CONVENIENCE RETAIL REIT

Bank of America Merrill Lynch
8th Australian Real Estate Conference

October 2017

ASX Code: CRR

www.crreit.com.au

convenience RETAIL REIT

Investment highlights

Attractive and defensive distribution yield backed by long term, high quality leases

6.9%
FY18 distribution yield[1]

3.8%
Forecast FFO growth

$2.73
NTA per stapled security

30%
Current gearing[2]
(target range 25-40%)

$313
Portfolio value

67
Properties

99.4%
Occupancy

13.2
WALE

7.2%
Weighted average cap rate

1. Based on closing share price of $2.83 on 25 October 2017.
2. Calculated as Net Debt / Tangible Assets less cash.

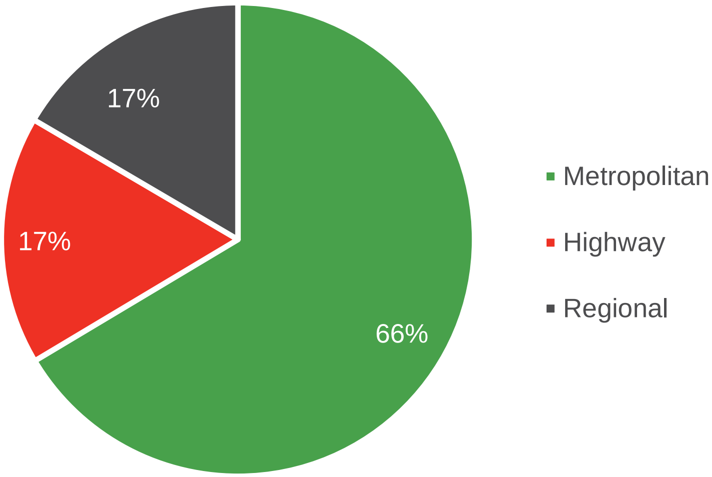
Portfolio overview

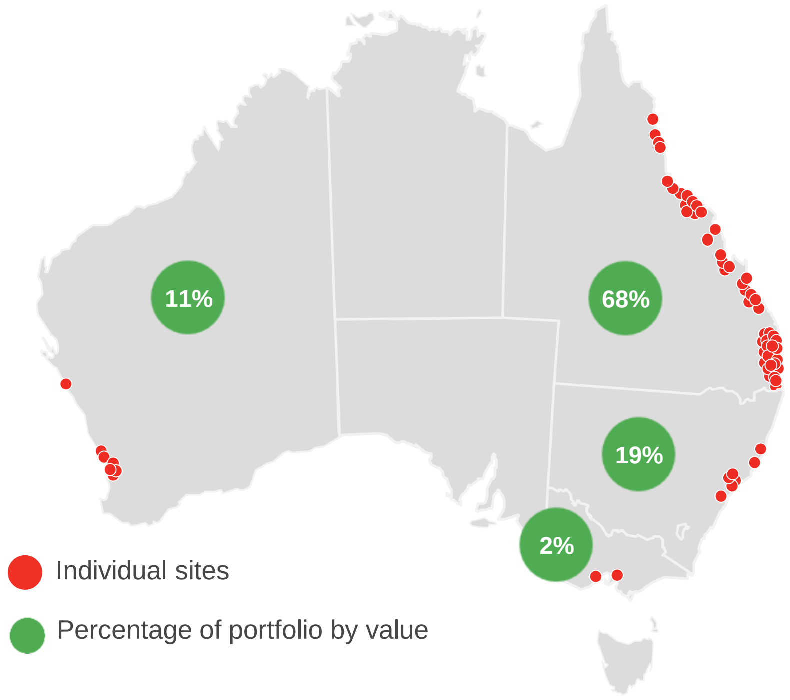
National portfolio weighted towards Australia's eastern seaboard states

Portfolio summary (by state)

State	Sites	Independent valuation ($m)	Average value ($m)	WACR	WALE (years)
QLD	51	$210	$4.1	7.2%	13.6
NSW	7	$60	$8.6	6.9%	14.2
WA	7	$35	$5.1	7.8%	12.5
VIC	2	$8	$3.8	7.3%	4.8
Total	**67**	**$313**	**$4.7**	**7.2%**	**13.2**

