APPENDIX 4D

APN Convenience Retail REIT
Half-Year Report
Half-year ended 31 December 2020

Note on Stapling Arrangements

The 'APN Convenience Retail REIT' stapled group ("Group") was established on 27 July 2017 by stapling the securities of the following entities:

- 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).

The following information is based on the consolidated financial statements of Convenience Retail REIT No.2 (APN Convenience Retail REIT) for the half-year ended 31 December 2020.

Results for announcement to the market

	APN Convenience Retail REIT	
	$'000	
Revenues from ordinary activities	up 22.51% to 19,827	
Profit from ordinary activities after tax attributable to members	up 8.12% to 21,044	
Net profit for the period attributable to members	up 8.12% to 21,044	
Funds from Operations (FFO) [1]	up 35.82% to 12,269	
Net tangible assets per security	**31 Dec 2020** $3.35	**30 Jun 2020** $3.27

[1]: Funds from Operations (FFO) for the financial half-year has been calculated on the following page.

Funds From Operations (FFO)		
	31 Dec 2020 $'000	**31 Dec 2019 $'000**
Statutory net profit / (loss) for the period	21,044	19,464
Adjusted for:		
- Straight line lease revenue recognition	(2,151)	(2,052)
- Net (gain) / loss on change in fair value of:		
Investment properties	(6,650)	(4,452)
Derivatives	(206)	578
- Amortisation of borrowing costs	137	180
- Amortisation of leasing costs and incentives	95	15
FFO	**12,269**	**9,033**
Key financial metrics		
Distribution declared ($'000)	12,858	9,347
Distributions per security (cents per security)	10.95	10.90
FFO payout ratio (%)	101.34%	101.21%

Other Information

Distributions	**Amount per security (cents)**	**$'000**
Quarter ended 30 Sep 2020 (113,070,806 units on issue)	5.475	6,191
Quarter ended 31 Dec 2020 (121,758,287 units on issue)	5.475	6,667
Total	**10.950**	**12,858**
Previous corresponding period	10.900	9,347
Record date for determining entitlements to the distribution	31 December 2020	
Details of any distribution reinvestment plan in operation	The Group's distribution reinvestment plan (DRP) is currently open. DRP applies to future distributions declared. DRP units will be new issue and rank pari passu with the existing units on issue.	
Last date for receipt of an election notice for participation in any distribution reinvestment plan	Eligible securityholders may elect to participate in the plan at any time for future distributions.	

Note: Franked amount per unit is not applicable

For further details, please refer to the following documents:

- Directors' Report and Condensed Financial Statements (attached)
- Half-year Results Announcement (separate ASX release)
- Investor presentation (separate ASX release)

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Chantal Churchill
Company Secretary

16 February 2021

‘APN Convenience Retail REIT’ being

Convenience Retail REIT No.2 and its Controlled Entities

ARSN 619 527 829

Interim Financial Report for the half-year ended

31 December 2020

Stapling arrangement

The ‘APN Convenience Retail REIT’ stapled group (“Group”) was established on 27 July 2017 by stapling the securities of the following entities:

- Convenience Retail REIT No.1;
- Convenience Retail REIT No.2; and
- Convenience Retail REIT No.3.

These consolidated condensed financial statements represent the consolidated results of APN Convenience Retail REIT for the half-year ended 31 December 2020.

Contents

Directors' report

The directors of APN Funds Management Limited ("APN FM"), the Responsible Entity of Convenience Retail REIT No.2 (the "Fund") present the interim financial report on the consolidated entity (the "Group"), being the Fund and its controlled entities, for the half-year ended 31 December 2020. The Fund is one of three entities that together comprise the stapled APN Convenience Retail REIT which is listed on the Australian Securities Exchange ("ASX") (ASX Ticker: "AQR").

To comply with the provisions of the *Corporations Act 2001*, the directors report as follows:

Information about the directors

The following persons were directors of the Responsible Entity during the half-year and up to the date of this report:

Geoff Brunsdon AM	Chairman and Independent Director
Howard Brenchley	Independent Director
Jennifer Horrigan	Independent Director
Michael Johnstone	Independent Director
Joseph De Rango	Alternate Director for Howard Brenchley

Principal activities

The principal activity of the Group is to own and manage a quality portfolio of convenience retail properties that offer relatively secure income streams and have the potential for capital growth. The parent entity of the Group is Convenience Retail REIT No.2 (the "Fund").

There has been no significant change in the activities of the Group during the half-year. The Group did not have any employees during the period.

Changes in state of affairs

During the period, the Group raised a total of $40 million from the security purchase plan (SPP) and institutional placement ("Placement") announced on the ASX on 22 June 2020 and 8 December 2020 respectively. All new stapled securities issued rank equally with the Group's existing securities.

There were no other significant changes in the state of affairs of the Group during the half-year.

Review of operations

The results of the operations of the Group are disclosed in the condensed consolidated statement of profit or loss and other comprehensive income. A summary of APN Convenience Retail REIT's results for the half-year is as follows:

	Half-year ended 31 December 2020 $'000	Half-year ended 31 December 2019 $'000
Net property income	15,826	12,667
Straight line rental income	2,151	2,052
Interest income	9	14
Total revenue	**17,986**	**14,733**
Management fees	(1,626)	(1,202)
Finance costs	(2,036)	(2,352)
Corporate costs	(136)	(289)
Total expenses	**(3,798)**	**(3,843)**
Net profit	**14,188**	**10,890**
Fair value gain on derivatives	206	153
Fair value gain on investment properties	6,650	8,421
Statutory net profit	**21,044**	**19,464**

The Responsible Entity uses the Group's Funds From Operations ("FFO") as the key performance indicator.

FFO adjusts statutory net profit / (loss) for certain items that are non-cash, unrealised or capital in nature, in line with the guidelines established by the Property Council of Australia. Statutory net profit / (loss) is determined in accordance with Australian Accounting Standards and includes a number of non-cash items including fair value movements, straight line lease accounting adjustments and amortisation of borrowing and leasing costs and incentives.

