New horizons, new growth.

Restaurant Brands New Zealand Limited
Annual Report 2017

We're on a steady, well-planned course.

With favourable conditions ahead.

We've big growth ambitions and are tracking well to achieve them. Our acquisitions in Australia and Hawaii are part of a sharply focused strategy that will shift our company from being a domestic franchisee to being a multi-brand international business. It's exciting, and the prospects for controlled growth are significant.

Restaurant Brands New Zealand Limited operates the New Zealand outlets of KFC, Pizza Hut, Carl's Jr. and Starbucks Coffee, together with KFC in Australia, and Pizza Hut and Taco Bell in Hawaii and Guam. These brands – five of the world's most famous – are distinguished for their product, look, style, ambience, service and for the total experience they deliver to their customers in New Zealand, Australia, the US and around the world.

Contents

G'DAY!

Australia

Total Stores
42

Total Sales
$97m*

*10 months FY17

We're flying international now

To our newly acquired international acquisitions, we look forward to applying our proven skills in marketing, facility and supply chain management.

The 42 KFC stores we purchased early last year in New South Wales (NSW) have boosted our turnover handsomely. They afford our company a strategic and profitable beachhead in Australia priming the business for further acquisitions should they materialise and meet our strict performance potential criteria.

Meanwhile our further afield acquisitions in Hawaii, Guam and Saipan bring a further base of 82 successfully performing Pizza Hut and Taco Bell businesses. These are set to boost our revenue and earnings further still.

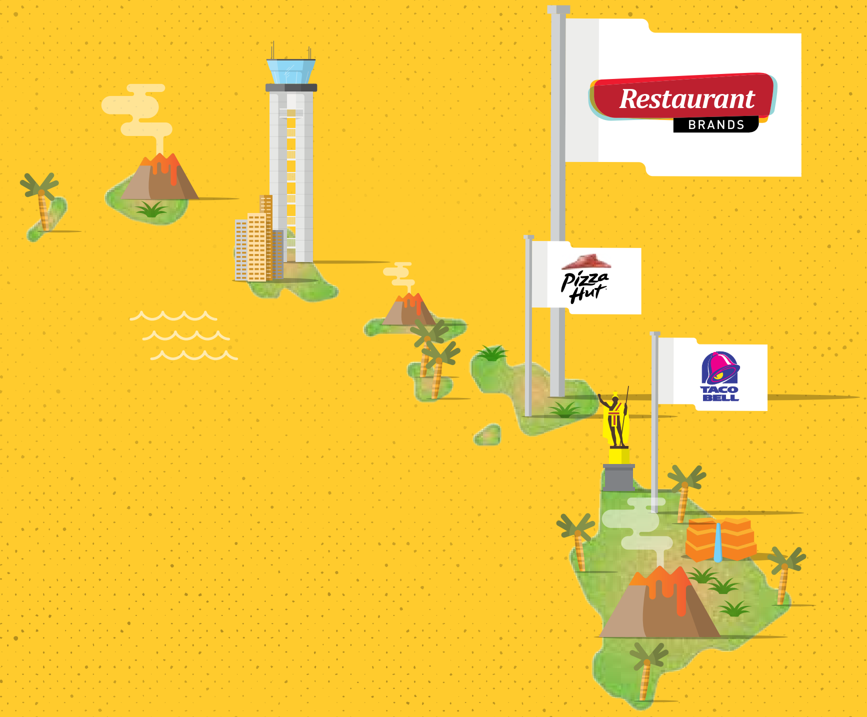
ALOHA!

Hawaii

Total Stores
82

Total Sales
$180m*

*FY18 estimate



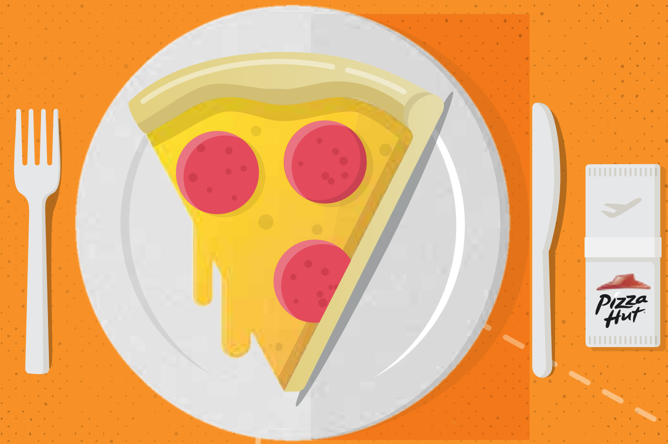
KIA ORA!

New Zealand

Total Stores
170

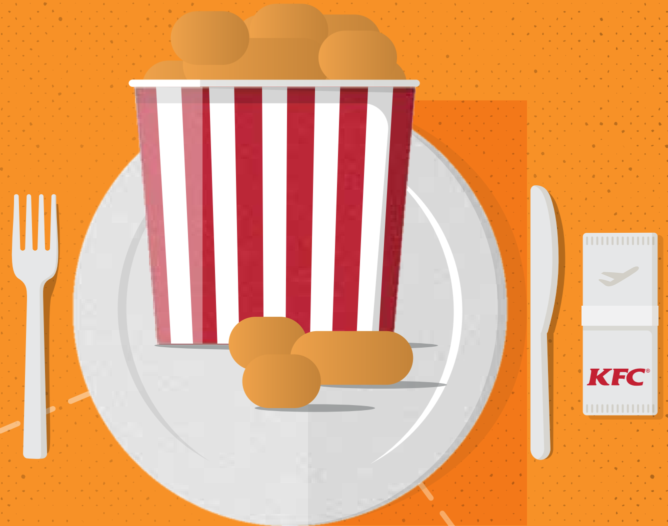
Total Sales
$400m*

*FY17



Pizza Hut

Founded in 1958 and a household name for pizza, Pizza Hut is an American restaurant chain and international franchise with over 16,000 locations in more than 100 countries.

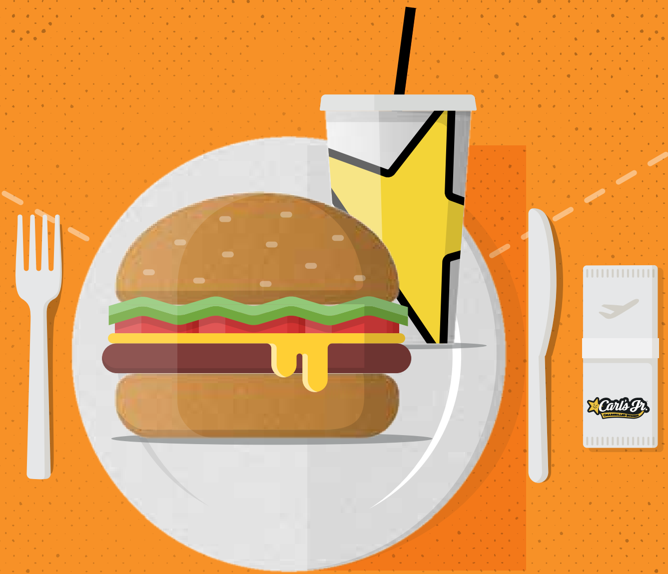


KFC

KFC is the world's most popular chicken restaurant chain. Established by Colonel Harland Sanders over 70 years ago, it now has more than 20,000 locations in 125 countries.

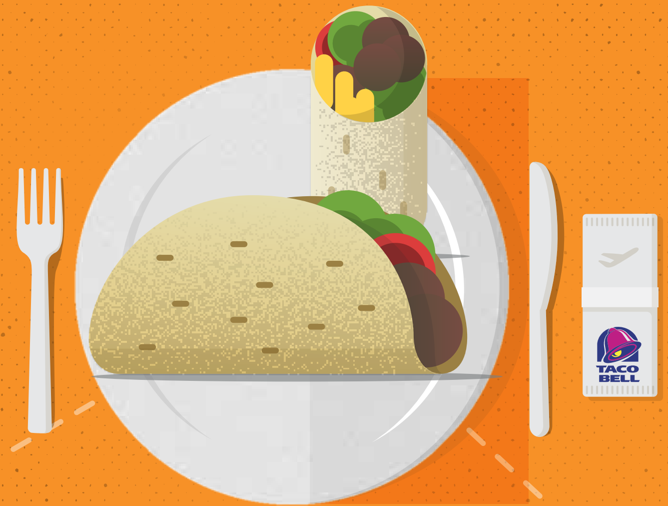
Starbucks Coffee

From a single store in Seattle in 1971, Starbucks Coffee has grown into an international coffeehouse chain now operating in almost 24,000 locations worldwide.



Carl's Jr.

Established in 1941, this American burger quick service restaurant chain serves the 'best burgers on the planet' to customers at more than 3,600 US and international locations.



Taco Bell

An American chain of quick service restaurants established in 1962, Taco Bell serves a variety of Tex-Mex foods, including tacos, burritos, quesadillas, nachos, and other specialty items in around 7,000 restaurants.

Acquired taste

Chicken, beef, pizza, coffee, and now Mexican.

We're delighted to welcome Taco Bell, the world's largest and most successful Mexican QSR brand, to our stable of brands and repertoire of taste experiences. In the US alone, Taco Bell boasts 7,000 restaurants and more than US$2 billion in sales. Russel Creedy is upbeat, "Taco Bell is a tremendous opportunity for our business as a group. While we learn more about the brand through our experienced management team in Hawaii, we are also set to benefit from the innovative energy that has driven the success of the brand in the US."

Kevin Kurihara
Hawaii CEO

Brent Matsumoto
Hawaii CFO

Russel Creedy
Group CEO

Grant Ellis
Group CFO

Ian Letele
NZ CEO

Herman Pretorius
NZ CFO

Adrian Holness
Australia CEO

Ashley Jones
Australia CFO

A fine formation

Managing an expanding portfolio of brands and geographies demands a clear strategy and strong management capability and experience. To that end, Restaurant Brands is adopting an international group structure comprising three discrete geographies each with their respective on-the-ground, and proven, leadership.

To our Restaurant Brands New Zealand business, we have added Restaurant Brands Australia and this year, Restaurant Brands Hawaii covering our interests in Hawaii, Guam and Saipan.

Financial Highlights

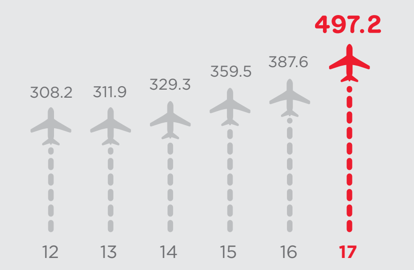
Historical Summary

All figures in $NZ millions unless stated	2012	2013	2014	2015	2016	2017
Financial performance						
Sales*						
KFC	236.3	237.0	241.5	265.0	282.5	**296.5**
Pizza Hut	45.5	47.9	48.4	48.4	44.9	**40.5**
Starbucks Coffee	26.5	25.1	25.0	26.1	26.8	**26.7**
Carl's Jr.	-	1.9	14.3	20.1	33.4	**36.3**
Total Sales – New Zealand	308.2	311.9	329.3	359.5	387.6	**400.0**
KFC Australia	-	-	-	-	-	**97.2**
Total Sales	308.2	311.9	329.3	359.5	387.6	**497.2**
EBITDA before G&A*						
KFC	45.6	45.3	44.5	50.8	57.2	**61.4**
Pizza Hut	2.1	3.8	5.5	6.4	4.9	**4.1**
Starbucks Coffee	3.7	2.9	3.5	4.3	4.4	**4.8**
Carl's Jr.	-	(0.5)	-	0.2	0.4	**1.0**
Total – New Zealand	51.4	51.5	53.5	61.5	66.9	**71.2**
KFC Australia	-	-	-	-	-	**15.0**
Total EBITDA	51.4	51.5	53.5	61.5	66.9	**86.2**
EBIT	24.4	22.7	28.2	33.4	34.1	**39.4**
NPAT (reported)	16.9	16.2	20.0	23.8	24.1	**26.0**
NPAT (excluding non-trading)	18.4	17.7	18.9	22.5	24.2	**30.6**
Financial position/cash flow						
Share capital	26.6	26.7	26.8	26.8	26.8	**143.4**
Total equity	59.8	60.3	64.7	71.2	75.6	**192.1**
Total assets	104.9	111.8	108.3	144.6	139.8	**302.4**
Operating cash flows	29.8	34.8	32.2	36.5	44.3	**47.9**
Shares						
Shares on issue (year end)	97,809,001	97,850,110	97,871,090	97,871,090	97,871,090	**122,843,191**
Number of shareholders (year end)	5,675	6,015	6,112	6,019	6,018	**6,294**
Basic earnings per share (full year reported)	17.3c	16.5c	20.4c	24.3c	24.6c	**24.1c**
Ordinary dividend per share	16.0c	16.0c	16.5c	19.0c	21.0c	**23.0c**
Other						
Number of stores (year end)						
KFC	88	89	90	91	91	**92**
Pizza Hut	71	57	51	46	39	**35**
Starbucks Coffee	35	29	27	26	25	**24**
Carl's Jr.	-	2	8	18	18	**19**
Total Stores – New Zealand	194	177	176	181	173	**170**
KFC Stores – Australia	-	-	-	-	-	**42**
Total Stores	194	177	176	181	173	**212**
Employees (partners) – New Zealand	3,909	3,725	3,691	3,912	3,363	**3,422**
Employees (partners) – Australia	-	-	-	-	-	**2,354**
Total Employees (partners)	3,909	3,725	3,691	3,912	3,363	**5,776**

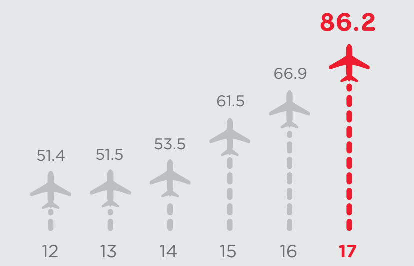
* Sales and store EBITDA for each of the concepts may not aggregate to the total due to rounding.

Year in Review

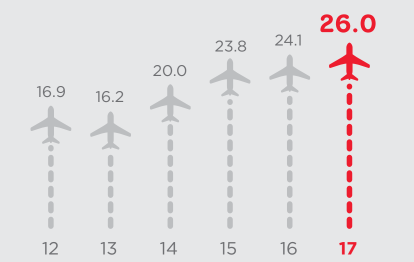
Total Sales ($NZm)



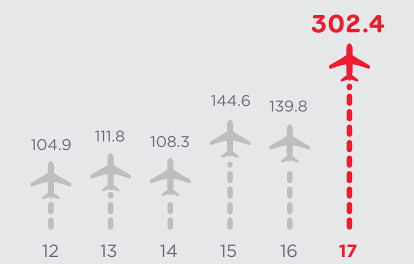
Total Store EBITDA ($NZm)



Total NPAT ($NZm)



Total Assets ($NZm)



Group net profit after tax was $26.0 million (24.1 cents per share), up $1.9 million (+7.8%), on prior year. Net Profit after Tax (excluding non-trading items) was $30.6 million (28.4 cents per share), up 26.3% on prior year.

Total Group store sales were $497.2 million, up $109.6 million (+28.3%) on prior year, primarily because of the contribution from the KFC business in Australia, but also assisted by continued strong growth from KFC New Zealand.

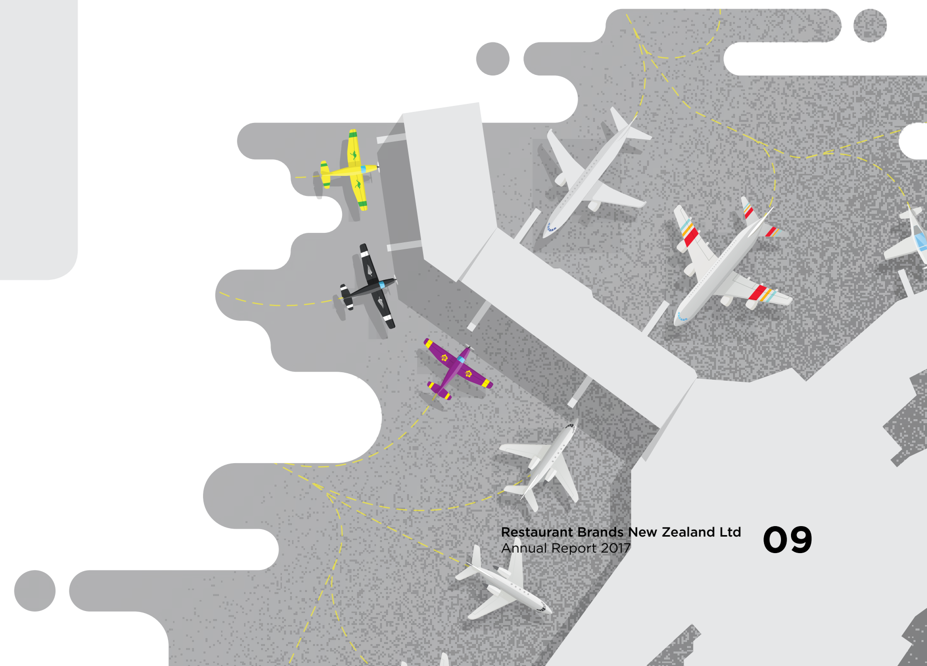
New Zealand operations continued to perform well, delivering total sales of $400 million and a store EBITDA of $71.2 million of the $86.2 million reported for the Group.

The acquisition of Pacific Island Restaurants Inc ("PIR") in Hawaii was completed on 7 March 2017 (after balance date).

Operating cash flows were $47.9 million, up $3.6 million; however investing cash outflows increased from $15.3 million to $79.0 million with the purchase of the Australian business.

KFC Australian operations contributed sales of $97.2 million and store EBITDA of $15.0 million for the 10 month period commencing with the settlement of the KFC Australian purchase in April 2016.

A final fully imputed dividend of 13.5 cents per share will be paid on 23 June, making a full year dividend of 23.0 cents (up 9.5% on the previous year).



Chairman's and Chief Executive's Report to Shareholders

The past year has seen a significant transition for the Company from primarily a domestic focus to an international one. We are pleased to report that Restaurant Brands is well on its way to becoming a "billion dollar enterprise" in terms of both revenues and market capitalisation.

The Company enjoyed a profitable financial year to 27 February 2017 with New Zealand operations delivering their best ever overall sales and profit performance, strong trading from the KFC Australian business under its new Restaurant Brands' ownership and the successful completion of the acquisition of the Taco Bell and Pizza Hut franchises in Hawaii (although settlement was not completed until after balance date).

Ted van Arkel
Chairman

Russel Creedy
Chief Executive Officer

Group Operating Results

Restaurant Brands Net Profit after Tax for the 52 weeks to 27 February 2017 (FY17) was $26.0 million (24.1 cents per share*), up 7.8% on last year's profit of $24.1 million (24.6 cents per share – on a smaller share base).

Net Profit after Tax (excluding non-trading items) was $30.6 million (28.4 cents per share*), up 26.3% on the $24.2 million (24.7 cents per share) result in FY16.

Non-trading costs were $5.1 million for the year (compared with $0.5 million in FY16).

Total store sales of $497.2 million were up $109.6 million (+28.3%) on the previous year's sales. Most of the growth ($97.2 million) came from the acquisition of the 42 KFC stores in Australia. However the New Zealand business grew sales by $12.4 million on prior year, mainly from the KFC New Zealand operations.

Group revenues for the year were $517.5 million (up 28.1%) with continued increases in sales of ingredients and packaging materials to independent franchisees.

Store EBITDA (before G&A costs) was up by $19.3 million (+28.8%) to $86.2 million, $15.0 million of which came from KFC Australia.

Year-end store numbers were 212, with New Zealand totaling 170, three down on prior year, largely because of sales of Pizza Hut stores to independent franchisees. However the KFC Australian acquisition brought a further 42 stores into the network.

*On a weighted average of 107.8 million shares on issue basis (FY16 97.9 million shares on issue)

	2017 (52 weeks) $m	2016 (52 weeks) $m	Change %
Total Group Store Sales	497.2	387.6	+28.3%
Group Net Profit after Tax	26.0	24.1	+7.8%
Dividend (cps)	23.0	21.0	+9.5%

Note: All amounts are in NZD unless specified otherwise.

