INSIGHT
MAGAZINE

CROMWELL SELLS STAKE IN LDK

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CROMWELL PROPERTY GROUP

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Insight Magazine,
Published by Cromwell Property Group

Sustainable Green Print
Certified Sustainable Green Printer
Cert no. L2/0008.2010
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Cromwell Property Group (ASX:CMW) (Cromwell) is a real estate investor and fund manager with operations on three continents and a global investor base. The Group is included in the S&P/ASX 200. As at 30 June 2022, Cromwell had a market capitalisation of $2.0 billion, an Australian investment portfolio valued at $3.0 billion and total assets under management of $12 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

Jonathan Callaghan
Chief Executive Officer

Cromwell Property Group

Dear Investor,

On 16 November 2022, we held our annual general meeting (AGM), during which we welcomed visitors to our global head office in Brisbane, Australia, as well as securityholders who attended the meeting online. Thank you to everyone who attended, a webcast of the meeting can be found on our website: https://www.cromwellpropertygroup.com/agm.

The AGM marks just over 12 months since I first stepped into the role as Cromwell's CEO, and has given me the opportunity to reflect on the progress we have made as an organisation in that time. The strategy we are implementing to become a capital-light funds manager is the right one for Cromwell, and that we have an exceptional and unique global platform that will allow us to grow the business and drive securityholder value.

As part of aligning with our strategy to simplify our business, we announced the sale of our 50% interest in LDK Healthcare to Anglican Community Services, trading as Anglicare Sydney, on 7 October. We were pleased to transfer our interest to Anglicare who we believe will continue to ensure residents' needs remain at the forefront of all decisions. A snapshot of the sale is on the following page.

We have also commenced a disposal process for our portfolio of retail assets in Poland which, as of 30 June 2022, was valued at $720 million, inclusive of our 50% interest in the Ursynów asset with Unibail-Rodamco; and our Italian logistics assets, valued at $91 million. These assets have also been identified as non-core and are being marketed for purchase as portfolios, or on an asset-by-asset basis.

Our European business continues to be strengthened by both new mandates and continued growth in our SGX-listed Cromwell European REIT over the last year, reaffirming our ongoing strong relationships with local capital partners and trust in our teams to use their local property knowledge and expertise to successfully uncover value.

Looking forward, Cromwell remains committed to executing the separation of the Australian assets from the operating business at the appropriate time. This will enable both parts of the business to be traded at levels that reflect their inherent values. The work undertaken to date puts us in a good position to move on this quickly when the markets allow.

Finally, I am thankful for the outstanding people we have at Cromwell, who are working hard to realise our business strategy and I look forward to building on our progress and updating you over the next year.

In Insight 40, Tom Duncan - our Head of Research and Investment Strategy - explores the rapid rise of 'proptech' and what role technology has to play in the development and management of our assets. We also examine Korean preferred securities - and the opportunities these underfollowed, and inefficiently valued shares present. We also investigate some practical ways to navigate key retirement risks.

I hope you enjoy this edition of Insight.

Yours sincerely,

Jonathan Callaghan
Chief Executive Officer
Cromwell Property Group

CROMWELL SELLS STAKE IN LDK

Cromwell Property Group has completed the sale of its 50% interest in LDK Healthcare to Anglican Community Services (Anglicare Sydney).

Proceeds from the sale represent a 67% premium to the book value of Cromwell's equity interest in LDK and, on repayment of Cromwell's loans to LDK, releases total capital of c. $168 million.

Cromwell's Chief Investment Officer Rob Percy said, "through the LDK joint venture, we have created significant value by repositioning a vacant, campus-style office complex that comprised five freestanding buildings into a world-class senior living village with more than 380 purpose-built apartments. Now is the right time for Anglicare - a natural joint venture partner for Aspire Aged Care - to enter the LDK joint venture ahead of future developments."

Cromwell is pleased to be transferring its interest in the joint venture to Anglicare, a trusted aged care and retirement living operator, which will continue to ensure residents' needs remain at the forefront of all decisions.

CROMWELL AGAIN SPONSORS MIIC

On Thursday 13 October, the Morningstar Individual Investor Conference (MIIC) was held at the International Convention Centre in Sydney. It has been three years since the event was held in-person.

On the day, more than 600 individual investors came together in person, and more than 900 attended online, to listen to addresses from prominent industry figures who talked on a range of topics - from asset allocation to the current economic environment; inflation was, of course, a hot topic.

Cromwell Funds Management was a lead sponsor of the event, with the Investor Services Team attending to liaise with investors and answer any questions about the market, as well as Cromwell's suite of funds.

Thank you to everyone who attended - and to all who stopped by the Cromwell booth!

OUR PARTNERSHIP WITH DIVERSITY COUNCIL AUSTRALIA

We are incredibly proud to partner with Diversity Council Australia Ltd.

An important part of our commitment to delivering an inclusive environment is collaborating with diversity and inclusion voices, ensuring Cromwell is well-informed and championing the principles of D&I in the workplace.

We look forward to working with the Diversity Council and utilising their expert guidance and resources.

EAT UP AUSTRALIA

More than 1 in 5 Australian children have experienced food insecurity in the last 12 months, while at least 1 in 8 children have no (or insufficient) food for their school lunch; this is an issue that Eat Up Australia is working to solve. With the help of its partners and volunteers, Eat Up Australia produces and delivers thousands of sandwiches and donated snacks to schools across Australia.

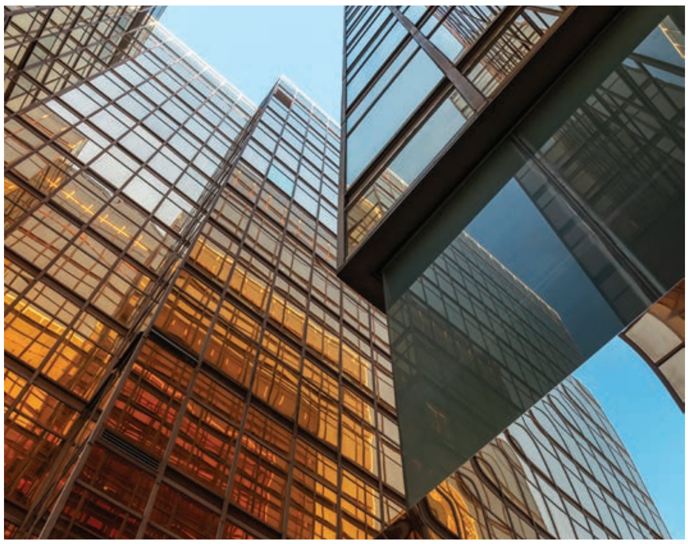
On Tuesday 11 October, Cromwell partnered with Eat Up Australia to make, and wrap, more than 1,200 sandwiches to help do our part in ending hunger in schools.

Cromwell is committed to collaborating with organisations that give back to the community and we applaud the work undertaken by Eat Up Australia.

CROMWELL FUNDS MANAGEMENT WINS 2022 ZENITH FUND AWARD

Cromwell Funds Management and Phoenix Portfolios have won the 2022 Zenith Fund Award for excellence in funds management in the Australian Real Estate Investment Trust category. This year marks the sixth year we have been recognised in the Awards and is the team's fourth win.

The awards are designed to recognise and encourage excellence in funds management across all asset classes and disciplines. We congratulate the entire CFM team, and Stuart Cartledge of Phoenix Portfolios, for this achievement. Phoenix Portfolios has been the investment manager of the Cromwell Phoenix Property Securities Fund since its inception in 2008.



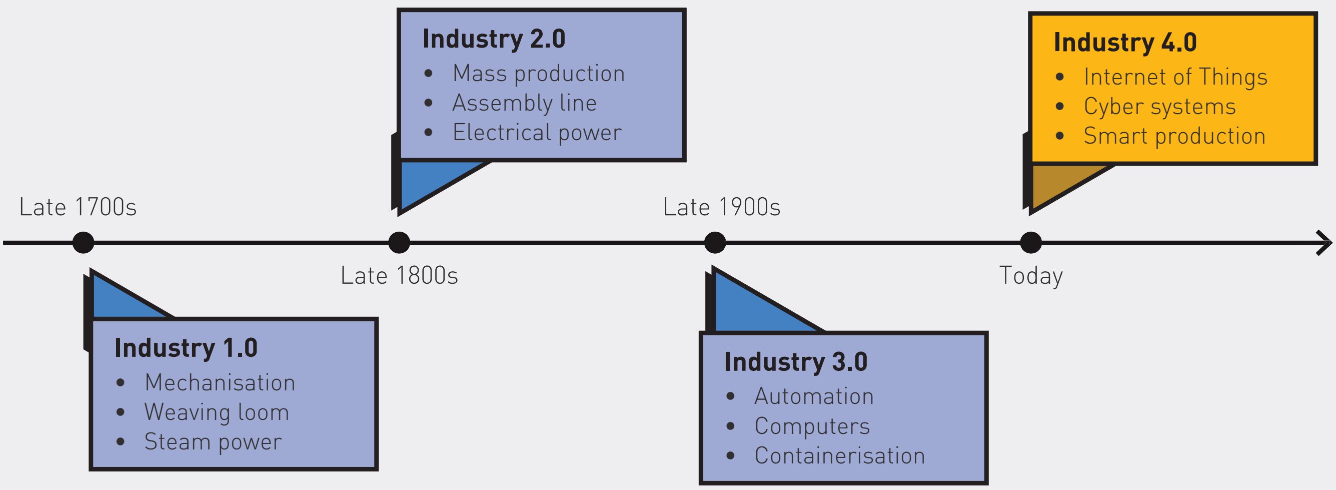
THE PROPTECH REVOLUTION:

HOW TECHNOLOGY IS RESHAPING REAL ESTATE

Tom Duncan
Head of Research and
Investment Strategy
Cromwell Property Group

In just two decades, advances in computer technology have radically altered our economies, and our societies, faster than at any other point in history. The opportunities resulting from developments like Wi-Fi, smartphones, artificial intelligence (AI), cloud computing, and connected devices - or the 'Internet of Things' (IoT) - are so significant that they represent a new industrial revolution. 'Industry 4.0' is of a magnitude that is as transformational - if not more so - as the harnessing of steam power or the invention of the mass assembly line (Figure 1).

