WAYPOINT REIT - APPENDIX 4E
FOR THE YEAR ENDED 31 DECEMBER 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 securityholders.

Waypoint REIT is a stapled entity with each stapled security 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 year ended 31 December 2021 (**FY21**). The comparative figures for the Profit and Loss are for the year ended 31 December 2020 (**FY20**) and the comparative figures for the Balance Sheet are as at 31 December 2020.

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Profit and Loss	Year ended 31 Dec 2021 ($'million)	Year ended 31 Dec 2020 ($'million)	Change
Revenue from ordinary activities	178.4	181.8	(1.87%)
Net profit after tax	443.6	279.9	58.49%
Distributable Earnings[1]	122.6	118.5	3.46%
Distributable EPS (cents per security)[2]	15.80	15.15	4.25%

Balance Sheet	31 Dec 2021 ($'million)	31 Dec 2020 ($'million)	Change
Total assets	3,128.2	2,930.6	6.74%
Net assets	2,128.3	1,953.2	8.96%
Net tangible assets (per security)	2.95	2.49	18.47%

[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 $4.1 million from $118.5 million in 2020 to $122.6 million in 2021, due to higher rental income ($3.0 million) and lower net interest expense ($1.7 million) partially offset by higher management and administration expenses ($0.6 million).
    - Statutory net profit increased by $163.7 million from $279.9 million in 2020 to $443.6 million in 2021, largely due to higher net valuation gains on investment property ($152.7 million).
    - Net tangible assets per security at 31 December 2021 increased by 18.5% to $2.95 (31 December 2020: $2.49) primarily due to the combined impact of strong valuation gains and lower securities on issue as a result of capital management initiatives.
- **Property Portfolio**
    - 159 investment properties (representing over one-third of the portfolio) were independently valued during the year, including 80 at 30 June and 79 at 31 December. Directors' valuations were performed on the balance of the portfolio at each balance date.
    - The weighted average capitalisation rate of the 433 assets owned at 31 December 2021 (including six uncontracted assets classified as held for sale) was 5.16%.
    - 40 non-core assets were settled or exchanged during the period for $137.1 million, representing a 10.5% premium to prevailing book value.
    - Weighted average lease expiry by income at 31 December 2021 is 10.0 years, with five leases renewed during the year for an aggregate 3.5% increase in rent.
- **Capital Management**
    - Gearing was 30.1%[3] at 31 December 2021 with $955.6 million debt drawn and $93.0 million undrawn.
    - Weighted average debt maturity was 5.0 years as at 31 December 2021, following the inaugural issuance of a $200.0 million Australian medium term note (AMTN) at a 2.4% coupon and the refinancing of $285.0 million of bank debt during the year.
    - As at 31 December 2021, 73% of Waypoint REIT's debt was hedged and the weighted average hedge maturity was 3.6 years.
    - Capital management initiatives totalling $173.3 million (before transaction costs) were completed during the year, including the buy-back of 15.3 million stapled securities for $41.1 million under on-market buy-back programs (average price of $2.68 per security) and a $132.2 million return of capital (17 cents per stapled security) on 12 November 2021.
    - The number of stapled securities on issue was further reduced by 48.1 million following a security consolidation completed at a consolidation ratio of 0.9382 on 10 November 2021.

[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 31.8%.*

DISTRIBUTIONS

	Cents per security	Date paid or payable
Final for the year ended 31 December 2020	7.73	26 February 2021
Interim for the half-year ended 30 June 2021	7.81	31 August 2021
Interim for the quarter ended 30 September 2021*	3.95	15 November 2021
Final for the year ended 31 December 2021	4.21	28 February 2022

* Distributions paid on a quarterly basis commencing the quarter ended 30 September 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.

ADDITIONAL INFORMATION

For additional information regarding the results of Waypoint REIT for the year ended 31 December 2021, please refer to the FY21 Results – ASX Media Announcement and the FY21 Results Presentation lodged with ASX. Attached with this Appendix 4E is a copy of the financial report for the year ended 31 December 2021.

This report is based on Waypoint REIT's 31 December 2021 financial report, which has been audited by PricewaterhouseCoopers. The Independent Auditor's Report provided by PricewaterhouseCoopers is included in the 31 December 2021 financial report.

FINANCIAL REPORT

For the Year Ended
31 December 2021

Contents

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 year ended 31 December 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, unless otherwise noted:

Laurence Brindle	Independent Non-Executive Chair
Georgina Lynch	Independent Non-Executive Director
Stephen Newton	Independent Non-Executive Director
Hadyn Stephens	Managing Director (appointed 21 October 2021) and Chief Executive Officer

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, unless otherwise noted:

Laurence Brindle	Independent Non-Executive Chair
Georgina Lynch	Independent Non-Executive Director
Stephen Newton	Independent Non-Executive Director
Hadyn Stephens	Managing Director (appointed 21 October 2021) and Chief Executive Officer

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 (**Viva Energy Group**)), with other tenants including other fuel and convenience retail operators and non-fuel tenants.

Significant changes in state of affairs

Capital management initiatives totalling $173.3 million (before transaction costs) were completed during the year, including the buy-back of 15.3 million stapled securities for $41.1 million under on-market buy-back programs (average price of $2.68 per security) and a $132.2 million return of capital (17 cents per stapled security) on 12 November 2021. The number of stapled securities on issue was further reduced by 48.1 million following a security consolidation completed at a consolidation ratio of 0.9382 on 10 November 2021.

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

Distribution to securityholders

Distributions paid during the year were as follows:

	2021 $ million	2020 $ million
Distributions paid in 2021		
Final distribution for year ended 31 December 2020 – 7.73 cents per security paid on 26 February 2021	60.7	-
Interim distribution for the half-year ended 30 June 2021 – 7.81 cents per security paid on 31 August 2021	61.3	-
Interim distribution for the quarter-ended 30 September 2021 * – 3.95 cents per security paid on 15 November 2021	30.9	-
Distributions paid in 2020		
Final distribution for year ended 31 December 2019 – 7.19 cents per security paid on 27 February 2020	-	56.0
Interim distribution for the six-months ended 30 June 2020 – 7.41 cents per security paid on 27 August 2020	-	57.9
Total distributions paid	**152.9**	**113.9**

* Distributions paid on a quarterly basis commencing the quarter ended 30 September 2021.

A distribution of 4.21 cents per security ($30.4 million) is to be paid on 28 February 2022 for the quarter ended 31 December 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 securityholders.

Distributable Earnings increased by $4.1 million from $118.5 million in 2020 to $122.6 million in 2021, due to higher rental income ($3.0 million) and lower net interest expense ($1.7 million) partially offset by higher management and administration expenses ($0.6 million).

Statutory net profit increased by $163.7 million from $279.9 million in 2020 to $443.6 million in 2021, largely due to net valuation gains on investment property ($152.7 million).

The management expense ratio (**MER**) in 2021 was 0.28% (2020: 0.30%) with the decrease attributed to higher management and administration expenses being more than offset by asset valuation growth.

Gearing was 30.1%[(3)] at 31 December 2021 (31 December 2020: 29.4%).

Net tangible assets per security at 31 December 2021 increased by 18.5% during the period to $2.95 (31 December 2020: $2.49), primarily due to the combined impact of strong valuation gains and lower securities on issue as a result of capital management initiatives.

Key financial metrics	**Year ended 31 Dec 2021**	**Year ended 31 Dec 2020**
Statutory net profit after tax	$443.6 million	$279.9 million
Distributable Earnings(1)	$122.6 million	$118.5 million
Distributable EPS	15.80 cents	15.15 cents
Management expense ratio (2)	0.28%	0.30%

	31 Dec 2021	**31 Dec 2020**
Total assets	$3,128.2 million	$2,930.6 million
Borrowings	$955.6 million	$872.3 million
Net assets	$2,128.3 million	$1,953.2 million
NTA per security	$2.95	$2.49
Gearing (3)	30.1%	29.4%
Covenant Gearing (4)	31.8%	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 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	**Year ended 31 Dec 2021 $ million**	**Year ended 31 Dec 2020 $ million**
Rental income	163.2	160.2
Finance income	0.1	0.2
Total operating income	**163.3**	**160.4**
Management and administration expenses	(9.9)	(9.3)
Interest expense	(30.8)	(32.6)
Distributable Earnings	**122.6**	**118.5**
Net gain on movement of fair value of investment properties	305.0	152.3
Net gain on sale of investment properties	1.0	-
Straight-line rental income	15.1	21.4
Amortisation of borrowing costs	(1.9)	(2.7)
Interest rate swap termination	-	(3.5)
Net gain/(loss) from derivative financial instruments	1.8	(0.3)
Internalisation costs	-	(5.8)
Statutory net profit after tax	**443.6**	**279.9**

Investment property portfolio[(1)]

	31 Dec 2021	31 Dec 2020
Total value of investment properties	$3,090.6 million	$2,897.3 million
Total properties in portfolio	433	470
Portfolio occupancy	99.9%	99.9%
Weighted average capitalisation rate	5.16%	5.62%
Weighted average lease expiry	10.0 years	10.8 years

(1) Includes six uncontracted assets classified as held for sale and excludes 3 assets subject to contracts for sale and classified as held for sale at 31 December 2021.

- 159 investment properties (representing over one-third of the portfolio) were independently valued during the year, including 80 at 30 June and 79 at 31 December. Directors' valuations were performed on the balance of the portfolio at each balance date.
- The weighted average capitalisation rate of the 433 assets owned at 31 December 2021 (including six uncontracted assets classified as held for sale) was 5.16%.
- 40 non-core assets were settled or exchanged during the period for $137.1 million, representing a 10.5% premium to prevailing book value.
- Weighted average lease expiry by income at 31 December 2021 is 10.0 years, with five leases renewed during the year for an aggregate 3.5% increase in rent.

Capital management

As at 31 December 2021:

- Gearing was 30.1%[4] with $955.6 million debt drawn and $93.0 million undrawn.
- Weighted average debt maturity was 5.0 years, following the inaugural issuance of a $200.0 million Australian medium term note (AMTN) at a 2.4% coupon and the refinancing of $285.0 million of bank debt during the year.
- 73% of Waypoint REIT's debt was hedged and the weighted average hedge maturity was 3.6 years.

Matters subsequent to the end of the financial period

Subsequent to the end of the financial period, Waypoint REIT:

- settled one asset held for sale for total proceeds of $1.1 million on 4 February 2022;
- bought back an additional 6.4 million stapled securities for total consideration of $17.6 million; and
- approved the distribution for the quarter ended 31 December 2021 of $30.4 million to be paid on 28 February 2022.

No other matter or circumstance has arisen since 31 December 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] *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 31.8%.*

2022 outlook

Waypoint REIT expects rental income from existing fuel and convenience retail tenancies to grow in line with contracted annual rental increases. Waypoint REIT does not expect to be materially impacted by any further COVID-19 travel restrictions that may be implemented, with all major tenants across the portfolio operating essential services that have remained open and continued to trade during previous periods of travel restriction. 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 securityholders to do so. Waypoint REIT has also identified asset class diversification as a means by which to broaden avenues for growth, mitigate key risks (sector/tenant concentration) and improve ESG metrics of its investment portfolio, and may consider acquisition opportunities in line with this strategy.

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
96.6% 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 (including international conflict) 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 99.9% occupied with only 12 leases (representing 1.1% of income) expiring before the end of 2025 and a weighted average lease expiry of 10.0 years, with five leases renewed during the year for an aggregate 3.5% increase in rent. 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 (including as a result of changes in consumer behaviour, pro-emission reduction policies, reduced supply and/or higher pricing of fossil fuels), 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 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 sheets (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 386 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 securityholders. 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.

Cyber security risk
Cyber-attacks are becoming increasingly sophisticated and a material data breach, ransom attack 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 securityholders. 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 economic 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
Transfer of freehold title to a property requires the land transfer to be registered with the governing state body which is conditional on payment of stamp duty as assessed by the governing State Revenue Office. In the absence of freehold title being registered on title by the governing state body, one's ability to transfer the title of a property is restricted.

In September 2018, Waypoint REIT received an assessment from the Victorian State Revenue Office (**SRO**) for $31.2 million in relation to the transfer of Victorian properties to Waypoint REIT from Viva Energy Group prior to its listing in August 2016. Pursuant to the arrangements between Waypoint REIT and Viva Energy Group, any such costs are payable by Viva Energy Group. In November 2018, Viva Energy Group lodged an objection to the assessment and assumed conduct of this matter under a conduct and indemnity deed between Waypoint REIT and Viva Energy Group. In May 2020, the SRO disallowed Viva Energy Group's objection and Viva Energy Group appealed this decision with the case heard at the Victorian Supreme Court in November 2021. In February 2022, the Victorian Supreme Court handed down its judgment in favor of Viva Energy Group with an assessment of $nil however the transfers of title have not yet been stamped and remain with the SRO.

Viva Energy Group remains listed as the registered proprietor of these properties on the Victorian land titles registry maintained by Land Use Victoria pending confirmation from the SRO that stamp duty has been paid. Once this matter is resolved, the signed transfers of the titles to the properties are required to be registered in the name of Waypoint REIT.

The transfer of the control of these properties to Waypoint REIT occurred in August 2016 under the sale agreement with Viva Energy Group and these properties continue to be recognised in the Consolidated Balance Sheets.

Environmental regulation

As a landlord, the operations of Waypoint REIT are subject to a range of environmental laws and regulations under Commonwealth, state and territory law. However, the lease attaching to the majority of sites requires the tenant to use reasonable endeavours to prevent contamination at each site and indemnify Waypoint REIT for any contamination caused by their operations.

Waypoint REIT did not receive any environmental infringements or notices from environmental regulators in the year ended 31 December 2021.

Information on Directors

Laurence Brindle

Independent Non-executive Chair, Chair of the Nomination Committee, Member of the Audit and Risk Management and Remuneration Committees.

Laurence has extensive experience in funds management, finance and investment and is currently the Independent Non-executive Chair of National Storage REIT and an Independent Non-executive Director of Stockland Property Group.

Until 2009, Laurence was an executive with Queensland Investment Corporation (**QIC**). During his 21 years with QIC, he served in various senior positions including Head of Global Real Estate, where he was responsible for QIC's large global investment portfolio. Laurence was also a long-term member of QIC's Investment Strategy Committee.

Laurence provides advice to a number of investment institutions on real estate investment and funds management matters. He is a former Chair of the Shopping Centre Council of Australia and a former Independent Non-executive Director of Westfield Retail Trust and Scentre Group.

Laurence holds a Bachelor of Engineering (Honours) and a Bachelor of Commerce from the University of Queensland, and a Masters of Business Administration from Cass Business School, London, where he graduated with distinction.

Georgina Lynch

Independent Non-executive Director, Chair of the Remuneration Committee and Member of the Audit and Risk Management and Nomination Committees.

Georgina has over 28 years' experience in the financial services and property industry. She is currently the Independent Non-executive Chair of Cbus Property, an Independent Non-executive Director of Irongate Funds Management Limited and a member of their Audit and Risk and Remuneration and Nominations Committees, an Independent Non-executive Director of Tassal Group Limited and a Member of their Risk and Responsible Business Committee and Nominations and Remuneration Committees, and an Independent Non-executive Director of Evolve Housing.

Georgina has significant global experience in corporate transactions, capital raisings, initial public offerings (IPOs), funds management, corporate strategy and acquisitions and divestments.

Georgina holds a Bachelor of Arts and Bachelor of Laws.

Stephen Newton

Independent Non-executive Director, Chair of the Audit and Risk Management Committee and Member of the Remuneration and Nomination Committees.

Stephen has extensive industry experience spanning in excess of 40 years across real estate investment and funds management, development and property management, as well as in infrastructure investment and management. Stephen has been a Principal of Arcadia Funds Management for more than 18 years. Prior to that, Stephen held various senior executive positions at Lend Lease for over 22 years.

Stephen is currently an Independent Non-executive Director of Stockland Property Group, BAI Communications Group (formerly Broadcast Australia Group) and Sydney Catholic Schools Limited. Stephen was formerly an Independent Non-executive Director of Gateway Lifestyle Group.

