

2019 CORPORATE GOVERNANCE STATEMENT

Cromwell Property Group

THIS DOCUMENT IS ISSUED BY

Cromwell Property Group

consisting of

Cromwell Corporation Limited ABN 44 001 056 980 and

Cromwell Diversified Property Trust

ARSN 102 982 598 ABN 30 074 537 051

(the responsible entity of which is

Cromwell Property Securities Limited

AFSL 238052 ABN 11 079 147 809)

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CORPORATE GOVERNANCE STATEMENT

The Board is committed to Cromwell Property Group meeting securityholders' and stakeholders' expectations of good corporate governance. The Board is proactive with respect to corporate governance and actively reviews developments to determine which corporate governance arrangements are appropriate for Cromwell Property Group and its securityholders and stakeholders.

This Corporate Governance Statement (Statement) reports on how Cromwell Property Group (or Cromwell or Group) complied with the third edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (the Recommendations) during the 2019 financial year.

This Statement is current as at 1 September 2019 and has been approved by the Board.

Cromwell Property Group comprises Cromwell Corporation Limited (or the Company) and the Cromwell Diversified Property Trust (or the CDPT), the Responsible Entity of which is Cromwell Property Securities Limited (or CPS).

Principle 1: Lay solid foundations for management and oversight

RECOMMENDATION 1.1

The Board of Directors of Cromwell Corporation Limited is identical to the Board of Directors of Cromwell Property Securities Limited (together, the Board; severally, the Directors). The Board's responsibilities include to provide leadership to Cromwell Property Group and to set its strategic objectives. The Board has adopted a formal, written Board Charter, which sets out the Board's role and responsibilities, including to:

- oversee the process for ensuring timely and balanced disclosure of all 'price sensitive' information in accordance with the *Corporations Act 2001* (Cth) (Corporations Act) and the ASX Listing Rules; and
- ensure an appropriate risk management framework is in place and set the risk appetite within which the Board expects management to operate.

The Board generally holds a scheduled meeting every second calendar month and additional meetings are convened as required. The Directors' Report discloses the names of the Directors, the number of times that the Board met during the 2019 financial year and the individual attendances of the Directors at those meetings. For easy reference, the information (including percentages of total) is shown below:

| Director | Meetings attended (% of meetings eligible to attend) | Meetings eligible to attend (100%) |
|---|---|---------------------------------------|
| Mr Geoffrey Levy (Chair) | 12 (92%) | 13 (100%) |
| Ms Michelle McKellar | 13 (100%) | 13 (100%) |
| Ms Jane Tongs | 13 (100%) | 13 (100%) |
| Mr Marc Wainer (retired 21 November 2018) | 1 (33%) | 3 (100%) |
| Mr Leon Blitz | 13 (100%) | 13 (100%) |
| Mr Paul Weightman | 13 (100%) | 13 (100%) |
| Mr David Blight (resigned 19 July 2019) | 9 (69%) | 13 (100%) |
| Mr Andrew Fay (appointed 15 October 2018) | 11 (100%) | 11 (100%) |

Management prepares Board papers to inform and focus the Board's attention on key issues. Standing items include progress against strategic objectives, financial performance and corporate governance (including compliance with material legal and regulatory requirements and any conduct that is materially inconsistent with Cromwell Property Group's values and Code of Conduct).

The Board has the following long-established Board Committees to assist it in carrying out its responsibilities, to share detailed work and to consider certain issues and functions in detail:

- Audit and Risk Committee;
- Investment Committee; and
- Nomination and Remuneration Committee.

Details of the role, responsibilities and composition of the Board Committees are contained elsewhere in this Statement. The Directors' Report discloses (for each Board Committee) the members of the Board Committee, the number of times

that the Board Committee met during the 2019 financial year and the individual attendances of the members at those meetings. For easy reference, the information (including percentages of total) is shown below:

Audit and Risk Committee

| Director | Meetings attended (% of meetings eligible to attend) | Meetings eligible to attend (100%) |
|--|--|------------------------------------|
| Ms Michelle McKellar | 10 (100%) | 10 (100%) |
| Ms Jane Tongs (Committee Chair) | 10 (100%) | 10 (100%) |
| Mr Leon Blitz | 10 (100%) | 10 (100%) |
| Mr Andrew Fay (appointed to Committee on 21 November 2018) | 5 (100%) | 5 (100%) |

Investment Committee

| Director | Meetings attended (% of meetings eligible to attend) | Meetings eligible to attend (100%) |
|--|--|------------------------------------|
| Mr Geoffrey Levy (retired from Committee on 29 May 2019) | 1 (100%) | 1 (100%) |
| Ms Michelle McKellar (Committee Chair) | 4 (100%) | 4 (100%) |
| Mr Leon Blitz (appointed to Committee on 29 May 2019) | 4 (100%) | 4 (100%) |
| Mr Paul Weightman | 4 (100%) | 4 (100%) |
| Mr Andrew Fay (appointed to Committee on 29 May 2019) | 4 (100%) | 4 (100%) |

Nomination and Remuneration Committee

| Director | Meetings attended (% of meetings eligible to attend) | Meetings eligible to attend (100%) |
|--|--|------------------------------------|
| Mr Geoffrey Levy (retired from Committee and as Committee Chair on 21 November 2018) | 3 (100%) | 3 (100%) |
| Ms Michelle McKellar | 4 (100%) | 4 (100%) |
| Ms Jane Tongs | 4 (100%) | 4 (100%) |
| Mr Leon Blitz | 2 (50%) | 4 (100%) |
| Mr Andrew Fay (appointed to Committee and as Committee Chair on 21 November 2018) | 1 (100%) | 1 (100%) |

Day to day management of Cromwell Property Group's affairs and implementation of agreed strategic objectives are delegated by the Board to management under the direction of the Managing Director/Chief Executive Officer (CEO). This has been formalised in the Board Charter and a Board-approved Delegation of Authority Policy. The Board reviews these documents at least annually to ensure their effectiveness and appropriateness (given the evolving needs of Cromwell Property Group).

