

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 July 2021

	Current Investment Strategy ¹						Blend of Current and Previous Investment Strategies ¹		
	1mth (%)	3mths (%)	6 mths (%)	1yr (%)	3yrs (%)	Since Inception ² (%pa)	5yrs (%)	10yrs (%)	Since Inception ² (%pa)
Total Return – Net of Fees	2.51	6.42	11.38	15.70	6.74	6.74	5.95	8.96	6.23
Total Return – Gross of Fees	2.61	6.75	12.07	17.15	8.03	8.03	7.21	10.28	7.93
Distribution return	-0.01	1.33	2.75	5.10	4.87	4.87	4.23	3.74	4.67

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	\$464.79 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.

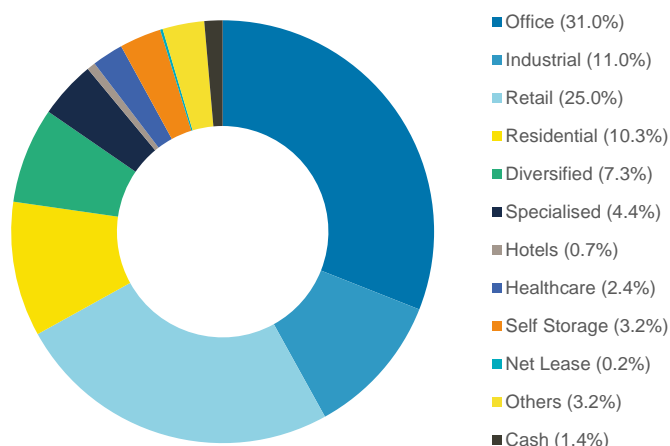
What Happened Last Period

- The Fund posted a positive return (after fees) during July.
- All of the Fund's underlying components gained ground, led by the listed component of the Fund which performed strongly.
- Global listed real estate markets generally rose, supported by lower interest rates with most markets boosted by economies reopening and recovering as COVID-19 vaccine roll outs progressed.
- At the sector level, concerns about the 'Delta' variant of COVID-19 impacted segment performance.
- Valuations of the unlisted properties within underlying funds have largely stabilised, with high levels of occupancy contributing to income and performance.
- The proceeds from sales of the remaining two assets in the AMP Capital US Plus Property Fund were received and will be reinvested during August in line with the Fund's strategy.

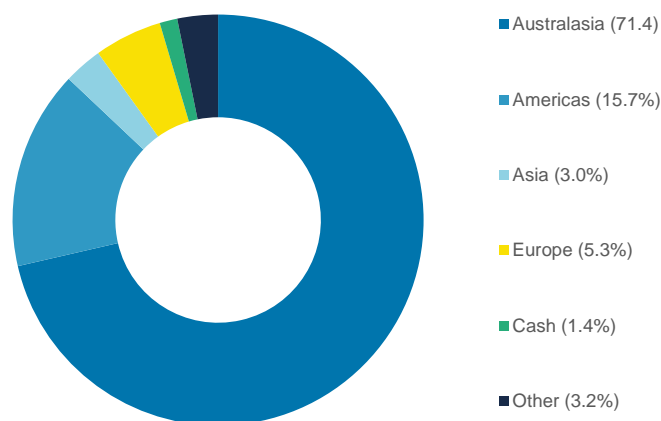
Underlying Investments

AMP Capital Wholesale Office Fund	27.75
AMP Capital Shopping Centre Fund	19.85
AMP Capital US Hedged Plus Property Fund	1.15
AMP Capital Listed Real Estate Portfolio	49.86
Cash	1.39

Sector Allocation



Regional Allocation



Fund Performance

The Fund posted a positive return (after fees) during July with all three of the Fund's underlying components gaining ground, led by the Fund's listed component which performed strongly. During the period, positive performance of the AMP Capital Wholesale Office Fund (+0.67%) and the AMP Capital Shopping Centre Fund (+0.25%) - on a total return basis (before fees) - reflecting each portfolio's income which continues to be underpinned by high levels of occupancy.

The AMP Capital Wholesale Office Fund successfully divested its 50% interest in 200 George Street, Sydney. The on-market campaign elicited strong interest for this high quality, well-let asset, resulting in a competitive bidding process. Ultimately Mirvac, who own the balance of the asset, elected to exercise their pre-emptive right to acquire the site for a sale price of \$578.5 million (50% interest), representing a 12% premium to the 31 March 2021 book value.