Stephen is a member of both Chartered Accountants Australia and New Zealand and the Australian Institute of Company Directors (**AICD**). He holds a Bachelor of Arts (Economics and Accounting) degree from Macquarie University and a Masters of Commerce post graduate degree from The University of New South Wales.

Hadyn Stephens

Managing Director and Chief Executive Officer.

Hadyn has approximately 23 years' experience in finance and commercial real estate, principally in strategy and transaction related roles in the real estate funds management space covering direct capital transactions, corporate transactions (M&A), debt and equity (listed and unlisted).

Hadyn's previous positions in real estate included senior roles with AMP Capital, Centuria Capital, LaSalle Investment Management, GPT Group and Merrill Lynch.

Hadyn holds a Bachelor of Laws and Bachelor of Commerce from the University of Otago, New Zealand.

Tina Mitas

Company Secretary

Tina has over 17 years' experience in corporate law including corporate governance, compliance, mergers and acquisitions, private equity and information technology.

Tina's previous positions include senior legal counsel roles at Aconex Limited and SMS Management Limited and senior associate at Herbert Smith Freehills.

Tina holds a Bachelor of Laws (Hons) and Bachelor of Commerce from the University of Melbourne and a Graduate Diploma in Applied Corporate Governance from the Governance Institute of Australia (**GIA**). Tina is a Chartered Secretary and Associate of the GIA, a member of the Institute of Chartered Secretaries and Administrators (**ICSA**) and the AICD.

Meetings of directors

The numbers of meetings of the Directors and of each Board Committee held during the year ended 31 December 2021, and the numbers of meetings attended by each Director were:

Name	Waypoint REIT Limited		VER Limited		Audit and Risk Management Committee		Remuneration Committee		Nomination Committee	
	A	B	A	B	A	B	A	B	A	B
Laurence Brindle	16	16	16	16	5	5	4	4	2	2
Georgina Lynch	16	16	16	16	5	5	4	4	2	2
Stephen Newton	16	16	16	16	5	5	4	4	2	2
Hadyn Stephens*	3	3	3	3	1	1	2	2	1	1

A = Number of meetings attended.
B = Number of meetings held during the time the Director held office or was a member of the Board Committee during the year.
* = Appointed Managing Director on 21 October 2021.

Remuneration Report

This remuneration report (**Remuneration Report**) presents Waypoint REIT's remuneration arrangements for Key Management Personnel (**KMP**) for the year ended 31 December 2021. The report has been prepared and audited in accordance with the requirements of the *Corporations Act 2001* and *Corporations Regulations 2001*.

Letter from Chair of the Remuneration Committee

On behalf of the Remuneration Committee and the Board, I am pleased to present the Remuneration Report for the year ended 31 December 2021.

2021 Remuneration Framework

As communicated last year, Waypoint REIT's long-term remuneration objectives are to:

- reward strong performance;
- encourage executive retention;
- achieve the right balance between 'fixed' and 'at risk' pay; and
- achieve alignment between executive and securityholders' interests.

Following the internalisation of management in October 2020, a remuneration framework was adopted in 2021 by the newly formed Remuneration Committee which has implemented these objectives, including:

- increased fixed annual remuneration (**FAR**) to better align to market benchmarks;
- requirement for deferred STI to be payable in securities; and
- establishment of a new equity-based long-term incentive (**LTI**) plan with the first grant of performance rights made in April 2021.

2021 Remuneration Considerations

Waypoint REIT's operations were again not materially impacted by COVID-19 this year as the vast majority of its income continues to be generated from long-term leases with well-capitalised tenants that continued to provide essential services throughout the year.

The key achievements of the Waypoint REIT team in 2021 include:

- Completed comprehensive review of Waypoint REIT's investment portfolio and strategy, with non-core asset sales and asset class diversification identified as key strategies to improve overall portfolio quality and mitigate key risks associated with Waypoint REIT's fuel and convenience portfolio.
- Sold (or agreed to sell) 40 non-core assets for proceeds of $137.1 million at an average premium to book value of 10.5%.
- Completed capital management initiatives totalling $173.3 million (before transaction costs), including the buy-back of 15.3 million stapled securities for $41.1 million (average price of $2.68 per security) and a $132.2 million return of capital (17 cents per stapled security), resulting in surplus sale proceeds being returned to investors and optimisation of Waypoint REIT's capital structure, gearing and liquidity metrics.
- Extended weighted average debt maturity by 0.7 years to 5.0 years through an inaugural $200.0 million Australian medium-term note (**AMTN**) issuance and the refinancing of $285.0 million of bank debt.
- Improved ESG framework and Board-level reporting, including the formation of WPR's carbon reduction strategy and a significant improvement in key sustainability rankings.

In recognition of the above achievements, the Board has awarded Executive KMP their maximum short-term incentive (**STI**) awards for the year ended 31 December 2021.

Future Considerations

To fully achieve its long-term remuneration objectives, the Remuneration Committee intends to increase LTI as a percentage of total remuneration over time until the Remuneration Committee is satisfied the level of 'at risk' pay is consistent with market practice.

On behalf of the Directors and the Remuneration Committee, I look forward to welcoming you and receiving your feedback at our upcoming Annual General Meeting.

Georgina Lynch
Chair, Remuneration Committee

Report Structure

This report is divided into the following sections:

(i) Key Management Personnel
(ii) FY21 Annual Remuneration Summary
(iii) Remuneration Governance
(iv) Remuneration Policy for Executive KMP (defined as the Managing Director & Chief Executive Officer (**MD/CEO**) and Other Reported Executives)
(v) Detailed Remuneration Outcomes
(vi) Executive KMP Equity Holdings
(vii) Other Information
(viii) Remuneration Policy for Non-Executive Independent Directors
(ix) Non-Executive Independent Directors Fees and Other Information

(i) Key Management Personnel

This report discloses the remuneration arrangements and outcomes for the individuals listed below, being individuals who have been determined as KMP as defined by AASB 124 *Related Party Disclosures*.

Name	Role	KMP Period
Independent Non-Executive Directors		
Laurence Brindle	Chair	Full Year
Georgina Lynch	Director	Full Year
Stephen Newton	Director	Full Year
Managing Director		
Hadyn Stephens	MD/CEO	Full Year[1,2]
Other Reported Executives		
Kerri Leech	Chief Financial Officer (**CFO**)	Full Year[2]
Tina Mitas	General Counsel & Company Secretary	Full Year[2]

[1] Appointed Managing Director on 21 October 2021.
[2] Appointed KMP on 1 October 2020, the date the management function previously undertaken by VER Manager Pty Limited, a subsidiary of Viva Energy Australia Pty Limited, was internalised (**Internalisation**).

(ii) FY21 Annual Remuneration Summary

The table below outlines the key remuneration changes in FY21 compared to FY20 following the Remuneration Committee's review of market practice and benchmarks post the Internalisation and the remuneration outcomes achieved in FY21.

<table>
<tr><th>Element</th><th>Outcomes</th></tr>
<tr><td>Fixed Annual Remuneration (FAR)
(refer to section v)</td><td>As outlined in the FY20 Remuneration Report, KMP FAR was adjusted to better align with market benchmarks and encourage retention. FY21 KMP FAR (excluding leave provisions and other benefits) is as follows:
<table>
<tr><th>KMP</th><th>FY21 FAR</th></tr>
<tr><td>CEO/MD</td><td>$550,000</td></tr>
<tr><td>CFO</td><td>$400,000</td></tr>
<tr><td>General Counsel & Company Secretary</td><td>$244,000</td></tr>
</table></td></tr>
</table>

<table>
<tr>
<td>Short-term Incentive (STI)
(refer to section v)</td>
<td>
New balanced scorecard adopted incorporating financial and non-financial criteria with STI awards assessed as follows:

<table>
<tr><th>Element</th><th>Award Scale</th><th>Criteria</th></tr>
<tr><td>Financial</td><td>0 or 33%</td><td>Delivery of initial Distributable Earnings per security (DEPS) guidance. No award if criteria not met.</td></tr>
<tr><td>Financial – outperformance</td><td>0 – 33%</td><td>Delivery of DEPS in excess of initial guidance. Sliding scale award determined at the Board’s discretion based on level of outperformance achieved.</td></tr>
<tr><td>Individual KPIs</td><td>0 – 33%</td><td>Delivery of financial and non-financial performance criteria set out in KMP balanced scorecards agreed at the start of the year.</td></tr>
</table>

Maximum STI awards have also been adjusted to achieve the right balance between fixed and “at risk” pay components and an equity-based deferral component has been introduced to encourage retention, better align Executive KMP remuneration with market benchmarks and securityholder value.

<u>MD/CEO</u>
No change to maximum STI award. The 50% deferred STI component (25% for one year, 25% for two years) is now payable in Waypoint REIT securities (rather than cash) subject to trade-lock during the deferral period.

<u>Other Reported Executives</u>
Maximum STI awards increased for the CFO (60% to 75% of FAR) and General Counsel & Company Secretary (40% to 50% of FAR) with one-third now deferred for one-year and payable in Waypoint REIT securities subject to trade-lock during the deferral period rather than cash.

<u>FY21 Outcome</u>
Waypoint REIT delivered DEPS of 15.80 cps (4.25% growth on FY20) compared to initial market guidance of 15.72 cps (3.75% growth on FY20). Accordingly, the criteria for payment of the ‘Financial’ and ‘Financial – outperformance’ elements were met, and the Remuneration Committee determined that 66.67% of the STI for each Executive KMP was payable.

In assessing Executive KMP delivery against their Individual KPIs, the Remuneration Committee has determined all members of Executive KMP have met or exceeded expectations in all Key Performance Indicator (KPI) categories (Corporate Strategy, Portfolio Management, Financial and Capital Management, ESG).

Key achievements in FY21 include:

- Completed comprehensive review of Waypoint REIT’s investment portfolio and strategy, with non-core asset sales and asset class diversification identified as key strategies to improve overall portfolio quality and mitigate key risks associated with Waypoint REIT’s fuel and convenience portfolio.
- Sold (or agreed to sell) 40 non-core assets for proceeds of $137.1 million at an average premium to book value of 10.5%.
- Completed capital management initiatives totalling $173.3 million (before transaction costs), including the buy-back of 15.3 million stapled securities for $41.1 million (average price of $2.68 per security) and a $132.2 million return of capital (17 cents per stapled security), resulting in
</td>
</tr>
</table>

	surplus sale proceeds being returned to investors and optimisation of Waypoint REIT's capital structure, gearing and liquidity metrics. - Extended weighted average debt maturity by 0.7 years to 5.0 years through an inaugural \$200.0 million Australian medium-term note (**AMTN**) issuance and the refinancing of \$285.0 million of bank debt. - Improved ESG framework and Board-level reporting, including the formation of WPR's carbon reduction strategy and a significant improvement in key sustainability rankings. In recognition of the above achievements, all Executive KMP have earned their maximum STI awards in FY21.
Long-term Incentive (LTI) (refer to section vi)	New LTI Plan established in FY21 to foster greater alignment of interests with securityholders. The initial grant of performance rights to Executive KMP under this plan were made around the date of the 2021 Annual General Meeting with a notional value of \$323,000 and a maximum fair value (statutory basis) of \$207,092. Performance rights are subject to certain performance and service vesting conditions being satisfied over a three-year performance period ending 31 December 2023. **MD/CEO** LTI award was equivalent to approximately 33% of FAR. **Other Reported Executives** LTI award was equivalent to approximately 16-25% of FAR.
Non-Executive Directors (NED) (refer to section ix)	As outlined in the FY20 Remuneration Report, Board fees were adjusted to better align with market benchmarks. FY21 Board fees (inclusive of Committee fees) are as follows:

	FY21 Fees
Board Chair	\$220,000
Board Members	\$139,500 - \$142,000

(iii) Remuneration Governance

The Remuneration Committee oversees all remuneration related matters, balancing both short-term and long-term strategic objectives, corporate values and Waypoint REIT's broader risk management framework. The Remuneration Committee reviews and provides guidance and, as appropriate, endorses management recommendations on remuneration matters (including FAR, STI and LTI for Executive KMP), Board and Committee fees and submits these for Board approval. The Remuneration Committee's Charter, setting out its detailed responsibilities, is reviewed annually.

To ensure that it is fully informed when making decisions, including on recent market trends and practices and other remuneration-related matters, the Remuneration Committee may seek external remuneration advice from time to time. Remuneration consultants are engaged directly by the Remuneration Committee as needed.

(iv) Remuneration Policy for Executive KMP

Introduction

Following Internalisation in FY20, the newly formed Remuneration Committee established its remuneration objectives and undertook a comprehensive review of Waypoint REIT's remuneration policy and underlying executive remuneration and made necessary adjustments to achieve alignment with these remuneration objectives. This review was undertaken in consideration of the new internalised management structure and to ensure the remuneration framework aligned to best practice remuneration principles. It also included input from an external remuneration consultant on market practice insights and trends in relation to executive remuneration approaches including:

- Market review of executive pay structure and design;
- CEO and executive remuneration benchmarking; and
- NED benchmarking.

No remuneration recommendations were made by the remuneration consultant in FY21 and advice provided was one of many inputs used by the Remuneration Committee to make remuneration decisions.

Remuneration Objectives

The Board recognises the key to Waypoint REIT's ongoing success lies in retaining and attracting high performing people. The remuneration framework has been designed to link Waypoint REIT's strategy of maximising long-term income and capital returns and performance with the remuneration outcomes for Executive KMP and foster strong alignment between executive pay and securityholder value.

Remuneration Structure

Waypoint REIT aims to ensure that the split of fixed and variable remuneration for Executive KMP is consistent with its remuneration objectives, appropriate for the size and nature of its business and provides fair and equitable outcomes for individuals.

The table below sets out Waypoint REIT's Executive KMP remuneration arrangements:

Type	What?	Why?
FAR	Comprises base salary, superannuation contributions and other benefits. Reviewed annually and independently benchmarked on a periodic basis against comparable organisations.	Fixed component set with reference to role, market, experience and skill-set to attract and retain the executives capable of leading and delivery the strategy.
STI	Opportunity award based on a percentage of fixed remuneration, subject to specific performance and employment conditions (including a deferred equity component).	"At risk" component designed to maximise performance in key strategic areas set and measured through a balanced scorecard approach, with KPIs aligned to the key financial and non-financial value drivers of Waypoint REIT's business. Deferred equity component designed to encourage retention and securityholder alignment.
LTI	Opportunity award based on a percentage of fixed remuneration, in the form of performance rights with a three-year performance period.	"At risk" component designed to align executive performance with securityholder interests, to attract and retain executives and provide the opportunity to reward executives for long-term achievements.

STI Details

<table>
<tr><td>Basis</td><td>Each executive may be eligible for participation in an STI program, which may be amended, replaced or withdrawn at any time at the Board’s absolute discretion.

STI awards are set with reference to a maximum STI opportunity level relative to the executive’s FAR, with the actual STI award to be determined based on performance against KPIs determined by the Board.</td></tr>
<tr><td>Purpose</td><td>To motivate and reward executives for increasing securityholder value by meeting or exceeding Waypoint REIT and individual targets determined by the Board.</td></tr>
<tr><td>Performance conditions</td><td>The value of the STI award for each Executive KMP is determined as follows:

<table>
<tr><th>Criteria</th><th>Award Scale</th><th>Criteria</th></tr>
<tr><td>Financial</td><td>0 or 33%</td><td>Delivery of initial Distributable Earnings per security (DEPS) guidance. No award if criteria not met.</td></tr>
<tr><td>Financial – outperformance</td><td>0 - 33%</td><td>Delivery of DEPS in excess of initial guidance. Sliding scale award determined at the Board’s discretion based on level of outperformance achieved.</td></tr>
<tr><td>Individual KPIs</td><td>0 - 33%</td><td>Delivery of financial and non-financial performance criteria set out in KMP balanced scorecards agreed at the start of the year.</td></tr>
</table>

The Board believes that having a mix of financial and non-financial KPIs will provide measurable performance criteria strongly linked to year-on-year securityholder returns and encourage the achievement of individual goals consistent with Waypoint REIT’s overall strategic objectives. The key FY21 KPIs are detailed in section (v).</td></tr>
<tr><td>Performance assessment</td><td>The MD/CEO evaluates the performance of the other Executive KMP against their KPIs as set out in their balanced score card and other applicable measures, including evidence of behaviour in line with Waypoint REIT’s corporate values and risk management framework. This information is presented to the Remuneration Committee who performs the same evaluation of the MD/CEO performance. The Remuneration Committee then recommends the STI awards, if any, to the Board for approval.</td></tr>
<tr><td>Delivery</td><td><u>MD/CEO</u>
50% of the STI entitlement is payable in securities subject to trade-lock with 25% vesting after one year and 25% vesting after two years.