Breakdown by asset type





- 89% of portfolio located in Australia's eastern seaboard states
- Approx. 78% of Australia's population live in the eastern seaboard states[1]

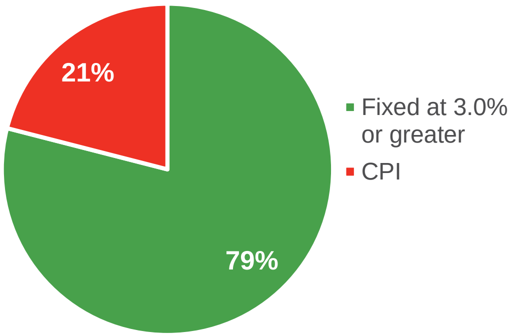
1. ABS 3101.0 - Australian Demographic Statistics, Dec 2016. Eastern seaboard states defined as NSW, VIC, QLD.

Long 13.2 year WALE and contracted annual rental growth

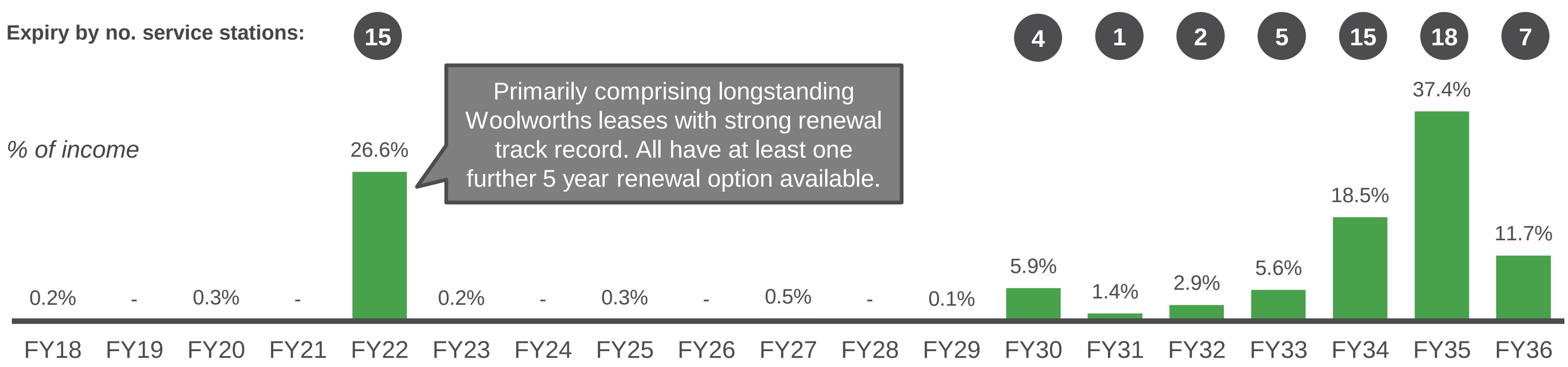
Long dated leases with strong renewal track record for FY22 expiries

- WALE of 13.2 years by income
- Over 80% of lease income expiring beyond FY30
- Expiries in FY22 relate to
  - Longstanding leases to tenants with a track record of exercising renewal options.
  - All sites have at least one further five year renewal option available
- Contracted average annual rental growth of 2.9% across the portfolio[1]

Rent review type by income[1]



Lease expiry profile (by income)



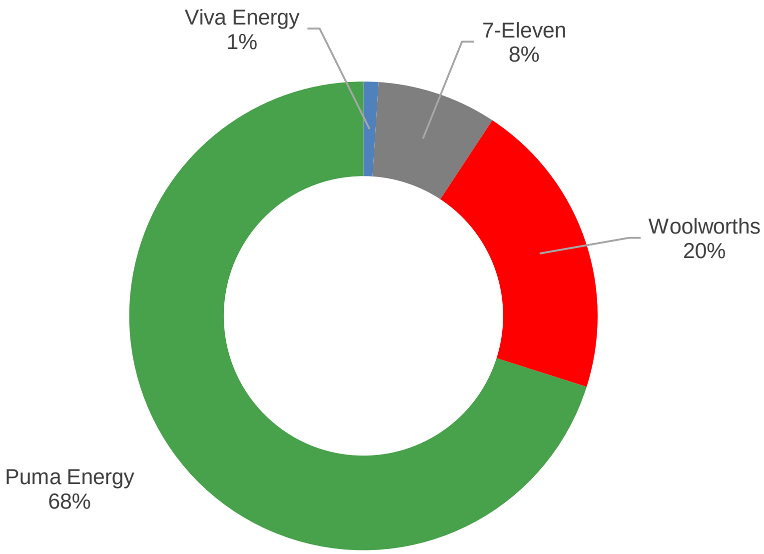
1. Assuming CPI of 2.0%.