What you can find on the Corporate Governance page on our website:

- Board Charter
- Audit and Risk Committee Charter
- Nomination and Remuneration Committee Charter
- Delegation of Authority Policy
- Constitution of Cromwell Corporation Limited
- Constitution of the Cromwell Diversified Property Trust

www.cromwellpropertygroup.com/securityholder-centre/corporate-governance

RECOMMENDATION 1.2

Cromwell Property Group undertakes appropriate checks before appointing a Director or senior executive, or putting forward to securityholders a candidate for election or re-election as a Director. The checks are into matters such as the person's character, experience, education, criminal record and bankruptcy history. The Board and Nomination and Remuneration Committee also consider whether or not the candidate has sufficient time available, given their other roles and activities, to meet expected time commitments to Cromwell.

When securityholders are asked at Cromwell Property Group's annual general meeting (AGM)¹ to elect, or re-elect, a Director to the Board, Cromwell will provide them with the following information to enable them to make an informed decision:

- biographical information, including relevant qualifications, experience and the skills the candidate brings to the Board;
- details of any other current material directorships;
- a statement as to whether the Board supports the candidate's election or re-election. In line with the fourth edition of the Recommendations, commencing in 2019, this statement will be expanded to include a summary of the reasons why; and
- (for a candidate standing for election as a Director for the first time) any material adverse information revealed by background checks; details of any interest, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect the candidate's capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the Group as a whole and its securityholders generally; and a statement from the Board as to the candidate's independence; or
- (for a candidate standing for re-election) the term of office currently served and a statement from the Board as to the candidate's independence.

The information will be provided in the relevant notice of meeting. Securityholders also have the opportunity to ask questions of candidates at the AGM.

RECOMMENDATION 1.3

Cromwell Property Group has provided each Non-executive Director with a written letter of appointment which details the terms of their appointment, including:

- the requirement to disclose interests and any matters which could affect the Director's independence;
- remuneration and expected time commitments;
- the requirement to comply with key corporate policies, including Cromwell Property Group's Code of Conduct and Securities Trading Policy;
- the requirement to seek the Chair's consent before accepting any new role that could impact on the time commitment expected of the Director, and to notify the Board about anything that may lead to an actual or potential conflict of interest or duty;
- Cromwell Property Group's policy on when Directors may seek independent professional advice at the expense of the entity;
- indemnity and insurance arrangements and ongoing rights of access to corporate information; and
- ongoing confidentiality obligations.

The CEO (an Executive Director) has a written formal job description, an employment contract (outlining the terms of appointment as a senior executive) and a letter of appointment for the role as Executive Director.

Other senior executives have written employment contracts that outline the terms of their appointment.

Cromwell Property Group has a Board-approved Securities Trading Policy under which Directors, senior executives and employees are restricted in their ability to deal in Cromwell Property Group securities. Appropriate closed periods are in place during which Directors, senior executives and employees are not permitted to trade. Directors, senior executives and employees are made aware of the policy and receive training annually. The policy is reviewed at least annually.

What you can find on the Corporate Governance page on our website:

- Code of Conduct
- Securities Trading Policy

www.cromwellpropertygroup.com/securityholder-centre/corporate-governance

(1) In this Statement, AGM means (together) the Annual General Meeting of the Company and the General Meeting of the CDPT.

RECOMMENDATION 1.4

The Company Secretary is accountable to the Board (through the Chair) on all matters to do with the proper functioning of the Board.

The Company Secretary's responsibilities include:

- advising the Board and Board Committees on governance matters;
- monitoring that Board and Board Committee policies and procedures are followed;
- coordinating the timely completion and despatch of the Board and Board Committee papers;
- ensuring that the business at the Board and Board Committee meetings is accurately captured in minutes; and
- helping to organise and facilitate the induction and professional development of Directors.

Directors can, and do, communicate directly and regularly with the Company Secretary on Board matters. Similarly, the Company Secretary communicates directly and regularly with the Directors on such matters.

The Board Charter states that the Board is responsible for appointing and removing the Company Secretary.

What you can find on the Corporate Governance page on our website:

- Board Charter

www.cromwellpropertygroup.com/securityholder-centre/corporate-governance

RECOMMENDATION 1.5

Cromwell Property Group recognises the many benefits of diversity and strives, through its recruitment and selection practices, to ensure that a diverse range of candidates is considered and that conscious and unconscious biases that might discriminate against candidates are avoided.

Cromwell Property Group has a Board-approved Diversity Policy which sets out the framework the Group has in place to achieve appropriate diversity in its Board, senior executive and broader workforce. Pursuant to the Diversity Policy, each financial year the Board (on recommendation from the Nomination and Remuneration Committee) sets measurable objectives for achieving diversity. An annual assessment of progress against those objectives is also undertaken.

The table below shows the gender diversity objectives set for the 2019 financial year and the Group's performance against those objectives as at 30 June 2019.

FY19 gender diversity objective

The Group's performance as at 30 June 2019

| | | |
|----|---|--|
| 1 | The Group has at least two female Directors and at least two female senior executives/senior managers. | Achieved. |
| 2 | At least one female will be interviewed for all advertised management positions. | Achieved. |
| 3 | All employees (regardless of gender, age and race) are consulted annually via an engagement survey and are given the opportunity to provide feedback on issues and potential barriers to diversity. | Achieved. |
| 4 | Remuneration continues to be benchmarked against market data taking into consideration experience, qualification and performance and without regard to age, gender and race. | Achieved. |
| 5 | Succession plans and leadership programmes are designed to assist in the development of a diverse pool of future senior executives and managers and are regularly reviewed. | Not achieved. |
| 6 | At least one corporate event is held to which staff can bring family members. | Achieved. |
| 7 | Flexible working arrangements are available for staff with caring responsibilities. | Achieved. |
| 8 | All staff receive diversity and related training at least once a year. | Not achieved. |
| 9 | At least 80% of females taking parental leave return to work. | Not applicable – no scheduled returns from parental leave during FY19. |
| 10 | Average training hours undertaken by females are at least equivalent to the average training hours undertaken by male counterparts. | Achieved. |