NPAT (excluding non-trading items)

+26.3%

Total store sales

+28.3%

KFC New Zealand

	2017 $m	2016 $m	Change $m	Change %
Sales	296.5	282.5	+13.9	+4.9%
EBITDA	61.4	57.2	+4.3	+7.5%
EBITDA as % of Sales	20.7%	20.2%	-	+0.5%

KFC New Zealand had its best ever year in terms of sales and profitability with sales of $296.5 million, an increase of $13.9 million or +4.9% on the prior year.

Same store sales growth started slowly with the first half up 1.9%. However the brand built stronger momentum as the year progressed, finishing at +7.1% growth for the last quarter of the year to a total of +3.6% for the full year (rolling over +6.3% for FY16).

The brand continues to enjoy the momentum of the store transformation programme, together with the benefits of further increases in marketing expenditure and some successful new product releases.

Margins improved commensurate with sales, with a benign ingredient cost environment and increased store efficiencies offsetting increasing labour costs. KFC finished the year with an EBITDA of $61.4 million, another new record for the brand. This represents an increase of $4.3 million or +7.5% on FY16. As a percentage of sales, brand EBITDA improved from 20.2% in FY16 to 20.7% this year.

With the last major transformation completed this year, the store network rebuilding programme that the brand embarked upon over ten years ago is now complete. The programme has seen a total refurbishment of the KFC store network at a cost of $100 million and has resulted in the New Zealand KFC business growing from $172 million sales in 2006 to nearly $300 million this year and EBITDA more than doubling from less than $30 million to over $60 million over the same time.

The Company recognises the importance of continued re-investment in its stores and completed 11 major store upgrades and 10 minor refurbishments over the course of the year.

Store numbers increased to 92 with the opening of a new store at Rolleston in November 2016.

"KFC New Zealand finished the year with an EBITDA of $61.4 million, another new record for the brand."

KFC Australia

	2017 $m	2016 $m	Change $m	Change %
Sales	97.2	-	+97.2	n/a
EBITDA	15.0	-	+15.0	n/a
EBITDA as % of Sales	15.4%	-	-	n/a

The addition of the 42 QSR Pty Limited ("QSR") KFC stores in New South Wales Australia, completed on 27 April 2016, gave a considerable boost to the Company's results, adding $97.2 million in sales and $15.0 million in EBITDA for the 10 month period.

The purchase of QSR for a consideration of $89.4 million was settled by the issue of five million Restaurant Brands shares (at a set price of $4.16). Market value of the shares at settlement was $25.5 million with the balance of $63.9 million in bank debt.

The acquisition represents a strategic move into the Australian market, buying a well-run profitable company which will provide a sound base for future expansion opportunities.

The business has seen further growth in store numbers after balance date with five further KFC stores being acquired from independent franchisees, two new stores under construction and the potential purchase of a number of Yum!-owned stores in the market under active consideration.

Pizza Hut New Zealand

	2017 $m	2016 $m	Change $m	Change %
Sales	40.5	44.9	-4.4	-9.8%
EBITDA	4.1	4.9	-0.8	-17.2%
EBITDA as % of Sales	10.0%	10.9%	-	-0.9%

The Company opened one new Pizza Hut store during the year in LynnMall and oversaw four additional stores which were opened by independent franchisees. By year end Restaurant Brands still retained a total of 35 stores and independent franchisees had 58 stores. Sales from the 93 store Pizza Hut network were $91.6 million, an increase of 6.4% on prior year.

Total sales from stores operated by Restaurant Brands were down 9.8% over the year to $40.5 million, due to lower store numbers as the Company sold a further four stores to independent franchisees.

Same store sales for company stores grew 3.6% over the year with a slightly stronger first half.

Earnings from company stores reduced slightly because of the sale of more of the profitable stores to independent franchisees and some increases in labour and ingredient costs. EBITDA for the year was $4.1 million, down $0.8 million on FY16. This represented an EBITDA margin of 10.0% of sales versus 10.9% last year, but still within the Company's expected margin range.

Demand from independent franchisees remains strong for both purchases of Restaurant Brands' stores and new store construction in greenfields locations.

Starbucks Coffee New Zealand

	2017 $m	2016 $m	Change $m	Change %
Sales	26.7	26.8	-0.1	-0.4%
EBITDA	4.8	4.4	+0.4	+8.0%
EBITDA as % of Sales	17.8%	16.4%	-	+1.4%

As the Company's smallest brand, Starbucks Coffee has yet again made a reliable and sustainable contribution to the overall Group result.

Total sales at $26.7 million were marginally down on prior year, because of the end-of-lease closure of the Aotea Square store in Auckland. Same store sales however were up a healthy 4.5%.

Despite some weakening of the NZD/USD exchange rate, increased volumes and continuing operating efficiencies delivered a further increase in earnings to a new high of $4.8 million (17.8% of sales).

With the Aotea Square closure store numbers are now 24.

With the 20th anniversary of the first store opening in the country coming up next year the Company is in discussions with the franchisor on potential franchise renewal options.

Carl's Jr. New Zealand

	2017 $m	2016 $m	Change $m	Change %
Sales	36.3	33.4	+2.9	+9.0%
EBITDA	1.0	0.4	+0.6	+120.7%
EBITDA as % of Sales	2.7%	1.3%	–	+1.4%

The Carl's Jr. brand continued to make steady progress towards building critical mass and long term financial viability.

Sales were up 9.0% to $36.3 million, with the impact of new store openings in Church Corner and Hornby in Christchurch. Whilst same store sales for the brand were -3.8%, they improved over the year and were positive for the second half.

Margins continued to improve with lower input costs, although beef prices remain stubbornly high. Maintaining the strategy of accelerating advertising expenditure to try and build brand presence also adversely impacted margins. The resultant EBITDA of $1.0 million (2.7% of sales) was $0.6 million or 121% up on FY16 and indicative of the continued improvement in brand performance.

Store numbers increased by one to 19 with the two openings offset by the closure of the Otahuhu store.

Corporate and Other Costs

G&A (above store overheads) at $20.4 million were $4.0 million (23.9%) up on prior year. Most ($3.6 million) of this increase arose from the additional G&A in the Australian business. Total G&A remains at 3.9% of total revenues, within the Company's 4.0% target.

Group non-trading charges were $5.1 million for the year ($0.5 million in FY16). There were some gains on the disposal of Pizza Hut stores of $0.7 million and the sale and leaseback of a KFC store of $0.4 million. These gains were however offset by store closure costs of $1.7 million (primarily Carl's Jr. Otahuhu), legal and due diligence costs on the Hawaiian acquisition of $1.5 million and stamp duty on settlement of the QSR Australia purchase of $2.1 million.

Depreciation charges at $22.2 million were up $5.6 million on the prior year, largely as a result of the QSR acquisition ($4.6 million). New Zealand operations had an increase in depreciation of $1.0 million, mainly from the KFC business.

Interest and funding costs at $2.3 million were $1.3 million up on prior year. Bank interest rates (inclusive of margins) for the year averaged 4.1% compared with 4.8% in FY16.

Cash Flow and Balance Sheet

The Company's cash flows continue to be very robust. Operating cash flows were $47.9 million for the year, up $3.6 million on prior year. The impact of working capital movements was minimal this year at -$1.0 million, compared with a +$4.5 million benefit in FY16.

Net investing cash outflows rose significantly to $79.0 million, compared with $15.3 million in FY16. $63.9 million of the increase was attributable to settlement of the QSR acquisition in Australia.

Financing cash flows for the year showed a net inflow of $99.2 million, compared with the previous year's net outflow of $29.4 million. The reasons for the significant (and largely one-off) turnaround were the increase in borrowings for the Australian acquisition and the share capital raised of $91.1 million (net) for the Hawaiian acquisition that had not settled by balance date. Dividend payments took $22.6 million versus $19.6 million in FY16.

Total assets at year-end were up significantly to $302.4 million (FY16 $139.8 million) on the strength of the Australian acquisition and the capital raising for the Hawaiian acquisition. Current assets were up $70.7 million to $83.3 million because of the cash raised for the Hawaiian settlement which was still pending at balance date. Non-current assets were up $91.9 million to $219.1 million with the impact of goodwill and leasehold improvements, plant and equipment acquired on the QSR purchase.

Total liabilities were up $46.1 million to $110.3 million largely because of increased borrowings for the QSR acquisition.

"The opportunity for seeking further growth across the Tasman is timely."

Year-end shareholders' funds of $192.1 million were $116.4 million up on prior year because of the capital raising for the Hawaiian acquisition.

The balance sheet remains conservative with a gearing ratio of 19% (FY16: 13%), but was artificially low at balance date pending completion of the Hawaiian acquisition.

Dividend

Directors have declared a final fully imputed dividend of 13.5 cents per share. This, together with the interim dividend of 9.5 cents per share, makes a full year dividend of 23.0 cents per share (up 2.0 cents on FY16).

The final dividend of 13.5 cents per ordinary share will be payable on 23 June 2017 to all shareholders on the register on 9 June 2017. A supplementary dividend of 2.3824 cents per share will be paid to all overseas shareholders at the same time.

The re-introduction of a dividend reinvestment plan for the Company is currently being evaluated, with a decision to be announced before the FY18 interim dividend.

Hawaiian Acquisition

On 26 October 2016, Restaurant Brands entered into agreements to purchase 100% of the shares in Pacific Island Restaurants Inc (PIR) for $US105 million. PIR is the sole Taco Bell and Pizza Hut franchisee in Hawaii, Guam and Saipan. PIR's store network includes 37 Taco Bell stores and 45 Pizza Hut stores.

The acquisition, which was finally settled on 7 March 2017 (in the new financial year), was funded by a combination of (US dollar) debt and equity. The Company undertook a successful capital raising in November 2016 through an Accelerated Renounceable Entitlement Offer (AREO) that saw mainly existing shareholders subscribe for 19,972,101 shares for a total consideration of $94 million.

On a full year basis the Hawaiian business is expected to deliver total sales in the vicinity of $180 million and a store EBITDA of $27 million.

Board

Restaurant Brands has traditionally operated with a small board, encouraging a more nimble and effective decision-making process. The board has been very stable, but with retirements and an increasing offshore focus, we have made two new appointments over the past year, bringing the total number of directors to five.

Vicky Taylor joined the board on 23 June 2016. Vicky has considerable commercial experience and runs her own food manufacturing business in Auckland. Vicky has taken the role previously occupied by Sue Suckling as chairman of the Appointments and Remuneration Committee.

David Beguely became the most recent appointment to the board on 1 April 2017. David, who is a New Zealander and has a very strong corporate background, is Australian-based and will be able to provide considerable input, particularly as we grow our Australian operations.

Both Vicky's and David's full details are contained elsewhere in this annual report.

Company Staff and Structure

As a result of the significant growth the Company has undertaken over the last 12 months, we identified a need to review our senior management structure. Following that review Restaurant Brands has been re-organised into three operating divisions on a geographic basis: New Zealand, Australia and Hawaii. Each of the divisions will operate on a stand-alone basis under the control of its own CEO and senior management. Further details on the structure and the senior management for each division are elsewhere in this annual report.

The divisions are under the control of a new corporate office, based in New Zealand comprising Russel Creedy as CEO, Grant Ellis as CFO and a small (primarily finance) staff. The board is currently considering a long term incentive scheme for the senior management team.

With our recent acquisitions, Restaurant Brands now employs over 7,500 staff. This in itself creates future challenges as to size and complexity. However the fundamental expertise and enthusiasm of the people in our stores remains constant, irrespective of whether they work in Sydney, Christchurch or Honolulu. We continue to appreciate the efforts put in by our staff at all levels.

Our Community

Even as we expand further offshore, Restaurant Brands remains cognisant of responsibly taking its place in the community, whether it be in New Zealand, Australia or the US.

We continue to pursue the objectives of being a good and responsible employer and corporate citizen.

In New Zealand, Restaurant Brands has led the way in our industry in providing guaranteed hours of permanent work and security of pay for our employees. The Company was the first in the industry to scrap zero hour contracts and pays its employees rates at the upper end of the pay rates in the sector.

Keeping our staff safe in the workplace is paramount across the organisation and health and safety is a prime focus at all levels and in all locations that Restaurant Brands operates in.

We continue to maintain a diverse and inclusive work environment with over 25 different nationalities represented in our workforce and just over half being female (together with a significant proportion of senior management).

Restaurant Brands contributes significant economic benefits to the community in which we operate, and directly support a number of charities on a regular basis, including Surf Lifesaving New Zealand.

Outlook

As the benefits of our major offshore acquisitions begin to flow through the Company's results, we remain optimistic as to Restaurant Brands' future performance and further growth opportunities.

The reported profit for the year at $26.0 million was 7.8% up on prior year, although the underlying result was considerably higher after adjusting for the significant non-trading items incurred in completing the two acquisitions in Australia and Hawaii. The resultant $30.6 million NPAT (excluding non-trading) was up 26.3% on prior year and included a solid contribution from the KFC Australia business.

The new financial year has seen a continuation of the strong trading performance across all four New Zealand brands seen over the FY17 year and both new acquisitions in Australia and Hawaii are currently delivering results in line with their business case projections.

The Company is not anticipating any significant changes in the economic and competitive environment or unusual costs for the new financial year. Therefore with a consistent domestic performance, a full year's trading from the QSR business in Australia and a 51 week contribution from the Hawaiian acquisition, we expect that the Company will deliver an NPAT (excluding non-trading) result in the new financial year in the vicinity of $40 million.

Conclusion

We thank you, our shareholders, for your support and look forward to seeing a number of you at our forthcoming Annual Shareholders' Meeting.

Ted van Arkel
Chairman

Russel Creedy
CEO

Navigating new markets

Restaurant Brands' family is growing. Our newly acquired businesses in Hawaii and Australia bring new relationships that put our Company's international growth ambitions on a firm and stable footing. The New Zealand business is also evolving with additional senior management expertise to continue to build on the upward momentum achieved over the last ten years.

In addition to the Group's overarching strategic leadership and guidance provided by CEO, Russel Creedy and CFO, Grant Ellis, each division that makes up the Group is headed by its own CEO and CFO team. They are all leaders of successful businesses and bring years of industry expertise in their respective operations and markets.

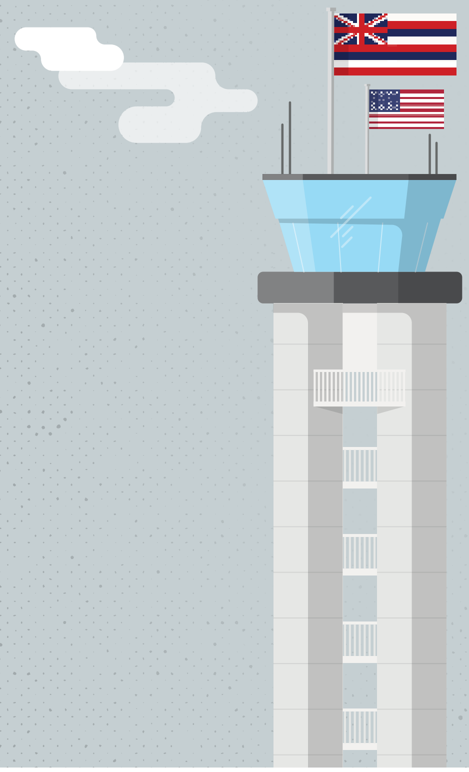
Meet them here.

Russel Creedy and Grant Ellis

"Great partnerships – ones that grow and succeed – are born of several fundamentals. Both parties are committed to the long term, they share similar values and hold a mature respect for each other's knowledge, experience and achievements.

I am confident that Restaurant Brands has chosen the partners running its new international businesses well. And I am confident the feeling is mutual."

Russel Creedy



Kevin Kurihara and Brent Matsumoto

Hawaii

CEO Kevin Kurihara and CFO Brent Matsumoto lead the Hawaiian operation comprising 82 Pizza Hut and Taco Bell restaurants across Hawaii, Saipan and Guam. They've both been involved in the business for more than 20 years.

Kevin: Brent and I go back to when Jardines of Hong Kong owned the business. There have been a few changes in ownership since then but we're both extremely excited about joining Restaurant Brands.

Brent: But this time it's going to be different because, unlike private equity, Restaurant Brands is in the industry – they know what it's about. New Zealand is a great success story in the Yum! network and has proven the importance of investing in the business and taking the longer-term view.

Kevin: There's a lot of value that will flow both ways. For example, we look forward to leveraging Restaurant Brands' expertise in supply and distribution, in merchandising and back office systems and technology best practices. We also expect to learn a lot about their approach to product R&D, and benefit from how New Zealand has taken the in-restaurant customer experience to a whole new level.

And we offer opportunities for the New Zealand business too – and the Australian business as part of the Group – in harnessing some of the robust front and back of house technologies that are coming into Taco Bell here from the US. Kiosk ordering and mobile apps for faster service are just a couple of examples of this.

Brent: It's an exciting move for us and for New Zealand. We've a very robust and competitive business here in Hawaii, Guam and Saipan. The market is different from New Zealand of course and the Restaurant Brands board and management totally get that.

Maintaining what works and evolving it sensitively will be extremely important. Hawaii is a small but densely populated island of 1.4 million people and everything is closely knit together. Guam is even closer.

Kevin: Restaurant Brands made it clear right from the start that they respect our local knowledge, expertise and culture. 'It's your business' they said, 'and you've got a great 10-year track record in running it. We're not coming here to tell you what to do.'

Brent: That's right, we share the same philosophy and have huge respect for each other and our cultural differences. I remember when Russel and Grant met with our bankers here the first time, we discussed our cultures and Grant invited them to share breath – a hongi, I think the Māori call it – well we all thought that was terrific and it epitomised how well we were going to get on.

Kevin: Brent and I are very confident about the Hawaiian business' future in being a part of Restaurant Brands. Not only do we have access to capital and expertise to help us accelerate our growth, but we are also part of a group that understands people and the importance of community. It's a perspective and an attitude that will allow us to serve our customers better over the long term. And because of that, our brands will benefit enormously and grow. That's got to be good for the shareholders.

Taco Bell

The Hawaiian business acquisition brings a new brand to the Restaurant Brands stable. Taco Bell.

With more than 7,000 restaurants and US$2 billion in sales, Taco Bell is a story of a hugely successful cohesive brand in the United States that's fast gaining traction with the young millennial generation.

Taco Bell is setting its own pace and consistent taste experience that people love right across the US. Its menu boasts 'unique cravable food' and faces little competition from burgers. The many nachos, tacos, burritos, doritos and quesadillas on the menu deliver a bounty of Mexican tastes yet with an enviable flavour profile that no competitor has been able to match with any consistency or success.

Internationally, it is only a matter of time before Taco Bell achieves a degree of market maturity. Indeed, as the world gets smaller thanks to international travel and new cross-cultural digital media, that tipping point is approaching fast. Already in Japan, the brand is beginning to forge a strong customer following.

According to Russel Creedy, CEO Restaurant Brands, "Taco Bell is a tremendous opportunity for our business as a group. While we learn more about the brand through our experienced management team in Hawaii, we are also set to benefit from the innovative energy that has driven the success of the brand in the US."

Australia

Adrian Holness and Ashley Jones have been the CEO and CFO team behind 42 profitable NSW KFC stores since 2007. The stores were acquired by Restaurant Brands at the start of 2016 and both Ashley and Adrian are enthusiastic about the business' prospects under the new ownership.

Ashley Jones and Adrian Holness

Ashley: It's refreshing to be a part of Restaurant Brands – their attitude is positive about growing the business, building topline sales and improving margins.

Adrian: There's plenty of scope for growth here in NSW and Australia through further acquisitions and new store development given New Zealand's undoubted leadership capability and competencies in this industry.

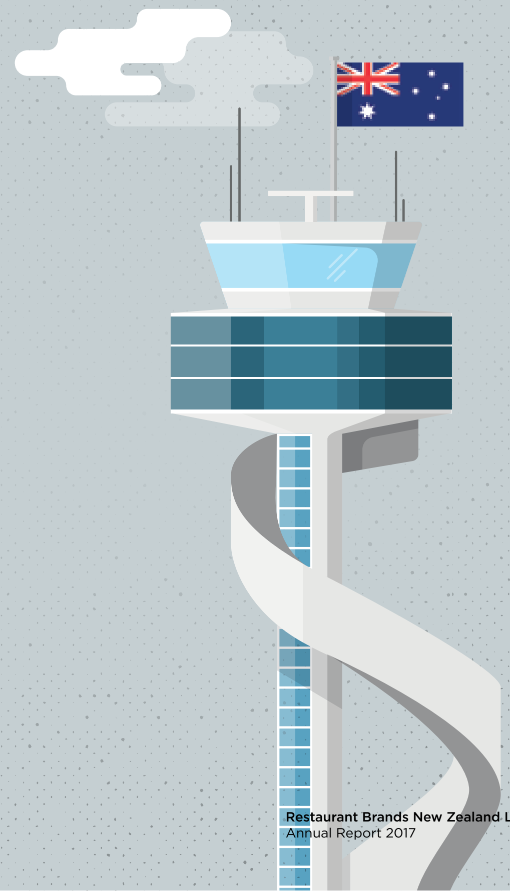
Ashley: It's important to understand that the acquired KFC stores are already well-performing and profitable – the loss makers are long gone following a post-GFC consolidation – and we've already been through our own heavy investment programme. We've a good base for future growth.

