

1 July 2020

Chevron completes acquisition of Puma Energy and update on portfolio valuations

Chevron Australia Downstream Pty Ltd, a wholly-owned subsidiary of Chevron Corporation (**Chevron**), today announced that it has completed the acquisition of all shares and equity interests of Puma Energy (Australia) Holdings Pty Ltd (**Puma Energy**), which was originally announced on 19 December 2019. Puma Energy is the tenant at 46 sites in the APN Convenience Retail REIT (**AQR** or the **Fund**) portfolio, representing 58% of AQR's rental income.

The Board of APN Funds Management Limited (**APNFM**) as the Responsible Entity of the Fund, has sought independent valuations of all 46 Puma Energy sites. These valuations were in addition to 18 properties externally valued as part of the Fund's usual valuation process for the period. The balance of the portfolio of 15 sites are Directors' valuations as at 30 June 2020.

The outcome of all these valuations, which remain subject to review by the Fund's auditors and the APNFM Board, indicate an increase in value across the total portfolio of \$19.6 million to \$444.6 million (up ~5% on prior book values).

This implies that the weighted average capitalisation rate across the total portfolio tightened 33 basis points over the six month period to 30 June 2020 from 6.91% to 6.58%, and reduced by 45 basis points from 7.00% to 6.55% for the 46 Puma Energy sites.

Chris Brockett, APN Convenience Retail REIT Fund Manager, said: "The portfolio continues to be resilient, notwithstanding the COVID-19 pandemic, with all sites remaining open and trading and with minimal impact on rental income. The property valuation updates are a strong endorsement of the portfolio and reflect the enhanced credit quality of a Chevron lease covenant for 46 of our properties."

"We expect service station and convenience retail properties to remain highly sought after as a stable and defensive asset class due to their long leases and strong lease covenants."

Further details on the portfolio's final reviewed valuations will be included as part of AQR's annual results, due to be released in August 2020.

This announcement was authorised to be given to the ASX by the Board of APN Funds Management Limited.

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About APN Convenience Retail REIT

APN Convenience Retail REIT (ASX code: AQR) is a listed Australian real estate investment trust which owns high quality Australian service stations and convenience retail assets. The Fund's current portfolio of 79 properties valued at approximately \$425 million, is predominantly located on Australia's eastern seaboard and is leased to leading Australian and international convenience retail tenants. The portfolio provides a long lease expiry profile and contracted annual rent increases delivering the Fund a sustainable and strong level of income security. Convenience Retail has a target gearing range of 25 – 40% as part of its conservative approach to capital management.

APN Convenience Retail REIT is governed by an Independent Board of Directors and is managed by APN Property Group, a specialist real estate investment manager established in 1996.

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