



ASX Announcement
24 December, 2009

PLACEMENT BOOSTS CROMWELL'S AVAILABLE CASH

The Board of Cromwell Group (ASX: CMW) ("Cromwell") is pleased to announce the completion of a placement of stapled securities to Redefine Australian Investments Limited ("Redefine Australia")¹ of approximately \$73.3 million.

Cromwell Chief Executive Officer, Paul Weightman, said that Cromwell sees attractive acquisition opportunities emerging in the current market environment. The placement, when combined with existing cash provides Cromwell with approximately \$100 million in available cash, which will enable Cromwell to move quickly to take advantage of any value adding corporate opportunities that arise.

Key terms of the Placement

The placement was undertaken at \$0.70 per stapled security and resulted in the issue of 104,750,000 new stapled securities to Redefine Australia. Redefine Australia now holds approximately 13.0% of the total number of stapled securities on issue.²

The placement price represents a 5.4% discount to the closing share price on 23 December 2009, a 7.9% discount to the volume weighted average price ("VWAP") over the last 30 days and is equivalent to the VWAP over the last 90 days.

The new stapled securities will only be entitled to participate in the distribution for the quarter ended 31 December 2009 from the date of issue to the end of the quarter. They otherwise rank equally in all respects with Cromwell's ordinary stapled securities.

Redefine Australia intends to maintain its holding in Cromwell and has agreed not to dispose of the stapled securities issued under the placement for 12 months, subject to certain exceptions. Redefine Australia may also participate in any future placement of stapled securities to the extent necessary to maintain its holdings³. Redefine Australia will have the right to nominate a representative to the Cromwell Board⁴.

Redefine Australia is a wholly owned subsidiary of Ceref Plc ("Ceref") which is majority owned by Redefine Income Fund Limited ("Redefine"). Accordingly, Redefine has agreed to ensure that Redefine Australia complies with its obligations under the subscription agreement and to indemnify Cromwell against any liability arising from its or Redefine Australia's failure to perform any of its obligations under the subscription agreement. Further information about Redefine, Ceref and Redefine Australia is provided below.

Strategic Rationale

Mr Weightman said "The introduction of Redefine Australia as a long-term cornerstone investor is expected to benefit Cromwell beyond the immediate impact of the placement. We see this as a strategic alliance that gives us a potential source of additional equity funding, without the need for a materially dilutive capital raising, to pursue the many opportunities that are now emerging in the market."

"We believe we have negotiated the recent turmoil particularly well relative to our peers, completing a number of asset sales in 2007 and having avoided the need to raise substantial capital at a significant discount through the worst of the market. This placement and strategic alliance will allow us to leverage off Cromwell's

¹ Redefine Australia is a person to whom stapled securities may be offered without disclosure under the Corporations Act 2001 (Cwlth).

² The placement is not subject to FIRB or securityholder approvals.

³ Such participation will be subject to applicable law and the Cromwell Board being satisfied at the time that the placement is appropriate.

⁴ The appointment is subject to the requirements of the Corporations Act 2001 (Cwlth), the ASX Listing Rules and the constituent documents of the relevant entities. Additionally, the appointment is subject to financier consent under a number of Cromwell's debt facilities.



strengths in an improving market, and will mean the group has a significant amount of firepower with which to consider strategic acquisitions," Mr Weightman said. He added that "whilst Cromwell has no immediate plans to raise further capital, should Cromwell decide to raise additional equity to finance acquisitions in the next 12 months, it is likely that this would occur by way of a pro rata offer to all securityholders."

Redefine Director and Cref Director Marc Wainer said Cref was pleased to invest, through Redefine Australia, in a company with such a strong track record of achieving returns for securityholders.

"We are confident Cromwell has a bright future and we look forward to playing our role in its development both as investors and as business partners," Mr Wainer said. "In particular, we were attracted to the strong defensive nature of the property portfolio, coupled with Cromwell's demonstrated ability to add value through their internalised property expertise and disciplined acquisition strategy." He added that Cref would, through Redefine Australia, look to take advantage of opportunities to build its stake in Cromwell over time. "If there were an opportunity for Cromwell to undertake a pro rata rights issue, we would intend for Redefine Australia to take up its full entitlement and may also seek an opportunity to sub-underwrite a pro rata rights issue. We acknowledge that any such arrangement or any further increase in Redefine Australia's stake in Cromwell would require FIRB approval and may require other regulatory and security holder approvals.⁵"

Impact of the Placement and Use of Proceeds⁶

Set out below is a preliminary assessment of the impact of the placement on Cromwell's balance sheet as at 30 June 2009.

