

AMP CAPITAL CORE PROPERTY FUND - ON-PLATFORM CLASS A

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 30 April 2022

	Current Investment Strategy ¹						Blend of Current and Previous Investment Strategies ¹		
	1mth (%)	3mths (%)	6mths (%)	1yr (%)	3yrs (%)	Since Inception ² (%pa)	5yrs (%)	10yrs (%)	Since Inception ² (%pa)
Total Return – Net of Fees	0.48	0.33	1.78	10.57	4.89	6.70	7.02	8.89	6.89
Total Return – Gross of Fees	0.57	0.66	2.33	11.70	5.87	7.67	7.98	9.86	7.85
Distribution return	-0.01	1.24	1.92	4.28	4.52	4.88	4.62	4.05	4.85

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	AMP1015AU
Inception date	01 July 2005
Fund Size	\$395.34 million
Management costs*	1.25% p.a.
Buy/sell spread*	+0.13/-0.13%
Distribution frequency	Quarterly
Minimum investment	\$500,000
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.

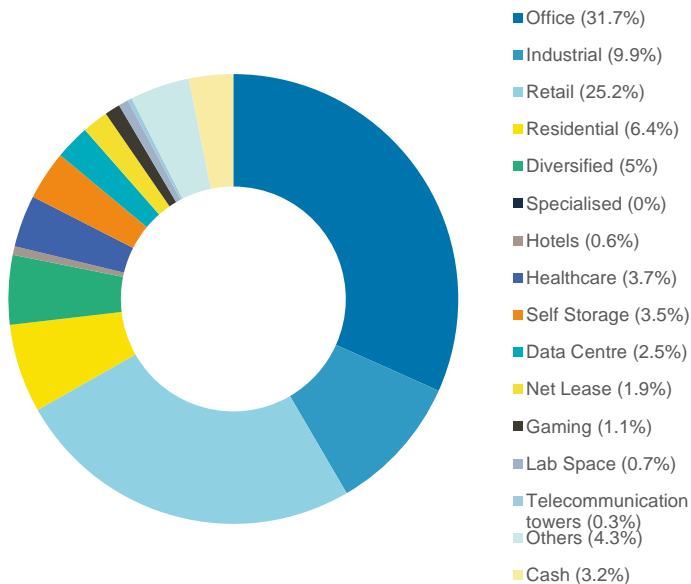
What Happened Last Period

- In April, the Fund made a modest gain and remains up strongly over the longer term, including over 1, 2 and 3 years and since inception (after fees).
- Performance of the three underlying components was mixed.
- The gains in the unlisted components was due to strong income returns.
- The listed component declined modestly in difficult market conditions.

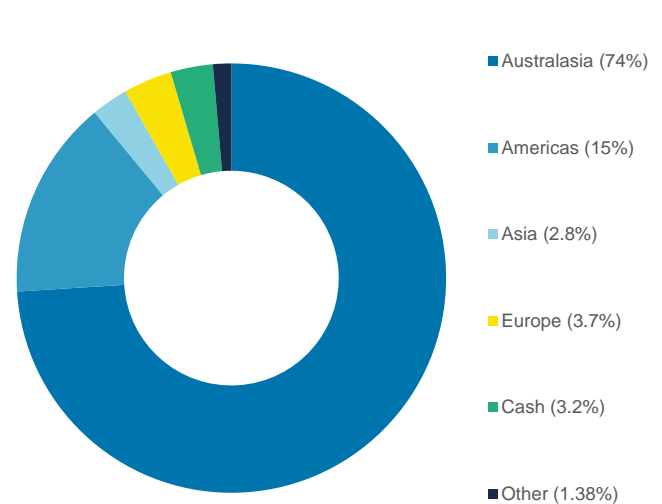
Underlying Investments

AMP Capital Wholesale Office Fund	30.62
AMP Capital Shopping Centre Fund	21.22
AMP Capital US Hedged Plus Property Fund	0.40
AMP Capital Listed Real Estate Portfolio	44.58
Cash	3.18

Sector Allocation



Regional Allocation



Fund Performance

In April, the Fund made a modest gain and remains up strongly over the longer term, including over 1, 2 and 3 years and since inception (after fees). Performance of the three underlying components was mixed.

The AMP Capital Wholesale Office Fund (AWOF) gained 0.39% and the AMP Capital Shopping Centre Fund (ASCF) gained 0.36% on a total return basis (before fees). The performance of AWOF was due to an uptick in income return due to completion of the Quay Quarter Tower project as well as consistent leasing activity across the portfolio. The performance of ASCF was driven by strong income return across the portfolio, with no external valuations taking place during the period.

