21 March 2016

Cromwell Direct Property Fund

ASIC Benchmarks and Disclosure Principles

Information Provided Pursuant To ASIC Regulatory Guide 46 (RG46)

Important Notice and Disclaimer

As responsible entity of the Cromwell Direct Property Fund ARSN 165 011 905 ("DPF" or "the Fund"), Cromwell Funds Management Limited ABN 63 114 782 777, AFSL 333214 ("Cromwell") is the issuer of this ASIC Benchmarks and Disclosure Principles guide ("Guide") which should be read in conjunction with the attached Product Disclosure Statement for the Fund dated 21 August 2013 ("PDS") and the attached Supplementary Product Disclosure Statement for the Fund dated 28 May 2014 ("SPDS").

Updates on the Fund are available at www.cromwell.com.au/DPF.

The information in this Guide is general information only and does not take into account your objectives, financial situation or needs. Therefore, before deciding whether to acquire or continue to hold an investment you should consider the PDS and SPDS and updates to them carefully and assess, with or without your financial or taxation advisor, whether the Fund fits your objectives, financial situation or needs.

Scope of this Disclosure Guide

The Australian Securities & Investments Commission (ASIC) issued RG 46 in September 2008 and updated it in March 2012. RG 46 sets out particular disclosure principles and benchmarks designed to provide improved disclosure to retail investors to help them compare risks and returns across investments in the unlisted property sector.

Set out below are tables which list each disclosure principle and benchmark and where the relevant information is included in this Guide and, if applicable, PDS and SPDS, which is available on our website at www.cromwell.com.au/dpf.

	Disclosure Principles	Guide reference	PDS Reference
1	Gearing Ratio	Section 4.2	Section 1.7
2	Interest Cover Ratio	Section 4.3	Section 1.7
3	Scheme Borrowing	Section 4	Section 1.7
4	Portfolio Diversification	Section 1	Section 1.2 and 1.4
5	Related Party Transactions	Section 7	Section 1.13
6	Distribution Practices	Section 5	Section 1.5
7	Withdrawal Arrangements	Section 6	Section 1.11
8	Net Tangible Assets	Section 2	Section 1.6

	Benchmarks	Guide reference	PDS Reference
1	Gearing Policy – The Fund meets the benchmark. The Fund maintains and complies with a written policy that governs the level of gearing for the Fund	Section 4.2	Section 1.7
2	Interest Cover Policy – The Fund meets the benchmark. The Fund maintains and complies with a written policy that governs the level of interest cover for the Fund.	Section 4.3	Section 1.7
3	Interest Capitalisation – The Fund meets the benchmark. The interest expense of the Fund is not capitalised.	Section 4	Sections 1.7
4	Valuation Policy – The Fund meets the benchmark. The Fund maintains and complies with a written valuation policy.	Section 3	Sections 1.8
5	Related Party Transactions – The Fund meets the benchmark. The Fund maintains and complies with a written policy on related party transactions, including the assessment and approval processes for such transactions and arrangements to manage conflicts of interest.	Section 7	Section 1.13
6	Distribution Practices – The Fund does not meet the benchmark. The Fund pays distributions from cash from operations and the Funding Allowance received from the Masters and Bunnings assets currently under construction. The Fund has a distribution policy and aims to distribute an amount which is no more than 100% of expected operating profits available for distribution (excluding unrealised gains) over the medium term. The risks involved in partly funding distributions through a Funding Allowance are detailed in Section 5.	Section 5	Sections 1.5

All statistics and amounts in this Guide are as at 31 December 2015 unless stated otherwise.

Cromwell may update this Guide from time to time and it is recommended unitholders refer to our website at www.cromwell.com.au/DPF for these updates. A paper copy of this Guide or any updated information will be given to you on request and without charge.

From time to time, Cromwell may become aware of information that is material to unitholders but not covered by a disclosure principle. Any such material information will be provided to unitholders in continuous disclosure notices on our website www.cromwell.com.au/DPF.

1 Portfolio Diversification

1.1 Investment Strategy

The Fund will invest directly, or through unlisted property trusts, in non-residential Australian property with a primary focus on commercial, industrial and retail property.

The Fund may also hold cash where CFM considers it prudent, including for Fund liquidity or while CFM is considering new investment opportunities.

The Fund's Investment Portfolio comprises an investment in three unlisted property trusts managed by CFM which own a total of four assets. Over time, the Fund has acquired three direct properties which meets the Fund's investment criteria. This provides unitholders with diversification within the property sector and access to a strong income stream with tax deferred income.

As CFM acquires or sells assets, the Fund's investment portfolio will change. The Fund may also increase or decrease the amounts invested over time in any of the underlying property trusts at any time.

