

AUSTRALIAN PROPERTY FUND

20 JUNE 2017

Product Disclosure Statement changes (APIR code: NML0337AU)

We are writing to advise you of some changes relating to the Australian Property Fund (the Fund) that will be reflected in the new Product Disclosure Statement (PDS), which will be available on www.ampcapital.com.au from 26 June 2017. Aside from a general update to the previous PDS (dated 30 January 2015), we have also introduced a securities lending capability within the Fund's underlying investments.

More information is provided below and full details can be found in the updated PDS. We recommend that you read the PDS to understand the benefits and risks of investing, along with other features of the Fund.

Introduction of securities lending

The Fund itself does not engage in securities lending, but the Fund's underlying investments will now have the ability to engage in securities lending, with the aim of delivering additional returns for investors.

Securities lending is a practice whereby securities are lent to a third party (the borrower) for a period of time in return for a fee. Securities lending can increase overall portfolio returns and therefore, overall returns to investors.

Any income earned from securities lending is returned to the underlying funds (that may participate in securities lending). This income is accrued in the unit price of these underlying funds, once operational costs and fees payable to the securities lending agent (for the operation of the program) and AMP Capital (for monitoring, governance and oversight) have been deducted. The fees are 30% and 10% of securities lending revenue, respectively, which are in line with normal commercial rates.

Securities lending does expose the underlying funds to some additional risks which could cause a loss of capital. A full breakdown of these risks can be found in the updated PDS. However, robust processes are in place to substantially mitigate these risks. These processes include the careful selection of approved borrowers, borrowing limits and collateral requirements (which are monitored daily and have a number of restrictions).

Further information

If you have any further questions about this update, please refer to the PDS. Alternatively, please feel free to contact the 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.

Yours sincerely,



David Richardson

Global Head of Client Services and Business Improvement

AMP Capital Investors Limited