



# 1H17 RESULTS PRESENTATION

24 February 2017



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This Presentation contains summary information about Cromwell Property Group as at 31 December 2016. Statutory financial information has been reviewed by Cromwell Property Group's auditors. Operating financial information has not been subjected to audit review. All financial information is in Australian dollars and all statistics are as at 31 December 2016 unless otherwise stated. All statistics include 50% share of Northpoint Tower.

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PROPERTY GROUP

SECTION 1

# 1H17 Overview

# Cromwell Property Group Strategy

Our goal is to provide securityholders with stable, secure and increasing distributions per security

Targeting an 80:20 Operating Profit Split between direct property investment and funds management.

## Direct Property Investment

## Funds Management



Maintain defensive core portfolio characteristics of strong tenant covenant, long WALE and fixed rental increment



Repurpose, reposition or transform active assets to improve portfolio quality and realise additional value



Manage property internally to understand risk and opportunity more clearly than others



Continually in market looking for value based investment opportunities

### WHOLESALE



Focus on core, core plus and value add opportunities

Select wholesale partnerships

Ability to execute mandates across all investment styles

### RETAIL



Provide investors with a range of product options

Via either open ended funds or closed, unlisted trusts

Focus on delivering high yield with low volatility

# Cromwell Property Group Statistics 1H17

Global platform offering diverse product range across key property sectors



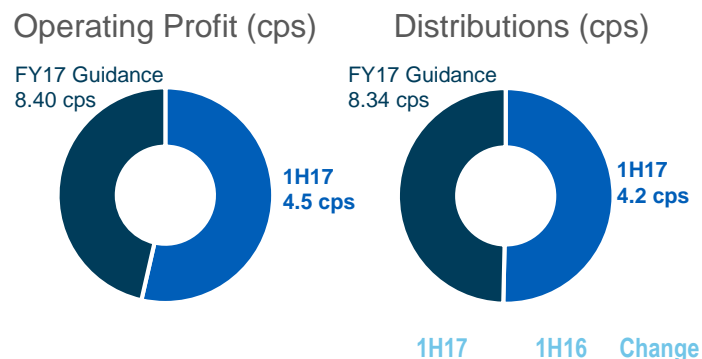
1) Includes assets under construction at 'as if complete', 45% Phoenix Portfolios and 50% of Oyster Group assets under management

# Cromwell Property Group 1H17 Headline Results

## 1H17 Results

- 1H17 operating profit of \$78.7 million (\$88.8 million in 1H16)
- 1H17 operating profit per security of 4.5 cps (5.1 cps 1H16)
- Statutory profit of \$153.2 million (\$195.5 million in 1H16)
- Distributions of 4.2 cps are greater than 1H16 (4.0 cps), 1H15 (3.9 cps) and 1H14 (3.8 cps).

## 1H17 Performance Versus Guidance



	1H17	1H16	Change
Statutory profit (\$M)	153.2	195.5	(22%)
Statutory profit (cents per security)	8.7	11.2	(22%)
Operating profit (\$M) <sup>1</sup>	78.7	88.8	(11%)
Operating profit (cents per security)	4.5	5.1	(12%)
Distributions (\$M)	73.2	69.6	5%
Distributions (cents per security)	4.2	4.0	5%

## Segment Results

- Direct Property Investment operating profit of \$62.5 million (\$70.4 million in 1H16)
- Funds Management (Wholesale) operating profit of \$9.8 million (\$10.7 million in 1H16)
- Funds Management (Retail) operating profit of \$6.0 million (\$8.8 million in 1H16)
- Distributions of \$5.9 million from 9.83% stake in Investa (ASX:IOF)

1) See Appendix for further details of segment results, operating profit and reconciliation to statutory profit



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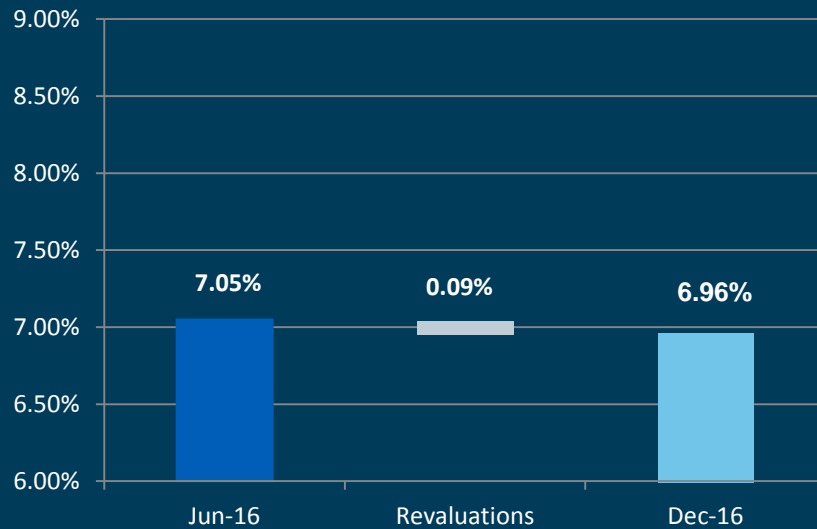
SECTION 2

# Property Portfolio And Lease Renewal Programme

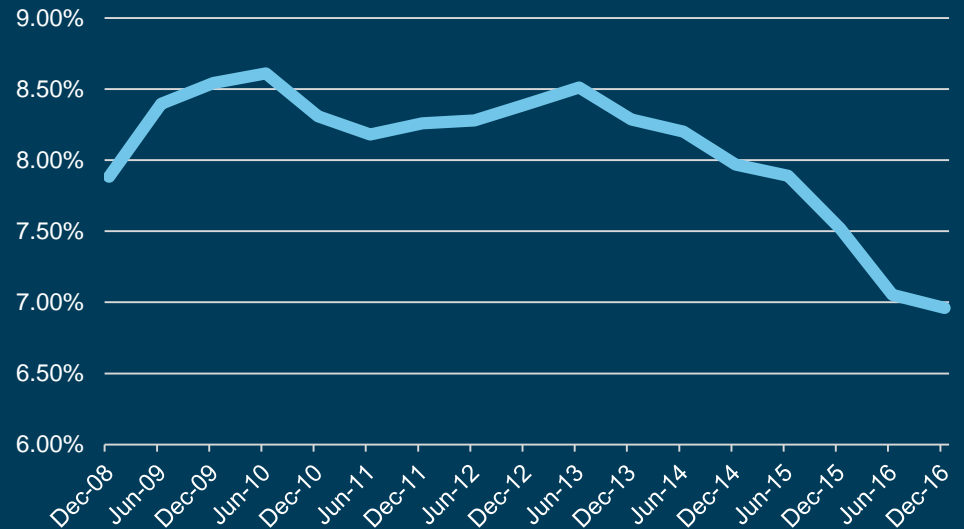
# Property Portfolio – Valuations Continue To Rise

- Fair value increase in investment property of \$41.4 million net of property improvements, lease costs and incentives
- Weighted Average Cap rate tightened by 0.09% to 6.96% (7.05% FY16, 7.52% 1H16)
- Weight of money, low bond rates and attractiveness of Australia as an investment destination continue to fuel demand
- Slight further yield compression expected over the next twelve months

### 1H17 Weighted Average Cap Rate Change



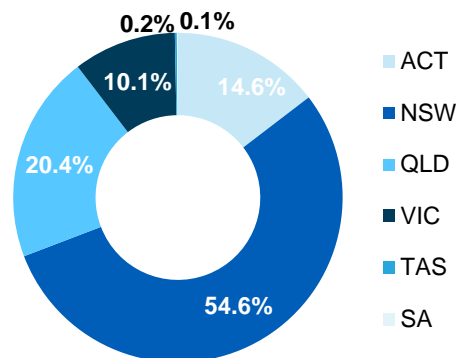
### Historic Weighted Average Cap Rate



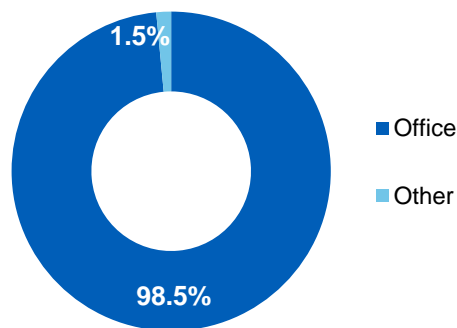


# Property Portfolio – Tenant Profile Remains Robust

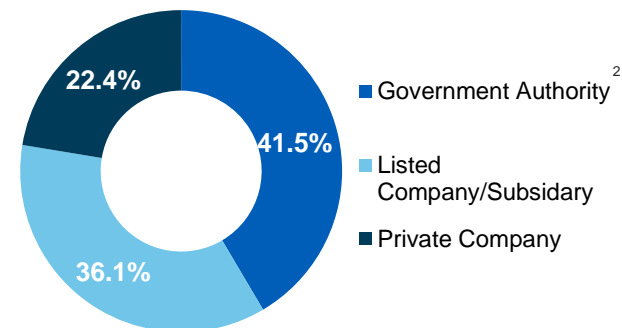
Geographic Diversification<sup>1</sup>



Sector Diversification<sup>1</sup>



Tenant Classification<sup>1</sup>



Top 5 Tenants <sup>1</sup>	% of Gross Income	Cumulative %	Credit Rating <sup>3</sup>
Federal Government	17.3%	17.3%	AAA
NSW State Government	14.7%	32.0%	AAA
Qantas	14.3%	46.3%	BBB-
QLD State Government	9.6%	55.9%	AA+
AECOM Australia Pty Ltd	4.9%	60.8%	
<b>TOTAL</b>	<b>60.8%</b>		

