

Important information

- This is a marketing communication and should not be perceived as investment advice. Please refer to the fund's prospectus and KIID available at www.skagenfunds.com before making any final investment decision.
- The presentation is only intended for retail investors in Denmark and European institutional investors based in countries in which the fund has marketing approval.
- SKAGEN m² is an actively managed fund with a global investment mandate. The Fund's strategy is to invest in financial instruments, which take advantage of the underlying real estate risk and return in the relevant markets. The fund shall seek to maintain a reasonable balance between geographical regions and sub-sectors. The fund's benchmark is MSCI ACWI Real Estate IMI Net total return index USD in NOK. Since SKAGEN m² is an actively managed fund the portfolio will deviate from the benchmark's composition.
- The value of a fund with risk class 6-7 may increase or decrease significantly. The fund is in risk category yellow in Denmark.
- Subscription is made in fund units and not directly in shares or other securities.



Detail/ Manipulation. By P.S. Krøyer, one of the Skagen artists. This image belongs to the Skagens Museum.

SKAGEN M2 – April 2022

Michael Gobitschek | Lead Portfolio Manager

The art of common sense



SKAGEN m2 EUR a

Listed real
estate

Global
exposure

33
holdings

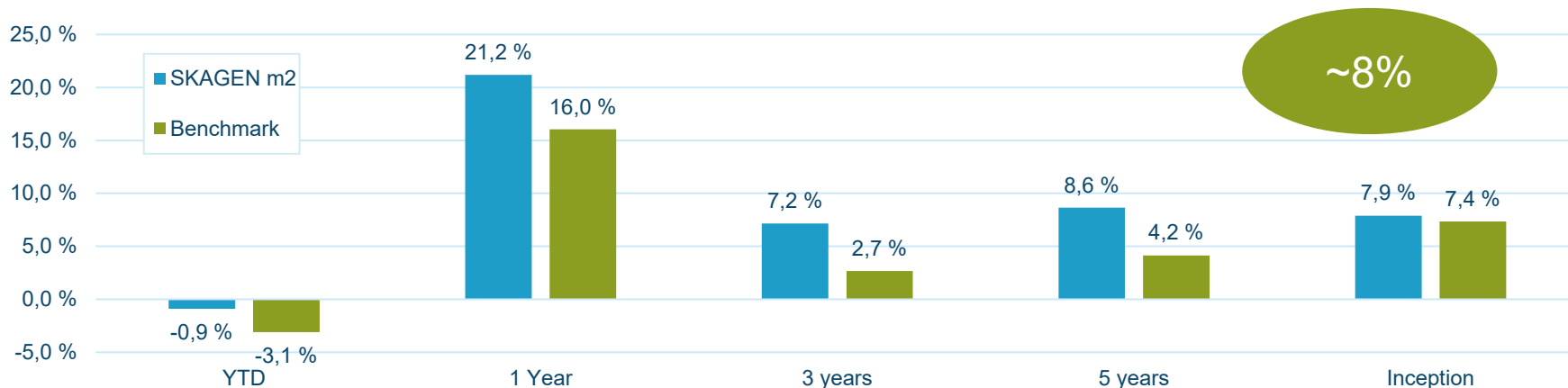
Inception date
30.10.12

Annualized performance since
inception
~7,9%*

Daily
liquidity

*Annualized net of fees performance in EUR SKAGEN A, as of March 31. 2022

Absolute and relative annualized performance (EUR)



EUR A Class	YTD	1 Year	3 years	5 years	Inception
Relative Return	2,2%	5,1%	4,5%	4,5%	0,5%

- All return figures are net of fees and measured in EUR as at 2022-03-31. Inception for A- class 2012-10-30
- All return figures over 12 months are annualised (geometric return)
- The benchmark is MSCI ACWI Real Estate IMI Net total return index USD. In the period from 11 July 2017 to 30 September 2019, the benchmark was MSCI ACWI Real Estate IMI ex REITS

Historical returns are no guarantee for future returns. Future returns will depend, inter alia, on market developments, the fund manager's skills, the fund's risk profile and management fees. The return may become negative as a result of negative price developments. There is risk associated with investing in funds due to market movements, currency developments, interest rate levels, economic, sector and company-specific conditions. The fund is denominated in NOK. Returns may increase or decrease as a result of currency fluctuations.

Why invest in global listed real estate?

- **Attractive asset class:**

- Favourable **total return** profile with predictable cash flow and potential for capital gains and inflation protection
- Improved risk / return profile due to declining long-term **correlation** with equities and bonds
- Multiple layers of **diversification**
- Global investment universe driven by **local dynamics**
- Targeted exposure to **economic growth**
- Megatrends are important **long-term value drivers**

- **Appeal of listed exposure:**

- Large and diversified **investment universe**
- **Transparency** and **liquidity**
- Easier **access** to non-traditional property types
- **Flexibility** to exploit **undervalued** markets / cities / segments



Agenda

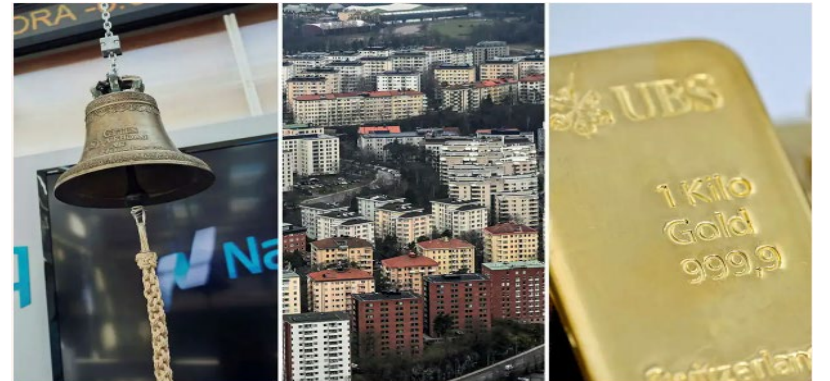
General real estate observations

Fund update

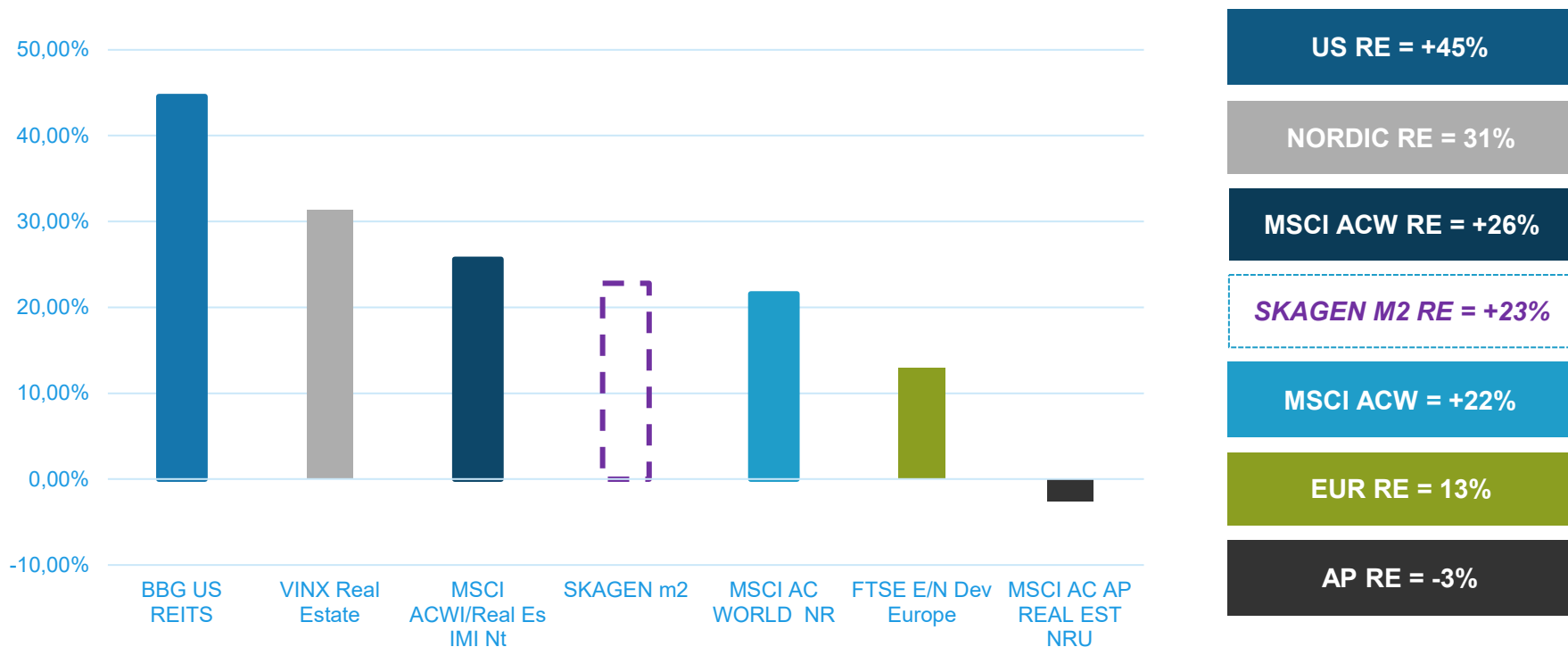
Case

Are all bets are off? Where are we now?

