INSIGHT
MAGAZINE

545 QUEEN STREET GROWS THE CROMWELL DIRECT PROPERTY FUND

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CROMWELL
PROPERTY GROUP

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Cromwell Property Group (ASX:CMW) (Cromwell) is a real estate investor and manager with operations on three continents and a global investor base. The Group is included in the S&P/ASX 200. As at 31 December 2020, Cromwell had a market capitalisation of $2.3 billion, a direct property investment portfolio in Australia valued at $3.0 billion and total assets under management of $11.6 billion across Australia, New Zealand and Europe.

Insight Magazine is published by Cromwell for our retail securityholders, investors, financial planners and other stakeholders. It is distributed quarterly and features our view of industry trends, news and educational matters. We also share our achievements in property markets and report on the progress of our investment funds.

CEO UPDATE

Michael Wilde
Acting Chief Executive Officer

Cromwell Property Group

Dear Investor,

We are coming to the end of the 2021 financial year and while sometimes substantial changes to the way we live and work can only be fully determined in hindsight, the advent of flexible working is already having a big impact now.

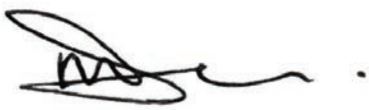
Workplace flexibility has mostly taken the form of a 'hub and home' model, with many people varying from four days in the office and one at home, or three and two. Most businesses still require a central workplace hub but the requirements of the hub are also evolving as they must now provide people with more individual space, collaboration opportunities, as well as breakout and quiet rooms for video calls.

One implication of this is the reversal of the decades-long trend of squeezing more people into less space. We believe this will likely offset any reduction in demand coming from having fewer people in the hub on any one particular day. The transition from old to new will take some time to fully eventuate, but as an office landlord, it's one we are keenly watching.

This year has also been a transitionary one for Cromwell. However, it's pleasing to be working to reset the business and for Cromwell's people to be able to focus on what they are good at, using their real estate and investment management skills to create and return wealth to our investors and securityholders.

In Insight #34, we look at the influence of blockchain on logistics and the infrastructure benefits of Brisbane's 2032 Olympics Bid. We recap the 2021/22 federal budget and look at some tips to help you get ready for 30 June. Our European real estate team talk to PERE magazine about the benefits of local knowledge and 'In conversation' features Relationship Manager, Jonathan Bredin.

I hope you enjoy this edition of Insight.



Yours sincerely,

Michael Wilde
Acting Chief Executive Officer
Cromwell Property Group

QANTAS HQ STAYS AT MASCOT, SYDNEY

In May, Cromwell welcomed the announcement by Qantas that it would retain its Global Headquarters located in Mascot in Sydney.

Head of Property, Bobby Binning, commented, "The quality of the existing campus facility, its proximity to Sydney Airport and ability to provide a world-class working environment for a highly-skilled workforce makes this a logical decision."

Owned by Cromwell, the 48,000 sqm world-class facility can comfortably accommodate Qantas' large and diverse workforce and features amenities including an auditorium, end-of-trip facilities and conference, training and retail spaces.

Cromwell acquired the building in 2010, with a $131-million refurbishment commencing shortly thereafter to transform the site from an outdated, inefficient group of buildings with limited connectivity into a high utility, campus-style facility with significant improvements to energy efficiency and amenity.

GREENWAY VIEWS NAMED FINALIST FOR PRESTIGIOUS INDUSTRY AWARD

Greenway Views has been selected as a finalist for Best Sustainable Development – Existing Buildings at the 2021 Property Council of Australia/Rider Levett Bucknall Innovation & Excellence Awards.

The award recognises and rewards innovation and encourages the demonstrated application of sustainability practices that reduce an existing building's eco-footprint.

Greenway Views, a joint venture between Cromwell and LDK Seniors Living, is Australia's most advanced purpose-built seniors' living residential building located in Tuggeranong, ACT. Designed by leading Australian architect Gray Puksand, Greenway Views combines place, community and care, while empowering residents with a deserved sense of dignity. Accommodating up to 500 residents across 380 apartments, the project breathes new life into five old campus-style office buildings.

As a finalist, Greenway Views is now in the running for the property industry's most esteemed award - The Australian Development of the Year - along with the prestigious State Development of the Year in ACT.

CROMWELL CUP RESULTS

On 24 April, the Cromwell-sponsored Easts Tigers took on the GPS Gallopers in the 15th annual Cromwell Cup.

In front of a full house at Bottomley Park in Brisbane, GPS held-off a major comeback from Easts to win 25-19 in a nail-biter. While Easts held the lead for the first hour, GPS managed to edge ahead to close out the game.

While Easts weren't able to reclaim the Cromwell Cup for a third straight year, the reigning Australian Club Championships and Queensland Premier Rugby victors fought until the very end.

All the best to the Easts Tigers for the remainder of the season.

FIRST BUILDING AT KILDEAN OFFICE PARK SELLS

Cromwell has sold the first office building at Kildean Office Park for £22 million to Aviva Investors on behalf of the Stirling Development Agency (SDA), Cromwell's joint venture with Stirling Council.

With an estimated completion date of mid-2022, the 7,150 sqm building is part of a series of planned developments at the 31,600 sqm business park located near Stirling, an area traditionally popular with financial services and life sciences companies in Scotland's Central Belt.

The building has been designed to meet stringent ESG objectives and is targeting a BREEAM 'Excellent' rating, in part through the use of a number of zero and low-carbon technologies. The business park links into the local cycle network and ample covered cycle spaces, lockers and shower facilities will be provided within the building.

In Insight #33, Cromwell announced M&G Plc had signed a 20-year sole occupancy lease for the building.

CROMWELL PROPERTY GROUP Foundation

CROMWELL PROPERTY GROUP FOUNDATION WINDS-UP

Since its inception in 2014, the Cromwell Property Group Foundation (Foundation) has donated in excess of $1 million to benefit causes that conduct research into, or provide support to causes relevant to the mature-aged community.

The Foundation has provided transformative donations to organisations that ordinarily miss out on the spotlight, but whose work will benefit from the level of support the Foundation is able to provide.

In its seven years of operation, the Foundation has donated a minimum of $100,000 annually to causes including Alzheimer's Australia Dementia Research Foundation, Parkinson's NSW and most recently, Active Rehabilitation Research Foundation, Bolton Clarke, MercyCare and Griffith University, and Lady Musgrave Trust.

While the Foundation is formally winding up, Cromwell is looking forward to continuing the legacy of the Foundation by supporting causes directly.

HOW INFLUENTIAL WILL BLOCKCHAIN BE ON LOGISTICS IN THE FUTURE?

Supply chains were, historically, relatively short and local. As they became global and more complex, spanning hundreds of stages, with a significant number of invoices and payments, often across numerous geographies, they also became more time consuming and costly to process.

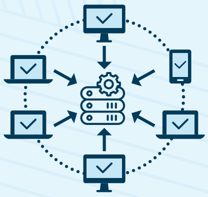
Blockchain, a highly transparent and efficient technology, has the potential to positively impact the supply chain and its management, from point of origin to the place of distribution.

What is Blockchain?

Blockchain was created in 2008 to serve as a ledger for transactions of the cryptocurrency, Bitcoin. Blockchain is an open, distributed ledger capable of recording transactions between multiple parties efficiently in a verifiable and irreversible way. As the name suggests, the ledger has blocks of information that are chained together in chronological order.

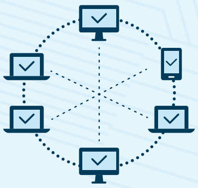
Blockchain’s five principles are listed on the page opposite.

Blockchain's five principles



1 Distributed database

Every relevant party on a blockchain has access to the complete ledger (or database), meaning no single party controls the data or information.



2 Peer-to-peer transmission

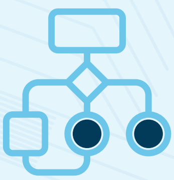
Communication occurs directly between peers, as opposed to being channelled through a central node. Each decentralised node (or user) stores and forwards information to all other nodes.

3 Transparency with pseudonymity

Every transaction (and its associated value) or action are visible to anyone with access to the system. Each user on a blockchain has a unique address that identifies it.

4 Irreversibility of records

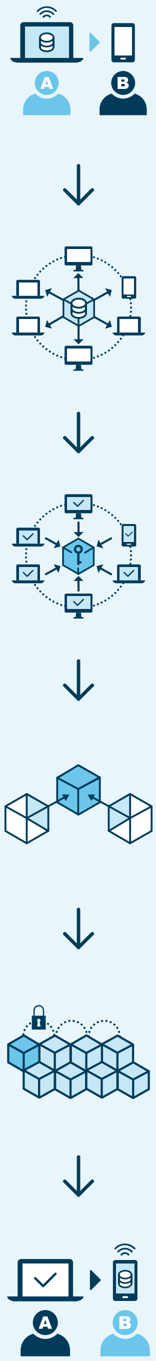
Once an action has been entered into the database, the records cannot be altered as they are linked to every action that occurred before it. Various algorithms and computational approaches are deployed to ensure the recording on the database is permanent, chronologically ordered and available to everyone with access.



5 Computational logic

Blockchain actions can be tied to computational logic, or algorithms, and thereby programmed. This means users can set up algorithms and rules which automatically trigger actions between users.

The blockchain process



A new transaction is entered.

The transaction is then transmitted to a network of peer-to-peer computers scattered across the world.

This network of computers then solves equations to confirm the validity of the transaction.

Once confirmed to be legitimate transactions, they are clustered together into blocks.

These blocks are then chained together creating a long history of all transactions that are permanent.

