WAYPOINT REIT - APPENDIX 4D
FOR THE PERIOD ENDED 30 JUNE 2020

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

Waypoint REIT is a stapled entity comprising one share in Waypoint REIT Limited (ABN 35 612 986 517) and one unit in Waypoint REIT Trust (ARSN 613 146 464) and their controlled entities ('Group').

Effective 14 May 2020, the Company was renamed from Viva Energy REIT Limited to Waypoint REIT Limited and the Trust was renamed from Viva Energy Trust to Waypoint REIT Trust. The Group's ASX ticker also changed from VVR to WPR on 18 May 2020.

REPORTING PERIOD

This Financial Report details the consolidated results of Waypoint REIT for the half-year ended 30 June 2020. The comparative period shown is for the half-year ended 30 June 2019.

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Profit and Loss	Half-year ended 30 Jun 2020 ($'million)	Half-year ended 30 Jun 2019 ($'million)	Change
Revenue from ordinary activities	$90.0	$87.7	2.6%
Net profit from ordinary activities after tax attributable to Group investors (statutory net profit)	$137.0	$56.9	140.8%
Distributable income[1]	$57.8	$55.7	3.8%
Distributable income per security (cents per security)[2]	7.41	7.18	3.2%

[1] *Distributable income is not a statutory measure of profit and is calculated as net profit adjusted to remove transaction costs, specific non-recurring item and non-cash items, including straight-lining of rental income, the amortisation of debt establishment fees and any fair value adjustment to investment properties and derivatives.*

[2] *Calculated on a weighted average basis.*

Balance Sheet	30 Jun 2020 ($'million)	31 Dec 2019 ($'million)	Change
Total assets	$2,835.0	$2,718.1	4.3%
Net assets	$1,862.3	$1,782.9	4.5%
Net tangible assets per security	$2.38	$2.29	3.9%

HIGHLIGHTS

- Statutory net profit increased $80.1 million from $56.9 million in 2019 to $137.0 million in 2020 largely due to gross valuation gains ($86.6 million[3]) and increased rental income from acquisitions and contracted rent reviews ($4.8 million) offset by straight-line rental income ($10.6 million), write off of acquisition costs ($2.4 million) and swap termination costs ($3.5 million).
- Distributable income increased $2.1 million from $55.7 million in 2019 to $57.8 million in 2020 due to rental income from acquisitions and contracted rent reviews ($4.8 million) partially offset by lower finance income ($0.3 million), higher management and administration expenses ($1.3 million) and higher associated funding costs ($1.1 million).
- FY20 guidance upgraded to growth in Distributable Earnings per security of 4.00% to 4.25% over FY19 as announced on 14 August 2020.
- Net tangible assets per security at 30 June 2020 increased by 3.9% to $2.38 (31 December: $2.29) largely due to net valuation gains on investment property.
- **Business Update**
    - Following Viva Energy Group Limited's ('Viva Energy Group') sale of its entire 35.5% interest in the Group in February 2020, Viva Energy Group's nominee directors resigned at the Group's Annual General Meeting on 14 May 2020. At the same time, an implementation deed was executed, providing a clear framework for the internalisation of management to the Group on or before 31 October 2020 whilst ensuring stability and certainty for security holders. In connection with the transaction, a $2.5 million facilitation payment is payable to Viva Energy Group and related expenses totalling approximately $3.3 million (including a $1.4 million expense in relation to a run-off insurance policy in favour of VER Manager and VER Limited) are expected to be incurred in the second half of the year. None of these non-recurring costs totalling $5.8 million will form part of Distributable income.
    - To date, the Group has not been materially impacted by COVID-19 with less than $0.1 million of rental relief agreed with seven non-fuel tenants (of which 50% has been waived and 50% deferred in accordance with the Commercial Code of Conduct).
- **Property Portfolio**
    - Since listing on the ASX in 2016, approximately one-third of the Group's property portfolio has been independently valued as at 31 December each year. Due to the uncertainty caused by COVID-19, the Group brought forward the timing of its annual independent valuations from 31 December to 30 June this year. In the absence of COVID-19 or other extenuating circumstances, management intends to have one-sixth of the portfolio independently valued every six months going forward.
    - Approximately one-third of the portfolio was independently valued at 30 June 2020 with Directors' valuations performed on the remaining two-thirds of the portfolio. The overall portfolio WACR was 5.79% at 30 June 2020.
    - Five properties were acquired during the half-year for $32.5 million with a WACR of 6.25%.
    - $7.2 million was invested across eight development fund-through projects during the half-year, with a further $10.9 million committed in 2020.

[3] *Inclusive of valuation gain arising from 3% annual rent review effective 8 August 2020 on 425 properties, adjusted to reflect the 38-day period between 30 June and 8 August.*

- **Capital Management**
  - Consent to waive the review event triggered by Viva Energy Group's sale of its 35.5% stake in the Group was received on $976.6 million of debt facilities (89% of total debt) and a further $20.0 million of debt was repaid to one lender with an associated interest rate swap terminated at a cost of $3.5 million.
  - Gearing was 30.5%[4] at 30 June 2020, at the lower end of the target gearing range of 30% to 45%.
  - $879.7 million of debt drawn as at 30 June 2020.
  - Extended swaps with a notional value of $196.5 million to a five-year term, increasing the weighted average hedge maturity to 2.9 years with 88.3% of debt hedged as at 30 June 2020.
  - Re-financed $325 million of bank debt and priced US$178m (c.A$250m) US Private Placement spread across 7, 10 & 12 year tranches at a weighted average maturity of 9.2 years and a weighted average margin of 2.81% over BBSY.
  - Weighted average debt maturity increased 1.4 years to 4.3 years[5].

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DISTRIBUTIONS

	Cents per security	Date paid or payable
Final for the year ended 31 December 2019 *(record date 31 December 2019)*	7.19	27 February 2020
Interim for the half-year ended 30 June 2020 (*record date 30 June 2020*)	7.41	27 August 2020

Distributions are 100% from Australian sourced income from Waypoint REIT Trust. No franked dividends were paid or payable from Waypoint REIT Limited.

The Group's Distribution Reinvestment Plan (DRP) remains active. The Group raised $5.8 million from issuing 2.2 million securities at $2.6841 per security on 27 February 2020. The Group expects to raise $10.8 million from issuing 4.2 million securities at $2.5856 per security on 27 August 2020 under the DRP with respect to election notices received by 3 July 2020.

CONTROL GAINED OR LOST OVER ENTITIES DURING THE PERIOD

On 5 May 2020, the Group formed Waypoint Operations Pty Limited, which remained dormant during the period. The Group did not lose control of any entities during the period.

ADDITIONAL INFORMATION

For additional information regarding the results of the Group for the half year ended 30 June 2020, please refer to the Half Year Results – ASX Media Announcement and the Half Year Results Presentation for the six months to 30 June 2020 lodged with ASX. Attached with this Appendix 4D is a copy of the interim financial report for the half year ended 30 June 2020.

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[4] *Calculated as net debt/total assets minus cash. This differs from Covenant Gearing which is equal to 33.2%.*

[5] *Proforma to include replacement of existing $50 million bilateral facility maturing in April 2021 with a new $50 million 3-year bilateral facility entered in July 2020 and US$178m (c.A$250m) US Private Placement announced on 14 August 2020.*

INTERIM FINANCIAL REPORT

For the Half-year Ended
30 June 2020

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DIRECTORS' REPORT

The directors of Waypoint REIT Limited ('Company') and VER Limited ('Responsible Entity'), the responsible entity of Waypoint REIT Trust ('Trust'), present their report and the financial statements for the half-year ended 30 June 2020 for Waypoint REIT.

