



REVALUATIONS AND FY08 OPERATING EARNINGS CONFIRMATION

- Revaluation of 11 property assets, with valuations up \$24M or 4.5%.
- Write-off of \$13M stamp duty cost on Tuggeranong property acquisition.
- Increase in carrying value of TGA investment by approximately \$6M.
- Decrease in carrying value of MRZ investment of approximately \$9M.
- Net Tangible Assets expected to be approximately \$1.01 per security at 30 June 2008.
- Reiterate 10cps operating earnings for FY08 (excluding realised gains on sale).

Revaluations

Property and funds manager Cromwell Group (ASX: CMW) has completed independent revaluations of 11 of its 23 property assets, representing approximately 50% of its property portfolio by value. The properties increased in value by \$23.93 million or an average of 4.5%.

A summary of the independent property revaluations is shown below.

Property	Sector	Jun-08 Valuation \$m	Previous Valuation \$m	Valuation Gain \$m	Valuation Gain %	Old Cap Rate %	New Cap Rate %
Lot 2 Grand Trunkway, Gillman SA	Industrial	\$15.40	\$15.80	\$(0.40)	(2.5%)	7.50%	8.00%
101 Grenfell Street, Adelaide SA	Office	\$36.80	\$35.00	\$1.80	5.1%	7.88%	7.50%
200 Mary Street, Brisbane QLD	Office	\$100.00	\$100.00	-	-	6.75%	7.00%
364-426 Old Geelong Road, Hoppers Crossing VIC	Industrial	\$44.45	\$47.00	\$(2.55)	(5.4%)	7.00%	7.50%
51-73 Lambeck Drive, Tullamarine VIC	Industrial	\$11.26	\$11.90	\$(0.64)	(5.4%)	7.50%	7.50%
4 Marcus Clarke Street, Canberra ACT	Office	\$10.35	\$9.75	\$0.60	6.2%	7.75%	8.25%
243 Northbourne Avenue, Lyneham ACT *	Office	\$34.00	\$33.20	\$0.80	2.4%	8.40%	8.75%
27 Thynne Street, Bruce ACT	Office	\$12.80	\$14.73	\$(1.93)	(13.1%)	8.00%	9.25%
380-390 LaTrobe Street, Melbourne VIC	Office	\$110.00	\$95.00	\$15.00	15.8%	7.00%	7.00%
475-501 Victoria Avenue, Chatswood NSW	Office	\$142.00	\$125.50	\$16.50	13.1%	7.25%	7.25%
19 National Circuit, Barton ACT	Office	\$35.50	\$40.75	\$(5.25)	(12.9%)	6.70%	7.20%
Total		\$552.56	\$528.63	\$23.93	4.5%		

* Provisional independent valuation amounts. Final valuation report is not expected to differ materially.

Revaluations were generally characterised by a slight increase in capitalisation rates, coupled with increases in underlying market rentals. The most substantial increases in valuation were 380-390 LaTrobe Street, Melbourne, up \$15 million (16%), and 475 Victoria Avenue, Chatswood, up \$16.5 million (13%). Both assets were previously revalued in December 2006, and have benefited from significant rental growth since.

Strong, defensive property portfolio

Cromwell has chosen to focus on quality, non-residential Australian assets with long lease profiles to predominantly Government and blue chip tenants.

Cromwell's \$1.1 billion geographically diversified portfolio of 23 property assets has a strong weighting towards the commercial office sector and includes exposure to a number of markets with potential rental upside. It has a weighted average lease term of 5.9 years, with 86% of gross rental income coming from Government or blue



chip tenants. The overall weighted average capitalisation rate of the Group's property portfolio is 7.40%, compared to 7.18% at December 2007.

The portfolio has minimal short-term lease expiries, with 99.8% current occupancy, 2% of lease income expiring during FY09, and 6% in FY10.

Other mark-to-market adjustments

As a result of the acquisition of the Tuggeranong Office Park on 30 June 2008, and as required by accounting standards, the property will be revalued to its purchase price, with stamp duty and other acquisition costs totalling approximately \$13 million to be written off through the fair value adjustment to investment properties.

The TGA asset, in which the Group has a 67% interest (with the remaining one third being held by the Cromwell-managed Cromwell Property Fund) was revalued as at 31 March 2008, and showed an overall increase in value of \$10 million (12.7%) to \$88 million. This asset is accounted for as an investment in an associate, with the Cromwell Group share of the revaluation gain forming part of the share of profit to be booked in FY08.

The Group also holds a 1.85% interest in listed Mirvac REIT (ASX code: MRZ). This holding of 11.5 million securities was acquired for approximately \$16 million during 2007. The investment is classified under accounting standards as an "available for sale" financial asset. Such assets are usually revalued up or down to fair market value through equity, and not through profit or loss. However, as a result of the recent sustained reduction in values of A-REITs, including MRZ, Cromwell expect to reflect a devaluation of approximately \$9 million on this investment through the profit and loss.

NTA expected to be approximately \$1.01

The net tangible assets (NTA) of the Group are estimated to be approximately \$1.01 per security based on unaudited management accounts, a decrease of \$0.01 from December 2007.

Confirmation of 10cps operating earnings in FY08

Cromwell reiterates earlier guidance of 10cps operating earnings for FY08, being approximately \$70 million. As in previous years, operating earnings reported by Cromwell does not include realised gains on sales of investment property, which in FY08 totalled an additional \$7 million, or 1cps. Operating earnings also does not include any non-cash IFRS items such as straight-lining of rentals, or amortisation charges.

No change to distribution policy

Cromwell notes the recent trend in the A-REIT sector to reduce distributions to a more sustainable long-term level. Cromwell has always paid distributions of no more than 100% of operating earnings, excluding any realised gains. Cromwell intends to continue payment of quarterly distributions in accordance with this policy in FY09.

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