ASX Announcement
15 May 2014

# CROMWELL FINALISES NEW DEBT PLATFORM

Cromwell Property Group (ASX: CMW) has finalised a new $1.019 billion debt platform to replace seven existing facilities.

The platform, which was foreshadowed in Cromwell's FY14 first half results, consolidates all but two of Cromwell's existing debt facilities.

The new facility under the platform also extends Cromwell's weighted average debt maturity from 1.4 years to 4.2 years and reduces the weighted average margin across all facilities by approximately 16bp.

Under the new facility, borrowings will be secured, on a limited recourse basis, by a pool of assets comprising the majority of Cromwell's property assets. The facility is structured as separate tranches to each lender, with the ability to negotiate the pricing and term of each tranche separately, while preserving common covenants and facility terms. Cromwell is able to add or remove assets from the security pool as the portfolio changes.

The platform provides Cromwell with greater flexibility for its future funding needs, as it allows for the issue of additional tranches to acquire new assets or refinance existing facilities and to create separate security pools over new assets.

Importantly, Cromwell can still borrow outside the facility, and issue corporate bonds or other forms of debt in the future, which remains a medium term goal.

A total of seven banks participated in the new facility, including all the lenders from the refinanced facilities. The new facility was co-ordinated by the Commonwealth Bank.

The platform does not impact Cromwell's overall gearing or hedging profile and FY14 earnings guidance remains unchanged. Establishment costs of approximately $7 million will be paid in cash and amortised over the term of the new facility.

Cromwell Group Treasurer, David Gippel said, "We have collaborated with a number of lenders to create an innovative debt funding solution which, supported by Cromwell's attractive property portfolio and cash flow profile, is both flexible and cost effective."

Cromwell CEO, Paul Weightman said, "We have taken some time in finalising this new facility and its structure because it was important that we maximise future flexibility for Cromwell as we continue to pursue opportunities in the market. The work that David and our lenders have done has resulted in a secure debt platform from which to grow the property portfolio."

Further details of the new facility and other fully debt metrics are included in the attached presentation.

ENDS.

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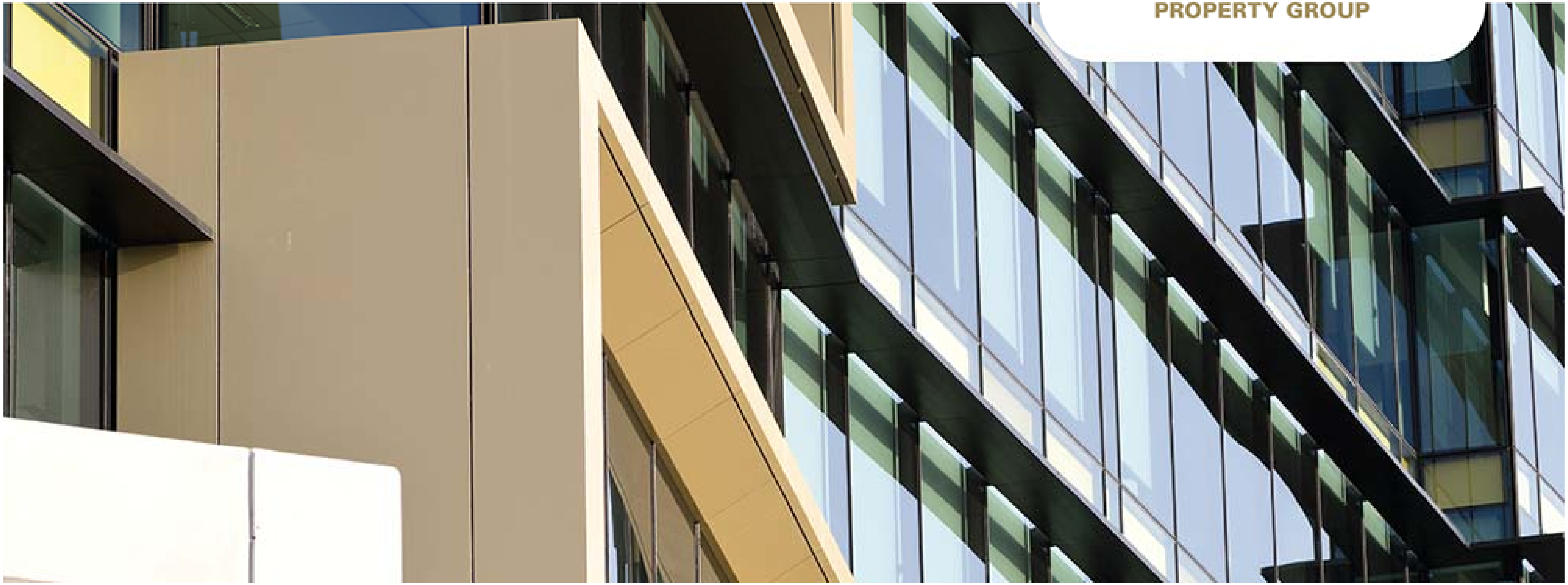
# Debt Update

