Cromwell Property Group

Valad Europe Acquisition and Convertible Bond Issue

January 2015

Important Information & Disclaimer

This presentation and its appendices ("Presentation") is dated 27 January 2015 and has been prepared by Cromwell SPV Finance Pty Ltd (ACN 603 578 310) and the Cromwell Property Group, which comprises Cromwell Corporation Limited (ACN 001 056 980) and Cromwell Diversified Property Trust (ARSN 102 982 598) of which Cromwell Property Securities Limited (ACN 079 147 809, AFSL 238052) ("CPSL") is the responsible entity. Units in the Cromwell Diversified Property Trust are stapled to shares in Cromwell Corporation Limited. The stapled securities ("Securities") are listed on the Australian Securities Exchange ("ASX") (ASX Code: CMW).

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This Presentation contains "forward-looking" statements. Forward-looking statements can generally be identified by the use of forward-looking words such as "anticipated", "expected", "projections", "guidance", "forecast", "estimates", "could", "may", "target", "consider", and "will" and other similar expressions and include, but are not limited to, earnings and distributions guidance, change in NTA, expected gearing, the outcome and effects of the acquisition referred to in this Presentation and the use of proceeds. Forward looking statements, opinions and estimates are based on assumptions and contingencies which are subject to certain risks, uncertainties and change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions.

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CURRENCY

Unless stated otherwise, all amounts in Australian currency are based on an exchange rate of 0.6956 as at 22 January 2015.

Contents

Section 1

Overview

Overview[1]

Acquisition	- Cromwell has entered into a conditional[2] share purchase agreement to acquire Valad Europe from a Blackstone managed fund and Valad Europe senior management (Acquisition) → Pan European real estate investment manager, managing approx. €5.3 billion[3] (A$7.6 billion) across 13 countries[4], 24 investment mandates[5] and 37 wholesale investors → Well respected staff of 188 across Europe, providing a fully internalised approach to property and funds management - Total purchase price of €145 million (A$208 million) including purchase of co-investment interests of €23 million (A$33 million) → Acquisition represents a return on purchase price of approximately 12% for FY15[6] - The Acquisition is the next step in Cromwell's stated strategy of increasing its funds management operations
Funding	- The Acquisition will be funded through the issue of €150 million (A$216 million) new convertible bonds, to be denominated in Euros - The underwritten issue further diversifies Cromwell's funding sources - The Euro denomination will provide Cromwell with a 'natural hedge' to its post Acquisition European investment exposure with interest serviced from Euro denominated operating income
Transaction impact	- Cromwell's earnings contribution from funds management should increase to approximately 14%[7] from approximately 4.6% - Expected to be earnings neutral in FY15 and >5% accretive for FY16 - Pro forma Gearing[8] is expected to increase to 45.4% - within our target Gearing range of 35 to 55%

1) A$: € exchange rate of 0.6956
2) Share purchase agreement conditional on regulatory approval from UK Financial Conduct Authority and Guernsey Financial Services Commission - otherwise unconditional
3) As at 31 December 2014, includes investment capacity
4) Includes countries where Valad Europe has an on the ground presence (office or FTE employees)
5) Excludes mandates < €10 million
6) Based on Valad Europe estimated FY15 EBITDA of €17.7 million (including estimated co-investment income, but excluding performance fees) and purchase price of €145 million
7) Based on FY15 pro forma, post tax, post convertible bond interest as though Valad Europe was acquired on 1 July 2014
8) Gearing calculated as (total borrowings less cash)/(total tangible assets less cash), including the impact of convertible bond issue

Why Valad Europe?

Why Europe?	- Greater scope for investment in Europe vs. Australia for funds management at current time - Attractive time in the cycle to enter Europe with strong opportunities and competitive advantage → Limited capital / balance sheet exposure - Provides diversification to existing Australia/NZ exposure and market cycles
Strength of fund relationships	- Funds management is increasingly a global business - High quality fund investor base with 37 existing and repeat investors - Provides opportunity for Cromwell to offer Australian value-add product → Limited number of scale managers targeting this market - Difficult to recreate Valad Europe's platform and investor base in meaningful timeframe
Opportunities to grow the platform	- €1.5 billion of existing committed investment capacity - Ability to offer European product to other South African investors - Ability to offer Australia/NZ value-add product to Valad Europe investor base
Value-add product	- Consistent with Cromwell's value-add strategy - Established fee and performance sharing model, with alignment through co-investment - Higher value-add provides the opportunity to earn higher margins - More attractive than core funds which are increasingly competitive and low margin

Why Valad Europe?

Scale and critical mass platform	- Pan European platform with local on the ground presence through 22 offices in 13 countries - Full suite of funds management services including asset management, property management, acquisitions and disposals, development management and administration - Key executives remain – average senior management tenure of 6 years and industry experience of 19 years - Strong cultural fit supported by high quality systems and reporting - Complementary to existing retail funds management operations
Strength of Valad management	- Highly experienced management team with local market knowledge - Successfully managed and repositioned the business post financial crisis - Track record in value-add, in line with Cromwell's skill set - Equivalent governance protocols and culture already in place - Management to be retained and aligned with appropriate long term incentive plan
Increase in earnings contribution from funds management	- External assets under management will increase from A$1.35 billion to A$9.0 billion[1] - Funds management operations earnings contribution should increase from approximately 4.6% to approximately 14%[2] consistent with Cromwell's stated strategy to reach a contribution of approximately 20%
Compelling acquisition price	- Attractive acquisition multiple of 6.4x EV/EBITDA vs. Cromwell's cost of funding - Greater than 5% accretive for FY16 - Improved return on equity and earnings growth profile

1) Based on June 2014 Cromwell AUM (adjusted for sale of Exhibition Street, including 45% of Phoenix Portfolios AUM, 50% of Oyster Group AUM (at 31 December 2014) and assumes completion of property currently under construction in Cromwell managed funds) and includes Valad Europe AUM and investment capacity as at 31 December 2014
2) Based on FY15 pro forma, post tax, post convertible bond interest as though Valad Europe was acquired on 1 July 2014

Section 2

Valad Europe Overview

Valad Europe overview

- The acquisition of Valad Europe provides an opportunity to acquire an established, well respected business with a strong cultural and strategic fit with Cromwell

Platform

- €5.3 (A$7.6) billion of AUM including investment capacity
- 13 countries across Europe
- 37 institutional and sovereign wealth fund investors
- 18 banking partners
- Leading European real estate investment manager
  - €3.8 (A$5.5) billion gross AUM
  - €1.5 (A$2.2) billion additional investment capacity (committed)
  - €1.0 (A$1.4) billion of development assets (gross development value in addition to AUM)
  - Over 4,000 tenants

Product and service lines

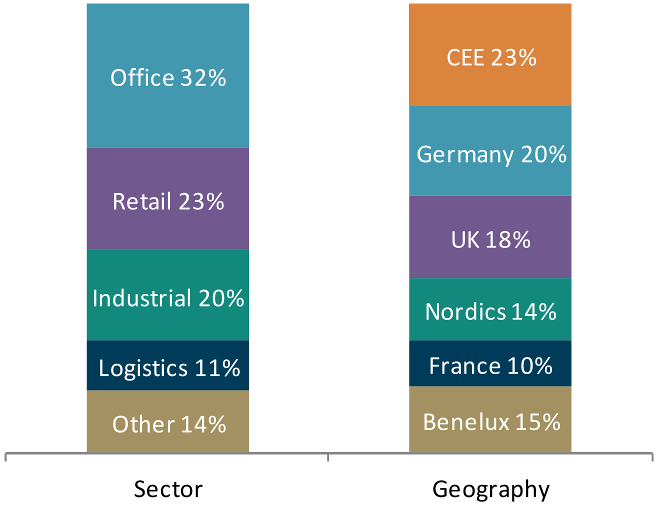
- 188 full time employees across Europe
- 24 mandates
- 22 offices
- Valad Europe provides a fully integrated and co-ordinated approach to real estate investment management
  - FCA regulated / AIFM approved
  - Investment and portfolio management
  - Asset management
  - Development management
  - Corporate finance and structuring
  - Accounting, reporting, governance and compliance

Financial snapshot

- Approximately €17.7 (A$25.4) million EBITDA expected in FY15 (inc. co-investment income)
- €23 (A$33) million of fund co-investments
- €2.6 (A$3.7) billion of new AUM secured over the last 3 years
- Valad Europe has a strong relationship with existing and new investors with 18 new mandates and mandate rollovers since 2011
  - Diversified income streams
  - Co-investments across 11 mandates
  - Current and future fund performance fees
  - High incremental margin on new business

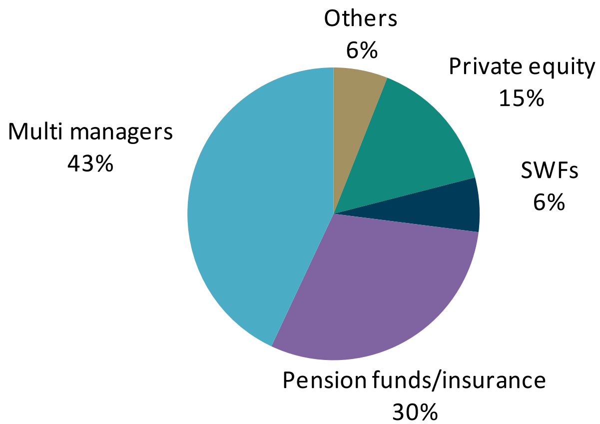
Wide range of investment mandates and investors

Broad asset base across multiple mandates



- 24 funds and mandates with AUM of €5.3 billion[1] (A$7.6 billion)
- Focus on core + / value-add investment opportunities
  - → Vacant space
  - → Multi-tenant
  - → Capital optimisation
- Enhanced returns for higher risk, mitigated by an experienced management team

Diverse range of quality investors and partners

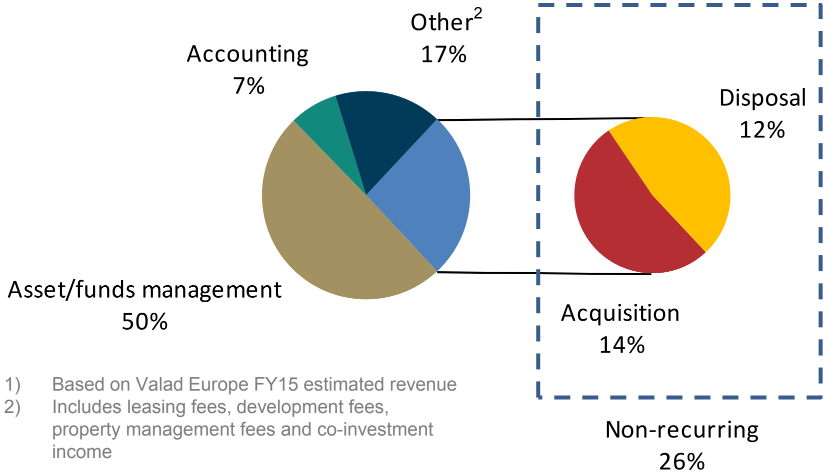


- Valad Europe has a diverse group of 37 sophisticated investors and 18 banking partners
- Over 50% of Valad Europe's investors are invested in more than one fund and include:
  - → Multi-billion AUM pension funds
  - → European and Middle-Eastern sovereign wealth funds
  - → Blue chip European assurance companies

1) Includes Valad Europe investment capacity

Valad Europe financial metrics

Strong level of recurring fee income[1]



1) Based on Valad Europe FY15 estimated revenue
2) Includes leasing fees, development fees, property management fees and co-investment income

- The core + / value-add nature of the Valad Europe business means these fees are typically more profitable than the equivalent fees generated from rental collection
- In addition to general fund mandates, Valad Europe also operates a number of bank workout and portfolio mandates which provide attractive contracted fee streams
- With the cost base optimised, Valad Europe should be well placed to grow revenues and margins moving forward

Acquisition valuation metrics

	€ millions	A$ millions [1]
Funds management	110.0	158.1
Co-investment stakes	23.0	33.1
Performance fees [2]	12.0	17.3
Total purchase price	145.0	208.5
Valad Europe FY15 expected EBITDA [3]	17.1	24.6
FY15 EV/EBITDA [4]	6.4x	
AUM (including investment capacity) (billion)	5.3	7.6
% of AUM [5]	2.3%	

1) A$:EUR exchange rate 0.6956
2) Based on discounted probability weighting of in-the-money performance fees
3) 12 months to 30 June 2015, excluding co-investment income and performance fees
4) Based on consideration for funds management business only
5) Based on consideration for funds management business and performance fees

Fully integrated suite of services

- Valad Europe offers a fully integrated suite of services to its investors and banking partners
- The Valad Europe team and business are closely aligned with investors through fund/mandate performance related fee structures

