



WAYPOINT REIT - APPENDIX 4D FOR THE PERIOD ENDED 30 JUNE 2021

Waypoint REIT is Australia's largest listed REIT owning solely fuel 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 (Waypoint REIT).

REPORTING PERIOD

This Financial Report details the consolidated results of Waypoint REIT for the half-year ended 30 June 2021 (1H21). The comparative figures for the Profit and Loss are for the half-year ended 30 June 2020 (1H20) and the comparative figures for the Balance Sheet are as at 31 December 2020.

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Profit and Loss	Half-year ended 30 June 2021 (\$'million)	Half-year ended 30 June 2020 (\$'million)	Change
Revenue from ordinary activities	\$90.7	\$90.0	0.8%
Net profit after tax	\$251.9	\$137.0	83.9%
Distributable Earnings ¹	\$61.3	\$57.8	6.1%
Distributable EPS (cents per security) ²	7.81	7.41	5.4%

Balance Sheet	30 June 2021 (\$'million)	31 Dec 2020 (\$'million)	Change
Total assets	\$3,106.2	\$2,930.6	6.0%
Net assets	\$2,156.3	\$1,953.2	10.4%
Net tangible assets (per security)	2.75	2.49	10.4%

¹ *Distributable Earnings is a non-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 *Calculated on a weighted average basis using unrounded figures.*

HIGHLIGHTS

• Financial Performance

- Distributable Earnings increased by \$3.5 million from \$57.8 million in 1H20 to \$61.3 million in 1H21, largely due to higher rental income from net acquisitions and contracted rent reviews (\$2.6 million) and lower funding costs (\$0.9 million).
- Statutory net profit increased by \$114.9 million from \$137.0 million in 1H20 to \$251.9 million in 1H21, due to higher Distributable Earnings (\$3.5 million), net valuation gains (\$107.3 million), gains on sale of investment properties (\$0.6 million), gains on derivative movements (\$4.5 million), lower borrowing cost amortisation (\$0.6 million), lower internalisation costs (\$0.1 million) partially offset by lower straight-line rental income (\$1.7 million).
- Net tangible assets per security at 30 June 2021 increased by 10.4% to \$2.75 (31 December: \$2.49) largely due to net valuation gains on investment property.

• Property Portfolio

- Three non-core assets were sold during the period for \$8.1 million, representing a 22.1% premium to prevailing book value.
- Contracts were exchanged in July 2021 to sell 31 non-core assets at a 10.1% premium to December 2020 book value with settlements expected to occur by the end of the year.
- A further 12 non-core assets with a carrying value of \$35.3 million have been classified as held for sale as at 30 June 2021.
- Approximately one-sixth of the portfolio was independently valued at 30 June 2021 with Directors' valuations performed on the balance of the portfolio. The weighted average capitalisation rate of Waypoint REIT's ongoing portfolio tightened 19 bps to 5.37%.
- Five leases renewed during the period with minimal change to aggregate passing rent. Waypoint REIT's weighted average lease expiry by income at 30 June 2021 is 10.5 years, with only 12 leases representing 1.1% of income expiring before the end of 2025.

• Capital Management

- Gearing was 27.3%³ at 30 June 2021 with \$858.0 million debt drawn and \$192.0 million undrawn.
- Weighted average debt maturity was 4.1 years as at 30 June 2021, following the refinancing of \$100.0 million of bank debt for a four-year term during the period.
- As at 30 June 2021, 90% of Waypoint REIT's debt was hedged and the weighted average hedge maturity was 1.9 years.
- A \$75.0 million buy-back was initiated in July 2021, with further potential capital management initiatives currently being considered.

DISTRIBUTIONS

	Cents per security	Date paid or payable
Final for the year ended 31 December 2020 (record date 31 December 2020)	7.73	26 February 2021
Interim for the half-year ended 30 June 2021 (record date 30 June 2021)	7.81	31 August 2021

Distributions are 100% from Australian sourced income from Waypoint REIT Trust. No franked dividends were paid or payable from Waypoint REIT Limited. Waypoint REIT's Distribution Reinvestment Plan (DRP) is currently inactive.

³ Calculated as net debt (excluding foreign exchange and fair value hedge adjustments) / total assets minus cash. This differs from Covenant Gearing which is equal to 29.9%.

ADDITIONAL INFORMATION

For additional information regarding the results of Waypoint REIT for the half-year ended 30 June 2021, please refer to the 2021 Half-Year Results – ASX Media Announcement and the 2021 Half-Year Results Presentation lodged with ASX. Attached with this Appendix 4D is a copy of the financial report for the half-year ended 30 June 2021.

This report is based on Waypoint REIT's 30 June 2021 interim financial report which has been reviewed by PricewaterhouseCoopers. The Independent Auditor's Review Report provided by PricewaterhouseCoopers is included in the 30 June 2021 interim financial report.



INTERIM FINANCIAL REPORT

For the Half-year Ended
30 June 2021

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WAYPOINT REIT

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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 together with the financial statements of Waypoint REIT (**Waypoint REIT**) and the financial statements of Waypoint REIT Trust Group (**Trust Group**) for the half-year ended 30 June 2021.

Waypoint REIT is a stapled group consisting of the Company and the Trust and their respective controlled entities. The financial statements of Waypoint REIT comprise the Company, the Trust and their respective controlled entities.

The financial statements of the Trust Group comprise the Trust and its controlled entities. The portfolio of fuel and convenience retail properties are held by 100% controlled entities of the Trust.

The Company owns all of the shares in VER Limited (the Responsible Entity).

Directors of Waypoint REIT Limited

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

Laurence Brindle	Independent Non-Executive Chair
Georgina Lynch	Independent Non-Executive Director
Stephen Newton	Independent Non-Executive Director

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 year and up to the date of this report:

Laurence Brindle	Independent Non-Executive Chair
Georgina Lynch	Independent Non-Executive Director
Stephen Newton	Independent Non-Executive Director

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 fuel and convenience retail property.

Waypoint REIT owns a large portfolio of fuel and convenience retail properties across all Australian states and mainland territories. The majority of the properties in the portfolio are leased to Viva Energy Australia Pty Limited (**Viva Energy** - a wholly owned subsidiary of Viva Energy Group Limited), with other tenants including other fuel and convenience retail operators and non-fuel tenants.

Significant changes in state of affairs

There were no significant changes in the state of affairs of Waypoint REIT that occurred during the period.

