

# 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 30 November 2021

|                              | Current Investment Strategy <sup>1</sup> |           |           |         |          |                                    | Blend of Current and Previous Investment Strategies <sup>1</sup> |           |                                    |
|------------------------------|--|-----------|-----------|---------|----------|------------------------------------|--|-----------|------------------------------------|
|                              | 1mth (%)                                 | 3mths (%) | 6mths (%) | 1yr (%) | 3yrs (%) | Since Inception <sup>2</sup> (%pa) | 5yrs (%)   | 10yrs (%) | Since Inception <sup>2</sup> (%pa) |
| Total Return – Net of Fees   | 1.67                                     | 0.89      | 8.98      | 16.13   | 7.59     | 7.18                               | 7.78   | 9.40      | 6.33                               |
| Total Return – Gross of Fees | 1.78                                     | 1.23      | 9.70      | 17.63   | 8.91     | 8.49                               | 9.08   | 10.73     | 7.72                               |
| Distribution return          | 0.00                                     | 0.62      | 2.02      | 4.71    | 4.62     | 4.60                               | 4.28   | 3.76      | 4.62                               |

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.

<sup>1</sup> 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)

<sup>2</sup> 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                   | \$456.85 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](http://www.ampcapital.com.au).

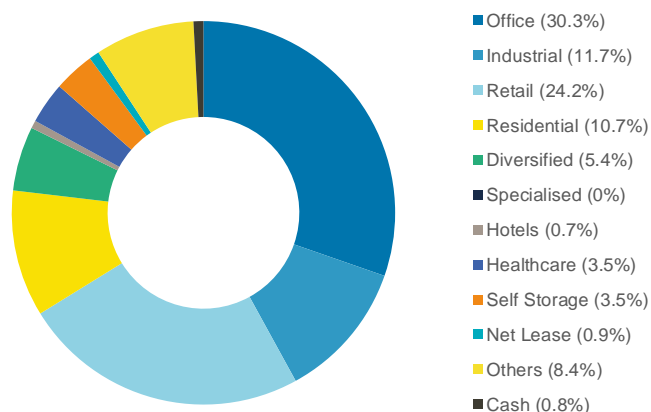
## What Happened Last Period

- The Fund posted a health positive return (after fees).
- All three of the Fund's underlying components gained ground, led by the listed real estate component.
- Global listed real estate markets were volatile in November, as were most asset classes.
- At a stock level, the largest contributors were holdings in Goodman Group (industrial), Charter Hall Group (diversified), and National Storage (self storage).
- Gains in the unlisted components reflected their income, which continued to be underpinned by high occupancy.

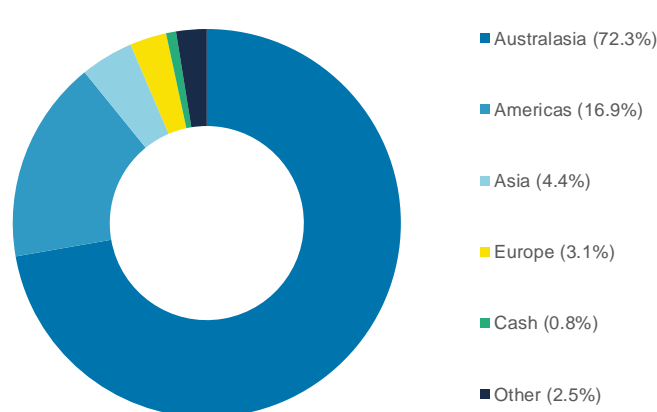
## Underlying Investments

|  |       |
|--|-------|
| AMP Capital Wholesale Office Fund        | 27.90 |
| AMP Capital Shopping Centre Fund         | 19.82 |
| AMP Capital US Hedged Plus Property Fund | 0.67  |
| AMP Capital Listed Real Estate Portfolio | 50.79 |
| Cash                                     | 0.83  |

## Sector Allocation



## Regional Allocation



## Fund Performance

The Fund posted a healthy positive return (after fees) in November, with all three of its underlying components gaining ground, led by the listed real estate component, which continued to perform strongly.

The AMP Capital Shopping Centre Fund (ASCF) gained 2.22% and the AMP Capital Wholesale Office Fund (AWOF) gained 0.41% on a total return basis (before fees) – reflecting each portfolio's income, which continued to be underpinned by high occupancy.

During the period, ASCF exchanged contracts on the sale of The Palms Shopping Centre, New Zealand for a 2% premium, and commenced an on-market campaign to sell its 50% interest in Stockland Townsville, Queensland. The sale of these smaller, non-core assets is the implementation of ASCF's strategy to recycle capital into high-quality retail assets and bolster its balance sheet. It also exchanged contracts to sell its 25% share in Warringah Mall, NSW for \$410 million, delivering a 12% premium to the September book value.