- Tenant profile remains consistent and of high quality
  - Government<sup>2</sup> contributes 41.5% of income
  - Top 5 tenants account for 60.8% of income
- Portfolio is 65% weighted to Sydney and Melbourne office market where low vacancy rates and stock withdrawals are leading to lower incentives/higher rents
- Exposure to resource states limited to QLD (20% of portfolio) with promising leasing successes seen in Brisbane

1) By gross passing income

2) Includes Government owned and funded entities

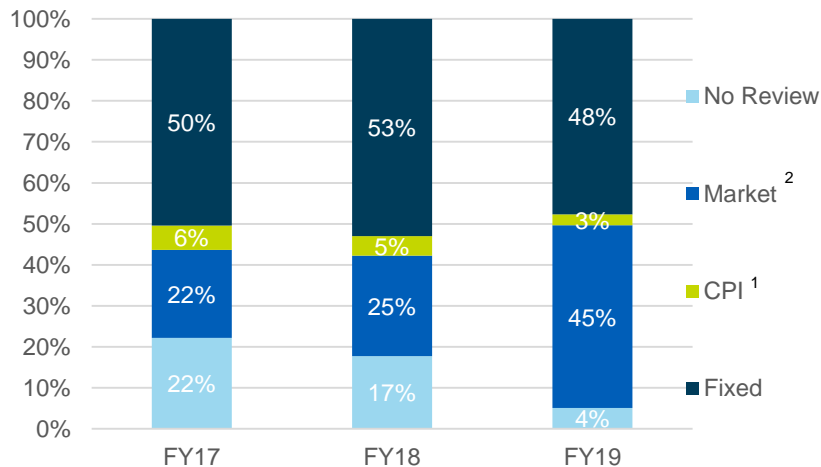
3) S&P Ratings as at 23 February 2017

All statistics incorporate CMW's 50% ownership of Northpoint

# Property Portfolio – Lease Expiry Profile Favourable

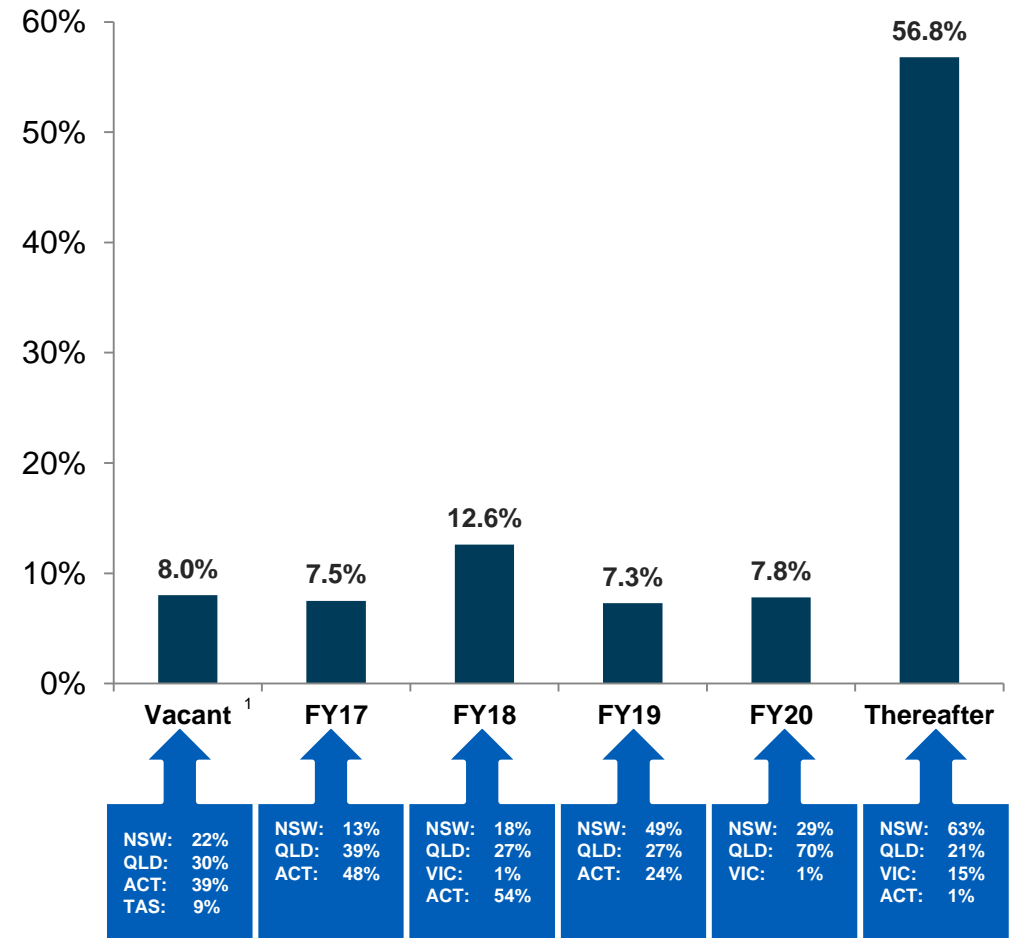
- WALE of 6.35 years (6.34 years FY16)
- Average fixed review over next 3 years
  - 3.9% over 50% of portfolio in FY17
  - 3.89% over 53% of portfolio in FY18
  - 3.85% over 48% of portfolio in FY19

## Next Review Type<sup>3</sup>



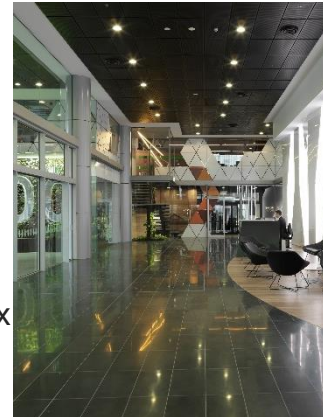
- Includes vacancy, holdover, casual and expiring leases
  - Includes CPI reviews with a fixed minimum amount
  - Calculated on current gross passing income, subject to review
- All statistics incorporate CMW's 50% ownership of Northpoint

## Lease Expiry Profile % Gross Income



# Property Portfolio – Leasing Success In Key Assets

- 65,000 sqm leased in six months to 31 December 2016
- NSW and VIC office assets are >98% leased bar Northpoint which is under development. Northpoint has seen c5,000 sqm of recent lease transactions and once completed will benefit from low local vacancy rates and removal of office stock in North Sydney
- Notable lease renewals include;
  - 18,524 sqm to Therapeutic Goods Administration at TGA Complex
  - 15,414 sqm to Bureau of Meteorology at 700 Collins Street
  - 9,474 sqm to QUT at 88 Musk Avenue, Kelvin Grove
  - 1,642 sqm to Verizon at 243 Northbourne Avenue, Canberra
- Notable New Leases;
  - 2,682 sqm to Open Universities Australia at 700 Collins Street
  - 2,423 sqm to Pacific Hydro at 700 Collins Street
  - 1,436 sqm to Logicamms at 200 Mary Street
  - 961 sqm to AG Coombes at HQ North
  - Additional 923 sqm to Ventia at 475 Victoria Avenue, Chatswood



700 Collins St, Melbourne



HQ North, Fortitude Valley



243 Northbourne Ave, Canberra



88 Musk Avenue, Kelvin Grove

# Property Portfolio – Future Lease Expiries

Lease Expiries representing >1% income (FY17-FY19)

