

## CROMWELL ACQUIRES LANDMARK NORTH SYDNEY OFFICE BUILDING FOR NEW WHOLESALE FUND

Cromwell Property Group (ASX: CMW) has exchanged unconditional contracts to acquire North Sydney office building Northpoint Tower for \$278.7 million.

The property will be the foundation asset for a new unlisted wholesale investment trust, the Cromwell Partners Trust. The Trust will be managed by Cromwell and will be owned initially 50/50 by Cromwell and South African property investment group Redefine Properties Limited, which is also a major Cromwell securityholder.

Northpoint is North Sydney's tallest and most recognisable office tower with a total land area of more than 5,000sqm and a net lettable area of 35,145sqm spread across 42 levels. The building, which is located at 100 Miller Street, holds a prime corner position with more than 130 metres of street frontage.

Cromwell CEO Paul Weightman said Northpoint was one of Sydney's best commercial and retail repositioning opportunities in an unrivalled location in the heart of North Sydney.

"We believe the Sydney CBD and North Shore markets offer significant potential over coming years and Northpoint is well positioned to benefit from any upswing in business confidence and the growing demand for retail services from the more than 75,000 permanent residents in North Sydney," he said. "It is extremely well located, has a diversified income stream and offers excellent potential for value-adding investment. The asset will benefit from a refurbishment and repositioning programme that Cromwell proposes to commence in the 2014 calendar year."

Redefine and Cromwell will both contribute approximately \$80 million equity towards the purchase price of Northpoint Tower, with the balance to be funded by a new debt facility. Cromwell's equity portion will be sourced from capital recycled from recently announced asset sales and existing cash reserves.

Over time, the Cromwell Partners Trust may also acquire other assets and may also conduct further equity placements to new wholesale investors.

Cromwell will also earn fees from the external unitholders in the Trust for arranging the acquisition of the property and for the ongoing management of the Trust in addition to the regular property level fee streams.

Northpoint was originally completed in 1977 and was last refurbished in 1997. The building comprises a 34 level office tower consisting of three rises, built above a three level retail podium including dual street frontage to Miller Street and Pacific Highway, with six levels of basement car parking for 423 vehicles.

The building has approximately 2,603sqm of retail accommodation, with pedestrian entrances on Miller Street and the Pacific Highway. A further 284sqm retail area is located in the car park on level 6.

Settlement of Northpoint Tower is scheduled for 19 December 2013. The sale was negotiated by Scott Gray-Spencer from CBRE.

On completion of the acquisition, Cromwell Property Group's portfolio is expected to comprise a total of 32 properties valued at approximately \$2.4 billion. Cromwell continues to explore options for divestment of a limited number of smaller, non-core assets.

After allowance for recent and potential future asset sales, the acquisition of Northpoint and expected fee income from managing the Trust, Cromwell now expects operating earnings for FY14 to be at least 8.4 cents per security, an increase from previous guidance of 8.3 cents per security.

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