

AMP CAPITAL CORE PROPERTY FUND - OFF-PLATFORM CLASS H

Investment Objective

Aims to generate income and capital growth on a rolling 3-year basis by investing in Australasian and US unlisted real estate and Australasian and global listed real estate.

Investor Benefits

- An efficient exposure to real estate with access to Australasian and US unlisted real estate and Australasian and global listed real estate.
- Access to a diversified portfolio providing investors exposure to diverse property sectors and markets.
- Access to institutional grade core real estate assets which are otherwise difficult for individual investors to obtain.
- Access to a low debt fund which allows investors to choose when they invest.
- AMP Capital's specialist real estate knowledge and broad investment expertise.

How We Manage Your Money

The Fund provides access to unique investment opportunities that are otherwise difficult for an individual investor to obtain. The Fund is well diversified across a strategic mix of global unlisted and listed real estate. It targets assets which have high occupancy rates and stable income streams underpinned by leases to long-term, secure commercial and government tenants.

Performance as at 31 October 2020

	Current Investment Strategy ¹					Blend of Current and Previous Investment Strategies ¹			
	1mth (%)	3mths (%)	6 mths (%)	1yr (%)	Since Inception ² (%pa)	3yrs (%)	5yrs (%)	10yrs (%)	Since Inception ² (%pa)
Total Return – Net of Fees	-0.04	1.44	2.07	-9.37	2.89	4.30	5.38	8.04	5.60
Total Return – Gross of Fees	0.07	1.76	2.72	-8.27	4.12	5.54	6.64	9.34	6.98
Distribution return	-0.01	0.99	2.11	3.73	4.69	4.46	3.95	3.87	4.63

Past Performance is not a reliable indicator of future performance.

Past performance shown for the blend of current and previous investment strategies is for information purposes only and is not a reliable indicator of future performance under the current investment strategy

Performance guideline: to generate income and capital growth on a rolling 3 year basis by investing in Australasian and US unlisted real estate and Australasian and global listed real estate

Returns are shown both before and after fees, before tax and assumes distributions are reinvested.

¹ On 1 August 2018, the Fund revised its investment strategy. We have provided the Fund's performance under the revised investment strategy. We recognise that existing investors will want to know longer term past performance and therefore have also provided information that combines the performance generated under the previous strategy up until 1 August 2018 with performance generated under the current strategy thereafter (shown under Blend of current and previous investment strategies).

The key changes to the investment strategy were:

Removal of the Fund's performance benchmark and move to a benchmark-unaware investment objective
Change in target asset allocation from

- 50% to actively managed Australasian and US direct property
 - 25% to indexed Australian listed property securities, and
 - 25% to actively managed global listed property securities.
- to
- 50% to actively managed Australasian and US direct property; and
 - 50% to actively managed Australasian and global listed property securities.

(which incorporated a move from a partially passively managed Fund to fully actively managed Fund)

² The relevant inception dates are as follows:

- AMP Capital Core Property Fund is 1 July 2005
- The current investment strategy of the AMP Capital Core Property Fund is 1 August 2018

FUND FACTS

APIR	AMP1074AU
Inception date	12 April 2006
Fund Size	\$493.10 million
Management costs*	1.57% p.a.
Buy/sell spread*	+0.13/-0.13%
Distribution frequency	Quarterly
Minimum investment	\$10,000
Minimum suggested timeframe	5 years

*The Fund PDS outlines management costs components, as well as other fees and costs that may apply to your investment. You can review the PDS at www.ampcapital.com.au.

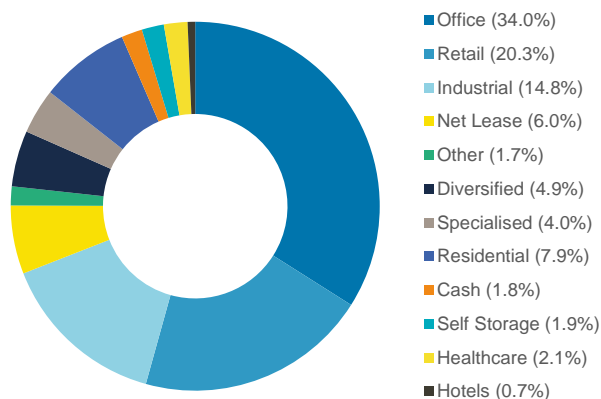
What Happened Last Period

- The Fund posted a marginally negative return (after fees) during October.
- All of the Fund's three underlying unlisted property components delivered positive returns, while the bespoke listed real estate portfolio slightly lost ground.
- Global listed real estate markets generally fell overall and were very volatile due mainly to the COVID-19 pandemic and politics surrounding the upcoming US presidential election.
- At the sector level, the theme of extended working from home is being felt in listed office stocks and multi-family residential, with retail continuing to struggle overall, although less than earlier in the pandemic.
- Monthly valuations of the unlisted properties within underlying funds have largely stabilised.