<u>Other Reported Executives</u>
33% of the STI entitlement is payable in securities subject to trade-lock with vesting after one year.</td></tr>
<tr><td>Cessation of employment</td><td>Executive KMP will generally not be entitled to be paid any outstanding or unvested STI award if they resign or if their employment is terminated with cause.</td></tr>
<tr><td>Board discretion</td><td>STI entitlements are at the sole discretion of the Board. Waypoint REIT can amend, replace or withdraw any incentive program in its absolute discretion.</td></tr>
</table>

LTI Details

<table>
<tr><th></th><th></th></tr>
<tr><td>Basis</td><td>An LTI award will be delivered in the form of an annual grant of performance rights to Waypoint REIT stapled securities under the Waypoint REIT Equity Incentive Plan. Performance rights will be allocated to eligible executives (including all Executive KMP) on or around the date of the Annual General Meeting (i.e. FY21 performance rights allocated in April/May 2021).</td></tr>
<tr><td>Purpose</td><td>LTI is designed to align the interests of eligible executives with the interests of securityholders by providing them with the opportunity to receive an equity interest in Waypoint REIT through the granting of performance rights. Waypoint REIT uses performance rights because they create security price alignment between eligible executives and securityholders, but do not provide eligible executives with the full benefits of security ownership (such as distribution and voting rights) unless and until the performance rights vest.</td></tr>
<tr><td>Value determination</td><td>The value of performance rights granted is determined by dividing the dollar value of an eligible executive’s annual LTI opportunity (as determined by the Remuneration Committee) by the weighted average traded price of Waypoint REIT’s stapled securities traded on the ASX during the 10 business days following the release of the annual results, rounded up to the nearest whole number of performance rights.</td></tr>
<tr><td>Vesting period</td><td>The Performance Period commences on 1 January of the year performance rights are granted and concludes on the third anniversary date (i.e. FY21 performance rights: 1 January 2021 to 31 December 2023).

Performance rights will vest on or around 1 March following the end of the Performance Period (i.e. FY21 Performance Rights will vest on or around 1 March 2024).</td></tr>
<tr><td>Vesting conditions</td><td>Vesting of the performance rights will be subject to the achievement of two vesting conditions:

- 50% of the performance rights will be tested against a relative Total Securityholder Return (TSR) condition; and
- the remaining 50% of the performance rights will be tested against an average growth in DEPS condition.

See below for further details.</td></tr>
<tr><td>TSR Condition
(50% weighting)</td><td>The TSR condition measures Waypoint REIT’s performance relative to a peer group (i.e. FY21 comparator group of companies comprises the constituents of the S&P/ASX 300 A-REIT index as at 1 January 2021) over the Performance Period. TSR measures the growth in Waypoint REIT’s security price together with the value of distributions paid during the period, assuming that all those distributions are re-invested into new securities.

The vesting schedule applicable for FY21 – FY23 is:

<table>
<tr><th>Percentile ranking</th><th>Vesting level of performance rights subject to TSR condition</th></tr>
<tr><td>Equal to the 75th percentile or higher</td><td>100%</td></tr>
<tr><td>Between the 50th and 75th percentile</td><td>Straight-line pro rata vesting between 50% and 100%</td></tr>
<tr><td>Equal to the 50th percentile</td><td>50%</td></tr>
<tr><td>Below the 50th percentile</td><td>0%</td></tr>
</table>
</td></tr>
</table>

<table>
<tr><td>DEPS Condition
(50% weighting)</td><td>The vesting schedule applicable for FY21 – FY23 is:

<table>
<tr><th>Average annual growth in DEPS</th><th>Vesting level of performance rights subject to the DEPS condition</th></tr>
<tr><td>Equal to 4.5% or higher</td><td>100%</td></tr>
<tr><td>Between 3.75% and 4.5%</td><td>Straight-line pro rata vesting between 50% and 100%</td></tr>
<tr><td>At 3.75%</td><td>50%</td></tr>
<tr><td>Less than 3.75%</td><td>0%</td></tr>
</table>
</td></tr>
<tr><td>Rationale for Conditions</td><td>The LTI performance conditions have been set by the Board to align with securityholder expectations and Waypoint REIT’s strategy.

The TSR condition measures the overall returns that an entity has provided its securityholders, reflecting security price movements and reinvestment of distributions over a specified period. Relative TSR is the most widely used LTI hurdle adopted in Australia. It ensures that value is only delivered to participants if the investment return actually received by Waypoint REIT securityholders is sufficiently high relative to the returns they could have received by investing in a portfolio of alternative S&P/ASX 300 A-REIT index securities over the same period.

The DEPS condition aligns the LTI Plan with commercial long-term performance which is within executives’ ability to influence and aligns with securityholder expectations. The performance hurdles have been set with reference to:

- organic rental growth of WPR’s property portfolio (FY21 – 3.0%) plus the effect of gearing (target gearing: 30-40%); and
- WPR’s historical performance.</td></tr>
<tr><td>Distributions on unvested LTI awards</td><td>Prior to vesting, performance rights do not entitle eligible executives to any distributions or voting rights.</td></tr>
<tr><td>Forfeiture</td><td>LTI awards will usually be forfeited if an executive resigns or is summarily dismissed prior to the vesting date (see the ‘Cessation of employment’ section below for more detail). If the Board determines that an executive is responsible for misconduct resulting in material non-compliance with financial reporting requirements or for excessive risk taking, the executive will forfeit all unvested performance right entitlements.</td></tr>
<tr><td>Delivery</td><td>Each performance right entitles eligible executives to one ordinary security in Waypoint REIT on vesting. Securities allocated on vesting of performance rights carry the same distribution and voting rights as other securities issued by Waypoint REIT. The Board retains discretion to make a cash equivalent payment in lieu of an allocation of securities.</td></tr>
<tr><td>Claw-back provisions</td><td>The Board has broad ‘clawback’ powers to determine that performance rights lapse, any securities allocated on vesting of performance rights are forfeited or clawed back, or that amounts are to be repaid, in certain circumstances.</td></tr>
<tr><td>Cessation of employment</td><td>Where eligible executives’ employment with Waypoint REIT is terminated for cause or ceases due to resignation, all unvested performance rights will lapse, unless the Board determines otherwise. In all other circumstances (including due to genuine retirement, redundancy, death, permanent disability, or ill health, the expiry of a fixed term contract or separation by mutual agreement), a pro rata portion of unvested performance rights will remain on foot unless the Board determines otherwise.</td></tr>
<tr><td>Change of control</td><td>Where there is a change of control event (including a takeover bid or any other transaction, event or state of affairs that, in the Board’s opinion, is likely to result in a change in the control of Waypoint REIT), the Board</td></tr>
</table>

	may determine the manner in which all unvested performance rights will be dealt with.
Board discretion	While the number of performance rights that vest will primarily be determined by testing against the vesting conditions, the Board retains an overriding discretion to reduce or increase the vesting outcome where it considers it appropriate in light of Waypoint REIT's performance overall and any other relevant circumstances.
Restrictions on dealing	Eligible executives must not sell, transfer, encumber, hedge or otherwise deal with performance rights, unless the dealing is required by law.

(v) Detailed Remuneration Outcomes

Performance Indicators

The Remuneration Committee and Board aim to align Executive KMP remuneration with Waypoint REIT's strategic and business objectives and the creation of securityholder wealth. The table below shows statutory and alternative measures of Waypoint REIT's historical financial performance. Statutory measures are not necessarily consistent with the measures used in determining the variable amounts of remuneration to be awarded to Executive KMP as noted above. Consequently, there may not always be a direct correlation between the statutory key performance measures and the variable remuneration awarded.

	2017	2018	2019	2020	2021
Statutory profit ($'m)	170.5	167.1	197.6	279.9	443.6
Distributable earnings[1] ($'m)	95.0	101.7	111.7	118.5	122.6
Basic earnings per security (cents)	23.08	21.34	25.72	35.79	57.17
DEPS[1] (cents)	13.41	14.02	14.54	15.15	15.80
Distributions paid/payable (cents)	13.20	14.02	14.37	15.14	15.97
Capital return (cents)	-	-	-	-	17.00
Closing security price (31 December)	$2.26	$2.25	$2.66	$2.73	$2.83
Net tangible assets per security[2]	$2.12	$2.20	$2.29	$2.49	$2.95
Weighted average securities on issue ('m)	708.2	725.7	768.4	782.0	775.8

[1] DEPS is unaudited
[2] Net tangible assets per security include the impact of the fair value movements

FY21 STI Annual Assessment

The STI balanced scorecard contains three equally weighted elements that are assessed independently of each other. These elements and the relevant criteria for FY21 are:

Element	Scale	Criteria
Financial	33.3%	Achieve FY21 DEPS guidance as announced on 26 February 2021 (15.72 cents).
Financial - outperformance	0 - 33.3%	Exceed the FY21 DEPS guidance as announced on 26 February 2021 (15.72 cents). Sliding scale award determined at the Board's discretion based on level of outperformance achieved.
Individual KPIs	0 - 33.3%	Individual financial and non-financial performance criteria set in conjunction with the Board or MD/CEO (as applicable). Please refer to the table below.

The annual assessments for the MD/CEO and Other Reported Executives are similar but with different emphasis and KPIs applicable to their individual roles. The KPI Categories have been set with regard to Waypoint REIT's strong risk management and corporate governance culture. KPIs for Executive KMP in FY21 varied from person to person; however, the key KPIs driving the Remuneration Committee and Board's decision to award the FY21 STIs were as follows:

KPI Categories	KPI Performance
Corporate Strategy - Align strategy with investment objective of maximising long-term income and capital returns for securityholders	 - Comprehensive portfolio review completed, with approximately 15% of Waypoint REIT's fuel and convenience portfolio identified for potential disposal over the near-to-medium term (including FY21) to improve overall portfolio quality and reduce future income and capital risk - Long-term diversification strategy identified to broaden Waypoint REIT's avenues for growth and mitigate sector and tenant concentration risk
Portfolio Management - Execute non-core asset sales strategy - Deliver acquisitions in line with approved criteria and return hurdles - Proactively manage lease expiries - Engage with tenants on site and portfolio optimisation opportunities	 - 40 non-core assets settled or exchanged for proceeds of $137.1 million at a 10.5% premium to book value - All lease renewals executed at a weighted average leasing spread of 3.5% and no downtime - Maintained disciplined approach to acquisitions, leveraging strong market conditions to sell non-core assets
Financial and Capital Management - Diversify and optimise debt funding sources - Extend debt maturities - Manage liquidity to support the delivery of Waypoint REIT's strategy - Optimise capital management in coordination with portfolio management strategy	 - Inaugural $200.0 million AMTN issuance completed and $285.0 million of bank debt refinanced/banking group rationalised - Weighted average debt maturity increased 0.7 years to 5.0 years - Business funding, liquidity and gearing maintained within approved parameters - $173.3 million of capital management initiatives executed ($41.1 million buy-back and $132.2 million capital return)
ESG - Ongoing focus on people, culture and safety - Maintain strong corporate governance - Set carbon reduction strategy - Adopt inaugural Modern Slavery Statement - Actively seek to improve ESG external ratings - Identify and execute other initiatives to further ESG strategy	 - No employee turnover; no employee injuries - No reportable compliance breaches - Net carbon neutral target set and achieved - Modern Slavery Statement published - Sustainability rankings materially improved (S&P Corporate Sustainability, Sustainalytics, MSCI) - TCFD gap analysis performed - Regular ESG reporting to Board implemented

In assessing Executive KMP delivery against their respective and collective KPIs, the Remuneration Committee has determined all members of Executive KMP have met or exceeded expectations in all KPI categories as evidenced in the table above. Accordingly, all members of Executive KMP have been awarded their maximum STI allocations. Refer to FY21 STI Outcomes section below for further details.

FY21 STI Outcomes

The following table sets out the awards made to each Executive KMP based on their performance during the year ended 31 December 2021.

$	FAR as per contract[1]	Maximum STI as per contract	Actual STI awarded	% of maximum possible current award earned
Hadyn Stephens	550,000	550,000	550,000	100
Kerri Leech	400,000	300,000	300,000	100
Tina Mitas[2]	244,000	122,000	140,000	115

[1] FAR comprises salary and superannuation.
[2] FAR and Maximum STI are based on a 0.8 Full-time Equivalent (FTE) basis consistent with Tina Mitas' standard terms of employment. Tina Mitas' Actual STI and % Maximum in the above table and the actual figures in the table below reflect a pro rata payment for additional days worked during the financial year over and above her contractual obligation.

FY21 Total Remuneration (Statutory Basis)

Executives were designated KMP from 1 October 2020 (date of Internalisation). Prior to this date, Executives were employees of VER Manager Pty Limited, a subsidiary of Viva Energy Australia Pty Limited (the **Manager**). Accordingly, the comparative figures in the table below shows fixed remuneration for the period 1 October to 31 December 2020 and variable remuneration for the entire FY20 calendar year, including the first nine months of the year when Executive KMP were employed by the Manager, as it was determined for the year as a whole by the Board.

	Short-term benefits			Post-retirement benefits	Other long-term benefits	Total Fixed
	Salary $	Annual Leave[1] $	Other Benefits $	Super-annuation $	Long Service Leave[1] $	$
Hadyn Stephens						
2021 (full year)	527,369	14,253	3,997	22,631	14,351	582,601
2020 (part year)	119,576	2,155	417	5,424	3,127	130,699
Kerri Leech						
2021 (full year)	377,369	19,896	2,000	22,631	10,451	432,347
2020 (part year)	84,254	553	292	3,273	1,900	90,272
Tina Mitas						
2021 (full year)	245,083	4,075	2,467	23,026	8,058	282,709
2020 (part year)	60,694	2,222	155	6,833	2,844	72,748
Total						
2021 (full year)	1,149,821	38,224	8,464	68,288	32,860	1,297,657
2020 (part year)	264,524	4,930	864	15,530	7,871	293,719

[1] Amounts disclosed represent the movement in the associated leave provisions.

	Short-term benefits	Other long-term benefits	Share-based payments		Total Variable	Grand Total	At risk element[3]
	Current STI (cash) $	Deferred STI (cash) $	Deferred STI[1] (equity) $	Deferred LTI[2] (rights) $	$	$	%
Hadyn Stephens							
2021 (full year)	275,000	-	103,419	23,922	402,341	984,942	41
2020 (part year)	250,000	250,000	-	-	500,000	630,699	49
Kerri Leech							
2021 (full year)	200,000	-	44,444	13,239	257,683	690,030	37
2020 (part year)	210,000	-	-	-	210,000	300,272	37
Tina Mitas							
2021 (full year)	93,333	-	20,741	5,296	119,370	402,079	30
2020 (part year)	100,000	-	-	-	100,000	172,748	26
Total							
2021 (full year)	568,333	-	168,604	42,457	779,394	2,077,051	
2020 (part year)	560,000	250,000	-	-	810,000	1,103,719	

[1] Represents the accounting expense attributed to each Executive KMP in accordance with AASB2 *Share-based Payments*. The face values of deferred STI awards anticipated to be granted to Hadyn Stephens, Kerri Leech and Tina Mitas in March 2022 are $275,000, $100,000 and $46,667 respectively. Subject to ongoing service conditions being satisfied, the difference in value will be expensed over FY22 ($168,604) and FY23 ($73,882) and FY24 ($10,577) accordingly.

