CROMWELL IPSWICH CITY HEART TRUST

ARSN 154 498 923

Notice of Meeting and Explanatory Memorandum

Issued by Cromwell Funds Management Limited
ABN 63 114 782 777, AFSL No. 333214

CONTENTS

Important Notice

Date This Explanatory Memorandum is dated 22 August 2018.

Purpose This Explanatory Memorandum is issued by Cromwell Funds Management Limited (ABN 63 114 782 777, AFSL No. 333214) ("CFM", "we", "us" or "our" and provides Unitholders of the Cromwell Ipswich City Heart Trust (ARSN 154 498 923) ("Trust" or "ICH") with an explanation of, and information about, the Rollover Proposal.

No personal investment or tax advice This Explanatory Memorandum does not contain personal financial product advice or tax advice and has been prepared without reference to your investment objectives, financial situation, tax position or particular needs, or those of any other person.

It is important that you read the entire Explanatory Memorandum and consider your own objectives, financial situation, tax position and needs before deciding how to vote on the Resolutions. If you are in any doubt in relation to these matters, you should contact your financial, legal, tax or other professional adviser.

Forward looking statements Certain statements in this Explanatory Memorandum relate to the future. The forward-looking statements in this Explanatory Memorandum are not based on historical facts, but reflect the current expectations of CFM. These statements generally may be identified by the use of forward-looking words or phrases such as 'believe', 'aim', 'expect', 'anticipated', 'intending', 'foreseeing', 'likely', 'should', 'planned', 'may', 'estimate', 'potential', and other similar words and phrases. Statements that describe the Trust's objectives, plans, goals or expectations are or may be forward-looking statements.

These forward-looking statements involve known and unknown risks, uncertainties, assumptions and other important factors that could cause the actual results, performance or achievements of the Trust to be materially different from future results, performance or achievements expressed or implied by such statements. The forward-looking statements are based on numerous assumptions regarding present and future operating strategies and the environment in which the Trust will operate in future. The financial assumptions described in Section 8 could affect future results of the Trust, causing these results to differ materially from those expressed or implied in any forward-looking statements. These factors are not a complete list of all of the important factors that could cause actual results to differ materially from those expressed in any forward-looking statement. Other unknown factors could also have a material adverse effect on future results of the Trust. Forward-looking statements should, therefore, be construed in light of these assumptions and undue reliance should not be placed on forward-looking statements.

The historical financial performance of the Trust is no assurance or indicator of the future financial performance of the Trust (whether or not the Further Term is implemented). Neither CFM nor Cromwell guarantees any particular rate of return or the performance of the Trust, or the repayment of capital from the Trust or any particular tax treatment.

All subsequent written and oral forward-looking statements attributable to CFM or any person acting on their behalf are qualified by this cautionary statement. Other than to the extent required by law, neither CFM nor Cromwell, and none of their directors or any other person gives any representation, assurance, warranty (whether express or implied) or guarantee about the accuracy, or the likelihood of the events or results expressed or implied in any forward-looking statements in this Explanatory Memorandum will actually occur.

The forward-looking statements in this Explanatory Memorandum reflect views held only at the date of this Explanatory Memorandum. Subject to any continuing obligations under the Corporations Act, and except as otherwise set out in this Explanatory Memorandum, CFM, Cromwell and their respective directors disclaim any obligation or undertaking to distribute after the date of this Explanatory Memorandum any updates or revisions to any forward-looking statements to reflect any change in expectations or any change in events, conditions or circumstances on which any such statement is based.

An investment in the Trust is subject to investment and other risks, including possible delays in repayment and loss of income and capital invested. CFM does not give any guarantee or assurance as to the performance of the Trust or the repayment of capital. Investments in the Trust are not investments in, or deposits or other liabilities of, CFM or Cromwell. Neither CFM nor Cromwell is an authorised deposit-taking institution.

Privacy and personal information CFM may need to collect and share personal information for the primary purpose of assisting CFM to conduct the meeting and implement the Rollover Proposal if the Resolutions are approved. Such personal information may include the names, dates of birth, addresses, other contact details, bank account details and details of the holdings of Unitholders, and the names of persons they have appointed to act as a proxy, body corporate representative or attorney at the Meeting.

The personal information may be disclosed to the registry of the Trust, related bodies corporate of CFM, third party service providers (including print and mail service providers), professional advisers and regulatory authorities where disclosure is required or allowed by law or where the individual has consented. Personal information may also be used to call Unitholders in relation to voting at the Meeting.

Unitholders who are individuals, and the other individuals in respect of whom personal information is collected as outlined above, have certain rights to access and correct the personal information collected in relation to them, and may contact Cromwell's Investor Services Team on 1300 268 078 if they wish to exercise those rights.

Disclaimer CFM has prepared, and is responsible for, the information set out in this Explanatory Memorandum.

Whilst every effort is made to prepare accurate and complete information (any of which may change without notice), this Explanatory Memorandum has been prepared in good faith and no member of Cromwell nor its directors, officers, employees or advisers make any representation or warranty, express or implied, as to the adequacy, accuracy, reasonableness, reliability or completeness of any statement herein. To the maximum extent permitted by law, each member of Cromwell and its directors, officers, employees and advisers expressly disclaim all or any liability which may arise out of the provision to, or use by, any person, of the information contained in or omitted from this Explanatory Memorandum.

Defined Terms Capitalised terms used in this Explanatory Memorandum are defined in Section 13, on page 46.

Currency Unless stated otherwise, references to dollars, $ or cents are to Australian currency.

Time Unless stated otherwise, references to time are to Brisbane time.

Further information If you have any questions about the proposal contained in this Explanatory Memorandum, please read Section 5.

WHY THE MEETING?

The purpose of the Meeting is to consider the Rollover Proposal and vote on the Resolutions required to implement this proposal, which is explained in detail in this Explanatory Memorandum.

The meeting will be held at:

Venue:	Cromwell Property Group, Level 19 200 Mary Street Brisbane, Queensland 4000
Date:	Wednesday 26 September 2018
Meeting registration:	12.30pm
Meeting commences:	1pm

Why the vote?

The Cromwell Ipswich City Heart Trust (the Trust) will reach the end of its initial seven-year term in December 2018 and Unitholders are asked to have their say about the future of the Trust.

The Trust has over 800 Unitholders and the largest Eligible Unitholder represents less than 3.0% of the total Units on issue. With such a widely held investment, every vote counts in reaching a bona fide outcome.

Proxy Forms must be received by 1pm on Monday 24 September 2018.

How do I vote?

SEND YOUR PROXY FORM

Complete and return a Proxy Form by fax, email or post.

SUBMIT YOUR PROXY FORM ONLINE

www.cromwell.com.au/ICHvote

SUBMIT YOUR PROXY FORM BY SMARTPHONE

YOU WILL NEED:

- the eight (8) digit Voting Access Code (VAC); and
- the postcode of your registered holding.

ATTEND THE MEETING

You can vote at the Meeting, or you can elect a proxy to attend on your behalf (your attorney, or in the case of a body corporate, a body corporate representative).

Full details of how to vote are on page 47 in Annexure A of this document.

Get advice

This is an important document and requires your immediate attention. You should read this document in its entirety before deciding how to vote and, if necessary, consult your investment, tax, legal or other professional adviser.

We are here to help

Please contact Cromwell's Investor Services Team on 1300 268 078 or invest@cromwell.com.au if you have any questions.


Paul Weightman, Chairman

1. Chairman's letter

Wednesday 22 August 2018

Dear Unitholder,

This Explanatory Memorandum relates to your investment in the Cromwell Ipswich City Heart Trust (the Trust) which is approaching the end of its initial Term. Your vote is now required to decide the future of the Trust.

Throughout 2011 and 2012, Cromwell Funds Management (CFM) successfully raised $52.5 million from you and other investors to purchase the land at 117 Brisbane Street, Ipswich, Queensland and construct the Ipswich City Heart Building (the Property) for the Trust. The Property is 90% leased to Queensland Government's Department of Public Works, and there is over ten years remaining on this lease.

As an investment, the Trust has been one of Cromwell's most successful, with monthly distributions increasing from 7.75 cents per Unit per annum to 9.50 cents per Unit per annum today. The value of the Property has also steadily increased as reflected in the Matching Price of $1.4041 which is net of estimated selling costs, as detailed in Section 5.3.

As the Trust is nearing the end of its initial Term, CFM is calling a meeting of Unitholders to vote on the Resolutions required to implement the Rollover Proposal, which includes a proposal to extend the term of the Trust.

The Rollover Proposal

The key terms of the Rollover Proposal are as follows:

1. Extend the term of the Trust for four and a half years to 28 June 2023 (Further Term). Any sale of the Property during the first two years of the Further Term will require approval of Unitholders by Extraordinary Resolution. Any sale after the first two years will not require approval by Unitholders provided the sale price is higher than the most recent independent valuation of the Property at the time of the sale.
2. Provide Unitholders with a Matching Facility which should give them the ability to either:
   a) acquire more Units at the Matching Price of $1.4041; or
   b) sell some or all of their Units at the Matching Price.

   The ability to buy and sell Units will be subject to availability in each case, as detailed in Section 5.3. The Matching Facility will be supported by a binding commitment from the Cromwell Direct Property Fund (DPF) of an offer to purchase at least 20% of the issued Units (as at the Record Date) from selling Unitholders through the Matching Facility (subject to availability). This will provide those Unitholders who wish to sell some or all of their Units with some certainty that they will likely be matched to a buyer.

3. Amend the Constitution to:

   a) Allow CFM to charge the Performance Fee for the period from the date of acquisition of the Property to 30 June 2018, rather than for the period from the date of acquisition to 28 December 2018, being the date the initial Term concludes. This change would mean the next Performance Fee calculation period would commence from 1 July 2018 and conclude on the earlier of the sale of the Property or any further extension of the Trust's term (as applicable); and

   b) Introduce provisions to give CFM the power to give full effect to the Matching Facility (including Unitholders appointing CFM as their agent and attorney for the purpose of implementing the Matching Facility).

If the Rollover Proposal is approved, the term of the Trust will be extended, the Matching Facility will proceed and the Constitution will be amended.

If the Rollover Proposal is not approved, the Property will be sold and the Trust will be wound up.

More detail about each of these consequences is outlined in this Explanatory Memorandum which we ask you to read carefully in full.

Summary of your options

a) Vote **FOR** to retain your current investment in the Trust. Continue to receive monthly distributions for the Further Term.

b) Vote **FOR** and apply to buy additional Units at the Matching Price by completing the enclosed yellow Buy Form. Continue to receive monthly distributions for the Further Term on your current investment, plus the Units you buy.

c) Vote **FOR** and apply to sell some or all of your Units at the Matching Price by completing the enclosed blue Sell Form. Continue to receive monthly distributions for the Further Term on the Units you do not sell.

d) Vote **AGAINST** to receive your share of the sale proceeds when the Property is sold on-market and the Trust wound up. Please note that this process may take up to 12 to 18 months to fully complete.

Directors' Recommendation

The Directors of CFM have carefully considered the advantages and disadvantages of the Rollover Proposal. The Directors are not recommending how Unitholders should vote, as any recommendation would need to take into account the particular circumstances of each individual Unitholder. As such, CFM is presenting the Unitholders with the opportunity to vote on the Resolutions required to implement the Rollover Proposal. The Directors of CFM recommend that you consider the options carefully, and where applicable, consult with your independent financial, legal or taxation adviser to assess how you should cast your vote.

What you need to do

1. Carefully read this Explanatory Memorandum and associated material in full. If appropriate to your needs, you should also obtain independent financial or other professional advice before making your decision about how to vote.

2. Vote on the Resolutions.

3. Make your election to either:

   a) Retain your current Unitholding in the Trust.

   b) Apply to purchase further Units (subject to availability) by completing and returning the enclosed yellow Buy Form to Boardroom Pty Limited by 1pm on Wednesday 26 September 2018.

   c) Apply to sell some or all of your Units (subject to availability) by completing and returning the enclosed blue Sell Form to Boardroom Pty Limited by 1pm on Wednesday 26 September 2018.

Further information

If you have any questions in relation to the Explanatory Memorandum, you can contact Cromwell's Investor Services Team on 1300 268 078.

Yours faithfully

P. Weightman

Paul Weightman, Chairman
Cromwell Funds Management Limited

WHAT YOU NEED TO DO

This Explanatory Memorandum sets out information relating to the meeting of Unitholders to be held at **1pm on Wednesday 26 September 2018** at Cromwell Property Group, Level 19, 200 Mary Street, Brisbane, Queensland 4000 to consider the Rollover Proposal, and includes the Notice of Meeting at Annexure A on page 47.

1

Carefully read this Explanatory Memorandum

The information contained in this Explanatory Memorandum and the Notice of Meeting is important. You should read this document carefully.

Section 3 – Key information, Section 4 – About the Property and Section 5 – Details of the Rollover Proposal may help answer some of your questions and are important in making your decision about how to vote.

If you have any doubts about which action to take, you should seek your own independent financial, legal, tax or other professional advice before deciding how to vote at the Meeting.

2

Vote on the Rollover Proposal

If you are a Unitholder on the Register at 5pm on Tuesday 21 August 2018 you are entitled to vote on the Resolutions to approve the Rollover Proposal (unless you are subject to the voting exclusions listed in the Notice of Meeting in Annexure A).

YOU CAN VOTE

- by proxy, by completing and returning a Proxy Form by fax, post, email, smart phone or online at www.cromwell.com.au/ICHvote. Proxy Forms must be received by 1pm on Monday 24 September 2018; or
- in person, by attending the Meeting (or having your attorney, or in the case of a body corporate, a body corporate representative attend) to be held at Cromwell Property Group, Level 19, 200 Mary Street, Brisbane, Queensland 4000 on Wednesday 26 September 2018 commencing at 1pm.

For details on how to complete and lodge the Proxy Form, please refer to the instructions on your Proxy Form or the online instructions at www.cromwell.com.au/ICHvote.

For details on having your attorney or corporate representative attend the Meeting, please refer to the Proxy Form attached.

3

Make your election

As part of the Rollover Proposal, Unitholders have the opportunity to elect to either:

1. Remain in the Trust in full.
2. Acquire further Units (subject to availability).
3. Exit the Trust in part (by selling some of their Units, subject to availability).
4. Exit the Trust in full (by selling all of their Units, subject to availability).

If you want to remain in the Trust in full without acquiring additional Units, then you do not need to do anything further besides vote on the Resolutions.

If you want to acquire additional Units, then you should complete the **yellow Buy Form** and return it to CFM by 1pm on Wednesday 26 September 2018, along with the monies necessary to purchase those additional Units. Method for payment is detailed on the **yellow Buy Form.**

If you want to exit the Trust and sell some or all of your Units, then you need to complete the enclosed **blue Sell Form**.

For further information on how to complete and lodge the Buy Form and the Sell Form, please refer to Section 5.3 – Details of Matching Facility on page 12. The Notice of Meeting in Annexure A also provides further information about the process.

Please note: the Resolutions are inter-conditional and require both to be approved by the required majority in order to proceed with the Rollover Proposal.

Resolution 1 to extend the Trust Term for a further four and a half years requires an Extraordinary Resolution, being a resolution passed by at least 50% of the total votes that may be cast by Unitholders entitled to vote on the resolution (including Unitholders who are not present in person or by proxy).

Resolution 2 to amend the Constitution requires a Special Resolution, being a resolution passed by at least 75% of the votes cast by Unitholders entitled to vote on the resolution.

Given the high voting threshold and the inter-conditional resolutions, it is important to cast your vote on both Resolutions if you wish to have the Trust term extended, or to participate in the Matching Facility.

2. Key dates and terms

2.1 Key dates[1]

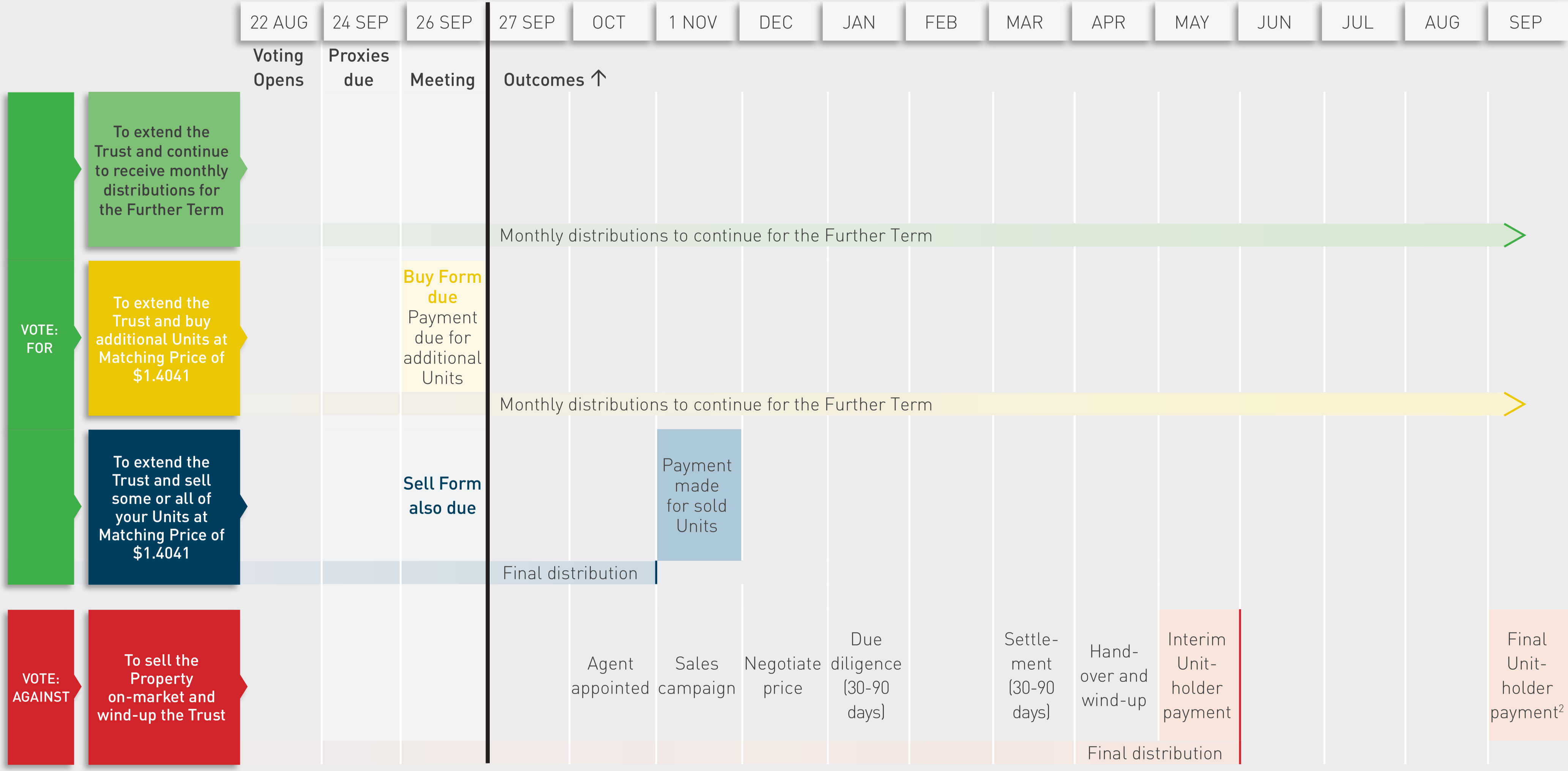
Event	Date
Notice of Meeting and Explanatory Memorandum sent to Unitholders	Wednesday 22 August 2018
Last date and time for receipt of Proxy Forms	1pm on Monday 24 September 2018
Last date and time to lodge the Buy Form and the Sell Form with accompanying funds to apply to purchase/sell Units	1pm on Wednesday 26 September 2018
Meeting of Unitholders	1pm on Wednesday 26 September 2018
Announcement of voting result on www.cromwell.com.au/ICHvote	5pm on Thursday 27 September 2018
Allocations for buying Unitholders determined / potential scale-back for selling Unitholders determined	Monday 1 October 2018 - Friday 5 October 2018
Unitholders notified of Matching Facility scale-back and over-subscription monies refunded (if applicable)	On or around Wednesday 10 October 2018
Settlement date / Transfer Date of Units / Transaction Statements posted	Thursday 1 November 2018
The Further Term commences	Saturday 29 December 2018

1 All dates following the date of the Meeting are indicative only and are subject to satisfaction of the conditions precedent to the implementation of the Rollover Proposal (see Section 5.5 on page 15). CFM reserves the right to vary these dates without prior notice. Any changes to the above timetable will be announced at www.cromwell.com.au/ICHvote.