Transactions
Acquisition and disposal fees dependent on timing and value of property acquisitions

Development Management
Fees from JV partners for property development management services

Asset Management
Fees from funds for active asset management services

Portfolio Management
Internal capability to formulate investment strategies across platform

VALAD

Capital Management
In-house capability to meet funding needs across debt & equity risk/return spectrum

Accounting and Reporting
Internal budgeting and planning capability, and investor reporting

Structuring and Tax
In-house tax and structuring capability

Governance, Compliance and Risk
Internal management of risk, legal and regulatory affairs

Fund types

Valad Europe offers a variety of different investment strategies depending on the opportunities and the preference of individual investors, banks or investor clubs

Value-add

- Enhanced returns in exchange for higher levels of operating risk - mitigated by Valad Europe's local expertise
- Can be replaced by core+ post stabilisation of assets
- Management activities typically involve:
  - Repositioning
  - Capital optimisation
  - Vacant space reduction
  - Multi-tenant
  - Re-gearing

REIM Mandates (Bank workouts)

- Source of demand from European banks seeking to reduce exposure to real estate
  - Lack of bank in-house expertise to manage real estate assets
  - Mandates involve workouts, recapitalisations and distressed CMBS structures
- Mandates can be single sector / geography
- Strong base fees supplemented by large transaction fees linked to successful disposal/realisation

Core + Funds

- Similar to value-add space, but relatively more stable assets
- Management activities typically involve:
  - Multi-tenant activity
  - Leasing vacant space and lease renewals
  - Re-gearing

REIM Mandates (Equity mandates)

- Single investor equity mandates
- Can be sector or geography specific, or diversified
- Typically more interaction with underlying investor
- Fees are specific to the nature of mandate to be undertaken

Existing funds and mandates

24 mandates spanning a broad range of geographies and sectors totaling €3.8 billion AUM

	Funds / mandates	AuM (€m)[1]	Region	Sector
Value - add	VPRF	568	Poland	Retail
	V+ Nordic	214	Nordic	Diversified
	V+ Nordic 2	147	Nordic	Diversified
	V+ UK	98	UK	Diversified
	VEDF	373	UK/Germany/France	Diversified
	VCERP	42	Central Europe	Retail
	VNDP	138	Netherlands	Diversified
Core +	European High Income	473	Pan-Europe	Industrial
	Central European Industrial Fund	226	Central Europe	Industrial
	Parc D'Activites	160	France	Industrial
	University Capital Trust	114	UK	Student accommodation
REIM Mandates	Bridge	325	Germany	Office
	V+ Germany	154	Germany	Diversified
	Gemini	213	UK	Diversified
	Landmark	63	Netherlands	Diversified
	DUKE	57	Pan-Europe	Diversified
	ECREL	57	Pan-Europe	Diversified
	Equinox	40	Netherlands	Office
	VLISA	44	Germany	Industrial
	Edeka / Mansford	38	Germany	Diversified
	Dutch Offices I & II	27	Netherlands	Diversified
	NL Bank work out	42	Netherlands	Office
	UK Bank work out	69	UK	Retail
	Omikron Portfolio	110	Netherlands	Diversified
Other	Mandates < €10m AUM	21		
		3,813		

1) As at 31 December 2014

Available investment capacity

- Valad Europe currently has investment capacity of approximately €1.5 billion [1] (A$2.2 billion) spanning 8 regions within Europe
- New products, potential mandates, bank workout projects and corporate opportunities are generated, analysed and presented to existing and prospective investors
- New investment capacity secured includes:

VEDF	→ **Description:** diversified European fund investing in core+ / value-add assets in the UK and Germany → **Status:** investors have doubled their equity commitments, €373m in completed acquisitions → **Remaining investment capacity:** c.€527m[1]
VNDP	→ **Description:** diversified investment mandate to acquire value-add assets in the Netherlands → **Status:** investment management agreement executed, capital committed, first €140m acquisition completed → **Remaining investment capacity:** c.€412m[1]
VCERP	→ **Description:** mandate focused on value-add investment in retail sector in Central Europe, with an emphasis on Poland and Czech Republic → **Status:** investment management agreement executed, capital committed, first €42m acquisition completed → **Remaining investment capacity:** c.€508m[1]

1) As at 31 December 2014

Strategy for Valad Europe post Acquisition

Investment of available capital	• Valad Europe currently has unallocated, committed investment capacity of approximately €1.5 billion • This capital is intended to be invested over the next 2 years under existing mandates
New and repeat fund opportunities	• A number of the existing funds and mandates will reach maturity within the next 2-3 years • Historically, Valad Europe has been very well supported by investors, with approximately €1.7 billion in renewed commitments since 2012 • Valad Europe continues to investigate new fund opportunities in different geographical and real estate sectors, with a number of new products currently under consideration by existing and prospective investors • Focus on maximising NAV for new and existing investors
Bank mandates and corporate activity	• With European banks continuing to reduce their real estate exposure, and increasingly taking action to work out portfolios, Valad Europe is taking advantage of its proven ability, value-add skill base and depth of banking relationships to build on existing bank workout mandates across Europe • Given Valad Europe's pan-European, on the ground, exposure there are many opportunities to acquire subscale funds management operations e.g. acquisition of GE Capital Real Estate's Polish operations in 2013
Retention of Valad brand	• It is intended the "Valad" brand will be retained given its strong reputation in the European market and with investors • Following the Acquisition, Valad's Australian business will be renamed

Strong and stable management team

- Led by Martyn McCarthy and David Kirkby, both of whom have significant experience in the property and funds management industries
- As part of the Acquisition, Cromwell will retain the existing management and remuneration structure
  - → Strongly aligned with fund investors and Cromwell through sharing in performance fees
  - → Business independence retained ensuring no potential conflicts
- Martyn McCarthy will take up a role with Cromwell as Executive Chairman – Valad Europe, with primary responsibility for integration and new institutional funds management opportunities globally
  - → Martyn will sit on the Cromwell ExCo
- Martyn will be responsible for facilitating Australian/South African capital into Europe and European capital into Australia

Executive Chairman
Marty McCarthy

Managing Director
David Kirkby

Head of Corporate Development & Operations
Christian Bearman

Chief Financial Officer
Fraser Kennedy

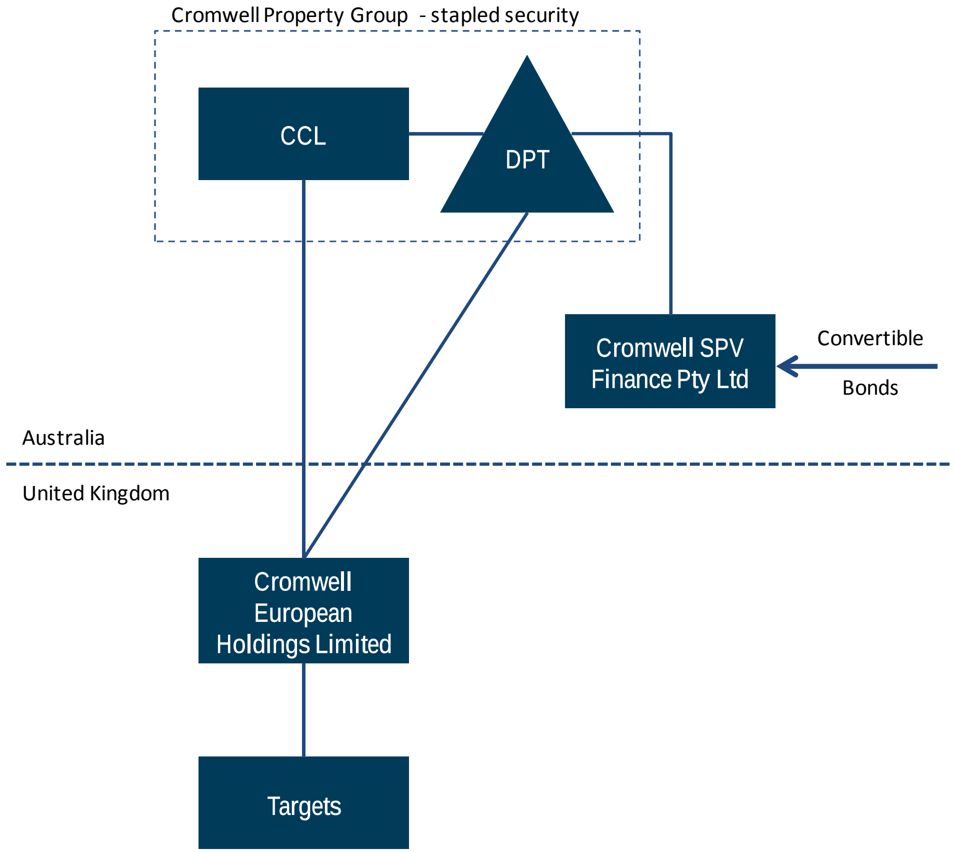
Heads of Funds Management
Thierry Leleu

Senior Management Group
Includes Heads of Countries and Heads of Key Business Functions

Section 3

Transaction Overview

Transaction structure and key terms



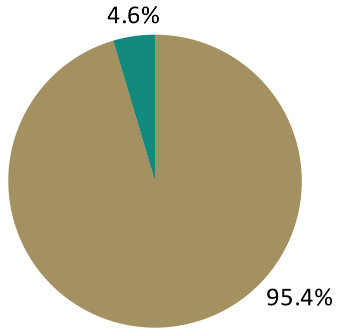
Key Transaction Terms

- The Acquisition will be made by a newly created subsidiary of Cromwell Property Group – Cromwell European Holdings Limited
- The convertible bond issue will be made by a newly created, wholly owned subsidiary of the Cromwell Diversified Property Trust (DPT) (Cromwell SPV Finance Pty Ltd)
- The proceeds of the convertible bond issue will fund the Acquisition and related costs
- Cromwell Property Group will guarantee the obligations of Cromwell SPV Finance Pty Ltd under the convertible bonds
- The Acquisition is conditional on regulatory approval from UK Financial Conduct Authority and Guernsey Financial Services Commission and is otherwise unconditional
  - → expected to be received by no later than 9 April, 2015

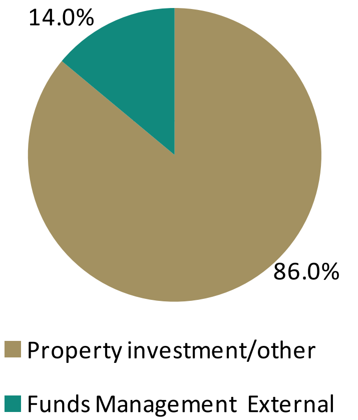
Transaction impact on Cromwell

CMW Pro Forma Operating Earnings Split by Source of Income[1]

Pre

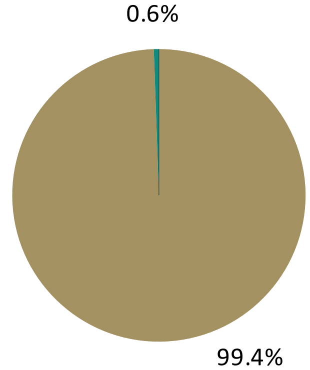


Post



CMW Pro Forma Operating Earnings Split By Geography[1]

Pre



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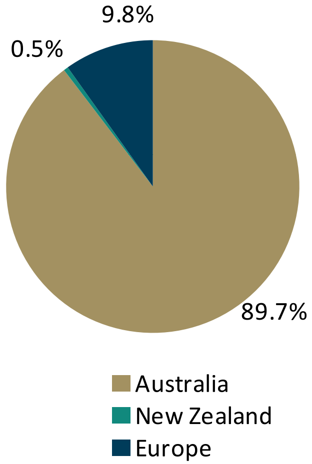
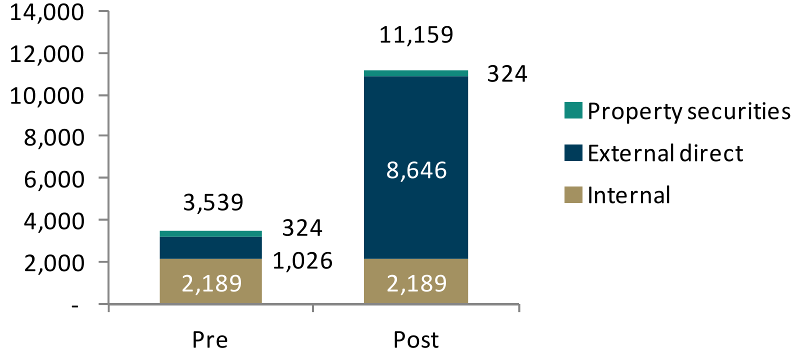
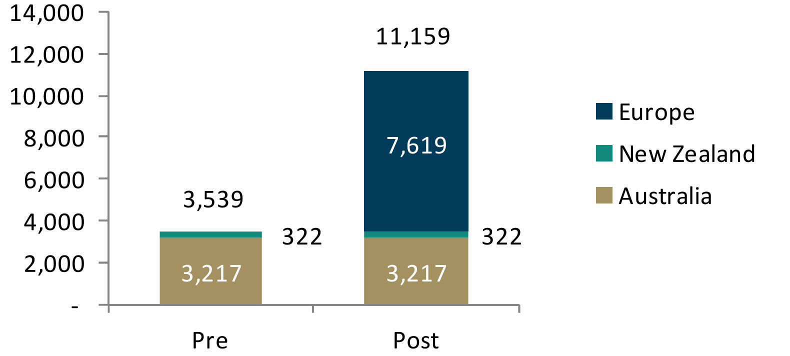