[2] Represents the accounting expense attributed to each Executive KMP in accordance with AASB2 *Share-based Payments*. The face values of LTI awards granted to Hadyn Stephens, Kerri Leech and Tina Mitas were $183,000, $100,000 and $40,000 respectively.
[3] Comparative figures are presented on an annualised basis. Actual percentages for the 3-month period KMP were appointed were 79, 70 and 58 respectively.

(vi) Executive KMP Equity Holdings

As outlined in the FY20 Remuneration Report, the Board has introduced an equity-based LTI plan for Executive KMP and requires any deferred component of KMP STI to now be delivered in the form of equity.

Stapled Securities

FY21	Balance 1 January	On market purchases	Vesting of Deferred STI[1]	Vesting of performance rights	Other[2]	Balance 31 December
Hadyn Stephens	-	41,666	-	-	(2,574)	39,092
Kerri Leech	-	7,499	-	-	(463)	7,036
Tina Mitas	-	8,400	-	-	(519)	7,881

[1] Deferred portion of FY21 STI payable in securities subject to trade-lock restrictions will be acquired on-market in March 2022 and held in Waypoint REIT's Employee Share Trust until the end of the deferral period. Refer to section (v) above for further details.
[2] Holdings adjusted for security consolidation effected 10 November 2021 at a ratio of 0.9382.

Performance Rights

Waypoint REIT issued 155,916 performance rights in FY21, including 78,801 granted on 9 April 2021 and 77,115 granted on 13 May 2021. All performance rights have a nil exercise price, vest on or around 1 March 2024 if vesting conditions are met or otherwise expire on this date and are subject to DEPS and TSR conditions over the Performance Period of 1 January 2021 to 31 December 2023.

Accounting standards require the estimated valuation of the grants be recognised over the performance period. The minimum value of the grant is nil if the vesting conditions are not met. The maximum value is based on the estimated fair value calculated at the time of the grant and amortised in accordance with the accounting standard requirements.

FY21	Opening Balance #	Rights Granted #	Rights Vested #	Closing Balance #	Fair value to be expensed in future years[3] ($)
Hadyn Stephens[1]	-	77,115	-	77,115	92,907
Kerri Leech[2]	-	42,139	-	42,139	51,234
Tina Mitas[2]	-	16,856	-	16,856	20,494

[1] Grant date of 13 May 2021. Fair value per right at grant date of $2.13 (DEPS tranche) and $0.90 (TSR tranche).
[2] Grant date of 9 April 2021. Fair value per right at grant date of $2.14 (DEPS tranche) and $0.92 (TSR tranche).
[3] The maximum value of the grants yet to vest is the fair value amount at the grant date yet to be reflected in Waypoint REIT's Consolidated Statement of Comprehensive Income.

Performance rights are valued using the Black-Scholes-Merton methodology which discounts for dividends/distributions foregone. This is used for allocation purposes for all rights and accounting purposes for non-market based performance rights. The Monte Carlo method is used for accounting purposes for market based performance rights. The accounting value determined using a Monte Carlo simulation valuation is in accordance with AASB 2.

(vii) Other Information

Employment contracts and termination entitlements

Contracts can be terminated by Waypoint REIT by providing 12 months written notice or payment in lieu of notice. Notice periods applicable to termination at the Executive KMP's election vary as follows:

Hadyn Stephens	12 months
Kerri Leech	6 months
Tina Mitas	3 months

Waypoint REIT may terminate an Executive KMP's service at any time without notice if serious misconduct has occurred. Where termination with cause occurs the Executive KMP is only entitled to remuneration up to the date of termination.

Other transactions with Executive KMP

There were no loans made, guaranteed or secured, directly or indirectly, by Waypoint REIT to Executive KMP or their related parties during the year. There were no other transactions between Waypoint REIT and any Executive KMP or their related parties during the year.

(viii) Remuneration Policy for Non-Executive Independent Directors

Objective

The Remuneration Committee is responsible for making recommendations to the Board on the remuneration arrangements for the Independent Non-Executive Directors. The Board and the Remuneration Committee periodically assesses, with the benefit of independent advice as required, the appropriateness of the nature and amount of remuneration of Non-Executive Independent Directors by reference to market rates with the overall objective of attracting and retaining Board members with an appropriate combination of industry and specialist functional knowledge and experience.

Remuneration Structure

Under the Company Constitution, the Board may decide the remuneration to which each Non-Executive Independent Director is entitled for his or her services as a director. However, the total amount provided to all Non-Executive Independent Directors for their services as directors must not exceed in aggregate in any financial year the amount fixed by Waypoint REIT. This amount has been fixed at $750,000 per annum.

Annual fees payable, inclusive of superannuation, to Non-Executive Independent Directors during FY21 were as follows:

Role	Board	Audit and Risk Management Committee	Remuneration Committee [1]	Nomination Committee [1]
Chair	$220,000[2]	$25,000[4]	$20,000	-
Member	$107,000[3]	$12,500[4]	$10,000	-

1 The Remuneration and Nomination Committees were formed on 1 October 2020 following the Internalisation.
2 The Board Chair does not receive fees for membership on Board Committees. Fees increased $20,000 on 1 January 2021. Prior to this date, Board Chair fees had remained unchanged since Waypoint REIT listed on the ASX in August 2016.
3 Fees increased $7,000 on 1 January 2021. Prior to this date, Board Member fees had remained unchanged since Waypoint REIT listed on the ASX in August 2016.
4 Audit Committee fees increased effective 1 October 2020 in light of expanded responsibilities following the Internalisation and retirement of nominee directors (the increases were: Chair - $5,000 & Member - $2,500).

Additionally, Non-Executive Independent Directors are entitled to reimbursement of travel and other out of pocket expenses which totalled $265 in the year ended 31 December 2021 (2020: $4,554).

(ix) Non-Executive Independent Director Fees and Other Information

Details of Non-Executive Independent Director fees and security interests are set out below.

Fees

Fees payable to each Non-Executive Independent Director of Waypoint REIT during the year are set out below:

	2021			2020		
	Base Fee $	Super-annuation $	Total $	Base Fee $	Super-annuation $	Total $
Laurence Brindle	200,457	19,543	220,000	182,648	17,352	200,000
Georgina Lynch	127,108	12,392	139,500	105,594	10,031	115,625
Stephen Newton	129,386	12,614	142,000	113,014	10,736	123,750
Total	**456,951**	**44,549**	**501,500**	**401,256**	**38,119**	**439,375**

Interests in securities

The number of securities held during the year by each Non-Executive Independent Director of Waypoint REIT, including their personally related parties, are set out below:

2021	Balance 1 January	On market purchases	On market disposals	Other[1]	Balance 31 December
Non-Executive Directors					
Laurence Brindle	100,000	-	-	(6,180)	93,820
Georgina Lynch	50,000	-	-	(3,090)	46,910
Stephen Newton	25,000	-	-	(1,545)	23,455

[1] Holdings adjusted for security consolidation effected 10 November 2021 at a ratio of 0.9382.

Other transactions with Non-Executive Independent Directors

There were no loans made, guaranteed or secured, directly or indirectly, by Waypoint REIT to any Non-Executive Independent Director or their related parties during the year. There were no other transactions between Waypoint REIT and any Non-Executive Independent Director or their related parties during the year.

Directors Report – continued (unaudited)

Insurance and indemnification of officers and auditors

The Company has paid premiums in respect of a contract insuring all directors and officers of the Company and its related entities against certain liabilities incurred in that capacity. The insurance policies cover former directors and officers of the Company. Disclosure of the nature of the liability covered by the insurance and premiums paid is subject to confidentiality requirements under the contract of insurance.

The Company and the Responsible Entity are party to Deeds of Indemnity with each of its directors, Hadyn Stephens (Managing Director & Chief Executive Officer), Kerri Leech (Chief Financial Officer) and Tina Mitas (Company Secretary) providing these persons with an indemnity on a full indemnity basis, to the fullest extent permitted by law, against all losses and liabilities incurred in their respective role for the Company, the Responsible Entity and its related entities. The Deeds also require the Company to grant the indemnified person with access to certain Company documents and insure the indemnified persons.

In addition, the Company's and the Responsible Entity's constitutions provide for the indemnity of officers of the Company/Responsible Entity or its related bodies corporate from liability incurred by a person in that capacity.

No indemnity payment has been made under any of the documents referred to above during, or since the end of, the financial year.

Waypoint REIT has not during or since the end of the financial year indemnified or agreed to indemnify an auditor of Waypoint REIT or of any related body corporate against a liability incurred in their capacity as an auditor.

Audit and non-audit services

Waypoint REIT may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with Waypoint REIT are important.

Details of the amounts paid or payable to the auditor for audit and non-audit services provided in relation to the year ended 31 December 2021 are disclosed in Note 4.(d) to the consolidated financial statements.

The Directors have considered the position and, in accordance with advice received from Waypoint REIT's Audit and Risk Management Committee (**ARMC**), are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the ARMC to ensure they do not impact the impartiality and objectivity of the auditor; and
- none of the services undermines the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*.

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 29.

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

28 February 2022

Auditor’s Independence Declaration

As lead auditor for the audit of Waypoint REIT Limited and Waypoint REIT Trust for the year ended 31 December 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 audit; and

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

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.

JReilly

Jane Reilly
Partner
PricewaterhouseCoopers

Sydney
28 February 2022

FINANCIAL STATEMENTS

For the Year Ended
31 December 2021

Contents

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 'Waypoint REIT'.

This 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.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

		Waypoint REIT		Trust Group	
		2021	2020	2021	2020
	Notes	$ million	$ million	$ million	$ million
Rental income from investment properties (incl. non-cash straight-line lease adjustment)		178.3	181.6	178.3	181.6
Finance income	3. (b)	0.1	0.2	0.1	0.1
Net gain on sale of investment properties		1.0	-	0.2	-
Net gain on movement in fair value of investment properties	2. (a)	305.0	152.3	305.0	152.3
Management and administration expenses		(9.9)	(9.3)	(10.1)	(9.5)
Finance expense	3. (b)	(32.7)	(35.3)	(32.7)	(35.3)
Net gain from derivative financial instruments	3. (b)	1.8	(0.3)	1.8	(0.3)
Internalisation costs		-	(5.8)	-	(5.8)
Interest rate swap termination		-	(3.5)	-	(3.5)
Net profit before income tax		**443.6**	**279.9**	**442.6**	**279.6**
Income tax expense		-	-	-	-
Net profit after tax		**443.6**	**279.9**	**442.6**	**279.6**
Other comprehensive income Items that may be reclassified subsequently to profit or loss					
Unrealised gains / (losses) on cash flow hedges		27.8	(7.6)	27.8	(7.6)
Total comprehensive income		**471.4**	**272.3**	**470.4**	**272.0**
Total comprehensive income for the year attributable to Waypoint REIT securityholders, comprising:					
- shareholders of Waypoint REIT Limited		1.0	0.3	-	-
- unitholders of Waypoint REIT Trust (non-controlling interests)		470.4	272.0	470.4	272.0
		471.4	**272.3**	**470.4**	**272.0**
Earnings per security		**cents**	**cents**	**cents**	**cents**
Basic earnings per security	1. (b)	57.17	35.79	57.05	35.76
Diluted earnings per security	1. (b)	57.16	35.79	57.04	35.76

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

CONSOLIDATED BALANCE SHEETS
AT 31 DECEMBER 2021

		Waypoint REIT		Trust Group	
		31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
	Notes	$ million	$ million	$ million	$ million
ASSETS					
Current assets					
Cash and cash equivalents	1. (c)	19.0	15.5	2.7	2.1
Derivative financial instruments	3. (d)	0.7	-	0.7	-
Other current assets		3.3	2.4	13.9	14.5
		23.0	**17.9**	**17.3**	**16.6**
Assets classified as held for sale	2. (b)	33.9	14.3	33.9	14.3
Total current assets		**56.9**	**32.2**	**51.2**	**30.9**
Non-current assets					
Investment properties	2. (a)	3,069.0	2,897.3	3,069.0	2,897.3
Derivative financial instruments	3. (d)	1.5	-	1.5	-
Other non-current assets		0.8	1.1	-	-
Total non-current assets		**3,071.3**	**2,898.4**	**3,070.5**	**2,897.3**
Total assets		**3,128.2**	**2,930.6**	**3,121.7**	**2,928.2**
LIABILITIES					
Current liabilities					
Trade and other payables		3.4	4.9	7.3	11.8
Rent received in advance		2.4	2.3	2.4	2.3
Interest payable		5.9	6.5	5.9	6.5
Distribution payable	1. (a)	30.4	60.7	30.4	60.7
Derivative financial instruments	3. (d)	-	1.0	-	1.0
Provisions and other current liabilities		1.9	1.5	-	-
Total current liabilities		**44.0**	**76.9**	**46.0**	**82.3**
Non-current liabilities					
Borrowings	3. (a)	929.5	845.8	929.5	845.8
Derivative financial instruments	3. (d)	25.5	53.6	25.5	53.6
Provisions and other non-current liabilities		0.9	1.1	-	-
Total non-current liabilities		**955.9**	**900.5**	**955.0**	**899.4**
Total liabilities		**999.9**	**977.4**	**1,001.0**	**981.7**
Net assets		**2,128.3**	**1,953.2**	**2,120.7**	**1,946.5**
EQUITY					
Waypoint REIT Limited					
Contributed equity	3. (f)	7.6	7.7	-	-
Retained profits / (Accumulated losses)		-	(1.0)	-	-
Reserves		-	-	-	-
Parent entity interest		**7.6**	**6.7**	**-**	**-**
Waypoint REIT Trust					
Contributed equity	3. (f)	1,453.5	1,627.1	1,453.5	1,627.1
Retained profits		672.9	352.9	672.9	352.9
Reserves	3. (h)	(5.7)	(33.5)	(5.7)	(33.5)
Non-controlling interests		**2,120.7**	**1,946.5**	**2,120.7**	**1,946.5**
Total equity		**2,128.3**	**1,953.2**	**2,120.7**	**1,946.5**

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

		Waypoint REIT					Trust Group			
	Notes	Contributed equity $ million	Retained profits $ million	Reserves $ million	Non-controlling interests $ million	TOTAL $ million	Contributed equity $ million	Retained profits $ 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		**-**	**0.3**	**-**	**279.6**	**279.9**	**-**	**279.6**	**-**	**279.6**
Other comprehensive income:										
Effective portion of changes in fair value of cash flow hedges		-	-	-	(7.6)	(7.6)	-	-	(7.6)	(7.6)
Total comprehensive profit for the period		**-**	**0.3**	**-**	**272.0**	**272.3**	**-**	**279.6**	**(7.6)**	**272.0**
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		-	-	-	16.5	16.5	16.5	-	-	16.5
Distributions paid or provided for	1. (a)	-	-	-	(118.5)	(118.5)	-	(118.5)	-	(118.5)
Total transactions with owners in their capacity as owners		**-**	**-**	**-**	**(102.0)**	**(102.0)**	**16.5**	**(118.5)**	**-**	**(102.0)**
Balance at 31 December 2020		**7.7**	**(1.0)**	**-**	**1,946.5**	**1,953.2**	**1,627.1**	**352.9**	**(33.5)**	**1,946.5**
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		**-**	**1.0**	**-**	**442.6**	**443.6**	**-**	**442.6**	**-**	**442.6**
Other comprehensive income:										
Effective portion of changes in fair value of cash flow hedges	3. (d)	**-**	**-**	**-**	27.8	27.8	-	-	27.8	**27.8**
Total comprehensive profit for the period		**-**	**1.0**	**-**	**470.4**	**471.4**	**-**	**442.6**	**27.8**	**470.4**
Transactions with owners in their capacity as owners										
On-market buy-back, net of transaction costs		(0.1)	-	-	(41.4)	**(41.5)**	**(41.4)**	**-**	**-**	**(41.4)**
Capital return and security consolidation, net of transaction costs	3. (f)	-	-	-	(132.2)	**(132.2)**	**(132.2)**	**-**	**-**	**(132.2)**
Distributions paid or provided for	1. (a)	-	-	-	(122.6)	**(122.6)**	-	(122.6)	-	**(122.6)**
Total transactions with owners in their capacity as owners		**(0.1)**	**-**	**-**	**(296.2)**	**(296.3)**	**(173.6)**	**(122.6)**	**-**	**(296.2)**
Balance at 31 December 2021		**7.6**	**-**	**-**	**2,120.7**	**2,128.3**	**1,453.5**	**672.9**	**(5.7)**	**2,120.7**

