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Cromwell Direct Property Fund – Unitholder Update

[redacted]

Cromwell Funds Management Limited (CFM), as responsible entity of the Cromwell Direct Property Fund (DPF, or Fund), provides Unitholders with the following updates.

Change to frequency of Unit Pricing

As previously advised, following the July 2025 Liquidity Event, withdrawal requests exceeded 50% of the Fund's total units on issue. As required under the Constitution, CFM has commenced the process of realising the Fund's assets and returning net proceeds to Unitholders.

As a result, to reduce operating costs of the Fund, it has been determined that from 1 September 2026, CFM will no longer calculate and publish daily Unit Prices. Instead, CFM will calculate and publish the Fund's unit price[1] at the end of each month for reporting purposes only.

This change will not affect Unitholders' ownership interests, entitlements to distributions or capital returns, or the manner in which the Fund is being wound up; it simply reflects that more frequent unit pricing is no longer necessary given CFM is no longer accepting new applications or redeeming units and is progressively realising the Fund's assets.

Payment of net proceeds from asset sale

Following further consideration of the Fund's Constitution and legal framework governing the wind-up process, CFM has determined that all future net proceeds from asset sales will be returned to Unitholders through special distributions.

Under this approach, Unitholders will continue to receive their proportionate share of net sales proceeds as assets are sold.

The special distribution which includes each Unitholder's share of net proceeds from the recent Queanbeyan sale will be processed on or around 31 July 2026.

The sale of 100 Creek Street Brisbane is now expected to complete in September 2026, with net proceeds to be distributed to Unitholders within one month of completion.

Tax implications

Broadly, to the extent the special distribution represents a return of capital, that amount will reduce the cost base of Unitholders' units for capital gains tax (CGT) purposes. Depending on individual circumstances, a CGT event may arise where the amount of capital distributed exceeds the cost base of those units.

Tax consequences for each Unitholder will depend on their individual circumstances. For more information, please refer to the Taxation Information section of the Fund's Product Disclosure Statement. We recommend that Unitholders seek independent taxation advice regarding the implications of receiving the special distributions from the Fund.

Unitholders will continue to receive an AMIT Member Annual Statement (AMMA Statement) following the end of each financial year outlining the tax components attributed to them for that year.

Impact on Unit Price

As capital distributions are made following asset sales, the Fund's net asset value is expected to progressively reduce on a cents per unit basis. This is because net assets will reduce as properties are sold, while the number of units on issue will remain unchanged. This does not represent a loss of value in itself – rather, it reflects the return of Unitholders' capital as the Fund's assets are progressively sold during the wind-up process.

Impact on future distributions

The Fund currently anticipates continuing to pay distributions of 4.75 cents per unit per annum in the near term however Unitholders should note this distribution rate in cents per unit will be reviewed regularly and will likely reduce as the wind-up progresses.

As assets are sold, the Fund's portfolio will reduce in size and the rental income generated by the remaining assets will reduce. Over time, this will reduce the Fund's capacity to maintain distributions at the current rate.

Future distribution levels will depend on a range of factors including:

- The order and timing of future asset sales;
- Rental income generated by the remaining portfolio;
- The Fund's available cash position
- Debt repayment requirements; and
- Ongoing operational and winding-up costs

Accordingly, while CFM currently anticipates continuing distributions at the current rate in the near term, Unitholders should expect that distribution levels will be adjusted as the remaining portfolio is progressively sold.

The Fund will continue to realise its remaining assets in an orderly manner with the objective of maximising distributions to Unitholders. Capital will be returned progressively as assets are sold, and Unitholders will continue to be updated regarding material developments throughout the wind-up process.

If you have any questions related to your clients' investments in the Fund, please reach out to our Investor Services Team using the details below.

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Book a meeting

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[1] Ex-price

Disclaimer:

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