

5 June 2018

Distribution Reinvestment Plan Rules

In accordance with ASX Listing Rule 3.10.8, please find attached the rules for the Convenience Retail REIT Distribution Reinvestment Plan (**DRP**) and the associated Distribution Reinvestment Plan Q&A booklet (**Q&A**). The **DRP** and **Q&A** have been established following the completion of a periodic review of policies and general market practice relevant to Convenience Retail REIT (**CRR**).

When activated, the **DRP** provides securityholders with the opportunity to reinvest all or part of their distributions for the issue of additional **CRR** securities, free of brokerage and other transaction costs.

Please note that the **DRP** is not currently activated.

Before any decision is taken to activate the **DRP** the Board will take into consideration, amongst other factors, the capital requirements of **CRR**, its trading price and the best interests of **CRR**'s investors.

ENDS

For further information, please contact:

Fund Manager
Chris Brockett
cbrockett@crreit.com.au
+61 3 8656 1044

About Convenience Retail REIT

Convenience Retail REIT ('**CRR**') is a listed Australian Real Estate Investment Trust (REIT) listed on the ASX (ASX code: **CRR**) which owns high quality Australian service stations and convenience retail assets. **CRR**'s portfolio of 69 properties valued at approximately \$335 million, is predominantly located on Australia's eastern seaboard and is leased to leading Australian and international convenience retail tenants. The portfolio offers a long weighted average lease expiry and contracted annual rent increases providing the REIT with a strong level of income security. **CRR** has a target gearing range of 25 – 40% as part of its conservative approach to capital management.

CRR is managed by APN Property Group Limited, an ASX listed company (ASX Code: **APD**) that has been managing real estate and real estate securities on behalf of institutional and retail investors since 1996. The REIT is governed by a majority independent Board.

www.crreit.com.au

Convenience Retail REIT

APN Funds Management Limited (ACN 080 674 479)
in its capacity as responsible entity of each of:

Convenience Retail REIT No. 1 (ARSN 101 227 614);
Convenience Retail REIT No. 2 (ARSN 619 527 829); and
Convenience Retail REIT No. 3 (ARSN 619 527 856)
(together **Convenience Retail REIT**).

Distribution Reinvestment Plan



convenience
RETAIL REIT

This Distribution Reinvestment Plan provides holders of securities in Convenience Retail REIT with the opportunity to reinvest all, or part, of their future distributions for new Stapled Securities in the Fund instead of receiving those distributions as cash. The Plan will commence on a date determined by the Directors of APN Funds Management Limited ACN 080 674 479, the responsible entity of the Fund.

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1 Commencement of Plan

The Plan will commence on the Commencement Date.

2 Eligibility for the Plan

2.1 Participation

Participation in the Plan:

- (a) is permitted for all Eligible Securityholders;
- (b) is optional and completely voluntary;
- (c) is not transferable; and
- (d) may be varied or terminated at any time in accordance with Rule 6.

2.2 Invitation

The Responsible Entity may, from time to time, invite Eligible Securityholders to participate in the Plan.

2.3 Eligible Securityholders

- (a) Subject to the rules in Rule 2, an **Eligible Securityholder** is, in respect of a particular Distribution:
 - (i) a Securityholder, as at that Distribution Record Date, whose address in the Fund's register is in Australia or New Zealand (unless that Securityholder holds Stapled Securities only on behalf of another person who resides outside of Australia or New Zealand); and
 - (ii) any other Securityholder as at that Distribution Record Date in respect of whom, the Directors are satisfied that:
 - (A) the offer and issue, or transfer, of Stapled Securities under the Plan to that person is lawful and practicable in the jurisdiction in which they reside; and
 - (B) the Securityholder does not hold Stapled Securities on behalf of any other person who would, if named as a Securityholder, not otherwise be an Eligible Securityholder.
- (b) The Directors have the absolute discretion to determine whether a Securityholder is an Eligible Securityholder at any time. In determining whether a Securityholder is an Eligible Securityholder, the Directors may consider any factors they consider relevant, including, but not limited to, whether the Securityholder's participation:
 - (i) is impracticable, impossible or illegal; or
 - (ii) may give rise to any breach of law, the ASX Listing Rules or a Constitution, or could otherwise prejudice the effective operation of the Plan or the Fund's compliance with its legal obligations.
- (c) The Directors may decide to suspend or withdraw an Eligible Securityholder's Stapled Securities from participation in the Plan at any time and at the Director's absolute discretion.

2.4 Jointly held Stapled Securities

All joint holders of Stapled Securities must sign a single DRP Participation Notice to validly participate in the Plan. If one, or more, of the joint holders of the Stapled Securities is not an Eligible Securityholder, none of the joint holders can apply to participate in the Plan with respect to any of the jointly held Stapled Securities.

2.5 DRP Participation Notice

- (a) If an Eligible Securityholder wishes to participate in the Plan, they must complete, sign and lodge a DRP Participation Notice with the Registry.
- (b) A separate Plan Form must be lodged for each Stapled Security holding account and each Stapled Security holding account of an Eligible Securityholder will be treated separately for all purposes under the Plan.
- (c) A Securityholder must submit a DRP Participation Notice, available from the Registry, to participate in the Plan.

3 Participation

3.1 Acceptance of DRP Participation Notice

When the Registry receives a valid DRP Participation Notice from an Eligible Securityholder, that Eligible Securityholder's participation will commence:

- (a) if the DRP Participation Notice is received by the DRP Election Date for a Distribution, in respect of that Distribution; or
- (b) otherwise, in respect of the subsequent Distributions.

