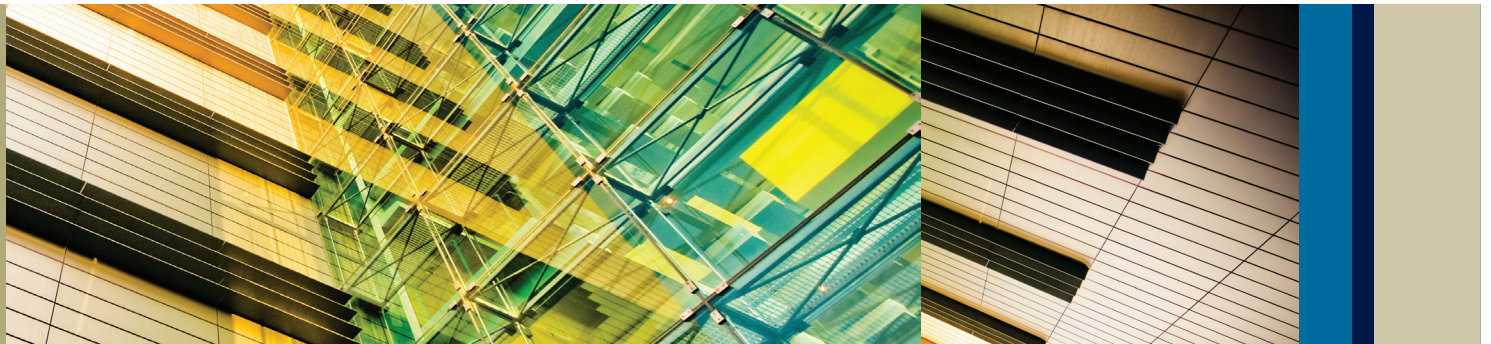


# AMP Capital Listed Property Trusts Fund



Exposure to Australian listed property, underpinned by AMP Capital's industry leading property investment team capability.

The Listed Property Trusts Fund ("the Fund" or "AREITs Fund") provides:

- > diversified income and capital growth opportunities
- > access to large scale property investments which would be difficult to access directly
- > the opportunity to capitalise on the strong economic performance of the Australian economy
- > exposure to property and property related securities listed on the Australian Securities Exchange.

# Why invest in property?

Property is a tangible and long term investment, offering investors efficient risk adjusted returns. For many investors, the key advantage of investing in property is access to predictable income derived mostly from stable rental income.

One of the ways for investors to access the local property market is through a fund that invests in Australian Real Estate Investment Trusts (AREITs). The AREITs model offers investors diverse, flexible and liquid investment options in property which may not be as easily accessible to individual investors through other investment options.

## Does property offer diversified investment options?

The Australian listed property sector provides in-built diversification through exposure to three key sub-sectors. Each sub-sector performs well at different stages of the property cycle, which allows active managers to reweight portfolios to gain greater access to upswings in each sector, while still maintaining a diversified portfolio.

**Retail** – Refers to shopping centres, predominantly in regional and sub-regional areas which, due to the resilience of the sector even during economic downturns, can offer investors reliable defensive characteristics. This is mainly due to large tenant bases which can provide diversification of income stream within the asset. Historically retail has been the strongest performer of each of the three property sub-sectors.

**Office** – This includes premium and A-grade office buildings, generally located in major cities. Investors can benefit from the rental flows from tenants including high quality corporate organisations with solid credit ratings, therefore offering more certainty around rental income.

**Industrial** – This includes warehouses, logistic centres and industrial parks, typically well located near major transport hubs. Where there are long-term rental arrangements with tenants this can provide further assurance around income flows.

## What are the advantages of investing in an AREITs fund?

AREITs funds offer investors access to large scale property investments which would be difficult to access directly. AREITs funds also provide investors with diversified income and capital growth opportunities derived from each of the property sub-sectors.

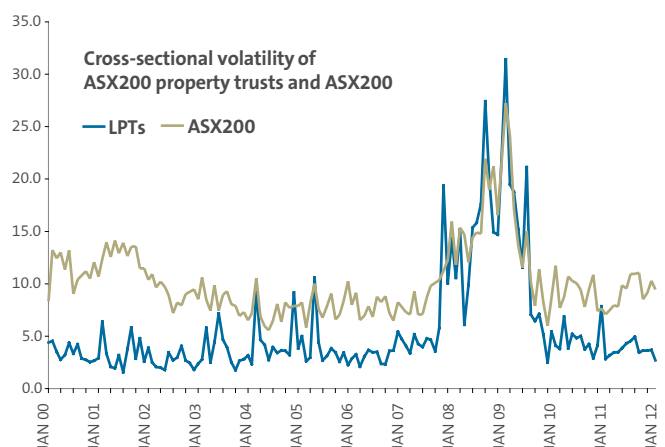
Investing in an AREITs fund is appealing to investors due to the low barriers to entry and relatively high levels of liquidity of the investment, making it a more flexible investment option than direct property investment. Investors may also find appealing the low average transactions costs for AREITs funds compared to those for direct property transactions.

