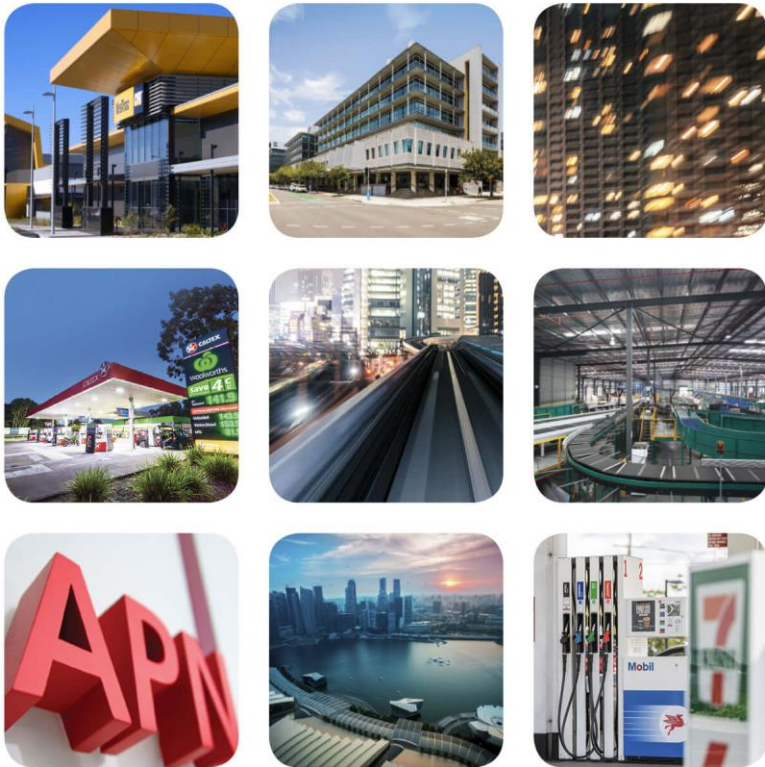


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# HY21 RESULTS PRESENTATION

18 FEBRUARY 2021

[www.apngroup.com.au](http://www.apngroup.com.au)  
ASX Code: APD

**APN** | Property Group

# HY21 financial highlights

## Strong performance across the business

### OPERATING EARNINGS<sup>1</sup>

\$6.7 million ▲ 5% on pcps (2.05 cents per security (cps))  
97% operating income from recurring sources  
Statutory NPAT: \$22.9 million (7.13 cps) ▲ 32% on pcps

### FUM

\$2.9 billion ▲ \$242 million or 9.0% on June 2020<sup>2</sup>

### DISTRIBUTIONS

FY21 distribution guidance: 3.20 – 3.50 cps ▲ 26% vs original guidance  
Interim: 1.70 cps (Payout ratio of 83% of OEPS)

### BALANCE SHEET

NTA: 42.4 cps ▲ 18% on June 2020  
Cash: \$21.1 million<sup>3</sup>

### TOTAL SECURITYHOLDER RETURN<sup>4</sup>

1 year: 2.2%  
5 years: 124.3% total 17.5% pa

1. Operating earnings is an unaudited after tax metric used by the Group as a key measurement of its underlying performance. It adjusts statutory profit for certain non-operating items recorded in the income statement including certain business development expenses and realised / unrealised fair value movements on the Group's co-investments.

2. Excludes FUM of \$77 million for contracted acquisitions and developments and sites under exclusive due diligence in APN Convenience Retail REIT and \$27 million in APN Industria REIT (proforma \$3.0 billion).

3. Includes cash held in trust for underlying funds managed by the Group of \$0.1 million and \$5.7 million for AFS Licences.

4. Per annum as at 31 December 2020. Includes reinvestment of distributions at market price on distribution payment date and divisor adjustment for standardised calculation where required.

# Strong operating earnings growth

Income Statement (\$000s)	HY21	HY20	Change	
Funds management fees	7,277	7,991	▼ 9%	Reflects lower average FUM in Real Estate Securities funds due to market movements, offset by impact of acquisitions by AQR and ADI
Performance & transaction fees	375	223	▲ 68%	
Leasing and property management fees	544	199	▲ 173%	Principally increase in leasing fees
Registry & other fees	1,127	1,160	▼ 3%	
<b>Total Net Funds Management Income</b>	<b>9,323</b>	<b>9,573</b>	<b>▼ 3%</b>	
Co-investment income	3,954	4,025	▼ 2%	Co-investment income lower largely due to reduction in stake held in the APN Regional Property Fund
<b>Total Net Income</b>	<b>13,277</b>	<b>13,598</b>	<b>▼ 2%</b>	
Employment costs	(3,678)	(3,765)	▼ 2%	Prior period costs lower with reversal in provision on change of senior executive
Occupancy costs	(92)	(115)	▼ 20%	
Sales and marketing costs	(71)	(416)	▼ 83%	Actively managed distribution costs to reflect operating environment (eg conference attendance)
Other costs	(1,001)	(1,271)	▼ 21%	
Depreciation	(337)	(338)	▼ 0%	
Finance income/(expense)	(179)	(125)	▲ 43%	
<b>Operating earnings before tax</b>	<b>7,919</b>	<b>7,568</b>	<b>▲ 5%</b>	
Income tax expense	(1,210)	(1,150)	▲ 5%	
<b>Operating earnings (after tax)<sup>1</sup></b>	<b>6,709</b>	<b>6,418</b>	<b>▲ 5%</b>	
Other non-operating activities <sup>2</sup> after tax	16,227	10,986	▲ 48%	Principally favourable market movement of co-investments
<b>Statutory profit after tax</b>	<b>22,936</b>	<b>17,404</b>	<b>▲ 32%</b>	
<b>Key performance metrics (cents per security)</b>				
EPS – Operating Earnings	2.05	2.03	▲ 1%	
Statutory EPS (diluted basis)	7.13	5.61	▲ 27%	

1. Operating earnings is an unaudited after tax metric used by the Group as a key measurement of its underlying performance. It adjusts statutory profit for certain non-operating items recorded in the income statement including certain business development expenses and realised / unrealised fair value movements on the Group's co-investments.

2. Non-operating activities include certain business development expenses and realised / unrealised fair value movements on the Group's co-investments.

# Well capitalised for continuing growth

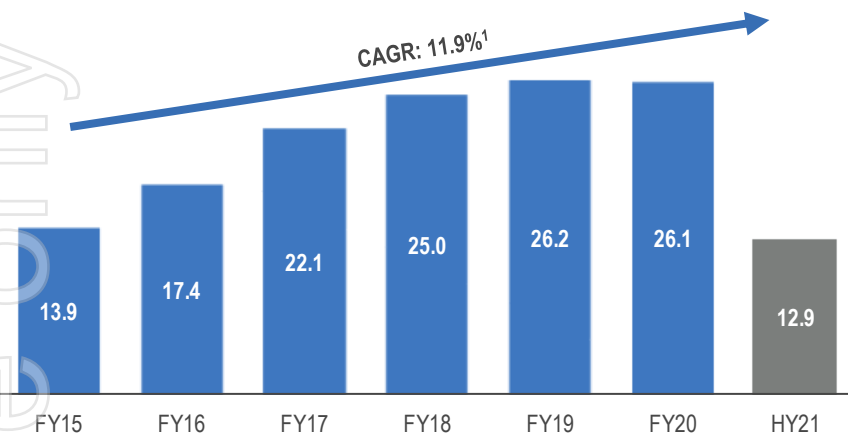
Balance Sheet (\$000s)	Dec 2020	June 2020	Change	
Cash <sup>1</sup>	21,070	16,299	▲ 29%	
Co-investments	133,592	114,507	▲ 17%	<div>           Mainly comprises:           <ul style="list-style-type: none"> <li>\$82.4 m ADI at \$2.87 per security (NTA \$2.88, weighted average cap rate of 6.2%)</li> <li>\$43.9 m AQR at \$3.54 per security (NTA \$3.35, weighted average cap rate 6.5%)</li> </ul> </div>
Other assets <sup>2</sup>	6,389	7,084	▼ 10%	
Intangible assets	1,700	1,700		
Right-of-use asset	1,850	2,108	▼ 12%	
<b>Total assets</b>	<b>164,601</b>	<b>141,698</b>	<b>▲ 16%</b>	
Trade payables, tax & provisions	12,392	13,656	▼ 9%	
Lease liabilities	1,976	2,202	▼ 10%	Lease under AASB 16 Leases
Borrowings	9,000	9,000		
<b>Net Assets</b>	<b>141,233</b>	<b>116,840</b>	<b>▲ 21%</b>	
<b>Net Tangible Assets</b>	<b>139,379</b>	<b>114,588</b>	<b>▲ 22%</b>	Strong increase in NTA and NTA per security largely driven by mark-to-market increases in the value of co-investments
<b>NTA per security</b>	<b>42.4 cents</b>	<b>35.8 cents</b>	<b>▲ 18%</b>	

<sup>1</sup> Includes cash of \$5.7 million for AFS licence (June 2020: \$5.5 million) and cash held in trust for underlying funds managed by the Group of \$0.1 million (June 2020: \$1.3 million).

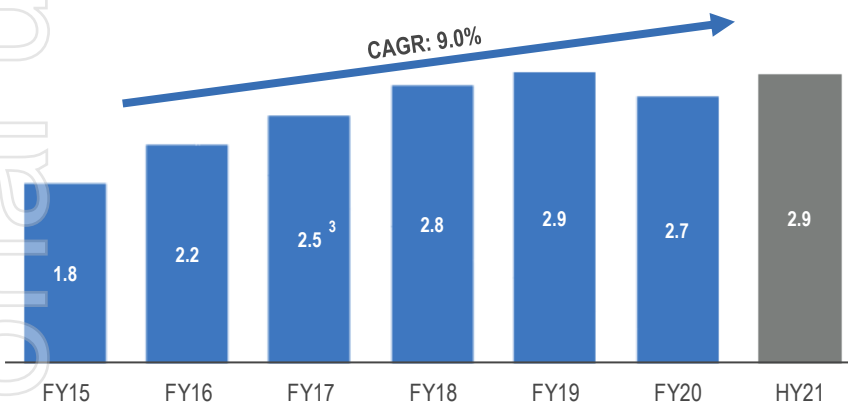
<sup>2</sup> Other assets includes receivables, property, plant & equipment and deferred tax assets.