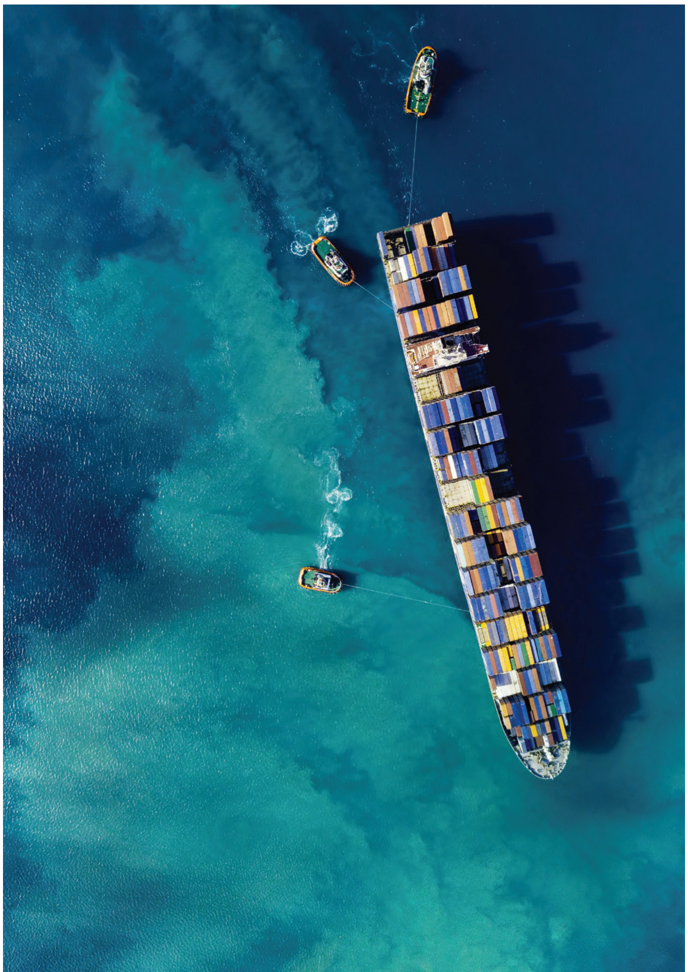
The transaction is complete.

How will it impact logistics?

Blockchain has the potential to increase the efficiency, transparency and security of data shared across a business network. In the case of supply chains, products can be transferred from suppliers to consumers through a trusted network verified by smart contracts, reducing human error.

By way of example, the tracking of a shipping container of flowers from Mombasa, Kenya, to Rotterdam in the Netherlands required sign-off from more than 30 organisations, with over 200 separate communications involved. Any misplaced paperwork or delayed approval could hold up the container in port for an undefined period of time, or perhaps cause the product to be lost altogether.

In this example, blockchain would record the transfer of the flowers throughout the shipment. Every time a pallet is moved, a container filled, or delivery attempted, it would create a record available for all parties to access. This provides a digital trail where all parties have end-to-end visibility of the container's progress through the supply chain and at any one point, all elements of a particular transaction can be accounted for. Delays are reduced, resulting in significant cost savings for all parties.



According to US transport firm Winnesota, for an average invoice, a company must wait 42 days before receiving payment. This is largely because current supply chains rely on paper-based systems, where forms must pass through numerous channels for approval, which increases exposure to loss, fraud, and delay. This delay is known as the 'lock-up period' and significantly impacts on company profitability and ultimately consumer satisfaction.

Smart contracts, which are self-executing tasks that are coded through the blockchain and executed when a certain condition is met, make physical paperwork largely unnecessary. Approvals and customs clearance can be quicker and more efficient, reducing processing times for goods at customs checkpoints. With Winnesota reporting that administrative costs are up to 20% of the overall costs of transportation, the amount of money saved by using blockchain could be significant.

What are the challenges for blockchain?

Whilst the benefits of applying blockchain technology appear obvious, one challenge is that logistics companies need to digitise and standardise their data so they can interact with each other. For some businesses blockchain's applications can be obscure and difficult to understand. Some however have recognised the potential benefits and this has led to the creation of BiTA (The Blockchain in Transport Alliance).

With rising demand for same-day and one-hour delivery services, the role of blockchain is back in the spotlight.

BiTA is the largest commercial blockchain alliance in the world, with nearly 500 members in over 25 countries that collectively generate over US$1 trillion in revenue annually. It was formed because leaders in the trucking industry saw the value of blockchain implementation into the world of logistics, similar to the previous example. BiTA's ultimate objective is to form and promote the adoption of blockchain standards throughout the entire global logistics and freight industry.

Outlook

With rising demand for same-day and one-hour delivery services, the role of blockchain is back in the spotlight. Many projects are underway to apply blockchain technology to the global logistics sector. If BiTA, for example, is able to advance blockchain's application throughout the industry the potential efficiencies and innovative new services and business models created will be too substantial to ignore.

BRISBANE’S 2032 OLYMPIC BID: WHY IT’S BIGGER THAN SPORT

In a late-February decision endorsed unanimously by the International Olympic Committee’s (IOC) executive board, the IOC Future Host Summer Commission designated Brisbane as the preferred candidate city to host the 2032 Summer Olympic Games.

The Olympic Games have been known for making or breaking a host city long after the closing ceremony. Should Brisbane be formally awarded the 2032 Olympics, it will be walking a fine line between holding a successful event and not being left with expensive and unused infrastructure once the Games are over.

The good, the bad and the ‘New Norm’

Sydney 2000: A lasting legacy

Cathy Freeman pulling away from the competition down the stretch to win 400-metre gold in front of 112,000 people on ‘Magic Monday’ at Stadium Australia remains one of Australia’s greatest ever sporting moments.

Days earlier at the Sydney International Aquatic Centre, a 17-year-old Ian Thorpe mowed down Gary Hall Jr (who had earlier said his team would smash the Australians like guitars) in the final leg of the men’s 4x100m freestyle relay to set a new world record and hand the US team their first ever loss in the event.

Less than a decade prior to Sydney Olympic Park playing host to some of Australian sport’s most iconic moments, the site was a toxic waste dump. The NSW Government spent more than $130 million to remediate the pollution that was spread across the 400-hectare site, and it is not out of the realm of possibility to think the site would still be a toxic waste dump had Sydney’s Olympic bid been unsuccessful.

This logic can similarly be applied to Stadium Australia, a $690 million multipurpose stadium constructed between September 1996 and March 1999, as well as the Sydney Superdome, Sydney Showground and athletic, aquatic, tennis and hockey centres. However, unlike stadiums from the Athens and Rio de Janeiro Games, long-term planning means the Sydney venues are still in regular use and surrounded by a mixed-use commercial and residential precinct, as well as one of Australia’s largest metropolitan parklands.

More broadly, foreign investment increased from 2.6% in 1995 to 14.1% in 1998, and the overall economic benefit of the Games has been estimated at over $6 billion.

At the closing ceremony, then IOC President, Juan Antonio Samaranch, said Sydney had just played host to ‘the best Olympic Games ever’. The sporting, economic, social and environmental legacy left behind goes to show this claim still holds firm more than two decades later.

Athens agony

On the other hand, the idea of an 'Olympic curse' has gained traction due to many host nations facing budget blowouts and little long-term benefit to the economy or locals. Athens and Rio de Janeiro, in particular, serve as recent cautionary tales to potential host cities that ill-conceived planning can be hideously expensive and severely detrimental in the long term.

The birthplace of the Olympics, Greece won the race to host the 2004 Games without worrying too much about its weakening economy being able to handle the cost. Hosting the event cost approximately €13.6 billion (A$20.5 billion), making it the most expensive Olympics ever at the time.

Within days of the closing ceremony, Greece warned its public debt and deficit figures would be worse than anticipated. The 2004 deficit came in at 6.1% of GDP, which was more than double the permissible Eurozone limit, while debt reached 110.6% of GDP, the highest in the European Union.

A new airport, transport infrastructure, telecommunications network and power stations built in the lead up to the Games have improved quality of life, however the huge debt and abandoned purpose-built venues stand in contrast to this and are more a testament to the overall lack of forward-planning.

