

CROMWELL SELLS EUROPEAN FUND MANAGEMENT PLATFORM

Highlights

- Cromwell has agreed to sell its European fund management platform and interests, including the Cromwell Italy Urban Logistics Fund and Cromwell European REIT, to Stoneweg for €280 million¹ / \$457 million (Transaction).²
- The Transaction continues the Group's strategy to simplify the business and transition to a capital-light fund management model, through the sale of non-core assets and realigning to Cromwell's core competencies in Australia and New Zealand.
- The Transaction, together with the completed divestment of the CPRF portfolio, puts Cromwell in a strong financial position to execute on its stated strategy, with significant capital to redeploy to pursue value accretive opportunities when markets are conducive, to provide longer term growth for securityholders.
- Post completion of the Transaction, Cromwell's pro-forma gearing and look-through gearing will both reduce to approximately 25%. The sale represents the conclusion of a \$1.6 billion sale programme to reduce Cromwell's gearing.
- Cromwell will continue to manage \$4.8 billion of assets in Australia and New Zealand, including a portfolio of high-quality assets in Australia, and will focus future efforts on growing its Australian and New Zealand funds management platform.
- Following the financial completion of the Transaction, Cromwell will review its capital position and funding requirements and options for possible capital management initiatives.

Cromwell Property Group (ASX:CMW) (Cromwell or the Group), today announces that it has entered into a binding agreement for the sale of Cromwell's European fund management platform and associated co-investments² for a total consideration of €280 million¹ / \$457 million to Stoneweg SA Group (**Stoneweg**), a Geneva headquartered, multi-strategy real estate investment manager with over €4.0 billion of assets under management.

The Transaction covers all components of Cromwell's European business². The assets of the Cromwell Polish Retail Fund do not form part of the Transaction as they were subject to a separate sale process as previously announced, which completed on 15 May 2024 in Europe.

The Transaction is consistent with the Group's commitment to simplify the business to transition to a capital-light funds management model. The exit from the European business allows Cromwell to be focused on its core competencies in Australia and New Zealand and positions the platform for future growth.

¹ Gross price subject to settlement adjustments.

² The Transaction comprises an acquisition of 100% of equity interests in Cromwell EREIT Management Pte. Ltd. and Cromwell European Holdings Limited, 50% interest in Cromwell Italy Urban Logistics Fund (subject to counterparty consent) as well as a 27.8% interest in Cromwell European REIT.

Commenting on this strategic advancement, Chair Dr Gary Weiss said: "This is a turning point for Cromwell to focus on leveraging the exceptional team we have in Australia, to drive value from our local asset and funds management business. In the current operating environment, numerous options were considered to simplify and de-risk the business, and we believe that this transaction will provide the debt reduction and working capital needed to move forward in a focused and value-accretive way. We extend our thanks to our investors and other stakeholders for remaining engaged and supportive as we have executed on Cromwell's refreshed strategy over the last few years."

Cromwell's CEO, Jonathan Callaghan commented "Since December 2021, we have divested \$1.6 billion of non-core assets and investment positions locally and offshore, greatly stabilising the business and ensuring we have the right foundations for future growth. This journey has been an extended one due to the complexities involved in undertaking transactions across a number of countries and jurisdictions, with multiple hurdles to overcome. I take this opportunity to thank those members of the Cromwell team who participated in this exercise, especially those who will move to Stoneweg as a result of this Transaction.

"I strongly believe that Stoneweg is an excellent match with very little overlap in terms of geographic and asset class focus. We are confident they will be the right custodian for the capital that our platform manages and are well placed, enabling it to support these mandates and funds including the continued growth of CEREIT."

Cromwell will continue to own and manage a high-quality Australian portfolio of commercial assets valued at \$2.4 billion with its long-standing, well-respected funds management platforms in Australia and New Zealand also managing an additional \$2.4 billion of assets, supported by a strong balance sheet to fund new investment opportunities to build meaningful long-term value for our investors."

The sale proceeds will initially be used to repay debt. On completion of the sale process, the Group's pro-forma gearing (and look-through gearing) will reduce to approximately 25%, which is below the REIT sector average. This will provide significant balance sheet capacity to take advantage of organic and inorganic growth opportunities as they arise.

Cromwell anticipates the Group's pro-forma NTA impact will be -8% and proforma earnings impact of -8%³. The proforma earnings impact of both this Transaction and the sale of CPRF is expected to be -12%³.

Following the financial completion of the Transaction, Cromwell will review its capital position and funding requirements and options for possible capital management initiatives.

The Transaction remains subject to customary closing conditions and adjustments, including approval by the Monetary Authority of Singapore and the Commission de Surveillance du Secteur Financier in Luxembourg as well as debt change of control consents or waivers. Completion is expected to occur in Q1 FY25. The full amount of the sale proceeds is due to be received on completion of the sale.

³ Based on FY24 proforma earnings.

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After the completion of the Transaction, Cromwell will work with Stoneweg to facilitate the transition of business operations, ensuring a full and orderly separation of the European and Singaporean staff, platform and systems, which is expected to be completed during FY25.

Cromwell has been working through a process to identify growth opportunities aligned with the stated strategy to drive future shareholder value and will provide a further update around full year results in August 2024.

Cromwell has engaged Citigroup Global Markets Australia Pty Limited and UBS Securities Australia Limited as its financial advisers, and Linklaters as its legal adviser.

Authorised for lodgement by the Board of Directors, Jonathan Callaghan (Managing Director/Chief Executive Officer) and Michael Foster (Company Secretary and Senior Legal Counsel).

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. As at 31 December 2023 Cromwell had a market capitalisation of approximately \$1.1 billion, an Australian investment portfolio valued at \$2.4 billion and total assets under management of \$11.4 billion across Australia, New Zealand and Europe.