



APN Global REIT Income Fund Webinar (12 Nov 2020)

Pete Morrissey (PM) I'm Pete Morrissey, APN's CEO Real Estate Securities. Today, APN fund managers Mark Mazzarella, Corrine Ng and regional adviser, David Kruth will be presenting on APN's new Global REIT Income Fund - which utilises an unhedged investment strategy for global listed property targeting higher income with low relative risk. The Fund's strategy is based on our successful track record of investing into the Australian and Asian REIT markets that has been built up over a 20 year period.

As well as income, an investment into the Fund will offer international exposure, broad geographic and diversification prospects and access to a liquid, defensive real-asset class who's characteristics also serve to maintain purchasing power. A key feature of the Fund I believe is the management team which has almost 90 years of investment experience across global markets. The merits and attractiveness of the Fund has seen it awarded a 4-Star Superior rating by independent investment fund rating house SQM Research at its first review – a rating we are very proud of.

APN Global REIT Income Fund – a world of opportunity for income

Global commercial property: reliable and growing source of income

- Contracted rental income streams; relatively low risk cash flow from high quality global real estate portfolios
- Income growth opportunity: continuing urbanisation trend globally underpinning long term rental growth

International investment exposure and excellent diversification

- Gain exposure to North America, Asia Pacific and European property markets
- Broad range of commercial property sectors including mobile towers, data centres and healthcare
- REITs in developed global markets offer high quality, diversified portfolios

Defensive: real assets investment underpins value and provides inflation hedge

- Opportunities to invest at less than net asset backing
- Physical assets provide inflation hedge – enabling security of real income
- Investment is 100% liquid via leading international stock markets

Objective: regular income with lower than market volatility while maintaining the real value of investment

- Implements an established investment philosophy built on 'property for income'
- Monitored focus on achieving relatively high income with lower relative risk and monthly distributions



APN Global REIT Income Fund – a world of opportunity

So let's go to the first slide. The APN Global REIT Income Fund will provide a world of opportunity of income for its investors. Through global commercial property, we see a reliable and growing source of income through contracted income streams, relatively low risk cash flows from high quality global real estate portfolios. That income growth opportunity, continues through the urbanisation trend that is globally underpinning the long term rental growth. The international investment exposure through the Fund provides excellent diversification through North America, the Asia Pacific region and European property markets.

The other key feature we feel, is the commercial property sectors that the Fund has access to that aren't available through domestic investment into Australia. Examples of this include: mobile phone towers, data centres and healthcare.

REITs in these markets provide very high quality diversified portfolios but they're also defensive and provide an inflation hedge akin to what we see in Australia. Currently we see a lot of opportunities to invest at less than net asset backing value. The physical assets provide an inflation hedge enabling security of real income and the investment is 100% liquid via international stock markets.

The objective of the Fund is to provide lower than market volatility while maintaining the real value of the investment. That is based around APN's "property for income" investment philosophy.



Experience and capability in global property securities

On the next slide, the Global REIT Income Fund is a logical extension and we will see APN expand its successful approach that has been going in Australia since 1998, and Asia since 2011, to North America and Europe using APN's proven investment process by our highly experienced investment team. The Fund's focus is on the key global real estate regions where asset quality and transparency is the highest.

Why we're launching the Global REIT Income Fund now?

Current market conditions suit our active, income focused approach and present an attractive opportunity for long term investors

Accelerating Global Trends	<ul style="list-style-type: none"> Currently a range of opportunities to invest into select global real estate sectors likely to benefit from accelerating structural trends Global universe includes specialised REITs with exposure to data centres, telecommunications towers, life sciences and acute healthcare
Defensive Opportunities	<ul style="list-style-type: none"> Ability of the Fund to invest into the Preferred Securities issued by REITs is anticipated to help maximise the Fund's defensive income attributes, while minimising return volatility
High Quality Income Yields	<ul style="list-style-type: none"> Global REITs currently offer a relatively high income compared to other potential sources of international investment yields COVID-19 has highlighted select sources of high quality yield underpinned by trends with strengthening market positions
Attractive Valuations	<ul style="list-style-type: none"> The Fund will have the opportunity to access select global real estate securities currently trading at discounts to fair value, providing opportunities for long-term capital growth

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So why are we launching the Global REIT Income Fund now?

The current market conditions suit our active income focused approach and present an attractive opportunity for long term investors. Currently we're seeing a range of opportunities to invest and into select global real estate sectors likely to benefit from the accelerating structural trends that have occurred due to Covid.