Leading convenience retail tenants

Portfolio income supported by a strong, high quality tenant base

- Service station tenants account for 97% of the initial portfolio income
- Complementary retail services account for the balance of portfolio income
- Leases for majority of sites are structured such that the service station tenant subleases to the complementary retail service provider

Major tenants *(97% of portfolio income)*



Convenience Retail REIT growth strategy

Breadth of acquisition opportunity is strong in a fragmented ownership market

- Service station ownership is widely held creating a greater depth of acquisition opportunities
- As a tenant agnostic vehicle, CRR will pursue acquisition opportunities, both with Puma Energy and other tenants that exhibit strong lease covenants
- CRR has the first right to acquire any freehold site Puma Energy wishes to acquire, develop or sell
  - Puma Energy is currently in the planning phase on a number of additional sites, which have the potential to be future acquisition opportunities
- CRR is actively involved in discussions regarding further acquisitions, both single asset and portfolio acquisitions
- Convenience Retail REIT does not intend to take on material development risk
  - Fund-through structures may be used to secure assets on attractive terms while mitigating development risk (including leasing and construction risk)
- Team will continue to exercise good disciplines and judgement on identifying good value in a market that is not always providing good overall value

Puma Kempsey South

Proven ability to grow the portfolio

Three acquisitions since May 2017

- Total value $20.6 million representing ~7% increase in initial portfolio size
- Improving portfolio quality
- Completed off-market

Caboolture, QLD

- 13.0 year WALE
- Purchase price: $6.2m
- Cap rate: 6.75%
- Tenants: Puma Energy & Gloria Jeans
- New to Industry
- Metropolitan

Raceview, QLD

- 4.2 year WALE
- Purchase price: $9.1m
- Cap rate 6.91%
- Tenants: 7-Eleven, BWS Liquor, Subway & 4 specialties
- Metropolitan

Durack, QLD

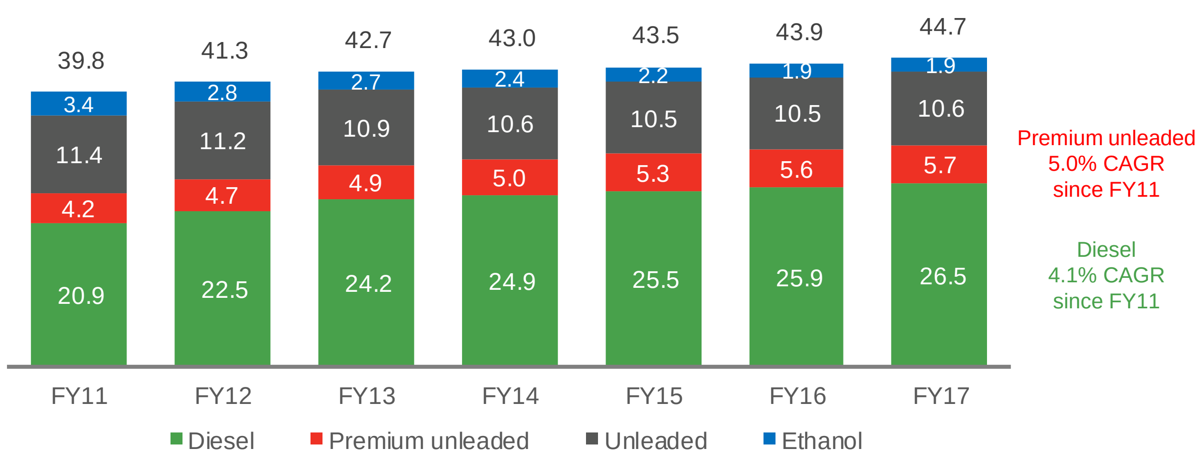
- 11.9 year WALE
- Purchase price: $5.25m
- Cap rate 6.78%
- Tenants: 7-Eleven & automotive mechanic
- Metropolitan

