

## **MANDATORY COMMERCIAL TENANCY CODE OF CONDUCT AND CROMWELL FY20 GUIDANCE UPDATE**

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Cromwell Property Group (ASX:CMW) (Cromwell) notes today's announcement by the Prime Minister of a mandatory commercial tenancy code of conduct to help struggling businesses through the COVID-19 crisis.

"COVID-19 continues to be an unprecedented global event and we recognise the urgent nature of the emergency, our responsibility to help 'flatten the curve' and contribute to the ensuing recovery in all the countries, cities and communities in which we operate," said Cromwell CEO Paul Weightman.

Cromwell has successfully deployed its business continuity protocols in all fourteen countries in which it operates and has put in place a range of preventative measures to help stop the spread of the virus in the assets that it owns and manages.

"We are conscious that we have a wide range of stakeholders including employees, securityholders, tenants, suppliers, contractors and service providers impacted by COVID-19."

"We will act in a responsible way that balances the interests of all stakeholders and to ensure that the impact of the pandemic is not borne unfairly by any one particular group," he added.

### **FY20 Guidance And Financial Position**

Cromwell also announced that it is presently unable to determine the impact of the application of the tenancy code on its business and in view of the increasing uncertainty of the impact of COVID-19 it has withdrawn its guidance for the rest of FY20.

In February 2020, Cromwell reported HY20 operating profit of \$134.1 million, equivalent to 5.18 cps, a 26% increase from the 4.10 cps reported in HY19. At the half year, Cromwell was ahead of 'run rate' for its annualised guidance and continued to perform in line with expectations in the March 2020 quarter.

The recently announced March 2020 quarter distribution will be paid in full.

"Cromwell generates 40% of net operating income from government tenants which puts us in a strong and resilient position," said Mr Weightman.

"Our property teams are also still active and, though everything has undoubtedly slowed down, there are still opportunities. We were delighted to be able to recently announce a short-term lease deal with the South Australian Government for the Wakefield Hospital site to be used for COVID-19 patients."

"Just last Tuesday, we also closed a portfolio sale on behalf of the Cromwell European REIT in France, Netherlands and Denmark for €65 million and simultaneously acquired a portfolio of three light industrial assets in Germany for €38 million," he added.

Debt remains well diversified across 21 domestic and international lenders with minimal debt expiries until FY23 and a debt duration of 4.2 years at 31 December 2019.

## Outlook

Cromwell's strategy involves maintaining a strong balance sheet and long-dated direct property portfolio. This provides income stability and security and enables Cromwell to recycle assets and invest, or 'Invest to Manage', into its indirect property investment and funds management businesses.

"Most of Cromwell's income is in the form of cashflows from the assets we own and manage, with the fees we do earn from funds and asset management being mainly recurring in nature. This adds to the stability and predictability of our cashflows," said Mr Weightman.

"This may be viewed as a more conservative business model but in times like these we believe it is preferable to being exclusively reliant on fees from managing assets on behalf of third parties."

"Cromwell is well positioned to deal with the challenges and opportunities of COVID-19. We remain engaged, operational and well-placed to continue to preserve value for all our securityholders," he concluded.

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

Ends.

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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.