# EQUITY RAISING PRESENTATION

**28 November 2018**

# Important Information & Disclaimer

**NOT FOR DISTRIBUTION IN THE UNITED STATES**

**Disclaimer**

This presentation and its appendices (Presentation) is dated 28 November 2018 and has been prepared by Cromwell Property Group, which comprises Cromwell Corporation Limited (ACN 001 056 980) and Cromwell Diversified Property Trust (ARSN 102 982 598) (of which Cromwell Property Securities Limited (ACN 079 147 809, AFSL 238052) (CPSL) is the responsible entity). CPSL and Cromwell Corporation Limited are collectively referred to as the "Issuers". Units in the Cromwell Diversified Property Trust are stapled to shares in Cromwell Corporation Limited. The stapled securities are listed on the Australian Securities Exchange (ASX) (ASX Code: CMW).

**Summary Information**

This Presentation contains summary information about Cromwell Property Group which is current only as at the date of this Presentation. This Presentation contains summary financial information about Cromwell Property Group as at 30 June 2018. Statutory financial information of Cromwell Property Group as at 30 June 2018 has been audited by its auditors. Operating financial information of Cromwell Property Group has not been subjected to audit or review. The information in this Presentation is subject to change without notice and does not purport to be complete or comprehensive. This Presentation does not purport to contain or summarise all information that an investor should consider when making an investment decision. This Presentation should be read in conjunction with Cromwell Property Group's other periodic and continuous disclosure announcements lodged with the ASX, which are available at www.asx.com.au.

The information in this Presentation (including summary financial information about the Cromwell European Real Estate Investment Trust (CEREIT)) has been obtained from or based on sources believed by Cromwell Property Group to be reliable. To the maximum extent permitted by law, Cromwell Property Group, its underwriters, their affiliates, officers, employees, agents and advisors do not make any warranty, express or implied, as to the currency, accuracy, reliability or completeness of the information in this Presentation and disclaim all responsibility and liability for the information (including, without limitation, liability for negligence).

None of the underwriters, nor any of their respective affiliates, related bodies corporate, directors, officers, employees, agents or advisers have authorised, caused or permitted the issue, submission or dispatch of this Presentation, nor do they make any recommendation as to whether any potential investor should participate in the offer of stapled securities in Cromwell Property Group (Securities) referred to in this Presentation. None of them makes or purports to make any statement in this Presentation and there is no statement in this Presentation which is based on any statement by them. Further, none of them accept any fiduciary obligation to or relationship with any investor in connection with the offer of securities or otherwise.

The terms and conditions of the retail component of the Equity Raising (as defined herein) will be set out in full in the retail offer booklet for the Equity Raising (Retail Offer Booklet).

Cromwell Property Group reserves the right to withdraw or vary the timetable included in this Presentation.

**Not Financial Product Advice**

This Presentation does not constitute investment or financial product advice (nor tax, accounting or legal advice) or any recommendation by Cromwell Property Group or its advisers to acquire entitlements or Securities and does not and will not form any part of any contract for the acquisition of entitlements or the Securities. The information in this Presentation does not take into account any investor's individual objectives, financial situation or needs. Therefore, before making an investment decision, investors should consider, with or without a financial or taxation adviser, the appropriateness of the information in this Presentation and have regard to their own objectives, financial situation and needs. Investors should seek such financial, legal or tax advice as they deem necessary or consider appropriate for their particular jurisdiction. Cromwell Corporation Limited is not licensed to provide financial product advice in respect of Cromwell Corporation Limited shares or the Securities. Cooling off rights do not apply to the acquisition of the Securities.

An investment in Cromwell Property Group is subject to known and unknown risks, some of which are beyond the control of Cromwell Property Group. Investors should have regard to the risk factors outlined in this Presentation, including "Appendix D –Key Risks" when making their investment decision.

To the extent that general financial product advice in respect of the issue of Cromwell Diversified Property Trust units as a component of the Securities is provided in this Presentation, it is provided by CPSL. CPSL and its related bodies corporate, and their associates, will not receive any remuneration or benefits in connection with that advice. Directors and employees of CPSL do not receive specific payments of commissions for the authorised services provided under its Australian financial services licence. They do receive salaries and may also be entitled to receive bonuses, depending upon performance. CPSL is a wholly owned subsidiary of Cromwell Corporation Limited.

**Financial Information**

All information in this Presentation is in Australian dollars unless otherwise stated. Cromwell Property Group has a 30 June financial year end, and all references to “FY” refer to the financial year ending 30 June. All statistics of Cromwell Property Group include the 50% share of Northpoint Tower unless otherwise stated. Investors should note that this Presentation contains selected pro forma historical financial information of Cromwell Property Group, including a pro forma balance sheet, illustrating the impact of the Equity Raising (as defined herein) and the CEREIT Investment (as defined herein). This Presentation also contains certain pro forma historical financial information of CEREIT illustrating the impact of the CEREIT Transaction (as defined herein). The pro forma financial information provided in this Presentation is for illustrative purposes only and is not represented as being indicative of Cromwell Property Group’s views on its future financial condition and/or performance. The pro forma historical financial information included in this Presentation does not purport to be in compliance with Article 11 of Regulation S-X of the rules and regulations of the U.S. Securities and Exchange Commission. Investors should also be aware that certain financial data included in this Presentation are "non-IFRS financial information" under ASIC Regulatory Guide 230 "Disclosing non-IFRS financial information" published by the Australian Securities and Investments Commission (ASIC) and "non-GAAP financial measures" under Regulation G of the U.S. Securities Exchange Act of 1934, as amended, and are not recognised under Australian Accounting Standards (AAS) and International Financial Reporting Standards (IFRS). The non-IFRS financial/non-GAAP financial measures include funds under management (FUM), gearing, pro forma gearing, distributions per Security, net tangible assets (NTA), NTA per Security, EPS yield, DPS yield and capitalisation rates. The disclosure of such non-GAAP financial measures in the manner included in this Presentation would not be permissible in a registration statement under the U.S. Securities Act of 1933, as amended (Securities Act). Cromwell Property Group believes these non-IFRS financial information and non-GAAP financial measures provide useful information to users in measuring the financial performance and conditions of Cromwell Property Group. The non-IFRS financial information and non-GAAP financial measures do not have a standardised meaning prescribed by AAS and, therefore, are not measures of financial performance, liquidity or value under the IFRS or U.S. GAAP and may not be comparable to similarly titled measures presented by other entities, nor should they be construed as an alternative to other financial measures determined in accordance with AAS. Investors are cautioned, therefore, not to place undue reliance on any non-IFRS financial information or non-GAAP financial measures and ratios included in this Presentation.

# Important Information & Disclaimer

**Future Performance**

This Presentation contains "forward-looking" statements. Forward-looking statements can generally be identified by the use of forward-looking words such as "anticipated", "expected", "projections", 'guidance', 'forecast", "estimates", "could", "may", "target", "consider", and "will" and other similar expressions and include, but are not limited to, earnings and distributions guidance, change in NTA, expected gearing, the outcome and effects of the CEREIT Investment and Equity Raising and the use of proceeds. Forward looking statements, opinions and estimates are based on assumptions and contingencies which are subject to certain risks, uncertainties and change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions. The forward-looking statements contained in this Presentation are not guarantees or predictions of future performance and involve known and unknown risks and uncertainties and other factors, many of which are beyond the control of Cromwell Property Group and may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct. Any "forward-looking" statements are based on assumptions and contingencies which are subject to change without notice. Any forward-looking statements are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. No representation or warranty, express or implied, is made as to the accuracy, likelihood of achievement or reasonableness of any forecasts, prospects, returns or statements in relation to future matters contained in this Presentation. Except as required by law or regulation, Cromwell Property Group undertakes no obligation to provide any additional or updated information whether as a result of new information, future events or results or otherwise.

Forward-looking statements including projections, indications or guidance on future earnings or financial position and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. Should one or more of the risks or uncertainties materialise, or should underlying assumptions prove incorrect, there can be no assurance that actual outcomes will not differ materially from these statements. To the fullest extent permitted by law, Cromwell Property Group and its directors, officers, employees, advisers, agents and intermediaries disclaim any obligation or undertaking to release any updates or revisions to the information to reflect any change in expectations or assumptions.

An investment in the Securities and the outcome of the matters referred to in forward-looking statements are subject to investment and other known and unknown risks, some of which are beyond the control of Cromwell Property Group, including possible delays in repayments and loss of income and principal invested. Please see "Appendix D – Key risks" of this Presentation for further details. Cromwell Property Group does not guarantee any particular rate of return or the performance of an investment in Cromwell Property Group nor do they guarantee the repayment of capital from any such investment or any particular tax treatment. Persons should have regard to the risks outlined in this Presentation.

**Past Performance**

Past performance information given in this Presentation is given for illustration purposes only and should not be relied upon as (and is not) an indication of future performance. Actual results could differ materially from those referred to in this Presentation.

**No Offer**

This Presentation is not an offer or an invitation to acquire new Securities (New Securities) or any other financial products and is not a prospectus, product disclosure statement or other offering document under Australian law or any other law. This Presentation is given for information purposes only.

