Product Disclosure Statement

convenience
RETAIL REIT

APN Property Plus Portfolio ARSN 101 227 614
Convenience Retail REIT Trust No. 2 ARSN 619 527 829
Convenience Retail REIT Trust No. 3 ARSN 619 527 856

Merrill Lynch UBS

BOOKRUNNERS AND JOINT LEAD MANAGERS

28 June 2017

ISSUED BY: **APN Funds Management Limited** ABN 60 080 674 479 AFSL 237500
and **CRR SaleCo Limited** ACN 619 270 610

Important notices

This information is important and requires your attention.

It is important that you read this document carefully and in its entirety prior to making an investment decision with respect to the Offer. In particular you should pay careful consideration to the risk factors outlined in Section 9 and the tax implications in Section 11 of this document as they relate to your personal investment objectives, financial circumstances and needs. The potential tax effects of the Offer will vary between investors. You should seek your own financial advice from a licensed financial adviser or other appropriately qualified professional adviser before acting on the information contained in this Product Disclosure Statement (**PDS**).

Issuers of this PDS

This PDS is issued by APN Funds Management Limited (ACN 080 674 479) (**APN FM**) as the Responsible Entity of APN Property Plus Portfolio (proposed to be renamed Convenience Retail REIT No. 1) (**PPP**), Convenience Retail REIT No. 2 (**CRR2**) and Convenience Retail REIT No. 3 (**CRR3**) (together **Convenience Retail REIT** or **the REIT**) as the issuer of Stapled Securities and CRR SaleCo Limited (ACN 619 270 610) (**SaleCo**) as a seller of Stapled Securities. APN FM is a wholly owned subsidiary of APN Property Group Limited (ACN 109 846 068) (**APN PG**). This document is a product disclosure statement for the purposes of Part 7.9 of the Corporations Act and has been issued by APN FM and SaleCo in respect of the Offer. This PDS also relates to the issue of fully paid Units to existing PPP, CRR2 and CRR3 Unitholders under the Stapling Unit Subscription in order to implement the Transaction.

Stapled Securities

The Offer is for Stapled Securities, each comprising one PPP Unit, one CRR2 Unit and one CRR3 Unit. Refer to Section 10 for further details of the Offer.

The Offer and Stapling Unit Subscription, and the issue or transfer of any Stapled Securities under them, is conditional upon PPP Unitholder approval, and a meeting of PPP Unitholders is being held on Tuesday, 25 July 2017 for this purpose (PPP Unitholder Meeting). If PPP Unitholder approval is not obtained, the Offer will not proceed. If you hold PPP Units you should read the Notice of Meeting and Explanatory Memorandum relating to the PPP Unitholder Meeting in full before deciding whether or not to vote in favour of the resolutions to facilitate the Transaction.

Lodgement and Listing

This PDS is dated Wednesday, 28 June 2017 and was lodged with ASIC in accordance with section 1015B of the Corporations Act on that date.

APN FM will apply for Official Quotation within seven days of the date of this PDS. Neither ASIC nor ASX takes any responsibility for the contents of this PDS or the merits of the investment to which this PDS relates.

ASX reserves the right to remove one or more entities with stapled securities from the ASX official list if any of their securities cease to be "stapled" together, or any equity securities are issued by one entity which are not stapled to equivalent securities in the other entity or entities.

Exposure Period

The Corporations Act prohibits the issue of Stapled Securities (or Units under the Stapling Unit Subscription) in the seven day period after the date of lodgement of this PDS (the **Exposure Period**). This Exposure Period may be extended by ASIC by up to a further seven days. No preference will be conferred on any Applications received during the Exposure Period.

During the Exposure Period, this PDS will be made available to Australian residents, without the Application Form, at: www.crreit.com.au.

Not investment advice

The information contained in this PDS should not be taken as financial product advice and has been prepared as general information only, without consideration for your particular investment objectives, financial circumstances or particular needs.

In particular you should pay careful consideration to the risk factors outlined in Section 9 in light of your personal circumstances, recognising that other risk factors may exist in addition to those identified and should also be considered before deciding whether to invest in light of your personal circumstances.

If you have any queries or uncertainties relating to aspects of this PDS or the Offer, please consult your stockbroker, accountant or other independent financial or professional adviser before deciding whether to invest.

Similarly, the tax implications of your investment will vary depending on your personal financial circumstances and investment objectives. You should consider the tax implications outlined in Section 11 of this PDS and obtain and rely on your own professional taxation advice prior to deciding whether to invest in this Offer. PPP Unitholders should consider the tax implications outlined in the Notice of Meeting and Explanatory Memorandum relating to the PPP Unitholder Meeting before deciding whether or not to vote in favour of the resolutions to facilitate the Transaction.

There are references to past performance in this document. Past performance is no guarantee of future performance. You should also consider the best estimate assumptions underlying the Forecast Financial Information (see Section 6.5 for further detail) and the risk factors (see Section 9 for further detail) that could affect Convenience Retail REIT's business, financial condition or results of operations.

PPP Unitholders

PPP Unitholders have also been issued with a Notice of Meeting and Explanatory Memorandum dated on or around the date of this PDS in respect of the PPP Unitholder Meeting. PPP Unitholders should consider this PDS (together with that Notice of Meeting and Explanatory Memorandum) when determining how to vote at the PPP Unitholder Meeting.

No cooling-off rights

Cooling-off rights do not apply to an investment in the Stapled Securities pursuant to the Offer. This means that, in most circumstances, you will be unable to withdraw your Application once it has been accepted. Should quotation of the Stapled Securities be granted by ASX, Stapled Securityholders will have the opportunity to sell their Stapled Securities at the prevailing market price, which may be different to the Offer Price or the Cash-Out Facility Price.

Rights and liabilities attached to the Stapled Securities

All Stapled Securities will rank equally in all respects. Details of the rights and liabilities attached to each Stapled Security are set out in each of the constitutions of PPP, CRR2 and CRR3 (together, **Stapled Group Entity Constitutions**) (summarised at Section 13.1), copies of which will be made available for inspection, free of charge at the registered office of APN FM during normal trading hours.

Rounding

Rounding of the figures provided in this document may result in some discrepancies between the sum of components and the totals outlined within this document including in the tables and percentage calculations.

Electronic PDS

An electronic copy of this PDS may be viewed online at www.crreit.com.au by Australian resident investors during the Offer Period. The Offer and the Stapling Unit Subscription under this PDS when in electronic form is available only to persons receiving this PDS in electronic form in Australia. If you access this PDS electronically please ensure that you download and read this PDS in its entirety. A paper form of this PDS can be obtained, free of charge, during the Offer Period by contacting the Convenience Retail REIT Information Line on 1800 502 914 (toll free within Australia) or +61 1800 502 914 (outside Australia) between 8.30am and 5.30pm (AEST) on business days (during the Offer Period). Applications for Stapled Securities will only be considered if applied for on an Application Form attached to or accompanied by a copy of this PDS (refer to Section 10 for further information). The Corporations Act prohibits any person from passing the Application Form on to another person unless it is accompanied by this PDS in its paper form or the complete and unaltered electronic form.

As set out in the Notice of Meeting, PPP Unitholders will receive Stapled Securities (without needing to complete an Application Form), unless they elect to participate in the Cash-Out Facility by returning the Election Form accompanying the Notice of Meeting. PPP Unitholders should refer to the Notice of Meeting for further information. PPP Unitholders need only complete an Application Form if, and to the extent that, they wish to apply for additional Stapled Securities.

Foreign jurisdictions

This PDS has been prepared to comply with the requirements of the laws of Australia. No Stapled Securities (or Units under the Stapling Unit Subscription) are being offered to any person whose registered address is outside of Australia unless APN FM and SaleCo are satisfied in their absolute discretion that it would be lawful to make such an offer. The distribution of this PDS (whether electronically or otherwise) in jurisdictions outside of Australia may be restricted by law and persons who come into possession of this PDS should seek their own advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. Unless otherwise agreed with Convenience Retail REIT, any person subscribing for Stapled Securities in the Offer shall by virtue of such subscription be deemed to represent that they are not in a jurisdiction which does not permit the making of an offer or invitation as detailed in this PDS, and are not acting for the account or benefit of a person within such jurisdiction. This PDS does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No investments will be accepted on the basis of this document once it is replaced with a later PDS. None of Convenience Retail REIT, the Bookrunners, nor any of their respective directors, officers, employees, consultants, agents, partners or advisers accepts any liability or responsibility to determine whether a person is able to participate in the Offer (or the Stapling Unit Subscription).

Updated information

Information regarding the Offer and Stapling Unit Subscription may need to be updated from time to time. Any updated information about the Offer and Stapling Unit Subscription that is considered not materially adverse to investors will be made available at www.crreit.com.au, and Convenience Retail REIT will provide a copy of the updated information free of charge to any eligible investor who requests a copy by contacting the Convenience Retail REIT Information Line on 1800 502 914 (toll free within Australia) or +61 1800 502 914 (outside Australia) between 8.30am and 5.30pm (AEST) on business days (during the Offer Period).

In accordance with its obligations under the Corporations Act, APN FM and SaleCo may issue a supplementary product disclosure statement to supplement any relevant information not disclosed in this PDS. You should read any supplementary disclosures made in conjunction with this PDS prior to making any investment decision.

Financial information

Unless otherwise specified, all financial and operational information contained in this PDS is current as at the date of this PDS.

All currency amounts are in Australian dollars unless otherwise specified.

This PDS includes Forecast Financial Information based on the best estimate of assumptions of the Directors. The financial information presented in this PDS, which consists of a Pro Forma Consolidated Statements of Financial Position as at Allotment Date (being Tuesday, 1 August 2017) and post Allotment Date inclusive of the Additional Properties, Pro Forma and Statutory Forecast Consolidated Income Statements and Pro Forma Forecast Consolidated Distribution Statements, is unaudited. See "Forward looking statements" below and Section 6 for further details on the Financial Information.

This PDS does not include historical financial statements or historical financial information. This is on the basis that Convenience Retail REIT, which consists of stapled securities of PPP, CRR2 and CRR3 and is accounted for as a consolidated entity, will only be established on the Implementation Date. The Statutory Forecast Consolidated Income Statement for the period ending 30 June 2018 includes the forecast financial results prior to Implementation Date of CRR2, as the nominated parent fund of Convenience Retail REIT in accordance with AASB 3 *Business Combinations*.

Convenience Retail REIT will operate on a financial year ending 30 June. Accordingly, Convenience Retail REIT's first annual statutory financial period will be the period ending 30 June 2018.

Variation of the Offer (and Stapling Unit Subscription)

At any time prior to the allocation of Stapled Securities (or Units under the Stapling Unit Subscription) contemplated in this PDS, each of APN FM and SaleCo reserve the right in its absolute discretion and without liability, to vary the Offer (or Stapling Unit Subscription) or its procedures or to postpone or cancel the Offer (or Stapling Unit Subscription). To the extent that any such variation of the Offer (or Stapling Unit Subscription) encompasses material changes to the Offer (or Stapling Unit Subscription) or its procedures, APN FM and SaleCo will use reasonable endeavours to provide notice of those changes to the extent reasonably possible.

Independent valuations

This PDS contains information regarding the independent valuations of the properties in the Initial Portfolio by qualified Independent Valuers. You should note that the estimated Initial Portfolio valuation represents an aggregate of individual property valuations and does not represent a valuation of the Initial Portfolio if sold as a whole. Valuations are an opinion of a fair price payable by a willing buyer, not a guarantee of current or future market value. By necessity, valuations require the valuer to make subjective judgments that, even if logical and appropriate, may differ from those made by a purchaser or another valuer. Historically it has been considered that valuers may properly conclude within a range of possible values or those assumptions and conditions may not be met.

Property values can change substantially, even over short periods of time, and an independent valuer's opinion of value could differ significantly if the date of valuation were to change. A high degree of volatility in the market may lead to fluctuations in values over a short period of time.

It is encouraged that you read the Independent Valuation Reports contained in Section 8 in their entirety prior to making your investment decision with respect to the Offer.

Industry data, information and industry report

This PDS contains statistics, data and other information relating to markets, market sizes, market shares, market positions and other industry data pertaining to Convenience Retail REIT's business and markets. Unless otherwise indicated, such information is based on an industry report (**Industry Report**) that Convenience Retail REIT commissioned from Savills Valuation Pty Ltd (**Savills**), as well as Convenience Retail REIT's analysis of such information. See Section 4 for further information relating to the Industry Report and Savills' engagement. The information contained in the Industry Report has been accurately reproduced, and, as far as the Board is aware, no facts have been omitted which would render the information provided inaccurate or misleading.

Convenience Retail REIT understands from Savills that the Industry Report includes or is otherwise based on information obtained from (i) various data collection agencies, industry associations, forums and institutes and private market analysts; and (ii) publicly available information, such as federal and state government budgets, tender publications, and other information publicly released by corporations and government departments, as well as primary interviews conducted with industry experts and participants and secondary market research.

Investors should note that market data and statistics are not inherently predictive and subject to uncertainty and not necessarily reflective of actual market conditions.

Forward looking statements

This PDS contains both historical information and forward looking statements which are made as at the date of this PDS. Forward looking statements can be identified by the use of words such as "anticipate", "believe", "expect", "project", "forecast", "estimate", "likely", "intend", "should", "could", "may", "target", "predict", "guidance", "plan" and other similar expressions. Indications of, and guidance on, future earnings and financial position and performance are also forward looking statements. All statements other than statements of historical fact are, or may be deemed to be, forward looking statements.

The forward looking statements involve subjective judgment and analysis and are subject to significant uncertainties, risks and contingencies, many of which are outside the control of, and are unknown to, APN FM and SaleCo and their respective officers, employees, agents or associates. All forward looking statements in this PDS reflect the reasonable and current expectations of APN FM and SaleCo and their respective directors concerning future results and events held only immediately before the date of this PDS, unless otherwise stated. Subject to the Corporations Act and any other applicable law, each of APN FM and SaleCo and their respective directors, officers, employees and advisers disclaim any duty to disseminate after the date of this PDS any updates or revisions to any such statements to reflect any change in expectations in relation to such statements or any change in events, conditions or circumstances on which any such statement is based.

Preparation of these forward looking statements was undertaken with due care and attention. However these forward looking statements and the financial performance of Convenience Retail REIT are subject to various and unknown risks which may be beyond the control of APN FM and SaleCo. As a result, Convenience Retail REIT's actual results and earnings following implementation of the Transaction as set out in this PDS may differ significantly from those that are indicated in this PDS.

Various business risks could affect future results of Convenience Retail REIT following implementation of the Transaction set out in this PDS, causing results to differ from those which are expressed, implied or projected in any forward looking statements. Some of these risks have been set out in Section 9 of this PDS. No assurance can be provided that actual performance will mirror the guidance provided.

Other than as required by law, none of APN FM, SaleCo, their respective directors, officers, employees or any other person gives any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward looking statements in this PDS will actually occur. You are cautioned not to place undue reliance on those statements.

In addition, unforeseen or unpredictable events also could have material adverse effects on future results of Convenience Retail REIT following implementation of the Transaction. Given these uncertainties, you are cautioned to not place undue reliance on such forward looking statements.

Offer Management Agreement

Merrill Lynch Equities (Australia) Limited and UBS, AG, Australia Branch have been appointed by APN FM and SaleCo as bookrunners and joint lead managers (together, the **Bookrunners**) to the Offer, subject to certain terms and conditions stipulated in the Offer Management Agreement. The Offer Management Agreement sets out a number of circumstances where the Bookrunners may terminate the Offer Management Agreement and their obligations. For further information on the terms and conditions of the Offer Management Agreement you should refer to Section 13.10 of this PDS.

Photographs, diagrams and artist's renderings

Photographs, diagrams and artist's renderings contained in this PDS that do not have accompanying descriptions are intended for illustrative purposes only. They should not be interpreted to mean an endorsement of this PDS or its contents by any person shown in these images. Furthermore, assets not accompanied by a description should not be interpreted as being owned by Convenience Retail REIT. Diagrams used in this PDS are also intended for illustrative purposes only and may not be drawn to scale.

Defined terms

Capitalised terms used in this PDS have the meaning given to them in the Glossary, as set out in Appendix B.

Disclaimer

No person is authorised to give any information, or to make any representation in connection with the Offer (or Stapling Unit Subscription) that is not contained in this PDS.

Any information or representation that is not contained in this PDS may not be relied on as having been authorised by APN FM and SaleCo in connection with the Offer. Except as required by law, and only to the extent so required, neither APN FM nor SaleCo, nor any other person, warrants or guarantees the future performance of Convenience Retail REIT, the repayment of capital, or any return on any investment made pursuant to this information.

The Bookrunners have not authorised, permitted or caused the issue, lodgement, submission, dispatch or provision of this PDS and does not make or purport to make any statement in this PDS and there is no statement in this PDS which is based on any statement by the Bookrunners. The Bookrunners and their affiliates, officers and employees, to the maximum extent permitted by law, expressly disclaim all liabilities in respect of, make no representations regarding, and take no responsibility for, any part of this PDS and make no representation or warranty as to the currency, accuracy, reliability or completeness of this PDS.

As set out in Section 10.13, it is expected that the Stapled Securities will be Officially Quoted on the ASX initially on a conditional and deferred settlement basis. Convenience Retail REIT, APN FM, SaleCo and their respective directors and officers, the Registry and the Bookrunners disclaim all liability, whether in negligence or otherwise, to persons who trade Stapled Securities before receiving their holding statement.

Privacy

By filling out an Application Form to apply for Stapled Securities, you are providing personal information to Convenience Retail REIT through the Registry. Convenience Retail REIT and the Registry on its behalf may collect, hold and use that personal information in order to process your Application. Convenience Retail REIT may also collect, hold and use that personal information in order to service your needs as a Stapled Securityholder, provide facilities and services that you request and carry out appropriate administration.

If you do not provide the information requested in the Application Form, Convenience Retail REIT and the Registry may not be able to process or accept your Application. Your personal information may also be provided to Convenience Retail REIT's agents and service providers on the basis that they deal with such information in accordance with their respective privacy policies. These agents and service providers may be located outside Australia where your personal information may not receive the same level of protection as that afforded under Australian law. The types of agents and service providers that may be provided with your personal information and the circumstances in which your personal information may be shared are:

- the Bookrunners in order to assess your Application;
- printers and other companies for the purpose of preparation and distribution of statements and for handling mail;
- market research companies for the purpose of analysing Convenience Retail REIT's Stapled Securities base and for product development and planning; and
- legal and accounting firms, auditors, contractors, consultants and other advisers for the purpose of administering, and advising on, the Stapled Securities and for associated actions.

If an Applicant becomes a Stapled Securityholder, the Corporations Act requires Convenience Retail REIT to include information about that person (including name, address and details of the Stapled Securities held) in its public register of Stapled Securityholders. If you do not provide all the information requested, your Application Form may not be able to be processed. The information contained in Convenience Retail REIT's register of Stapled Securityholders must remain there even if that person ceases to hold Stapled Securities. Information contained in Convenience Retail REIT's register is also used to facilitate Distribution payments, corporate communications (including financial results, annual reports and other information that Convenience Retail REIT may wish to communicate to its Stapled Securityholders) and compliance with legal and regulatory requirements.

Under the Privacy Act, you may request access to your personal information held by (or on behalf of) Convenience Retail REIT. You can request access to your personal information by writing to or telephoning the Registry at +61 2 8280 7111. If any of your information is not correct or has changed, you may require it to be corrected. By submitting an Application, you agree that Convenience Retail REIT and the Registry may communicate with you in electronic form or contact you by telephone in relation to the Offer.

Further questions

If you have any queries relating to aspects of this PDS please call your Broker or the Convenience Retail REIT Information Line on 1800 502 914 (toll free within Australia) or +61 1800 502 914 (outside Australia) from 8.30am until 5.30pm (AEST) on business days (during the Offer Period).

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Key Offer Statistics and Important Dates

Key dates	
PDS lodgement date	Wednesday, 28 June 2017
Broker Firm Offer opens	Friday, 30 June 2017
Notice of Meeting, Explanatory Memorandum, PDS and Election Form sent to PPP Unitholders	Monday, 3 July 2017
Broker Firm Offer closes	Friday, 21 July 2017
PPP Unitholder Meeting	Tuesday, 25 July 2017
Institutional Bookbuild and Cash-Out Facility Offer Bookbuild	Tuesday, 25 July 2017
Expected commencement of trading on a conditional and deferred settlement basis on the ASX	Thursday, 27 July 2017
Settlement of Offer	Monday, 31 July 2017
Issue and transfer of Stapled Securities (**Allotment Date**)	Tuesday, 1 August 2017
Expected dispatch of holding statements	Wednesday, 2 August 2017
Expected commencement of trading on a normal settlement basis on the ASX	Thursday, 3 August 2017
Expected payment to Exiting Unitholders under the Cash-Out Facility	Tuesday, 8 August 2017

Key offer statistics	
Offer Price per Stapled Security	$3.00
Cash-Out Facility Price per Stapled Security	The greater of $3.00 and any higher price determined through the Cash-Out Facility Offer Bookbuild
Number of Stapled Securities available under the Institutional Offer and Broker Firm Offer	31.7 million
Number of Stapled Securities available under the Cash-Out Facility Offer	Up to 22.3 million
Total number of Stapled Securities available under the Offer	Up to 54.1 million
Proceeds from the Offer[1]	Up to $162.2 million
Number of Stapled Securities on issue on Allotment	78.9 million
Market capitalisation at the Offer Price	$236.8 million
Gearing[2]	30%
Forecast FY18 FFO Yield	6.60%
Forecast FY19 FFO Yield	6.85%
Forecast FY18 – FY19 FFO growth	3.8%
Forecast FY18 Distribution Yield	6.50%
Forecast FY19 Distribution Yield	6.75%
Forecast FY18 payout ratio	98%
Forecast tax deferred component of Distributions (FY18)	44%
Forecast tax deferred component of Distributions (FY19)	39%
NTA per Stapled Security	$2.73
Offer Price premium to NTA per Stapled Security	9.9%

1 Assuming a Cash-Out Facility Price equal to the Offer Price.

2 Interest bearing liabilities less cash divided by total assets less cash.

Key Initial Portfolio statistics	
Independent valuation	$307.6 million
Number of properties	66
Average property value	$4.7 million
Occupancy	99.4%
WALE	13.6 years
WARR	2.9% p.a.
Proportion of income subject to fixed rental increases	78%
WACR	7.2%

Dates may change

The dates above are indicative only and may be subject to change without notice.

How to invest

Instructions on how to apply for Stapled Securities are set out in Section 10.

Questions

Please call the Convenience Retail REIT Offer Information Line on 1800 502 914 (toll free within Australia) or +61 1800 502 914 (outside Australia) from 8.30am until 5.30pm (AEST) on business days (during the Offer Period). If you are unclear in relation to any matter or are uncertain as to whether Convenience Retail REIT is a suitable investment for you, you should seek professional guidance from your solicitor, stockbroker, accountant or other independent and qualified professional adviser before deciding whether to invest.

Dear Investor,

On behalf of the Board, I am pleased to invite you to become a Stapled Securityholder in Convenience Retail REIT.

Convenience Retail REIT is being established to invest in Australian convenience retail commercial property, leased to leading national and international businesses which operate petrol stations, fast food outlets and related convenience-based consumer offerings. Convenience Retail REIT will be an Australian Real Estate Investment Trust (**AREIT**) listed on the ASX and has been designed to deliver a high, reliable and growing cash income stream, as well as the potential for capital growth over time. Convenience Retail REIT will offer investors:

- an Initial Portfolio of 66 convenience retail properties independently valued at $308 million, located predominantly in the Eastern Seaboard States of Australia and leased to Puma Energy Australia, Woolworths, 7-Eleven and Viva Energy Australia;
- an attractive and defensive forecast yield backed by long term leases;
- significant growth opportunities via Puma Energy Australia's national expansion plans and annual contracted rent increases;
- a long 13.6 year WALE;
- an experienced management team with an extensive track record; and
- strong governance with a majority independent board and independent Chairman.

Convenience Retail REIT will offer investors a forecast Distribution Yield of 6.50% for the period from Allotment to 30 June 2018, growing to 6.75% in FY19 reflecting a payout ratio of approximately 98%. Distributions will be paid on a quarterly basis and approximately 44% of the Distribution is expected to be tax deferred for the period from Allotment to 30 June 2018 and 39% for the year ending 30 June 2019. Convenience Retail REIT will have a conservative capital structure with initial pro forma Gearing of 30%, which is toward the lower end of the target Gearing range of 25-40%. This will provide capacity for Convenience Retail REIT to acquire further properties should they be identified, enhancing returns to Stapled Securityholders.

The establishment of Convenience Retail REIT is conditional, amongst other things, on obtaining PPP Unitholder approval at the PPP Unitholder Meeting (see the description of conditions precedent in Section 13.4).

Convenience Retail REIT will be managed by APN Funds Management Limited (**APN FM**), a wholly owned subsidiary of APN Property Group (**APN PG**). APN PG is an ASX listed, Melbourne based real estate funds management company that manages approximately $2.4 billion[1] of real estate and real estate securities on behalf of institutional and retail investors. APN PG has been active in the convenience retail commercial property asset class since it established the APN Property Plus Portfolio (**PPP**) to invest into a portfolio of service stations in 2002. PPP has delivered investors an annualised total return of 14.6% since inception, which compares favourably to the S&P/ASX 300 AREIT Accumulation Index which has achieved 6.2% per annum in the same time period.[2] Due to this success, APN PG has been actively seeking further assets to provide a broader group of investors with access to this asset class.

APN FM is seeking to raise up to $162.2 million through the issue and transfer of up to 54.1 million Stapled Securities. The Offer has been structured as an offer of 31.7 million new Stapled Securities to raise $95.2 million and an offer of up to 22.3 million Stapled Securities under the Cash-Out Facility Offer (being those Stapled Securities that may be sold

1 As at 31 December 2016.

by SaleCo with the proceeds of those sales being remitted to Exiting Unitholders under the Cash-Out Facility) to raise up to $67.0 million. The Offer comprises an Institutional Offer, a Broker Firm Offer and the Cash-Out Facility Offer. An application will be made by APN FM for Official Quotation.

Naturally any investment carries both benefits and risks. The key risks in respect of Convenience Retail REIT include those relating to tenant concentration, re-leasing, market rent reviews, vacancy, reliance on third parties (including the Manager), conflicts of interest and related party transactions, property valuation and illiquidity. These key risks (and others) are set out in full in Section 9. In addition, Section 12 sets out the fees and other costs associated with investing in Convenience Retail REIT. I encourage you to carefully read this document in full and seek relevant professional financial or other specialist advice before making an investment decision.

On behalf of my fellow Directors, I thank you for considering this opportunity to invest in Convenience Retail REIT and look forward to welcoming you as an investor.

Yours sincerely,

Geoff Brunsdon
Independent Chairman
APN Funds Management Limited

1 Investment overview

1 Investment Overview

Topic	Summary	For more information
Convenience Retail REIT overview		
What is Convenience Retail REIT?	Convenience Retail REIT will be a listed Australian Real Estate Investment Trust (**AREIT**) that wholly owns an Initial Portfolio of 66 service station and convenience retail assets located across Australia predominantly in the Eastern Seaboard States of Australia, independently valued at $308 million. The Initial Portfolio will be leased to high quality tenants on long term leases. The Initial Portfolio includes three Additional Properties (valued at approximately $21 million), in respect of which documentation relating to their acquisition have been entered into subject to certain conditions and which are expected to, and have been assumed will, complete after Allotment (with the final property assumed to be acquired by 16 October 2017).	Section 2 and Section 13.8.2
What is Convenience Retail REIT's objective?	Convenience Retail REIT's objective will be to provide investors with sustainable and stable income and the potential for both income and capital growth through annual rental increases by investing in service station and convenience retail properties.	Section 2.3
What are Convenience Retail REIT's investment and growth strategies?	Convenience Retail REIT's investment and growth strategies will be to: • invest in a quality portfolio of strategically located Australian service station and convenience retail assets; • invest in a portfolio diversified by geography and tenant; • invest in a portfolio of properties that are subject to long term leases to experienced and sustainable retailers and service station operators; • adhere to appropriate capital structure and capital management; • access best practice management to ensure risk adjusted returns are maximised; and • pursue acquisition, divestment and investment opportunities via APN PG's relationships and expertise in sourcing transaction opportunities. This is consistent with APN PG's "property for income" investment philosophy. The importance of a secure income stream as the foundation of commercial real estate's current and potential value is core to this philosophy.	Section 2.3
What will be the initial financing arrangements?	Convenience Retail REIT will utilise a mix of debt and equity to finance its activities. It is intended that all borrowings will be denominated in Australian dollars. Convenience Retail REIT has adopted a target Gearing range of between 25% and 40%, where Gearing is calculated as interest bearing liabilities less cash divided by total assets less cash. Convenience Retail REIT's pro forma Gearing is forecast to be 30% at the Allotment Date (pro forma for the acquisition of the Additional Properties which settle post Allotment). The Proposed Debt Facility will provide Convenience Retail REIT with a $125 million facility, split between two major Australian financial institutions, with a weighted average maturity of 3.5 years from Allotment. The facility is anticipated to be drawn to $92.8 million after acquisition of the Additional Properties.	Section 2.5 and Section 13.9

Topic	Summary	For more information
How will Convenience Retail REIT be formed?	Convenience Retail REIT is a stapled group consisting of PPP, CRR2 and CRR3. PPP, CRR2 and CRR3 collectively represent the Stapled Group Entities. PPP and CRR2 were established by APN PG in 2002 and December 2016 respectively. CRR3 has been established with the current CRR3 Unitholders being APN PG and Puma Energy Australia. Formation of Convenience Retail REIT is conditional on obtaining the approvals of existing PPP Unitholders at the PPP Unitholder Meeting to be held on Tuesday, 25 July 2017. The Stapling is intended to occur as described in Section 10.9 (Stapling Unit Subscription) and in accordance with the Implementation Deed (Section 13.4). The financial information of Convenience Retail REIT will be reported in future periods as a consolidated group in accordance with AASB 3 Business Combinations.	Section 2.2
Portfolio		
What are the key metrics of the Initial Portfolio?	Independent Initial Portfolio valuation: $307.6 million Number of properties: 66 Average property value: $4.7 million Occupancy (by area): 99.4% WALE (by income): 13.6 years WACR: 7.2% WARR[1]: 2.9% Initial Gearing: 30% Key tenants: Puma Energy Australia, Woolworths, 7-Eleven, Viva Energy Australia	Section 3
Tenants and key lease terms		
Who are the major tenants?	The Initial Portfolio will be leased to Puma Energy Australia (69% of Initial Portfolio income), as the major tenant along with other high quality tenants including Woolworths (20%), 7-Eleven (6%) and Viva Energy Australia (1%). Other complementary convenience retail and service operators account for the remaining 4%.	Section 3.5
Who is Puma Energy Australia?	Puma Energy Australia is a leading independent petroleum operator involved in the importing and distribution of fuel and bitumen products through its extensive country wide network of terminals, depots and retail sites. The ultimate parent of Puma Energy Australia is Puma Energy Holdings Pte Ltd, a leading global downstream and midstream fuel marketing company headquartered in Singapore.	Section 2.6

Topic	Summary	For more information
What are the terms and profile of the key leases?	The WALE of the Initial Portfolio is expected to be 13.6 years by income. The remaining term of each service station lease is between 1 and 18 years and varies by tenant. In addition to the service station leases, Convenience Retail REIT also has 14 leases to complementary convenience retail and service providers with remaining lease terms ranging up to 12 years (representing 4% of initial rent).	Section 3.4
What is the contracted rent growth?	Contracted average fixed rental growth of 2.9% across the Initial Portfolio[1]. Approximately 78% of the Initial Portfolio has a fixed annual rental review of 3.0% or greater with the remaining 22% having CPI-linked annual reviews.	Section 3.4.1
Are there any lease extension options?	Extension options vary by tenant: • Puma Energy Australia has four 10 year options to extend its leases; • Woolworths and Viva Energy Australia both have one further option to extend their leases by 5 years; and • 7-Eleven has two 5 year extension options.	Section 2.4
Who is responsible for property outgoings, repairs and maintenance?	The lease structure is such that property outgoings, repairs and maintenance are the responsibility of the tenants, with the landlord responsible for capital and structural repairs except to the extent required due to the tenant's acts. The leases also specify how major capital and structural repairs are funded.	Section 2.4
Who is responsible for the environmental liabilities of the Initial Portfolio?	Environmental liabilities associated with the properties in the Initial Portfolio are the responsibility of the tenants via industry standard commercial leases.	Section 2.4
Corporate governance and management		
Who will be the Responsible Entity and manager of Convenience Retail REIT?	The Responsible Entity of Convenience Retail REIT will be APN FM which holds AFSL 237500. Under the terms of the Investment Management Agreement and the Property Management Agreement, APN FM will appoint the Manager, Convenience Retail Management Pty Limited, to provide investment management services and property management services to Convenience Retail REIT. The Manager is a Related Body Corporate of APN FM and a wholly owned subsidiary of APN PG.	Section 5, Section 13.6 and Section 13.7
Who is APN PG?	Established in 1996, APN PG is an ASX listed, Melbourne based real estate funds management company (ASX code: APD) that manages approximately $2.4 billion (as at 31 December 2016) of real estate and real estate securities on behalf of institutional and retail investors. APN FM is a wholly owned subsidiary of APN PG.	Section 5.3.1
How will Convenience Retail REIT be managed?	Convenience Retail REIT will have a dedicated management team led by Chris Brockett, the Fund Manager. In addition, the management team will be supported by the broader resources of APN PG including: • Tim Slattery – Chief Executive Officer; • Michael Groth – Chief Financial Officer; • Joseph De Rango – Head of Business Development and Corporate Finance; • Tim Boyce – Senior Consultant; and • Chantal Churchill – Company Secretary.	Section 5.3.2

1 Assuming CPI of 2.0%.

Topic	Summary	For more information
Who are the directors of the Responsible Entity?	The Board comprises four Directors, with three independent Directors, including the Chairman. The Directors of the Board are: • Geoff Brunsdon – Independent Chairman; • Michael Johnstone – Independent Director; • Jennifer Horrigan – Independent Director; and • Howard Brenchley – Non-Executive Director (or Michael Groth as Alternate Director to Howard Brenchley).	Section 5.2.2
What are the key responsibilities of the Responsible Entity?	The key responsibilities of the Responsible Entity include: • strategic oversight; • financial management and administration; • investment evaluation and implementation; and • governance and regulatory compliance.	Section 5.2.1
What fees will the Manager and the Responsible Entity receive?	If the Transaction proceeds, under the terms of the Investment Management Agreement entered into between the Responsible Entity and the Manager summarised in Section 13.6, the aggregate gross management fees that will be paid out of Convenience Retail REIT's assets to the Responsible Entity or the Manager will be: • 0.65% per annum of the Stapled Group GAV up to $500 million; • 0.60% per annum of the Stapled Group GAV greater than $500 million, but less than $1.0 billion; • 0.55% per annum of the Stapled Group GAV greater than $1.0 billion, but less than $1.5 billion; and • 0.50% per annum of the Stapled Group GAV in excess of $1.5 billion. This fee structure has been constructed to reduce as the platform gains scale. Although, under the Stapled Group Entity Constitutions, the Responsible Entity will be entitled to be paid a management fee as described in Section 12.4, the Responsible Entity and the Manager will not take aggregate management fees exceeding 0.65% per annum of Stapled Group GAV. The Responsible Entity has agreed to reduce its fees to the extent that management fees are paid to the Manager under the Investment Management Agreement. In addition, where the Responsible Entity is performing a custodial function for PPP or CRR3, the Responsible Entity is entitled to charge a custody fee of up to 0.05% of the GAV of PPP or CRR3 as applicable. The Manager also proposes to charge other fees including leasing, property management, project management and development fees on arm's length terms where services are required to be provided to Convenience Retail REIT. The Property Management Agreement is summarised in Section 13.7. The Responsible Entity is entitled to reimbursement for reasonable expenses incurred in the operation of Convenience Retail REIT.	Section 12.2, Section 13.6 and Section 13.7
Can the Responsible Entity be changed?	Yes, by an ordinary resolution of Stapled Securityholders.	Section 5.4.4 and Section 13.1

Topic	Summary	For more information
What is the consequence of removing APN FM as the Responsible Entity?	If APN FM is removed as Responsible Entity of Convenience Retail REIT, the Investment Management Agreement and Property Management Agreement may be terminated if APN FM is not replaced with an entity that is a Related Party of the Manager under each respective agreement. Under the terms of the Property Management Agreement, in such circumstances, the Manager may immediately terminate and the new Responsible Entity will be obliged to pay the equivalent of 24 months' property management fees to the Manager (calculated on the basis of fee levels in place prior to that time).	Section 5.4.4
What are the key governance arrangements for Convenience Retail REIT?	APN FM has established governance arrangements to ensure that Convenience Retail REIT will be effectively managed in a manner that is properly focused on its investment objectives and the interests of Stapled Securityholders, as well as conforming to regulatory and ethical requirements. The Board is responsible for the governance of Convenience Retail REIT.	Section 5.4
Will APN PG or APN PG corporate entities and funds managed by APN FM or APN PG subsidiaries hold Stapled Securities in Convenience Retail REIT?	Yes, at Allotment APN PG corporate entities are expected to hold Stapled Securities in Convenience Retail REIT of between 5% and 10%. Additionally, funds managed by APN PG subsidiaries may also hold Stapled Securities in Convenience Retail REIT. This means that APN PG and its related parties and associates are expected to collectively hold an investment of up to approximately 15% of the Stapled Securities on issue after completion of the Offer. It is APN PG's intention to retain its investment in Convenience Retail REIT as a strategic stake.	Section 2.2, Section 5.1 and Section 9.1.18
Will there be ongoing related party transactions with the APN PG group?	Yes, the Manager is a Related Party of APN FM and is appointed under the Investment Management Agreement and the Property Management Agreement. In addition, Convenience Retail REIT will enter into agreements with third parties (which may include APN PG or wholly owned subsidiaries) to provide other property management and other services to Convenience Retail REIT from time to time. The Investment Management Agreement and the Property Management Agreement and all other agreements entered into by APN FM and related parties in relation to Convenience Retail REIT are on arm's length terms or better from the perspective of Convenience Retail REIT and comply with the APN Related Party Transaction and Conflicts of Interest Policy.	Section 12.4, Section 13.6, Section 13.7 and Section 14.6
Will Puma Energy Group hold Stapled Securities in Convenience Retail REIT?	Yes, at Allotment Puma Energy Group is expected to hold Stapled Securities in Convenience Retail REIT of between 5% and 10%. It is Puma Energy Group's intention to retain its investment in Convenience Retail REIT as a strategic stake.	Section 2.2
What is the ongoing relationship between Puma Energy and Convenience Retail REIT?	Convenience Retail REIT will have first right of refusal over any site Puma Energy Australia wishes to acquire, develop, sell or dispose, subject to the opportunity meeting Convenience Retail REIT's investment strategy. Puma Energy Australia will have the first right to lease any site owned by Convenience Retail REIT which becomes available for lease. Puma Energy Group's ownership stake of between 5% and 10% in Convenience Retail REIT further aligns interests between the two parties.	Section 2.2, Section 2.6 and Section 13.5

Topic	Summary	For more information
Key investment highlights		
Portfolio of 66 assets with a high quality tenant base of leading convenience retail tenants	The Initial Portfolio: • comprises 66 service station sites predominantly located on the Eastern Seaboard States of Australia; • is considered strategic with majority of sites difficult to replicate; • is a combination of proven operating locations and new sites; and • will be 69% (by Initial Portfolio income) leased to Puma Energy Australia, 20% to Woolworths, 6% to 7-Eleven and 1% to Viva Energy Australia. Other complementary convenience retail and service operators account for the remaining 4%.	Section 3
Attractive and defensive forecast yield backed by long term leases	Assuming an Offer Price of $3.00 per Stapled Security, forecast annualised Distribution Yield of: • 6.50% for the period from Allotment to 30 June 2018 with 44% tax deferred component[2]; and • 6.75% for the year ending 30 June 2019 with 39% tax deferred component. Backed by strong underlying fundamentals including: • attractive long term leases set on arm's length terms, with the tenant generally responsible for rates and taxes, insurance and all repairs and maintenance (excluding structural repairs and capital expenditure unless required due to the tenant's acts or omissions); and • tenants bear environmental compliance and any remediation responsibilities under applicable law and lease contracts. The tenants' operations and Convenience Retail REIT's income is underpinned by relatively inelastic demand for motor vehicle fuel.	Section 2.1, Section 2.4 and Section 6.3.2
Significant growth opportunity via Puma Energy Australia's national expansion plans and annual contracted rent increases	Contracted average fixed rental growth of 2.9% across the Initial Portfolio[3]. Convenience Retail REIT intends to take an active approach to asset and portfolio management and value accretive expansion of the Initial Portfolio. Convenience Retail REIT will have first right of refusal over any site Puma Energy Australia wishes to acquire, develop, sell or dispose, subject to the opportunity meeting Convenience Retail REIT's investment strategy. This applies to both individual sites and any underlying freehold properties in the event of an acquisition of an operating fuel business. Puma Energy Australia has planned expansion of its retail network in Australia from over 260 leased/owned retail sites to over 300 by 2018 into complementary locations in Queensland and Western Australia plus strategic expansion into New South Wales and Victoria. Convenience Retail REIT will be able to participate in this growth subject to the opportunity meeting Convenience Retail REIT's investment strategy.	Section 2.3.2 and Section 2.6.6

2 Tax deferred component is an estimate based on the prevailing tax legislation at the time of preparing this PDS and based on certain assumptions (including tax depreciation and tax treatment of IPO Transaction Costs). The actual tax deferred component may differ from the estimate above due to timing of revenue, expenses, the nature and timing of post-IPO acquisition activity and the assumptions underpinning the estimate differs from actual results. The tax deferred component may also vary in the future depending on the age and composition of the properties in the Convenience Retail REIT.

3 Assuming CPI of 2.0%.

Topic	Summary	For more information
Long 13.6 year WALE	WALE of 13.6 years by income. The Initial Portfolio will be leased to a high quality tenant base with over 70% of leases expiring beyond FY30. Near term service station lease expiries relate to select 7-Eleven, Woolworths and Viva Energy Australia sites: • longstanding tenants that have a track record of exercising renewal options; • all service station leases expiring in FY22 have at least one further five year renewal option available, potentially extending first lease expiry to FY27; and • sites are attractive to alternate operators if a renewal option is not exercised.	Section 2.4, Section 3.4 and Appendix A
Geographically diversified and weighted to Eastern Seaboard States of Australia and major transport routes	The Initial Portfolio is well diversified by location and site type: • Initial Portfolio of 66 sites geographically diversified across the four most populous Australian states New South Wales, Victoria, Queensland and Western Australia; • 89% of portfolio (by value) located in the Eastern Seaboard States of Australia which corresponds to where approximately 78% of Australia's population live (as at December 2016); and • 83% of portfolio (by value) are high traffic Metropolitan or Highway sites.	Section 3.2
Experienced management team with extensive track record	APN PG is a dedicated, specialist real estate investment manager with a track record in this asset class since 2002 and, as the first institutional owners of service station assets in Australia, has established an experienced management team. Convenience Retail REIT will have access to the broader capabilities of the APN PG platform.	Section 5.3
Strong governance with a majority independent Board and independent Chairman	APN FM will be the Responsible Entity. The Board will consist of majority independent Directors and an independent Chairman responsible for the governance of Convenience Retail REIT.	Section 5.2, Section 5.3 and Section 5.4

Topic	Summary	For more information
Key risks		
Note: Investors should consider all of the risks set out in Section 9 before deciding whether or not to apply for Stapled Securities.		
What are the key risks to an investment in Convenience Retail REIT?	Convenience Retail REIT's income, Distributions or the value of Stapled Securities may be impacted by the following: **Tenant concentration:** a substantial proportion of Convenience Retail REIT's rental income is derived from two tenants, being Puma Energy Australia and Woolworths which currently contribute approximately 69% and 20% respectively. **Rental income:** Convenience Retail REIT's revenue will largely depend on the tenants adhering to their obligations to pay rent under the leases. A failure of some of Convenience Retail REIT's revenue, which may also adversely affect Convenience Retail REIT's ability to services its loans and harm overall financial performance. **Re-leasing, market rent reviews and vacancy:** there is a risk that expiring leases may not be renewed in accordance with Convenience Retail REIT's assumptions including in relation to vacancy periods and rents. **Property valuations:** the value of the properties held by Convenience Retail REIT may be impacted by a number of risks affecting the property market generally, as well as Convenience Retail REIT in particular including changes in market rental rates, changes in property yields and other market forces. **Reliance on third parties including the Manager:** Convenience Retail REIT is reliant on the expertise of the directors of APN FM and management capability provided by the Manager. In the event that the services of key individuals are no longer available, this may adversely affect Convenience Retail REIT's management and financial performance. **Conflicts of interest or duty and related party transactions:** the Manager is a Related Body Corporate of APN FM, and APN FM is the responsible entity of funds in addition to Convenience Retail REIT. Accordingly, there is a risk that the management of properties for different funds may lead to conflicts of interest arising for APN FM. There is consequently also a risk that if these conflicts are not managed appropriately, Convenience Retail REIT and/or Stapled Securityholders may suffer loss. **Property illiquidity:** property assets are, by their nature, illiquid investments. Should Convenience Retail REIT be required to realise assets, for example in the event of a covenant breach, Convenience Retail REIT may not be able to do so within a short period of time, or at the amount at which they have been valued. **Capital expenditure:** Capital expenditure has been forecast to maintain the properties based on current best estimates and lease obligations. There is a risk that, due to unforeseen circumstances, Convenience Retail REIT may incur additional capital expenditure on the properties. **Development:** if Convenience Retail REIT undertakes development works, there is a risk that future developments or redevelopments of the properties could be delayed and cost more than expected.	Section 9

Topic	Summary	For more information
	Environmental: asset classes to which Convenience Retail REIT is exposed typically have a higher rate of environmental contamination than many other commercial property asset classes. APN FM is not aware of any environmental contamination at any of its properties that would preclude their ongoing operation as service stations. **Strategy implementation:** Convenience Retail REIT's ability to execute its growth strategy partly depends on the decisions and actions of other parties, particularly its major tenant Puma Energy Australia, as well as a broad range of economic factors. **Funding:** there is an inherent risk that any changes in Convenience Retail REIT's ability to raise funds (from either debt or equity markets), and the terms on which such funds are or can be raised, could result in an increased cost of funding, limited access to capital, increased refinancing risk for Convenience Retail REIT and/or an inability to expand operations or purchase assets. **Financing:** pursuant to the debt financing to be provided under the Proposed Debt Facility, Convenience Retail REIT will be required to comply with a number of undertakings and covenants, including in relation to loan to value and interest cover ratios. Failure to comply with any of these financial covenants or undertakings could result in a Lender demanding immediate repayment of all or part of the Proposed Debt Facility (together with accrued interest), Lenders directing the security trustee to enforce the security granted in connection with the Proposed Debt Facility, Lenders requiring the Convenience Retail REIT to dispose of some or all of its properties for less than their market value, raise additional equity, or reduce or suspend Distributions in order to repay the debt facilities. **Interest rates, gearing and financial covenants:** Convenience Retail REIT will partially finance its Initial Portfolio with debt. Borrowings magnify investment gains or losses and increase the volatility of returns to movements in interest rates and property values. **Forecast Financial Information:** the forward looking statements, opinions and estimates provided in this PDS, including the financial forecasts, are based on assumptions. Various factors, both known and unknown, may impact Convenience Retail REIT's performance and cause actual performance to vary significantly from what was expected. **No previous trading history as Convenience Retail REIT:** Convenience Retail REIT will be a new standalone entity with no previous trading history for Stapled Securities, no historical financial information and no historical performance. As such, expectations, forward looking statements and estimates of Convenience Retail REIT's future performance rely on various assumptions, many of which are outside the control of the Responsible Entity or the management team and any of which may result in actual performance being materially different.	

Topic	Summary	For more information
	Substantial retained holding by APN PG and Puma Energy Group: APN PG and Puma Energy Group are each expected to hold between 5% and 10% of the Stapled Securities at Allotment. This investment is strategically significant for both APN PG and Puma Energy Group. In addition, funds managed by APN PG subsidiaries may also hold Stapled Securities in Convenience Retail REIT. This means that APN PG and its related parties and associates are expected to collectively hold an investment of up to approximately 15% of the Stapled Securities on issue after completion of the Offer. Whilst it is not restrained from doing so, Puma Energy Group have stated that they have no current intentions to reduce the extent of that investment. APN PG will also not reduce the number of Stapled Securities it holds, as to do so would have consequences under the Common Terms Deed. **Taxation:** the information in this PDS assumes that each Stapled Group Entity that comprises Convenience Retail REIT will be treated as a "flow-through" entity for Australian income tax purposes such that the net income of each Stapled Group Entity will be taxable in the hands of the REIT Stapled Securityholders. Any changes to the basis upon which stapled structures are taxed may materially adversely affect the value of Stapled Securities in Convenience Retail REIT. **Disposal of properties and CGT implications:** the tax cost base of the properties in PPP and possibly certain properties in CRR2 is significantly below the current market value of the assets. If Convenience Retail REIT disposes of any of these properties its taxable gain or loss for tax purposes will be calculated having regard to the difference between the sale price and the cost base of those properties regardless of the market value of the properties when Stapling occurs. **Tax deferred Distributions and tax depreciation:** as the Stapling and Listing will not reset the tax cost base of the properties in PPP and CRR2 to market value for tax purposes, this may impact the amount of tax deferred Distributions Convenience Retail REIT can distribute in future periods, which may adversely impact after-tax returns of investors in Convenience Retail REIT. **Other risks:** further detail on the specific key risks to an investment in Convenience Retail REIT and additional general risks are set out in Section 9.	
FFO and Distributions		
What is the forecast FFO?	Convenience Retail REIT is forecast to have FFO of: • 18.2 cents per Stapled Security for the period from Allotment to 30 June 2018; and • 20.6 cents per Stapled Security for the 12 month period ending 30 June 2019.	Section 6.3.2
What are the forecast Distributions?	Convenience Retail REIT is forecast to have Distributions of: • 17.9 cents per Stapled Security for the period from Allotment to 30 June 2018; and • 20.3 cents per Stapled Security for the 12 month period ending 30 June 2019.	Section 6.3.2

Topic	Summary	For more information
What are the forecast Distribution Yields?	Convenience Retail REIT is forecast to have Distribution Yield (based on an Offer Price of $3.00 per Stapled Security) of: • 6.50% p.a. for the period from Allotment to 30 June 2018; and • 6.75% p.a. for the 12 month period ending 30 June 2019. These Distribution Yields represent a payout ratio of approximately 98% of FFO.	Section 6.3.2
What is Convenience Retail REIT's Distribution policy?	APN FM intends to make Distributions on a quarterly basis within two months of the end of each quarter with the first Distribution representing the period from Allotment to 30 September 2017. Distributions will be determined with reference to the level of Convenience Retail REIT's FFO. Generally, Distributions are expected to be in the range of 95% to 100% of FFO. Under the terms of the Common Terms Deed, Convenience Retail REIT will not, subject to certain exceptions, be permitted to pay Distributions at any time while an event of default is continuing.	Section 6.8
Are Distributions guaranteed?	No. Distributions are not guaranteed.	Section 6.8
Financial information		
What is the pro forma NTA per Stapled Security?	Convenience Retail REIT will have a forecast pro forma NTA of $2.73 per Stapled Security at the Allotment Date.	Section 6.4
What is the Proposed Debt Facility?	Convenience Retail REIT will enter into a Proposed Debt Facility with a total commitment of $125 million, being secured revolving term facilities split between two tranches of three and five year maturities, with a weighted average maturity of approximately 3.5 years from Allotment. The Proposed Debt Facility will only be available on finalisation and execution of full-form financing documents and satisfaction of each condition precedent in the documents associated with the Proposed Debt Facility, including a successful IPO. The Proposed Debt Facility is subject to certain financial covenants that apply to Convenience Retail REIT, including that: • at all times, the Loan to Value Ratio does not exceed 50%; and • on 30 June and 31 December of each year, the Interest Cover Ratio is not to be less than 2.0x (other than during the 6 month period immediately after initial drawdown).	Section 2.5.2
What is Convenience Retail REIT's Gearing policy?	Convenience Retail REIT will have forecast pro forma Gearing of 30% at the Allotment Date (pro forma for the acquisition of the Additional Properties which settle post Allotment), which is within its target Gearing range of 25% to 40%.	Section 2.5.1
What is Convenience Retail REIT's interest rate hedging policy?	The Manager's intention is to target an interest rate hedging range of between 50 and 100% of drawn borrowings.	Section 2.5.3
What is the valuation policy of Convenience Retail REIT?	Properties in the portfolio will be valued on an annual basis and this will include either internal Directors' valuations or external independent valuations. All properties will be externally valued by an independent valuer at least once every three years, or if in any year the internal Directors' valuation produces a valuation that varies by 5% or more from the estimated period-end book value (excluding properties under development or the last independent valuation containing market adjustments for expenditure or commitment of funds to satisfy a lease obligation).	Section 6.7

Topic	Summary	For more information
Overview of the Offer		
What is the Offer and how much will be raised?	If the Offer proceeds, a total of up to $162.2 million will be raised through the issue and transfer of up to 54.1 million Stapled Securities as set out below: • the Responsible Entity is offering to issue 31.7 million new Stapled Securities under the Institutional Offer and Broker Firm Offer to raise $95.2 million; and • SaleCo is offering to transfer up to 22.3 million Stapled Securities under the Cash-Out Facility Offer (dependent on Eligible Unitholders' elections) to raise up to $67.0 million assuming a Cash-Out Facility Price equal to the Offer Price. The Offer will consist of: • an Institutional Offer; • a Broker Firm Offer; and • the Cash-Out Facility Offer. The Offer also comprises an offer of Units in each of PPP, CRR2, and CRR3 to facilitate the Stapling Unit Subscription.	Section 10
What is the Offer Price?	The Offer Price will be $3.00 per Stapled Security.	Section 10.2
What is the Cash-Out Facility?	The Cash-Out Facility is the sale facility whereby Eligible Unitholders can elect to cash-out their investment by transferring their interests to SaleCo in consideration for the Cash-Out Facility Price, which will be paid following the transfer to SaleCo of the Stapled Securities under the Cash-Out Facility Offer. Any Eligible Unitholder that does not elect to cash-out will be deemed to maintain their Units and participate in the Offer. In considering whether to cash-out or retain an investment in Convenience Retail REIT, Eligible Unitholders should note that the price at which the Stapled Securities will trade post Allotment Date is unknown.	Section 10.8
What is the Cash-Out Facility Offer?	The Cash-Out Facility Offer is the offer to sell Stapled Securities by SaleCo to Institutional Investors conducted as part of the Cash-Out Facility.	Section 10.8
What is the Cash-Out Facility Price?	The Cash-Out Facility Price will be determined through the Cash-Out Facility Bookbuild and will be the greater of the Offer Price (being $3.00 per Stapled Security) and any higher price obtained under the Cash-Out Facility Bookbuild. For clarity, the Cash-Out Facility Price will be received by all Exiting Unitholders.	Section 10.8.3
Is the Offer underwritten?	The Offer is not underwritten.	Section 10.3

Topic	Summary	For more information
How will the Proceeds of the Offer be used (inclusive of the acquisition of the Additional Properties)?	The Proceeds of the Offer and the net proceeds of debt financing arrangements (Proposed Debt Facility and existing bank debt) will be applied to: • provide cash to Exiting Unitholders; • fund the acquisition of the properties in the Initial Portfolio at Allotment; • fund the acquisition of the Additional Properties after Allotment; and • pay for the Transaction Costs associated with the Offer.	Section 10.2 and Section 12.5
What are the conditions to the Offer going ahead?	The implementation of the Transaction requires the approvals of existing PPP Unitholders at the PPP Unitholder Meeting to be held on Tuesday, 25 July 2017. It is also subject to a number of conditions precedent under the Implementation Deed, including but not limited to the execution of contracts of sale by relevant parties for the acquisition by APN FM as Responsible Entity of the relevant Stapled Group Entities of certain service station assets and related lease documentation, appointment of the Manager, the PPP constitution, as amended, coming into effect, execution of an Offer Management Agreement in respect of the IPO and which has not been terminated as at 5.00pm (AEST) on the date of settlement for the IPO and obtaining of regulatory consents and third party consents. The Offer Management Agreement also includes a number of customary conditions which must be satisfied for the Offer to complete, including the entry by APN FM into a binding debt facility agreement.	Section 13.4, Section 13.9 and Section 13.10

Sources of funds	$m	Uses of funds	$m
Existing Stapled Securities to be sold through the Cash-Out Facility Offer	Up to 67.0	Cash-out of Exiting Unitholders by the sale of Stapled Securities through the Cash-Out Facility Offer	Up to 67.0
Issue of new Stapled Securities under the Institutional Offer and the Broker Firm Offer	95.2	Completion of the acquisition of the Puma Properties[4]	59.3
Draw down of debt	92.8	Completion of the acquisition of the Additional Properties[5]	20.6
		Refinance existing debt	92.9
		Transaction Costs[6]	15.2
Total sources	**Up to 255.0**	**Total uses**	**Up to 255.0**

4 Represents the acquisition of Puma Properties located in Queensland by CRR3 from Puma Energy Australia, and noting that the Puma Properties located in New South Wales and Western Australia will be acquired by CRR3 from Puma Energy Australia prior to Allotment through debt financing and equity contribution.

5 This includes the Puma Property at 1 Kakadu Road, Yanchep, Western Australia. The acquisition of the Additional Properties will not be completed until after Allotment (with the final property assumed to be acquired by 16 October 2017). If the acquisition of an Additional Property does not complete, the use of funds will be reduced by the amount of that Additional Property, and the drawdown of debt will be lower by the same amount.