- Geopolitics/ Covid
- Recession.....Stagflation?
- Back to the 70's?
- Inflation vs. financial stability?
- No credit crisis
- Markets calibrating rate hikes
- Find the balancing point
- **Resilient diversified real estate**

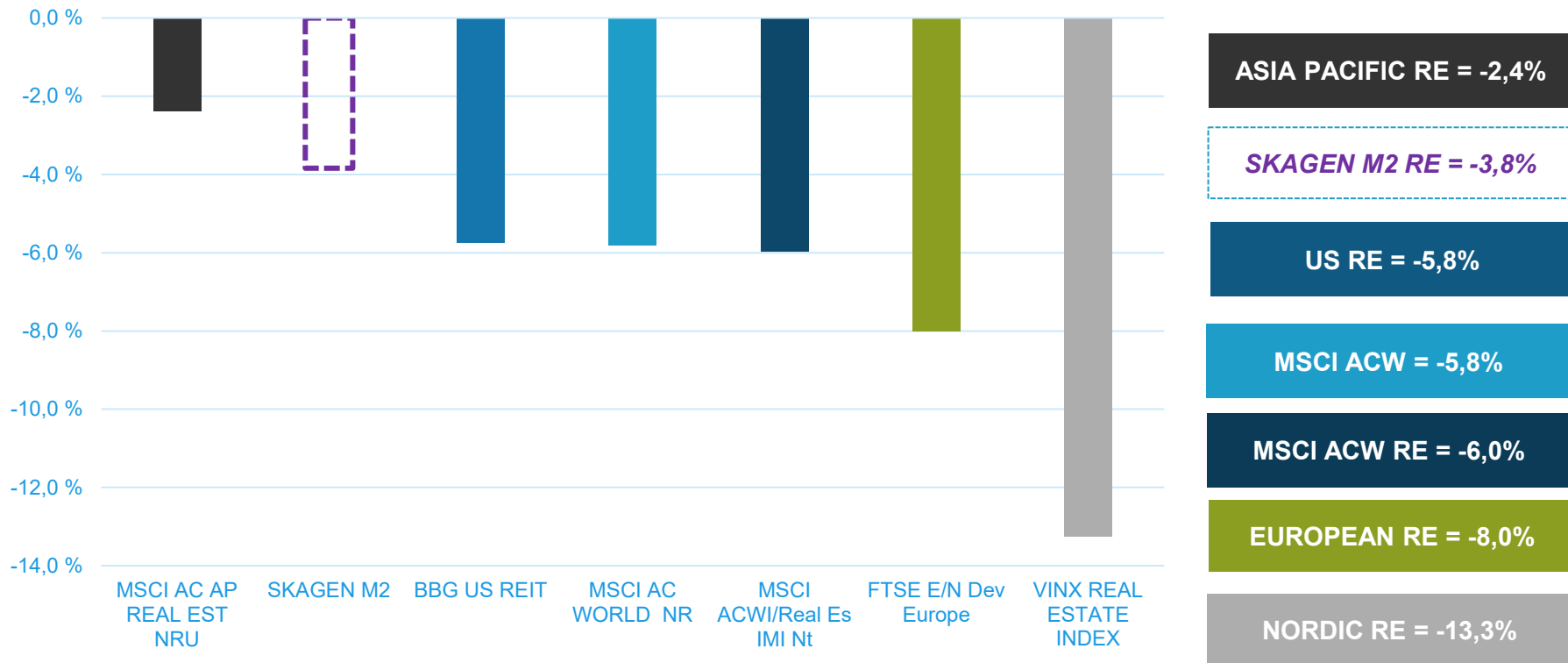


Geographical performance 2021 – Best year ever in US Real Estate



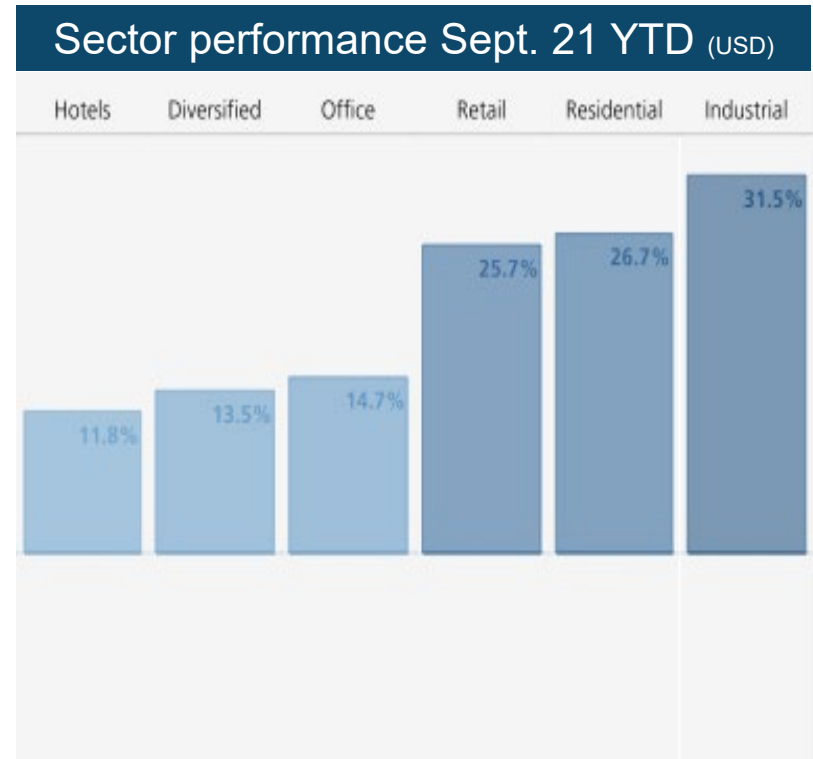
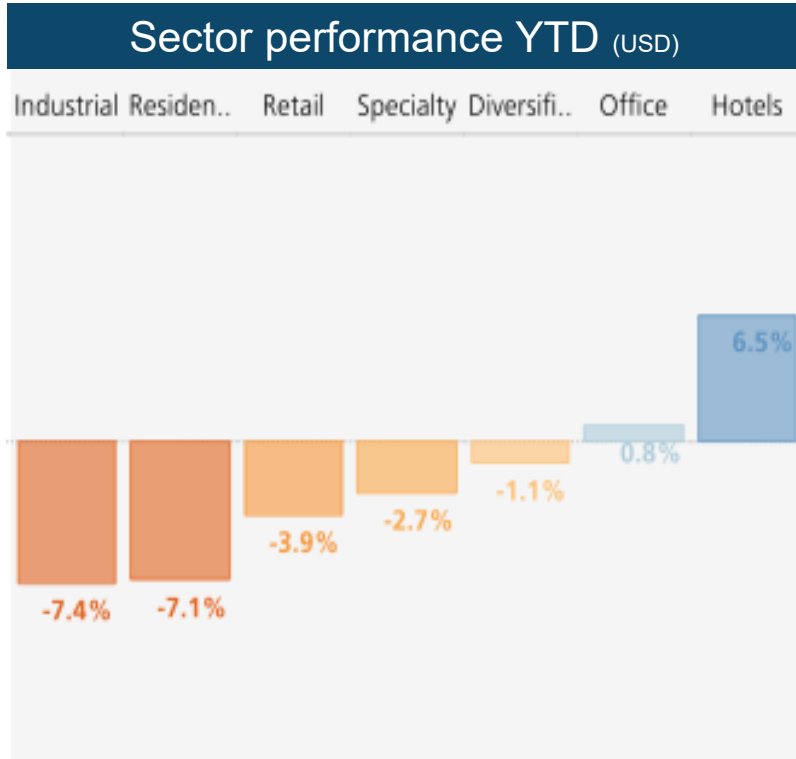
*As of December 31 2021. All figures in NOK and rounded to the nearest figure.