# Track record of sustainable income and securityholder returns

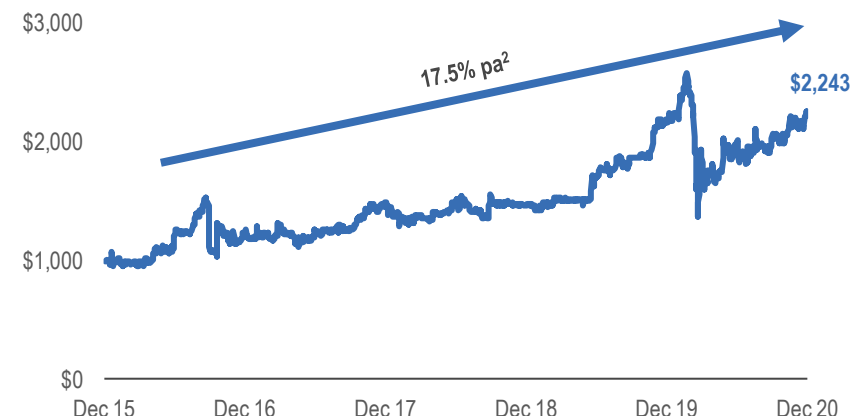
## Recurring Income (\$m)



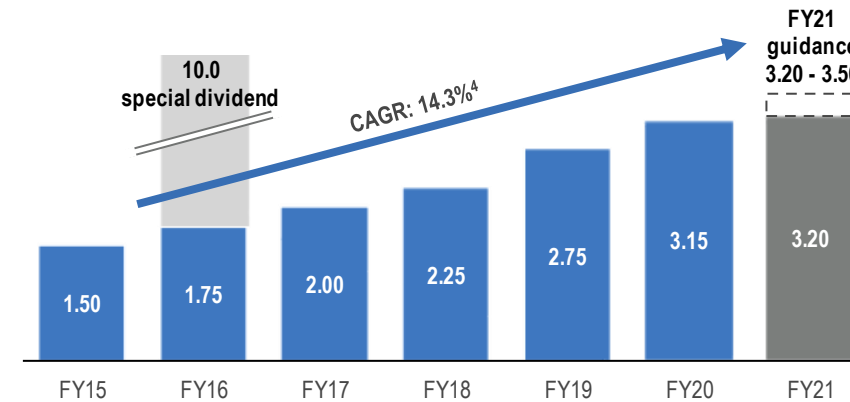
## Funds Under Management (\$bn)



## Total Securityholder Return



## Distributions (cps)



1. Assumes HY21 recurring income is annualised.

2. Per annum as at 31 December 2020. Includes reinvestment of distributions at market price on distribution payment date and divisor adjustment for standardised calculation where required assuming \$1,000 invested 5 years ago.

3. 30 June 2017 FUM of \$2.5 billion. Pro-Forma 30 June 2017 FUM of \$2.6 billion, includes \$113 million of asset acquisitions not complete at balance date but scheduled to settle before 31 October 2017 by AQR.

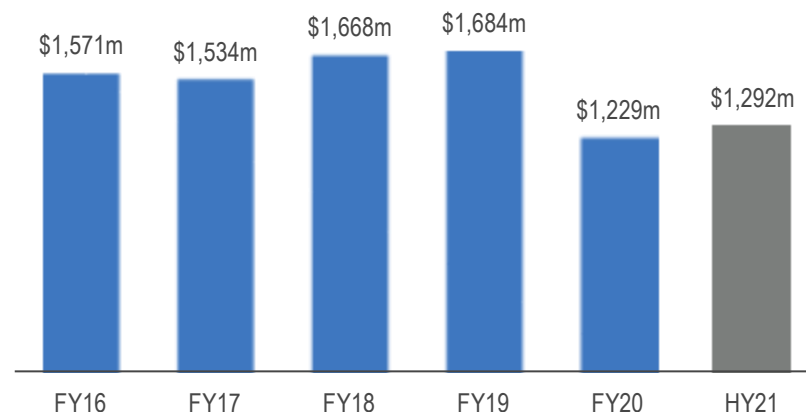
4. Excludes special dividend of 10 cps in FY16 and special dividend declared for stapling in FY20. Includes dividends and distributions (pre and post stapling). Assumes midpoint of 3.20 – 3.50 cps guidance range for FY21.

# Real Estate Securities

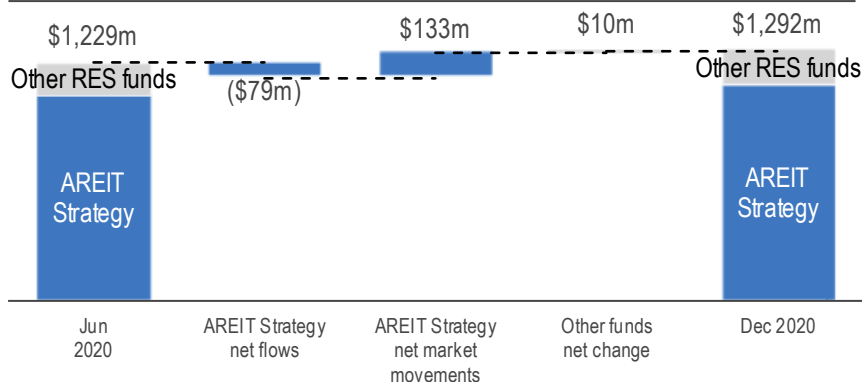
## Continued strong income focused returns as a result of our active management approach

- APN AREIT Fund has consistently delivered on income return objective since inception and remains well positioned to deliver relatively high, consistent levels of income
- Benchmark unaware, income and risk focus: APN AREIT Fund distribution yield of 5.8% pa<sup>1</sup> paid monthly
- Portfolio positioned towards resilient sectors including non-discretionary / convenience retail, industrial, childcare and storage
- Fund flows into APN AREIT strategies impacted by sector volatility in CY2020 (COVID19), investors' preference to growth orientated (including index) positions and changes within distribution channels
- AREIT sector continuing to recover from COVID19 impacts

### RES Division FUM



### RES FUM Growth Breakdown



### APN AREIT Fund Performance - \$1,000 invested since inception<sup>2</sup>

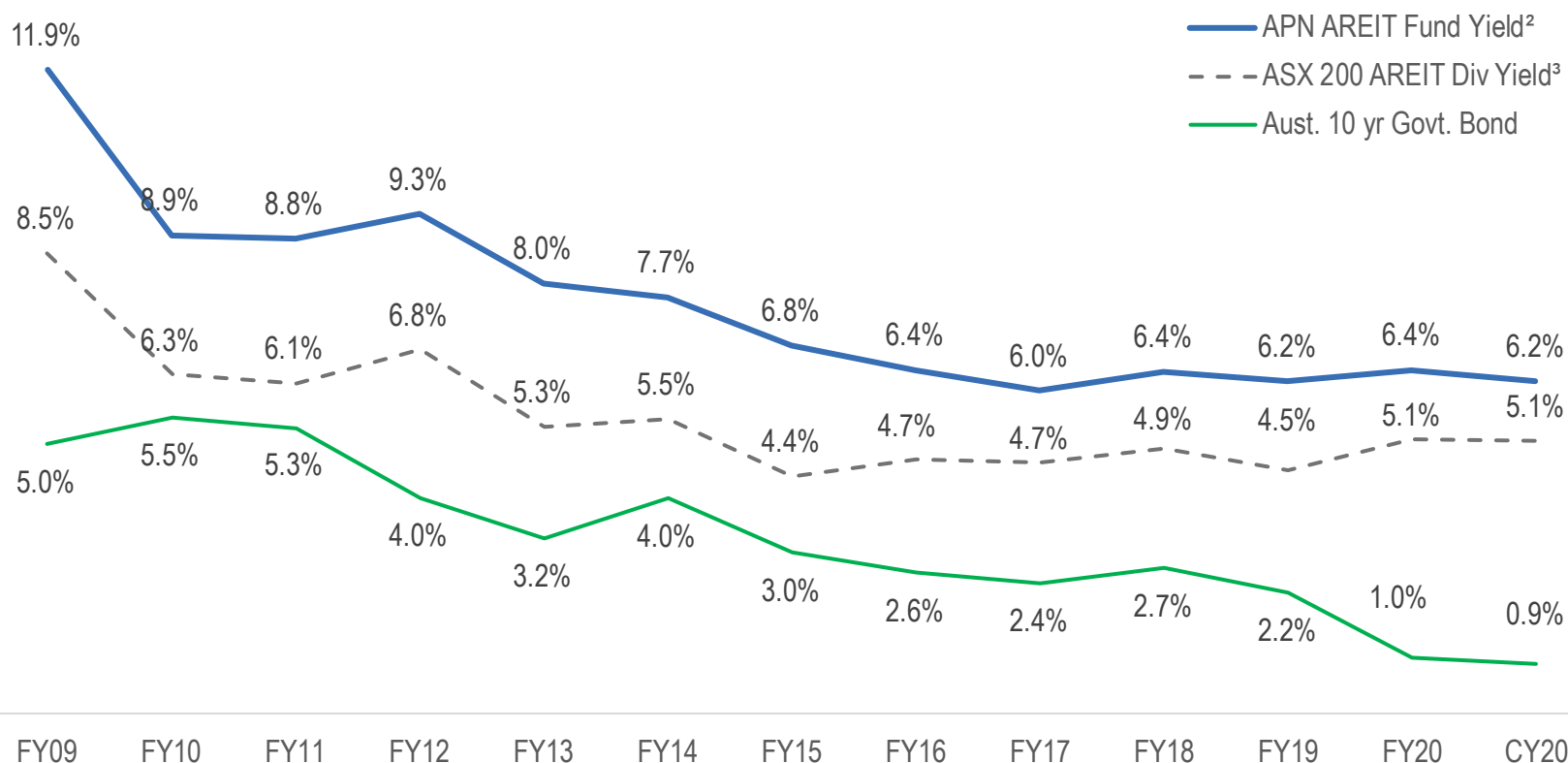


1. Running yield is calculated daily by dividing the annualised distribution rate by the entry unit price at 31 December 2020. Distributions may include a capital gains component. Distributions are not guaranteed and past performance is not an indicator of future returns. 2. APN AREIT Fund performance. Assumes reinvestment of distributions since inception 20 January 2009 to 31 December 2020, net of fees.