6 See Section 12.5 for further information on the Transaction Costs associated with the Transaction.

Topic	Summary	For more information
	The execution of binding documentation and satisfaction of all conditions precedent in relation to the Proposed Debt Facility is also a condition precedent to the Offer.	
Who can participate in the Offer?	Institutional Investors in Australia, New Zealand and certain other jurisdictions will be invited to participate in the Institutional Offer. The Broker Firm Offer is open to Australian resident Retail Investors who have received a firm allocation from their Broker. Unitholders in each of PPP, CRR2 and CRR3 will participate in the Offer to facilitate the Stapling Unit Subscription but the Responsible Entity will act on their behalf to apply for Units in each Stapled Group Entity using the proceeds of the Restructure Distribution.	Section 10
How can I apply?	**Institutional Offer Applicants and Cash-Out Facility Offer Applicants** • The Bookrunners will separately advise Institutional Investors of the Application procedures for the Institutional Offer and Cash-Out Facility Offer. **Broker Firm Offer Applicants** • To apply under the Broker Firm Offer, you must lodge your Broker Firm Offer Application Form, Application Monies and Broker service fee (if applying under the Broker Firm Offer) in accordance with your Broker's directions in order to receive your firm allocation. To the extent permitted by law, an Application by an Applicant under the Offer is irrevocable. For Remaining Unitholders, to facilitate the Stapling Unit Subscription, the Responsible Entity will apply for Units on your behalf using the proceeds of the Restructure Distribution to which you are entitled.	Section 10.6.1, Section 10.7.2 and Section 10.8.1
What are the minimum and maximum Application amounts?	For Applicants applying under the Broker Firm Offer the minimum Application amount is $2,000 and in increments of at least $500 thereafter, or as directed by the Applicant's Broker. Applicants under the Institutional Offer and Cash-Out Facility Offer will be provided additional information regarding the Institutional Offer and Cash-Out Facility Offer. The Issuers and the Bookrunners reserve the right to aggregate Applications they believe may have been made by the same person. There is no maximum Application amount.	Section 10.6, Section 10.7.3 and Section 10.8
When can I sell my Stapled Securities on the ASX?	It is expected that trading of the Stapled Securities on the ASX will commence on or about Thursday, 27 July 2017, initially on a conditional and deferred settlement basis. This will be before certain conditions set by ASX for the commencement of unconditional trading will have been satisfied, including Settlement and the issue of Stapled Securities occurring. It is expected that Settlement will occur on or about Monday, 31 July 2017. Once these conditions are satisfied, the Stapled Securities will commence trading on the ASX on an unconditional but deferred settlement basis until dispatch of the holding statements. Stapled Securities are expected to commence trading on the ASX on an unconditional and normal settlement basis on or about Thursday, 3 August July 2017. It is the responsibility of each Applicant to confirm their holding before trading in Stapled Securities. Applicants who sell Stapled Securities before they receive an initial holding statement do so at their own risk.	Section 10.13

Topic	Summary	For more information
Fees and costs		
What are the ongoing fees and costs and the fees and other costs associated with the Offer?	The ongoing fees and costs associated with an investment in Convenience Retail REIT are set out in Section 12. The total fees and costs associated with the Offer are expected to total approximately $15.2 million (inclusive of GST).	Section 12
What is the brokerage, commission and stamp duty?	No brokerage, commission or stamp duty is payable by Applicants who apply for Stapled Securities using an Application Form. If you buy or sell Stapled Securities on the ASX, you may have to pay brokerage and other transaction costs. Under current legislation, there is no stamp duty payable on the sale or purchase of Stapled Securities on the ASX provided that no investor (either alone or together with any related or associated persons or other persons in an associated transaction for the purposes of stamp duty law) acquires 90% or more of the Stapled Securities on issue.	Section 10.16
Taxation implications		
What are the tax implications?	A general summary of the Australian tax implications for investors participating in the Offer is set out in Section 11. All Stapled Securityholders should seek independent professional advice on the consequences of the Offer to them, based on their own particular circumstances and applicable to their own local jurisdiction.	Section 11
Overview of the Stapling required to implement the Transaction		
How is the Stapling implemented?	Under the Stapling Unit Subscription, Remaining Unitholders will be entitled to the Restructure Distribution from PPP, CRR2 and CRR3 (as applicable), with the aggregate proceeds of that Distribution being applied on their behalf by the Responsible Entity, to subscribe for new Units in PPP, CRR2 and CRR3 (as applicable). Prior to Stapling, each Stapled Group Entity will then have its Units consolidated so that each Remaining Unitholder will hold Units consolidated on the following basis: • for PPP, 1 Unit will be consolidated to approximately 0.57 Units; • for CRR2, 1 Unit will be consolidated to approximately 0.33 Units; and • for CRR3, 1 Unit will be consolidated to approximately 0.33 Units. After consolidation, each Unitholder will hold Units in each Stapled Group Entity on a 1:1:1 basis. The NAV of PPP, CRR2 and CRR3 will be approximately $0.92, $1.47, $0.61 per Unit respectively after Unit Consolidation. The value of a Remaining Unitholder's Units in PPP, CRR2 or CRR3 immediately prior to Stapling will be equal to the value of their Stapled unitholding immediately post the Stapling process.	Section 10.9
Other information		
Where can I find out further information about the Offer?	If you have further enquiries regarding the Offer, please contact the Convenience Retail REIT Information Line on 1800 502 914 (toll free within Australia) or +61 1800 502 914 (outside Australia) between 8.30am and 5.30pm (AEST) on business days (during the Offer Period). Alternatively, please visit www.crreit.com.au.	Section 10.19

2 Convenience Retail REIT overview

2 Convenience Retail REIT overview

2.1. Overview of Convenience Retail REIT

Convenience Retail REIT will be a listed AREIT that wholly owns an Initial Portfolio of 66 service station and convenience retail assets located across Australia with a skew towards the Eastern Seaboard States of Australia, independently valued at $308 million. The Initial Portfolio will be leased out to high quality tenants on attractive, long term leases.

The Initial Portfolio includes three Additional Properties (valued at approximately $21 million), in respect of which documentation relating to their acquisition have been entered into subject to certain conditions and which are expected to, and have been assumed will, complete after Allotment, with the final property assumed to be acquired by 16 October 2017.

The Initial Portfolio will be leased to Puma Energy Australia as the major tenant along with other high quality tenants including Woolworths, 7-Eleven and Viva Energy Australia. The terms of the leases vary by tenant, as outlined further in Section 2.4. The Initial Portfolio will have a WALE of 13.6 years and weighted average contracted rental growth of 2.9%[1]. See Section 13.8.2 for further information.

The table below sets out certain key metrics with respect to Convenience Retail REIT:

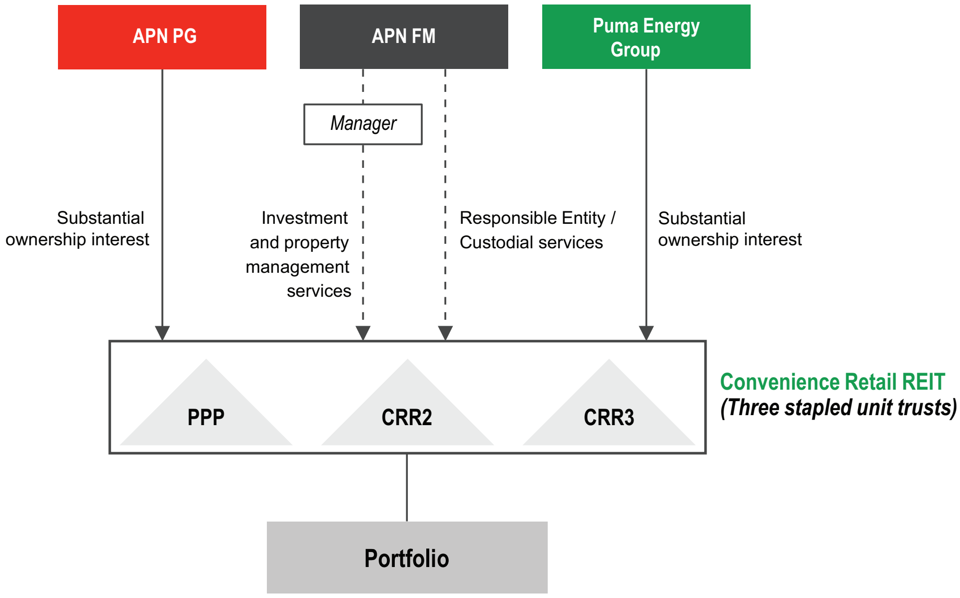
Key metrics	
Initial Gearing at Allotment[2]	30%
Target Gearing range	25-40%
Net tangible assets per Stapled Security	$2.73
Forecast FFO Yield for the period from Allotment to 30 June 2018	6.60%
Forecast FFO Yield for FY19	6.85%
Forecast Distribution Yield for the period from Allotment to 30 June 2018	6.50%
Forecast Distribution Yield for FY19	6.75%
One year forward forecast FFO growth (from FY18 to FY19)	3.8%

2.2. Structure

Convenience Retail REIT will be a Stapled group consisting of three trusts being PPP, CRR2 and CRR3. APN FM and APN PG (amongst others) have entered into a binding Implementation Deed (see Section 13.4) setting out the terms under which the parties agree to enter into a transaction involving the Stapling of the units in the Stapled Group Entities to create Convenience Retail REIT as shown in the chart below.

1 Assuming CPI of 2.0%.

2 Adjusted for the pro forma acquisition of the Additional Properties which settle post Allotment.



APN FM will be the Responsible Entity of Convenience Retail REIT.

The Manager (a Related Body Corporate of APN FM and a wholly owned subsidiary of APN PG), will provide investment management and property management services to Convenience Retail REIT under the Investment Management Agreement and Property Management Agreement (see Sections 13.6 and 13.7 for additional information).

An application will be made for Convenience Retail REIT to be Officially Quoted. Convenience Retail REIT's Stapled Securities are expected to trade on the ASX under the code "CRR".

APN PG and its related parties and associates expect to collectively hold an investment of up to approximately 15% of the Stapled Securities on issue after completion of the Offer. At Allotment Puma Energy Group is expected to hold Stapled Securities in Convenience Retail REIT of between 5% and 10%.

These holdings represent strategically significant investments for both parties and both have confirmed no current intention to reduce the quantum of those investments.

2.3. Convenience Retail REIT objective and strategy

2.3.1. Convenience Retail REIT investment objective and growth strategies

Convenience Retail REIT's objective will be to provide investors with sustainable income with the potential for income and capital growth through annual rental increases by investing in service station and convenience retail properties.

This is consistent with APN PG's "property for income" investment philosophy. The importance of a secure rental income stream as the foundation of commercial real estate's current and potential value is core to this philosophy.

Convenience Retail REIT's investment and growth strategies to achieve its objective will be to:

- invest in a quality portfolio of strategically located Australian service station and convenience retail assets;
- invest in a portfolio diversified by geography and tenant;
- invest in a portfolio of properties that are subject to long term leases to experienced and sustainable retailers and service station operators;
- adhere to appropriate capital structure and capital management;
- access best practice management to ensure risk adjusted returns are maximised; and
- pursue acquisition, divestment and investment opportunities via APN PG's relationships and expertise in sourcing transaction opportunities.

2.3.2. Acquisitions, divestments and development activities

The Manager intends to take an active approach to asset and portfolio management and value accretive expansion of the portfolio. This includes an intention to pursue strategic acquisitions and fund-through development opportunities, both with Puma Energy Australia and other parties, that are consistent with the investment and growth strategies outlined in Section 2.3.1. All acquisitions will be subject to a prudent screening process by the Manager with particular consideration to sustainable, risk-adjusted returns, long term leases to quality tenants and sound existing or potential convenience retail offerings.

Consistent with Convenience Retail REIT's investment and growth strategies, a number of attractive opportunities in the market have already successfully been identified and contracted for acquisition. The three Additional Properties valued at approximately $21 million in aggregate will settle post Allotment Date subject to the satisfaction of customary conditions and include Raceview, Caboolture and Yanchep.[3] These acquisitions demonstrate APN PG's acquisition capabilities and have been included in the Initial Portfolio. However, acquisitions of the Additional Properties remain subject to customary conditions and so there can be no guarantee of their completion and inclusion in the Initial Portfolio.

While Convenience Retail REIT will be tenant agnostic with many growth options in the fragmented retail and service station property market, the REIT and Puma Energy Australia have agreed a strategic partnership. Under the strategic partnership, the REIT will have first right of refusal over any site Puma Energy Australia wishes to acquire, develop, sell or dispose, subject to that opportunity meeting the REIT's investment strategy.

This strategic partnership is intended to support Puma Energy Australia in achieving its current intentions, which are to expand its retail network in Australia from over 260 leased/owned retail sites to over 300 by 2018 in locations in Queensland and Western Australia which complement its existing footprint in those markets and by strategic expansion into New South Wales and Victoria.

Convenience Retail REIT is not a developer and its policy is to acquire properties which are either completed, or where development or delivery risk to Convenience Retail REIT has been substantially mitigated. Fund-through structures may be used to mitigate development risk (including leasing and construction cost overrun risk) while still securing assets on attractive terms.

Properties will be sold where they no longer meet the objective and strategy of Convenience Retail REIT and the Board believes it is in the best interests of Stapled Securityholders to do so. However, there is no present intention to sell any properties.

APN PG has a track record of identifying opportunities, transacting off-market, successfully employing fund-through structures and adding and realising value for investors across a number of commercial asset classes, including service stations.

APN FM will review this investment policy from time to time and may vary the criteria, or acquire a property that does not meet some or all of the criteria, where it considers it in the best interests of Stapled Securityholders to do so.

3 Further details on the terms of these acquisitions are set out in Section 13.8.2.

2.4. Summary of lease arrangements

2.4.1. Summary of key lease terms, maintenance and environmental

	Puma Energy Australia	Woolworths	7-Eleven	Viva Energy
Tenant	Puma Energy (Australia) Holdings	Woolworths	7-Eleven Stores	Viva Energy Australia
Guarantors	Puma Energy Holdings • Limited guarantee equivalent to the total of 6 months' rent and outgoings as security for the tenant's lease obligations • Unlimited guarantee with respect to tenant contamination liabilities Puma Energy (Australia) Assets Holdings	n/a	n/a	n/a
Initial term and options	Varying from 16-18 years 4 x 10-year options	15 years 2 x 5-year options	12 years 2 x 5-year options	17 years 1 x 5-year option
Remaining term and options	Current lease terms vary from 15-18 years Remaining 4 x 10 year options	Current lease term 5 years Remaining 1 x 5 year option	Current lease term 15 years Remaining 2 x 5 year options	Current lease term 12 years Remaining 1 x 5 year option
Annual review	Annual fixed 3% increases	Annual CPI increases (capped at 4% p.a.)	Annual fixed 4.5% increases	Annual fixed 4.5% increases
Recoverable outgoings	Rates, taxes (including land tax) and landlord's insurance	Rates, taxes (excluding QLD land tax) and landlord's insurance	Rates, taxes (excluding QLD land tax) and landlord's insurance	Rates, taxes (excluding QLD land tax) and landlord's insurance
Market review	On lease renewal of each option period with a cap and collar of + / -10%	None	On lease renewal of each option period	None
Premises and fuel equipment maintenance and repair	Tenant is responsible for all premises repairs (including fuel equipment), subject to below comments	Tenant is responsible for maintaining the premises (including fuel equipment), subject to below comments	Tenant is responsible for maintaining the premises (including fuel equipment), subject to below comments	Tenant is responsible for maintaining the premises (including fuel equipment), subject to below comments

	Puma Energy Australia	Woolworths	7-Eleven	Viva Energy
Capital and structural repairs	Tenant may (at its cost) replace, renew or repair any fuel equipment unless the landlord otherwise agrees to do so Landlord is responsible for capital and structural repairs to the premises except to the extent required due to the tenant's acts or omissions or particular use of the premises	Tenant is responsible for replacing underground tanks and/or LPG tanks due to changes to tank configuration, storage capacity or as required by law Landlord is responsible for: • capital and structural repairs to the premises except to the extent required due to the tenant's acts or omissions; and • replacing the underground fuel tanks and/or LPG tanks if they become worn out, obsolete or incapable of economic repair (other than due to the tenant's acts or omissions)	Tenant may (at its cost) replace, renew or repair any fuel equipment Landlord is responsible for: • capital and structural repairs to the premises except to the extent required due to the tenant's acts or omissions; and • replacing the underground fuel tanks and/or LPG tanks if they become worn out, obsolete or incapable of economic repair (other than due to the tenant's acts or omissions)	Tenant may (at its cost) replace, renew or repair any fuel equipment Landlord is responsible for: • capital and structural repairs to the premises except to the extent required due to the tenant's acts or omissions; and • replacement, overhaul or restoration of the landlord's plant and equipment (including air conditioning units/systems and fuel equipment), if it ceases to function effectively, or becomes inoperable, unserviceable or incapable of economic repair (other than due to the tenant's acts or omissions)
Contamination and environmental liability	Tenant is liable to remediate all contamination of the premises and adjoining land (if pre-existing or otherwise caused by the tenant's acts) to enable the continued use of the premises as a service station	Tenant is liable to remediate any contamination of the premises existing at the end of the lease (as identified in the environmental report required to be procured by the tenant at the end of the lease), which is above the level identified in the benchmark environmental report annexed to the lease	Tenant is liable to remediate any contamination of the premises identified in the environmental report (required to be procured by the tenant at the end of the lease) to a level to enable the continued use of the premises as a service station	Tenant is liable to remediate any contamination of the premises or the adjoining land at the end of the lease (as identified in the environmental report required to be procured by the tenant at the end of the lease), which is above the contamination level identified in the benchmark environmental report annexed to the lease

2.4.2. Assignment, purchase and early termination

	Puma Energy Australia	Woolworths	7-Eleven	Viva Energy
Landlord sale restrictions & Tenant's option to purchase	Tenant has a right of first refusal to acquire the premises Option to purchase the premises within 12 months of an adverse event (e.g. an event causing substantial reduction in traffic to premises) occurring	Tenant has a right of first refusal to acquire the premises (except where the sale is by auction)	n/a	n/a
Assignment	Tenant may assign the lease to: • a third party of comparable financial standing, covenant strength and good credit rating as the tenant; or • a related entity of the tenant	Tenant may assign the lease to: • a third party who is respectable, of high financial standing, capable of complying with the lease and experienced in running a service station; or • a related body corporate of Woolworths (if Woolworths is the tenant)	Tenant may assign the lease to a third party who is respectable, solvent and suitable Landlord may require directors' guarantees where the proposed assignee company is not a public company Landlord cannot withhold consent where the proposed assignee is 7-Eleven Inc	Tenant may assign the lease to a third party who is respectable, solvent and suitable Landlord may require directors' guarantees where the proposed assignee company is not a public company
Tenant's early termination	n/a	n/a	Tenant may terminate the lease if it is illegal or not financially viable to continue the permitted use (due to any law or event beyond the tenant's control) provided the landlord does not object If the landlord does object, the matter is to be deferred to independent arbitration	Tenant may terminate the lease if it is illegal or not financially viable to continue the permitted use (due to any law or event beyond the tenant's control) provided the landlord does not object If the landlord does object, the matter is to be deferred to independent arbitration

2.5. Financing arrangements

2.5.1. Borrowing policy

The REIT will utilise a mix of debt and equity to finance its activities. It is intended that all borrowings will be denominated in Australian dollars.

The REIT has adopted a target Gearing range of between 25% and 40%, where Gearing is calculated as the REIT's interest bearing liabilities less cash divided by total assets less cash. The REIT's pro forma forecast Gearing is forecast to be 30% at the Allotment Date (adjusted for the pro forma acquisition of the Additional Properties which settle post Allotment).

The REIT intends to manage its borrowings by adopting a staggered debt maturity profile sourced from multiple lenders.

2.5.2. Proposed Debt Facility

The Responsible Entity has received credit approved term sheets from two major Australian financial institutions to provide a facility of $125 million in total (**Proposed Debt Facility**). The Proposed Debt Facility will be split between two tranches of three and five year maturities, with a weighted average maturity of approximately 3.5 years from Allotment. The Proposed Debt Facility will only be available on finalisation and execution of full-form financing documents which will consist of a common terms deed (the **Common Terms Deed**) and bilateral facility agreements (the **Facility Agreements**) with each funding institution (each, a **Lender**) and the satisfaction of each condition precedent under those documents, including a successful IPO.

A summary of the key terms of the Proposed Debt Facility is set out in Section 13.9.

The Proposed Debt Facility may be drawn by Convenience Retail REIT to fund:

- acquisitions of the properties which shall form the Initial Portfolio;
- the implementation of the IPO;
- the general corporate purposes of the REIT (including refinancing the existing debt of the Stapled Group Entities and funding future acquisitions); and
- paying costs, expenses and financing and transaction fees, costs and expenses (including stamp duty) in connection with the purposes above.

The Proposed Debt Facility is subject to certain financial covenants that apply to the REIT, including that:

- at all times, the Loan to Value Ratio does not exceed 50%; and
- on 30 June and 31 December of each year, the Interest Cover Ratio is not less than 2.0x (other than during the 6 month period immediately after initial drawdown).

2.5.3. Interest rate and risk management strategy

It is Convenience Retail REIT's intention to use derivative financial instruments to hedge its risk associated with interest rate fluctuations. It will manage this exposure by:

- targeting a range for fixed interest rate exposure of between 50% and 100% of drawn borrowings;
- the use of derivative contracts and/or other agreements to fix interest payment obligations; and
- managing the hedge exposure expiry profile by seeking different maturity dates for the fixed rate hedging agreements.

It is the intention of the REIT to hedge between 50 and 100% of initial borrowings relating to the Proposed Debt Facility and it is expected that all hedging arrangements will be in place within 20 business days of Allotment.

2.6. Puma Energy Australia overview

2.6.1. Overview of Puma Energy Australia

Puma Energy Australia, who will be the major tenant of the Initial Portfolio with 47 sites (69% of rental income of Convenience Retail REIT), is a vertically integrated midstream and downstream fuel distribution and retailing business. The ultimate parent of Puma Energy Australia is Puma Energy Holdings Pte Ltd, a leading global downstream and midstream fuel marketing company headquartered in Singapore.

Puma Energy Group has vertically integrated operations in Africa, Latin America, Europe, the Middle East and Asia-Pacific. Since its establishment in 1997, Puma Energy Group has grown its global network and now operates across 47 countries worldwide. As at December 2016, Puma Energy Group operated 2,519 service stations and reported annual total volume sold of 22 million m^3, revenue of US$12.7 billion and EBITDA of US$755 million. Puma Energy Group is privately owned, with Trafigura Beheer BV

(Trafigura) (49.5%) as its largest shareholder. Trafigura is one of the world's leading international commodity traders, specialising in the oil and petroleum, minerals and metals markets with operations in 36 countries and generated revenue of US$98 billion in 2016.

Puma Energy Group entered the Australian market in 2013 and Puma Energy Australia has evolved through several strategic organic and inorganic growth milestones since 2013, with a total investment of over $1.5 billion to date.

Puma Energy Australia is now a leading independent petroleum operator involved in the importing and distribution of fuel and bitumen products through its extensive countrywide network of terminals, depots and retail sites. Together with its logistics capabilities it offers customers a complete energy solution. In 2016, Puma Energy Australia sold 2.4 million m^3 of total petroleum products via its retail and commercial network. Puma Energy Australia's competitive advantage is its ability to optimise the supply cost of oil products via Puma Energy Group's network and strategic supply relationship with Trafigura.

2.6.2. Strategic importance of Puma Energy Australia to Puma Energy Group

Puma Energy Australia is a key part of the Puma Energy Group's global strategy and portfolio and is core to its aspirations in the Asia Pacific region. Specifically, Puma Energy Australia:

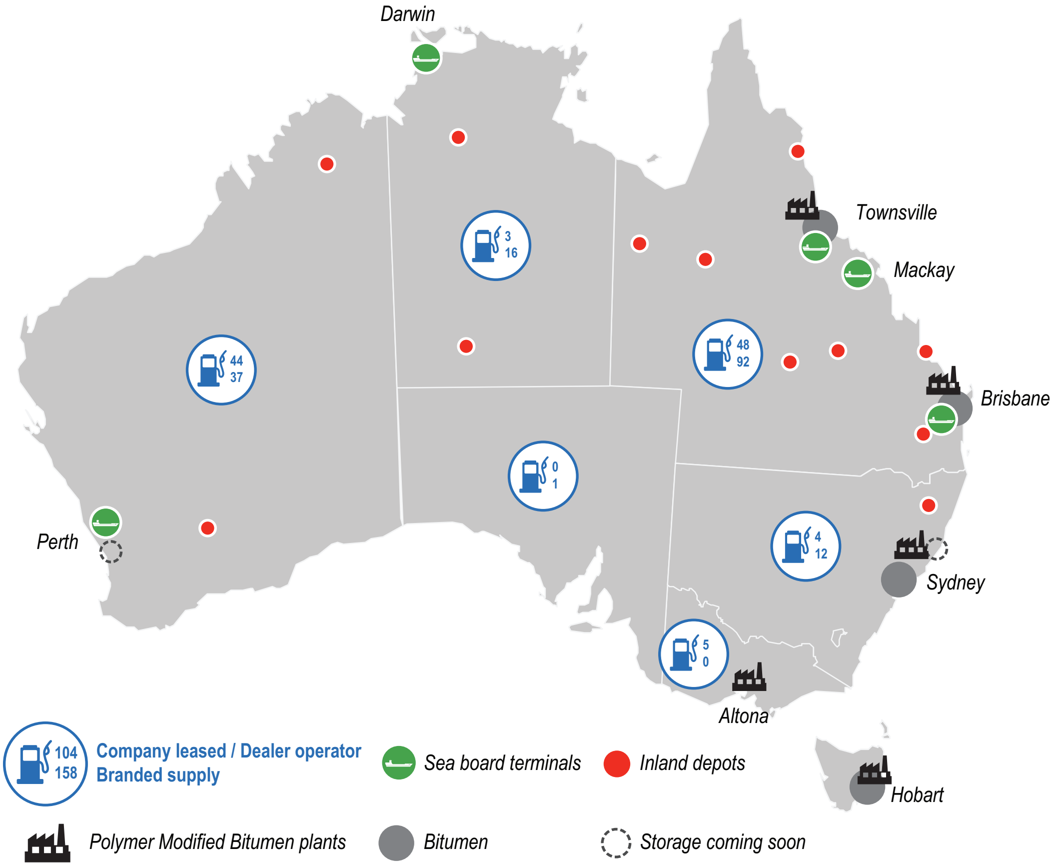
- accounts for 13% of global sales and approximately 9% of Group EBITDA;
- contributes 5% of Puma Energy Group's storage assets;
- is the group's largest bitumen market and is the largest importer of bitumen in Australia;
- leads the group's strategic development within system development, business process reengineering, bitumen R&D, Puma branded lubricants and retail convenience; and
- its retail business helps to shape the broader group's strategy by piloting new concepts and offers (i.e. "7th Street Café" concept).

2.6.3. Puma Energy Australia business segments

	Description
Retail	• Retail footprint of over 260 leased/owned as well as over 150 brand and supply service stations throughout Australia, including an extensive diesel network and fuel card offering. • Sites are currently operated under a variety of brands including Puma Energy, Matilda, Gull, Choice Petroleum and Peak. • Sold 1.0 billion litres of fuel products in 2016. • Strategy going forward will be to maintain overall gross margin and focus on the increased volume expected from the expansion of the retail footprint to over 300 leased/owned sites by 2018.
Commercial	• Responsible for the establishment, monitoring and delivery of products and services to industries including mining, resources, agriculture, transport, marine and aviation. • Services include: bulk fuel supply, oils and lubricants, fuel equipment solutions, fleet fuel card solutions, expert advice on fuel management and health and safety. • Sold 1.4 billion litres of fuel and bitumen products in 2016.
Bitumen	• Responsible for the supply of bitumen to governments and highway agencies for construction works. • Substantial network of import terminals and specialty manufacturing plants to enable the production of paving grade and poly-modified bitumen binders. • Puma Energy Australia is the group's largest bitumen market and is the largest importer of bitumen in Australia.
Logistics	• In-house cartage division, "Directhaul", is an industry leader. • Fleet comprises of over 75 road trains, 200 trailers and over 120 team members. • Directhaul is expected to transport over 1.7 billion litres of fuel product for Puma Energy Australia as well as third party customers in 2017.

2.6.4. Puma Energy Australia network

Puma Energy Australia's extensive platform supplied approximately 1.0 billion litres of fuel products to over 260 retail sites and approximately 1.4 billion litres of fuel and bitumen products to over 1,500 commercial customers in 2016. Plans are also underway to further expand its long term rental storage in New South Wales by a further 42,000m^3 and build a terminal in Kwinana, WA (150,000m^3). Upon completion its owned and rented fuel terminal network will be approximately 434,000m^3. Puma Energy Australia currently has an in-land distribution network of depots amounting to approximately 6,100m^3 in storage capacity. Puma Energy Australia's infrastructure network is shown in the below map.



2.6.5. Puma Energy Australia retail network

Puma Energy Australia's retail network currently consists of a total of over 260 sites managed directly or through long term retail partners, of which 228 are sites with convenience retail operations and the remainder being unmanned sites providing only fuel with an automated payment terminal. Of the convenience retail sites:

- approximately 158 are managed by retail partners who are responsible for the retail operations on which Puma Energy Australia receives a royalty (based on shop sales). Agreements with retail partners typically involve a five year tenure with exclusive fuel supply by Puma Energy Australia. Puma Energy Australia remains responsible for rental outgoings and managing price board changes; and

- the remaining sites are managed and fully operated by Puma Energy Australia.

Convenience Retail REIT will include 47 of these sites and will become Puma Energy Australia's largest individual landlord, with the remaining sites held by various single and multi-site landlords. Puma Energy Australia will continue to own specific sites which are predominantly unmanned diesel only sites. The sites to be included in the REIT will be Puma Energy branded.

Puma Energy Australia also operates as a commercial supplier of fuel products to a further 150+ independently owned retail sites diversified nationally, 21 of which are branded Puma Energy.

The "7th Street Café" convenience retail offering is currently being rolled out across the retail network (launched March 2016) and is leading the evolution of Puma Energy Group's retail strategy globally. It is a café convenience hybrid with quality barista-made coffee, fresh food sourced from local Australian suppliers and a core product range offering. Puma Energy Australia has developed 21 sites (primarily new-to-industry) to date and will continue to develop, refine and roll-out across the network.

Puma Energy Australia's fuel and convenience operations have demonstrated strong operating metrics per service station site. On average, fuel volume per site is above the industry average of 3.5ML p.a. and continues to benefit from the trend towards premium unleaded and diesel fuels, which are typically higher margin products. The convenience retail offering on average contributes approximately 40% to overall site gross margin.

2.6.6. Puma Energy Australia's strategy

With Australian refining capacity reducing, continued market position and strength in the Australian midstream and downstream fuel markets will be driven by those participants with global supply chain strength and capability, which Puma Energy Group provides.

Puma Energy Group recognises the opportunity in the Australian market and therefore continues to invest to strengthen its position and gain market share. These investment plans are summarised below.

Retail	• Planned expansion of its retail network in Australia from over 260 leased/owned retail sites to over 300 by 2018 into complementary locations in Queensland and Western Australia plus strategic expansion into New South Wales and Victoria. • Development of the convenience retail offer via the roll-out of the "7th Street Café" concept. • Completion of a national diesel network, underpinned by high margin fuel product sold to a recurrent customer base.
Fuel terminal and bitumen infrastructure	• Completion of the fuel and bitumen supply infrastructure footprint including completion of terminal capacity development at Kwinana in Western Australia (150,000m^3). • Further, long term rental storage options (42,000m^3) are currently being secured in New South Wales. • Aim to provide a comprehensive and scaled national storage and distribution network capable of meeting both retail and commercial customer needs and support retail network growth aspirations.

Convenience Retail REIT has the potential to participate in and play a significant role in promoting Puma Energy Australia's growth and national retail network expansion plans with strong alignment evident between the strategies of both parties. The REIT will have the rights of first refusal over Puma Energy Australia site roll out including existing sites, completed developments, development fund-throughs or newly acquired freehold service station sites or portfolios.

Puma Energy Group and Puma Energy Australia have a strong track record of investing in and successfully executing on growth and expansion plans.

2.6.7. Puma Energy Australia pro forma financials

Pro forma financial metrics and information included in this Section are provided to assist potential investors in Convenience Retail REIT in understanding the financial position of the REIT's largest tenant, Puma Energy Australia.

Information shown below represents the combined financial statements of Puma Energy (Australia) Holdings and Puma Energy (Australia) Assets Holdings. Note that the aforementioned reporting groups are not consolidated from an accounting perspective, however have been considered on a combined basis due to the following reasons:

- Puma Energy (Australia) Assets Holdings is a guarantor under lease agreements between Convenience Retail REIT and Puma Energy (Australia) Holdings; and

- Puma Energy (Australia) Holdings and Puma Energy (Australia) Assets Holdings are wholly owned group companies of Puma Energy Group with the Australia business operated as a single unit under the same management team and board across both entities.

Puma Energy Australia exhibits strong credit metrics and has significant capacity to meet both external debt and all rental obligations:

- rent cover of 2.6x for all rental obligations (over 260 leased sites of which Convenience Retail REIT will represent 28% of the annual rent obligation); and
- fixed cover charge of 2.4x taking into account Puma Energy Australia external debt and external rent and 1.6x including Puma Energy Group shareholder loan interest.

Pro-forma Puma Energy Australia income and serviceability metrics ($ million)	FY16A[1]	Adjustment	Pro forma FY16A[1]
EBITDAR	141.1	(8.7)[2]	132.4
Retail rent expense (including rates and taxes)	(46.0)	(5.8)[3]	(51.8)
EBITDA	95.1	(14.5)	80.6
Total interest expense (excludes non-cash MRPS interest)	(43.1)	10.0[4]	(33.1)
EBITDAR/retail rent expense	3.1x		2.6x
Fixed charge cover – external (EBITDAR/rent + external interest)	2.9x		2.4x
Fixed charge cover – total (EBITDAR/rent + total interest)	1.6x		1.6x
Interest cover – total (EBITDA/total interest)	2.2x		2.4x

1 Puma Energy Australia financial year end is 31 December.

2 Represents the reversal of the 2016 gain on the disposal of properties to CRR2.

3 Represents incremental external rent payable by Puma Energy Australia for sites operating in FY16. 31 of the 47 sites were previously owned by other landlords of which 28 were/are subject to put and call options which were exercised in 2016 or are to be exercised contemporaneously with the sale transactions with the relevant trust of Convenience Retail REIT. As such Puma Energy Australia already pays external rent on these 31 properties.

4 Represents an annualised interest saving from proceeds received from the sale of properties (CRR2 and CRR3).

Pro forma Puma Energy Australia key balance sheet items ($ million)	FY16A[1]	Adjustment	Pro forma FY16A[1]
External debt	45	–	45
Parent loan + MRPS (debt component)	683	(67)	616
Net Assets	661	(3)	658
Total Assets	1,687	(70)	1,617

1 Puma Energy Australia financial year end is 31 December.

The above unaudited pro forma financial information illustrates the financial position and income statement of Puma Energy Australia at 31 December 2016 as if Convenience Retail REIT had been listed on 31 December 2015 (with the transfer of both CRR2 and CRR3 portfolios at that time).

2.6.8 Puma Energy Australia funding summary

Puma Energy Australia is principally financed via shareholder funding managed by Puma Energy Group's centralised treasury function as part of the global approach to transition funding away from secured operating company facilities to unsecured holding company facilities:

- external debt is now limited to working capital funding only, which usually peaks mid-month when its larger fuel suppliers are paid and therefore fully supported by tangible and liquid inventory assets; and
- shareholder funding is structured based on a targeted debt/equity ratio to maximise efficiency from a Puma Energy Group global funding and taxation basis. Shareholder loan balances are reviewed at least annually, and if necessary, adjusted to meet targeted levels but more importantly to manage the solvency of the underlying operating company.

Pro forma Puma Energy Australia funding summary ($ million)	Facility (Dec-2016)	Drawn (Dec-2016)
External working capital facilities[1]	110	68
Total external debt	**110**	**68**
Puma Energy Australia parent funding (shareholder loans + preferred equity)	1,360	819
Total debt + preferred equity	**1,470**	**887**

1 Overdraft, trade finance and bank guarantee facilities with an annual renewal.

2.7. Environmental

Convenience Retail REIT's Initial Portfolio will comprise service stations which, as a function of their use, typically have a higher rate of environmental risk and contamination than other commercial property asset classes.

The main environmental risk associated with service stations is soil and groundwater contamination. Accordingly, the properties comprising the Initial Portfolio are subject to various environmental standards, regulations and laws which, from time to time, may give rise to liabilities in respect of the status and remediation of those properties.

2.7.1. Environmental risk transfer

Convenience Retail REIT and its tenants have entered into arrangements designed to ensure that environmental liabilities associated with the properties in the Initial Portfolio are the responsibility of the tenants via industry standard commercial leases.

These arrangements provide that the REIT will not be indemnified for certain losses arising from contamination in specified circumstances, including for contamination that results from the actions of the REIT or its invitees. Convenience Retail REIT is highly unlikely to be primarily liable under the "polluter pays" regime that generally applies under Australian state-based environmental legislation as it does not, and has not, operated each of the sites, nevertheless there remains a risk that Convenience Retail REIT may incur liability if the polluter cannot be identified or is unable to meet its obligations. Any obligation to meet any such cost or liability could have a material adverse effect on Convenience Retail REIT's performance and financial condition if Convenience Retail REIT is unable to recover the amount under an indemnity of which it is the beneficiary.

Tenant environmental obligations are outlined in more detail in the summary lease terms in Section 2.4.

2.7.2. Initial Portfolio environmental risk assessment and tenant environmental risk management

Irrespective of the fact that the environmental risk is held primarily by the tenants, Convenience Retail REIT is not aware of any instances of soil or groundwater contamination that are not capable of mitigation through active management by the tenants as per their standard environmental management procedures or as recommended over the next 5 years to ensure each site is managed according to accepted practices. It is also not aware of any instance where the sites cannot continue to operate as service stations.

Environmental risk for any properties acquired by Convenience Retail REIT in the future (including the Additional Properties) will be assessed during the due diligence period prior to acquisition. Any acquisition must comply with the requirements of Convenience Retail REIT's investment and due diligence policy.

3 Portfolio overview

3 Portfolio Overview

3.1. Portfolio overview

Convenience Retail REIT's Initial Portfolio will consist of 66 wholly-owned service station and convenience retail assets located across Australia with a weighting towards Eastern Seaboard States of Australia and major transport routes. The Initial Portfolio is unique and considered difficult to replicate given the limited availability of strategically located land which is underpinned by zoning restrictions. The Initial Portfolio sites are majority high traffic and high fuel throughput properties with convenience retail offerings such as fast food outlets. All properties in the Initial Portfolio have been independently inspected and valued by either JLL and/or Savills (together, the **Independent Valuers**), who have also independently concluded that the current rent payable under each lease reflects its market rental rate as at the date of the Independent Valuers' respective reports.

The total independent value of the Initial Portfolio is $308 million which reflects a WACR of 7.2% and a passing yield of 7.2%.

The Initial Portfolio is leased out to high quality tenants on attractive, long term leases, with further information contained in Sections 3.4 and 3.5.

Note that metrics for the Initial Portfolio (66 properties) are as at Allotment (63 properties), pro forma for the acquisition of three Additional Properties post listing date, being Caboolture ($6.2m) at 15 August 2017, Yanchep ($5.4m) at 30 September 2017 and then Raceview ($9.1m) at 16 October 2017.

Each of the Stapled Group Entities will own properties that together make up the Initial Portfolio – PPP will own a total of 22 properties (comprising its existing 18 properties and 4 properties acquired as part of the Transaction, in aggregate independently valued at approximately $103 million), CRR2 will own a total of 33 properties (comprising its existing 23 properties and 10 properties acquired as part of the Transaction, in aggregate independently valued at approximately $136 million) and CRR3 will own a total of 11 properties (comprising 6 existing properties and 5 properties acquired as part of the Transaction, in aggregate independently valued at approximately $68 million). Each of the Stapled Group Entities have entered into the Property Management Agreement (the terms of which are summarised in Section 13.7) with the Manager, under which the Manager will conduct the operations of each of the Stapled Group Entities (including the provision of property management, financial management, leasing, rent review and project supervision services).

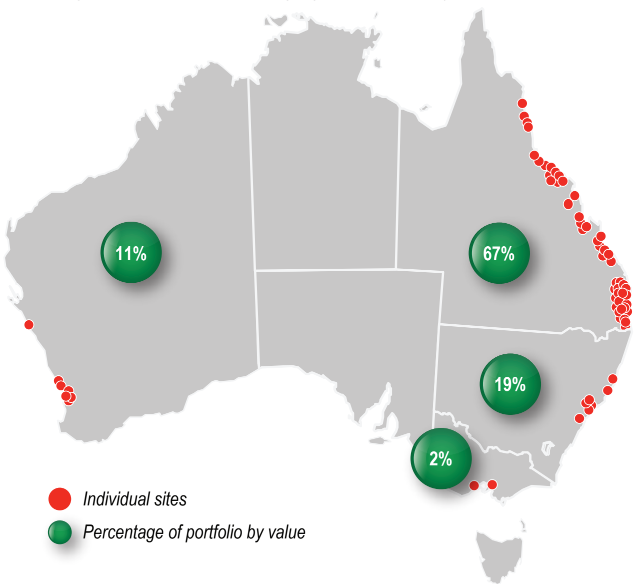
3.2. Portfolio location breakdown

3.2.1. Geographic location

The table below provides a summary of Convenience Retail REIT's Initial Portfolio by state.

Location	Number of properties	Independent valuation ($m)	Average site value ($m)	WACR	WALE (years)	% of initial rent
QLD	50	204.7	4.1	7.2%	13.9	67%
NSW	7	59.9	8.6	6.9%	14.4	19%
WA	7	35.4	5.1	7.8%	12.7	11%
VIC	2	7.6	3.8	7.3%	3.7	3%
Total	**66**	**307.6**	**4.7**	**7.2%**	**13.6**	**100%**

Approximately 89% of the Initial Portfolio (by value) is located in the more populous Eastern Seaboard States of Australia (which corresponds to where approximately 78% of Australia's population live (as at December 2016)) as shown below.



3.2.2. Site type

Approximately 83% of sites by value in the Initial Portfolio (as determined by Savills) will be Metropolitan or Highway sites, with the remaining 17% classified as Regional sites. In classifying sites, Savills has applied the following criteria:

- **Metropolitan sites** have exposure to major arterial routes and / or locations with higher density residential development. The sites generally feature a convenience retail store offering.
- **Highway sites** have substantial land areas, provide for dual canopies with specialised heavy vehicle facilities and typically have direct access from highway or freeway. The sites generally feature a convenience retail store, fast food outlets, a truck stop, showers and other amenities.
- **Regional sites** are located in rural or regional towns with smaller catchments and may benefit from higher margin on typically lower fuel volume. The sites generally feature a convenience retail store and some also feature fast food outlets, a truck stop, showers and other amenities.

Location	Number of properties	Independent valuation ($m)	Average site value ($m)	WACR	WALE (years)	% of initial rent
Metropolitan	48	202.5	4.2	7.1%	11.6	65%
Highway	4	53.2	13.3	7.2%	17.4	17%
Regional	14	51.8	3.7	7.7%	16.7	18%
Total	**66**	**307.6**	**4.7**	**7.2%**	**13.6**	**100%**

3.2.3. Site examples

The following examples provide overviews of these types of sites in the Initial Portfolio.

Metropolitan

Site	Marayong
Address	Cnr Vardys & Turbo Rd, Marayong, NSW
Location	Suburb of Sydney, 40km by road NW of Sydney CBD
Primary tenant	Woolworths
Valuation	$7.3m
WACR	7.00%
Land area	4,874sqm
Expiry	Dec-21 (1 x 5 year option)

Highway

Site	Citiswich Service Centre
Address	60 Hawkins Crescent, Bundamba, QLD
Location	Off Warrego Highway, 35km by road SW of Brisbane CBD
Tenant	Puma Energy Australia
Valuation	$15.5m
WACR	7.25%
Land area	18,190sqm
Expiry	Dec-34 (4 x 10 year options)

Regional

Site	Bowen
Address	19038 Bruce Highway, Bowen, QLD
Location	Town in North QLD, on Bruce Highway between Mackay and Townsville
Tenant	Puma Energy Australia
Valuation	$3.4m
WACR	7.25%
Land area	10,806sqm
Expiry	Dec-34 (4 x 10 year options)

Site details

- Woolworths Caltex petrol station with 4 fuel pumps dispensing diesel, premium unleaded, unleaded, ethanol and LPG
- Site has a convenience shop and a 5 bay carwash facility

Site details

- Travel centre featuring a Puma Energy service station, 6 fast food offerings and other amenities
- Main forecourt with 6 fuel pumps dispensing diesel, premium unleaded, unleaded, ethanol and LPG
- Second forecourt with 5 fuel bowsers dispensing high-flow diesel

Site details

- Covered forecourt with 4 fuel pumps dispensing diesel, premium unleaded, unleaded, ethanol and LPG in addition to 1 high-flow diesel bowser
- Site has Puma Energy convenience store, roadhouse diner and other amenities

3.3. Valuation and operating metrics

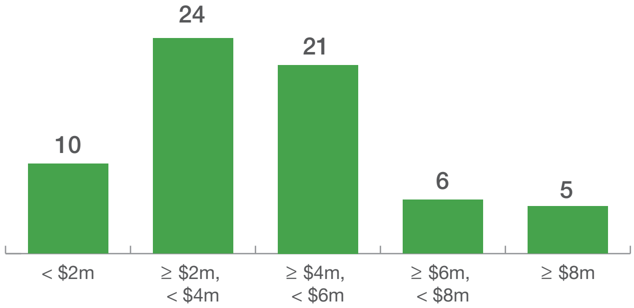
The average site value of the Initial Portfolio will be $4.7 million, with approximately 83% of the properties valued at less than $6.0 million. Generally a liquid transactional market exists for smaller site value properties. The Initial Portfolio's independently determined WACR is 7.2% with the majority of capitalisation rates to be within the range of 7% to 8%.

Approximately 74% of the Initial Portfolio sites will have been operating as service stations for over 15 years. This underpins their suitability and sustainability within the industry, particularly when considering the significant rationalisation of service stations that has occurred since their peak in the late 1970s (approximately 21,000 compared to the estimated 6,400 sites as at January 2016).

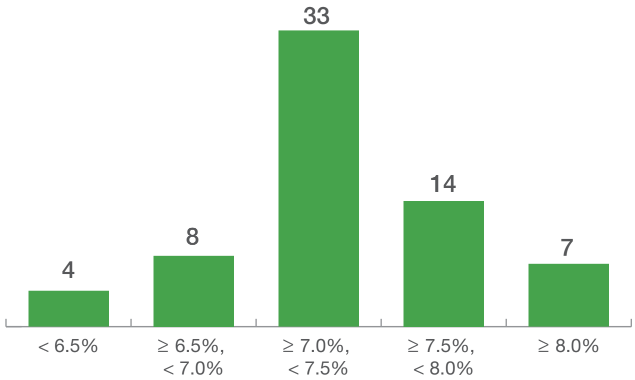
The Initial Portfolio will also include 15 new-to-Puma (**NTP**) sites (14 of these new-to-industry (**NTI**)) that have been recently developed by or on behalf of Puma Energy Australia. In selecting and developing these sites Puma Energy Australia has focused on strategic site locations and invested significantly in the fuel and non-fuel retail service offering to deliver a best-in class of Puma Energy Australia's retail offering.

On average, the 47 Puma Properties to be included in the Initial Portfolio has or will record fuel sales above the national average fuel volume of 3.5ML per site.

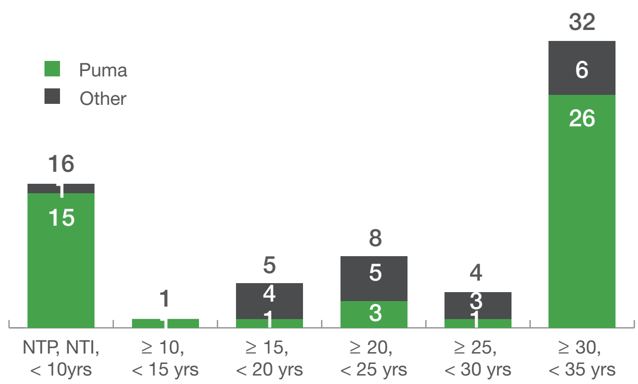
Range of property values
By number of properties



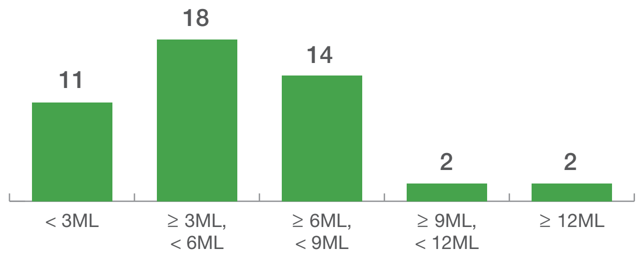
Range of property capitalisation rates
By number of properties



Approximate years of operation
By number of properties



Range of fuel sales volumes for Puma Energy Australia sites[1]
By number of properties



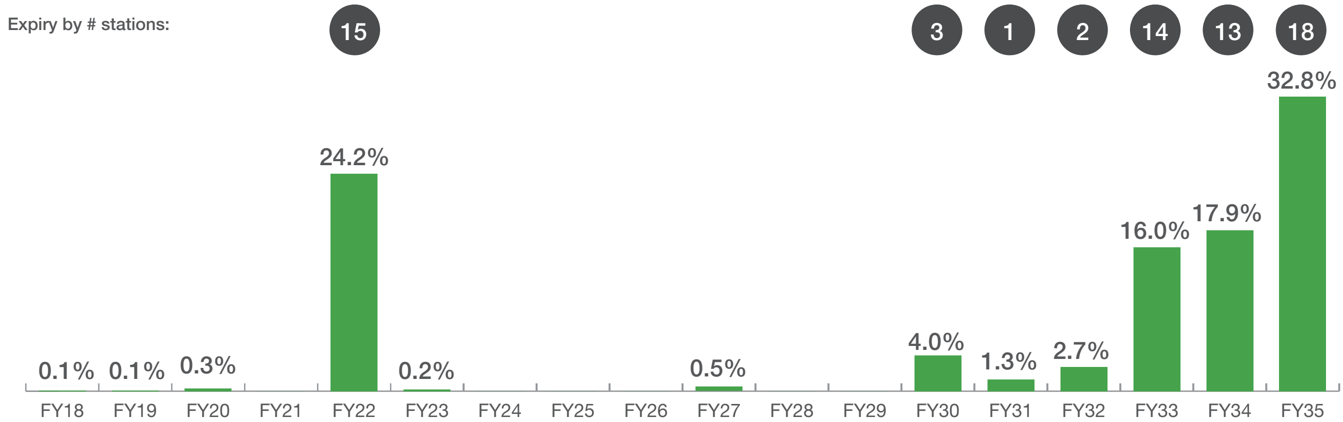
3.4. Lease expiry profile and rent review

The Initial Portfolio is expected to have a WALE of 13.6 years (by income) with over 70% of leases expiring beyond FY30, providing significant security of income. The first service station leases to expire are the 15 service station lease expiries in FY22 relating to select Woolworths, 7-Eleven and Viva Energy Australia sites. All of these near term service station lease expiries have at least one further 5 year renewal option available to the tenant.

Other near term expiries (0.1% in FY18, 0.1% in FY19 and 0.3% in FY20) relate to leases held directly with complementary convenience retail and service operators, relevant only to a small number of service station sites. The leases for the majority of sites are structured such that the service station tenant subleases to the complementary retail service provider.

The following graph shows the range of lease expiries across the Initial Portfolio by income.

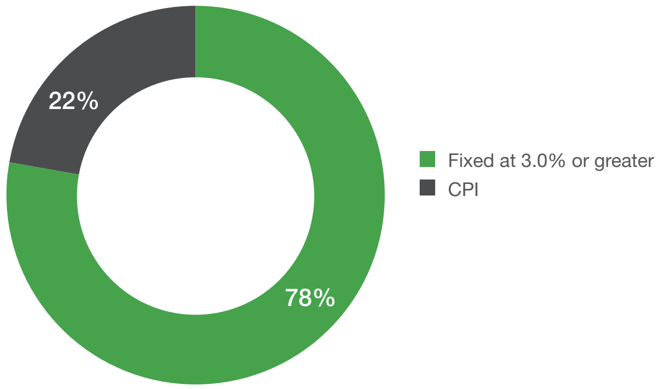
% of income



1 Fuel volumes year ending December 2016. Note: some NTI sites were not operational for the full year.

3.4.1. Rent review type

All leases have contracted rent reviews and as illustrated below, 78% have fixed increases at 3.0% or above (by income). The Initial Portfolio has contracted average annual rent growth of 2.9%.[2]



3.5. Overview of tenants

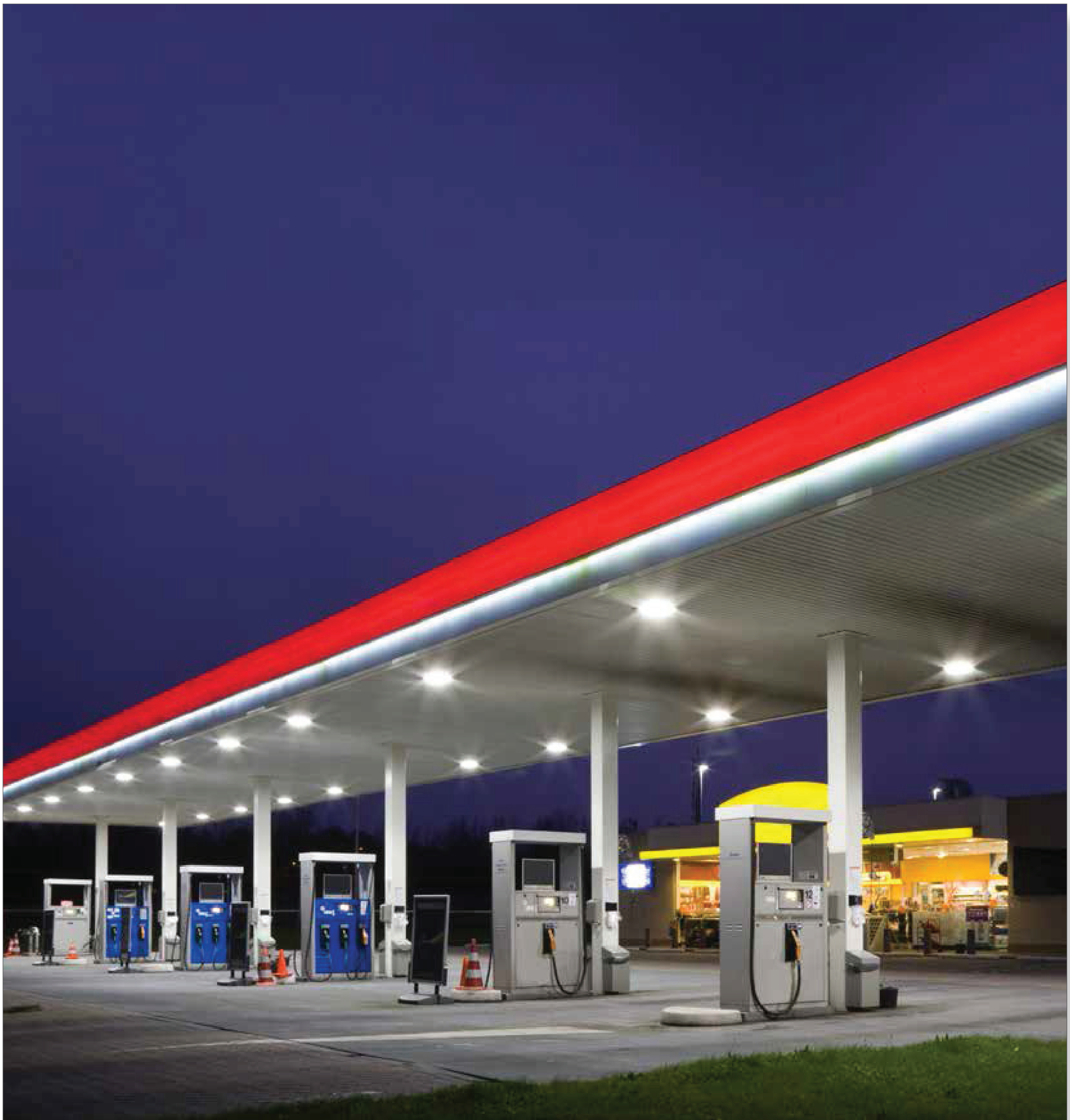
The following table provides a snapshot of the tenants in the Initial Portfolio.

Tenants	No. of sites in Initial Portfolio	% of rental income	Description
Puma Energy Australia	47	69%	• Puma Energy Australia operates over 260 service stations throughout Australia and also operates as a commercial supplier of fuel products to a further 150+ independently owned retail sites nationally, 21 of which are branded Puma Energy. • The ultimate parent of Puma Energy Australia is Puma Energy Holdings Pte Ltd, a global downstream retail fuel operator with operations in 47 countries and US$12.7 billion in revenue in 2016.
Woolworths	13	20%	• Woolworths is listed on the ASX (ASX:WOW) and is one of the largest companies in Australia, as measured by annual revenue, with a market capitalisation of $33 billion (26 June 2017). • Operates over 1,100 supermarkets, 527 petrol canopies across Australia and New Zealand and 1,486 liquor stores under the Dan Murphy's and BWS brands. • Generated sales of $58.1 billion and EBITDA of $5.6 billion in FY16 and is an Investment Grade tenant. • On 28 December 2016, Woolworths announced that it had entered into a binding agreement to facilitate the sale of its 527 Woolworths-owned fuel convenience sites and 16 committed development sites to BP for $1.785 billion, subject to customary closing conditions. The two companies intend to jointly develop and roll out a convenience food offer in a new "Metro at BP" format.

2 Assuming CPI of 2.0%.

Tenants	No. of sites in Initial Portfolio	% of rental income	Description
7-Eleven	5	6%	• 7-Eleven is an internationally recognised brand introduced into Australia in 1977. The Australian business is privately owned by the Withers and Barlow family, and is licenced to operate and franchise 7-Eleven stores in Australia from the US based 7-Eleven Inc. • In Australia, it is a fuel retailer and convenience store chain with more than 635 sites across VIC, NSW, ACT, QLD and WA. • The lessee in all of the 7-Eleven leases in the Initial Portfolio is the corporate entity, 7-Eleven Stores Pty Ltd, and not franchisees. • Through its store network, 7-Eleven Stores Pty Ltd conducts more than 190 million transactions a year, serving an average six customers per second, generating sales of approximately $3.6 billion per annum.
Viva Energy Australia	1	1%	• Viva Energy Australia launched in 2014 following the acquisition of the majority of Shell's Australian fuel refining and retailing business by a Vitol-led consortium. • Vitol, one of the world's largest independent energy trading companies, remains Viva Energy Australia largest shareholder. • Viva Energy Australia operates or supplies 881 Shell and/or Coles Express branded service stations. • Viva Energy Australia sold 14.7 billion litres of fuel products, had revenues of $16.5 billion and pro forma EBITDA of $622 million in 2015 and is an Investment Grade tenant.
Other tenants	-	4%	• Other income derived from direct leases to complementary retail tenants such as food retail and automotive services.

4 Industry Report



Service Station

market update

April 2017

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Contents


Overview

2

The Australian retail fuel industry has undergone significant transformation over the past decade as a result of competition from two of Australia's largest food and grocery enterprises – Coles and Woolworths.

Despite these changes, the number of retail fuel sites has been relatively stable hovering between 6,300 and 6,500 since 2005.

According to the 2016 ACAPMA iscan Report, an estimated 6,400 sites were in operation as at January 2016. The total number of sites has declined from late 1970s when the number of service station sites peaked at just over 21,000. The smaller number of sites, however, has seen growth in annual volumes per site. Today, the average non-supermarket site averages around 2.9 megalitres (ML) per year, while the nation's 1,600 'supermarket sites' average 5.4 ML per year.

Key players in Australia's retail fuel industry are continuing to expand their networks and the number of service stations increased in 2016.

The increase in activity reflects slowing opportunities elsewhere and the higher margins available on non-fuel products as well as the demand for a broader range of retail offerings.

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We note the following reported activity from major industry participants as follows:

- On 30 September 2016 Woolworths announced that it was evaluating whether to retain or dispose of its petrol business. Woolworths noted that it had received incomplete and conditional proposals from a number of parties in relation to the purchase of the petrol business and the development of an enhanced convenience and loyalty offer to its customers. In December 2016, Woolworths agreed to sell its fuel business to BP for almost $1.8 billion. This is anticipated to significantly improve BP's market share subject to ACCC approval
- In November 2016, Caltex Australia Limited entered into an agreement to purchase Milemaker Petroleum's retail fuel business assets in Victoria for $95 million. However, in March 2017, the ACCC released a statement of issues with the proposed acquisition relating to potential lessening of competition. The proposed transaction would see Caltex acquire the business assets and take over operation of 46 service stations in Victoria, with the majority located in and around Melbourne. Caltex would also enter into long term leases for each of the sites with options out to 30 years
- In October 2014 Viva Energy Australia acquired a non-controlling stake in Liberty Oil
- Viva Energy Australia in a joint venture with Wesfarmers-owned Coles, has earmarked $300 million to expand and upgrade its retail business following the February 2014 acquisition of the Shell Australia downstream business including approximately 870 retail sites
- BP Australia is spending $450 million in the next three years in an attempt to regain lost market share
- Caltex Australia is well advanced on a growth strategy reportedly worth in the hundreds of millions of dollars price bracket. Plans are in place to build 25 new sites per year and refurbish a further 20. In 2014 Caltex spent $95 million purchasing Scott's Fuel consisting of 28 retail service stations in regional South Australia, Victoria and New South Wales
- In South Australia the privately owned Peregrine Corporation On The Run (OTR) brand continues to expand with the acquisition of approximately 25 BP service stations in the last two years in regional and metropolitan areas and ongoing redevelopment and refurbishment of their sites
- In the northern states, Puma Energy has substantially increased its retail footprint over the past two years via the acquisition of Neumann, Ausfuel, Central Combined Group and Malpass Enterprises and now supplies over 450 sites in QLD, NT and WA. Puma is embarking on additional investment to reach national critical mass and drive profitability

Australian Retail Market

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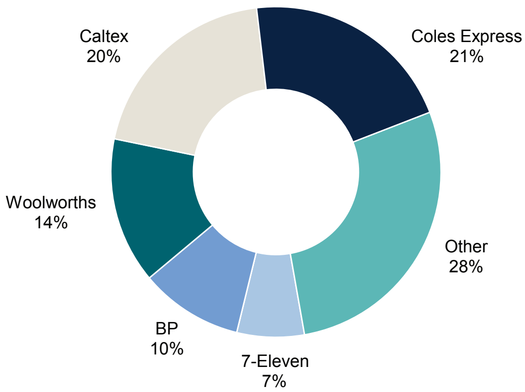
The Australian retail fuel market is currently dominated by the two supermarket chains – Coles and Woolworths. According to IBISWorld, Caltex, BP and 7-Eleven account for a further 36% of retail sales with the remaining 30% split between mid-cap retailers (eg Puma Energy and United Petroleum) and small fuel retailing businesses.