15 May 2014

Cromwell

PROPERTY GROUP



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# Key Refinancing Objectives of New Debt Platform

- **Pricing:** achieve best pricing outcomes by pooling security assets
- **Flexibility:** ensure efficient flexibility to cope with future changes to the portfolio
- **Tenor:** manage and extend the debt maturity profile within pricing expectations
- **Contagion risk:** minimise cross collateralisation where appropriate to manage assets effectively
- **Capacity to engage alternative investor markets**
- **Consistency of terms:** common covenants and facility terms for easier administration

# Greater Efficiency In New Debt Platform

- **Refinanced Platforms:**
  - 7 facilities, 6 lenders
  - 1.8 year remaining term
  - Generally 3 year facilities
  - Various security pools, mix of limited and full recourse
  - Different covenants for each facility
  - Different terms for each facility

- **New Debt Platform:**
  - 1 facility, 7 lenders each with their own discrete tranches
  - 4.5 year term with a mix of 4 and 5 year expiries
  - One security pool over 26 properties, with limited recourse to head trust
  - Common terms
  - Initial step towards corporate credit rating
  - Potential to diversify away from bank debt over time

# New Debt Platform Provides Greater Flexibility

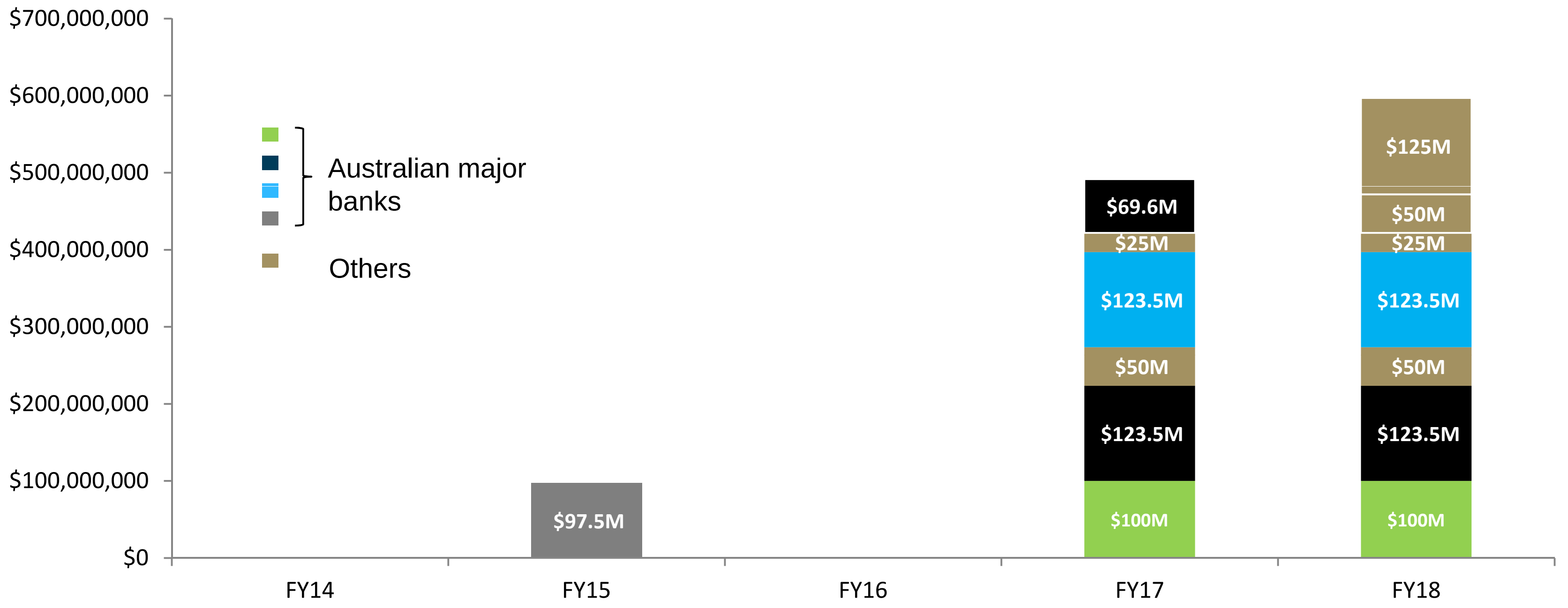
- **Within the facility**
  - Assets can be added or removed easily as portfolio changes, provided covenants continue to be satisfied
  - New tranches, lenders and security pools can be added which provides an efficient structure to undertake future borrowings
  - Variable pricing negotiated with each lender which provides for different margins to apply if LVR changes

