



## Cromwell **Property Trust 12**

Cromwell Property Trust 12  
ARSN 166 216 995  
APIR Code CRM0023AU

### **Product Disclosure Statement**

Dated 29 October 2013

Issued by Cromwell Funds Management Limited  
ABN 63 114 782 777  
AFSL 333214

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For the answer to any questions you have regarding this Trust, please contact your financial advisor or Cromwell Funds Management Limited

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## Important Notice and Disclaimer

Cromwell Funds Management Limited ABN 63 114 782 777 ("CFM") holding Australian Financial Services Licence number 333214 is the responsible entity of the Cromwell Property Trust 12 ARSN 166 216 995 ("the Trust") and is the issuer of this Product Disclosure Statement ("PDS") and the units offered in this PDS. This PDS is dated 29 October 2013.

Neither CFM, the custodian nor their related entities, directors or officers makes any promise or representation, or gives any guarantee as to the success of the Trust, distributions, amount you will receive on withdrawal, income or capital return or the taxation consequences of investing.

This offer is only open to persons receiving this PDS as a hard copy or electronically within Australia.

The information contained in this PDS is general information only and does not take into account your individual objectives, financial situation or needs. You should read this PDS carefully and assess whether the information is appropriate for you in respect of your objectives, financial situation and needs before making any decision about whether to acquire units in the Trust. CFM encourage you to consult a financial or other advisor before making an investment decision.

In this PDS, an administration service or an investor directed portfolio service such as a wrap account, master trust or nominee service, is referred to as an "IDPS".

CFM consents to the use of this PDS by IDPS operators that include the Trust on their investment menu.

The information in this PDS is up to date at the time of preparation. However, some information can change from time to time. Information that is not materially adverse may be updated and made available at [www.cromwell.com.au/c12/updates](http://www.cromwell.com.au/c12/updates), and a paper copy of any updated information will be provided by CFM free of charge upon request.

This PDS may be accessed at [www.cromwell.com.au/c12](http://www.cromwell.com.au/c12). If an Investor has received this PDS electronically, CFM will provide a paper copy free of charge upon request to our Investor Services Team on 1300 276 693.

An investment in the Trust is subject to investment and other risks including those risks set out in Section 4.

The PDS contains forward looking statements relating to future matters which are subject to known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of the Trust to be materially different from those expressed or implied by such statements.

Some illustrations in this PDS are artist's impressions. At the date of this PDS, one of the Trust's assets is under construction and one has not yet commenced construction.

The Australian Securities & Investments Commission ("ASIC") takes no responsibility for the contents of this PDS.

CFM may change any of the terms and conditions of this PDS with, in the case of material changes, 30 days notice to unitholders.



Paul Weightman, Executive Chairman

## Chairman's Letter

Dear Investor

As part of Cromwell's commitment to developing quality property-related investment products that meet unitholders' needs, I am pleased to offer you the opportunity to invest in the Cromwell Property Trust 12 (the Trust).

This simple, tax effective investment is a 'back to basics' property trust underpinned by three assets and backed by high quality leases to Government and blue chip tenants with a weighted average lease expiry of 14.5<sup>1</sup> years.

The responsible entity of the Trust, Cromwell Funds Management Limited, is seeking to raise approximately \$76 million. The proceeds will be used to fund the purchase of a portfolio of three properties being a new office building in Dandenong, Victoria, a new distribution facility in Direk, South Australia and an existing office building in South Melbourne, Victoria.

Cromwell has provided interim funding by way of the Cromwell Loan to enable the Trust to, amongst other things, acquire the South Melbourne property and land for the other two properties.

The Trust replicates many features of Cromwell's other recent, single-asset unlisted property trusts: the Cromwell Riverpark Trust, the Cromwell Ipswich City Heart Trust and the Cromwell Box Hill Trust; including the 7 year investment period, innovative construction funding structure, strong tenant profile and long lease term.

Based on the issue price of \$1.00 per unit, the Trust is forecast to provide unitholders with a commencing monthly distribution yield of 7.75% per annum<sup>2</sup>, forecast to grow over the Forecast Period. Distributions are forecast to be 100% tax deferred<sup>3</sup> to 30 June 2014 and partly tax deferred until the end of the forecast period in June 2017. There is also potential for capital growth.

With world markets continuing to experience low growth and the reduced interest rates offered by many cash and term deposits, Cromwell believes the Trust represents an attractive investment opportunity.

As with all investments there are risks. However, Cromwell has worked hard to mitigate the risks associated with investing in the Trust and we encourage you to consider an investment as part of a diversified investment portfolio. In doing so, please read this PDS carefully and consult your financial or other adviser to ensure it is appropriate for your objectives, financial situation and needs.

Capitalised terms in this letter are defined in the Glossary in Section 14 of the PDS.

Yours faithfully

**Paul Weightman**  
**Executive Chairman**  
**Cromwell Funds Management Limited**

<sup>1</sup> Calculated by gross income (assuming Practical Completion occurs as expected) from the date of this PDS.

<sup>2</sup> Capital growth, distributions and taxation consequences are not guaranteed. Subject to the assumptions and risks contained in this PDS.

<sup>3</sup> The proportion of distributions that are tax deferred will depend upon a number of factors (for example timing of the issue of units, building amortisation and depreciation of plant and equipment) and may vary from year to year. Deferred tax may be payable, in whole or in part, on the sale, transfer or redemption of units in the Trust. The tax deferred component of the distribution will depend on the Trust satisfying various requirements including its ability to utilise tax losses incurred in the start up phase. If the Trust does not satisfy these requirements, the tax deferred component of the distribution could be materially less.

# Investment Summary

## Investment Overview

Section

<b>Investment Type</b>	Unlisted property trust investing in three properties	1
<b>Issue Price</b>	\$1.00 per unit	1
<b>Minimum Investment</b>	\$10,000	8.1
<b>Distribution Payments</b>	Approximately 10 days after the end of each month	1.5
<b>Investment Objective</b>	To provide unitholders with a minimum distribution yield of 7.75% <sup>1</sup> per annum paid monthly over the 7 year term <sup>2</sup> and capital growth potential	1

## Investment Assets

3, 11



**South Melbourne** is a 7 level commercial office building fully leased to Dimension Data with a value of \$25,543,000<sup>3</sup> located at 10-16 Dorcas Street, South Melbourne, Victoria. The asset represents 20% of the total value of the Properties.<sup>3, 4, 5</sup>



**ATO Dandenong** is a 7 level commercial office building with an 'as if complete' value of \$70,390,000<sup>5</sup> to be constructed on a site located at 11-13 Robinson Street, Dandenong, Victoria. Practical Completion is forecast to occur in September 2015. The asset represents 55% of the total value of the Properties.<sup>3, 4, 5</sup>



**Rand Distribution Centre** is a purpose built cold store facility currently under construction for Rand Transport, a wholly owned subsidiary of the ASX listed Automotive Holdings Group with an 'as if complete' value of \$32,750,000<sup>4</sup> on a site located at Caribou Drive, Direk, South Australia. Practical Completion is forecast to occur in November 2013. The asset represents 25% of the total value of the Properties.<sup>3, 4, 5</sup>

<b>Timeframe and Liquidity</b>	The Trust is illiquid and is expected to terminate on 31 October 2020 <sup>2</sup> .	1.3, 8.4
<b>Disclosure Principles and Benchmarks</b>	This PDS contains disclosure principle and benchmark information that may assist you to understand the Trust and compare it against other unlisted property investments	1.11
<b>Responsible Entity</b>	Cromwell Funds Management Limited ("CFM")	2

1. Based on an issue price of \$1.00 per unit. Distributions are not guaranteed and subject to the assumptions and risks contained in this PDS.
2. Unitholders may vote to extend this term.
3. Savills Valuation Pty Ltd valuation dated 30 June 2013 – refer to Section 11 for the summary of the valuation report.
4. CBRE Valuations Pty Ltd "as if complete" valuation dated 24 June 2013 – refer to Section 11 for the summary of the valuation report.
5. Savills Valuation Pty Ltd "as if complete" valuation dated 30 June 2013 – refer to Section 11 for the summary of the valuation report.



## Key Financing Information

Section

<b>Target Subscription Amount</b>	\$76,000,000 or such other amount CFM determines is the amount that should be raised	<b>1.1</b>
<b>Offer Period</b>	The Trust will be open to applications until the Target Subscription Amount is reached	<b>1.1</b>
<b>First Issue Date</b>	The first units under this Offer are expected to be issued in November 2013 <sup>1</sup>	<b>1.1</b>
<b>Cromwell Commitment</b>	Cromwell Property Group ("Cromwell") has provided the Cromwell Loan of up to \$50,000,000 to fund the acquisition of the South Melbourne building, the Rand Land, the final payment for the Rand Distribution Centre and the ATO Land. The Cromwell Loan will be repaid from subscription proceeds. Cromwell has also provided the Cromwell Subscription <sup>2</sup> , a commitment to subscribe for any units not issued at 30 September 2015 up to the Target Subscription Amount, if any.	<b>1.8</b>
<b>Bank Loan</b>	CFM intends to put in place a Bank Loan to fund the final payment for ATO Dandenong. The Bank Loan has not yet been arranged; CFM expects to do so no later than 30 June 2014. CFM has received indicative terms.	<b>1.9</b>

1. Estimated as at the date of this PDS and subject to change.

2. Cromwell Subscription may be subject to Cromwell securityholder approval in certain circumstances.

## Key Financial Information

Section

<b>Distributions</b>	Forecast at 7.75% <sup>1</sup> per annum from the First Issue Date, forecast to increase to 8.00% <sup>1</sup> per annum from July 2015 for the balance of the Forecast Period	<b>6.3</b>
<b>Tax Deferral<sup>2</sup></b>	Distributions forecast to be 100% tax deferred <sup>2</sup> for the financial year ending June 2014, 82% for June 2015, 100% for June 2016 and 89% for June 2017	<b>6.3.2, 7</b>
<b>NTA per unit</b>	Pro-forma net tangible assets per unit forecast to be \$0.89. The Properties would need to increase in value by approximately 6% to offset the initial acquisition and other costs and increase NTA per unit to the issue price of \$1.00.	<b>6.4</b>
<b>Gearing</b>	Pro-forma Gearing Ratio is forecast to be 49% <sup>3</sup> at Practical Completion of ATO Dandenong	<b>1.9.3, 11</b>
<b>Interest Cover Ratio</b>	The Interest Cover Ratio for the first full year after Practical Completion of ATO Dandenong is forecast to be 2.97 times	<b>1.9.5</b>

1. Based on an issue price of \$1.00 per unit. Distributions are not guaranteed and subject to the assumptions and risks contained in this PDS.

2. The proportion of distributions that are tax deferred will depend upon a number of factors (for example, timing of the issue of units, building amortisation and depreciation of plant and equipment and the carry forward of tax losses) and may vary from year to year.

3. Calculation based on South Melbourne valuation by Savills Valuations Pty Ltd dated 30 June 2013, "as if complete" valuation of Rand Distribution Centre by CBRE Valuations Pty Ltd dated 24 June 2014, "as if complete" valuation of ATO Dandenong by Savills Valuations Pty Ltd dated 30 June 2013, total other assets and expected Bank Loan balance at Practical Completion of ATO Dandenong.

## Key Dates

<b>Settlement of South Melbourne</b>	August 2013
<b>Offer Period Opens</b>	October 2013
<b>First Issue Date</b>	November 2013 <sup>1</sup>
<b>Trust closed to applications</b>	When Target Subscription Amount reached
<b>Estimated Practical Completion of Rand Distribution Centre</b>	November 2013 <sup>1</sup>
<b>Estimated Practical Completion of ATO Dandenong</b>	September 2015 <sup>1</sup>
<b>Trust termination</b>	31 October 2020 <sup>2</sup>

1. Estimated as at the date of this PDS and subject to change.

2. Unitholders may vote to extend this term.

## Tenancy Overview<sup>1</sup>

Section

<b>South Melbourne</b> Major tenant represents <b>20%</b> of net property income of the Trust	<b>Dimension Data</b> (owned by the NTT Group) is a global leader in the provision and management of specialist IT infrastructure solutions and services. Dimension Data has a lease for the office and car park components of the building which expires on 31 August 2019.	<b>10.3</b>
<b>Rand Distribution Centre</b> Major tenant represents <b>26%</b> of net property income of the Trust	<b>Rand Transport</b> is a wholly owned subsidiary of the S&P / ASX 200 constituent Automotive Holdings Group. Rand Transport has signed an agreement for lease for the entire property for a term of 20 years (Rand AFL). The Rand AFL stipulates that the Rand Lease will commence from the day after Practical Completion, estimated to be in November 2013 <sup>2</sup> .	<b>10.6</b>
<b>ATO Dandenong Building</b> Major tenant represents <b>49%</b> of net property income of the Trust	<b>Commonwealth Government of Australia</b> on behalf of the Australian Tax Office (ATO) has signed an agreement for lease for 92% of gross income for a term of 15 years (ATO AFL). The ATO AFL stipulates that the ATO Lease will commence from the later of Practical Completion, estimated to be in September 2015 <sup>2</sup> , and 1 October 2015.	<b>10.7</b>

1. Assuming Practical Completion occurs as expected.

2. Estimated as at the date of this PDS and subject to change.

## Risks

<b>Diversification Risk</b>	The Trust will own three properties, so will not be diversified by investment class and will offer limited diversification across geographic location and property sectors.	<b>4.1</b>
<b>Property Risks</b>	<ul style="list-style-type: none"> <li>Construction risk</li> <li>Rectification risk</li> <li>Tenancy risk</li> <li>Valuation risk</li> <li>Disaster and Insurance risk</li> <li>Capital Expenditure risk</li> <li>Development risk</li> </ul>	<b>4.2</b>
<b>Trust Risks</b>	<ul style="list-style-type: none"> <li>Borrowing risk</li> <li>Liquidity risk</li> <li>Litigation risk</li> <li>Manager risk</li> <li>Counterparty risk</li> <li>Legal and Regulatory risk</li> <li>Economic and Market risk</li> <li>Distribution risk and tax deferral</li> <li>Stamp Duty risk</li> </ul>	<b>4.3</b>

## Fees and Other Costs<sup>1</sup>

<b>Indirect Cost Ratio</b>	Forecast to be 0.22% of the Trust's average net asset value until the date of Practical Completion of ATO Dandenong, then 1.31% per annum of the Trust's average net asset value for the remainder of the Forecast Period <sup>2</sup>	<b>5.5</b>
<b>Transaction Fee</b>	2.0% of the Properties' valuations ('as if complete' values for Rand Distribution Centre and ATO Dandenong)	<b>5.1, 11</b>
<b>Project Management Fee</b>	0.5% of the 'as if complete' value of the Rand Distribution Centre and ATO Dandenong	<b>5.1, 11</b>
<b>Performance Fee</b>	20% of any excess cash flow above the amount required to generate an internal rate of return of 10% from the Properties, payable on sale of all the Properties or extension of the Trust term	<b>5.2</b>

1. Summary of material fees and costs only.

2. Fees are illustrated on net assets to allow comparisons to other financial products. Management fees are payable on gross assets at the rate of 0.6% per annum. Please see Section 5.5 for a description of the components of the indirect cost ratio.

# 1 Trust Overview

## 1.1 The Offer

Subscription proceeds from the Offer, together with the Bank Loan, will be used to fund the purchase of the Properties, pay associated acquisition costs and repay the Cromwell Loan.

CFM aims to raise a Target Subscription Amount of \$76,000,000. Cromwell has subscribed for 5,000,000 of units at \$1.00 per unit to facilitate settlement of the South Melbourne property.

Under this Offer CFM aims to raise approximately \$71,000,000.

CFM may vary the Target Subscription Amount at any time during the Offer Period. If it does so, CFM will place an update on its website at [www.cromwell.com.au/](http://www.cromwell.com.au/) c12. However, CFM does not expect any variation to be material.

The Offer opens on the date of this PDS. CFM will close the Offer when the Target Subscription Amount is raised. No additional units are expected to be issued after the end of the Offer Period.

The First Issue Date for units under this Offer is expected to be in November 2013.

Units will be issued when an application is accepted by CFM, which is expected to be within 1 business day of receipt of an investor's funds, valid application and all required supporting information.

It is intended that the 5,000,000 units subscribed for by Cromwell will be transferred to the Cromwell Direct Property Fund ("DPF"), an unlisted property trust managed by CFM, throughout the Offer Period. DPF intends to subscribe for up to a further \$5,000,000 of units under this Offer but will not own greater than 20% of the Trust.

## 1.2 Trust Properties

The Trust acquired the South Melbourne property in August 2013 and entered into Development Agreements with subsidiaries of EPC Pacific Pty Ltd ("the Developer") which govern the terms on which the Rand Distribution Centre and ATO Dandenong ("the Construction Assets") will be developed and acquired. Under the Development Agreements, the Developer will ensure the Construction Assets are built to an agreed standard with a target date for Practical Completion of November 2013 for the Rand Distribution Centre and September 2015 for ATO Dandenong.

The Trust will initially purchase the land for the Construction Assets and pay some associated development costs. The Trust will only pay the balance of the acquisition price and development costs for each Construction Asset once Practical Completion is achieved, subject to various conditions. The Trust does not have to make payments to the Developer during the Construction Period. During the Construction Period, the Developer must make an allowance under the Development Agreements which have the effect of reimbursing the Trust for some of the costs of interest and distributions during the Construction Period ("Funding Allowances"). The Funding Allowances are calculated as an amount equal to 8.00% per annum of the payments the Trust makes to acquire the land and make the initial development costs. The Funding Allowances are deducted from the final payments to the Developer and are forecast to be \$878,800 in total for both of the Construction Assets but may be higher or lower depending primarily on the timing of payments to the Developer.

For the Rand Distribution Centre the Trust will pay a total amount of \$32,380,000 less the Funding Allowance ("Rand Agreed Construction Value") for the land and the development costs. The Rand Agreed Construction Value is estimated to be \$32,304,000. This amount may be higher or lower as it is adjusted for certain items which can change the final net income of the property such as construction variations. Any adjustment is not expected to be a material amount.

For ATO Dandenong the Trust will pay an amount of \$72,185,000 less the Funding Allowance ("ATO Agreed Construction Value") for the land and the development costs. The ATO Agreed Construction Value is estimated to be \$71,382,000. This amount may be higher or lower as it is adjusted for the Funding Allowance and certain items which can change the final net income of the property such as changes in net lettable area, the number of car parks, rental rates and outgoing costs. Any adjustment is not expected to be a material amount.

As at the date of this PDS, the South Melbourne property and the Rand Land comprise almost the entirety of the assets of the Trust. During the Construction Period the Trust will hold cash from time to time because payments under the Development Agreements will only be made as the Rand Distribution Centre and ATO Dandenong reach Practical Completion. After Practical Completion of ATO Dandenong, the Trust will hold a limited amount of cash in order to provide for working capital and unforeseen capital expenditure.

Further information on the Development Agreements are in Section 3.5 and Section 10.

### 1.2.1 South Melbourne

Settlement of the property occurred in August 2013.

The property is leased to Dimension Data for 100% of the lettable area of the building. The Dimension Data lease will expire on 31 August 2019.

The weighted average lease expiry of the property by income is 5.8 years from the date of this PDS.

### 1.2.2 Rand Distribution Centre

Rand Transport has entered into an agreement for lease for 100% of the lettable area of the Rand Distribution Centre for a term of 20 years ("Rand AFL"). CFM expects that under the Rand AFL, the Rand Lease will commence the day after Practical Completion for the Rand Distribution Centre.

The weighted average lease expiry by income is 20 years from the expected date of Practical Completion or 20.1 years from the date of this PDS.

Settlement of the Rand Land occurred in September 2013. Practical Completion is expected to occur in November 2013, however, this date may change.

### 1.2.3 ATO Dandenong

The Australian Taxation Office has entered into an agreement for lease for 92% of gross income of the building including 6 levels of office accommodation, 50 car parking spaces and storage space for a term of 15 years ("ATO AFL"). The ATO AFL provides that the ATO Lease will commence from the later of 1 October 2015 and the day after Practical Completion.

The balance of ATO Dandenong's lettable area is ground floor and upper ground floor retail and office space. Any retail or office space which is not leased to a tenant prior to Practical Completion will have a 5 year lease from the date of Practical Completion to the Developer ("the ATO Developer Lease"). As the space leased to the Developer is progressively leased to tenants, the ATO Developer Lease will proportionately reduce. The weighted average lease expiry by income is 14.0 years from the expected date of Practical Completion or 16.0 years from the date of issue of this PDS.

Settlement of the ATO Land is expected to occur in December 2013. Practical Completion is expected to occur in September 2015, however, these dates may change.

## 1.3 Term of the Trust

The initial term of the Trust is expected to end in October 2020. Unitholders may vote to extend the initial term.

## 1.4 Sale of the Properties

As soon as practicable after the end of the initial term on 31 October 2020, CFM intends to sell the Properties and wind-up the Trust. The marketing and sale of the Properties would normally be expected to take between three and six months, but may require a longer period depending on market conditions and other circumstances at the time.

CFM can sell South Melbourne or the Rand Distribution Centre before the end of the initial term without unitholder approval. However, CFM will seek unitholder approval before any sale of these assets together or ATO Dandenong. Further, before the end of the initial term, if CFM believes it is in the best interests of the Trust's unitholders, it may make a recommendation to unitholders to extend the term of the Trust for a further period. In each case, approval would only be given if unitholders pass an extraordinary resolution.

An extraordinary resolution requires that at least 50% of total units able to be voted vote in favour of the resolution for it to be passed. If such a resolution is passed, all unitholders will be bound by its outcome regardless of whether they voted in favour of, or against, the resolution.

If one or more of the Properties is sold before the end of the initial term, CFM will reduce debt and may return some capital to unitholders after payment of all associated fees and costs.

When all of the Properties have been sold, unitholders will be paid the proceeds of sale (net of all fees and costs) as soon as possible after completion of the sale and the Trust will be wound up.

## 1.5 Distributions and Distribution Policy

The Trust's distribution policy is to distribute an amount which is no more than 100% of expected profits available for distribution (excluding unrealised gains/losses) over the medium term.

Further information on forecast distributions and the calculation of profit available for distribution is contained in Section 6.3.

After Practical Completion of ATO Dandenong, when rental payments under the ATO Lease and the ATO Developer Lease commence, the Trust will earn rental income from all its Properties and all distributions are expected to be funded by cash from operations.

Until Practical Completion of Rand Distribution Centre and ATO Dandenong, distributions will be paid from both cash from operations from South Melbourne and from the Funding Allowances (after any interest amounts paid under the Cromwell Loan or the Bank Loan). The Funding Allowances represent a reduction



in the cost of the construction and development of the Rand Distribution Centre and ATO Dandenong which are designed to compensate the Trust for the costs of interest and distributions on initial funds paid to settle the land and pay associated costs during the Construction Period. The Funding Allowance for each property will cease on Practical Completion of the respective property.

The commencing distribution is forecast to be 7.75 cents per unit per annum, which at the issue price of \$1.00 per unit equates to a yield of 7.75% per annum. Distributions are forecast to increase to 8.00% per annum from July 2015. CFM believes that the forecast distributions are sustainable over the Forecast Period but distributions are not guaranteed and may be reduced or not paid if the profit available for distribution is less than forecast or if other unforeseen events occur. The risks associated with distributions, including “Distribution Risk” and “Counterparty Risk” are outlined in Section 4.3.

Distributions are calculated in cents per unit and will be paid monthly in arrears based on the number of days in the month an investor holds units in the Trust. Distributions will normally be paid electronically within 10 days of each month end.

Distributions will not be able to be re-invested for additional units.

All taxable income in a financial year will be distributed by the Trust to unitholders. Capital gains or losses will also occur on the sale of the Properties. Further taxation information is contained in Section 7.

## 1.6 Valuation Policy

CFM has, and complies with, a documented valuation policy for the Trust. Unitholders can obtain a copy of the policy free of charge upon request.

Where practical, the Properties will be independently valued each year (once Practical Completion has been achieved for the Rand Distribution Centre and ATO Dandenong).

All independent valuations are to be carried out by appropriately qualified valuers, who have a minimum of 5 years relevant experience and maintain membership with the Australian Property Institute. Valuers are instructed to undertake their valuation in accordance with industry standards and to outline their valuation methodology within the valuation report.

A summary of the current valuations are contained in Section 11 and the risks associated with valuations are outlined in Section 4.2.4.

The Properties were last independently valued as follows:

### 1.6.1 South Melbourne

Savills Valuations Pty Ltd (“Savills”) valued the property on 30 June 2013 and determined the value was \$25,543,000. This valuation has been determined using a combination of the capitalisation, discounted cash flow and direct comparison methods of valuation. The capitalisation rate used was 8.00%.

### 1.6.2 Rand Distribution Centre

CBRE Valuations Pty Ltd (“CBRE”) valued the property on 24 June 2013 and determined an ‘as if complete’ value of \$32,750,000. This valuation has been determined using a combination of the capitalisation, discounted cash flow and direct comparison methods of valuation. The capitalisation rate used was 8.25%. CBRE also determined the ‘as is’ value of the land to be \$3,760,000.

### 1.6.3 ATO Dandenong

Savills valued the property on 30 June 2013 and determined an ‘as if complete’ value of \$70,390,000. This valuation has been determined using a combination of the capitalisation, discounted cash flow and direct comparison methods of valuation. The capitalisation rate used was 7.75%. Savills also determined the ‘as is’ value of the land to be \$3,300,000.

## 1.7 Net Tangible Assets

The Trust’s net tangible assets (“NTA”) shows the value of the Trust’s NTA on a per unit basis. This amount can be used as an approximate measure of what an investor could expect to receive per unit held (before selling costs) if the Trust was wound up at that particular point in time. Therefore, to the extent that the NTA at any time is less than the price paid for a unit, it is also an approximate measure of the risk of a capital loss.

NTA is calculated using information from the forecast pro-forma balance sheet of the Trust (see Section 6.4) which assumes, amongst other things, that the Construction Assets are valued at their ‘as if complete’ valuation and that the Target Subscription Amount has been raised. The NTA is calculated in accordance with the following formula:

$$\text{NTA} = \frac{\text{Net assets} - \text{intangible assets} +/- \text{other adjustments}}{\text{Number of units on issue}}$$

As at the date of this PDS, the Trust has a forecast NTA per unit of \$0.89 assuming the Construction Assets had reached Practical Completion. The Properties would need to increase in value (the “as if complete” value of Rand Distribution Centre and ATO Dandenong) by approximately 6% to offset the initial acquisition and other costs and increase NTA per unit to the issue price of \$1.00.

The forecast pro-forma balance sheet in Section 6.4 should be read in conjunction with the best estimate assumptions and key accounting policies set out in Section 6 and the investment risks in Section 4.

## 1.8 Cromwell Commitment

Historically some property trusts have not completed because the responsible entity of the fund has been unable to raise sufficient investor funds to purchase the relevant property. Any application funds that had been received would have been returned to applicants.

Cromwell has mitigated this risk for unitholders in the Trust by agreeing to subscribe, as and when requested by CFM, for units worth an amount equal to the difference between \$76,000,000 and subscription proceeds at the time, subject to certain conditions ("the Cromwell Subscription"). Cromwell has also provided the Trust with a loan of up to \$50,000,000 ("the Cromwell Loan") which is to be utilised by CFM before the Cromwell Subscription. The Cromwell Subscription and Cromwell Loan together are the Cromwell Commitment.

Based on the expected timing and quantum of subscriptions from unitholders, and the financial information in Section 6, CFM expects that the Cromwell Loan will be repaid by 30 November 2014 from subscription proceeds and does not expect the Cromwell Subscription will be called upon. However, CFM can call on the Cromwell Subscription at any time, to the extent reasonably necessary to fund the purchase of the Rand Distribution Centre and ATO Dandenong and associated costs.

Any balance of the Cromwell Loan as at 30 September 2015 will automatically convert to units, issued on the same terms as other units issued under this PDS. In addition, on 30 September 2015 (or earlier if required), CFM can call on Cromwell to subscribe for units to the value of the difference (if any) between the Target Subscription Amount and subscription proceeds. For example, if the Target Subscription Amount remains at \$76,000,000 and \$59,000,000 has been issued at 30 September 2015, CFM would require Cromwell to subscribe for a further \$17,000,000 worth of units.

In certain circumstances, Cromwell may require approval from its securityholders for any part of the Cromwell Subscription in excess of a holding in the Trust of approximately 30% to satisfy ASX listing rule requirements. Cromwell does not expect such approval will be required, provided that at least \$53,200,000 is raised by 30 September 2015. If Cromwell securityholder approval is required, but is not obtained, CFM will

consider other alternatives to fund that portion of the equity, including extending the Offer Period, additional borrowings or an early sale of one of the Properties.

Conversion of the Cromwell Loan to units can occur earlier than 30 September 2015 if a notice of default is issued for the Bank Loan or on any steps being taken to wind up or terminate the Trust. Although these events are considered by CFM to be highly unlikely to occur, this condition ensures the Cromwell Loan does not inadvertently rank ahead of unitholders units in these circumstances.

If Cromwell acquires units in the Trust under the Cromwell Subscription, it is expected Cromwell will seek other unitholders to acquire those units over time.

Structuring the Cromwell Commitment in this way minimises transaction costs that may otherwise be incurred. For further information about Cromwell, see Section 2.1.

## 1.9 Trust Borrowing

### 1.9.1 Borrowing Policy

Borrowing by the Trust is known as gearing. Repayment of borrowings ranks ahead of unitholders' interests in the Trust and payment of interest on borrowings must be funded prior to any distributions being made to unitholders. As a result, the borrowing policy and borrowing facility expiry profile of the Trust are important factors to consider.

There are risks involved in investing in a geared trust as gearing magnifies profits, losses, capital gains and capital losses. See "Borrowing Risk" in Section 4.3.1 for further information.

CFM has, and complies with, a borrowing policy for the Trust which outlines the level of gearing and interest cover the Trust expects to maintain. Payment for the Properties is expected to be partly funded by way of a Bank Loan which, when arranged, will be secured against the Properties. Under the borrowing policy, once the Cromwell Loan has been repaid and the Bank Loan is in place, the Trust will not undertake any additional borrowing which would increase the Gearing Ratio of the Trust above 55%.

Further, after Practical Completion of ATO Dandenong, the Trust will not undertake any additional borrowing that would decrease the Interest Cover Ratio below 2 times.