According to ACAPMA, analysis of the recent trends in petroleum product sales for the five year period ending 30 June 2016, reveals that:

- AutoGas sales have declined by 20%
- Diesel sales (retail) have grown by 19%
- Sales of ethanol blended fuel (E10) have fallen by 29%
- Regular unleaded sales have fallen by 7%
- Premium unleaded sales have grown by 22%

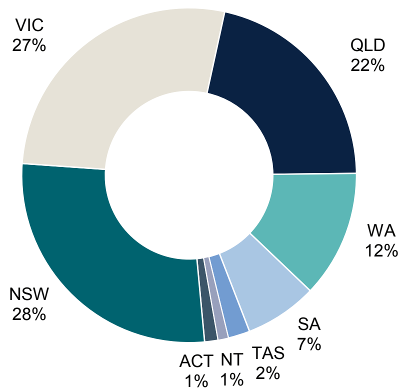
An analysis of retail product sales reveals that sales of regular unleaded petrol are the highest of all products sold, with the exception of NSW where sales of premium unleaded petrol are highest. The NSW anomaly is solely attributed to the operation of the NSW biofuels mandate which has required larger fuel retailers to stock E10 on their forecourts and is considered to provide evidence of motorists' aversion to the purchase of ethanol blended fuel.

Graph 1 – Retail Market Share



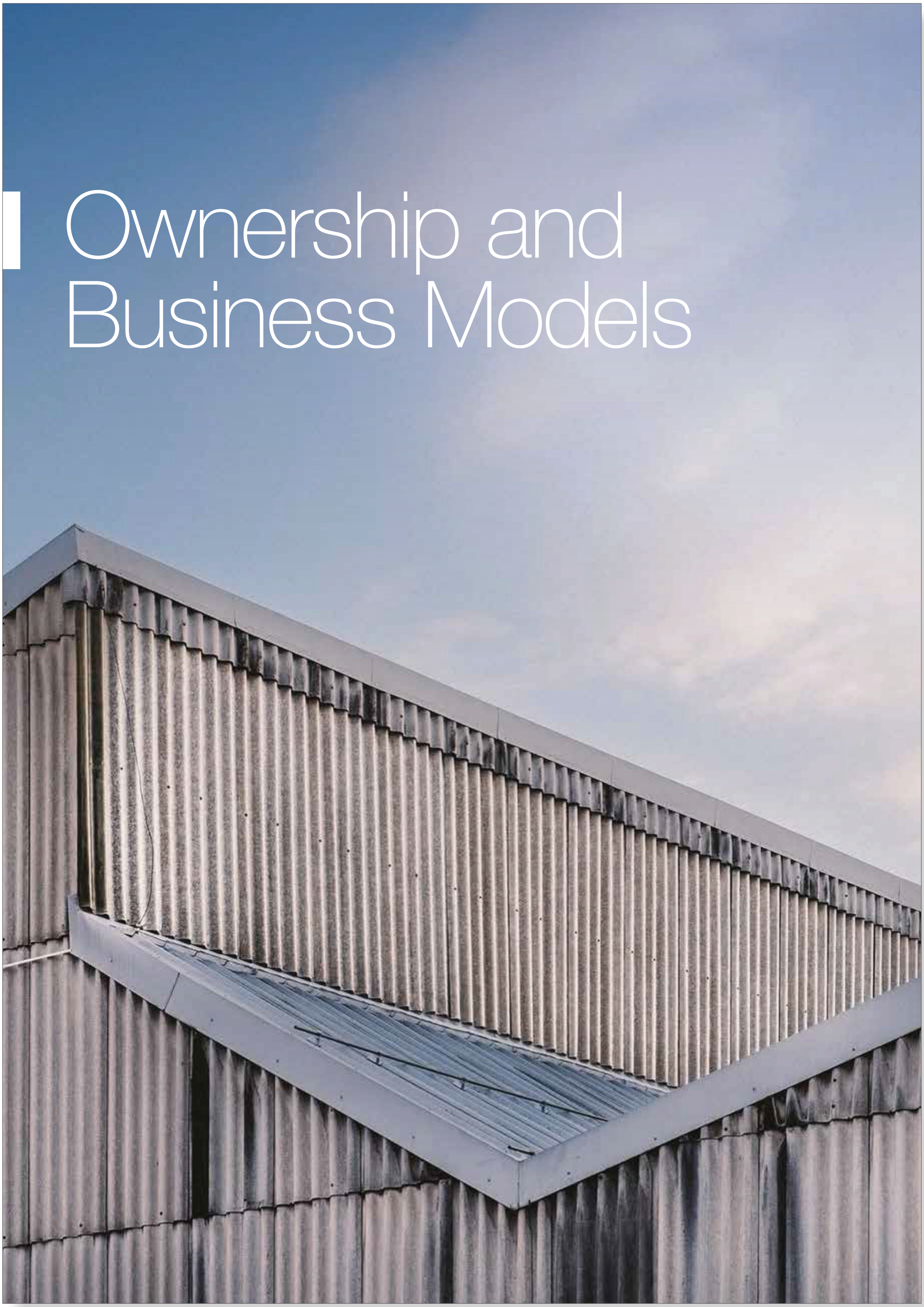
Source: IBISWorld Industry Report Feb 2017

Graph 2 – Fuel Consumption



Source: IBISWorld Industry Report Feb 2017

Ownership and Business Models



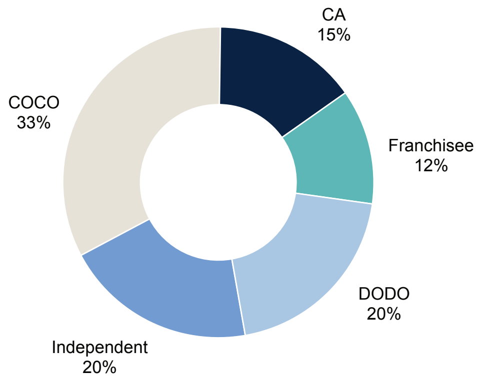
The Australian fuel retail industry currently usulise five different business models for the retail of transport fuels to consumers, namely:

- Company owned and company operated (COCO)
- Dealer owned and dealer operated (DODO)
- Independent fuel retailers
- Franchisees
- Commission agents

ACAPMA estimates that approximately 33% of the nation's fuel retail outlets were COCO's and 20% were DODO's and the full breakdown of retail business models used in the national retail market is provided in the chart below.

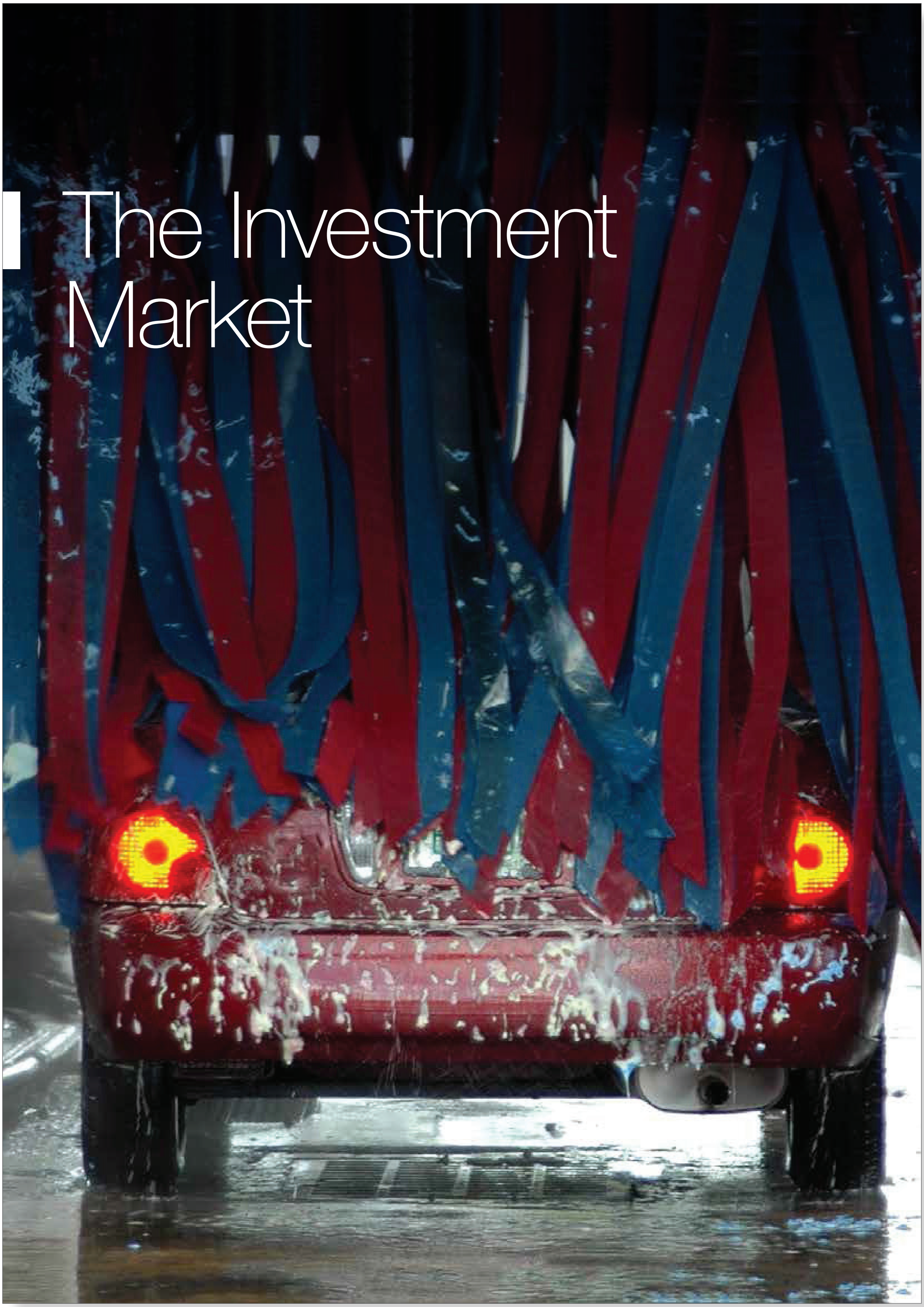
Each of these retail models vary signficantly in terms of cost structures, profit margins and the nature of operational controls (Including price) exercised by the fuel supplier. Despite having their brand displayed at more than 52% of the Nation's 6,400 service stations, Australia's four major oil companies have direct control of less than 9% of all sites in Australia.

Graph 3 – Retail Business Models



Source: Iscan 2016

The Investment Market



Investors are attracted to service stations because of the generally long term lease covenants to some of Australia's most successful retailers, which includes the supermarket majors and their partnerships in the fuel market.

The majority of service stations are now providing an increased store based amenity including larger format convenience based stores, supermarket, fast food outlets and coffee shops (including drive through services) and in some cases adjoining automated car washes and nationally branded motor mechanics.

Analysis of the national sales indicates that those service stations located in metropolitan areas that are also underpinned by underlying redevelopment potential have reflected firm yields while service stations located in regional or rural areas reflected softer yields, in particular where land values are low and there is limited redevelopment potential. Similarly, properties with rents above $300,000 per annum with a low underlying land values have typically reflected softer yields in comparison to those properties with lower rents of between say $150,000 per annum and $250,000 per annum net.

The analysis of market rentals has been a challenge for private investors. Passing rentals are often difficult to analyse given the sensitivity around fuel volumes and retail sales by operators. Rents are a function of trade, however the importance of the overall network (including fuel card use) is a major consideration. Our discussions with industry participants confirm that the range of net rental to fuel gross profit is currently in the order of 25% to 30%. In recent times, with all major industry participants looking to improve their retail network, competition for sites has been high and the upper end of this range has become acceptable.

The retail trade is also critical to the majority of sites. New and modern sites with efficient pump island layout and shop front parking provide greater customer flow to high margin items in the store. Typically, convenience store retail sales contribute 8% to 10% of turnover as rent (over and above the fuel gross profit).

A thorough analysis of the surrounding competition and road network is therefore essential in the valuation of service station assets and review of rent sustainability. A reduction in 'turn in' rates can be a result of new or refurbished competition, independent pricing and changes to traffic flows in the surrounding road network.

Sales of service stations leased to the major fuel retailers (Shell/Coles Express, Caltex/Woolworths & BP) generally reflect firmer yields than those leased to independents or larger private companies (7-Eleven, Puma & United), due to their perceived stronger lease covenants, however

the yield spread appears to be reducing in the current market which is particularly buoyant for fuel related assets.

Investment sales show a distinct aversion to suburban sites with a rental level above $350,000 per annum or for established sites with dated fuel infrastructure and/or a lack of appropriate environmental reporting. Conversely,

the increased retail amenity offered by Highway Service Centres where rental levels are regularly in excess of $1 million per annum, are keenly sought by the private investment market and institutions due to the barriers to entry and security of income.

Individual and portfolio sales continue to indicate keen private investor demand for service station investments within an expected yield range of 5.00% to 7.50% for assets under $5.0 million. Firmer parameters have been disclosed for larger sites with 'Commercial' zoning and superior reversionary potential, however there are some risks associated with investing in service stations. Potential income volatility, environmental liabilities and alternate uses of the site are all investment risk factors.

Recent United Petroleum service station transactions (sold via public auctions) have typically been subject to brand new 20 year initial lease terms (leasebacks) commencing between September and December 2016.

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The sales have reflected a yield range of between 4.40% and 6.53% and a range per square metre of site value of $1,380/sq m and $7,310/sq m.

The first offering was in September 2016. Six separate United Petroleum services stations were offered by way of portfolio auction in Melbourne and Sydney. The marketing agents confirm initial interest was extraordinary with over 395 enquires and 116 contracts sent out to potential buyers for six assets located in NSW (2), VIC (1), TAS (1) and WA (2). The two properties in Western Australia indicated softer yields of 6.47% for Padbury and 6.11% for Ellenbrook, while eastern seaboard investments reflected very firm initial yields of 4.86% to 5.04%. The result of 5.03% in Sandy Bay was a standout at a capital value of $4,370,000 for a service station in Tasmania.

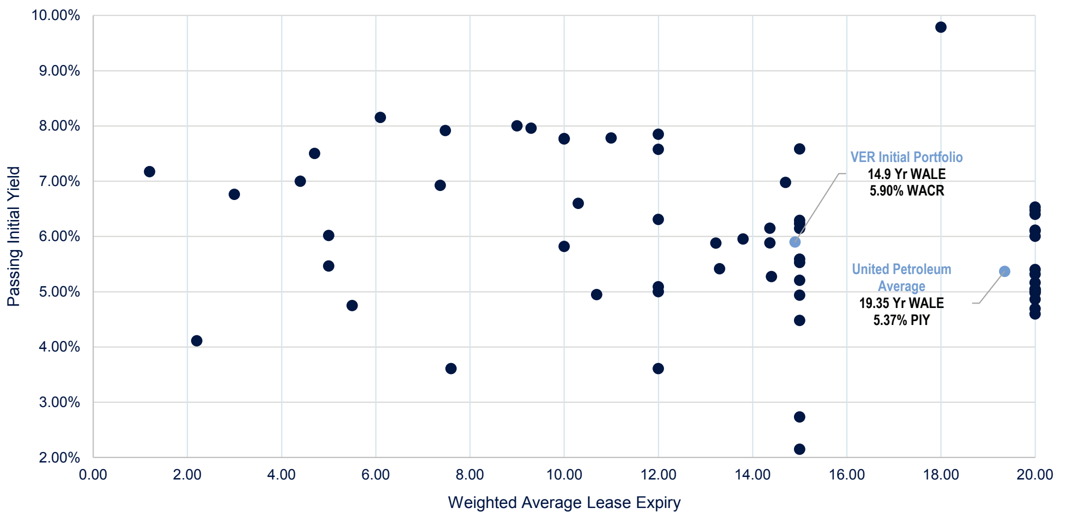
Subsequent auctions either conducted on site or in an auction room have indicated relatively consistent results, however not at the same level. Interest and subsequent passing yields had softened slightly as it became apparent that there would be more opportunities coming to market. The October portfolio auction included two investments in Tasmania that reflected yields of 6.40% and 6.53% which appeared reasonable for this location. A property in Maitland that was passed in at auction with no interest, was due to the high rental level ($395,000 per annum) for an older site. Private investors were wary on the high capital value indicated for an older regional site and the property has now been withdrawn.

In July 2016, the Viva Energy REIT (VVR) was launched via an Initial Public Offering (IPO). VVR owns 425 service stations that are leased to Viva Energy for initial terms of between 10 and 18 years with contracted rental growth of 3.0% per annum. The leases are ‘triple net’ meaning that Viva Energy is responsible for all taxes, insurance, and maintenance. The tenant also agrees to indemnify/remediate the REIT in certain circumstances in respect to contamination of a site.

Results published for VVR in February 2017 confirm that as at December 2016 the portfolio provided a Weighted Average Lease Expiry (WALE) of 14.9 years and Weighted Average Capitalisation Rate (WACR) of 5.90%. Of the 425 assets, 121 or 28.47% were categorised as ‘Regional’. These assets have a lower average value as a result of lower rental levels and softer yields attributed to locations with generally lower underlying land values.

National investment sales evidence collated by Savills from January 2016 to March 2017 are detailed in the below chart. The market remains extremely buoyant for this asset class on both an individual and portfolio sale basis, with a distinct correlation between the lease expiry, underlying land value and passing initial yield.

Graph 4 – Investment Sales Evidence
Y/E March 2017



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Glossary

- WACR – Weighted Average Capitalisation Rate
- WALE – Weighted Average Lease Expiry
- PIY – Passing Initial Yield
- ACAPMA – Australian Convenience and Petroleum Marketers Association

References

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5 Management of Convenience Retail REIT

5 Management of Convenience Retail REIT

5.1. Overview

The Responsible Entity of Convenience Retail REIT will be APN FM.

Convenience Retail REIT has entered into the following agreements:

- an Investment Management Agreement under which the Manager will be responsible for the overall management of Convenience Retail REIT. This includes, but is not limited to, providing investment management, strategic, transactional and investor relations services; and
- a Property Management Agreement pursuant to which the Manager, will provide property management services in respect of Convenience Retail REIT's portfolio. This includes providing management resources and input in key areas including financial management, property management, project supervision and leasing and rent review.

APN PG corporate entities are expected to have an investment in Convenience Retail REIT of between 5% and 10% at Allotment. Additionally, funds managed by APN PG subsidiaries may also have an investment in Convenience Retail REIT. This means that APN PG and its related parties and associates expects to collectively hold an investment of up to approximately 15% of the Stapled Securities on issue after completion of the Offer. APN PG intends to retain its investment in Convenience Retail REIT as a strategic stake.

5.2. Responsible Entity

5.2.1. Responsibilities

The key responsibilities of APN FM in relation to Convenience Retail REIT will include:

- strategic oversight;
- financial management and administration;
- investment evaluation and implementation; and
- governance and regulatory compliance.

The Responsible Entity's powers, rights and liabilities in relation to Convenience Retail REIT will be governed by the Corporations Act and the Stapled Group Entity Constitutions. Under the Corporations Act, related ASIC relief and the Stapled Group Entity Constitutions, the Responsible Entity is required to act in the best interests of Convenience Retail REIT Stapled Securityholders.

5.2.2. Directors

The Board of APN FM, who will be the Responsible Entity of Convenience Retail REIT, at the date of this PDS consists of four Directors, three of which, including the Chairman, are independent Directors:

Geoff Brunsdon

Independent
Non-Executive Chairman

APN FM

Director since 2009.

Chairman since 2012.

A member of the Audit, Compliance & Risk Management Committee and the Nomination & Remuneration Committee.

Geoff has had a career in investment banking spanning more than 25 years. Until June 2009 he was Managing Director and Head of Investment Banking of Merrill Lynch International (Australia) Limited. He is Chairman of Sims Metal Management Limited (director since 2009), IPE Limited (director since 2004), and MetLife Insurance Limited (director since 2011).

Michael Johnstone

Independent Non-Executive Director

APN FM

Director since 2009.

Chairman of the Audit, Compliance & Risk Management Committee and a member of the Nomination & Remuneration Committee.

Michael has 40 years of global business experience in chief executive and general management roles and more recently in non-executive directorships. He has lived and worked in overseas locations including the USA, has been involved in a range of industries and has specialised in corporate and property finance and investment, property development and funds management. His career has included lengthy periods in corporate roles including 10 years as one of the Global General Managers of the National Australia Bank Group. He has extensive experience in mergers and acquisitions, capital raising and corporate structuring.

Michael is a non-executive director of the responsible entity of the listed Folkestone Education Trust. He is also a non-executive director of a number of unlisted companies and has had considerable involvement in the not for profit sector.

Jennifer Horrigan

Independent Non-Executive Director

APN FM

Director since 2012.

Chairman of the Nomination & Remuneration Committee and a member of the Audit, Compliance & Risk Management Committee.

Jennifer brings 25 years' experience across investment banking, financial communications and investor relations. She was most recently the Chief Operating Officer in Australia of the independent investment bank Greenhill & Co. She has extensive experience in enterprise management, including the supervision and management of compliance, HR and financial management.

Jennifer is also a director of QV Equities (ASX: QVE), Redkite (national children's cancer charity) and Breast Cancer Institute of Australia/Australia & New Zealand Breast Cancer Trials Group.

Howard Brenchley

Non-Executive Director

APN FM and APN PG

Director since 1998.

Howard has a long history in the Australian property investment industry with over 30 years' experience analysing and investing in the sector.

Howard joined APN FM in 1998 and was responsible for establishing the APN FM business. In this capacity he developed a suite of new property securities and direct property funds, including the flagship APN AREIT Fund and the APN Property for Income Fund, both market leading property securities funds in Australia.

Prior to joining APN FM, Howard was co-founder and research director of Property Investment Research Pty Limited, one of Australia's leading independent research companies, specialising in the property fund sector.

Howard is also a director of APN PG (since 1998) and National Storage Holdings Limited (since 2014) and National Storage Financial Services Limited (since 2015), both listed as National Storage REIT (ASX Code: NSR).

Michael Groth

Alternate Director for Howard Brenchley

APN FM

Chief Financial Officer

APN PG

Alternate Director since March 2014.

Michael's professional career includes over seven years with KPMG Melbourne, where he worked closely with a number of major listed companies and stockbrokers before moving to the United Kingdom to work in the financial services industry and for a government regulatory body.

Since joining APN PG in 2006, Michael has had broad exposure across all areas of the group, and was appointed Chief Financial Officer in June 2014. Michael is responsible for accounting, taxation and treasury across the business and is a key contributor to setting APN PG's direction and strategy.

5.3. The Manager and APN PG

The Manager of the REIT is Convenience Retail Management Pty Limited. The Manager is a Related Body Corporate of APN FM and a wholly owned subsidiary of APN PG.

5.3.1. APN PG overview

Established in 1996, APN PG is an ASX listed, specialist real estate investment manager that has actively invested in, managed and developed real estate and real estate securities funds on behalf of institutional and retail investors. As at 31 December 2016 funds under management totalled approximately $2.4 billion. APN PG trades on the ASX under the code "APD".

APN PG's approach to real estate investment is based on a "property for income" philosophy. This philosophy remains central to APN PG's existing funds and underpins the objective of Convenience Retail REIT.

APN PG's strategy is driven by a commitment to investment performance and outstanding service. APN PG's competitive advantage is based on:

- expertise and track record;
- co-investment and alignment with investors; and
- strong corporate governance.

APN PG has an existing suite of 12 real estate funds including direct property funds, property securities funds and the listed Industria REIT (ASX:IDR), covering a range of commercial real estate sectors, including service stations.

In the service station sector, APN PG has a 15 year track record with PPP, which has outperformed the S&P/ASX 300 AREIT Accumulation Index and the S&P/ASX 300 index since its inception, and more recently via the December 2016 establishment of CRR2, both predecessor funds for Convenience Retail REIT.

5.3.2. Convenience Retail REIT management

APN PG has brought together a highly qualified and experienced team. The key individuals responsible for Convenience Retail REIT are set out below. Convenience Retail REIT will be managed, under the terms of the Investment Management Agreement and the Property Management Agreement, with the assistance of a number of additional members of APN PG's broader professional corporate services team (including finance, compliance and investor services).

Chris Brockett

Convenience Retail REIT dedicated Fund Manager

Chris joined APN PG in March 2016 and is responsible for managing the Direct Property Funds business.

Chris has over 12 years' experience in direct real estate, funds and asset management, predominately in the retail property space.

Prior to joining APN PG, Chris was with Vicinity Centres for over 10 years, where he held a number of senior roles including Head of their Unlisted Funds Management business (formerly known as Centro MCS Direct Property) where he was responsible for funds under management of $1.7 billion, comprising 75 properties, across a number of Australian, New Zealand and US unlisted property funds. More recently, he has been responsible for managing Vicinity Centres' key joint venture partnerships.

Chris holds a Bachelor of Business at Swinburne University and is a Member of the Institute of Chartered Accountants.

APN Property Group		
	**Tim Slattery** Chief Executive Officer *APN PG*	Tim has over 14 years' experience across real estate, funds management, investment banking and law. Tim has been with APN PG for over 8 years in roles across investment management, operations, transactions and leadership. Over Tim's career, he has practised law at Herbert Smith Freehills as a qualified corporate lawyer and worked in corporate finance advisory within Goldman Sachs' investment banking division. Tim has worked on mergers, acquisitions and financing transactions of several billion dollars within Australia and internationally including a number of significant commercial real estate transactions. He has led both private and public capital raising projects for real estate investments and successfully completed asset acquisitions, sales and asset management projects across a range of different real estate asset classes.
	**Michael Groth** Chief Financial Officer *APN PG*	See Section 5.2.2.
	**Joseph De Rango** Head of Business Development and Corporate Finance *APN PG*	Joseph has over 11 years' experience in real estate, corporate advisory and investment banking. Joseph has experience across a number of real estate transactions having worked on and led equity and debt capital raisings, mergers and acquisitions and corporate restructures. Prior to joining APN PG, Joseph held leadership roles and worked on a number of transactions at National Australia Bank and PricewaterhouseCoopers. He holds a Bachelor of Commerce (Finance) and a Bachelor of Business Information Systems (IBL) from Monash University.
	**Tim Boyce** Senior Consultant *APN PG*	Tim has over 25 years' experience in finance, property, asset management and retail development. This experience includes 15 years direct property experience with Coles Group Ltd and Coles Myer Ltd which culminated in Tim being appointed as the National Head of Property at Coles Group. Tim holds a Bachelor of Commerce and is a Member of the Institute of Chartered Accountants.
	**Chantal Churchill** Company Secretary *APN PG*	Chantal is responsible for overseeing the corporate governance and compliance framework at APN PG. Chantal has more than 15 years' experience in compliance and risk across the financial services industry. Prior to joining APN PG in 2015, Chantal held compliance and risk roles at Arena Investment Management, TABCORP and Invesco.

5.3.3. APN PG directors

The board of directors of APN PG at the date of this PDS are:

	**Chris Aylward** Non-executive Chairman *APN PG*	Chris commenced his career in real estate in 1972. He has significant experience in the management, marketing, construction and development of residential and commercial real estate. Prior to his current role, Chris was a principal of Richard Ellis, now CBRE, and responsible for City Sales and Leasing. He joined the Grollo Group as Development Manager and personal assistant to Bruno Grollo, in 1984. In 1987 he became a founding director in Grocon Pty Ltd and a substantial shareholder retiring in 1994 and from the board in 1996. He founded Kooyong Wines and APN PG in 1996 and maintains an interest in the wine industry. He has been Chairman of APN PG since inception and remains its largest shareholder.
	**Tim Slattery** Executive director and Chief Executive Officer *APN PG*	See Section 5.3.2.
	**Clive Appleton** Independent director *APN PG*	Director since 2004. Clive joined APN PG as managing director in April 2004 following a successful career in property and funds management, having worked for Australia's leading retail property investment, management and development groups. Clive was instrumental in floating APN PG in 2005 and was responsible for managing APN PG's Private Funds division for five years. In 2013 he became a non-executive director and an independent director in 2016. Prior to joining the group, Clive was the managing director of the Gandel Group (1997-2004), which included the iconic Chadstone Shopping Centre, where he was involved in the development of $1 billion worth of property as well as the acquisition and redevelopment of the Myer Brisbane Centre. Between 1990 and 1997 Clive was managing director of Centro Properties Limited (later Federation Centres).
	**Howard Brenchley** Non-executive director *APN PG*	See Section 5.2.2.

Tony Young

Independent director

APN PG

A director since December 2015.

Tony is a professional investor with a significant investment in APN PG as well as a number of other real estate investments.

Tony is also a director of Morningstar Australia, a leading global provider of independent fund management and equity investment research; the co-owner of Timebase Pty Limited, an Australian online law library/legal database and other services provider; and co-founder of Aspect Huntley (Australia's leading internet equity research company and publisher of Huntleys Your Money Weekly and IFA) which was sold to Morningstar in 2006.

Tony qualified as a Chartered Accountant in 1980 with PricewaterhouseCoopers. In the 1980s he qualified as a member of Securities Institute of Australia and the Australian Institute of Bankers. His early career as an analyst included time at Westpac, Macquarie Bank, James Capel Australia (Head of Equity Capital Markets), First Pacific Stockbrokers (founding shareholder/director) and Credit Suisse First Boston (Head of Research).

He is director of a number of private companies involved in investment and research industries and is also an active counsellor with Lifeline Australia.

5.4. Corporate governance

5.4.1. The Board

The Board is responsible for the overall corporate governance of Convenience Retail REIT, including establishing the appropriate policies and procedures in order for APN FM to fulfil its functions effectively and responsibly. The Board recognises the role and importance of corporate governance and ensuring appropriate accountability of the Board and management.

Accordingly, the Board has adopted corporate governance policies and practices designed to promote the responsible management and conduct of Convenience Retail REIT. The main policies, charters and practices adopted by the Board are summarised below. Details of these key policies and practices, and the charters for the Board and each of its committees are available at www.crreit.com.au.

5.4.2. Board Charter

Under the APN FM Board Charter, the APN FM Board is responsible for, among other things:

- the oversight of APN FM, including its control and accountability systems;
- approving the strategy and performance objectives of Convenience Retail REIT;
- reviewing, ratifying and monitoring systems of risk management, internal compliance and control, codes of conduct and legal compliance;
- approving and monitoring the progress of major capital expenditure; and
- approving and monitoring financial and other reporting requirements.

The Board will review the Board Charter from time to time to ensure it remains consistent with its objectives and responsibilities.

5.4.3. Constitution and compliance plan

Each of the Stapled Group Entities is a registered managed investment scheme, with each governed by a constitution and a compliance plan, setting out the rights and obligations of Stapled Securityholders which are subject to the Corporations Act, relief and guidelines issued by ASIC, and the general law.

As the Responsible Entity, APN FM must comply with all obligations set out in the Stapled Group Entity Constitutions. APN FM is also subject to duties under the law including duties to act honestly, exercise care and diligence, and treat investors of the same class equally.

You can inspect copies of the Stapled Group Entity Constitutions at APN FM's office at any time between 9:00 am and 5.00 pm (AEST) on a business day or request a free copy by contacting APN FM.

5.4.4. Removal of the Responsible Entity and consequences

APN FM can be removed as the Responsible Entity of the Stapled Group Entities by an ordinary resolution of the Stapled Securityholders. APN FM can retire as the Responsible Entity provided Stapled Securityholders approve an alternative Responsible

Entity by an ordinary resolution. If APN FM is removed as Responsible Entity of Convenience Retail REIT and not replaced with an entity that is a Related Party:

- the Investment Management Agreement may be terminated by the replacement Responsible Entity or the Manager; and
- the Property Management Agreement will automatically terminate two years after such removal or immediately if the Manager so elects, in which case the new Responsible Entity will be obliged to pay the equivalent of 24 months' property management fees to the Manager (calculated on the basis of fee levels in place prior to that time).

5.4.5. Continuous disclosure policy

As a listed entity, Convenience Retail REIT must comply with the continuous disclosure requirements of the Listing Rules and the Corporations Act.

APN FM has adopted a continuous disclosure policy pursuant to which it undertakes to provide to Stapled Securityholders relevant information about Convenience Retail REIT and to comply with ASX Listing Rules and the REIT's continuous disclosure obligations to the market generally.

In accordance with the continuous disclosure policy, the Board will:

- consider information that may require disclosure and determine the information that needs to be disclosed; and
- co-ordinate the actual form of disclosure with the relevant members of management where necessary.

Information will be communicated to Stapled Securityholders through the lodgement of all relevant financial and other information with ASX, and continuous disclosure announcements will be made available on Convenience Retail REIT's website at www.crreit.com.au.

5.4.6. Conflicts of interest and related party transactions policy

APN FM has a conflicts of interest and related party transactions policy to ensure that it has adequate arrangements in place to effectively manage and assess actual, apparent or potential conflicts of interest and related party transactions which may arise in relation to activities of APN FM and/or its representatives.

Under the conflicts of interest and related party transactions policy, all conflicts of interest must be reported to the Audit, Risk and Compliance Committee and the Board at its next meeting. The Board must attempt to resolve any unresolved conflicts of interest reported to it, including assessing, evaluating and providing a sign-off as to whether a transaction involving a conflict of interest should proceed.

The conflicts of interest and related party transactions policy also provides guidance on the circumstances in which APN PG employees may proceed with a related party transaction, such as where the transaction is not considered material and is on arm's length terms, and when a related party transaction requires Stapled Securityholder approval.

Additional controls may be implemented to monitor any conflict of interest or related party transaction, including:

- appointing a particular person to be in charge of monitoring any changes or ensuring that there are periodic reviews by an internal or external auditor with regard to the transaction or the business APN FM;
- additional reporting, such as the completion of a related party transaction form; and
- where there is a significant change, reconsidering the conflict of interest or related party transaction in light of the requirements of the policy.

Investors should note that the Investment Management Agreement and the Property Management Agreement (each summarised in Sections 13.6 and 13.7 respectively) are related party transactions.

5.4.7. Communications policy

APN FM has adopted a communications policy in order to ensure that there is effective communication between APN FM and Stapled Securityholders, and also to encourage Stapled Securityholders to participate at general meetings. In accordance with the communications policy, Convenience Retail REIT's website (www.crreit.com.au), which is continually updated and contains recent announcements, presentations, disclosure documents, market information and corporate governance policies and charters, is a significant component of the communications strategy.

5.4.8. Code of conduct

A code of conduct which applies to APN FM sets out the standards of ethical behaviour required of Directors, executives and senior management and aims to ensure that high standards of corporate and individual behaviour are observed by all employees. The code of conduct also sets out the Board's view on conflicts of interest and related party transactions involving Directors and employees and other legal and compliance obligations.

5.4.9. Securities trading policy

APN FM has adopted a securities trading policy that applies to the Directors and employees of APN FM. The policy explains the types of conduct in relation to dealings in any securities that are prohibited under the Corporations Act and establishes best practice procedures to ensure fair and transparent trading in relation to such securities. The policy makes it clear that dealing or trading on insider information is illegal and sets out what is insider information as opposed to information which is generally available.

5.4.10. Diversity policy

The Board embraces a practice of workplace diversity. APN FM's diversity policy articulates a commitment to diversity and establishes objectives and procedures designed to foster and promote diversity within all levels of the organisation.

5.4.11. Board committees

The Board may from time to time establish appropriate committees to assist in the discharge of its responsibilities. The Board has established the following formally constituted committees for reviewing and authorising policies and strategies within each committee's respective terms of reference. The committees will examine proposals and provide advice to the full Board with regard to the effectiveness of their respective programs, but will not act on behalf of the Board without a specific mandate to do so.

5.4.12. Audit, Compliance and Risk Management Committee

The Board has an Audit, Compliance and Risk Management Committee comprising the Non-Executive Directors of APN FM (being Michael Johnstone (Chairman), Geoff Brunsdon and Jennifer Horrigan), all of whom are independent Directors.

Some of the key responsibilities of the Committee are to:

- oversee the internal and external audit functions in respect of APN FM and Convenience Retail REIT;
- provide a mechanism to enable the Board to focus on risk management and internal control;
- provide reports and make recommendations to the Board in relation to risks faced by APN FM and Convenience Retail REIT;
- make recommendations to the APN FM Board about financial reporting systems;
- monitor compliance with relevant legal and regulatory requirements, including compliance plans applicable to Convenience Retail REIT;
- report any breach of the Corporations Act involving Convenience Retail REIT or any breach of the Stapled Group Entity Constitutions; and
- assess the adequacy of Convenience Retail REIT's compliance plans at regular intervals.

5.4.13. Nomination and Remuneration Committee

The Nomination and Remuneration Committee will assist the Board in fulfilling its responsibilities for corporate governance and oversight of the remuneration and nomination policies and practices of Convenience Retail REIT. The Committee is to comprise three non-executive directors of APN FM, being Jennifer Horrigan (Chairperson), Geoff Brunsdon and Michael Johnstone, all of whom are independent Directors.

Some of the key responsibilities of the Nomination and Remuneration Committee are to:

- ensure the Board is of appropriate size and composition and the Directors possess the requisite competencies and appoint, re-appoint and remove Directors;
- develop formal and transparent procedures and criteria for the selection of candidates for, and appointments to, the Board;
- ensure processes are in place to support director induction programs and continuing development; and
- develop a succession plan for the Board.

The Nomination and Remuneration Committee will meet as often as is deemed necessary by the members of the Committee.

5.4.14. ASX corporate governance standards

The Board's corporate governance framework incorporates the ASX Guidelines. The Board will adopt policies recommended by the ASX Guidelines, including policies that ensure that Convenience Retail REIT meets all applicable disclosure standards in accordance with the Listing Rules. The policies adopted from time to time will be accessible to Stapled Securityholders on Convenience Retail REIT's website, www.crreit.com.au.

The Listing Rules require that listed entities disclose the extent of their compliance with the ASX Guidelines and, if an entity does not adopt a particular ASX Guideline because they consider it is inappropriate to do so in their particular circumstances, they must explain why. Accordingly, Convenience Retail REIT's corporate governance statement which records any non-compliance with the ASX Guidelines will be included in its annual report.

6 Financial Information

6 Financial Information

6.1. Overview

The Financial Information contained in this Section has been prepared by the Responsible Entity of Convenience Retail REIT and comprises:

- the pro forma forecast consolidated income statements for the period from Allotment to 30 June 2018 and for twelve month period ending 30 June 2019 (**FY19**) as set out in Section 6.3.1 (the **Pro Forma Forecast Consolidated Income Statements**);
- the pro forma forecast consolidated distribution statements for the period from Allotment to 30 June 2018 and FY19 (the **Pro Forma Forecast Consolidated Distribution Statements**) as set out in Section 6.3.2;
- the statutory forecast consolidated income statements for the year ending 30 June 2018 (FY18) and for FY19 as set out in Section 6.3.3 (the **Statutory Forecast Consolidated Income Statements**);

collectively referred to as the **Forecast Financial Information**; and

- the pro forma consolidated statements of financial position at Allotment and post-Allotment (inclusive of the Additional Properties as described in Section 6.5.2) as set out in Section 6.4 (the **Pro Forma Consolidated Statements of Financial Position**).

The Forecast Financial Information and Pro Forma Consolidated Statements of Financial Position together constitute the **Financial Information**.

Also summarised in this section are:

- the basis of preparation and presentation of the Financial Information including a description of non International Financial Reporting Standards (**IFRS**) measures used in the PDS, as set out in Section 6.2;
- the Directors' best estimate assumptions underlying the Forecast Financial Information, as set out in Section 6.5;
- the key sensitivities in respect of the Forecast Financial Information, as set out in Section 6.6;
- Convenience Retail REIT's valuation policy and Distribution policy, as set out in Sections 6.7 and 6.8 respectively;
- a description of the significant accounting policies of Convenience Retail REIT as set out in Section 6.10; and
- information on Convenience Retail REIT's working capital, as set out in Section 6.11.

The Financial Information been reviewed by Deloitte Corporate Finance Pty Limited in accordance with the Australian Standard on Assurance Engagements (**ASAE**) 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*, as per its Investigating Accountant's report in Section 7. Investors should note the scope and limitations of the Investigating Accountant's Report.

Convenience Retail REIT will operate on a financial year ending 30 June. All amounts disclosed in this Section are presented in Australian dollars, and unless otherwise noted are rounded to the nearest $0.1 million. Rounding in the presentation of the Financial Information may result in discrepancies between the sum of components and the totals outlined within the tables and percentage calculations.

The Financial Information provided in this Section should also be read in conjunction with the other information provided in this PDS.

6.2. Basis of preparation and presentation of financial information

The directors of the Responsible Entity are responsible for the preparation and presentation of the Financial Information. The Financial Information in this PDS is intended to present and explain the Forecast Financial Information together with the Pro Forma Consolidated Statement of Financial Position.

The Financial Information has been prepared and presented in accordance with the recognition and measurement principles prescribed in the Australian Accounting Standards (**AAS**) issued by the Australian Accounting Standards Board (**AASB**). Compliance with these standards ensures that the Financial Information complies with the recognition and measurement principles of IFRS as adopted by the International Accounting Standards Board. The significant accounting policies adopted by the REIT are set out in Section 6.10.

The Financial Information is presented in an abbreviated form and does not contain all of the presentation and disclosures, statements or comparative information required by AAS and the Corporations Act for annual general purpose financial reports.

In accounting for the Stapling of the Stapled Group Entities in accordance with AASB 3 *Business Combinations* an acquiring entity is required to be identified. CRR2 has been deemed to be the acquirer of the other Stapled Group Entities. CRR2 was established and has operated in its own right as an unlisted real estate investment trust since 16 December 2016. As CRR2 has been identified as the parent entity in relation to the Stapling, the consolidated financial statements of Convenience Retail REIT will be prepared as a continuation of the consolidated financial statements of CRR2. CRR2, as the deemed acquirer, will acquisition account as a business combination for the other Stapled Group Entities and as a consolidated group as at Allotment.

No consolidated historical financial statements for Convenience Retail REIT exist as the constituent trusts reported and operated separately prior to their Stapling. The trusts will only be Stapled to form Convenience Retail REIT on the Implementation Date.

6.2.1. Preparation of the Forecast Financial Information

The Forecast Financial Information has been prepared and presented by the directors of the Responsible Entity with due care and attention having regard to best estimate assumptions as set out in Section 6.5 and has been prepared solely for inclusion in this PDS.

At the time of preparing this PDS, the Directors consider the best estimate assumptions, when taken as a whole, to be reasonable. However, this information is not fact and investors are cautioned not to place undue reliance on the Forecast Financial Information.

The best estimate assumptions described in Section 6.5 are intended to assist investors in assessing the reasonableness and likelihood of the assumptions occurring, and the Forecast Financial Information is not intended to be a representation that the assumptions will occur.

Investors should be aware that any changes to the assumptions on which the Forecast Financial Information is premised may materially affect the actual financial performance of Convenience Retail REIT. Accordingly, none of the Directors, management of the Responsible Entity or any other person can provide investors with any assurance that the outcomes discussed in the Forecast Financial Information will arise.

Investors are advised to review the Forecast Financial Information in conjunction with the Directors' best estimate assumptions set out in Section 6.5, the sensitivity analysis set out in Section 6.6, risk factors as set out in Section 9 and other information set out in this PDS.

The forecast consolidated income statements have been prepared and presented on both a pro forma and statutory basis:

- the Pro Forma Forecast Consolidated Income Statements reflect the forecast operations of Convenience Retail REIT for the period from Allotment to 30 June 2018 and FY19;
- the Statutory Forecast Consolidated Income Statement for the year ending 30 June 2018 reflects the forecast operations of CRR2 from 1 July 2017 to the day prior to Allotment and operations of Convenience Retail REIT from Allotment until 30 June 2018. The Statutory Forecast Consolidated Income Statement for FY19 has been prepared on a consistent basis with the Pro Forma Forecast Consolidated Income Statement; and
- the Statutory Forecast Consolidated Income Statement for the year ending 30 June 2018 includes the one-off transaction costs associated with the Offer which are not reflected in the Pro Forma Forecast Consolidated Income Statements.

The Forecast Financial Information assumes the economic contribution of the Additional Properties to Convenience Retail REIT during the year ending 30 June 2018 to commence from the date of acquisition. The respective acquisition dates expected for the Additional Properties are set out in Section 6.5.2.

The Forecast Financial Information does not account for any potential fair value adjustments to investment properties, derivative financial instruments or other financial assets which may be recognised in the income statement. The reason for the exclusion of such adjustments is that they cannot be reliably determined in the Forecast Period.

The Pro Forma Forecast Distribution Statements have been derived by adjusting the Pro Forma Forecast Consolidated Income Statement net profit for:

- non-cash items: such as straight lining of rental income, the amortisation of lease incentives and upfront debt costs; and
- non-recurring items: such as Transaction Costs and other one off items.

The resulting measure is termed FFO, being the Directors' measure of the periodic amount available for distribution, which differs from net profit as determined in accordance with AAS.

6.2.2. Preparation of the Pro Forma Consolidated Statements of Financial Position

The Pro Forma Consolidated Statements of Financial Position have been prepared for the sole purpose of inclusion in this PDS.

The Pro Forma Consolidated Statement of Financial Position of Convenience Retail REIT as at Allotment is based on the financial information of the three Stapled Group Entities after adjusting for certain pro forma transactions and other adjustments to reflect the impact of the Offer. The pro forma transactions and other adjustments include:

- the Stapling of the trusts as a business combination event in accordance with AASB 3 *Business Combinations*;

- the recognition of investment properties in Convenience Retail REIT's portfolio based on the Independent Valuations described in Section 8; and
- the Offer, including the payment of cash consideration to existing Unitholders who elected to receive cash for their units, the refinancing of existing bank debt in the Stapled Group Entities, draw down of debt under the Proposed Debt Facility and payment of Transaction Costs.

The post Allotment Pro Forma Consolidated Statement of Financial Position pro forma for the acquisition of the Additional Properties reflects the Pro Forma Consolidated Statement of Financial Position at Allotment adjusted for the debt funded acquisition of the Additional Properties (described in Section 6.5.2). The post Allotment Pro Forma Consolidated Statement of Financial Position does not forecast any economic activity of Convenience Retail REIT after Allotment other than the acquisition of the Additional Properties.

The Pro Forma Consolidated Statements of Financial Position are provided for illustrative purposes only and are not represented as being necessarily indicative of Convenience Retail REIT's future financial position.

6.2.3. Explanation of certain non-IFRS financial measures

Convenience Retail REIT will use certain measures to manage and report on its operations that are not recognised under IFRS and AAS. These measures are referred to as "non-IFRS financial measures". Non-IFRS financial measures are intended to supplement the measures calculated in accordance with AAS and not act as a substitute for those measures.

Because non-IFRS financial measures are not defined by the recognised body of accounting standards, they do not have a prescribed meaning and the way that Convenience Retail REIT calculates them may be different to the way that other companies calculate similarly-titled measures.

The principal non-IFRS financial measures that are referred to in this PDS are as follows:

- FFO which represents net profit adjusted for transaction costs and non-cash accounting adjustments such as straight lining of rental income, amortisation of lease incentives, amortisation of upfront debt costs and other unrealised one-off items;
- Distribution which represents the amount of FFO forecast by the Directors to be available for distribution to Stapled Securityholders in the period from Allotment to 30 June 2018 and FY19;
- FFO Yield which represents the rate of return derived by dividing the FFO per Stapled Security by the Offer Price of $3.00; and
- Distribution Yield which represents the rate of return derived by dividing the Distribution per Stapled Security by the Offer Price of $3.00.

6.3. Forecast Financial Information

Section 6.3 contains the Pro Forma Forecast Consolidated Income Statements, Pro Forma Forecast Consolidated Distribution Statements and the Statutory Forecast Consolidated Income Statements of Convenience Retail REIT.

Section 6.3 should be considered in conjunction with the basis of preparation and presentation of the Financial Information set out in Section 6.2.

6.3.1. Pro Forma Forecast Consolidated Income Statements

The table below sets out the Pro Forma Forecast Consolidated Income Statements of Convenience Retail REIT for the period from Allotment to 30 June 2018 and FY19.

($m)	Allotment to 30 June 2018[1]	FY19
Net property income	20.3	23.1
Straight lining of rental income[2]	4.2	4.1
Interest income	0.0	0.0
Total revenue	**24.5**	**27.2**
Management fees	(1.8)	(2.0)
Corporate costs	(0.6)	(0.7)
Finance costs[3]	(3.8)	(4.4)
Total expenses	**(6.2)**	**(7.1)**
Net profit[4]	**18.3**	**20.1**

Notes:

1. The Pro Forma Forecast Consolidated Income Statements have been prepared on the basis that the Transaction has been implemented on the Allotment Date, being 1 August 2017.
2. A straight line lease adjustment is provided in relation to future fixed rental increases to reflect rental income on a straight line basis over the term of the lease.
3. Includes margin on drawn amounts, line fees and amortisation of capitalised borrowing costs. Refer to Section 2.5 for detail on Convenience Retail REIT's financing arrangements.
4. Net profit excludes fair value adjustments in respect of investment properties and other financial assets, such as interest rate swaps as the Directors do not believe that they can be reliably estimated. In future periods, the reported results of Convenience Retail REIT will include the impact of the straight line lease adjustment within the Directors assessment of the fair value of investment properties.

6.3.2. Pro Forma Forecast Consolidated Distribution Statements

The Pro Forma Forecast Consolidated Distribution Statements present the FFO of Convenience Retail REIT.

Distributions are intended to be paid on a quarterly basis. The first Distribution will be for the period from Allotment to 30 September 2017, and is expected to be paid within two months from 30 September 2017. Convenience Retail REIT will target distributing 95% to 100% of its FFO. The directors of the Responsible Entity retain the discretion to amend the Distribution policy.

The table below provides a reconciliation from the pro forma forecast consolidated net profit (excluding Transaction Costs) to FFO for the period from Allotment to 30 June 2018 and FY19. As set out in the table below, the REIT forecasts:

- FFO of 18.2 cents per Stapled Security and Distributions of 17.9 cents per Stapled Security for the period from Allotment to 30 June 2018; and
- FFO of 20.6 cents per Stapled Security and Distributions of 20.3 cents per Stapled Security for FY19.

($m)	Allotment to 30 June 2018[1]	FY19
Net profit (before Transaction Costs)	**18.3**	**20.1**
Straight lining of rental income[2]	(4.2)	(4.1)
Amortisation of upfront debt costs	0.2	0.2
FFO	**14.4**	**16.3**
Distribution	**14.1**	**16.0**
Stapled Securities on issue (millions)	78.9	78.9
FFO per Stapled Security (cents)	18.2	20.6
Distribution per Stapled Security (cents)[3]	17.9	20.3
Annualised FFO Yield	**6.60%**	**6.85%**
Annualised Distribution Yield[4]	**6.50%**	**6.75%**
Payout ratio (Distribution / FFO)[5]	98%	98%
Tax deferred component of Distribution[6]	**44%**	**39%**

Notes:

1. The Pro Forma Forecast Consolidated Distribution Statements have been prepared on the basis that the Transaction has been implemented on the Allotment Date, being 1 August 2017.
2. As rental revenue has been recorded in the Pro Forma Forecast Consolidated Income Statement on a straight line basis, the non-cash portion is reflected as a reconciling item from net profit to FFO.
3. The Distribution per Stapled Security is based on the Directors' forecast that the Distribution will be between 95% to 100% of FFO for each Distribution period within the Forecast Period.
4. Annualised FFO and Distribution Yields are calculated by grossing up the FFO Yield and Distribution Yield for the period from Allotment to 30 June 2018 for 12 months.
5. The payout ratio of 98% reflects forecast refurbishment and maintenance capital expenditure to the property portfolio funded from FFO in the Forecast Period.

6. The estimated tax deferred component of the forecast Distributions has been determined in accordance with the prevailing tax legislation at the time of preparing this PDS and based on certain assumptions (including tax depreciation and tax treatment of IPO transaction costs). The actual tax deferred component may differ from the estimate above due to timing of revenue and expenses, the nature and timing of post-IPO acquisition activity and the assumptions underpinning the estimate differing from the actual results. The tax deferred component may also vary in the future depending on the age and composition of the properties in Convenience Retail REIT.

6.3.3. Statutory Forecast Consolidated Income Statements

The table below sets out the Statutory Forecast Consolidated Income Statements of Convenience Retail REIT.

The table below discloses the statutory forecast consolidated income statement for FY18 identifying the periods prior to (Column A) and post Allotment (Column B).

- Column A represents the statutory forecast income statement of the parent entity, CRR2, for the period from 1 July 2017 to Allotment reflecting the existing operations of CRR2 during this period; and
- Column B represents the statutory forecast consolidated income statement of Convenience Retail REIT for the period from Allotment to 30 June 2018 which is forecast to reflect the operations of Convenience Retail REIT as set out in this PDS (i.e. consists of all properties in the Initial Portfolio and the new capital structure that is anticipated to be in place post Allotment).

There are no differences between the pro forma and statutory forecast consolidated income statements for FY19.

($m)	1 July 2017 to Allotment[1] (A)	Allotment to 30 June 2018[1] (B)	FY18 (A+B)	FY19
Net property income	0.6	20.3	20.9	23.1
Straight lining of rental income[2]	0.2	4.2	4.4	4.1
Interest income	0.0	0.0	0.0	0.0
Total revenue	**0.8**	**24.5**	**25.3**	**27.2**
Management fees	(0.1)	(1.8)	(1.9)	(2.0)
Corporate costs	(0.0)	(0.6)	(0.6)	(0.7)
Finance costs	(0.1)	(3.8)	(3.9)	(4.4)
Total expenses	**(0.2)**	**(6.2)**	**(6.4)**	**(7.1)**
Net profit (before Transaction Costs)[3]	**0.6**	**18.3**	**18.9**	**20.1**
Transaction Costs[4]	(0.0)	(11.0)	(11.0)	0.0
Unrealised change in fair value of investment properties	(0.0)	0.0	(0.0)	0.0
Net profit (after Transaction Costs)	**0.6**	**7.3**	**7.9**	**20.1**

Notes:
1. The Statutory Forecast Consolidated Income Statements have been prepared on the basis that the Transaction has been implemented on the Allotment Date, being 1 August 2017.
2. A straight line lease adjustment is provided in relation to future fixed rental increases to reflect rental income on a straight line basis over the term of the lease.
3. Net profit excludes fair value adjustments in respect of investment properties and other financial assets, such as interest rate swaps as the Directors do not believe that they can be reliably estimated.
4. Transaction Costs in Column B relate to stamp duty and due diligence costs in relation to the acquired properties (including on the Additional Properties) and the costs of the Offer. It is anticipated that the REIT will account for the Additional Properties as asset acquisitions and accordingly the associated transaction costs will be initially capitalised in accordance with AAS. Furthermore, the transaction costs in their entirety are anticipated to be recorded as a negative change in fair value of investment properties in the FY18 statutory income statement as the Additional Properties will be recognised at fair value prior to the value of associated transaction costs. As no change in fair value of investment properties has been assumed in the Forecast Period, transaction costs associated with the Additional Properties have been disclosed as Transaction costs in the FY18 statutory forecast consolidated income statement. As such, and for the avoidance of doubt, the transaction costs associated with the Additional Properties are not recognised in the investment properties valuation on the Pro Forma Consolidated Statements of Financial Position disclosed in Section 6.4. Total transaction costs are summarised in Section 12.5. In addition to the amount expensed in the FY18 statutory forecast consolidated income statement, debt establishment costs ($1.0 million) are assumed recorded against interest bearing liabilities and a portion of costs of the Offer are assumed recorded directly to contributed equity ($3.2 million).

6.4. Pro Forma Consolidated Statement of Financial Position

The table below sets out the Pro Forma Consolidated Statement of Financial Position of Convenience Retail REIT.

($m)	At Allotment	Pro forma for the acquisition of the Additional Properties[1]
ASSETS		
Cash and cash equivalents	0.5	0.5
Investment properties[2]	286.9	307.6
Other assets	0.2	0.2
Total assets	**287.6**	**308.2**
LIABILITIES		
Interest bearing liabilities[3]	70.1	91.8
Other liabilities	1.0	1.0
Total liabilities	**71.1**	**92.8**
Net Assets	**216.5**	**215.5**
Equity	**216.5**	**215.5**
Stapled Securities on issue (m)	78.9	78.9
NTA per Stapled Security ($)	2.74	2.73
Gearing (%)[4]	**24.6%**	**30.0%**

Notes:

1. Pro Forma Consolidated Statement of Financial Position adjusted for the debt funded acquisition of the Additional Properties at an independent valuation of $20.6 million, with associated costs (stamp duty and due diligence costs) of $1.0 million and no other movements to the Pro Forma Consolidated Statement of Financial Position at Allotment. Refer to Section 6.5.2 for further detail.
2. Investment property values are based on the independent property valuations described in Section 8.
3. Interest bearing liabilities at Allotment represents $71.1 million of drawn debt net of unamortised debt facility establishment costs of $1.0 million. Interest bearing liabilities pro forma for the acquisition of the Additional Properties represents $92.8 million of drawn debt net of unamortised debt facility establishment costs of $1.0 million.
4. Gearing is defined as total borrowings less cash, divided by total tangible assets less cash.

6.5. Forecast assumptions

The Directors' key general and specific assumptions relating to the preparation of the Forecast Financial Information are set out below.

6.5.1. General assumptions

In preparing the Forecast Financial Information, the key general assumptions include:

- the Transaction is implemented on Allotment which is expected to be on 1 August 2017;
- the Transaction proceeds in accordance with the timetable set out in this PDS;
- average CPI rate of 2.00% over the Forecast Period;
- no acquisitions or disposals of investment properties other than those involved in the Transaction;
- no material litigation or contract dispute during the Forecast Period;
- no significant change in the competitive environment in which Convenience Retail REIT operates;
- no significant changes to the statutory, legal or regulatory environment which would be detrimental to Convenience Retail REIT in any of the jurisdictions in which it operates;
- no significant change in the economic conditions (including property market and financial market stability) in which Convenience Retail REIT operates;
- no material changes in credit markets;

- all leases are enforceable and perform in accordance with their terms;
- no significant amendment to any material contract relating to Convenience Retail REIT's business;
- no material changes in current Australian tax legislation;
- no material changes in applicable AAS, other mandatory professional reporting requirements or the Corporations Act that would have a material impact on Convenience Retail REIT's financial performance, cash flows, financial position, accounting policies, financial reporting or disclosures; and
- no underlying movement in the fair value of the investment properties or other financial assets including any mark-to-market movements in relation to interest rate swaps, as the directors of the Responsible Entity do not believe such movements can be reliably estimated.

6.5.2. Specific assumptions

The Forecast Financial Information has been prepared by the Directors of the Responsible Entity based on an assessment of each individual property in Convenience Retail REIT. In preparing the Forecast Financial Information, the directors of the Responsible Entity have taken into account the leasing arrangements, historical performance and future outlook for each individual property, the impact of the Transaction on fee arrangements and other costs, and the current market conditions as applicable to Convenience Retail REIT.

The key specific assumptions applied in preparing the Forecast Financial Information are described below.

Net property income

Net property income has been forecast on an individual property basis based on the terms of the existing leases which have a combination of fixed and CPI rental reviews. With reference to the CPI rate assumptions set out in Section 6.5.1 and the fixed escalation rates of applicable leases, the blended annual escalation rate assumed in FY18 and FY19 is 2.9%.

Rental income will be received by Convenience Retail REIT from the date the acquisition of each property completes. It is anticipated, and the Forecast Financial Information assumes, the Additional Properties will be acquired pursuant to the schedule set out below and that all other properties are acquired on or prior to Allotment.

In accordance with AAS, a straight line lease adjustment is provided in relation to future fixed rental increases to reflect rental income on a straight line basis over the term of the lease.

No contract early terminations have been assumed in the Forecast Period.

Additional Properties

Convenience Retail REIT has contracted to acquire three additional properties that will settle post Allotment Date. These properties are set out below:

- Caboolture, QLD: Puma tenanted property independently valued at $6.2 million, expected to settle on 15 August 2017;
- Yanchep, WA: Puma tenanted property independently valued at $5.4 million, expected to settle on 30 September 2017; and
- Raceview, QLD: 7-Eleven tenanted property independently valued at $9.1 million, expected to settle on 16 October 2017.

The three additional properties set out above collectively represent the **Additional Properties**. See Section 13.8.2 for further information in respect of the legal arrangements relating to their acquisition.

In addition, completion of the acquisition of one of the Puma Properties (being 100/22 Nicholson Street, Banana, Queensland) is conditional on obtaining ministerial consent (see Section 13.8.1). The application for such consent can only be made after the contract of sale is entered into. It has been assumed that such consent will be obtained prior to the Allotment Date.