Figure 1: A new technological age: Industry 4.0 has arrived



Source: Cromwell Property Group

Traditionally, real estate has been a laggard in embracing this new technological era - consumers and businesses have instead been leading the way. Recently though, there has been a realisation among landlords, occupiers, and building users about the power of property technology - or 'proptech' - to provide better, more engaging and sustainable assets.

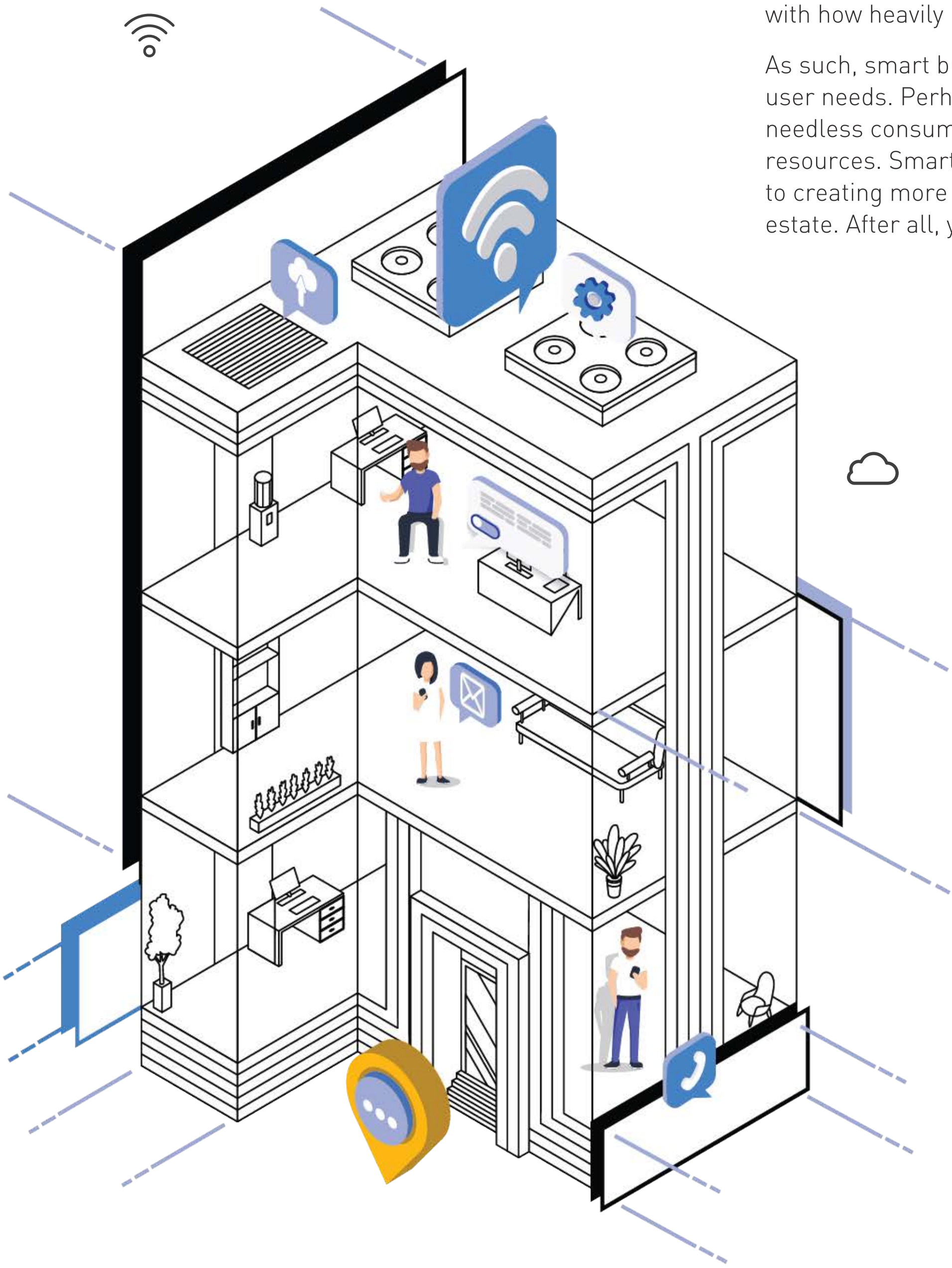
As a result, proptech is radically redefining the requirements for successful buildings. Landlords must include this technology if they are to attract, and retain, occupiers - and to protect, create, and grow income.

The proptech universe is varied and diverse, touching every aspect of real estate - from identifying investment strategies, to construction and design through to operations. In this article, we consider three important dimensions of proptech at asset-level: smart technology, occupier engagement, and operational efficiencies.

Smart technology

'Smart' technology refers to any network in which software and hardware are connected to provide immediate information. When applied to buildings, smart technology allows 24/7 visibility over operations, which enables efficiencies to be optimised in real-time. Heating, lighting, and air conditioning systems can be automated, for example, meaning that they are adjusted up or down in accordance with how heavily parts of the building are being used.

As such, smart buildings make the building more attuned to user needs. Perhaps more crucially though, they minimise needless consumption of precious water and energy resources. Smart buildings are an essential prerequisite to creating more sustainable, environmentally friendly real estate. After all, you cannot reduce what you cannot measure.



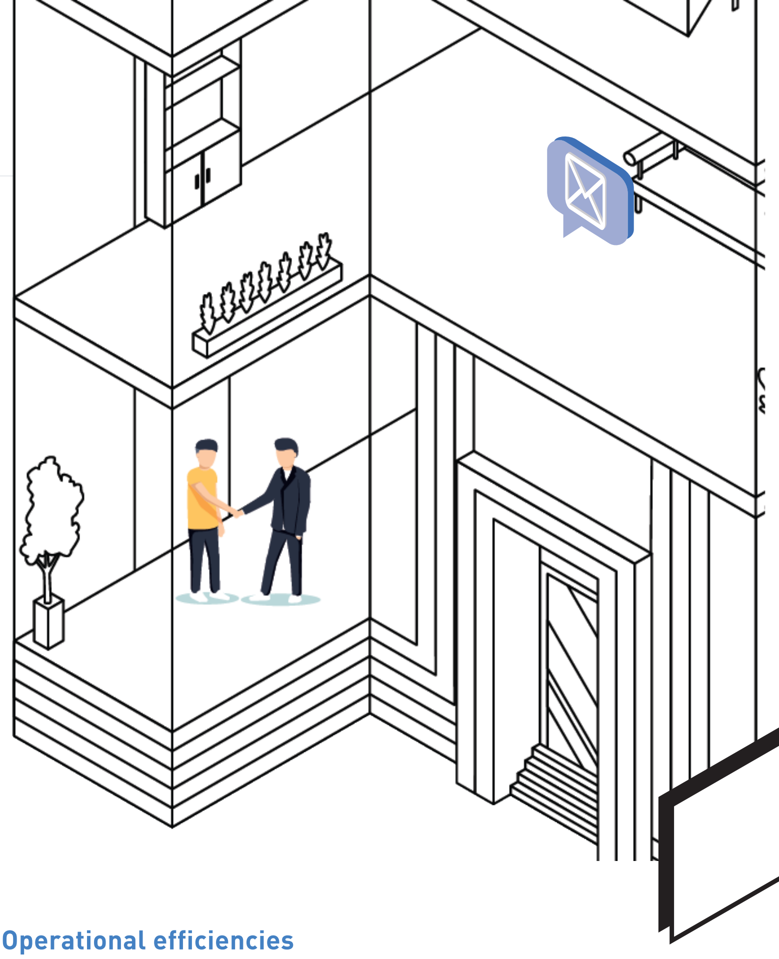
An example of this is Cromwell's partnership with Deepki - a consumption data tool for analysing energy, water, waste, and carbon dioxide use - within our European portfolio. The Deepki platform comprises an ESG data hub that provides a comprehensive view of the current efficiency of every asset. It means we can identify where improvements can be made to align to Paris agreement climate change objectives or when assets may become stranded, thereby allowing proactive management or divestment.

Closer to home, smart technology is a key component in our ongoing refurbishment of 400 George Street, Brisbane - a 44,000sqm building that comprises of office, retail, and childcare uses. We have delivered best-in-class end-of-trip facilities using smart technology and fixtures that measure water consumption in real time. We have also upgraded the building access control system to Schneider Electric EcoStruxure Security Expert.

Our focus is now transitioning to refinement and upgrading of the building management system (BMS) to the EcoStruxure platform, which will allow continuous monitoring of equipment and operations. The upgrade will allow us to improve performance and undertake pre-emptive maintenance before issues emerge as well as easing reporting. This type of smart technology typically results in 80% of issues being resolved remotely, a 29% fall in unscheduled maintenance and 20% lower energy costs.