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

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021

		Waypoint REIT		Trust Group	
		2021	2020	2021	2020
	Notes	$ million	$ million	$ million	$ million
Cash flows from operating activities					
Rental income from investment properties (inclusive of GST)		181.2	175.4	181.2	175.4
Payments to suppliers and employees (inclusive of GST)		(29.0)	(29.6)	(31.9)	(27.4)
		152.2	**145.8**	**149.3**	**148.0**
Interest received		0.1	0.2	-	0.2
Interest paid		(31.1)	(29.2)	(31.1)	(29.2)
Net cash inflow from operating activities		**121.2**	**116.8**	**118.2**	**119.0**
Cash flows from investing activities					
Acquisition and development expenditure		(2.2)	(49.6)	(2.2)	(49.5)
Net proceeds on sale of investment properties		129.8	0.9	129.8	0.9
Net cash inflow/(outflow) from investing activities		**127.6**	**(48.7)**	**127.6**	**(48.6)**
Cash flows from financing activities					
Proceeds from borrowings (net of borrowing costs)		686.6	664.7	686.6	664.7
Repayments of borrowings		(605.7)	(644.0)	(605.7)	(644.0)
Payments in relation to derivatives		-	(3.5)	-	(3.5)
On-market buy-back of stapled securities (net of costs)		(41.1)	-	(41.0)	-
Capital return and security consolidation (net of costs)		(132.2)	-	(132.2)	-
Payment for capital reallocation		-	-	-	(5.7)
Distributions paid to securityholders	1. (a)	(152.9)	(97.3)	(152.9)	(97.3)
Net cash inflow/(outflow) from financing activities		**(245.3)**	**(80.1)**	**(245.2)**	**(85.8)**
Net increase/(decrease) in cash and cash equivalents		**3.5**	**(12.0)**	**0.6**	**(15.4)**
Cash and cash equivalents at beginning of the period		15.5	27.5	2.1	17.5
Cash and cash equivalents at end of the period	1. (c)	**19.0**	**15.5**	**2.7**	**2.1**

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

NOTES TO THE FINANCIAL STATEMENTS

This general-purpose financial report contains the financial statements of Waypoint REIT and Waypoint REIT Trust Group (**Trust Group**) for the year ended 31 December 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 year ended 31 December 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**). Each stapled security consists of one share in the Company and one unit in the Trust.

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:

4. **Additional information** – additional disclosures relating to Waypoint REIT's financial statements.

1. PERFORMANCE AND RESULTS

Waypoint REIT (and Trust Group) has one reportable segment in which it operates, being fuel and convenience retail investment properties. The Board of Waypoint REIT, in its capacity as 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:

Financial results	**Year ended 31 Dec 2021 $ million**	**Year ended 31 Dec 2020 $ million**
Rental income	163.2	160.2
Finance income	0.1	0.2
Total operating income	**163.3**	**160.4**
Management and administration expenses	(9.9)	(9.3)
Interest expense	(30.8)	(32.6)
Distributable Earnings	**122.6**	**118.5**
Net gain on movement in fair value of investment properties	305.0	152.3
Net gain on sale of investment properties	1.0	-
Straight-line rental income	15.1	21.4
Amortisation of borrowing costs	(1.9)	(2.7)
Interest rate swap termination	-	(3.5)
Net gain/(loss) from derivatives financial instruments	1.8	(0.3)
Internalisation costs	-	(5.8)
Statutory net profit	**443.6**	**279.9**

1. (a) DISTRIBUTIONS TO SECURITYHOLDERS

	2021 $ million	**2020 $ million**
Distributions paid in 2021		
Final distribution for year ended 31 December 2020 – 7.73 cents per security paid on 26 February 2021	60.7	-
Interim distribution for the half-year ended 30 June 2021 – 7.81 cents per security paid on 31 August 2021	61.3	-
Interim distribution for the quarter-ended 30 September 2021 * – 3.95 cents per security paid on 15 November 2021	30.9	-

	2021 $ million	2020 $ million
Distributions paid in 2020		
Final distribution for year ended 31 December 2019 – 7.19 cents per security paid on 27 February 2020	-	56.0
Interim distribution for the six-months ended 30 June 2020 – 7.41 cents per security paid on 27 August 2020	-	57.9
Total distributions paid	**152.9**	**113.9**

* Distributions paid on a quarterly basis commencing the quarter ended 30 September 2021.

The Trust also returned $132.2 million (17 cents per stapled security) of capital to securityholders on 12 November 2021 and a distribution of 4.21 cents per security ($30.4 million) is to be paid on 28 February 2022 for the quarter ended 31 December 2021.

The Company has franking credits available for subsequent reporting periods of $0.03 million based on a tax rate of 30% (2020: $0.03 million). There was no dividend paid or payable from the Company during the year.

1. (b) EARNINGS PER SECURITY

	Waypoint REIT		Trust Group	
	2021 Cents	2020 Cents	2021 Cents	2020 Cents
Basic earnings per security (cents) attributable to:				
Shareholders of Waypoint REIT Limited	0.12	0.03	-	-
Unit holders of Waypoint REIT Trust (non-controlling interest)	57.05	35.76	57.05	35.76
Securityholders of Waypoint REIT	**57.17**	**35.79**	**57.05**	**35.76**
Diluted earnings per security (cents) attributable to:				
Shareholders of Waypoint REIT Limited	0.12	0.03	-	-
Unit holders of Waypoint REIT Trust (non-controlling interest)	57.04	35.76	57.04	35.76
Securityholders of Waypoint REIT	**57.16**	**35.79**	**57.04**	**35.76**
Statutory net profit after tax ($ million)	443.6	279.9	442.6	279.6
Distributable earnings ($ million)	122.6	118.5	122.6	118.5
Distributable earnings per stapled security (cents)	15.80	15.15	N/A	N/A

	Waypoint REIT		Trust Group	
	2021 million	2020 million	2021 million	2020 million
Weighted average number of securities used as the denominator in calculating basic earnings per security	775.8	782.0	775.8	782.0
Adjustments for calculation of diluted earnings per stapled security				
• Performance Rights*	0.1	-	0.1	-
Weighted average number of securities and potential securities used as the denominator in calculating diluted earnings per security	775.9	782.0	775.9	782.0

* Performance Rights are unquoted securities and conversion to stapled securities and vesting to executives is subject to performance and/or service conditions.

1. (c) CASH AND CASH EQUIVALENTS

	Waypoint REIT		Trust Group	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
	$ million	$ million	$ million	$ million
Cash at bank*	19.0	15.5	2.7	2.1
Total cash and cash equivalents	**19.0**	**15.5**	**2.7**	**2.1**

* Includes $5.5 million held in bank accounts as restricted cash maintained to satisfy the regulatory requirements of the Responsible Entity's Australian Financial Services Licence (**AFSL**).

Accounting policy – Cash and cash equivalents
For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, and other short- term, highly liquid investments with maturities of three months or less from the date of acquisition that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

1. (d) CASH FLOW INFORMATION

(i) Reconciliation of net profit after income tax to net cash inflow from operating activities

	Waypoint REIT		Trust Group	
	2021	2020	2021	2020
	$ million	$ million	$ million	$ million
Profit for the year	443.6	279.9	442.6	279.6
Amortisation of borrowing costs	1.9	2.7	1.9	2.7
Interest rate swap termination	-	3.5	-	3.5
Net revaluation of investment properties	(305.0)	(152.3)	(305.0)	(152.3)
Straight-line adjusting on rental income	(15.1)	(21.4)	(15.1)	(21.4)
Net gain on sale of investment properties	(1.0)	-	(0.2)	-
Net (gain)/loss from derivative financial instruments	(1.8)	0.3	(1.8)	0.3
Change in operating assets and liabilities				
(Increase)/Decrease in other current assets	-	(1.5)	(6.8)	(1.2)
Increase in other non-current assets	0.2	(1.0)	-	-
Increase/(Decrease) in trade and other payables	(1.1)	3.0	3.1	4.2
Increase in rent received in advance	0.1	0.1	0.1	0.1
Increase/(Decrease) in interest payable	(0.6)	3.5	(0.6)	3.5
Increase in provisions and other liabilities	-	-	-	-
Net cash inflow from operating activities	**121.2**	**116.8**	**118.2**	**119.0**

(ii) Non-cash investing and financing activities

	Waypoint REIT		Trust Group	
	2021	2020	2021	2020
	$ million	$ million	$ million	$ million
Loan establishment costs netted off against borrowings drawn down	2.4	1.2	2.4	1.2
Total non-cash financing and investing activities	**2.4**	**1.2**	**2.4**	**1.2**

2. PROPERTY PORTFOLIO

Waypoint REIT's property portfolio comprises both investment properties (Note 2. (a)) and assets held for sale (Note 2. (b)):

	# Properties		Waypoint REIT		Trust Group	
	31 Dec 2021	31 Dec 2020	31 Dec 2021 $ million	31 Dec 2020 $ million	31 Dec 2021 $ million	31 Dec 2020 $ million
Investment properties (Note 2. (a))	427	470	3,069.0	2,897.3	3,069.0	2,897.3
Assets held for sale – uncontracted (Note 2. (b))	6	2	21.6	9.0	21.6	9.0
Sub-total*	**433**	**472**	**3,090.6**	**2,906.3**	**3,090.6**	**2,906.3**
Assets held for sale – contracted (Note 2. (b))	3	2	12.3	5.3	12.3	5.3
Total	**436**	**474**	**3,102.9**	**2,911.6**	**3,102.9**	**2,911.6**

The key inputs and assumptions for valuation of investment properties are below:

	31 Dec 2021	31 Dec 2020
Annual market rent per site	$96,542 to $1,468,656	$78,386 to $1,425,879
Weighted average capitalisation rate	5.16%	5.62%
Range of capitalisation rates	3.38% to 10.0%	3.35% to 9.76%
Range of lease terms	1.7 to 14.9 years	0.4 to 14.6 years

2. (a) INVESTMENT PROPERTIES

(i) Valuations and carrying amounts

	Waypoint REIT		Trust Group	
	31 Dec 2021 $ million	31 Dec 2020 $ million	31 Dec 2021 $ million	31 Dec 2020 $ million
Fuel and convenience retail properties – at fair value	3,069.0	2,897.3	3,069.0	2,897.3
Investment properties	**3,069.0**	**2,897.3**	**3,069.0**	**2,897.3**

Each investment property is subject to independent valuation at least once every three years, with approximately one-sixth of the portfolio representing a broad cross-section of both metro and regional assets independently valued every six months. During the year, CBRE independently valued 159 investment properties (representing over one-third of the portfolio), including 79 at 31 December 2021 and 80 at 30 June 2021.

The Directors have reviewed the independent valuation outcomes and determined they are appropriate to adopt at 31 December 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.

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.

Accounting policy – Investment properties
All of Waypoint REIT's properties are treated as investment properties for the purpose of financial reporting. Under Australian Accounting Standards, investment property buildings and improvements are not depreciated over time. Instead, investment properties are initially valued at cost, including transaction costs, and at the end of each accounting period the carrying values are restated at their fair value at the time.

Key estimate – Valuation of investment properties
Changes in fair value are recognised as a non-cash gain or loss in the statutory net profit in the accounting period in which they arise. As a result of this accounting policy, changes in the fair value of Waypoint REIT's investment properties may have a significant impact on its reported statutory net profit in any given period. The fair value of investment property is determined based on real estate valuation techniques and the principles of AASB 13 *Fair Value Measurement*.

The fair value of the properties is reviewed by the directors at each reporting date. The directors' assessment of fair value is periodically assessed by engaging an independent valuer to assess the fair value of individual properties with at least one-sixth of the properties within the portfolio being independently valued every six months. Valuations may occur more frequently if there is reason to believe that the fair value of a property has materially changed from its carrying value (e.g. as a result of changes in market conditions, leasing activity in relation to the property or capital expenditure).

The independent valuer is rotated at least every three years unless the Board approves the use of a valuer for a fourth year due to extenuating circumstances.

Valuations are derived from a number of factors that may include a direct comparison between the subject property and a range of comparable sales, the present value of net future cash flow projections based on reliable estimates of future cash flows, existing lease contracts, external evidence such as current market rents for similar properties and using capitalisation rates and discount rates that reflect current market assessments of the uncertainty in the amount and timing of cash flows.

(ii) Movements during the period

	Waypoint REIT		Trust Group	
	2021	**2020**	**2021**	**2020**
At fair value	**$ million**	**$ million**	**$ million**	**$ million**
Opening balance (1 January)	2,897.3	2,684.2	2,897.3	2,684.2
Property acquisitions	-	35.2	-	35.2
Capital expenditure	0.6	19.3	0.6	19.3
Straight-line rental asset	15.1	21.4	15.1	21.4
Fair value adjustment to investment properties	319.8	176.7	319.8	176.7
Revaluation decrement attributable to acquisition costs, and straight-lining of rental income	(15.1)	(24.4)	(15.1)	(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 (31 December)	**3,069.0**	**2,897.3**	**3,069.0**	**2,897.3**

(iii) Amounts recognised in profit or loss for investment properties

	Waypoint REIT		Trust Group	
	2021	2020	2021	2020
	$ million	$ million	$ million	$ million
Rental income	163.2	160.2	163.2	160.2
Other non-cash rental income (recognised on a straight-line basis)	15.1	21.4	15.1	21.4
Net direct operating expenses from property that generated rental income	1.4	0.8	1.4	0.8
Net revaluation of investment properties	305.0	152.3	305.0	152.3
Net gain on sale of investment properties	1.0	-	0.2	-

(iv) Leasing arrangements

The investment properties are leased to Viva Energy Australia Pty Limited (96.6% of rental income), other fuel operators and various convenience and fast food store operators (3.3% of rental income) under long-term operating leases with rent payable in advance monthly, quarterly or annually. Rental income for 94.8% of the investment properties is subject to fixed annual increases of 3.0% or greater. The remainder of the leases largely have CPI-linked rent reviews, but there are no other variable lease payments that depend on an index or rate. Where considered necessary to reduce credit risk, Waypoint REIT may obtain bank guarantees or security deposits for the term of the lease.

Minimum undiscounted future payments to be received under non-cancellable operating leases of investment properties not recognised in the financial statements are receivable as follows:

	Waypoint REIT		Trust Group	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
	$ million	$ million	$ million	$ million
Within one year	161.2	163.6	161.2	163.6
Later than one year but not later than two years	165.7	167.4	165.7	167.4
Later than two years but not later than three years	170.2	171.8	170.2	171.8
Later than three years but not later than four years	174.2	177.0	174.2	177.0
Later than four years but not later than five years	176.1	181.1	176.1	181.1
Later than five years	1,009.7	1,194.5	1,009.7	1,194.5
Total	**1,857.1**	**2,055.4**	**1,857.1**	**2,055.4**

Accounting policy – Rental income
Rental income from operating leases is recognised as income on a straight-line basis. Where a lease has a fixed annual increase, the total rent receivable over the operating lease is recognised as revenue on a straight-line basis over the lease term. This results in more income being recognised early in the lease term and less late in the lease term compared to the lease conditions (i.e. actual cash received). The difference between the lease income recognised and the actual lease payment received is shown within the fair value of the investment property on the consolidated balance sheet and reversed on disposal of an asset.