Property	Tenant	Area (sqm)	Expiry Date	% of Total Portfolio Rental Income
<b>FY17</b>				
Health House *	The State of Queensland Department of Public Works	13,326	30-Jun-17	2.68%
<b>FY18</b>				
Tuggeranong Office Park **	Commonwealth of Aust. Dept of FaHCSIA	30,757	31-Aug-17	5.58%
Forestry House *	The State of Queensland Department of Public Works	13,387	30-Nov-17	3.28%
Lovett Tower	Department of Prime Minister and Cabinet	7,048	30-Jun-18	1.32%
<b>FY19</b>				
19 National Circuit	Commonwealth of Australia	7,073	22-Sep-18	1.85%

\* Development application lodged for redevelopment of Health House and Forestry House to student accommodation

\*\* 15 year lease signed for new building, currently under construction on the existing site with an NLA of over 30,000 sqm

# Property Portfolio – \$300 Million Invested For Future

## Tuggeranong Office Park, ACT

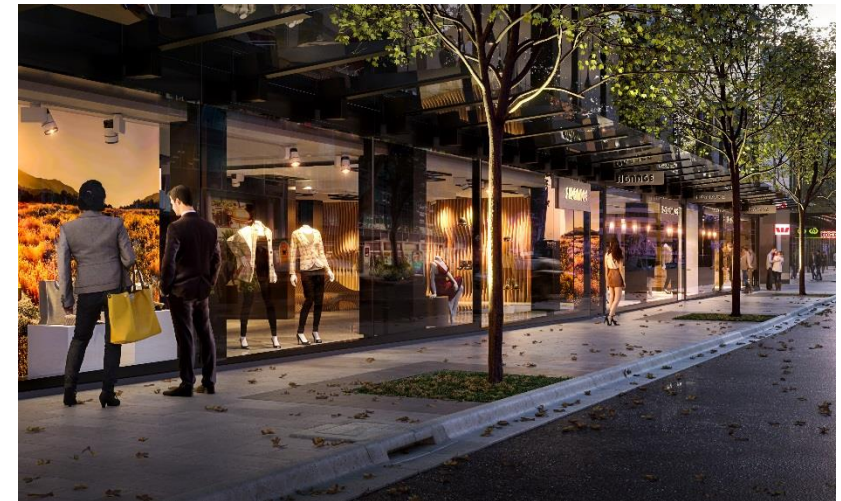
- Building topped out. Integrated fitout to commence in March
- Federal Government signed on 15 year lease over 30,000+ sqm and is expected to move in final quarter of 2017
- 5 star Green Star rating and a 4.5 NABERS energy rating, and will be Canberra's biggest LED lighting-only office development



Tuggeranong Aerial August 2016

## Northpoint Tower, North Sydney

- Demolition near completion, construction of retail, hotel and other amenities underway, due for completion in 2018
- Woolworths, Medical Centre secured, other negotiations underway
- Approx 5,000 sqm of lease transactions at Northpoint completed as withdrawal of stock for residential, Metro and low vacancy rates drive tenant demand



Northpoint – Artist Impression Retail Tenancies



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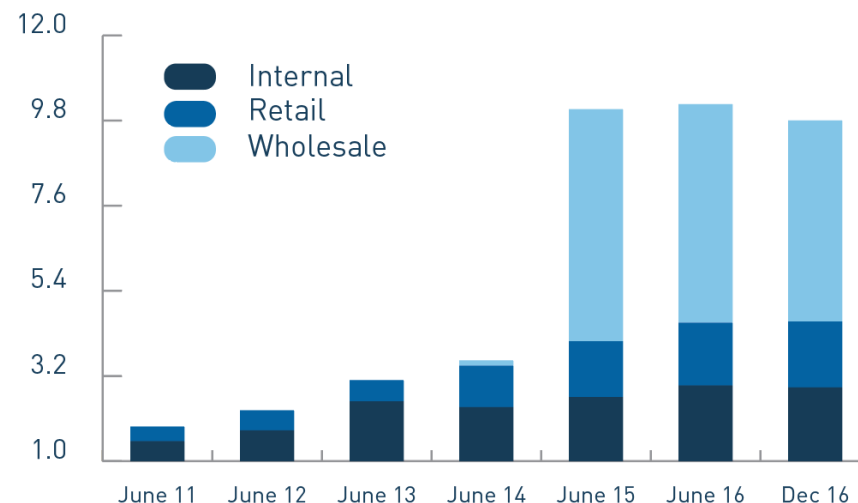
SECTION 3

# Funds Management

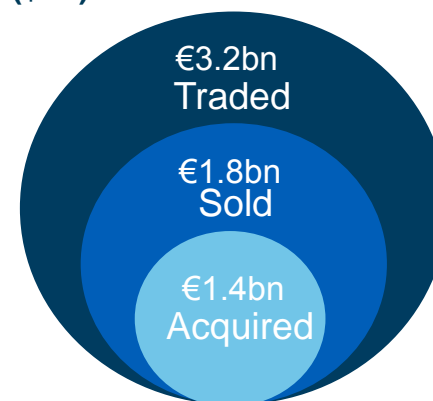
# Funds Management - High Levels of Trading Activity

- Operating Profit of \$16.4 million (\$18.5 million 1H16)
  - Wholesale Funds operating profit of \$9.8 million (\$10.7 million 1H16)
  - Retail Funds operating profit of \$6.0 million (\$8.8 million 1H16)
  - Internal Funds operating profit of \$0.6 million (loss of \$1.0 million 1H16)
- \$5.9 million of distributions received from 9.83% stake in Investa (ASX:IOF) acquired in April 2016.
- Total AUM reduced 5% to \$9.8 billion (\$10.3 billion FY16) primarily due to substantial trading activity in Europe
  - €1.8 billion of assets were sold and €1.4 billion acquired
  - Wholesale Funds AUM of \$5.2 billion (\$5.6 billion FY16)
  - Retail Funds AUM of \$1.7 billion (\$1.7 billion FY16)
  - Internal AUM of \$2.9 billion (\$3.0 billion FY16)

Change in AUM (\$bn)<sup>1</sup>



Trading Update (\$bn)<sup>1</sup>



1) Includes 45% of Phoenix Portfolios AUM, 50% of Oyster Group AUM and 100% of Valad Europe as at their respective exchange rates on 31 December 2016

# Funds Management – Statement on IOF

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During the presentation of Investa Office Fund's (IOF) HY17 results yesterday, a number of matters were raised regarding Cromwell's written proposal to IOF in November and its interest in pursuing a transaction with IOF.

Investa Listed Funds Management Limited (ILFML) says Cromwell's proposed CA and standstill arrangements are not market standard, however the standstill arrangements proposed by Cromwell are consistent with those agreed between IOF and Dexus in 2015.

Despite IOF's assertion that there has been no correspondence since its 3 February 2017 announcement, there has been continual correspondence and communication in relation to this matter between the advisors to Cromwell and IOF (albeit not the Independent Directors) up until the week ending 17 February 2017.

As announced on 20 February 2017, Cromwell sees value for IOF at a range of \$4.45 per IOF security up to \$4.75 per IOF security.

Cromwell has recently been granted FIRB approval to acquire stapled securities in IOF greater than the 10% threshold proscribed under the Foreign Acquisitions and Takeover Act.

Cromwell remains open to continuing discussions with ILFML and its advisors with a view to putting forward an increased cash offer to all IOF securityholders.

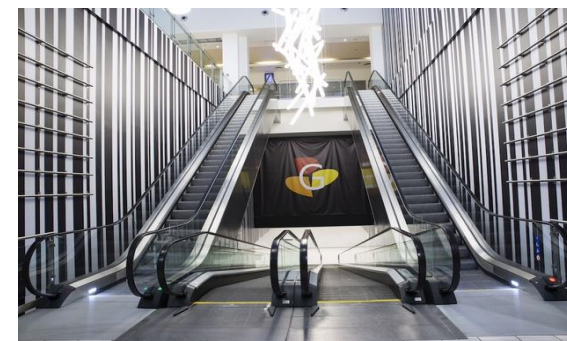


# Wholesale Funds – Connecting Capital to Opportunity

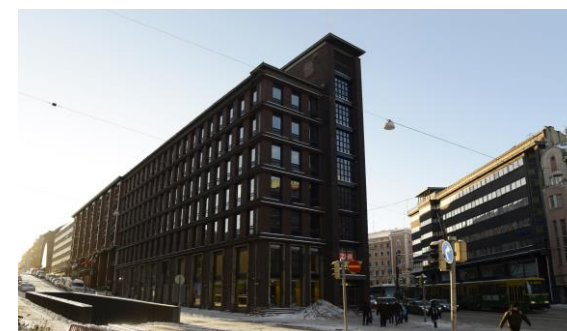
- Focus on broadening investor base for European business to include a better cyclical balance between Private Equity and LP relationships
- Substantial projected near term closed ended fund maturities provides an opportunity to acquire / transition assets from committed sellers

