

Thank you for requesting this Product Disclosure Statement from Funds Focus.

### ***Fee Reduction***

As highlighted within our offers page, whilst most managed funds typically pay an entry fee of up to 5%. Applications lodged through Wealth Focus will receive a rebate of up to 5% directly into your fund, providing you with more money in your fund.

### ***How to Apply***

Please have a read through the PDS and if you would like to invest the application pages can generally be found towards the back of the document. You will only need to send the application section back with a cheque payable direct to the investment company (not ourselves). You should take note of any minimum investment amounts that may apply.

Then mail the completed application directly to us.

We will then check to ensure your form is completed correctly before forwarding your document on to the investment provider on your behalf.

Wealth Focus Pty Ltd  
Reply Paid 760  
Manly  
NSW 1655

Please note that we are unable to track applications mailed directly to the product provider and therefore cannot guarantee that your discounts have been applied in these instances.

Should you wish to take advantage of our free annual valuation and tax report for all your investments you should complete our broker nomination form for The Wealth Focus Investment Service.

Regards

**Suliman Ravell**  
Managing Director



## **Requirements for verifying your identity under the new Anti Money Laundering (AML)/Counter Terrorism Financing (CTF) Act**

The new AML/CTF Act came into effect on the 12<sup>th</sup> December 2007. All financial planning and fund management companies are now required to collect, verify and store specific customer information before arranging certain services such as managed investments for a client. It is designed to prevent, detect and protect Australian business from money laundering and the financing of terrorist activities.

We are currently in a transition phase and as such whilst most companies will not accept any new business without a person identity being verified, there are a number that still do not. To avoid confusion, we request that all new applications are sent with 'certified documentation'.

**We've found that the easiest way to provide the required documentation is to have a copy of your driving licence or passport certified by Australia Post or a Justice of the Peace (please see following page for a full list of individuals that can certify documentation).**

**Once this has been completed, under the current requirements we will not require you to send identification again.**

### **What you need to do**

You will need to enclose a certified piece of photographic evidence or one piece of primary non-photographic evidence and one piece of secondary evidence (please refer to the Identification Form for document requirements), with your application form and post to us at the following address

**Wealth Focus Pty Ltd**

Reply Paid 760

Manly

NSW 1655

Please do not send us original driving licences or passports as these can very easily get lost in the post. Copies of documents can be certified by an authorised individual, they will need to sight and verify that the copy is a 'certified true copy', sign, date, print their name and list their qualification.

**ANTI-MONEY LAUNDERING REQUIREMENT FOR NEW APPLICATIONS**  
**IDENTIFICATION FORM**  
**INDIVIDUALS & SOLE TRADERS**

**GUIDE TO COMPLETING THIS FORM (MUST BE INCLUDED WITH ALL NEW APPLICATIONS)**

- Complete one form for each applicant. Complete all applicable sections of this form in **BLOCK LETTERS**.
- Please contact us on 1300 55 98 69 if you have any queries.
- If you wish to apply in the name of a super fund, trust or company, please contact us for an alternative identification form.

**SECTION 1A: PERSONAL DETAILS**

Surname

Date of Birth dd/mm/yyyy

Full Given Name(s)

Residential Address (PO Box is NOT acceptable)

Street

Suburb

State

Postcode

Country

**COMPLETE THIS PART IF INDIVIDUAL IS A SOLE TRADER**

Full Business Name (if any)

ABN (if any)

Principal Place of Business (if any) (PO Box is NOT acceptable)

Street

Suburb

State

Postcode

Country

**Who can verify customer identity documents?**

Please find below a list of all the Approved Individuals that can certify documents:

- **A Justice of the Peace**
- **An agent of the Australian Postal Corporation** who is in charge of an office supplying postal services to the public, or a permanent employee with more than two years continuous service (who is employed in an office supplying postal services to the public)
- A notary public (for the purposes of the Statutory Declaration Regulations 1993)
- A person who is enrolled on the roll of the Supreme Court of a State or Territory, or the High Court of Australia, as a legal practitioner (however described)
- A judge, magistrate, registrar or deputy registrar of a court
- A chief executive officer of a Commonwealth Court
- A police officer
- An Australian consular or diplomatic officer (within the meaning of the Consular Fees Act 1955)
- An officer or finance company officer with two or more continuous years of service with one or more financial institutions (for the purposes of the Statutory Declaration Regulations 1993)
- An officer with, or authorised representative of, a holder of an Australian Financial Services Licence, having two or more continuous years of service with one or more licensees, and
- A member of the Institute of Chartered Accountants in Australia, CPA Australia or the National Institute of Accountants with more than two years continuous membership.

**VERIFICATION PROCEDURE**

**Attach** a certified copy of the ID documentation used as proof of identity. ID enclosed should verify the **applicant's** full name; and **EITHER** their date of birth or residential address.

- Complete Part I (or if the individual does not own a document from Part I, then complete either Part II or III.)
- Contact your licensee if the individual is unable to provide the required documents.

**PART I – ACCEPTABLE PRIMARY ID DOCUMENTS**

<b>Tick</b> ✓	Select ONE valid option from this section only
<input type="checkbox"/>	Australian State / Territory driver's licence containing a photograph of the person
<input type="checkbox"/>	Australian passport (a passport that has expired within the preceding 2 years is acceptable)
<input type="checkbox"/>	Card issued under a State or Territory for the purpose of proving a person's age containing a photograph of the person
<input type="checkbox"/>	Foreign passport or similar travel document containing a photograph and the signature of the person*

**PART II – ACCEPTABLE SECONDARY ID DOCUMENTS – should only be completed if the individual does not own a document from Part I**

<b>Tick</b> ✓	Select ONE valid option from this section
<input type="checkbox"/>	Australian birth certificate
<input type="checkbox"/>	Australian citizenship certificate
<input type="checkbox"/>	Pension card issued by Centrelink
<input type="checkbox"/>	Health card issued by Centrelink
<b>Tick</b> ✓	<b>AND ONE</b> valid option from this section
<input type="checkbox"/>	A document issued by the Commonwealth or a State or Territory within the preceding 12 months that records the provision of financial benefits to the individual and which contains the individual's name and residential address
<input type="checkbox"/>	A document issued by the Australian Taxation Office within the preceding 12 months that records a debt payable by the individual to the Commonwealth (or by the Commonwealth to the individual), which contains the individual's name and residential address. <i>Block out the TFN before scanning, copying or storing this document.</i>
<input type="checkbox"/>	A document issued by a local government body or utilities provider within the preceding 3 months which records the provision of services to that address or to that person (the document must contain the individual's name and residential address)
<input type="checkbox"/>	If under the age of 18, a notice that: was issued to the individual by a school principal within the preceding 3 months; and contains the name and residential address; and records the period of time that the individual attended that school

**PART III – ACCEPTABLE FOREIGN ID DOCUMENTS – should only be completed if the individual does not own a document from Part I**

<b>Tick</b> ✓	<b>BOTH</b> documents from this section must be presented
<input type="checkbox"/>	Foreign driver's licence that contains a photograph of the person in whose name it issued and the individual's date of birth*
<input type="checkbox"/>	National ID card issued by a foreign government containing a photograph and a signature of the person in whose name the card was issued*

\*Documents that are written in a language that is not English must be accompanied by an English translation prepared by an accredited translator.

# CROMWELL PROPERTY FUND

ARSN 119 080 410

Cromwell

DIVERSIFIED AUSTRALIAN PROPERTY PORTFOLIO

**MONTHLY DISTRIBUTIONS** refer Part 2.3  
**UP TO 100% TAX DEFERRED** refer Part 7

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For the answers to any questions you have regarding the **Cromwell Property Fund**, please contact Cromwell Property Securities Limited on

**1800 334 533** or visit  
**[www.cromwell.com.au](http://www.cromwell.com.au)**

PIC Code (Direct): CRM0004AU  
PIC Code (IDPS Option): CRM0005AU

## Important Notice and Disclaimer

Cromwell Property Securities Limited ABN 11 079 147 809 ("CPS") holding Australian Financial Services Licence number 238052 is the responsible entity of the Fund and is the issuer of the units offered in this Product Disclosure Statement ("PDS") and of this PDS. This PDS is dated 12 October 2007.

None of CPS, nor the Custodian, nor their related entities, directors or officers, makes any promise or representation, or gives any guarantee, as to the success of the Fund, distributions, amount you will receive on withdrawal, income or capital return or the taxation consequences of investing.

The information contained in this PDS is general information only and does not take into account your individual objectives, financial situation or needs. Because of that, before investing, you should read this PDS carefully before making any decision to invest and consider the appropriateness of the information in this PDS having regard to your objectives, financial situation and needs. To obtain advice or more information about the Fund you should speak to a financial advisor.

CPS has not authorised any person to give any information or to make any representation in connection with the offer or the units, which is not contained in this PDS. No information or representation which is not contained in this PDS may be relied on as having been authorised by CPS in connection with the offer.

CPS authorises the use of this PDS as disclosure to clients and prospective clients of investor directed portfolio services ("IDPS").

The information in this PDS is up to date at the time of preparation. However, some information can change from time to time. Information that is not materially adverse may be updated and made available at [www.cromwell.com.au/cpf/updates](http://www.cromwell.com.au/cpf/updates), and a paper copy of any updated information will be provided by CPS free of charge upon request.

This PDS may be accessed at [www.cromwell.com.au/cpf](http://www.cromwell.com.au/cpf). If an Investor has received this PDS electronically, CPS will provide a paper copy free of charge upon request to CPS on our Investor Freephone number 1800 334 533. This PDS can only be used by investors who receive it electronically or otherwise in Australia.

Certain terms used in this PDS are defined in the Glossary in Part 11.

An investment in the Fund is subject to investment and other risks including those specific risks set out in Part 5.

The PDS contains forward looking statements relating to future matters which are subject to known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of the Fund to be materially different from those expressed or implied by such statements.

Directors and employees pictured in this PDS may change from time to time. A change to any director or employee detailed in Section 4 of this PDS will be made available at [www.cromwell.com.au/cpf/updates](http://www.cromwell.com.au/cpf/updates)

The properties depicted in photographs in this PDS are assets in which the Fund will have a direct interest at the date of this PDS unless otherwise stated.

The Australian Securities & Investments Commission ("ASIC") takes no responsibility for the contents of this PDS.

CPS may change any of the terms and conditions of this PDS with, in the case of material changes, 30 days notice to investors.

# INVESTMENT OPPORTUNITY AT A GLANCE

		Part
<b>Investment Type</b>	Open-ended, unlisted property fund primarily investing in direct property assets.	2.1
<b>Investment Objective</b>	To deliver regular, tax deferred income and capital growth by investing in and actively managing a diversified property portfolio.	2.1
<b>Type of Properties to be held by the Fund</b>	Australian non-residential property including commercial, industrial and retail.	2.1
<b>Responsible Entity</b>	Cromwell Property Securities Limited ("CPS"), part of the ASX listed Cromwell Group. CPS has specialist experience in managing property funds.	4
<b>Historical Returns<sup>1</sup></b>	8 cents per unit p.a. to 1 October 2007 since inception. 100% tax deferred for financial year to 30 June 2007.	
<b>Monthly Distributions</b>	Distributions are paid monthly. Information on the Fund's performance including current distribution rates can be found on our website at <a href="http://www.cromwell.com.au/cpf">www.cromwell.com.au/cpf</a>	2.3
<b>Reinvestment</b>	Ability to reinvest distributions to compound growth.	2.3
<b>Tax Deferred Distribution</b>	A proportion of distributions paid to investors will be tax deferred.	7
<b>Risks</b>	An investment in the Fund is subject to the risks of investing in commercial property with associated borrowings.	5
<b>Unit Issue Price</b>	\$1.00 plus any accrued distributions until 143 million units are issued, then daily unit price. Approximately 122 million units are on issue at the date of this PDS.	2.4
<b>Liquidity Facility</b>	Limited monthly withdrawal facility.	8.5
<b>Diversified Portfolio</b>	At the date of this PDS, the Fund owned or had contracted to acquire 11 properties valued at \$445 million in 5 states and territories, with 69 tenants, ("PDS Properties").	3
<b>Value of PDS Properties<sup>2</sup></b>	\$445 million.	
<b>Occupancy<sup>2</sup></b>	At 30 June 2007, 95.3% of the net lettable area of the PDS Properties was leased.	
<b>Weighted Average Lease Term<sup>2</sup></b>	4.8 years from 30 June 2007 for the PDS Properties.	
<b>Blue Chip Tenants<sup>2</sup></b>	83% of rental from PDS Properties is from Government and Governmental authorities, listed public companies and their subsidiaries.	
<b>Borrowing Policy</b>	Long term borrowing by the Fund is not to exceed 65% of gross assets of the Fund, except in certain limited circumstances.	2.5
<b>Fees and Costs</b>	Management fees and other costs are payable by the Fund. The Indirect Cost Ratio is forecast to be 0.60% of the gross asset value of the Fund for the year ended 30 June 2008.	6
<b>Investment Amounts</b>	Minimum initial investment \$10,000 Minimum additional investment \$1,000	8.1

1. Past performance is not an indication of future performance

2. Portfolio Statistics as at 30 June 2007, and assume that all PDS Properties were acquired by the Fund no later than 30 June 2007.

# 1. KEY FEATURES

*The Cromwell Property Fund (“the Fund”) is an open-ended, unlisted property fund. The Fund aims to provide regular, tax deferred income and capital growth by investing in, and actively managing, a diversified portfolio of quality property assets.*

## Investment Objective

The Cromwell Property Fund (“the Fund”) aims to provide monthly tax deferred income and capital growth to investors. CPS intends to achieve this by investing in, and actively managing, a portfolio of quality property assets utilising gearing and minimising risk through diversification.

At the date of this PDS the Fund had acquired or contracted to acquire properties (“PDS Properties”) valued at \$445 million.

The Fund is open ended, allowing it to grow and be continuously available for investment. Additional properties will be added to the Fund to utilise additional capital raised, and to increase the diversification of the Fund.

*Details in Part 2.1, page 10*

## Cromwell Group Co-Investment

CPS believes that a significant co-investment in the Fund by Cromwell Group benefits investors as it aligns Cromwell’s interests with the interests of Investors. At the date of this PDS, Cromwell Group holds 20 million units in the Fund. Cromwell intends to continue to co-invest in the Fund such that it maintains a holding of 15-20% of the issued units.

## Key Risks

All investments have associated risks. Key risks of an investment in the Fund include:

- property risks – a risk that one or more properties will reduce in value
- revenue risks – the risk that the Fund income declines where a property is not fully leased, tenants default, or rent levels decline
- liquidity risk – the risk that you have difficulty withdrawing from the Fund.

*Details in Part 5, page 30*

## Regular Distributions

Each investor’s distributions from the Fund are paid monthly to an account with a financial institution nominated by the investor.

Investors may elect to reinvest distributions by marking the appropriate box on the application form contained in Part 13. CPS may suspend the distribution reinvestment plan in its absolute discretion.

*Details in Part 2.3, page 11*

## Tax Deferred Income

Allowances for the amortisation of the buildings, depreciation of plants and equipment and the writing off over time of capital raising and borrowing costs result in a portion of the distributions being Tax Deferred. The portion which is Tax Deferred will vary from year to year. Deferred tax may be reduced in the future by capital gains tax discounts or other individual investor circumstances.

*Details in Part 7, page 38*

## Flexibility through the Limited Monthly Withdrawal Facility

A limited monthly withdrawal facility is available, meaning you may be able to withdraw all or part of your capital if required.

Total withdrawals each month are limited to a maximum of 0.5% of the net asset value of the Fund on the first business day of each month for that corresponding 1 month period. If this limit is exceeded then withdrawal requests for the month will be prorated. If any investor’s withdrawal request is not met in full, then the balance of the request not met will be carried forward to the following month as if a new withdrawal request had been made, unless the investor elects otherwise.

CPS has up to 365 days to meet any withdrawal request.

*Details in Part 8.5, page 40*

## Potential for Capital Growth

Cromwell believes that there is potential for capital growth for the Fund, and works to support this through our active management of the Fund's composition, structure and properties.

## Superannuation Funds

Complying superannuation funds may invest in the Fund, subject to the superannuation funds' investment strategy.

## Small Minimum Investment

The minimum investment is \$10,000 with additional investments in multiples of \$1,000.

*Details in Part 8.1, page 40*

## Easy Access to Information

Quarterly reporting keeps you informed on the progress of your investment. The daily unit price is available at [www.cromwell.com.au/cpfunitprice](http://www.cromwell.com.au/cpfunitprice), and updates on the Fund can be accessed on [www.cromwell.com.au/cpf/updates](http://www.cromwell.com.au/cpf/updates) or by contacting Cromwell on our Investor Freephone number 1800 334 533.

*Details in Part 9.2, page 42*

## Department of Social Security Deeming Provisions

The Department of Social Security has treated investments of this type as financial investments for the purposes of its deeming provisions, with the result that the amount invested is ascribed income at a deemed rate, and is treated as a financial asset.

## Experienced Manager

CPS is an experienced fund manager specialising in property investment, with over \$1.5 billion of assets under management and a proven record of delivering strong returns to its investors.

CPS has thorough due diligence processes, resulting in quality assets with strong income and growth potential being included in the Fund.

CPS's philosophy is to manage Fund properties in-house, through its professional asset and facilities management team.

*Details in Part 4, page 26*

## Indirect Cost Ratio ("ICR")

The ICR is the sum of the management fees and administration costs payable, divided by the average value of the assets of the Fund. The ICR for the year to 30 June 2008 is estimated to be 0.60% of the gross asset value of the Fund. The ICR excludes any performance fees payable for out performance against the Fund's benchmark.

