

EQUITY RAISING OF UP TO \$300 MILLION TO FUND GROWTH OPPORTUNITIES

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Announcement Highlights

- Entitlement offer to raise up to approximately \$300 million at a fixed issue price of \$0.98 per Security
- FY19 operating earnings and distribution guidance reaffirmed¹
- Proceeds to fund Cromwell's CEREIT Investment and to initially repay debt
- Strengthened balance sheet with gearing reduced from 37% to between 30%-33%² on a pro forma basis
- Provides capacity to fund growth opportunities³ across both balance sheet and funds platform

Purpose of the Equity Raising

Cromwell Property Group (ASX:CMW) (Cromwell) today announces that it is undertaking a 2 for 13 accelerated non-renounceable entitlement offer of stapled securities in Cromwell (Securities) to raise up to approximately \$300 million at a fixed issue price of \$0.98 per Security (Equity Raising).

The Equity Raising is partially underwritten and, together with commitments received from major securityholders, the minimum proceeds are \$210 million (Committed Amount).⁴

Proceeds from the Equity Raising will be used to:

- fund Cromwell's approximately \$124 million (c. €79 million) equity commitment in Cromwell European Real Estate Investment Trust's (CEREIT) entitlement offer (CEREIT Investment); and
- repay debt, providing significant funding capacity to pursue a number of growth opportunities at various stages of progression across Cromwell's balance sheet and funds platform.

Cromwell CEO and Managing Director Paul Weightman said: "The Equity Raising proceeds provide Cromwell with the financial capacity to accelerate the 'Invest To Manage' strategy, and further leverage our ability to originate value enhancing opportunities across our businesses in both Australia and Europe, whilst maintaining an appropriate level of gearing."

"We have committed to subscribe in full for our pro rata share of CEREIT's entitlement offer, which supports the continued growth of CEREIT, as well as providing Cromwell with attractive standalone returns. The success of CEREIT has facilitated the ongoing transition of our European Assets Under Management (AUM) to more permanent sources of capital. Approximately 45% of European AUM will be long-term in nature following the completion of CEREIT's recently announced acquisitions, a large achievement by Cromwell over the past 12 months."

¹ FY19 guidance provided in FY18 Results Presentation released on the ASX on 23 August 2018.

² Range depends on participation of retail securityholders under the retail component of the Equity Raising which is partially underwritten.

³ There is no certainty that any of these opportunities will complete.

⁴ Assumes institutional offer of \$180 million.

“Cromwell has identified a number of accretive value-add development opportunities across the existing Australian balance sheet portfolio. After our recent successes at Soward Way and Northpoint, we are actively progressing three other significant development opportunities.”

“Cromwell is also actively pursuing several opportunities across its funds platform in Australia and Europe as well as direct investment opportunities which meet Cromwell’s return hurdles. Where appropriate, Cromwell will look to seed and warehouse assets and co-invest in funds to accelerate AUM growth, consistent with our ‘Invest To Manage’ strategy.”

Equity Raising

The Equity Raising is a 2 for 13 accelerated, non-renounceable entitlement offer of Securities to raise up to approximately \$300 million at a fixed issue price of \$0.98 per Security (Issue Price). The Committed Amount is \$210 million, comprising the underwritten amount and major securityholder commitments.

The Issue Price represents a:

- 4.9% discount to Cromwell’s last close price of \$1.030 on 23 November 2018;
- 4.0% discount to Cromwell’s 5-day VWAP⁵ of \$1.020 ending on 23 November 2018;
- 4.2% discount to TERP⁶ of \$1.023 as at 23 November 2018;
- FY19 operating earnings yield of 8.2%⁷ per Security; and
- FY19 distribution yield of 7.4%⁸ per Security.

Securities issued will rank equally with existing Cromwell Securities on issue with full entitlement to the 31 December 2018 quarterly distribution.

Entities associated with ARA Asset Management and Mr Gordon Tang (the two largest securityholders in Cromwell) hold approximately 28.5% of Cromwell Securities on issue and have committed to take up their pro rata entitlement under the Equity Raising, representing total support of \$86 million (28.5% of the Equity Raising).

Impact of Equity Raising

Cromwell reaffirms its FY19 guidance, being:

- operating earnings of not less than 8.00 cps; and
- distributions of not less than 7.25 cps.

On completion of the Equity Raising and following the CEREIT Investment, gearing reduces from 37% to between 30%-33%⁹ (pro forma as at 30 June 2018).

