

3 May 2021

Leasing and portfolio valuation update

APN Funds Management Limited (**APNFM**) as Responsible Entity for APN Convenience Retail REIT (**AQR** or the **Fund**) is pleased to announce that it has successfully completed new 10 year leases across all 13 sites leased to EG Group.

The 13 properties currently represent 13.2% of the Fund's rental income. The existing leases have varying expiries throughout FY22, and while EG Group have a further 5 year option period available at their discretion to exercise, the parties have agreed to brand new 10 year leases which will each commence upon expiry of the existing leases (**New Leases**).

The effect of the New Leases on the Fund is:

- An increase in the portfolio WALE to 11.8 years, up 1.3 years from current
- Average reduction in EG Group rents of 2.4%, representing a decrease of 0.3% of total portfolio rent
- Further enhances income security from improved lease expiry profile, with 91.4% of income expiring in FY30 and beyond (up from 78.2%) and only 5 major fuel tenant lease expiries before FY30
- No impact on FY21 FFO and minimal impact on FY22 and FY23 FFO

In light of the above leasing activity, the APNFM Board has sought independent valuations of the EG Group sites. The outcome of these valuations is an increase in value across the 13 sites of \$17.7 million, up 25.9% on the prior book values. The weighted average capitalisation rate across these sites tightened by 157 basis points.

The remainder of the portfolio will be revalued as part of our financial year end process. An update on the remaining valuations is scheduled to be provided to the market prior to 30 June 2021.

Adjusting for the valuation uplift, pro forma Net Tangible Assets (NTA) increases from \$3.35 at 31 December 2020 to \$3.49 per security.

AQR Fund Manager, Chris Brockett said: "The completion of the new lease deals with EG Group, together with the long term lease deals recently completed with 7-Eleven at two of our other properties, is a great outcome for investors. It further strengthens the underlining security of the Fund's cash flows, with over 90% of the portfolio income expiring in FY30 and beyond and increases the certainty of EG Group's tenure and rental income."

This announcement has been authorised to be given to the ASX by the Board of APN Funds Management Limited.

ENDS

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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 90 properties valued at approximately \$556 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.

www.apngroup.com.au