3.2 Continuation of participation

A Participant's participation in the Plan continues until:

- (a) the Participant terminates their participation in the Plan by notifying the Registry on behalf of the Fund;
- (b) the Participant's participation is taken to be terminated in accordance with Rule 6.2;
- (c) the Participant ceases to be an Eligible Securityholder (however, the Securityholder may recommence as a Participant if they subsequently become an Eligible Securityholder again and subject to lodging a new DRP Participation Notice in accordance with Rule 2.5);
- (d) the Plan is terminated or suspended; or
- (e) their participation is superseded by a later DRP Participation Notice.

3.3 Degree of participation

- (a) If an Eligible Securityholder wishes to participate in the Plan, they must elect on their DRP Participation Notice the degree to which they wish to participate in the Plan by specifying either:
 - (i) **Full Participation**, which means the Participant receives an Allocation for all of the Participant's securityholding from time to time, including Stapled Securities previously Allocated under the Plan and any bonus Stapled Securities issued in respect of Plan Stapled Securities; or
 - (ii) **Partial Participation**, which means the Participant receives an Allocation equal to the percentage of the Participant's holding of Stapled Securities as specified by the Participant in the DRP Participation Notice. This means that, upon acquisition of additional Stapled Securities by the Participant, the same percentage of Stapled Securities already specified by the Participant in respect of the relevant Plan account, will be Plan Stapled Securities.

3.4 Full Participation conditions

Under Full Participation, all Stapled Securities in a Plan account of the Participant from time to time, including Stapled Securities issued pursuant to the Plan, are Plan Stapled Securities subject to:

- (a) any changes to the extent of that Participant's participation under Rule 6; and
- (b) any limitations imposed by the Directors under Rule 3.5.

3.5 Limited participation

- (a) Despite Rules 3.1 and 3.3, the Directors may at any time, by giving written notice to Eligible Securityholders, limit participation in the Plan.
- (b) This may include a determination that there will be a maximum or minimum number of Plan Stapled Securities permitted per Participant, whether this is in respect of a particular Distribution or Distributions generally, and other specific rules, terms or conditions the Directors determine are necessary or desirable in these circumstances.

3.6 Application taken to be for Full Participation

- (a) A DRP Participation Notice received by the Registry on behalf of the Fund is taken to be an application for Full Participation in the Plan for all Stapled Securities held by an Eligible Securityholder if the Eligible Securityholder:
 - (i) does not clearly indicate the percentage of Stapled Securities to participate in the Plan if the Eligible Securityholder seeks Partial Participation; or
 - (ii) does not clearly indicate whether the Eligible Securityholder intends to elect for Full or Partial Participation.
- (b) An Eligible Securityholder is not entitled to receive notice under this Rule 3.6.

3.7 Separate DRP Participation Notice required for each holding of Stapled Securities

For the avoidance of doubt, an Eligible Securityholder with more than one holding of Stapled Securities must submit a separate DRP Participation Notice in respect of each holding of Stapled Securities.

4 Acceptance of applications

4.1 Directors' discretion

- (a) The Directors may in their absolute discretion accept or refuse any DRP Participation Notice, without having to give any reason for their decision.
- (b) Any DRP Participation Form accepted by the Directors will be deemed to be accepted on the first Notice Day following the Distribution Payment Date for the Distribution to which it relates.

4.2 Rejection of DRP Participation Notice

Without limiting Rule 4.1, if the Directors refuse to accept a DRP Participation Notice, the Fund must notify the Eligible Securityholder as soon as is practicable to inform them that the DRP Participation Notice has been rejected.

4.3 Record of Plan Participation

- (a) For each Participant's securityholding, the Fund will record the particulars of:
 - (i) the name and address of the Participant (being the name and address in the Fund's register of members from time to time);
 - (ii) the number of Plan Stapled Securities held by the Participant from time to time; and
 - (iii) the Participant's level of participation in the Plan (being Full Participation or Partial Participation).
- (b) The Fund's records will be conclusive evidence of the matters recorded.

4.4 Significance of applying

By applying to participate in the Plan in accordance with these Rules, a Securityholder:

- (a) warrants to the Directors that they are an Eligible Securityholder;
- (b) authorises the Directors (and their delegates or agents) to correct any error in, or omission from, the Securityholder's DRP Participation Notice or any later DRP Participation Notice;
- (c) acknowledges that the Directors may at any time irrevocably determine that the Securityholder's DRP Participation Notice is valid, in accordance with these Rules, even if the DRP Participation Notice is incomplete, contains errors or is otherwise defective;
- (d) acknowledges that the Directors (and their delegates or agents) may reject any DRP Participation Notice;
- (e) consents to the establishment of a Plan account on their behalf in accordance with Rule 5.4;
- (f) acknowledges that any discount under Rule 5.6 may be different from one Distribution to the next;
- (g) acknowledges that the Fund may arrange for the Plan to be fully or partially underwritten in respect of any one or more Distributions;
- (h) warrants that if they are a joint Securityholder, all other joint Securityholders in relation to the same holding are Eligible Securityholders;
- (i) unconditionally agrees to these Rules and agrees not to do any act that would be contrary to the spirit, intention or purpose of the Plan; and
- (j) acknowledges that none of the Directors, the Fund nor its officers, employees, representatives or agents or the Registry have provided the Securityholder with any recommendation or investment, financial product or any other advice and that none of the above persons have any obligation to provide any advice concerning the Securityholder's decision to apply to participate in the Plan.

