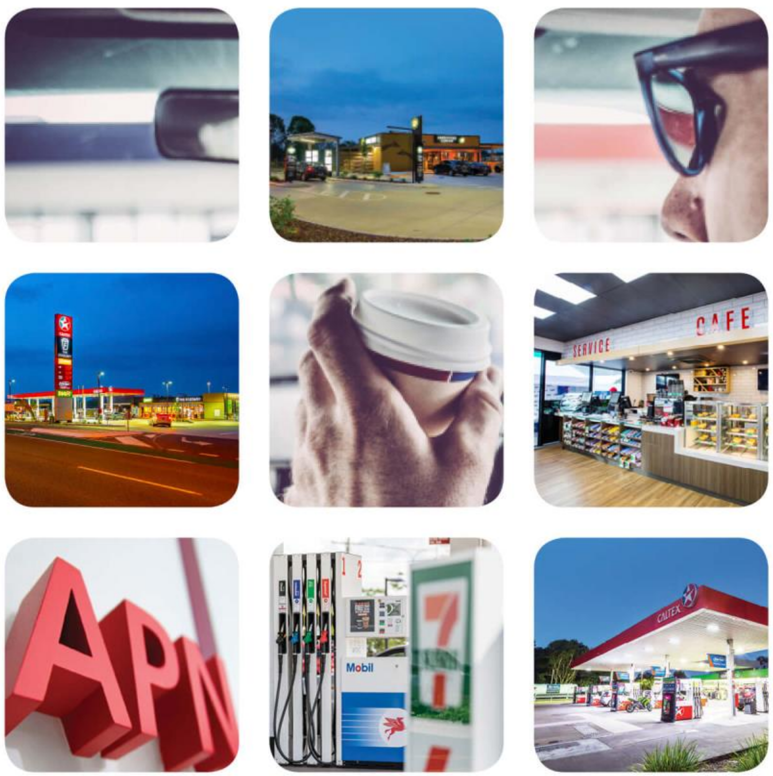

ACQUISITIONS AND EQUITY RAISING

8 DECEMBER 2020

www.apngroup.com.au
ASX Code: AQR

APN | Convenience Retail REIT

Not for release to US wire services or distribution in the United States

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Contents

01 EXECUTIVE SUMMARY

Brisbane Airport Link Service Centre, QLD

Executive summary

Acquisitions

- APN Convenience Retail REIT ("AQR" or the "Fund") has entered into sale contracts to acquire 3 service station and convenience retail properties and is in advanced exclusive due diligence on a further 9 assets in South Australia, New South Wales, Queensland and Western Australia (the "Acquisitions")
  - Settlements expected to occur between January and May 2021
- Total consideration of $75.3 million (excluding transaction costs) reflects 6.1% initial yield, supported by long leases to high quality tenants
  - A long WALE[1] of 16.4 years and weighted average fixed annual rental increases of 2.9% across the Acquisitions provides secure and sustainable long-term income growth
  - 10 operating sites and 2 development projects
  - Acquisitions improve tenant diversification and enhance geographic diversification
- The Acquisitions deliver on AQR's strategy of investing in strategically located service stations and convenience retail assets with long term leases to quality tenants in order to provide investors with attractive, defensive and growing income streams with the potential for capital growth

1. Weighted average lease expiry (by income), as at 30 November 2020

Executive summary

Equity raising	▪ AQR intends to undertake an equity raising including an institutional placement to raise approximately $30 million ("Placement") and a security purchase plan to eligible securityholders in Australia and New Zealand to raise up to $5 million[1] ("SPP") to partially fund the Acquisitions (together the "Offer") – Balance of the Acquisitions and associated transaction costs will be funded from AQR's debt facilities ▪ New securities issued under the Placement will be issued at a fixed price of $3.55 per security, representing a: – 2.7% discount to the last closing price of $3.65; and – 2.9% discount to the 5-day VWAP of $3.66 (both as at 7 December 2020) ▪ New securities issued under the Placement will be entitled to AQR's expected distribution for the December 2020 quarter[2]; New securities issued under the SPP will not be entitled to the distribution, and will therefore be offered on an ex-distribution price adjusted basis – The offer price under the SPP will be the issue price of the Placement less the amount of AQR's December 2020 distribution, expected to be 5.475 cents per security
Financial impact	▪ Including the impact of the Acquisitions and Placement and subject to current market conditions and no unforeseen events, AQR reaffirms FY2021 guidance previously provided: – Funds from operations ("FFO") and distributions per security ("DPS") of 21.8 – 22.0 cents per security, reflecting a 6.2% yield on the Placement issue price ▪ The impact of the Acquisitions is anticipated to be accretive to AQR's FY2022 FFO ▪ AQR's pro forma gearing is expected to be approximately 31.4%[3] following the Acquisitions and Placement, within the Fund's target gearing range of 25 – 40% – Proceeds from the SPP will further reduce the pro forma gearing (e.g. $5 million in proceeds will result in pro forma gearing of 30.5%) ▪ AQR's pro forma NTA is expected to be $3.24 per security

1. The Fund may (in its absolute discretion) in a situation where total demand exceeds $5 million, decide to increase the amount to be raised under the SPP to reduce or eliminate the need for scale back. For further details in respect to SPP eligibility please see slide 20.
2. New securities issued under the Placement must be held at the distribution record date in order to receive the distribution
3. Pro forma 30 June 2020 balance sheet adjusted for the previously announced acquisitions and development projects, proceeds from SPP and DRPs and adjusted for the Acquisitions and Placement. Excludes any proceeds from the non-underwritten SPP

Investment highlights

- Acquisitions complement existing stable, passive income stream with contracted rental increases providing sustainable income growth
- Portfolio has been resilient through the challenging conditions created by COVID-19
- Strong balance sheet with capacity to deploy capital to further grow and diversify the portfolio
- Clear and focused growth strategy via acquisitions and developments
- Demonstrated ability to identify and source accretive acquisitions and development opportunities

Key metrics post Acquisitions and Placement

6.2% FY2021 DPS YIELD[1]	**100%** OCCUPANCY	**$597m** PORTFOLIO VALUE[2]	**31.4%** PRO FORMA GEARING[3]
101 PROPERTIES[2]	**6.4%** WACR[2,4]	**11.7** WALE (YEARS)[2,5]	**$444m** MARKET CAP[6]

DIVERSIFIED AND DEFENSIVE LONG LEASE PORTFOLIO
SUSTAINABLE AND GROWING INCOME
ALIGNED MANAGER WITH $45 MILLION CO-INVESTED[6]

1. Based on the issue price of $3.55 per security and mid point of FY2021 DPS guidance of 21.8 – 22.0 cents per security
2. Includes 4 committed development projects yet to be completed with a combined value of $25.4 million
3. Pro forma 30 June 2020 balance sheet adjusted for the previously announced acquisitions and development projects, proceeds from SPP and DRPs and adjusted for the Acquisitions and Placement. Excludes any proceeds from the non-underwritten SPP
4. Weighted average capitalisation rate
5. Weighted average lease expiry (by income)
6. Based on AQR's security price on 7 December 2020, plus the $30 million Placement