A reconciliation of statutory net profit to FFO is outlined as follows:

Funds From operations

	Half-year ended 31 December 2020 $'000	Half-year ended 31 December 2019 $'000
Statutory net profit for the period	**21,044**	**19,464**
Adjusted for:		
Straight line lease revenue recognition	(2,151)	(2,052)
Fair value (gain) / loss on investment properties	(6,650)	(8,421)
Fair value (gain) / loss on derivatives	(206)	(153)
Amortisation of borrowing costs	137	180
Amortisation of leasing costs and rent-free adjustments	95	15
FFO	**12,269**	**9,033**
Key financial performance metrics:		
FFO per security (cents)	10.81 c	10.77 c
Distributions per security (cents)	10.95 c	10.90 c
Payout Ratio (Distribution per security / FFO per security)	101.34 %	101.21 %
Statutory earnings / (loss) per security (cents per security)	18.53 c	23.21 c
Weighted average securities on issue (thousands)	113,542	83,868
Securities on issue (thousands)	121,758	92,594
Distribution declared (thousands)	$12,858	$9,347

Operating result

The Group's total Funds From Operations increased by $3.24 million to $12.27 million in comparison to the corresponding half year. The key drivers of this result included:

- acquisition of additional properties during the period;
- contractual annual rent increases; and
- net property income growth was partially offset by increases in management fees and finance costs as a result of portfolio revaluation uplift and property acquisitions.

Net tangible assets and asset valuations

At 31 December 2020, 15 properties were independently valued. Overall, the entire portfolio increased by $83 million due to the completion of $72 million worth of acquisitions and $11 million uplift in valuations as a result of rent increases that have occurred in the six-month period to 31 December 2020 as well as a tightening of the portfolio's weighted average market capitalisation rate from 6.58% at 30 June 2020 to 6.46% as at 31 December 2020.

Market overview

Although 2020 was dominated by the global pandemic and an overall slowing of capital markets, the appetite for service station investments grew extensively due to their non-discretionary and defensive nature. Transaction volumes were up 60% nationally from 2019 sales volumes; a stark contrast to many other sectors of the property market in which sale volumes were down.

In line with the broader market, the year saw a growing focus on the regions, increasing both investor interest and focus from tenants and developers.

The convenience retail portion of the service station revenue model continues to be increasingly important. Convenience retail continues to outperform fuel in both revenue growth and margins, offering competitive differentiation, incremental sales and access to previously untapped demographics (i.e. non-drivers) in what is a highly fragmented market. Major service station operators will look to develop their in-store offering across groceries, pre-packaged meal offerings and non-food product offerings, and at the same time expand partnerships with quick service and fast-food retail operators. Some major fast-food operators have also expressed interest in growing their non-shopping centre store footprint.

Distributions

Distributions of $12,858,000 were declared by the Group during the half-year ended 31 December 2020 (31 December 2019: $9,347,000).

For full details of distributions paid and/or payable during the half-year, refer to note 7 of the condensed consolidated financial statements.

Auditor's independence declaration

A copy of the external auditor's independence declaration, as required under section 307C of the *Corporations Act 2001* is set out on page 4.

Matters subsequent to the end of the financial period

Other than matters noted in note 13, there has not been any other matter or circumstance occurring subsequent to the end of the half-year that has significantly affected, or may significantly affect, the operations of the Group, the results of the Group, or the state of affairs of the Group in future financial years.

Rounding of amounts

The Group is an entity of the kind referred to in *ASIC Corporations (Rounding in Financials/Directors' Reports) Instrument 2016/191*, dated 24 March 2016, and in accordance with that Corporations Instrument, amounts in the directors' report and the interim financial report have been rounded to the nearest thousand dollars, unless otherwise stated.

Signed in accordance with a resolution of the directors of the Responsible Entity made pursuant to section 306(3) of the *Corporations Act 2001*.

On behalf of the directors

Geoff Brunsdon AM
Director

Melbourne, 16 February 2021

Deloitte Touche Tohmatsu
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16 February 2021

The Board of Directors
APN Funds Management Limited
101 Collins Street
MELBOURNE VIC 3000

Dear Board Members

Auditor's Independence Declaration - APN Convenience Retail REIT

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the board of directors of APN Funds Management Limited, in its capacity as the Responsible Entity of APN Convenience Retail REIT.

As lead audit partner for the review of the financial report of APN Convenience Retail REIT for the half-year ended 31 December 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

Yours faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Neil Brown
Partner
Chartered Accountants

Deloitte.

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Independent Auditor's Review Report to the Securityholders of APN Convenience Retail REIT

Conclusion

We have reviewed the half-year financial report of APN Convenience Retail REIT, being Convenience Retail REIT No. 2 (the "Fund") and its controlled entities (together, the "Group"), which comprises the condensed consolidated statement of financial position as at 31 December 2020, and the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration as set out in pages 7 to 26.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Half-year Financial Report* section of our report. We are independent of the Fund and Group in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Responsible Entity of the Fund and Group (the "Directors"), would be in the same terms if given to the Directors as at the time of this auditor's review report.

Directors' Responsibility for the Half-Year Financial Report

The Directors are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Half-year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Groups's financial position as at 31 December 2020 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Deloitte.

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

DELOITTE TOUCHE TOHMATSU

Neil Brown
Partner
Chartered Accountants

Melbourne, 16 February 2021

Directors' declaration

The directors of APN Funds Management Limited, the Responsible Entity of Convenience Retail REIT No. 2, declare that:

(a) in the directors' opinion, there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable; and

(b) in the directors' opinion, the attached condensed consolidated financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and give a true and fair view of the financial position and performance of the Group.

Signed in accordance with a resolution of the directors of the Responsible Entity made pursuant to section 303(5) of the *Corporations Act 2001*.

On behalf of the directors of the Responsible Entity, APN Funds Management Limited.

Geoff Brunsdon AM
Director

Melbourne, 16 February 2021

Condensed consolidated statement of profit or loss and other comprehensive income

for the half-year ended 31 December 2020

	Notes	Half-year ended 31 December 2020 $'000	Half-year ended 31 December 2019 $'000
Revenue	4	17,676	14,132
Straight line rental income recognition		2,151	2,052
Total revenue from continuing operations		**19,827**	**16,184**
Other income			
Interest income		9	14
Net fair value gain on investment properties		6,650	8,421
Fair value gain / (loss) on derivatives		206	153
Other Income		157	-
Total other income		**7,022**	**8,588**
Total income		**26,849**	**24,772**
Expenses			
Property costs		(1,850)	(1,465)
Management fees	12	(1,626)	(1,202)
Finance costs		(2,036)	(2,352)
Other expenses		(293)	(289)
Total expenses		**(5,805)**	**(5,308)**
Profit for the period		**21,044**	**19,464**
Attributable to:			
Securityholders of Convenience Retail REIT No.2		9,274	11,677
Securityholders of non-controlling interests[1]		11,770	7,787
		21,044	**19,464**
Other comprehensive income		-	-
Total comprehensive income for the period		**21,044**	**19,464**
Total comprehensive income is attributable to:			
Securityholders of Convenience Retail REIT No.2		9,274	11,677
Securityholders of non-controlling interests[1]		11,770	7,787
		21,044	**19,464**
Earnings per security			
Basic and diluted (cents per security)	8	18.53	23.21

[1] Represents the net profit and other comprehensive income attributable to the other stapled entities comprising the APN Convenience Retail REIT Group.

