporations Act 2001*.

The financial report for the period ended 31 December 2018 was authorised for issue by the directors on 11 February 2019. The directors have the power to amend and reissue the financial report.

#### (a) Basis of preparation

These general purpose consolidated financial statements for the interim half year reporting period ended 31 December 2018 have been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. The interim financial report does not include all notes normally included in an annual financial report. Accordingly, this report should be read in conjunction with the annual report for the year ended 30 June 2018 and any public announcements made by the REIT and LWR Finance Trust during the half year ended 31 December 2018.

The accounting policies adopted in the preparation of the interim financial report are consistent with those of the previous financial year unless otherwise noted.

#### (b) Impact of new standards and interpretations issued and adopted by the Trust

The Trust adopted AASB 9 *Financial Instruments* and AASB 15 *Revenue from Contracts with Customers* from 1 July 2018. The Trust has elected to utilise the retrospective transitional concessions. The impact of adopting these new standards is described below.

##### AASB 9 *Financial Instruments*

AASB 9 *Financial Instruments* addresses the classification, measurement and derecognition of financial assets and liabilities and sets out new rules for hedge accounting. This standard replaces AASB 139 *Financial Instruments: Recognition and Measurement*.

##### Classification and measurement

The adoption of AASB 9 has not impacted the carrying value of the financial assets or liabilities but has resulted in classification changes on initial application at 1 July 2018. These changes are illustrated in the table below.

Financial Asset	Classification under AASB 139	Classification under AASB 9	Carrying amount as at 31 December 2018 \$'000
Receivables	Loans and receivables	Financial asset at amortised cost	632,701

Financial assets at amortised cost are initially recognised at fair value and are subsequently measured at amortised cost using the effective interest rate method less any impairment.

##### Impairment of financial assets

AASB 9 replaces the incurred loss model under AASB 139 with an expected credit loss (ECL) model. The ECL model applies to financial assets measured at amortised cost, contract assets and debt investments at fair value through other comprehensive income (FVOCI). Measurement under ECLs is based on the anticipated impact of default events arising in the 12 months after reporting date.

The Trust assessed the ECL associated with financial assets, other than trade receivables, on a forward looking basis and measured using the expected lifetime ECL.

The Trust's impairment provision has not been materially impacted by the adoption of this standard.

## Notes to the consolidated financial statements (continued)

For the half year ended 31 December 2018

### 1 Summary of significant accounting policies (continued)

#### Hedging

The adoption of AASB 9 has not impacted the carrying value of the Trust's derivatives. The Trust's risk management strategies are aligned with the requirements of AASB 9.

#### Net asset deficiency

At 31 December 2018, the Trust has a net deficiency of total assets over total liabilities of \$3.7 million (30 June 2018: \$0.4 million). Included in this amount is the Trust's unrealised derivative liability position of \$4.7 million which is marked to market at each reporting date and if held to maturity, is expected to unwind to \$nil. The Trust will be able to meet its day-to-day working capital requirements from the available loan facility and operating cashflows.

Based on the facts set out above, the results and cash flows, there are reasonable grounds for the Trust to believe it will be able to meet its debts as and when they become due and payable and accordingly the financial statements have been prepared on a going concern basis.

### 2 Earnings per security

	6 months to 31 Dec 2018	6 months to 31 Dec 2017
<b>Basic and diluted earnings per ordinary securityholder</b>		
Earnings per security (cents)	(1.38)	0.23
<b>Earnings used in the calculation of basic and diluted profit per security</b>		
Net earnings for the period (\$'000)	(3,312)	490
Weighted average number of securities used in the calculation of basic and diluted earnings per security (thousands)	240,384	209,814

### 3 Loans receivable

	31 Dec 2018 \$'000	30 Jun 2018 \$'000
<b>Loans receivable under IGFA</b>		
Charter Hall Direct Industrial Fund	457,636	378,613
LWR AL Holding Trust	175,065	-
Franklin Street Property Trust	-	51,517
	<b>632,701</b>	<b>430,130</b>

On 28 December 2018, the Trust revised the Intra-Group Facility Agreement (IGFA) to reflect the REIT's new simplified structure and the acquisition of the Ingham's portfolio on 28 December 2018 held by LWR AL Holding Trust, a subsidiary of DIF.