5 Reinvestment of Distributions

5.1 Reinvestment

The Directors may determine whether to Allocate Stapled Securities under this Plan by:

- (a) issuing new Stapled Securities;
- (b) transferring existing Stapled Securities; or
- (c) a combination of (a) and (b),

to a Participant in order to satisfy the obligations of the Fund under these Rules.

5.2 Transfer of existing Stapled Securities

Each Participant agrees to the appointment of a trustee nominated by the Responsible Entity as the agent of the Responsible Entity to acquire Stapled Securities on market, where the Responsible Entity decides to transfer existing Stapled Securities in accordance with Rule 5.1(b).

5.3 Fund reinvestment restrictions

- (a) Any Distributions on Plan Stapled Securities which the Fund is entitled to retain under a Constitution or otherwise will not be available for an Allocation of Stapled Securities.
- (b) Any portion of a Participant's Distributions on Plan Stapled Securities:
 - (i) which is deductible by the Fund as withholding tax; or
 - (ii) which the Fund is entitled or required to withhold or deduct for any reasons from the Distribution payable to that Participant,

will not be applied to an Allocation of Plan Stapled Securities.

5.4 Plan accounts

- (a) The Fund, or the Registry on the Fund's behalf, will establish and maintain a Plan account for each securityholding account of each Participant.
- (b) After the relevant Distribution Record Date, but prior to the relevant Distribution Payment Date:
 - (i) the Directors will:
 - (A) determine the Distribution payable in respect of the Plan Stapled Securities which may be reinvested under the Plan (before any deduction referred to in paragraph (B) below); and
 - (B) determine any amount to be withheld or deducted for taxation purposes, and any other sum the Fund is entitled to retain in respect of the Plan Stapled Securities; and
 - (ii) the Fund, or the Registry on the Fund's behalf, will:
 - (A) credit the amount in paragraph (i)(A) above and debit any amount in paragraph (i)(B) above to the Participant's Plan account;
 - (B) determine the maximum whole number of Stapled Securities which can be acquired under these Rules by using the amount in the Participant's Plan account and in accordance with Rule 5.5 below; and
 - (C) on behalf of and in the name of the Participant, subscribe for, or cause the transfer of, the number of Stapled Securities determined under paragraph (B) to the Participant.

5.5 Entitlement formula

After the Distribution Payment Date, each Participant will be Allocated Stapled Securities calculated in accordance with the formula below and Rule 5.7, and rounded down to the nearest whole number:

$$\frac{D - W}{O}$$

where:

- D** is the Distribution payable on the Participant's Plan Stapled Securities and any Residual Amount held in respect of that Securityholder (as at the Distribution Record Date for the particular Distribution) which may be reinvested under the Plan;
- W** is any withholding tax or other sum the Fund is entitled or required to withhold or deduct or retain in relation to the Distribution or the Plan Stapled Securities; and
- O** is the Offer Price.

Stapled Securities will not be Allocated under the Plan if the Allocation would breach the Listing Rules or any provision of any applicable law.

5.6 No discount unless otherwise determined

- (a) No discount will be applied to the calculation of the Offer Price, unless the Directors determine otherwise. If the Directors do resolve to apply a discount to the calculation of the Offer Price, the discount must not exceed the Discount as approved by the Board.
- (b) Any Discount applied to the Offer Price for a particular Distribution under the Plan may differ from any Discount applied to the Offer Price for any other Distribution under the Plan.
- (c) The Discount applied to a particular Distribution may be:
 - (i) nil; and
 - (ii) varied by announcement on the Fund's website and to the ASX at any time, but any variation will not apply to any Distributions already announced.

5.7 Residual Amounts

- (a) Subject to Rule 5.7(b), in calculating the number of Stapled Securities to be Allocated to a Participant under Rules 5.4 and 5.5 for a particular Distribution, if the amount to be reinvested in additional Stapled Securities results in a Residual Amount:
 - (i) subject to the proper withholding of any Tax or other amounts, the Residual Amount will be held without interest as a residual balance on account of the Participant for future reinvestment for the next Distribution Period; and
 - (ii) reinvestment of the Residual Amount will be at the Offer Price determined for the relevant Distribution Period.
- (b) Where:
 - (i) the Plan is terminated by the Board pursuant to these Rules; or
 - (ii) a Participant ceases to participate in the Plan for any reason,the Participant will not be entitled to be paid the Residual Amount and any Residual Amount in the Participant's DRP account at that time will be donated to a charity or charities as determined by the Board from time to time.

5.8 Statements

- (a) After each Allocation of Stapled Securities under the Plan, the Responsible Entity, as soon as practicable, will send to each Participant, for each securityholding account, a statement that contains:
 - (i) the number of the Participant's Plan Stapled Securities as at the relevant Distribution Record Date;
 - (ii) the Distribution payable in respect of that Participant's Plan Stapled Securities which has been applied towards acquiring additional Stapled Securities (by way of reinvestment);
 - (iii) the amount of any withholding tax or other sum the Fund is entitled or required to withhold or deduct or retain in relation to the Distribution or the Plan Stapled Securities;
 - (iv) the number and Offer Price of the newly Allocated Stapled Securities and the date that they were acquired by that Participant under the Plan;
 - (v) the total number of Stapled Securities (including Plan Stapled Securities) in respect of which that Participant is the registered holder;
 - (vi) the franked amount (if any) of the Distribution and the franking credit (if any) attached to the Distribution; and
 - (vii) any other matter required by law to be included in a statement confirming a transaction of this nature.
- (b) If a Participant has elected to receive electronic communications from the Responsible Entity, the Responsible Entity may give any notice, including a statement under this Rule 5.8 and any other written notice required under these Rules, by electronic means.