Assets Under Management by Type [2]



Assets Under Management by Geography [2]



1. FY15 pro forma, post tax, post convertible bond interest as though Valad Europe was acquired on 1 July 2014
2. Assets under management based on June 2014 Cromwell AUM adjusted for sale of Exhibition Street, including 45% of Phoenix Portfolios AUM, 50% of Oyster Group AUM (at 31 December 2014), assumes completion of property currently under construction in Cromwell managed funds and adjusted for Valad Europe AUM (including investment capacity) at 31 December 2014

Sources and application of funds[1]

- The Acquisition is expected to be funded using the proceeds from the issue of Euro denominated convertible bonds
- Cromwell currently has cash of approximately $190 million[2] leaving funding capacity for future growth opportunities both with existing assets and for potential future acquisitions
- Pro forma Gearing increases to 45.4% as a result of the debt funding raised and intangible nature of the assets acquired
  - → This Gearing level remains within our target range of 35 – 55%
- The issue of Euro denominated bonds provides Cromwell with a 'natural hedge' for its Euro investment in Valad Europe

Sources	
Convertible bond issue	$216m
Total Sources	$216m

Applications	
Valad Europe acquisition	$208m
Acquisition costs	$2m
Convertible bond issue costs	$4m
Working capital	$2m
Total Applications	$216m

1) A$:EUR exchange rate of 0.6956
2) Pro-forma cash position at 30 June 2014 includes impact of 321 Exhibition Street sale and $16.9m for interest rate cap

Acquisition process and due diligence

2010	July 2014	Early September	Mid September	Late October	Early December	Mid December	Late January	by 9 April 2015
Cromwell investigated potential purchase of VPG	Initial discussion	Process commenced	Indicative EOI submitted and initial information provided	First round EOI submitted and DD commences	Second round EOI submitted	Third round EOI submitted	Due diligence completed and conditional SPA exchanged	Anticipated Settlement

- Valad Europe has been sold through a competitive Expressions of Interest (EOI) process, targeted at a select number of potential purchasers
- The process comprised of a number of rounds where information was made available to potential purchasers together with access to management and management presentations
- Cromwell undertook its due diligence investigations over 10 weeks, with a particular focus on reviewing Valad Europe's ability to continue to grow assets under management through both new and repeat mandates and deployment of existing and future investment capacity
  - → Cromwell's analysis involved management interviews and a detailed review of Valad Europe's investor management strategies, historical acquisition hit rates, future acquisition pipeline and performance track record
  - → In addition, human resources, taxation, accounting and legal reviews were undertaken both internally and by external specialist consultants

Section 4

Convertible Bond Terms and Timetable

Key Convertible Bond terms

Issuer	Cromwell SPV Finance Pty Ltd
Guarantors	Cromwell Corporation Limited (“CCL”) and Cromwell Property Securities Limited in its capacity as responsible entity (the “RE”) of Cromwell Diversified Property Trust (“CDPT”)
Convertible into	Cromwell Property Group stapled securities (CMW AU)
Ranking	Direct, unconditional, unsubordinated and unsecured
Currency of the bonds	€
Offer size	€150m base deal + € 50m upsize
Denomination	€100,000 and integral multiples thereof
Tenor	5 year
Issuer call	After 3 years subject to 130% security price hurdle
Coupon	No more than 2.375%, payable semi-annually (underwritten maximum)
Premium	At least 5% over reference price of A$1.07 (underwritten minimum)
Dividend protection	Conversion price adjustments for cash distributions above a prescribed annual threshold
Distribution	Reg S (Category 1)
Bond Listing	SGX-ST
Sole bookrunner + underwriter	Merrill Lynch (Australia) Futures Limited

Acquisition and Convertible Bond issue timetable

Key Event	Date[1]
Trading Halt	Tuesday, 27 January 2015
Announcement of Acquisition and Convertible Bond issue	Tuesday, 27 January 2015
Convertible Bond offer	Tuesday, 27 January 2015
Trading recommences	Wednesday, 28 January 2015
Settlement of Convertible Bond	Wednesday, 4 February 2015
Completion of Acquisition	on or before Thursday, 9 April 2015

1) Dates and times in this presentation are indicative only and subject to change. All times and dates refer to AEST.

Appendix A

Overview of Cromwell

Cromwell Property Group snapshot post Transaction

- **Cromwell has evolved organically over 15 years**
  - → Listed fund manager recapitalised by existing management in 1998
  - → REIT structure created through stapling and merger of unlisted funds in 2006
- **Focused and clear strategic direction**
  - → Defensive, superior risk adjusted returns
  - → Innovative and considered product creation
  - → Disciplined and diligent operations

Cromwell Property Group

LISTED ON ASX
CMW

Market cap:	**$1.9 bn[1]**
Security price:	**$1.05[1]**
Gearing:	**45.4%[2]**

Investment Portfolio[3]

Portfolio value:	**$2.2 bn**
Number of properties:	**27**
Weighted Average Cap Rate:	**8.2%**
Weighted Average Lease Exp:	**5.9 yrs**

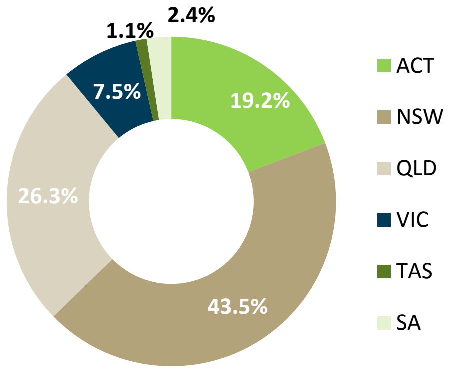
Funds Management Platform

Assets under management:	**$9.0 bn[4]**
Number of Funds:	**33[5]**

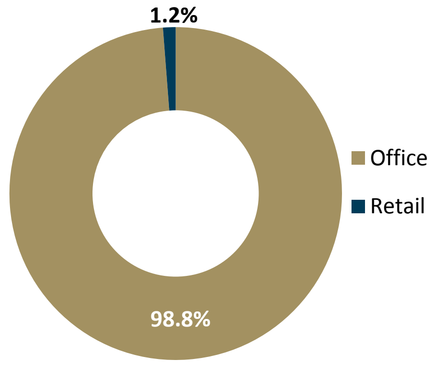
1) As at 22 January 2015
2) Gearing calculated as (total borrowings less cash)/(total tangible assets less cash) pro forma for the transaction
3) As at June 2014 (post sale of 321 Exhibition Street)
4) Assumes completion of property currently under construction in Cromwell managed funds and includes 45% Phoenix Portfolios AUM, 50% of Oyster Group AUM (at 31 December 2014) and 100% of Valad Europe assets under management (including investment capacity) at 31 December 2014
5) Excludes Valad Europe mandates < €10 million

Robust property portfolio[1]

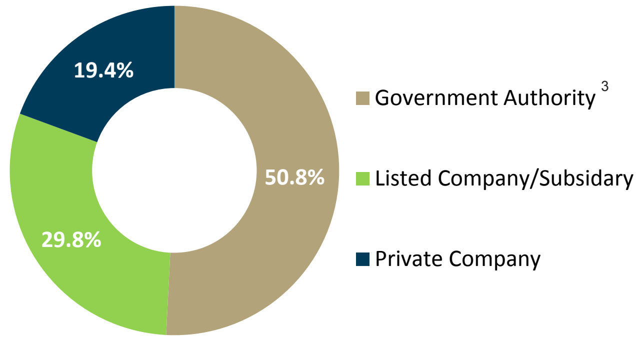
Geographic Diversification[2]



Sector Diversification[2]



Tenant Classification[2]



Top 5 Tenants[1]	% of Gross Income	Cumulative %	Credit Rating[4]
Federal Government	21%	21%	AAA
NSW State Government	15%	36%	AAA
Qantas	11%	47%	BB+
QLD State Government	9%	56%	AA+
AECOM Australia Pty Ltd	4%	60%	
TOTAL	**60%**		

- Very strong tenant profile
  - → Government[3] contributes 51% of income
  - → Top 5 tenants account for 60% of income
- Focused on office sector
- Average 'like for like' property income growth of 1.4% for FY14 driven by bi-annual CPI reviews
- Moved overweight Sydney office in past 2 years following acquisition of NSW Portfolio and Northpoint

1) As at June 2014 (post sale of 321 Exhibition Street)
2) By gross income
3) Includes Government owned and funded entities
4) S&P Ratings as at January 2015

Property portfolio – top 10 assets[1]

Asset	State	Class	Book Value	Cap Rate	Occupancy	WALE	Major Tenants
Qantas Global Headquarters	NSW	Office	$335.0m	6.75%	100.0%	17.1 yrs	Qantas
HQ North Tower	QLD	Office	$197.5m	7.75%	99.8%	4.2 yrs	AECOM, Bechtel, Technology One
207 Kent Street	NSW	Office	$174.0m	7.00%	100.0%	4.9 yrs	Symantec, Sydney Ports, HLB Mann Judd
700 Collins Street	VIC	Office	$171.0m	7.25%	100.0%	1.2 yrs	Bureau of Meteorology, Medibank Private
McKell Building	NSW	Office	$141.0m	7.63%	100.0%	14.0 yrs	Government Property NSW
Tuggeranong Office Park	ACT	Office	$140.0m	9.50%	100.0%	2.4 yrs	Gov't Department of FaHCSIA
Northpoint Tower[2]	NSW	Office	$139.3m	7.63%	93.9%	2.8 yrs	Think Education Services
475 Victoria Avenue	NSW	Office	$132.0m	8.25%	96.0%	3.5 yrs	Reed Elsevier, Leighton Contractors
200 Mary Street	QLD	Office	$74.5m	8.38%	84.2%	1.6 yrs	QER, Federal Government, Cromwell
Synergy	QLD	Office	$72.0m	9.00%	100.0%	3.1 yrs	Queensland University of Technology
Top 10 Assets			$1,576.3m	7.66%	97.9%	6.2 yrs	
Balance of Portfolio			$606.6m	9.62%	96.0%	5.2 yrs	
Total			$2,182.9m	8.20%	97.6%	5.9 yrs	

1) As at June 2014 (post sale of 321 Exhibition Street)
2) Represents Cromwell's 50% interest

Property portfolio – acquisitions added significant value

- Recent acquisitions have generated significant value
  - NSW Government Portfolio ($405m)
  - Health & Forestry House Buildings, QLD ($65m)

Asset	Acquisition Date	Unlevered Property IRR's Post Acquisition Costs[1]
207 Kent Street, Sydney, NSW	June 2013	35.0%
Bull Street, Newcastle, NSW	June 2013	20.2%
Crown Street, Wollongong, NSW	June 2013	16.4%
Health & Forestry House, QLD	May 2013	15.7%
Bligh Street, Sydney, NSW	June 2013	14.4%
McKell Building, Sydney, NSW	June 2013	11.5%
Station Street, Penrith, NSW	June 2013	11.4%
Farrer Place, Queanbeyan, NSW	June 2013	8.9%
Weighted Average		19.3%


Health & Forestry House, QLD


207 Kent Street


McKell Building


Station Street, Penrith


Farrer Place, Queanbeyan


Bligh St, Sydney


Bull St, Newcastle


Crown St, Wollongong

1) As at June 2014

Property portfolio – attractive returns on asset sales

Properties sold over past three years	Acquisition Price ($'000)	Acquisition Date	Sale Price (net proceeds) ($'000)	Sale Date	IRR
321 Exhibition Street, VIC	90,200	Aug 10	205,920	Aug 14	14.7%
180 Holt Street, Pinkenba, QLD	17,825	Feb 03	25,000	Dec 13	11.1%
Lot 102 Grand Trunkway, Gillman, SA	10,900	Jun 04	15,575	Dec 13	11.1%
5 – 29 Frederick Road, Brooklyn VIC	34,000	Jun 04	39,075	Dec 13	9.5%
380-390 La Trobe St, VIC	88,000	Dec 05	113,600	Nov 13	8.9%
	240,925		399,170		


