

ASX ANNOUNCEMENT

4 September 2019

Property transactions

APN Convenience Retail REIT (AQR or the Fund) is pleased to announce that it has agreed to acquire Coles Express Ayr, Queensland (**Ayr**) for \$4.74 million, representing a capitalisation rate of 6.9%. Ayr, which was built in 2014, is 100% leased to Coles Express and has 9.9 years remaining on the initial lease term.

Further to the acquisition of Ayr, the Fund is also pleased to announce that it has agreed to the sale of three Puma tenanted sites at D'Aguilar, Wacol and Wynnum, collectively for \$9.8 million. This sale represents a 3.5% premium to their 30 June 2019 book valuations. Net proceeds from the sale of these properties will be used to fund the acquisition of Ayr and repay debt.

AQR Fund Manager, Chris Brockett said: "We are very pleased with the acquisition of Ayr and the disposal of a portfolio of three smaller Puma tenanted sites. Both transactions are consistent with our active portfolio management approach, focused on enhancing the Fund and creating value for securityholders."

"On settlement of these transactions, the tenant diversification of the portfolio will be enhanced with the introduction of a new, high quality tenant in Coles Express, as will the overall quality of the portfolio. Coles Express Ayr is a modern service station ideally located on the Bruce Highway on entry to the township of Ayr. It is strategically located near the Coles-anchored Burdekin Plaza and benefits from shopper docket petrol discounts. The property is underpinned by a long-term lease with fixed 3% annual rental escalations."

Following settlement of these transactions, which is expected to occur before the end of October 2019, AQR's portfolio will comprise 68 properties valued at \$353.6 million, reflecting a weighted average capitalisation rate of 7.0% and a portfolio WALE of 11.4 years. AQR's gearing will be 31.4% and there is no change to previously advised FY2020 distribution guidance of 21.8 cents per security and FFO guidance of 22.3 – 22.5 cents per security.

In addition to the above transactions, AQR is actively pursuing a number of acquisition opportunities and has recently entered into exclusive due diligence on a further two service station properties, collectively valued at \$13 million. As these acquisitions are still subject to ongoing due diligence enquiries there is no certainty that these properties will be purchased.

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For further information, please contact:

Chris Brockett

Fund Manager

E cbrockett@apngroup.com.au

T +613 8656 1000

About APN Convenience Retail REIT

APN Convenience Retail REIT (ASX code: AQR) is a listed Australian real estate investment trust which owns high quality Australian service stations and convenience retail assets. The Fund's portfolio of 68 properties valued at approximately \$354 million, is predominantly located on Australia's eastern seaboard and is leased to leading Australian and international convenience retail tenants. The portfolio provides a long lease expiry profile and contracted annual rent increases delivering the Fund a sustainable and strong level of income security. Convenience Retail has a target gearing range of 25 – 40% as part of its conservative approach to capital management.

APN Convenience Retail REIT is governed by an Independent Board of Directors and is managed by APN Property Group, a specialist real estate investment manager established in 1996 with approximately \$2.9 billion in assets under management.

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