



**7 May 2020**

## AMP Capital Core Infrastructure Fund

I am pleased to announce that the AMP Capital Core Infrastructure Fund (CIF), alongside one of AMP Capital's institutional infrastructure funds, has reached financial close on the acquisition of a stake in the Auckland South Corrections Facility (ASCF or the Project), located in New Zealand. AMP Capital now manages a 70% overall interest in the Project, with CIF holding a 24.9% interest.

This acquisition is an exciting new addition to CIF's portfolio. We expect it to deliver attractive risk-adjusted returns, including a high single-digit cash yield, increase CIF's unlisted infrastructure allocation, and provide further portfolio diversification benefits to investors. It is an asset that we expect will be largely unaffected by the current market volatility.

The Project delivers revenues which are 100% availability-based, with payments to shareholders made by the NZ Government, a counterparty with a credit rating of AA (S&P) as at 5 May 2020. The risk of any abatements is largely passed through to sub-contractors.

## Auckland South Corrections Facility

ASCF is a high and low-security men's prison, with a capacity to house up to 960 inmates. It was delivered as a Public Private Partnership (PPP) under a 25-year concession ending in 2040.

ASCF is a critical asset in the New Zealand correctional facilities network and is recognised as a world-leading facility which supports the delivery of world-class, modern, practical and effective correctional services in an advanced layout. Construction of ASCF was completed in January 2015, and operations commenced in May 2015.

ASCF has a strong focus on education, rehabilitation and employment in order for inmates to better integrate back into the community. The facilities are designed to achieve outcome-focused objectives, including:

- Accommodation that supports the transition of inmates from high-security beds to low-security 'cottage' style accommodation, as well as well-maintained landscaping, including fruit and vegetable gardens managed by the inmates and used for kitchen ingredients.
- Inclusion of cultural buildings, such as the Whare Manaaki (Maori) and Fale Pasifika (Pacific Islands).

- Special industrial buildings on-site where training and paid work is performed by inmates. ASCF has business partnerships with local firms where finished goods are produced at ASCF and sold into the market. The 13 work schemes that offer employment include a bakery, barista, horticulture, grounds maintenance and engineering.
- A range of education programmes in traditional classroom and in-cell system are provided. To date, nearly 13,000 programmes have been delivered including literacy and numeracy, financial and computer literacy, visual and performing arts and legal education. This is supported by a job placement program.

The Government counterparty is the NZ Department of Corrections. Serco is the operator, and the facilities management services are subcontracted to Spotless. The majority of risks associated with the operation and maintenance of the facilities sit with the Project's sub-contractors, with the sub-contractor obligations being underpinned by customary security packages.

### Further Information

If you have any further questions about this update, please contact your Account Manager or our Client Services Team on 1800 658 404, between 8.30 am and 5.30 pm (Sydney time) Monday to Friday or via email at [clientservices@ampcapital.com](mailto:clientservices@ampcapital.com).

Yours sincerely



John Julian  
**Fund Manager - AMP Capital Core Infrastructure Fund**

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