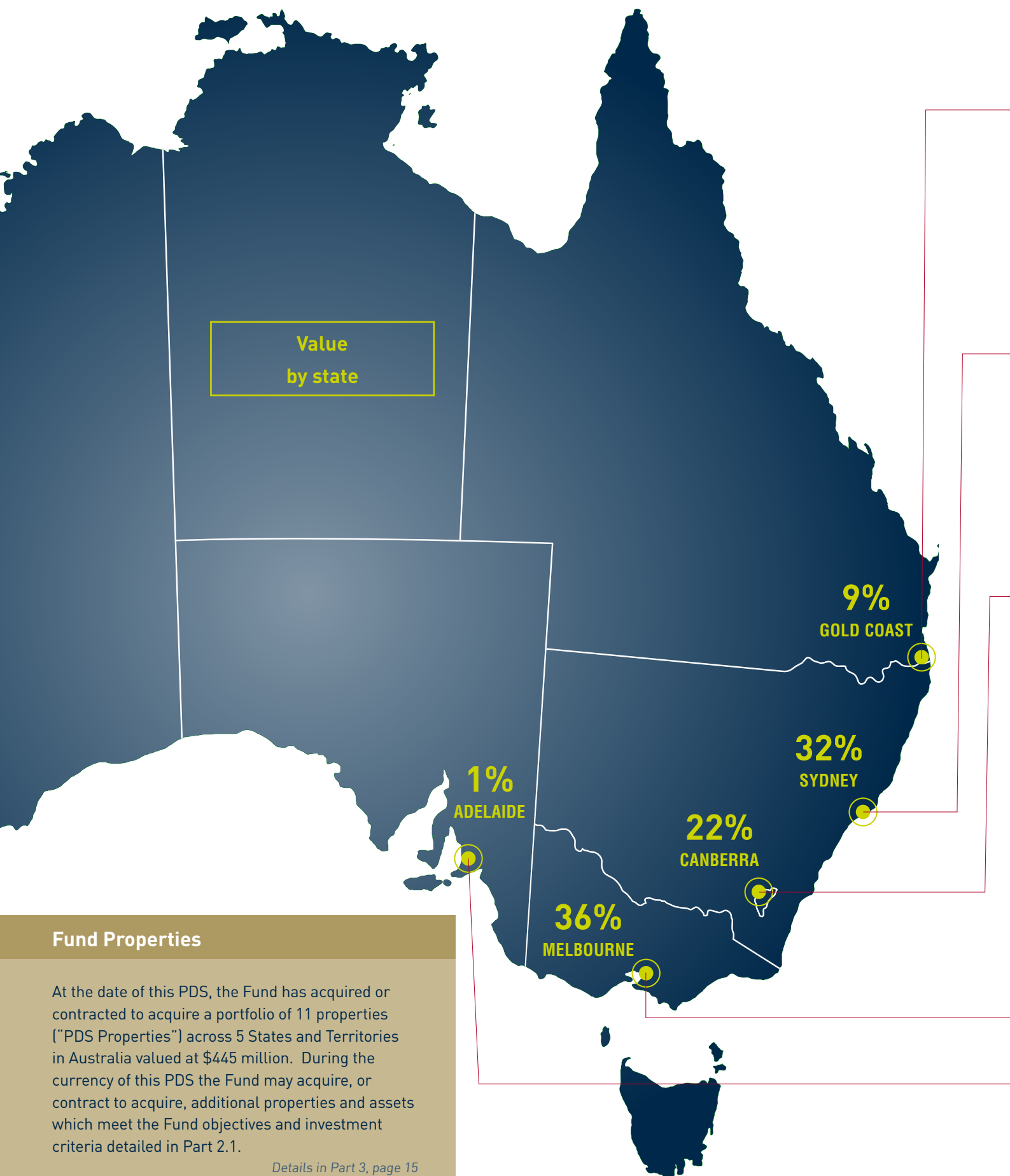
*Details in Part 6, page 32*

## Rigorous Compliance procedures for the Fund

The Fund has a compliance plan which has been lodged with ASIC. The compliance plan contains procedures for ensuring compliance with the Corporations Act and the Constitution of the Fund. A Compliance Committee has been established to, amongst other things, monitor CPS' adherence to the Plan.

*Details in Part 10.2, page 44*

# 1. KEY FEATURES - THE PROPERTIES



## Fund Properties

At the date of this PDS, the Fund has acquired or contracted to acquire a portfolio of 11 properties ("PDS Properties") across 5 States and Territories in Australia valued at \$445 million. During the currency of this PDS the Fund may acquire, or contract to acquire, additional properties and assets which meet the Fund objectives and investment criteria detailed in Part 2.1.

*Details in Part 3, page 15*



**THE FORUM PROPERTIES  
GOLD COAST, QLD**

**PROPERTY SECTOR** Retail / Office  
**VALUATION** \$38,000,000 (30/06/06)  
**MAJOR TENANT** Rozendale Pty Ltd

*“Diversification geographically, by sector and by tenant is important to the Fund’s acquisition strategy.”*



**43 BRIDGE STREET  
HURSTVILLE, NSW**

**PROPERTY SECTOR** Commercial Office  
**VALUATION** \$40,000,000 (30/06/07)  
**MAJOR TENANT** NSW Dept of Environment & Conservation



**ERSKINE PARK  
SYDNEY, NSW**

**PROPERTY SECTOR** Industrial  
**VALUATION** \$21,935,000 (23/10/06)  
**MAJOR TENANT** Cromwell PacLib Nominees Pty Ltd



**HOMEBASE BULKY GOODS  
PROSPECT, NSW**

**PROPERTY SECTOR** Bulky Goods / Retail  
**VALUATION** \$56,000,000 (30/06/07)  
**MAJOR TENANTS** Fantastic Furniture & The Good Guys



**SMITHFIELD INDUSTRIAL  
PROPERTY, NSW**

**PROPERTY SECTOR** Industrial  
**VALUATION** \$24,100,000 (26/09/06)  
**MAJOR TENANT** Coca Cola Amatil



**LOVETT TOWER  
WODEN, ACT**

**PROPERTY SECTOR** Commercial Office  
**VALUATION** \$73,500,000 (01/01/07)  
**MAJOR TENANT** Department of Veterans’ Affairs



**TGA COMPLEX SYMONSTON, ACT**

**PROPERTY SECTOR** Commercial Office  
**VALUATION** \$26,033,333 (1/3 share) (30/06/06)  
**MAJOR TENANT** Therapeutic Goods Administration



**TWIN FREEWAY SERVICE CENTRES  
AVALON, VIC**

**PROPERTY SECTOR** Service Centre  
**VALUATION** \$23,850,000 (30/06/07)  
**MAJOR TENANT** Princes Taj Pty Ltd (BP Reseller)



**321 EXHIBITION STREET  
MELBOURNE, VIC**

**PROPERTY SECTOR** Commercial Office  
**VALUATION** \$123,500,000 (30/06/07)  
**MAJOR TENANT** Australian Postal Corporation



**ALTONA  
MELBOURNE, VIC**

**PROPERTY SECTOR** Industrial  
**VALUATION** \$15,300,000 (28/05/07)  
**MAJOR TENANT** Cromwell PacLib Nominees Pty Ltd

*“Unlike many fund managers, assets owned by the Cromwell Property Fund are managed in-house. This allows closer alignment between the Fund and the day-to-day management of each direct property asset.”*



**EDINBURGH PARK  
ADELAIDE, SA**

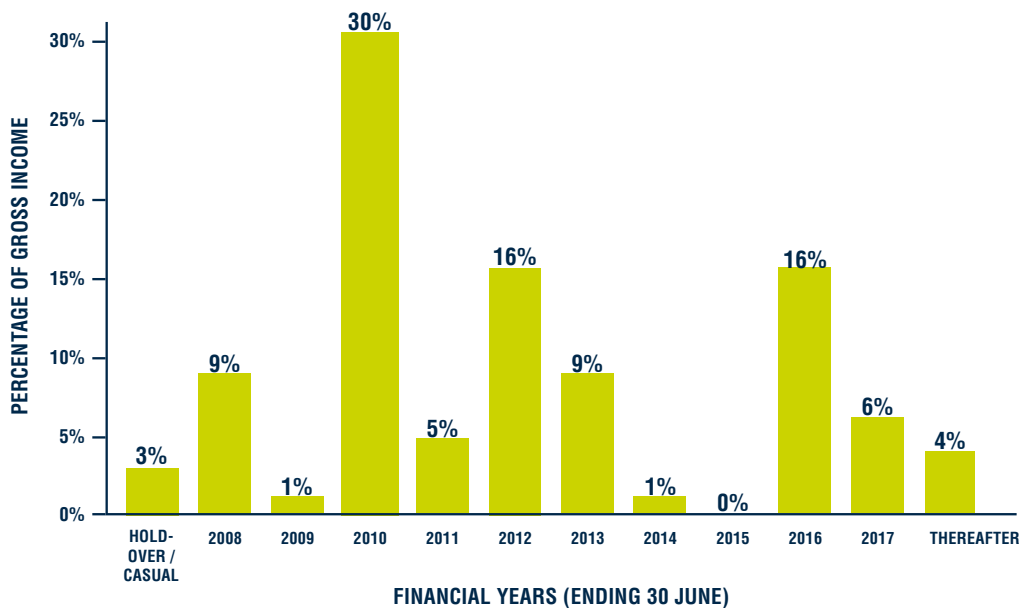
**PROPERTY SECTOR** Industrial  
**VALUATION** \$2,700,000 (05/06/07)  
**MAJOR TENANT** Cromwell PacLib Nominees Pty Ltd

Source: Google Earth.

# 1. KEY FEATURES - KEY STATISTICS AS AT 30 JUNE 2007

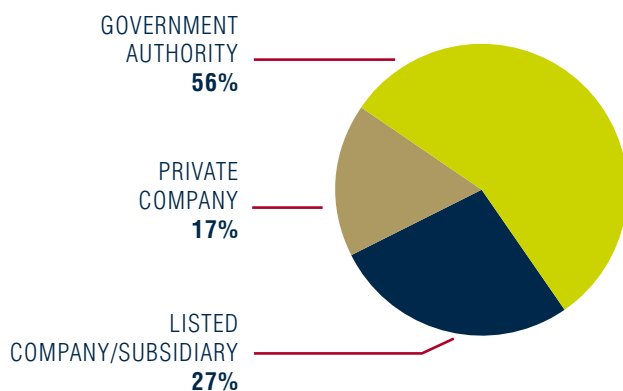
## Lease Expiry Profile

This graph shows percentage of gross income from leases which expire in each financial year (assuming tenants do not renew their lease).



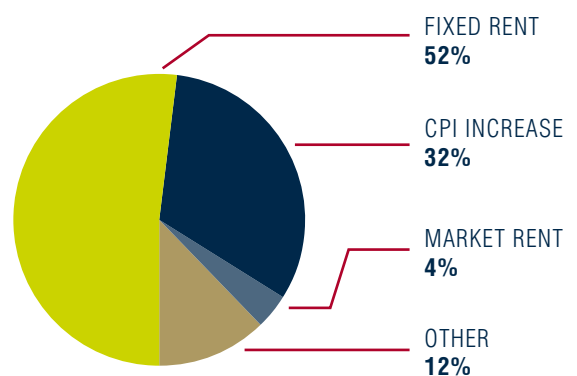
## Tenant Classification

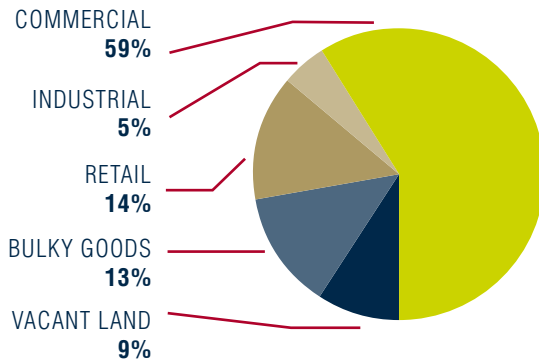
This graph shows the percentage of gross income from each tenant classification.



## Next Review Types

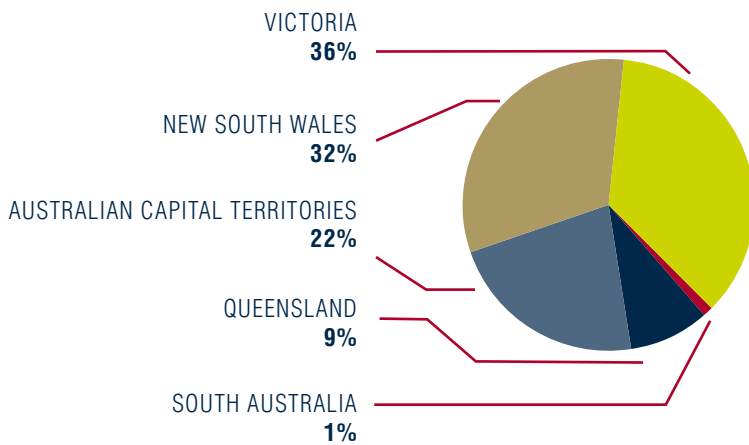
This graph shows the percentage of gross income subject to each rental review type at the next review.





### Sector Diversification by Value

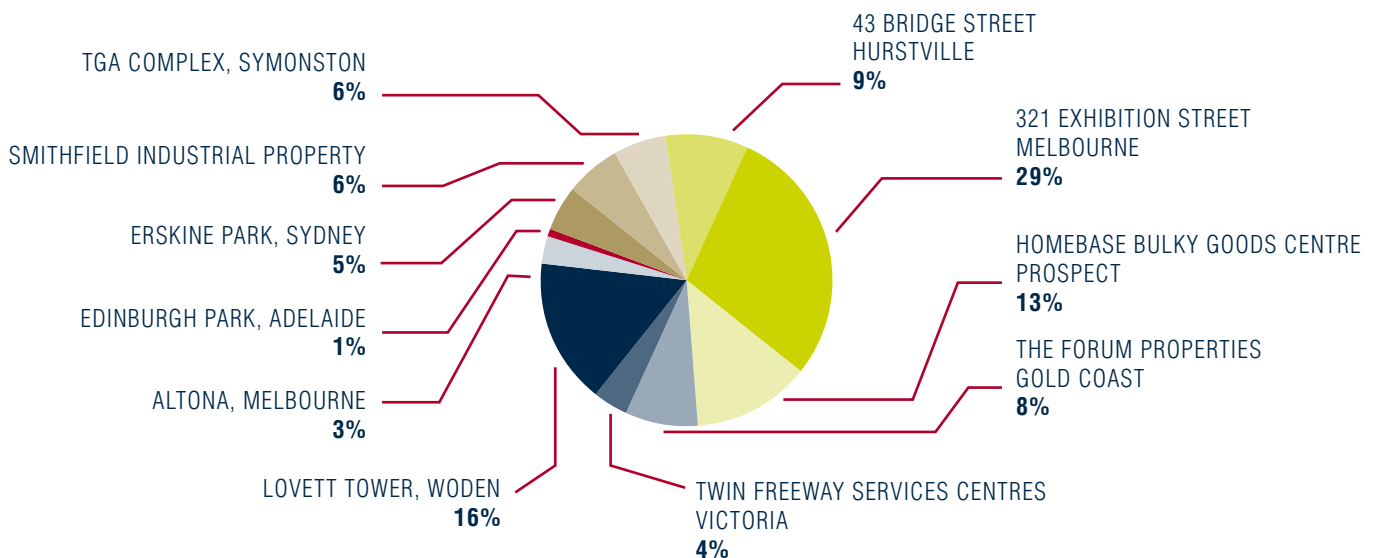
This graph shows the percentage of each property sector's value within the portfolio.



### Geographic Diversification by Value

This graph shows the percentage of portfolio value held in each state.

### Gross Income by Asset



# 1. KEY FEATURES - THE NUMBERS

## Fund Size and Net Assets

	Note	30-Jun-07 \$'000
<b>Assets</b>		
Cash and cash equivalents		7,930
Investment properties	1	379,215
Property, plant & equipment	1	24,496
Other assets		5,545
<b>Total assets</b>		<b>417,186</b>
<b>Liabilities</b>		
Bank debt	2	272,941
Convertible financing units ("CFUs")	3	61,250
Other liabilities		20,478
Liabilities excluding net assets attributable to Unitholders		354,669
<b>Net assets attributable to unitholders</b>		<b>62,517</b>
No of units issued ('000)		89,978
<b>Net asset value per unit ("NAV")</b>	4	<b>\$0.96</b>

### Notes:

1. Details of PDS properties owned at 30 June 2007, properties to be acquired and indicative funding is as follows:

Property	Note	Carrying Value		Funded by		
		Investment property (\$'000)	Property, plant & equip. (\$'000)	Bank Debt (\$'000)	CFUs (\$'000)	Equity (\$'000)
<b>Property owned at 30 June 2007</b>						
43 Bridge St		40,000		24,700		
321 Exhibition St		123,500		78,000		
Homebase Bulky Goods Centre		56,000		38,350		
Twin Freeway Service Centres		23,850		13,950		
Forum Properties		38,328		24,700		
Lovett Tower		73,537		58,732		
Smithfield Industrial Property		24,100		18,637		
Erskine Park Land	a		24,496	15,882		
		379,215	24,496	272,941	61,250	68,996
<b>Property to be acquired</b>						
TGA Complex	b	26,033		13,500	12,533	
Altona Land	c		15,300	12,240	3,060	
Edinburgh Park Land	d		2,700		2,700	
		26,033	18,000	25,740	18,293	-
		404,983	42,496	298,681	79,543	68,996

a. The carrying value of the Erskine Park land includes \$2.56 million of acquisition and holding costs capitalised.

b. The 1/3 interest in the TGA complex is expected to be acquired in November 2007.

c. The Altona land was acquired in July 2007.

d. The Edinburgh Park land is expected to be acquired in October 2007.

Investment properties were carried at fair value at 30 June 2007. The Erskine Park, Altona and Edinburgh Park land is expected to be classified as property plant and equipment when initially purchased.

2. At 30 June 2007 the Fund had bank debt of \$272.9 million as follows:

Lender	Drawn Amount (\$'000)	Total Facility (\$'000)	Expiry	Repayments
Westpac	155,000	155,000	31/03/08	Interest only
Westpac	24,700	24,700	31/03/08	Interest only
BNZA	47,775	47,775	31/12/11	Interest only
BNZA	11,025	11,025	31/12/11	\$250,000 qtly repayments.
Suncorp Metway	15,950	16,500	20/11/07	Interest capitalised
Suncorp Metway	18,750	18,750	27/11/07	Interest only
	273,200	273,750		
Less loan establishment costs	(259)	(259)		
	272,941	273,491		

#### Hedging

The Fund has fixed or otherwise hedged interest on a total of \$179.7 million or 66% of the total bank debt. These hedges expire between July and September 2009.

Further bank loans and interest rate hedges may be utilised by the Fund. Such borrowings and interest rate hedges will be in accordance with the policies set out in Part 2.5.

- In addition to the bank debt, the Fund had 61.25 million Convertible Financing Units ("CFUs") on issue to the Cromwell Diversified Property Trust ("CDPT") at 30 June 2007. CDPT has agreed to subscribe for further CFUs up to a total of \$80 million. The CFUs are a form of debt instrument and have the right to a variable interest return of 0.70% pa above the 30-day bank bill swap rate. The CFUs are repayable by 3 July 2008, although they may be repaid earlier at the election of the Fund, or converted to units at any time (subject to certain conditions) by CDPT.
- The NAV has not been calculated in accordance with accounting standards. The acquisition costs associated with the investment properties have been included as an asset for the NAV calculation, on the basis that these costs have a value to the investors in the Fund which should be amortised over the expected holding period for each investment property, with a maximum of 7 years. This is consistent with the Fund unit pricing policy. In addition, the CFUs have not been classified as debt for the purpose of calculating NAV, but as part of net assets attributable to unitholders. This provides a more meaningful comparison for investors, on the basis that the CFUs are expected to either be repaid from the proceeds of further units issued, or converted to units directly. Under current accounting standards, NAV at 30 June 2007 would have been \$0.69 if the CFUs were classified as debt, or \$0.82 if the CFUs were converted to equity or repaid from the proceeds of further units issued.