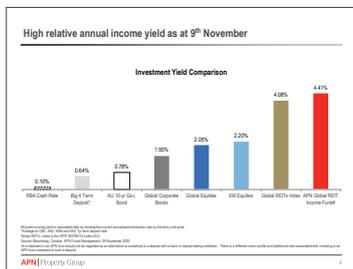
The global universe includes specialised REITs with exposure to data centres, mobile towers, life sciences and acute healthcare. It also provides defensive opportunities which have delivered in spades through the Covid period, the Preferred Securities component of this being the most noticeable. There's high quality income yields with the bond yields at extremely wide levels due to the rapid fall of interest

rates. And obviously there's very attractive valuations within sectors and markets around the globe.

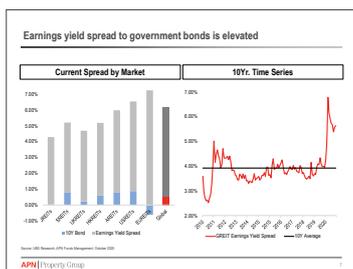
Covid's impact at the property sector and country level has been both extreme and variable. The positive vaccine news has seen us entering a new phase where uncertainty will ease. Life after Covid is now within reach, so sectors with the most uncertainty can now see the light at the end of the tunnel. These will provide new opportunities for the Fund to provide competitive returns underpinned by APN's focus on income.

An income investor's case for global commercial property

Mark Mazzarella (MM) Thanks Pete, we're indeed very excited by the launch of this income focused global real estate securities product, and believe an income investor's case for an allocation to global commercial property is currently a strong one.



The graph on this slide shows that compared to other available global investments, an allocation to commercial property through Global REITs - in particular this Fund - offers a relatively high income yield. In this graph we've included for relative comparison the annual income yield from cash right through to global fixed income, equities and Global REITs as represented by the benchmark index in gold. The Fund's relative income focus and attractiveness is evident as the Fund currently provides a relatively high distribution yield of 4.41% to its underlying investors.

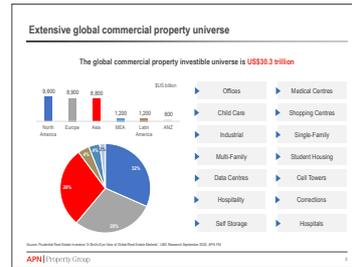


Extensive global commercial property universe

Global REIT earnings yields are also elevated when compared to government bonds. Put simply when yields decline, an investment's valuation increases. On the left, we can see the currently low level of government bond yields across key markets illustrated by the coloured blue bars, while the relatively wide spread of REIT earnings yield is shown by the grey bars, the dark grey bar shows the global weighted average REIT earnings yield spread to bonds at the end of October was 5.64%. Now this figure might not mean much in isolation, however the chart on the right provides a look back through history, where the average spread over the last 10 years was much lower at 3.92%. Such a divergence in spread indicates yields may be too

high and valuations are relatively attractive, indeed holding all else constant if the current spread were to contract to the historical average REIT valuations would increase by around 35%. While we're not suggesting this will absolutely occur we do think such a spread is supportive for the sector's valuation prospects going forward, particularly while rates are low.

*Note, An investment in an APN fund should not be regarded as an alternative or substitute to a deposit with a bank or deposit-taking institution. There is a different return profile and additional risks associated with investing in an APN fund compared to such a deposit.



Extensive global commercial property universe

Corrine Ng (CN) Thanks Mark. The global commercial property investible universe is big and diversified. According to UBS, this universe equates to some US\$30.3 trillion in current value concentrated to the developed North America, European and Asian markets.

The listed form of global commercial property, i.e. global property securities, is just a fraction of this universe (around 12%), However it is growing as investors globally demand access to the sector and its many favourable risk/return characteristics. The global REIT market offers much more than just traditional real estate assets like office buildings and shopping malls – it provides exposure to a range of asset types operated for a variety of uses such as cell/mobile phone towers, correction facilities, data centers, student accommodation, multifamily accommodation, child care facilities, etc.

This diverse opportunity set enables active investors like ourselves to construct a portfolio of properties that reflect our views/outlook on what's happening in the global economy, for example, avoiding traditional mall companies in the US and instead capitalising on the trend of rapid take up/use of the data/cloud services, by having meaningful exposure to the data storage and use sector in the form of data centers and cell towers.



