



Acquisition & Placement

11 November 2011

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Proposed Syndicate

This Presentation sets out an intention to launch an unlisted retail syndicate ("Syndicate"). The issuer of units in the Syndicate is intended to be Cromwell Funds Management Limited, a wholly owned subsidiary of Cromwell Corporation Limited. Before making any decision to acquire or hold units in the Syndicate it is important that you read the product disclosure statement ("PDS") for the Syndicate. The PDS will be made available when the Syndicate is first offered to investors, which is expected to be around November 2011. It will be available from www.cromwell.com.au or by calling Cromwell on 1800 334 533. The information in this Presentation about the Syndicate has been prepared without taking into account any investor's objectives, financial situation or needs and is subject to change without notice, does not purport to be complete or comprehensive and is provided only for the purposes of gaining a general understanding of the proposed offer of units in the Syndicate. Therefore, in making an investment decision, investors should consider the PDS for the Syndicate when available in deciding whether to acquire units in the Syndicate and consider whether the Syndicate is appropriate given the investor's objectives, financial situation or needs.

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Section 1 Overview

Transaction Overview



Acquisition

- Cromwell will acquire Ipswich City Heart Development, Ipswich, for \$5m (on completion value of ~\$93m¹) (Acquisition)
- Unlisted retail property syndicate proposed to be launched to raise \$49m to fund the Ipswich asset (Syndicate)
- Cromwell to provide short term funding to the Syndicate, but does not expect to hold any equity in the long term
- Cromwell continues to remain in discussions about a possible acquisition of HQ North Office Building (HQ North) in Brisbane for approximately \$186m²

Funding

- Cromwell has arranged a \$49m debt facility and will provide further seed funding of up to \$49m for the Syndicate until all equity is raised:
 - \$49m credit approved three year secured debt facility for Ipswich City Heart at a margin of 170bps
 - \$28m institutional placement (Placement)
 - Balance required is available from working capital and undrawn facilities

Financial Impact

- FY12 EPS expected to be at least in line with previous guidance of 7.3 cents
- FY12 DPS guidance of 7.0 cents maintained
- 30 June 2011 pro forma NTA unchanged at \$0.73 following the Acquisition and Placement
- 30 June 2011 pro forma gearing³ unchanged at 49% following the Acquisition, Placement and completion of Syndicate

1) Completion value expected to be between \$92m - \$94m based on final net lettable area and outgoings

2) These discussions regarding the potential acquisition of HQ North are incomplete and ongoing. There is no certainty that any transaction will occur.

3) In this Presentation, all pro forma financial data gives effect to the pro forma adjustments listed on slide 20 as though they had occurred on 30 June 2011 and gearing is defined as (total borrowings less cash) / (total tangible assets less cash)



Section 2

Acquisition

Ipswich City Heart - Overview

- Ipswich City Heart, due to be completed in October 2013, is the first stage of the Ipswich City Heart Masterplan being developed by Leighton in partnership with the Ipswich City Council
- The building will comprise 15,600 sqm of A-Grade office accommodation over 9 levels with basement parking for 206 vehicles. The development will also comprise 2,134 sqm of retail space
- The Queensland State Government has pre-committed to 100% of the office space and 24% of the retail component (91% of total NLA) on a 15 year lease
- Leighton will lease vacant areas at practical completion for a period of 5 years
- Fixed annual rent reviews of 3.75%

Details	
Address	171 Brisbane Street, Ipswich, QLD
Sector	Commercial
Lettable area	17,734 sqm
Acquisition date ¹	December 2011
Major tenant	Queensland State Government

Statistics	On completion
Valuation	\$93m ¹
Purchase Price	\$93m ¹
Occupancy	100%
Cap rate	8.50%
WALT ²	13.7 yrs
Environmental Ratings	
NABERS Energy	Targeting 4.5 star
NABERS Water	Targeting 4 star



Artists impression of the Ipswich City Heart asset

1) Land component \$5.3m at settlement, balance of purchase price payable between December 2011 and the date of practical completion of building (estimated October 2013)