Geographical performance YTD



*As of March 31 2022. All figures in NOK. Sources: SKAGEN / Bloomberg

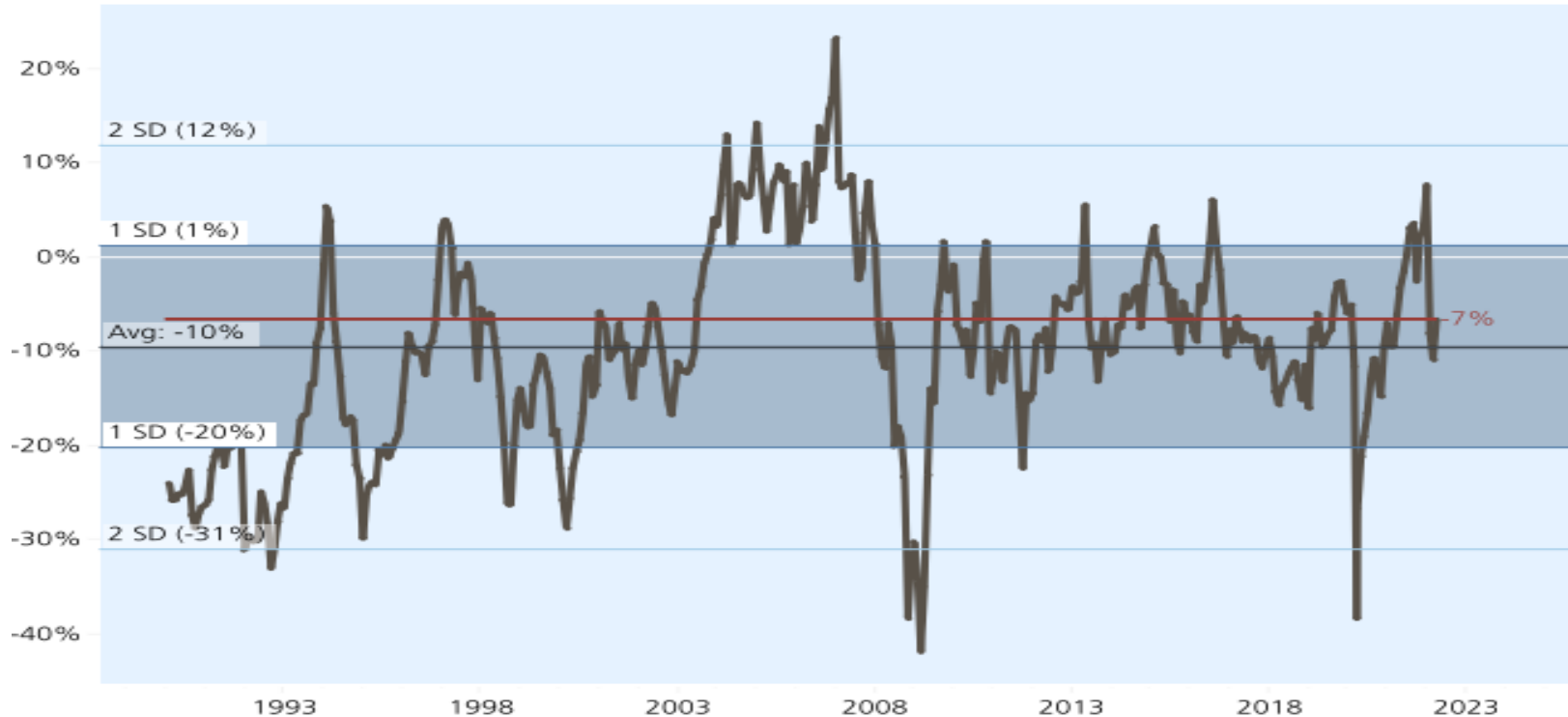
Reversed order in sector performance YTD



Source: UBS April 31/3 2022 Global Real Estate key valuation metrics

Where do valuations sit now?

Global listed real estate: NAV discount/premium

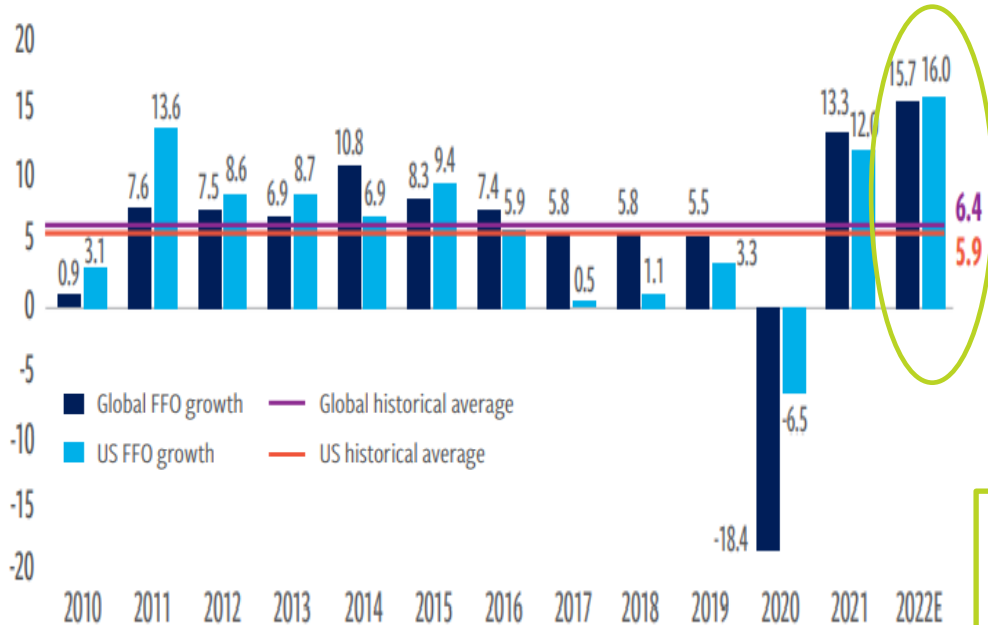


Source: UBS April 31/3 2022 Global Real Estate key valuation metrics

Cash flow for global RE is expected to remain well above LT average

Strong fundamentals still supports global real estate

Global and U.S. REITs⁽¹⁾ cash flow growth estimates⁽²⁾(%)



- Fiscal and monetary stimulus
- Inflation adjusted leases
- Economic reopening's
- Strong consumer spending
- Disruptive demand i.e I&L



- Interest rates
- Supply-chain constraints
- Geo/Macro politic turmoil
- Economic growth

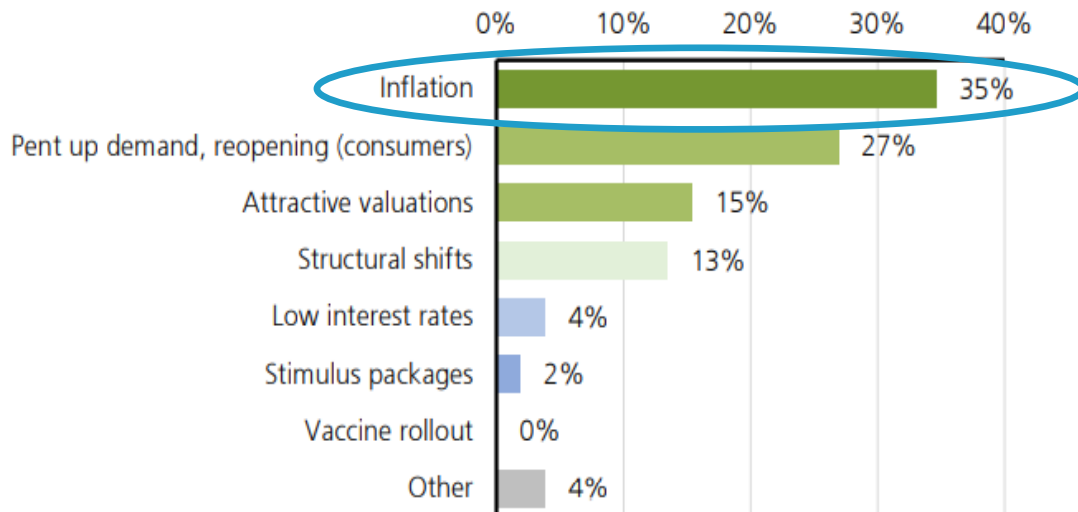
Direction of the economy and job growth tend to have a greater impact on RE returns than rates

Source: February 2022 - Forces aligned for growth in 2022 Cohen Steers.