Global REITs offer a deep and diverse opportunity set

This slide shows the opportunity set in the Global REIT sector, reiterating some of the reasons we have spoken about. Many of our investors are familiar with the domestic

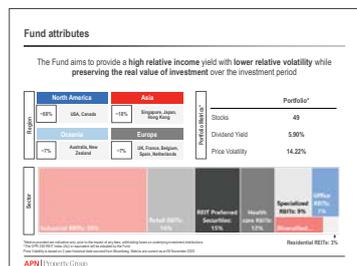
AREIT market, and more recently the Asian REIT market as well. Both APN funds, with exposure to these markets, have a long history of performance – with both the APN AREIT Fund and APN Asian REIT Fund delivering consistently on relatively higher yield, a stable income to our investors, and at lower levels of volatility relative to our respective benchmarks.

The APN Global REIT Income Fund will deliver on the same set of key objectives that are in line with our long standing investment philosophy, but the opportunity set to do so is much broader and deeper in a Global universe of REITs.

There are well over 500 companies in the global REIT universe, with a market capitalisation of over 2 trillion AUD. The opportunity to access this substantial investible universe in liquid form, and the breadth of this opportunity, is why we think this Fund, and the global REIT market is compelling.

APN global REITs investment focus

(MM) Thanks so much Corrine. We'll now touch on the Fund's attributes in more detail, both top down from a portfolio construction and sectoral/geographical allocation perspective and bottom-up as we talk to our investment case for select individual investments. This should hopefully provide a practical insight into how the Fund is being managed to provide relatively high, risk-adjusted income based returns along with attractive prospects for longer-term capital growth.



Consistent with our focus on maximising distributable income and minimising risk, the Fund will be diversified across major developed global regions and property sectors with favourable prospects for sustained rental growth and long-term value creation. As you can see from this slide, the Fund's largest regional exposure is to North America, which includes the United States and Canada - both developed markets with well managed and diverse REIT portfolios offering compelling income based opportunities. Indeed the Canadian market is considered particularly attractive given its REITs provide monthly distributions. As you can see the Fund's largest sector exposure is to industrial and logistics portfolios – where we're attracted to the structural tailwinds being enjoyed by this asset class globally. The Fund also has select exposure to REITs invested in convenience based retail property, along with the relatively defensive Preferred securities issued by select US REITs.

We'll now touch on some of the select Fund holdings in more detail. David if you'd like to commence.

Equity REITs

North America

Industrial Logistics Properties Trust (ILPT)

- Owner of industrial and logistics properties located across the U.S. mainland and Hawaii.
- What we like:**
 - High quality portfolio including "built to suit" assets with long lease terms and with a long average lease term.
 - Close to fully occupied with a long weighted average lease term.
 - Consistent long-term growth.

Europe

Supermarket Income REIT (Super)

- Owner of a portfolio of convenience grocery anchored retail assets located across the U.K.
- What we like:**
 - Long weighted average lease term, strong tenant concentration.
 - Proven and income generation with all leases subject to robust escalation.

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Equity REITs

David Kruth (DK) Thank you Mark. On this slide you can see one of our larger holdings in North America. Its Industrial Logistics Property Trust (ILPT). ILPT owns \$2 BLN portfolio of high quality big box and smaller Industrial properties on the mainland of the US and Hawaii.

Hawaii assets are largely land positions leased to a multitude of owners which is highly secure and irreplaceable given limited lands in Hawaii. On top of that there are long weighted average lease terms of 6-8 years and very high quality tenants – for example the largest tenant in ILPT's portfolio is Amazon which as you know continues to grow during this e-commerce boom fostered by Covid. Because of the supply and demand imbalance in the US for industrial properties, we're continuing to see upward rent revisions given solid demand for Industrial - and we're going to see projected FFO growth (cash flow) in dividends. ILPT has a very well covered dividend with a current yield of about 6.5% - well above the US average. The management is considered good, but we believe over time there is potential for improvement and potentially M&A activity which would "unlock" additional value over time. Hence creating a very opportunistic total return potential.

(MM) Thanks David. I'll now touch on Supermarket Income REIT.

Supermarket Income REIT(Super) is the owner of a portfolio of grocery retail assets leased to Tesco, Waitrose, Sainsbury's and Morrisons located across the UK. Indeed it was one of the only REITs globally to achieve 100% rent collection through the pandemic period. We're attracted to Super because it enjoys the security of a long 16yr WALE and attractive distribution yield and annual rent escalation, providing defensive index-linked income from retail property that is "mission critical" for its grocery tenants.

