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Cromwell European REIT Acquires a Modern Freehold Logistics Asset in the Czech Republic

- The Czech Asset (as defined below) is being acquired at an attractive price of €10.1 million (approximately S\$16.4 million¹), at a net operating income (“**NOI**”) yield² of 6.4% and below independent valuations
- The Czech Asset is 97.3% let for an average minimum lease term of 6.5 years to three quality tenant-customers with strong credit standing
- The Czech Asset is located in an established industrial park within Hradec Králové, a fast-growing logistics location in the north-east of the Czech Republic with good connectivity to the rest of Europe and no vacancy in the submarket
- The Czech Asset will improve CEREIT’s portfolio from a sustainability perspective as it has a “Very Good” BREEAM³ rating and is certified with an Energy Performance of “Level A – Extremely Efficient”

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 entered into a sale and purchase agreement (the “**Purchase Agreement**”) with an affiliate company of CEREIT’s sponsor Cromwell Property Group on 4 June 2021, and on the same day completed the acquisition of a logistics asset in the Czech Republic (the “**Czech Asset**” or the “**Acquisition**”).

The Manager’s Chief Executive Officer, Mr. Simon Garing, commented, “Since CEREIT’s listing, the Manager has been working to diversify CEREIT’s sector exposure, geographical footprint and tenant-customer base. The modern freehold logistics asset in Hradec Králové complements our recently-completed acquisition of a portfolio of 11 modern light industrial / logistics assets in the attractive markets of the Czech Republic and Slovakia, for a total consideration of €113.2 million. This latest acquisition will further reinforce CEREIT’s presence in those markets.”

The Acquisition

A freehold single-story logistics building with a two-story office section, the Czech Asset spans 8,382 square metres (“**sqm**”) on a site area of 31,557 sqm. The external areas accommodate 168 outdoor parking spaces. The Czech Asset is less than three years old and built to premium specifications by LinkCity, a subsidiary of Bouygues Group SA in a joint venture with Cromwell Group. The load-bearing structure of the building consists of a prefabricated precast reinforced concrete frame with clearing ceiling

heights of 10.5 m, 50 loading gates and floor-loading capacity of 50 kN/m². The Czech Asset is 97.3%⁴ leased out to three quality tenant-customers with an average lease length of 6.5 years. The Czech Asset is already well-known to the Property Manager⁵, which will enable a smooth and efficient onboarding process and ongoing management.

The Czech Asset is located in an established industrial park within Hradec Králové, a small but fast-growing logistics location in the north-east of the Czech Republic, with no vacancy in the submarket. Hradec Králové has good transport connectivity to the D11 motorway, which is a part of the Trans-European Transport Network (TEN-T), a European-wide network of railway lines, roads, waterways and airports. The industrial park site also has good access to E67, a major motorway also known as ‘*Via Baltica*’, that links the Czech Republic with Poland, the Baltic countries and Finland. The motorway is approximately 1,000-km road stretch to the north of Europe and has a 5G network to facilitate self-driving vehicles.

The Czech Asset was valued by two independent valuers, using the investment method and factoring in comparable market transactions. CBRE (independently commissioned by the Manager, in its capacity as manager of CEREIT and Perpetual Asia Limited, in its capacity as trustee of CEREIT) valued the asset at €10.4 million. Savills (independently commissioned by Perpetual Asia Limited, in its capacity as trustee of CEREIT), valued the asset at €10.2 million.

CEREIT is acquiring the Czech Asset for €10.1 million (approximately S\$16.4 million¹) (the “**Purchase Consideration**”), approximately 1% below the lower of the two independent valuations. The Purchase Consideration was arrived at on a willing buyer and willing seller basis.

Rationale and Benefits of the Acquisition

The Czech Asset is being acquired at an accretive NOI yield² of 6.4% with long weighted average lease expiry (“**WALE**”) profile of 6.5 years (with no earlier break clauses), as compared to CEREIT’s existing portfolio’s NOI yield² of approximately 6.1%⁶ and WALE profile of 4.8 years⁷.

The Czech Asset will provide CEREIT with strong, growing and long-term cashflows due to the long-term leases backed by three financially strong tenant-customers – Dachser, Gebrueder Weiss and Buehler Motor.

Dachser is a global logistics company with over 30,000 employees. It operates in over 400 locations in nearly 40 countries worldwide and generated €5.6 billion in revenue in 2020.

Gebrueder Weiss is a global family-owned transport and logistics company present in 170 locations worldwide and has operated for more than 500 years. Its annual net sales in 2020 amounted to €1.77 billion.

Buehler Motor is an established production company of a customised electric drive technology for the automotive industry, healthcare and aviation industry. The company has operations in eleven locations in Europe, the United States and Asia and was recognised by General Motors as a ‘Supplier of the Year’ in 2019. Its sales in 2020 amounted to €260 million.