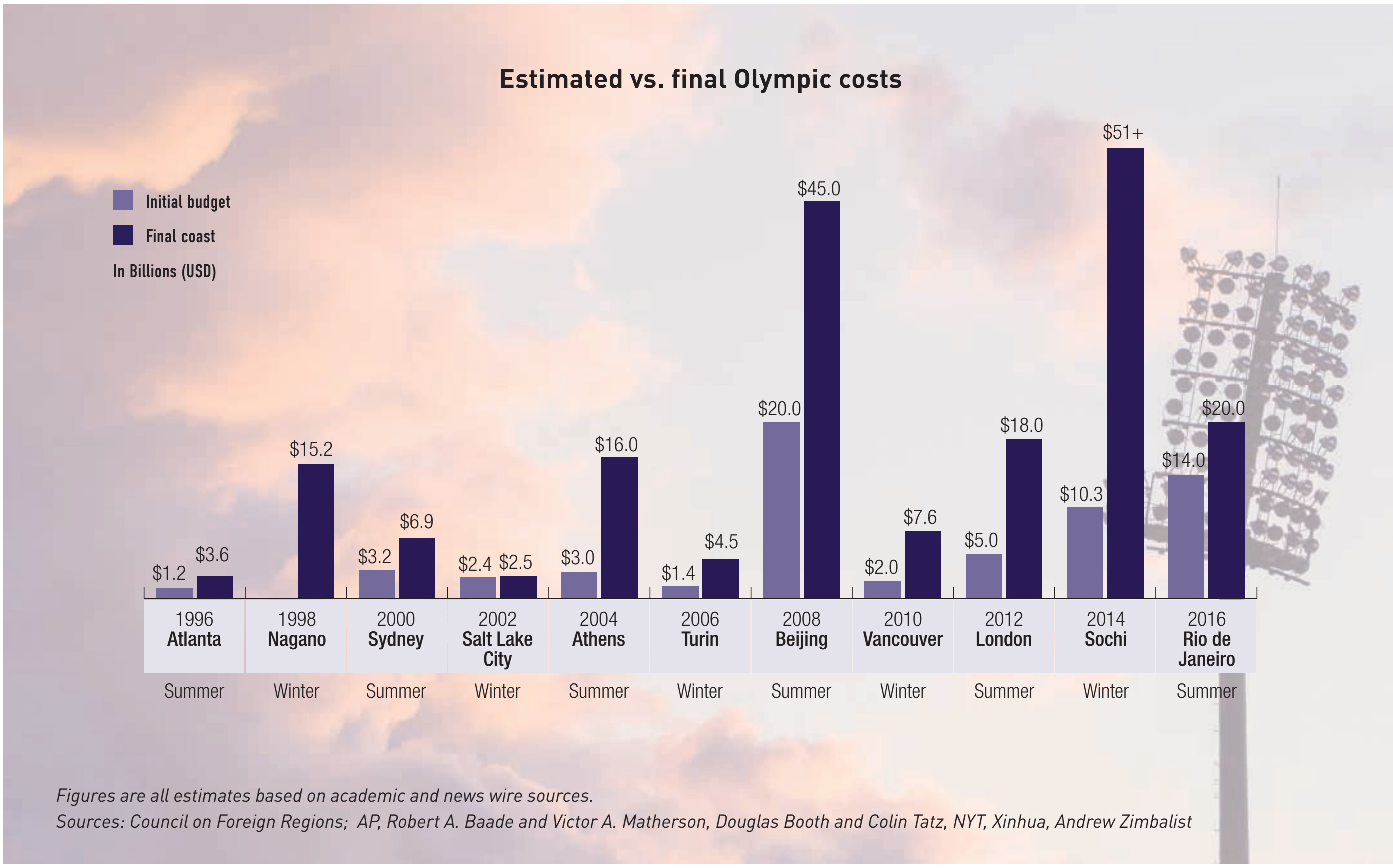
The New Norm means the direct cost of hosting an Olympic Games has significantly reduced, which is greatly beneficial to Brisbane.

The 'New Norm'

In 2018, the IOC responded to the clear risks a host city takes on by introducing the 'New Norm'. The New Norm outlines 118 reforms that hosts from 2024 onwards will adhere to in order to increase flexibility and efficiency.

Key takeaways include the relaxation of a previously long-held IOC stipulation that each sport needed its own venue and will now allow temporary venues. This will immediately reduce the need for new, Olympic-specific infrastructure, as well as the risk of buildings sitting abandoned after the Games, as seen in Athens.

The New Norm means the direct cost of hosting an Olympic Games has significantly reduced, which is greatly beneficial to Brisbane.



Figures are all estimates based on academic and news wire sources.
Sources: Council on Foreign Regions; AP, Robert A. Baade and Victor A. Matherson, Douglas Booth and Colin Tatz, NYT, Xinhua, Andrew Zimbalist

BRISBANE INTERNATIONAL CRUISE SHIP TERMINAL
$177 MILLION

The Brisbane International Cruise Ship Terminal addresses the need for a dedicated cruise ship terminal in South East Queensland. Upon resumption of the global cruise industry, the terminal will be able to cater to the largest vessels in the world and is expected to bring over 760,000 visitors annually.

NEW BRISBANE AIRPORT RUNWAY
$1.1 BILLION

After eight years of construction, the new 3-kilometre, $1.1 billion Brisbane Airport runway opened in July 2020. Albeit unfortunately timed thanks to COVID-19, the project created 7,800 jobs and is expected to provide Brisbane with the best runway system in Australia.

COMPLETED

QUEENSLAND CULTURAL CENTRE
$150 MILLION

The new development at South Bank will serve as the Queensland Performing Arts Centre's fifth theatre, and will in turn make QPAC the largest performing arts centre in Australia.

2022

BRISBANE METRO
$944 MILLION

The 'congestion-busting' Brisbane Metro project will deliver a new transport system along 21 kilometres of existing busway between the Royal Brisbane Women's Hospital and Eight Mile Plains.

2023

QUEEN'S WHARF
$3.6 BILLION

The 26-hectare integrated resort development will consist of five new hotels, as well as 50 bars, restaurants and cafes, a pedestrian bridge to Southbank, and is expected to draw an additional 1.39 million visitors to Brisbane each year.

2024

How can Brisbane benefit?

Hosting a mega-event like the Olympic Games can be a catalyst to fast-track many improvements to public infrastructure such as transport, roads and services, that may otherwise have taken decades to deliver, or not have happened at all. An argument can be made that this is the case for Sydney's Olympic Park.

In the short term, there will be a huge spike in tourism to South East Queensland. In London, more than 800,000 international visitors attended an event during the 2012 Olympics, delivering a boost of just under £600 million outside of ticket sales.

There are also numerous intangible benefits for the residents of a host city, including increased civic pride and social cohesion, as well as community health and wellbeing benefits.

Building Brisbane

Queensland Premier Annastacia Palaszczuk has flagged that a 50,000-seat stadium may be built to host the opening and closing ceremonies, as well as track and field events. However, an alternative is to use one of two existing stadiums in South East Queensland.

A new aquatics facility with a 15,000-person capacity has also been proposed to host swimming and water polo. Both facilities are already included as part of Queensland's five to ten-year plan.

In terms of infrastructure that positions Brisbane as a new world city, there are a number of projects which have recently completed, are underway, or are earmarked that will shape the region in the lead up to 2032. Some of these are detailed in the above for the next coming years.

2024

CROSS RIVER RAIL
$5.4 BILLION

Created to address a severe rail network capacity issue, the Cross River Rail is set to be utilised by more than 160,000 commuters daily. The 10.2-kilometre rail line between Dutton Park and Bowen Hills will consist of almost six kilometres of tunnel beneath the Brisbane River and CBD.

2025

RNA SHOWGROUNDS
$2.9 BILLION

The redevelopment of the 22-hectare RNA Showgrounds in Bowen Hills is turning the site into a mixed-use precinct comprising 340,000 sqm of residential, commercial office and retail space. Underway since 2010, work is set to continue through to 2025.

2030

GREATER SPRINGFIELD
$88 BILLION

Planning approval for the 2,685,600 sqm mixed-use residential and commercial development located 26 kilometres south of Brisbane is in place, and is projected to be home to 140,000 people and 50,000 jobs by 2030. A 10,000-seat stadium and training facility is set to open in 2021 and be the headquarters of the Brisbane Lions AFL club.

TBC

BRISBANE'S GREEN BRIDGES
$300 - $550 MILLION

The Brisbane City Council has outlined plans for four new cross-river pedestrian bridges between Kangaroo Point and the CBD, Toowong and West End, St Lucia and West End, and new crossing at Breakfast Creek. These bridges will greatly improve Brisbane's connectivity.

BRISBANE LIVE PRECINCT
$2 BILLION

The 65,000 sqm, $2 billion Brisbane Live Precinct will deliver an entertainment precinct at Roma Street, centred around a new 17,000-seat arena.

Summary

The IOC awarding Brisbane the Olympics will represent a generational opportunity to further facilitate the provision of infrastructure and attract global capital. Hosting the Olympics, if done correctly, can be a catalyst for improving South East Queensland's connectivity, liveability and prosperity over the long term, as well as showcasing the region to the world and inspiring confidence in the private sector to invest alongside government.

The success of the IOC's New Norm will be gauged in Paris in 2024 and Los Angeles in 2028. The XXXIII and XXXIV Olympiads will no doubt form a blueprint for how Brisbane can successfully host the Olympics. Regardless, the Olympic Games would provide South East Queensland with an opportunity to showcase the region to the world and invest in infrastructure that will position Brisbane as a new world city over the long term.

545 QUEEN STREET GROWS THE CROMWELL DIRECT PROPERTY FUND

In early May 2021, Cromwell acquired 545 Queen Street in Brisbane for $117.5 million on behalf of unitholders in the Cromwell Direct Property Fund (DPF or the Fund).

Occupying an entire city block, the A-grade office building is located at the entrance to the Brisbane CBD's 'Golden Triangle'. It sits on a 2,735 sqm piece of land with floor plates between 750 sqm and 2,138 sqm for a total net lettable area of 13,363 sqm.

The building is fully-leased to both Federal Government and blue-chip tenants including Sonic Healthcare and Calibre Professional Services, and has a weighted average lease expiry (WALE) of 4.2 years.

Cromwell's Head of Retail Funds Management, Hamish Wehl, said Cromwell is actively seeking additional assets that will help DPF meet its objectives and benefit unitholders.

"DPF is an excellent opportunity for investors looking for regular, reliable income, particularly in the current low interest rate environment," he said.

"The Fund provides monthly liquidity and currently offers a 5.8% yield, making it an attractive option for investors."

"545 Queen Street is a good addition to the Fund, with 88% of income derived from Government, listed or multinational tenant customers."

Having recently undergone an extensive refurbishment programme, including foyer and end-of-trip facilities upgrades, the building offers tenants first-class amenities with adaptable workspaces and benefits from a 5.0-Star NABERS Energy rating.

DPF now has exposure to ten high-quality office and retail assets across Queensland, New South Wales, Victoria, South Australia and ACT with a 5.8-year WALE.

