

28 September 2021

Acquisition of two new properties in Queensland and NSW

APN Funds Management Limited as responsible entity for APN Convenience Retail REIT (**AQR** or the **Fund**) has exchanged contracts to acquire Warrego Highway Travel Centre, QLD (**Warrego**) and conditionally exchanged contracts to acquire Dubbo Service Centre, NSW (**Dubbo**).

Warrego and Dubbo are well designed convenience retail centres strategically located on main arterial roads with exposure to high traffic flows.

Warrego is a purpose-built travel centre constructed in 2019 and is 100% occupied with 85% of the income securely leased to major tenants Ampol (63% of net income) and Carl's Jr (21%). The remainder of the rent is derived from two experienced, local convenience retailers. The property's weighted average lease expiry is 11.5 years, and the average rental growth is 2.9% per annum. Settlement is expected to occur by October 2021.

Dubbo is being acquired via a fund through structure and will comprise a Mobil service station and a Carl's Jr restaurant with drive through. Construction has recently commenced and is due to complete by March 2022. The sale contract is conditional upon both tenants novating the existing agreement for leases over to the Fund, which is in the process of occurring.

The properties were acquired for a combined price of \$24.4 million, representing an average purchase yield of 5.5%. A summary of the acquisitions is provided below:

Property	Major tenants	Value	Purchase yield	WALE (yrs)	WARR ¹
Warrego, QLD	Ampol, Carl's Jr	\$16.0m	5.3%	11.5	2.9%
Dubbo, NSW	Mobil ² , Carl's Jr	\$8.4m	6.0%	12.0	2.0%
Total		\$24.4m	5.5%	11.7	2.5%

AQR Fund Manager, Chris Brockett said: "The acquisition of Warrego and Dubbo reflect our active and disciplined approach to growing the portfolio, with the long WALE and average rent reviews providing a high level of income security and sustainable source of income growth."

"We have a healthy pipeline of identified opportunities and look forward to further leveraging Dexus's platform to continue to deliver on our strategy of investing in strategically located convenience retail assets that provide investors with an attractive, defensive and growing income stream."

"These acquisitions build on the momentum of the 7-Eleven Kingston and United Gordonvale acquisitions announced in August, taking AQR's total acquisitions for FY22 to \$53 million."

Following the settlement of Warrego and the completion of Dubbo, AQR's portfolio will grow to 111 properties valued at \$762 million, reflecting a weighted average capitalisation rate of 5.9% and a portfolio WALE of 11.8 years.

¹ Weighted average rent review, assumes CPI of 1.00%.

² Tenant is a major independent operator trading as Mobil.

The acquisitions will be funded by existing debt capacity, increasing the Fund's gearing to 33.6% on a pro forma basis³, which is within the Fund's 25% - 40% target range.

There is no change to the previously advised FY22 FFO and distribution guidance of 22.9 cents per security.

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

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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 111 properties valued at approximately \$762 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 a majority Independent Board, and managed by Dexus (ASX:DXS), one of Australia's leading fully integrated real estate groups, with over 35 years of expertise in property investment, funds management, asset management and development.

www.apngroup.com.au

³ Pro forma gearing of 33.6% includes adjustments for committed acquisitions and the existing development pipeline.