Other advantages related to the income derived from investing in an AREITs fund include:

- > Regular, distributions with the average payout rate for AREITs at 80%<sup>1</sup> of total net income.
- > Potential for tax advantaged income.
- > Inflation hedging effect as leases typically contain a CPI review clause meaning that rent increases with inflation.
- > Potential for long term sustainable returns.

AREITs also offer investors the opportunity to capitalise on the strong economic performance of the Australian economy relative to global economies. And for investors concerned about taking on too much risk, AREITs funds have significantly reduced their volatility as compared to the broader market over the last three years.

## Risk spectrum



Source: Based on AMP Capital calculations using the S&P/ASX Property 200 Accumulation Index and The Australian All Ordinaries Index.

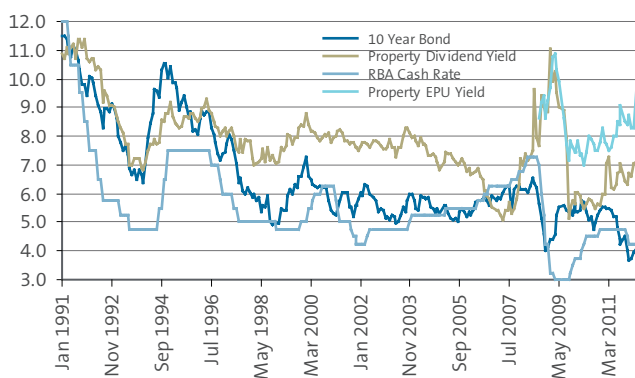
1 Based on AMP Capital estimates, as at April 2012

# Why now?

## A return to core strengths

Over the past three years AREITs have raised approximately \$25 billion<sup>2</sup>, much of which has been used to strengthen balance sheets and reduce debt. Not only have AREITs reduced their exposure to debt financing but importantly, the composition of debt has changed with a reduction of current debt as a percentage of total debt. AREITs have also diversified away from bank debt, as in many cases they were beholden to the banks during the Global Financial Crisis (GFC). This movement away from the banks, with their restrictive terms and conditions, reduces refinancing risk and gives the sector increased flexibility to handle short-term macroeconomic shocks.

### AREITs Sector Yield Vs the 10 Year Bond Yield and Cash Rate



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

In addition to reducing debt, AREITs have largely returned to the core, rent collecting activities for which they were created. Non-core assets have been sold, operating models have been simplified and the focus has come back to domestic vehicles and rental income.

## Income through defensive, reliable earnings

In comparison to the wider market, AREITs continue to deliver stable and resilient earnings underpinned by low vacancy rates and long-term contracted rents. The sector is currently producing a dividend yield of 6.7%. Passive earnings are now at the forefront of this yield, with rental collection accounting for approximately 90% of earnings<sup>3</sup>.

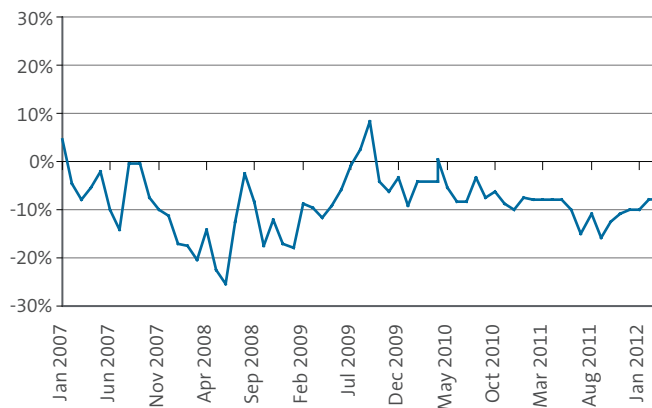
Despite the lower growth environment the world is facing, we believe AREITs should continue to provide quality, stable earnings and therefore strong adjusted total returns. This is particularly important for those investors seeking income.

## Opportunity for capital growth

Despite the AREITs sector outperforming the broader equity market by 10% over the past year, the sector continues to trade at a discount to Net Asset Value (NAV), as shown in the graph below.

Although AREITs are trading at discounts to their asset backing, direct asset sales continue to support Net Asset Values. AREITs therefore provide investors an opportunity to invest in high quality assets at discounts to their direct market peers, while also providing a greater level of liquidity.

### Premium/Discount to NAV



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

## Foreign capital investment

In addition there has been an increase in foreign capital invested into Australia as Australia's stability and growth prospects are viewed as a 'safe haven' by international investors. In the property sector we expect this will continue to drive capital into the country. In our view, AREITs are in a fortunate position of having demand, supply and investment market drivers supportive of steady property value growth over the medium term. We expect this influx of foreign capital to support AREITs prices.

2 Source: Merrill Lynch, as at April 2012

3 Source: AMP Capital, as at April 2012

# The AMP Capital Listed Property Trusts Fund

AMP Capital's Listed Property Trusts Fund uses an active management approach, underpinned by the strength of AMP Capital's industry leading property capability, to invest in AREITs.

