



CROMWELL
PROPERTY GROUP

insight

Mid year 2017 economic and property outlook update

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insight

Insight Magazine

Published by Cromwell Property Group

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Cromwell Property Group is a global real estate investment manager.

As at 30 June 2017, Cromwell had a market capitalisation of \$1.7 billion, a direct property investment portfolio in Australia valued at \$2.4 billion and total assets under management of \$10.1 billion across Australia, New Zealand and Europe.

Cromwell Property Group (ASX:CMW) is included in the S&P/ASX 200 and the FTSE EPRA/NAREIT Global Real Estate Index.

Insight Magazine is published by Cromwell for our securityholders, investors and financial planners in Australia. It is distributed quarterly and features our view of the Australian property market, industry trends, news and education. We also share our achievements and report on the progress of each of our investment funds.

This report has been prepared by Cromwell Funds Management Limited, ABN 63 114 782 777, AFSL 333214 (“CFM”) and Cromwell Property Securities Limited, ABN 11 079 147 809, AFSL 238052 (“CPS”), both of which are wholly owned subsidiaries of Cromwell Corporation Limited, ABN 44 001 056 980.

All statistics, data and financial information are prepared as at 30 June 2017 unless otherwise indicated. All dollar figures shown are in Australian dollars unless otherwise indicated.

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Past performance is not a reliable indicator of future performance. In particular, distributions and capital growth are not guaranteed.

Various unlisted funds are referred to in this document. At the date of this document, the funds are not offered outside of Australia and, in some cases, New Zealand.

Neither CFM nor CPS receive any fees for the general advice given in this document.

Cromwell Property Group (“Cromwell”) comprises Cromwell Corporation Limited, ABN 44 001 056 980 (“CCL” or “the Company”) and the Cromwell Diversified Property Trust, ARSN 102 982 598 (“DPT” or “the Trust”), the responsible entity of which is CPS.

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Paul
Weightman
MANAGING DIRECTOR/
CEO

CEO update

Dear Investor,

Cromwell recently released its FY17 Full Year Annual Results to the Australian Securities Exchange (ASX). Details are available in the Securityholder Centre on our website, but I would like to highlight some of the key achievements:

- FY17 operating profit of \$152.2 million or 8.65 cents per security (cps).
- Distributions for the year were 8.34 cps.
- Total assets under management (AUM) reached \$10.1 billion.
- Sale of Bundall Corporate Centre on the Gold Coast for \$89 million and Health & Forestry House in Brisbane for \$66 million (due to settle in November 2017).
- Receipt from the Singapore Stock Exchange of eligibility-to-list (ETL) for a proposed Initial Public Offering of a portfolio of European properties.

Capital received from the sale of assets continues to be recycled and reinvested back into our property portfolio and funds management business. This will enhance future earnings quality.

Just over half (51%) of assets in the property portfolio are now stabilised, low risk assets with a long Weighted Average Lease Expiry (WALE) of 12.1 years and minimal capital requirements over the next 5 years.

A further 41% of the assets have a high level of predictable income with short to medium term upside from the value enhancement activities we have undertaken or initiated.

The remaining 8% of assets are marked for realisation or have strong potential for adaptive reuse. We expect that there will be further upside from them in the future.

Successful execution of our strategy means we have been able to make distributions of 8.34 cps to our securityholders, equivalent to a total amount of \$146.7 million.

Distributions guidance for the 2018 financial year, also of 8.34 cps, represents a yield of 8.9% based on the closing security price of \$0.935 on 24 August 2017.

Cromwell's core objective continues to be to deliver stable, secure and increasing distributions per security over the property cycle. On behalf of everyone at Cromwell, I would like to thank you for your ongoing investment and support.

Yours sincerely,

Paul Weightman

In brief



Vibe Hotel North Sydney Tops Out

On 27 June, Cromwell celebrated a milestone in the construction of the new Vibe Hotel North Sydney, with the ceremonial “Topping Out” of the structure.

Cromwell hosted 60 senior executives from FDC Construction & Fitout and TOGA Far East Hotels to celebrate and participate in the final cement pouring on the structure.

For those not in the construction industry, a Topping Out Ceremony is a long-standing tradition in construction and is performed when the highest beam or last piece of roofing is put into place on a building: a major construction milestone.

The 187-room hotel, which is part of our \$130 million Northpoint redevelopment, is slated to open in early 2018, and will feature all the hallmarks of the new generation of Vibe Hotels.



Cromwell team cooks up a storm with OzHarvest

On 3 July, the Cromwell Legal and Compliance team forewent their end of financial year lunch and instead visited OzHarvest to participate in their “Cooking for a Cause” program.

OzHarvest is a major food rescue organisation in Australia, collecting and using surplus food to produce and deliver meals to those in need. Since its inception in 2004, OzHarvest has managed to provide over 60 million meals and has saved over 20,000 tonnes of food from landfill.

The Cromwell team was proud to support such a worthy cause with the afternoon proving to be fun, insightful and productive, with over 250 meals prepared during their session. Cromwell look forward to being involved with the OzHarvest team again in future.

Encouraging employee participation in initiatives such as OzHarvest is part of Cromwell’s sustainability commitment to make a positive contribution to our community.



In Brief: Morningstar Individual Investor Conference 2017

The annual Morningstar Individual Investor Conference is on again this October in Sydney, and Cromwell is pleased to be a lead sponsor of the event.

The conference is aimed at self-educated investors and always proves informative and valuable to those who like to take an in-depth interest in financial markets and the construction of their investment portfolio.

This year’s conference theme is “Investing Beyond Uncertainty”, and will include dedicated SMSF and portfolio construction sessions.

Cromwell Investor Services team members will be present at the conference to answer any questions you may have about listed or unlisted property, including our suite of funds.

Event details:

Friday, 6 October
Wesley Conference Centre
220 Pitt Street Sydney

For more details and to register visit: <http://www.morningstar.com/company/events/MIICAU>



Cromwell does morning tea with the RSPCA

As part of a wider tenant engagement initiative programme, Cromwell has partnered for the first time with the RSPCA to bring a fun and engaging morning tea to a number of properties in Brisbane and Sydney.

The fundraiser morning teas were held at Cromwell head office, 200 Mary Street, Brisbane; 207 Kent Street, Sydney; and Victoria Avenue, Chatswood.

The events were a unique way for tenants and Cromwell staff to engage and meet with other tenants within the properties.

The shelter animals brought along by the RSPCA were by far the most popular attraction, raising awareness for the plight of abandoned pets and for the valued work done by the RSPCA.

Cromwell and its tenants successfully raised over \$1,300 for the RSPCA through the morning teas.



Cromwell secures buyer and profit for Bundall

Cromwell has finalised the sale of Bundall Corporate Centre to CorVal Partners for \$89 million.

The sale of the site follows the lodgement of a planning application with Gold Coast Council in February for a \$1 billion multi-stage retail and residential masterplan.

The site currently comprises two A-Grade office towers, a gym and 15,500 square metres of surrounding land.

Paul Weightman, Cromwell CEO, said the successful sale capitalised on the strength of the Gold Coast market ahead of the 2018 Commonwealth Games.

"Cromwell is known for our consistent ability to invest wisely and reposition assets for profit. We continuously review our asset strategies to provide optimal returns for our investors, and the Bundall Corporate Centre is just another example of our value-add capabilities at work," Mr Weightman said.

The successful sale is the latest in Cromwell's long history with the Bundall Corporate Centre Complex. Cromwell initially purchased the one-tower site in 2005 for \$52.8 million and sold it in 2007 for \$106 million. The site's second tower, the Wyndham Corporate Centre, was completed in 2009 and Cromwell reacquired the site in 2011 for approximately 60% of its 2007 sale price.



Cromwell Property Group Board appoints new director

The Board of Cromwell Property Group is pleased to announce the appointment of Mr. Leon Blitz as a Non-Executive Director effective 28 June 2017.

Mr Blitz is based in London and fills the vacancy created by the retirement of Mr Robert Pullar in November 2015.

Cromwell Chairman Geoffrey Levy, AO welcomed Mr Blitz to the Board and said: "Leon's extensive experience in property, private equity and investment management across Europe makes him an excellent addition to the Board."

Mr Blitz is a Chartered Accountant and holds an honours degree in finance.

Mr Blitz is the co-founder and CEO of Grovepoint, a London-based pan European investment firm specialising in private equity, investment management, and specialist debt and financing activities. His experience includes banking, risk management and fundraising, and he is the former Head of Principal Investments, Private Banking and Property Lending at Investec Bank.

Mr Blitz has acted as a non-executive director of a number of operating, financial and investment companies throughout Europe. He is the chairman of a London-based chamber of commerce and plays a leadership role in a number of charitable and communal organisations.

Mid year 2017 economic and property outlook update

Overview

The thrust of our January 2017 Economic and Property Outlook Report (Insight, Summer 2017) remains unchanged. We still see a phase of rising bond rates coming, and a corresponding softening of yields and asset prices. This will affect all asset markets, including property. The search for yield which has been prevalent over the last few years will transform into a search for income growth.

A focus on income growth means a continued focus on the Sydney office market. The strength of the Melbourne economy means that Melbourne offices can also be considered. There may also be some emerging regional tourism-related opportunities, but Brisbane, Perth and Adelaide will remain difficult environments for investors. Asset selection, as always, is of paramount importance.

Economic update

Patchy gross domestic product (GDP) growth has confirmed our view of continued slow economic growth, a weak labour market, soft household income and retail sales and contained inflation. The structural shift from mining regions towards non-mining business-related services and regions particularly Sydney and Melbourne continues.

In Brisbane, the full impact of the fall in mining investment was delayed by a shift of resources



to building inner city apartments. The impending residential apartment downturn will have a negative impact on the economy. Perth also remains weak, with further negative impact expected, as the remaining gas project finishes.

Housing interest rates have already risen through rising bank margins, particularly for investment and interest-only loans. That, together with tightening loan to valuation ratios (LVRs) and equity pre-commitment requirements on developers, will take the heat out of the high-rise residential boom. It is much harder to get a project away now. Hence the widespread recognition of the impending downturn in residential property and building markets. The negative shock of this downturn will mean continued soft overall economic growth.

Two further US Federal Reserve rate rises have also confirmed that we are embarking on a phase of rising cash and bond rates. This is particularly important for

property investment markets through the relationship between bond rates and yields (see our article “Making sense of commercial property yields” in Insight, Winter 2017). In Australia, cash rates will remain low for some time. However, bond rates have already started to rise and will continue to do so in step with the US.



Property markets update:

Office markets

The **Sydney office market** has gone from strength to strength, with tightening leasing markets driving effective rents, firming yields and further property price growth. With strong business growth forecast to come, we believe that the Sydney office market has further to run, and even at substantially higher prices, on a five-year horizon Sydney commercial property is (broadly speaking) undervalued in relation to forecast expected returns. These conditions point to the possibility of a 1980s-style boom.

The strength of the Victorian and **Melbourne** economies has resulted in upgraded growth forecasts, with a flow-on to the office market. The loss of the motor vehicle industry and parts of the power industry have had an impact, but the economy and employment have been good over the last year, suggesting continued strong, albeit lower (than Sydney), growth in Melbourne.

For 20 years, Melbourne has had a comparative advantage over Sydney. Readily available and cheap land for residential, industrial and office developments has contained rents and property values, making it a more cost-effective place to situate back-office functions for national operations. That will continue to boost the demand for office space and we have increased our forecasts of demand, rent and price growth in the Melbourne market.

Development phase

The Sydney and Melbourne office markets are entering a substantial development phase which will change the logic of office investment. Over the next ten years,

3.3 million square metres (sqm) of office space in Sydney and 2.3 million sqm in Melbourne will be built. Given that some of these developments will be refurbishments, net additions will be circa 2.4 million sqm in Sydney and 1.5 million sqm in Melbourne.