We've an excellent team covering all the key areas of the business like HR, Property and Operations and we're proud of our initiatives like late night trading and online ordering. Twenty-two stores are currently hooked up to the new app and we're planning for all stores to be connected later this year.

And like New Zealand's KFC rugby sponsorship, KFC here has achieved huge relevance and profile through sponsoring the cricket 20 overs Big Bash League. KFC owns cricket in NSW.

Adrian: But it will also be good for us to learn more about New Zealand's innovations: the digital menu boards and the KFC home delivery exercise sound very interesting and could have a lot of potential here.

Ashley: Ultimately, we both have enormous respect for each other's achievements and the way we run our businesses. Restaurant Brands are keen to keep the existing management team here and are confident we'll keep growing the business with their input – not just along the east coast but potentially elsewhere in Australia.



Herman Pretorius and Ian Letele

New Zealand

Ian Letele is a QSR and retail industry heavyweight having spent several years helping build a successful Carl's Jr. business throughout Asia. A year ago, following a 25-year international career, Ian returned to New Zealand to join Restaurant Brands. He takes up the CEO reins for the New Zealand business.

Meanwhile Herman Pretorius has been appointed CFO after the last four years working closely with Grant Ellis and knows the New Zealand business well.

Ian: It's important to recognise that my and Herman's appointment is effectively a strengthening of New Zealand's management, not a change of guard. Russel Creedy and Grant Ellis are based here and we'll be reporting to them – it's more like New Zealand's leadership has expanded.

Herman: It's an evolution. The move to separate the Group and New Zealand's country management will deliver continuity of relationships along with the upward drive in sales achieved to date here.

The performance potential arising from knowledge sharing across the Group is tremendous. While each country management has its own teams, there are opportunities to share capacity and leverage productivity across the Group, especially in areas like IT and Marketing.

Ian: Both Herman and I have a firm grasp on the success drivers in our business. It comes down to customer experience, of course, and a big contributor to that is how we continually motivate our own people throughout all layers of the operation. Our customer-facing people must be enabled through investment in training and development.

Herman: Yes, success is as much about our 'internal customer' as it is about the numbers. We expect our senior operations people to be accountable but we must also support and equip them in their everyday challenges.

Ian: There is huge optimism for the Group. All three divisions will be working closely with each other under Russel and Grant's group strategic stewardship. It's a clever piece of organisational engineering since it ensures management continuity – unlike other organisational change that often sees new people being brought in from outside.

Continued brand growth under mixed ownership model

Whilst total sales of stores operated by Restaurant Brands were down 9.8% over the year to $40.5 million, because of lower store numbers, sales for the total Pizza Hut brand were up 6.4% to $91.6 million.

Restaurant Brands' store numbers reduced by four over the year with four stores sold to independent franchisees and a new company store built at LynnMall in Auckland after the closure of the New Lynn Red Roof format store.

Same store sales for company stores grew 3.6% over the year.

Earnings from company stores were again adversely impacted by both sales of profitable stores to independent franchisees and some increases in labour and ingredient costs. EBITDA for the year was $4.1 million, down $0.8 million on FY16. This represented 10.0% of sales versus 10.9% last year, but still within the Company's expected margin range.

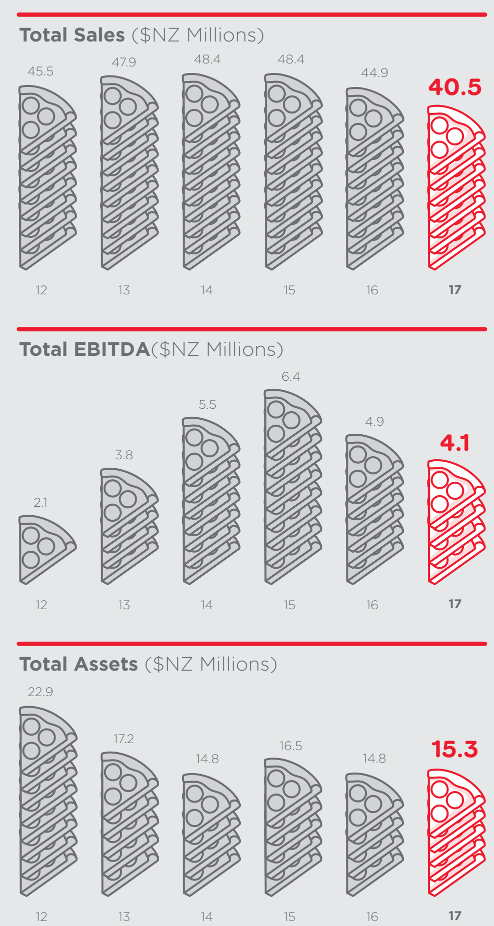
Staff turnover was 78%, slightly up on the prior year's 71%, principally a reflection of the level of store sell down in the year.

Pizza Hut saw a significant decrease in total accident claims from 22 to 12 for the year with a continued focus on staff safety. Lost time injuries per million hours worked reduced to four from five in the prior year.

At year-end company owned store numbers had reduced to 35, out of a total of 93 in the market with independent franchisees up to 58. The brand has a short-term target of 100+ stores in the network with company owned ones making up approximately 25% of that number.

The Pizza Hut business will see continued solid growth as Restaurant Brands continues to expand the store network, both with its own stores and with those run by independent franchisees.

"Sales for the total Pizza Hut brand were up 6.4% to $91.6 million."



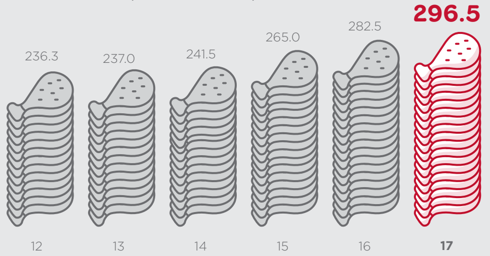
Staff
393

Stores
35 (+58 franchised)

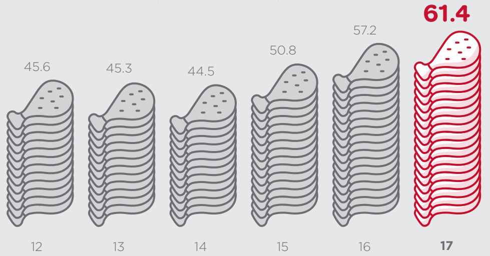
KFC | KFC OPERATIONS

KFC delivers on both sides of the Tasman

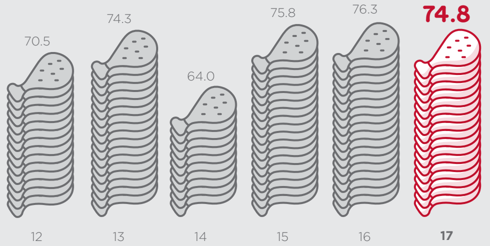
Total Sales ($NZ Millions)



Total EBITDA ($NZ Millions)



Total Assets ($NZ Millions)



Staff
2,078

Stores
92 (+6 franchised)

New Zealand

KFC New Zealand produced another record year of sales and profit performance. A strong new product development pipeline, the ongoing benefit of store upgrades and higher levels of marketing and promotion activity, all contributed to driving sales to an all-time high of $296.5 million. Same store sales growth started slowly in the first half but accelerated throughout the year to finish the full year at +3.6% (compared with +6.3% last year).

The KFC brand continued its burger innovations, which together with more intensive marketing campaigns drove the sales growth. Continued sponsorship of the New Zealand Super Rugby franchises also assisted brand awareness.

Earnings were also up strongly, with EBITDA up $4.3 million or 7.5% on prior year to $61.4 million. Continued sales leverage and relatively benign ingredient price pressure assisted in driving better margins, but some of these benefits were offset by higher labour costs as KFC reinvested in store labour to improve customer experience and increased marketing expenditure. As a % of sales, EBITDA was 20.7%, up on last year's 20.2%.

The brand completed the last of its major store transformations this year. After eleven years of reinvestment, at a total cost of more than $100 million, KFC New Zealand now has 88 out of the Company's 92 stores now either new or fully transformed. The remainder are targeted for closure or relocation. Over that period, the brand has seen sales grow from $172 million per annum to nearly $300 million and EBITDA more than double from less than $30 million to in excess of $60 million.

As part of the continuing reinvestment in the brand, a further 11 stores received major upgrades and 10 stores minor refurbishments over the year.

The total stores in the network increased to 92 with the opening of a new store at Rolleston in the South Island.

Staff turnover was 67%, up on the previous year's 56%, partly as a result of changes to rostering practices providing more stability and certainty for our workforce.

The number of accidents in our KFC stores reduced by 12% to 149 from 169 in the previous year. The actual lost time injuries per million hours decreased from twelve in the prior year to ten in the current year. There is a continued focus in the business to reduce injuries in store.

The strong sales and margin performance has been maintained into the FY18 financial year and KFC is expected to deliver another solid result. The brand will continue to reap the benefits of its transformation programme and will continue to actively reinvest in its stores, albeit at a more measured level. Continued high levels of marketing expenditure will also assist sales. Another one to two new stores are expected to be opened in the FY18 year.

KFC continues to be the cornerstone of Restaurant Brands' New Zealand operations and maintains its current level of performance as the new year begins.

Australia

Restaurant Brands' first move in its international expansion strategy was the acquisition of QSR Pty Limited the largest independent KFC franchisee in New South Wales, Australia. This acquisition saw the purchase of 42 stores, split equally between suburban Sydney and regional New South Wales. The business is run out of a head office in Alexandria Sydney, which serves as a firm base for further growth.

The transaction settled two months into the financial year (on 27 April 2016), but the impact on sales and earnings was immediate. The new acquisition contributed $97.2 million in incremental sales for the 10-month trading period since acquisition and $15.0 million in additional store EBITDA.

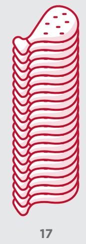
With this initial acquisition, intended to be the beginning of a much stronger presence in the Australian KFC market, the business has begun building new stores and acquiring smaller independent franchisees. A further five stores were acquired after balance date and another one to two stores are expected to be built in the FY18 year.

Whilst the QSR business has a young workforce it is relatively stable by market norms. Staff turnover was 49% in the FY17 year. The above-store management team is also very stable (with an average tenure of 12 years). There has been no significant turnover in this team in the 12 months since acquisition.

The QSR business has a strong focus on accident prevention. The number of accidents in our KFC Australian stores were 21 in the FY17 year, and the actual lost time injuries were 19 per million hours.

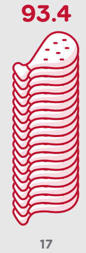
The very positive post acquisition result from the Australian operations from the first ten months of ownership is continuing into the new financial year.

Total Sales ($NZ Millions)



Total EBITDA ($NZ Millions)

Total Assets ($NZ Millions)



Staff
2,358

Stores
42

STARBUCKS COFFEE OPERATIONS

Small but steady

The Company's smallest brand continued to deliver very strong operating results and an excellent return on investment.

Whilst total sales were down slightly, mainly because of a closure of a large Auckland CBD store at lease end, same store sales improved by 4.5%.

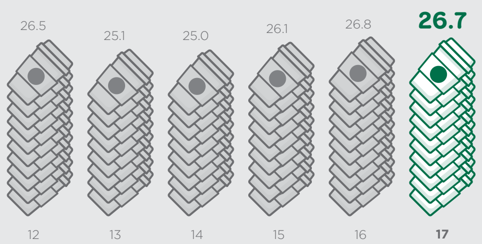
Starbucks Coffee also enjoyed its best profit performance ever, generating an EBITDA of $4.8 million, up 8.0% on prior year, driven by further strong sales growth and continuing store efficiencies, despite some labour pressures. The net result was a slight increase in EBITDA margin, rising from 16.4% of sales to 17.8%.

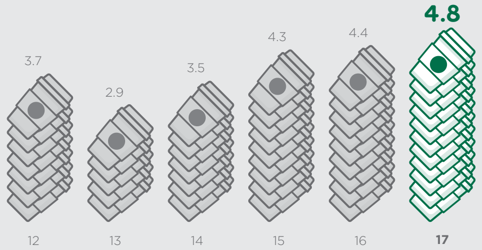
Staff turnover saw an increase this year to 70% (58% in FY16), with the Aotea Square store closure and the move to fixed shifts.

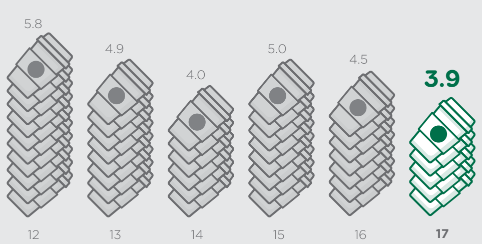
The total number of accidents in our Starbucks stores have increased slightly to 16 from 15 in the prior year. The actual lost time injuries for the brand increased to two for the year from one in the previous year.

The Starbucks Coffee brand continues to deliver steady growth and excellent returns for shareholders. Same store sales growth is expected to remain stable this year and profitability at similar levels.

With the pending expiry next year of the 20 year franchise, the Company has entered into discussions with Starbucks Coffee International as to the future direction of the brand in the New Zealand marketplace.



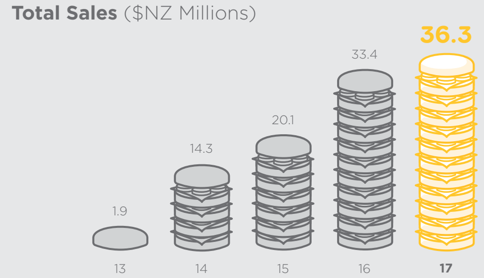


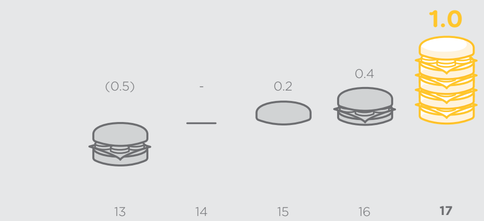


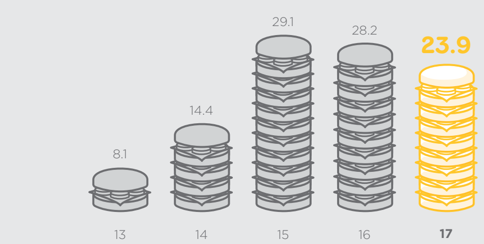
Staff
282

Stores
24

CARL'S JR. OPERATIONS







Staff
405

Stores
19

Beefing up the results

Building the Carl's Jr. business over the past four years has taken time and patience, but the brand continues to demonstrate solid improvement year after year.

Total sales increased to $36.3 million (+9.0%) with two new stores opening in Christchurch. Same store sales were slightly negative at -3.8%; however they improved over the year and were positive for the second half.

EBITDA was up 121% to $1.0 million for the year with improving sales, better ingredient prices and improved controls over store operations. This represented 2.7% of sales (1.3% in FY16).

Store numbers were up a net one for the year to close at 19. Two new stores (with new livery and design) opened in Christchurch and are trading well. One non-performing store in Otahuhu, Auckland, was closed.

Staff turnover was 71%, up on the prior year's 64%, and remained in part a reflection of the movement to fixed shifts, together with one store closure.

Carl's Jr. total accident claims in the year of 28 were up from the prior year of 21 despite a continued focus on staff safety. Lost time injuries per million hours were five for the year compared with three lost time injuries per million hours in the previous year.

The Carl's Jr. brand has doubled its profitability every year over the past four years and is positioned to make a similar improvement in profitability in FY18. As with any new brand, there has been a settling in process for Carl's Jr., but there is now sufficient experience and momentum to build on this growth.

> **"The Carl's Jr. brand has doubled its profitability every year over the past four years."**

Board of Directors

Ted van Arkel
FNZIM

Chairman and Independent Non-Executive Director

Term of Office
Appointed Director 24 September 2004 and appointed Chairman 21 July 2006, last re-elected 2015 Annual Meeting.

Board Committees
Member of the Audit and Risk Committee and Appointments and Remuneration Committee.

Mr van Arkel has been a professional director since retiring from the position of Managing Director of Progressive Enterprises Limited in November 2004. NZX listed company directorships are AWF Madison Group Limited and Abano Healthcare Group Limited. He is also a director of the Auckland Regional Chamber of Commerce & Industry Limited. Mr van Arkel also serves as a director of a number of private companies including Philip Yates Family Holdings Limited, Danske Mobler Limited and his family-owned companies Lang Properties Limited and Van Arkel & Co Limited.

Mr van Arkel retired as a Director and Chairman from The Warehouse Group Limited in September 2016.

Hamish Stevens
M.COM (HONS), MBA, CA

Independent Non-Executive Director

Term of Office
Appointed Director 8 May 2014, last re-elected 2014 Annual Meeting.

Board Committees
Chairman of the Audit and Risk Committee and Member of Appointments and Remuneration Committee.

After considerable experience in a number of senior corporate roles including both operational and financial management in large companies such as DB Breweries Limited and Heinz-Watties Limited, Hamish became a professional director in 2010. He is currently Chairman of Bureau Veritas AsureQuality Pty Limited, East Health Services Limited, and The Kennedys Limited and is a director of Pharmaco (N.Z.) Limited, Counties Power Limited, AsureQuality Limited, Smart Environmental Limited, and Ormiston Health Properties Limited. A qualified chartered accountant, Hamish also chairs the audit committees for a number of these companies and is the independent chairman of the Audit and Risk Committee of the Waikato Regional Council. Mr Stevens sits on the board's Appointments and Remuneration Committee and chairs the Audit and Risk Committee.

Stephen Copulos

Non-Executive Director

Term of Office
Appointed Director 27 April 2016.

Board Committees
Member of Appointments and Remuneration Committee and Audit and Risk Committee.

Stephen Copulos joined Restaurant Brands as a Non-Executive Director following the acquisition of QSR Pty Ltd in NSW, Australia. He has over 35 years' experience in a variety of businesses and investments across a wide range of industries including fast food and hospitality, manufacturing, property development and mining and has extensive experience as a company director of both listed and unlisted public companies in Australia, UK and USA. He is Managing Director of the Copulos Group of companies as well as a director of over 50 private companies and trusts within the Copulos Group including Citywest Corp Pty Ltd, Eyeon No 2 Pty Ltd and Eyeon QSR Pty Ltd. He is executive Chairman of MC Pipes Pty Ltd and Icon Septech (Vic) Pty Ltd and Chairman of a portfolio of Regional Motels and Apartments in Victoria, under the Quest and Choice Hotels Brands. He is president of various US based LLC's.

Mr Copulos is also chairman and a major shareholder of ASX listed companies Crusader Resources Limited, Black Rock Mining Limited and Consolidated Zinc Limited.

His current philanthropic roles include founding Non-Executive Director of the Shepparton Art Museum Foundation and director of Copulos Foundation Private Ancillary Fund.

Vicky Taylor

Non-Executive Director

Term of Office
Appointed Director 23 June 2016.

Board Committees
Chairman of the Appointments and Remuneration Committee and Member of the Audit and Risk Committee.

Vicky Taylor is a business owner with experience from corporate to start-up businesses. She has worked in manufacturing businesses operating in international markets and particular areas of expertise include sales, marketing, people and performance and growth strategies. Her background includes working in blue chip corporates such as Goodman Fielder Limited, Griffins Foods Limited and The Coca-Cola company. She has also been involved in the science and environmental sector and not-for-profit governance, including the Museum of Transport and Technology, Vehicle Testing New Zealand, Landcare Research Limited and Enviro-Mark Solutions. Vicky is a director of Real Journeys Limited and Ugly Duckling Trading Limited.