Figure 2: How smart technology improves the operation of 400 George Street, Brisbane

Source: Cromwell Property Group



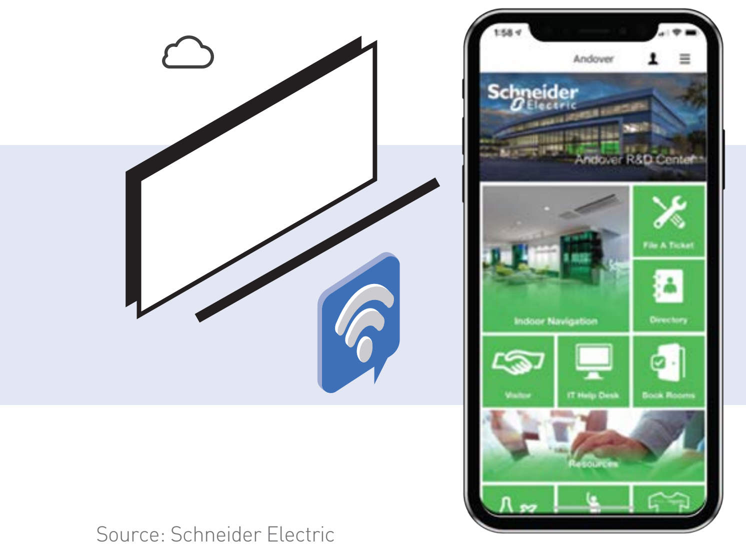
Occupier engagement

Proptech allows human users to understand and interact with the building in new ways, usually via smartphones. So-called occupier engagement apps can offer automated building/guest access, direct temperature/lighting control, food/coffee pre-ordering or pre-booking of desks or meeting rooms. These features can connect individual users to the wider community within the asset through message-boards or meet-ups, or to the local community by offering discounts at local businesses or advertising nearby events. It makes it easier for any building faults to be reported directly to the asset manager meaning faster resolution - trip hazards can be photographed and logged immediately on the app for example.

Occupiers can derive information on energy or water use at a touch of a button or gain deeper insight on how their staff use the space. For landlords, occupier engagement apps can provide valuable data on how occupiers use their buildings, including where pressure points are and where improvements can be made. Apps like these create a more collaborative relationship between landlords and occupiers which assists to meet compliance obligations, achieve ESG objectives, and build long-term value.

Occupier engagement is a priority for our 400 George Street refurbishment. By adding an app connected to a smart framework, developed by Schneider Electric EcoStruxure, we expect to increase the appeal of the asset to occupiers. In addition to aiding occupier retention, apps can increase brand awareness, increase occupier satisfaction, provide data for better asset management, and ultimately deliver a higher investment return.

Figure 3: Occupier engagement app interface example



Source: Schneider Electric

Operational efficiencies

Proptech offers significant potential to remove some of the hurdles that have traditionally impeded the efficient occupation and management of real estate. Virtual lease or contractor contracts, for example, can be used to lessen the time it takes to formalise occupier agreements, engage services, and lower associated legal costs. Virtual data-rooms can be established to centralise access to building information preserving data that may otherwise be lost, and accelerate the due diligence process when assets are traded. AI can be used to automate data collection and analysis.

While the technology is at a fledging stage, Cromwell has already experimented with using AI technology to enter historic leases into Yardi, our asset management software, and explored virtual data room technology. Though being an early adopter in this space may be disadvantageous if dominant providers emerge, it is still critical to monitor developments and be ready to adopt suitable solutions at an appropriate time.

The real estate industry is just beginning to harness the power of proptech to make buildings and their management better. It is a journey without an end, given that technology will continue to evolve and iterate at an accelerating rate as one advancement builds on another.

It is crucial for landlords to understand the transformational impact of proptech, and to adapt accordingly. Investors, occupiers, and building users are coming to expect proptech solutions within real estate. Those assets with the best technology will deliver superior performance; those without will under-perform. While it has been slow to get going, the proptech revolution promises to profound and utterly transform real estate. ■

STOCK IN FOCUS:

KOREAN PREFERRED SECURITIES

Jordan Lipson
Portfolio Manager
Cromwell Phoenix Global Opportunities Fund

The Cromwell Phoenix Global Opportunities Fund (GOF / Fund) searches for investments that are distinctly cheap and simple to value, yet hard to discover.

Owing to the unique nature of its economy, one such example can be found in South Korea (Korea). While not an individual stock, Korean preferred securities represent a class of stocks which appear to be one of the most attractive, underfollowed and inefficiently valued opportunities globally.

To many Australians, Korea may be famous for its barbeque and kimchi; however, it is also home to some of the world's largest and most advanced companies. Korea is Asia's fourth largest economy and is the twelfth largest worldwide. Despite this, its share market is mathematically one of the cheapest in the world, with a price to earnings (P/E) ratio of only marginally above nine. This is despite the market being largely constituted of world-leading information technology companies.

Part of the explanation for the cheap valuations is the shareholding structure of many Korean companies. In Korea, many prominent companies - known as *chaebol*, or conglomerates - are controlled by an individual, powerful family. These *chaebol* have not always acted in the best interests of minority shareholders and, from time to time, have been embroiled in corrupt behaviour, or have abused close ties to the government. In recent times, *chaebol* have been incredibly politically unpopular in Korea, which led to comprehensive industry reform.Former president, Park Guen-hye, was recently impeached amid public pressure, in part due to her relationships with *chaebol*.

Several decades ago, the Korean government pressured *chaebol* to raise capital to de-lever their capital structure and protect Korean jobs; and, therefore, reduce any civil unrest. The problem for the powerful families was that a standard equity raise would dilute their company ownership and reduce their control. As a result, the owners created a new class of shares - preferred shares - which, unlike other preferred securities that are more fixed income-like in nature, have the exact same economic rights as regular equity, but do not have any voting rights. These shares were issued at slight discounts to regular securities and were mostly purchased by Korean retail shareholders.

Over time, the discount on the preferred securities has widened from small amounts to 30%-70% in many cases. Considering that many Korean equities trade at low valuations, the discounts provided on preferred securities are particularly attractive. Many institutions cannot effectively invest in Korean preferred securities due to their small free float and relative illiquidity.

Let's take LG Electronics as an example. Yes, that's the LG Electronics you know for making OLED TVs - previously marketed passionately in Australia by cricketer David Warner. LG is a globally recognised brand, which sells consumer electronics, home appliances, and home entertainment products. Based on broker estimates, LG's ordinary share price implies a price to earnings ratio of somewhere between 5.5x and 7x - not a hefty price to pay for such a company. The company also has preferred shares on issue. As at 30 September 2022, LG preferred shares traded at a 53% discount to the ordinary shares. As a reminder, the only difference is the voting rights - the economics of the share classes are identical. Assuming LG's ordinary shares trade at a P/E ratio of 7x (the conservative side of broker estimates), the preferred shares trade at an eye watering 3.3x P/E ratio. Unless you believe TVs (and other home appliances) are going the way of the dodo bird, this clearly presents a highly attractive investment opportunity.

Phoenix Portfolios chooses to access discounts like the one mentioned above for the Cromwell Phoenix Global Opportunities Fund through a basket of Korean preferred securities. Investing directly in Korean shares as a foreigner is a complex process, with challenges beyond the scope of this article. The Weiss Korea Opportunity Fund (AIM:WKOF) is listed in the United Kingdom, with an investment strategy of investing primarily in Korean preference shares trading at a discount to common shares of the same issuer. The fund has best-in-class corporate governance and a well-respected manager. The basket of preferred stocks owned by WKOF trade at an average discount of 53% to their common shares, and a trailing P/E ratio of 4.8x as of September 2022. Given all of the above, Phoenix has chosen to gain its exposure to Korean preferred securities through an investment in WKOF, although this may change in the future. WKOF is one of the largest holdings in the fund.

Since inception, WKOF has been a solid contributor to the Cromwell Phoenix Global Opportunities Fund's returns. At current pricing, Korean preferred securities appear to be one of the most attractive, underfollowed, and inefficiently valued investment opportunities globally. While this alone does not guarantee success, we believe investing in these types of mispriced opportunities will assist in achieving strong returns over the long term.

Further information on the Fund can be found on page 28

THREE RETIREMENT RISKS

and how to navigate them

While there has never been a better time to be alive, it has, admittedly, been easy to overlook this notion over the past few years. The truth is that we live in an era of unparalleled economic, social, and technological advancements - all of which continue to develop at an exponential rate - and opportunities still certainly exist, despite the current trying times.

Over the past 36 months, a raft of economic factors arising as a result of the COVID-19 pandemic, severe supply chain disruptions, and the war in Ukraine - as well as other macroeconomic variables - have brought unprecedented challenges to communities across the globe.

Consequently, more than 20% of Australians now believe they won't achieve their desired retirement standard of living, and half of those who are currently working admit they are unsure as to how much they will have, or need, when they retire.

Some of the risks facing Australians who are nearing, or who are in, retirement are outlined below - as well as several ways to mitigate each of these.

The risks

The 2022 Natixis Global Retirement Index (GRI), now in its tenth year, is a multifaceted research tool that examines the factors driving retirement security. The 2022 GRI identifies three key risks for those who are nearing, or are in, retirement - *inflation*, *interest rates*, and *longevity risk*.

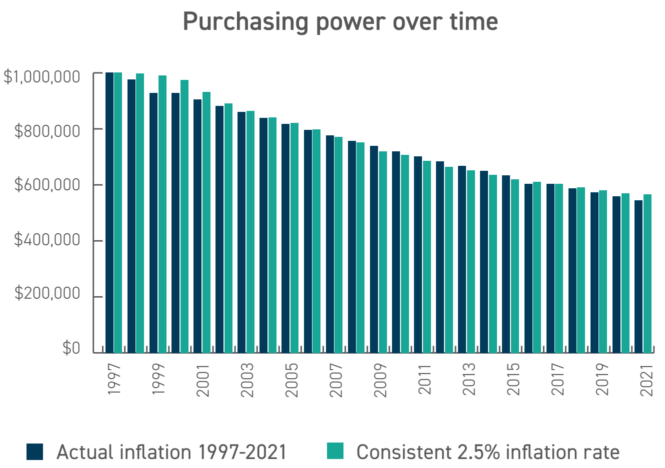
1. Inflation

If you were unaware of what inflation was prior to 2022, you undoubtedly know what it is now! Simply put, inflation refers to the average price increases over a given period, typically a year.