Proceeds from the sale of the two remaining assets in the AMP Capital US Plus Property Fund (Hedged) were received during the period. These divestments conclude the wind-up of this fund, a decision made by AMP Capital Funds Management Limited, the Responsible Entity of the AMP Capital US Plus Property Fund, in March 2019. These proceeds will be reinvested in accordance with the investment strategy of the AMP Capital Core Property Fund in August.

A formal process is currently underway, where the Trustee, in conjunction with an Independent Advisory Committee and consultants, is giving consideration to expressions of interest for the management of the AMP Capital Wholesale Office Fund. The Trustee is committed to concluding this process as quickly as possible, whilst exploring credible options appropriately, with the outcome to be communicated to investors when the process is completed.

During July, the sale of the AMP Capital global equities and fixed interest business to Macquarie Asset Management was announced. This will result in a change in manager for the Fund's listed real estate portfolio. Key AMP Capital investment personnel will transfer to Macquarie at the end of the transition period, which is expected to be 6-9 months. At this stage we do not anticipate any changes to the investment strategy, philosophy and management of the AMP Capital Core Property Fund's listed property exposures. However, over the transition period we will assess this to ensure the investment team remains well-supported to continue to deliver on the strong results achieved to date, in line with the Fund's unique objectives.

The listed component of the Fund, which is a bespoke portfolio managed on a benchmark-unaware basis, continued to provide

healthy positive returns post the COVID-19 drawdown of 2020, rising by 4.86% (in A\$ terms) during the period. At a country level, holdings in the US and Australia contributed most, whereas holdings in China, Hong Kong and South Korea detracted slightly overall. At a sector level, most sector exposures contributed, with holdings in the residential and industrial sectors the best performers, whereas holdings in hotels and specialised detracted somewhat overall.

At a stock level, the largest contributors to performance were holdings in Goodman Group (industrial), Lifestyle Communities (residential) and Charter Hall Group (diversified), while the main detractors were Ingenia Communities Group (residential), GDS Holdings (specialised) and Stockland (diversified).

Housing affordability and Australia's ageing demographics are two major long-term structural trends. The Fund's exposure to the 'land-lease' model of manufactured housing (such as through its holding in Lifestyle Communities) captures both trends as the elderly can sell their family home to buy into a manufactured housing estate, while the company also offers residents access to high quality resort-style retirement living facilities.

Note: A small cash holding remains invested in the AMP Capital US Plus Property Fund which has been terminated and assets sold. The cash will be held until the expiry of representation and warranty periods, which is expected to occur in around 12 months' time (during the September 2022 quarter).

Market Review

Global listed real estate markets generally rose in July, although some more strongly than others. Most markets continued to be boosted by economies reopening and recovering as COVID-19 vaccine roll outs progressed. They were also supported by lower interest rates, which fell as central banks, particularly the US Federal Reserve, reasserted their intention to keep their stimulatory monetary policy stances over the near-term. However, the Australian and some Asian markets underperformed as concerns about the spread of the more contagious 'Delta' variant of COVID-19 escalated and further lockdown measures were introduced. US 10-year treasury yields declined 0.25%, to 1.22% over the period.

Within the listed real estate market, concerns about the 'Delta' variant of COVID-19 impacted segment performance. Those segments likely to remain resilient despite any resurgence of the disease, such as manufactured homes, residential and industrial, outperformed, while those that could be the most impacted by lockdowns and other containment measures, such as retail and hotels and lodging, underperformed.

Outlook

Global listed real estate markets are likely to be buoyed as the execution and distribution of vaccines progress, and as extensive government stimulus is rolled out. However, they are also likely to be punished on news of any setbacks in containing the pandemic, and concerns about rising inflation and interest rates. That said, a world with maximum vaccination and a slow return to normality presents the opportunity to acquire some very cheap cyclical exposure. 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 when central banks are loosening monetary policy, investors often turn to real estate's defensive attributes and as a reliable yield alternative. This is occurring now that the execution and distribution of vaccines is well progressed, especially given the relatively attractive valuation levels the pandemic created. We expect this to continue as economies reopen. Opportunities to acquire real estate exposures at attractive valuation levels may arise as geopolitical developments lead to heightened volatility and diverging performance. Historically, core real estate has delivered total returns between 7-9% p.a over the market cycle¹.

(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

INSIGHTS
IDEAS
RESULTS

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