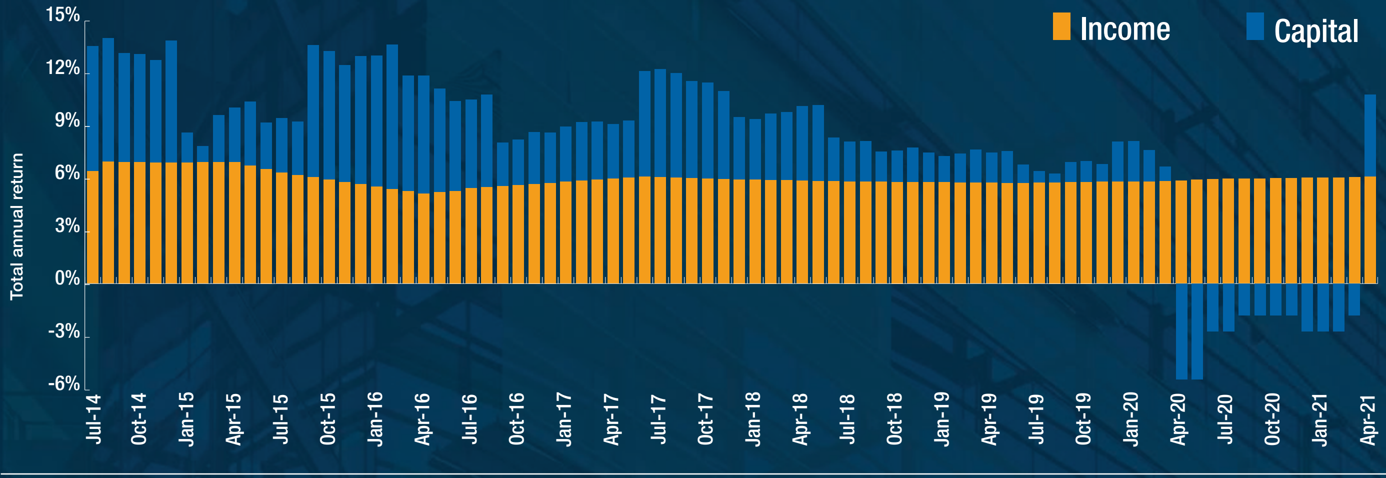
For more information on DPF, please call the Cromwell's Investor Services Team on 1300 268 078, or email **invest@cromwell.com.au**.

CROMWELL DIRECT PROPERTY FUND

ARSN 165 011 905 | PIC CODE CRM0018AU | APRIL 2021 (UNLESS OTHERWISE INDICATED)

Regular, reliable income[1]

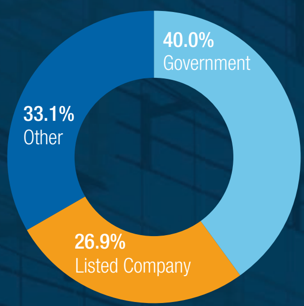
An income-producing investment with long-term capital growth potential, consisting of a diverse portfolio of carefully selected commercial properties.



Income/Capital Growth Split[2] as at 30 April 2021

	1 Year	3 Years	5 Years	Inception (August 13)
Income	6.0%	5.9%	5.9%	6.0%
Growth	4.7%	0.2%	1.6%	3.0%
Total Returns	10.7%	6.1%	7.5%	9.0%

Tenant Type by Income[3]



10 quality commercial property assets with a 5.8 year weighted average lease expiry (WALE)[4]

FURTHER DETAILS ON PAGE 30

CROMWELL FUNDS MANAGEMENT

1. Capital growth and income distributions are not guaranteed and are subject to the assumptions and risks contained in the PDS.
2. After fees and costs. Performance data for periods longer than one year have been annualised. Past performance is not a reliable indicator of future performance.
3. Calculated using the Fund's financial management accounts as at 31 March 2021, adjusted for the purchase and inclusion of 545 Queen Street, Brisbane on 5 May 2021. Positions in the Fund are subject to change.
4. Calculated using the Fund's financial management accounts as at 31 March 2021, adjusted for the purchase and inclusion of 545 Queen Street, Brisbane on 5 May 2021. Calculated on a "look-through" gross passing income basis.

INFLATION AND ITS IMPACT ON REAL ESTATE

Alex Dunn
Senior Research Analyst

Cromwell Property Group

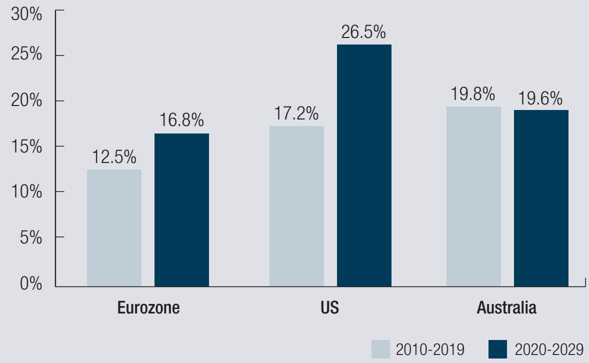
Inflation is a key component of any economy. A change in the inflation rate is often seen as an early sign of impending change and the end of an economic cycle. A sudden spike in inflation can have a significant impact on investment portfolios particularly if investors fail to navigate it successfully.

A dangerous mix of closed businesses, higher unemployment rates and large injections of monetary stimulus from governments around the world, all as a result of COVID-19, has led to many experts predicting higher-than-normal rates of inflation are on the medium-term horizon.

In the US and across European economies, future inflation is forecast to be far higher than it was over the previous decade. In Australia, inflation is also expected to be relatively high, rising by 1.9% per year on average. High inflation would see interest rates rising, impact exchange rates and push highly indebted individuals, investors, businesses and governments closer to default.

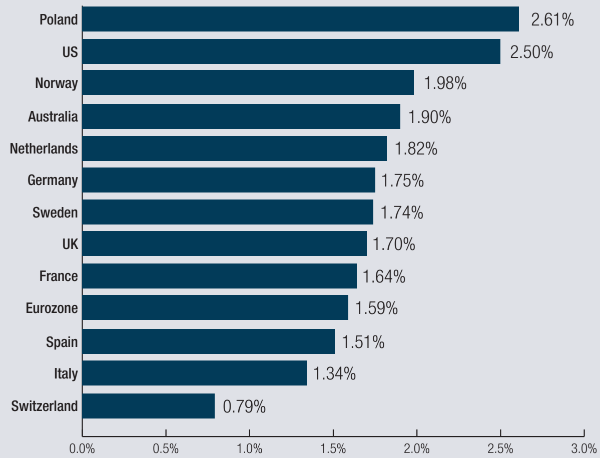
The dominant concern of central banks at the moment, however, is still to try to raise inflation and inflation expectations hoping that this will be enough to raise interest rates above zero. This would provide room to manoeuvre in response to future negative economic shocks.

Consumer Price Index growth
2010-2019 vs 2020-2029



Source: European data from Oxford Economics, US and Australia from Capital Economics

Consumer Price Index by country
2020-2029 annual average



Source: European data from Oxford Economics, US and Australia from Capital Economics

How will inflation impact real estate?

Rising inflation can be both good and bad for real estate, and offer potential opportunities for investors. Real estate is often seen as a highly effective hedge against rising prices with assets that benefit from leases with fixed annual rental escalations effectively offsetting increases in inflation.

The downside for investors is that the typical response to inflation is to make money and the cost of borrowing more expensive. The fact inflation also devalues currencies forces most lenders to raise rates further, making the cost of debt even more expensive still for those that need it.

Positively for investors, inflation can lead to an increase in property values. For example, rising inflation will result in an increase in the cost of building materials for developments. Between the higher cost to borrow and the additional cost to build, new construction can become increasingly less attractive, especially as these higher costs tend to be passed onto occupiers. This can lead to a rise in the price of existing properties, particularly if the supply of new construction is reduced.

Positively for investors, inflation can lead to an increase in property values.

Inflation also typically leads to an increase in rental values with higher mortgage costs generally resulting in more people preferring to rent rather than to buy their own property. This increase in demand for rental properties and the influx of tenants usually prompts landlords to raise their rents.

Conclusion

The longer-term economic effects of COVID-19 will take time to fully emerge. While interest rates are extremely low, making it a good time to borrow, the huge and ongoing economic stimulus funded by governments around the world could drive an increase in inflation.

The benefits of the stimulus currently outweigh the potential future issues – but with debt levels at an all-time high the balance between the two will be an increasingly fine one. Irrespective of the outcome the real estate sector's ability to offset inflation through rental value growth makes it an attractive asset class relative to bonds or equities.

YOUR GUIDE TO THE 2021/22 FEDERAL BUDGET

Budget 2021 helps older Australians save for retirement

This year's pre-election Budget announced by Australian Federal Treasurer Josh Frydenberg on Tuesday 11 May 2021 focused on maintaining the momentum of Australia's economic recovery. Importantly, it also focused on increasing flexibility for older Australians wanting to save for their retirement, giving retirees, including self-funded retirees more flexibility and control over their money.

Admittedly, the Budget is mostly about improvements to existing programmes, however, for retirees or Australians thinking of retiring soon, the good news is the measures introduced in the 2021/22 Budget provide opportunities to save more.

Here, we explore and summarise the key changes across superannuation, taxation and aged care.

Abolishing the work test for super contributions

From 1 July 2022, all Australians aged 67 to 74 will be able to top-up their super by making non-concessional or salary sacrifice contributions without meeting the work test (subject to their own contribution caps).

Currently, Australians aged 67 - 74 wishing to contribute are required to work at least 40 hours over a 30-day period in the relevant financial year, unless they meet an exemption. The work test will still need to be met for those who wish to claim a tax deduction for personal contributions to super.

Ready to downsize?

'Downsizers' will be able to make tax-free contributions to boost their super when they sell their family home from the age of 60 years, rather than the currently required age of 65. The downsizer contribution allows eligible Australian couples to make a one-off contribution of up to $300,000 each ($600,000 for a couple) of the proceeds into their super.

The $300,000 downsizer limit (or $600,000 for a couple) when combined with the $330,000 'bring forward' non-concessional contributions cap (increasing from $300,000 from 1 July 2021) allows up to $630,000 in annual contributions for a single person and $1,260,000 for a couple, subject to their overall contributions caps and any existing bring-forward arrangements.