What are 350 bn USD in AUM think?

.... is the most compelling driver of Real Estate right now?

What is the most compelling driver for listed real estate?



Source: 2022 UBS Investor Survey. UBS Evidence Lab.

Note: As of 18th march. 54 respondents managing/ advising approx. 350 bn\$ in aggregate. Respondents are well diversified by geography and 91% investing in global listed RE.

Dynamics of drivers of real estate value

Drivers of real estate value:

$$\text{Value} = \frac{\text{Rent}}{\text{Yield}}$$

Rent drivers

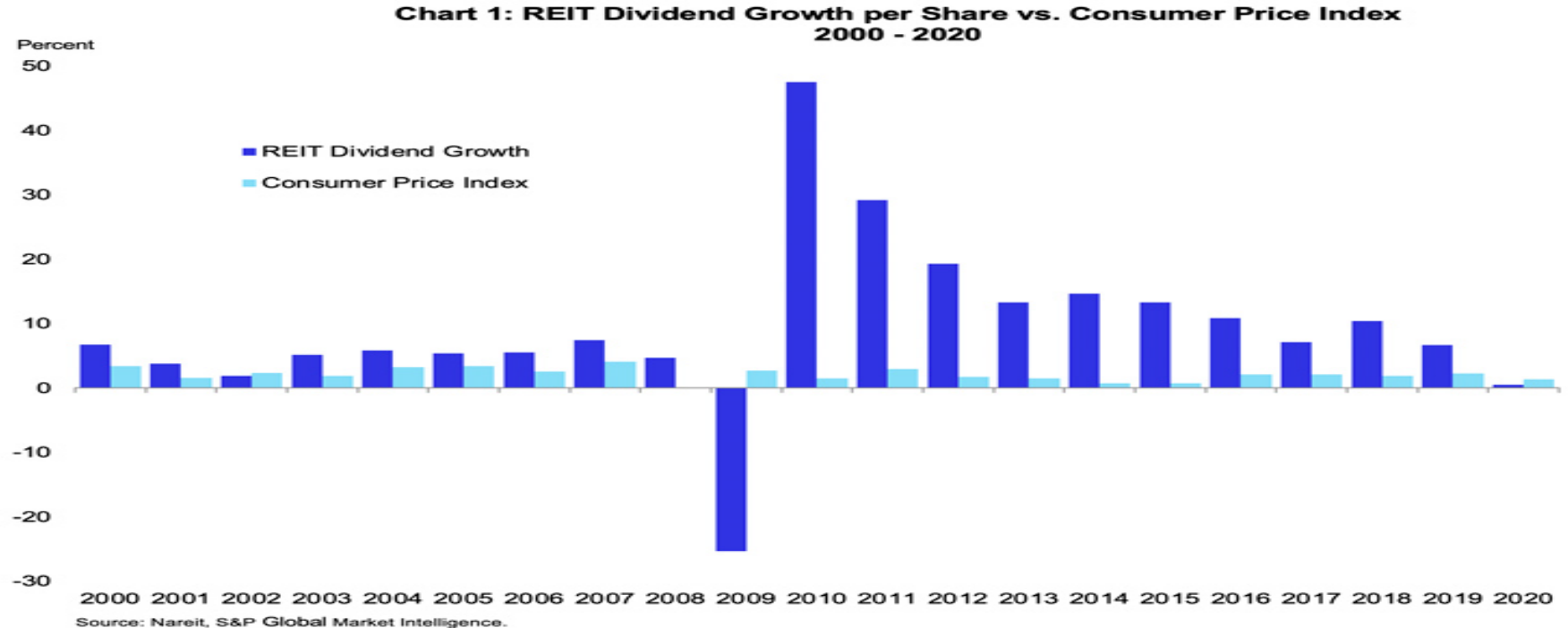
- Supply and demand
- GDP growth
- Inflation
- Vacancy rates; retail sales; etc

Yield drivers

- Growth expectations
- Opportunity cost of capital (i.e. return on alternative assets)
 - E.g. borrowing costs (**bond yields**)
 - Risk appetite

Long term dividend growth outpace the inflation

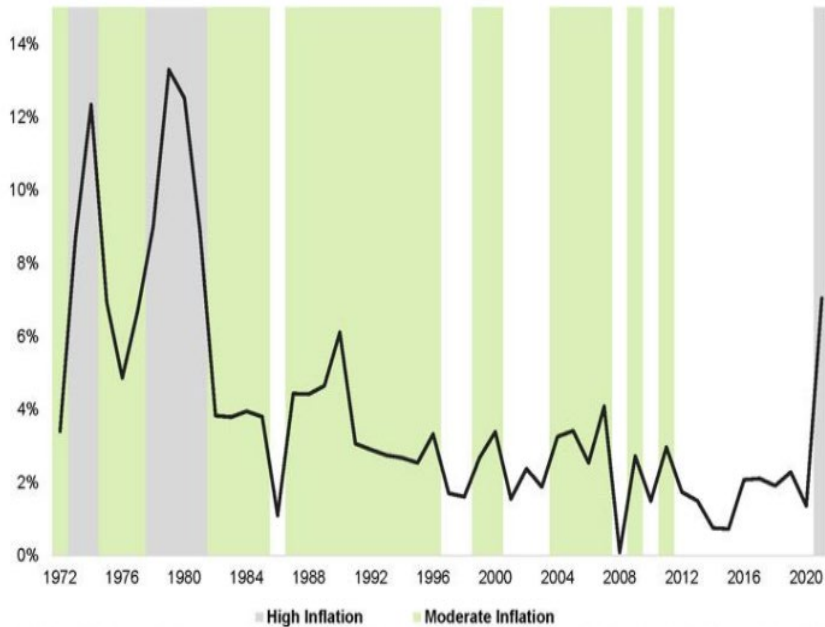
US RE dividend growth per share vs. Consumer Price Index



Source: NAREIT 17/5/2021

What about the last ~50 years?

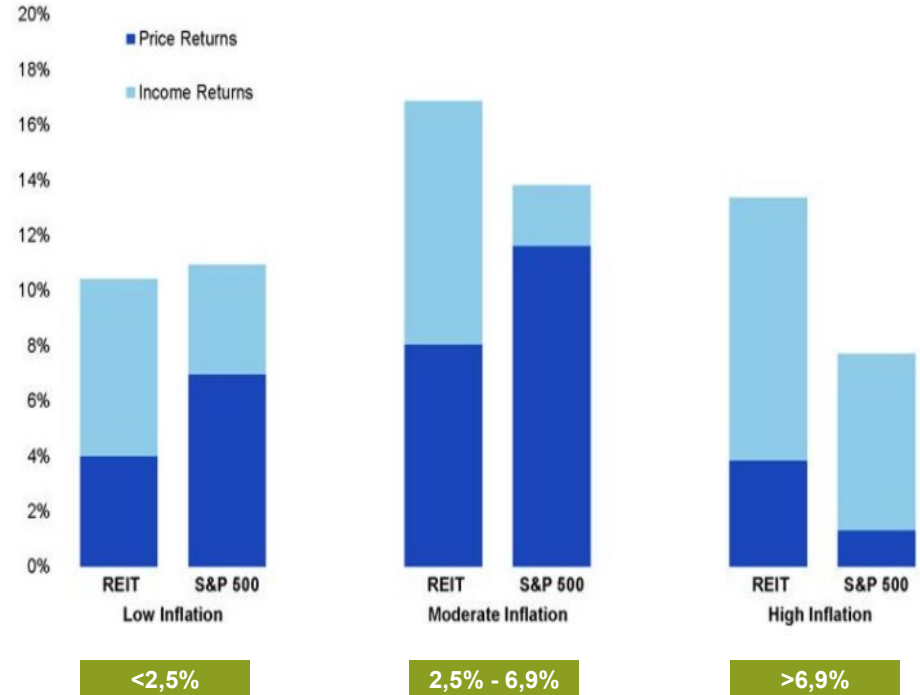
US inflation 1972-2021



Note: Low inflation includes the years where inflation was 2.5% or lower, moderate inflation is between 2.5% and 7.0% (one standard deviation over the average), and high inflation is for years with inflation of 7.0% and higher.