# APN AREIT Fund consistently delivering income

## Regular monthly cash distributions in low rate, low growth environment

Consistently delivering distributions in excess of the AREIT index<sup>1</sup>



1. Yield is expressed as the annualised trailing twelve months yield. Past performance is not an indicator of future performance.

2. Average distributions after management fees and expenses. Distributions may include a capital gains component.

3. S&P/ASX 200 AREIT Index Dividend Yield (average per calendar month) via Bloomberg data.

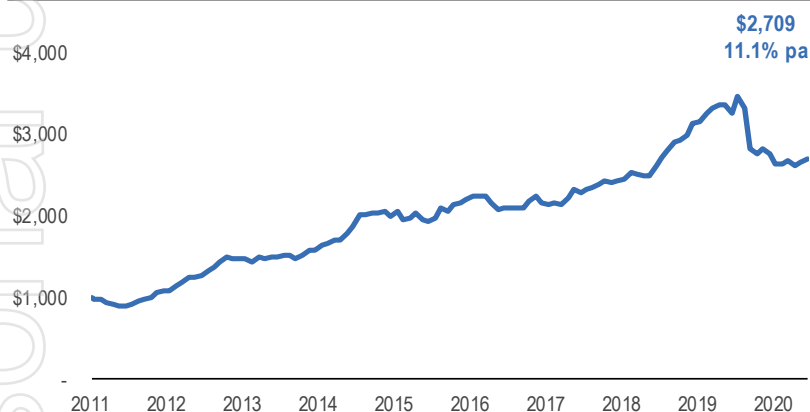
# APN Asian REIT Fund

## Continued strong performance throughout CY20

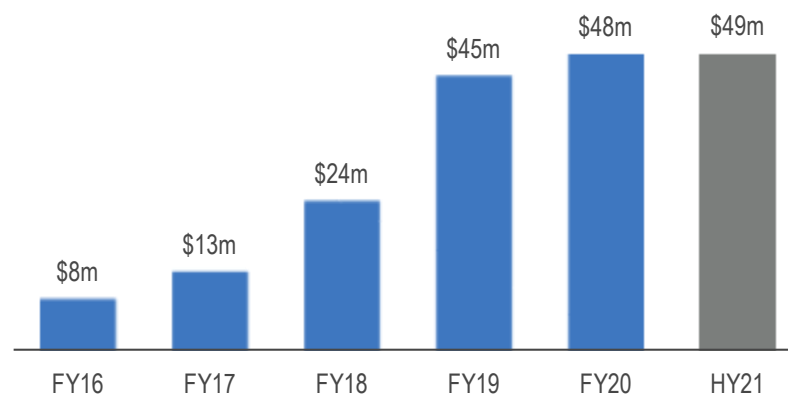
- A distinct universe of Asian REITs (no developers) delivers APN's "Property for Income" investment process and philosophy by investing into key Asian commercial property markets – Singapore, Japan and Hong Kong
- Underpinned by multi-generation growth potential with nearly 60% of the world's population located in Asia
- Depth and breadth of real assets within the region provides enhanced diversification
- Asia's more effective pandemic control has enabled a continued normalisation of domestic demand with economic growth in the Asian region expected to outperform - Asian REITs outperformed other REIT markets through the worst of the COVID selloff and have experienced less volatility
- Attractive distribution yield: 6.1% pa<sup>1</sup> (at 31 Dec 2020) paid monthly



### Performance - \$1,000 invested since inception<sup>2</sup>



### FUM Growth



1. 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. APN Asian REIT Fund performance. Net of fees. Assumes reinvestment of distributions since inception 19 July 2011 to 31 December 2020.



# APN Global REIT Income Fund

## Significant growth opportunity for APN – launched September 2020

1

### Global commercial property: reliable and growing source of income

- Contracted rent: relatively low risk cash flow
- REITs in developed markets offer high quality, diversified portfolios
- 4.3% distribution yield (at 31 Dec 2020)<sup>1</sup>, paid monthly
- Income growth opportunity from continuing urbanisation

2

### International investment exposure and excellent diversification

- Gain exposure to North America, Asia Pacific, Europe markets
- Very broad range of commercial property sectors including mobile phone towers, data centres and healthcare
- 12% of global commercial property is owned by REITs – continuing future growth of REITs globally
- \$2.3 trillion sector by market cap (vs \$130 billion in AREITs), 73% of market cap is outside top ten (Australia 19%)

3

### Defensive: real assets investment underpins value and provides inflation hedge

- Opportunities to invest at less than net asset backing
- Physical assets provide inflation hedge – security of real income
- 100% liquid

4

### Natural extension of APN's successful Australian and Asian securities funds – with additional offshore expertise secured

- Leveraging successful track record in real estate securities since 1998
- Team has 75 years of collective experience
- Team includes David Kruth (Columbia University, New York), an experienced REIT investor (ex Goldman Sachs and AllianceBernstein)



Mobile Phone Tower  
Crown Castle International Corp (US)  
Mkt Cap (Dec 2020): A\$89 billion



Data Centre  
Digital Realty Trust (US)  
Mkt Cap (Dec 2020): A\$52 billion



Office / Residential  
Gecina (Europe)  
Mkt Cap (Dec 2020): A\$15 billion



Office / Life Sciences  
Alexandria Real Estate Equities (US)  
Mkt Cap (Dec 2020): A\$31 billion



Logistics  
Tritax Big Box REIT (UK)  
Mkt Cap (Dec 2020): A\$5 billion

1. 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.

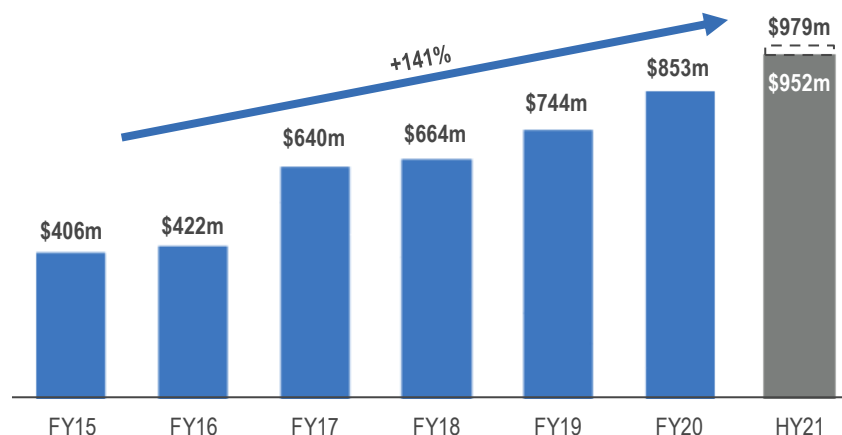
# APN Industria REIT (ASX: ADI)

## Strong cash collections and delivering accretive growth

- Attractively positioned office and industrial portfolio that continues to attract new capital and grow
- >99% of gross rent collected
- Demonstrated ability to find value in a competitive market – acquired \$108 million of industrial assets at an average yield of 6.9%<sup>1</sup>
- Completed \$35m institutional placement and \$20m SPP – both over-subscribed – and secured \$90m of new debt; \$87 million of undrawn facilities provides growth capacity
- Guidance of 2 – 3% FFO growth in FY21
- Anticipated to become carbon neutral in FY21 through ongoing investments in solar PV generation and other measures



## FUM Growth<sup>2</sup>



## Key information

Market Capitalisation <sup>3</sup>	\$602m
Funds Under Management <sup>2</sup>	\$952m
Forecast FY21 Distribution Yield <sup>4</sup>	6.0%
WACR	6.2%
Distribution frequency	Quarterly
Occupancy	97%
WALE (by area)	5.1 years
Gearing	31%
NTA per Security	\$2.88
Security price (31 Dec 2020 / 16 Feb 2021)	\$2.87 / \$2.86
Index inclusion	S&P/ASX 300

1. Subject to settlement of Adelaide Airport acquisitions announced on 10 Dec 2020

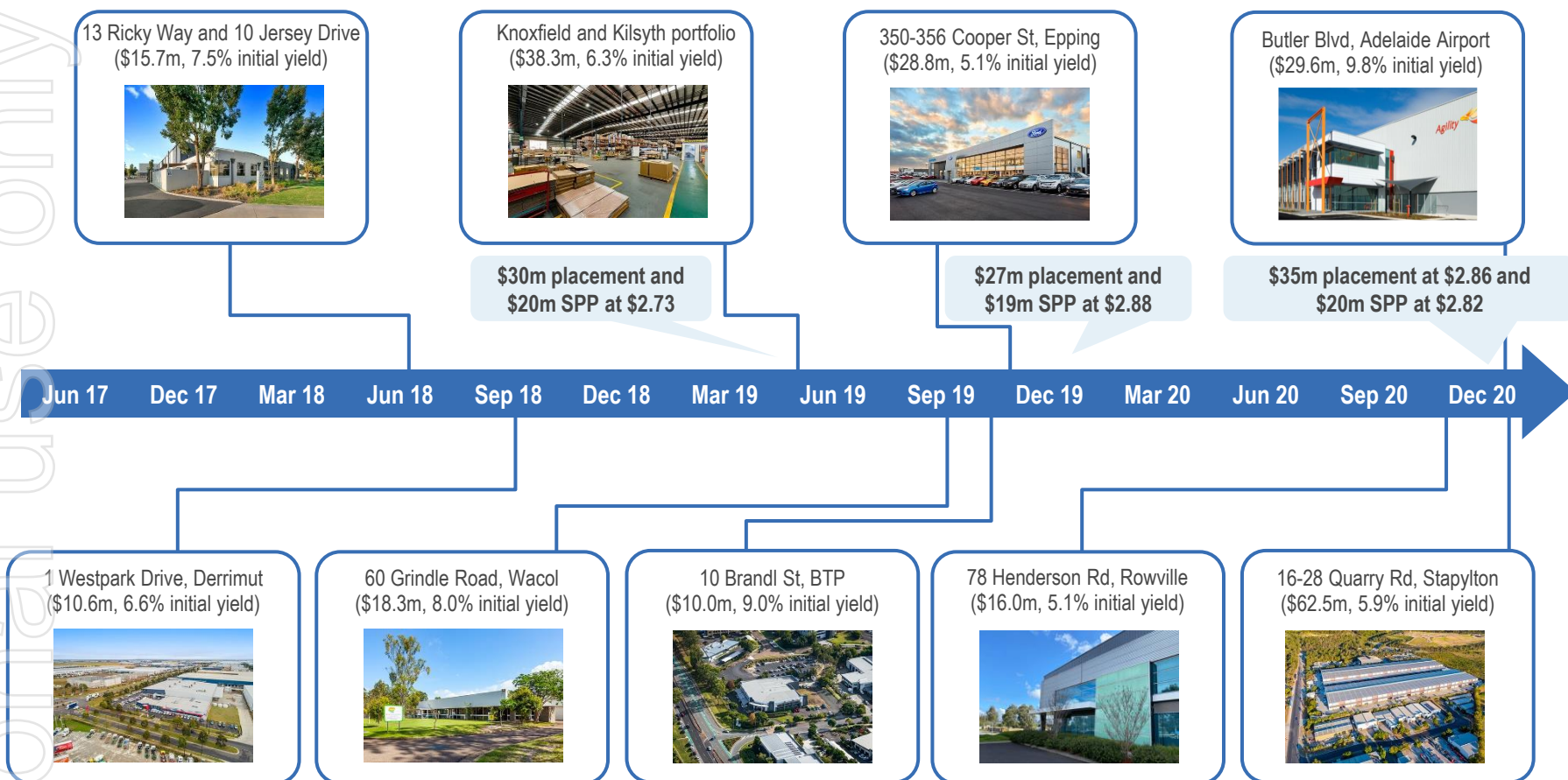
2. ADI FUM includes a right of use asset value of \$20m, refer to the ADI financial report for further information