2.2 Key terms

Term	Meaning
CFM	we, us or our means Cromwell Funds Management Limited (ABN 63 114 782 777, AFSL No. 333214).
Cromwell or Cromwell Property Group	means Cromwell Property Group comprising Cromwell Corporation Limited (ABN 44 001 056 980) and Cromwell Diversified Property Trust (ARSN 102 982 598) the responsible entity of which is Cromwell Property Securities Limited (ABN 11 079 147 809, AFSL No. 238052).
DPF	means the Cromwell Direct Property Fund (ARSN 165 011 905), the responsible entity of which is CFM.
Further Term	means the proposed extension of the Trust's term for four and a half years until 28 June 2023, unless there is an earlier sale of the Property.
Matching Facility	means the opportunity provided for Unitholders wanting to exit to sell Units, and Unitholders wanting to buy Units (both subject to sufficient availability), that is being offered to Unitholders only if the Resolutions are approved. See Chairman's letter, Key information or Section 5 for further details.
Matching Price	means $1.4041 per Unit.
Trust	means the Cromwell Ipswich City Heart Trust (ARSN 154 498 923).
Units	means fully paid ordinary units issued in the Trust.

Four Potential Outcomes for Investors[1]



1 All dates following the date of the Meeting are indicative only and are subject to satisfaction of the conditions precedent to the implementation of the Rollover Proposal (see Section 5). CFM reserves the right to vary these dates without prior notice. All dates in relation to the sale of the Property are estimated only, and are subject to a range of factors, including prevailing market conditions at the time.

2 If the Resolutions are not passed and the Property is sold, the majority of the sale proceeds following settlement will be paid to Unitholders as an interim payment. The balance of the sale proceeds will be paid to Unitholders as a final payment after the procedural steps and filings required to wind-up the Trust have been finalised.

3. Key information

3.1 What is the Rollover Proposal?

The Rollover Proposal is:

1. To extend the initial Term of the Trust for a further four and a half years (the Further Term). If the Resolutions are approved, then the Trust's Term will expire on 28 June 2023. However, CFM will have the discretion to sell the Property after two years (i.e. after 28 December 2020) if it considers the sale to be in the Unitholders' best interests and the sale price is higher than the most recent independent valuation of the Property at the time of sale. The Property cannot be sold within two years of the commencement of the Further Term without the approval of Unitholders by Extraordinary Resolution.
2. To introduce the Matching Facility, which will provide Unitholders with the ability to either:
   a) acquire more Units at the Matching Price; or
   b) sell some or all of their Units at the Matching Price.

   The ability to buy and sell Units will be subject to availability in each case. The Matching Facility will be supported by a binding commitment from the Cromwell Direct Property Fund (DPF) of an offer to purchase at least 20% of the issued Units (as at the Record Date) from selling Unitholders through the Matching Facility (subject to availability). This will provide those Unitholders who want to sell some or all of their Units with some certainty that they will likely be matched to a buyer.
3. Amend the Constitution to:
   a) Allow CFM to charge the Performance Fee for the period from the date of acquisition of the Property to 30 June 2018, rather than for the period from the date of acquisition to 28 December 2018, being the end of the initial Term. This change would mean the next Performance Fee calculation period would commence from 1 July 2018 and conclude on the earlier of the sale of the Property or any further extension of the Trust's term (as applicable). This change ensures the Matching Price of $1.4041 includes the most accurate and current Performance Fee calculation.
   b) Introduce provisions to give CFM the power to give full effect to the Matching Facility (including Unitholders appointing CFM as their agent and attorney for the purpose of implementing the Matching Facility).

3.2 Reasons for Unitholders to vote For or Against the Rollover Proposal

This section is a summary only and is not intended to address all of the relevant issues for Unitholders. You should read all of the Explanatory Memorandum, and in particular Section 5 – Details of the Rollover Proposal.

Reasons to vote For the Rollover Proposal

Maintain a strong performing investment: The Trust has performed strongly since inception in 2011 and in particular has achieved a 32% increase in the Property value and a 53% increase in the Unit value.

Maintain exposure to a quality property with a long lease: The fundamentals of the Property remain strong and include:

- Achieving a 5.5 Star NABERS Energy Rating, a 4.5 Star NABERS Water Rating and a 5 Star Green Star Office As Built 3 Rating.
- Queensland Government's Department of Public Works have over ten years remaining on the current lease term (as at 30 June 2018) and they occupy 91% of the Property by gross income.

Distributions forecast to increase over the Further Term: Within Section 8, distributions are forecast to increase to 11 cents per Unit per annum from 1 January 2019, increasing at a rate of 0.25 cents per Unit each July over the Further Term.

May be difficult to replace your investment with a similar quality investment: In the current low interest rate environment, Unitholders may not be able to replace their investment in the Trust with a similar performing investment.

Certainty of price if you want to exit the Trust: Those Unitholders who wish to exit the Trust, in whole or in part, will receive the price of $1.4041 per Unit sold, subject to there being a sufficient number of buyers under the Matching Facility.

Certainty of timing if you want to exit the Trust: Those Unitholders who wish to exit the Trust, in whole or in part, will receive payment for the Units they sell on or around 1 November 2018, subject to there being a sufficient number of buyers under the Matching Facility.

If the Rollover Proposal is not approved, then it is not possible to know with any certainty the time it will take to sell the Property, and therefore when Unitholders will receive their final proceeds on wind-up of the Trust.

Capital gains tax deferred: Rolling the term defers the capital gains tax event for the sale of the Property or cancellation of your Units on wind up to a future date.

Reasons to vote Against the Rollover Proposal

Potential to capitalise on a strong property market: Unitholders may believe that now is the optimal time to sell the Property to obtain the highest sale price. There is a possibility that the sale price received if the Property is sold now could be higher than the independent valuation of $123 million, which has been used to determine the Matching Price.

Potential for scale-back or pro-rate of Units for Unitholders wanting to exit: Unitholders may not be able to sell all of the Units they want to sell, and may be subject to a scale-back or pro-rate in the event of more sellers than buyers participating in the Matching Facility.

Risk of investment: The normal risks of investing will continue and are as outlined in the original PDS available at www.cromwell.com.au/ICH. These risks include, but are not limited to, the following:

- Valuation risk: The potential for a decrease in the value of the Property.
- Tenancy risk: The Trust's forecast income is largely dependent upon tenants, particularly the Department of Public Works, paying rent in accordance with their lease terms.
- Insurance risk: The performance of the Trust may be adversely affected where losses are incurred due to uninsurable risks, uninsured risks or under-insured risks.
- Capital expenditure risk: Capital expenditure on the Property could exceed expectations.
- Contamination risk: The valuation of the Property or rental income could be adversely affected by the discovery of an environmental contamination.
- Economic and market risk: The risk 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.
- Disaster risk: Disasters such as natural phenomena, acts of god and terrorist attacks may damage or destroy the Property. It is not possible to insure the Property against some of these events. Occurrence of these events could also lead to insurance becoming unavailable for such events in the future, or premiums increasing above levels expected by CFM.

Debt facility risk: There is a risk that the debt facility that CFM is currently negotiating and currently has credit approved terms for will not be finalised as expected and disclosed in this Explanatory Memorandum (or will be finalised on less favourable terms than expected).

Interest rate risk: The interest rate via a five-year swap has not yet been fixed. Therefore there is the possibility or risk of some movement in interest rates which may negatively impact earnings.

Performance Fee risk: There is a risk the Property valuation will fall during the Further Term and the ultimate sale price of the Property will be lower than the valuation of $123 million on 30 June 2018. If this were to occur, the interim Performance Fee paid to CFM would not be clawed back or repaid to the Trust (in whole or in part).

Distribution risk: There is no guarantee that the Trust will pay distributions at the rate forecast in Section 8 or at all. The tax advantaged component of the forecast distributions is subject to changes and the availability of forecast tax deductions could be materially different.

4. About the Property

4.1 Background

The Trust was the second of Cromwell's 'Back to Basics' single property trusts. The Trust replicated many features of the successful Cromwell Riverpark Trust launched in 2009, including the seven-year investment period, innovative construction funding structure, strong tenant covenant, and long lease term.

The Ipswich City Heart Building is the sole property asset of the Trust and is an A-Grade nine-level office building located at 117 Brisbane Street, Ipswich, Queensland. The land the Ipswich City Heart Building occupies was acquired by the Trust in 2011, with the building construction starting soon after. Practical completion of the Property was reached in September 2013.

The Property has achieved a 5.5 Star NABERS Energy rating, a 4.5 Star NABERS Water rating and a 5 Star Green Star Office As Built 3 rating. Under the Green Building Council of Australia's Green Star rating tool, Five Stars represents "Australian Excellence" in environmentally sustainable design and construction, responding to the Government tenant's requirement for a purpose built, long term, flexible working environment in a landmark location.

This was also the first Cromwell trust to be certified as a Responsible Investment by the Responsible Investment Association of Australia.

The Property's main tenant is the Queensland Government's Department of Public Works (DPW). DPW is currently under a 15-year lease, due to expire on 30 September 2028, with two further five-year options.

The Property has been identified by the independent valuer as being the "best commercial office building in Ipswich". In the absence of any future office development, the building should continue to be attractive as an office location for both government and corporate tenants.

4.2 Performance

In terms of performance, the Ipswich City Heart Building has exceeded expectations. At acquisition in December 2011, the as complete valuation was $92.95 million. The independent valuation in Section 10 has valued the Property at $123 million as at 30 June 2018. This represents an increase in value of the Property of 32% based on the practical completion valuation at purchase. The Unit price has increased 53% from the original NTA of $0.92 per Unit (at practical completion) to the Matching Price of $1.4041 as detailed within Section 5.3, based on the most recent independent valuation. Similarly, the loan to value ratio has reduced from 51.6% to 39.0% as a result of valuation increases.

4.3 Masterplan Update and Amberley Airbase Expansion

The proposed Ipswich City Square Redevelopment has changed considerably since the Trust's PDS was issued in December 2011.

The current proposed development of the Ipswich CBD aims to revitalise and reinvigorate the precinct with the Ipswich City Mall being the top priority. The redevelopment project will include a new council headquarters and Ipswich City Library, a civic plaza featuring an event space and food and beverage outlets. This redevelopment will create a world class active urban heart for the City of Ipswich. Development outcomes also include outdoor terraces overlooking the River Heart Parklands, a promenade connecting the Ipswich CBD precinct across the river to Riverlink Centre, a civic area and a water park, a laneway precinct featuring a 'Green Piazza', the creation of one-way vehicle access down the current mall (proposed Nicholas Street) and beside Ipswich City Plaza.[1]

Further information on the redevelopment can be found at: http://www.ipswich-commercial.com.au/ipswich-city-properties/.

Australia's largest air force base at Amberley (15 kilometres south west of Ipswich) is undertaking a $1.5 billion expansion which has improved the local residential property market.[2] The expansion includes a range of new or upgraded defence-related facilities with more than $1 billion expenditure recently approved for the Royal Australian Air Force (RAAF). This billion-dollar upgrade aims to benefit the City of Ipswich and drive population growth and resources.[3]

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1 https://www.dropbox.com/s/sdwn0iilh6saubg/180430_Master Plan_Update.pdf?dl=0

2 https://theurbandeveloper.com/articles/ipswich-property-flying-high-amberley-base-expansion-350-million-masterplanned-community-launched

3 https://www.qt.com.au/news/raaf-base-to-boost-economy-by-12b-create-2800-jobs/3223571/

5. Details of the Rollover Proposal

5.1 Background

The Trust was launched via a PDS in December 2011 to fund the acquisition of land at 117 Brisbane Street, Ipswich, Queensland and construction of the Ipswich City Heart Building.

Upon establishment of the Trust, the PDS stated that the initial Term of the Trust was seven (7) years from the date Units were first issued under the PDS in December 2011. The PDS further explained that at the expiry of the initial Term, the Property would be sold unless the Trust was extended for a further period if CFM believes it is appropriate to do so. Any extension requires the approval of the Unitholders by Extraordinary Resolution. The PDS can be accessed at www.cromwell.com.au/ICH. An Extraordinary Resolution is a resolution passed by at least 50% of the total votes that may be cast by Unitholders entitled to vote on the resolution (including Unitholders who are not present in person or by proxy). If an Extraordinary Resolution is passed, all Unitholders will be bound by its outcome regardless of whether they voted in favour of, or against, the resolution. CFM deliberately chose to make such a resolution an Extraordinary Resolution rather than a resolution that could be passed by a simple majority, to give Unitholders comfort as to the certainty of the fixed seven-year term, unless an extension of the Trust reflected the wishes of a large number of Unitholders.

The Trust's initial Term is due to expire on 28 December 2018.

5.2 Details of the Further Term

If the Resolutions are approved, it is expected the Further Term will expire on 28 June 2023. However, after two years, being 28 December 2020, CFM could sell the Property without a Unitholder vote and wind-up the Trust if it secures a sale price that is higher than the most recent independent valuation at the time and if it considers it is in the best interests of Unitholders to do so. Before 28 December 2020, Unitholders would need to approve any sale of the Property by an Extraordinary Resolution.

As soon as practicable after the end of the Further Term on 28 June 2023, CFM will sell the Property and wind-up the Trust, unless Unitholders vote by Extraordinary Resolution to extend the Term of the Trust again.

5.3 Details of the Matching Facility

The Matching Facility will only operate if the Resolutions are approved. The Matching Facility provides Unitholders who want to exit the Trust the opportunity to sell some or all of their Units to Unitholders who wish to buy more Units in the Trust. The offer to sell and buy is open to all Unitholders registered on the Record Date, and will be subject to availability in each case. More specifically:

- If Units offered for sale exceed Units applied for then sellers will not be able to sell all of the Units nominated on their Sell Form and will retain some Units in the Trust. All Units able to be matched to a buyer will be sold and the proceeds of the sale will be paid to the seller.
- If Units applied for purchase exceed Units offered for sale, then buyers will not receive all the Units they nominated to purchase on their Buy Form. Should this occur, buyers will be scaled-back based on the number of Units they intended to acquire. Any excess application monies will be returned to the buyer.

The Matching Facility will be supported by a binding commitment from the Cromwell Direct Property Fund (DPF) of an offer to purchase at least 20% of the issued Units (as at the Record Date) from selling Unitholders through the Matching Facility (subject to availability). The DPF will participate alongside other Unitholders wishing to purchase and will not be given any priority. The DPF will therefore be subject to a scale-back on the same terms as other purchasing Unitholders if there are more buyers than sellers, in proportion to the number of Units nominated to be purchased.

Sellers' and buyers' allocations may also be scaled-back to ensure the Trust remains widely held for stamp duty and income tax purposes.

The Matching Price of $1.4041 is calculated on the audited NTA as at 30 June 2018 but adjusted for the following items:

- Write-off of remaining interest rate derivative liability;
- Debt establishment fees incurred in establishing a new five-year facility; and
- Sales costs estimated to be 1.15% deducted from NTA. This 1.15% has been calculated taking into account the 1.0% selling fee payable to Cromwell Property Services Pty Ltd as a selling agent and as disclosed in the PDS and CFM's estimate of marketing, legal, and Trust wind-up costs etc.

The income and expenses of the Trust for the period 1 July 2018 to 31 October 2018 have specifically been excluded from the Matching Price calculation because Unitholders will continue to receive monthly distributions during this period.

For both buying and selling Unitholders, the following will apply:

- CFM will be appointed your agent/attorney to effect the purchase and sale. This includes effecting the transfer of Units, transacting the required payment, updating the Register of Unitholders and any other steps necessary to effect settlement.
- Settlement of the transfer of Units is scheduled for 1 November 2018. Although every effort will be made to effect the transfer and payments on this day, CFM makes no guarantee that settlement of all Units will take place on this day and it may take up to one (1) week to process.
- As settlement of the Unit transfer is scheduled to occur on 1 November 2018, the monthly distribution for October 2018 will be paid to all selling Unitholders, on or around 9 November 2018, based on their Unitholding prior to settlement of the Unit transfer. Buying Unitholders will receive distributions on their revised total Units starting from 1 November 2018; payable on or around 10 December 2018.

PURCHASING ADDITIONAL UNITS – YELLOW BUY FORM

If you want to purchase additional Units in the Trust you will need to complete the **yellow Buy Form** accompanying this Explanatory Memorandum. You will need to ensure you have provided all requested information and payment of funds to Boardroom Pty Limited by 1pm on Wednesday 26 September 2018. Payment can be made by BPAY or cheque. The funds will be held in trust pending the outcome of the Resolutions at the Meeting on Wednesday 26 September 2018.

