

## **Delegation of Authority Policy**

### **1. Purpose**

The Board has delegated authority to the Chief Executive Officer (CEO) of Cromwell Property Group (the Group) for the day-to-day business and affairs of the Group. This delegation is subject to, and limited by, the terms of this document and any specific limitations on authority imposed by the Board from time to time.

The purpose of this document is to formalise the authority delegated by the Board to senior management in order to:

- enable the Board to set the Group's strategic objectives and provide effective oversight of management;
- clarify the respective roles and responsibilities of the Board and the Chief Executive Officer of the Group in order to facilitate Board and management accountability to both the Group and its securityholders;
- clarify the roles and responsibilities of management in order to facilitate accountability to both the Group and its stakeholders; and
- provide a process for effective and efficient management of the Group.

See the Glossary for defined terms.

### **2. Framework**

#### **2.1. Matters reserved for Board**

The matters specifically reserved for the Board under the Delegation of Authority Policy include decisions about the Group's strategy and policies, as well as matters involving amounts over specified limits (which vary depending upon the nature of the transaction).

#### **2.2. Delegation to management**

All matters not specifically reserved for the Board and which are necessary for the day-to-day management of the Group are delegated to management. Executive management can subdelegate authority where appropriate.

When exercising a delegation, delegates must comply with approved policies and procedures. Delegates must understand the responsibilities associated with their delegations and the procedures that are required before approvals are given.

#### **2.3. Board oversight**

As part of the Enterprise Risk Management Policy and Framework set up by the Board, management is required to report regularly to the Board concerning the authority exercised and matters which come, or may come, within the scope of the matters reserved for the Board.

The Board may amend, revoke or limit any delegations to management at any time.

### **3. Rules of Application**

1. The CEO may not sub delegate authority granted to the CEO under these Corporate Delegations above the thresholds set for CFO approval except to an Acting CEO.
2. The CFO may sub delegate authority granted under these Corporate Delegations with the prior approval of the CEO but will retain full accountability for the subject matter of the sub delegation.

3. In relation to Business Project related delegations, a 'Business Project' will be taken to comprise all activity related to a particular business initiative. Activity is not to be subdivided so as to create multiple projects. If in doubt as to whether activity comprises one project or more, an executive is to err on the conservative side and characterise the activity as the lesser (or lowest) number of projects. As time passes, approved practices will develop at Cromwell around how the expression 'Business Project' is to be interpreted. In the meantime, please ask the CEO for any clarification.
4. The prime source of all expenditure authority is the Board approved Budget. A Budget may only be amended with the approval of the Board. Specific Business Project and/or capital expenditures are actioned pursuant to approved<sup>1</sup> corporate documents (Corporate Approval Document), including Business Project budgets, Annual Asset Plans and the like. However, if there is an inconsistency discovered between a Corporate Approval Document and the Budget, the matter must be referred to the CEO for resolution.
5. Where an approval exceeds the delegated authority of the CEO, that issue must be approved by the Board.
6. As a general principle, a delegation under these Corporate Delegations may not be exercised by an executive to authorise a benefit to or expense incurred by the authorising executive. In these circumstances, a Senior Manager's benefit or expense will be referred to the Chief Financial Officer (CFO), and the CFO's benefit or expense will be referred to the CEO.
7. Guidelines for certain reporting obligations appear in these Corporate Delegations. Those guidelines are not intended to be exhaustive and apply in addition to all other reporting obligations in place from time to time, whether required by the CEO or the Board.
8. Where a matter, item or power has been limited by this document, management's authority in relation to that matter, item, or power, is limited to the authority described in this document.
9. The Corporate Delegations will be reviewed by management, in consultation with the Board, at least once each financial year.
10. The delegations contained in these Corporate Delegations may not be utilised to authorise expenditure that also requires approval under:
  - a Cromwell Policy in place from time to time;
  - the Charter of the Board or a Board Committee;
  - the terms of a Board (or Board Committee) resolution,until that approval has been obtained.
11. Moreover, activity undertaken pursuant to these Corporate Delegations must otherwise be fully compliant with all Cromwell policies, and Board or Board Committee approvals, as well as all legal requirements applying from time to time.