Effective 14 May 2020, the Company was renamed from Viva Energy REIT Limited to Waypoint REIT Limited and the Trust was renamed from Viva Energy Trust to Waypoint REIT Trust.

Waypoint REIT ('Group') is a stapled group consisting of the Company and the Trust and their respective controlled entities. The Trust owns the portfolio of service station and retail convenience properties, either directly or through its 100% controlled entities. The Company owns all of the shares in VER Limited (the Responsible Entity).

VER Manager Pty Limited is a wholly owned subsidiary of Viva Energy Group Limited ('Viva Energy Group').

Directors of Waypoint REIT Limited

The following persons were directors of Waypoint REIT Limited during the half-year and up to the date of this report:

Laurence Brindle	Independent Non-executive Chairman
Georgina Lynch	Independent Non-executive Director
Stephen Newton	Independent Non-executive Director

Following Waypoint REIT and Viva Energy Group entering an Implementation Deed facilitating the internalisation of management, Non-independent Non-executive Directors, Jevan Bouzo and Lachlan Pfeiffer, both resigned effective 14 May 2020.

Tina Mitas was appointed as Company Secretary on 15 May 2018 and continues in office at the date of this report.

Directors of VER Limited

The following persons were directors of VER Limited during the half-year and up to the date of this report:

Laurence Brindle	Independent Non-executive Chairman
Georgina Lynch	Independent Non-executive Director
Stephen Newton	Independent Non-executive Director

Lachlan Pfeiffer (Non-independent Non-executive Director) resigned effective 14 May 2020.

Tina Mitas was appointed as Company Secretary on 15 May 2018 and continues in office at the date of this report.

Principal activities

During the period, the principal activity of Waypoint REIT was investment in service station and convenience retail property.

Waypoint REIT owns a portfolio of 474 service station and convenience retail properties located in all Australian states and mainland territories. The properties in the portfolio are leased on a long-term basis to Viva Energy Australia Pty Limited ('Viva Energy' - a wholly owned subsidiary of Viva Energy Group), other service station operators and various convenience and fast food store operators.

Significant changes in state of affairs

Following Viva Energy Group's sale of its entire 35.5% interest in the Group in February 2020, Viva Energy Group's nominee directors resigned at the Group's Annual General Meeting on 14 May 2020. At the same time, an implementation deed was executed, providing a clear framework for the internalisation of management to the Group on or before 31 October 2020 whilst ensuring stability and certainty for security holders. In connection with the transaction, a $2.5 million facilitation payment is payable to Viva Energy Group and related expenses totalling approximately $3.3 million (including a $1.4 million expense in relation to a run-off insurance policy in favour of VER Manager and VER Limited) are expected to be incurred. None of these non-recurring costs totalling $.5.8 million will form part of Distributable income.

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

Distribution to security holders

Distributions paid to or provided for during the period were as follows:

	2020 $'000	2019 $'000
Final distribution for year ended 31 December 2019 – 7.19 cents per security paid on 27 February 2020	55,988	-
Final distribution for year ended 31 December 2018 – 7.03 cents per security paid on 28 February 2019	-	51,020
Total distributions paid	**55,988**	**51,020**

The Group is expecting to pay an interim distribution of 7.41 cents per security ($57.9 million) on 27 August 2020 for the half-year ended 30 June 2020, including $10.8 million of distributions in the form of new securities under the DRP at an issue price of $2.5856 per security.

Operating and financial review

Key highlights

Waypoint REIT is Australia's largest listed REIT owning solely service station and convenience retail properties with a high quality portfolio of properties across all Australian States and mainland Territories. Waypoint REIT's objective is to maximize the long-term income and capital returns from its ownership of the portfolio for the benefit of all security holders.

Statutory net profit increased $80.1 million from $56.9 million in 2019 to $137.0 million in 2020 due to gross valuation gains ($86.6 million) and increased rental income from acquisitions and contracted rent reviews ($4.8 million) offset by straight-line rent adjustments ($10.6 million), write off of acquisition costs ($2.4 million) and swap termination costs ($3.5 million).

Distributable income increased $2.1million from $55.7 million in 2019 to $57.8 million in 2020 due to rental income from acquisitions and contracted rent reviews ($4.8 million) partially offset by lower finance income ($0.3 million), higher management and administration expenses ($1.3 million) and higher associated funding costs ($1.1 million).
The normalised management expense ratio ('MER') was 0.24% (2019: 0.23%) for the period with the increase attributed to higher insurance and regulatory costs and additional compliance headcount.

Gearing was 30.5% at 30 June 2020 (30 June 2019: 30.4%), at the lower end of the target gearing range of 30% to 45%.

Net tangible assets per security at 30 June 2020 increased by 3.9% to $2.38 (31 December 2019: $2.29) largely due to net valuation gains on investment property.

Key financial metrics

	Half year ended 30 Jun 2020	Half year ended 30 Jun 2019
Statutory net profit	$137.0 million	$56.9 million
Distributable income[(1)]	$57.8 million	$55.7 million
Distributable income per security	7.41 cents	7.18 cents
Management expense ratio [(2)]	0.24%	0.23%

	As at 30 Jun 2020	As at 31 Dec 2019
Total assets	$2,835.0 million	$2,718.1 million
Investment properties	$2,810.2 million	$2,684.2 million
Borrowings	$879.7 million	$846.7 million
Net assets	$1,862.3 million	$1,782.9 million
NTA per security	$2.38	$2.29
Gearing [(3)]	30.5%	30.4%
Covenant Gearing [(4)]	33.2%	33.5%

(1) *Distributable income is not a statutory measure of profit and is calculated as net profit adjusted to remove transaction costs, specific non-recurring items and non-cash items, including straight-lining of rental income, the amortisation of debt establishment fees and any fair value adjustment to investment properties and derivatives.*

(2) *Management expense ratio is shown on an annualised basis and is calculated as the ratio of management and administration expenses (excludes net property expenses and non-recurring expenses) over average total assets (excluding derivative financial assets). MER including non-recurring items associated with recent management changes was 28 bps for the half year ended 30 June 2020 (30 June 2019: 23 bps).*

(3) *Gearing is calculated as net debt divided by total assets excluding cash.*

(4) *Covenant Gearing is calculated as total liabilities/total assets but excluding any mark-to-market valuations of derivative assets/liabilities. This is the measure used to determine compliance with the Group's gearing covenants.*

Financial results

	Half year ended 30 Jun 2020 $'000	Half year ended 30 Jun 2019 $'000
Rental income	79,141	74,318
Finance income	165	490
Total operating income	**79,306**	**74,808**
Management and administration expenses	(4,503)	(3,245)
Interest expense	(17,001)	(15,842)
Distributable income	**57,802**	**55,721**
Gain / (loss) on valuation of investment properties	73,609	(2,129)
Straight-line rental income	10,645	12,942
Amortisation of borrowing costs	(1,449)	(444)
Interest rate swap termination / restructure expense	(3,545)	(9,189)
Gain on derivatives financial instruments	71	-
Internalisation costs	(137)	-
Statutory net profit	**136,996**	**56,901**

Investment property portfolio

	30 June 2020	31 Dec 2019
Total value of investment properties	$2,810.2 million	$2,684.2 million
Total properties in portfolio	474	469
Portfolio occupancy	100%	100%
Weighted average lease expiry	11.3 years	11.7 years

Since listing on the ASX in 2016, approximately one-third of the Group's property portfolio has been independently valued as at 31 December each year. Due to the uncertainty caused by COVID-19, the Group brought forward the timing of its annual independent valuations from 31 December to 30 June this year. In the absence of COVID-19 or other extenuating circumstances, management intends to have one-sixth of the portfolio independently valued every six months going forward.