02 ASSET ACQUISITIONS

Shell Acacia Ridge, QLD

Acquisition portfolio overview

Attractive convenience retail portfolio with long leases to high quality tenants

Property	State	Site type	Major tenant	Purchase price ($m)[1]	Capitalisation rate	WALE (years)[2]	Rent reviews	Status	Estimated settlement
Contracted									
Berrinba	QLD	Metro	United	$8.0	6.3%	13.5	Fixed 3.0%	Operating	Jan-21
Lonsdale[3]	SA	Metro	Mobil X	$4.5	6.4%	15.0	Fixed 3.0%	Development	May-21
Paradise[3]	SA	Metro	Mobil X	$5.7	6.2%	15.0	Fixed 3.0%	Development	May-21
Total contracted acquisitions				**$18.2**	**6.3%**	**14.3**	**3.0%**		
Under exclusive due diligence									
1 property	NSW	Regional	Tier 1 operator	$9.0	6.3%	10.0	Fixed 3.0%	Operating	Feb-21
1 property	WA	Metro	Tier 1 operator	$5.9	6.0%	12.0	Fixed 3.0%	Operating	Feb-21
3 properties	SA	Metro	Tier 1 operators	$18.0	5.5%	20.0	Avg 2.8%	Operating	Feb-21
4 properties	SA	Regional	Tier 1 operators	$24.2	6.3%	18.6	Avg 2.8%	Operating	Feb-21
Total under exclusive due diligence				**$57.1**	**6.0%**	**17.0**	**2.8%**		
TOTAL				**$75.3**	**6.1%**	**16.4**	**2.9%**		

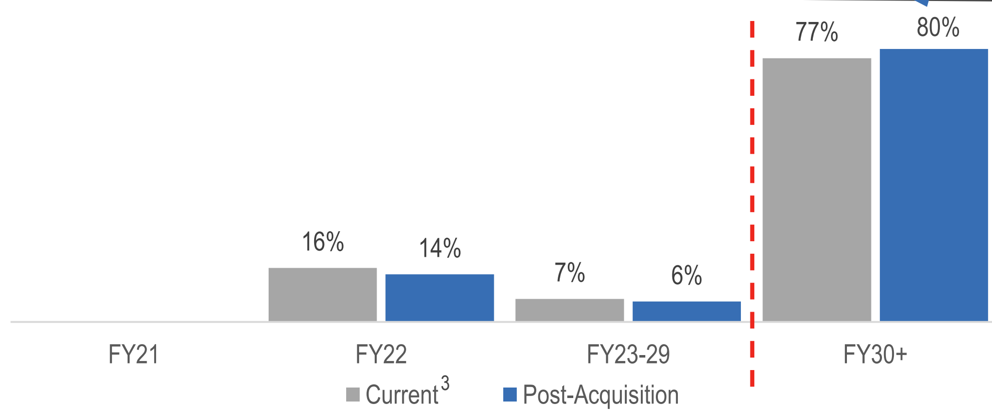
1. Excluding transaction costs
2. Weighted average lease expiry (by income), as at 30 November 2020
3. Acquired upon practical completion and tenant operating

Enhanced portfolio scale and lease expiry profile

	June-20 pro forma[1]	Acquisitions	Post-Acquisitions
Number of assets	89	12	101
Portfolio value	$521.7m	$75.3m	$596.9m
Weighted average cap rate	6.5%	6.1%	6.4%
Occupancy	100%	100%	100%
WALE (years)[2]	11.1	16.4	11.7

80%
of lease income expiring FY30 and beyond

Lease expiry profile (by income)



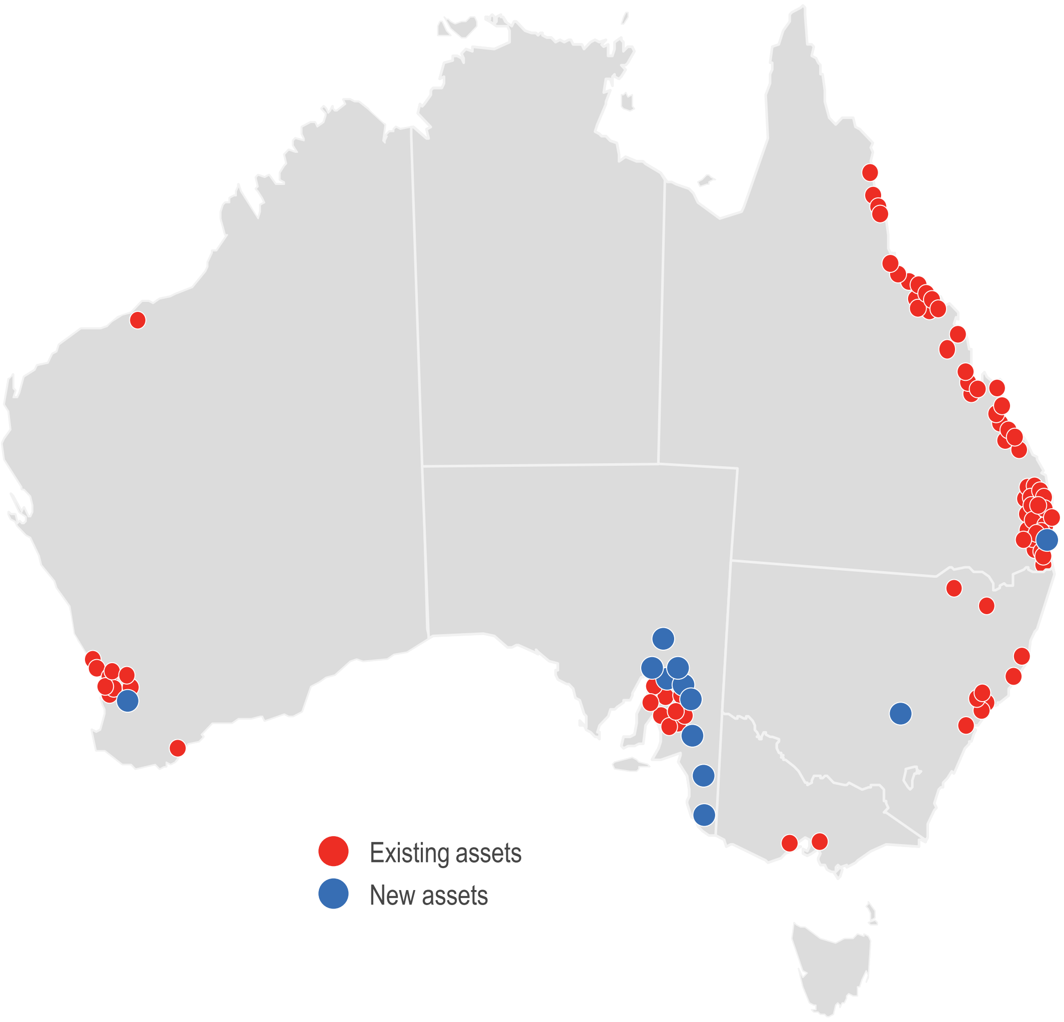
1. 30 June 2020 actuals adjusted for completed acquisitions, completed development projects and 2 committed development projects yet to be complete
2. Weighted average lease expiry (by income) as at 30 November 2020
3. Includes 2 committed development projects yet to complete

