The future of the Wholesale Australian Property Fund (WAPF or the Fund) and the Australian Property Fund (APF)

Now that both funds have been declared liquid, we're pleased to share with you our new strategy for the funds for 2012 and beyond.

With a well diversified 17-property portfolio that is 96%* occupied, a new fund manager with a 50-year track record in property investment, and a revised strategy in place, we're optimistic the funds are well placed to build on their strong foundations and continue to deliver reliable income returns and long-term capital growth.

Clarity for clients
We understand it's been a frustrating time for clients since the funds were closed to investments and withdrawals in 2008. However, we can now provide you with clarity on the future of the funds and present a solution that still offers investors access to a high quality investment opportunity, as well as a liquidity process that we believe delivers an equitable and practical outcome for those investors wishing to remain in the funds and those who need access to their capital.

Back in business...
We're setting a new agenda for WAPF. With a new investment manager, a refreshed strategy and the Fund once again liquid, we believe it's well placed to continue to provide investors with competitive income returns as it has done for the past 27 years. While there are some changes you need to be aware of under the new and improved structure, the Fund will retain its strong income focus and low-risk orientation. It will continue to invest in quality direct property assets and, as always, diversification remains key.

The changes we're introducing include:

- AMP Capital has been appointed to manage the properties, the listed securities and the funds' cash.
- We've refreshed the funds' strategy, including the strategic asset allocation.
- We've revised the capital management strategy and in the future may use up to 25% debt.
- We've selected a number of properties for sale to meet liquidity requirements, and
- We're introducing a new way to process withdrawal requests.

As the Australian Property Fund (APF) invests predominantly in WAPF, the changes to WAPF also apply to APF.

The Disclosure documents for WAPF and APF which provide a comprehensive overview of the changes and associated risks are attached to this bulletin.

If clients want to continue benefitting from the potential for consistent income and exciting opportunities for capital growth, they can start investing from 1 July 2012. For clients seeking access to their capital, withdrawal requests are now permitted under a revised process. Please refer to the attached Disclosure documents for details on the revised withdrawal process.

...and under new management
As you know, the investment management of the funds is now in the capable hands of property experts – AMP Capital.

AXA Research Bulletin

29 November 2011

With a 50-year track record, over A$22 billion** in property funds under management and a core strength in property investment, the AMP Capital property team is one of the most recognised and respected property managers in Australasia. Their strength in sourcing and developing new investment opportunities is matched by their ability to effectively manage their portfolio of property assets.

Continuing to deliver

We're optimistic that the funds will continue to deliver the right balance of value, security and performance for investors under the new strategy. WAPF has secure and growing income streams, and the properties held in the portfolio are expertly managed and strongly tenanted, leaving the Fund well placed to continue to deliver reliable income and long-term capital growth.

A comprehensive Fund update is attached to this bulletin.

Investors are in the driver's seat

We're confident the funds have a promising future. As you will read in the Disclosure documents, the future will ultimately be determined by investors. Now that the funds are liquid, they can take one of two possible paths. If withdrawal requests exceed 50% of the funds under management, it's likely that the funds will be wound up. However, with investor support, the funds can continue under the new strategy.

Communications to clients

On 17 February 2012, all direct investors in the funds will receive an information kit containing:

- a letter to WAPF clients – outlining the funds' liquid status and an overview of the new withdrawal procedures and product and investment management changes
- a Disclosure document for WAPF – providing a detailed explanation of the changes and associated risks, including the revised process for withdrawal requests and information about changes to fees
- frequently asked questions (FAQs) for WAPF – offering brief answers to some of the more common questions clients may have regarding the changes and withdrawal procedure, and
- a fund update for WAPF – detailing fund performance, the strategic direction of the fund, latest property valuations, as well as the outlook for the property sector in 2012.

These communications have been attached to this Research Bulletin for your reference.

For further information

For further information, please contact your AMP Capital relationship manager or axaresearch@axa.com.au

*As at 31 December 2011
**As at 31 December 2011

Frequently asked questions

We have developed these FAQs to answer some of the more common questions you may have relating to the relaunch, new liquid status and revised withdrawal procedures for the Wholesale Australian Property Fund (WAPF or the Fund).

1. What is happening?

The Fund is now liquid and we have implemented a new, refreshed strategy that is more closely aligned with current market conditions and, importantly, one that aims to address the liquidity needs of investors.

As the Fund is liquid, withdrawal requests are once again possible subject to a new, temporary withdrawal process, which is outlined in the Disclosure document.

For investors wishing to remain in the Fund, WAPF offers a well diversified 17-property portfolio that is 96% occupied. Together with the support and expertise of our new fund manager AMP Capital, we're optimistic the Fund is well placed to build on its strong foundations and continue to deliver reliable income returns and long-term capital growth.

2. How is the Fund now liquid?

The Fund's Responsible Entity (RE) has determined that a sufficient number of assets could now be sold within the required timeframe to satisfy the Corporations Act definition of a liquid Fund. This conclusion has been reached after considering the conditions in the property investment market, the advice of external property valuers and the investment manager.

3. What does this mean for me?

You may choose to either:

- retain your investment in the Fund (this option requires no action, but please make sure you have read the Disclosure document before making this decision), or
- submit a withdrawal request for some or all of your investment in the Fund.

4. What do I need to do?

If you wish to remain invested in the Fund, no action is required. Should you choose to submit a withdrawal request, please follow the instructions outlined in Question 8.

5. How much can I withdraw?

You may elect to submit a withdrawal request for some or all of the units you hold in the Fund.

If your investment is below our current minimum investment of $25,000 and you wish to make a withdrawal, you may be asked to withdraw your entire investment.

6. How do I submit a withdrawal request?

To submit a withdrawal request, you must correctly complete and sign the Withdrawal form for AXA's direct property Funds and return it to us at the reply-paid envelope number detailed below. If you do not use the correct form, we will not be able to process your request. This form is available from **axa.com.au> Investment> Changes to property and mortgage Funds** or you can call our Customer Service Centre on 1800 780 035.