### 1.9.2 Borrowing Facilities

CFM has entered into the Cromwell Loan, which provides it with a finance facility of up to \$50,000,000 to enable it to settle the acquisition of South Melbourne, the Rand Land

and final payment of the Rand Distribution Centre, the ATO Land and associated costs during the Offer Period. To date CFM has drawn approximately \$27,000,000 under the Cromwell Loan, meaning \$23,000,000 remains undrawn.

The Cromwell Loan bears interest at a rate equivalent to the rate at which distributions are paid to unitholders. Cromwell will not charge any other fees for the provision of the Cromwell Loan. Any balance of the Cromwell Loan as at 30 September 2015 will effectively convert to units, issued on the same terms as other units under this PDS. The Cromwell Loan is unsecured and unhedged. It does not include loan to valuation or interest cover covenants. Any interest due and payable under the Cromwell Loan will be paid from property income via South Melbourne and Rand Distribution Centre. Interest will not be capitalised in the sense that it will not be included in the amount outstanding and payable with the principal amount at the end of the term of the Cromwell Loan.

CFM intends to put in place a Bank Loan to fund part of the final payment of ATO Dandenong. It is not expected that the Trust will be required to draw down under the Bank Loan until approximately October 2015. To minimise the costs associated with maintaining an undrawn facility, CFM does not intend to finalise the Bank Loan facility immediately. At the date of this PDS, CFM has not yet arranged the Bank Loan but has received indicative terms from a major Australian bank.

CFM will seek to finalise terms to enter into a Bank Loan facility of up to \$64,340,000 by June 2014. The targeted key terms of the Bank Loan are detailed in Section 10.9. The final agreed terms of the Bank Loan will be determined by negotiation between the financier and CFM and may be different to those set out in Section 10.9.

An update will be provided on [www.cromwell.com.au/c12/](http://www.cromwell.com.au/c12/) updates when the Bank Loan has been finalised.

Based on terms negotiated for similar current and previous facilities and the indicative terms received, CFM is confident of being able to finalise a Bank Loan on reasonable terms, but there can be no guarantee that this will be achieved. See Section 4.3 for additional information on the risks associated with borrowings.

### 1.9.3 Gearing Ratio

The Gearing Ratio indicates the extent to which the Trust's assets are funded by borrowings. The Gearing Ratio gives an indication of the potential risks faced by the Trust as a result of its borrowings due to, for example, an increase in interest rates or a decrease in property values.

$$\text{Gearing Ratio} = \frac{\text{Total interest-bearing liabilities}}{\text{Total assets}}$$

The Gearing Ratio calculations exclude the Cromwell Loan, as this loan will be repaid during the Offer Period from the proceeds of subscriptions with any balance as at 30 September 2015 being effectively converted to units.

The Gearing Ratio on Practical Completion of ATO Dandenong is expected to be 49%. The Gearing Ratio is not expected to exceed this amount during the Construction Period.

Based on the Financial Information in Section 6 and the 'as if complete' valuation of the Construction Assets, the Trust expects to maintain the Gearing Ratio below 50% during the Forecast Period.

The Trust does not have any off balance sheet financing.

See Section 4.3.1 for additional information on the risks associated with borrowings.

### 1.9.4 Interest Rates

When the Trust enters into the Bank Loan, the interest rate payable will be made up of two components, the market rate and the margin rate.

Generally, the market rate is determined periodically with reference to market data, and can be fixed through interest hedging arrangements for a period of time with the approval of the financier. Fixing the market rate eliminates the impact of interest rate market movements for that period. As the Bank Loan is not expected to be utilised prior to October 2015, the Trust does not expect to have any material exposure to interest rate market risk prior to that time.

Notwithstanding the Trust has not yet entered into the Bank Loan, CFM has taken steps to reduce the Trust's expected future interest rate market risk exposure by entering into hedging arrangements. Under those hedging arrangements, CFM has fixed the market rate applying to approximately 50% of the expected Bank Loan balance for the period between October 2015 and June 2017. The market rate applying after the fixed rate period and for the portion of the Bank Loan which is not fixed from October 2015 will depend on market conditions at the time. CFM may undertake further hedging of interest rates in the future if it determines that it is in the best interests of unitholders to enter into further hedging arrangements and can do so on reasonable terms.

The Bank Loan will have a margin rate. CFM expects that a portion of the margin rate during the Construction Period will be payable based on the total facility amount under the Bank Loan, rather than the amount the Trust has drawn down. Therefore, once the Bank Loan is finalised the effective margin rate (as a percentage of the drawn amount) is likely to be higher before Practical Completion of ATO Dandenong. The margin rate on the Bank Loan after Practical Completion of ATO Dandenong

is expected to be fixed for the term of the Bank Loan unless an event of default occurs under the terms of the Bank Loan.

The actual margin rate under the Bank Loan will depend on a number of factors at the time the Bank Loan is entered into including prevailing market conditions, availability of funding and the Trust's Gearing Ratio.

For further details, refer to "Financial Information" in Section 6.

### 1.9.5 Interest Cover Ratio

The Interest Cover Ratio measures the ability of the Trust to meet its interest payments on borrowings from its earnings. The level of interest cover gives an indication of the Trust's financial health. A higher number indicates greater available funds with which to pay interest costs and distributions. It is a key measure of the risks associated with the Trust's borrowings and the sustainability of borrowings.

$$\text{Interest Cover} = \frac{\text{EBITDA} - \text{unrealised gains} + \text{unrealised losses}}{\text{Interest expense}}$$

The Interest Cover Ratio for the Trust, calculated in accordance with the formula above, is forecast as follows:

	Period ending 30 June 2014	Year ending 30 June 2015	Year ending 30 June 2016	Year ending 30 June 2017
Interest Cover Ratio	N/A	N/A	2.99 times <sup>1</sup>	2.97 times

<sup>1</sup> For the period from Practical Completion of ATO Dandenong to 30 June 2016.

The EBITDA (earnings before interest, tax, depreciation, straight lining of rentals and amortisation) and interest expense used in the calculations above is based on a number of assumptions set out in the Financial Information in Section 6.

The Interest Cover Ratio may change, for example if there is a change in the borrowing amount, rental income or interest cost. See "Borrowing Risk" in Section 4.3.1 for further information on the potential impact of adverse changes in the Interest Cover Ratio.

Prior to Practical Completion of the Rand Distribution Centre and ATO Dandenong, when rental payments will commence, the Trust will rely on the rental payments from South Melbourne and the Funding Allowance, which are designed to compensate the Trust for part of the cost of interest and distributions paid during the Construction Period. During this period, the Trust will have less accounting income because the Funding Allowance will

be recognised in the Trust's financial statements as a reduction in the cost of the Construction Assets rather than as income. Therefore, until Practical Completion of ATO Dandenong, an accurate Interest Cover Ratio is not able to be calculated.

There are risks associated with the construction of the Construction Assets, which could impact the amount of the Funding Allowance. These risks are outlined in Section 4.2.

## 1.10 Related Party Transactions

CFM is the responsible entity for the Trust and has appointed a number of related entities to provide services to the Trust. Related party transactions carry a risk that they could be assessed and reviewed less rigorously than transactions with other parties. Where material transactions occur, unitholders should consider the capability and sustainability of those related party arrangements and the potential for conflict of interest (for further information on Cromwell, see Section 2).

CFM has, and complies with, a written policy with regard to related party transactions. The policy covers, amongst other things, the assessment and approval process for related party transactions as well as how the risk of any actual or perceived conflict of interest as a result of a related party transaction is managed. All related party transactions require CFM Board approval and the CFM Board will only approve transactions if they are on arm's length terms. Otherwise, unless another exception is available under the Corporations Act 2001 (Cth), the transaction would be subject to approval by the Trust's unitholders.

CFM and related entities may also subscribe for, or acquire, units in the Trust on the same terms as other unitholders.

For further information, please refer to Section 5 (regarding fees paid to CFM and its related parties for services provided to the Trust) and Section 10.14 (regarding the related party arrangements that relate to the Trust).

## 1.11 Summary of ASIC Disclosure Principles and Benchmarks

ASIC Regulatory Guide 46 Unlisted property schemes: Improving disclosure for retail unitholders ("RG 46") sets out eight disclosure principles and six disclosure benchmarks that unlisted property schemes, such as the Trust, must include in the PDS to help ensure that you have the information to make an informed investment decision.

The following table shows the ASIC disclosure principles and where such information is set out in the PDS:

Disclosure Principle	Section
1. <b>Gearing ratio</b>	1.9.3 (4, 6 and 11 are also relevant)
2. <b>Interest cover ratio</b>	1.9.5 (4.3, 6 and 10.9 are also relevant)
3. <b>Scheme borrowing</b>	1.9.1 (4.3 and 10.9 are also relevant)
4. <b>Portfolio diversification</b>	1.2 (3 and 4.1 are also relevant)
5. <b>Related party transactions</b>	1.10 (5 and 10.14 are also relevant)
6. <b>Distribution practices</b>	1.5 (4.3 and 6.3 are also relevant)
7. <b>Withdrawal arrangements</b>	1.3 (4.3 and 8.4 are also relevant)
8. <b>NTA</b>	1.7 (6.4 is also relevant)

The following table shows the ASIC benchmarks as applied to the Trust and where such information is set out in the PDS:

Benchmark	Disclosure against benchmark	Section
1. <b>Gearing policy</b>	The Trust meets the benchmark. The Trust maintains and complies with a written policy that governs the level of gearing for the Trust.	1.9.1
2. <b>Interest cover policy</b>	The Trust meets the benchmark. The Trust maintains and complies with a written policy that governs the level of interest cover for the Trust.	1.9.1
3. <b>Interest capitalisation</b>	The Trust meets the benchmark. The interest expense of the Trust is not capitalised.	1.9.2 and 6.3.2
4. <b>Valuation policy</b>	The Trust meets the benchmark. The Trust maintains and complies with a written valuation policy.	1.6 and 4.2.4
5. <b>Related party transactions</b>	The Trust meets the benchmark. The Trust maintains and complies with a written policy on related party transactions, including the assessment and approval processes for such transactions and arrangements to manage conflicts of interest.	1.10
6. <b>Distribution practices</b>	The Trust does not meet the benchmark before Practical Completion of ATO Dandenong. However, after Practical Completion of ATO Dandenong, the Trust is expected to meet the benchmark as any distributions are expected to be funded by cash from operations. Before Practical Completion of ATO Dandenong, distributions will not be paid wholly from cash from operations, but instead will be paid partly from cash from operations and partly from the Funding Allowances (after any interest amounts paid under the Cromwell Loan or the Bank Loan). The risks involved in relying on the Funding Allowance to pay distributions are set out in Sections 1.5 and 4.3.	1.5 and 4.3



## 2 Investment Manager

### 2.1 Cromwell Property Group

Cromwell buys and manages commercial properties throughout Australia and invites investors to participate in the wealth they generate.

Cromwell is an ASX-listed stapled security comprising the Cromwell Diversified Property Trust ("DPT"), which owns a property portfolio and Cromwell Corporation Limited ("CCL"), the operating business which undertakes the property and funds management activities.

At 30 June 2013 Cromwell had approximately \$3.3 billion of assets under management; \$2.5 billion are owned by Cromwell and \$0.8 billion in assets are managed on behalf of unitholders in unlisted property funds.

#### 2.1.1 History

Although CCL has been listed on the ASX since 1971, two important transactions have shaped the history of Cromwell and the current structure of the business.

First, the involvement of the existing management team began in 1998. At that time Cromwell was operating as a property fund manager and developer but did not have any significant recurring earnings and did not own any investment properties.

Since 1999 CCL has formed a number of property syndicates, trusts and other property related investments and has raised over \$950 million for 16 different funds, including DPT. These funds acquired assets valued at over \$1.8 billion during this period.

The second key transaction occurred in 2006 when CCL proposed a merger of 6 unlisted property funds and a stapling of the merged funds to CCL. This transaction was overwhelmingly approved by unitholders, forming the Cromwell Property Group as we know it today.

Cromwell is classified as an Australian Real Estate Investment Trust (A-REIT) and is listed on the ASX under the code, CMW. Cromwell is a S&P ASX 200 constituent.

#### 2.1.2 Integrated Property Management

Cromwell's Australian property focus and in-house property team enables it to provide Cromwell and its managed funds with a full suite of property related services including asset sourcing, due diligence, property management, leasing, asset enhancement, debt management and asset sales.

Cromwell is also experienced at overseeing construction projects of the nature being undertaken by the Trust, having undertaken similar projects since 2004 with an end value of \$609 million.

Many competitors outsource responsibility for the day-to-day management of their properties, whereas Cromwell actively manages all property assets in-house, creating a seamless link between unitholders, the assets and their tenants.

This integrated property management model is one of Cromwell's key competitive advantages. By keeping these functions in-house, Cromwell helps to ensure that assets are managed in accordance with the interests of unitholders and to the expectations of tenants.

## Cromwell Investor Services

For the answer to any questions you have regarding the Trust, contact your financial adviser or Cromwell Investor Services directly on:



1300 276 693



invest@cromwell.com.au

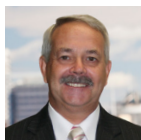
Advisers contact the distribution team member in your state:



**Michael Blake**

Director - NSW / ACT / NT

0400 353 199



**Stephen Payne**

State Manager - VIC / SA / TAS

0418 990 455



**Peter Rawle**

State Manager - QLD / WA

0420 909 337



**Hamish Wehl**

Financial Analyst

0435 522 617



### 2.1.3 Performance

Cromwell's focus is on delivering superior long term property and investment performance. Cromwell has consistently outperformed its ASX listed peers in the A-REIT sector.

Cromwell measures its effectiveness as a property manager by comparing total annual returns from all Cromwell managed properties (including assets in unlisted funds) against the IPD Australian All-Fund Universe.

Information on the performance of Cromwell is detailed in the most recent annual report available from [www.cromwell.com.au](http://www.cromwell.com.au).

## 2.2 Cromwell Funds Management Limited

CFM is a wholly owned subsidiary of Cromwell and specialises in the creation, structuring, marketing and management of unlisted property related investment opportunities.

CFM is the responsible entity of the Trust.

In addition to CFMs considerable funds management capabilities, it also utilises the in-depth property knowledge and experience of Cromwell to maximise the performance of its unlisted funds.

CFM has a strong customer service focus. Unitholders can speak to Cromwell staff directly about their investments and information on the performance and activities of each investment fund is communicated quarterly.

## 3 The Properties

### 3.1 Portfolio overview

The Trust will own a portfolio of three high quality properties across two states with a combined value of approximately \$129 million.

The first building is a \$25.5 million office asset in South Melbourne, Victoria which has Dimension Data as the major tenant.

The other two assets replicate the same innovative construction funding structure utilised by many of Cromwell's previous unlisted property trusts. Both feature pre-committed, under-construction buildings with strong tenant profiles and lease terms that far exceed the expected term of the Trust.

The Properties will have a combined weighted average lease expiry ("WALE") of 14.5 years from the date of this PDS. The portfolio will be 100% occupied with 96% leased to Government or blue chip tenants with an average annual minimum rental review of 3.8%. As at the date of the PDS, the average capitalisation rate of the assets is 7.9%.

## 100%

Weighted average portfolio occupancy

## 14.5 years

Weighted average lease expiry (WALE)

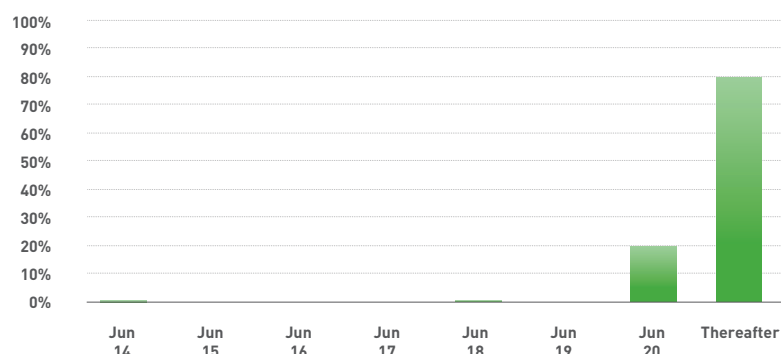
## 96%

Rent sourced from Government and blue chip tenants

As at the date of this PDS.

For the latest figures visit [www.cromwell.com.au/c12](http://www.cromwell.com.au/c12)

#### Lease Expiry Profile



#### Geographic Diversification



74% VIC  
26% SA

#### Sector Diversification



74% Office  
26% Industrial

#### Contribution to Income



21% South Melbourne  
26% Rand Distribution Centre  
53% AT0 Dandenong

## 3.2 South Melbourne

PROPERTY DETAILS	
VALUATION	\$25.5 m (Jun 13) <sup>1</sup>
ADDRESS	10-16 Dorcas Street Melbourne VIC 3006
SECTOR	Office
LAND AREA	1,484 sqm
LETTABLE AREA	7,567 sqm
MAJOR TENANT	Dimension Data
OCCUPANCY	100%
WALE	5.8 years
CAPITALISATION RATE	8.0%
NABERS ENERGY	4.0 Star

### 3.2.1 Summary

The Trust entered into a contract on 17 July 2013 to purchase the South Melbourne asset for \$25.5 million. The property was settled in August 2013 primarily using funds provided by way of the Cromwell Loan.

The 7 storey building is 100% leased to Dimension Data, a subsidiary of the NTT Group, listed on the Tokyo Stock Exchange and one of the world's largest telecommunications service providers.

### 3.2.2 Location

The property is located at 10-16 Dorcas Street, South Melbourne, approximately 1.5 kilometres south of the Melbourne CBD. South Melbourne is an inner city suburb of Melbourne comprising a combination of office, high density residential and retail uses.

### 3.2.3 Building

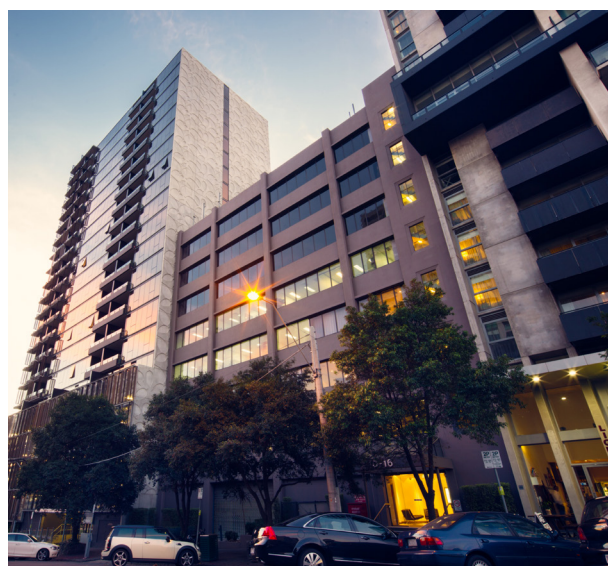
The property incorporates 7,567sqm of office space over seven levels, in addition to 88 car parks over 2 levels. Originally built in the mid 1970's, the property has recently undergone a refurbishment including floor upgrades, lift modernisation and lobby refurbishment. The average floor plate is 1,081sqm and is suitable for a combination of open plan, perimeter office and internal office workspaces.

### 3.2.4 Lease Profile

Dimension Data have a lease for the entire 7,567sqm office area and 88 car parks until 31 August 2019, with annual 4% rent increases.

There are two additional licences for telecommunication aeriels to Vodafone and Optus.

Further details of the lease are contained in Section 10.3.



### 3.2.5 Investment Strategy

The lease to Dimension Data expires August 2019, which is before the Trust termination date of 31 October 2020. The current passing rent payable by the tenant is very competitive, given the location and current refurbishment program. In the event the Dimension Data Lease is not renewed, the property is expected to represent an attractive office accommodation option for many tenants, giving the lower rentals, good local amenity and close proximity to the CBD. The property may also be suitable for various other uses, such as residential or hotel conversion in the future.

1. Valuation by Savills Valuations Pty Ltd.



### 3.3 Rand Distribution Centre

PROPERTY DETAILS	
VALUATION	\$32.8 m (Jun 13) <sup>1</sup>
ADDRESS	Lot 902 Caribou Drive, Direk SA 5110
SECTOR	Industrial
LAND AREA	58,628 sqm
LETTABLE AREA	10,314 sqm
MAJOR TENANT	Rand Transport
OCCUPANCY	100% <sup>2</sup>
WALE	20.0 years <sup>2</sup>
CAPITALISATION RATE	8.25%
NABERS ENERGY	Not applicable
PRACTICAL COMPLETION	Forecast November 2013

#### 3.3.1 Summary

The property will be 100% leased to Rand Transport, a subsidiary of Automotive Holdings Group Limited, which is listed on the Australian Securities Exchange.

#### 3.3.2 Location

The property is located on Caribou Drive in the suburb of Direk, approximately 23 kilometres north of the Adelaide CBD.

Direk is an emerging outer northern industrial suburb of Adelaide. The area is dominated by the Edinburgh RAAF base, which is in close proximity to the property.

#### 3.3.3 Building

The property will comprise a modern cold storage industrial facility with associated office and hardstand areas. It will include approximately 6,930sqm of cold storage, 1,010sqm of office space and 2,374sqm of additional lettable area.

The property includes an additional 21,360sqm of future expansion land, which may accommodate an extension of the facility for the tenant in the future.

The Trust settled the land in September 2013 and Practical Completion is expected to be achieved in November 2013.

The target dates for key milestones in the construction of the building are as follows:

Site Establishment	February 2013
Land Settlement	September 2013
Freezer Cool Down Commence	October 2013
Practical Completion	November 2013

1. Based on "as if complete" valuation by CBRE Valuations Pty Ltd.

2. Based on signed agreement for lease. Lease will commence on Practical Completion of the building.



#### 3.3.4 Lease Profile

Rand Transport has signed an agreement for lease for a 20 year lease with three further 5 year option periods over the whole property.

Further details of the lease are contained in Section 10.6.

#### 3.3.5 Investment Strategy

This property provides a brand new, state of the art facility with a 20 year lease term. The property includes expansion land which could be used to expand the current facility if the tenant required additional space. At the end of the Trust term there will still be approximately 13 years remaining on the lease term, which is expected to be attractive to a wide range of purchasers.

The Tenant may seek additional expansion of the facility during the Trust term.

The Trust would only undertake expansion works if it was in the best interest of unitholders. If this were to occur then CFM may look to raise additional capital. Any such offer would be detailed in a new PDS.



### 3.4 ATO Dandenong

PROPERTY DETAILS	
VALUATION	\$70.4 m (Jun 13) <sup>1</sup>
ADDRESS	11-13 Robinson St Dandenong VIC 3175
SECTOR	Office
LAND AREA	3,145 sqm
LETTABLE AREA	13,803 sqm
MAJOR TENANT	Commonwealth of Australia (Australian Taxation Office)
OCCUPANCY	100% <sup>2</sup>
WALE	14.0 years <sup>2</sup>
CAPITALISATION RATE	7.75%
NABERS ENERGY	Targeting 4.5 Star
OFFICE DESIGN V3	5 Star Green Star
OFFICE AS BUILT V3	Targeting 5 Star Green Star
PRACTICAL COMPLETION	Forecast September 2015

#### 3.4.1 Summary

The 7 storey property will be 92% leased (by gross income) to the Australian Government's Australian Taxation Office ("ATO").

The property is targeting a Five Star Green Star Office Design and As Built rating under the Green Building Council of Australia Green Star – Office Version 3 rating tool. Under the rating tool, Five Stars signifies 'Australian Excellence' in environmentally sustainable design and construction, responding to the Government tenant's requirement for a purpose built, long term, flexible working environment.

#### 3.4.2 Location

The property is located in Dandenong, approximately 30 kilometres south of the Melbourne CBD.

Dandenong was originally a separate city, but was absorbed into Melbourne's metropolitan area during the urban sprawl of the 1960s. Dandenong maintains its own identity and character as a major commercial and industrial area.

The property is part of the Revitalising Central Dandenong Scheme. The scheme is led by the Victorian Government through its 'Places Victoria' land development agency. The development scheme was announced in 2006 and is planned to take place over a 15 to 20 year period. Public transport is available at Dandenong Train Station approximately 90 metres south of the property while bus services are available on Robinson Street.

For further information on Dandenong please visit <http://www.revitalisingcentraldandenong.com.au>.

1. Based on "as if complete" valuation by Savills Valuations Pty Ltd.

2. Based on ATO Agreement for Lease (Section 10.7) and ATO Developer Lease (Section 10.8). Leases will commence on Practical Completion of the buildings.



#### 3.4.3 Building

The property will incorporate approximately 12,601sqm of office space over 6 levels, in addition to 1,202sqm of retail and office space over ground and lower ground level. It will include 50 car parks for the ATO in addition to storage space, and male and female locker and shower change room facilities.

The property will provide a high quality A Grade commercial base building and will be suitable for occupation by corporate tenants for commercial office uses. Floor plates are expected to range between 2,058sqm and 2,794sqm, suitable for a combination of open plan, perimeter office and internal office workspaces.

The target dates for key milestones in the construction of the building are as follows:

Land Settlement	30 November 2013
Site Establishment	May 2014
Piling Completion	July 2014
Structure Completion	February 2015
Facade Completion	February 2015
Practical Completion	September 2015

#### 3.4.4 Lease Profile

The ATO has signed an agreement for lease for a 15 year period with two further 5 year option periods over the building's commercial office floors, storage accommodation and 50 parking bays. The ATO Lease is for 92% of gross income.

The remaining lettable area of 1,202sqm is retail and office space which will be leased to the Developer on a 5 year lease, to be progressively reduced as new tenants are secured.

Further details of the leases are contained in Section 10.7 and 10.8.

#### 3.4.5 Investment Strategy

Dandenong is going through a period of urban renewal which CFM believes will invigorate the district and revitalise the CBD. This property is a major part of the renewal, and is expected to benefit from the future revitalisation. At the expiry of the Trust term, the ATO Lease will still have approximately 10 years remaining, which would be attractive to a wide range of purchasers.



### 3.5 Purchase and Construction

This section is a summary only. For details of the various agreements please refer to Section 10.

There are risks involved in the construction of a building. See "Property Risks" in Section 4.2 for further details.

#### 3.5.1 Rand Distribution Centre Development Agreement

The Trust has entered into the Rand Development Agreement with the Developer. The Developer agrees under the Rand Development Agreement to design, develop and arrange for the Rand Distribution Centre to be built in accordance with agreed design and building specifications.

The Trust has purchased the land and paid initial costs. The final development cost payment will be made once Practical Completion is achieved, subject to various conditions. The Trust does not have to make payments to the Developer during the Construction Period. The amount payable by the Trust under the Rand Development Agreement is forecast to be \$28,619,000. Accordingly, the amount the Trust is obligated to pay for the land and development and construction of Rand Distribution Centre ("the Rand Development Cost") is \$32,380,000 (\$3,761,000 for the land plus \$28,619,000). Any costs in excess of that amount (subject to adjustments for changes in area and income) are not required to be met by the Trust and must be borne by the Developer. These amounts will be reduced by the Rand Funding Allowance, which is forecast to be \$76,000 during the Rand Construction Period.

The Rand Development Cost is subject to adjustment following the commencement of the Rand Lease based on the final surveyed areas and final tenant variations under the Rand AFL.

The Developer has entered into a construction contract with Vaughan Constructions ("Rand Builder"), for the Rand Distribution Centre. Payments to the Rand Builder will be met by the Developer.

The Trust holds security from the Developer in the form of the Rand Corporate Guarantee from Pacific Shopping Centres Australia Pty Ltd. The Trust can claim against the Rand Corporate Guarantee in certain circumstances, in order to enforce the obligations of the Rand Builder and Developer.

Further information on the Rand Development Agreement is contained in Section 10.5.

### 3.5.2 Rand Lease

Rand Transport (1986) Pty Ltd ("Rand") has entered into an agreement for lease with respect to 100% of the lettable area of the Rand Distribution Centre. Rand can terminate the Rand AFL if the Rand Distribution Centre is not practically complete by 30 October 2014, which is approximately 11 months after the expected date of Practical Completion. For further information refer to Section 10.6.

Under the Rand AFL, Rand has required certain design and building specifications for the Rand Distribution Centre. The Developer must ensure these requirements are met under the Rand Development Agreement. Rand will enter into the formal lease when the property has reached Practical Completion. The Rand Lease is for a term of 20 years from Practical Completion. Further details of the Rand Lease terms are in Section 10.6.

### 3.5.3 ATO Development Agreement

The Trust has entered into the ATO Development Agreement with the Developer. The Developer agrees under the ATO Development Agreement to design, develop and arrange for ATO Dandenong to be built in accordance with agreed design and building specifications.

The Trust expects to purchase the land and pay initial costs in December 2013. The final development cost payments will be made once Practical Completion is achieved, subject to various conditions. The Trust does not have to make payments to the Developer during the Construction Period. The amount payable by the Trust under the ATO Development Agreement is forecast to be \$68,883,000. Accordingly, the amount the Trust is obligated to pay for the land and development and construction of ATO Dandenong ("the ATO Development Cost") is \$72,185,000 (\$3,302,000 for the land plus \$68,883,000). Any costs in excess of that amount (subject to adjustments for changes in area and income) are not required to be met by the Trust and must be borne by the Developer. These amounts will be reduced by the ATO Funding Allowance, which is forecast to be \$803,000 during the ATO Construction Period.

The ATO Development Cost is subject to adjustment following the commencement of the ATO Lease based on the final surveyed areas and actual achieved rents.

The Trust holds security from the Developer in the form of the ATO Corporate Guarantee from Pacific Shopping Centres Australia Pty Ltd. The Trust can claim against the ATO Corporate Guarantee in certain circumstances, in order to enforce the obligations of the ATO builder and Developer.

The Developer has not yet entered into a construction contract for the ATO Dandenong. It is expected a construction contract will be entered into by December 2013. Payments to the ATO builder under the construction contract will be met by the Developer.

Further information on the ATO Development Agreement is contained in Section 10.5.

### 3.5.4 ATO Lease

ATO has entered into an agreement for lease with respect to 92% (by gross income) of ATO Dandenong. The ATO can terminate the ATO AFL if ATO Dandenong is not practically complete by 30 September 2016, which is 12 months after the expected date of Practical Completion. For further information refer to Section 4.2.1.

Under the ATO AFL, the ATO has required certain design and building specifications for ATO Dandenong. The Developer must ensure these requirements are met under the ATO Development Agreement. The ATO will enter into the formal lease when the property has reached Practical Completion. The ATO Lease is for a term of 15 years from Practical Completion. Further details of the ATO Lease terms are in Section 10.7.