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Distribution to security holders

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

	2021	2020
	\$ million	\$ million
Distributions paid in the period ended 30 June 2021		
Final distribution for year ended 31 December 2020		
– 7.73 cents per security paid on 26 February 2021	60.7	-
Distributions paid in the period ended 30 June 2020		
Final distribution for year ended 31 December 2019		
– 7.19 cents per security paid on 27 February 2020	-	56.0
Total distributions paid	60.7	56.0

Waypoint REIT expects to pay an interim distribution of 7.81 cents per security (\$61.3 million) on 31 August 2021 for the six months ended 30 June 2021.

Operating and financial review

Key highlights

Waypoint REIT is Australia's largest listed REIT owning solely fuel 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.

Distributable Earnings increased by \$3.5 million from \$57.8 million in 1H20 to \$61.3 million in 1H21 largely due to higher rental income from net acquisitions and contracted rent reviews (\$2.6 million) and lower funding costs (\$0.9 million).

Statutory net profit increased by \$114.9 million from \$137.0 million in 1H20 to \$251.9 million in 1H21 due to higher Distributable Earnings (\$3.5 million), net valuation gains (\$107.3 million), gains on sale of investment properties (\$0.6 million), gains on derivative movements (\$4.5 million), lower borrowing cost amortisation (\$0.6 million), lower internalisation costs (\$0.1 million) partially offset by lower straight-line rental income (\$1.7 million).

The management expense ratio (**MER**) in 2021 was 0.26% (2020: 0.28%) with the decrease attributed primarily to asset valuation growth.

Gearing was 27.3%⁽³⁾ at 30 June 2021 (31 December 2020: 29.4%).

Net tangible assets per security at 30 June 2021 increased by 10.4% during the period to \$2.75 (31 December 2020: \$2.49) largely due to net valuation gains on investment property.

Key financial metrics

	Half-year ended 30 Jun 2021	Half-year ended 30 Jun 2020
Statutory net profit after tax	\$251.9 million	\$137.0 million
Distributable Earnings ⁽¹⁾	\$61.3 million	\$57.8 million
Distributable EPS	7.81 cents	7.41 cents
Management expense ratio ⁽²⁾	0.26%	0.28%

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	30 Jun 2021	31 Dec 2020
Total assets	\$3,106.2 million	\$2,930.6 million
Investment properties	\$2,938.9 million	\$2,897.3 million
Borrowings	\$858.0 million	\$872.3 million
Net assets	\$2,156.3 million	\$1,953.2 million
NTA per security	\$2.75	\$2.49
Gearing ⁽³⁾	27.3%	29.4%
Covenant Gearing ⁽⁴⁾	29.9%	32.1%

⁽¹⁾ *Distributable Earnings is a non-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 calculated on an annualised basis as the ratio of management and administration expenses (excluding net property expenses) over average total assets (excluding derivative financial assets).*

⁽³⁾ *Gearing is calculated as net debt (excluding foreign exchange and fair value hedge adjustments) / 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 Waypoint REIT's gearing covenants.*

Financial results	Half-year ended 30 Jun 2021 \$ million	Half-year ended 30 Jun 2020 \$ million
Rental income	81.7	79.1
Finance income	0.1	0.2
Total operating income	81.8	79.3
Management and administration expenses	(4.4)	(4.5)
Interest expense	(16.1)	(17.0)
Distributable Earnings	61.3	57.8
Net gain on sale of investment properties	0.6	-
Net gain on movement of fair value of investment properties	180.9	73.6
Straight-line rental income	8.9	10.6
Amortisation of borrowing costs	(0.8)	(1.4)
Interest rate swap termination	-	(3.5)
Net gain from derivative financial instruments	1.0	-
Internalisation costs	-	(0.1)
Statutory net profit after tax	251.9	137.0

Investment property portfolio

	30 Jun 2021	31 Dec 2020
Total value of investment properties	\$2,938.9 million	\$2,897.3 million
Total properties in portfolio ⁽¹⁾	427	470
Portfolio occupancy	99.8%	99.9%
Weighted average lease expiry	10.5 years	10.8 years

⁽¹⁾ Excludes 43 assets classified as held for sale at 30 June 2021 (31 December 2020: 4)

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During the period to date:

- Three non-core assets were sold for \$8.1 million, representing a 22.1% premium to prevailing book value.
- A further 12 non-core assets with a carrying value of \$35.3 million have been classified as held for sale as at 30 June 2021.
- Contracts were exchanged for the sale of a further 31 non-core assets in July 2021. Refer to “Matters subsequent to the end of the financial period” for further details.
- Approximately one-sixth of the portfolio was independently valued at 30 June 2021 with Directors’ valuations performed on the balance of the portfolio. The weighted average capitalisation rate of Waypoint REIT’s ongoing portfolio tightened 19 bps to 5.37%.
- Five leases were renewed during the period with minimal change to aggregate passing rent. Waypoint REIT’s weighted average lease expiry by income at 30 June 2021 is 10.5 years, with only 12 leases representing 1.1% of income expiring before the end of 2025.

Capital management

As at 30 June 2021:

- Gearing was 27.3%⁴ with \$858.0 million debt drawn and \$192.0 million undrawn.
- Weighted average debt maturity was 4.1 years, following the refinancing of \$100.0 million of bank debt for a four-year term during the period.
- 90% of Waypoint REIT’s debt was hedged and the weighted average hedge maturity was 1.9 years.

Matters subsequent to the end of the financial period

Subsequent to the end of the financial period:

- On 30 July 2021, contracts were exchanged to sell 31 non-core assets to trusts managed by Fawkner Property Ltd. for \$113.9 million, representing a 10.1% premium to December 2020 book value. Settlements are expected to occur by the end of the year;
- Capital management initiatives were proposed in conjunction with the above-mentioned asset sales, including a \$75.0 million buy-back program activated on 30 July 2021; and
- On 10 August 2021, three non-core assets were sold at auction to private purchasers for \$10.1 million, representing a 10.1% premium to June 2021 book value. Settlements are expected to occur in the fourth quarter of the year.

No other matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect:

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

2021 outlook

Waypoint REIT expects rental income from existing fuel and convenience retail tenancies to grow in line with contracted annual rental increases and to not be materially impacted by ongoing COVID-19 restrictions due to our major tenants operating essential services which have remained open to date. Waypoint REIT may consider opportunities to acquire new fuel and convenience retail properties and/or reinvest in its existing portfolio, and will also consider further asset disposals where it is in the best interests of security holders to do so.

⁴ Calculated as net debt (excluding foreign exchange and fair value hedge adjustments) / total assets minus cash. This differs from Covenant Gearing which is equal to 29.9%.

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From a capital management perspective, Waypoint REIT will finalise the structure of the proposed capital management program (if approved) in the fourth quarter and consider an Australian Medium Term Note issuance this year to further diversify and extend the tenor of its debt platform. The frequency of Waypoint REIT's distributions will also change from semi-annual to quarterly with the next distribution for the September quarter to be paid in mid-November 2021.

