> 30 June 2018

WHOLESALE AUSTRALIAN PROPERTY FUND

Aims to provide investors with income and long-term capital growth by investing in a diversified portfolio of Australian office, retail and industrial property

Summary

- In the 12 months to 30 June 2018 the Fund returned 9.1%, which comprised a 6.1% distribution and 3.0% growth return.
- The property portfolio consists of 25 properties which are well diversified by market and sector. No tenant accounts for more than 5% of the Fund's revenue.
- As at 30 June $350 million of debt was drawn, which equates to 18.3% of gross assets. The interest rate on the drawn debt is approximately 3.30%. The aim is to reduce the level of debt to approximately 15% by the end of 2018.
- Property valuations resulted in a 1.1% increase in value for the quarter. The retail portfolio was up by 0.5%, the office and industrial portfolios increased by 1.1% and 1.8% respectively. Leasing contributed to this result with leases agreed with Bowens Timber, Ball & Doggett and Waco.
- The Fund's A-REIT portfolio returned 10.8% over the quarter, compared to the market which returned 10.4%.
- The occupancy rate remained high at 98%, and the weighted average lease expiry was maintained at 4.2 years. Leasing activity was primarily in the Fund's industrial and office portfolios.

For more information visit ampcapital.com.au

Performance – as at 30 June 2018

Inception Date: 31 Mar 1985

Management costs: 0.95% (of gross assets)

%	3 mth	1 yr	3 yrs	5 yrs	Incept
Distribution	1.47	6.05	6.27	6.78	8.30
Growth	0.86	3.03	2.08	2.73	0.80
Total return - after fees	2.32	9.08	8.35	9.51	9.10

Past performance is not a reliable indicator of future performance.

Performance is annualised for periods greater than one year.

Performance figures are calculated using exit prices, are net of management fees, ongoing fees and expenses, assume distributions are reinvested and tax is not deducted. The Distribution return reflects total distributions paid from the Fund, while the Growth return reflects changes in the capital value of units.

Investment approach

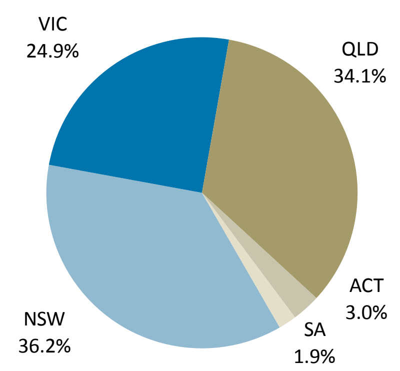
The Fund primarily invests in direct property and may also invest in Australian listed property securities and cash to assist in managing the Fund's return profile and liquidity. The Fund targets assets which have high occupancy rates and stable income streams underpinned by leases to long term, secure commercial and government tenants.

Fund summary

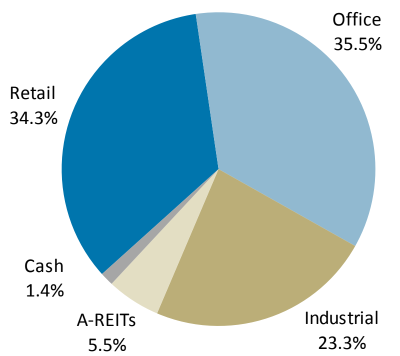
Assets/Liabilities	Valuation	Cap rate	Occ.	Tenants	WALE**
Casula Mall, Sydney, NSW	$213.0m	5.50%	99.4%	67	3.8 yrs
Stud Park SC, Melbourne, VIC	$155.0m	5.75%	99.5%	64	2.5 yrs
Gasworks Plaza, QLD	$146.8m	5.00%	96.2%	31	6.3 yrs
Brickworks Centre, QLD	$135.0m	5.25%	95.2%	50	4.6 yrs
124 Walker St, North Sydney, NSW	$120.0m	5.75%	94.4%	25	3.0 yrs
Bond One, Walsh Bay, NSW	$111.0m	5.75%	100.0%	5	1.5 yrs
12 Moore St, Canberra, ACT	$52.0m	7.25%	91.6%	12	2.8 yrs
636 St Kilda Rd, Melbourne, VIC	$105.3m	5.75%	90.0%	33	2.6 yrs
425 Collins St, Melbourne, VIC	$39.2m	5.00%	100.0%	7	2.7 yrs
199 Grey St, Brisbane, QLD*	$93.0m	6.50%	100.0%	14	3.7 yrs
Gasworks Workspace, QLD	$72.5m	6.50%	100.0%	9	3.1 yrs
33 Park Rd, Milton, QLD	$49.3m	7.25%	100.0%	14	3.5 yrs
Stanley House, Brisbane, QLD	$29.1m	6.00%	100.0%	2	5.5 yrs
Connect Corporate Centre 1, NSW	$46.5m	5.75%	100.0%	5	6.3 yrs
Connect Corporate Centre 2, NSW*	$103.0m	5.25%	100.0%	6	10.7 yrs
1B Unwin St, Rosehill, NSW	$28.0m	7.00%	100.0%	2	1.2 yrs
20 Holbeche Rd, Arndell Park, NSW	$16.4m	6.50%	100.0%	1	4.7 yrs
CentralWest DC, Laverton, VIC	$51.5m	6.75%	100.0%	1	1.3 yrs
730 Lorimer St, Port Melb. VIC	$43.4m	5.75%	97.1%	6	5.1 yrs
2 Pound Rd West, Dandenong, VIC	$20.0m	6.50%	100.0%	2	1.7 yrs
200 Greens Rd, Dandenong, VIC	$24.1m	6.25%	100.0%	3	4.3 yrs
121 Evans Rd, Salisbury, QLD	$33.0m	7.75%	100.0%	6	2.0 yrs
Acacia Gate Industrial Estate, QLD	$20.0m	7.75%	69.0%	7	2.2 yrs
7-9 French Ave, Brendale, QLD	$21.1m	6.50%	100.0%	1	11.5 yrs
2 Second Ave, Mawson Lakes, SA	$33.0m	7.50%	100.0%	1	12.5 yrs
AREIT portfolio	$100.0m				
Cash + other assets	$39.9m				
Total Assets / Portfolio Average	$1,904.0m	5.91%	98%	374	4.2 yrs
Total Liabilities	-$370.9m				
Net Assets	$1,532.8m				

