



## **OCBC BANK CLOSES SUSTAINABILITY-LINKED CROSS-CURRENCY SWAP WITH CROMWELL EUROPEAN REAL ESTATE INVESTMENT TRUST**

*The deal marks the first time the Bank has executed a sustainability-linked derivative with a European client and expands its sustainable finance portfolio to the global market.*

Singapore, 17 December 2021 – OCBC Bank has executed Singapore’s first sustainability-linked cross-currency swap - one with Cromwell European Real Estate Investment Trust (“CEREIT”). This comes as the Bank expands its offerings of sustainable products to corporate and institutional clients under its broader sustainability drive.

The 5-year structured derivative transaction will be used to hedge the currency risk coming on the back of CEREIT’s S\$100 million fixed-rate subordinated perpetual securities, which was issued in November 2021 and for which OCBC Bank was one of three lead managers. This hedge effectively allows CEREIT to convert the Singapore Dollar to Euro at a cheaper rate during the duration of the swap.

As an added incentive to help CEREIT manage their environmental impact and keep to their sustainability goals, the deal was designed such that CEREIT would enjoy better rates if they meet two green targets:

- 1) Attain a certain rating under the Global Real Estate Sustainability Benchmark (“GRESB”), an international evaluation system for measuring the sustainability performance of property companies and real estate funds; and
- 2) Obtain a certain number of green building certifications for properties in their portfolio each year.

These targets will be adjusted upwards by a predetermined percentage each year, in line with the Bank's desire to motivate and support its clients to push themselves to reach higher environment, sustainability and governance (ESG) standards.

Earlier this year, OCBC closed a sustainability-linked interest rate swap with a local REIT, becoming the first Singapore bank with such an offering. The latest cross-currency swap marks another milestone in the Bank's journey of playing a leading role in developing the sustainable financial market, not just in Singapore but also globally. Green capital markets are relatively well integrated in Europe, and the Euro is also the global currency of choice for sustainable finance – with around half of green bonds issued worldwide in 2020 being denominated in Euro. Such offerings can help establish the Bank as a major player in the international sustainable finance scene.

Mr Kenneth Lai, OCBC Bank's Head of Global Treasury, said, "Our latest product will give not just European companies pivoting into Asia a chance to stay committed to their sustainability goals but also our Singapore corporates who are expanding into Europe or investing into European assets. These clients can enjoy cost savings with the sustainability-linked cross-currency swap, stacked on top of the euro's lower interest rate, while meeting their sustainability goals. The Bank will continue to expand its product offerings and customer segments in our pursuit of supporting our clients' sustainability ambitions."

Mr Simon Garing, Cromwell EREIT Management's (the Manager of Cromwell European REIT) Chief Executive Officer, commented: "I am very pleased that CEREIT's S\$100 million inaugural issuance of perpetual securities includes an innovative sustainability-linked currency-swap component that we have arranged with our partners from OCBC. The sustainability component further reinforces our steadfast commitment to integrate robust sustainability standards into CEREIT's operations. After transacting a cross-currency swap into our functional currency of Euro, the coupon in Euro provides attractive funding, further diversifying CEREIT's capital sources enabling it to fund new acquisitions on an accretive basis."

## **About OCBC Bank**

OCBC Bank is the longest established Singapore bank, formed in 1932 from the merger of three local banks, the oldest of which was founded in 1912. It is now the second largest financial services group in Southeast Asia by assets and one of the world's most highly-rated banks, with Aa1 by Moody's and AA- by both Fitch and S&P. Recognised for its financial strength and stability, OCBC Bank is consistently ranked among the World's Top 50 Safest Banks by Global Finance and has been named Best Managed Bank in Singapore by The Asian Banker.

OCBC Bank and its subsidiaries offer a broad array of commercial banking, specialist financial and wealth management services, ranging from consumer, corporate, investment, private and transaction banking to treasury, insurance, asset management and stockbroking services.

OCBC Bank's key markets are Singapore, Malaysia, Indonesia and Greater China. It has more than 450 branches and representative offices in 19 countries and regions. These include over 220 branches and offices in Indonesia under subsidiary Bank OCBC NISP, and over 70 branches and offices in Mainland China, Hong Kong SAR and Macau SAR under OCBC Wing Hang.

OCBC Bank's private banking services are provided by its wholly-owned subsidiary Bank of Singapore, which operates on a unique open-architecture product platform to source for the best-in-class products to meet its clients' goals.

OCBC Bank's insurance subsidiary, Great Eastern Holdings, is the oldest and most established life insurance group in Singapore and Malaysia. Its asset management subsidiary, Lion Global Investors, is one of the largest private sector asset management companies in Southeast Asia.

For more information, please visit [www.ocbc.com](http://www.ocbc.com).

## **About Cromwell European Real Estate Investment Trust**

Cromwell European Real Estate Investment Trust ("Cromwell European REIT" or "CEREIT") is a real estate investment trust (a "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 primarily in the office and light industrial / logistics sectors. CEREIF's purpose is to provide unitholders with stable and growing distributions and net asset value per unit over the long term, while maintaining an appropriate capital structure. CEREIF maintains a long-term target portfolio weighting of at least 75% or more within Western Europe and a tactical target weighting of 50% towards the light industrial/logistics sector.

CEREIF's portfolio comprises 109 properties with an appraised value of approximately €2,367<sup>i</sup> 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, Slovakia and the United Kingdom. CEREIF's portfolio has an aggregate lettable area of approximately 1.7 million sqm, 800+ tenant-customers and a WALE<sup>ii</sup> profile of approximately 4.7 years as at 30 September 2021.

CEREIF is listed on the Singapore Exchange Limited and is managed by Cromwell EREIT Management Pte. Ltd. (the "CEREIF Manager"), a wholly-owned subsidiary of CEREIF's sponsor, Cromwell Property Group<sup>iii</sup> a real estate investor and manager with operations in 15<sup>iv</sup> countries, listed on the Australian Securities Exchange Ltd.

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- i Valuation is based on carrying values as of 30 September 2021, as well as the new acquisition in Italy on 1 November 2021 (Mira) which is recorded at the purchase price
  - ii WALE is defined as weighted average lease expiry by headline rent based on the final termination date of the agreement (assuming the leases are not terminated on any of the permissible break date(s), if applicable)
  - iii 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)
  - iv Cromwell Property Group Annual Report 2021