If the Resolutions are not approved, the funds will be returned to you in full, without interest.

If the Resolutions are approved, then your allocation of Units will be determined by Friday 5 October 2018, and Cromwell's Investor Services Team will inform you of your successful allocation. Settlement of the transfers of Units will take place on or around 1 November 2018 and a transaction statement will be sent to you with details of your new Unit balance.

Any interest earned on funds received to apply to buy more Units will be paid to the Trust.

SELLING UNITS – BLUE SELL FORM

If you want to sell your Units, you will need to complete the **blue Sell Form** accompanying this Explanatory Memorandum and return this to Boardroom Pty Limited prior to 1pm on Wednesday 26 September 2018. You must nominate the number of Units you want to sell and payment will be made to your nominated distribution account. Please note that the sale of your Units is conditional upon the Resolutions being passed at the Meeting on Wednesday 26 September 2018.

If the Resolutions are not approved, the sale of your Units will not take place. CFM will commence the process to sell the Property and wind-up the Trust. Unitholders can expect to receive an interim distribution of their share of the net sale proceeds after the Property is sold, with the balance paid as a final distribution when the Trust is wound up. The process of selling the Property and winding up the Trust may take up to 12-18 months.

If the Resolutions are passed, the transfer of Units will take place on or around 1 November 2018, with payment being scheduled soon after.

Please contact Cromwell's Investor Services Team on 1300 268 078 if you have any questions regarding the purchase or sale of Units.

5.4 Details of the Constitutional amendments

The proposed changes to the Trust's Constitution will allow CFM to charge the Performance Fee for the period from the date of acquisition of the Property to 30 June 2018, rather than for the period from the date of acquisition to 28 December 2018, being the end of the initial Term. This change would mean the next Performance Fee calculation period would commence from 1 July 2018 and conclude on the earlier of the sale of the Property or on any further extension of the Trust's term (as applicable). This change ensures the Matching Price of $1.4041 includes the most accurate and current Performance Fee calculation.

This change is conditional upon extension of the Term.

BACKGROUND

Under the Constitution, the Performance Fee is calculated using a formula based on the Property's performance. That is, the fee payable will be 20% of the excess amount, above an internal rate of return of 10% from the Property from the date of acquisition of the Property until the date of sale of the Property, the extension of the term of the Trust beyond its initial Term or a further extension of the term of the Trust beyond the term of any previously approved extension.

The internal rate of return is calculated monthly based on the net cash flows in respect of the Property. These cash flows are calculated by reference to factors including:

- the purchase price or construction cost of the Property;
- the acquisition costs of the Property, including stamp duty, transfer fees, due diligence costs and the acquisition fee;
- capital improvements after purchase;
- lease costs and lease incentives;
- rental and other property income less property outgoings and taxes; and
- the proceeds of sale less any costs of selling the Property.

The internal rate of return does not include payments or receipts in respect of any loan or equity used to purchase the Property or any management fee or other costs not directly attributable to the Property. CFM intentionally set the Performance Fee calculation solely at the Property level to exclude debt and equity related items. This ensures that CFM is rewarded for the management of the Property, as illustrated by the valuation increases since the Trust's inception. CFM is therefore not incentivised to use excessive gearing to potentially increase equity returns whilst at the same time increase risk.

PERFORMANCE FEE AMENDMENT TO CONSTITUTION

If the Resolutions are approved by the required majority, the Constitution will be amended in accordance with the Supplemental Deed attached at Annexure B. The Supplemental Deed shows the required amendments to the Constitution, which introduces a new calculation period for the Performance Fee and provides precise drafting to clarify the meaning of the term 'calculation event'.

The formula remains unchanged but the calculation period will be adjusted to enable the calculation of the Performance Fee on the extension of the Trust to be based on the period ending 30 June 2018, rather than on the period ending 28 December 2018 (being the end of the initial Term). The next calculation period will begin on 1 July 2018 and conclude on the earlier of the sale of the Property or on any further extension of the Trust's term (as applicable).

The reason for adjusting the calculation period of the Performance Fee is to align with the date of the most recent independent valuation of the Property, and also with the Trust's audited accounts for the financial year ending 30 June 2018, which have been used (with adjustments) to calculate the Matching Price.

Note that the mathematical basis of the calculation will not change, in that the Performance Fee remains calculated at 20% of the excess amount, above an internal rate of return of 10% from the Property for the calculation period. Therefore, CFM is adjusting the period of measurement only and is not decreasing the benchmark by which its investments must perform in order to take a Performance Fee.

If the Resolutions are approved by the requisite majority of Unitholders, the Supplemental Deed amending the Constitution will come into effect without any further action required from Unitholders.

EXAMPLE:

If the Unitholders vote in favour of the Resolutions, CFM will take a Performance Fee for the period between the acquisition of the Property in December 2011 and 30 June 2018.

Subsequently, if at the end of the Further Term in June 2023 the Property is sold or the Unitholders again vote to extend the term, CFM's Performance Fee will only be calculated for the period from the commencement of any subsequent term. This ensures that the Performance Fee is always 're-set' and is never taken more than once for any given time period.

However, there is a risk the Property valuation will fall during the Further Term and the ultimate sale price of the Property will be lower than the valuation of $123 million on 30 June 2018. In this circumstance, the interim Performance Fee paid to CFM would not be clawed back or repaid to the Trust (in whole or in part).

If the Resolutions are approved, the Performance Fee will be funded from the Trust's existing cash reserves.

Should you have any questions on the Performance Fee calculation, please call Cromwell's Investor Services Team on 1300 268 078.

5.5 Details of the Resolutions that need to be approved to give effect to the Rollover Proposal

INTER-CONDITIONAL RESOLUTIONS

CFM has proposed two Resolutions to be considered by Unitholders. The Resolutions will not proceed unless both are approved by the required majority.

- **Further Term - extension of the Trust Term for a further four and a half years**
  The first resolution is to extend the term of the Trust for the Further Term, meaning that the Trust's Term will expire on 28 June 2023, unless the Property is sold earlier (which can occur without approval by Unitholders after two years i.e. after 28 December 2020). The PDS requires that this resolution be approved by an Extraordinary Resolution. The voting threshold required to pass an Extraordinary Resolution is at least 50% of the total votes that may be cast by Unitholders entitled to vote on the resolution. Unitholders that are entitled to vote will also include those Unitholders who choose not to vote (in person or by proxy).

- **Amendment to the Constitution**
  The second resolution is to amend the Constitution of the Trust. This is to allow CFM to charge the Performance Fee for the period from the date of acquisition of the Property to 30 June 2018, rather than for the period from the date of acquisition to 28 December 2018, being the end of the initial Term. This change would mean the next Performance Fee calculation period would commence on 1 July 2018 and conclude on the earlier of the sale of the Property or any further extension of the Trust's term (as applicable). This change ensures the Matching Price of $1.4041 includes the most accurate and current Performance Fee calculation. Under the Corporations Act, amendments to the Constitution require approval by a Special Resolution. The Constitution will therefore not be amended unless at least 75% of the votes cast by Unitholders entitled to vote on the resolution are in favour.

  Given the high voting threshold and the inter-conditional resolutions, it is important to cast your vote on both Resolutions if you wish to have the Trust's Term extended and/or to participate in the Matching Facility.

If the Resolutions are both approved, then all Unitholders will be bound by the outcome regardless of whether or not they voted or whether they voted against the Resolutions. This takes effect pursuant to the Corporations Act and has been disclosed previously in the PDS.

WHAT HAPPENS IF THE TWO RESOLUTIONS ARE PASSED?

The Resolutions are inter-conditional. This means that the Further Term will only proceed if both of the Resolutions are passed by the requisite majorities at the Meeting. In other words, if one Resolution does not reach the majority required for approval, then neither the Further Term nor the Constitutional amendments will proceed.

However, if both Resolutions achieve the necessary voting threshold required for their approval the following will occur:

1. The Trust will be extended for the Further Term. The Trust's Term will then expire on 28 June 2023, unless the Property is sold earlier. The flexibility to enable CFM to sell the Property during the final two and a half years of the Further Term without approval from Unitholders is deemed commercially necessary in the event that a high sale price can be obtained for the Property.
2. The Constitution will be amended as outlined above.
3. The Matching Facility will proceed as detailed in Section 5.3.
4. CFM will be paid an interim Performance Fee for the period ending 30 June 2018.

WHAT HAPPENS IF THE TWO RESOLUTIONS ARE NOT PASSED?

If the Resolutions are not approved, then the Term will not be extended. CFM will then take steps under the Constitution to sell the Property and wind-up the Trust. Unitholders can expect to receive an interim distribution of their share of the net sale proceeds after the Property is sold, with the balance paid as a final distribution when the Trust is wound up. The process of selling the Property and then winding up the Trust may take up to 12-18 months.

IS CFM ABLE TO VOTE ON THE RESOLUTIONS?

CFM is also the responsible entity of the Cromwell Direct Property Fund (DPF), which holds approximately 9% of the issued Units. CFM considers itself ineligible to vote the DPF's interest in the Trust according to the operation of section 253E of the Corporations Act.

6. Evaluation of the Rollover Proposal

This section is a summary only, and is not intended to address all the relevant issues for Unitholders in respect of the Rollover Proposal. This section should be read in conjunction with the other sections of this Explanatory Memorandum. Unitholders should read the Explanatory Memorandum in its entirety.

6.1 Extension of the Term of the Trust

The initial Term of the Trust was seven (7) years from the date Units were first issued under the PDS, which was 29 December 2011. As outlined in the PDS, CFM may make a recommendation to Unitholders to sell the Property prior to the end of the Term, or to extend the Term of the Trust for a further period if CFM believes it is appropriate to do so.

While CFM is not making a recommendation as to how Unitholders should vote on the Rollover Proposal (see Section 6.4 below), CFM considers it appropriate to extend the Term of the Trust for the following reasons:

REGULAR CASHFLOW

The Property's major tenant (91% of gross income) is the Queensland Government's Department of Public Works whose lease does not expire until September 2028. Therefore, at 30 June 2018 there remains in excess of 10 years on the initial lease term with two (2) five-year options. The rent review remains at 3.75% per annum fixed until September 2028.

ATTRACTIVE PROPERTY TRUST FUNDAMENTALS RELATIVE TO OTHER RECENT PROPERTY INVESTMENTS

A review of recent single-asset property managed investments offered the following metrics:

	Date	Yield	Net Tangible Assets	Gearing	WALE (by income)
Offering 1	February 2017	7.0%	$0.90	40%	8.2 Years
Offering 2	May 2017	6.5%	$0.90	44%	9.4 Years
Offering 3	June 2018	7.0%	$0.93	45%	7.3 Years
Cromwell Ipswich City Heart Trust	**June 2018**	**7.8%***	**$1.4041 (Matching Price)**	**39 %**	**9.6 Years**

* 7.8% reflects the 11 cents per Unit paid from 1 January 2019 on the Matching Price of $1.4041. Relative to competing property offerings the Trust offers attractive investment credentials.

LOW YIELD ENVIRONMENT

In the current low interest rate environment, Unitholders wanting to re-invest the proceeds they receive following any sale of the Property may not be able to find another investment that provides a similar income return and with similar risk characteristics as their investment in the Trust.

Unitholders would need to achieve an income return of approximately 7.8% per annum (without taking into account any taxation implications or transaction costs) on the estimated Matching Price of $1.4041 per Unit to be in the same position as if they received the forecast distribution from the Trust of 11 cents per Unit from 1 January 2019 (annualised). Distributions are forecast to increase over the Further Term, distributions are forecast to increase to 11 cents per Unit per annum from 1 January 2019, increasing at a rate of 0.25 cents per Unit each July over the Further Term (see Section 8 for more information).

HIGH QUALITY ASSET RELATIVE TO MARKET

The Property remains the highest quality commercial property asset in the Ipswich CBD. In the absence of further office developments, the Property should remain attractive for Government and corporate tenants.

6.2 Reasons for Unitholders to vote For the Rollover Proposal

SALE OF UNITS

Unitholders might want to vote for the Resolutions if they want to exit the Trust in the short-term (given the sale of the Property and winding up the Trust may take up to 12 to 18 months) and take advantage of the Matching Facility, which is conditional upon the successful approval of both Resolutions. CFM would then allow Unitholders to exit the Trust at the Matching Price of $1.4041 per Unit subject to there being a sufficient number of buyers.

Remaining Unitholders may want to express an interest in purchasing further Units, also at the Matching Price. The Matching Facility will be supported by a binding commitment from the Cromwell Direct Property Fund (DPF) of an offer to purchase at least 20% of the issued Units (as at the Record Date) from selling Unitholders through the Matching Facility (subject to availability). Unitholders and CFM, as responsible entity for the Trust, will not be charged a fee (or receive any fee) for utilising (or organising) the Matching Facility.

In the event that Units offered for sale exceed Units applied for, applications to sell will be pro-rated (scaled-back) in proportion to the number of Units each Unitholder indicated they want to sell.

In the event that Units applied for exceed Units offered for sale, Unitholder applications, including the application submitted by the DPF, to buy additional Units will be pro-rated (scaled-back) in proportion to the number of Units each Unitholder indicated they want to purchase. Allocations may also be scaled-back to ensure the Trust remains widely held for stamp duty and income tax purposes.

If the Resolutions are not approved, then Unitholders wanting to exit from the Trust will have to wait longer to realise their investment, given the Property would need to be sold and the winding up of the Trust completed. In order to distribute the proceeds of the sale of the Property to Unitholders, CFM would need to find a buyer at a competitive price, have the buyer complete due diligence, effect the sale and then proceed with the winding up of the Trust. This process may take up to 12 to 18 months. Furthermore, the sale of the Property may be conditional upon a number of factors, which may or may not be achieved within a desired required timeframe (e.g. government approvals, finance conditions).

In addition, the final consideration that Unitholders receive may be lower than the Matching Price of $1.4041 per Unit. However, this largely depends on the ultimate net sale price of the Property and the market conditions for office property at the time of sale. It is also possible that the final consideration Unitholders receive could be higher than the Matching Price.

RISK OF INVESTMENT

Every investment is subject to risk. CFM set out the risks associated with an investment in the Trust in the PDS (available at www.cromwell.com.au/ICH). Unitholders who are concerned about one or more of those risks eventuating may prefer to accept the Matching Facility at a price of $1.4041 per Unit based on the independent valuation that takes into consideration current market conditions. The Matching Facility will only be offered if the Resolutions are approved, and is subject to the availability of a sufficient number of buyers and sellers.

CERTAINTY OF PRICE AND TIMING OF PAYMENT

The Matching Facility provides Unitholders wanting to sell with a degree of certainty that they will receive $1.4041 per Unit held and the payment will be made on or around 1 November 2018 on the terms outlined within this Explanatory Memorandum.

ALTERNATIVE INVESTMENTS MAY NOT BE READILY AVAILABLE

In the current low interest rate environment, Unitholders wanting to re-invest the proceeds they receive following completion of the Matching Facility or sale of the Property may not be able to find another investment that provides a similar income return and with similar risk characteristics as their investment in the Trust.

Unitholders would need to achieve an income return of approximately 7.8% per annum (without taking into account any taxation implications or transaction costs) on the estimated Matching Price of $1.4041 per Unit to be in the same position as if they received the forecast distribution from the Trust of 11 cents per Unit from 1 January 2019 (annualised). Distributions are forecast to increase over the Further Term: within Section 8, distributions are forecast to increase to include 11 cents per Unit per annum from 1 January 2019, increasing at a rate of 0.25 cents per Unit each July over the Further Term.

MAINTAIN EXPOSURE TO A QUALITY PROPERTY WITH A LONG LEASE

The fundamentals of the Property remain strong and include a 5.5 Star NABERS Energy Rating, a 4.5 Star NABERS Water Rating and a 5 Star Green Star Office As Built 3 Rating. In addition, the Queensland Government's Department of Public Works have over ten years remaining on the current lease term (as at 30 June 2018) and they occupy 91% of the Property by gross income.

The Property is the only one of its size and quality in the Ipswich CBD. For further details on the Ipswich market, please refer to the market commentary in the Valuation Summary (Section 10).

DEFERRAL OF CAPITAL GAINS TAX EVENT

Unitholders may prefer to vote in favour of the Resolutions to delay the crystallisation of the capital gains tax events for the sale of the Property and cancellation of your Units on wind up, until a later point. Tax deferred distributions received since inception until the Trust elected into the AMIT regime, and non-assessable distributions received after this date, will significantly reduce the cost base of Unitholders units. If the Property is sold, all Unitholders will be subject to the taxation consequences outlined within Section 9.

6.3 Reasons for Unitholders to vote Against the Rollover Proposal

SALE PRICE ACHIEVED VIA AN OPEN MARKET CAMPAIGN MAY RESULT IN A GREATER RETURN TO UNITHOLDERS

Having regard to previous property cycles, CFM believes the current valuation and property capital markets are very attractive. There is no certainty that current conditions will prevail if the Property is retained through to the expiry of the Further Term, expected to be on 28 June 2023. A downturn in property capital markets could result in the final consideration Unitholders receive being lower than the Matching Price, noting however the ability to sell at the Matching Price depends on there being a sufficient number of buyers.

RISK OF INVESTMENT

Every investment is subject to risk. CFM set out the risks associated with an investment in the Trust in the PDS (available at www.cromwell.com.au/ICH). Unitholders who are concerned about one or more of those risks eventuating, may prefer that the Property is sold, and the Trust is wound up in the current market conditions.

POTENTIAL FOR SCALE-BACK OR PRO-RATE OF UNITS FOR UNITHOLDERS WANTING TO EXIT

Unitholders may not be able to sell all of the Units they want to sell, and may be subject to a scale-back or pro-rate in the event of more sellers than buyers participating in the Matching Facility or so the Trust remains widely held for tax reasons.

PERFORMANCE FEE RISK

There is a risk the Property valuation will fall during the Further Term and the ultimate sale price of the Property will be lower than the valuation of $123 million as at 30 June 2018. If this were to occur, the interim Performance Fee paid to CFM upon rollover of the Trust would not be clawed back or repaid to the Trust (in whole or in part).

FINALISATION OF DEBT FACILITY

CFM has negotiated credit approved terms for external debt finance for the Trust with the current lender. There is a risk that following extension of the Trust's initial Term, the negotiated terms of finance may not be finalised and approved, or that they may differ from the terms for which CFM currently has approval.

DISTRIBUTION RISK

There is no guarantee that the Trust will pay distributions at the rate forecast in Section 8 or at all. The tax advantaged component of the forecast distributions is subject to changes and the availability of forecast tax deductions could be materially different.