Equity REITs

Asia

Keppel DC REIT

- Owner of data centres located in ten cities within eight countries across the Asia Pacific and Europe regions.
- What we like:**
 - Strategic portfolio exposure to growing global trends and demand in data storage.
 - Advanced in specialised services with differentiated access to acquisition opportunities.

ANZ

Centuria Office REIT

- Owner of commercial office assets located across metropolitan markets of Australia capital cities.
- What we like:**
 - Exposure to top CBD office properties providing solid high income, well-anchored returns.
 - Strong management team with demonstrable track record in the real estate class.

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(CN) On this slide you see Keppel DC REIT – it's the first and only data centre REIT to be listed in Asia Pacific and owns data centres throughout the Asian region as well as in Europe. It's a company we've followed and invested in over a long period of time. More recently, due to the pandemic, we have seen demand for data services accelerating because Data Centres support mission critical operations. It makes sense as more people work and transact from home there will be higher data traffic as well as an accelerated

pace of cloud and other technological adoption. The global data centre market is expected to see a compound annual growth rate of between 10-15% over the next 5 years. Singapore, in particular, has been an attractive destination for data centre operators due to its fibre connectivity, customer demand, existing long lease tenants, availability of human talent and a business-friendly environment.

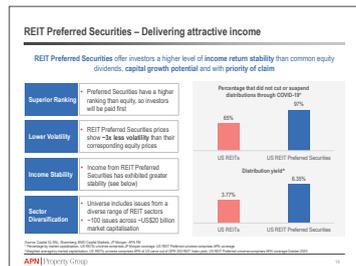
Keppel DC REIT allows us to take advantage of these very favourable trends.

(MM) Thanks Corrine. I'll briefly touch on Centuria Office REIT.

It is an Australian Trust which owns a portfolio of metropolitan office assets. Its management has sector leading specialisation, a large exposure and experience in commercial office property outside of CBD assets across their platform and they have achieved a strong track record of returns from metro assets in the past.

Centuria Office provides exposure to ex-CBD office properties, which offer a relatively high-income yield, relatively high risk-adjusted returns that are basically underpinned by affordable rents at a time when corporate tenants are increasingly cost conscious.

I will now pass to David who will run through our thinking on Preferred Securities, the key differentiator and competitive advantage of the Fund



REIT Preferred Securities

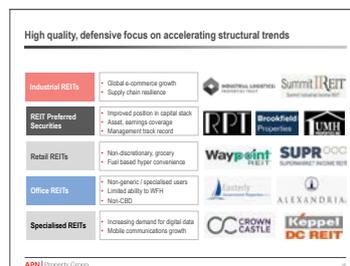
(DK) Thanks Mark. Preferred securities are a unique investment component of the GREIT US investments. Positioned in the capital stack, higher than common shares, they are definitely lower volatility and higher in the capital stack and therefore have higher levels of coverage to the dividends - and receive them first before any common shares. They are favourable to investors because the cumulative dividends (payments) are paid in advanced of any other common share dividends paid to other investors. Issuers tend to like the flexible capital structure of the Preferred's in that they can be held in perpetuity. However, for investors, we like the fact that they tend to have higher yields verses their common shares. In addition, they have been priced more effectively given the Covid situation and we have been able to purchase them at discounts to par value.

In one of the examples of the REIT preferred securities is the UMH properties on slide 15. UMH is a manufactured home community owner based in the US. They own a middle market portfolio of very solid properties leased to owners who own their own homes sitting on the leased land. In the case of UMH properties, they have used Preferred Securities to finance their balance sheet over the last couple of years, issuing these Preferred Securities at roughly 6.5%, which is a very high yield to investors.



Over the past year, as Covid hit, these securities became very opportunistic and were trading at very large discounts to underlying par value. We were able to purchase these securities at a roughly 50% discount to their trading price 6 months prior and have seen very good returns. At the same time, UMH properties have had extremely good rent collection at 98% and have had no diminution to their underlying business. Most recently, the United States government backed multi-family lending program by FNME has now offered low cost loans to UMH properties, therefore they will begin to repay these preferred securities and refinance their balance sheet with lower cost debt. That will cause their common share evaluations to improve over time, hence, we have now begun to purchase the common shares of UMH properties in the advanced understanding that their cash flows and net asset value will increase as they repay their Preferred Securities. So, in this case, we have had a very opportunistic investment in both the preferred securities of UHM and now the common shares of UMH.