The measure of inflation and deflation - the consumer price index (CPI) - rose 1.8% across the September 2022 quarter, and 7.3% annually; this marks the highest annual CPI increase since 1990. Further, the 9.6% annual increase in the price of goods was the highest since 1983. The price of non-discretionary goods and services increased 8.4%, with discretionary goods rising 5.5%.

Inflation can be particularly detrimental to those in retirement, as it not only chips away at savings and investment returns, but it does so to those with limited recourse to recoup that lost purchasing power.

The Reserve Bank of Australia (RBA) maintains that the optimal target for monetary policy is to achieve an average inflation rate of 2% to 3% over time. However, even when inflation sits within the RBA's target range, it can still be detrimental to savings over the long-term, as demonstrated in the chart below.



Inflation impacts everyone, not simply those nearing or in retirement. In early-2022, Cromwell provided an inflationary state of play and outlook, and outlined ways commercial real estate can hedge against inflation.

2. Interest rates

It's well publicised that Australia has just experienced two years of historically low interest rates.

Arguably, no Australians are more acutely aware of interest rate fluctuations than those in retirement, as low rates have made it difficult for retirees to generate income from their savings.

Many retirees who were unable to wait for bonds to begin returning a sustainable yield were forced to dip into the principal of their nest egg. This practice puts these people in the difficult position of lowering income expectations, accepting their assets might run out early, or raising risk profiles in an attempt to reduce losses.

However, there is a light at the end of the tunnel. As inflation has spiked across the globe, central banks seek to enact monetary policy tools, including raising interest rates. In theory, inflation and interest rates are inversely correlated - when one is high, the other is low.

In Australia, the RBA has raised rates across the last six consecutive monthly interest rate decisions - from the historically low 0.10% in May to 2.60%, as at the October 2022 meeting, and have signalled future rate rises.

However, raising rates, even quickly, is not an instant fix for spiking inflation. The RBA's forecast is for CPI inflation to sit around 7.75% across 2022, just over 4% over 2023 and around 3% in 2024. Retirees relying on fixed income investments are not quite out of the woods just yet, as nominal bond returns are unlikely to outpace inflation for positive real returns for some time.

Read more:

AUSTRALIAN INFLATIONARY STATE OF PLAY AND OUTLOOK

HOW CAN COMMERCIAL REAL ESTATE HEDGE AGANST INFLRATION

3. Longevity risk

Medical, economic, and societal advances mean people are drastically outliving life expectancy estimates from this time last century. While longevity is unequivocally good news for individuals, living a longer, healthier life requires people to have more financial resources.

For example, if you are currently 65 years old, your life expectancy at birth was around 68 for males and 74 for females. However, due to significant social and medical advancements since the 1950s - when these estimates would have been made - healthy men and women in their 60s are now statistically expected to live for another two decades.

Longer lifespans mean many are faced with longevity risk, the occurrence whereby a retiree runs out of money because they have lived longer than expected. The challenge becomes maintaining a comfortable, desired retirement lifestyle, while ensuring you will have the means to do so for the rest of your life.

The good news

While the three risks outlined above are daunting, and not to be taken lightly, there are few better countries to approach these challenges than Australia. Australia ranked fifth in the GRI's rankings for global retirement security, behind only Norway, Switzerland, Iceland, and Ireland.

Australia ranked eighth in the 2012 GRI - remaining consistent over the decade - before jumping from seventh in 2021 to fifth in 2022. Scoring consistently high in health, quality of life, material wellbeing, and finances in retirement year-on-year, Australia and its well-rounded approach to retirement arguably sets the standard in relation to the rest of the world.

Navigating the challenges

There are a number of ways investors can safeguard against the above risks and maintain their desired quality of life in retirement.

Make a plan

A November 2020 Australian Government report into retirement planning, saving, and attitudes found that many respondents were unprepared for life beyond work, with 68% of respondents admitting they had never considered how much they would need for retirement.

The majority (80%) of the remaining 32% of respondents who had estimated a retirement savings goal understood how much they needed to save per year to reach this goal, with 60% changing their behaviour after calculating how much they needed for retirement.

These statistics show the importance of making a plan. Understanding what is required to achieve your desired lifestyle in retirement will greatly assist in helping you putting together an accurate plan. There are countless resources available to assist you, including the Moneysmart retirement planner and Cromwell's 'Countdown to Retirement'.

Resources for planning retirement:

- Moneysmart
- Countdown to Retirement: seven considerations before you say goodbye to work for good

Read more:

Don’t underestimate the impact of inflation

It’s important to understand the impact of inflation on your purchasing power, and the way in which it can chip away at savings, as well as understanding its impact on your investment portfolio.

Inflation above anticipated levels is generally considered detrimental to stocks and fixed income investments; however, real assets, including real estate, land, precious metals, commodities, and natural resources tend to fare well in times of high inflation.

Income from real assets is generally linked to inflation. For example, it is common for commercial real estate leases to have annual rent increases tied directly to increases in inflation - this is why commercial property is regarded as an inflationary hedge.

Don’t underestimate how long you will live

Consider this: The retirement age in Australia is generally understood to be 67 years old, which is when an individual qualifies to receive Government Age Pension benefits - the main source of income for most retirees. However, according to the ABS, the average retirement age of all retirees as of May 2020 (the most recent information available) was 55.4 years, with 55% of people over 55 retired.

By the time most individuals reach 65 years of age, they are now expected to live for another two decades. This means a person retiring at age 55 must stretch their finances for, on average, another 30 years.

It’s important to note this is merely an average, many will live far longer than two decades from their 65th birthday. Therefore, it is vital to overestimate your own life expectancy, rather than underestimate it.

Understand your investment income

Understanding your investment income is straightforward, but it is the most important factor throughout retirement. Not only should you understand your income sources, but it is important to set realistic expectations that will allow you to live comfortably.

Retirement casts a new light on investment opportunities, particularly relating to an investor’s risk profile and unfamiliar tax scenarios: it is important for investors to look beyond familiar investment options to diversify and spread their risk across multiple sectors, geographic regions, and asset classes. Without a regular source of income, retirees need to minimise their longevity risk by looking for investments that offer both returns and capital growth.

Consider unforeseen expenses

With luck, unforeseen expenses can be kept to a minimum; however, it is important to factor these in, nonetheless. Whether these costs are associated with real estate maintenance or repairs, having to care for a loved one in a crisis, or looking after your own personal wellbeing, unforeseen costs can be significant and need to be a key consideration.

Former United States Secretary of Defense, Donald Rumsfeld, offered the following in a February 2002 news briefing:

“There are known knowns: There are the things we know. We also know there are known unknowns: That is to say we know there are some things we do not know. But there are also unknown unknowns: The ones we don’t know we don’t know. … It is the latter category that tends to be the difficult ones.”

This quote is apt with regard to navigating retirement risks. It is not possible to predict how long an individual will live or the exact level of savings required to maintain a desired quality of life in retirement. However, understanding as best as possible the ‘known unknowns’ and being prepared to weather the ‘unknown unknowns’ is the best method to ensuring a long and comfortable retirement.

IN CONVERSATION WITH... CATH PARKER

Following a successful legal career, Cath Parker developed a passion for managing and mitigating risk on an organisational scale. Cath joined Cromwell as our Head of Risk and Compliance in 2021, and she has overseen some rapid advancements at the Group in that time - particularly in the ESG space, where she has a real desire to make a difference. Cath loves a glass of bubbly, and her two dachshunds, and finds time to give back to the community in her spare time.

> "Managing risk is about making good decisions, and part of my role is to assist people to do that.

Tell us about your role. What are some of the key responsibilities you take on daily?

I've been with Cromwell for 18 months - and stepped into a newly created role as Cromwell's first Australian designated head of risk. I'm responsible for our enterprise-wide risk management and compliance functions, especially relating to our AFSL obligations. Essentially, this links to ensuring our investors have the right level of protection; ensuring that all our regulatory risks are managed; and that we're compliant where we need to be.

It's a broad remit - because risk is present in everything that a company or individual does. You can't silo off risk to one side because, at the end of the day, we all manage risk - from choosing to cross a road; or whether we holiday overseas; or whether we choose to invest in certain products or with certain companies.

When you strip it all down, managing risk is about making good decisions, and part of my role is to assist people to do that. Our frameworks and policies are designed to support informed decisions, so that the right information is included; the right people are part of the process; and that we do things in a timely way. Similarly, being able to see the impact of that decision is important, as is being able to quickly change tact, if needed.

I really enjoy my role, because it draws together a number of functional threads. This allows us to think about risk and compliance as more than just a 'tick a box' exercise. Embodying good risk management leads to better decision-making; it includes always being ethical and focused on the right considerations, including ESG and risk factors in our actions. Above all, we want to make sure that our investors' interests are protected - and that our products and services reflect that priority.

How do you make sure that risk management at Cromwell is a day-to-day process?

It's a mix of a 'top-down' and 'bottom-up' approaches. It starts with our Boards thinking deeply and often about the key risks that lead us to unexpected outcomes, and how much and what type of risk they decide we should take, in executing the business strategy. On the other side, we also engage with our people and include a bottom-up aspect. Everyone in the business manages risk in their individual roles, so it's important that we consider risks at every level.

Ultimately, making risk management come alive day-to-day requires exploring the psychology of risk - it's a fascinating topic. Managing risk largely involves humans, who all think, behave, and react differently. Trying to understand the risks that you may *not* see, because you have a particular bias or different set of experiences, very much requires a psychological approach.

We invest in property - bricks and mortar - but it's ultimately our people that make us strong, and it's up to us to make sure they are supported in doing their best work because we all want great outcomes for our investors.