Source: Nareit analysis of the Consumer Price Index 1972-2021; inflation measured for all items, all urban consumers, not seasonally adjusted

US RE performance during inflation 1972-2021



Source: Nareit analysis of prices for the FTSE Nareit All Equity REIT Index and S&P 500 Index: 1972-2020. Inflation measured for all items, all urban consumers

Recovery in fundamentals continues but slowing

- Stimulus and re-openings still **drives recovery** in fundamentals
- Market are calibrating interest rates expectations – volatility!
- Drivers of RE (**supply, demand, credit**) generally in good balance
- **Valuation** dispersed in geographies and segments but contracting
- Sub segments continue the *pre-pandemic long term trends*
- **Inflation** typically beneficiary for real estate
- Lot of money **committed** to the asset class
- Risks to scenario: Geopolitics, Growth, Unexpected rate hikes/bond yields

Attractive income, inflation protection and pockets of value



Agenda

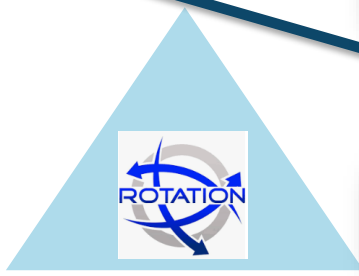
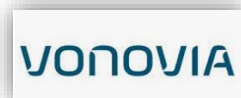
General real estate observations

Fund update

Case

Navigating the recovery landscape, one leg left in stability

Portfolio Construction



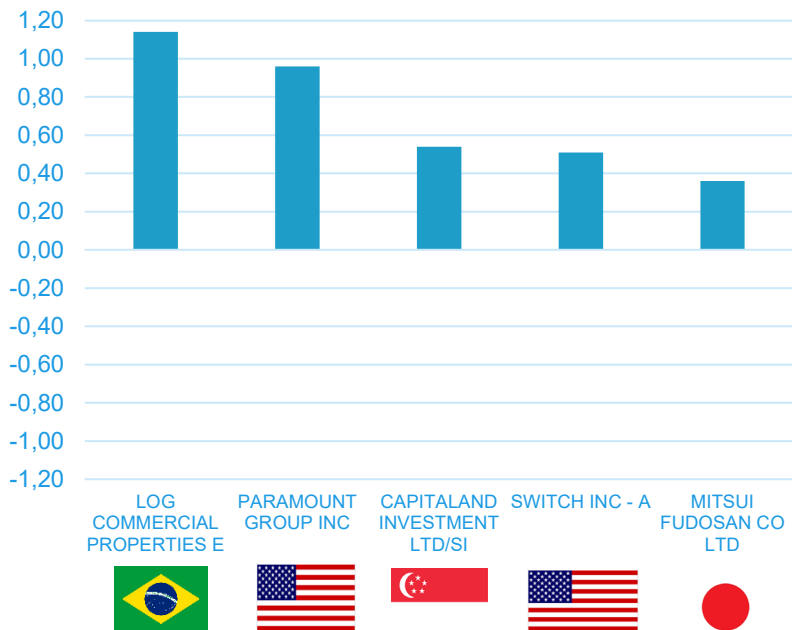
Recovery theme:
Office, Retail, Hospitality/F&B, Diversified

~38% / ~62%

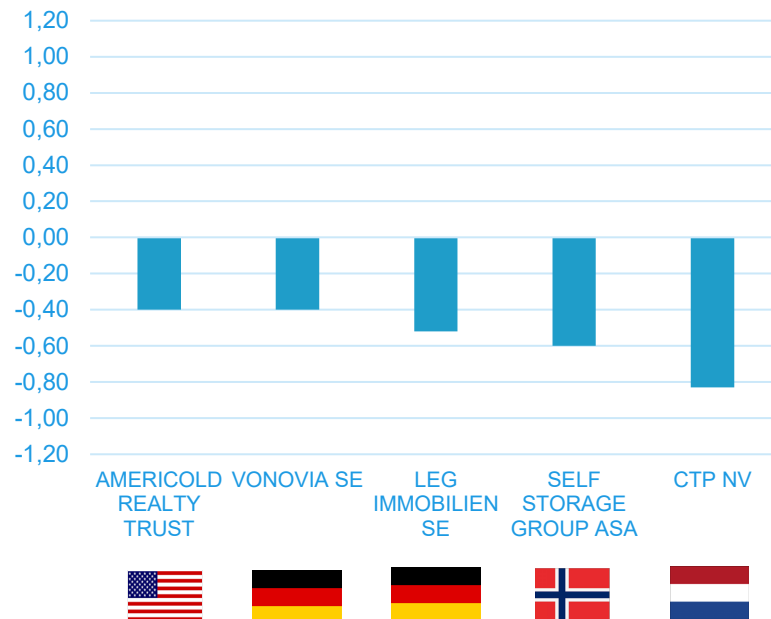
Resilient steady earners / Defensive growth:
Data Center; Logistics; Self Storage; Rental Residential; Health Care

Contribution to absolute return (%) in the first quarter

Top 5 – Contribution to Absolute Return (%)



Bottom 5 - Contribution to Absolute Return (%)



Period: 31.12.21 – 31.03.22
Source: Bloomberg / SKAGEN measured in EUR

Looking beyond real estate fundamentals

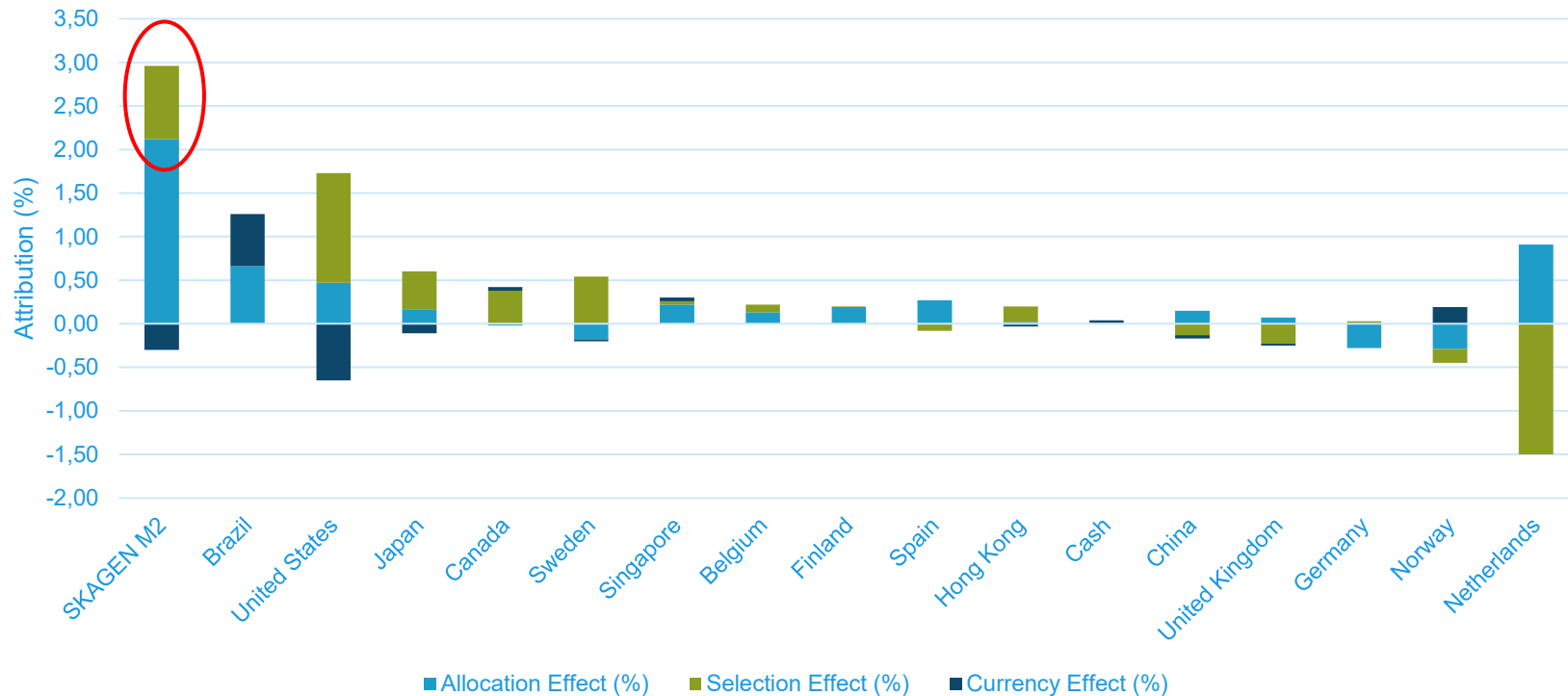
- Examples 2021



- Share buybacks
- Dividend policy
- Balance sheet
- Minority shareholder rights
- Mergers
- Synergies
- Spin-offs
- Capital recycling
- Special situations
- Value added segment
- Standing assets with growth profile

