

30 July 2021

Asset Sales, Valuations and Capital Management Initiatives

Waypoint REIT (**WPR**) is pleased to announce the sale of a portfolio of non-core assets, the outcome of its June 2021 valuation process and related capital management initiatives.

Non-Core Asset Sales

WPR has agreed the sale of 31 non-core fuel and convenience properties to trusts managed by Fawkner Property Ltd (**Fawkner**) for a total purchase price of \$113.9 million, representing a 10.1% premium to WPR's carrying value as at 31 December 2020 of \$103.4 million.

Key information in relation to the Fawkner portfolio is set out below:

	No. of Assets	Dec-20 WALE	Dec-20 Book Value	Dec-20 WACR	Sale Price	Implied Yield ¹	Premium To Book
Metro	10	7.6 years	\$33.3m	6.48%	\$37.3m	5.97%	11.9%
Regional	21	8.5 years	\$70.1m	7.06%	\$76.6m	6.65%	9.3%
Total	31	8.3 years	\$103.4m	6.87%	\$113.9m	6.42%	10.1%

The Fawkner transaction is subject to Rights of First Refusal (**ROFR**) in favour of Viva Energy Australia (**VEA**) and Coles Group (**Coles**), which provide a period of 30 days in which VEA or Coles can elect to acquire any of the properties on the same terms as agreed with Fawkner².

Assuming the ROFR provisions are not exercised by VEA or Coles:

- 29 assets (\$102.7 million combined purchase price) will settle in three tranches by the end of October; and
- The remaining two assets (\$11.2 million combined purchase price) will settle ten business days after WPR is able to provide clear title to these assets³.

Following completion of the Fawkner transaction, WPR will have sold 34 non-core assets year-to-date for a combined price of \$121.9 million, representing a premium of 10.9% to WPR's prevailing carrying value (June 2020 or December 2020). A further twelve assets (eight regional and four metropolitan) with a combined book value of \$35.3 million have been identified as non-core and will be held for sale in WPR's accounts at 30 June 2021. WPR intends to market these assets for sale in the second half of 2021.

Valuations

WPR has completed its 30 June 2021 valuation process, with independent valuations carried out on 82 properties and directors' valuations on 388 properties (including the Fawkner properties, which have been revalued in line with the contracted sale price).

A gross valuation uplift of \$189.8 million (representing a \$0.24 or 10% increase in NTA per security) was recorded for the six months to 30 June 2021 due to a combination of contracted annual rental increases and capitalisation rate compression. The WACR on WPR's ongoing portfolio of 427 properties tightened by 19bp from 5.56% at 31 December 2020 to 5.37% at 30 June 2021, representing a gross valuation uplift of \$176.1 million (6.4%).

¹ Based on rent at settlement, including fixed 3% rent reviews in August on 29 of the 31 properties.

² Two assets (Katherine and Caboolture) are not subject to the Coles ROFR as they are not part of the Coles/VEA alliance.

³ Represents two Victorian assets (Echuca and Midura) for which WPR does not yet have clear title due to VEA's ongoing dispute with the Victorian State Revenue Office (refer to page 53 of WPR's 2020 Annual Report for further details). If WPR is unable to provide clear title within 12 months of contract, either party may rescind the relevant contracts.

June 2021 valuation outcomes⁴:

	No. of assets	Dec-20 Value (\$m)	Jun-21 Value (\$m)	Gross Increase (\$m)	Dec-20 WACR (%)	Jun-21 WACR (%)	Change
Metro	54	369.7	398.5	28.7	5.39	5.12	(27bp)
Regional	26	148.7	157.7	9.0	6.60	6.41	(19bp)
Independent valuations	80	518.5	556.2	37.7	5.74	5.49	(25bp)
Metro	246	1,663.0	1,768.3	105.3	5.20	5.03	(17bp)
Regional	101	581.6	614.7	33.1	6.44	6.24	(20bp)
Directors' valuations	347	2,244.6	2,383.0	138.4	5.53	5.35	(18bp)
Total portfolio	427	2,763.1	2,939.1	176.1	5.56	5.37	(19bp)
<i>Metro</i>	300	2,032.7	2,166.7	134.0	5.24	5.05	(19bp)
<i>Regional</i>	127	730.3	772.4	42.1	6.47	6.28	(20bp)
Assets to be held for sale:							
- Fawkner	31	103.4	113.9	10.5	6.87	6.42	(45bp)
- Other	12	32.0	35.3	3.3	6.68	6.38	(30bp)

Note: Figures in table may not add due to rounding.

Capital Management Initiatives

In order to maintain an efficient capital structure following the non-core asset disposals and the June valuation process, WPR is proposing to implement capital management initiatives with a total value of up to \$150 million, approximating the estimated proceeds from non-core asset sales in 2021.

The final quantum, structure and timing of the capital management initiatives remain subject to satisfactory progress of non-core asset sales (including settlement of the Fawkner transaction) during the second half of 2021. The capital management initiatives will take the form of an on-market buy-back and, potentially, a capital return with an associated consolidation of WPR's securities on issue (which would require securityholder approval).

If fully implemented, the proposed capital management initiatives would be accretive to WPR's Distributable EPS due to the reduction in WPR securities on issue and would therefore offset the dilution caused by the non-core asset disposals outlined above.

On-market buy-back

WPR has today lodged an Appendix 3C for a proposed buy-back of up to 29.0 million WPR securities (**Buy-back Program**), or approximately \$75 million. The first trading day that WPR will be able to buy securities under the Buy-back Program is Monday, 16 August 2021.

