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Cromwell European REIT Completes the Acquisition of a Freehold Logistics Asset in Germany

- Acquisition was completed at a competitive price of €16.4 million (approximately S\$26.4 million¹), ~50.0% below estimated replacement cost²
- Modern 30,557 sq m asset acquired on a 6.4% net operating income (“**NOI**”) yield³
- Asset is 100% let to a food logistics company on a double-net lease until 2024
- Asset is well-located in the town of Sangerhausen within the central German region of Saxony-Anhalt, along major autobahns providing access to sizeable German cities such as Berlin and Munich

SINGAPORE – Cromwell EREIT Management Pte. Ltd., the manager (the “**Manager**”) of Cromwell European Real Estate Investment Trust (“**Cromwell European REIT**” or “**CEREIT**”), is pleased to announce that CEREIT completed the acquisition of a logistics asset in Germany (the “**Asset**”) on 13 August 2020, pursuant to a purchase agreement with German developer Nathusius Vermögensverwaltungs-GmbH & Co. KG. This follows the initial announcement of the acquisition in a media release on 28 February 2020 titled “Cromwell European REIT Acquiring a Freehold Light Industrial / Logistics Asset in Germany”.

The Manager’s Chief Executive Officer, Mr. Simon Garing, commented, “I am delighted to announce that this is CEREIT’s fourth light industrial / logistics asset acquisition in Germany in 2020. The Asset is less than five years old and acquired at an attractive 6.4% NOI yield³, a testament to the sourcing capabilities of our extensive on-the-ground European team. This latest addition to our portfolio is underpinned by a lease to a market-leading company specialising in fresh food supply chain packaging. We also continue to add to our pipeline of accretive opportunities in the light industrial / logistics sector in Germany and its neighbouring countries, taking advantage of CEREIT’s strengths even in the very challenging environment brought on by the COVID-19 pandemic.”

The Asset

The Asset is a freehold, logistics property totalling 30,557 square metres (“**sq m**”) of net lettable area (28,060 sq m of warehouse space; 2,315 sq m of office space; and 182 sq m of other spaces) on a site totalling approximately 79,000 sq m. The Asset was constructed in 2017 with modern logistics specifications. It can readily be repositioned for a multi-tenanted strategy, if required.

The Asset is fully let to Euro Pool System International GmbH, a market leader in the field of reusable packaging in the European fresh food supply chain and an existing CEREIT tenant-customer. The lease, which extends until February 2024, is on a double-net basis, whereby the landlord is only responsible for structural repairs throughout the duration of the lease.

The Asset is well-located in Sangerhausen, a town in the central Germany region of Saxony-Anhalt, close to transportation hubs Leipzig (Saxony) and Erfurt (Thuringia). The town's attractive location has been enhanced with the recent addition of autobahn A71 which forms part of a new north-south connection between Berlin and Munich. The asset is also adjacent to the A38 autobahn, which belongs to the highways crossing central Germany from west to east, connecting cities such as Frankfurt to Leipzig and Dresden and providing access to Poland. The regions of Saxony-Anhalt and Thuringia have a total population of approximately 4.4 million. The gross domestic product ("GDP") of Saxony-Anhalt has increased from €40.1 billion in 1996 to €63.6 billion in 2019 and the GDP of Thuringia has increased from €35.6 billion in 1996 to €64.0 billion in 2019⁴.

Rationale and Benefits

The Asset is situated on freehold land and is being acquired at an attractive NOI yield³ of 6.4%, as compared to CEREIT's existing portfolio's NOI yield³ of just above 6.0%. The Asset is fully let to a single tenant-customer with sound creditworthiness, at a passing rent slightly below estimated market rent, thereby offering positive reversion potential in the future.

The acquisition increases CEREIT's exposure to Germany to over 8.0% of its portfolio, at €174.3⁵ million, up from €120.0 million as at 31 December 2019.

The Asset is strategically located in central Germany, with good connection to the German autobahn network, providing access to sizeable German cities such as Berlin to the north-east; Leipzig and Dresden to the east; Erfurt, Nuremberg and Munich to the South; and Kassel and Dortmund to the west.

The Asset will provide CEREIT with a stable cashflow and has a WALE⁶ of approximately 3.5 years. The tenant-customer's renewal of the lease is possible as it has recently invested €3.1 million in its fit-out of the Asset. Infrastructure developments in the region and growing occupier demand are expected to drive rental growth and yield compression.

Consideration

The total cost of the acquisition of the Asset is approximately €18.0 million (approximately S\$29.0 million¹), comprising the purchase consideration of the Asset of €16.4 million (approximately S\$26.4 million), the acquisition fee payable to the Manager in cash, as well as professional and other fees and expenses in

connection with the acquisition (which includes real estate transfer tax but excludes recoverable value-added tax). The acquisition was funded wholly from available cash reserves. The purchase consideration is ~50.0% below the estimated replacement cost². It was arrived at on a willing buyer and willing seller basis.

Following the completion of the acquisition, CERET's portfolio now comprises 95 properties in the Netherlands, Italy, France, Poland, Germany, Finland and Denmark.

Other Information

Based on the relative figures as computed on the bases set out in Rule 1006 of the listing manual of Singapore Exchange Securities Trading Limited (the "**Listing Manual**"), the acquisition of the Asset is a "Non-Disclosable Transaction" within the meaning of Rule 1008 of the Listing Manual.

END

The Asset



ABOUT CROMWELL EUROPEAN REAL ESTATE INVESTMENT TRUST

Cromwell European Real Estate Investment Trust (“**Cromwell European REIT**” or “**CEREIT**”) is a real estate investment trust (“**REIT**”) with the principal investment strategy of investing, directly or indirectly, in a diversified portfolio of income-producing real estate assets in Europe that are used primarily for office, light industrial / logistics and retail purposes.

CEREIT’s portfolio comprises 95 properties with an appraised value of approximately €2,092 million⁵ as at the date of this announcement in or close to major gateway cities in the Netherlands, Italy, France, Poland, Germany, Finland and Denmark, with a balanced focus on the office and light industrial / logistics sectors. CEREIT’s portfolio had an aggregate lettable area of approximately 1.4 million square metres, around 800 tenant-customers and a WALE profile of approximately 4.5 years⁷⁷ as at 31 March 2020.

CEREIT is the first REIT with a diversified pan-European portfolio listed on the Singapore Exchange Limited. CEREIT is managed by Cromwell EREIT Management Pte. Ltd., a wholly-owned subsidiary of CEREIT’s sponsor, Cromwell Property Group⁸, a real estate investor and manager with operations in 14 countries, listed on the Australian Securities Exchange Ltd.

MEDIA ENQUIRIES

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¹ Based on exchange rate of €1:\$1.61 as at 11 August 2020

² Based on independent reinstatement valuation

³ NOI Yield is calculated as the first-year net operating income pre-asset management fees divided by the purchase price excluding transactions costs incurred in connection with the acquisition

⁴ Source of economic data: Oxford Economics

⁵ Valuation is based on independent valuations conducted by Colliers and Cushman & Wakefield as at 31 December 2019 for 91 properties in the portfolio. The three German assets acquired on 24 March 2020 and the Asset are carried at purchase price as the most representative valuation

⁶ **“WALE”** is defined as weighted average lease expiry by headline rent based on the final termination date of the agreement (assuming the tenant-customer does not terminate the lease on any of the permissible break date(s), if applicable)

⁷ Excluding the Asset

⁸ Cromwell Property Group is a stapled group comprising Cromwell Corporation Limited and Cromwell Diversified Property Trust (the responsible entity of which is Cromwell Property Securities Limited)