Interest rate under the IGFA are variable and reset periodically. As at 31 December 2018, the interest rate under the IGFA was 4.50% (30 June 2018: 4.00%) per annum.

### 4 Derivative financial instruments

	31 Dec 2018 \$'000	30 Jun 2018 \$'000
<b>Non-current assets</b>		
Interest rate swaps	-	149
	-	149
<b>Non-current liabilities</b>		
Interest rate swaps	4,669	2,205
	<b>4,669</b>	<b>2,205</b>

## Notes to the consolidated financial statements (continued)

For the half year ended 31 December 2018

### 5 Borrowings

	31 Dec 2018 \$'000	30 Jun 2018 \$'000
<b>Non-current</b>		
Bank loan	540,800	430,100
Unamortised borrowing costs	(2,010)	(1,859)
IGFA loan payable to FSPT	94,243	-
	<b>633,033</b>	<b>428,241</b>
Bank credit facility	580,000	470,000
Drawn balances	(540,800)	(430,100)
Balance available for drawing	<b>39,200</b>	<b>39,900</b>

During the period, the REIT entered into a new unsecured \$100 million debt facility maturing in August 2023 and increased its existing unsecured syndicated debt facility limit by \$10 million to \$480 million.

Refer to Note 3 for IGFA details.

### 6 Contributed equity

Details	No. of securities	6 months to 31 Dec 2018 \$'000	Year to 30 Jun 2018 \$'000
Securities on issue - 1 July 2017	207,787,175	-	1,896
Securities issued via equity raise	22,664,846	-	39
Securities issued via DRP	1,848,121	-	17
Securities on issue - 30 June 2018	232,300,142	<b>1,952</b>	<b>1,952</b>
Securities issued via equity raise	<b>48,406,777</b>	-	-
Securities on issue - 31 December 2018	<b>280,706,919</b>	<b>1,952</b>	-

As stipulated in the Trust's constitution, each security represents a right to an individual share in the Trust and does not extend to a right to the underlying assets of the Trust. There are no separate classes of securities.

Each security confers the right to vote at meetings of securityholders, subject to any voting restrictions imposed on a securityholder under the *Corporations Act 2001* and the Australian Securities Exchange Listing Rules.

#### Equity raise

During October and November 2018, the REIT raised \$70.9 million of equity, issuing 17.6 million stapled securities at \$4.04 per stapled security to both institutional and retail investors. The proceeds were used to partially fund the acquisition of 85 George Street in Brisbane, QLD, National Archives in Chester Hill, NSW and the Optima Centre in Perth, WA as well as associated transaction and capital raising costs.

In December 2018, the REIT raised \$124.9 million of equity, issuing 30.8 million stapled securities at \$4.05 per stapled security to both institutional and retail investors. The proceeds were used to partially fund the acquisition of the Ingham's Portfolio consisting of 27 agri-logistics properties and associated transaction and capital raising costs.

The Trust's share of the equity raised amounted to \$nil (31 December 2017: \$39,000) as securities were allocated based on relative NTA. However, the same number of securities were issued by each Stapled Trust under the Stapling Deed.

### 7 Net tangible assets

	31 Dec 2018 \$'000	30 Jun 2018 \$'000
Total assets	634,424	430,454
Less: Total liabilities	638,102	430,820
Net tangible assets attributable to the Trust	<b>(3,678)</b>	<b>(366)</b>
Total number of securities on issue (thousands)	<b>280,707</b>	232,300
Net tangible asset backing per security (\$)	<b>(0.01)</b>	-

## Notes to the consolidated financial statements (continued)

For the half year ended 31 December 2018

### 8 Fair value measurement

#### (a) Recognised fair value measurement

AASB 13 *Fair value measurement* requires disclosure of fair value measurement using the following fair value measurement hierarchy:

- i Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- ii Level 2 - 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).
- iii Level 3 - Inputs for the asset or liability that are not based on observable market data.