David Beguely
BSC, BE, GAICD

Non-Executive Director

Term of Office
Appointed Director 1 April 2017.

Board Committees
Member of the Appointments and Remuneration Committee and Audit and Risk Committee.

David Beguely joins the board of Restaurant Brands having retired from the position of CEO Asahi Beverages in 2015 after 25 years with the organisation. He has over 35 years' experience in the food and beverages industries, most recently leading the separation of Schweppes from Cadbury Schweppes Australia in 2007, taking the organisation through the sale and purchase process where Schweppes Australia was acquired by Asahi Breweries of Japan, and then leading the development of the business, significantly increasing both its sales and profitability.

David has been a member of the advisory board of Beak & Johnston Pty Ltd since 2012 where he chairs the Nominations and Remuneration Committee, and has been a Graduate member of the Australian Institute of Company Directors since 2010. He holds a BSc from the University of Otago, a BE from Canterbury University, and is a dual Australian and New Zealand citizen.

Corporate Social Responsibility

New Zealand

Our vision is to be the leading operator of enduring and innovative QSR brands in New Zealand. That's why we're committed to doing business guided by principles of sustainability. These principles help form our menus and management practices, our people and the way we contribute to the communities we serve.

Four interdependent elements; People, Food, Planet and Progress comprise the core aspects of our Corporate Social Responsibility ethos and sustain the health and vitality of our company. We set out below our Corporate Social Responsibility KPIs and progress for the new financial year in relation to each of these elements.

People

Restaurant Brands depends on the support of Kiwi consumers, and on positive partnerships with employees, suppliers, franchisees and investors. We employ 3,422 people aged from 16-72 nationwide and serve over 71,000 customers every day. We:

- Lead the fast food sector for guaranteed days, hours of permanent work, and security of pay. We were the first company in the sector to discontinue zero-hour contracts. The overall package of terms and conditions of our employees compares favourably with our competitors in the sector and includes a faster pathway for new employees to increase their pay rates.
- Support our employees with the time and resources to build their competencies and skills across all our brands. E-learning programmes have been rolled out for a large proportion of our staff, and a classroom style orientation has proven popular for new recruits to Carl's Jr.
- Place the health and safety of our employees as our top priority. We have an excellent record for workplace health and safety and we continue to strive towards our target of zero loss of workdays from injury across all our brands.
- Are an equal opportunity employer and we embrace and reflect the diversity of the communities that we operate in. We are an important first job opportunity for many New Zealanders, and around 25% of our employees are under 20 years of age. We are committed to a truly diverse work environment which is reflected by the 25 different nationalities represented across the business and more than half of our workforce (together with a significant proportion of senior management) being female.
- Continue our involvement with charitable and community organisations and review our efforts on an ongoing basis to ensure they remain relevant and valuable to the communities we serve.

Our commitment to community causes is reflected by our long-serving partnership with Surf Life Saving New Zealand, with whom we have been a charity partner since 2012. In addition to raising funds for charity we are committed to assisting Surf Life Saving New Zealand with educating people how to stay safe at the beach through a multi-lingual water safety education campaign.

Food

Restaurant Brands serves high quality, great tasting food with seasonally and locally sourced ingredients. We:

- Continue to focus on improving the nutritional composition of our food, with an emphasis on sodium, sugar and saturated fat reduction.
- Provide detailed nutritional information about our products online to enable our customers to make informed choices.
- Ensure food safety through continuous external and internal review programmes.
- Support our trusted local suppliers and responsible industry practices as part of our ethical purchasing and procurement.

Planet

Restaurant Brands is conscious of the impact our operations has on the environment and we are always working to minimise waste, maximise energy efficiency and use resources carefully. We:

- Continue to source all packaging from sustainable timbers.
- Continue with initiatives that see all cardboard and paper collected for recycling and cooking oil reprocessed for bio-diesel and soap.
- Are a member of the Public Place Recycling Scheme (PPRS), a programme that helps New Zealanders to recycle and reduce litter while they're away from home.
- Actively participate in energy saving initiatives including monitoring live power usage in our stores to reduce peak load.

Progress

Restaurant Brands continues to proactively and fairly reward all its stakeholders. We have:

- Since 2004, invested $120 million in the KFC and Carl's Jr. store network.
- Paid our staff $107 million in salary and wages this year, up from $104 million in the prior year.
- Paid $23 million in dividends to our investors this year.
- As a responsible corporate citizen, paid $10 million in income tax and $23 million in goods and services tax this year.

CSR Performance Measures – New Zealand

	Measure	Outcome FY2017	Outcome FY2016
Workplace Safety	Number of lost time incidents per million hours worked	8	9
Staff Turnover	As a % of average total staff on a rolling annual basis	71%	60%
Gender Diversity	% of women employed at all levels	54%	54%
Community	Total funds raised for charitable and community organisations	$178,000	$180,000
Recycling	% of cardboard and paper waste from back of house operations recycled	100%	100%
	% of oil from back of house operations recycled	100%	100%
Energy Conservation	Kilowatts of energy used in electricity and gas per $million of sales (excluding Restaurant Brands support centre)	127,000kw	137,000kw

Australia

Restaurant Brands acquired 42 KFC stores in New South Wales, Australia on 27 April 2016. With the acquisition of the Australian business, Restaurant Brands is seeking to ensure that the principles of corporate social responsibility underlying its New Zealand operations are replicated in Australia.

The Australian business already has a strong ethical background, is passionate about serving our customers with fresh, great tasting food, and strives to provide a safe and secure environment for all key stakeholders. The company aims to:

- Reduce the number of lost time workplace injuries through the implementation of robust safety standards, regular training and ongoing consultation with workers.
- Provide employees with the opportunity to grow through access to regular training.
- Promote gender equality and increased participation of women in the workplace by providing equal pay and creating opportunities to ensure that parental care responsibilities can be met.
- Be a sustainable business through waste recycling programs at restaurants in conjunction with closed loop recycling, where available.
- Be a good corporate citizen through the ongoing support of community organisations. This year the company raised funds to support both the Reach Foundation, a youth based organisation that inspires young people to follow their dreams, and the World Hunger Relief Program, an organization that is focused on providing meals to the 2.6 billion people in need globally.

CSR Performance Measures – Australia

	Measure	Outcome FY2017
Workplace Safety	Number of lost time incidents per million hours worked	19
Staff Turnover	As a % of average total staff on a rolling annual basis	49%
Gender Diversity	% of women employed at all levels	48%
Community	Total funds raised for charitable and community organisations	$A46,000
Recycling	% of cardboard and paper waste from back of house operations recycled	100%
	% of oil from back of house operations recycled	100%

Consolidated income statement

for the 52 week period ended 27 February 2017

$NZ000's	27 February 2017 52 weeks	vs Prior %	29 February 2016 52 weeks
Sales			
KFC	296,465	4.9	282,531
Pizza Hut	40,492	(9.8)	44,871
Starbucks Coffee	26,694	(0.4)	26,811
Carl's Jr.	36,347	9.0	33,351
Total New Zealand Sales	**399,998**	**3.2**	**387,564**
KFC Australia	97,181	100.0	-
Total Sales	**497,179**	**28.3**	**387,564**
Other revenue	20,370	23.2	16,531
Total operating revenue	**517,549**	**28.1**	**404,095**
Cost of goods sold	(421,872)	(27.8)	(329,983)
Gross margin	**95,677**	**29.1**	**74,112**
Distribution expenses	(2,764)	(10.3)	(2,505)
Marketing expenses	(28,107)	(36.1)	(20,654)
General and administration expenses	(20,364)	(23.9)	(16,434)
EBIT before non-trading	**44,442**	**28.7**	**34,519**
Non-trading	(5,063)	(1,020.1)	(452)
EBIT	**39,379**	**15.6**	**34,067**
Interest expense	(2,291)	(131.2)	(991)
Net profit before taxation	**37,088**	**12.1**	**33,076**
Taxation expense	(11,133)	(23.6)	(9,006)
Total profit after taxation (NPAT)	**25,955**	**7.8**	**24,070**
Total NPAT excluding non-trading	**30,567**	**26.3**	**24,207**

	2017	% sales	vs Prior %	2016	% sales
EBITDA before G&A					
KFC	61,419	20.7	7.5	57,150	20.2
Pizza Hut	4,058	10.0	(17.2)	4,902	10.9
Starbucks Coffee	4,760	17.8	8.0	4,409	16.4
Carl's Jr.	969	2.7	120.7	439	1.3
Total New Zealand	**71,206**	**17.8**	**6.4**	**66,900**	**17.3**
KFC Australia	14,964	15.4	100.0	-	-
Total	**86,170**	**17.3**	**28.8**	**66,900**	**17.3**

Ratios	2017	2016
Net tangible assets per security (net tangible assets divided by number of shares) in cents	87.7c	56.3c

Cost of goods sold are direct costs of operating stores: food, paper, freight, labour and store overheads.

Distribution expenses are costs of distributing product from store.

Marketing expenses are call centre, advertising and local store marketing expenses.

General and administration expenses (G&A) are non-store related overheads.

Non-GAAP Financial Measures

for the 52 week period ended 27 February 2017

The Group results are prepared in accordance with New Zealand Generally Accepted Accounting Practice ("GAAP") and comply with International Financial Reporting Standards ("IFRS"). These financial statements include non-GAAP financial measures that are not prepared in accordance with IFRS. The non-GAAP financial measures used in this presentation are as follows:

1. **EBITDA before G&A.** The Group calculates Earnings Before Interest, Tax, Depreciation and Amortisation ("EBITDA") before G&A (general and administration expenses) by taking net profit before taxation and adding back (or deducting) net financing expenses, non-trading items, depreciation, amortisation and G&A. The Group also refers to this measure as **Concept EBITDA before G&A.** The term **Concept** refers to the Group's five operating segments comprising the New Zealand segments (KFC, Pizza Hut, Starbucks Coffee and Carl's Jr.) and KFC Australia. The term **G&A** represents non-store related overheads.
2. **EBIT before non-trading.** Earnings before interest and taxation ("EBIT") before non-trading is calculated by taking net profit before taxation and adding back (or deducting) net financing expenses and non-trading items.
3. **Non-trading items.** Non-trading items represent amounts the Group considers unrelated to the day to day operational performance of the Group. Excluding non-trading items enables the Group to measure underlying trends of the business and monitor performance on a consistent basis.
4. **EBIT after non-trading items.** The Group calculates EBIT after non-trading items by taking net profit before taxation and adding back net financing expenses.
5. **Total NPAT excluding non-trading.** Total Net Profit After Taxation ("NPAT") excluding non-trading items is calculated by taking profit after taxation attributable to shareholders and adding back (or deducting) non-trading items whilst also allowing for any tax impact of those items.
6. **Capital expenditure including intangibles.** Capital expenditure including intangibles represents additions to property, plant and equipment and intangible assets.

The Group believes that these non-GAAP measures provide useful information to readers to assist in the understanding of the financial performance and position of the Group but that they should not be viewed in isolation, nor considered as a substitute for measures reported in accordance with IFRS. Non-GAAP measures as reported by the Group may not be comparable to similarly titled amounts reported by other companies.

The following is a reconciliation between these non-GAAP measures and net profit after taxation:

$NZ000's	Note*	2017	2016
EBITDA before G&A	1	**86,170**	**66,900**
Depreciation		(22,152)	(16,512)
Loss on sale of property, plant and equipment (included in depreciation)		(32)	(243)
Amortisation (included in cost of sales)		(2,342)	(1,797)
General and administration – area managers, general managers and support centre		(17,202)	(13,829)
EBIT before non-trading	2	**44,442**	**34,519**
Non-trading items**	3	**(5,063)**	**(452)**
EBIT after non-trading items	4	**39,379**	**34,067**
Net financing costs		(2,291)	(991)
Net profit before taxation		**37,088**	**33,076**
Income tax expense		(11,133)	(9,006)
Net profit after taxation		**25,955**	**24,070**
Add back non-trading items		5,063	452
Income tax on non-trading items		(451)	(315)
Net profit after taxation excluding non-trading items	5	**30,567**	**24,207**

* Refers to the list of non-GAAP measures as listed above.

** Refer to Note 2 of the financial statements for an analysis of non-trading items.

Financial statements 2017

Contents	Page

Restaurant Brands is pleased to present its financial statements.

Note disclosures are grouped into five sections which the Directors consider most relevant when evaluating the financial performance of Restaurant Brands.

Section	Note Reference
Performance	1-5
Funding and equity	6-9
Working capital	10-13
Long term assets	14-15
Other notes	16-27

Significant accounting policies which are relevant to an understanding of the financial statements and summarise the measurement basis used are provided throughout the notes and are denoted by the highlighted text surrounding them.

Directors' statement

for the 52 week period ended 27 February 2017

The Directors of Restaurant Brands New Zealand Limited (Restaurant Brands) are pleased to present the financial statements for Restaurant Brands and its subsidiaries (together the Group) for the 52 week period ended 27 February 2017 contained on pages 34 to 64.

Financial statements for each financial year fairly present the financial position of the Group and its financial performance and cash flows for that period and have been prepared using appropriate accounting policies, consistently applied and supported by reasonable judgments and estimates and all relevant financial reporting and accounting standards have been followed.

Proper accounting records have been kept that enable, with reasonable accuracy, the determination of the financial position of the Group and facilitate compliance of the financial statements with the Financial Markets Conduct Act 2013.

Adequate steps have been taken to safeguard the assets of the Group to prevent and detect fraud and other irregularities.

The Directors hereby approve and authorise for issue the financial statements for the 52 week period ended 27 February 2017.

For and on behalf of the Board of Directors:

E K van Arkel
Chairman

H W Stevens
Director

20 April 2017

Consolidated statement of comprehensive income

for the 52 week period ended 27 February 2017

$NZ000's	Note	2017	2016
Store sales revenue	1	497,179	387,564
Other revenue	1	20,370	16,531
Total operating revenue		**517,549**	404,095
Cost of goods sold		(421,872)	(329,983)
Gross profit		**95,677**	74,112
Distribution expenses		(2,764)	(2,505)
Marketing expenses		(28,107)	(20,654)
General and administration expenses		(20,364)	(16,434)
EBIT before non-trading		**44,442**	34,519
Non-trading	2	(5,063)	(452)
Earnings before interest and taxation (EBIT)	1	**39,379**	34,067
Net financing expenses	6	(2,291)	(991)
Profit before taxation		**37,088**	33,076
Taxation expense	16	(11,133)	(9,006)
Profit after taxation attributable to shareholders		**25,955**	24,070
Items that may be reclassified subsequently to the statement of comprehensive income			
Exchange differences on translating foreign operations		(2,575)	-
Derivative hedging reserve		(1,303)	(124)
Income tax relating to components of other comprehensive income		367	35
Other comprehensive income net of tax		**(3,511)**	(89)
Total comprehensive income attributable to shareholders		**22,444**	23,981
Basic earnings per share from total operations (cents)	4	**24.08**	24.59
Diluted earnings per share from total operations (cents)	4	**24.08**	24.59

The accompanying accounting policies and notes form an integral part of the financial statements.

Consolidated statement of changes in equity

for the 52 week period ended 27 February 2017

$NZ000's	Note	Share capital	Foreign currency translation reserve	Derivative hedging reserve	Retained earnings	Total
For the 52 week period ended 29 February 2016						
Balance at the beginning of the period		**26,756**	**53**	**(149)**	**44,550**	**71,210**
Comprehensive income						
Total profit after taxation attributable to shareholders		-	-	-	24,070	24,070
Other comprehensive income						
Movement in derivative hedging reserve		-	-	(89)	-	(89)
Total other comprehensive income		**-**	**-**	**(89)**	**-**	**(89)**
Total comprehensive income		**-**	**-**	**(89)**	**24,070**	**23,981**
Transactions with owners						
Net dividends distributed	5	-	-	-	(19,574)	(19,574)
Total transactions with owners		**-**	**-**	**-**	**(19,574)**	**(19,574)**
Balance at the end of the period	9	**26,756**	**53**	**(238)**	**49,046**	**75,617**
For the 52 week period ended 27 February 2017						
Balance at the beginning of the period		**26,756**	**53**	**(238)**	**49,046**	**75,617**
Comprehensive income						
Profit after taxation attributable to shareholders		-	-	-	25,955	25,955
Other comprehensive income						
Movement in foreign currency translation reserve		-	(2,575)	-	-	(2,575)
Movement in derivative hedging reserve		-	-	(936)	-	(936)
Total other comprehensive income		**-**	**(2,575)**	**(936)**	**-**	**(3,511)**
Total comprehensive income		**-**	**(2,575)**	**(936)**	**25,955**	**22,444**
Transactions with owners						
Shares issued		119,369	-	-	-	119,369
Share issue costs		(2,739)	-	-	-	(2,739)
Net dividends distributed	5	-	-	-	(22,632)	(22,632)
Total transactions with owners		**116,630**	**-**	**-**	**(22,632)**	**93,998**
Balance at the end of the period	9	**143,386**	**(2,522)**	**(1,174)**	**52,369**	**192,059**

The accompanying accounting policies and notes form an integral part of the financial statements.

Consolidated statement of financial position

as at 27 February 2017

$NZ000's	Note	2017	2016
Non-current assets			
Property, plant and equipment	14	**124,379**	100,641
Intangible assets	15	**84,361**	20,549
Deferred tax asset	16	**10,325**	5,994
Total non-current assets		**219,065**	127,184
Current assets			
Inventories	10	**8,659**	8,565
Trade and other receivables	11	**4,273**	2,955
Cash and cash equivalents	12	**70,390**	1,093
Total current assets		**83,322**	12,613
Total assets		**302,387**	139,797
Equity attributable to shareholders			
Share capital	9	**143,386**	26,756
Reserves		**(3,696)**	(185)
Retained earnings		**52,369**	49,046
Total equity attributable to shareholders		**192,059**	75,617
Non-current liabilities			
Provision for employee entitlements	17	**676**	470
Deferred income	18	**5,153**	5,267
Loans	6	**46,482**	12,675
Total non-current liabilities		**52,311**	18,412
Current liabilities			
Income tax payable		**3,647**	2,836
Creditors and accruals	13	**50,370**	41,285
Provision for employee entitlements	17	**1,301**	317
Deferred income	18	**1,065**	999
Derivative financial instruments	7	**1,634**	331
Total current liabilities		**58,017**	45,768
Total liabilities		**110,328**	64,180
Total equity and liabilities		**302,387**	139,797

The accompanying accounting policies and notes form an integral part of the financial statements.

Consolidated statement of cash flows

for the 52 week period ended 27 February 2017

$NZ000's	Note	2017	2016
Cash flows from operating activities			
Cash was provided by / (applied to):			
Receipts from customers		**515,257**	403,960
Payments to suppliers and employees		**(451,560)**	(348,044)
Interest paid (net)		**(2,318)**	(986)
Payment of income tax		**(13,471)**	(10,618)
Net cash from operating activities		**47,908**	44,312
Cash flows from investing activities			
Cash was (applied to) / provided by:			
Acquisition of business	23	**(63,905)**	-
Payment for intangibles		**(3,658)**	(1,663)
Purchase of property, plant and equipment		**(16,628)**	(19,157)
Proceeds from disposal of property, plant and equipment		**4,220**	2,667
Landlord contributions received		**961**	2,808
Net cash used in investing activities		**(79,010)**	(15,345)
Cash flows from financing activities			
Cash was provided by / (applied to):			
Proceeds from non-current loans		**446,116**	286,650
Repayment of non-current loans		**(415,365)**	(296,525)
Share capital raised		**93,869**	-
Dividends paid to shareholders	5	**(22,632)**	(19,574)
Share issue costs		**(2,739)**	-
Net cash from / (used in) financing activities		**99,249**	(29,449)
Net increase / (decrease) in cash and cash equivalents		**68,147**	(482)
Reconciliation of cash and cash equivalents			
Cash and cash equivalents at the beginning of the period		**1,093**	1,575
Opening cash balances acquired on acquisition of QSR Pty Limited		**1,457**	-
Foreign exchange movements		**(307)**	-
Cash and cash equivalents at the end of the period		**70,390**	1,093
Cash and equivalents comprise:			
Cash on hand		**310**	218
Cash at bank		**70,080**	875
		70,390	1,093

The accompanying accounting policies and notes form an integral part of the financial statements.