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<sup>1</sup> By the Board or, if applicable, pursuant to a delegation under these Corporate Delegations.

## GLOSSARY

- **Acquisitions** means the acquisitions of securities or assets (including buildings) including contingent or intangible assets
- **Acting CEO** means the Senior Manager appointed by the CEO to act as the Acting CEO.
- **Annual Asset Plan** means the Annual Asset Plan and Budget prepared for an asset which has been validly approved by the Board.
- **Budget** means the most recent Group budget and business plan which have been validly approved by the Board. These documents set the 12-month financial budget and strategy with a further four years of forecasts, which may be relevant if the activity undertaken during a 12-month budget period has been brought forward e.g. early renewal of existing tenants and accelerated capital expenditure. When approval is sought for procuring expenditure that may span multiple financial budgeted periods, the total Budgeted expenditure for that item is considered for the approval without reference to the timing between financial periods.
- **Building Capital Expenditure** means any expenditure incurred on any building which is capitalised into the carrying value of the relevant building.
- **Consistent with Budget** means expenditure which is consistent with the strategy set out in the Budget or, if applicable, a line item in the financial budget incorporated in the Budget. Please ask the CEO for any clarification.
- **Corporate Approval Document** means a document which on its face specifically authorises expenditure up to a nominated amount and which has been validly approved either by the Board or pursuant to these Corporate Delegations.
- **Corporate Delegations** means this document and the various delegations to the CEO and Senior Managers contained in it.
- **Direct Property Portfolio Expenses** means operational expenditure in relation to the Property Portfolio but excludes development expenditure, capital expenditure or the entering into of fixed term contracts.
- **Disposals** means the disposal of securities or assets (including buildings) and/or liabilities, including contingent or intangible assets, or the closure of any business unit or division.
- **Group Executive** means a member of the Group Management Committee or the Executive Committee in a jurisdiction in which Cromwell operates.
- **Initial Due Diligence** means the costs associated with the initial review of a project to determine the 'go' or 'no go' decision on the project.
- **Cromwell Policy** means any corporate governance document approved by the Board or approved in accordance with the Document Governance Policy.
- **Operational Expenses** means financing expenses (other than those capitalised into a Project) and, for business units, those expenditures classified as 'operational expenses' in the business plan templates.
- **Property Portfolio** means land or buildings forming a part of the investment assets of Cromwell.
- **Business Project** means all activity related to a particular business initiative distinct to any capital expenditure on the Property Portfolio. Activity is not to be subdivided so as to create multiple projects. If in doubt as to whether activity comprises one project or more, an executive is to err on the conservative side and characterise the activity as the lesser (or lowest) number of projects. As time passes, approved practices will develop at Cromwell around how the expression 'Business Project' is to be interpreted. In the meantime, please ask the CEO for any clarification.
- **Business Project Expenditure** means any new request for funding, including revenue account expenditure, and all other incremental net cash outflows associated with a Project, such as regulatory and economic capital demands.
- **Senior Manager** means depending on the context a Group Executive or the Fund Manager as the context requires.

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## A. FINANCIAL

Business Project Expenditure	CEO (or CIO if CEO is absent/unavailable)	CFO
1. Business Project Expenditure consistent with Budget <i>Note the amounts refer to cash to be spent that has not otherwise already been approved</i>	\$10m	\$2.5m
2. Negative variations to approved Business Project Expenditure contemplated by A1 above <i>Note that positive variations are not to be netted off against negative variations. Each negative variation is to be viewed separately.</i>	\$1m	\$500k
3. Business Project Expenditure outside Budget	\$500,000	\$250,000