In addition, the Trustee of AWOFF determined that it was in the best interests of AWOFF investors to retain AMP Capital as Trustee and manager. This decision followed a thorough assessment of management proposals received from AMP Capital and two shortlisted competitors, and an Independent Advisory Committee's recommendations in respect of those proposals. In addition, AMP Limited committed to providing alignment capital to support AWOFF and other real estate funds managed by AMP Capital, ahead of the planned demerger of AMP Capital's Private Markets business.

The listed real estate component, which is a bespoke portfolio managed on a benchmark-unaware basis, rose 3.3% (in A\$ terms). At a country level, the main contributors to performance were holdings in Australia and the UK, while the main detractors were holdings in the US and Japan. At a sector level, the main contributors were holdings in the industrial, diversified and self storage sectors, while the main detractors were holdings in the residential rentals and retail sectors.

The self storage sector continued to gain from ongoing relocations due to the pandemic, with little impact from vaccine rollouts as demand remained elevated. CubeSmart posted superb Q3 2021 results, with occupancy, realised rent, revenue and net operating income well exceeding expectations. The company also continued to grow its portfolio, announcing an agreement to acquire the owner of the Storage West platform for around US\$1.7 billion.

At a stock level, the largest contributors were holdings in Goodman Group (industrial), Charter Hall Group (diversified), and National Storage (self storage), while the largest detractors were holdings in

Lifestyle Communities (residential rentals), Ingenia Communities Group (residential) and Home Consortium (diversified).

The transition of the management of the listed real estate component from AMP Capital to Macquarie Asset Management is underway, following the decision to sell this business in July. Key AMP Capital investment personnel will transfer to Macquarie Asset Management at the end of the transition period, which is expected to be in the March 2022 quarter. Currently, 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 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 during the September 2022 quarter.

## Market Review

Global listed real estate markets were volatile in November, as were most asset classes. They generally waned early in the period due to ongoing concerns about inflation and increasing interest rates but were then allayed as central banks indicated they would maintain accommodative policy settings over the near-term. However, towards the end of the period, heightened concerns about the spread of the 'Omicron' variant of COVID-19 put pressure on markets and interest rates fell.

The industrial segment continued to benefit from the long-term secular growth of e-commerce and retail supply-chain logistics. In Australia, Goodman Group upgraded its financial-year 2022 operating earnings per share growth guidance to more than 15%, from 10% previously.

The retail segment continued to recover as economies reopened and as commentators anticipate a huge spending spree over the coming holiday season. Demand for high-quality retail assets remained strong. For instance, Hong Kong company Link REIT acquired a 50% stake in three landmark Australian retail properties located in Sydney for A\$538.2 million.

The residential segment continued to be supported by low interest rates and relocations due to the pandemic. In the US, companies with exposure to the 'Sunbelt' region, such as Camden Property Trust, reported exceptional Q3 2021 results.

The office segment remained under pressure, although there were some signs that conditions were stabilising. In Japan, Miki Shoji Corp data showed that the office vacancy rate in Tokyo's five central wards rose 0.04% to 6.47% in October, up for the twentieth straight month, although relatively moderate compared to earlier in the pandemic.

## Outlook

Global listed real estate markets will continue to be subject to near-term volatility, which is affecting all risk assets. The 'Omicron' variant of COVID-19 has increased uncertainty and although initial signs are encouraging, in that its severity seems to be less than or equal to the 'Delta' variant, we will remain on high alert over the next few weeks as we gain a better sense of the severity of the disease and its resistance to vaccines. Thereafter, we will be able to more accurately assess the risk of any pandemic-induced economic slowdown.

In Australia, expectations are for office demand conditions to recover and significantly improve now that office attendance restrictions have been lifted, although we expect an uneven recovery, with higher grade assets to outperform. In Sydney and Melbourne, while the demand dynamics are expected to stabilise and improve over the course of the next year, we believe vacancy levels will remain elevated before a potential recovery from 2022. Within retail, a near-term rebound is supported by elevated consumer confidence, while demand may soften thereafter as spending rotates into services and travel. Overall, we consider top-tier, dominant shopping centres with mixed use potential and defensive tenant-bases are best-placed amid the shift to e-commerce. Historically, core real estate has delivered total returns between 7-9% pa over the market cycle<sup>1</sup>.

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](http://ampcapital.com.au)

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RESULTS

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