Material business risks

The material business risks that could adversely affect Waypoint REIT's financial prospects include the following:

Tenant concentration risk, financial standing and sector concentration risk

97% of Waypoint REIT's rental income is received from Viva Energy. If Viva Energy's financial standing materially deteriorates and impacts their ability to make rental payments, Waypoint REIT's financial results, financial position and ability to service and/or obtain financing may be adversely impacted. Furthermore, a material decline in the profitability of Viva Energy's business due to the global transition to a low carbon economy or other factors 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. A material decline in the profitability of Viva Energy's business could also lead to reduced capacity or ability for Viva Energy to pay market rents when renewal options are exercised, which could result in lower rental receipts and/or a decline in the values of Waypoint REIT's investment properties if Waypoint REIT is unable to lease the property to an alternate tenant.

Collection risk

Waypoint REIT performs financial due diligence on potential new tenants and holds collateral in the form of security deposits or bank guarantees where appropriate. Rent is due in advance on the first day of each billing period (typically monthly), with arrears monitored and arrears notices issued on a regular basis (where required). Waypoint REIT applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade and other financial assets. The loss allowances for trade and other financial assets are based on assumptions about risk of default and expected loss rates. Waypoint REIT uses judgement in making these assumptions, based on Waypoint REIT's past history and existing market conditions as well as forward looking estimates at the end of each reporting period.

More than 99% of Waypoint REIT's income is derived from fuel tenants that have continued to operate through COVID-19 to date, providing essential services to the community. Accordingly, Waypoint REIT's performance has not been materially impacted by COVID-19.

Re-leasing and vacancy risk

Waypoint REIT's property portfolio is 99.8% occupied with only 12 leases (representing 1.1% of income) expiring before the end of 2025 and a weighted average lease expiry of 10.5 years. The majority of the portfolio is subject to multiple 10-year options in favour of the tenant, with the rent from commencement of each option period to either be agreed between the parties or set by independent market rent determination. However, there is a risk that tenants may not exercise their option, or that the commencing rent will be lower than passing rent and/or market rent (if agreed between the parties). Further, termination of Viva Energy Group's right to use Shell branding (current agreement expires in 2029) and/or its Alliance Agreement with Coles Express (current agreement expires in 2029), could also impact Viva Energy's decision whether it renews its existing leases. Resulting vacancy or reduced rental income could negatively impact distributions of Waypoint REIT and/or the value of Waypoint REIT's investment properties.

Investment property value

The value of Waypoint REIT's portfolio of investment properties may be adversely affected by a number of factors, including factors outside the control of Waypoint REIT, such as increasing uptake of vehicles fuelled by alternative fuels over traditional internal combustion engine vehicles, supply and demand for fuel and convenience retail properties, general property market conditions, the availability and cost of credit including sector-specific environmental, sustainability and governance considerations, the ability to attract and implement economically viable rental arrangements, Viva Energy's financial condition

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deteriorating, occupiers not extending the term of leases, and general economic factors such as the level of inflation and interest rates, which may adversely impact capitalisation rates.

As changes in valuations are recorded on the statutory statements of comprehensive income, any decreases in value will have a negative impact on the statutory statements of comprehensive income and balance sheet (including the net tangible assets per security) and in turn the market price of Waypoint REIT's securities may fall. The property portfolio is geographically diversified to mitigate the risk of localised valuation impacts and the majority of assets are located in metropolitan areas which typically have higher underlying land values and alternative use potential. Active asset management, including the disposal of non-core assets, also, in part, mitigates this risk.

Environmental and climate risk

Waypoint REIT depends on its tenants to perform their obligations under various environmental arrangements in relation to properties they lease. Waypoint REIT has an indemnity from Viva Energy in respect of certain liability for historical environmental contamination across 421 assets acquired at the time of Waypoint REIT's initial public offering. Waypoint REIT also carries out environmental due diligence in relation to potential property acquisitions. If any property in the portfolio is contaminated by a fuel tenant or its invitee during the term of the lease, the tenant under that lease must remediate it, at their cost to a standard consistent with operating the site as a fuel and convenience property or similar commercial use. If the tenants were to fail to meet their obligations under these arrangements (including due to their insolvency), Waypoint REIT may incur significant costs to rectify contamination on its properties and also on other properties which may be consequently impacted.

Waypoint REIT is subject to a range of regulatory regimes (including environmental regulations) that cover the specific assets of Waypoint REIT and how they are operated. These regulatory regimes are subject to ongoing review and change that may increase the cost of compliance, reporting and maintenance of Waypoint REIT's assets. There remains a risk (for example, where the regulator is unable to pursue the polluter, the polluter cannot be identified or the polluter is unable to meet its obligations) that Waypoint REIT, as owner of the properties in the portfolio, may face liability for breach of environmental laws and regulations.

Extreme weather and other climate change related events have the potential to damage Waypoint REIT's assets and disrupt the tenants' operations. Such events may increase costs for maintenance and insurance of Waypoint REIT's assets, and may affect the ability to re-lease Waypoint REIT'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.

AFSL compliance risk

VER Limited, a subsidiary of Waypoint REIT Limited, holds an Australian Financial Services License (AFSL) and acts as the responsible entity for Waypoint REIT Trust. The AFSL requires, among other matters, minimum levels of net tangible assets, liquid assets, cash reserves and liquidity, which may restrict Waypoint REIT in paying distributions that would breach these requirements.

The Directors review and monitor VER Limited's balance sheet quarterly and the adequacy and ongoing training of responsible managers annually to ensure compliance with its AFSL requirements.

Personnel risk

Loss of 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. To mitigate this risk, processes and procedures are standardised and automated to the extent practicable, remuneration structures include components payable on a deferred basis to reduce key personnel risk, and employees are subject to market-standard notice periods to ensure that Waypoint REIT has sufficient time in which to identify and hire replacement employees.

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Cyber security risk

Cyber-attacks are becoming increasingly sophisticated and a material data breach or data loss could have an adverse financial or reputational impact. To help mitigate this risk, Waypoint REIT uses the services of third-party technology experts, provides regular staff training and performs pre-implementation and annual reviews over key Software as a Service (**SaaS**) providers.

Debt agreement and refinancing risk

Waypoint REIT has outstanding debt facilities. General economic and business conditions as well as sector-specific environmental, sustainability and governance considerations that impact the debt or equity markets could impact Waypoint REIT's ability to refinance its debt facilities when required. If the covenants in these facilities are breached by Waypoint REIT this may result in Waypoint REIT 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, Waypoint REIT may need to sell assets to repay debt. There is no guarantee that there will be willing purchasers for Waypoint REIT's assets or that purchasers will pay prices at or greater than the book value of these investment properties. To help mitigate this risk, debt maturities are staggered, debt is held across a diverse set of sources, lenders and geographies, and debt is typically refinanced at least twelve months in advance of maturity.