6.4 CFM recommendation

The Directors of CFM have carefully considered the advantages and disadvantages of the Rollover Proposal. The Directors are not recommending how Unitholders vote, as this is subject to individual circumstances. However, the Directors believe it is important to allow all options to be considered and is therefore presenting the Unitholders with the opportunity to vote on the Resolutions required to implement the Rollover Proposal.

Whether you vote to extend the Trust Term or to terminate the Trust (and sell the Property) will depend on your individual circumstances. Consequences such as personal taxation outcomes and ongoing income and capital requirements should be considered when assessing the Rollover Proposal.

External factors such as current office property market conditions, interest rates and potential investment alternatives should also be taken into consideration when assessing whether you vote to approve the Rollover Proposal or sell the Property.

CFM recommends that you consider the options carefully and, where applicable, consult with your independent financial, legal or taxation adviser to assess how you should cast your vote.

7. Information about the Trust

7.1 Trust background

The Trust was established in December 2011 as a closed-end, unlisted property trust with the investment objective of providing Unitholders with a minimum distribution yield of 7.75% per annum paid monthly over the seven-year term and capital growth potential. Units in the Trust were issued under the PDS and in accordance with the Constitution.

The Trust's only property is the Ipswich City Heart Building, which reached practical completion in September 2013.

The Trust's main tenant, the Queensland Government's Department of Public Works, commenced a 15-year lease in October 2013 and currently occupies 90% of the net lettable area of the Property.

The Property was independently valued at $123 million on 30 June 2018. This represents a 32% increase, based on the practical completion valuation at purchase of $92.95 million.

The NTA per Unit as at 30 June 2018 having made adjustments for the items within Section 5.3 is $1.4041. This represents a 53% increase over the $0.92 NTA per Unit when the Trust was established in December 2011.

7.2 Trust performance

The Trust has generated performance since inception of 14.0% per annum annualised to 30 June 2018. This return is calculated using the current $123 million independent valuation as at 30 June 2018 and the Matching Price of $1.4041.

Distributions from the Trust have been paid monthly since inception and commenced at 7.75 cents per Unit per annum and have increased by 0.25 cents each year to be currently 9.50 cents per Unit per annum.

Please refer to www.cromwell.com.au/ICH for the latest RG46 Disclosure Guide for the Trust for information about the current status of the Trust.

7.3 Key Property metrics

The Trust's only property asset is the Ipswich City Heart Building, located at 117 Brisbane Street, Ipswich, Queensland. Key statistics relating to the Property as at 30 June 2018 are as follows:

Property value	$123 million
Occupancy	99%
WALE (by income)	9.6 years
Capitalisation rate	7.125%
Net lettable area	17,734 sqm

Including the Queensland Government's Department of Public Works, who occupy 91% by income, the top five tenants are as follows:

Tenant	% of Gross Income
Queensland Department of Public Works	91.0%
National Disability Insurance Scheme	4.6%
IPN Medical Centres	2.7%
The Coffee Club	1.4%
QLD Bulk Water Supply	0.3%

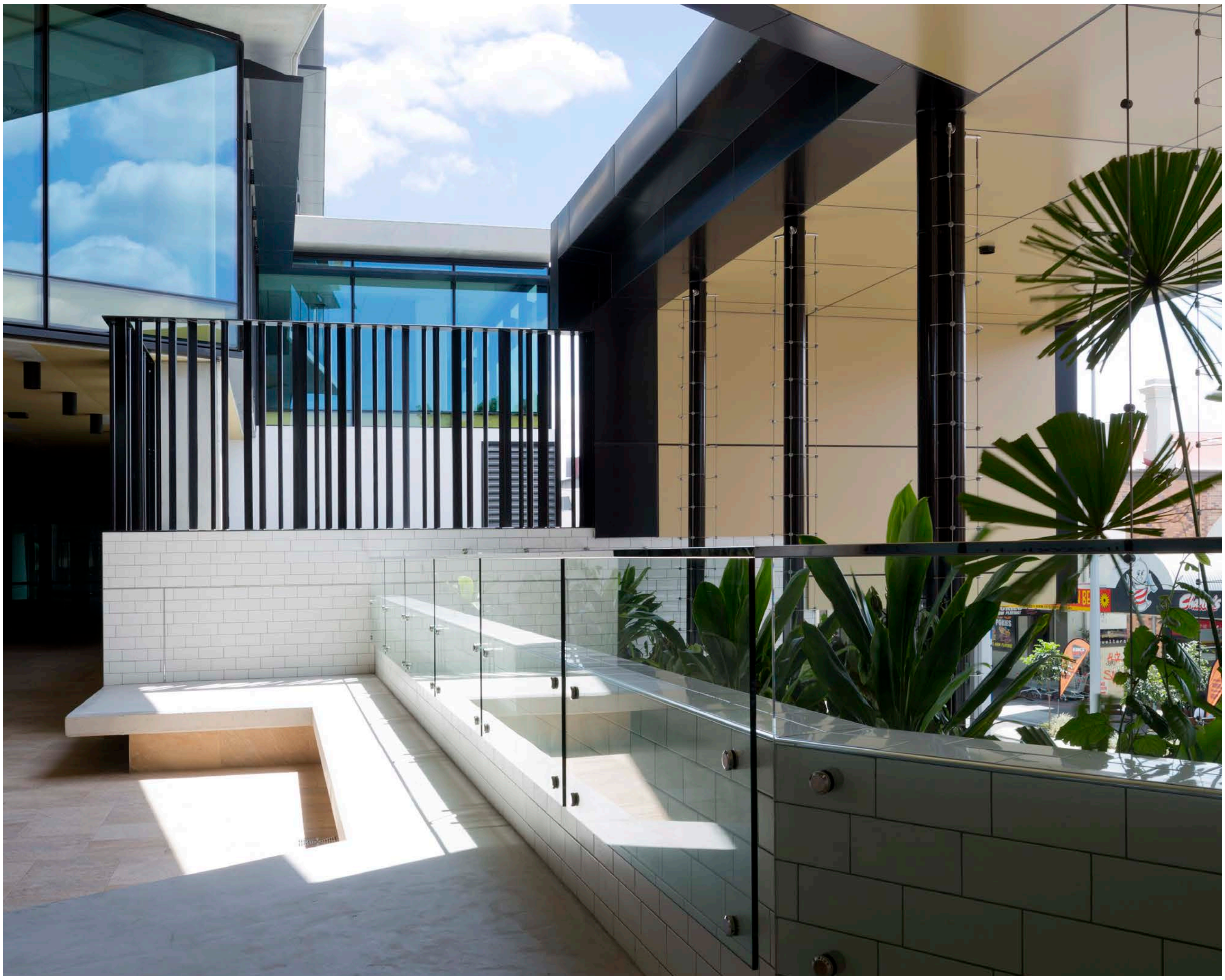
7.4 Trust borrowings

Key statistics relating to the Trust's borrowings as at 30 June 2018 are as follows:

Bank loan	$48,000,000
Total loans	$48,000,000
LVR	39.0%
LVR if Resolutions approved	39.0%
Credit approved facility amount	$48,000,000

In relation to the credit approved facility amount referred to in the table above, CFM has received credit approved terms from the current lender and expects to finalise the bank loan on the following terms:

- Borrower – Cromwell Funds Management Limited (ABN 63 114 782 777) as responsible entity for the Cromwell Ipswich City Heart Trust (ARSN 154 498 923).
- Facility Term – a total of five (5) years from the date of drawdown, expected to be January 2019.
- Loan to Value Ratio – At all times, loan to value ratio to be no greater than 50%.
- Interest Cover Ratio – The interest cover ratio must be no less than two (2) times.



8. Financial analysis if the Rollover Proposal is approved

8.1 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 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 the Financial Information.

Forecasts have been prepared for the Trust for the 12-month period ending 30 June 2019, and for each of the following four financial years (Forecast Period).

8.2 Forecast Income Statement

Set out below is the Forecast Income Statement of the Trust for the proposed Further Term. The Forecast Income Statement should be read in conjunction with the Key Forecast Assumptions.

FORECAST INCOME STATEMENT $'000					
	30-Jun-19	30-Jun-20	30-Jun-21	30-Jun-22	30-Jun-23
Revenue and property expenses					
Rental income	**11,067**	**11,171**	**11,099**	**11,102**	**10,991**
Property expenses	(1,495)	(1,540)	(1,578)	(1,618)	(1,658)
Net Property Income	**9,572**	**9,631**	**9,521**	**9,484**	**9,333**
Interest	148	146	150	159	167
Other Expenses					
Responsible entity fees	(760)	(759)	(765)	(770)	(773)
Administration costs	(234)	(167)	(175)	(184)	(193)
Finance costs - interest	(2,106)	(1,997)	(1,992)	(1,992)	(1,992)
Finance costs - amortisation	(89)	(63)	(63)	(63)	(63)
Profit before fair value adjustments	**6,531**	**6,791**	**6,676**	**6,634**	**6,479**

8.3 Forecast Distribution Statement

Set out below is the Forecast Distribution Statement of the Trust for the Further Term. 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.

FORECAST DISTRIBUTION STATEMENT $'000					
	30-Jun-19	30-Jun-20	30-Jun-21	30-Jun-22	30-Jun-23
Profit before fair value adjustments	**6,531**	**6,791**	**6,676**	**6,634**	**6,479**
Add back					
Straight-line rentals	(912)	(553)	(190)	190	556
Finance costs - amortisation	89	63	63	63	63
Lease incentives	119	119	119	119	30
Trust extension costs	75	-	-	-	-
Profit available for distribution	**5,902**	**6,420**	**6,668**	**7,006**	**7,128**
Distributions paid / payable	5,381	5,906	6,038	6,169	6,300
Surplus	**521**	**514**	**630**	**837**	**828**
Forecast distributions per Unit (annualised rate)	10.25 cents	11.25 cents	11.50 cents	11.75 cents	12.00 cents
Forecast non-assessable distributions[1]	100%	59%	27%	23%	22%

1 See Section 8.6.

8.4 Current Balance Sheet and Pro-forma Balance Sheet

Set out below is the audited Balance Sheet at 30 June 2018 and Pro-forma Balance Sheet should the Resolutions be approved. The Pro-forma Balance Sheet assumes the interim Performance Fee payable to CFM is paid and funded by cash and a new five-year debt facility is entered into, currently expected to be January 2019.

The Pro-forma Balance Sheet should be read in conjunction with the best estimate assumptions set out within the relevant sections of the Financial Information.

CURRENT BALANCE SHEET AND PRO-FORMA BALANCE SHEET $'000			
	30-Jun-18	Adjustments	Pro-forma
Assets			
Cash and Cash Equivalents	6,294	(4,375)	1,919
Trade and Other Receivables	109	-	109
Investment Property	123,000	-	123,000
Other Assets	9	-	9
Total Assets	**129,412**		**125,037**
Liabilities			
Trade and Other Payables	(1,705)	-	(1,705)
Total Debt	(47,921)	161	(47,760)
Distribution/Dividend Payable	(413)	-	(413)
Derivative Financial Liabilities	(471)	471	-
Other Liabilities	(4,167)	4,135	(32)
Total Liabilities	**(54,677)**		**(49,910)**
Net Assets	**74,735**		**75,127**
Units on Issue	52,500,000		52,500,000
NTA per Unit	$1.42		$1.43

Pro-forma Balance Sheet adjustments include the following:

- Payment of interim Performance Fee of $4,134,694 funded by cash totalling $4,134,694;
- Payment of loan establishment fees of $240,000 to the existing lender for a new debt facility;
- Capitalisation of the loan establishment fees of $240,000 into the value of the loan to have nil effect on Matching Price;
- Expensing of existing unamortised loan establishment costs of $78,689; and
- Write-off of interest rate derivative of $471,459.

8.5 How was the Matching Price calculated?

CFM has calculated the Matching Price of $1.4041 by taking the net assets of the Trust calculated using the Pro-forma Balance Sheet illustrated in Section 8.4 and making an adjustment for estimated selling costs. Estimated selling costs if the Property was sold at the current valuation are $1,410,000, equal to 1.15% of the Property valuation.

Net assets per Balance Sheet	75,127,000
Less selling cost provision	1,410,000
Adjusted net assets	73,717,000
Units on issue	52,500,000
Matching Price	$1.4041

Should Unitholders elect to sell Units as part of the Matching Facility, they will receive $1.4041 per Unit on or around 1 November 2018. Similarly, Unitholders wishing to purchase Units as part of the Matching Facility will be required to pay $1.4041 per Unit. Unitholders that participate in the Matching Facility will be pro-rated (in proportion to the number of Units nominated to be sold or purchased) if there is not sufficient supply or demand for Units.

The Matching Facility will not be available unless both of the proposed Resolutions have been approved.

Note that Unitholders and CFM (in its capacity as responsible entity for the DPF) will not be charged any fees in relation to the Matching Facility or for the DPF purchasing Units. CFM, in its capacity as responsible entity for the Trust, will not receive any fees for the DPF's purchase of Units.

8.6 Key forecast assumptions

INVESTMENT PROPERTY VALUATION AS AT 30 JUNE 2018

The Pro-forma Balance Sheet records the Property at $123 million based on an independent valuation at 30 June 2018. The carrying amount of the Property in the Pro-forma Balance Sheet assumes there will be no material changes in the property market or the Property.

NET PROPERTY INCOME

Net property income is the gross income received from the Property less property outgoings. The main assumptions underlying the Trust's forecast net property income are:

- The Department of Public Works lease continues for the Forecast Period and is fixed at 3.75% per annum;
- Current non-government leases continue representing approximately 4% of gross passing income;
- Allowances have been made for re-leasing costs, vacancy periods and lease incentives during the Forecast Period;
- Income increases are in accordance with lease provisions. Rentals under the retail leases increase by between 3% and 4% 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 Property. The Department of Public Works lease provides for recoveries over a rolling base year for general property outgoing expenses and a net recovery over a fixed base year for statutory charges. The retail leases are gross; and
- Property outgoings increase by CPI of 2.50% per annum.

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. The market interest rate intends to be fixed via an interest rate swap for the Forecast Period and the margin rate is assumed to be fixed under the bank loan for the Forecast Period. The combination of the market interest rate and the margin rate for the Forecast Period are expected to result in the effective interest rate. The effective interest rate forecast throughout the Forecast Period is 4.15%. Forecast interest expense will change to the extent the executed margin or swap differ from these rates.

DISTRIBUTIONS PAID TO UNITHOLDERS

Distributions are paid monthly in arrears.

NON-ASSESSABLE DISTRIBUTIONS

Due to the availability of tax deductions for depreciation and building allowances, interest and fees and other tax timing adjustments, distributions are forecast to be partially non-assessable during the Further Term. The forecast non-assessable component will result in a net decrease to the Unitholders cost base and will be reflected in the Unitholders annual AMMA Statement. The forecast non-assessable distributions assumes the Property will not be sold. For further information please refer to the Taxation Report.

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.

FEES TO CFM

If the Resolutions are passed, and the Term is extended, CFM will receive a Performance Fee of $4,134,694 and ongoing responsible entity fees of 0.6% of gross assets per annum, approximately $738,000 (on the current valuation).

Both of these fees were detailed in the PDS.

8.7 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 different outcomes in the key assumptions underlying the forecasts is set out below. 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

Change in Property income

Under the Department of Public Works lease, 91% of the gross property income is fixed for the Forecast Period. Should property income increase or decrease during the Forecast Period for any unforeseen reason (e.g. tenant default), each +/- 5% change in property income would lead to approximately a +/-$479,000 annual change in profit available for distribution, which represents +/- 0.9 cents per Unit per annum.

Change in interest rates

If variable interest rates increased or decreased by 1% per annum for the Forecast Period, the impact of the change in interest payable for the relevant period would lead to an annual change in profit available for distribution of approximately +/- $480,000, which represents +/- 0.9 cents per Unit per annum. The majority of interest expense will be fixed for the Forecast Period as soon as the Resolutions are approved by Unitholders.

Fair value of Property

Each +/- 1% increase in the fair value of the Property would lead to an approximate change in the fair value adjustment of +/- $1,230,000 and a change in the net assets of the Trust by the same amount, representing approximately a +/- 2.3 cent change in the net asset value per Unit.

9. Taxation report

9.1 Overview

The following is a general discussion of the key Australian taxation issues arising as a direct result of the approval of the Rollover Proposal, or if the Resolutions for the Rollover Proposal are not approved, from the sale of the Property and wind up of the Trust.

The information is provided for Australian resident Unitholders who hold Units in the Trust on capital account for Australian income tax purposes. We have also provided general observations in relation to the Australian taxation implications for non-resident Unitholders who hold their Units as long-term investments on capital account.

The comments do not apply to Unitholders who hold their Units on revenue account or as trading stock. The taxation information in this Explanatory Memorandum does not consider the treatment of indirectly investing through an IDPS.

The discussion is based on Australian taxation laws, announcements and practices as at the date of this Explanatory Memorandum. The discussion is general in nature and is not intended to cover all of the potential taxation consequences that could arise for particular Unitholders.

The following comments should not be regarded as tax advice and the tax treatment may vary according to each Unitholder's individual circumstances. Unitholders are advised to seek their own taxation advice in respect of their investment in the Trust.

9.2 Tax consequences of approving the Rollover Proposal

If the Rollover Proposal is approved, Unitholders have the choice to remain Unitholders in the Trust or to exit using the Matching Facility (subject to availability).

UNITHOLDERS REMAINING AFTER ROLLOVER

For Unitholders who remain in the Trust after approval of the Rollover Proposal, no Capital Gains Tax (CGT) event will arise from the Rollover Proposal because neither the Property would be sold by the Trust nor would Unitholders dispose of their Units in the Trust.

Australian resident Unitholders remaining after Rollover

The current tax treatment from investing in the Trust should continue if the Rollover Proposal is approved. The tax treatment was summarised in the original PDS, and was updated by way of a Continuous Disclosure Notice (CDN) on 5 July 2017 when CFM resolved to apply the Attribution Management Investment Trust (AMIT) regime to the Trust for all income years beginning from 1 July 2017. This CDN is available on CFM's website and the tax treatment is also summarised below.

The Trust is an Australian resident trust for tax purposes. CFM intends to limit the Trust's investment activities to only include those activities that are within the ambit of an eligible investment business (including the derivation of rent) to ensure that the Trust is treated as a flow-through entity for Australian taxation purposes, and is able to qualify as a Managed Investment Trust (MIT) each year.

The Trust currently qualifies as a MIT and has made an election to apply the new regime to be an AMIT for taxation purposes from 1 July 2017.