2. (b) ASSETS HELD FOR SALE

	Waypoint REIT		Trust Group	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
	$ million	$ million	$ million	$ million
Investment properties – contracted	12.3	5.3	12.3	5.3
Investment properties - uncontracted	21.6	9.0	21.6	9.0
Current assets held for sale	**33.9**	**14.3**	**33.9**	**14.3**

During the year, Waypoint REIT sold the four assets held for sale as at 31 December 2020 and reclassified a further 43 assets to held for sale during the year. At balance date, nine assets remain held for sale including an asset that subsequently settled on 4 February 2022 and two assets under conditional contracts with settlement conditional on the resolution of the State Revenue Office (**SRO**) matter detailed in Note 2. (d) by 30 July 2022.

Accounting policy – Assets held for sale
Investment properties are classified as held for sale and measured at fair value if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

2. (c) 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 fair value to movements in market capitalisation rates:		
Decreases by 25 basis points	151.4	134.8
Increases by 25 basis points	(148.5)	(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 31 December 2021, the market capitalisation rate expansion required to trigger:

- higher margin pricing is 140 bps;
- applicability of draw stop provisions is 224 bps; and
- a covenant breach is 309 bps.

Waypoint REIT's weighted average rent review of 3.0% also provides a natural buffer of approximately 19 bps per annum of potential capitalisation rate expansion before gearing would be negatively impacted, holding all other variables constant.

2. (d) COMMITMENTS AND CONTINGENCIES

Capital expenditure commitments

	Waypoint REIT		Trust Group	
	31 Dec 2021	31 Dec 2020	31 Dec 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 refurbishment of one fuel and convenience retail property with an aggregate completion value of $1.3 million, including committed costs of $0.2 million. This site is expected to reach practical completion over the next 6 months.

Other items
In September 2018, Waypoint REIT received an assessment from the Victorian SRO for $31.2 million in relation to the transfer of Victorian properties to Waypoint REIT from Viva Energy Group prior to its listing in August 2016. Pursuant to the arrangements between Waypoint REIT and Viva Energy Group, any such costs are payable by Viva Energy Group. In November 2018, Viva Energy Group lodged an objection to the assessment and assumed conduct of this matter under a conduct and indemnity deed between Waypoint REIT and Viva Energy Group. In May 2020, the SRO disallowed Viva Energy Group's objection and Viva Energy Group appealed this decision with the case heard at the Victorian Supreme Court in November 2021. In February 2022, the Victorian Supreme Court handed down its judgment in favor of Viva Energy Group with an assessment of $nil however the transfers of title have not yet been stamped and remain with the SRO.

Viva Energy Group remains listed as the registered proprietor of these properties on the Victorian land titles registry maintained by Land Use Victoria pending confirmation from the SRO that stamp duty has been paid. Once this matter is resolved, the signed transfers of the titles to the properties are required to be registered in the name of Waypoint REIT.

The transfer of the control of these properties to Waypoint REIT occurred in August 2016 under the sale agreement with Viva Energy Group 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 31 December 2021.

3. CAPITAL MANAGEMENT

Waypoint REIT's activities expose it to numerous external financial risks such as credit risk, liquidity risk and market 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	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
	$ million	$ million	$ million	$ million
Non-current liabilities				
Bank facilities	467.0	583.7	467.0	583.7
USPP Notes[1]	229.6	227.8	229.6	227.8
AMTN[2]	199.1	-	199.1	-
Institutional term loans	40.0	40.0	40.0	40.0
Gross unsecured borrowings	**935.7**	**851.5**	**935.7**	**851.5**
Unamortised borrowing costs	(6.2)	(5.7)	(6.2)	(5.7)
Net unsecured borrowings	**929.5**	**845.8**	**929.5**	**845.8**
Total undrawn facilities available	**93.0**	**178.0**	**93.0**	**178.0**

[1] Net of fair value hedge adjustment of $15.7 million (31 December 2020: $3.3 million).
[2] Net of $0.9 million unamortised discount on the issue of these instruments.

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	Foreign exchange and fair value movement $ million	Carrying Amount 31 Dec 2021 $ million
7-year tranche	2.89%	29 Oct 27	108.9	108.9		107.5
10-year tranche	3.18%	29 Oct 30	76.8	76.8		75.8
12-year tranche	3.33%	29 Oct 32	62.9	62.9		62.0
Total Exposure			**248.6**	**248.6**	**(3.3)**	**245.3**
Fair value hedge adjustment				-	(15.7)	(15.7)
Total				**248.6**	**(19.0)**	**229.6**

Cross currency interest rate swaps	18.4
Accrued interest on swaps	2.0
Total cross currency interest rate swaps	20.4
Net USPP Notes exposure	**250.0**

Maturities, interest rates and covenants

During the year, Waypoint REIT refinanced $485.0 million of its debt facilities through the $200.0 million AMTN issuance at a fixed 2.4% coupon which matures in September 2028, new bilateral and syndicated revolving credit facilities with combined facility limits of $235.0 million and a one-year extension of an existing bilateral facility.

Waypoint REIT does not have any debt maturing before April 2024 and its weighted average debt maturity is 5.0 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 (i.e. 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 31 December 2021: 5.5 times)
- Gearing ratio of not more than 50% (actual at 31 December 2021: 31.8%); 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.

The fair value of the USPP Notes and AMTN are $245.3 million and $191.2 million, respectively as at 31 December 2021 based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy.

Accounting policy – Borrowings

Borrowings are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method. Under the effective interest rate method, any transaction fees, costs, discounts and premiums directly related to borrowings are recognised in the profit and loss over the expected life of the borrowings. Borrowings are removed from the consolidated balance sheet when the obligation specified in the contract is discharged, cancelled or expired.

Borrowings with maturities greater than 12 months after reporting date are classified as non-current liabilities.

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	0.1
Finance income	**0.1**	**0.2**	**0.1**	**0.1**
Interest expense	32.2	33.9	32.2	33.9
Write off of loan establishment costs due to refinancing	0.5	1.4	0.5	1.4
Finance expense	**32.7**	**35.3**	**32.7**	**35.3**
Designated hedge accounting relationship				
Gain/(loss) on fair value movements – fair value hedges	(0.4)	1.1	(0.4)	1.1
Derivatives not designated in hedge accounting				
Gain/(loss) on fair value movements	2.2	(1.4)	2.2	(1.4)
Net gain/(loss) from derivative financial instruments	**1.8**	**(0.3)**	**1.8**	**(0.3)**

Accounting policy – Finance costs
Finance costs include interest expense on debt financing arrangements, settlements (including restructure and termination costs unless material in which case separate disclosure will apply) of interest rate swaps and amortisation of upfront borrowing costs incurred in connection with the arrangement of borrowings available to Waypoint REIT.

3. (c) NET DEBT RECONCILIATION

	Cash and cash equivalents $ million	Borrowings due within 1 year $ million	Borrowings due after 1 year $ million	Net Total $ million
Net debt at 1 January 2020	27.5	-	846.7	819.2
Cash flows	(12.0)	-	25.6	37.6
Movement in fair value hedge adjustment	-	-	(3.3)	(3.3)
Movement in foreign exchange	-	-	(17.5)	(17.5)
Net debt at 31 December 2020	**15.5**	**-**	**851.5**	**836.0**
Cash flows	3.5	-	83.3	79.8
Movement in fair value hedge adjustment	-	-	(12.4)	(12.4)
Movement in foreign exchange	-	-	14.1	14.1
Movement in unamortised discount	-	-	(0.8)	(0.8)
Net debt at 31 December 2021	**19.0**	**-**	**935.7**	**916.7**

3. (d) DERIVATIVE FINANCIAL INSTRUMENTS

Waypoint REIT has the following derivative financial instruments:

	Waypoint REIT		Trust Group	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
	$ million	$ million	$ million	$ million
Current assets				
Instruments in a designated cash flow hedge				
Interest rate swaps	0.7	-	0.7	-
Current assets	**0.7**	**-**	**0.7**	**-**
Non-current assets				
Instruments held at fair value through profit or loss				
Interest rate swaps	1.5	-	1.5	-
Non-current assets	**1.5**	**-**	**1.5**	**-**
Total assets	**2.2**	**-**	**2.2**	**-**
Current liabilities				
Instruments in a designated cash flow hedge				
Interest rate swaps	-	1.0	-	1.0
Current liabilities	**-**	**1.0**	**-**	**1.0**
Non-current liabilities				
Instruments held at fair value through profit or loss				
Interest rate swaps	-	17.8	-	17.8
Instruments in a designated cash flow hedge				
Interest rate swaps	7.1	8.3	7.1	8.3
Instruments in a designated fair value hedge				
Cross currency swaps	18.4	27.5	18.4	27.5
Non-current liabilities	**25.5**	**53.6**	**25.5**	**53.6**
Total liabilities	**25.5**	**54.6**	**25.5**	**54.6**
Net total	**23.3**	**54.6**	**23.3**	**54.6**

(i) Interest rate swaps

At 31 December 2021, interest rate swaps with a notional value of $500.5 million were in place. The relevant expiry dates are as follows:

	Waypoint REIT		Trust Group	
	31 Dec 2021	**31 Dec 2020**	**31 Dec 2021**	**31 Dec 2020**
	$ million	**$ million**	**$ million**	**$ million**
Less than 1 year	78.9	275.8	78.9	275.8
1 to 2 years	185.1	78.9	185.1	78.9
2 to 3 years	-	185.1	-	185.1
3 to 4 years	196.5	-	196.5	-
4 to 5 years	40.0	196.5	40.0	196.5
5 to 6 years	-	40.0	-	40.0
6 to 7 years	-	-	-	-
7 to 8 years	-	-	-	-
8 to 9 years	-	-	-	-
	500.5	**776.3**	**500.5**	**776.3**

Through interest rate swaps and the AMTN, 73.3% of drawn facilities were at fixed rates with a weighted average hedge rate of 1.56% per annum and a weighted average term of 3.6 years.

(ii) Cross currency swaps

At 31 December 2021, cross currency swaps were in place to cover 100% of debt denominated in foreign currency and the weighted average term was 8.0 years. Refer to Note 3. (a) for further details.

Accounting policy – Derivative financial instruments
Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. Waypoint REIT designates certain derivatives as either:

- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges);
- hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges).

Where applicable, Waypoint REIT documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. Waypoint REIT also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

(i) Fair value hedges
Cross currency swaps are used to hedge 100% of the currency risk on US dollar denominated debt. The portion of the cross currency swap that equates to the fair value hedge having a $nil fair value at inception is designated as a fair value hedge and hedge accounting is applied.

The gain or loss relating to interest payments on interest rate swaps hedging fixed rate borrowings is recognised in profit or loss within finance costs. Changes in the fair value of derivative hedging instruments and the hedged fixed rate borrowings attributable to interest rate risk are recognised within 'Net gains/(losses) from derivative financial instruments'. The gain or loss relating to the ineffective portion is also recognised in profit or loss within 'Net gains/(losses) from derivative financial instruments'

(ii) Cash flow hedges

Interest rate swaps are used to partially hedge interest rate risk on floating rate debt. Hedge accounting applies to interest rate swaps entered on or before 31 December 2019. In accordance with industry practice, hedge accounting does not apply to commercial interest rate hedges entered after this date.

Cross currency swaps are also used to hedge 100% of the currency risk on US dollar denominated debt. The residual portion of the cross currency swap is designated as a cash flow hedge and hedge accounting is applied.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in reserves in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss within other income or other expense.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for instance when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in profit or loss within finance costs.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately reclassified to profit or loss.

The following table shows balance sheet movements during the year relative to the gain/(loss) recorded in profit and loss for both borrowings and derivatives:

$ million	Change in Borrowings	Net drawn/ (repaid)	Gain/ (loss) on fair value of debt	Change in Derivatives	Cash flow hedge reserve impact	Gain/ (loss) on fair value of derivatives	Net gain/ (loss) in profit and loss
USD							
USPP	1.8	-	(1.8)	9.0	9.0	-	(1.8)
Foreign exposure	**1.8**	**-**	**(1.8)**	**9.0**	**9.0**	**-**	**(1.8)**
AUD							
Bank facilities	(116.7)	(116.7)	-	-	-	-	-
AMTN	199.1	199.1	-	-	-	-	-
Interest rate swaps	-	-	-	22.4	18.8	3.6	3.6
Total	**84.2**	**82.4**	**(1.8)**	**31.4**	**27.8**	**3.6**	**1.8**

(iii) Derivatives that do not qualify for hedge accounting

Hedge accounting is not adopted for certain derivative instruments. Changes in the fair value of any such derivative instrument are recognised immediately in profit or loss and are included in net gain/(loss) from derivative financial instruments.

Key estimate – Valuation of derivative financial instruments

Waypoint REIT's financial instruments are over-the-counter derivatives for which there are no quoted market prices. Valuation techniques (including, pricing models which estimate the present value of estimated future cash flows based on observable yield curves) are used to determine fair values.

Models use observable data, to the extent practicable. However, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

3. (e) FINANCIAL RISK MANAGEMENT

(i) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. Waypoint REIT's maximum credit risk exposure at balance date in relation to each class of recognised financial asset, other than derivative financial instruments, is the gross carrying amount of those assets as indicated in the consolidated balance sheet.

Financial assets such as cash at bank and interest rate swaps are held across a number of high credit quality financial institutions therefore Waypoint REIT does not have a concentration of credit risk in relation to these financial assets.

(i) Tenant concentration risk, financial standing and sector concentration risk
96.6% 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 (including international conflict) 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.

(ii) 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.

The table below shows the ageing analysis of rent receivables of Waypoint REIT.

	Less than 31 days $ million	31 to 60 days $ million	61 to 90 days $ million	More than 90 days $ million	Total $ million
31 December 2021					
Rent receivables	-	0.1	-	0.1	0.2
Expected credit loss provision	-	-	-	(0.1)	(0.1)
31 December 2020					
Rent receivables	0.3	0.3	0.1	0.2	0.9
Expected credit loss provision	-	-	-	-	-

Accounting policy – Rent receivables
Other current assets include rent receivables which are recognised initially at fair value and subsequently measured at amortised cost, less provision for expected credit losses. They are generally due for settlement within 30 days and are therefore all classified as current. Waypoint REIT applies the AASB 9 simplified approach to measuring expected credit losses which involves a lifetime expected loss allowance for all rent receivables and other financial assets.

To measure the expected credit losses, rent receivables are grouped based on shared credit risk characteristics, the days past due and the expected loss rates based on historical credit losses experienced. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the rent receivables.

Rent receivables are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with Waypoint REIT and a failure to make contractual payments for a period of greater than 365 days past due. Impairment losses on rent receivables are recorded within management and administration expenses within distributable earnings. Subsequent recoveries of amounts previously written off are credited against the same line item.

(ii) 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.

(i) *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 securityholders. 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.

(ii) *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 economic 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.

The table below analyses Waypoint REIT's financial liabilities into relevant maturity groupings based on the remaining period as at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Waypoint REIT

31 December 2021	Less than 12 months $ million	Between 1 and 2 years $ million	Over 2 years $ million	Total contractual cash flows $ million	Carrying amount liabilities $ million
Trade and other payables	3.4	-	-	3.4	3.4
Interest payable	5.9	-	-	5.9	5.9
Provisions and other liabilities	2.2	0.2	0.4	2.8	2.8
Distribution payable	30.4	-	-	30.4	30.4
Borrowings	18.8	18.8	1,029.9	1,067.5	935.7
Derivative financial liabilities	15.1	12.7	48.9	76.7	25.5
Contractual cash flows	**75.8**	**31.7**	**1,079.2**	**1,186.7**	**1,003.7**

31 December 2020	Less than 12 months $ million	Between 1 and 2 years $ million	Over 2 years $ million	Total contractual cash flows $ million	Carrying amount liabilities $ million
Trade and other payables	4.9	-	-	4.9	4.9
Interest payable	6.5	-	-	6.5	6.5
Provisions and other liabilities	0.2	0.2	0.7	1.1	1.1
Distribution payable	60.7	-	-	60.7	60.7
Borrowings	17.9	85.5	863.9	967.3	851.5
Derivative financial liabilities	20.9	15.4	62.9	99.2	54.6
Contractual cash flows	**111.1**	**101.1**	**927.5**	**1,139.7**	**979.3**

Trust Group

31 December 2021	Less than 12 months $ million	Between 1 and 2 years $ million	Over 2 years $ million	Total contractual cash flows $ million	Carrying amount liabilities $ million
Trade and other payables	7.3	-	-	7.3	7.3
Interest payable	5.9	-	-	5.9	5.9
Distribution payable	30.4	-	-	30.4	30.4
Borrowings	18.8	18.8	1,029.9	1,067.5	935.7
Derivative financial liabilities	15.1	12.7	48.9	76.7	25.5
Contractual cash flows	**77.5**	**31.5**	**1,078.8**	**1,187.8**	**1,004.8**

31 December 2020	Less than 12 months $ million	Between 1 and 2 years $ million	Over 2 years $ million	Total contractual cash flows $ million	Carrying amount liabilities $ million
Trade and other payables	11.8	-	-	11.8	11.8
Interest payable	6.5	-	-	6.5	6.5
Distribution payable	60.7	-	-	60.7	60.7
Borrowings	17.9	85.5	863.9	967.3	851.5
Derivative financial liabilities	20.9	15.4	62.9	99.2	54.6
Contractual cash flows	**117.8**	**100.9**	**926.8**	**1,145.5**	**985.1**

(iii) Capital risk management

Waypoint REIT aims to invest to meet Waypoint REIT's investment objectives while maintaining sufficient liquidity to meet its commitments. Waypoint REIT regularly reviews performance, including asset allocation strategies, investment and operational management strategies, investment opportunities and risk management.