This development phase and net additions of this quantum will eventually have an impact, and five year forecast returns are much stronger than ten-year forecast returns for both Sydney and Melbourne. Repositioning and exit strategies will be needed to manage this cycle.

Canberra, Brisbane, Perth and Adelaide Office

The **Canberra** office market should see strong prospective returns over both short and long terms. Canberra's oversupply is easing, particularly for better quality space in Civic. However, the risk to be considered is that Canberra remains a dominant tenant, two-tiered market.

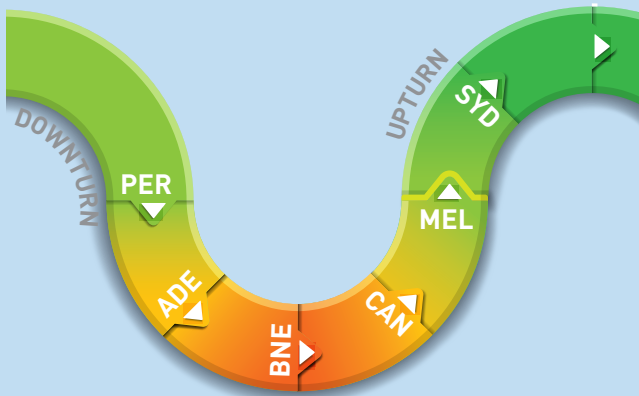
Despite strong recent sales, it is early for countercyclical investment in the **Brisbane, Perth** or **Adelaide** office markets. They face a period of weakness before they absorb the excess stock created during the boom.

Other asset classes

Amongst other property classes, weak retail sales growth and the impending arrival of Amazon have heightened emerging concerns about the strength of retailers and centre returns for retail property. The property risks are heightened for weaker centres, but returns to strong centres should remain solid.



Stage of the Property cycle



Industrial property is still recovering from the GFC. Availability of land is keeping development highly competitive. Recent strong returns have been driven by firming yields, allowing a reduction of effective rents and some rises in land values. Rising bond rates and softening yields will reverse this, squeezing development feasibilities and leaving returns solid but not spectacular.

The current hotels development boom is focused primarily on business travel in capital cities. The boom will oversupply business travel markets and the use of investment apartments as serviced apartments may potentially worsen matters further (think Airbnb). As recreational tourism continues to recover over the next decade however, there will be a need for more tourist hotels and services in regional markets.

During the recent period of falling interest rates, investment returns were boosted through the impact of lower rates on yields and asset prices. This happened, not just for property, but for all asset classes including infrastructure, equity markets and, of course, bonds. Rising interest rates will unwind a lot of these gains, causing a softening of yields and prices across the board.

It is now evident that we are embarking on a phase of rising interest rates worldwide, driven initially by US Federal Reserve cash rates, underpinning higher bond rates. Indeed, expectations of further cash rate rises will cause bond rates to rise by more than cash rates. It's not yet clear how quickly or how far bond rates will rise but the recognition that they will do so will encourage investors to switch from the search for yield to a search for income growth.

Asset returns over the next five years will generally be lower than the last five. That includes infrastructure, equities and bonds, as well as property. Currently, weight of money is still driving firming pressure on yields, even in low growth markets. This will eventually change and investors should begin to look for rental growth to drive values and total returns. In that respect, the Sydney and Melbourne office markets are the obvious candidates.



Tax effectively transferring your small business wealth to superannuation



Liam Shorte B.BUS SSA™
AFP FINANCIAL PLANNER & SMSF SPECIALIST
ADVISER™
SMSF SPECIALIST ADVISER

This article originally appeared on The SMSF Coach, an online blog that provides information and education for people who want to take back control of their finances and savings to allow them to plan for the short, medium and long-term future. The blog can be accessed via the following link: <https://smsfcoach.com.au/>

Small business is hard work. Ask any small business owner and he or she will tell you about the hard work, sacrifices and many hours of dedication it's taken to get to where they are.

Many see their business as their superannuation and have poured profits back in to it over the years. Which is why when they sell, they absolutely deserve to get the highest return they can.

The ATO's small business Capital Gains Tax (CGT) concessions may provide the opportunity for small business owners to tax effectively use the wealth cultivated in their business to fund their retirement.

How do you qualify for these concessions if you are selling a business or business assets? Firstly, identify if you need to be considering them at all:

- Are you selling a business asset and expecting a significant capital gain?
- Are you looking to retire after the sale of your business?
- Do you wish to use the sale proceeds to fund your retirement?

How does it work?

Subject to meeting the basic requirements, business owners can take advantage of the Government's small business concessions to reduce or even extinguish any CGT realised from the sale of a business or business asset.

If the business asset was held for more than 15 years, and the owner is either over 55 and retiring or permanently incapacitated when the asset is sold:

- any capital gains could be disregarded; plus

- up to \$1,445,000 (2017/2018) of any sale proceeds could be contributed into super without counting towards the concessional or non-concessional contributions caps.

What does it mean for me?

This is potentially a significant opportunity for small business owners. Not only does it provide scope to reduce your CGT liability, it also allows you to turn the proceeds from the sale of your business into a tax-effective income stream in retirement through your super.

If you're considering this strategy, it's important to seek professional financial, legal and tax advice specific to your circumstances. You should also note that lifetime limits apply to all contributions under these concessions, and the specific forms must be completed and given to the super fund before or at the time the super contribution is made to be effective.

How do I know if I qualify?

To be eligible for the small business CGT concession, you need to meet the following basic requirements:

- Your net asset value is less than \$6 million or your business turnover is less than \$2 million per annum. Your net asset value includes assets used in your business but are owned by your affiliates or an entity connected with you.

- The asset you own is an 'active' asset – meaning it has been used or held ready for use in a business carried on by yourself (whether alone or in partnership), your affiliate, your spouse, your child under 18 or an entity connected with you.
- The asset has been used in the business for at least half of the ownership period or for a minimum of 7.5 years if you've owned it for at least 15 years.

Strategy in action

Sarah and James are joint owners of a retail shop in a small town from which they've run their newsagency for the last twenty years. They acquired the property in 1992 for \$300,000 and have continuously owned it outright.

In 2015, in line with their pending retirement, Sarah and James sold the property for \$1 million. Both aged 60, their net assets are less than \$6 million and they are looking to use the sale proceeds to fund their retirement.

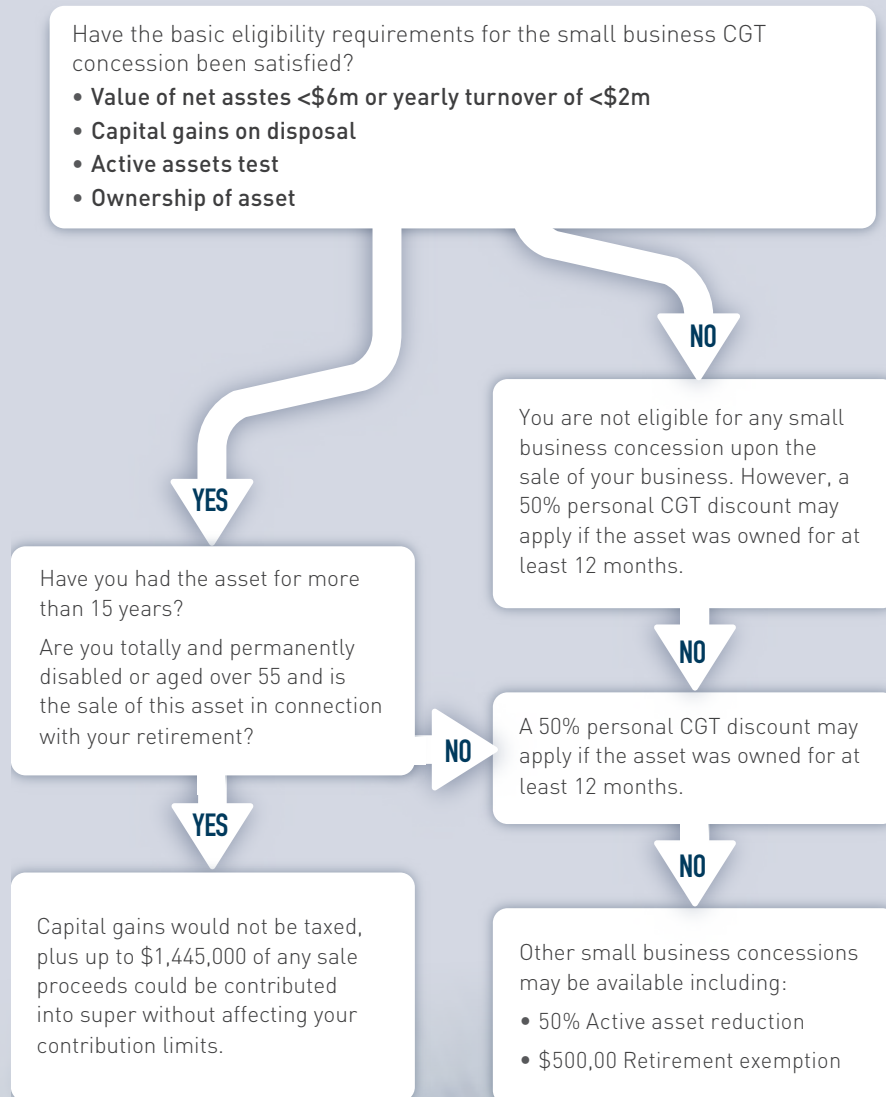
Because they've owned their shop for more than 15 years and are retiring, Sarah and James would be eligible for the small business CGT concessions.

They can apply the sale of their business as follows:

- Proceeds of sale: \$1 million
- Capital gain: \$700,000 (\$1 million – \$300,000)
- Assessable capital gain: \$0

As a result, Sarah and James can contribute \$500,000 each into super under the CGT cap election without it affecting their concessional or non-concessional contributions caps for the financial year. This means they could potentially contribute more into superannuation or a SMSF in the same year under their other contribution caps.

This information has been prepared without taking account of your objectives, financial situation or needs. Because of this you should, before acting on this information, consider its appropriateness, having regard to your objectives, financial situation and needs. This article provides an overview or summary only and it should not be considered a comprehensive statement on any matter or relied upon as such.



Leasing incentives – a tale of four cities

Incentives have long been a part of the leasing fabric in Australia as a way of attracting and retaining tenants while maintaining face rent. Cromwell keeps a close track of emerging trends in the Australian leasing market, ensuring our buildings remain competitive and well positioned for maximum tenancy rates.

Up until recently, leasing incentives were mainly lengthy rent-free periods. This strategy exposed landlords to risk if the tenant did not stay for the full lease duration. However, we've recently seen a shift along the eastern coast, with landlords amortising incentives over the lease period. It's less risky for landlords and arguably better for the tenant as they don't get a 'rental shock' at the end of the lease free period.

Incentives are also increasingly provided through fitouts. Fitout incentives can work very well for both tenant and landlord, particularly where the fitout isn't overly bespoke and the space can be reused in the future.

Cromwell's approach to leasing incentives is a combination of fitout and rent-free incentives. This combination has recently successfully been rolled out at our Northpoint Tower, with incentives tailored to the up-and-coming North Sydney precinct and tenant market.

Within each capital city, the leasing market and the use of incentives differs greatly as explored below.

How are incentives affecting the capital cities where we operate?

Sydney

In Sydney, while vacancy rates are low, and forecast to go lower (from 6 to 3%), incentive rates of around 15-20% have caused a dislocation in the market. A key reason behind this is the growing popularity of tenant

representatives who have the time and expertise to negotiate higher incentives on behalf of their clients. However, we expect this dislocation may lessen as the strong Sydney leasing market absorbs more of the vacancy and puts downwards pressure on incentives.