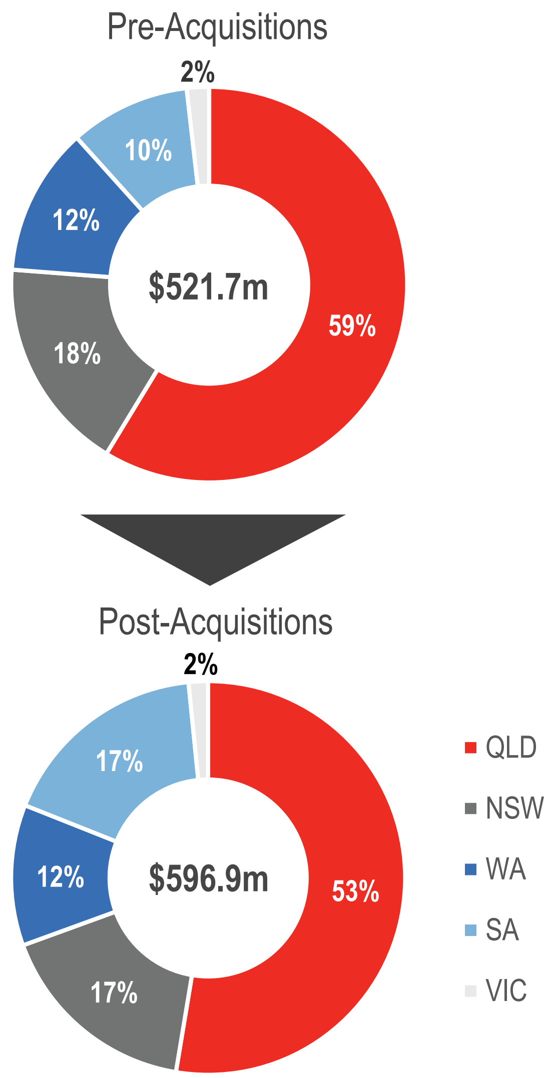

United Berrinba, QLD


Shell Bellevue, WA


7-Eleven Raceview, QLD

Improved geographic diversification





03 TRADING UPDATE

Woolworths Caltex Mitchelton, QLD

Trading update

Resilient portfolio	▪ Minimal impact of COVID-19 on portfolio, with all sites remaining open and trading ▪ FY2021 cash collections remain strong – no rent relief currently being provided ▪ Asset class proven to be one of the most resilient, outperforming other property sectors during COVID-19 pandemic and in subsequent recovery phase[1] ▪ Portfolio underpinned by strong lease covenants – Chevron (AA/Aa2 credit ratings) is the largest tenant
Acquisitions and development projects	▪ $51.1 million of acquisitions settled FY2021 to date (6.3% WACR[2,3]) ▪ $10.7 million of development projects completed FY2021 to date, with an additional $11.7 million of funding committed to the remaining projects ▪ Active approach to building relationships with major tenants and developers to achieve beneficial outcomes for all parties and to deliver an ongoing pipeline of acquisition opportunities for AQR
Guidance	▪ Including the impact of the Acquisitions and Placement and subject to current market conditions and no unforeseen events, AQR reaffirms FY2021 guidance previously provided: – FFO and DPS of 21.8 – 22.0 cents per security, reflecting a 6.2% yield on the Placement issue price[4] ▪ Transaction anticipated to be accretive to AQR's FY2022 FFO

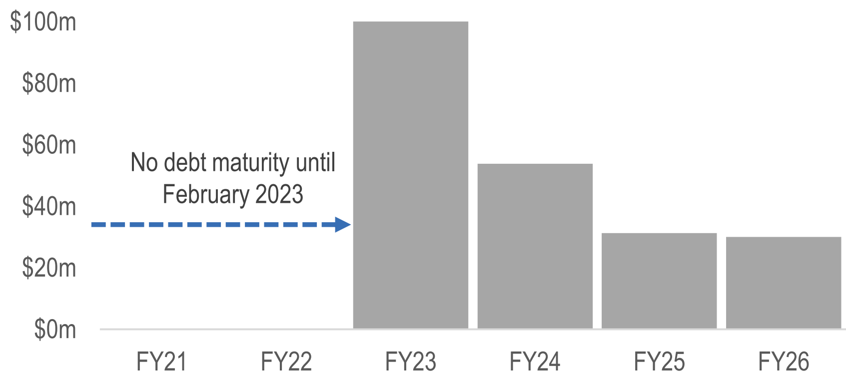
1. Source: m3Property
2. Portfolio metrics include completed acquisitions and developments and 2 committed development projects yet to complete
3. Weighted average capitalisation rate
4. Based on the issue price of $3.55 per security and mid point of FY2021 DPS guidance of 21.8 – 22.0 cents per security

Balance sheet well capitalised for growth

Healthy balance sheet position

- AQR's pro forma gearing is expected to be approximately 31.4%[2] following the Acquisitions and Placement, within the Fund's target gearing range of 25 – 40%
  - Proceeds from the SPP will further reduce the pro forma gearing (e.g. $5 million in proceeds will result in pro forma gearing of 30.5%[2])
- AQR has obtained credit approval to increase its debt facilities by $50 million on attractive terms
- $28 million of cash and undrawn debt available under AQR's debt facilities post Acquisitions and Placement

Debt maturity profile[4]



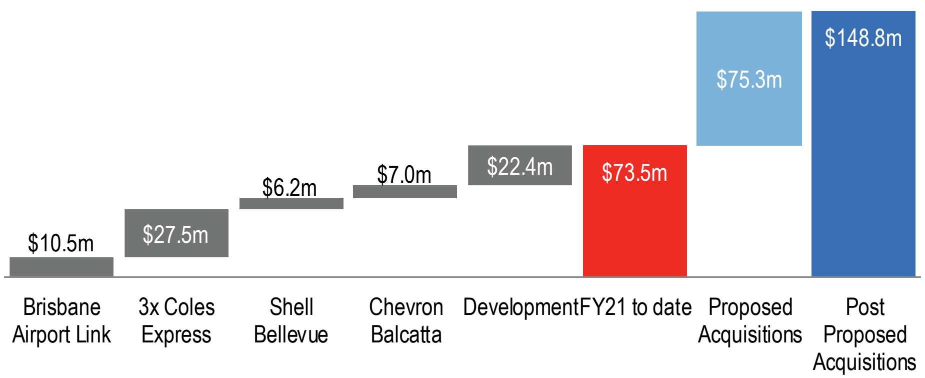
Key metric	June 2020	Pro Forma Post-Acquisitions and Placement[1]
Facility limit	$165.0m	$215.0m
Drawn debt	$76.5m	$189.8m
Undrawn debt	$88.5m	$25.2m
Gearing[2]	24.8%[3]	31.4%

