



PROPERTY GROUP

How to invest in listed and unlisted property and avoid the traps



Important information and disclaimer

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In making an investment decision in relation to a Fund, it is important that you read the relevant product disclosure statement (“PDS”) and supplementary product disclosure statement (“SPDS”) (where applicable) below:

- the DPF PDS dated 21 August 2013 and the SPDS dated 28 May 2014
- the PSF PDS dated 1 November 2012
- the PCF PDS dated 10 March 2015

Each PDS (and SPDS) is issued by CFM and is available from www.cromwell.com.au/dpf, www.cromwell.com.au/psf, www.cromwell.com.au/pcf, or by calling Cromwell Investor Services on 1300 276 693. Applications for units in the DPF and PCF can only be made on the application form accompanying the PDS with approved wording, or an approved sticker, confirming that the applicant has received, read and understood the SPDS (where applicable). PSF is closed to new investment.

This Presentation has been prepared without taking into account your objectives, financial situation or needs. Before making an investment decision, you should consider the relevant PDS (and SPDS) and assess, with or without your financial or tax adviser, whether the Fund fits your objectives, financial situation or needs. CFM and its related bodies corporate, and their associates, do not receive any remuneration or benefits for the general advice given in this Presentation. If you acquire units in the Fund, CFM and certain related parties may receive fees from the Fund and these fees are disclosed in the PDS and SPDS.

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About Cromwell Property Group

 **\$9.8bn¹**
AUM

 **330⁺**
STAFF

 **440⁺**
PROPERTIES

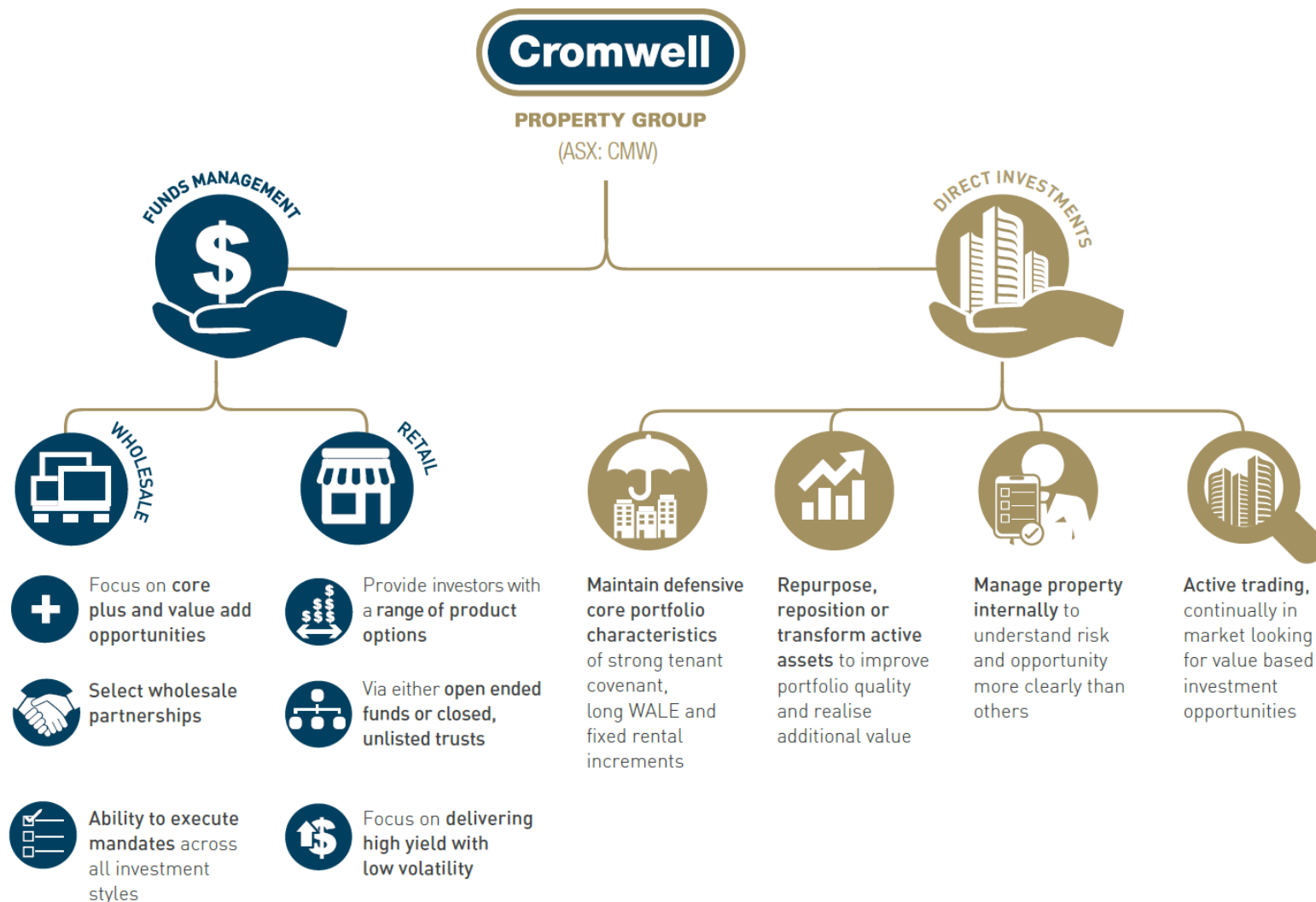
 **15^{*}**
COUNTRIES

 **4,330⁺**
TENANTS

 **4.9million^{*}**
SQM

¹Assumes completion of property currently under construction ^{*}Includes 100% of Oyster Property Group.

