

CEO's address

In January this year, Cromwell undertook a fully underwritten €150m convertible bond issue to fund its acquisition of Valad Europe, a pan European property funds manager.

The convertible bonds were issued by a wholly owned subsidiary, Cromwell SPV Finance Pty Ltd, and pay a fixed coupon of 2% over a term of five years. At any time during this five year term, the convertible bonds are convertible at the investors' election into Cromwell Property Group securities at a pre-determined price of \$1.1503, subject to certain adjustments. If securities are issued under the convertible bonds they will rank equally in all respects with existing CMW securities on issue.

The convertible bonds were issued to a number of institutional investors throughout Europe and Asia, and provided a more cost effective source of funds in the current market than a traditional equity raising.

The acquisition of Valad Europe has now completed and the integration project is well underway. In acquiring Valad Europe, we have furthered our stated strategy of increasing the earnings contribution from funds management, increasing from approximately 4.6% pre acquisition of Valad Europe to an estimated 14% post acquisition, well our way to our goal of approximately 20% in the medium term. Valad Europe has a highly experienced management team and is a strong cultural fit with Cromwell. Its high quality institutional investor base is invested in 24 mandates across 13 countries and complements our existing funds management operations.

Together, the acquisition of Valad Europe and the convertible bond issue are expected to be operating earnings neutral for FY15 and greater than 5% accretive in FY16, with an increase in assets under management to approximately \$10 billion. Pro forma gearing is now approximately 45.4%, which remains within our target gearing range of 35% - 55%.

We will continue with our strategy of providing securityholders with a secure, steadily growing distribution stream and will continue to adopt a disciplined approach to executing our investment strategy. This means that we will continue to target assets that increase the overall quality of the Group's asset portfolio. Although certain smaller non-core property assets have been identified for sale over the medium term, if we identify larger higher quality assets, we need to ensure that we are in a position to compete for those assets in what is a very active Australian property market. To do that, we need to maintain the ability to raise capital, be it in the debt or the equity markets.

The ASX Listing Rules limit the number of securities that can be issued by a listed entity in any 12 month period without securityholder approval. Subject to the exceptions set out in the Listing Rules, the limit is generally 15% of the number of securities on issue 12 months before.

Notwithstanding the convertible bonds are essentially debt instruments, their convertible nature means that their issue has all but exhausted the number of securities Cromwell can issue without securityholder approval until February 2016. This is the reason we have called this meeting today.

If the resolution being considered today is passed, the convertible bond issue will be treated as having been made with securityholder approval for the purposes of the Listing Rules. This will provide Cromwell with immediate increased funding flexibility in respect of potential acquisitions, investment opportunities and general capital management initiatives.

ENDS.

Cromwell Securityholder Enquiries:

Investor Services Centre

1300 276 693 (within Australia)

+61 7 3225 7777 (outside Australia)

invest@cromwell.com.au