The only significant non-direct property asset of the Fund is cash. As at 31 December 2015, the Fund held cash of $13,986,000.

As at 31 December 2015, the investment portfolio includes indirect interests in the following:

Building	Valuation	31 December 2015 Ownership	Sector	Valuation Date	Cap Rate	Occupancy	Valuer
33 Breakfast Creek Road, Newstead, QLD	$233,000,000	7.0%	Commercial	December 2015	6.75%	100%	Independent
117 Brisbane Road, Ipswich, QLD	$110,000,000	7.2%	Commercial	December 2015	7.25%	100%	Independent
Lot 2, 902 Caribu Drive, Direk, SA	$41,700,000	12.8%	Industrial	December 2015	7.5%	100%	Internal
11-13 Robinson Street, Dandenong, VIC	$87,000,000	12.8%	Commercial	September 2015	6.00%	100%	Independent
Masters Parafield, SA	$27,400,000 (as if complete)	100%	Retail	March 2015	7.5%	100%	Independent
Bunnings Playford, SA	$27,500,000 (as if complete)	100%	Retail	October 2015	6.5%	100%	Independent
64 Allara Street, ACT	$16,800,000	100%	Commercial	June 2015	7.5%	100%	Independent

1.2 Development Properties

Masters Parafield, located in South Australia is currently under construction, which means it is a development asset of the Fund.

Finalisation of construction of the building to an extent it is capable of being occupied ("Practical Completion") is expected to occur by 24 March 2016. The building will be in the retail sector of the property market. Masters Parafield has agreements for lease in place for 100% of the lettable area.

Bunnings Playford, located in South Australia is currently under construction, which means it is also a development asset of the Fund.

Practical Completion is expected to occur by 7 July 2016. The building will be in the retail sector of the property market. Bunnings has an agreement for lease in place for 100% of the lettable area.

The two development properties represent 29.8% of the gross assets of the Fund at 31 December 2015.

Section 4 of the PDS discusses the risks to investors of an investment in the Fund. Those risks include development and construction risk, which is the risk that arises as a result of the Masters Parafield and Bunnings Playford properties being development assets of the Fund pending Practical Completion of the buildings. The construction risks include the risk of cost overruns and the risk that completion of the building (and therefore the commencement of the leases) is delayed.

The steps that Cromwell has taken to mitigate these risks include Cromwell negotiating a maximum amount that the Fund will pay to the developer in relation to the development and construction of the buildings. Any costs in excess of that amount will be met by the developer. The developer will be paid by way of progress payments in arrears based on construction work completed and verified by an independent quantity surveyor. Cromwell has also negotiated 'step-in' rights under the development agreements such that it can take control of the development of the buildings in certain circumstances.

Masters Parafield and Bunnings Playford have been funded solely through investor subscriptions in the Fund. As at the date of this Guide, there was no debt directly held within the Fund and the remaining construction costs for both Masters Parafield and Bunnings Playford are forecast to be satisfied by either additional investor subscriptions or a new bank debt facility.

1.3 Construction Progress

The target and actual dates for key milestones in the construction of the Masters Parafield building are as follows:

Milestone	Target Date	Actual Date
Site Establishment	May 2015	May 2015
Civil Works Completion	August 2015	August 2015
Structure Completion	November 2015	November 2015
Concrete Slab Completion	February 2016	February 2016
Practical Completion	March 2016	

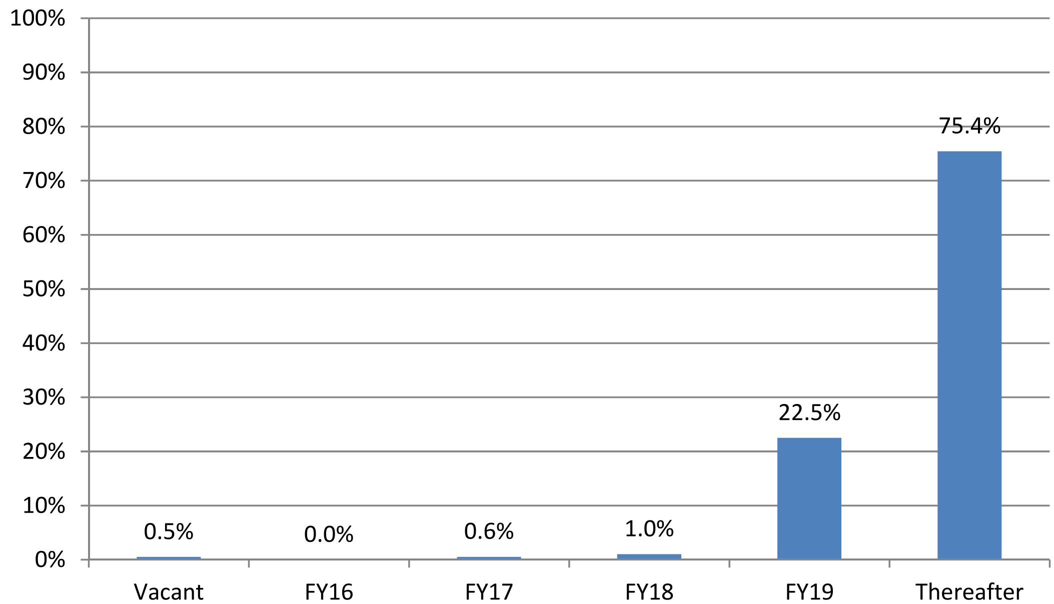
The target and actual dates for key milestones in the construction of the Bunnings Playford building are as follows:

Milestone	Target Date	Actual Date
Land Settlement	November 2015	November 2015
Site Establishment	December 2015	December 2015
Civil Works Completion	March 2016	March 2016
Concrete Slab Completion	June 2016	
Structure Completion	June 2016	
Practical Completion	July 2016	

2 Lease Expiry Profile

The following chart shows the lease expiry profile for the Property in yearly periods calculated on the basis of the Fund's income.

Lease Expiry Profile by Gross Income



2.1 Vacancy Rate

The vacancy rate for the portfolio is 0.5%, with all other space subject to a lease. The vacancy rate represents the portion of the Property which is not subject to a lease or an agreement for lease.

2.2 Tenants

The Fund's top five tenants (by percentage of gross income) are:

Tenant	% of Gross Income
Woolworths Limited	23%
Bunnings Pty Ltd	18%
Energex Limited	12%
Canberra Investment Corporation Limited	9%
Jacobs Australia Pty Ltd	8%

3 Valuation Policy

CFM has, and complies with, a valuation policy for the Fund.

Where the Fund invests in property trusts that are not managed by CFM, the assets held by those trusts are subject to separate valuation policies administered by the manager of that trust. Investments in property trusts will be valued in accordance with the unit pricing policy of the Fund. Refer to Section 1.6 of the PDS for further detail regarding the Fund's unit pricing policy.

Where practical, property assets owned by the Fund, as well as property assets in trusts managed by CFM, will be independently valued each year (or if applicable after the building is completed). All independent valuations will be carried out by appropriately qualified valuers with a minimum of five years relevant experience and membership with the Australian Property Institute. Valuers are instructed to undertake their valuation in accordance with industry standards and to outline their valuation methodology within their valuation report.

Unitholders can obtain a copy of the valuation policy by calling Cromwell Investor Services on 1300 276 693.

4 Fund Borrowing

4.1 Borrowing Policy

Borrowing by the Fund is known as gearing. Repayment of borrowings ranks ahead of unitholders' interests in the Fund and payment of interest on borrowings must be funded prior to any distributions being made to unitholders. As a result, the borrowing policy and expiry profile of any borrowing facilities of the Fund are important factors to consider.

There are risks involved in investing in a geared Fund as gearing magnifies profits, losses, capital gains and capital losses. See "Borrowing Risk" in Section 4 of the PDS for further information.

CFM has, and complies with, a borrowing policy for the Fund which outlines the level of gearing and interest cover the Fund expects to maintain. CFM does not intend that the Fund itself will have borrowings unless the Fund acquires a property directly. CFM aims to maintain Look-Through Gearing for the Fund as a whole at no more than 50% and will not acquire any direct property or units in any unlisted property trusts that would result in a Look-Through Gearing level above 50%.

4.2 Gearing Ratio

The Gearing Ratio indicates the extent to which the Fund has used borrowings to acquire assets. The Gearing Ratio gives an indication of the potential risks faced by the Fund as a result of its borrowings due to, for example, an increase in interest rates or a decrease in asset values.

The Fund's Gearing Ratio is calculated as follows:

$$\text{Gearing Ratio} = \frac{\text{Total interest bearing liabilities}}{\text{Total assets}}$$

CFM intends to limit borrowings to no more than 50% of the value of any property assets acquired directly by the Fund. There is currently no borrowing directly within the Fund.

The Fund is exposed indirectly to gearing because the property trusts in which it invests have used borrowings to acquire their property. CFM periodically calculates the gearing of the Fund taking into account the Fund's share of assets and liabilities of underlying property trusts. This is known as Look-Through Gearing.

As at 31 December 2015 the Look-Through Gearing Ratio was 15.3%.