This Presentation may not be distributed or released in the United States and does not constitute an offer to sell, or the solicitation of an offer to buy, any Securities in the United States or any other jurisdiction. The New Securities have not been, and will not be, registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold directly or indirectly in the United States or to, or for the account or benefit of any person in the United States (to the extent such persons hold Securities in Cromwell Property Group and are acting for the account or benefit of a person in the United States), unless they have been registered under the Securities Act or are offered and sold in a transaction exempt from, or not subject to, the registration requirements of the Securities Act and any other applicable US state securities laws of any state or other jurisdiction of the United States.

This Presentation may not be released or distributed in the United States. The release, publication or distribution of this Presentation (including an electronic copy) outside Australia may be restricted by law. If you come into possession of this Presentation, you should observe such restrictions and should seek your own advice on such restrictions. Any non-compliance with these restrictions may contravene applicable securities laws. Refer to "Appendix E – Foreign Selling Restrictions" of this Presentation for more information.

**Underwriters**

The underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include trading, financial advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services including for which they have received or may receive customary fees and expenses or other transaction consideration. In the course of these activities, the underwriters and their respective affiliates may at any time for their own account and for the accounts of their clients make or hold investments in equity securities or other financial products of, or make co-investments with, the Issuers, their affiliates and/ or funds they manage, and may at any time also provide debt financing and corporate or financial advisory services to the Issuers or their affiliates, and receive customary fees and expenses or other transaction consideration in respect of such activities. The underwriters are acting as joint lead managers and underwriters to the Equity Raising for which they have received or expect to receive fees and reimbursement of expenses. Also, an affiliate of Goldman Sachs Australia Pty Ltd (Goldman Sachs) is a vendor of certain of the properties that CEREIT has announced that it will be acquiring. A portion of the proceeds being raised under the offer will be used to fund Cromwell Property Group's participation in CEREIT's rights issue that is being undertaken to partially fund the acquisition of those properties. As such, the proceeds raised under the CEREIT Transaction (as defined herein) could be used by CEREIT to pay the purchase consideration to the vendors of the properties being acquired, including to the affiliate of Goldman Sachs. Additionally, an affiliate of the Issuers has been appointed by an affiliate of Goldman Sachs to manage certain properties in Europe, for which they expect to receive fees and reimbursement of expenses.

# Equity Raising Overview

| | |
|---|---|
| **Equity Raising** | ▪ Cromwell Property Group (**Cromwell**) is undertaking a 2 for 13 accelerated non-renounceable entitlement offer of stapled securities in Cromwell (**Securities**) to raise up to $300 million at a fixed issue price of $0.98 per Security (**Equity Raising**)<br>▪ The Equity Raising is partially underwritten and together with commitments received from major securityholders the minimum proceeds are $210 million (**Committed Amount**)[1]<br>▪ Entities associated with ARA Asset Management and Mr Gordon Tang (the two largest securityholders in Cromwell) have committed to take up their pro rata entitlement under the Equity Raising<br>    ▪ Collectively this support represents approximately $86 million, accounting for 28.5% of the Equity Raising |
| **Use of proceeds** | ▪ Funding for Cromwell's c.$124m equity commitment in Cromwell European Real Estate Investment Trust (**CEREIT**) entitlement offer (**CEREIT Investment**)<br>    ▪ Supports CEREIT's equity raising of c.$350m[2] to fund the acquisition of 23 predominantly freehold office and logistics assets in Europe (**CEREIT Transaction**), securing c.$600m of FUM[3] for Cromwell<br>▪ Repayment of debt providing significant funding capacity to pursue a number of growth opportunities[4] at various stages of progression while maintaining an appropriate capital structure, including:<br>    ▪ Value-add opportunities across the existing Australian balance sheet portfolio;<br>    ▪ Select direct Australian real estate investment opportunities, should they meet required return hurdles; and<br>    ▪ Growth opportunities in Cromwell's funds platform across ANZ and Europe, leveraging the group's existing scale |
| **Financial impact** | ▪ Cromwell reaffirms its FY19 guidance[5], being:<br>    ▪ Operating earnings expected to be not less than 8.00 cps[6], representing a 8.2% yield on the issue price<br>    ▪ Distributions expected to be not less than 7.25 cps, representing a 7.4% yield on the issue price<br>▪ On completion of the Equity Raising and CEREIT Investment, gearing[7] reduces from 37% to between 30% - 33%[8] (pro forma as at 30 June 2018) |

1. Assumes institutional offer of $180 million.
2. CEREIT's equity raising is €224.1m with Cromwell equity commitment of €79.1m securing €384.4m of AUM. The foreign exchange rate used in this presentation is 1 AUD: 0.64 EUR (exchange rate as at 22 November).
3. FUM refers to funds under management.
4. There is no certainty that any of these opportunities will complete.
5. FY19 guidance provided in FY18 Results Presentation released on ASX on 23 August 2018.
6. cps refers to cents per security.
7. Gearing calculated as (total borrowings less cash) divided by (total tangible assets less cash).
8. Range depends on participation of retail security holders under the retail component of the Equity Raising which is partially underwritten.

# Transaction Rationale

## 1

**CEREIT Investment provides attractive standalone returns, supports CEREIT's continued growth and furthers Cromwell's transition of its funds platform to permanent capital sources**

- Investment offers an attractive distribution yield[1] of 10.8% (pre fees to Cromwell and at the CEREIT entitlement offer issue price)
- Supports the continued growth of CEREIT
- Secures c.$600 million of FUM and maintains Cromwell's 35.3% stake
- c.45% of Cromwell Europe's FUM transitioned to permanent capital over the past 12 months

## 2

**Funding capacity to pursue accretive value add development opportunities across existing Australian Core+ and Active real estate portfolio**

- Tuggeranong Office Park – construction has commenced to repurpose into retirement or assisted living units
- Victoria Avenue, Chatswood – development application submitted with construction expected to commence in 2019 for a multi-purpose office, hotel, and retail building
- 700 Collins Street, Melbourne – development application to be submitted in early 2019 for office and hotel/residential accommodation

## 3

**Gearing reduced from 37% to between 30%-33%[2] pro forma for CEREIT Investment and Equity Raising, providing balance sheet capacity to fund further growth opportunities**

- Pursuing direct Australian real estate investment opportunities, committing capital only where return hurdles are met
- Several opportunities are being actively pursued across Cromwell's funds platform
- Cromwell will look to seed and warehouse assets and co-invest in funds to accelerate AUM growth, consistent with Cromwell's 'Invest to Manage' strategy
- These opportunities across Australia, New Zealand and UK/Europe are at varying stages of progression, potentially in some circumstances including undertaking due diligence investigations[3]

1. Distribution yield calculated based on annualised DPU for 7 months till 30 June 2018, assuming that leases relating to the CEREIT Transaction acquisitions were in place from IPO and is based on the issue price of €0.373 per security.
2. Range depends on participation of retail security holders under the retail component of the Equity Raising which is partially underwritten.
3. There is no certainty that any of these opportunities will complete.

# Overview of CEREIT Transaction[1]

**Acquisition of 23 properties for $600m (€384m) across 3 portfolios in Europe**

- Partly funded via capital raising of c.$350m (c.€224m) announced on 31 October 2018
- Cromwell equity investment to maintain its 35.3% holding in CEREIT, required an additional c.$124m (c.€79m) equity commitment
- EGM approval by CEREIT unitholders received on 15 November 2018

**CEREIT rationale for transaction**

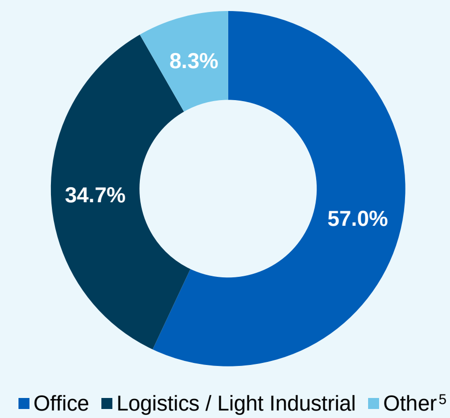
- High quality, well-located predominantly freehold properties
- Exposure to attractive Finnish and Polish office markets, which are among Europe's fastest growing economies
- Exposure to Italian office and French logistics markets
- Consistent with investment strategy
  - Enhanced geographical diversification across 7 countries
  - Enhanced tenant diversification
  - Enhance size, scale and presence in key European markets
- Portfolio positioned for long-term sustainable growth

**CEREIT Overview**

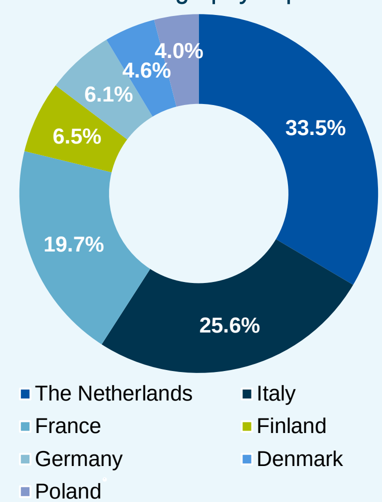
| CEREIT key metrics | Pre-CEREIT Transaction[2] | Post-CEREIT Transaction |
|---|---|---|
| Total portfolio value | $2.2bn | $2.8bn[3] |
| Market capitalisation | $1.3bn | $1.7bn[4] |
| Number of properties | 75 | 98 |
| Gearing | 33.9% | 36.6% |