### 3.5.5 ATO Developer Lease

During the ATO Construction Period, the Developer will be required to seek tenants for any unleased retail or office space for ATO Dandenong on pre-agreed terms (including minimum rental terms – see Section 10.8). The Developer will enter into a lease over any unleased tenancy for 5 years from Practical Completion while it continues to find suitable tenants ("ATO Developer Lease"). As new tenants are found, the ATO Developer Lease will be progressively replaced by the new tenant leases, providing they meet the minimum criteria set out in Section 10.8.

## 4 Investment Risks

An investment in the Trust is subject to various risks. The risks outlined in this section are not exhaustive, but CFM considers them to be the key risks of investing in the Trust. If these risks eventuate, they may result in reduced distributions and/or a loss of some or all of the capital value of an investment in the Trust.

Where applicable, information is included on how CFM aims to manage these risks. However, risks cannot be avoided altogether and some risks are completely outside the control of CFM.

A potential investor should consider the risks and their attitude towards risk in general, when considering an investment in the Trust. The entire PDS should be read and considered.

### 4.1 Diversification Risk

Except for prudentially regulated investments and Australian government bonds (which tend to offer very low yields relative to other investment options), having all, or a substantial portion of your investment capital in one investment can be a very risky strategy. This is because all investments are at risk of falling in value or underperforming at various stages in the investment cycle, even when the market or economy as a whole is doing well. If you only make one investment, and that investment falls in value, then you have no returns from other investments to potentially offset your loss.

Although all investments involve some risk, that risk may be managed by:

- Investing smaller amounts regularly to reduce the risk of investing everything just before a market drops;
- Spreading investments across different kinds of investment choices (such as shares, property, bonds and cash) to help reduce the risk of being in the wrong market at the wrong time;
- Spreading money among shares in different companies, different properties and different industries to reduce the risk of losing heavily on a single investment; and
- Dividing money between a number of investment managers to reduce the risk that the one investment manager you pick performs poorly.

Spreading your investments in this way is known as 'diversification' and is a very common way to manage investment risk.

The Trust will own three properties and so provides some diversification within the property investment class. However, the Trust is not diversified by investment class. In addition, each property in the Trust has a majority of its lettable area leased by a single tenant.

CFM encourages potential investors to reduce investment risk through appropriate diversification and not to invest a substantial portion of their available investment capital into the Trust.

### 4.2 Property Risks

These risks relate to investing in property generally as well as particular risks in relation to the Properties.

#### 4.2.1 Construction Risk

If there are cost overruns, then the Construction Assets would cost more than forecast to complete and additional capital or finance may need to be sourced.

The completion of the Construction Assets could also be delayed due to the fault of the Developer or other unforeseen events. If the buildings are not completed on time, the tenants will not begin paying rent when expected. If there are cost overruns and/or the buildings are delayed, and the Developer does not honour their obligations under the Development Agreements, this may mean distributions are paid at a reduced amount, or not paid at all.

Further, compensation payments may need to be made to the ATO if Practical Completion of ATO Dandenong is delayed beyond 30 September 2015. These costs are funded by the Developer, but could become the responsibility of the Trust if the Developer does not perform in accordance with its obligations and CFM was required to exercise its "step in" rights. The Developer has provided a separate bank guarantee to the ATO to secure this and other Developer obligations under the ATO AFL.

The ATO can terminate the ATO AFL and therefore not enter into the lease for ATO Dandenong if Practical Completion is not achieved by 12 months after the estimated date for Practical Completion.

Compensation payments could also be required if Practical Completion of the Rand Distribution Centre is delayed beyond 30 October 2014. These costs are funded by the Developer, but could become the responsibility of the Trust if the Developer does not perform in accordance with its obligations and CFM was required to exercise its "step in" rights.



Rand can terminate the Rand AFL and therefore not enter into the lease for the Rand Distribution Centre if Practical Completion is not achieved by 30 October 2014.

CFM has negotiated a maximum amount that the Trust will pay to the Developer (subject to adjustments) in relation to the development and construction of the buildings. Any costs in excess of that amount will be met by the Developer. The Developer will be paid by way of a lump sum at Practical Completion. CFM has also negotiated 'step-in' rights for the Trust under the Development Agreements such that it can take over control of the development of the buildings in certain circumstances.

CFM and its related parties will actively supervise the progress of the development of the buildings and have undertaken a number of similar projects in the past.

The obligations of the Developer under the Development Agreements are guaranteed by its parent company, Pacific Shopping Centres Australia Pty Ltd, by way of the Corporate Guarantees. Further information on Corporate Guarantees are contained within Section 10.5.

The Trust will continue to receive the Funding Allowances on the Construction Assets until Practical Completion, even if construction is completed after the expected Practical Completion dates. This is expected to be sufficient to continue to partly fund distributions and interest payments during any extended construction period.

If Rand or the ATO does terminate the Rand AFL or ATO AFL, the Developer is required to purchase the land from the Trust for a price equal to the price paid by the Trust for the land, in addition to acquisition costs and an allowance for the Funding Allowance. However the Developer may not perform in line with their obligations and this may result in a loss of value to the Trust.

#### **4.2.2 Rectification Risk**

The Construction Assets may contain defects at Practical Completion, the rectification of which may be costly.

CFM will be actively involved during the Construction Period, checking that the agreed design brief is being followed by the Developer, the builders and their sub-contractors.

Under the Development Agreements the Developer must arrange for the builder to rectify or repair as soon as reasonably practical any defect in the base building works notified within twelve months of Practical Completion.

Unless the Trust exercises its 'step in' rights under the Development Agreements, the obligations associated with any rectification work lie with the Developer.

#### **4.2.3 Tenancy Risk**

The Trust's forecast income is largely dependent upon tenants paying rent in accordance with their lease terms. There is a risk that tenants may default on the terms of their lease or that the Trust does not provide agreed minimum service standards, either of which could result in a reduction in rental income for the Trust and additional expenses associated with re-leasing the tenancy.

CFM aims to manage this risk through active property management, including regular contact with tenants, strong arrears management procedures and utilising professional leasing agents to actively manage any vacancies.

CFM will enter into maintenance contracts to reduce the risk of minimum service standards not being reached.

As a statutory body of the Commonwealth of Australia, the ATO is considered by CFM to be a low default risk tenant. The Developer will be attempting to secure suitable tenants for the retail and office space during construction and will enter into the ATO Developer Lease over any remaining vacant space at Practical Completion.

Rand Transport is guaranteed by Automotive Holdings Group Limited and is considered by CFM to be a low default risk tenant.

Dimension Data is a subsidiary of NTT Group, one of the largest telecommunications companies in the world, and is considered by CFM to be a low default risk tenant.

#### **4.2.4 Valuation Risk**

The ongoing value of a property is influenced by changes in property market conditions (e.g. supply, demand, capitalisation rates and rentals). The valuation of the Construction Assets has been determined on an 'as if complete' basis.

There is no guarantee that the Properties will enjoy a capital gain on their sale or that the value of the Properties will not fall as a result of the assumptions on which the valuations are based proving to be incorrect.

CFM aims to manage this risk by undertaking thorough due diligence on the Properties. CFM obtained independent valuations prior to acquiring the Properties and will continue to have the Properties valued at least annually (from the date of Practical Completion for the Construction Assets), as well as regularly reviewing the ongoing investment performance of the Properties.

In addition, the strong tenant quality, the structure of fixed rental increases and the long term of the leases are expected to assist to cushion the Trust against any falls in the value of the Properties as a result of a weakening in underlying market demand or rental rates.



#### 4.2.5 Disaster and Insurance Risk

Disasters such as natural phenomena, acts of god and terrorist attacks may damage or destroy the Properties. It is not possible to insure the Properties against some of these events. The performance of the Trust may be adversely affected where losses are incurred due to uninsurable risks, uninsured risks or under-insured risks. Further, any failure by an insurer or re-insurer may adversely affect the Trust's ability to make claims under an insurance policy.

Further, the nature and cost of insurance cover taken is based upon the best estimate of likely circumstances for the Trust in the relevant period. Unforeseen factors may result in the insurance cover being inadequate or the cost of the insurance premiums being in excess of that forecast.

CFM aims to manage this risk by maintaining appropriate insurance cover in respect of the Properties and reviewing that cover not less than annually. Insurance cover during the Construction Period is the responsibility of the Developer.

#### 4.2.6 Capital Expenditure Risk

Capital expenditure on the Properties in the future could exceed expectations. This could result in increased funding costs and lower distributions.

CFM works closely with the Developer and other consultants in an effort to ensure ongoing capital expenditure estimates are accurate. As the Rand Distribution Centre and ATO Dandenong and their facilities will be new, the capital expenditure needed over the life of the Trust is expected to be significantly less than if they were older buildings.

For the South Melbourne property, it has recently been upgraded and CFM has included appropriate allowances for ongoing capital expenditure works.

#### 4.2.7 Development Risk

The Trust may be exposed to development risks as a result of a future refurbishment or further development. Development can be subject to external influences over which the Trust has little or no control.

In the event that future development activity were to occur, CFM may look to minimise the associated risks by limiting exposure to cost and time overruns, seeking partners to share risks and seeking pre-commitments from appropriate tenants.

### 4.3 Trust Risks

These risks relate to either an investment in the Trust or factors which affect all investments generally.

#### 4.3.1 Borrowing Risk

At the date of this PDS the Trust has not entered into a Bank Loan. There is a risk that the Bank Loan will not be able to be arranged when required or on acceptable terms (which are expected to be those set out in Section 10.9). If so, then the Trust may need to sell one or more of the Properties, raise additional capital or take other steps it determines are in the best interests of unitholders at the time.

Assuming the Trust enters into the Bank Loan, the borrowing enhances the potential for increases in distributions and capital gains for unitholders if the Properties increase in value or the Trust income increases. However, it also enhances the potential for reductions in distributions or capital losses in the event that the Properties fall in value or the Trust income reduces.

There will likely be certain preconditions which must be satisfied prior to the draw down of the Bank Loan. A failure to meet one or more of these conditions may result in the Bank Loan not being able to be utilised in full, or at all, or in changes to the terms of the Bank Loan.

The term of the Trust is expected to be longer than the term of the Bank Loan and there is no guarantee that CFM will be able to refinance the Bank Loan on maturity. If there are not sufficient funds to meet the interest payments, or if the value of the Properties fall materially, or the Bank Loan is in breach of one of the financial covenants (indicative terms set out in Section 10.9), the Bank Loan may be in default and the financier may want to enforce its security over the Properties. These events could require payment of the Bank Loan, possibly prior to its expected expiry. This could result in an early sale of the one or more of the Properties, additional equity being required, or distributions being reduced to repay the borrowings.

If the borrowings are refinanced, the interest rate margin payable may be higher than that applying to the then current borrowings.

Any increases in variable market interest rates will increase interest costs which may result in a reduction in distributions.

Additionally, the Trust's constitution and the Corporations Act give unitholders certain powers. In particular, the requisite number of unitholders can call a meeting of unitholders to consider resolutions to amend the Trust Constitution, terminate the Trust or remove CFM as responsible entity. The exercise of those powers without the consent of the bank may lead to events of default under the Trust's finance facility and in certain circumstances will give the bank rights to, amongst other things, call for immediate repayment of the amounts outstanding.

At the date of this PDS, CFM has not entered into the Bank Loan, however based on its negotiations for bank loans for its other trusts, and indicative terms received to date, CFM is confident of being able to finalise the Bank Loan on reasonable terms.

CFM has procedures to ensure regular monitoring of Trust borrowings and seeks refinance terms well in advance of the expiry of existing facilities to minimise the risk of an adverse result on refinancing. CFM also undertakes regular monitoring of forecast interest rates and actively manages interest rate risk through hedging (limiting the market rate of interest for a period of time) where considered appropriate and cost effective.

#### **4.3.2 Liquidity Risk**

The Trust is illiquid for the Trust term of seven years. CFM will not offer a withdrawal facility during this period. An investor can however transfer units in the Trust to another person by providing CFM with a completed standard transfer form signed by both the transferor and the transferee. CFM intends to maintain a register of potential buyers and sellers of units and can assist to match buyers and sellers, subject to strict regulatory limitations.

Direct property assets are by their nature illiquid investments. It may be difficult for CFM to dispose of the Properties at the end of the term in a timely manner at an optimal sale price. This could affect the timing and / or amount of final distributions when the Trust is wound up.

Further, it may be that, at the end of the Trust's seven year term, unitholders pass an extraordinary resolution to further extend the term of the Trust. Any such resolution will be binding on all unitholders regardless of whether or not they voted in favour of it.

#### **4.3.3 Litigation Risk**

The Trust may be involved in disputes and possible litigation. It is possible that a material dispute could adversely affect the value of the assets or the income of the Trust.

CFM aims to manage this risk by carefully selecting tenants, undertaking thorough property due diligence and formalising significant agreements with suppliers and other contractors.

#### **4.3.4 Manager Risk**

Investing in the Trust means that an investor is delegating their control over some investment decisions to CFM. How the Trust performs depends partly on the performance of CFM as manager and the performance of any external service providers.

Cromwell has considerable experience as a property fund manager and aims to use this experience to maximise returns for unitholders.

#### **4.3.5 Counterparty Risk**

There is a risk that a counterparty to an agreement discussed in Section 10, such as a tenant, the Developer, a builder or a financier will not perform its obligations under the agreement. This is likely to negatively impact on the Trust.

CFM takes a number of measures to minimise the risk to the Trust of a counterparty defaulting on its obligations. These may include undertaking an assessment of the credit quality of the counterparty and negotiating "step in" rights or the ability to replace a counterparty in certain circumstances. CFM may also ask the counterparty to provide additional support by such measures as bank guarantees or security deposits which are designed to support counterparty obligations in the event of a default. CFM holds the Corporate Guarantees. CFM believes that the Corporate Guarantees, together with its "step in" rights under the Development Agreements are sufficient to protect the Trust against the risk that the Developer, or the builders are unable or unwilling to meet their obligations with regard to the Construction Assets.

#### **4.3.6 Legal and Regulatory Risk**

Changes in any law (including income tax laws), regulation or government policy could have an impact on the Trust's performance.

#### 4.3.7 Economic and Market Risk

The overall investment performance of the Trust may be impacted by changing economic or property market conditions. These may include movements in interest rates, exchange rates, securities markets, inflation, consumer spending, employment and the performance of individual local, state, national and international economies.

Over recent years, global markets have experienced substantial volatility and lack of liquidity, primarily as a result of a significant reduction in the availability and increases in pricing of credit. This has impacted severely on world markets. However Australia has been relatively less affected than most larger developed economies including the United States, United Kingdom and Europe. More recently Australia has seen slowing growth as the effects of reduction in commodity prices and reduced spending on resources projects impact employment, consumer spending and confidence. At this time it is unclear to what extent the Australian economy will ultimately be affected, and how long the impact may last.

CFM believes the terms attaching to the leases held by the Trust will result in relative stability of cash flows beyond the term of the current economic downturn, which means the Trust will be relatively less impacted than general property markets as a result of any further deterioration in economic conditions.

#### 4.3.8 Distribution Risk and Tax Deferral

There is no guarantee that the Trust will pay distributions at the rate forecast in the financial information or at all.

The proportion of distributions that are tax deferred will depend upon a number of factors (for example, timing of the issue of units, building amortisation and depreciation of plant and equipment) and may vary from year to year. Deferred tax may be payable, in whole or in part, on the sale, transfer or redemption of units in the Trust. The tax deferred component of the distribution will depend on the Trust satisfying various requirements including its ability to utilise tax losses incurred in the start up phase. If the Trust does not satisfy these requirements, the tax deferred component of the distribution could be materially less.

The high quality of tenants and other counterparties and the term of the leases are expected to provide significant certainty of cash flows during the Forecast Period and beyond. In addition, CFM aims to maximise certainty through hedging interest rates on a portion of the Bank Loan where prudent and cost effective to do so, and maintaining strong relationships with major banks in order to maximise the probability and terms of refinance at the end of the Bank Loan term.

The forecast tax deferral component of distributions incorporates estimates of depreciation and building allowance claims prepared by independent consultants and other assumptions set out in the Financial Information.

#### 4.3.9 Stamp Duty Risk

The Financial Information has been prepared on the basis that the Trust will qualify as a 'widely held trust' for Victorian stamp duty purposes and that the Victorian Commissioner of State Revenue will only impose a 'one-off' amount of landholder duty when the Trust first qualifies as a 'widely held trust'. To become a 'widely held trust' the Trust must obtain 300 or more registered unit holders and no individual unit holder (alone or together with associated persons) may hold more than 20% of the total issued units in the Trust. Should the Trust not satisfy these requirements by the time it is fully subscribed pursuant to this PDS, it is possible that additional stamp duty may be payable and this could adversely affect the value of the assets and income of the Trust.

CFM has previously obtained a ruling from the Victorian Commissioner of State Revenue (in relation to other investment trusts managed by CFM) that only the "one-off" duty amount will be imposed provided the Trust meets the unitholder requirements mentioned above. CFM will seek to manage the issue of units under this Offer to ensure the requirements are met, but there is no guarantee that this will occur.

The Financial Information has also been prepared on the basis that for South Australian stamp duty purposes, no individual unit holder (alone or together with associated persons) will hold directly or indirectly 50% or more of the total issued units in the Trust, and that it is the South Australian Commissioner of State Taxation's practice to not regard separate and independent unit acquisitions under a genuine public offer in response to a product disclosure statement as associated transactions. If these circumstances are not satisfied, it is possible that additional stamp duty may be payable and this could adversely affect the value of the assets and income of the Trust.

## 5 Fees and Other Costs

### DID YOU KNOW?

Small differences in both investment performance and fees and costs can have a substantial impact on your long term returns.

For example, total annual fees and costs of 2% of your fund balance rather than 1% could reduce your final return by up to 20% over a 30 year period, (for example, reduce it from \$100,000 to \$80,000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.

You may be able to negotiate to pay lower contribution fees and management costs where applicable. Ask the fund or your financial adviser.

### TO FIND OUT MORE

If you would like to find out more, or see the impact of the fees based on your own circumstances, the Australian Securities and Investments Commission ("ASIC") website ([www.moneysmart.gov.au](http://www.moneysmart.gov.au)) has a managed funds calculator to help you check out different fee options.

### 5.1 Fees and Other Costs

This table shows fees and other costs that you may be charged. These fees and costs may be deducted from your money, from the returns on your investment or from the Trust assets as a whole.

Taxation information is set out in Section 7.

You should read all of the information about fees and costs because it is important to understand their impact on your investment.

Type of Fee or Cost	Amount <sup>1</sup>	How & when paid
<b>Fees when your money moves in or out of the Trust</b>		
<b>Establishment fee:</b> This is the fee to open your investment	Nil	Not applicable
<b>Contribution fee:</b> The fee on each amount contributed to your investment	Nil	Not applicable
<b>Withdrawal fee:</b> The fee on each amount you take out of your investment	Nil	Not applicable
<b>Termination fee:</b> The fee to close your investment	Nil	Not applicable

<sup>1</sup> All fees set out in this section are inclusive of the net effect of Goods and Services Tax (GST), (i.e. includes GST net of input tax credits and any available reduced input tax credits). The Trust may not be entitled to claim a reduced input tax credit in all instances.

Type of Fee or Cost	Amount <sup>1</sup>	How & when paid
<b>Management Costs</b>		
The fees and costs for managing your investment	i) Ongoing Trust management fee of 0.60% per annum of the Trust's gross asset value <sup>2</sup> (i.e. \$60 out of every \$10,000 of the gross Trust's asset value).	Payable, from the earlier of Practical Completion of ATO Dandenong or the date the Target Subscription Amount is raised, to CFM monthly in arrears unless waived or deferred (refer to Section 5.2.1). Paid from Trust assets.
	ii) Ongoing Administration Costs estimated to be up to 0.15% per annum of the Trust's gross asset value <sup>2</sup> (i.e. \$15 out of every \$10,000 of gross asset value).	Payable when incurred. If expenses are initially paid by CFM, CFM is entitled to be reimbursed upon presentation of relevant invoices. Paid from Trust assets.
	iii) Performance Fee of 20% of the outperformance above a 10% IRR of the Properties.	Payable to CFM upon the sale of all of the Properties or for any extension of the Trust term. Paid from Trust assets.
	iv) Removal Fee equivalent to any stated fees that CFM has deferred over the life of the Trust and an amount equivalent to the Performance Fee that would have been payable if the Properties were sold on the date CFM ceases to be responsible entity.	Paid by the Trust if CFM is removed as responsible entity of the Trust. Paid from Trust assets.
	v) Abnormal Expenses which can not be estimated with any certainty.	Payable when incurred. Paid from Trust assets.

- 1 All fees set out in this section are inclusive of the net effect of Goods and Services Tax (GST), (i.e. includes GST net of input tax credits and any available reduced input tax credits). The Trust may not be entitled to claim a reduced input tax credit in all instances.
- 2 Fees are calculated and charged monthly in arrears. For the purpose of calculating monthly fees, the amount of gross assets is determined using the average of the months opening and closing gross assets, as determined by the Trust's monthly financial accounts.

## One-off Fees<sup>1,2</sup>

<b>Transaction Fees<sup>3</sup>:</b>		
The fee for acquiring the Properties, arranging the construction and development of the Construction Assets, arranging the Bank Loan and raising the Target Subscription Amount	2.0% of the total valuation of the Properties of \$128,683,000 (based on 'as if complete' valuations of the Construction Assets) which is \$2,573,660.	Charged by CFM and payable monthly in arrears in proportion as the Target Subscription Amount is raised.
<b>Project Management Fee:</b>		
The fee for managing the development of the Construction Assets	0.5% of the 'as if complete' valuation of the Construction Assets of \$103,140,000 which is \$515,700.	Charged by CFM or a related party monthly in arrears in proportion to the percentage of building works completed.
<b>Development Fee:</b>		
The fee for raising any equity and/or debt necessary to fund any further development of the Properties	2.5% of the cost of any further development.	Charged by CFM on Practical Completion of any further development.

- 1 All fees set out in this section are inclusive of the net effect of Goods and Services Tax (GST), (i.e. includes GST net of input tax credits and any available reduced input tax credits). The Trust may not be entitled to claim a reduced input tax credit in all instances.
- 2 These fees are paid by the Trust and are either associated with the initial establishment of the Trust, completing the Construction Assets or undertaking any further development of a Property. They are therefore regarded as one-off in nature and have not been included in the ongoing management costs for the Trust. These fees and other costs result in the initial Net Tangible Asset backing per unit, which is estimated in Section 6.4 at \$0.89, being below the issue price of \$1.00.
- 3 CFM will not charge a transaction fee on the first \$5,000,000 of units issued until these are transferred to the Cromwell Direct Property Fund.

## Service Fees<sup>1</sup>

<b>Switching fee:</b>		
The fee for changing your investment options	Nil	Not applicable

- 1 Advice fees agreed between you and your financial adviser, and other service fees, may apply to your investment in the Trust through this PDS. See Section 5.4 for further details about the advice fees that may be payable.



## 5.2 Additional Explanation of Fees and Costs

### 5.2.1 Ongoing Management Fees and Costs

These fees and costs are paid by the Trust and therefore indirectly by you in proportion to your investment in the Trust. If CFM or a related party is liable to pay GST on any fees charged to the Trust, CFM is entitled to be reimbursed by the Trust for the GST liability.

#### *Trust Management Fees*

These are the fees that CFM charges for managing and overseeing the Trust's operations. CFM will not charge this fee until the earlier of the date of Practical Completion of ATO Dandenong or until the Target Subscription Amount has been raised. The management fee is calculated and charged monthly in arrears.

#### *Ongoing Administration Costs*

The Trust will incur administration costs such as audit costs, custodial fees, compliance committee costs, accounting/tax/legal advice, bank charges, printing and stationery costs, postage and registry fees. CFM estimates these to average 0.15% per annum of the Trust's gross asset value for the Forecast Period.

#### *Performance Fee*

Performance fees are included in the management costs section of the Fees and Other Costs table in Section 5.1.

CFM is entitled to be paid a performance fee as soon as possible after the sale of all of the Properties, or on an extension of the Trust term. The amount of the Performance Fee will be 20% of the excess cashflow, above an internal rate of return ("IRR") of 10% from the Properties from the date of acquisition of the Properties (or the most recent extension of the Trust term) until the date of sale of the Properties (or the date the Trust term is extended). The internal rate of return will be calculated based on the monthly net cash flows in respect of each of the Properties until the date of sale of each property including but not limited to:

- the purchase price of the South Melbourne asset;
- the purchase price of the land and construction cost of the Construction Assets;
- the acquisition costs of the Properties including stamp duty, transfer fees, due diligence costs, part of the CFM transaction fee attributable to the Properties and CFM project management fee;
- capital improvements after purchase;
- lease costs and lease incentives;
- rental and other property income less property outgoings and taxes; and
- proceeds of sale less any costs of selling the Properties.

For the avoidance of doubt, the internal rate of return does not include payments or receipts in respect of any loan or equity utilised to purchase the Properties or any management fee or other costs not directly attributable to the Properties.

Where the Trust term is extended, the most recent valuation will be substituted for the proceeds of sale, less a selling cost allowance of 1% of the valuation. If the Trust term is extended for a second or subsequent period, the previous valuation (less the selling cost allowance) will be substituted for the purchase price of the Properties.

#### *Performance Fee Example*

This example is provided for information purposes only to illustrate the calculation of the performance fee. Actual results may vary significantly from those in this example, particularly if the Properties are sold at a date which is earlier or later than the expected term of the Trust.

Based on the expected financial performance of the Trust for the Forecast Period, and reasonable estimates of financial performance after that date, the Properties would need to be sold at the end of the Trust's expected term of seven years for approximately \$152,950,000 (before selling costs are deducted) to show an internal rate of return of 10%, before CFM would be entitled to a performance fee. Based on those assumptions, which include an average distribution amount of 8.30 cents per unit per annum, this would be sufficient to return approximately \$1.13 per \$1.00 invested to unitholders. CFM would be entitled to a fee equivalent to 20% of the excess above this amount. For example, if the Property was sold for an amount which resulted in an additional \$5,000,000 proceeds after selling costs being realised (equivalent to a total sales price of approximately \$156,420,000 for the Properties), CFM would receive a performance fee of \$1,000,000 (being 20% of \$5,000,000) and unitholders would receive approximately \$1.19 for each \$1.00 invested.

#### *Removal Fee*

On removal as responsible entity of the Trust, CFM will require payment of any fees it has previously deferred and an amount equivalent to the Performance Fee that would have been payable if the Properties were sold on the date CFM ceases to be responsible entity.

#### *Abnormal Expenses*

CFM is entitled to be reimbursed from the Trust for abnormal expenses, such as the cost of unitholder meetings, legal costs of any proceedings involving the Trust and terminating the Trust. Whilst it is not possible to estimate such expenses with certainty, CFM anticipates that the events that give rise to such expenses will rarely occur.

### *Reimbursement of Costs*

CFM is entitled, under the Constitution, to be reimbursed for all expenses and liabilities (which include the ongoing administration costs and abnormal expenses referred to above) which it may incur in the proper performance of its duties under the Constitution. These expenses include (but are not limited to):

- costs, charges and expenses of establishing the Trust and the Constitution including the preparation, due diligence, registration, promotion and distribution of any disclosure document in respect of the Trust;
- costs, charges and expenses incurred in connection with the acquisition or proposed acquisition of any Assets of the Trust (including stamp duty payable in accordance with the law);
- costs, charges and expenses of maintaining and improving any assets of the Trust;
- fees and expenses of the auditors;
- costs, charges and expenses incurred in connection with the borrowing of monies on behalf of the Trust or in connection with the Trust assets;
- fees and expenses of any approved valuer or other expert employed by the Trust;
- costs of convening and holding any meeting of unitholders;
- expenses incurred in connection with the keeping and maintaining of accounting and financial records and registers including the register of unitholders;
- costs, charges, and expenses and disbursements paid or payable to the Custodian;
- the fees and expenses of the compliance committee of the Trust;
- fees incurred in arranging finance or refinancing debt;
- fees and expenses in connection with any audit of the compliance plan; and
- any underwriting fees in respect of the issue of any units or other costs incurred in connection with the issue of units under any offer.

### **5.2.2 Other fees and costs incurred in the normal course of the Trust's business**

#### *Property Management Fees*

CFM expects to appoint Cromwell Property Services Pty Ltd ("Cromwell Property") a related company, to manage the Properties. However, Cromwell Property may retain an external property manager to perform some property management functions.

Cromwell Property will be paid property management fees at commercial market rates for the property management functions it performs.

In circumstances where property management fees form part of the outgoings of the Properties, they may be recoverable, in full or in part, from tenants under the terms of their leases and to the extent this occurs there will be no net cost to the Trust.

#### *Leasing Fees*

Cromwell Property will receive leasing fees if it secures new tenants or renews or extends leases with existing tenants for the Properties. These fees will be charged at commercial market rates, depending on the income from the lease, the term of the lease and the conditions of the lease. Where an external agent is retained to introduce new tenants, the external agent will be paid by the Trust at commercial market rates. In such cases, Cromwell Property will limit its fee to the commercial rate for a coordinating agent.

#### *Property Capital Expenditure*

A related party of CFM, Cromwell Project and Technical Solutions Pty Ltd ("Cromwell Projects"), will provide services to the Trust to manage the ongoing property capital expenditure programme. Cromwell Projects will also supervise any external project managers used from time to time. Services are charged at commercial market rates.

#### *Asset Disposal Fee*

Cromwell Property may act as the selling agent of the Trust's property. Where it or any other related party of CFM is appointed selling agent, Cromwell Property will receive a fee of up to 1% of the sale price upon completion of any such sale. Where any other real estate agent is appointed to sell the Property, Cromwell Property will limit its fee to no more than 1% of the sale price, including external agent fees.

#### *Accounting Services Fee*

A related party of CFM, Cromwell Operations Pty Ltd ("Cromwell Operations") will keep and maintain the Trust's financial and accounting records and provide registry and related services to the Trust and will charge the Trust services fees on a cost recovery basis for the provision of those services.

#### *Other Service Fees*

CFM or a related party may also provide other services to the Trust or the unitholders in the future. Should that occur, CFM or a related party will charge fees for those services at commercial market rates for the provision of those services.