3. As at 31 December 2020

4. As at 16 February 2021

# ADI: Track record of disciplined growth and delivering securityholder value

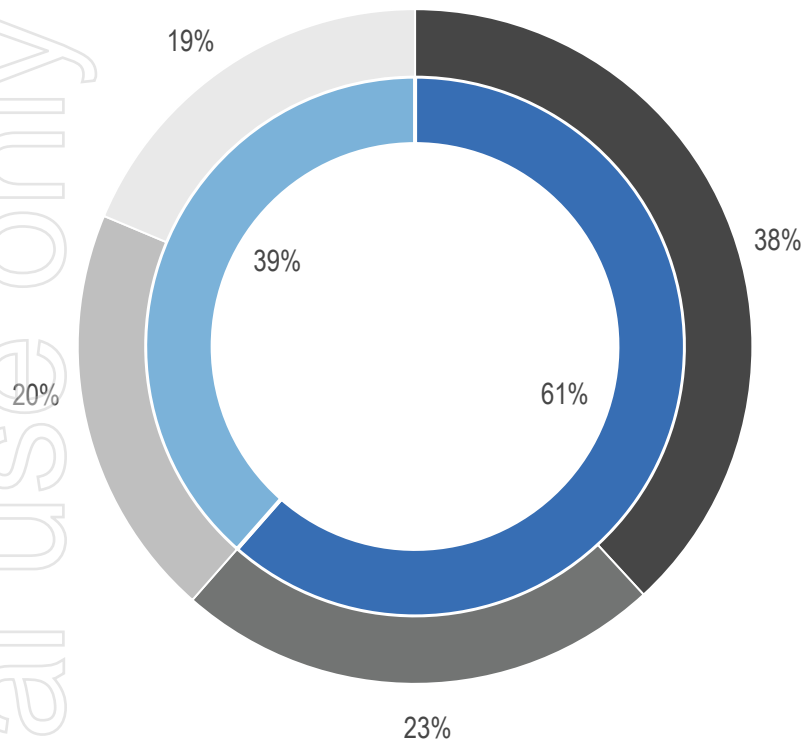
Over the last three years - \$230 million of acquisitions | average WALE 4.8 years | average cap rate 6.6%  
TSR<sup>1</sup>: 51% / 13% p.a.



1. For the period from 30 June 2017 to 31 December 2020, excludes June 2017 quarter distribution. Based on security price performance plus distributions paid, not accounting for any reinvestment

# ADI: Diversified portfolio generating consistent and growing income

Industrial properties now comprise >60% of the ADI portfolio



## Locations

- Industrial (ex-Westrac)
- Industrial (Westrac)
- Rhodes Corporate Park
- Brisbane Technology Park

## Asset types

- Industrial
- Business Parks

## 61% industrial and logistics



### Industrial Melbourne, Adelaide and Brisbane

Key industrial precincts  
~\$363 million valuation  
21 buildings; 4.1 year WALE

## 39% business parks



### Brisbane Technology Park

15 minutes south of CBD  
~\$178 million valuation  
13 buildings; 2.5 year WALE



### Westrac Newcastle

Located adjacent to M1 motorway  
~\$222 million valuation  
13.7 year WALE

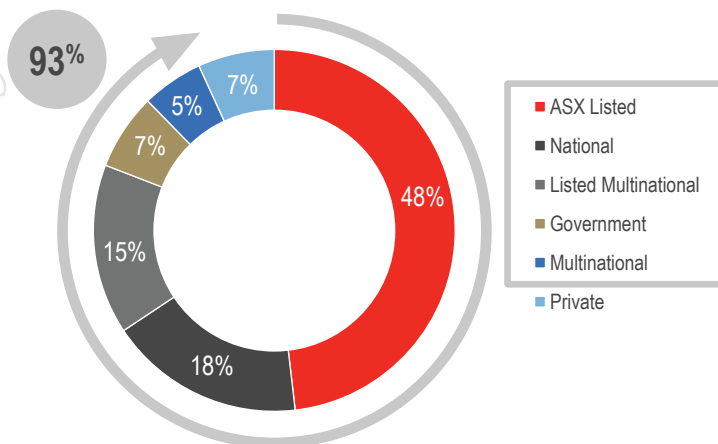


### Rhodes Corporate Park

Inner west Sydney,  
~\$189 million valuation  
2 buildings; 1.6 year WALE

# ADI: Resilient income profile from high quality tenants

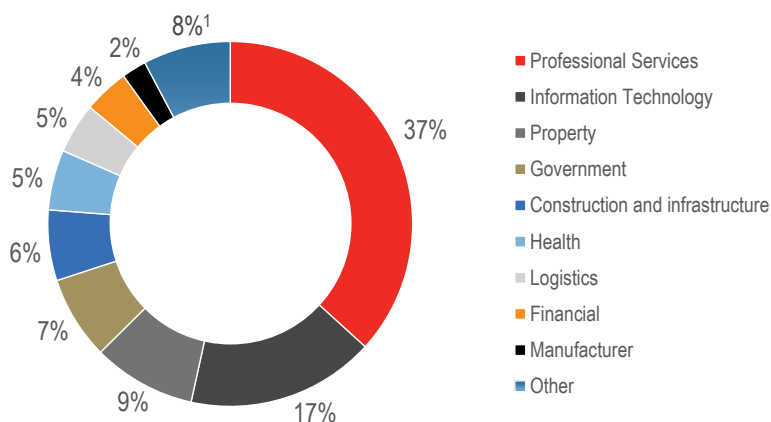
## Tenant composition by income



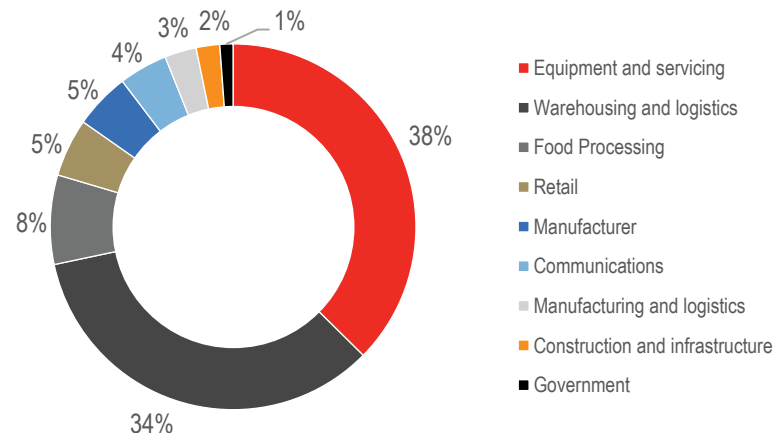
## Tenants across the portfolio



## Tenant composition by industry – office assets



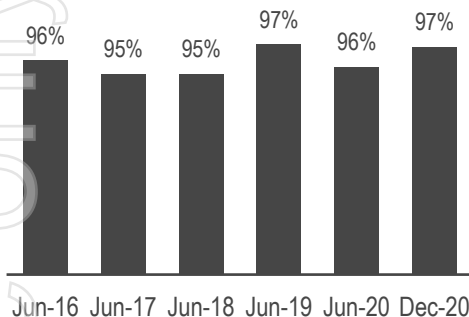
## Tenant composition by industry – industrial assets



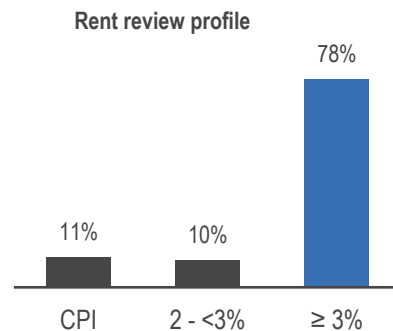
<sup>1</sup> Includes 1.2% associated with education, 0.3% with retail based tenants

