

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 August 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	2.70	8.02	14.20	17.43	7.10	7.48	6.76	9.36	6.38
Total Return – Gross of Fees	2.81	8.36	14.93	18.91	8.78	8.78	8.03	10.68	7.77
Distribution return	0.00	1.35	2.82	5.17	4.78	4.78	4.26	3.75	4.65

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	\$461.23 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.

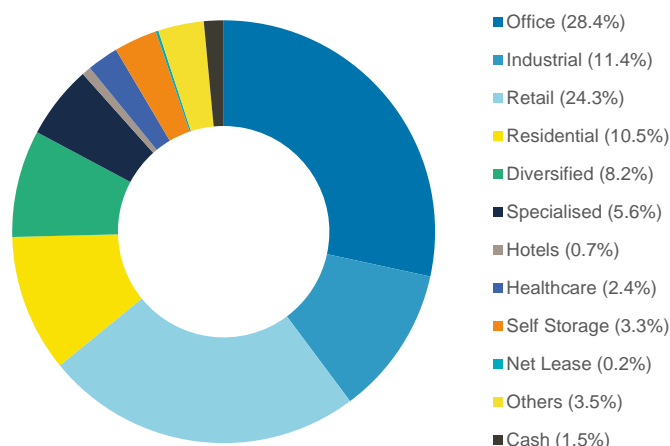
What Happened Last Period

- The Fund posted a positive return (after fees) during August.
- 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 robust results from reporting season, with improving outlooks due to economies reopening and recovering as vaccine roll outs progressed.
- At the sector level, concerns about the 'Delta' variant of COVID-19 continued to impact 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 reinvested in line with the Fund's strategy.

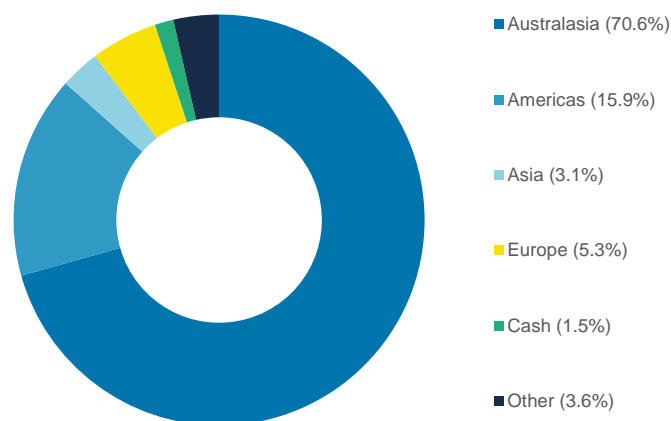
Underlying Investments

AMP Capital Wholesale Office Fund	26.79
AMP Capital Shopping Centre Fund	19.05
AMP Capital US Hedged Plus Property Fund	1.10
AMP Capital Listed Real Estate Portfolio	51.58
Cash	1.47

Sector Allocation



Regional Allocation



Fund Performance

The Fund posted a positive return (after fees) during August with all three of the Fund's underlying components gaining ground, led by the Fund's listed component which continued to perform strongly.

During the period, positive performance of the AMP Capital Wholesale Office Fund (+0.36%) and the AMP Capital Shopping Centre Fund (+0.07%) - on a total return basis (before fees) - reflecting each portfolio's income which continues to be underpinned by high levels of occupancy.

Proceeds from the sale of the two remaining assets in the AMP Capital US Plus Property Fund (Hedged) were reinvested during the period, in accordance with the investment strategy of the AMP Capital Core Property Fund, rebalancing the Fund in line with targeted asset allocations.

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.

The transition of the management of the Fund's listed real estate portfolio from AMP Capital to Macquarie Asset Management is underway, following AMP's decision to sell this business in July. Key AMP Capital investment personnel will transfer to Macquarie at the end of the transition period, which is expected to be completed in the March quarter next year. 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 strong positive returns post the COVID-19 drawdown of 2020, rising by 5.42% (in A\$ terms) during the period. At a country level, holdings in Australia and the US contributed most, whereas holdings in Singapore, China and France detracted slightly overall. At a sector level, all exposures contributed, with holdings in the residential, diversified, industrial and retail sectors the best performers.

At a stock level, the largest contributors to performance were holdings in Lifestyle Communities (residential), Charter Hall Group

(diversified) and Ingenia Communities Group (residential), while the main detractors were Mapletree Logistics Trust (industrial), Weingarten Realty Investors (retail) and Highwoods Properties (office).

The hotel and lodging segment is selectively showing some signs of recovery. In the US, both Ryman Hospitality Properties & Playa Hotels and Resorts performed strongly after posting greater than expected Q2 2021 earnings. Ryman Hospitality Properties demonstrated strong demand in its convention business, with a recovery in group bookings growing throughout 2022.

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

The Property Council of Australia (PCA)/ MSCI Australia Direct Property Index Digest for the June quarter 2021 was released during August. Unlisted property returns (including capital growth and income) over rolling 12 month periods have increased from 2.3% in March 2021 to 7.5% in June 21. The industrial sector was the strongest performer, generating a total return of 23.2% for the year to 30 June 2021. Capitalisation rates for industrial assets are now at record lows, averaging 4.5%. Elsewhere, the office sector returned 7.3% and the retail sector total return was 2.5%.

Global listed real estate markets generally rose during the month, although Asian markets lagged as lockdown measures were extended due to rising cases of the 'Delta' variant of COVID-19. Most markets gained due to robust results from reporting season, with improving outlooks due to economies reopening and recovering as vaccine roll outs progressed. However, gains were muted in some markets due to concerns about potential monetary policy tapering in the US. US 10-year treasury yields rose 0.09% to 1.31% over the period.

Within the listed real estate market, concerns about the Delta variant of COVID-19 continued to impact sector performance. Defensive sectors, like self-storage and industrial, continued to display stellar fundamentals, and the retail sector rallied as investors sought cheap cyclical risk as real interest rates rose.

Outlook

Global listed real estate markets are likely to be buoyed as the execution and distribution of vaccines progresses, and as extensive government stimulus continues to be rolled out. However, like most other risk assets, they are also likely to be punished on news of any setbacks in containing the pandemic, and concerns about rising inflation and interest rates. Earnings growth remains robust across the majority of real estate segments and geographies, fundamentals are solid and the outlook strong.

When there is a fall in the risk-free rate because central banks around the world are loosening their monetary policy, investors often turn to listed real estate as a reliable alternative for yield and a defensive asset class. This is occurring now that the execution and distribution of vaccines is well progressed, especially given the more attractive valuation levels the pandemic dislocation created. We expect this to continue as economies reopen and the world normalises. Historically, core real estate has delivered total returns between 7-9% p.a over the market cycle¹.

(insert footnote:

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

INSIGHTS
IDEAS
RESULTS

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