AMP CAPITAL BROOKFIELD (UK) LIMITED
PILLAR 3 MINIMUM DISCLOSURE REQUIREMENTS

The Capital Requirements Directive ('the Directive') of the European Union establishes a revised regulatory capital framework across Europe governing the amount and nature of capital credit that institutions and investment firms must maintain. In the United Kingdom, the Directive has been implemented by the Financial Services Authority ('FSA') in its regulations through the General Prudential Sourcebook ('GENPRU') and the Prudential Sourcebook for Banks, Building Societies and Investment Firms ('BIPRU').

The FSA framework consists of three 'Pillars':

- Pillar 1 sets out the minimum capital amount that meets the firm's credit, market and operational risk;
- Pillar 2 requires the firm to assess whether its Pillar 1 capital is adequate to meet its risks and is subject to annual review by the FSA; and
- Pillar 3 requires disclosure of specified information about the underlying risk management controls and capital position.

The rules in BIPRU 11 set out the provision for Pillar 3 disclosure. This document is designed to meet our Pillar 3 obligations.

We are permitted to omit required disclosures if we believe that the information is immaterial such that omission would be unlikely to change or influence the decision of a reader relying on that information.

In addition, we may omit required disclosures where we believe that the information is regarded as proprietary or confidential. In our view, proprietary information is that which, if it were shared, would undermine our competitive position. Information is considered to be confidential where there are obligations binding us to confidentiality with our customers, suppliers and counterparties.

We have made no omissions on the grounds that it is immaterial, proprietary or confidential.

SCOPE AND APPLICATION OF THE REQUIREMENTS

AMP Capital Brookfield (UK) Limited ("the Firm") is authorised and regulated by the Financial Services Authority and as such is subject to minimum regulatory capital requirements. The Firm is categorised as a limited licence firm by the FSA for capital purposes. The principal activity of the Firm is the provision of investment management services to other entities within the AMP Capital Brookfield group as well as directly to one Separately managed portfolio client. The Firm has no trading book exposures and no investments in subsidiaries.

On 1st October, 2009, the Firm's capital arrangements were restructured such that AMP Capital Brookfield Pty Limited changed its holding in the Firm from 100% ordinary shares to 100% Class A shares with 80% voting rights. Two new shareholders for the Firm contributed 200 Class B shares with a total of 20% voting rights. Those new shareholders are ultimately owned by AMP Limited (AMP) and Brookfield Asset Management (BAM) both listed companies in their respective jurisdictions.

The Firm is not required to prepare consolidated reporting for prudential purposes. Consolidated reporting is undertaken at the ultimate shareholder level. We foresee no impediments to the prompt transfer of capital from the Firm's shareholders should the need arise. The terms of the Shareholders Agreement for the AMP Capital Brookfield business include commitments for the Shareholders to ensure that the Firm will at all times have sufficient capital to meet any financial adequacy requirement under its licensing regime.

RISK MANAGEMENT

The risks of the Firm are integrated with the principal risks of the AMP Capital Brookfield Group and are not managed separately.

The Firm is governed locally through Directors and senior investment team members as supported by the AMP Capital Brookfield group's main operating Board, Committees and management team. The strategic objectives of the AMP Capital Brookfield group (including the Firm) have been set by management. The risk appetite for the Firm is aligned with that of its shareholders and is currently defined as the nature and extent of willingness to take risks in the pursuing of business objectives. This risk appetite provides the boundaries within which risks are tolerated and managed and is determined by senior management and the Board of Directors within AMP Capital Brookfield after taking into account the following:

- Investor/shareholder/regulator preferences and expectations;
- Experience and demonstrated capacity in managing risks and controls;
- The amount of capital needed to support risk taking; and
- The cost/benefit analysis of taking risks.

Risk appetite is an element of AMP Capital Brookfield's overall risk management framework.

The AMP Capital Brookfield group, with the assistance of local Firm management, manages the Firm's risks through a framework of policy and procedures having regard to relevant laws, standards, principles and roles (including FSA principles and rules) with the aim to operate a defined and transparent risk management framework. The AMP Capital Brookfield group (through various senior management forums and committees such as the Audit Risk and Compliance Committee) reviews and agrees policies for managing risks regularly. The approach adopted within the AMP Capital Brookfield group to manage risks is outlined in the Risk Management Policy (applicable to the Firm).

The principal risks of the AMP Capital Brookfield group are outlined in the Risk Management Policy for the group as is the approach adopted to manage credit, market and operational risks is outlined in the AMP Capital Brookfield Risk Management Policy.

REGULATORY CAPITAL

The Firm is a Limited Liability Company and its capital arrangements are established in its Articles. The Firm's capital comprises contributed equity, reserves and retained earnings – see the Statement of Changes in Equity from the Firm's financial accounts for year end 31 December 2010. The Firm is subject to externally imposed capital management requirements and must comply with capital and liquidity requirements under its UK Financial Services Authority Licence.

The main features of the Firm's capital resources for regulatory purposes are as follows:

Capital item	£'000
Issued/permanent share capital	1,000
Profit and Loss account and other capital reserves	(14)
Variable capital requirement	493
Tier 1 capital less innovative tier 1 capital	493
Total tier 2, innovative tier 1 and tier 3 capital	0
Deductions from tier 1 and tier 2 capital	0
Total capital resources, net of deductions	493

The Firm manages its capital within the broader framework of the AMP Capital Brookfield capital management policy. The primary capital management objective is to ensure that the Firm will be able to continue as a going concern while minimising excess capital through capital initiatives where appropriate. The Firm's Directors and the AMP Capital Brookfield group operating Board and management team monitor the Firm's capital position. The AMP Capital Brookfield group assesses the adequacy of its capital requirements through three capital measures: regulatory capital, ratings capital and economic (or risk based capital) and targets a level of capital resource required to satisfy all three capital measures. The AMP Capital Brookfield group capital management strategy forms part of the group's broader strategic planning process.

As discussed above the firm is a limited licence firm and as such its capital requirements are the greater of:

- Its base capital requirement of €50,000; or
- The sum of its market and credit risk requirements – calculated at £45,000; or
- Its Fixed Overhead Requirement – calculated at £492,500.

The Firm is primarily exposed to credit risk, liquidity risk and foreign currency risk. The AMP Capital Brookfield group reviews and agrees policies for managing these risks as summarised below:

- Credit Risk – it is the AMP Capital Brookfield group's policy to conduct its business with a credit worthy customer and the exposure to credit risk is monitored on an ongoing basis. Although there is a significant concentration of credit exposure with the amount due from a related company, the risk is minimal as the related company is of a good credit rating. The carrying amount of other receivables and amount due from a related company represents the Firm's maximum exposure to credit risk. No other financial assets carry a significant exposure to credit risk
- Liquidity risk – the funding position of the Firm is monitored on a regular basis to ensure sufficient funds are available to meet liquidity requirements. There is no liquidity risk currently.
- Foreign currency risk – transactions arising in foreign currencies during the year and foreign currency monetary assets and liabilities are translated at rates closely approximating those ruling on the transaction dates. As part of the management of this risk, intercompany balances are settled periodically and cash received is converted into the functional currency when the funds are received.

The internal capital amount considered adequate for the nature, scale and complexity of the Firm's activities is currently £493,000. The actual amount of capital held at the end of the 2010 financial year was £493,000 (net of deductions). We have not identified specific allowances for any risk other than credit risk (being £45,000) as we believe that the remainder (being market risk, operational risk, liquidity risk, securitisation risk, insurance risk, pension obligation risk, concentration risk, business risk and interest rate risk) to be either not applicable or in terms of impact, immaterial.