Once completed, send or fax the form to:

AXA Australia
Customer Service
Reply Paid 14330
MELBOURNE VIC 8001
Fax no. (03) 8688 5796

All withdrawal requests received between 31 January 2012 and 31 May 2012 will be treated as being received on 31 January 2012.

Please note we will only process one withdrawal request from you during this period. If you send multiple Withdrawal request forms we will process the latest valid form we receive.

9. Can I make a withdrawal request after 31 May 2012?

Yes – all withdrawal requests received after 31 May 2012 and before the end of the Transition Period will be paid on a 'first in first out' basis, within 12 months' of being received, subject to various circumstances that may impact our ability to pay withdrawal requests (refer to the Disclosure document).

10. I don't know what my balance is. How do I find this information?

Your latest quarterly statement will be provided to you showing your current unit balance. Alternatively, you may contact our Customer Service Centre on 131 737 to obtain your latest balance.

11. Can I make my withdrawal request with a dollar amount?

No – all withdrawal requests must specify the number of units required only. Dollar amounts will not be accepted.

12. Can I cancel or amend a withdrawal request I have made?

Yes. Any amendments to reduce the number of units requested or cancellations to your withdrawal request must be made in writing and sent to the address detailed in Question 8. Please note this latest request will substitute the Withdrawal form you previously submitted.

To amend your request, you will need to complete and submit a new Withdrawal form, available from **axa.com.au/investment> Changes to AXA's property and mortgage funds**, or by calling 131 737.

Please note we will only process one withdrawal request from you during the period before 31 May 2012 and therefore if you send multiple Withdrawal request forms we will process the latest valid form we receive.

13. When will I be paid my proceeds?

Investors who submit their withdrawal on or before 31 May 2012 will be paid no later than 30 January 2013.

Investors who submit their withdrawal at any other time during the Transition Period will be paid within 12 months of being received or by 30 January 2014, whichever comes first.

Please note, that if the RE forms the view that its in the best interests of investors to wind up the Fund, then any unpaid withdrawal requests will be cancelled, all of the properties will be sold and investors will be returned their capital periodically over the course of the next two to four years. Please refer to the Disclosure document to read more about this.

14. How will I be paid my proceeds?

Payments will be made to your pre-nominated Australian bank account or financial institution. If you do not pre-nominate an Australian bank account or financial institution, a cheque made payable to the investor(s) will be sent to the registered mailing address.

15. How will the withdrawal price be calculated?

Your withdrawal payment will be made using the applicable unit price, calculated using market values immediately prior to the effective date of payment.

16. If there are two account holders, do both account holders need to sign the Withdrawal form?

If the investment is registered in the name of joint investors, each investor must sign unless you authorised 'any' investor to sign in the 'account operating instructions for joint accounts' option in the original application form or provide a valid power of attorney.

17. Are financial hardship claims still accepted?

We will continue to allow financial hardship payments in accordance with ASIC's guidelines. If withdrawal requests are able to be satisfied in shorter periods of time, we intend to suspend financial hardship applications. Please refer to **axa.com.au>Investment> Changes to AXA's property and mortgage Funds** for more information.

18. Are there any circumstances in which my withdrawal request will not be processed?

Whether we are able to pay your withdrawal request will depend on a number of factors including:

- the success of our property sales programme
- the number of withdrawal requests we receive during the Transition Period
- the number of applications from existing investors from 1 July 2012 (refer to the Disclosure document)
- the debt facility we obtain for the Fund, and
- and if we were to decide to wind up the Fund (refer to sections 'Completion of the Transition Period' and 'Funding of withdrawal requests' in the Disclosure document).

There are other matters that may impact on our ability to pay withdrawal requests during the Transition Period (see the section headed 'Further information on our ability to pay withdrawals' in the Disclosure document).

19. How is liquidity being generated?

Liquidity will principally be generated through our asset sales programme (refer to Question 4) and we are pleased to advise that we are receiving interest from potential property purchasers. We are hopeful that this interest will soon translate into a number of property sales over the coming year, which will create the necessary liquidity to meet expected withdrawal demand. Additional liquidity will be provided through cash that has already been generated from the sale the Fund's property securities portfolio in 2011 as well as a number of property sales and from the introduction of a borrowing facility.

20. Are any of the Fund's properties currently being considered for sale?

Yes – properties are currently being considered and prepared for sale as part of our asset sales programme. The assets that we have selected for sale are generally located in markets which are expected to under-perform or are markets where the Fund only owns one asset and does not have scale. The properties will be marketed by professional transactions teams which will seek to negotiate the best possible price and the best possible terms and conditions.

Revised strategy for the Fund

21. What is the new strategy for the Fund?

The Fund is being re-launched with a revised strategy that aims to combine the best elements and approaches of the current Fund that you are familiar with, together with some changes to the product's design and investment strategy to improve the Fund's ongoing liquidity management. The changes also allow us to capitalise on the Fund's strengths and provide a robust platform for future growth.

22. What are the changes being made?

The key changes are:

- AMP Capital will manage the properties, the listed securities and the funds' cash
- We've refreshed the fund strategy, including the strategic asset allocation
- We've revised the capital management strategy and in the future may use up to 25% debt
- We've selected a number of properties for sale to meet liquidity requirements, and
- We're changing the way we plan to process withdrawal requests

We recommend that you read the Disclosure document for further information on how these changes may impact your investment.

23. What happens to the Fund now?

Whether the re-launched Fund is opened to new investors or conversely, goes into wind up, will depend on various factors, however a key factor involves the level of withdrawal demand from investors. Investors are in control and will ultimately have the final say as to whether the new strategy for the Fund succeeds. If withdrawal requests for more than 50% of units on issue as at 31 January 2012 were to be lodged, or if we form the view that withdrawals will reach this level, it is likely that the Fund will be wound up, any unpaid withdrawal requests will be cancelled, the assets of the Fund realised, and capital will be returned to investors periodically over the course of two to four years.