What we do



This presentation will cover:



- What is **unlisted property**
- Market overview
- Cromwell Direct Property Fund



- What is **listed property**
- Market overview
- Cromwell Phoenix Core Listed Property Fund

What is unlisted property

- Unlisted property includes all property assets that are not listed on the stock exchange
- This is owning all types of property directly eg commercial office, beach house, rental property etc
- You can access property through trusts or syndicates where your money is pooled with other investors' money to buy assets.
- Managed by professional property managers such as Cromwell which has 140 staff in Australia and 330 worldwide with specialists in property management, legal, treasury, leasing, economics and strategy.



Unlisted property continued

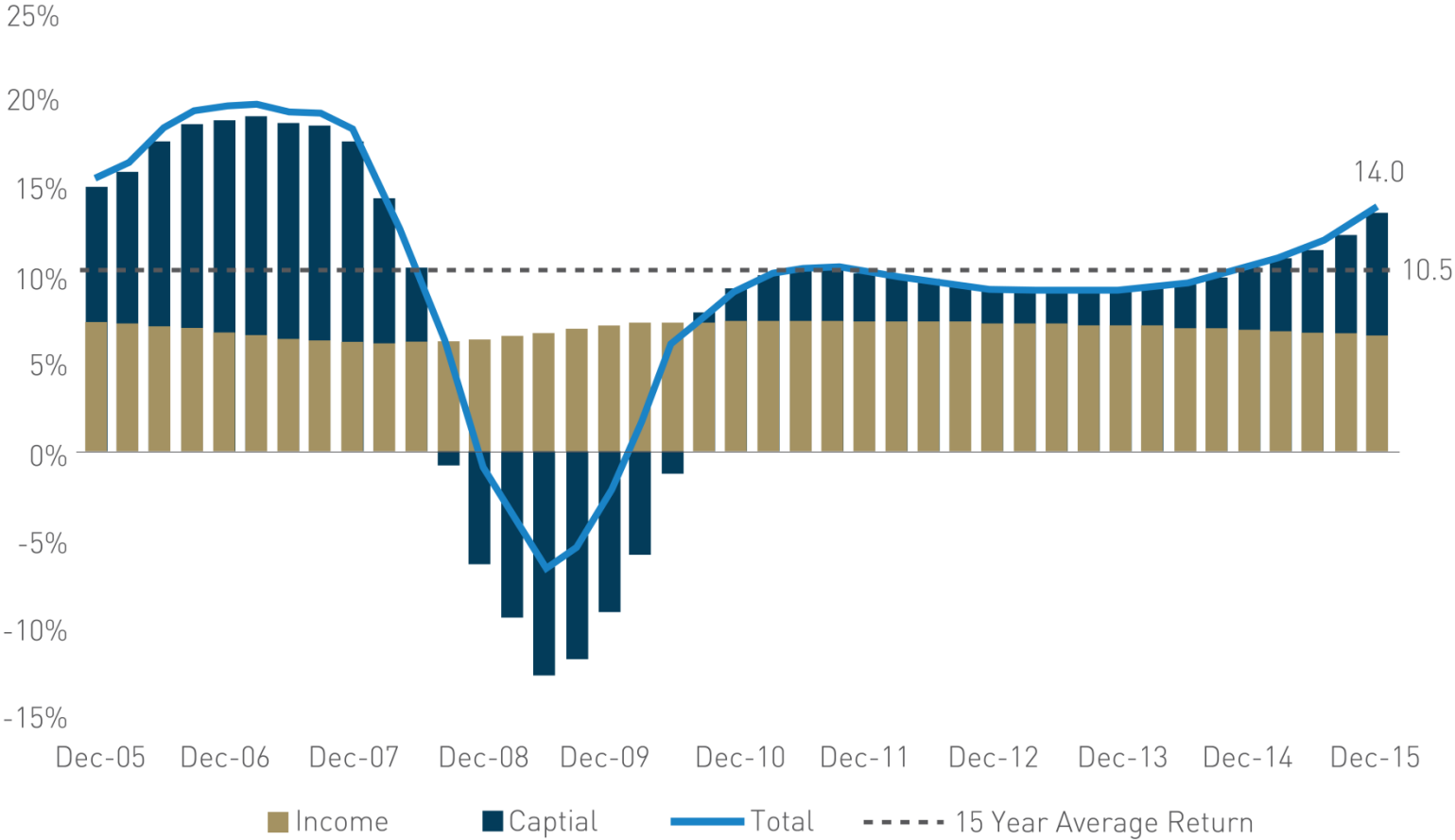
- One of the advantages of unlisted property trusts and syndicates is the often lower volatility compared to listed investments
- Diversification away from the sharemarket and across different properties if the trust has more than one asset
- Minimum investment usually only \$10,000
- Access to properties that you can't afford on your own