As at the date shown, the respective proportions of males and females on the Board, in senior executive positions and across the employee workforce were as follows:

| Date | Body | Females (% of total) | Males (% of total) | Total (100%) |
|--------------------|-------------------------------|----------------------|--------------------|--------------|
| As at 30 June 2019 | Board | 2 (29%) | 5 (71%) | 7 (100%) |
| As at 19 July 2019 | Board | 2 (33%) | 4 (67%) | 6 (100%) |
| As at 30 June 2019 | Senior executive ² | 1 (33%) | 2 (67%) | 3 (100%) |
| As at 30 June 2019 | Employees ³ | 68 (48%) | 75 (52%) | 143 (100%) |

(2) Recommendation 1.5(c)(1) requires the Group to define what it means by 'senior executive'. In this case, 'senior executive' means the key management personnel (KMP) other than Non-executive Directors. As at 30 June 2019, the 'senior executive' comprised the Chief Executive Officer, the Chief Operations Officer and the Chief Financial Officer. Please refer to the FY19 Remuneration Report for further information about KMP.

(3) Excludes European business, Singapore business, Phoenix Portfolios, Oyster Property Group and LDK Healthcare.

Cromwell Property Group is a 'relevant employer' under the *Workplace Gender Equality Act 2012* (Cth) (WGEA). The Group's most recent 'Gender Equality Indicators', as defined in and published under the WGEA, are as follows:

Gender equality indicator

1. Gender composition of workforce
2. Gender composition of governing bodies
3. Equal remuneration between women and men
4. Flexible working and support for employees with family and caring responsibilities
5. Consultation with employees on issues concerning gender equality in the workplace
6. Sex-based harassment and discrimination

Cromwell's latest WGEA Report is available on the Corporate Governance page on the Group's website.

What you can find on the Corporate Governance page on our website:

- Diversity Policy
- Nomination and Remuneration Committee Charter
- Gender Diversity Objectives (current financial year and previous financial years)
- WGEA Report

www.cromwellpropertygroup.com/securityholder-centre/corporate-governance

What you can find on the Sustainability page on our website:

- Sustainability Report (current report and previous reports)

www.cromwellpropertygroup.com/sustainability

RECOMMENDATION 1.6

The Board undertakes an annual formal performance assessment, which includes an evaluation of the performance of the Board, Board Committees and individual Directors and also a self-evaluation. Under the annual formal performance assessment, Directors complete a questionnaire and can make comments or raise any issues they have in relation to the performance. The results are compiled by the Company Secretary and discussed at a subsequent Board meeting. For the 2019 financial year, the formal performance assessment was conducted and did not raise any governance issues that needed to be addressed.

What you can find on the Corporate Governance page on our website:

- Nomination and Remuneration Committee Charter

www.cromwellpropertygroup.com/securityholder-centre/corporate-governance

RECOMMENDATION 1.7

Cromwell Property Group has an established, rigorous process for the performance review of all employees, including senior executives. The performance of senior executives and whether they have met their individual key performance indicators is formally evaluated annually by the CEO, with regular feedback being provided during the performance period. At the time of the reviews, the professional development of the senior executive is also discussed, along with any training which could enhance their performance. Both qualitative and quantitative measures are used in the evaluation. A performance evaluation for each senior executive was completed during the reporting period.

Under its Charter, the Nomination and Remuneration Committee is responsible for facilitating an annual review of the performance of the CEO (an Executive Director). This annual review was completed during the 2019 financial year.

What you can find on the Corporate Governance page on our website:

- Nomination and Remuneration Committee Charter

www.cromwellpropertygroup.com/securityholder-centre/corporate-governance

Principle 2: Structure the board to add value

RECOMMENDATION 2.1

Nomination and Remuneration Committee

The Board's Nomination and Remuneration Committee has four members, all of whom are independent Directors. The Committee is chaired by an independent Director who is not the Chair of the Board.

The Nomination and Remuneration Committee operates under a Board-approved written Charter. The Charter sets out the Nomination and Remuneration Committee's various responsibilities, including reviewing and making recommendations to the Board in relation to:

- Board succession planning generally;
- induction and continuing professional development programmes for Directors;
- the development and implementation of a process for evaluating the performance of the Board, Board Committees and Directors;
- the process for recruiting new Directors;
- the appointment, or re-election, of Directors to the Board;
- the performance and education of Directors;
- reviewing and recommending remuneration arrangements for the Directors, the CEO and senior executives; and
- ensuring succession plans are in place with regard to the CEO and other senior executives.

The Nomination and Remuneration Committee:

- may seek any information it considers necessary to fulfil its responsibilities;
- has access to management to seek explanations and information;
- may seek professional advice from employees of the Group and independent professional advice from appropriate external advisors (at Cromwell Property Group's cost); and
- may meet with external advisors without management being present.

The minutes of each Nomination and Remuneration Committee meeting are included in the papers for the next Board meeting after the Committee has approved those minutes. The Chair of the Nomination and Remuneration Committee reports the Committee's findings to the next Board meeting after each meeting of the Committee.

The Directors' Report discloses the members of the Nomination and Remuneration Committee, the number of times that the Committee met during the 2019 financial year and the individual attendances of the members at those meetings. For easy reference, the information (including percentages of total) is shown below:

| Director | Meetings attended (% of meetings eligible to attend) | Meetings eligible to attend (100%) |
|--|--|------------------------------------|
| Mr Geoffrey Levy (retired from Committee and as Committee Chair on 21 November 2018) | 3 (100%) | 3 (100%) |
| Ms Michelle McKellar | 4 (100%) | 4 (100%) |
| Ms Jane Tongs | 4 (100%) | 4 (100%) |
| Mr Leon Blitz | 2 (50%) | 4 (100%) |
| Mr Andrew Fay (appointed to Committee and as Committee Chair on 21 November 2018) | 1 (100%) | 1 (100%) |

What you can find on the Corporate Governance page on our website:

- Nomination and Remuneration Committee Charter

www.cromwellpropertygroup.com/securityholder-centre/corporate-governance

RECOMMENDATION 2.2

Board Skills Matrix

The Board has adopted a Board Skills Matrix, which sets out the collective skills and attributes of the Board.