24. Can I make additional investments into the Fund?

The Fund will be re-opened to applications from existing investors from 1 July 2012, including the distribution reinvestment plan facility. Application rules will be consistent with those that existed prior to the Fund being declared illiquid and these are summarised below.

You can make additional investments in the Fund of at least $1,000 by sending us a cheque together with a letter stating your investor number, the name of the Fund and the amount of the investment. Relevant fees and expenses will apply to all additional investments.

25. Will the Fund be re-opened to new investors?

Pending successful completion of the Transition Period, we expect that the Fund will be re-opened to applications from new investors.

26. Who is managing the direct properties?

AMP Capital has now been appointed as the Fund manager and will in-source the asset management of the properties from 1 June 2012. With over $15 billion in direct properties under management, AMP Capital are the largest manager of unlisted real estate in Australia. It operates specialist teams with expertise across research, property management, leasing, capital transactions, development and funds management. AMP Capital is the third largest real estate fund manager in Asia and a top 15 real estate investment manager globally.# AMP's experience in property investment extends back 50 years to 1962 when it developed Australia's first sky scraper, a building which remains its corporate headquarters today.

27. How will property securities be managed under the new strategy for the fund?

Until September 2011 when all of the Fund's property securities were sold, management of this element of the Fund was outsourced to Alliance Bernstein. Now that AMP Capital has been appointed fund manager, in the future AMP Capital will manage the Fund's listed property securities (with its joint venture partner, Brookfield). This team manages $5.9 billion of and has been active in the Australian market since 1994. The team is experienced and well-resourced and draws on the breadth and depth of the wider AMP Capital business when making investment decisions.

28. How will the Fund's cash assets be managed?

The Fund's cash holding will be managed by AMP Capital, a leading Australian fixed income manager with over $34 billion in funds under management.

29. Is the Fund still income and capital growth focused?

Yes – the Fund's income and investment objectives remain unchanged – to provide a secure income stream together with some long-term capital growth.

30. Will distributions continue to be paid under the revised structure for the Fund?

Yes – subject to available distributable income, quarterly distributions will continue to be paid in the usual way.

31. Will the name of the Fund change?

No. The ARSN will also stay the same.

32. Is there an update on the Fund?

Yes. Please refer to the Fund update enclosed with this pack for information on Fund performance, the revised strategic direction of the Fund, latest property valuations, as well as our view on the outlook for the property sector in 2012.

33. Are there any risks I need to be aware of?

Yes – before you think about whether the changes to WAPF suit you and are aligned to your financial goals, it's important that you understand the risks associated with your investment, particularly the risks introduced as a result of changes to the Fund's design and investment strategy. Please refer to the Disclosure document for a comprehensive overview of the risks that your investment may be subject to in the future.

34. Where can I get more information?

Enclosed with these FAQs is a comprehensive information pack to help you with your decision. The pack contains:

- a Disclosure document – providing a detailed explanation of the changes and associated risks, including the revised process for withdrawal requests and information about changes to fees.
- frequently asked questions – offering brief answers to some of the more common questions you may have regarding the changes and withdrawal procedure.
- fund update – detailing fund performance, insight around the strategic direction of the fund, latest property valuations, as well as our view on the outlook for the property sector in 2012.

These documents are also available online at **axa.com.au/investment> Changes to AXA's property and mortgage Funds**.

If you have any questions, please contact your financial adviser or our Customer Service Centre on

1800 780 035.

35. Can you recommend the right course of action for me?

No – however, we recommend that you discuss the revised strategy for the Fund with your financial adviser. It's a good time to take stock and to think about how the changes to the Fund and the new investment opportunity may affect you and your financial plan. Your financial adviser can help you understand the refreshed strategy and recommend wealth building strategies to help you stay on track towards securing your financial future.

Letter to direct investors in the Wholesale Australian Property Fund.

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Date of this letter
17 February 2012

Investor name
<Given Name> <Surname>

Investor number
<Member Number>

Phone
1800 780 035

Facsimile
(03) 8688 5796

Email
client.enquiry@axa.com.au

<Mailing name>
<Clients 1st line postal address>
<Clients 2nd line postal address>
<Clients 3rd line postal address>
<Suburb> <State> <Postcode>
<COUNTRY>

Setting a new agenda

Changes to the Wholesale Australian Property Fund

Dear <Salutation>

We're writing to let you know about our decisions for the future of the Wholesale Australian Property Fund (WAPF or the Fund)[1]. We are making some changes to ensure the Fund continues to offer a high quality, viable investment opportunity that also meets investors' liquidity needs in the short term.

We're also pleased to advise that the Fund is now considered liquid as defined in section 601KA of the Corporations Act 2001. This means withdrawal requests, under a revised process, can once again be submitted.

Why are you contacting me?
To let you know about the future state of the Wholesale Australian Property Fund (WAPF).

Do I need to do anything?
Yes. Please read the information in the enclosed pack. We also recommend you discuss this with your financial adviser.

What is the future state of the Fund?

We're setting a new agenda for WAPF that combines elements of the Fund that you are familiar with, while making some changes to the product and investment strategy, which we believe will improve WAPF's ongoing liquidity management.

We have exciting plans in store for WAPF including re-opening the Fund. With the support and expertise of our new investment manager AMP Capital, we're confident that we can continue to build on the Fund's strong foundations to deliver greater investment opportunities and outcomes for you.

Important details about the future state of the Fund are outlined further in this letter and in the enclosed information pack.

What does this mean for me?

You have the choice to either:

- not take any action and remain invested in the Fund, or
- submit a withdrawal request for some or all of your investment in the Fund.

What are the changes I need to be aware of?

You need to consider and understand the changes and how they may affect your investment, particularly if you choose to remain invested in the Fund, including:

- changes to the Fund's investment strategy, including the sale of certain properties and changes to the Fund's strategic asset allocation
- changes to the way we plan to process withdrawal requests, including during the Transition Period described below
- the introduction of gearing (debt)
- changes to fees, and
- the risk implications of the changes.