5.9 Equal ranking

All Stapled Securities Allocated under the Plan and existing Stapled Securities will rank equally in all respects, unless the Directors determine that they are not to participate in either or both of:

- (a) the next Distribution paid; and
- (b) any offer of Stapled Securities open when Stapled Securities are Allocated under the Plan.

5.10 Allocation of Stapled Securities

Stapled Securities to be Allocated under the Plan will be Allocated within the time required by each Constitution, the ASX, the Listing Rules, and the Registry.

5.11 Responsible Entity to ensure that Plan Stapled Securities can be traded on ASX

The Responsible Entity must do all things reasonably necessary for any Stapled Securities Allocated under the Plan to be capable of being traded on the ASX and to have a market price.

5.12 Underwriting

The Directors may choose to arrange for one or more persons to partially or fully underwrite the Plan in respect of any Distribution.

5.13 Components of the Stapled Securities

The allocation of the Office Price of the Stapled Securities under the Plan between each component of the Stapled Securities will be determined by the Responsible Entity.

6 Variation or termination of participation

6.1 DRP Participation Notice

- (a) A Participant may lodge with the Registry on behalf of the Fund, a DRP Participation Notice that may:
 - (i) increase or decrease the number of their Plan Stapled Securities or change the degree of their participation; or
 - (ii) terminate their participation in the Plan.
- (b) A DRP Participation Notice must be lodged for each securityholding account.
- (c) To affect a future Distribution Allocation, the DRP Participation Notice must be received by the Registry on behalf of the Fund by the DRP Election Date for a Distribution.

6.2 Participation taken to be terminated

If a Participant:

- (a) disposes of all of their Stapled Securities without giving the Registry, on behalf of the Fund, a DRP Participation Notice; and
- (b) is not registered as a Securityholder of any Stapled Securities at the DRP Election Date for a Distribution, the Participant is considered to have terminated participation in the Plan immediately prior to such DRP Election Date.

6.3 Part disposal and no notice

- (a) It is recognised that Participants may buy and sell Stapled Securities between Distribution Record Dates. A Participant will be considered to have 'disposed' of Stapled Securities if the Participant holds fewer Stapled Securities on a Distribution Record Date than the Participant held on the preceding Distribution Record Date.
- (b) If a Participant, who elected Full Participation, disposes of some but not all of their Stapled Securities, and does not notify the Registry on behalf of the Fund by way of a DRP Participation Notice, the Stapled Securities retained by the Participant will be taken to be Plan Stapled Securities.
- (c) Where a Participant who elected Partial Participation:
 - (i) disposes of some but not all of their Stapled Securities; and
 - (ii) does not notify the Registry on behalf of the Fund by way of a DRP Participation Notice, the percentage previously specified by the Participant will be automatically applied to their new holding of Stapled Securities to determine the number of that Participant's Plan Stapled Securities.

6.4 Termination on death

- (a) If a Participant dies, their participation in the Plan will terminate when the Fund receives written notice of their death.
- (b) The death of one, or more, joint Securityholders does not automatically terminate the participation, provided the remaining joint Securityholders are still all Eligible Securityholders.

6.5 Termination on bankruptcy

- (a) If a Participant is declared bankrupt or is wound-up, their participation in the Plan terminates when the Fund receives a notification of bankruptcy or winding-up from the Participant, or the Participant's trustee in bankruptcy or liquidator, whichever is relevant.
- (b) The bankruptcy or winding-up of one, or more, joint Securityholders does not automatically terminate the participation, provided the remaining joint Securityholders are still all Eligible Securityholders.

7 Modification, suspension and termination of the Plan

7.1 Directors' powers

The Plan and these Rules may be:

- (a) modified;
- (b) suspended;
- (c) recommenced; or
- (d) terminated,

by the Directors at any time and at their sole discretion.

7.2 Modification

- (a) If the Plan or these Rules are modified, a Participant will continue to Participate under the Plan unless the Participant terminates their participation in the Plan by submitting a DRP Participation Notice in accordance with Rule 6.1 or is taken to have terminated their participation under Rules 6.2, 6.4, or 6.5.
- (b) A modification of the Rules will take effect from the date specified by the Responsible Entity (Variation Date).

7.3 Suspension

If the Plan is suspended:

- (a) each Participant's application to Participate in the Plan will be ineffective during the suspension period; and
- (b) no Stapled Securities will be classified as Plan Stapled Securities for the purpose of any Distribution declared during the suspension period.

7.4 No Distributions during suspension

Distributions on Plan Stapled Securities will not be reinvested by the Directors to Allocate additional Stapled Securities for Participants while the Plan is suspended.

7.5 Recommencement

If the Plan is recommenced following a suspension, the Participant's previously suspended DRP Participation Notice will be reinstated, and be valid and effective in accordance with these Rules for the purposes of the recommenced Plan, unless:

- (a) a DRP Participation Notice or relevant election notice is validly submitted by the Securityholder by 5.00pm on the Business Day after the next Distribution Record Date following the reinstatement of the Plan; or
- (b) determined otherwise by the Directors and notified to Participants under Rule 7.6.

