

## Australian Property Fund

**ARSN: 096 853 619    APIR CODE: NML0337AU**

**8 April 2020**

### Product Disclosure Statement changes

We are writing to advise you of important changes to the Australian Property Fund ('Fund') that will be reflected in a new Supplementary Product Disclosure Statement ('PDS') and ASIC Benchmarks and Disclosure Principles, available at [www.ampcapital.com](http://www.ampcapital.com) from 8 April 2020.

In response to the COVID-19 pandemic, National Mutual Funds Management Limited (ABN 32 006 787 720, AFSL 234652), the responsible entity ('RE') of the Fund has made a number of changes to the Fund's current policies which include:

- Deferral of the 15 April 2020 Specified Withdrawal Date to 15 May 2020
- Payment times for withdrawal requests
- Valuation frequency of the direct property portfolio of the Wholesale Australian Property Fund
- Distribution policy for 2020 of the Wholesale Australian Property Fund

Details of the new policies are provided below. Before making any investment decisions, we recommend you read the information [in the PDS](#) about the benefits and risks of investing, and the other features of the Fund.

#### Specified Withdrawal Date

You can submit a withdrawal request at any time. However, withdrawal requests will normally be processed on the Specified Withdrawal Date, which is the 15<sup>th</sup> day of each calendar month, or the next Business Day if the Specified Withdrawal Date is not a Business Day.

Withdrawal requests received after 1.00pm Melbourne time on any Specified Withdrawal Date will normally be held over to the next Specified Withdrawal Date for processing.

The next Specified Withdrawal Date will be **15 May 2020** rather than 15 April 2020.

Deferring the Specified Withdrawal Date gives investors who have lodged a withdrawal request time to consider the new payment times, valuation policy of the Wholesale Australian Property Fund and distribution profile of the Wholesale Australian Property Fund, and the opportunity to cancel the withdrawal request if they wish to do so. The deferral of the Specified Withdrawal Date is also necessary to provide time to adjust administrative processes and systems.

#### Payment times for withdrawals

Currently, the Responsible Entity aims to accept withdrawal requests monthly. Where the redeemed units comprise up to 20% of the investor's balance as at the Specified Withdrawal Date, payment shall be made within 90 days of the Specified Withdrawal Date. Any remaining redeemed units shall be paid within 365 days of the previous Specified Withdrawal Date. The 20% threshold may only be applied once in any 12-month period.

Withdrawals will be limited to 5% of the net asset value of the Fund per calendar quarter (although we have discretion to alter this amount). The Fund's constitution allows for withdrawal requests to be paid even longer than 12 months in some circumstances.

The unit price used to calculate your withdrawal value will generally be the price calculated on the last valuation date before we process the payment of your withdrawal request (or part of your withdrawal request).

## Valuation policy

The Wholesale Australian Property Fund's valuation policy is to have all properties independently valued by a registered valuer every quarter (unless the property is being marketed for sale, is under development or is co-owned), or more frequently if deemed appropriate.

In response to the COVID-19 pandemic the valuations of all of the properties in the Wholesale Australian Property Fund which are currently on a quarterly cycle will be updated by valuers on a monthly basis. The updates will take movements in the tenancy schedule, recent comparable transactions and the valuer's latest assumptions around future cash flows into account. These valuations will be used to calculate the unit price.

The Royal Institute of Chartered Surveyors (RICS) is recommending that valuation firms explicitly reference the material uncertainty due to Novel Coronavirus (COVID-19). The RICS disclosure is included below. The valuations as at 31 March 2020 include similar clauses and all valuation firms are expected to include these clauses for the foreseeable future.

*The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on the 11<sup>th</sup> March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries. In [country / region], market activity is being impacted in all sectors. As at the valuation date, we consider that we can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement. Our valuation(s) is / are therefore reported on the basis of 'material valuation uncertainty' per VPGA 10 of the RICS Valuation – Global Standards. Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that you keep the valuation of [this property] under frequent review.*

## Distribution policy

The Wholesale Australian Property Fund's objective is to pay distributions every quarter. The distribution is primarily comprised of rental income however, where the income or distribution per unit would otherwise be temporarily reduced, it may include a component of capital as part of the distribution. This may involve part of the distribution effectively being funded from borrowings.

The Wholesale Australian Property Fund will pay a fixed distribution of 1.81 cents per unit in each quarter of 2020. Based on the unit price at 31 March 2020, this equates to a 5.7% distribution yield.

## Further information

If you have any questions about this update, please contact your Client Account Manager or our Client Services Team on 1800 658 404, between 8.30am and 5.30pm (Sydney time) Monday to Friday or via email at [clientservices@ampcapital.com](mailto:clientservices@ampcapital.com).

Yours sincerely,



Corrine Henville  
**Head of Global Client Services and Enablement**  
AMP Capital Investors Limited

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

**Important Notice:** National Mutual Funds Management Limited (ABN 32 006 787 720, AFSL 234652) is the responsible entity (**Responsible Entity**) of the Australian Property Fund (**Fund**) and the issuer of the units in the Fund. To invest in the Fund, investors will need to obtain the current Product Disclosure Statement (**PDS**) from AMP Capital Investors Limited (ABN 59 001 777 591, AFSL 232 497) (**AMP Capital**). The PDS contains important information about investing in the Fund and it is important that investors read the PDS before making an investment decision about the Fund. Neither AMP Capital, the Responsible Entity, nor 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. 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 document 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 consider the appropriateness of the information in this document, and seek professional advice, having regard to their objectives, financial situation and needs. This document 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.

## Questions and Answers

### When is the next Specified Withdrawal Date?

The next Specified Withdrawal Date is **15 May 2020**. Any withdrawals requests that were lodged after the previous Specified Withdrawal Date (which was on 16 March 2020) will be processed on 15 May 2020 (with payments to be made in accordance with the new payment times).

Deferring the Specified Withdrawal Date gives investors who have lodged a withdrawal request time to consider the new payment times, valuation policy and distribution profile, and the opportunity to cancel the withdrawal request if they wish to do so. The deferral of the Specified Withdrawal Date is also necessary to provide time to adjust administrative processes and systems.

### Can I cancel my withdrawal request?

Yes. You can cancel your withdrawal request by notifying us in writing or by contacting us on 1800 658 404.

### What is the 20% threshold applied to?

Where the redeemed units comprise up to 20% of an investor's balance as at the Specified Withdrawal Date, payment shall be made within 90 days of the Specified Withdrawal Date. The 20% threshold may only be applied once in any 12-month period.

The table below is provided to help illustrate how this will apply.

Example	Investor Balance*	Withdrawal	90-day payment	365-day payment
Example A	100 units	10 units	10 units	Not applicable
Example B	100 units	30 units	20 units	10 units
Example C	100 units	100 units	20 units	80 units

\* as at the Specified Withdrawal Date

### What unit price will be used to calculate the withdrawal value?

The unit price used to calculate your withdrawal value will be the price calculated on the last valuation date before we process the payment of your withdrawal request. This means that where two payments are made at different times, the unit price for each payment may be different.

### How long will the current withdrawal payment terms be in place for?

The revised payment terms are a response to the COVID-19 pandemic. Once market conditions have stabilised, the intention is to revert to the payment times in place before these changes were made.

### Is the Fund still open for applications?

Yes.

### How can I get more information about the portfolio and the returns?

Please click on the link below to access the latest performance report for the Australian Property Fund or alternatively visit [www.ampcapital.com](http://www.ampcapital.com):

### [Direct & on-platform investors](#)