Pensions Loan Scheme improvements

If selling up isn't your preference, the Pensions Loan Scheme (PLS) can boost your retirement income, by receiving fortnightly loan payments borrowed against the value of your property, with the balance of the loan paid when the property is sold.

Importantly from 1 July 2022, the Government will introduce a no negative equity guarantee and a new lump sum advance where previously only fortnightly payments were available.

The no negative equity guarantee will mean borrowers under the PLS, or their estate, will not owe more than the market value of their property in the rare circumstances where their accrued PLS debt exceeds their property value. This brings the PLS in line with private sector reverse mortgages.

The access to lump sum advances equivalent to 50% of a full annual Age Pension are available for those on either a part or full Age Pension, and for self-funded retirees a loan amount up to 1.5 times the full-rate annual Age Pension.

Based on current rates, this means for eligible Age Pension recipients, singles could receive lump sum payments of up to $12,385 per year, and couples about $18,670, and for self-funded retirees a maximum loan amount of $37,155 per year for singles and around $56,011 per year for couples.

New opportunity to exit legacy retirement products

The government will provide a temporary, two-year opportunity for retirees to transition from certain legacy retirement products to newer, more flexible products if they choose. Retirees will be able to transfer capital back into a super account and then start a new retirement product, take a lump sum benefit or retain the funds in that account.

Abolishing the $450 per month income threshold for Superannuation Guarantee

Pre-retirees will be happy to know the $450 per month minimum income threshold for the Superannuation Guarantee (SG) will be removed, meaning employers will have to pay the SG for eligible employees earning less than the standing monthly threshold. From 1 July 2022, employees whose pay was previously below the SG threshold will be eligible to receive 10.5% per annum superannuation contributions from their employer on top of their existing pay.

Increasing Medicare levy low-income thresholds

The tweaks continue with the increase in Medicare low-income thresholds from 1 July 2020 so low-income taxpayers will generally continue to be exempt from paying the Medicare levy. The threshold for single seniors and pensioners will increase from $36,056 to $36,705 and families (seniors and pensioners) will increase from $50,191 to $51,094.

Aged care

Following the Royal Commission into aged care, the sector was unsurprisingly a major focus in this Budget. The government is assigning an additional $17.7 billion to aged care over five years with a focus on home care as well as the sustainability, quality, and safety of residential care.

Key initiatives announced were 80,000 new home care packages to be introduced from 2021-22 and an additional $10 a day for each resident will go towards improving daily living conditions in residential care.

The 2021/22 Federal Budget impacts every Australian, particularly those who are homeowners and are looking to retire or to improve their retirement income. While introduced in this year's budget, the majority of the measures are expected to be effective from 1 July 2022, pending legislation. Of course, you should always check eligibility conditions for each of the measures and the impact on tax and social security assessment before making changes. Seek specialist tax, superannuation and social security advice before acting.

For more detailed information on the Budget and how it affects you, please visit: **www.budget.gov.au.**

Note: Changes to superannuation are expected to have effect from 1 July 2022. Proposed taxation changes are effective now.

END OF FINANCIAL YEAR CONSIDERATIONS

The end of the financial year (EOFY) is fast approaching. If you are one of the more than 14 million individual Australians who need to submit a tax return this year, now is the time to consider what you need to do to be ready for 30 June.

1 Understand if you need to lodge a tax return

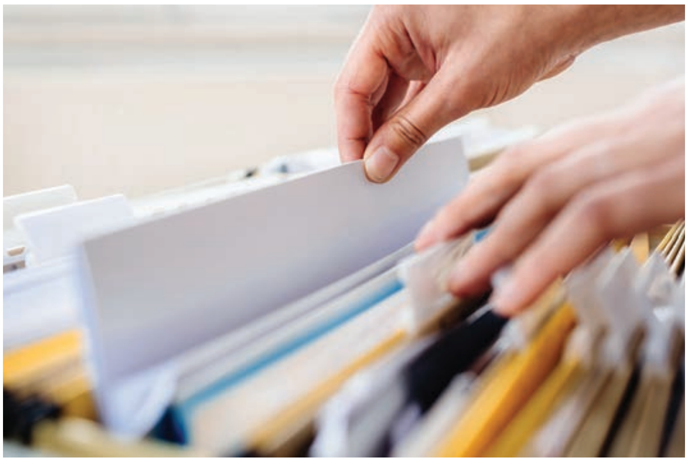
Depending on your level or source of income for the year, you may not need to lodge a tax return. For example, if you receive Government payments and allowances, and your taxable income has not exceeded $20,542 or tax was not withheld from your payment, you won't need to lodge a tax return.

If you are in doubt, the Australian Tax Office (ATO) recommends you use the 'Do I need to lodge a tax return' tool on the ATO website. If you don't need to lodge a return, you can complete a non-lodgement advice online.

2 Get your paperwork ready

If you do need to lodge a return, it always pays to be prepared. Collect all income and expense documentation in advance of 30 June to support your lodgement. Also understand what expenses you are able to claim that relate to any income earned or capital gains or losses crystallised within the financial year you are lodging for.

It is good practice to keep this documentation in one place and often easier to save or file it as you go. Many receipts can be scanned and stored in phone apps for easy compilation and access.



3 Consider changes to your personal circumstances

Circumstances change each year, sometimes marginally and sometimes significantly. For example, have you had a significant windfall, been bequeathed funds, need to pay child support, are accessing benefits or are you about to retire? These circumstances can potentially all substantially impact your tax position.

Sometimes your change in circumstances can be less dramatic. For example, were you one of the many people who had to work from home during the year due to COVID-19 lockdowns? If so, did you know the ATO introduced the 'shortcut method' to allow people to claim work-from-home related expenses incurred between 1 March 2020 and 30 June 2021, at a rate of 80 cents for every hour worked?

This is an easy way to calculate expenses as it requires only minimal record keeping but may not be appropriate if your actual expenses are larger, in which case you will need to support your claim with the appropriate records.

Each year it is prudent to consider what action might be required to ensure you have accounted for changes to your situation.

4 Consider your current year capital gains and losses

Each financial year is a snapshot in time meaning when investment income is earned, or when capital gains or losses are realised, there are potential tax implications. It is therefore important to keep track of your investment activity throughout the year so you can decide whether or not to realise capital gains or losses before 30 June.

By keeping records and being armed with the full picture of your investment situation, you are in a position to decide whether or not to bring forward the sale of particular investments to realise a capital gain or loss in the current financial year (to offset existing losses or gains), or to hold off a sale to fall in the subsequent financial year. This can have a substantial impact on your tax position at the end of the year.

5 Consider your super position

Some changes to superannuation announced in the 2021 Federal Budget will come in to effect from 1 July 2021. It's important to be aware of how these changes might impact you. As of 1 July 2021:

- concessional (pre-tax) contributions cap will increase from $25,000 to $27,500 with the tax rate to remain at 15 per cent;
- non-concessional (post-tax) contributions will increase from $100,000 to $110,000 per year; and
- the transfer balance cap will increase from $1.6 million to $1.7 million, if transferred in to retirement pension on or after 1 July 2021.

Some existing superannuation contribution opportunities to investigate before 30 June that may impact your tax position are spouse or self-employed contributions, concessional contributions made under the carry-forward rules and the government super co-contribution.

The options mentioned may provide tax deductions or offsets but are governed by complex rules and contributions caps so consultation with an accountant or superannuation specialist to determine eligibility is advised.

Summary

Each individual taxpayer is responsible for their own return. To avoid making mistakes it is imperative that you understand what you can and cannot do. If you complete and submit your own tax return, the ATO website is a good starting point for the information you may need. Otherwise a qualified accountant can help ensure your tax return is submitted correctly!

Either way it's important to be prepared. That means considering your personal situation and what's changed around you, gathering your paperwork, tracking your portfolio, and making the appropriate investment decisions to ensure you meet all your obligations.

PERE: DRIVING VALUE IN EUROPEAN PROPERTY

With a pull-back in the European property markets and a rush to resilient asset classes as a way to deal with the COVID-19 crisis, Cromwell's Head of Real Estate, Europe, Wouter Zwetsloot, Head of Asset Management, Europe, Stephen Cahoon and Group Head of Development, Chris Hansen tell PERE's Stuart Watson about what lies at the heart of a successful approach to investing in the European region as it emerges from the pandemic.

Scan the QR code to read the full article.

IN CONVERSATION WITH... JONATHAN BREDIN

Relationship Manager, Cromwell Property Group

Relationship Manager, Jonathan Bredin, joined Cromwell in late 2020 and as a member of the Cromwell Funds Management (CFM) team, is responsible for maintaining relationships with Cromwell's direct retail investors.

Jonathan moved to Australia in 2007 from his home city of Dublin, where he worked as a stock broker. He has 20 years' experience in equities markets and investing, and in this edition of Insight, we ask him about his time at Cromwell so far and the most common questions he receives from investors.

What is your professional background?

I began my career in an entry-level stock broker role at Dolmen Stockbrokers in Dublin. I worked there for a few years before I felt I needed a change of scenery, so decided to come to Australia.

I found a job at CMC Markets in Sydney where I worked in a variety of sales and client services roles.

Over the last nearly 20 years, I have developed a strong knowledge of stock markets and investing in general and these qualities have always been the backbone of my various roles. I also enjoy talking to, and getting to know, investors.

What attracted you to Cromwell?

What initially attracted me was that Cromwell is an ASX-listed company with a great reputation.

The focus is property, which has provided me with the challenge of learning about a new industry.

The common thread between Cromwell and my previous roles is investing, which I am passionate about, and I enjoy being able to help people out with their investment questions and to understand our products better.

In your opinion, what's distinct about Cromwell?

One thing I've really noticed at Cromwell is the loyalty of our investors. There are quite a large number of them who have been with us for a very long time, and across multiple investments.