321 Exhibition Street


180 Holt Street


Grand Trunkway

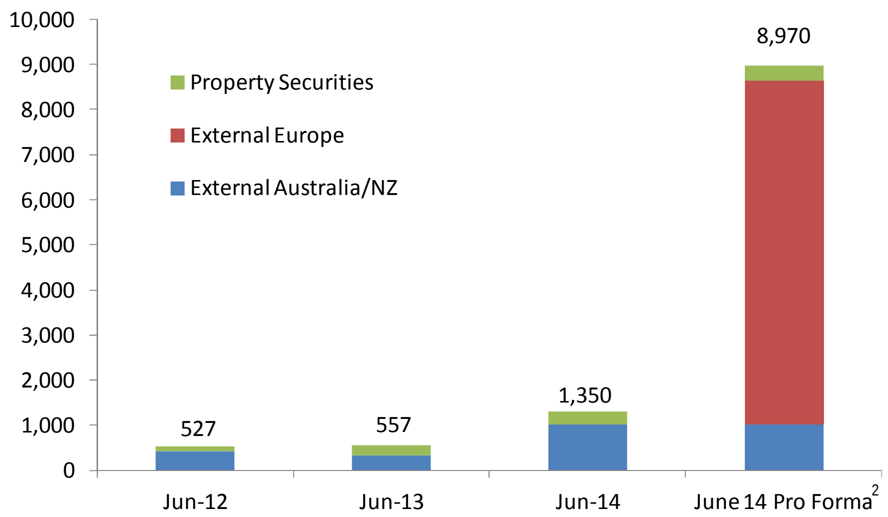

Frederick Road


La Trobe Street

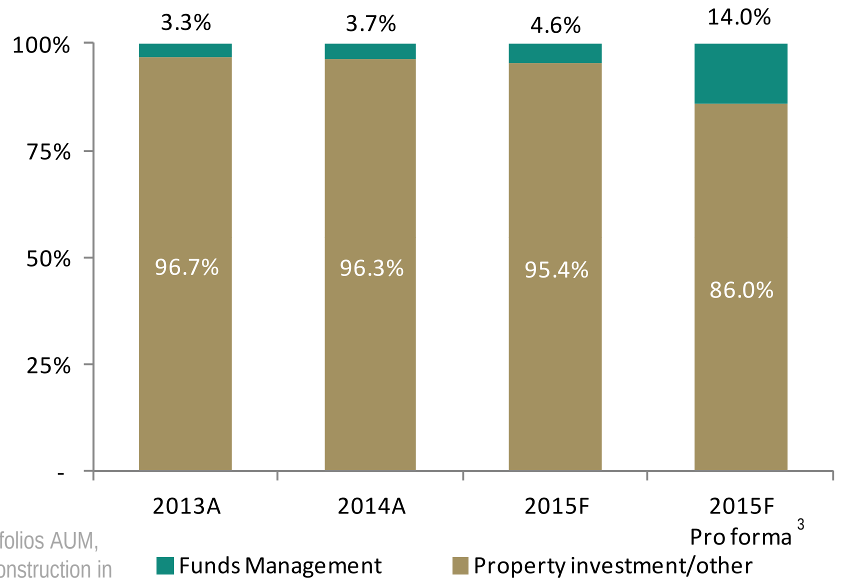
Funds management – External AUM now $9.0bn[1,2]

- **Unlisted Property Trusts**
  - → 7 funds with AUM of approximately $704m
  - → 4 closed syndicates
  - → 2 diversified open funds
  - → 1 wholesale partnership
- **Property Securities (Phoenix Portfolios)**
  - → Purchase of 45% stake in 2009
  - → AUM of approximately $560m
- **Oyster Property Group – New Zealand**
  - → Purchase of 50% stake in 2014
  - → AUM of approximately $NZ693m
- **Valad Europe**
  - → Settlement expected to occur on or before 9 April 2015
  - → AUM of approximately €5.3m (inc. investment capacity)

External Assets Under Management ($m) [1,2]



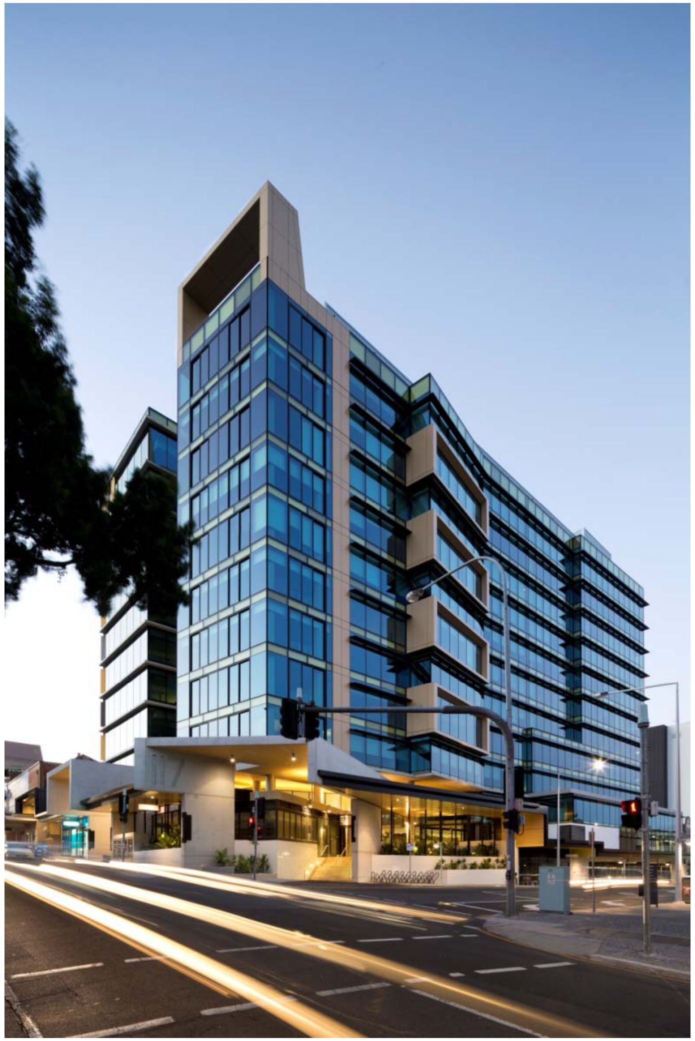
Earnings contribution from funds management (%)



1) Based on June 2014 Cromwell AUM (adjusted for sale of Exhibition Street, including 45% of Phoenix Portfolios AUM, 50% of Oyster Group AUM (at 31 December 2014) and assumes completion of property currently under construction in Cromwell managed funds) and includes Valad Europe AUM and investment capacity as at 31 December 2014
2) Includes Valad Europe AUM (including investment capacity) at 31 December 2014
3) Based on FY15 pro forma, post tax, post convertible bond interest as though Valad Europe was acquired on 1 July 2014

Strategy remains unchanged

- Objective is to provide defensive, superior risk adjusted returns from commercial properties we own and manage
  - → Maintain a property portfolio that provides a balance between defensive investments and assets that can be improved or repositioned with active asset management
  - → Provide returns to investors that consistently exceed the S&P / ASX 300 A-REIT Accumulation Index and IPD benchmark over the course of each property cycle
- Manage our business through property market cycles, adjusting key investment activities ahead of changing conditions to maximise returns and minimise risk
- Maintain disciplined acquisition and divestment criteria
- Property selection is still key to our investment methodology
- Additional earnings growth through leveraging existing management platform and expansion of funds management business
- Maintain gearing appropriate to our asset mix, the property cycle and market conditions

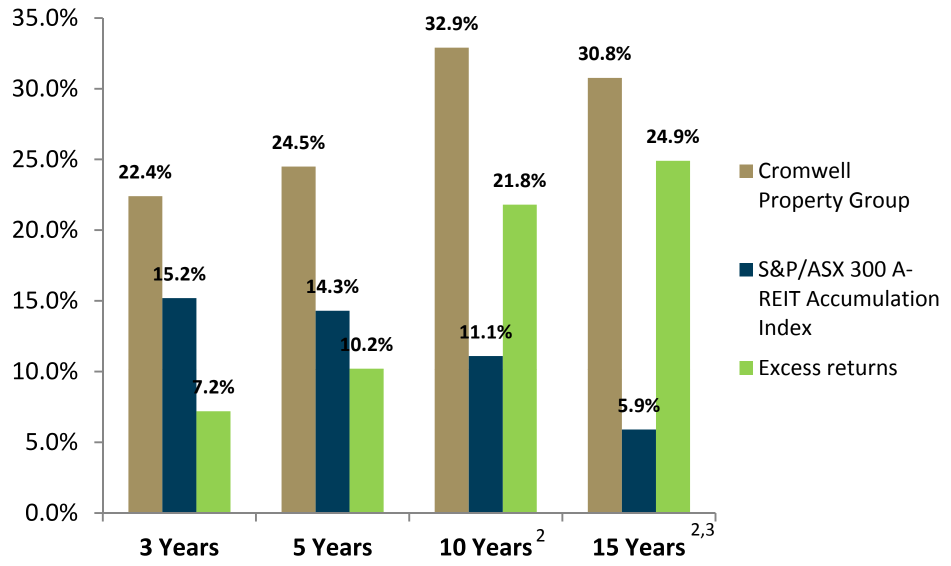


Ipswich City Heart Trust Asset

Consistent strategy delivers consistent outperformance

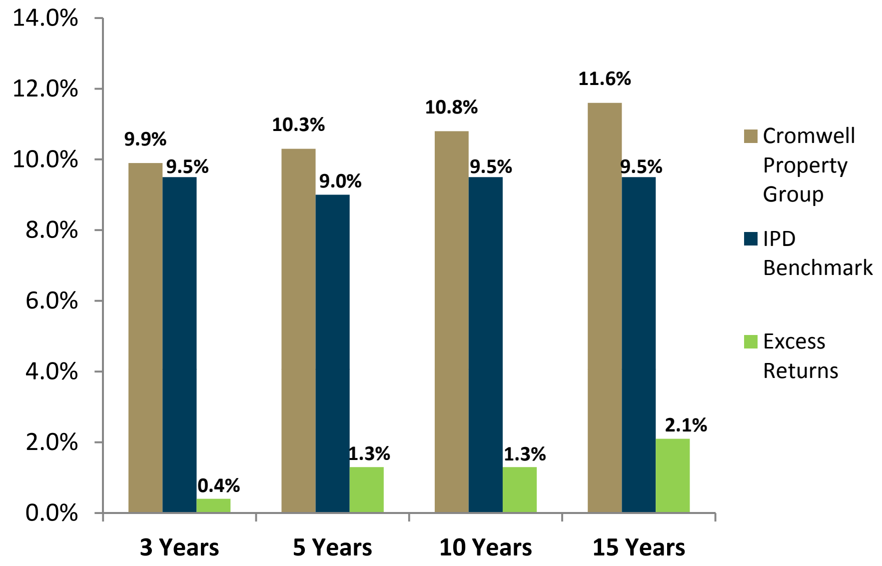
- **Cromwell has significantly outperformed the S&P/ASX 300 A-REIT Accumulation Index**
  - → Outperformance of 7.2%, 10.2% and 21.8% per annum over 3, 5 and 10 years[2]

Cromwell Performance June 2014
(Annualised Total Securityholder Return)[1]



Source: IRESS

Direct Property Returns
(to 30 June 2014 Annualised)



Source: IPD

1) Includes distributions
2) 10 and 15 year CMW return includes period prior to stapling in December 2006
3) S&P/ASX 300 A-REIT Accumulation Index is since 31 March 2000

Appendix B

Pro Forma Balance Sheet and Capital Management

Pro forma balance sheet[1]