Enclosed with this letter is a comprehensive information pack to help you with your decision. The pack contains:

- a disclosure document – providing a detailed explanation of the changes and associated risks, including the revised process for withdrawal requests

[1] ARSN 088 996 392

and information about changes to fees

- frequently asked questions – offering brief answers to some of the more common questions you may have regarding the changes and withdrawal procedure
- Fund update – detailing Fund performance, insight around the strategic direction of the Fund, latest property valuations, as well as our view on the outlook for the property sector in 2012.

Please make sure you read these documents carefully and consult your financial adviser before you decide what to do.

What is the Transition Period?

Initially, the Fund will operate within a Transition Period for up to two years (until 30 January 2014). During this period, we will aim to pay all withdrawal requests within 12 months of the date of receipt. The Transition Period is intended to provide sufficient time for us to generate additional liquidity through property sales to meet expected withdrawal demand. On completion of the Transition Period, it's expected that the Fund will move to processing withdrawal requests on a monthly basis, subject to various conditions as set out in the disclosure document.

However, it's important to note that at any stage, the Responsible Entity may determine that it's in the best interests of investors to wind up the Fund, including if the total of all withdrawal requests we receive over the course of the Transition Period exceed a certain level or if the Fund ceases to be considered liquid under the Corporations Act. If this were to occur, all outstanding withdrawal requests would be cancelled and it is likely that the Fund would be wound up and capital returned to investors as and when it becomes available from the realisation of the Fund's assets.

What if I want to withdraw my investment?

If you prefer to withdraw all or part of your investment in the Fund, you can do so by following the process described below.

What is the withdrawal process during the Transition Period?

To provide investors with the opportunity to consider their decision and seek financial advice, all withdrawal requests received on or before 31 May 2012 will be treated as being received on 31 January 2012 in no order of priority. All of these withdrawal requests will be paid no later than 30 January 2013. Withdrawal requests received after 31 May 2012 will also be paid within 12 months of being received, on a first in, first out basis, and after those received on or before 31 May 2012. Please refer to the disclosure document which contains important information on the withdrawal process including information about when this withdrawal process may be cancelled, including if the Fund ceases to be considered liquid.

What do I need to do?

You have the following options:

- **Option 1 – taking no action and retaining your investment in the Fund**
  If you choose to do nothing you effectively choose to retain your investment in the Fund including the changes we are proposing for the Fund as set out in the disclosure document.

- **Option 2 - withdraw your investment in the Fund**
  Should you choose to withdraw your investment, please complete the withdrawal form for AXA's direct property funds available from **axa.com.au> Investment> Changes to property and mortgage funds** or by calling our Customer Service Centre on 1800 780 035.

Your financial adviser can help

We recommend that you discuss the refreshed strategy for the Fund with your financial adviser. It's a good time to take stock and to think about how the changes to the Fund and the new investment opportunity may affect you and your financial plan. Your financial adviser can help you understand the refreshed strategy and recommend wealth building strategies to help you stay on track towards securing your financial future.

Further information

If you have further questions, please contact your financial adviser <Adviser Name Adviser surname> on <Adviser Contact#> or our Customer Service Centre on 1800 780 035.

Yours sincerely

Brian Delaney
Director, Client Product and Marketing

AXA Australia Customer Service PO Box 14330 Melbourne VIC 8001
Telephone 1800 780 035 Facsimile (03) 8688 5796
Responsible Entity - National Mutual Funds Management Ltd.
ABN 32 006 787 720 AFS Licence No. 234652
www.axa.com.au

Disclosure document

Issue Date: 1 February 2012

Wholesale Australian Property Fund

Future state of WAPF

The Wholesale Australian Property Fund (WAPF or the Fund) is now liquid under the Corporations Act 2001 (Act). This document contains important information about how the new withdrawal process works and provides an overview of the product design and investment management changes that have been or will be implemented in the future. This document should be read in conjunction with any other disclosure, including the letter titled 'Setting a new agenda' and the 'ASIC Property funds disclosure' for WAPF (available at **axa.com.au**).

Updating information

We will keep you informed of any material changes or updates to the information contained in this document online at **axa.com.au> Changes to AXA's property and mortgage funds> AXA's property funds**.

Background

In November 2008, a lack of market liquidity caused the Fund to be declared illiquid under the Corporations Act. The Fund closed to both applications and withdrawals of units from new and existing investors with the exception of three formal withdrawal offers and financial hardship payments, which have provided limited liquidity opportunities for investors. The Fund's Responsible Entity has now determined that, based on information from property valuers and the investment manager, a sufficient number of assets could be sold within the required timeframe to satisfy the Corporations Act definition of a liquid fund.

What has changed?

Now that WAPF is liquid, investors are able to make withdrawal requests. Following an extensive review process, we have decided to:

- immediately commence a Temporary Withdrawal Process to facilitate an orderly withdrawal process, and
- implement certain product design and investment management changes including the introduction of borrowing.

You should be aware that some of the changes will be implemented immediately, while others will not be implemented until a future date. You should read and understand this document carefully, including the risks, as the changes will impact you regardless of whether you choose to withdraw your investment or remain invested in the Fund.

The changes as described in this document aim to combine existing elements and approaches of the current Fund, while seeking to improve WAPF's ongoing liquidity management with a revised balance of assets and liabilities. With these changes and the ongoing support and expertise of our new investment manager AMP Capital Investors Limited (AMP Capital), we're confident that we can continue to build on the Fund's strong foundations, which have delivered a positive average annual return for investors of 9.27% pa[*] (net of fees) since the Fund's inception in 1985.

Organisational overview

Responsible Entity

The Responsible Entity of the Fund is National Mutual Funds Management Ltd (NMFM).

Investment manager

In November 2011, AMP Capital[†] was appointed the investment manager for WAPF, except for the investment management of direct property which will be transitioned from Dexus to AMP Capital on 31 May 2012. The relationship between the Responsible Entity and AMP Capital will be governed by an investment management agreement. NMFM and AMP Capital are both members of the AMP Group.