YTD 2022

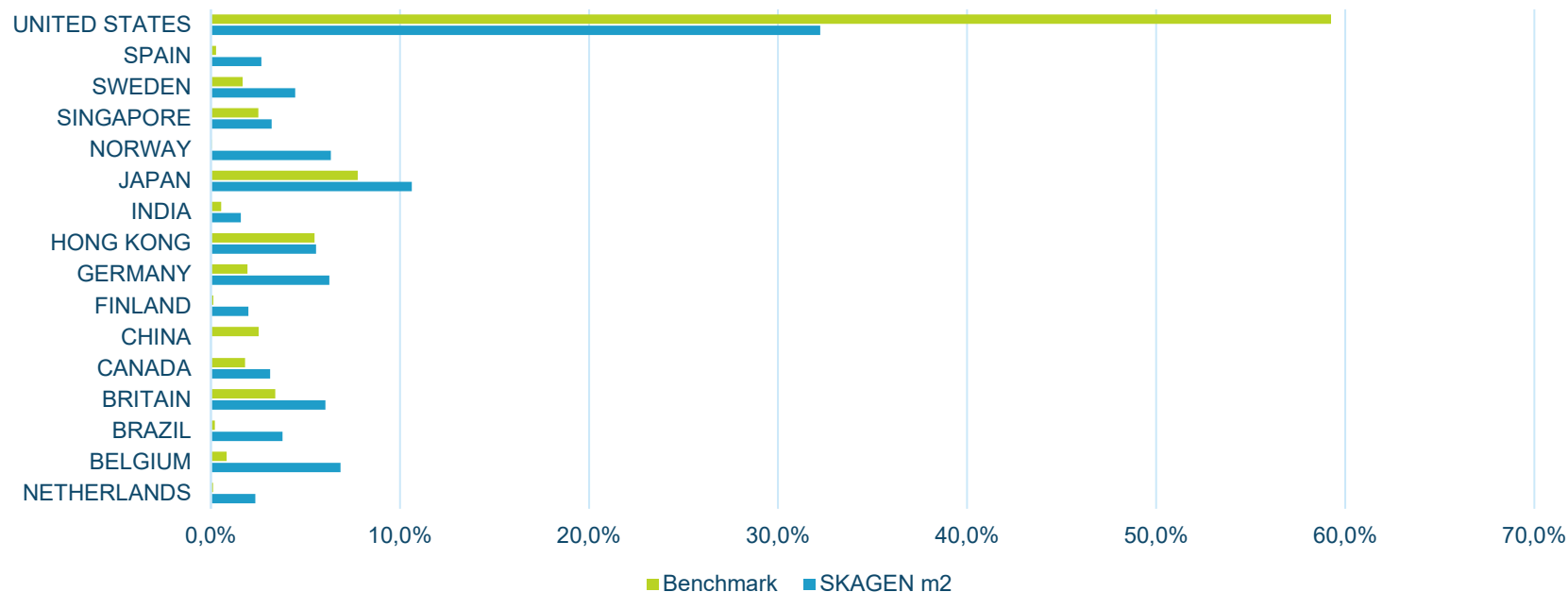
Relative attribution (EUR)



Source: Bloomberg / SKAGEN, Benchmark index: MSCI All Countries Real Estate
Period: 31.12.21 – 31.03.22

Geographical allocation – active positioning

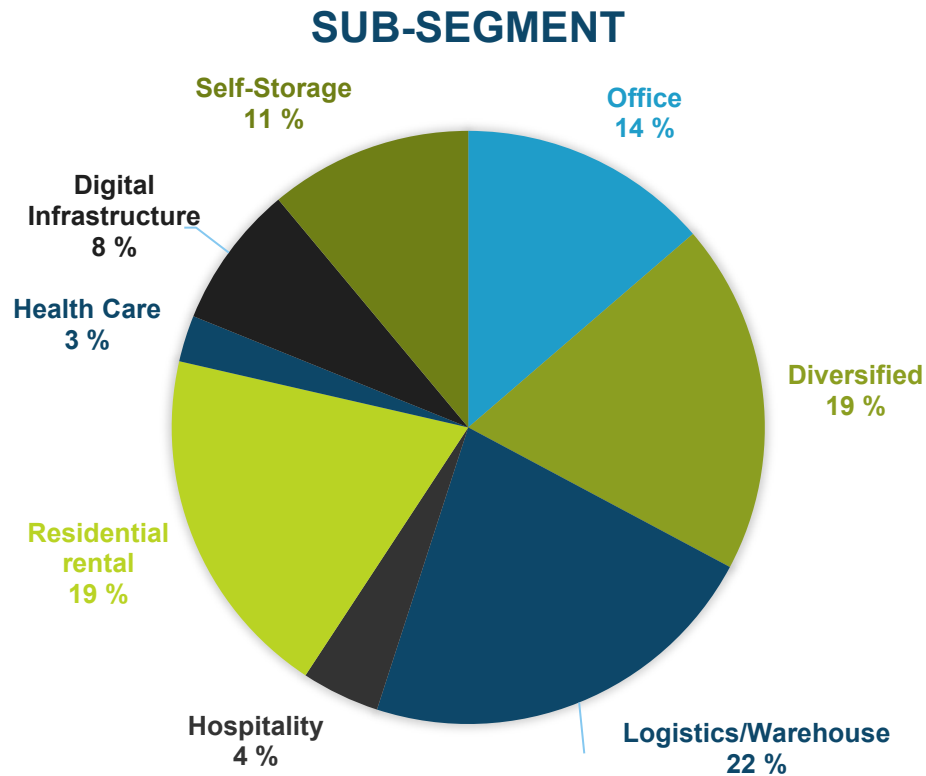
COUNTRY ALLOCATION



Source: SKAGEN as at 31/03/2022.