Consolidated statement of cash flows (continued)

for the 52 week period ended 27 February 2017

$NZ000's	2017	2016
Reconciliation of profit after taxation with net cash from operating activities		
Total profit after taxation attributable to shareholders	**25,955**	24,070
Add items classified as investing / financing activities:		
Gain on disposal of property, plant and equipment	**(1,607)**	(1,718)
	(1,607)	(1,718)
Add / (less) non-cash items:		
Depreciation	**22,152**	16,512
Disposal of goodwill	**306**	489
Increase / (decrease) in provisions	**526**	(213)
Amortisation of intangible assets	**2,923**	1,797
Write-off of franchise fees	**-**	39
Impairment on property, plant and equipment	**672**	(101)
Net increase in deferred tax asset	**(2,035)**	(1,026)
	24,544	17,497
Add / (less) movement in working capital:		
Decrease in inventories	**336**	910
(Increase) / decrease in trade and other receivables	**(1,091)**	2,007
Increase in trade creditors and other payables	**88**	2,132
Decrease in income tax payable	**(317)**	(586)
	(984)	4,463
Net cash from operating activities	**47,908**	44,312

The accompanying accounting policies and notes form an integral part of the financial statements.

Basis of preparation

for the 52 week period ended 27 February 2017

1. Reporting entity

The reporting entity is the consolidated group (the "Group") comprising the economic entity Restaurant Brands New Zealand Limited (the "Company") and its subsidiaries. Restaurant Brands New Zealand is a limited liability company incorporated and domiciled in New Zealand. The principal activity of the Group is the operation of quick service and takeaway restaurant concepts in New Zealand and Australia.

Restaurant Brands New Zealand Limited is registered under the Companies Act 1993 and is a FMC reporting entity under Part 7 of the Financial Markets Conduct Act 2013. The address of its registered office is Level 3, Building 7, Central Park, 666 Great South Road, Penrose, Auckland.

The Company is listed on the New Zealand Stock Exchange ("NZX") and is an issuer in terms of the Financial Reporting Act 2013.

The Group is designated as a profit oriented entity for financial reporting purposes.

Subsidiaries of the Company are as follows:

Name	Nature
Restaurant Brands Limited	Restaurant operating
Restaurant Brands Australia Pty Limited	Restaurant operating
QSR Pty Limited	Restaurant operating
RB Holdings Limited	Investment holding
RBP Holdings Limited	Investment holding
RBDNZ Holdings Limited	Investment holding
RBN Holdings Limited	Investment holding
Restaurant Brands Australia Holdings Pty Limited	Investment holding
Restaurant Brands Properties Limited	Property holding
Restaurant Brands Nominees Limited	Employee share option plan trustee
Restaurant Brands Pizza Limited	Non-trading

All subsidiary entities have a balance date of 27 February. Restaurant Brands Australia Pty Limited, QSR Pty Limited and Restaurant Brands Australia Holdings Pty Limited are incorporated in Australia. All other subsidiary entities are incorporated in New Zealand.

2. Basis of preparation

The financial statements of the Group have been prepared in accordance with:

- New Zealand Generally Accepted Accounting Practice ("NZ GAAP")
- Part 7 of the Financial Markets Conduct Act 2013
- NZX Main Board Listing Rules

They comply with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS"), NZ IFRIC interpretations, and other applicable Financial Reporting Standards, as appropriate for profit oriented entities. The financial statements comply with International Financial Reporting Standards ("IFRS") as issued by IASB.

The measurement basis adopted in the preparation of these financial statements is historical cost, modified by the revaluation of certain investments and financial instruments as identified in the accompanying notes. The financial statements are presented in New Zealand dollars, rounded where necessary to the nearest thousand dollars. The Group divides its financial year into 13 four-week periods. The 2017 full year results are for 52 weeks (2016: 52 weeks).

The principal accounting policies applied in the preparation of these financial statements are set out in the accompanying notes where an accounting policy choice is provided by NZ IFRS, is new or has changed, is specific to the Group's operations or is significant or material. Where NZ IFRS does not provide an accounting policy choice, the Group has applied the requirements of NZ IFRS but a detailed accounting policy has not been specifically included.

These policies have been consistently applied to all the years presented, unless otherwise stated.

These audited consolidated financial statements were authorised for issue on 20 April 2017 by the Board of Directors who do not have the power to amend after issue.

Notes to and forming part of the financial statements

for the 52 week period ended 27 February 2017

PERFORMANCE

1. Segmental reporting

2017 $NZ000's	KFC	Pizza Hut	Starbucks Coffee	Carl's Jr.	KFC Australia	All other segments	Full year
Store sales revenue	296,465	40,492	26,694	36,347	97,181	-	**497,179**
Other revenue	-	-	-	-	-	20,370	**20,370**
Total operating revenue	**296,465**	**40,492**	**26,694**	**36,347**	**97,181**	**20,370**	**517,549**
Concept EBITDA before general and administration expenses	**61,419**	**4,058**	**4,760**	**969**	**14,964**	**-**	**86,170**
Depreciation	(12,247)	(760)	(729)	(3,230)	(4,416)	(770)	**(22,152)**
Loss on sale of property, plant and equipment (included in depreciation)	(16)	(8)	(6)	(2)	-	-	**(32)**
Amortisation (included in cost of sales)	(816)	(412)	(172)	(242)	(156)	(544)	**(2,342)**
G&A – area managers, general managers and support centre	(1,486)	(682)	(382)	(871)	(1,034)	(12,747)	**(17,202)**
EBIT before non-trading	**46,854**	**2,196**	**3,471**	**(3,376)**	**9,358**	**(14,061)**	**44,442**
Impairment on property, plant and equipment							**(672)**
Other non-trading							**(4,391)**
EBIT after non-trading							**39,379**
Segment assets	74,763	15,322	3,906	23,945	93,366	6,097	**217,399**
Unallocated assets							**84,988**
Total assets							**302,387**
Capital expenditure including intangibles	12,494	934	189	2,102	2,456	1,084	**19,259**

$NZ000's	New Zealand 2017	Australia 2017	Total 2017
Geographical areas			
Total operating revenue	420,368	97,181	**517,549**
Non-current assets (excluding deferred tax asset)	114,813	93,927	**208,740**

2016 $NZ000's	KFC	Pizza Hut	Starbucks Coffee	Carl's Jr.	All other segments	Full year
Store sales revenue	282,531	44,871	26,811	33,351	-	**387,564**
Other revenue	-	-	-	-	16,531	**16,531**
Total operating revenue	**282,531**	**44,871**	**26,811**	**33,351**	**16,531**	**404,095**
Concept EBITDA before general and administration expenses	**57,150**	**4,902**	**4,409**	**439**	**-**	**66,900**
Depreciation	(11,178)	(945)	(796)	(2,970)	(623)	**(16,512)**
Loss on sale of property, plant and equipment (included in depreciation)	(146)	(33)	(28)	(34)	(2)	**(243)**
Amortisation (included in cost of sales)	(738)	(270)	(119)	(203)	(467)	**(1,797)**
G&A - area managers, general managers and support centre	(1,565)	(670)	(381)	(578)	(10,635)	**(13,829)**
EBIT before non-trading	**43,523**	**2,984**	**3,085**	**(3,346)**	**(11,727)**	**34,519**
Impairment on property, plant and equipment						**101**
Other non-trading						**(553)**
EBIT after non-trading						**34,067**
Segment assets	76,317	14,802	4,488	28,238	5,910	**129,755**
Unallocated assets						**10,042**
Total assets						**139,797**
Capital expenditure including intangibles	13,780	515	947	2,881	1,411	**19,534**

$NZ000's	New Zealand 2016	Australia 2016	Total 2016
Geographical areas			
Total operating revenue	404,095	-	**404,095**
Non-current assets (excluding deferred tax asset)	121,190	-	**121,190**

The Group evaluates performance and allocates resources to its operating segments on the basis of segment assets, segment revenues, concept EBITDA before general and administration expenses and EBIT before non-trading.

EBITDA refers to earnings before interest, taxation, depreciation and amortisation. EBIT refers to earnings before interest and taxation.

All other segments represent general and administration support centre expenses (G&A) and other revenue. All operating revenue is from external customers.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, responsible for allocating resources and assessing performance of the operating segments, has been identified as the Senior Leadership Team ("SLT").

The Group has five operating segments comprising the New Zealand segments (KFC, Pizza Hut, Starbucks Coffee and Carl's Jr.) and KFC Australia. All segments operate quick service and takeaway restaurant concepts. No operating segments have been aggregated.

The segments were determined primarily because the Group manages and reports each business separately to the SLT. The Group operates in New Zealand and Australia.

All other segments represents general and administration support centre costs ("G&A") and other revenue. G&A support centre costs are not an operating segment as the costs incurred are incidental to the Group's activities.

Segment assets include items directly attributable to the segment (i.e. property, plant and equipment, intangible assets and inventories). Unallocated items comprise other receivables, cash and cash equivalents, deferred tax and derivative financial instruments as they are all managed on a central basis. These are part of the reconciliation to total assets in the statement of financial position. Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment and intangible assets other than goodwill.

The Group has not disclosed segment liabilities as the SLT evaluates performance and allocates resources purely on the basis of aggregated Group liabilities.

1.1 Reconciliation between EBIT after non-trading and net profit after tax

$NZ000's	2017	2016
EBIT after non-trading items	**39,379**	34,067
Net financing costs	**(2,291)**	(991)
Net profit before taxation	**37,088**	33,076
Income tax expense	**(11,133)**	(9,006)
Net profit after taxation	**25,955**	24,070
Add back non-trading items	**5,063**	452
Income tax on non-trading items	**(451)**	(315)
Net profit after taxation excluding non-trading items	**30,567**	24,207

2. Non-trading items

$NZ000's	2017	2016
Non-trading items		
Gain on sale of stores		
Net sale proceeds	**(1,555)**	(1,649)
Property, plant and equipment disposed of	**631**	251
Goodwill disposed of	**231**	439
	(693)	(959)
Amortisation of franchise rights acquired on acquisition of QSR	**580**	-
Acquisition costs	**3,864**	1,007
Store closure costs	**1,687**	445
Store relocation and refurbishment (including insurance proceeds)	**63**	(44)
(Gain) / loss on store sale and leaseback	**(438)**	3
Total non-trading items	**5,063**	452
Acquisition costs comprise the following:		
QSR acquisition costs		
Stamp duty	**2,105**	-
Other	**241**	1,007
	2,346	1,007
PIR acquisition costs	**1,518**	-
Total acquisition costs	**3,864**	1,007

The Group seeks to present a measure of comparable underlying performance on a consistent basis. In order to do so, the Group separately discloses items considered to be unrelated to the day to day operational performance of the Group. Such items are classified as non-trading items and are separately disclosed in the statement of comprehensive income and notes to the financial statements.

3. Revenue and expenses

Operating revenue

Store sales revenue

Revenue from store sales of goods is measured at the fair value of the consideration received, net of returns, discounts and excluding GST. Retail sales of goods are recognised at point of sale.

Other revenue

Other revenue represents sales of goods and services to independent franchisees. Services revenue is recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided. Sales of goods are measured and recognised on a consistent basis with store sales revenue as already noted.

Operating expenses

Royalties paid

$NZ000's	2017	2016
Royalties paid	29,152	22,676

Royalties are recognised as an expense as revenue is earned.

Wages and salaries

$NZ000's	2017	2016
Wages and salaries	130,727	104,228
Increase in liability for long service leave	74	91
	130,801	104,319

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

4. Earnings per share

	2017	2016
Basic earnings per share		
Profit after taxation attributable to shareholders ($NZ000's)	25,955	24,070
Weighted average number of shares on issue (000's)	107,797	97,871
Basic earnings per share (cents)	24.08	24.59
Diluted earnings per share		
Profit after taxation attributable to shareholders ($NZ000's)	25,955	24,070
Weighted average number of shares on issue (000's)	107,797	97,871
Diluted earnings per share (cents)	24.08	24.59

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS reflects any commitments the Company has to issue shares in the future that would decrease EPS.

5. Dividend distributions

$NZ000's	2017	2016
Interim dividend of 9.5 cents per share paid for the 52 week period ended 27 February 2017 (2016: 8.5 cents per share)	9,773	8,319
Final dividend of 12.5 cents per share paid for the 52 week period ended 29 February 2016 (2016: 11.5 cents per share)	12,859	11,255
	22,632	19,574

FUNDING AND EQUITY

6. Loans

$NZ000's	2017	2016
Secured bank loans denominated in:		
NZD	5,000	12,675
AUD	41,482	-
Secured bank loans	46,482	12,675

On 14 April 2016 the Company amended its secured bank facility in New Zealand. As part of that renewal the facility limit increased from $35 million to $125 million and on similar terms. The facility expires April 2019.

On 16 April 2014 the Group entered into an interest rate swap to fix the interest rate on $5.0 million of NZD bank loans for five years. At balance date the interest rate applicable was 5.5% (2016: 5.5%) inclusive of bank margin. The swap matures on 16 April 2019.

On 25 January 2017 the Group entered into an interest rate swap to fix the interest rate on AU$15 million of AUD bank loans for five years. At balance date the interest applicable was 3.38% inclusive of bank margin. The swap matures on 25 January 2022.

As security over all loans and bank overdraft, the bank holds a negative pledge deed between Restaurant Brands New Zealand Limited and all its subsidiary companies. The negative pledge deed includes all obligations and cross guarantees between the guaranteeing subsidiaries.

The Group is subject to a number of externally imposed bank covenants as part of the terms of its secured bank loan facility.

The most significant covenants relating directly to capital management are the ratio of total debt to earnings before interest, tax and amortisation (EBITA) and restrictions relating to acquiring its own shares.

The specific covenants relating to financial ratios the Group is required to meet are:

- debt coverage ratio (i.e. net borrowings to EBITA), and
- fixed charges coverage ratio (i.e. EBITL to total fixed charges), with EBITL being EBIT before lease costs. Fixed charges comprise interest and lease costs.

The covenants are monitored and reported to the bank on a six monthly basis. These are reviewed by the Board on a monthly basis.

There have been no breaches of the covenants during the period (2016: no breaches).

The carrying value equates to fair value.

For more information about the Group's exposure to interest rate and foreign currency risk see Note 8.

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss in the statement of comprehensive income over the period of the borrowings using the effective interest method.

Net financing costs

$NZ000's	2017	2016
Interest expense (net)	2,291	991

Net financing costs comprise: interest payable on borrowings calculated using the effective interest rate method; interest received on funds invested calculated using the effective interest rate method; foreign exchange gains and losses; gains and losses on certain financial instruments that are recognised in profit or loss in the statement of comprehensive income; unwinding of the discount on provisions and impairment losses on financial assets.

7. Derivatives and hedge accounting

$NZ000's	2017 Liabilities	2016 Liabilities
Current		
Fair value of interest rate swap	426	331
Fair value of forward exchange contract	1,208	-
	1,634	331

The above table shows the Group's financial derivative holdings at period end.

There were no transfers between fair value levels during the period (2016: nil).

Fair values at balance date have been assessed using a range of market interest rates between 1.7% to 2.93% (2016: 2.43% to 3.07%).

Financial assets

The Group classifies its financial assets as loans and receivables. Management determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. The Group's loans and receivables comprise trade receivables, other debtors and cash and cash equivalents in the statement of financial position.

Financial assets that are stated at cost or amortised cost are reviewed individually at balance date to determine whether there is objective evidence of impairment. Any impairment losses are recognised in profit or loss in the statement of comprehensive income.

Financial instruments

A financial instrument is recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the Group's contractual rights to the cash flows from the financial assets expire or when the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date, i.e. the date that the Group commits itself to purchase or sell the asset. Financial liabilities are derecognised when the Group's obligations specified in the contract expire or are discharged or cancelled.

Non-derivative financial instruments

Non-derivative financial instruments comprise trade receivables and other debtors, which are initially recognised at fair value plus transaction costs and subsequently measured at amortised cost, cash and cash equivalents, loans and borrowings (initially recognised at fair value plus transaction costs and subsequently measured at amortised cost), and creditors and accruals which are initially recognised at fair value and subsequently measured at amortised cost.

Derivative financial instruments

The Group has various derivative financial instruments to manage the exposures that arise due to movements in foreign currency exchange rates and interest rates arising from operational, financing and investment activities. The Group does not hold derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for at fair value through profit or loss. Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related. A separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through profit or loss.

Financial assets and financial liabilities by category

$NZ000's	2017	2016
Loans and receivables		
Trade receivables	621	508
Other debtors	1,355	1,244
Cash and cash equivalents	70,390	1,093
	72,366	2,845
Derivatives used for hedging		
Derivative financial instruments – liabilities	1,634	331
	1,634	331
Financial liabilities at amortised cost		
Loans – non current	46,482	12,675
Creditors and accruals (excluding indirect and other taxes and employee benefits)	34,722	29,998
	81,204	42,673

8. Financial risk management

Exposure to credit, interest rate and foreign currency risks arises in the normal course of the Group's business. Derivative financial instruments may be used to hedge exposure to fluctuations in foreign currency exchange rates and interest rates.

(a) Foreign currency risk

The Group is exposed to foreign currency risk on purchases that are denominated in a currency other than the New Zealand dollar. The currencies giving rise to this risk are primarily U.S. dollars and Australian dollars.

The direct exposure to foreign currency risk is small and is primarily confined to raw material purchases, some items of capital equipment and some franchise fee payments. Where any one item is significant, the Group will specifically hedge its exposure.

The Group has an indirect exposure to foreign currency risk on some of its locally sourced ingredients, where those ingredients in turn have a high imported component. Where this is significant the Group contracts to a known purchase price with its domestic supplier based on a forward cover position taken by that supplier on its imported components.

The Group has a foreign currency risk on its assets and liabilities that are denominated in Australian dollars as part of its Australian investment.

(b) Interest rate risk

The Group's main interest rate risk arises from bank loans. The Group analyses its interest rate exposure on a dynamic basis. Based on a number of scenarios, the Group calculates the impact on profit or loss of a defined interest rate shift. Based on these scenarios the maximum loss potential is assessed by management as to whether it is within acceptable limits.

Where necessary the Group hedges its exposure to changes in interest rates primarily through the use of interest rate swaps. There are no minimum prescribed guidelines as to the level of hedging.

Note 7 discusses in detail the Group's accounting treatment for derivative financial instruments.

As discussed in Note 6, the Group has an interest rate swap in place to fix the interest rate on AU$15 million of Australian denominated bank loans to 2022 and NZ$5 million of New Zealand denominated bank loans to April 2019 (2016: NZ$5 million to April 2019). The Group will continue to monitor interest rate movements to ensure it maintains an appropriate mix of fixed and floating rate exposure within the Group's policy.

(c) Liquidity risk

In respect of the Group's cash balances, non-derivative financial liabilities and derivative financial liabilities the following table analyses the amounts into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date, along with their effective interest rates at balance date. The amounts disclosed in the table are the contractual undiscounted cash flows.

$NZ000's	Effective interest rate	Total	12 months or less	12 months or more
2017				
Cash on hand	-	**310**	310	-
Cash at bank	0.41%	**5,135**	5,135	-
Short term deposits	1.70%	**64,945**	64,945	-
Bank term loan – principal	2.58%	**(41,482)**	-	(41,482)
Bank term loan – principal	5.51%	**(5,000)**	-	(5,000)
Bank term loan – expected interest	3.29%	**(3,301)**	(1,531)	(1,770)
Derivative financial instruments	-	**(1,634)**	(1,634)	-
Creditors and accruals (excluding indirect and other taxes and employee benefits)	-	**(34,722)**	(34,722)	-
		(15,749)	32,503	(48,252)
2016				
Cash on hand	-	**218**	218	-
Cash at bank	2.00%	**875**	875	-
Bank term loan – principal	4.79%	**(12,675)**	-	(12,675)
Bank term loan – expected interest	4.49%	**(951)**	(569)	(382)
Derivative financial instruments	-	**(331)**	(331)	-
Creditors and accruals (excluding indirect and other taxes and employee benefits)	-	**(29,998)**	(29,998)	-
		(42,862)	(29,805)	(13,057)

Prudent liquidity risk management implies the availability of funding through adequate amount of committed credit facilities. The Group aims to maintain flexibility in funding by keeping committed credit lines available.

The Group has bank funding facilities, excluding overdraft facilities, of $125 million (2016: $35.0 million) available at variable rates. The amount undrawn at balance date was $78.5 million (2016: $22.3 million).

