CROMWELL PROPERTY GROUP BUSINESS UPDATE

29 OCTOBER 2020

OVERVIEW

- FY21 distribution guidance maintained at 7.5 cents per security which represents a distribution yield of 8.43% based on a security price of $0.89 as at 28 October 2020;
- September quarter distribution of 1.8750 cents per security announced. Payable 20 November 2020. Distributions unchanged through COVID-19 so far, showing robustness of business model;
- Extension of National Code of Conduct in most Australian states. 97 out of 99 SME rental relief requests received to 30 September 2020 have now been resolved;
- Tender process due to close for improvement works at 400 George Street, Brisbane;
- $85 million development approval received for new 18,128 sqm six-storey PCA A-grade office building at 19 National Circuit, Barton in Canberra with initial demolition works due to start early 2021;
- Three active assets under contract to be sold for $50 million, a 13% premium to book value;
- Increases in COVID-19 cases in Europe as winter approaches. Cromwell Polish Retail Fund continues to perform strongly; with strong footfall and August turnover matching 2019 rates; and
- Acquired assets in France, the Netherlands and Germany for three different institutional investors.

SELECT ACTIVITY

1 September	$310 million Collins Street DA presented to Future Melbourne Committee planning meeting
2 September	Amended DA lodged for new vision at 475 Victoria Avenue, Chatswood
18 September	September quarter distribution of 1.875 cents per security announced, to be paid 20 November 2020
25 September	Double platinum for CEREIT at the Asia Pacific Best of The Breeds Awards™ 2020
1 October	Acquisition of Sangerhausen logistics asset in Germany on behalf of CEREIT
7 October	Sale of 16,100 sqm urban distribution park in Lisses, France on behalf of a capital partner
8 October	€51 million seed DHL Italian portfolio for Cromwell European Logistics Fund settles
28 October	Announced $85 million development approval received for new building at 19 National Circuit, Barton
18 November	Cromwell 2020 Annual General Meeting. Details available on Cromwell's website

Cromwell Property Group (ASX:CMW) comprising Cromwell Corporation Limited ABN 44 001 056 980 and the Cromwell Diversified Property Trust ABN 30 074 537 051, ARSN 102 982 598 (the responsible entity of which is Cromwell Property Securities Limited ABN 11 079 147 809, AFSL 238052) | Registered office address: Level 19, 200 Mary Street Brisbane QLD 4000 Australia

COVID-19 UPDATE

COVID-19 caseloads in Australia appear to be under control with Victoria being the latest state to relax restrictions. Sporadic localised outbreaks are continuing in various states but contact tracing and adherence to social distancing requirements are currently limiting further community transmission. The Federal government is now encouraging safe return to CBDs in most capital cities.

Cromwell continues to focus on its SME tenant-customers who are covered by the National Code of Conduct (Code) and who collectively represent approximately 9% of gross rental income. For the months to 30 September 2020 Cromwell received a total of 99 rental relief requests of which all except two have now been resolved.

CODE STATUS UPDATE

Australian Capital Territory - The ACT Government has extended the Code of Conduct to 31 January 2021.

New South Wales - The NSW Government has extended the Code of Conduct by two months to 31 December 2020. Tenant eligibility must be re-established to be eligible for rent relief post 25 October.

Queensland - The Code of Conduct has been extended from 30 September to 31 December 2020. The obligation to provide 50% rent relief in the form of a waiver is proposed to be removed.

South Australia - The South Australian government has introduced legislation to extend the Code of Conduct for Commercial Leasing until 3 January 2021.

Victoria - The Commercial Tenancy Relief Scheme (Scheme) has been extended until 31 December 2020 with the Government able to extend regulations up until 26 April 2021 if it chooses to. The definition of 'eligible lease' has also been amended to mean a retail lease or a non-retail commercial lease of a specified class that is to be prescribed by regulations and brings sole traders into the Scheme for the first time.

COVID-19 cases have increased in Europe as it moves into the winter season. There has been a particular uptick in cases in the Czech Republic, France, the Netherlands and the UK. Consequently, governments in these regions have strengthened measures to slow the rate of infection.

National restrictions in Poland are consistent with the rest of Europe and are generally limiting in nature i.e. focused on social distancing and restrictions as opposed to prohibitions on trade. The government has introduced a regional 'traffic light' classification system based on the number of local cases. Yellow restrictions include restrictions in events attendance, the wearing of masks in public spaces and one person per 4 sqm in restaurants. Red restrictions tighten these measures further e.g. 1 person per 2 sqm and would see the closure of some businesses considered higher risk e.g. gyms.