I believe this is the result of Cromwell's investment success over a long period and also the personal service the team provides each and every one.

Despite its size and financial capabilities, Cromwell still has the feel of a family-run business where everyone supports each other. I've heard only positive feedback from long-term clients regarding their investments and dealings with Cromwell in general. The transparency and accessibility of the team is second to none, and I think investors feel comfortable and familiar with us.

What has been the biggest challenge for you so far?

Coming from a non-property background, the biggest challenge for me so far has been bringing myself up to speed with, and learning about, the property sector, the terminology and of course Cromwell's funds.

The support I've received from my team has been incredible and after eight months I can confidently say that I have settled well into my role. I enjoy engaging with our investors, and to be able to field all of their queries and hopefully to make them feel confident investing with Cromwell.

What are investors looking for?

Many of our clients are retirees, either in their own name or as self-managed superannuation fund (SMSF) investors. So, what they are generally looking for is a secure, reliable source of income from their investments. Bank deposits are offering very little return at the moment, so investors are seeking new ways to invest their money, without the volatility of equities or the risk that their capital takes a huge hit. Many of them still remember the GFC and what happened to investors' capital throughout that time.

Investors have been nervous about COVID-19 and how it might impact our buildings and tenants, but because our tenants are primarily Government and blue-chip we have been well positioned to get through the pandemic. In the end, I think everyone wants to feel comfortable that their investments are safe and in capable hands.

What's something exciting coming up for Cromwell?

The Cromwell Direct Property Fund (DPF or the Fund) has proven to be a resilient and consistent portfolio, coming through the disruption of COVID-19 remarkably well. The Fund is designed to provide its unitholders with regular, reliable income through market ups and downs. I think this is largely attributable to the selection of quality assets and high percentage of Government and blue-chip tenants in the portfolio.

Recently, the Fund acquired 545 Queen Street in Brisbane, an A-grade office building located at the entrance of Brisbane CBD's 'Golden Triangle' for $117.5 million.

There are other funds out there that might pay a slightly higher return, but DPF also has a monthly limited withdrawal feature that we know unitholders value. This means we keep some cash uninvested, hence the lower return, but this in turn provides unitholders with a (limited) opportunity to withdraw if their circumstances change.

What's the current focus of Cromwell Funds Management?

Our current focus is the same as it has always been, to find and purchase high-quality assets that can benefit investors, and then to carefully look after their interests throughout the lifetime of their investment with us.

Cromwell began its life as a funds management business and we are ultimately looking to use our real estate and funds management skills to continue to create and then return wealth to our investors. I'm excited to now be part of the team that is focused on doing just that.

And finally, what are your hobbies outside of work?

At the moment, a lot of my time is taken up by my little girl Nell who is 18 months old, and my wife and I have another baby due in August. Separate to that, I play hockey and have done so for almost 28 years. I used to play competitively in Ireland, representing my country at club level in the EuroHockey Club Championships. A lot of my weekends at the moment are also spent house hunting, which is proving to be a painful process!

Jonathan (or JB to those who know him) and the rest of Cromwell's Investor Services Team can be reached on 1300 268 078. You'll know it's JB by the Irish accent!

LISTED MARKET UPDATE

Stuart Cartledge
Managing Director
Phoenix Portfolios

The S&P/ASX 300 A-REIT Accumulation Index increased by marginally less quarter-on-quarter, giving up 0.6%. Property stocks underperformed broader Australian equities, with the S&P/ASX 300 Accumulation Index adding 4.2%.

The relative weakness of property securities was likely driven by an uptick in bond yields over the period. The Ten-Year Australian Government Bond began the quarter with a yield of 0.97% and closed March at a yield of 1.80%. A move towards reopening globally following restrictions associated with the suppression of COVID-19, in concert with a swathe of fiscal stimulus across the developed world drove the move in bond yields. The risk of inflation, which seemed remote six months ago, has now re-entered the thoughts of many market participants.

Property funds are particularly leveraged to bond yields. As such, it was unsurprising that property funds represented one of the weakest performing sectors over the quarter. This weaker performance occurred despite strong underlying performance presented in February's reporting season. Both Goodman Group (GMG) and Charter Hall Group (CHC) reported robust growth in assets under management and upgraded earnings guidance. Despite this, CHC lost 12.4%, whilst GMG gave up 4.2%. Smaller capitalisation fund manager APN Property Group (APD) also lost ground, falling 9.3%.

Owners of shopping malls were the key outperformers for the March quarter. A combination of Australia's success in suppressing the spread of COVID-19 and large government stimulus buoyed retail spending across the most recent reporting period. Owner of Westfield-branded Australian malls, Scentre Group (SCG), added 4.0%, whilst competitor Vicinity Centres (VCX) gained 3.1%. Owners of grocery anchored neighbourhood shopping centres also outperformed, with Charter Hall Retail REIT (CQR) up 4.6% and Shopping Centres Australasia (SCP) giving up only 0.4%.

Office property owners were predominantly laggards for the quarter as continued pressure on effective rents and physical occupancy weighed on share prices. GDI Property Group (GDI) gave up significant ground, losing 11.6%. Elsewhere, Mirvac Group (MGR), Centuria Office REIT (COF) and Cromwell Property Group (CMW) fell by 5.3%, 4.1% and 3.3% respectively. Large office owner Dexus (DXS) bucked the trend, adding 3.7%, supported by an active buy-back initiated late in the quarter.

Infrastructure assets are also sensitive to bond rates as they often own long-term concessions with largely contractual cash flows. As such, stocks with infrastructure exposure were weak over the recent period. Sydney Airport (SYD) lost 3.4%, whilst toll road operator Transurban Group (TCL) gave up 2.5%.

Market outlook

Since the onset of COVID-19, the listed property sector has been amongst the most volatile core asset classes both domestically and globally. The 35.1% fall of the S&P/ASX 300 Property Accumulation Index in March 2020 was followed by a swift recovery, and further subsequent weakness in the last three months, as bond yields have risen.

Such extreme volatility can partly be explained by the uncertain impacts of the crisis, where a once very forecastable sector had suffered from the withdrawal of earnings guidance, expected cuts to contracted rents in support of tenants and a renewed focus on balance sheets and the cost and availability of debt. In many cases, a strong recovery is now priced into securities, however this varies significantly across the sector.

We remain cognisant of the structural changes occurring in the retail sector with the growing penetration of online sales and the greater importance of experiential offering inside malls. Recent events will likely accelerate these changes. Furthermore, in the short term, discretionary retail sales are likely to be driven by government stimulus and may be highly varied across retailers and dependent upon social distancing restrictions. These issues are well understood and explain why retail stocks have been the most volatile of all property sub-sectors.

As COVID-19 passes, and earnings become more forecastable again, the market will be able to refocus on a resilient listed property sector which is currently supported by low bond yields. February's reporting season once again demonstrated the resilience of earnings generated by property securities.

We have for some time now discussed the potential risk of inflation, given the enormous fiscal stimulus and extreme monetary policy setting that we now live with. In very recent times, commentators and bond markets have begun to acknowledge the presence of such a risk. We are keeping a watching brief on this matter. Historically, real assets such as property and infrastructure have performed well during inflationary periods.

DIRECT PROPERTY UPDATE

Hamish Wehl
Head of Retail Funds Management
Cromwell Property Group

The March quarter marks 12 months since the first confirmed COVID-19 case in Australia, and while the country has been lucky to escape the full brunt of the virus, the impact on our social and working habits lingers. While the direct commercial property market has not been exempt from the changes to the way of life in Australia, twelve months on and our economic resilience brings confidence and capital to the sector.

The quarterly ANZ/Property Council Survey gauges, among other things, the property industry's sentiments on outlook, performance and critical industry drivers. The March quarter survey delivered a new high in national industry confidence across almost all indicators, achieving the highest index score since September 2017. Property Council Australia chief executive officer, Ken Morrison, attributes the increased confidence to high economic growth expectations.

Post end of quarter, the Cromwell Direct Property Fund added 545 Queen Street, Brisbane to its portfolio, at a purchase price of $117.5 million, reflecting a passing yield of 5.9%, with the transaction settling on 5 May 2021. The acquisition takes the Fund's direct property portfolio to seven assets valued at $426 million, and the look-through property exposure to ten assets, with a total investment value of $526.3 million. The acquisition is accretive to fund earnings and further diversifies the tenancy mix of the Fund. Further information on the Cromwell Direct Property Fund can be found on page 30.

The latest Property Council of Australia surveys of CBD office occupancy showed continued improvement in office occupancy numbers in both Sydney and Melbourne as those cities return to some form of normalcy in a post-COVID-19 world. Relatively stagnant numbers in other cities is again attributed to worker preferences for greater flexibility, and this will undoubtedly continue to be a factor until government and business define the new norm in terms of flexible working policies and guidelines.

The rollout of COVID-19 vaccinations should provide further optimism across the wider sector, and we continue to view the sector with a positive but cautious outlook.

Cromwell Direct Property Fund March revaluations:

- 64 Allara Street, Canberra increased by 5.7% to $18.5 million, up from $17.5 million as at 31 March 2021, returning the asset back to its pre-COVID-19 valuation.

CBD office occupancy

CBD	Pre-COVID-19	January 2021	February 2021	March 2021	April 2021
Melbourne	94%	31%	24%	35%	41%
Sydney	94%	45%	48%	50%	59%
Brisbane	87%	63%	64%	63%	63%
Canberra	90%	68%	65%	65%	63%
Adelaide	86%	69%	69%	71%	70%
Hobart	96%	80%	76%	80%	82%
Perth	82%	66%	65%	71%	70%*
Darwin	85%	80%	80%	84%	84%

Figures are based on responses from Property Council members who own or manage CBD office buildings and cover occupancy for the periods illustrated above.