### 5.2.3 Differential Fees

CFM may rebate fees on an individual basis as permitted by the Corporations Act and ASIC relief. By way of example, CFM may rebate fees with wholesale unitholders as defined in the Corporations Act, including IDPS operators.

### 5.2.4 Related Party Transactions

In the execution of transactions, CFM expects to deal with professional organisations that could include associated entities. All transactions are conducted on arm's length terms and in accordance with Cromwell's related party transactions policy. Refer to Section 10.14 for further information.

### 5.2.5 Changes to Fees and Expenses

CFM may change the fees and expenses referred to in this PDS without unitholder approval. CFM will provide at least 30 days notice to unitholders of any proposed increase in fees or expense recoveries or introduction of new fees.

## 5.3 Waiver or Deferral of Fees

CFM may at its discretion:

- partially or fully waive any fees to which it is entitled; or
- defer its entitlement to fees to which it would otherwise be entitled, and may claim these in the event it is removed as responsible entity of the Trust.

The maximum fees chargeable by CFM as set out in the Constitution are the same as those outlined in this Section with the exception of the following:

- the maximum management fee is 1% per annum of the total value of all Trust property but CFM has agreed not to charge any management fee until the earlier of the date of Practical Completion of ATO Dandenong or until the Target Subscription Amount has been raised, and will charge 0.6% per annum thereafter; and
- the maximum acquisition fee for any further assets acquired by the Trust in addition to the Properties is 2.5% of the gross value of any asset acquired for the Trust (including the projected value of any building to be constructed on land acquired). No additional assets are intended to be acquired.

All the above fees are excluding GST. Under the Constitution CFM is also entitled to recover an additional amount from the Trust on account of any GST liability it has in relation to the above fees.

## 5.4 Payments to Your Financial Adviser

### 5.4.1 Advice Fees

You may agree with your financial adviser that an initial advice fee will be paid for financial planning services your financial adviser provides for you in relation to your investment. This advice fee is additional to the fees shown in Section 5.1 and is paid to the Australian financial services licensee responsible for your financial adviser (or your financial adviser directly if they are the licensee). It is not paid to CFM.

You and your financial adviser determine the amount of any advice fee. Where it has been agreed, you authorise us to deduct the fee agreed between you and your adviser (up to 3.3% inclusive of GST) from each investment amount and forward it to the relevant Australian financial services licensee before issuing units in the Trust. The relevant information must be noted on your application form when you make your initial investment.

### 5.4.2 Other Payments and Benefits

Your financial adviser may receive payments and/or other benefits from the dealer group or organisation under which they operate. These payments and benefits are not paid by the Trust.

## 5.5 Example of Annual Fees and Costs

The table below gives an example of how the fees and costs for this product can affect your investment over a 1 year period. You should use this table to compare this product with other managed investment products.

This table relates to the period from Practical Completion of ATO Dandenong, when the ongoing Trust management fee is payable at 0.60% per annum of the Trust's gross asset value and ongoing administration costs are payable in accordance with the forecasts. However, refer to Section 5.2 and the notes below for further detail of fees and how they may change. Prior to the date of Practical Completion, the fee will be lower.

Example:

<b>Ongoing Management fees or ICR<sup>1</sup></b>	1.31% per annum	For every \$50,000 <sup>2</sup> you have in the Trust you will be charged \$655 each year <sup>3</sup> .
<b>Contribution Fee</b>	0%	Nil
<b>Equals Cost of Trust</b>		If your balance was \$50,000 then for that year you will be charged total fees of \$655. <b>What it costs you will depend on the fees you negotiate with your financial advisor.</b>

<sup>1</sup> Indirect cost ratio (ICR) is a measure of the indirect management costs of investing in the Trust, being those borne by all unitholders on a proportional basis. The ICR is estimated to be up to 1.31% per annum on a net asset basis from the date of Practical Completion of ATO Dandenong until the end of the Forecast Period. Before then it is forecast to be 0.22% per annum. The fee table in 5.1 shows the ongoing Trust management fee and ongoing administration costs on a gross asset basis, as it is on that basis that CFM charges the Trust.

<sup>2</sup> Minimum investment amount is \$10,000.

<sup>3</sup> This example does not include performance fees, removal fees or abnormal expenses as it is not possible to give an accurate estimate of these costs. It also does not include any additional fees that your financial advisor or IDPS operator may charge you. The example also does not include the fees associated with establishing the Trust, completing the Construction Assets or undertaking any further development of a Property because they are one-off and not part of the ongoing management costs of the Trust. These fees along with other costs, result the initial net tangible assets backing per unit, which is estimated in Section 6.4 at \$0.89, being below the issue price of \$1.00.

## 6 Financial Information

This section contains the following information ("the Financial Information"):

- 6.1 Basis of Preparation
- 6.2 Forecast Sources and Application of Funds
- 6.3 Forecast Income and Distribution Statements
- 6.4 Forecast Pro-forma Balance Sheet
- 6.5 Key Accounting Policies
- 6.6 Key Forecast Assumptions
- 6.7 Sensitivity Analysis

### 6.1 Basis of Preparation

Financial Information has been presented in an abbreviated form, in so far as it does not include all the disclosures required by International Financial Reporting Standards ("IFRS") applicable to annual financial reports prepared in accordance with the Corporations Act.

The forecasts contained within the Financial Information have been prepared on the basis of the best estimate assumptions and key accounting policies set out within the relevant sections of the Financial Information and should be read in conjunction with those assumptions and accounting policies and the investment risks set out in Section 4. The directors of CFM believe the forecasts contained within the Financial Information, are reasonable and are based on best estimate assumptions as set out in this section. Although due care and attention has been taken in preparing the Financial Information many factors which affect the Financial Information are outside the control of the directors or are not capable of being foreseen or accurately predicted. As such, actual results may differ materially from forecasts contained within the Financial Information.

The Trust was constituted on 5 July 2013 and will prepare its first annual financial report for the period ending 30 June 2014. South Melbourne settled in August 2013 and the Rand Land settled in September 2013. The ATO Land is expected to settle in December 2013. Final payments in respect of Rand Distribution Centre and ATO Dandenong are expected to occur in December 2013 and October 2015 respectively.

Forecasts have been prepared for the Trust for the period from 5 July 2013 to 30 June 2014, and for each of the following 3 financial years ("Forecast Period").

### 6.2 Forecast Sources and Application of Funds

Funds for the acquisition of the Properties are assumed to be sourced and applied as set out below.

\$'000

#### Sources

Equity Subscribed <sup>1</sup>	76,000
Bank Loan	64,340
<b>Total Sources</b>	<b>140,340</b>

#### Application

South Melbourne Purchase Price	25,543
Rand Distribution Centre Purchase Price <sup>2</sup>	32,304
ATO Dandenong Purchase Price <sup>2</sup>	71,382
Property Acquisition Costs <sup>3</sup>	2,884
Property Acquisition Fee <sup>4</sup>	1,287
Project Management Fee <sup>4</sup>	516
Loan Establishment Fee <sup>4</sup>	257
Loan Establishment Costs <sup>5</sup>	454
Interest Rate Derivative	525
Equity Issue Fee <sup>4</sup>	1,029
Equity Issue Costs	300
Net cash utilised during construction period <sup>6</sup>	1,638
Cash <sup>7</sup>	2,221
<b>Total Application</b>	<b>140,340</b>

- 1 It is assumed the Target Subscription Amount is raised, however the Cromwell Loan is expected to be utilised in part, from August 2013 until November 2014.
- 2 Includes land purchase, construction costs, consultants fees and all other costs expected to be payable under the Development Agreements.
- 3 Includes stamp duty, legal and other professional fees and due diligence costs relating to the acquisition of the Properties.
- 4 CFM's total transaction fee of \$2,573,660 includes loan co-ordination fees of \$257,360, equity co-ordination fee of \$1,029,470 and property acquisition fee of \$1,286,830. CFM will charge the transaction fees in proportion as the Target Subscription Amount is raised. In addition, Cromwell Projects will charge a project management fee of \$515,700 in proportion as the Construction Assets are constructed. The CFM loan co-ordination fee of \$257,360 will be charged when the establishment fees of the Bank Loan are paid.
- 5 Includes loan facility establishment costs, valuation fees and legal and other professional costs relating to the arrangement of the Bank Loan.
- 6 Net operating profit to Practical Condition of ATO Danderong less distributions paid.
- 7 Approximately \$804,000 of this cash is expected to be used for capital expenditure. This has been reflected in the valuations.



## 6.3 Forecast Income and Distribution Statements

### 6.3.1 Forecast Income Statement

Set out below is the Forecast Income Statement of the Trust for the Forecast Period. The Forecast Income Statement should be read in conjunction with the best estimate assumptions and key accounting policies set out within the relevant sections of the Financial Information, and the investment risks set out in Section 4.

	Period ending 30 June 2014 \$'000	Year ending 30 June 2015 \$'000	Year ending 30 June 2016 \$'000	Year ending 30 June 2017 \$'000
<b>Revenue and property expenses</b>				
Rental income and recoverable outgoings	5,013	6,883	13,085	15,196
Property expenses	(678)	(758)	(1,660)	(1,996)
Net Property Income	4,335	6,125	11,425	13,200
Interest	15	104	88	68
<b>Other expenses</b>				
Responsible entity fees	–	–	(304)	(817)
Administration costs	(90)	(123)	(413)	(153)
Finance costs – interest	(2,310)	(410)	(2,449)	(3,370)
Finance costs – amortisation	(217)	(237)	(237)	(20)
<b>Profit before fair value adjustments</b>	<b>1,733</b>	<b>5,459</b>	<b>8,110</b>	<b>8,908</b>
<b>Net gain / (loss) on fair value adjustments<sup>1,2</sup></b>				
Investment property	(3,590)	(609)	(1,034)	–
<b>Profit/(Loss)</b>	<b>(1,857)</b>	<b>4,850</b>	<b>7,076</b>	<b>8,908</b>

1 Net loss on fair value adjustments of investment property is included only to the extent of the carrying value on the date of Practical Completion of ATO Dandenong to the 'as if complete' valuation and writing off initial acquisition costs. This has been the only change in value forecast as there is no reasonable basis to make future forecasts in relation to investment property values due to a number of factors which are outside the control of CFM.

2 Net gain on fair value adjustments of interest rate derivatives has not been forecast as there is no reasonable basis to make future forecasts in relation to values due to a number of factors which are outside the control of CFM.

### 6.3.2 Forecast Distribution Statement

Set out below is the Forecast Distribution Statement of the Trust for the Forecast Period. The Forecast Distribution Statement shows the profit available for distribution to unitholders by adjusting profit before fair value adjustments for certain non-cash and significant items.

	Period ending 30 June 2014 \$'000	Year ending 30 June 2015 \$'000	Year ending 30 June 2016 \$'000	Year ending 30 June 2017 \$'000
Profit before fair value adjustments	1,733	5,459	8,110	8,908
<b>Add back:</b>				
Straight-line rentals	(830)	(1,186)	(2,210)	(2,276)
Finance costs – amortisation	217	237	237	20
Finance costs – loan fees prior to loan draw	–	129	32	–
Funding Allowance <sup>1</sup>	318	444	117	–
Profit available for distribution	1,438	5,083	6,286	6,652
Distributions paid/payable	(1,582)	(5,457)	(6,080)	(6,270)
<b>Surplus/(Shortfall)</b>	<b>(144)</b>	<b>(374)</b>	<b>206</b>	<b>382</b>
Forecast distributions per unit (annualised rate)	7.75 cents	7.75 cents	8.00 cents	8.25 cents
Forecast tax advantaged component of distributions <sup>2</sup>	100%	82%	100%	89%

1 The Funding Allowance reduces the cost of construction under the Development Agreements. This allowance is designed to compensate the Trust for a portion of the costs of interest and distributions until the date of Practical Completion.

2 Due to the availability of tax deductions for depreciation and building allowances, interest and some equity raising costs, distributions are forecast to be partly tax deferred for the Forecast Period. Further taxation information is set out at Section 7.

## 6.4 Forecast Pro-forma Balance Sheet

Set out below is the forecast Pro-forma Balance Sheet of the Trust. The Pro-forma Balance Sheet assumes Practical Completion of Rand Distribution Centre and ATO Dandenong, the Target Subscription Amount of \$76,000,000 has been raised, the Cromwell Loan has been repaid and the Bank Loan is drawn to \$64,340,000. The Forecast Pro-forma Balance Sheet should be read in conjunction with the best estimate assumptions and key accounting policies set out within the relevant sections of the Financial Information and the investment risks set out in Section 4.

	Pro-forma \$'000
<b>Current assets</b>	
Cash and cash equivalents <sup>1</sup>	2,712
<b>Total current assets</b>	<b>2,712</b>
<b>Non-current assets</b>	
Investment property <sup>2</sup>	128,683
Derivatives	525
Total non-current assets	129,208
<b>Total assets</b>	<b>131,920</b>
<b>Current liabilities</b>	
Distributions payable	(491)
<b>Total current liabilities</b>	<b>(491)</b>
<b>Non-current liabilities</b>	
Borrowings <sup>3</sup>	(63,629)
<b>Total non-current liabilities</b>	<b>(63,629)</b>
<b>Total liabilities</b>	<b>(64,120)</b>
<b>Net assets</b>	<b>67,800</b>
<b>Equity</b>	
Units issued	76,000
Transaction costs	(1,329)
Undistributed losses <sup>4</sup>	(6,871)
<b>Net equity</b>	<b>67,800</b>
No of units issued ('000)	76,000
Net tangible asset value per unit	\$0.89

- Cash includes an amount of \$490,833 for one month's distributions, which is payable on the 10th of the following month and shown as a current liability.
- Investment properties is included at fair value ('as if complete' valuation for Construction Assets). All acquisition property costs and fees are effectively written off as part of the fair value adjustment.
- Borrowings are shown net of the costs of establishing the Bank Loan which will be amortised as finance costs over the term of the facility.
- Undistributed losses incorporate forecast results for the period ending 30 September 2015 less distributions paid for this period as set out in the Forecast Income and Forecast Distribution Statements in Section 6.3.2.

## 6.5 Key Accounting Policies

The Financial Information has been prepared in accordance with IFRS, the Corporations Act 2001 (Cth) and the Constitution. The Financial Information has been prepared on the basis of historical cost except for investment property which is carried at fair value.

### 6.5.1 Investment Property

Investment property comprises land, buildings and improvements and is held for long-term rental income. Investment property is initially recorded at cost, including costs of acquiring and constructing the property. Investment property is revalued to fair value at each balance date. Fair value is determined at each balance date with reference to:

- Independent valuations prepared by external valuers; and
- Assessment by CFM to identify any material changes which may have an impact on value.

Gains or losses arising from changes in fair value are included in the income statement in the period in which they arise. The carrying amount of investment property recorded in the balance sheet may include components relating to straight-lining of rental income relating to fixed increases in rentals in future periods, lease incentives and direct leasing costs.

### 6.5.2 Revenue Recognition

Interest revenue is recognised as it accrues using the effective interest method.

Rental revenue from investment properties is recognised on a straight-line basis over the lease term. Rental revenue not received at reporting date is reflected in the balance sheet as a receivable or if paid in advance, as rent in advance. Lease incentives granted are considered an integral part of the total rental revenue and are recognised as a reduction in rental income over the term of the lease on a straight-line basis.

Contingent rents based on the future amount of a factor that changes other than with the passage of time including turnover rents and CPI linked rental increases, are only recognised when contractually due.

Prospective lessees may be offered incentives as an inducement to enter into leases. These incentives may take various forms including up front cash payments, rent free financial periods, or a contribution to certain lessee costs such as fit out or relocation costs. They are recognised in the balance sheet as a component of the carrying amount of investment property and amortised on a straight-line basis over the lease term as a reduction of rental income.

Initial direct leasing costs incurred by the Trust in negotiating and arranging leases are recognised in the balance sheet as a component of the carrying amount of investment property and are amortised as an expense on a straight line basis over the lease term.

An analysis of the components of rental revenue during the Forecast Period is as follows:

	Period ending 30 June 2014 \$'000	Year ending 30 June 2015 \$'000	Year ending 30 June 2016 \$'000	Year ending 30 June 2017 \$'000
Rental income and recoverable outgoings	4,183	5,697	10,876	12,920
Straight-lining of rentals	830	1,186	2,210	2,276
<b>Total revenue</b>	<b>5,013</b>	<b>6,883</b>	<b>13,085</b>	<b>15,196</b>

### 6.5.3 Borrowings and Borrowing Costs

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost using the effective interest rate method. Under this method, fees, costs, discounts and premiums directly related to the financial liability are spread over its expected life. Borrowings are classified as current liabilities unless the Trust has an unconditional right to defer settlement of the liability for at least 12 months after balance date.

Borrowing costs incurred for the construction of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed.

### 6.5.4 Financial Instruments

The Trust is exposed to changes in interest rates and may use interest rate swaps to hedge these risks, which are classified as derivative financial instruments. Such derivative financial instruments are initially recognised at fair value on the date on which an interest rate swap contract is entered into and are subsequently measured at fair value at balance date. Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative.

### 6.5.5 Trust Establishment and Equity Issue Costs

Trust establishment and equity issue costs including a portion of the CFM transaction fee are recognised in the balance sheet as a reduction in the equity of the Trust.

### 6.5.6 GST

The Financial Information has been prepared net of recoverable GST.

### 6.5.7 Income Tax

Under current income tax legislation the Trust is not liable to pay tax provided the Trust income including taxable realised capital gains is distributed to unitholders. The liability for capital gains tax that may arise if the investment property were sold is not accounted for. See Section 7 for further information.

## 6.6 Key Forecast Assumptions

The forecasts presented above are for the Forecast Period, and are based on the Trust's key accounting policies and the following material best estimate assumptions:

### 6.6.1 Property Acquisition and Fair Value Adjustment

South Melbourne was acquired in August 2013 whilst the Rand Land settled in September 2013 and ATO Land is forecast to settle in December 2013. Practical Completion of the Rand Distribution Centre and ATO Dandenong occurs in November 2013 and September 2015 respectively. Total purchase price including acquisition costs of the three properties is expected to be \$133,916,000 made up as follows:

	South Melbourne	Rand Distribution Centre	ATO Dandenong	Total
Purchase Price	25,543	–	–	25,543
Land Purchase	–	3,760	5,102	8,862
Construction costs including consulting and development fees	–	28,544	66,280	94,824
Stamp Duty	1,538	929	227	2,694
Property Acquisition Fee	255	328	704	1,287
Project Management Fee	–	164	352	516
Due Diligence and Legal costs	38	47	105	190
<b>Total purchase, construction and acquisition costs</b>	<b>27,374</b>	<b>33,772</b>	<b>72,770</b>	<b>133,916</b>
<b>Fair Value Adjustment</b>				
Fair Value Adjustment	(1,831)	(1,022)	(2,380)	(5,233)
<b>Property Valuation</b>	<b>25,543</b>	<b>32,750</b>	<b>70,390</b>	<b>128,683</b>

### 6.6.2 Bank Loan

The Bank Loan is drawn to fund Practical Completion of ATO Dandenong in October 2015. The terms of the Bank Loan are assumed to be as set out in Section 10.9.

### 6.6.3 Cromwell Loan

The Cromwell Loan was drawn initially to \$27,500,000 in August 2013 to fund the settlement of South Melbourne and associated costs and is forecast to increase to \$48,000,000 in December 2013 to partly fund the final payment on Rand Distribution Centre. It is repaid by 30 November 2014 progressively as capital is raised.

### 6.6.4 Derivative Financial Instruments

The market interest rate has been fixed for the period October 2015 to June 2017 at a rate of 3.25% on a notional amount of up to \$32,170,000. An amount of \$525,000 is payable to fix the rate for this period.

### 6.6.5 Capital

The Target Subscription Amount is assumed to be progressively subscribed by 30 November 2014.

### 6.6.6 Investments

It is assumed:

- no additional properties are purchased by the Trust;
- the Properties continue to be held beyond the Forecast Period; and
- no other authorised investments are made other than as set out in the sources and uses of funds in Section 6.2 with any surplus assets being represented by cash or short term deposits earning interest at an average rate of 3.8% per annum.

### 6.6.7 Net Property Income

Net property income is the gross income received from the Properties less property outgoings.

The main assumptions underlying the Trust's forecast net property income are:

- South Melbourne continues to be fully occupied throughout the Forecast Period.
- The Rand Lease commences on the date of Practical Completion and the lessee fulfils its obligations under the terms of the Rand Lease. Initial lease incentives and lease costs associated with the Rand Lease, where applicable, are paid by the Developer under the terms of the Development Agreement;

- The ATO Lease commences on the date of Practical Completion and the lessee fulfils its obligations under the terms of the ATO Lease. Initial lease incentives and lease costs associated with the ATO Lease, where applicable, are paid by the Developer under the terms of the Development Agreement;
- No allowances have been made for re-leasing costs, vacancy periods or lease incentives as no leases expire during the Forecast Period;
- Income increases are in accordance with lease provisions and are as follows:
  - Rent under the Dimension Data Lease increases by 4.0% per annum
  - Rent under the Rand Lease increases by 3.5% per annum
  - Rent under the ATO Lease increases by 3.75% per annum
- There are no tenant defaults during the Forecast Period;
- Property outgoings consist of rates, taxes and other property outgoings in relation to the investment property. All leases are net leases and allow for the full recovery of outgoings.
- Property outgoings increase by CPI of 2.50% per annum.

### 6.6.8 Fair Value Adjustments – Investment Property

Initially each investment property will be measured at cost, including acquisition costs, and then revalued to fair value at each balance date.

There is an initial loss on fair value of \$5,233,000 representing the difference between the on-completion valuations and total acquisition and construction costs.

From Practical Completion of each Property, it is assumed the fair value of the investment property during the Forecast Period increases by the amount of capital expenditure, straight-line rental assets and lease incentives such that no gain/loss on fair value adjustment is recognised in the income statement.

### 6.6.9 Finance Costs

Finance costs include interest and other costs incurred in connection with the arrangement of borrowings. Interest costs have been shown separately from amortisation costs in the Forecast Income Statement. Half the market interest rate has been fixed for the period October 2015 to June 2017 and the margin rate is assumed to be fixed under the Bank Loan for the Forecast Period. It is assumed the variable market interest rate increases from 2.75% to 3.75% during the Forecast Period. The combination of the market rate and the margin rate for the Forecast Period is expected to result in effective interest at the rates indicated below.

	Period ending 30 June 2014 \$'000	Year ending 30 June 2015 \$'000	Year ending 30 June 2016 \$'000	Year ending 30 June 2017 \$'000
Cromwell Loan – average drawn amount	30,864	2,792	–	–
Interest rate	7.75%	7.75%	N/A	N/A
Total interest costs	2,310	281	–	–
Less capitalised amount	–	–	–	–
<b>Interest recognised in income statement</b>	<b>2,310</b>	<b>281</b>	<b>–</b>	<b>–</b>

	Period ending 30 June 2014 \$'000	Year ending 30 June 2015 \$'000	Year ending 30 June 2016 \$'000	Year ending 30 June 2017 \$'000
Bank Loan – average drawn amount	–	–	48,255	64,340
Interest rate	N/A	N/A	5.01%	5.24%
Total Margin Costs	–	–	2,417	3,370
Total Line fee Costs	–	129	32	–
<b>Interest recognised in income statement</b>	<b>–</b>	<b>129</b>	<b>2,449</b>	<b>3,370</b>

The Cromwell Loan is expected to be utilised to a maximum of \$48,000,000 in December 2013 and fully repaid from the proceeds of subscriptions by 30 November 2014.

The Bank Loan is expected to be fully drawn at Practical Completion of ATO Dandenong.

### 6.6.10 Distributions Paid to Unitholders

Distributions are paid monthly in arrears in proportion to the number of days in each month the units are held.

### 6.6.11 Tax Deferred Distributions

Distributions will be partly tax deferred due primarily to the availability of tax deductions for depreciation, building allowances, interest and some capital raising costs. Tax deductions for depreciation and building allowances have been forecast based on estimates prepared by a qualified quantity surveyor.

### 6.6.12 Fair Value Adjustment – Interest Rate Derivatives

The forecasts assume there will be no gain or loss on fair value adjustment of interest rate derivatives during the Forecast Period, as there is no reasonable basis on which to make such forecasts. During the term of an interest rate derivative its fair value is likely to fluctuate. However, providing the derivative is held for the full term, at the end of the term the derivative will have no value.

### 6.6.13 GST

The Trust is registered for GST and will generally be able to claim input tax credits in respect of GST paid on a monthly basis.

### 6.6.14 Fees

Fees payable to CFM and related parties are in accordance with the fees outlined in Section 5.

No payment of performance fees has been assumed during the Forecast Period as performance fees are only payable on the disposal of all properties or the extension of the Trust term.

### 6.6.15 Pro-forma Adjustments

The Pro-forma balance sheet of the Trust has been prepared as if the following transactions had taken place on the date of this PDS:

- Purchase of South Melbourne for \$25,543,000;
- Practical Completion of Rand Distribution Centre for total value of \$32,750,000;
- Practical Completion of ATO Dandenong for total value of \$70,390,000;
- The Bank Loan of \$64,340,000 has been drawn and borrowing costs of \$711,000 paid;
- The issue of 76,000,000 units at \$1.00 per unit to raise \$76,000,000. Equity issue costs of \$1,329,000 are paid; and
- Revaluation of the Properties on Practical Completion to \$128,683,000, and recognition of a fair value adjustment of \$5,233,000.



## 6.7 Sensitivity Analysis

The forecasts have been based on certain economic and business assumptions about future events. The forecast profit, profit available for distribution and distributions payable for each period during the Forecast Period are sensitive to a number of factors. A summary of the possible impact of some different outcomes in the key assumptions underlying the forecasts is set out in the table. However, the disclosed movements in these key assumptions are not intended to be indicative of the complete range of variations that may occur.

Variable	Effect
<b>Change in net property income</b>	<p>Under the leases, 100% of the net property income is fixed from the date of Practical Completion of the ATO Dandenong building for the balance of the Forecast Period. There is not expected to be any impact on net property income unless the date of Practical Completion is earlier or later than that forecast. For each month acceleration/delay in Practical Completion of ATO Dandenong, the impact on profit for the relevant period would be approximately +/- \$163,000 net of interest on the Bank Loan.</p> <p>Should net property income increase or decrease during the Forecast Period for any other unforeseen reason (e.g. tenant default), each +/- 5% change in net property income would lead to approximately a +/- \$531,000 annual change in profit available for distribution, which represents +/- 0.70 cents per unit per annum.</p>
<b>Change in interest rates</b>	<p>If variable interest rates increased or decreased by 1% per annum for the Forecast Period, there would be no impact until the Bank Loan is drawn, on Practical Completion of ATO Dandenong. During the balance of the Forecast Period the impact of the change in interest payable for the relevant period would be reduced due to the fixed interest rate arrangements over approximately 50% of the Bank Loan. On expiry of the fixed interest rate hedging arrangements (which occurs after the Forecast Period) or the Bank Loan (which is expected to occur in June 2017), a 1% per annum change in the interest rate payable as a result of a change in the market rate or the margin rate, would lead to an annual change in profit available for distribution of approximately +/- \$643,000, which represents +/- 0.85 cents per unit per annum.</p>
<b>Fair Value of Investment Properties</b>	<p>South Melbourne settled in August 2013 and the forecasts assume the date of Practical Completion of Rand Distribution Centre and ATO Dandenong to be November 2013 and September 2015 respectively. South Melbourne was valued on acquisition and the Construction Assets will be revalued to \$32,750,000 and \$70,390,000 on Practical Completion and then are assumed to increase in value only by the amount of the capital expenditure, straight-line rental assets and lease incentives. A +/- 1% increase in the fair value of the Properties would lead to an approximate change in the fair value adjustment of +/- \$1,287,000 and a change in the net assets of the Trust by the same amount, representing approximately a +/- 1.7 cent change in the net asset value per unit.</p>
<b>Fair Value of Financial Instruments</b>	<p>The forecasts assume the interest rate hedge does not change in value over the Forecast Period, as these changes in value cannot be estimated with any certainty. However the hedge has a forecast cost of \$525,000 and at the end of the life of the hedge (assuming it is held to maturity) it will have no value. Therefore, there will be a -\$525,000 impact on profit available for distribution over the term of the hedge, equivalent to approximately 0.7 cents per unit.</p>
<b>Change in Target Subscription Amount</b>	<p>The forecasts assume the Target Subscription Amount of \$76,000,000 is raised by 30 November 2014. Should the Target Subscription Amount increase/decrease by \$2,000,000 a corresponding decrease/increase in the Bank Loan will result. These changes will have the following impact on NTA, Gearing, earnings per security and distributions per security.</p> <ul style="list-style-type: none"> <li>• NTA per security will not be affected by a material amount</li> <li>• Gearing will decrease/increase by 1.5% on Practical Completion of ATO Dandenong</li> <li>• Earnings per security will decrease/increase by 0.09 cents per unit in the year following Practical Completion of ATO Dandenong</li> <li>• Distributions per security will not be affected by a material amount</li> </ul>

## 7 Taxation Information

The taxation information in this PDS is of a general nature only and is based on current taxation legislation at the date of this PDS. This information is for resident unitholders who hold their units as long term investments on capital account.

We have also provided general observations in relation to the tax implications for non-resident unitholders who hold their units as long term investments on capital account.

The following comments should not be regarded as tax advice.

Tax treatment may vary according to individual circumstances and unitholders are advised to seek their own tax advice in respect of their investment in the Trust. Tax liabilities are the responsibility of each individual investor and CFM is not responsible for taxation or penalties incurred by unitholders.

### 7.1 Australian Resident Unitholders

The Trust is an Australian resident trust for tax purposes. CFM intends to limit the Trust's investment activities to ensure that the Trust is treated as a 'flow through' entity for the purposes of Australian tax.

The Trust will distribute all of the Trust income and therefore should not be subject to Australian income tax. Unitholders will be presently entitled to their proportionate share of the Trust income earned by the Trust and accordingly will be subject to tax on the same proportion of the taxable income derived by the Trust. Unitholders may be subject to tax on amounts that have been reinvested or have not yet been received. CFM will provide unitholders with an annual tax statement outlining the components of the distributions.

#### 7.1.1 Distributions from the Trust

The Constitution provides that an investor will be presently entitled to their proportionate share of distributable income.