Non-recoverable outgoings and direct property expenses

Non-recoverable property outgoings and expenses have been forecast on an individual property basis in accordance with the lease terms.

Interest income

Convenience Retail REIT is assumed to earn interest income of 1.50% per annum on any cash balances during the Forecast Period.

Management fees and expenses

Under the Investment Management Agreement, the Manager, a Related Body Corporate of APN FM and wholly owned subsidiary of APN PG, is entitled to receive a management fee of 0.65% per annum of the Stapled Group GAV up to $500 million, plus 0.60% per annum for that component of the Stapled Group GAV greater than $500 million, but less than $1.0 billion, plus 0.55% per annum for that component of the Stapled Group GAV greater than $1.0 billion, but less than $1.5 billion, plus 0.50% per annum for that component of the Stapled Group GAV above $1.5 billion. Management fees under the Investment Management Agreement will be paid monthly.

Other expenses

Other expenses include ASX listing fees, custodian and registry fees, legal, audit, valuation and tax compliance fees, investor reporting costs and other costs. These other expenses have been forecast based on relevant agreements and quotes from external parties.

Interest expense

Convenience Retail REIT's borrowings under the Proposed Debt Facility will incur an average interest rate of 4.2% for the period from Allotment to 30 June 2018 and 4.3% for FY19. This is inclusive of margin, line fees and forecast hedging arrangements. It is expected that Convenience Retail REIT will enter into hedging arrangements for between 50% and 100% of drawn debt at Allotment.

The establishment cost of the Proposed Debt Facility is expected to be $1.0 million which is comprised of an establishment fee of $0.4 million and $0.6 million of one-off debt arranging and legal fees. This cost will be capitalised against the debt balance at Allotment and amortised over the term of the Proposed Debt Facility.

Tax expense

Each Stapled Group Entity that comprises Convenience Retail REIT is expected to be treated as a "flow-through" entity for Australian income tax purposes. Under current Australian income tax legislation, each Stapled Group Entity is not expected to be liable for Australian income tax, including capital gains tax. Rather, the net taxable income of each Stapled Group Entity is expected to be taxable in the hands of investors. Accordingly, no allowance for income tax has been made for by Convenience Retail REIT.

Expected goods and services tax recoveries in respect of Transaction Costs and ongoing operations which are appropriate to the activities of Convenience Retail REIT have been forecast.

Transaction Costs

Transaction Costs include stamp duty, offer management fees, advisers' fees, legal fees, ASX listing fees and other expenses associated with the Transaction. At the date of this PDS, cash transaction costs have been estimated at $15.2 million based on existing agreements and quotes, and applicable stamp duty rates.

Distributions

Forecast Distributions are based on Convenience Retail REIT's target Distribution policy of 95% to 100% of FFO. Distributions are to be made quarterly with the first Distribution for the period from Allotment to 30 September 2017, expected to be paid within two months from 30 September 2017. The directors of the Responsible Entity will review and assess the appropriateness of Convenience Retail REIT's Distribution policy on a quarterly basis.

Distribution reinvestment policy

The Financial Information has been prepared on the basis that there will be no Distribution reinvestment plan (**DRP**) in operation.

Capital expenditure

Allowances have been made for refurbishment and maintenance capital expenditure of $0.3 million in the period from Allotment to 30 June 2018 and $0.3 million for FY19.

It is intended that investment capital expenditure and long term structural capital expenditure is treated as an addition to investment property, and where appropriate, funded via debt. At the date of this PDS, all identified structural capital expenditure items have been included and reflected in the Forecast Financial Information (FY18: $2.4 million (including $1.85 million in relation to Convenience Retail REIT's fuel tank replacement program); FY19: $0.5 million). Capital expenditure of $1.85 million has been assumed for tank replacement and associated works at Mitchelton ($600,000), Northgate ($600,000) and Marayong ($650,000).

6.6. Sensitivity analysis

The Forecast Financial Information set out in this Section is based on a number of best estimate assumptions which have been outlined above. These assumptions are subject to business, economic and competitive uncertainties and contingencies, many of which are beyond the control of Convenience Retail REIT and the Directors of the Responsible Entity. These assumptions are subject to change and the Forecast Financial Information is also subject to a number of risks as outlined in Section 9.

Stapled Securityholders should be aware that future events cannot be predicted with certainty and as a result, deviations from the figures forecast in this PDS are to be expected.

To assist investors in assessing the impact of these assumptions on the Forecast Financial Information, the table below sets out the sensitivity of Convenience Retail REIT's FFO forecasts to changes in certain assumptions.

The sensitivity analysis is intended to provide a guide only and variations in actual performance could exceed the ranges shown. The changes set out below are not intended to be indicative of the complete range of possible variations that may arise. Care should be taken in interpreting these sensitivities. The estimated impact of changes in each of the variables has been calculated in isolation in order to illustrate the impact on the FFO. In practice, changes in variables may offset each other or may be cumulative.

	Allotment to 30 June 2018		FY19	
	$m	Cents per Stapled Security	$m	Cents per Stapled Security
FFO	**14.4**	**18.2**	**16.3**	**20.6**
Incremental impact of change from assumption				
25 basis point change in average annual interest rate (prior to hedging) (+ / -)	0.22	0.28	0.27	0.34
25 basis point change in CPI (+ / -)	0.01	0.01	0.02	0.02
5% change in the REIT's other operating expenses (+ / -)	0.03	0.03	0.03	0.04
Acquisition of Taree Service Centre for $15.7 million[1]	0.40	0.50	0.45	0.57

1. If Convenience Retail REIT acquires the Taree Service Centre post Allotment, pro forma Gearing would be 33.7%.

6.7. Valuation policy

APN FM maintains and complies with a written valuation policy in relation to the assets of Convenience Retail REIT.

It is the Responsible Entity's policy to have Convenience Retail REIT's assets valued in accordance with the AAS. Independent valuations will be performed before a property is purchased or sold on an "as is" basis or within two months after the Directors form a view that there is likelihood that there has been a material change in the value of the property.

Where required, valuations of the properties will be performed on an annual basis and this will include either internal Directors' valuations or external independent valuations. External valuations will be performed by valuers who are registered under a federal or state registration scheme and valuations will comply with relevant industry codes and standards. Properties will be externally valued by an independent valuer so that an external independent valuation occurs at least once every three years, or if in any year the internal Directors' valuation produces a valuation that varies by 5% or more from the estimated period-end book value (excluding properties under development or the last independent valuation containing market adjustments for expenditure or commitment of funds to satisfy a lease obligation). Any conflicts of interest that may arise in relation to a valuation will be referred to the Responsible Entity's compliance officer. The Responsible Entity considers such a policy will ensure the reliability of valuations and mitigate the risks that an asset will not return the valuation amount when it is sold.

6.8. Distribution policy

The REIT's Distribution policy will be to pay out between 95% to 100% of its FFO. FFO is calculated as net profit adjusted for Transaction Costs and non-cash accounting adjustments such as straight lining of rental income, amortisation of lease incentives and upfront debt costs. Convenience Retail REIT will only pay Distributions from its FFO.

The REIT's Distribution payout ratio will be formulated with regard to a range of factors including:

- general business and financial conditions;
- the certainty of Convenience Retail REIT's cash flow;
- the average lease duration and the timing of significant lease expiries;
- capital expenditure requirements of the Initial Portfolio;
- taxation considerations;
- working capital requirements; and
- other factors that the Directors consider relevant.

It is anticipated that Distributions will be made on a quarterly basis, with the first Distribution payable in respect of the period from Allotment to 30 September 2017. This Distribution is expected to be paid within two months from 30 September 2017.

Distributions are not promised or guaranteed and the Responsible Entity will continue to monitor the appropriateness of this Distribution policy to ensure that it meets the ongoing objectives of Convenience Retail REIT and is in the best interests of Stapled Securityholders. Furthermore, under the terms of the Common Terms Deed, Convenience Retail REIT will not, subject to certain exceptions, be permitted to pay Distributions at any time while an event of default is continuing.

The Responsible Entity anticipates that Distribution payments to Stapled Securityholders will contain some portion of tax deferred amounts. Tax deferred amounts will generally arise through the different treatment of income, expenses and depreciation allowances on buildings and plant and equipment within a building for accounting and taxation purposes. Changes in the amount of depreciation, interest rates, the level of gearing and other risk factors may influence the actual tax-deferred amounts of a Distribution.

Investors will be able to download the annual financial reports of the REIT from the Responsible Entity's website (www.apngroup.com.au) in late September of each year. Taxation Distribution statements/AMMA statements (as appropriate) will be posted to all Stapled Securityholders within 90 days of the financial year end (30 June).

6.9. Reporting

Convenience Retail REIT will operate on a 30 June financial year end basis for tax and financial reporting purposes. Formal financial reporting will be provided to Stapled Securityholders as at 31 December (interim) and as at 30 June (full year) each year. It is proposed that the first financial report will be for the period ending 31 December 2017. These reports will detail (among other things) the following:

- an income statement, balance sheet and statement of cash flows for the period; the net asset position of the REIT as at the end of the period;
- the amount of Distributions for the period;
- significant activities undertaken for the period; and
- portfolio updates (including valuations of the properties).

In addition to investor reports, an annual report will be provided in accordance with the Corporations Act. The financial statements contained in the annual report will be audited and the financial statements in the half year accounts subject to review by the auditors.

6.10. Summary of significant accounting policies

The significant accounting policies adopted in the preparation and presentation of the Financial Information are set out below. The preparation of the Financial Information requires estimates, judgments and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities. Actual results may differ from these estimates under different assumptions or conditions. Revisions to estimates are recognised in the period in which the estimate is revised and in any future period affected.

The significant accounting policies below apply estimates, judgments and assumptions which could materially affect the financial results or financial position reported in future periods.

The AASB has recently issued revised AAS in relation to revenue recognition, leases and financial instruments. The revised standards will become effective for reporting periods commencing on or after 1 January 2018 and therefore be applicable for the REIT for the reporting period ending 30 June 2019. The Directors note that the Forecast Financial Information does not consider the effect of the new standards as the new standards are not yet effective. Furthermore, the potential effects of the revised standards have not been disclosed in this PDS as the Responsible Entity has not yet completed its assessment of the impact on the REIT.

Consolidation and Stapled Group Entities

Convenience Retail REIT is a Stapled consolidated group consisting of PPP, CRR2 and CRR3. PPP, CRR2 and CRR3 collectively represent the Stapled Group Entities.

Under AAS, Convenience Retail REIT is required to identify an acquirer at the date of Stapling. CRR2 has been deemed to be the acquirer of PPP and CRR3 for accounting purposes and therefore PPP and CRR3 are consolidated with CRR2 to form Convenience Retail REIT's consolidated financial report, in accordance with AASB 3 Business Combinations.

The Stapled Group Entities remain separate legal entities in accordance with the Corporations Act, and currently each are required to comply with the reporting and disclosure requirements of AAS and the Corporations Act.

Revenue

Net property income is recognised on a straight line basis over the lease term. Where the terms of a lease contain fixed rate rent escalations, net property income is forecast for the contracted term of the lease and recognised in the income statement evenly (i.e. on a straight line basis) over the term of the lease.

The income statement presents rental income as “Net property income” or “Straight line rental income”. “Net property income” comprises the contracted income earned from the rental of properties, inclusive of tenant recoverable and non-recoverable outgoings, representing the contracted payments receivable from a tenant and does not reflect any variable rent elements. “Straight line rental income” represents the difference between the rental income required to be recognised evenly over the term of the lease and the “Net property income” receivable from the tenant.

Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation and are initially measured at cost, including Transaction Costs. Subsequent to initial recognition, investment properties are measured at fair value. The fair value of investment property includes the balance of unamortised lease incentives and the portion of rental income relating to fixed increases in operating lease rentals in future years. Gains and losses arising from changes in the fair value of investment properties are included in the income statement in the period in which they arise.

Borrowings

Borrowings are initially recognised at fair value, less any directly attributable Transaction Costs. After initial recognition, borrowings are subsequently measured at amortised cost using the effective interest rate method. Under the effective interest rate method, any Transaction Costs, discounts or premiums directly related to a borrowing are recognised systematically in the income statement over the expected term of that borrowing.

Borrowings are classified as current liabilities unless Convenience Retail REIT has an unconditional right to defer settlement of the liability to at least 12 months after the balance sheet date.

Derivatives

Convenience Retail REIT may enter into derivative financial instruments to hedge its exposure to interest rate risk arising from operational, financing and investment activities.

Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at each balance date. Changes to the fair value of derivative financial instruments are recognised in the income statement in the year in which they arise.

Convenience Retail REIT does not apply hedge accounting therefore changes in the fair value of derivative contracts are recorded in the income statement.

Income taxes

It is intended that each Stapled Group Entity that comprises Convenience Retail REIT will be treated as a “flow-through” entity for Australian income tax purposes, such that Convenience Retail REIT’s net income will be taxable in the hands of Stapled Securityholders. Accordingly, no current or deferred tax expense has been recognised by Convenience Retail REIT.

Management fees

Management fees are recognised on an accruals basis as the services are rendered. The Manager provides property and fund management services in accordance with the management fee arrangements agreed with Convenience Retail REIT.

6.11. Working capital

The Directors of the Responsible Entity are of the opinion that Convenience Retail REIT will have sufficient working capital to carry out its stated objectives. Convenience Retail REIT is expected to have $0.5 million in cash at bank at Allotment. In addition to this amount, Convenience Retail REIT is expected to have $32.2 million in undrawn debt available under the Proposed Debt Facility, at Allotment pro forma for the acquisition of the Additional Properties which settle post Allotment.

7 Investigating Accountant's Report

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The Directors
APN Funds Management Limited as responsible entity for APN Property Plus Portfolio
(proposed to be renamed Convenience Retail REIT No.1), Convenience Retail REIT No.2
(formerly APN Retail Property Fund) and Convenience Retail REIT No.3
Level 30, 101 Collins Street
Melbourne VIC 3000

The Directors
CRR SaleCo Limited
Level 30, 101 Collins Street
Melbourne VIC 3000

28 June 2017

Dear Directors

INVESTIGATING ACCOUNTANT'S REPORT AND FINANCIAL SERVICES GUIDE

Introduction

This report has been prepared at the request of the Directors of APN Funds Management Limited in its capacity as the responsible entity of APN Property Plus Portfolio (proposed to be renamed Convenience Retail REIT No.1) (CRR1), Convenience Retail REIT No.2 (formerly APN Retail Property Fund) (CCR2) and Convenience Retail REIT No. 3 (CRR3) (CRR3, together with CCR1 and CCR2, are collectively the Convenience Retail REIT or the REIT) (Responsible Entity) and CRR SaleCo Limited (SaleCo) for inclusion in a Product Disclosure Statement (PDS) to be issued by the Responsible Entity and SaleCo in respect of the offer of stapled securities in each of CCR1, CCR2 and CCR3 (the Offer) and its subsequent listing on the Australian Securities Exchange.

Deloitte Corporate Finance Pty Limited is wholly owned by Deloitte Touche Tohmatsu and holds the appropriate Australian Financial Services licence under the Corporations Act 2001 for the issue of this report.

References to the REIT, the Responsible Entity and other capitalised terms used in this report have the same meaning as defined in the Glossary of the PDS.

Scope

Pro Forma Consolidated Statements of Financial Position

Deloitte Corporate Finance Pty Limited has been engaged by the Directors of the Responsible Entity and SaleCo to review the pro forma consolidated statements of financial position as at the date on which the stapling of the REIT occurs (Allotment Date) and subsequent to Allotment Date inclusive of acquisition of the Additional Properties (as defined in Section 6.5) as set out in Section 6.4 of the PDS (the Pro Forma Consolidated Statements of Financial Position).

The Pro Forma Consolidated Statements of Financial Position have assumed establishment of the triple-stapled

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28 June 2017

structure, the recognition of investment properties in the REIT's portfolio based on independent valuations and completion of the Offer (as described in Section 6.2.2 of the PDS).

The Pro Forma Consolidated Statements of Financial Position are presented in the PDS in an abbreviated form, insofar as they do not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act 2001.

The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the Pro Forma Consolidated Statements of Financial Position and the event(s) or transaction(s) to which the pro forma adjustments relate, as described in section 6.2.2 of the PDS, as if those event(s) or transaction(s) had occurred as at Allotment Date. Due to their nature, the Pro Forma Consolidated Statements of Financial Position do not represent the REIT's actual or prospective financial position.

The Forecast Financial Information

Deloitte Corporate Finance Pty Limited has been engaged by the Directors of the Responsible Entity and SaleCo to review:

- the REIT's statutory forecast consolidated income statement for the period ending 30 June 2018 inclusive of CRR2 from 1 July 2017 to Allotment Date and of the REIT on a consolidated basis for the period from Allotment Date until 30 June 2018, and the statutory forecast consolidated income statements of the REIT for the period ending 30 June 2019 (the Statutory Forecast Financial Information) as set out in Section 6.3.3 of the PDS. The Directors' best-estimate assumptions underlying the Statutory Forecast Financial Information are described in Section 6.5 of the PDS. The stated basis of preparation used in the preparation of the Statutory Forecast Financial Information is the recognition and measurement principles contained in Australian Accounting Standards and the REIT's adopted accounting policies.

- the pro forma forecast consolidated income statements and the pro forma forecast consolidated distribution statements of the REIT for the period from Allotment to 30 June 2018 and period ending 30 June 2019 as set out in sections 6.3.1 and 6.3.2 of the PDS (the Pro Forma Forecast Financial Information). The Pro Forma Forecast Financial Information has been derived from the Statutory Forecast Financial Information, after adjusting for the effects of the pro forma adjustments described in Section 6.2.1 of the PDS (the Pro Forma Adjustments). An audit has not been conducted on the source from which the unadjusted financial information was prepared. The stated basis of preparation used in the preparation of the Pro Forma Forecast Financial Information is the recognition and measurement principles contained in Australian Accounting Standards applied to the Statutory Forecast Financial Information and the event(s) or transaction(s) to which the Pro Forma Adjustments relate, as if those event(s) or transaction(s) had occurred as at Allotment Date. Due to its nature the Pro Forma Forecast Financial Information does not represent the REIT's prospective financial performance and distributable cash flows for the periods ending 30 June 2018 and 30 June 2019**.**

together the Statutory Forecast Financial Information and the Pro Forma Forecast Financial Information is the Forecast Financial Information.

The Forecast Financial Information has been prepared by management of the REIT and adopted by the Directors of the Responsible Entity and SaleCo in order to provide prospective investors with a guide to the potential financial performance of the REIT for the periods ending 30 June 2018 and 30 June 2019. There is a considerable degree of subjective judgement involved in preparing forecasts since they relate to event(s) and transaction(s) that have not yet occurred and may not occur. Actual results are likely to be different from the Forecast Financial Information since anticipated event(s) or transaction(s) frequently do not occur as expected and the variation may be material. In addition, the actual financial performance may include any gains or losses arising from movements in the market values of investment properties and derivatives.

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The Directors' best estimate assumptions on which the Forecast Financial Information is based relate to future event(s) and /or transaction(s) that management expect to occur and actions that management of the REIT expect to take and are also subject to uncertainties and contingencies, which are often outside the control of the REIT and Responsible Entity. Evidence may be available to support the assumptions on which the Forecast Financial Information is based, however such evidence is generally future orientated and therefore speculative in nature. We are therefore not in a position to express a reasonable assurance conclusion on those best estimate assumptions, and accordingly, provide a lesser level of assurance on the reasonableness of the best estimate assumptions of the Directors of the Responsible Entity and SaleCo. We do not express any option on the achievability of the results. The limited assurance conclusion expressed in this report has been formed on the above basis.

As disclosed in Section 6.2.1, the Forecast Financial Information assumes that there are no revaluations of the investment property during the forecast period, and no corresponding mark to market adjustments required to be included in the Forecast Financial Information, as the Directors do not believe that revaluations can be reliably estimated.

Prospective investors should be aware of the material risks and uncertainties relating to an investment in the REIT, which are detailed in the PDS, and the inherent uncertainty relating to the prospective financial information. Accordingly prospective investors should have regard to the investment risks and sensitivities set out in sections 9 and 6.6 respectively of the PDS.

The sensitivity analysis set out in Section 6.6 of the PDS demonstrates the impacts on the Pro forma Forecast Financial Information of changes in key assumptions. The Pro forma Forecast Financial Information is therefore only indicative of the financial performance which may be achievable. We express no opinion as to whether the Pro forma Forecast Financial Information will be achieved.

We have assumed, and relied on representations from certain members of management of the REIT that all material information concerning the prospects and proposed operations of the REIT has been disclosed to us and that the information provided to us for the purpose of our work is true, complete and accurate in all respects. We have no reason to believe that those representations are false.

Directors' Responsibility

The Directors of the Responsible Entity and SaleCo are responsible for:

- the preparation and presentation of the Pro Forma Consolidated Statements of Financial Position;
- the preparation of the Forecast Financial Information, including the best estimate assumptions underlying the Forecast Financial Information and the selection and determination of the Pro Forma Adjustments made to the Statutory Forecast Financial Information and included in the Pro Forma Forecast Financial Information; and
- the information contained within the PDS.

This responsibility includes for the operation of such internal controls as the Directors determine are necessary to enable the preparation of the Pro forma Consolidated Statements of Financial Position and the Forecast Financial Information that are free from material misstatement, whether due to fraud or error.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Pro Forma Consolidated Statements of Financial Position, the Statutory Forecast Financial Information and the Pro Forma Forecast Financial Information based on the procedures performed and the evidence we have obtained. We have conducted our engagement in accordance with Australian Standard on Assurance Engagement (ASAE) 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information.*

A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly we will not express an audit opinion.

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Our engagement did not involve updating or re-issuing any previously issued audit or review report on any financial information used as a source of the financial information.

We have performed the following procedures as we, in our professional judgement, considered reasonable in the circumstances:

Pro Forma Consolidated Statements of Financial Position

- consideration of work papers, accounting records and other documents of the REIT and the Responsible Entity;
- consideration of the appropriateness of Pro Forma Adjustments described in Section 6.2.2 of the PDS;
- enquiry of Directors, management, personnel and advisors of the REIT;
- the performance of analytical procedures applied to the Pro Forma Consolidated Statements of Financial Position;
- a review of work papers, accounting records and other documents of the REIT and the Responsible Entity; and
- a review of the accounting policies adopted and used by the REIT as described in Section 6.10 of the PDS.

Forecast Financial Information

- enquiries, including discussions with management and Directors of the Responsible Entity and SaleCo of the factors considered in determining the assumptions;
- analytical and other review procedures we considered necessary including examination, on a test basis, of evidence supporting the assumptions, amounts and other disclosures in the Forecast Financial Information;
- review of the accounting policies adopted and used in the preparation of the Forecast Financial Information; and
- consideration of the Pro Forma Adjustments applied to the Statutory Forecast Financial Information in preparing the Pro Forma Forecast Financial Information.

Conclusions

Pro Forma Consolidated Statements of Financial Position

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Consolidated Statements of Financial Position are not presented fairly in all material respects, in accordance with the stated basis of preparation as described in Section 6.2.2 of the PDS.

Statutory Forecast Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that:

(i) the Directors' best estimate assumptions used in the preparation of the Statutory Forecast Financial Information do not provide reasonable grounds for the Statutory Forecast Financial Information

(ii) in all material respects, the Statutory Forecast Financial Information:

  a. is not prepared on the basis of the Directors' best estimate assumptions as described in Section 6.5 of the PDS; and

  b. is not presented fairly in accordance with the stated basis of preparation, being the accounting policies adopted and used by the REIT and the recognition and measurement principles contained in Australian Accounting Standards

(iii) the Statutory Forecast Financial Information itself is unreasonable.

Pro Forma Forecast Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that:

Deloitte.

28 June 2017

(i) the Directors' best estimate assumptions used in the preparation of the Pro Forma Forecast Financial Information do not provide reasonable grounds for the Pro Forma Forecast Financial Information

(ii) in all material respects, the Pro forma Forecast Financial Information:

a. is not prepared on the basis of the Directors' best estimate assumptions as described in Section 6.5 of the PDS; and

b. is not presented fairly in accordance with the stated basis of preparation, being the accounting policies adopted and used by the REIT and the recognition and measurement principles contained in Australian Accounting Standards, applied to the Statutory Forecast Financial Information and the Pro Forma Adjustments as if those adjustments had occurred as at Allotment.

(iii) the Pro Forma Forecast Financial Information itself is unreasonable.

Restrictions on Use

Without modifying our conclusions, we draw attention to Important Notices of the PDS, which describes the purpose of the Financial Information, being for inclusion in the PDS. As a result, the Investigating Accountant's Report may not be suitable for use for another purpose.

Consent

Deloitte Corporate Finance Pty Limited has consented to the inclusion of this limited assurance report in the PDS in the form and context in which it is included.

Disclosure of Interest

Deloitte Corporate Finance Pty Limited does not have any interest in the outcome of this Offer other than the preparation of this report and participation in the due diligence procedures for which normal professional fees will be received.

Yours sincerely

Ashley Miller
Authorised Representative of Deloitte Corporate Finance Pty Limited (AFSL Number 241457)
AR number 461007

Deloitte.

August 2016

Financial Services Guide

What is a Financial Services Guide?

This Financial Services Guide (FSG) provides important information to assist you in deciding whether to use our services. This FSG includes details of how we are remunerated and deal with complaints.

Where you have engaged us, we act on your behalf when providing financial services. Where you have not engaged us, we act on behalf of our client when providing these financial services, and are required to give you an FSG because you have received a report or other financial services from us. The person who provides the advice is an Authorised Representative (AR) of Deloitte Corporate Finance Pty Limited (DCF), which authorises the AR to distribute this FSG. Their AR number is included in the report which accompanies this FSG.

What financial services are we licensed to provide?

We are authorised to provide financial product advice and to arrange for another person to deal in financial products in relation to securities, interests in managed investment schemes, government debentures, stocks or bonds to retail and wholesale clients. We are also authorised to provide personal and general financial product advice and deal by arranging in derivatives and regulated emissions units to wholesale clients, and general financial product advice relating to derivatives to retail clients.

Our general financial product advice

Where we have issued a report, our report contains only general advice. This advice does not take into account your personal objectives, financial situation or needs. You should consider whether our advice is appropriate for you, having regard to your own personal objectives, financial situation or needs.

If our advice is provided to you in connection with the acquisition of a financial product you should read the relevant offer document carefully before making any decision about whether to acquire that product.

How are we and all employees remunerated?

Our fees are usually determined on a fixed fee or time cost basis and may include reimbursement of any expenses incurred in providing the services. Our fees are agreed with, and paid by, those who engage us. Clients may request particulars of our remuneration within a reasonable time after being given this FSG.

Other than our fees, we, our directors and officers, any related bodies corporate, affiliates or associates and their directors and officers, do not receive any commissions or other benefits.

All employees receive a salary and while eligible for annual salary increases and bonuses based on overall performance they do not receive any commissions or other benefits as a result of the services provided to you. The remuneration paid to our directors reflects their individual contribution to the organisation and covers all aspects of performance.

We do not pay commissions or provide other benefits to anyone who refers prospective clients to us.

Associations and relationships

We are ultimately controlled by the Deloitte member firm in Australia (Deloitte Touche Tohmatsu). Please see www.deloitte.com/au/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu. We and other entities related to Deloitte Touche Tohmatsu:

- do not have any formal associations or relationships with any entities that are issuers of financial products
- may provide professional services to issuers of financial products in the ordinary course of business.

What should you do if you have a complaint?

If you have any concerns regarding our report or service, please contact us. Our complaint handling process is designed to respond to your concerns promptly and equitably. All complaints must be in writing to the address below.

If you are not satisfied with how we respond to your complaint, you may contact the Financial Ombudsman Service (FOS). FOS provides free advice and assistance to consumers to help them resolve complaints relating to the financial services industry. FOS' contact details are also set out below.

The Complaints Officer	Financial Ombudsman Service
PO Box N250	GPO Box 3
Grosvenor Place	Melbourne VIC 3001
Sydney NSW 1220	info@fos.org.au
complaints@deloitte.com.au	www.fos.org.au
Fax: +61 2 9255 8434	Tel: 1800 367 287
	Fax: +61 3 9613 6399

What compensation arrangements do we have?

Deloitte Australia holds professional indemnity insurance that covers the financial services provided by us. This insurance satisfies the compensation requirements of the Corporations Act 2001 (Cth).

Deloitte Corporate Finance Pty Limited, ABN 19 003 883 127, AFSL 241457 of Level 1 Grosvenor Place, 225 George Street, Sydney NSW 2000

8 Independent Valuation Reports

8 Independent Valuation Reports

This Section sets out the summaries of the valuations received in respect of the properties to be held by PPP, CRR2 and CRR3 (which together will form Convenience Retail REIT).

Savills was appointed to undertake an independent valuation of the properties in PPP and determined a market value of $82.030 million as at the date of the Savills report in respect of PPP. JLL was also appointed to undertake an independent valuation of the properties in PPP and determined a market value of $81.940 million as at the date of the JLL report in respect of PPP.

Accordingly, the final valuation ascribed to the property portfolio of PPP was the average of the Savills and JLL valuations, being $81.985 million.

In respect of the other funds to be stapled with PPP to form Convenience Retail REIT:

- JLL was appointed to undertake an independent valuation of the properties in CRR2 and determined a market value of $106.090 million as at the date of the relevant JLL report.
- Savills was appointed to undertake an independent valuation of the properties in CRR3 and determined a market value of $104.220 million as at the date of the relevant Savills report.

Summary reports in respect of these valuations are included in this Section of the PDS.

Subsequent to the commissioning of the above mentioned reports, separate contractual arrangements were entered into in respect of the acquisition of properties at Raceview and Caboolture. Separate independent valuations for those properties were obtained and a summary report of those valuations is also included in this Section of the PDS.

1 May 2017

Savills Valuations Pty Ltd
ABN 73 151 048 056
E: jphegan@savills.com.au
DL: (03) 8686 8064

Level 48, 80 Collins Street
Melbourne VIC 3000
T: (03) 8686 8000
F: (03) 8686 8088
savills.com.au

The Directors
APN Funds Management Limited as responsible entity of APN Property Plus Portfolio, Convenience Retail REIT No. 2 and Convenience Retail REIT No. 3
Level 30, 101 Collins Street
Melbourne VIC 3000

The Directors
CRR SaleCo Limited
Level 30,101 Collins Street
Melbourne VIC 3000

Our Ref: 17005712

Re: APN Property Plus Portfolio (PPP)

Instructions

We refer to your instructions requesting Savills Valuations Pty Ltd to prepare a valuation of the freehold interest, subject to existing tenancies of PPP ("subject properties"). We have been instructed to provide this summary report on the subject properties for inclusion in a product disclosure statement (PDS) issued by CRR SaleCo Limited and APN Funds Management Limited as responsible entity of APN Property Plus Portfolio, Convenience Retail REIT No. 2 and Convenience Retail REIT No. 3. The subject properties are tabled below:

	Property Name	Address	Suburb	State
1	Belmont North	397 Pacific Hwy	Belmont North	NSW
2	Marayong	Cnr Vardys Rd & Turbo Rd	Marayong	NSW
3	Bray Park	Sovereign Avenue	Bray Park	QLD
4	Browns Plains	264 Browns Plains Rd	Browns Plains	QLD
5	Mt Cotton Rd	420 - 426 Mt Cotton Rd	Capalaba (Mt Cotton)	QLD
6	Old Cleveland Rd	2948 Old Cleveland Rd	Capalaba	QLD
7	Lawnton	708 Gympie Rd	Lawnton	QLD
8	Mango Hill	Cnr Anzac Ave & Josey Rd	Mango Hill	QLD
9	Mitchelton	550 - 560 Samford Rd	Mitchelton	QLD
10	Murrarie	1233 Wynnum Rd	Murrarie	QLD
11	Northgate	17 - 25 Toombul Rd	Northgate	QLD
12	Redbank Plains	353 Redbank Plains Rd	Redbank Plains	QLD
13	Slacks Creek	124 - 130 Paradise Rd	Slacks Creek	QLD
14	Woodridge	108 Compton Rd	Woodridge	QLD
15	Bayswater	591 Dorset Rd	Bayswater North	VIC
16	Geelong Nth	Cnr Thompson Rd & Victoria St	Geelong North	VIC
17	Canningvale	Cnr Amherst & Nicholsons Rd	Canningvale	WA
18	Southlake	753 North Lake Rd	Southlake	WA

savills

Property Overview

The properties within the portfolio comprise service station facilities. The sites generally comprise modern or recently refurbished retail convenience stores which dedicate a significant portion of the floor area to non-fuel related sales, i.e. food, beverages, magazines etc. Improvements typically include a canopy over the pump islands, sealed concrete forecourt and customer car parking areas, multiple access locations from abutting roadways and ancillary landscaping.

Additional ancillary improvements that form part of each asset are individually described, however include car washes, retail and fast food tenancies and workshops.

Tenancy Overview

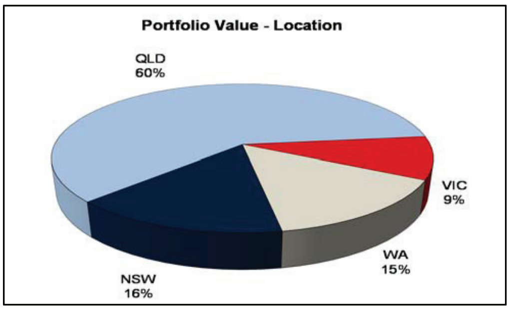
The portfolio consists of 18 leased service station investments predominantly located within Queensland. Over 60% of the current portfolio value is within Queensland, while over 72% of the current passing rental is secured by leases to Woolworths Limited. Individual details are provided within our full report, however the portfolio passing rental is secured by the following tenants:

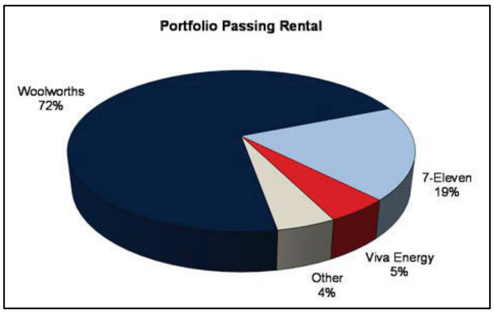
Tenant	Passing Rental	% of Rental
Woolworths	$4,409,912	71.69%
7-Eleven	$1,150,571	18.70%
Viva Energy	$305,259	4.96%
Other	$285,625	4.64%
Total	**$6,151,367**	

Valuation Summary

We have arrived at our individual Market Value assessments after considering recent sales of comparable properties and having regard to the subject property's investment attributes. We have used both the capitalisation and direct comparison methods in arriving at our assessment of Market Value with the adopted analysis and valuation of the property being outlined as follows:

	Number of Properties	Valuation	% Of Portfolio Value	Avg Value	WACR	Income	% of Net Income	WALE
NSW	2	$12,750,000	16%	$6,375,000	7.00%	$938,199	15.22%	7.16
QLD	12	$49,580,000	60%	$4,131,667	7.06%	$3,559,497	58.71%	6.92
VIC	2	$7,620,000	9%	$3,810,000	7.25%	$553,953	8.99%	4.45
WA	2	$12,080,000	15%	$6,040,000	8.25%	$1,011,599	16.42%	4.72
Average	**18**	**$82,030,000**		**$4,557,222**	**7.21%**	**$6,063,249**	**100.00%**	**6.36**





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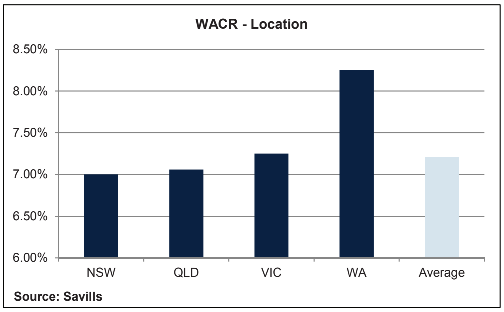

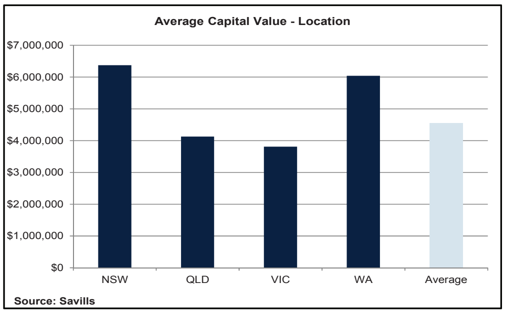

Schedule of Valuations

Address	Suburb	State	Net Market Income	Adopted Cap Rate	Value
397 Pacific Hwy	Belmont North	NSW	$381,007	7.00%	$5,440,000
Cnr Vardys Rd & Turbo Rd	Marayong	NSW	$557,192	7.00%	$7,310,000
420 - 426 Mt Cotton Rd	Capalaba	QLD	$273,072	7.50%	$3,640,000
2948 Old Cleveland Rd	Capalaba	QLD	$326,264	7.50%	$4,350,000
550 -560 Samford Rd	Mitchelton	QLD	$325,532	7.50%	$3,740,000
1233 Wynnum Rd	Murrarie	QLD	$380,177	7.25%	$5,240,000
17 - 25 Toombul Rd	Northgate	QLD	$295,917	7.50%	$3,350,000
124 - 130 Paradise Rd	Slacks Creek	QLD	$275,792	7.25%	$3,800,000
Cnr Anzac Ave & Josey Rd	Mango Hill	QLD	$214,939	7.50%	$2,870,000
Cnr Thompson Rd & Victoria St	Geelong North	VIC	$280,314	7.25%	$3,800,000
Cnr Amherst & Nicholsons Rd	Canningvale	WA	$540,172	8.25%	$6,370,000
753 North Lake Rd	Southlake	WA	$471,427	8.25%	$5,710,000
591 Dorset Rd	Bayswater North	VIC	$273,639	7.25%	$3,820,000
108 Compton Rd	Woodridge	QLD	$305,125	6.25%	$4,880,000
264 Browns Plains Rd	Browns Plains	QLD	$339,837	6.25%	$5,440,000
Sovereign Avenue	Bray Park	QLD	$228,944	6.25%	$3,660,000
353 Redbank Plains Rd	Redbank Plains	QLD	$306,240	6.25%	$4,900,000
708 Gympie Rd	Lawnton	QLD	$287,659	7.75%	$3,710,000
Total			**$6,063,249**		**$82,030,000**

Company Qualifications

Savills Valuations Pty Ltd **("Savills")** has prepared this summary letter for inclusion in the PDS on the following conditions:

1. This letter is a summary of the valuation reports only. Any reliance should therefore be based upon the actual possession or sighting of the original valuation reports duly signed and countersigned by Savills. Such reliance is subject to the assumptions, limitations and disclaimers contained therein. Savills disclaim liability to any party using this summary letter without reference to the actual valuation reports.
2. Savills has prepared the valuations and this letter based on information provided by the instructing party. Savills believes that this information is accurate and complete, however Savills has not independently verified such information.
3. Savills is not providing advice about a financial product, nor the suitability of the investment set out in the PDS. Savills does not, nor do the valuers, hold an Australian Financial Services Licence and neither are operating under such a licence in providing their opinion as to the value of the properties detailed in this letter and the valuation reports.
4. Savills has prepared this summary for inclusion in the PDS and has only been involved in the preparation of this summary and the valuation referred to therein. Savills specifically disclaim liability to any person in the event of any omission from, or false or misleading statements included in the PDS, that were not prepared by Savills.
5. The valuation reports are current at the date of valuation only. The value assessed therein may change significantly and unexpectedly over a relatively short period of time (including as a result of general market movements or factors specific to the particular property). Liability for losses arising from such subsequent changes in value are excluded as is liability where the valuation is relied upon after the date of the valuation.
6. Neither this letter nor the valuation reports may be reproduced in whole or in part without the prior written consent of Savills.
7. Savills's liability is limited by a scheme approved under Professional Standards Legislation.

Valuers Interest

We confirm that Savills Valuations Pty Ltd and the appointed Valuers nominated with the full valuation report, do not have any pecuniary interest that would conflict with the proper valuation of the subject properties and the valuation being made independently of CRR SaleCo Limited and APN Funds Management Limited as responsible entity of APN Property Plus Portfolio, Convenience Retail REIT No. 2 and Convenience Retail No.3 and/or its officers. Neither the Valuers nor Savills Valuations Pty Ltd are licensed to provide financial services and the information detailed herein (and the full valuation report) is not intended to provide advice on your investment decision.

Yours sincerely,

Joe Phegan

Joe Phegan
Certified Practising Valuer
State Director - VIC
Savills Valuations Pty Ltd

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22 May 2017

The Directors
APN Funds Management Limited as responsible Entity of the APN Property Plus Portfolio, Convenience Retail REIT No. 2 and Convenience Retail REIT No. 3
APN Property Group Limited
Level 30, 101 Collins Street
Melbourne Vic 3000

The Directors
CRR SaleCo Limited
Level 30, 101 Collins Street
Melbourne Vic 3000

PROPERTY VALUATION SUMMARY

18 SERVICE STATIONS THROUGHOUT QUEENSLAND, VICTORIA, NEW SOUTH WALES AND WESTERN AUSTRALIA ("PPP")

1. Instructions

In accordance with our formal instructions requesting that we undertake a market valuation of the **100% freehold interest** in 18 service station assets (PPP), we have further been instructed that we provide this Summary Letter for inclusion in a Product Disclosure Statement (PDS) issued by CRR SaleCo Limited and APN Funds Management Limited as responsible entity of APN Property Plus Portfolio, Convenience Retail REIT No. 2 and Convenience Retail REIT No. 3. We accept no responsibility for reliance upon this Summary Letter which must be read in conjunction with the full valuation reports.

The properties within the Portfolio are as follows:

Property Address	Suburb/Town	State
397 Pacific Highway	Belmont North	New South Wales
Cnr Vardys & Turbo Roads	Marayong	New South Wales
591 Dorset Road	Bayswater	Victoria
Cnr Thompson Road & Victoria Street	Geelong North	Victoria
2948 Old Cleveland Road	Capalaba	Queensland
Cnr Anzac Avenue & Josey Road	Mango Hill	Queensland
550-560 Samford Road	Mitchelton	Queensland
420-426 Mt Cotton Road	Mt Cotton	Queensland
1233 Wynnum Road	Murarrie	Queensland
17-25 Toombul Road	Northgate	Queensland
124-130 Paradise Road	Slacks Creek	Queensland
753 North Lake Road	Southlake	Western Australia
Cnr Amherst & Nicholsons Road	Canning Vale	Western Australia
708 Gympie Road	Lawnton	Queensland
108 Compton Road	Woodridge	Queensland

Property Address	Suburb/Town	State
353 Redbank Plains Road	Redbank Plains	Queensland
264 Browns Plains Road	Browns Plains	Queensland
Sovereign Avenue	Bray Park	Queensland

2. Reliance on this Letter

This letter summarises our full valuation reports. This letter alone does not contain all of the data and supporting information that is included in our full valuation reports including (but not limited to):

- Risk Assessments;
- Proposed Lease Terms and Conditions;
- Sales and Leasing Evidence;
- Market Commentary;
- Critical Assumptions;
- Title Details;
- Disclaimers, Limitations and Qualifications; and
- Recommendations.

For further information, we recommend the reader review the contents of the complete, self-contained valuation reports.

3. Basis of Valuation

Our full valuation report is prepared in accordance with the Australian Property Institute's Valuation Standards with regard to ANZVGN 8 (Valuations for use in Offer Documents).

The purpose of the valuations was to assess the Properties' "market value" as that term is defined by the International Valuation Standards Committee (IVSC) and endorsed by the Australian Property Institute (API):

> *"Market Value is the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing where the parties had each acted knowledgeably, prudently and without compulsion."*

Included in our valuations are lessor-owned building fixtures, fittings, plant and equipment. Movable equipment, furniture, furnishings and tenant owned fit-out and improvements are excluded.

Our valuations are current as at the date of valuation only. The values as assessed may change significantly and unexpectedly over a relatively short period of time (including as a result of general market movements or factors specific to the Property). We do not accept liability for losses arising from such subsequent changes in values. Without limiting the generality of that statement, we do not assume any responsibility or accept any liability in circumstances where the valuations are relied upon more than 90 days from the date of valuation, or such earlier date if you become aware of any factors that have any effect on the valuations. However, it should be recognised that the Properties' values are not assured for that 90 day period; our valuations always remain a valuation at the date of valuation only.

4. Brief Property Description and Tenancy Details

The Properties within the portfolio consists of 18 service stations which are branded a mix of Woolworths/Caltex (13), 7-Eleven (4) and Shell (1). Individual property description and tenancy details are provided within our full valuation reports; however, the assets predominantly include service stations with modern or recently refurbished retail convenience stores with six of the assets incorporating additional tenancies.

5. Market Commentary

Owing to the differing market segments and geographic locations of the Properties, we refer to the detailed market commentary contained within individual valuation reports.

6. Rental and Sales Evidence Summary

The inclusion of all the sales and rental evidence considered for each individual property valued is not practical in this Summary Letter. Analysis and application of market derived evidence considered for the Properties is as contained within the individual valuation reports.

7. Critical Assumptions

Our valuations are subject to Critical Assumptions, Conditions and Limitations as contained within and throughout the respective reports.

8. Valuation Rationale

In assessing the market value of the properties, we conducted various investigations including analysing available market evidence, and we applied that analysis to the capitalisation of income and direct comparison approaches.

9. Valuation Summary

We provide a summary of the valuation parameters for the below:

Property Address	State	Net Rent (p.a.)	Cap Rate (%)	Core Value ($)	Adjustments	Value ($)	Adopt
397 Pacific Highway, Belmont North	NSW	$381,007	7.00%	$5,442,957	$0	$5,442,957	$5,450,000
Cnr Vardys Rd & Turbo Rd, Marayong	NSW	$557,192	7.00%	$7,959,889	$650,000	$7,309,889	$7,300,000
420-426 Mt Cotton Road, Capalaba	QLD	$273,072	7.25%	$3,766,512	$0	$3,766,512	$3,770,000
2948 Old Cleveland Road, Capalaba	QLD	$326,264	7.50%	$4,350,182	$0	$4,350,182	$4,350,000
550-560 Samford Road, Mitchelton	QLD	$325,815	7.50%	$4,344,204	$600,000	$3,744,204	$3,740,000
1233 Wynnum Road, Murarrie	QLD	$381,877	7.50%	$5,091,693	$40,720	$5,050,973	$5,050,000
17-25 Toombul Road, Northgate	QLD	$296,314	7.50%	$3,950,850	$600,000	$3,350,850	$3,350,000
124-130 Paradise Road, Slacks Creek	QLD	$275,792	7.25%	$3,804,023	$0	$3,804,023	$3,800,000
Cnr Anzac Avenue & Josey Road, Mango Hill	QLD	$214,939	7.50%	$2,865,852	$0	$2,865,852	$2,870,000
Cnr Thompson Road & Victoria Street, Geelong North	VIC	$282,807	7.25%	$3,900,786	$76,274	$3,824,512	$3,820,000
Cnr Amherst & Nicholsons Road, Canningvale	WA	$548,542	8.25%	$6,648,994	$201,462	$6,447,532	$6,450,000
753 North Lake Road, Southlake	WA	$471,427	8.25%	$5,714,264	$0	$5,714,264	$5,710,000
591 Dorset Road, Bayswater North	VIC	$269,519	7.25%	$3,717,503	$54,754	$3,772,257	$3,770,000
108 Compton Road, Woodridge	QLD	$305,125	6.25%	$4,881,999	$0	$4,881,999	$4,880,000
264 Browns Plains Road, Browns Plains	QLD	$339,837	6.50%	$5,228,269	$0	$5,228,269	$5,230,000
1 Sovereign Avenue, Bray Park	QLD	$228,944	6.25%	$3,663,104	$0	$3,663,104	$3,660,000
353 Redbank Plains Road, Redbank Plains	QLD	$306,240	6.25%	$4,899,840	$0	$4,899,840	$4,900,000
708 Gympie Road, Lawnton	QLD	$287,659	7.50%	$3,835,453	$0	$3,835,453	$3,840,000
Adopt							$81,940,000

The total valuation for the portfolio is $81,940,000.

JLL

10. Qualification

We consent to the inclusion of this summary letter in the PDS on the following conditions:

- The letter is a summary of the valuations only and will not been prepared for the purpose of assessing the Property as an investment opportunity.
- JLL will not been involved in the preparation of the PDS nor have we had regard to any material contained in the PDS. This letter does not take into account any matters concerning the investment opportunity contained in the PDS.
- JLL has not operated under an Australian financial services licence in providing this letter and makes no representation or recommendation to a prospective investor in relation to the valuation of the properties or the investment opportunity contained in the PDS.
- The formal valuations and this letter are strictly limited to the matters contained within them, and are not to be read as extending, by implication or otherwise, to any other matter in the PDS. Without limitation to the above, no liability is accepted for any loss, harm, cost or damage (including special, consequential or economic harm or loss) suffered as a consequence of fluctuations in the real estate market subsequent to the date of valuation.
- Neither the Summary Letter nor the full valuation reports may be reproduced in whole or in part without the prior written approval of JLL.
- JLL will prepare the Summary Letter solely in reliance upon the financial and other information (including market information and third party information) provided by the instructing party and has assumed that information is accurate, reliable and complete. We confirm that we have not tested the information in that respect.
- JLL specifically disclaims liability to any potential investor using this valuation summary except to the extent this summary contains a misleading or deceptive statement or an omission of material required by the Corporations Act.
- The Summary Letter is to be read in conjunction with our formal valuation reports and is subject to the assumptions, limitations and disclaimers contained therein.
- JLL specifically disclaims all liability with respect to parts of the PDS or any Offer Documents not prepared by it, including any alleged misleading or deceptive statement in, or omission of material required by the Corporations Act from, any part of the Offer Document not prepared by JLL.
- JLL will receive a fee for the preparation of the valuation reports and the summary letter.
- JLL are participants in the Australian Property Institute (API) limited liability scheme. This scheme has been approved under Professional Standards legislation and is compulsory for all API members.

The valuation reports and Summary Letter will be provided for acquisition and first mortgage security purposes and note the intention is to create a vehicle to be listed on the Australian Stock Exchange (ASX).

Reliance by any lender is subject to JLL's written approval (upon issue of separate instruction from the intending lender) and is restricted to Authorised Deposit Taking Institutions regulated by APRA in accordance with the Banking Act 1959. JLL makes no warranty that our valuation will be considered by the lender without specific written instruction from them.

The reports are not to be published, copied or distributed to additional parties (including any related entity) without our prior written consent.

11. Valuer's Experience and Interest

The valuer who prepared the valuation reports for the Queensland properties is Mr Anthony Simpson. The valuer who prepared the valuation reports for the New South Wales properties is Mr Leigh Bridges. The valuer who prepared the valuation reports for the Victorian properties is Mr Peter Fay. The valuer who prepared the valuation reports for the Western Australian properties is Mr Stuart Parry. All of the abovementioned Valuers have valuation experience in a range of property types and all are authorised under the requirements of the Australian Property Institute to practise as a valuer in the respective States.

12. Conflict of Interest

None of the above mentioned Valuers have a pecuniary interest that could reasonably be regarded as being capable of affecting that person's ability to give an unbiased opinion of any of the Property's value or that could conflict with a proper valuation of any of the Properties.

13. Liability Disclaimer

This letter has been prepared subject to the conditions referred to in Section 1, 2 and 3 of the letter. Neither JLL nor any of its directors makes any representation in relation to the PDS nor accepts responsibility for any information or representation made in the PDS, other than this summary letter.

JLL was involved only in the preparation of this summary letter and the valuation report referred to herein, and specifically disclaims any liability to any person in the event of any omission from, or false or misleading statement included in, the PDS, other than in respect of the valuation report and this summary letter.

Yours faithfully

Jones Lang LaSalle Advisory Services Pty Ltd

Anthony Simpson AAPI
Certified Practising Valuer (Reg. No. 2939)
National Director, Head of Institutional and Middle Markets, Qld

Liability limited by a scheme approved under Professional Standards Legislation.

JLL

22 May 2017

The Directors
APN Funds Management Limited as responsible Entity of the APN Property Plus Portfolio, Convenience Retail REIT No. 2 and Convenience Retail REIT No. 3
Level 30, 101 Collins Street
Melbourne Vic 3000

The Directors
CRR SaleCo Limited
Level 30, 101 Collins Street
Melbourne Vic 3000

PROPERTY VALUATION SUMMARY

23 PUMA BRANDED SERVICE STATIONS THROUGHOUT QUEENSLAND, NEW SOUTH WALES AND WESTERN AUSTRALIA ("CRR2")

1. Instructions

In accordance with our formal instructions requesting that we undertake a market valuation of the **100% freehold interest** in 23 service station assets (*CRR2*), we have further been instructed that we provide this Summary Letter for inclusion in a Product Disclosure Statement (PDS) issued by CRR SaleCo Limited and APN Funds Management Limited as responsible entity of the APN Property Plus Portfolio, Convenience Retail REIT No. 2 and Convenience Retail REIT No. 3. We accept no responsibility for reliance upon this Summary Letter which must be read in conjunction with the full valuation reports.

The properties within the Portfolio are as follows:

Property Address	Suburb/Town	State
19038 Bruce Highway	Bowen	Queensland
25 Bolam Street	Garbutt	Queensland
4545 Flinders Highway	Reid River (Calcium)	Queensland
71 Thompson Street	Charters Towers	Queensland
77-79 Bowen Street	Rosslea	Queensland
900 Ingham Road	Bohle	Queensland
45 Range Road	Sarina	Queensland
2 Mulgrave Street	Gin Gin	Queensland
161 Thozet Road	Koongal	Queensland
74 Connor Street	Zilzie	Queensland
35-39 Arnold Street	Aeroglen	Queensland
49 Tolga Road	Atherton	Queensland
656 Bruce Highway	Woree	Queensland
1129 Moranbah Access Road	Moranbah	Queensland
2215 David Low Way	Peregian Beach	Queensland

Property Address	Suburb/Town	State
511 Pacific Highway	South Kempsey	New South Wales
Corner of Northcote Street & Main Road	Heddon Greta	New South Wales
60 Hawkins Crescent	Bundamba	Queensland
172 New England Highway	Rutherford	New South Wales
10 Takalvan Street	Bundaberg	Queensland
1 Flinders Street	Monto	Queensland
102-104 Cook Street	Portsmith	Queensland
28 Supply Road	Bentley Park (Edmonton)	Queensland

2. Reliance on this Letter

This letter summarises our full valuation reports. This letter alone does not contain all of the data and supporting information that is included in our full valuation reports including (but not limited to):

- Risk Assessments;
- Proposed Lease Terms and Conditions;
- Sales and Leasing Evidence;
- Market Commentary;
- Critical Assumptions;
- Title Details;
- Disclaimers, Limitations and Qualifications; and
- Recommendations.

For further information, we recommend the reader review the contents of the complete, self-contained valuation reports.

3. Basis of Valuation

Our full valuation report is prepared in accordance with the Australian Property Institute's Valuation Standards with regard to ANZVGN 8 (Valuations for use in Offer Documents).

The purpose of the valuations was to assess the Properties' "market value" as that term is defined by the International Valuation Standards Committee (IVSC) and endorsed by the Australian Property Institute (API):

> *"Market Value is the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing where the parties had each acted knowledgeably, prudently and without compulsion."*

Included in our valuations are lessor-owned building fixtures, fittings, plant and equipment. Movable equipment, furniture, furnishings and tenant owned fit-out and improvements are excluded.

Our valuations are current as at the date of valuation only. The values as assessed may change significantly and unexpectedly over a relatively short period of time (including as a result of general market movements or factors specific to the Property). We do not accept liability for losses arising from such subsequent changes in values. Without limiting the generality of that statement, we do not assume any responsibility or accept any liability in circumstances where the valuations are relied upon more than 90 days from the date of valuation, or such earlier date if you become aware of any factors that have any effect on the valuations. However, it should be recognised that the Properties' values are not assured for that 90 day period; our valuations always remain a valuation at the date of valuation only.

4. Brief Property Description and Tenancy Details

The Properties within the portfolio consists of 23 Puma Energy branded service stations. Individual details are provided within our full valuation reports; however, the assets predominantly include service stations with modern or recently refurbished retail convenience stores. The portfolio offers a mixture of traditional petrol stations comprising a single convenience store, truck stops, roadhouse/restaurant service stations, as well as "travel centre" style facilities which offer multiple onsite fast food outlets.

Each of the Properties is subject to a recently commenced 15-year lease agreement. While the locational and rental amounts vary from property to property, the salient details for each of the leases is consistent and summarised as follows:

Item	Details
Lessee	Puma Energy (Australia) Holdings Pty Ltd ABN 26 147 978 890
Demised Premises	The whole of the land
Commencement Date	December 2016 (with the exception of Gin Gin which commenced in March 2017)
Term	15 years
Option	10 + 10 + 10 + 10 years
Commencement Rent	As outlined within our valuation for each individual asset
Annual Reviews	Fixed increases 3.00% per annum
Market Reviews	The first day of each Further Term. Despite any provision of Clause 5, the Current Market Rent payable by the Tenant under this clause on and from a relevant Review Date for a Market Review must not be: a) Less than 90%; or b) Greater than 110%, of the Rent payable immediately before the relevant Review Date.
Outgoings Recovery	a) All Rates and Land Tax payable to any Authority in respect of the Premises or the Land, or ownership and operation of the whole or any part of the Premises or the Land, or arising from the use or occupation of the Premises by the Tenant; b) Insurance premiums for industrial special risks and insuring the Building for its full insurable or replacement value but only if the Tenant has failed to take out such insurance when required under clauses 12.1(a) and 12.2(a); c) Body corporate fees and levies (if applicable) including the costs of maintaining the common areas; and d) All amounts in connection with the provision of Services to the Premises. But excluding the following amounts: e) Payments for which the Tenant is directly responsible; f) Income tax, capital gains tax; g) Any management, asset management, facilities management or operating fees or costs paid or incurred by the Landlord in respect of the Premises or the land of which it forms part, or in respect of its management or operation; h) Any late payment penalty or interest payable by the Landlord because of the Landlord's failure to pay Outgoings on time; and i) Any amount which this lease provides is the responsibility of the Landlord, including costs of any Structural Work which is the responsibility of the Landlord under this Lease.

Item	Details
Permitted Use	Service station, automobile maintenance and repairs, car wash, and including convenience store and other retail uses and services, takeaway food store and/or diner and lawful uses ancillary to a service station.
GST	The Lease includes a GST recovery clause.
Structural Work	a) Nothing in the prevailing lease (except clause 10.9) will require the Tenant to effect any Structural Work, except to the extent such work is required: i. By Law as result of the Tenant's particular use or occupation of the Premises or the Land or the nature of the Tenant's Business or the layout or design of the Tenant's fitout of the Premises; or ii. Due to or arising from the wrongful act or omission, negligence or default of the Tenant; iii. Due to the layout or design of the Tenant's fitout of the Premises, or iv. As part of the Tenant's obligations to remediate or remove Tenant Contamination under Clause 22. b) Subject to Clause 10.9 and Clause 13, the Landlord is responsible at its cost to promptly effect any Structural Work that is reasonably required to the Building or the Premises that is not the responsibility of the Tenant under clause 10.8(a) or Clause 22. If the Landlord is required to undertake such Structural Work, the provisions of clauses 9.2(b) to 9.2(d) inclusive will apply as if the work had been undertaken by the Landlord under Clause 9.2(a)
Underground Fuel Tanks	Despite any other provision of this lease, any repair, replacement, improvement or alteration of underground fuel tanks, lines and appurtenances that is required during the Term (other than due to an event for which insurance is available, and other than due to or arising from the wrongful act or omission, negligence or default of the Landlord) will be undertaken at the cost of the Tenant, and such works will be taken to be Upgrade Works for the purpose of clause 10.7 (except for works required by the Tenant's obligation to remediate or remove Tenant Contamination under clause 22) if the Landlord gives its written approval under that clause.
Environment and Contamination	a) The Tenant is responsible and liable for all Contamination: i. of the Premises existing as at the Commencing Date; ii. of the Premises which comes into existence after the Commencing Date; to the extent caused or contributed to by the Tenant, or by the use of the Premises by or on behalf of the Tenant; iii. of the Surrounding Area existing as at the Commencing Date which has migrated from the Premises or resulted from the use of the Premises; iv. of the Surrounding Area which comes into existence after the Commencing Date which has migrated from any Contamination of the Premises existing as at the Commencing Date; and v. of the Surrounding Area which comes into existence after the Commencing Date to the extent caused or contributed to by the Tenant, or by the use of the Premises by or on behalf of the Tenant, (together the Tenant Contamination), provided that Tenant Contamination does not include: vi. any Contamination which comes into existence after the Commencing Date to the extent caused or contributed to by the Landlord (or by the Landlord's employees, agents, contractors, consultants and other persons authorised by the Landlord, for the avoidance of doubt, other than the Tenant) (Landlord Contamination).