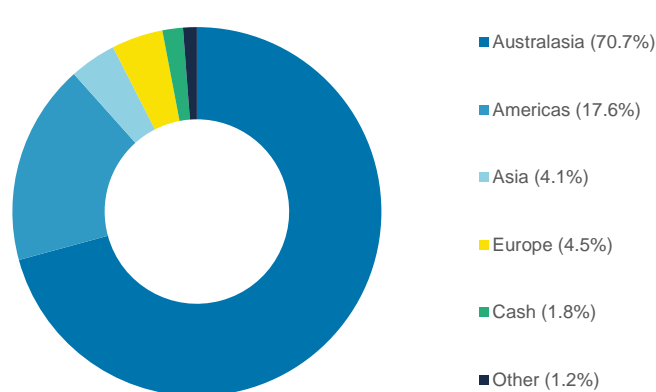
Underlying Investments

AMP Capital Wholesale Office Fund	30.2%
AMP Capital Shopping Centre Fund	18.5%
AMP Capital US Hedged Plus Property Fund	5.3%
AMP Capital Listed Real Estate Portfolio	44.1%
Cash	1.8%

Sector Allocation



Regional Allocation



Fund Performance

The Fund posted a marginally negative return (after fees) during October. The Fund's three underlying unlisted property components delivered positive returns, while the bespoke listed real estate portfolio slightly lost ground.

The listed component of the Fund, which is a bespoke portfolio managed on a benchmark-unaware basis, took a breather to fall slightly by -0.25% (A\$ terms), after a period of posting strong positive returns post the COVID-19 drawdown earlier in the year. At a country level, holdings in New Zealand contributed most during the month, whereas holdings in the US detracted most. At a sector level, retail and self storage holdings were among the best performers, while net lease detracted most overall.

At a stock level, the largest contributors to performance were holdings in Goodman Property Trust (industrial), Goodman Group (industrial) and Shopping Centres Australasia Property Group (retail), while the main detractors were Charter Hall Long WALE REIT (net lease), Warehouses De Pauw (industrial) and Spirit Realty Capital (net lease).

The net lease segment continued to benefit from small businesses remaining open and paying rent. Agree Realty Corp reported very strong Q3 2020 results, with rent collection rates approaching 100% and outpacing its peers. The strong results were attributed to its high-credit tenants, but also its shift away from 'experiential' tenants such as fitness centres, movie theatres and entertainment, which were hit hard by the pandemic.

During the period, the AMP Capital Wholesale Office Fund (+0.30%) rose on a total return basis (before fees) and the AMP Capital Shopping Centre Fund (+0.59%) rose on a total return basis (before fees), with both portfolios of assets generally holding their value during the period.

Independent valuations of the unlisted assets have reverted back to a quarterly valuation cycle, following monthly valuations being undertaken from 1 April to 1 September 2020 to reflect the impact of COVID-19 on these assets. AMP Capital US Plus Property Fund (Hedged) rose by 0.53% on a total return basis (before fees and taxes) over the period. AMP Capital Funds Management Limited, the Responsible Entity of the AMP Capital US Plus Property Fund, made the decision to terminate this Fund in March 2019. As a result, the Manager is proceeding to divest the Fund's underlying assets and distribute the proceeds to unitholders, including to the AMP Capital Core Property Fund. Two remaining properties are

being marketed for sale, following the sale of the balance of the portfolio in 2019. AMP Capital will reinvest these proceeds in accordance with the investment strategy of the AMP Capital Core Property Fund.

Market Review

Global listed real estate markets generally fell in October and were very volatile due to two main issues – the COVID-19 pandemic and politics surrounding the US presidential election which will be held on 3 November. Early in the period, markets were spurred by optimism about the global economic recovery and further fiscal stimulus, and as it became clear US President Trump's presidential campaign would not be significantly impacted by his positive test for COVID-19. However, in the second half of the period markets came under pressure due to heightened concerns about increasing daily cases of COVID-19 in the US and Europe, and the introduction of further containment measures, while news of a vaccine continued to vacillate. Fluctuating hopes of additional US fiscal stimulus before the election also weighed on markets.

At the sector level, the theme of extended working from home is also being felt in the multi-family residential segment and the retail segment continued to struggle, although less than earlier in the pandemic. On the flipside, in the US the net lease segment continued to benefit from small businesses remaining open and paying rent, and the gaming segment remained resilient, with regional assets performing especially well.

Outlook

Global listed real estate markets will likely be subject to near-term volatility, which is affecting all risk assets, due to the impact of extensive COVID-19 containment measures on economic activity globally. We will continue to assess and actively manage any associated risks to our portfolio positions as additional information becomes available.

When the risk-free rate falls because central banks around the world are loosening their monetary policy, investors often turn to listed real estate's defensive attributes and as a reliable alternative for yield. We expect this to occur once extensive containment measures are relaxed and economic activity begins to recover. Opportunities to acquire individual companies at attractive valuation levels may arise as geopolitical developments lead to heightened volatility and diverging stock performance.

However, retail is expected to remain challenged and see further store closures, especially those in peripheral locations with commoditised market propositions. Growth in online shopping, connectivity and data usage are likely to provide opportunities in logistics and data centres through the business cycle. Historically, core real estate has delivered total returns between 7-9% p.a over the market cycle¹.

¹ (Source: MSCI/Mercer Australia Core Wholesale Monthly PFI. Market cycle is generally between 7-10 years).

PORTFOLIO MANAGER



Claire Talbot is the Fund Manager for AMP Capital's Core Property Fund. Claire is responsible for establishing and implementing portfolio strategy. Ms Talbot brings considerable experience in property investment management to her role, having worked in the real estate industry since 1999. Previous roles include various fund and asset management positions, including her most recent role of Assistant Fund Manager for the AMP Capital Retail Trust, assisting with the implementation of investment strategy and the delivery of two of Australia's largest retail property development projects at Macquarie Centre, NSW and Pacific Fair, QLD.

CONTACT DETAILS

For more information on the Fund including fees, product features, benefits and risks talk to your adviser or call us on 1800 658 404 or visit amcapital.com.au

INSIGHTS
IDEAS
RESULTS

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