Capital management

The Group paid a final distribution of $56.0 million on 27 February 2020 for the year ended 31 December 2019, including $5.8 million issued as new securities at $2.6841 per security via the DRP.

The Group is expecting to pay an interim distribution of $57.9 million on 27 August 2020 for the half-year ended 30 June 2020, including $10.8 million in the form of new securities under the DRP at an issue price of $2.5856 per security.

On 31 May 2020, the Trust reallocated capital of $5.7 million to the Company in accordance with recent Constitutional amendments and consistent with market practice. This capital reallocation did not affect the number of shares on issue nor the number of units held by security holders and did not result in any cash distribution to security holders.

Viva Energy Group's sale of its 35.5% stake in the Group triggered a review event under the Group's facility agreements. Consent to waive the review event was received on $976.6 million of debt facilities (89% of total debt) and a further $20.0 million of debt was repaid to one lender with an associated interest rate swap terminated at a cost of $3.5 million.

During April 2020, the Group refinanced part of its revolving credit facilities with a new $275.0 million 4 year facility entered with a syndicate of banks.

At 30 June 2020, gearing of 30.5% was at the lower end of the target range of 30% to 45%.

Interest rate management

During the period, the Group managed its interest rate risk in accordance with its Treasury and Risk Management policy.

During June 2020, the Group extended interest rate swaps with a $196.5 million notional value to a five-year term maturing in August 2025, reducing the weighted average hedge rate from 2.1% to 1.88% and increasing the weighted average hedge maturity to 2.9 years. At 30 June 2020, 88.3% of the Group's debt was hedged.

2020 outlook

The Group expects rental income from the existing service station portfolio to grow in line with contracted annual rental increases and will consider opportunities to acquire new service station and convenience retail properties that satisfy its investment objectives and guidelines. Further, the Group will continue to review it capital strategy and opportunities for enhancement to the sources and tenor of funding.

FY20 guidance upgraded to growth in Distributable Earnings per security of 4.00% to 4.25% over FY19 on 14 August 2020.

Matters subsequent to the end of the financial period

Subsequent to the end of the financial period:

- The directors have confirmed the payment of a distribution for the half-year ended 30 June 2020 of $57.9 million which is expected be paid on 27 August 2020;
- On 13 July 2020, the Group replaced an existing $50.0 million bilateral facility maturing in April 2021 (facility limit was reduced from $100.0 million and maturity date shortened from January 2022 under the review event) with a new $50.0 million bilateral facility maturing in July 2023;
- On 4 August 2020, the Victorian state government implemented Stage 4 restrictions. Under these restrictions, service stations are identified as one of the retail services that is permitted to continue operating. To date, these measures have not had a material impact on the Group's operations; and,
- On 14 August 2020, the Group:
  - priced a US$178m (c.A$250m) US Private Placement spread across 7, 10 & 12 year tranches at a weighted average maturity of 9.2 years and a weighted average margin of 2.81% over BBSY; and
  - entered associated cross currency contracts to mitigate foreign exchange risk.

No other matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect:

- the operations of the Group in future financial years;
- the results of those operations in future financial years; or
- the state of affairs of the Group in future financial years.

Material business risks

The Group has reviewed its Risk Management Framework in preparation for the upcoming internalisation of management and to ensure it remains effective in the COVID-19 operating environment. Effective on the internalisation date, the structure will be amended to include new risks associated with the internalisation of management, including human resources, employee safety and working practices as well as cyber security risks. No other material changes have been made to the structure of the framework, however changes have been made to the way it is implemented in order to ensure appropriate risk management at this time. These changes include ongoing monitoring and reporting of COVID-19 impacts to the Board and a review of the 2020 Audit Plan to align with revised key risks. The Group's Risk Appetite Statement has also been reviewed by Management and the Board to consider the impact of internalisation and COVID-19. The Responsible Entity also has a Compliance Plan which sets out the key processes, systems and measures that the Responsible Entity will apply in operating the Trust. The Compliance Plan includes a compliance management and reporting structure. The material business risks that could adversely affect the achievement of the Group's financial prospects include the following:

Tenant concentration risk, financial standing and sector concentration risk
97% of the Group's rental income is received from Viva Energy. If Viva Energy's financial standing materially deteriorates Viva Energy's ability to make rental payments to Waypoint REIT may be adversely impacted, which may have a materially adverse impact on the Group's results of operations, financial position and ability to service and/or obtain financing.

Furthermore, a material decline in the profitability of Viva Energy's business could affect the perceived stability of the rental income of Waypoint REIT and may affect Waypoint REIT's ability to obtain financing on acceptable terms, and lead to lesser capacity to pay market rents when renewal options are exercised and a decline in the values of Waypoint REIT's investment properties.

Termination of Viva Energy's right to use Shell branding could adversely affect Viva Energy's ability to meet its rental obligations and therefore the value of Waypoint REIT's portfolio of investment properties and its ability to service and/or obtain financing.

Collection risk
Collectability of trade debtors is reviewed regularly and bad debts are written off when identified. A specific provision for doubtful debts is made when there is objective evidence that the Group may not be able to collect the amounts due according to the original terms of the receivable. The amount of the impairment loss is the difference between the asset's carrying amount and the present value of estimated future cash flows.

99.2% of the Group's income is derived from fuel tenants who have continued to operate through COVID-19, providing essential services to the community. Accordingly, the Group has not been materially impacted by COVID-19 to date with less than $0.1 million of rental relief agreed with seven non-fuel tenants (of which 50% has been waived and 50% deferred in accordance with the Commercial Code of Conduct).

Investment property value
The value of the Group's portfolio of investment properties may be adversely affected by a number of factors, including factors outside the control of the Group, such as supply and demand for service station properties, general property market conditions, the availability and cost of credit, the ability to attract and implement economically viable rental arrangements, Viva Energy's financial condition deteriorating, occupiers not extending the term of leases, re-leasing of properties, capitalisation rates and general economic factors such as the level of inflation and interest rates. As changes in valuations are recorded on the statutory net profit statement, any decreases in value will have a negative impact on the statutory net profit statement and net tangible assets per security and in turn the market price of the Group's securities may fall.

Environmental and climate risk
The Group depends on its tenants to perform their obligations under various environmental arrangements in relation to properties they lease. If the tenants were to fail to meet their obligations under these arrangements (including due to their insolvency), the Group may incur significant costs to rectify contamination on its properties and also on other properties which may be consequently impacted.

The Group is subject to a range of regulatory regimes that cover the specific assets of the Group and how they are operated and the Group's Australian Financial Services Licence ('AFSL'). These regulatory regimes are subject to ongoing review and change which may increase the cost of compliance, reporting and maintenance of the Group's assets.