(MM) Thanks David. If you could also run through exactly what stocks we own in each sub-sector and property sector globally to really capitalise on some of those opportunities we've touched on so far.



High quality, defensive focus on accelerating structural trends

(DK) As we've said earlier, some industries that are going to benefit dramatically from Covid changes and customer and consumer behaviour around the world. The most important one probably is Industrial.

Industrial REITs:

With ecommerce changes and supply chain resilience/security, we will see continued growth in demand by industrial users around the world. Our portfolio today has at least 5 different companies in it - in the United States, Canada, Europe and Asia, which all own industrial properties of which we will see continued growth in rent, cash flows and dividends.

REIT Preferred Securities:

In the Preferred Securities, as I mentioned previously, there are many companies issuing Preferred Securities in the US with very strong balance sheets in businesses that

we believe will continue to be able to pay these Preferred Securities dividends, which are now trading in the 6-7% range. Some of those companies would include:

RPT Realty. RPT owns and operates grocery store anchored retail in the United States.

Brookfield Properties. Brookfield owns a global portfolio of office and retail around the world.

UMH. (Previously discussed)

Retail REITs:

While retail is having some issues around the world, particularly as it relates to enclosed malls, essential retail, non-discretionary, grocery, fuel based, hyper based retail, is doing quite well and is going to be very resilient, particularly post Covid. We own several companies like this around the world which would include Super Market Income REIT in Europe and Waypoint REIT in Australia.

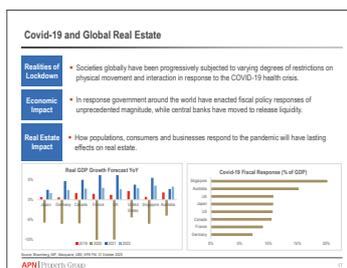
Office REITs:

In the office sector, again like retail, from a big picture, office is possibly going to be impacted on a longer term basis from stay at home, work from home or work from anywhere initiatives, although we don't know how this is going to turn out yet. In the interim, one of the things we have been focusing on is office space that is leased to non-generic, very specialised users. Which means they have a limited ability to work from home because of the businesses they are in, for example Easterley Government Properties, (which is on slide 16), owns and operates properties that are leased 100% to the US government agencies such as the Federal Bureau of Investigations (FBI) and the CIA. These businesses are 100% work from office due to the high security measures in their operations. The second one would be Alexandria REIT in life sciences. Alexandria is the poster child around the world for high quality, life science real estate. They own and operate some of the best life science properties in the United States, most of which are lab space that simply cannot be conducted anywhere but in the office and in fact, Alexandria now works with a number of tenants that are leading the way to a Covid vaccine.

Specialised REITs:

I like to call it Technology. As you are probably well aware, technology is going to be at the forefront of change in the world as it continued to be over the last decade. The next ten years we are going to see continued growth and the use of technology for various consumer and business situations. Both Crown Castle and Keppel DC REIT, which was talked about earlier by Corrine, are holdings that we have in our portfolio. I would like to focus on Crown Castle for just a moment. Crown Castle is the largest owner of mobile phone towers in the United States, as well as millions of miles of fibre which will be used for 5G technology in the cities. This technology and these properties are the infrastructure for all future 5G and growth in wireless communication. Without these towers there is absolutely no way we will have the type of data that we need for the future. Crown Castle will continue to grow its cash flows at double digit rates due to the extended demand by the operators who need to augment their towers for 5G.

With that I will pass it back to Mark.



Covid-19 and Global Real Estate

(MM) Thanks so much David. Some great insights.

Realities of Lockdown:

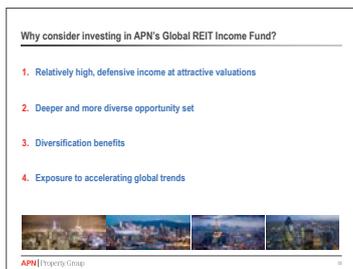
As we know, societies globally have been progressively subjected to varying degrees of restrictions on physical movement and interaction in response to the Covid health crisis. Within weeks, populations across both developed and emerging markets were faced with the prospect of an enforced hibernation that would present profound, but in many cases initially, uncertain consequences and these uncertainties in many geographies remain high.

