

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 January 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	-3.67	1.36	3.30	15.05	5.83	6.74	7.36	9.01	6.24
Total Return – Gross of Fees	-3.54	1.72	4.02	16.57	7.15	8.05	8.66	10.33	7.63
Distribution return	0.00	0.59	1.23	4.17	4.28	4.54	4.22	3.72	4.61

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	\$429.76 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.

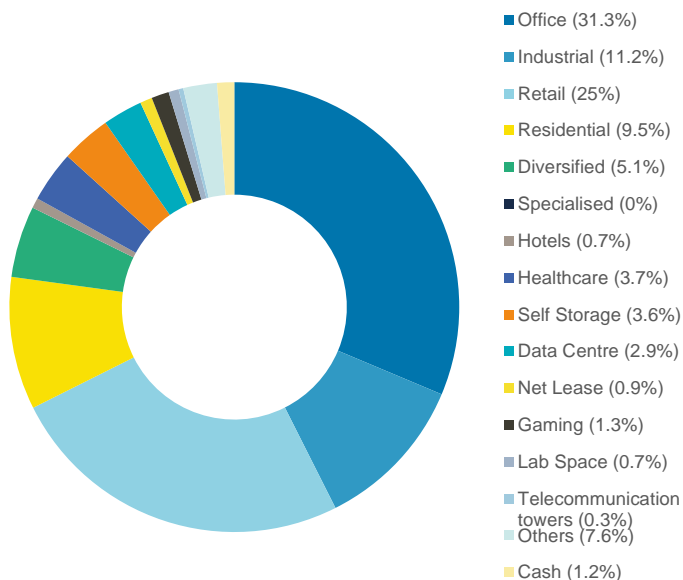
What Happened Last Period

- In January the Fund lost most of the gains made in December (after fees), but it remains up over the past three months, and is up strongly over the year.
- Performance of the three underlying components was mixed.
- The gains in the unlisted office component reflected the portfolio's income, which continued to be underpinned by high occupancy.
- At a listed real estate stock level, the largest contributors were holdings in Charter Hall Group (diversified), Lifestyle Communities (residential rentals) and Goodman Group (industrial).

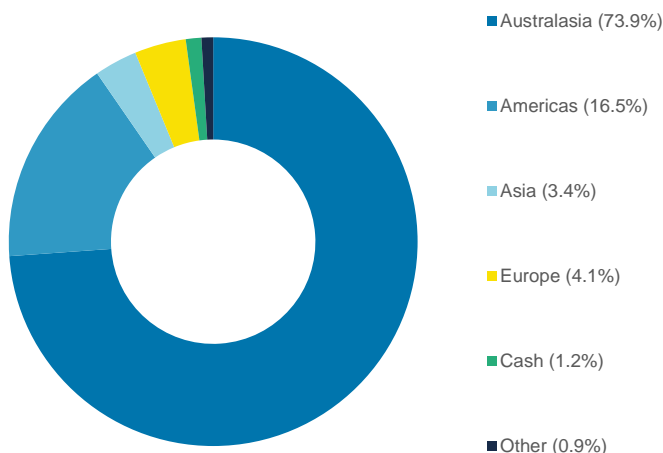
Underlying Investments

AMP Capital Wholesale Office Fund	29.21
AMP Capital Shopping Centre Fund	20.44
AMP Capital US Hedged Plus Property Fund	0.68
AMP Capital Listed Real Estate Portfolio	48.45
Cash	1.23

Sector Allocation



Regional Allocation



Fund Performance

In January the Fund lost most of the gains made in December (after fees), but it remains up over the past three months, and is up strongly over the year. Performance of the three underlying components was mixed.

The AMP Capital Wholesale Office Fund (AWOF) gained 0.31% on a total return basis (before fees) – reflecting the portfolio's income, which continued to be underpinned by high occupancy. The AMP Capital Shopping Centre Fund (ASCF) declined marginally, returning -0.07%, due to transaction costs related to the acquisition of an additional 25% ownership stake in Macquarie Shopping Centre, NSW. This takes ASCF's ownership of the asset to 50% and ties in perfectly with its 2021 strategy to invest in dominant properties with limited competition and future supply outlook, while also considering their mixed-use potential to fortify ASCF's income proposition.

The listed real estate component, which is a bespoke portfolio managed on a benchmark-unaware basis, lost most of the gains made last quarter, returning -8.52% (in A\$ terms) in difficult market conditions. At a country level, the main detractors from performance were holdings in Australia and the US, while the main contributors were holdings in Hong Kong. At a sector level, the main detractors were holdings in the industrial, diversified and residential rentals sectors, while the only contributors were holdings in the residential sales sector.

Several companies took the opportunity to raise capital, and this added to the downward pressure on the market. For example, in the US, Alexandria Real Estate Equities raised almost US\$1.7 billion to fund pending acquisitions, development and redevelopment activities and pay down debt. NETSTREIT Corp raised around US\$230 million, and Spirit Realty Capital raised around US\$390 million to fund future acquisitions.

At a stock level, the largest detractors were holdings in Charter Hall Group (diversified), Lifestyle Communities (residential rentals) and Goodman Group (industrial), while the largest contributors were holdings in Vonovia (residential rentals), Welltower (health care) and SF Real Estate Investment Trust (industrial).

The transition of management of the listed real estate component from AMP Capital to Macquarie Asset Management is underway, following the decision to sell the business in July. Key investment personnel will transfer to Macquarie Asset Management 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 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 and consumer 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 fell in January, underperforming broader share markets as a 'risk off' sentiment emerged. This was sparked by concerns that the US Federal Reserve was 'behind the curve' in its view that inflation was transitory, and following very strong US economic data, is now expected to hike interest rates aggressively to keep it contained. This had a particularly violent impact on the yield curve with bonds selling off aggressively and led to a repricing within the listed real estate market, with more expensive growth segments, such as industrial and self storage underperforming value segments such as healthcare and shopping centres. The dominance of this pattern also meant company share price performance largely followed segment performance, however company performance will probably return to the fore when the US reporting season commences in February.

Outlook

In Australia, ongoing concerns about the pandemic may further delay the return to office attendance. In Sydney and Melbourne, while the demand dynamics are expected to stabilise and improve over the course of the year, we believe vacancy levels will remain relatively elevated before a potential recovery from 2022. We expect an uneven recovery, with higher grade assets likely to

outperform. Similarly, within retail, the emergence of Omicron has caused 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 pandemic continues to cause uncertainty. Concerns about inflation and the risk of higher interest rates are likely to add to that 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

INSIGHTS
IDEAS
RESULTS

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