Extreme weather and other climate change related events have the potential to damage the Group's assets and disrupt the tenants' operations. Such events may increase costs for maintenance and insurance of the Group's assets, and may affect the ability to re-lease the Group's investment properties in the future and the rent levels for which they can be leased, thereby affecting future investment property valuations and rental cash flows. Insurance premiums and/or deductibles may change or insurance may not be able to be obtained at all.

The precise nature of these risks is uncertain as it depends on complex factors such as policy change, technology development, market forces, and the links between these factors and climatic conditions.

Cash flow and fair value interest rate risk
The Group's cash and cash equivalents, floating rate borrowings and interest rate swaps expose it to a risk of change in fair value or future cash flows due to changes in interest rates. The Group economically hedges some of its exposure to changes in interest rates on variable rate borrowings by using floating-to-fixed interest rate swaps. By hedging against changes in interest rates, the Group has limited its exposure to changes in interest rates on its outward cash flows so long as the counterparties to those interest rate swaps meet their obligations to the Group.

Liquidity risk
Liquidity risk is the risk that the Group may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous. The Group monitors its exposure to liquidity risk by ensuring that there is sufficient cash on hand as required or debt facility funding available to meet financial liabilities as they fall due.

Debt agreement and refinancing risk
The Group has outstanding debt facilities. General economic and business conditions that impact the debt or equity markets could impact the Group's ability to refinance its debt facilities when required. If the covenants in these facilities are breached by the Group this may result in the Group being subject to increased interest rate margins and covenants restricting its ability to engage in certain types of activities or to pay distributions to security holders. Debt may not be able to be obtained at all.

If debt facilities are not available or are not available in adequate volume the Group may need to sell assets to repay debt. There is no guarantee that there will be willing purchasers for the Group's assets or that purchasers will pay prices at or greater than book value of these investment properties.

If an entity gains control of Waypoint REIT, then this would constitute a review event under certain of the Group's debt facility agreements, and (subject to specified negotiation and notification periods) a repayment of the Group's debt facilities may be required.

The directors regularly monitor the debt facility covenants to ensure compliance and consider the refinancing options and timing available to the Group.

AFSL compliance risk
VER Limited, a subsidiary of Waypoint REIT Limited, holds an AFSL and acts as a responsible entity for the Group's managed investment scheme. The AFSL requires minimum levels of net tangible assets, liquid assets, cash reserves and liquidity, which may restrict the Group in paying distributions that would breach these requirements.

On a quarterly basis, the directors review and monitor VER Limited's balance sheet to ensure compliance with its AFSL requirements.

Personnel risk
The Group is managed by VER Manager Pty Limited ('Manager'), a subsidiary of Viva Energy Group Limited. As the Group does not have direct employees (other than non-executive directors), it is reliant on the expertise and experience of the key executives Viva Energy Group make available to the Manager which provide the services to the Group under the Management Agreement. As a consequence, loss of such key personnel could potentially have an adverse impact on the management and the financial performance of the Group and in turn may affect the returns to security holders. Post internalisation on or before 31 October 2020, this risk will be partly mitigated as management services will be provided directly by employees of Waypoint REIT.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 10.

Transactions with Viva Energy Group Limited or its associates

The Manager, a subsidiary of Viva Energy Group Limited, is reimbursed for costs incurred in the provision of staff and related services to the Group.

	2020	2019
Reimbursement of costs paid to VER Manager Pty Limited (reported as part of Management and administrative expenses)	$3.1 million	$1.2 million

On 24 September 2018, the Group received an assessment from the Victorian State Revenue Office ('SRO") for $31.2 million. The assessment relates to the transfer of Victorian properties to the Group prior to its listing in August 2016. Pursuant to the arrangements between the Group and Viva Energy Group, any such costs will remain payable by Viva Energy Group. Viva Energy Group lodged an objection to the assessment on 2 November 2018 and assumed conduct of this matter under a conduct and indemnity deed. In May 2020, the SRO disallowed Viva Energy Group's objection and Viva Energy Group are appealing this matter which has now been referred to the Supreme Court.

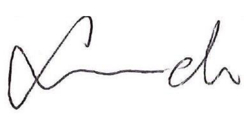
Confirmation from the SRO that stamp duty has been paid is a prerequisite for Land Use Victoria, the agency that manages Victoria's land titles registry, to register a transfer of land. Pending resolution of the above matter, Viva Energy Group remains the registered proprietor of these properties. Once this matter is resolved, the signed transfers of the titles to the properties are expected to be registered to Waypoint REIT.

In connection with the internalisation of the Group's management function, a $2.5 million facilitation payment is payable to Viva Energy Group and a $1.4 million expense in relation to a run-off insurance policy in favour of VER Manager and VER Limited on or before 31 October 2020.

Rounding of amounts to the nearest thousand dollars

The Group is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the "rounding off" of amounts in the Directors' Report. Amounts in the Directors' Report have been rounded off in accordance with that instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

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



Laurence Brindle
Chairman

20 August 2020

Auditor's Independence Declaration

As lead auditor for the review of Waypoint REIT for the half-year ended 30 June 2020, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Waypoint REIT and the entities it controlled during the period.

Charles Christie
Partner
PricewaterhouseCoopers

Melbourne
20 August 2020

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FINANCIAL STATEMENTS

For the Half-year Ended
30 June 2020

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This financial report is for Waypoint REIT.

Waypoint REIT comprises Waypoint REIT Limited ACN 612 986 517 ('Company') and VER Limited (ABN 43 609 868 000; AFSL 483795) as responsible entity of Waypoint REIT Trust (ARSN 613 146 464) ('Trust') and their controlled entities, together the 'Group'.

The financial report is presented in Australian currency.

The manager of the Trust during the half year ended 30 June 2020 was VER Manager Pty Limited ('Manager').

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 30 JUNE 2020

	NOTES	2020 $'000	2019 $'000
Rental income from investment properties		79,141	74,318
Non-cash straight-line lease revenue from investment properties		10,645	12,942
Finance income		165	490
Net gain on movement in fair value of investment properties		73,609	-
Total income		**163,560**	**87,750**
Management and administration expenses		(4,640)	(3,245)
Finance costs	2	(18,450)	(16,286)
Interest rate swap termination / restructure expense		(3,545)	(9,189)
Net gain from derivative financial instruments		71	-
Net loss on movement in fair value of investment properties	3	-	(2,129)
Total expenses		**(26,564)**	**(30,849)**
Net profit before income tax		**136,996**	**56,901**
Income tax expense		-	-
Net profit after tax		**136,996**	**56,901**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Unrealised losses on cash flow hedges		(5,552)	(17,235)
Total comprehensive income		**131,444**	**39,666**
Total comprehensive income/(loss) for the period attributable to Waypoint REIT security holders, comprising:			
- shareholders of Waypoint REIT Limited		387	128
- unitholders of Waypoint REIT Trust (non-controlling interests)		131,057	39,538
		131,444	**39,666**
Earnings per security		**cents**	**cents**
Basic earnings per security		16.85	5.23
Diluted earnings per security		16.85	5.23