## 2. FUND OVERVIEW

### 2.1 Investment Objective

CPF is an open-ended, core-plus style unlisted property trust which invests primarily in direct property assets and can also invest a portion of funds in listed and unlisted property securities. CPF has been established with the following objectives:

- to deliver a stable, tax effective monthly distribution;
- to deliver capital growth from quality property assets;
- to enhance returns by gearing and minimise risk through diversification and proactive investment policies; and
- to facilitate reinvestment of income and regular investment of additional capital by existing investors.

CPF primarily invests in Australian non-residential property including commercial, industrial and retail property. It can also invest in entities (whether listed or unlisted) which primarily hold Real Property Assets. In addition, CPF may also invest in cash or Australian fixed interest assets or other authorised investments to maximise returns consistent with moderate risk on surplus cash accumulated from time to time. The Fund may also invest in other managed investment schemes promoted and managed by CPS, provided the investment complies with the objectives set out above.

The Fund may acquire and hold any type of Real Property Assets in Australia except residential property. CPS aims to diversify the Fund:

- by state, focusing on major capital cities;
- by sector, primarily commercial, retail and industrial; and
- by tenant.

Government or blue chip tenants are preferred to increase the security of underlying rental income to the Fund.

To enable the Fund to achieve a balance of stable income and capital growth, a blend of secure income and value-add properties is held across multiple sectors and locations. The majority of direct property acquired by the Fund is expected to be commercial, industrial or retail property with an emphasis on reliable income streams underpinned by long-term leases to quality tenants.

Value-add properties typically have the potential to be redeveloped or repositioned in the market place by renewing and improving lease and tenant quality, refurbishing or otherwise improving the assets, or taking advantage of additional land or other redevelopment potential as part of a long-term investment strategy. Generally these properties have existing income to build upon, thus providing potential to enhance growth for the Fund.

The Fund may develop properties as long term investments in circumstances where substantial lease pre-commitments are in place.

Independent valuations are obtained for every property to be acquired by the Fund. The purchase price for any property must not exceed its independent valuation.

Extensive internal due diligence by CPS' experienced acquisition team is undertaken on all new acquisition opportunities and this is backed by external due diligence reports as appropriate.

## 2.2 Investment Allocation

The following table outlines the targeted investment allocations for CPF:

Investment Class	Target Range % <sup>1</sup>
Direct property <sup>2</sup>	70-95
Listed property trusts	0-10
Other property related investments <sup>3</sup>	0-10
Cash/fixed interest assets	0-10

- CPS may change asset allocations in the future.*
- Direct property investments may include investments in entities which hold direct property, where a majority ownership is held.*
- Other property-related investments could include loans or other debt investments secured by property assets and minority investments in other unlisted direct property funds.*

CPS intends that the Fund will hold at least 6% of net assets in liquid investments to meet the requirements of the limited monthly withdrawal facility.

## 2.3 Distribution Policy

CPS will determine distribution levels with regard to current and future expected income and expenses of the Fund, and may determine not to distribute all income of the Fund. CPS may determine that the amount to be distributed may be an amount that is greater than the income of the Fund.

The amount of the distribution to be paid per unit will be calculated by dividing the total amount CPS has determined is available for distribution for the period by the number of units on issue on the last day of the relevant distribution period.

Distributions will be paid monthly in arrears. Investors may elect to have distributions either:

- paid directly to a nominated bank, credit union or building society account (where there is a branch in Australia); or
- reinvested to subscribe for additional units. The reinvestment unit price is the issue price applying at the first business day of the month immediately following the distribution. Investors who wish to reinvest distributions must nominate this on the application form.

Investors who have not nominated a bank, credit union or building society account in Australia will have distributions automatically reinvested into the Fund. CPS will not pay distributions by cheque. CPS may suspend distribution reinvestments in its absolute discretion.

Investors may still have to pay tax on distributions even if they have chosen to reinvest distributions in the Fund. See the Taxation section on page 38 for more details.

Distributions will generally be made within 14 days after the end of the month. However the Constitution permits CPS to make distributions within 60 days after the end of the month. The amount distributed to each investor will be based on the number of units held by the investor on the last day of the month. If an investment is made just before the end of the month, some of the Investor's capital will be returned as a distribution.

## 2. FUND OVERVIEW – CONTINUED

### 2.4 Unit Prices

The price at which units in the Fund are issued to investors (“the Issue Price”) will be different from the price which will be paid to investors if they make a withdrawal (“the Withdrawal Price”).

#### Issue Price

When an investment is made into the Fund the investor will be allocated a number of units based on the Issue Price. The Issue Price is normally calculated on each business day.

Until the first 143 million units are issued, all units will be issued at \$1.00 adjusted only for any accrued distributions. Approximately 123 million units are on issue at the date of this PDS.

When the first 143 million units are issued, the Issue Price for new or additional investments will be calculated each business day and will generally reflect the value of the underlying investments plus investment income and unrealised or realised capital gains, less fees and any taxes that CPS is required to deduct, if any. It will be calculated by dividing the net asset value of the Fund by the number of units on issue, adjusted for transaction costs incurred by the Fund.

At the end of each month, in addition to the normal unit price movements, the Issue Price will generally fall by the amount distributed per unit. It will then generally rise excepting any capital value changes, as income accrues through the next month.

The Issue Price will depend on the date and time on which CPS receives a correctly completed application. If CPS receives a correctly completed application for a new investment before 12 noon (Queensland time) on a business day, CPS will generally process the application at the Issue Price effective as at close of business on that day. Otherwise, the application will generally be processed at the Issue Price effective for the following business day.

#### Withdrawal Price

The Withdrawal Price is calculated monthly, by dividing the net asset value of the Fund by the units on issue, adjusted for transaction costs incurred by the Fund.

However, as CPS is allowed up to 365 days to meet any withdrawal request as set out in Part 8.5, investors should be aware that the Withdrawal Price will be determined at the time of payment and not when the request is lodged. This may result in the Withdrawal Price being higher or lower than the Withdrawal Price quoted on the website at the time the withdrawal request is lodged. The monthly Withdrawal Price will be reported on our website, [www.cromwell.com.au/cpfunitprice](http://www.cromwell.com.au/cpfunitprice)

#### Net Asset Value

The net asset value of the Fund is determined in accordance with the Constitution and is generally based on the value, as last determined, of the Fund’s assets less the Fund’s liabilities.

All direct property investments will be independently valued prior to acquisition. Where possible, the properties will also be independently valued each year, with valuations to be staggered so approximately 25% of properties (by value) are independently revalued each quarter.

Costs associated with the acquisition of properties are recognised as assets and are amortised over the period CPS reasonably expects the Fund to hold each property.

Any holdings in listed property trusts will be valued daily based on their closing market value. Other assets will be valued in accordance with the Constitution.

### **Transaction Costs**

The Fund may incur transaction costs associated with acquiring or disposing of assets consequent upon the issue or withdrawal of units. In the case of issues of units, these costs may include such things as brokerage and other costs of acquiring investments. In the case of withdrawal of units, transaction costs may include such things as brokerage and the cost of selling assets of the Fund to meet withdrawals.

The calculations of the Issue Price and/or Withdrawal Price reflect adjustments which fairly allocate transaction costs to transacting investors. CPS is allowed to estimate transaction costs, and this estimate takes into account historic costs and other relevant factors that could impact these costs in the future. The transaction costs may be varied by CPS from time to time.

### **Buy/Sell Spread**

The buy/sell spread is the difference between the Issue Price and the Withdrawal Price. At the date of this PDS the buy/sell spread is estimated to be 4.5%. However the buy/sell spread will vary from time to time in accordance with movements in the Issue Price and the Withdrawal Price.

Daily Issue Prices and monthly Withdrawal Prices can be obtained by contacting CPS on 1800 334 533 and will be reported on our website, [www.cromwell.com.au/cpfunitprice](http://www.cromwell.com.au/cpfunitprice)

## **2.5 Borrowing Policy**

### **Overview**

Once the first 143 million units are issued, core borrowings, excluding CFUs, will generally be limited to 65% of the gross value of the assets of the Fund. This amount is described as the loan to valuation ratio ("LVR").

The Fund may temporarily increase its borrowings above this limit to acquire property, although other than in special circumstances, it is the intention of CPS that borrowings to enable acquisition of additional properties will not exceed an LVR of 75% of the gross value of the assets of the Fund.

### **Interest Rate strategy**

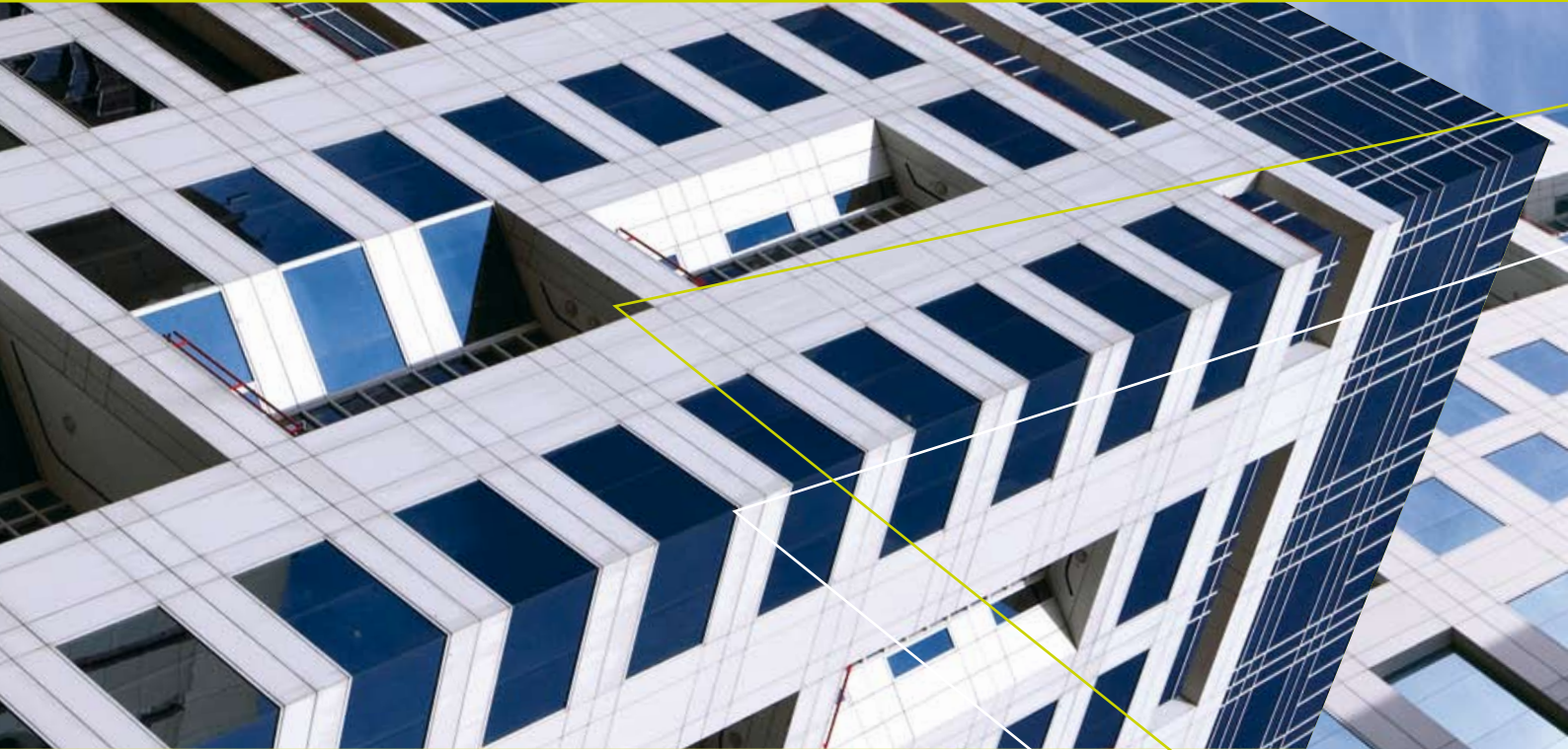
Where appropriate, CPS will hedge the Fund's interest rate exposure by various methods including fixing or capping interest rates.

## **2.6 Sale of Assets**

CPS may sell any of the assets of the Fund at any time, if and when it considers it to be appropriate, and may reinvest the proceeds of sale. However in the event that the proceeds cannot be reinvested in investments that meet the criteria of the Fund, or if CPS deems it appropriate, CPS reserves the right to return capital to investors on a pro-rata basis.

## **2.7 Future Liquidity Facilities**

At a future date, CPS may consider entering into arrangements to enhance the liquidity of the Fund.



The Fund offers investors the opportunity to share in the benefits of a diversified portfolio of non-residential property throughout Australia. The properties are managed in-house and additional properties are constantly being investigated to further improve the diversity of the portfolio.

The key elements of diversification include holding properties in a variety of sectors, ensuring income is spread across a range of tenants and sourcing properties in different geographic locations. This diversification ensures that the Fund minimises exposure to any one market, property sector or tenant.

The following pages provide details of the Properties acquired or contracted to be acquired by the Fund at the date of this PDS.

All statistics are as at 30 June 2007 and assume all PDS Properties were acquired by the Fund no later than 30 June 2007.



**Cromwell**

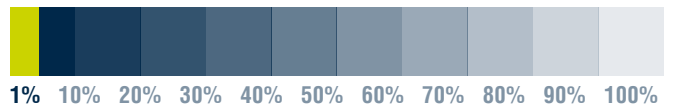
## 3. FUND PROPERTIES ►

1.	Twin Freeway Service Centre, Avalon, VIC	16
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11.	Edinburgh Park, Adelaide, SA	25

# TWIN FREEWAY SERVICE CENTRE, AVALON, VIC



**4% of the portfolio's Gross Income**



**10.5 yr Weighted Average Lease Term**



*Quality assets in prime freeway location with the opportunity to significantly increase income and capital value through expansion and additional development.*

## Property Details

<b>Location</b>	<b>North:</b> Corner Princes Freeway West & Pousties Road, Avalon. <b>South:</b> Corner Princes Freeway West & Hughes Road, Little River, VIC, 3211
<b>Valuation</b>	\$23,850,000 (30 June 2007)
<b>Classification</b>	Service Centre
<b>Major Tenant</b>	Princes Taj Pty Ltd (BP Reseller)
<b>Land Area</b>	7,277 ha over the 2 allotments
<b>Net Income</b>	\$1,569,546 p.a.
<b>Rent Reviews</b>	Annual increases to the greater of CPI or 3% with the exception of market review (with ratchet) dates being at the commencement of the 11th year and each option term thereafter.
<b>Weighted Average Lease Term</b>	10.5 years

This asset comprises two BP branded service centres constructed in 2002 with frontage to the 6 lane Princes Freeway, approximately 50 km southwest of Melbourne and approximately 23 km northeast of Geelong.

Vic Roads special project division has calculated the average daily traffic in both directions along the Princes Freeway as at 2000 to be 38,500 and projected to be 63,000 by 2021.

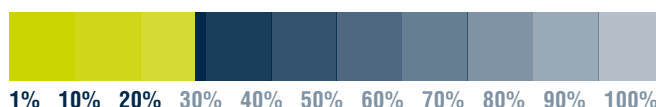
Both sites provide good ingress and egress, plus signage display at 5 km, 2 km and 1 km distances from the service centres and at the entry to each site. In addition, BP illuminated signage has been erected at the front of both sites.

The property also features 4.59 ha of additional land. With more people commuting to Melbourne, the property presents an excellent opportunity to further develop the site to take advantage of the increasing trade at the Service Centres.

# 321 EXHIBITION STREET, MELBOURNE, VIC



**29% of the portfolio's Gross Income**



**2.7 yr Weighted Average Lease Term**



*Purchased with significant capital allowances for re-leasing and refurbishment, this A-grade asset offers excellent features in an area of the CBD which has traditionally enjoyed very low vacancy levels, and is well positioned to benefit strongly from the anticipated growth in Melbourne CBD rentals.*

## Property Details

Location	321 Exhibition Street, Melbourne, VIC, 3000
Valuation	\$123,500,000 (30 June 2007)
Classification	Commercial Office
Major Tenant	Australian Postal Corporation
Land Area	2,914 sqm
Net Lettable Area	30,995 sqm
Net Income	\$9,182,289 p.a.
Rent Reviews	Ranging from 4% to 5% p.a. fixed
Weighted Average Lease Term	2.7 years

321 Exhibition Street is an A-grade commercial office building located in the popular north-east corner of the Melbourne CBD.

321 Exhibition Street is a high quality asset with an attractive façade, large floor plates and quality building services. The property is situated on a prominent corner at the CBD's entry point from Carlton, Fitzroy and Collingwood in a location that has become increasingly popular over recent years as evidenced by new construction and a low vacancy rate.

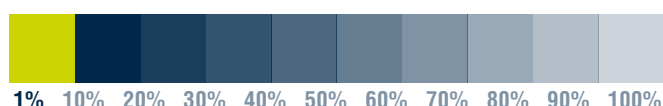
321 Exhibition Street was constructed in 1990 and provides modern office accommodation over 20 levels consisting of a net lettable area of approximately 31,000 sqm. Large floor plates allow for whole floor occupation or potential subdivision.

The floors all enjoy excellent natural light and are serviced by 10 passenger lifts and a goods lift.

# THE FORUM PROPERTIES, SURFERS PARADISE, QLD



**8% of the portfolio's Gross Income**



**4.2 yr Weighted Average Lease Term**



*Substantial asset in the heart of the Gold Coast retail precinct, with high yield and the opportunity to participate in upside, without development risk.*

## Property Details

Location	26 Orchid Avenue & 3171 Surfers Paradise Boulevard, Surfers Paradise, QLD, 4217
Valuation	\$38,000,000 (June 2006)
Classification	Office/ Retail
Major Tenant	Rozendale Pty Ltd (a subsidiary of Raptis Group Limited)
Land Area	4,074 sqm
Net Lettable Area	7,506 sqm
Net Income	\$3,230,000 p.a.
Rent Reviews	4% p.a. fixed
Weighted Average Lease Term	4.2 years

Located in the heart of Surfers Paradise, these buildings form a substantial land holding in the CBD of one of Australia's fastest growing cities.

Strategically located with dual frontage to the Gold Coast Highway and Orchid Avenue in central Surfers Paradise, the buildings are linked via a connecting retail arcade and are minutes from Surfers Paradise Beach.

The buildings comprise a total of 43 tenancies with a combination of retail, entertainment and commercial tenants providing a solid income and diverse tenant mix.

