



23 June 2017

Convenience Retail REIT IPO

APN Property Group Limited (ASX: APD) (APN or the Group) announced today that a Product Disclosure Statement for the establishment and listing of Convenience Retail REIT (the REIT) on the ASX has been lodged with ASIC.

On its establishment, Convenience Retail REIT will own a high quality portfolio of 67 service station and convenience retail assets located across Australia, predominantly on the eastern seaboard with an independently valuation of \$323 million.

The REIT is expected to have the following key metrics:

- 13.0 year weighted average lease expiry
- 7.2% weighted average capitalisation rate
- 2.8% weighted average annual rent reviews
- Initial gearing of 30% with a target range of 25% – 40%
- Forecast annualised distribution yield of 6.50% in FY18, growing to 6.75% in FY19 with a payout ratio between 95 – 100% of funds from operations
- Quarterly distributions

The portfolio will be 65% leased to Puma Energy Australia, 18% to Woolworths, 6% to 7-Eleven, 3% to Caltex, 1% to Viva Energy Australia and the balance to complementary service providers including national food retailers McDonalds, KFC and Subway. Puma Energy Australia, the major tenant of the portfolio, is a wholly owned group of Puma Energy Holdings Pte Ltd, one of the world's largest independent integrated global energy groups within oil retail and distribution. As at December 2016, Puma Energy operated 2,519 service stations across 47 countries and generated US\$12.7 billion in annual revenue.

The REIT will have first right of refusal over any site Puma Energy Australia acquires, develops, sells or disposes. Puma Energy Australia has planned expansion of its retail network in Australia into complementary locations in Queensland and Western Australia plus strategic expansion into New South Wales and Victoria, and Convenience Retail REIT expects to participate in this future growth.

APN Funds Management Limited, a wholly owned subsidiary of APN and a highly experienced real estate funds manager will be the responsible entity of the REIT. The Board of the APN Funds Management Limited is comprised of four directors, with three independent directors, including the Chairman.

From listing, APN will be entitled to receive annual management fees of 65 basis points of the gross asset value of the REIT. Chris Brockett, currently Fund Manager of the APN Property Plus Portfolio (PPP) and Head of Direct Property is the proposed dedicated Fund Manager of the REIT.

Both APN and Puma Energy Group intend to hold a significant investment in the REIT. APN and its related parties and associates are expected to collectively hold an investment of up to 15% of the Stapled Securities on issue after completion of the offer. Puma Energy Group is expected to hold between 5% and 10% of Stapled Securities in the REIT.

The final decision to proceed with the offer remains at the discretion of APN Funds Management Limited. Further, in order to implement the offer and listing, the approval of unitholders in PPP, which is one of the three funds that is proposed to form the REIT, needs to be obtained. A Notice of Meeting and Explanatory Memorandum will be sent shortly to PPP unitholders in respect of the resolutions enabling the implementation of the proposal and these resolutions have been unanimously recommended by APN Funds Management Limited (the responsible entity of PPP).

Merrill Lynch Equities (Australia) Limited and UBS AG, Australia Branch have been appointed as bookrunners and joint lead managers and Gilbert + Tobin as legal adviser.

The PDS in respect of the stapled securities in the REIT issued by APN Funds Management Limited (ABN 60 080 674 479) (AFSL 237500) and CRR SaleCo Limited (ACN 619 270 610) has been lodged with those parties with ASIC and is available at www.crreit.com.au and during the offer period by contacting the Convenience Retail REIT information line on 1800 02 914 (toll free within Australia) or +61 1800 502 914 (outside Australia) between 8.30am and 5.30pm (AEST) on business days. You should consider the PDS before deciding whether to acquire, or continue to hold, stapled securities in Convenience Retail REIT.

ENDS

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About APN Property Group

APN Property Group Limited (ASX code: APD) is a specialist real estate investment manager. Since 1996, APN has been actively investing in, developing and managing real estate and real estate securities on behalf of institutional and retail investors. APN's focus is on delivering superior investment performance and outstanding service. Performance is underpinned by a highly disciplined investment approach and a deep understanding of commercial real estate.

www.apngroup.com.au