

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 31 July 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	4.11	-2.01	-1.69	1.72	2.90	5.73	6.46	8.26	6.66
Total Return – Gross of Fees	4.20	-1.74	-1.15	2.82	3.88	6.70	7.42	9.23	7.62
Distribution return	-0.02	1.38	2.59	4.01	4.45	4.90	4.71	4.07	4.86

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	\$387.68 million
Management costs*	1.36% 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.

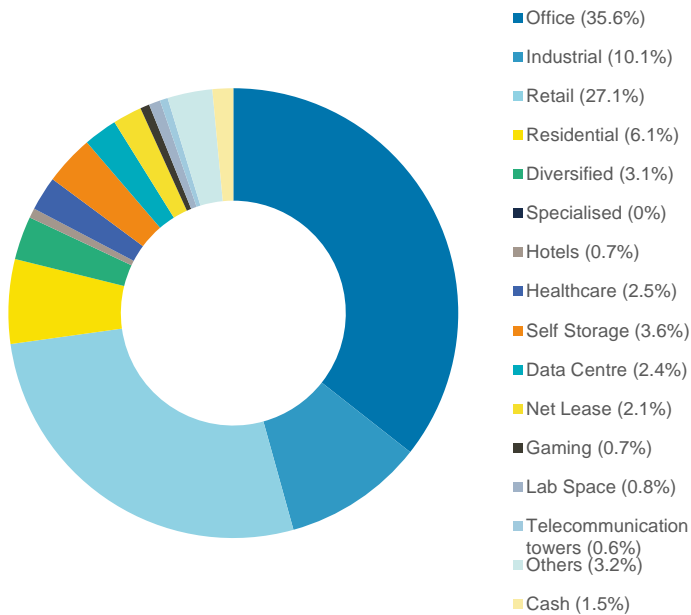
What Happened Last Period

- During July, the Fund returned very strong performance driven by a recovery in the listed portfolio.
- The Fund is in positive territory over the past 12 months in what has been a challenging period, particularly for the listed portfolio.
- The unlisted components contributed solid performance off the back of strong rental collections underpinned by high occupancy levels.
- The listed component delivered a 9.32% return (before fees), reflecting a stabilisation and bounce in listed real estate markets following difficult market conditions over the preceding 6 months.

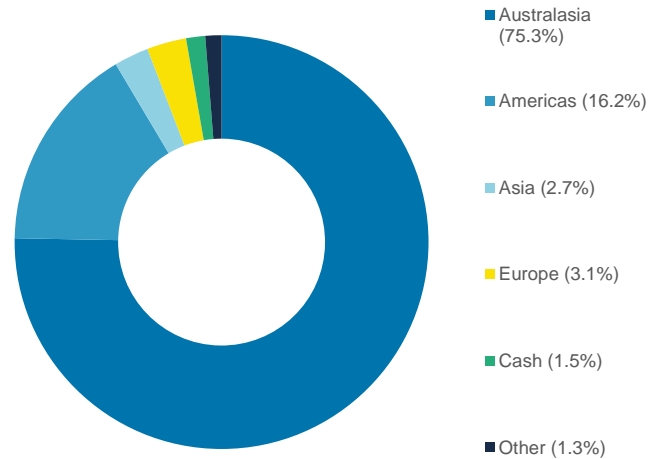
Underlying Investments

AMP Capital Wholesale Office Fund	34.16%
AMP Capital Shopping Centre Fund	23.17%
AMP Capital US Hedged Plus Property Fund	0.16%
AMP Capital Listed Real Estate Portfolio	41.02%
Cash	1.49%

Sector Allocation



Regional Allocation



Fund Performance

During July, the Fund performed very strongly, driven by a recovery in the listed sector. The Fund is in positive territory over the past 12 months in what has been a challenging period, particularly for the listed portfolio and is showing strong returns over 2 years.

The AMP Capital Wholesale Office Fund (AWOF) gained 0.14% during the month on a total return basis (before fees). The performance of AWOF from an income perspective was consistent with previous months and with an increasing number of tenants occupying the recently completed Quay Quarter Tower (Sydney) over the next year we expect the income return to strengthen. There was a slight negative capital return associated with mark to market of interest rate swaps and an accounting revaluation of Quay Quarter Tower where part of the sale proceeds to Rest was redistributed. No real estate valuations were undertaken in the month.

The AMP Capital Shopping Centre Fund (ASCF) gained 0.34% during the month on a total return basis (before fees). The performance of ASCF was driven by strong income returns with rental receipts at high levels. ASCF is reporting very strong foot traffic at the Indooroopilly Shopping Centre within the new Automall and Goodlife Gym precincts since their opening in May (traffic up 38% compared to 2021). No real estate valuations were undertaken in the month.

