ASX Announcement
7 December 2012

Cromwell
PROPERTY GROUP

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Cromwell announces $163 million equity raising

Cromwell Property Group (ASX: CMW) today announces that it will undertake underwritten institutional placements of new Cromwell stapled securities (New Securities) and a non-underwritten security purchase plan to raise up to $163 million to seed a new unlisted property trust, reduce debt and provide additional working capital[1].

Highlights

- $103 million placement to existing and new institutional investors and $40 million placement to Redefine[2], both of which are subject to underwriting arrangements (together, the Placements)
- Security purchase plan for eligible Cromwell securityholders to raise up to $20 million (SPP)
- Settlement of the proposed new ATO site in Box Hill, Melbourne (Box Hill) with a view to the launch of a new unlisted property trust for retail investors in December 2012 (Box Hill Trust)
- FY13 guidance of at least 7.5 cents EPS and 7.25 cents DPS maintained
- Pro forma[3] NTA increases to $0.68 per Security, compared to $0.67 at 30 June 2012
- Reduction in pro forma Gearing[4] to 45%, compared to 51% at 30 June 2012
- Cromwell believes the $103 million Placement to institutional investors and likely increase in liquidity will assist in achieving targeted index inclusion over time

Equity Raising

Cromwell is undertaking the Placements and SPP (together, the Equity Raising) to raise up to $163 million through an issue of New Securities at an issue price of $0.785 (Issue Price), representing a 7.5% discount to the 5-day volume weighted average price of existing Cromwell stapled securities (Securities) on ASX between 30 November and 6 December 2012.

At the Issue Price, the New Securities are expected to provide a FY13 EPS yield and DPS yield of 9.6% and 9.2% respectively.

Upon settlement of the Placements and SPP, Redefine will continue to hold approximately 27% of the Securities in Cromwell[5].

The Placements are expected to settle on 13 December 2012 with New Securities issued under the Placements having a pro rata entitlement to the December 2012 quarter distribution.

Cromwell intends to offer a non-underwritten SPP to eligible Securityholders to raise up to $20 million. Each eligible Securityholder[6] will be entitled to subscribe for up to $15,000 worth of New

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[1] The Equity Raising is subject to the risks set out in Appendix C of the presentation lodged by Cromwell with ASX today (Presentation)
[2] Unless otherwise indicated, references to Redefine are references to Redefine Australian Investments Limited, a major existing Cromwell securityholder
[3] In this announcement, all pro forma financial data gives effect to the pro forma adjustments listed on slide 21 of the Presentation as though they had occurred on 30 June 2012
[4] Gearing is defined as (total borrowings less cash) / (total tangible assets less cash)
[5] Assumes the SPP raises the full $20 million and no other changes in Redefine's holdings

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Securities[7] (irrespective of the number of holdings) at the Issue Price and will incur no brokerage and transaction costs.

The SPP is expected to be opened on or before Monday, 17 December 2012 and is expected to close on or about Tuesday, 5 February 2013. New Securities will be issued to participating eligible Securityholders as soon as practicable after the SPP closes. A further announcement will be made to the market when the SPP offer booklet is despatched to eligible Securityholders. New Securities issued under the SPP will include a full entitlement to the March 2013 quarter distribution.

Equity Raising impact

FY13 guidance of at least 7.5 cents EPS and 7.25 cents DPS is maintained following the Equity Raising.

Pro forma NTA is expected to increase from $0.67 to $0.68 per Security.

Pro forma Gearing is expected to decrease to 45% compared to 51% at 30 June 2012.

Cromwell anticipates maintaining Gearing at its target level of approximately 45% with any future acquisitions being funded through a combination of equity, debt and capital recycling opportunities.[8]

In addition, Cromwell believes the Equity Raising will increase Cromwell's free float market capitalisation, with the likely resulting increase in Security liquidity ultimately assisting in obtaining index inclusion over time.

Box Hill Trust

On 5 December 2012, Cromwell advanced funds to the Box Hill Trust to enable it to acquire the proposed site for a new 20 level ATO office tower being developed by Grocon on Whitehorse Road, Box Hill, Melbourne. The Box Hill Trust will finance construction of the office tower on a fund through basis, with Cromwell providing initial funding of approximately $16 million to the Box Hill Trust in advance of the launch of a product disclosure statement in mid-December 2012. The Box Hill Trust will seek to raise equity of approximately $67 million, expected to be completed during 2013.

Cromwell CEO, Paul Weightman said, "The acquisition of Box Hill and launch of the Box Hill Trust build on the back of the success of the Cromwell Ipswich City Heart Trust and represent an opportunity for Cromwell to continue the expansion of its funds management platform.

Following Box Hill, Cromwell intends to launch further retail syndicates to capitalise on its relationships with key industry participants, strong investor demand, and historically low interest rates, via its pipeline of acquisition opportunities.

Cromwell's strengthened balance sheet will allow it to take advantage of future acquisition opportunities as they arise, to be funded through a combination of equity, debt and other capital recycling opportunities.

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[6] Securityholders with a registered address in Australia or New Zealand and who hold Securities on the SPP Record Date, which is 7.00pm on 6 December 2012, will be eligible to participate

[7] Cromwell reserves the right to scale back the maximum participation amount per eligible Securityholder, or accept more than $20 million in total, as described in the SPP offer booklet expected to be sent to eligible Securityholders on or before 17 December 2012

[8] There can be no guarantee that Cromwell will be successful in pursuing and/or completing future acquisitions or disposals on acceptable terms

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In addition, the increase in free float market capitalisation and likely increase in liquidity will assist in obtaining index inclusion over time, a strategic goal since the creation of the Cromwell Property Group following stapling in December 2006."