Building Capital Expenditure		CEO	CFO
4. Building Capital Expenditure <i>Fit-out or make good expenditure approval is deemed to have been granted under the approval given to the relevant lease, up to the budgeted (approved) amount in the lease approval. Thereafter, delegation 5(ii) applies.</i>	(i) for each asset, within Budget category	Unlimited	Unlimited
	(ii) will exceed Budget category for asset. Excess per asset permitted under delegation. <i>Excess over budget to be reported to the CEO and Board on a regular basis</i>	\$2m	\$1m
Operational Expenditure		CEO	CFO
5. General operational expenses (including awarding contracts incorporating multi-year expenditure commitments):	(i) within Budget <sup>2</sup> for category of expenditure	Unlimited in the case of Direct Property Portfolio Expenses; otherwise, \$10m	Unlimited in the case of Direct Property Portfolio Expenses; otherwise \$3m
	(ii) outside Budget <sup>4</sup> for category of expenditure	\$1m	\$500,000
6. Taxation payments (including any land tax, stamp duty, rates, GST etc.)	(i) to meet statutory obligations	Unlimited	Unlimited
	(ii) disputed amounts/penalties <i>All material amounts to be reported to the CEO and Board</i>	\$1m	\$150,000
7. Distributions for Cromwell		Nil	Nil
8. Implementing Group insurance policies and plans that do not materially deviate from the plans approved by the Board		Unlimited	Within Budget
9. Travel (to be continually monitored against budget)	(i) Domestic	Unlimited	Unlimited
	(ii) International	Unlimited	\$20,000

<sup>2</sup> Or within an approval granted under a Corporate Approval Document. Note that a commitment to operational expenditure may exceed the 12-month Budget Period, e.g. approving a sourcing contract for stationery with a term of 2 years. In those circumstances:

- Expenditure is to be annualised to measure consistency with Budget; and
- The term of the commitment is to be consistent with Cromwell's Procurement Policy.

## B. LEGAL, REGULATORY AND DISCLOSURE

	CEO	Chief Legal and Commercial Officer (CLCO)
1. Commence litigation or settle litigation <i>Immediate notification to the Chair, before any action is taken</i>	< \$1m settlement or potential settlement costs; with the joint approval of the CLCO	Nil
2. Any dealings or correspondence with a corporate regulatory body is to be approved or sanctioned by the CLCO. This does not include any council or other planning authority.	Refer to relevant Cromwell Policies	Refer to relevant Cromwell Policies
3. Create (and terminate as required) new subsidiaries or trusts with nominal capitalisation/units or in accordance with Board approved Projects	Unlimited	Unlimited
4. Written legal sign off (either from an external lawyer or from the CLCO or their nominees) is required before executing contracts, before releasing new products and before varying terms or conditions of existing products.	Refer to relevant Cromwell Policies	Refer to relevant Cromwell Policies
5. Standard contracts (e.g. sourcing) must be approved by CLCO or another inhouse lawyer as their nominee.	Refer to relevant Cromwell Policies	Refer to relevant Cromwell Policies
6. Mode of execution of contracts to be in accordance with CLCO guidelines issued from time to time.	Unlimited	Unlimited
7. Any communications with the ASX	See Market Disclosure Protocol	See Market Disclosure Protocol
8. Any changes to the Cromwell Property Group Risk Appetite Statement	Nil	Nil

### C. LEASES, AGREEMENTS TO LEASE, SURRENDERS AND TERMINATIONS

Any leasing proposal submitted to the Board or management for approval must include details of any lease incentives (including fit-outs), material terms of the lease and be in the approved format.

Fit-out or make good or Landlord works (LEA) or Common area (ACAP) expenditure approval is deemed granted under the approval given to a relevant lease if within the Budget. Thereafter, delegation A4(ii) applies.

	CEO	CFO
1. Leases, agreements to lease, surrenders and terminations of leases within Budget. <i>The delegation applies provided that the Gross Effective Rental budgeted for the first year of the annualised lease is within the limits. Gross Effective Rental = Gross annual rent for year 1 less the prorated incentive</i>	Unlimited	Up to \$7,500,000 pa
2. Leases, agreements to lease, surrenders and terminations of leases not within Budget <i>A summary of leases approved under this delegation are to be regularly reported to the CEO and Board</i>	Up to \$7,500,000 pa	Up to \$3,500,000 pa