The listed real estate portfolio returned 9.32% (in AUD terms, before fees) for July. Diversified REITs, Lab Space REITs and Hotel REITs were among the strongest contributors to performance. Standout performers included Alexandria Real Estate Equities (Alexandria), which announced rental rate increases of 45%, the second highest quarterly increase in the company's history. Alexandria continues to be a beneficiary of structural tailwinds supporting the healthcare sector, particularly as the U.S. sought to pass a circa US\$739 billion healthcare and climate bill. The

listed portfolio was assisted by the opening of the global economy as hotels continued to benefit from increased global travel and tourism. Diversified property group Charter Hall contributed significantly to performance over the month as more balanced U.S. Federal Reserve saw growth securities rebound. Industrial operator Goodman Group was also a beneficiary of these broader market sentiments as well as exposure to exceptional fundamentals globally that have seen prime industrial assets perform well, including within Australia which boasts some of the lowest industrial occupancy rates in the world.

Note: A small cash holding remains in the AMP Capital U.S. 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 second half of 2022.

Market Review

Tenant demand has generally remained solid in Australia, particularly across higher-quality core assets, as a very strong labour market, substantial household savings, solid exports, and positive business confidence and investment intentions support the economy. The latest Jones Lang Lasalle figures (June quarter) showed retail rental growth was mildly positive across every major centre type, prime industrial continued its strong momentum, and prime office effective rents also grew across the major CBDs. A 'flight to quality' theme is being observed across real estate, particularly within office which is seeing stronger demand conditions for premium assets which are better aligned to the future model of work and meet occupier ESG expectations. Supply pipelines remain relatively contained and appropriate for the level of demand across each sector, providing support for rents in existing assets. A surge in supply is considered unlikely given escalating construction costs impacting development feasibilities. Yields were largely unchanged over the quarter as transaction activity slowed compared to the record levels of 2021.

With the downward move in 10-year rates, July was a strong month of performance for the listed asset class. We also saw the start of second quarter 2022 earnings reporting, which in the main has continued to showcase the strength of real estate fundamentals, something we remain laser focussed on as economic conditions soften. Whereas more defensive exposures performed well in June, July saw a rotation into more cyclical economically sensitive assets, epitomised by the strong performance in lodging and retail. We also saw strength in Europe, a more financially levered market, as funding costs eased.

As widely expected, the U.S. Federal Reserve enacted its second consecutive 0.75% interest rate increase in July, taking the benchmark rate to a range of 2.25%-2.5%, the most stringent consecutive action the Federal Reserve has taken since the early 1990s. The Chair of the U.S. Federal Reserve Jerome Powell's remarks were read as strikingly dovish/bullish across asset markets. Market participants were focussed on the change to a more balanced tone, noting the data-dependence going forward as policy moves past neutral and the signal that the Federal Reserve expects to slow as it moves into restrictive territory. Post the meeting, equities rallied, and the bond market shaved 10 bps off the terminal funds rate to approximately 2.8% by year end 2023.

Outlook

Domestically Interest rates and bond yields have increased because of the global inflationary environment. This is expected to put upwards pressure on investment hurdle rates in the short to medium-term, potentially causing a degree of capitalisation rate softening. Futures markets are pricing a peak cash rate in mid-2023 before rate cuts in the second half of the year. Office attendance should improve as pandemic concerns abate; however, we expect an uneven recovery, with higher grade assets likely to outperform. Retail consumption is expected to come under pressure in late 2022 as real incomes fall, and spending rotates to services. 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.

In the listed real estate market, we remain focused on investing in high quality real estate opportunities with a sustainable growth trajectory that will help defend against rising rates and slowing economic growth. We will continue to allocate our risk budget where possible to stock and sector selection, minimizing the macro gyrations where possible. As the economy transitions to a new macro environment of higher rates, inflationary pressures and the growing risk of recession, the focus on sustainable earnings as interest costs rise and quality will make this emphasis even more important.

FUND MANAGER



Damon Mumford is the Fund Manager for the Core Property Fund. Damon has more than 25 years' experience in real estate investment management, valuation, transactions, development feasibility and corporate advisory in Australia and internationally. Damon was previously the Valuation Manager for AMP Capital Real Estate in Australia and New Zealand for seven years and has a detailed knowledge of the real estate market as well as the AMP Capital property portfolio. Furthermore, in his previous role Damon provided commercial and investment advice to the Funds Management, Investment Management and Development Management teams and was a member of the Property Investment Committee.

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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