If a third party entity gains control of Waypoint REIT, this would constitute a review event under certain of Waypoint REIT's debt facility agreements, and (subject to specified negotiation and notification periods) a repayment of Waypoint REIT'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 Waypoint REIT.

Cash flow and fair value interest rate risk

Waypoint REIT's cash and cash equivalents, floating rate borrowings and interest rate swaps expose it to a risk of change in future cash flows or the fair value of interest rate swaps due to changes in interest rates. Waypoint REIT uses floating-to-fixed interest rate swaps to partially hedge its exposure to changes in interest rates on variable rate borrowings. By hedging against changes in interest rates, Waypoint REIT has reduced 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 Waypoint REIT.

Foreign exchange rate risk

A portion of Waypoint REIT's debt is denominated in US dollars and as a result, Waypoint REIT is exposed to a risk of change in fair value or future cash flows due to changes in foreign exchange rates. Waypoint REIT economically hedges 100% of its exposure to changes in foreign exchange rates by using cross currency swaps. By hedging against changes in foreign exchange rates, Waypoint REIT eliminates its exposure to changes in foreign exchange rates on its outward cash flows so long as the counterparties to those cross currency swaps meet their obligations to Waypoint REIT.

Liquidity risk

Liquidity risk is the risk that Waypoint REIT 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. Waypoint REIT monitors its exposure to liquidity risk by setting budgets and projecting cash flows to help ensure there is sufficient cash on hand as required or debt facility funding is available to meet financial liabilities as they fall due.

Title transfer risk

On 24 September 2018, Waypoint REIT received an assessment from the Victorian State Revenue Office (**SRO**) for \$31.2 million. The assessment relates to the transfer of Victorian properties to Waypoint REIT prior to its listing in August 2016. Pursuant to the arrangements between Waypoint REIT and Viva Energy Group, any such costs will remain payable by Viva Energy Group. Viva Energy Group lodged an

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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. Viva Energy Group are appealing this matter and the case is listed for trial in the Victorian Supreme Court, commencing on 8 November 2021.

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 listed as the registered proprietor of these properties on the Victorian land titles registry. Once this matter is resolved, the signed transfers of the titles to the properties are required to be registered to Waypoint REIT.

The transfer of the control of these properties to Waypoint REIT occurred at the time of listing in August 2016 and these properties continue to be recognised in the Consolidated Balance Sheets.

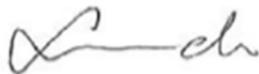
Auditor's independence declaration

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

Rounding of amounts to the nearest million dollars

Waypoint REIT 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 hundred thousand dollars, or in certain cases, to the nearest dollar.

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



Laurence Brindle
Chair

27 August 2021



Auditor's Independence Declaration

As lead auditor for the review of Waypoint REIT Limited and Waypoint REIT Trust for the half-year ended 30 June 2021, 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 Limited and the entities it controlled during the period and Waypoint REIT Trust and the entities it controlled during the period.

A handwritten signature in black ink that reads 'Reilly' in a cursive script.

Jane Reilly
Partner
PricewaterhouseCoopers

Sydney
27 August 2021

PricewaterhouseCoopers, ABN 52 780 433 757

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FINANCIAL STATEMENTS

For the Half-year Ended
30 June 2021

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This interim 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 'Waypoint REIT'.

This interim financial report is presented in Australian currency.

The registered office of the Company and VER Limited (**Responsible Entity**) is:
Level 15, 720 Bourke Street
Docklands VIC 3008, Australia.

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CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 30 JUNE 2021

	Notes	Waypoint REIT		Trust Group	
		2021	2020	2021	2020
		\$ million	\$ million	\$ million	\$ million
Rental income from investment properties (incl. non-cash straight-line lease adjustment)		90.6	89.7	90.6	89.7
Finance income	3. (b)	0.1	0.2	0.1	0.2
Net gain on sale of investment properties		0.6	-	0.6	-
Net gain on movement in fair value of investment properties	2. (a)	180.9	73.6	180.9	73.6
Management and administration expenses		(4.4)	(4.6)	(4.4)	(5.0)
Finance expense	3. (b)	(16.9)	(18.4)	(16.9)	(18.4)
Interest rate swap termination		-	(3.5)	-	(3.5)
Net gain from derivative financial instruments	3. (b)	1.0	-	1.0	-
Net profit before income tax		251.9	137.0	251.9	136.6
Income tax expense		-	-	-	-
Net profit after tax		251.9	137.0	251.9	136.6
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss					
Unrealised gains / (losses) on cash flow hedges		12.5	(5.6)	12.5	(5.6)
Total comprehensive income		264.4	131.4	264.4	131.0
Total comprehensive income for the year attributable to Waypoint REIT security holders, comprising:					
- shareholders of Waypoint REIT Limited		-	0.4	-	-
- unitholders of Waypoint REIT Trust (non-controlling interests)		264.4	131.0	264.4	131.0
		264.4	131.4	264.4	131.0
Earnings per security		cents	cents	cents	cents
Basic earnings per security	1. (b)	32.09	17.56	32.09	17.51
Diluted earnings per security	1. (b)	32.09	17.56	32.09	17.51