Brisbane

Brisbane has seen a lot of change in the last two years, particularly as the region adjusts to the downturn in the mining industry. The vacancy level remains around 16% and incentive rates range between 30-35% - a very noticeable contrast to previous years, where incentive rates were in the single digits.

Both Brisbane and the Gold Coast have seen an increase in enquiries in the last year from small businesses looking for sub-500 square metre (sqm) spaces. As a result, fitout incentives are a popular offering from landlords wanting to tap into the growing SME sector.

At our 200 Mary Street building, our sub-500sqm 'speculative' fitouts (where we fit-out the office in advance of finding a tenant) have proved very popular with small businesses who don't want the hassle associated with doing it all themselves.

Naturally we expect incentive levels will reduce as the market improves, but there will need to be a sustained uptick in lease deals before there is any material impact on incentives in Brisbane.

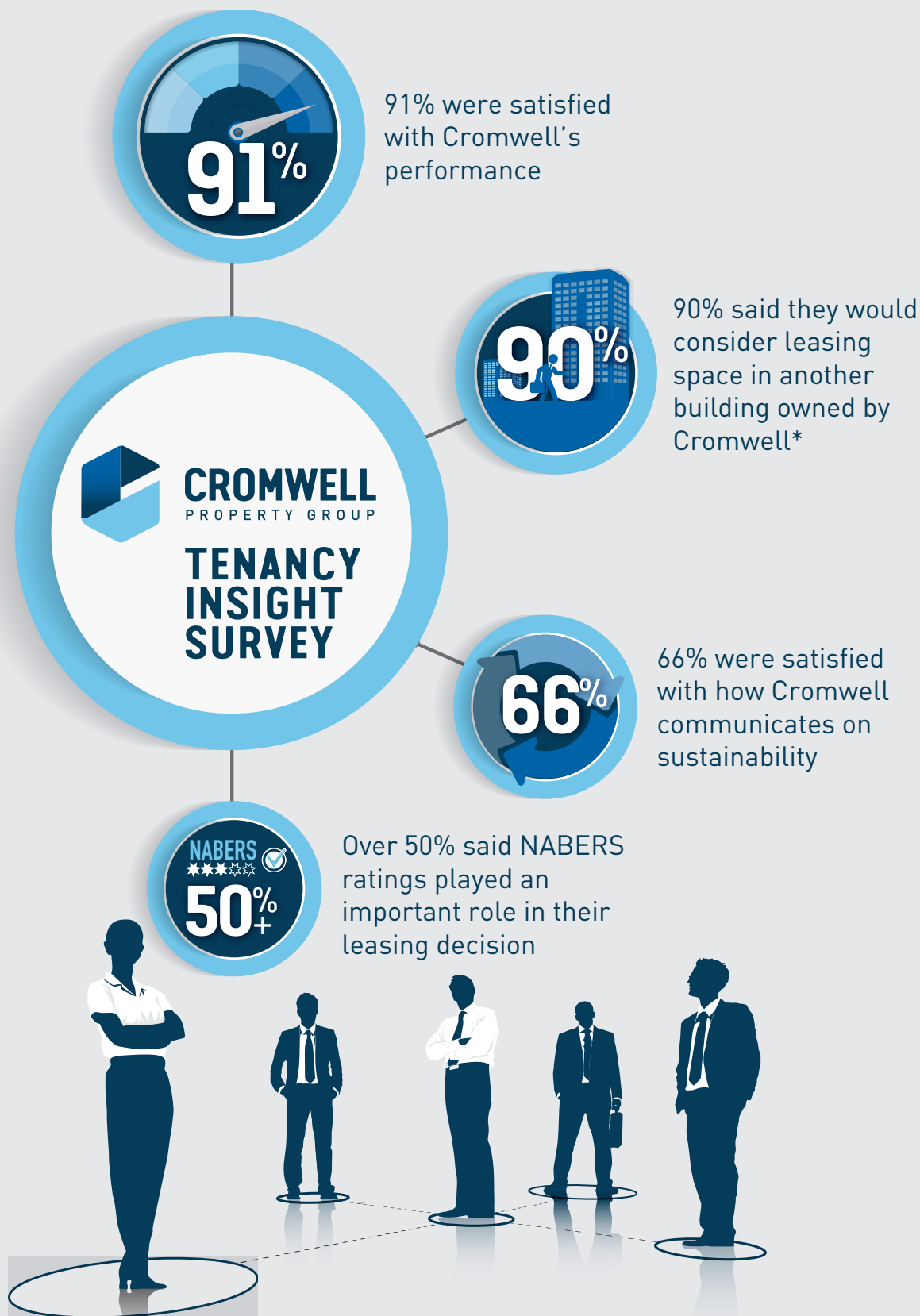
Melbourne

Incentives and vacancy rates have been steadily decreasing in Melbourne. Incentives are now around 22-26% net of outgoings and should continue to fall as tenant demand increases over the next few years.

Canberra

Canberra is a hugely segmented market, with premium and A-grade spaces in significantly higher demand than B and C-grade. This is largely due to government tenants seeking office space which meets their sustainability and location needs. Canberra vacancy rates are steady at 12% with incentives around 20-25%.

Cromwell 2016 Tenancy Survey



*If the space and cost were suitable

Tenant ratings or scores refer to the aggregate results achieved by the Cromwell managed assets included in the 2016 Campbell Scholtens Tenant Survey.

Benchmark unaware investing: a guide for investors

In this article, we examine what it means to be an active or passive investor, and compare the two styles that best represent these polar opposites, benchmark unaware and index investing.

Passive versus active investing

Passive investing is the strategy traditionally employed by index funds and Exchange-Traded Funds (ETFs), whereby the manager holds a portfolio that mirrors the index, and no over or underweight strategies are employed. The investment objective of a traditional index fund or an ETF is therefore to track, but not outperform, its chosen index in the most cost effective manner possible.

Passive investing has become increasingly popular in recent years due to low fees and the average active managers' inability to outperform over the long term. In the United States, index funds now hold nearly half of the listed share market, while the ETF sector in Australia reached a record high \$26 billion in funds under management in February 2017.

Exchange Traded Funds (ETFs) are unitised investment funds that replicate an index, with the objective of mirroring the index's returns. Units in an ETF are traded on the stock market like ordinary securities.

Conversely, active investing is a strategy whereby the manager builds the portfolio by evaluating stocks based on factors such as value, distribution, asset and manager quality. The fund manager can choose to take positions without regard to their size or benchmark weightings, including investing in companies with minor weightings, such as small capitalisation stocks.

The higher fees associated with active investing strategies should be rewarded with investment outperformance.



On a side note, active investing can also work with benchmark aware investing, to a limited extent. A benchmark aware fund manager, while restricted to selecting stocks based on the benchmark weightings, might also engage in strategic active investing by selecting stock weights within defined limits such as 5% either side of the benchmark position.

Performance against a benchmark— what does it mean?

Investors need some way of tracking how their investments are performing, relative to the specific market sector, and in most cases, performance is assessed against the most relevant benchmark.

A benchmark is defined by the Australian Securities Exchange (ASX) as “a collection of assets that provide a broad representation of an asset class,” acting as a barometer for its performance. As an example, many Australian Real Estate Investment Trusts (A-REITs) will benchmark their performance by either the S&P/ASX200 A-REIT index, or the wider S&P/ASX300 A-REIT index.

At 31 July 2017, the S&P/ASX300 A-REIT index comprised of 31 companies covering retail, office, industrial, logistics and specialist sectors. Each company has a specific weighting in the index, depending on market capitalisation (company size as measured by stock price). At 31 July 2017, this index had a market capitalisation of \$125.3 billion in total.

An index fund manager will build a portfolio purely based on the composition of the index and the weighting of each individual stock. An index fund manager

will therefore take no strategic positions and consequently will be expected to return a performance exactly the same as the relevant benchmark.

The constraints of index investing

The domination of certain indices by large capitalisation stocks should be considered as it can significantly reduce diversification for an index investor.

In the case of the S&P/ASX300 A-REIT index, the top 10 index constituents accounted for 86% of the overall index as of 31 July 2017. The performance of a small number of companies therefore can have a material influence on the index's overall return, and in an index investment strategy, can expose investors to being heavily weighted to a very small number of stocks.

Furthermore, indexes can be heavily weighted to certain sub-sectors. In the case of the S&P/ASX300 A-REIT index, the retail sector accounts for more than 50% of the benchmark, and this too can impact on overall benchmark performance.

For example, in the year to 30 June 2017, concerns about the retail sector due to the “Amazon effect” hit large-cap retail A-REITs such as Scentre Group, Vicinity Centres and Westfield Corporation particularly hard, with returns of -13.4%, -17.3% and -21.5% respectively.

The potential sitting outside the index

The S&P/ASX300 A-REIT index also excludes smaller REITs with market caps below \$350 million. Some of these have

performed well, including Centuria Metropolitan Office (up 25.5% in fiscal 2017) and Australian Unity Office Fund (up 11.4%). In fact, the median performance of the smallest eight A-REITs in the index was a positive 9.9%, although the impact on the total index return was minimal due to the much smaller weighting of these stocks.

In such an environment, benchmark unaware managers have an opportunity to outperform. Without the requirement to maintain benchmark weightings or invest exclusively in benchmark stocks, they can invest in a much wider range of stocks.

A benchmark unaware strategy also allows for the potential to reduce volatility, with the opportunity to diversify across a wider selection of stocks, and no requirement to own a “risky” stock purely because it is part of the index.

For property investors, index and benchmark unaware styles both have advantages and disadvantages, with the benefits of the former including the lower costs, comfort of tracking the index and not being reliant upon an investment manager's skills. Yet with the performance of the S&P/ASX300 A-REIT index masking wide disparities in stock and sector weights and returns, a benchmark unaware active approach can provide skilful managers with the opportunity to potentially deliver superior returns.

CROMWELL PHOENIX PROPERTY SECURITIES FUND

This award winning investment is a top performing property securities fund that provides exposure to a diversified portfolio of listed property securities

ARSN 129 580 267 | APIR Code CRM0008AU

What makes this Fund different?

Benchmark unaware

Stocks held based on investment conviction, not because of benchmark considerations

Consistent benchmark outperformance

Outperformance of 5.7% p.a.¹ annualised since inception

Award winning listed property investment manager

Listed property - Phoenix Portfolios

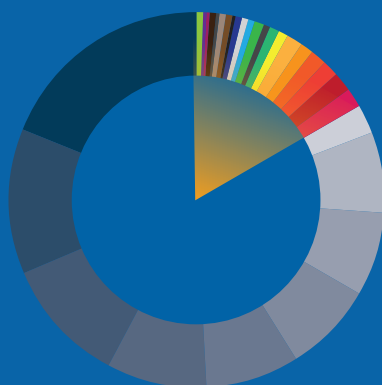
LIMITED TIME OFFER

\$30 million
capital raising³

Opening to new investors
shortly

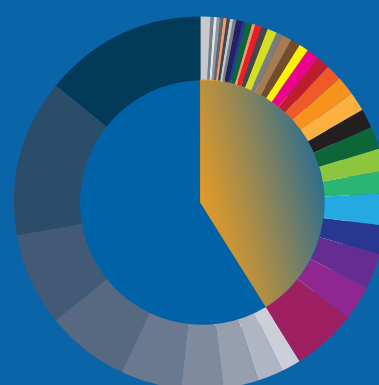
Performance (Annualised as at 31 August 2017)

	1 year	3 year	5 years	7 years	Inception (Apr-08)
Fund Performance					
After fees & costs	(2.9%)	12.7%	16.1%	17.7%	9.1%
Benchmark					
S&P/ASX 300 A-REIT Accumulation Index	(6.7%)	10.3%	13.3%	12.0%	3.4%
Excess Returns					
After fees & costs	3.8%	2.4%	2.8%	5.7%	5.7%



The Benchmark²

The S&P/ASX 300 A-REIT Accumulation Index's top 10 stocks represent 84.6% of the market value of the Benchmark.