Broadly, the distributable income of the Trust will either be an amount equal to the taxable income of the Trust or another amount as determined by CFM. Distributable income may include income and capital gains from the Trust's investments in real property and cash. The tax implications for unitholders will depend upon the components of the distributions.

#### *Tax deferred income / return of capital*

Distributions from the Trust may include tax deferred income or a return of capital. Such amounts are not taxable as income to unitholders when distributed but rather will give rise to cost base adjustments to unitholders' units for capital gains tax purposes.

These adjustments could result in either an increased capital gain or a reduced capital loss when the units are subsequently disposed of (refer to the "Disposal of units" section below). A capital gains tax liability could arise prior to disposal where the sum of tax deferred distributions received exceeds an investor's cost base in their units.

#### *Capital gains of the Trust*

The Trust is expected to qualify as a managed investment trust and will make an election to treat investments on capital account for taxation purposes. Gains or losses on the disposal of the Properties will be taxable as a capital gain or loss.

If the Trust disposes of the Properties, a distribution may include capital gains. This will be identified in the annual tax statement to ensure that unitholders can calculate their net capital gain position.

Broadly, where the Trust disposes of an asset it has held for more than 12 months it may be eligible for discount capital gains concessions. The discounted capital gain will form part of the Trust income and will be available to eligible unitholders.

#### *Disposal of units*

Unitholders may be liable for tax on capital gains realised on transferring or otherwise disposing of units in the Trust.

In order to determine their capital gains tax position, unitholders will need to adjust the tax cost base of their units in the Trust for any tax deferred distributions that were received from the Trust. Unitholders may also be entitled to discount capital gain concessions where the units have been held for more than 12 months.

The Trust does not issue a separate capital gains statement if the investor disposes of units in the Trust.

#### **7.1.2 Quoting a Tax File Number ("TFN"), TFN exemption or Australian Business Number ("ABN")**

Collection of an investor's TFN is authorised and its use and disclosure strictly regulated by the tax laws and the Privacy Act 1988. Unitholders may quote a TFN or claim a TFN exemption in relation to their investment in the Trust when completing their application form. Unitholders

may quote an ABN instead of a TFN if they are making this investment in the course of an enterprise carried out by them.

If an investor chooses not to quote a TFN, TFN exemption or ABN, CFM may be required to deduct tax at the prescribed rate from that investor's income distributions. At the date of the PDS this rate was 46.5%.

### 7.1.3 Social Security

Investing in the Trust may affect an investor's entitlement to social security benefits as their investment may be included in the income and assets tests of Centrelink and the Department of Veterans' Affairs. Unitholders should obtain professional advice concerning the particular social security implications for their circumstances.

### 7.1.4 Goods and Services Tax (GST)

The issue of units in the Trust is not subject to GST. However, fees and expenses incurred by the Trust, such as management fees, will attract GST at the rate of 10%.

The Trust may only be entitled to claim GST input tax credits at a reduced rate on some expenses. However, for the majority of such expenses, a Reduced Input Tax Credit ("RITC") of 75% or 55% of the GST paid can be claimed. Any unclaimable GST charge on fees and expenses is incorporated in the management costs for the Trust.

## 7.2 Non-resident Unitholders

The following comments are general in nature and are based on the Trust qualifying as a managed investment trust for the purposes of the withholding tax rules.

Broadly, where a non-resident individual holds or has the right to hold 10% or more of the value of the interests in the Trust, membership interests, or distributions of income of the Trust, the Trust will not qualify as a managed investment trust and therefore not qualify for the concessional withholding tax rates available for particular types of distributions. Therefore, CFM will aim to ensure no individual non-resident investor directly or indirectly holds 10% or more of the relevant interests in the Trust.

Non-resident unitholders should seek independent tax advice before investing, taking into account their particular circumstances and the provisions of any relevant Double Taxation Agreement between Australia and their country of residence.

### *Tax on Income*

CFM is required to withhold tax on a non-resident investor's behalf in respect of any Australian taxable income distributed by the Trust.

For unitholders that are tax resident in countries approved as 'information exchange countries', a concessional final withholding tax rate is expected to apply to distributions of taxable income other than interest, dividends or royalties. If the Trust qualifies as a managed investment trust and the non resident unitholder is from an information exchange country a final withholding tax rate of 15% should apply.

For unitholders that are not tax resident in such a country, a final withholding tax rate of 30% will apply.

When a distribution includes Australian sourced interest, a final withholding tax of 10% will apply to that component.

A 'final' withholding tax means that tax is deducted from the relevant component of the investor's Trust distribution and the investor is not required to lodge an Australian tax return in respect of this component. Further, expenses incurred in connection with deriving this income cannot be claimed as a deduction against this income in Australia.

### *Tax on disposal of units*

Where a non resident investor holds less than 10% of the units in the Trust, the investor should not be subject to Australian capital gains tax on disposal.

## 7.3 Government Managed Investment Trust Review

The Government is currently reviewing the taxation of managed investment trusts. The purpose of the review is to introduce a specific tax regime for managed investment trusts to reduce complexity, increase certainty and minimise compliance costs. While the outcome of the Government's review is expected to be revenue neutral, such a new regime may have impacts on the future taxation of the Trust.

## 7.4 Indirect Unitholders

The taxation information in this PDS does not consider the treatment of indirect unitholders. Indirect unitholders should consult their tax advisor in relation to investing through an IDPS.

## 8 Applications & Withdrawals

### 8.1 How to Invest

The minimum investment amount is \$10,000. CFM reserves the right to establish higher or lower minimum investment amounts or to decline part or all of any application at its absolute discretion.

By the end of the Offer Period, and subject to the Cromwell Commitment, no resident investor may hold more than 20% and no individual non-resident investor may hold more than 10% of the units on issue in the Trust at any given time. CFM may waive these limits in its absolute discretion.

All application monies will be held in an interest bearing trust account. Interest will not be paid to applicants and any interest earned on application funds will be paid to the Trust. Where application forms and investment funds are received before 1.00pm EDST on a Sydney business day, units will be issued at the close of that business day. Applications and investment amounts received after 1.00pm EDST on a Sydney business day are taken to be received on the next Sydney business day.

The Trust's unit register is located at CFM's registered office in Brisbane, Queensland.

Unitholders should retain a copy of this PDS and any supplementary documents for future reference and if they wish to make additional investments.

#### 8.1.1 Direct Unitholders

Direct unitholders should complete the application form accompanying this PDS and pay the initial investment amount. Initial investments must be for a minimum of \$10,000. Payments must be made by way of cheque made payable to Cromwell Funds Management Limited ATF C12 Applications, Direct Debit by completing the Direct Debit Request Form accompanying this PDS or BPAY®. Further information on these payment methods is in Section 12.

#### 8.1.2 Indirect Unitholders

Unitholders can make investments indirectly through an IDPS by directing the IDPS operator to acquire units in the Trust on their behalf.

Indirect unitholders do not become unitholders in the Trust and accordingly they do not acquire the same rights as direct unitholders; those rights are acquired by the IDPS operator. The IDPS operator can exercise or decline to exercise the rights they have as unitholder on the investor's behalf according to the arrangements governing the IDPS.

### 8.2 No Cooling Off Rights

The Trust will not be "liquid" as that term is defined under the Corporations Act. As a result, there will be no "cooling off" period relating to applications and by submitting an application accompanied by a payment, an investor will be deemed to have made an application, which may not be withdrawn, for the number of units for which payment has been made.

### 8.3 Transferring Units

An investor can transfer units in the Trust to another person by providing CFM with a completed standard transfer form signed by both the transferor and the transferee. CFM reserves the right to decline transfer requests in its absolute discretion including when a transfer is not completed correctly, is not stamped, if any one investor would hold more than 20% of units or if any individual non resident investor would hold more than 10% of units.

Tax implications could be associated with the transfer of units. Unitholders should discuss their circumstances with their professional advisor before requesting a transfer.

### 8.4 Withdrawals

The Trust has an initial 7 year term during which unitholders have no right of withdrawal.

## 9 Investment Services

### 9.5 Customer Service and Enquiries

If unitholders wish to make an enquiry about an investment in the Trust or the Trust's activities, they can contact CFM between 8:30 am and 5:00 pm, Brisbane time, weekdays from anywhere in Australia by calling 1300 CROMWELL (1300 276 693).

Alternatively, CFM can be contacted via:

Fax: +61 7 3225 7788  
Email: [invest@cromwell.com.au](mailto:invest@cromwell.com.au)  
In writing: Cromwell Funds Management Limited  
GPO Box 1093  
Brisbane, QLD 4001  
AUSTRALIA

### 9.6 Communicating with Unitholders

Units in the Trust are expected to be "ED Securities" as defined under the Corporations Act, and consequently the Trust is expected to be a "disclosing entity" as defined under the Corporations Act.

As a disclosing entity, the Trust would be subject to regular reporting and disclosure obligations and must lodge various documents with ASIC. Copies of documents lodged with ASIC in relation to the Trust may be obtained from, or inspected at, an ASIC office. Unitholders would be entitled to obtain a copy of the following documents:

- the annual financial report of the Trust most recently lodged with ASIC;
- any half year financial report lodged with ASIC by the Trust after lodgement of the most recent annual financial report and before the date of the PDS; and
- any continuous disclosure notices given by the Trust after lodgement of the most recent annual report and before the date of the PDS. Continuous disclosure notices can also be found at [www.cromwell.com.au/C12/updates](http://www.cromwell.com.au/C12/updates).

#### *Direct Unitholders*

Direct unitholders, that is unitholders not investing via an IDPS will receive the following communications from CFM, unless they elect otherwise:

- an investment confirmation following the issue of units;
- quarterly investment statements detailing their investment transactions;
- quarterly investment reports detailing the performance and activities of the Trust;

- an annual transaction statement; and
- an annual tax statement detailing information required for inclusion in the investor's income tax return.

Annual financial reports will be made available at [www.cromwell.com.au/c12/updates](http://www.cromwell.com.au/c12/updates). They will not be sent to unitholders unless requested.

#### *Indirect Unitholders*

An indirect investor will not receive statements, tax information or other information directly from CFM. An indirect investor should receive equivalent information from the operator of the IDPS. Up to date access to investment information is also available online at [www.cromwell.com.au/C12](http://www.cromwell.com.au/C12).

### 9.7 Complaints Handling

#### *Direct Unitholders*

The Constitution sets out the procedure by which CFM is to receive, consider, investigate and respond to complaints by unitholders who are dissatisfied with the management or administration of the Trust.

If unitholders wish to make a complaint, CFM can be contacted via:

Fax: +61 7 3225 7788  
Email: [complaints@cromwell.com.au](mailto:complaints@cromwell.com.au)  
In writing: The Dispute Resolution Officer  
Cromwell Funds Management Limited  
GPO Box 1093  
Brisbane, QLD 4001  
AUSTRALIA

CFM will acknowledge any complaint in writing. CFM will within 45 days investigate, properly consider and decide what action (if any) to take or offer regarding the complaint and communicate its decision to the investor.

CFM may, at its discretion, give any of the following remedies to a complainant:

- information and explanation regarding the circumstances giving rise to the complaint;
- an apology;
- compensation for loss incurred by the investor as a direct result of the breach (if any); and/or
- such other remedies as CFM considers appropriate.



If the investor is dissatisfied with the decision made by CFM, the investor may refer the complaint to the Financial Ombudsman Service ("FOS"), an external complaints resolution scheme of which CFM is a member, at the address set out below:

Financial Ombudsman Service  
GPO Box 3  
Melbourne, VIC 3001

Alternatively, further information is available by contacting FOS on:

Phone: 1300 780 808  
Website: [www.fos.org.au](http://www.fos.org.au)  
Email: [info@fos.org.au](mailto:info@fos.org.au)

#### *Indirect Unitholders*

Indirect unitholders should contact their IDPS operator in the first instance with any complaints in relation to an investment in the Trust.

## 9.8 Privacy Statement

The application form accompanying this PDS requires an investor to provide personal information. CFM and service providers to CFM or the Trust may collect, hold and use personal information in order to assess an application, service an investor's needs, send marketing communications about other investment opportunities offered by CFM, provide facilities and services to unitholders, CFM or the Trust and for other purposes permitted under the Privacy Act 1988 (Cth). Tax, company and anti-money laundering law also require some of the information to be collected in connection with an application. If an investor does not provide the information requested or provides us with incomplete or inaccurate information, their application may not be able to be processed efficiently, or at all. Information may be disclosed to an investor's financial advisor and to CFM's agents and service providers on the basis that they deal with such information in accordance with the privacy policy of Cromwell, which includes CFM.

Personal information may also be used by us to administer, monitor and evaluate products and services, gather, aggregate and report statistical information, assist an investor with any queries and take measures to detect and prevent fraud and other illegal activity. CFM may also be allowed or obliged to disclose information by law. If an investor has concerns about the completeness or accuracy of the information CFM has about them or would like to access or amend personal information held by CFM, they can contact Cromwell's privacy officer using the contact details below. A copy of Cromwell's privacy policy can be obtained from [www.cromwell.com.au](http://www.cromwell.com.au) or from the privacy officer.

Further information can be obtained by contacting:

The Privacy Officer  
Cromwell Property Group  
Phone: +61 7 3225 7777  
Fax: +61 7 3225 7788

## 9.9 Anti-Money Laundering and Counter Terrorism Financing

In making the offer contained in this PDS and in operating the Trust, CFM is required to comply with the Anti-Money Laundering and Counter-Terrorism Financing legislation ("AML/CTF Law"). This means that CFM will require unitholders to provide personal information and documentation in relation to their identity when they invest in the Trust. CFM may need to obtain additional information and documentation from an investor to process their application or subsequent transactions or at other times during their investment.

CFM needs to identify an investor (including all investor types noted on the application form), an investor's legal representative or anyone acting on the investor's behalf (including under a power of attorney), prior to the issue or transfer of units in the Trust. CFM cannot issue units until all relevant information has been received and an investor's identity has been satisfactorily verified.

In some circumstances, CFM may need to re-verify this information.

By applying to invest in the Trust, unitholders also acknowledge that CFM may decide to delay or refuse any request or transaction, including by suspending the issue, transfer or withdrawal of units in the Trust, if it is concerned that the request or transaction may breach any obligation of, or cause CFM to commit or participate in an offence under AML/CTF Law. CFM will incur no liability to any investor if it does so.

# 10 Additional Information

## 10.1 Constitution

The Trust's constitution, this PDS, the Corporations Act 2001 (Cth) and other laws such as the general law relating to trusts, govern the relationship between the unitholders and CFM.

A number of the provisions of the Constitution have been dealt with elsewhere in this PDS. Other important provisions of the Constitution are set out below. You can inspect a copy of the Constitution at ASIC or CFM head office, or can request a copy by contacting us on 1300 CROMWELL (1300 276 693).

The Constitution establishes the managed investment scheme known as Cromwell Property Trust 12.

The Constitution sets out the basis upon which CFM is appointed responsible entity of the Trust. The responsible entity or the appointed custodian holds the assets of the Trust at all times on trust for the unitholders subject to the provisions of the Constitution and the Corporations Act.

Generally the Constitution:

- defines when the Trust may be wound up and what investors are entitled to receive on winding up; and
- states that an investor's liability is generally limited to the amount paid or which remains unpaid on that investor's units, however higher courts are yet to determine the effectiveness of these types of provisions.

In relation to CFM's powers, duties and liabilities as responsible entity of the Trust, the Constitution:

- allows CFM to reject applications for units, in whole or in part, at CFM's discretion and without giving reasons;
- allows CFM to set a minimum investment to be made in the Trust;
- provides that, unless the Corporations Act or other law provides otherwise or CFM acts fraudulently, negligently or in breach of trust involving a failure to show the degree of care and diligence required of it having regard to the powers, authorities or discretions conferred on it by the Constitution, CFM is not liable for any loss suffered in any way relating to the Trust; and
- allows CFM to change the Constitution, but only with investor approval if the change would adversely affect the rights of unitholders.

## 10.2 Compliance Plan and Committee

The Trust's compliance plan outlines the principles and procedures which CFM intends to follow to ensure that it complies with the provisions of the Corporations Act and the Trust Constitution.

Each year the Compliance Plan is independently audited as required by the Corporations Act and a copy of the auditor's report is lodged with ASIC.

CFM has a compliance committee with a majority of external members. The functions of the compliance committee include:

- assessing the adequacy of the compliance plan and recommending any changes; and
- monitoring compliance with the compliance plan and reporting findings to CFM.

## 10.3 South Melbourne Lease Agreement

South Melbourne is fully leased to Dimension Data on the following commercial terms.

<b>Expiry Date</b>	31 August 2019
<b>Current Rent</b>	\$1,728,362 per annum
<b>Rent Review</b>	4% on 30 November each year
<b>Options</b>	n/a
<b>Outgoings Payments</b>	The tenant pays all outgoings
<b>Permitted Use</b>	Office showroom, computer training and related storage
<b>Car Parking Bays</b>	88 bays
<b>Car Parking Fees</b>	\$305,341 per annum increased by 4% on 30 November each year plus payment of congestion levy

In addition, there are a further two roof licences to Vodafone Networks and Optus Networks on rental incomes of \$33,263 per annum and \$8,355 per annum respectively.

## 10.4 Land Purchase Agreements

### 10.4.1 Rand Land Purchase Agreement

The Trust has taken an assignment of the Rand Land Purchase Agreement between the Developer and the previous owners of the land, which provided for:

- the purchasing of the land; and
- an acquisition price of \$3,761,000 plus GST.

Settlement of the land was completed on 6 September 2013.

### 10.4.2 ATO Land Purchase Agreement

The Developer has entered into a development agreement with Places Victoria to develop the site ("RCD Development Agreement"). Places Victoria controls the land and the RCD Development Agreement annexes a land contract to sell the land for \$3,302,000 plus GST. Pursuant to the ATO Development Agreement below, the Developer will appoint the Trust as the purchaser under that contract. It is anticipated that land settlement will occur around December 2013.

## 10.5 Development Agreement

### 10.5.1 Rand Development Agreement

The Developer is appointed and agrees to carry out the development services, which includes procuring the works required by and in accordance with the Rand AFL ("the Rand Works") in accordance with an agreed design brief and procuring the commencement of the Rand Lease pursuant to the Rand AFL. The Developer is responsible for all design, development and construction costs, approval and infrastructure charges, leasing costs including incentives and professional fees in respect of the Rand Works.

The Developer provides warranties to the Trust in relation to the Rand Works and their compliance with the Rand AFL and where warranties are required by the owner of the land in favour of Rand, the Developer provides back to back warranties. The Developer is required to provide to Rand whatever security is necessary under the Rand AFL and the Developer otherwise bears all risks in relation to performance of that agreement.

The Developer has engaged the Rand builder to construct the Rand Works pursuant to the Rand Construction Contract. All risks in relation to the Rand Construction Contract which are not the responsibility of the Rand builder, including potential cost over runs, are the responsibility of the Developer. At the date of this PDS the Rand Distribution Centre was substantially constructed, with Practical Completion expected in November 2013.

The amount payable by the Trust under the Rand Development Agreement is forecast to be \$28,619,000. Accordingly, the amount the Trust is obligated to pay for the land and development and construction of Rand Distribution Centre ("the Rand Development Cost") is \$32,380,000 (\$3,761,000 for the land plus \$28,619,000). The Rand Development Cost may be increased or reduced for certain items which can change the final net income of the Rand Distribution Centre including changes in net lettable area and variations requested by the Tenant.

The Rand Development Cost is reduced by the Rand Funding Allowance which is calculated at the rate of 8% per annum on all payments made by the Trust for the acquisition of the land.

The Rand Funding Allowance is forecast to be \$76,000 but may be higher or lower depending on the timing of lease commencement.

The Rand Development Cost is subject to adjustment following the commencement of the Rand Lease based on the final surveyed areas and final tenant variations under the Rand AFL.

Apart from the payment for the land, no further payment is due until the Rand Works are completed and the Rand Lease commences.

The Trust can terminate the Rand Development Agreement in certain limited circumstances.

If the Trust terminates the Rand Development Agreement due to a Developer default, the Trust is entitled to exercise a put option requiring the Developer to buy back the land and the Developer agrees to pay to the Trust the sum of:

- The amount paid for the land; plus
- The amounts paid by the Trust to the Developer (including the accrued Rand Funding Allowance); plus
- The amount paid by the Trust for stamp duty on the transaction.

All of the Developer's obligations under the Rand Development Agreement are supported by the Rand Corporate Guarantee.

The Rand Corporate Guarantee is limited up until the Rand Development Cost is paid to an amount equal to the price payable under the put option contract and thereafter to an amount of \$7 million. The Rand Corporate Guarantee expires on the expiry of the defects period unless a claim has been made prior to that date.

### 10.5.2 ATO Development Agreement

The Developer is appointed and agrees to carry out the development services, which includes procuring the works required by and in accordance with the ATO AFL ("the ATO Works") in accordance with an agreed design brief and procuring the commencement of the ATO Lease pursuant to the ATO AFL. The Developer is responsible for all design, development and construction costs, approval and infrastructure charges, leasing costs including incentives and professional fees in respect of the ATO Works.

The Developer provides warranties to the Trust in relation to the ATO Works and their compliance with the ATO AFL and where warranties are required by the owner of the land in favour of the ATO, the Developer provides back to back warranties. The Developer is required to provide to the ATO whatever security is necessary under the ATO AFL and the Developer otherwise bears all risks in relation to performance of that agreement.

The Developer will engage the ATO builder to construct the ATO Works pursuant to an agreed form of construction contract. All risks in relation to the ATO construction contract which are not the responsibility of the ATO builder, including potential cost over runs, are the responsibility of the Developer.

The amount payable by the Trust under the ATO Development Agreement is forecast to be \$68,883,000. Accordingly, the amount the Trust is obligated to pay for the land and development and construction of the ATO Dandenong ("the ATO Development Cost") is \$72,185,000 (\$3,302,000 for the land plus \$68,883,000). The ATO Development Cost may be increased or reduced for certain items which can change the final net income of the ATO Dandenong including changes in net lettable area, the number of car parks and rental rates but is not expected to vary by a material amount.

The ATO Development Cost is reduced by the ATO Funding Allowance which is calculated at the rate of 8% per annum on all payments made by the Trust for the acquisition of the land.

The ATO Funding Allowance is forecast to be \$803,000 but may be higher or lower depending on the timing of the land settlement and the date of Practical Completion of the ATO Dandenong.

The ATO Development Cost is subject to adjustment following the commencement of the ATO Lease based on the final surveyed areas and actual achieved rents.

Apart from the acquisition of the land and associated development costs, the Trust is not required to make any payments to the Developer towards the ATO Development Cost, until Practical Completion of the ATO Dandenong and commencement of the ATO Lease.

The Trust can terminate the ATO Development Agreement in certain limited circumstances.

If the Trust terminates the ATO Development Agreement due to a Developer default, the Trust is entitled to exercise a put option requiring the Developer to buy back the land and the Developer agrees to pay to the Trust the sum of:

- The amount paid for the land; plus
- The amounts paid by the Trust to the Developer (including the accrued ATO Funding Allowance); plus
- The amount paid by the Trust for stamp duty on the transaction.

Until the commencement of the ATO Lease, the Developer is required to use all reasonable endeavours to lease the vacant retail and office space (approximately 8% of gross income) in accordance with agreed minimum leasing criteria and at not less than target rentals. If there is vacant space at the commencement of the ATO Lease, the Developer must enter into a 5 year lease of that space. See Section 10.8 on the ATO Developer Lease.

All of the Developer's obligations under the ATO Development Agreement are supported by the ATO Corporate Guarantee.

The ATO Corporate Guarantee is limited up until the ATO Development Cost is paid to an amount equal to the price payable under the put option contract (as detailed above) and thereafter to an amount of \$7 million. The ATO Corporate Guarantee expires on 31 October 2017 except to the extent a claim has been made prior to that date and the Developer continues to have a liability under the ATO Developer Leases.

## 10.6 Rand Agreement for Lease and Lease

Rand has entered into an agreement for lease with the Developer in respect of the Rand Distribution Centre.

Under the Rand AFL the Developer is required to design and construct the Rand Distribution Centre in accordance with designated design guidelines and documentation.

Upon completion of the Rand Distribution Centre, Rand will enter into a lease of all of the premises in accordance with the following commercial terms:

<b>Commencement Date</b>	Determined under the provisions of the Rand AFL but expected to be on or about 30 November 2013.
<b>Term</b>	20 years from the commencement date.
<b>Options</b>	First option period: 5 years Second option period: 5 years Third option period: 5 years
<b>Rent</b>	Determined under the provisions of the Rand AFL but expected to be approximately \$2,686,033 per annum.
<b>Rent Reviews</b>	Years 2-20 (excluding year 11) of the initial term and each year of the option periods (if the tenant elects to exercise the options): Fixed 3.5% per annum increase. For year 11 of the initial term and year 1 of each option term the rent is to be reviewed to market. The rent must not be any higher than 110%, or any lower than 103.5% of the rent payable immediately prior to the first day of the further term.
<b>Permitted Use</b>	Industrial cold storage and distribution with associated office usage.
<b>Outgoings Payments</b>	The tenant pays all outgoing.

Rand may terminate the Rand AFL if the Rand Distribution Centre has not reached Practical Completion by 30 October 2014. The current estimate for Practical Completion is late November 2013. If the building is not completed by 21 November 2013 (as that date may be extended pursuant to the Rand AFL for agreed delay events), Rand is entitled to agreed damages. Agreed damages means an aggregate of reasonable costs incurred or payable by the tenant as a result of the works not reaching Practical Completion by the Date for Practical Completion. The Developer is responsible for funding this amount if the liability arises.

The obligations of Rand are guaranteed by Automotive Holdings Group Limited.

## 10.7 ATO Agreement for Lease and Lease

ATO has entered into an agreement for lease with the Developer in respect of the commercial office space in the ATO Dandenong.

Under the ATO AFL the Developer is required to design and construct the ATO Dandenong in accordance with designated design guidelines and documentation. The Developer is required to design the ATO Works, amongst other things, so as to be capable of achieving a Five Star Green Star rating.

Upon completion of the ATO Dandenong, ATO will enter into a lease of the premises (being all of the commercial office space in the ATO Dandenong) in accordance with the following commercial terms:

<b>Commencement Date</b>	Determined under the provisions of the ATO AFL but expected to be on or about 1 October 2015.
<b>Term</b>	15 years from the commencement date.
<b>Options</b>	First option period: 5 years Second option period: 5 years
<b>Rent</b>	\$388 per square metre of lettable area as determined under the ATO AFL (expected to be approximately 12,600 square metres). The commencing rental is expected to be \$4,888,800 per annum.
<b>Rent Reviews</b>	Years 2-15 (excluding year 11) of the initial term and year 2-5 of each option period (if the tenant elects to exercise the options): Fixed 3.75% per annum increase. Year 11 of the initial term and year 1 of each option period: The rent is to be reviewed to market. The rent must not be greater than 110%, or lower than the rent payable for the year immediately preceding the market review date.
<b>Permitted Use</b>	Office accommodation and public access arising from the day to day operations of the tenant.
<b>Outgoings Payments</b>	The tenant pays all outgoing.
<b>Car parking Bays</b>	50 covered bays.
<b>Car parking Fee</b>	\$120,000 (\$2,400 per bay) per annum. The car parking fee is reviewed in the same manner and at the same time as the rental. The tenant has the ability to surrender the car parks on 30 days notice after the first 5 years of the lease.
<b>Storage</b>	Approximately \$25,000 (\$100 per square metre over approximately 250 square metres).



The ATO may terminate the ATO AFL if the ATO Dandenong is not practically complete by 30 September 2016. The current estimate for Practical Completion is 30 September 2015. If the ATO Dandenong is not completed by 30 September 2015, (or such later date as may arise under the terms of the ATO ATL), ATO is entitled to agreed damages. Agreed damages means an aggregate of reasonable costs incurred or payable by the tenant as a result of the works not reaching Practical Completion by the Date for Practical Completion. The Developer is responsible for funding this amount if the liability arises.

## 10.8 ATO Developer Lease

If at the commencement date of the ATO Lease, any retail or office space in ATO Dandenong has not been leased in accordance with the following agreed leasing criteria then the Developer must enter into a lease with the Trust for a term of 5 years on the basis of the agreed leasing criteria ("ATO Developer Lease"):

- Net rent rates – \$350 per square metre;
- Rent reviews – Minimum 3.75 % annual rent increases;
- Lease term – Minimum 5 years;
- Security – Minimum bank guarantee of 3 months' gross rent;
- Incentives – Maximum of 12 months of gross rent; and
- Tenancy covenant – Each tenant must be respectable, responsible and financially sound, with relevant experience in and a good reputation for conducting the business permitted under the new lease and capable of complying with the new lease.

If all the space is vacant at Practical Completion, the rental under the ATO Developer Lease (subject to final survey) will be \$420,700 per annum.

During the term of the ATO Developer Lease, the Developer has a right to put tenancy proposals to the Trust and provided that they comply with the above agreed leasing criteria the Trust will accept a partial surrender of the ATO Developer Lease in respect of such space from the commencement date of the approved new lease.

The obligations of the Developer under the ATO Developer Lease are guaranteed by Pacific Shopping Centres Pty Ltd.

## 10.9 Bank Loan

CFM has received non-binding indicative terms for a finance facility from an Australian bank and has arranged finance for a number of trusts which own property with similar features in the past 3 years. Based on this recent market experience, CFM expects to finalise a Bank Loan by June 2014 and is targeting the following key terms:

<b>Borrower</b>	Cromwell Funds Management Limited as responsible entity for the Trust.
<b>Facility Limit</b>	AUD \$64,340,000 (expected to be fully drawn at Practical Completion of ATO Dandenong).
<b>Facility Term</b>	3 years from the date of the facility agreement.
<b>Purpose</b>	To partly fund the costs of acquiring the Properties.
<b>Drawdown Conditions</b>	There are likely to be certain conditions which must be satisfied prior to drawdown of the Bank Loan including confirmation that the Target Subscription Amount has been reached.
<b>Loan to Value Ratio Covenant</b>	Targeting a loan to value ratio covenant of not less than 55% after Practical Completion of the ATO Dandenong. The Properties would need to fall in value by approximately 9% for this target covenant to be breached.
<b>Interest Cover Ratio Covenant</b>	Targeting an interest cover ratio (net property income divided by facility interest amount) after Practical Completion of the ATO Dandenong of no more than 2 times. Net property income would need to fall by approximately 33% or interest expense would need to increase by approximately 49% above the forecast rate for this target covenant to be breached.
<b>Change of Responsible Entity</b>	A change in the responsible entity is likely to be an event of default under the facility agreement

## 10.10 Disclosure of Interests

No expert or any firm in which any expert is a partner has any interest in the offer under the PDS and no amounts have been paid or agreed to be paid (other than normal fees) to any expert or any firm in which they are a partner for services rendered by the expert or the firm in connection with the offer under this PDS.

