

CROMWELL SECURITYHOLDERS SHOULD TAKE NO ACTION ON ARA PROPORTIONAL TAKEOVER BID

Cromwell Property Group (ASX:CMW) (Cromwell) advises that ARA Asset Management Limited (ARA) has announced its intention to make a proportional off market takeover bid to acquire 29% of all Cromwell stapled securities that ARA does not already hold a relevant interest in via the acquisition of 29 out of every 100 stapled securities in Cromwell not currently owned by ARA for \$0.90 per stapled security (Proportional Offer).

Cromwell securityholders are advised to **TAKE NO ACTION** in relation to the Proportional Offer. Cromwell notes the unsolicited and opportunistic nature of the Proportional Offer and that the Proportional Offer is not an offer to acquire all securities held by securityholders in Cromwell. Cromwell will provide a further announcement in due course when it has evaluated and assessed the terms of the Proportional Offer.

In the interim, Cromwell will continue to operate and execute its business strategy in the ordinary course as previously flagged to the market on 4 June 2020.

Cromwell is being advised by Goldman Sachs, UBS AG, Australia Branch, and MinterEllison and Corrs Chambers Westgarth.

ARA's letter setting out its intention to make the Proportional Offer, received this morning, is attached to this announcement.

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

Ends.

Media Enquiries:

Honner Media

Paul Cheal / Jessica Effeney

+61 (0) 427 755 296 / +61 (0) 400 998 373

paul@honner.com.au / jessica@honner.com.au

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 2019, Cromwell had a market capitalisation of \$3.1 billion, a direct property investment portfolio valued at \$3.2 billion and total assets under management of \$11.9 billion across Australia, New Zealand and Europe.

ARA ASSET MANAGEMENT INTENDS TO MAKE AN ALL CASH PROPORTIONAL TAKEOVER BID FOR CROMWELL PROPERTY GROUP

ARA Asset Management Limited (“**ARA**”) announces its intention to make an all cash proportional off market takeover bid, through a subsidiary entity, ARA Real Estate Investors 28 Limited (“**ARA BidCo**”), to acquire 29 out of every 100 stapled securities of Cromwell Property Group¹ (“**Cromwell**”) not currently owned by ARA (the “**Offer**”).

ARA BidCo will offer to acquire 29% of all Cromwell stapled securities that it does not already hold a relevant interest in for **\$0.90 per stapled security** reduced by any dividends or distributions declared, determined or paid after 23 June 2020. The Offer represents a **9.8% premium** to Cromwell’s 30-day VWAP of \$0.82 per stapled security. We believe this Offer represents an opportunity for securityholders to realise cash at a premium for a portion of their Cromwell securities amidst the heightened market volatility and uncertainty from COVID-19 and other factors.

Reasons to accept the Offer

ARA considers this Offer to be compelling for Cromwell’s securityholders, offering the following advantages:

- The offer price is at a premium to Cromwell’s recent trading prices despite ongoing market volatility and represents a:
 - 3.4% premium to the last close of \$0.87² on 22 June 2020;
 - 9.8% premium to the 30-day VWAP of \$0.82² on 22 June 2020; and
 - 12.9% premium to the 3-month VWAP of \$0.80² on 22 June 2020.
- The Offer will provide certainty of value at a premium for 29% of your Cromwell securities during this period of heightened economic uncertainty
 - Given Cromwell's elevated gearing levels in conjunction with the uncertainty surrounding rental collections and asset values as a result of COVID-19, ARA is concerned that Cromwell will seek to undertake a material equity raising at a discount to the offer price
- Through ARA Real Estate Investors XXI Pte Ltd and ARA Real Estate Investors 28 Limited, ARA already has a relevant interest in 24.0% of Cromwell’s stapled securities reducing the likelihood that a competing proposal emerges
- The Offer will allow securityholders to participate in any future improvement in Cromwell’s performance by continuing to retain 71% of your Cromwell securities
 - Subject to obtaining a sufficient holding in Cromwell, ARA intends to drive a process of Board change and renewal. A refreshed Board with a clear proprietorial focus will bring necessary experience and provide appropriate oversight of Cromwell management, driving a clear and considered strategy and improved operational performance of the business
- The Offer will only be subject to limited conditionality

¹ “Cromwell Property Group” means Cromwell Corporation Limited ACN 001 056 980 and Cromwell Diversified Property Trust ARSN 102 982 598 or, where the context requires, each or only one of them

² Data sourced from IRESS as at 22 June 2020

ARA's concerns

ARA has become increasingly concerned with the poor operational performance, increased complexity, erratic strategy, overall governance and risk management protocols at Cromwell and has chosen to present an Offer directly to Cromwell securityholders.