Things to consider

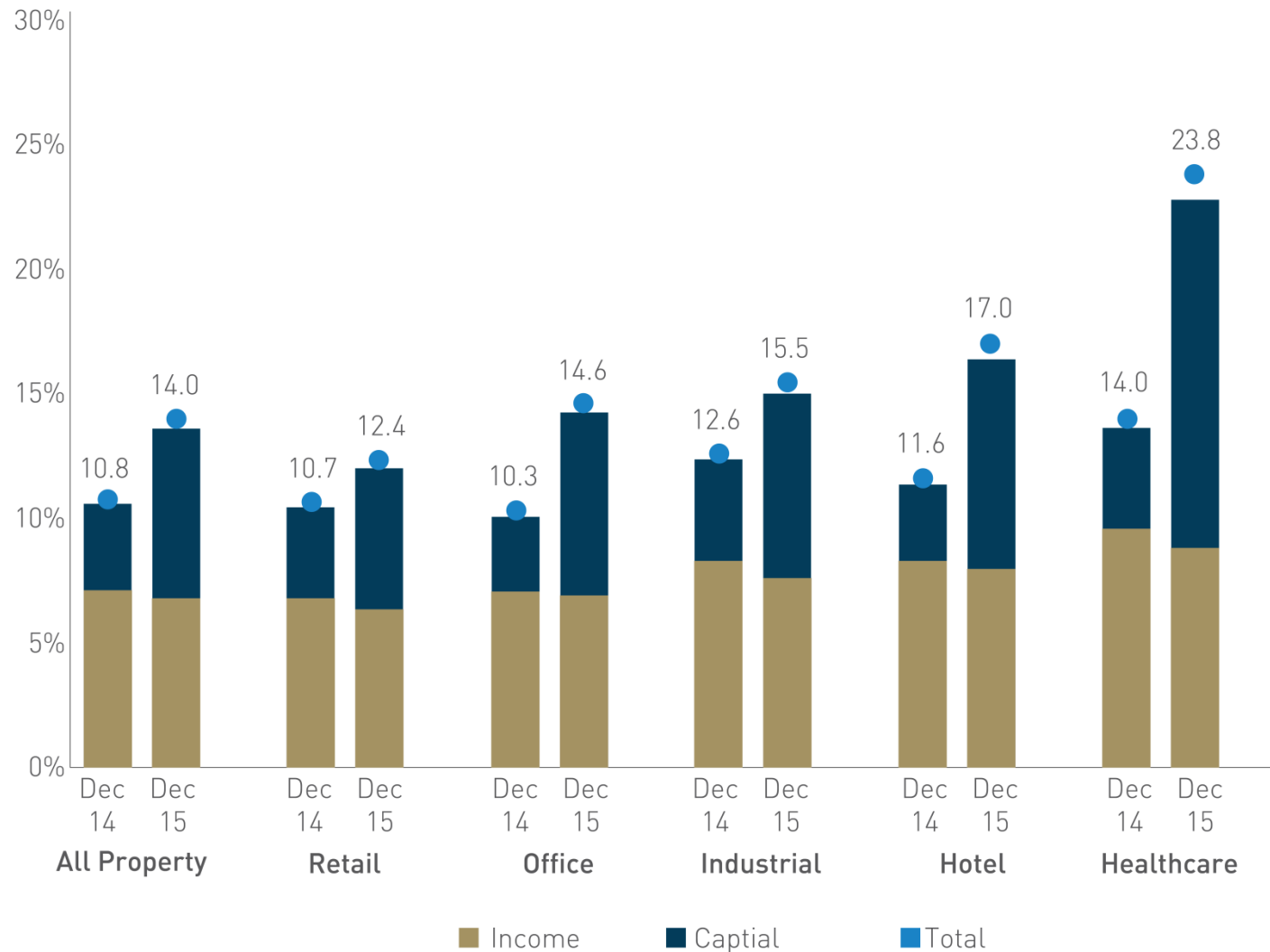
- Vacancy rates
- Weighted average Lease expiry
- Gearing
- Age and condition of the property
- Taxation
- Management experience and balance sheet
- Market conditions