## Activity in half included:

- Cromwell European Cities Income Fund launched and acquired three **Dutch** assets as part of a €205 million core seed portfolio
- Acquired the €120 million Omega portfolio in **Finland** with Goldman Sachs. The portfolio comprises 22 properties, 109,000 sqm of space across 13 office buildings, five industrial buildings and four retail premises
- **Czech Republic** – Planning consent was granted to expand the Galerie Butovice shopping centre in Prague by 15,000 sqm to 51,000 sqm
- **Poland** – Signed contracts with Goldman Sachs on the acquisition of the 42,000 sqm Prosta & Trinity (CEE) office assets for €81 million
- **Scotland** – Acquired the 150,000 sq ft Clyde Retail Park, in Glasgow
- **Poland** – The €65 million expansion and redevelopment of the Janki Shopping Centre in Warsaw will add 21,000 sqm of space and 74 units



Galerie Butovice, Prague



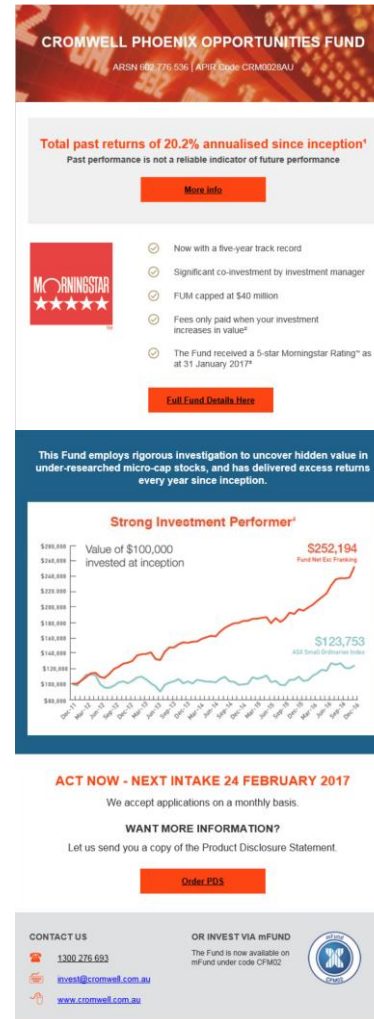
Kaisaniemenkatu, Helsinki



Central Plaza, Rotterdam

# Retail Funds – Strong Result As Cycle Peaks

- Operating profit of \$6.0 million (1H16 \$8.8 million)
- Unitholders in Cromwell's unlisted fund, the Cromwell Riverpark Trust voted overwhelmingly in favour to extend the Trust term for a further five years in July resulting in a performance fee of \$4.1 million
- Cromwell Direct Property Fund remains well capitalised with low gearing, ready to take advantage of market opportunities as they arise
- Cromwell Phoenix Opportunities Fund has generated 5-year annualised performance of 20.2% net after fees as at December 2016. Soft close of fund likely by 30 June 2017



**CROMWELL PHOENIX OPPORTUNITIES FUND**  
ARSN 692 276 636 | APFR Code CRM028AU

Total past returns of 20.2% annualised since inception\*  
Past performance is not a reliable indicator of future performance

[More Info](#)

**MORNINGSTAR** ★★★★★

- Now with a five-year track record
- Significant co-investment by investment manager
- FUM capped at \$40 million
- Fees only paid when your investment increases in value\*
- The Fund received a 5-star Morningstar Rating™ as at 31 January 2017\*

[Full Fund Details Here](#)

This Fund employs rigorous investigation to uncover hidden value in under-researched micro-cap stocks, and has delivered excess returns every year since inception.

**Strong Investment Performer\***

Value of \$100,000 invested at inception

**\$252,194** Fund Net Exit Proceeding

**\$123,753** ASX Small Cap Index Value

**ACT NOW - NEXT INTAKE 24 FEBRUARY 2017**

We accept applications on a monthly basis.

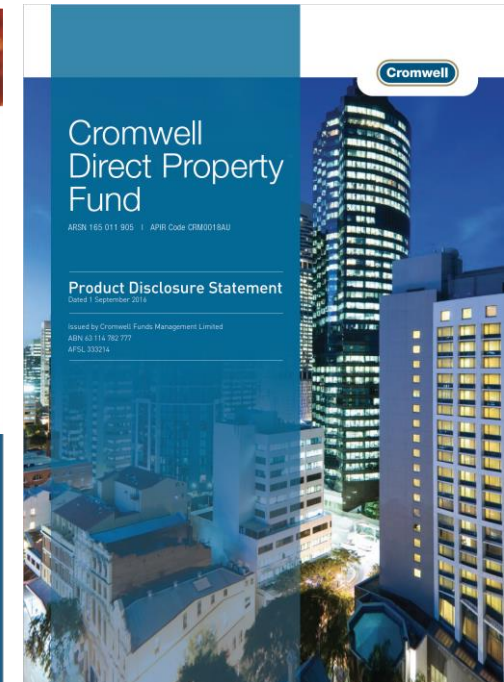
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Cromwell Phoenix Opportunities Fund



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**Cromwell Direct Property Fund**  
ARSN 185 011 905 | APFR Code CRM018AU

**Product Disclosure Statement**  
Dated 1 September 2016

Issued by Cromwell Funds Management Limited  
ABN 63 114 762 777  
AFSL 933214

Cromwell Direct Property Fund PDS



Energex House – Cromwell Riverpark Trust

# Retail Funds - Continued Strong Growth in New Zealand

- AUM at Oyster Group grew to NZD \$977 million (30% growth in calendar year)
- Ongoing wholesale offer for the NZD \$210 million, 43,500 sqm Millennium Centre
- Oyster Direct Property Fund reopened providing investors with exposure to over NZD \$240 million of commercial property assets
- Tauranga Crossing Shopping Centre Development (first stage) opened in September
- Cider Building syndication with offer of 50 interests of NZD \$1 million each closed oversubscribed in July
- Additionally a range of assets were sold on behalf of investors including 12 Foreman Road, Hamilton and 131 Lincoln Road, Auckland



Millennium Centre, Auckland



Tauranga Crossing 2, Tauranga



Cider Building, Ponsonby Auckland



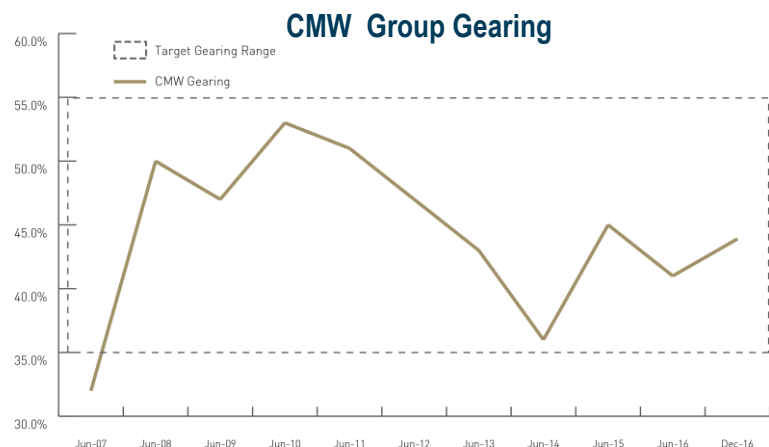
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SECTION 4

# Capital Management

# Capital Management – Manage To Cycle & Opportunity

- Cromwell continues to source complementary capital to meet the personalised needs of each opportunity
- Current Cash and Cash Equivalents of \$80.2 million
- Investments at Fair Value includes 9.83% units of Investa Office Fund (ASX:IOF) acquired for \$4.24 per security
- Group Gearing is 43.8% (45.0% Look-through)
- Portfolio Gearing 36.0% (37.5% Look-through)
- NTA has increased to \$0.86 (\$0.81 at FY16)