<table>
<tr><th>Item</th><th>Details</th></tr>
<tr><td>Environment and Contamination (cont)</td><td>b) The Tenant releases the Landlord, and indemnifies the Landlord, in respect of all loss, damage, expense, penalty or fine for which the Landlord will or may be or become liable, whether during or after the Term, in respect of or arising out of the Tenant Contamination, including for loss of revenue while Tenant Contamination is removed or remediated, or fails to be removed or remediated.

c) The Tenant releases the Landlord, and indemnifies the Landlord, in respect of all loss, damage, expense, penalty or fine for which the Landlord will or may be or become liable, whether during or after the Term, in respect of or arising out of the Tenant Contamination, including for loss of revenue while Tenant Contamination is removed or remediated, or fails to be removed or remediated.

d) The Landlord releases the Tenant, and indemnifies the Tenant, in respect of all loss, damage, expense, penalty or fine for which the Tenant will or may be or become liable, whether during or after the Term, in respect of or arising out of the Landlord Contamination, including for loss of revenue while Landlord Contamination is removed or remediated, or fails to be removed or remediated.

e) The Tenant must as soon as it becomes aware of any Tenant Contamination (including through notification by the Landlord) remediate or remove any Tenant Contamination at its own expense and to the reasonable satisfaction of the Landlord, subject to clause 22.4 and clause 22.5.

f) The Landlord must as soon as it becomes aware of any Landlord Contamination (including through notification by the Tenant) in consultation with the Tenant remediate or remove any Landlord Contamination at its own expense and to the reasonable satisfaction of the Tenant, subject to clause 22.4 and clause 22.5.</td></tr>
<tr><td>Remediation Standard for the Premises</td><td>Remediation by Tenant

a) Before the Terminating Date or as soon as reasonably practicable after the earlier termination of this lease, the Tenant will be responsible and liable to promptly remediate or remove, at its own expense and subject to clause 22.4 and clause 22.5, any Tenant Contamination, provided that the Tenant has no obligation to remediate or remove:
i. any Landlord Contamination; or
ii. any Contamination of the Premises which has migrated from outside the Premises.

b) The Tenant must provide written confirmation (together with copies of all the validation testing) from the reputable environmental consultant approved by the Landlord (such approval not to be unreasonably withheld or delayed) (or, in the event of disagreement, as determined under clause 24) that the Tenant has remediated or removed any Tenant Contamination to the standard required under clause 22.4 and clause 22.5.

Remediation standard for the Premises

Any requirement to remediate or remove Contamination of the Premises under this lease means that the relevant Contamination is remediated or removed to the extent required by Environmental Law, on the assumption that the Premises will continue to be used for the Permitted Use and without causing any Contamination to any Surrounding Area, and for the avoidance of doubt, does not include remediation or removal to any extent required to use the Premises for a different use, or any remediation or removal of Contamination that does not prevent the Premises from continuing to be used for the Permitted Use and which is not otherwise unlawful.

Remediation standard for the Surrounding Area

Any requirement to remediate or remove Contamination of the Surrounding Area under this lease means that the Contamination is remediated or removed to the extent required by Environmental Law.</td></tr>
</table>

Item	Details
Remediation Standard for the Premises *(cont)*	**Surrounding Area** The provisions of this lease in relation to the liability of the Tenant for Contamination of Surrounding Area only apply to liability as between the Landlord (and any person claiming through or on behalf of the Landlord) and the Tenant, and do not impose liability on the Tenant in favour of any other person.
Option to Purchase for Adverse Events	**Definition of Adverse Event** An Adverse Event will be deemed to have occurred for the purposes of this clause if: a) any of the following occurs: i. any highway or street change is made which diverts or re-routes traffic from the Premises; ii. any means of access or any route to or from the Premises from or to any roadway respectively is closed by any Authority; or iii. road diversions are implemented and/or access pathways are altered in the immediate vicinity of the Premises, and this results in a 33.3% (or greater) reduction in the volume of traffic entering the Premises and that reduction is likely to be more than a temporary reduction (with such reduction being measured by calculating the average volume for the month immediately before the relevant matter occurred compared with the average volume in the month immediately after the relevant matter occurred); b) it becomes unlawful for the Tenant to conduct the Tenant's Business from the Premises (other than where caused or contributed to by an act or omission of the Tenant); or c) the whole or a substantial part of the Premises is acquired by an Authority, or access to the Premises is permanently denied by an Authority, and (in each case) this significantly adversely affects the Tenant's ability to conduct the Tenant's Business from the Premises. **Option to purchase Land** If an Adverse Event occurs as defined in clause 25.1, then the following provisions apply: a) In consideration of the amount of $10 paid by the Tenant to the Landlord (the receipt of which is acknowledged) the Landlord grants to the Tenant (or its nominee) the option to purchase the Land for the Purchase Price calculated as referred to below. The Tenant (or its nominee) may exercise this option by giving written notice to the Landlord during the 12-month period commencing on the date on which the Adverse Event first occurs (in respect of Adverse Events of the types referred to in clauses 25.1(b) or 25.1(c)) or commencing on the date the parties agree (or an expert makes a determination under clause 24 if the parties fail to agree) that an Adverse Event has occurred under clause 25.1(a)). b) The Purchase Price for the Land will be: i. the price agreed by the Landlord and Tenant; or ii. failing agreement, a price calculated based on the present value of the contracted rental cashflows for the remaining term of the lease (excluding options) plus the present value of the Land and improvements on a vacant possession basis at the end of the lease term. The present value is to be calculated based on a discount rate equal to 600 bps above the prevailing 10-year Australian Commonwealth Government bond yield. If the Landlord and Tenant cannot agree on how to calculate the Purchase Price under this paragraph (ii), that calculation will be made by an expert under clause 24, applying the requirements of this paragraph (ii), and any other requirements considered by the expert to be necessary to determine the Purchase Price provided they are consistent with the requirements in this paragraph (ii). c) The Tenant may require the Purchase Price to be agreed or determined at any time that the option under clause 25.2(a) can be exercised by the Tenant, and may require the Purchase Price to be determined before the Tenant exercises its option.

Item	Details
Option to Purchase for Adverse Events *(cont)*	d) If the Tenant (or its nominee) exercises its option under clause 25.2(a): i. The Landlord must transfer the Land to the Tenant (or its nominee) free of encumbrances (other than those in existence immediately prior to the exercise of the option which are not mortgages or security interests) in consideration of the payment of the Purchase Price. ii. The Tenant (or its nominee) must prepare the necessary form of transfer and ancillary documents and submit them to the Landlord for execution. iii. The Landlord must deliver any instrument of title for the Land required to register a transfer and do all things and execute all documents necessary to give effect to this clause. iv. The Purchase Price is payable in exchange for possession, any instrument of title for the Land required to register a transfer, the transfer duly executed by the Landlord and any necessary ancillary documents, on a date nominated by the Tenant (or its nominee), but not less than 30 days and not more than 60 days after exercise of the option in accordance with clause 25.2(a). v. The Tenant (or its nominee) must pay all costs of and incidental to the preparation, stamping and registration of the transfer, including all stamp duty and registration fees.
***Parent Guarantee**	**Guarantee – joint and several liability** In consideration of the Landlord's entry into this lease at the Guarantor's request (or for other valuable consideration given by the Landlord), and subject to clauses 27.2 and 27.9, the Guarantor unconditionally and irrevocably agrees that it is liable to the Landlord for the payment on demand of all moneys payable to the Landlord by the Tenant under or arising out of this Lease, including all moneys payable by the Tenant due to a breach by the Tenant of this Lease (Guaranteed Obligations). Each Guarantor is liable individually and collectively with the Tenant and each other Guarantor (if any) to the Landlord for the Guaranteed Obligations. **Cap on Guarantor's Liability** Despite anything else contained in this clause 27, but subject to clause 27.9, the total liability of PE Parent (as guarantor) under this clause 27 and under the corresponding clauses in each Relevant Cap Lease (if any) for any single claim made against PE Parent by the Landlord arising out of a Guaranteed Obligation (except for any Contamination Liability, which will be unlimited) must not exceed the amount equal to the total of: • The sum of six months' Rent and six months Outgoings payable by Puma Energy (Australia) Holdings Pty Ltd ABN 26 147 978 890 (as the tenant) under each of the Relevant Cap Leases. For the purpose of calculating six months' Rent and six months Outgoings under clause 27.2(e), the amount of Rent and Outgoings payable by the Tenant under each Relevant Cap Lease during the most recent six months (proportionately for a whole six months if any such lease has not yet been in effect for 6 months) before the date the Guaranteed Obligation arose will be used. For avoidance of doubt, nothing in this clause (27.2): i. Limits the liability of Puma Energy (Australia) Assets Holdings (as guarantor); ii. Limits the liability of the Guarantors for Contamination Liability; or iii. Limits any separate agreement the Guarantors may enter into with the Landlord which guarantees any obligations of the Tenant.

***Parent Guarantee** *(cont)*	**Principal obligations** a) The obligations of each Guarantor under this lease are principal obligations and are not collateral or secondary to any other obligations (including those of the Tenant) and are not affected by any bond, guarantee, indemnity, judgment, security or right (Security) which the Landlord may hold at any time in respect of the Tenant's liability. b) The Landlord need not realise for the benefit of the Guarantor any Security held by the Landlord in respect of the Tenant or any funds or assets that the Landlord may be entitled to receive or claim on. c) The Landlord may vary, exchange, renew, release or refuse to complete or to enforce any Security held by the Landlord.

5. Market Commentary

Owing to the differing market segments and geographic locations of the Properties, we refer to the detailed market commentary contained within individual valuation reports.

6. Rental and Sales Evidence Summary

The inclusion of all the sales and rental evidence considered for each individual property valued is not practical in this Summary Letter. Analysis and application of market derived evidence considered for the Properties is as contained within the individual valuation reports.

7. Critical Assumptions

Our valuations are subject to Critical Assumptions, Conditions and Limitations as contained within and throughout the respective reports.

8. Valuation Rationale

In assessing the market value of the properties, we conducted various investigations including analysing available market evidence, and we applied that analysis to the capitalisation of income and direct comparison approaches.

9. Valuation Summary

We provide a summary of the valuation parameters for the below:

Property Address	State	Net Market Income	Adopted Cap Rate	Adopted Value
19038 Bruce Highway, Bowen	Queensland	$247,000	7.25%	$3,410,000
25 Bolam Street, Garbutt	Queensland	$167,000	7.50%	$2,230,000
4545 Flinders Highway, Reid River	Queensland	$217,000	8.50%	$2,550,000
71 Thompson Street, Charters Towers	Queensland	$447,000	8.25%	$5,420,000
77-79 Bowen Street, Rosslea	Queensland	$167,000	6.75%	$2,470,000
900 Ingham Road, Bohle	Queensland	$417,000	7.25%	$5,750,000
45 Range Road, Sarina	Queensland	$135,588	7.50%	$1,810,000
2 Mulgrave Street, Gin Gin	Queensland	$279,507	7.50%	$3,710,000
161 Thozet Road, Koongal	Queensland	$137,000	7.00%	$1,960,000
74 Connor Street, Zilzie	Queensland	$103,606	7.00%	$1,480,000
35-39 Arnold Street, Aeroglen	Queensland	$242,000	7.00%	$3,460,000
49 Tolga Road, Atherton	Queensland	$127,000	7.25%	$1,750,000
656 Bruce Highway, Woree	Queensland	$97,000	7.00%	$1,390,000
1129 Moranbah Access Road, Moranbah	Queensland	$397,000	7.25%	$5,480,000
2215 David Low Way, Peregian Beach	Queensland	$222,000	7.00%	$3,170,000
511 Pacific Highway, South Kempsey	New South Wales	$1,276,000	7.25%	$17,600,000
Cnr Northcote Street & Main Road, Heddon Greta	New South Wales	$557,000	7.00%	$7,960,000
60 Hawkins Crescent, Bundamba	Queensland	$1,127,000	7.25%	$15,540,000
172 New England Highway, Rutherford	New South Wales	$341,000	6.50%	$5,250,000
10 Takalvan Street, Bundaberg	Queensland	$117,000	7.00%	$1,670,000
1 Flinders Street, Monto	Queensland	$87,615	7.25%	$1,210,000
102-104 Cook Street, Portsmith	Queensland	$387,000	7.25%	$5,340,000
28 Supply Road, Bentley Park	Queensland	$369,650	6.75%	$5,480,000
Total				**$106,090,000**
Adopt				**$106,090,000**

The total valuation for the portfolio is $106,090,000.

10. Qualification

We consent to the inclusion of this summary letter in the PDS on the following conditions:

- The letter is a summary of the valuations only and will not been prepared for the purpose of assessing the Property as an investment opportunity.
- JLL will not been involved in the preparation of the PDS nor have we had regard to any material contained in the PDS. This letter does not take into account any matters concerning the investment opportunity contained in the PDS.
- JLL has not operated under an Australian financial services licence in providing this letter and makes no representation or recommendation to a prospective investor in relation to the valuation of the properties or the investment opportunity contained in the PDS.

- The formal valuations and this letter are strictly limited to the matters contained within them, and are not to be read as extending, by implication or otherwise, to any other matter in the PDS. Without limitation to the above, no liability is accepted for any loss, harm, cost or damage (including special, consequential or economic harm or loss) suffered as a consequence of fluctuations in the real estate market subsequent to the date of valuation.
- Neither the Summary Letter nor the full valuation reports may be reproduced in whole or in part without the prior written approval of JLL.
- JLL will prepare the Summary Letter solely in reliance upon the financial and other information (including market information and third party information) provided by the instructing party and has assumed that information is accurate, reliable and complete. We confirm that we have not tested the information in that respect.
- JLL specifically disclaims liability to any potential investor using this valuation summary except to the extent this summary contains a misleading or deceptive statement or an omission of material required by the Corporations Act.
- The Summary Letter is to be read in conjunction with our formal valuation reports and is subject to the assumptions, limitations and disclaimers contained therein.
- JLL specifically disclaims all liability with respect to parts of the PDS or any Offer Documents not prepared by it, including any alleged misleading or deceptive statement in, or omission of material required by the Corporations Act from, any part of the Offer Document not prepared by JLL.
- JLL will receive a fee for the preparation of the valuation reports and the summary letter.
- JLL are participants in the Australian Property Institute (API) limited liability scheme. This scheme has been approved under Professional Standards legislation and is compulsory for all API members.

The valuation reports and Summary Letter will be provided for acquisition and first mortgage security purposes and note the intention is to combine the portfolios into a vehicle to be listed on the Australian Stock Exchange (ASX).

Reliance by any lender is subject to JLL's written approval (upon issue of separate instruction from the intending lender) and is restricted to Authorised Deposit Taking Institutions regulated by APRA in accordance with the Banking Act 1959. JLL makes no warranty that our valuation will be considered by the lender without specific written instruction from them.

The reports are not to be published, copied or distributed to additional parties (including any related entity) without our prior written consent.

11. Valuer's Experience and Interest

The valuer who prepared the valuation reports for the Queensland properties is Mr Cameron Dickson. The valuer who prepared the valuation reports for the New South Wales properties is Mr Leigh Bridges. All of the abovementioned Valuers have valuation experience in a range of property types and all are authorised under the requirements of the Australian Property Institute to practise as a valuer in the respective States.

12. Conflict of Interest

None of the above mentioned Valuers have a pecuniary interest that could reasonably be regarded as being capable of affecting that person's ability to give an unbiased opinion of any of the Property's value or that could conflict with a proper valuation of any of the Properties.

13. Liability Disclaimer

This letter has been prepared subject to the conditions referred to in Section 1, 2 and 3 of the letter. Neither JLL nor any of its directors makes any representation in relation to the PDS nor accepts responsibility for any information or representation made in the PDS, other than this summary letter.

JLL was involved only in the preparation of this summary letter and the valuation report referred to herein, and specifically disclaims any liability to any person in the event of any omission from, or false or misleading statement included in, the PDS, other than in respect of the valuation report and this summary letter.

Yours faithfully

Jones Lang LaSalle Advisory Services Pty Ltd

Anthony Simpson AAPI
Certified Practising Valuer (Reg. No. 2939)
National Director, Head of Institutional and Middle Markets, Qld

Liability limited by a scheme approved under Professional Standards Legislation.

1 May 2017

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Level 30, 101 Collins Street
Melbourne VIC 3000

The Directors
CRR SaleCo Limited
Level 30, 101 Collins Street
Melbourne 3000

Our Ref: 17005712

Re: Convenience Retail REIT No. 3 (CRR3)

Instructions

We refer to your instructions requesting Savills Valuations Pty Ltd to prepare a valuation of the freehold interest, subject to existing tenancies, of CRR3 ("subject properties"). We have been instructed to provide this summary report on the subject properties for inclusion in a product disclosure statement (PDS) issued by CRR SaleCo Limited and APN Funds Management Limited as responsible entity of APN Property Plus Portfolio, Convenience Retail REIT No.2 and Convenience Retail REIT No.3. The subject properties are tabled below:

	Property Name	Address	Suburb	State
1	Thornton	Cnr Weakleys and Glenwood Drives	Thornton	NSW
2	Wetherill Park	449 Victoria Street	Wetherill Park	NSW
3	Banana SS	100/22 Nicholson Street	Banana	QLD
4	Cluden (Townsville)	Cnr Edith St and Bruce Highway	Cluden	QLD
5	Puma D'Aguilar	1965 D'Aguilar Highway	D'Aguilar	QLD
6	Puma Bli Bli	164-170 David Low Way	Diddilibah	QLD
7	Matilda Enoggera	282 Wardell Street	Enoggera	QLD
8	Puma Glasshouse	840 Steve Irwin Way	Glasshouse Mountains	QLD
9	Matilda Kedron	273-279 Gympie Rd	Kedron	QLD
10	Puma Mango Hill	1977 Anzac Avenue	Mango Hill	QLD
11	Matilda Wynnum	216 Preston Road	Manly West	QLD
12	Matilda Maryborough	72 Walker Street	Maryborough	QLD
13	Matilda Nambour	921 Nambour Connection Rd	Nambour	QLD
14	Roseneath	25 Kiernan Drive	Roseneath	QLD
15	Matilda The Gap	983 Waterworks Road	The Gap	QLD
16	Puma Wacol	1380 Boundary Rd	Wacol	QLD
17	Midtown	21 Ingham Road	West End	QLD
18	Puma Woodridge	127 Kingston Road	Woodridge	QLD
19	440 Roadhouse	1182 Chapman Road	Glenfield	WA
20	Gwelup	1 Wishart Street	Gwelup	WA
21	Hamilton Hill	224 Clontarf Road	Hamilton Hill	WA
22	South Hedland	Lot 401, Great Northern Highway (cnr Altitude Ave)	South Hedland	WA
23	Yanchep	1 Kakadu Road	Yanchep	WA

Property Overview

The properties within the portfolio comprise service station facilities. The sites generally comprise modern or recently refurbished retail convenience stores which dedicate a significant portion of the floor area to non-fuel related sales, i.e. food, beverages, magazines etc. Improvements typically include a canopy over the pump islands, sealed concrete forecourt and customer car parking areas, multiple access locations from abutting roadways and ancillary landscaping.

Additional ancillary improvements that form part of each asset are individually described, however include car washes, retail and fast food tenancies and workshops.

Tenancy Overview

The portfolio consists of 23 service station investments fully leased to Puma Energy (Australia) Holdings Pty Ltd. The proposed tenancy details for each of the subject properties along with a summary of the Draft Lease document provided by APN Property Group Limited are provided within our full valuation report. A summary of the key terms include:

- An initial term of between **16 and 18** years, with 4 further option terms of 10 years each.
- 3% fixed annual increase with market reviews at the commencement of further terms.
- The Lease will be structured on a triple net basis.
- Puma will hold the Head Lease for each site and manage all sub tenants under the concurrent lease provision.
- Puma will manage and maintain all environmental liabilities with any remediation applicable to a level for ongoing operation as a service station.
- A structured option to purchase that protects the interest of the landlord should an 'Adverse Event' occur.

Valuation Summary

We have arrived at our individual Market Value assessments after considering recent sales of comparable properties and having regard to the subject property's investment attributes. We have used both the capitalisation and direct comparison methods in arriving at our assessment of Market Value with the adopted analysis and valuation of the property being outlined as follows:

	Number of Properties	Valuation	Avg Value	WACR	Income	% of Net Income	WALE
NSW	2	$16,310,000	$8,155,000	6.50%	$1,060,000	14.13%	16.94
QLD	16	$64,680,000	$4,042,500	7.40%	$4,695,000	62.57%	17.06
WA	5	$23,230,000	$4,646,000	7.58%	$1,749,000	23.31%	16.84
Average	**23**	**$104,220,000**	**$4,531,304**	**7.20%**	**$7,504,000**		

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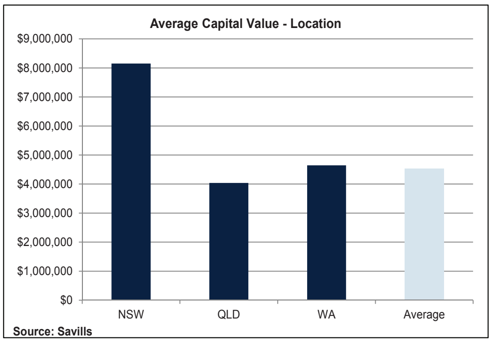

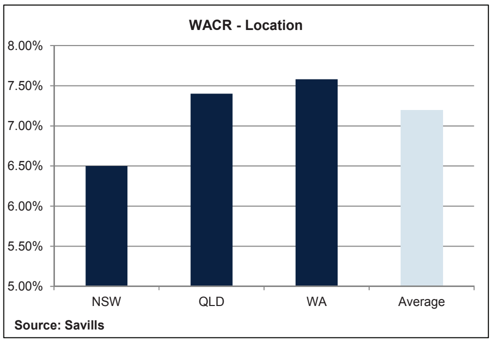

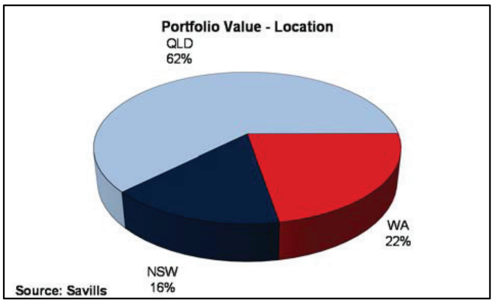

Schedule of Valuations

Address	Suburb	State	Net Market Income	Adopted Cap Rate	Value
Cnr Weakleys and Glenwood Drives	Thornton	NSW	$560,000	6.50%	$8,620,000
449 Victoria Street	Wetherill Park	NSW	$500,000	6.50%	$7,690,000
100/22 Nicholson Street	Banana	QLD	$260,000	7.50%	$3,470,000
Cnr Edith St and Bruce Highway	Cluden	QLD	$880,000	7.25%	$12,140,000
1965 D'Aguilar Highway	D'Aguilar	QLD	$150,000	8.25%	$1,820,000
164-170 David Low Way	Diddilibah	QLD	$240,000	7.50%	$3,200,000
282 Wardell Street	Enoggera	QLD	$130,000	7.00%	$1,860,000
840 Steve Irwin Way	Glasshouse Mountains	QLD	$350,000	7.25%	$4,830,000
273-279 Gympie Rd	Kedron	QLD	$220,000	7.00%	$3,140,000
1977 Anzac Avenue	Mango Hill	QLD	$270,000	7.50%	$3,600,000
216 Preston Road	Manly West	QLD	$155,000	7.25%	$2,140,000
72 Walker Street	Maryborough	QLD	$160,000	7.75%	$2,060,000
921 Nambour Connection Rd	Nambour	QLD	$100,000	7.75%	$1,290,000
25 Kiernan Drive	Roseneath	QLD	$510,000	7.50%	$6,800,000
983 Waterworks Road	The Gap	QLD	$220,000	7.00%	$3,140,000
1380 Boundary Rd	Wacol	QLD	$380,000	7.25%	$5,240,000
21 Ingham Road	West End	QLD	$350,000	6.50%	$5,380,000
127 Kingston Road	Woodridge	QLD	$320,000	7.00%	$4,570,000
1182 Chapman Road	Glenfield	WA	$380,000	8.25%	$4,600,000
1 Wishart Street	Gwelup	WA	$250,000	7.00%	$3,570,000
224 Clontarf Road	Hamilton Hill	WA	$314,000	7.00%	$4,490,000
Lot 401, Great Northern Highway (cnr Altitude Ave)	South Hedland	WA	$415,000	8.00%	$5,190,000
1 Kakadu Road	Yanchep	WA	$390,000	7.25%	$5,380,000
Total			**$7,504,000**		**$104,220,000**

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Company Qualifications

Savills Valuations Pty Ltd **("Savills")** has prepared this summary letter for inclusion in the PDS on the following conditions:

1. This letter is a summary of the valuation reports only. Any reliance should therefore be based upon the actual possession or sighting of the original valuation reports duly signed and countersigned by Savills. Such reliance is subject to the assumptions, limitations and disclaimers contained therein. Savills disclaim liability to any party using this summary letter without reference to the actual valuation reports.

2. Savills has prepared the valuations and this letter based on information provided by the instructing party. Savills believes that this information is accurate and complete, however Savills has not independently verified such information.

3. Savills is not providing advice about a financial product, nor the suitability of the investment set out in the PDS. Savills does not, nor do the valuers, hold an Australian Financial Services Licence and neither are operating under such a licence in providing their opinion as to the value of the properties detailed in this letter and the valuation reports.

4. Savills has prepared this summary for inclusion in the PDS and has only been involved in the preparation of this summary and the valuation referred to therein. Savills specifically disclaim liability to any person in the event of any omission from, or false or misleading statements included in the PDS, that were not prepared by Savills.

5. The valuation reports are current at the date of valuation only. The value assessed therein may change significantly and unexpectedly over a relatively short period of time (including as a result of general market movements or factors specific to the particular property). Liability for losses arising from such subsequent changes in value are excluded as is liability where the valuation is relied upon after the date of the valuation.

6. Neither this letter nor the valuation reports may be reproduced in whole or in part without the prior written consent of Savills.

7. Savills's liability is limited by a scheme approved under Professional Standards Legislation.

Pecuniary Interest

We confirm that Savills Valuations Pty Ltd and the appointed Valuers nominated with the full valuation report, do not have any pecuniary interest that would conflict with the proper valuation of the subject properties and the valuation being made independently of CRR SaleCo Limited and APN Funds Management Limited as responsible entity of APN Property Plus Portfolio, Convenience Retail REIT No. 2 and Convenience Retail REIT No. 3. Neither the Valuers nor Savills Valuations Pty Ltd are licensed to provide financial services and the information detailed herein (and the full valuation report) is not intended to provide advice on your investment decision.

Yours sincerely,

Joe Phegan

Joe Phegan
Certified Practising Valuer
State Director - VIC
Savills Valuations Pty Ltd

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1 May 2017

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Convenience Retail REIT No.2 and Convenience Retail REIT No.3
Level 30, 101 Collins Street
Melbourne VIC 3000

The Directors
CRR SaleCo Limited
Level 30, 101 Collins Street
Melbourne 3000

Our Ref: GW17005712

Re: Raceview and Caboolture

Instructions

We refer to your instructions requesting Savills Valuations Pty Ltd to prepare a valuation of the freehold interest, subject to existing tenancies, of Raceview and Caboolture ("subject properties"). We have been instructed to provide this summary report on the subject properties for inclusion in a product disclosure statement (PDS) issued by CRR SaleCo Limited and APN Funds Management Limited as responsible entity of APN Property Plus Portfolio, Convenience Retail REIT No.2 and Convenience Retail REIT No.3. The subject properties are tabled below:

	Property Name	Address	Suburb	State
1	Raceview	63 Raceview Street	Raceview	QLD
2	Caboolture	44 Cessna Drive	Caboolture	QLD

Property Overview

The properties within the portfolio comprise service station facilities. The sites generally comprise modern or recently refurbished retail convenience stores which dedicate a significant portion of the floor area to non-fuel related sales, i.e. food, beverages, magazines etc. Improvements typically include a canopy over the pump islands, sealed concrete forecourt and customer car parking areas, multiple access locations from abutting roadways and ancillary landscaping.

Additional ancillary improvements that form part of each asset are individually described, however include car washes, retail and fast food tenancies and workshops.

Tenancy Overview

Raceview

The property is fully leased to 8 tenants (including ATM). The largest tenant is 7-Eleven Pty Ltd with 46.7% of gross passing income.

Caboolture

The property is leased to Puma Energy and Hammerich's Coffee with a remaining lease term of 13.20 years. Puma Energy provide 74% of passing income.

Valuation Summary

We have arrived at our individual Market Value assessments after considering recent sales of comparable properties and having regard to the subject property's investment attributes. We have used both the capitalisation and direct comparison methods in arriving at our assessment of Market Value with the adopted analysis and valuation of the property being outlined as follows:

	Date of Valuation	Valuation	Cap Rate	Net Market Income p.a.	WALE	Passing Initial Yield	$Rate/m² Improved Site Area
Raceview	17 May 2017	$9,100,000	6.75%	$622,393	4.31	6.84%	$2,950
Caboolture	28 April 2017	$6,163,000	6.75%	$415,562	13.20	6.74%	$1,246

Schedule of Valuations

Address	Suburb	State	Adopted Cap Rate	Value
63 Raceview Street	Raceview	QLD	6.75%	$9,100,000
44 Cessna Drive	Caboolture	QLD	6.75%	$6,163,000
Total				**$15,263,000**

Company Qualifications

Savills Valuations Pty Ltd **("Savills")** has prepared this summary letter for inclusion in the PDS on the following conditions:

1. This letter is a summary of the valuation reports only. Any reliance should therefore be based upon the actual possession or sighting of the original valuation reports duly signed and countersigned by Savills. Such reliance is subject to the assumptions, limitations and disclaimers contained therein. Savills disclaim liability to any party using this summary letter without reference to the actual valuation reports.

2. Savills has prepared the valuations and this letter based on information provided by the instructing party. Savills believes that this information is accurate and complete, however Savills has not independently verified such information.

3. Savills is not providing advice about a financial product, nor the suitability of the investment set out in the PDS. Savills does not, nor do the valuers, hold an Australian Financial Services Licence and neither are operating under such a licence in providing their opinion as to the value of the properties detailed in this letter and the valuation reports.

4. Savills has prepared this summary for inclusion in the PDS and has only been involved in the preparation of this summary and the valuation referred to therein. Savills specifically disclaim liability to any person in the event of any omission from, or false or misleading statements included in the PDS, that were not prepared by Savills.

5. The valuation reports are current at the date of valuation only. The value assessed therein may change significantly and unexpectedly over a relatively short period of time (including as a result of general market movements or factors specific to the particular property). Liability for losses arising from such subsequent changes in value are excluded as is liability where the valuation is relied upon after the date of the valuation.

6. Neither this letter nor the valuation reports may be reproduced in whole or in part without the prior written consent of Savills.

7. Savills's liability is limited by a scheme approved under Professional Standards Legislation.

Page 2

Pecuniary Interest
We confirm that Savills Valuations Pty Ltd and the appointed Valuers nominated with the full valuation report, do not have any pecuniary interest that would conflict with the proper valuation of the subject properties and the valuation being made independently of CRR SaleCo Limited and APN Funds Management Limited as responsible entity of APN Property Plus Portfolio, Convenience Retail REIT No. 2 and Convenience Retail REIT No. 3. Neither the Valuers nor Savills Valuations Pty Ltd are licensed to provide financial services and the information detailed herein (and the full valuation report) is not intended to provide advice on your investment decision.

Yours sincerely,

Joe Phegan

Joe Phegan
Certified Practising Valuer
State Director - VIC
Savills Valuations Pty Ltd

Page 3

9 Investment risks

9 Investment risks

This Section describes the key risks associated with an investment in Convenience Retail REIT. It does not purport to be an exhaustive list of every risk faced by Convenience Retail REIT, now or in the future. Many of these risks, or the consequences of them, are outside the control of Convenience Retail REIT and the Directors. If one or more of these risks eventuates, then the future operating performance of Convenience Retail REIT and the value of your investment in the REIT may be significantly affected.

9.1. Risks specific to your investment in Convenience Retail REIT

These risks relate to an investment in Convenience Retail REIT:

9.1.1. Tenant concentration

Following completion of the Offer, Convenience Retail REIT will generate a substantial proportion of its revenue from two tenants, being Puma Energy Australia and Woolworths, which currently contribute approximately 69% and 20% respectively of Convenience Retail REIT's rental income. A deterioration in the financial strength and stability of these tenants could materially adversely affect Convenience Retail REIT's results, the value of its properties and the value of Stapled Securities.

Since Puma Energy Australia and Woolworths will be the tenants in a substantial number of the properties, Convenience Retail REIT's revenue will largely depend on Puma Energy Australia and Woolworths complying with their obligations to pay rent under the leases. If Puma Energy Australia or Woolworths fails to pay rent on time, or at all, Convenience Retail REIT's revenues, financial results and ability to meet its debt obligations will be adversely affected. If Puma Energy Australia or Woolworths becomes insolvent or enters administration, Convenience Retail REIT's financial condition and the price of its Stapled Securities would be materially adversely affected.

9.1.2. Rental income

Convenience Retail REIT's revenue will largely depend on the tenants adhering to their obligations to pay rent under the leases. A failure of some of Convenience Retail REIT's tenants to pay rent on time, or at all, is likely to materially adversely affect Convenience Retail REIT's revenue, which may also adversely affect Convenience Retail REIT's ability to service its loans and harm overall financial performance.

Convenience Retail REIT earns the majority of its revenue from rental income. Distributions will be largely dependent on the rents received from tenants across the portfolio and expenses incurred during operations, which may be affected by a number of factors, including:

- overall economic conditions;
- the competitive landscape and tenant concentration;
- the financial condition of tenants including as a result of volatility in oil prices, refining margins, exchange rates and macroeconomic cycles that can affect consumer demand for fuel;
- a downturn in the fuel retailing business in Australia generally, potentially by virtue of an increasing prevalence of alternatives to hydrocarbon-fuelled internal combustion engines, substantially higher fuel prices and new regulations;
- ability to extend leases or replace outgoing tenants with new tenants;
- increase in rental arrears and vacancy periods;
- an increase in unrecoverable outgoings; and
- adverse environmental incidents.

A failure of some of Convenience Retail REIT's tenants to pay rent is likely to materially adversely affect Convenience Retail REIT's revenue, which may also adversely affect Convenience Retail REIT's ability to service its loans and harm overall financial performance.

Any negative impact on rental income is likely to adversely affect Convenience Retail REIT's revenue and consequently Distributions or the value of the Stapled Securities or both.

9.1.3. Re-leasing, market rent reviews and vacancy

In FY22 leases over 15 service station properties in the portfolio will expire, and further leases will expire from FY30-FY35. There is a risk that expiring leases may not be renewed in accordance with Convenience Retail REIT's assumptions including in relation to vacancy periods and rents. Re-leasing properties on less favourable terms may have an adverse impact on Convenience Retail REIT's profits, Distributions and property value. Additional costs associated with re-leasing the properties could also arise.

In addition, at either lease expiry or upon exercise of an option to extend the term of a lease by a tenant, the rent payable will be subject to prevailing market conditions and market rent reviews, which may result in rents going up or down.

Convenience Retail REIT has sought to manage this risk by incorporating contractual rental growth mechanisms into long term leases. These mechanisms mean that the rent to be paid will increase as per the terms of the rental growth mechanism, insulating Convenience Retail REIT from adverse market conditions.

9.1.4. Property valuations

The value of the properties held by Convenience Retail REIT may be impacted by a number of risks affecting the property market generally, as well as Convenience Retail REIT in particular including, but not limited to:

- changes in market rental rates influenced by the fuel volume throughput of the property and associated gross margin and the gross convenience store sales at the property;
- changes in property yields;
- tenants defaulting;
- a downturn in local property markets or property markets in general;
- pricing or competition policies of any competing properties; and
- general economic factors such as the level of inflation and interest rates and economic cycles, both within Australia and overseas.

A reduction in the value of properties may result in a reduction in the value of Stapled Securities and may cause Convenience Retail REIT to breach its financial covenants under the Common Terms Deed (see Section 13.9).

Convenience Retail REIT will have its properties independently revalued regularly in accordance with its valuation policy; however, reported valuations represent only the analysis and opinion of qualified experts at a certain date, and are not guarantees of present or future values.

The independent valuations included in this PDS are the opinions of Savills and JLL and may not reflect the price a property would realise if sold.

9.1.5. Reliance on third parties including the Manager

Convenience Retail REIT will be managed by the Manager in accordance with the terms of the Investment Management Agreement and Property Management Agreement.

Convenience Retail REIT is reliant on the expertise of the directors of APN FM and management capability provided by APN PG and the Manager. In the event that the services of key individuals are no longer available and Convenience Retail REIT is not able to recruit suitable, qualified people to perform the management and compliance functions, this may adversely affect the management, financial performance, strategic oversight, financial management investment evaluation, governance and regulatory compliance of Convenience Retail REIT and therefore returns to Stapled Securityholders. Failure of a third party to discharge its responsibilities as agreed may adversely affect the management and financial performance of Convenience Retail REIT and therefore returns to Stapled Securityholders.

If the Investment Management Agreement or Property Management Agreement is terminated or the Manager fails to perform its obligations under the Investment Management Agreement or Property Management Agreement, Convenience Retail REIT may not be able to appoint a new manager with the same expertise as the Manager, on the same terms as the Investment Management Agreement or Property Management Agreement or otherwise. This may adversely impact the performance of Convenience Retail REIT and the trading price of its Stapled Securities.

9.1.6. Conflicts of interest or duty and related party transactions

In addition to APN FM being the Responsible Entity of Convenience Retail REIT, Convenience Retail REIT has entered into an Investment Management Agreement and a Property Management Agreement with the Manager. APN FM is the Responsible Entity of other registered managed investment schemes in addition to Convenience Retail REIT, with total funds under management of $2.4 billion as at 31 December 2016.

Accordingly, there is a risk that the management of properties for different funds may lead to conflicts of interest arising for APN FM. These may include conflicts in respect of the acquisition of properties, leasing and the allocation of the manager's resources to each different fund. There is consequently also a risk that if these conflicts are not managed appropriately, Convenience Retail REIT and/or Stapled Securityholders may suffer loss.

However, the Responsible Entity currently has in place existing policies (as obligated under the Corporations Act and Listing Rules (as applicable) to ensure that it is able to effectively identify and manage conflicts of interest or duty. Furthermore, the Board consists of majority independent Directors and an independent Chairman responsible for the governance of Convenience Retail REIT.

9.1.7. Property liquidity

Property assets are, by their nature, illiquid investments. Should Convenience Retail REIT be required to realise assets, for example in the event of a debt covenant breach or crystallisation of an unforeseen liability (e.g. a litigation), Convenience Retail REIT may not be able to do so within a short period of time, or may not be able to realise Property assets for the amount at which they have been valued. This may adversely impact Convenience Retail REIT's net assets or the trading price of Stapled Securities.

9.1.8. Capital expenditure

Capital expenditure has been forecast to maintain the properties based on current best estimates and lease obligations. There is a risk that, due to unforeseen circumstances, Convenience Retail REIT may incur additional capital expenditure on the properties. Some examples of these circumstances include damage caused by fire, flood or other disaster, changes to laws or council requirements such as environmental, building or safety regulations, or property defects or environmental issues which become apparent in the future and which are not covered by insurance proceeds. Additionally, unforeseen capital expenditure may be required to maintain the properties in their current condition. If Convenience Retail REIT incurs unforeseen capital expenditure, this may affect returns available to Stapled Securityholders.

9.1.9. Development

Whilst Convenience Retail REIT does not intend to undertake material development risk, if Convenience Retail REIT undertakes development works in the future, there is a risk that future developments or redevelopments of the properties could be delayed and/or cost more than expected. This could result in an adverse impact on Convenience Retail REIT's financial performance. The risks faced by Convenience Retail REIT in relation to a future project will depend on the terms of the transaction at the time. There is a risk that a developer engaged on any given project is unable to complete the specified works on time or could default on other obligations under its contract. Completion of construction works may be delayed for a number of reasons, including industrial disputes, inclement weather, permitted variations to the works, changes to legislative requirements, delays in authority inspections or approvals or a builder experiencing financial difficulties.

9.1.10. Environmental

Asset classes to which Convenience Retail REIT is exposed typically have a higher rate of environmental contamination and risk than other commercial property asset classes. You should refer to Section 2.7 of this PDS for a description of these risks.

Post Listing, Convenience Retail REIT may acquire or lease properties that are not subject to the same indemnities and remediation obligation thresholds as the properties in the Initial Portfolio. This may expose Convenience Retail REIT to liability for environmental contamination that occurred prior to purchase or that occurs under its ownership for such non-Initial Portfolio properties. The crystallisation of any such risk could have a material adverse effect on Convenience Retail REIT's financial performance and financial condition.

9.1.11. Strategy implementation

There is no certainty that Convenience Retail REIT's investment and growth strategies as described in this PDS will be able to be successfully implemented. This will be influenced by a broad range of economic factors as well as the decisions and actions of other parties, particularly its major tenant Puma Energy Australia. No assurance can be given that the Initial Portfolio will expand at any specified rate, to any specified size or at all.

Any decision to add to the portfolio through acquisitions or fund-through developments will be subject to the Manager's scrutiny and will depend on a number of factors, including:

- availability of suitable properties that meet necessary requirements;
- terms of such acquisitions being commercially satisfactory;
- current and anticipated trading conditions;
- competition from other convenience retail (including service stations) property investors; and
- available sources of capital on favourable or acceptable terms to fund such acquisitions.

In addition, there can be no assurance that acquisition and growth opportunities will eventuate from Convenience Retail REIT's arrangement with Puma Energy Australia such as Convenience Retail REIT's rights of first refusal under the Co-operation Deed. In particular, there is no assurance that:

- Convenience Retail REIT will be offered the opportunity by Puma Energy Australia to acquire any properties to which Convenience Retail REIT's rights of first refusal apply;
- Puma Energy Australia will be able, or want, to acquire any currently leased sites in respect of which it has a right of first refusal; or
- any opportunities for Convenience Retail REIT to acquire sites will be identified by Puma Energy Australia.

Further, newly acquired properties may give rise to risks that were not known prior to their acquisition, which may result in lower than expected market rents and which could adversely financially impact Convenience Retail REIT.

9.1.12. Funding

Changes in Convenience Retail REIT's ability to raise funds (from either debt or equity markets), and the terms on which such funds are or can be raised, could result in an increased cost of funding, limited access to capital, increased refinancing risk for Convenience Retail REIT and/or an inability to expand operations or purchase assets in a manner that may benefit Convenience Retail REIT and its Stapled Securityholders.

Such changes could arise from numerous factors, including general economic and political conditions, debt and equity capital market conditions and the performance, reputation and financial strength of the REIT and its tenants.

If Convenience Retail REIT's existing banking facilities are not refinanced and need to be repaid, or the REIT is unable to obtain new debt funding to the same gearing levels, it is possible that Convenience Retail REIT will need to raise equity or sell assets for less than fair value, which could influence Convenience Retail REIT's net asset value.

9.1.13. Financing risk

Convenience Retail REIT will be required to comply with a number of undertakings and covenants, including in relation to loan to value and interest cover ratios. An event of default will occur if Convenience Retail REIT fails to comply with any of these financial covenants. This may be caused by unfavourable movements in interest rates (to the extent that interest rates are not hedged) or deterioration in the income or the value of the properties within the Initial Portfolio. Upon the occurrence of an event of default which is continuing, a Lender may require immediate repayment of all or part of the Proposed Debt Facility, together with accrued interest. The Lenders may also direct the security trustee to enforce the security granted in connection with the Proposed Debt Facility.

Further, following the occurrence of a review event under the Common Terms Deed, the Lenders and the Responsible Entity will consult for 30 days as to the continuation of the Proposed Debt Facility. If agreement cannot be reached by the expiry of that period and the event is continuing, a Lender may, by notice to the Responsible Entity, require Convenience Retail REIT to repay all amounts outstanding to that Lender under the Proposed Debt Facility. The relevant borrower will be required to make the repayment by no earlier than the date falling 60 days from the date the Lender provides notice requesting repayment, without any prepayment fee, cost or penalty (other than break costs to the extent such repayment is made on a day other than the last day of an interest period).

If either an event of default or a review event occurs, Convenience Retail REIT may need to dispose of some or all of its properties for less than their market value, raise additional equity, or reduce or suspend Distributions in order to repay the debt facilities.

The financial covenants, events of default and review events to be included in the terms of the Proposed Debt Facility are summarised in further detail in Section 13.9.

There is also a risk that Convenience Retail REIT may not be able to repay or refinance its debt facilities on maturity. The ability of Convenience Retail REIT to extend its debt facilities or to borrow money for refinancing, capital expenditure or acquisitions will depend on a range of factors including general economic conditions, debt and equity market conditions, as well as the financial position, financial performance and reputation of Convenience Retail REIT. Changes in the above factors may impact the cost or availability of funding, and accordingly Convenience Retail REIT's financial performance, financial position and returns to Stapled Securityholders.

9.1.14. Interest rates, gearing and financial covenants

Interest payable on the Proposed Debt Facility will depend on the interest rate which is comprised of a base interest rate plus a variable interest rate margin. In order to reduce exposure to the impact of moving interest rates, on or after the Allotment Date Convenience Retail REIT intends to hedge between 50% and 100% of initial drawn borrowings of the Proposed Debt Facility. Until the date that hedging arrangements are entered into by Convenience Retail REIT, Convenience Retail REIT will be exposed to interest rate movements on all of the drawn down amount of the Proposed Debt Facility. To the extent that, after the Allotment Date, all or part of the drawn down amount of the Proposed Debt Facility is not hedged, the REIT is exposed to movements in variable rates of interest on the amounts drawn down but unhedged.

Furthermore, the use of leverage in Convenience Retail REIT magnifies investment gains or losses driven by movements in interest rates and also increases the volatility of returns to movements in interest rates and property values. Convenience Retail REIT intends to maintain gearing levels within the Target Gearing range of 25% to 40%, with pro forma gearing forecast to be 30% on the Allotment date (adjusted for the pro forma acquisition of the Additional Properties which settle post Allotment).

In addition, there is a risk that Convenience Retail REIT may be unable to extend, refinance or establish debt financing and interest rate hedges on attractive or acceptable terms in the future. It is possible that interest rates and the cost of interest rate hedges will increase in the future, or new lenders may require more stringent financial covenants than those currently assumed, each of which could have a material adverse impact on Convenience Retail REIT's financial performance and its ability to fund Distributions.

9.1.15. Forecast Financial Information

The forward looking statements, opinions and estimates provided in this PDS, including the financial forecasts, are based on assumptions. There can be no guarantee that the assumptions and contingencies on which the forward looking statements, opinions and estimates are based will ultimately prove to be valid or accurate. The forward looking statements, opinions and estimates depend on various factors, many of which are outside the control of Convenience Retail REIT. Various factors, both known and unknown, may impact Convenience Retail REIT's performance and cause actual performance to vary significantly from what was expected. There can be no guarantee Convenience Retail REIT will achieve its stated objectives or that any forward looking statement or forecast will eventuate.

9.1.16. No previous trading history as Convenience Retail REIT

Convenience Retail REIT's intended structure and composition in its entirety does not presently exist, including as a subsidiary or separate business unit of another entity. Convenience Retail REIT will be a new standalone entity with no previous trading history for Stapled Securities, no historical financial information and no historical performance. As such, expectations, forward-looking statements and estimates of Convenience Retail REIT's future performance rely on various assumptions, many of which are outside the control of the Responsible Entity or the management team and any of which may result in actual performance being materially different. For example, corporate and other costs could be higher than forecast.

9.1.17. Inflation

Approximately 26% of the rental income of the Initial Portfolio is subject to CPI-linked increases, which are capped at 4.0% or 5.0%. As a result, the actual level of CPI may affect the value of, and returns from, an investment in Stapled Securities.

9.1.18. Substantial retained holding by APN PG and Puma Energy Group

APN PG corporate entities and Puma Energy Group are each expected to hold between 5% and 10% of the Stapled Securities in Convenience Retail REIT immediately following Allotment. This represents a strategically significant investment for both APN PG and Puma Energy Group. In addition, funds managed by APN PG subsidiaries may also hold Stapled Securities in Convenience Retail REIT. This means that APN PG and its related parties and associates are expected to collectively hold an investment of up to approximately 15% of the Stapled Securities on issue after completion of the Offer. Whilst it is not restricted from doing so, Puma Energy Group have stated that they have no intention to reduce the extent of their initial investment. APN PG will also not reduce the number of securities it holds, as to do so would trigger the "APN ownership" review event under the Common Terms Deed. In such circumstance, subject to certain agreed negotiation and notification periods, a repayment of the Proposed Debt Facility may be required. This review event as the consequences of such event are outlined in further detail in Sections 13.9.2 and 9.1.14.

Despite the above, if APN PG or Puma Energy Group were to sell down some or all of their respective holdings in Convenience Retail REIT, the price of the REIT's Stapled Securities may decline as a result given the relative size of their holdings.

As a result, APN PG and Puma Energy Group will have influence over the potential outcome of matters submitted to a vote of Stapled Securityholders. The interests of APN PG and Puma Energy Group may differ from the interests of Convenience Retail REIT and the interests of other Stapled Securityholders who purchase Stapled Securities under the Offer.

9.1.19. Taxation

The information in this PDS assumes that each Stapled Group Entity that comprises Convenience Retail REIT will be treated as a "flow-through" entity for Australian income tax purposes such that the net income of each Stapled Group Entity will be taxable in the hands of the REIT Stapled Securityholders. However, a Stapled Group Entity would lose this "flow-through" status if:

- there was a legislative change which removed the "flow-through" status of property trusts; or
- Convenience Retail REIT engaged in activities which lead to it being taxed on its net income at the corporate tax rate for Australian income tax purposes.

Depending on Stapled Securityholders' individual circumstances, a loss of the "flow-through" treatment by a Stapled Group Entity may adversely affect the after-tax investment returns. In addition, the taxation treatment for Stapled Securityholders is dependent upon the tax law as currently enacted in Australia. Changes in tax or stamp duty law or changes in the way tax or stamp duty law are expected to be interpreted in Australia may adversely impact the REIT's returns, the Distributions made to Stapled Securityholders or the taxation outcomes outlined in Section 11.

In addition, according to a consultation paper released on 24 March 2017, the Australian Department of Treasury is undertaking a holistic examination of the tax consequences of the use of stapled structures. Through the consultation paper, the government is seeking to examine the taxation of investment income derived using stapled structures, including the dichotomy between trading and passive income. The consultation paper is being carried out with a view to considering potential policy options to amend Australia's taxation regimes, and is examining specific sectors, including AREITs. Although the consultation paper does not provide recommendations for reform, it does include questions that contemplate the removal of tax advantages for stapled securities.

Any changes to the basis upon which stapled structures are taxed may materially adversely affect the value of Stapled Securities in Convenience Retail REIT.

9.1.20. Disposal of properties and CGT implications

The Stapling and Listing will not reset the tax cost base of the properties in PPP and CRR2 to market value. The tax cost base of the properties in PPP and possibly certain properties in CRR2 will remain significantly below the current market value of the assets. If Convenience Retail REIT disposes of these properties, its taxable gain or loss for tax purposes will be calculated having regard to the difference between the sale price and the cost base of those properties regardless of the market value of the properties when Stapling and Listing occurs. Further, if the cost base of the properties is further reduced (whether that change is due to a change in law, or due to a change in the cost base of Convenience Retail REIT), the taxable gain or loss on any disposal would be calculated by reference to that adjusted cost base. A lower cost base (for any reason) would result in the taxable gain on a future disposal of the properties being higher, which may adversely impact after-tax returns of investors in Convenience Retail REIT. Convenience Retail REIT has no current intention to dispose of any properties, but may do so in the future.

9.1.21. Tax deferred Distributions and tax depreciation

As the Stapling and Listing will not reset the tax cost base of the properties in PPP and CRR2 to market value for tax depreciation purposes, this may impact the amount of tax deferred Distributions Convenience Retail REIT can distribute in future periods, which may adversely impact after-tax returns of investors in Convenience Retail REIT.

9.1.22. Insurance coverage

Except where required by specific leases, Convenience Retail REIT will not take out its own insurance policies but will require as part of the leases that tenants be party to, or to cause its subtenants to be party to, insurance with respect to a range of potential losses in relation to its service station properties, including property damage, public liability and workers' compensation.

Insurance policies that tenants (or subtenants) are required to take out will not cover all potential risks that could result in potential damage or loss. For instance, the policies will not cover acts of terrorism, particular environmental liabilities, or business interruptions. In addition, because Convenience Retail REIT will not be responsible for taking out such insurance policies, it may not be able to ensure that all required policies have been taken out, have been complied with, or are on satisfactory terms. As a condition of its AFSL, APN FM is required to maintain appropriate investment managers insurance and as such has obtained $20 million in investment managers insurance.

There is the potential that a loss not covered by insurance would result in a service station being unable to resume business in a timely manner after a loss, resulting in lost rent and a significant reduction in the value of the affected property or properties, or may result in direct losses to Convenience Retail REIT due to unreimbursed costs to restore a property to a usable condition or uninsured liabilities.

9.1.23. Litigation

Convenience Retail REIT may in the ordinary course of business be involved in disputes, some of which may result in litigation (for example, tenancy disputes, occupational health and safety claims or third party claims). While the extent of any disputes and litigation cannot be ascertained at this time, any dispute or litigation may be costly and may adversely affect the operational and financial results of Convenience Retail REIT. Convenience Retail REIT is not a party to any current litigation.

9.1.24. Compliance

APN FM, as the Responsible Entity of Convenience Retail REIT and other managed investment schemes, is subject to strict regulatory and compliance arrangements under the Corporations Act and ASIC policy. If the Responsible Entity breaches the Corporations Act or the terms of its Australian Financial Services Licence, ASIC may take action to suspend or revoke the licence, which in turn may adversely impact the ability of Convenience Retail REIT to operate.

9.1.25. Insolvency

In the event of any liquidation or winding up of Convenience Retail REIT, the claims of Convenience Retail REIT's creditors, including under the Proposed Debt Facility described in Section 2.5.2, will rank ahead of those of its Stapled Securityholders. Under such circumstances Convenience Retail REIT will first repay or discharge all claims of its creditors. Any surplus assets (if any) will then be distributed to Stapled Securityholders. All Stapled Securityholders will rank equally in their claim and will be entitled to an equal share per Stapled Security.

9.1.26. Change in capital structure

Changes in the capital structure of Convenience Retail REIT, for example from the raising of further debt or the issue of further equity to repay or refinance debt facilities or to fund the acquisition of additional properties, may affect the value or returns from an investment in Stapled Securities.

9.2. General risks of an investment in Convenience Retail REIT

These general risks are common to most investments.

9.2.1. General investment risks

There are risks associated with any stock market investment. These include, but are not limited to:

- **Dilution risk** – your proportional beneficial ownership in the underlying assets of Convenience Retail REIT may be reduced if the REIT issues Stapled Securities to new Investors. For example, if you do not participate in a future entitlement offer or choose not to reinvest your distributions pursuant to any future distribution reinvestment plan, then your beneficial ownership in Convenience Retail REIT may be diluted;
- **Pricing risk** – the Stapled Securities may trade on the stock market at, above or below the Offer Price or NTA per Stapled Security. The price of the Stapled Securities can fall as well as rise and, as the Stapled Securities have not previously been listed, there is no trading history for the Stapled Securities and therefore no indication of how the Stapled Securities will perform on the ASX; and
- **Liquidity risk** – there can be no assurance that liquidity will be maintained in the market for the Stapled Securities as the number of buyers and sellers of Stapled Securities will vary from time to time. Changes in liquidity may affect the price at which Stapled Securityholders are able to sell their Stapled Securities. Significant blocks of Stapled Securities held by individual investors may reduce liquidity in the trade of the Stapled Securities.

9.2.2. Macroeconomic

Changes in the general economic outlook both in Australia and globally may impact the performance of Convenience Retail REIT and its properties. Examples include:

- changes in the Australian and international economic outlook;
- performance of comparable listed entities;
- changes in governmental laws and regulations, fiscal policies and zoning ordinances and costs of compliance therewith;
- changes in inflation, interest rates and rental capitalisation rates;
- changes in operating expenses (to the extent they are payable by Convenience Retail REIT and to the extent that they impact the ability of Initial Portfolio premises tenants to make rental payments);
- civil unrest, acts of war, terrorist attacks, acts of god and natural disasters, including earthquakes and floods, which may result in uninsured and insured losses; and
- significant contractual or political disturbances impacting Convenience Retail REIT or the continuity of its business.

9.2.3. No guarantee of Distributions or capital returns

None of the Issuers, APN PG or any other person gives a guarantee as to the amount of any income or capital return from the Stapled Securities or the performance of Convenience Retail REIT, nor do they guarantee the repayment of capital from Convenience
Retail REIT.

Furthermore, at any time that an event of default is continuing under the terms of the Common Terms Deed, no Distributions are permitted to be made unless it is made to another obligor or with the prior written consent of the Lenders.

9.2.4. Changes in laws, regulations and policy

Convenience Retail REIT and the attractiveness of an investment in Convenience Retail REIT may be affected by changes in laws, regulations and government policies relevant to Convenience Retail REIT's activities and operations (including matters such as planning and zoning regulation and policy, compliance with environmental laws, regulations, taxation and general compliance costs).

9.2.5. Accounting standards

The AAS to which Convenience Retail REIT adheres are set by the AASB and are consequently out of the control of Convenience Retail REIT and its Directors. Changes to AAS issued by AASB or changes to the commonly held views on the application of those standards could materially adversely affect the financial performance and position reported in Convenience Retail REIT's financial statements.

10 Details of the Offer

10 Details of the Offer

10.1. Background of the Offer

APN FM, as responsible entity of PPP, CRR2 and CRR3 and APN PG (amongst others) have entered into a binding Implementation Deed in relation to the Transaction. Under the Implementation Deed, APN FM and APN PG have agreed to a stapling of the units in PPP, CRR2 and CRR3 to create Convenience Retail REIT. Further information in relation to the Implementation Deed is set out in Section 13.4.

10.2. Purpose of the Offer and use of proceeds

The Offer is an initial public offering of up to 54.1 million Stapled Securities in Convenience Retail REIT expected to raise up to $162.2 million. The Offer comprises:

- the transfer of up to 22.3 million existing Stapled Securities under the Cash-Out Facility Offer at the Cash-Out Facility Price to raise up to $67.0 million[1]. If all Eligible Unitholders elect to cash-out under the Cash-Out Facility, the total funds to be paid to all Exiting Unitholders would be $67.0 million[1]. Accordingly, the proceeds required to fund the Cash-Out Facility will be lower than $67.0 million[1] to the extent that Eligible Unitholders elect (or are deemed) to continue their investment by holding Stapled Securities; and
- the issue of 31.7 million new Stapled Securities by the Responsible Entity at an Offer Price of $3.00 per Stapled Security to raise $95.2 million.

The Offer is made on the terms and is subject to the conditions set out in this PDS.

The table below illustrates the sources and uses of funds from the Offer and the net proceeds of debt financing arrangements (Proposed Debt Facility and existing bank debt).

Sources of funds	$m	Uses of funds	$m
Existing Stapled Securities to be sold through the Cash-Out Facility Offer	Up to 67.0	Cash-out of Exiting Unitholders by the sale of Stapled Securities through the Cash-Out Facility Offer	Up to 67.0
Issue of new Stapled Securities under the Institutional Offer and the Broker Firm Offer	95.2	Completion of the acquisition of the Puma Properties[2]	59.3
Draw down of debt	92.8	Completion of the acquisition of the Additional Properties[3]	20.6
		Refinance existing debt	92.9
		Transaction Costs[4]	15.2
Total sources	**Up to 255.0**	**Total uses**	**Up to 255.0**

10.3. Structure of the Offer

The Offer is structured as follows:

- the Institutional Offer, which consists of an invitation to certain Institutional Investors in Australia, New Zealand and certain other overseas jurisdictions (excluding the US) to bid for Stapled Securities;
- the Broker Firm Offer, which is open to Australian resident Retail Investors who have received a firm allocation from their Broker; and
- the Cash-Out Facility Offer, which is an invitation to bid for existing Unitholder's Stapled Securities sold by SaleCo, made to Institutional Investors in Australia, New Zealand and certain other overseas jurisdictions (excluding the US).