AMP Capital is one of Australia's leading specialist investment managers with over 250 investment professionals and a carefully selected global network of investment partners. AMP Capital manages approximately A$93 billion[‡] in funds under management and offers significant depth and breadth of investment expertise across a range of asset classes.

With a 50-year track record and over A$22 billion[‡] in property assets under management, property investment is one of AMP Capital's core strengths. It operates specialist teams with expertise across research, property management, leasing, capital transactions, development and funds management. AMP Capital is the third largest real estate fund manager in Asia and a top 15 real estate investment manager globally.[§]

* At 31 December 2011

† Reference to AMP Capital is to AMP Capital Investors Limited ABN 29 001 777 591 AFSL 232497

‡ At 30 November 2011

§ Towers Watson, Global Alternatives Survey, 2011

Listed property securities – AMP Capital Brookfield*

AMP Capital Brookfield will be appointed to manage the Fund's listed property securities (presently there are no listed securities). AMP Capital Brookfield offers an experienced team of global real estate managers, offering clients access to a globally integrated investment platform in real estate securities.

Cash – AMP Capital

The Fund's cash holding will be managed by AMP Capital, a leading Australian fixed income manager with one of the largest fixed income teams in Australia.

What is the Transition Period?

Throughout this document we refer to a Transition Period. The Transition Period commences now and will continue for the time it takes to complete the Temporary Withdrawal Process (see 'Temporary Withdrawal Process' section for more information).

Our objective is for the Transition Period to end on or before 30 January 2013. However, for various reasons and in certain circumstances, we may be required to extend the Transition Period up until 30 January 2014 (See 'Completion of the Transition Period' section for more information).

Once the Transition Period is complete, it's expected that the Fund will reopen to new investors and withdrawal requests will be processed on a monthly basis. Alternatively, if the Temporary Withdrawal Process cannot be completed by 30 January 2014, the Transition Period will end and the Fund will in all probability be wound up (See 'Completion of the Transition Period' section for more information, including the circumstances that might prevent the Temporary Withdrawal Process from completing).

Temporary Withdrawal Process

As WAPF is now liquid, withdrawal requests are once again permitted subject to a new, temporary withdrawal process which is outlined further in this document.

The Temporary Withdrawal Process is being introduced as an interim measure targeted at enabling WAPF to return to normal operation in a phased manner, providing time to generate sufficient liquidity to meet investor demand and to continue to manage the Fund's assets so that the value and structure of WAPF's portfolio is preserved for investors who wish to remain in the Fund.

All withdrawal requests received between 31 January 2012 and 31 May 2012 will be treated as being received on 31 January 2012. This ensures all investors are treated equally and means that you have time to talk to your financial adviser and consider the appropriate decision for you.

You may also lodge withdrawal requests after 31 May 2012 and up until the end of the Transition Period and they will be dealt with as set out further in this document.

Payment of withdrawal requests during the Transition Period

During the Transition Period, the intention is to satisfy withdrawal requests received in the following manner:

- Withdrawal requests received before or on 31 May 2012 will be paid no later than 30 January 2013.
- Withdrawal requests received at any other time during the Transition Period will be paid after those requests received by 31 May 2012 and on a 'first in first out' basis, within 12 months of being received.

The Fund's constitution requires a withdrawal request to be satisfied within 12 months, however this can be extended under certain circumstances. Further information is provided in the section 'Our ability to pay withdrawal requests during the Transition Period' below.

Additional information about withdrawals during the Transition Period

To submit a withdrawal request, please complete and return the 'AXA's Direct Property Funds Withdrawal Form', available from **axa.com.au> Changes to AXA's property and mortgage funds> AXA's property funds**. For applicable terms and conditions, please refer to the withdrawal form.

Your withdrawal payment will be made using the applicable unit price, calculated using market values immediately prior to the effective date of payment. For example, if we process your withdrawal effective 20 January 2013, this will be paid using the unit price calculated at the close of business that day.

Unless you advise us otherwise, all payments will be made payable via cheque, which will be sent to the investor's registered address.

Further information on the withdrawal process can be found in the Frequently asked questions document, provided with the letter you have received. Additionally, you can contact our Customer Service Centre on 131 737 or visit **axa.com.au> Changes to AXA's property and mortgage funds> AXA's property funds** for more information.

Our ability to pay withdrawal requests during the Transition Period

Whether we are able to pay your withdrawal request will depend on a number of factors including the success of our property sales programme, the number of withdrawal requests we receive during the Transition Period, the number of applications we receive when we open the Fund to additional investments from existing investors on 1 July 2012 (see further in this document), the debt facility we obtain for the Fund and if we were to decide to wind up the Fund (refer to 'Completion of the Transition Period' and 'Funding of withdrawal requests' further in this document). There are other matters that may impact on our ability to pay withdrawal requests during the Transition Period (see 'Further information on our ability to pay withdrawals' further in this document).

* Reference to AMP Capital Brookfield is to AMP Capital Brookfield Pty Limited ABN 82 119 095 297 AFSL 302511

Applications and reinvestment of distributions during the Transition Period

The Fund will be re-opened to applications from existing investors from 1 July 2012, including the distribution reinvestment plan facility. Application rules will be consistent with those that existed prior to the Fund being declared illiquid and these are summarised further in this document.

You can make additional investments in the Fund of at least $1,000 by sending us a cheque together with a letter stating your investor number, the name of the Fund and the amount of the investment. Relevant fees and expenses will apply to all additional investments.

You should note that if you make an additional investment while the Fund is in its Transition Period, there is a risk that the withdrawal process will be cancelled and the Fund will proceed to a wind up on or before 30 January 2014, in which case you may be unable to achieve your investment objective in relation to your additional investment.

It is expected that the Fund will be re-opened to applications from new investors following the end of the Transition Period.