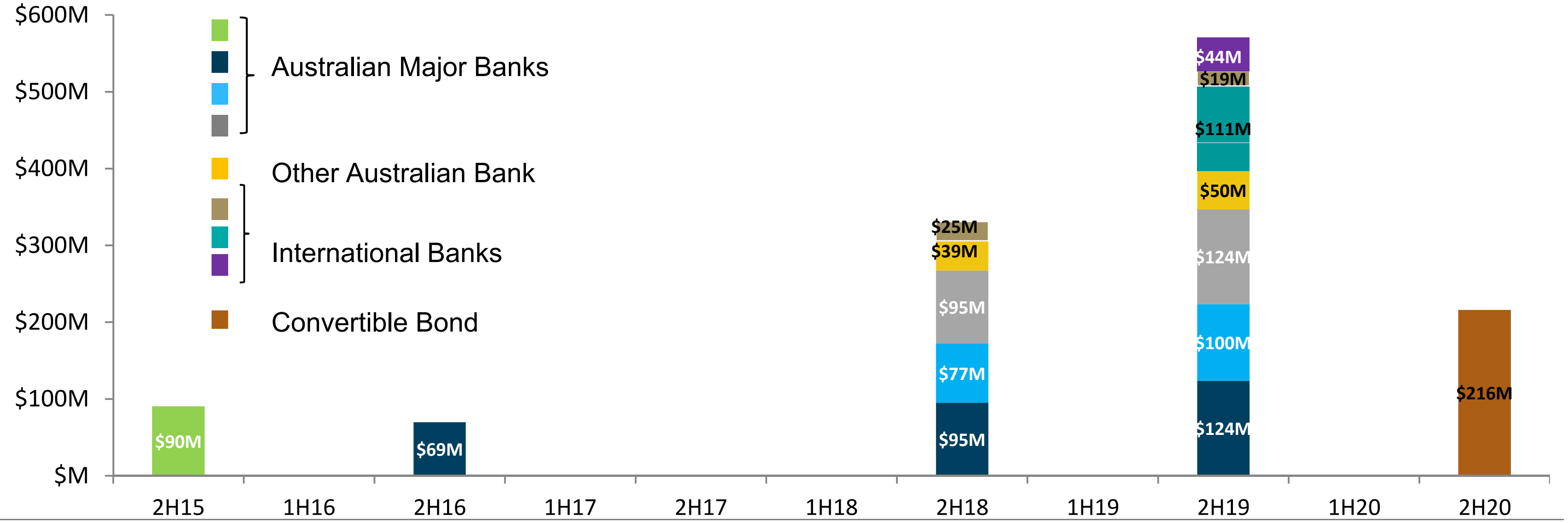
CMW Pro Forma Balance Sheet	Actual 30-Jun-14 A$'000	Exhibition St Sale A$'000	Interest Rate Cap[3] A$'000	Pro Forma 30-Jun-14 A$'000	Valad Europe Impact[4,5] A$'000	Pro forma 30-Jun-14 A$'000
Assets						
Cash and Cash Equivalents	117,820	89,420	(16,900)	190,340	13,531	203,871
Trade and Other Receivables	4,702	-	-	4,702	9,983	14,685
Investment Properties	2,249,470	(205,920)	-	2,043,550	-	2,043,550
Equity Accounted Investments	77,526	-	-	77,526	4	77,530
Investments at fair value through P&L	10,546	-	-	10,546	32,756	43,302
Deferred Tax Assets	1,272	-	-	1,272	483	1,755
Derivative Financial Assets	-	-	16,900	16,900	-	16,900
Intangibles - Valad	-	-	-	-	163,223	163,223
Other Intangibles	1,120	-	-	1,120	200	1,320
Other Assets	7,484	-	-	7,484	2,493	9,977
	- -		-			
Gross Assets	**2,469,940**	**(116,500)**	**-**	**2,353,440**	**222,674**	**2,576,114**
Liabilities						
Total Debt	(1,101,714)	116,500	-	(985,214)	(211,441)	(1,196,655)
Distribution/Dividend Payable	(33,466)	-	-	(33,466)	-	(33,466)
Derivative Financial Liabilities	(30,285)	-	-	(30,285)	-	(30,285)
Other Liabilities	(40,477)	-	-	(40,477)	(11,232)	(51,709)
	- -		-			
Total Liabilities	**(1,205,942)**	**116,500**	**-**	**(1,089,442)**	**(222,674)**	**(1,312,116)**
Net Assets	**1,263,998**	**-**	**-**	**1,263,998**	**-**	**1,263,998**
Securities on Issue	1,727,281			1,727,281		1,727,281
NTA	$0.73			$0.72		$0.63
NTA Excluding Swaps	$0.75			$0.74		$0.64
Gearing[2]	41.9%			37.1%		45.4%

Notes:
1) A$:EUR exchange rate of 0.6956
2) Gearing calculated as (total borrowings less cash)/(total tangible assets less cash)
3) Interest rate cap acquired in August 2014. Carrying value is subject to potential future fair value adjustment
4) Convertible bond amount is shown net of transaction costs
5) Valad Europe Impact based on information prepared by Valad Europe and includes impact of convertible bond issue

Pro forma debt facilities

- ➔ Facilities are diversified across 8 lenders and the Convertible Bond issue with varying maturity dates
- ➔ Weighted average debt expiry of 3.8 years

Debt Expiry Profile[1]



	2H15	1H16	2H16	1H17	2H17	1H18	2H18	1H19	2H19	1H20	2H20
Value Expiring	$90.5m	N/A	$69.7m	N/A	N/A	N/A	$331.2m	N/A	$571.3m	N/A	$216m
% Expiring	7.1%	0%	5.4%	0%	0%	0%	25.9%	0%	44.7%	0%	16.9%

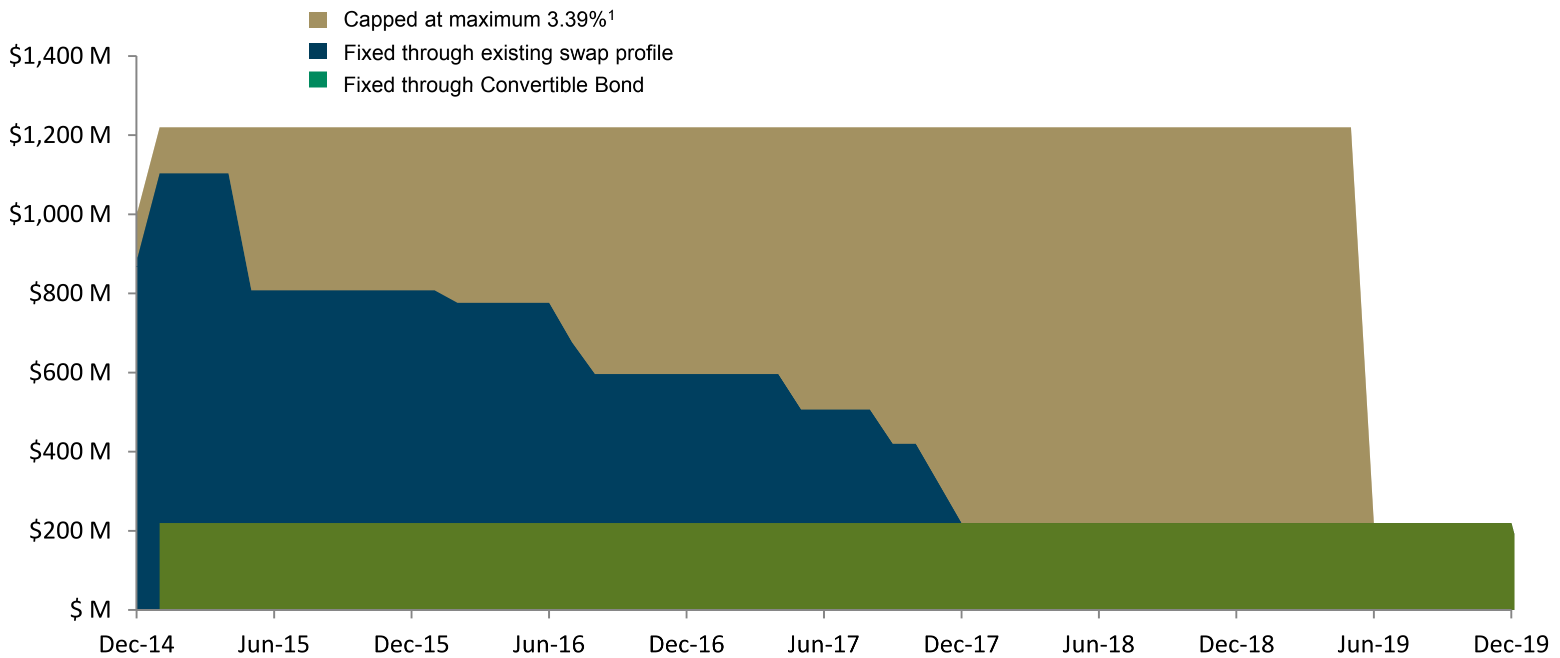
1) Includes 50% of Northpoint Debt

Cromwell PROPERTY GROUP

Pro forma hedging profile

- Interest rates for $1.2bn of debt are effectively hedged until May 2019
- New interest rate cap entered into in Aug 2014 initially over $32.7m increasing to $1bn by December 2017
  - Cromwell maintains benefit whilst variable interest rates remain below 3.39%[1]
  - Protection against substantial increases in interest rates
- Existing swaps remain in place and will be replaced by the new interest rate cap as they expire
- Convertible Bond Issue (€150M / AUD$216M) with a fixed coupon rate

CMW Hedging Profile

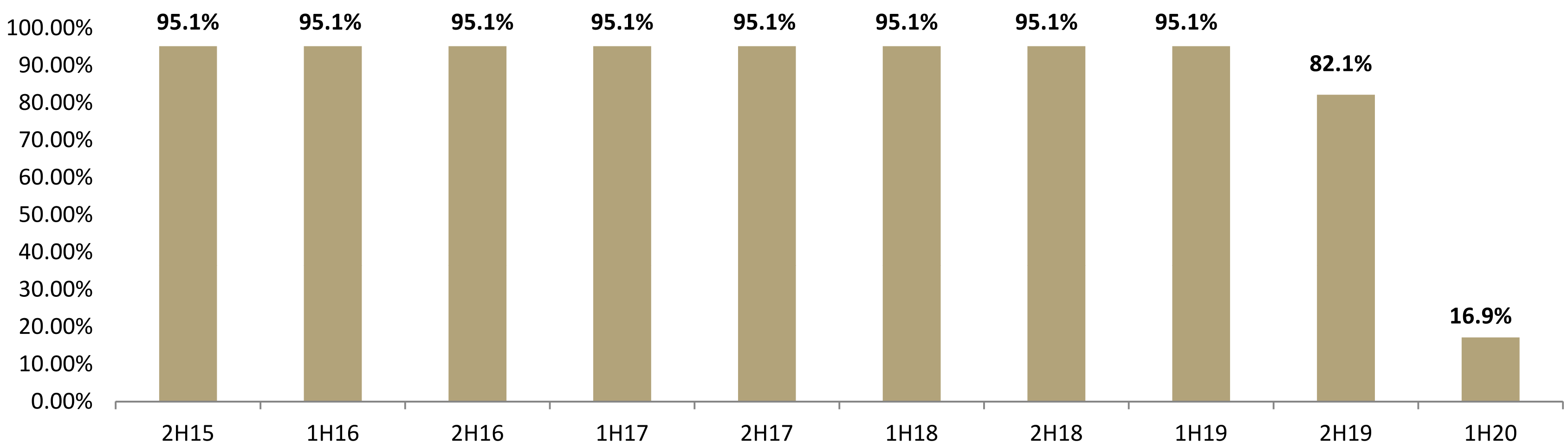


1) Excludes facility margins, which average 1.3%

Pro forma interest rate hedging

- **Targeting lower interest rates again in FY15**
  - Weighted average margin of 1.3%
  - Expect average interest rates on existing debt to be 5.2% in FY15[1,2]
- **Weighted average hedge term of 4.5 years**
  - Long-term cap expiry in May 2019
  - 5 yr Convertible Bond at no more than 2.375%
  - High degree of certainty over interest expense until FY19

CMW Hedging Profile[1]



Maximum Base Rate[2]	3.64%	3.43%	3.40%	3.27%	3.28%	3.17%	3.14%	3.14%	3.10%	2.375%[3]

1) Includes 50% of Northpoint debt and new Convertible Bond Issue
2) Excludes facility margins, which average 1.3%
3) Convertible Bond coupon no more than 2.375%

Appendix C

Valad Europe Management Profiles

Valad Europe management profiles

Martyn McCarthy
Executive Chairman

In his role as Executive Chairman of Valad Europe, Martyn has worked with the executive team and sits on various mandate Boards providing strategic direction and new business introductions. Having been involved with Valad Property Group since 2003, Martyn has been Fund Manager, CIO, CEO and held various Directorships including Valad Europe, DUKE, ECREL and V+ Germany. Martyn has been involved in various facets of real estate in Australia, the USA and Europe, including at GE Real Estate where his role included structured finance, joint ventures and portfolio acquisitions.

David Kirkby
Managing Director &
Chief Investment Officer

David joined Valad Europe in March 2008 as Head of Funds Management and is currently Managing Director and Chief Investment Officer, responsible for leading the business including RE investment decisions. Prior to joining Valad Europe, David was CEO of the European funds management division of the Lend Lease Group. His previous roles included CEO of Lend Lease's Funds and Development businesses in Asia, Head of Wholesale Funds. David has experience in office and shopping mall development.