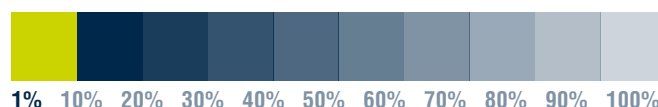
The assets also present a significant value-add opportunity for the Fund, with their location being a highly desirable site for future redevelopment.

The head lease on both properties is to Rozendale Pty Ltd, a related body corporate of ASX listed developer, Raptis Group Limited. Under a put and call option between Rozendale and the Fund, Rozendale may acquire the properties from the Fund at a premium to the purchase price. Under the option the Fund will share in any value created by Rozendale as a result of any development approval which Rozendale successfully secures from the Gold Coast City Council. For further details on the arrangement with Rozendale see Part 10.9, page 46.

# 43 BRIDGE STREET, HURSTVILLE, NSW



## 9% of the portfolio's Gross Income



## 4.1 yr Weighted Average Lease Term



*Significant property in its market, with government lease to 2012.*

### Property Details

Location	43 Bridge Street, Hurstville, NSW, 2220
Valuation	\$40,000,000 (30 June 2007)
Classification	Commercial Office
Major Tenant	NSW Department of Environment & Conservation
Land Area	4,126 sqm
Net Lettable Area	9,677 sqm
Net Income	\$3,032,088 p.a.
Rent Reviews	3% annual increases
Weighted Average Lease Term	4.1 years

43 Bridge Street is located in Hurstville's commercial market which is a sub-regional centre within the middle ring of Sydney's southern/south western suburbs situated approximately 20 km from Sydney CBD and is classed as a significant commercial centre.

The fully leased property comprises ground floor retail, nine upper levels of office accommodation and two levels of basement car parking for 164 cars.

The property features excellent natural light with district views to the north and south over most levels. The building's large floor plates make it very suitable accommodation for larger tenants.

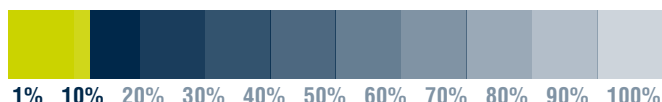
The building's prominent location and height makes it attractive to telecommunications businesses as a hub for their transmission equipment.

The Department of Environment & Conservation occupies approximately 87% of the building under a lease to 2012.

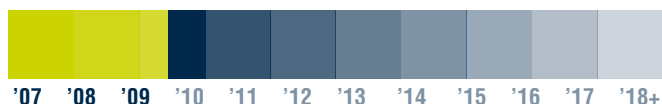
# HOMEBASE BULKY GOODS CENTRE, PROSPECT, NSW



**13% of the portfolio's Gross Income**



**2.5 yr Weighted Average Lease Term**



*Significant bulky goods asset with reconfiguration and further development potential.*

## Property Details

<b>Location</b>	19 Stoddart Road, Prospect, NSW, 2148
<b>Valuation</b>	\$56,000,000 (30 June 2007)
<b>Classification</b>	Bulky Goods/Retail
<b>Major Tenants</b>	Fantastic Furniture, McDonalds, Freedom Furniture, The Good Guys
<b>Land Area</b>	6.55 ha approx.
<b>Net Lettable Area</b>	25,528 sqm approx.
<b>Net Income</b>	\$4,059,508 p.a.
<b>Weighted Average Lease Term</b>	2.5 years

This major homemaker centre is located approximately 30 km west of Sydney's CBD. The centre provides excellent accessibility being adjacent to the M4 motorway, within the suburb of Prospect, and has a main frontage to Stoddart Road.

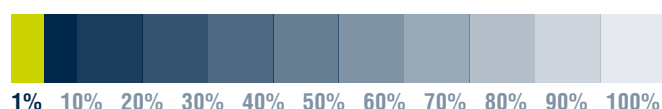
The property is predominately a single level, retail bulky goods centre, which originally commenced trading during 1986 and has undergone refurbishment and/or extension programs during 1989 & 1994. Parking facilities are provided for approximately 695 vehicles.

The property's anchor tenants, Fantastic Furniture, Freedom Furniture and The Good Guys are supported by a further 23 well mixed retailers including national traders Decorug, Knebel Kitchens, Ray's Outdoors, Sleeping Giant, Everyday Living, Sleep City, McDonalds Restaurants and Subway.

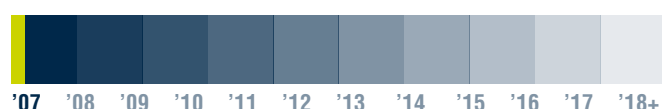
# SMITHFIELD INDUSTRIAL PROPERTY, NSW



## 6% of the portfolio's Gross Income



## 0.3 yr Weighted Average Lease Term



## Refurbishment and repositioning opportunity.

### Property Details

Location	28-54 Percival Road, Smithfield, NSW, 2164
Valuation	\$24,100,000 (26 September 2006)
Classification	Industrial
Major Tenant	Coca Cola Amatil
Land Area	55,170 sqm
Net Lettable Area	26,451 sqm
Net Income	\$2,152,793 p.a.
Weighted Average Lease Term	0.3 years

Located in a well established and popular industrial area in Sydney's south western suburbs the industrial complex at 28 Percival Road, Smithfield, presents multiple opportunities for future re-development while delivering ongoing income from blue-chip tenants.

The property is approximately 25 km from Sydney's CBD near the Cumberland Highway, a major arterial network linking the city's northern and southern suburbs.

The property comprises two warehouse buildings and a corporate office building connected by large awnings. Each warehouse provides excellent truck manoeuvring space and there are approximately 400 parking spaces.

The largest tenant of the property is the publicly-listed Coca-Cola Amatil which occupies 15,285 sqm of warehouse space. Other tenants include Arnotts SBI Limited and Mannaway Transport.

The location of the property combined with the lease profile and flexible zoning under the local town planning scheme provides the opportunity for major redevelopment or resale in the future.

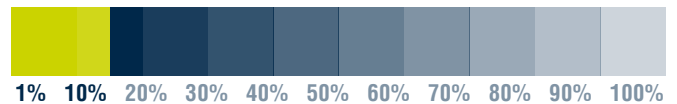
At the date of this PDS the property was under contract for sale at a price of \$26.9 million. The contract is subject to due diligence by the purchaser.

If this sale is completed at the agreed price, the fund is expected to realise a profit of approximately \$1.6 million after selling costs upon settlement.

# LOVETT TOWER, WODEN, ACT



## 16% of the portfolio's Gross Income



## 8.9 yr Weighted Average Lease Term



*Iconic Canberra property with long-term government lease.*

### Property Details

Location	13 Keltie Street, Woden, Canberra, ACT, 2606
Valuation	\$73,500,000 (1 January 2007)
Classification	Commercial Office
Major Tenant	Department of Veterans' Affairs
Land Area	1,258 sqm
Net Lettable Area	20,540 sqm
Net Income	\$5,634,526 p.a.
Rent Reviews	CPI + 1%
Weighted Average Lease Term	8.9 years

With 22 commercial office floors and ground floor retail, Lovett Tower is Canberra's tallest building and is 99% leased to the Department of Veterans Affairs to 2017.

The property is located in the heart of Woden, one of Canberra's busiest centres, and benefits from immediate proximity to Woden Town Square and Westfield Shopping Centre.

The tower is positioned on the northern side of Keltie Street with its eastern boundary abutting Woden Square to the east and enjoys strong district views from the upper commercial levels.

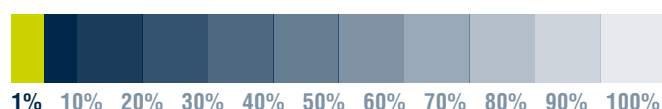
The property presents well with a modern concrete façade with prefabricated concrete panel sun shades, large floor plates, eight lifts and 24 hour security access. There is also an onsite security concierge servicing the tenants and their guests.

Canberra commercial properties with long term government leases are highly sought after, making Lovett Tower a cornerstone asset for the Fund.

# TGA COMPLEX, SYMONSTON, ACT



**6% of the portfolio's Gross Income**



**10 yr Weighted Average Lease Term**



*Unique property with a secure government tenant providing a strong income stream until 2017.*

## Property Details

Location	136 Narrabundah Lane, Symonston, ACT, 2609
Valuation	\$26,033,333 (30 June 2006), 1/3 share
Classification	Commercial Office
Major Tenant	Therapeutic Goods Administration
Land Area	20.449 ha
Net Lettable Area	21,642 sqm
Net Income	\$2,244,712 p.a. on 1/3 share
Rent Reviews	Annual CPI, minimum 3%, Market reviews every 3 years, minimum 3%
Weighted Average Lease Term	10 years

The Fund has contracted to acquire a one third interest in the Cromwell TGA Planned Investment, which owns the TGA building in Canberra. The acquisition is expected to settle in November 2007.

The Therapeutic Goods Administration (TGA) complex consists of two separate buildings on a 20.4 hectare site approximately eight kilometres from the Canberra CBD. The main building is a world class office and laboratory facility.

The TGA complex is leased until 2017 to the Commonwealth of Australia represented by the Therapeutic Goods Administration, which is a unit of the Australian Government Department of Health and Ageing. The TGA carries out a range of assessment and monitoring activities to ensure therapeutic goods available in Australia are of an acceptable standard with the aim of ensuring that the Australian community has access, within a reasonable time, to therapeutic advances.

# THREE INDUSTRIAL PROPERTIES



The Fund has entered into development agreements with Cromwell PacLib Nominees Pty Ltd ("Cromwell/PacLib"), in respect of properties at Erskine Park, NSW, Edinburgh Park, SA and Altona, VIC. Cromwell/PacLib is a joint venture between Cromwell Corporation Limited and PacLib Group Pty Ltd.

Cromwell/PacLib will undertake the subdivision of the Erskine Park and Altona properties and may sell surplus subdivided lots. Cromwell/PacLib will also seek pre-commitments from tenants to lease buildings to be constructed on the properties, and, subject to securing pre-commitments, manage the construction of buildings on the properties.

\* Cromwell/PacLib will pay the Fund a return of 8% per annum on the cost of each property, plus a further amount to ensure a total internal rate of return (IRR) of 12.5% on equity invested by the Fund, from the date of acquisition until the earlier of:

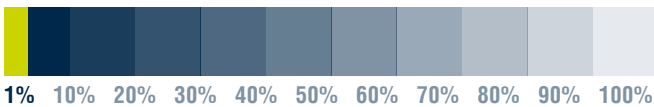
- practical completion of any pre-committed facilities;
- sale of the land; or
- 6 years.

Further details of the development agreements and PacLib Group Pty Ltd are set out in Part 10.10.

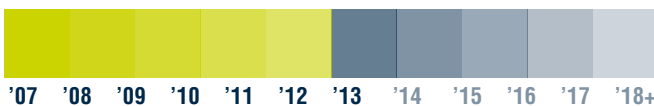
## Altona, Melbourne, VIC

Location	210 - 238 Maidstone Street, Altona, VIC, 3018
Land Valuation	\$15,300,000 - 28 May 2007 as is
Land Area	21.84 ha

### \*3% of the portfolio's Gross Income



### \*6 yr Development Agreement Term



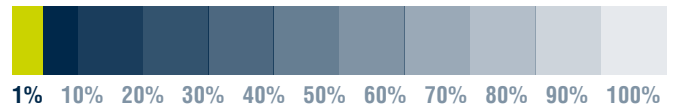
The three industrial properties in Altona, Erskine Park and Edinburgh Park represent a significant value-add proposition for the Fund, with income and return on equity payable by Cromwell/PacLib under the terms of the development agreements.



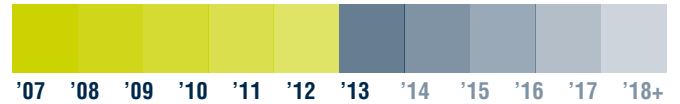
### Erskine Park, Sydney, NSW

Location	Lot 2, Lenore Lane, Erskine Park, NSW, 2759
Land Valuation	\$21,935,000 - 23 October 2006 as is
Land Area	7.62 ha

**\*5% of the portfolio's Gross Income**



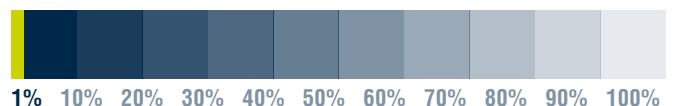
**\*6 yr Development Agreement Term**



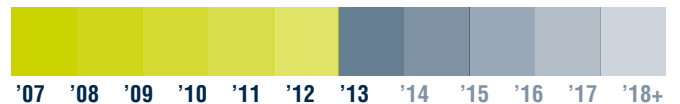
### Edinburgh Park, Adelaide, SA

Location	Lots 203 & 204 Sturton Road, Edinburgh Park, Adelaide, SA, 5111
Land Valuation	\$2,700,000 - 5 June 2007 as is
Land Area	4.50 ha

**\*1% of the portfolio's Gross Income**



**\*6 yr Development Agreement Term**



Source: Google Earth.

# 4. EXPERIENCED FUND MANAGER

## 4.1 Profile

The Cromwell Group is a property investment manager trading on the ASX, and comprises Cromwell Corporation Limited, Cromwell Diversified Property Trust and their respective subsidiaries.

Cromwell Group has a track record of developing high quality, high yielding investment products and delivering growth to investors.

The Cromwell Property Fund is managed by **Cromwell Property Securities Limited**, which is part of the Cromwell Group.

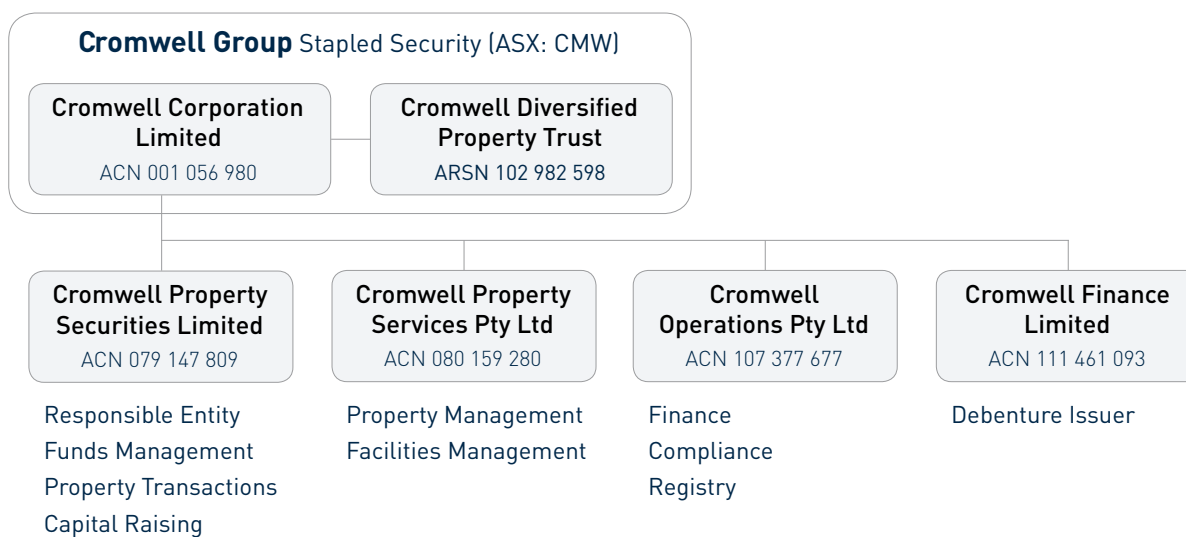
This subsidiary is responsible for the funds management and administration of the Group's investment products and holds an AFS licence (238052) entitling it to act as a responsible entity.

Cromwell's philosophy is to actively manage not just the Fund but also the assets held by the Fund.

The Group's internalised asset and facilities management team is **Cromwell Property Services Pty Ltd**.

This subsidiary holds a corporate real estate licence and performs an ongoing role in managing the property portfolios of the Group.

The team's experience and approach to commercial asset management puts Cromwell at the forefront of the industry and the internalised model creates a seamless link between investors, the Fund, the assets and their tenants. The team's charter is to constantly improve tenant satisfaction, property income returns and capital value.



**PAUL**



**DARYL**



**RICHARD**

## 4.2 Directors and Senior Executives

### **Paul Weightman**

*Executive Chairman*

Paul has practised as a solicitor for more than 20 years, and holds degrees in commerce and law. He has extensive experience in property development and investment, financial structuring, public listings, mergers and acquisitions, revenue matters and joint ventures. Paul has been Cromwell's Chairman since 1998, and has acted as a director of companies in the property, energy and retail sectors.

### **Daryl Wilson**

*Executive Director*

Daryl is a member of the Institute of Chartered Accountants of Australia, and has many years experience in senior finance roles, including the last 8 years with Cromwell. Daryl has led the development of the group's funds management capabilities, and has primary responsibility for the finance and funds management functions. He holds a Bachelor of Commerce and a Diploma of Financial Planning.

### **Richard Foster**

*Executive Director*

Richard is a licensed real estate agent with substantial experience in the real property industry specialising in large-scale property acquisition for most of his professional life. Richard has also been closely involved with the acquisition and marketing of direct property investments valued in excess of \$1.5 billion. He is a founding Director of CPS and has had substantial input to the growth and development of the business and its investment products.

### **Robert Pullar**

*Non-executive Director*

Robert is a Director of the Brisbane based property development company operating in Australia and Asia, Citimark Properties Pty Ltd. He was previously a partner with chartered accounting firm Douglas Heck and Burrell (now known as Pitcher Partners), specialising in property investment, taxation and corporate reorganisation. Robert is a member of the Institute of Chartered Accountants and a Fellow of the Australian Institute of Company Directors.

### **Michelle McKellar**

*Non-executive Director*

Michelle joins Cromwell Group with a wealth of property business and portfolio management experience, having held a number of senior positions with Intro International Limited (now Jen Retail Properties) and CB Richard Ellis throughout Asia-Pacific. She is a Senior Member of the Property and Land Economy Institute and has recently established her own family property company.

### **David Usasz**

*Non-executive Director*

Prior to his appointment to the board of Cromwell Group, David was a 20 year partner with PricewaterhouseCoopers and involved in merger and acquisition advice, accounting and financial consultancy and specialising in corporate re-organisations. He holds a Bachelor of Commerce and is a Fellow of the Institute of Chartered Accountants.



## 4. EXPERIENCED FUND MANAGER – CONTINUED

### **Paul Cronan AM**

*Chief Operations Officer*

In his role as Chief Operations Officer, Paul is principally responsible for the management of the business affairs of Cromwell in accordance with the budget, strategic plan and objectives established by the Chief Executive Officer in consultation with the Board. Paul came to Cromwell after a distinguished career in the Defence Legal Division where he held key legal and management positions in Canberra, Sydney and Washington DC. Paul holds a Master of International Law degree from the University of Sydney and a Bachelor of Laws degree and Graduate Diploma in Legal Practice from the Queensland University of Technology, Brisbane. He was appointed a Member of the Order of Australia in November 2003.