# ADI: Actively managing Industria's real estate

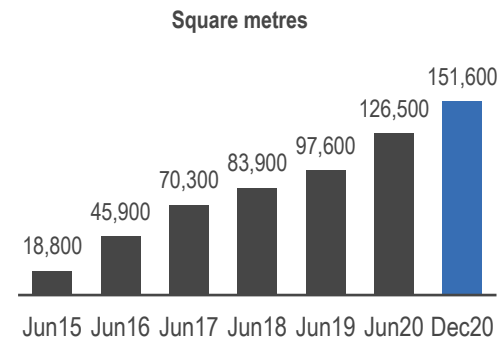
## High occupancy



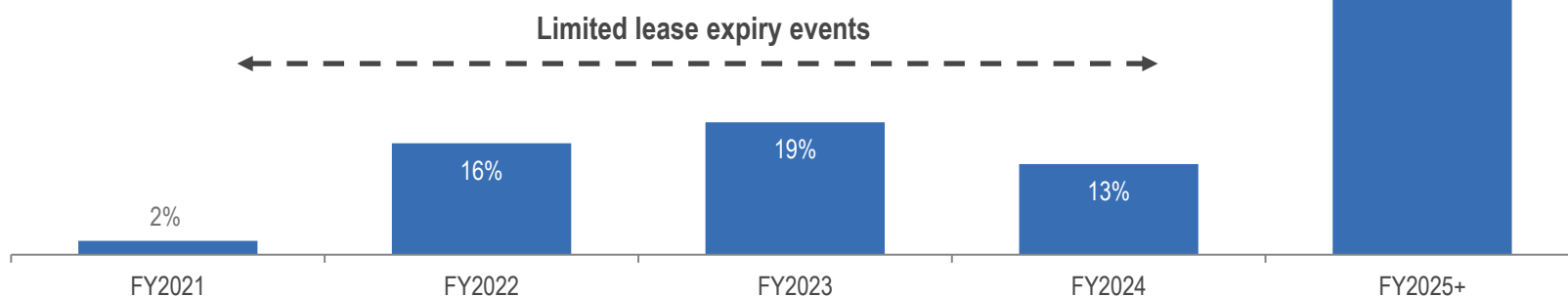
## Generating organic growth



## Cumulative leasing outcomes



## Strong income visibility - expiry profile (by income)





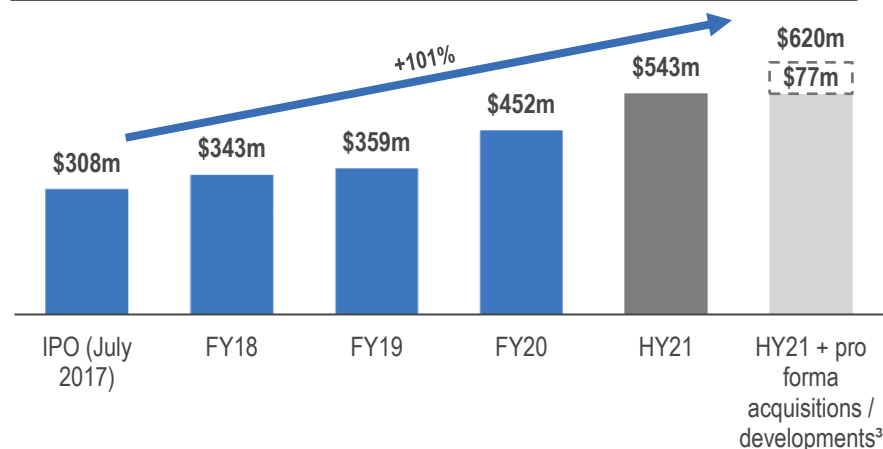
# APN Convenience Retail REIT (ASX: AQR)

## Long lease term, non-discretionary retail focus delivering reliable and growing income

- HY21 earnings (FFO) of \$12.3m up 36.7%
- NTA per security increased by 8 cents to \$3.35, up 2.4%
- Raised \$41.6 million of new equity, and a further \$5.8 million post balance date
- Made \$81.9 million of acquisitions with a further \$44.5 million of acquisitions under exclusive due diligence
- Total portfolio \$609 million upon completion of development and acquisition pipeline
- Balance sheet has substantial acquisition capacity



## FUM Growth



## Key information

Market Capitalisation <sup>1</sup>	\$431m
Funds Under Management	\$543m
Forecast FY21 Distribution Yield <sup>2</sup>	6.3%
WACR	6.5%
Distribution frequency	Quarterly
Occupancy	100%
WALE (by income)	10.6 years
Gearing / Pro Forma Gearing <sup>3</sup>	21.1% / 30.7%
NTA per Security	\$3.35
Security price (31 Dec 2020 / 16 Feb 2021)	\$3.54 / \$3.48

1. As at 31 December 2020    2. As at 16 February 2021    3. Adjusted for post-balance date contracted acquisitions and fund-through development pipeline.