## 10.11 Interests and Fees of Other Parties

Other than as set out below or elsewhere in the PDS, no director of CFM or any person named in the PDS as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of the PDS has, within the 2 year period prior to the date of this PDS, had an interest in the promotion of the Trust and no amounts, whether in cash or shares or otherwise, have been paid or agreed to be paid to any director or proposed director either to induce him to become, or to qualify as, a director, or otherwise for services rendered in connection with the promotion of the Trust.

## 10.12 Consents

### 10.12.1 Savills Valuations Pty Limited

Savills Valuations Pty Ltd has given its written consent to be named in the Investment Summary and Section 3 of this PDS and to the inclusion of its independent valuation report summary in this PDS in the form and context in which it is included and has not withdrawn its consent prior to the date of the PDS.

### 10.12.2 CBRE Valuations Pty Limited

CBRE Valuations Pty Ltd has given its written consent to be named in the Investment Summary and Section 3 of this PDS and to the inclusion of its independent valuation report summary in this PDS in the form and context in which it is included and has not withdrawn its consent prior to the date of the PDS.

### 10.12.3 The Trust Company Limited

The Trust Company Limited has given its written consent to be named in Section 15 of this PDS in the form and context in which it is named and has not withdrawn its consent prior to the date of the PDS.

### 10.12.4 Boardroom Pty Limited

Boardroom Pty Limited has given its written consent to be named in Section 15 of this PDS in the form and context in which it is named and has not withdrawn its consent prior to the date of the PDS.

## 10.13 Directors of CFM

Entities associated with the directors of CFM hold securities in Cromwell. CFM is a wholly-owned subsidiary of Cromwell. Therefore, the directors will benefit indirectly from any profit generated by CFM from promoting and managing the Trust.

## 10.14 Related Party Details

Related party transactions with Cromwell entities are reviewed and approved by senior management and the Directors of CFM, taking into account clearly identified governance policies and guidelines. Decisions in relation to conflict of interest and related party transactions are documented.

Cromwell has agreed to provide the Cromwell Commitment, comprising the Cromwell Loan and Cromwell Subscription, as described in Section 1.8.

Cromwell Direct Property Fund may subscribe for up to \$5,000,000 of units (at \$1.00 per unit). This is in addition to the 5,000,000 units it expects to receive via transfer from Cromwell. Units held by Cromwell and/or the Cromwell Direct Property Fund rank equally in all respects with units issued under this PDS. CFM is the responsible entity of the Cromwell Direct Property Fund. The Cromwell Direct Property Fund does not intend to own more than 20% of the Trust.

CFM has appointed, or expects to appoint a number of related entities to provide services to the Trust, including:

- Cromwell Property Services Pty Ltd ABN 68 080 159 280 ("Cromwell Property"), which is expected to provide property, facilities management and leasing services to the Trust in relation to the Properties;
- Cromwell Project & Technical Solutions Pty Ltd ABN 46 152 674 069 ("Cromwell Projects"), which is expected to provide project management services to the Trust in relation to the Properties; and
- Cromwell Operations Pty Ltd ABN 44 107 377 677 ("Cromwell Operations"), which is expected to provide accounting and related services to the Trust.

Cromwell Property, Cromwell Projects and Cromwell Operations are expected to provide services to the Trust under written arrangements. The appointment of these entities is not exclusive and CFM or the related party entities may engage external service providers to undertake some or all of the functions noted in their relevant agreements.

The appointment of these entities and provision of the Cromwell Commitment have been or are expected to be done in accordance with CFM's policies. Compliance with these policies is monitored in accordance with the Trust's Compliance Plan.

The appointment of Cromwell Property, Cromwell Projects, Cromwell Operations and the provision of the Cromwell Commitment have been or are expected to be made on arm's length commercial terms at market rates or better.

CFM, Cromwell Property, Cromwell Projects and Cromwell Operations are wholly owned subsidiaries of Cromwell.

Cromwell Property is a licensed real estate business that may provide some of the following services to the Trust in relation to the Property from time to time:

- strategic advice on management of the Properties;
- arranging the sale of the Properties;
- management of premises;
- leasing services; and
- property management and project supervision.

The value of the financial benefit received by Cromwell Property is expected to be in the form of fees received from the Trust.

It is expected that Cromwell Property will receive property and facilities management fees of approximately \$120,000 per annum for the South Melbourne Property. From the date of Practical Completion of the Rand Distribution Centre, it is expected that Cromwell Property will receive property and facilities management fees of approximately \$108,000 per annum for the Rand Distribution Centre. From the date of Practical Completion of ATO Dandenong, it is expected that Cromwell Property will receive property and facilities management fees of approximately \$260,000 per annum for ATO Dandenong. Cromwell Property may also receive leasing fees calculated as a percentage of average annual rentals for new and extended leases. Fees are set and reviewed annually having regard to the nature and scope of work performed and taking into account similar fees charged by other managers and service providers, and in relation to property and facilities management services, data published by the Property Council of Australia in relation to similar assets.

Cromwell Projects is expected to receive the 0.5% Project Management Fee as outlined in Section 5.1, for managing the construction process of the Construction Assets on behalf of the Trust.

Cromwell Projects may also engage in further project management or technical advisory services for the Trust. Fees for these services are calculated as a percentage of the total project cost.

Cromwell Operations undertakes accounting and other administrative functions for Cromwell and its managed funds. Cromwell Operations is expected to provide accounting services and may provide administrative services to the Trust from time to time.

The value of the financial benefit received by Cromwell Operations for accounting services is expected to be in the form of fees received from the Trust. From the First Issue Date, it is expected that Cromwell Operations will receive accounting fees of approximately \$60,000 per annum. Fees are set and reviewed annually having regard to the nature and scope of work performed and taking into account similar fees charged by other managers and service providers, and the cost of providing the services.

The value of the financial benefit received by Cromwell for the Cromwell Loan is expected to be in the form of interest received from the Trust at the same rate as distributions, expected to be 7.75% per annum. Cromwell will not charge any other fees for the provision of the Cromwell Loan. Any units issued to Cromwell pursuant to the Cromwell Subscription will be issued on the same terms as those issued to other unitholders in the Trust. Cromwell will not charge any other fees for the provision of the Cromwell Subscription.

CFM may refinance the Bank Loan during the term of the Trust. The finance arrangement services may be provided by a related party.

CFM may also appoint other related parties from time to time to undertake services for the Trust.

As appropriate, CFM will provide ongoing updates of material service engagements and financial benefits that are paid to related parties through updates to unitholders. Any updates can be found on our website at [www.cromwell.com.au/c12/updates](http://www.cromwell.com.au/c12/updates).

The value of related party payments are also reported yearly as part of the Trust's audited annual accounts. The first annual audited accounts for the Trust will be prepared for the period to 30 June 2014 and will be available on our website [www.cromwell.com.au/c12/updates](http://www.cromwell.com.au/c12/updates) by 30 September 2014.

## **10.15 Labour Standards, Social, Ethical and Environmental Considerations**

CFM does not take into account labour standards, social, ethical or environmental considerations for the purpose of selecting, retaining or realising the Properties.

# 11 Independent Valuations



29 August 2013

Savills Valuations Pty Ltd  
ABN 73 151 048 056  
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DL: (03) 8686 8078

Level 25, 140 William Street  
Melbourne VIC 3000  
T: (03) 8686 8000  
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The Directors  
Cromwell Funds Management Limited  
Level 19  
200 Mary Street  
Brisbane QLD 4000

Ref: 12123

Dear Sir or Madame

**Property: 10-16 Dorcas Street, Southbank, VIC**

We refer to your instructions requesting a Market Valuation of the abovementioned property as at 30 June 2013. We have assessed the valuation on the basis of Freehold title, subject to the existing tenancies. We understand that the valuation is required for acquisition, financial reporting and first mortgage security purposes. We have prepared a comprehensive full valuation report for Cromwell Funds Management Limited (Ref: 12123). The following is a summary of that report which has been prepared for inclusion in a Product Disclosure Statement (PDS).

We have been provided with tenancy schedules, capital expenditure budgets, outgoing statements, leases and various plans and site audit statements. We have undertaken a physical inspection of the property, on 22 May 2013.

Our assessment of value is undertaken in accordance with the Australian Property Institute's adopted definition of Market Value as follows:

*'The estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction, after proper marketing, wherein the parties had each acted knowledgeably, prudently and without compulsion.'*

## Property Overview

The improvements are erected on a site of 1,484m<sup>2</sup> which is located approximately 1.5 km from the Melbourne CBD. Surrounding uses include high density residential, commercial and retail uses in the adjoining streets

The subject property has been improved with an office building constructed in 1975. At the date of inspection, the building was undergoing an extensive refurbishment of tenanted areas and some base building services. It provides a basement and ground level of car parking, with 7 upper levels of office accommodation providing floor plates of approximately 1,090m<sup>2</sup> in a 'side core' arrangement. The basement and ground level provide parking for 88 cars.

The premises are leased to Dimension Data Pty Ltd for a term of 7 years expiring in August 2019.



Surrounding development is a mixture of low and medium rise office accommodation and associated uses, along with a number of new high rise residential projects recently completed and underway. The subject is currently zoned 'Mixed Use Zone'. Under the current zoning the site can be redeveloped for residential uses. The subject is located amongst other high density residential developments and within an area clearly transitioning towards higher density residential uses.

We have reviewed the NABERS website and can confirm that the subject building has a 4.0 star NABERS Energy Rating valid until September 2013

#### Tenancy Overview

The building is fully occupied by Dimension Data. The tenant originally occupied only Levels 1, 3, 4 (under a Lease) and a number of car bays (under licence). A new Lease was entered which extended the original lease until August 2019, with an additional lease also being entered for the remaining levels 2, 5, 6 & 7. Our valuation is contingent on the full execution of the lease in accordance with the terms provided to us. We have summarised the leases in the property as follows:

Dimension Data Australia Pty Ltd	
<b>Demised Premises</b>	Whole of 10-16 Dorcas Street South Melbourne
<b>Lease Status</b>	Original Lease executed, new Lease reviewed signed by tenant only, not signed by landlord.
<b>Lease Commencement</b>	1 September 2008 & 1 February 2013
<b>Lease Expiry</b>	31 August 2019
<b>Lease Term</b>	11 years & 6 years, 9 months and 17 days.
<b>Lease Option</b>	One further term of 5 years.
<b>Current Base Rent</b>	Office Lease - \$1,728,362 Car bays Licence - \$305,343
<b>Base Rent Review</b>	Fixed annual reviews of 4%.
<b>Outgoings</b>	Lease is a net lease with the landlord able to recover all outgoings from the tenant except for payment for works of a capital nature or interest.
<b>Security Deposit</b>	3 months rent, as a bank guarantee, although is not required to provide such while Dimension Data is the Tenant.
<b>Lessors Works</b>	Annexure C to the Lease sets out refurbishment works to the tenanted areas which included removing old fit-out, stripping out redundant wires, fitting new carpets, general repairs, refurbishments to toilets, kitchens and cleaners cupboards. Additional building upgrade works were agreed to by the landlord including refurbishing the foyer on ground level, installation of RCD electrical protection, installation of CCTV cameras, and a full lift upgrade as per an attached specification document, a summary of which appears in Section 8 of this Report.
<b>Make good</b>	The tenant is to yield up in good and clean condition and order fair wear and tear excepted. The tenant is also required to 'redecorate' the premises within 3 months of the conclusion of the lease. Redecoration appears limited to re-painting.
<b>Other</b>	Naming and signage rights are granted to the tenant at no charge.

In addition, the subject property receives income from two telecommunications operators who are located on the rooftop under licence agreements. The current tenancy arrangements provide a weighted average lease expiry (WALE) of 6.15 years by income.





### Valuation Summary

We have arrived at our Market Value assessment after considering recent sales of comparable properties and having regard to the subject property's investment attributes. Full detail of all assumptions in relation to our valuation are contained in our Full Valuation Report (reference 12123) held by Cromwell Funds Management Limited. We have used both the capitalisation and discounted cash flow methods in arriving at our assessment of Market Value with the adopted analysis and valuation being outlined as follows:

Adopted Valuation Benchmarks	
Gross Market Income	\$2,793,055
Gross Passing Income	\$2,756,595
Adopted Outgoings	\$691,197
Net Adopted Market Income	\$2,101,858
Net Passing Income	\$2,065,398
Adopted Capitalisation Rate	8.00%
Discount Rate	9.25%
Terminal Yield	8.50%
Ten Year Market Growth	3.46% compound average
Acquisition Costs	5.60% of purchase price
Disposal/Selling Costs	0.75% of selling price

Our valuation calculations produce the following outputs:

Valuation Output	
Market Value	\$25,543,000
Passing Initial Yield	8.09%
Equated Market Yield	8.02%
10 Year IRR	9.25%
WALE	6.15 years
\$/m <sup>2</sup> NLA (derived)	\$3,376/m <sup>2</sup>

We estimate the Market Value of the subject property, subject to the details referred to in our full valuation report, to be:

**\$25,543,000(\*)**

**(Twenty Five Million Five Hundred and Forty Three Thousand Dollars)**

**(\*) This valuation amount is exclusive of a Goods and Services Tax.**

### DCF Qualifications

We draw your attention to the fact that the DCF analysis is based on projections considered in the light of available data. However, the market conditions will change over time influenced by internal and external factors against which a review of assumptions may be warranted. For this reason, we stress that reliance upon such projections must be made with full acceptance of their limited reliability and with due consideration of the commercial risks related to such forecasts. In particular, we stress the DCF exercise referred to herein has been undertaken for the sole purpose of assisting in the determination of the current market value of the property and we make no guarantees or warranty as to the accuracy of future rental income stream projections insofar as they relate to market rental movements.



#### **Liability Disclaimer**

Savills has prepared this letter and the full valuation based upon information made available to us at the date of valuation. We believe that this information is accurate and complete, however we have not independently verified all such information. Savills is not providing advice about a financial product, nor the suitability of the investment set out in the PDS. Such an opinion can only be provided by a person who holds an Australian Financial Services Licence. Savills does not, nor does the Valuer, hold an Australian Financial Services Licence and is not operating under such a licence in providing its opinion as to the value of the property detailed in this report.

Savills has prepared this summary for inclusion in the PDS and has only been involved in the preparation of this summary and the valuation referred to therein. Savills specifically disclaim liability to any person in the event of any omission from, or false or misleading statements included in, the PDS, other than in respect of the Valuation and this summary.

This letter has been countersigned to verify the letter is issued by this Company. Any reliance upon this letter should therefore be based upon the actual possession or sighting of an original document duly signed and countersigned in the before-mentioned manner.

This Valuation is current at the date of valuation only. The value assessed herein may change significantly and unexpectedly over a relatively short period of time (including as a result of general market movements or factors specific to the particular property). Liability for losses arising from such subsequent changes in value are excluded as is liability where the valuation is relied upon after the date of the valuation.

We have assessed the market value of the property in accordance with the Market Value definition contained within this letter summary and our full valuation report. In the event that, having regard to current economic conditions, a sale was to occur in circumstances not reflecting that Market Value definition, the price realised may be at a substantial discount to the Market Value assessed.

Savills Valuations Pty Ltd liability is limited by a scheme approved under Professional Standards Legislation.



### **Pecuniary Interest**

We hereby certify that the Valuer and valuation firm does not have any direct, indirect or financial interest in the property or clients described herein that would conflict with the proper valuation of the property.

Savills Valuations Pty Ltd liability is limited by a scheme approved under Professional Standards Legislation.

Yours faithfully

**Savills Valuations Pty Ltd**

A handwritten signature in black ink, appearing to read "Ben Koops".

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Ben Koops AAPI  
Certified Practising Valuer  
Associate Director  
Valuation and Consultancy Division

A handwritten signature in black ink, appearing to read "Francis Lynch".

---

Francis Lynch AAPI  
Certified Practising Valuer  
Associate Director  
Valuation and Consultancy Division

A handwritten signature in black ink, appearing to read "Ross Smillie".

---

Ross Smillie  
Divisional Director  
Valuation and Consultancy Division

The Divisional Director signatory verifies that this letter advice is genuine, and issued by, and endorsed by Savills Valuations Pty Ltd. However the opinion expressed in this letter advice has been arrived at by the prime signatory.



Liability limited by a scheme approved  
under Professional Standards Legislation

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CBRE Valuations Pty Limited  
ABN 15 008 912 641

Level 5  
151 Pirie Street  
Adelaide SA 5000

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F 61 8 8880 3333

[www.cbre.com.au](http://www.cbre.com.au)

28 June 2013

Directors  
Cromwell Funds Management Limited  
Level 19,  
200 Mary Street  
Brisbane QLD 4000

### Summary of Valuation Report:

#### Proposed Allotment 902 Caribou Drive, Direk SA 5110

#### Instructions

CBRE Valuations Pty Limited ("CBRE") accepted instructions dated 24 June 2013 to prepare a market Valuation for the interest in the property listed above. The Valuation is to be relied upon for Product Disclosure Statement (PDS) purposes only and is specifically addressed for use and reliance upon by the parties named above. The Valuation is prepared in accordance with the Australian Property Institute Australia and New Zealand Valuation and Property Standards January 2012, having regard to ANZVGN 8, Valuations for use in Offer Documents. The instructions specifically request us to provide our opinion of the market value of the property as at 24 June 2013 on the following basis:

1. Market Value - As If Complete - Subject to proposed lease executed.
2. Land Value - Unimproved.

CBRE has been instructed to provide a full Valuation Report in addition to this Summary Letter which is included in the PDS document. In accordance with ANZVGN 8, our Valuation Report draws attention to the key issues and considerations impacting value and provides a detailed Property Risk Assessment and SWOT Analysis, plus the report details our Critical Assumptions, Assumptions, Disclaimers, Limitations and Qualifications and our Recommendations. As commercial investments of this nature are inherently complex and the market conditions have changed and/or have been uncertain in recent times, it is considered prudent to consider the entire contents of our Valuation Report. Therefore, we recommend that this Summary Letter is to be read and considered together with the Valuation Report. We accept no responsibility for reliance upon the Summary Letter. We refer the reader to Cromwell Funds Management Limited to obtain a copy of our full Valuation Report.

### *Brief Description of the Property and Tenancy Details*

The subject property currently comprises a portion of an unimproved industrial allotments situated in the emerging outer northern industrial suburb of Direk.

Proposed upon the subject property is a circa 10,314 square metre industrial office and cold storage facility with ample hardstand areas together with future expansion land.

Upon completion, the subject property is to be tenanted by Rand Transport AHG for a period of 20+20 years at a commencing rental of \$2,686,033 net per annum with annual 3.50% rental increases.

### *Market Movement*

The valuation referred to above represents the value of the property as at the date of valuation only. The value assessed may change significantly and unexpectedly over a relatively short period of time (including as a result of general market movements or factors specific to the particular property or particular property sector). CBRE is not liable for losses arising from any subsequent changes in value.

### *Critical Assumptions and Reliance on Information Provided*

A summary of select Critical Assumptions noted in the full Valuation Report are noted as follows:

- The past use of the subject property is considered to be farm land and is currently undergoing a land use change to industrial allotments. We have been provided with an Environmental Site Audit undertaken by AEC Environmental and dated September 2012. The report showed no environmental issues associated with the subject site. For the purpose of this valuation report we have assumed no adverse environmental contamination issues.
- Our visual inspection of the surrounding properties revealed no obvious signs of potentially contaminating uses. Our valuation assumes no contamination issues associated with the adjoining property.
- The value "As If Complete" assessed herein is the Market Value of the proposed improvements as detailed within this report on the assumption that all construction has been satisfactorily completed in all respects as at the date of this report. The valuation reflects the valuer's view of the market conditions existing as at the date of the valuation and does not purport to predict future market conditions and the value at the actual completion date of the improvements because of time lag and unknown future market conditions.
- Accordingly, the "As If Complete" valuation should be confirmed by a further inspection by the valuer, initiated and instructed by the lender, on completion of improvements. The right is reserved to review, and if necessary, vary the valuation in this report if there are any changes in relation to the project itself or in the property market conditions and prices.
- The principal improvements on the site are to be of a modern construction and therefore the material presence of Asbestos Containing Materials is unlikely.



- We have relied upon plans and specifications as provided to us by the potential purchaser. Should the final construction of the improvements be different to those provided to us and detailed within this report, this valuation must be returned to CBRE for comment and reassessment of value.
- Our valuation is provided on the basis that the proposed facility will be constructed in a tradesman like manner using new, quality materials and having regard to modern building techniques. Our valuation assumes that:
- A detailed report of the structure and service installations of the building once completed would not reveal any defects requiring significant expenditure.
- The building will comply with all relevant statutory requirements in respect of matters such as health, building and fire safety regulations, and will be built in accordance with the provisions of the Building Code of Australia.
- That a Certificate of Occupancy and unencumbered Certificate of Title will be issued for the Proposed Development.
- In the event that any of the above differ to what is assumed, this valuation must be returned back to the valuer for possible review and amendment to the assessed value herein. We reserve the right to review / amend this valuation if the building documentation we have relied upon proves to be incorrect or materially changes.
- We have relied upon copies of agreement to lease documentation provided to us by the potential purchaser. We have assumed that all terms and conditions contained within the Agreement for Lease and Lease will be adhered to as well as being fully enforceable, and legally binding by law and that there are no unknown side agreements. In the event that the above assumptions and the undated Agreement for Lease and Lease Terms and Conditions prove to be inaccurate or are not adhered to, we reserve the right to review our assessment contained herein.
- We have been advised that the initial annual net rental is to be \$2,686,033 as provided to us by Cromwell Funds Management Limited and we have based our valuation calculations upon this amount. Should the final rental amount differ from this figure this report must be returned to CBRE for comment and reassessment of value.
- We have been requested to provide an assessment of Market Value for the proposed facility 'As If Complete'. We note that the designated site for the proposed facility is currently held within Certificate 6058/136. We have relied upon the land area (58,628 sqm) as provided to us by the potential purchaser from the proposed development plan undertaken by Vaughan Constructions. For the purpose of this assessment we have assumed that the proposed facility is individually titled. Additionally, we have assumed that there will be no additional easements, encumbrances or interests registered on Title which would have an adverse effect the assessed Market Value contained herein.

- Our valuation calculations include rental growth assumptions throughout a defined cash flow period. These assumptions have been based on prevailing economic and market conditions as at the date of valuation. Market conditions will change over time influenced by internal and external factors against which a review of the assumptions may be warranted. Therefore reliance upon these projections must be made with full acceptance of their limited reliability and with due consideration of the commercial risks related to such forecasts. The Discounted Cashflow method of valuation referred to in the Valuation Report has been undertaken for the purpose of assisting in the determination of the current market value of the interest in the property and we make no guarantees or warranty as to the accuracy of future rental income stream projections, as these can be impacted by a combination of unforeseen circumstances.
- We have relied upon information provided by Cromwell Funds Management Limited.
- Our valuation is based upon the most current information available at the time the valuation was prepared. CBRE accepts no responsibility for subsequent changes in information as to income, expenses or market conditions. Any subsequent change in lease terms may also have a corresponding change to the value.
- We have been provided with an unsigned Development Agreement, outlining the scope of works to be undertaken upon the site. For the purpose of this valuation report, we have assumed that the information provided to us within the unsigned Development Agreement will be as per the final signed Development Agreement.

#### **Report Content**

Our Valuation Report, in addition to the content noted earlier, contains detailed information and description pertaining to; Instructions, Use and Reliance, Site Details including Location, Legal, Environmental and Town Planning; and Building Improvements along with analysis of the asset's Occupational and Financial attributes. This is followed by a comprehensive Economic, Investment Market and Adelaide Industrial Market Overview and details of the sales evidence regarded, along with our Investment Considerations. Finally, the report considers the value and marketability of the property. We again refer the reader of this letter to our Valuation Report for detail in respect of the above items.

#### **Valuation Rationale**

In arriving at our opinion of market value in accordance with the instructions, we have utilised the capitalisation of market net income approach and the discounted cashflow analysis. A detailed explanation of the assets investment credentials and the application of the discounted cashflow and capitalisation of market and passing income methodology is provided in the Valuation Report.

### Valuation Summary

In accordance with the instructions, we summarise our valuation conclusions for Proposed Allotment 902 Caribou Drive, Direk as at 24 June 2013 as follows:

1. Market Value - "As If Complete" - Subject to Proposed Lease  
**\$32,750,000** (Thirty Two Million, Seven Hundred and Fifty Thousand Dollars), GST exclusive.
2. Land Value - Unimproved  
**\$3,760,000** (Three Million, Seven Hundred and Sixty Thousand Dollars), GST exclusive.

The following tables outline our Valuation Conclusions, Assumptions and Tenancy Profiles as at 24 June 2013.

#### CBRE EXECUTIVE SUMMARY - Tenanted

##### VALUATION SUMMARY

Valuation Approaches	Capitalisation, Discounted Cash Flow
Interest Valued	Freehold
Gross Lettable Area	10,314 sqm
Site Area	58,628 sqm
<b>Date of Valuation</b>	<b>24 June 2013</b>
<b>Market Value</b>	<b>\$32,750,000</b>

##### Investment Summary

Capitalisation Rate	8.25%
Terminal Yield	9.25%
Target IRR (Discount Rate)	10.00%
10 Year IRR (Indicated)	10.15%
Passing Initial Yield	8.20%
Equivalent Yield	8.20%
Reversionary Yield	8.20%
Value \$psm of Gross Lettable Area	\$3,175
Current Vacancy Rate	0.00%
Weighted Average Lease Term*	20 years

##### VALUATION ASSUMPTIONS

CPI (Deloitte Access) 10yr Avg	2.46%
Market Rent Growth 10yr Avg (gross)	3.26%
Outgoing Escalation 10yr Avg	2.46%
Renewal Probability Yr 1	100%
Leasing Up Period Yr 1	12 mths
Incentives Yr 1	12 mths
Assumed New Lease Term	10 years
Total Capex Yrs 1 to 11 (incl Refurb & Lessors Make Good allowances)	\$992,564
	\$96 psm

##### TENANT PROFILE

	Area (sqm)	Net Passing Rent	Net Market Rent
Rand Transport AHG	10,314	\$2,686,033	\$2,686,033
<b>Total (Net Passing Fully leased)</b>	<b>10,314</b>	<b>\$2,686,033</b>	<b>\$2,686,033</b>

### *Consent*

CBRE provides its consent for the inclusion of this Summary Letter within the PDS for Cromwell Funds Management Limited subject to Cromwell Funds Management Limited making recipients of the PDS aware of the following liability disclaimers.

### *Liability Disclaimer*

- (a) CBRE is not operating under an Australian Financial Services Licence when providing the full Valuation Report or this Summary Letter and those documents do not constitute financial product advice. Investors should consider obtaining independent advice from their financial advisor before making any decision to invest in/with Cromwell Funds Management Limited.
- (b) CBRE disclaims any liability to any person in the event of an omission from, or false and misleading statements included in the PDS, other than in respect to this Summary Letter and the full Valuation Report.
- (c) The Valuation Report and this Summary Letter are strictly limited to the matters contained within those documents, and are not to be read as extending, by implication or otherwise, to any other matter in the PDS. Without limitation to the above, no liability is accepted for any loss, harm, cost or damage (including special, consequential or economic harm or loss) suffered as a consequence of fluctuations in the real estate market subsequent to the date of valuation.
- (d) CBRE has prepared the full Valuation Report and this Summary Letter relying on and referring to information provided by third parties including financial and market information ("Information"). CBRE assumes that the Information is accurate, reliable and complete and it has not tested the information in that respect.
- (e) References to the Property's value within this Summary Letter or the PDS have been extracted from CBRE's Valuation Report. The Valuation Report draws attention to the key issues and considerations impacting value and provides a detailed assessment and analysis as well as key critical assumptions, assumptions, disclaimers, limitations and qualifications and recommendations. As commercial investments of this nature are inherently complex and the market conditions have changed and/or have been uncertain in recent times, CBRE recommends that this Summary Letter and any references to value within the PDS must be read and considered together with the Valuation Report. This Summary Letter is to be read in conjunction with our full Valuation Report dated **24 June 2013** and is subject to the Assumptions, Limitations, Disclaimers and Qualifications contained therein. We refer the reader to Cromwell Funds Management Limited to obtain a copy of the full report.
- (f) No responsibility is accepted for any loss or damage arising as a result of reliance upon this Summary Letter.
- (g) Neither this Summary Letter nor the full Valuation Report may be reproduced in whole or in part without prior written approval of CBRE.

- (h) CBRE charges a professional fee for producing valuation reports, and the fee paid by Cromwell Funds Management Limited for the Valuation Report and this Summary Letter was \$11,000 inclusive of GST.
- (i) We confirm that the valuer does not have a pecuniary interest that would conflict with a proper valuation of the interest in the property.
- (j) This document is for the sole use of persons directly provided with it by CBRE. Use by, or reliance upon this document by anyone other than those parties named above is not authorised by CBRE and CBRE is not liable for any loss arising from such unauthorised use or reliance.

Yours sincerely  
CBRE Valuations Pty Limited



Cain Gurney  
Director – Valuation and Advisory Services





29 August 2013

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The Directors  
Cromwell Funds Management Limited  
Level 19  
200 Mary Street  
Brisbane QLD 4000

Ref: 12122

Dear Sir or Madame

**Property: ATO Building, 11-13 Robinsons Street, Dandenong, Victoria**

We refer to your instructions requesting a Market Valuation of the abovementioned property as at 30 June 2013. We have assessed the valuation on the basis of the Freehold estate in fee simple, on an 'As is' basis, assuming vacant possession, on a clear unencumbered and uncontaminated site, and on an 'As if Complete' basis subject to the Agreement for Lease. We understand that the valuation is required for acquisition, financial reporting and first mortgage security purposes. We have prepared a comprehensive full valuation report for Cromwell Funds Management Limited (Ref: 12122). The following is a summary of that report which has been prepared for inclusion in a Product Disclosure Statement (PDS).