### **Suzanne Morgan**

*Legal Counsel & Company Secretary*

Suzanne is the Company Secretary for the Cromwell Group and is responsible for ensuring the Group operates within an appropriate legal and compliance framework with specific focus on the Group's statutory obligations.

Suzanne was appointed to the role of Company Secretary after joining Cromwell in 2006 as the Group's Corporate Legal Counsel. She has over 10 years experience as an in-house corporate lawyer having worked primarily in the banking and financial services industry.

Suzanne has a Bachelor of Laws and an Associate Diploma in Applied Finance and Investment from the Securities Institute of Australia.

### **Paul McDonnell**

*National Asset Manager*

Paul has 22 years experience in asset management, property management and leasing in commercial, industrial, retail, hotel and residential property. He has worked with property in all states of Australia, as well as in China and the USA. Paul has responsibility for maximising income from all properties. He holds a Bachelor of Economics, Associate Diploma of Business (Real Estate Valuation) and a Post-Graduate Diploma in Applied Economics. He is an Associate of the Australian Property Institute (API) and has had significant involvement with various property industry groups throughout Australia.

### **David Gippel**

*Director, Structured Finance / Treasury*

David is a Director of Cromwell Capital Limited and has over 16 years experience in the banking and finance industry including credit analysis, facility structuring and management, compliance and investor management. David has specialised in structuring and managing a wide range of property and commercial transactions in the Commercial/Corporate Property Finance divisions of organisations including AGC Ltd, Westpac Banking Corporation, QIDC and Suncorp Metway. David has primary responsibility for the Treasury operations of the Fund including arranging, structuring, managing interest rate risk strategy and overall management of all loan facilities of the Fund.



**PAUL C**

**SUZANNE**

**PAUL MC**

**Michael Blake**

*Associate Director, Institutional Markets*

Michael started his working career at AAP Reuters Economic services, managing dealing rooms for major Australian Banks, stockbrokers and corporate treasuries. He joined the funds management industry in 1990 working for the boutique property and mortgage manager Heine, before it was acquired by ING in 1995 where he held the position of National Sales Manager. He went on to hold senior management roles at Zurich and HSBC Asset management before joining Cromwell in May 2004 in the position of Associate Director Institutional Markets. Michael is responsible for managing Cromwell's relationships with national dealer groups, researchers and asset consultants. He holds a Bachelor of Financial Administration degree, a Diploma of Financial Planning and a Masters of Business Administration.

**Melissa McLaughlin**

*Associate Director, Sales and Marketing*

Melissa is responsible for the CPS sales and marketing team. This includes capital raising activities, management of the team's relationships with investors and direct responsibility for financial advisors. Having previously been with Stockbroker Credit Suisse First Boston/First NZ Capital for 5 years, Melissa has had extensive experience in advising potential investors on the fundamentals required when making an investment decision.

Melissa holds a Bachelor of Commerce and Administration and a Bachelor of Science degree from Victoria University of Wellington, and actively participates in the development of new product offerings and business strategies for Cromwell.

**Philip Cowling**

*National Facilities Manager*

Philip is a Chartered Engineer with over 20 years experience in building design facilities and property management in Australia and the United Kingdom. Before joining Cromwell he undertook roles as a consultant working on a range of projects for clients including QIC and was the Queensland State Operations and Facilities Manager for a national service provider. Prior to that, Philip spent nearly 10 years in senior facilities management positions with UK property group Chelsfield Plc. Philip's primary responsibilities include the technical due diligence on acquisitions, the operational and cost management of all properties in the portfolio and the management of new development projects. He holds a Bachelor of Engineering (Hons) Degree and is a registered Chartered Engineer with the Engineering Council, a member of the Chartered Energy Institute, the Royal Chartered Institution of Occupational Safety & Health and a graduate member of the Chartered Institution of Building Services Engineers.

**DAVID****MICHAEL****MELISSA****PHILIP**

# 5. INVESTMENT RISKS & RISK MITIGATION

As with all investments, an investment in the Fund is subject to risks, some of which are outside the control of CPS. If these risks eventuate, they may result in reduced distributions, and/or reduce the capital value of an investment in the Fund.

A potential investor should consider the risks associated with the investment, and their attitude towards potential risks. The risks below are not exhaustive, however CPS considers them to be the key risks associated with an investment in the Fund. Brief summaries have been included on how CPS aims to reduce the impact of the risk factors.

## 5.1 Property Risks

These risks relate to investing in property.

### Property Investment Risk

The acquisition price and ongoing value of properties are influenced by changes in property market conditions (eg increases in supply or falls in demand in any of the property market sectors). There is no guarantee that the Fund will enjoy a capital gain on the sale of any property, that the value of the property will not fall or that distributions will be made.

*CPS aims to manage this risk by undertaking thorough due diligence on all potential property investments and regularly reviewing the ongoing investment performance of each property.*

### Tenancy Risk

The Fund's income is dependent upon tenants paying rent. If there is a change to the rental received by the Fund, this can impact distributions. Factors which may affect the rental income include:

- a tenant failing to fulfil its obligations under its lease;
- a lease not being renewed by the tenant on expiry; and
- a decrease in market rent levels.

*CPS aims to manage this risk through active property management, including regular contact with tenants, strong arrears management procedures and utilising professional leasing agents to actively market any vacancies.*

### Insurance Risk

The performance of the Fund may be adversely affected where losses are incurred due to uninsurable risks, uninsured risks or under-insured risks. An increase in insurance premiums may also affect the performance of the Fund. Further, any failure by the company or companies

providing insurance (or reinsurance) may adversely affect the Fund's ability to make claims under its insurance.

*CPS aims to manage this risk by maintaining insurance cover in respect of properties, and reviewing cover not less than annually.*

### Market Risk

The overall investment performance of the Fund may be affected by changing local, national or global economic and property market conditions.

*CPS aims to manage this risk by continually reviewing and interpreting property and economic forecasts and utilising this research in the selection of potential property assets.*

### Capital Expenditure Risk

Capital expenditure could exceed expectations. This could result in increased funding costs and lower distributions.

*CPS works closely with building and other consultants in an effort to ensure ongoing capital expenditure estimates are accurate.*

### Property contamination risk

The valuation of properties in the Fund, or property income could be adversely affected by:

- discovery of an environmental contamination
- incorrect assessment of costs associated with an environmental contamination.

*CPS undertakes appropriate due diligence checks prior to the acquisition of any property to ensure the chance of any significant pre-existing contamination is minimised.*

### Development Risk

The Fund may be exposed to development risks. These risks may be a result of refurbishment, investment in development proposals, or investment in vehicles that undertake development activities. Development can be risky as it tends to be subject to more external influences over which the Fund has little or no control.

*CPS aims to minimise this risk by ensuring the Fund does not undertake speculative development, and may introduce partners on any development project who will share in the risks and rewards. Development of properties will generally only be undertaken where there is a substantial pre-commitment by a tenant, and the underlying asset is retained as a long-term investment by the Fund. Further, CPS will seek to limit development risk through accurate planning and costing and active management of the development process.*

## 5.2 Fund Risks

These risks relate specifically to the Fund.

### Borrowing Risk

The Fund's borrowing enhances the distribution and potential for capital gain for investors if the properties increase in value, but it will also reduce distributions or increase the potential for capital loss in the event that the property value falls.

The Fund is expected to continue for longer than the term of the loan facilities and there is no guarantee that CPS will be able to refinance the borrowings on maturity. If the borrowings are re-financed the interest rate margin payable may be higher than that applying to the current borrowings.

If there are not sufficient funds to meet the interest payments on the borrowings, the lender may want to enforce its security over the properties and sell one or more of the properties. This could lead to a capital loss.

Increases in variable market interest rates (after any period of fixed interest expires) will increase interest costs which may result in a reduction of the cash distributions of the Fund.

For up to 12 months, the Fund will utilise CFUs to fund acquisition or construction of properties. The CFUs are to be repaid from the proceeds of subscriptions under this offer.

To ensure this occurs, the Fund will require subscriptions of up to \$80 million by 3 July 2008. If this amount is not received within this timeframe, the Fund will be in default under the CFU facility.

*CPS regularly monitors borrowings and seeks refinance terms well in advance of the expiry of existing facilities to minimise the risk of an adverse result on refinancing.*

*CPS undertakes regular monitoring of forecast interest rates, and actively manages interest rate risk through hedging where considered appropriate and cost-effective.*

*CPS will consider an extension of the term of CFUs or the conversion of part or all of the CFUs to units in the event that sufficient funds are not available to repay the facilities.*

### Liquidity Risk

Direct property assets are by their nature illiquid investments. This means it may be difficult for CPS to dispose of assets in a timely manner at an optimal sale price. This could affect the ability of the Fund to satisfy withdrawal requests, and could reduce the Fund's value.

There are limits on the withdrawal facility offered by the Fund, which are detailed in Part 8.5. These may result in any application for withdrawal being deferred, prorated or rejected. CPS may also defer or suspend withdrawals in exceptional circumstances, (refer Part 8.5). These liquidity restrictions have been established to protect the interests of all investors.

*CPS seeks to maintain not less than 6% of net assets in liquid assets, which CPS believes is sufficient to satisfy withdrawal requests in normal market conditions.*

### Counterparty Risk

There is the risk that a counterparty to an agreement described in Section 10 will not perform its obligations under the agreement which may impact negatively on the Fund.

### Litigation Risk

The Fund may be involved in disputes and possible litigation. It is possible that a material dispute could adversely affect the value of the assets or the income of the Fund.

*CPS aims to manage this risk by carefully selecting tenants, undertaking thorough property due diligence and formalising significant agreements with suppliers and other contractors.*

### Manager risk

An investment in the Fund means that an investor is delegating their control over some investment decisions to CPS. How the Fund performs depends largely on the performance of CPS as manager, and the performance of any external service providers.

*CPS has considerable experience as a property funds manager and aims to use this experience to maximise returns for investors.*

### Dilution Risk

The proportional beneficial ownership of an investor in the assets of the Fund will be reduced as the Fund issues units to new investors.

## 5.3 General Risks

These risks relate to a broad range of investments.

### Disaster Risk

Natural phenomena, terrorist attacks or force majeure may damage or destroy the properties. These events could also lead to insurance premiums increasing above levels expected by CPS.

### Economic Factors

The returns on investments are affected by a range of economic factors including changes in interest rates, exchange rates, inflation, government policy (including monetary policy and other laws) and the general state of the domestic and international economies.

### Legal and regulatory risk

Changes in any law (including income tax laws), regulation or government policy could have an impact on the Fund's performance.

# 6. FEES AND EXPENSES

## DID YOU KNOW?

Small differences in both investment performance and fees and costs can have a substantial impact on your long term returns.

For example, total annual fees and costs of 2% of your fund balance rather than 1% could reduce your final return by up to 20% over a 30 year period, (for example, reduce it from \$100,000 to \$80,000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.

You may be able to negotiate to pay lower contribution fees and management costs where applicable. Ask the fund or your financial advisor.

## TO FIND OUT MORE

If you would like to find out more, or see the impact of the fees based on your own circumstances, the Australian Securities and Investments Commission (ASIC) website ([www.fido.asic.gov.au](http://www.fido.asic.gov.au)) has a managed investment fee calculator to help you check out different fee options.

## 6.1 Fees and Other Costs

This table shows fees and other costs that you may be charged. These fees and costs may be deducted from your money, from the returns on your investment or from the Fund assets as a whole. You should read all of the information about fees and costs because it is important to understand their impact on your investment. Taxation information is set out in Part 7 of the PDS.

All fees are shown exclusive of recoverable GST. If CPS or a related party is liable to pay GST on any fees set out in this PDS, CPS is entitled to be reimbursed by the Fund for the GST liability.

Type of Fee or Cost	Amount	How & when paid
<b>Fees when your money moves in or out of the Fund</b>		
Establishment fee: This is the fee to open your investment	Nil	Not applicable
Contribution fee*1: The fee on each amount contributed to your investment	4% of the application amount (eg. \$400 out of every \$10,000 invested)	Fee paid by the Fund to CPS when units are issued. The amount of this fee can be negotiated <sup>2</sup>
Withdrawal fee: The fee on each amount you take out of your investment.	Nil	Not applicable
Termination fee: The fee to close your investment.	Nil	Not applicable

Type of Fee or Cost	Amount	How & when paid
<b>Management Cost<sup>3</sup></b>		
The fees and costs for managing your investment	(i) Expenses estimated to be up to 0.10% p.a. of the Fund's gross asset value (eg. \$10 out of every \$10,000 of gross asset value) These expenses are estimated to be 0.05% of the Fund's gross asset value for the year ending 30 June 2008	<ul style="list-style-type: none"> <li>• Based on the Fund's gross assets.</li> <li>• Payable when incurred. If expenses are initially paid by CPS, CPS is entitled to be reimbursed upon presentation of relevant invoices.</li> </ul>
	(ii) Base annual management fee of up to 0.75% p.a. of the Fund's gross asset value (i.e. \$75 out of every \$10,000 of the Fund's asset value). CPS will accept an annual management fee of up to 0.55% of the Fund's gross asset value until 30 June 2008	<ul style="list-style-type: none"> <li>• Fee is based on the Fund's gross assets.</li> <li>• Payable to CPS monthly in arrears (but calculated and accrued daily)</li> </ul>
	(iii) Performance fee of 20% of outperformance over benchmark <sup>4</sup> , up to maximum of 1% of gross assets p.a. <sup>5</sup>	<ul style="list-style-type: none"> <li>• Calculated based on the Fund's total return performance relative to a benchmark</li> <li>• Based on the Fund's gross assets</li> <li>• Calculated and paid quarterly (if applicable)</li> </ul>
	(iv) Acquisition fee of 3% of the value of property acquired (directly or indirectly) by the Fund <sup>5</sup>	<ul style="list-style-type: none"> <li>• Paid by the Fund, on acquisition of the property asset</li> </ul>
	(v) Removal fee of 3% of gross asset value of the Fund plus any stated fees that CPS has not charged or has deferred over the life of the Fund <sup>5</sup>	<ul style="list-style-type: none"> <li>• Paid by the Fund if CPS is removed as responsible entity of the Fund</li> </ul>
	(vi) Debt arrangement fee of up to 0.35% of the amount of any debt facilities procured or refinanced by CPS for the Fund <sup>5</sup>	<ul style="list-style-type: none"> <li>• Paid by the Fund on drawdown of the debt facility.</li> </ul>
<b>Service Fees</b>		
Switching fee: The fee for changing your investment options	Nil	Not applicable
Advisor service fee: This is the fee for extra advice from your advisor about your investment.	Nil	Not applicable

\* This fee may include an amount payable to an advisor. (Refer Part 6.3.4)

1. See Contribution fee, Part 6.3.2

2. See Wholesale Investors, Part 6.3.4

3. These costs include amounts that we can only estimate, including but not limited to, expenses and performance fees

4. See Performance fee, Part 6.3.1

5. No true estimate or dollar amount of these fees can be provided

## 6. FEES AND EXPENSES – CONTINUED

### 6.2 Example of annual fees and costs

An example of the annual fees and costs that an investor in the Fund may incur over the 12 month period to 30 June 2008 is set out below. This example is based on an investment with a \$50,000 balance on 1 July 2007 and

assumes an additional annual investment of \$5,000 is made on 30 June 2008. What it costs you will depend on the fees you negotiate with the Fund and your advisor.

Type of Fee or Cost	Amount	How & when paid
Contribution fee	4.00%	For every \$5,000 you put into the Fund, the Fund will be charged \$200 <sup>1</sup>
Plus Ongoing Management fees or ICR <sup>2</sup>	2.29%	And for every \$50,000 you have in the Fund you will be charged \$1,145 each year <sup>3</sup>
Equals Cost of Fund		If you put in \$5,000 during a year and your balance was already \$50,000 then for that year you will be charged fees of \$1,345

- <sup>1</sup> This fee may be rebated to you as additional units depending on the fees you negotiate with the Fund (refer Wholesale Investors Part 6.3.4) or your financial advisor.
- <sup>2</sup> Indirect cost ratio (ICR) is a measure of the indirect management costs of investing in the Fund, being those borne by all investors on a proportional basis. The ICR is estimated to be 0.60% p.a. on a gross asset basis and 2.29% p.a. on a net asset basis for the 12 months to 30 June 2008. If the maximum estimated expenses were incurred and the maximum management fee allowed by the Constitution was charged, the ICR would be 0.85% p.a. on a gross asset basis, and 3.26% p.a. on a net asset basis. The net asset basis calculation is based on the expected cash flows into the Fund for the 12 months to 30 June 2008. If the Fund has a greater or lesser number of units on issue, this will result in the ICR being lower or higher.
- <sup>3</sup> This example does not include performance fees, acquisition fees, retirement fees or debt arrangement fees as it is not possible to give a true estimate of these fees.

### 6.3 Additional explanation of fees and costs

These fees and costs are paid indirectly by you in proportion to your investment in the Fund.

#### 6.3.1 Ongoing Management Fees

##### (i) Base Annual Management Fee

The Constitution allows CPS to charge an ongoing annual base management fee of 0.75% p.a. of the Fund's average gross asset value. However for the financial year ending 30 June 2008 CPS will charge a base annual management fee of 0.55% p.a. It is from this fee that ongoing trail commissions will be paid to financial advisors (refer Part 6.3.4).

##### (ii) Annual Administration Costs

The Fund will incur administration costs such as audit costs, custodial fees, compliance committee costs, accounting/tax/legal advice, bank charges, printing and stationery costs, postage and a registry fee. CPS estimates these at a maximum of 0.10% of the Fund's

gross asset value p.a. These expenses are expected to be 0.05% of the Fund's gross asset value for the financial year ending 30 June 2008.

##### (iii) Acquisition Fee

The Constitution of the Fund allows CPS or its related entities to charge an acquisition fee of 3% of the value of Real Property Assets acquired directly or indirectly by the Fund. This fee will be payable on settlement of the acquisitions.

##### (iv) Performance Fee

CPS is entitled to a performance fee of 20% of the outperformance over an acceptable property industry benchmark chosen by CPS. This amount is capped at 1% of the average value of property assets in any 12 month period. This is calculated and will generally be paid quarterly in arrears. Any underperformance will need to be recovered before CPS becomes entitled to any additional performance fee. This is payable to CPS in cash.

## Benchmark Index

The Fund benchmark index for its property assets is initially to be the PCA/IPD Investment Property Index (Australian Composite Property). CPS may change the benchmark index if it reasonably believes that the PCA/IPD Index (or any other index subsequently adopted) is not a fair basis for comparison. The PCA/IPD Index is an appraisal based quarterly index that measures the income, capital and total returns from information supplied on more than 110 individual property funds. The database upon which the index is based tracks over 1,000 property assets, with a value of more than \$65 billion.