7.6 Notice

- (a) The Fund will give notice of any:
 - (i) **termination of the Plan** to Participants as soon as reasonably practicable prior to, or after, the effective date of the termination;
 - (ii) **variation of the Plan or Rules** to Eligible Securityholders to give sufficient notice to all Eligible Securityholders prior to the DRP Election Date to allow Eligible Securityholders to withdraw or otherwise change their level of participation before the variations take effect;
 - (iii) **suspension or recommencement of the Plan** to Participants as soon as reasonably practicable prior to, or after, the effective date of the suspension or recommencement.
- (b) Notice may be provided in any matter that the Directors consider appropriate to communicate the type of event to the Participants or Eligible Securityholders. This may include, but is not limited to, public announcement, advertisements in the media, notice on the Fund's website, announcements to the ASX, or mailed written notices.

7.7 No liability

Any variation, suspension, recommencement or termination of the Plan will not give rise to any liability on the part of, or right of action against, the Responsible Entity (in any capacity) or its Directors, officers, employees, representatives, or agents.

7.8 Omission or non-receipt of notice

Any variation, suspension, or termination of the Plan or the Rules will not be invalidated due to the accidental omission to notify any Participant of the changes, nor the non-receipt of any notification by any Participant.

8 Administration of the Plan

The Directors will administer the Plan in accordance with the Listing Rules and each Constitution. This includes the Directors' power to:

- (a) determine and arrange the procedures for the administration of the Plan consistent with these Rules;
- (b) settle in any manner as they determine to be practical, any difficulties, anomalies or disputes which may arise in connection with the Plan, whether generally or in relation to a specific Participant or any Stapled Securities. Any determination of the Directors is binding on all Participants and other persons to whom the determination affects; and
- (c) delegate to any person, for any period of time and on any conditions as they determine, the exercise of any of their powers or discretions under these Rules and the Plan.

9 Participants to be bound

Participants are at all times bound by these Rules.

10 Taxation and costs to Participants

- (a) Participants are not required to pay any brokerage, commission or other transaction costs in respect of Stapled Securities Allocated under the Plan.
- (b) The Directors, the Fund and its officers, employees and agents:
 - (i) take no responsibility nor assume any liability for any Taxes or other payable sums imposed on, or required to be paid by, a Participant; and
 - (ii) do not represent or warrant that any person will gain any taxation advantage, or will incur a taxation liability or disadvantage, as a result of participation in the Plan.

11 Liability

- (a) Neither the Responsible Entity (in any capacity) nor any Director officer, employee, agent, representative or advisor of the Responsible Entity is liable or responsible to any Participant for any loss or alleged loss or disadvantage suffered or incurred by a Participant as a result, directly or indirectly, of any one or more of:
 - (i) the establishment or operation of the Plan;
 - (ii) participation in the Plan; or
 - (iii) any advice given with respect to participation in the Plan by any other person.
- (b) Without limiting Rule 11(a), the Responsible Entity is not liable for any loss or damage that arises in connection with any trading of Stapled Securities that occurs prior to an Eligible Securityholder receiving a statement from CHES (whether personally or through their broker or other agent) confirming their holding in the Fund as recorded by ASX.

12 Governing law

These Rules will be governed by and construed in accordance with the laws of Victoria, Australia.

13 Destapling

- (a) If Stapling ceases to apply, this Plan will terminate automatically, unless determined otherwise by the Directors in their sole discretion.
- (b) While Stapling applies:
 - (i) securities in Convenience Retail REIT No. 1, Convenience Retail REIT No. 2 and Convenience Retail REIT No. 3 may only be issued or transferred under this Plan in identical numbers; and
 - (ii) Distributions on securities in Convenience Retail REIT No. 1, Convenience Retail REIT No. 2 and Convenience Retail REIT No. 3 may be pooled for the purpose of calculating your entitlement to additional Stapled Securities under the Plan.

14 Transfer of Stapled Securities

- (a) A Participant may sell, transfer or otherwise dispose of any Plan Stapled Securities.
- (b) Plan Stapled Securities sold after the Record Date for a relevant Distribution will remain subject to the Plan for that Distribution.
- (c) If a Participant sells, transfers or otherwise disposes of all of their Plan Stapled Securities:
 - (i) without giving the Registry notice withdrawing those Stapled Securities from the Plan in accordance with Rule 14(b); and
 - (ii) the Participant is no longer the registered holder of Stapled Securities at the next DRP Election Date, the Participant will be deemed to have withdrawn from the Plan on that DRP Election Date.

15 Definitions and interpretations

15.1 Definitions

The following words have these meanings in these Rules, unless the contrary intention appears:

Allocation means:

- (a) the issue of Stapled Securities to a Participant under the Plan; or
- (b) the transfer of Stapled Securities acquired for the purposes of the Plan to a Participant,

as the case may be, and **Allocate** and **Allocated** have a corresponding meaning.

ASX means ASX Limited ACN 008 624 691 or the Australian Securities Exchange, as the context requires.

Board means the Directors acting as a board of Directors of the Responsible Entity or any duly appointed committee of the Board.

Business Day has the meaning given in the Listing Rules.

Commencement Date means a date that the Directors in their sole discretion determine.

Constitution means a constitution of any of the entities comprising the Fund as amended from time to time.

Directors means the directors of the Responsible Entity (including, unless otherwise expressly not permitted, any duly appointed committee of the Board or any person to whom certain powers are delegated by the Board in accordance with the constitution of the Responsible Entity).

Discount means the percentage discount (if applicable) determined by the Directors (in its absolute discretion) to be applied in calculating the Offer Price per Stapled Security, which will not exceed 10%.

Distribution means a distribution paid by the Fund.