4.3 Interest Cover

The Interest Cover Ratio measures the ability of the Fund to meet its interest payments on borrowings from its earnings. The level of interest cover gives an indication of the Fund's financial health. A higher number indicates greater available funds with which to pay interest costs and distributions. It is a key measure of the risks associated with any borrowings which the Fund may have.

Interest cover is calculated as follows:

$$\text{Interest cover} = \frac{\text{EBITDA – unrealised gains + unrealised losses}}{\text{Interest expense}}$$

The Fund does not currently have any borrowings and hence does not pay any interest. Therefore, the Interest Cover Ratio of the Fund is nil.

Should CFM borrow to acquire direct property assets, CFM intends to fund interest payments from income received by the Fund and does not intend to capitalise any interest payments.

CFM periodically calculates a Look-Through Interest Cover Ratio, taking into account the Fund's share of earnings and interest expense from underlying property trusts.

As at 31 December 2015 the Look-Through Interest Cover Ratio was 7.8 times.

4.4 Hedging

Where the Fund borrows to purchase property assets directly, CFM may enter into interest rate hedges in order to provide increased certainty in relation to the Fund's interest expense through fixing the cost of debt for an agreed period. CFM will also take into account hedging in underlying unlisted property trusts when considering whether to hedge any direct borrowings in the future.

5 Distribution Practices

The Fund is expected to earn income such as rent, distributions and interest from its investments.

Distributions are paid from both cash from operations and the Funding Allowance provided by the developer of Masters Parafield and Bunnings Playford.

The Funding Allowance is the 7.0% allowance that will accrue to the Fund on all payments the Fund makes under the developer agreements relating to Masters Parafield and Bunnings Playford.

The risk of relying on the Funding Allowance to partly fund distributions is the Funding Allowance is dependent upon the developers meeting their obligations. The Trust will continue to receive the Funding Allowance until Practical Completion of Masters Parafield and Bunnings Playford, even if construction is delayed. This is expected to be sufficient to continue to fund distributions during any extended construction period. Following Practical Completion the Fund is forecast to fund distributions solely from cash from operations.

Cromwell considers the Fund's distributions to be sustainable from the Fund's available cash resources for at least 12 months into the future.

The Fund aims to distribute an amount which is no more than 100% of expected profits available for distribution (excluding unrealised gains/losses) over the medium term. CFM will estimate profits available for distribution on a regular basis and will pay distributions monthly taking into account that estimate.

Capital gains or losses may also occur on the sale of the Fund's assets. The distribution may be greater in these circumstances. Refer to Section 6 of the PDS for information on the taxation of distributions and taxation of an investment in the Fund generally.

The key risks which may impact distributions are outlined in Section 4 of the PDS.

6 Withdrawal Arrangements

CFM offers unitholders the opportunity to withdraw all or part of their investment through a Limited Monthly Withdrawal Facility generally limited to 0.5% of the Fund's net asset value per month.

At the end of the Initial Term, on 1 July 2020 and every three years thereafter, CFM intends to offer a full withdrawal opportunity where unitholders can elect to withdraw all of their investment at a specified price.

The Fund invests primarily in unlisted property trusts and may invest in direct property assets. These investments are usually illiquid. As a result, the Fund Constitution allows CFM up to 365 days to meet any withdrawal requests (although CFM expects to meet withdrawal requests under the Limited Monthly Withdrawal Facility within 15 days after month end) by holding a limited portion of the Fund's assets in cash.

Further information on withdrawals is in Section 7.4 of the PDS.

Further information on the Fund's liquidity risk is in Section 4.3.4 of the PDS.

7 Related Party Transactions

CFM is the responsible entity for the Fund and may appoint related entities to provide services to the Fund if required. Related party transactions carry a risk that they could be assessed and reviewed less rigorously than transactions with other parties. Where material transactions occur, unitholders should consider the capability and sustainability of those related party arrangements and the potential for conflicts of interest.

CFM has, and complies with, written policies with regard to related party transactions. The policies cover, amongst other things, the assessment and approval process for related party transactions as well as how the risk of any actual or perceived conflict of interest as a result of a related party transaction is managed. All related party transactions require Board approval and the Board will only approve transactions if the transactions are on arm's length terms. Otherwise, unless another exception is available under the Corporations Act 2001, the transaction would be subject to approval by the Fund's unitholders.

CFM and related entities may also subscribe for, or acquire, units in the Fund on the same terms as other unitholders.

For further information, please refer to Section 5 of the PDS (regarding fees paid to CFM and its related parties for services provided to the Fund) and Section 9.7 of the PDS (regarding the related party arrangements that relate to the Fund).

Unitholders can obtain copies of the Conflict of Interest and Related Party Policies by calling Cromwell Investor Services on 1300 276 693.