



AMP Capital
Core Property Fund

Why invest in property?

Property is a large and diverse asset class that includes a broad range of sub-sectors including residential buildings, office buildings, business parks, hotels, industrial, shopping centres, retirement villages, self storage, laboratories and hospitals. These investments may be accessed directly through ownership vehicles such as trusts or syndicates and indirectly through property portfolios listed on public markets. Investing in property can provide a number of benefits for investors:

Stable, reliable income streams

Over the long term, the majority of property returns come from rental income which is generally less volatile than capital returns, as rents are contracted under a lease agreement. To further reduce risk, a property portfolio is ideally comprised of properties with good tenant diversification and staggered lease maturities.

Inflation hedging

Some real estate leases contain provisions for rental increases to be indexed to inflation, while in other cases there is an opportunity to increase rental rates whenever a lease term expires and the tenant is renewed. Either way, real estate income should keep pace with inflation, giving an investor the potential to maintain real returns.

Tangible assets

Investing in property provides exposure to tangible assets such as shopping centres and office buildings, and the value of the land on which they are built, which generally performs in line with key economic drivers such as consumer spending and employment.

Diversification

As different property sectors have different risk and return characteristics, investing in a strategic mix of listed and direct property may provide investors with a better risk adjusted return.

Listed property has the potential for higher returns and is more liquid but has a higher correlation to equities, while direct property provides excellent diversification benefits due to its stable incomes and relatively low correlation with other asset classes (traditional investment vehicles such as stocks and bonds), helping to reduce volatility and risk in an investment portfolio.

Global investment opportunities

From a global perspective, as more countries introduce real estate investment trust (REIT) structures, there are even greater opportunities for global investment and portfolio diversification. Since 1990 new entrants to the market have included the UK, Germany, Singapore, Canada, Malaysia and Japan and countries currently under consideration include emerging markets Brazil, China and India.

Improving investment conditions

As with many other asset classes, property was adversely affected by the global financial crisis. The increased cost of borrowing affected companies' ability to purchase property and refinance existing assets, rising unemployment decreased demand for commercial property and affected firms' ability to lease space and there was negative investor sentiment. All these factors led to a fall in valuations.

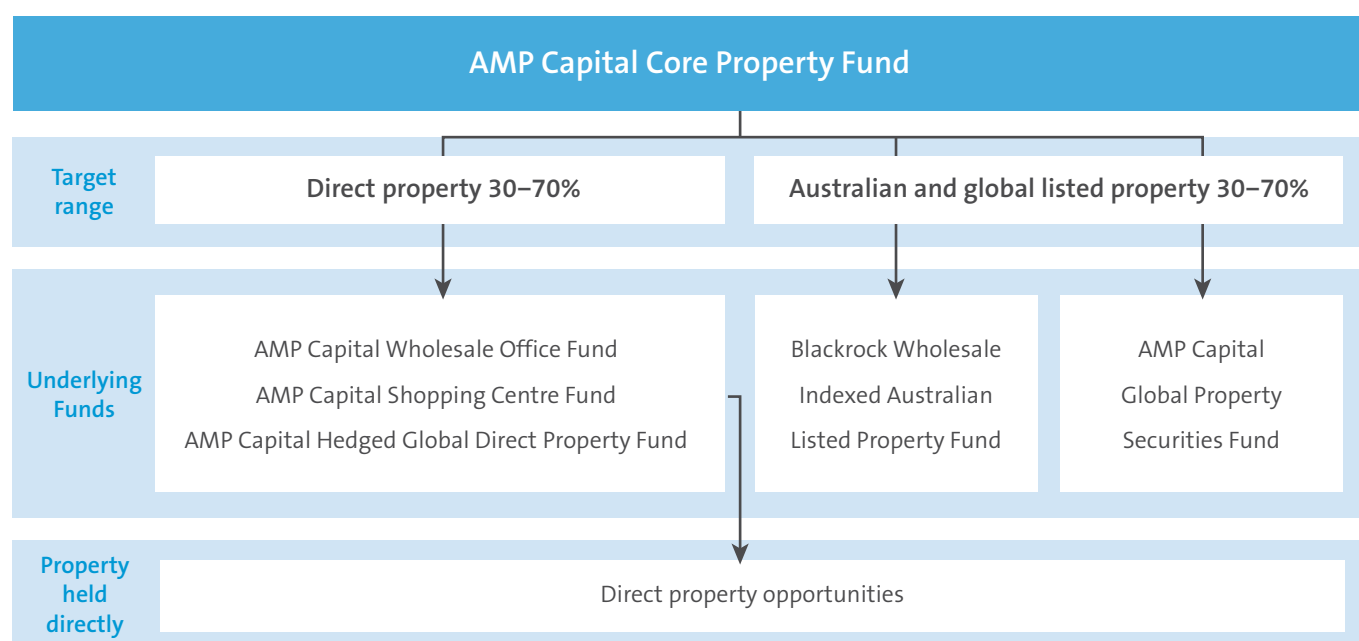
In AMP Capital's view we are now moving into a new phase in the investment cycle which is expected to present some significant opportunities in the coming years.