Distribution Payment Date means the date on which a Distribution is payable, as announced by the Fund to the ASX.

Distribution Record Date means the time and date, as determined by the Directors, at which a person holds or is taken to hold Stapled Securities for the purpose of determining the entitlement of Securityholders to Distributions.

DRP Election Date means 5:00pm (or such other time set determined by the Directors) on the Business Day after a Distribution Record Date.

DRP Participation Notice means a notice, whether hardcopy or electronic, used to apply for, vary or terminate participation in the Plan, as approved by the Directors from time to time.

Eligible Securityholder has the meaning given in Rule 2.

Full Participation has the meaning given in Rule 3.3.

Fund means APN Funds Management Limited ACN 080 674 479 in its capacity as responsible entity of each of:

- (a) Convenience Retail REIT No. 1 ARSN 101 227 614;
- (b) Convenience Retail REIT No. 2 ARSN 619 527 829; and
- (c) Convenience Retail REIT No. 3 ARSN 619 527 856.

Listing Rules means the official listing rules of the ASX.

Normal Trade means all trades excluding special trades (such as special crossings, overseas trades, and option exercise trades) and any other trade determined by the Directors in its discretion to not constitute normal trading in Stapled Securities.

Offer Price means, in respect of any Stapled Securities Allocated under the Plan:

- (a) the arithmetical average of the daily volume weighted average market price (rounded to the nearest cent) of all Stapled Securities traded in respect of Normal Trades recorded on the ASX during the first five Business Days following the period to which the Distribution relates, less any Discount determined by the Directors under Rule 5.6, rounded to four decimal places; or
- (b) if the Responsible Entity believes that that the calculation in paragraph (a) does not provide a fair reflection of the market value of the Stapled Securities during this period, an amount determined by an expert independent of the Responsible Entity whose identity and instructions will be determined by the Responsible Entity.

The weighted average market price will be calculated by the Directors or a person nominated by the Directors, by reference to any information the Directors approve for this purpose. A determination by the Directors (or their delegate) of the Offer Price will be final and binding on all Participants.

Partial Participation has the meaning given in the Rule 3.3.

Participant means an Eligible Securityholder whose application to participate in the Plan in respect of a particular securityholding account has been accepted by the Directors.

Plan means the Distribution Reinvestment Plan of the Fund, the terms of which are set out in these Rules.

Plan Stapled Securities means the Stapled Securities which are designated by a Participant as Stapled Securities for which Distributions are to be applied to acquire additional Stapled Securities under the Plan.

Residual Amount means the remainder of the Distribution on the Participant's Plan Stapled Securities not applied towards an Allocation of Stapled Securities under the Plan (if any) due to:

- (a) rounding in the calculation of Stapled Securities Allocated; or
- (b) the calculation under Rule 5.5 resulting in the Participant being entitled to a fraction of a Stapled Security.

Responsible Entity means APN Funds Management Limited ACN 080 674 479.

Rules means the rules of the Plan as set out in this document, as amended from time to time.

Registry means Link Market Services Limited or any other registry that maintains the register of members of the Fund from time to time.

Securityholder means a person registered as the holder of a Stapled Security.

Stapled Security means a stapled security in the Fund, comprising one security in each of:

- (a) Convenience Retail REIT No. 1 ARSN 101 227 614;
- (b) Convenience Retail REIT No. 2 ARSN 619 527 829; and
- (c) Convenience Retail REIT No. 3 ARSN 619 527 856.

Stapling means the stapling of securities comprising the Stapled Securities.

Tax includes any tax, levy, impost, goods and services tax, deduction, charge, rate, contribution, duty or withholding which is assessed (or deemed to be assessed), levied, imposed or made by any government or any governmental, semi-governmental or judicial entity or authority together with any interest, penalty, fine, charge, fee or other amount assessed (or deemed to be assessed), levied, imposed or made on or in respect of any or all of the foregoing.

15.2 Interpretation

In these Rules:

- (a) headings are inserted for convenience only and do not affect the interpretation of this Plan and unless the context otherwise requires:
- (b) the singular includes the plural and vice versa;
- (c) if a word or phrase is defined, its other grammatical forms have a corresponding meaning;
- (d) the meaning of general words not limited by specific examples introduced by 'includes', 'including', 'for example', 'such as' or similar expressions;
- (e) a reference to a document or instrument, including these Rules, includes all of its clauses, paragraphs, recitals, parts, schedules and annexures and includes the document or instrument as amended, varied, novated, supplemented or replaced from time to time;
- (f) a reference to a person includes an individual, a partnership, a corporation or other corporate body, a joint venture, a firm, a trust, an association (whether incorporated or not) and a government agency or authority;
- (g) a period of time dating from a given day or the day of a given act or event is to be calculated exclusive of that day;
- (h) a reference to an amount paid on a Stapled Security includes an amount credited as paid on that Stapled Security;
- (i) a reference to a particular person includes the person's legal personal representatives, executors, administrators and successors; and
- (j) a reference to an exercise of power or discretion includes a decision not to exercise the power or discretion.

The logo for Convenience Retail REIT. The word "convenience" is in red with a green swoosh above the 'i'. Below it, "RETAIL REIT" is written in green, with "RETAIL" and "REIT" in all caps and "RE" in a smaller font size.

convenience
RETAIL REIT

Responsible Entity

APN Funds Management Limited

ACN 080 674 479 AFSL No 237500

Level 30, 101 Collins Street
Melbourne Victoria 3000 Australia

T +61 (3) 8656 1000

F +61 (3) 8656 1010

W www.crrreit.com.au

Set out within are frequently asked questions in relation to how the Distribution Reinvestment Plan (**DRP**) operates. These questions should be read in conjunction with, and are subject to, the rules of the **DRP (DRP Rules)**.