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

WAYPOINT REIT
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CONSOLIDATED BALANCE SHEETS
AT 30 JUNE 2021

	Notes	Waypoint REIT		Trust Group	
		30 Jun 2021	31 Dec 2020	30 Jun 2021	31 Dec 2020
		\$ million	\$ million	\$ million	\$ million
ASSETS					
Current assets					
Cash and cash equivalents		15.0	15.5	1.5	2.1
Other current assets		2.2	2.4	9.7	14.5
		17.2	17.9	11.2	16.6
Assets classified as held for sale	2. (b)	149.2	14.3	149.2	14.3
Total current assets		166.4	32.2	160.4	30.9
Non-current assets					
Investment properties	2. (a)	2,938.9	2,897.3	2,938.9	2,897.3
Other non-current assets		0.9	1.1	-	-
Total non-current assets		2,939.8	2,898.4	2,938.9	2,897.3
Total assets		3,106.2	2,930.6	3,099.3	2,928.2
LIABILITIES					
Current liabilities					
Trade and other payables		3.3	4.9	5.4	11.8
Rent received in advance		1.7	2.3	1.7	2.3
Interest payable		8.5	6.5	8.5	6.5
Distribution payable	1. (a)	61.3	60.7	61.3	60.7
Derivative financial instruments	3. (c)	0.6	1.0	0.6	1.0
Provisions		1.2	1.2	-	-
Other current liabilities		0.3	0.3	-	-
Total current liabilities		76.9	76.9	77.5	82.3
Non-current liabilities					
Borrowings	3. (a)	828.5	845.8	828.5	845.8
Derivative financial instruments	3. (c)	43.7	53.6	43.7	53.6
Provisions		0.1	0.3	-	-
Other non-current liabilities		0.7	0.8	-	-
Total non-current liabilities		873.0	900.5	872.2	899.4
Total liabilities		949.9	977.4	949.7	981.7
Net assets		2,156.3	1,953.2	2,149.6	1,946.5
EQUITY					
<i>Waypoint REIT Limited</i>					
Contributed equity	3. (d)	7.7	7.7	-	-
Accumulated losses		(1.0)	(1.0)	-	-
Parent entity interest		6.7	6.7	-	-
<i>Waypoint REIT Trust</i>					
Contributed equity		1,627.1	1,627.1	1,627.1	1,627.1
Retained profits		543.5	352.9	543.5	352.9
Reserves	3. (e)	(21.0)	(33.5)	(21.0)	(33.5)
Non-controlling interests		2,149.6	1,946.5	2,149.6	1,946.5
Total equity		2,156.3	1,953.2	2,149.6	1,946.5

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

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CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 30 JUNE 2021

	Notes	Waypoint REIT				Trust Group				
		Contributed equity \$ million	Accumulated losses \$ million	Reserves \$ million	Non-controlling interests \$ million	TOTAL \$ million	Contributed equity \$ million	Accumulated profit \$ million	Reserves \$ million	TOTAL \$ million
Balance at 1 January 2020		2.0	(1.3)	-	1,782.2	1,782.9	1,616.3	191.8	(25.9)	1,782.2
Profit for the period		-	0.4	-	136.6	137.0	-	136.6	-	136.6
Other comprehensive income:										
Effective portion of changes in fair value of cash flow hedges	3. (e)	-	-	-	(5.6)	(5.6)	-	-	(5.6)	(5.6)
Total comprehensive profit for the period		-	0.4	-	131.0	131.4	-	136.6	(5.6)	131.0
Capital reallocation		5.7	-	-	(5.7)	-	(5.7)	-	-	(5.7)
Transactions with owners in their capacity as owners										
Issue of securities under Distribution Reinvestment Plan	3. (d)	-	-	-	5.8	5.8	5.8	-	-	5.8
Distributions paid or provided for	1. (a)	-	-	-	(57.8)	(57.8)	-	(57.8)	-	(57.8)
Total transactions with owners in their capacity as owners		-	-	-	(52.0)	(52.0)	5.8	(57.8)	-	(52.0)
Balance at 30 June 2020		7.7	(0.9)	-	1,855.5	1,862.3	1,616.4	270.6	(31.5)	1,855.5
Balance at 1 January 2021		7.7	(1.0)	-	1,946.5	1,953.2	1,627.1	352.9	(33.5)	1,946.5
Profit for the period		-	-	-	251.9	251.9	-	251.9	-	251.9
Other comprehensive income:										
Effective portion of changes in fair value of cash flow hedges	3. (e)	-	-	-	12.5	12.5	-	-	12.5	12.5
Total comprehensive profit for the period		-	-	-	264.4	264.4	-	251.9	12.5	264.4
Transactions with owners in their capacity as owners										
Issue of securities under Distribution Reinvestment Plan	3. (d)	-	-	-	-	-	-	-	-	-
Distributions paid or provided for	1. (a)	-	-	-	(61.3)	(61.3)	-	(61.3)	-	(61.3)
Total transactions with owners in their capacity as owners		-	-	-	(61.3)	(61.3)	-	(61.3)	-	(61.3)
Balance at 30 June 2021		7.7	(1.0)	-	2,149.6	2,156.3	1,627.1	543.5	(21.0)	2,149.6

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

WAYPOINT REIT
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CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE HALF-YEAR ENDED 30 JUNE 2021

	Notes	Waypoint REIT		Trust Group	
		2021	2020	2021	2020
		\$ million	\$ million	\$ million	\$ million
Cash flows from operating activities					
Rental income from investment properties (inclusive of GST)		89.7	84.7	88.9	84.7
Payments to suppliers and employees (inclusive of GST)		(13.0)	(10.6)	(12.3)	(11.7)
		76.7	74.1	76.6	73.0
Interest received		0.1	0.2	0.1	0.2
Interest paid		(14.0)	(16.7)	(14.0)	(16.7)
Net cash inflow from operating activities		62.8	57.6	62.7	56.5
Cash flows from investing activities					
Acquisition and development expenditure		(1.5)	(38.8)	(1.5)	(38.8)
Proceeds on sale		13.9	-	13.9	-
Net cash inflow/(outflow) from investing activities		12.4	(38.8)	12.4	(38.8)
Cash flows from financing activities					
Proceeds from borrowings (net of borrowing costs)		150.3	153.7	150.3	154.4
Repayments of borrowings		(165.3)	(124.0)	(165.3)	(124)
Payments in relation to derivatives		-	(3.5)	-	(3.5)
Payment for capital reallocation		-	-	-	(5.7)
Distributions paid to security holders	1. (a)	(60.7)	(50.2)	(60.7)	(50.2)
Net cash inflow/(outflow) from financing activities		(75.7)	(24.0)	(75.7)	(29.0)
Net increase/(decrease) in cash and cash equivalents		(0.5)	(5.2)	(0.6)	(11.3)
Cash and cash equivalents at beginning of the period		15.5	27.5	2.1	17.4
Cash and cash equivalents at end of the period		15.0	22.3	1.5	6.1

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

WAYPOINT REIT

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NOTES TO THE FINANCIAL STATEMENTS

This report contains the financial statements of Waypoint REIT and Waypoint REIT Trust Group (**Trust Group**) for the half-year ended 30 June 2021. The financial statements of Waypoint REIT comprise the Company, the Trust and their respective controlled entities. The financial statements of the Trust Group comprise the Trust and its controlled entities.

As permitted by Class Order 13/1050, issued by ASIC, this financial report is a combined financial report that presents the financial statements and accompanying notes of both Waypoint REIT Limited and Waypoint REIT Trust at and for the half-year ended 30 June 2021.

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**).

Waypoint REIT is listed on the Australian Securities Exchange (**ASX**) and registered and domiciled in Australia.