1. Pro forma 30 June 2020 balance sheet adjusted for the previously announced acquisitions and development projects, proceeds from SPP and DRPs and adjusted for the Acquisitions and Placement. Excludes any proceeds from the non-underwritten SPP
2. Gearing reflects total borrowings, excluding capitalised establishment fees and net of cash, divided by total tangible assets net of cash
3. Pro forma gearing as disclosed in the FY2020 Results Presentation dated 18 August 2020 that includes movements from 30 June 2020 to 18 August 2020
4. Assumes the establishment of the additional $50 million of new facilities

Increasing portfolio growth and scale

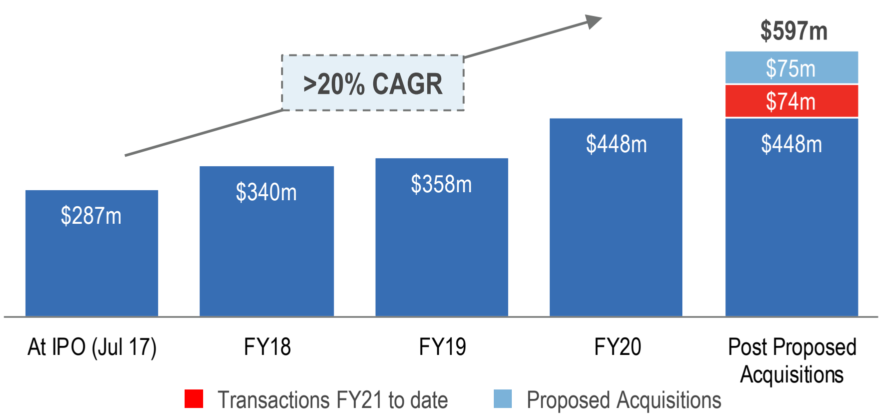
APN has a proven 18 year track record in the service station and convenience retail sector

FY21 transactions[1]



Rutherford, NSW

Portfolio growth since IPO



Acacia Ridge, QLD

1. Excludes transaction costs, net acquisitions

04 EQUITY RAISING

Mobil X Convenience Gepps Cross, SA

Sources and uses of proceeds

Sources of proceeds	$m
Placement proceeds	30.0
Incremental debt	47.8
Total sources	**77.8**

Uses of proceeds	$m
Acquisitions	75.3
Stamp duty	1.3
Other transaction costs	1.2
Total uses	**77.8**

- Fully underwritten Placement of approximately $30 million
- Securities issued under the Placement will be issued at a fixed price of $3.55 per security, representing a:
  - 2.7% discount to the last closing price of $3.65; and
  - 2.9% discount to the 5-day VWAP of $3.66 (both as at 7 December 2020)
- The proceeds from the Placement, along with $47.8 million of incremental debt will be used to fund the Acquisitions and associated transaction costs
- AQR will also undertake a non-underwritten SPP to eligible securityholders in Australia and New Zealand which is expected to raise up to $5 million[1]
  - The offer price under the SPP will be the issue price of the Placement less the amount of AQR's December 2020 distribution, expected to be 5.475 cents per security, free of any brokerage or transaction costs

1. AQR may (in its absolute discretion) in a situation where total demand exceeds $5 million, decide to increase the amount to be raised under the SPP to reduce or eliminate the need for scale back. To the extent any scale back is required, it will be undertaken on a pro rata basis (based on participants' security holdings as at the SPP record date)

Equity raising details

Structure	▪ Fully underwritten Placement to raise approximately $30 million ▪ Non-underwritten SPP to eligible securityholders in Australia and New Zealand to raise $5 million[1] – Eligible securityholders will be invited to apply for up to a maximum of $30,000 of securities under the SPP[2]
Pricing	▪ Securities issued under the Placement will be issued at a fixed price of $3.55 per security, representing a: – 2.7% discount to the last closing price of $3.65; and – 2.9% discount to the 5-day VWAP of $3.66 (both as at 7 December 2020) ▪ New Securities issued under the SPP will be issued at a fixed price equal to the issue price under the Placement less the amount of AQR's December 2020 distribution, expected to be 5.475 cents per security
Ranking	▪ New securities issued under the Placement and the SPP will rank equally with existing AQR securities from the date of issue ▪ New securities issued under the Placement will be entitled to AQR's expected December 2020 distribution, expected to be 5.475 cents per security whereas new securities issued under the SPP will not be entitled to the expected December 2020 distribution
Underwriting	▪ The Placement is fully underwritten by Moelis Australia Advisory Pty Ltd ("Moelis Australia") and E&P Corporate Advisory Pty Ltd ("E&P") (together the "Underwriters") ▪ The SPP will not be underwritten

1. AQR may (in its absolute discretion) in a situation where total demand exceeds $5 million, decide to increase the amount to be raised under the SPP to reduce or eliminate the need for scale back. To the extent any scale back is required, it will be undertaken on a pro rata basis (based on participants' security holdings as at the SPP record date)
2. Securityholders are restricted from being issued more than $30,000 worth of securities under an SPP in any consecutive 12 month period. As such, the amount eligible securityholders are able to subscribe for under the SPP will be reduced by any amount received under AQR's previous SPP announced on 22 June 2020 and issued on 20 July 2020

Indicative timetable

Event	Date
Record date for SPP	7.00pm, Monday, 7 December 2020
Trading halt and announcement of Placement	Tuesday, 8 December 2020
Placement bookbuild	Tuesday, 8 December 2020
Settlement of new securities issued under the Placement	Friday, 11 December 2020
Allotment and normal trading of securities issued under the Placement	Monday, 14 December 2020
SPP offer opens and booklet is dispatched	Wednesday, 16 December 2020
SPP offer closes	5.00pm, Friday, 15 January 2021
Allotment of securities issued under the SPP	Friday, 22 January 2021
Despatch of holding statements and normal trading of new securities issued under the SPP	Monday, 25 January 2021

All dates and times are indicative only and subject to change. Unless otherwise specified, all times and dates refer to Sydney time

The APN Convenience Retail REIT opportunity

Exposure to AQR's $597 million[1] and growing portfolio of strongly performing service station assets

Secure and growing income profile underpinned by a 11.7 year WALE[2] and weighted average rental growth of 2.8%[3]

Attractive expected FY2021 DPS yield of 6.2%[4]

Increased market capitalisation as a result of the Placement expected to enhance trading liquidity and potential for index inclusion

1. Includes 4 committed development projects yet to be completed with a combined value of $25.4 million
2. Weighted average lease expiry, by income
3. Portfolio metrics include completed acquisitions, committed development projects yet to be completed. Weighted average rental growth assumes CPI of 1%
4. Based on the issue price of $3.55 per security and mid point of FY2021 DPS guidance of 21.8 – 22.0 cents per security