Skills and experience

Leadership and Culture

- Non-executive Director and Board Committee experience in a publicly listed company in Australia or overseas
 - Experience at an executive level in business including the ability to assess the performance of the CEO and senior management
 - Understanding, implementing and monitoring good organisational culture
-

Property and Asset Management

- Experience in, and appropriate knowledge of, the Australian commercial property market in one or more of the following areas: acquisitions and disposals; asset management; property management; leasing; facilities management; and development
 - Experience in, and knowledge of, other property markets in other relevant jurisdictions (i.e. international) and other property market sectors
-

Funds/Investment Management

- Significant experience and knowledge of wholesale and retail funds management, in Australia and globally
-

Commercial Capability

- Deep experience at a Board or executive level with a listed company(ies) in the ASX300, with an understanding of capital raising, takeovers, continuous disclosure and corporate governance
 - Ability to think strategically and identify and critically assess strategic opportunities and threats and develop effective strategies to meet Cromwell Property Group's identified objectives
-

Financial Acumen

- Understanding of key financial statements; critically assess financial viability and performance; contribute to financial planning; monitor operating and capital expenditure budgets; and monitor debt levels and funding arrangements; and/or
 - Experience as a partner in a top tier accounting firm, or as a CFO in a listed company in the ASX300, with a deep understanding of the accounting standards applicable to Cromwell Property Group's financial reports and Cromwell Property Group's financial accountability process
-

Risk Oversight

- Ability to identify or recognise key risks to Cromwell Property Group across its various operations and monitor risk management frameworks
-

Debt Management

- Experience in the banking industry or in a corporate treasury department giving an understanding of the debt market in Australia or elsewhere
-

People

- Experience in managing human capital, remuneration and reward, industrial relations, workplace health and safety and strategic workforce planning
-

Public Policy, Government, Economics

- Experience with either Federal or State government ministers or departments giving a knowledge of agendas, policies or processes
 - Understanding of key macro and micro economic indicators and market cycles and their impact on Cromwell Property Group and the environment in which it operates
-

Sustainability

- Demonstrate an understanding of health and safety practices
- Understanding of risks and opportunities regarding climate change
- Former or current role with direct accountability for environment practices including energy, water management, emissions and land management

The above table outlines the experience and skills represented by the current composition of the Board, and of those desirable by the Board. This revised Board Skills Matrix has been consolidated and reconfigured, and detailed descriptions have been provided of each skill and experience. The Board Skills Matrix now includes 'Leadership and Culture,' 'People' and 'Sustainability', which the Board endeavours to address when considering succession planning. The Board regularly reviews and updates its Board Skills Matrix to reflect the strategy and direction of Cromwell Property Group and will consider enhancements in future reporting.

The Board considers that its current members have an appropriate mix of skills, personal attributes and experience that allows the Directors individually, and the Board collectively, to discharge their duties effectively and efficiently. The Board comprises individuals who understand the business of the Group and the environment in which it operates and who can effectively assess management's performance in meeting agreed objectives and goals.

The Directors' Report provides the following information about each Director:

- profile, including qualifications and experience; and
- special responsibilities and attendances at Board and Board Committee meetings. For easy reference, attendances at meetings are reproduced in this Statement.

The Nomination and Remuneration Committee refers to the Board Skills Matrix when considering Board succession planning and professional development initiatives for the Directors.

What you can find on the Corporate Governance page on our website:

- Nomination and Remuneration Committee Charter

www.cromwellpropertygroup.com/securityholder-centre/corporate-governance

RECOMMENDATION 2.3

The Board

The Group recognises that independent Directors are important in reassuring securityholders that the Board properly fulfils its role. The Board comprises six Directors, with an independent Chair and a majority of independent Non-executive Directors:

| Director (age) | First appointed | Status |
|------------------------------------|------------------|---|
| Mr Geoffrey Levy (AO) (Chair) (60) | 17 April 2008 | Independent Non-executive Director |
| Ms Michelle McKellar (64) | 1 March 2007 | Independent Non-executive Director |
| Ms Jane Tongs (59) | 26 November 2014 | Independent Non-executive Director |
| Mr Leon Blitz (55) | 28 June 2017 | Independent Non-executive Director |
| Mr Andrew Fay (54) | 15 October 2018 | Independent Non-executive Director |
| Mr Paul Weightman (57) | 6 August 1998 | Executive Director, Managing Director/CEO |

Mr Marc Wainer (70) retired as a Non-executive Director on 21 November 2018 and Mr David Blight (57) resigned as a Non-executive Director on 19 July 2019.

Each year, independence status is assessed using the guidelines and factors set out in the Recommendations and the independent Non-executive Directors also confirm to the Board, in writing, their continuing status as an independent Director.

In assessing a Director's independence status, the Board has adopted a materiality threshold of 5% of the Group's net operating income or 5% of the Group's net tangible assets (as appropriate) as disclosed in its last audited financial accounts.

The length of time that each independent Director has served on the Board is shown in the table above.

Mr Levy joined the Group as an independent Non-executive Director and independent Chair of the Board in 2008 and has been serving on the Board since that time. The Board is satisfied that the length of Mr Levy's service as Director and Chair will not interfere, or will not reasonably be seen to interfere, with his capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of Cromwell Property Group as a whole and its securityholders generally.

Ms McKellar, who is retiring by rotation at the end of the 2019 AGM in accordance with clause 65 of the Company's Constitution, will not be seeking re-election as a Director of the Company at the AGM.

The Board is comfortable that no Director has served for a period such that their independence may have been compromised. The Board also recognises that the interests of Cromwell Property Group and its securityholders are well served by having a mix of Directors, some with a longer tenure with a deep understanding of Cromwell and its business and some with a shorter tenure with fresh ideas and perspective.