Additional information

Further information in relation to the Equity Raising and the effect that it will have on Cromwell's financial position and performance can be found in the Presentation given to ASX by Cromwell today.

Indicative timetable

SPP Record Date	7.00pm, Thursday, 6 December 2012
Trading halt	Friday, 7 December 2012
Announcement of Equity Raising	Friday, 7 December 2012
Securities recommence trading	Monday, 10 December 2012
Settlement of Placements New Securities	Thursday, 13 December 2012
Allotment and normal trading of Placements New Securities	Friday, 14 December 2012
Expected despatch of SPP offer booklet	Monday, 17 December 2012

Note: All times and dates in this announcement refer to Australian Eastern Daylight Savings Time (AEDST)

Cromwell reserves the right, subject to the Corporations Act, ASX Listing Rules and other applicable laws and rules, to vary the above timetable, either generally or in particular cases, without notice.

ENDS.

Media Enquiries:
Paul Weightman
Managing Director/CEO
+61 411 111 028
pweightman@cromwell.com.au

Cromwell Securityholder Enquiries:
Investor Services Centre
1300 276 693 (within Australia)
+61 7 3225 7777 (outside Australia)
invest@cromwell.com.au

This announcement contains certain "forward-looking" statements. The words "intends", "expected", "proposed", "forecast", "target", and "will" and other similar expressions are intended to identify forward looking statements. Forward-looking statements, opinions and estimates provided in this announcement are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions. Forward-looking statements including projections, indications or guidance on future earnings or financial position and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. There can be no assurance that actual outcomes will not differ materially from these statements. To the full extent permitted by law, Cromwell, and the underwriters and their respective directors, officers, employees, advisers, agents and intermediaries disclaim any obligation or undertaking to release any updates or revisions to the information to reflect any change in expectations or assumptions.

An investment in New Securities is subject to investment and other known and unknown risks, some of which are beyond the control of Cromwell, including possible delays in repayment and loss of income and principal invested. Cromwell does not guarantee any particular rate of return or the performance of Cromwell nor do they guarantee the repayment of capital from Cromwell or any particular tax treatment. Persons should have regard to the risks outlined in the Presentation. This announcement should be read in conjunction with that Presentation and the important notes contained in that document.

Past performance information given in this announcement is given for illustrative purposes only and should not be relied upon as (and is not) an indication of future performance.

This announcement is not an offer or an invitation to acquire New Securities or any other financial products in any place in which, or to any person to whom, it would be unlawful to make such an offer or invitation. This announcement is not a prospectus, product disclosure statement or other disclosure document under Australian law. This announcement may not be distributed or released in the United States. This announcement does not constitute an offer to sell, or the solicitation of an offer to buy, any New Securities in the United States. New Securities have not been, and will not be, registered under the US Securities Act of 1933, as amended

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This announcement is not financial advice or a recommendation to acquire New Securities and has been prepared without taking into account the objectives, financial situation or needs of individuals. Before making an investment decision prospective investors should consider the appropriateness of the information having regard to their own objectives, financial situation and needs and seek such legal, financial and/or taxation advice as they deem necessary or appropriate to their jurisdiction.

This announcement sets out an intention to launch the Box Hill Trust, being an unlisted property trust for retail investors to hold the office building located at Box Hill. The issuer of units in the Box Hill Trust will be Cromwell Funds Management Limited (ACN 114 782 777, AFSL 333214), a wholly owned subsidiary of Cromwell Corporation Limited. Before making any decision to acquire or hold units in the Box Hill Trust it is important that an investor read the product disclosure statement ("PDS") for the Box Hill Trust. The PDS will be made available when the Box Hill Trust is first offered to investors, which is expected to be in mid December 2012. It will be available from www.cromwell.com.au or by calling Cromwell Investor Services on 1300 276 693.

Cromwell is not licensed to provide financial product advice in respect of Securities. Cooling off rights do not apply to the acquisition of New Securities.

All financial information is in Australian dollars and all statistics are as at 30 June 2012 unless otherwise stated. The pro forma historical financial information included in this announcement does not purport to be in compliance with Article 11 of Regulation S-X of the rules and regulations of the U.S. Securities and Exchange Commission. Investors should also be aware that certain financial data included in this announcement is "non-IFRS financial information" under ASIC Regulatory Guide 230 Disclosing non-IFRS financial information published by the Australian Securities and Investments Commission (ASIC) and "non-GAAP financial measures" under Regulation G of the U.S. Securities Exchange Act of 1934. These measures include These measures include distributions per Security, gearing, net tangible assets, net tangible assets per Security, EPS yield, DPS yield, cap rates and distribution yield. The disclosure of such non-GAAP financial measures in the manner included in this announcement would not be permissible in a registration statement under the Securities Act. Cromwell believes this non-IFRS financial information provides, and these non-GAAP financial measures provide, useful information to users in measuring the financial performance and conditions of Cromwell. The non-IFRS financial information and these non-GAAP financial measures do not have a standardised meaning prescribed by Australian Accounting Standards and, therefore, may not be comparable to similarly titled measures presented by other entities, nor should they be construed as an alternative to other financial measures determined in accordance with Australian Accounting Standards. Investors are cautioned, therefore, not to place undue reliance on any non-IFRS financial information or non-GAAP financial measures and ratios included in this announcement.