Looking back, how did your career in risk and compliance begin?

I took a job as the first in-house lawyer with a small financial institution in Brisbane many years ago.

I'm fortunate that my role there expanded rapidly. In addition to the legal and regulatory function, I was managing multi-disciplinary teams, including securities and mortgage production; adding company secretarial and governance functions; and our financial planning business was restructured and expanded, requiring a wider remit. At the time, the regulator, APRA, was implementing changes to ensure financial institutions prioritised risk management and required licensees to have a dedicated risk management function with direct reporting lines to boards.

Before that, I was an 'escapee' from about 15 years of private law practice. For me, it was often frustrating to provide legal advice in a private firm environment - as it can be difficult to get under the hood of a business; you may not understand why decisions are being made. Sometimes it feels like you're looking in through the window, rather than being in the action. I'm an extrovert, so I enjoy engaging with people and I was always drawn as a lawyer to explore the context and inner workings of clients' businesses to make sure any advice is practical well as being legally correct.

I enjoy being part of a business; being not only an advisor but also understanding and creating strategy and implementing it. Of course, being a lawyer, regulatory stuff is interesting for me, so that's set me up well for my current role. I do genuinely love the work that I do.

There have been some very public privacy/data breaches in some very large organisations recently, how does Cromwell manage risk and protect our investors? How do we minimise the chance of these kinds of hacks happening to us?

It's about making sure that we have the fundamentals right first, which includes having strong processes and mechanisms to make our systems sound. At Cromwell, we have a three 'lines of accountability' approach to ensure that everyone in the business manages risk, knows their role, and that there is checking and testing to give assurance, as well as to help us continually improve.

The first line of accountability are our teams performing their roles - from creating products and providing services, dealing with investors, managing IT or accounting functions - and managing the risks relating to their role. As a risk and compliance team, or in 'line 2' we provide expertise, support and consider how our people can have the right boundaries and steps in place to comply with laws and manage risks.

We also make sure the right framework is in place to enable the Board and management to oversee performance and know when there are concerns. To help us monitor risk levels, our team also performs independent tests and investigations and assist managing issues.

An extra layer is the third line. This involves Cromwell obtaining independent and objective assurance, mainly via external professionals such as auditors, consultants, or certifiers. As well as meeting regulatory audit requirements, we consider particular areas of risk - cybersecurity is a good example - that are so important that we obtain extra assurance from experts to do a review or deep dive to identify if and where we should make changes; to benchmark ourselves and continually improve. So, our three lines approach defines accountability and includes focus on aspiring to always enhance our business.

What are some changes or shifting attitudes/trends that you currently see playing out in the governance, risk, and compliance sector?

Change, and the speed at which it occurs are the standout factors.

We know that change is constant - there will be property cycles, interest rate rises, pandemics and other headwinds - but being able to trust in your people; give them the tools to perform their roles well; and have the right framework in place to navigate unpredictability all helps in responding confidently. By definition, managing risk is responding well to impacts - both positive and negative - on the achievement of goals, so uncertainty is inherent in that. You must be comfortable with navigating uncertainty, which can be difficult, and be prepared to adapt to suit.

HOW CAN I PROTECT MY OWN DATA?

With Daniel Dickens,
Chief Technology Officer

I'd say there's three main considerations people need to keep in mind when thinking about protecting their personal information.

These are:

1. If organisations are asking you for personal information, you should immediately ask yourself 'why?' If you're ordering from a liquor store online, for example, it may be that they need to verify that you're purchasing legally. But, as a rule, I would encourage people to think very carefully; just be mindful about disclosing personal information like your birthdate or telephone number to a third party - you have no idea how securely that information is being stored.
2. Don't click on links in emails, and don't click on links sent in text messages to your phone - unless you know with certainty who has sent it. The vast majority of data breaches and cyber-attacks happen as a result of phishing campaigns. Phishing is when a scammer impersonates a company you know and attempts to steal your personal information - passwords, bank account details, etc. - by sending you a link to click on.
3. I would also recommend doing credit checks - using a service like Equifax - to keep a track of how your personal information is being used.

> "We're about to release our ESG strategy shortly.

How is Cromwell responding to the growing importance of ESG for both investors and tenants? Is it a case that ESG is now as important as all other business considerations, do you think - and how do you see businesses adapting to this changing stakeholder sentiment?

Cromwell has always prioritised ESG factors as part of its business and Cromwell's previous work in sustainability was one of the reasons I was attracted to this role.

Including ESG factors in decision-making and business processes is part of managing risk well. It's not really that ESG of itself is as important as all other business considerations, because ESG issues, being so wide and varied, are part of all of our decisions and activities.

It's been exciting to be closely involved in reviewing Cromwell's forward ESG pathway including refreshing our ESG Strategy. I've been so impressed that everyone at Cromwell - from the Board to our people - are actively engaged, enthusiastic, and committed to playing our part in responding to critical issues, including climate change and decarbonisation. I am proud that this enthusiasm has been matched with authenticity, so that a thoughtful and pragmatic approach is taken when setting our goals. We're about to release our ESG Strategy shortly.

While there's a growing importance placed on ESG by investors, it's also important for our people, just as it is important for our communities and society generally. Our response to the growing awareness of environmentally conscious investors must focus not only on reducing harm but equally, on contributing positively to the broader societal response to these urgent issues.

Where would you like to see Cromwell's ESG strategy in five years' time?

I'd like to see that we don't talk about 'ESG strategy' at all, we just talk about strategy - because it's integrated in every part of the business, and the outcomes we seek financially, from risk management and from environmental, social and governance related goals become more ambitious over time, are consistently achieved.

What's the benefit of taking an ESG-centred approach to our investors?

The community, and the world more broadly, expects more to be done in the ESG space - so, we must constantly strive to do good and be better. From an investor perspective, financial returns are of course an imperative. Ensuring that our investment approach includes ESG issues is also part of managing physical risks to assets, such as potential climate and weather impacts. The steps we take to future-proof our buildings may also result in reduced operational costs from infrastructure that is aligned positively with environmentally positive initiatives, e.g., using solar power and implementing energy efficiency upgrades. Because ESG factors will also shape and influence the value of real estate in the future, considering ESG may become increasingly important as a potential value driver in future investment decisions and impact return outcomes

What do you enjoy most about your role?

The variety of work resulting from my role is hugely stimulating but most importantly, being able to link together various issues and make them simpler and more understandable is rewarding. Undoubtedly though, it's the people at Cromwell that make my role enjoyable. The talent and experience within the Cromwell team is incredible, but it's a bonus that they are genuinely great humans and colleagues as well.

What do you do to relax? / How do you spend your time outside work?

Home's really important to me and, like many people, COVID-19 reminded me of the importance of family and trying to get the balance between work and play right. My husband and I enjoy escaping to our pad at Kings Beach when we can, with our daughter and dachshunds, Frank and Connie, in tow. We're also currently making up for lost overseas travel time, with a couple of quick trips this year. I'm addicted to true crime podcasts, good books and, so far, I'm yet to meet a champagne I don't like.

Between all of that, I do try to contribute to the greater good. I'm a director on several not-for-profit boards, including YMCA Brisbane. I am also on the board of Mercy Partners, who is the overall governance body for some hospitals, schools, and community service businesses. The work that these incredible companies do is something I'm very proud to play a small part in. Importantly, these opportunities give me opportunity to continue to learn and expand my own skills which, hopefully, makes me a better Cromwell team member. ■

DIRECT PROPERTY UPDATE

Peta Tilse
Head of Retail Funds Management
Cromwell Property Group

What a difference a year makes. Last year, strong returns in most asset classes were supported by low interest rates, benign inflation, government stimulus, and parts of Australia (and the world) were still in the grips of lockdowns. Fast forward to now, and the situation is quite the opposite.

Investors now are facing some of the highest inflation rates in decades. Central banks are trying to hose down excess demand by lifting interest rates. In Australia, this has equated to a 2.50 percentage point increase since April. These two factors, along with a war and associated cost of living increases, have caused significant volatility in markets - including traditional safe haven bond markets.

While this may all seem doom and gloom, it must be remembered that all this is occurring in one of the strongest labour markets in 50 years (3.5% unemployment both in Australia and the USA). Central bank action hasn't been fully reflected on main street (yet). In fact, because of the structure of how interest rates affect mortgages, by the end of September, only about 75bps of the Reserve Bank of Australia's 250bps would have been reflected in data. The below charts show housing credit beginning to slow, but business credit continuing to grow by 14.7% p.a.

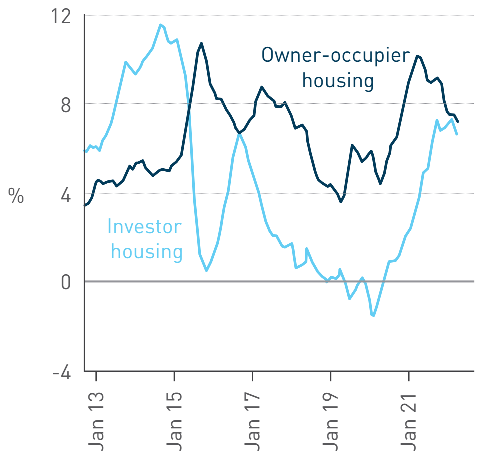
Outlook

Recession risks remain as financial conditions continue to tighten, which, in turn, will weigh on property cap rates. However, business continues to have strong capital expenditure (capex) intentions which in part can be explained by Australia's enviable commodity based exports, and the weaker Australian dollar. The recent Federal Budget included more homebuyer schemes and immigration, which is expected to support to some extent pockets in the residential sector. This is in contrast to commercial property, which is reliant on strong corporate profits and low unemployment, both conditions that seem robust in the near term.