The Fund

The Fund is 'benchmark unaware' thus providing greater opportunity for diversification and value enhancement opportunities.

1. As at 31 August 2017.

2. As at 30 June 2017.

3. Based on investment manager's current capacity.



Phoenix Portfolios



CROMWELL
FUNDS MANAGEMENT

Annual giving in support of our community



As a result of ongoing support from Cromwell Property Group, including its staff, employees and broader community, the Cromwell Foundation proudly donated \$105,000 during the 2016/17 financial year.

The sizeable donation has been channelled to support the beneficial works of the Australian Liver Foundation and Active Rehabilitation Physiotherapy.

Cromwell Foundation Committee Chair, Jodie Clark, said the Foundation was proud to continue its annual philanthropic support of lesser known charities and causes, and donate for impact.

"Underpinning our company values at Cromwell is the belief that we should support the communities we operate in. The Foundation's mission is designed to align closely with the profile of our investors, and we are proud to support two extremely worthy causes this year," Ms Clark said.

Australian Liver Foundation (ALF) \$50,000 DONATION

ALF was established in response to the huge and growing need for more research into diseases of the liver and bile duct, in particular liver cancer, which is the second largest cause of cancer death in the world. By 2030, it is estimated this number will grow to over eight million Australians affected.

For the third year in a row the Foundation has donated \$50,000 to the ALF. The \$150,000 total donation is driving the development of a novel blood test to improve the early diagnosis of liver cancer and has expanded the testing base to various hospitals in Queensland. The test measures MicroRNAs in human blood which may likely be an ideal marker of liver cancer.

Active Rehabilitation Physiotherapy \$55,000 DONATION

Active Rehabilitation Physiotherapy (Active) was established in 1993 to create an active approach to physiotherapy, differing from the traditional and passive models on offer at the time. In recent times, Active has made investments into research that advances patient care, contributes to the profession, and supports the broader health community. One investment has focused on better understanding and treating of Parkinson's Disease.

Parkinson's Disease is not well understood and is the second most-common neurological disease in Australia, with prevalence increasing by 17% in the last six years. Research conducted by a team of Australian Physiologists at the University of Sydney suggests protective, regenerative and potentially reversal effects of Photobiomodulation Therapy (PBMt) on nerve cells in a range of neurological conditions including Parkinson's.

The \$55,000 donated by the Foundation will support one of the first human research projects in the use of PBMt to enhance the results of standard physiotherapy for patients with Parkinson's.

The Cromwell Property Group Foundation was established in 2014 to support health, education, social and community welfare, and humanitarian efforts in the community.

The Foundation seeks to support charities which may receive little public attention, but whose valuable work will benefit significantly through philanthropic support.

With the help of investors, employees and the wider Cromwell community, we have donated over \$494,000 since the inception of the Foundation.

Donations to the Cromwell Foundation of more than \$2 are tax deductible. To donate, request a grant or seek more information, visit www.cromwellfoundation.org.au.

Cromwell goes underground for charity



CROMWELL
PROPERTY GROUP
Foundation



On the evening of Wednesday 23 August, the Cromwell Property Group Foundation held its inaugural fundraiser dinner dedicated to raising funds and awareness for the Foundation.

The location for the event was truly unique, taking place six metres underground in the Spring Hill Reservoir. Originally built to provide Brisbane's supply of drinking water and in use until 1962, the heritage listed space provided guests with an evening unlike any other.

The event commenced with drinks and canapes, accompanied by a violinist under the stars next to the Old Windmill Tower above the Reservoir, which is the oldest surviving building in Queensland.

Guests were then led down in to the Reservoir chambers, where they enjoyed a three-course meal and exclusive entertainment by the Underground Opera group. The Underground Opera performed pieces from classic Broadway musicals such as West Side Story, Phantom of the Opera and Cats. The acoustics provided by the unique location were breathtaking, resulting in a wonderful evening for all attendees.

During the evening, Cromwell's Chief Executive Officer and Foundation board member, Mr Paul Weightman, addressed attendees on behalf of the Foundation, and invited guests to pledge their support to its charitable endeavours.

"We are so proud to have raised such a significant amount through our first fundraising event dedicated to the Foundation. It is truly heart-warming to see such a diverse group of individuals from various organisations come together to help raise funds for the Foundation's chosen beneficiaries," said Mr Weightman.

"The Foundation is committed to supporting charities that don't receive a lot of recognition or spotlight and we are determined to build upon our support through similar events in future."

The Foundation was established by Cromwell in 2014 and is dedicated to supporting organisations that conduct research into, or provide support to, causes relevant to the mature aged community. Donations made by the Foundation are directed to specific projects with measurable outcomes where every dollar raised makes a difference.



One such beneficiary over the last three years has been the Australian Liver Foundation, and representative, Dr Richard Skoien, spoke to guests about the positive impact the Foundation donations has had for their research programmes.



The donations pledged throughout the event culminated in over \$50,000 being raised, which will go towards the Foundation's chosen beneficiaries for 2017.

Donations to the Cromwell Foundation of more than \$2 are tax deductible. To donate, request a grant or seek more information, visit www.cromwellfoundation.org.au.

German workout: fresh eyes turn around portfolio

It is often difficult to quantify publicly the impact that a fresh set of eyes and local expertise can have on a portfolio of assets, especially in the world of bank workouts. While no situation is the same as the last, these portfolios normally share some similar characteristics.

In simple terms, a bank workout is essentially a stressed portfolio of assets, taken into possession by the bank because interest is no longer being paid, certain covenants have been breached, or simply the previous owners have neither the capital nor the confidence of the lenders to manage them back to life.

Bank workouts were particularly prevalent following the global financial crisis, a period during which asset values plummeted by as much as 40% and banks were under pressure to reduce their balance sheet exposure to real estate, among other asset classes. This meant selling some of their distressed portfolios at rock bottom prices. The natural buyers of these assets were typically the private equity groups, always with one eye open for opportunities to create attractive double digit returns, albeit with high execution risk.



The key to making a success of these situations is being able to turn the assets around efficiently in a short period of time. To do that requires specialist real estate experience and local knowledge in the individual markets where the assets are located. They also require exceptional reporting and financial modelling to keep stakeholders informed of progress and the potential outcomes of the strategy and business plan.

In 2013, Cromwell Property Group was appointed by one of its private equity partners to asset manage a German bank workout portfolio. Comprising 35 office, light industrial and logistics properties located across Germany, the portfolio had significant potential but required the sort of focus that comes with new ownership and return expectations.

Working together with their private equity partner and other stakeholders, including the buildings' occupiers, Cromwell's German team modelled various outcomes for the portfolio before signing off a complex, multi-phase, multi-year business plan.

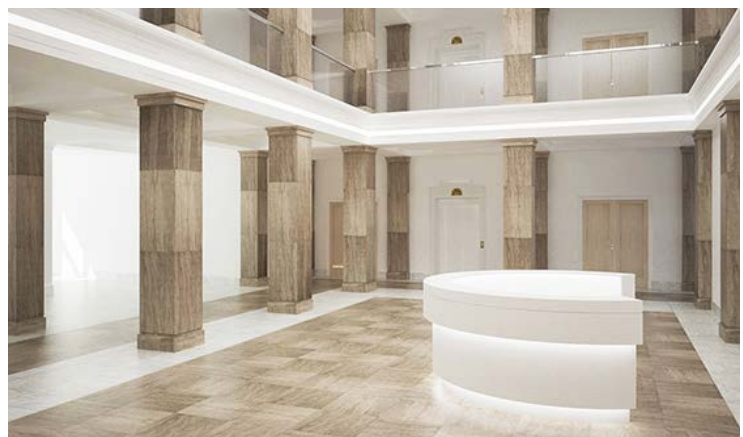
Key components of the strategy included the repositioning of two assets and the creation of

sub portfolios that could be targeted for sale to specific investors.

The light industrial asset Colditzstraße in Berlin was reconfigured into 'funkwerk.berlin', a reconfigured space providing modern loft, office, warehouse and production areas, ideal for start-ups as well as established businesses from various sectors. Seven of the light industrial assets were combined and sold as the 'SOLID light industrial portfolio' and 11 assets were incorporated into a high return portfolio.

As a result, the entire portfolio was sold within three-and-a-half years, exceeding goals and expectations initially set in 2013. The sale price was 23% ahead of the latest valuation and 17% more than the initial valuation. In total, Cromwell signed 128 new leases and renewed 37 leases, increasing the Weighted Average Lease Term (WALT) by one year.

The outcome? The client received a stunning 33.6% Internal Rate of Return (IRR). Cromwell's specialised asset management and real estate expertise resulted in a successful outcome for clients, and ultimately for our investors.



“Your margin is our opportunity”

AMAZON FOUNDER AND CEO, JEFF BEZOS



Stuart Cartledge

MANAGING DIRECTOR,
PHOENIX PORTFOLIOS
INVESTMENT MANAGER OF
THE “CROMWELL PHOENIX”
FUND SERIES

Various sectors of the Australian stock market (and financial media) are somewhat pre-occupied with the question “When is Amazon coming to Australia?”

While it is extremely difficult to be definitive on exactly what Amazon plans to do and what impact it will have, this article tries to put a little perspective around all the hype, and provides some guidance as to how we are addressing the changing retail environment from an investment perspective.



Amazon in Australia since 2012

The cold harsh reality of life is that Amazon have been operating directly in the Australian market since 2012.

The company initially launched Amazon Web Services, followed up by the launch of Kindle Store on amazon.com.au in 2013. Of course, via its US website, Australians have been able to transact with Amazon for many years, and Amazon already employs nearly 1,000 staff in Australia.

The focus now is on the impact of a rollout of a much wider range of Amazon businesses (such as Amazon Prime, Amazon Fresh, Amazon Marketplace), and how Australian retailers, landlords and online businesses can respond, adapt or wither.

Amazon is managed for the long-term – far more so than most listed companies

The arrival of a new competitor into a marketplace is always a challenge. But a well-managed long-term strategic thinker, competing with businesses run for short-term gain is even more formidable. The following quotations from Amazon's 1997 annual report make this point very eloquently.

It's all About the Long Term

We believe that a fundamental measure of our success will be the shareholder value we create over the long term. This value will be a direct result of our ability to extend and solidify our current market leadership position. The stronger our market leadership, the more powerful our economic model. Market leadership can translate directly to higher revenue, higher profitability, greater capital velocity, and correspondingly stronger returns on invested capital.

Because of our emphasis on the long term, we may make decisions and weigh trade-offs differently than some companies. Accordingly, we want to share with you our fundamental management and decision-making approach so that you, our shareholders, may confirm that it is consistent with your investment philosophy:

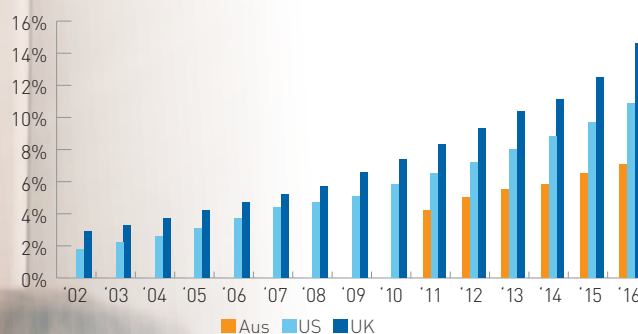
- We will continue to focus relentlessly on our customers.*
- We will continue to make investment decisions in light of long-term market leadership considerations rather than short-term Wall Street reactions.*
- We will continue to measure our programs and the effectiveness of our investments analytically, to jettison those that do not provide acceptable returns, and to step up our investment in those that work best. We will continue to learn from both our successes and our failures.*

This long-term focus (and track record) coupled with Amazon's cross-market coverage has local competitors (in particular, retailers), fearful of the impact of a wider roll-out.