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

CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2020

	NOTES	30 Jun 2020 $'000	31 Dec 2019 $'000
ASSETS			
Current assets			
Cash and cash equivalents		22,327	27,505
Other current assets		1,183	914
Total current assets		**23,510**	**28,419**
Non-current assets			
Investment properties	3	2,810,204	2,684,193
Other non-current assets		1,334	5,505
Total non-current assets		**2,811,538**	**2,689,698**
Total assets		**2,835,048**	**2,718,117**
LIABILITIES			
Current liabilities			
Trade and other payables		4,035	4,856
Rent received in advance		1,519	2,314
Interest payable		3,619	3,007
Distribution payable	6	57,862	55,988
Total current liabilities		**67,035**	**66,165**
Non-current liabilities			
Borrowings	4	874,310	843,118
Derivative financial instruments	5	31,403	25,922
Total non-current liabilities		**905,713**	**869,040**
Total liabilities		**972,748**	**935,205**
Net assets		**1,862,300**	**1,782,912**
EQUITY			
Contributed equity – the Company		7,726	2,024
Accumulated losses		(896)	(1,283)
		6,830	741
Non-controlling interests – the Trust	8	1,855,470	1,782,171
Total equity		**1,862,300**	**1,782,912**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 30 JUNE 2020

	NOTES	Contributed equity $'000	Accumulated losses $'000	Non-controlling interests $'000	TOTAL $'000
Balance at 1 January 2019		**2,542**	**(1,390)**	**1,593,507**	**1,594,659**
Profit for the period		**-**	**128**	**56,773**	**56,901**
Other comprehensive income:					
Effective portion of changes in fair value of cash flow hedges		-	-	(17,235)	(17,235)
Total comprehensive profit for the period		**-**	**-**	**(17,235)**	**(17,235)**
Transactions with owners in their capacity as owners					
Issue of securities under institutional placement	7	72	-	99,928	100,000
Issue of securities under Security Purchase Plan		7	-	9,990	9,997
Equity raising costs		(600)	-	(1,489)	(2,089)
Issue of securities under Distribution Reinvestment Plan		4	-	5,607	5,611
Distributions paid or provided for	6	-	-	(55,694)	(55,694)
Total transactions with owners in their capacity as owners		**(517)**	**-**	**58,342**	**57,825**
Balance at 30 June 2019		**2,025**	**(1,262)**	**1,691,387**	**1,692,150**
Balance at 1 January 2020		**2,024**	**(1,283)**	**1,782,171**	**1,782,912**
Profit for the period		**-**	**387**	**136,609**	**136,996**
Other comprehensive income:					
Effective portion of changes in fair value of cash flow hedges		-	-	(5,552)	(5,552)
Total comprehensive profit for the period		**-**	**-**	**(5,552)**	**(5,552)**
Capital reallocation		**5,700**	**-**	**(5,700)**	**-**
Transactions with owners in their capacity as owners					
Issue of securities under Distribution Reinvestment Plan		2	-	5,804	5,806
Distributions paid or provided for	6	-	-	(57,862)	(57,862)
Total transactions with owners in their capacity as owners		**2**	**-**	**(52,058)**	**(52,056)**
Balance at 30 June 2020		**7,726**	**(896)**	**1,855,470**	**1,862,300**

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 30 JUNE 2020

	NOTES	2020 $'000	2019 $'000
Cash flows from operating activities			
Rental income from investment properties (inclusive of GST)		84,725	80,426
Payments to suppliers and employees (inclusive of GST)		(10,562)	(8,922)
		74,163	**71,504**
Interest received		166	490
Interest paid		(16,690)	(16,199)
Net cash inflow from operating activities		**57,639**	**55,795**
Cash flows from investing activities			
Payments for acquisition of investment properties		(38,789)	(47,813)
Net cash outflow from investing activities		**(38,789)**	**(47,813)**
Cash flows from financing activities			
Proceeds from issue of securities (net of costs)		-	107,811
Proceeds from borrowings (net of borrowing costs)		153,683	53,272
Repayments of borrowings		(124,000)	(105,000)
Payments in relation to derivatives		(3,545)	(9,189)
Distributions paid to security holders	6	(50,166)	(45,409)
Net cash inflow/(outflow) from financing activities		**(24,028)**	**1,485**
Net increase/(decrease) in cash and cash equivalents		**(5,178)**	**9,467**
Cash and cash equivalents at beginning of the half-year		27,505	12,330
Cash and cash equivalents at end of the half-year		**22,327**	**21,797**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE STRUCTURE AND GENERAL INFORMATION

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

Effective 14 May 2020, the Company was renamed from Viva Energy REIT Limited to Waypoint REIT Limited and the Trust was renamed from Viva Energy Trust to Waypoint REIT Trust. Effective 18 May 2020, the ASX ticker was also changed from VVR to WPR.

Waypoint REIT is a stapled group consisting of the Company and the Trust and their wholly owned entities. The Trust indirectly owns the investment property portfolio through its 100% ownership of the trusts which own the investment properties and receive rent under leases. The Company directly owns all of the shares in VER Limited ('Responsible Entity').

These consolidated financial statements contain the results of the Group for the half-year ended 30 June 2020.

The financial statements were authorised for issue by the directors on 20 August 2020. The directors have the power to amend and reissue the financial statements.

The manager of the Group during the half year was VER Manager Pty Limited, a wholly owned subsidiary of Viva Energy Group Limited.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. Waypoint REIT is a for-profit entity for the purpose of preparing the financial statements.

The interim financial report does not include all notes normally included in an annual financial report. Accordingly, this report should be read in conjunction with the annual report for the year ended 31 December 2019 and any public announcements made by the Group during the period ended 30 June 2020 in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Unless otherwise stated, the accounting policies adopted in the preparation of the interim financial report are consistent with those of the previous financial year.

(b) Comparative information

Where necessary, comparative information has been adjusted to conform to changes in presentation in the current period.

(c) Going concern

As at 30 June 2020, the Group had a net current asset deficiency of $43.5 million. The Group uses cash at bank to pay for distributions and expenses (including property purchases), drawing down on revolving debt facilities when required. Revolving debt facilities are then repaid when there is excess cash available. The Group has $122.0 million of unused debt facilities at 30 June 2020, which can be drawn upon to fund the Group's cashflow requirements.

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

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

(d) Compliance with International Financial Reporting Standards

The consolidated financial statements of the Group also comply with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB').

(e) New and amended standards adopted by the Group

No new standards and amendments have been applied by the Group for the first time for the reporting period commencing 1 January 2020.

(f) Critical accounting estimates and judgements

The Group makes estimates and judgements that affect the reported amounts of assets and liabilities. Estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Estimates and judgements which are material to the financial report are found in the following notes:

- Investment properties (Note 3)
- Derivative financial instruments (Note 5)

In response to the increased uncertainty, the Group has assessed the carrying value of its assets and liabilities in light of COVID-19. Specific areas of assessment include impairment testing, assessment of expected credit losses and fair value measurement of investment properties and associated disclosures within the financial statements.

2. FINANCE COSTS

	2020 $'000	2019 $'000
Interest paid or payable	17,001	15,842
Amortisation of borrowing costs	601	444
Write off of loan establishment costs due to refinancing	848	-
Total finance costs	**18,450**	**16,286**

3. INVESTMENT PROPERTIES

(a) Valuations and carrying amounts

	30 June 2020 $'000	31 December 2019 $'000
Service station and convenience retail properties	2,810,204	2,684,193
Total investment properties	**2,810,204**	**2,684,193**

Independent valuations were performed on 157 investment properties as at 30 June 2020 by Jones Lang LaSalle, representing approximately one-third of the Group's 474 properties and a broad cross-section of the Group's portfolio, with a metro/regional split of 73% / 27% respectively, consistent with the overall composition of the Group's portfolio.