The notes to these consolidated financial statements include additional information which is required to understand the operations, performance and financial position of Waypoint REIT. The notes are set out as follows:

1. **Performance and results** – an overview of key metrics used by Waypoint REIT to measure financial performance.
 1. (a) [DISTRIBUTIONS TO SECURITY HOLDERS](#)
 1. (b) [EARNINGS PER STAPLED SECURITY](#)
2. **Property portfolio** – an overview of Waypoint REIT's investment property portfolio.
 2. (a) [INVESTMENT PROPERTIES](#)
 2. (b) [ASSETS HELD FOR SALE](#)
 2. (c) [COMMITMENTS AND CONTINGENCIES](#)
3. **Capital management** – an overview of Waypoint REIT's capital management structure.
 3. (a) [BORROWINGS](#)
 3. (b) [NET FINANCE COSTS](#)
 3. (c) [DERIVATIVE FINANCIAL INSTRUMENTS](#)
 3. (d) [CONTRIBUTED EQUITY](#)
 3. (e) [RESERVES](#)
4. **Additional information** – additional disclosures relating to Waypoint REIT's financial statements.
 4. (a) [SUBSEQUENT EVENTS](#)
 4. (b) [SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES](#)

WAYPOINT REIT
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1. PERFORMANCE AND RESULTS

Waypoint REIT (and Trust Group) have one reportable segment in which it operates, being fuel and convenience investment property assets. The chief operating decision maker monitors the performance of Waypoint REIT and Trust Group in a manner consistent with that of the financial report. Refer to the consolidated statements of comprehensive income for the segment financial performance and the consolidated balance sheets for the assets and liabilities.

Key financial metrics used to define the results and performance of Waypoint REIT, including Distributable Earnings, distributions, earnings per stapled security and distributable earnings per stapled security are set out below.

Distributable Earnings is a non-statutory measure of profit and is calculated as statutory 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.

A reconciliation between Distributable Earnings and statutory profit is set out below:

<i>Financial results</i>	Half-year ended 30 Jun 2021 \$ million	Half-year ended 30 Jun 2020 \$ million
Rental income	81.7	79.1
Finance income	0.1	0.2
Total operating income	81.8	79.3
Management and administration expenses	(4.4)	(4.5)
Interest expense	(16.1)	(17.0)
Distributable Earnings	61.3	57.8
Net gain on sale of investment properties	0.6	-
Net gain on movement in fair value of investment properties	180.9	73.6
Straight-line rental income	8.9	10.6
Amortisation of borrowing costs	(0.8)	(1.4)
Interest rate swap termination / restructure expense	-	(3.5)
Net gain from derivatives financial instruments	1.0	-
Internalisation costs	-	(0.1)
Statutory net profit	251.9	137.0

1. (a) DISTRIBUTIONS TO SECURITY HOLDERS

	2021 \$ million	2020 \$ million
Distributions paid in the period ended 30 June 2021		
Final distribution for the year ended 31 December 2020 – 7.73 cents per security paid on 26 February 2021	60.7	-
Distributions paid in the period ended 30 June 2020		
Final distribution for the year ended 31 December 2019 – 7.19 cents per security paid on 27 February 2020	-	56.0
Total distributions paid	60.7	56.0

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2. PROPERTY PORTFOLIO

2. (a) INVESTMENT PROPERTIES

(i) Valuations and carrying amounts

	Waypoint REIT		Trust Group	
	30 Jun 2021	31 Dec 2020	30 Jun 2021	31 Dec 2020
	\$ million	\$ million	\$ million	\$ million
Fuel and convenience retail properties – at fair value	2,938.9	2,897.3	2,938.9	2,897.3
Total investment properties	2,938.9	2,897.3	2,938.9	2,897.3

Each investment property is subject to independent valuation at least once every three years. Independent valuations were carried out by CBRE on 80 investment properties at 30 June 2021, representing approximately one-sixth of the portfolio and a broad cross-section of both metro and regional assets.

The Directors have reviewed the independent valuation outcomes and determined they are appropriate to adopt at 30 June 2021. The key inputs into the valuation are based on market information for comparable properties and the individual lease profiles for each investment property. 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.

Directors' valuations have been performed on the balance of the portfolio, with reference to the capitalisation rates determined for the corresponding independently valued properties in the same state or territory and with similar lease terms, segregated between metropolitan and regional sites.

The key inputs and assumptions for valuations are below:

	30 Jun 2021	31 Dec 2020
Annual market rent per site	\$127,150 to \$1,468,656	\$78,386 to \$1,425,879
Weighted average capitalisation rate	5.37%	5.62%
Range of capitalisation rates	3.25% to 9.08%	3.35% to 9.76%
Range of lease terms	2.2 to 14.2 years	0.4 to 14.6 years

Investment properties have been classified as level 3 in the fair value hierarchy. There have been no transfers between the levels in the fair value hierarchy during the period.

All investment properties are freehold, apart from all sites in the Australian Capital Territory that are subject to perpetual leases.

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(ii) Movements during the period

	Waypoint REIT		Trust Group	
	30 Jun 2021	31 Dec 2020	30 Jun 2021	31 Dec 2020
At fair value	\$ million	\$ million	\$ million	\$ million
Opening balance	2,897.3	2,684.2	2,897.3	2,684.2
Property acquisitions	-	35.2	-	35.2
Capital expenditure on site development	0.5	19.3	0.5	19.3
Straight-line rental asset	8.9	21.4	8.9	21.4
Fair value adjustment to investment properties	189.8	176.7	189.8	176.7
Revaluation decrement attributable to acquisition costs, and straight-lining of rental income	(8.9)	(24.4)	(8.9)	(24.4)
Transfer to assets held for sale	(146.9)	(14.3)	(146.9)	(14.3)
Disposal of investment properties	(1.8)	(0.8)	(1.8)	(0.8)
Closing balance	2,938.9	2,897.3	2,938.9	2,897.3

(iii) Sensitivities

Waypoint REIT'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 Waypoint REIT are generally valued on a capitalisation of income basis.

	2021	2020
	\$ million	\$ million
Sensitivity of profit and loss to movements in market capitalisation rates:		
Decreases by 25 basis points	143.5	134.8
Increases by 25 basis points	(130.7)	(123.4)

The impacts on carrying values as shown above for the noted movement in capitalisation rates would impact the statutory net profit but not impact Distributable Earnings unless an interest margin increase on borrowings is triggered by the lower investment property value causing the covenant gearing ratio to rise beyond 40%, as the unrealised movement in carrying value of investment properties is excluded from the Distributable Earnings calculation.

In relation to Waypoint REIT's drawn debt facilities at 30 June 2021, the market capitalisation rate expansion required to trigger:

- higher margin pricing is 195 bps;
- applicability of draw stop provisions is 294 bps; and
- a covenant breach is 396 bps.

Waypoint REIT's weighted average rent review of 2.9% also provides a natural buffer of approximately 16 bps per annum of potential capitalisation rate expansion before gearing would be negatively impacted, holding all other variables constant.