Attribution of Taxable Components

Unitholders will be attributed the taxable components of the Trust each year regardless of whether the Trust makes a distribution of income or capital to the Unitholders in that year. The Trust will attribute these taxable components to Unitholders on a fair and reasonable basis. The attribution will generally be based on the rights of Unitholders to the income and capital in the Trust as provided for in the Constitution. Unitholders will be attributed taxable components that may include capital gains and income from the Trust's investments in real property and cash.

CFM will provide Unitholders with an AMMA Statement outlining the taxable components for each Unitholder.

Unitholders should include the taxable components attributed to them in the calculation of their assessable income for the relevant year. The tax implications for Unitholders will depend upon the character of the taxable components attributed to them and the amount of cash distributed by the Trust to the Unitholders for that year of income.

Where the Trust discovers in an income year (discovery year) an over attribution or under attribution of a taxable component relating to a previous year that ended no more than four years prior to end of the discovery year, the AMIT rules allow CFM to either amend the attribution of taxable components for that previous year, or to adjust the taxable components in the discovery year for the prior year over attribution or under attribution.

Capital Gains of the Trust

The Trust has made an election such that the Property is deemed to be held on capital account for taxation purposes. Consequently, gains or losses on the disposal of the Property will give rise to a capital gain or a capital loss.

Where the Trust disposes of the Property, which it has held for at least 12 months, it is currently eligible for the discount capital gain concession which reduces the capital gain by 50% in the Trust. The discount capital gain will be attributed to Unitholders in the year that the discount capital gain is made. Where a Unitholder is an eligible Unitholder, such as an individual, trust or complying superannuation fund, the Unitholder will be required to calculate their net capital gain by firstly grossing up the discount capital gain for the concession, and thereafter apply the discount capital gain concession at the relevant rate for that Unitholder after taking into account any capital losses. Certain Unitholders (including companies and non-residents) are not eligible for the discount capital gains concession. Any capital gain (including if it is a discount capital gain) will be identified in the AMMA Statement to ensure that Unitholders can calculate their net capital gain position.

It is noted that an announcement was made in the 2018 Federal Budget that a MIT will no longer be eligible for the discount capital gain concession from 1 July 2019. However, the discount capital gain concession should still continue to be available to eligible Unitholders. This announcement has not been legislated as at the date of this Explanatory Memorandum.

Cost Base adjustments

The Trust normally distributes income monthly in arrears based on the number of days in the month a Unitholder holds units in the Trust. The amount of the aggregate cash distribution for a year may be greater than, or less than, the taxable components attributed to a Unitholder for that year. Broadly, the tax cost base of the Units will be increased by any taxable components attributed (with any discount capital gain being doubled), and the tax cost base will be reduced by any payments distributed to Unitholders. These amounts are offset resulting in either a net increase or decrease in the tax cost base of each Unit in the Trust held by a Unitholder.

CFM will specify the net increase or decrease in the tax cost base in the AMMA Statement issued to each Unitholder.

Where any net decrease to the tax cost base of a Unit exceeds the tax cost base of that Unit (before applying that net decrease) a capital gain is made equal to that excess, and the tax cost base of the Unit is reduced to nil.

Disposal of Units

Unitholders may be liable for tax on capital gains realised on transfer, redemption 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 prior to the Trust electing to become an AMIT. Unitholders will also need to adjust the tax cost base of their Units to take into account any adjustments under the AMIT rules as noted above.

Unitholders may also be entitled to the discount capital gain concession where the Units have been held for at least 12 months. The Trust does not issue a separate capital gains statement if the Unitholder disposes of Units in the Trust.

Non-resident Unitholders remaining after Rollover

The Trust currently qualifies as a withholding MIT. CFM is required to withhold tax (MIT WHT) on a non-resident Unitholder's behalf in respect of any Australian sourced taxable components distributed or attributed by the Trust to the non-resident Unitholder.

For taxable components distributed or attributed to an address or place in countries approved as 'information exchange countries', a final MIT WHT rate of 15% will apply. A fund payment is a distribution or attribution of an amount other than an amount referable to interest, dividends, royalties, non-taxable Australian property capital gains or amounts that are not from an Australian source.

A final MIT WHT rate of 30% will apply to fund payments attributed or distributed to an address or place in countries not approved as 'information exchange countries'.

Where the distribution or attribution includes Australian sourced interest, a final MIT WHT tax of 10% will apply to that component.

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

Other taxes

Unitholders should not be liable for Australian stamp duty in relation to the Rollover Proposal. Unitholders should not be liable for GST in Australia in relation to the Rollover Proposal.

UNITHOLDERS WHO CHOOSE TO EXIT THROUGH THE MATCHING FACILITY

A Unitholder's exit from the Trust after the Rollover Proposal under the Matching Facility would result in a CGT event for the Units held in the Trust.

Australian resident Unitholders - disposal of Units

The disposal of Units using the Matching Facility would result in a CGT event during the income year ending 30 June 2019.

Unitholders will make a capital gain to the extent that their capital proceeds of $1.4041 per Unit exceeds the tax cost base of the Unit. A capital loss will be made to the extent that the capital proceeds for a Unit is less than the reduced cost base for the Unit. In order to determine their capital gain position, Unitholders will need to adjust the tax cost base and reduced cost base of their Units in the Trust in the manner summarised above in the "Disposal of Units" section. Please also see below for an indicative example calculation.

Eligible Unitholders should be able to reduce any capital gain made by the relevant discount percentage after applying any available capital losses. Australian resident individuals and trustees of other trusts should currently be entitled to a discount capital gains concession of 50% and complying superannuation funds should currently be entitled to a discount capital gains concession of 33 1/3% provided that the Unitholder has held the Units for at least 12 months at the time of the disposal.

Non-resident Unitholders - disposal of Units

Where a non-resident Unitholder owns less than 10% of the Units in the Trust, the Unitholder will not be subject to Australian CGT on disposal of the Units on the basis the Units are not taxable Australian property.

Other taxes

Unitholders should not be liable for Australian stamp duty in relation to the disposal of Units.

Unitholders should not be liable to GST in Australia in relation to the disposal of Units.

INDICATIVE EXAMPLE OF EXITING THROUGH THE MATCHING FACILITY

The tax liability calculated for the Unitholder below is only an example and is not to be relied on. It is based on forecasts and estimates of future distribution components and taxation positions adopted by the Trust.

Set out below is an indicative example of the taxation treatment per Unit for different types of Unitholders who:

- dispose of their Units using the Matching Facility on 1 November 2018 for 1.4041 per Unit and did not incur any incidental costs on sale;
- are Australian residents for tax purposes;
- hold their Units on capital account;
- acquired their Units for $1.00 on 1 December 2011 and did not incur any incidental costs on purchase;
- received their last income distribution for the month of October 2018;
- have received non-assessable distributions (including tax deferred distributions) in all financial years before the disposal totalling $0.4280 per Unit. Consequently, the cost base of these Units prior to the sale is estimated to be $0.5720 (assuming no other capital costs have been added to the cost base); and
- do not have any carry forward tax losses or capital losses.

Taxable income

CFM has modelled the indicative after tax cash return on the disposal of Units under the Matching Facility in the 2019 income year for an individual on a marginal tax rate (including Medicare levy) of 21%, a company, an individual on a marginal tax rate (including Medicare levy) of 47%, and a complying superannuation fund.

	Individual	Company	Individual	Complying Super Fund
	21%	30%	47%	15%
Attributed FY2019 Assessable Income[1]	-	-	-	-
Plus: Gross CGT Gain - Disposal Under Matching Facility[2]	0.83	0.83	0.83	0.83
Sub-total	**0.83**	**0.83**	**0.83**	**0.83**
Less: Applicable CGT Discount	(0.42)	-	(0.42)	(0.28)
Taxable Income	0.41	0.83	0.41	0.55
Tax Applicable at Applicable Rate	(0.09)	(0.25)	(0.20)	(0.08)
Sales Proceeds	1.40	1.40	1.40	1.40
FY2019 Distributions	0.03	0.03	0.03	0.03
Total Amounts Received[3]	**1.43**	**1.43**	**1.43**	**1.43**
Less: Tax at Applicable Rate	**(0.09)**	**(0.25)**	**(0.20)**	**(0.08)**
Cash Return After Tax Post Participation in Matching Facility	**1.34**	**1.18**	**1.23**	**1.35**

Notes:

All numbers in the table above have been rounded to 2 decimal places.

(1) The "Attributed FY 2019 Assessable Income" is the estimated Unitholders attribution of taxable components for FY2019.

(2) The "Gross CGT Gain – Disposal Under Matching Facility" is the CGT gain on the disposal of Units through the Matching Facility, being the capital proceeds of $1.4041 less the tax cost base of $0.5720.

(3) Includes the sale proceeds received from participating in the Matching Facility.

9.3 Tax Consequences from the Sale of the Property and Wind-up of the Trust

If the Rollover Proposal is not approved, the Property will be sold, the Trust will be wound up and the net sale proceeds will be returned to Unitholders.

TRUST CAPITAL GAIN ON DISPOSAL OF THE PROPERTY

The Trust is a MIT and has made an election such that the Property is deemed to be held on capital account for taxation purposes.

Consequently, gains or losses on the disposal of the Property will give rise to a capital gain or capital loss.

Based on the current valuation, it is expected that the Trust will make a capital gain on the sale of the Property. The CGT event will be taken to occur when the Trust enters into a binding contract for the sale of the Property, the timing of which is currently unknown.

As the Trust would have held the Property for longer than 12 months at the time of the CGT event in respect of the sale, the Trust should currently be eligible to discount the capital gain made by 50% (the Trust does not currently have any capital losses).

Distribution and wind-up of the Trust

It is expected that the Trust will initially make an interim distribution of most of the net sale proceeds received on the disposal of the Property to Unitholders in proportion to their Unit holdings (Distribution).

The Distribution would comprise a share of the:

- assessable determined Trust components, including the capital gain from the sale of the Property;
- non-assessable other capital gains distribution amount, representing the 50% CGT discount on the Trust's capital gain; and
- other non-assessable amount, representing a return of corpus of the trust (capital).

The taxable components of the Trust will include the Trust's discounted capital gain from the disposal of the Property and any rent collected from tenants for the period, less any tax losses and other revenue deductions incurred by the Trust.

The other capital gains distribution amount, representing the CGT discount for the Trust, may be distributed to Unitholders without resulting in a cost base reduction of the Units held by the Unitholders.

The Distribution would also include a share of the other non-assessable amount, representing a return of corpus of the trust (capital). This non-assessable amount will reduce the tax cost base of the Units held by the Unitholders. To the extent that this non-assessable capital amount on a Unit is greater than the tax cost base of that Unit (prior to the receipt of the Distribution), the Unitholder will be taken to have made a capital gain on that Unit (refer below).

Following the Distribution, and once the Trust is able to be wound up, all of the Units in the Trust will be cancelled and any remaining property of the Trust will be distributed to Unitholders as cancellation proceeds.

AUSTRALIAN RESIDENT UNITHOLDERS – SALE OF PROPERTY AND WIND-UP OF THE TRUST

Share of the Trust capital gain

Australian resident Unitholders should include the taxable components of the Distribution attributed to them in their assessable income. Where the attributed taxable components include a share of the Trust's capital gain component (which has qualified for the CGT discount), Unitholders are required to include in their net capital gain calculation an amount equal to double their share of the Trust's capital gain component.

When calculating their net capital gain, Unitholders should apply any available prior year or current year capital losses and to the extent that they are eligible Unitholders, they should be entitled to discount any remaining capital gain by the relevant discount percentage of that Unitholder.

The resulting net capital gain is included in the Unitholder's assessable income. CFM will provide Unitholders with an AMMA Statement outlining their taxable components, including the capital gain, to assist Unitholders in preparing their income tax return.

In determining whether the CGT discount is available to Unitholders in respect of the capital gain attributed to them by the Trust, it does not matter whether the Units were held for 12 months or more at the time that the Unitholders were attributed the capital gain from the Trust.

Non-assessable capital component

The distribution of the non-assessable corpus of the trust (capital) amount (other than the other capital gains distribution amount, representing the Trust's CGT discount), will cause a reduction in the Unitholder's tax cost base. CFM will disclose the net decrease in the cost base in the AMMA Statement issued to the Unitholder.

Note that the Unitholder's tax cost base of the Units should be reduced by non-assessable capital distributions (including previously distributed tax deferred amounts) received in prior periods.

Where a Unitholder's cost base in a Unit is reduced to nil, a capital gain arises to the extent of the excess of the non-assessable capital distribution (other than the amount representing the CGT discount) over the tax cost base of that Unit.

It is likely that the net decrease in the cost base from the Distribution will exceed the Unitholder's cost base and accordingly, a capital gain for Unitholders is likely to arise as a result of the Distribution. The timing of this CGT event should occur at the end of the year of income or immediately prior to the cancellation of the Units, whichever is the earlier. For completeness, if a Distribution is included as capital proceeds for the cancellation of Units, then it should not be taken into account for the purposes of determining the net decrease in the cost base of the Unit as described above.

Eligible Unitholders that have held their Units for at least 12 months at the time of the CGT event will be entitled to the CGT discount at the relevant discount percentage.

Wind-up of the Trust

On the final wind-up of the Trust, there will be a cancellation of all Units in the Trust.

The cancellation of the Units will result in a CGT event for the Unitholders. The time of the CGT event will be when the Units are cancelled.

If the Unitholders' tax cost base and reduced tax cost base in the Units have been reduced to nil as a result of the Distribution (refer above) or other prior year distributions, any remaining capital proceeds from the cancellation of the Units will likely result in a capital gain for the Unitholders.

Eligible Unitholders should be able to reduce the capital gain by the relevant discount percentage after applying any available carry forward or current year capital losses. Australian resident individuals and trustees of trusts should currently be entitled to a CGT discount of 50% and complying superannuation funds should currently be entitled to a CGT discount of 33 1/3%, provided that the Unitholder has held their Units for at least 12 months prior to the cancellation of the Units.

Any resulting net capital gain is included in the Unitholder's assessable income.

NON-RESIDENT UNITHOLDERS – SALE OF PROPERTY AND WIND-UP OF THE TRUST

Share of the Trust capital gain

As the Trust is a withholding MIT the trustee is required to withhold MIT WHT from 'fund payments' made to non-resident Unitholders. The rate of the MIT WHT is 15% of the fund payment for distributions to an address or place in an information exchange country and 30% of the fund payment for distributions to an address or place not in an information exchange country.

For the Trust, fund payments would include the taxable components attributed or distributed to a Unitholder, other than interest. Where the taxable components of the Trust include a discounted capital gain made on disposal of taxable Australian property, the fund payment is increased such that it includes double the discounted capital gain in order to ensure that the CGT discount does not apply to amounts distributed or attributed to an address or place outside of Australia.

Non-assessable capital distribution

The trustee of a MIT does not have an obligation to withhold MIT WHT in respect of the non-assessable capital distribution amount. Non-assessable capital distributions will decrease the cost base of a non-resident Unitholder's Units. However, where the net reduction in cost base exceeds the tax cost base of that Unit, it should not result in a taxable capital gain for the non-resident Unitholder. This is on the basis that the CGT event occurs in relation to Units which are not taxable Australian property at the time of the CGT event (assuming that the Unitholder holds less than 10% of the Units in the Trust at the time of the CGT event).

Wind-up of the Trust

Where a non-resident Unitholder owns less than 10% of the Units in the Trust, the Unitholder should not be subject to Australian CGT on wind-up on the basis the Units are not taxable Australian property.

INDICATIVE EXAMPLE OF SALE OF THE PROPERTY AND WIND-UP OF THE TRUST

The tax liability calculated for a Unitholder below is only an example and is not to be relied on. It is based on forecasted information and estimates of the capital gain and the number of Units on issue and the taxation positions adopted by CFM as responsible entity of the Trust. The actual capital gain will ultimately depend on the final sale price, the timing of the sale of the Property and related expenses.

CFM will provide an AMMA Statement providing a detailed breakdown of Unitholders' final distribution and capital gains, to assist Unitholders in preparing their income tax return for the income year in which the sale of the Property occurs.

The example set out below is indicative of the taxation treatment for different classes of Unitholders who:

- are Australian residents for tax purposes;
- hold their Units on capital account;
- acquired their Units for $1.00 on 1 December 2011 and did not incur any incidental costs on purchase.

- have received non-assessable distributions (including tax deferred distributions) up until 30 June 2018 resulting in reductions in the cost base totalling $0.3938 per Unit. Consequently, the cost base of these Unitholders prior to the year of sale of the Property and cancellation of Units is estimated to be $0.6062 per unit (assuming no other capital costs have been added to the cost base); and
- do not have any carry forward tax losses or capital losses.

The indicative calculation assumes that:

- the Trust sells the Property for $123 million;
- the CGT event for disposal of the Property occurs on 31 December 2018;
- the Trust is wound up in the 30 June 2019 income tax year;
- the Distribution occurs in the 30 June 2019 income year and all distributions paid by the Trust for the year total $1.4586 per Unit comprised of the following:
- $0.3819 – share of the assessable attributed discount capital gain component (less deductible expenses).
- $0.3819 – share of non-assessable other capital gains distribution amount, representing the 50% CGT discount on the Trust's capital gain.
- $0.6948 – other non-assessable amount, representing a return of corpus of the trust (capital).

Non-assessable capital payment and redemption

Based on the above, as a result of the distribution of the non-assessable capital amounts, each Unitholder would derive a capital gain of $0.0886 per Unit (being capital proceeds and distributions of $0.6948 less the remaining cost base of $0.6062).

Taxable income

We have modelled the indicative tax and after-tax cash return on the sale of the Property and cancellation of Units as follows:

	Individual	Company	Individual	Complying Super Fund
	21%	30%	47%	15%
Attributed Assessable Income - CGT Component	0.38	0.38	0.38	0.38
Grossed Up Attributed Assessable Income - CGT Component[1]	0.76	0.76	0.76	0.76
Attributed Assessable Trust Income (Non-CGT)	-	-	-	-
Plus CGT Gain from Non-Assessable Distributions and Redemption[2]	0.09	0.09	0.09	0.09
Sub Total	**0.85**	**0.85**	**0.85**	**0.85**
Less Applicable CGT Discount	(0.43)	-	(0.43)	(0.28)
Taxable income	0.42	0.85	0.42	0.57
Total Cash Distribution for the Year[3]	**1.46**	**1.46**	**1.46**	**1.46**
Less: Tax Applicable at Applicable Rate	**(0.09)**	**(0.26)**	**(0.20)**	**(0.09)**
Cash Return After Tax	**1.37**	**1.20**	**1.26**	**1.37**

Notes:

All numbers in the table above have been rounded to 2 decimal places.