Capital return and security consolidation

WPR is also considering a pro-rata capital return of up to \$150 million, with a final decision on the quantum and timing of the capital return (if any) dependent upon the progress of both the Buy-back Program and the non-core asset disposals outlined above (including settlement of the Fawkner transaction).

Any capital return would likely be accompanied by a proposal to securityholders to approve an equal and proportionate security consolidation, which would adjust the number of WPR securities on issue for the quantum of the capital return. If implemented, the security consolidation would counteract the theoretical impact of the capital return on WPR's trading price and NTA per security and would also enable WPR to maintain a consistent Distributable EPS profile that is not distorted by the non-core asset sales and associated capital return. Each securityholder's proportionate interest in WPR would remain unchanged, subject to the rounding up of fractional entitlements.

⁴ WPR's interim financial statements remain subject to review by WPR's auditors and will be released to the market on 27 August 2021.

If WPR determines to proceed with the capital return and security consolidation, the security consolidation would be subject to securityholder approval at a General Meeting expected to be held in the fourth quarter, with further details to be provided to securityholders once a final decision to proceed has been made by the Board.

Financial Impact

The pro forma impact of the Fawkner transaction, other non-core disposals (both completed and planned), the June valuation process and proposed capital management initiatives is outlined in the table below:

	Jun-21 (estimate ⁵)	Jun-21 (pro forma)
Gearing	27.3%	28.7%
NTA per security	\$2.75	\$2.75
Liquidity	\$140.2m	\$139.6m

WPR's FY21 Distributable EPS guidance remains unchanged at 15.72cps, representing 3.75% growth on FY20⁶.

Summary

WPR's Chief Executive Officer, Hadyn Stephens, said "The disposals announced today demonstrate WPR's commitment to active portfolio management, with continued strong demand at present for fuel and convenience assets providing a compelling opportunity for WPR to realise attractive prices for non-core assets and improve overall portfolio quality. WPR will continue to evaluate opportunities to sell assets where we believe that it is in the best interests of securityholders to do so."

"The proposed capital management initiatives also reflect our commitment to responsible stewardship of our investors' capital, allowing WPR to return capital in excess of current requirements whilst maintaining a strong financial position to capitalise on investment opportunities that may arise in the future, noting that selective acquisitions and reinvestment in our core portfolio remain key components of our strategy moving forward."

Authorised by:

The Board - Waypoint REIT Limited

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About Waypoint REIT

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 maximize 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 in which one share in Waypoint REIT Limited (ABN 35 612 986 517) is stapled to one unit in the Waypoint REIT Trust (ARSN 613 146 464). This ASX announcement is prepared for information purposes only and is correct at the time of release to the ASX. Factual circumstances may change following the release of this announcement.

Please refer to the Waypoint REIT website for further information (www.waypointreit.com.au).

⁵ WPR's interim financial statements remain subject to review by WPR's auditors and will be released to the market on 27 August 2021.

⁶ Based on weighted average number of stapled securities on issue for the period (including forecast adjustments as a result of the proposed capital management initiatives) and provided there are no material changes in market conditions and no other factors adversely affecting financial performance.

ASX Release

Appendix – Fawkner Portfolio

Address	Suburb	State	Metro/Regional	Lease Expiry
336 Victoria St	Deniliquin	NSW	Regional	FY26
Cnr Maud St & Miller St	Mayfield	NSW	Metro	FY26
37 Progress Drive	Nightcliff	NT	Metro	FY26
50 Drayton St	Dalby	QLD	Regional	FY27
Cnr Pacific Highway & Kangaroo St	Raymond Terrace	NSW	Metro	FY27
Cnr Browns Plains Rd & Second Ave	Marsden	QLD	Metro	FY28
62 Stewart Terrace	Naracoorte	SA	Regional	FY28
1461 Main North Rd	Salisbury East	SA	Metro	FY28
30-32 Mckenzie St	Ceduna	SA	Regional	FY30
Cnr Bridge St & Holberton St	Toowoomba	QLD	Metro	FY31
88 Centre St	Casino	NSW	Regional	FY26
Cnr Churchill St & Broadhurst St	Childers	QLD	Regional	FY26
Cnr Bridge Rd & Nebo Rd	Mackay	QLD	Regional	FY26
267 Wright Rd	Valley View	SA	Metro	FY26
118 New England Highway	Rutherford	NSW	Metro	FY27
57 Adelaide Rd	Murray Bridge	SA	Regional	FY29
Cnr Audley St & Caddell St	Narrandera	NSW	Regional	FY30
Cnr Musgrave St & High St	Rockhampton Nth	QLD	Regional	FY31
7 Gillard Crescent	Katherine	NT	Regional	FY32
Cnr Cartwright St & Herbert St	Ingham	QLD	Regional	FY26
290 Stuart Drive	Wulguru	QLD	Regional	FY26
30 Katherine Terrace	Katherine	NT	Regional	FY27
Cnr Burslem Drive & Olga Rd	Maddington	WA	Metro	FY27
168-170 Snowy Mountains Highway	Tumut	NSW	Regional	FY27
89-93 Marsh St	Armidale	NSW	Regional	FY28
Cnr Balo St & Gwydir St	Moree	NSW	Regional	FY28
92 Tasman Terrace	Port Lincoln	SA	Regional	FY28
Cnr Railway Tce & Ipswich Mway	Goodna	QLD	Metro	FY29
686 The Abbey Place	Caboolture	QLD	Regional	FY36
719-721 Fifteenth St Mildura	Mildura	VIC	Regional	FY27
Cnr Ogilvie Avenue & Premier St	Echuca	VIC	Regional	FY33