Economic Impact:

GDP forecasts released by the IMF indicate Covid pandemic may result in an immediate shock, followed by one of the quickest recoveries on record with global contraction of -4.4% in 2020 followed by 5.2% growth in 2021. Indeed, IMF forecasts for 2020 fall in GDP reviewed upwards in September compared to the June estimate, however, will be likely subdued following the most recent rounds of global lockdown. In response, governments around the world have enacted unprecedented levels of fiscal policy support and monetary responses from central banks in response to this unprecedented magnitude, while global stimulus equivalent to 5% of total GDP in 2020 will be released.

Real Estate Impact:

Commercial real estate returns are of course inextricably linked to utilisation so restrictions enforced to keep populations at home, pauses on tenant business and government policies preventing evictions are affecting many landlords. Landlords with exposure to hospitality, leisure and discretionary retail are faring worst throughout the pandemic, however, as we have heard, those operating mobile towers, data centres, logistics facilities, nondiscretionary-retail and others are holding up exceptionally well and are actually in line to benefit from Covid in many cases. Going forward, how populations, consumers and businesses respond to the pandemic will have lasting effects on real estate trends. Nonetheless rent collection at this point has improved to over 90% across our portfolio and will likely improve further. Indeed, recent news of progress in Covid vaccines and treatment products, this week in particular, is also very welcome and will no doubt further help the prospects for real estate returns if successful. Right now, though, the bottom line for us as investors is that recent announcements on progress are of course a major step towards ending the pandemic, but as yet, are far from definitive.



Why consider investing in APN's Global REIT Income Fund?

(MM) So, why consider investing in APN's Global REIT Income Fund?

Relatively high, defensive income at attractive valuations:

This is at the core of our offer. The APN Global REIT Income Fund presents a unique offering in the market by focussing on recurring rental income generated from high quality real estate assets across a diverse range of property sectors. With interest rates at record lows, the spread has rarely been higher. Compared with other investment alternatives, whilst acknowledging that different strategies bear different risk profiles, global REITs are attractive on a yield and valuation basis.

Deeper and more diverse opportunity set across global property markets

The Global REIT market, with a market capitalisation of ~ AU\$2.3 trillion, has multiple subsectors, including everything from dedicated REITs covering residential accommodation, mobile towers and data centres right through to healthcare, grocery and self-storage portfolios.

Diversification benefits:

Diversification benefits are actually relatively elevated as well. The APN Global REIT Income Fund can help manage the risk of an over-reliance on the local market. Not only does a more geographically diversified investment base reduce the risk to overall portfolios, it also delivers the potential for more profitable opportunities and offers protection against market cycles that vary from country-to-country, helping to stabilise income-based distributions and returns.

Exposure to accelerating global trends:

Important global trends will continue to develop and accelerate. By investing into select global REITs at attractive valuations, the Fund will aim to provide exposure to these changing winds while remaining underpinned by its income and risk objectives.

With that, I will pass back to Pete to close.

(PM) Thanks Mark, Corrine and David for providing background on the Fund, which is APN's newest.



The Fund has a current running yield of 4.41%¹, which is a very competitive level of income compared to Global REIT alternatives, and is sourced from high quality real estate around the globe. The Fund provides a similar level of diversification investors would expect from a global fund. That income is provided to our investors on a monthly basis, in line with our other funds. It has lower than market volatility and, as I said earlier, we are really happy about the SQM research superior 4-star rating², the first rating the Fund has received.

To find out more about our opportunity, our team will be delighted to speak to you. Retail investors can contact our Investor Services team, and financial advisers please reach out to your Business Development Manager. Of course, we have a range of materials available which you can find on our website apngroup.com.au

Thanks again for your time today.

1. As at 31 October 2020. Current running yield is calculated daily by dividing the annualised distribution rate by the latest entry unit price. Distributions may include a capital gains component. Distributions are not guaranteed and past performance is not an indicator of future returns.
2. The rating contained in this document is issued by SQM Research Pty Ltd ABN 93 122 592 036 for the APN Asian REIT Fund as at June 2020. SQM Research is an investment research firm that undertakes research on investment products exclusively for its wholesale clients, utilising a proprietary review and star rating system. The SQM Research star rating system is of a general nature and does not take into account the particular circumstances or needs of any specific person. The rating may be subject to change at any time. Only licensed financial advisers may use the SQM Research star rating system in determining whether an investment is appropriate to a person's particular circumstances or needs. You should read the product disclosure statement and consult a licensed financial adviser before making an investment decision in relation to this investment product. SQM Research receives a fee from the Fund Manager for the research and rating of the managed investment scheme.

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