## Calculation of Performance Fee

If the Fund exceeds its benchmark index, CPS will be entitled to 20% of the outperformance amount. The outperformance amount is calculated by multiplying the value of the gross direct property assets of the Fund by the outperformance (expressed as a %) of the benchmark. The performance fee is limited to 1% of the gross direct property assets in any 12 months. If the performance fee exceeds the 1% limit, it will accrue until paid in a year when it can be paid within the 1% limit. Any fees deferred to a later period will be payable to CPS immediately should CPS be removed as manager, the Fund terminates, is listed, or if there is a material change of control of the Fund. No performance fees have been paid to, or deferred by CPS during the period to 30 June 2007.

## Performance fee example

If the value of the gross direct property assets of the Fund was \$400 million, and the total performance of the Fund for the quarter exceeded the benchmark return for the quarter by 0.5%, the performance fee payable for the quarter would be \$400,000 calculated as follows:

$$\begin{aligned}\text{Performance Fee} &= \text{Gross direct property assets} \times \\ &\quad \text{20\% of outperformance} \\ &= \$400,000,000 \times 0.5\% \times 20\% \\ &= \$400,000\end{aligned}$$

## (v) Removal fee

This is the fee payable to CPS on removal as responsible entity of the Fund and will be charged at 3% of the gross asset value of the Fund.

This fee can be partially or fully waived at CPS' discretion.

## (vi) Debt Arrangement Fee

CPS or a related party may procure or restructure debt funding for the Fund. CPS will charge a fee for those services at a rate not exceeding 0.35% of the amount of debt procured or restructured.

## 6.3.2 Other Fees & Costs Relating to the Offer

### Contribution Fee

The contribution fee is charged to the Fund at the time of the investment and is built into the Issue Price, and therefore does not affect the number of units issued. For example, if you invest \$10,000 when the Issue Price is \$1.00 then you will receive 10,000 units. The contribution fee of 4% is charged to the Fund by CPS for the initial and every subsequent investment you make in the Fund (eg. \$400 out of every \$10,000 invested).

## 6.3.3 Other fees and costs incurred in the normal course of the Fund's business

### Property Management Fees

CPS intends to manage the property assets but may retain an external property manager to perform some property management functions. CPS has appointed Cromwell Property Services Pty Ltd ("Cromwell Property") a related company, to manage the property assets.

In circumstances where property management fees form part of the outgoings of property assets, they may be recoverable, in full or in part, from tenants under the terms of their leases and there will be no net cost to the Fund.

Cromwell Property will be paid property management fees from the Fund at commercial market rates.

### Leasing Fees

Cromwell Property will receive leasing commissions if it secures new tenants or renews or extends leases with existing tenants for any of the property assets. These fees will be charged at commercial market rates, depending on the size of the area leased, the term of the lease and the conditions of the lease. Where an external agent is retained to introduce new tenants, the external agent will be paid by the Fund at commercial market rates. In such cases, Cromwell Property will limit its fee to the commercial rate for a coordinating agent.

## 6. FEES AND EXPENSES – CONTINUED

### Project Management Fees

Cromwell Property will provide services to the Fund to manage the ongoing property improvement and capital expenditure programme. External project managers are also used from time to time. Services are charged at commercial market rates.

### Selling Fee

Cromwell Property may act as the selling agent of the Fund for a property. Where it or any other related party of CPS is appointed selling agent of a property asset, Cromwell Property will receive a fee of up to 1% of the sale price upon completion of any such sale.

### Registry Management Fee

A related party of CPS will administer and maintain the Fund's register of investors and will charge the Fund registry management fees on a cost recovery basis for the provision of those services.

### Accounting Services Fee

A related party of CPS will keep and maintain the Fund's financial and accounting records and will charge the Fund accounting services fees on a cost recovery basis for the provision of those services.

### Development Fee

Cromwell PacLib Nominees Pty Ltd ("Cromwell/PacLib"), a company related to CPS, has entered into development agreements with the Fund. The agreements relate to the Erskine Park, Altona and Edinburgh Park properties. Further information on the development agreements is provided in Part 10.10. Under the agreements, Cromwell/PacLib has certain obligations, including payment of a return on costs expended by the Fund equivalent to 8% p.a. of total cost. Cromwell/PacLib is entitled to a fee on the sale of any part of the land or on sale or completion of any development, equivalent to sale price/value less a minimum amount of a 12.5% internal rate of return to the Fund on equity employed for the period of its investment.

Cromwell Group's share of the fee to Cromwell/PacLib is 50%. The balance of the fee will be paid to PacLib Group Pty Ltd, an unrelated company.

### Other Service Fees

CPS or a related party may also provide other services to the Fund or the investors in the future such as development or other management services. Should that occur, CPS will charge fees for those services at rates which do not exceed the then current market rates for the services provided.

### 6.3.4 Commissions and Fee Rebates

#### Financial Advisors

CPS pays commissions to appropriately licensed financial advisors who introduce investors. Commissions are paid by CPS from its contribution fee. Upfront commissions will be paid at the rate of 4% + GST of total funds introduced by an advisor, (eg. \$400 plus GST for every \$10,000 invested). In addition, CPS will pay trail commissions to advisors from the proceeds of its ongoing management fee. The level of trail commission is generally 0.25% p.a. + GST of total funds introduced by an advisor, (eg. \$25 p.a. plus GST for every \$10,000 invested). An advisor who receives commission from us is obliged to disclose this amount to their client. Advisors may elect to rebate upfront commissions to investors as additional units. Upfront commissions are payable on DRP investments.

#### Wholesale Investors

CPS may rebate fees to investors who are professional or wholesale client investors under the Corporations Act or to other investors to the extent permitted by Law. Any such payments will be made by CPS out of its contribution fee and may be in the form of additional units. In addition, CPS may elect to rebate a portion of its ongoing management fees to such investors. CPS may also direct the Fund to pay a portion of its ongoing management fees to wholesale client investors.

### 6.3.5 Reimbursement of Costs

In addition to the fees, CPS is also entitled under the Constitution to be reimbursed for all expenses and liabilities which it may incur in connection with the Fund or in performing its obligations or exercising its powers under the Constitution. These expenses include (but are not limited to):

- costs, charges and expenses of establishing the Fund and the Constitution including the preparation, due diligence, registration, promotion and distribution of any disclosure document in respect of the Fund;
- costs, charges and expenses incurred in connection with the acquisition or proposed acquisition of any Assets of the Fund;
- costs, charges and expenses of maintaining and improving any assets of the Fund;
- fees and expenses of the auditors;
- costs, charges and expenses incurred in connection with the borrowing of monies on behalf of the Fund or in connection with the Assets;
- fees and expenses of any approved valuer or other expert employed by the Fund; costs of convening and holding any meeting of investors;
- expenses incurred in connection with the keeping and maintaining of accounting and financial records and registers including the register of Investors;
- fees and expenses of any approved valuer or other agent;
- costs, charges, and expenses and disbursements paid or payable to the Custodian; the fees and expenses of the compliance committee of the Fund;
- fees incurred in arranging finance or refinancing debt; fees and expenses in connection with any audit of the compliance plan; and
- any underwriting fees in respect of the issue of any units or other costs incurred in connection with the issue of units under any offer.

### 6.4 Waiver or deferral of fees

CPS may at its discretion;

- partially or fully waive any fees to which it is entitled; or
- defer its entitlement to fees to which it would otherwise be entitled, and may claim these in the event it is removed as Responsible Entity of the Fund.

As at the date of this PDS, CPS has not deferred its entitlement to any fees.

# 7. TAXATION INFORMATION

The taxation information in this PDS is of a general nature only, and is based on current taxation legislation at the date of this PDS. The following comments should not be regarded as tax advice. Australian income tax laws are subject to change. Tax treatment may vary according to individual circumstances and investors are advised to seek their own tax advice in respect of their investment in the Fund. Tax liabilities are the responsibility of each individual investor and neither the Custodian nor CPS is responsible for taxation or penalties incurred by investors.

## **Taxation of Fund Income**

The Fund is an unlisted Australian resident unit trust. Under current Australian taxation law, the Fund is not expected to be taxed on any income distributed to investors, provided that the Fund limits its activities to investment in commercial property for the purpose of deriving rental income, and other eligible investments in accordance with section 102M of the Income Tax Assessment Act 1936.

Under current legislation the Fund is not able to pass on to investors any taxable losses that are incurred in any financial year. Subject to certain tax requirements, primarily a change of ownership test, the tax losses are carried forward to be offset against future taxable income earned by the Fund. Future issues of units by the Fund may result in the failure of the change of ownership test, with the result that any unused tax losses of the Fund at the time the change of ownership test is failed may be foregone.

Units issued to investors are expected to have a capital gains tax cost base equal to the amount paid for the units by the investor, plus any incidental costs of acquisition. Within the Fund, the assets held by the Fund may have a tax value which is higher or lower than their market value.

## **Tax Deferred Distributions**

A significant proportion of the distributions paid to investors are likely to be Tax Deferred. This is primarily due to tax deductions and allowances legally claimed by the Fund such as building amortisation, depreciation of plant and equipment, capital raising costs and borrowing costs. The amount of distribution which will be Tax Deferred is dependent on a number of factors, and will vary from year to year.

Tax Deferred distributions are not required to be returned as taxable income by the investor in the year they are received, but will reduce the closing tax value (previously referred to as the cost base) of the investors' units in the Fund. As a result, any future capital gain on the disposal of units in the Fund will be increased by the same amount.

Part or all of this capital gain may qualify for concessional tax treatment. For example, an individual investor is entitled to a 50% reduction in a taxable capital gain in certain circumstances.

Should an investor's cost base be reduced to nil by Tax Deferred distributions, any subsequent Tax Deferred distributions will be assessable as a taxable capital gain to the investor. However this is unlikely to happen except for extremely long term investors.

Investors are required to include distributions which are not Tax Deferred in their tax return in the year to which the distributions relate and as a result, income tax is likely to be payable on this amount.

Investors who hold their units in the Fund on revenue account should seek professional advice in relation to the taxation treatment of any tax deferred distribution to them.

### **Timing of income**

Investors must treat distributions as if they received them in the financial year to which the distribution relates. In particular, the distribution for the month of June, which is expected to be paid in July must be included in the financial year ended in that June for the purposes of calculating the assessable amount to be returned by the investor in their tax return.

CPS will forward a tax statement to each investor within 3 months after the end of each financial year, including the details required by investors for inclusion in their tax returns.

### **Distribution reinvestment**

If an investor elects to reinvest distributions as additional units, the non Tax Deferred portion will still be required to be included as assessable income in the investor's tax return.

### **Franked dividends**

Where investors receive a distribution that includes franked dividends, the assessable income will also include the amount of any attached imputation credits. Investors are generally allowed a rebate for these imputation credits against the primary tax liability, subject to certain rules regarding minimum holding periods.

### **Foreign income**

In the event that the Fund was to purchase any foreign properties or invest in any authorised investments offshore, a credit may be allowed for Australian resident investors against their Australian primary tax liability for foreign tax paid on foreign sourced income (including interest and dividends) up to the amount of the Australian tax payable in respect of that foreign income.

### **Non-resident withholding tax**

In the May 2006 Federal Budget, the Federal Government announced a new measure to apply to all Australian managed funds and custodians with respect to the withholding of Australian income tax on distributions of net income to non-residents. The announcement was that all Australian managed funds and custodians would have to withhold tax at the Australian company tax rate (currently being 30%) for income distributed to non-residents, regardless of the identity of the non-resident (other than for dividends, interest or royalties).

A Bill was recently passed which, amongst other measures, introduced the 30% withholding tax on payments of income of a managed investment scheme to non-resident investors.

Any non-resident investors affected by this measure will be able to lodge an Australian income tax return and claim a credit for the Australian tax withheld.

Non-residents and those who invest via corporate structures should seek professional advice in relation to the taxation treatment of their investment.

### **Tax File Number ("TFN") and Australian Business Number ("ABN")**

Investors are requested as part of the application process to supply a TFN, exemption code or ABN. This information is not mandatory, however if it is not provided, withholding tax is required to be deducted from taxable distributions at the highest marginal tax rate plus the Medicare levy (currently 46.5%).

# 8. APPLICATIONS AND WITHDRAWALS

## 8.1 Minimum & Maximum Investment

Applications for new investors must be for a minimum of \$10,000 ("minimum application"). An investment greater than the minimum application may be made by an investor, but only in additional investments of \$1,000. CPS may waive the minimum application or additional investments in its absolute discretion.

No investor may hold more than 20% of the units on issue in the Fund at any given time, although this may be waived by CPS in its absolute discretion.

## 8.2 Applications

An application form is included in this PDS for new investors. Application forms and accompanying cheques may be lodged with CPS at any time after the issue of this PDS. The offer will remain open until expiry of the PDS, replacement of the PDS or it is closed earlier by CPS in its absolute discretion.

An additional application form is also included in Part 13 of this PDS for investors who have previously applied for and been issued units in the Fund and who subsequently wish to apply for additional units in the Fund under this PDS.

## 8.3 Interest on Application Monies

Application monies will be held in an account which complies with the Corporations Act until units are issued or applications are rejected. Interest earned on the application monies will be paid to investors and unsuccessful applicants.

## 8.4 Cooling-Off Period

Investors, other than those who invest as wholesale investors under the Corporations Act, are entitled to a 14 day cooling-off period during which they may cancel their investment by notification to CPS in writing (by letter or fax) including the investor's signature. The 14 day period commences on the issue of the units and ends on the later of receipt by the investor of initial confirmation of investment or 5 business days after units are issued.

IDPS investors do not have any cooling-off rights under this PDS.

Investors who elect to cancel their investment during the cooling-off period will bear any fluctuations in the unit price and CPS may deduct costs and taxes that relate to their investment and the exercise of their cooling-off rights to the extent permitted in the Corporations Regulations.

The cooling-off period does not apply to investments made under the DRP. The right to the cooling-off period also terminates once an investor has chosen to withdraw part of an investment.

## 8.5 Limited Monthly Withdrawal Facility

Under the Constitution, CPS is allowed up to 365 days in which to meet any withdrawal request at the Withdrawal Price as set out in Part 2.4. However, provided the Fund has sufficient available funds to do so, subject to the limitations set out below, CPS operates a monthly withdrawal system under which it will aim to meet any valid withdrawal requests lodged on or before the last day of a month within 15 days of the end of that month. Investors should be aware that the Withdrawal Price will be determined at the time of payment and not when the request is lodged.

If the amount required to meet the withdrawal requests received in any one month represents more than 0.5% of the net asset value of the Fund as at the first business day of that month ("the available funds"), CPS will meet the withdrawal request for that month in part, by allocating the available funds in proportion to the value of the investment represented by each request. As a result, each investor who has lodged a withdrawal request for the month would have some of the investment repaid and the remaining investment would be carried forward as if a fresh request were made to withdraw it in the following month. The remaining investment would be subject to the same rules.

Example: If the net asset value of the Fund was \$130 million at the first business day of the month, an amount of up to \$650,000 would be available to satisfy withdrawal requests for that month. If all the withdrawal requests for the month totalled \$750,000 and within that amount a particular investor had applied to withdraw \$90,000, that investor would be repaid an amount of \$78,000 on a pro-rata basis (being  $\$70,000 \times \$650,000 / \$750,000$ ). The balance would be carried forward until the next month.

Furthermore, where the value of any investment is less than \$10,000, CPS reserves the right to redeem the investment in its absolute discretion. In any particular month, depending on available funds, it also reserves the right to meet withdrawal requests representing more than 0.5% of the net asset value of the Fund.

Under the Corporations Act, CPS must ensure that investors in the Fund are not unfairly treated by any withdrawals that the Fund allows. As a result of this, CPS may vary the conditions of the withdrawal facility at any time to ensure that all investors are treated fairly.

CPS may defer or suspend withdrawals in exceptional circumstances. Such circumstances would include the disadvantaging of other investors, the potential breach of debt covenants, or the inability of the Fund to liquidate necessary investments.

In addition to the withdrawal facility outlined above, CPS may offer further withdrawal rights to investors from time to time at its discretion. Any such withdrawal offer will be made in accordance with the Constitution and withdrawal policy of the Fund in force from time to time.

## 8.6 Sale or Transfer of Units

Investors may sell or transfer their units in the Fund if they first obtain the consent of CPS (such consent not to be unreasonably withheld) and only in accordance with the provisions of the Constitution, including for example requirements that the transferee agrees to be bound by the provisions of the Constitution, and that a stamped transfer of the units be delivered to CPS.

Under the Constitution, an investor may not subscribe for or acquire units in the Fund if as a result of the subscription or acquisition, the investor and its associates as defined in the Constitution become entitled to more than 20% of the units on issue in the Fund. This may be waived by CPS in its absolute discretion.

CPS may in its absolute discretion decline to allot or register any transfer or transmission of any units if in its opinion the allotment or registration would or might result in the contravention of the relevant provisions of the Constitution.

Where CPS is satisfied that an investor has received or acquired units in such circumstances, it may require the investor to dispose of the units, prohibit the exercise of any voting rights or cause the units to be sold and to that end may appoint a person to execute any transfer to give effect to the sale.

## 8.7 Transmission of Units

Where a joint holder of units dies, the surviving joint holder will be recognised as having title to the units. A process is also set out for the transmission of units from a deceased person to another who has become legally entitled to the units.

## 8.8 Unit Pricing Permitted Discretions Policy

CPS may exercise certain discretions that could affect the price of units on application or withdrawal. The types of discretions exercised, in what circumstances, policies on how CPS exercises the discretions and the reasons why CPS consider our policies are reasonable, are set out in our Unit Pricing Permitted Discretions Policy ("Policy"). If CPS exercises a discretion in a way that departs from our Policy, we are required to keep a record of this in a Register of Exceptions ("Register"). You can obtain a copy of the Policy or Register free of charge by calling us on 1800 334 533.

## 8.9 Anti-Money Laundering and Counter Terrorism Financing

In making the offer contained in the PDS and in operating the Fund, CPS is required to comply with the Anti-Money Laundering and Counter Terrorism Financing Act (AML/CTF Law). This means that CPS may need to obtain additional identification information when investors purchase units in the Fund and undertake transactions in relation to their investment.

CPS may need to identify:

- an investor prior to purchasing units. CPS will not issue units until all relevant information has been received and the potential investor's identity has been satisfactorily verified;
- an investor's estate - if an investor dies while they are the owner of units, CPS may need to identify the legal personal representative prior to redeeming units or transferring ownership; and
- anyone acting on an investor's behalf, including a power of attorney.

In some circumstances, CPS may need to re-verify this information.

By applying to invest in the Fund, investors also acknowledge that CPS may decide to delay or refuse any request for any transaction if it is concerned that the request or transaction may breach any obligation, or cause CPS or any entity in the Cromwell Group to commit or participate in an offence under any AML/CTF Law, and no entity in the Cromwell Group will incur any liability to any investor if it does so.