Property Returns

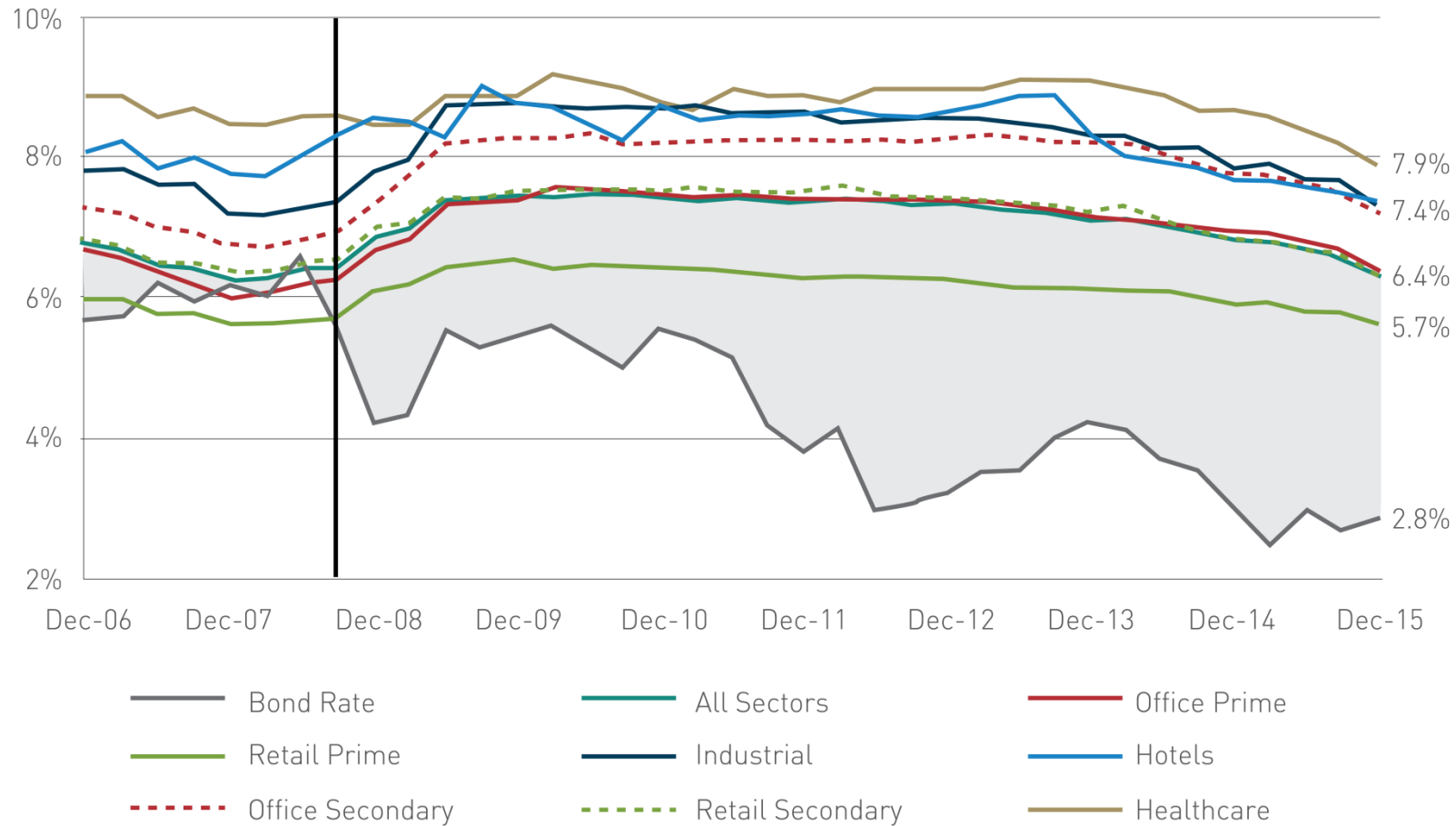


Note: 14.0% total return was comprised of a 6.8% income return and a 6.8% capital growth