Market overview

Convenience retailing is an integral component of the service station industry

- Majority of service station operators are working on new concepts designed to increase gross profits generated from goods and services rather than fuel sales and impulse purchases
  - New offering includes meal kits or ready-to-eat dinner options
  - Laundry and parcel collection services
  - At forefront of evolutions in new retailing offers
- The Foodary (Caltex) has partnered with Sumo Salad, Guzman Y Gomez and Boost Juice
- BP plans to sell prepared meals and small range of groceries in a partnership with Woolworths drawing on its alliances with Marks & Spencer in Britain
- Increasing demand for Diesel and premium fuels, which collectively comprise over 70% of total fuel sales

Australian automotive fuel sales ('000 ML by type)[1]



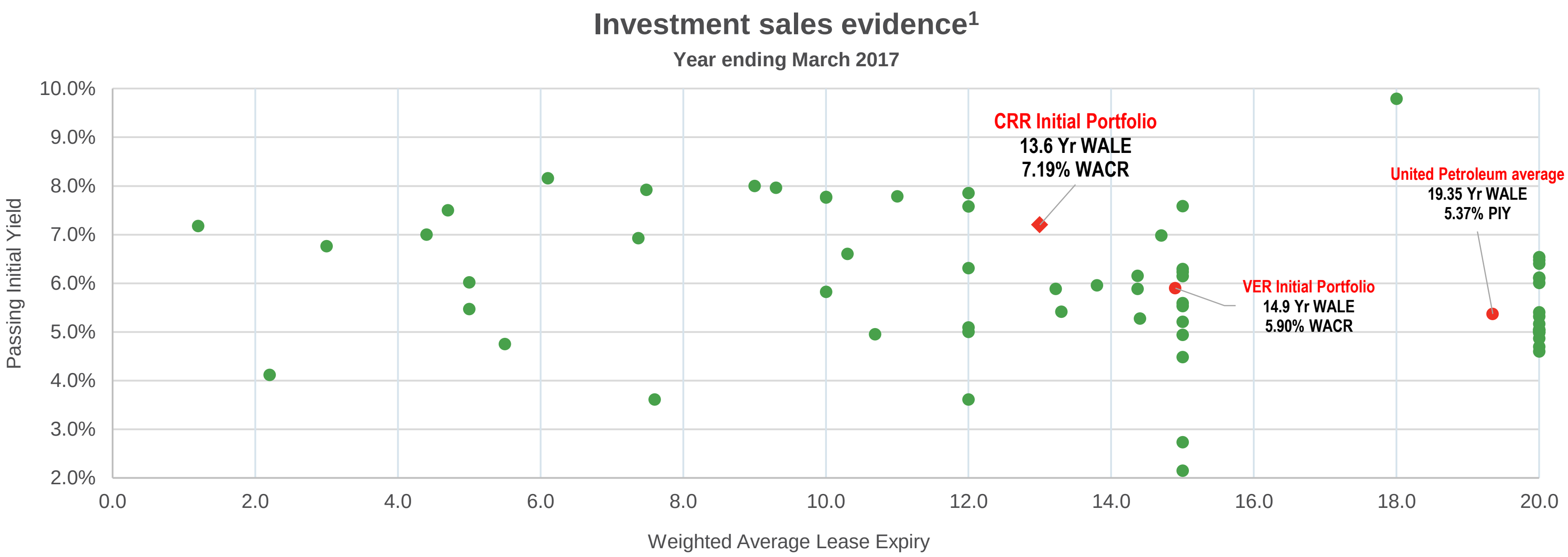
Diesel and premium fuels comprise over 70% of total fuel sales

1. Department of the Environment and Energy, Australian Petroleum Statistics Issue 252, July 2017.

Service station transaction market evidence

Demand for service stations continues to grow on both an individual asset and portfolio sale basis

- Structural changes over the past decade have enhanced the attractiveness of service stations as investments
  - Considerable industry rationalisation with estimates that there is now half the number of service stations that existed 25 years ago
  - Lower number of sites have led to increased annual volumes per site
  - The number of retail fuel sites in Australia has been relatively stable at 6,300-6,500 since 2005 with key players continuing to expand their networks



