



**CROMWELL**  
PROPERTY GROUP

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Wednesday 18 November 2020

ASX Market Announcements Office  
Exchange Centre  
20 Bridge Street  
SYDNEY NSW 2000

Dear Sir/Madam

## **Cromwell Property Group (ASX:CMW) Chair's Address and CEO's Address**

In accordance with ASX Listing Rule 3.13.3, attached is a copy of the Chair's address and the CEO's address to be delivered at Cromwell Property Group's 2020 AGM.

Yours faithfully

**CROMWELL PROPERTY GROUP**

**LUCY LAAKSO**

COMPANY SECRETARY

Authorised for lodgement by Lucy Laakso (Company Secretary) and Michael Wilde (Chief Financial Officer).

### **Media Enquiries:**

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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 30 June 2020, Cromwell had a market capitalisation of \$2.4 billion, a direct property investment portfolio valued at \$3.0 billion and total assets under management of \$11.5 billion across Australia, New Zealand and Europe.

## CHAIR'S ADDRESS

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Welcome securityholders and guests to Cromwell's 2020 Annual General Meeting.

Firstly, an introduction, I am Cromwell Chair Leon Blitz and, while I would like to be there with you in person, COVID-19 related travel restrictions mean that I'm addressing you from lockdown in London. For practical purposes, our CEO and Managing Director Paul Weightman, who is in attendance at Cromwell's head office in Brisbane, is chairing the formalities for the day.

I would like to acknowledge and thank all of you who have been able to attend in person, as well as all those attending virtually. This is our third general meeting of 2020 meaning all securityholders have received an abundance of additional correspondence, phone calls and proxy forms. Voting and engagement has been exceptionally high for each meeting and I would like to thank all securityholders who have clearly and demonstrably supported Cromwell and its Board throughout.

COVID-19 has created unprecedented uncertainty and dislocation within the global economy and commercial real estate markets. As I have said previously, the Board's priorities have been to ensure the safety and wellbeing of our people and their families, to minimise and mitigate the commercial and financial impact of the pandemic and to safeguard the interests of our securityholders and investors.

There have been no COVID-19 related furloughs or redundancies at Cromwell this year. No pay cuts for our people and we have not needed to access any type of government support. Importantly, the strength and resilience of our business has meant that in the middle of a once in a lifetime pandemic, securityholder distributions have been maintained. This is an exceptional result.

The decisions the Board has taken are considered and consistent with our values, best practice corporate governance and are in the best interests of all securityholders, equally. All Cromwell's independent non-executive directors bring independent judgement to bear on the issues before them.

All four proxy advisory firms, CGI Glass Lewis, ISS, Ownership Matters and ACSI, who advise investors on voting matters at AGMs, have fully supported every single Board recommendation at this year's AGM. This is a clear sign that we have clearly and publicly met all the right governance and performance requirements expected by the market acting in the interests of all securityholders equally.

I would like to welcome Mr John Humphrey, Mr Joseph Gersh and Dr Gary Weiss, all of whom joined the Board in September 2020. I thank them publicly for the positive contribution that each of them has made to the Board since that time.

Finally, I would like to take this opportunity to thank my predecessor as Chair Mr Geoff Levy, AO who retired earlier this year as a director of Cromwell Corporation Limited and Cromwell Property Securities Limited. Geoff had nearly 12 years' service and helped steer Cromwell through the GFC and its various stages of growth. Please join with me in expressing your appreciation for Geoff's contribution.

I would like to hand over to CEO and Managing Director Paul Weightman for his address and the rest of the formalities.

Thank you.

## CEO'S ADDRESS

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Thank you, Leon, and welcome securityholders and guests.

As Leon has indicated, the spectre of COVID-19 has loomed over everything this year. Recent news of a possible vaccine may have helped markets lately but I fully expect there will be more ups and downs on the journey before we can say this is all in the rear-view mirror. In such a challenging environment, I am proud to say that Cromwell reported another strong set of results for the 2020 financial year.

Operating profit, considered by the Directors to best reflect underlying earnings, was \$221 million, up 27% on the previous year and equivalent to 8.50 cents per security, ahead of original guidance. Distributions of 7.50 cents per security were up 3.4%, meeting our original guidance.

Cromwell's strategy has always sought to balance risk and return. It is based on an underlying principle of resilience and a commitment to continually improve and ensure that we can manage through unforeseen events and market dislocations. Our strategy has stood us in good stead.

All three of our business segments have successfully reported strong profit growth in the year:

1. In the direct property investment segment profit was \$172 million, 26% higher than the previous year. The portfolio is valued at \$3.0 billion and our strong tenant skew towards government and larger ASX-listed entities has meant that to 30 June 2020 less than \$10 million of rent, or less than 4%, was waived or deferred.

We also have line of sight to a \$1.1 billion pipeline of repositioning work, inclusive of the opportunity at 475 Victoria Avenue, Chatswood and the development approval recently received for a new 18,000 sqm PCA A-grade office building at 19 National Circuit in Canberra.

2. In our indirect property investment segment, which recognises earnings arising from investments we make in assets, mandates or funds, profit was \$56 million, up 23% from the prior year. The increase was mainly driven by the Cromwell Polish Retail Fund (CPRF) while the Cromwell European REIT (or CEREIT) was the single largest contributor.

Our stake in CEREIT is now worth over €360 million, a strong value creation for securityholders from a standing start just three years ago.

3. In the funds and asset management segment, profit was \$41 million, up 43% and total external funds under management was \$8.2 billion. In Europe, Cromwell's local teams have spent the last few months working through COVID-19 responses in support of our 2,200 tenant-customers.

The quality of the FUM in the platform also continues to improve with 78% now recurring longer dated capital. Within the retail investor segment, the withdrawal window for the Cromwell Direct Property Fund closed in July. Investors representing 90.1% of issued capital elected to continue their investment, a testament to its track record of delivering regular, reliable monthly income.

Cromwell continues to pursue its 'Invest to Manage' strategy and we have a number of initiatives under consideration aligned to key themes we believe will provide 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.

We will continue to be impacted by the largest ongoing economic and health crisis of the generation and we are currently seeing second wave lockdowns throughout Europe. Cromwell has a strong balance sheet with substantial liquidity and rent collection has been resilient for both the domestic Australian portfolio and CPRF so far. We are continually assessing the impact of the pandemic in all countries in which we operate, and we do so with the benefit of knowing that we have invested in the infrastructure, people and technology to continue to operate successfully on a remote basis.

Overall our capital position remains strong. Our cost of debt is at historic lows, we have no material upcoming debt expiries, ample liquidity and strong cashflows underpinned by high credit, quality government tenants with substantial headroom to covenants.

We know our securityholders depend on us for their distributions and I would like to take this opportunity to thank them for their continued faith in us. The September quarter distribution of 1.8750 cents per security will be paid this Friday, 20 November.

I would like to extend my thanks to the Board for their counsel and support and acknowledge the wider Cromwell team for their hard work and effort in all the countries in which we operate.

Thank you.

Authorised for lodgement by Lucy Laakso (Company Secretary) and Michael Wilde (Chief Financial Officer).

Ends.

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