APPENDICES

Kempsey South, NSW

Appendix A

Pro forma balance sheet

Pro forma balance sheet

$m	30 June 2020 (Audited)	Movements	Pro forma pre Acquisitions and Placement[1]	Acquisitions and Placement	Pro forma post Acquisitions and Placement[2]
Cash and cash equivalents	2.3		2.3		2.3
Investment properties	448.2	73.5	521.7	75.3	596.9
Other assets	1.1		1.1		1.1
Total assets	**451.6**	**73.5**	**525.1**	**75.3**	**600.4**
Interest bearing liabilities	75.8[3]	65.5	141.4[3]	47.6	189.0[4]
Provision for distribution	6.0		6.0		6.0
Other liabilities	10.5		10.5		10.5
Total liabilities	**92.3**	**65.5**	**157.8**	**47.6**	**205.4**
Net assets	**359.3**	**8.0**	**367.3**	**27.7**	**395.0**
Securities on issue (m)	109.7	3.6	113.3	8.5	121.8
NTA per security	**$3.27**				**$3.24**
Gearing[5]	**16.5%**				**31.4%**

1. Pro forma 30 June 2020 balance sheet adjusted for the previously announced acquisitions and developments in FY21 to date (see slide 17) and proceeds from previous SPP and DRPs
2. Pro forma 30 June 2020 balance sheet adjusted for the previously announced acquisitions and developments in FY21 to date (see slide 17), proceeds from previous SPP and DRPs and adjusted for the Acquisitions and Placement. Excludes any proceeds from the non-underwritten SPP
3. Net of unamortised borrowing costs of $0.7 million
4. Net of unamortised borrowing costs of $0.9 million
5. Gearing reflects total borrowings, excluding capitalised establishment fees and net of cash, divided by total tangible assets net of cash

Appendix B

Key risks

Key risks

This section discusses some of the risks associated with an investment in AQR. AQR's business is subject to a number of risk factors both specific to its business and of a general nature which may impact its future performance and forecasts. Before subscribing for New Securities, prospective investors should carefully consider and evaluate AQR and its business and whether New Securities are suitable to acquire having regard to their own investment objectives and financial circumstances and taking into consideration the material risk factors, as set out below.

The risk factors set out below are not exhaustive, and many of them are outside the control of AQR, its directors and senior management. Prospective investors should consider publicly available information on AQR, examine the full content of this presentation and consult their financial, tax and other professional advisers before making an investment decision.

Impact of COVID-19

Events relating to COVID-19 have resulted in significant market, including in the prices of securities trading on the ASX (including the price of AQR securities) and on other foreign securities exchanges. There is continuing uncertainty as to the further impact of COVID-19, including in relation to the government response, work stoppages, lockdown, quarantines, travel restrictions and unemployment. The effect such factors may have on AQR, tenants, the Australian economy and share markets is also uncertain. Given the high degree of uncertainty surrounding the extent and duration of the COVID-19 pandemic, it is not currently possible to assess the full impact of COVID-19 on AQR's business. Given COVID-19 and other recent Australian and global macroeconomic events, Australia is experiencing economic volatility, which may in turn materially affect the operating and financial performance and prospects of AQR and continue to impact AQR's business.

Rental income and investment risk

AQR's revenue will largely depend on the tenants adhering to their obligations to pay rent under the leases. A failure of some of AQR's tenants to pay rent on time, or at all, is likely to materially adversely affect AQR's revenue, which may also adversely affect AQR's ability to service its loans and harm overall financial performance. Australian governments, at both federal and state levels, have or are introducing laws to limit the rights of landlords to enforce certain rights under leases and in certain cases, mandating the provision of rent relief to tenants. This includes the requirement to offer reductions in rent (as waivers or deferrals) based on tenant's reduction in trade during the COVID-19 pandemic period.

AQR earns the majority of its revenue from rental income. Any negative impact on rental income (including as a result of a failure of existing tenants to perform existing leases in accordance with their terms, which is heightened in the current economic environment) is likely to adversely affect AQR's revenue and consequently distributions or the value of the securities or both. AQR's ability to manage tenant performance issues could be adversely impacted by moratorium legislation restricting the ability of landlords to manage tenant performance impacted by COVID-19. Rents received from tenants across the portfolio and expenses incurred during operations may be affected by a number of factors, including:

- overall economic conditions such as growth or contraction in gross domestic product, demographic changes, employment trends, industrial relations changes and consumer sentiment;
- reduced consumption and increased consumer uncertainty and government lock-downs and market interventions as an anticipated consequence of the COVID-19 pandemic;
- the competitive landscape and tenant concentration;
- the financial performance and 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;
- reliance on a tenant which leases a material portion of the portfolio;
- an increase in unrecoverable outgoings;
- the location and quality of properties;
- operating, maintenance and refurbishment expenses, as well as unforeseen capital expenses;
- adverse environmental incidents; and
- supply and demand in the property marked.

Key risks

Re-leasing, market rent reviews and vacancy

The portfolio's leases come up for renewal on a periodic basis, and there is a risk that expiring leases may not be renewed in accordance with AQR's assumptions including in relation to vacancy periods, rents and lease terms, particularly in the current real estate market. Re-leasing properties on less favourable terms may have an adverse impact on AQR'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.

AQR 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 AQR from adverse market conditions.

Property valuations

The value of the properties held by AQR may be impacted by a number of risks outside of the control of AQR, affecting the property market generally, as well as AQR in particular. These factors may be exacerbated by the impact of COVID-19 and include, but are 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;
- fluctuating occupancy levels;
- 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 securities and may cause AQR to breach its financial covenants or impact on AQR's financing arrangements (see Funding risk).

AQR has its properties independently revalued regularly in accordance with its valuation policy; however, reported valuations (including those of directors) represent only the analysis and opinion of such persons at a certain date, and are not guarantees of present or future values. The value of the assets may impact on the value of an investment in AQR and changes in market valuation of assets may adversely affect AQR's financial position and performance.

Realisation of assets and liquidity

Property assets are, by their nature, illiquid investments. This may make it difficult to alter the balance of income sources for AQR in the short term in response to changes in economic or other conditions. AQR may not be able to realise the assets within a short period of time or may not be able to realise assets at valuation including selling costs, which could materially adversely affect the performance of AQR and distributions.

Funding risk

Changes in AQR'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 AQR and/or an inability to expand operations or purchase assets in a manner that may benefit AQR and its 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.

AQR is a geared investment product and relies upon debt funding as an integral part of its capital structure. The extent to which AQR is geared will magnify the effect of changes in property valuations. Changes in interest rates and the availability and cost of finance will affect the operational and financial results of AQR. AQR's ability to refinance its debt facilities and/or interest rate hedges as they fall due will depend upon its financial position and performance and the prevailing market conditions. An inability to refinance the existing debt facilities and/or enter into new debt facilities or interest rate hedges on similar terms and conditions may have an adverse impact on the operational and financial results of AQR.

Key risks

Interest rate risk

Adverse fluctuations in interest rates, to the extent that they are not hedged, may impact AQR's funding costs adversely, resulting in a decrease in distributable income. Where interest rates are hedged by way of financial instruments, the value of those instruments can vary substantially which can impact on both earnings and net assets.