E-commerce in context

E-commerce represents around 7% of total retail sales in Australia. It continues to grow materially faster than total retail sales, but the rate of growth has slowed. In comparison, UK and US e-commerce represents low double-digit market shares of total retail sales.

Online Retail Sales / Total Retail Sales (excludes Petrol)



Data sourced from Macquarie Research

Every market is different, but the UK and US experiences provide some guidance as to what might be expected in the Australian market in the short to medium term, as efforts from the likes of Amazon ramp-up and help drive a bigger share for e-commerce.

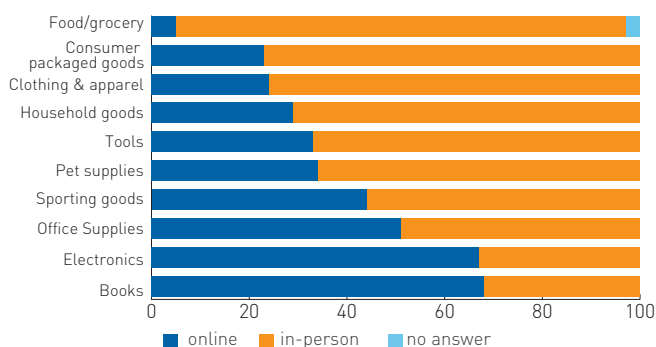
The Amazon effect has been significant in offshore markets. In the US, Amazon's share of online retail sales has grown from just under 6% in 2006 to around 38% in 2016. The figures are less staggering in the UK, but Amazon's share of online retail in that market is still nearly 25%.

Some obvious pressure points, sectors will be under pressure

Again, based on offshore experience it is reasonable to assume that some retail models will come under enormous pressure from a successful Amazon rollout. High gross margin apparel retailers with weak brands are particularly vulnerable. Consumer electronics stores may well be selling strong brands, but unless they are selling them exclusively, many of these products can be bought online and delivered to the end customer more cheaply via an Amazon-style platform. Convenience is also a key factor – American's often pay higher prices on Amazon for the convenience of swift delivery. We expect online to assume a much bigger share of these categories over time, and shopping centres will modify their tenant mix accordingly.

The chart below shows US consumer purchase preferences, between online and "in-person", and clearly shows books and electronics as online winners.

Purchaser preferences: online or in-person



Source: JLL – US Retail Outlook Q1 2017

Mall mix has already changed – further shifts inevitable

Retail is a fickle game and turnover of tenants has always been high, with several landlords reporting tenant turnover figures close to 70% over a 10-year period. Over the last few years we have seen, and expect to continue to see, new international brands replace poorly performing domestic brands. Uniqlo, Zara and H&M are some high-profile examples. Heightened competition from Amazon is likely to result in further changes. Sectors better suited to online will likely grow their online presence, but we do not expect to see substantial vacancies in the high quality shopping centres as a result. Instead, we have already seen a mix change with apparel being downsized and entertainment and leisure gaining more exposure. This will continue and most likely accelerate.

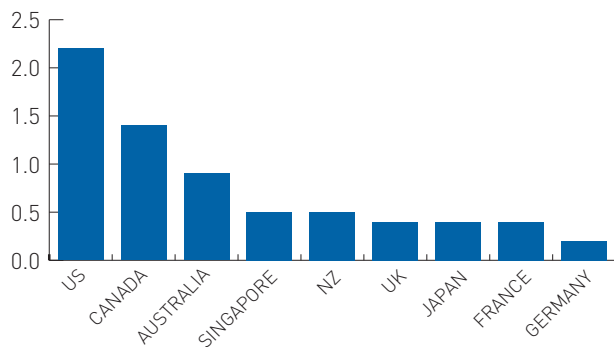
Woolies and Coles also under pressure – currently from Aldi, but others to follow

One area that Amazon has struggled to get real traction, at least in comparison to its other businesses, is in fresh groceries. The company's recent acquisition, in the US, of the bricks and mortar grocery business "Whole Foods" possibly demonstrates a change of tack, with a future ramp up to follow. We will obviously monitor this development closely, but for the time being, expect the big domestic grocers to have their hands full facing Aldi's store roll out, and possible further competition from other offshore companies including Lidl, Kaufland and Marks and Spencer.

99%+ occupancy tells us something

We might not have seen the impact of Amazon yet, but we certainly have felt the impact of ecommerce, although shopping centres in Australia continue to post very strong occupancy levels. Furthermore, while Australian shoppers are well catered for in terms of retail space per capita, based on estimates published by PWC, the US "enjoys" more than double the amount of space per capita. As such, there is some downside protect from not having over-built in the past.

Gross lettable area per person



Source: SCCA, ICSC, Macquarie Research

Not everyone thinks the mall business is dead – Westfield has a US\$10bn development pipeline

Westfield has been one of the most successful Australian companies over the last 60 years and has earned a reputation to be astute custodian of capital.

To deploy US\$10 billion of capital across a flagship development pipeline in the US, UK and Europe is a pretty clear sign that Westfield still sees a strong future in “bricks and mortar” facilities, albeit with very much a focus on high-end, entertainment based hybrid assets that might better be described as “bricks and clicks”, given the integration with online activities.

How is Phoenix managing its property exposure in retail?

We are not in the “next big short” camp. In fact, we have increased our exposure to retail shopping centre assets over the last few months as pricing has become more attractive. We expect substantial change, much of which is extremely difficult to forecast and this obviously adds to the risk of investment. However, we believe the market has reacted to headline grabbing articles and oft-quoted US hedge fund investors, such that current pricing has provided a margin of safety that gives us some comfort.



In conversation with...

Lucy Laakso

Cromwell strives to maintain the highest standards of ethics and corporate governance. Our corporate governance framework creates a culture and mindset which has a direct impact on the way we conduct business. In this article, we talk to Cromwell Property Group Company Secretary, Lucy Laakso, about good governance, what it entails, and the value in always 'doing the right thing'.

Lucy Laakso is passionate about governance. As Company Secretary, Lucy makes it her priority to ensure that Cromwell employees understand what good governance means, what it entails, but also the value it brings to an organisation and its stakeholders.

If we think about governance, the basic building blocks include adhering to the fundamental legal and regulatory requirements that Cromwell as an organisation must comply with. We also have internal policies and procedures, and we have codes of practice. These are basic requirements under good governance. But this is only the starting point.

Once you achieve the basic level of compliance, you can seek excellence through a mindset of continuous improvement. You can learn from your mistakes, which is what we always seek to do. You can learn from others: your colleagues, your peers, the industry, and what other stakeholders do.

Three of the key areas that we look at here at Cromwell are work health and safety, supply chain management, and risk management.

From a work health and safety perspective, we want people to enjoy what they do here at Cromwell, but equally, we want to ensure people get home safely at the end of the day. Whilst we comply with all the

rules and regulations and reporting requirements, we also focus on continuous improvement. We know that, from a best practice perspective, we need to continually look at what we're doing and identify where we can do better. Making sure we are considering the indicators and applying a continuous improvement approach are key requirements under the work health and safety regime, and they're also imperative to the safety and wellbeing of our people.

From a supply chain perspective, Cromwell deals with over 400 providers. It is essential that our providers understand our corporate governance expectations, so that they in turn comply with and meet the standards we expect on key issues such as labour practices, quality assurance and so forth. We also have ongoing expectations of our providers, and a monitoring program, to ensure that they continue to comply throughout their working partnership with Cromwell.

For our investors, governance is all about managing risk. Protecting the interests of investors through best practice governance is about doing the right thing and always looking to do it better. From a practical perspective, we measure our performance against a range of indices, and we have transparent reporting frameworks to let our stakeholders know how we're performing against those indices. But we're always looking to improve.

Good governance is in all of our interests: in Cromwell's interests, our employees' interests, our stakeholders' interests, and most importantly, our investors' interests. It is therefore so important that we as an organisation understand what good governance entails and the value that it can create.

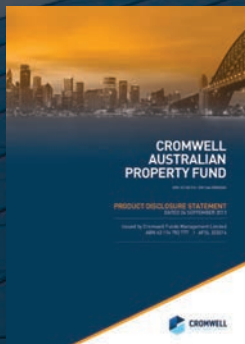
I've been with Cromwell for three-and-a-half years, and as Company Secretary, I'm proud of the way our organisation embraces a strong governance culture. We strive to adopt a continuous improvement approach that includes making sure that we're doing things right, learning from our mistakes, understanding our stakeholder needs, and essentially, making sure that we're achieving our optimum performance.



Another of Lucy's passions is that of rehoming retired racing greyhounds. Lucy has two beautiful dogs, Larry (on the left) and Taylah (on the right), who were racing dogs in a former life. "Retired greyhounds are loyal and loving pets, and Larry and Taylah bring me great balance and joy outside of my work," said Lucy.

If you would like more information about the rehoming of a former racing greyhound, contact your local rehoming organisation – there's one (or more) in every Australian state.

CROMWELL'S INVESTMENT FUNDS



**Cromwell Australian
Property Fund**



**Cromwell Direct
Property Fund**



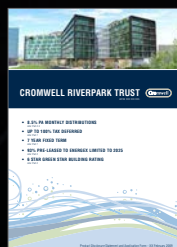
**Cromwell Phoenix Core Listed
Property Fund**



**Cromwell Phoenix
Property Securities Fund**
(Closed to new investors)



The closed trusts below are only accessible via investment in the Cromwell Direct Property Fund



**Cromwell
Riverpark
Trust**



**Cromwell
Ipswich City
Heart Trust**



**Cromwell
Property
Trust 12**



**Cromwell Phoenix
Opportunities Fund**
(Closed to new investors)

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Any investment, including an investment in Cromwell-managed Funds, is subject to risk. If a risk eventuates, it may result in reduced distributions and/or a loss of some or all of the capital value of your investment. See the disclosure document issued for the Fund for examples of key risks. Capital growth, distributions and tax consequences cannot be guaranteed.

Cromwell Funds Management Limited ABN 63 114 782 777 AFSL 333214 ("CFM") has prepared these reports and is the responsible entity of, and the issuer of units in, the funds and trusts referred to in these reports ("the Funds"). In making an investment decision in relation to a Fund, it is important that you read the disclosure document for that Fund. The report for each Fund refers to the disclosure document (product disclosure statement and any supplementary product disclosure statement) issued for that Fund. The disclosure document for each Fund is issued by CFM and is available from www.cromwell.com.au or by calling Cromwell Investor Services on 1300 276 693. Not all of the Funds are open for investment. Applications for units in open Funds can only be made on application forms accompanying the disclosure document for the Fund.

These reports have been prepared without taking into account your objectives, financial situation or needs. Before making an investment decision, you should consider the report and the disclosure document for the particular Fund and assess, with or without your financial or tax adviser, whether the Fund fits your objectives, financial situation or needs. Past performance is not a reliable indicator of future performance. Forward-looking statements (provided here as a general guide only) and the performance of a Fund are subject to the risks and assumptions set out in its disclosure document. CFM and its related bodies corporate, and their associates, do not receive any remuneration or benefits for the general advice given in these reports. If you acquire units in a Fund, CFM and certain related parties may receive fees from the Fund and these fees are disclosed in the disclosure document for that Fund. Performance data for Cromwell-managed Funds are calculated based on unit prices for each Fund, which may differ from underlying net asset values. Performance data for periods longer than one year have been annualised. Distribution rates and yields are based on the 30 June 2017 unit price and are subject to change. The proportion of distributions that are tax deferred will depend on a number of factors (for example, building amortisation and depreciation of plant and equipment) and may vary from year to year. Deferred tax may be payable, in whole or in part, on the sale, transfer or redemption of units in the Fund.