All centres in the Cromwell Polish Retail Fund remain open and trading. Given the large focus on hypermarkets and 'essentials,' footfall has recovered well since the initial lockdowns and, in the month of September, was 86.3% of the corresponding month in 2019. Turnover has recovered even more strongly as shown below and was 98.9% for August when compared to the same time last year.

Month	2019 Turnover (PLN)	2020 Turnover (PLN)	% of Previous Period
January	46,670,287	54,067,666	115.9%
February	43,672,756	52,303,640	119.8%
March	50,638,278	22,239,570	43.9%
April	52,064,678	5,583,782	10.7%
May	50,588,752	41,331,616	81.7%
June	58,191,110	54,326,065	93.4%
July	53,907,586	53,953,944	100.1%
August	57,178,132	56,531,348	98.9%

Excludes Ursynow and hypermarkets which are not required to report turnover.

Following the temporary suspension of lease contracts under Government legislation, from 14 March to 4 May 2020 when partial reopening began, Cromwell's local Polish team have worked through 311 lease renegotiations of which 223 have been agreed and negotiations are continuing with the remaining 88 (up from 111 agreed and 162 remaining – total 273 – as at 31 July respectively).

Unlike Australia, rental deferrals from the initial shutdown are not waived but incorporated into lease renegotiations and this has resulted in a reduction in incentives and capex, and the extension of leases. This has left the gross rental income of the portfolio materially unaffected to date while improving the WALE.

Collection rates are also increasing as agreements are finalised and the collection rate from 1 July to 30 September was 76%. The rate is expected to continue to improve as the remaining negotiations are concluded. The portfolio is, as expected, showing remarkable resiliency.

As Europe approaches winter, and its usual flu season, caseloads are expected to continue to rise and Cromwell is monitoring each country in which it operates, assessing possible impacts and evaluating any required mitigating actions on both assets and tenant-customers.

DIRECT INVESTMENT SEGMENT

CORE AND CORE PLUS PORTFOLIO

Within Cromwell's core and core plus portfolios, Qantas has stated it was considering sub-leasing or consolidation options as part of its recovery plan. Qantas' Global Headquarters is a 48,000 sqm world-class campus facility comprising four interlinked buildings strategically positioned near Sydney Airport. The airport is considered Australia's international gateway and an essential part of the nation's transport network, connecting to more than 90 destinations worldwide.

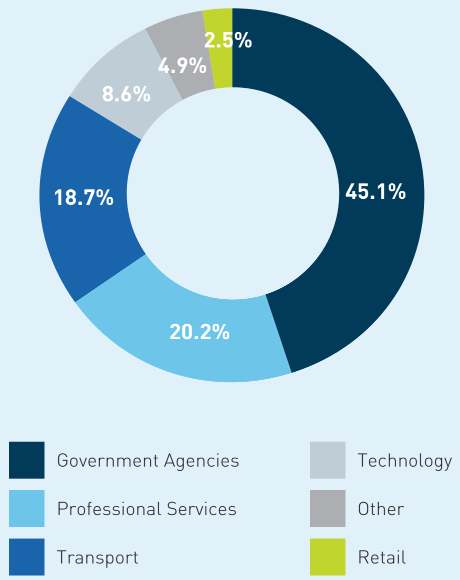
Cromwell believes the campus to be eminently suitable for sub-leasing and consolidating Qantas and Jetstar operations given the quality of the facilities, proximity to the airport and an ability to provide a world-class working environment for a highly-skilled workforce. Cromwell welcomes the review and, irrespective of any decision Qantas may make, has a binding lease with Qantas until 2032.

The tender process for new technology, sustainability and building management system upgrades and improvement works including a new end-of-trip facility at 400 George Street in Brisbane is due to close shortly. Onsite works, subject to Development Application (DA) approval are due to start in January 2021.

Cromwell's portfolio continues to be underpinned by government and government related entities which comprise 45% of gross income.

PORTFOLIO DIVERSIFICATION

AS AT 30 SEPTEMBER 2020



'ACTIVE' PORTFOLIO

Cromwell has also entered into agreements to sell three of its five 'active' assets including Wakefield Street, Adelaide, as well as Lovett Tower and Borrowdale House in Canberra. The assets were all vacant and in considering best and highest use, Cromwell will sell them for a cumulative total of $50 million, a 13% premium to book value as at 30 June 2020.

Cromwell acquired the Wakefield hospital site in 2017 to take advantage of a strong passing yield and lease tail prior to the planned, and subsequently delayed, move of the then tenant, to a new site. Cromwell subsequently explored other potential uses for the site but after receiving an unsolicited approach from a private buyer, elected to enter into an agreement to sell the asset, subject to conditions, and lock in an IRR of greater than 10% for securityholders.