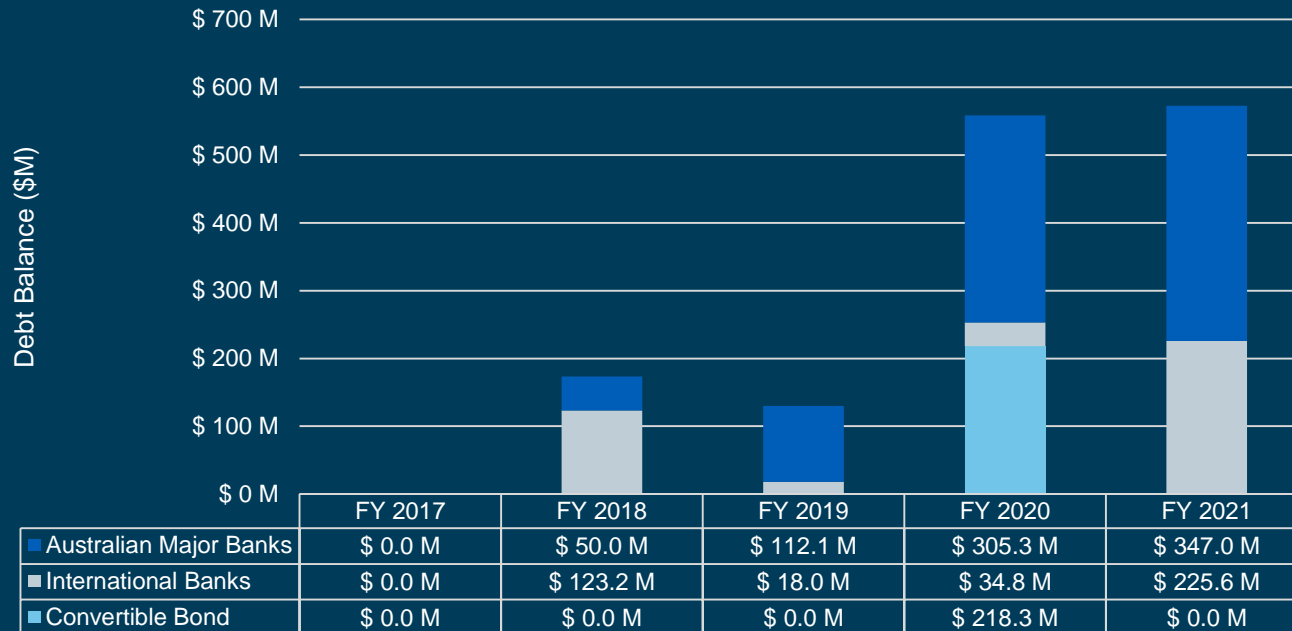
1) Gearing calculated as (total borrowings less cash)/(total tangible assets less cash). Look through gearing adjusts for the 50% interest in Northpoint Tower

	Dec-16 (Actual \$M)	Jun-16 (Actual \$M)
<b>Assets</b>		
Cash and Cash Equivalents	80.2	95.6
Investment Properties	2,287.2	2,224.5
Property Under Construction	95.3	49.5
Investment in Associates	96.5	86.7
Receivables	45.4	33.9
Intangibles	73.7	78.3
Derivative Financial Instruments	0.5	0.5
Investments at Fair Value	341.7	296.2
Other Assets	14.0	13.1
<b>Total Assets</b>	<b>3,034.5</b>	<b>2,878.3</b>
<b>Liabilities</b>		
Borrowings	(1,343.3)	(1,248.0)
Derivative Financial Instruments	(14.4)	(23.3)
Distribution Payable	(36.6)	(36.9)
Payables	(38.8)	(52.2)
Other Liabilities	(20.1)	(17.7)
<b>Total Liabilities</b>	<b>(1,453.2)</b>	<b>(1,378.1)</b>
<b>Net Assets</b>	<b>1,581.3</b>	<b>1,500.2</b>
Securities on issue (M)	1,758.9	1,752.3
<b>NTA per security</b> (including interest rate swaps)	<b>\$0.86</b>	<b>\$0.81</b>
<b>NTA per security</b> (excluding interest rate swaps)	<b>\$0.86</b>	<b>\$0.82</b>
<b>Gearing<sup>1</sup></b>	<b>43.8%</b>	<b>42.6%</b>
<b>Gearing (look-through)<sup>1</sup></b>	<b>45.0%</b>	<b>43.9%</b>

# Capital Management – Diversified Debt Profile<sup>1</sup>

- Facilities diversified across eight lenders + CB issue with varying maturity dates
- Initial engagement with foreign and domestic capital markets investors sees strong appetite for longer tenor lending
- Weighted average debt expiry of 3.2 years with 79% not expiring until FY20 and beyond
- Moody's Investors Service continues to assign a Baa3 Issuer Rating for the Group and a stronger Baa2 for the secured debt platform

### CMW Debt Expiry Profile



1) Includes 50% of Northpoint Debt

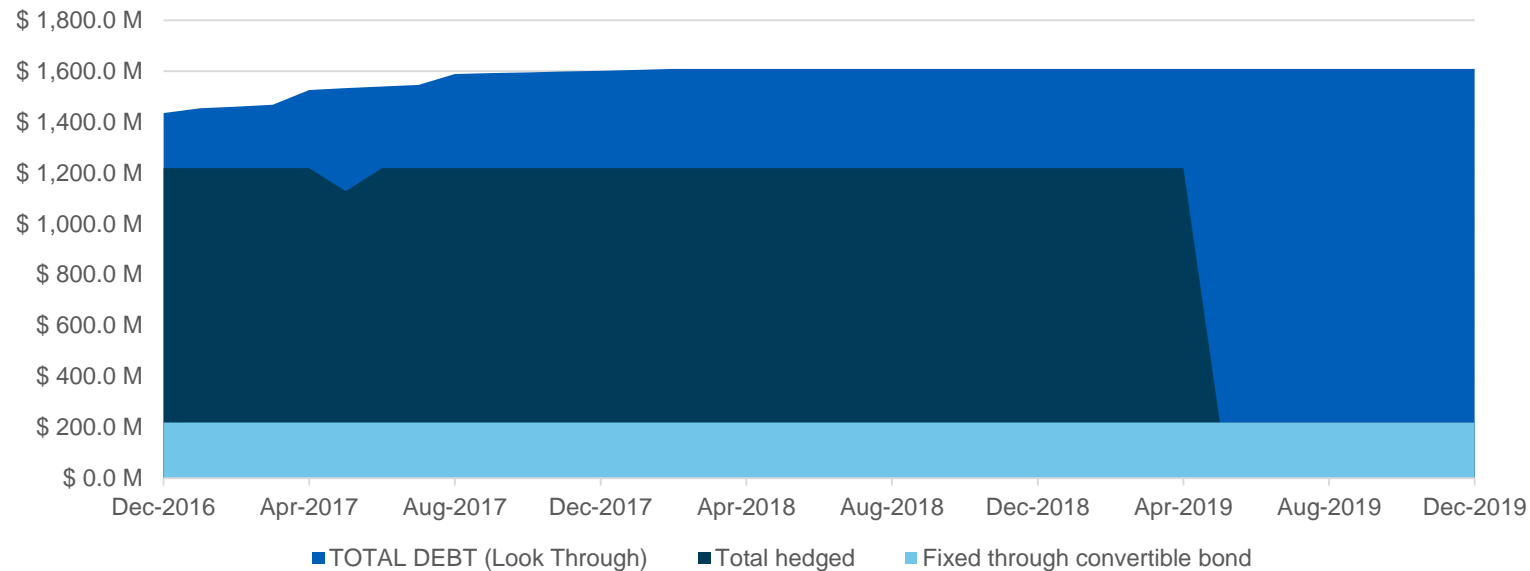
### Key Terms of Convertible Bond

<b>Offer Size</b>	€150 million
<b>Ranking</b>	Senior, unsecured, subordinated to Cromwell's secured bank facilities
<b>Term</b>	Five years from February 2015
<b>Coupon</b>	2.0% per annum payable semi-annually in arrears
<b>Conversion Price</b>	A\$1.1503
<b>Reference Price</b>	A\$1.07 (the closing price on January 23, 2015)
<b>Anti-dilution Protection</b>	Standard provisions
<b>Dividend Protection</b>	Terms allow for payment of Cromwell's FY15 distribution, grown by 3% during the life of the bond

# Capital Management – Interest Rate Hedging

- Accreting interest rate cap entered into in August 2014 will cover \$1bn by December 2017
- Cap allows Cromwell to benefit when variable interest rates are below 3.39%
- Existing swaps remain in place and will be replaced by the interest rate cap as they expire
- The average interest rate for the Group was 4.03% as at 31 December 2016 down from 5.27% for the year ending 30 June 2016