(1) The "Attributed Assessable Income – CGT Component" amount is the Unitholder's attribution of the discount capital gain (less deductible expenses) as discussed above.

(2) The "CGT Gain from Non-Assessable Distributions and Redemption" amount is the gain from distribution of the non-assessable capital component in excess of cost base and gains on the redemption of the Unit as outlined above.

(3) Includes the monthly distributions and the Distribution.

Other taxes

Unitholders should not be liable for Australian stamp duty in relation to the sale of the Property or wind-up of the Trust. Unitholders should not be liable to GST in Australia in relation to the sale of the Property or wind-up of the Trust.

10. Valuation summary letter

URBIS

LEVEL 7
123 ALBERT STREET
BRISBANE QLD 4000

URBIS.COM.AU
Urbis Valuations Pty Ltd
ABN 28 105 273 523

09 August 2018

Mr Paul Weightman
Chairman
Cromwell Funds Management Limited
Level 19, 200 Mary Street,
Brisbane QLD 4000

Dear Paul,

SUMMARY LETTER OF VALUATION REPORT: 117 BRISBANE STREET, IPSWICH QLD 4305

Instructions

Urbis Valuations Pty Limited (“**Urbis**”) accepted instructions dated 13 June 2018 from Cromwell Funds Management Limited (ABN 63 114 782 777) (**CFML**) requesting a formal valuation report of the property located at 117 Brisbane Road, Ipswich, Queensland 4305 (**Property**) and a summary of the valuation report for the property dated 30 June 2018 (**Valuation Report**) for the purposes of inclusion in an Explanatory Memorandum for the proposed extension of the term of the Fund. CFML have advised the Property is owned by the Cromwell Ipswich City Heart Trust ARSN 154 498 923 (**Fund**).

This letter provides a summary of the full valuation report, detailing the principal factors that Urbis considered and which form the basis of our opinion of market value (**Summary Letter**). The Valuation Report was prepared and is specifically addressed for the use and reliance of CFML & Crédit Industriel et Commercial, Singapore Branch. The Valuation Report 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. Urbis was specifically requested to provide our opinion of the market value of the property on the following basis:

- Market Value – As Is subject to the existing leases.

As indicated above, Urbis was instructed to provide a full Valuation Report in addition to this Summary Letter, which is for inclusion in the Explanatory Memorandum dated on or around 22 August 2018 issued by Cromwell Funds Management Limited (CFML).

In accordance with ANZVGN 8, our Valuation Report draws attention to the key issues and considerations impacting value and provides a detailed Property Performance, plus the report details our Critical Assumptions, Disclaimers, Limitations and Qualifications. As commercial investments of this nature are inherently complex, and market conditions have been uncertain in recent times, it is considered prudent to consider the entire contents of our Valuation Report. Therefore, Urbis

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recommends that this Summary Letter is read and considered together with the full Valuation Report. Urbis accepts no responsibility for reliance upon the Summary Letter. Urbis refers the reader to CFML to obtain a copy of our Valuation Report.

The market value determined under the valuation instructions, is in accordance with the definition of market value as defined by the International Valuations Standards Committee (IVSC) and endorsed by the Australian Property Institute (API), which is defined as: *"The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."*

Brief Description

The subject property, 117 Brisbane Street, Ipswich is located on the corner of Bell Street and Brisbane Street within the Ipswich CBD and is approximately 31 radial kilometres south-west of Brisbane CBD.

The property comprises a 11-level 'A Grade' commercial office building completed in 2013. More specifically, the improvements comprise ground floor office, retail and reception, mezzanine level and 9 levels of commercial office accommodation. The office tower accommodation has a floor plate range of approximately 1,722 sqm to 1,766 sqm. The building incorporates three basement levels of car parking for 206 vehicles and 11 motorbike bays.

The building is approximately 99% leased with approximately 94% of the office component being leased to the State of Queensland for an initial term of 15 years which expires 30 September 2028 (in addition to two 5-year option periods). The lease includes provisions for annual reviews of 3.75% increases and a face market review on the commencement of the further terms. There are 6 retail tenancies, 2 of which are leased for terms ranging from 5 to 7 years, with 4 vacant tenancies.

As leased, the subject property has a weighted average lease expiry (WALE) of 9.44 years by income.

Market Movement

The valuation referred to above reflects the valuer's view of the market 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). Liability for losses arising from such subsequent changes in value is excluded as is liability where the valuation is relied upon after the date of the valuation.

Report Content

Our Valuation Report, in addition to the content noted earlier, contains detailed information and description pertaining to: Instructions, Reliance and Liability; Site Details including Location, Legal, Environmental and Town Planning; Improvements; and our analysis of the asset's Tenancy and Financial attributes. This is followed by a comprehensive Economic and Office 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 reiterate that the reader of this letter should refer to our Valuation Report for details in respect of the above items.

Market Commentary

Our market overview focusses on two broad elements of the market, firstly the occupational market, As the PCA do not cover the regional markets, we have provided the Brisbane Fringe market commentary which is a useful proxy in the absence of formal data, making specific references to the official vacancy statistics from the Property Council of Australia. We have also made considerations to the general Ipswich market within our market overview. Key broad market observations include:

- The Brisbane Fringe Market continues to be a destination for both offshore and domestic institutional capital with total commercial transactions for 2017 recording 19 sales in excess of $10 million, totalling approximately $1.21 billion. Additionally, there has been one significant sale recorded in the first half that has settled to date in 2018, being 88 Musk Avenue, Kelvin Grove which sold for a net sale price of $84 million.
- Per the PCA Office Market Report (OMR) January 2018, the vacancy rate within the Brisbane Fringe market is at 14.1%. The vacancy rate per the recent July 2018 OMR release has recently increased slightly to 14.5%, mainly attributable to the arrival of new supply.
- Demand for investment in direct property hitherto has continued to chase a limited number of assets, driving yields towards peaks experienced prior to the GFC, with a substantial part of the demand being supported by historically low borrowing costs and a “weight of money” as well as the generally poor performance of alternative investments, particularly fixed interest products. It remains to be seen how recent movements within bond markets and long-term interest rate markets may affect commercial property yields. However, it is now more likely that the interest rate cycle has bottomed or close to bottomed and thus investors cost of funds and hurdle rates are increasingly likely to rise in the future. This would likely see a corresponding rise in yields and IRRs into the future.
- According to the City of Ipswich Economic Profile, the City of Ipswich’s Gross Regional Product is estimated at $9.29 billion, representing 3% of the Queensland Gross State Product. The population as per ABS 2017 statistics is approximately 206,467 and local jobs are approximately 73,078. The largest industry sector in the Ipswich City Council area is Health Care and Social Assistance.

The subject property is unique for the Ipswich CBD due to it being the best commercial office building in Ipswich and one of a couple if not the only A Grade office accommodation available. Additionally, as is evidenced by the tenant profile of the Property, it is well suited to Government tenancies, who also need a degree of diversity and decentralisation in their accommodation requirements to serve the needs of Government operations and constituents. An asset of this eminence would be compared to the Brisbane A Grade market and to broader South East Queensland Prime Commercial markets when being considered by investors.

Generally speaking, good quality office accommodation within Ipswich CBD is predominately occupied by Government or Government related agencies. There are only a few office buildings in Ipswich that offer good quality office accommodation, offering large tenancy areas and good quality building services. In Ipswich, aside from the subject property, there are only a couple buildings which offer either prime and/or significant scale commercial office accommodation.

Investment activity within Ipswich has continued to be relatively limited, reflecting the lack of stock in the market. Beyond the Government and Government related entities there is limited demand from general office users for accommodation of a large scale. However, Ipswich is not facing the same supply issues that the Brisbane CBD and Near Markets are. In general, the retail market in the Ipswich CBD continues to experience subdued demand.

The Ipswich City Square redevelopment will prompt future office supply. The proposed Ipswich City Council headquarters will offer additional prime office accommodation once completed. Any further supply that would rival the subject property would likely need to be substantially pre-committed.

Acknowledging the characteristics of the property, we anticipate the property would predominantly appeal to institutional investors of largely a domestic nature and potentially either listed or unlisted. Further, we consider that the property would have appeal to syndicates.

Investment Sales Evidence

In order to assess the appropriate market parameters for the subject property, we have considered recent major 'Brisbane Fringe' commercial transactions, as summarised in the table below.

Address	Sale Date	Sale Price	Initial Yield	Equivalent Market Yield	IRR	Building Rate	WALE by income (yrs)	NLA	Occupancy
56 Edmondstone Road, Bowen Hills	Dec-17	$90,800,000	6.88%	6.61%	7.77%	$7,307/m²	8.44	12,427m²	100%
108 Wickham Street, Fortitude Valley	Dec-17	$106,230,000	6.59%	6.36%	7.32%	$8,917/m²	6.51	11,913m²	100%
12-14 Marine Parade, Southport	Dec-17	$34,050,000	7.27%	7.42%	8.13%	$3,984/m²	1.45	8,547m²	87%
520 Wickham Street, Fortitude Valley	Jul-17	$119,149,000	7.02%	6.20%	7.49%	$8,120/m²	5.92	14,673m²	100%
505 St Pauls Terrace, Fortitude Valley	Dec-16	$205,500,000	6.56%	5.66%	6.40%	$11,668/m²	10.73	17,613m²	100%

The sales analysis indicates the following investment benchmarks:

Investment Transaction Metrics

	PRICE RANGE	INITIAL YIELD	EQUIVALENT YIELD	IRR	RATE ($/m²)	WALE (BY INCOME)
Lower Benchmark	$34,050,000	6.56%	5.66%	6.40%	$3,984	1.45 Years
Upper Benchmark	$205,500,000	7.27%	7.42%	8.13%	$11,668	10.73 Years

Valuation Rationale

The most appropriate methodology in arriving at an assessment of market value for an asset of this type is to apply a market yield to the market net income as at the date of valuation together with an assessment derived from the application of a discount rate to the anticipated rental and capital income over a nominated future period. Accordingly, our primary valuation approaches are the capitalisation of market net income approach and the discounted cash flow analysis.

A detailed explanation of the asset's investment characteristics and the application of the capitalisation approach and DCF methodology is provided in the full Valuation Report. However, we note the key considerations we have had in the valuation of the subject property are detailed as follows:

- The prime quality of the asset and modern age of the improvements, providing good quality A Grade office accommodation;
- The subject's Ipswich CBD location and the Ipswich office market is generally smaller and comprising B and lower Grade buildings;
- The property is the only asset of this calibre in the area and is comparable to Brisbane Fringe A Grade quality assets in terms of size and quality. Thus, the subject property would attract investor interest from groups who participate in the major Australian office markets including the Brisbane Fringe market; and
- The long weighted average lease expiry (WALE) of 9.44 years, which is a highly favourable characteristic, together with the property being 99% leased to the State of Queensland which provides a strong lease covenant. These attributes would make it highly sought after by the investment market.

Valuation Summary

- In accordance with the instructions, we summarise our valuation conclusion as at 30 June 2018, as follows:

Market Value "As Is" – subject to the existing leases:

$123,000,000 (One Hundred and Twenty-Three Million Dollars) exclusive of GST

We provide overleaf our executive summary outlining a brief summary of the key investment parameters for the property.

URBIS

117 Brisbane St, Ipswich QLD 4305

URBIS

INSTRUCTING PARTY	Cromwell Funds Management Limited (CFML)
RELIANCE AUTHORITY	Cromwell Funds Management Limited (CFML) & Crédit Industriel et Commercial, Singapore Branch
PURPOSE OF VALUATION	Financial Reporting & First Mortgage Security
DATE OF VALUATION	30-Jun-2018
INTEREST VALUED	100% Freehold
LEGAL DESCRIPTION	Lot 1 SP246525
SITE AREA	3,169 sqm
ZONING	CBD - Primary Retail Zone
YEAR BUILT	2013
YEAR OF LAST MAJOR REFURB	-

BRIEF DESCRIPTION

The subject property is situated on the corner of Brisbane Street and Bell Street in Ipswich CBD. Surrounding development predominantly comprises low-rise commercial and retail uses with a pedestrian mall forming the property's western boundary. The property comprises an 11-level A Grade commercial office building completed in 2013. More specifically, the improvements comprise ground floor retail, office and reception, mezzanine level and 9 levels of commercial office accommodation. The office accommodation for the tower has a floor plate size ranging from approximately 1,722 sqm to 1,766 sqm. The building is the only one of its class in the Ipswich CBD and is considered comparable to many Brisbane Fringe A Grade assets, in terms of size and quality. Further, the upper levels of the property have good district views over Ipswich and towards the Brisbane CBD and provide good natural light.

MAJOR ISSUES AND CRITICAL ASSUMPTIONS

- The property has a long WALE and the major lease is to the State of Queensland and these features hold the buidling in good stead and enhance its investment attractiveness to the capital markets;
- We reiterate that the subject is in a class of its own in the Ipswich CBD.
- A significant issue is the four retail tenancies fronting Bell Street, have remained largely unleased since completion of the development. We have allowed downtime periods of 12 months for existing vacancies and future expiries of the retail tenancies and a retention rate of 50%.

LETTABLE AREAS & INCOME ANALYSIS

	AREA (NLA)	PASSING ($PA)		MARKET ($PA)		VARIANCE ($PA)
Office	17,078 m²	$8,924,387	$523 /m²	$8,956,855	$524 /m²	$32,468
Retail	788 m²	$397,256	$504 /m²	$441,950	$561 /m²	$44,694
Car Parking	217 bays	$563,538	$2,597/bay	$578,100	$2,664/bay	$14,562
Other	-	$76,067	-	$58,433	-	($17,634)
Recoveries		$106,672	$6 /m²	-	-	($106,672)
Outgoings (adopted)		($1,480,342)	($83/m²)	($1,480,342)	($83/m²)	-
TOTAL	**17,866 m²**	**$8,587,579**	**$481 /m²**	**$8,554,996**	**$479 /m²**	($32,583)

TENANCY DETAILS

Current WALE (by Income)	9.44 Years	**Current Vacancy**	1%

VALUATION

CAPITALISATION APPROACH		10 YEAR DISCOUNTED CASH FLOW	
Derived Value	**$125,568,302**	**Derived Value**	**$121,258,282**
Adopted Core Capitalisation Rate	7.125%	**CPI Growth Rate**	2.26%
Capital Adjustments Window	24 Months	**Office Growth Rate**	3.05%
Total Capital Adjustments	$5,498,176	**Adopted Discount Rate**	8.125%
Capital Value ($psqm) - Derived	$7,028	**Adopted Terminal Yield**	7.50%

VALUATION

Valuation Approaches	Capitalisation Approach, DCF Analysis
Basis of Valuation	Market Value subject to the existing tenancies.
Date Inspected	19 June 2018
Date of Valuation	30 June 2018
Adopted Valuation (Rounded)	$123,000,000
Initial Yield	6.98%
Fully Leased Initial Yield	7.10%
Equivalent Market Yield	7.28%
Internal Rate of Return	7.90%
Rate psqm of NLA	$6,885

Valuer (s)	**Fraser Bentley, FAPI** Director Certified Practising Valuer Australian Property Institute, Member No 656904	**Kellie Waterford, AAPI** Senior Valuer Certified Practising Valuer Australian Property Institute, Member No 66505
Status	Prime-signatory Valuer/Signing Director	Signing
Inspected	Inspected	Inspected
Disclaimer	*This Executive Summary should be used in conjunction with the Report and Valuation which follows, not in isolation.*	

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Urbis provides it consent for the inclusion of this Summary Letter within the Explanatory Memorandum, subject to Cromwell Funds Management Limited making recipients of the Explanatory Memorandum aware of the following liability disclaimers.

Liability Disclaimer

a) Urbis is not operating under an Australian Financial Services Licence when providing a full Valuation Report or this Summary Letter and such documents do not constitute financial product advice. This Summary Letter (and the associated Valuation Report) was prepared without considering or taking account of the financial situation, investment objectives or any other specific needs or requirements of any Investor or any other third party. Investors should consider obtaining independent advice from their financial advisor before making any decision in relation to their investment in the Cromwell Ipswich City Heart Trust.

b) Urbis Valuations Pty Ltd operates under the Australian Property Institute Limited Liability Scheme which is a scheme approved under Professional Standards Legislation.

c) This Summary Letter has been prepared subject to the conditions referred to within this Summary Letter and those listed in the Valuation Report. Neither Urbis nor any of its Directors makes any representation in relation to the Explanatory Memorandum nor accepts responsibility for any information or representation made in the Explanatory Memorandum, other than this Summary Letter.

d) Urbis was involved only in the preparation of this Summary Letter and the associated Valuation Report referred to herein, and specifically disclaim any liability to any person in the event of any omission from, or false or misleading statement included in the Explanatory Memorandum, other than in respect of the Valuation Report and this Summary Letter.

e) 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 Explanatory Memorandum. 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.

f) Urbis has prepared the Valuation Report and this Summary Letter relying on and referring to information provided by third parties including financial and market information ("**Information**"). Whilst Urbis has made all reasonable efforts and inquiries it believes necessary in preparing the Valuation Report and this Summary Letter, it is not responsible for determining the completeness or accuracy of the data and information supplied to it and has not independently verified such data or information unless otherwise stated in this Summary Letter.

g) References to the Property's value within this Summary Letter or the Explanatory Memorandum have been extracted from Urbis' 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 critical assumptions and other assumptions, disclaimers, limitations and qualifications. As commercial investments of this nature are inherently complex, and the market conditions have been uncertain in recent times, Urbis recommends that this Summary Letter and any references to value within the Explanatory Memorandum must be read and considered together with the Valuation Report. This Summary Letter is to be read in conjunction with our full Valuation Report and is subject to the Assumptions, Limitations, Disclaimers and Qualifications contained therein. Any authorised party seeking to obtain a copy of the Valuation Report, should contact CFML who in turn should notify Urbis of the request and seek Urbis consent.

h) All surveys, forecasts, projections and recommendations contained in or associated with this Summary Letter and the Valuation Report are made in good faith and on the basis of information supplied to Urbis at the date of the Valuation Report, and upon which Urbis relied. Achievement of the projections and budgets set out in the Valuation Report will depend, among other things, on the actions of others over which Urbis has no control.

i) Urbis (including its officers and personnel) is not liable for any errors or omissions, including in information provided by the Instructing Party or another person or upon which Urbis relies, provided that such errors or omissions are not made by Urbis recklessly or in bad faith.

j) This report has been prepared with due care and diligence by Urbis and the statements and opinions given by Urbis in this report are given in good faith and in the reasonable belief that they are correct and not misleading, subject to the limitations above.

k) The Valuation Report proceeds on the basis that the subject property is most likely to be defined as a 'going concern' under the relevant provisions of current GST legislation. Accordingly, a hypothetical sale of the interest valued herein is assumed to be GST free and our valuation is exclusive of any GST. Urbis takes no responsibility for the liability or otherwise for the payment of GST on an assumed sale of the interest valued herein. In addition, any market rentals, passing rentals from existing leases and outgoings amounts are also assumed to be exclusive of GST unless otherwise stated to the contrary.

l) Neither this Summary Letter nor the Valuation Report may be reproduced in whole or in part without prior written approval of Urbis.

m) Urbis 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 $18,000 exclusive of GST. The fee is not in any way linked to, nor has it influenced, our opinion of the market value of the property.

n) We confirm that the valuer does not have a pecuniary interest that would conflict with a proper valuation of the interest in the properties.