Of the two remaining assets, a development approval has recently been received for a new $85 million, 18,000 sqm six-storey PCA A-grade office development at National Circuit in the heart of Barton in Canberra. The remaining asset represents vacant land and a possible further development opportunity alongside LDK's Greenway Views, Seniors Living village in Tuggeranong, ACT.

WAKEFIELD HOSPITAL, ADELAIDE

LOVETT TOWER, CANBERRA

INDIRECT INVESTMENT SEGMENT

CROMWELL EUROPEAN REIT (CEREIT). 30.7% INTEREST

CEREIT recently received the 'Best Industrial REIT – Platinum' award, for REITs with market capitalisations of US$1 billion and above, at the Asia Pacific Best of the Breeds REITs Awards™ 2020. This is the third consecutive year CEREIT has clinched this award. CEO Simon Garing was also awarded the 'Best CEO – Platinum' award, in recognition of exemplary and outstanding leadership.

CEREIT will report its Q3 2020 results on 10 November 2020. Cromwell's 30.7% stake in CEREIT is worth €360.6 million at a closing unit price of €0.46 cents on 27 October 2020.


CROMWELL EUROPEAN REIT CEO SIMON GARING

CROMWELL POLISH RETAIL FUND (CPRF). TARGET 20% INTEREST

The process to restructure CPRF as an alternative investment fund (AIF), managed by Cromwell's Luxembourg regulated manager, is expected to restart once remaining lease negotiations have been agreed. The final negotiations are expected to take time and the restructuring process is likely to recommence in the European spring with marketing of any new fund (CPRF 2) to start thereafter.

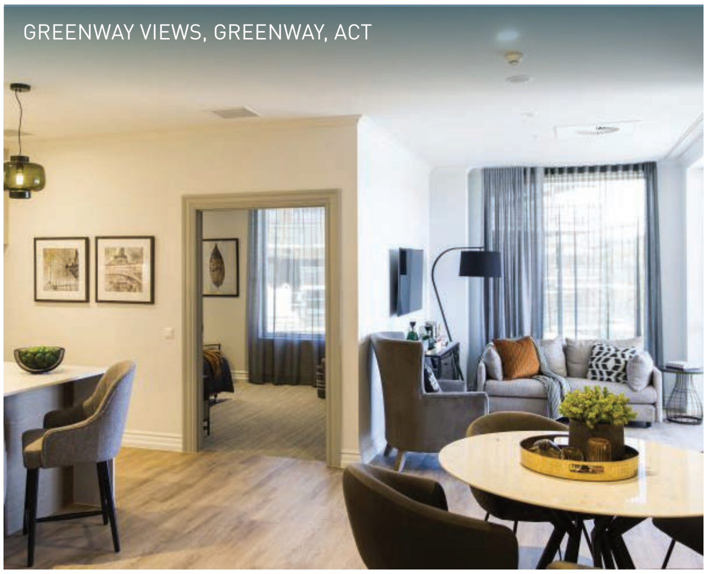
Cromwell's investment in CPRF remains accretive and given the quality of the underlying covenants and strong performance through COVID-19 so far, Cromwell is comfortable to continue to hold CPRF on its balance sheet until markets stabilise and it can be restructured and relaunched.

STER, SZCZECIN
KOMETA, TORUN
TULIPAN, LODZ
KORONA WROCLAW
URSYNOW, WARSAW
RONDO, BYDGOSZCZ
JANKI, WARSAW

LDK SENIORS LIVING (LDK). 50% INTEREST

Sales of apartments at Greenway Views, LDK's Seniors Living Village in Tuggeranong, ACT continue to show strong momentum. At Cromwell's FY20 results in August, there had been 77 sales out of the 210 apartments completed as part of the first stage of the development in April of this year.

Since then, a further 26 sales have occurred, meaning nearly half of stage one has now been sold. A further 33 deposits have also been received and the majority of these are expected to translate into completed sales for the second stage due to commence early in 2021. Interest continues to be strong for LDK's offering and Cromwell continues to examine opportunities to grow this opportunity further with additional sites currently in due diligence.


GREENWAY VIEWS, GREENWAY, ACT

FUNDS AND ASSET MANAGEMENT SEGMENT

WHOLESALE FUNDS

Cromwell announced the settlement of seven DHL logistics assets in Italy for A$83.3 million (€51.0 million) on 8 October 2020. The acquisition will be funded by a new five-year loan facility of A$48.7 million (€29.8 million), secured at the property level along with equity commitments from IGIS and the drawdown of existing facilities. Located in northern Italy near the cities of Milan, Turin, Bologna and Verona, the seven properties are fully let to DHL on long-term leases with a WALT of 16 years.