All property sectors in upward cycle

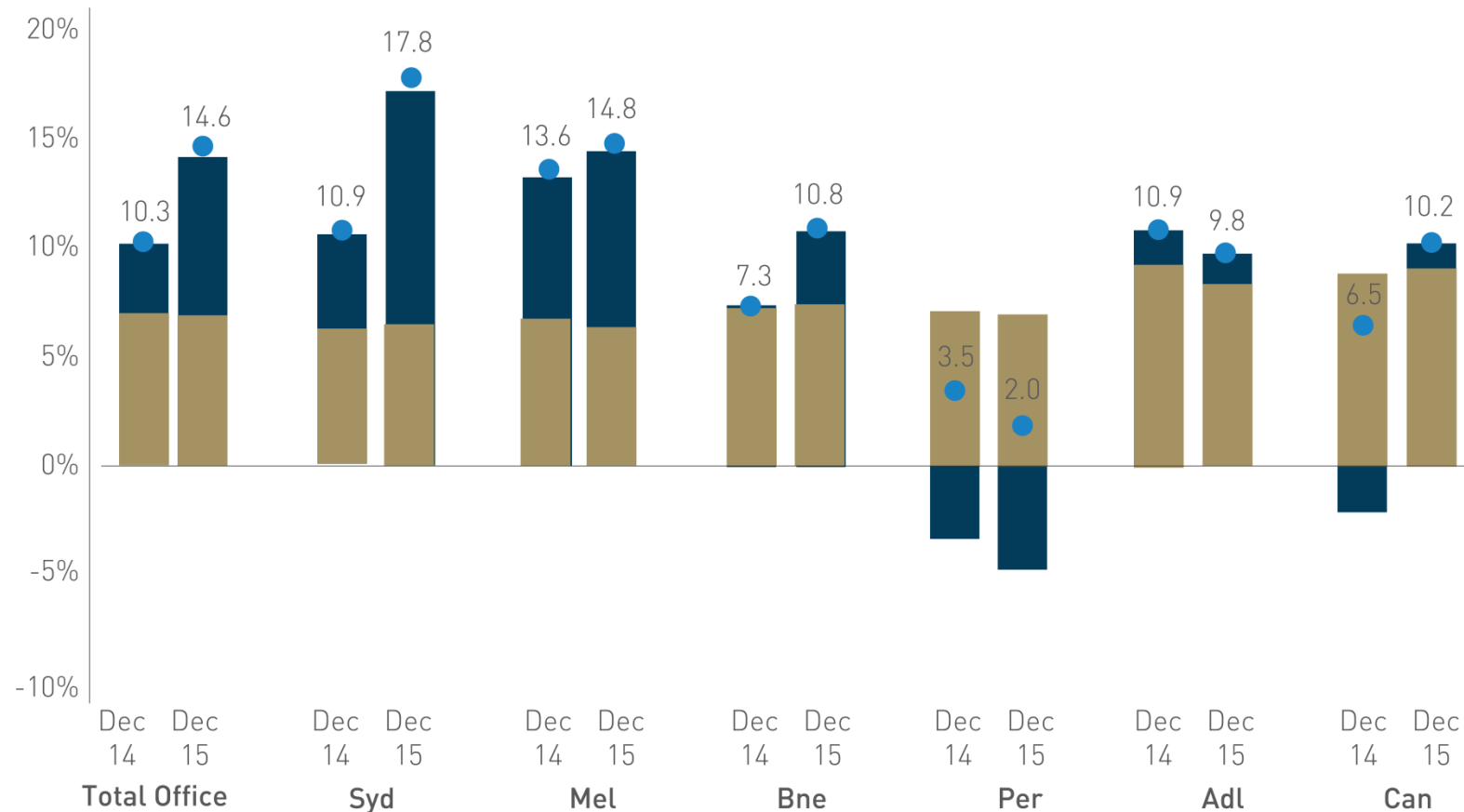


Property Cap Rates Versus Bond Rate



Period Ending December 2015

Office Sector Displays mixed Performance

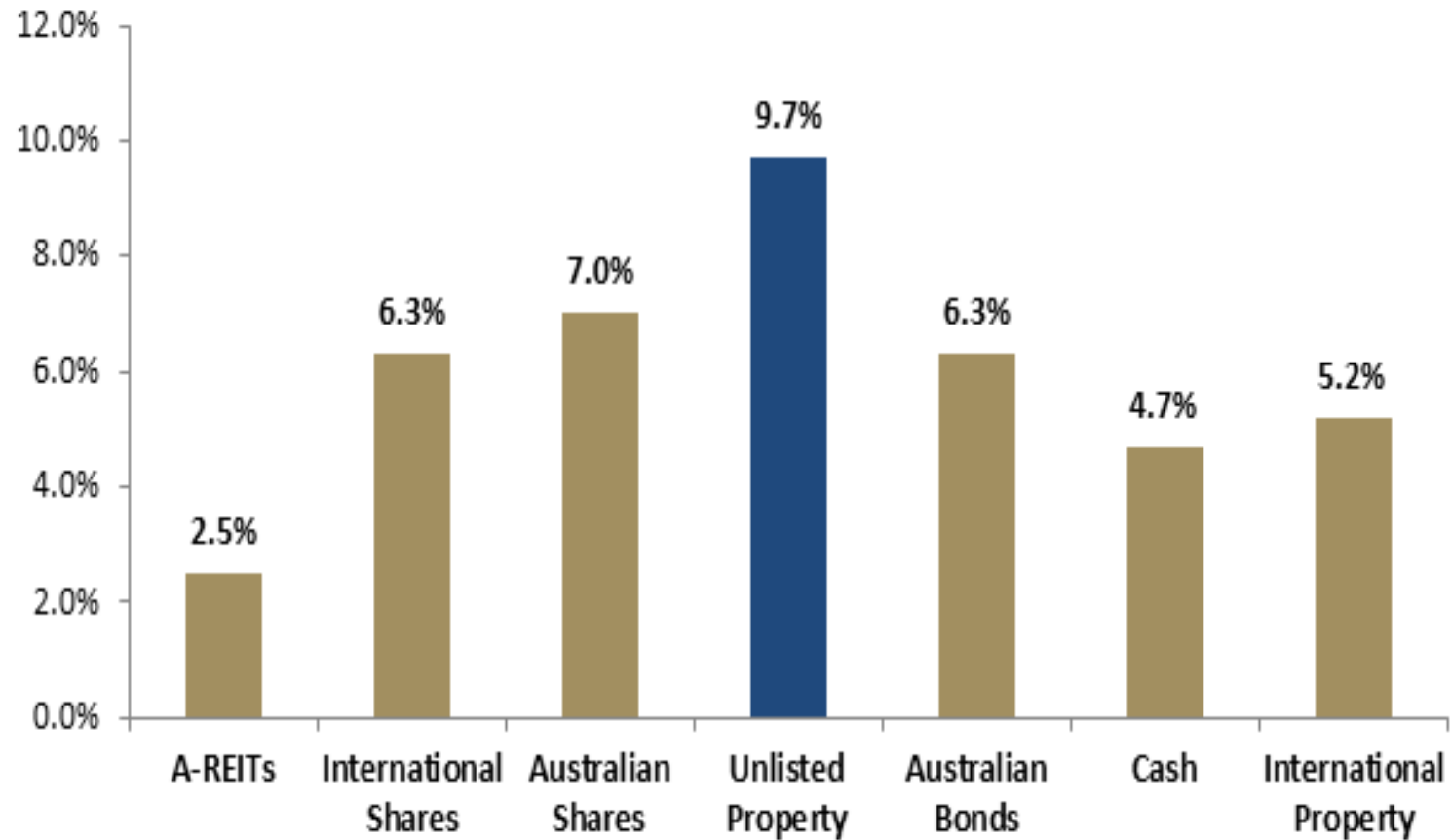


Source: MSCI 18
AUSTRALIAN CBD OFFICE RETURNS

Income Capital Total

10 Year Returns Across Select Asset Classes

Annualised returns to 31 December 2015



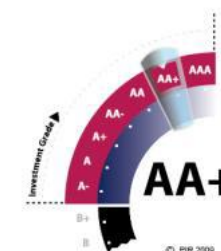


Cromwell Direct Property Fund

ARSN 165 011 905

Fund Characteristics

Asset Class	Direct Property
Distributions	Monthly (6.0cpu, per annum)
Performance Benchmark	PCA/IPD Australian Pooled Property Fund Index – Unlisted Retail
Investment Objective	Aims to provide investors with a monthly tax advantaged income stream with the potential for capital growth.
Liquidity	Limited monthly, full redemption available at July 2020 and every three years thereafter.
Borrowing Policy	Look-through gearing of no more than 50%. As at 31 December 2015 look-through gearing was 15.4%



1. The Lonsec Rating (assigned August 2015) presented in this document is published by Lonsec Research Pty Ltd ABN 11 151 658 561 AFSL 421445. The Rating is a "class service" (as defined in the Financial Advisers Act 2008 (NZ)) or is limited to "General Advice" (as defined in the Corporations Act 2001 (Cth)) and based solely on consideration of the investment merits of the financial product(s). In New Zealand it must only be provided to "wholesale clients" (as defined in the Financial Advisers Act 2008 (NZ)). Past performance information is for illustrative purposes only and is not indicative of future performance. It is not a recommendation to purchase, sell or hold Cromwell Funds Management product(s), and you should seek independent financial advice before investing in this product(s). The Rating is subject to change without notice and Lonsec assumes no obligation to update the relevant document(s) following publication. Lonsec receives a fee from the Fund Manager for researching the product(s) using comprehensive and objective criteria. For further information regarding Lonsec's Ratings methodology, please refer to www.beyond.lonsec.com.au/intelligence/lonsec-ratings.
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Investment Strategy