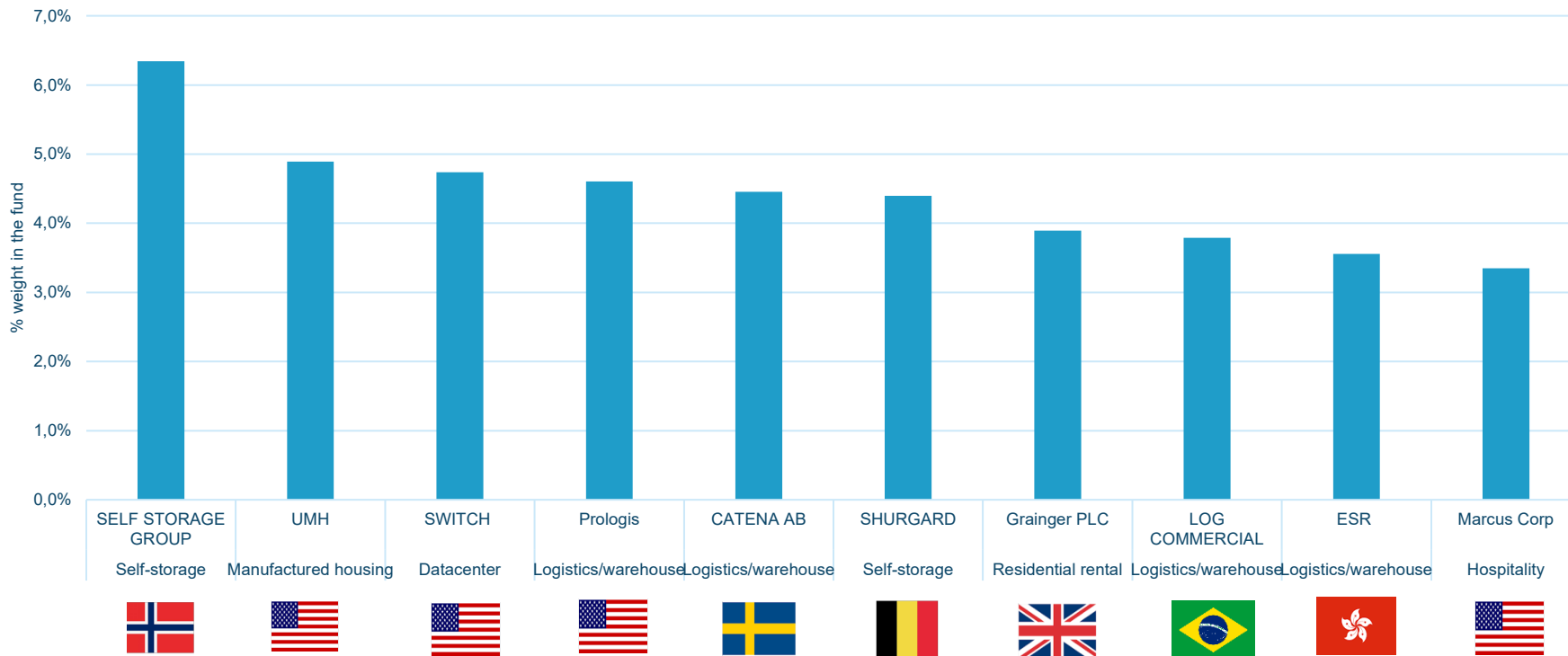
*Benchmark: MSCI ACWI Real Estate IMI Net total return index USD.

Diversified portfolio across sub-segments and size



Concentrated portfolio focused on defensive growth

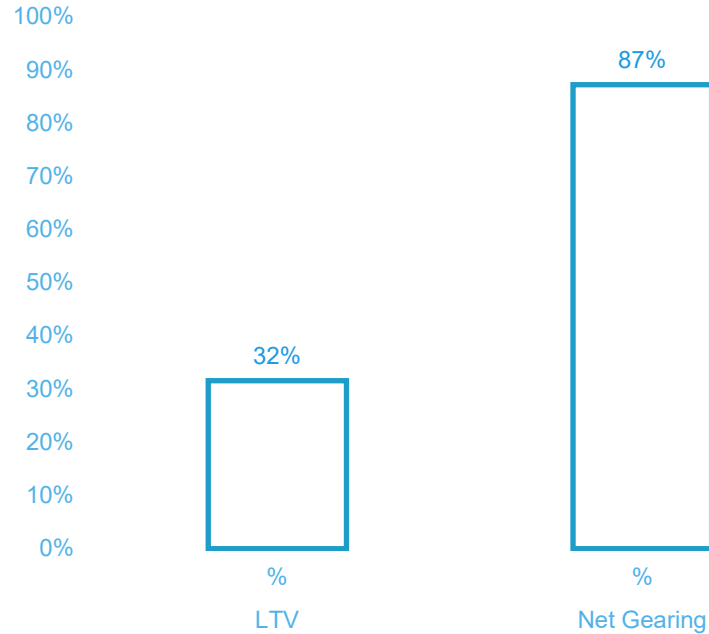
Top ten largest positions = 44%



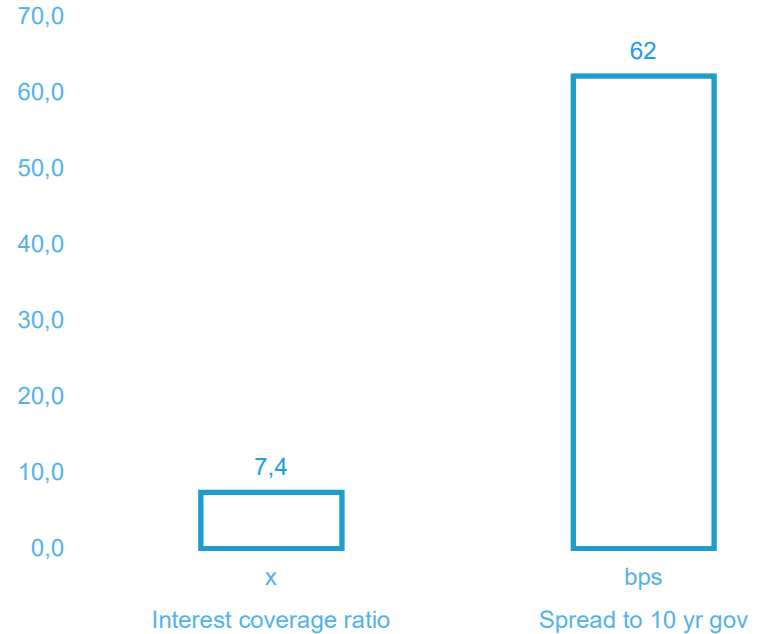
Source: SKAGEN as at 31/03/2022.

Strong focus on balance sheet quality and leverage

Weighted average in portfolio



Weighted average in portfolio



As of 31.03.22
Source: Bloomberg figures, last reported

SKAGEN m2



*In October 2022
Source: Bloomberg / SKAGEN

Selected new positions in the fund



SUN COMMUNITIES, INC.

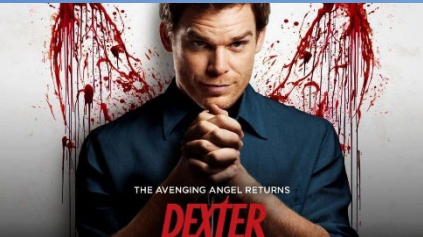


Position Weight:	3,30 %	0,80 %	2,0 %
Price target:	USD 225 / +28%	USD 14 / +19%	USD 36 / + 30%
Valuation:	+5% to NAV	-20% to NAV	-34% to NAV
Description:	Manufactured homes / RV Parks / Marinas / Holiday Parks	Hotels / Resorts	Office / Studios
Investment case / triggers	Niche segments with favorable demand drivers and constrained/limited supply Affordable living, affordable vacation, babyboomers retire, increased UK domestic travel	Normalization case Post-covid travel recovery Asset recycling and portfolio optimization	Post covid recovery and return to office Market bifurcation: Sustainable and high quality office will outperform Exposure to fast growing streaming content market

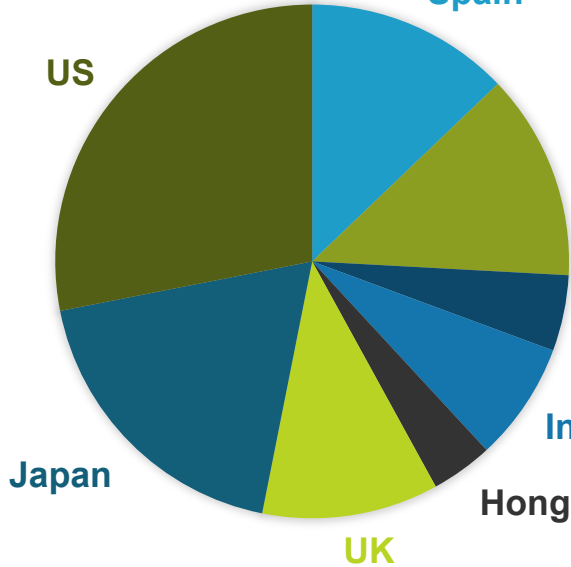
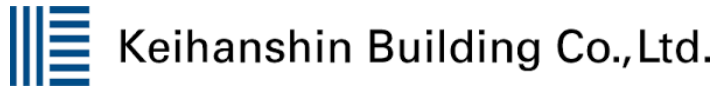
Theme: Office