**Geographic and asset class composition (by CEREIT FUM)**

Balanced Asset Class Exposure[3]




Diversified Geography Exposure[3]




Source: CEREIT company filings

1. The 3 portfolios comprise of 16 properties across The Netherlands, Finland and Poland with a purchase price of €312.5m (New Properties); 5 properties in France with a purchase price of €34.4m (French Properties); and 2 properties in Italy with a purchase price of €37.5m (Italian Properties).
2. As at 31 March 2018.
3. Based on valuation of the existing portfolio (except Ivrea) as of 31 March 2018 and the valuation of Ivrea on 1 April 2018; the average of the two independent valuations of the New Properties as at 27 September 2018; and the independent valuations of the Italian Properties as at 30 September 2018 and the French Properties as at 19 October 2018.
4. Post-CEREIT Transaction market capitalisation is calculated based on the theoretical ex-right price multiplied by the total securities on issue post-CEREIT Transaction.
5. Others include three government-let campuses, one retail property and one hotel in Italy on master lease.

# Property Portfolio – FY19+ Value Enhancement Opportunities

## Victoria Avenue, Chatswood

- Development application submitted April 2018 to add new four storey office building, hotel, retail and other amenity to site
- Result of DA expected by December 2018, with construction, subject to Council approval, starting in 2019
- Likely to be a multi-stage process (office then hotel) with estimated development cost of c.$80 million over 2 years

**Artist Impression Victoria Avenue, Chatswood**

# Property Portfolio – FY19+ Value Enhancement Opportunities

**Tuggeranong Office Park**

- Cromwell has a 50% ownership interest in LDK Healthcare, the operator of a planned >350 apartment community at Tuggeranong
- Construction has commenced converting the old office buildings (mid blue in diagram on right) to aged care, with the first sales suite to open in 2019
- Total cost of project expected to be over $150m
- The site has capacity for 35,000 sqm of further development either as office or complementary uses to aged care (dark blue in diagram on right)
- Cromwell is actively looking for future development sites and conversion opportunities


Tuggeranong Park, ACT

# Property Portfolio – FY19+ Value Enhancement Opportunities

**Collins Street, Melbourne**

- Development application expected to be submitted in early 2019
- Site capacity for additional 14,000 sqm of office, 175 room hotel and residential accommodation
- Likely partnership opportunity with specialist and residential/build to rent operators and developers
- Premium office location in close proximity to Southern Cross station

Collins Street, Docklands

# Property Portfolio – FY18 Value Enhancements Completed

Both Soward Way and Northpoint Tower, representing a combined $300 million in capital investment, reached practical completion in FY18.

## Soward Way, ACT

- Bespoke 30,704 sqm new building constructed for Department of Social Services (DSS) on a 15 year lease
- Project commenced in August 2015 and completed on time and on budget ($170 million) in September 2017
- Completion valuation of $260 million, 54% above cost
- 5 star Green Star rating and a 4.5 NABERS energy rating

## Northpoint Tower, North Sydney

- Project commenced early 2016 and reached practical completion in March 2018, on budget ($138 million) and on time
- Focus on leasing remaining office space (89.2% occupied)
- Heads of agreement have been signed over remaining food and retail tenancies, to progressively open over the next few months
- Early Light International acquired 50% interest in Northpoint from Redefine Properties on 1 August 2018 for $300 million

Soward Way, ACT

Northpoint Lobby, North Sydney

# Sources and Uses of Funds

| Sources of funds | $m |
| --- | --- |
| Equity Raising proceeds | 300.6[1] |
| **Total sources** | **300.6** |

| Uses of funds | $m |
| --- | --- |
| CEREIT Investment | 123.7 |
| Repayment of bank debt | 171.4[1] |
| Transaction costs | 5.5 |
| **Total uses** | **300.6** |

| | |
| --- | --- |
| **Guidance maintained** | ▪ FY19 operating earnings expected to be maintained at not less than 8.00 cps<br>▪ FY19 distributions expected to be maintained at not less than 7.25 cps |
| **Gearing** | ▪ Gearing to reduce from 37% to between 30% - 33%[2] as at 30 June 2018 and pro forma for CEREIT Investment and Equity Raising<br>▪ Look through gearing[3] to reduce from 43% to between 38% - 40%[2] as at 30 June 2018 and pro forma for CEREIT Investment and Equity Raising |
| **Redeployment of proceeds** | ▪ Proceeds will be partially used to repay $171m of Australian bank debt prior to redeployment into value add development opportunities<br>▪ Financial capacity to pursue acquisition opportunities that Cromwell is actively considering in Australia/New Zealand and UK/Europe, subject to achieving targeted return hurdles |

1. Assumes 100% participation of retail securityholders under the retail component of the Equity Raising which is partially underwritten. At the Committed Amount, repayment of bank debt will be $81m.
2. Range depends on participation of retail security holders under the retail component of the Equity Raising which is partially underwritten.
3. Look through gearing adjusts for the 50% interest in Northpoint Tower and 35% of CEREIT.

# Equity Raising Details

| | |
|---|---|
| **Structure** | ▪ 2 for 13 accelerated, non-renounceable entitlement offer to raise up to $300 million<br>▪ Committed Amount of $210 million[1], comprising underwritten amount and major securityholder commitments |
| **Issue price** | ▪ Issue price of $0.98 per security represents a:<br>    ▪ 4.9% discount to the last closing price of $1.030 on 23 November, 2018<br>    ▪ 4.0% discount to the 5-day VWAP[2] of $1.020 ending on 23 November, 2018<br>    ▪ 4.2% discount to the TERP[3] of $1.023 as at 23 November 2018<br>    ▪ FY19 operating earnings yield[4] of 8.2% per security<br>    ▪ FY19 distribution yield[5] of 7.4% per security |
| **Retail Entitlement Offer** | ▪ Retail investors will be able to apply for additional securities beyond their entitlement (to the extent other securityholders do not take up their full entitlement) up to 50% of their full entitlement<br>▪ The allocation of additional new securities will be at Cromwell's discretion and subject to scale back |
| **Ranking** | ▪ Securities will rank equally with existing Cromwell securities on issue with full entitlement to the 31 December 2018 quarterly distribution |
| **Major securityholder commitments** | ▪ Entities associated with ARA Asset Management and Mr Gordon Tang (the two largest securityholders in Cromwell) have committed to take up their pro rata entitlement under the Equity Raising<br>    ▪ Collectively this support represents approximately $86 million, accounting for 28.5% of the Equity Raising |

1. Assumes institutional offer of $180 million.
2. VWAP refers to the volume weighted average price.
3. 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.
4. Operating earnings yield calculated as the FY19 forecast earnings per security of 8.00 cps divided by the issue price of $0.98.
5. Distribution yield calculated as the FY19 forecast distribution per security of 7.25 cps divided by the issue price of $0.98.

# Indicative Timetable

| Event | Date[1] |
|---|---|
| Announcement of Equity Raising | Wednesday, 28 November 2018 |
| Institutional Entitlement Offer opens | Wednesday, 28 November 2018 |
| Institutional Entitlement Offer closes | Thursday, 29 November 2018 |
| Trading halt lifted – securities recommence trading on ASX on an "ex-entitlement" basis | Friday, 30 November 2018 |
| Record date for determining entitlement to subscribe for new securities | Friday, 30 November 2018 |
| Retail Offer Booklet despatched and Retail Entitlement Offer opens | Tuesday, 4 December 2018 |
| Last date for receipt of Early Retail Entitlement Offer applications | Monday, 10 December 2018 |
| Settlement of Institutional Entitlement Offer and Early Retail Entitlement Offer | Tuesday, 11 December 2018 |
| Allotment and normal trading of new securities under the Institutional Entitlement Offer and Early Retail Entitlement Offer | Wednesday, 12 December 2018 |
| Retail Entitlement Offer closes | Thursday, 13 December 2018 |
| Allotment of new securities under the remainder of the Retail Entitlement Offer | Wednesday, 19 December 2018 |
| Despatch of holding statements and normal trading of newly issued securities under the remainder of the Retail Entitlement Offer | Thursday, 20 December 2018 |

1. All dates are indicative only and subject to change.

# Conclusion

- CEREIT Investment expected to provide attractive standalone returns, support CEREIT's continued growth and further Cromwell's transition of funds platform to permanent capital sources
- Strengthened balance sheet with gearing reduced from 37% to between 30% - 33%[1] pro forma for CEREIT investment and equity raising
- Funding capacity to pursue a number of value enhancing growth opportunities across Cromwell's balance sheet and funds platform in ANZ and Europe
- FY19 guidance maintained

1. Range depends on participation of retail security holders under the retail component of the Equity Raising which is partially underwritten.