Cromwell Property Group's independent Non-executive Directors (including the Chair) are considered by the Board to meet the test of independence under the third edition and fourth edition of the Recommendations.

Each independent Non-executive Director has undertaken to inform the Board as soon as practical if they think their status as an independent Director has or may have changed.

What you can find on the Corporate Governance page on our website:

- Board Charter

www.cromwellpropertygroup.com/securityholder-centre/corporate-governance

RECOMMENDATION 2.4

The Board comprises six Directors, with an independent Chair and a majority of independent Non-executive Directors.

The independent Non-executive Directors confer periodically as a group without senior executives present.

What you can find on the Corporate Governance page on our website:

- Board Charter

www.cromwellpropertygroup.com/securityholder-centre/corporate-governance

RECOMMENDATION 2.5

The Chair of the Board – Mr Geoffrey Levy (AO) – is an independent Non-executive Director. Mr Paul Weightman is an Executive Director and the CEO of Cromwell Property Group. This is consistent with the Board Charter, which stipulates that the Chair of the Board will not be the same person as the CEO and ideally will be an independent Non-executive Director.

The Board Charter sets out the responsibilities of the Chair, including:

- leading the Board;
- facilitating the effective contribution and ongoing development of all Directors;
- promoting constructive and respectful relations between Board members and between the Board and management; and
- facilitating Board discussions to ensure that core issues facing Cromwell Property Group are addressed.

What you can find on the Corporate Governance page on our website:

- Board Charter

www.cromwellpropertygroup.com/securityholder-centre/corporate-governance

RECOMMENDATION 2.6

An induction programme ensures that new independent Directors can participate fully and actively in decision making, and add value, upon their appointment. The Chair of the Board, with the assistance of the Company Secretary, has developed the induction programme. The programme includes meeting with fellow Directors (including the CEO) and the senior executive team, receiving briefings on Cromwell Property Group's strategy and reviewing corporate governance materials and policies.

Each year, the Nomination and Remuneration Committee also considers and recommends to the Board a professional development programme for Directors. This includes training relevant to each skill area of the Board Skills Matrix and on key issues relevant to Cromwell Property Group's operations, financial affairs and governance. The professional development programme is compiled in light of recent or potential developments (internal and external) as well as any skills or knowledge gaps identified by the Nomination and Remuneration Committee. Directors also have access to the inhouse training sessions provided by Cromwell Property Group's Legal and Compliance team. On an ongoing basis, Directors are provided with briefings on changes to accounting standards as well as updates on legal, regulatory and corporate developments relevant to Cromwell Property Group.

During the 2019 financial year, Directors undertook site visits at a number of Cromwell Property Group property assets and visited a number of Cromwell Property Group offices.

What you can find on the Corporate Governance page on our website:

- Nomination and Remuneration Committee Charter

www.cromwellpropertygroup.com/securityholder-centre/corporate-governance

Principle 3: Act ethically and responsibly

RECOMMENDATION 3.1

Cromwell Property Group is a 'values led' organisation, with its corporate beliefs represented as follows:



Such values underpin Cromwell Property Group's:

- purpose – to exist to look after people; and
- vision – to be globally recognised as the value driven real estate investor and manager of choice.

Cromwell Property Group's Directors, senior executives and employees are required to maintain high standards of ethical conduct. This is reinforced by the values and the various practices and policies of the Group. All Directors, senior executives and employees are expected to act with integrity and strive at all times to enhance the reputation and performance of Cromwell Property Group. The Board and the senior executives reinforce Cromwell Property Group's values in their interactions with Cromwell's broader workforce.

To reinforce this culture, Cromwell Property Group has a Code of Conduct to provide guidance about the attitudes and behaviour necessary to maintain stakeholder confidence in the integrity of Cromwell Property Group and comply with the Group's legal obligations.

The Code of Conduct is made available to all Directors, senior executives and employees and they are reminded of the importance of the Code of Conduct on a regular basis. Appropriate standards are also communicated and reinforced to all employees at induction sessions, regular refresher training and team meetings.

Compliance with Board-approved policies (including the Code of Conduct) is monitored via monthly checklists completed by key management and proactive testing programmes and by investigation following any report of a breach. Compliance monitoring is undertaken by the Legal and Compliance team under the direction of the Company Secretary who reports directly to the Board. The Board and the Audit and Risk Committee are notified of any material breaches of the Code of Conduct. The Directors and senior executives take appropriate and proportionate disciplinary action against those who breach the Code of Conduct.

Cromwell Property Group has a Board-approved Breach Reporting Policy and a Whistleblower Policy. These policies actively encourage and support reporting to appropriate management of any actual or potential breaches of the Group's legal obligations and/or of the Code of Conduct and any concerns about poor or unacceptable practice and misconduct in the workplace. The Audit and Risk Committee is informed of any incidents reported under Cromwell Property Group's Whistleblower Policy.

What you can find on the 'Our Values' page on our website:

- Our Values

www.cromwellpropertygroup.com/about/our-values

What you can find on the Corporate Governance page on our website:

- Code of Conduct
- Breach Reporting Policy
- Whistleblower Policy

www.cromwellpropertygroup.com/securityholder-centre/corporate-governance

Principle 4: Safeguard integrity in corporate reporting

RECOMMENDATION 4.1

Audit and Risk Committee

The Board is responsible for the integrity of the Group's corporate reporting. To assist in discharging this function, the Board has a long-established Audit and Risk Committee. The Board's Audit and Risk Committee has four members, all of whom are independent Directors. The Committee is chaired by an independent Director who is not the Chair of the Board.

The Audit and Risk Committee operates under a Board-approved written Charter, which sets out the Audit and Risk Committee's:

- objectives, including to maintain and improve the quality, credibility and objectivity of the financial accountability process (including financial reporting on a consolidated basis); and
- responsibilities, including reviewing and making recommendations to the Board in relation to:
 - whether Cromwell Property Group's financial statements reflect the understanding of the Audit and Risk Committee members, and otherwise provide a true and fair view, of the financial position and performance of the Group;
 - the appropriateness of any significant estimates or judgements in the financial reports (including those in any consolidated financial statements); and
 - the appointment or removal, and review of effectiveness and independence, of the external auditor.