	<i>Units</i>	Actual 30-Jun-09	Pro Forma 30-Jun-09
Total assets	<i>A\$m</i>	1,308.8	1,382.2
Total liabilities	<i>A\$m</i>	769.2	769.2
Book value of equity	<i>A\$m</i>	539.6	612.9
Securities on issue	<i>m</i>	703.1	807.8
Net tangible assets ("NTA")	<i>A\$m</i>	537.4	610.7
Net debt	<i>A\$m</i>	656.2	582.9
Gearing (net debt / total assets less cash)	<i>%</i>	52.8%	46.9%

As a result of the placement, and taking into account the most recent information available, guidance for operating earnings in FY2010 will reduce to 8.5 cents per stapled security but full year distributions are expected to be maintained at 8.0 cents, in line with current guidance and Cromwell's policy of distributing 90-95% of operating earnings.

Cromwell expects to independently revalue approximately 46% of investment properties at 31 December 2009, with the balance reviewed internally. Based on information available to date it is expected that the portfolio will fall in value by 2-3% for the half year ending 31 December 2009. This is expected to contribute to a slight fall in NTA per stapled security from \$0.76 at 30 June 2009 to between \$0.70 and \$0.72 at 31 December 2009. The issue price under the placement of \$0.70 compares favourably to this expected NTA.

Pending any strategic corporate activity or suitable property investments being identified, the funds raised will be used to supplement Cromwell's available cash and provide increased flexibility with regard Cromwell's capital management activities.

ENDS: Media Enquiries to Paul Weightman on 0411 111 028.

⁵ If Redefine Australia increases its holding in Cromwell above 15%, Cromwell will become a "foreign person" for the purposes of the Foreign Acquisitions and Takeovers Act 1975 (Cwlth). If this were to occur, future acquisitions by Cromwell may be subject to FIRB approval. Cromwell has no agreement with Redefine Australia to further increase Redefine Australia's holding in Cromwell following the placement.

⁶ The earnings outlook is based on various factors and assumptions which are subject to change.



Cromwell Group

Property trust and funds manager Cromwell Group is an ASX-listed stapled security comprising Cromwell Corporation Limited and Cromwell Diversified Property Trust.

The group has more than A\$1.7 billion in assets under management and successfully services the property requirements of more than 230 tenants throughout Australia.

Cromwell Group's portfolio of 23 properties is wholly-domestic with a heavy weighting to CBD office markets, especially in Melbourne and Canberra.

The stapled group listed on the ASX in December 2006 following the successful merger of the Cromwell Diversified Property Trust with five Cromwell-managed Syndicates and the subsequent stapling of the consolidated Trust to Cromwell Corporation Limited.

Further Information on Redefine, Ciref and Redefine Australia

Redefine Income Fund Limited (JSE: RDF) is one of South Africa's largest REITs with a direct property portfolio of commercial, retail and industrial properties valued at approximately A\$2.6 billion and a portfolio of listed securities valued at approximately A\$400 million.

Redefine was founded in 1999 and listed on the Johannesburg Stock Exchange in February 2000 and at 23 December 2009, had a market capitalisation of approximately A\$2.8 billion.

As at December 2009, Redefine holds an interest of approximately 55% in Ciref Plc (LSE: CRF), a company registered in Jersey and listed on the AIM of the London Stock Exchange with a market capitalisation at 21 December 2009 of approximately A\$140 million. Ciref Plc is in the process of changing its name to Redefine International Plc.

Ciref Plc will be Redefine's main international investment vehicle and currently has investments in a range of fixed and listed property assets located within the UK, Europe, the Channel Islands and the British Virgin Islands.

In turn, Ciref Plc, through a wholly owned subsidiary, holds a 100% interest in Redefine Australian Investments Limited a company registered in Ireland which will hold the Cromwell stapled securities. Accordingly, Redefine Australian Investments Limited is a related body corporate of Redefine Income Fund Limited.