In the listed property markets, companies have moved their focus from balance sheet issues to underlying real estate fundamentals (demand, supply and pricing) and new acquisitions to provide earnings growth. More equity issuance and initial public offering (IPO) activity is expected in 2010, generating new investment opportunities.

In direct property markets, valuations appear to be at or close to a bottom as space demand and supply fundamentals improve, selling pressure abates and investor demand increases. In recent months some quality direct properties have seen upward revaluations. In the Australian office sector, vacancies are expected to peak in 2010/11.

Introducing the AMP Capital Core Property Fund

The Fund offers investors access to a well-diversified property portfolio through a single fund. It invests in direct and listed assets across local and global markets in key property sectors including office, retail, industrial and residential.



A diversified property portfolio

As an open-ended hybrid property fund, the Fund invests in a strategic mix of property assets, with a target asset allocation of 50% in direct property and 50% in Australian and global listed property.

Direct property

The portfolio invests in premium, established blue-chip property assets that would be unattainable for most retail investors due to the amount of capital required. These assets include some of the busiest shopping centres in Australia such as Warringah Mall, as well as premium office buildings such as NAB House and Angel Place in Sydney, and Collins Place in Melbourne. The Fund also has a small exposure to global property assets through the Global Direct Property Fund. This underlying fund currently provides access to investments in the North American and European property markets.

Australian listed property

The listed portion of the Fund provides investors with access to liquid, high-yielding Australian property securities. The Blackrock Wholesale Indexed Australian Listed Property Fund offers a cost efficient way to access the Australian property market through its passive index management strategy.

Global listed property

More than three quarters of the Australian listed property market is concentrated in the top five stocks. Investing in global listed property provides more diverse geographical investment opportunities and access to a broader range of property sectors, such as hotels and residential property which are difficult to access in Australia. The AMP Capital Global Property Securities Fund invests in real estate investment trusts (REITs) and property securities listed on stock exchanges in North America, Europe, and Asia Pacific.

Key Fund benefits

Blending direct and listed property helps smooth returns

The Fund is designed as a full cycle investment with the aim of providing investors with smoother, more stable performance by diversifying between global and Australian listed property and direct property. As direct and listed markets perform differently at different times, this blend provides the potential for more stable income and capital growth than investing in just one type of property investment. This is demonstrated in the below graph, which shows the performance of the Fund compared to the Australian and global listed property and Australian direct property sectors from 1 July 2005 to 31 December 2009.

Access to quality direct properties

The Fund's direct property investments are in quality, well located properties with lengthy and secure income streams. For example, as at 31 December 2009 the average asset size in the AMP Capital Shopping Centre Fund was \$349 million and the average vacancy rate was just 0.34%. In the AMP Capital Wholesale Office Fund, 12 out of 14 properties are classified as premium or grade A. This means properties must offer good views, onsite undercover parking, access to an attractive street setting, a lobby and high quality presentation and maintenance.

Growth potential and liquidity from investment in Australian and global REITs

Investing in listed property securities provides greater portfolio liquidity than investing in direct property alone.

This allows the Fund to make tactical movements to take advantage of market opportunities, both in Australia and globally. It also provides the potential for capital growth as the value of the properties in the portfolio (and their share prices) rise.

Regular revaluations

Direct assets in the Fund are regularly revalued by a panel of independent external valuers to more accurately reflect the current value of the portfolio. This has enabled us to take a more effective 'mark to market' approach and provide greater transparency to our investors.

