

> 31 March 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 31 March 2018 the Fund returned 8.0%, which comprised a 6.0% distribution and 2.0% growth return.
- > The acquisitions of Connect Corporate Centre (Building 2) and Gasworks, Brisbane were completed. The Fund now owns a portfolio of 25 properties which are well diversified by tenant, location and sector. Acquisition activity going forward is likely to be lower than over the past few years.
- > Property valuations resulted in a 3.3% rise in value (on a like-for-like basis), with the office and industrial portfolios up over 4%.
- > The Fund's A-REIT portfolio returned -4.1% over the quarter, compared to the market return of -6.4%. The exposure to A-REITs has been reduced over the quarter and is now 5.6%.
- > The debt facility was increased with a new \$200 million facility with the National Australia Bank, bringing the total available debt to \$450 million. As at 31 March, \$300 million of debt was drawn, equating to 15.9% of gross assets. The interest rate on the drawn debt is approximately 3.10%.
- > The occupancy rate remained high at 98%, and the weighted average lease expiry increased to 4.2 years. Leasing was concentrated in the Fund's industrial and office properties.

For more information visit ampcapital.com.au

Performance – as at 31 March 2018

Inception Date: 31 Mar 1985

Management costs: 0.95% (of gross assets)

%	3 mth	1 yr	3 yrs	5 yrs	Incept
Distribution	1.45	6.02	6.32	6.87	8.32
Growth	1.61	2.00	1.70	2.57	0.78
Total return - after fees	3.06	8.02	8.02	9.43	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.

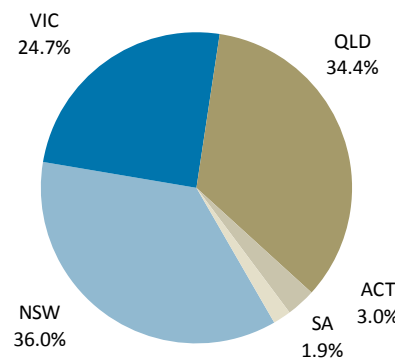
Investment approach

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.

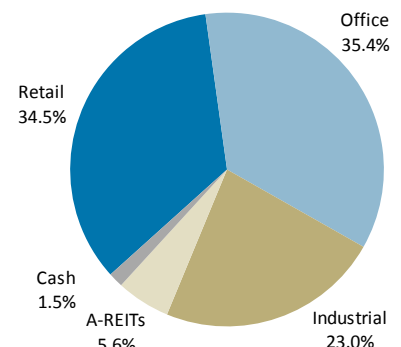
Fund summary

Assets/Liabilities	Valuation	Cap rate	Occ.	Tenants	WALE**
Casula Mall, Sydney, NSW	\$207.0m	5.50%	100.0%	66	4.0 yrs
Stud Park SC, Melbourne, VIC	\$155.0m	5.75%	99.1%	68	2.6 yrs
Gasworks Plaza, QLD	\$146.8m	5.00%	100.0%	36	4.7 yrs
Brickworks Centre, QLD	\$137.6m	5.25%	99.9%	55	4.8 yrs
124 Walker St, North Sydney, NSW	\$118.0m	5.75%	88.8%	24	2.7 yrs
Bond One, Walsh Bay, NSW	\$111.0m	5.75%	100.0%	5	1.7 yrs
12 Moore St, Canberra, ACT	\$53.0m	7.75%	91.6%	18	3.0 yrs
636 St Kilda Rd, Melbourne, VIC	\$100.0m	6.00%	90.0%	34	2.8 yrs
425 Collins St, Melbourne, VIC	\$39.2m	5.00%	100.0%	5	2.9 yrs
199 Grey St, Brisbane, QLD	\$93.0m	6.75%	100.0%*	14	4.1 yrs
Gasworks Workspace, QLD	\$72.5m	6.25%	100.0%	9	4.7 yrs
33 Park Rd, Milton, QLD	\$49.3m	7.25%	100.0%	14	3.8 yrs
Stanley House, Brisbane, QLD	\$28.0m	6.00%	100.0%	2	4.4 yrs
Connect Corporate Centre 1, NSW*	\$46.0m	5.75%	100.0%	5	6.6 yrs
Connect Corporate Centre 2, NSW*	\$102.0m	5.25%	100.0%	4	11.0 yrs
1B Unwin St, Rosehill, NSW	\$26.9m	7.00%	100.0%*	2	1.2 yrs
20 Holbeche Rd, Arndell Park, NSW	\$16.4m	6.50%	100.0%	1	4.9 yrs
CentralWest DC, Laverton, VIC	\$52.9m	6.75%	100.0%	1	1.5 yrs
730 Lorimer St, Port Melb. VIC	\$40.0m	5.75%	97.1%	6	5.2 yrs
2 Pound Rd West, Dandenong, VIC	\$20.0m	6.75%	100.0%	2	1.9 yrs
200 Greens Rd, Dandenong, VIC	\$20.9m	6.50%	100.0%	3	4.5 yrs
121 Evans Rd, Salisbury, QLD	\$33.0m	7.75%	100.0%	5	2.0 yrs
Acacia Gate Industrial Estate, QLD	\$20.0m	7.75%	69.0%	4	2.4 yrs
7-9 French Ave, Brendale, QLD	\$18.6m	7.25%	100.0%	1	3.8 yrs
2 Second Ave, Mawson Lakes, SA	\$32.7m	7.50%	100.0%	1	12.7 yrs
AREIT portfolio	\$104.1m				
Cash + other assets	\$28.7m				
Total Assets / Portfolio Average	\$1,882.9m	5.96%	98%	385	4.2 yrs
Total Liabilities	-\$339.4m				
Net Assets	\$1,543.5m				