The latest Colliers Office Demand Index shows office demand has increased 1% nationally (when compared to H1 2021), with the Brisbane CBD recording a near trebling in demand by area, and up 48% on the number of enquiries. As we see with our own tenants, good companies are trying to attract talent back into the office. This is causing employers to look to trade up on location and quality of office space.

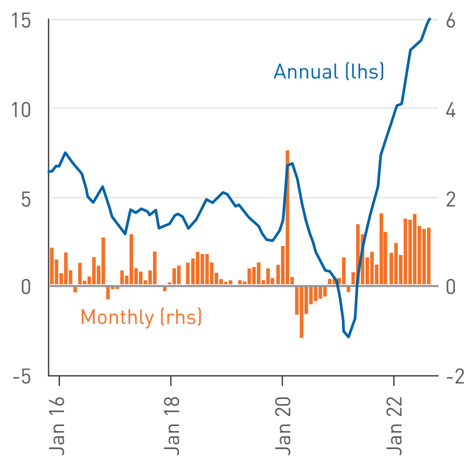
While cap rates are likely to soften, reflective of the macro-economic environment and an increase in the cost of capital,

Housing credit growth
(three-month-ended annualised rate)



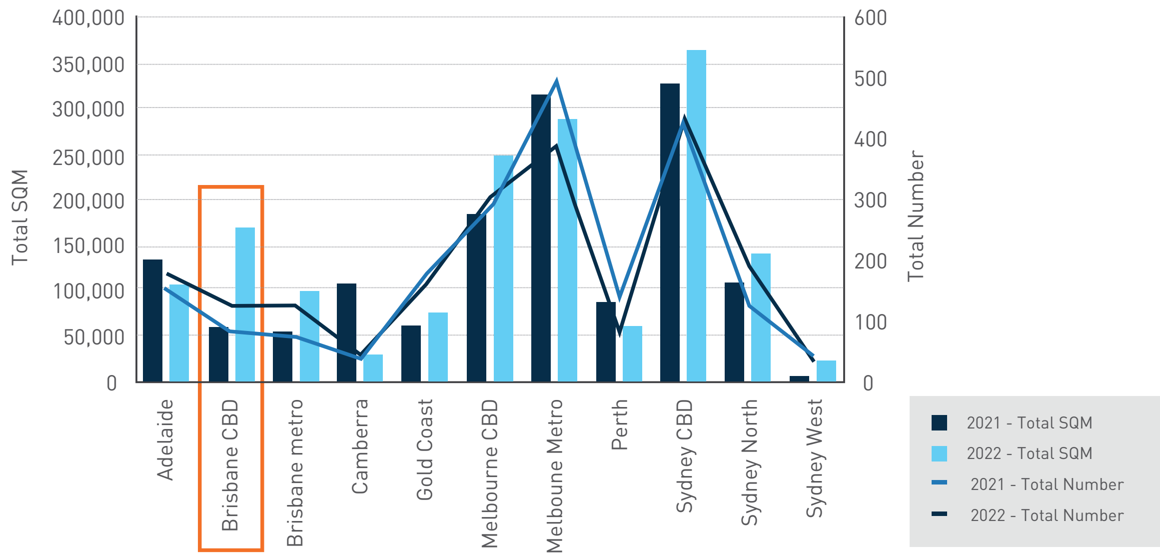
Source: RBA

Business credit
(% change)



Source: RBA

Office Leasing Enquiries 2021 & 2022 rise



Source: Colliers

lower real estate investment volumes are likely, given the level of uncertainty and a mismatch between buyer and seller expectations. A period of price discovery is likely.

However, real estate fundamentals remain sound - with a significant undersupply of good quality real estate capable of meeting modern tenant demand. Such real estate is sustainable, technology enabled, and provides the amenities that workers in all sectors want. Australia's population will continue to grow at a decent clip, equivalent to an estimated 14% increase by 2030, and employment markets remain strong meaning that demand will only grow. This will hasten the performance divergence between good quality stock and secondary stock that is misaligned to modern tenant demand.

Cap rate decompression for good quality stock will be contained and the higher inflationary environment may even drive stronger rental growth. This reflects the financial benefit tenants get from occupying such space which they are prepared to pay to rent, such as lower energy costs, proximity to end customers, and a better ability to attract and retain workers as the war for talent rages.

The Cromwell Direct Property Fund has enjoyed success in leasing some of its more recent acquisitions. 95 Grenfell Street, Adelaide, has lifted occupancy from 85% to 89%, and 100 Creek Street, Brisbane, has added a further 1.6% to occupancy.

How did Cromwell Funds Management fare this quarter?

The Cromwell Direct Property Fund had no significant property transactions this quarter, with the ten commercial property assets providing the Fund a 4.7-year WALE (as at 30 September 2022). The Fund's performance since inception is 9.3% p.a and continues to demonstrate excellent risk adjusted returns for investor portfolios.

Read more about the Cromwell Direct Property Fund on page 26.

Average Annual Return (%) to 30 September 2022

Year	Australian Cash	Australian Bonds	Australian Shares	Cromwell Direct Property Fund
1	0.52%	(11.36%)	(7.84%)	**4.50%**
3	0.38%	(3.42%)	2.61%	**7.60%**
5	0.95%	0.75%	6.72%	**7.50%**

LISTED MARKET UPDATE

Stuart Cartledge
Managing Director
Phoenix Portfolios

The S&P/ASX 300 A-REIT Accumulation Index fell meaningfully, losing 6.9% in the quarter ending 30 September 2022. This result belies the volatility observed during the period, with the index up more than 11.5% in July and down more than 13.5% in September. The property index underperformed the broader equity market, which moved slightly higher in the period. The S&P/ASX 300 Accumulation Index gained 0.5% in the quarter.

Most property stocks reported their annual results in August. Despite this, interest rates were the driving force behind volatility in REIT share prices. Australian 10-Year Government Bonds started the quarter with a yield of 3.6%, before falling to below 3% in early August. This turned sharply, rising to beyond 4% in late September, before closing the quarter yielding 3.9%.

Office property owners were weak performers over the quarter. Beyond the impact of rising interest rates, office owners are facing increasing risks around future utilisation and stubbornly high vacancy and incentives across major markets. A feature of office leases is the requirement to pay an incentive to the signing tenant. This can take the form of capital for fitting out the office, a rent-free period, or a reduction in rent across the life of the lease. Most commonly, this payment occurs at the front end of the lease. These incentives are at record levels in most markets, with all key markets requiring incentive of more than 35% of the total lease payments to secure a tenant. In some markets, this number is now beyond 50%. Australian Unity Office Fund (AOF) was a major underperformer, losing 38.8%, with pain exacerbated by a terminated takeover. Elsewhere, Dexus (DXS), Centuria Office REIT (COF) and GDI Property Group (GDI) also underperformed, giving up 13.1%, 12.3% and 11.5% respectively.

Shopping centre owners were broadly outperformers for the quarter - they reported solid results, demonstrating the resilience of consumer spending to date. Spending in categories previously believed to be troubled were robust, with strong sales growth seen in categories such as apparel, homewares, and jewellery. Scentre Group (SCG) was an outperformer, adding 1.0%, whilst Vicinity Centres (VCX) only lost 2.3%. Owner of subregional and neighbourhood shopping centres Charter Hall Retail REIT (CQR) also outperformed giving up 2.4% after posting solid results for the financial year to 30 June 2022.

Property fund managers faced mixed fortunes in the quarter. Qualitas Limited (QAL) was a big outperformer after announcing a large mandate win with a high calibre client. It rose 53.2% in the quarter. Charter Hall Group outperformed after weakness in prior periods. It posted a solid full year result in August, closing 6.0% higher. Alternatively, Centuria Capital Group (CNI) gave up 15.2%, with concerns about its ability to raise funds management capital in the current economic climate. Goodman Group (GMG) also lost ground, down 11.5% for the quarter due to uncertainty over future earnings growth should capitalisation rates expand.

While residential property prices have begun to fall after reaching all-time highs, residential property developer performance was mixed. Peet Limited (PPC) released a strong full year result and clarified future capital allocation plans, sending the stock up 18.6% for the quarter. Alternatively, Stockland (SGP) reported a significant drop in residential enquiries likely leading to a period of tempered sales activity. SGP underperformed, giving up 9.4%.

Market Outlook

August's reporting season was broadly positive for property stocks when looking into the recent past. Investment property valuations were stable and earnings were solid across all sub-sectors. However, forward-looking outlook statements were cautious, with a focus on the impacts of higher interest rates.

The industrial sub-sector continues to be the most sought after, given the tailwinds of e-commerce growth; the potential onshoring of key manufacturing categories; and the decision by many corporates to build some redundancy into supply chains to cope with current disruptions. All of these factors will support ongoing demand for industrial space.

The jury is still out on exactly how tenants will use office space moving forward, but demand for good quality, well-located space remains. Transactional activity of office assets continues to provide ample evidence of value but transaction volumes have recently reduced.

We remain cognisant of the structural changes occurring in the retail sector and the growing penetration of online sales, as well as the greater importance of experiential offerings inside malls. Recent events will likely accelerate these changes. It is also interesting to note the juxtaposition of very high retail sales figures against very low levels of consumer confidence, no doubt impacted by rising costs of living.

The recent increase in bond yields does present a headwind for all financial assets, and particularly yield based sectors such as property. However, with key large capitalisation REITs now trading at a significant discount to the value of their underlying assets and with no value ascribed to embedded active businesses, we believe the sector offers value, particularly in comparison to unlisted property.