# 9. INVESTMENT SERVICES

## 9.1 Customer Service and Enquiries

If investors wish to make an enquiry about an investment in the Fund or the Fund's activities they may contact CPS at any time between 8:30 am and 5:00 pm, Brisbane time, weekdays from anywhere in Australia by calling 1800 334 533. Alternatively, CPS can be contacted:

*By facsimile on:* (07) 3225 7788

*By e-mail to:* invest@cromwell.com.au

*Or in writing to:* Cromwell Property Securities Limited  
GPO Box 1093  
Brisbane, QLD 4001

## 9.2 Communicating with Investors

### Reporting

Investors will receive the following communications from CPS, unless they elect otherwise:

- an investment confirmation on receipt of each application form and subscription;
- quarterly investment statements detailing their investment, and any distributions credited or paid;
- quarterly investment newsletters detailing the performance and activities of the Fund;
- an annual financial report of the Fund by 30 September in each year; and
- an annual tax statement detailing information required for inclusion in the investors income tax return.

### Enhanced Disclosure Securities

Units in the Fund are 'ED Securities' under the Corporations Act, and consequently the Fund is a 'disclosing entity'.

As a disclosing entity, the Fund is subject to regular reporting and disclosure obligations. Copies of documents lodged with ASIC in relation to the Fund may be obtained from, or inspected at, an ASIC office. When prepared, investors will be entitled to obtain a copy of the following documents:

- the annual financial report most recently lodged with ASIC by the Fund;
- any half year financial report lodged with ASIC by the Fund after the lodgement of the annual financial report and before the date of the PDS; and
- any continuous disclosure notices given by the Fund after the lodgement of that annual report and before the date of the PDS.

## 9.3 Complaints Handling

The Constitution has established a procedure for the Directors of CPS to receive, consider, investigate and respond to complaints by investors who are dissatisfied with the management or administration of the Fund.

CPS must on receipt of a written notice of dispute from an investor, reply within 7 business days acknowledging receipt of the notice of dispute. The dispute resolution officer is required to immediately investigate the complaint and within 30 business days of receipt of the notice of dispute finalise the investigation and report in writing to the investor on the result of the investigation.

The investor shall have 30 business days from receipt of the report of the dispute resolution officer to refer the matter to the compliance committee, which must convene a meeting at which the investor may be present, within 21 business days to consider the dispute. The committee will make a decision in respect of the complaint within 14 business days of the meeting and communicate its decision to the investor within 21 business days of the hearing.

If the investor is dissatisfied with the compliance committee's decision, the investor may refer the complaint to the external complaints resolution scheme of which CPS is a member at the address set out below:

**Financial Industry Complaints Service**  
PO Box 579 Collins Street, West Melbourne, VIC 8007  
Telephone: 1300 780 808  
Facsimile: (03) 9621 2291

If investors wish to make a complaint they should write to:

**The Dispute Resolution Officer**  
Cromwell Property Securities Limited  
GPO Box 1093 Brisbane, QLD 4001  
Facsimile: (07) 3225 7788

## 9.4 Privacy Statement

The Cromwell group of companies, which includes CPS, complies with the Privacy Act 1988 and is bound by the National Privacy Principles governing the handling of personal information.

Cromwell has adopted a Privacy Policy which can be obtained from Cromwell's website or from its privacy officer. This Privacy Statement summarises Cromwell's information handling practices, which are detailed in its Privacy Policy.

Information collected by CPS is used primarily to enable CPS to record and maintain relevant details about investors, service providers and others it deals with, to facilitate payments, to enable corporate communications and to promote Cromwell's products and services.

Cromwell makes reasonable efforts to ensure the confidentiality and security of records covering personal information.

Cromwell has appointed a privacy officer who is responsible for the management of Cromwell's Privacy Policy and procedures and is the contact person in relation to privacy issues.

Further information can be obtained by contacting:

**The Privacy Officer**

**Cromwell Corporation Limited (ABN: 44 001 056 980)**

**Telephone: 1800 334 533 or (07) 3225 7777**

**Facsimile: (07) 3225 7788**

**Email: [cromwell@cromwell.com.au](mailto:cromwell@cromwell.com.au)**

*“The Cromwell Client Service Team is here to help you. We’re an experienced team with an intricate knowledge of the Fund and importantly the properties held by the Fund. If you have any questions just call 1800 334 533.”*



**EMILY**

**ANNA**

**TRACEY**

**PETER**

# 10. ADDITIONAL INFORMATION

## 10.1 Constitution

The Constitution, this PDS, the Corporations Act and other laws such as the general law relating to trusts govern the relationship between the investors and CPS.

A number of the provisions of the Constitution have been dealt with elsewhere in this PDS. Other important provisions of the Constitution are set out below. You can inspect a copy of the Constitution at our head office or can request a copy by contacting us on our Investor Freephone number 1800 334 533.

### Formation, Duration and Purpose of Fund

The Constitution establishes the managed investment scheme known as the Cromwell Property Fund, which shall operate for 80 years less 1 day from the commencement of the Fund unless terminated earlier in accordance with the Constitution.

### The Responsible Entity

The Constitution sets out the basis upon which CPS is appointed responsible entity of the Fund. The responsible entity or the appointed custodian holds the assets of the Fund at all times on trust for the investors subject to the provisions of the Constitution and the Corporations Act.

### Your rights and obligations

Generally the Constitution:

- defines your rights to withdraw from the Fund;
- defines what you are entitled to receive when you withdraw from the Fund;
- defines when the Fund may be wound up and what you are entitled to receive on winding up;
- states that your liability is generally limited to the amount, if any, which remains unpaid on your units, however higher courts are yet to determine the effectiveness of these types of provisions; and
- states the quorum required for unitholder meetings.

### CPS's rights and obligations as responsible entity

In relation to CPS's powers, duties and liabilities as responsible entity of the Fund, the Constitution:

- allows CPS to refuse applications for units, in whole or in part, at CPS's discretion and without giving reasons;
- allows CPS to set a minimum investment to be made in the Fund;
- provides that CPS has 365 days to satisfy withdrawal requests;

- provides that CPS may formulate and vary the withdrawal policy from time to time;
- provides that, unless the Corporations Act imposes liability, CPS is not liable in contract, tort or otherwise to unitholders for any loss suffered in any way relating to the Fund; and
- allows CPS to change the Constitution, but only with unitholder's approval if the change would adversely affect the rights of unitholders.

## 10.2 Compliance Plan

The compliance plan outlines the principles and procedures which CPS intends to follow to ensure that it complies in all respects with the provisions of the Corporations Act, ASIC policy and the Constitution.

The Compliance Committee oversees the procedures to comply with the compliance plan, the Constitution and the Corporations Act.

## 10.3 Custody Agreement

The custodian is an independent party which holds the assets of the Fund as an agent for CPS.

Trust Company Limited has been appointed by CPS as custodian of the Fund, ("the Custodian"). Trust Company Limited is a public company listed on the ASX (ASX code: TRU).

## 10.4 Corporations Act

The Corporations Act provides further rights. In short, you have the right to:

- receive an investment confirmation;
- receive distributions of income proportionate to your investment;
- receive regular reports and accounts;
- have CPS and the Custodian perform their duties diligently in a proper and efficient manner;
- request the convening of meetings and vote at meetings;
- have the Custodian or CPS removed under the terms of the Constitution; and
- sell or transfer your units.

## 10.5 Investing through an IDPS

CPS authorises the use of this PDS as disclosure to clients and prospective clients and prospective clients of investor directed portfolio services ("IDPS").

Investors who invest in the Fund through an IDPS need to be aware that the IDPS operator or custodian and not the investor will be the investor in the Fund and will enjoy the investors' rights. Accordingly, certain investors' rights in the Fund will not apply to those investors including the right to receive reports from CPS, to attend meetings and to make complaints. The IDPS operator or custodian will determine whether to exercise those rights on behalf of the investors who should read the PDS in that context.

## 10.6 Labour Standards and Environmental, Social or Ethical Considerations

CPS does not explicitly take labour standards and environmental, social or ethical considerations into account in the selection of Real Property Assets for the Fund. However, it is possible that a property could require remediation for environmental issues and this would generally be factored into any decision to buy, sell or retain a property.

## 10.7 Disclosure of Interests

No expert or any firm in which any expert is a partner has any interest in the offer under the PDS and no amounts have been paid or agreed to be paid to any expert or any firm in which they are a partner, for services rendered by the expert or the firm in connection with the offer under this PDS.

## 10.8 Interests and Fees of Other Parties

Other than as set out below or elsewhere in the PDS, no director of CPS or any person named in the PDS as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of the PDS has within the 2 year period prior to the date of this PDS, had an interest in the promotion of the Fund and no amounts, whether in cash or shares or otherwise, have been paid or agreed to be paid to any director or proposed director either to induce him to become, or to qualify as, a director, or otherwise for services rendered in connection with the promotion of the Fund.

### Trust Company Limited

Trust Company Limited ("Trust Company") has given its consent to be named in the PDS in the form and context in which it is named and has not withdrawn its consent prior to the date of this PDS. Trust Company will be paid an initial fee of \$2,500 for each property acquired by the Fund and \$1,000 for each property sold by the Fund. Trust Company will also receive annual fees for the performance of its role as custodian. Based on the gross asset value of the Fund of \$417 million outlined in the financial information in Part 1, the annual fee payable to Trust Company will be approximately \$52,125. Trust Company is not the issuer or promoter of the offer and is not responsible for any content of this PDS. Additional fees will be payable above this amount as additional assets are acquired by the Fund.

### Minter Ellison Lawyers

Minter Ellison Lawyers (Minter Ellison) has given, and has not withdrawn before the date of this PDS, its consent to be named in the PDS in the form and context in which it is named. Minter Ellison has not made any statement in this PDS and to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any statements in or omissions from this PDS, other than the reference to its name.

### Directors of CPS

Entities associated with the directors hold stapled securities in Cromwell Group of which CPS is a wholly-owned subsidiary. The directors will benefit indirectly from any profit generated by CPS from promoting and managing the Fund.

# 10. ADDITIONAL INFORMATION – CONTINUED

## 10.9 Forum Properties Arrangement

### Lease

Rozendale Pty Ltd, which is part of the Raptis Group has entered into a lease over the Forum Properties. Raptis Group is listed on ASX (ASX Code RPG). The lease is for a period of 5 years from 6 September 2006 at a commencing rent of \$3,230,000 p.a., with annual 4% rent increases. The lessee is required to pay all outgoings of the property, is responsible for the ongoing repair and maintenance of the property and must carry out specified capital improvements when required. The lease operates as a concurrent head lease over all other existing leases and occupancy arrangements for the properties. Any new leases negotiated during the term must be structured as sub leases.

During the term of the lease, Rozendale Pty Ltd is required to propose and apply for a development permit for a material change of use for the Forum Properties. The Fund will not have any active role in making this application. The proposed development must be approved by the Fund acting reasonably. The application must be made within a timeframe which maximises the chance that the approvals will be obtained during the term of the lease. The obligations of the lessee are guaranteed by Raptis Group Ltd.

### Put and Call Option

The Fund has entered into a put and call option over the Forum properties with Rozendale Pty Ltd.

The call option may be exercised by Rozendale Pty Ltd between August 2009 and March 2011. The exercise of the call option requires that a valuation has been obtained for the property on the basis that approvals for a material change of use are in place. The sale price of the Forum Properties under the call option is calculated in accordance with a formula which provides for a sale price being the greater of:

- the minimum Call Option Price; and
- \$40,280,000 plus 15% of the amount by which the valuations exceeds this figure.

The minimum Call Option Price means the greater of:

- \$41,730,000 ; and
- \$42,210,000 less a discount of \$20,000 for every month prior to the lease expiry the call option is exercised.

The Fund can exercise the put option to require Rozendale Pty Ltd to buy the Forum Properties following the expiry of the call option and up until 1 month prior to the expiry of the lease. In this case, the purchase price is \$42,210,000.

Either party is permitted to exercise its option immediately on termination of the lease. Neither party is compelled to exercise either the put or call options, and it is possible that neither option will be exercised.

The obligations of Rozendale Pty Ltd under the put and call option are guaranteed by Raptis Group Ltd.

## 10.10 Industrial Properties Agreements

### About PacLib

PacLib Group Pty Ltd (PacLib) is one of the major privately owned industrial developers in New South Wales. PacLib has been involved in industrial development and constructions in Sydney for 30 years. They focus on the industrial 'pre-commit' market, providing a complete turnkey development service to leading Australian and global companies. PacLib specialises in providing the complete package in house. These services are delivered by different companies in the Group.

### PacLib Industrial

At the date of this PDS, PacLib, individually or with joint venture partners, controls 227 hectares of industrial land in the greater Sydney region, placing them in a unique position to leverage market opportunities. PacLib Industrial encompasses every development discipline from design to delivery of the projects.

### PacLib Management

PacLib Management is an experienced project management team with the skills to coordinate and manage every aspect of the project's assessment, planning, budgeting, statutory approvals, design and construction.

### Whitehorse Constructions

Whitehorse Constructions specialises in industrial construction and commercial fit-out works.

### PacDirt

PacDirt provides civil engineering and earthworks operations exclusively for PacLib projects. PacDirt has specialised staff and machinery utilising the latest technology.

## Development Agreements

The Fund has entered into Development Agreements with Cromwell PacLib Nominees Pty Ltd ("Cromwell/PacLib") as nominee of a Cromwell/PacLib joint venture. The agreements are in relation to the Erskine Park, Edinburgh Park and Altona properties, and similar to one executed previously, and very successfully, with Cromwell Diversified Property Trust over land at Bundall on the Gold Coast.

The agreements are intended to facilitate development of pre-committed industrial facilities which the Fund can then retain as long-term investments.

Under the terms of Development Agreements:

- Cromwell/PacLib will undertake the subdivision of the Erskine Park and Altona properties and may sell surplus subdivided lots;
- Cromwell/PacLib will actively seek to obtain pre-commitments to lease buildings to be constructed on any of the properties and, subject to securing pre-commitments, manage the construction of buildings on the properties;
- The Fund will pay the development costs of the properties;
- Cromwell/PacLib will pay the Fund an amount equivalent to 8% per annum of the Fund's total costs of each property from the date of acquisition until the earlier of:
  - practical completion of any pre-committed facility; or
  - sale of the land or part of the land; or
  - 6 years.
- The Fund will also receive sufficient proceeds on the earlier of sale of land or part of the land, practical completion of any pre-committed facility or 6 years, to ensure that the internal rate of return (IRR) on equity employed by the Fund is 12.5%. Any balance will be paid to Cromwell/PacLib.

# 11. GLOSSARY OF TERMS

<b>ASX</b>	Means the Australian Securities Exchange Limited.
<b>Forum Properties</b>	Refers to the 2 adjoining properties (Forum: 26 Orchid Avenue, Surfers Paradise and Paradise Avenue: 3171 Surfers Paradise Boulevard, Surfers Paradise).
<b>GST Law</b>	A New Tax System (Goods and Services Tax) Act 1999 and any subsidiary legislation made pursuant to that Act.
<b>Indirect Cost Ratio (ICR)</b>	The sum of the management fees and Fund administration costs payable divided by the average value of the assets of the Fund over the period.
<b>Tax Deferred</b>	The portion of distributions received by investors which is not required to be declared as taxable income in the year in which it is received. Such amounts reduce the investor's capital gains tax cost base for the units and may be subject to tax in later years in full or in part.
<b>Weighted Average Lease Term</b>	The sum of the passing gross rentals for each tenancy which forms part of the PDS properties, multiplied by the remaining term (in years) of those tenancies, with the resulting product divided by the total gross rentals from the PDS Properties.

The following terms have the special meanings given to them in this PDS on the pages indicated:

<b>Business days</b>	refers to Queensland business days
<b>CFUs</b>	refer page 8
<b>CPS</b>	refer page 1
<b>Issue Price</b>	refer page 12
<b>The Custodian</b>	refer page 44
<b>The Fund</b>	refer page 2
<b>Withdrawal Price</b>	refer page 12



## **12. INSTRUCTIONS TO APPLICANTS ▶**

# 12. INSTRUCTIONS TO APPLICANTS

For an application to be considered, it must be returned with a cheque for the proposed investment amount. Cheques should be either Australian bank cheques or drawn on an Australian domiciled account in the name of the applicant.

You are requested to provide your TFN, ABN or exemption code to ensure tax is not deducted from the distributions paid.

You are required to provide your bank account details for payment of distributions if income is not reinvested.

CPS has the sole discretion whether to accept or reject an application. If your application is rejected, wholly or in part, then CPS will notify you in writing and return the relevant application monies, together with accrued interest, within 10 business days of your receiving a notice of rejection.

By sending a completed application form to CPS, you are making an offer to become an investor in the Fund and you are agreeing to be legally bound by the Constitution and the terms of this PDS. A summary of the Constitution is included at Part 10.1 of this PDS.

## GREEN FORM Investment Application Form

To apply to become an investor in the Fund, you need to complete the green application form attached to this PDS.

## YELLOW FORM Additional Units Application Form

If you are an existing investor and wish to apply for additional units in the Fund, you need to complete the yellow Additional Units Application Form.

## Correct format of Registerable Titles

Only legal entities are allowed to hold units in the Fund. Applications must be in the name(s) of natural person(s), companies or other legal entities acceptable to the Fund. At least one full given name and the surname are required for each natural person. The name of the beneficiary or any other non-registerable name may be included by way of an account designation if completed exactly as described in the example of correct forms of registerable title shown below.

Type of Investor	Correct format of Registerable Name	Incorrect format
<b>Individual</b> Use given names, not initials.	John Alfred Smith	J-A-Smith
<b>Company</b> Use company name, not abbreviations. Director(s) names <b>must</b> be completed within the Applicant(s) Details section	ABC Pty Ltd	ABC P/L or ABC Co
<b>Trust</b> Use trustee(s) names	Sue Smith	Sue-Smith-Family-Trust
Use name of the trust in the account designator section	Sue Smith Family Trust	Sue-Smith
<b>Superannuation Funds</b> Use name of trustee of fund	Jane Smith Pty Ltd	Jane-Smith-Super-Fund
Use name of fund in the account designator section	Jane Smith Super Fund	Jane-Smith-Pty-Ltd
<b>Deceased Estates<sup>1</sup></b> Use executor(s) names	Sue Lennon	Estate-of-the-Late-Jon-Lennon
Use name of the deceased in the account designator section	Estate of the Late Jon Lennon	
<b>A Minor (less than 18 years old)<sup>2</sup></b> Use Trustee(s) personal names	Sue Smith	Junior-Smith
Use name of the Minor in the account designator section	Junior Smith	Sue-Smith

1. A copy of the grant of probate or letters of Administration, certified as being a true and accurate copy of the original by a Justice of the Peace, a lawyer or a commissioner of declarations.