Notes to the condensed consolidated financial statements have been included in the accompanying pages.

Condensed consolidated statement of financial position

as at 31 December 2020

	Notes	31 December 2020 $'000	30 June 2020 $'000
Current assets			
Cash and cash equivalents		7,521	2,331
Trade and other receivables		1,267	856
Other assets		2,368	274
Total current assets		**11,156**	**3,461**
Non-current assets			
Investment properties	5	531,537	448,159
Total non-current assets		**531,537**	**448,159**
Total assets		**542,693**	**451,620**
Current liabilities			
Trade and other payables		(4,758)	(6,993)
Distributions payable		(6,667)	(5,978)
Derivative financial instruments	9	(1,401)	(1,190)
Total current liabilities		**(12,826)**	**(14,161)**
Non-current liabilities			
Derivative financial instruments	9	(1,888)	(2,305)
Borrowings	9	(119,670)	(75,826)
Total non-current liabilities		**(121,558)**	**(78,131)**
Total liabilities		**(134,384)**	**(92,292)**
Net assets		**408,309**	**359,328**
Equity			
Securityholders of Convenience Retail REIT No.2:			
Contributed equity		168,071	149,718
Retained earnings		19,729	16,215
Securityholders of non-controlling interests[1]:			
Contributed equity		182,845	160,403
Retained earnings		37,664	32,992
Total equity		**408,309**	**359,328**
Net tangible assets ($ per security)		3.35	3.27

[1] Represents the net assets attributable to the other stapled entities comprising the APN Convenience Retail REIT Group.

Notes to the condensed consolidated financial statements have been included in the accompanying pages.

Condensed consolidated statement of changes in equity

for the half-year ended 31 December 2020

	Notes	Contributed equity $'000	Retained earnings $'000	Total $'000	Non-controlling interests[1] $'000	Total equity $'000
Balance at 1 July 2019		**114,004**	**(317)**	**113,687**	**120,107**	**233,794**
Net profit / (loss) for the period		-	11,677	11,677	7,787	19,464
Other comprehensive income		-	-	-	-	-
Total comprehensive income for the period		**-**	**11,677**	**11,677**	**7,787**	**19,464**
Issue of contributed equity	6	24,147	-	24,147	21,984	46,131
Securities buy-back	6	(64)	-	(64)	(67)	(131)
Securities issued under distribution reinvestment plan (DRP)	6	187	-	187	196	383
Security issuance costs	6	(115)	-	(115)	(118)	(233)
Distributions paid or payable	7	-	(4,624)	(4,624)	(4,723)	(9,347)
Balance at 31 December 2019		**138,159**	**6,736**	**144,895**	**145,166**	**290,061**
Balance at 1 July 2020		**149,718**	**16,215**	**165,933**	**193,395**	**359,328**
Net profit / (loss) for the period		-	9,274	9,274	11,770	21,044
Other comprehensive income		-	-	-	-	-
Total comprehensive income for the period		**-**	**9,274**	**9,274**	**11,770**	**21,044**
Issue of contributed equity	6	17,941	-	17,941	22,060	40,001
Securities issued under distribution reinvestment plan (DRP)	6	767	-	767	818	1,585
Security issuance costs	6	(355)	-	(355)	(436)	(791)
Distributions paid or payable	7	-	(5,760)	(5,760)	(7,098)	(12,858)
Balance at 31 December 2020		**168,071**	**19,729**	**187,800**	**220,509**	**408,309**

[1] Represent the equity attributable to the other stapled entities comprising the APN Convenience Retail REIT Group.

Notes to the condensed consolidated financial statements have been included in the accompanying pages.

Condensed consolidated statement of cash flows

for the half-year ended 31 December 2020

	Notes	31 December 2020 $'000	31 December 2019 $'000
Cash flows from operating activities			
Net rental income received		15,919	13,128
Interest received		9	12
Other expenses paid		(6,683)	(2,508)
Finance costs paid		(1,907)	(2,173)
Net cash inflow / (outflow) from operating activities		**7,338**	**8,459**
Cash flows from investing activities			
Payments for acquisition of investment properties		(74,268)	(30,512)
Advances to purchase investment properties		-	(5,850)
Payments for capital expenditure on investment properties		(230)	(915)
Proceeds from disposal of investment properties		-	9,800
Net cash inflow / (outflow) from investing activities		**(74,498)**	**(27,477)**
Cash flows from financing activities			
Net proceeds from borrowings		43,715	(16,900)
Net proceeds from issue of contributed equity		40,000	46,000
Equity issuance and liquidity offer costs paid		(782)	(857)
Distributions paid		(10,583)	(8,041)
Net cash inflow / (outflow) from financing activities		**72,350**	**20,202**
Net increase / (decrease) in cash and cash equivalents		5,190	1,184
Cash and cash equivalents at the beginning of the period		2,331	289
Cash and cash equivalents at the end of the period		**7,521**	**1,473**
Non-cash operating activities	6	1,585	383

Notes to the condensed consolidated financial statements have been included in the accompanying pages.

Notes to the condensed consolidated financial statements

Contents

ABOUT THIS REPORT

1. GENERAL INFORMATION

APN Convenience Retail REIT is a stapled entity listed on the Australian Securities Exchange (trading under the ASX ticker "AQR"), incorporated and operating in Australia. APN Convenience REIT comprises Convenience Retail REIT No. 2 and its controlled entities.

APN Funds Management Limited, a public company incorporated and operating in Australia, is the Responsible Entity of Convenience Retail REIT No.2. The registered office and its principal place of business is Level 30, 101 Collins Street, Melbourne, VIC 3000.

2. STATEMENT OF COMPLIANCE

The interim financial report is a general purpose financial report which has been prepared in accordance with the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting.* The interim financial report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual report.

The financial statements were authorised for issue by the directors on 16 February 2021.