⁵ VWAP refers to the volume weighted average price.

⁶ TERP refers to the theoretical ex-right price at which Cromwell Securities should trade after the ex-date of the Equity Raising. TERP is a theoretical calculation only and the actual price at which Cromwell Securities trade at that time will depend on many factors and may not equal TERP.

⁷ Operating earnings yield calculated as the FY19 forecast earnings per Security of 8.00 cps divided by the issue price of \$0.98.

⁸ Distribution yield calculated as the FY19 forecast distribution per Security of 7.25 cps divided by the issue price of \$0.98.

⁹ Range depends on participation of retail securityholders under the retail component of the Equity Raising which is partially underwritten.

CEREIT Transaction

On 31 October 2018, CEREIT announced the acquisition of 23 properties across three portfolios in Europe with a total purchase price of €384 million (approximately \$600 million¹⁰), to be partially equity funded through an equity raising of approximately €224 million (approximately \$350 million¹⁰). These acquisitions are consistent with CEREIT's objective to grow its size and scale, and deepen its presence in attractive European markets through high-quality and well located freehold properties. Cromwell's equity investment in the CEREIT entitlement offer will maintain its 35.3% holding in CEREIT. CEREIT obtained securityholder approval for the acquisitions and equity raising on 15 November 2018.

Additional information

Additional information regarding the Equity Raising, including certain key risks, is contained in the investor presentation released to the ASX today. A Retail Offer Booklet will be released separately and sent to eligible retail securityholders. Those securityholders who have elected to receive notices by email will receive an email with a direct link to their personalised Entitlement and Acceptance Form and the Retail Offer Booklet. Securityholders who have not elected to receive notices by email will receive both documents by post.

An investor and analyst briefing teleconference call, followed by a question and answer session, will be held on Wednesday 28 November 2018 at 10.30am AEST. Investors and analysts wishing to participate should dial 1800 123 296 (from within Australia) or +61 2 8038 5221 (from outside of Australia) and ask to join the **Cromwell Property Group Equity Raising Conference Call** (conference ID number 8197518).

If you have any questions about the Retail Entitlement Offer, please do not hesitate to contact Link Market Services Limited (Cromwell's registry provider) on +61 1300 550 841 between 8.30am and 5.00pm AEDT Monday to Friday during the retail offer period from Tuesday 4 December 2018 to Thursday 13 December 2018.

Key dates

Event	Date (2018)
Institutional entitlement offer opens	Wednesday 28 November
Institutional entitlement offer closes	Thursday 29 November
Trading recommences on an ex-entitlement basis	Friday 30 November
Record date	7.00pm Friday 30 November
Retail entitlement offer booklet is dispatched and retail entitlement offer opens	Tuesday 4 December
Last date for receipt of early applications under the retail entitlement offer	5.00pm Monday 10 December
Settlement of new Securities issued under the institutional entitlement offer and early retail offer	Tuesday 11 December
Allotment and normal trading of new Securities issued under the institutional entitlement offer and early retail offer	Wednesday 12 December
Retail entitlement offer closes	Thursday 13 December
Allotment of remaining new Securities issued under the retail entitlement offer	Wednesday 19 December
Dispatch of holding statements and normal trading of remaining new Securities issued under the retail entitlement offer	Thursday 20 December

All dates and times in the table above are indicative only and subject to change. Unless otherwise specified, all times and dates refer to Australian Eastern Daylight Time (AEDT). Any changes to the timetable will be posted on Cromwell's website at www.cromwellpropertygroup.com.

¹⁰ The foreign exchange rate used in this announcement is 1 AUD: 0.64 EUR (exchange rate as at 22 November 2018).

Ends.

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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 30 June 2018, Cromwell had a market capitalisation of \$2.2 billion, a direct property investment portfolio in Australia valued at \$2.5 billion and total assets under management of \$11.5 billion across Australia, New Zealand and Europe.

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You should note that this announcement may contain certain “forward-looking statements” including but not limited to projections, estimates and guidance on Cromwell’s future financial performance and outlook and that such forward-looking statements are provided for illustrative purposes only and are not indicative of Cromwell’s actual performance for the relevant period; are based on assumptions and contingencies that are subject to change and involve known and unknown risks and uncertainties and other factors that are beyond the control of Cromwell and may not be reliably predictable; and should not be relied upon as an indication or guarantee of

future performance, and that actual results, performance and achievements may differ materially from those expressed or implied in such forward-looking statements and any assumptions on which these statements are based.