Cromwell Direct Property Fund (OPEN)

Cromwell Phoenix Property Securities Fund (OPEN)

The closed property 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)

QUARTERLY FUND REPORTS

Investment Reports to 31 March 2021

OPEN FOR INVESTMENT

CLOSED TO INVESTMENT

OPEN FOR INVESTMENT

www.cromwell.com.au/dpf

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.

Investment Report to 31 March 2021

KEY STATISTICS
as at 31 March 2021

Status	OPEN[1]
Unit Price	$1.2425[2]
Distribution Yield	5.8% p.a.[3]
WALE	5.8 years[4]

PERFORMANCE

	1 Year	3 Years	5 Years	Inception (Aug-13)
Fund Performance After fees & costs	3.9%	6.1%	7.4%	9.1%
Benchmark PCA/IPD Unlisted Retail Property Fund Core Index	10.8%	12.6%	15.7%	17.8%
Excess Returns After fees & costs	(6.9%)	(6.5%)	(8.3%)	(8.7%)

FUND UPDATE

- The Fund acquired 545 Queen Street, Brisbane on 5 May 2021. The property is an A-grade office asset situated on a prominent island site underpinned by a diversified income profile, majority leased by ASX-listed and Government tenants. The acquisition is earnings accretive to the Fund.
- An external valuation of the 64 Allara Street, Canberra asset as at 31 March 2021 provided good news for unitholders: a 5.7% increase in the value of the asset to $18.5 million up from the valuation of $17.5 million as at 30 June 2020. The increase in value returns the asset back to its pre-COVID-19 valuation.
- Distributions continue to be paid at 7.25 cents per unit per annum.
- The Fund's look through gearing at 31 March 2021 was 26.1%, with direct gearing at 20.0%.
- The Fund's performance to 31 March 2021 was 9.1% per annum annualised since inception with 12-month performance of 3.9% including the COVID-19 unit price impact.

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 Product Disclosure Statement dated 17 November 2020 (PDS).
2. Unit prices are calculated daily. See the PDS for further information and www.cromwell.com.au/dpf for latest pricing.
3. Paying 7.25 cents per unit p.a. Yield based on unit price of $1.2425 as at 31 March 2021.
4. Calculated using the Fund's financial management accounts as at 31 March 2021, adjusted for the purchase and inclusion of 545 Queen Street, Brisbane on 5 May 2021. 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/psf

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.

Investment Report to 31 March 2021

KEY STATISTICS
as at 31 March 2021

Status	OPEN[1]
Unit Price	$1.1780[2]
Distribution Yield	N/A

PERFORMANCE

	1 Year	3 years	5 years	7 years	Inception (Apr-08)
Fund Performance After fees & costs	42.8%	5.5%	5.8%	10.2%	8.0%
Benchmark S&P/ASX 300 A-REIT Accumulation Index	45.4%	7.9%	6.0%	10.4%	4.4%
Excess Returns After fees & costs	(2.6%)	(2.4%)	(0.2%)	(0.2%)	3.6%

TOP TEN STOCK HOLDINGS[3]

APN PROPERTY GROUP LIMITED
CHARTER HALL GROUP LIMITED
DEXUS
GENERAL PROPERTY TRUST
GROWTHPOINT PROPERTIES AUSTRALIA
MIRVAC GROUP
SCENTRE GROUP
SUNLAND GROUP LIMITED
SYDNEY AIRPORT
VICINITY CENTRES

Alphabetical order

FUND UPDATE

- Since inception, in April 2008, the Fund has delivered an annualised return, net of fees, of 8.0% compared to 4.4% return from the S&P/ASX 300 A-REIT Accumulation Index.
- The property sector moved marginally lower over the quarter, giving up 0.6%.
- The property sector underperformed the broader market with the S&P/ASX 300 Accumulation Index adding 4.2%.
- Positive contributions to the Fund's relative performance over the quarter came from an overweight position in the outperforming Sunland Group, Primewest Group and Eureka Group Holdings Limited along with an underweight position in the underperforming BWP Trust.
- Detracting from the Fund's relative performance over the quarter was an underweight position in Stockland and Dexus combined with overweight positions in Charter Hall Group, APN Property Group and GDI Property Group, each of which performed poorly.

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 Product Disclosure Statement dated 29 September 2017 (PDS).
2. Unit price as at 31 March 2021. Unit prices are calculated daily. See the PDS for further information and www.cromwell.com.au/psf for latest pricing.
3. As at 31 March 2021. Positions in the Fund are subject to change.

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

CLOSED TO INVESTMENT

www.cromwell.com.au/pof

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.

Investment Report to 31 March 2021

KEY STATISTICS
as at 31 March 2021

Status	CLOSED
Unit Price	$2.4142[1]
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	61.2%	16.4%	19.6%	19.5%
Fund Performance After fees & costs, excluding the value of franking credits	59.2%	14.4%	17.8%	17.9%
S&P/ASX Small Ords Accumulation Index	52.1%	8.3%	10.7%	6.8%

FUND UPDATE

- Since inception, in December 2011, the Fund has delivered an annualised return of 19.5% (net of fees, inclusive of franking credits).
- The Fund delivered a net return of 0.9% over the March 2020 quarter.
- The S&P/ASX Emerging Companies Index returned 3.2% over the quarter.
- Positive contributions to the Fund's performance over the quarter came from, among others, positions in Sunland Group, Ardent Leisure and Ariadne.
- Detracting from Fund performance over the quarter were holdings in, among others, Korvest, Alkane Resources and Australian Strategic Materials.

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1. Unit price as at 31 March 2021. Unit prices are calculated monthly. See the PDS dated 29 September 2017 for further information and www.cromwell.com.au/pof for latest pricing.

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

CLOSED TO INVESTMENT

CROMWELL RIVERPARK TRUST

www.cromwell.com.au/crt

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 $281 million[1].

Investment Report to 31 March 2021

KEY STATISTICS

as at 31 March 2021

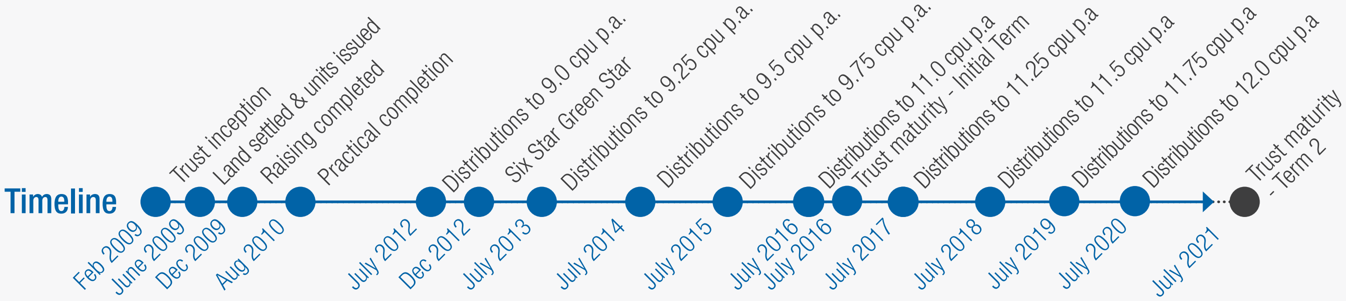
Status	CLOSED
Unit Price	$2.07
Distribution Yield	5.8% p.a.
WALE	4.3 years[2]

PERFORMANCE

	1 Year	3 Years	5 Years	7 Years	Inception (July-09)
Trust Performance After fees & costs	10.1%	9.9%	13.8%	16.5%	14.5%
Benchmark PCA/IPD Unlisted Retail Property Fund Core Index	10.8%	12.6%	15.5%	18.1%	14.4%
Excess Returns After fees & costs	(0.7%)	(2.7%)	(1.7%)	(1.6%)	0.1%

TRUST UPDATE

- The Trust's unit price is currently $2.07.
- The Trust reaches the end of its second term in July 2021. At the end of the Trust's term, the main tenant, Energex, has a further four years remaining on their lease, with two five-year options to extend.
- Cromwell's leasing team is currently engaged with the tenant. Unitholders will be contacted in the near future regarding Trust options going forward, dependent on the outcome of negotiations with Energex.
- Section 5.2 of the Notice of Meeting and Explanatory Memorandum dated 20 May 2016 (which can be found at www.cromwell.com.au/CRT) provides guidance on the process to be followed at the second maturity date.
- The Trust's performance to 31 March 2021 was 14.5% per annum annualised since inception.



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 a valuation as at 30 June 2020.
2. As at 31 March 2021. Calculated by gross income.

See the Product Disclosure Statement dated 25 February 2009 (PDS) and the Supplementary Product Disclosure Statement dated 30 June 2009 (SPDS).

CLOSED TO INVESTMENT

CROMWELL IPSWICH CITY HEART TRUST

www.cromwell.com.au/ich

The unlisted Trust's asset is the $128.5 million[1] 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.