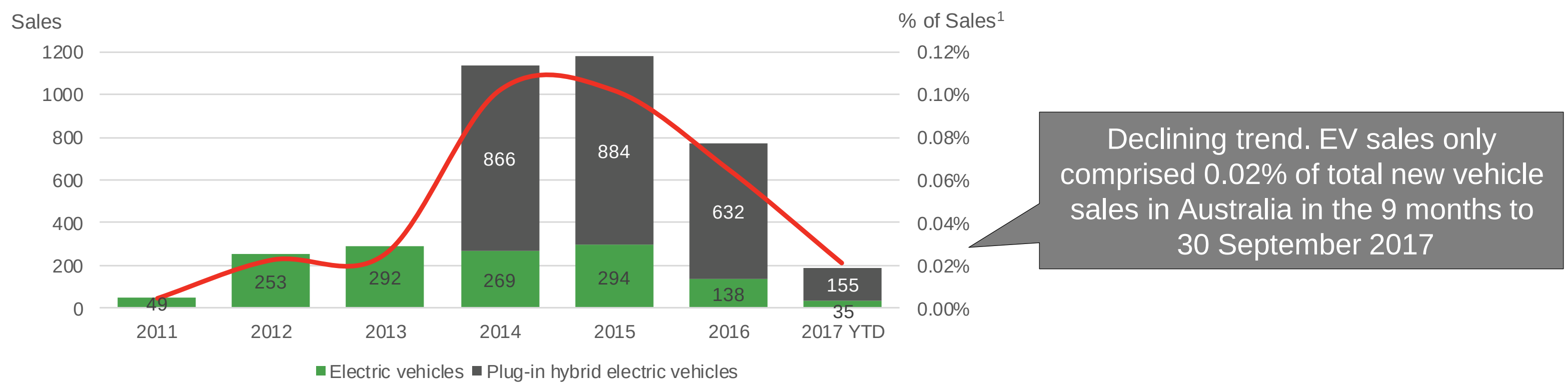
1. Savills Industry Report. This sales data is intended to provide an indication only, Savills are not representing that every sale within the sector has been captured.

Electric Vehicles

Electricity will inevitably be part of the energy mix offered at service stations in the future

- Purchase price, battery technology and access to charging infrastructure remain key barriers to uptake
  - Battery degradation limits life/usefulness of EV
  - Current battery technology delivers only 2-3% the driving range per litre of fuel
  - Substantially greater time commitment required to recharge and access to charging infrastructure is currently limited
- Currently no Government EV Policy in Australia and no subsidies offered to reduce purchase price or installation of home charging infrastructure
  - Australian Government currently generates ~$20 billion each year from fuel excise tax which would need to be replaced
  - In other jurisdiction's, government subsidies are significantly more costly than the economic benefit of the Co2 reductions
- Average Australian car ownership is ~11 years, making it one of the longest in the world and likely to result in longer uptake
- Current inability for EV's to replace long haulage/truck vehicles

EV & plug-in hybrid electric vehicle sales in Australia[2]



Source: BCA Research "EV Adoption Forecasts: A Wing and a Prayer", September 2017.

1. ABS New Motor Vehicle Sales data.
2. Federal Chamber of Automotive Industries New Vehicles Sales data. Excludes Tesla sales due to sales data not being publicly available.

Puma Energy overview

One of the world's leading energy companies

Puma Energy Global

- Global downstream and midstream fuel marketing company headquartered in Singapore
  - Puma Energy Group operates 2,519 service stations across 48 countries
  - Total volume sold of 21,968k m^3 (2016) and EBITDA of US$755 million (2016)
  - US$12.7 billion in revenue in 2016
- Puma Energy Group's largest shareholder is Trafigura, one of the world's largest traders of oil and petroleum products
- Puma Energy Group wholly owns Puma Energy Australia
- Puma Energy Australia able to source cost effective oil products via Puma Energy Group's network, most notably via Trafigura

Puma Energy Australia

- 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.
- In 2016, sold 2.4 billion litres of total petroleum products via its retail and commercial network
- Leading the group's strategic development in the key areas such as system development, bitumen R&D and retail convenience offerings