DIRECT PROPERTIES

ALLARA STREET,
CANBERRA, ACT



MASTERS
PARAFIELD, SA



BUNNINGS
MUNNO PARA, SA



INVESTS CROMWELL SYNDICATES¹



ENERGEX HOUSE,
NEWSTEAD, QLD



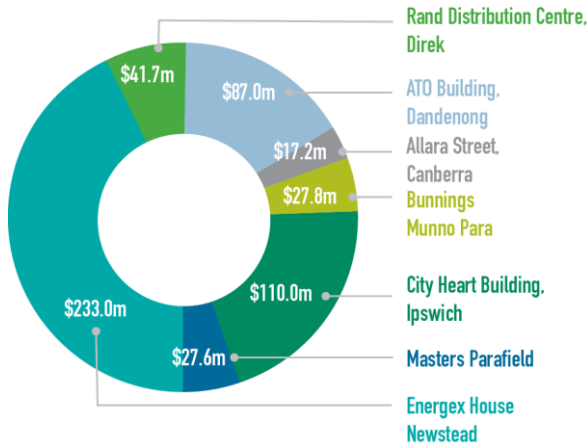
CITY HEART BUILDING,
IPSWICH, SA



RAND TRANSPORT
CENTRE, DIREK, SA



ATO BUILDING,
DANDENONG, VIC



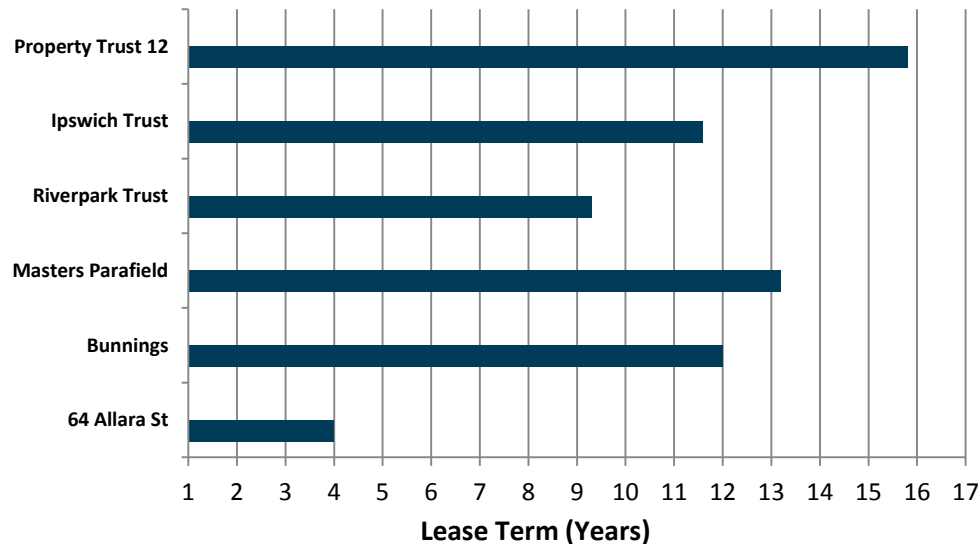
1) Asset values reflect 100% of underlying property syndicate values.

Strong Tenant Covenant

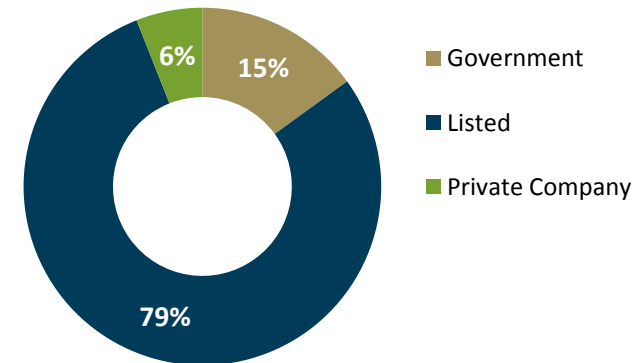
- Predominantly Government and Listed Company tenants
- Long weighted average lease expiry = 11.4 years*
- Diversified property portfolio worth \$543.4 million (including non-fund interests)
- Geographic diversification (QLD, VIC, SA, ACT)



Weighted Average Lease Term Breakdown



Diversification of Income



* As at 31 December 2015

What is listed property

- All Property stocks which are listed on the ASX
- These can be accessed by buying them directly on the ASX or through a Property Securities Fund
- The index is the ASX AREIT INDEX (Australian Real Estate Investment Trust)
- These companies invest in commercial, industrial, retail, healthcare etc
- Liquidity but more volatility in value
- Very small amounts of capital required to get diversification