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2. (b) ASSETS HELD FOR SALE

	Waypoint REIT		Trust Group	
	30 Jun 2021	31 Dec 2020	30 Jun 2021	31 Dec 2020
	\$ million	\$ million	\$ million	\$ million
Investment properties	149.2	14.3	149.2	14.3
Current assets held for sale	149.2	14.3	149.2	14.3

During the period, Waypoint REIT sold three assets and classified a further 42 assets to held for sale. As at 30 June 2021, Waypoint REIT has 43 investment properties held for sale. Contracts were exchanged in July 2021 to sell 31 of these properties with settlements expected to occur in the second half of the year. Refer to Note 4.(e) for further details.

2. (c) COMMITMENTS AND CONTINGENCIES

Capital expenditure commitments

	Waypoint REIT		Trust Group	
	30 Jun 2021	31 Dec 2020	30 Jun 2021	31 Dec 2020
	\$ million	\$ million	\$ million	\$ million
Within one year	0.2	0.6	0.2	0.6
	0.2	0.6	0.2	0.6

Waypoint REIT has committed to contracts for the construction of one fuel and convenience retail property with an aggregate completion value of \$1.3 million, including committed costs of \$0.2 million for which no accrual has been made at 30 June 2021. This site is expected to reach practical completion over the next 6 months.

Other items

On 24 September 2018, Waypoint REIT received an assessment from the Victorian State Revenue Office (**SRO**) for \$31.2 million. The assessment relates to the transfer of Victorian properties to Waypoint REIT prior to its listing in August 2016. Pursuant to the arrangements between Waypoint REIT 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. Viva Energy Group are appealing this matter and the case is listed for trial in the Victorian Supreme Court, commencing on 8 November 2021.

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 listed as the registered proprietor of these properties on the Victorian land titles registry. Once this matter is resolved, the signed transfers of the titles to the properties are required to be registered to Waypoint REIT.

The transfer of the control of these properties to Waypoint REIT occurred at the time of listing in August 2016 and these properties continue to be recognised in the Consolidated Balance Sheets.

Other than noted above, there are no material outstanding contingent assets, liabilities or commitments as at 30 June 2021.

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3. CAPITAL MANAGEMENT

Waypoint REIT's activities expose it to numerous external financial risks such as market risk, credit risk and liquidity risk. This section explains how Waypoint REIT utilises its risk management framework to reduce volatility from these external factors.

3. (a) BORROWINGS

	Waypoint REIT		Trust Group	
	30 Jun 2021	31 Dec 2020	30 Jun 2021	31 Dec 2020
	\$ million	\$ million	\$ million	\$ million
Non-current liabilities				
Bank facilities	569.4	583.7	569.4	583.7
USPP Notes*	224.6	227.8	224.6	227.8
Institutional term loans	40.0	40.0	40.0	40.0
Gross unsecured borrowings	834.0	851.5	834.0	851.5
Unamortised borrowing costs	(5.5)	(5.7)	(5.5)	(5.7)
Net unsecured borrowings	828.5	845.8	828.5	845.8
Total undrawn facilities available	192.0	178.0	192.0	178.0

* Net of a fair value hedge adjustment of \$12.1 million (31 December 2020: \$3.3 million)

USPP Notes

The USPP Notes are further detailed below:

	USD Fixed Coupon	Maturity Date	Notional Value of Cross Currency Swaps \$ million	AUD Equivalent on Issuance Date \$ million	Carrying Amount 30 Jun 2021 \$ million
7-year tranche	2.89%	29 Oct 27	108.9	108.9	103.7
10-year tranche	3.18%	29 Oct 30	76.8	76.8	73.2
12-year tranche	3.33%	29 Oct 32	62.9	62.9	59.8
Total Exposure			248.6	248.6	236.7
Fair value hedge adjustment				-	(12.1)
Total				248.6	224.6
Cross currency interest rate swaps					28.3
Accrued interest on swaps					2.0
Total cross currency interest rate swaps					30.3
Net USPP Notes exposure					254.9

The fair value of the USPP Notes is \$236.7m at 30 June 2021 based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy.

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Maturities, interest rates and covenants

During the year, Waypoint REIT refinanced \$100.0 million of its debt facilities. Waypoint REIT does not have any debt maturing before June 2023 and its weighted average debt maturity is 4.1 years (31 December 2020: 4.3 years).

The interest rate applying to the drawn amount of the bank and institutional term loan facilities is set on a periodic basis (one, three or six months) at the prevailing market interest rate at the commencement of the period (Australian dollar, bank bill swap rate), plus the applicable margin. For the majority of these debt facilities, the interest margin has a rate increase/decrease applied if:

- Debt Covenant Gearing is higher than 40% - increase by 0.20%
- Debt Covenant Gearing is lower than 30% - decrease by 0.10%

The interest rate applying to the USPP notes is fixed in USD as noted above, with cross currency swaps in place for 100% of these facilities to mitigate the foreign exchange risk and convert the USD interest rate exposure to a floating AUD interest rate exposure.

Facility agreement covenants and related restrictions include:

- Interest cover ratio of not less than 2.0 times (actual at 30 June 2021: 5.5 times)
- Gearing ratio of not more than 50% (actual at 30 June 2021: 29.9%); and
- A draw down cannot be completed if Gearing is or will exceed 45% via the drawn down being completed.

Waypoint REIT was in compliance with its covenants throughout the period.

The fair values of bank and institutional term loan borrowings are not materially different from their carrying amounts due to their short-term nature.

3. (b) NET FINANCE COSTS

	Waypoint REIT		Trust Group	
	2021	2020	2021	2020
	\$ million	\$ million	\$ million	\$ million
Finance income	0.1	0.2	0.1	0.2
Finance income	0.1	0.2	0.1	0.2
Interest expense	16.8	17.6	16.8	17.6
Write off of loan establishment costs due to refinancing	0.1	0.8	0.1	0.8
Finance expense	16.9	18.4	16.9	18.4
Net gain from derivative financial instruments	1.0	-	1.0	-

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3. (c) DERIVATIVE FINANCIAL INSTRUMENTS

Waypoint REIT has the following derivative financial instruments:

	Waypoint REIT		Trust Group	
	30 Jun 2021 \$ million	31 Dec 2020 \$ million	30 Jun 2021 \$ million	31 Dec 2020 \$ million
Current liabilities				
Instruments in a designated cash flow hedge				
Interest rate swaps	0.6	1.0	0.6	1.0
Current liabilities	0.6	1.0	0.6	1.0
Non-current liabilities				
Instruments held at fair value through profit or loss				
Interest rate swaps	4.3	17.8	4.3	17.8
Instruments in a designated cash flow hedge				
Interest rate swaps	11.1	8.3	11.1	8.3
Instruments in a designated fair value hedge				
Cross currency swaps	28.3	27.5	28.3	27.5
Non-current liabilities	43.7	53.6	43.7	53.6
Total	44.3	54.6	44.3	54.6

(i) Interest rate swaps

At 30 June 2021, interest rate swaps with a notional value of \$776.3 million were in place covering 90% of drawn facilities, the weighted average hedge rate was 1.88% per annum and the weighted average term was 1.9 years.

