



APN Global REIT Income Fund distribution rate up 10%

We launched the APN Global REIT Income Fund in April 2020. The aim was to deliver a reliable, attractive income, plus some capital growth, from a whole world of commercial property.

With the announcement of a 10% increase to the existing monthly distribution rate for Fund investors, and a total return of 38.27%¹ last calendar year, I'm happy to say we're delivering thus far.

The actively managed and liquid portfolio of global real estate securities now has REIT investments in North America, Europe, Asia and Oceania, with a concentration in regions and property types where structural trends and local fundamentals meet to drive sustained rental growth.

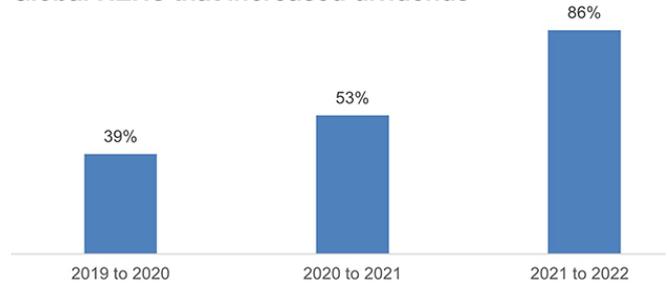
Emerging from the pandemic

Despite being launched in the depths of the pandemic, the Fund's "property for income" investment focus has provided investors with growing rental receipts and distributions.

Nevertheless, the lockdowns, working-from-home, and limits on physical access to many of the places we previously took for granted, presented a difficult time for global REITs. Of our coverage universe, just 39% of global REITs were able to increase their dividends from 2019 to 2020.

And now today with the harshest of lockdown restrictions in the rear-view mirror, they have proven their mettle as dividend increases have become the norm. About 83% of global REITs in our coverage universe are expected to increase their dividends through 2022.

Global REITs that increased dividends



Source: DXAM, Capital IQ

This means that, despite the ongoing pandemic, macroeconomic and geopolitical risks, the deep and diverse global REIT universe now offers tremendous opportunities for compelling risk-adjusted return from this liquid, real estate asset class.

Global opportunities unavailable in Australia

So, where are we finding opportunities? The most compelling sources for defensive growth are those within sectors set to benefit from structural tailwinds.

This includes commercial real estate like mobile towers and data centres, a beneficiary of the growth in data traffic, residential housing (single and multi-family for rent) and properties servicing the logistics and supply chain sectors, enjoying both the ongoing surge in online retail and an increasing need for resilience in the movement of physical goods.

Many of the properties in which we invest are simply unavailable in Australia's REIT sector which adds a significant level of diversification to investor portfolios.

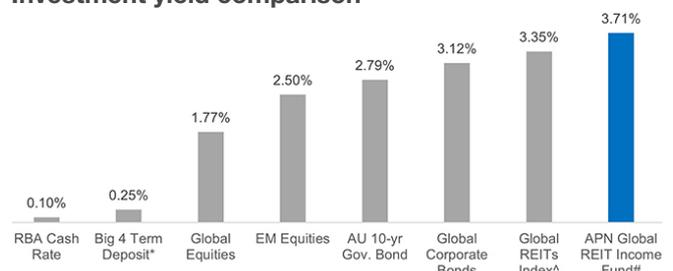
The Fund also has the unique ability to invest in mortgage REITs and preferred securities issued by global REITs, again two areas unavailable in Australia. This gives the Fund access to relatively high income-based returns which, in some circumstances where we have identified miss-pricing, also offer the potential for attractive total returns.

Maximising defensive growth, minimising risk

As income-focused investors, we take a bottom-up approach to REIT selection. We want to understand a portfolio's earnings growth prospects at a deep level. This allows us to focus on defensive growth and avoid value traps.

It is this approach that has led to the Fund achieving a total return of 18.00%¹ per annum since inception two years ago, along with this recent 10% increase in distributions. The Fund's current running yield is also compelling.

Investment yield comparison



Source: DXAM, Yield Report, Bloomberg finalise numbers as at 31 March 2022.

#Current running yield as at 31 March 2022 is calculated daily by dividing the annualized distribution rate by the latest entry unit price (net of management fees and expenses). Distributions may include a capital gains component. Distributions are not guaranteed, and past performance is not an indication of future performance.

*Average of CBA, ANZ, NAB and ANZ 1yr term deposit rate.

^Global REITs Index is the GPR 250 REITs Index (AU). Source: Bloomberg, Canstar, Dexus Asset Management Limited. Investment Yield, Return Volatility as at 31 March 2022. 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.

Performance of the APN Global REIT Income Fund to date highlights our selective approach to investing in global real estate securities and has resulted in attractive risk-adjusted total returns. Our approach to defensive growth opportunities, meanwhile, has also delivered growth in the Fund's distribution.

Back in April 2020, we set out our ambition to provide investors with a higher income and lower risk relative to the Fund's benchmark. We also wanted to deliver a level of capital growth that maintains real returns over a 5-7 year time horizon. Almost two years on we're delivering on those objectives.

1. Returns after all fees and expenses. Assumes distributions are reinvested. Investors' tax rates are not taken into account when calculating returns. Past performance is not an indicator of future performance. Fund inception date: 1 April 2020.

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APN Real Estate Securities

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APN Real Estate Securities became part of Dexus (ASX: DXS) in August 2021. Dexus is one of Australia's leading fully integrated real estate groups, with over 35 years of expertise in property investment, funds management, asset management and development. www.dexus.com

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