MARKET UPDATE

Listed property update



Stuart Cartledge

MANAGING DIRECTOR
PHOENIX PORTFOLIOS

Both property benchmarks (S&P / ASX 200 A-REIT Accumulation Index and the S&P / ASX 300 A-REIT Accumulation Index) dropped over the June 2017 quarter, giving up 3.4% and 3.1% respectively. The broader equity market was also weaker in the June quarter, however it outperformed property indices, with the S&P / ASX 300 Accumulation Index down 1.6%.

Much of the weakness came in the sector's largest names. In particular, the large retail landlords were hit strongly as negative sentiment surrounding the Australian retail sector permeated through the market (read our focus piece "Your margin is our opportunity" on page 22 for an in-depth look at the changing retail environment). Westfield Corporation was the worst performer, off 9.6%, while Scentre Group and Vicinity Centres lost 5.6% and 6.2% respectively. The property fund managers were clear outperformers across large cap property stocks, with Goodman Group up 3.4% and Charter Hall Group rising by 2.5%.

Infrastructure was the strongest performing subsector in the June quarter, as both stock specific news and continued low interest rates were supportive. Macquarie Atlas rallied 9.6% while Sydney Airport and Transurban were also strong, lifting by 7.2% and 3.8% respectively.

While residential property has faced much negative media

coverage in recent times, those exposed to the sector outperformed the broader index over the quarter, buoyed by solid quarterly market updates. Mirvac Group was mostly stable, down 0.2%, whilst Stockland fell by 2.8%, still outperforming the broader A-REIT sector.

In stock specific news, corporate activity remained a theme. The takeover of the Brookfield Prime Property Fund was announced and completed during the quarter. For more information, see the "Stock Talk Revisited" section of this report. Both Industria REIT and Asia Pacific Data Centre Group (AJD) were the subject of 360 Capital Group (TGP) takeover rumours, with TGP requisitioning a meeting to install itself as manager of AJD. Elsewhere, a proposal to partially internalise the management of Investa Office Fund was rejected by unitholders.

Market outlook

The sector now offers investors a current-year distribution yield of around 4.9%. In comparison to bond yields trading around 2.6%, the yield premium of the sector continues to reside above its long term average of 1.9%. Furthermore, today's distribution yield is more robust than historical yields because it is based on a more conservative payout policy that retains some earnings to support growth.

Over the medium term, A-REIT earnings streams are relatively secure given the contracted nature of rental income and long average lease terms. Furthermore, financial leverage is low, with gearing across the sector of approximately 30% (Debt to Total Assets) making the sector a relatively low risk investment choice.

Stock talk revisited: Brookfield Prime Property Fund

We initially wrote about the Brookfield Prime Property Fund (ASX:BPA) in the Summer 2016 issue of Insight magazine. The article detailed the unsuccessful corporate action proposal by the Responsible Entity of the Fund which would have seen unitholders in BPA receive \$5.50 per unit for the sale of their units to a related party, Brookfield BPPF Investments Trust. As unitholders via the Cromwell Phoenix Property Securities Fund, Phoenix Portfolios assessed the initial offer as less than fair value due to (among other reasons) the quality and potential of the portfolio, and the potential for increased distributions on expiry of the out-of-money interest rate swap.

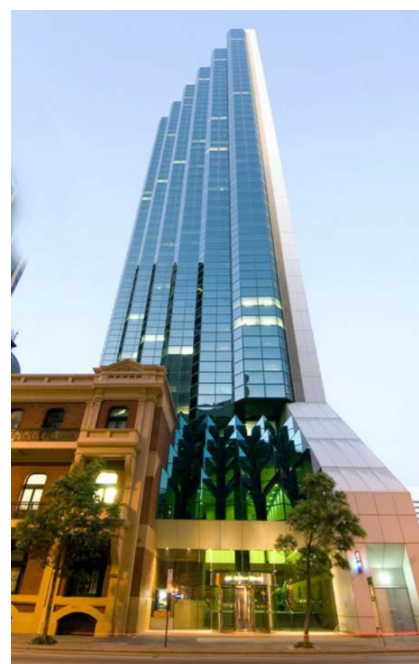
A lot has happened in the intervening period, eventually concluding with the successful completion of a new bid to purchase 100% of outstanding units in the fund.

The key difference to the offer this time around was the more realistic price. At \$8.815 per unit, the deal price was close to our assessment of net asset value per unit and we therefore supported the transaction. On 14 June 2017, unitholders voted to implement the transaction.

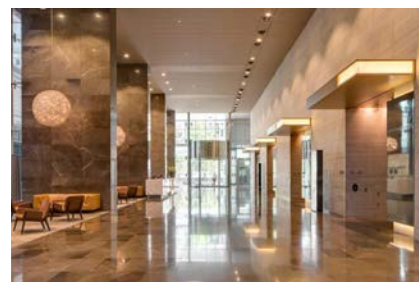
From our initial purchase at levels around \$3.70 per unit in December 2012, we have now received \$3.03 in distributions inclusive of the special dividend paid in December 2015, and we have now concluded the story with a final payment of \$8.815 per unit. Since voting against the original \$5.50 proposal on 8 December 2014, we have received total proceeds of \$11.63 over a 2.5-year period – an extremely solid outcome however you might choose to express it mathematically.

Our Summer Insight article on the unsuccessful BPA corporate action proposal can be found online at:

https://www.cromwell.com.au/__data/assets/pdf_file/0023/19148/Insight-Mag_Summer_2016_Final.pdf



108 St Georges Terrace – Source: Brookfield



Lobby of 680 George Street – Source: Brookfield

Direct property update



Hamish Wehl

HEAD OF RETAIL FUNDS MANAGEMENT

Unitholders within Cromwell's unlisted property trusts have enjoyed excellent returns over long periods of time, as seen in the table below:

Trust	1 Year	3 year (annualised)	5 Year (annualised)	Since Inception (annualised)
Cromwell Property Trust 12	16.8%	18.1%	n/a	16.0%
Cromwell Ipswich City Heart Trust	15.0%	17.1%	13.6%	13.1%
Cromwell Riverpark Trust	30.5%	24.8%	21.1%	17.0%

As at 30 June 2017

While some of these gains stem from capitalisation rate compression as a result of global bond yields tightening, nevertheless, the assets were purchased well and that one decision alone is the most important when investing. Buying well ultimately determines whether an investment will deliver strong returns to investors.

Even if the property fundamentals are excellent, 'what is smart at one price is stupid at another', as is often quoted by Warren Buffet.

Our view on the market hasn't changed over the past 18-24 months. We still consider the market too expensive in general, yet will always look for opportunities where we consider there to be value for investors. Our view is that recent office transactions on a yield of below 5% do not reflect an appropriate risk adjusted return, given the stage of the cycle we are currently in. We continue to wait for the right opportunity.

In this edition of the direct property market update, we continue our educational theme and discuss in detail the mechanics of how interest rate derivatives work. Specifically, how interest rate swaps can assist in forecasting the interest expense of an unlisted property trust, and therefore distributions. We examine how interest rate swaps can de-risk an unlisted property trust's interest expense to interest rate volatility.

Interest rate swaps – what are they?

An interest rate swap is a type of financial instrument or derivative that effectively fixes the cost of interest. From a borrower's perspective, a swap is generally used to protect from an increase in interest rates where the original rate was floating.

A swap is in itself a tradable asset, with the valuation of the swap (very simply) calculated based on the term of the swap, the underlying loan's interest rate, and long term interest rate forecasts. It will therefore change in value every day, with fluctuations in value aligning with fluctuations in interest rates.

Swaps are used to give certainty to the future interest expense

If a property trust with a \$220 million property borrowed \$100 million from Bank A, a five-year interest rate swap could be taken out for \$100 million to negate the impact of interest rate movements. The below example assumes the interest rate swap is executed at the market (i.e. for no cash outlay) and is struck at a rate of 2.3%.

Year	Current Variable Rate	Property Trust Pays Bank	Bank A Pays Property Trust	Property Trust Pays Bank A	Net Interest Expense	Valuation of Swap
1	2.0%	\$2,000,000		\$300,000	\$2,300,000	Nil
2	2.2%	\$2,200,000		\$100,000	\$2,300,000	\$800,000
3	2.4%	\$2,400,000	\$100,000		\$2,300,000	\$600,000
4	2.6%	\$2,600,000	\$300,000		\$2,300,000	\$400,000
5	3.0%	\$3,000,000	\$700,000		\$2,300,000	Nil

As can be seen in the example above, the net effect of the interest rate swap is that the property trust ultimately pays \$2,300,000 (or 2.30%) in interest each year, and as such, uncertainty around the trust's interest expense is eliminated.

The property trust would typically pay the variable rate to Bank A, and then either pay or receive the difference between the current variable rate and the rate of the interest rate swap at the time of payment.

Swaps are included in the trust's balance sheet

Because the swap is a financial instrument in its own right, in the case of an unlisted property trust, swaps will be listed in the trust's financial accounts as either an asset or liability in the balance sheet. However, if the swap is held to maturity (or five years in the example above), given no further time frame, a swap will have nil value at expiry.

If the property is sold early, say at the end of year 2 in the example above, the swap can be sold and the property trust receives an additional payment of \$800,000. On the flipside, if interest rates had fallen below the swap rate of 2.3%, the value of the swap on early sale of the property may result in a further payment to the bank. However, most property trust managers don't speculate in interest rate derivatives with the intention of trading them separately. They are most commonly used to give certainty to the future years' interest expense, which in turn allows the manager to give more certainty over the level of distributions able to be paid from the trust.

Premiums for even more favourable interest rate swaps can also be paid. If, for example, the market rate for the five-year swap was 2.3% and the manager wanted to strike a price of 2.1%, it would have to pay a premium for this. The premium would then be reflected on the balance sheet and valued in the same way, with potential for increases or decreases in the valuation. Again, the premium will also be worth nil at the end of the swap term because the trust would have already achieved the benefit for the lower interest costs over the five-year period.

Cromwell regularly uses interest rate swaps in our unlisted property trusts to both protect unitholders from fluctuations in interest rates over the term of a trust, and to provide predictability and certainty to their distributions.

OPEN FOR INVESTMENT

www.cromwell.com.au/dpf

Investment Report to 30 June 2017

CROMWELL DIRECT PROPERTY FUND

This award winning investment portfolio provides exposure to unlisted, direct property throughout Australia. The Fund aims to provide a monthly tax advantaged income stream and future capital growth potential.

Key Statistics

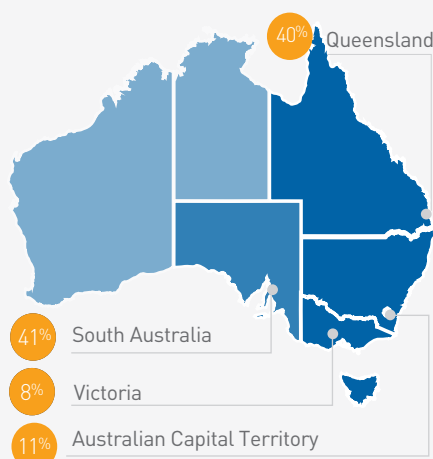
as at 30 June 2017

Status	OPEN ¹
Unit Price	\$1.2176 ²
Distribution Yield	5.75% p.a. ³
WALE	9.6 years ⁴

Performance

	1 Year	2 Years	3 Years	Inception (Aug-13)
Fund Performance After fees & costs	12.2%	11.3%	10.6%	11.7%
Benchmark PCA/IPD Unlisted Retail Property Fund Core Index	23.7%	27.9%	25.9%	22.9%
Excess Returns After fees & costs	(11.5%)	(16.6%)	(15.3%)	(11.2%)

Geographic Diversification by Asset Value



Fund Update

- An internal valuation of the Bunnings asset (located on the corner of Curtis Road and Frisby Road, Angle Vale, South Australia) as at 30 June 2017 resulted in a 1.8% increase in the value of the asset to \$29.0 million, up from \$28.5 million as at 30 September 2016, underpinned by the expiry of outstanding rental incentives
- The Fund's unit price benefited over the quarter from a positive asset re-valuation of Energex House, of which the Fund owns 19.0%
- The Fund's look through gearing is currently at 16.6%. Direct gearing remains at zero
- The Fund's performance as at 30 June 2017 was 11.7% per annum annualised since inception
- Performance for the quarter ending 30 June 2017 was 3.6%

In addition to the footnotes below, please read the important disclaimer at the beginning of the Quarterly Reports section on page 29.