# AQR: Acquisitions enhancing portfolio scale and diversity

## HY21 acquisitions<sup>1</sup>



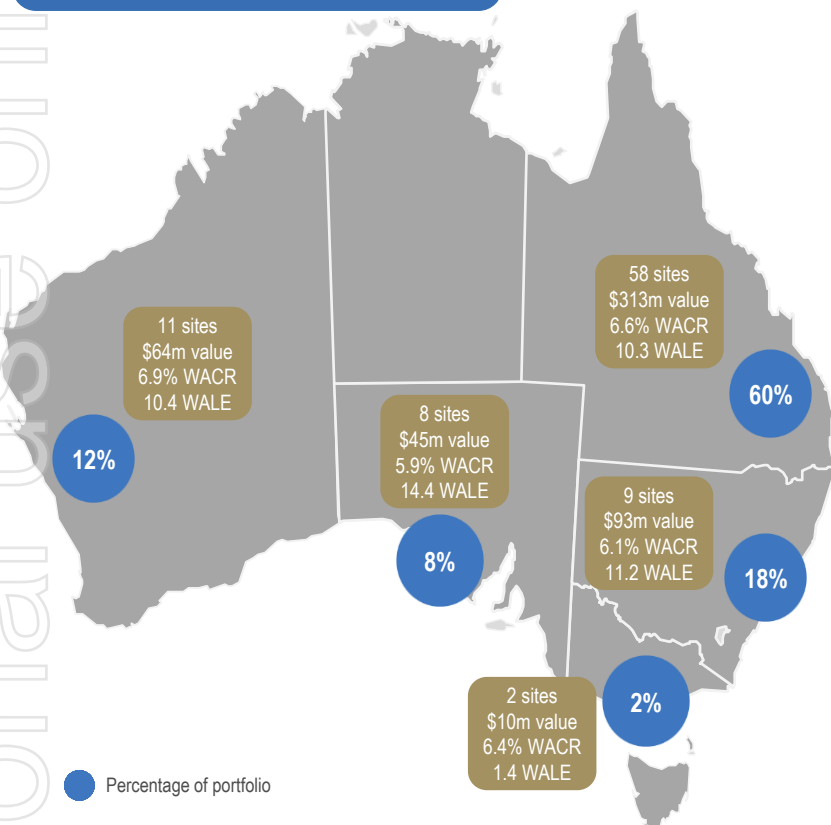
1. Excludes transaction costs

2. \$2.9m already deployed as at 31 December 2020

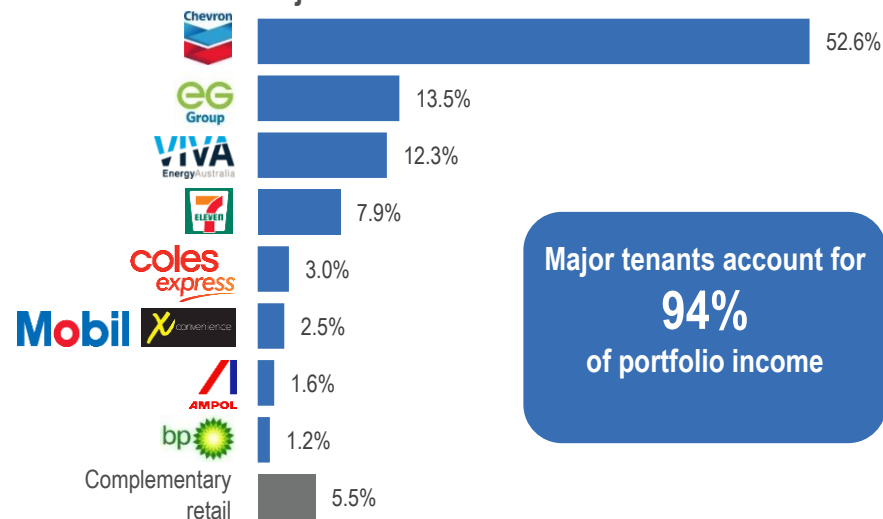


# AQR: Diversified portfolio

**79%** of the portfolio is located in Australia's eastern seaboard states

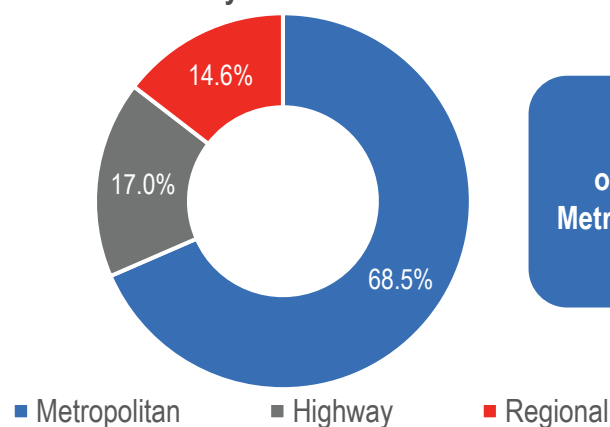


## Major tenants



Major tenants account for **94%** of portfolio income

## Portfolio by site classification

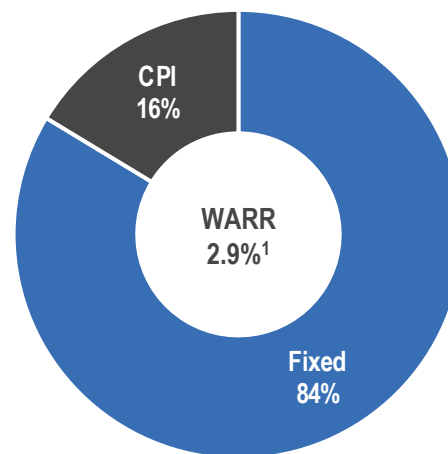


**85%** of the portfolio are Metropolitan or Highway sites

# AQR: Sustainable and secure income through long dated leases

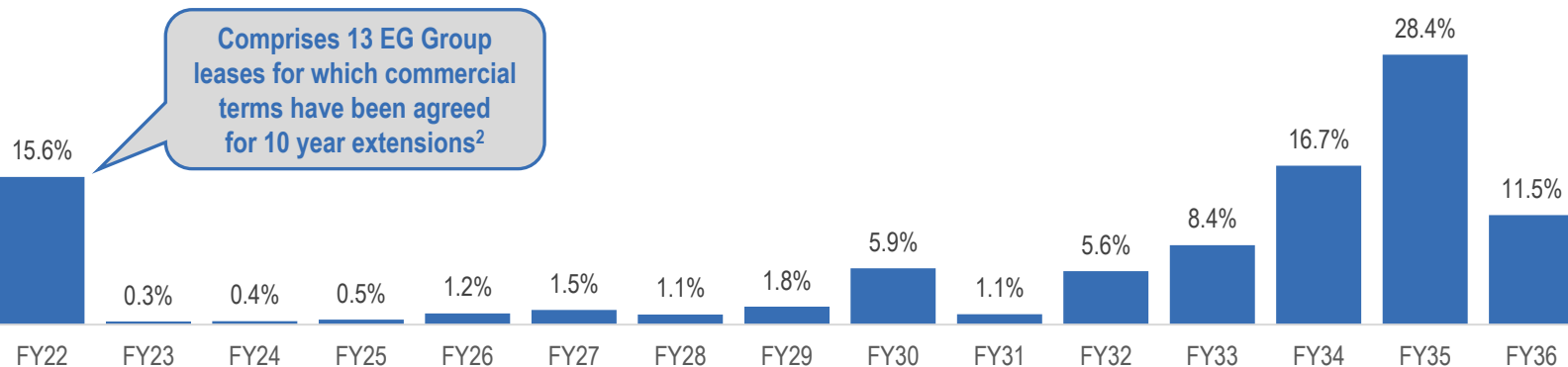
- 78% of lease income expiring FY30 and beyond
- New long term lease deals completed in HY2021
  - 7-Eleven Raceview – 12 year lease extension from Oct 2021 (FY22) to Oct 2033 (FY34)
  - 7-Eleven Maroochydore – new 12 year lease expiring Sept 2032 (FY33), extended from FY23
  - Commercial terms agreed for 10 year extensions for 13 EG lease expiries in FY22, subject to documentation

Rent review type by income



Lease expiry profile (by income)

Fuel tenant expiries:



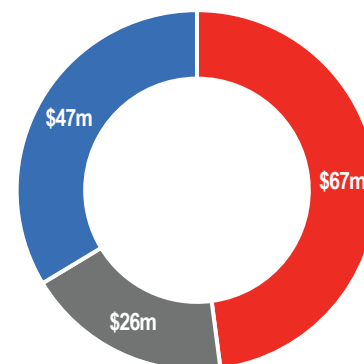
1. Weighted average rent review, assuming CPI of 0.9%

# Direct Property – Unlisted Funds

## Strong performance across leasing and capital transaction activity over the year

Fund	Key achievements and performance
<b>APN Regional Property Fund</b>	<ul style="list-style-type: none"> <li>2,670 sqm of leasing completed</li> <li>Independent valuation increased by 22% to \$66m (adopted cap rate of 6.0%)</li> <li>Benefiting from decentralisation push to regional markets resulting from COVID-19</li> </ul>
<b>APN Nowra Property Fund</b>	<ul style="list-style-type: none"> <li>Weighted average lease expiry (10.6 years) with Woolworths Limited guarantee</li> <li>Fund distribution yield for FY21 increased to 8.25% pa from 8.00%</li> </ul>
<b>APN Development Fund No. 2</b>	<ul style="list-style-type: none"> <li>Port Melbourne (22,000 sqm site) – currently awaiting approval of major 4 stage in-fill mixed use redevelopment</li> <li>Excellent future development opportunity</li> </ul>
<b>APN Coburg North Retail Fund</b>	<ul style="list-style-type: none"> <li>Coburg North Shopping Centre settled in October 2020 for \$21.3m ~13% premium to acquisition price</li> <li>Capital now returned to investors</li> </ul>

## FUM – Unlisted Direct Property Funds



- APN Regional Property Fund
- APN Nowra Property Fund
- APN Development Fund No. 2



South Nowra Homemaker Centre  
APN Nowra Property Fund



Honeysuckle Drive, Newcastle  
APN Regional Property Fund



Proposed Mixed Use Development, Port Melbourne  
APN Development Fund No. 2

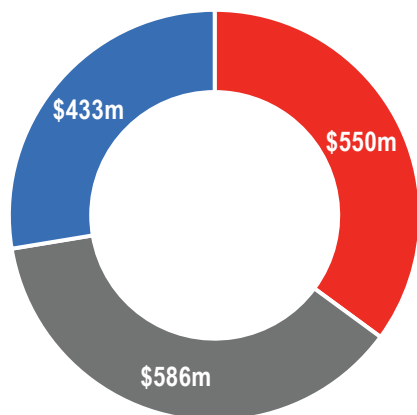


Proposed Hotel Development, Port Melbourne  
APN Development Fund No. 2

# Direct property platform with scale and multiple capabilities

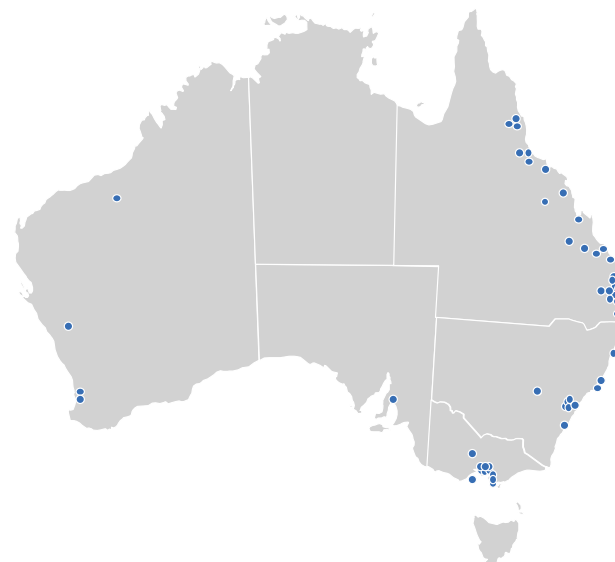
APN's position remains well placed to continue to deliver strong and growing income returns

## Attractive commercial property sectors



■ Convenience retail ■ Industrial ■ Business Parks and non-CBD Office

## Weighted towards East Coast capital city locations



**\$1.6 Billion**

Portfolio Size

**6.7 Years**

Weighted Average Lease Expiry

**6.3%**

Weighted Average Cap Rate

**97%**

Occupancy

# Direct property portfolio activity

## Active start to FY21

**\$2.2 billion**  
Value of property  
opportunities assessed

**18**  
Transactions

**\$215 million**  
Transaction value



Butler Boulevard, Adelaide, SA  
APN Industria REIT



Brisbane Airport Link Service Centre, QLD  
APN Convenience Retail REIT



78 Henderson Rd, Rowville, VIC  
APN Industria REIT



7-Eleven Southern River, WA  
APN Convenience Retail REIT



16-28 Quarry Rd, Stapylton, QLD  
APN Industria REIT



Shell Acacia Ridge, QLD  
APN Convenience Retail REIT

# Key growth opportunities – existing

Strong income-orientated performance, portfolio management track record and investor support provides significant growth potential – commercial property attractive in low rate environment

## Current FUM

### APN Industria REIT

\$979 million

- ✓ Highly attractive and resilient industrial and business park sectors
- ✓ Exceptional tenant value proposition
- ✓ Established track record of strong investment performance and leasing / portfolio management results
- ✓ Established track record of organic and acquisition led growth

- ✓ Substantial ongoing future acquisition opportunities
- ✓ Ongoing balance sheet capacity
- ✓ Strong ongoing equity investor and debt financier support
- ✓ Increasing representation in relevant indices

### APN Convenience Retail REIT

\$620 million

- ✓ Exceptionally strong performance including through COVID19
- ✓ Established track record of strong investment performance
- ✓ Established track record of organic and acquisition led growth
- ✓ Major tenant covenant improvement driving value

- ✓ Defensive, long WALE portfolio
- ✓ Ongoing balance sheet capacity
- ✓ Strong ongoing equity investor and debt financier support
- ✓ Potential ASX300 index inclusion
- ✓ Multiple successful equity and debt raising transactions completed

### APN AREIT Funds

\$1,124 million

- ✓ Consistently strong income based investment performance
- ✓ Deliberately lower risk, benchmark unaware approach
- ✓ Consistent cash distributions – rebased May 2020
- ✓ Monthly income

- ✓ Attractive cash distribution yield
- ✓ Fully liquid
- ✓ Backed by commercial real estate
- ✓ Strong ongoing investor support despite some investors opting for higher risk growth options (including index positions)

Significant additional scale and profitability through disciplined growth

# Key growth opportunities – new initiatives

Additional new funds launched and in progress – selected sector opportunities to deliver investors strong risk-adjusted real estate returns and achieve scale

## Childcare

- ✓ Established evidence of sector's resilience – financial crisis and COVID
- ✓ Broad based Government support
- ✓ Long lease terms available
- ✓ Opportunity to partner with developers to access assets
- ✓ Opportunity with 'best in class' investment management professionals

- ✓ \$50 million+ assets under review
- ✓ Unlisted wholesale fund under consideration for CY2021
- ✓ Potential future ASX listing

## Real Estate Debt

- ✓ Currently reviewing opportunity set
- ✓ Potential to partner with market leading originator and manager – external specialist expertise
- ✓ Opportunity to deliver strong risk adjusted returns through investment selection and management

- ✓ Initial target portfolio of \$100 million+ under discussion
- ✓ Ability to deliver regular cash distributions
- ✓ Ongoing investment opportunity within Australian real estate credit market
- ✓ Potential future ASX listing