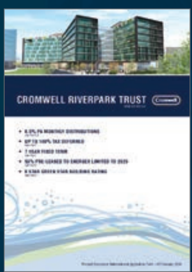
Phoenix has, for some time, discussed the risk of inflation, given the enormous fiscal stimulus and extreme monetary policy setting that we now live with. In recent times, commentators and bond markets have begun to react to the presence of such a risk. In this environment, long leases with fixed rent bumps, which were previously in high demand, may become relatively less attractive. Historically, real assets such as property and infrastructure have performed well during inflationary periods. ■

Cromwell Direct Property Fund (OPEN)

Cromwell Phoenix Property Securities Fund (OPEN)

Cromwell Phoenix Global Opportunities Fund (OPEN)

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



Cromwell Riverpark Trust

Cromwell Property Trust 12

Cromwell Phoenix Opportunities Fund (CLOSED)

QUARTERLY FUND REPORTS

Investment Reports to 30 September 2022

OPEN FOR INVESTMENT

CLOSED TO INVESTMENT

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

Cromwell Funds Management Limited ABN 63 114 782 777 AFSL 333214 (CFM) has prepared these reports and is the responsible entity of, and the issuer of units in, the funds and trusts referred to in these reports (the Funds). In making an investment decision in relation to a Fund, it is important that you read the disclosure document for that Fund. The report for each Fund refers to the disclosure document (product disclosure statement and any supplementary product disclosure statement) and if applicable the target market determination (TMD) issued for that Fund. The disclosure document and TMD for each Fund is issued by CFM and is available from www.cromwell.com.au or by calling Cromwell's Investor Services Team on 1300 268 078. Not all of the Funds are open for investment. Applications for units in open Funds can only be made on application forms accompanying the disclosure document for the Fund.

These reports have been prepared without taking into account your objectives, financial situation or needs. Before making an investment decision, you should consider the report and the disclosure document for the particular Fund and assess, with or without your financial or tax adviser, whether the Fund fits your objectives, financial situation or needs. Past performance is not a reliable indicator of future performance. Forward-looking statements (provided here as a general guide only) and the performance of a Fund are subject to the risks and assumptions set out in its disclosure document. CFM and its related bodies corporate, and their associates, do not receive any remuneration or benefits for the general advice given in these reports. If you acquire units in a Fund, CFM and certain related parties may receive fees from the Fund and these fees are disclosed in the disclosure document for that Fund. Performance data for Cromwell-managed Funds are calculated based on unit prices for each Fund, which may differ from underlying net asset values. Performance data for periods longer than one year have been annualised. Distribution rates and yields are based on the 30 September 2022 unit price and are subject to change. The proportion of distributions that are tax deferred will depend on a number of factors (for example, building amortisation and depreciation of plant and equipment) and may vary from year to year. Deferred tax may be payable, in whole or in part, on the sale, transfer or redemption of units in the Fund.

OPEN FOR INVESTMENT

CROMWELL DIRECT PROPERTY FUND

www.cromwell.com.au/dpf

The Fund 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 30 September 2022

KEY STATISTICS
as at 30 September 2022

Status	OPEN[1]
Unit Price	$1.3147[2]
Distribution Yield	5.1% p.a.[3]
WALE	4.7 years[4]

PERFORMANCE

	1 Year	3 Years	5 Years	Inception (Aug-13)
Fund Performance After fees & costs	4.5%	7.6%	7.5%	9.3%
Benchmark PCA / MSCI Australia Unlisted Retail Quarterly Property Fund Index (Unfrozen)	16.4%	15.3%	14.3%	17.7%
Excess Returns After fees & costs	(11.9%)	(7.7%)	(6.8%)	(8.4%)

Past performance is not a reliable indicator of future performance.

FUND UPDATE

- The fund listed 64 Allara Street Canberra for sale this quarter with final offers made on 15th September and completion of the sale taking place on 18 October 2022
- External valuations for assets as at 30 September 2022 held within the Fund were as follows:
  - 95 Grenfell Street, Adelaide, SA decreased by $42,000 to $81.23 million, down from $81.35 million as at 30 April 2022
  - 100 Creek Street, Brisbane, QLD, increased by 1.2% to $187 million, up from $184.7 million as at 31 December 2021
  - 420 Flinders Street, Townsville, QLD, decreased 1.4% to $69 million, down from $70 million as at September 2021
- The Fund's look-through gearing as at 30 September 2022 improved to 39.4%, with direct gearing at 37.38%
- The Fund's performance to 30 September 2022 was 9.3% per annum annualised since inception with 12-month performance of 4.5%

In addition to the footnotes below, please read the important disclaimer at the beginning of the Quarterly Reports section on page 25.

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. Based on current distributions of 6.75 cents per unit p.a. and a current unit price of $1.3147 as at 30 September 2022.
4. Figures as at 30 September 2022. 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

The 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 30 September 2022

KEY STATISTICS
as at 30 September 2022

Status	OPEN[1]
Unit Price	$1.0618[2]
Distribution Yield	N/A

PERFORMANCE

	1 Year	3 years	5 years	10 years	Inception (Apr-08)
Fund Performance After fees & costs	(17.1%)	(2.7%)	3.4%	9.6%	7.1%
Benchmark S&P/ASX 300 A-REIT Accumulation Index	(21.1%)	(4.6%)	3.1%	8.0%	3.3%
Excess Returns After fees & costs	4.0%	1.9%	0.3%	1.6%	3.8%

Past performance is not a reliable indicator of future performance.

TOP TEN STOCK HOLDINGS[3]

- CHARTER HALL GROUP LIMITED
- GENERAL PROPERTY TRUST
- MIRVAC GROUP
- SUNLAND GROUP LIMITED
- GOODMAN GROUP
- STOCKLAND LTD
- VICINITY CENTRES
- PEET LIMITED
- SCENTRE GROUP
- HOTEL PROPERTY INVESTMENTS

FUND UPDATE

- Since inception, in April 2008, the Fund has delivered an annualised return, net of fees, of 7.1% compared to a 3.3% return from the S&P/ASX 300 A-REIT Accumulation Index
- The Fund delivered a net return of -2.7% over the September 2022 quarter, outperforming the -6.9% return from the S&P/ASX 300 A-REIT Accumulation Index
- The property index underperformed the broader equity market, which moved slightly higher in the period
- Positive contributions to the Fund's performance over the quarter came from positions in Charter Hall Group, Qualitas Limited, and Peet
- Detracting from the Fund's performance over the quarter was a holding in Transurban Group, and poor relative positioning in Scentre Group

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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 16 December 2021 (PDS).
2. Unit price as at 30 September 2022. Unit prices are calculated daily. See the PDS for further information and www.cromwell.com.au/psf for latest pricing.
3. As at 30 September 2022. Positions in the Fund are subject to change.

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

OPEN FOR INVESTMENT

www.cromwell.com.au/gof

CROMWELL PHOENIX GLOBAL OPPORTUNITIES FUND

The Fund invests in a portfolio of internationally listed, predominantly small capitalisation securities, which at the time of their acquisition, are considered to be trading at discounts to their observable net asset values (NAVs).

Investment Report to 30 September 2022

KEY STATISTICS
as at 30 September 2022

Status	OPEN[1]
Unit Price	$1.0658[2]
Distributions	Annually

PERFORMANCE

	3 Months	6 Months	1 Year	2 Years	Inception (Dec-19)
Fund Performance After fees & costs	0.0%	(3.2%)	(10.5%)	12.1%	6.5%
Benchmark MSCI All Countries World Index AUD	(0.3%)	(8.2%)	(10.9%)	6.2%	4.4%
Benchmark MSCI World Microcap AUD	(1.7%)	(12.0%)	(25.9%)	2.4%	2.4%

Past performance is not a reliable indicator of future performance.

FUND UPDATE

- Since inception in December 2019, the Fund has delivered an annualised return of 6.5% (net of fees)
- The Fund delivered a breakeven net return over the September 2022 quarter
- Global share markets finished the September quarter marginally lower, with the MSCI All Countries World Index (AUD) losing 0.3%
- Positive contributors to performance over the quarter came from positions in Compagnie de l'Odet (ENXTPA:ODET), Retail Value Inc (NYSE:RVI), SK Kaken (TSE:4628) and Melco International Development (SEHK:200)
- Detracting from Fund performance over the quarter were holdings in Weiss Korea Opportunities Fund (AIM:WKOF), Pure Cycle Corporation (NASDAQCM:PCYO), Park Hotels (NYSE:PK) and Mountview Estates (LSE:MTVW)

In addition to the footnotes below, please read the important disclaimer at the beginning of the Quarterly Reports section on page 25.

1. Withdrawals cannot be guaranteed and are subject to the assumptions and risks set out in the Product Disclosure Statement dated 26 October 2021 (PDS).
2. Unit prices are calculated monthly. See the PDS for further information and www.cromwell.com.au/gof for latest pricing.

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

CLOSED TO INVESTMENT

CROMWELL PHOENIX OPPORTUNITIES FUND

www.cromwell.com.au/pof

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 30 September 2022

KEY STATISTICS
as at 30 September 2022

Status	CLOSED
Unit Price	$2.1281[1]
Distributions	Quarterly

PERFORMANCE

	1 Year	3 years	5 years	Inception (Dec-11)
Fund Performance After fees & costs, **inclusive** of the value of franking credits	(1.5%)	16.5%	15.4%	18.5%
Fund Performance After fees & costs, **excluding** the value of franking credits	(3.4%)	14.3%	13.2%	16.7%
Benchmark S&P/ASX Small Ordinaries Index	(12.8%)	3.2%	6.6%	5.6%

Past performance is not a reliable indicator of future performance.