1. Withdrawals are limited, cannot be guaranteed and are subject to the assumptions and risks set out in the PDS dated 1 September 2016.
2. Unit prices are calculated daily. See the PDS for further information and www.cromwell.com.au/dpf for latest pricing.
3. Paying 7 cents per unit p.a. Yield based on current unit price of approximately \$1.2176 (30 June 2017).
4. Figures as at 30 June 2017. Calculated on a "look-through" gross passing income basis.
See www.cromwell.com.au/dpf for further information.

OPEN FOR INVESTMENT

www.cromwell.com.au/apf

Investment Report to 30 June 2017

CROMWELL AUSTRALIAN PROPERTY FUND

Get full exposure to Cromwell's listed and unlisted property expertise, all in one fund. Quintessentially serving as Cromwell's 'fund-of-funds', this product provides liquidity, diversity and access to highly specialised property portfolio management teams.

Key Statistics

as at 30 June 2017

Status	OPEN ¹
Unit Price	\$1.2270 ²
Distribution Yield	4.89% p.a. ³

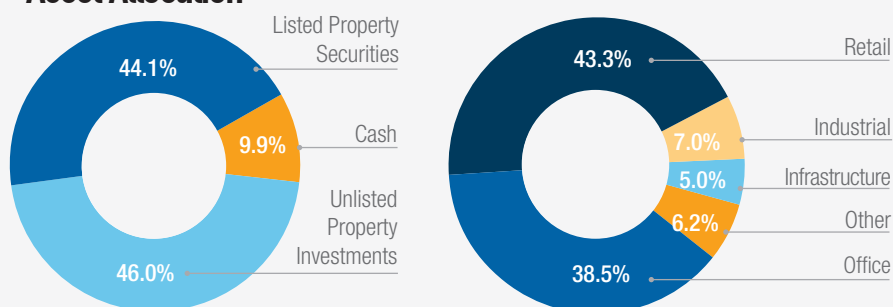
Performance

	1 Year	2 Years	3 Years	Inception (Oct-13)
Fund Performance After fees & costs	5.9%	10.7%	11.3%	11.7%
Benchmark⁴	5.9%	15.2%	16.6%	15.6%
Excess Returns After fees & costs	0.0%	(4.5%)	(5.3%)	(3.9%)

Fund Update

- Asset allocation of the Fund remains largely unchanged from the previous quarter
- The Fund's performance as at 30 June 2017 was 11.7% per annum annualised since inception
- Performance for the quarter ending 30 June 2017 was 1.4%

Asset Allocation⁵



In addition to the footnotes below, please read the important disclaimer at the beginning of the Quarterly Reports section on page 29.

1. Withdrawals cannot be guaranteed and are subject to the assumptions and risks set out in the PDS dated 24 September 2013.

2. Unit prices are calculated daily. See the PDS for further information and www.cromwell.com.au/apf for latest pricing.

3. Paying 6 cents per unit p.a. Yield based on current unit price of approximately \$1.2270 (30 June 2017).

4. The benchmark is set out in the PDS.

5. Figures as at 30 June 2017. Positions held by the Fund are subject to change.

See www.cromwell.com.au/apf for further information.

OPEN FOR INVESTMENT

www.cromwell.com.au/pcf

Investment Report to 30 June 2017

CROMWELL PHOENIX CORE LISTED PROPERTY FUND

The Fund provides investors with exposure to a diverse range of large, well-established Australian property securities that hold underlying investments including office, retail, industrial and hotel assets.

Key Statistics

as at 30 June 2017

Status	OPEN ¹
Unit Price	\$1.0287 ²
Distribution Yield	4.80% p.a.

Performance

	6 months	1 year	2 years	Inception (Mar-15)
Fund Performance After fees & costs	(2.8%)	(5.6%)	8.8%	6.3%
Benchmark S&P/ASX 200 A-REIT Accumulation Index	(3.7%)	(6.3%)	8.1%	5.8%
Excess Returns After fees & costs	0.9%	0.7%	0.7%	0.5%

Top 10 stock holdings³

CHARTER HALL GROUP LIMITED
DEXUS
GENERAL PROPERTY TRUST
GOODMAN GROUP
MACQUARIE ATLAS ROADS GROUP
MIRVAC GROUP
SCENTRE GROUP
STOCKLAND LTD
VICINITY CENTRES
WESTFIELD CORPORATION

Alphabetical order

Fund Update

- Positive contributions came from overweight positions in Charter Hall Group, Lend Lease, Transurban, Macquarie Atlas and Sydney Airport
- An overweight position in the underperforming stock Westfield Corporation detracted value, as did underweight positions in Goodman Group, Dexu Property Group and National Storage
- The Fund delivered a return of -3.2% over the quarter net of fees, outperforming the benchmark by 0.2%

In addition to the footnotes below, please read the important disclaimer at the beginning of the Quarterly Reports section on page 29.

Phoenix Portfolios Pty Ltd ABN 80 117 850 254 AFSL 300302 ("Phoenix") is the investment manager of the Fund. None of CFM, Phoenix nor their related entities, directors or officers makes any promise or representation, or gives any guarantee as to the success of the Fund, distributions, amount you will receive on withdrawal, income or capital return or the taxation consequences of investing.

1. Withdrawals cannot be guaranteed and are subject to the assumptions and risks set out in the PDS dated 10 March 2015.

2. Unit price as at 30 June 2017. Unit prices are calculated daily. See the PDS for further information and www.cromwell.com.au/pcf for latest pricing.

3. Figures as at 30 June 2017. Positions held by the Fund are subject to change.

See www.cromwell.com.au/pcf for further information.

CLOSED TO INVESTMENT

www.cromwell.com.au/c12

Investment Report to 30 June 2017

CROMWELL PROPERTY TRUST 12

This Trust replicates many features of Cromwell's other unlisted property trusts including the seven year investment period, innovative construction funding structure and long lease term. However, this Trust is underpinned by two assets valued at \$139 million¹.

Key Statistics as at 30 June 2017

Status	CLOSED
NAV Price	\$1.27
Distribution Yield	6.69% p.a.
WALE	14.4 years ²

Performance

	1 Year	2 Years	3 Years	Inception (Oct-13)
Trust Performance After fees & costs	16.8%	22.0%	18.1%	16.0%
Benchmark PCA/IPD Unlisted Retail Property Fund Core Index	23.7%	28.0%	24.6%	22.8%
Excess Returns After fees & costs	(6.9%)	(6.0%)	(6.5%)	(6.8%)

Trust Update

- The Trust's distribution rate increased by 0.25 cents per unit (cpu) to 8.5 cpu, or 8.5% per annum, based on the unit issue price of \$1.00. The increase was underpinned by an increase in annual rental income
- An internal valuation of the 19 George Street, Dandenong asset as at 30 June 2017 has provided a 0.5% increase in the value of the asset to \$93.0 million, up from \$92.5 million as at 30 September 2016. The increase in value was underpinned by a 1.2% increase in market rent
- The value of the Rand Distribution Centre remains constant at \$46 million and the building is next due for an external valuation in March 2018
- The Trust's unit price remains unchanged at \$1.27



In addition to the footnotes below, please read the important disclaimer at the beginning of the Quarterly Reports section on page 29.

1. Based on valuations for 19 George Street, Dandenong (\$93 million) as at 30 June 2017 and Rand Distribution Centre (\$46 million) as at 31 March 2017.

2. Calculated by gross income.

See the PDS dated 29 October 2013 and www.cromwell.com.au/c12 for further information.

CLOSED TO INVESTMENT

www.cromwell.com.au/ich

Investment Report to 30 June 2017

CROMWELL IPSWICH CITY HEART TRUST

The unlisted Trust's asset is the \$114 million¹ Ipswich City Heart Building in Ipswich, Queensland. The Trust was the first Cromwell trust to be certified as a Responsible Investment by the Responsible Investment Association of Australasia.

Key Statistics

as at 30 June 2017

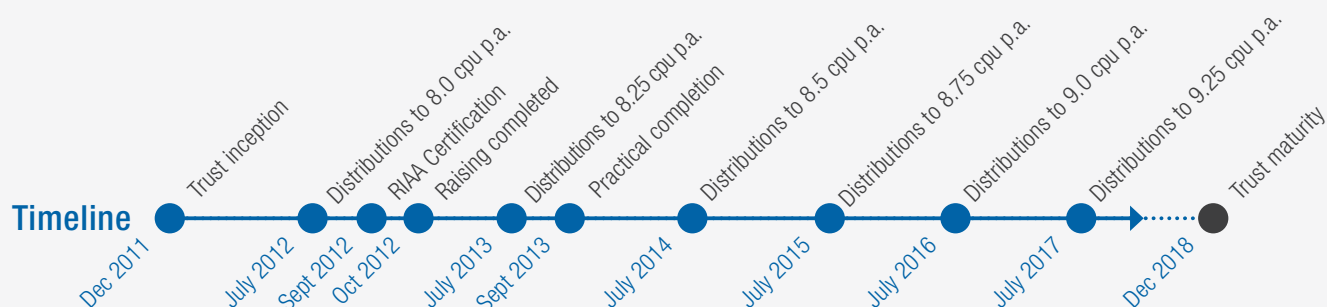
Status	CLOSED
NAV Price	\$1.27
Distribution Yield	7.29% p.a.
WALE	10.8 years ²

Performance

	1 year	3 years	5 years	Inception (Dec-11)
Trust Performance After fees & costs	15.0%	17.1%	13.6%	13.1%
Benchmark PCA/IPD Unlisted Retail Property Fund Core Index	23.7%	24.6%	19.3%	18.6%
Excess Returns After fees & costs	(8.7%)	(7.5%)	(5.7%)	(5.5%)

Trust Update

- The Trust's distribution rate increased by 0.25 cents per unit (cpu) to 9.25 cpu, or 9.25% per annum, based on the unit issue price of \$1.00. The increase was underpinned by an increase in annual rental income
- The Trust's unit price remains at \$1.27 with the next independent valuation of the asset expected in December 2017



In addition to the footnotes below, please read the important disclaimer at the beginning of the Quarterly Reports section on page 29.

1. Based on valuation as at 31 December 2016.

2. Calculated by gross income.

See the PDS dated 16 December 2011 and www.cromwell.com.au/ich for further information.

CLOSED TO INVESTMENT

www.cromwell.com.au/crt

Investment Report to 30 June 2017

CROMWELL RIVERPARK TRUST

This was the first of Cromwell's next generation 'back to basics' single property trusts and served as a bellwether for the type of investments being sought in an uncertain economic environment. The Trust's building, Energex House, is currently valued at \$264 million¹.