2. If Minor does not hold a TFN, please supply the TFN of one of the Trustees.



## SECTION 4 ADVISOR DETAILS

If you use a Financial Advisor, please have them sign this section and stamp the front of the application form.

By stamping this application the Advisor is confirming that they hold a current AFS Licence and are authorised to deal in and/or advise on managed investment products.

Some advisors may rebate their normal upfront commission (not including the GST component) to investors although they are under no obligation to do so.

Title	Advisor full given name
<input type="text"/>	<input type="text"/>
Advisor surname	<input type="text"/>
Advisor Company (if applicable)	<input type="text"/>
Licensed Dealer	<input type="text"/>
Dealer Licence Number	<input type="text"/>
Upfront commission to be rebated?	Yes <input type="checkbox"/> No <input type="checkbox"/>
<input type="text" value="ADVISOR SIGNATURE"/>	

## SECTION 5 ADDITIONAL INVESTMENT ENQUIRER

If you would like someone other than the Contact or your Advisor to enquire about this investment, please provide us with their details here.

Title	Given name
<input type="text"/>	<input type="text"/>
Surname	<input type="text"/>
Date of birth (day/month/year)	Company (if applicable)
<input type="text"/>	<input type="text"/>

## SECTION 6 DISTRIBUTION PAYMENTS

If you elect to reinvest your distributions, you do not need to provide bank account details.

Mark this box if you would like your distributions reinvested as additional units

— or —

If you do not provide us with bank account details we will assume you wish to reinvest your distributions.

Name that appears on the Account	
<input type="text"/>	
Name of Financial Institution	
<input type="text"/>	
BSB	Account number
<input type="text"/>	<input type="text"/>

## SECTION 7 DECLARATION AND AUTHORISATION

This application forms part of the Cromwell Property Fund PDS which contains information which should be read before you apply. The Applicant agrees to be bound by the PDS, provisions of the Constitution of the Cromwell Property Fund (as amended and as it may be amended from time to time in the future) and acknowledges that neither CPS nor Trust Company Limited nor any staff or subsidiaries of those entities or Cromwell Group guarantees the performance of the Fund or the repayment of capital. The applicant further acknowledges that subscription is subject to investment risk including the possible loss of income and capital invested and that CPS and its related entities do not in any way guarantee to stand behind the capital value and/or performance of the Fund other than as specifically provided in the PDS. Any application for units can be accepted by CPS at any time.

If the application is signed by more than one person, who will operate the account Any to sign  All to sign together

<input type="text" value="SIGNATURE A"/>	Date	<input type="text"/>
<input type="text" value="SIGNATURE B"/>	Date	<input type="text"/>

Name  Name

If a Company Officer or Trustee, you MUST specify your title:

Director  Sole Director

Trustee  Other

If a Company Officer or Trustee, you MUST specify your title:

Director  Company Secretary

Trustee  Other

**Cheques** or drafts must be made payable to **Trust Company Limited ACF CPF Applications**. Only cheques or drafts in Australian currency and drawn on an Australian bank will be accepted. Your cheque(s) should be crossed NOT NEGOTIABLE.

**Mail** your completed application form with your cheque(s) to: **Cromwell Property Securities Limited  
GPO Box 1093  
BRISBANE QLD 4001**



## SECTION 4 ADVISOR DETAILS

If you use a Financial Advisor, please have them sign this section and stamp the front of the application form.

By stamping this application the Advisor is confirming that they hold a current AFS Licence and are authorised to deal in and/or advise on managed investment products.

Some advisors may rebate their normal upfront commission (not including the GST component) to investors although they are under no obligation to do so.

Title	Advisor full given name
<input type="text"/>	<input type="text"/>
Advisor surname	<input type="text"/>
Advisor Company (if applicable)	<input type="text"/>
Licensed Dealer	<input type="text"/>
Dealer Licence Number	<input type="text" value="3"/> <input type="text" value="1"/> <input type="text" value="4"/> <input type="text" value="8"/> <input type="text" value="7"/> <input type="text" value="2"/>
Upfront commission to be rebated?	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Dealer Group:	<input type="text" value="Wealth Focus Pty Ltd"/> <input type="text" value="PO Box 760"/> <input type="text" value="Manly"/>

## SECTION 5 ADDITIONAL INVESTMENT ENQUIRER

If you would like someone other than the Contact or your Advisor to enquire about this investment, please provide us with their details here.

Title	Given name	NSW 1655
<input type="text"/>	<input type="text"/>	Tel 1300 55 98 69
Surname	<input type="text"/>	
Date of birth (day/month/year)	Company (if applicable)	<input type="text"/>
<input type="text"/> <input type="text"/> <input type="text"/> / <input type="text"/> <input type="text"/> <input type="text"/> / <input type="text"/> <input type="text"/> <input type="text"/>	<input type="text"/>	

## SECTION 6 DISTRIBUTION PAYMENTS

If you elect to reinvest your distributions, you do not need to provide bank account details.

**Mark this box if would like your distributions reinvested as additional units**

— OR —

Name that appears on the Account

Name of Financial Institution

BSB  Account number

## SECTION 7 DECLARATION AND AUTHORISATION

This application forms part of the Cromwell Property Fund PDS which contains information which should be read before you apply. The Applicant agrees to be bound by the PDS, provisions of the Constitution of the Cromwell Property Fund (as amended and as it may be amended from time to time in the future) and acknowledges that neither CPS nor Trust Company Limited nor any staff or subsidiaries of those entities or Cromwell Group guarantees the performance of the Fund or the repayment of capital. The applicant further acknowledges that subscription is subject to investment risk including the possible loss of income and capital invested and that CPS and its related entities do not in any way guarantee to stand behind the capital value and/or performance of the Fund other than as specifically provided in the PDS. Any application for units can be accepted by CPS at any time.

If the application is signed by more than one person, who will operate the account Any to sign  All to sign together

<input type="text" value="SIGNATURE A"/>	Date <input type="text"/> <input type="text"/> / <input type="text"/> <input type="text"/> / <input type="text"/> <input type="text"/>	<input type="text" value="SIGNATURE B"/>	Date <input type="text"/> <input type="text"/> / <input type="text"/> <input type="text"/> / <input type="text"/> <input type="text"/>
Name <input type="text"/>		Name <input type="text"/>	

If a Company Officer or Trustee, you MUST specify your title:

Director  Sole Director   
Trustee  Other

If a Company Officer or Trustee, you MUST specify your title:

Director  Company Secretary   
Trustee  Other

**Cheques** or drafts must be made payable to **Trust Company Limited ACF CPF Applications**. Only cheques or drafts in Australian currency and drawn on an Australian bank will be accepted. Your cheque(s) should be crossed NOT NEGOTIABLE.

**Mail** your completed application form with your cheque(s) to: **Cromwell Property Securities Limited**  
**GPO Box 1093**  
**BRISBANE QLD 4001**









# 14. DIRECTORY

## THE RESPONSIBLE ENTITY

### **Cromwell Property Securities Limited**

ABN 11 079 147 809

Level 19, 200 Mary Street

BRISBANE QLD 4000

Telephone: (07) 3225 7777

Facsimile: (07) 3225 7788

## THE CUSTODIAN

### **Trust Company Limited**

ABN 59 004 027 749

213 St Pauls Terrace

BRISBANE QLD 4000

Telephone: (07) 3634 9750

Facsimile: (07) 3252 3513

## SOLICITORS FOR THE RESPONSIBLE ENTITY

### **Minter Ellison Lawyers**

ABN 91 556 716 819

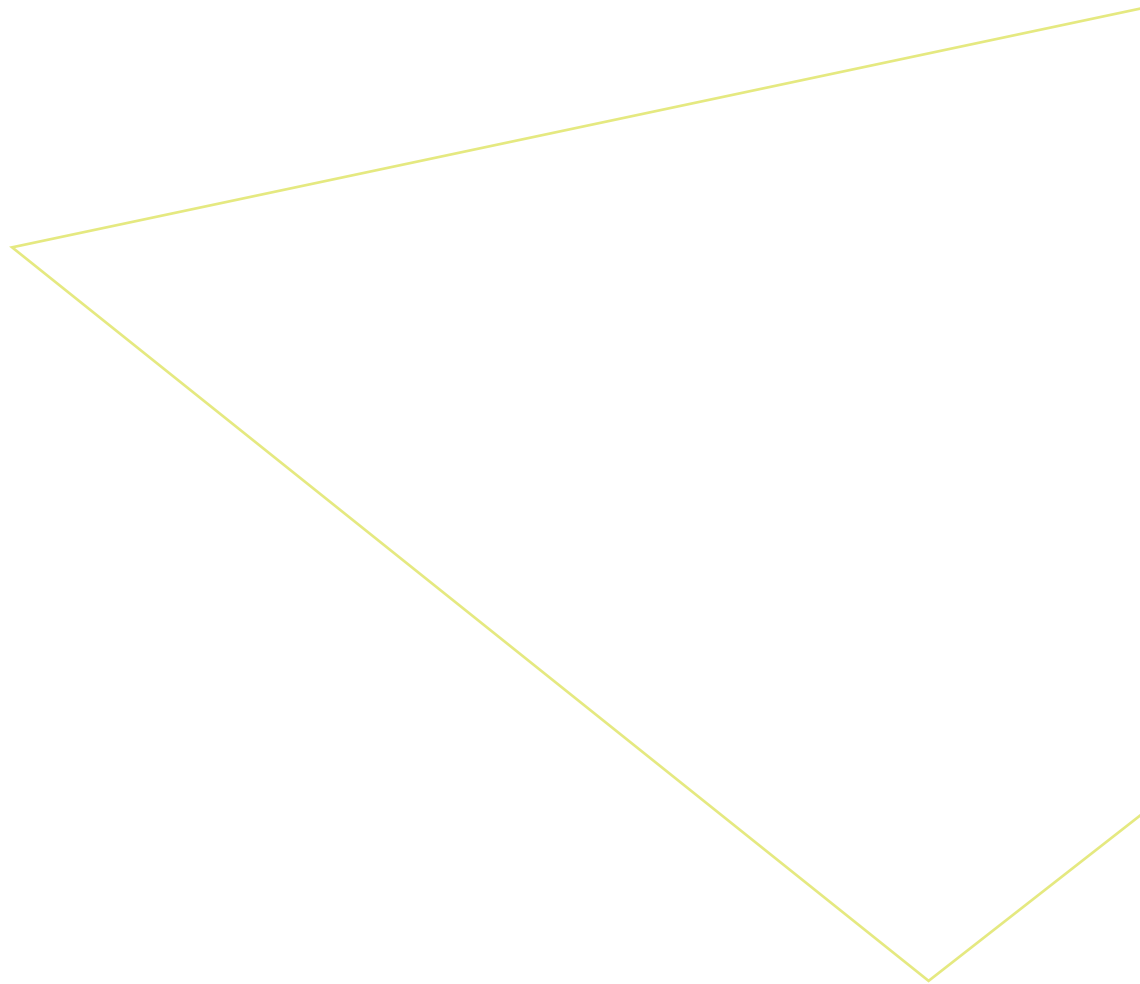
88 Phillip Street

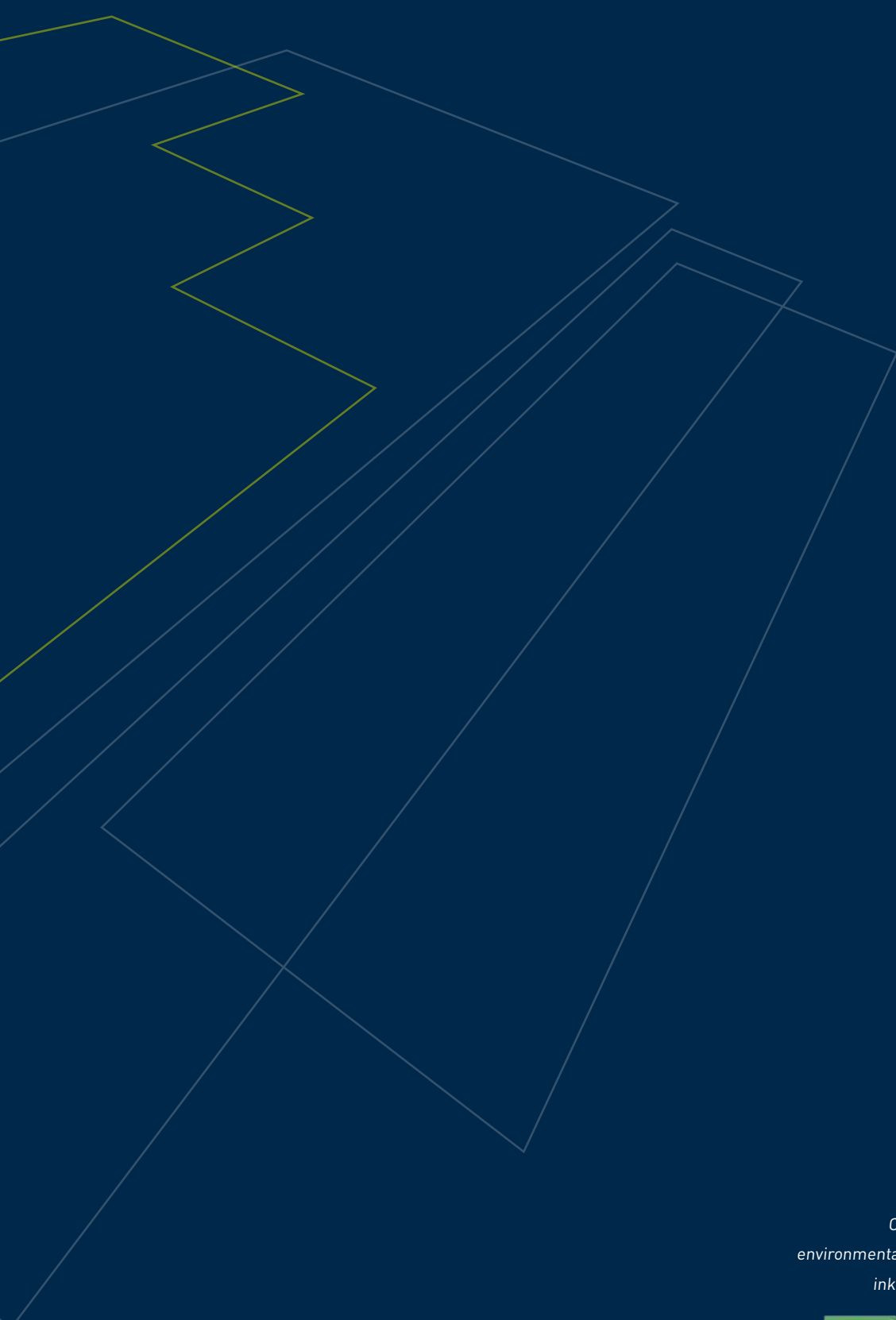
SYDNEY NSW 2000

Telephone: (02) 9921 8888

Facsimile: (02) 9921 8123

# NOTES





*Cromwell has taken the initiative to use environmentally friendly paper and, where possible, inks in the production of our publications.*



RECYCLED CONTENT



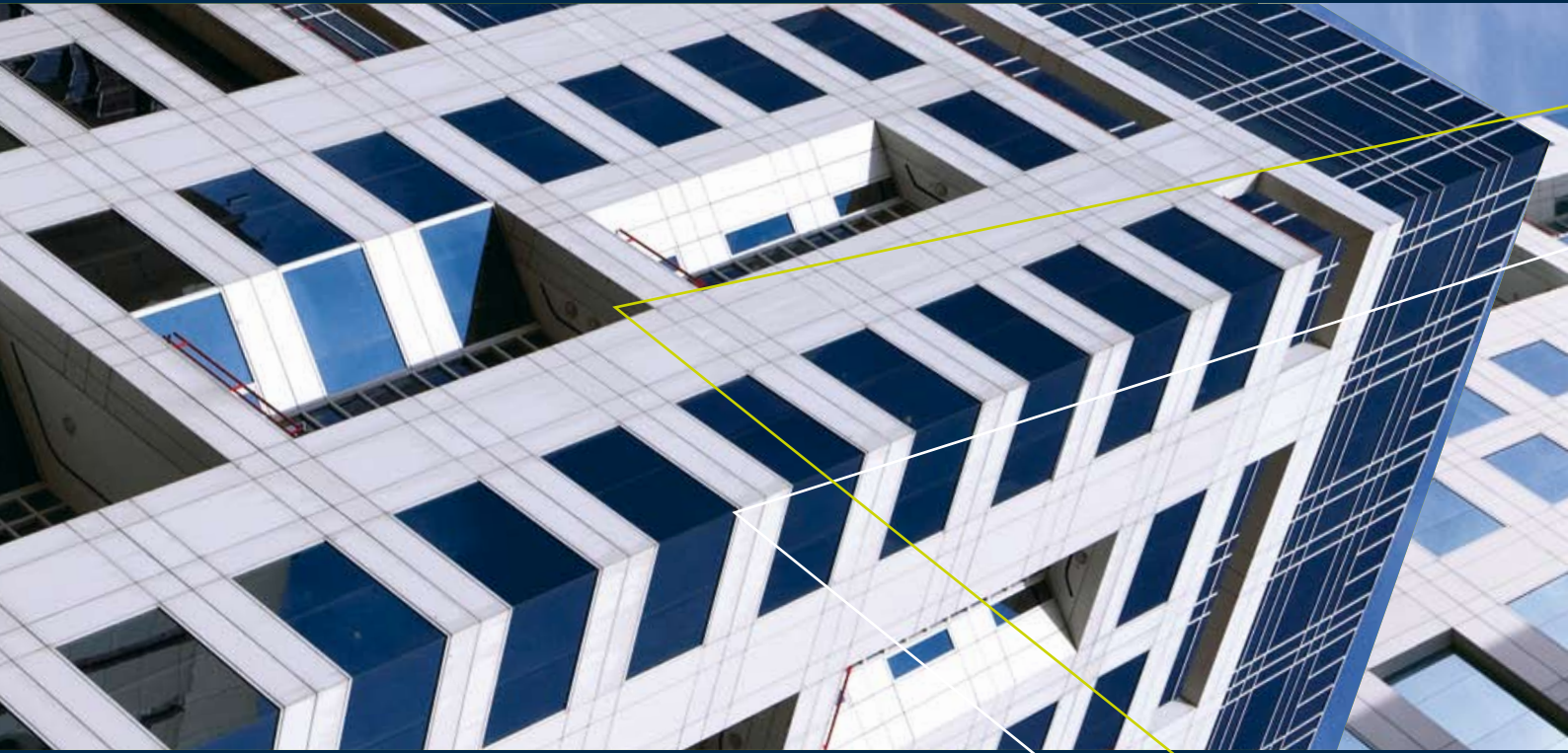
CERTIFICATION



BLEACHING PROCESS



MANAGEMENT SYSTEM



**1800 334 533**

[www.cromwell.com.au](http://www.cromwell.com.au)