The Group has fixed the interest rate on NZ$5 million of NZD bank loans, AUD$15 million of AUD bank loans with the balance at a floating interest rate. The bank loans are structured as a revolving wholesale advance facility with portions of the facility renewing on a regular basis. This leads to the loans being sensitive to interest rate movement in 12 months or less.

(d) Credit risk

Credit risk arises from cash deposits with banks and financial institutions and outstanding receivables.

No collateral is required in respect of financial assets. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. The nature of the business results in most sales being conducted on a cash basis that significantly reduces the risk that the Group is exposed to. Reputable financial institutions are used for investing and cash handling purposes.

There were no financial assets neither past due nor impaired at balance date (2016: nil).

At balance date there were no significant concentrations of credit risk and the maximum exposure to credit risk is represented by the carrying value of each financial asset in the statements of financial position.

(e) Fair values
The carrying values of bank loans and finance leases are the fair value of these liabilities. A Group set-off arrangement is in place between certain bank accounts operated by the Group.

Sensitivity analysis
In managing interest rate and currency risks the Group aims to reduce the impact of short-term fluctuations on the Group's earnings. Over the longer term, however, permanent changes in foreign exchange and interest rates on a weighted average balance will have an impact on profit.

At 27 February 2017 it is estimated that a general increase of one percentage point in interest rates would decrease the Group profit before income tax and equity by approximately $0.3 million (2016: $0.1 million). A one percentage point decrease in interest rates would increase the Group profit before income tax and equity by approximately $0.3 million (2016: $0.1 million).

A general increase of one percentage point in the value of the New Zealand dollar against other foreign currencies would have minimal impact on the cost of the Group's directly imported ingredients denominated in foreign currencies.

Capital risk management
The Group's capital comprises share capital, reserves, retained earnings and debt.

The Group's objectives when managing capital are to safeguard the Group's ability to continue to operate as a going concern, to maintain an optimal capital structure commensurate with risk and return and reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt or draw down more debt.

9. Equity and reserves

Share capital

	Note	2017 number	2017 $NZ000's	2016 number	2016 $NZ000's
Balance at beginning of year		97,871,090	26,756	97,871,090	26,756
Shares issued April 2016	23	5,000,000	25,500	-	-
Shares issued November 2016	24	19,972,101	93,869	-	-
Share issue costs		-	(2,739)	-	-
Balance at end of year		122,843,191	143,386	97,871,090	26,756

The issued capital of the Company represents ordinary fully paid up shares. The par value is nil (2016: nil). All issued shares carry equal rights in respect of voting and the receipt of dividends, and upon winding up rank equally with regard to the Company's residual assets.

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

Foreign currency translation reserve
The foreign currency translation reserve comprises all exchange rate differences arising from translating the financial statements of the foreign currency operation.

Derivative hedging reserve
The derivative hedging reserve represents the fair value of outstanding derivatives.

WORKING CAPITAL

10. Inventories

$NZ000's	2017	2016
Raw materials and consumables	8,659	8,565

Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price less the estimated costs of marketing, selling and distribution. The cost of inventories is based on the first-in first-out method and includes expenditure incurred in acquiring the inventories and bringing them to their existing condition and location. The cost of inventories consumed is recognised as an expense and included in cost of goods sold in profit or loss in the statement of comprehensive income.

11. Trade and other receivables

$NZ000's	2017	2016
Trade receivables	621	508
Prepayments	2,297	1,203
Other debtors	1,355	1,244
	4,273	2,955

The carrying amount of the Group's trade and other receivables are denominated in the following currencies:

NZD	3,834	2,955
AUD	439	-
	4,273	2,955

The Group's exposure to credit risk is minimal as the Group's primary source of revenue is from sales made on a cash basis.

The carrying value of trade and other receivables approximates fair value.

Receivables are initially recognised at fair value. They are subsequently adjusted for impairment losses. Discounting is not applied to receivables where collection is expected to occur with the next twelve months.

12. Cash and cash equivalents

$NZ000's	2017	2016
Cash on hand	310	218
Cash at bank	5,135	875
Short term deposits	64,945	-
	70,390	1,093

The carrying amount of the Group's cash and cash equivalents are denominated in the following currencies:

NZD	65,989	1,093
AUD	4,401	-
	70,390	1,093

13. Creditors and accruals

$NZ000's	2017	2016
Trade creditors	24,332	19,301
Other creditors and accruals	10,390	10,697
Employee benefits	10,109	8,287
Indirect and other taxes	5,539	3,000
	50,370	41,285

The carrying amount of the Group's creditors and accruals are denominated in the following currencies:

NZD	40,546	39,978
AUD	9,266	736
USD	551	571
GBP	7	-
	50,370	41,285

The carrying value of creditors and accruals approximates fair value.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

LONG TERM ASSETS

14. Property, plant and equipment

$NZ000's	Note	Land	Leasehold improvements	Plant, equipment and fittings	Motor vehicles	Leased plant and equipment	Capital work in progress	Total
Cost								
Balance as at 2 March 2015		**1,843**	**123,790**	**63,749**	**900**	**674**	**12,312**	**203,268**
Additions		-	-	1,598	127	-	15,953	17,678
Transfer from work in progress		-	13,438	6,166	-	-	(19,604)	-
Disposals		-	(3,622)	(4,321)	(73)	(416)	-	(8,432)
Balance as at 29 February 2016		**1,843**	**133,606**	**67,192**	**954**	**258**	**8,661**	**212,514**
Additions		1,680	-	1,410	452	-	12,057	15,599
Acquisition of business	23	-	24,181	10,571	413	-	89	35,254
Transfer from work in progress		-	12,430	6,559	-	-	(18,989)	-
Disposals		(485)	(4,870)	(3,574)	(264)	-	-	(9,193)
Movement in exchange rates		-	(1,222)	(538)	(20)	-	(5)	(1,785)
Balance as at 27 February 2017		**3,038**	**164,125**	**81,620**	**1,535**	**258**	**1,813**	**252,389**
Accumulated Depreciation								
Balance as at 2 March 2015		**-**	**(58,854)**	**(41,940)**	**(648)**	**(552)**	**-**	**(101,994)**
Charge		-	(10,178)	(6,101)	(120)	(113)	-	(16,512)
Disposals		-	3,172	4,024	68	414	-	7,678
Balance as at 29 February 2016		**-**	**(65,860)**	**(44,017)**	**(700)**	**(251)**	**-**	**(110,828)**
Charge		-	(13,988)	(7,912)	(245)	(7)	-	(22,152)
Disposals		-	3,204	3,287	235	-	-	6,726
Movement in exchange rates		-	(59)	21	(1)	-	-	(39)
Balance as at 27 February 2017		**-**	**(76,703)**	**(48,621)**	**(711)**	**(258)**	**-**	**(126,293)**
Impairment Provision								
Balance as at 2 March 2015		**-**	**(877)**	**(97)**	**-**	**-**	**-**	**(974)**
Charge		-	(155)	(17)	-	-	-	(172)
Utilised/disposed		-	91	10	-	-	-	101
Balance as at 29 February 2016		**-**	**(941)**	**(104)**	**-**	**-**	**-**	**(1,045)**
Charge		-	(605)	(67)	-	-	-	(672)
Balance as at 27 February 2017		**-**	**(1,546)**	**(171)**	**-**	**-**	**-**	**(1,717)**

The impairment charge recognised during the period relates to accelerated depreciation on leasehold improvements and plant, equipment and fittings on stores expected to be transformed or closed. Impairment charges incurred and utilised/disposed are recognised in non-trading in profit or loss in the statement of comprehensive income (refer Note 2).

Carrying Amounts		Land	Leasehold improvements	Plant, equipment and fittings	Motor vehicles	Leased plant and equipment	Capital work in progress	Total
Balance as at 2 March 2015		1,843	64,059	21,712	252	122	12,312	100,300
Balance as at 29 February 2016		1,843	66,805	23,071	254	7	8,661	100,641
Balance as at 27 February 2017		**3,038**	**85,876**	**32,828**	**824**	**-**	**1,813**	**124,379**

Notes to and forming part of the financial statements (continued)

for the 52 week period ended 27 February 2017

Depreciation expense

$NZ000's	2017	2016
Depreciation expense	22,152	16,512

Sale of property, plant and equipment

$NZ000's	2017	2016
Net loss on disposal of property, plant and equipment (included in depreciation expense)	32	243
Net gain on disposal of property, plant and equipment (included in non-trading costs)	(1,639)	(1,961)

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Depreciation is calculated on a straight line basis to allocate the cost of an asset, less any residual value, over its estimated useful life. Leased assets are depreciated over the shorter of the lease term and their useful lives. The estimated useful lives of fixed assets are as follows:

Leasehold improvements	5 – 20 years
Plant and equipment	3 – 12.5 years
Motor vehicles	4 years
Furniture and fittings	3 – 10 years
Computer equipment	3 – 5 years

Depreciation methods, useful lives and residual values are reassessed at the reporting date.

Depreciation expense is included in profit or loss in the statement of comprehensive income.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss in the statement of comprehensive income.

15. Intangibles

$NZ000's	Note	Goodwill	Franchise fees	Concept development costs	Software costs	Total
Cost						
Balance as at 2 March 2015		**15,890**	**9,088**	**1,650**	**4,512**	**31,140**
Additions		-	312	-	1,544	1,856
Disposals		(489)	(375)	-	(10)	(874)
Balance as at 29 February 2016		**15,401**	**9,025**	**1,650**	**6,046**	**32,122**
Additions		-	1,295	-	2,365	3,660
Acquisition of business	23	63,488	3,382	-	-	66,870
Disposals		(306)	(1,547)	-	(172)	(2,025)
Movement in exchange rates		(3,221)	(350)	-	-	(3,571)
Balance as at 27 February 2017		**75,362**	**11,805**	**1,650**	**8,239**	**97,056**
Accumulated Amortisation						
Balance as at 2 March 2015		**(831)**	**(5,560)**	**(941)**	**(2,748)**	**(10,080)**
Charge		-	(802)	(86)	(909)	(1,797)
Disposals		-	297	-	7	304
Balance as at 29 February 2016		**(831)**	**(6,065)**	**(1,027)**	**(3,650)**	**(11,573)**
Charge		-	(1,577)	(86)	(1,260)	(2,923)
Disposals		-	1,489	-	151	1,640
Movement in exchange rates		-	161	-	-	161
Balance as at 27 February 2017		**(831)**	**(5,992)**	**(1,113)**	**(4,759)**	**(12,695)**

Impairment charges and disposals are recognised in non-trading in the statement of comprehensive income.

$NZ000's	Note	Goodwill	Franchise fees	Concept development costs	Software costs	Total
Carrying Amounts						
Balance as at 2 March 2015		15,059	3,528	709	1,764	21,060
Balance as at 29 February 2016		14,570	2,960	623	2,396	20,549
Balance as at 27 February 2017		**74,531**	**5,813**	**537**	**3,480**	**84,361**

Goodwill
Goodwill arises on the acquisition of subsidiaries and business combinations. Goodwill is measured at cost less accumulated impairment losses. Goodwill is allocated to cash generating units and is tested annually for impairment. Where the Group disposes of an operation within a cash generating unit, the goodwill associated with the operation disposed of is part of the gain or loss on disposal. Goodwill disposed of in this manner is measured based on the relative values of the operation disposed of and the portion of the cash generating unit retained.

Franchise costs
Franchise costs are those incurred in obtaining franchise rights or licences to operate quick service and take-away restaurant concepts. They include for example, the initial fee paid to a system franchisor when a new store is opened. These are measured at cost less accumulated amortisation and accumulated impairment costs. Amortisation is on a straight line basis over the life of the applicable franchise or licence agreement.

Concept development costs and fees
Concept development costs and fees include certain costs, other than the direct cost of obtaining the franchise, associated with the establishment of quick service and takeaway restaurant concepts. These include, for example, professional fees and consulting costs associated with the establishment of a new brand or business acquisition.

These costs are capitalised where the concept is proven to be commercially feasible and the related future economic benefits are expected to exceed those costs with reasonable certainty. These are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight line basis over the period which future economic benefits are reasonably expected to be derived.

Acquired software costs
Software costs have a finite useful life. Software costs are capitalised and amortised on a straight line basis over the estimated economic life of 3-8 years.

Amortisation

Amortisation charge is recognised in cost of sales in the statement of comprehensive income.

$NZ000's	2017	2016
Amortisation of intangibles	2,923	1,797

Significant judgments and estimates – impairment testing

Impairment testing is an area where estimates and judgments have a significant risk of causing a material adjustment to the carrying amount of Group goodwill balances.

For the purpose of impairment testing, goodwill is allocated to the Group's operating brands which represent the lowest level of cash-generating unit within the Group at which the goodwill is monitored for internal management purposes.

The aggregate carrying amounts of goodwill allocated to each brand are as follows:

$NZ000's	2017	2016
KFC Australia	60,267	-
KFC New Zealand	3,799	3,799
Pizza Hut New Zealand	8,958	9,264
Carl's Jr. New Zealand	1,507	1,507
	74,531	14,570

The recoverable amount of each cash-generating unit was based on its value in use.

Value in use was determined by discounting the future cash flows generated from the continuing use of the brand. Cash flows were projected based on a three year strategic business plan as approved by the Board of Directors.

The key assumptions used for the value in use calculation are as follows:

Brand	2017	2017	2017	2016	2016
	Sales growth 2018-2020 %	EBITDA margin 2018-2020 %	EBITDA margin terminal year %	Sales growth 2017-2019 %	EBITDA margin 2017-2019 %
KFC New Zealand	2.2 – 7.6	20.0 – 20.2	20.0	2.4 – 3.1	20.3 – 20.5
Pizza Hut New Zealand	1.0 – 2.5	10.0 – 10.5	10.0	(6.2) – 2.5	10.0 – 12.9
Carl's Jr. New Zealand	1.7 – 3.5	5.0 – 9.0	11.5	2.0 – 2.9	4.0 – 8.5
KFC Australia	2.2 – 5.1	15.7	15.0	N/A	N/A

The terminal year sales growth is calculated based on the 2020 year and assumes a continuous sales growth of a minimum of projected inflation estimates of 2.5% (2016: 2.5%).

The discount rate applied, across all New Zealand brands, to future cash flows is based on a 9.1% weighted average post-tax cost of capital (2016: 8.2%) applicable to Restaurant Brands New Zealand business. The discount rate applied to future cash flows for the KFC business in Australia is based on a 10.2% weighted average post-tax cost of capital.

The weighted average cost of capital calculation was reviewed in 2017 based on CAPM methodology using current market inputs.

The values assigned to the key assumptions represent management's assessment of future trends in the industry and are based on both external sources and internal sources (historical data).

The calculations confirmed that there was no impairment of goodwill during the year (2016: nil).

In respect of the New Zealand brands of KFC, Starbucks and Pizza Hut, any reasonably possible change in the key assumptions used in the calculations would not cause the carrying amount to exceed its recoverable amount.

For the Australian KFC brand, any reasonably possible movements in the key assumptions would result in its recoverable amount to be equal to its carrying value. The relevant changes to the key assumptions were as follows:

- terminal year sales growth: 115 basis point reduction
- discount rate: 105 basis point increase
- EBITDA as a % of sales: 99 basis point reduction
- sales growth: 87 basis point reduction

The Carl's Jr. brand represents the greatest impairment risk should the business perform below expectations or the discount rates change. Reasonably possible changes in key assumptions may result in the carrying value exceeding its recoverable amount. The relevant changes to the key assumptions which result in its recoverable amount to equal its carrying value are as follows:

- terminal year sales growth: 90 basis point reduction
- discount rate: 85 basis point increase
- EBITDA as a % of sales: 60 basis point reduction
- sales growth: 62 basis point reduction

The Carl's Jr. brand in New Zealand is still emerging from its development phase. It has endured some challenges to its initial earnings growth projections. EBITDA of $1 million for the FY17 year was 2.7% of sales (2016: 1.2%). This is expected to grow to 11.5% over the next four years through a combination of some store rationalisation, leverage from higher sales volumes, more targeted marketing expenditure, ingredient cost reductions and further labour efficiencies. This target is consistent with other burger operators in the New Zealand QSR market.

OTHER NOTES

16. Taxation

Taxation – statement of comprehensive income

The total taxation charge is analysed as follows:

$NZ000's	Note		2017		2016
Total profit before income tax for the period	1		37,088		33,076
Total income tax expense	1		(11,133)		(9,006)
Net profit after income tax			25,955		24,070
Income tax using the Company's domestic tax rate		(28.0%)	(10,385)	(28.0%)	(9,261)
(Non-deductible expenses) and non-assessable income		(2.6%)	(976)	0.8%	255
Tax losses recognised		0.8%	283	-	-
Adjustments due to different rate in different jurisdictions		(0.1%)	(55)	-	-
		(30.0%)	(11,133)	(27.2%)	(9,006)
Income tax expense comprises:					
Current tax expense			(13,168)		(10,032)
Deferred tax credit			2,035		1,026
Net tax expense			(11,133)		(9,006)

Imputation credits

$NZ000's	2017	2016
Imputation credits available for subsequent reporting periods	18,859	17,473

The above amounts represent the balance of the imputation account as at the end of the reporting period, adjusted for:

- Imputation credits that will arise from the payment of the amount of the provision for income tax;
- Imputation credits that will be utilised from the payment of dividends recognised as a liability at the reporting date; and
- Imputation credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

The current income tax for the period was calculated using the rate of 28% for New Zealand and 30% for Australia (2016: 28% New Zealand). The deferred tax balances in these financial statements have been measured using the 28% tax rate for New Zealand and 30% for Australia (2016: 28% New Zealand).

Taxation – balance sheet

The following are the major deferred taxation liabilities and assets recognised by the Group and movements thereon during the current and prior year:

	Assets		Liabilities		Net	
$NZ000's	2017	2016	2017	2016	2017	2016
Property, plant and equipment	4,735	2,951	-	-	4,735	2,951
Inventory	33	33	-	-	33	33
Debtors	-	-	(18)	-	(18)	-
Provisions	3,462	2,795	-	-	3,462	2,795
Intangibles	1,361	124	-	-	1,361	124
Other	461	93	(2)	(2)	459	91
Tax losses	293	-	-	-	293	-
	10,345	5,996	(20)	(2)	10,325	5,994

$NZ000's	Balance 2 March 2015	Recognised in income statement	Recognised in equity	Balance 29 February 2016	Opening balances on acquisition of QSR	Recognised in income statement	Recognised in equity	Foreign currency translation	Balance 27 February 2017
Property, plant and equipment	2,297	654	-	2,951	11	1,766	-	7	4,735
Inventory	28	5	-	33	-	-	-	-	33
Debtors	-	-	-	-	(26)	7	-	1	(18)
Provisions	2,457	338	-	2,795	786	(82)	-	(37)	3,462
Intangibles	95	29	-	124	1,248	53	-	(64)	1,361
Other	56	-	35	91	-	-	367	1	459
Tax losses	-	-	-	-	-	291	-	2	293
	4,933	1,026	35	5,994	2,019	2,035	367	(90)	10,325

At balance date deferred tax assets of $0.8 million and deferred tax liabilities of nil are expected to be settled within 12 months (2016: deferred tax assets of $1.0 million and deferred tax liabilities of nil).

Current and deferred taxation are calculated on the basis of tax rates enacted or substantially enacted at reporting date, and are recognised in profit or loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is also recognised in other comprehensive income or directly in equity, respectively.

Deferred income taxation is recognised in respect of temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred tax liability is settled.

Deferred income tax assets are only recognised to the extent that it is probable that future taxable amounts will be available against which to utilise those temporary differences.

Tax returns for the Group and the detailed calculations that are required for filing tax returns are not prepared until after the financial statements are prepared. Estimates of these calculations are made for the purpose of calculating income tax expense, current tax and deferred tax balances. Any difference between the final tax outcomes and the estimations made in previous years will affect current year balances.

The statement of comprehensive income and statements of cash flows have been prepared exclusive of Goods and Services Taxation (GST). All items in the statement of financial position are stated net of GST, with the exception of receivables and payables, which include GST invoiced.

17. Provision for employee entitlements

$NZ000's	
Balance at 29 February 2016	787
Opening balance acquired on acquisition of QSR	1,116
Created during the period	502
Used during the period	(231)
Released during the period	(142)
Foreign exchange movements	(55)
Balance at 27 February 2017	1,977

2017	
Non-current	676
Current	1,301
Total	1,977

The provision for employee entitlements is long service leave. The provision is affected by a number of estimates, including the expected length of service of employees and the timing of benefits being taken. Once an employee attains the required length of service, the employee has a period of five years in which to take this leave.