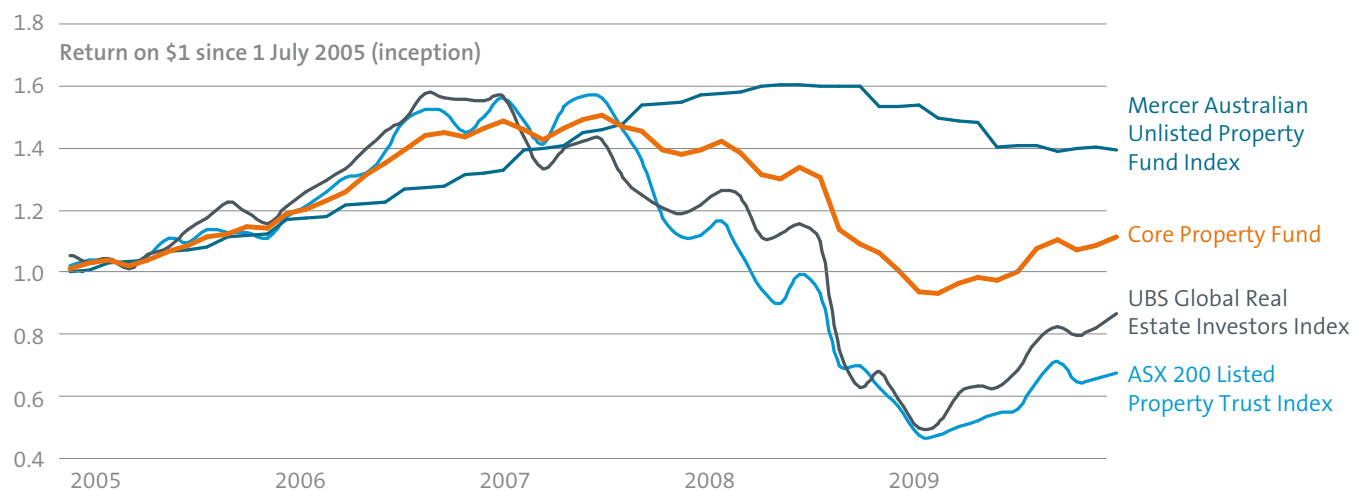
Daily pricing with monthly withdrawals

In 2009 the Fund changed from quarterly to monthly withdrawals to provide greater certainty and allow clients more ready access to their funds. To the extent that available funds are insufficient to meet the month's withdrawal requests, each request will be scaled back on a pro-rata basis.

Active management

Key to AMP Capital's success as a leading property manager is our active management process. At Fund level we combine long-term strategic asset allocation with short-term tactical allocation between sectors and geographies. At direct property level we not only operate physical assets, but also manage responses to macro and micro drivers which involves tenant management, leasing, efficiency and environmental upgrades. With our affiliate AMP Capital Brookfield, we also apply active management to our global listed property portfolio in a process that covers screening and idea generation through to portfolio construction, allowing timely responses to changes in market conditions and optimisation of investment opportunities.

Relative returns since inception as at 31 December 2009



Source: AMP Capital. Past performance is not a reliable indicator of future performance.

Why AMP Capital?

AMP's involvement in property dates back to 1962 when it completed Sydney's first sky-scraper, now home to the AMP head office. From this time, AMP Capital has had extensive experience managing, developing and leasing property investments on behalf of superannuation funds and wholesale investors, and today manages over \$20 billion in assets.

AMP Capital has a team of sector specific property managers who are supported by experts from all areas of property management. This wider team includes specialists in debt advisory, investment strategy and research and transactions, among others. We have over 80 property investment professionals based in Sydney.

Exposure to global listed property securities is via the AMP Capital Global Property Securities Fund which is managed by AMP Capital Investors and AMP Capital Brookfield. Together they represent AMP Capital's specialist global listed real estate and infrastructure securities capabilities. We use 'on the ground' investment specialists based in Sydney, Chicago, London and Hong Kong to identify the key opportunities in these regions.

The offer at a glance

Investment objective

To provide regular income and capital growth and a total return (income and capital growth) on a rolling three-year basis, after costs and before tax, above the Fund's performance benchmark while accepting a medium level of volatility over the long term.

Benchmark

The weighted return of the indices listed below (under weightings indicated):

- Mercer/IPD Australian Pooled Property Fund Index – 50%
- S&P/ ASX 300 Property Accumulation Index – 25%
- FTSE EPRA/NAREIT Developed Rental Index Hedged in AUD Net TRI – 25%

Suggested minimum investment timeframe

5 years

Distributions

Aims to pay quarterly

Buy/Sell spread

Buy spread: 0.17%

Sell spread: 0.17%

Management fee

1.1% plus a 20% performance fee for Class A clients and 1.4% plus a 20% performance fee for Class H clients.*

*The management costs include any management fee charged by the underlying investment managers.

Contribution/withdrawal fee

Nil

Hedging policy

The Fund's exposure to global listed property and global direct property will be hedged back to Australian dollars.

Important note

Investors should consider the Product Disclosure Statement (PDS) available from AMP Capital Investors Limited (ABN 59 001 777 591) (AFSL 232497) for the AMP Capital Core Property Fund before making any decision regarding these funds. The PDS contains important information about investing in the Fund and it is important that investors read the PDS before making any decision whether to acquire, or continue to hold, or dispose of any units in the Fund. Permanent Investment Management Limited (ABN 45 003 278 831) (AFSL 235150) being the responsible entity of the Fund and the issuer of units in the Fund. Permanent has not prepared this information and makes no representation or warranty as to the accuracy or completeness of any statement in it. To invest in the Fund, you and your clients will need the Fund's current Product Disclosure Statement (PDS) issued by Permanent and available from AMP Capital on its website. The PDS contains important information about investing in the Fund and it's important you and your clients read the PDS before making a decision about whether to acquire, continue to hold or dispose of units in the Fund. 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. You and your client 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.

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To find out more about the AMP Capital Core Property Fund, or how your clients can access this investment opportunity, please contact your AMP Capital Key Account Manager or call our Adviser Services team on **1300 139 267**

Personal Investors

To find out more about the AMP Capital Core Property Fund, please talk to your adviser or call us on **1800 188 013**.

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