The listed real estate component, which is a bespoke portfolio managed on a benchmark-unaware basis, returned -1.34% (in A\$ terms) in difficult market conditions. At a country level, the main contributors were holdings in Australia and Japan. At a sector level, the main contributors were holdings in the healthcare, hotels and retail sectors.

The hotel segment showed signs of recovery as most pandemic containment measures were lifted. In Japan, Orix JREIT reported in-line results for the six months to the end of February, noting that sales at its theme park hotels have recovered sharply since lockdowns were lifted at the end of September 2021. The company expects sales to recover to 60-70% of pre-pandemic levels over the next couple of years due to pent-up demand and benefits from various events.

At a stock level, the largest contributors were holdings in Home Consortium (diversified), Welltower (healthcare) and Goodman Group (industrial), while the largest detractors were holdings in Charter Hall Group (diversified), Lifestyle Communities (residential rentals) and Goodman Property Trust (industrial).

Note: A small cash holding remains in the AMP Capital US Plus Property Fund, which has been terminated. The cash will be held until the expiry of representation and warranty periods, expected to occur during the September 2022 quarter.

Market Review

Tenant demand remains fragmented across geographies and property sub sectors, but despite consumer confidence concerns, surging business conditions, still-positive business confidence and

stronger labour markets all bode well for the Australian direct property asset class. Demand for real estate investments remains strong, with yield spreads relative to government bonds remaining attractive, particularly in a global context.

In the office sector, tenant demand conditions in the major CBD markets continued to improve, supported by a reduction in sub-lease vacancy while the supply pipeline moderates. Tenant incentives appeared to have troughed and with face rents continuing to appreciate, net effective rents are expected to rise further for prime assets across a broadening range of CBD office markets.

Regarding the retail sector, the pandemic had shifted spending from services to goods over the past two years, but so far this year most discretionary spending industries have experienced strong rises once again, leading to an increase in customer mobility and improved retail business conditions.

In the industrial sector, the logistics segment continues to offer long-term tailwinds, low vacancy rates and considerable rental growth for current and prospective investors. The demand/supply imbalance is being exacerbated by the continuing scarcity of land and the driving down of available supply across most major metro industrial areas.

Global listed real estate markets were highly volatile and generally declined in April but outperformed broader share markets as investors poured into defensive assets due to sharp increases in inflation and interest rates. Listed real estate companies are generally considered defensive for three key reasons: their surety of regular income coming from rents; their high chance of meeting earnings expectations because leases are generally long-term; and, in an inflationary environment, their rents are often linked to the cost of living, and many are less affected by rising interest rates as they utilise long-term debt financing at locked-in, low interest rates. US 10-year bond yields rose 0.60% to 2.94% over the period.

Within the listed real estate market, defensive segments such as industrial and manufactured homes outperformed. However counter to this, the hotel and resort segment also outperformed, which was possibly due to investors covering underweight or short positions to reduce risk. Meanwhile, low-quality companies in the healthcare segment suffered as they are most exposed to higher labour costs and the regional malls segment underperformed as consumer confidence deteriorated with the increase in inflation, especially for staples such as food and fuel, restricting capacity for discretionary spending. The dominance of these influences once again meant company share price performance largely followed segment performance.

Outlook

In Australia, as concerns about the pandemic abate, we expect office attendance to stabilise and improve, however we believe vacancy levels will remain relatively elevated before a potential recovery later in 2022. We expect an uneven recovery, with higher grade assets likely to outperform. Similarly, within retail, recent flooding along the east coast of Australia and the Russian invasion of the Ukraine will lead to a near-term fall in consumer confidence and therefore spending. However, over the longer-term, we consider top-tier, dominant shopping centres with mixed use potential and defensive tenant-bases to be best-placed amid the shift to e-commerce. Historically, core real estate has delivered total returns between 7-9% pa over the market cycle¹.

Global listed real estate markets will continue to be subject to near-term volatility, which is affecting all risk assets as the Russian invasion of Ukraine causes significant uncertainty. While the portfolio has no exposure to Russia or Ukraine, concerns about a potential energy crisis leading to higher inflation and the risk of higher interest rates are likely to add to uncertainty. In this environment, we aim to maintain a well-balanced, diversified portfolio focussed on investing in companies with capable management teams that can execute their strategy through all market cycles, and possess healthy balance sheets and well-funded capital plans, which offer sustainable dividend growth.

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 ampcapital.com.au

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IDEAS
RESULTS