In order to maintain an appropriate capital structure, Waypoint REIT may adjust the amount of distributions paid to securityholders, return capital to securityholders, issue new securities, sell or buy assets or reduce or raise debt.

Waypoint REIT monitors capital through the analysis of a number of financial ratios, including the Debt Covenant Gearing ratio.

	31 Dec 2021 $ million	31 Dec 2020 $ million
Total liabilities (excluding mark-to-market positions and accrued capital expenditure)	993.9	941.6
Total assets (excluding mark-to-market positions)	3,126.1	2,930.6
Debt Covenant Gearing ratio	**31.8%**	**32.1%**

(iv) Market Risk

(i) 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 fair value or future cash flows 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.

Waypoint REIT'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:

	31 Dec 2021 $ million	31 Dec 2020 $ million
Financial assets		
Cash and cash equivalents	19.0	15.5
Derivative financial instruments (notional principal amount)		
- Fixed interest rate swaps	500.5	776.3
Financial liabilities		
Interest-bearing liabilities – floating rate interest	507.0	623.7
Derivative financial instruments (notional principal amount)		
- Cross currency swaps	248.6	248.6
Net exposure	**(236.1)**	**(80.5)**

	2021 $ million	2020 $ million
Sensitivity of profit and loss and other comprehensive income to movements in market interest rates:		
Increased by 50 basis points	(1.2)	(0.4)
Decreased by 50 basis points	1.2	0.4

The interest rate range for sensitivity purposes has been determined using the assumption that interest rates changed by +/- 50 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, Waypoint REIT 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.

(ii) 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.

(v) Other material business risks

Waypoint REIT's operations are also subject to the following other material business risks.

(i) 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 (including as a result of changes in consumer behaviour, pro-emission reduction policies, reduced supply and/or higher pricing of fossil fuels), 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 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.

(ii) Re-leasing and vacancy risk

Waypoint REIT's property portfolio is 99.9% occupied with only 12 leases (representing 1.1% of income) expiring before the end of 2025 and a weighted average lease expiry of 10.0 years, with five leases renewed during the year for an aggregate 3.5% increase in rent. 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.

(iii) 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 386 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.

(iv) *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.

(v) 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 securityholders. 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.

(vi) Cyber security risk

Cyber-attacks are becoming increasingly sophisticated and a material data breach, ransom attack 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.

(vii) Title transfer risk

Transfer of freehold title to a property requires the land transfer to be registered with the governing state body which is conditional on payment of stamp duty as assessed by the governing State Revenue Office. In the absence of freehold title being registered on title by the governing state body, one's ability to transfer the title of a property is restricted.

In September 2018, Waypoint REIT received an assessment from the Victorian SRO for $31.2 million in relation to the transfer of Victorian properties to Waypoint REIT from Viva Energy Group prior to its listing in August 2016. Pursuant to the arrangements between Waypoint REIT and Viva Energy Group, any such costs are payable by Viva Energy Group. In November 2018, Viva Energy Group lodged an objection to the assessment and assumed conduct of this matter under a conduct and indemnity deed between Waypoint REIT and Viva Energy Group. In May 2020, the SRO disallowed Viva Energy Group's objection and Viva Energy Group appealed this decision with the case heard at the Victorian Supreme Court in November 2021. In February 2022, the Victorian Supreme Court handed down its judgment in favor of Viva Energy Group with an assessment of $nil however the transfers of title have not yet been stamped and remain with the SRO.

Viva Energy Group remains listed as the registered proprietor of these properties on the Victorian land titles registry maintained by Land Use Victoria pending confirmation from the SRO that stamp duty has been paid. Once this matter is resolved, the signed transfers of the titles to the properties are required to be registered in the name of Waypoint REIT.

The transfer of the control of these properties to Waypoint REIT occurred in August 2016 under the sale agreement with Viva Energy Group and these properties continue to be recognised in the Consolidated Balance Sheets.

(vi) 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 Waypoint REIT's financial assets and liabilities (by class) measured at fair value according to the fair value hierarchy at balance date on a recurring basis:

31 December 2021	**Level 1 $ million**	**Level 2 $ million**	**Level 3 $ million**	**Total $ million**
Assets held for sale	-	-	33.9	33.9
Investment properties	-	-	3,069.0	3,069.0
Derivatives	-	(23.3)	-	(23.3)
Total	**-**	**(23.3)**	**3,102.9**	**3,079.6**

31 December 2020	Level 1 $ million	Level 2 $ million	Level 3 $ million	Total $ million
Assets held for sale	-	-	14.3	14.3
Investment properties	-	-	2,897.3	2,897.3
Derivatives	-	(54.6)	-	(54.6)
Total	**-**	**(54.6)**	**2,911.6**	**2,857.0**

Waypoint REIT'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.

Waypoint REIT did not measure any financial assets or financial liabilities at fair value on a non-recurring basis as at 31 December 2021.

(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.

3. (f) CONTRIBUTED EQUITY

		Waypoint REIT Number of securities '000	Waypoint REIT $ million	Trust Group Number of units '000	Trust Group $million
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**
Note 1	On-market buy-back (net of transaction costs)	(7,139)	(19.5)	(7,139)	(19.4)
Note 2	Capital return and security consolidation (net of transaction costs)	(48,067)	(132.2)	(48,067)	(132.2)
Note 3	On-market buy-back (net of transaction costs)	(8,166)	(22.0)	(8,166)	(22.0)
31/12/21	**Closing balance**	**721,650**	**1,461.1**	**721,650**	**1,453.5**

[1] On-market buy-back established on 30 July 2021 with securities bought back and cancelled between 16 August and 13 October 2021. The program concluded on 1 November 2021.

[2] Security consolidation effective 10 November 2021 and capital return paid on 12 November 2021.

[3] On-market buy-back established on 16 November 2021 with securities bought back and cancelled between 1 December and 10 December 2021.

3. (g) 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.

	2021	2020
	$ million	$ million
Opening balance	1,946.5	1,782.2
Profit for the year	442.6	279.6
Effective portion of changes in fair value of cash flow hedges	27.8	(7.6)
Capital reallocation	-	(5.7)
On-market buy-back (net of transaction costs)	(41.4)	-
Capital return and security consolidation (net of transaction costs)	(132.2)	-
Distributions paid or provided for	(122.6)	(118.5)
Distribution reinvestment plan	-	16.5
Closing balance	**2,120.7**	**1,946.5**

3. (h) 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	21.9	(8.8)	21.9	(8.8)
Reclassified to profit and loss	5.9	1.2	5.9	1.2
Closing hedge reserve	**(5.7)**	**(33.5)**	**(5.7)**	**(33.5)**
Share-based payments reserve				
Opening share-based payments reserve	-	-	-	-
Share-based payment expenses*	-	-	-	-
Closing share-based payments reserve	-	**-**	-	**-**
Total closing reserves	**(5.7)**	**(33.5)**	**(5.7)**	**(33.5)**

* Refer to Note 3. (i)(i) below for unrounded figures.

3. (i) SECURITY-BASED BENEFITS EXPENSE

Waypoint REIT established a new Equity Incentive Plan in 2021 under which participating employees are eligible to receive Waypoint REIT stapled securities on a deferred settlement basis under the short-term incentive (**STI**) and general employee offer plans and performance rights under the long-term incentive (**LTI**) plan.

(i) Share-based payment expense

Share-based payment expenses recognised during the year as part of management and administration expenses were as follows:

	Waypoint REIT		Trust Group	
	31 Dec 2021	**31 Dec 2020**	**31 Dec 2021**	**31 Dec 2020**
	$	**$**	**$**	**$**
Deferred stapled securities[1]	168,604	N/A	168,604	N/A
General employee offer[2]	5,300	N/A	5,300	N/A
Performance rights	48,679	N/A	48,679	N/A
Total	**222,583**	**N/A**	**222,583**	**N/A**

[1] Granted under Waypoint REIT's short-term incentive scheme, subject to ongoing service conditions.
[2] Cost of stapled securities bought on-market.

(ii) Performance rights - reconciliation

Reconciliation of the number of performance rights outstanding during the year is as follows:

Waypoint REIT and Trust Group	**2021**
	Number
Performance rights	
Opening balance	-
Granted during the year	155,916
Closing balance	**155,916**

(iii) Performance rights - valuation inputs

The Monte Carlo method is utilised for valuation and accounting purposes. The model inputs to assess the fair value of the performance rights granted during 2021 are as follows:

	CEO	**Other Executives**
Grant date[1]	13 May 2021	9 April 2021
Stapled security price at grant date	$2.53	$2.55
Fair value of right	$1.52	$1.53
Expected volatility[2]	20%	20%
Dividend yield	6.1%	6.1%
Risk-free interest rate	0.20%	0.18%

[1] The grant date is determined in accordance with AASB 2 *Share-based payments*. Performance rights have a nil exercise price, vest on or around 1 March 2024 if vesting conditions are met or otherwise expire on this date and are subject to DEPS and TSR conditions over a three year performance period commencing on 1 January 2021. The weighted average remaining contractual life of performance rights outstanding as at 31 December 2021 is 2.2 years.
[2] Expected volatility takes into account historical market price volatility.

Accounting policy – Share-based compensation expense

Deferred securities (STI plan)
Eligible employees receive a portion of their STI in deferred securities which are subject to ongoing service conditions between one and two years. The expense is recognised over the vesting period, commencing on the first day of the service period and ending on or around 1 March in the year following the end of the service period.

Deferred securities (general employee offer)
Eligible employees receive up to $1,000 in stapled securities which vest immediately on issue but are subject to a trade lock until the earlier of the completion of three years' service or termination. The expense is recognised in the period securities are acquired on market.

Performance rights (LTI plan)
For market-based performance rights, the fair value at grant date is independently valued using a Monte Carlo simulation pricing model that takes into account the exercise price, the term of the rights, impact of dilution, stapled security price at grant date, expected price volatility of the underlying stapled security, expected dividend yield and the risk-free interest rate for the term of the rights and market vesting conditions, but excludes the impact of any non-market vesting conditions (i.e. Distributable Earnings growth targets). Non-market vesting conditions are included in assumptions about the number of rights that are expected to vest. For non-market based performance rights, the fair value at grant date is independently valued using the binominal tree methodology. At each reporting date, Waypoint REIT revises its estimate of the number of rights that are expected to vest. The expense is recognised over the vesting period commencing on the first day of the service period and ending on or around 1 March in the year following the end of the service period, with the annual expense recognised taking into account the most recent estimate. Upon the vesting of stapled securities, the balance of the stapled security-based benefits reserve relating to those stapled securities is transferred to contributed equity, net of any directly attributable transaction costs.

4. ADDITIONAL INFORMATION

4. (a) RELATED PARTY INFORMATION

(i) Parent entity

The Company has been assessed as the parent entity of Waypoint REIT; the securityholders' interests in the Trust are included in equity as non-controlling interests relating to the stapled entity.

(ii) Subsidiaries

Interests in subsidiaries are set out in Note 4. (c).

(iii) Key management personnel compensation

Below are the aggregate amounts paid or payable to key management personnel (including Non-Executive Directors):

	Waypoint REIT		**Trust Group**	
	2021	**2020**	**2021**	**2020**
	$	**$**	**$**	**$**
Short term benefits	2,221,793	1,231,574	2,221,793	1,231,574
Post-retirement benefits	112,837	53,649	112,837	53,649
Other long-term benefits	32,860	257,871	32,860	257,871
Share-based payments	211,061	-	211,061	-
	2,578,551	**1,543,094**	**2,578,551**	**1,543,094**

KMP for the year ended 31 December 2020 only includes Executives from 1 October 2020 (date of internalisation) as Executives were remunerated by Viva Energy Australia Pty Limited, the parent entity of the Manager, prior to this date.

There were no loans made, guaranteed or secured, directly or indirectly, by Waypoint REIT to KMP or their related parties during the year. There were no other transactions between Waypoint REIT and any KMP or their related parties during the year.

(iv) Transactions with related parties

Management services are provided to VER Limited by Waypoint Operations Pty Limited, a subsidiary of Waypoint REIT Limited, on a cost recovery basis in accordance with a management agreement dated 30 September 2020. Responsible entity fees are charged in accordance with VER Limited's Constitution.

	Waypoint REIT		**Trust Group**	
	2021	**2020**	**2021**	**2020**
	$ '000	**$ '000**	**$ '000**	**$ '000**
The following transactions occurred with related parties:				
Payment of Responsible Entity fees and costs reimbursement to VER Limited	-	-	321	967
Reimbursement of costs to Waypoint REIT Limited	-	-	4,040	9,010
Reimbursement of costs to Waypoint Operations Pty Limited	-	-	4,439	2,141
Disposal management fee paid to Waypoint REIT Limited	-	-	746	-

	Waypoint REIT		Trust Group	
	2021	2020	2021	2020
	$ '000	$ '000	$ '000	$ '000
Rental income received from Viva Energy Australia Pty Limited and its associated entities	-	114,931	-	114,931
Reimbursement of costs incurred by VER Manager Pty Limited in relation to managing Waypoint REIT	-	4,684	-	4,684
Payment of distribution to Viva Energy Australia Pty Ltd	-	19,849	-	19,848
Payment to Viva Energy Group in relation to internalisation of Waypoint REIT's management function	-	2,500	-	-
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	-	5,186
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)	-	16,915	-	16,915

	31 Dec 2021 $'000	31 Dec 2020 $'000	31 Dec 2021 $'000	31 Dec 2020 $'000
Amounts receivable:				
Receivable from Waypoint REIT Limited	-	-	8,397	5,718
Receivable from VER Limited	-	-	-	630
Receivable from VER Custodian Pty Limited	-	-	1,450	965
Amounts payable:				
Management costs reimbursable to VER Manager Pty Limited at the end of the period	-	-	-	-
Payable to Waypoint Operations Pty Limited	-	-	1,704	2,129
Payable to VER Limited	-	-	133	-

Viva Energy Australia Pty Limited and VER Manager Pty Limited were related parties of Waypoint REIT prior to the internalisation of Waypoint REIT's management on 30 September 2020. Transactions with Viva Energy Australia Pty Limited and VER Manager Pty Limited after this date are not included in the table above.

During the prior year, in connection with the internalisation of Waypoint REIT's management function, Waypoint REIT paid a $2.5 million facilitation payment to Viva Energy Group and incurred a $1.4 million expense in relation to a run-off insurance policy in favour of VER Manager and VER Limited. Waypoint REIT 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.