Cromwell intends to use these assets to seed the proposed upcoming Cromwell European Logistics Fund. COVID-19 is pulling the forecast growth of online sales forward giving further impetus to the logistics sector. The Fund will benefit from this thematic shift and will have multiple different growth avenues to realise value. Cromwell is targeting retaining an eventual 20% co-investment stake.

Cromwell's team continues to be active in all jurisdictions despite COVID-19 restrictions and, on behalf of a variety of different investors, has acquired assets in the Netherlands, Germany and France as well recently signing three new leases in France, Denmark and Poland totalling over 25,000 sqm.

In Australia, an amended DA was agreed with the joint venture partner for 475 Victoria Avenue, Chatswood. The DA was submitted to Council in September and approval is expected Q1 2021.

THE JOAN, AMSTERDAM OVERAMSTEL


475 VICTORIA AVENUE, CHATSWOOD

RETAIL FUNDS

Cromwell Property Trust 12's (Trust) initial seven-year term concludes at the end of October. Cromwell Funds Management intends to put a proposal to the Trust's unitholders to vote on retaining the asset at 19 George Street, Dandenong, which accommodates the Australian Taxation Office, and extending the Trust term by five years.

The Trust currently provides unitholders with a 9.25% yield based on the distribution rate payable from July 2020 (annualised) and unitholders original $1.00 of contributed capital. The current unit price as at 30 September 2020 is $1.50.


19 GEORGE STREET, DANDENONG

CAPITAL MANAGEMENT AND LIQUIDITY

In Australia, debt markets remain functional and the pressure on rates and liquidity that occurred at the start of the pandemic has mostly unwound. Companies in sectors that have been most acutely affected however such as retail, leisure, travel, transport and student accommodation are finding it difficult to obtain financing. All major European jurisdictions have also regained liquidity in the last few months although financing for operational assets such as retail or hotels remains constrained.

Cromwell continues to benefit from a halt on non-essential travel, recruitment and discretionary expenditure with costs reducing on a quarterly basis from the start of the calendar year. As at 30 September, Cromwell has over $610 million of cash and available undrawn facilities with no material debt maturing until FY23. The balance sheet remains strong and all covenants have substantial headroom meaning Cromwell is in the enviable position of not needing to access debt markets.

Debt remains well diversified across 26 lenders with a duration of 3.1 years. The cost of debt remains low and given the long WALE profile of the portfolio, the strength of tenant-customer covenants and the high level of income sourced from Government authorities, Cromwell remains comfortable with its capital position and liquidity.

OUTLOOK

COVID-19 continues to be ever present, and while Australia seems to currently have cases under control, the European winter is likely to see cases continue to rise there.

Cromwell continues to pursue its 'Invest to Manage' strategy and has a number of strategic initiatives under consideration aligned to key themes that Cromwell believes will provide long term value for securityholders including:

1. Quality office assets with long leases and secure income streams;
2. Increased investment in logistics and warehousing as companies 'on shore' supply chains and move away from just in time delivery;
3. Greater demand for higher quality and greater care 'at home' for seniors;
4. Increased demand for data and data centres; and
5. Resilience of grocery stores, hypermarkets and hardware 'big box retailers' as compared to discretionary and specialty retail.

Cromwell's priorities during this time remain maximising long-term value, protecting the interests of all securityholders equally, and safeguarding the health and wellbeing of its employees, tenant-customers and the local communities in which they work and live.

Cromwell recognises that securityholders value the consistency and reliability of its quarterly distributions, and its policy has been to ensure that distributions are maintained wherever possible. The distribution for the September 2020 quarter of 1.875 cents per security has a payment date of 20 November 2020. The distribution payment will be covered by earnings and cash flow.

The Dividend Reinvestment Plan (DRP) will not operate in respect of the September 2020 quarter distribution due to Cromwell's security price being below the per stapled security NTA (net tangible assets).

Authorised for lodgement by Lucy Laakso (Company Secretary) and Paul Weightman (Chief Executive Officer).

ENDS

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DISCLAIMER

ABOUT CROMWELL PROPERTY GROUP

Cromwell Property Group (ASX:CMW) (Cromwell) is a real estate investor and manager with operations on three continents and a global investor base. The Group is included in the S&P/ASX 200. As at 30 June 2020, Cromwell had a market capitalisation of $2.4 billion, a direct property investment portfolio in Australia valued at $3.0 billion and total assets under management of $11.5 billion across Australia, New Zealand and Europe.

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