1 Assuming a Cash-Out Facility Price equal to the Offer Price.

2 Represents the acquisition of Puma Properties located in Queensland by CRR3 from Puma Energy Australia, and noting that the Puma Properties located in New South Wales and Western Australia will be acquired by CRR3 from Puma Energy Australia prior to Allotment through debt financing and equity contribution.

3 This includes the Puma Property at 1 Kakadu Road, Yanchep, Western Australia. The acquisition of the Additional Properties will not be completed until after Allotment (with the final property assumed to be acquired by 16 October 2017). If the acquisition of an Additional Property does not complete, the use of funds will be reduced by the amount of that Additional Property, and the drawdown of debt will be lower by the same amount.

4 See Section 12.5 for further information on the Transaction Costs associated with the Transaction.

No general public offer of Stapled Securities will be made. Members of the public wishing to subscribe for Stapled Securities under the Offer must do so through a Broker with a firm allocation.

The Issuers reserve the right to not proceed with the Offer at any time before the issue or transfer of Stapled Securities to successful Applicants.

The Offer is also being undertaken to facilitate the Stapling Unit Subscription described in Section 10.9 below.

The Offer is not underwritten.

10.4. Retail Syndicate

Evans and Partners Pty Ltd have been appointed to act as a Joint Lead Manager (but not a Bookrunner) for the Offer. The Bookrunners will pay Evans and Partners Pty Ltd a broker firm fee of 1.50% of the dollar amount of the Stapled Securities allocated to that broker under the Broker Firm Offer as well as a discretionary fee of up to $150,000 (including GST) (payable at the discretion of APN FM).

Morgans Financial Limited and Petra Capital Pty Ltd have been appointed to act as Co-Lead Managers for the Offer. The Bookrunners will pay the Co-Lead Managers a broker firm fee of 1.50% of the dollar amount of the Stapled Securities allocated to those brokers under the Broker Firm Offer. Each of Morgans Financial Limited and Petra Capital Pty Ltd will also be eligible to be paid a discretionary fee of up to $100,000 (including GST) each by the Bookrunners (payable at the discretion of APN FM).

National Australia Bank Limited and Crestone Wealth Management Limited have been appointed to act as Co-Managers for the Offer. The Bookrunners will pay the Co-Managers a broker firm fee of 1.50% of the dollar amount of the Stapled Securities allocated to that broker under the Broker Firm Offer. The Co-Managers do not have any entitlement to any additional fees.

Each member of the Retail Syndicate will be responsible for bearing its own costs of providing services in connection with the Offer.

10.5. Allocation policy

The allocation of Stapled Securities between the Institutional Offer and the Broker Firm Offer will be determined by the Issuers in consultation with the Bookrunners, having regard to the following factors:

- desire to foster a stable, long-term register;
- desire for a liquid and informed trading market for the Stapled Securities;
- ability of Institutional Investors and Retail Investors to participate in potential future equity raisings;
- overall level of demand for Stapled Securities between the Institutional Offer, Broker Firm Offer and Cash-Out Facility Offer; and
- any other factors that the Bookrunners and the Issuers consider appropriate.

The size of the Cash-Out Facility Offer will be determined by the number of Exiting Unitholders who participate in the Cash-Out Facility.

The Issuers, in consultation with the Bookrunners, have absolute discretion regarding the allocation of Stapled Securities to Applicants in the Offer (subject to Brokers in the Broker Firm Offer having sole discretion in respect of the allocation of Stapled Securities to their clients) and may reject an Application, or allocate fewer Stapled Securities than applied for, in their absolute discretion. The Bookrunners and the Issuers may also aggregate Applications if they wish to do so.

10.6. Institutional Offer

10.6.1. Invitations to bid

The Institutional Offer will comprise an invitation to Australian and New Zealand resident Institutional Investors and Institutional Investors in certain other overseas jurisdictions (excluding the US) to bid for Stapled Securities under this PDS in the Institutional Bookbuild. There is no maximum Application amount.

10.6.2. Institutional Offer process

The Institutional Offer will be conducted through a fixed-price volume bookbuild process managed by the Bookrunners. Institutional Investors can only bid into the Institutional Bookbuild through the Bookrunners. Further details of how to participate will be separately provided to eligible Institutional Investors by the Bookrunners prior to commencement of the Institutional Bookbuild.

All Stapled Securities allocated to participants in the Institutional Offer will be issued at the fixed Offer Price of $3.00 per Stapled Security.[5]

5 This contrasts to the bookbuild process to be conducted in respect of the Cash-Out Facility Offer, which will be used to determine the Cash-Out Facility Price, which must be at least $3.00 per Stapled Security (but may be higher).

Participants in the Institutional Bookbuild will be invited to submit bids for Stapled Securities at the Offer Price.

The Institutional Bookbuild is expected to occur on Tuesday, 25 July 2017. The Issuers and the Bookrunners reserve the right to vary the times and dates of the Offer, including conducting and closing the Offer early, extending the Offer or accepting late Applications or bids, either generally or in particular cases, without notification.

Any bid in the Institutional Bookbuild is an irrevocable offer by the relevant bidder to subscribe or procure subscribers for the Stapled Securities bid for (or such lesser number as may be allocated) at the Offer Price, on the terms and conditions set out in this PDS (including any supplementary or replacement document) and in accordance with any bidding instructions provided by the Bookrunners to participants.

Bids can be accepted or rejected in whole or in part without further notice to the bidder. Acceptance of a bid by the Bookrunners (with the agreement of the Issuers) will give rise to a binding contract on allocation of Stapled Securities to successful Applicants conditional on Settlement and on the quotation of Stapled Securities on the ASX.

Details of the arrangements for notification and Settlement of allocations applying to participants in the Institutional Offer will be provided to participants in the Institutional Bookbuild.

10.6.3. Allocations under the Institutional Offer

The allocation of Stapled Securities among bidders in the Institutional Offer will be determined by the Issuers in consultation with the Bookrunners. The allocation policy will be influenced, but not constrained, by the following factors:

- the volume of Stapled Securities bid for;
- the timeliness of bids lodged during the Institutional Bookbuild;
- the desire for an informed and active trading market in Stapled Securities following the Offer;
- the size and investment mandate of particular bidders;
- the desire to have a wide spread of Institutional Investors on Convenience Retail REIT's register;
- the likelihood the bidder will be a long-term Stapled Securityholder in Convenience Retail REIT; and
- any other factors that the Issuers, following advice from the Bookrunners, consider appropriate in their absolute discretion.

10.7. Broker Firm Offer

10.7.1. Who can apply for the Broker Firm Offer

The Broker Firm Offer is only open to Retail Investors who have a registered address in Australia and have received a firm allocation from their Broker. There is no maximum Application amount.

If you have been offered a firm allocation by a Broker, you will be treated as a Broker Firm Offer Applicant in respect of that allocation. You should contact your Broker to determine whether they may allocate Stapled Securities to you under the Broker Firm Offer.

10.7.2. How to apply in the Broker Firm Offer

If you have received an allocation of Stapled Securities from your Broker and wish to apply for Stapled Securities under the Broker Firm Offer, you should contact your Broker for information about how to submit your Application Form and for payment instructions.

Broker Firm Offer Application Forms must be completed in accordance with the instructions given to you by your Broker and the instructions set out on the reverse of the Broker Firm Offer Application Form.

Applicants under the Broker Firm Offer will pay the Offer Price of $3.00 per Stapled Security.

Application Monies must be paid in accordance with instructions from your Broker. Your Broker will act as your agent and it is your Broker's responsibility to ensure that your Application Form and Application Monies are received before 5.00pm (AEST) on the Closing Date or any earlier closing date as determined by your Broker.

The Issuers and the Bookrunners may elect to conduct and close the Offer or any part of it early, extend the Offer or any part of it, or accept late Applications either generally or in particular cases. Applicants are therefore encouraged to submit their Applications as early as possible. Please contact your Broker for instructions.

Applicants under the Broker Firm Offer must not send their Broker Firm Offer Application Forms to the Registry.

By making an Application, you declare that you were given access to the PDS, together with a Broker Firm Offer Application Form. The Corporations Act prohibits any person from passing an Application Form to another person unless it is attached to, or accompanied by, a hard copy of this PDS or the complete and unaltered electronic version of this PDS.

10.7.3. Minimum and maximum Application size

For Applicants applying under the Broker Firm Offer, the minimum Application amount is $2,000 and in increments of at least $500 thereafter, or as directed by the Applicant's Broker.

10.7.4. Allocation policy under the Broker Firm Offer

The allocation of Stapled Securities to Brokers will be determined by the Issuers in consultation with the Bookrunners having regard to the criteria outlined in Section 10.5. Stapled Securities that have been allocated to Brokers for allocation to their Australian resident Retail Investors will be issued to the Applicants nominated by those Brokers.

It will be a matter for the Broker as to how they allocate firm stock among their retail clients and if any Application Monies need to be refunded. Brokers (and not the Issuers or the Bookrunners) will be responsible for ensuring that clients who have received a firm allocation from them receive the relevant Stapled Securities.

The Issuers expect to announce the final allocation policy under the Broker Firm Offer on or about Thursday, 27 July 2017.

Applicants in the Broker Firm Offer should confirm their allocation with the Broker from whom they received their allocation.

10.8. Cash-Out Facility Offer

10.8.1. Invitations to bid

The Cash-Out Facility Offer will comprise an invitation to Australian and New Zealand Institutional Investors and Institutional Investors in certain other overseas jurisdictions (excluding the US) to bid for Stapled Securities to be sold by SaleCo (with the proceeds of those sales being remitted to Exiting Unitholders under the Cash-Out Facility) in the Cash-Out Facility Offer Bookbuild. There is no maximum Application amount.

10.8.2. Cash-Out Facility Offer Bookbuild process

The Cash-Out Facility Offer will be conducted with eligible Institutional Investors being invited to participate in a variable price bookbuild process managed by the Bookrunners (**Cash-Out Facility Offer Bookbuild**). Institutional Investors can only bid into the Cash-Out Facility Offer Bookbuild through the Bookrunners. Further details of how to participate will be separately provided to eligible Institutional Investors by the Bookrunners prior to commencement of the Cash-Out Facility Offer Bookbuild.

The number of Stapled Securities to be offered under the Cash-Out Facility Offer Bookbuild will be determined prior to the commencement of the Cash-Out Facility Offer Bookbuild based on the Elections made by Exiting Unitholders. Participants in the Cash-Out Facility Offer Bookbuild may bid for the Stapled Securities available in the Cash-Out Facility Offer Bookbuild in the manner advertised by the Bookrunners.

The Cash-Out Facility Offer Bookbuild process will be used to determine the price of Stapled Securities offered under the Cash-Out Facility Offer (**Cash-Out Facility Price**) and accordingly, the basis of the calculation of the price to be received by Exiting Unitholders under the Cash-Out Facility.

The Cash-Out Facility Offer Bookbuild is expected to occur on Tuesday, 25 July 2017. The Issuers and the Bookrunners reserve the right to vary the times and dates of the Offer, including conducting and closing the Offer early, extending the Offer or accepting late Applications or bids, either generally or in particular cases, without notification.

Any bid in the Cash-Out Facility Offer Bookbuild is an irrevocable offer by the relevant bidder to subscribe or procure subscribers for the Stapled Securities bid for (or such lesser number as may be allocated) at the price per Stapled Security bid or at the Cash-Out Facility Price, where this is below the price per Stapled Security bid, on the terms and conditions set out in this PDS (including any supplementary or replacement document) and in accordance with any bidding instructions provided by the Bookrunners to participants.

Bids can be accepted or rejected in whole or in part without further notice to the bidder. Acceptance of a bid by the Bookrunners (with the agreement of the Issuers) will give rise to a binding contract on allocation of Stapled Securities to successful Applicants conditional on Settlement and on the quotation of Stapled Securities on the ASX.

Details of the arrangements for notification and Settlement of allocations applying to participants in the Cash-Out Facility Offer will be provided to participants in the Cash-Out Facility Offer Bookbuild.

10.8.3. Cash-Out Facility Price determination and allocation policy under the Cash-Out Facility Offer

Under the terms of the Offer Management Agreement, the Cash-Out Facility Price will be determined by agreement between the Bookrunners and the Issuers after the close of the Cash-Out Facility Offer Bookbuild. The allocation of Stapled Securities under the Cash-Out Facility Offer will be determined by Issuers in consultation with the Bookrunners after the close of the Cash-Out Facility Offer Bookbuild.

In determining the Cash-Out Facility Price and the allocation of Stapled Securities under the Cash-Out Facility Offer, reasonable endeavours will be used to ensure that the Cash-Out Facility Offer Bookbuild is conducted in a manner that maximises the final price received by Exiting Unitholders and is consistent with an orderly market following listing and ordinary commercial practice for the conduct of a bookbuild. Specifically, consideration will be given to, but not limited to:

- the level of demand for Stapled Securities under the Cash-Out Facility Offer Bookbuild at various prices;
- the objective of maximising the Cash-Out Facility Price; and
- the desire for an orderly trading market in Stapled Securities following the Offer.

The Cash-Out Facility Price will not necessarily be the highest price at which the Stapled Securities could be sold. The Cash-Out Facility Price will not be less than the Offer Price.

All successful participants under the Cash-Out Facility Offer Bookbuild will pay the Cash-Out Facility Price.

10.9. Stapling Unit Subscription

Under the Stapling Unit Subscription, the Responsible Entity, on behalf of each holder of a Unit (Remaining Unitholders as at the Stapling Record Date and SaleCo), will receive a Restructure Distribution from PPP, CRR2 and CRR3 (as applicable), with the aggregate proceeds of the Restructure Distribution being applied on behalf of Remaining Unitholders, which includes SaleCo, to subscribe for new Units in PPP, CRR2 and CRR3 (as applicable). The Restructure Distribution payable on each Unit in PPP, CRR2 and CRR3 will be approximately $1.23, $0.52 and $0.80 per Unit respectively. This amount has been calculated as the amount required to be returned to each Remaining Unitholder and SaleCo to enable the Stapling Unit Subscription to occur as described below.

As part of the Stapling process, Unitholders in each of PPP, CRR2 and CRR3 will receive Units in each other Stapled Group Entity at the prevailing Unit price for the relevant Stapled Group Entity, with the Responsible Entity applying the full amount of the Restructure Distribution as subscription proceeds for Units. Prior to Stapling, each Stapled Group Entity will then have its Units consolidated on the following basis:

- for PPP, 1 Unit will be consolidated to approximately 0.57 Units;
- for CRR2, 1 Unit will be consolidated to approximately 0.33 Units; and
- for CRR3, 1 Unit will be consolidated to approximately 0.33 Units.

After consolidation, each Unitholder will hold Units in each Stapled Group Entity on a 1:1:1 basis. The NAV of PPP, CRR2 and CRR3 will be approximately $0.92, $1.47, $0.61 per Unit respectively after Unit Consolidation.

The value of a Remaining Unitholder's Units in PPP, CRR2 or CRR3 immediately prior to Stapling will be equal to the value of their stapled unitholding immediately post the Stapling process.

The Stapling ratio above has been determined based on the ratio that the last determined NAV of each component trust (PPP, CRR2 and CRR3) bears to the NAV of each other trust and therefore the contribution of each component trust to the Stapled NAV.

The Stapling Unit Subscription involves the Offer under this PDS of new Units in each of PPP, CRR2 and CRR3 by the Responsible Entity and will be implemented by the Responsible Entity, under the power given to it to facilitate Stapling under each Stapled Group Entity Constitution, without any further action required of Unitholders. The Restructure Distribution from each of PPP, CRR2 and CRR3 will not be received by Unitholders, but will instead be compulsorily applied on behalf of Unitholders receiving those Restructure Distributions, by the Responsible Entity, as subscription proceeds to fund the application for Units in each of PPP, CRR2, and CRR3.

As a result of the implementation of the Stapling, the number of Stapled Securities on issue of each Stapled Group Entity will be 47,178,041. The Responsible Entity will then issue approximately an additional 31,741,723 Units at the Offer Price to fund the acquisition of properties in the Initial Portfolio and repayment of debt. The final Stapled Securities on issue of Convenience Retail REIT is expected to be approximately 78,919,764.

The table below contains worked examples to assist Unitholders in understanding the implementation of the Stapling process:

Worked Example

If a Unitholder had 10,000 Units in any of PPP, CRR2, CRR3

Entity	PPP Unitholder	CRR2 Unitholder	CRR3 Unitholder
Units held in PPP	10,000		
Units held in CRR2		10,000	
Units held in CRR3			10,000
Total NAV held ($)	**17,221**	**10,000**	**10,000**
Capital return out of PPP	(11,940)	–	–
Capital return out of CRR2	–	(5,092)	–
Capital return out of CRR3	–	–	(7,975)
Capital return applied for PPP Units	–	3,067	3,067
Capital return applied for CRR2 Units	8,452	–	4,908
Capital return applied for CRR3 Units	3,488	2,025	–
Capital held in PPP	5,281	3,067	3,067
Capital held in CRR2	8,452	4,908	4,908
Capital held in CRR3	3,488	2,025	2,025
Units issued in PPP	–	5,807	5,807
Units issued in CRR2	17,221	–	10,000
Units issued in CRR3	17,221	10,000	–
PPP consolidation ratio	0.57	0.57	0.57
CRR2 consolidation ratio	0.33	0.33	0.33
CRR3 consolidation ratio	0.33	0.33	0.33
Final Units held in PPP	5,741	3,333	3,333
Final Units held in CRR2	5,741	3,333	3,333
Final Units held in CRR3	5,741	3,333	3,333
Value of Stapled Securities held at $3.00 Offer Price	**17,221**	**10,000**	**10,000**

10.10. No cooling-off

Applicants should note there will not be a cooling off period in relation to Applications. Once an Application has been lodged, it cannot be withdrawn. Should quotation of the Stapled Securities be granted by ASX, Stapled Securityholders will have the opportunity to sell their Stapled Securities at the prevailing market price, which may be different to the Offer Price or the Cash-Out Facility Price.

10.11. Offer discretion

The Issuers may withdraw the Offer at any time before the issue or transfer of Stapled Securities. If the Offer, or any part of it, does not proceed, all relevant Application Monies will be refunded (without interest).

The Issuers reserve the right to:

- close the Offer or any part of it early;
- extend the Offer or any part of it;
- accept late Applications either generally or in particular cases;
- reject any Application; and
- allocate any Applicant fewer Stapled Securities than their Application.

10.12. Ranking of Stapled Securities and Distributions

Each Stapled Security will be issued fully paid. From the date of issue, each Stapled Security will rank equally with all other Stapled Securities on issue.

Stapled Securityholders will be entitled to receive a first Distribution in respect of their Stapled Securities for the period from Allotment to 30 September 2017, which is forecast to be 3.1 cents per Stapled Security expected to be paid within two months of 30 September 2017.

Thereafter, Distributions are intended to be paid on a quarterly basis. The Distribution policy is summarised in Section 6.8.

10.13. Trading of Stapled Securities on the ASX

Convenience Retail REIT will apply for Official Quotation within seven days of lodgement of this PDS. Convenience Retail REIT's expected ASX code will be "CRR". If the required approvals from ASX are not given within three months after the application was made (or any longer period permitted by law), the Offer will be withdrawn and all Application Monies will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act.

Convenience Retail REIT will be required to comply with the Listing Rules, subject to any waivers obtained by Convenience Retail REIT from time to time.

ASX takes no responsibility for this PDS or the investment to which it relates. The fact that ASX may admit Convenience Retail REIT to the official list is not to be taken as an indicator of the merits of Convenience Retail REIT or the Stapled Securities offered for subscription.

It is expected that, subject to receipt of the required approvals from ASX, trading of Stapled Securities will commence on or about Thursday, 27 July 2017 initially on a conditional and deferred basis. The contracts formed on acceptance of Applications will be conditional on Settlement and the issue of Stapled Securities occurring. Trades occurring on the ASX before Settlement and the issue of Stapled Securities occurring will be conditional on Settlement and issue occurring.

Conditional trading will continue until the REIT has advised ASX that these conditions have been satisfied, which is expected to be on or about Tuesday, 1 August 2017. Trading will then be on an unconditional but deferred settlement basis until the REIT has advised ASX that holding statements have been dispatched to Stapled Securityholders. Normal settlement trading is expected to commence on or about Thursday, 3 August 2017.

If the conditions listed above have not been satisfied within the period of time determined by ASX (which is expected to be 14 days or such longer period as ASX allows) after the day Stapled Securities are first quoted on the ASX, the Offer and all contracts arising on acceptance of the Offer will be cancelled and of no further effect and all Application Monies will be refunded (without interest). In these circumstances, all purchases and sales made through ASX participating organisations during the conditional trading period will be cancelled and of no effect.

It is the responsibility of each person who trades in Stapled Securities to confirm their holding before trading in Stapled Securities. If you sell Stapled Securities before receiving a holding statement, you do so at your own risk. The Issuers, the Registry and the Bookrunners disclaim all liability, whether in negligence or otherwise, if you sell Stapled Securities before receiving your holding statement, even if you obtained details of your holding from the Convenience Retail REIT Information Line or confirmed your firm allocation through a Broker.

10.14. ASX admission and quotation

Following the issue of Stapled Securities under the Offer (expected to occur on or about Tuesday, 1 August 2017) the Registry will send successful Applicants a holding statement detailing the number of Stapled Securities issued to them under the Offer. It is expected that holding statements will be dispatched on or about Wednesday, 2 August 2017. It is the responsibility of Applicants to confirm their allocation of Stapled Securities prior to trading in Stapled Securities. Applicants can confirm their allocation of Stapled Securities by contacting their Broker or calling the Convenience Retail REIT Information Line on 1800 502 914 (within Australia) or +61 1800 502 914 (outside Australia) on business days (during the Offer Period). A Stapled Securityholder who sells Stapled Securities before they receive their holding statements does so at their own risk. Convenience Retail REIT, the Board, the Registry and the Bookrunners disclaim all liability, whether in negligence or otherwise, to persons who sell Stapled Securities before receiving their initial statement of holding, whether on the basis of a confirmation of allocation provided by any of them, by the Convenience Retail REIT Information Line, by a Broker or otherwise.

10.15. CHESS and issuer sponsored holdings

The Issuers will apply for the Stapled Securities to participate in CHESS, in accordance with the Listing Rules and the ASX Settlement Operating Rules. CHESS is an automated transfer and settlement system for transactions in securities quoted on the ASX under which transfers are effected in a paperless form.

The Issuers will also, in accordance with the Listing Rules and the Settlement Operating Rules, maintain an electronic CHESS sub-register (for Stapled Securityholders who are participants in CHESS or sponsored by such a participant) and an electronic issuer sponsored sub-register (for all other Stapled Securityholders). These two sub-registers will together make up Convenience Retail REIT's principal register of Stapled Securityholders. Following allocation of the Stapled Securities to successful Applicants, Stapled Securityholders will be sent an initial statement of holding that sets out the number of Stapled Securities that have been allocated and the Stapled Securityholder's Holder Identification Number, or in the case of issuer sponsored holders, the Stapled Securityholder Reference Number.

Stapled Securityholders will subsequently receive statements showing any changes to their holding of Stapled Securities. Certificates will not be issued for Stapled Securities.

10.16. Brokerage, commission and stamp duty

No brokerage, commission or stamp duty is payable by applicants who apply for Stapled Securities using an Application Form. Various fees in relation to the Offer may be payable by the Issuers to the Bookrunners.

If you buy or sell Stapled Securities on the ASX, you may have to pay brokerage and other transaction costs. Under current legislation, there is no stamp duty payable on the sale or purchase of Stapled Securities on the ASX provided that no investor (either alone or together with any related or associated persons or other persons in an associated transaction for the purposes of stamp duty law) acquires 90% or more of the Stapled Securities on issue.

See Section 14.8 for further details.

10.17. Taxation issues

A summary of certain Australian tax consequences of investing in Convenience Retail REIT is contained in Section 11. However, the summary provides general information only. Applicants should make their own enquiries in relation to the taxation consequences of investing, taking into account their own circumstances, including obtaining independent professional taxation advice on the consequences of the Offer to them, based on their own particular circumstances and applicable to their own local jurisdiction.

Applicants should obtain and only rely on independent professional taxation advice if they are in doubt about the consequences of investing in Convenience Retail REIT, from a taxation perspective.

10.18. Foreign investors

10.18.1. International Offer Restrictions

No action has been taken to register or qualify this document, the Stapled Securities or this Offer, or otherwise to permit a public offering of the Stapled Securities in any jurisdiction outside Australia.

See Section 14.20 for information on the restrictions relating to the distribution of this PDS outside of Australia.

10.19. Enquiries

If you have enquiries or questions about this PDS or the Offer, you should contact the Convenience Retail REIT Information Line on 1800 502 914 (within Australia) or +61 1800 502 914 (outside Australia) or one of the Bookrunners. If you have any queries or uncertainties relating to aspects of this PDS or the Offer, please consult your Broker, accountant or other independent financial adviser before deciding whether to invest.

11 Taxation implications

11 Taxation implications

11. TAXATION IMPLICATIONS

This taxation commentary provides a brief general summary of certain Australian income tax and capital gains tax (CGT), GST and stamp duty consequences for Stapled Securityholders in Convenience Retail REIT and for Unitholders.

The comments below outline the Australian income tax consequences only as relevant to an Australian tax resident individual, company (other than a life insurance company) or complying superannuation fund who holds their Stapled Securities or Units on capital account. The comments do not address the tax consequences under any foreign law, including foreign tax law. These comments are not relevant to taxpayers who acquired or acquire the Stapled Securities or Units in the course of trading or dealing in securities or otherwise hold the Stapled Securities or Units on revenue account or as trading stock, or as financial arrangements subject to the taxation of financial arrangements regime.

In addition, the comments consider the Australian income tax consequences for non-Australian tax resident Stapled Securityholders and Unitholders that acquire and hold their Stapled Securities or Units on capital account for Australian income tax purposes. The comments do not apply to non-Australian tax resident Stapled Securityholders and Unitholders who hold their Stapled Securities or Units through a permanent establishment in Australia or hold their Stapled Securities or Units via an interposed Australian entity(ies).

This is a general summary only and is not intended to be, and should not be taken, or relied on, as Australian (and foreign if applicable) tax advice to a Stapled Securityholder or Unitholder. This Section does not consider all possible circumstances that may affect the position of each Stapled Securityholder or Unitholder.

Stapled Securityholders and Unitholders should seek advice from their own professional taxation adviser regarding the Australian tax consequences of the Transaction, including selling existing Units and / or acquiring, holding and selling Stapled Securities in Convenience Retail REIT, having regard to their particular circumstances.

This summary is based on the Australian tax laws, regulations and administrative practices in effect as at the date of this PDS.

According to a consultation paper released on 24 March 2017, the Australian Department of Treasury is undertaking a holistic examination of the tax consequences of the use of stapled structures. Through the consultation paper, the government is seeking to examine the taxation of investment income derived using stapled structures, including the dichotomy between trading and passive income. The consultation paper is being carried out with a view to considering potential policy options to amend Australia's taxation regimes, and is examining specific sectors, including real estate investment trusts. Although the consultation paper does not provide recommendations for reform, it does include questions that contemplate the removal of tax advantages for stapled securities.

Stapled Securityholders and Unitholders should be aware that any changes (with either prospective or retrospective effect) to the Australian tax laws may affect the taxation treatment of the Stapled Group Entities and Stapled Securityholders / Unitholders, included as described in this summary.

This taxation commentary should be read in conjunction with the remainder of the PDS and the capitalised terms set out in the Glossary.

11.1. Existing Unitholders – Australian tax residents

11.1.1. Taxation implications of the transaction

The Stapling and Listing of Convenience Retail REIT will be implemented via a series of steps. The Australian income tax consequences of each of these steps should be as set out below. An illustrative example of the taxation consequences arising from the series of steps will be provided by APN FM on the Convenience Retail REIT website: www.crreit.com.au.

PPP Unitholders should also refer to the tax comments, including worked examples, contained in the Notice of Meeting and Explanatory Memorandum dated Monday, 3 July 2017 in respect of the Transaction.

11.1.2. Interim Distribution to existing Unitholders in PPP and CRR2

If the Transaction is implemented, a Distribution for the period from 1 April 2017 to the relevant effective date for the implementation of the Transaction will be paid to all existing Unitholders. It is likely this will occur after 30 June 2017, in which case existing Unitholders will receive a quarterly Distribution for the period from 1 April 2017 to 30 June 2017 consistent with past practice, and an interim Distribution for the period from 1 July 2017 to the relevant effective date for the implementation of the Transaction. If the Transaction is not implemented, a quarterly Distribution for the period from 1 April 2017 to 30 June 2017 (and from 1 July 2017 to 30 September 2017) will be paid to all existing Unitholders consistent with past practice. To the extent the interim Distribution contains a tax deferred component, the cost base of Units will be reduced (it is not expected the tax deferred component of the interim Distribution will result in an excess and a resulting capital gain). Otherwise, the interim Distribution should be taxable to existing Unitholders. The Responsible Entity will notify Unitholders of the tax components of the interim Distribution, consistent with past practice.

11.1.3. Special Distribution to existing Unitholders in PPP

A Special Distribution of $0.315 per PPP Unit will be paid by PPP to all existing Unitholders in PPP. It is expected that the Special Distribution will not contain a taxable component, such that the cost base of PPP Units should be reduced by the amount of the Special Distribution (until the balance is zero, with any excess a capital gain, refer to Section 11.4.1 below). Existing Unitholders in PPP may be entitled to claim the CGT discount on any capital gain (refer to Section 11.4.1 below). Based on the current timetable, it is expected that the CGT event associated with the Special Distribution would arise in the 30 June 2018 income year.

The proceeds of the Special Distribution that are received by Remaining Unitholders, should be in excess of any income tax liability arising from its payment and any income tax liability arising from the implementation of the Stapling steps (refer to Section 11.1.7 below), potentially apart from corporate Remaining Unitholders. As such, Remaining Unitholders (potentially apart from corporate Remaining Unitholders) in PPP should not be disadvantaged from a cash flow perspective as a result of the implementation of the Stapling steps. Remaining Unitholders in PPP that hold their Units via a corporate entity may be required to fund a portion of the income tax liability.

11.1.4. Exiting PPP Unitholders

Exiting PPP Unitholders that elect to sell their PPP Units to SaleCo are likely to crystallise a taxable gain on disposal, which will reflect the increased value of their unitholding over time and the receipt of tax deferred Distributions that have eroded the tax cost base of the PPP Units:

- For each tranche 1 PPP Unit currently held by PPP Unitholders (acquired on 30 September 2002, for $1.00 per PPP Unit), the adjusted tax cost base of PPP Units as at 31 March 2017 should be approximately $0.1594 per PPP Unit (excluding any incidental costs) based on tax deferred Distributions made by PPP between December 2002 and 31 March 2017 (including in respect of the March 2017 quarter).
- For each tranche 2 PPP Unit currently held by PPP Unitholders (acquired on 29 November 2005 for $1.10 per unit), the adjusted tax cost base of PPP Units as at 31 March 2017 should be approximately $0.5328 per PPP Unit (excluding any incidental costs) based on tax deferred Distributions made by PPP between December 2005 and 31 March 2017 (including in respect of the March 2017 quarter).

The above adjusted tax cost bases will need to be further adjusted for tax deferred Distributions that are made in respect of periods after the March 2017 quarter (i.e. relevant components of the June 2017 quarter Distribution, the interim Distribution and the Special Distribution).

As noted below at Section 11.3, it is intended that the Attribution Managed Investment Trust (**AMIT**) regime will be adopted in either the 2017 or 2018 income year. In respect of PPP, it is intended that the AMIT regime will be adopted in the 2017 income year. Where the AMIT regime applies, a tax cost base adjustment will apply where broadly the amount of cash distributions made by PPP are different to the amounts assessed to the unitholder under the AMIT regime; where the cash distribution is more than the amount assessed to the unitholder (inclusive of CGT concession amounts), a tax cost base reduction is generally required (in line with the tax deferred adjustments described above), while where the cash distribution is less than the amount assessed to the unitholder (inclusive of CGT concession amounts), a tax cost base increase is generally required. There is a single AMIT tax cost base adjustment amount for an income year based broadly on the net position of cash distributions received and amounts assessed to the unitholder (inclusive of CGT concession amounts) in respect of the income year (being the AMIT tax cost base net amount).

As a consequence of cash flows and gains forecast to be recognised for the year ended 30 June 2017 and the current estimates of the projected 30 June 2017 quarter Distribution, it is expected that there will be an AMIT tax cost base adjustment increase of approximately $0.1428 per PPP Unit. The actual adjusted tax cost base that will apply following the 30 June 2017 quarter Distribution will need to reflect the actual AMIT adjustment arising from the 30 June 2017 quarter Distribution. The Responsible Entity will notify Unitholders of the tax components of the 30 June 2017 quarter Distribution, consistent with past practice.

Exiting PPP Unitholders that may be entitled to claim the CGT discount on any capital gain. Based on the current timetable, it is expected the CGT event associated with the disposal of PPP Units by Exiting PPP Unitholders would arise in the 30 June 2018 income year.

Refer further to Section 11.5.1.

It is also noted that in certain cases, a Distribution paid by a trust that is subject to a change of ownership may form part of the capital proceeds for a vendor from the disposal of their Units. Broadly, this may occur where the Distribution does not occur independently of the arrangement in respect of the disposal of the Units. The ATO's views as to when a dividend will form part of the capital proceeds from the disposal of shares are set out in Taxation Ruling TR 2010/4, and may by analogy be applicable to the disposal of units in a trust.

There are strong arguments that suggest the interim Distribution and Special Distribution should not be included in the CGT proceeds of Exiting PPP Unitholders in respect of the CGT event arising on sale of their PPP Units to SaleCo. However, it is possible the ATO may reach a different conclusion and you should seek your own independent tax advice on this matter.

Notwithstanding, for those Exiting PPP Unitholders that derive a CGT gain from the Special Distribution and the sale of their PPP Units to SaleCo, the inclusion of the interim Distribution and / or Special Distribution in their CGT proceeds for the sale of their PPP Units should not materially change the overall CGT outcomes for the Exiting PPP Unitholder. This is because if the Special Distribution is included in CGT proceeds for the sale of the PPP Units to SaleCo, a separate CGT event should not arise in respect of the Special Distribution itself (such that materially the same overall CGT gain should eventuate), and similarly there should not be double taxation in respect of the interim Distribution.

Exiting PPP Unitholders should seek their own independent tax advice regarding the tax implications to them (based on their circumstances) in the situation where the Special Distribution and/or interim Distribution is included in the CGT proceeds for the sale of the PPP Units to SaleCo.

11.1.5. Exiting CRR3 Unitholders

Where existing CRR3 Unitholders elect to sell their CRR3 Units to SaleCo, this will result in a disposal for CGT purposes. Refer to Section 11.5 for commentary regarding the CGT implications of a disposal of Units. Exiting CRR3 Unitholders should seek their own independent tax advice regarding the tax implications to them based on their own circumstances.

11.1.6. Restructure Distributions and subscription for new Units by Remaining Unitholders

Remaining Unitholders will receive a Restructure Distribution from their respective Stapled Group Entity, which will be compulsorily applied on behalf of the Remaining Unitholder to subscribe for new Units in the other Stapled Group Entities comprising Convenience Retail REIT (being the Stapling Unit Subscription). It is expected that the Restructure Distribution will not contain a taxable component, such that it is likely that Remaining Unitholders will be required to reduce the tax cost base of their existing Units by the amount of the Restructure Distribution from their respective Stapled Group Entity. Where the Restructure Distribution exceeds the current adjusted tax cost base of the existing Units, a capital gain should arise equal to the excess amount. Remaining Unitholders may be entitled to claim the CGT discount on any capital gain.

It is expected that a capital gain will arise to Remaining Unitholders in PPP as their cost base is likely to have been eroded from prior tax deferred Distributions received (with the associated CGT event expected to arise in the 30 June 2018 income year based on the current timetable). Refer further to Sections 11.1.4 and 11.4.1. Conversely, it is expected that Remaining Unitholders in CRR2 and CRR3 should have sufficient adjusted tax cost bases to offset the Restructure Distribution received.

On subscription for new Units in the relevant Stapled Group Entity, the first element of tax cost base for Australian income tax purposes for each relevant Unit in the other trusts comprising Convenience Retail REIT should be equal to the proportion of the Restructure Distribution attributable to the Unit. It is intended that Remaining Unitholders will be advised of this allocation via the Convenience Retail REIT website. Unitholders will be deemed to acquire the new Units at the time they become the owner of the new Units in Convenience Retail REIT. This ownership timing is important in determining eligibility to access the CGT discount (refer to the discussion below regarding requirements to access the CGT discount) upon a future disposal of the Units. Relevantly, CGT discount for the new Units obtained in the other trusts comprising Convenience Retail REIT should not be available if they are sold within 12 months of acquisition (only the component of the sale referrable to the original Units would be eligible if the original Units are held for at least 12 months at that time).

11.1.7. Consolidation of Units in Convenience Retail REIT

Prior to the Stapling, a consolidation of Units in each Stapled Group Entity comprising Convenience Retail REIT will occur in order for the Stapling ratio to result in one security consisting of one Unit in each trust comprising Convenience Retail REIT. On the basis that the consolidation will not result in a cancellation or issuance of Units, but rather a consolidation of the existing Units, the consolidation should not result in any tax liability for Remaining Unitholders. As a result of the consolidations, each Remaining Unitholders' tax cost base for Australian income tax purposes should be reallocated proportionately across the revised number of Units in the relevant trust and the CGT acquisition date of the Units should not be affected.

11.1.8. Stapling of Units in Convenience Retail REIT As part of the Transaction, Convenience Retail REIT has entered into a Stapling Deed to create the Stapled Securities. The Stapling of the Units should not give rise to any adverse Australian income tax consequences for Stapled Securityholders.

Notwithstanding Convenience Retail REIT will be listed as a single Listing on the ASX, Stapled Securityholders will need to track the cost base of Units in each of the Stapled Group Entities comprising Convenience Retail REIT.

11.1.9. Acquisition of Stapled Securities by investors

Where investors acquire Stapled Securities under the Offer, the cost base for Australian income tax purposes of each Stapled Security should be allocated to the underlying Units on the basis of the proportionate market value each Unit comprising the Stapled Security on the date of allotment of the new Stapled Securities. The first element of the tax cost base for each Unit will be equal to the proportion of the issue price attributable to it. Investors will be notified of this on or around the time of allotment.

11.2. Existing Unitholders – Non-Australian tax residents

The Australian income tax consequences of the above steps to non-Australian tax resident existing Unitholders (including Ineligible Foreign Unitholders) should be consistent with the matters discussed at Section 11.4.2 and 11.5.2 below (insofar as they relate to the PPP Units and CRR3 Units).

11.3. Taxation treatment of Convenience Retail REIT

Generally speaking, each Stapled Group Entity is expected to be a "flow through" entity for Australian income tax purposes. Accordingly, the Responsible Entity should generally not be liable to pay Australian income tax on the net (i.e. taxable) income of each Stapled Group Entity, on the basis that the Stapled Securityholders will have a present entitlement to all of the income of each Stapled Group Entity at the end of each income year or, as relevant, be attributed all of the determined trust components for the year under the AMIT rules. Consequently, the Stapled Securityholders in Convenience Retail REIT should be the persons who will be assessed on the taxable income of Convenience Retail REIT.

On the basis that each Stapled Group Entity is a "flow through" entity, each component of Convenience Retail REIT's taxable income should retain its character in the hands of the Stapled Securityholders.

For income tax purposes, a trust may be taxed as a company if it is a "public trading trust". Provided that neither Convenience Retail REIT nor an entity that Convenience Retail REIT controls, carries on a "trading business", each Stapled Group Entity should not be classed as a public trading trust.

It is the Responsible Entity's expectation that Convenience Retail REIT will not undertake any investment activities that would cause Convenience Retail REIT to be considered to control or carry on a "trading business", for the purpose of the public trading trust rules. As such, it is expected that each of the Stapled Group Entities should qualify as "flow through" trusts for Australian income tax purposes.

It is expected that each Stapled Group Entity would be considered a managed investment trust (**MIT**) for both capital election and fund payment purposes (see below). Obtaining MIT status allows each Stapled Group Entity to make irrevocable elections to apply the CGT rules as the primary code for the taxation of gains and losses on the disposal of certain assets (being primarily shares, units and real property). In order to apply deemed capital account treatment, broadly, the Responsible Entity must make the capital election before the Stapled Group Entity is required to lodge its tax return for the first income year in which it qualifies as an MIT.

It is the Responsible Entity's expectation that each Stapled Group Entity will be subject to a capital account election, so that certain investments of Convenience Retail REIT are deemed to be held on capital account.

A new tax regime for certain trusts that qualify as AMITs has recently been enacted. The application of the AMIT regime is elective, however if each Stapled Group Entity qualifies and the Responsible Entity makes an election to apply the regime, that choice is irrevocable (although a Stapled Group Entity may cease to be an AMIT in the future if it ceases to qualify). It is the Responsible Entity's expectation that the Stapled Group Entities will make the AMIT election for the 2017 or 2018 income year, as appropriate.

It is possible that Convenience Retail REIT may dispose of investment properties at a future time.

Should Convenience Retail REIT dispose of an investment property, Convenience Retail REIT may derive a capital gain to the extent that the consideration received on disposal of a property exceeds the tax cost base of the property. Convenience Retail REIT may incur a capital loss on the disposal of a property to the extent that the consideration on disposal is less than the reduced tax cost base of the property. To the extent that there is a net capital gain, Convenience Retail REIT should (if the property has been held for more than 12 months) be eligible to reduce its capital gain included in its net income by the CGT discount.

The Stapling and Listing will not reset the tax cost base of the properties in PPP and CRR2 to market value. Therefore, the tax cost base of the properties in PPP (and possibly certain properties in CRR2) will remain significantly below the current market value of the assets. If Convenience Retail REIT disposes of these properties, its taxable gain or loss for tax purposes will be calculated having regard to the difference between the sale price and the cost base of those properties regardless of the market value of the properties when Stapling and Listing occurs. Further, if the cost base of the properties is further reduced (whether that change is due to a change in law or due to a change in the cost base of Convenience Retail REIT), the taxable gain or loss on any disposal would be calculated by reference to that adjusted cost base.

Furthermore, as the Stapling and Listing will not reset the tax cost base of the properties in PPP and CRR2 to market value for tax depreciation purposes, this may impact the amount of tax deferred Distributions Convenience Retail REIT can distribute in future periods.

The Responsible Entity is required to deduct Pay-As-You-Go withholding tax from Distributions paid to Stapled Securityholders at the highest marginal tax rate, including the Medicare Levy, if the Stapled Securityholder has not quoted either their Tax File Number or Australian Business Number, and none of the relevant exemptions apply (including those exemptions relating to non-Australian tax resident Stapled Securityholders where the MIT or interest withholding regimes apply). Stapled Securityholders should generally be entitled to a tax credit for any such tax withheld.

11.4. Distributions from Convenience Retail REIT

11.4.1. Distributions to Australian tax residents

Stapled Securityholders should generally be required to include in their assessable income, a proportionate share of Convenience Retail REIT's net income for each relevant income year. A Stapled Securityholder's proportionate share of the net income of each Stapled Group Entity that comprises Convenience Retail REIT will be determined by the proportional entitlement to the distributable income of Convenience Retail REIT. There may be circumstances where Convenience Retail REIT's net income for tax purposes and the distributable income vary. In a year in which the Stapled Group Entities are AMITs, Stapled Securityholders will be required to include their determined member components in their assessable income.

Generally speaking, Stapled Securityholders will be assessed in the same year in which Convenience Retail REIT derived the income. This will include Stapled Group Entities' Distributions to a Stapled Securityholder which may not be received until after year end. Note that Distributions may include capital gains or unrealised income / gains that relate to a period before the investor became a Stapled Securityholder.

Each component of Convenience Retail REIT's income should retain its tax character in the hands of the Stapled Securityholder for income tax purposes. Such Distributions should generally be included in a Stapled Securityholder's assessable income.

Distributions of capital gains may be eligible for a CGT discount (with the discount being 50% in the case of an individual or trust, or 33 1/3% in the case of a complying superannuation entity, noting that companies are not entitled to the CGT discount), provided that Convenience Retail REIT held the relevant asset on capital account for at least 12 months.

Convenience Retail REIT may also make cash Distributions to Stapled Securityholders in excess of the net income of Convenience Retail REIT. Such Distributions may arise as a result of:

- "tax deferred" Distributions (e.g. returns of capital or income sheltered by tax depreciation deductions); and
- "CGT concession" Distributions (e.g. the discount component of net capital gains derived by the Stapled Group Entities).

Tax deferred Distributions should not be assessable to a Stapled Securityholder but, for CGT purposes, should reduce the tax cost base (and reduced tax cost base) of a Stapled Securityholder's securities in Convenience Retail REIT (but not below nil). If the tax cost base of a security is reduced to nil, the Stapled Securityholder should make a capital gain on any further tax deferred Distributions received in respect of that Stapled Security.

Any such capital gain may be eligible for discount CGT treatment depending on whether the Stapled Securityholder has held the Unit for at least 12 months (with the discount being 50% in the case of an individual or trust, or 33 1/3% in the case of a complying superannuation entity, noting that companies are not entitled to the CGT discount). Distributions of CGT concession amounts in relation to the discounted portion of a capital gain should not be assessable to Stapled Securityholders and should not affect the tax cost base (or reduced tax cost base) of a Stapled Securityholder's securities in Convenience Retail REIT for CGT purposes.

Units that were acquired in the Stapled Group Entities as a result of the Restructure Distribution would only be taken to have been acquired when the new Units were issued (their acquisition date is not grandfathered to when the Units were originally acquired). Relevantly, CGT discount for the new Units obtained in the other trusts comprising Convenience Retail REIT should not be available if they are sold within 12 months of acquisition (only the component of the sale referable to the original Units would be eligible if the original Units are held for at least 12 months at that time).

As discussed at Section 11.1.4 above, where the AMIT regime is applicable there can be both upward and downward adjustments to the tax cost base of a Stapled Securityholder's Stapled Securities in Convenience Retail REIT. There is a single AMIT cost base adjustment amount for an income year based broadly on the net position of cash distributions received and amounts assessed to the Unitholder (inclusive of CGT concession amounts) in respect of the income year (being the AMIT cost base net amount).

If any of the Stapled Group Entities makes a tax loss in any income year, the tax loss is not distributable to the Stapled Securityholders. Instead, the tax loss may be able to be carried forward and utilised by the respective Stapled Group Entity to offset future assessable income and capital gains, provided that the applicable trust loss rules are satisfied. Any capital losses of each Stapled Group Entity in any income year may also be carried forward, but may only be applied against future capital gains.

The Responsible Entity will provide Distribution statements (or AMMA statements, for each Stapled Group Entity that is an AMIT for the income year) to the Stapled Securityholders setting out the details of each Distribution of the Stapled Group Entities that comprise Convenience Retail REIT.

Stapled Securityholders should wait until receipt of a tax statement each year before completing an income tax return. The tax statement will provide Stapled Securityholders with full details of the assessable income Stapled Securityholders should include in their tax return in relation to each trust for an income tax year.

11.4.2. Distributions to non-Australian tax residents

Distributions that Convenience Retail REIT makes that qualify as “fund payments” will be subject to specific withholding tax rules. A fund payment is any payment from the net taxable income of Convenience Retail REIT to Stapled Securityholders (not including any dividend, interest or royalties). A fund payment will generally represent the rental income from properties held by Convenience Retail REIT and capital gains on disposal of those properties (i.e. Convenience Retail REIT is not expected to derive royalty, dividend or interest income).

The Responsible Entity will be required to withhold from Distributions to non-resident Stapled Securityholders in respect of Australian sourced income (apart from dividends, royalties and interest) as follows:

- for Stapled Securityholders that provide an address or place of payment for the Distribution in an “information exchange country”, the Responsible Entity will be required to withhold tax at 15% from fund payments; and
- for Stapled Securityholders that provide addresses in non-information exchange countries, the Responsible Entity will be required to withhold tax at 30% from fund payments.

Non-resident Stapled Securityholders that are resident in an information exchange country should not be required to lodge an Australian income tax return in respect of a Distribution that is subject to MIT withholding tax. This is due to the MIT withholding tax being a final tax for Australian income tax purposes. Non-resident Stapled Securityholders that provide an address in an information exchange country but are resident elsewhere may have additional Australian tax obligations to consider.

Interest income distributed by Convenience Retail REIT should generally be subject to a 10% withholding.

Tax deferred Distributions should not generally be assessable to a non-Australian tax resident Stapled Securityholders but, for CGT purposes, should reduce the tax cost base (and reduced tax cost base) of a Stapled Securityholder’s securities in Convenience Retail REIT (but not below nil). If the tax cost base of a security is reduced to nil, the Stapled Securityholder should make a capital gain on any excess or further tax deferred Distributions received. The Australian CGT consequences of a capital gain for non-Australian tax resident Stapled Securityholders in this situation should be consistent with the matters discussed at Section 11.5.2 below (e.g. no Australian tax should generally be payable on capital gains made by non-Australian tax resident Stapled Securityholders in respect of their Stapled Securities where their security holding (together with associates) is less than 10% of Convenience Retail REIT (at the time of the CGT event and during a greater than 12 month period in the 24 months prior to the CGT event)).

Non-resident existing Unitholders should seek advice from their own professional taxation adviser regarding the tax consequences of the Transaction (including the tax consequences in their local jurisdiction or jurisdiction of tax residence).

11.4.3. Distribution reinvestment plan (DRP)

The comments in this Section 11 do not consider the taxation implications of Stapled Securityholders participating in a DRP. If a DRP is activated at a future time, Stapled Securityholders are advised to seek advice prior to participating in the DRP.

11.5. Sale or redemption of Stapled Securities

11.5.1. Australian tax resident Stapled Securityholders

A sale of Stapled Securities will constitute a disposal for CGT purposes, and may result in a capital gain or capital loss for a Stapled Securityholder. For CGT purposes, the disposal of a Stapled Security will be treated as a disposal of separate assets, being a Unit in each Stapled Group Entity. The CGT rules will apply separately to each Unit, such that an apportionment of sale proceeds will be required, based on the relative market values at the time of disposal. One possible method of apportionment is on the basis of the relative net tangible assets of the individual entities comprising Convenience Retail REIT. It is intended that information will be published on the website of Convenience Retail REIT to assist Stapled Securityholders in completing their tax return when they dispose of their Stapled Securities (noting that each Stapled Securityholder's particular circumstances is different, and it is recommended that Stapled Securityholders seek professional taxation advice in relation to the taxation implications of your investment, including the taxation implications of disposal).

A capital gain will arise to a Stapled Securityholder where the capital proceeds received from the sale of a Unit are greater than the tax cost base of the Unit for CGT purposes. A capital loss will arise if the capital proceeds on sale of a Unit are less than the reduced tax cost base of the Unit for CGT purposes.

Discount CGT treatment may be available to reduce the capital gain realised by a Stapled Securityholder on the sale or redemption of their Units. If the Unit has been held for at least 12 months, the resulting capital gain after offsetting capital losses of the Stapled Securityholder may be able to be discounted by 50% in the case of an individual or trust, or 33 1/3% in the case of a complying superannuation entity (noting that the CGT discount is not available to companies).

Units that were acquired in the Stapled Group Entities as a result of the Restructure Distribution would only be taken to have been acquired when the new Units were issued (their acquisition date is not grandfathered to when the Units were originally acquired). Relevantly, CGT discount for the new Units obtained in the other trusts comprising Convenience Retail REIT should not be available if they are sold within 12 months of acquisition (only the component of the sale referrable to the original Units would be eligible if the Units are held for at least 12 months at that time).

11.5.2. Non-Australian tax resident Stapled Securityholders

Non-Australian tax resident Stapled Securityholders would generally be subject to CGT on disposal of the Stapled Securities. A CGT discount is generally not available for non-Australian tax resident Stapled Securityholders (certain transitional measures apply for assets held at the time the CGT discount was removed for non-Australian tax residents).

However, no Australian tax should generally be payable on capital gains made by non-Australian tax resident Stapled Securityholders from the disposal of their Stapled Securities where their securityholding (together with associates) is less than 10% of Convenience Retail REIT (at the time of the CGT event and during a greater than 12 month period in the 24 months prior to the CGT event).

The government has announced a change to the scope of taxable Australian property in Division 855 of the *Income Tax Assessment Act 1997*. Specifically, the principal asset test will be applied on an associate-inclusive basis, which is designed to ensure that foreign residents cannot avoid a CGT liability by disaggregating indirect interests in Australian real property. The measure is stated to apply from 9 May 2017.

A non-Australian tax resident Stapled Securityholder that holds their investments on revenue account should seek advice about the Australian income tax implications of disposing Stapled Securities based on their individual circumstances.

11.6. Foreign resident capital gains withholding (FRCGW)

New rules have recently been enacted which can apply to the disposal of certain taxable Australian property under contracts entered into on or after 1 July 2016. The current non-final withholding tax rate is 10%. It is proposed that this will increase to 12.5% from 1 July 2017. The regime applies to any transaction involving the acquisition of the legal ownership of an asset that is taxable Australian real property, an indirect Australian real property interest (such as membership in a "land rich" company or trust) or an option or right to acquire such property or such an interest from a "relevant foreign resident".

For the purposes of these rules, a relevant foreign resident is any entity that, at the time the transaction is entered into:

- is known by the purchaser to be a foreign resident;
- is reasonably believed by the purchaser to be a foreign resident;

- is not reasonably believed by the purchaser to be an Australian resident, and either has an address outside Australia or the purchaser is authorised to provide a financial benefit relating the transaction to a place outside Australia; or
- has a connection outside Australia of a kind specified in the regulations.

11.6.1. Acquisition via SaleCo

The acquisition by investors of Stapled Securities from SaleCo is a transaction to which FRCGW may apply. However, on the basis SaleCo provides the following declaration of Australian tax residency, no withholding will be required:

- Vendor – CRR SaleCo Limited;
- ACN – 619 270 610; and
- Address (including postcode) – Level 30, 101 Collins Street Melbourne VIC 3000, Australia.

SaleCo declares that it is, and will be an Australian tax resident, for the period from the date of this PDS up to and including the date on which the acquisition by investors of Stapled Securities from SaleCo completes.

11.6.2. Disposal via the ASX

FRCGW should not apply to the disposal of Stapled Securities on the ASX (in accordance with a specific exemption).

The representatives of Deloitte Tax Services Pty Ltd involved in preparing the taxation commentary at Sections 11.1 to 11.6.2 (inclusive) above are not licensed to provide financial product advice as defined by the Corporations Act. Stapled Securityholder and Unitholders should consider seeking advice from an Australian financial services licence holder before making any decision in relation to a financial product. Stapled Securityholders and Unitholders should also note that taxation is only one of the matters that need to be considered when making a decision on a financial product.

11.7. GST

Unitholders would not have any liability for GST on any supplies made by them under the Transaction. Unitholders and Stapled Securityholders should seek independent professional advice in respect of any entitlement to claim input tax credits for any costs incurred by them relating to the Transaction or ongoing dealings relating to the Stapled Securities.

The REIT will incur various costs associated with the Transaction. To the extent that these costs are subject to GST, the REIT may be entitled to claim full input tax credits or reduced input tax credits for certain costs. The estimated total GST cost for which credits would not be available is $0.4 million.

11.8. Stamp duty

Under the Transaction, Unitholders would not be liable to stamp duty in any Australian state or territory. Stapled Securityholders should seek independent professional advice in respect of any ongoing dealings relating to the Stapled Securities.

APN FM expects that the stamp duty cost under the Initial Portfolio at Allotment in respect of the transfer of properties is estimated to be $3.7 million.

Stamp duty costs will be payable by APN FM out of the assets of the relevant fund.

12 Fees and other costs

12 Fees and other costs

The Corporations Act requires the Issuers to include the following standard consumer advisory warning. The information in the consumer advisory warning is standard across product disclosure statements.

12.1. Consumer advisory warning

DID YOU KNOW?

Small differences in both investment performance and fees and costs can have a substantial impact on your long term returns.

For example, total annual fees and costs of 2% of your investment balance rather than 1% could reduce your final return by up to 20% over a 30 year period (for example reduce it from $100 000 to $80 000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.

You may be able to negotiate to pay lower contribution fees and management costs where applicable. Ask Convenience Retail REIT or your financial adviser.

TO FIND OUT MORE

If you would like to find out more, or see the impact of the fees based on your own circumstances, the Australian Securities and Investments Commission (ASIC) website (www.moneysmart.gov.au) has a managed funds fee calculator to help you check out different fee options.

12.2. Fees and other costs

This Section shows fees and other costs that you may be charged. These fees and costs may be deducted from your money, from the returns on your investment or from the assets of Convenience Retail REIT as a whole. Tax costs are set out in Section 11. You should read all information about fees and costs because it is important to understand their impact on your investment.

Convenience Retail REIT – fees and other costs

TYPE OF FEE OR COST	AMOUNT[1]	HOW AND WHEN PAID
FEES WHEN YOUR MONEY MOVES IN OR OUT OF CONVENIENCE RETAIL REIT		
Establishment fee The fee to open your investment	Nil	Not applicable.
Contribution fee The fee on each amount contributed to your investment	Nil	Not applicable.
Withdrawal fee The fee on each amount you take out of your investment	Nil	Not applicable.
Exit fee The fee to close your investment	Nil	Not applicable.

1 All fees and costs set out in this section are inclusive of any applicable GST, less any applicable reduced input tax credit.

MANAGEMENT COSTS[2]		
Management costs The fees and costs for managing your investment	APN FM will charge: • 0.65% per annum of the Stapled Group GAV up to $500 million; • 0.60% per annum of the Stapled Group GAV between $500 million and $1,000 million; • 0.55% per annum of the Stapled Group GAV between $1,000 million and $1,500 million; • 0.50% per annum of the Stapled Group GAV in excess of $1,500 million; and • other management costs, including expense recoveries, estimated to be approximately 0.20% per annum of the Stapled Group GAV.	The management fee payable to the Manager under the Investment Management Agreement, which is expressed as a percentage of Stapled Group GAV is accrued daily and paid monthly from the income or assets of Convenience Retail REIT[3]. Expenses are paid from the assets of Convenience Retail REIT when due and payable[4].
SERVICE FEES		
Switching fee The fee for changing investment options	Nil	Not applicable.

12.3. Example of annual fees and costs

The following table shows an example of how estimated ongoing management fees and costs can affect your investment over for a 1 year period[5]. This table provides you with information to compare this product with other managed investment products.

Example

Balance of $50,000 with a contribution of $5,000 during the year		
Contribution fees	Nil	For every additional $5,000 you invest, you will be charged $0.00.
PLUS management costs		For every $50,000 you have invested you will be charged the following amounts each year.
Management fee	***0.65%*** of Stapled Group GAV	For every $50,000 you have invested you will be charged $423 each year.
Other management costs	***0.20%*** of Stapled Group GAV	For every $50,000 you have invested you will be charged $133 each year.
EQUALS cost of Convenience Retail REIT		If you had an investment of $50,000 at the beginning of the year and you invested an additional $5,000 at the end of that year, you would be charged fees and expenses of $556[6].

2 See "Additional explanation of fees and costs" in this Section for further details.

3 See "Additional explanation of fees and costs" in this Section for further details.

4 See "Additional explanation of fees and costs" in this Section for further details.

5 For the period from Allotment to30 June 2018 (annualised).

6 This amount is only an estimate based on Stapled Group GAV (inclusive of the Additional Properties). This is an estimate only and it is likely that both the expenses and Convenience Retail REIT's Stapled Group GAV will change over time. See "Additional explanation of fees and costs" in this Section for further details.

12.4. Additional explanation of fees and costs

Management costs

The total management costs for Convenience Retail REIT comprises:

- the management fee under the Investment Management Agreement (see explanation of management fees below); and
- other management costs which includes fees payable to the Responsible Entity for custodial services (see explanation of custody fees below), recoverable expenses (see explanation of recoverable expenses below) and indirect costs, but does not include transactional and operational costs (see explanation of transactional and operational costs below) and costs that an investor would incur if he or she invested directly in Convenience Retail REIT assets.

The management costs shown in the tables in Sections 12.2 and 12.3 include all estimated management costs as at the date of this PDS. The information is based on information available and (if applicable) estimates as at the date of this PDS and the actual management costs incurred by APN FM may differ. Any updates from time to time, which are not materially adverse, will be available at our website.

Management costs may vary in future years. Updated details will also be available at our website each year.