## APN Global REIT Income Fund

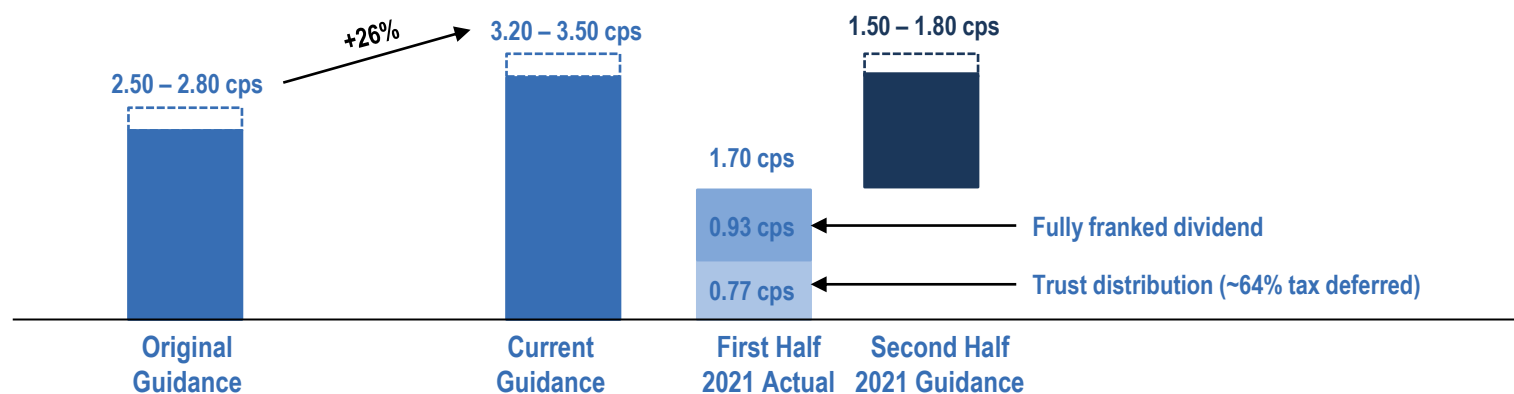
- ✓ Ability to deliver APN's income focused investment philosophy
- ✓ Ability to extend APN's track record in Australian and Asian listed real estate securities
- ✓ Provide investors access to international exposure
- ✓ Backed by commercial real estate
- ✓ Strong income distribution yields available

- ✓ Launched September 2020
- ✓ Strong initial performance
- ✓ Strong initial investor response (including investment platforms)
- ✓ Opportunity with very significant scale – \$2 trillion+ global listed REIT market

**Significant additional scale and profitability through disciplined growth**

# Distribution guidance

FY21 distribution guidance upgraded to 3.20 to 3.50 cents per security<sup>1</sup>



- FY21 distribution guidance upgraded to 3.20 cents to 3.50 per security<sup>1</sup>
- Interim distributions for HY21 comprised both fully franked dividend from APD and distributions from APD Trust (64% tax deferred)
- Distributions are determined with reference to the amount and composition of operating earnings after tax

1. Subject to a continuation of current market conditions and no unforeseen events occurring.



# Capital management

## APN is actively considering capital management initiatives

- Several attractive opportunities to allocate capital to existing and new growth opportunities which will add value for securityholders
- Also actively considering capital management initiatives including an on-market buy-back of APN securities
- While the Board recognises the significant growth opportunities before APN, and the value that cash and liquidity provides in flexibility to respond to opportunities and challenges, the Board also recognises the opportunity to add value for all securityholders through acquiring APN's own securities at prices below fair value
- In excess of \$20 million in cash and liquid assets on balance sheet currently
- Board's view - recent market trading prices undervalue APN's business and growth profile
- Any decision to undertake capital management activities will be advised to ASX following the Board's full consideration



Brisbane Airport Link Service Centre

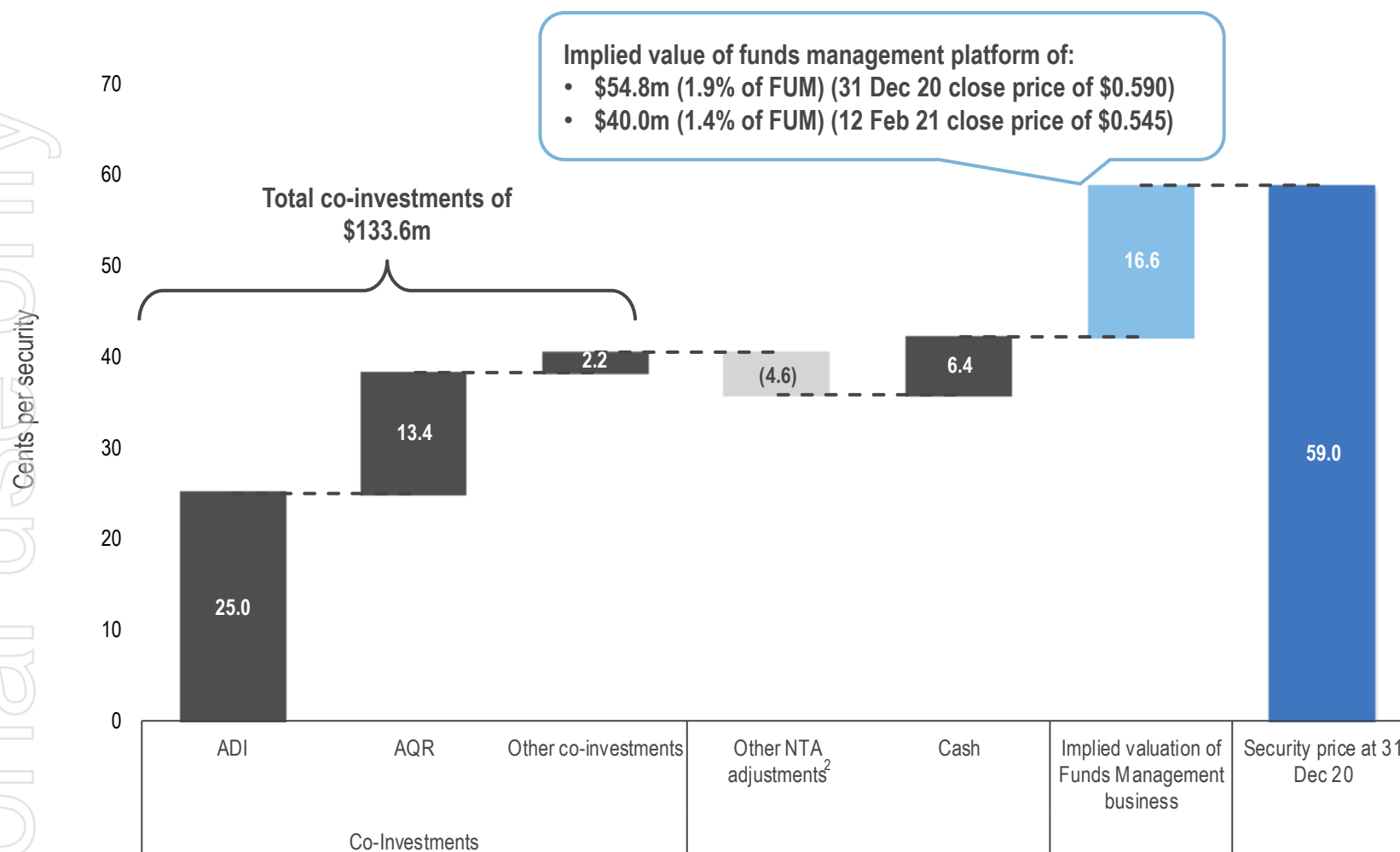


26 & 28 Honeysuckle Drive Newcastle



Westrac Tomago

# Market Implied Funds Management platform valuation<sup>1</sup>



1. Analysis and APN security price as at market close 31 December 2020

2. NTA of 42.4 cents per security is net of debt and deferred tax assets – refer to financial accounts for further information

# Outlook

## Active start to FY2021 – well placed for continued growth in current market

### Market

- Commercial real estate well placed with spread between property yields and interest rates remaining attractive
- Commercial property sector's recovery from COVID19 has further to go
- Specific sector opportunities are attractive scalable growth options for APN

### Priorities

- Remain 'true to label':
  - Continued focus on income and investment performance
  - Remain disciplined on growth including acquisitions
- Capitalise on significant acquisition and new product opportunities (existing and new funds – Global REIT income fund, childcare, debt)

### Positioning

- Strong income returns backed by high quality assets continues to position APN funds attractively in low rate environment
- Momentum: Over \$200 million in transactions year to date and FY2021 distribution guidance increased to 3.20-3.50 cps
- Considering active capital management opportunities





# APPENDICES



# APN Property Group Overview

Specialist real estate investment manager – ‘Property for income’ focus

As at 31 December 2020



1. Includes cash held in trust for underlying funds managed by the Group of \$0.1 million and \$5.7 million for AFS Licences.

2. Excludes FUM of \$77 million for contracted acquisitions and developments and sites under exclusive due diligence in APN Convenience Retail REIT and \$27 million in APN Industria REIT.

3. ADI FUM includes a right of use asset value of \$20m, refer to the ADI financial report for further information.

# Overview

## Summary

- Listed on ASX (Code: APD)
- Melbourne-based specialist real estate investment manager
- Established 1996, listed 2005
- \$2.9 billion in Funds under Management (FUM)
- Actively manages 11 funds and 129 properties
- Responsible entity: APN Funds Management Limited, a wholly owned subsidiary of APN (Independent board)

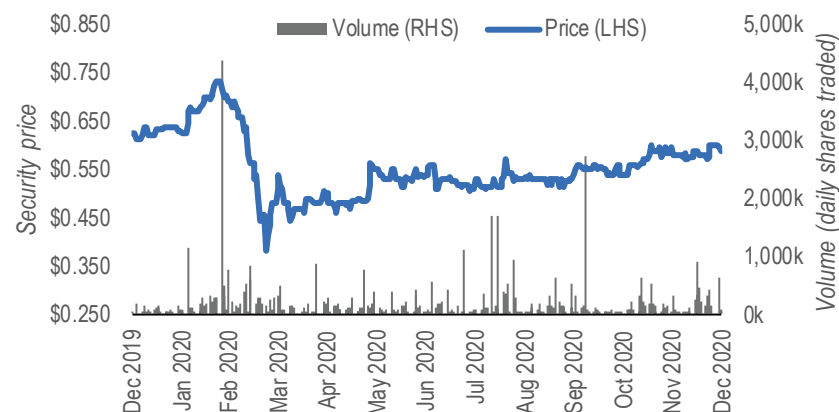
## Selected Securityholders<sup>1</sup>

Securityholder	
C. Aylward (Chairman)	24.8%
T. Slattery (CEO)	3.8%
H. Brenchley (Director)	3.0%
Other Directors / Key Management Personnel	1.8%
<b>TOTAL</b>	<b>33.3%</b>

<sup>1</sup> Based on total APD securities outstanding from 31 December 2020 of 329,055,728 and director interest notices lodged on the ASX as at 17 February 2021.

<sup>2</sup> CapitalIQ, ASX Trading data as at 31 December 2020. Total securityholder return includes reinvestment of distributions at market price on distribution payment date and divisor adjustment for standardised calculation where required.