Banking covenants

AQR has various covenants in relation to its banking facilities, including interest cover and leverage ratio requirements. Unforeseen factors such as falls in asset values or the inability of AQR to extend current leases could lead to a breach in debt covenants. In such an event, AQR's lenders may require their loans to be repaid immediately or compel AQR to sell assets at below market value. Furthermore, there is a risk that unforeseen capital expenditure may impact upon the cash available to service debt.

Capital expenditure risk

There is a risk that, due to unforeseen circumstances (not covered by insurance), AQR may have to make 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. Additionally, unforeseen capital expenditure may be required to maintain the properties in their current condition. If AQR incurs unforeseen capital expenditure, this may affect returns available to securityholders.

Development risk

There is a risk that future developments or redevelopments of properties could be delayed and/or cost more than expected. This could result in an adverse impact on AQR's financial performance. The risks faced by AQR in relation to a future project will depend on the terms of the transaction. 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.

Reliance on APN FM, APN Property Group and personnel risk

AQR relies on APN FM and its parent company APN Property Group to provide a range of services (e.g. property management, asset management and leasing services). As a result, AQR's performance depends largely on the performance on the APN executive team. Failure of APN and its executives to discharge its responsibilities as agreed may adversely affect the management and financial performance of AQR and therefore returns to securityholders.

The ability of AQR to successfully deliver on its business objectives as set out in this presentation, is in part dependent on APN retaining and attracting quality senior management and other employees. The loss of the services of any senior management or key personnel, or the inability to attract new skilled personnel, could materially affect AQR's business, operational performance or financial results.

Conflicts of interest or duty and related party transactions

In addition to APN FM being the Responsible Entity of AQR, AQR has an existing Investment Management Agreement and a Property Management Agreement with APN FM. APN FM is the Responsible Entity of other registered managed investment schemes in addition to AQR.

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, AQR and/or 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 AQR.

Key risks

Environmental risk

Certain asset classes to which AQR is exposed, in particular service station assets, typically have a higher rate of environmental contamination than other commercial property asset classes. There is a risk that a property may be contaminated now or in the future. Government environmental authorities may require AQR to remediate such contamination and AQR may be required to undertake any such remediation at its own cost. Such an event would adversely impact AQR's financial performance.

In addition, environmental laws impose penalties for environmental damage and contamination which may be material.

If a person is exposed to a hazardous substance at a property, they may make a personal injury claim against AQR. Such a claim could be for an amount that is greater than the value of the contaminated property.

An environmental issue may also result in interruptions to the operations of a property. Any lost income caused by such an interruption to operations may not be recoverable.

AQR and the operations of property tenants are subject to government environmental legislation. While environmental issues are continually monitored, there is no assurance that AQR's operations or those of a tenant of a property will not be affected by an environmental incident or subject to environmental liabilities, which could impact the reputation, rental income or value of AQR.

Tenant concentration

AQR generates a substantial proportion of its revenue from three tenants, being Chevron, EG Australia and Viva Energy Australia, which currently contribute approximately 47%, 12% and 11% respectively (pro forma post-Acquisitions) of AQR's rental income. A deterioration in the financial strength and stability of these tenants could materially adversely affect AQR's operational and financial results, the value of its properties and the value of the securities. Since Chevron, EG Australia and Viva Energy Australia are the tenants in a substantial number of the properties, AQR's revenue will largely depend them complying with their obligations to pay rent under the leases. If Chevron, EG Australia and Viva Energy Australia fails to pay rent on time, or at all, AQR's revenues, financial results and ability to meet its debt obligations will be adversely affected. If Chevron, EG Australia and Viva Energy Australia becomes insolvent or enters administration, AQR's financial condition and the price of its stapled securities would be materially adversely affected.

In addition, there is a risk that if one or more of the other major tenants ceases to be a tenant, AQR may not be able to find a suitable replacement tenant or may not be able to secure lease terms that are as favourable as current terms and incur costs associated with enforcing AQR's claim against those tenants. Should AQR be unable to secure a replacement tenant for a major tenant for a period of time or if replacement tenants lease the property on less favourable terms, this will result in a lower rental return to AQR, which could materially adversely affect its financial performance and distributions.

Future acquisitions and divestments

AQR may make future acquisitions of properties or dispose of existing properties. Future acquisitions or disposals may affect forecast distributions, or any tax deferred component of income returns. If AQR needs to sell one or more properties or investments it may realise a capital loss. Integration of new properties or businesses into AQR may be costly and may not generate expected earnings and may occupy a large amount of management's time. There is no guarantee that future potential acquisitions will be available on favourable terms or that they will be successfully integrated.

Acquisition due diligence and reliance on information provided

AQR will continue to seek to identify new investment opportunities for potential acquisition. AQR will endeavour to conduct all reasonable and appropriate due diligence on potential investment opportunities. In undertaking such due diligence processes in respect of potential acquisitions, AQR may rely on the review of financial and other information provided by vendors. AQR may not be able to verify the accuracy, reliability or completeness of such information against independent data.

In addition, if any of the data or information provided to and relied upon by AQR in its due diligence processes proves to be incomplete, incorrect, inaccurate or misleading, there is a risk that the actual financial position and performance of potential acquisitions and AQR may be materially different to the financial position and performance expected by AQR.

Investors should also note that there is no assurance that any due diligence conducted is conclusive and that all material issues and risks in respect of potential acquisitions will be identified.

It is also possible that the due diligence undertaken will not reveal issues that, subject to warranty and other contractual protection in the relevant purchase agreements with the vendors, may later have an adverse impact on the benefits of the potential acquisitions forecast to AQR or may result in AQR being or becoming liable for costs or liabilities in the future that AQR cannot recover. Such costs or liabilities could adversely impact the financial position of AQR.

Key risks

Share market conditions

There are general risks associated with an investment in the share market. As such, the value of New Securities may rise above or fall below the offer price, depending on the financial position and operating performance of AQR and other factors. In addition, the market price of AQR securities will fluctuate due to various factors, many of which are non-specific to AQR, including recommendations by brokers and analysts, Australian and international general economic conditions, inflation rates, interest rates, changes in government, fiscal, monetary and regulatory policies, global geo-political events and hostilities and acts of terrorism, investor perceptions and volatility in global markets. Investors should recognise that the price of New Securities may fall as well as rise.

Investor preferences

The demand for property and listed property securities may change as investor preferences for particular sectors and asset classes change. The demand for property as an asset class may change over time and may be influenced by general economic factors such as interest rates, stock market cycles and exchange rates.

Taxation

Future changes in taxation law in Australia and in other jurisdictions, including changes in interpretation or application of the law by the courts or taxation authorities in Australia or other jurisdictions, may impact the future tax liabilities of AQR or may affect taxation treatment of an investment in AQR securities, or the holding or disposal of those securities.

Dilution

Securityholders will be diluted by the issue of New Securities under the Placement. Eligible securityholders should note that if they do not participate in the SPP, then their percentage securityholding in AQR will be diluted to a greater extent than would otherwise be the case, and they will not be exposed to future increases or decreases in AQR's security price in respect of the New Securities which would have been issued to them had they participated in the SPP.