Management fees[7]

Under the Investment Management Agreement, the Manager is entitled to be paid in consideration for the provision of the management services a management fee equal to the aggregate of the following:

- 0.65% per annum of the Stapled Group GAV up to $500 million;
- 0.60% per annum of the Stapled Group GAV in excess of $500 million, but less than $1.0 billion;
- 0.55% per annum of the Stapled Group GAV in excess of $1.0 billion, but less than $1.5 billion; and
- 0.50% per annum of the Stapled Group GAV in excess of $1.5 billion.

The fees payable to the Manager under the Investment Management Agreement are payable monthly in arrears within 21 days of the end of each month.

The Manager is entitled to be reimbursed for all reasonable expenses properly incurred in the performance of services, including all taxes and amounts it pays to third parties for which it is also separately indemnified by the Responsible Entity.

Although the Responsible Entity is entitled under the Stapled Group Entity Constitutions while Stapling applies (subject to the approval of the amendments to the PPP constitution by PPP Unitholders), to management fees of up to 1% per annum of the GAV of PPP, 0.65% per annum of the GAV of CRR2 and 0.65% per annum of the GAV of CRR3, the Responsible Entity and the Manager will not take aggregate management fees exceeding 0.65% per annum of the Stapled Group GAV. The Responsible Entity has agreed to reduce its fees to the extent that management fees are paid to the Investment Manager under the Investment Management Agreement.

The Responsible Entity may not increase the fees payable to it as set out in the Stapled Group Entity Constitutions without a special resolution of Stapled Securityholders first having varied the respective Stapled Group Entity Constitutions. A special resolution requires 75% of the votes cast by those Stapled Securityholders entitled to vote on the resolution (by value).

In addition to the management costs, the Manager has been appointed Property Manager to provide property management services under the Property Management Agreement. The fees payable under the Property Management Agreement are described in Section 13.7. You should note that fees under the Property Management Agreement have not been included in the estimated management costs, as they are of a kind that would typically be incurred if investors acquired the relevant properties directly and not through Convenience Retail REIT.

Custody fees

Where the Responsible Entity is performing a custodial function for PPP or CRR3, the Responsible Entity is entitled to charge a custody fee of up to 0.05% of the GAV of the PPP or CRR3 as applicable. Where the Responsible Entity engaged a third party to provide custody services, the Responsible Entity is entitled to recover such costs as a recoverable expense.

7 Management Fees include GST less any reduced input tax credits / recoverable GST. APN FM has assumed that all GST incurred by Convenience Retail REIT on Management Fees will be recoverable. If this is not the case, then Management Fees will increase by the amount of unrecoverable GST (if any).

Recoverable expenses

To the extent permitted by law, APN FM is entitled to recover all costs and expenses incurred in the proper performance of its duties as the Responsible Entity, including (but not limited to):

- costs of Convenience Retail REIT's external advisers, including Convenience Retail REIT's auditors, managers and legal advisers;
- costs of use of APN FM's compliance committee;
- fees associated with taxes, government levies and bank charges;
- fees payable to the Registry;
- custodian fees paid to any third party custodian from time to time; and
- ongoing fees payable to the ASX, ASIC or other regulatory or government authorities.

There is no limit in the Stapled Group Entity Constitutions on the amount that can be recovered for expenses that are reasonably and properly incurred.

Transactional and operational costs

Transaction costs associated with investing in the underlying assets of Convenience Retail REIT such as stamp duty and any difference between the actual price paid or received for acquiring or disposing of an asset and its actual value at that time may be incurred by Convenience Retail REIT from time to time.

Fees to related parties under management arrangements

Convenience Retail REIT will enter into agreements with third parties (which may include APN PG or wholly owned subsidiaries) to provide property management and other services to Convenience Retail REIT from time to time. All such arrangements will be entered into on arm's length terms. The material agreements that have been initially entered into are summarised in Section 13. Under these agreements certain fees and expenses will be paid from Convenience Retail REIT's assets to related parties of APN FM. Such items represent fees and expenses paid to:

- the Investment Manager, pursuant to the Investment Management Agreement; and
- the Property Manager, pursuant to the Property Management Agreement.

As noted above, the fees payable to the Property Manager under the Property Management Agreement have not been included in the estimated management costs, as they are of a kind that would typically be incurred if investors acquired the relevant properties directly and not through Convenience Retail REIT.

Adviser remuneration

Convenience Retail REIT does not pay any service fees, upfront or trail commissions to financial advisers or advisory firms. You may however agree to pay your adviser a fee for financial advice or advice services they may provide you.

Taxes[8]

Unless otherwise stated, all fees in this Section are inclusive of GST and less a full input tax credit or reduced input tax credit, as applicable. Convenience Retail REIT is likely to be entitled to as yet undetermined additional input tax credits on certain fees and costs incurred. If for any reason Convenience Retail REIT is not entitled to receive an input tax credit for expenses incurred, the additional GST will be incurred out of Convenience Retail REIT's assets.

12.5. Transaction Costs associated with the Transaction

Transaction Costs: advisers and other fees and costs

Transaction Costs under the terms of the Offer of Stapled Securities in Convenience Retail REIT are estimated to be approximately $15.2 million and includes stamp duty and property due diligence costs and Offer management fees, debt establishment costs and other costs associated with the Offer including advisers' and consultants' fees, printing, marketing and listing fees. These costs are one-off in nature and have not been included in the estimated management costs of Convenience Retail REIT in subsequent years. These amounts will be paid by the REIT from the Proceeds raised under the Offer.

8 APN FM has assumed that all GST incurred by Convenience Retail REIT on Management Fees will be recoverable. If this is not the case, then Management Fees will increase by the amount of unrecoverable GST (if any).

The table below sets out the fees and costs expected to be incurred in connection with the Transaction and includes the acquisition of the Additional Properties, including stamp duty and due diligence costs associated with the acquisition of the Additional Properties.

Transaction Costs

Type of fee or cost	Expected total	% of total
Stamp duty and property due diligence costs	6.7	44%
Debt establishment costs	1.0	6%
Offer management fees	4.8	32%
Other costs	2.7	18%
Total Transaction Costs	**15.2**	**100%**

13 Material agreements

13 Material agreements

13.1. Constitutions

A copy of the consolidated PPP constitution and Stapled Group Entity Constitutions is available from APN PG's website: www.apngroup.com.au. A paper copy may also be requested by contacting APN Investor Services on 1800 996 456 (for investors) or 1300 027 636 (for advisors) from 8.30am until 5.30pm (AEST) on business days.

13.1.1. Summary of the Stapled Group Entity Constitutions

Following amendment of the PPP constitution and CRR2 constitution, the material terms of the Stapled Group Entity Constitutions will be materially the same.

A summary of the key provisions of the Stapled Group Entity Constitutions, following the existing PPP Unitholders approving the amendment of the PPP constitution, is set out below.

Corporations Act and Listing Rules

The provisions of the Stapled Group Entity Constitutions are subject to the Corporations Act and the Listing Rules.

Units

The beneficial interest of each of PPP, CRR2 and CRR3 (each a Stapled Group Entity) is divided into Units. Each Unit confers an equal undivided, vested and indefeasible beneficial interest in a Stapled Group Entity (and does not confer rights in any particular asset). APN FM, in its capacity as Responsible Entity of each of PPP, CRR2 and CRR3, may issue Units in a Stapled Group Entity. APN FM may issue different classes of Units, or divide issued Units in a Stapled Group Entity into different classes, and may reject all or part of an application for Units in a Stapled Group Entity. While Stapling applies, Units of a Stapled Group Entity may only be issued if a corresponding number of Units in each other Stapled Group Entity are issued.

Issue price

The issue price of Units:

- will be determined by APN FM in the following circumstances:
  - in connection with the Transaction, having regard to the Offer Price and stapling ratio to effect Stapling;
  - in the case of a proportional offer to Unitholders, subject to the Listing Rules and any applicable ASIC relief;
  - in the case of a placement or issue under a security purchase plan that complies with the Listing Rules and applicable ASIC relief; and
  - in the case of an interest purchase plan, subject to the Listing Rules and any applicable ASIC exemptions;
- in the case of a reinvestment of Distributions while the Stapled Securities are Officially Quoted, will be the issue price of the Stapled Security less the issue price of the Attached Securities or a proportion of the Stapled Security price having regard to the proportion that Stapled Group Entity's net asset value bears to Convenience Retail REIT net asset value. The Stapled Securities issue price in this circumstance will be the average of the volume weighted average price for the Stapled Securities during the 5 business days following the end of the period for which the Distribution relates less any discount not exceeding 10%. If APN FM is of the opinion that the price does not provide a fair reflection of market value, the market price would be determined by an independent adviser;
- in the case of an issue of Units as consideration for the acquisition of an investment while Stapled Securities are Officially Quoted, will be a proportion of the issue price of the Stapled Security relative to the proportion that Stapled Group Entity's net asset value bears to Convenience Retail REIT net Asset Value. The issue price of Stapled Securities for this purpose will be the average of the intraday prices of Stapled Securities on the ASX, weighted by volume and calculated over the 10 business days preceding the date which is 5 business days prior to either the announcement of the proposed transaction (if such an announcement is made) or prior to the date of the agreement, or to the extent permitted by and in accordance with the Corporations Act, Listing Rules and applicable ASIC exemptions – such price as is determined by APN FM in accordance with the procedures set out in the Stapled Group Entity Constitutions;
- in the case of Units issued on the exercise of an option, the price is calculated in accordance with the terms of that option. The exercise price under an option must not be less than 50% of the issue price for Stapled Group Entity Units that would otherwise apply under the Stapled Group Entity Constitutions; and
- in all other circumstances while Stapled Securities are Officially Quoted, the market price calculated on the day which is 10 business days prior to the date upon which the issue price is calculated less the issue price of the Attached Securities or the Stapled Security price relative to the proportion that Stapled Group Entity's net asset value bears to Convenience Retail REIT

net asset value. If there has not been a sale of Stapled Securities over the relevant period or APN FM is of the opinion the price does not provide a fair reflection of market value, the market price of Stapled Securities would be determined by an independent adviser.

Convenience Retail REIT has elected to “opt-in” and rely on ASIC Class Order CO13/655.

Distributions of income and capital

Distributions are calculated on 30 June and 31 December unless the Responsible Entity determines a different Distribution calculation date (**Distribution Calculation Date**). The Distribution Calculation Date is the same across each Stapled Group Entity.

Units in a Stapled Group Entity rank pari passu (except if different classes are issued in the future which is not currently intended), so Distributions of income and/or capital are made to all Unitholders in a Stapled Group Entity equally based on their proportion of Units held.

APN FM may also distribute any amount of capital to Unitholders of a Stapled Group Entity pro rata at any time. Pro rata Distributions may be in the form of cash or by way of additional Stapled Securities, or in the form of other assets.

Unitholders in a Stapled Group Entity may be given the option to reinvest some or all of their Distribution entitlement by acquiring additional Units in that Stapled Group Entity. While Stapling applies, a Unitholder in a Stapled Group Entity may only acquire Units in the relevant Stapled Group Entity pursuant to a reinvestment plan if the Unitholder also subscribes for a corresponding number of Units in the other Stapled Group Entities.

Redemption of Units

While listed, Units in a Stapled Group Entity are not able to be redeemed, except in a buy-back which satisfies the Corporations Act and the Listing Rules.

Meetings of Stapled Securityholders and voting

Meetings are to be held in accordance with the Corporations Act. APN FM may hold joint meetings of the holders of Stapled Securities. Stapled Securityholders can vote in person or by proxy. Votes are by show of hands, unless a poll is validly demanded or required under the Corporations Act.

Foreign Stapled Securityholders

Subject to the Listing Rules and applicable ASIC relief, APN FM may, in relation to an offer of Units in a Stapled Group Entity, elect to offer Units only to Stapled Securityholders with registered addresses in Australia and such other countries (if any) as APN FM determines. Stapled Securityholders with a registered address outside Australia, and who APN FM has determined to be Ineligible Foreign Stapled Securityholders, consent to the appointment of a sale nominee as set out in the Stapled Group Entity Constitutions.

Small holdings

As permitted under the Listing Rules, APN FM may purchase “small holdings” of Units in a Stapled Group Entity which comprise less than a marketable value on one occasion in any 12 month period. It will give notice to the Unitholder in writing.

Management of Convenience Retail REIT by APN FM

APN FM as Responsible Entity of each Stapled Group Entity, must always act in the best interests of the Unitholders of each Stapled Group Entity. APN FM has full power to issue Units in each Stapled Group Entity, borrow money and register (including, if required or allowed by the Listing Rules, being able to decline to register) transfers of Units. The Responsible Entity has the power to buy and sell properties and other assets, and can enter into leases. APN FM can also delegate to others, but remains ultimately responsible to each Stapled Group Entity. APN FM or its officer or employee or associate and its associated entities can hold Units in a Stapled Group Entity, and can deal with itself in any other capacity.

APN FM may be indemnified out of each Stapled Group Entities’ assets for any liability incurred by it in properly performing or exercising any of its powers, duties or rights in relation to that Stapled Group Entity. This includes liabilities incurred in relation to the Stapling and Listing.

Fees of the Responsible Entity

The Responsible Entity is entitled to be paid a management fee and a custody fee as described in Section 12.4. However, as noted in Section 12, the management fees will be paid in full to the Manager out of the assets of Convenience Retail REIT under the terms of the Investment Management Agreement which is summarised in Section 13.6 and APN FM, as Responsible Entity, will not receive such fees to the extent they are paid to the Manager.

Proportional takeover bid provisions

APN FM may refuse to register a transfer of Units in a Stapled Group Entity under a proportional takeover bid unless Stapled Securityholders have passed a resolution to approve it. This provision ceases to have effect three years after the date that the Stapled Group Entity Constitutions comes into effect.

Replacement of Responsible Entity

APN FM can retire if it chooses and must retire when required to do so by law – for example, a resolution of Stapled Securityholders under section 601FM of the Corporations Act.

Amendments to the Stapled Group Entity Constitutions

The Stapled Group Entity Constitutions can be amended by a resolution of Stapled Securityholders, or APN FM can make amendments unilaterally by deed poll if it reasonably considers the change will not affect members' rights, to ensure compliance with the Corporations Act and the Listing Rules.

Term of Convenience Retail REIT

Each Stapled Group Entity is an open-ended unit trust. It runs for 80 years unless terminated earlier by (among others) special resolution of Stapled Securityholders in accordance with the Corporations Act, or as notified by APN FM at the time.

Complaints

The Stapled Group Entity Constitutions set out a Stapled Securityholder complaints process.

Stapling and restructure proposals

The Stapled Group Entity Constitutions give APN FM the power to staple the Units of PPP, CRR2 and CRR3. While Stapled, Units may only be issued, dealt with or disposed as a Stapled Security. APN FM must keep, subject to the Corporations Act, a register of the holders of Stapled Securities.

APN FM is further given power to enter into restructure proposals without Unitholder approval which do not adversely affect the rights of Unitholders.

Options

APN FM may issue options in a Stapled Group Entity which, while Stapling applies, may only be exercised if, pursuant to the exercise, a corresponding number of Units is acquired in all Stapled Group Entities.

Partly paid Units

APN FM may determine that the issue price of some Units is payable by instalments. The Stapled Group Entity Constitutions set out how such partly paid Units are to be dealt with.

Transfers

Subject to the Corporations Act and the Listing Rules, while Stapled Securities are Officially Quoted, they may be transferred as provided by the operating rules of the ASX's clearing and settlement facility or any other method required or permitted by the Corporations Act, the ASX or ASIC.

If Stapled Securities are Officially Quoted, and if permitted to do so by the Listing Rules, APN FM may request the application of a holding lock to prevent a transfer or refuse to register a transfer. APN FM may refuse to register a transfer if the Corporations Act or the Listing Rules require APN FM to do so or the transfer is in breach of the requirement not to dispose of "restricted securities" during the "escrow period" (see "Restricted securities" below).

Restricted securities

If the Listing Rules require, "restricted securities" (as defined in the Listing Rules), cannot be disposed of during the "escrow period" (as defined in the Listing Rules) and APN FM must refuse to acknowledge a disposal (including registering a transfer) of "restricted securities" during the "escrow period" except as permitted by the Listing Rules or the ASX.

During a breach of a restriction agreement or Listing Rules relating to Stapled Securities which are "restricted securities", the holder is not entitled to any Distribution, or voting rights, in respect of those "restricted securities".

Buy-backs

APN FM is given power to purchase and cancel Units subject to the Corporations Act and the Listing Rules.

13.2. Leases

The leases to Puma Energy Australia are the material lease agreements. They contain substantially the same terms. A number of Puma Properties have other existing third party tenants. Those tenants will continue to have occupation rights in respect of those Puma Properties, with most of those tenancy arrangements being directly between Puma Energy Australia and the relevant third party tenant.

Each lease to Puma Energy Australia has the following material terms:

- **Term:** the initial term is between 16 to 18 years;
- **Option:** there are 4 further terms of 10 years each. Any renewed lease will be on the same terms as the initial lease (except for rent and other consequential changes), and any option to renew is required to be exercised by Puma Energy Australia giving not less than six months' notice before the expiry date of the existing term;
- **Rent:** the current rent payable under each lease reflects its market rental rate as at the date of the Independent Valuers' respective reports. Fixed annual rent increases of 3% will apply during the lease terms (including further terms). A market review will apply at the commencement of the further terms subject to cap and collar of 10%;
- **Outgoings:** Puma Energy Australia is responsible for all rates, taxes (including land tax) and landlord's insurance;
- **Maintenance:** Puma Energy Australia must keep the premises and the landlord's property in good and substantial repair having regard to the condition of the premises as at the lease commencement date, subject to fair wear and tear, and excluding structural and capital expenditure except where the need for them is due to the negligence, default or wilful acts of Puma Energy Australia;
- **Insurance:** Puma Energy Australia must maintain the following insurances with a reputable insurer:
  - damage and destruction of the improvements forming part of the premises and the landlord's property for their full replacement value;
  - public liability insurance for an amount not less than $20,000,000;
  - insurance for any work carried out on the premises which is commonly the subject of contracts works insurance;
  - workers' compensation insurance required by law; and
  - with each such policy taken out by Puma Energy Australia to note the interest of Convenience Retail REIT;
- **Permitted use:** Puma Energy Australia may not use the premises or allow the premises to be used for any purpose other than a service station, convenience store and any other uses ancillary to a service station permitted by law;
- **Alterations:** Puma Energy Australia may carry out alterations to the premises without the landlord's consent, at Puma Energy Australia's cost, other than the following kinds of material alterations which may only be made with the landlord's consent:
  - works or alterations of a structural nature; and
  - any works to the services serving the premises;
- **Major capital works:** Puma Energy Australia may, once every 10 years during the lease term, elect to undertake major capital works to any part of the landlord's property that reaches the end of its economic life.

If the landlord agrees to fund the major capital works:

- the total of the construction costs will be rentalised, and added to the rent, for the balance of the then current term at a rentalisation rate equal to the current rent capitalisation rate as either agreed or failing agreement, by a valuer appointed by the parties;
- the current lease term will be extended so it will expire on the later of the relevant expiry date and 10 years from the completion date of the major capital works; and
- the major capital works will be owned by the landlord and form part of the landlord's property.

If Puma Energy Australia elects to undertake major capital works and completes them at its expense:

- the major capital works will be owned by the landlord, and form part of the landlord's property; and
- Puma Energy Australia may elect to extend the current lease term so it will expire on the later of the relevant expiry date and 10 years from the completion date of the major capital works;

- **Assignment and subletting:** Puma Energy Australia may:
  - assign a lease to a related body corporate of it or with the landlord's consent if certain conditions are satisfied for non related body corporates.
  - may sublet or licence all or part of the premises to any third party without the landlord's consent.
- **Contamination:** Puma Energy Australia is responsible for all contamination affecting the premises or any surrounding area (whether existing before or after the relevant lease commences) except the extent caused by the landlord.

Puma Energy Australia must:

- procure an environmental assessment of the premises at the end of each lease addressed to both the landlord and the tenant; and
- carry out any necessary works to remediate the premises and surrounding area, to ensure that they are not contaminated such that the contamination would be considered to pose an unacceptable level of risk for the ongoing use of the premises as a service station. However, Puma Energy Australia is not responsible for carrying out any remediation or other works necessary in relation to contamination caused or contributed to by the landlord or any agent, employee, contractor, licensee or invitee of the landlord;

- **Guarantee:** Puma Energy Holdings Pte Ltd provides a limited guarantee equivalent to the total of six months' rent and outgoings as security for each lease and an unlimited guarantee with respect to Puma Energy Australia's contamination liabilities. Puma Energy (Australia) Assets Holdings provides an unlimited guarantee for each lease (including any contamination liabilities);
- **Option to purchase:** Puma Energy Australia has an option to purchase the premises within 12 months after an adverse event occurs (eg an event causing substantial reduction in traffic to premises); and
- **Right of first refusal:** Puma Energy Australia has a first right of refusal to acquire the premises if the landlord wishes to sell it.

13.3. Stapling Deed

To facilitate the Stapling process and ongoing management of Stapled Securities on APN FM's part, APN FM and the APN PG have signed a Stapling Deed. The Stapling Deed only applies while the Stapled Group Entities Units are Stapled.

Under the Stapling Deed:

(a) APN FM may only issue Units in a Stapled Group Entity if a corresponding number of Units in each other Stapled Group Entity are issued, as part of a Stapled Security;

(b) APN FM must ensure that Units in a Stapled Group Entity are not transferred or dealt with unless there is a corresponding dealing in relation to each Unit comprising a Stapled Security;

(c) APN FM may determine what part of the amount payable for the issue of a Stapled Security will represent the issue price of each Unit comprising the Stapled Security. This determination is made subject to and in accordance with each Stapled Group Entity Constitution;

(d) APN FM may hold joint meetings of the holders of Stapled Securities;

(e) APN FM must have regard to the interests of holders of Stapled Securities as a whole;

(f) the Stapled Securities may only be de-stapled if the de-stapling is approved by Unitholders in accordance with each Stapled Group Entity Constitution, or the Responsible Entity or an administrator, manager, receiver or liquidator (if applicable) resolves that de-stapling take place in accordance with each Stapled Group Entity Constitution and any other applicable laws, and the Responsible Entity has arranged the necessary funding for each Stapled Group Entity to operate independently; and

(g) APN PG agrees to assist APN FM with the Stapling and carrying out its obligations under the Stapling Deed in a manner that is consistent with APN FM's duties and obligations under the Stapling Deed.

The Stapling Deed does not amend or override any Stapled Group Entity Constitution. No provision of the Stapling Deed erodes Stapled Securityholders' rights as stated under each Stapled Group Entity Constitution or under any applicable legislation.

13.4. Implementation Deed

The Implementation Deed has been entered into between APN FM as Responsible Entity of PPP, CRR2 and CRR3, APN FM in its personal capacity, SaleCo and APN PG.

Under the Implementation Deed, APN FM in its various capacities, APN PG and SaleCo agree to implement the Transaction and the Implementation Deed then sets out the manner in which this will occur and the steps and timetable governing the process for

Listing. The parties agree to cooperate fully and use their reasonable endeavours to implement the Transaction in accordance with the timetable. The obligations under the agreement include:

- **information**: the parties making available to one another all information necessary and desirable to prepare the documentation required to implement the Transaction;
- **no withdrawal from Transaction:** the parties undertake not to withdraw the PDS or from the Transaction if the price of the Stapled Securities satisfies the stapling requirements in each Stapled Group Entity Constitution (following the amendment of the PPP constitution under the supplemental deed), other than in circumstances where it would not be in the best interests of the relevant entities members generally;
- **conditions precedent:** the Implementation Deed will terminate if the following conditions, among, others become incapable of being satisfied (unless otherwise waived) prior to 31 December 2017 or such other date as may be agreed by the parties:
  - all requisite regulatory approvals are obtained;
  - the resolutions in the Notice of Meeting being approved;
  - all relevant parties executing contracts of sale for the acquisition by APN FM as Responsible Entity of the relevant Stapled Group Entity of certain service station assets and related lease documentation;
  - all relevant parties executing the Stapling Deed;
  - SaleCo has taken all steps to acquire the relevant Units from Exiting Unitholders;
  - the Stapled Securities being admitted to trading by the ASX, whether on a conditional and deferred settlement basis or otherwise;
  - the execution of the Investment Management Agreement and the Property Management Agreement;
  - all third party consents, approvals and waivers which are necessary to implement the Transaction being obtained;
  - an Offer Management Agreement in respect of the IPO is executed and has not been terminated as at 5.00pm on the day of settlement for the IPO;
  - the price of the Units issued to create the Stapled Securities under the Transaction satisfying the stapling requirements in each of the Stapled Group Entity Constitutions; and
  - no Material Adverse Change having occurred; and
- **termination:** any party to the Implementation Deed may terminate with immediate effect at any time prior to 31 December 2017 by written notice to the other parties if the Transaction has not completed or a condition precedent becomes incapable of satisfaction within five business days of the earlier of the date on which the parties become aware of the relevant occurrence and 31 December 2017. The parties may also terminate the Implementation Deed by written agreement of all parties.

13.5. Co-operation Deed and Securityholder Deed

The Cooperation Deed is the agreement between, amongst others, Puma Energy Group, APN PG and APN FM, pursuant to which APN FM (in its capacity as responsible entity of PPP, CRR2 or CRR3) will acquire a further tranche of service station assets from Puma Energy (Australia) Assets Holdings (**Co-operation Deed**). The Co-operation Deed governs the terms on which APN FM will lease various service station assets to Puma Energy Australia.

Under the Co-Operation Deed, Convenience Retail REIT has a first right of refusal over any site Puma Energy Australia wishes to acquire, develop, sell or dispose, subject to the opportunity meeting Convenience Retail REIT's investment strategy and certain other exceptions. Puma Energy Australia has a first right of refusal to lease any site owned by Convenience Retail REIT which becomes available for lease, which is also subject to certain exceptions.

The parties also agree to use their reasonable endeavours to complete certain transactions as part of the implementation of the Transaction (including the execution of the sale contracts for the Puma Properties described in Section 13.8.1) and to agree on various other matters relating to the implementation of the Transaction, including the establishment of CRR3, the issue of Units in CRR3 to Puma Energy Australia and the Stapling of Units in the Stapled Group Entities.

Warranties

The Cooperation Deed includes standard warranties given by each party in relation to the validity of each party's incorporation and the authorisations required to enter into and perform the Co-Operation Deed. Puma Energy Australia also provides certain warranties in respect of the service station assets being acquired by Convenience Retail REIT, including in relation to the title it holds in those service station assets.

Indemnities

Convenience Retail REIT and APN PG each provide an indemnity to Puma Energy Australia for any loss or damage arising from a breach of the Co-operation Deed by either of those parties (subject to certain specified exceptions). Puma Energy Australia provides a reciprocal indemnity to Convenience Retail REIT and APN PG.

Securityholder Deed

APN FM (in its personal capacity), APN PG and Puma Energy Group have entered into a Securityholder Deed as part of the Transaction, which regulates the terms of the ownership and voting rights of each party as holders of the Stapled Securities (**Securityholder Deed**). Under the Securityholder Deed, amongst other things:

- Puma Energy Group agrees to not vote on a resolution to remove APN FM except in certain cases such as fraud or negligence, or where Puma Energy Group's rights are adversely effected by the proposed resolution (in which case the voting restriction will terminate); and
- Puma Energy Group grants a right of first refusal to APN PG in relation to the transfer of Stapled Securities it holds.

The operation of the Securityholder Deed will make APN PG and Puma Energy Group associates for the purposes of section 12 of the Corporations Act.

13.6. Investment Management Agreement

Under the Investment Management Agreement, the Manager is engaged by the Responsible Entity on behalf of PPP, CRR2 and CRR3 to provide a number of services including:

- funds management services which may include:
  - overall accountability for the performance of Convenience Retail REIT;
  - compliance with business practices, work, health and safety and risk management;
  - financial management and reporting;
  - investment management;
  - capital management; and
  - investor relations and communication;
- fund analyst services which may include:
  - provision of analytical and commercial input to Convenience Retail REIT;
  - portfolio analysis and modelling; and
  - capital analysis and modelling;
- transactional services which may include:
  - delivery of transaction outcomes;
  - feasibility modelling and reporting;
  - due diligence management;
  - assessment of market and opportunities; and
- fund accounting services which may include:
  - management of tax and accounting;
  - management reporting;
  - statutory reporting; and
  - tax.

Under the Investment Management Agreement, APN FM reserves the option to perform custodial services for Convenience Retail REIT itself or to appoint a Related Party.

Fees and expenses

Under the Investment Management Agreement, the Manager is entitled to be paid in consideration for the provision of the management services a fee equal to:

- 0.65% per annum of the Stapled Group GAV up to $500 million;

- 0.60% per annum of the Stapled Group GAV greater than $500 million, but less than $1.0 billion;
- 0.55% per annum of the Stapled Group GAV greater than $1.0 billion, but less than $1.5 billion; and
- 0.50% per annum of the Stapled Group GAV greater than $1.5 billion.

The Manager's fees will be paid from Convenience Retail REIT and to the extent the management fee under the Investment Management Agreement is paid to the Manager, the Responsible Entity will reduce the management fee it takes out of Convenience Retail REIT under the terms of the Stapled Group Entity Constitutions. The fees listed above are payable monthly in arrears within 21 days of the end of each month.

The Manager is entitled to be reimbursed for all reasonable expenses properly incurred in the performance of services, including all taxes and amounts it pays to third parties for which it is also separately indemnified, other than taxes on any income received by the Manager under the agreement in its personal capacity.

Term and termination

The Investment Management Agreement has a term of 10 years and automatically extends for a further five years, unless terminated in accordance with its termination provisions.

APN FM as Responsible Entity may terminate the Investment Management Agreement upon the giving of two years' notice to the Manager after the initial term of 10 years has expired (or a lesser period the parties agree). The Manager may terminate the Investment Management Agreement upon the giving of six months' notice or with immediate effect if the Responsible Entity experiences a change in control. If APN FM ceases to be the responsible entity of any Stapled Group Entity and it is not replaced with an entity that is a Related Party of the Manager, the Investment Management Agreement may be terminated by either party. In addition, the Investment Management Agreement automatically terminates in respect of a Stapled Group Entity, in the event the Stapled Securities are no longer stapled. The Investment Management Agreement can also be terminated on 7 days' written notice if either party is the subject of an insolvency event, is grossly negligent or is in material breach of the Investment Management Agreement.

Warranties

Under the Investment Management Agreement, APN FM warrants that it has the power and necessary legal authorisations to enter into and perform the Investment Management Agreement, and that the services provided under the Investment Management Agreement are properly delegated on behalf of Convenience Retail REIT. The Manager warrants that it has and will at all times have the skill, facilities, capacity and sufficient competent staff to perform the duties and obligations under the Investment Management Agreement.

Indemnities

Under the Investment Management Agreement, each party indemnifies the other party for any claims and liability it incurs which arises out of the performance of the services under the Investment Management Agreement, except to the extent that such a claim is caused or contributed to by any negligence, misconduct, breach of the Investment Management Agreement or dishonesty of the indemnified party.

Liability

To the extent the Responsible Entity enters into the Investment Management Agreement in its capacity as responsible entity of PPP, CRR2 or CRR3, its liability is only in its capacity as such and is limited to the assets of the relevant trust where it is entitled to the indemnity out of the assets of the trust as set out in the Investment Management Agreement.

The Manager is not liable where it has exercised the degree of prudence, competence and expertise customarily exhibited by similar service providers and in any case a degree of skill and performance no less than that which the Manager exercises with respect to comparable assets it manages.

Arm's length terms

APN FM considers the terms of the Investment Management Agreement to be on arm's length terms. In assessing the level of fees in the Investment Management Agreement, management reviewed and compared a number of fees charged by other investment managers of listed property funds for the relevant services. The level of fees as set out above is either consistent with market rates and/or not materially different to those fees charged by investment managers of other listed property funds. Although there are other service providers who could be engaged to provide the same services, after having regard to the Manager's existing infrastructure and resources, track record, its familiarity with the majority of the assets held by Convenience Retail REIT and its long term strategy, the Manager's appointment as Convenience Retail REIT's Investment Manager was considered by the Board to be a superior proposal to the appointment of an alternate investment manager.

13.7. Property Management Agreement

Under the Property Management Agreement, the Manager is accountable for the overall performance of the properties and is engaged, on a non-exclusive basis, to provide a number of services, as required by the Responsible Entity from time to time, including:

- property management services: developing and implementing strategic asset plans for a property, preparing annual budgets, conducting monthly leasing, third party reports and accounts reviews for each property, undertaking general administration of tenancies and statutory assessments for each property, producing a monthly report detailing income and expenditure transactions for each property, and liaising with any appointed service provider on all property related matters;
- financial management services: issuing monthly statements to tenants for rent and charges, completing a monthly statement of monies received or expenses incurred, collecting and managing lease deposits and lease security, reviewing and managing arrears of rent and associated charges, implementing rent reviews contained within leases at appropriate times, completing and providing tenants with annual outgoing estimates and reconciliations, paying all property outgoings and completing tenant account reconciliations as necessary;
- leasing services: providing information to enable analysis and sourcing of prospective tenants and negotiating with prospective tenants the term of a new lease or lease renewal;
- rent review services: reviewing terms of lease to determine the type of review required, engaging an independent valuer for current market rental opinion, reviewing the current outgoings and recoveries in respect of a lease with an analysis against comparable premises, reviewing market data and commentary, the assessment of the relative strength and weaknesses of the lease covenants, and preparing and submitting rental review reports; and
- project supervision services (in relation to capital works): preparing outcomes briefs, reviewing tenders, progress and delivery of capital works program, managing project managers and measuring completed capital works against key outcomes.

Term and termination

The Property Management Agreement remains in force until terminated in accordance with its termination provisions.

APN FM as Responsible Entity may terminate the Property Management Agreement upon the giving of two years' notice to the Manager. The Manager may terminate the Property Management Agreement upon the giving of six months' notice or with immediate effect if the Responsible Entity experiences a change in control. If APN FM is removed as the Responsible Entity and not replaced by an entity which is a Related Party of the Manager, the Property Management Agreement will terminate automatically two years after the change in Responsible Entity (or immediately if the Manager so elects, in which case the new Responsible Entity will be obliged to pay the equivalent of 24 months' property management fees to the Manager (calculated on the basis of fee levels in place prior to that time). In addition, the Property Management Agreement automatically terminates in respect of a Stapled Group Entity, in the event of termination of the Stapled Group Entity. The Property Management Agreement can also be terminated on 7 days' written notice if either party is the subject of an insolvency event, is grossly negligent or is in material breach of the Property Management Agreement.

Fees and expenses

Under the Property Management Agreement, the Manager is entitled to be paid:

- a fee for property management services equal to 3.0% per annum of the budgeted gross operating income (comprising gross rent, licence fees and other payments of a rental nature payable in relation to all leases) for each nominated property;
- a fee for financial management services a fee equal to 3.0% per annum of the budgeted gross operating income for each nominated property;
- fee for rent review services of 10% of any increase achieved in the average annual rent payable by the relevant lessee over the remainder of the lease term, where no other external property agent is paid a market rent review fee;
- a reasonable amount for leasing fees based on market rates from time to time, with such amount to be agreed between the Manager and the Responsible Entity; and
- a reasonable amount for project supervision services based on market rates from time to time, with such amount to be agreed between the Manager and the Responsible Entity.

The Manager is entitled to be reimbursed for all reasonable expenses properly incurred in the performance of services, including all taxes and amounts it pays to third parties for which it is also separately indemnified, other than any taxes on income received under the agreement in its personal capacity.

Warranties

Under the Property Management Agreement, APN FM warrants that it has the power and necessary legal authorisations to enter into and perform the Property Management Agreement, and that the services provided under the Property Management Agreement are properly delegated on behalf of Convenience Retail REIT. The Manager warrants that it has and will at all times have the skill, facilities, capacity and sufficient competent staff to perform the duties and obligations under the Property Management Agreement.

Indemnities

Under the Property Management Agreement, each party indemnifies the other party for any claims and liability incurs which arises out of the performance of the services under the Property Management Agreement, except to the extent that such a claim is caused by or contributed to any negligence, fraud, wilful misconduct or dishonesty of the indemnified party.

Liability

The Responsible Entity's liability is only in its capacity as responsible entity of PPP, CRR2 or CRR3, and is limited to the assets of the relevant trust where it is entitled to the indemnity out of the assets of the trust as set out in the Property Management Agreement.

The Manager is not liable where it has exercised the degree of prudence, competence and expertise customarily exhibited by similar service providers and in any case a degree of skill and performance no less than that which the Manager exercises with respect to comparable assets it manages.

Arm's length terms

The Responsible Entity considers the terms of the Property Management Agreement to be on arm's length terms. In assessing the level of fees in the Property Management Agreement, management reviewed and compared a number of fees for these type of services provided by other listed property fund managers. The level of fees as set out above is either consistent with market rates and/or not materially different to those fees charged by listed property fund managers. Although there are other service providers who could be engaged to provide the same services, after having regard to the Manager's track record, its familiarity with the majority of the properties and tenants, the Manager's appointment as Convenience Retail REIT's Property Manager was considered by the Board to be a superior proposal to the appointment of an alternate property manager.

13.8. Purchase of properties

13.8.1. Puma Properties

The sale contracts to be entered into between Puma Energy Australia (as vendor) and Convenience Retail REIT (as purchaser) in respect of the Puma Properties contain substantially the same terms. The material terms are summarised as follows:

- the sale price for each of the Puma Properties is based on the current market values specified in the valuation reports of the Independent Valuers;
- the Puma Properties are being sold on a "as is, where is" basis, and subject to the leases to Puma Energy Australia;
- the sale of going exemption under the GST legislation will apply to each sale;
- Puma Energy Australia may not deal with the leases pending settlement of the sale contracts without obtaining Convenience Retail REIT's consent; and
- settlement is to occur on the date the contract is exchanged between the parties. However:
  - if the proposed subdivision of the property located at 1 Kakadu Road, Yanchep WA is not completed by the relevant settlement date, then the completion of the sale and purchase of that property will occur within 10 business days after the subdivision is completed provided it occurs within 2 years after the initial settlement date; and
  - if the consent of the Minister cannot be obtained in relation to the transfer of the Crown lease benefitting the property at 100/22 Nicholson Street, Banana QLD, then the completion of the sale and purchase of that property will occur within 10 business days after such consent is procured provided it occurs within 2 years after the initial settlement date. The application for such consent can only be made after the contract of sale is entered into.[1]

1 It has been assumed that this consent will be received prior to the Allotment Date. Completion of the acquisition of this property will be delayed to the extent of the delay in receiving the consent.

13.8.2. Additional Properties

- **Raceview** – Convenience Retail REIT has entered into a sale contract to acquire this property. The key terms of the sale are as follows:
  - the sale price for the property is reflective of the current market value specified in the valuation report of Savills;
  - the property is being sold on a "as is, where is" basis, and subject to the leases to 7-Eleven Stores Pty Ltd and other retail tenants; and
  - the contract is conditional on Convenience Retail REIT being listed on the ASX and the completion of the IPO.
- **44-46 Cessna Drive, Caboolture** – Convenience Retail REIT has entered into a sale contract to acquire this property. The key terms of the sale contract are as follows:
  - the sale price for the property is reflective of the current market value specified in the valuation report of Savills;
  - the property is being sold on a "as is, where is" basis, and subject to the leases to Puma Energy Australia and another retail tenant; and
  - the contract is conditional on Convenience Retail REIT being listed on the ASX and the completion of the IPO.
- **1, Kakadu Road, Yanchep** – the terms on which Convenience Retail REIT will acquire this property are as set out in Section 13.8.1 above.

13.8.3. Taree Service Centre

APN PG has entered into a put and call option to acquire this property. APN PG proposes to nominate Convenience Retail REIT as purchaser following the IPO being successful. The call option expiry date is 3 August 2017. The key terms of the sale contract annexed to the put and call option are as follows:

- the sale price for the property is reflective of the current market value specified in the valuation report of Savills;
- the property is being sold on a "as is, where is" basis, and subject to the lease and licences to Caltex Australia Petroleum Pty Ltd (**Caltex**), McDonalds Australia Limited, Subway Realty Pty Ltd and other retail tenants;
- the sale is conditional on the vendor procuring a waiver from Caltex of the right of first refusal granted to it to acquire the property. Under this right of first refusal, Caltex has 45 days from the execution date of the sale contract to elect to acquire the property; and
- the settlement date of the contract is 10 days after the date Caltex gives a waiver of that right of first refusal or is deemed to have given such waiver.

It is expected that Caltex will exercise its first right of refusal to elect to acquire the property. In the event that Caltex does not exercise this option, Convenience Retail REIT will acquire the property. Section 6.6 sets out the sensitivity analysis if Convenience Retail REIT acquires the Taree Service Centre post Allotment.

13.9. Proposed Debt Facility documents

13.9.1. Framework for the Proposed Debt Facility

The Proposed Debt Facility will be governed by a number of material contracts including:

- **Common Terms Deed:** the Common Terms Deed will govern the terms and conditions common to all Lenders, under which, together with the Facility Agreements (which incorporate the common terms by reference), the Lenders agree to provide the Proposed Debt Facility to Convenience Retail REIT. The Common Terms Deed contains a range of general terms and conditions that are customary for secured debt facilities of this nature, including:
  - financial covenants;
  - information and other general undertakings;
  - representations and warranties;
  - events of default and review events; and
  - provisions dealing with taxes, costs, indemnities, confidentiality and other matters.
- **Facility Agreements:** these bilateral agreements between the obligors and each Lender (individually) set out specific terms and conditions specific to each Lender. The Facility Agreements deal with matters such as pricing, fees, conditions precedent and

certain other commercial aspects of the financing that are separately negotiated between Convenience Retail REIT and each individual Lender on a bilateral basis; and

- **Security documents:** the Proposed Debt Facility will be secured by the following security documents which the Responsible Entity considers are customary for secured debt facilities of this nature, including:
  - first registered real property mortgages over all of the properties in the portfolio; and
  - a first ranking general "all asset" security agreement in respect of all present and future assets and undertakings of the obligors,

which shall, secure the payment of the secured money owing in connection with the Proposed Debt Facility in favour of a security trustee who will hold the security for the benefit of the secured parties (which includes the Lenders).

13.9.2. Terms of the Proposed Debt Facility

The key terms of the Proposed Debt Facility are summarised below.

Approved purpose

The Proposed Debt Facility may be used for approved purposes which include: (a) acquisitions of the properties which shall form the Initial Portfolio; (b) the implementation of the IPO; (c) the general corporate purposes of Convenience Retail REIT (including refinancing the existing debt of the Stapled Group Entities and funding future acquisitions); and (d) paying costs, expenses and financing and transaction fees, costs and expenses (including stamp duty) in connection with the preceding.

Financial covenants

The Proposed Debt Facility will be subject to certain financial covenants that apply to Convenience Retail REIT, including that:

- at all times, the Loan to Value Ratio does not exceed 50%; and
- on 30 June and 31 December of each year, the Interest Cover Ratio is not to be less than 2.0x (other than during the 6 month period immediately after initial drawdown).

Net interest expense

Convenience Retail REIT's borrowings under the Proposed Debt Facility will incur an average interest rate of 4.2% in FY18 and 4.3% in FY19 inclusive of margin, hedging arrangements (where applicable) and the annual portion of upfront fees.

Conditions precedent

The provision of commitments and participation in the initial drawdown of the Proposed Debt Facility by the Lenders will be subject to the satisfaction of a number of conditions precedent which are customary for secured debt facilities of this nature, and will include, but not be limited to, the following:

- evidence that the existing debt of PPP and CRR2 has been, or will simultaneously be, repaid and cancelled in full on the date of initial drawdown;
- providing constitutional and corporate approval documents to the Lenders;
- legal opinions being issued to the Lenders;
- completion and delivery of independent valuation reports;
- confirmation from ASX that the Stapled Securities will be quoted on the ASX;
- provision of certain reports including legal due diligence reports, a tax report, environmental assessment reports and environmental information in respect of the Initial Portfolio;
- evidence that insurances reasonably expected to be taken out (having regard to the type of entity and portfolio of assets) have been taken out and are in full force and effect;
- a copy of Convenience Retail REIT's group structure chart, hedging policy, valuation policy, investment and due diligence policy and tenancy schedule;
- evidence of certain exemptions or modifications obtained from ASIC in connection with the Transaction and Offer;
- evidence that all fees and expenses which are then due and payable under the finance documents have been, or will be paid;
- provision of all title documents (including any real property certificates of title) relating to Convenience Retail REIT's interests in the secured property;
- evidence that APN PG holds a minimum equity stake in Convenience Retail REIT of 5%; and
- confirmation by an authorised officer of Convenience Retail REIT that the Loan to Value Ratio is less than 45%.

Key undertakings

In addition to certain standard undertakings for secured debt facilities of this nature, the Common Terms Deed will contain the following undertakings:

- Information undertakings: financial statements for Convenience Retail REIT; certificates of compliance with financial covenants and environmental laws; notification of proceedings; up-to-date copies of environmental reports, tenancy reports and budget of the Stapled Group Entity; all information reasonably requested by a Lender with respect to financial condition, business and operations of Convenience Retail REIT and any Anti-Money Laundering regulations; and notification of events of defaults, review events and certain other events, all to be provided to the Lenders.
- Environmental law: each obligor must use all reasonable endeavours to ensure that each tenant of a property complies with all applicable environmental laws where failure to do so would have, or would reasonably be likely to have, a material adverse effect.
- Disposals: subject to certain customary exceptions, there are restrictions on the ability to sell, lease, transfer or otherwise dispose of any asset.
- Negative pledge: subject to certain customary exceptions, there are restrictions on the creation or permitting of security interests.
- Distributions: no Distributions are permitted if an event of default is continuing except Distributions made to another obligor or with the prior written consent of the Lenders.
- Insurance: Convenience Retail REIT shall take out and maintain, or procure that each tenant takes out and maintains, reasonable insurances with a reputable insurer in the manner and to the extent which is in accordance with prudent business practice having regard to the nature of the business and assets of Convenience Retail REIT (including all insurance required by applicable law).
- Valuations: Convenience Retail REIT must ensure that each property is valued in accordance with Convenience Retail REIT's valuation policy and at least once every two consecutive years, with at least 50% of the properties (by number) being valued on an annual rolling basis (with the first such Valuation occurring as at 30 June 2018) and promptly notify the Lenders of any material amendment to the valuation policy. The valuations are also to include any information provided by a tenant to any Stapled Group Entity, in respect of that tenant's fuel and shop sales. A Lender may, at any time and at the cost of Convenience Retail REIT, request that PPP conduct and provide a valuation of a property, however, where such request is required by the Lender and Convenience Retail REIT remains in compliance with all of its obligations under the finance documents, such valuation will be at that Lender's cost.
- Hedging: Convenience Retail REIT must ensure that it complies with its hedging policy.
- Other restrictions: in each case, subject to certain customary exceptions, there are restrictions on certain actions including incurring indebtedness which would rank in priority to the Proposed Debt Facility, acquisitions made without Lender consent, mergers, any change to the core business of Convenience Retail REIT and dealing with certain documents (including the Stapled Group Entity Constitutions, the Implementation Deed, the Stapling Deed, the contract for sale (if applicable), the Property Management Agreement, the Investment Management Agreement and the property leases).

Representations and warranties

The Common Terms Deed will contain representations and warranties customary for secured debt facilities of this nature.

Events of default

The Common Terms Deed will contain events of default which are customary for secured debt facilities of this nature, and include, but are not limited to, the following:

- subject to certain exceptions, failure to pay amounts due under the Common Terms Deed, the Facility Agreements or the finance documents;
- failure to comply with an undertaking or material obligation under the finance documents (including the financial covenants);
- repudiation, termination or vitiation of any finance document or certain material documents (including Stapled Group Entity Constitutions, the Implementation Deed, the Stapling Deed, the contract for sale (if applicable), the Property Management Agreement and the Investment Management Agreement);
- subject to certain exceptions, the security to be granted in connection with the Proposed Debt Facility ceases to have the first priority ranking contemplated by them;
- without the consent of the Lenders, any obligor takes any action to reduce its capital, buy back any of its shares, units or other securities or make any of its shares, units or other securities capable of being called up only in certain circumstances; or
- any other event or circumstance occurs which has or is reasonably likely to have a material adverse effect.

Review events

The Common Terms Deed will contain the following review events:

- Delisting or suspension: Convenience Retail REIT is delisted or removed from ASX or, subject to certain exceptions, any of the Stapled Securities are suspended from official quotation on the ASX for a continuous period of more than 5 business days;
- Destapling: subject to certain exceptions, the Stapled Securities cease to be stapled to each other;
- Responsible Entity Removal: an order is made by any court for the removal of APN FM as the responsible entity of the Stapled Group Entities, or APN FM ceases to be the responsible entity of a Stapled Group Entity and is not replaced by another subsidiary of a Stapled Group Entity or APN PG or another person acceptable to the Lenders (which approval is not to be unreasonably withheld where that person is a public trustee);
- Change of control: any person (other than the Manager or APN PG (or any of its affiliates)) obtains beneficial ownership of greater than 50% of the Stapled Securities;
- APN ownership: APN PG fails to maintain the ownership stake (by number of securities) in Convenience Retail REIT which it held as at the date of the IPO; or
- Puma credit rating: a reduction in Puma Energy Holdings Pte Ltd's credit rating below Ba3 (by Moody's Investor Services Limited (or the equivalent credit rating issued by Standard & Poor's Rating Services or Fitch Ratings).

In such circumstances, subject to certain agreed negotiation and notification periods, a repayment of the Proposed Debt Facility may be required as outlined in further detail in Section 9.1.13.

13.10. Offer Management Agreement

APN FM as Responsible Entity of Convenience Retail REIT, SaleCo and the Bookrunners have entered into an Offer Management Agreement dated on or about the date of this PDS.

Under the Offer Management Agreement, the Issuers appoint Merrill Lynch Equities (Australia) Limited and UBS AG, Australia Branch (being the Bookrunners) as bookrunners and joint lead managers for the Offer, and the Bookrunners agree to arrange and manage the Offer, and to provide settlement support for the settlement obligations of Applicants who are allocated Stapled Securities under the Institutional Offer or Broker Firm Offer.

The following is a summary of the principal provisions of the Offer Management Agreement. Where used below, the term (i) "Offering Documents" means this PDS and certain other documents issued or published by or on behalf of, and with the authorisation of and in a form approved by, the Issuers in respect of the Offer; and (ii) "Convenience Retail REIT" means APN FM in its capacity as Responsible Entity of Convenience Retail REIT.

Fees and expenses

On the Allotment Date and subject to the Bookrunners first paying or procuring payment of the Offer proceeds to Convenience Retail REIT in immediately available funds, Convenience Retail REIT must pay the Bookrunners, in equal proportions, a selling and management fee equal to 2.00% of the Adjusted Offer Proceeds. The "Adjusted Offer Proceeds" are the Proceeds, less the value (at the Offer Price and the Cash-Out Facility Price, as applicable) of any Stapled Securities allocated to APN PG (or its subsidiaries), Puma Energy (Australia) Holdings and Puma Energy Australia Ventures B.V. under the Offer.

Convenience Retail REIT may also, in its sole and absolute discretion, pay the Bookrunners, in such proportions as determined by Convenience Retail REIT in its absolute discretion, an incentive fee of up to $700,000. This amount may be increased by up to an additional $125,000 to the extent that the Issuers exercise their discretion to pay certain discretionary fees to certain members of the Retail Syndicate. Convenience Retail REIT will consider a number of factors in determining the amount of discretionary fees to be paid, including the diversification and composition of retail and institutional investors, institutional investor mandates and post listing performance.

Convenience Retail REIT must pay or reimburse the Bookrunners for the reasonable costs of and incidental to the Offer incurred by them on the terms and conditions of the Offer Management Agreement.

The Bookrunners are liable for the payment of any fees, commissions or rebates due to any co-managers and Brokers appointed by the Bookrunners under the Offer Management Agreement.

Termination events not limited by materiality

Each Bookrunner may terminate its obligations under the Offer Management Agreement at any time prior to 4.00pm on the Settlement Date if any of the following events occur:

- **PPP Unitholder approval**: one or more of the resolutions considered at the PPP Unitholder Meeting is not approved or passed;
- **disclosure in Offering Documents**: an Offering Document contains a statement that is misleading or deceptive or likely to mislead or deceive, or a matter required to be included in an Offering Document is omitted (including, without limitation, having regard to the provisions of Part 7.9 of the Corporations Act);
- **new circumstances**: there occurs a new circumstance that arises after this PDS is lodged, and such circumstance would have been required to be included in this PDS if it had arisen before lodgement (other than where it does not have a material adverse effect on Convenience Retail REIT);
- **supplementary PDS**: the Issuers issue, or in the reasonable opinion of the Bookrunners, are required to issue, a supplementary PDS to comply with section 1016E of the Corporations Act or is the Issuers are required to amend this PDS by lodging a supplementary PDS with ASIC;
- **market fall**: the S&P/ASX 200 AREIT index falls by 10% or more below the level of that index as at the close of trading of the ASX immediately before completion of the Institutional Bookbuild and Cash-Out Facility Offer Bookbuild and remains below that level (i) for at least 3 consecutive business days; or (ii) on the business day immediately before the Settlement Date;
- **no material variation**: the Implementation Deed, the Co-Operation Deed and the Stapling Deed are not materially varied, terminated, rescinded, materially altered or amended, breached or not complied with before 12.00pm on the Allotment Date (other than with the consent of the Bookrunners);
- **forecasts**: the Offering Documents include a statement or estimate and there is or ceases to exist reasonable grounds for such statement or estimate, in the reasonable opinion of the relevant Bookrunner, or a statement or estimate relating to a future matter is, in the reasonable opinion of the relevant Bookrunner, unlikely to be met in the projected timeframe;
- **fraud**: the Issuers or any of their directors or officers engage in any fraudulent conduct or activity (whether or not in connection with the Offer) since the date of the Offer Management Agreement;
- **insolvency**: the Issuers or any of their group are insolvent or there is an act or omission which is likely to result in a member of the Issuer group becoming insolvent;
- **listing and quotation**: approval is refused or not granted, or approval is granted subject to conditions other than customary conditions, for (i) Convenience Retail REIT's admission to the official list of the ASX on or before the date on which ASX confirms quotation of the Stapled Securities; or (ii) the quotation of all of the Stapled Securities on the ASX on or before the date on which the Stapled Securities are first quoted on the ASX, or if granted, the approval is subsequently withdrawn, qualified (other than by customary pre-quotation listing conditions or other conditions acceptable to the Bookrunners, acting reasonably) or withheld;
- **notifications**: any of the following occurs: (i) ASIC issues an order (including an interim order) under section 1020E of the Corporations Act and any such order is not withdrawn within 2 business days of when it is made, or if it is made within 2 business days of the Settlement Date, it has not been withdrawn by the Settlement Date; (ii) ASIC holds a hearing under section 1020E(4) of the Corporations Act; (iii) an application is made by ASIC for an order under Part 9.5 of the Corporations Act in relation to the Offer, the Stapling process (as summarised in Section 10.9) or an Offering Document, or ASIC commences any investigation or hearing under Part 3 of the ASIC Act in relation to the Offer, the Stapling process (as summarised in Section 10.9) or an Offering Document and any such application, inquiry or hearing is made public or not withdrawn within 2 business days of when it is made, or if it is made within 2 business days of the Settlement Date, it has not been withdrawn by the Settlement Date; and (iv) any person (other than the terminating Bookrunner) who has previously consented to the inclusion of its name in any Offering Document withdraws that consent;
- **withdrawal**: the Issuers withdraw an Offering Document or the Offer;
- **timetable:** an event specified in the timetable set out in the Offer Management Agreement is delayed by more than 2 business days (other than in respect of any delay agreed between the Issuers and the Bookrunners, any delay caused by the Bookrunners or a delay as a result of an extension of the exposure period of ASIC);
- **unable to issue or transfer Stapled Securities**: the Issuers are prevented from allotting, issuing or transferring the Stapled Securities within the time required by the timetable set out in the Offer Management Agreement, the Offering Documents, the Listing Rules, or by applicable laws, an order of a court of competent jurisdiction or a governmental authority or otherwise;
- **change to Convenience Retail REIT**: other than as contemplated in this PDS, Convenience Retail REIT (i) alters its or a Stapled Group Entity's issued capital; or (ii) disposes or attempts to dispose of a substantial part of its or a Stapled Group Entity's business or property, without the prior written consent of the Bookrunners;
- **constitutions**: the constitution of a Stapled Group Entity is varied without the prior written consent of the Bookrunners;
- **material contracts**: any obligations of the relevant parties to any contracts that are material to the business of Convenience Retail REIT (including any contracts disclosed in this Section, other than the Offer Management Agreement) is not capable of

being performed in accordance to their terms (in the Bookrunners' reasonable opinion) or any contract is terminated; ceases to have effect, otherwise than in accordance with its terms; or is or becomes void, voidable, illegal, invalid or unenforceable (other than by reason only of a party waiving any of its rights) or capable of being terminated, withdrawn, rescinded, avoided or withdrawn or of limited force and affect, or its performance is or becomes illegal;

- **regulatory approvals**: a regulatory body withdraws, revokes or amends any regulatory approvals (including the ASIC modifications and ASX waivers) required for Convenience Retail REIT or SaleCo to perform its obligations under the Offer Management Agreement or to carry out the transactions contemplated by the Offering Documents;
- **certificate not provided**: the closing certificates required to be given by the Issuers under the Offer Management Agreement are not given by the time(s) required by the Offer Management Agreement;
- **prosecution**: either (i) a governmental agency commences any public action against Convenience Retail REIT or SaleCo or any of their directors in their capacity as a director of Convenience Retail REIT or SaleCo, or announces that it intends to take action; or (ii) a director or proposed director of Convenience Retail REIT or SaleCo who is named in this PDS is disqualified from managing a corporation under Part 2D.6 of the Corporations Act;
- **change in management**: the chief executive officer of Convenience Retail REIT ceases to be employed by the investment manager or vacates office or there is a change in the investment manager of Convenience Retail REIT;
- **force majeure**: there is an event or occurrence (including any statute, order, rule, regulation, directive or request of any governmental agency) which makes it illegal for the Bookrunners to satisfy a material obligation under this agreement or to market, promote or settle the Offer.

Termination events – subject to materiality

Each of the Bookrunners may terminate its obligations under the Offer Management Agreement at any time prior to 4.00pm on the Settlement Date if any of the following events occur and, in the relevant Bookrunner's reasonable opinion, the event (i) is material and adverse and makes it impracticable to proceed with the Offer, sale or delivery of the Stapled Securities on the terms and in the manner contemplated by the Offer Management Agreement and this PDS; (ii) has, or is likely to have, a materially adverse effect on the ability of the Bookrunners to market or promote or settle the Offer on the terms and in the manner contemplated by the Offer Management Agreement and this PDS; or (iii) gives rise to, or is likely to, give rise to any liability on the part of a Boookrunner under any law or regulation:

- **compliance with law**: one or more of the Offering Documents or any aspect of the Offer does not comply with the Corporations Act (including any relevant regulations), the Listing Rules, or any other applicable law or regulation;
- **disclosures in other information**: any public or media statements made by or, or on behalf of, the Issuers, in relation to the business or affairs of the Issuer group, the Offer or the Stapling process (as summarised in Section 10.9), contains a statement that is or becomes misleading or deceptive or is likely to mislead or deceive, or a matter required by law to be included in a public or media statement is omitted;
- **disclosures in the due diligence report and any other information**: the due diligence report or any other information supplied on behalf of the Issuers to the Bookrunners in relation to the Issuer group or the Offer is, or becomes, false, misleading or deceptive, including by way of omission;
- **PPP election forms:** one or more of the election forms provided by PPP Unitholders in respect of the sale of PPP Units to SaleCo are varied, terminated, rescinded, altered or amended, breached or not complied with before 4.00pm on the Settlement Date (other than with the consent of the Joint Bookrunners in accordance with the Offer Management Agreement);
- **adverse change**: there is an adverse change in the assets, liabilities, financial position or performance, profits, losses or prospects of Convenience Retail REIT (insofar as the position in relation to an entity in the group affects the overall position of Convenience Retail REIT), including any adverse change in the assets, liabilities, financial position or performance, profits, losses or prospects of Convenience Retail REIT from those respectively disclosed in the Offering Documents;
- **material contracts:** any contracts that are material to the business of Convenience Retail REIT or any of the Stapled Group Entities (including any contracts disclosed in this Section, other than the Offer Management Agreement) is amended or varied without the consent of the Joint Bookrunners (which must not be unreasonably withheld or delayed) or is breached;
- **prosecution**: any director or proposed director of Convenience Retail REIT or SaleCo named in this PDS is charged with an indictable offence;
- **change in management or board of directors**: there is a change in the board of directors of Convenience Retail REIT, or the chief financial officer of Convenience Retail REIT cease to be employed by the investment manager or vacates office;
- **certificate incorrect**: a closing certificate which is required to be furnished by the Issuers under the Offer Management Agreement is incorrect;

- **hostilities**: a hostility commences (whether war has been declared or not) or an escalation in an existing hostility occurs (whether war has been declared or not) involving one or more of Australia, New Zealand, the United States, the United Kingdom, Hong Kong, the Peoples' Republic of China, Singapore or any member state of the European Union or a major terrorist act is perpetrated on any of those countries;
- **change of law**: the Parliament of Australia, any state or territory of Australia, New Zealand, Hong Kong or Singapore or the Reserve bank of Australia, or any Commonwealth of State authority, including ASIC, introduces, publicly announces, adopts or announces a proposal to adopt a new policy (other than a new law or policy which has been announced before the date of the Offer Management Agreement);
- **breach of laws**: Convenience Retail REIT or SaleCo contravenes the Corporations Act, the *Competition and Consumer Act 2010* (Cth), *the Australian Securities and Investments Commission Act 2001* (Cth), their constitutions, or the Listing Rules;
- **misrepresentation**: a representation or warranty made by Convenience Retail REIT or SaleCo in the Offer Management Agreement is breached, becomes untrue or incorrect or is not performed;
- **breach of undertaking**: Convenience Retail REIT or SaleCo defaults on one or more of its undertakings or obligations under the Offer Management Agreement;
- **legal proceedings**: either (i) legal proceedings are commenced against Convenience Retail REIT or SaleCo or their directors (as director of Convenience Retail REIT or SaleCo); or (ii) any regulatory body commences any claim, inquiry, investigation, or public action against Convenience Retail REIT;
- **disruption in financial markets**: either (i) general moratorium on commercial banking activities in Australia, New Zealand, the United Kingdom, the United States, Singapore or Hong Kong is declared by the relevant central banking authority in those countries, or there is a disruption in commercial banking or security settlement or clearance services in any of those countries; or (ii) trading in all securities quoted or listed on the ASX, New York Stock Exchange, London Stock Exchange or the Hong Kong Stock Exchange is suspended or limited in a material respect for 1 day (or a substantial part of 1 day) on which that exchange is open for trading.

