

CROMWELL ANNOUNCES STRATEGIC EUROPEAN PARTNERSHIP WITH HONG KONG-BASED VALUE PARTNERS GROUP

Real estate investor and fund manager Cromwell Property Group (ASX:CMW) (Cromwell), has entered into a binding agreement to create a joint venture with Hong Kong-based asset manager Value Partners Group, exchanging on the sale of a 50% stake in the Cromwell Italy Urban Logistics Fund assets. The seven properties that make up the Fund are 100% leased to DHL (Parent Company Deutsche Post DHL Group) and situated in seven prime logistics submarkets in Italy.

The sale is based on a portfolio asset value of €55.8 million (at 100%) which is an approximate 9.4% increase on Cromwell's initial purchase price.

Settlement is expected in late July 2023, with Cromwell's European operations team set to continue to manage the portfolio. Located in northern Italy, near key transport hubs of Milan, Turin, Bologna and Verona, the seven logistics properties have a combined gross lettable area of 46 sq km and are fully let to DHL on long-term leases with an overall portfolio WALT of 7.8 years.

Cromwell CEO, Jonathan Callaghan said: "The part-sale of the Cromwell Italy Urban Logistics Fund is another step in the organisation's strategic journey to repositioning itself as a capital-light fund manager. The Italian assets were identified as non-core to Cromwell's business in 2022 and, as a result, Cromwell actively marketed the assets for sale or co-investment."

"We are pleased to be able to partner with Value Partners Group as they invest in Europe for the first time in their organisation's history, and we look forward to working with them on this, and future potential investments," said Mr. Callaghan.

The sale proceeds will return c. €12.5 million (A\$20.5 million) of equity to Australia for gearing reduction initially and in time, future redeployment on strategic initiatives.

"We will continue to focus on simplification of the business through our non-core asset sale process, including those assets in the Cromwell Polish Retail Fund, as well as some additional non-core assets in Australia, applying proceeds to debt reduction in the first instance to ensure security through an ongoing difficult operating environment. Any redeployment will be measured and disciplined without unduly increasing gearing risks," said Mr. Callaghan.

Rachel Tong, Managing Director and Head of Real Estate Private Equity for Value Partners Group, commented: "As a Hong Kong-based investor, it's great to partner with Cromwell who will remain co-invested in this opportunity. This expansion and geographical diversification of our logistics portfolio will deliver exciting opportunities for growth and profitability for our investors. Italy is an important logistics hub in Europe. We are confident of stable returns."

Also commenting on the sale, Lorenzo Caroleo, Head of Italy at Cromwell said: "Having owned and managed this portfolio since 2020, we have an excellent understanding of the assets, the occupier, and the demand for these types of assets across the north of Italy. The joint venture with Value Partners would allow us to grow this portfolio with selective acquisitions of urban / last mile logistics assets, leased to occupiers with strong covenants, that are located near the major urban hubs in Italy and other cities in Europe."

Authorised for lodgement by Jonathan Callaghan (Managing Director/Chief Executive Officer) and Michael Foster (Company Secretary).

Ends.

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ABOUT CROMWELL PROPERTY GROUP

Cromwell Property Group (ASX:CMW) is a real estate investor and fund manager with operations on three continents and a global investor base. Cromwell is included in the S&P/ASX200. As of 31 December 2022, Cromwell had a market capitalisation of \$1.8 billion; an Australian investment portfolio valued at \$3.0 billion; and total assets under management of \$12.0 billion across Australia, New Zealand, and Europe.