18. Deferred income

$NZ000's	
Balance at 29 February 2016	**6,266**
Created during the period	1,111
Used during the period	(1,159)
Balance at 27 February 2017	**6,218**

2017	
Non-current	5,153
Current	1,065
Total	**6,218**

Deferred income relates to non-routine revenue from suppliers and landlords and is recognised in profit or loss in the statement of comprehensive income on a systematic basis over the life of the associated contract.

19. Leases

Lease payments

$NZ000's	2017	2016
Operating rental expenses	27,054	20,549

Rent expenses reported in these financial statements relates to non-cancellable operating lease rentals. The future commitments on these leases are as follows:

$NZ000's	2017	2016
Not later than one year	26,707	19,781
Later than one year but not later than two years	23,599	18,544
Later than two years but not later than five years	43,522	38,365
Later than five years	30,990	30,121
	124,818	106,811

The lease periods vary and many have an option to renew. Lease payments are increased in accordance with the lease agreements to reflect market rentals. The following table summarises the Group's lease portfolio.

	Right of renewal		No right of renewal	
	2017	2016	2017	2016
Number of leases expiring:				
Not later than one year	14	12	6	7
Later than one year but not later than two years	28	14	15	2
Later than two years but not later than five years	78	63	21	29
Later than five years	59	57	9	8

Operating leases
Payments made under operating leases are recognised in profit or loss in the statement of comprehensive income on a straight line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense over the term of the lease.

20. Related party transactions

Parent and ultimate controlling party

The immediate parent and controlling party of the Group is Restaurant Brands New Zealand Limited.

Transactions with entities with key management or entities related to them

During the period the Group made the following:

- Citywest Corp Pty Ltd of which company director Stephen Copulos is a director, received rental payments of $431,000 from the Group, under an agreement to lease premises in Alexandria and Tamworth South, New South Wales, Australia to Restaurant Brands Australia Pty Ltd and QSR Pty Ltd respectively. There was nil owed at balance date.
- Acquired services totaling $25,000 (2016: $30,000) from AsureQuality Limited, a company of which Company director Hamish William Stevens is a director. There was $1,000 owed at balance date (2016: $3,100 owing).

These transactions were at arm's length and performed on normal commercial terms.

Key management and director compensation

Key management personnel comprises members of the Senior Leadership Team.

$NZ000's	2017	2016
Senior Leadership Team – total benefits	5,136	2,828
Directors' fees	357	280

Included in 2017 was the $1.5 million bonus payment to the Chief Executive Officer relating to the long term incentive scheme as disclosed in the 2016 financial statements. In addition the Australian senior leadership team is included for the first time.

21. Commitments

(a) Capital commitments

The Group has capital commitments which are not provided for in these financial statements, as follows:

$NZ000's	2017	2016
Store development	955	2,164

22. Contingent liabilities

There are no contingent liabilities that the directors consider will have a significant impact on the financial position of the Group (2016: nil).

23. Business combinations

On 27 April 2016 the Group acquired 100% of the shares of QSR Pty Limited ("QSR") for a net consideration of AUD$80 million. QSR is the largest KFC franchisee in New South Wales, Australia. It operates 42 stores in Sydney and rural New South Wales.

The acquisition is a strategic move into the Australian market, buying a well run profitable company which will provide a sound base for future expansion opportunities.

The transaction was partially settled by the issue of five million Restaurant Brands shares (at a set price of NZD$4.16) with the balance in bank debt.

The following summarises the consideration paid for the company and the fair value of assets acquired and liabilities assumed at the acquisition date.

$NZ000's	
Net consideration	**89,405**
Net consideration made up as follows:	
Issue of shares	25,500
Cash paid	63,905
Total net consideration	**89,405**
Recognised amounts of identifiable assets acquired and liabilities assumed	
Property, plant and equipment	35,254
Intangibles	3,382
Deferred tax asset	2,019
Stock	450
Cash	6,248
Other receivables	1,052
Bank loans	(5,838)
Current liabilities	(16,457)
Term liabilities	(193)
Total identifiable assets and liabilities	**25,917**
Goodwill	**63,488**

Net consideration includes five million shares issued at the market price (fair value) of $5.10 per share (as compared with the $4.16 set price under the sale and purchase agreement).

Acquisition related costs of $2.3 million (the majority comprising stamp duty) have been classified as non-trading items in the statement of comprehensive income (2016: $1 million).

QSR contributed $97.2 million in sales revenue and $1.4 million in profit after taxation attributable to shareholders.

Had QSR's results been consolidated for the 52 week period ended 27 February 2017, QSR would have contributed $115.7 million in sales revenue and profit after taxation attributable to shareholders of $2.5 million.

24. Subsequent events

Dividends

The directors have declared a fully imputed final dividend of 13.5 cents per share for the 52 week period ended 27 February 2017 (2016: 12.5 cents).

Business Acquisition

Purchase of Pacific Island Restaurants Inc.

On 26 October 2016 the Group entered into a conditional agreement to purchase 100% of the shares in Pacific Island Restaurants Inc. ("PIR") for USD$105 million. PIR is the largest operator of quick service restaurants across Hawaii and also operates in Guam and Saipan. The business has 82 stores and operates under the Taco Bell and Pizza Hut brands.

The transaction settled and control of PIR passed on 7 March 2017 after satisfying a number of conditions, including the approval from the franchisor Yum! Restaurants International.

The USD$105 million purchase price was partly funded through the issue of shares by a renounceable entitlement offer and private placement raising $94 million. The remainder was funded through debt and at balance date the Group entered into forward foreign exchange contracts to fix the exchange rate on USD$60 million.

Total Group debt is expected to be NZD$135 million after the transaction.

Following the acquisition the Group expects to generate annual turnover in excess of NZD$680 million with an EBITDA in excess of NZD$90 million (at USD 0.70 and AUD 0.93). One-off transaction costs of NZD$1.5 million have been incurred and have been classified as non-trading items in profit or loss in the statement of comprehensive income.

Purchase of KFC business assets

On 13 December 2016 the Group entered into two conditional agreements to acquire the business assets of five KFC stores located in New South Wales, Australia. Two KFC stores were purchased from Samesa Pty Ltd for a total purchase price of AU$2.2 million. The other three KFC stores were purchased from Oshamma Pty Ltd for a total purchase price of AU$6.4 million. Both contracts were settled with effect from 21 March 2017.

The fair value of the assets acquired and liabilities assumed as part of the acquisition of PIR and the KFC business assets are still being determined and will be disclosed at the next reporting date.

25. New standards and interpretations

Relevant standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

- **NZ IFRS 16 Leases** (effective date: periods beginning on or after 1 January 2019) replaces the current guidance in NZ IAS 17. Under NZ IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Under NZ IAS 17, a lessee was required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). NZ IFRS 16 now requires a lessee to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. Included is an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. The Group intends to adopt NZ IFRS 16 on its effective date and has yet to assess its full effect including the impact on the recently acquired QSR and PIR businesses.
- **NZ IFRS 15 Revenue from contracts with customers** (effective for periods beginning on or after 1 January 2018) deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces NZ IAS 18 'Revenue' and NZ IAS 11 'Construction contracts' and related interpretations. The Group intends to adopt NZ IFRS 15 on its effective date and is not expected to significantly impact the Group as all store sales revenue is settled in cash at the point of sale.
- **NZ IFRS 9 Financial Instruments** (effective for periods beginning on or after 1 January 2018) addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of NZ IFRS 9 was issued in September 2014. It replaces the guidance in NZ IAS 39 that relates to the classification and measurement of financial instruments. The Group intends to adopt NZ IFRS 9 on its effective date and has yet to assess its full impact.

There are various other standards, amendments and interpretations which were assessed as having an immaterial impact on the Group. There are no NZ IFRS, NZ IFRIC interpretations or other applicable IFRS that are effective for the first time for the financial year beginning on or after 1 March 2016 that had a material impact on the financial statements.

26. Fees paid to auditor

$NZ000's	2017	2016
Audit of financial statements		
Audit and review of financial statements – PwC	228	122
Other services		
Performed by PwC		
Other assurance services	9	13
Executive remuneration benchmarking	23	-
Total other services	**32**	13
Total fees paid to auditor	**260**	135

Other assurance services comprise the audit of Company share registry and certain compliance certificates for third parties.

27. Donations

$NZ000's	2017	2016
Donations	115	148

Independent auditor's report

To the shareholders of Restaurant Brands New Zealand

The consolidated financial statements comprise:

— the consolidated statement of financial position as at 27 February 2017

— the consolidated statement of comprehensive income for the 52 week period then ended;

— the consolidated statement of changes in equity for the 52 week period then ended;

— the consolidated statement of cash flows for the 52 week period then ended; and

— the notes to the financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the consolidated financial statements of Restaurant Brands New Zealand Limited (the Company), including its subsidiaries (the Group), present fairly, in all material respects, the financial position of the Group as at 27 February 2017 its financial performance and its cash flows for the 52 week period then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards (IFRS).

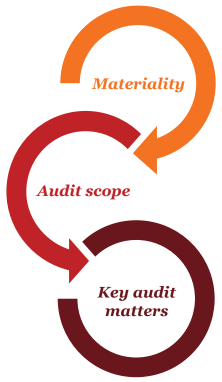
Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs NZ) and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Group in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* (PES 1) issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)*, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our firm carries out other services for the Group in the areas of other assurance services and executive remuneration benchmarking. The provision of these other services has not impaired our independence as auditor of the Group.



Our audit approach

Overview

An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement.

Overall group materiality: $1.8 million, which represents 5% of profit before tax.

We chose profit before tax as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users, and is a generally accepted benchmark.

Our key audit matters are:

— Valuation of identifiable intangible assets arising from the acquisition of QSR Pty Limited.

— Carrying value of Carl's Jr assets.

Materiality

The scope of our audit was influenced by our application of materiality.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out above. These, together with qualitative considerations, helped us to determine the scope of our audit, the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the consolidated financial statements as a whole.

Audit scope

We designed our audit by assessing the risks of material misstatement in the consolidated financial statements and our application of materiality. As in all of our audits, we also addressed the risk of management override of internal controls including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The operating segments as defined in Note 1 were subject to audit procedures that were considered appropriate for the size and nature of those segments.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Valuation of identifiable intangible assets arising from the acquisition of QSR Pty Limited As disclosed in Note 23, on 27 April 2016 the Group acquired 100% of the shares in QSR Pty Limited for a consideration of AU$80 million. The purchase price included identifiable tangible and intangible assets, and liabilities assumed. Management undertook a process to identify and value the assets and liabilities acquired. An intangible asset relating to the franchise arrangement held by QSR Pty Limited with the franchisor was identified on acquisition and valued at $2.4 million. Management engaged a third party to value the franchise agreement. The valuation was determined based on discounted cash flow models. Management prepared the cash flows both with and without the right to use the brand name factored into the model to assess the value attributable to the right to use of the brand name. Our audit focussed on this area because significant judgements were involved in determining whether the franchise arrangement should be recognised as an intangible asset, and in the assumptions used by management to determine both the valuation and amortisation period of the asset.	In responding to the significant judgements involved in identifying, valuing, and amortising the identifiable intangible assets our audit procedures included: — Gaining an understanding of the business process undertaken by management to identify and value the assets and liabilities acquired, and determine the amortisation period for intangible assets. — Reviewing the sale and purchase agreement and other key contracts and documents related to the acquisition to identify intangible assets that had been acquired. No intangible assets other than the franchise agreement were identified. — Considering whether recognition of an intangible asset relating to the franchise arrangement was consistent with the requirements of the accounting standards. — Testing the arithmetical accuracy of the discounted cash flow models used to determine the value of the intangible asset both with and without the right to use the brand name included. — Challenging key assumptions used in the valuation models in relation to forecast future revenue performance under both scenarios by comparing to historical performance of comparable businesses. — Considering whether the useful life of the intangible asset is consistent with the accounting standards, noting that this is restricted to the contractual period of the franchise agreement. We had no matters to report arising from our audit procedures.

Key audit matter	How our audit addressed the key audit matter
Carrying value of Carl's Jr assets may not be recoverable As disclosed in Note 15 there is goodwill of $1.5 million relating to the acquisition of Carl's Jr. There is also property plant and equipment of $20.8 million attributed to the Carl's Jr operating segment at 27 February 2017. Management performed an annual impairment assessment using a discounted cash flow model to determine whether the carrying value of assets held by the Carl's Jr segment are recoverable. This involves the application of judgement about future business performance which includes certain key assumptions such as sales growth and EBITDA margin. The impairment assessment completed by management at 27 February 2017 calculated the value of the Carl's Jr segment as higher than the carrying value of applicable net assets. No impairment charge has been recorded against these assets in the current financial year. Sensitivity analysis performed by management over the sales growth and EBITDA margin assumptions identified that the model is sensitive to key judgements about the future performance of the business. Our audit focussed on this area due to the continued profitability challenges faced by the Carl's Jr segment and because of the sensitivity to judgements about the future performance of the business.	In addressing the sensitivity to judgements regarding the future performance of the Carl's Jr business our audit procedures included: — Gaining an understanding of the business process applied by management in determining whether there is any indication of impairment in the carrying value of assets. — Testing the arithmetical accuracy of the discounted cash flow model used to determine the carrying value of the segment. — Reviewing historical years' actual performance against the original budgeted performance to determine the reliability of the budgeting process. — Agreeing forecast future performance to budgets reviewed and approved by the Board of Directors. — Challenging key assumptions used in the value in use model in relation to sales growth and EBITDA margins and assessing whether these are reasonable by understanding strategic and operational initiatives, and comparing with historic performance of comparable businesses. — Performing a sensitivity analysis over key assumptions to determine whether reasonably possible changes would result in impairment of goodwill. — Reviewing the financial statements to ensure appropriate identification and disclosure of key assumptions and the sensitivity of the value in use to these. The key assumptions made by management resulted in a value in use of the Carl's Jr brand that supported the carrying value of the related assets. Reasonably possible changes in key assumptions were identified as resulting in impairment and disclosure has been made accordingly in Note 15. The results of our audit procedures were consistent with management's calculations and conclusion.

Information other than the financial statements and auditor's report

The Directors are responsible for the annual report. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information included in the annual report and we do not express any form of assurance conclusion on the other information.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, when we read the annual report, we conclude that there is a material misstatement of this other information, we are required to report that fact.

pwc

Responsibilities of the Directors for the consolidated financial statements

The Directors are responsible, on behalf of the Company, for the preparation and fair presentation of the consolidated financial statements in accordance with NZ IFRS and IFRS, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs NZ and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the External Reporting Board's website at:

https://xrb.govt.nz/Site/Auditing_Assurance_Standards/Current_Standards/Page1.aspx

This description forms part of our auditor's report.

Who we report to

This report is made solely to the Company's shareholders, as a body. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders, as a body, for our audit work, for this report or for the opinions we have formed.

The engagement partner on the audit resulting in this independent auditor's report is Jonathan Skilton.

For and on behalf of:

PricewaterhouseCoopers

Chartered Accountants

Auckland

20 April 2017

Other information

Contents	Page

Shareholder information

as at 24 April 2017

1. NZX listing

The Company's ordinary shares are listed on the main board equity securities market operated by NZX Limited (NZX Main Board).

2. Distribution of security holders and security holdings

Size of Holding	Number of security holders		Number of securities	
1 to 999	1,240	19.49%	645,668	0.53%
1,000 to 4,999	3,241	50.94%	7,110,255	5.79%
5,000 to 9,999	926	14.56%	6,294,978	5.12%
10,000 to 49,999	855	13.44%	15,559,422	12.67%
50,000 to 99,999	52	0.82%	3,294,907	2.68%
100,000 to 499,999	37	0.58%	6,610,141	5.38%
500,000+	11	0.17%	83,327,820	67.83%
	6,362	**100.00%**	**122,843,191**	**100.00%**

Geographic distribution				
New Zealand	6,144	96.58%	109,258,097	88.95%
Australia	121	1.90%	12,768,412	10.39%
Rest of world	97	1.52%	816,682	0.66%
	6,362	**100.00%**	**122,843,191**	**100.00%**

3. 20 largest registered holders of quoted equity securities

	Number of ordinary shares	Percentage of ordinary shares
New Zealand Central Securities Depository Limited	60,113,063	48.93%
Diab Investments NZ Limited	5,970,874	4.86%
Eyeon QSR Pty Limited (Eyeon QSR Unit account)	5,970,874	4.86%
FNZ Custodians Limited	4,105,253	3.34%
Investment Custodial Services Limited (account C)	2,069,473	1.69%
Forsyth Barr Custodians Limited (1-Custody)	1,329,248	1.09%
JA Hong Koo & Pyung Keum Koo	1,029,000	0.85%
PT (Booster Investments) Nominees Limited	914,133	0.74%
Custodial Services Limited (account 3)	638,572	0.52%
New Zealand Depository Nominee Limited (account 1) cash account	594,224	0.48%
Matthew Charles Goodson & Dianna Dawn Perron & Goodson & Perron Independent Trustee Limited	593,106	0.48%
Custodial Services Limited (account 4)	445,869	0.36%
Russel Ernest George Creedy	319,601	0.26%
Investment Custodial Services Limited (account R)	309,077	0.25%
David Mitchell Odlin	286,177	0.23%
FNZ Custodians Limited (DTA non resident account)	285,391	0.23%
Custodial Services Limited (account 2)	282,657	0.23%
Custodial Services Limited (account 18)	273,295	0.22%
David George Harper & Karen Elizabeth Harper	230,771	0.19%
ASB Nominees Limited (569086 ML account)	206,555	0.17%
	85,967,213	**69.98%**

New Zealand Central Securities Depository Limited (NZCSD) is a depository system which allows electronic trading of securities to its members. As at 24 April 2017, the NZCSD holdings in Restaurant Brands were:

	Number of ordinary shares	Percentage of ordinary shares
Citibank Nominees (New Zealand) Limited	9,693,043	7.89%
HSBC Nominees (New Zealand) Limited	9,123,489	7.43%
Tea Custodians Limited Client Property Trust Account	8,881,714	7.23%
National Nominees New Zealand Limited	8,681,842	7.07%
Accident Compensation Corporation	4,844,653	3.95%
Guardian Nominees No2 A/C	4,664,674	3.80%
HSBC Nominees A/C NZ Superannuation Fund Nominees Limited	4,131,131	3.36%
BNP Paribas Nominees (NZ) Limited	3,111,816	2.53%
HSBC Nominees (New Zealand) Limited A/C State Street	2,806,319	2.28%
BNP Paribas Nominees (NZ) Limited	1,443,087	1.17%
JPMorgan Chase Bank NA NZ Branch	1,195,206	0.97%
New Zealand Permanent Trustees Limited	750,100	0.61%
Mint Nominees Limited	465,575	0.38%
ANZ Custodial Services New Zealand Limited	182,188	0.15%
Public Trust Class 10 Nominees Limited	65,512	0.05%
BNP Paribas Nominees (NZ) Limited	53,178	0.04%
New Zealand Permanent Trustees Limited	19,536	0.02%
	60,113,063	**48.93%**

4. Substantial product holders

The following persons had given notices as at 27 February 2017, in accordance with subpart 5 of Part 5 of the New Zealand Financial Markets Conduct Act 2013 that they were substantial product holders in the Company and held a relevant interest in the number of ordinary share shown below.

	Date of Notice	Number of ordinary shares	Percentage of voting securities
Stephen Copulos	24 November 2016	10,461,813	8.52%
Milford Asset Management Limited	6 December 2016	9,084,356	7.40%
Salt Funds Management Limited	23 November 2016	6,888,726	5.61%
Fisher Funds Management Limited	23 December 2015	6,046,427	6.18%

The number of ordinary shares listed above are as per the last substantial product holder notice filed as at 27 February 2017. As this notice is required to be filed only if the total holding of a shareholder changes by 1% or more since the last notice filed, the number noted in this table may differ from that shown in the list of 20 largest holdings of quoted equity securities on page 70.

5. Shares on issue

As at 27 February 2017, the total number of ordinary shares of the Company was 122,843,191.