Thierry Leleu
Head of Funds

Thierry joined Valad Europe in 2013 as Head of Funds Management. In this capacity, he has overall responsibility for the deployment of equity, the performance of funds under management and driving the asset management teams to execute on the agreed business plans. He also assists in the development and launch of new products for equity investors, including sidecar co-investments. Thierry was formerly General Manager, Europe for GE Capital Real Estate's Global Investment Management division. His previous roles included General Counsel for GE Capital Real Estate Europe, Fund Director of a European private equity real estate fund and Partner at the law firm, Norton Rose.

Valad Europe management profiles

Christian Bearman
Head of Corporate Development and Operations

Christian Joined Valad Europe in 2010 as Head of Corporate Development. He leads new business initiatives on corporate acquisitions, fund takeovers, and matching capital partners with real estate acquisition opportunities across Europe. Christian oversees our local real estate platforms and key business functions. He previously worked on restructuring Lloyds banking groups real estate joint ventures business, at Pacific Investments, and as an investment banker at Goldman Sachs.

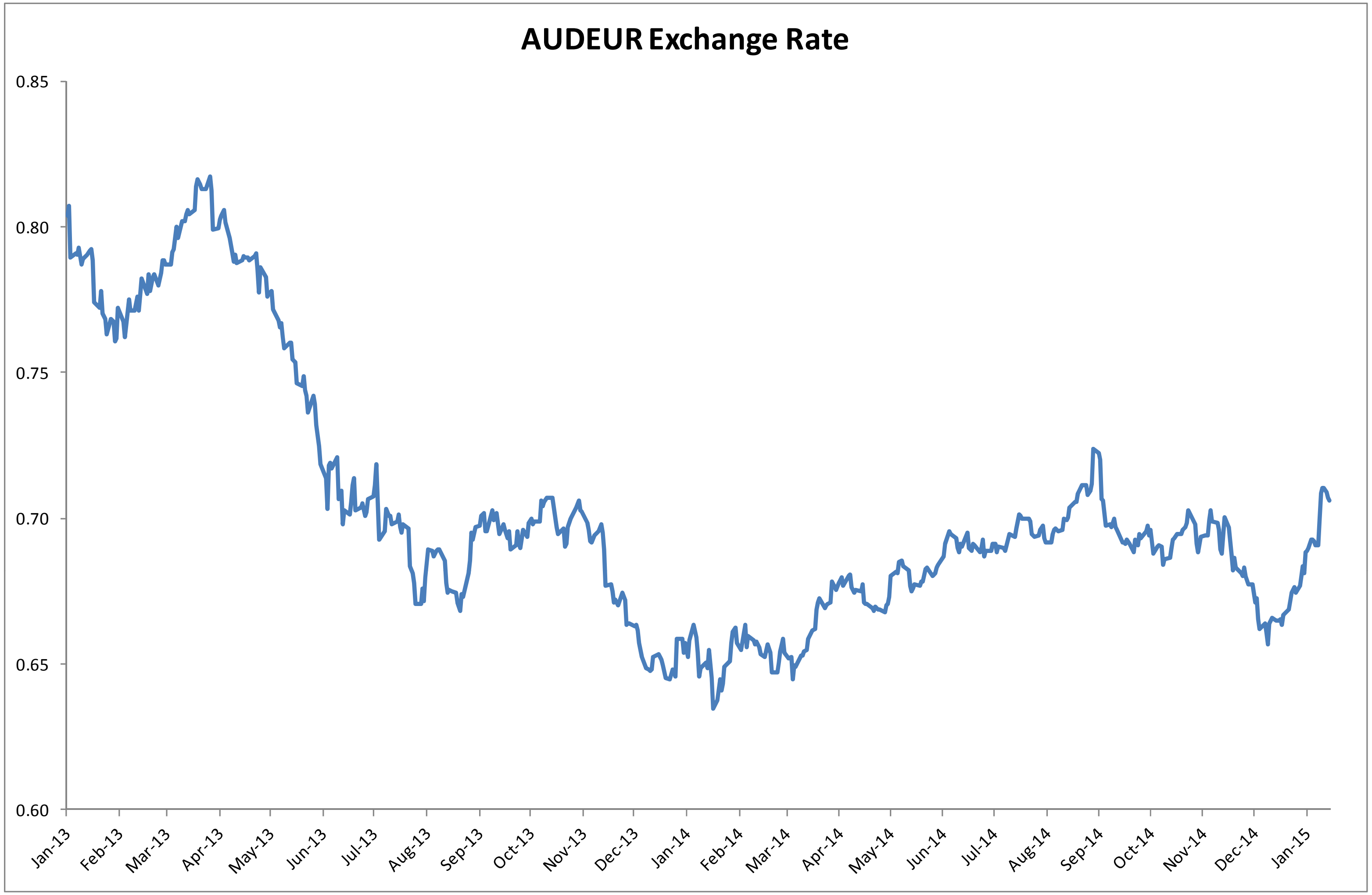
Fraser Kennedy
Chief Financial Officer

Fraser joined Valad Europe in 2007 and is responsible for the corporate finance functions across the company, debt origination and ongoing management. He was formerly Head of Fund Accounting and Reporting, working closely with investors and negotiating debt facilities. Prior to joining, Fraser worked at Legal and General Investment Management and haysmacintyre. He holds a Degree in Law and is a Chartered Accountant.

Appendix D

A$ vs. Euro

Historical A$:€ exchange rate



Source: Bloomberg

Appendix E

Key Risks

Key risks – Convertible Bonds

There is a lack of public market for the Bonds

Approval in-principle has been given for the listing of the Bonds on the SGX-ST. However, there is currently no formal trading market for the Bonds and there can be no assurance that an active trading market will develop for the Bonds after the Offering, or that, if developed, such a market will sustain a price level at the issue price.

Market price of the Bonds

The market price of the Bonds will be based on a number of factors, including:

a) the prevailing interest rates being paid by companies similar to the Issuer;

b) the overall condition of the financial and credit markets;

c) prevailing interest rates and interest rate volatility;

d) the markets for similar securities;

e) the financial condition, results of operations and prospects of the Cromwell Property Group;

f) the publication of earnings estimates or other research reports and speculation in the press or investment community;

g) the market price and volatility of the Stapled Securities;

h) changes in the industry and competition affecting the Issuer and the Cromwell Property Group; and

i) general market and economic conditions.

The condition of the financial and credit markets and prevailing interest rates have fluctuated in the past and are likely to fluctuate in the future. Fluctuations in these factors could have an adverse effect on the market price of the Bonds.

There is an absence of covenant protection for the Bonds

The Trust Deed will not limit the Issuer's or the Cromwell Property Group's ability to incur additional debt or liabilities (including secured indebtedness). The Trust Deed will not contain any provision specifically intended to protect holders of the Bonds ("Bondholders") in the event of a future leveraged transaction by the Issuer or the Cromwell Property Group (other than a restriction on granting security to secure certain secured capital markets transactions in the circumstances described in the Conditions).

The Issuer or the Cromwell Property Group may in the future incur further indebtedness and other liabilities. The subsidiaries of the Issuer and the Guarantors may not in the future provide guarantees and/or indemnities in respect of such indebtedness and liabilities except in certain circumstances such as under its existing loan note facilities or any new project or assets acquired under the closing date.

The Bonds are unsecured obligations

The Bonds are unsecured obligations of the Issuer, a special purpose vehicle established specifically to act as issuer of the Bonds. The Bonds will rank pari passu in right of payment with all other existing and future unsecured and unsubordinated obligations of the Issuer, save for such obligations that may be preferred by provisions of law that are mandatory and of general application.

Although Cromwell Property Group is providing a guarantee, it will be effectively subordinated to the Cromwell Property Group's existing and future secured indebtedness, to the extent of the value of the assets securing such indebtedness. As a result, the repayment of the Bonds may be compromised if:

a) the Cromwell Property Group enters into bankruptcy, liquidation, rehabilitation or other winding up proceedings;

b) there is a default in payment under the Cromwell Property Group's future secured indebtedness or other unsecured indebtedness; or

c) there is an acceleration of any of the Cromwell Property Group's indebtedness. If any of these events occurs, the Cromwell Property Group's assets may not be sufficient to pay amounts due on the Bonds.

If any of these events occur, the Cromwell Property Group's assets may not be sufficient to pay amounts due on the Bonds.

The Company may be unable to redeem the Bonds

The Issuer must redeem the Bonds on the Maturity Date, on the request of the Bondholder if a Change of Control or a Delisting (each as defined in the Conditions) occurs or on the occurrence of an Event of Default in relation to which the Trustee has given notice to the Issuer that the Bonds are immediately due and repayable. The Issuer cannot assure Bondholders that, if required, it or the Guarantors would have sufficient cash or other financial resources at the time such a redemption obligation arises or would be able to arrange financing to redeem the Bonds in cash.

Offer

The underwriting of the Offer under the subscription agreement is subject to customary conditions and termination events. Most of the termination events, and to a lesser extent the conditions, are beyond the control of the Issuer or the Cromwell Property Group. Therefore, there is a risk that the Offer will not be underwritten. If the subscription agreement between the Issuer, the Guarantors and the Sole Lead Manager ("Subscription Agreement") (pursuant to which the Offer is underwritten) is terminated, the Cromwell Property Group may look to fund the Valad Acquisition from alternative sources including a combination of debt and existing cash reserves.

Volatility of market price of Stapled Securities

The market price of the Stapled Securities may be volatile. The volatility of the market price of the Stapled Securities may affect the ability of Bondholders to sell the Bonds at an advantageous price. Additionally, this may result in greater volatility in the market price of the Bonds than would be expected for non convertible debt securities. The market price of a publicly traded stock is affected by many variables not directly related to the success of the Cromwell Property Group.

In recent years, the securities markets have experienced a high level of price and volume volatility, and the market price of securities of many companies has experienced wide fluctuations which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. Market price fluctuations in the Stapled Securities may also arise due to the operating results of the Cromwell Property Group failing to meet the expectations of securities analysts or investors in any quarter, downward revision in securities analysts' estimates, governmental regulatory action, adverse change in general market conditions or economic trends, acquisitions, dispositions or other material public announcements by the Cromwell Property Group or its competitors.

In addition, stock markets, including the ASX and the SGX ST from time to time suffer significant price and volume fluctuations that affect the market price for securities and which may be unrelated to the operating performance of the Cromwell Property Group. Any of these events could result in a decline in the market price of the Bonds or the Stapled Securities.

Key risks – Convertible Bonds

No rights as Bondholders of Stapled Securities until conversion of the Bonds

Unless and until the Bondholders acquire the Stapled Securities upon conversion of the Bonds into Stapled Securities (if any), the Bondholders will have no rights with respect to the Stapled Securities, including any right to acquire the Stapled Securities, voting rights, any participating rights in the event of a takeover offer for the Cromwell Property Group or rights to receive any dividends or other distributions with respect to the Stapled Securities. Upon conversion of the Bonds, the Issuer may elect to deliver cash rather than Stapled Securities, in accordance with the terms of the Bonds. Even if Stapled Securities are delivered, the holders will be entitled to exercise the rights of holders of the Stapled Securities only as to actions for which the applicable record date occurs after the date of the conversion.

Holders have limited anti-dilution protection

The conversion price of the Bonds will be adjusted in the event that there is a consolidation, sub-division, or reclassification, capitalisation of profits or reserves, rights issue, capital distribution or other adjustment, but only in the circumstances and only to the extent provided in the conditions. There is no requirement that there should be an adjustment for every corporate or other event that may affect the value of the Stapled Securities. Events in respect of which no adjustment is made may adversely affect the value of the Stapled Securities and, therefore, adversely affect the value of the Bonds.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Bonds in Euros. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "Investor's Currency") other than Euros. These include the risk that exchange rates may significantly change (including the changes due to devaluation of the Euro or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Euro would decrease (1) the Investor's Currency-equivalent yield on the Bonds, (2) the Investor's Currency-equivalent value of the principal payable on the Bonds and (3) the Investor's Currency-equivalent market value of the Bonds.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Change of law

The terms and conditions of the Bonds are based on English law. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of the Bond issue.

The Issuer and the Cromwell Property Group must also comply with various legal requirements including requirements imposed by securities laws and company laws in Australia. Should any of those laws change over time, the legal requirements to which the Issuer and the Cromwell Property Group may be subject could differ materially from current requirements.

Modifications and waivers

The Conditions of the Bonds contain provisions for calling meetings of Bondholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Bondholders including holders who did not attend and vote at the relevant meeting and holders who voted in a manner contrary to the majority.

The Conditions also provide that the Trustee may (but is not obliged to), without the consent of Bondholders, agree to any modification of the Trust Deed, the Bonds, the Conditions or the agency agreement between the Issuer, the Guarantors, the Trustee, the Principal Paying, Transfer and Conversion Agent and the Registrar ("Agency Agreement") which in the Trustee's opinion is of a formal, minor or technical nature or is made to correct a manifest error or to comply with a mandatory provision of law and (ii) any other modification or any waiver or authorisation or breach in respect of the Trust Deed, the Agency Agreement, the Bonds or the Conditions, which is n the opinion of the Trustee not materially prejudicial to the interests of Bondholders.