The Fund provides:

- > investment, through a single fund, in AREITs and property related securities listed on the Australian Securities Exchange
- > diversification across property industry sub-sectors, including retail, office, and industrial
- > the potential for enhanced returns through fundamental research and active management
- > access to the investment expertise of our experienced Australian and global property investment teams.

The Fund, launched in 1997, is one of the oldest funds investing in REITs in Australia and builds on our 16 years of experience developing and refining the investment model and approach of the asset class itself. Thinking ahead of the market has always been an important part of what we do.

## Local investment expertise

Our experienced investment team is led by Mark Ferguson who has over 18 years experience in Australian property securities and provides significant expertise across the full range of property sub sectors and the broader AREITs market. The team is further able to leverage off the direct property and fundamental equities expertise of the broader AMP Capital group.

## Active management approach

Our active management approach aims to construct a high conviction portfolio consisting of our best ideas in order to take advantage of opportunities as companies are undervalued by the market.

## A global perspective

The strength of the team is further enhanced by access to the global property expertise of the AMP Capital Global Property Securities Fund portfolio management team which provides the investment team with a global perspective on market trends, pricing, vacancy rates and new developments in global property. This global perspective allows us to bring our investors the benefit of the whole picture and is an active factor in our investment decision process.

## Rigorous and disciplined investment process

An institutional approach to research, valuation and portfolio construction, combined with systematic risk management at each stage of the process, is designed to generate sustainable alpha and deliver superior investment outcomes to our clients. Our rigorous investment approach is complemented by built in flexibility allowing us to adapt to the market factors driving the performance of AREITs.

**“Our active management approach is backed by a rigorous investment process and a global perspective on market trends.”**

# Why AMP Capital?

## One of the largest investment managers in Asia Pacific

AMP Capital is one of the largest investment managers in Asia Pacific. As part of the AMP Group we share a heritage that spans over 160 years. We have 260 asset class specialists, investment strategists and economists working together to deliver stronger investment outcomes for clients.

Our home strength in Australia and New Zealand has enabled us to grow internationally and today we have offices in Bahrain, China, Hong Kong, India, Japan, Luxembourg, Singapore, the UK and the US.

These benefits are available through a range of single sector and diversified solutions. That's why clients trust us to invest over \$123 billion\* on their behalf.

\*AMP Capital as at 31 December 2012

## A long-standing real estate investor

With almost 50 years of experience in property investment, we have built a significant property funds management platform. Today we are one of the leading property fund managers in Asia<sup>1</sup> and a top 15 real estate investment manager globally<sup>2</sup>.

Our global listed property team has on the ground resources in all the key global property markets, with offices located in Australia, Hong Kong, the US and the UK. This combination of regional teams better enables us to predict trends and changing conditions and supports our successful approach to regional asset allocation. We were one of the first managers to launch global real estate investment trusts (REITs) into Japan, Korea, Malaysia and Australia.

1 ANREV Research 2011 - Asia Real estate/ ANREV Fund Managers Asia Survey, October 2011

2 Towers Watson, Global Alternatives Survey, 2011

# The offer at a glance

## Inception

17 Dec 1997 - On-platform Class A

## Investment objective

To provide total returns (income and capital growth) after costs and before tax, above the Fund's performance benchmark on a rolling 12 month basis.

## Benchmark

S&P/ASX 200 A-REIT Accumulation Index AUD

## Suggested minimum investment timeframe

5 years

## Distributions

Quarterly

## Fund FUM

\$157.99 million (31 March 2012)

## Other guidelines

- > Under normal circumstances the Fund must have a minimum exposure of at least 90% to listed property, with at least an 80% exposure to securities listed on the Australian Securities Exchange.
- > The Fund may also invest up to 10% in cash, and where it is consistent with the Fund's investment objectives, the Fund may invest in property securities listed on securities exchanges outside of Australia
- > The Fund may also invest in unlisted securities if listing is anticipated within 12 months.

#### **Important note**

Investors should consider the current product disclosure statement (PDS) available from AMP Capital Investors Limited (ABN 59001 777 591) (AFSL 232497) for the Listed Property Trusts Fund before making any decision regarding 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. Neither AMP Capital, nor any other company in the AMP Group, guarantees the repayment of capital or the performance of the product or any particular rate of return. Past performance is not a reliable indicator of future performance. AMP Capital makes no representation or warranty as to the accuracy or completeness of any statement in this product brochure including any forecasts. This product brochure has been prepared for the purpose of providing general information, without taking account of any particular investor's objectives or financial situation. An investor should, before making any investment decisions, consider the appropriateness of the information in this fact sheet and seek professional advice, having regard to the investor's objectives and financial situation.

## Contact us

#### **Advisers**

To find out more about the AMP Capital Listed Property Trusts Fund, or how your clients can access this investment opportunity, please contact your AMP Capital Business Development Manager or call our Client Services team on **1300 139 267**.

#### **Personal Investors**

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

Or visit our website  
[ampcapital.com.au](http://ampcapital.com.au)