Distribution Reinvestment Plan: Q&A



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R E T A I L R E I T

5 JUNE 2018

Convenience Retail REIT

APN Funds Management Limited (ACN 080 674 479) in its capacity as responsible entity of each of Convenience Retail REIT No. 1 (ARSN 101 227 614), Convenience Retail REIT No. 2 (ARSN 619 527 829) and Convenience Retail REIT No. 3 (ARSN 619 527 856) (together **Convenience Retail REIT**).

Disclaimer

This document does not constitute an offer of securities and does not give the right to any person to invest in securities in any jurisdiction in which it would not be lawful to make such an offer or give such a right.

This document is not investment or tax advice and does not take into account the investment objectives, financial situation and particular needs of an investor. You should consult your financial or other professional adviser prior to making a decision on whether or not to participate in the DRP.

1 How do I participate in the DRP?

If you wish to participate or vary your participation in the DRP you will need to complete a DRP Participation Notice available from the Registry or the Convenience Retail REIT website.

If you wish to obtain a DRP Participation Notice from the Registry, please visit the Registry's website at www.linkmarketservices.com.

A separate DRP Participation Notice must be lodged for each Stapled Security holding account and each Stapled Security holding account of an Investor will be treated separately for all purposes under the DRP.

2 When can I participate in the DRP?

While the DRP is open, you can participate in it at any time. The DRP Participation Notice, or relevant election notice, must be received at Link Market Services Limited (the **Registry**) no later than 5:00pm on the Business Day (as defined by the ASX Listing Rules) after the distribution period record date (**DRP Election Date**) in order to participate in the DRP for that distribution (**Distribution**).

3 How long does participation in the DRP last?

Participation in the DRP will automatically continue until you either notify the Registry that you no longer wish to participate, or the DRP is suspended or withdrawn.

If the DRP is suspended, an election as to participation in the DRP will also be suspended and all Stapled Securities are taken not to be DRP Stapled Securities for the purpose of any Distribution paid while the DRP is suspended. Upon reinstatement of the DRP, all prior elections are reinstated unless a DRP Participation Notice is validly submitted by the Eligible Investor by 5.00pm on the Business Day after the next Distribution period record date (**Distribution Record Date**) after the reinstatement of the DRP.

4 Can I reinvest only part of my Distribution in the DRP?

Yes. You can reinvest all or part of your Distribution by so specifying in the DRP Participation Notice. If you choose to reinvest all of your Distribution, the DRP will apply to all amounts distributed on all the Stapled Securities registered in the name of the Investor, including any further Stapled Securities issued or transferred under the DRP.

If you choose to reinvest only part of your Distribution, you must nominate a percentage of your holding. If you do so, your level of participation (by number of Stapled Securities) will automatically change if you acquire or sell Stapled Securities in the future (however, the percentage will not change).

You can increase or decrease your percentage participation level at any time (refer to question 13 for details). If a DRP Participation Notice fails to clearly specify a level of participation, it will be deemed to be an application for full participation in the DRP.

APN Funds Management Limited in its capacity as responsible entity of each of Convenience Retail REIT No. 1, Convenience Retail REIT No. 2 and Convenience Retail REIT No. 3 (together the **Issuer**) may determine a minimum and maximum number of Stapled Securities which each Investor may elect to participate in the DRP. Any minimum and maximum number will be announced to the market from time to time.

5 Can all Investors participate in the DRP?

The following persons are eligible to participate in the DRP (**Eligible Investors**):

- (a) all Investors resident in Australia and New Zealand (unless that Investor holds Stapled Securities only on behalf of another person who resides outside of Australia or New Zealand); and
- (b) any other Investor in respect of whom, the directors of the Issuer (**Directors**) are satisfied that:
 - (i) the offer and issue, or transfer, of Stapled Securities under the DRP to that person is lawful and practicable in the jurisdiction in which they reside; and

- (ii) the Investor does not hold Stapled Securities on behalf of any other person who would, if named as an Investor, not otherwise be an Eligible Investor.
- (c) The Directors have the absolute discretion to determine whether an Investor is an Eligible Investor at any time. In determining whether an Investor is an Eligible Investor, the Directors may consider any factors they consider relevant, including, but not limited to, whether the Investor's participation:
 - (i) is impracticable, impossible, undesirable or illegal;
 - (ii) prejudices the effective operation of the DRP; or
 - (iii) may give rise to any breach of law, the ASX Listing Rules or the constitution of any of the entities comprising Convenience Retail REIT.
- (d) The Directors may decide to suspend or withdraw an Eligible Investor's Stapled Securities from participation in the DRP at any time and at the Directors absolute discretion.

6 What are the costs involved in participating in the DRP?

There is no cost associated with participating in the DRP. Eligible Investors who wish to participate in the DRP do not have to pay brokerage, commission or any other transaction costs on the Stapled Securities issued or transferred under the DRP. This allows Eligible Investors to add to their investment in Convenience Retail REIT in a convenient and cost-effective manner.