Regional allocation



Sector allocation



Fund commentary

The Fund continued to meet its objective of providing investors with income and long-term growth. In the 12 months to 31 March 2018, the Fund returned 8.0% per annum, of which 6.0% was distributed to investors and 2.0% came in the form of growth.

The Fund settled on Connect Corporate Centre, Building 2 in Mascot, Sydney. This is a brand new building which is leased to top-tier tenants including the Commonwealth Government, Kone and Boston Scientific with an average lease term of 11 years.

The Fund also acquired Gasworks, a new retail and office complex which sits in the centre of Newstead, a hotspot for population growth in inner-city Brisbane.

The property portfolio now consists of 25 properties which are well diversified by market and sector. Tenant diversification is also excellent with no tenant accounting for more than 5% of the Fund's revenue. Acquisition activity going forward is likely to be lower than over the past few years.

The debt facility was increased, with a new \$200 million facility with the National Australia Bank, bringing the total available debt to \$450 million. As at 31 March, \$300 million of debt was drawn, which equates to 15.9% of gross assets. The interest rate on the drawn debt is approximately 3.10%.

Property valuations resulted in a 3.3% increase in value (on a like-for like basis). The office and industrial portfolios increased by over 4.0%, whereas the quarterly growth for the retail properties averaged 1.3%.

The Fund's A-REIT portfolio returned -4.1% over the quarter, compared to the market which was down -6.4%. The exposure to A-REITs has been reduced to 5.6%.

The occupancy rate remained high at 98%, and the weighted average lease expiry increased to 4.2 years. Leasing negotiation was concentrated in the Fund's industrial and office properties, with a number of long-term lease renewals locked in and several others close to being finalised.

Market commentary

The global economy has strengthened over the last 12 months and interest rates in the US climbed above Australian interest rates for the first time since 2000. The Australian economy continues to grow at less than 3%, with high levels of household debt and low wages growth constraining household consumption, the biggest component of GDP. A trade war between China and the US would have a negative impact on the Australian economy, as would a sustained period of falling house prices.

Office – strong business confidence conditions are translating to improved demand and rental growth for the office markets in Sydney, Melbourne and now Brisbane. Sydney was the strongest performer of all the office markets and achieved growth of over 20% in the year to March 2018. Brisbane, whilst still lagging its east coast peers on rental growth, is well into the recovery phase. Demand from government tenants expanding their headcounts, and emerging services sectors such as education are driving this renewed demand. Perth remains steady, but is improving slowly.

Retail – the impacts of falling retail spending, structural changes in the sector and growing demand for online retail services all contributed to weaker trading conditions. However, quality retail assets remain in favour with investors and transaction activity continues to show that the market has re-rated from 12 months ago. Secondary retail properties are not in favour with the investment markets.

Industrial – strong population growth and improving business conditions continue to buoy the Sydney and Melbourne markets.

A-REITs – returned -6.4% for the quarter, as global bond yields increased over the quarter after being flat over the 12 months to 31 December 2017. The sector now offers an income return of over 5%.

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	\$1,543.5m
Minimum suggested time frame	5 Years
Minimum initial investment	\$10,000
Buy/sell spread	Nil

Distribution frequency	Quarterly
Date of last distribution	31 March 2018
Distribution cents per unit	1.84

Important Information: 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 Wholesale Australian Property Fund (Fund) before making any decision regarding the Fund. National Mutual Funds Management Ltd. (ABN 32 006 787 720, AFSL 234652) 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 is 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 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 fact sheet 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 fact sheet, and seek professional advice, having regard to their objectives, financial situation and needs.

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