As Cromwell's largest securityholder ARA has, on a number of occasions, sought to constructively engage with the Cromwell Board in order to ensure securityholder value is protected and maximised. These attempts have been met with an unwillingness by the Cromwell Board to engage in a constructive manner; accordingly, ARA views the best way forward to improving the governance and performance of Cromwell is to present an offer directly to its fellow Cromwell securityholders. Through the Offer, ARA BidCo will offer to acquire additional Cromwell securities at a premium to the current Cromwell security price. An increased securityholding in Cromwell will help ARA drive a much needed refresh of the Cromwell Board.

It is ARA's view that a reinvigorated Board, with appropriate experience and a clear proprietorial focus, will bring necessary expertise and provide appropriate oversight of Cromwell management, to drive a clear and considered strategy and improved operational performance of the business. By offering to acquire a portion of your securities, ARA is providing you with the opportunity to realise certain value, at a premium, while retaining the ability to participate in any improved performance in Cromwell brought about by this initiative.

Conditions of the Offer

The Offer's conditionality will be limited to an index fall condition and a no prescribed occurrences condition. Full details of the conditions to the Offer are set out in Annexure A of this announcement. The Offer is not subject to FIRB, a minimum number of acceptances or any due diligence.

Financing

ARA is a leading Asia Pacific real assets fund manager with a global reach headquartered in Singapore, operating across the Asia Pacific, North America and Europe, with S\$88bn³ of assets under management committed from some of the world's leading investors. Through a combination of its balance sheet and commitments from affiliates of certain of its existing shareholders, which include CK Asset Holdings, Straits Trading and Warburg Pincus, ARA Bidco has sufficient financial resources to fund the Offer in full.

Bidder's Statement

More information about the Offer will be submitted in a Bidder's Statement to be released to Cromwell securityholders in the near future.

Advisors

Moelis Australia Advisory Pty Ltd and Credit Suisse (Australia) Limited have been retained as financial advisers and Arnold Bloch Leibler has been retained as legal advisor.

³ Includes assets under management by ARA Asset Management Limited and its affiliates as at 31 December 2019

ANNEXURE A – OFFER CONDITIONS

This Offer and the contract resulting from acceptance of this Offer are subject to the fulfilment of the following Defeating Conditions:

(a) No Prescribed Occurrences

None of the following events happens during the period beginning on the Announcement Date and ending at the end of the Offer Period:

- (i) Cromwell converts all or any of its shares into a larger or smaller number of shares;
- (ii) Cromwell or a subsidiary resolves to reduce its capital share in any way;
- (iii) Cromwell a subsidiary:
 - (A) enters into a buy-back agreement; or
 - (B) resolves to approve the terms of a buy-back agreement under section 257C(1) or 257D(1) of the Corporations Act;
- (iv) Cromwell or a subsidiary issues shares or grants an option over its shares, or agrees to make such an issue or grant such an option;
- (v) Cromwell or a subsidiary issues, or agrees to issue, convertible notes;
- (vi) Cromwell or a subsidiary disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property;
- (vii) Cromwell or a subsidiary grants, or agrees to grant, a security interest in the whole, or a substantial part, of its business or property;
- (viii) Cromwell or a subsidiary resolves to be wound up;
- (ix) a liquidator or provisional liquidator is appointed to Cromwell or a subsidiary;
- (x) a court makes an order for the winding up of Cromwell or a subsidiary;
- (xi) an administrator is appointed to Cromwell or a subsidiary under section 436A, 436B or 436C of the Corporations Act;
- (xii) Cromwell or a subsidiary executes a deed of company arrangement; or
- (xiii) a receiver, or a receiver and manager, is appointed in relation to the whole, or a substantial part, of the property of Cromwell or a subsidiary.

In this paragraph (a) “Cromwell” means Cromwell Corporation Limited. For each subparagraph which refers to an event or circumstance referred to in subsection 652C(1) or (2) of the Corporations Act that is capable of applying to Cromwell Diversified Property Trust pursuant to section 604 of the Corporations Act, this paragraph (a) shall be taken to include an additional equivalent subparagraph in which “Cromwell Diversified Property Trust” is substituted for “Cromwell”.

(b) Index Fall Condition

During the period beginning on the Announcement Date and ending at the end of the Offer Period, the S&P/ASX200 A-REIT sector index does not close on each of three or more consecutive Trading Days more than 15% below the level of that index as at the close of trading on the last Trading Day on ASX before the Announcement Date.