



23 March 2011

Pengana Credo European Property Trust Investor Update – March 2011

2009 Financial Statements

The Financial Report for the period ended 30 June 2009 for the Pengana Credo European Property Trust was expected to be released by the end of February 2011. The release of the financial report has been further delayed due to delays in offshore subsidiary audits. The reason for this protracted process arises from the complicated ownership structure of the Trust both from an accounting and administrative viewpoint. The principal contributing factors to audit delays are: having different auditors in different jurisdictions and the complexities surrounding the contractual arrangements in relation to the funding of the Trust. Until the offshore audits are completed, we are unable to commence the onshore audits. Based on updated information we have received, we now expect to be able to release the report early in the new financial year.

In the interests of having the audits completed as early as possible and taking into account the body of work already undertaken, we have elected to retain the existing auditors for the 2009 accounts. It is anticipated that the audit should now be completed by the end of July. The 2009 audit needs to be signed off before we can commission work on the 2010 financial year. We are currently reviewing audit arrangements for the 2010 financial year with a view to engaging an alternative larger resourced firm.

We sincerely regret this delay but wish to assure you that we do not regard these delays as acceptable and are working to resolve this situation as soon as possible.

Portfolio Update

Our valuers have advised that the market is now stable and although there is not a lot of comparable information in the market due to low transactions volume, we may see some slight improvement in the value of the portfolio. Arrangements have been put in place to obtain updated property valuations in the most cost-efficient manner for the Trust.

With the current funding arrangements due to expire in May 2011, negotiations are currently underway to facilitate appropriate ongoing funding for the Trust. Barclays, our financiers are also awaiting the outcome of the portfolio valuation which is due for completion by 10 May. We are working constructively through the relevant issues with Barclays and will issue an update as soon as arrangements are finalised.

If you have any questions relating to the accounts, the Trust or your investment, please email or call Tom Curtis (tom.curtis@pengana.com, +612 8524 9986) or Gavin Rabinowitz (grabinowitz@credogroup.com, +44 207 291 3200).

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