* Occupancy includes areas which are subject to income support **Weighted average lease expiry

Regional allocation



Sector allocation



Fund commentary

The property portfolio consists of 25 properties which are well diversified by market and sector. Tenant diversification is also excellent. A broad range of industries are represented and no tenant accounts for more than 5% of the Fund's revenue.

As at 30 June, $350 million of debt was drawn, which equates to 18.3% of gross assets. The interest rate on the drawn debt is approximately 3.30%. The aim is to reduce the Fund's level of debt to approximately 15% by the end of 2018.

Property valuations resulted in an uplift of 1.1% in the quarter. The retail portfolio was up by 0.5%, with the office and industrial portfolios increasing by 1.1% and 1.8%, respectively. Leasing contributed to this result, with leases agreed with Bowens Timber (12,500 m^2), Ball & Doggett (12,280 m^2) and Waco (12,000 m^2).

Leasing has been a major focus in 2018. The portfolio occupancy remains high at 98%. Major deals from FY2018 are tabled below:

LEASING HIGHLIGHTS: FY2018

Tenant	Propoerty	Approx. Area	Term*	Lease Expiry
Zircodata	Greens Rd, Dandenong	13,000	7 yrs	2025
Bowens Timber	2 Pound Rd West, Dandenong	12,500	9 yrs#	2027
Ball and Doggett	French Ave, Brendale	12,280	12 yrs	2029
Waco	Unwin St, Rosehill	12,000	4 yrs	2022
Allied Pickfords & Sirva †	Greens Rd, Dandenong	9,500	10 yrs	2028
USG Boral	Lorimer St, Port Melbourne	5,600	5 yrs	2023
AKA Civil †	1B Unwin St, Rosehill	4,000	4 yrs	2022
Wisewould Mahony	425 Collins St, Melbourne	2,200	5 yrs	2022
Newcastle Ports	Bond One, Walsh Bay	1,500	6 yrs	2024
South Bank Corporation	Stanley House, South Brisbane	1,300	5 yrs	2023
Alpha Test †	121 Evans Rd, Salisbury	1,000	5 yrs	2023
King Furniture	Brickworks	950	5 yrs	2023
Partners Wealth Group †	636 St Kilda Rd, Melbourne	950	5 yrs	2023
Holocentric	124 Walker St, North Sydney	600	5 yrs	2022
Nuance	Walker St, North Sydney	600	5 yrs	2023
SAS Institute	12 Moore St, Canberra	600	7 yrs	2025
OC Energy	636 St Kilda Rd, Melbourne	595	3 yrs	2020
Henry's Mercato	Stud Park Shopping Centre	500	10 yrs	2028

* Remaining time on lease post negotiation † Heads of Agreement (non-binding) #Break clause in Year 6

The Fund's A-REIT portfolio returned 10.8% over the quarter, compared to the market which returned 10.0%.

Market commentary

In Australia, growth is likely to remain between 2.5-3%, with strong business investment and infrastructure being offset by a housing slowdown and constrained consumer spending. Cash and bank deposit returns are likely to provide lower returns of around 2% as the RBA is expected to keep rates on hold out to 2020 at least.

Office – The quarter saw an improvement in vacancy rates across all major capital city markets, excepting Brisbane. Strong demand has pushed the prime vacancy rates down to 5.2% in Sydney and 4.2% in Melbourne. All CBD markets are experiencing rising effective rents. Recent sales are supporting further yield compression for Sydney and Melbourne prime assets.

Retail – Strong population growth is supportive of the retail environment and there has been a small rise in consumer confidence. However the consumer remains cautious due to elevated household debt, low real wages growth, slowing house prices and rapidly rising utility prices. This is pushing retailers to improve business structures and customer offers. In turn, this will likely result in the closure of poorer performing stores (examples include Toys"R"Us and Esprit, which went into administration during the quarter), getting more efficiencies in their supply chain and improving their omni-channel offer. According to the ABS, online sales now represent 5.6% of total sales, up from 3.9% 12 months ago.

Industrial – Sydney and Melbourne are the fastest growing industrial markets with rents and land values growing. The centralisation of e-commerce, due to the "last mile" global demand trend, will add to this land pressure.

A-REITs – have been supported by strong valuation gains and returned 13% for the financial year. Stable economic data continues to support the Australian listed real estate market.

Outlook

The low cost of capital environment is anticipated to continue and commercial properties are generally being traded on the expectation of the buyer achieving a 10-year total return of 6-8%.

Investment objective

The objective of the Fund is to provide investors with income and long-term capital growth.

Facts

Net assets	$1,532.8m
Minimum suggested time frame	5 Years
Minimum initial investment	$10,000
Buy/sell spread	Nil

Distribution frequency	Quarterly
Date of last distribution	30 June 2018
Distribution cents per unit	1.89

For more information

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