2.1. Going concern and COVID-19 pandemic

The Group has assessed its ability to continue as a going concern taking into account all information available for a period of 12 months from the date of issuing the condensed consolidated financial statements. The COVID-19 pandemic impact continues to be minimal since the issue of the Group's most recent annual report. The directors of the Responsible Entity remain confident that the Group will be able to continue trading and realise assets and discharge liabilities in its ordinary course of business despite the net current liabilities position presented in the condensed consolidated statement of financial position. In reaching this position, the following factors have been considered:

- 100% of the Group's portfolio comprises an asset class which are classified as essential services and remain open for trading throughout the COVID-19 pandemic;
- 96% of the Group's rental income is derived from major fuel tenants who are well-capitalised national and international business with significant exposure to non-discretionary consumer expenditure;
- the Group has adequate levels of liquidity through its operating cash flows and has available debt lines to be drawn if required. Total undrawn debt facility as at the date of issuing the condensed consolidated financial statements is $62.50 million (inclusive of the new $30 million facility disclosed in note 13.3);
- the Group has adequate levels of headroom with respect to its financial and non-financial covenants as disclosed in note 9.1 and the Group does not expect any covenants to be breached; and
- the Group's debt is hedged to a level of 83.15%.

Given consideration to the above, the directors of the Responsible Entity believe that the Group will be able to meet its debts as and when they fall due for at least a period of 12 months from the date of the condensed consolidated financial statements. Therefore, the condensed consolidated financial statements have been prepared on a going concern basis.

2.2. Basis of preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of investment properties and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. All amounts are presented in Australian dollars, unless otherwise noted.

The Group is an entity of the kind referred to in *ASIC Corporations (Rounding in Financials / Directors' Reports) Instrument 2016/191*, dated 24 March 2016, and in accordance with that Corporations Instrument amounts in the directors' report and the interim financial report have been rounded off to the nearest thousand dollars, unless otherwise stated.

The accounting policies and methods of computation adopted in the preparation of the interim financial report are consistent with those adopted and disclosed in the Group's annual financial report for the financial year ended 30 June 2020, except for the impact from the adoption of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) described in note 14. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

PERFORMANCE

This section shows the results and performance of the Group and includes information in respect to the profitability of the Group and its reporting segments. It also provides information on the investment properties that underpins the Group's performance.

3. SEGMENT INFORMATION

The Group derives all income from investment in properties located in Australia. The Group is deemed to have only one operating segment and that is consistent with the reporting reviewed by the chief operating decision makers.

4. REVENUE

Revenue from investment properties comprise of lease components (including base rent, recoveries of property tax and property insurance) and non-lease components that primarily consists of property outgoing recoveries.

	31 December 2020 $'000	**31 December 2019 $'000**
Rental income	16,207	12,907
Outgoing recoveries	1,469	1,225
Total revenue	**17,676**	**14,132**

5. INVESTMENT PROPERTIES

Investment properties represent convenience retail properties held for deriving rental income and held for development for future use as investment property. For all investment properties, the current use equates to the highest and best use.

5.1. Reconciliation of carrying amounts

	31 December 2020 $'000	30 June 2020 $'000
Carrying amount at beginning of the period	448,159	358,293
Purchase of investment properties	67,330	63,528
Acquisition costs associated with purchase of investment properties	3,936	2,987
Purchase of land held for development	3,002	3,565
Development work in progress	18	30
Capital additions to existing investment properties	213	1,495
Disposals of investment properties	-	(9,800)
Straight line rental revenue recognition	2,151	4,175
Capitalised leasing incentives and fees	173	91
Amortisation of lease incentives and fees	(95)	(107)
Net gain / (loss) on fair value adjustments:		
Net gain / (loss) on fair value adjustments[1]	6,650	23,968
Net gain / (loss) disposal of investment properties[1]	-	(66)
Carrying amount at end of the period	**531,537**	**448,159**

[1] The net gain in fair value adjustments is wholly unrealised and has been recognised as "net gain in fair value adjustments on investment properties" in the condensed consolidated statement of profit or loss and other comprehensive income.

5.2. Contractual obligations

Under some of the lease agreements applicable to the existing investment properties, the Group is responsible for capital and structural repairs to the premises (except to the extent required due to the tenant's act, omissions or particular use). This contractual obligation can include the requirement to replace underground tanks and/or LPG tanks if they become worn out, obsolete, inoperable or incapable of economic repair.

During the period, the repair works on the underground tanks for one of three investment properties (i.e. Cnr Vardys Rd & Turbo Rd, Marayong, NSW) was completed. As at the reporting date, the other two investment properties that have been identified as requiring underground tank repairs remain outstanding. The current forecast capital expenditure required to repair the underground tanks at these two sites is approximately $1,200,000 which has been reflected as a reduction in the valuation of these respective investment properties as at the reporting date.

5.3. Individual valuation and carrying amounts

The investment portfolio consists of 88 properties and two land held for development located throughout Australia. 13 existing properties and nine new investment properties were respectively independently valued at 31 December 2020 and at acquisition date. The Group's external valuations are performed by independent professionally qualified valuers who hold a recognised relevant professional qualification and have specialised expertise in the investment properties being valued. For 31 December 2020, independent valuations were performed by Jones Lang LaSalle Advisory Services Pty Ltd ("JLL") and Savills Valuations Pty Ltd ("Savills") (30 June 2020: 64 properties were independently valued by JLL and Savills).

The remaining 66 properties were subject to internal valuations performed by the Group's internal property team and have been reviewed and approved by the Board. The carrying amounts of these investment properties have been determined based on Directors' valuations.

