

INVESTOR UPDATE

AMP Capital Core Property Fund

ARSN 114 235 326

7 APRIL 2020

Dear Investor,

COVID-19 has had a significant impact on investment markets and in these times of market volatility, we understand it can be particularly unnerving for investors. It is important to look through this moment of uncertainty and focus on longer term outcomes, particularly when investing in real assets.

In our [update dated 26 March 2020](#), we outlined our response to the changing market conditions in relation to the valuation of the Fund's exposure to unlisted real estate assets. In this update we provide an update on changes to the valuation frequency of the underlying funds and the net asset value price adjustments that have occurred as a result.

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

Kind regards,

Claire Talbot
Fund Manager – AMP Capital Core Property Fund

Investment approach

As previously advised, early in the spread of COVID-19, we positioned the portfolio more defensively and continue to adjust our holdings as required to ensure we increase our weighting to defensive cash flows with certainty of income, balance sheet strength and away from sectors more at risk.

We previously outlined the sectors we are currently favouring because we believe they may benefit in this environment as consumers recalibrate their behavior, including:

- Industrial – uplift in ecommerce as consumers choose to not buy in store
- Telecommunication towers and data centres – demand for mobile data rises as individual and businesses self-quarantine
- German apartment rental – needs-based real estate
- US and UK medical office buildings – more patient visitation outside of hospitals.

We would also include US storage in this list, where we have increased our weighting due to the balance sheet strength we see in this sector.

Asset allocation

As at 3 April 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%	52.6%
Listed real estate securities	50%	30-70%	44.3%
Cash		0-10%	3.1%

The Fund has no debt drawn on its \$20 million debt facility. 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 applications and 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](#)

Operational matters

As previously advised, working from home is currently the preferred arrangement for AMP Capital employees.

In addition to what we have previously advised, all retail and office asset-based teams have been split into designated teams with consideration given to the size of the asset and resourcing availability.

Across our assets we have remained diligent in our cleaning processes. Through our service providers we have placed additional focus on cleaning key areas such as hard surfaces, food courts/ lobby's and bathrooms.

Where the tenant is responsible for managing the premises, including common areas and bathrooms, tenants have been encouraged to have their BCP ready and we have requested our tenants to introduce the same standard cleaning precautions as we have introduced with our contractors.

Communications have also been issued to all key contractors encouraging good hygiene practices and signage is being installed at sign-in points at the assets.

As containment measures are rolled out by the State and Federal Governments in Australia, a number of retail tenancies have had to, or have elected to, cease trading. Accordingly, we expect assets with higher discretionary components will see lower customer traffic. AMP Capital are closely monitoring retail sales, customer traffic and broader market impacts.

Some tenants have requested rent relief, mainly in the retail portfolio but this is also emerging in the office portfolios. AMP Capital is actively engaged with tenants, industry bodies and the government to negotiate a way forward which recognises the interests and challenges faced by all parties and seeks to provide a fair and commercial outcome.

Valuation frequency of underlying assets

As previously advised, in response to the current circumstances we have determined that valuations of all of the properties in two of the Fund's underlying investments, the AMP Capital Shopping Centre Fund (ASCF) and AMP Capital Wholesale Office Fund (AWOF), are moving from quarterly to monthly valuation cycles.

These more frequent valuations take into account movements in the tenancy schedule, recent comparable transactions and the valuer's latest assumptions around future cashflows and will be used to calculate the unit price of ASCF and AWOF.

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

Net asset value price adjustments

As the effects of COVID-19 grow and the containment measures become more restrictive, we are seeing an immediate impact on the real estate market, particularly in the retail sector. The key exposure to these impacts in the Fund is through our investment in ASCF, comprising c. 20% of the Fund.

The AMP Capital Valuation Policy allows for an adjustment to the net asset value price of an unlisted unit trust when the net asset value price is thought to be an unreliable representation of fair value.

We believe it is prudent to make an adjustment to the value of the ASCF units that the Fund holds to reflect fair market value for this portion of the Fund's holdings, until the next monthly market valuations for properties are booked in the ASCF unit price. As such, with reference to anticipated income and valuations impacts, we have made an adjustment to reflect a 5% discount to the net asset value price of ASCF units, which was effective in the Fund's unit price as at 6 April 2020.

The impacts on the office sector are currently still uncertain, so we will not be making adjustments to the unit pricing of AWOOF at this point in time, however we will continue to monitor this.

Latest Fund performance report

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

[Direct investors](#)

[On-platform investors](#)

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.

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.