We have been provided with a site plan, design and development plans and briefs along with a RCD Development Agreement, the Development Agreement and signed copies of the Agreement for Lease, site condition reports and income and expenditure estimates in relation to the above-mentioned property on an 'As If Complete' basis. We have undertaken a physical inspection of the site on 27 June 2013.

Our assessment of value is undertaken in accordance with the Australian Property Institute's adopted definition of Market Value as follows:

*'The estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction, after proper marketing, wherein the parties had each acted knowledgeably, prudently and without compulsion.'*

We provide the following 'As If Complete' definition adopted by the Australian Property Institute:

*'The Value 'As if Complete' assessed herein is the Market Value of the proposed improvements as detailed in the report on the assumption that all construction had been satisfactorily completed in all respects at the date of this report. The valuation reflects the valuer's view of the market conditions existing at the date of the report and does not purport to predict the market conditions and the value at the actual completion of the improvements because of time lag.'*



### Property Overview

The subject property comprises a 3,145m<sup>2</sup> site located on the western side of Robinson Street, in central Dandenong, a south eastern suburb of Greater Melbourne, approximately 30 kilometres from the Melbourne CBD. Surrounding development along Robinson Street is a mixture of low and medium rise office accommodation, strip retail, and associated uses. The area surrounding the subject forms part of central Dandenong, and is the subject of extensive redevelopment as part of the Government led 'Revitalising Central Dandenong' scheme (RCD). The subject development is located in the centre of Dandenong, and the RCD precinct.

As per the provided design brief, construction is due to commence in January 2014 on a new office, car park and retail facility on the site which will comprise approximately 12,601m<sup>2</sup> of office over 5 levels, 1,201.50m<sup>2</sup> of retail, 61 car spaces, bicycle spaces and end of trip facilities over one level, and a ground floor comprising a number of retail tenancies, office entry foyer, loading dock, substation and car park entry ramp.

The building is proposed to be configured around a central core with fire stairs, amenities, services risers and common areas positioned to the centre of the floor plate. The typical floor plate of the office areas will facilitate an efficient fit-out plan with a maximum amount of column free space within the office tenancy, and will allow for a flexible and adaptable work environment in order to cope with changes in business operation and technology.

In relation to the NABERS energy rating, the Developer must obtain a 4.5 Star NABERS Energy rating of the Base Building within the latter of 13 months of the occupancy of the Building reaching 75%, or, 21 months after reaching practical completion.

The proposed building areas are provided as follows:

Level	Proposed Use	Area
Level G-5	Office	12,601.00m <sup>2</sup>
Level LG	Car Park	61 bays
Level LG and G	Retail	1,201.50m <sup>2</sup>
Level LG and G	Storage	250.00m <sup>2</sup>
TOTAL		13,802.50m <sup>2</sup>

The whole of the office accommodation has been pre-committed to the Australian Taxation Office on a 15 year lease. The retail areas are subject to a 5 year 'Vacant Space Lease' taken by the Developer.



### Tenancy Overview

At the date of valuation, an Agreement for Lease had been signed for the ATO to occupy all of the available office space and part of the car parking areas. We have summarised the Agreement for Lease and the Draft Lease for the property as follows:

Deed of Agreement for Lease - Commonwealth of Australia (represented by the Australian Tax Office)	
<b>Document Status</b>	Deed of Agreement for Lease – executed
<b>Land</b>	The land shown on plan marked ATO Site on the corner of Robinsons and George Street and comprising approximately 3,145m <sup>2</sup>
<b>Demised Premises</b>	The Premises comprises that part of the upper ground, first, second, third, fourth, and fifth floors on the building shown shaded dark blue on the plans but does not include the storage area, car parking bays or exclusive use areas Minimum Net Lettable Area – 12,000 m <sup>2</sup> Maximum Net lettable Area – 12,650 m <sup>2</sup> Minimum of 47 bays and Maximum of 51 car parking bays Storage area
<b>Practical completion</b>	31 September 2015
<b>Commencement Date</b>	Later of a) day after Practical Completion b) 1 October 2015
<b>Rent Commencement Date</b>	The Commencement Date
<b>Lease Term</b>	15 years.
<b>Lease Option</b>	Two further terms of Five years each
<b>Commencing Base Rent</b>	Rent will not be payable on an area exceeding the maximum area. \$388/m <sup>2</sup> per annum office \$100/m <sup>2</sup> per annum storage \$2,400/Car parking bay per annum office No fee for motorcycle or bicycle parking facilities Maximum Rent \$4,908,200
<b>Building Works</b>	Constructing the Building on the Land and other associated works identified in the Base Building Design document, the building plans, and the tenant base building brief
<b>Fit-out Works</b>	Construction and installing the fit-out in the building according to the fit-out design document. The parties agree that it is the intention to carry out an integrated fit-out.
<b>NABERS</b>	The building is to comply with NABERS 4.5 star energy rating and achieve 5 star green star – Office As-Built version 3 Rating Tool.

Under the terms set out in the Development Agreement document, the developer is to enter into a 'Vacant Space Lease' in respect of the 'Vacant Areas' The Vacant Space lease is summarised as follows:

Development Agreement – 11-13 Robinson Street, Dandenong, VIC	
<b>Leasing / Support Period</b>	5 years after commencement of ATO Lease (or once all vacant areas leased)
<b>Vacant Space Leases</b>	The Developer must take a lease over the Vacant areas and pay to the Investor the Vacant Space Rent for the term of the Support Period. The lease may be terminated if a tenant is procured paying rent greater than or equal to the Vacant Space rent. The Developer may sublease the space for a period of up to the Support Period on the condition that the presence of the tenant or the sublease does not have a materially negative impact on the value of the development.
<b>Vacant Area Key Terms</b>	Tenant must be of a good standard, respectable, responsible and financially sound. Minimum 5 year initial term, no options. Retail Net Rent of no less than \$350/m <sup>2</sup> p.a. No less than 3.75% per annum reviews. Bank Guarantee (3 months gross rent) required from tenants not in the ASX 200. Incentive not more than equivalent to 12 months commencing gross rent. Excluded uses include call centres, serviced offices, cut price discount retailers or other uses the Investor reasonably considers impacts negatively on any other tenant or operation in the building.



We have accounted for the terms as summarised above in our valuation. Under the terms of the Agreement for Lease and the Developers Lease outlined above, the subject property on an 'As if Complete' basis will be fully leased with a Weighted Average Lease Expiry (WALE) of 14.03 years.

### Valuation Summary

We have arrived at our Market Value assessment after considering recent sales of comparable properties and having regard to the subject property's investment attributes. Full details of all property and market assumptions in relation to our valuation are contained in our Full Valuation Report (reference 12122) held by Cromwell Funds Management Limited. We have used both the capitalisation and discounted cash flow methods in arriving at our assessment of Market Value with the adopted analysis and valuation being outlined as follows:

Adopted Valuation Benchmarks 'As if Complete'	
Gross Commencing Market Income	\$6,356,298
Gross Commencing Passing Income	\$6,566,786
Adopted Outgoings	\$1,114,992 (\$80.78/m <sup>2</sup> ) (forecast)
Net Passing Income	\$5,451,793 (under AFL and Developer Vacant Space Leases)
Net Adopted Income	\$5,241,305
Adopted Capitalisation Rate	7.75%
Discount Rate	10.00%
Terminal Yield	8.25%
Ten Year Market Rental Growth	3.08% compound average
Acquisition Costs	5.60% of purchase price
Disposal/Selling Costs	0.60% of selling price

Our valuation calculations produce the following outputs:

Valuation Output	
Market Value 'As if Complete'	\$70,390,000
Market Value 'As Is'	\$3,300,000
Passing Initial Yield	7.75%
Equated Market Yield	7.79%
10 Year IRR	9.88%
WALE	14.03 years
\$/m <sup>2</sup> NLA (derived)	\$5,100/m <sup>2</sup>
\$/m <sup>2</sup> Site Area (derived)	\$1,049/m <sup>2</sup>

We estimate the Market Value of the subject property, subject to the details referred to in our full valuation report, to be:

**'As if Complete'**  
**\$70,390,000(\*)**  
 (Seventy Million, Three Hundred and Ninety Thousand Dollars)

**'As Is'**  
**\$3,300,000(\*)**  
 (Three Million Three Hundred Thousand Dollars)  
 (\*) These valuation amounts are exclusive of a Goods and Services Tax.



#### **DCF Qualifications**

We draw your attention to the fact that the DCF analysis is based on projections considered in the light of available data. However, the market conditions will change over time influenced by internal and external factors against which a review of assumptions may be warranted. For this reason, we stress that reliance upon such projections must be made with full acceptance of their limited reliability and with due consideration of the commercial risks related to such forecasts. In particular, we stress the DCF exercise referred to herein has been undertaken for the sole purpose of assisting in the determination of the current market value of the property and we make no guarantees or warranty as to the accuracy of future rental income stream projections insofar as they relate to market rental movements.

#### **Liability Disclaimer**

Savills has prepared this letter and the full valuation based upon information made available to us at the date of valuation. We believe that this information is accurate and complete, however we have not independently verified all such information. Savills is not providing advice about a financial product, nor the suitability of the investment set out in the PDS. Such an opinion can only be provided by a person who holds an Australian Financial Services Licence. Savills does not, nor do the Valuers, hold an Australian Financial Services Licence and is not operating under such a licence in providing its opinion as to the value of the property detailed in this report.

Savills has prepared this summary for inclusion in the PDS and has only been involved in the preparation of this summary and the valuation referred to therein. Savills specifically disclaim liability to any person in the event of any omission from, or false or misleading statements included in, the PDS, other than in respect of the Valuation and this summary.

This letter has been countersigned to verify the letter is issued by this Company. Any reliance upon this letter should therefore be based upon the actual possession or sighting of an original document duly signed and countersigned in the before-mentioned manner.

This Valuation is current at the date of valuation only. The value assessed herein may change significantly and unexpectedly over a relatively short period of time (including as a result of general market movements or factors specific to the particular property). Liability for losses arising from such subsequent changes in value are excluded as is liability where the valuation is relied upon after the date of the valuation.

We have assessed the market value of the property in accordance with the Market Value definition contained within this letter summary and our full valuation report. In the event that, having regard to current economic conditions, a sale was to occur in circumstances not reflecting that Market Value definition, the price realised may be at a substantial discount to the Market Value assessed.

Savills Valuations Pty Ltd liability is limited by a scheme approved under Professional Standards Legislation.





#### **Pecuniary Interest**

We hereby certify that the Valuers and valuation firm does not have any direct, indirect or financial interest in the property or clients described herein that would conflict with the proper valuation of the property.

Savills Valuations Pty Ltd liability is limited by a scheme approved under Professional Standards Legislation.

Yours faithfully

**Savills Valuations Pty Ltd**

A handwritten signature in black ink, appearing to read "Ben Koops".

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Ben Koops AAPI  
Certified Practising Valuer  
Associate Director  
Valuation and Consultancy Division

A handwritten signature in black ink, appearing to read "Francis Lynch".

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Francis Lynch AAPI  
Certified Practising Valuer  
Associate Director  
Valuation and Consultancy Division

A handwritten signature in black ink, appearing to read "Ross Smillie".

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Ross Smillie  
Divisional Director  
Valuation and Consultancy Division

The Divisional Director signatory verifies that this letter advice is genuine, and issued by, and endorsed by Savills Valuations Pty Ltd. However the opinion expressed in this letter advice has been arrived at by the prime signatory.









Liability limited by a scheme approved  
under Professional Standards Legislation

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# 12 Application Instructions and Forms

CFM has the sole discretion whether to accept or reject an application. CFM will reject an application if application monies are not received in full and in cleared funds. If your application is rejected, wholly or in part, then CFM will notify you in writing and return the relevant application monies, within 30 business days. By sending a completed application form, you are making an offer to become an investor in the Trust and you are agreeing to be legally bound by the Constitution and the terms of this PDS. A summary of the Constitution is included in Section 10.1 of this PDS.

	<b>Read the PDS</b>	PDS available from:	www.cromwell.com.au/c12 1300 CROMWELL (1300 276 693) invest@cromwell.com.au
	<b>Complete the Application Form</b>	<b>Investment Application Form</b> on page 69-70 also available to existing Trust unitholders: <b>Additional Unit Application Form</b> on page 71	
	<b>Complete Investor Identification</b>	If this is the first investment in a Cromwell-managed fund being made by the person(s) or legal entity named on the Application Form, please complete the relevant Investor Identification Form. Refer to page 78.	
	<b>Payment</b>	<b>Cheque</b>	Cheques should be either Australian bank cheques or drawn on an Australian domiciled account in the name of the applicant and made out to: <b>CFM C12 APPLICATION</b>
		<b>BPAY®</b>	To make payment by BPAY®, contact Boardroom Pty Limited on <b>1300 737 760</b> or <b>cromwell@boardroomlimited.com.au</b> for a Biller Code and your reference number.
		<b>Direct Debit</b>	If you would like to make payment by direct debit, please complete the <b>Direct Debit Request Form</b> on page 73. Two copies of this form are provided for your convenience.
	<b>Post</b>	Mail your application form/s to the Trust's registrar:	<b>Boardroom Pty Limited</b> GPO Box 3993 Sydney NSW 2001
			

## 12.1 Correct format of Registerable Titles

Only legal entities are allowed to hold units in the Trust. Applications must be in the name(s) of natural person(s), companies or other legal entities acceptable to the Trust. At least one full given name and the surname are required for each natural person. The name of the beneficiary or any other non-registerable name may be included by way of an account designation if completed exactly as described in the example of correct forms of registerable title shown below.

Type of Investor	Correct format of Registerable Name	Incorrect format
<b>Individual</b>		
Use given names, not initials	John Alfred Smith	J-A-Smith
<b>Company</b>		
Use company name, not abbreviations. Director(s) names <b>must</b> be completed within the Applicant(s) Details section	ABC Pty Ltd	ABC P/L or ABC Co
<b>Trust<sup>1</sup></b>		
Use trustee(s) names	Sue Smith	Sue Smith Family Trust
Use name of the trust in the account designator section	Sue Smith Family Trust	Sue Smith
<b>Superannuation Funds</b>		
Use name of trustee of fund	Jane Smith Pty Ltd	Jane Smith Super Fund
Use name of fund in the account designator section	Jane Smith Super Fund	Jane Smith Pty Ltd
<b>Deceased Estates<sup>2</sup></b>		
Use executor(s) names	Sue Lennon	Estate of the Late Jon Lennon
Use name of the deceased in the account designator section	Estate of the Late Jon Lennon	
<b>A Minor (less than 18 years old)<sup>3</sup></b>		
Use Trustee(s) personal names	Sue Smith	Junior Smith
Use name of the Minor in the account designator section	Junior Smith	Sue Smith

<sup>1</sup> If there are two or more trustees, please name each. All trustees should sign.

<sup>2</sup> A copy of the grant of probate or letters of administration, certified as being a true and accurate copy of the original by a Justice of the Peace, a lawyer or a commissioner of declarations should be attached.

<sup>3</sup> If the Minor does not hold a TFN, please supply the TFN of one of the trustees.



## PART 4 COMMUNICATION PREFERENCES

*Nominating to receive communications electronically reduces administration costs for the Trust.*

Would you like unitholder communications to be sent to the email address nominated in Part 3 on the previous page?

Yes ☐ No ☐

Would you like to opt-out of receiving hardcopy Financial Reports?

Yes ☐ No ☐

Would you like to be advised of other offers from Cromwell?

Yes ☐ No ☐

INTERNAL  
USE: PDS  
SOURCE

## PART 5 ADVISER DETAILS

*If you use a financial adviser, please have them sign this section and stamp the application form to confirm they hold a current AFS licence and are authorised to deal in and/or advise on managed investment products. If an Initial Advice Fee is nominated we will deduct this amount from your application amount and pay this fee to your Adviser.*

Adviser given name

Adviser surname

Adviser company (if applicable)

Adviser email

Licensed Dealer

Licence No:

Initial Advice Fee (if applicable):

%

(Max 3.3%, incl. GST)

ADVISER SIGNATURE

## PART 6 ADDITIONAL INVESTMENT ENQUIRER

*If you would like someone other than the Contact or your Adviser to be able to enquire about this investment, please provide us with their details here.*

Given name

Surname

Date of birth

DD/MM/YY

Company (if applicable)

## PART 7 DISTRIBUTION PAYMENTS

*You are required to provide your bank account details for payment of distributions. Distributions will not be paid by cheque. We can only accept Australian bank account details.*

Account Name

Financial Institution

BSB

Account Number

## PART 8 DECLARATION AND AUTHORISATION

I/we declare that I/we have received and read the current PDS and agree to be bound by it and the Constitution (each as amended from time to time). I/we declare that the offer was received and accepted in Australia and all information in this application is true and correct. I/we indemnify CFM against any liabilities whatsoever arising from acting on any information I/we provide in connection with this application. I/we have legal power to invest in accordance with this application and have complied with all applicable laws in doing so. I/we acknowledge that neither CFM or any other member of the Cromwell Property Group (including its directors and employees) guarantee the Trust's performance, the repayment of capital, any particular rate of return or any distribution. In the case of joint applications, the joint applicants agree that unless otherwise indicated on the application form, the units will be held as joint tenants and either investor is able to operate the account and bind the other investor for future transactions. If this application is signed under Power of Attorney, the Attorney declares that he/she has not received notice of revocation of the power. I/we acknowledge that we have read and understood the 'Privacy Statement' in the current PDS. I/we are that, until I/we inform CFM otherwise, I/we will be taken to have consented to all uses of our personal information (including marketing) contained under that heading and to our adviser providing further personal information to CFM as required or reasonably deemed necessary by CFM. Any application can be accepted or rejected by CFM. I/we understand that if we fail to provide any information requested or do not agree to any of the possible uses or disclosure of our information as detailed in the PDS, our application may be rejected by CFM and CFM is released and indemnified in respect of any loss or liability arising from its inability to accept an application due to inadequate or incorrect details having been provided. I/we agree that CFM may provide details of our investment to the adviser group or adviser nominated by the means and in the format that they direct. I/we authorise CFM to calculate and pay the nominated advice fee, up to 3.3% of the application monies, to the nominated adviser /adviser group from our application monies. I/we understand that the advice fee cannot be refunded once paid.

If the application is signed by more than one person, who will operate the account: Any to sign ☐ All to sign together ☐

SIGNATURE A

Date

DD/MM/YY

SIGNATURE B

Date

DD/MM/YY

Name

Name

If a Company Officer or Trustee, you MUST specify your title:

Director ☐

Sole Director and Company Secretary ☐

Trustee ☐

Other

If a Company Officer or Trustee, you MUST specify your title:

Director ☐

Company Secretary ☐

Trustee ☐

Other

## PART 9 PAYMENT DETAILS

*These details are required so your payment can be matched to your application form. Please refer to page 75 for details.*

Please indicate which payment method you've used:

☐ Cheque

→ Made payable to: CFM C12 APPLICATION

☐ BPAY®

→ Reference Number:

☐ Direct Debit

→ Complete Direct Debit Request form and attach



INTENTIONALLY LEFT BLANK





Direct Debit Request Form

Please contact Cromwell Investor Services on 1300 276 693 or invest@cromwell.com.au with any enquiries.



This form is to authorise Cromwell Funds Management Limited ABN 63 114 782 777, AFSL 333214 ("CFM"), User Identification Number 460803 to arrange, through its own financial institution and registrar, debits to your nominated account as instructed below.

Please complete this form using BLACK INK and write clearly within the boxes in CAPITAL LETTERS. Mark appropriate answer boxes with a cross (X).

PART 1 INVESTOR IDENTIFICATION

If this form accompanies an initial investment application, the Investor Number is not required. These details can be found on the welcome letter which confirmed you initial investment in the fund.

Investor Number

Investment Name *(Example: "John Smith" or "John Smith ATF John R Smith Super Fund")*

Name of the Cromwell-managed fund

Cromwell Property Trust 12 (ARSN 166 216 995)

PART 2 BANK DETAILS

We can only accept Australian bank account details. Third Party Direct Debits will not be accepted.

Name of Australian Financial Institution

Branch Name/Suburb/Town

BSB NumberAccount Number

Name of your Account

PART 3 DECLARATION AND AUTHORISATION

The Applicant requests and authorises Cromwell Funds Management Limited ABN 63 114 782 777, AFSL 333214 ("CFM"), User Identification Number 460803 to arrange, through its own financial institution and registry provider, for funds to be debited from the nominated account for any amount CFM has deemed payable by the Applicant. This direct debit or charge will be made through the Bulk Electronic Clearing System (BECS) from the Applicant's account held at the financial institution nominated above. The Applicant acknowledges this direct debit arrangement is subject to the terms and conditions of the Direct Debit Request Service Agreement in Part 4 of this form. By signing and/or providing CFM with a valid instruction in respect to this Direct Debit Request, the Applicant has understood and agreed to the terms and conditions governing the debit arrangements between the Applicant and CFM as set out in this request and in the Direct Debit Request Service Agreement. The Applicant authorises CFM to act in accordance with the Applicant's instructions and acknowledges that these instructions supersede and have priority over all previous instructions in respect to the Applicant's Investment. All bank account signatories must sign.

Bank Account Holder 1

ACCOUNT HOLDER 1

Date

Name

Bank Account Holder 2

ACCOUNT HOLDER 2

Date

Name

PAGE: 1/2

## PART 4

### DIRECT DEBIT REQUEST SERVICE AGREEMENT

This is your Direct Debit Service Agreement with Cromwell Funds Management Limited ABN 63 114 782 777, AFSL 333214 ("CFM"). It sets out the terms of the Direct Debt Arrangement under which you will pay application monies to us by way of a Direct Debit. It also details what our obligations are to you as your Direct Debit provider. Please keep this agreement for future reference. It forms part of the terms and conditions of your Direct Debit Request ("DDR") and should be read in conjunction with your DDR authorisation.

<b>1. Debiting your account</b>	<p><b>1.1</b> By signing a Direct Debit Request or by providing us with a valid instruction, you have authorised us to arrange for funds to be debited from your account. You should refer to the Direct Debit Request and this agreement for the terms of the arrangement between us and you.</p> <p><b>1.2</b> If the debit day falls on a day that is not a banking day, we may direct your financial institution to debit your account on the following banking day. If you are unsure about which day your account has or will be debited you should ask your financial institution.</p> <p><b>1.3</b> We reserve the right to cancel your drawing arrangements if two or more consecutive drawings are returned unpaid by your nominated financial institution. Standard government fees, duties and bank charges (including dishonour fees and conversion costs) may apply to investments. These are paid by you.</p>
<b>2. Amendments by us</b>	<p><b>2.1</b> We may vary any details of this agreement or a Direct Debit Request at any time by giving you at least fourteen (14) days written notice.</p>
<b>3. Amendments by you</b>	<p><b>3.1</b> You may change, stop or defer a debit payment, or terminate this agreement by providing us with at least five (5) days notification by writing to:</p> <p><b>(a)</b> Boardroom Pty Limited, GPO Box 3993, Sydney NSW 2001, or</p> <p><b>(b)</b> by telephoning us on 1300 276 693 during business hours; or</p> <p><b>(c)</b> arranging it through your own financial institution.</p>
<b>4. Your obligations</b>	<p><b>4.1</b> It is your responsibility to ensure that there are sufficient clear funds available in your account to allow a debit payment to be made in accordance with the Direct Debit Request.</p> <p><b>4.2</b> If there are insufficient clear funds in your account to meet a debit payment:</p> <p><b>(a)</b> you may be charged a fee and/or interest by your financial institution;</p> <p><b>(b)</b> you may also incur fees or charges imposed or incurred by us; and</p> <p><b>(c)</b> you must arrange for the debit payment to be made by another method or arrange for sufficient clear funds to be in your account by an agreed time so that we can process the debit payment.</p> <p><b>4.3</b> You should ensure that the authorisation on the Direct Debit Request is identical to the account signing instruction held by your financial institution where the nominated account is based.</p>
<b>5. Dispute</b>	<p><b>5.1</b> If you believe that there has been an error in debiting your account, you should notify us directly on 1300 276 693.</p> <p><b>5.2</b> If we conclude as a result of our investigations that your account has been incorrectly debited we will respond to your query by arranging for your financial institution to adjust your account (including interest and charges) accordingly. We will also notify you in writing of the amount by which your account has been adjusted.</p> <p><b>5.3</b> If we conclude as a result of our investigations that your account has not been incorrectly debited we will respond to your query by providing you with reasons and any evidence for this finding in writing.</p>
<b>6. Accounts</b>	<p><b>6.1</b> You should check:</p> <p><b>(a)</b> with your financial institution whether direct debiting is available from your account as direct debiting is not available on all accounts offered by financial institutions. Direct debiting through the Bulk Electronic Clearing System (BECS) may not be available on all accounts;</p> <p><b>(b)</b> your account details which you have provided to us are correct by checking them against a recent account statement; and</p> <p><b>(c)</b> with your financial institution before completing the Direct Debit Request if you have any queries about how to complete the Direct Debit Request.</p>
<b>7. Confidentiality</b>	<p><b>7.1</b> We will keep any information (including your account details) in your Direct Debit Request confidential. We will make reasonable efforts to keep any such information that we have about you secure and to ensure that any of our employees or agents who have access to information about you do not make any unauthorised use, modification, reproduction or disclosure of that information.</p> <p><b>7.2</b> We will only disclose information that we have about you:</p> <p><b>(a)</b> to the extent specifically required by law; or</p> <p><b>(b)</b> for the purposes of this agreement (including to initiate the drawing and disclosing information in connection with any query, claim or dispute).</p> <p><b>7.3</b> You consent to us using or releasing your nominated bank account information to your financial institution and our financial institution, so that we can investigate any possible incorrect debits, or if our financial institution needs information.</p>

## Direct Debit Request Form

Please contact Cromwell Investor Services on 1300 276 693 or [invest@cromwell.com.au](mailto:invest@cromwell.com.au) with any enquiries.



This form is to authorise Cromwell Funds Management Limited ABN 63 114 782 777, AFSL 333214 ("CFM"), User Identification Number 460803 to arrange, through its own financial institution and registrar, debits to your nominated account as instructed below.

Please complete this form using BLACK INK and write clearly within the boxes in CAPITAL LETTERS. Mark appropriate answer boxes with a cross (X).

### PART 1

#### INVESTOR IDENTIFICATION

*If this form accompanies an initial investment application, the Investor Number is not required. These details can be found on the welcome letter which confirmed your initial investment in the fund.*

**Investor Number**

**Investment Name** (Example: "John Smith" or "John Smith ATF John R Smith Super Fund")

**Name of the Cromwell-managed fund**

Cromwell Property Trust 12 (ARSN 166 216 995)

### PART 2

#### BANK DETAILS

*We can only accept Australian bank account details.*

*Third Party Direct Debits will not be accepted.*

Name of Australian Financial Institution

Branch Name/Suburb/Town

BSB Number

 - 

Account Number

Name of your Account

### PART 3

#### DECLARATION AND AUTHORISATION

The Applicant requests and authorises Cromwell Funds Management Limited ABN 63 114 782 777, AFSL 333214 ("CFM"), User Identification Number 460803 to arrange, through its own financial institution and registry provider, for funds to be debited from the nominated account for any amount CFM has deemed payable by the Applicant. This direct debit or charge will be made through the Bulk Electronic Clearing System (BECS) from the Applicant's account held at the financial institution nominated above. The Applicant acknowledges this direct debit arrangement is subject to the terms and conditions of the Direct Debit Request Service Agreement in Part 4 of this form. By signing and/or providing CFM with a valid instruction in respect to this Direct Debit Request, the Applicant has understood and agreed to the terms and conditions governing the debit arrangements between the Applicant and CFM as set out in this request and in the Direct Debit Request Service Agreement. The Applicant authorises CFM to act in accordance with the Applicant's instructions and acknowledges that these instructions supersede and have priority over all previous instructions in respect to the Applicant's Investment. All bank account signatories must sign.

**Bank Account Holder 1**

Date

 /  / 

**Bank Account Holder 2**

Date

 /  / 

Name

Name

## PART 4




### DIRECT DEBIT REQUEST SERVICE AGREEMENT

This is your Direct Debit Service Agreement with Cromwell Funds Management Limited ABN 63 114 782 777, AFSL 333214 ("CFM"). It sets out the terms of the Direct Debt Arrangement under which you will pay application monies to us by way of a Direct Debit. It also details what our obligations are to you as your Direct Debit provider. Please keep this agreement for future reference. It forms part of the terms and conditions of your Direct Debit Request ("DDR") and should be read in conjunction with your DDR authorisation.

