

ASX ANNOUNCEMENT

19 March 2020

Market update

In light of the significant financial market volatility and broader disruption arising from the COVID-19 outbreak, APN Funds Management Limited (**APN FM**), as Responsible Entity for APN Convenience Retail REIT (**AQR** or the **REIT**), provides the following update to the market.

The Manager of the REIT, APN Property Group (**APN**), has implemented its established business continuity plan, including remote working arrangements, to ensure it continues to operate effectively despite the disruption being experienced across the community. APN's immediate priority is the health and wellbeing of its employees, AQR's tenants and their employees, and other stakeholders.

APN has undertaken a review of the REIT's positioning, including with respect to AQR's income profile, balance sheet and banking arrangements, and an assessment of the potential impact of COVID-19.

Overall, AQR remains well placed for the following reasons:

- 97% of rental income is from major service station tenants who are national and international businesses with significant exposure to non-discretionary consumer expenditure;
- The portfolio is 100% occupied with a long WALE of 11 years, as well as an attractive lease expiry profile with 73% of rental income expiring in FY30 and beyond;
- Gearing is currently at the lower end of its target range of 25-40% and the REIT has access to significant debt headroom, with debt maturities recently extended to FY23 and later;
- The REIT's portfolio value is based on a weighted average capitalisation rate of 6.9%.

However, there are expected delays to the completion timing of some of AQR's development projects due to supply chain distributions of fuel equipment and building materials sourced from China. As a result, AQR is revising its FY2020 FFO guidance from 22.3 - 22.5 cents per security (**cps**) to 21.5 - 21.8 cps. FY2020 distributions guidance is reaffirmed at 21.8 cps.

The Board considers the COVID-19 event to be significant, with circumstances that are changing daily. Should circumstances which we don't currently foresee arise with consequences for this guidance the Board will update the market.

This document has been 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 73 properties valued at approximately \$400 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 with approximately \$3.1 billion in assets under management.

www.apngroup.com.au