	Latest independent valuation		Carrying amounts		Capitalisation rate	
	Valuation date	$'000	31 December 2020 $'000	30 June 2020 $'000	31 December 2020 %	30 June 2020 %
Properties						
397 Pacific Hwy, Belmont North, NSW [1]	Jun-20	6,440	6,440	6,440	6.25%	6.25%
Cnr Vardys Rd & Turbo Rd, Marayong, NSW [1]	Jun-20	9,050	9,060	9,050	6.50%	6.50%
511 Pacific Highway, South Kempsey, NSW [1]	Jun-20	23,310	24,010	23,310	6.00%	6.00%
172 New England Highway, Rutherford, NSW	Jun-20	6,260	6,450	6,260	6.00%	6.00%
Cnr Northcote St & Main Rd, Heddon Greta, NSW [1]	Jun-20	10,200	10,500	10,200	6.00%	6.00%
Cnr Weakleys & Glenwood Drives, Thornton, NSW [1]	Jun-20	9,900	10,200	9,900	6.00%	6.00%
449 Victoria Street, Wetherill Park, NSW [1]	Jun-20	9,230	9,500	9,230	5.75%	5.75%
1 Blueberry Road, Moree NSW [1]	Jun-20	11,910	11,910	11,910	6.50%	6.50%
2948 Old Cleveland Rd, Capalaba, QLD [1]	Jun-20	4,990	5,020	4,990	7.00%	7.00%
Cnr Anzac Ave & Josey Rd, Mango Hill, QLD [1]	Jun-20	3,350	3,310	3,350	6.75%	6.75%
550 - 560 Samford Rd, Mitchelton, QLD [1]	Jun-20	4,420	4,450	4,420	7.00%	7.00%
420 - 426 Mt Cotton Rd, Capalaba, QLD [1]	Jun-20	4,120	4,140	4,120	7.00%	7.00%
1233 Wynnum Rd, Murrarie, QLD [1]	Jun-20	5,480	5,460	5,480	7.00%	7.00%
17 - 25 Toombul Rd, Northgate, QLD [1]	Jun-20	4,050	4,070	4,050	7.00%	7.00%
124 - 130 Paradise Rd, Slacks Creek, QLD [1]	Jun-20	4,100	4,130	4,100	7.00%	7.00%
108 Compton Rd, Woodridge, QLD [1]	Jun-20	5,740	6,010	5,740	6.25%	6.25%
708 Gympie Rd, Lawnton, QLD [1]	Jun-20	4,690	4,690	4,690	7.00%	7.00%
353 Redbank Plains Rd, Redbank Plains, QLD [1]	Jun-20	5,590	5,860	5,590	6.25%	6.25%
264 Browns Plains Rd, Browns Plains, QLD [1]	Jun-20	5,740	5,780	5,740	6.25%	6.25%
Sovereign Avenue, Bray Park, QLD [1]	Jun-20	4,170	4,360	4,170	6.25%	6.25%
21 Ingham Road, West End, QLD [1]	Jun-20	5,940	6,120	5,940	6.25%	6.25%
921 Nambour Connection Rd, Nambour, QLD [1]	Jun-20	1,460	1,510	1,460	7.25%	7.25%
19038 Bruce Highway, Bowen, QLD [1]	Jun-20	2,750	4,170	4,050	6.75%	6.75%
25 Bolam Street, Garbutt, QLD [1]	Jun-20	2,830	2,830	2,750	6.75%	6.75%
4545 Flinders Highway, Reid River, QLD [1]	Jun-20	6,150	2,910	2,830	8.50%	8.50%
71 Thompson Street, Charters Towers, QLD [1]	Jun-20	2,970	6,330	6,150	8.00%	8.00%
77-79 Bowen Road, Rosslea, QLD [1]	Jun-20	6,800	3,060	2,970	6.25%	6.25%

Notes to the condensed consolidated financial statements (continued)

900 Ingham Road, Bohle, QLD [1]	Jun-20	2,160	7,000	6,800	6.75%	6.75%
45 Range Road, Sarina, QLD [1]	Jun-20	4,410	2,230	2,160	7.00%	7.00%
2 Mulgrave Street, Gin Gin, QLD [1]	Jun-20	2,270	4,410	4,410	7.00%	7.00%
161 Thozet Road, Koongal, QLD [1]	Jun-20	1,730	2,330	2,270	6.75%	6.75%
74 Connor Street, Zilzie, QLD [1]	Jun-20	1,410	1,780	1,730	6.75%	6.75%
1 Flinders Street, Monto, QLD [1]	Jun-20	6,310	1,460	1,410	7.00%	7.00%
102-104 Cook Street, Portsmith, QLD [1]	Jun-20	6,520	6,500	6,310	6.75%	6.75%
28 Supply Road, Edmonton, QLD [1]	Jun-20	3,970	6,710	6,520	6.25%	6.25%
45 Arnold Street, Aeroglen, QLD [1]	Jun-20	2,030	4,090	3,970	6.75%	6.75%
49 Tolga Road, Atherton, QLD [1]	Jun-20	1,620	2,090	2,030	7.00%	7.00%
656 Bruce Highway, Woree, QLD [1]	Jun-20	3,640	1,670	1,620	6.75%	6.75%
2215 David Low Way, Peregian Beach, QLD [1]	Jun-20	2,100	3,750	3,640	6.75%	6.75%
10 Takalvan Street, Bundaberg, QLD [1]	Jun-20	19,760	2,160	2,100	6.25%	6.25%
60 Hawkins Crescent, Bundamba, QLD [1]	Jun-20	6,720	20,350	19,760	6.25%	6.25%
1129 Morandah Access Road, Moranbah, QLD [1]	Jun-20	3,730	6,930	6,720	6.50%	6.50%
273-279 Gympie Rd, Kedron, QLD [1]	Jun-20	7,180	3,850	3,730	6.25%	6.25%
34-36 Cessna Drive, Caboolture, QLD [1]	Jun-20	3,640	7,390	7,180	6.25%	6.25%
164-170 David Low Way, Diddilibah, QLD [1]	Jun-20	2,120	3,750	3,640	6.75%	7.00%
282 Wardell Street, Enoggera, QLD [1]	Jun-20	5,500	2,190	2,120	6.50%	6.50%
840 Steve Irwin Way Glasshouse, Mountains, QLD [1]	Jun-20	4,410	5,670	5,500	6.75%	6.75%
1977 Anzac Avenue, Mango Hill, QLD [1]	Jun-20	2,340	4,540	4,410	6.50%	6.50%
72 Walker Street, Maryborough, QLD [1]	Jun-20	5,740	2,410	2,340	7.25%	7.25%
127 Kingston Road, Woodridge, QLD [1]	Jun-20	4,170	5,590	5,430	6.25%	6.25%
983 Waterworks Road, The Gap, QLD [1]	Jun-20	3,590	3,700	3,590	6.50%	6.50%
63 Raceview Street, Raceview, QLD	Dec-20	9,425	9,425	9,710	6.25%	6.75%
14 Rosemary Street, Durack, QLD	Dec-20	6,400	6,400	5,900	6.25%	6.75%
205 Old Gympie Road, Dakabin, QLD	Dec-20	5,250	5,250	4,730	6.00%	6.50%
Cnr Edith St and Bruce Hwy, Cluden, QLD [1]	Jun-20	5,900	14,250	13,830	6.75%	6.75%
22 Nicholson Street, Banana, QLD [1]	Jun-20	4,730	3,790	3,680	7.50%	7.50%
25 Kiernan Drive, Roseneath, QLD [1]	Jun-20	13,830	7,960	7,730	7.00%	7.00%
53793 Bruce Hwy, Mount Larcom, QLD [1]	Jun-20	3,680	8,000	7,760	6.50%	6.50%
591 Dorset Rd, Bayswater North, VIC [1]	Jun-20	7,730	4,840	4,810	6.25%	6.25%