CMW Hedging Profile





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SECTION 5

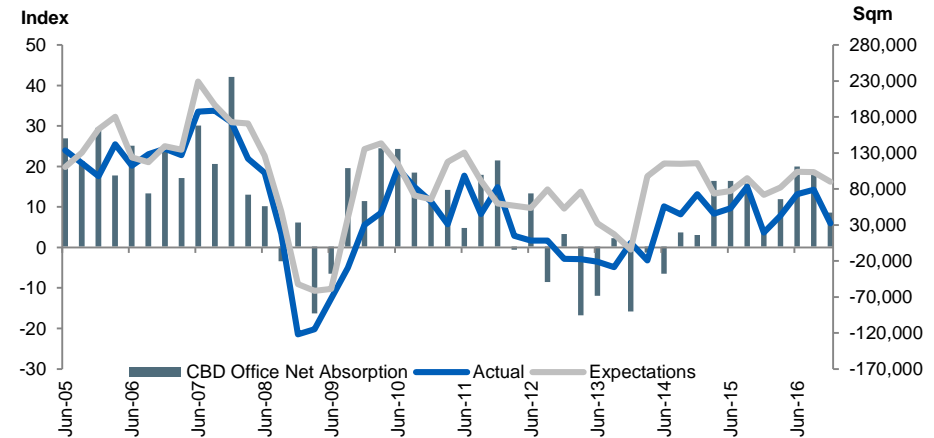
**Outlook**



# Outlook – Economy Transitioning, Property Demand High

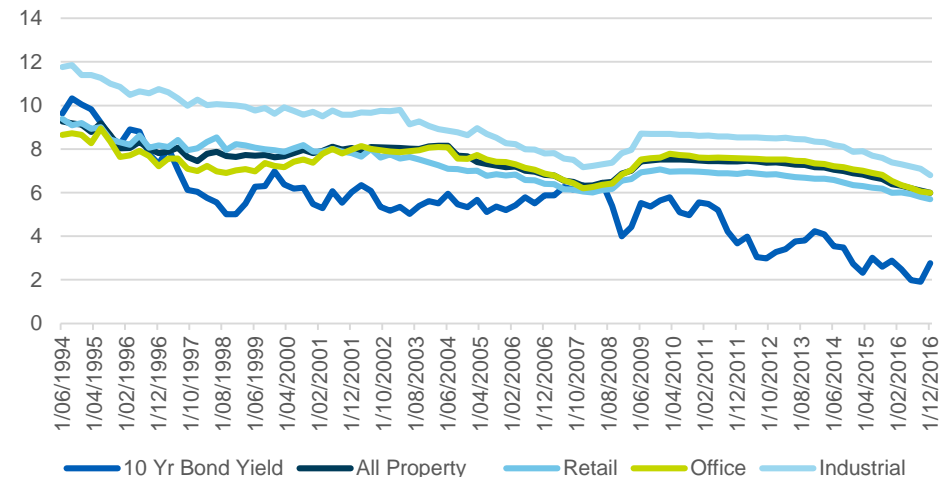
- ➔ Australian economic growth is moderate due to end of mining investment boom and forecast fall in residential construction
- ➔ Falling A\$ has provided a cushion by boosting tourism, education, exports, currency sensitive industries
- ➔ Business and consumer confidence remains subdued, household consumption weak, inflation under target. Rates likely to stay low as the economy remains in transition.
- ➔ Capital values may compress a little further due to offshore demand. Yields are at GFC lows but spread to 10 year bonds still 300 to 400 bps (depending on sector).
- ➔ Bond rates have increased to 2.76%. Further expected rises will impact values. To be offset by rental growth when and where it occurs. The key will be the extent to which one offsets the other.
- ➔ CBD Office vacancy rates are forecast to drop below 5% in SYD driving strong net effective rental growth but remain high elsewhere particularly in mining states (PER 20%+, BNE 15%)

**NAB Business Conditions**  
Finance, Business & Property Services Employment



Source: NAB/JLL. As at 30 June 2016

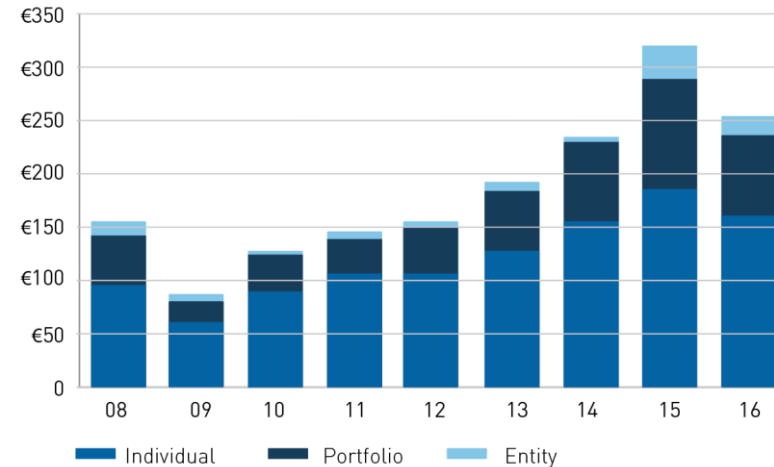
**Sector Cap Rate Spreads to Bonds**



# Outlook – Market Disruption and Economic Recovery

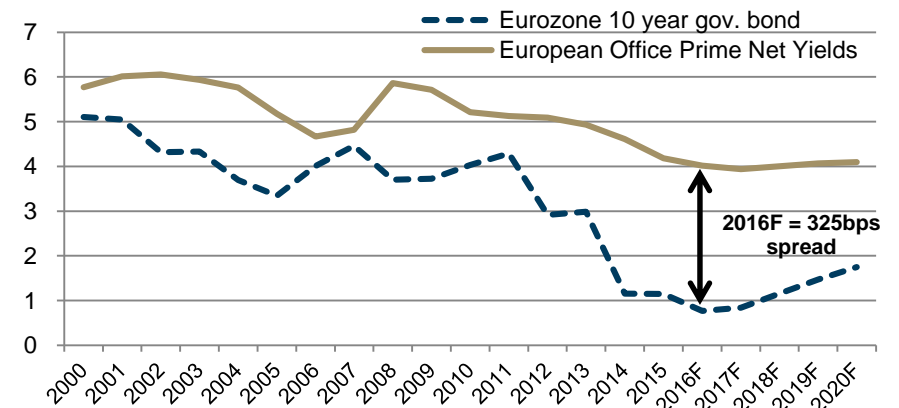
- Brexit slowed transaction volumes and deal activity mid year but the market corrected itself and normal trading activity resumed by end of 2016
- European transactions volumes softer in 2016, down from peak in previous year but still above long term average
- Wider market of 508 million people means little correlation between different markets (diversification benefits)
- Additional factors to consider
  - Spread to bond yields c325 bps and between primary and secondary CBD office yields also attractive
  - Occupancy rates are stable across much of Europe
  - New supply has been significantly below the long-term average for the past 5 years

2016 European Transaction Volume Retreats from Record Levels



Source: Real Capital Analytics

European Office Prime Net Yield vs. Eurozone 10-Year Government Bond Yield (%)



Source: Valad/PMA, Weighted Average Q1 2016 Low Bond Yield/Low Growth Scenario

# FY17 Earnings and Distributions Guidance Maintained

**FY17 Operating Earnings Guidance: 8.40 cps**  
**FY17 Distributions Guidance: 8.34 cps**

## Cromwell Property Group 1H17 Snapshot<sup>1</sup>

Market Cap: **\$1.8 bn<sup>2</sup>**  
Security Price: **\$1.01<sup>2</sup>**  
Group Gearing: **44%<sup>3</sup>**

## Investment Portfolio<sup>1</sup>

Portfolio Value: **\$2.4 bn**  
Number of Assets: **26**  
Weighted Average Cap Rate: **6.96%**  
Weighted Average Lease Exp: **6.40 yrs**

## Funds Management Platform<sup>1</sup>

Assets Under Management: **\$9.8 bn<sup>4</sup>**

1) As at 31 December 2016 unless otherwise specified

2) As at 23 February 2017

3) Gearing calculated as (total borrowings less cash)/(total tangible assets less cash)

4) Includes assets under construction at 'as if complete', 45% Phoenix Portfolios and 50% of Oyster Group assets under management

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**CROMWELL**  
PROPERTY GROUP

APPENDICES

# Additional Information

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# 1H17 Operating and Statutory Profit – By Segment

	1H17	1H16	Change
<b>Statutory profit (\$M)</b>	<b>153.2</b>	<b>195.5</b>	<b>(22%)</b>
<b>Statutory profit (cents per security)</b>	<b>8.7</b>	<b>11.2</b>	<b>(22%)</b>
Property Investment (\$M)	62.5	70.4	(11%)
Funds Management Internal (\$M)	0.6	(1.0)	160%
Funds Management Retail (\$M)	6.0	8.8	(32%)
Funds Management Wholesale (\$M)	9.8	10.7	(8%)
Development (\$M)	(0.2)	(0.1)	(100%)
<b>Operating profit (\$M)</b>	<b>78.7</b>	<b>88.8</b>	<b>(11%)</b>
<b>Operating profit (cents per security)</b>	<b>4.5</b>	<b>5.1</b>	<b>(12%)</b>
<b>Distributions (\$M)</b>	<b>73.2</b>	<b>69.6</b>	<b>5%</b>
<b>Distributions (cents per security)</b>	<b>4.2</b>	<b>4.0</b>	<b>5%</b>
Payout ratio (%)	93%	78%	19%