In addition, AQR's need to raise additional capital in the future in order to meet its operating or financing requirements, including by way of additional borrowings or increases in the equity of any of the consolidated entity's companies, may change over time. Future equity raisings or equity funded acquisitions may dilute the holdings of particular securityholders to the extent that such securityholders do not subscribe to additional equity, or are otherwise not invited to subscribe in additional equity.

Competition

AQR faces competition from other property groups active in Australia. Such competition could lead to the following adverse effects:

- loss of tenants to competitors;
- a reduction in rents;
- an inability to secure new tenants resulting from oversupply of space.

Litigation and disputes

AQR 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 AQR. AQR is not a party to any current litigation.

Capital availability

Current economic conditions can impact on the availability of debt and equity funding that may be required to support the cash flow of a business. AQR's development may be affected by availability of funding which would impact on its ability to establish business operations in the expected time frame and/or at its current levels.

Key risks

Accounting standards and impairment

AQR prepares its general purpose financial statements in accordance with IFRS and with the Corporations Act. Australian Accounting Standards are not within the control of AQR or its boards and are subject to amendment from time to time, and any such changes may impact on AQR's statement of financial position or statement of financial performance.

In addition, under IFRS, AQR is required to review the carrying value of its assets annually or whenever there is an indication of impairment. If there is any indication of impairment, then the assets recoverable amount is estimated. Changes in key assumptions underlying the recoverable amount of certain assets of AQR (or of the properties post-acquisition) could result in an impairment of such assets, which may have a material adverse effect on AQR's financial performance and position.

Underwriting risk

AQR has entered into an underwriting agreement with Moelis Australia Advisory Pty Ltd and E&P Corporate Advisory Pty Limited (each an "Underwriter" and together, the "Underwriters") who have agreed to act as lead managers and to fully underwrite the Placement, subject to certain terms and conditions. If certain customary conditions are not satisfied or certain customary termination events occur, then an Underwriter may terminate the underwriting agreement.

A summary of the events which may trigger termination of the underwriting agreement include (but are not limited to) the following:

a) ASIC
   i. holds, or gives notice of intention to hold, a hearing or investigation in relation to the Placement or AQR; or
   ii. (A) prosecutes or gives notice of an intention to prosecute; or
       (B) commences proceedings against, or gives notice of an intention to commence proceedings against,

   AQR or any of its directors, officers, employees or agents in relation to the Placement, and such investigation or proceeding is not withdrawn within 2 business days after it was made or where it is made less than 2 business days before the settlement date, it has not been withdrawn before the settlement date;

b) ASX announces (whether or not by way of an official statement) that AQR's securities will be delisted, removed from quotation, withdrawn from admission to trading status or suspended from quotation;

c) unconditional approval (or approval conditional only on customary conditions which are acceptable to the Underwriters, acting reasonably) is refused or not granted to the official quotation of all of the New Securities to be issued under the Placement on ASX, on or before the settlement date, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions or other conditions acceptable to the Underwriters, acting reasonably) or withheld;

d) AQR alters the capital structure of any of the Trusts, or the constitutions of Responsible Entity and the trust deeds of each Trust without the prior consent of the Underwriters (such consent not to be unreasonably withheld or delayed);

e) any material adverse change or effect occurs, or an event occurs which is likely to give rise to a material adverse change or effect, in the condition (financial or otherwise), assets, earnings, business, affairs, liabilities, financial position or performance, profits, losses or prospects of AQR or the business of AQR and the Trusts or any of their subsidiaries or subtrusts (the "Group") from that existing at the date of the underwriting agreement;

f) any event specified in the timetable is delayed for more than 1 business day without the prior agreement of the parties;

g) AQR or is directors and officers (as those terms defined in the Corporations Act) engage in any fraudulent conduct or activity in connection with the Placement or SPP;

h) a certificate which is required to be furnished by AQR under the underwriting agreement is not furnished when required or when given is false, misleading or inaccurate in any respect;

i) the announcement includes content that is misleading or deceptive or an untrue statement of a material fact or omits to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading;

j) AQR or any member of its Group becomes insolvent or there is an act or omission which may result in AQR or any member of its Group becoming insolvent;

k) there is an application to a governmental authority (including, without limitation, the Takeovers Panel but excluding ASIC) for an order, declaration (including, in relation to the Takeovers Panel, of unacceptable circumstances) or other remedy, or a governmental authority commences any investigation or hearing or announces its intention to do so, in each case in connection with the Placement (or any part of it) or any agreement entered into in respect of the Placement (or any part of it), and such investigation or hearing is not withdrawn within 2 business days after it was made or where it is made less than 2 business days before the settlement date, it has not been withdrawn before the settlement date;

Key risks

Underwriting risk (continued)

l) a regulatory body:
   i. makes an adverse declaration or order;
   ii. issues, or publicly announces or indicates to AQR its intention to issue, proceedings; or
   iii. commences, or publicly announces or indicates to AQR its intention to commence, any inquiry or investigation,

   in relation to the Placement; or there is an application to a regulatory body for an order, declaration or other remedy which, in the Underwriters' reasonable opinion, is a serious action with reasonable prospects of success and such proceeding, investigation or inquiry is not withdrawn within 2 business days after it was made or where it is made less than 2 business days before the settlement date, it has not been withdrawn before the settlement date;

m) proceedings are commenced or there is a public announcement of an intention to commence proceedings before a court or tribunal of competent jurisdiction in Australia seeking an injunction or other order in relation to the Placement which, in the Underwriters' reasonable opinion, have reasonable prospects of success and are likely to have a material adverse effect on AQR or the Placement, and such proceeding is not withdrawn within 2 business days after it was made or where it is made 2 business days before the settlement date, it has not been withdrawn before the settlement date;

n) AQR fails to perform or observe any of its obligations (including, for the avoidance of doubt, the undertakings) under the underwriting agreement;

o) any representation or warranty made or given by AQR in the underwriting agreement is or becomes untrue or incorrect;

p) there is introduced, or there is a public announcement of a proposal to introduce, a new law or regulation or government policy in Australia (including a policy of the Reserve Bank of Australia) (other than a law or policy which has been publicly announced before the date of the underwriting agreement);

q) the ASX/S&P 200 Index or ASX/SPI 200 Index Futures falls at any time after the date of the underwriting agreement up to the time of distribution of the Confirmation Letters by 10% or more from its level at the close on the last trading day before the date of the underwriting agreement;

r) in respect of or involving any one or more of the United States, Australia, Singapore, Peoples' Republic of China, the United Kingdom or New Zealand:
   i. hostilities not presently existing commence;
   ii. a major escalation in existing hostilities occurs;
   iii. a declaration is made of a national emergency or war; or
   iv. a major terrorist act is perpetrated anywhere in the world;

s) either of the following occurs:
   i. a general moratorium on commercial banking activities in Australia, the United States of America, the United Kingdom or Singapore is declared by the relevant central banking authority in any of those countries, or there is a material 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 ASX, the London Stock Exchange, or the New York Stock Exchange is suspended or limited in a material respect for one day on which that exchange is open for trading ("Trading Day") or substantially all of one Trading Day;

t) any adverse change or disruption to the existing financial markets, political or economic conditions of Australia, Singapore, the United States of America, the United Kingdom or the international financial markets or any change in national or international political, financial or economic conditions;

u) any director of AQR is charged with an indictable offence, or any director of AQR is disqualified from managing a corporation under the Corporations Act;

v) the Chair of the Responsible Entity or the Fund Manager of AQR is removed from office or is replaced;

w) there is a change in the membership of the board of directors of the Responsible Entity (other than the Chair or Managing Director) occurs or is announced; or

x) AQR or any of its directors or officers (as that term is defined in the Corporations Act) engage in any fraudulent conduct or activity whether or not in connection with the Placement.

