APN | Convenience Retail REIT

ASX ANNOUNCEMENT

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21 May 2021

## $35.5 million in new property acquisitions under 20 year sale and leaseback

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 a portfolio of six properties in South Australia on a sale and leaseback with OTR, collectively for $35.5 million which represents an average purchase yield of 5.90%.

The properties, which are located in Naracoorte, Gepps Cross, Glenunga, Kapunda, West Beach and Murray Bridge Eastside, have brand new 20 year leases with fixed annual rent reviews of 2.75%.

OTR, which is wholly owned by Peregrine Corporation, is an iconic South Australian brand that has expanded to approximately 170 integrated retail and fuel offering sites across South Australia, Western Australia, Victoria and New South Wales, and is continuing to grow nationally. Peregrine Corporation was established in 1984 and is the 9th largest private company in Australia[1].

OTR and its related entities have franchise rights to a number of retail businesses including, Wokinabox, Oporto, SA Lotteries, Hungry Jacks, Subway, Krispy Kreme and Guzman Y Gomez, as well as a number of their own successful retail brands which feature throughout their network.

AQR Fund Manager, Chris Brockett said: “We are very pleased with the acquisition of this portfolio. OTR is an experienced and strong performing convenience retail operator which brings together a number of retail brands and unique retailing skills into a successful, innovative, multi-branded convenience offer, with a proven track record of growth, profitability and scalability. It is great to introduce another high quality tenant in OTR to the Fund’s tenancy mix, which will represent approximately 5% of the Fund’s total rental income on completion.

The new 20 year leases with fixed annual rent escalations of 2.75% provides investors with a high level of income security and sustainable income growth.

These acquisitions demonstrate that we continue to successfully execute on our growth strategy having committed to over $176 million of acquisitions to date in FY21 which have extended the portfolio WALE and enhanced geographic and tenant diversification.”

Following settlement of this portfolio, which is expected to occur before the end of June 2021, AQR’s portfolio will comprise 103 properties valued at $655 million (based on current reported carrying values and including the acquisitions announced on 11 May 2021), reflecting a weighted average capitalisation rate of 6.1% and a portfolio WALE of 12.2 years.

The OTR portfolio acquisition will be funded by debt, taking AQR’s gearing to 35.5% on a pro forma basis adjusted for committed acquisitions and the development pipeline, within with the Fund’s 25% - 40% target range.

There is no change to the previously advised FY2021 FFO and distribution guidance of 21.8 to 22.0 cents per security.

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

[1] Source: Australian Financial Review 2020

**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 103 properties valued at approximately $655 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**