(ii) Cross currency swaps

At 30 June 2021, cross currency swaps were in place to cover 100% of debt denominated in foreign currency and the weighted average term was 8.5 years. Refer to Note 3.(a) for further details.

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3. (d) CONTRIBUTED EQUITY

		Waypoint REIT		Trust Group	
		Number of securities	\$ million	Number of units	\$ million
		'000		'000	
01/01/20	Opening balance	778,690	1,618.3	778,690	1,616.3
27/02/20	Issue of securities under DRP	2,169	5.8	2,169	5.8
31/05/20	Capital reallocation	-	-	-	(5.7)
27/08/20	Issue of securities under DRP	4,163	10.7	4,163	10.7
31/12/20	Closing balance	785,022	1,634.8	785,022	1,627.1
01/01/21	Opening balance	785,022	1,634.8	785,022	1,627.1
30/06/21	Closing balance	785,022	1,634.8	785,022	1,627.1

3. (e) RESERVES

Waypoint REIT's reserves movements were:

	Waypoint REIT		Trust Group	
	2021	2020	2021	2020
	\$ million	\$ million	\$ million	\$ million
Hedge reserve				
Opening hedge reserve	(33.5)	(25.9)	(33.5)	(25.9)
Net change in fair value of cash flow hedges	10.5	(5.6)	10.5	(5.6)
Reclassified to profit and loss	2.0	-	2.0	-
Closing hedge reserve	(21.0)	(31.5)	(21.0)	(31.5)
Share-based payments reserve				
Opening share-based payments reserve	-	-	-	-
Share-based payment expenses	-	-	-	-
Closing share-based payments reserve	-	-	-	-
Total closing reserves	(21.0)	(31.5)	(21.0)	(31.5)

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4. ADDITIONAL INFORMATION

4. (a) SUBSEQUENT EVENTS

Subsequent to the end of the financial period:

- On 30 July 2021, contracts were exchanged to sell 31 non-core assets to trusts managed by Fawkner Property Ltd. for \$113.9 million, representing a 10.1% premium to December 2020 book value. Settlements are expected to occur by the end of the year.
- Capital management initiatives were proposed in conjunction with the above-mentioned asset sales, including a \$75.0 million buy-back program activated on 30 July 2021.
- On 10 August 2021, three non-core assets were sold at auction to private purchasers for \$10.1 million, representing a 10.1% premium to June 2021 book value. Settlements are expected to occur in the fourth quarter of the year.

No other matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect:

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

4. (b) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(i) Basis of preparation

This interim financial report has been prepared in accordance with Waypoint REIT's constitutions and scheme deed, Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The interim financial report does not include all notes normally included in an annual financial report. Accordingly, this report should be read in conjunction with the annual report for the year ended 31 December 2020 and any public announcements made by Waypoint REIT between 1 January 2021 and the date of this report 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.

(ii) Rounding of amounts

Waypoint REIT is an entity of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the interim financial report. Amounts in the interim financial report have been rounded to the nearest hundred thousand dollars in accordance with that instrument, unless otherwise indicated.

(iii) Comparative information

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

(iv) Net current asset deficiency position

At 30 June 2021, Waypoint REIT had a net current asset surplus of \$89.5 million and the Trust Group had a net current asset surplus of \$82.9 million. Excluding assets classified as held for sale, Waypoint REIT had a net current asset deficiency of \$59.7 million and the Trust Group had a net current asset deficiency of \$66.3 million. Waypoint REIT uses cash at bank to pay for distributions and expenses (including property purchases), drawing down on revolving debt facilities when required. Revolving debt

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facilities are then repaid when there is excess cash available. Waypoint REIT has \$192.0 million of unused debt facilities at 30 June 2021, which can be drawn upon to fund Waypoint REIT's cashflow requirements provided that Waypoint REIT meets its debt covenants and further borrowing will not cause Gearing to exceed 45%.

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

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

(v) New accounting standards and interpretations not yet adopted

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

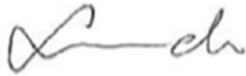
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DIRECTORS' DECLARATION

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 Waypoint REIT's and Waypoint REIT Trust Group's financial positions at 30 June 2021 and of their performance for the half-year ended on that date; and
- (b) there are reasonable grounds to believe that Waypoint REIT and Waypoint REIT Trust Group will be able to pay their debts as and when they become due and payable.

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



Laurence Brindle
Chair

27 August 2021



Independent auditor's review report to the stapled securityholders of Waypoint REIT and the unitholders of Waypoint REIT Trust

Report on the interim financial report

Conclusion

We have reviewed the interim financial report of Waypoint REIT, being the consolidated stapled entity ("Waypoint REIT"). The consolidated stapled entity, as described in the Notes to the Financial Statements, comprises Waypoint REIT Limited and the entities it controlled during the half-year, including Waypoint REIT Trust and the entities it controlled during the half-year (the "Waypoint REIT Trust Group"). The interim financial report comprises the Consolidated Balance Sheet as at 30 June 2021, the Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows for the half-year ended on that date, significant accounting policies and explanatory notes and the directors' declaration.

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

1. giving a true and fair view of the Waypoint REIT and Waypoint REIT Trust Group's financial position as at 30 June 2021 and of their performance for the half-year ended on that date
2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report.

We are independent of the Waypoint REIT and Waypoint REIT Trust Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

PricewaterhouseCoopers, ABN 52 780 433 757

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Responsibility of the directors for the interim financial report

The directors of Waypoint REIT Limited and the directors of VER Limited, the Responsible Entity of Waypoint REIT Trust (collectively referred to as “the directors”), are responsible for the preparation of the interim 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 interim financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

Auditor's responsibilities for the review of the interim financial report

Our responsibility is to express a conclusion on the interim financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Waypoint REIT and Waypoint REIT Trust Group’s financial position as at 30 June 2021 and of their performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of an interim 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.

A handwritten signature in black ink, appearing to read 'PricewaterhouseCoopers', with a stylized flourish at the end.

PricewaterhouseCoopers

A handwritten signature in black ink, appearing to read 'Reilly', with a stylized flourish at the end.

Jane Reilly
Partner

Sydney
27 August 2021