Effect of termination

If a Bookrunner validly terminates its obligations under the Offer Management Agreement, that Bookrunner will be relieved of its obligations under the Offer Management Agreement and the other Bookrunner may, within 2 business days, elect to also terminate its obligations under the Offer Management Agreement or assume the obligations of the terminating Bookrunner under the Offer Management Agreement.

Representations, warranties and undertakings

The Issuers give various representations, warranties and undertakings to the Bookrunners under the Offer Management Agreement which are standard for an agreement of this nature.

These representations, warranties and undertakings relate to matters such as power and authorisations, compliance with applicable laws and the Listing Rules, financial information, information contained in this PDS or any Offering Document, the conduct of the Offer and the due diligence process, litigation, material contracts, liabilities, encumbrances, licences, insurance, dividends and distributions, title to property, environmental matters, internal controls and tax.

Convenience Retail REIT has agreed that, other than pursuant to the Offer and subject to certain other limited exceptions, between the date of the Offer Management Agreement and the date that is 120 days after completion of the Offer, it will not, without the prior written consent of the Bookrunners, allot, agree to allot, or indicate in any way that it may or will allot, or agree to allot, any shares, units or other securities that are convertible or exchangeable into equity, or that represent the right to receive equity, of Convenience Retail REIT or enter into any swap or other arrangements that transfers to another, in whole or in part, any of the economic consequences of ownership of securities of the type however settled.

Convenience Retail REIT has undertaken, between the date of the Offer Management Agreement and the date that is 120 days after completion of the Offer, to carry on its business, and to procure that each Stapled Group Entity carries on its business, in the ordinary course, and not dispose (or permit any Stapled Group Entity to dispose) of any material part of its (or their) business or property except in the ordinary course or with the prior written consent of the Bookrunners (such consent not to be unreasonably withheld or delayed).

Indemnity

Convenience Retail REIT and SaleCo have agreed to indemnify the Bookrunners and certain of the Bookrunners' affiliated parties from losses arising out of or in connection with the Offer, the appointment of the Bookrunners pursuant to the Offer Management Agreement and the Stapling process as summarised in Section 10.9 (subject to customary exclusions including fraud, wilful misconduct, recklessness or gross negligence).

14 Additional information

14 Additional information

14.1. SaleCo

SaleCo, a special purpose vehicle, has been established to conduct the Cash-Out Facility which enables Exiting Unitholders to cash-out their investment. If the Offer proceeds, each Exiting Unitholder agrees to irrevocably sell their respective Units to SaleCo, free from Encumbrance and third-party rights.

The Units which SaleCo acquires from the Exiting Unitholders will be Stapled and then transferred to Successful Applicants under the Cash-Out Facility Offer. See Section 10.8 for further details.

SaleCo is a special purpose vehicle which has no material assets, liabilities or operations other than its interests in and obligations under the Offer Management Agreement, Implementation Deed and the transfer agreements described above. The directors and shareholders of SaleCo are Howard Brenchley, Jennifer Horrigan and Michael Johnstone. APN FM has agreed to provide such resources and support as are necessary to enable SaleCo to discharge its functions in relation to the Offer and has indemnified SaleCo in respect of costs of the Offer. APN FM has indemnified SaleCo and the directors of SaleCo for any loss which SaleCo or the directors of SaleCo may incur as a consequence of the Offer.

14.2. ASX waivers and confirmations

In order to conduct the Offer, APN FM as the Responsible Entity has sought certain confirmations and waivers to the Listing Rules including:

- confirmation that the structure of Convenience Retail REIT is appropriate for a listed entity for the purposes of Listing Rule 1.1 (condition 1);
- confirmation that the draft Stapled Group Entity Constitutions are consistent with the Listing Rules for the purposes of Listing Rule 1.1 (condition 2);
- confirmation that Convenience Retail REIT is not required to provide accounts for the last three financial years under Listing Rule 1.3.5(a);
- customary stapling relief in relation to Listing Rules 1.1 (condition 8 and condition 9), 2.1 (condition 2), 6.24 and clause 1 of Appendix 6A, 8.10 and 10.1 to ensure that Convenience Retail REIT satisfies the requisite value thresholds even though the component parcels of each of PPP, CRR2 and CRR3 may not individually do so;
- confirmation under Listing Rule 7.40 that the proposed timetable is acceptable to ASX;
- confirmation that Convenience Retail REIT will not, at the time of its admission to the official list of ASX, have any restricted securities on issue; and
- confirmation that the Stapled Securities may begin trading on a conditional and deferred settlement basis.

14.3. ASIC relief

In order to conduct the Offer, APN FM as the Responsible Entity has sought the following exemptions from, and modifications to, the Corporations Act from ASIC in order to facilitate the Transaction:

- in relation to the Stapling:
  - customary stapling relief modifying Parts 5C.2, 5C.7 and 5C.10 of the Corporations Act to allow Convenience Retail REIT to be treated as a single stapled economic entity; and
  - an exemption from section 1016A(2) of the Act to allow for the issue of Units without an application form (for the purposes of the Stapling Unit Subscription);
- in relation to the operation of the Cash-Out Facility and Cash-Out Facility Offer:
  - an exemption from the operation of section 601FC(1)(d) of the Corporations Act to the extent it would otherwise prevent APN FM from dealing with Ineligible Foreign Unitholders in the manner contemplated in this PDS;
  - exemption of the Cash-Out Facility and Cash-Out Facility Offer from section 601ED of the Corporations Act in relation to registration of a managed investment scheme;
  - an exemption from Divisions 2 to 5 of Part 7.9 of the Corporations Act in relation to the Cash-Out Facility and Cash-Out Facility Offer;
  - an exemption from the requirement to hold an AFSL to the extent it would otherwise prevent SaleCo dealing in, and providing general advice in relation to the Cash-Out Facility and Cash-Out Facility Offer;

- an exemption from Division 5A of Part 7.9 of the Corporations Act in relation to an offer to participate in the Cash-Out Facility; and
- an exemption from section 606(1) of the Corporations Act for SaleCo, APN FM in its personal capacity and in its capacity as responsible entity of PPP, CRR2 and CRR3, APN PG and Puma Energy (Australia) Assets Holdings to the extent any of those entities has a Relevant Interest in the Stapled Securities as a result of SaleCo performing its obligations under the Cash-Out Facility and Cash-Out Facility Offer in relation to the purchase of Exiting Unitholders' PPP Units and acquiring CRR3 Units from APN PG, Puma Energy Group or Related Bodies Corporate under relevant sale agreements; and
- an exemption pursuant to section 1020F(1) from compliance with section 1020B(2) of the Corporations Act to permit the Stapled Securities to be sold during the conditional market to be declared by ASX in respect of the Stapled Securities.

14.4. Labour standards and environment, social and ethical considerations

While APN FM intends to conduct itself in an ethical and sound manner in relation to Convenience Retail REIT, Convenience Retail REIT's investment criteria do not give additional weight to labour standards, environmental, social or ethical considerations when selecting, retaining or realising an investment of Convenience Retail REIT.

14.5. Exercise of pricing discretions

APN FM has elected that ASIC Class Order CO 13/655 will apply to pricing of Units in Convenience Retail REIT. The Offer Price is a fixed price, in accordance with the Stapled Group Entity Constitutions. Details of any discretion which will be applied to the pricing of Units in relation to acquisitions or withdrawals following Official Quotation is to be accessible on Convenience Retail REIT's website (www.crreit.com.au) free of charge.

14.6. Related party transactions

Related party transactions can carry a risk that they could be assessed and monitored less rigorously than arm's length third party transactions. It is important for investors to be able to assess whether APN FM takes an appropriate approach to related party transactions.

APN FM manages related party transactions and conflicts of interest issues through the application of its governance arrangements, which include Board consideration or investment committee approval of all investment related transactions. All related party transactions are scrutinised to ensure they are in compliance with regulatory requirements. APN FM has adopted the APN Related Party Transaction and Conflicts of Interest Policy, which provides guidance on the management of related party transactions and conflicts of interest.

Whenever a transaction presents an actual or potential conflict of interest for Convenience Retail REIT, it will be conducted in accordance with this policy. Under this policy and the law, APN FM is required to act in the best interests of investors and to ensure that principal and agent transactions with a related party are conducted at arm's length and on commercial terms or better.

APN FM has controls in its related party transaction policy management system including:

- monitoring and assessing transactions by staff regarding related party transactions;
- ensuring that any relevant transaction is on "arm's length" terms;
- monitoring and reviewing transactions by the compliance officer for compliance with this policy; and
- referring transactions to the independent Directors of APN FM for compliance with this policy.

APN FM and its related parties and associates (including APN FM managed funds) expects to collectively hold up to approximately 15% of the Stapled Securities on issue after completion of the Offer. Any new investment will be made on an arm's length basis on the same terms as those applicable to other Investors in Convenience Retail REIT. Stapled Securityholder approval of APN FM's and its related parties' and associates' investment in Convenience Retail REIT will not be sought, as those investments will be made on arm's length terms. The investment by APN FM and its related parties and associates complies with APN FM's Related Party Transaction and Conflicts of Interest Policy and does not carry any risk for other investors in Convenience Retail REIT.

The Investment Management Agreement and the Property Management Agreement entered into with the Manager, a Related Party of APN FM and all other agreements entered into by APN FM and related parties in relation to Convenience Retail REIT are on arm's length terms or better from the perspective of Convenience Retail REIT and comply with the APN Related Party Transaction and Conflicts of Interest Policy.

Please refer to Sections 13.6 and 13.7 for a summary of the Investment Management Agreement and the Property Management Agreement.

14.7. APN FM Directors' interests and remuneration

Director remuneration

The Directors receive arm's length directors' fees in relation to their role, which are paid by APN PG on a group wide basis. These fees do not relate specifically to Convenience Retail REIT. The remuneration of Directors of APN FM is borne by APN PG out of its own funds and not out of the assets of Convenience Retail REIT.

Deeds of access, indemnity and insurance for Directors

Each APN FM Director is indemnified under a Deed of Access, Indemnity and Insurance on standard terms. To the extent permitted by law, each Director is indemnified against any liability incurred in connection with their role. The indemnity provided by APN FM may be enforced against APN FM only if the liability for which a Director seeks to be indemnified was incurred in connection with an entity of which APN FM is trustee or responsible entity and only to the extent that APN FM's liability to the Director can be satisfied out of the assets of the relevant fund and any additional insurance coverage taken out. Under the terms of the Deed of Access, Indemnity and Insurance, APN PG is also required to ensure that adequate Directors' and officers' insurance is maintained in favour of the Directors.

Directors' holdings

Except as set out in this PDS:

- no Director holds, or held at any time during the last two years any interest in:
  - the formation or promotion of Convenience Retail REIT;
  - property acquired or proposed to be acquired by Convenience Retail REIT in connection with either of the formation or promotion of Convenience Retail REIT or with the Offer; or
  - the Offer; and
- other than set out below, no person has paid or agreed to pay, or given or agreed to give, any benefit to a Director:
  - to induce them to become, or to qualify as, a Director; or
  - for services provided by a Director or proposed director in connection with either the formation or promotion of Convenience Retail REIT or with the Offer.

Howard Brenchley holds 10,000 PPP Units, 100,000 CRR2 Units and 9,500,000 APN PG shares.

Michael Groth:

- 139,390 APN PG shares;
- STI: discretionary at the option of the APN PG Board; and
- LTI:
  - 7,525,000 vested employee share plan APN PG shares (refer to APN PG annual report for further details); and
  - 2,500,000 unvested employee share plan APN PG shares, vesting subject to meeting APN PG employee share plan target.

In addition, certain of the Directors may have non-material indirect investments in APN PG or the Stapled Securities as a result of investments held by them directly or indirectly in APN PG financial products or managed funds.

The Directors (and their associates) are entitled to apply for Stapled Securities in the Offer.

14.8. Interests of professional advisers and promoters

- Merrill Lynch Equities (Australia) Limited and UBS, AG, Australia Branch are acting as Bookrunners and joint lead managers for the Offer. The Issuers have paid, or have agreed to pay, the Bookrunners the fees described in Section 13.10 for these services in respect of the Offer.
- Evans and Partners Pty Ltd is acting as Joint Lead Manager for the Offer. The Issuers have paid, or have agreed to pay, the Joint Lead Manager, the fees described in Section 10.4.
- Morgans Financial Limited and Petra Capital Pty Ltd are acting as Co-Lead Managers for the Offer. The Issuers have paid, or have agreed to pay, the Co-Lead Managers, the fees described in Section 10.4.
- National Australia Bank Limited and Crestone Wealth Management Limited are acting as Co-Managers for the Offer. The Issuers have paid, or have agreed to pay, the Co-Managers, the fees described in Section 10.4.

- Deloitte Corporate Finance Pty Limited has acted as the Investigating Accountant and has prepared the Independent Limited Assurance Report in Section 7. The Issuers have paid, or agreed to pay, approximately $135,000 (excluding disbursements and GST) for these services in respect of the Offer. For further details of the fees the Issuers have paid, or agreed to pay, for Deloitte Corporate Finance Pty Limited's role as Investigating Accountant refer to the Financial Services Guide attached to the Independent Limited Assurance Report. Further amounts may be paid to Deloitte Corporate Finance Pty Limited in accordance with its time based charge-out rates.
- Deloitte Tax Services Pty Ltd has acted as the Issuers' Australian income tax adviser. The Issuers have paid, or agreed to pay, approximately $170,000 (excluding disbursements and GST) for the above services in respect of the Offer. Further amounts may be paid to Deloitte Tax Services Pty Ltd in accordance with its time based charge-out rates.
- Gilbert + Tobin is the Australian legal adviser to the Issuers in relation to the Offer. The Issuers have paid, or agreed to pay, approximately $720,000 (excluding disbursements and GST) for the above services in respect of the Offer.
- Ashurst is the stamp duty and GST advisor to the Issuers in relation to the Offer. The Issuers have paid, or agreed to pay, approximately $168,000 (excluding disbursements and GST) for the above services in respect of the Offer.
- Grant Samuel Debt Structuring and Advisory Pty Limited is the debt advisor to the Issuers in relation to the Offer. The Issuers have paid, or agreed to pay, a base fee of approximately $312,000 (excluding disbursements and GST) and a performance-linked fee of approximately $312,000 (excluding disbursements and GST) for the above services in respect of the Offer.
- The following organisations have acted as Independent Valuers in respect of the Offer, and have prepared the Valuation Reports (the summaries of which appears in Section 8). The Issuers have paid, or agreed to pay, approximately the amounts shown below for the above services in respect of the Offer:
  - Savills: $102,500 (excluding GST)
  - JLL: $100,000 (excluding GST)
- Savills has also been commissioned to prepare the Industry Report which appears in Section 4 of this PDS. The Issuers have paid, or agreed to pay, $2,500 (excluding GST) for the above service in respect of the Offer.

These are included in the fees and expenses set out in Section 14.12. Further amounts may be paid to one or more of the parties above based for services providing following the date of this PDS. Any amounts incurred have not been taken into account in setting the Offer Price, but may be payable from Convenience Retail REIT following Allotment.

14.9. Description of the syndicate

The joint lead managers and Bookrunners to the Offer are Merrill Lynch Equities (Australia) Limited and UBS, AG, Australia Branch.

Securities, strategic advisory, and corporate advisory services are performed in Australia by Merrill Lynch International (Australia) Limited, Merrill Lynch Markets (Australia) Pty Limited, Merrill Lynch (Australia) Futures Limited, Merrill Lynch Equities (Australia) Limited and their Related Bodies Corporate (together **BofAML**) which hold, or are exempt from the requirement to hold, an AFSL. Apart from Bank of America NA, Australian Branch, none of the other BofAML entities are an Authorised Deposit-taking Institution under the *Banking Act 1959* (Cth) in Australia nor regulated by the Australian Prudential Regulation Authority. The obligations of BofAML entities in Australia (other than Bank of America NA, Australian Branch) do not represent deposits or other liabilities of Bank of America NA, Australian Branch and are not guaranteed by Bank of America NA, Australian Branch.

The **Retail Syndicate** comprises:

- the Joint Lead Manager, Evans and Partners Pty Ltd;
- the Co-Lead Managers, Morgans Financial Limited and Petra Capital Pty Ltd;
- the Co-Managers, Crestone Wealth Management Limited and National Australia Bank Limited.

14.10. Complaints

APN FM has a complaints handling and dispute resolution procedure which it follows to acknowledge, investigate, respond to and resolve complaints by Securityholders. APN FM will endeavour to acknowledge both written and verbal complaints immediately and in any event within five business days following receipt. APN FM will investigate the complaint with a view to resolving it and advise you as soon as possible. APN FM will finally resolve the complaint within 45 days of receipt of the complaint.

If you are not satisfied with APN FM's response, you can refer your complaint to the Financial Ombudsman Service, an external complaints handling body that provides an independent assessment of your complaint.

Financial Ombudsman Service
GPO Box 3
Melbourne VIC 3001
Phone: 1800 367 287 Website: www.fos.org.au Email: info@fos.org.au

This service operates as an independent body for the industry, to determine unresolved complaints. There is no cost to you for using this service.

If you require investment advice, you should contact your Broker, financial planner or other investment professional. It is suggested that you do contact any of these persons first, before raising a complaint with Convenience Retail REIT, if it relates to an investment in Convenience Retail REIT.

14.11. Consents

Written consents to the issue of this PDS have been given and, at the time of lodgement of this PDS, have not been withdrawn by the following parties:

- each of Merrill Lynch Equities (Australia) Limited and UBS, AG, Australia Branch has given and not withdrawn prior to lodgement of this PDS, their written consent to be named in this PDS as Bookrunner and joint lead manager to the Offer in the form and context in which they are named;
- Evans and Partners Pty Ltd has given and has not withdrawn prior to lodgement of this PDS, its written consent to be named in this PDS as Joint Lead Manager to the Offer in the form and context in which it is named;
- each of Morgans Financial Limited and Petra Capital Pty Ltd has given and has not withdrawn prior to lodgement of this PDS, their written consent to be named in this PDS as Co-Lead Manager to the Offer in the form and context in which they are named;
- each of Crestone Wealth Management Ltd and National Australia Bank Limited has given, and has not withdrawn prior to lodgement of this PDS, their written consent to be named in this PDS as Co-Managers to the Offer in the form and context in which they are named;
- Deloitte Corporate Finance Pty Limited has given, and has not withdrawn prior to lodgement of this PDS, its written consent to be named in this PDS as Investigating Accountant in the form and context in which it is named and has given and not withdrawn its consent to the inclusion of the Investigating Accountant's Report in the form and context in which they are included in this PDS;
- Deloitte Touche Tohmatsu has given, and has not withdrawn prior to lodgement of this PDS, its written consent to be named in this PDS as auditor to the REIT in the form and context in which it is named;
- Deloitte Tax Services Pty Ltd has given, and has not withdrawn prior to lodgement of this PDS, its written consent to be named in this PDS as taxation adviser (income tax) in relation to the Offer in the form and context in which it is named;
- Gilbert + Tobin has given, and has not withdrawn prior to lodgement of this PDS, its written consent to be named in this PDS as Australian legal adviser (other than in respect of property, environment, taxation and stamp duty) in relation to the Offer in the form and context in which it is named;
- Ashurst has given, and has not withdrawn prior to lodgement of this PDS, its written consent to be named in this PDS as taxation adviser (stamp duty and GST) in relation to the Offer in the form and context in which it is named;
- Grant Samuel Debt Structuring and Advisory Pty Limited has given, and has not withdrawn prior to lodgement of this PDS, its written consent to be named in this PDS as debt adviser in relation to the Offer in the form and context in which it is named;
- each of Savills Valuations Pty Ltd and Jones Lang LaSalle Advisory Services Pty Ltd has given, and has not withdrawn prior to lodgement of this PDS, its written consent to the inclusion in this PDS of statements made by it, including the statements specifically attributed to it in this PDS, in the form and context in which they are included;
- each of Puma Energy (Australia) Assets Holdings, Puma Energy (Australia) Holdings, Puma Energy Australia Ventures B.V., Puma Energy (Australia) Fuels Pty Ltd and Puma Energy Holdings Pte Ltd has given, and has not withdrawn prior to lodgement of this PDS, its written consent to the inclusion in this PDS of statements made by it, including the statements specifically attributed to it in this PDS, in the form and context in which they are included;
- Link Market Services Limited has given, and has not withdrawn prior to lodgement of this PDS, its written consent to be named in this PDS as the Registry in relation to the Offer in the form and context in which it is named. Link Market Services Limited has had no involvement in the preparation of any part of this PDS other than being named as Registry;

- APN Property Group has given, and has not withdrawn prior to lodgement of this PDS, its written consent to the inclusion in this PDS of statements made by it, including the statements specifically attributed to it in this PDS, in the form and context in which they are included; and
- the Manager has given, and has not withdrawn prior to lodgement of this PDS, its written consent to the inclusion in this PDS of statements made by it, including the statements specifically attributed to it in this PDS, in the form and context in which they are included.

None of the organisations referred to above has made any statement that is included in this PDS or any statement on which this PDS is based, other than any statement or report included in this PDS with the consent of that organisation as specified above.

Each of the organisations referred to above:

- has not authorised or caused the issue of this PDS;
- makes no representation; and
- expressly disclaims and takes no responsibility for any statements in or omissions from this PDS other than references to its name or a statement or report included in this PDS with the consent of that person as specified above.

Each Director and each director of SaleCo has given and has not, before lodgement of this PDS with ASIC, withdrawn their consent to be named in this PDS as a Director in the form and context in which they are named and for the statements made by and on behalf of them to be included in this PDS. Each Director as at the date of this PDS has consented to the lodgement of this PDS with ASIC.

Each director of APN PG has given and has not, before lodgement of this PDS with ASIC, withdrawn their consent to be named in this PDS as a director of APN PG in the form and context in which they are named and for the statements made by and on behalf of them to be included in this PDS.

14.12. Expenses of the Offer

The total expenses of the Offer payable are estimated at approximately $15.2 million (post GST) (see Section 12.5 for further information). They also include equity capital raising costs, advisory, legal, accounting, listing and other administrative fees, as well as printing, advertising and other expenses. These fees and expenses are payable by Convenience Retail REIT.

14.13. Litigation and claims

Convenience Retail REIT is not a party to any current litigation and the Board have no knowledge of any such potential litigation.

14.14. AML/CTF Act

APN FM and SaleCo (each a Reporting Entity) are bound by laws relating to the prevention of money laundering and the financing of terrorism, including the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (Cth) (**AML/CTF Act**) and associated rules and regulations. A Reporting Entity may be required to collect certain customer identification information and verify that information in compliance with the AML/CTF Act and associated rules and regulations before the entity can issue or sell Stapled Securities to investors. Notwithstanding any other provisions of this document, each investor agrees to provide any information or documents reasonably requested in order to ensure compliance with the AML/CTF Act and associated rules and regulations.

Customer identification information may include detailed know your customer (KYC) information in relation to the investor such as, for an individual, name, address, and date of birth and for an Applicant that is a business entity, details of directors and beneficial owners, and where the investor is a trustee, details of the trust and beneficiaries. A Reporting Entity may require further KYC information such as information concerning business activities, structure and source of funds of investors and from time to time may require an investor to provide updated or additional information.

A Reporting Entity may refuse to accept an application or decline to issue or sell Stapled Securities to an investor until the entity has satisfactorily concluded a customer identification procedure in relation to the investor. A Reporting Entity may delay or refuse any request or transaction, including by suspending the issue, sale or redemption of Stapled Securities if the Reporting Entity is concerned that the request or transaction may cause the Reporting Entity to contravene the AML/CTF Act. A Reporting Entity will incur no liability to the investor if it does so.

By completing the Application Form, you agree:

- to provide to the Reporting Entity any information or documents which a Reporting Entity reasonably requests be provided in order for the Reporting Entity to comply with the AML/CTF Act and associated rules and regulations. Information requested may include, identification checks and procedures, including in relation to an individual investor's name, address and date of birth and for an investor that is a company, details of directors and beneficial shareholders of the company; and

- to the extent permitted by law, if a Reporting Entity forms the view (in its reasonable opinion), that it is required to disclose information in order to comply with the AML/CTF Act and associated rules and regulations, such disclosure will not be a breach of any obligation or duty the Reporting Entity owes to investors and the Reporting Entity will not incur any liability to any investor in respect to such disclosure.

14.15. Personal information

The Application Form requires you to provide information that may be personal information for the purposes of the Privacy Act 1988 (Cth) (as amended) (**Privacy Act**). Convenience Retail REIT (and the Registry on its behalf) collects, holds and uses that personal information in order to assess your Application, service your needs as an investor, provide facilities and services that you request and to administer Convenience Retail REIT. The Corporations Act requires certain particulars of Stapled Securityholders to be collected and maintained in a public register.

Access to information may also be provided to other Convenience Retail REIT group entities and to Convenience Retail REIT's agents and service providers on the basis that they deal with such information as required by law. If you do not provide the information requested of you in the Application Form, the Registry may not be able to process your Application for Stapled Securities appropriately.

Under the Privacy Act, you may request access to your personal information held by (or on behalf of) Convenience Retail REIT. You can request access to your personal information by telephoning or writing to the Registry.

14.16. Application Form

Returning a completed Application Form will be taken to constitute a representation by the Applicant that they:

- have received a printed or electronic copy of the PDS (and any supplementary or replacement document) accompanying the Application Form and have read them all in full;
- agree that their Application is completed and lodged in accordance with this PDS and subject to the declarations and statements on their Application Form;
- declare that all details and statements in the Application Form are complete and accurate;
- acknowledge that once the Application Form is returned it may not be withdrawn;
- agree to being issued the number of Stapled Securities referable to the value they apply for (or a lower number issued in accordance with this PDS);
- if natural persons, are at least 18 years old and do not suffer from any legal disability preventing them from applying for Stapled Securities; and
- authorise Convenience Retail REIT and the Bookrunners and their officers or agents, to do anything on their behalf necessary for Stapled Securities to be issued to them, including to act on instructions received by the Registry using the contact details in the Application Form.

14.17. Goods and services tax

Under current Australian law, goods and services tax will not be payable in respect of any transfer of Stapled Securities.

14.18. Access to information

Convenience Retail REIT will regularly communication with Stapled Securityholders through:

- annual report including audited financial statements for each financial year;
- reviewed half yearly reports which provide an update on the operation and performance of Convenience Retail REIT;
- quarterly distribution statements;
- annual taxation statements or AMMA; and
- any continuous disclosure notices given by Convenience Retail REIT.

Convenience Retail REIT also has a website that will provide information on Convenience Retail REIT including current Stapled Security prices, access to half year and annual reports and distribution information. See www.crreit.com.au.

Convenience Retail REIT, as a disclosing entity, will be subject to regular reporting and disclosure obligations. Copies of documents lodged with ASIC in relation to Convenience Retail REIT may be obtained from, or inspected at, an ASIC office.

You also have the right to obtain a copy of each annual report, half yearly report and any continuous disclosure notice from Convenience Retail REIT free of charge. As at the date of this PDS, Convenience Retail REIT has not lodged with ASIC any annual report or half year report and have not given any continuous disclosure notices to ASX.

14.19. Further information

Further information about the REIT and APN FM can be found at www.crreit.com.au. All public reports and continuous disclosures will be accessible through this website.

14.20. Foreign selling restrictions

This document does not constitute an offer of Stapled Securities in any jurisdiction in which it would be unlawful. Stapled Securities may not be offered or sold in any country outside Australia except to the extent permitted below.

Hong Kong

WARNING: This document has not been, and will not be, authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the **SFO**). No action has been taken in Hong Kong to authorise this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the Stapled Securities have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO).

No advertisement, invitation or document relating to the Stapled Securities has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Stapled Securities which are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors as defined in the SFO and any rules made under that ordinance.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the **FMC Act)**. The Stapled Securities are not being offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

Singapore

This document has not been registered as a prospectus with the Monetary Authority of Singapore (**MAS**) and, accordingly, statutory liability under the Securities and Futures Act, Chapter 289 (the **SFA**) in relation to the content of prospectuses does not apply, and you should consider carefully whether the investment is suitable for you. Convenience Retail REIT is not a collective investment scheme authorised under Section 286 of the SFA or recognised by the MAS under Section 287 of the SFA and the New Securities are not allowed to be offered to the retail public.

This document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase of the Stapled Securities may not be circulated or distributed, nor may the Stapled Securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except to "institutional investors" (as defined in the SFA), or otherwise pursuant to, and in accordance with the conditions of, any other applicable provisions of the SFA.

This document has been given to you on the basis that you are an "institutional investor" (as defined under the SFA). In the event that you are not an "institutional investor", please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the Stapled Securities being subsequently offered for sale to any other party. You are advised to acquaint yourself with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

14.21. Governing law

Unless otherwise indicated, this PDS and the contracts that arise from the acceptance of the Applications are governed by the law applicable in Victoria and each Applicant submits to the exclusive jurisdiction of the courts of Victoria.

Appendix A Site register

Appendix A Site register

Asset	Address	State	Major tenant	Independent valuation ($m)	Capitalisation rate	WALE (years)
Citiswich Service Centre	Citiswich Travel Centre – 60 Hawkins Crescent, Bundamba	QLD	Puma	15.5	7.25%	17.5
Cluden	Cnr Edith St and Bruce Highway	QLD	Puma	12.1	7.25%	17.0
Raceview	63 Raceview St, Raceview	QLD	7-Eleven	9.1	6.75%	4.2
Roseneath	25 Kiernan Drive	QLD	Puma	6.8	7.50%	18.0
Caboolture	34-36 Cessna Drive, Caboolture	QLD	Puma	6.2	6.75%	13.0
Townsville	900 Ingham Road, Bohle	QLD	Puma	5.8	7.25%	16.5
Edmonton	28 Supply Road, Bentley Park	QLD	Puma	5.5	6.75%	15.5
Moranbah	1129 Moranbah Access Road, Moranbah	QLD	Puma	5.5	7.25%	15.5
Murrarie	1233 Wynnum Rd, Murrarie	QLD	Woolworths	5.1	7.38%	4.1
Charters Towers	71 Thompson Street, Charters Towers	QLD	Puma	5.4	8.25%	17.5
West End	21 Ingham Road	QLD	Puma	5.4	6.50%	18.0
Portsmith	102 – 104 Cook Street, Portsmith	QLD	Puma	5.3	7.25%	17.5
Browns Plains	264 Browns Plains Road	QLD	7-Eleven	5.3	6.38%	12.0
Wacol	1380 Boundary Road	QLD	Puma	5.2	7.25%	17.0
Redbank Plains	353 Redbank Plains Road, Redbank Plains	QLD	7-Eleven	4.9	6.25%	12.1
Woodridge	108 Compton Road, Woodridge	QLD	7-Eleven	4.9	6.25%	12.3
Glasshouse Mountains	840 Steve Irwin Way	QLD	Puma	4.8	7.25%	17.0
Puma Woodridge	127 Kingston Road	QLD	Puma	4.6	7.00%	16.0
Capalaba	2948 Old Cleveland Rd, Capalaba	QLD	Woolworths	4.4	7.50%	4.3
Mitchelton	550-560 Samford Rd, Mitchelton	QLD	Woolworths	3.7	7.50%	4.4
Slacks Creek	124 – 130 Paradise Rd, Slacks Creek	QLD	Woolworths	3.8	7.25%	4.3
Mt Cotton	420-426 Mt Cotton Rd, Capalaba	QLD	Woolworths	3.7	7.38%	4.3
Lawnton	708 Gympie Road, Lawnton	QLD	Viva Energy	3.8	7.63%	4.6

Asset	Address	State	Major tenant	Independent valuation ($m)	Capitalisation rate	WALE (years)
Gin Gin	2 Mulgrave Street, Gin Gin	QLD	Puma	3.7	7.50%	14.7
Bray Park	11 Sovereign Avenue, Bray Park	QLD	7-Eleven	3.7	6.25%	12.1
Puma Mango Hill	1977 Anzac Avenue	QLD	Puma	3.6	7.50%	17.0
Northgate	17 – 25 Toombul Rd, Northgate	QLD	Woolworths	3.4	7.50%	4.3
Banana	100/22 Nicholson Street	QLD	Puma	3.5	7.50%	18.0
Stratford	45 Arnold Street, Aeroglen	QLD	Puma	3.5	7.00%	16.5
Bowen	19038 Bruce Highway, Bowen	QLD	Puma	3.4	7.25%	17.5
Diddilibah	164-170 David Low Way	QLD	Puma	3.2	7.50%	16.0
Noosa	2215 David Low Way, Peregian Beach	QLD	Puma	3.2	7.00%	16.5
The Gap	983 Waterworks Road	QLD	Puma	3.1	7.00%	16.0
Kedron	273-279 Gympie Rd	QLD	Puma	3.1	7.00%	18.0
Mango Hill	Cnr Anzac Ave & Josey Rd, Mango Hill	QLD	Woolworths	2.9	7.50%	4.2
Calcium	4545 Flinders Highway, Reid River	QLD	Puma	2.6	8.50%	16.5
Rosslea	77-79 Bowen Street, Rosslea	QLD	Puma	2.5	6.75%	15.5
Garbutt	25 Bolam Street, Garbutt	QLD	Puma	2.2	7.50%	17.5
Manly West	216 Preston Road	QLD	Puma	2.1	7.25%	16.0
Maryborough	72 Walker Street	QLD	Puma	2.1	7.75%	18.0
Rockhampton	161 Thozet Road, Koongal	QLD	Puma	2.0	7.00%	16.5
Enoggera	282 Wardell Street	QLD	Puma	1.9	7.00%	16.0
D'Aguilar	1965 D'Aguilar Highway	QLD	Puma	1.8	8.25%	16.0
Sarina	45 Range Road, Sarina	QLD	Puma	1.8	7.50%	17.5
Atherton	49 Tolga Road, Atherton	QLD	Puma	1.8	7.25%	17.5
Bundaberg	10 Takalvan Street, Bundaberg West	QLD	Puma	1.7	7.00%	17.5
Zilzie	74 Connor Street, Zilzie	QLD	Puma	1.5	7.00%	15.5
Woree	656 Bruce Highway, Woree	QLD	Puma	1.4	7.00%	15.5

Asset	Address	State	Major tenant	Independent valuation ($m)	Capitalisation rate	WALE (years)
Nambour	921 Nambour Connection Rd	QLD	Puma	1.3	7.75%	17.0
Monto	1 Flinders Street, Monto	QLD	Puma	1.2	7.25%	16.5
Kempsey South Service Centre	511 Pacific Highway, South Kempsey	NSW	Puma	17.6	7.25%	17.5
Thornton	Cnr Weakleys and Glenwood Drives	NSW	Puma	8.6	6.50%	16.0
Kurri Kurri	Cnr Northcote Street & Main Street, Kurri Kurri	NSW	Puma	8.0	7.00%	17.5
Wetherill Park	449 Victoria Street	NSW	Puma	7.7	6.50%	18.0
Marayong	Cnr Vardys Rd & Turbo Rd, Marayong	NSW	Woolworths	7.3	7.00%	4.4
Belmont Nth	397 Pacific Hwy, Belmonth North	NSW	Woolworths	5.4	7.00%	4.7
Newcastle	172 New England Highway, Rutherford	NSW	Puma	5.3	6.50%	17.5
Canningvale	Cnr Amherst & Nicholsons Rd, Canningvale	WA	Woolworths	6.4	8.25%	4.7
Southlake	Cnr North Lake Rd, Southlake	WA	Woolworths	5.7	8.25%	4.7
Yanchep	1 Kakadu Road	WA	Puma	5.4	7.25%	18.0
South Hedland	Lot 401, Great Northern Highway (cnr Altitude Ave)	WA	Puma	5.2	8.00%	16.0
Glenfield	1182 Chapman Road	WA	Puma	4.6	8.25%	17.0
Hamilton Hill	224 Clontarf Road	WA	Puma	4.5	7.00%	17.0
Gwelup	1 Wishart Street	WA	Puma	3.6	7.00%	16.0
Geelong Nth	Cnr Thompson Rd & Victoria St, Geelong North	VIC	Woolworths	3.8	7.25%	4.3
Bayswater	591 Dorset Rd, Bayswater North	VIC	Woolworths	3.8	7.25%	3.2
Total/weighted average				**307.6**	**7.19%**	**13.6**

Appendix B Glossary

Appendix B Glossary

Term	Definition
7-Eleven	7-Eleven Stores Pty Ltd (ACN 005 299 427).
AAS	Australian Accounting Standards.
AASB	Australian Accounting Standards Board.
Additional Properties	Comprises the properties Raceview, Caboolture and Yanchep assumed to be acquired post Allotment.
Adjusted Offer Proceeds	Means the gross proceeds from the Offer less the proceeds in respect of the Stapled Securities issued or transferred to Puma Energy (Australia) Holdings or any of its affiliates and APN PG or any of its affiliates (excluding any managed investment schemes which are managed by APN PG or any of its affiliates) under the Offer.
AEST	Australian Eastern Standard Time.
AFSL	Australian Financial Services Licence.
Allotment	The allotment of Stapled Securities pursuant to the Offer.
Allotment Date	The date on which Allotment occurs.
AMIT	Attribution managed investment trust.
AML/CTF Act	*Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth).*
AML/CTF Rules	The Anti-Money Laundering and Counter-Terrorism Financing Rules, contained in the Anti-Money Laundering and Counter-Terrorism Financing Rules Instrument 2007 (No 1).
AMMA	AMIT member annual statement.
APN FM	APN Funds Management Limited (ACN 080 674 479).
Applicant	A person who submits an Application.
Application	An application to subscribe for Stapled Securities under this PDS.
Application Monies	The amount accompanying an Application Form submitted by an Applicant.
Application Form	The application form attached to or accompanying this PDS (including the electronic form provided by an online application facility).
APN PG	APN Property Group Limited (ACN 109 846 068).
AREIT	Australian real estate investment trust.
ASAE	Australian Standard on Assurance Engagements.
ASIC	Australian Securities and Investments Commission.
Associate	Has the meaning set out in section 12(2)(a) of the Corporations Act.
ASX	ASX Limited (ACN 008 624 691), the Australian Securities Exchange, or the market operated by it, as the context requires.
ASX Guidelines	ASX Corporate Governance Principles and Recommendations 3rd Edition.
ASX Settlement	ASX Settlement Pty Ltd (ABN 49 008 504 532).
Attached Security	A security which is Stapled or to be Stapled to a Unit in a Stapled Group Entity.
Board	The board of Directors of APN FM.
BofAML	Merrill Lynch International (Australia) Limited, Merrill Lynch Markets (Australia) Pty Limited, Merrill Lynch (Australia) Futures Limited, Merrill Lynch Equities (Australia) Limited and their Related Bodies Corporate.
Bookrunners	Means one or both of Merrill Lynch Equities (Australia) Limited and UBS, AG, Australia Branch.

Term	Definition
Broker	A broker, Joint Lead Manager, Co-Lead Manager or Co-Manager appointed by the Bookrunners to act as a participating broker to the Broker Firm Offer.
Broker Firm Offer	The invitation under this PDS to retail investors who have received a firm allocation of Stapled Securities from their Broker.
Caltex	Caltex Australia Petroleum Pty Ltd (ACN 000 032 128).
Cash-Out Facility	The sale facility whereby Eligible Unitholders can elect to cash-out their investment by transferring their interests to SaleCo in consideration for the Cash-Out Facility Price, which will be paid following the transfer by SaleCo of the Stapled Securities under the Cash-Out Facility Offer.
Cash-Out Facility Offer	The offer to sell Stapled Securities by SaleCo to Institutional Investors conducted as part of the Cash-Out Facility.
Cash-Out Facility Offer Bookbuild	The bookbuild process to be conducted by the Bookrunners in respect of the Cash-Out Facility Offer.
Cash-Out Facility Price	Means the higher of $3.00 per Stapled Security or any higher price per Stapled Security established through the Cash-Out Facility Offer Bookbuild as agreed between the Issuers and the Bookrunners.
CGT	Capital gains tax.
Closing Date	The date on which the Broker Firm Offer is expected to close, being Friday, 21 July 2017.
Co-Lead Managers	Means Morgans Financial Limited and Petra Capital Pty Ltd.
Co-Managers	Means National Australia Bank Limited and Crestone Wealth Management Limited.
Common Terms Deed	Has the meaning given in Sections 2.5.2 and 13.9.
Convenience Retail REIT or the REIT	The Stapled group made up of PPP, CRR2 and CRR3.
Co-operation Deed	Has the meaning given in Section 13.5.
Corporations Act	*Corporations Act 2001* (Cth).
CPI	Consumer price index.
CRR2	Convenience Retail REIT No. 2 ARSN 619 527 829.
CRR3	Convenience Retail REIT No. 3 ARSN 619 527 856.
CRR2 Unit	A unit in CRR2.
CRR3 Unit	A unit in CRR3.
CRR2 Unitholder	Means a holder of CRR2 Units.
CRR3 Unitholder	Means a holder of CRR3 Units.
Director	A director of APN FM.
Distribution	Distributions (of either income and/or capital/corpus, as the context requires) made by the Stapled Group Entities.
Distribution Yield	Represents the rate of return derived by dividing the Distribution per Stapled Security by the Offer Price on a per annum basis.
Distribution Calculation Date	Has the meaning given in Section 13.1.
DRP	Distribution reinvestment plan.
Eastern Seaboard States of Australia	Queensland, New South Wales and Victoria.

Term	Definition
EBITDA	Earnings before interest, foreign exchange gains and losses, re-measurement of financial liabilities, depreciation, amortisation and taxation.
EBITDAR	Earnings before interest, taxes, depreciation, amortisation, and restructuring or rent costs.
Election Form	The election form accompanying the Notice of Meeting for the Cash-Out Facility.
Eligible Unitholders	A Unitholder who is not an Ineligible Foreign Unitholder or a CRR2 Unitholder.
Executive Director	A Director who has managerial responsibility in APN FM.
Exiting CRR3 Unitholder	CRR3 Unitholders who have elected to sell some or all of their CRR3 Units to SaleCo via the Cash-Out Facility.
Exiting PPP Unitholder	PPP Unitholders who have elected to sell all of their PPP Units to SaleCo via the Cash-Out Facility.
Exiting Unitholder	Means: (a) Exiting PPP Unitholders; (b) Exiting CRR3 Unitholders; and (c) Ineligible Foreign Unitholders.
Explanatory Memorandum	The explanatory memorandum enclosed with the Notice of Meeting issued by APN FM in relation to PPP on Monday, 3 July 2017.
Exposure Period	The seven day period after the date of lodgement of this PDS with ASIC, which ASIC may extend by a further seven days.
Facility Agreements	Has the meaning given in Section 2.5.2.
FFO	Funds from operations, which represents net profit adjusted for transaction costs and non-cash accounting adjustments such as straight lining of rental income, amortisation of lease incentives, amortisation of upfront debt costs and other unrealised one-off items.
FFO Yield	Means the rate of return derived by dividing the FFO per Stapled Security by the Offer Price of $3.00.
Financial Information	Has the meaning given in Section 6.1.
FMC Act	Financial Markets Conduct Act 2013 of New Zealand.
Forecast Financial Information	Has the meaning given in Section 6.1.
Forecast Period	The period from Allotment to 30 June 2019.
FRCGW	Foreign resident capital gains withholding.
FY	Financial year.
Gearing	Interest bearing liabilities less cash divided by total assets less cash.
GAV	Means, in relation to the PPP, CRR2 or CRR3 (as applicable) the sum of: (a) the value of all real property, cash, investments, rights, income and other property of the PPP, CRR2 or CRR3 (as applicable); and (b) any other amounts which, in the opinion of the Responsible Entity, should be included for the purpose of making a fair and reasonable determination of the aggregate value of PPP, CRR2 or CRR3 (as applicable) having regard to ordinary accounting principles.
GST	Has the meaning given in section 195-1 of the *A New Tax System (Goods and Services Tax) Act 1999 (Cth)*.
IFRS	International Financial Reporting Standards.
Implementation Date	The date that implementation of the Transaction is completed, expected to be Tuesday, 1 August 2017.

Term	Definition
Implementation Deed	The implementation deed between APN FM as Responsible Entity of PPP, APN FM as Responsible Entity of CRR2, APN FM as Responsible Entity of CRR3, APN FM in its personal capacity, SaleCo and APN PG as summarised under Section 13.4.
Independent Valuation Reports	The reports set out in Section 8.
Independent Valuers or Valuers	JLL and Savills.
Industry Report	The report set out in Section 4.
Ineligible Foreign Unitholders	A Unitholder who does not have a registered address in Australia as at the Stapling Record Date and whom the Issuers determine is ineligible to receive a PPP Unit, CRR2 Unit and/or a CRR3 Unit (as applicable) because the laws of that foreign Unitholder's country of residence do not validly permit the issue of PPP Units, CRR2 Units and/or CRR3 Units (as applicable) to that Unitholder (or only do so subject to compliance with conditions which the Issuers agree are unacceptable or duly onerous or impracticable).
Initial Portfolio	Convenience Retail REIT's expected portfolio, consisting of 66 wholly-owned service station and convenience retail assets located across Australia.
Institutional Bookbuild	The bookbuild in respect of the Institutional Offer.
Institutional Investor	Investors who are invited to participate in the Institutional Offer and who are: (a) persons in Australia who are wholesale clients within the meaning of section 761G of the Corporations Act; and (b) institutional investors in certain other jurisdictions, as agreed by the Issuers and the Bookrunners, to whom offers of Stapled Securities may lawfully be made without the need for a lodged or registered product disclosure statement or other form of disclosure document of filing with, or approval by, any government agency (except one with which the Issuers are willing in their discretion to comply).
Institutional Offer	The offer under the PDS to certain institutional investors to apply for Stapled Securities.
Interest Cover Ratio	Means the ratio of EBITDA to the net interest expense in respect of the previous 12 months, or if the period between initial drawdown and the relevant date is less than 12 months, for that period annualised.
Investigating Accountant	Deloitte Corporate Finance Pty Limited (ACN 003 833 127).
Investigating Accountant's Report	The report issued by the Investigating Accountant, which is set out in Section 7.
Investment Grade	Tenants which are rated by one or more bond ratings firms as being "medium credit quality" (or its equivalent) or above.
Investment Management Agreement	The Investment Management Agreement between APN FM and the Manager.
Investment Manager, Property Manager or Manager	Convenience Retail Management Pty Limited (ACN 619 368 955), a Related Body Corporate of APN FM.
Investors	Australian resident individuals and complying superannuation entities that subscribe for Stapled Securities pursuant to the Offer and hold the Stapled Securities on capital account for Australian income tax purposes.
IPO	The initial public offer of Stapled Securities pursuant to the PDS.

Term	Definition
Issuers	Means the issuers of this PDS: (a) APN FM, as the Responsible Entity of the Stapled Group Entities and Convenience Retail REIT; and (b) SaleCo, and in respect of the Institutional Offer and the Broker Firm Offer means APN FM, as the Responsible Entity of the Stapled Group Entities and Convenience Retail REIT and in respect of the Cash-Out Facility Offer means SaleCo.
JLL	Jones Lang LaSalle Advisory Services Pty Limited (ACN 003 262 600).
Joint Lead Manager	Means Evans and Partners Pty Ltd.
KYC	Know your customer.
Lender	Has the meaning given in Section 2.5.2.
Listing	Listing of Convenience Retail REIT on the ASX.
Listing Rules	The official Listing rules of ASX from time to time as modified by any express written confirmation, waiver or exemption given by ASX.
Loan to Value Ratio	At any date the ratio (expressed as a percentage) of: (a) the aggregate of total debt owing under the Proposed Debt Facility; to (b) the total value of the properties in the portfolio which are subject to subject to a first ranking real property mortgage in favour of the security trustee.
LTI	Long term incentive.
MAS	The Monetary Authority of Singapore.
Material Adverse Change	Means any matter, event, change, condition or circumstance that is, or is reasonably likely to have a materially adverse effect on the business, assets, liabilities (including contingent liabilities), operations or financial condition of Convenience Retail REIT or the ability of a party to perform its obligations under the Implementation Deed.
MIT	Managed investment trust.
ML	Means megalitres.
MRPS	Mandatory redeemable preference shares.
NAV or Net Asset Value	The value of assets of Convenience Retail REIT less liabilities of Convenience Retail REIT from time to time.
NTA	Net tangible assets, being the value of assets of Convenience Retail REIT, less the liabilities of Convenience Retail REIT and less the intangible assets of Convenience Retail REIT from time to time.
NTI	New-to-industry.
NTP	New-to-Puma.
Non-Executive Director	A member of the Board that does not form part of APN FM's management.
Notice of Meeting	The notice of meeting sent to PPP Unitholders on Monday, 3 July 2017 in respect of the PPP Unitholder Meeting.
Offer	The offer of Stapled Securities under (and as contemplated by) this PDS, including the Institutional Offer, Broker Firm Offer, Cash-Out Facility Offer, and the offer of Units to facilitate the Stapling Unit Subscription.
Offering Document	Has the meaning given in Section 13.10.

Term	Definition
Offer Management Agreement	An agreement to be entered into between APN FM as Responsible Entity of PPP, APN FM as Responsible Entity of CRR2, APN FM as Responsible Entity of CRR3, CRR SaleCo Limited, Merrill Lynch Equities (Australia) Limited and UBS AG, Australia Branch in respect of the management of the Offer.
Offer Period	The period between the Opening Date and the Closing Date.
Offer Price	Means $3.00 per Stapled Security.
Official Quotation	Means admission of Convenience Retail REIT to the official list of the ASX and the quotation of stapled securities in Convenience Retail REIT on the ASX and **Officially Quoted** has a similar meaning.
Opening Date	The date on which the Broker Firm Offer will open, being Friday, 30 June 2017.
PDS	This product disclosure statement issued by APN FM and SaleCo.
PPP	APN Property Plus Portfolio ARSN 101 227 614, which if the Transaction proceeds will be renamed Convenience Retail REIT No. 1.
PPP Unit	A unit in PPP.
PPP Unitholder	A holder of PPP Units.
PPP Unitholder Meeting	The meeting of PPP Unitholders to consider and if thought fit pass the necessary resolutions.
Privacy Act	Means the *Privacy Act 1988* (Cth).
Pro Forma Consolidated Statement of Financial Position	Has the meaning given in Section 6.1.
Pro Forma and Statutory Forecast Consolidated Income Statements	Means the Pro Forma Forecast Consolidated Income Statements and the Statutory Forecast Consolidated Income Statements.
Pro Forma Forecast Consolidated Distribution Statements	Has the meaning given in Section 6.1.
Pro Forma Forecast Consolidated Income Statements	Has the meaning given in Section 6.1.
Proceeds	Means the amounts raised under the IPO.
Property Management Agreement	The Property Management Agreement between APN FM and the Manager.
Proposed Debt Facility	The debt facility that will be entered into by Convenience Retail REIT.
Puma Energy Australia	Means all Puma Energy Group entities registered in Australia, including: (a) the vendor of the Puma Properties: Puma Energy (Australia) Assets Holdings; (b) the tenant of Convenience Retail REIT: Puma Energy (Australia) Holdings; and (c) the commissioner of environmental reports: Puma Energy (Australia) Fuels Pty Ltd (ACN 009 644 151).
Puma Energy (Australia) Assets Holdings	Puma Energy (Australia) Assets Holdings Pty Ltd (ACN 167 119 020).
Puma Energy (Australia) Holdings	Puma Energy (Australia) Holdings Pty Ltd (ACN 147 978 890).
Puma Energy Group	Means the ultimate parent, Puma Energy Holdings Pte Ltd and its subsidiaries, including Puma Energy Australia group, and in relation to the Stapled Securityholder in Convenience Retail REIT: Puma Energy Australia Ventures B.V..
Puma Properties	The additional portfolio of 47 Puma branded and leased service station properties currently owned by or under contract to be acquired by Puma Energy Australia (or nominee).
Registry	Link Market Services Limited.

Term	Definition
Related Body Corporate	Has the meaning set out in the Corporations Act.
Related Party	Has the meaning given in the Corporations Act.
Relevant Interest	Has the meaning set out in section 608(3) of the Corporations Act.
Remaining Unitholders	A Unitholder that is not an Exiting Unitholder.
Reporting Entity	Has the meaning given in Section 14.14.
Responsible Entity	The responsible entity of Convenience Retail REIT and / or the Stapled Group Entities from time to time as the context requires (including APN FM as the case may be).
Retail Investor	Means investors who are not Institutional Investors
Retail Syndicate	Has the meaning given in Section 14.9.
Restructure Distribution	The Distribution by each Stapled Group Entity and, as the context requires, resulting subscription for and issue of PPP, CRR2 Units and CRR3 Units to Unitholders.
SaleCo	Means CRR SaleCo Limited (ACN 619 270 610), a special purpose vehicle incorporated to assist Exiting Unitholders exit their investment.
Savills	Savills Valuations Pty Ltd (ACN 151 048 056).
Section	Means a section of this PDS.
Securityholder Deed	Has the meaning given in Section 13.5.
Settlement	Means settlement in respect of the Stapled Securities the subject of the Offer Management Agreement and associated settlement support agreements.
Settlement Date	Means the day of settlement for the Institutional Offer, the Broker Firm Offer and the Cash-Out Facility Offer.
Settlement Operating Rules	The operating rules of ASX Settlement and, to the extent they are applicable, the operating rules of each of ASX and ASX Clear Pty Ltd (ABN 48 001 314 503).
SFA	*Securities and Futures Act*.
SFO	Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong
Special Distribution	A distribution of $0.315 by PPP as part of the implementation of the Transaction.
Stapled and Stapling	The stapling together of each of a PPP Unit, a CRR2 Unit and a CRR3 Unit so that one may not be transferred or otherwise dealt with without the others.
Stapled Group Entity	Means PPP, CRR2 or CRR3, as applicable and **Stapled Group Entities** means all of them.
Stapled Group Entity Constitutions	Means the constitutions of the Stapled Group Entities.
Stapled Group GAV	Means the sum of: (a) the value of all real property, cash, investments, rights, income and other property of Convenience Retail REIT; and (b) any other amounts which, in the opinion of the Responsible Entity, should be included for the purpose of making a fair and reasonable determination of the aggregate value of Convenience Retail REIT having regard to ordinary accounting principles.
Stapled Security	One PPP Unit stapled to one CRR2 Unit and one CRR3 Unit so that one security may not be issued, transferred or otherwise dealt with without a corresponding and simultaneous issue, transfer or dealing with the other security and which securities are or will be quoted jointly on the ASX.
Stapled Securityholder	A holder of Stapled Securities in Convenience Retail REIT.

Term	Definition
Stapling Deed	Means the stapling deed to be executed in connection with the Transaction.
Stapling Record Date	Is the date on which Stapling is to be determined by the Responsible Entity.
Stapling Unit Subscription	The Responsible Entity, on behalf of each holder of a Unit (Remaining Unitholders as at the Stapling Record Date and SaleCo), receiving a Distribution from PPP, CRR2 and CRR3 as applicable, with the aggregate proceeds of that Distribution being applied on behalf of each Remaining Unitholder and SaleCo to subscribe for new units in PPP, CRR2 and CRR3 as applicable.
Statutory Forecast Consolidated Income Statements	Has the meaning given in Section 6.1.
STI	Short term incentive.
Successful Applicants	Has the meaning given in Section 14.1.
Trafigura	Trafigura Beheer B.V.
Transaction	A series of transactions involving the following: (a) the Unit Consolidation and the related unit consolidations of PPP, CRR2 and CRR3; (b) the execution of financing documents in relation to the Proposed Debt Facility and satisfaction of each condition precedent in the financing documents; (c) listing on the ASX; (d) Allotment; (e) the sale by Exiting Unitholders who elect to exit their investment under the Cash-Out Option; (f) the reduction of the level of debt in PPP contemplated in the PDS; and (g) Restructure Distribution.
Transaction Costs	Costs associated with the Transaction. Total Transaction Costs are expected to be approximately $15.2 million.
Unit	Unit in a Stapled Group Entity.
Unit Consolidation	The consolidation of all Units on issue in each Stapled Group Entity prior to Listing on the ASX, to facilitate the Stapling.
Unitholder	A registered holder of Units.
Viva Energy Australia	Viva Energy Australia Pty Ltd (ACN 004 610 459).
WACR	Weighted average capitalisation rate.
WALE	Weighted average lease expiry as at 31 May 2017.
WARR	Weighted average rent review.
Woolworths	Woolworths Ltd (ACN 000 014 675).

Corporate Directory

Corporate Directory

Convenience Retail REIT

Comprising:

APN Property Plus Portfolio (ARSN 101 227 614)

Convenience Retail REIT No. 2 (ARSN 619 527 829)

Convenience Retail REIT No. 3 (ARSN 619 527 856)

APN Funds Management Limited

ABN 60 080 674 479

AFSL 237500

Level 30, 101 Collins Street

Melbourne VIC 3000

CRR SaleCo Limited

ACN 619 270 610

Level 30, 101 Collins Street

Melbourne VIC 3000

Legal Advisers

Gilbert + Tobin

Level 22, 101 Collins Street

Melbourne VIC 3000

Taxation Advisers

Ashurst

Level 26, 181 William Street

Melbourne VIC 3000

Deloitte Tax Services Pty Ltd

550 Bourke Street

Melbourne VIC 3000

Investigating Accountant

Deloitte Corporate Finance Pty Ltd

550 Bourke Street

Melbourne VIC 3000

Auditor

Deloitte Touche Tohmatsu

550 Bourke Street

Melbourne VIC 3000

Debt Advisory

Grant Samuel Debt Structuring and Advisory Pty Limited

Level 6, 1 Collins Street

Melbourne VIC 3000

Registry

Link Market Services Limited

Tower 4, 727 Collins Street

Melbourne VIC 3008

Bookrunners and joint lead managers

Merrill Lynch Equities (Australia) Limited

Level 34, 1 Farrer Place

Sydney NSW 2000

UBS AG, Australia Branch

Chifley Tower, Level 16, 2 Chifley Square

Sydney NSW 2000

Joint Lead Manager

Evans and Partners Pty Ltd

Mayfair Building, 171 Collins Street

Melbourne VIC 3000

Co-Lead Managers

Morgans Financial Limited

Level 29, 123 Eagle Street

Brisbane QLD 4000

Petra Capital Pty Ltd

Level 17, 14 Martin Place

Sydney NSW 2000

Co-Managers

Crestone Wealth Management Limited

Chifley Tower, Level 32, 2 Chifley Square

Sydney NSW 2000

National Australia Bank Limited

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