2) Calculated from practical completion of building

Ipswich City Heart - Tenancy Details & Comparable Sales



- Asset underpinned by 15 year lease to Queensland State Government
- Asset price is attractive relative to recent comparable sales

Leasing Rates

Office rental	Actual	Market rate ¹	Variance
Rate / m ² (gross)	\$455	\$455	0.0%

Tenancy Details

Tenant	% NLA	Expiry date	Term	Review structure	Tenant comment
QLD State Government	91%	30-Sep-28	15.0 yrs	Fixed 3.75% p.a.	QLD State Government
Leighton Properties	9%	30-Sep-18	5.0 yrs	Fixed 3.75% p.a.	Developer lease to be superceded by retail areas once leased

Comparable Sales¹

Asset	Initial yield	Sale price	Sale date	Major tenants	WALT	Age	Comment
Ipswich City Heart	8.48%	\$93m ²	Dec-11	QLD State Government	13.7yrs	Completion Sep-13	
'Energex', Sandgate Rd, Nundah, QLD	8.28%	\$77.8m	May-11	Energex	13.7yrs	Completion Nov-12	Comparable

1) m3property valuation

2) Completion value expected to range from \$92m - \$94m based on final net lettable area and outgoings

Ipswich CBD Regeneration

- Ipswich is located approximately 38km west of Brisbane CBD
- Leighton is undertaking a broad redevelopment of the Ipswich CBD in partnership with the Ipswich City Council
- Backed by Queensland State Government plan to decentralise the Brisbane CBD and a focus on the Ipswich area as the key growth corridor
- Ipswich is a key component of the Brisbane growth story, underpinned by significant state and federal funded infrastructure
 - Top 5 national growth catchment which is expected to grow significantly over the next 15 years
- Ipswich City Heart Masterplan to comprise:
 - 60,000 sqm regional shopping centre
 - 3 office buildings
 - Medium density housing for 1,000 people
 - River front public space and amenities including a library and car parking



Cromwell - Ipswich City Heart

Syndication Strategy

- Cromwell intends to launch a new unlisted retail property syndicate in November 2011 to acquire Ipswich City Heart
- Aims to raise \$49m in equity - raise expected to be completed by 30 June 2012
- Attractive offering given yield, rental growth, WALT and tenant quality
- Asset specific debt facility of \$49m
- Cromwell does not expect to hold any equity on completion

Key Statistics

Expected	
Equity to be raised	\$49m
Debt	\$49m
Expected time taken to complete raising	8 months
Initial distribution yield	7.5% ¹

Cromwell Fee Structure

Fee Type	Amount
Acquisition & project management	\$1.86m (2.0%) ²
Ongoing funds management (annual)	\$0.55m (0.6%) ³
Property asset management (annual)	\$0.20m (0.2%) ³
Performance Fee	20% of excess above 10% IRR, payable on sale



- 1) Forecast to increase to 8.00% from practical completion
- 2) Payable as equity is raised and project completed
- 3) Payable from practical completion (estimated October 2013)

Riverpark Trust Case Study

- Strength of Cromwell's retail syndication platform demonstrated through the success of Cromwell Riverpark Trust raising¹
 - \$91m equity raising completed within 9 months
 - Over 2,000 investors
 - Similar “fund through” structure and 14 year WALT
 - NTA uplift of 13% since launch

Riverpark Trust – Key Statistics

Equity raised	\$91.0m
Debt	\$95.2m
Time taken to complete raising	9 months
NTA at launch	\$0.90
Current NTA	\$1.02
Distribution yield	8.25% ²
Amount sold down	100%

1) Past performance is not indicative of future performance

2) 8.25% from inception to practical completion, 8.50% for FY11 increased to 8.75% from July 2011