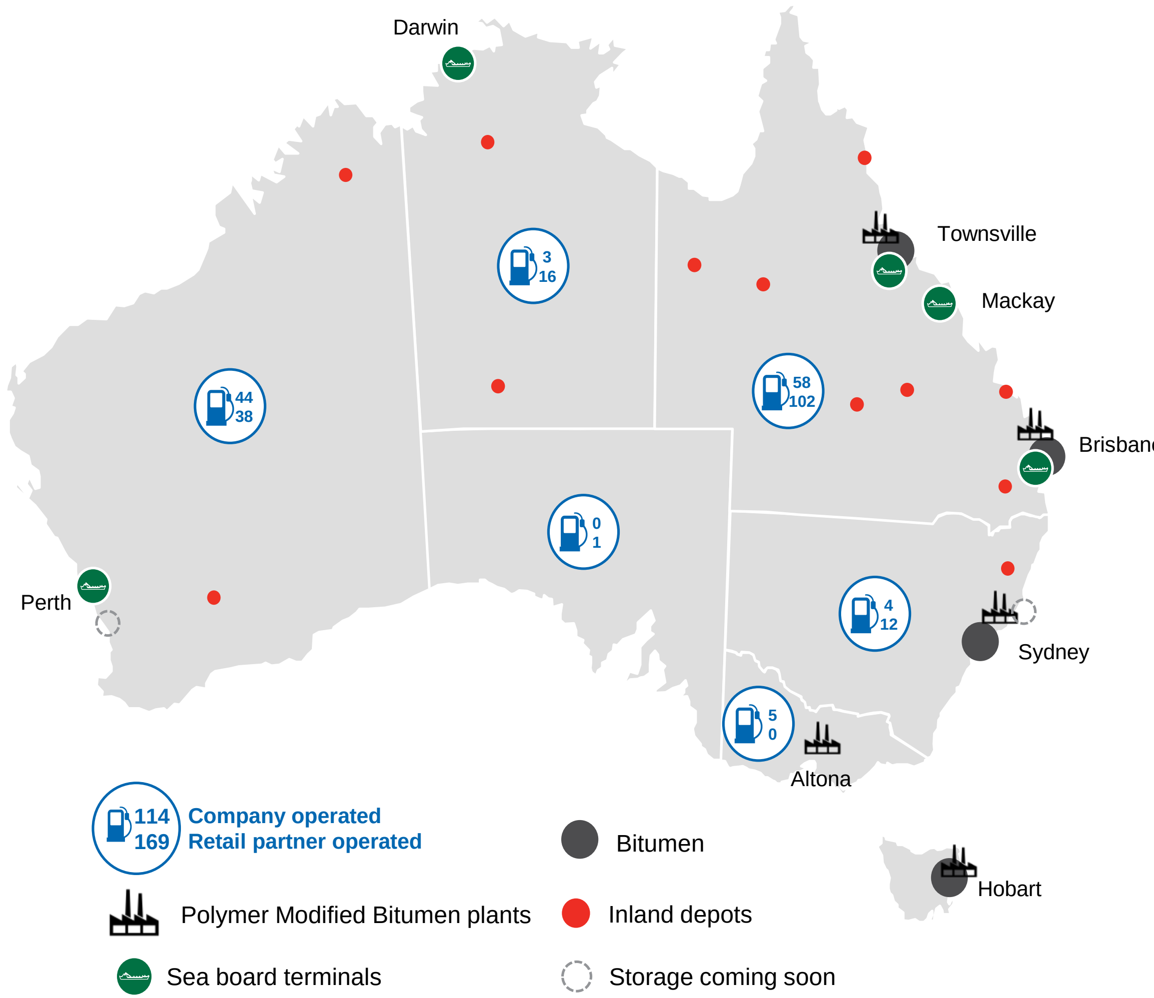
Source: Company filings and Puma Energy Pte. Ltd. 2016 Annual Report.