7 How is the acquisition price of the DRP Stapled Securities determined?

The price at which the Stapled Securities will be issued or transferred under the DRP will be the arithmetical average of the daily volume weighted average market price (rounded to the nearest cent) of all Stapled Securities traded in respect of normal trades (which will exclude special crossings, overseas trades, option exercise trades and any other trade determined by the Responsible Entity in its sole discretion) recorded on the Australian Securities Exchange (**ASX**) during the first five trading days following the period to which the Distribution relates, less a discount not exceeding 10% (if any) as determined by the Issuer from time to time, rounded to 4 decimal places (**Issue Price**). The five trading day period will commence on the business day after the Distribution Record Date.

A different acquisition price from the one as calculated above may apply, if the Issuer believes that the calculation above does not provide a fair reflection of the market price of the Stapled Securities during this period.

The acquisition price will be announced before the issue of the Stapled Securities under the DRP.

8 How many Stapled Securities will I receive?

The number of Stapled Securities you will receive is calculated as the amount of the Distribution you are entitled to receive (after deduction for any withholding tax or other sum Convenience Retail REIT is entitled to retain in relation to the Distribution) for the relevant period (**Distribution Period**), plus any residual balance in the securityholder's DRP account carried forward from any previous Distribution, divided by the Issue Price of the DRP Stapled Securities, rounded down to the nearest whole number.

9 When will I receive my DRP Stapled Securities?

Eligible Investors electing to take part in the DRP will receive their Stapled Securities within the time required by the ASX.

10 Where will the Stapled Securities allocated to me under the DRP come from?

Subject to the constitution of the entities comprising Convenience Retail REIT, the Issuer may, in its sole discretion, either issue new Stapled Securities to you, or make relevant arrangements to cause existing Stapled Securities to be acquired in the market and then transfer those Stapled Securities to you. The Issuer may also, in its sole discretion, elect to use a combination of both of these options to satisfy its obligations under the DRP.

If the Issuer determines to cause the transfer of existing Stapled Securities to you, the existing Stapled Securities may be acquired in the market in any way the Issuer determines appropriate.

The Issuer may, in its sole discretion, have any issue or acquisition of Stapled Securities under the DRP underwritten.

11 How do I find out how many Stapled Securities I have received from the DRP?

A statement (Holding Statement) will be made available to Eligible Investors participating in the DRP at each Distribution payment date and should be retained for taxation purposes.

This Holding Statement will include details of the number of Stapled Securities participating in the DRP, the amount of Distribution reinvested, the Issue Price per Stapled Security, the number of Stapled Securities issued or transferred under the DRP and the residual cash balance (if any) in the DRP account carried forward.

The Issuer is not liable for any loss or damage that arises in connection with any trading that occurs prior to an Investor receiving their statement from CHES.

12 What are the taxation implications of participating in the DRP?

As at the date of this Q&A, the Australian Tax Office ordinarily treats distributions applied to purchase Stapled Securities under the DRP as if they had been received in cash. The Distribution statement issued to you at the time a Distribution is paid will include the details of the income attributable to that Distribution (received either in cash or reinvested in DRP Stapled Securities), and should be retained to complete your tax return.

Investors participating in the DRP who have not supplied their tax file number (TFN), or who are resident outside of Australia, will have withholding tax deducted from Distributions before being reinvested under the DRP. The taxation information given above is a general guide only. Investors should consult their tax adviser to confirm their individual tax position concerning their participation in the DRP.

13 How do I vary the level of participation or withdraw from the DRP?

Participating Investors may vary the level of participation or withdraw from the DRP at any time by giving a DRP Participation Notice to the Registry. Provided that notification is received by no later than 5:00pm on the Business Day after that the Distribution's Record Date (**DRP Election Date**), the variation will apply to that Distribution. Notices received after this date will take effect from the following Distribution Period.

14 Can I sell my participating Stapled Securities?

Yes. You may sell or transfer all or part of your holding at any time, including Stapled Securities participating in the DRP and any Stapled Securities allotted or transferred under the DRP. However, the Issuer is not liable for any loss or damage that arises in connection with any trading that occurs prior to an Investor receiving their statement from CHES.

Participating Stapled Securities sold after the Distribution Record Date but on or before the DRP Election Date for a relevant Distribution will not be subject to the DRP for that Distribution, and such Distribution will be received in cash.

15 Are the DRP Stapled Securities the same as my existing Stapled Securities?

Yes. All Stapled Securities allotted or transferred under the DRP will from the date of allotment or transfer rank equally, in all respects, with the existing Stapled Securities on issue and will participate in all Distributions declared subsequently.

16 Can the terms and conditions of the DRP change?

Yes. If it is in the best interests of Convenience Retail REIT and in accordance with the constitution of the entities comprising Convenience Retail REIT, the Issuer may modify, suspend or terminate the DRP at any time, including decreasing the level of discount used in the calculation of the DRP Issue Price. The modification, suspension or termination shall take effect from the date specified by the Issuer and sufficient notice shall be given to all Investors prior to the changes occurring to allow Eligible Investors to withdraw or otherwise change their level of participation before the changes come into effect.

17 What happens if Convenience Retail REIT is no longer stapled?

If stapling ceases to apply, this DRP will terminate automatically unless it is determined otherwise.

While stapling applies, securities in Convenience Retail REIT No. 1, Convenience Retail REIT No. 2 and Convenience Retail REIT No. 3 may only be issued or transferred under this DRP in identical numbers.



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R E T A I L R E I T

Responsible Entity

APN Funds Management Limited

ACN 080 674 479 AFSL No 237500

Level 30, 101 Collins Street
Melbourne Victoria 3000 Australia

T +61 (3) 8656 1000

F +61 (3) 8656 1010

W www.crrreit.com.au