CROMWELL PROPERTY GROUP

APPENDIX A

# Pro Forma Balance Sheet

# Pro Forma Balance Sheet

| $m | Actual 30 June 2018 | DRP 24/8/18 PRP 17/9/18 DRP 23/11/18 | CEREIT Mgt Fees in units | Equity Raising[1] | CEREIT Investment[2] | CEREIT Acq'n Fees in units / cash | Pro Forma 30 June 2018 A$300m raise | Pro Forma 30 June 2018 A$210M raise[4] |
|---|---|---|---|---|---|---|---|---|
| Cash and cash equivalents | 204.6 | 8.2 | - | 123.7 | (123.7) | 1.4 | 214.2 | 214.2 |
| Investment property | 2,451.1 | - | - | - | - | - | 2,451.1 | 2,451.1 |
| Investment property classified as held for sale | 0.9 | - | - | - | - | - | 0.9 | 0.9 |
| Equity accounted investments | 702.4 | - | 6.5 | - | 123.7 | 4.9 | 837.5 | 837.5 |
| Intangible assets | 2.3 | - | - | - | - | - | 2.3 | 2.3 |
| Other assets[3] | 105.0 | - | - | - | - | - | 105.0 | 105.0 |
| **Total assets** | **3,466.3** | **8.2** | **6.5** | **123.7** | **-** | **6.3** | **3,611.0** | **3,611.0** |
| | | | | | | | | |
| Borrowings | (1,412.0) | - | - | 171.4 | - | - | (1,240.6) | (1,331.2) |
| Derivative financial instruments | (37.7) | - | - | - | - | - | (37.7) | (37.7) |
| Other liabilities | (115.1) | - | - | - | - | - | (115.1) | (115.1) |
| **Total Liabilities** | **(1,564.8)** | **-** | **-** | **171.4** | **-** | **-** | **(1,393.4)** | **(1,484.0)** |
| **Net assets** | **1,901.5** | **8.2** | **6.5** | **295.1** | **-** | **6.3** | **2,217.6** | **2,127.0** |
| | | | | | | | | |
| Securities on issue (m) | 1,985.3 | 8.3 | - | 306.7 | - | - | 2,300.3 | 2,208.0 |
| | | | | | | | | |
| **Net tangible assets per security** | **$0.96** | | | | | | **$0.97** | **$0.97** |
| **Gearing** | **37%** | | | | | | **30%** | **33%** |

1. Issue of securities in conjunction with Equity Raising, with proceeds used to fund CEREIT investment, repay debt and associated transaction costs with the Equity Raising.
2. Cromwell's interest in CEREIT is recorded as an equity investment.
3. Including interest rate swaps.
4. Based on Committed Amount comprising underwritten amount and major securityholder commitments.

APPENDIX B

# Overview of Cromwell Property Group

# Cromwell Property Group Overview

- Cromwell is a real estate investor and manager operating on three continents with a global investor base
- Cromwell offers securityholders an attractive combination of stable long term cash flows, demonstrated asset enhancement capabilities and transactional profits, and low risk exposure to Asian capital flows and European economic growth
- Cromwell maintains a strong and secure balance sheet and long-dated Australian property portfolio which enable it to recycle assets and reinvest into its property investment and funds management businesses

## Property Investment

**Maintain defensive core portfolio** characteristics of strong tenant covenant, long WALE and fixed rental increment

**Repurpose, reposition or transform** active asset portfolio to improve asset quality and realise additional value

**Transition to Core** | **Realise Profits**

**Manage property internally** to understand risk and opportunity more clearly than others

Continually looking for value based investment opportunities

## Funds Management

**WHOLESALE**

Focus on **core, core plus and value add** opportunities

**Select wholesale partnerships**

Ability to execute mandates across all investment styles

**RETAIL**

Provide investors with a **range of product** options via either open ended funds or closed, unlisted trusts

Focus on delivering an attractive yield with low volatility

**LISTED**

Provide investors with a liquid investment and stable, secure and sustained distributions per security

# Increased Investment Focus To Drive Future Growth

- The ‘**Invest To Manage**’ strategy involves connecting different capital sources to a range of different pipeline opportunities
- The strategy will use capital profits and other capital sources to fund the seeding and warehousing of assets, and co-investment in funds to accelerate FUM growth
- FY18 saw successful execution of this strategy with the warehousing of three Dutch assets for the successful IPO of CEREIT
- The opportunities are likely to crystallise at different times depending on a range of factors (market conditions, opportunity, capital availability)

