

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 28 February 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	-1.38	-1.68	-0.81	13.28	4.83	6.16	6.60	8.70	6.12
Total Return – Gross of Fees	-1.27	-1.33	-0.11	14.80	6.15	7.48	7.90	10.03	7.51
Distribution return	0.00	0.57	1.18	4.11	4.24	4.41	4.19	3.71	4.58

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	\$422.01 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.

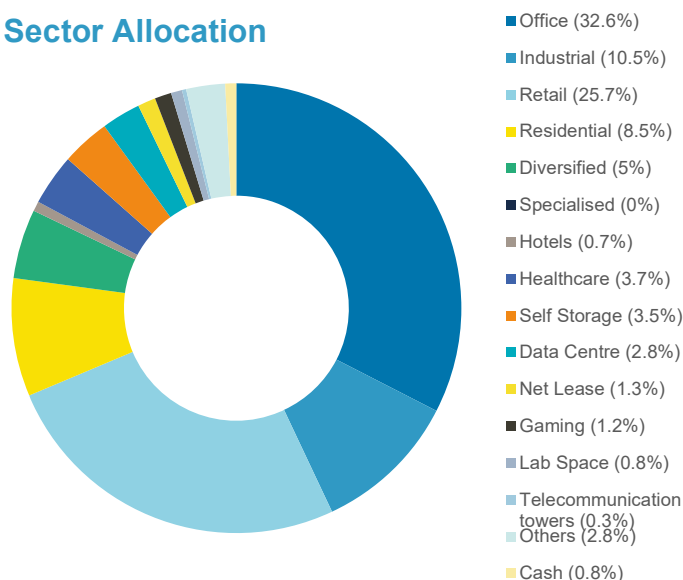
What Happened Last Period

- In February the Fund lost some more ground, but it 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 reflected the portfolios' robust income, which continued to be underpinned by high occupancy.
- In the listed component, the main detractors were holdings in the industrial and residential rentals sectors, while the main contributors were holdings in the retail and hotels sectors.

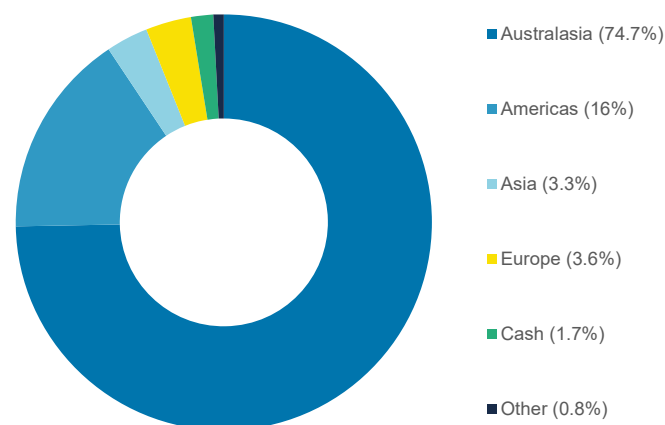
Underlying Investments

AMP Capital Wholesale Office Fund	30.56
AMP Capital Shopping Centre Fund	21.35
AMP Capital US Hedged Plus Property Fund	0.41
AMP Capital Listed Real Estate Portfolio	46.87
Cash	0.81

Sector Allocation



Regional Allocation



Fund Performance

In February the Fund lost some more ground, but it 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 0.93% and the AMP Capital Shopping Centre Fund (ASCF) gained 0.31% on a total return basis (before fees) – reflecting the portfolios' robust income, which continued to be underpinned by high occupancy. AWOFF also achieved an uplift from a positive revaluation at South Eveleigh, while ASCF was contained by a small number of negative valuation movements.

The listed real estate component, which is a bespoke portfolio managed on a benchmark-unaware basis, returned -2.86% (in A\$ terms) in difficult market conditions. At a country level, the main detractors from performance were holdings in the US and Belgium, while the main contributors were holdings in Australia. At a sector level, the main detractors were holdings in the industrial and residential rentals sectors, while the main contributors were holdings in the retail and hotels sectors.

While the industrial segment underperformed during the period, fundamentally it went from strength-to-strength as demand for industrial space continued to grow. In Australia, Goodman Group once again 'shot the lights out', with earnings per share increasing 26% compared to the same period last year. It demonstrated strength in its development, management and investment divisions, and significantly increased its earnings per share guidance for full-year 2022.

At a stock level, the largest detractors were holdings in Prologis (industrial), Goodman Group (industrial) and Ingenia Communities Group (residential rentals), while the largest contributors were holdings in HomeCo Daily Needs REIT (retail), National Storage (self storage) and Aventus Group (retail).

The transition of management of the listed real estate component from AMP Capital to Macquarie Asset Management is nearing completion, with key investment personnel transferring to Macquarie Asset Management on 25 March 2022. We do not anticipate any changes to the investment strategy, philosophy and management of the listed real estate portfolio.

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

Leasing activity remains resilient, but patchy across the various property sub sectors, in line with positive business confidence. Transactional activity continued the robust momentum, with national commercial transaction activity for the December quarter the highest level since 2006, according to JLL Research. Institutional investor appetite has broadened across a wider spectrum of commercial property assets and continues to be supported by low interest rates and its yield spreads remain attractive relative to government bonds, particularly in a global context.

Global listed real estate markets generally fell in February in line with broader share markets. Two exceptions were the Australian and Singapore listed real estate markets which recovered ground after falling sharply in January. Markets were volatile, influenced by the 'reopening trade' until late in the period when the Russian invasion of the Ukraine caused significant uncertainty and raised expectations of increased energy prices, leading to higher inflation and the risk of higher interest rates.

Within the listed real estate market, while the focus was on the reopening economy and as concerns about the pandemic abated, the office and hotels & lodging segments outperformed. Meanwhile, more expensive growth segments, such as industrial and data centres, underperformed. However later in the period, when the focus shifted to the Russian invasion of the Ukraine, hotels & lodging gave back some gains, and in the US in particular, companies with locally based assets were preferred. The dominance of these influences meant company share price performance largely followed segment performance, despite company results reported during the period.

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 the Ukraine causes significant uncertainty. While the portfolio has no exposure to Russia or the 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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INSIGHTS
IDEAS
RESULTS