# 1H17 Operating and Statutory Profit Reconciliation

	1H17 (\$M)	1H16 (\$M)
<b>Profit from operations</b>	<b>78.7</b>	<b>88.8</b>
<b>Operating EPS (cents per security)</b>	<b>4.5 cps</b>	<b>5.1 cps</b>
Gain on sale of investment properties	-	19.4
Loss on disposal of other assets	-	(0.2)
Other transaction costs		(1.4)
Fair value net gain / (write-downs)		
Investment properties	48.5	105.5
Derivative financial instruments	8.9	3.4
Investments at fair value through profit or loss	26.8	3.6
Non-cash property investment income / (expense)		
Straight-line lease income	1.9	1.2
Lease incentive amortisation	(8.0)	(7.4)
Lease cost amortisation	(1.0)	(0.7)
Other non-cash expenses:		
Amortisation of finance costs	(4.1)	(3.5)
Net exchange gain / (loss) on foreign currency borrowings	5.6	(6.0)
Amortisation and depreciation, net of deferred tax expense <sup>1</sup>	(3.4)	(4.0)
Relating to equity accounted investments <sup>2</sup>	(0.8)	(3.2)
Net foreign exchange gains / (losses)	0.1	-
<b>Profit for the year</b>	<b>153.2</b>	<b>195.5</b>
<b>Statutory EPS (cents per security)</b>	<b>8.7 cps</b>	<b>11.2 cps</b>

1) Comprises depreciation of plant and equipment and amortisation of intangible assets, including management right and associated deferred tax liability upon the acquisition of Valad Europe

2) Comprises fair value adjustments included in share of profit of equity accounted entities

# Segment Result – Operating Earnings Detail<sup>1</sup>

Half Year ending 31 December 2016 (in \$M)	Property Investment	Property / Funds Mgt Internal	Funds Management External Retail	Funds Management External Wholesale	Property Development	HY Dec-16
<b>Segment revenue</b>						
Sales to external customers	106.2	3.6	8.2	38.3	-	156.3
Sales - intersegmental	0.5	9.3	-	-	-	9.8
Operating profits of equity accounted entities	2.2	-	0.5	0.6	-	3.3
Distributions	-	5.9	0.1	1.0	-	7.0
Interest	0.3	0.3	0.1	0.1	-	0.8
Other income	-	0.1	-	-	-	0.1
<b>Total segment revenue and other income</b>	<b>109.2</b>	<b>19.2</b>	<b>8.9</b>	<b>40.0</b>	<b>-</b>	<b>177.3</b>
<b>Segment expenses</b>						
Property outgoings, rates and taxes	(16.3)	-	-	-	-	(16.3)
Property Development cost	-	-	-	-	(0.2)	(0.2)
Intersegmental costs	(9.3)	(0.5)	-	-	-	(9.8)
Funds management costs	-	-	(1.5)	-	-	(1.5)
Employee benefits expense	-	(11.9)	(0.8)	(16.9)	-	(29.6)
Finance costs	(20.8)	(2.4)	-	(2.2)	-	(25.4)
Administration and overhead costs	(0.3)	(3.8)	(0.3)	(8.1)	-	(12.5)
<b>Total segment expenses</b>	<b>(46.7)</b>	<b>(18.6)</b>	<b>(2.6)</b>	<b>(27.2)</b>	<b>(0.2)</b>	<b>(95.3)</b>
Tax expense	-	-	(0.3)	(3.0)	-	(3.3)
<b>Segment result for the year</b>	<b>62.5</b>	<b>0.6</b>	<b>6.0</b>	<b>9.8</b>	<b>(0.2)</b>	<b>78.7</b>
Segment contribution to operating profit	79%	1%	8%	12%	0%	100%
<b>Weighted Average Securities on Issue (M)</b>						<b>1,755.0</b>

1) Excludes certain non operating items. Refer to statutory accounts for complete segment result.



# Property Portfolio – Top 10 Assets

Asset	State	Class	Book Value	Cap Rate	Occupancy	WALE	Major Tenants
Qantas HQ	NSW	Office	450,900,000	5.50%	100.00%	14.7 years	Qantas
700 Collins Street	VIC	Office	240,000,000	5.88%	99.72%	8.8 years	Bureau of Meteorology, Metro Trains
Kent Street, Sydney	NSW	Office	240,000,000	6.25%	98.78%	3.7 years	Symantec, Sydney Ports, HLB Mann Judd
HQ North Tower	QLD	Office	213,000,000	7.50%	98.38%	4.0 years	AECOM, Bechtel, Technology One
McKell Building	NSW	Office	210,000,000	5.57%	100.00%	11.5 years	NSW State Government
Victoria Avenue	NSW	Office	194,500,000	6.75%	96.27%	3.7 years	Reed Elsevier, Leighton Contractors
Miller Street, North Sydney <sup>1</sup>	NSW	Office	134,711,827	7.75%	76.45%	2.6 years	Secure Parking Pty Ltd, Griffith Hack Lawyers
Tuggeranong Office Park	ACT	Office	116,120,000	10.50%	100.00%	0.7 years	Federal Government
Bundall Corporate Centre	QLD	Office	86,500,000	8.50%	90.40%	3.5 years	Wyndham Resorts, Corporate Executive Offices
Musk Avenue, Kelvin Grove	QLD	Office	77,500,000	7.25%	84.80%	5.0 years	QUT
<b>Total Top 10 Assets</b>			<b>1,963,231,827</b>	<b>6.64%</b>	<b>96.20%</b>	<b>7.04 years</b>	
Balance of Portfolio			458,680,000	8.44%	83.1%	4.5 years	
<b>Total<sup>2</sup></b>			<b>2,421,911,827</b>	<b>6.96%</b>	<b>92.30%</b>	<b>6.4 years</b>	

1) Represents Cromwell's 50% interest

2) Total excludes balance of property under construction

# Property Portfolio – Top 20 Leases

Tenant	Tenant Classification	Expiry Date	% of Portfolio Rental Income
Qantas Airways Limited	Listed Company/Subsidiary	Dec-32	14.3%
Government Property NSW	Government Authority	Jun-28	7.7%
Commonwealth of Aust. Dept of FaHCSIA	Government Authority	Aug-17	5.6%
AECOM Australia Pty Ltd	Listed Company/Subsidiary	Apr-20	4.9%
Bureau of Meteorology	Government Authority	Jul-26	4.5%
Therapeutic Goods Administration	Government Authority	Jun-22	3.7%
The State of Queensland Department of Public Works	Government Authority	Nov-17	3.3%
Metro Trains Melbourne Pty Ltd	Private Company	Feb-25	2.7%
The State of Queensland Department of Public Works	Government Authority	Jun-17	2.7%
QLD University of Technology	Government Authority	Nov-21	2.5%
Technology One Limited	Listed Company/Subsidiary	Apr-21	2.4%
Symantec (Australia) Pty Ltd	Listed Company/Subsidiary	Jul-21	2.3%
Reed Elsevier Australia Pty Limited	Listed Company/Subsidiary	Dec-20	2.1%
Government Property NSW	Government Authority	Jun-28	2.0%
Commonwealth of Australia	Government Authority	Sep-18	1.8%
Government Property NSW	Government Authority	Jun-28	1.8%
Government Property NSW	Government Authority	Jun-28	1.7%
Government Property NSW	Government Authority	Jun-28	1.4%
Wyndham Vacation Resorts Asia Pacific Pty Ltd	Listed Company/Subsidiary	Jun-21	1.4%
Department of Prime Minister and Cabinet	Government Authority	Jun-18	1.3%
			<b>70.1%</b>