As a result of COVID-19, Jones Lang LaSalle has reported these valuations on the basis of "material valuation uncertainty" in accordance with the API valuation protocol "Significant Market Uncertainty" issued on 29 March 2020:

> *Material valuation uncertainty: The possibility that the Valuer's professional opinion as to the Market Value of the asset may differ from the price that could be achieved in a transfer of the asset as at the valuation date, assuming all other market conditions and variables remain constant.*

The independent valuations were carried out in a manner consistent with prior periods with the exception of valuers not being able to inspect areas not accessible to the public (i.e. store rooms) *and, due to travel restrictions preventing entry to Tasmania, The Valuation Protocol – Guidelines For API Declared Time Of Crisis And / Or State Of Emergency Impacting Physical Inspections Of Real Property was utilized for three Tasmanian assets*. These limitations did not impact overall valuation outcomes. The independent valuations can be relied upon for a 90 day period ending 28 September 2020.

The directors have reviewed the independent valuation outcomes and determined they are appropriate to adopt as at 30 June 2020. The key inputs into the valuation are based on market information for comparable properties. The independent valuers have experience in valuing similar assets and have access to market evidence to support their conclusions. Comparable sales are considered to be those in similar markets, of similar scale and condition and with similar lease terms to the subject property.

For investment properties not independently valued during the period, directors' valuations have been performed. The directors' valuations were determined by capitalising each property's rent as at 30 June 2020 at the prior year's capitalisation rate, adjusted with reference to the change in capitalisation rate evident in the 157 independently valued properties when considered in light of investment properties in the same state and with similar lease terms, segregated between metropolitan and regional sites. The results are assessed and further work performed to address any outlier results identified. Investment properties not independently valued during the period were most recently independently valued effective 31 December 2018 or 31 December 2019, or on acquisition.

The key inputs into valuations are:

- passing rent*;
- market rents;
- capitalisation rates;
- lease terms;
- discount rate; and
- estimates of the quantum and timing of future cash flows.

* The initial portfolio of 425 properties acquired at the time of the Group's initial public offering in 2016 have a lease anniversary date of 8 August. Given the proximity of this date, a theoretical sale price struck on 30 June would factor in this review as settlement would likely occur on or around 8 August. Accordingly, the 3% fixed rent increase, adjusted to reflect the 38-day period between 30 June and 8 August, is reflected in the 30 June 2020 valuations.

Key assumptions	**30 June 2020**	**31 December 2019**
Weighted average capitalisation rate	5.79%	5.81%
Weighted average lease expiry	11.3 years	11.7 years

(b) Movements during the financial period

	2020	**2019**
At fair value	**$'000**	**$'000**
Opening balance	2,684,193	2,496,128
Property acquisitions	34,212	60,178
Capital expenditure on site development	7,231	32,050*
Straight-line rental asset	10,645	23,375
Fair value adjustment to investment properties	86,570	99,906
Revaluation decrement attributable to acquisition costs, and straight-lining of rental income	(12,647)	(27,133)
Disposal of investment properties	-	(311)
Closing balance	**2,810,204**	**2,684,193**

* Reclassified from Other Non-Current Assets to conform with current year presentation.

4. BORROWINGS

	30 June 2020 $'000	31 December 2019 $'000
Non-current liabilities		
Syndicated bank facilities	839,687	761,687
Bilateral bank facility	-	25,000
Institutional term loans	40,000	60,000
Sub-total	**879,687**	**846,687**
Unamortised borrowing costs	(5,377)	(3,569)
Total unsecured borrowings	**874,310**	**843,118**
Total facilities available	**1,001,687**	**1,096,687**
Total undrawn facilities available	122,000	250,000

The weighted average tenure as at 30 June 2020 was 2.9 years (31 December 2019: 2.9 years), and maturity dates range from 30 April 2021 to 2 September 2026. Subsequent to the reporting date, the undrawn bilateral $50.0 million facility was replaced with a new 3-year $50.0 million facility and a US $178.0 million (c. A$ 250.0 million) US Private Placement was priced, increasing the weighted average tenure to 4.3 years and amending the earliest maturity date to June 2022.

5. DERIVATIVE FINANCIAL INSTRUMENTS

The Group has the following derivative financial instruments:

	30 June 2020 $'000	31 December 2019 $'000
Non-current liabilities		
Interest rate swaps	31,403	25,922
	31,403	**25,922**

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

	30 June 2020 $'000	31 December 2019 $'000
1 to 2 years	275,844	368,344
2 to 3 years	264,000	110,000
3 to 4 years	-	258,000
4 to 5 years	-	-
5 to 6 years	196,500	-
6 to 7 years	40,000	40,000
7 to 8 years	-	-
8 to 9 years	-	20,000
	776,344	**796,344**

As at 30 June 2020, swaps were in place to cover 88.3% of drawn facilities, the weighted average hedge rate was 1.88% per annum and the weighted average term was 2.9 years.

6. DISTRIBUTIONS TO SECURITY HOLDERS

	2020 $'000	2019 $'000
Final distribution for the year ended 31 December 2019 – 7.19 cents per security paid on 27 February 2020	55,988	-
Final distribution for the year ended 31 December 2018 – 7.03 cents per security paid on 28 February 2019	-	51,020
Total distributions paid	**55,988**	**51,020**

The Group is expecting to pay an interim distribution of 7.41 cents per security ($57.9 million) on 27 August 2020 for the half-year ended 30 June 2020, including $10.8 million in the form of new securities under the DRP at an issue price of $2.5856 per security.

7. CONTRIBUTED EQUITY

(a) Securities

	30 June 2020		31 December 2019	
	Number of securities '000	$'000	Number of securities '000	$'000
Ordinary securities				
Fully paid	780,859	1,624,128	778,690	1,618,322

(b) Movement in ordinary securities

		Number of securities '000	$'000
1 January 2019	Opening balance	725,750	1,496,958
27 February 2019	Issue of securities under institutional placement	43,103	100,000
27 February 2019	Equity raising costs	-	(2,094)
28 February 2019	Issue of securities under Distribution Reinvestment Plan	2,515	5,611
26 March 2019	Issue of securities under Security Purchase Plan	4,309	9,997
30 June 2019		**775,677**	**1,610,472**
29 August 2019	Issue of securities under Distribution Reinvestment Plan	3,013	7,850
31 December 2019		**778,690**	**1,618,322**
27 February 2020	Issue of securities under Distribution Reinvestment Plan	2,169	5,806
30 June 2020		**780,859**	**1,624,128**

8. NON-CONTROLLING INTERESTS

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

	2020 $'000	2019 $'000
Opening balance	1,782,171	1,593,507
Profit for the half-year	136,609	197,527
Effective portion of changes in fair value of cash flow hedges	(5,552)	(19,063)
Contributions of equity, net of transaction costs	-	108,429
Capital reallocation	(5,700)	-
Distributions paid or provided for	(57,862)	(111,682)
Distribution Reinvestment Plan	5,804	13,453
Closing balance	**1,855,470**	**1,782,171**

On 31 May 2020, the Trust reallocated capital of $5.7 million to the Company in accordance with recent Constitutional amendments and consistent with market practice. This capital reallocation did not affect the number of shares on issue nor the number of units held by security holders and did not result in any cash distribution to security holders.