FUND UPDATE

- Since inception in December 2011, the Fund has delivered an annualised return of 18.5% (net of fees, inclusive of franking credits)
- The Fund delivered a net return of 1.9% (net of fees, inclusive of franking credits) over the September 2022 quarter
- Performance of small companies was mixed over the quarter, with the S&P/ASX Small Ordinaries Index falling 0.5%, while the smaller S&P/Emerging Companies Index rallied 4.8%
- Positive contributions to the Fund's performance over the quarter came from, among others, positions in Peet and MMA Offshore
- Detracting from Fund performance over the quarter were holdings in, among others, SkyCity Entertainment and Capral Aluminium

In addition to the footnotes below, please read the important disclaimer at the beginning of the Quarterly Reports section on page 25.
Phoenix Portfolios Pty Ltd ABN 80 117 850 254 AFSL 300 302 (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. Unit price as at 30 September 2022. Unit prices are calculated monthly. See the PDS dated 29 September 2017 for further information and www.cromwell.com.au/pof for latest pricing.

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.

Investment Report to 30 September 2022

KEY STATISTICS
as at 30 September 2022

Status	CLOSED
Unit Price	$2.25
Distribution	12.25 cpu
WALE	7.6 years[1]

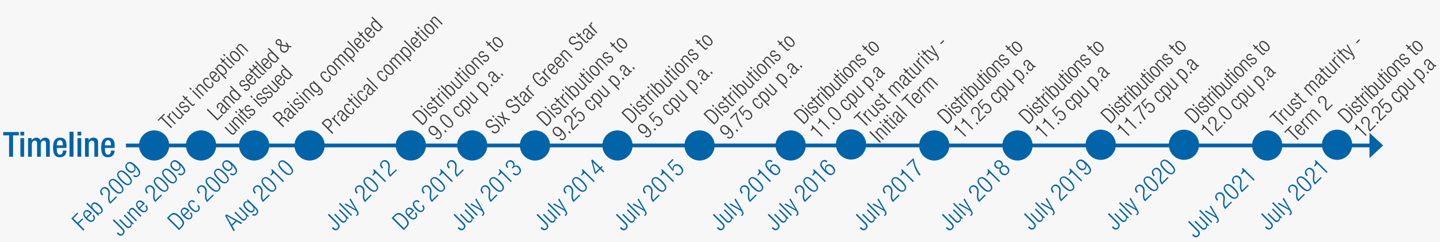
PERFORMANCE

	1 Year	3 Years	5 Years	7 Years	Inception (July-09)
Trust Performance After fees & costs	(3.0%)	9.5%	10.0%	14.5%	14.1%
Benchmark[2] PCA/IPD Unlisted Retail Property Fund Core Index	n/a	n/a	n/a	n/a	n/a
Excess Returns After fees & costs	n/a	n/a	n/a	n/a	n/a

Past performance is not a reliable indicator of future performance.

TRUST UPDATE

- The Trust's unit price is currently $2.25
- The Trust's performance to 30 September 2022 was 14.1% per annum annualised since inception
- The asset continues to be held for sale



In addition to the footnotes below, please read the important disclaimer at the beginning of the Quarterly Reports section on page 25.

1. As at 30 September 2022. Calculated by gross income
2. Changes to MSCI's methodology for Benchmark performance reporting has resulted in an index start date that falls post the inception date of the Trust, consequently Benchmark comparison data is no longer available.

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 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 $124 million[1].

Investment Report to 30 September 2022

KEY STATISTICS
as at 30 September 2022

Status	CLOSED
Unit Price	$1.19
Distribution Yield	5.03% p.a.
WALE	7.7 years[2]

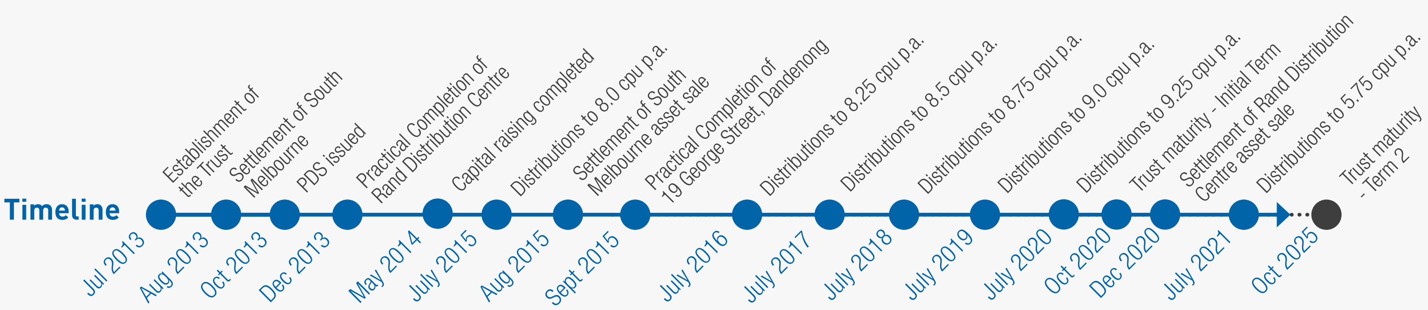
PERFORMANCE

	1 Year	3 Years	5 Years	7 Years	Inception (Oct-13)
Trust Performance After fees & costs	35.1%	19.3%	16.3%	15.2%	16.0%
Benchmark PCA / MSCI Australia Unlisted Retail Quarterly Property Fund Index (Unfrozen)	16.4%	15.3%	14.3%	18.1%	17.6%
Excess Returns After fees & costs	18.7%	4.0%	2.0%	(2.8%)	(1.7%)

Past performance is not a reliable indicator of future performance.

FUND UPDATE

- The Trust's unit price is currently $1.19
- The Trust's performance to 30 September 2022 was 16% per annum annualised since inception
- The Trust qualified for a spot in the Top Ten performing funds for the September 2022 quarter within the PCA/MSCI Australia Unlisted Retail Quarterly Property Fund Index over 12 months (35.1%) and three years (19.3%)



In addition to the footnotes below, please read the important disclaimer at the beginning of the Quarterly Reports section on page 25.

1. Based on valuations for 19 George Street, Dandenong as at 31 October 2021.
2. As at 30 September 2022. 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 fund manager with operations on three continents and a global investor base. The Group is included in the S&P/ASX 200. As at 30 June 2022, Cromwell had a market capitalisation of $2.0 billion, an Australian investment portfolio valued at $3.0 billion and total assets under management of $12.0 billion across Australia, New Zealand and Europe.

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

27/09/2022	Annual Report 2022 and letter to securityholders on AGM
27/09/2022	Appendix 4G 2022
23/09/2022	Suspension of Distribution Reinvestment Plan
23/09/2022	Dividend/Distribution - CMW
19/09/2022	Cromwell Corporation Limited AGM 2022 Details
14/09/2022	Notification of cessation of securities - CMW
25/08/2022	FY22 Results Presentation
25/08/2022	FY22 Results Announcement
25/08/2022	Appendix 4E and 2022 Full Year Accounts
18/08/2022	Notification of cessation of securities - CMW
8/08/2022	Notification of cessation of securities - CMW
3/08/2022	Details of FY22 Results Briefing
20/07/2022	Notification of cessation of securities - CMW
14/07/2022	Notification of cessation of securities - CMW
1/07/2022	Notification of cessation of securities - CMW

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

Key Events Calendar

The following dates are indicative

Thursday, 29 December 2022 (tentative)	Q2 FY23 Distribution Ex Date
Friday, 30 December 2022 (tentative)	Q2 FY23 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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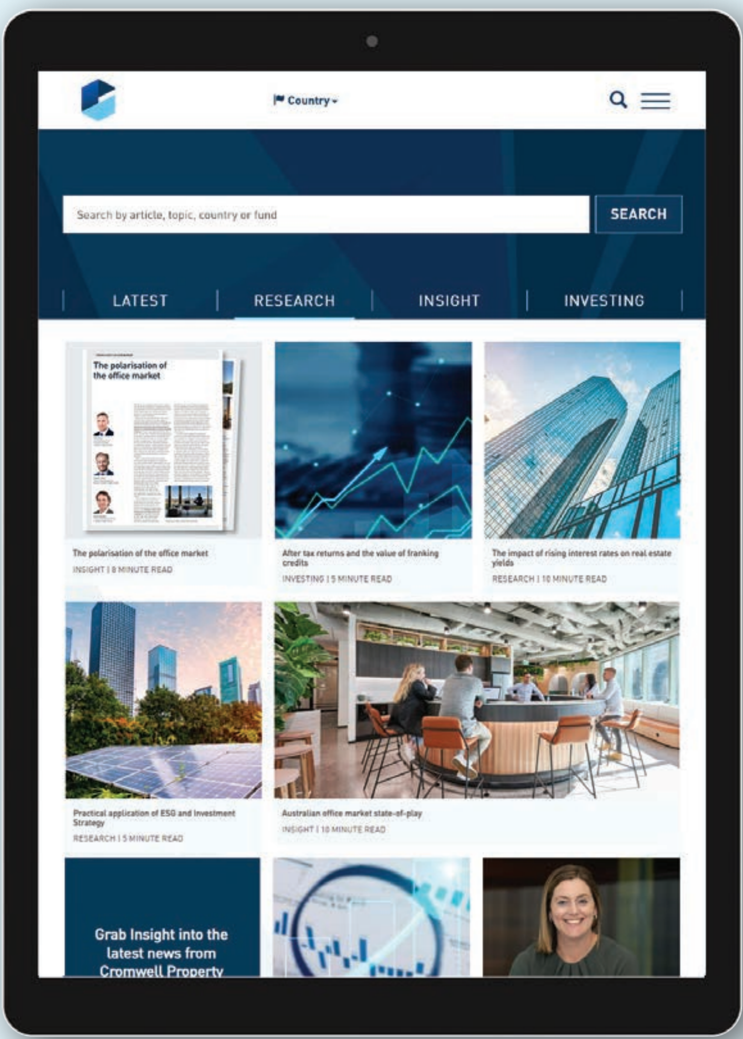

cromwellpropertygroup.com/research-and-insight

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