In addition, the Trustee may, without the consent of the Bondholders, determine that any Event of Default or Potential Event of Default should not be treated as such if, in the opinion of the Trustee, the interests of the Bondholders will not be materially prejudiced thereby.

The Trustee may request Bondholders to provide an indemnity and/or security and/or prefunding to its satisfaction.

In certain circumstances (including without limitation giving of notice to the Issuer pursuant to Condition 10 of the terms and conditions of the Bonds and taking enforcement steps as contemplated in Condition 15 of the terms and conditions of the Bonds), the Trustee may (at its discretion) request an indemnity and/or security and/or prefunding to its satisfaction before it takes actions on behalf of Bondholders. The Trustee shall not be obliged to take any such actions if it is not indemnified and/or secured and/or prefunded to its satisfaction.

Negotiating and agreeing to an indemnity and/or security and/or prefunding can be a lengthy process and may impact on when such actions can be taken. The Trustee may not be able to take action, notwithstanding the provision of an indemnity or security or prefunding to it, in breach of the terms of the Trust Deed.

Legal risk

The Bonds, and this Cleansing Notice, are governed by a complex series of legal documents and contracts. As a result, the risk of dispute or litigation over interpretation or enforceability of the documentation and contracts for such investments may be higher than for other types of investments. The Stapled Entities' investments also involve complex legal documents and contracts, with associated risks of dispute or litigation.

Key risks – Acquisition

Due diligence on Valad Europe

The Cromwell Property Group and its advisers have performed certain pre-acquisition due diligence on the Valad businesses to be acquired on the acquisition of Valad Europe ("Valad Acquisition").

As is usual in the conduct of acquisitions, the due diligence process identified a number of risks associated with the Valad Acquisition which the Cromwell Property Group needed to evaluate and manage. The mechanisms used by the Cromwell Property Group to manage these risks included specific warranties, contractual commitments or exclusions, or the acceptance of the risk as tolerable commercial grounds, such as materiality. There is a risk that the approach taken by the Cromwell Property Group may be insufficient to mitigate the risk, or that the materiality may be higher than expected, and result in loss to the Cromwell Property Group.

While Cromwell Property Group has obtained certain warranties and indemnities from the vendors of the Valad Acquisition under the Sale and Purchase Agreement (as defined below) with respect to information provided, there is a risk that the due diligence process has not identified issues that would have been material to the decision by the Cromwell Property Group undertake the Valad Acquisition and / or which have an adverse impact on the financial performance or operations of Valad Europe and therefore the expected benefits to the Cromwell Property Group of the Valad Acquisition.

Foreign currency risk

The acquisition of Valad Europe introduces additional foreign currency exposure to the Cromwell Property Group. This exposure may from time to time be over or under hedged due to currency movements or not hedged at all. Hedging will not necessarily respond promptly to currency movements. Foreign exchange fluctuations may have a positive or adverse impact on the investment returns of Valad Europe and therefore the expected benefits of the Valad Acquisition to the Cromwell Property Group.

Key Personnel

The Cromwell Property Group may be unable to retain the services of any senior management or key personnel of Valad Europe. The loss of the services of any senior management or key personnel of Valad Europe, or the inability to attract new qualified personnel, could adversely affect the Valad Europe's operations and the expected benefits of the Valad Acquisition to the Cromwell Property Group.

Risk that the Valad Acquisition will not complete

There is a risk that the vendors may not comply with their obligations under, or may not comply within the timeframes outlined in, the Sale and Purchase Agreement between Valad Capital Limited, Valad Nominee Limited, 10 Valad Europe management holders, BX Aus-V Holdings LLP and Valad Commercial Management Limited, Cromwell European Holdings Limited and Cromwell Corporation Limited ("Sale and Purchase Agreement"). Further, other issues may be identified or occur that prevent completion of the Valad Acquisition from occurring.

The Bonds will be issued prior to the completion date of the Valad Acquisition. If the Valad Acquisition does not complete, the Bondholders have no right to put their Bonds back to the Issuer, nor is there any obligation to redeem the Bonds early.

In the event that completion of the Valad Acquisition does not occur, there is a risk that the Cromwell Property Group may raise excess cash but will not have the full uplift in earnings anticipated from the income generated by the Valad Acquisition. This may result in dilution of the Cromwell Property Group's earnings per Stapled Security, which may reduce the value of an investment in the Stapled Securities.

Sale and Purchase Agreement

There are due diligence, execution and liability risks with any acquisition. Although the Cromwell Property Group has, or will have the benefit of the warranties and indemnities in the Sale and Purchase Agreement, those warranties and indemnities are subject to limitations and may not be sufficient to cover or provide recourse in relation to all possible losses that the Cromwell Property Group may incur in its capacity as purchaser of the Valad businesses. Furthermore, even where the warranties and indemnities would apply, the Cromwell Property Group may not be successful in making a full recovery on these protections in particular, if the vendors of the Valad Acquisition have limited or inaccessible financial resources.

Management and integration of the Valad Acquisition

Following completion of the Valad Acquisition, the Cromwell Property Group will have management oversight of financial, operational and risk reporting of the businesses of Valad Europe. This will involve a significant expansion of the Cromwell Property Group's current management responsibilities and its financial, operational and risk reporting and functions. An inability to implement this oversight and reporting, a delay in receiving or reporting or non-identification of issues or areas which require oversight may result in errors or deficiencies in the Cromwell Property Group's management of the Valad Acquisition and its businesses as a whole. This may result in misreporting of the Cromwell Property Group's financial results or delayed identification of issues, which may have a material impact on the Cromwell Property Group's earnings or financial position.

Risks associated with the integration of acquired businesses could result in a reduction in the Cromwell Property Group's earnings (for example if integration costs are higher than expected or the performance of the Valad Europe businesses is weaker than expected.)

Ability of Valad Europe Management to replace current investment mandates and funds as and when they expire

Real estate investment mandates and property funds managed by Valad Europe are generally close ended with pre-determined maturity dates. When mandates and funds expire, and are not renewed, the assets may be sold and the Cromwell Property Group would no longer receive the associated fees. In order for Valad Europe to maintain and grow earnings, it must roll over existing funds and/or initiate new funds with similar or better fees. If this does not occur, earnings from Valad Europe may be lower than anticipated.

Key risks – Cromwell Property Group

Future acquisitions

The Cromwell Property Group proposes to acquire further properties or other assets in the future. However, it expects only to do so to the extent that such acquisitions are in accordance with its investment strategy and complement its existing portfolio. There can be no guarantee that the Cromwell Property Group will identify any future acquisition opportunities or be able to complete future acquisition opportunities on acceptable terms.

Although the Cromwell Property Group intends to undertake comprehensive due diligence before completing any future acquisition, such due diligence may not reveal issues that later impact on the returns from that acquisition or the extent to which the acquisition meets the Cromwell Property Group's investment strategy.

The Cromwell Property Group actively looks for opportunities for both its investment portfolio and its funds management business with each potential opportunity being assessed against agreed investment criteria before progressing to any due diligence phase. A rigorous due diligence investigation is undertaken covering all aspects of the opportunity, including technical, legal, taxation and financial whilst progressing through the investment process, ultimately being reviewed and approved by the Investment Committee comprising a majority independent subset of the Board and, if necessary, the Board.

Competition

The value of property held by the Cromwell Property Group may be negatively affected by oversupply or overdevelopment in surrounding areas. Further, property assets come under competitive pressure from time to time and a change in the competitive environment can impact on the performance of the relevant property(s) and therefore the income of the Cromwell Property Group. The Cromwell Property Group may also be adversely affected if the price for a property it is considering for acquisition becomes inflated via competing bids by other prospective purchasers.

Change in value and income of investment properties

Returns from investment properties largely depend on the rental income generated from the property and the expenses incurred in its operation, including the management and maintenance of the property as well as the changes in the market value of the property. Rental income and/or the market value of properties may be adversely affected by a number of factors, including:

- he escalation of development costs beyond those originally expected;
- the overall conditions in the national and local economy, including risk appetite and business and consumer confidence;
- local real estate conditions, including volumes of sales and the ability to procure tenants;
- the perception of prospective tenants and customers regarding attractiveness and convenience of properties and the intensity of competition with other participants in the real estate industry;
- the location and quality of properties;
- operating, maintenance and refurbishment expenses, as well as unforeseen capital expenditure;
- supply of developable land, new properties and alternative investment properties;
- the financial position, performance and condition of tenants, in particular anchor tenants;
- investor demand/liquidity in investments;
- the capitalisation rates, which may change in response to market conditions; and
- the availability and cost of debt funding to potential purchasers of investment property.

The Cromwell Property Group employs an active management strategy in relation to all assets owned and managed. This involves constantly reviewing individual asset management strategies and portfolio strategy to maximise value for investors. The Cromwell Property Group operates an internalised model where all assets are managed in house, including leasing strategy and implementation, thus providing the Cromwell Property Group with a greater level of knowledge of the underlying assets and consequently being quicker to react.

Revaluations

In accordance with Australian Accounting Standards, the Cromwell Property Group's properties are required to be carried at fair value, with any increase or decrease in the value of those properties recorded in the income statement in the period during which the revaluation occurs. As a result, the Cromwell Property Group can have significant non-cash revenue gains and losses depending on the change in fair market values of its property portfolio from period to period, whether or not such properties are sold.

If a substantial decrease occurs in the fair market value of its properties, the Cromwell Property Group's financial position could be adversely affected and, as a result, it may have difficulty in maintaining its desired leverage ratio, which could in turn impact its ability to comply with the terms of relevant financing arrangements.

The Cromwell Property Group actively monitors the value of its assets, which may increase or decrease as a result of prevailing market conditions. The Cromwell Property Group revalues its assets on a 6 monthly basis, performing both internal and external independent valuations as required by the Australian Accounting Standards. The Cromwell Property Group also has an active approach to capital management, continuously reviewing and reporting the financing arrangements to monthly Board meetings.

Property damage

There is a risk that one or more of the Cromwell Property Group's properties may be damaged or destroyed by natural events such as earthquakes, fires or floods, or be subject to terrorism activity. The Cromwell Property Group carries material damage, business interruption and liability insurance on its properties with policy specifications and insured limits that it believes to be customary in the industry.

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Key risks – Cromwell Property Group

Unforeseen capital expenditure

There is a risk that the Cromwell Property Group's properties will require unforeseen capital expenditure in order to maintain them in a condition appropriate for the purposes intended, and that such capital expenditure is not fully reflected in the financial forecasts. There is a risk of an unforeseen event triggering the need for additional capital expenditure which would impact on the business, its operational performance and financial results. Such an event could include, for example, changes to safety or other building regulations.

The Cromwell Property Group's internal management approach provides it with greater knowledge of the underlying capex requirements for the building which are reviewed on a regular basis as part of each asset's management plan. Gazetted changes to regulations are factored into annual reviews, with unanticipated changes considered as they arise. The Cromwell Property Group includes a level of contingency within its assets management strategies in order to take into account a level of unforeseen capital expenditure

Property market

The Cromwell Property Group will be subject to the prevailing property market conditions in the sectors in which it operates.

Adverse changes in market sentiment or market conditions may impact the Cromwell Property Group's ability to acquire, manage or develop assets, as well as the value of the Cromwell Property Group's properties and other assets. These impacts could lead to a reduction in earnings and the carrying value of assets.

Building regulations

As a property owner, the Cromwell Property Group will need to be compliant with the appropriate building regulations under various federal, state and local laws that cover aspects such as safety and compliance with legislation for persons with disabilities. There may be unforeseen expenditure associated with maintaining compliance. Compliance with applicable building regulations may also limit implementation of the Cromwell Property Group's development strategies or may increase the cost of the development strategies.

The Cromwell Property Group is actively involved in public forums reviewing and debating gazetted new building regulations which acts to provide knowledge and insight into potential future capital expenditure and other costs which may be required as a result of future change. The Cromwell Property Group's active management approach factors any potential changes into future capital expenditure plans on a regular basis to ensure funding and works necessary are implemented in time to meet any change in regulation or necessary change in asset strategy.

Future fund raising for acquisitions and developments

The property investment and development industry tends to be highly capital intensive. The ability of the Cromwell Property Group to raise funds on favourable terms for future development and acquisitions depends on a number of factors including general economic, political, capital and credit market conditions. These factors could increase the cost of funding, or reduce the availability of funding, for new projects or increase the refinancing risk of maturing debt facilities. The inability of the Cromwell Property Group to raise funds on favourable terms for future acquisitions and developments could adversely affect its ability to acquire or develop new properties or refinance its debt.