# Cromwell Property Group Statistics[1]

## Diverse Product Range

### Portfolio

**$11.5bn** FUM

**320+** properties

**4.0m** sqm

**3,800+** tenants

## Track Record of Successful Partnerships

### Platform

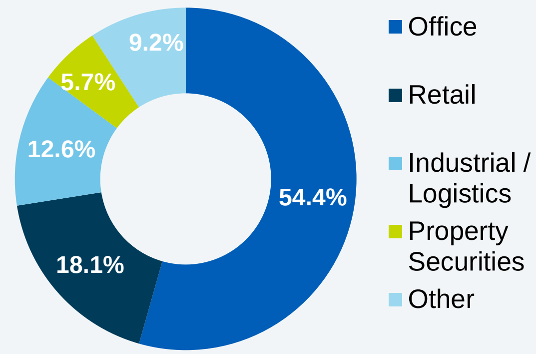
**380+** people

**15** countries

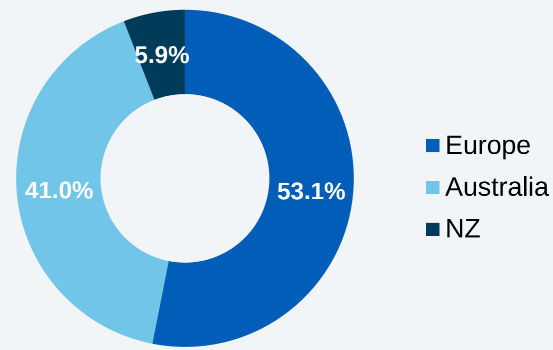
**30** offices

## Sector and geographic diversification

### FUM by Sector




### FUM by Geography




1. As at 30 June 2018

# Property Portfolio - Snapshot as at 30 June 2018

**Focus on secondary assets in CBD, CBD fringe and established suburban markets with potential to outperform**

**58%**
Wale: 11.1 yrs
Occupancy: 99.9%
NOI: 4.6%

## Core Portfolio

Long WALE, full occupancy low incentives / capex

**QANTAS GLOBAL HQ**
Mascot, NSW

**MCKELL BUILDING**
Sydney, NSW

**STATION STREET**
Penrith, NSW

**CROWN STREET**
Wollongong, NSW

**FARRER PLACE**
Queanbeyan, NSW

**BULL STREET**
Newcastle, NSW

**700 COLLINS STREET**
Docklands, VIC

**VILLAGE CINEMAS**
Geelong, VIC

**SOWARD WAY**
Greenway, ACT

**36%**
Wale: 3.8yrs
Occupancy: 96.2%
NOI: 1.6%

## Core+ Portfolio

Medium term WALE with leasing upside

**207 KENT STREET**
Sydney, NSW

**475 VICTORIA AVENUE**
Chatswood, NSW

**REGENT CINEMA CENTRE**
Albury, NSW

**19 NATIONAL CIRCUIT**
Barton, ACT

**TGA COMPLEX**
Symonston, ACT

**HQ NORTH TOWER**
Fortitude Valley, QLD

**200 MARY STREET**
Brisbane, QLD

**6%**
Wale: 2.9yrs
Occupancy: 79.8%
NOI: (14.8%)

## Active Portfolio

Vacant, near vacant & / or being actively repositioned

**TUGGERANONG OFFICE PARK**
Greenway, ACT

**TUGGERANONG CAR PARK**
Greenway, ACT

**ORACLE BUILDING**
Lyneham, ACT

**LOVETT TOWER**
Woden, ACT

**BORROWDALE HOUSE**
Woden, ACT

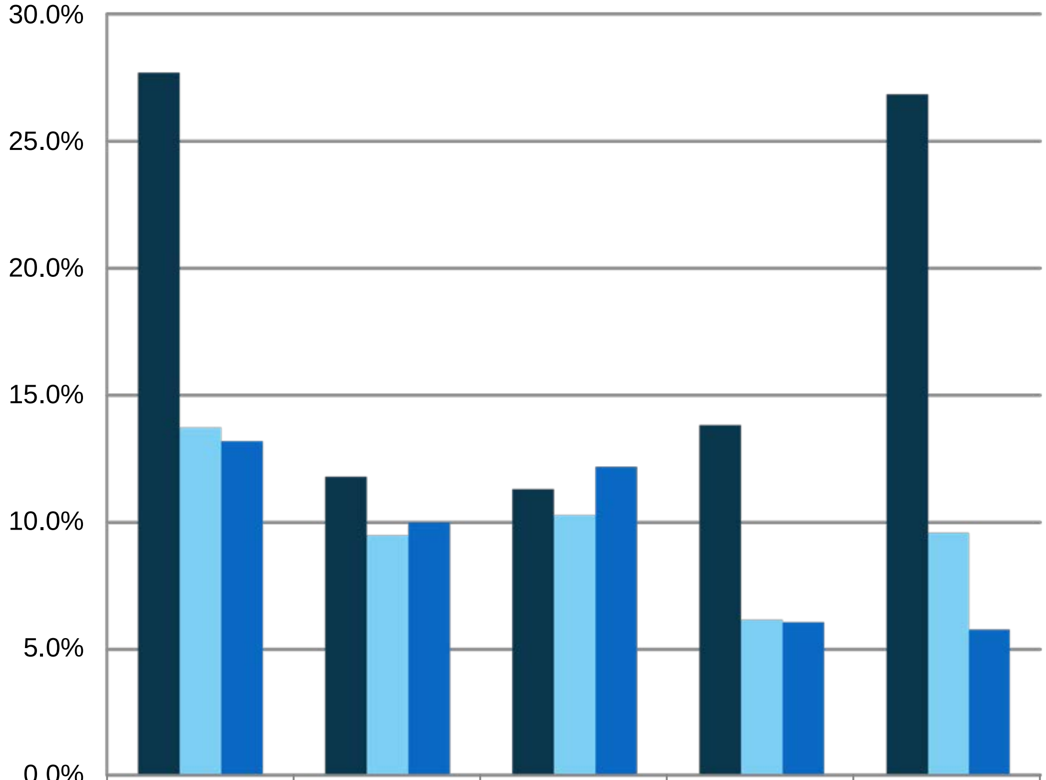
**WAKEFIELD STREET**
Adelaide, SA

**STURTON ROAD**
Edinburgh Park, SA

# Increased Investment Focus To Drive Future Growth

- Cromwell is positioning itself to deliver future operating profit growth by utilising existing liquidity and ongoing asset recycling initiatives
- Success of CEREIT, growth in Funds Management, support from new capital partners and opportunities identified, provide confidence to invest further in the growth of the Platform
- Strategy to invest to leverage returns from additional management revenues ("Invest to Manage") and create value
- Balance Sheet liquidity and asset recycling will fund initiatives to build enterprise value, add to medium term earnings and generate higher TSR
- Some distributable cash will be reinvested back into the business for further growth

Cromwell Annualised Performance Returns to 30 June 2018




| | 1 year | 3 year | 5 year | 10 year | 15 year |
|---|---|---|---|---|---|
| Cromwell Total Return | 27.7% | 11.8% | 11.3% | 13.8% | 26.8% |
| All Ordinaries Accumulation Index | 13.7% | 9.5% | 10.3% | 6.2% | 9.6% |
| S&P / ASX 300 A-REIT Accumulation Index | 13.2% | 10.0% | 12.2% | 6.1% | 5.8% |

APPENDIX C

# Overview of CEREIT

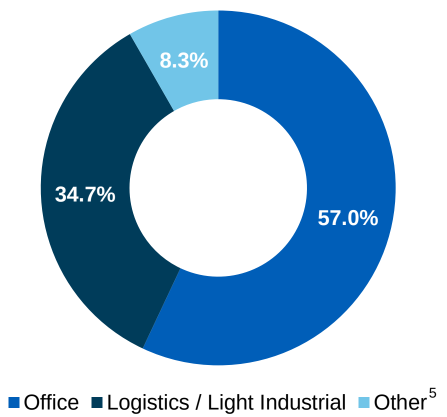
# Overview of CEREIT

### Outperformance since IPO

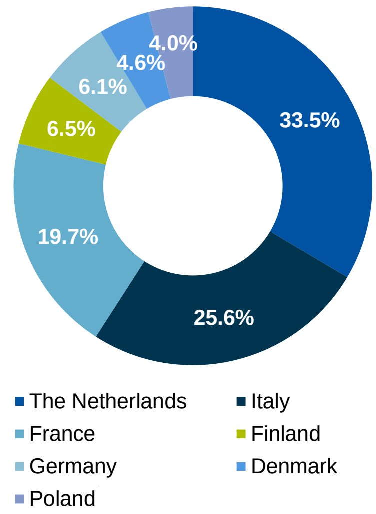
- CEREIT now has three consecutive quarters of results after successful listing on Singapore Exchange Securities Trading Limited (the SGX-ST) on 30th November 2017
- Exceeded IPO forecast for all key performance metrics[1]
- Paid maiden distribution of 2.53 euro cents per security in September 2018[2]
- Over 90% of portfolio value invested in office and logistics / light industrial
- CEREIT is focused on organic value creation through active asset management and is pursuing a number of portfolios to support its inorganic growth ambitions[1]
- Operational presence in Singapore, the largest wealth management centre in Asia, has demonstrably increased Cromwell's exposure to local institutional investors and other capital providers

### Geographic and asset class composition[3]

Balanced Asset Class Exposure[4]




Diversified Geography Exposure[4]




1. CEREIT financial results for third quarter ended 30 September 2018 and the Financial Period from 30 November 2017 to 30 September 2018.
2. CEREIT financial results for second quarter ended 30 June 2018 and the Financial Period from 30 November 2017 to 30 June 2018.
3. Pro forma for acquisition of the three portfolios – CEREIT Transaction.
4. Based on valuation of the existing portfolio (except Ivrea) as of 31 March 2018 and the valuation of Ivrea on 1 April 2018; the average of the two independent valuations of the New Properties as at 27 September 2018; and the independent valuations of the Italian Properties as at 30 September 2018 and the French Properties as at 19 October 2018.
5. Others include three government-let campuses, one retail property and one hotel in Italy on master lease.

# Funds Management – CEREIT Post Acquisitions

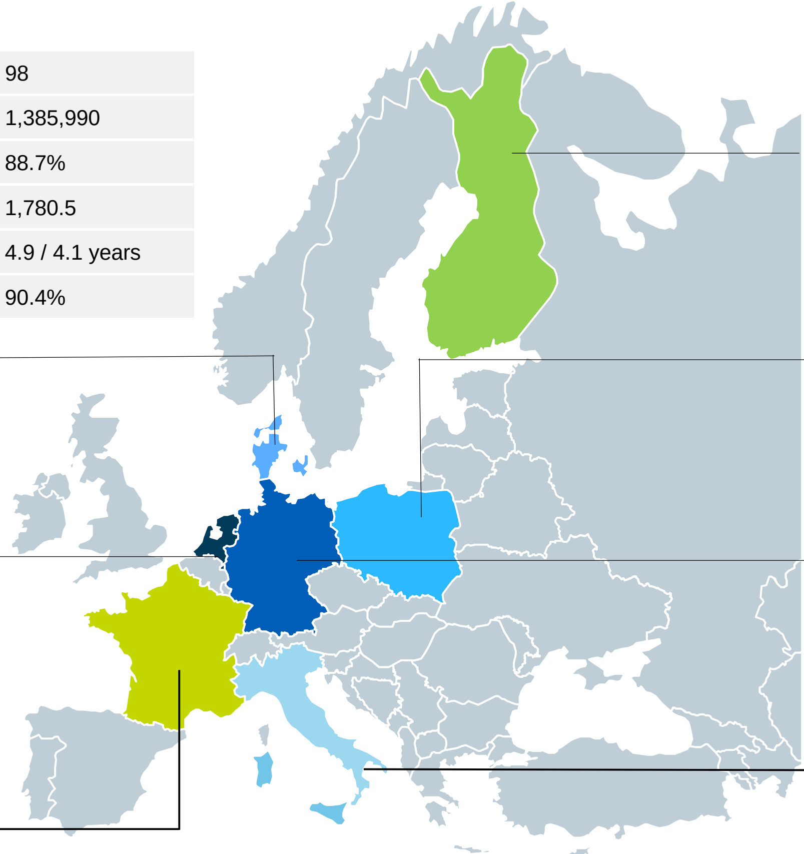
**Providing investors with a unique opportunity to invest in scale and diversification across Europe**

| | |
|---|---|
| Properties | 98 |
| Lettable Floor Area (sq m) | 1,385,990 |
| Occupancy Rate[1][2] (by Lettable Floor Area) | 88.7% |
| Valuation[3] (€ million) | 1,780.5 |
| WALE[4] / WALB[4] | 4.9 / 4.1 years |
| % Freehold[5] | 90.4% |

| Denmark | |
|---|---|
| Properties | 13 |
| Lettable Floor Area (sq m) | 151,490 |
| Valuation (€ million) | 81.4 |
| % of Portfolio (by Valuation) | 4.6% |

| The Netherlands | |
|---|---|
| Properties | 17 |
| Lettable Floor Area (sq m) | 260,205 |
| Valuation (€ million) | 596.5 |
| % of Portfolio (by Valuation) | 33.5% |

| France | |
|---|---|
| Properties | 26 |
| Lettable Floor Area (sq m) | 375,527 |
| Valuation (€ million) | 350.4 |
| % of Portfolio (by Valuation) | 19.7% |