Completion of the Transition Period

We will end the Transition Period only when we are in a position to satisfy all withdrawal requests received during the Transition Period. It is our intention to achieve this by 30 January 2013. However, should this not be accomplished, the Transition Period may be extended, continuing until 30 January 2014. Factors that may contribute to our decision to extend the Transition Period to 30 January 2014 include:

- our ability to sell properties (see the section 'Funding of withdrawal requests')
- the level of withdrawal requests received, and
- the amount of liquidity available within the Fund to make withdrawal payments.

You should also be aware that various circumstances may arise that may result in the Transition Period ending early and the likelihood of the Fund being wound up. These include:

- withdrawal requests received during the Transition Period exceed 50% of units in the Fund
- we are of the view that the Transition Period cannot be completed by 30 January 2014, for example, because we believe that withdrawal requests cannot be paid by 30 January 2014
- we are unable to pay out withdrawals in full within 12 months of them being received, or
- the Fund is again considered to be illiquid under the Corporations Act.

Should any of these conditions occur, it is likely that the Fund will be wound up, and in that event all unpaid withdrawal requests will be cancelled. Please also note that these conditions can change over time and therefore it is possible that some withdrawal requests will be paid before the decision is made to wind up the Fund. If the Fund is wound up, investors will be returned their proportionate share of the Fund's capital periodically as we realise the assets of the Fund. The first capital payment will be made shortly after the decision is made to wind up the Fund and thereafter capital will be returned as assets are sold, which is expected to take between two and four years.

It's important to note that at any stage during or post the Transition Period, the Responsible Entity reserves the right to wind up the Fund and will do so if it considers it in the best interests of investors. If that were to occur, any unpaid withdrawal requests will be cancelled.

Funding of withdrawal requests

We have identified various properties currently held in the portfolio to be sold as part of our property sales programme, which will partly fund the expected initial withdrawal demand received during the Transition Period. We will seek to sell these properties at prices comparable to their most recent valuation.

We have selected these properties for various reasons, including:

- AMP Capital seeking to reposition the Fund so it is focused on Australian eastern seaboard properties
- removing all New Zealand properties
- removing any exposures to jointly owned properties, and
- generating liquidity by selling only non-core properties while ensuring that the return profile and adequate diversification are maintained within the Fund.

The portfolio metrics before and after the sales are compared below. These figures are as at 31 December 2011:

	Current	Post-sales
Portfolio value	$647 million	$423 million
Number of assets	17	10
Number of markets (cities)	7	3
Average cap rate	8.42%	8.21%
Average lease expiry	4.7 years	4.4 years
Average asset size	$39.0 million	$42.3 million
Sector allocation:		
– Office	37%	34%
– Retail	25%	29%
– Industrial	38%	38%

The property sales programme commenced in January 2012. The sales strategy and terms of any property sale will be individually approved.

A key factor in determining the end of the Transition Period is the property sales programme. If all the properties slated for sale are sold within 12 months of the commencement of the Transition Period, WAPF is expected to have sufficient capital to fund all withdrawals received at the same time. If the slated property sales are not completed in 12 months, we will allow ourselves an additional 12 months (that is, until 30 January 2014) to sell the targeted properties.

It is also intended that withdrawal requests received during the Transition Period will be funded from a combination of existing cash, and borrowings under the Fund's proposed debt facility (drawn for the purposes of paying the withdrawal requests).

As you will read in the section 'Investment management changes', one of the key modifications being made to the Fund involves the introduction of debt (gearing). It's important to note that debt will not be drawn down until after 31 May 2012 and until we believe we are in a position to pay the withdrawal requests received on or before 31 May 2012. This will depend on the progress of the sales programme and the amount of withdrawal requests we receive and expect to receive.

Withdrawals after the Transition Period

If the Transition Period ends and the Fund is not wound up, it is expected that withdrawal requests will be processed monthly according to specified cut-off dates, which will be advised when we move to this approach.

If all withdrawal requests received by us in any month exceed the available liquidity in the Fund that month, we will not pay withdrawals on a pro-rata basis. Rather, we will treat these requests as if they were received in the following month, subject again to the same restriction applying in that month. Withdrawals will be paid on a 'first in first out' basis.

We will aim to pay withdrawal requests within five Melbourne business days after the cut off date, however we cannot give an absolute assurance that a longer withdrawal period will not apply. Investors should be aware that they may not receive the amount requested until later months and under the Fund's constitution we have up to 12 months to satisfy a withdrawal request (and longer in some circumstances). Your withdrawal payment will be made using the applicable unit price, calculated using market values immediately prior to the effective date of payment.

We will only process one withdrawal request from each investment. If you send multiple withdrawal requests, we will process the latest valid request we receive. To amend or cancel your request, please notify us in writing by either mail or fax or contact our Customer Service Centre on 131 737. Please note any new instructions will replace the withdrawal request you previously submitted.

This withdrawal process will only apply after the Transition Period and while the Fund continues to be liquid. Where the Fund ceases to be liquid as defined under the Corporations Act, withdrawals will be cancelled and investors will be unable to withdraw from the Fund unless and until NMFM chooses to make a withdrawal offer.

Further information on our ability to pay withdrawals

Our ability to pay withdrawal requests, both during the Transition Period and once we move to monthly withdrawal processing, is at all times subject to the Fund continuing to be considered liquid under the Corporations Act. In the event that the Fund becomes illiquid, an investor has no right to withdraw from the Fund, except in accordance with any withdrawal offer the Responsible Entity may elect to make. As noted above, if the Fund were to become illiquid during the Transition Period, other than on a short-term basis, it is likely that the Fund will be wound up and in that event all outstanding withdrawal requests will be cancelled. The Fund could become illiquid due to deterioration in market conditions, withdrawal requests exceeding available liquidity, a change in the Corporations Act definition of a liquid fund, or for other reasons.

Treasury and ASIC are currently considering changes to the Corporations Act relating to when funds are considered liquid. Although the timing of these possible changes is unknown at present, if these changes are implemented and apply to the Fund, it is likely that this would result in the Fund becoming illiquid.