Notes to the condensed consolidated financial statements (continued)

Cnr Thompson Rd & Victoria St, Geelong North, VIC [1]	Jun-20	7,760	4,700	4,670	6.50%	6.50%
753 North Lake Rd, Southlake, WA [1]	Jun-20	4,810	6,200	6,200	7.75%	7.75%
Cnr Amherst & Nicholsons Rd, Canning Vale, WA [1]	Jun-20	4,670	6,600	6,600	7.50%	7.50%
1 Wishart Street, Gwelup, WA [1]	Jun-20	6,200	4,200	4,080	6.50%	6.50%
224 Clontarf Road, Hamilton Hill, WA [1]	Jun-20	6,600	5,280	5,120	6.50%	6.50%
1182 Chapman Road, Glenfield, WA [1]	Jun-20	4,080	5,360	5,200	7.75%	7.75%
1 Kakadu Road, Yanchep, WA [1]	Jun-20	5,120	6,310	6,130	6.75%	6.75%
Lot 401 Great Northern Highway, South Hedland, WA [1]	Jun-20	5,200	6,050	5,870	7.50%	7.50%
702 Main North Road, Gepps Cross, SA	Dec-20	4,980	4,980	5,055	6.25%	6.35%
337 St Vincent Street East, Port Adelaide, SA	Dec-20	5,550	5,550	5,170	5.75%	6.00%
226-228 Bridge Road, Pooraka, SA	Dec-20	5,640	5,640	5,250	5.75%	6.00%
2341 Albany Highway, Gosnells, WA	Dec-20	4,825	4,825	4,754	6.00%	6.10%
323 North East Road, Hampstead Gardens, SA	Dec-20	4,590	4,590	4,645	6.25%	6.35%
225 Womma Road, Edinburgh North, SA	Dec-20	5,740	5,740	5,410	5.75%	6.10%
342-346 Albany Highway, Orana, WA	Dec-20	6,250	6,250	6,150	6.50%	6.50%
130 Edwards Street, Ayr, QLD	Dec-20	4,950	4,950	4,950	6.75%	6.75%
51-55 Aerodrome Road, Maroochydore, QLD	Dec-20	7,450	7,450	6,850	6.00%	6.75%
Lot 1 / 437 Yaamba Road, Park Avenue, QLD	Dec-20	5,830	5,830	5,830	6.75%	6.75%
73-77 Railway Street, Gatton, QLD [1]	Feb-20	5,100	5,100	5,100	6.75%	6.75%
176 Otho Street, Inverell, NSW [1]	Feb-20	5,100	5,360	5,100	7.75%	6.25%
5-9 Clare Street, Port Adelaide, SA [2]	Dec-20	5,740	5,740	-	5.75%	-
457-459 Victoria Road, Taperoo, SA [2]	Dec-20	5,480	5,480	-	5.75%	-
100 East-West Arterial Road, Hendra, QLD [2]	Jun-20	10,500	10,500	-	6.00%	-
14 Commercial Road, Sheidow Park, SA [2 & 3]	Oct-19	6,630	6,878	-	5.87%	-
1029 Ipswich Rd, Moorooka, QLD [2]	Jun-20	10,200	10,200	-	6.00%	-
1190 Beaudesert Road, Acacia Ridge, QLD [2]	Jun-20	10,700	10,700	-	6.00%	-
79-89 Mulgrave Road, Parramatta Park, QLD [2]	Jun-20	6,600	6,600	-	7.00%	-
49 Great Eastern Highway, Bellevue, WA [2]	Aug-20	6,150	6,150	-	6.25%	-
229 Balcatta Road, Balcatta, WA [2]	Sep-20	6,965	6,965	-	6.00%	-
Total properties			**524,923**	**444,564**		

Notes to the condensed consolidated financial statements (continued)

Land held for development						
473-477 North East Road & 37 Ramsay Avenue, Hillcrest, SA [3]	N/A	N/A	3,641	3,595	-	N/A
690-694 Lower North East Road and 1 Mitchell Street, Paradise, SA [2 & 3]	N/A	N/A	2,973	-	-	N/A
Total land held for development			**6,614**	**3,595**		
Total investment properties			**531,537**	**448,159**		

[1] The carrying amounts of investment properties that were not independently valued as at period end have been determined based on Directors' valuations.
[2] New investment properties acquired during the period.
[3] Fund-through development projects completed during the period. External valuation for these properties were performed on an "as if completed" basis.

The weighted average capitalisation rate for the period ended 31 December 2020 was 6.46% (30 June 2020: 6.58%).

CAPITAL STRUCTURE, FINANCING AND RISK MANAGEMENT

This section outlines how the Group manages its capital structure and related financing activities and presents the resultant returns delivered to security holders via distributions and earnings per security.

6. CONTRIBUTED EQUITY

6.1. Carrying amount

	31 December 2020 $'000	31 December 2019 $'000
At the beginning of the period	310,121	209,935
Securities issued under distribution reinvestment plan (DRP)	1,585	383
Issue of new securities	40,001	46,131
Security issuance costs	(791)	(233)
Securities buy-back	-	(131)
At the end of the period	**350,916**	**256,085**
Attributable to:		
Securityholders of Convenience Retail REIT No.2	168,071	138,159
Securityholders of non-controlling interests	182,845	117,926
	350,916	**256,085**

6.2. Number of securities on issue

	31 December 2020 No.	31 December 2019 No.
At the beginning of the period	109,684,567	78,910,051
Issue of new securities	11,629,848	13,607,846
Securities issued under distribution reinvestment plan (DRP)	443,872	116,817
Securities buy-back	-	(40,291)
At the end of the period	**121,758,287**	**92,594,423**

7. DISTRIBUTIONS

	31 December 2020		31 December 2019	
	Cents per security	$'000	Cents per security	$'000
Distributions paid during the period:				
Quarter ended 30 Sep	5.475	6,191	5.450	4,300
Distributions payable:				
Quarter ended 31 Dec	5.475	6,667	5.450	5,047
Total distributions paid and payable	**10.950**	**12,858**	**10.900**	**9,347**

No dilutive securities were issued / on issue during the period (31 December 2019: nil).