<b>1. Debiting your account</b>	<p><b>1.1</b> By signing a Direct Debit Request or by providing us with a valid instruction, you have authorised us to arrange for funds to be debited from your account. You should refer to the Direct Debit Request and this agreement for the terms of the arrangement between us and you.</p> <p><b>1.2</b> If the debit day falls on a day that is not a banking day, we may direct your financial institution to debit your account on the following banking day. If you are unsure about which day your account has or will be debited you should ask your financial institution.</p> <p><b>1.3</b> We reserve the right to cancel your drawing arrangements if two or more consecutive drawings are returned unpaid by your nominated financial institution. Standard government fees, duties and bank charges (including dishonour fees and conversion costs) may apply to investments. These are paid by you.</p>
<b>2. Amendments by us</b>	<p><b>2.1</b> We may vary any details of this agreement or a Direct Debit Request at any time by giving you at least fourteen (14) days written notice.</p>
<b>3. Amendments by you</b>	<p><b>3.1</b> You may change, stop or defer a debit payment, or terminate this agreement by providing us with at least five (5) days notification by writing to:</p> <p><b>(a)</b> Boardroom Pty Limited, GPO Box 3993, Sydney NSW 2001, or</p> <p><b>(b)</b> by telephoning us on 1300 276 693 during business hours; or</p> <p><b>(c)</b> arranging it through your own financial institution.</p>
<b>4. Your obligations</b>	<p><b>4.1</b> It is your responsibility to ensure that there are sufficient clear funds available in your account to allow a debit payment to be made in accordance with the Direct Debit Request.</p> <p><b>4.2</b> If there are insufficient clear funds in your account to meet a debit payment:</p> <p><b>(a)</b> you may be charged a fee and/or interest by your financial institution;</p> <p><b>(b)</b> you may also incur fees or charges imposed or incurred by us; and</p> <p><b>(c)</b> you must arrange for the debit payment to be made by another method or arrange for sufficient clear funds to be in your account by an agreed time so that we can process the debit payment.</p> <p><b>4.3</b> You should ensure that the authorisation on the Direct Debit Request is identical to the account signing instruction held by your financial institution where the nominated account is based.</p>
<b>5. Dispute</b>	<p><b>5.1</b> If you believe that there has been an error in debiting your account, you should notify us directly on 1300 276 693.</p> <p><b>5.2</b> If we conclude as a result of our investigations that your account has been incorrectly debited we will respond to your query by arranging for your financial institution to adjust your account (including interest and charges) accordingly. We will also notify you in writing of the amount by which your account has been adjusted.</p> <p><b>5.3</b> If we conclude as a result of our investigations that your account has not been incorrectly debited we will respond to your query by providing you with reasons and any evidence for this finding in writing.</p>
<b>6. Accounts</b>	<p><b>6.1</b> You should check:</p> <p><b>(a)</b> with your financial institution whether direct debiting is available from your account as direct debiting is not available on all accounts offered by financial institutions. Direct debiting through the Bulk Electronic Clearing System (BECS) may not be available on all accounts;</p> <p><b>(b)</b> your account details which you have provided to us are correct by checking them against a recent account statement; and</p> <p><b>(c)</b> with your financial institution before completing the Direct Debit Request if you have any queries about how to complete the Direct Debit Request.</p>
<b>7. Confidentiality</b>	<p><b>7.1</b> We will keep any information (including your account details) in your Direct Debit Request confidential. We will make reasonable efforts to keep any such information that we have about you secure and to ensure that any of our employees or agents who have access to information about you do not make any unauthorised use, modification, reproduction or disclosure of that information.</p> <p><b>7.2</b> We will only disclose information that we have about you:</p> <p><b>(a)</b> to the extent specifically required by law; or</p> <p><b>(b)</b> for the purposes of this agreement (including to initiate the drawing and disclosing information in connection with any query, claim or dispute).</p> <p><b>7.3</b> You consent to us using or releasing your nominated bank account information to your financial institution and our financial institution, so that we can investigate any possible incorrect debits, or if our financial institution needs information.</p>

## 12.2 Payment Details

You can make payment in one of three ways:

	<b>BPAY®</b>	BPAY® is a payment method in Australia allowing internet banking or telephone banking payments to registered BPAY® merchants such as Cromwell. Contact your bank, credit union or building society to make this payment from your cheque or savings account.  To make payment by BPAY®, please contact Boardroom Pty Limited on <b>1300 737 760</b> or <b>cromwell@boardroomlimited.com.au</b> for a Biller Code and your Reference number. This will allow us to match your application funds with your application form.
	<b>Cheque</b> PAYABLE TO: <b>CFM C12 APPLICATION</b> POST TO: Boardroom Pty Limited GPO Box 3993 Sydney NSW 2001	Cheques should be either Australian bank cheques or drawn on an Australian domiciled account in the name of the applicant and made payable to: <b>CFM C12 APPLICATION</b>  Cheques should be posted in the same envelope as your signed application form.  Applications and cheques are processed by the registrar, Boardroom Pty Limited.
	<b>Direct Debit</b>	Direct debit is an electronic payment option where you authorise CFM to withdraw an approved sum from your account. If you would like to take advantage of this payment option, please complete the enclosed form.

## 12.3 Reminders

### 12.3.1 Confidentiality

Cromwell will maintain all information collected from investors in a secure manner in accordance with AML/CTF legislation and relevant privacy principles. We will only disclose information about you where we are required to do so by the laws of Australia. This means that identification information may be disclosed to government or law enforcement agencies. We may also disclose this information to other entities involved with the investment to the extent that this information is required to fulfil that entity's AML/CTF legislation obligations.

### 12.3.2 Incomplete applications

If for any reason Cromwell is unable to process your application (eg. if the application form is incorrectly completed or we have not received all required identification and verification documents or the application monies in full in cleared funds), we may, at our absolute discretion, delay your application and, where possible, request you to rectify any deficiencies in your application. In such an instance, your application monies will be held in a trust account pursuant to section 1017E of the Corporations Act. If your application is not processed within 30 days, your application monies will be returned.

### 12.3.3 Rejected applications

CFM has the sole discretion whether to accept or reject an application. If your application is rejected, wholly or in part, then CFM will notify you in writing and return the relevant application monies, within 30 business days of us rejecting your application.

By sending a completed application form to CFM, you are making an offer to become an investor in the Trust and you are agreeing to be legally bound by the Constitution and the terms of this PDS. Completed application forms cannot generally be withdrawn.

## 12.4 Where to send your application

Cromwell utilises the services of Boardroom Pty Limited to manage the Trust's registry. Part of their responsibility includes the processing of applications. As such, application forms to invest in the Trust should be sent to:



**Boardroom Pty Limited**  
GPO Box 3993  
Sydney NSW 2001

## 13 Investor Identification Forms

In 2006 the Federal Government enacted the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (AML/CTF). The purpose of this legislation is to enable Australia's financial sector to maintain international business relationships, detect and prevent money laundering and terrorism financing by meeting the needs of law enforcement agencies and to bring Australia in line with international standards.

### 13.1 Why does this legislation affect Cromwell?

As CFM is the responsible entity for investment products, we have to meet stringent investor identification and verification requirements. This means that prior to units in any Cromwell-managed fund being issued, we must be 'reasonably satisfied' that investors are who they claim to be.

### 13.2 What do you need to do?

If you invest in the Trust through a financial adviser or an IDPS facility then they will request and collect any verification materials. If you are investing directly, you need to complete the identification form which relates to the type of entity making the investment:

Type of Entity Investing	Forms to be completed	Pages
Individual / Joint Investors (each applicant must complete a form)	IDENTIFICATION FORM 1: Individual & Sole Traders Form	79-80
Australian Companies	IDENTIFICATION FORM 2: Australian Companies Form	81-82
Trusts, Trustees and Self Managed Super Funds	IDENTIFICATION FORM 3: Trusts, Trustees & SMSFs Form	83-88

#### 13.2.4 Not on the list?

If you are investing via a type of entity not listed above, please phone Cromwell on 1300 276 693 to discuss which form is appropriate for your needs, or visit [www.cromwell.com.au/aml](http://www.cromwell.com.au/aml) for a complete list of Investor Identification Forms.

We may request additional information from you where we reasonably consider it necessary to satisfy our obligations under the AML/CTF Act, and applications will not be processed until the necessary information is provided.

### 13.3 Who is allowed to certify AML/CTF Identification documents?

.....  
a Justice of the Peace

.....  
a member of the Institution of Chartered Accountants in Australia, CPA Australia or the National Institute of Accountants

.....  
a person who is enrolled on the roll of the Supreme Court of a State or Territory, or High Court of Australia, as a legal practitioner (however described)

.....  
a judge of a court or a magistrate

.....  
a permanent employee of Australia Post employed in an office supplying postal services to the public with 5 years continuous service

.....  
a full time teacher at a school or tertiary institution

.....  
a police officer

.....  
a person who, under a law in force in a State or Territory, is currently licenced or registered to practice one of the following occupations: Chiropractor, Dentist, Medical practitioner, Nurse, Optometrist, Pharmacist, Physiotherapist, Psychologist, Veterinary surgeon

.....  
an officer with, or authorised representative of, a holder of an Australian financial services licence, having 2 or more continuous years of service with one or more licensees

.....  
any other persons mentioned in Part 1 and Part 2 of the Statutory Declarations Regulations 1993 – Schedule 2





## IDENTIFICATION FORM 1: INDIVIDUALS & SOLE TRADERS



### GUIDE TO COMPLETING THIS FORM

- Complete one form for each individual nominated on your application form. Complete all applicable sections of this form in BLOCK LETTERS.
- Contact the Cromwell Investor Service Team on 1300 276 693 if you have any queries.

### SECTION 1A: PERSONAL DETAILS / INDIVIDUAL 1

Surname

Date of Birth dd/mm/yyyy

Full Given Name(s)

Residential Address (PO Box is NOT acceptable)

Street

Suburb

State

Postcode

Country

### COMPLETE THIS PART IF INDIVIDUAL IS A SOLE TRADER

Full Business Name (if any)

ABN (if any)

Principal Place of Business (if any) (PO Box is NOT acceptable)

Street

Suburb

State

Postcode

Country

### SECTION 1B: PERSONAL DETAILS / INDIVIDUAL 2

Surname

Date of Birth dd/mm/yyyy

Full Given Name(s)

Residential Address (PO Box is NOT acceptable)

Street

Suburb

State

Postcode

Country

### COMPLETE THIS PART IF INDIVIDUAL IS A SOLE TRADER

Full Business Name (if any)

ABN (if any)

Principal Place of Business (if any) (PO Box is NOT acceptable)

Street

Suburb

State

Postcode

Country

(Go to Section 2)

**SECTION 2: IDENTIFICATION DOCUMENTS (CERTIFIED COPIES TO BE PROVIDED)**

- Please complete Part I (if you do not own a document from Part I, then complete Part II or III.)
- Contact the Cromwell Investor Service Team on 1800 334 533 if you are unable to provide the required documents.

**PART I – ACCEPTABLE PRIMARY ID DOCUMENTS**

<b>Tick ✓</b>	Select ONE valid option from this section only
<input type="checkbox"/>	Australian State / Territory driver's licence containing a photograph of the person
<input type="checkbox"/>	Australian passport (a passport that has expired within the preceding 2 years is acceptable)
<input type="checkbox"/>	Card issued under a State or Territory for the purpose of proving a person's age containing a photograph of the person
<input type="checkbox"/>	Foreign passport or similar travel document containing a photograph and the signature of the person*

**PART II – ACCEPTABLE SECONDARY ID DOCUMENTS – should only be completed if you do not own a document from Part I**

<b>Tick ✓</b>	Select ONE valid option from this section
<input type="checkbox"/>	Australian birth certificate
<input type="checkbox"/>	Australian citizenship certificate
<input type="checkbox"/>	Pension card issued by Centrelink
<input type="checkbox"/>	Health card issued by Centrelink
<b>Tick ✓</b>	<b>AND ONE</b> valid option from this section
<input type="checkbox"/>	A document issued by the Commonwealth or a State or Territory within the preceding 12 months that records the provision of financial benefits to the individual and which contains the individual's name and residential address
<input type="checkbox"/>	A document issued by the Australian Taxation Office within the preceding 12 months that records a debt payable by the individual to the Commonwealth (or by the Commonwealth to the individual), which contains the individual's name and residential address.
<input type="checkbox"/>	A document issued by a local government body or utilities provider within the preceding 3 months which records the provision of services to that address or to that person (the document must contain the individual's name and residential address)
<input type="checkbox"/>	If under the age of 18, a notice that: was issued to the individual by a school principal within the preceding 3 months; and contains the name and residential address; and records the period of time that the individual attended that school

**PART III – ACCEPTABLE FOREIGN ID DOCUMENTS – should only be completed if you do not own a document from Part I**

<b>Tick ✓</b>	<b>BOTH</b> documents from this section must be presented
<input type="checkbox"/>	Foreign driver's licence that contains a photograph of the person in whose name it issued and the individual's date of birth*
<input type="checkbox"/>	National ID card issued by a foreign government containing a photograph and a signature of the person in whose name the card was issued*

\*Documents that are written in a language that is not English must be accompanied by an English translation prepared by an accredited translator.

**IMPORTANT:**

- Please attach a **certified**, legible copy of the ID documentation you are relying upon to confirm your identity (and any required translation).



## IDENTIFICATION FORM 2: AUSTRALIAN COMPANIES

**Cromwell**

### GUIDE TO COMPLETING THIS FORM

- Complete all applicable sections of this form in BLOCK LETTERS.
- Foreign Companies registered with ASIC are required to contact Cromwell to obtain an Identification Form
- Only send the **completed sections** of this form with the application form.
- Contact the Cromwell Investor Service Team on 1300 276 693 if you have any queries.

### SECTION 1A: AUSTRALIAN COMPANY DETAILS (to be completed if company is an Australian Company)

#### 1.1 General Information

Full name as registered by ASIC

ACN

**Registered office address** (PO Box is NOT acceptable)

Street

Suburb

State

Postcode

Country

**Principal place of business** (if any) (PO Box is NOT acceptable)

Street

Suburb

State

Postcode

Country

#### 1.2 Regulatory/ Listing Details (select ✓ the following categories which apply to the company and provide the information requested)

☐ **Regulated company** (licensed by an Australian Commonwealth, State or Territory statutory regulator)

Regulator name

Licence details

☐ **Australian listed company**

Name of market / exchange

☐ **Majority-owned subsidiary of an Australian listed company**

Australian listed company name

Name of market / exchange

#### 1.3 Company Type (select ✓ only ONE of the following categories)

☐ **Public** **The form is now COMPLETE.**☐ **Proprietary** Go to Section 1.4 below.

#### 1.4 Directors (only needs to be completed for proprietary companies)

**This section does NOT need to be completed for public and listed companies.**How many directors are there?  provide full name of each director

Full given name(s)

Surname

1

2

3

4

If there are more directors, provide details on a separate sheet



1.5 Shareholders (only needs to be completed for proprietary companies that are not regulated companies as selected in Section 1.2)

Provide details of **ALL individuals** who are beneficial owners through one or more shareholdings of more than 25% of the company's issued capital

Shareholder 1

Full given name(s)		Surname	
<input type="text"/>		<input type="text"/>	
Residential address (PO Box is NOT acceptable)			
Street <input type="text"/>			
Suburb	<input type="text"/>	State	<input type="text"/>
Postcode	<input type="text"/>	Country	<input type="text"/>

Shareholder 2

Full given name(s)		Surname	
<input type="text"/>		<input type="text"/>	
Residential address (PO Box is NOT acceptable)			
Street <input type="text"/>			
Suburb	<input type="text"/>	State	<input type="text"/>
Postcode	<input type="text"/>	Country	<input type="text"/>

Shareholder 3

Full given name(s)		Surname	
<input type="text"/>		<input type="text"/>	
Residential address (PO Box is NOT acceptable)			
Street <input type="text"/>			
Suburb	<input type="text"/>	State	<input type="text"/>
Postcode	<input type="text"/>	Country	<input type="text"/>



### IDENTIFICATION FORM 3: TRUSTS, TRUSTEES & SMSFs



#### GUIDE TO COMPLETING THIS FORM

- Complete the following in **BLOCK LETTERS**:
  - ☐ Section 1 (all parts) – all trusts.
- AND** select ✓ and complete one of the following sections for **ONLY ONE** of the trustees:
  - ☐ Section 2 (applicable parts) – selected trustee is an Individual.
  - ☐ Section 3 (applicable parts) – selected trustee is an Australian Company.
- Only send the **completed sections** of this form with the application form.
- Contact the Cromwell Investor Service Team on 1300 276 693 if you have any queries.

#### SECTION 1A: TRUST DETAILS

##### 1.1 General Information

Full name of trust	<input type="text"/>
Full business name (if any)	<input type="text"/>
Country where trust established	<input type="text"/>

##### 1.2 Type of Trust (select ✓ only one of the following trust types and provide the information requested)

<input type="checkbox"/> <b>Registered managed investment scheme</b>	
Provide Australian Registered Scheme Number (ARSN)	<input type="text"/>
	(Go to Section 1B)
<input type="checkbox"/> <b>Regulated trust (e.g. an SMSF)</b>	
Provide name of the regulator (e.g. ASIC, APRA, ATO)	<input type="text"/>
Provide the trust's ABN or registration / licensing details	<input type="text"/>
	(Go to Section 1B)
<input type="checkbox"/> <b>Government superannuation fund</b>	
Provide name of the legislation establishing the fund	<input type="text"/>
	(Go to Section 1B)
<input type="checkbox"/> <b>Other trust type</b>	
Trust description (e.g. Family, unit, charitable, estate)	<input type="text"/>
	(Complete Section 1.3 and 1.4)

##### 1.3 Beneficiary Details (only complete if "Other trust type" is selected in section 1.2 above)

Do the terms of the trust identify the beneficiaries by reference to membership of a class?

<input type="checkbox"/> <b>Yes</b>	Provide details of the membership class/es (e.g. unit holders, family members of named person, charitable purpose)	<input type="text"/>	(Go to Section 1.4)
<input type="checkbox"/> <b>No</b>	How many beneficiaries are there?	<input type="text"/>	provide full name of each beneficiary below

	Full given name(s)	Surname
1	<input type="text"/>	<input type="text"/>
2	<input type="text"/>	<input type="text"/>
3	<input type="text"/>	<input type="text"/>
4	<input type="text"/>	<input type="text"/>
5	<input type="text"/>	<input type="text"/>
6	<input type="text"/>	<input type="text"/>

If there are more beneficiaries, provide details on a separate sheet



1.4 Trustee Details (only complete if “Other trust type” is selected in section 1.2 above)

DO NOT complete if the trust is a registered managed investment scheme, regulated trust (e.g. SMSF) or government superannuation fund.

How many trustees are there?  provide full name & address of each trustee below

Trustee 1

Full given name(s) or Company name

Surname

Residential address if an individual trustee or company registered office address (PO Box is NOT acceptable)

Street

Suburb

State

Postcode

Country

Trustee 2

Full given name(s) or Company name

Surname

Residential address if an individual trustee or company registered office address (PO Box is NOT acceptable)

Street

Suburb

State

Postcode

Country

Trustee 3

Full given name(s) or Company name

Surname

Residential address if an individual trustee or company registered office address (PO Box is NOT acceptable)

Street

Suburb

State

Postcode

Country

Trustee 4

Full given name(s) or Company name

Surname

Residential address if an individual trustee or company registered office address (PO Box is NOT acceptable)

Street

Suburb

State

Postcode

Country

Trustee 5

Full given name(s) or Company name

Surname

Residential address if an individual trustee or company registered office address (PO Box is NOT acceptable)

Street

Suburb

State

Postcode

Country

Trustee 6

Full given name(s) or Company name

Surname

Residential address if an individual trustee or company registered office address (PO Box is NOT acceptable)

Street

Suburb

State

Postcode

Country

If there are more trustees, provide details on a separate sheet



**SECTION 1B: TRUST IDENTIFICATION DOCUMENTS (CERTIFIED COPIES TO BE PROVIDED)**

For a registered managed investment scheme, regulated trust (eg SMSF) or government superannuation fund (as selected in 1.2 above) AND if the Trust has an Australian Business Number (ABN):

No Trust documentation is required.

If "other trust" (as selected in 1.2 above) OR the Trust does not have an Australian Business Number (ABN):

Tick ✓	Acceptable Documents (use one of the following to verify the Unincorporated Association)
<input type="checkbox"/>	A certified copy or certified extract of the Trust Deed.
<input type="checkbox"/>	A notice issued by the Australian Taxation Office within the last 12 months (eg a Notice of Assessment)
<input type="checkbox"/>	A letter from a solicitor or qualified accountant that confirms the name of the trust.

Documents that are written in a language that is not English, must be accompanied by an English translation prepared by an accredited translator

**IMPORTANT:**

→ Please attach a **certified**, legible copy of the ID documentation used to verify the Trust.

Complete **ONLY ONE** of the following sections, as required, to collect the additional information about the identity of **ONLY ONE** of the trustees:

- Section 2 (applicable parts) – where the selected trustee is an individual.
- Section 3 (applicable parts) – where the selected trustee is an Australian Company

**SECTION 2A: INDIVIDUAL DETAILS (to be completed if selected trustee is an Individual)**

Full Given Name(s)

Surname

Date of Birth (dd/mm/yyyy)

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Residential Address (PO Box is NOT acceptable) **Only provide address details if not provided in Section 1.4 above.**

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Suburb

State

Postcode

Country

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**SECTION 2B: INDIVIDUAL TRUSTEE IDENTIFICATION DOCUMENTS (CERTIFIED COPIES TO BE PROVIDED)**

Complete Part I (or if the trustee does not own a document from Part I, then complete either Part II or III).

**PART I – ACCEPTABLE PRIMARY ID DOCUMENTS**

**Tick ✓** Select ONE valid option from this section only

- ☐ Australian State / Territory driver's licence containing a photograph of the person.
- ☐ Australian passport (a passport that has expired within the preceding 2 years is acceptable).
- ☐ Card issued under a State or Territory for the purpose of proving a person's age containing a photograph of the person.
- ☐ Foreign passport or similar travel document containing a photograph and the signature of the person\*.

**PART II – ACCEPTABLE SECONDARY ID DOCUMENTS – should only be completed if the individual does not own a document from Part I**

**Tick ✓** Select ONE valid option from this section

- ☐ Australian birth certificate.
- ☐ Australian citizenship certificate.
- ☐ Pension card issued by Centrelink.
- ☐ Health card issued by Centrelink.

**Tick ✓** **AND ONE** valid option from this section

- ☐ A document issued by the Commonwealth or a State or Territory within the preceding 12 months that records the provision of financial benefits to the individual and which contains the individual's name and residential address.
- ☐ A document issued by the Australian Taxation Office within the preceding 12 months that records a debt payable by the individual to the Commonwealth (or by the Commonwealth to the individual), which contains the individual's name and residential address. *Block out the TFN before scanning, copying or storing this document.*
- ☐ A document issued by a local government body or utilities provider within the preceding 3 months which records the provision of services to that address or to that person (the document must contain the individual's name and residential address).

**PART III – ACCEPTABLE FOREIGN ID DOCUMENTS – should only be completed if the individual does not own a document from Part I**

**Tick ✓** **BOTH** documents from this section must be presented

- ☐ Foreign driver's licence that contains a photograph of the person in whose name it issued and the individual's date of birth.\*
- ☐ National ID card issued by a foreign government containing a photograph and a signature of the person in whose name the card was issued\*

\*Documents that are written in a language that is not English must be accompanied by an English translation prepared by an accredited translator.

**IMPORTANT:**

→ Please attach certified, legible copies of the ID documentation used to verify the individual trustee (and any required translation).

**If the selected trustee is an individual, the form is now COMPLETE.**

**SECTION 3A: AUSTRALIAN COMPANY DETAILS (to be completed if selected trustee is an Australian Company)**
**3.1 General Information**

Full name as registered by ASIC	
ACN	

**Registered office address (PO Box is NOT acceptable)**

Street							
Suburb		State		Postcode		Country	

**Principal place of business (if any) (PO Box is NOT acceptable)**

Street							
Suburb		State		Postcode		Country	

**3.2 Regulatory/ Listing Details (select ✓ the following categories which apply to the trustee company and provide the information requested)**

- ☐ **Regulated company** (licensed by an Australian Commonwealth, State or Territory statutory regulator)

Regulator name	
Licence details	

- ☐ **Australian listed company**

Name of market / exchange	
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- ☐ **Majority-owned subsidiary of an Australian listed company**

Australian listed company name	
Name of market / exchange	

**3.3 Company Type (select ✓ only ONE of the following categories)**

- ☐ **Public** *If the trust is a registered managed investment scheme, regulated trust (eg SMSF) or government superannuation fund, the form is now **COMPLETE**.  
If 'Other trust type' is selected in Section 1.2 above, complete Sections 3B and 3C below.*

- ☐ **Proprietary** *Continue to Section 3.4*

**3.4 Directors (only needs to be completed for proprietary companies)**

**This section does NOT need to be completed for public and listed companies.**

How many directors are there?		provide full name of each director below
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	Full given name(s)	Surname
1		
2		
3		
4		

*If there are more directors, provide details on a separate sheet.*

**If the company is a regulated company (as selected in Section 3.2 above) AND the trust type selected in Section 1.2 above is:**

- **a registered managed investment scheme, regulated trust (eg SMSF) or government superannuation fund, the form is now COMPLETE.**

**Otherwise, continue to Section 3.5 below.**



3.5 Shareholders (only needs to be completed for proprietary companies that are not regulated companies as selected in Section 3.2)

Provide details of **ALL individuals** who are beneficial owners through one or more shareholdings of more than 25% of the company's issued capital

Shareholder 1

Full given name(s)				Surname			
Residential address (PO Box is NOT acceptable)							
Street							
Suburb		State		Postcode		Country	

Shareholder 2

Full given name(s)				Surname			
Residential address (PO Box is NOT acceptable)							
Street							
Suburb		State		Postcode		Country	

Shareholder 3

Full given name(s)				Surname			
Residential address (PO Box is NOT acceptable)							
Street							
Suburb		State		Postcode		Country	

## 14 Glossary

**ATO** means the Commonwealth Government of Australia (represented by the Australian Taxation Office), the tenant under the ATO AFL and ATO Lease.

**ATO AFL** means the agreement for lease under which ATO has agreed to enter into the ATO Lease on or about the date of Practical Completion.

**ATO Agreed Construction Value** means the ATO Development Cost less the Funding Allowance for ATO Dandenong.

**ATO Corporate Guarantee** means the corporate guarantee provided by Pacific Shopping Centres Australia Pty Ltd to support the Developer's obligations under the ATO Development Agreement.

**ATO Dandenong** means a 7 storey commercial office and retail building with an 'as if complete' value of \$70,390,000 to be constructed on the ATO Land. Practical Completion is forecast to occur in September 2015.

**ATO Developer Lease** means the lease to the Developer of any vacant retail area or office area for 5 years from Practical Completion of ATO Dandenong.

**ATO Development Cost** means the amount payable by the Trust for the ATO Dandenong under the Development Agreement, including land and Funding Allowance. This component is estimated to be \$72,185,000 but can vary.

**ATO Land** means the land located at 11-13 Robinson Street, Dandenong, Victoria.

**ATO Lease** means the lease of the commercial office area of the ATO Dandenong. The terms of the lease have been pre agreed under the ATO AFL.

**Bank Loan** means the debt funding that CFM will arrange and which, together with part of the monies raised under this PDS, will be used to fund final payment of ATO Dandenong.

**CFM** means Cromwell Funds Management Limited ABN 63 114 782 777, AFSL 333214, the responsible entity of the Trust and the issuer of this PDS.

**Construction Period** means the period from the date of this PDS to Practical Completion of ATO Dandenong.

**Corporate Guarantees** means both the ATO Corporate Guarantee and the Rand Corporate Guarantee.

**Cromwell** means Cromwell Property Group comprising Cromwell Corporation Limited and Cromwell Property Securities Limited as responsible entity for the Cromwell Diversified Property Trust.

**Cromwell Commitment** means the Cromwell Loan and the Cromwell Subscription.

**Cromwell Loan** means the loan of up to \$50,000,000 to be provided to the Trust as described in Section 1.8.

**Cromwell Subscription** means agreement by Cromwell to subscribe for up to \$76,000,000 by no later than 30 September 2015 as described in Section 1.8.

**Custodian** means The Trust Company Limited or such other custodian as appointed by CFM from time to time. The Custodian will hold legal title to the Land and other assets on behalf of the Trust.

**Developer** means subsidiaries of EPC Pty Ltd.

**Development Agreements** means the agreements under which the Developer will ensure the Construction Assets are designed, developed and built according to the ATO AFL and Rand AFL.

**First Issue Date** means the date on which units in the Trust are first issued under this PDS and is expected to be in November 2013.

**Forecast Period** means the period from July 2013 to June 2017.

**Funding Allowances** means the 8.00 % allowance that will accrue to the Trust on all payments the Trust makes to acquire the Rand Land, ATO Land and associated payments under the Development Agreements.

**Gearing Ratio** means the number calculated in accordance with the formula set out in Section 1.9.3.

**Guarantor** means Pacific Shopping Centres Australia Pty Ltd.

**Interest Cover Ratio** means the number calculated in accordance with the formula set out in Section 1.9.5.

**Offer Period** means the period from the release of this PDS until CFM determines the offer under this PDS should close.

**Practical Completion** means the completion of each Construction Asset to such an extent that the tenants can occupy the Rand Distribution Centre and ATO Dandenong.

**Properties** means South Melbourne, Rand Distribution Centre and ATO Dandenong.

**Rand AFL** means the agreement for lease under which Rand Transport has agreed to enter into the Rand Lease on or about the date of Practical Completion for the Rand Distribution Centre.

**Rand Agreed Construction Value** means the Rand Development Cost less the Funding Allowance for the Rand Distribution Centre.

**Rand Corporate Guarantee** means the corporate guarantee provided by Pacific Shopping Centres Australia Pty Ltd to support the Developer's obligations under the Rand Development Agreement.

**Rand Development Cost** means the amount payable by the Trust for the Rand Distribution Centre under the Development Agreement, including land and Funding Allowance. This component is estimated to be \$32,380,000 but can vary.

**Rand Distribution Centre** means a 10,314sqm purpose built cold store facility for Rand Transport, a wholly owned subsidiary of the ASX listed Automotive Holdings Group with an 'as if complete' value of \$32,750,000 currently under construction on a site located at Caribou Drive, Direk, South Australia. Practical Completion is forecast to occur in November 2013.

**Rand Land** means the land located at Caribou Drive, Direk, South Australia.

**Rand Lease** means the lease of the Distribution Centre. The terms of the lease have been preagreed under the Rand AFL.

**South Melbourne** means a 7 level commercial office building fully leased to Dimension Data with a value of \$25,543,000 located at 10-16 Dorcas Street, South Melbourne, Victoria.

**Target Subscription Amount** means the target amount of money CFM intends to raise being \$76,000,000. This amount may be varied by CFM at its discretion.

**The Offer** means the offer set out in this PDS.

**The Trust** means the Cromwell Property Trust 12 constituted on 5 July 2013.

**Valuer** means Savills Valuations Pty Ltd or CBRE Valuations Pty Ltd.







# 15 Directory

## Responsible Entity

### **Cromwell Funds Management Limited**

ABN 63 114 782 777. AFSL 333 214

Level 19, 200 Mary Street  
BRISBANE QLD 4000

[www.cromwell.com.au](http://www.cromwell.com.au)

Freecall: 1300 CROMWELL (1300 276 693)

Telephone: (07) 3225 7777

Facsimile: (07) 3225 7788

[invest@cromwell.com.au](mailto:invest@cromwell.com.au)

## Custodian

### **The Trust Company Limited**

ABN 59 004 027 749

Level 15, 20 Bond Street  
SYDNEY NSW 2000

[www.trust.com.au](http://www.trust.com.au)

Telephone: (02) 8295 8100

Facsimile: (02) 8295 8659

## Registrar

### **Boardroom Pty Limited**

ABN 14 003 209 836

Level 7, 207 Kent Street  
SYDNEY NSW 2000

[www.boardroomlimited.com.au](http://www.boardroomlimited.com.au)

Telephone: 1300 737 760

Facsimile: 1300 653 459