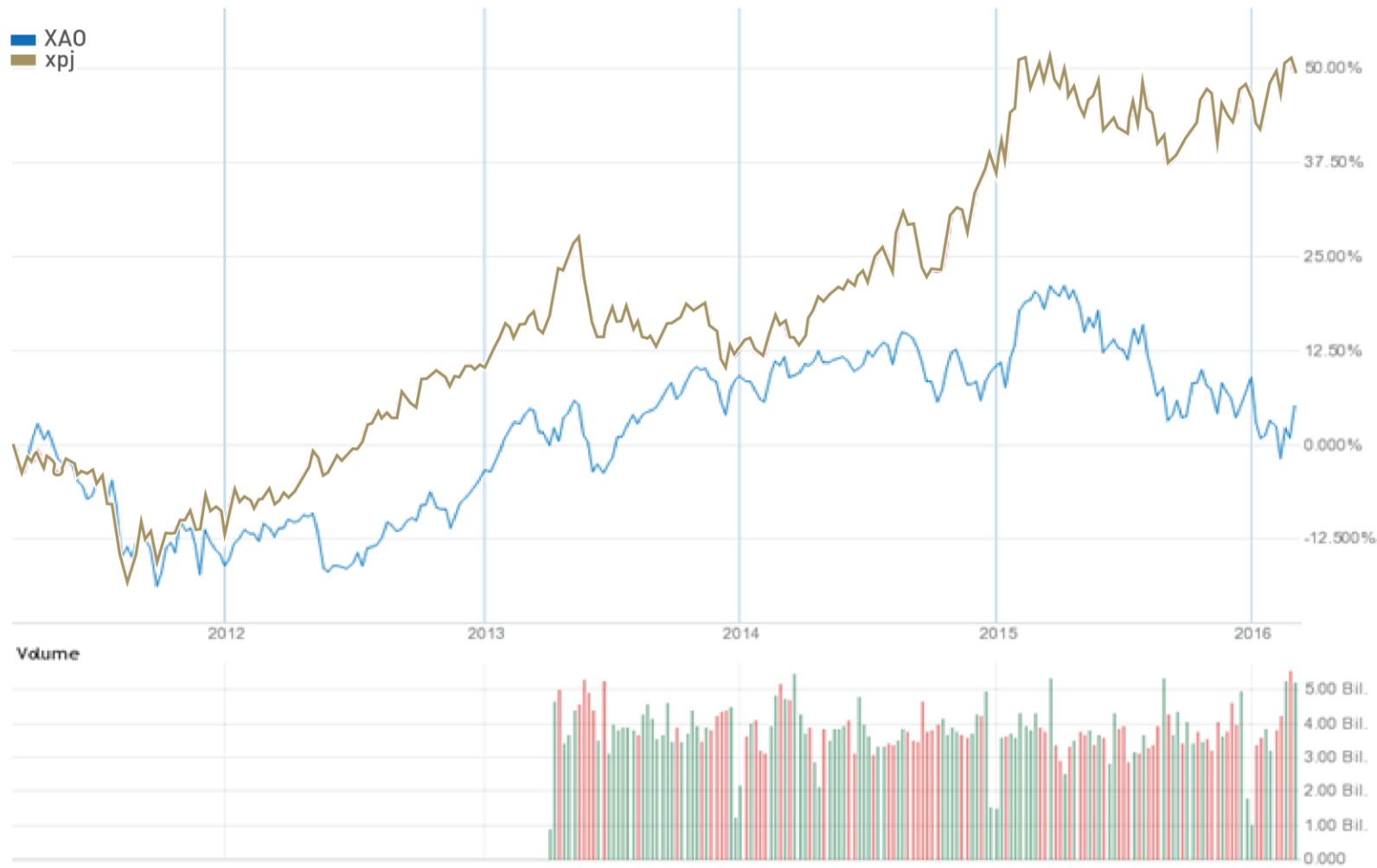


Listed property continued

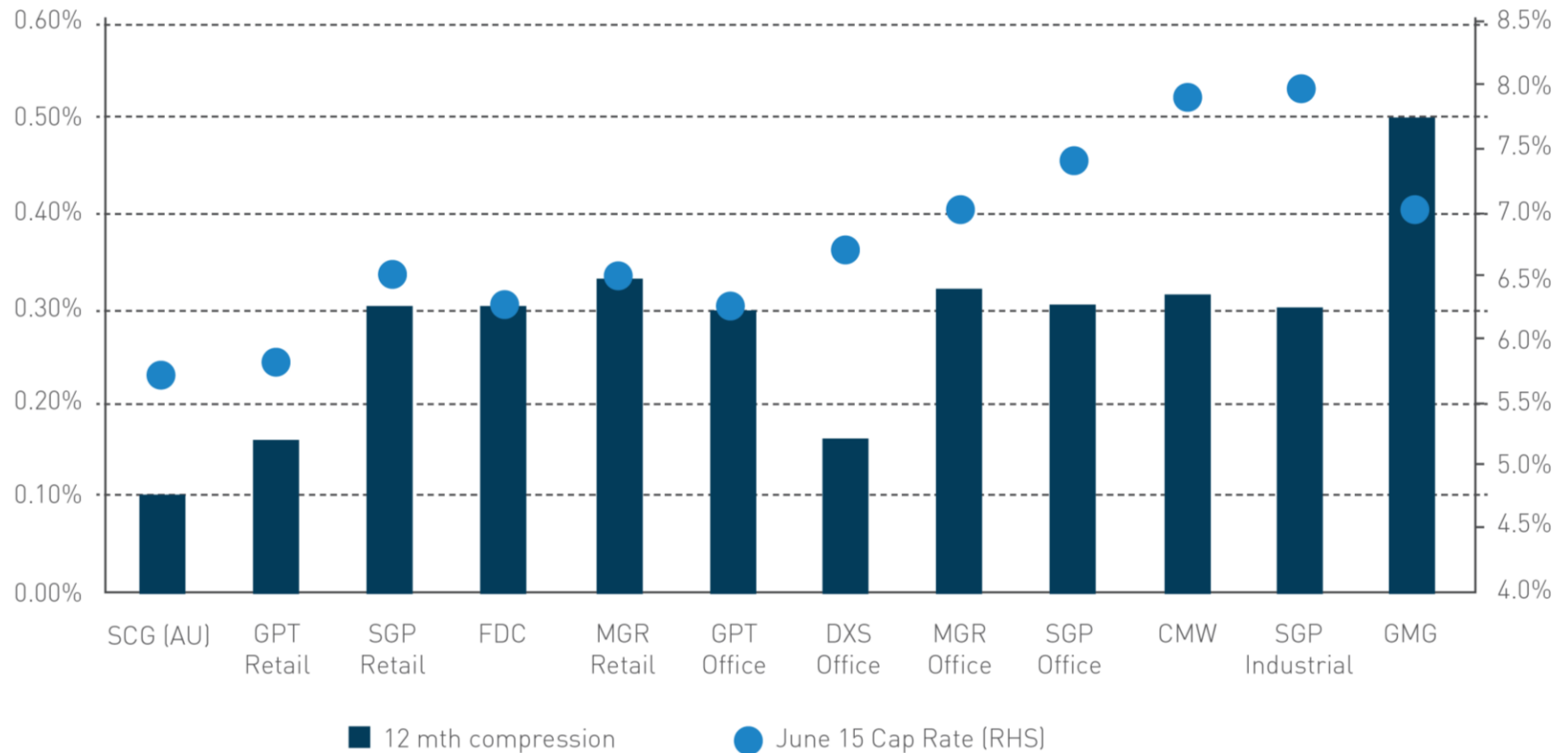
- High yield has made them very popular with investors
- Income is contracted via leases to Government and substantial companies