NETFLIX

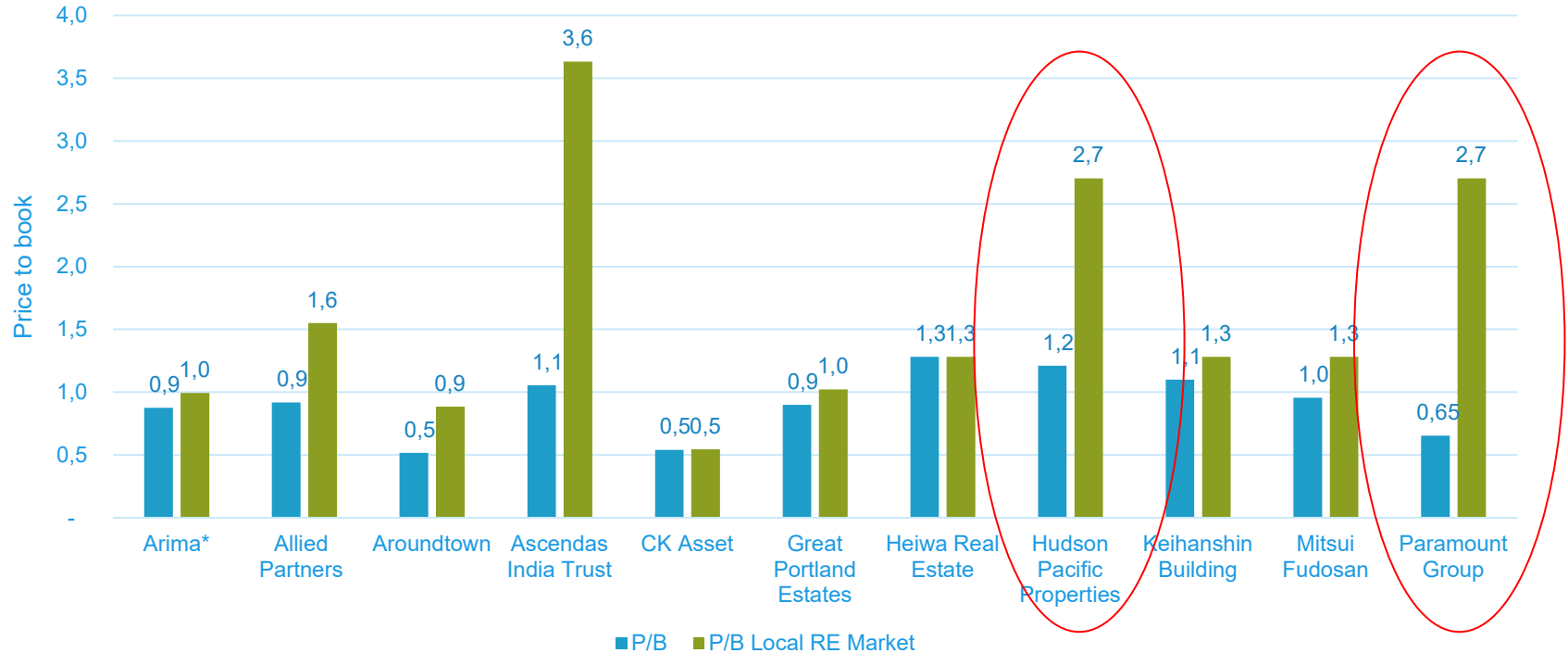
Google



~20% of SKAGEN m2 - office around the globe



P/B for office is below the local RE average in nearly all markets

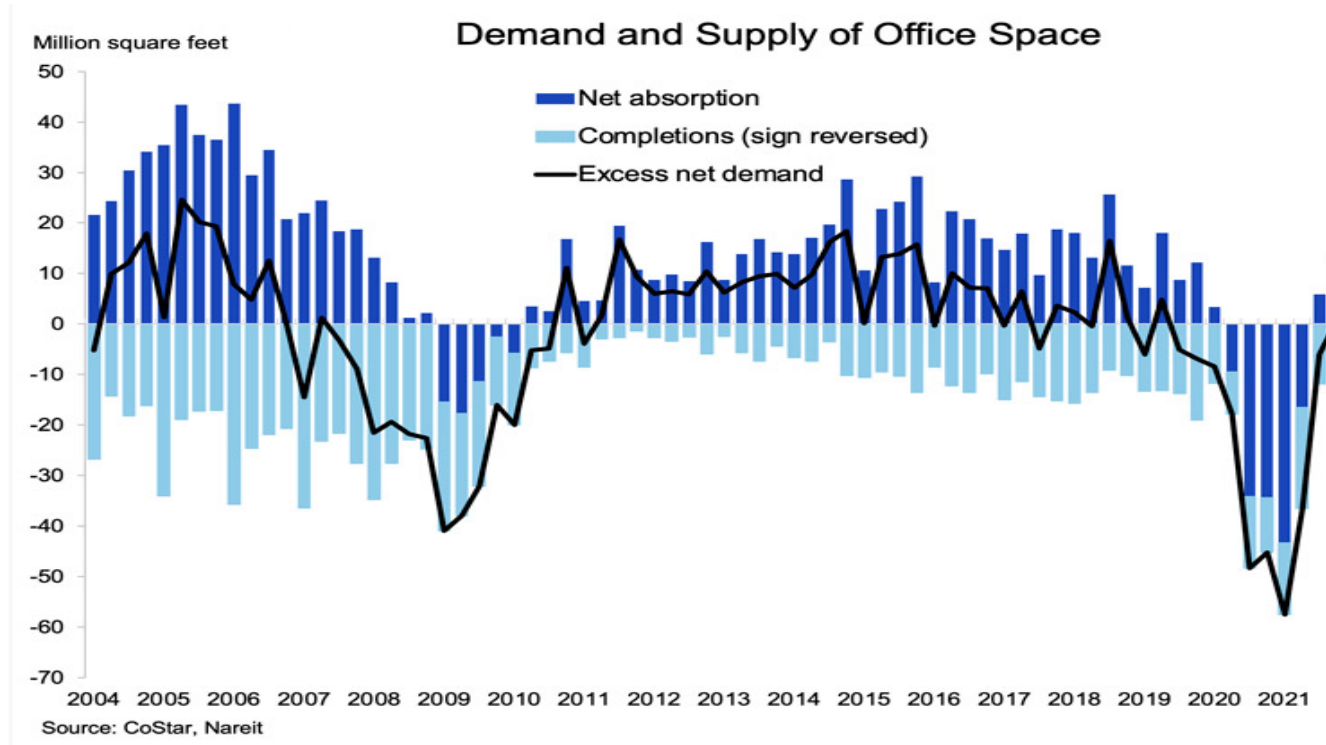


Source: Bloomberg. Data as of 05/04/22

All Local RE market is the MSCI country specific real estate index for the company's country of risk

*Arima Local RE Market is the FTSE/EPRA European Real estate index, due to lack of data for MSCI Spain RE Index.

Office fundamentals are in recovery in the US



Market sentiment turning?

BUSINESS • News

Silicon Valley tech companies lead office sector rebound: CBRE report

Silicon Valley, S.F. office upswing greatly outpaces USA



Silicon Valley office rents boom to record highs amid real estate rebound

Tech companies launch leasing surge, investors grab big office buildings

BofA Plans to Bring All U.S. Workers Back to Office by June 1

- Employees will come back in waves, get 30-days notice
- Both vaccinated and unvaccinated staff are told to come back



PARAMOUNT
GROUP, INC.

DOW JONES
NEWSWIRES

Paramount Group Shares Jump 22% on Unsolicited

Bloomberg

Subscriber Only

Columbian Investment

Starwood's \$4.1 Billion CA Immo Takeover Offer Opens Monday

- Offer to buy out minorities now 3.7% below market price
- Rival bid may still come from investor Aggregate Holdings

5 reasons to buy SKAGEN m2

1. Broad global mandate
2. Real-estate like return but liquid
3. Exposure to untraditional real estate segments and economic growth globally
4. Contrarian and independent thinking
5. Long-term active value based philosophy

Important information

- SKAGEN AS (SKAGEN) is a fund management company authorised by the Norwegian supervisory authority, Finanstilsynet, for the management of UCITS under the Norwegian Act on Securities Funds. SKAGEN is part of the Storebrand Group. Storebrand Asset Management AS owns 100% of SKAGEN.
- The decision to invest in a fund should take into account all the characteristics of the fund. Information about the funds' ESG aspects is provided at www.skagenfunds.com/sustainability/sustainable-investing/.
- An overview of costs can be found at www.skagenfunds.com/costs.
- A summary of investor rights, such as the right to certain information, voting rights and the right to complain, is available at www.skagenfunds.com/about-us/investor-protection/.
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