Yours sincerely,

Fraser Bentley, FAPI
Director, Real Estate Advisory

11. Independent accountant's report

Pitcher Partners Corporate Finance Limited
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9 August 2018

The Directors
Cromwell Funds Management Limited
As Responsible Entity for the Cromwell Ipswich City Heart Trust
Level 19
200 Mary Street
BRISBANE QLD 4000

Dear Directors

INDEPENDENT ASSURANCE REPORT ON THE AUDITED HISTORICAL BALANCE SHEET, PRO FORMA HISTORICAL BALANCE SHEET AND FORECAST INCOME STATEMENT AND FINANCIAL SERVICES GUIDE

Introduction

This report has been prepared at the request of the Cromwell Funds Management Limited ("CFM") as the responsible entity of the Cromwell Ipswich City Heart Trust ("ICH" or the "Trust") to report on the financial information of ICH, as summarised in the Scope Section below, for inclusion in the Explanatory Memorandum dated on or about 22 August 2018. The purpose of the Explanatory Memorandum is to provide ICH unitholders with information to consider and vote on the resolutions to approve the Rollover Proposal.

ICH is a fixed term trust with an expiry date of 28 December 2018. The Rollover Proposal is:

1. To amend the term of the Trust for a further four and half years to 28 June 2023;
2. Introduce a Matching Facility, which will provide unitholders with the ability to dispose of some or all of their units or acquire additional units in ICH; and
3. Amend the Constitution to allow CFM to charge the Performance Fee for the period from the date of acquisition of the Property to 30 June 2018, rather than for the period from the date of acquisition to 28 December 2018.

Pitcher Partners Corporate Finance Limited (a related entity of Pitcher Partners Queensland Partnership) holds the appropriate Australian Financial Services Licence under the Corporations Act 2001 for the issue of this report.

References to the Trust and other capitalised terms used in this report have the same meaning as defined in the glossary of the Explanatory Memorandum.

Scope

Audited Historical Balance Sheet

Pitcher Partners Corporate Finance Limited has been engaged by CFM to review the Audited Historical Balance Sheet of ICH as at 30 June 2018 included in the Explanatory Memorandum.

The Audited Historical Balance Sheet has been prepared in accordance with the stated basis of preparation, being the recognition principles contained in Australian Accounting Standards and ICH's adopted accounting policies. The Audited Historical Balance Sheet was audited by Pitcher Partners Queensland Partnership in accordance with Australian Auditing Standards. Pitcher Partners Queensland Partnership issued an unmodified opinion.

The Audited Historical Balance Sheet is presented in the Explanatory Memorandum in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act 2001.

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CORPORATE FINANCE LIMITED

Pro forma Historical Balance Sheet

Pitcher Partners Corporate Finance Limited has been engaged by CFM to review the Pro forma Historical Balance Sheet of ICH as at 30 June 2018. The Pro forma Historical Balance Sheet has been derived from the Audited Historical Balance Sheet, after adjusting for the effects of pro forma adjustments described in Section 8.4 of the Explanatory Memorandum (the Pro forma Adjustments).

The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the Audited Historical Balance Sheet and the events or transactions to which the Pro forma Adjustments relate, as described in Section 8.4 of the Explanatory Memorandum, as if those events or transactions had occurred as at the date of the Audited Historical Balance Sheet. Due to its nature, the Pro forma Historical Balance Sheet does not represent the Trust's actual or prospective financial position.

Forecast Financial Information

Pitcher Partners Corporate Finance Limited has been engaged by CFM to review the Forecast Income Statement of ICH for the years ending 30 June 2019, 30 June 2020, 30 June 2021, 30 June 2022 and 30 June 2023, as described in Section 8.2 of the Explanatory Memorandum (the Forecast Financial Information).

The stated basis of preparation used in the preparation of the Forecast Income Statement is the recognition and measurement principles contained in Australian Accounting Standards applied to the forecast financial information of the Trust, the Trust's adopted accounting policies and the events or transactions to which the Pro forma Adjustments relate, as if those events or transactions had occurred as at 1 July 2018. Due to its nature the Forecast Financial Information does not represent the Trust's actual or prospective financial performance for the years ending 30 June 2019, 30 June 2020, 30 June 2021, 30 June 2022 and 30 June 2023.

The Forecast Financial Information has been prepared by the Directors of CFM in order to provide Unitholders with a guide to the potential financial performance of the Trust for the years ending 30 June 2019, 30 June 2020, 30 June 2021, 30 June 2022 and 30 June 2023. There is a considerable degree of subjective judgement involved in preparing forecasts since they relate to events and transactions that have not yet occurred and may not occur. Actual results are likely to be different from the Forecast Financial Information since anticipated events or transactions frequently do not occur as expected and the variations may be material.

The Directors of CFMs' best estimate assumptions on which the Forecast Financial Information is based relate to future events and/or transactions that the Directors expect to occur and actions that the Directors expect to take and are also subject to uncertainties and contingencies, which are often outside the control of the Trust. Evidence may be available to support the assumptions on which the forecasts are based, however, such evidence is generally future orientated and therefore speculative in nature. We are therefore not in a position to express a reasonable assurance conclusion on those best estimate assumptions, and accordingly, provide a lesser level of assurance on the reasonableness of the Directors' best estimate assumptions. We do not express any opinion on the achievability of the results. The limited assurance conclusion expressed in this report has been formed on the above basis.

Unitholders should be aware of the material risks and uncertainties relating to an investment in the Trust, including reasons to vote For or Against the Rollover Proposal which are detailed in Section 6 of the Explanatory Memorandum, and the inherent uncertainty relating to the Forecast Financial Information. Accordingly, Unitholders should have regard to the reasons in Section 6 of the Explanatory Memorandum. The Forecast Financial Information is therefore only indicative of the financial performance which may be achievable. We express no opinion as to whether the Forecast Financial Information will be achieved.

We have assumed, and relied on representations from the Directors of CFM, that all material information concerning the prospects and proposed operations of the Trust has been disclosed to us and that the information provided to us for the purpose of our work is true, complete and accurate in all respects. We have no reason to believe that those representations are false.

PITCHER PARTNERS
CORPORATE FINANCE LIMITED

Directors' Responsibility

The Directors are responsible for:

- the preparation and presentation of the Audited Historical Balance Sheet and the Pro forma Historical Balance Sheet, including the selection and determination of Pro forma Adjustments made to the Audited Historical Balance Sheet and included in the Pro forma Historical Balance Sheet;
- the preparation of the Forecast Financial Information, including the best estimate assumptions underlying the Forecast Financial Information; and
- the information contained within the Explanatory Memorandum.

This responsibility includes for the operation of such internal controls as the Directors of CFM determine are necessary to enable the preparation of the Audited Historical Balance Sheet, the Pro forma Historical Balance Sheet and the Forecast Financial Information that are free from material misstatement, whether due to fraud or error.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Audited Historical Balance Sheet, Pro forma Historical Balance Sheet, and the Forecast Financial Information on the procedures performed and the evidence we have obtained. We have conducted our engagement in accordance with Australian Standard on Assurance Engagement (ASAE) 3450 Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information.

Our review consisted of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly we do not express an audit opinion.

Our procedures did not involve updating or re-issuing any previously issued audit report, used as a source of the financial information.

Conclusions

Audited Historical Balance Sheet

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Audited Historical Balance Sheet, as described in Section 8.4 of the Explanatory Memorandum, is not prepared and presented fairly in all material respects, in accordance with the stated basis of preparation being the recognition and measurement principles contained in the Australian Accounting Standards and the Trust's adopted accounting policies.

Pro forma Historical Balance Sheet

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Pro forma Historical Balance Sheet as at 30 June 2018 is not prepared and presented fairly in all material respects, in accordance with the stated basis of preparation as described in Section 8.4 of the Explanatory Memorandum.

Forecast Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that:

i. the Directors' best estimate assumptions used in the preparation of the Forecast Income Statement do not provide reasonable grounds for the Forecast Income Statement for the years ending 30 June 2019, 30 June 2020, 30 June 2021, 30 June 2022 and 30 June 2023;

ii. in all material respects, the Forecast Income Statement:

   a. is not prepared on the basis of the Directors' best estimate assumptions as described in Section 8.6 of the Explanatory Memorandum;

   b. is not presented fairly in accordance with the stated basis of preparation, being the recognition and measurement principles contained in the Australian Accounting Standards and the Trust's adopted accounting policies.;

iii. the Forecast Income Statement itself is unreasonable.

Restrictions on Use

Without modifying our conclusions, we draw attention to the Important Notices of the Explanatory Memorandum, which describes the purpose of the Audited Historical Financial Information, the Pro forma Historical Balance Sheet and the Forecast Financial Information, being for inclusion in the Explanatory Memorandum. As a result, the Independent Assurance Report may not be suitable for use for another purpose.

Reliance on this Report

This report is addressed to the directors of Cromwell Funds Management Limited (as Responsible Entity for ICH). The report was prepared without considering or taking into account the financial situation, investment objectives or any other specific needs or requirements of any Investor or any other third party. Investors should consider obtaining independent advice from their financial advisor before making any decision in relation to their investment in ICH.

Consent

Pitcher Partners Corporate Finance Limited has consented to the inclusion of this limited assurance report in the Explanatory Memorandum in the form and context in which it is included.

Liability

The liability of Pitcher Partners Corporate Finance Limited is limited to the inclusion of this report in the Explanatory Memorandum. Pitcher Partners Corporate Finance makes no representation regarding, and has no liability for any other statement or other material in, or any omissions from the Explanatory Memorandum.

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Pitcher Partners Corporate Finance Limited does not have any interest in the outcome of the Rollover Proposal other than the preparation of this report for which normal professional fees will be received. Pitcher Partners Queensland Partnership is the auditor of the Trust, CFM and other Cromwell entities.

Yours faithfully
PITCHER PARTNERS CORPORATE FINANCE LIMITED

Warwick Face
Executive Director
Authorised Representative of
Pitcher Partners Corporate Finance Limited

Pitcher Partners Corporate Finance Limited
ACN: 054 784 619
AFSL: 255516
Level 38, 345 Queen Street
Brisbane Qld 4000
Tel: +61 7 3222 8444

Financial Services Guide

Version dated: 9 August 2018

What is a Financial Services Guide?

This Financial Services Guide ("FSG") is an important document that is designed to assist you in deciding whether to use any of the general financial product advice provided by Pitcher Partners Corporate Finance Limited. The use of "we", "us" or "our" is a reference to Pitcher Partners Corporate Finance Limited as the holder of Australian Financial Services Licence ("AFSL") No.255516. The contents of this FSG include:

- who we are and how we can be contacted
- what services we are authorised to provide under our AFSL
- how we (and any other relevant parties) are remunerated in relation to any general financial product advice we may provide
- details of any potential conflicts of interest
- details of our internal and external dispute resolution procedures and
- how you can access them

Information about us

Pitcher Partners Corporate Finance Limited has been engaged by Cromwell Funds Management Limited to provide general financial product advice in the form of a report to be given to you in connection with a financial product to be issued by another party. You are not the party or parties who engaged us to prepare this report. We are not acting for any person other than the party or parties who engaged us. We are only responsible for the financial product advice provided in our report and for the contents of this FSG.

You may contact us by writing to GPO Box 1144, Brisbane Qld 4001, or by telephone on +61 7 3222 8444.

Pitcher Partners Corporate Finance Limited is ultimately owned by the Partners of the Queensland partnership of Pitcher Partners, a provider of audit and assurance, accounting, tax, corporate advisory, superannuation, investment advisory and consulting services. The majority of the Directors of Pitcher Partners Corporate Finance Limited are partners of Pitcher Partners.

The Queensland partnership of Pitcher Partners is an independent partnership of Pitcher Partners. As such, neither it nor any of the other independent partnerships has any liability for each other's acts or omissions. Each of the member firms is a separate and independent legal entity operating under the name "Pitcher Partners", or other related names.

The financial product advice in our report is provided by Pitcher Partners Corporate Finance Limited and not by the Queensland partnership of Pitcher Partners or its related entities.

We do not have any formal associations or relationships with any entities that are issuers of financial products. However, we and the Queensland partnership of Pitcher Partners (and its related bodies corporate) may from time to time provide professional services to financial product issuers in the ordinary course of business.

We hold professional indemnity insurance as required by the Corporations Act 2001 (Cth).

What financial services are we licensed to provide?

Our AFSL authorises us to provide general financial product advice and deal in the following classes of financial products to both retail and wholesale clients:

- Deposit products (including basic deposit products and deposit products other than basic deposit products)
- Derivatives
- Government debentures, stocks or bonds
- Interests in managed investment schemes including investor directed
- Portfolio services
- Securities

Information about the general financial product advice we provide

The financial product advice provided in our report is known as "general advice" because it does not take into account your personal objectives, financial situation or needs. You should consider whether the general advice contained in our report is appropriate for you, having regard to your own personal objectives, financial situation or needs.

If our advice is being provided to you in connection with the acquisition or potential acquisition of a financial product issued by another party, we recommend you obtain and read carefully the relevant Product Disclosure Statement ("PDS") or offer document provided by the issuer of the financial product. The purpose of the PDS or offer document is to help you make an informed decision about the acquisition of a financial product. The contents of the PDS or offer document will include details such as the risks, benefits and costs of acquiring the particular financial product.

How are we and our employees remunerated?

The fees we charge for preparing reports are usually determined on an hourly basis; however they may be a fixed amount or derived using another basis. We may also seek reimbursement of any out-of pocket expenses incurred in providing the services.

Fee arrangements are agreed and confirmed in a letter of engagement with the party or parties who engage us.

Neither Pitcher Partners Corporate Finance Limited nor its directors and officers, nor any related bodies corporate or associates and their directors and officers, receives any other fees, commissions or other benefits in connection with preparing and providing this report.

All of our employees receive a salary with partners also having an equity interest in the partnership. We do not receive any commissions or other benefits arising directly from services provided to you. The remuneration paid to our directors reflects their individual contribution to the company and covers all aspects of performance. We do not pay commissions or provide other benefits to other parties for referring prospective clients to us.

What should you do if you have a complaint?

If you have any concerns regarding our report, you may wish to advise us. We are committed to responding to any complaints promptly, fairly and effectively. We have developed an internal complaint resolution policy and complaint handling procedures that are designed to respond to your concerns promptly and equitably. Please address your complaint in writing to:

Partner in Charge – Corporate Finance
Pitcher Partners
GPO Box 1144
Brisbane Qld 4001

If we are not able to resolve your complaint to your satisfaction within 45 days of the first notification of your complaint to us, you may contact the Financial Ombudsman Service ("FOS"). FOS provides free advice and assistance to consumers to help them resolve complaints relating to members of the financial services industry. Complaints may be submitted to FOS at:

Financial Ombudsman Service Limited
GPO Box 3
MELBOURNE VIC 3001
Telephone: 1300 780 808
Fax: +61 3 9613 6399
Internet: http://www.fos.org.au

The Australian Securities and Investments Commission ("ASIC") website contains information on lodging complaints about companies and individual persons and sets out the types of complaints handled by ASIC. You may contact ASIC as follows:

Info line: 1 300 300 630
Email: info@asic.gov.au
Internet: http://www.asic.gov.au/asic/asic.nsf

If your complaint relates to a breach of our Privacy Policy or the Australian Privacy Principles, the matter should be referred to The Privacy Officer, GPO Box 1144, Brisbane Qld 4001.

12. Other information

Interests of CFM Directors

A Director on the CFM Board holds Units in the Trust. Given their position as a director, they will not be voting on the Resolutions. Otherwise, not one of the Directors has any interest in the Trust, whether under a contract with CFM or otherwise, which are conditional on, or related to, the Resolutions.

Payments and other benefits to Cromwell Directors, Secretaries, Executive Officers or related bodies corporate

CFM is also the responsible entity of the Cromwell Direct Property Fund (DPF). The investment mandate of the DPF is to acquire direct properties as well as invest in a number of unlisted property trusts. The DPF currently owns approximately 9% of the issued Units in the Trust.

The DPF has given a binding commitment to purchase at least 20% of issued Units (as at the Record Date) from selling Unitholders through the Matching Facility (subject to availability).

The DPF does not have any information gained by virtue of its sharing a common responsible entity with the Trust other than as disclosed to Unitholders in this Explanatory Memorandum.

Ipswich City Council update

CFM notes that two past Ipswich City councillors have been separately charged with offences relating to corruption and fraud. The Ipswich City Council, via its wholly owned subsidiary, Ipswich City Properties Pty Ltd, owned the land that the Property was constructed upon.

Although the land was acquired from the Ipswich City Properties Pty Ltd, all of Cromwell and CFM's negotiations were undertaken with Leighton Properties (Brisbane) Pty Ltd, who was the developer and had entered into a joint venture arrangement with Ipswich City Properties Pty Ltd to redevelop a large site in the heart of the CBD of Ipswich City.

CFM confirms that throughout the acquisition and construction, all of Cromwell and CFM's negotiations were done on arm's length terms and in good faith with Leighton Properties (Brisbane) Pty Ltd. The Property was acquired at a market price and supported by an independent valuation.

13. Definitions and interpretation

AMMA Statement means Attribution Managed Investment Trust Member Annual Statement that will be provided to Unitholders annually to assist with income tax reporting.

CFM, we, us or **our** means Cromwell Funds Management Limited (ABN 63 114 782 777, AFSL No. 333214).

Constitution means the constitution of the Trust.

Corporations Act means the Corporations Act 2001 (Cth).

Cromwell or **Cromwell Property Group** means Cromwell Property Group comprising Cromwell Corporation Limited (ABN 44 001 056 980) and the Cromwell Diversified Property Trust (ARSN 102 982 598), the responsible entity of which is Cromwell Property Securities Limited (ABN 11 079 147 809, AFSL No. 238052).