The minutes of each Audit and Risk Committee meeting are included in the papers for the next Board meeting after the Committee has approved those minutes. The Chair of the Audit and Risk Committee reports the Committee's findings to the next Board meeting after each meeting of the Committee.

The Directors' Report discloses:

- the relevant qualifications and experience of the members of the Audit and Risk Committee; and
- the number of times that the Audit and Risk Committee met during the 2019 financial year and the individual attendances of the members at those meetings. For easy reference, the information (including percentages of total) is shown below:

| Director | Meetings attended (% of meetings eligible to attend) | Meetings eligible to attend (100%) |
|--|--|------------------------------------|
| Ms Michelle McKellar | 10 (100%) | 10 (100%) |
| Ms Jane Tongs (Committee Chair) | 10 (100%) | 10 (100%) |
| Mr Leon Blitz | 10 (100%) | 10 (100%) |
| Mr Andrew Fay (appointed to Committee on 21 November 2018) | 5 (100%) | 5 (100%) |

The Audit and Risk Committee:

- may seek any information it considers necessary to fulfil its responsibilities;
- has access to management to seek explanations and information;
- has access to auditors to seek explanations and information from them (without management being present);
- may seek professional advice from employees of the Group and independent professional advice from appropriate external advisors (at Cromwell Property Group's cost); and
- may meet with external advisors without management being present.

During the 2019 financial year, the external auditor attended the majority of the meetings of the Audit and Risk Committee; at those meetings, time was made available for the Committee to meet with the external auditor without management being present.

The external auditor has declared its independence to the Board and to the Audit and Risk Committee. The Board is satisfied the standards for auditor independence and associated issues have been met.

What you can find on the Corporate Governance page on our website:

- Audit and Risk Committee Charter
- External Auditor – Selection, Appointment and Rotation

www.cromwellpropertygroup.com/securityholder-centre/corporate-governance

RECOMMENDATION 4.2

Before it approves the Group financial statements for a financial period, the Board receives from the CEO and CFO a written declaration that, in their opinion, the financial records of the entity have been properly maintained and the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

RECOMMENDATION 4.3

The external auditor attends the Group's AGM and is available to answer securityholders' questions relevant to the audit

Principle 5: Make timely and balanced disclosure

RECOMMENDATION 5.1

Cromwell Property Group believes that all stakeholders should be informed in a timely and widely available manner of all the major business events and risks that influence the Group. In particular, Cromwell Property Group strives to ensure that any price sensitive material for public announcement is lodged with the ASX before external disclosure elsewhere and posted on the Group's website as soon as reasonably practicable after lodgement with the ASX.

The Group has a Market Disclosure Protocol which includes policies and procedures designed to ensure compliance with the continuous disclosure obligations under the ASX Listing Rules.

The Board receives copies of all market announcements promptly after such announcements have been released. This ensures that the Board has visibility of the nature and quality of information disclosed and the frequency of disclosures.

When Cromwell Property Group is giving a presentation, a copy of the presentation materials is released on the ASX Market Announcements Platform ahead of the presentation. Examples of such presentations are those delivered for half year results and full year results and at the AGM and any general meeting.

In addition, for the AGM and any general meeting, Cromwell Property Group releases the script of the Chair's address and the CEO's address and provides live webcasting of the meeting so that securityholders can hear proceedings online.

Cromwell Property Group is committed to providing securityholders with the opportunity to engage and participate in presentations and meetings.

What you can find on the Corporate Governance page on our website:

- Market Disclosure Protocol
- Investor Relations Policy

www.cromwellpropertygroup.com/securityholder-centre/corporate-governance

Principle 6: Respect the rights of securityholders

RECOMMENDATION 6.1

Cromwell Property Group aims to keep securityholders informed on an ongoing basis of the Group's performance and all major developments. Securityholders receive regular reports and the Group uses its website as its primary means of providing information to securityholders and the broader investment community about the Group's business, history, corporate structure, corporate governance and financial performance.

The Corporate Governance page on the Group's website provides:

- a link to information about the Board of Directors;
- key corporate governance documents, including constitutions, charters and policies;
- a link to key events in the Corporate Governance calendar;
- a link to a description of the Group's stapled security dividends/distributions policy and information about the Group's dividend/distribution history;
- a link to download relevant securityholder forms; and
- materials referred to in this Statement.

The Group's website also provides:

- overview of the Group's current business;
- description of how the Group is structured;
- summary of the Group's history;
- documents that the Group releases publicly (such as annual reports, ASX announcements, notices of meeting and company news items);
- historical information about the market prices of Cromwell Property Group securities;
- ahead of the AGM (or any general meeting), information including time and venue and a copy of the Chair's address, the CEO's address and the presentation materials;
- contact details for enquiries from securityholders, analysts or the media; and
- contact details for its securities registry.

Our website address:

www.cromwellpropertygroup.com

The Corporate Governance page on our website:

www.cromwellpropertygroup.com/securityholder-centre/corporate-governance

RECOMMENDATION 6.2

Cromwell Property Group has a Board-approved Investor Relations Policy, which has been designed to facilitate effective two-way communication with securityholders.

The Policy also sets out the policies and processes that the Group has in place to encourage participation of securityholders and financial market participants in the AGM. This is important to the Group because it assists with ensuring a high level of accountability and identification with the Group's strategies and goals.

What you can find on the Corporate Governance page on our website:

- Investor Relations Policy

www.cromwellpropertygroup.com/securityholder-centre/corporate-governance

RECOMMENDATION 6.3

Cromwell Property Group facilitates and encourages participation at meetings of securityholders.

The Chair and the CEO each address the meeting of securityholders and provide securityholders with an update on the Group's business, governance and financial performance and any areas of concern or interest to the Board and management. The Chair and CEO take any comments and questions received from securityholders during or after their address.