**New Countries**

| Finland | |
|---|---|
| Properties | 11 |
| Lettable Floor Area (sq m) | 61,972 |
| Valuation (€ million) | 116.8 |
| % of Portfolio (by Valuation) | 6.5% |

| Poland | |
|---|---|
| Properties | 3 |
| Lettable Floor Area (sq m) | 34,362 |
| Valuation (€ million) | 72.1 |
| % of Portfolio (by Valuation) | 4.0% |

| Germany | |
|---|---|
| Properties | 11 |
| Lettable Floor Area (sq m) | 166,458 |
| Valuation (€ million) | 107.8 |
| % of Portfolio (by Valuation) | 6.1% |

| Italy | |
|---|---|
| Properties | 17 |
| Lettable Floor Area (sq m) | 335,977 |
| Valuation (€ million) | 455.4 |
| % of Portfolio (by Valuation) | 25.6% |

1. Occupancy rate as at 30 June 2018 for existing portfolio; 31 August 2018 for New Properties excluding Willemsplein 2; and 1 September 2018 for Willemsplein 2.
2. Assumes Milano Piazza Affari is 100% leased in view of the rental guarantee.
3. Valuation as at 31 March 2018 for existing portfolio except Ivrea; 1 April 2018 for Ivrea; 27 September 2018 for New Properties; 30 September 2018 for Italian Properties; and 19 October 2018 for French Properties.
4. WALE as at 30 June 2018 for existing portfolio; 31 August 2018 for New Properties, French Properties, and Italian Properties.
5. % Freehold and continuing / perpetual leasehold by value.

CROMWELL
PROPERTY GROUP

APPENDIX D

# Key Risks

# Key Risks

<u>**General Risks**</u>

**Regulatory issues and changes in law**

The financial performance of Cromwell may be materially affected by adverse changes in laws or other government regulation. Changes in government policy (including fiscal, monetary and regulatory policies at Federal, State and Local levels), may affect the amount and timing of Cromwell's future profits.

**Future fund raising for acquisitions and developments**

Property investment is highly capital intensive. The ability of Cromwell Property Group to raise funds on favourable terms for future development and acquisitions depends on a number of factors including general economic, political, capital and credit market conditions. These factors could increase the cost of funding, or reduce the availability of funding, for new projects or increase the refinancing risk of maturing debt facilities. The inability of Cromwell Property Group to raise funds on favourable terms for future acquisitions and developments could adversely affect its ability to acquire or develop new properties or refinance its debt.

**Interest rates and financial instruments**

Adverse fluctuations in interest rates, to the extent that they are not hedged, may impact Cromwell Property Group's earnings. Where interest rates are hedged by way of financial instruments, the value of those instruments can vary substantially which can impact both earnings and net assets.

**Changes in accounting policy**

Cromwell Property Group must report and prepare financial statements in accordance with prevailing accounting standards and policies. There may be changes in these accounting standards and policies in the future which may have an adverse impact on Cromwell Property Group.

**General economic conditions**

Cromwell Property Group's operating and financial performance is influenced by a variety of general economic and business conditions, including the level of inflation, interest rates, ability to access funding, oversupply and demand conditions and government fiscal, monetary and regulatory policies. Prolonged deterioration in these conditions, including an increase in interest rates or an increase in the cost of capital, could have a material adverse impact on Cromwell Property Group's operating and financial performance.

**Taxation implications**

Future changes in Australian taxation law, including changes in interpretation or application of the law by the courts or taxation authorities in Australia, may affect taxation treatment of an investment in Cromwell securities, or the holding and disposal of those securities. Further, changes in tax law, or changes in the way tax law is expected to be interpreted in the various jurisdictions in which Cromwell operates may impact the future tax liabilities of Cromwell.
Tax consequences for Securityholders will be specific to their individual circumstances.

**Regulatory issues, changes in law and Australian Accounting Standards**

There may be changes in laws or regulations that impact rental income or operational expenditure of Cromwell Property Group, for example the ability to recover certain property expenses from tenants, changes to regulatory requirements around disability access, or changes to operating practices as a result of, for example, climate change legislation. In addition, Cromwell Property Group's ability to take advantage of future acquisition opportunities in Australia may be limited by regulatory intervention on competition grounds. Changes in Accounting Standards may change the basis upon which Cromwell Property Group reports its financial results. There can be no assurance that such changes will not have a material adverse effect on Cromwell Property Group's business, operational performance or financial results.

**Environmental matters**

Cromwell Property Group is exposed to a range of environmental risks which may result in additional expenditure on properties and/or project delays. Cromwell Property Group may be required to undertake remedial works and potentially be exposed to third party liability claims, fines and penalties, or other liabilities generally and as a result of the various federal, state and local government environmental laws. For example, it may become liable for the cost of removal or remediation of hazardous or toxic substances from a property owned by Cromwell Property Group. In common with other property owners, there remains a risk that environmental laws and regulators may become more stringent in the future.

**Inflation**

Higher than expected inflation rates could be expected to increase operating costs, interest and development costs and potentially reduce the value of investment properties and other assets. These cost increases may be offset by increased selling prices or rentals.

# Key Risks

**<u>General Risks (cont.)</u>**

**Force majeure event**

Force majeure is the term generally used to refer to an event beyond the control of a party claiming that the event has occurred, including "acts of God", fire, flood, earthquakes, war, acts of terrorism and labour strikes. Some force majeure risks are uninsurable or are unable to be insured economically. A force majeure event may adversely affect Cromwell Property Group's ability to perform its obligations until it is able to remedy the force majeure event.

Similarly, a force majeure event may adversely affect a tenant's ability to perform its obligations under a particular lease. Should such events occur in respect of Cromwell Property Group's portfolio, they may adversely impact Cromwell Property Group's business, operational performance and financial results.

**Insurance**

Cromwell Property Group generally enters into contracts of insurance that provide a degree of protection over assets, liabilities and people. While such policies typically cover against material damage to assets, contract works, business interruption, general and professional liability and workers compensation, there are certain risks that cannot be mitigated by insurance, either wholly or in part, such as nuclear, chemical or biological incidents or risks where the insurance coverage is reduced or unavailable, such as cyclones, floods or earthquakes. Also, insurers may not be able to meet indemnity obligations if and when they fall due, which could have an adverse effect on earnings.

Further, the nature and cost of insurance cover taken is based upon the best estimate of likely circumstances for Cromwell Property Group in the relevant period. Unforeseen factors may result in the insurance cover being inadequate or the cost of the insurance premiums being in excess of that forecast. This may have a negative impact on Cromwell Property Group's net income and/or the value of its assets.

**Market price**

The market price of Cromwell Securities will fluctuate due to various factors including general movements in interest rates, the Australian and international investment markets, economic conditions, global geo-political events and hostilities, investor perceptions and other factors. The market price of Cromwell Securities could trade on ASX at a price below their issue price.

**Counterparty/credit**

Counterparty credit risk is the risk of a loss being sustained by Cromwell Property Group as a result of payment default or non-performance by the counterparty with whom Cromwell Property Group has contracted. For example, purchasers may default on the settlement of purchase agreements and the resale of those properties may be at a lesser amount and the failure of a significant portion of purchasers to settle on their purchases in major development projects, could affect the timing and amount of future earnings. Further, Cromwell Property Group manages interest rate and currency risks associated with borrowing by entering into interest rate and currency exchange hedging arrangements, such as interest rate and currency exchange swaps. Such arrangements involve risk, such as the risk that the counterparty to such arrangement may fail to honour their obligations under such arrangement, thereby exposing Cromwell Property Group to the full effect of the movement in interest rates or currency exchange. To the extent that Cromwell Property Group does not hedge or hedge effectively against movements in interest rates or currency exchange, such interest rate or currency exchange movements may adversely affect Cromwell Property Group's results or operations or its ability to comply with financing arrangements.

**Forward looking statements and financial forecasts**

There can be no guarantee that the assumptions and contingencies contained within forward looking statements, opinions or estimates (including projections, guidance on future earnings and estimates) will ultimately prove to be valid or accurate. The forward looking statements, opinions and estimates depend on various factors, many of which are outside the control of Cromwell Property Group.

**Employees**

Cromwell Property Group is reliant on retaining and attracting quality senior executives and other employees. The loss of the services of any senior management or key personnel, or the inability to attract new qualified personnel, could adversely affect Cromwell Property Group's operations.

**Litigation and disputes**

Legal and other disputes (including industrial disputes) may arise from time to time in the ordinary course of operations. Any such dispute may impact earnings or affect the value of Cromwell Property Group's assets or securities.

**Occupational, health and safety (OH&S)**

If Cromwell Property Group fails to comply with necessary OH&S legislative requirements across the jurisdictions in which Cromwell Property Group operates, it could result in fines, penalties and compensation for damages as well as reputational damage to Cromwell Property Group.

# Key Risks

**<u>Cromwell/industry specific risks</u>**

**Future acquisitions**

Cromwell Property Group proposes to acquire further properties or other assets in the future. However, it expects only to do so to the extent that such acquisitions are in accordance with its investment strategy and complement its existing portfolio. There can be no guarantee that Cromwell Property Group will identify any future acquisition opportunities or be able to complete future acquisition opportunities on acceptable terms.

