

CROMWELL, IN CONJUNCTION WITH IGIS, ACQUIRES ITALIAN DHL LOGISTICS PORTFOLIO TO SEED NEW EUROPEAN LOGISTICS FUND

Diversified real estate investor and manager, Cromwell Property Group (ASX:CMW) (Cromwell) and Korean real estate investment manager, IGIS Asset Management (IGIS) have signed binding agreements to purchase seven DHL logistics assets in Italy for A\$85.7 million (€52.5 million), with settlement due in September 2020. Cromwell will fund its share of the acquisition from existing cash reserves.

It is intended that the assets will then form the seed portfolio for a new Cromwell European Logistics Fund once launched. The Fund will be focused on core+ logistics assets throughout Benelux, France, Germany and Italy, with a target total Gross Asset Value (GAV) of €400 to €500 million (A\$650 to A\$800 million).

“Logistics is a ‘high conviction’ sector that we believe will prove resilient in these difficult times and provide our capital partners with strong potential for outperformance over the medium term. We are excited by our new capital partnership with IGIS and the opportunity to launch a new European Logistics Fund,” said Cromwell’s Chief Investment Officer, Rob Percy.

“The demand for logistics assets is likely to continue to increase, supported by long term structural and demographic trends, especially in urban locations where supply is constrained.”

He added, “This exciting new initiative is another example of our ‘Invest to Manage’ strategy. The strategy has seen Cromwell launch the Cromwell European REIT in Singapore, LDK Seniors Living and partner with BlackRock at 475 Victoria Avenue, Sydney.”

“Our pipeline now consists of a number of exciting opportunities including the new Logistics Fund, Cromwell Polish Retail Fund and also the proposed Stratus Cromwell Data Centres Fund.”

Cromwell announced the Stratus Cromwell Data Centres Fund on 13 July 2020 after the non-binding heads of terms agreement was signed. Cromwell is now working towards having definitive documentation approved and signed by the Cromwell Board and will provide a further update in due course.

“We have received significant inbound interest from capital partners and the first two projects in London and Frankfurt are under exclusivity,” commented Mr Percy.

“As per our ‘Invest to Manage’ strategy, we will look to retain 20% to 30% stakes in each fund in the medium to long term, depending on the opportunity. We intend to launch the new Cromwell European Logistics Fund in Q4 2020,” he concluded.

Located in northern Italy, the wealthiest area of the country, near the cities of Milan, Turin, Bologna and Verona, the seven properties are fully let to DHL on long-term leases with an overall portfolio WALT of 16 years.

Two of the seven logistics centres are brand new, built to modern and technologically advanced specifications, while the other five properties are fully compliant with DHL’s high standards having been occupied by DHL since their development.

Lorenzo Caroleo, Cromwell's Head of Italy, said: "We are delighted with these new acquisitions, which increase Cromwell's exposure to the logistics sector through seven assets with excellent fundamentals, located in the strongest economic regions of Italy."

"The urban logistics sector in Italy is characterised by a significant supply/demand imbalance and a supply chain that needs upgrading to keep pace with the needs of modern logistics providers. By acquiring this portfolio, fully let to a multi-national business such as DHL, we are able to tap into this opportunity on behalf of Cromwell and our capital partners globally."

"We look forward to deploying further capital in the sector as further opportunities arise, both in Italy and elsewhere in Europe," he added.

Sei-hyun Kwon, Senior Vice President at IGIS Asset Management, said: "This acquisition is an excellent example of the type of logistics assets we are looking to invest in. We have been observing rapid growth of E-Commerce and express courier market in Italy for quite some time. Understanding how tough it is nowadays to identify this type of logistics portfolio in strategic locations, we are very fortunate to be able to work with Cromwell who provides us with the sort of on-the-ground asset and investment management expertise that is so important to ensure success as we continue diversifying our exposure to Europe."

Authorised for lodgement by Lucy Laakso (Company Secretary) and Paul Weightman (Chief Executive Officer).

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ABOUT CROMWELL PROPERTY GROUP

Cromwell Property Group (ASX:CMW) is a diversified real estate investor and manager with operations on three continents and a global investor base. As at 31 December 2019, Cromwell had a market capitalisation of \$3.1 billion, a direct property investment portfolio valued at \$3.2 billion and total assets under management of \$11.9 billion across Australia, New Zealand and Europe.