The current audit partner attends the AGM and is available to answer securityholders' questions about the audit. The notice of meeting for the AGM advises that securityholders entitled to cast their vote at the AGM may submit written questions to the auditor relevant to the content of the auditor's report or the conduct of the audit of the annual financial report being considered at the AGM. A securityholder wishing to submit a question to the auditor is asked to submit the question in writing to the Company Secretary up to a week before the AGM. A list of the questions submitted to the auditor is made available to securityholders attending the AGM at or before the start of the AGM. At the AGM, the Chair reminds securityholders of the opportunity to ask questions about the audit.

The Chair provides securityholders with an opportunity to ask questions about and discuss the specific resolutions put to the meeting. Securityholders have the opportunity to ask questions about or comment on the management of the Group.

Securityholder meetings are held during business hours at the Group's registered office in Brisbane, which is accessible by public transport and near paid carparking locations. The notice of meeting invites securityholders to join the Directors for morning tea or afternoon tea (as applicable) after the meeting.

The Group provides live webcasting of its securityholder meetings so that securityholders can hear proceedings online.

At the AGM in 2018, all resolutions were decided by way of a poll rather than by a show of hands.

RECOMMENDATION 6.4

Cromwell Property Group gives its securityholders the option to receive communications from the Group and from its securities registry electronically. Many securityholders have elected to receive all communications electronically, while other securityholders have elected to receive all communications electronically with payment statements received by post.

Electronic communications sent by the Group and by the securities registry are formatted in a reader friendly and printer friendly format.

Securityholders can send communications to the Group and to the securities registry electronically. The Contact page on the Group's website provides the email address for contacting the Group and the securities registry.

Principle 7: Recognise and manage risk

RECOMMENDATION 7.1

Audit and Risk Committee

The Group is exposed to various risks across its business operations and recognises the importance of effectively identifying and managing those risks so that informed decisions on risk issues can be made. The Board's Audit and Risk Committee has four members, all of whom are independent Directors. The Committee is chaired by an independent Director who is not the Chair of the Board. The Audit and Risk Committee operates under a Board-approved written Charter, which sets out the Committee's various responsibilities, including:

- assessing the adequacy of the internal risk control system;
- receiving reports from management of any actual or suspected fraud, theft or other breach of internal controls; and
- reviewing the general insurance programme, and assessing and recommending to the Board for adoption the scope, cover and cost of corporate insurance.

The Audit and Risk Committee:

- may seek any information it considers necessary to fulfil its responsibilities;
- has access to management to seek explanations and information;
- has access to auditors to seek explanations and information from them (without management being present);
- may seek professional advice from employees of the Group and independent professional advice from appropriate external advisors (at the Group's cost); and
- may meet with external advisors without management being present.

The minutes of each Audit and Risk Committee meeting are included in the papers for the next Board meeting after the Committee has approved those minutes. The Chair of the Audit and Risk Committee reports the Committee's findings to the next Board meeting after each meeting of the Committee.

The Directors' Report discloses:

- the relevant qualifications and experience of the members of the Audit and Risk Committee; and
- the number of times that the Audit and Risk Committee met during the 2019 financial year and the individual attendances of the members at those meetings. For easy reference, the information (including percentages of total) is shown below:

| Director | Meetings attended (% of meetings eligible to attend) | Meetings eligible to attend (100%) |
|--|--|------------------------------------|
| Ms Michelle McKellar | 10 (100%) | 10 (100%) |
| Ms Jane Tongs (Committee Chair) | 10 (100%) | 10 (100%) |
| Mr Leon Blitz | 10 (100%) | 10 (100%) |
| Mr Andrew Fay (appointed to Committee on 21 November 2018) | 5 (100%) | 5 (100%) |

What you can find on the Corporate Governance page on our website:

- Audit and Risk Committee Charter

www.cromwellpropertygroup.com/securityholder-centre/corporate-governance

RECOMMENDATION 7.2

The Board is responsible for:

- ensuring an appropriate risk management framework is in place;
- setting the risk appetite within which the Board expects management to operate; and
- reviewing and ratifying systems of internal compliance and control and legal compliance to ensure appropriate compliance frameworks and controls are in place.

As outlined in its Board-approved Charter, the Audit and Risk Committee's responsibilities include:

- overseeing the establishment and implementation of risk management and internal compliance and control systems and ensuring there is a mechanism for assessing/reviewing the efficiency and effectiveness of those systems at least annually to satisfy itself that it continues to be sound;
- approving and recommending to the Board for adoption policies and procedures on risk oversight and management to establish an effective and efficient system for:
 - identifying, assessing, monitoring and managing risk;
 - disclosing any material change to the risk profile; and
- regularly reviewing and updating the risk profile.

Under the direction of the CEO, management is responsible for ensuring that the Group operates within the risk appetite set by the Board. It does so by identifying relevant business risks, designing controls to manage those risks and ensuring those controls are appropriately implemented. The Group has adopted an Enterprise Risk Management Policy, which is a general statement of the Group's approach to proactive, enterprise wide risk management. There is also a wide range of underlying internal policies and procedures, which are designed to mitigate the Group's material business risks. The Group's approach to enterprise risk management is guided by relevant International Standards and regulatory guidance and the Recommendations.

Reviews of the enterprise risk management framework were completed in the 2019 financial year. The Audit and Risk Committee and the Board were satisfied the framework continues to be sound and that Cromwell Property Group operates within the risk appetite set by the Board.

Compliance Committee

A Compliance Committee – comprised of a majority of independent external members – monitors the extent to which Cromwell Property Securities Limited (as Responsible Entity for the CDPT) complies with the CDPT's compliance plan and the underlying compliance framework. The Board of Cromwell Property Securities Limited receives regular reports from the Compliance Committee. Shortly after the conclusion of the 2019 financial year, the Chair of the Compliance Committee met with the Audit and Risk Committee, with part of that meeting conducted without management being present (the meeting was held in July 2019). The roles and responsibilities of the Compliance Committee are outlined in a Charter, which is reviewed annually by the Compliance Committee. The Board of the Responsible Entity may change the Charter at any time by resolution.

