ASX Announcement
29 November 2012

Cromwell
PROPERTY GROUP

MARKET UPDATE

New Unlisted Property Trust

Further to recent media speculation, Cromwell Property Group (ASX: CMW) confirms that it is preparing to launch a new $67m unlisted retail syndicate in December 2012. The syndicate, to be called the Cromwell Box Hill Trust, has been established to hold a new 20 level office building currently under construction in Box Hill, Victoria[1]. The building is expected to be completed in March 2015 and, when complete, the office space will be occupied by the Australian Taxation Office which has entered into a 15 year agreement for lease. The developer, Grocon, will continue to act as builder of the property. It is expected that Cromwell will earn syndication and fund management fees consistent with previous syndicates.

Termination of proposed Gasworks Acquisition

FKP Property Group (ASX: FKP) and Cromwell have been in discussions for several months regarding the acquisition of Gasometer 1, a retail and office development located in Newstead, Brisbane, currently being developed by FKP. FKP has advised Cromwell that it will not proceed with the sale of Gasometer 1 on terms previously agreed. Cromwell therefore advises it will not be proceeding with the acquisition of Gasometer 1 or the acquisition of other developments or investment properties in the Gasworks Precinct.

Increase in interest rate hedging

Cromwell has taken advantage of recent favourable interest rate conditions to successfully extend its hedging profile at no cost. Cromwell's weighted average interest rate hedge term has now increased from 2.6 years to 3.25 years. The increased hedging has resulted in the weighted average interest cost across all debt facilities decreasing by approximately 0.2%pa to 6.4%pa effective from November 2012.

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Cromwell Funds Management Limited (ACN 114 782 777 AFSL 333214) will be the issuer of units in the Cromwell Box Hill Trust (the "Trust") and the issuer of the product disclosure statement for the Trust which is expected to be issued in December 2012 ("PDS"). Before making any investment decision in relation to the Trust it is important that an investor reads the PDS when available. The PDS will be available from www.cromwell.com.au or by calling Cromwell Investor Services on 1300 276 693.
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[1] A heads of agreement has been signed and exchange and settlement are expected early December 2012. It is possible that an unforseen event and/or an event outside the control of Cromwell may prevent the acquisition from completing.