

AMP Capital Core Property Fund

Forward distribution estimates – As at 09 September 2020

Estimated income

3.91% = Estimated gross annualised distribution yield for the Fund for the twelve months to 30 June 2021.

Estimated net annualised distribution yield for the twelve months to 30 June 2021 by unit class:

Class A = 2.66%

Class H = 2.34%

Class O = 2.88%

Please note actual income may vary from the estimated amount.

We are pleased to confirm that the estimated quarterly distribution rate for the twelve months to 30 June 2021 will be 0.83 cents per unit (Class A). This equates to an annualised distribution yield of 2.66%, net of fees, for the twelve months to 30 June 2021, for an investor who held units in the Fund from 1 July 2020.

This is a strong outcome in the COVID-19 pandemic environment where many companies have cut their dividends and central banks globally are doing ‘whatever it takes’ to support economies. In Australia, the RBA cut the official interest rate to a record low of 0.25% in March, while the US Federal Open Market Committee left interest rates near zero in July.

Distributions

The targeted quarterly distribution rate is set to reflect the Fund’s anticipated underlying real income.

The estimated quarterly distribution rate for the twelve months to 30 June 2021 will be:

Class A = 0.83 cents per unit

Class H = 0.66 cents per unit

Class O = 0.62 cents per unit

Commercial real estate is known for providing investors with stable cashflows and an opportunity to participate in capital growth. However, over the course of 2020, real estate cashflows have been disrupted in an unprecedented way by the impacts of COVID-19 containment measures. This has particularly been the case in the retail, lodging and healthcare sectors, which the AMP Capital Core Property Fund has limited exposure to.

Given the uncertainty surrounding the pandemic and its duration, a number of the Fund’s underlying investments, such as the AMP Capital Shopping Centre Fund and some listed real estate companies, have withheld distributions to strengthen their financial positions.

While this is likely to have a temporary impact on the Fund’s cashflows, our forward estimates reflect that the impact could continue to be felt into the 2020-21 financial year. Our unlisted exposures continue to exhibit high levels of occupancy which should see cashflows reinstated once the uncertainty diminishes. In addition, core (high-quality) real estate has historically outperformed secondary real estate in market downturns¹. In terms of our listed exposures, we remain committed to investing in companies with strong balance sheets, sustainable cashflows and secure business models that we believe will contribute to maintaining more resilient distributions.

Our focus remains on our investment objective to deliver income and capital growth to investors over rolling three-year periods. We believe that investing in a well-diversified portfolio, in what we believe to be the highest-quality real estate globally, has positioned the Fund to meet this total return objective.

It is important to consider that the final annualised distribution yield will not be known until the end of the financial year and that the distribution yield estimate is not guaranteed, so may be subject to change due to market movements in the Fund’s unit price. We base our distribution estimate on assumptions as set out at the end of this document, and if facts differ from assumptions, the final distribution yield may differ from estimates.

AMIT Tax Regime

The AMIT tax framework enables funds to implement an enhanced and more stable distribution policy; with more smoothed distributions and enhanced visibility. This change will improve investor outcomes by delivering a more stable and predictable income stream for the full financial year, allowing you to plan with more confidence. The AMP Capital Core Property Fund has adopted a distribution policy that utilises the AMIT framework.

¹ PCA/MSCI All Property Digest Quarterly Index

For more information

If you have any questions about this update or have any questions about your AMP Capital investments, please contact your Account Manager or our Client Services Team on 1800 658 404, between 8.30am and 5.30pm (Sydney time) Monday to Friday.

Further information about AMP Capital's products can be obtained from www.ampcapital.com

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Estimated distribution assumptions: The estimate is based on the amount of income we expect to receive into the Fund over the period from 1 July 2020 to 30 June 2021, based on the current investments held by the Fund, the level of dividends and franking credits expected to be earned from investments held in the Fund. If the underlying funds or companies whose securities we hold in the Fund do not pay the distributions, dividends or franking credits they have forecast, or if the Fund portfolio changes materially over the period, this may impact on our estimated distribution yield. The distribution estimate may also include adjustments for hedging and treatment of securities and derivatives. Any guidance given on future distributions, and the assumptions on which guidance is based, will be estimates only and will not be a guarantee of amounts paid. Guidance will be intended purely to improve the visibility of likely future distributions.