Although Cromwell Property Group intends to undertake comprehensive due diligence before completing any future acquisition, such due diligence may not reveal issues that later impact on the returns from that acquisition or the extent to which the acquisition meets Cromwell Property Group's investment strategy.

Cromwell Property Group actively looks for opportunities for both its investment portfolio and its funds management business with each potential opportunity being assessed against agreed investment criteria before progressing to any due diligence phase. A rigorous due diligence investigation is undertaken covering all aspects of the opportunity, including technical, legal, taxation and financial whilst progressing through the investment process, ultimately being reviewed and approved by the Investment Committee comprising a majority independent subset of the Board and, if necessary, the Board.

**Competition**

The value of property held by Cromwell Property Group may be negatively affected by oversupply or overdevelopment in surrounding areas. Further, property assets come under competitive pressure from time to time and a change in the competitive environment can impact on the performance of the relevant property(s) and therefore the income of Cromwell Property Group. Cromwell Property Group may also be adversely affected if the price for a property it is considering for acquisition becomes inflated via competing bids by other prospective purchasers.

**Change in value and income of investment properties**

Returns from investment properties largely depend on the rental income generated from the property and the expenses incurred in its operation, including the management and maintenance of the property as well as the changes in the market value of the property. Rental income and/or the market value of properties may be adversely affected by a number of factors, including:

a) the escalation of development costs beyond those originally expected;
b) the overall conditions in the national and local economy, including risk appetite and business and consumer confidence;
c) local real estate conditions, including volumes of sales and the ability to procure tenants;
d) the perception of prospective tenants and customers regarding attractiveness and convenience of properties and the intensity of competition with other participants in the real estate industry;
e) the location and quality of properties;
f) operating, maintenance and refurbishment expenses, as well as unforeseen capital expenditure;
g) supply of developable land, new properties and alternative investment properties;
h) the financial position, performance and condition of tenants, in particular anchor tenants;
i) investor demand/liquidity in investments;
j) the capitalisation rates, which may change in response to market conditions; and
k) the availability and cost of debt funding to potential purchasers of investment property.

**Responsible entity / trustee / manager removal and fund closures**

Entities within Cromwell Property Group currently act as the responsible entity, trustee and/or manager (as applicable) of a number of wholesale and other unlisted funds. Investors in each of these funds have the ability to remove the relevant member of Cromwell Property Group as the responsible entity, trustee or manager pursuant to the Corporations Act, the specific terms of the trust deed (in the case of funds which are not registered managed investment schemes), or investment management or other management agreements (as applicable). The removal of the relevant member of Cromwell Property Group in its capacity as described above by investors may have an impact on the financial performance Cromwell Property Group.

In addition, certain of Cromwell Property Group's funds are structured as closed-end and fixed-life funds. If such funds are not extended, under the terms of their establishment the funds may need to be closed and fund assets sold. Fund closures will result in a reduction in Cromwell Property Group's funds under management and any assets sales may be at less than the current market values or the values that Cromwell Property Group record such assets. As such, fund closures may have a material adverse effect on Cromwell Property Group's business and financial performance.

**Reliance on AFSL and other licences**

In order to provide fund management services, certain property related services, and certain other services, Cromwell Property Group is required to hold a number of Australian financial services licences (AFSL) issued by ASIC and other licences. If Cromwell Property Group fails to comply with the general obligations of an AFSL or any other relevant licence, this could result in the suspension or cancellation of the licence which enables it to operate key parts of its business. A breach or loss of licences could have a material adverse effect on Cromwell Property Group's business and financial performance.

# Key Risks

**Cromwell/industry specific risks (cont.)**

**Revaluations**

In accordance with Australian Accounting Standards, Cromwell Property Group's properties are required to be carried at fair value, with any increase or decrease in the value of those properties recorded in the income statement in the period during which the revaluation occurs. As a result, Cromwell Property Group can have significant non-cash revenue gains and losses depending on the change in fair market values of its property portfolio from period to period, whether or not such properties are sold. If a substantial decrease occurs in the fair market value of its properties, Cromwell Property Group's financial position could be adversely affected and, as a result, it may have difficulty in maintaining its desired leverage ratio, which could in turn impact its ability to comply with the terms of relevant financing arrangements.

**Property damage**

There is a risk that one or more of Cromwell Property Group's properties may be damaged or destroyed by natural events such as earthquakes, fires or floods, or be subject to terrorism activity. Cromwell Property Group carries material damage, business interruption and liability insurance on its properties with policy specifications and insured limits that it believes to be customary in the industry.

**Unforeseen capital expenditure**

There is a risk that Cromwell Property Group's properties will require unforeseen capital expenditure in order to maintain them in a condition appropriate for the purposes intended, and that such capital expenditure is not fully reflected in the financial forecasts. There is a risk of an unforeseen event triggering the need for additional capital expenditure which would impact on the business, its operational performance and financial results. Such an event could include, for example, changes to safety or other building regulations.

**Property market**

Cromwell Property Group will be subject to the prevailing property market conditions in the sectors in which it operates.

Adverse changes in market sentiment or market conditions may impact Cromwell Property Group's ability to acquire, manage or develop assets, as well as the value of Cromwell Property Group's properties and other assets. These impacts could lead to a reduction in earnings and the carrying value of assets.

**Building regulations**

As a property owner, Cromwell Property Group will need to be compliant with the appropriate building regulations under various federal, state and local laws that cover aspects such as safety and compliance with legislation for persons with disabilities. There may be unforeseen expenditure associated with maintaining compliance. Compliance with applicable building regulations may also limit implementation of Cromwell Property Group's development strategies or may increase the cost of the development strategies.

**Refinancing requirements**

Cromwell Property Group is exposed to risks relating to the refinancing of existing debt facilities. In the future Cromwell Property Group may experience some difficulty in refinancing some or all of its debt facilities. If that is the case some of its assets may need to be sold and, possibly, at less than current valuations. The terms on which they are refinanced may also be less favourable than at present.

**Debt covenants**

Cromwell Property Group has various covenants in relation to its debt facilities, including interest cover and loan to value ratio requirements. Factors such as falls in asset values or property income could lead to a breach of debt covenants. In this case, Cromwell Property Group's lenders may require their loans to be repaid immediately or additional interest and further borrowing costs may be payable.

**Leasing and tenant defaults**

Tenants may default on their rent or other contractual obligations, leading to a reduction in income from, or capital losses to the value of, Cromwell Property Group's assets.

Additionally, it may not be possible to negotiate lease renewals or maintain existing lease terms, which may also adversely impact Cromwell Property Group's income and asset values. This is particularly the case for a number of properties owned by Cromwell Property Group as the majority of the income earned by those properties is derived from one or more anchor tenants in the relevant property(s).

The ability to lease or re-lease tenancies upon expiry of the current lease, and the rents achievable, will depend upon the prevailing market conditions at the relevant time and these may be affected by economic, competitive or other factors.

# Key Risks

**Cromwell/industry specific risks (cont.)**

**Funds Management**

Cromwell and certain of its controlled entities act as investment manager for a number of investment funds that are open to investment from third parties. A large portion of Cromwell's income is derived from these funds management activities. This income includes:

- a portion of recurring fee-like income, which may be linked to the value of the assets of the funds managed by Cromwell or its controlled entities; and
- a portion of income that is linked to the performance of the funds or the ability of the relevant Cromwell entity to source adequate acquisition opportunities for the funds

Therefore, Cromwell's financial performance may be adversely affected if it was not able to appropriately respond to the following risks:

- **(poor performance)** poor investment performance may adversely affect each relevant Cromwell entity's ability to retain existing investors or to attract new investment into the funds that it manages and the relevant Cromwell entity's ability to earn fees for managing the funds;
- **(investment opportunities)** if a relevant Cromwell entity is unable to source adequate investment opportunities for the funds it manages, this may reduce the entity's ability to attract investors into the funds or to earn acquisition-linked fees;
- **(sale of assets)** if a relevant Cromwell entity is unable to sell the assets of the funds that it manages at an appropriate price when required to do so, this may adversely impact the entity's ability to earn divestment fees;
- **(renewal of investment mandates)** Cromwell entities have been appointed to manage a number of funds on a fixed-term basis, or on terms which involve a strategic review of the Cromwell entity's appointment in the short to medium term. The approval and/or endorsement of fund investors is required to extend the term of the relevant Cromwell entity's appointment to manage such funds. There is a risk that investors may not approve or endorse such extensions, which may adversely affect the relevant Cromwell entity's fee income; and
- **(termination or withdrawal by investors)** there is a risk that investors in the funds managed by Cromwell entities may take steps to terminate management arrangements or withdraw their investment in the relevant funds, which may adversely affect the relevant Cromwell entity's fee income.