- **Outside the facility**
  - Cromwell retains flexibility to issue other debt/equity outside the security structure, including by DPT/CCL
  - Existing Tuggeranong facility has been retained to preserve attractive pricing for balance of existing facility term
  - Existing Northpoint joint venture facility retained
  - Key step towards corporate debt issue and diversified away from bank debt, which remains a goal over time

# Expiry profile now 4.2 years across all facilities

- Weighted average debt maturity increased to 4.2 years
- Diversified across 7 lenders with varying maturity dates
- No maturities until June 2015

Debt Expiry Profile[1]



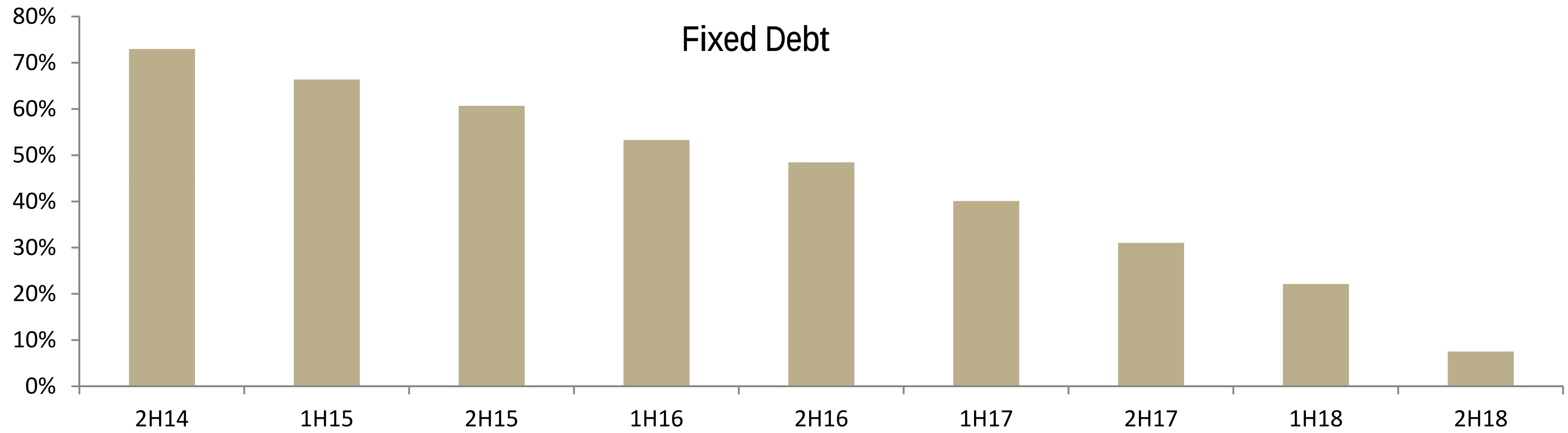

| | FY14 | FY15 | FY16 | FY17 | FY18 |
|---|---|---|---|---|---|
| Value Expiring | N/A | $97.5m | N/A | $491.6m | $597m |
| % Expiring | 0% | 8% | 0% | 42% | 50% |