Key Statistics as at 30 June 2017

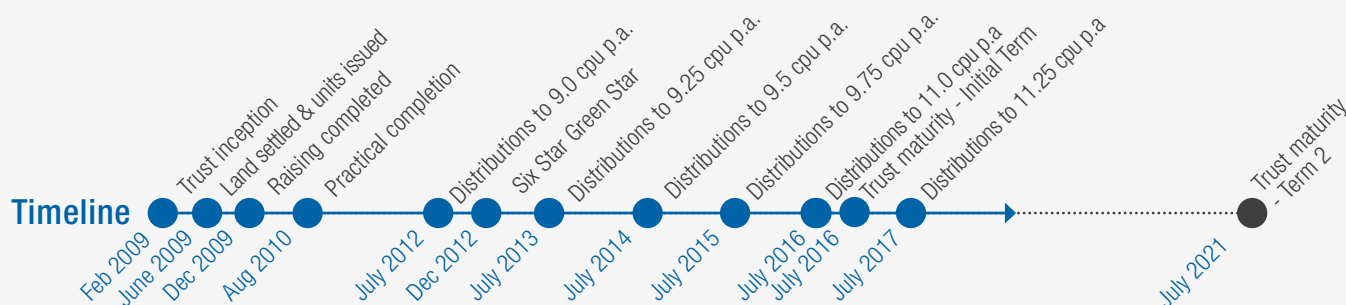
Status	CLOSED
NAV Price	\$1.85
Distribution Yield	6.08% p.a.
WALE	7.8 years ²

Performance

	1 year	5 years	10 years	Inception (Jul-09)
Trust Performance After fees & costs	30.5%	21.1%	18.2%	17.0%
Benchmark PCA/IPD Unlisted Retail Property Fund Core Index	23.7%	19.3%	16.4%	15.0%
Excess Returns After fees & costs	6.8%	1.8%	1.8%	2.0%

Trust Update

- The Trust's distribution rate increased by 0.25 cents per unit (cpu) to 11.25 cpu, or 11.25% per annum, based on the unit issue price of \$1.00. The increase was underpinned by an increase in annual rental income
- An external valuation of the Energex House as at 30 June 2017 has provided good news for Cromwell Riverpark Trust unitholders: a 6.9% increase in the value of the asset to \$264 million, up from \$246.9 million as at 31 December 2016. The increase in value was underpinned by a 0.5% decrease in the capitalisation rate, from 6.75% to 6.25%. The property valuation increase resulted in a unit price increase of 11.4% from \$1.66 to \$1.85



In addition to the footnotes below, please read the important disclaimer at the beginning of the Quarterly Reports section on page 29.

1. Based on valuation as at 30 June 2017.

2. Calculated by gross income.

See the PDS dated 25 February 2009, SPDS dated 30 June 2009 and www.cromwell.com.au/crt for further information.

CLOSED TO NEW INVESTMENT

www.cromwell.com.au/pof

Investment Report to 30 June 2017

CROMWELL PHOENIX OPPORTUNITIES FUND

This value orientated fund invests in ASX-listed microcaps using Phoenix Portfolios' 'best ideas' approach and aims to find hidden value in under-researched stocks.

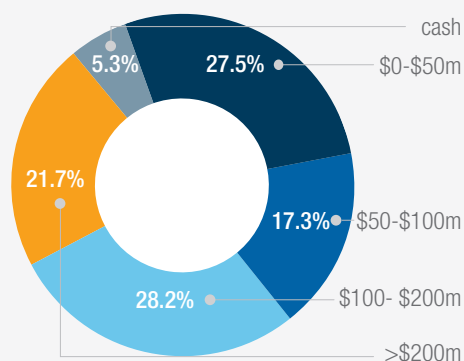
Key Statistics as at 30 June 2017

Status	CLOSED TO NEW INVESTMENT ¹
Unit Price	\$1.8430 ²
Distribution Yield	N/A

Performance

	1 year	3 years	5 years	Inception (Dec-11)
Fund Performance After fees & costs, inclusive of the value of franking credits	24.4%	19.5%	21.3%	21.0%
Fund Performance After fees & costs, excluding the value of franking credits	23.0%	18.3%	20.0%	19.5%
S&P/ASX Small Ords Accumulation Index	7.0%	7.1%	5.7%	4.1%

Truly Microcap³



Fund Update

- Performance history, now in excess of five years, shows 21.0% annualised since inception
- Positive contributions to the Fund's performance over the quarter came from holdings in Jumbo Interactive and Regional Express
- Detracting from Fund performance over the quarter were holdings in Mount Gibson Iron, Chalice Gold, Karoon Gas and Capral Aluminium
- Microcap stocks significantly underperformed the broader market over the quarter. The S&P/ASX Emerging Companies Index, which has a median market cap of \$175 million, declined 4.7% over the quarter. In comparison, the S&P/ASX Small Ordinaries Index fell 0.3% and the large cap S&P/ASX 200 Accumulation Index declined 1.6%
- The Fund delivered a net return of -2.4% over the quarter (net of fees, inclusive of franking credits)

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1. Withdrawals cannot be guaranteed and are subject to the assumptions and risks set out in the PDS dated 17 April 2015.

2. Unit price as at 30 June 2017. Unit prices are calculated monthly. See the PDS for further information and www.cromwell.com.au/pof for latest pricing.

3. Figures as at 30 June 2017. Positions held by the Fund are subject to change.

See www.cromwell.com.au/pof for further information.

CLOSED TO NEW INVESTMENT

www.cromwell.com.au/psf

Investment Report to 30 June 2017

CROMWELL PHOENIX PROPERTY SECURITIES FUND

This award winning Fund is one of the top performing property securities funds in Australia, with underlying investments chosen by Phoenix Portfolios using a 'best ideas' approach. Due to its self-imposed capacity constraint, it is now closed to new investors.

Key Statistics

as at 30 June 2017

Status	CLOSED TO NEW INVESTMENT
Unit Price	\$1.2255 ¹
Distribution Yield	4.80% p.a.

Performance

	1 Year	5 years	7 years	Inception (Apr-08)
Fund Performance After fees & costs	(0.5%)	17.5%	18.4%	9.1%
Benchmark S&P/ASX 300 A-REIT Accumulation Index	(5.6%)	14.2%	12.5%	3.3%
Excess Returns After fees & costs	5.1%	3.3%	5.9%	5.8%

Top 10 stock holdings²

CHARTER HALL GROUP LIMITED
DEXUS
GENERAL PROPERTY TRUST
MACQUARIE ATLAS ROADS GROUP
MIRVAC GROUP
SCENTRE GROUP
STOCKLAND LTD
SYDNEY AIRPORT
VICINITY CENTRES
WESTFIELD CORPORATION

Alphabetical order

Fund Update

- Positive contributions came from positions in Sydney Airport, Brookfield Prime, Macquarie Atlas, Charter Hall Group and Propertylink Group
- Also providing a positive contribution to relative returns were underweight positions in Scentre Group and Vicinity Centres
- Underweight positions in Goodman Group and Dexs Property Group detracted valued
- The Fund delivered a return of -1.6% over the quarter net of fees, outperforming the benchmark by 1.5%

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1. Unit price as at 30 June 2017. Unit prices are calculated daily. See the PDS dated 1 November 2012 for further information and www.cromwell.com.au/psf for latest pricing.

2. As at 30 June 2017. Positions held by the Fund are subject to change.

See www.cromwell.com.au/psf for further information.

CROMWELL PROPERTY GROUP

QUARTERLY SNAPSHOT



Cromwell Property Group (ASX:CMW) is a global real estate investment manager.

The Group is included in the S&P/ASX 200 and the FTSE EPRA/NAREIT Global Real Estate Index.

Cromwell had a direct property investment portfolio in Australia valued at \$2.4 billion, and total assets under management of \$10.1 billion across Australia, New Zealand and Europe as at 30 June 2017.

Key Statistics as at 30 June 2017

Security Price	\$0.95 ¹
Annual Distribution	8.34 cpu ²
Distribution Yield	8.78% p.a. ²
Market Capitalisation	\$1.7 billion

Performance as at 30 June 2017

	1 Year	5 Years	10 Years	15 Years ³
CMW Performance				
After fees & costs	2.0%	15.6%	7.6%	25.7%
Benchmark				
S&P/ASX 300 A-REIT Accumulation Index	(5.6%)	14.2%	(0.1%)	5.7%
Excess Returns				
After fees & costs	7.6%	1.4%	7.7%	20.0%

ASX Announcements Update - see www.asx.com.au (ASX:CMW)

28 June 2017	Initial Director's Interest Notice
28 June 2017	Leon Blitz appointed to Cromwell Property Group Board
23 June 2017	Dividend/Distribution - CMW
17 May 2017	Notice of Trust Constitution Amendments
17 May 2017	Appendix 3B
15 May 2017	Distribution for the Qtr Ended 31 Mar 2017 (Tax Components)
8 May 2017	IOF: Update on Cromwell Proposal
26 April 2017	Update - Dividend/Distribution - CMW
7 April 2017	Cromwell granted access to due diligence
7 April 2017	IOF: Update on proposals
4 April 2017	IOF: Unsolicited, indicative non-binding proposal

FOR FURTHER INFORMATION, SPEAK TO YOUR BROKER OR VISIT WWW.CROMWELLPROPERTYGROUP.COM

1. Based on security price as at close of trading 30 June 2017. Securities are traded on the ASX and the price is subject to market movements and will change daily. Current pricing is available at www.asx.com.au.
2. Capital growth, distributions and tax consequences cannot be guaranteed and are subject to assumptions and risk. Annualised distributions and yield based on most recent distribution and security prices.
3. 15 year CMW return includes period prior to stapling in December 2006.

Cromwell Property Securities Limited ABN 11 079 147 809 AFSL 238052 ("CPS") has prepared this report and is the responsible entity of the Cromwell Diversified Property Trust ARSN 102 982 598 ("DPT"). This report is issued by CPS as responsible entity of DPT and on behalf of Cromwell Corporation Limited ACN 001 050 980. This report has been prepared without taking into account your objectives, financial situation or needs. In making an investment decision, you should consider all available information and assess, with or without your financial or tax adviser, whether the product fits your objectives, financial situation or needs. Past performance is not a reliable indicator of future performance. Forward-looking statements in this report are provided as a general guide only. These statements are not guarantees of future performance. Actual results could differ materially from those expressed. CPS does receive fees as responsible entity of DPT.

GLOSSARY

\$	All dollar values are in Australian dollars
A-REIT	Australian real estate investment trust
AUM	Assets under management
Cap rate	Capitalisation Rate
CCL	Cromwell Corporation Limited
CPSL	Cromwell Property Securities Limited
CPS	Cents per security
CPU	Cents per unit
DPS	Distribution per security
DPT	Cromwell Diversified Property Trust
Distribution yield	Return on investment, based on current unit price
EPS	Operating Earnings per Security
EBITDA	Earnings before interest, taxes, depreciation, and amortisation
FY	Financial year (1 July to 30 June)
Gearing	Total borrowings less cash/total assets less cash
GDP	Gross domestic product - total dollar value of all goods and services produced over a specific time period.
GFC	Global financial crisis
IRR	Internal rate of return
NOI	Net operating income
NLA	Net lettable area
NTA	Net tangible assets per security
p.a.	Per annum
RBA	Reserve Bank of Australia
RE	Responsible Entity
Securityholder	A person who holds a Security
Security	Stapled security consisting of one share in CCL and one unit in DPT
Small Cap	Stock with a relatively small capitalisation
SMSF	Self managed superannuation fund
VWAP	Volume weighted average price
WACR	Weighted average capitalisation rate
WALE	Weighted average lease expiry by gross income

CONTACT US WITH ANY QUESTIONS

For the answer to any questions regarding Cromwell and our funds, please contact your financial adviser, broker or Cromwell Investor Services directly.

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