# Property Portfolio – Net Property Income<sup>1</sup>

	1HY17 (\$)	1HY16 (\$)	Variance (\$)	Variance (%)	Comments
Bundall Corporate Centre	3,895,466	2,995,649	899,817	30.0%	6 new lease deals and renewals signed in CY16
Victoria Avenue	7,456,438	6,288,906	1,167,532	18.6%	13 new lease deals and renewals signed in CY16
700 Collins Street	6,821,367	5,879,690	941,677	16.0%	New leasing to Metro trains, BoM Renewal
Kent Street	6,957,892	6,695,081	262,811	3.9%	
HQ North Tower	8,455,278	8,145,212	310,066	3.8%	
Qantas HQ	13,379,424	12,936,808	442,616	3.4%	
19 National Circuit	1,549,526	1,514,423	35,103	2.3%	
Crown Street, Wollongong	1,328,052	1,299,031	29,021	2.2%	
Station Street, Penrith	1,141,252	1,136,822	4,430	0.4%	
Musk Avenue, Kelvin Grove	4,189,807	4,174,427	15,380	0.4%	
Bull Street, Newcastle	724,252	734,250	(9,998)	(1.4%)	
Farrer Place, Queanbeyan	939,837	955,362	(15,525)	(1.6%)	
McKell Building	5,367,356	5,477,153	(109,797)	(2.0%)	
Forestry House	3,248,473	3,315,197	(66,724)	(2.0%)	
Health House	2,659,828	2,808,593	(148,765)	(5.3%)	Lease extension at a reduced rental
Tuggeranong Office Park	9,828,823	10,404,261	(575,438)	(5.5%)	Changed to holdover lease in Dec-16
Oracle Building	1,399,113	1,535,185	(136,072)	(8.9%)	Contraction of existing tenant Chandler MacLeod
TGA Complex	3,453,238	4,247,771	(794,533)	(18.7%)	Expiry of TGA Fitout rental (5 yr option renewal since taken up)
Cromwell House	2,586,627	3,190,696	(604,069)	(18.9%)	Expiry of QER, 10 new lease deals and renewals signed in CY16
Lovett Tower	674,759	3,836,339	(3,161,580)	(82.4%)	Expiry of major tenant DVA
Vodafone	(138,314)	3,641,130	(3,779,444)	(103.8%)	Expiry of major tenant Vodafone
<b>Office Total</b>	<b>85,918,495</b>	<b>91,211,987</b>	<b>(5,293,492)</b>	<b>(5.8%)</b>	

1) Includes only properties held for all of 1H16 and 1H17. Northpoint is equity accounted and therefore excluded from above analysis

# Property Portfolio – Net Property Income<sup>1</sup>

	1HY17 (\$)	1HY16 (\$)	Variance (\$)	Variance (%)	Comments
Village Cinema Geelong	629,033	619,640	9,393	1.5%	
Regent Cinema Centre	657,382	662,270	(4,888)	(0.7%)	
<b>Retail Total</b>	<b>1,286,415</b>	<b>1,281,910</b>	<b>4,505</b>	<b>0.4%</b>	
<b>TOTAL HELD PROPERTIES</b>	<b>87,204,910</b>	<b>92,493,897</b>	<b>(5,288,987)</b>	<b>(5.7%)</b>	
Henry Waymouth Centre	-	2,197,265	(2,197,265)	(100.0%)	Asset sold Dec-15
Terrace Office Park, Bowen Hills	-	554,038	(554,038)	(100.0%)	Asset sold Sep-15
Bligh Street, Sydney	-	569,521	(569,521)	(100.0%)	Asset sold Aug-15
Bridge Street, Hurstville	-	(3,885)	3,885	(100.0%)	Asset sold Jul-15
<b>Sold Assets Total</b>	<b>-</b>	<b>3,316,939</b>	<b>(3,316,939)</b>	<b>(100.0%)</b>	
Borrowdale House	1,628	30,278	(28,651)	(94.6%)	
Sturton Rd, Edinburgh Park	(29,325)	(49,412)	20,087	(40.7%)	
Car Parking / Mary St Hub	22,616	(55,677)	78,293	(140.6%)	
Consolidation adjustments / eliminations	2,751,681	2,852,169			
<b>Other Total</b>	<b>2,746,599</b>	<b>2,777,359</b>	<b>(30,760)</b>	<b>(1.1%)</b>	
<b>TOTAL NET PROPERTY INCOME</b>	<b>89,951,509</b>	<b>98,588,196</b>	<b>(8,636,686)</b>	<b>(8.8%)</b>	

1) Includes only properties held for all of 1H16 and 1H17. Northpoint is equity accounted and therefore excluded from above analysis

# Property Portfolio – Movement In Book Value

- Portfolio continuously improved through acquisitions since 2010
- Frequent re-cycling of capital means disposing of assets before asset has large capex requirements
- In-sourced facilities management model also lowers lifecycle capex
  - Average Lifecycle Capex as a percentage of average assets of 0.23% of valuation over past seven years

	1HY17 (\$M)	FY16 (\$M)	FY15 (\$M)	FY14 (\$M)	FY13 (\$M)	FY12 (\$M)	FY11 (\$M)	FY10 (\$M)
<b>Opening balance</b>	<b>2,274.0</b>	<b>2,101.0</b>	<b>2,249.5</b>	<b>2,396.0</b>	<b>1,724.4</b>	<b>1,444.9</b>	<b>1,064.1</b>	<b>1,117.2</b>
Acquisitions	-	-	8.0	-	661.3	263.4	322.4	-
Construction Costs	41.5	47.2	-	-	-	-	-	-
Property Improvements	6.5	2.1	16.5	44.5	76.3	50.2	40.4	1.3
<b>Lifecycle Capex</b>	<b>2.0</b>	<b>2.6</b>	<b>6.8</b>	<b>6.8</b>	<b>6.3</b>	<b>2.6</b>	<b>3.0</b>	<b>2.2</b>
Disposals	-	(150.9)	(205.8)	(250.0)	(42.4)	(39.3)	(33.7)	(22.1)
Transferred to held for sale	-	-	(36.6)	-	-	-	-	-
Straight Lining of Rental Income	1.9	2.3	5.5	5.6	6.0	6.9	4.9	0.9
Lease costs and incentives	17.1	21.7	37.7	11.9	29.3	15.8	15.9	2.2
Amortisation of leasing costs and incentives	(9.0)	(15.2)	(13.0)	(11.6)	(9.5)	(7.7)	(5.8)	(5.4)
Net gain/(loss) from fair value adjustments	48.5	263.2	32.4	46.3	(55.7)	(12.4)	33.7	(32.1)
<b>Balance</b>	<b>2,382.5</b>	<b>2,274.0</b>	<b>2,101.0</b>	<b>2,249.5</b>	<b>2,396.0</b>	<b>1,724.4</b>	<b>1,444.9</b>	<b>1,064.1</b>
<b>Lifecycle Capex as a % on average assets</b>	<b>0.09%</b>	<b>0.12%</b>	<b>0.31%</b>	<b>0.29%</b>	<b>0.31%</b>	<b>0.16%</b>	<b>0.24%</b>	<b>0.20%</b>

# Property Portfolio - Debt Platform Facility Details

Facility	Amount	Maturity Date	Fin Yr Expiry	Years Remaining	Covenants
Bank 1 - 5 Year Facility	123,500,000	Mar-2021	2021	4.2 yrs	
Bank 2 - 5 Year Facility	100,000,000	Mar-2021	2021	4.2 yrs	
Bank 3 - 5 Year Facility	123,500,000	Jan-2021	2021	4.1 yrs	
Bank 4 - 5 Year Facility	105,630,520	Mar-2021	2021	4.2 yrs	
Bank 5 - 5 Year Facility	18,017,664	May-2019	2019	2.4 yrs	
Bank 6 - 5 Year Facility	120,000,000	Mar-2021	2021	4.2 yrs	
Bank 1 - 4 Year Facility	85,225,908	Mar-2020	2020	3.2 yrs	LVR 60%
Bank 2 - 4 Year Facility	100,000,000	Mar-2020	2020	3.2 yrs	ICR 2.0 x
Bank 3 - 4 Year Facility	85,225,908	Jan-2020	2020	3.1 yrs	WALE 3.0 yrs
Bank 1 - 1.5 Year Facility	50,000,000	Jun-2018	2018	1.4 yrs	
<b>Syndicated Debt Platform</b>	<b>911,100,000</b>			<b>3.7 yrs</b>	
Bank 7 - Term Facility	32,722,222	Jul-2018	2019	1.6 yrs	
Bank 7 - Construction Facility	79,404,005	Jul-2018	2019	1.6 yrs	LVR 75% <sup>1</sup>
Convertible Bond	218,277,000	Feb-2020	2020	3.1 yrs	
Bank 8 - Bank Facility	123,169,908	Jan-2018	2018	1.1 yrs	Group LTV 52.5%; Group cash \$20M
<b>CMW TOTAL</b>	<b>1,364,673,135</b>			<b>3.2 yrs</b>	
Bank 1 - Term Facility	34,835,813	Dec-2019	2020	2.9 yrs	
Bank 4 - Term Facility	34,835,813	Dec-2019	2020	2.9 yrs	LVR 55% <sup>2</sup> ; ICR 1.5 x
<b>CMW TOTAL - LOOK THROUGH BASIS</b>	<b>1,434,344,760</b>			<b>3.2 yrs</b>	

Look through calculations incorporate 50% of Northpoint debt

- 1) Based on "As Complete" valuation for new build / "Vacant Possession" valuation for existing building
- 2) Based on "As If Complete" valuation of the site



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