1) Includes 50% of Northpoint debt

# Lowering Cost of Debt

- **Cost of debt continues to reduce**
  - Weighted average margin reduced by approximately 16bp
  - New facility provides some upside in pricing if LVR reduces
  - FY15 all-up interest cost would be 5.7% assuming no change to LVR, hedging profile and existing market rates
- **Weighted average hedge term of 1.7 years**
  - High degree of certainty over interest expense in FY15
  - Can benefit from lower variable rates as existing hedges expire
  - Looking at options to undertake some further hedging
  - Cash on hand provides additional hedge against increases in rates

CMW Hedging Profile




| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Average Interest Rate | 5.69% | 5.53% | 5.32% | 5.22% | 5.23% | 5.21% | 5.47% | 5.51% | 5.53% |

1) Includes 50% Northpoint debt. Average interest rate includes current margins and hedges and incorporates market forward variable interest rates on 14th May 2014

# Facility Details

| Amount ($'000) | | Facility | Maturity Date | | Years Remaining | Covenants |
|---|---|---|---|---|---|---|
| $ | 123,500 | Bank 1 5yr Facility | May-19 | | 5.00 | LVR - 60%<br>ICR - 2.00 times<br>WALE - 3 years |
| $ | 100,000 | Bank 2 5yr Facility | May-19 | | 5.00 | |
| $ | 123,500 | Bank 3 5yr Facility | May-19 | | 5.00 | |
| $ | 125,000 | Bank 4 5yr Facility | May-19 | | 5.00 | |
| $ | 50,000 | Bank 5 5yr Facility | May-19 | | 5.00 | |
| $ | 50,000 | Bank 6 5yr Facility | May-19 | | 5.00 | |
| $ | 25,000 | Bank 7 5yr Facility | May-19 | | 5.00 | |
| $ | 123,500 | Bank 1 4yr Facility | May-18 | | 4.00 | |
| $ | 100,000 | Bank 2 4yr Facility | May-18 | | 4.00 | |
| $ | 123,500 | Bank 3 4yr Facility | May-18 | | 4.00 | |
| $ | 50,000 | Bank 5 4yr Facility | May-18 | | 4.00 | |
| $ | 25,000 | Bank 7 4yr Facility | May-18 | | 4.00 | |
| $ | 97,500 | Bank 8 Facility | Jun-15 | | 1.13 | LVR - 65%, ICR - 1.25 times |
| $ | 1,116,500 | | | Weighted average excluding Northpoint debt | 4.3 | |
| $ | 69,671 | Bank 1 Facility | Dec-16 | | 2.60 | LVR - 55%, ICR - 2.00 times |
| $ | 1,186,171 | | | Weighted average including Northpoint debt | 4.2 | |

# Interest Rate Hedging Details

| Amount ($'000) | Fixed Rate | Maturity Date | | Years Remaining | % of Total |
|---|---|---|---|---|---|
| 100,000 | 4.15% | Dec-17 | | 3.6 | 8.96% |
| 100,000 | 3.99% | Nov-17 | | 3.5 | 8.96% |
| 86,450 | 5.95% | Sep-17 | | 3.3 | 7.74% |
| 90,000 | 4.14% | May-17 | | 3.0 | 8.06% |
| 80,000 | 3.86% | Aug-16 | | 2.2 | 7.17% |
| 100,000 | 4.38% | Jul-16 | | 2.1 | 8.96% |
| 31,730 | 5.90% | Feb-16 | | 1.7 | 2.84% |
| 133,000 | 5.19% | May-15 | | 1.0 | 11.91% |
| 62,400 | 2.99% | May-15 | | 1.0 | 5.59% |
| 100,000 | 2.98% | May-15 | | 1.0 | 8.96% |
| 83,700 | 4.94% | Oct-14 | | 0.4 | 7.50% |
| 149,220 | Unhedged | N/A | | N/A | 13.36% |
| 1,116,500 | | | Weighted average excluding Northpoint debt | 1.8 | 100.00% |
| 69,672 | Unhedged | N/A | | N/A | N/A |
| 1,186,172 | | | Weighted average including Northpoint debt | 1.7 | N/A |

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