Refinancing requirements

The Cromwell Property Group is exposed to risks relating to the refinancing of existing debt facilities. In the future the Cromwell Property Group may experience some difficulty in refinancing some or all of its debt facilities. If that is the case some of its assets may need to be sold and, possibly, at less than current valuations. The terms on which they are refinanced may also be less favourable than at present.

Debt covenants

The Cromwell Property Group has various covenants in relation to its debt facilities, including interest cover and loan to value ratio requirements. Factors such as falls in asset values or property income could lead to a breach of debt covenants. In this case, the Cromwell Property Group's lenders may require their loans to be repaid immediately or additional interest and further borrowing costs may be payable.

Leasing and tenant defaults

Tenants may default on their rent or other contractual obligations, leading to a reduction in income from, or capital losses to the value of, the Cromwell Property Group's assets.

Additionally, it may not be possible to negotiate lease renewals or maintain existing lease terms, which may also adversely impact the Cromwell Property Group's income and asset values. This is particularly the case for a number of properties owned by the Cromwell Property Group as the majority of the income earned by those properties is derived from one or more anchor tenants in the relevant property(s).

The ability to lease or re-lease tenancies upon expiry of the current lease, and the rents achievable, will depend upon the prevailing market conditions at the relevant time and these may be affected by economic, competitive or other factors.

The Cromwell Property Group employs an active management strategy in relation to all assets owned and managed. This involves constantly reviewing individual asset management strategies and portfolio strategy to maximise value for investors. The Cromwell Property Group operates an internalised model where all assets are managed in house, including leasing strategy and implementation, thus providing The Cromwell Property Group with a greater level of knowledge of the underlying assets and consequently being quicker to react.

The Cromwell Property Group's in-house leasing team are in constant contact with tenants across all assets of the portfolio, anticipating needs of existing tenants and considering options and strategies for upcoming vacancy well in advance of the existing tenant vacating. The Cromwell Property Group also performs in depth due diligence in relation to any new or renewed tenant to determine their ability to satisfy the terms of the lease and if necessary will require tenants to provide additional financial security.

Key risks – Cromwell Property Group

Investment in funds and joint ventures

The Cromwell Property Group expects to hold interests in, and provide loans to, funds managed by the Cromwell Property Group from time to time. The net asset value of these investments and loans may decrease if the value of the assets in those funds were to decline. The Cromwell Property Group also derives income from providing property and funds management services to certain of its managed funds. Those funds may be subject to many of the same types of risks as the Cromwell Property Group and fees payable to the Cromwell Property Group may be reduced in some circumstances.

The Cromwell Property Group employs an active management strategy in relation to all assets owned and managed. This involves constantly reviewing individual asset management strategies and portfolio strategy to maximise value for investors. The Cromwell Property Group operates an internalised model where all assets are managed in house, including leasing strategy and implementation, thus providing the Cromwell Property Group with a greater level of knowledge of the underlying assets and consequently being quicker to react.

Development

The Cromwell Property Group is involved in the development and refurbishment of property from time to time. Generally, property development has a number of risks including:

- the risk that planning consents and regulatory approvals are not obtained or, if obtained, are received later than expected, or are adverse to the Cromwell Property Group's interests, or are not properly adhered to;
- the escalation of development costs beyond those originally expected;
- funding not being available at prices originally forecast during the feasibility analysis of the development;
- unexpected project delays, including due to industrial disputes;
- anticipated sales prices or timing on anticipated sales are not achieved;
- the default of pre-sales on projects, which are not guaranteed;
- non performance or breach of contract by a contractor or sub-contractor; and
- competing development projects adversely affecting the overall return achieved.

A sustained downturn in property markets caused by any deterioration in the economic climate could result in reduced development profits through reduced selling prices or delays in achieving sales.

Increases in supply or falls in demand in any of the sectors of the property market in which the Cromwell Property Group operates or invests could influence the acquisition of sites, the timing and value of sales and carrying value of projects.

A number of factors affect the earnings, cashflows and valuations of commercial property developments, including construction costs, scheduled completion dates, estimated rental income and occupancy levels and the ability of tenants to meet rental and other contractual obligations.

The Cromwell Property Group undertakes thorough due diligence in relation to any potential development opportunity, including selecting development partners with sound reputations and financial standing. The Cromwell Property Group typically ensures that it does not take speculative development risk and, in all projects, aims to pre agree leasing commitments, construction costs, timing and funding. In all cases, the Cromwell Property Group is actively involved in any development. Development does not form a major portion of the Cromwell Property Group's activities and is largely limited to the refurbishment or repositioning of existing assets or the development of new, pre-committed assets to hold for the long term.

Realisation of assets

Property assets are by their nature illiquid investments. This may make it difficult to realise assets in the short term in response to changes in economic or other conditions.

The Cromwell Property Group actively manages assets within its portfolio, which are predominantly tenanted by Government and listed tenants, providing long term rental income with a WALE of c. 5.9 years as at June 2014. Although not an accumulator of assets, the Cromwell Property Group will look to extract maximum value consistent with its regularly reviewed asset management strategies, maintaining a conservative capital management strategy, with debt provided by a diverse range of providers.

Interest rates and financial instruments

Adverse fluctuations in interest rates, to the extent that they are not hedged, may impact the Cromwell Property Group's earnings. Where interest rates are hedged by way of financial instruments, the value of those instruments can vary substantially which can impact both earnings and net assets.

The Cromwell Property Group's treasury team employs a dynamic capital management strategy continuously reviewing the debt portfolio across the assets owned and management by the Cromwell Property Group. A Board approved hedging policy is in place which looks manage the risk of interest rate fluctuations on income, with approximately 95.1% of the debt portfolio interest rates hedged with a weighted average hedge term of 4.5 years.

Fixed nature of significant costs

Significant expenditures associated with property investment and the operations of the Cromwell Property Group, such as interest payments, maintenance costs, employee costs and statutory charges are generally not reduced significantly when circumstances cause a reduction in income from property. The value of an asset owned by the Cromwell Property Group may be adversely affected if the income from the asset declines and other property related expenses remain unchanged.

Key risks – General

Changes in accounting policy

The Cromwell Property Group must report and prepare financial statements in accordance with prevailing accounting standards and policies. There may be changes in these accounting standards and policies in the future which may have an adverse impact on the Cromwell Property Group.

General economic conditions

The Cromwell Property Group's operating and financial performance is influenced by a variety of general economic and business conditions, including the level of inflation, interest rates, ability to access funding, oversupply and demand conditions and government fiscal, monetary and regulatory policies. Prolonged deterioration in these conditions, including an increase in interest rates or an increase in the cost of capital, could have a material adverse impact on the Cromwell Property Group's operating and financial performance.

Regulatory issues, changes in law and Australian Accounting Standards

The Cromwell Property Group is subject to the usual business risk that there may be changes in laws or regulations that impact rental income or operational expenditure, for example the ability to recover certain property expenses from tenants, changes to regulatory requirements around disability access, or changes to operating practices as a result of, for example, climate change legislation. In addition, the Cromwell Property Group's ability to take advantage of future acquisition opportunities in Australia may be limited by regulatory intervention on competition grounds.

The Cromwell Property Group is also subject to the usual risk around changes in Accounting Standards that may change the basis upon which the Cromwell Property Group reports its financial results. There can be no assurance that such changes will not have a material adverse effect on the Cromwell Property Group's business, operational performance or financial results.

Taxation changes

Significant recent reforms and current proposals for further reforms to Australia's taxation laws give rise to uncertainty. The precise scope of proposed changes to the taxation treatment of managed investment trusts including listed property trusts (commonly known as REITS) is not yet known. Any change to the current rate of company income tax may impact returns and the ability of the Cromwell Property Group to meet obligations under financing arrangements.

In addition, future changes in Australian taxation law, including changes in interpretation or application of the law by the courts or taxation authorities in Australia, may affect taxation treatment of an investment in Stapled Securities, or the holding and disposal of those Stapled Securities. Further, changes in tax law, or changes in the way tax law is expected to be interpreted in the various jurisdictions in which the Cromwell Property Group operates may impact the future tax liabilities of the Cromwell Property Group.

Tax consequences for holders of Stapled Securities will be specific to their individual circumstances.

Holders of Stapled Securities and prospective investors should consult with their tax and/or other professional advisers in respect of the particular tax consequences of purchasing, owning or disposing of Stapled Securities in light of their particular situation.

Environmental matters

The Cromwell Property Group is exposed to a range of environmental risks which may result in additional expenditure on properties and/or project delays. The Cromwell Property Group may be required to undertake remedial works and potentially be exposed to third party liability claims, fines and penalties, or other liabilities generally and as a result of the various federal, state and local government environmental laws. For example, it may become liable for the cost of removal or remediation of hazardous or toxic substances from a property owned by the Cromwell Property Group. In common with other property owners, there remains a risk that environmental laws and regulators may become more stringent in the future.

Inflation

Higher than expected inflation rates could be expected to increase operating costs, interest and development costs and potentially reduce the value of investment properties and other assets. These cost increases may be offset by increased selling prices or rentals.

Force majeure event

Force majeure is the term generally used to refer to an event beyond the control of a party claiming that the event has occurred, including "acts of God", fire, flood, earthquakes, war, acts of terrorism and labour strikes. Some force majeure risks are uninsurable or are unable to be insured economically. A force majeure event may adversely affect the Cromwell Property Group's ability to perform its obligations until it is able to remedy the force majeure event. Similarly a force majeure event may adversely affect a tenant's ability to perform its obligations under a particular lease. Should such events occur in respect of the Cromwell Property Group's portfolio, they may adversely impact the Cromwell Property Group's business, operational performance and financial results.

Insurance

The Cromwell Property Group generally enters into contracts of insurance that provide a degree of protection over assets, liabilities and people. While such policies typically cover against material damage to assets, contract works, business interruption, general and professional liability and workers compensation, there are certain risks that cannot be mitigated by insurance, either wholly or in part, such as nuclear, chemical or biological incidents or risks where the insurance coverage is reduced or unavailable, such as cyclones, floods or earthquakes. Also, insurers may not be able to meet indemnity obligations if and when they fall due, which could have an adverse effect on earnings.

Further, the nature and cost of insurance cover taken is based upon the best estimate of likely circumstances for the Cromwell Property Group in the relevant period. Unforeseen factors may result in the insurance cover being inadequate or the cost of the insurance premiums being in excess of that forecast. This may have a negative impact on the Cromwell Property Group's net income and/or the value of its assets.

Market price

The market price of Stapled Securities will fluctuate due to various factors including general movements in interest rates, the Australian and international investment markets, economic conditions, global geo-political events and hostilities, investor perceptions and other factors. The market price of Stapled Securities could trade on ASX at a price below their issue price.

Key risks – General

Counterparty/credit

Counterparty credit risk is the risk of a loss being sustained by the Cromwell Property Group as a result of payment default or non-performance by the counterparty with whom the Cromwell Property Group has contracted. For example, purchasers may default on the settlement of purchase agreements and the resale of those properties may be at a lesser amount and the failure of a significant portion of purchasers to settle on their purchases in major development projects, could affect the timing and amount of future earnings. Further, the Cromwell Property Group manages interest rate and currency risks associated with borrowing by entering into interest rate and currency exchange hedging arrangements, such as interest rate and currency exchange swaps. Such arrangements involve risk, such as the risk that the counterparty to such arrangement may fail to honour their obligations under such arrangement, thereby exposing the Cromwell Property Group to the full effect of the movement in interest rates or currency exchange. To the extent that the Cromwell Property Group does not hedge or hedge effectively against movements in interest rates or currency exchange, such interest rate or currency exchange movements may adversely affect the Cromwell Property Group's results or operations or its ability to comply with financing arrangements.

Forward looking statements and financial forecasts

There can be no guarantee that the assumptions and contingencies contained within forward looking statements, opinions or estimates (including projections, guidance on future earnings and estimates) will ultimately prove to be valid or accurate. The forward looking statements, opinions and estimates depend on various factors, many of which are outside the control of the Cromwell Property Group.

Employees

The Cromwell Property Group is reliant on retaining and attracting quality senior executives and other employees. The loss of the services of any senior management or key personnel, or the inability to attract new qualified personnel, could adversely affect the Cromwell Property Group's operations.

Litigation and disputes

Legal and other disputes (including industrial disputes) may arise from time to time in the ordinary course of operations. Any such dispute may impact earnings or affect the value of the Cromwell Property Group's assets or securities.

Occupational, health and safety ("OH&S")

If the Cromwell Property Group fails to comply with necessary OH&S legislative requirements across the jurisdictions in which the Cromwell Property Group operates, it could result in fines, penalties and compensation for damages as well as reputational damage to the Cromwell Property Group.

well versed
well timed
well considered

Cromwell
PROPERTY GROUP