## Security Price and Volume



## Key Information

Metric	
Closing security price <sup>2</sup>	\$0.590
Securities outstanding <sup>2</sup>	329,055,728
Market capitalisation <sup>2</sup>	\$194 million
FUM	\$2.9 billion
Total securityholder return <sup>2</sup>	2.2% (1 year)

# Funds Under Management summary (as at 31 December 2020)

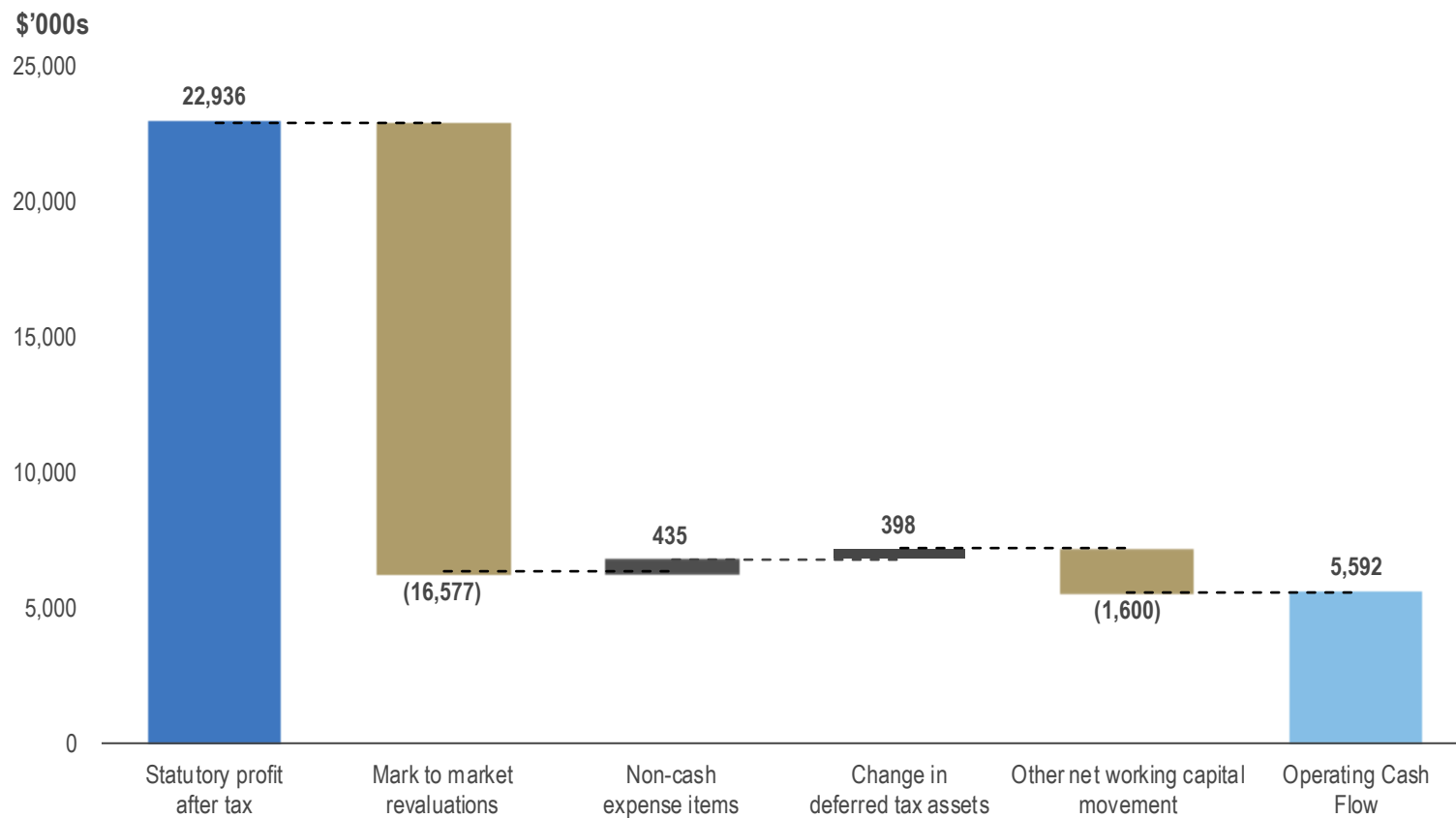
Funds	Sector	Investors	FUM \$m	Pro Forma FUM \$m	Fee Basis			APN Co-investment		APN Relevant Interest <sup>1</sup>	
					Management	Performance	Other	\$m	%	\$m	%
APN AREIT Strategy	Property Securities	Retail & Institutional	1,124		✓			-	-		
APN Property for Income Fund	Property Securities	Retail & Institutional	87		✓			-	-		
APN Property for Income Fund No. 2	Property Securities	Retail & Institutional	28		✓			-	-		
APN Asian REIT Fund	Property Securities	Retail & Institutional	49		✓			1	2.7%		
APN Global REIT Income Fund	Property Securities	Retail & Institutional	5		✓			3	58.6%		
APN Industria REIT <sup>2</sup>	Industrial & Business Parks	Retail & Institutional	952	979	✓		✓	82	13.7%	102	16.9%
APN Convenience Retail REIT <sup>3</sup>	Convenience Retail	Retail & Institutional	543	620	✓		✓	44	10.2%	73	16.8%
APN Regional Property Fund	Office	Retail	67		✓		✓	2	3.9%		
APN Nowra Property Fund	Retail	Institutional	26		✓	✓	✓	-	-		
APN Development Fund No. 2	Development	Institutional	47		✓	✓	✓	1	4.8%		
<b>Total</b>			<b>2,926</b>	<b>3,031</b>				<b>134</b>		<b>182</b>	

1. Includes interests held by real estate securities funds managed by APN.

2. ADI FUM includes a right of use asset value of \$20m, refer to the ADI financial report for further information. Pro Forma FUM includes \$27 million for contracted acquisitions not reflected on the balance sheet as at 31 December 2020.

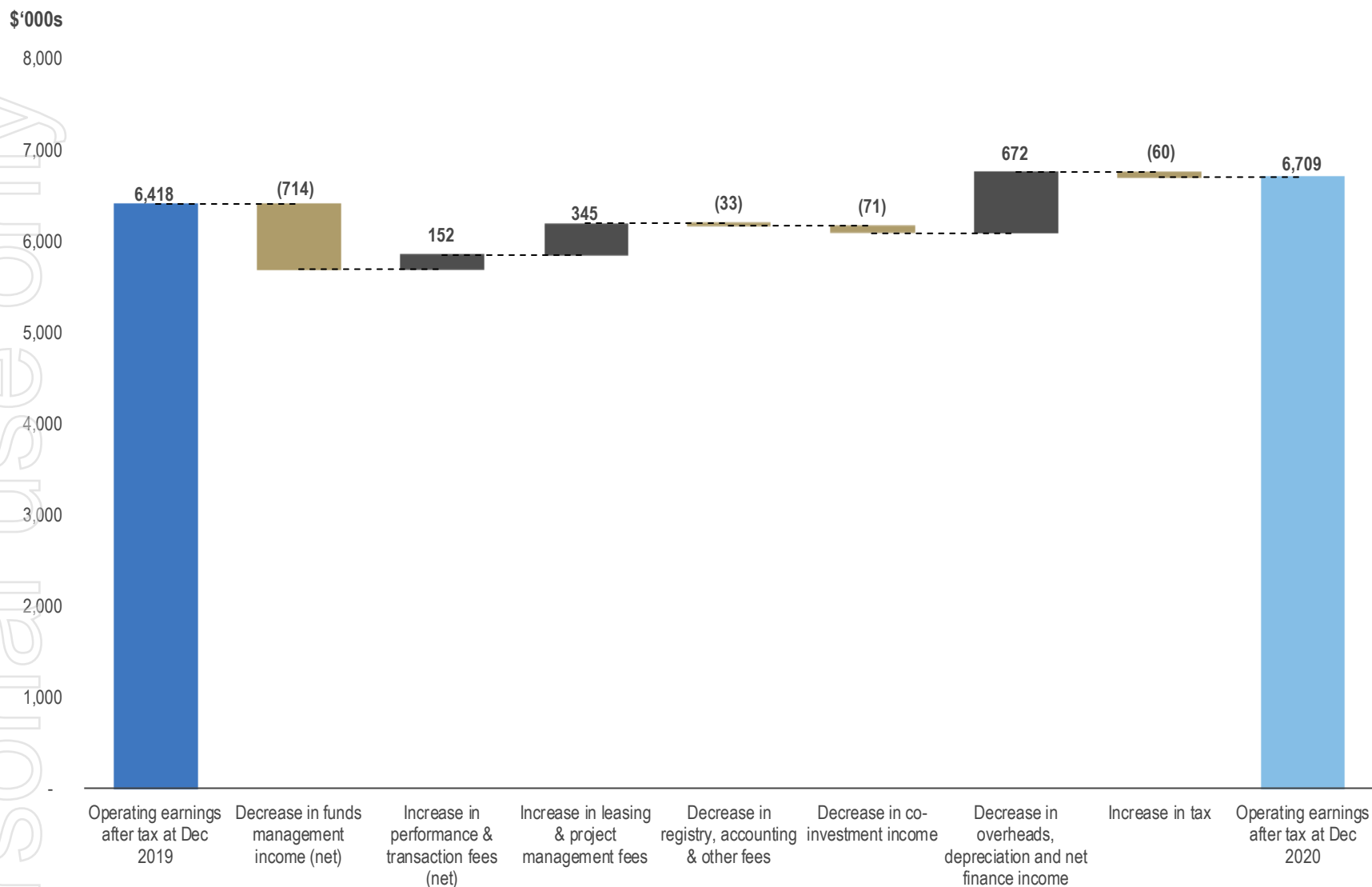
3. Pro Forma FUM includes \$77 million for contracted acquisitions and developments and sites under exclusive due diligence not reflected on the balance sheet as at 31 December 2020.

## Profit to Operating Cash Flow reconciliation





# Operating Earnings After Tax Reconciliation



## Debt facility summary

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Facility Limit	\$9.0 million
Drawn at 31 December 2020	\$9.0 million
Loan to Value Ratio (LVR)	12.5%
LVR Covenant	< 35.0%
Distribution Cover Ratio (DCR)	12.9x
DCR Covenant	> 2.0x
Cost of debt	3.8% pa
Expiry	September 2021
Security	Mortgage over specified assets

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