The ability of an Underwriter to terminate the underwriting agreement in respect of the events set out above, in some cases, is limited to circumstances where that Underwriter has reasonable grounds to suspect that the event has had or is likely to have a materially adverse effect on the success or settlement of the Placement.

AQR also gives certain representations, warranties and undertakings to the Underwriters and an indemnity to the Underwriters and their respective representatives subject to certain carve-outs.

If the underwriting agreement is terminated, AQR would need to find alternative financing to meet its future funding requirements. Although AQR has capacity under its covenants, there is no guarantee that alternative funding could be sourced, either at all or on satisfactory terms and conditions. Termination of the underwriting agreement could materially adversely affect AQR's business, cash flow, financial condition and results of operations.

Key risks

Forward-looking statements

There can be no guarantee that the assumptions and contingencies on which the forward-looking statements, opinions and estimates (including guidance on future FFO and distributions) are based will ultimately prove to be valid or accurate. The forward-looking statements, opinions and estimates depend on various factors, including known and unknown risks, many of which are outside the control of AQR. Actual performance of AQR may materially differ from forecast performance.

Substantial holding by APN Property Group

APN Property Group corporate entities have substantial holdings in AQR. This represents a strategically significant investment for APN Property Group. In addition, funds managed by APN Property Group subsidiaries may also hold securities in AQR. If APN Property Group were to sell down some or all of its respective holdings in AQR, the price of the REIT's stapled securities may decline as a result given the relative size of their holdings.

APN Property Group will have influence over the potential outcome of matters submitted to a vote of securityholders. The interests of APN Property Group may differ from the interests of AQR and the interests of other securityholders who purchase securities under the Offer.

Distribution guidance

No assurances can be given in relation to the payment of future distributions. Future determinations as to the payment of distributions by AQR will be at the discretion of AQR and will depend upon the availability of profits, the operating results and financial conditions of AQR, future capital requirements, covenants in relevant financing agreements, general business and financial conditions and other factors considered relevant by AQR. No assurance can be given in relation to the level of tax deferral of future distributions. Tax deferred capacity will depend upon the amount of capital allowances available and other factors.

Acquisition completion risks

Other risks associated with the Acquisitions include delays to completion or an inability to complete. If this occurs, AQR will need to consider alternative uses for subscriptions raised from AQR securityholders under the Placement and SPP. If AQR does not complete the Acquisitions, and is unable to find alternative suitable acquisitions, it may have a material adverse effect on AQR's financial performance, financial position and security price. Such circumstances may result in a reduction in earnings to the extent that funds raised under the equity raising are retained in cash.

Insurance risk

AQR enters into material damage, business interruption and liability insurance on its properties with policy specifications and insured limits that it believes to be customary in the industry. However, potential losses of a catastrophic nature such as those arising from earthquakes, terrorism or severe flooding may be uninsurable, or not insurable on reasonable financial terms, may not be insured at full replacement costs or may be subject to large excesses. The nature and cost of insurance has been based upon the best estimate of likely circumstances. However, various factors may influence premiums to a greater extent than those forecast, which may in turn have a negative impact on the net income of AQR.

Compliance risk

APN FM, as the Responsible Entity of AQR 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 AQR to operate.

Insolvency

In the event of any liquidation or winding up of AQR, the claims of AQR's creditors, will rank ahead of those of its securityholders. Under such circumstances AQR will first repay or discharge all claims of its creditors. Any surplus assets (if any) will then be distributed to securityholders. All securityholders will rank equally in their claim and will be entitled to an equal share per security.

Key risks

Change in capital structure

Changes in the capital structure of AQR, 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 AQR securities.

General economic and political conditions

Factors such as, but not limited to, domestic and international political changes, interest rates, exchange rates, inflation levels, commodity prices, AQR disruption, environmental impacts, international competition, taxation changes, changes in employment levels, consumer and business spending, employment rates and labour costs may all have an adverse impact on AQR's revenues, operating costs, profit margins and security price. These factors are beyond the control of AQR and its boards and AQR cannot, to any degree of certainty, predict how they will impact on AQR. The environment in which AQR operates may experience challenging conditions as a result of general uncertainty about future Australian and international economic conditions. A prolonged deterioration in domestic or general economic conditions, including an increase in interest rates or a decrease in consumer and business demand, could be expected to have a material adverse impact on the financial performance of AQR's businesses.

Changes in applicable law and regulations

AQR will be subject to the usual business risk that there may be changes in laws, regulations and government policy (including, at these times, changes in law and policy relating to COVID-19) which may affect its operations and/or financial performance. Such changes may impact rental income or operational expenditure. In addition, AQR's ability to take advantage of future acquisition opportunities in Australia may be limited by regulatory intervention on competition grounds.

AQR is also subject to the usual risks to changes in taxation regimes and Australian Accounting Standards. There can be no assurance that such changes will not have a material adverse effect on AQR's business, operational performance or financial results or returns to securityholders.

Other risks

The above risks should not be taken as a complete list of the risks associated with an investment in AQR. The risks outlined above and other risks not specifically referred to may in the future materially adversely affect the value of AQR securities and their performance. Accordingly, no assurance or guarantee of future performance or profitability is given by AQR in respect of AQR securities

Appendix C

Foreign selling restrictions

Foreign selling restrictions

International Offer Restrictions

This document does not constitute an offer of new stapled securities ("New Securities") of AQR in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the New 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, authorized 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 authorize this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the New 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 New 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 New 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 (New Zealand) (the "FMC Act"). The New 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. The issuer is not authorised or recognised by the MAS 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 New Securities may not be circulated or distributed, nor may the New 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 New 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.

Foreign selling restrictions

United States

This document does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. The New Securities have not been, and will not be, registered under the US Securities Act of 1933 or the securities laws of any state or other jurisdiction of the United States. Accordingly, the New Securities may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws.

The New Securities will only be offered and sold in the United States to:

- "qualified institutional buyers" (as defined in Rule 144A under the US Securities Act); and
- dealers or other professional fiduciaries organized or incorporated in the United States that are acting for a discretionary or similar account (other than an estate or trust) held for the benefit or account of persons that are not US persons and for which they exercise investment discretion, within the meaning of Rule 902(k)(2)(i) of Regulation S under the US Securities Act.

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