

ASX ANNOUNCEMENT

14 August 2020

Property acquisitions

APN Funds Management Limited as responsible entity for APN Convenience Retail REIT (**AQR** or the **Fund**) is pleased to announce that it has agreed to acquire Coles Express Acacia Ridge, QLD (**Acacia Ridge**), Coles Express Moorooka, QLD (**Moorooka**) and Coles Express Cairns, QLD (**Cairns**) collectively for \$27.5 million, representing an average capitalisation rate of 6.3%.

The sites were all newly built between mid 2016 and the end of 2017, with over 90% of the income securely leased to major tenants Viva Energy Australia (65% on income), Krispy Crème (10%), Karcher (leading global pressure wash manufacturer based in Germany) (9%) and Gloria Jeans (7%). The remainder of the rent is derived from local convenience retailers. The combined weighted average lease expiry of the portfolio is 9.9 years.

AQR Fund Manager, Chris Brockett said: “We couldn’t be more pleased with the portfolio acquisition of Acacia Ridge, Moorooka and Cairns. These properties are outstanding examples of well located, designed and built service station and convenience retail centres, with a great mix of national and local retailers.

All three sites benefit from high visual exposure on main arterial roads and are strategically located near to a Coles-anchored shopping centre, benefitting from shopper docket petrol discounts and domestic and industrial traffic.

These acquisitions together with the Brisbane Airport Link Service Centre acquisition in early July, take our total acquisitions for FY2021 to \$38 million, and with a strong balance sheet we are well placed to pursue further identified opportunities while maintaining a prudent level of gearing.”

Following settlement of this portfolio, which is expected to occur before the end of September 2020, AQR’s portfolio will comprise 83 properties valued at \$483 million, reflecting a weighted average capitalisation rate of 6.6% and a portfolio WALE of 10.6 years. The acquisitions will be funded by debt, taking AQR’s gearing to 21.3%, and 24.8% on a pro forma basis adjusted for the remaining development pipeline, which is at the bottom of the Fund’s 25% - 40% target range.

FY2021 guidance will be provided as part of the Fund’s FY2020 Results announcement on 18 August 2020.

This announcement was authorised to be given to the ASX by Joseph De Rango, Chief Financial Officer.

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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 79 properties valued at approximately \$445 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.

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