Puma Energy Australia network

A national downstream business with total investment in Australia over $1.5bn since 2012

- Extensive retail and commercial platform that supplies fuel products to 283 leased/owned sites
- Operates as exclusive commercial supplier of fuel products to a further 150+ independently owned retail sites nationally, 21 of which are branded Puma Energy
- Construction underway to further expand storage capacity in NSW and WA
- CRR is Puma's largest individual landlord with the remaining sites held by various single and multi-site landlords

Operating retail brands



Puma Energy Australia strategy and growth

Pursue rollout of national portfolio, focusing on underweight states and network infill

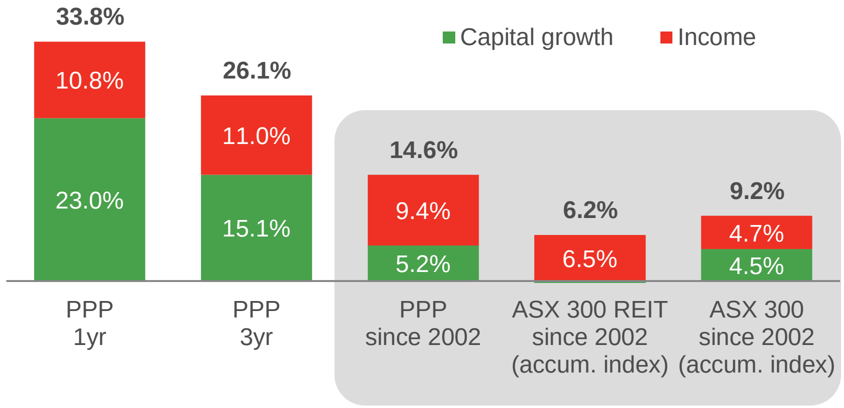
- Plans to expand retail network to over 300 managed service station sites by 2018
- Puma Energy's business strategy in Australia includes:
  - Significant expansion of retail network over the next few years:
    - Completion of a national diesel network, underpinned by high margin fuel product sold to a recurrent customer base
    - Filling complementary network locations in WA & QLD market
    - Strategic expansion into NSW & VIC
    - Grow share of card market to 10% from 3% currently
  - Development of the convenience retail offer via '7th Street Café' rollout and other initiatives
  - Completion of the fuel and bitumen supply infrastructure footprint
  - Organic growth of commercial business
  - Introduction of imported Puma lubricants

Service station track record

APN has a proven track record in this asset class

- APN has a 15-year track record managing service stations
  - Unlisted APN Property Plus Portfolio (PPP) fund which commenced 30 September 2002
  - Unlisted Australian Retail Property Fund (RPF) launched in December 2016

PPP Total Return versus market[1]



APN | Property Plus Portfolio

1. PPP and market returns as at 31 December 2016, with starting date of 30 September 2002 (PPP inception) unless specified otherwise. Market return data sourced from IRESS and based on accumulation indices.

APN – aligned and experienced manager

Strong investor alignment

- APN is strongly aligned to delivering investor returns – owning a $29 million co-investment stake in CRR
- Simple and transparent fee arrangements with no performance fees, acquisition fees or divestment fees. Management fee structure reduces as portfolio size increases
  - 0.65% p.a. of GAV up to $500m;
  - 0.60% p.a. of GAV greater than $500m, but less than $1.0bn;
  - 0.55% p.a. of GAV greater than $1.0bn, but less than $1.5bn; and
  - 0.50% p.a. of GAV greater than $1.5bn

Focused and dedicated management team

- Dedicated Fund Manager and management team
- Leveraging 18 average years of experience in real estate

Governance overseen by majority independent Board

- Board comprises majority independent Directors and an independent Chairman, ensuring robust governance framework
- 30 years average experience and Director roles on Boards including Sims Metal, MetLife, QV Equities and Folkestone

Manager with long track record and extensive relationships across capital and investment banks

- Relationships generate investment opportunities and access to multiple capital sources
- Founded in 1996 and grown to $2.6 billion of funds under management – including direct and listed real estate mandates

APN | AREIT Fund
APN | Asian REIT Fund
APN | Property Plus Portfolio
APN | Regional Property Fund
INDUSTRIAREIT
convenience RETAIL REIT

FY18 outlook and guidance

Let the journey unfold…

- Market guidance[1] for the 11 months to 30 June 2018
  - Distribution of 17.9 cents per security (annualised 19.5 cents)
  - Payout ratio of 98%
- Well positioned for growth in FY18
  - Actively progress acquisition opportunities
  - Partner with Puma as they pursue their national expansion plans
  - Establish new longstanding relationships

1. Guidance provided from Allotment Date, being 1 August 2017

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