Market overview

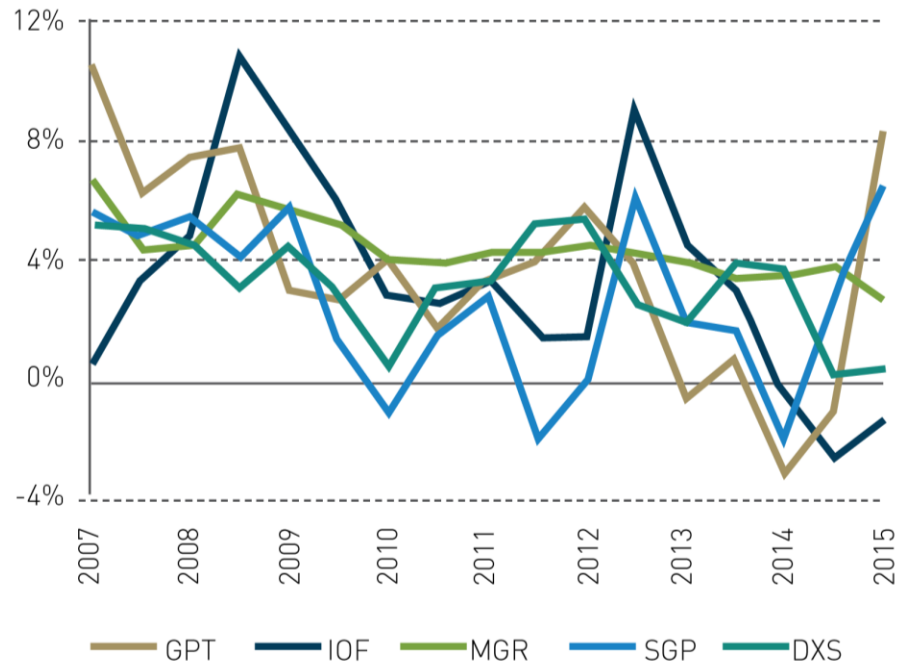


Cap rates have firmed, more expected



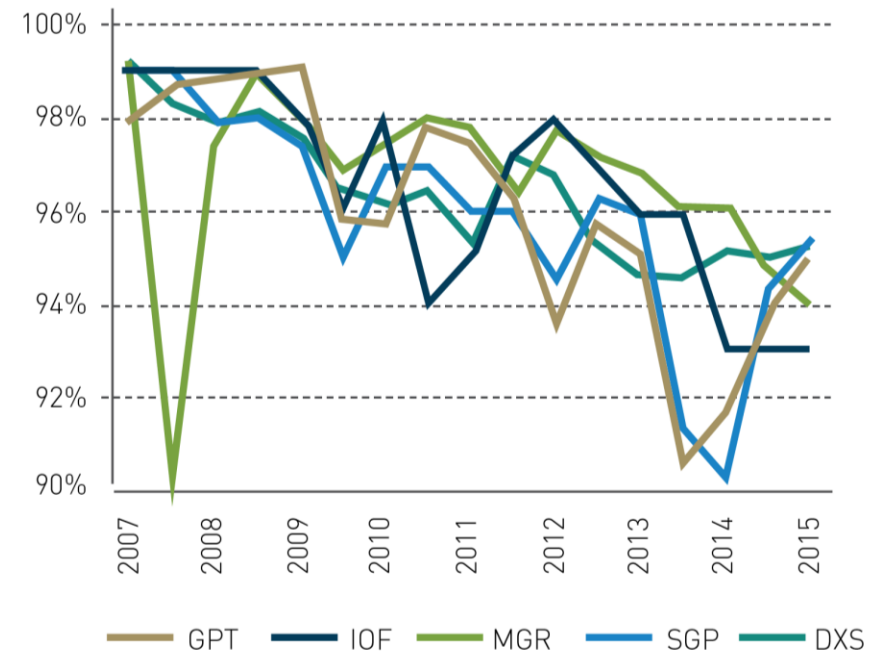
Office sector income growth positively impacted by occupancy, not rent growth

Comparable income growth



Company Data

Occupancy



Company Data



Cromwell Phoenix Property Securities Fund

ARSN 129 580 267

Cromwell Phoenix Core Listed Property Fund

ARSN 604 286 071

Skilled Management Teams

- Combines the investment management skills of Phoenix Portfolios with the specialised direct property and fund management expertise of Cromwell Property Group
 - ASX listed, Cromwell Property Group (ASX:CMW), has a long and successful track record of investing and managing direct property assets
 - Phoenix Portfolios is a boutique investment management business with a strong and well established track record in A-REIT investments
 - In combination, the funds are empowered by a unique investment capability
 - To avoid any conflict of interest, neither fund can invest in the Cromwell Property Group

Same People and Research; Different portfolios

CORE	PSF
Index Aware	Index Unaware
Large Cap Property and Infrastructure	Large and Small Cap Property and Infrastructure
Risk focus is “Active”	Risk focus is “Total”
Fundamental research helps identify and manage risk	Fundamental research helps identify and manage risk
Universe ~ 25 stocks Large cap tilt by design	Universe ~ 70 stocks Small cap tilt is likely
Launch: March 15	Soft closed – capacity constrained

CORE Performance to 31 March 2016

	1 month	3 months	6 months	1 Year	Since Inception (10/03/15) (annualised)
GROSS (before fees and costs)	2.71%	6.33%	12.80%	12.79%	12.08%
NET (after fees and costs)	2.64%	6.12%	12.35%	11.90%	11.18%
S&P/ASX200 Property Benchmark	2.39%	6.44%	12.77%	11.26%	10.60%
Excess Return (After fees and costs)	0.24%	-0.32%	-0.42%	0.64%	0.59%

Important notes:

- Past performance is not a reliable indication of future performance.

Summary

- Investment is possible in both direct or via property securities
- Invest as little as \$10,000
- Watch the fundamentals
- Diversify your portfolio so you don't miss sectors when they perform
- As the Australian dollar falls we become cheaper for off shore investors
- Property offers a stable income stream