4. (b) PARENT ENTITY FINANCIAL INFORMATION

The individual financial statements for the parent entity of the Waypoint REIT, Waypoint REIT Limited, and the parent entity of the Trust Group, Waypoint REIT Trust, are below:

	Waypoint REIT Ltd		Waypoint REIT Trust	
	2021	**2020**	**2021**	**2020**
	$ million	**$ million**	**$ million**	**$ million**
Balance sheet				
Current assets	7.9	8.5	214.6	287.0
Non-current assets	11.1	6.4	1,650.2	1,650.2
Total assets	**19.0**	**14.9**	**1,864.8**	**1,937.2**
Current liabilities	11.1	8.3	546.7	314.2
Total liabilities	**11.1**	**8.3**	**546.7**	**314.2**
Shareholders' equity				
Contributed equity	7.6	7.8	1,453.5	1,627.1
Retained profits / (Accumulated losses)	0.3	(1.2)	(135.4)	(4.1)
Total equity	**7.9**	**6.6**	**1,318.1**	**1,623.0**
Profit / (loss) for the year after tax	1.0	-	(8.8)	(3.7)
Total comprehensive income / (loss) for the year	**1.0**	**-**	**(8.8)**	**(3.7)**

The parent entity did not have any guarantees, contingent liabilities or commitments as at 31 December 2021 or 31 December 2020.

4. (c) INVESTMENTS IN SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following material subsidiaries of the Company and the Trust:

Name	Date of establishment	**2021 %**	**2020 %**
Controlled by the Company			
VER Limited	16 December 2015	**100**	100
VER Custodian Pty Limited	27 May 2016	**100**	100
Waypoint Operations Pty Limited	5 May 2020	**100**	100
Controlled by the Trust			
VER Trust	10 July 2016	**100**	100
VER Finco Pty Limited	10 June 2016	**100**	100

All companies and trusts are incorporated or established in Australia.

4. (d) REMUNERATION OF AUDITORS

During the period the following fees were paid or payable for services provided by the auditor of the parent entity and its related practices.

	2021	2020
	$	$
PricewaterhouseCoopers Australia		
Audit and review of financial statements		
Group	134,881	137,845
Trust	22,275	22,275
Total audit and review of financial reports	**157,156**	**160,120**
Other statutory assurance services	20,975	20,975
Other assurance services	24,930	-
Total audit and assurance services	**203,061**	**181,095**
Other services		
Tax compliance services	78,780	86,700
Tax advisory services*	7,140	104,601
Regulatory administration services	77,181	-
Total other non-audit services	**163,101**	**191,301**
Total remuneration of auditors	**366,162**	**372,396**

* Includes $43,401 in relation to the internalisation of management in the prior year.

4. (e) SUBSEQUENT EVENTS

Subsequent to the end of the financial period, Waypoint REIT:

- settled one asset held for sale for total proceeds of $1.1 million on 4 February 2022;
- bought back an additional 6.4 million stapled securities for total consideration of $17.6 million; and
- approved the distribution for the quarter ended 31 December 2021 of $30.4 million to be paid on 28 February 2022.

No other matter or circumstance has arisen since 31 December 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. (f) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies adopted in the preparation of these consolidated financial statements to the extent they have not already been disclosed in the other notes are listed below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(i) Basis of preparation

These general-purpose financial statements have been prepared in accordance with the requirements of the *Corporations Act 2001,* Australian Accounting Standards (**AASB**) and interpretations issued by the Australian Accounting Standards Board and International Financial Reporting Standards (**IFRS**) as issued by the International Accounting Standards Board. Waypoint REIT and Waypoint REIT Trust Group are for-profit entities for the purpose of preparing the financial statements.

The financial report has been prepared on an accruals and historical cost basis except for investment properties, derivative financial instruments and share-based payments which are measured at fair value. Cost is based on the fair value of consideration given in exchange for assets.

The consolidated financial statements are prepared and presented in Australian dollars (the presentation currency).

Unless otherwise stated, the accounting policies adopted in the preparation of the 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 financial report. Amounts in the 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 31 December 2021, Waypoint REIT had a net current asset surplus of $12.9 million and the Trust Group had a net current asset surplus of $5.2 million. Excluding assets classified as held for sale, Waypoint REIT had a net current asset deficiency of $21.0 million and the Trust Group had a net current asset deficiency of $28.7 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 facilities are then repaid when there is excess cash available. Waypoint REIT has $93.0 million of unused debt facilities at 31 December 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 financial report on a going concern basis is appropriate.

(v) Principles of consolidation

(i) Stapled entities

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 operating leases. The Company directly owns all of the shares in the Responsible Entity. Each stapled security consists of one share in the Company and one unit in the Trust. The shares and the units were stapled at allotment in accordance with the constitutions of the Company and the Trust and the Stapling Deed and trade together on the ASX. The securities in Waypoint REIT cannot be traded separately and can only be traded as a stapled security.

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 and the Trust Group as at and for the year ended 31 December 2021.

AASB 3 *Business Combinations* requires one of the stapled entities in a stapling structure to be identified as the parent entity for the purpose of preparing consolidated financial reports. In accordance with this requirement, the Company has been identified as the parent entity in relation to the stapling with the Trust under Waypoint REIT.

The consolidated financial statements of Waypoint REIT incorporate the assets and liabilities of the entities controlled by the Company during the period, including those deemed to be controlled by the Trust, by identifying it as the parent of the Waypoint REIT, and the results of those controlled entities for the period then ended. The effect of all transactions between entities in Waypoint REIT are eliminated in full.

Non-controlling interests in the results and equity are shown separately in the consolidated statement of comprehensive income, consolidated balance sheet and consolidated statement of changes in equity respectively. Non-controlling interests are those interests in the Trust which are not held directly or indirectly by the Company.

(ii) Subsidiaries
Subsidiaries are all entities (including trusts) over which Waypoint REIT has control. Waypoint REIT controls an entity when Waypoint REIT is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to Waypoint REIT. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by Waypoint REIT.

Inter-entity transactions, balances and unrealised gains on transactions between Waypoint REIT entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by Waypoint REIT.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, consolidated balance sheet and consolidated statement of changes in equity respectively.

(vi) Presentation of members' interests in the Trust

As the Company has been assessed as the parent entity of Waypoint REIT, the securityholders' interests in the Trust are included in equity as non-controlling interests relating to the stapled entity. Securityholders' interests in the Trust are not presented as attributable to owners of the parent, reflecting the fact that they are not owned by the Company, but by the securityholders of the stapled group.

(vii) Revenue

Interest income is recognised as it accrues using the effective interest rate method. Interest income is included in finance income in the consolidated statement of profit or loss.

All income is stated net of goods and services tax.

(viii) Expenses

All expenses are recognised in the consolidated profit or loss on an accruals basis.

(ix) Management fees

Up until 30 September 2020, Waypoint REIT reimbursed VER Manager for costs incurred in the management of Waypoint REIT's operations. On 30 September 2020, to effect the internalisation of management, an implementation deed was executed under which VER Manager provided notice of its intention to retire as manager of Waypoint REIT and the reimbursement of costs to VER Manager ceased.

(x) Employee benefits

(i) Short term obligations
Liabilities for wages and salaries, including non-monetary benefits and annual leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' service up to the end of the reporting period and are measured at the

amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(ii) Other long-term employee benefit obligations
The liabilities for long service leave that are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised as the expected future payments to be made in respect of services provided by employees up to the end of the reporting period. Consideration is given to expected future wages and salary levels, experience of employee departures, periods of service and market interest rates.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

(xi) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, unless the GST incurred is not recoverable from the taxation authority. In this case, it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other current assets and trade and other payables in the consolidated balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the taxation authority are presented as operating cash flows.

(xii) Leases

Waypoint REIT leases office premises. Waypoint REIT assesses at contract inception whether a contract is, or contains, a lease. This is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Waypoint REIT applies a single recognition and measurement approach for all leases. Waypoint REIT recognises lease liabilities to make lease payments and right of use assets representing the right to use the underlying assets.

(i) Right of use assets
Waypoint REIT right of use assets at the commencement date of the lease (that is, the date the underlying asset is available for use). Right of use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right of use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right of use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

(ii) Lease liabilities
At the commencement date of the lease, Waypoint REIT recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by Waypoint REIT and payments of penalties for terminating the lease, if the lease term reflects Waypoint REIT exercising the option to terminate.

In calculating the present value of lease payments, Waypoint REIT uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities s remeasured if these is a modification, a change in the lease term, a change in the lease payments (for example, changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

(xiii) Financial instruments

(i) Classification
Waypoint REIT's investments are classified as at fair value through profit or loss. They comprise:

- Financial instruments held for trading - Derivative financial instruments such as interest rate swaps are included under this classification.
- Financial instruments designated at fair value through profit or loss upon initial recognition - These include financial assets that are not held for trading purposes and which may be sold.

Financial assets designated at fair value through profit or loss at inception are those that are managed and their performance evaluated on a fair value basis in accordance with Waypoint REIT's documented investment strategy. Waypoint REIT's policy is for the Responsible Entity to evaluate the information about these financial instruments on a fair value basis together with other related financial information.

(ii) Recognition/derecognition
Financial assets and financial liabilities are recognised on the date Waypoint REIT becomes party to the contractual agreement (trade date) and it recognises changes in fair value of the financial assets or financial liabilities from this date.

Investments are derecognised when the right to receive cash flows from the investments has expired or Waypoint REIT has transferred substantially all risks and rewards of ownership.

(iii) Measurement
Financial assets and liabilities held at fair value through profit or loss

At initial recognition, financial assets are recognised at fair value. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

The fair value of financial assets and liabilities traded in active markets is subsequently based on their quoted market prices at the end of the reporting period without any deduction for estimated future selling costs. The quoted market price used for financial assets held by Waypoint REIT is the current bid price and the quoted market price for financial liabilities is the current asking price.

The fair value of financial assets and liabilities that are not traded in an active market are determined using valuation techniques. Accordingly, there may be a difference between the fair value at initial recognition and amounts determined using a valuation technique. If such a difference exists, Waypoint REIT recognises the difference in profit or loss to reflect a change in factors, including time that market participants would consider in setting a price.

Further detail on how the fair values of financial instruments are determined is disclosed in Note 3. (d).

(iv) Offsetting financial instruments
Financial assets and liabilities are offset and the net amount reported in the consolidated balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

(xiv) Provisions

A provision is recognised when Waypoint REIT has a legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are measured at the present value of Waypoint REIT's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability.

(xv) 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.

DIRECTORS' DECLARATION

In the Directors' opinion:

(a) the financial statements and notes set out on pages 30 to 70 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 31 December 2021 and of their performance for the 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.

Note 4(f)(i) to the financial statements confirms that the financial statements also comply with the International Financial Reporting Standards as issued by the International Accounting Standards Board.

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
Chair

28 February 2022

Independent auditor's report

To the stapled securityholders of Waypoint REIT and the unitholders of Waypoint REIT Trust

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial reports of Waypoint REIT, being the consolidated stapled entity, which comprises Waypoint REIT Limited and its controlled entities, and Waypoint REIT Trust and its controlled entities (together the "Trust Group" or the "Trust") are in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the financial positions of Waypoint REIT and the Trust as at 31 December 2021 and of their financial performance for the year then ended

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The financial reports of Waypoint REIT and the Trust (the financial report) comprise:

- the consolidated balance sheets as at 31 December 2021
- the consolidated statements of comprehensive income for the year then ended
- the consolidated statements of changes in equity for the year then ended
- the consolidated statements of cash flows for the year then ended
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

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

Independence

We are independent of Waypoint REIT and the Trust 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 our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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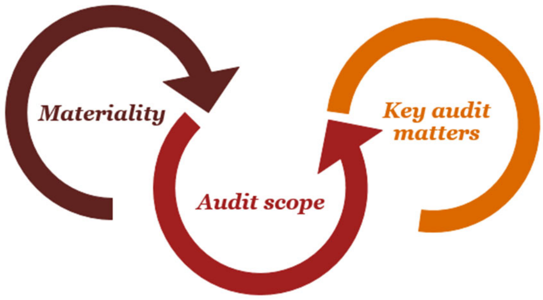
Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of Waypoint REIT and the Trust, their accounting processes and controls and the industry in which they operate.



Materiality

- For the purpose of our audit of Waypoint REIT and the Trust we used overall materiality of $6.0 million and $6.0 million respectively, which represents approximately 5% of Distributable Earnings. The metric is defined in note 1 of the financial report.
- We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole.
- We chose Distributable Earnings because, in our view, it is the benchmark against which the performance of Waypoint REIT and the Trust are most commonly measured in the industry.
- We chose a 5% threshold based on our professional judgement, noting that it is within the common range relative to profit-based benchmarks.

Audit Scope

- Our audit focused on where Waypoint REIT and the Trust made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.
- The audit team consisted of individuals with the appropriate skills and competencies needed for the audit, which included industry expertise in real estate as well as valuation and treasury professionals.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period and were determined separately for Waypoint

REIT and the Trust. Relevant amounts listed for each part of the stapled group represent balances as they are presented in the financial report and should not be aggregated. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context.

Key audit matter	How our audit addressed the key audit matter
Valuation of Investment Properties *(Refer to note 2(a))* *Waypoint REIT Group – $3,069 million* *Waypoint REIT Trust Group – $3,069 million* Waypoint REIT and the Trust's investment property portfolio comprised fuel and convenience retail properties ("Investment Property") at 31 December 2021. Investment Properties were valued at fair value as at reporting date primarily using a combination of the income capitalisation and the direct comparison methods, as well as transaction prices where relevant. The value of Investment Properties was primarily dependent on the valuation methodology adopted and the significant assumptions and inputs into the valuation model. Factors such as prevailing market conditions, the individual nature, condition and location of each property and the expected future income for each property, directly impact fair values. Amongst others, the following inputs and assumptions were key in establishing fair value: ● market and contracted rent ● market and contracted rental growth rates ● capitalisation rate At the end of each reporting period the directors determine the fair value of the Investment Properties in accordance with their valuation policy as described in note 2(a). This was a key audit matter because of the: ● relative size of the Investment Property portfolio to net assets and related valuation movements, and ● inherent subjectivity of the key assumptions that underpin the valuations.	Our procedures included, amongst others: ● Obtaining an understanding of Waypoint REIT's process for determining the valuation of Investment Property; ● Assessing the scope, competence and objectivity of the independent valuation firm engaged by Waypoint REIT to provide independent valuations at reporting date; ● Meeting with the independent valuation expert to develop an understanding of their processes, judgements and observations including how they dealt with the uncertainties arising from COVID-19 and emerging climate considerations; ● Assessing the appropriateness of the valuation methodologies utilised; ● Agreeing a sample of the underlying lease terms to the tenancy schedule and tracing the rental income used in the valuation to the tenancy schedule; ● Assessing the appropriateness of certain significant assumptions, including comparing the capitalisation rates to market data, including comparable transactions, where possible; ● Testing the mathematical accuracy of a sample of the Investment Property valuations; ● Reconciling the fair value recorded in note 2(a) to, as relevant, the independent valuation reports for all the properties independently valued at balance date, the contract price for each of the properties contracted for sale at balance date, and to the Directors valuations; ● Considering the reasonableness of the disclosures made in relation to the significant assumptions, including the sources of estimation uncertainty in note 2(a) in light of the requirements of Australian Accounting Standards.

Other information

The directors of Waypoint REIT Limited and VER Limited, the responsible entity of Waypoint REIT Trust (collectively referred to as the "directors") are responsible for the other information. The other information comprises the information included in the annual report for the year ended 31 December

2021, but does not include the financial report and our auditor's report thereon. Prior to the date of this auditor's report, the other information we obtained included the Appendix 4E and Directors' Report. We expect the remaining other information to be made available to us after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and we do not and will not express an opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the other information not yet received, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and use our professional judgement to determine the appropriate action to take.

Responsibilities of the directors for the financial report

The directors are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of Waypoint REIT and the Trust to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate Waypoint REIT and the Trust or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in pages 12 to 26 of the directors' report for the year ended 31 December 2021.

In our opinion, the remuneration report of Waypoint REIT and the Trust for the year ended 31 December 2021 complies with section 300A of the *Corporations Act 2001.*

Responsibilities

The directors are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of *the Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

PricewaterhouseCoopers

Jane Reilly
Partner

Sydney
28 February 2022