What you can find on the Corporate Governance page on our website:

- Board Charter
- Audit and Risk Committee Charter
- Enterprise Risk Management Policy
- Compliance Committee Charter

www.cromwellpropertygroup.com/securityholder-centre/corporate-governance

RECOMMENDATION 7.3

Although the Group does not have a designated internal audit function, throughout the year the Legal and Compliance team conducts tests of the effectiveness of the controls and the appropriateness of the monitoring strategies in place for those risks with an inherent risk rating of Very High or High. Relevant management confirm (monthly, quarterly or annually as appropriate given the residual risk rating) that the controls remain appropriate and identify any new risks and any new controls that should be put in place. The Company Secretary reports findings to the Audit and Risk Committee.

RECOMMENDATION 7.4

The Group's Sustainability Report discloses the extent to which the Group has material exposure to economic, environmental and social sustainability risks and explains how such risks are and will be managed.

What you can find on the Sustainability page on our website:

- Sustainability Report (current edition and previous editions)

www.cromwellpropertygroup.com/sustainability

Principle 8: Remunerate fairly and responsibly

RECOMMENDATION 8.1

Nomination and Remuneration Committee

The Board has a long-established Nomination and Remuneration Committee, which operates under a Board-approved written Charter. The Charter sets out the Nomination and Remuneration Committee's various responsibilities, including reviewing and making recommendations to the Board in relation to:

- the remuneration framework for Non-executive Directors, including the allocation of the pool of Directors' fees;
- Executive Director and senior executive total remuneration;
- the design of any equity based incentive plan; and
- whether there is any gender or other inappropriate bias in remuneration policies and practices.

The Nomination and Remuneration Committee:

- may seek any information it considers necessary to fulfil its responsibilities;
- has access to management to seek explanations and information;
- may seek professional advice from employees of the Group and independent professional advice from appropriate external advisors (at the Group's cost); and
- may meet with external advisors without management being present.

The minutes of each Nomination and Remuneration Committee meeting are included in the papers for the next Board meeting after the Committee has approved those minutes. The Chair of the Nomination and Remuneration Committee reports the Committee's findings to the next Board meeting after each meeting of the Committee. The Nomination and Remuneration Committee has four members, all of whom are independent Directors.

The Directors' Report discloses the members of the Nomination and Remuneration Committee, the number of times that the Committee met during the 2019 financial year and the individual attendances of the members at those meetings.

What you can find on the Corporate Governance page on our website:

- Nomination and Remuneration Committee Charter

www.cromwellpropertygroup.com/securityholder-centre/corporate-governance

RECOMMENDATION 8.2

The Directors' Report (the section titled Remuneration Report) discloses information, including the policies and practices regarding the remuneration of:

- Non-executive Directors; and
- the Executive Director and other senior executives.

The respective policies and practices reflect the different roles and responsibilities of Non-executive Directors and the Executive Director and other senior executives.

As disclosed in the Remuneration Report, the Group's Non-executive Directors are paid a fixed remuneration, comprising base and committee fees or salary and superannuation (if applicable). Non-executive Directors do not receive bonus payments or participate in security-based compensation plans, and are not provided with retirement benefits other than statutory superannuation.

The Remuneration Report details the nature and amount of remuneration of the Chief Executive Officer (Executive Director) and other senior executives (Key Management Personnel or KMP).

Remuneration packages are designed to align the KMP's interests with those of securityholders. Key performance indicators (KPIs) for each KMP consider their role within Cromwell generally as well as their expected contribution to the achievement of Cromwell's objectives. The KPIs are designed to best incentivise each KMP to meet Cromwell's objectives and therefore best serve the interests of securityholders. This is achieved by providing remuneration packages which consist of the following three elements (or a combination thereof) where appropriate:

1. Fixed component in the form of a cash salary;
2. An at-risk cash bonus that is linked solely to performance of a tailored set of objectives, where appropriate; and
3. At-risk longer-term equity payment. This third element is equity based remuneration aimed at alignment and retention.

The Group does not have a policy regarding the deferral of performance based remuneration and the reduction, cancellation or clawback of performance based remuneration in the event of a material misstatement in the Group's financial statements. However, performance rights under Cromwell Property Group's Performance Rights Plan lapse under certain circumstances including a determination by the Plan Committee that the performance rights should lapse because the participant, in the Plan Committee's opinion, has committed any act of fraud, defalcation or gross misconduct in relation to the affairs of a body corporate in the Group.

Each of the CEO, the Chief Operations Officer and the Chief Financial Officer was awarded a short-term incentive (an at-risk cash bonus) in the 2019 financial year. The nature of the performance based remuneration is an 'at risk' payment rather than a 'bonus' payment.

For all KMP except the CEO and Non-executive Directors, the CEO is responsible for setting KPI targets and assessing annually whether those targets have been met. The KPI targets for the CEO are set, revised and reviewed annually by the Nomination and Remuneration Committee and the Board.

What you can find on the Corporate Governance page on our website:

- Nomination and Remuneration Committee Charter

www.cromwellpropertygroup.com/securityholder-centre/corporate-governance

RECOMMENDATION 8.3

In accordance with the remuneration policy, the Group operates a Performance Rights Plan and has issued performance rights to a number of senior executives, including the CEO (an Executive Director). The Group does not currently pay any other form of security based remuneration.

The terms of the Group's Performance Rights Plan do not allow participants, whether Executive Directors or other employees, to hedge or otherwise limit the economic risk of their participation in the Plan.

Previous participation in the Performance Rights Plan by the CEO (an Executive Director) was approved by securityholders at an AGM. Pursuant to the ASX Listing Rules, any further participation would also need to be approved by securityholders.

What you can find on the Corporate Governance page on our website:

- Plan Rules for the Cromwell Property Group Performance Rights Plan

www.cromwellpropertygroup.com/securityholder-centre/corporate-governance



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