In addition, the acquisition of the Czech Asset will increase CEREIT's exposure to logistics in line with CEREIT's stated strategy. Alongside the recently-completed acquisition of 11 modern logistics / light industrial assets in the Czech Republic and Slovakia (as announced on 12 March 2021), this will further establish CEREIT's presence in the emerging market of Czech Republic, which still provides a discount of approximately 90 basis points prime logistics yields⁸, despite higher expected GDP growth, a low country risk (Standard and Poor's credit rating for Czech Republic of AA-) and with a low national industrial vacancy rate of 3.6%⁹. The Czech Republic is expected to benefit from further integration with its neighbouring western European economies, both in terms of logistics networks and manufacturing supply chains, which CEREIT expects to result in a reduction to the current yield spread.

From a sustainability perspective, the Czech Asset will also further improve CEREIT's portfolio as it has a BREEAM³ rating of “Very Good” and an Energy Performance Certificate of “Level A – Extremely Efficient”.

Funding and Financial Effects of the Acquisition

Funded from CEREIT's cash reserves, the total cost of the Acquisition is approximately €10.7 million (approximately S\$17.3 million¹), comprising the Purchase Consideration (pending post-closing adjustments), the acquisition fee payable to the Manager (the “**Acquisition Fee**”) in units, as well as professional and other fees and expenses in connection with the Acquisition.

As the vendor for the Czech Asset is an affiliated company of CEREIT's sponsor, Cromwell Property Group, the Acquisition constitutes an “Interested Person Transaction” under the listing manual of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) and an “Interested Party Transaction” under the Appendix 6 of the Property Funds Appendix of the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore. The Purchase Consideration does not exceed 3% of the latest audited net tangible assets of CEREIT as at 31 December 2020. Accordingly, unitholders' approval for the Acquisition is not required under Rule 906 of the listing manual of the SGX-ST (the “**Listing Manual**”). As the Purchase Consideration also does not exceed 5% of the latest audited net tangible assets of the CEREIT as at 31 December 2020, 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 “**SGX-**

ST”), the Acquisition is a “Non-Disclosable Transaction” within the meaning of Rule 1008 of the Listing Manual. Accordingly, Unitholders’ approval for the Acquisition is also not required under Chapter 10 of the Listing Manual. However, given that the Acquisition will constitute an “Interested Party Transaction” under the Property Funds Appendix, the Acquisition Fee will be paid in the form of new units in CEREIT, which will not be sold within one year from the date of issuance.

The Acquisition is not expected to have any material effect on CEREIT’s net tangible assets.

The Manager’s Chief Executive Officer, Simon Garing concluded: “Our focus remains on rebalancing CEREIT’s portfolio towards 50% exposure to quality light industrial / logistics assets, including in the post-Brexit UK, while divesting a number of office and other non-strategic assets. We continue to optimise CEREIT’s portfolio and responsibly manage unitholders’ capital.”

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ABOUT CROMWELL EUROPEAN REAL ESTATE INVESTMENT TRUST

Cromwell European Real Estate Investment Trust (“**Cromwell European REIT**” or “**CEREIT**”) is a diversified pan-European real estate investment trust (“**REIT**”) with a principal mandate to invest, directly or indirectly, in income-producing real estate assets in Europe that are used primarily for office and light industrial / logistics and retail purposes. The investment strategy of CEREIT is focused on a long-term target portfolio of at least 75% or more within Western Europe and at least 75% or more in office and light industrial / logistics. CEREIT’s purpose is to provide unitholders with stable and growing distributions and net asset value per unit over the long term.

CEREIT’s portfolio comprises 108 properties with an appraised value of approximately €2,305 million as at the date of this announcement in or close to major gateway cities in the Netherlands, Italy, France, Poland, Germany, Finland, Denmark, the Czech Republic and Slovakia. CEREIT’s portfolio has an aggregate lettable area of approximately 1.7 million square metres, 800+ tenant-customers and a WALE profile of approximately 4.8 years as at 31 March 2021.

CEREIT is listed on the Singapore Exchange Limited and is managed by Cromwell EREIT Management Pte. Ltd., a wholly-owned subsidiary of CEREIT’s sponsor, Cromwell Property Group¹⁰, a real estate investor and manager with operations in 14 countries, listed on the Australian Securities Exchange Ltd.

MEDIA AND INVESTOR ENQUIRIES

Cromwell EREIT Management

Elena Arabadjieva

Chief Operating Officer & Head of Investor Relations

+65 6817 9589

elena.arabadjieva@cromwell.com.sg

MEDIA ENQUIRIES

Newgate Communications

Amira Sadiran

Associate Director

amira.sadiran@newgatecomms.com.sg

Karin Lai

Associate Director

karin.lai@newgatecomms.com.sg

Cherie Hui

Consultant

cherie.hui@newgatecomms.com.sg

Eunice Lim

Executive

eunice.lim@newgatecomms.com.sg

1 Based on exchange rate of €1:S\$1.62

2 NOI yield is calculated as the annualised Day 1 net operating income pre-asset management fees divided by the purchase price excluding transaction costs incurred in connection with the acquisition, and excluding non-capitalised income

3 Building Research Establishment Environment Assessment Method

4 By floor area

5 Cromwell Europe Limited

6 Annualised NOI as at 31 March 2021 divided by valuation plus capital expenditure

7 As at 31 March 2021

8 Comparison of prime distribution yields between Czech Republic and the average of the following countries: France, Germany, Italy, Netherlands and UK

9 According to CBRE for the 1Q 2021 period

10 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)