Investment management changes

Overview

While WAPF will maintain key elements of the original product, we have decided to make some changes necessary for the future viability of the fund. As such, the new investment profile matches the existing profile in that the Fund will retain its low risk orientation, continue to have an income focus, maintain a prudent approach to capital management, and will continue to hold a core portfolio of office, retail and industrial assets located in Australia. WAPF will also hold a portfolio of Australian listed property securities and a portfolio of cash, which will be used to manage the return profile and liquidity of the Fund.

In this respect, the objective of the Fund, which is to provide income with some long-term capital growth, remains unchanged.

Asset allocation

The Fund will continue to invest predominantly in Australian direct property. The Fund will also aim to maintain a holding of listed property securities and cash, and may also invest in other managed investment schemes or investment companies.

Looking forward, AMP Capital will determine the appropriate allocation of the portfolio between the permitted asset classes, within the permitted investment ranges.

Set out in the following table are the new investment ranges for the Fund. Asset allocations are expressed as a percentage of assets and may change from time to time. The actual asset allocations will be affected by liquidity requirements, prevailing market conditions and the availability and volume of suitable direct property investment opportunities. For ease of comparison, the previous asset allocation and investment ranges for the Fund are also provided.

	New investment range		Previous investment range	
Asset class	**Minimum %**	**Maximum %**	**Minimum %**	**Maximum %**
Direct property	50	100	25	100
Listed property securities	0	50	0	50
Cash	0	50	0	30

While the table above shows the anticipated long-term investment ranges for the Fund, it is not expected that an allocation to listed property securities will be made until the Transition Period has been completed.

Use of debt

To improve the Fund's ongoing capital structure and liquidity management, one of the fundamental investment changes will be the introduction of debt as part of the Fund's overarching capital management strategy.

While a prudent approach to capital management will be maintained in order to retain the risk profile of the Fund, we have sought to address the liquidity issues experienced during and post the GFC by adapting the Fund's mix of capital components to incorporate gearing. We believe this step is necessary to better match investor needs for liquidity against the longer-term nature of direct property investments.

Our primary aim is to determine the optimum mix of debt and equity that maximises the value of the Fund while also allowing us to meet investor liquidity needs.

Under the new structure, the Fund may use gearing (borrowing against the Fund's assets) to meet its liquidity needs (such as funding withdrawals) or to acquire assets. We will aim to keep the gearing level to a target range of 0%-15%, but may range from 0%-25%, of the Fund's gross assets at the time of borrowing.

As noted above, debt will not be drawn down until after 31 May 2012 and until we believe we are in a position to pay the withdrawal requests received on or before 31 May 2012. This will depend on the progress of the sales programme and the number of withdrawal requests we receive. This means that the risks of gearing will apply from when we decide to draw down on the debt facility, which will be, if needed, a short period before we pay the withdrawal requests received on or before the 31 May 2012, and from then on.

Gearing has the effect of magnifying the Fund's returns, both positive and negative, which means that the risk of loss of capital may be greater than if gearing did not take place. See the 'What are the risks' section further in this document for further information on risks associated with debt. The introduction of gearing also brings with it additional costs, such as the interest that is paid on outstanding debts and the costs of having the debt facility available. These additional costs and increases in interest rates may reduce the Fund's returns. See the 'Fees and expenses' section for further information.

Other impacts on the Fund

Financial hardship

We will continue to allow financial hardship payments in accordance with ASIC's guidelines. If withdrawal requests are able to be satisfied in shorter periods of time, we intend to suspend financial hardship applications. Please refer to **axa.com.au>Investment> Changes to AXA's property and mortgage funds** for more information.

Fees and expenses

This section details fees and other costs that you may be charged. These fees and costs may be deducted from your investment account, from the returns on your investment or from the Fund assets as a whole.

The management fee and the custody and compliance fee as a percentage of the Fund's gross asset value will remain unchanged. That is, the management fee will remain at 0.45%pa of gross asset value plus 4.5%pa of gross income and the custody and compliance fee will remain at 0.04% pa (these figures include GST net of reduced income tax credits (RITC)). However, as these fees are charged as a percentage of the Fund's gross assets and gross income, the introduction of debt will result in a corresponding increase in fees as a percentage of the Fund's net assets and in dollar terms. For example, if you are paying $100 pa in management fees and the Fund subsequently borrowed 10% of gross assets, this will increase the management fee charged to you by 10% to $110 pa.

Fund expenses are also expected to increase as a result of other changes to the investment structure including the introduction of debt, a move to quarterly property valuations and the sale of assets under the property sales programme. It is expected that Fund expenses will increase by 0.08% pa.

As a result of these changes there will be an increase in the Indirect Cost Ratio (ICR) – the expenses incurred by investors in the Fund. This will vary depending upon factors such as the terms of the debt facility and the level of borrowing. It is expected that the ICR could increase by up to 0.40%.

It is expected that the 2012 ICR will be similar to the 2011 ICR of 0.81%. The 2013 ICR is estimated to be 1.10%. The actual outcome may be higher or lower than this amount.

In addition to the above management costs, the Fund may also incur other expenses associated with gearing that are recoverable from the Fund.

Client Advice Fees

If you agree to pay your financial adviser Client Advice Fees, these will be available after the Transition Period. Further information will be available at that time.

Distributions

There will be no change to the distribution policy of the Fund – quarterly distributions will continue under the new proposal.

You should be aware that although the Fund's objective is to pay distributions quarterly, the amount of each distribution may vary or no distribution may be payable in a quarter.

As with fees and other expenses, the changes to WAPF's product design and investment strategy may impact future income distribution yields, which may decrease slightly in the short term under the new proposal. The main factors contributing to this are:

- **Gearing:** The spread between the interest payable on any borrowings and the earning rate on Fund assets may increase or decrease income available for distributions. Moreover, if the yield on Fund assets exceeds the borrowing cost, distributions will increase. On the other hand, if the yield on Fund assets is less than borrowing costs, distributions will decrease
- **Higher fees and Fund expenses:** Increased Fund expenses (outlined above) will dilute overall available distributable income
- **Altered direct property portfolio profile:** As noted above, we have targeted properties for sale during the Transition Period and the sale of these properties will impact the average portfolio yield
- **Asset allocation:** The strategic asset allocation of the Fund will change and this will impact yields.

