

HALF-YEAR FY2023 MARKET UPDATE

HY23 RESULTS OVERVIEW

- Statutory loss of \$129.5 million (HY22 \$132.5 million profit), due to a fall in property valuations;
- Operating profit of \$87.1 million (HY22 \$96.4 million), equivalent to 3.33 cents per security;
- HY23 distributions of 2.75 cents per security, for a payout ratio on operating profit of 82.6% and 103.4% of adjusted funds from operations (AFFO); and
- Net Tangible Assets of \$0.97 (FY22 \$1.04), gearing at 41.8% (FY22 39.6%).

HY23 OPERATIONAL HIGHLIGHTS

- Total assets under management remain \$12 billion, unchanged from 30 June 2022;
- Market wide valuation impacts led to revaluations down 1.31%;^{1,2}
- Occupancy is 95.1% by income¹ with net property income growth of 2.7%;²
- Weighted average lease expiry of 5.6 years,¹ with 51% of income weighted to Government tenants;¹
- Cromwell becomes a member of the Dow Jones Sustainability Australia Index, 1 of only 6 property groups; and
- Gearing 41.8% at the end of the period, attributed to the fall in property valuations.

Cromwell Property Group (ASX:CMW) (Cromwell) announces its results for the half-year period 31 December 2022 (HY23), with Cromwell Chair Dr Gary Weiss commenting:

“In the face of challenging market conditions, the Cromwell team has made progress in the delivery of its strategy, with a series of key initiatives either completed or advanced: simplification of Cromwell’s operating structure, improved staff engagement and management of the balance sheet through non-core asset sales. This is reflective of Cromwell’s long-standing ability to adapt and manage complex market conditions.”

Cromwell reports a HY23 statutory loss of \$129.5 million (HY22 \$132.5 million profit), equivalent to (4.94) cents per security. HY23 operating profit, which reflects the underlying performance of the business, was \$87.1 million (HY22 \$96.4 million), equivalent to 3.33 cents per security (HY22 3.68 cents per security).

In Australia, Cromwell continues to sell-down non-core assets, with \$381 million³ sold during 2022 calendar year. Cromwell continues to test market conditions for a suitable opportunity to take its Australian Investment Portfolio off the balance sheet.

¹ Relates to the Australian Investment Portfolio.

² Metrics are on a like-for-like basis.

³ Assets contracted for sale during the calendar year, with some settlement dates after 31 December 2022.

The funds and asset management platform contributed positively to HY23 operating profit, however this was offset by the decline in income from the company's investment portfolio as Cromwell continues to dispose of its non-core assets.

Cromwell remains focused on balance sheet strength and continues to progress initiatives to reduce gearing, which is expected to be within target range of 30-40% once sale proceeds are received for Wollongong and full repayment of LDK loans.

OUTLOOK

Commenting on the outlook, Cromwell CEO Jonathan Callaghan said: "Through the remainder of FY23 we will continue our programme of non-core asset sales, 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.

We will continue testing market conditions for a suitable opportunity to take the Australian asset portfolio off the balance sheet and possible reallocation of capital for appropriate growth opportunities, which continues to underpin our strategy of moving to a capital light fund manager."

Authorised for lodgement by Lucy Laakso (Company Secretary and Corporate Counsel) and Michael Wilde (Chief Financial Officer).

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 at 31 December 2022, Cromwell had a market capitalisation of \$1.8 billion, an Australian investment portfolio valued at \$2.8 billion and total assets under management of \$12.0 billion across Australia, New Zealand and Europe.