Investment Report to 31 March 2021

KEY STATISTICS
as at 31 March 2021

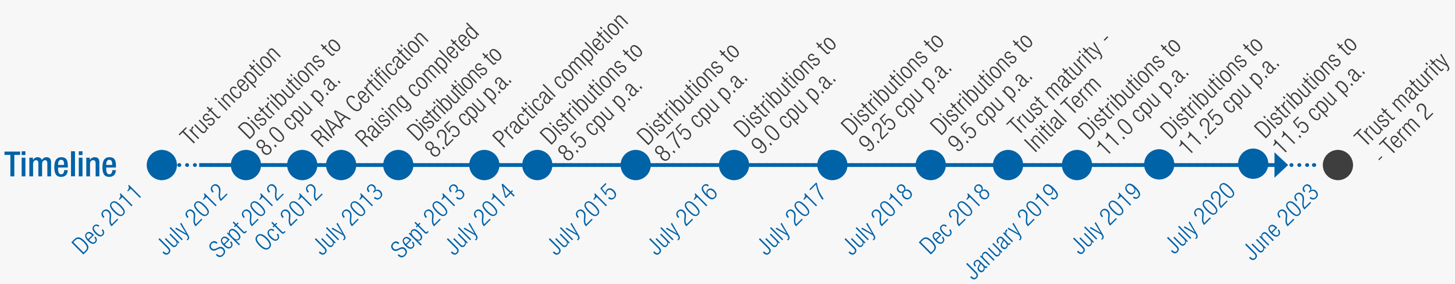
Status	CLOSED
Unit Price	$1.51
Distribution Yield	7.6% p.a.
WALE	7.1 years[2]

PERFORMANCE

	1 Year	3 years	5 years	7 years	Inception (Dec-11)
Trust Performance After fees & costs	17.8%	12.0%	13.1%	14.5%	13.0%
Benchmark PCA/IPD Unlisted Retail Property Fund Core Index	10.8%	12.6%	15.5%	18.1%	16.3%
Excess Returns After fees & costs	7.0%	(0.6%)	(2.4%)	(3.6%)	(3.3%)

FUND UPDATE

- The Trust's unit price is currently $1.51.
- The Trust's performance to 31 March 2021 was 13.0% per annum annualised since inception.
- The Trust qualified for a spot in the Top Ten performing funds for the March 2021 quarter within the PCA/MSCI Quarterly Index over 12 months (17.8%) and three years (12.0%).



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 a valuation as at 30 June 2020.
2. As at 31 March 2021. Calculated by gross income.

See the Product Disclosure Statement dated 16 December 2011 (PDS).

CLOSED TO INVESTMENT

CROMWELL PROPERTY TRUST 12

www.cromwell.com.au/c12

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. Now in its second term, the Trust is underpinned by a single asset located at 19 George Street, Dandenong and valued at $107 million[1].

Investment Report to 31 March 2021

KEY STATISTICS
as at 31 March 2021

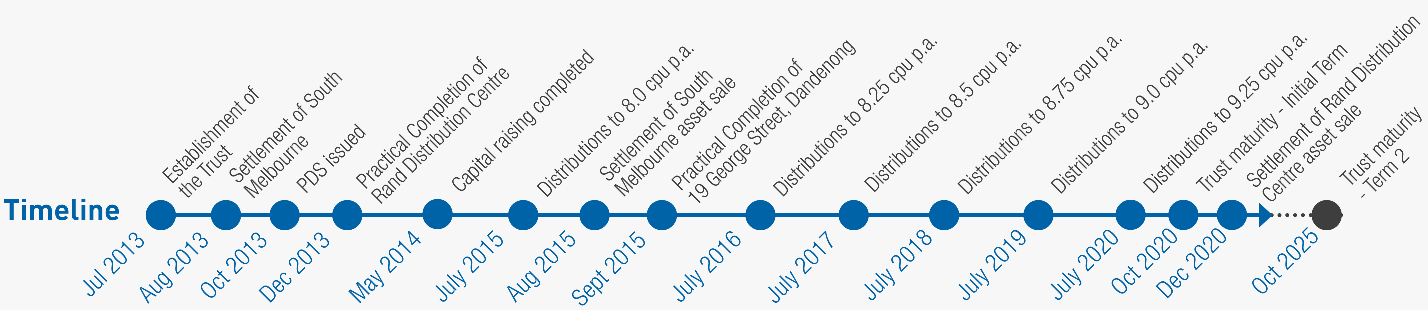
Status	CLOSED
Unit Price	$0.94
Distribution Yield	9.9% p.a.
WALE	9.1 years[2]

PERFORMANCE

	1 Year	3 Years	5 Years	7 Years	Inception (Oct-13)
Trust Performance After fees & costs	20.8%	13.0%	13.1%	14.8%	14.4%
Benchmark PCA/IPD Unlisted Retail Property Fund Core Index	10.8%	12.6%	15.5%	18.1%	17.7%
Excess Returns After fees & costs	10.0%	0.4%	(2.4%)	(3.3%)	(3.3%)

FUND UPDATE

- The Trust's unit price is currently $0.94.
- The Trust's performance to 31 March 2021 was 14.4% per annum annualised since inception.
- The Trust qualified for a spot in the Top Ten performing funds for the March 2021 quarter within the PCA/MSCI Quarterly Index over 12 months (20.8%) and three years (13.0%).



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 ($107 million) as at 31 October 2020.
2. As at 31 March 2021. Calculated by gross income.

See the Product Disclosure Statement dated 29 October 2013 (PDS).

CROMWELL PROPERTY GROUP QUARTERLY SNAPSHOT

Cromwell Property Group (ASX:CMW) is a real estate investor and manager with operations on three continents and a global investor base. The Group is included in the S&P/ASX 200. As at 31 December 2020, Cromwell had a market capitalisation of $2.3 billion, a direct property investment portfolio in Australia valued at $3.0 billion and total assets under management of $11.6 billion across Australia, New Zealand and Europe.

ASX announcements update - see www.asx.com.au (ASX:CMW)

25/03/2021	Suspension Of Distribution Reinvestment Plan
25/03/2021	Dividend/Distribution - CMW
23/03/2021	Change of Director's Interest Notice - GH Weiss
17/03/2021	Final Director's Interest Notice - JA Tongs
17/03/2021	Cromwell Board Elects Dr Gary Weiss AM As Chair
8/03/2021	Initial Director's Interest Notice - EP Ooi
8/03/2021	Initial Director's Interest Notice - RS Blain
8/03/2021	Cromwell Appoints Two Independent Non-executive Directors
25/02/2021	HY21 Results Presentation
25/02/2021	HY21 Results Announcement
25/02/2021	Appendix 4D And Half Year Financial Report
17/02/2021	Update - Dividend/Distribution - CMW
12/02/2021	Results Of Meeting
12/02/2021	General Meeting Presentation
12/02/2021	Chair's Address To Shareholders
20/01/2021	Appointment Of Acting Chief Financial Officer
4/01/2021	Final Director's Interest Notice - PL Weightman

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

Key Events Calendar

The following dates are indicative

Tuesday, 29 June (tentative)	Q4 FY21 Distribution Ex Date
Wednesday, 30 June (tentative)	Q4 FY21 Distribution Record Date
Friday, 20 August (tentative)	Q4 FY21 Distribution Payment Date
Thursday, 26 August (tentative)	FY21 Results Announcement
Wednesday, 29 September (tentative)	Q1 FY22 Distribution Ex Date
Thursday, 30 September (tentative)	Q1 FY22 Distribution Record Date
Wednesday, 17 November (tentative)	2021 Annual General Meeting
Friday, 19 November (tentative)	Q1 FY22 Distribution Payment Date
Thursday, 30 December (tentative)	Q2 FY22 Distribution Ex Date
Friday, 31 December (tentative)	Q2 FY22 Distribution Record Date

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
REIT	Real Estate Investment Trust
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
WALE	Weighted average lease expiry by gross income

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

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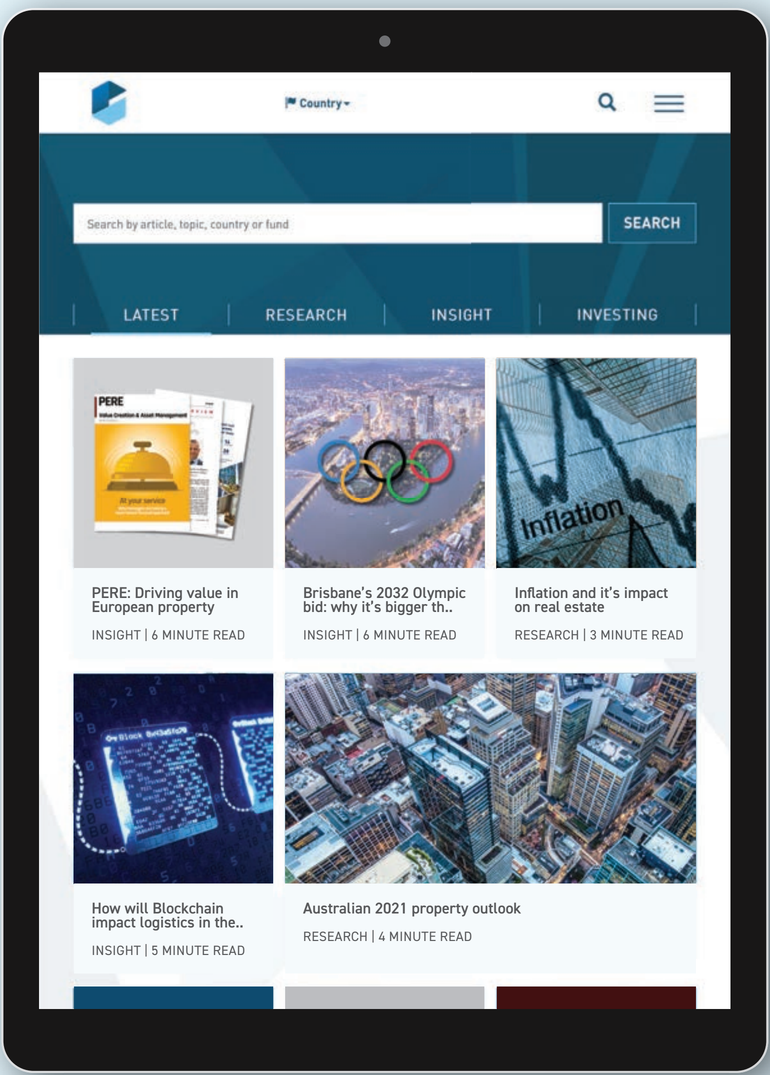

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