Deed Poll means the deed poll made by CFM as responsible entity of the DPF on or around 22 August 2018, and which can be found at: www.cromwell.com.au/ICHvote.

DPF means the Cromwell Direct Property Fund (ARSN 165 011 905), the responsible entity of which is CFM.

Directors means the directors of the Board of CFM.

Eligible Unitholders means those Unitholders eligible to vote on the Resolutions.

Extraordinary Resolution means a resolution passed by at least 50% of the total votes that may be cast by Unitholders entitled to vote on the resolution (including Unitholders who are not present in person or by proxy).

Forecast Period means the 12-month period ending 30 June 2019 and each of the following four (4) financial periods.

Further Term means the proposed extension of the Trust's term for four and a half years until 28 June 2023, unless there is an earlier sale of the Property after two (2) years without an Extraordinary Resolution.

Matching Facility means the opportunity provided for Unitholders wanting to exit to sell Units, and Unitholders wanting to buy Units (both subject to sufficient availability), that is being offered to Unitholders only if the Resolutions are approved. See Chairman's letter, Key information or Section 5 for further details.

Matching Price means $1.4041 per Unit.

Meeting means the meeting of Unitholders to be held at 1pm on Wednesday 26 September 2018 at Cromwell Property Group, Level 19, 200 Mary Street, Brisbane, Queensland 4000.

Notice of Meeting means the notice of meeting setting out the Resolutions, which accompanies this Explanatory Memorandum. See Annexure A on page 47.

NTA means net tangible assets. In respect of the Trust, the NTA is the total value of the Trust's assets minus all of the Trust's liabilities.

PDS means the Product Disclosure Statement for the Trust dated 16 December 2011. This document is available at www.cromwell.com.au/ICH.

Performance Fee means the fee payable to CFM based on the Trust's performance, and as described in Section 5.4 – Details of the Constitutional amendments.

Property or **Ipswich City Heart Building** means the real property asset at Ipswich City Heart Building, 117 Brisbane Street, Ipswich, Queensland, owned by the Trust.

Record Date means the date for determining eligibility of Unitholders to vote on the Resolutions, and will be 21 August 2018.

Register means the Unit register for the Trust.

Resolutions means the resolutions put to Unitholders at the Meeting, as set out in the Notice of Meeting.

Rollover Proposal means the proposal described in this Explanatory Memorandum to extend the Trust's Term for a further four and a half years to 28 June 2023, to introduce the Matching Facility, and to amend the Constitution in the manner set out in the Supplemental Deed.

Special Resolution means a resolution passed by at least 75% of the votes cast by Unitholders who are entitled to vote on the resolution.

Supplemental Deed means the deed poll to be made by CFM to amend the Constitution as described in this Explanatory Memorandum and as set out in Annexure B.

Term means the duration of the Trust ending on 28 December 2018, unless Unitholders vote to extend the term as proposed in this Explanatory Memorandum.

Transfer Date means the date the transfer of Units will be effective pursuant to the Matching Facility which is expected to be on or around 1 November 2018.

Trust means the Cromwell Ipswich City Heart Trust (ARSN 154 498 923).

Unit means fully paid ordinary units issued in the Trust.

Unitholder, **you** or **your** means a holder of Units in the Trust.

ANNEXURE A

Notice of Meeting

Notice is given by Cromwell Funds Management Limited (ABN 63 114 782 777) (CFM) as responsible entity of the Cromwell Ipswich City Heart Trust (ARSN 154 498 923) (the Trust) that a meeting of the Trust will be held as follows:

Date: Wednesday 26 September 2018

Time: 1pm

Venue: Cromwell Property Group, Level 19, 200 Mary Street, Brisbane, Queensland 4000

Additional information relating to the Resolutions, how CFM as responsible entity of the Trust will implement the Resolutions, and CFM's reasons for proposing the Resolutions is contained in the Explanatory Memorandum, which accompanies and forms part of this Notice of Meeting.

Capitalised terms used in this Notice of Meeting have the meaning given to them in the Explanatory Memorandum.

Resolution 1: Further Term Resolution

To consider and, if thought fit, to pass the following resolution as an Extraordinary Resolution of the Unitholders of Cromwell Ipswich City Heart Trust (Resolution 1):

"That, subject to and conditional on the passing of Resolution 2 in the Notice of Meeting convening this meeting, the Trust's term be extended for the Further Term to 28 June 2023 (as described in the Explanatory Memorandum accompanying the Notice of Meeting convening this meeting)."

Resolution 2: Constitutional Amendment Resolution

To consider and, if thought fit, to pass the following resolution as a Special Resolution of the Unitholders of Cromwell Ipswich City Heart Trust (Resolution 2):

"That, subject to and conditional on the passing of Resolution 1 in the Notice of Meeting convening this meeting, the constitution of the Cromwell Ipswich City Heart Trust is amended in accordance with the provisions of the supplemental deed in the form tabled at the meeting and initialled by the Chairman of the meeting for the purposes of identification, and the responsible entity of the Cromwell Ipswich City Heart Trust is authorised to execute and lodge with the Australian Securities and Investments Commission a supplemental deed to give effect to these amendments to the Cromwell Ipswich City Heart Trust."

INTER-CONDITIONAL RESOLUTIONS

The Resolutions are inter-conditional. Neither Resolution will be implemented unless the other is passed by the requisite majority.

Furthermore, if both Resolutions are not passed, the Matching Facility will not go ahead for those Unitholders wishing to sell or purchase Units.

QUORUM

The quorum for the Meeting is two Unitholders present in person or by proxy. CFM may adjourn the Meeting if a quorum is not present within thirty minutes of the scheduled time for the Meeting.

VOTING MAJORITIES REQUIRED

As Resolution 1 is an Extraordinary Resolution, it will only be passed if at least 50% of the total votes that may be cast by Unitholders entitled to vote on the resolution (including Unitholders who are not present in person or by proxy), are cast and are in favour.

As Resolution 2 is a Special Resolution, it will only be passed if at least 75% of the votes cast by Unitholders who are entitled to vote on the resolution, are cast in favour.

ENTITLEMENT TO VOTE

All Unitholders appearing on the Register at 5pm on Tuesday 21 August 2018 are entitled to attend and vote at the Meeting (subject to the voting exclusions set out below). Transfers of Units registered after this time will be disregarded in determining entitlements to vote at the Meeting.

VOTING IN PERSON

To vote in person, you must attend the meeting to be held at 1pm on Wednesday 26 September 2018, at Cromwell Property Group, Level 19, 200 Mary Street, Brisbane, Queensland 4000.

If you plan to attend the Meeting, please arrive at 12:30pm or earlier to allow time to note your attendance. Please bring the Proxy Form with you as it contains a barcode that will enable registration to be completed in a timely and efficient manner.

VOTING BY BODY CORPORATE REPRESENTATIVE

A company may appoint an authorised body corporate representative to represent them at the Meeting and exercise any of the powers the company may exercise at the Meeting. The authorised body corporate representative will be admitted to the Meeting and given a voting card upon providing, at the point of entry to the Meeting, written evidence of their appointment, of their name and address and the identity of their appointer.

VOTING BY PROXY

If you are a Unitholder, you have the right to appoint a proxy in respect of the Meeting. Your proxy does not need to be a Unitholder. You should complete and sign the personalised Proxy Form accompanying this Explanatory Memorandum. The Proxy Form includes information about how it is to be completed.

If you are entitled to cast two (2) or more votes you may appoint two (2) proxies and may specify the proportion or number of votes each proxy is entitled to exercise. However, if you do not specify the proportion or number of votes for each proxy, then each proxy may exercise half of the votes.

If you do not name a proxy, or your named proxy does not attend the Meeting, the Chairman will be your proxy and vote on your behalf. Your proxy has the same rights as you to speak at the Meeting and to vote. The appointment of a proxy will not preclude you from attending in person and voting at the Meeting.

Proxy Forms must be received by the CFM Registry by post, fax, email, smart phone or online, or at the registered office of CFM, Level 19, 200 Mary Street, Brisbane, Queensland 4000 by no later than 1pm on Monday 24 September 2018 or if the Meeting is adjourned, at least 48 hours before the resumption of the Meeting in relation to the resumed part of the Meeting. Please ensure you also post an original or certified copy of any power of attorney (if the Proxy Form is signed by an attorney).

Please see the accompanying Proxy Form for instructions on lodgement.

VOTING BY POLL

The vote on each Resolution will be conducted by way of a poll, with the Chairman of the Meeting demanding a poll on Resolution 1 under the Constitution and Resolution 2 being a poll by virtue of being a Special Resolution. Each Unitholder present in person, by attorney, by body corporate representative or by proxy has, on a poll, one vote for each Unit they have in the Trust. If a Unitholder is entitled to two (2) or more votes, they do not need to exercise their votes the same way nor cast all their votes.

JOINTLY HELD UNITS

If Units are jointly held, only one (1) of the joint holders is entitled to vote. If more than one (1) holder votes in respect of jointly held Units, only the votes of the Unitholder whose name appears first in the Register in respect of the relevant Units will be counted.

VOTING EXCLUSIONS

In accordance with Section 253E of the Corporations Act, CFM and its associates will not vote on the Resolutions if they have an interest in those Resolutions other than as a member of the Trust, except:

- they may vote as proxies if their appointments specify the way they are to vote and they vote that way; and
- in respect of Units which they hold as a custodian, nominee, trustee, responsible entity or other fiduciary on behalf of a third party who is not an associate of CFM.

VOTING INTENTIONS OF THE CHAIRMAN

CFM will appoint a Chairman prior to the meeting. The Chairman will vote any undirected proxies in favour of the Resolutions.

FOREIGN RESIDENTS

Unitholders who live outside Australia are eligible to submit a Proxy Form on the same terms as Unitholders in Australia.

If the Resolutions are approved and the Rollover Proposal goes ahead, the taxation consequences for Unitholders that reside outside of Australia may differ to those of a resident Unitholder. Although the Taxation Report in Section 9 provides some general commentary in relation to the Australian taxation implications for non-resident Unitholders, you should obtain advice from your own independent professional tax adviser on the tax implications for you of the Further Term and changes to the Performance Fee, as well as the sale of your Units (should you wish to exit the Trust) and receipt of the proceeds.

By order of the Board of Cromwell Funds Management Limited as responsible entity of the Cromwell Ipswich City Heart Trust.

Company Secretary

22 August 2018

ANNEXURE B

Supplemental Deed

MCMAHON CLARKE

CROMWELL FUNDS MANAGEMENT LIMITED

Cromwell Ipswich City Heart Trust ARSN 154 498 923

Supplemental deed

62 Charlotte St Brisbane QLD 4000 GPO Box 1279 Brisbane QLD 4001
Level 13 461 Bourke St Melbourne VIC 3000 GPO Box 2311 Melbourne VIC 3001
T 61 7 3239 2900 **T** 61 3 9909 1400 **www.mcmahonclarke.com**

_____ September 2018

Date	_____ September 2018
Party	Cromwell Funds Management Limited ACN 114 782 777 of Level 19, 200 Mary Street, Brisbane, Queensland as responsible entity of the Cromwell Ipswich City Heart Trust ARSN 154 498 923. (Responsible Entity)
Background	A. The Responsible Entity is the responsible entity of the registered managed investment scheme known as the Cromwell Ipswich City Heart Trust ARSN 154 498 923 (Trust). The Trust was established by deed dated 13 July 2011, as amended by deeds of amendment dated 28 July 2011, 28 November 2011, 8 December 2011 and 27 March 2017 (Constitution). B. This Supplemental Deed has been prepared to further amend the Constitution and will be lodged with ASIC pursuant to Section 601GC(2) of the Corporations Act. C. The changes made by this Deed have been approved by a special resolution of Holders pursuant to section 601GC(1)(a) of the Corporations Act.

TERMS

1. Defined terms and interpretation

Section 1 of the Constitution applies to this Supplemental Deed unless otherwise specified or the context requires another meaning or interpretation to be applied.

2. Modification of the Constitution

Subject to clause 3, this Supplemental Deed amends the Constitution as set out in Schedule 1 of this Deed and is binding on—

(a) all Holders (as they are constituted from time to time), and

(b) the Responsible Entity.

3. Operation of this Supplemental Deed

3.1 No re-declaration, etc

The Responsible Entity confirms that it is not, by clause 2 of this Supplemental Deed—

(a) re-declaring the Trust

(b) re-settling the Trust

(c) causing the transfer, vesting or accruing of Trust Property in any person, or

(d) entering into a new trust deed.

3.2 Governing law

This Supplemental Deed is governed by the laws of the State of Queensland, Australia.

Execution

This Supplemental Deed is executed as a deed poll.

Date: 2018.

Signed, sealed and delivered by Cromwell Funds Management Limited ACN 114 782 777 by its attorneys under power of attorney dated 7 December 2016 who declare that they have at the time of execution of this document no notice of its revocation, in the presence of—

Signature of witness	Signature of attorney
Name of witness (print)	Name of attorney (print)
Signature of witness	Signature of attorney
Name of witness (print)	Name of attorney (print)

Schedule 1

Constitution reference	Amendment
Clause 1.1 Defined terms	Delete the defined terms **Calculation Event** and **Calculation Period** and replace them with the following: **Calculation Event** means any of the following events: (a) the sale of any real property held directly or indirectly as an asset of the Trust; (b) the date on which an extraordinary resolution is passed by Holders to extend the term of the Trust beyond the term set out in the first Disclosure Document; or (c) each Further Extension. **Calculation Period** means the following time periods, as relevant: (a) from the date of the acquisition of any real property held directly or indirectly as an asset of the Trust to 30 June 2018; (b) from 1 July 2018 to either: (i) if there is a Further Extension, then 28 June 2023; or (ii) if there is no Further Extension, then the date of completion of the sale of any real property held directly or indirectly as an asset of the Trust; or (c) for any Further Extension, then from the first day of each Further Extension to: (i) if there is then another Further Extension, then the last day of the current extended term; or (ii) if there is no Further Extension, then the date of completion of the sale of any real property held directly or indirectly as an asset of the Trust.
Clause 1.1 Defined terms	Insert a new definition of **Further Extension** (in alphabetical order) which reads as follows: **Further Extension** means each date on which an extraordinary resolution is passed by Holders to approve the relevant further extension of the term of the Trust beyond the term of any previously approved extension.

Constitution reference	Amendment
New clause 26A	Insert a new clause 26A after clause 26 and before clause 27, as follows:
Matching Facility	**26A Matching Facility** **26A.1 Matching Facility** The purpose of this clause 26A is to facilitate the Matching Facility. **26A.2 Consideration** (a) The Participating Holders who want to purchase additional Units (‘the Buyers’) must pay for the acquisition of those Units by depositing into an account nominated by the Responsible Entity an amount in Australian currency and in immediately available funds that is the consideration payable to the Participating Holders who want to sell their Units (‘the Sellers’) for the acquisition of Units under the Matching Facility. (b) Subject to the Buyers having complied with clause 26A.2(a), the Responsible Entity must: (i) the amount received from the Buyers under clause 26A.2(a) on trust for the Buyers; (ii) pay the Sellers the amount in Australian currency as each Seller is entitled to receive for the acquisition of their Units, by way of either: (A) electronic funds transfer to an account nominated by the relevant Seller for the purposes of payment of distributions; or (B) a cheque sent to the relevant Seller’s address recorded in the Register at the Record Date. **26A.3 Covenants, representations and direction by the Holders** Each Holder: (a) irrevocably acknowledges that this clause 26A binds the Responsible Entity and all Holders, including those who do not attend the Meeting, do not vote at the Meeting or vote against the resolutions at the Meeting; and

Constitution reference	Amendment
	(b) irrevocably consents to the Responsible Entity doing all things and executing all deeds, instruments, transfers or other documents as may be necessary or desirable to give full effect to the Matching Facility and the transactions contemplated by it and directs the Responsible Entity to do so. **26A.4 Appointment of Responsible Entity as attorney and agent** (a) Each Participating Holder, without the need for any further act by that Participating Holder, irrevocably appoints the Responsible Entity, and the Responsible Entity accepts such appointment, as its attorney and as its agent for the purpose of: (i) doing all things and executing all deeds, instruments, transfers or other documents as may be necessary or desirable to give full effect to the Matching Facility and the transactions contemplated by it including effecting a valid transfer or transfers of the Participating Holder's Units to another Participating Holder, including executing and delivering any transfer forms; and (ii) enforcing the Deed Poll. (b) The Responsible Entity, as attorney and as agent of each Participating Holder, may sub-delegate its functions, authorities or powers under this subclause 26A.2 to all or any of its directors and officers (jointly, severally or jointly and severally). **26A.5 Responsible Entity's powers** (a) Without limiting the Responsible Entity's other powers under this clause 26A, the Responsible Entity has power to do all things that it considers necessary or reasonably incidental to give effect to the Matching Facility and the transactions contemplated by it. (b) Subject to the law, the Responsible Entity and any of its directors, officers, employees or associates, may do any act, matter or thing described in or contemplated by this clause 26A even if they have an interest (financial or otherwise) in the outcome of such exercise.

Constitution reference	Amendment
	26A.6 Limitation of liability Subject to the law, without derogating from any limitation of the Responsible Entity's liability in this constitution, the Responsible Entity has no liability of any nature whatsoever to Participating Holders arising, directly or indirectly, from the Responsible Entity doing or refraining from doing any act (including the execution of a document), matter or thing pursuant to or in connection with this clause 26A. **26A.7 Defined terms** For the purposes of this clause 26A. the following terms have the following meanings: **CFM** means Cromwell Funds Management Limited ABN 63 114 782 777. **Deed Poll** means the deed poll made by CFM as responsible entity of the DPF on or around 22 August 2018 in favour of each Holder. **DPF** means Cromwell Direct Property Fund ARSN 165 011 905. **Explanatory Memorandum** means the notice of meeting and explanatory memorandum to be issued by the Responsible Entity on or around 22 August 2018 for the Meeting. **Matching Facility** means the 'matching facility' introduced to allow Holders who want to exit the Trust to sell their Units to those Holders who want to purchase additional Units, as described and subject to the conditions in the Explanatory Memorandum. **Meeting** means the meeting of Holders held on or about 26 September 2018 convened by the Responsible Entity pursuant to clause 37.5 to consider the resolutions set out in the Explanatory Memorandum, and includes any adjournment of that meeting. **Participating Holder** means a Holder who participates in the Matching Facility. **Record Date** means the date for determining eligibility of Holders to vote at the Meeting, and will be 5.00pm on 21 August 2018.


CROMWELL
FUNDS MANAGEMENT