## D. PEOPLE & CULTURE

	CEO	CFO
1. New hiring and determining the terms of employment for executive level direct reports to the CEO	Nil	Nil
2. New hiring and determining the terms of employment for employees who do not report to the CEO and FTE headcount is within 5% of the Board approved wages budget	Unlimited	Where total employees cost less than \$500k unlimited otherwise Nil
3. Hiring to fill vacant roles	Unlimited	Unlimited
4. Termination of employment and associated termination settlement terms for executive level direct reports to the CEO	Nil	Nil
5. Termination of employment and associated termination settlement terms for employees who do not report to the CEO	Unlimited if total settlement costs are <\$500k; otherwise, nil	Unlimited if total settlement costs are <\$500k; otherwise, nil
6. Approval of STI and LTI grants for direct reports to the CEO	Nil	Nil
7. Approval of STI and LTI grants for employees who do not report to the CEO	Unlimited if grants are consistent with employee's contractual terms as Budgeted; otherwise, nil	Unlimited if grants are consistent with employee's contractual terms as Budgeted; otherwise, nil



## E. TRANSACTIONS AND NEW BUSINESS

<b>Due Diligence Costs</b>	<b>CEO (or CIO if CEO is absent/unavailable)</b>
1. Initial Due Diligence costs to be borne by Cromwell for a potential Business Project or an acquisition, development or disposal of an asset that will become part of or is currently part of the Property Portfolio	\$500,000
<b>Acquisitions and Disposals</b>	<b>CEO (or CIO if CEO is absent/unavailable)</b>
2. Acquisition or disposal of investment assets	Nil
3. Acquisition or disposal of shares or other interests in a commercial enterprise	Nil
<b>Joint Ventures</b>	<b>CEO (or CIO if CEO is absent/unavailable)</b>
4. Entering or altering joint venture arrangements consistent with Budget or Board approval <i>Constraints under this delegation apply in addition to constraints under other delegations which apply to the subject matter of the joint venture (e.g. Projects, Operational Expenditure and Legal Delegations)</i>	Unlimited; but if the arrangements contemplate change in control restrictions, then nil
5. Entering or altering joint venture arrangements not consistent with Budget	Nil
<b>Capital Management</b>	<b>CEO (or CIO if CEO is absent/unavailable)</b>
6. Initiating an equity raising	Nil
<b>New fund, syndicate or mandate</b>	<b>CEO (or CIO if CEO is absent/unavailable)</b>
7. Offering new wholesale or retail fund product to public	Nil
8. Agreeing key terms of new mandate or club arrangement	Nil

## F. ACCOUNTING

	CEO	CFO
1. Write-off of stakeholder assets including bad debts (either directly to the profit and loss account or against a provision). Notify the Board of all write-offs above \$50,000	Up to and including \$500,000	Up to and including \$200,000
2. Discussions with ATO/responding to ATO queries or risk reviews	Unlimited; with the joint approval of the Head of Tax and with immediate notification to Board of issues where potential settlement costs >\$1m	Unlimited; with the joint approval of the Head of Tax and with immediate notification to the CEO and Board of issues where potential settlement costs >\$1m
3. Settlements with ATO on disputed tax amounts	< \$1m settlement or potential settlement costs	Nil

## G. TREASURY

	CEO	CFO
1. Material Amendments to Group Treasury Risk Management Policy <sup>3</sup>	Nil	Nil
2. Treasury Management Protocol <sup>4</sup>	Nil	Nil
3. Approve a debt raising in accordance with the Treasury Management Protocol and within Budget.	Unlimited	Unlimited
4. Derivatives required to comply with the Treasury Management Protocol and are within Budget	Unlimited	Unlimited
5. Issue new capital, authorise an equity raising, buyback of stock or other capital reduction	Nil	Nil
6. Open a bank account or change a bank signatory	Unlimited	Unlimited CFO only with another Senior Manager
7. Invest surplus cash in accordance with Financial Risk Management Policy (or equivalent)	Unlimited	Unlimited

<sup>3</sup> Group Treasury Risk Management Policy (GTRMP) is a Master document that identifies the Treasury risks to be considered for Cromwell and Cromwell managed funds or mandates.

<sup>4</sup> Treasury Management Protocol required for Cromwell which will respectively quantify the range of risk appetite for each risk considered in the GTRMP and with the intended targeted preference in the range. The Budget/ Forecast will address the targeted preference for each risk considered in the GTRMP.