8. EARNINGS PER SECURITY

	31 December 2020	31 December 2019
Total comprehensive income for the period ($'000)	21,044	19,464
Weighted average number of securities outstanding (thousands)	113,542	83,868
Basic and diluted earnings (cents per security)	**18.53**	**23.21**

No dilutive securities were issued/on issue during the period (31 December 2019: nil).

9. BORROWINGS

	31 December 2020 $'000	30 June 2020 $'000
Non-current		
Bank loans drawn – secured	120,270	76,555
Capitalised borrowing cost	(600)	(729)
Total non-current borrowings at balance date	**119,670**	**75,826**

9.1 Summary of borrowing arrangements

The Group has entered into a revolving credit facility agreement with three banks that is secured and cross collateralised over the Group's investment properties (via first registered real property mortgages) and other assets (via a first ranking general "all assets" security agreement). As at reporting date, Management is in the progress of finalising the mortgage lodgements of five of the properties acquired during the period.

	31 December 2020 $'000	30 June 2020 $'000
Loan facility limit	165,000	165,000
Amount drawn at balance date	(120,270)	(76,555)
Amount undrawn at balance date	**44,730**	**88,445**

As at 31 December 2020, the total revolving credit facility available of $165,000,000 has the following maturity dates:

- Tranche 1: $52,500,000 – repayable Feb 2023;
- Tranche 2: $12,500,000 – repayable Feb 2024;
- Tranche 3: $21,250,000 – repayable Feb 2024;
- Tranche 4: $31,250,000 – repayable Feb 2025;
- Tranche 5: $7,500,000 – repayable Feb 2023;
- Tranche 6: $20,000,000 – repayable Nov 2023; and
- Tranche 7: $20,000,000 – repayable Feb 2023.

Under the terms of this facility, each member of the Group is permitted to draw down or repay amounts subject to the overall requirement that the Group remains compliant with the facility's terms and conditions.

This facility agreement contains both financial and non-financial covenants and undertakings that are customary for secured debt facilities of this nature.

The key financial covenants (with capitalised terms being defined terms in the agreement) that apply to the Group are as follows:

		31 December 2020
Loan to Value Ratio ("LVR")	At all times, LVR does not exceed 50%.	27.29%
Interest Cover Ratio ("ICR")	On 31 December and 30 June each year, ICR is not less than 2.0 times.	6.11 times

9.2 Derivatives – interest rate contracts

The Group has debt facilities that are subject to floating interest rates. The Group uses derivative financial instruments to manage its exposure to interest rates such as interest rate swaps (to lock in fixed interest rates) and/or interest rate caps (to limit exposure to rising floating interest rates).

All derivative financial instruments are entered into on terms that provide pari-passu security and cross collateralisation rights over the Group's investment properties (via first registered real property mortgages) and other assets (via a first ranking general "all assets" security agreement) in conjunction with the Group's debt facilities.

Generally, the interest rate swap contracts settle on a quarterly basis, usually coinciding with the dates on which interest is payable on the underlying debt. The floating rate incurred on the debt is Australian BBSY. The difference between the fixed and floating interest rate is settled on a net basis by the relevant counterparty. The interest rate contracts have not been identified as hedging instruments and any movements in the fair value are recognised immediately in the condensed consolidated statement of profit or loss and other comprehensive income.

	31 December 2020 $'000	30 June 2020 $'000
Current liabilities		
Interest rate contracts	(1,401)	(1,190)
Non-current liabilities		
Interest rate contracts	(1,888)	(2,305)

10. FAIR VALUE HIERARCHY

The following table provides an analysis of investment properties and financial instruments that are measured at fair value at 31 December 2020, grouped into Levels 1 to 3 based on the degree to which the fair value inputs are observable:

	Fair value measurement as at 31 December 2020			
	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Investment properties	-	-	531,537	**531,537**
Interest rate contracts	-	(3,289)	-	**(3,289)**
Total	**-**	**(3,289)**	**531,537**	**528,248**

	Fair value measurement as at 30 June 2020			
	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Investment properties	-	-	448,159	**448,159**
Interest rate contracts	-	(2,544)	-	**(2,544)**
Total	**-**	**(2,544)**	**448,159**	**445,615**

- Level 1 fair value measurements are those derived from quoted prices in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). The adopted valuation for investment properties, including property under development which is substantially complete and has pre-committed leases, is determined using the income capitalisation method.

  When calculating fair value using the income capitalisation approach, the net market rent has a strong interrelationship with the adopted capitalisation rate given the methodology involves assessing the total net market income receivable from the property and capitalising this in perpetuity to derive a capital value. In theory, an increase in the net market rent and an increase (softening) in the adopted capitalisation rate could potentially offset the impact to the fair value. The same can be said for a decrease in the net market rent and a decrease (tightening) in the adopted capitalisation rate. A directionally opposite change in the net market rent and the adopted capitalisation rate could potentially magnify the impact to the fair value.

  Due to the impact that the COVID-19 pandemic could have on valuations of investment properties, sensitivity analysis has been performed on the fair values adopted at 31 December 2020, based on a range of potential capitalisation rate movements on the Group's investment properties portfolio as compared to the capitalisation rates adopted at 31 December 2020. Capitalisation rate is considered to be one of the key unobservable input that would have a material impact on the fair values adopted if they moved.

	Net Profit	
	0.25% decrease in capitalisation rate $'000	**0.25% increase in capitalisation rate $'000**
Investment properties	21,252	(19,652)

There were no transfers between Levels during the half-year (30 June 2020: nil).

11. COMMITMENT AND CONTINGENCIES

During the period, the Group entered into sales agreements to acquire the following properties where a total deposit of $1.80 million have been paid.

- Berrinba QLD;
- Lonsdale SA;
- Mt Gambier SA; and
- Southern River WA.

At the date of issuing the condensed consolidated financial statements, settlement on two of the above properties have been completed and is disclosed in note 13.1.

Other than the Group's contractual obligations to replace certain underground tanks as disclosed in note 5.2 and those mentioned above, there have been no changes to the contractual obligations disclosed in the Group's annual financial report for the financial year ended 30 June 2020, and there are no other commitments and contingencies in effect at 31 December 2020.

OTHER NOTES

12. RELATED PARTY TRANSACTIONS

12.1 Transactions with key management personnel

The Group does not employ personnel in its own right. However, it is required to have a Responsible Entity to manage the activities of the Fund and its controlled entities. As such there are no staff costs (including fees paid to directors of the Responsible Entity) included in the condensed consolidated statement of profit or loss and other comprehensive income.

