

\$375 MILLION INSTITUTIONAL PLACEMENT FOR STRATEGIC GROWTH OPPORTUNITIES

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Announcement Highlights

- Underwritten \$375 million institutional placement at a fixed issue price of \$1.15 per new security
- Funding to pursue over \$1.0 billion of identified acquisition opportunities across Australia and Europe as part of Cromwell's 'Invest to Manage' strategy¹
- The Proceeds, along with recycled capital from asset sales, will provide certainty of funding for over \$1.0 billion of value-add development opportunities across Cromwell's existing Australian Core+ and Active real estate portfolio
- Reaffirms FY19 guidance of operating profit of not less than 8.00 cps and distributions of 7.25 cps²
- Guidance for FY20 operating profit of 8.1 – 8.3 cps and distributions of not less than 7.5 cps³
- Revised target gearing range of 30 – 40%, with pro forma gearing post placement of 23.9%

Purpose of the Equity Raising

Cromwell Property Group (ASX:CMW) (Cromwell) today announces that it is undertaking:

- An underwritten \$375 million institutional placement (Placement) at a fixed issue price of \$1.15 per new security; and
- A non-underwritten security purchase plan (SPP) to eligible securityholders in Australia and New Zealand to raise up to \$30 million⁴

(together, the Equity Raising).

Cromwell has identified a number of strategic growth opportunities across both its Indirect and Direct Property Investment segments that will be funded with proceeds from the Equity Raising, recycling of existing capital and introduction of new capital partners. This includes over \$1.0 billion of acquisition opportunities as part of its 'Invest to Manage' strategy that are either in exclusive due diligence or advanced negotiations¹. The proceeds, along with recycled capital from asset sales, will also provide certainty of funding for over \$1.0 billion of value-add development opportunities across Cromwell's existing Australian Core+ and Active real estate portfolio.

Cromwell also announces that post reinvestment of proceeds, it expects gearing to move to within its revised target gearing range of 30 – 40% through the cycle. Cromwell will seek to use leverage capacity on a short-term basis to execute on its 'Invest to Manage' strategy.

¹ There is no certainty that any of these opportunities will complete.

² cps refers to cents per security.

³ Includes the impact of the Placement and assumes partial reinvestment of the Placement proceeds.

⁴ Cromwell may (in its absolute discretion), in a situation where total demand exceeds \$30 million, decide to increase the amount to be raised under the SPP to reduce or eliminate the need for scale back.

Cromwell CEO Paul Weightman, said: "Cromwell continues to identify value enhancing investment opportunities across both its Indirect and Direct Property Investments that will deliver significant medium term growth in enterprise value for Cromwell and realise significant capital returns for securityholders. The Equity Raising will provide certainty of funding to pursue these opportunities, strengthen the balance sheet and allow for growth in distributions."

"Cromwell has identified over \$0.5 billion of high quality Australian core office opportunities and over \$0.5 billion of office and retail opportunities in Europe which are ideally suited to our 'Invest to Manage' strategy. The warehousing of these opportunities will allow us to seed new funds, co-invest alongside our global capital partners and accelerate growth of assets under management (AUM)."

"Finally, Cromwell will also look to use the proceeds from the Equity Raising along with recycled capital from asset sales and sell down of new funds to deliver over \$1.0 billion of accretive value add development opportunities across the existing Australian balance sheet portfolio."

Equity Raising

Placement

An underwritten institutional placement to raise \$375 million, representing 14.6% of existing Cromwell securities on issue (Securities), at a fixed price of \$1.15 per Security (Issue Price) (New Securities).

The Issue Price represents a:

- 7.0% discount to the distribution-adjusted last closing price of \$1.237⁵ on 25 June 2019
- 6.0% discount to the distribution-adjusted 5-day VWAP of \$1.223⁶ ending on 25 June 2019
- FY20 operating earnings yield of 7.1%⁷ per security
- FY20 distribution yield of 6.5% per security

SPP

Following completion of the Placement, Cromwell will also provide eligible securityholders in Australia and New Zealand with the opportunity to participate in a non-underwritten SPP.

Eligible securityholders in Australia or New Zealand (as at 7.00pm on Tuesday 25 June 2019) will be invited to subscribe for up to a maximum of \$15,000 of New Securities, free of any brokerage or transaction costs, at the same Issue Price as the Placement (being \$1.15 per New Security). The SPP is expected to raise up to \$30 million⁸ and will not be underwritten.

New Securities issued under the Placement and SPP will rank equally with existing Cromwell Securities on issue; however, as they are issued after the record date, New Securities will not be entitled to the quarterly distribution for 30 June 2019.

⁵ Based on the last close price of \$1.255 adjusted for the distribution of 1.8125 cents per security for the quarter ending 30 June 2019.

⁶ Based on the 5-day volume weighted average price (VWAP) adjusted for the distribution of 1.8125 cents per security.

⁷ Based on the mid-point of FY20 operating earnings guidance of 8.1 – 8.3 cents per security.

⁸ Cromwell may (in its absolute discretion), in a situation where total demand exceeds \$30 million, decide to increase the amount to be raised under the SPP to reduce or eliminate the need for scale back.

Impact of Equity Raising

Cromwell reaffirms its FY19 guidance, being:

- Operating profit of not less than 8.00 cps; and
- Distributions of 7.25 cps.

Cromwell also provides preliminary guidance for FY20, including the impact of the Placement and assumes partial reinvestment of the Placement proceeds:

- Operating profit of 8.1 – 8.3 cps; and
- Distributions of not less than 7.5 cps.

On completion of the Placement, pro forma balance sheet gearing reduces to 23.9%⁹ prior to funding the identified opportunities. Post reinvestment of proceeds, Cromwell expects gearing to move to within its revised through the cycle target range of 30 – 40%. On completion of the Placement, pro forma NTA will increase to \$1.02 per security.

Additional Information

Additional information regarding the Equity Raising, including certain key risks is contained in the investor presentation released to the ASX today.

An investor and analyst briefing teleconference call will be held on Wednesday 26 June 2019 at 10:30am AEST. Investors and analysts wishing to participate should dial 1800 148 258 (from within Australia) or +61 2 8038 5271 (from outside of Australia) and ask to join the **Cromwell Property Group Equity Raising Conference Call** (conference ID number 498 0788).

Key Dates

Event	Date
Record date for SPP	7:00pm Tuesday 25 June 2019
Trading halt and announcement of Placement	Wednesday 26 June 2019
Institutional Placement bookbuild	Wednesday 26 June 2019
Trading halt lifted – trading of securities resumes on the ASX	Thursday 27 June 2019
Record date for June quarter distribution	Friday 28 June 2019
Settlement of securities under the Placement	Monday 1 July 2019
Allotment and normal trading of new securities under the Placement	Tuesday 2 July 2019
SPP offer opens and booklet is dispatched	Wednesday 3 July 2019
SPP offer closing date	5:00pm Wednesday 24 July 2019
SPP allotment date	Wednesday 31 July 2019
Despatch of holding statements and normal trading of new securities issued under the SPP	Thursday 1 August 2019

⁹ Gearing calculated as (total borrowings less cash) divided by (total tangible assets less cash).

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

Ends.

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ABOUT CROMWELL PROPERTY GROUP

Cromwell Property Group (ASX:CMW) is a diversified real estate investor and manager with operations on three continents and a global investor base. As at 31 December 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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