Section 3

Impact of Acquisition & Placement

Source & Application of Funds



- The Syndicate is to be funded using a combination of debt and equity
- \$28m institutional placement
 - Funds will initially be applied to pay transaction costs and provide short term funding to the Syndicate until all equity is raised
 - Combined with existing cash and undrawn debt facilities¹ to ensure full Syndicate equity requirement of \$49m is covered
 - Once the Syndicate equity is raised, funds will be redeployed for general working capital purposes
- Credit approved debt facility arranged for Syndicate
 - Up to \$49m 3 year debt facility available for Syndicate¹ (55% LVR covenant)

Cromwell Placement - \$28m

Sources		Applications	
Placement	\$28m	Transaction costs ²	\$1m
		Working capital/ Syndicate	\$27m
Total sources	\$28m	Total applications	\$28m

1) All debt facilities are credit approved by relevant lenders, but remain subject to final documentation

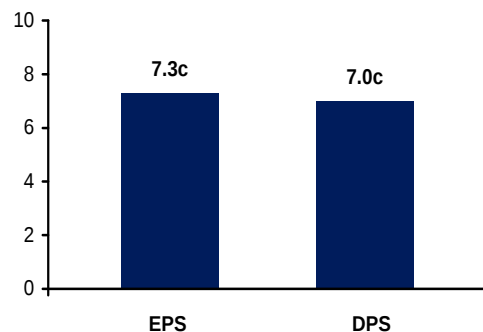
2) Includes arrangement, commitment, legal, accounting and other equity issue costs

Transaction Impact - Earnings

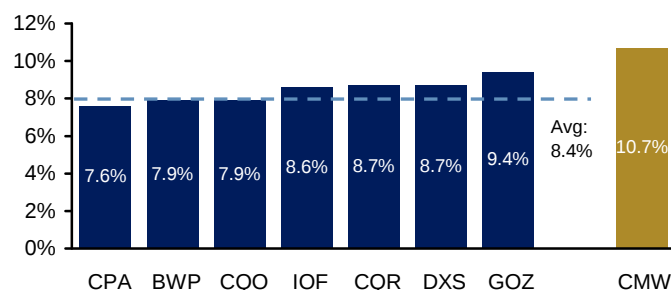


- Transaction is expected to be FY12 EPS and DPS neutral
- FY12 EPS may improve slightly, depending on timing of Syndicate fee income
- At the issue price of \$0.68, the New Securities offer expected
 - ➔ 2.3% EPS yield premium to peer group average
 - ➔ 3.2% DPS yield premium to peer group average
- Expected pro forma NTA unchanged at \$0.73 per security

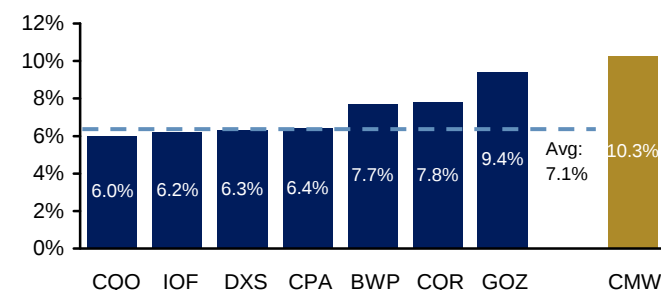
FY12 EPS & DPS



FY12 EPS yield – peer comparison¹



FY12 DPS yield – peer comparison¹



BWP: BWP Trust; CPA: Commonwealth Property Office Fund; CQO: Charter Hall Office REIT; CQR: Charter Hall Retail REIT; DXS: Dexs Property Group; IOF: Investa Office Fund; GOZ: Growthpoint Properties Australia

¹) Source: Broker consensus estimates, pricing as at 28 October 2011

Transaction Impact – Gearing and Market Cap



- 30 June 2011 pro forma gearing unchanged at 49% (on completion of Syndicate
 - Targeting gearing of 40% in the medium term
- 30 June 2011 pro forma weighted average debt maturity stable at 2.9 years¹
- Market capitalisation increases to \$658m, up from c.\$630m²
- Strategy to seek inclusion in the S&P/ASX 200 and 300 indices over time, which will require increased liquidity

1) Excludes debt facility for Syndicate

2) As at 28 October 2011



well versed
well timed
well considered

