

26 May 2020

## Property transactions

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 Gatton, QLD (**Gatton**) and Coles Express Inverell, NSW (**Inverell**) collectively for \$10.2 million, representing a capitalisation rate of 6.5%.

There is no change to previously advised FY2020 distribution guidance of 21.8 cents per security and FFO guidance of 21.5 – 21.8 cents per security.

Gatton and Inverell, which were built in 2016 and 2015 respectively, are 100% leased to Coles Express and have a combined weighted average lease expiry of 8.3 years.

In addition to the acquisitions of Gatton and Inverell, the Fund is also pleased to announce the recent completion of four fund-through development projects totalling \$19.8 million. AQR has now completed six fund-through development projects since December 2019, with an additional \$25.7 million of funding committed to the remaining four projects which are at varying stages of the development process.

A summary of the property transactions is provided below:

Property	State	Tenant	Value	Cap rate	WALE (years)	Annual review
Gatton	QLD	Coles Express	\$5.1m	6.75%	6.0	4%
Inverell	NSW	Coles Express	\$5.1m	6.25%	10.5	4%
Hampstead Gardens	SA	Mobil X	\$4.6m	6.35%	15.0	3%
Gepps Cross	SA	Mobil X	\$5.0m	6.35%	15.0	3%
Gosnells	WA	Liberty	\$4.8m	6.10%	15.0	3%
Edinburgh North	SA	Liberty	\$5.4m	6.10%	15.0	3%
			<b>\$30.0m</b>	<b>6.32%</b>	<b>12.6</b>	

AQR Fund Manager, Chris Brockett said: “We are thrilled with the acquisitions of Gatton and Inverell as well as the completion of a further four of our development projects. In particular, the acquisitions demonstrate that we continue to be active in sourcing and executing on new investment opportunities.”

“Gatton and Inverell take our total committed investment in acquisitions and developments for the financial year to \$90 million, and with a healthy balance sheet we are well placed to pursue further identified opportunities.”

Following settlement of Gatton and Inverell, which is expected to occur before the end of June 2020, AQR’s portfolio will comprise 79 properties valued at \$425 million, reflecting a weighted average capitalisation rate of 6.9% and a portfolio WALE of 10.8 years. The acquisitions will be funded by debt, taking AQR’s gearing to 29.5% and 33.5% on a pro forma basis adjusted for the remaining fund through development pipeline, within the Fund’s 25% - 40% target range.

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

**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 79 properties valued at approximately \$425 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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