9. FINANCIAL RISK MANAGEMENT

(a) Fair value hierarchy

(i) Classification of financial assets and financial liabilities
AASB 13 *Fair Value Measurement* requires disclosure of fair value measurements by level of fair value hierarchy. The fair value hierarchy has the following levels:

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

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

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

The following table presents the Group's financial assets and liabilities (by class) measured at fair value according to the fair value hierarchy at 30 June 2020 on a recurring basis:

30 June 2020	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Investment properties	-	-	2,810,204	2,810,204
Interest rate swaps	-	(31,403)	-	(31,403)
Total	**-**	**(31,403)**	**2,810,204**	**2,778,801**

31 December 2019	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Investment properties	-	-	2,684,193	2,684,193
Interest rate swaps	-	(25,922)	-	(25,922)
Total	**-**	**(25,922)**	**2,684,193**	**2,658,271**

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

The Group did not measure any financial assets or financial liabilities at fair value on a non-recurring basis as at 30 June 2020.

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

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

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

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

(b) Investment risk

(i) Tenant concentration risk, financial standing and sector concentration risk

Waypoint REIT's rental income is 97% derived from leases with Viva Energy. If Viva Energy's financial standing materially deteriorates, Viva Energy's ability to make rental payments to Waypoint REIT may be adversely impacted, which may have a materially adverse impact on the Group's results of operations, financial position and ability to service and/or obtain financing.

Furthermore, a material decline in the profitability of Viva Energy's business could affect the perceived stability of the rental income of Waypoint REIT and may affect Waypoint REIT's ability to obtain financing on acceptable terms, and lead to lesser capacity to pay market rents when renewal options are exercised and a decline in the values of Waypoint REIT's investment properties.

Termination of Viva Energy's right to use Shell branding could adversely affect Viva Energy's ability to meet its rental obligations and therefore the value of Waypoint REIT's portfolio of investment properties and its ability to service and/or obtain financing.

(ii) Collection risk

Collectability of trade debtors is reviewed regularly and bad debts are written off when identified. A specific provision for doubtful debts is made when there is objective evidence that the Group may not be able to collect the amounts due according to the original terms of the receivable. The amount of the impairment loss is the difference between the asset's carrying amount and the present value of estimated future cash flows.

99.2% of the Group's income is derived from fuel tenants who have continued to operate through COVID-19, providing essential services to the community. Accordingly, the Group has not been materially impacted by COVID-19 to date with less than $0.1 million of rental relief agreed with seven non-fuel tenants (of which 50% has been waived and 50% deferred in accordance with the Commercial Code of Conduct).

(iii) Investment property value

The value of the Group's portfolio of investment properties may be adversely affected by a number of factors, including factors outside the control of the Group, such as supply and demand for service station properties, general property market conditions, the availability and cost of credit, the ability to attract and implement economically viable rental arrangements, Viva Energy's financial condition deteriorating, occupiers not extending the term of leases, re-leasing of properties, capitalisation rates and general economic factors such as the level of inflation and interest rates. As changes in valuations are recorded on the statutory net profit statement, any decreases in value will have a negative impact on the statutory net profit statement and net tangible assets per security and in turn the market price of the Group's securities may fall.

(iv) Environmental and climate risk

The Group depends on its tenants to perform their obligations under various environmental arrangements in relation to the properties they lease. If the tenants were to fail to meet their obligations under these arrangements (including due to their insolvency), the Group may incur significant costs to rectify contamination on its properties and also on other properties which may be consequently impacted.

The Group is subject to a range of regulatory regimes that cover the specific assets of the Group and how they are operated and the Group's Australian Financial Services Licence ('AFSL'). These regulatory regimes are subject to ongoing review and change which may increase the cost of compliance, reporting and maintenance of the Group's assets.

Extreme weather and other climate change related events have the potential to damage the Group's assets and disrupt the tenants' operations. Such events may increase costs for maintenance and insurance of the Group's assets, and may affect the ability to re-lease the Group's investment properties in the future and the rent levels for which they can be leased, thereby affecting future investment property valuations and rental cash flows. Insurance premiums and/or deductibles may change or insurance may not be able to be obtained at all.

The precise nature of these risks is uncertain as it depends on complex factors such as policy change, technology development, market forces, and the links between these factors and climatic conditions.

(v) Debt agreement and refinancing risk

The Group has outstanding debt facilities. General economic and business conditions that impact the debt or equity markets could impact the Group's ability to refinance its debt facilities when required. If the covenants in these facilities are breached by the Group this may result in the Group being subject to increased interest rate margins and covenants restricting its ability to engage in certain types of activities or to pay distributions to security holders. Debt may not be able to be obtained at all.

If debt facilities are not available or are not available in adequate volume the Group may need to sell assets to repay debt. There is no guarantee that there will be willing purchasers for the Group's assets or that purchasers will pay prices at or greater than book value of these investment properties.

Following Viva Energy Group's sale of its entire 35.5% stake in the Group in February 2020, a review event was triggered under the Group's debt facilities. Consent to waive the review event was received on $976.6 million of debt facilities (89% of total debt) and a further $20.0 million of debt was repaid to one lender with an associated interest rate swap terminated at a cost of $3.5 million. Terms on $100.0m bilateral facility were also amended however the facility was subsequently cancelled and replaced by a new facility at the Group's election in July 2020. Refer to Note 11 for further details.

If an entity gains control of Waypoint REIT, then this would constitute a review event under certain of the terms of the Group's debt facility agreements, and (subject to specified negotiation and notification periods) a repayment of the Group's debt facilities may be required.

The directors regularly monitor the debt facility covenants to ensure compliance and consider the refinancing options and timing available to the Group.

(vi) AFSL compliance risk

The Group is exposed to the risk of having inadequate capital and liquidity. VER Limited, a subsidiary of Waypoint REIT Limited, holds an AFSL and acts as a responsible entity for the Group's managed investment scheme. The AFSL requires minimum levels of net tangible assets, liquid assets, cash reserves and liquidity, which may restrict the Group in paying distributions that would breach these requirements.

On a quarterly basis, the directors review and monitor VER Limited's balance sheet to ensure compliance with its AFSL requirements.

(vii) Personnel risk

The Group is managed by VER Manager Pty Limited ('Manager'), a subsidiary of Viva Energy Group. As the Group does not have direct employees (other than non-executive directors), it is reliant on the expertise and experience of the key executives Viva Energy Group make available to the Manager which provide the services to the Group under the Management Agreement. As a consequence, loss of such key personnel could potentially have an adverse impact on the management and the financial performance of Waypoint REIT and in turn may affect the returns to security holders. Post internalisation on or before 31 October 2020, this risk will be party mitigated as management services will be provided directly by employees of Waypoint REIT.

(c) Sensitivities

(i) Investment properties

The Group's investment properties expose it to a risk of change in the fair value due to changes in market capitalisation rates of such investment properties. Investment properties of the type owned by the Group are generally valued on a capitalisation of income basis.

