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Cromwell European REIT Acquiring a 156,888 sq m Freehold Intermodal Logistics Park in Italy

- Acquisition contracted at a competitive price of €52.6 million (approximately S\$84.2 million¹), ~3.5% below independent valuation and ~33% below estimated replacement cost², with a 7.4% net operating income (“**NOI**”) yield³
- Adds ~10% to CEREIT’s overall portfolio net lettable area (“**NLA**”) and increases the weighting of the light industrial / logistics segment in CEREIT’s portfolio ~32.3%⁴ from ~30.6%
- Asset is over 99% occupied⁵ by 24 well-established Italian tenant-customers, including Tod’s, Eurospin and White Solution

SINGAPORE – Cromwell EREIT Management Pte. Ltd., the manager (the “**Manager**”) of Cromwell European Real Estate Investment Trust (“**Cromwell European REIT**” or “**CEREIT**”), announced today that one of CEREIT’s wholly-owned vehicles has entered into a sale and purchase agreement to acquire a freehold intermodal logistics park with nine warehouses and a freight railway terminal in Italy (the “**Asset**”).

The Manager’s Chief Executive Officer, Mr. Simon Garing, commented, “I am delighted to announce CEREIT’s latest transaction – the acquisition of an Italian freehold intermodal logistics park of substantial size at a competitive price and an attractive 7.4% NOI yield³. The deal was secured off-market, once again bearing testament to the sourcing capabilities of our extensive on-the-ground European team. We are pleased to welcome renowned Italian brands such as Tod’s, Eurospin and White Solution to our diverse tenant-customer roster. The logistics park is expected to generate stable and recurring cash flows with scope for further rental upside and will increase CEREIT’s exposure to the resilient logistics sector, which is consistent with our stated purpose of delivering long-term distribution and net asset value per unit growth to unitholders.”

The Asset

The Asset is a freehold intermodal logistics park with 156,888 square metres (“**sq m**”) of NLA, spanning a 421,703 sq m site and built in stages between 1995 and 2006. It has nine warehouses with ample loading bays, an office building and a canteen. 18,000 sq m of its NLA is used for cold storage, which commands significantly higher rental rates than space used for general warehousing purposes. The Asset

also includes a railway with four tracks, each approximately 1 km long, with direct loading / unloading platforms and a freight terminal connected to national railway services.

The Asset is over 99% let⁵ to a diverse tenant-customer base comprising 24 different occupiers, with four major ones being Spinservice and its parent brand Eurospin (which collectively account for 27% of gross rental income), Tod's (20%), and White Solution (9%). Tod's and Eurospin are long-time tenant-customers that have leased space at the Asset since 2006 and 2009 respectively, and Tod's recently signed a lease agreement for an additional 3,000 sq m of space, further demonstrating its commitment to the location.

The Asset is conveniently located in Montepandone, a municipality in central Italy along the eastern Italian coast. Its proximity to the A14 / E55 motorway, which connects Bologna to Bari along the Adriatic coast, makes it a high-potential logistics location. As the main highway connecting Greece to Denmark, the A14 / E55 motorway is also an important trade corridor in Europe.

Montepandone is within the province of Ascoli Piceno, one of the key locations for logistics infrastructure along the eastern Italian coast. The Asset sits on a regional border, with the Marche region to the north and the Abruzzo region to the south. Marche is a highly industrialised region with a sizeable manufacturing sector and has a population of over 1.5 million people. The Asset is by far the largest logistics hub in this region and is unique based on its scale and longstanding track record, therefore offering sustainable competitive advantage.

The Asset was independently valued by CBRE Valuations S.p.A. (commissioned by CEREIT) at €54.5 million (approximately S\$87.2 million¹) as at 13 November 2020, using the income capitalisation method.

CEREIT is acquiring the Asset for approximately €52.6 million (approximately S\$84.2 million¹) (the "**Purchase Consideration**"), approximately 3.5% below its independent valuation and approximately 33% below its estimated replacement cost². The Purchase Consideration was arrived at on a willing buyer and willing seller basis.

Rationale and Benefits

The Asset is being acquired at an attractive NOI yield³ of 7.4% and will provide stable and recurring cash flows given its more than 99% occupancy rate⁵, diverse tenant-customer base, and history of high tenant-customer retention. There is also room for further upside as the Asset is well-located in an area with rent growth and yield compression potential.

In addition, the acquisition will increase the weighting of the light industrial / logistics segment in CEREIT's portfolio to 32.3%⁴, up from 30.6% (based on portfolio value) as at 30 September 2020. This is consistent

with the Manager's strategy of rebalancing CEREIT's portfolio more evenly between the office and light industrial / logistics sectors. Notably, the Asset, being an intermodal logistics park, increases CEREIT's exposure to the exponentially growing e-commerce sector and the non-discretionary retail sector catering to demand for services such as food and grocery distribution.

Funding

The total cost of the acquisition is estimated to be approximately €55.1 million (approximately S\$88.16 million¹), comprising the Purchase Consideration, 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 total cost of the acquisition is expected to be funded from available cash reserves and/or committed undrawn debt facilities.

The acquisition of the Asset is expected to be completed in December 2020, once certain customary conditions are satisfied.

Other Information

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

The Asset



Aerial view of the Asset



One of the Asset's warehouses and loading areas

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 €2,082 million 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 has an aggregate lettable area of approximately 1.4 million square metres, around 800 tenant-customers and a WALE⁶ profile of approximately 5.0 years as at 30 September 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 Group⁷, a real estate investor and manager with operations in 14 countries, listed on the Australian Securities Exchange Ltd.

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¹ Based on exchange rate of €1 : S\$1.60

² Based on independent reinstatement valuation (excluding land).

³ The NOI yield is calculated using the annualised headline NOI (excluding property management fees and letting costs) from the relevant date, divided by the purchase price (excluding acquisition costs)

⁴ Based on portfolio value

⁵ By NLA

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. WALE includes a WALE of 7.0 years for CERET's assets in the 'Others' segment (comprising three government-let campuses, one hotel and one leisure / retail property in Italy)

⁷ 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)