

## INVESTOR UPDATE

### AMP Capital Core Property Fund

ARSN 114 235 326

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**7 MAY 2020**

Dear Investor,

In our last [update 7 April 2020](#), we provided an update on changes to the valuation frequency of the underlying funds that the AMP Capital Core Property Fund ("The Fund") invests in and the net asset value price adjustments that occurred as a result.

In this update, we provide information on the recent April valuations of the underlying funds and the impact this has had on the Fund's unit price, as well as providing an update on operational matters, as COVID-19 restrictions start to ease across a number of states and territories in Australia and New Zealand.

As the situations unfolds, we will continue to provide you with regular updates on how we are managing your investment in the Fund during this period of market volatility.

Thank you for your ongoing support.

Kind regards,

Claire Talbot  
Fund Manager – AMP Capital Core Property Fund

## Keeping you updated

As previously advised, we want to ensure you have ready access to information that impacts your investment. In addition to our letters to you, we will be including regular information on the [AMP Capital website](#).

## Investment approach

In relation to the positioning of the Fund's bespoke listed real estate portfolio, our focus remains on three key attributes when evaluating assets:

1. sustainability of cash flows
2. balance sheet security (particularly access to liquidity), and
3. the viability of the business model in the new 'normal'.

This focus continues to influence our defensive positioning of the Fund.

James Maydew, Head of Global Listed Real Estate and Portfolio Manager for the listed real estate securities in the Fund, recently completed an insights piece on '[Three listed real estate sectors riding the tailwinds of the crisis](#)', which describes how data centres and telecommunications towers, medical office buildings, and logistics and cold storage sectors are set to deliver stable returns in uncertain times.

Carmel Hourigan, Global Head of AMP Capital Real Estate also wrote about '[Learnings in real estate after a month in lockdown](#)' which looks at the importance of having a long-term focus when investing in real estate.

## Debt funding

On 30 April 2020, the Fund's debt was refinanced and a new 3-year \$20 million cash advance facility maturing on 29 April 2023 has been put in place. Funding costs are similar to the Fund's previous facility, which was due to expire in June this year. The facility may be used for short-term acquisition funding and to meet short-term liquidity needs, including to fund redemptions.

The Fund has no debt drawn on its \$20 million debt facility.

## Asset allocation

As at 5 May 2020, the Fund's target asset allocation and actual asset allocation is set out below:

Source	Target	Allocation	Current
Unlisted real estate funds	50%	30-70%	52.5%
Listed real estate securities	50%	30-70%	44.4%
Cash		0-10%	3.1%

As you may appreciate asset allocation will vary over time and will be impacted by a number of factors including market movements in each asset class, and active investment decisions that we make.

## Processing withdrawals

At present we are still aiming to process the payment of withdrawal requests within 10 business days of each Specified Withdrawal Date.

However, as previously advised, should current circumstances change, we have discretion to make changes to the frequency of applications and redemptions, and the timeframe for the payment of redemptions as outlined in the PDS. The PDS also outlines what occurs in circumstances where the Fund ceases to be liquid as defined in the Corporations Act. Please refer to the PDS for full details:

[On-platform PDS](#)

[Direct investor PDS](#)

## Distribution

The March 2020 distribution, paid during April, was in line with the December quarter distribution, providing investors with stability of income.

## Valuation frequency of underlying assets

The Fund has exposure to underlying unlisted funds: the AMP Capital Shopping Centre Fund (ASCF) and AMP Capital Wholesale Office Fund (AWOF). These funds recently increased the frequency of the valuation of their underlying assets from quarterly to monthly to reflect COVID-19 impacts.

April valuations were recently booked and are now reflected in the Core Property Fund's unit price.

Valuations for ASCF resulted in a fall in market valuation of -9.2% across the portfolio. The externally appointed valuers have amended short-term cashflow assumptions and softened capitalisation rates on the majority of assets. On 6 April 2020, we made an adjustment to the Fund's unit price to apply a -5% discount to reflect the value of the ASCF units held in the Fund at that time. This discount has now been reversed and we now hold ASCF units at the revised net asset value (reflecting a further 4.2% fall in value).

Valuations for AWOFF resulted in a fall in market valuation of -2.5% reflecting short-term impacts to income including exposure to retail, hotel and carpark income. There were no material changes made to the asset's capitalisation rates. All assets will be revalued again in May 2020.