12.2 Transactions with the Responsible Entity and related bodies corporate

The Responsible Entity of Convenience Retail REIT No.2 is APN Funds Management Limited ("APN FM") (ACN 080 674 479). Convenience Retail Management Pty Limited has been appointed as the Fund Manager (the "Manager") to provide investment management services and property management services to APN Convenience Retail REIT. The Manager is a related body corporate of APN FM and a wholly owned subsidiary of APN Property Group Limited ("APN PG") (ACN 109 846 068).

Transactions taken place with the Responsible Entity / Manager are as follows:

	31 December 2020		31 December 2019	
	Paid $'000	Payable $'000	Paid $'000	Payable $'000
Management fees[1]	1,334	292	992	210
Custody fees	47	10	37	8
Reimbursement of costs paid [2]	18	-	13	4
	1,399	**302**	**1,042**	**222**

[1] APN FM is entitled to a base management fee of 0.65% per annum of the Gross Asset Value of the Group (reducing to 0.60% p.a. of Gross Asset Value between $500m and $1,000m, 0.55% p.a. of Gross Asset Value between $1,000m and $1,500m and 0.50% of Gross Asset Value in excess of $1,500m). In addition, the Manager has been appointed, on a non-exclusive basis, to provide property management, financial management, leasing and rent review and project supervision services.

[2] The Manager/Responsible Entity is entitled to be reimbursed all reasonable expenses properly incurred in the performance of services.

12.3 Security holdings and associated transactions with related parties

The below table shows the number of APN Convenience Retail REIT securities held by related parties (including other managed investment schemes where APN FM is the Responsible Entity or Investment Manager) and the distributions received or receivable.

	31 December 2020		31 December 2019	
	Number of securities	Distributions $	Number of securities	Distributions $
APN Property Group Limited	-	392	7,167	287,894
APN Funds Management Limited	2,402,816	263,108	2,393,278	367,820
APD Trust	10,011,224	1,001,946	7,231,196	394,100
APN AREIT Fund	6,359,334	648,764	2,311,802	236,609
APN Property for Income Fund	538,369	57,241	224,027	24,419
APN Property for Income Fund No.2	169,304	18,001	74,442	8,114
CFS AREIT Mandate	1,022,899	112,609	346,739	35,488
Howard Brenchley	89,914	8,477	47,925	4,742
Geoff Brundson AM	72,350	7,183	58,850	5,932
Tim Slattery (CEO)	860	94	-	-
Chris Aylward (Non-Executive Chairman)	1,259,690	126,369	-	-
Joseph De Rango (CFO)	6,898	750	-	-
Tony Young [1]	-	-	-	14,403
Total	**21,933,658**	**2,244,934**	**12,695,426**	**1,379,521**

[1] Mr. Young ceased to be a director of APN Property Group Limited on 30 August 2019 and did not hold any securities at reporting date.

18.01% (31 December 2019: 13.71%) of APN Convenience Retail REIT stapled securities are held by APN PG and its related parties.

13. SUBSEQUENT EVENTS

13.1 Acquisition of investment properties

Subsequent to 31 December 2020, the Group completed the acquisitions of 198 Wayne Goss Drive, Berrinba QLD and 485 Balfour Street, Southern River WA at a total purchase price of $13.84 million (excluding transaction costs). These acquisitions were funded by a combination of proceeds received from the institutional placement and the Group's existing debt facility.

13.2 Security purchase plan

On 22 January 2021, the Group successfully completed its security purchase plan ("SPP") announced on 16 December 2020. A total of $5 million was raised under the SPP and 1.43 million new stapled securities ("New Securities") were issued under the SPP and allotted on 22 January 2021. The New Securities issued under the SPP ranks equally with existing securities and will carry the same voting rights and entitlements to receive distributions.

13.3 Extension of current debt facility

On 28 January 2021, the Group obtained a new $30 million credit facility from one of its existing financiers, increasing the Group's total debt facility limit to $195 million at the date of issuing the condensed consolidated financial statements.

13.4 COVID-19 pandemic

The COVID-19 pandemic had created unprecedented uncertainty. Whilst Australia's strong economic response / recovery along with its successful management of COVID has increased landlord income certainty resulting in distributions being reinstated, albeit some at reduced levels, uncertainty remains due to the roll-out timeline and efficacy of the COVID vaccine. At the date of issuing the condensed consolidated financial statements, an estimate of future impact on the Group's investments cannot be made as this will depend on resurgent infection rates around the world and potential for domestic outbreaks. Actual economic events and conditions in the future may materially differ from those estimated by the Group at the reporting date.

At the date of signing these condensed financial statements, no additional rent relief has been granted by the Group since the reporting date and there are no outstanding tenant discussions.

Other than those mentioned above, there has not been any other matter or circumstance occurring subsequent to the end of the half-year that has significantly affected, or may significantly affect, the operations of the Group, the results of the Group, or the state of affairs of the Group in future financial periods.

14. ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current half-year. These include:

Standard/ Interpretation	Impact on financial statements
AASB 2020-4 *Amendments to Australian Accounting Standards – Covid-19 Related Rent Concessions*	The amendment provides lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification. At the reporting date, the Group has not identified any contracts for which it is a lessee. The Group is a lessor by virtue of the lease arrangements associated with its investment properties, therefore this amendment does not have any impact to the Group.
AASB 2018-7 *Amendments to Australian Accounting Standards – Definition of Material*	This Standard amends AASB 101 *Presentation of Financial Statements* ("AASB 101") and AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*, and makes consequential amendments to several other pronouncements and publications. The Group has adopted these amendments for the first time in the current half-year and it did not have any impact to the Group. The amendments make the definition of material in AASB 101 easier to understand and are not intended to alter the underlying concept of materiality in Australian Accounting Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition. The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'.
AASB 2019-1 *Amendments to Australian Accounting Standards – References to the Conceptual Framework*	The Group has adopted the amendments included in AASB 2019-1 for the first time in the current half-year. The amendments include consequential amendments to affected Australian Accounting Standards, Interpretations and other pronouncements to reflect the issuance of the Conceptual Framework for Financial Reporting (Conceptual Framework) by the AASB. This amendment did not have any impact to the Group.
AASB 2019-5 *Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia*	This Standard makes amendments to AASB 1054 *Additional Australian Disclosures* by adding a disclosure requirement for an entity intending to comply with IFRS Standards to disclose the information specified in paragraphs 30 and 31 of AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* on the potential effect of an IFRS Standard that has not yet been issued by the AASB. The Group has adopted these amendments for the first time in the current half-year and it did not have any impact to the Group.