

Cromwell Property Group announces the launch of a €2 billion core European Cities Fund with €205 million acquisition

Global real estate investment manager, Cromwell Property Group (Cromwell) today announced the launch of the Cromwell European Cities Income Fund (CECIF) after securing commitments from institutional investors including PFA Pension, the largest privately owned life insurance company in Denmark, to fund the acquisition of a €205 million seed portfolio of three Dutch assets.

With an initial investment target of €2 billion in gross asset value, CECIF is a long-term, open-ended core fund targeting income returns of more than 5% p.a. and a total return of 8% p.a. from assets located in key selected European cities.

Cromwell's research team carefully analysed 163 European cities and selected 29, driven by a number of key macro-trends, which have the potential to generate sustainable, resilient, long-term returns for investors. The fund will invest in office, retail, leisure, industrial and some specialist property sectors, in specific locations in each city, as identified by Cromwell's local real estate teams.

Comprising three prime office assets located in Amsterdam, Rotterdam and The Hague, the seed portfolio includes the 33,400 sqm Central Plaza in Rotterdam, the 8,700 sqm De Ruijterkade building in Amsterdam and the 5,700 sqm Koningskade building in The Hague. All the buildings are let on long-term leases backed by strong covenants with an average lease length of more than nine years.

Cromwell CEO Paul Weightman said: "We have previously flagged our intention to grow our funds management business and have spent the last few months discussing opportunities with key investors".

"The first close of CECIF, and the acquisition of the seed portfolio, demonstrates our ability to match international capital with investment opportunities underwritten by our on-the-ground real estate teams in 22 offices across 14 different European countries".

"We have a very strong pipeline of additional investment opportunities already identified for CECIF and look forward to announcing further milestones, as well as a number of new fund initiatives, in coming months," Mr Weightman said.

David Kirkby, CEO, Europe said: "The European real estate market covers more than 500 million people and there is often little correlation between different markets. The ability to assess local investment opportunities using experienced, on the ground real estate teams and then trade-off the risk and return for investing in different assets, in different countries at different times is one that investors really appreciate".

“Additionally the historically high-yield premium of European commercial property over sovereign debt and corporate bonds currently offers an attractive entry point for institutional investors looking for a long-term total return of 8% or above”, he added.

Cromwell’s European funds management platform manages €4 billion of real estate assets and investment capacity across its 26 funds and mandates. The platform covers approximately 338 assets and 3,400 tenants, managed by local teams totalling around 190 people in 22 offices and 14 European countries.

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About Cromwell

Cromwell Property Group (ASX:CMW) is a Global Real Estate Investment Manager. The Group is included in the S&P/ASX 200. As at 30 June 2016, Cromwell had a market capitalisation of \$1.8 billion, a direct property investment portfolio in Australia valued at \$2.3 billion, and a funds management business with \$10.3 billion of assets under management across Australia, New Zealand and Europe.