At the time the valuations were reflected, the fall in values had a circa -1.5% impact on the Fund's gross asset value.

The Fund's portfolio of global listed real estate continues to be priced daily and there is no change to our valuation policy with regards to these holdings.

## Operational matters

We are beginning to see easing of COVID-19 restrictions across a number of states and territories in Australia and New Zealand. Across the assets, we have detailed re-opening procedures in place ready to execute once all businesses have restrictions lifted, as well as plans for a staged lifting of restrictions. As a number of tenants begin to re-open, the focus of our asset management teams has been implementing these plans to ensure that social distancing and hygiene guidelines can be maintained as foot traffic to the asset increases.

## Code of Conduct

On 7 April 2020, the Australian Government, through National Cabinet, announced an industry wide, mandatory, Commercial Tenancy Code of Conduct. The Code of Conduct will be legislated by each state and territory. It is intended the Code is designed to support tenants with annual turnover of \$50m or less (Small and Medium Enterprises) who have been demonstrably impacted by COVID-19.

Ongoing discussions are being held with tenants in relation to rent relief requests particularly in connection with the Code of Conduct. It is AMP Capital's objective to work with tenants who are severely impacted by COVID-19 such that they can continue to honour their lease obligations longer term.

## Development

The Bayfair Shopping Centre development has been delayed and the new cinema fit out will recommence now that New Zealand has come out of Level 4 lockdown.

For office development projects, all sites are operational, however there are two key impacts:

- A slowdown in productivity with strict social distancing requirements impacting normal workplace efficiency
- Potential delays in procuring materials sourced from offshore.

At this stage the productivity impact is likely to be greater than the procurement impact. These differ between projects, but in summary:

- For Wynyard Place, Sydney and South Eveleigh, Sydney the Fund has invested via a 'fund-through' structure i.e. the risk of delay and cost primarily sits with the developers (Brookfield and Mirvac, respectively). South Eveleigh is close to completion (June 2020) so impacts are expected to be minimal. Delays to Wynyard Place are likely to be more significant and contingency planning is underway by Brookfield to mitigate this.
- For Quay Quarter Tower (QQT), Sydney, Multiplex was tracking ahead of their contract program prior to COVID-19, so a reasonable buffer exists to contract completion. This combined with additional time buffers before the lease commencement dates for anchor tenants, positions QQT well to deal with delays that are now occurring, however this is being closely monitored.

All projects are significantly pre-leased with binding tenant commitments and at this time the COVID-19 situation does not change the tenant's obligation to start paying rent at the agreed date.

## Latest Fund performance reports

Please click on the applicable links below to access the latest performance report and March quarterly report for the AMP Capital Core Property Fund:

[Direct investor performance report](#)

[On-platform investor performance report](#)

[Fund Quarterly Report – March 2020](#)

## We're here to support you

If you are a direct investor and would like to speak to someone in regards to your investment, please contact Client Services on 1800 658 404 or email [clientservices@ampcapital.com](mailto:clientservices@ampcapital.com).

If you are an adviser, you can contact Client Services as above or your [State Account Manager](#).

### Important note

Investors should consider the Product Disclosure Statement (PDS) available from AMP Capital Investors Limited (ABN 59 001 777 591, AFSL 232497) (AMP Capital) for the AMP Capital Core Property Fund (Fund) before making any decision regarding the Fund. The Trust Company (RE Services) Limited (ABN 45 003 278 831, AFSL 235150), a wholly owned subsidiary of The Trust Company Limited (ABN 59 004 027 749), is the responsible entity of the Fund and the issuer of units in the Fund. The PDS contains important information about investing in the Fund and it's important investors read the PDS before making a decision about whether to acquire, continue to hold or dispose of units in the Fund. None of the responsible entity, AMP Capital or any other company in the AMP Group guarantees the repayment of capital or the performance of any product or any particular rate of return referred to in this document. Past performance is not a reliable indicator of future performance. While every care has been taken in the preparation of this document, AMP Capital makes no representation or warranty as to the accuracy or completeness of any statement in it including without limitation, any forecasts. This information has been prepared for the purpose of providing general information, without taking account of any particular investor's objectives, financial situation or needs. Investors should, before making any investment decisions, consider the appropriateness of the information in this document, and seek professional advice, having regard to the investor's objectives, financial situation and needs. This information is solely for the use of the party to whom it is provided and must not be provided to any other person or entity without the express written consent of AMP Capital.