6. Directors' security holdings

As at 27 February 2017:

	Equity securities held	
	2017	2016
E K van Arkel	158,366	50,000
S Copulos[1]	10,461,813	-

1. Stephen Copulos was appointed as a director on 27 April 2016

7. NZX waivers

The NZX granted waivers during the 12 month period preceding 27 February 2017 in relation to the Company's 1 for 5.15 entitlement offer. Refer to the summary disclosed in the Statement of Corporate Governance on page 79.

Statutory information

for the 52 week period ended 27 February 2017

1. Directorships

The names of the directors of the Company as at 27 February 2017 are set out on pages 26 and 27 of this annual report.

The following are directors of all subsidiary companies of the Group:
E K van Arkel and H W Stevens.

The following are directors of Restaurant Brands Australia Pty Limited:
E K van Arkel, S Copulos and G R Ellis.

2. Directors and remuneration

The following persons held office as directors during the 52 week period ended 27 February 2017 and received the following remuneration and other benefits:

NZ$000's	Board Fees	Audit and Risk Committee	Appointments and Remuneration Committee	Total Remuneration
E K van Arkel	115			115
D Diab[1]	24			24
S H Suckling[2]	48		2	50
H W Stevens	63	6		69
V Taylor[3]	45		1	46
S Copulos[4]	53			53
	348	**6**	**3**	**357**

1. Retired on 23 June 2016
2. Resigned 9 December 2016
3. Appointed 23 June 2016
4. Appointed 27 April 2016

3. Entries recorded in the interests register

The following entries were recorded in the interests register of the Company and its subsidiaries during the year ended 27 February 2017:

(a) Share dealings of Directors

The following shares were purchased by directors of the Company during the 52 week period ended 27 February 2017:

	Purchase date	Number of shares purchased
E K van Arkel	9 November 2016	60,000
	24 November 2016	48,366
S Copulos	27 April 2016	7,000,000
	9 June 2016	500,000
	9 November 2016	2,057,297
	24 November 2016	904,516

No shares were sold by directors during the 52 week period ended 27 February 2017.

(b) Loans to Directors

There were no loans to directors during the 52 week period ended 27 February 2017.

(c) General disclosure of interest

In accordance with section 140 (2) of the Companies Act 1993, directors of the Company have made general disclosures of interest in writing to the board of positions held in other named companies or parties as follows:

Name	Position	Party
E K van Arkel	Director and Shareholder	Lang Properties Limited
	Director and Shareholder	Van Arkel & Co Limited
	Director	AWF Madison Group Limited
	Director	Danske Mobler Limited
	Director	Auckland Regional Chamber of Commerce & Industry Limited
	Director	Abano Healthcare Group Limited
	Director	Philip Yates Family Holdings Limited (and subsidiaries)
H W Stevens	Chairman	The Kennedys Limited
	Chairman	East Health Services Limited
	Chairman	Bureau Veritas AsureQuality Pty Limited (and subsidiaries)
	Independent Chairman	Audit and Risk Sub-Committee, Waikato Regional Council
	Director	Counties Power Limited
	Director	AsureQuality Limited
	Director	Smart Environmental Limited
	Director	Ormiston Health Properties Limited
	Director and Shareholder	Governance & Advisory Limited
	Director	Pharmaco (N.Z.) Limited
	Director	Botany Health Hub Limited
S Copulos	Managing Director	Copulos Group of Companies
	Director	Citywest Corp Pty Ltd
	Director	Eyeon No 2 Pty Ltd
	Director	Eyeon QSR Pty Pty
	Director	Over 50 private companies and trusts within the Copulos Group
	Chairman and Major Shareholder	Crusader Resources Limited
	Chairman and Major Shareholder	Black Rock Mining Limited
	Chairman and Major Shareholder	Consolidated Zinc Limited
	Director	Shepparton Art Museum Foundation
	Director	Copulos Foundation Private Ancillary Fund
V Taylor	Director	Real Journeys Limited
	Director and Shareholder	Ugly Duckling Trading Company Limited
D Beguely[1]	Advisory Board Member	Beak & Johnston Pty Ltd
	Director	Tiakarete Pty Ltd

1. David Beguely was appointed as director on 1 April 2017 and his interests were disclosed as at that date.

(d) Directors' indemnity and insurance

The Company has insured all its directors and the directors of its subsidiaries against liabilities to other parties (except the Company or a related party of the Company) that may arise from their position as directors. The insurance does not cover liabilities arising from criminal actions.

The Company has executed a deed of indemnity indemnifying all directors to the extent permitted by section 162 of the Companies Act 1993.

4. Employees' remuneration

During the period the following number of employees or former employees received remuneration of at least $100,000:

	Number of employees	
	2017	2016
$100,000 - $109,999	5	4
$110,000 - $119,999	6	3
$120,000 - $129,999	5	4
$130,000 - $139,999	7	6
$140,000 - $149,999	2	3
$150,000 - $159,999	3	2
$170,000 - $179,999	-	1
$180,000 - $189,999	4	2
$190,000 - $199,999	-	1
$200,000 - $209,999	-	1
$210,000 - $219,999	2	1
$220,000 - $229,999	2	2
$230,000 - $239,999	2	-
$240,000 - $249,999	1	1
$270,000 - $279,999	2	-
$410,000 - $419,999	1	1
$1,010,000 - $1,019,999	-	1
$2,440,000 - $2,449,999	1	-
	43	**33**

5. Subsidiary company directors

No employee of the Company appointed as a director of the Company or its subsidiaries receives, or retains any remuneration or other benefits, as a director. The remuneration and other benefits of such employees, received as employees, are included in the relevant bandings for remuneration disclosed under Note 4 above.

Statement of corporate governance
for the 52 week period ended 27 February 2017

Overview

The board of Restaurant Brands New Zealand Limited (the Company) is committed to the guiding values of the Company: integrity, respect, continuous improvement and service. Whilst not formally constituted into a code of ethics, it expects that management and staff ultimately subscribe to these values and use them as a guide to making decisions. These values are reflected in a series of formal policies covering such matters as:

- Conflicts of interest
- Use of company property
- Use of company information
- Compliance with applicable laws

Responsibility

The board is responsible for the proper direction and control of the Company's activities and is the ultimate decision-making body of the Company. Its responsibilities include setting strategic direction, approval of significant expenditures, policy determination, stewardship of the Company's assets, identification of significant business risks, legal compliance and monitoring management performance.

Delegation

The board has delegated responsibility for the day-to-day leadership and management of the Company to the Chief Executive Officer (CEO) who is required to do so in accordance with board direction. The CEO's performance is reviewed each year by the board. The review includes a formal performance appraisal against measured objectives together with a qualitative review.

The board has approved a schedule of delegated authorities affecting all aspects of the Company's operation. This is reviewed from time to time as to appropriateness and levels of delegation.

Composition and focus

As at the 52 week period ended 27 February 2017, the board comprised four non-executive directors (including the Chairman). Subsequently, on 1 April 2017, David Beguely was also appointed to the board as a non-executive director. In addition to committee responsibilities (below), individual board members work directly with management in major initiatives such as acquisitions and asset rationalisations.

As at the 52 week period ended 27 February 2017, Ted van Arkel, Hamish Stevens and Vicky Taylor were considered by the board to be independent under the NZX Main Board Listing Rules. Stephen Copulos was considered not to be independent as he represents a significant shareholding. David Beguely was appointed as a director on 1 April 2017 and, as at 1 May 2017, he was considered by the board to be independent under the NZX Main Board Listing Rules.

The board does not have a policy on a minimum number of independent directors.

Committees

From amongst its own members, the board has appointed the following permanent committees:

- **Audit and Risk Committee.**
  The members of the Audit and Risk Committee are Hamish Stevens (chairman), Ted van Arkel, Vicky Taylor, David Beguely and Stephen Copulos. This committee is constituted to monitor the veracity of the financial data produced by the Company and ensure controls are in place to minimise the opportunities for fraud or for material error in the accounts. A majority of the committee's members must be independent directors.

  The Audit and Risk Committee meets two to three times a year, with external auditors of the Company and executives performing internal audit management from within the Company in attendance. The external auditors also meet separately with the Audit and Risk Committee with no Company executives present.

  The Audit and Risk Committee has adopted an audit charter setting out the parameters of its relationship with internal and external audit functions. The charter which is posted on the Company's website requires five yearly reviews of the external audit relationship and audit partner rotation.

- **Appointments and Remuneration Committee.**
  The members of the Appointments and Remuneration Committee are Vicky Taylor (chairman), Ted van Arkel, David Beguely, Stephen Copulos and Hamish Stevens. This committee is constituted to approve appointments and terms of remuneration for senior executives of the Company; principally the CEO and those reporting directly to the CEO. It also reviews any company-wide incentive and share option schemes as required and recommends remuneration packages for directors to the shareholders.

The Appointments and Remuneration Committee has adopted a written charter which is posted on the Company's website.

The board does not have a formal nominations committee, as all non-executive directors are involved in the appointment of new directors.

Other sub-committees may be constituted and meet for specific ad hoc purposes as required.

Board appraisal and training

The board has adopted a performance appraisal programme by which it biennially monitors and assesses individual and board performance.

The Company does not impose any specific training requirements on its directors. The board believes all directors have considerable training and expertise. New directors complete an induction programme with company senior management.

Insider trading

All directors and senior management of the Company are familiar with and have formally acknowledged acceptance of the Company's "Insider Trading Code" that relates to dealings in financial products of the Company by directors and employees. A copy of the code is available on the Company's website.

Size

The constitution prescribes a minimum of three directors and, as at 1 May 2017, there were five members of the board.

Re-election

Under the terms of the constitution, one third of the directors (currently one) are required to retire from office at the annual meeting of the Company but may seek re-election at that meeting.

Meetings

The board normally meets ten to twelve times a year and, in addition to reviewing normal operations of the Company, approves a strategic plan and annual budget each year.

Board meetings are usually scheduled annually in advance, although additional meetings may be called at shorter notice.

Directors receive formal proposals, management reports and accounts in advance of all meetings.

Executives are regularly invited to attend board meetings and participate in board discussion. Directors also meet with senior executives on items of particular interest.

Board and committee meeting attendance for the 52 week period ended 27 February 2017 was as follows:

Name	Board meetings held	Board meetings attended	Audit and Risk Committee meetings held	Audit and Risk Committee meetings attended	Appointments and Remuneration Committee meetings held	Appointments and Remuneration Committee meetings attended
E K van Arkel	17	16	2	2	1	1
D Diab[1]	17	6	2	1	1	1
S H Suckling[2]	17	12	2	1	1	1
H W Stevens	17	17	2	2	1	1
S Copulos[3]	17	15	2	1	1	-
V Taylor[4]	17	12	2	1	1	-

1. Retired 23 June 2016
2. Resigned 9 December 2016
3. Appointed 27 April 2016
4. Appointed 23 June 2016

A larger number of board meetings were held over this year because of the capital raising and purchase of the Hawaiian business.

Board remuneration

The total pool of directors' fees authorised at the Annual Shareholder Meeting on 22 July 2016 is $400,000.

On 22 July 2016, the board approved an increase in directors' fees from $100,000 to $125,000 per annum for the Chairman and from $60,000 to $65,000 for each non-executive director. In addition, the board approved annual fees of $10,000 to the Chairman of the Audit and Risk Committee and $5,000 to the Chairman of the Appointments and Remuneration Committee. Refer to the Statutory Information section of the annual report for more detail.

No directors currently take a portion of their remuneration under a performance-based equity compensation plan, although a number of directors do hold shares in the Company.

The terms of any directors' retirement payments are as prescribed in the constitution and require prior approval of shareholders in general meeting. No retirement payments have been made to any director.

Directors' indemnity and insurance

The Company has insured all of its directors and the directors of its subsidiaries against liabilities to other parties (except the Company or a related party of the Company) that may arise from their position as directors. The insurance does not cover liabilities arising from criminal actions.

The Company has executed a Deed of Indemnity, indemnifying all directors to the extent permitted by section 162 of the Companies Act 1993.

Risk management

In managing the Company's business risks, the board approves and monitors policy and process in such areas as:

- **Internal audit** – Regular checks are conducted by operations and financial staff on all aspects of store operations.
- **Treasury management** – Exposure to interest rate and foreign exchange risks is managed in accordance with the Company's treasury policy.
- **Financial performance** – Full sets of management accounts are presented to the board at every meeting. Performance is measured against an annual budget with periodic forecast updates.
- **Capital expenditure** – All capital expenditure is subject to relevant approval levels with significant items approved by the board. The board also monitors expenditure against approved projects and approves the capital plan.
- **Insurance** – The Company has insurance policies in place covering most areas of risk to its assets and business. These include material damage and business interruption cover at all of its sites. Policies are reviewed and renewed annually with reputable insurers.

External Advice

Directors may seek their own independent professional advice to assist with their responsibilities. During the 2017 financial year, no director sought their own independent professional advice, but the board sought advice with respect to market levels of management remuneration.

Shareholding

There is no prescribed minimum shareholding for directors, although some do hold shares in the Company (refer to the Statutory Information section of the report for more detail).

Directors may purchase shares upon providing proper notice of their intention to do so and in compliance with the operation of the Company's "Insider Trading Code" (see above).

Interests register

The board maintains an interests register. In considering matters affecting the Company, directors are required to disclose any actual or potential conflicts. Where a conflict or potential conflict has been disclosed, the director takes no further part in receipt of information or participation in discussions on that matter.

Shareholder communication

The board places importance on effective shareholder communication. Half year and annual reports are published each year and posted on the Company's website, together with quarterly sales releases. From time to time the board may communicate with shareholders outside this regular reporting regime.

Consistent with best practice and of the Company's continuous disclosure obligations under the NZX Main Board Listing Rules, external communications that may contain market sensitive data are released through NZX in the first instance. Further communication is encouraged with press releases through mainstream media. The board formally reviews its proceedings at the conclusion of each meeting to determine whether there may be a requirement for a disclosure announcement.

Shareholder attendance at annual meetings is encouraged and the board allows extensive shareholder debate on all matters affecting the Company.

Auditor independence

The board manages the relationship with its auditors through the Audit and Risk Committee. The Company's external auditors are currently permitted to provide non-audit services to the Company with the approval of the Audit and Risk Committee.

Auditors' remuneration is disclosed in Note 26 to the financial statements.

Diversity Policy

The Company does not have a formal diversity policy. However it recognises the wide-ranging benefits that diversity brings to an organisation and its workplaces. The Company endeavours to ensure diversity at all levels of the organisation to ensure a balance of skills and perspectives are available in the service of its shareholders and customers.

As at 27 February 2017, the gender balance of the Company's directors, officers and all employees is as follows:

	Directors				Officers				Employees			
	2017		2016		**2017**		2016		**2017**		2016	
Female	**1**	**25%**	1	25%	**5**	**39%**	4	44%	**2,913**	**50%**	1,816	54%
Male	**3**	**75%**	3	75%	**8**	**61%**	5	56%	**2,863**	**50%**	1,547	46%
Total	**4**	**100%**	4	100%	**13**	**100%**	9	100%	**5,776**	**100%**	3,363	100%

NZX Corporate Governance Best Practice Code

In almost all respects, the Company's corporate governance practices conform with the NZX Corporate Governance Best Practice Code (the "Code"). The only areas in which the Company's practices vary from the Code are: it has not adopted a formal code of ethics, does not remunerate directors under a performance based equity compensation plan, does not impose specific training requirements on its directors and does not have a nominations committee.

Summary of NZX Waivers Granted

In accordance with NZX Main Board Listing Rule 10.4.5(f), the following is a summary of waivers granted by NZX in the last 12 months and relied upon in relation to the Company.

NZX Waivers in relation to the Company's 1 for 5.15 entitlement offer ("Offer").

On 25 October 2016, NZX granted the following waivers from the NZX Main Board Listing Rules in respect of the Offer:

- **NZX Main Board Listing Rule 7.3.1(a):** This meant that the Company was not required to obtain Shareholder approval for the issue of new shares in connection with the Offer. This waiver was subject to the condition that the issue be conducted in accordance with NZX Main Board Listing Rule 7.3.4(a) (read in conjunction with NZX Main Board Listing Rules 7.3.4(d) to 7.3.4(h)), except that the Offer need not be renounceable, and that the bookbuilds occur in the manner set out in the offer document;
- **NZX Main Board Listing Rule 7.10.1:** This enabled eligible institutional shareholders to be notified of their entitlements prior to the record date and notification to occur by means other than physical letters of entitlement;
- **NZX Main Board Listing Rule 7.10.2:** Which would have otherwise required the institutional entitlement offer to remain open for 12 business days. This waiver was subject to the condition that the Company's announcement of the Offer, and the offer document, clearly stated that a shorter than usual offer period would be available to eligible institutional shareholders under the institutional entitlement offer. The retail entitlement offer was open for 12 business days;
- **NZX Main Board Listing Rule 7.10.8:** Which would have required the Company to notify NZX of the Offer at least five business days prior to the ex-date for the Offer. This waiver was subject to the condition that the Offer was notified to NZX in accordance with NZX Main Board Listing Rule 7.10.8 no later than the ex-date for the Offer;
- **NZX Main Board Listing Rule 7.11.1:** This enabled the Company to allot the new shares under the institutional entitlement offer and the institutional bookbuild nine business days after the close of the institutional entitlement offer, when NZX Main Board Listing Rule 7.11.1 would otherwise have required such allotment to have occurred within five business days of the close of the institutional entitlement offer and institutional bookbuild;
- **NZX Main Board Listing Rule 7.12.2:** This enabled the Company to provide six business days' notice of the record date for the dividend declared in respect of the 28 week period ended 12 September 2016 in order that the record date could be scheduled, and the dividend paid, before any new shares were allotted; and
- **NZX Main Board Listing Rule 9.2.1:** This meant that the Company was not required to seek shareholder approval for the Offer to the extent that:
  - any "Related Party" or their "Associated Persons" (as those terms are defined in the NZX Main Board Listing Rules) of the Company participated in the Offer (including the institutional bookbuild and the retail bookbuild); and
  - any of Stephen Copulos, Danny Diab (a former director of the Company) or their Associated Persons acted as a sub-underwriter for the Offer.

  This waiver was subject to the conditions that:
  - the independent Directors (other than Ted van Arkel) certified to NZX that:
    - the terms of the Offer and the underwriting agreement are fair and in the best interests of shareholders, other than the Related Parties or shareholders that are Associated Persons of the Related Parties;
    - the Company will pay and receive fair value under the Offer and the underwriting agreement; and
    - none of the Related Parties will be involved in, or influence, any allocation decision in relation to the institutional bookbuild or the retail bookbuild;
  - the Offer was conducted in accordance with the condition to the waiver from NZX Main Board Listing Rule 7.3.1(a) set out above;
  - the Underwriter certified to NZX that:
    - Stephen Copulos and Danny Diab did not influence the underwriter's decision to enter into the sub-underwriting arrangements; and
    - the terms of any sub-underwriting agreement with Stephen Copulos, Danny Diab or any of their Associated Persons will be negotiated on an arm's-length and commercial basis with the underwriter and there will be no material difference (other than differences which would result in the sub-underwriting arrangements to be less favourable to Stephen Copulos, Danny Diab or any of their Associated Persons) between the terms of any such sub-underwriting agreement with any other sub-underwriters not related to Stephen Copulos or Danny Diab; and
  - the waiver, its conditions and effects are disclosed in the offer document and the Company's 2017 annual report.

Corporate directory

Directors
E K (Ted) van Arkel (Chairman)
Vicky Taylor
Stephen Copulos
Hamish Stevens
David Beguely

Registered office
Level 3
Building 7
Central Park
666 Great South Road
Penrose
Auckland 1051
New Zealand

Share registrar
Computershare Investor Services Limited
Level 2
159 Hurstmere Road
Takapuna
Private Bag 92 119
Auckland 1142
New Zealand
T: 64 9 488 8700

Auditors
PricewaterhouseCoopers

Solicitors
Bell Gully
Harmos Horton Lusk
Meredith Connell

Bankers
Westpac Banking Corporation

Contact details
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P O Box 22 749
Otahuhu
Auckland 1640
New Zealand
Telephone: 64 9 525 8700
Fax: 64 9 525 8711
Email: investor@rbd.co.nz

Financial calendar

Annual meeting
23 June 2017

Close of register for final dividend
9 June 2017

Final dividend paid
23 June 2017

Financial year end
26 February 2018

Annual profit announcement
April 2018

www.restaurantbrands.co.nz