	2020	**2019**
	$'000	**$'000**
Sensitivity of profit and loss to movements in market capitalisation rates:		
Decreases by 25 basis points	127,321	119,893
Increases by 25 basis points	(116,780)	(109,952)
Decreases by 50 basis points	266,677	251,139
Increases by 50 basis points	(224,275)	(211,150)

The impacts on carrying values as shown above for the noted movement in capitalisation rates would impact the statutory net profit and balance sheet, but there is no impact on distributable income unless an interest step-up is triggered as the unrealised movement in carrying value of investment properties is excluded from the Distributable Income calculation.

At 30 June 2020, the market capitalisation rate expansion required to trigger:

- higher margin pricing is 119 bps;
- applicability of draw stop provisions is 207 bps; and
- a covenant breach is 295 bps.

The Group's average fixed annual rent review of 3% also provides a natural buffer against up to 18 bps of potential capitalisation rate expansion before gearing would be negatively impacted.

(ii) Interest rates

The Group's exposure to interest rate risk at reporting date, including its sensitivity to changes in market interest rates that were reasonably possible, is as follows:

	30 June 2020	31 December 2019
	$'000	$'000
Financial assets		
Cash and cash equivalents	22,327	27,505
Derivative financial instruments (notional principal amount)		
- Fixed interest rate swaps	776,344	796,344
Financial liabilities		
Interest-bearing liabilities – floating rate interest	879,687	846,687
Net exposure	**(81,016)**	**(22,838)**

	2020	2019
	$'000	$'000
Sensitivity of profit and loss to movements in market interest rates:		
Increased by 100 basis points	(810)	(228)
Decreased by 100 basis points	810	228

The interest rate range for sensitivity purposes has been determined using the assumption that interest rates changed by +/- 100 basis points from balance date rates with all other variables held constant. In determining the impact of profit and loss movements arising from interest rate risk, the Group has considered historic and expected future interest rate movements in order to determine a reasonably possible shift in assumptions.

Where derivative financial instruments are designated as cash flow hedges, the impact of an interest rate change flows through Other Comprehensive Income.

10. COMMITMENTS AND CONTINGENCIES

Capital expenditure commitments

	30 June 2020	31 December 2019
	$'000	$'000
Within one year	16,033	35,459
After one year but not more than five years	-	-
	16,033	**35,459**

At 30 June 2020, the Group has entered into a conditional contract for the purchase of an investment property for $5.4 million and paid a corresponding deposit of $0.3 million. If the vendor does not satisfy completion obligations prior to the contract sunset date in September 2020, the deposit will be refunded.

Further, the Group has committed to contracts for the construction of service stations on seven properties for an aggregate of $31.3 million, of which $10.9 million remains unpaid at 30 June 2020 and is expected to be paid as construction is completed during the next 12 months

Other items
On 24 September 2018, the Group received an assessment from the Victorian State Revenue Office ('SRO") for $31.2 million. The assessment relates to the transfer of Victorian properties to the Group prior to its listing in August 2016. Pursuant to the arrangements between the Group and Viva Energy Group, any such costs will remain payable by Viva Energy Group. Viva Energy Group lodged an objection to the assessment on 2 November 2018 and assumed conduct of this matter under a conduct and indemnity deed. In May 2020, the SRO disallowed Viva Energy Group's objection and Viva Energy Group are appealing this matter which has now been referred to the Supreme Court.

Confirmation from the SRO that stamp duty has been paid is a prerequisite for Land Use Victoria, the agency that manages Victoria's land titles registry, to register a transfer of land. Pending resolution of the above matter, Viva Energy Australia remains the registered proprietor of these properties. Once this matter is resolved, the signed transfers of the titles to the properties are expected to be registered to Waypoint REIT.

Other than noted above, there are no material outstanding contingent assets, liabilities or commitments as at 30 June 2020.

11. EVENTS OCCURRING AFTER THE REPORTING PERIOD

Subsequent to the end of the financial period:

- The directors have confirmed the payment of a distribution for the half-year ended 30 June 2020 of $57.9 million which is expected be paid on 27 August 2020;
- On 13 July 2020, the Group replaced an existing $50.0 million bilateral facility maturing in April 2021 (facility limit was reduced from $100.0 million and maturity date shortened from January 2022 under the review event) with a new $50.0 million bilateral facility maturing in July 2023;
- On 4 August 2020, the Victorian state government implemented Stage 4 restrictions. Under these restrictions, service stations are identified as one of the retail services that is permitted to continue operating. To date, these measures have not had a material impact on the Group's operations; and,
- On 14 August 2020, the Group:
  - priced a US$178m (c.A$250m) US Private Placement spread across 7, 10 & 12 year tranches at a weighted average maturity of 9.2 years and a weighted average margin of 2.81% over BBSY; and
  - entered associated cross currency contracts to mitigate foreign exchange risk.

No other matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect:

- the operations of the Group in future financial years;
- the results of those operations in future financial years; or
- the state of affairs of the Group in future financial years.

12. RELATED PARTY INFORMATION

	2020 $'000	2019 $'000
The following transactions occurred with related parties:		
Rental income received from Viva Energy Australia Pty Limited and its associated entities	77,040	72,561
Reimbursement of costs incurred by VER Manager Pty Limited in relation to managing the Group	3,594	1,178
Purchase of investment properties from, an associated entity of Viva Energy Australia Pty Limited (Liberty Oil Holdings Pty Limited and its controlled entities)	5,186	24,680
Payments for construction and site development works to an associated entity of Viva Energy Australia Pty Limited (Liberty Oil Holdings Pty Limited and its controlled entities)	7,126	16,495

	30 June 2020 $'000	31 December 2019 $'000
Amounts payable:		
Management costs reimbursable to VER Manager Pty Limited at the end of the period	456	483

In connection with the internalisation of the Group's management function, a $2.5 million facilitation payment is payable to Viva Energy Group and a $1.4 million expense in relation to a run-off insurance policy in favour of VER Manager and VER Limited on or before 31 October 2020. The Group also secured from Viva Energy Group, until 1 January 2030, the right (subject to the terms of the relevant lease) to be offered properties tenanted by Viva Energy Group where the owner wishes to sell the property and Viva Energy Group does not wish to exercise a pre-emptive right it might have to acquire the property.

DIRECTORS' DECLARATION

In the Directors' opinion:

(a) the financial statements and notes set out on pages 11 to 27 are in accordance with the *Corporations Act 2001*, including:

(i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

(ii) giving a true and fair view of the Group's financial position as at 30 June 2020 and of its performance for the half-year ended on that date; and

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

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

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

Laurence Brindle
Chairman

20 August 2020

Independent auditor's review report to the stapled security holders of Waypoint REIT

Report on the half-year financial report

We have reviewed the accompanying half-year financial report of Waypoint REIT (the Company) and the entities it controlled during the half-year (together the Group), which comprises the Condensed consolidated balance sheet as at 30 June 2020, the Condensed consolidated statement of comprehensive income, Condensed consolidated statement of changes in equity and Condensed consolidated statement of cash flows for the half-year ended on that date, selected other explanatory notes and the directors' declaration.

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2020 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Waypoint REIT, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

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Conclusion

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

1. giving a true and fair view of the Group's financial position as at 30 June 2020 and of its performance for the half-year ended on that date;

2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

PricewaterhouseCoopers

Charles Christie
Partner

Melbourne
20 August 2020