Financial assets and liabilities not carried at fair value have carrying values that reasonably approximate their fair values and are categorised within fair value as follows:

- Cash and cash equivalents and borrowings – Level 1.
- All other financial assets and liabilities – Level 2.

The carrying amounts of Level 1 and Level 2 assets and liabilities are assumed to approximate their fair values.

#### (b) Disclosed fair values

The fair value of derivative financial instruments are disclosed in the consolidated balance sheet. The carrying amounts of receivables and payables are assumed to approximate their fair values due to their short-term nature.

Derivatives are classified as level 2 on the fair value hierarchy as the inputs used to determine fair value are observable market data but not quoted prices.

The following table represents the carrying amounts and fair values of borrowings at 31 December 2018. Fair value is estimated by discounting the future contractual cash flows at the current market interest rate curve since quoted prices are not available.

	31 Dec 2018		30 Jun 2018	
	Carrying \$'000	Fair value \$'000	Carrying \$'000	Fair value \$'000
<b>Non-current</b>				
Bank loan	540,800	541,214	430,100	432,019
IGFA	94,243	94,432	-	-
	<b>635,043</b>	<b>635,646</b>	430,100	432,019

#### (c) Valuation techniques used to derive level 2 fair values

The fair value of derivative financial instruments are estimated internally using generally acceptable valuation models based on discounted cash flow analysis using quoted market inputs (i.e. interest rates, forward rates, etc.) adjusted for specific features of the financial instruments and debit or credit valuation adjustments.

Credit value adjustments are based on the counterparty's credit risk using counterparty's credit default swap curve as a benchmark. Debit value adjustments are based on the Trust's credit risk using debt financing available to the Trust as a benchmark.

### 9 Commitments and contingent liabilities

The Trust has no commitments or contingent liabilities as at 31 December 2018.

### 10 Events occurring after reporting date

The directors of the Responsible Entity are not aware of any matter or circumstance not otherwise dealt with in this report that has significantly affected or may significantly affect the operations of the Trust, the results of its operations or the state of affairs of the Trust in future financial years.



## Directors' declaration to securityholders

In the opinion of the directors of Charter Hall WALE Limited, the Responsible Entity of LWR Finance Trust:

- a The interim financial statements and notes set out on pages 7 to 14 are in accordance with the *Corporations Act 2001*, including:
  - i complying with Accounting Standards, *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  - ii giving a true and fair view of the Trust's financial position as at 31 December 2018 and of its performance for the financial half year ended on that date; and
- b There are reasonable grounds to believe that the Trust 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.



Peeyush Gupta AM

Director

Sydney

11 February 2019



## **Independent auditor's review report to the unitholders of LWR Finance Trust**

### ***Report on the Half-Year Financial Report***

We have reviewed the accompanying half-year financial report of LWR Finance Trust (the Registered Scheme), which comprises the consolidated balance sheet as at 31 December 2018, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the half-year ended on that date, selected other explanatory notes and the directors' declaration of Charter Hall WALE Limited (the Responsible Entity) for LWR Finance Trust. The consolidated entity comprises the Registered Scheme and the entity it controlled during that half-year.

### ***Directors of the Responsible Entity's responsibility for the half-year financial report***

The directors of the Responsible Entity of the Registered Scheme 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 of the Responsible Entity 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 31 December 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 LWR Finance 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**

One International Towers Sydney, Watermans Quay, Barangaroo, GPO BOX 2650, SYDNEY NSW 2001

T: +61 2 8266 0000, F: +61 2 8266 9999, [www.pwc.com.au](http://www.pwc.com.au)

Level 11, 1PSQ, 169 Macquarie Street, Parramatta NSW 2150, PO Box 1155 Parramatta NSW 2124

T: +61 2 9659 2476, F: +61 2 8266 9999, [www.pwc.com.au](http://www.pwc.com.au)

Liability limited by a scheme approved under Professional Standards Legislation.

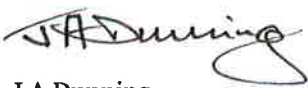


### *Conclusion*

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 LWR Finance 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 31 December 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

  
J A Dunning  
Partner

Sydney  
11 February 2019