**Investment in funds and joint ventures**

Cromwell Property Group expects to hold interests in, and provide loans to, funds managed by Cromwell Property Group from time to time. The net asset value of these investments and loans may decrease if the value of the assets in those funds were to decline. Cromwell Property Group also derives income from providing property and funds management services to certain of its managed funds. Those funds may be subject to many of the same types of risks as Cromwell Property Group and fees payable to Cromwell Property Group may be reduced in some circumstances.

**Development**

Cromwell Property Group is involved in the development and refurbishment of property from time to time. Generally, property development has a number of risks including:

a) the risk that planning consents and regulatory approvals are not obtained or, if obtained, are received later than expected, or are adverse to Cromwell Property Group's interests, or are not properly adhered to;
b) the escalation of development costs beyond those originally expected;
c) funding not being available at prices originally forecast during the feasibility analysis of the development;
d) unexpected project delays, including due to industrial disputes;
e) anticipated sales prices or timing on anticipated sales are not achieved;
f) the default of pre-sales on projects, which are not guaranteed;
g) non-performance or breach of contract by a contractor or sub-contractor; and
h) competing development projects adversely affecting the overall return achieved.

A sustained downturn in property markets caused by any deterioration in the economic climate could result in reduced development profits through reduced selling prices or delays in achieving sales.
Increases in supply or falls in demand in any of the sectors of the property market in which Cromwell operates or invests could influence the acquisition of sites, the timing and value of sales and carrying value of projects.
Increases in supply or falls in demand in any of the sectors of the property market in which Cromwell Property Group operates or invests could influence the acquisition of sites, the timing and value of sales and carrying value of projects.
A number of factors affect the earnings, cashflows and valuations of commercial property developments, including construction costs, scheduled completion dates, estimated rental income and occupancy levels and the ability of tenants to meet rental and other contractual obligations.

# Key Risks

**Cromwell/industry specific risks (cont.)**

**Realisation of assets**

Property assets are by their nature illiquid investments. This may make it difficult to realise assets in the short term in response to changes in economic or other conditions, which may impact cashflow liquidity.

**Fixed nature of significant costs**

Significant expenditures associated with property investment and the operations of Cromwell Property Group, such as interest payments, maintenance costs, employee costs and statutory charges are generally not reduced significantly when circumstances cause a reduction in income from property. The value of an asset owned by Cromwell Property Group may be adversely affected if the income from the asset declines and other property related expenses remain unchanged.

**Foreign funds management interests**

Cromwell Property Group operates and has interests in property related funds management businesses in Europe, Singapore and New Zealand. These operations are subject to many of the same property risks that Cromwell Property Group is exposed to in Australia, however, the impact and likelihood of risk factors may vary between individual countries. If a risk eventuates, there may be an adverse effect on Cromwell Property Group's earnings from its foreign funds management operations.

**MIT risk**

To the extent that a non-resident individual maintains an interest of 10% or more in Cromwell during an income year, Cromwell will not be a MIT for that income year. If Cromwell does not qualify as a MIT for a given income year, taxable distributions to non-resident investors for that income year will be subject to a non-final withholding tax, the rate of which will depend on the profile of the investor

**Offer specific risks**

**Equity Raising**

The underwriting of the Equity Raising is subject to customary conditions and termination events. Most of the termination events, and to a lesser extent the conditions, are beyond the control of Cromwell. Therefore, there is a risk that the Equity Raising will not be underwritten. If the underwriting agreement is terminated, Cromwell will look to fund the CEREIT investment and value-add opportunities from debt and existing cash reserves.

CROMWELL PROPERTY GROUP

APPENDIX E

# Control Implications and Major Securityholders

# Control Implications and Major Securityholders

As the Equity Raising is structured as a pro-rata issue, if all of Cromwell's existing securityholders take up their entitlements under the Equity Raising, the Equity Raising will not have any effect on the control of Cromwell.

Entitles associated with ARA Real Estate Investors XII Pte Ltd (ARA) hold a relevant interest in approximately 19.4% of Cromwell's securities on issue prior to the Equity Raising. Entities associated with Gordon Tang, including Haiyi Holdings Pte Ltd, hold a relevant interest in approximately 9.1% of Cromwell's securities on issue prior to the Equity Raising.

ARA and Gordon Tang have committed to Cromwell that they will take up all of their entitlements in relation to the Equity Raising. Due to the accelerated nature of the Equity Raising, the interests of ARA and Gordon Tang in Cromwell's securities will temporarily increase by approximately 1.1% and 0.5% respectively (which will occur on the date on which securities are issued under the institutional component of the Equity Raising and be reversed on the date on which securities are issued under the retail component of the Equity Raising, assuming all Cromwell's existing securityholders take up their entitlements under the Equity Raising).

If only the Committed Amount is raised, ARA and Gordon Tang's interest in Cromwell securities is expected to increase to 20.2%[1] and 9.9%, respectively.

1. In the case of ARA, the increase is permissible under Item 9 of Section 611 of the Corporations Act. The maximum increase permitted under that section is 3% over the amount held 6 months before the acquisition.

CROMWELL
PROPERTY GROUP

## APPENDIX F

# Foreign Selling Restrictions

# Foreign Selling Restrictions

This Presentation does not constitute an offer of stapled securities (New Securities) of Cromwell in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the New Securities may not be offered or sold, in any country outside Australia except to the extent permitted below.

**New Zealand**

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (NZ) (the FMC Act).

Other than the offer of New Securities to existing securityholders to be made under the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016 (or any replacement of that notice), the New Securities may only be offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) to persons who, in general, (i) are an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act, (ii) meet the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act, (iii) are large within the meaning of clause 39 of Schedule 1 of the FMC Act, (iv) are a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act, (v) are an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act or (vi) are a person controlled by persons to whom a relevant exclusion applies under the FMC Act.

If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

**Hong Kong**

WARNING: This document has not been, and will not be, authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the SFO). No action has been taken in Hong Kong to authorise this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the New Securities have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO).

No advertisement, invitation or document relating to the New Securities has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the New Securities which are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors as defined in the SFO and any rules made under that ordinance.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

**Singapore**

This document has not been registered as a prospectus with the Monetary Authority of Singapore (MAS) and, accordingly, statutory liability under the Securities and Futures Act, Chapter 289 (the SFA) in relation to the content of prospectuses does not apply, and you should consider carefully whether the investment is suitable for you. The Issuers are not authorised or recognised by the MAS and the New Securities are not allowed to be offered to the retail public. This document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase of the New Securities may not be circulated or distributed, nor may the New Securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except to "institutional investors" (as defined in the SFA), or otherwise pursuant to, and in accordance with the conditions of, any other applicable provisions of the SFA.

This document has been given to you on the basis that you are an "institutional investor" (as defined under the SFA). In the event that you are not an institutional investor, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the New Securities being subsequently offered for sale to any other party. You are advised to acquaint yourself with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

**South Africa**

This document has not been approved or passed on in any way by the Financial Services Board or any other governmental authority in South Africa, nor has Cromwell received authorisation or licensing from the Financial Services Board or any other governmental authority in South Africa to market or sell New Securities within South Africa.

This document is strictly confidential and may not be reproduced or provided to any person in South Africa other than to existing holders of Cromwell's stapled securities.

# Foreign Selling Restrictions

**Switzerland**

The New Securities may not be distributed in Switzerland and will not be listed on the SIX Swiss Exchange (SIX) or on any other stock exchange or regulated trading facility in Switzerland. This document has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the New Securities may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this document nor any other offering or marketing material relating to the New Securities have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of New Securities will not be supervised by, the Swiss Financial Market Supervisory Authority, and the offer of New Securities has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes (CISA). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of New Securities.

This document is personal to the recipient only and not for general circulation in Switzerland.

**United Kingdom**

Neither this document nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended (FSMA) has been published or is intended to be published in respect of the New Securities.

This document is issued on a confidential basis to "professional investors" (within the meaning of the Alternative Investment Fund Managers Directive) who are also "qualified investors" (within the meaning of section 86(7) of the FSMA) in the United Kingdom. The New Securities may not be offered or sold in the United Kingdom by means of this document or any other document except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) of the FSMA. This document should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the New Securities has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to Cromwell Property Group.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 (FPO), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investments to which this document relates are available only to, and any invitation, offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

The New Securities are being marketed in the United Kingdom in compliance with the National Private Placement Regime (within the meaning of The Alternative Investment Fund Managers Regulations 2013). Cromwell Property Group's most recent annual report and other information it has lodged with the Australian Securities Exchange can be found on the websites of Cromwell Property Group and the ASX (www.asx.com.au).

**United States**

This document may not be distributed or released in the United States. This document does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or to any person who is acting for the account or benefit of any person in the United States, or in any other jurisdiction in which, or to any person to whom, such an offer would be illegal. Neither the New Securities nor the entitlements have been, or will be, registered under the U.S. Securities Act or the securities laws of any state or other jurisdiction of the United States. Accordingly, neither the New Securities nor the entitlements may be offered or sold, directly or indirectly, in the United States or to persons acting for the account or benefit of a person in the United States (to the extent such persons hold Securities and are acting for the account or benefit of a person in the United States), except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act and any other applicable securities laws of any state or jurisdiction of the United States.