Unit pricing

The Fund's current valuations policy is to revalue the direct property portfolio semi-annually. From 30 June 2012, all properties will be valued on a quarterly basis instead. This change will incur additional costs.

What are the risks?

Your appetite for risk or the level of risk you are willing to accept is an important consideration in any investment decision. Before you think about whether the changes to WAPF suit you and are aligned to your financial goals, it's important that you understand the risks associated with your investment, particularly the risks introduced as a result of changes to the Fund's design and investment strategy, which aim to improve the overall liquidity of the Fund.

The principal risks that apply to the Fund are:

- **Risk of wind up:** There are a number of circumstances that may result in the Fund being wound up. These include:
  - if withdrawal requests for more than 50% of units on issue as at 31 January 2012 were to be lodged, or if we form the view that withdrawals will reach this level
  - the property sales programme cannot be completed within the target timeframe
  - the Fund is declared illiquid under the Corporations Act either during the Transition Period or thereafter whether due to a deterioration in market conditions, withdrawal requests exceeding available liquidity, a change in the Corporations Act definition of a liquid fund or other reason
  - we form the view that wind up is in the best interests of investors.

  In the event that a decision is made to wind up the Fund, all unprocessed withdrawal requests lodged will be cancelled, the Fund's properties will be put on the market and each investor will be returned their share of the sales proceeds (less costs, expenses and fees). Payments will be made over a period of time (probably two to four years) as sales are completed. All investors including those who wished to remain invested will have their capital returned in this case. This risk is greatest during the Transition Period, but even after the Transition Period it may be the case that the Responsible Entity forms the view that it is in the best interests of investors to terminate the Fund.
- **Risks associated with debt:** The introduction of debt into the Fund's portfolio brings with it new risks. Namely:
  - financing risk, which involves the Fund's ability to secure or refinance a debt facility and to negotiate agreeable terms upon which it is made available, and
  - interest rate risk, which relates to the risk of loss of capital value from interest rate rises.

  Another significant risk associated with debt is that gearing magnifies both gains and losses from the Fund's investments. Investors in funds that are geared will generally face larger fluctuations in the value of their investments compared with an ungeared portfolio. Investors may therefore experience increased volatility in the value of their investment after gearing is introduced.

  Any debt facility may be unsecured, or it may be secured by way of a charge over the assets of the Fund in favour of the loan provider.
  - If the loan facility were secured, a charge would give the loan provider certain rights including the power to take possession of or sell assets of the Fund following the occurrence of an event of default by the Fund.
  - Events of default may include failure by the Fund to make payments when due, insolvency of NMFM or the Fund, or a breach of a representation or warranty made by us.
  - There is a risk that if an event of default occurs, a loan provider could exercise its rights in respect of the assets of the Fund. Any amounts owing to a loan provider rank before investors' interests in the Fund.
  - As we intend to use the Fund's loan facility partially to fund withdrawal requests, an inability to obtain or refinance the facility may adversely impact on our ability to pay withdrawal requests, including when we move to monthly withdrawal processing.
- **Liquidity risk:** Liquidity refers to the ease with which an asset can be bought and sold in the market place at its current value. Direct property assets are inherently less liquid than other assets such as listed securities, they may also be difficult to sell, and their value may not be fully recoverable in the event of a sale. A drop in the liquidity level of the Fund increases the risk that the amount of cash available to the Fund to meet withdrawal requests may be reduced. This could result in the non-payment of withdrawal amounts in the future and the Fund may once again be declared illiquid.

- **Property investment risk:** The returns from property investments may fluctuate from year to year, which means the stability of your capital investment in the Fund is not guaranteed. Property assets may require significant time to sell, which means that immediate access to your capital investment in the Fund is not guaranteed. The Fund's returns may be affected by factors such as the quality of underlying properties, geographic location, demand in the market place by investors for property, the demand by tenants for commercial space, rental income levels, the supply of new commercial space and capital expenditure requirements.
- **Regulatory change risk:** Changes to the Corporations Act definition of liquidity for managed investment schemes are currently being considered by the government. While the timing of these possible changes is not known at present, if the government decides to implement them it is likely that the Fund would cease to be considered 'liquid' under the Corporations Act, which would adversely impact our ability to offer monthly withdrawal processing. If a fund is considered illiquid, investors are not able to withdraw from the Fund unless and until the Responsible Entity chooses to make a withdrawal offer to investors. If the Fund were declared illiquid during the Transition Period (other than on a short-term basis) it is likely that we would move to wind it up.

As the risks outlined in this section do not take into account your personal circumstances, you should obtain professional advice to determine whether remaining in the Fund suits your investment objectives, financial situation and particular needs. These risks should be considered in the context of investment in a property trust generally and should be considered also together with all the other risks which have been outlined in previous product disclosure statements applicable to the offer of interests in the Fund.

Your financial adviser can help

We highly recommend you discuss the changes to the Fund with your financial adviser. It's a good time to take stock and to think about how the changes to the Fund and the new investment opportunity may affect you and your financial plan. Your financial adviser can help you make sense of the changes and recommend wealth building strategies to help you stay on track towards securing your financial future.

Important information

This information has been prepared to provide you, existing unit holders in the Fund, with general information only. It is not intended to take the place of professional advice and you should not take action on specific issues in reliance on this information. In preparing this information, we did not take into account the investment objectives, financial situation or particular needs of any particular person. Before making an investment decision, you need to consider (with or without the assistance of an adviser) whether this information is appropriate to your needs, objectives and circumstances. Unless specifically stated, the repayment of capital or performance of our products is not guaranteed. Past performance is not necessarily indicative of future performance. National Mutual Funds Management Ltd AFSL 234652 (referred to as 'AXA' or 'we') is the Responsible Entity of the Wholesale Australian Property Fund ARSN 088 996 392.

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