ASX Announcement
9 June, 2010

CROMWELL ENTERS INTO EXCLUSIVE ARRANGEMENT FOR POTENTIAL ACQUISITION OF ORCHARD FUNDS MANAGEMENT

- Cromwell enters exclusive due diligence of Orchard Funds Management
- Excludes Orchard's Primary Infrastructure Fund and Essential Health Care Fund
- Payment of $15 million for management rights plus a further 3 year earn out amount to be determined
- Subject to due diligence and other conditions, to be negotiated or satisfied over next 30 days
- If completed, will add significant scale to unlisted property fund management business
- Potential for $1.5 billion addition to external assets under management ("AUM")

Property and funds manager Cromwell Group (ASX:CMW) is pleased to advise it has entered into due diligence, on an exclusive basis, for the acquisition of the majority of the Orchard funds management business.

The transaction would involve Cromwell acquiring the management rights for the majority of Orchard's funds, including the $690 million Orchard Diversified Property Fund. The Orchard funds' assets are mostly located in Australian capital cities, with a small percentage in New Zealand. In all, the Orchard funds hold, by value, over $1.5 billion of predominantly office assets. The Orchard Primary Infrastructure Fund and Essential Health Care Fund are currently excluded from discussions. Details of the relevant funds are set out below.

Fund	AUM	Sector	Properties[1]	Investors
Diversified Property Fund	$692.9m	Diversified	13	9,991
Commercial Office Fund	$417.1m	Office	9	2,239
Orchard Childcare Property Fund	$236.3m	Childcare	210	2,530
Chevron Renaissance Property Trust	$82.1m	Retail	1	450
Other	$90.9m	Various	11	801
	$1,519.3m			

1. Directly held properties only

If the due diligence is successful, Cromwell would expect to make an initial payment to Orchard of $15 million for the management rights plus an additional amount to be determined.

During the 30 day due diligence and exclusivity period the parties will also be working towards agreeing binding terms, with an aim for any transaction to be settled by 30 September 2010. A number of the Orchard funds have relatively high gearing and/or near term leasing requirements and Cromwell is in discussion with key stakeholders to finalise a strategy for each fund which will result in the best medium term outcome for Orchard fund investors. The transaction is subject to a number of key conditions, which include the support of key lenders for Cromwell's proposal to return each relevant Orchard fund to a more appropriate capital structure over time as underlying asset values improve.

Cromwell CEO Paul Weightman said "The transaction, if it proceeds, will substantially expand Cromwell Group's existing property funds management business, with the Group expected to benefit from a significant increase in scale. The transaction also has the potential to enhance the Group's earnings from both recurring and transactional funds management activities over the medium term."

If it assumes management of the funds, Cromwell would look to undertake a combination of asset sales, either externally or into new Cromwell managed funds, coupled with further capital raisings in existing Orchard funds once asset values and funds are stabilised.

"With a strong asset base, together with support from existing lenders, investors and advisor groups, we would expect to continue the task of restoring value for investors in the Orchard Funds", Mr Weightman said.

Cromwell Group is planning to broaden its suite of unlisted property products throughout 2010 with the addition of at least two new products focussing on direct property or a combination of direct property and property securities. Mr Weightman said the Group's funds management business had the potential to be a low cost driver of growth in the short to medium term with a well structured back-to-basics product suite, marketed through established channels.

"Our funds management operations survived the tough environment of 2008 and 2009 when many others did not. We plan to capitalise on our position as a market leader in unlisted property and aim to move towards our traditional earnings split of 80% property and 20% funds management," Mr Weightman said. "The new product range will form an important part of the medium term solution to restructure and reinvigorate the Orchard funds, should the acquisition proceed."

"We have strong potential for upside in the valuation of our funds management operations as market sentiment improves, and the business continues to gain momentum," Mr Weightman said.

Investors:	For further information, please contact a member of our investor service team on 1800 334 533.
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