



CROMWELL
EUROPEAN REIT



€ 57.8 million of Freehold Light Industrial / Logistics Acquisitions in the United Kingdom and the Netherlands

5 January 2022



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1. Rationale, Key Benefits and Acquisitions Overview



Rationale and Key Benefits

1

Consistent with the Manager's investment strategy

- Acquisitions of three light industrial / logistics assets in the well-established and highly-liquid real markets of the UK and the Netherlands further builds CEREIT's light industrial / logistics scale in these markets accretively
- Acquisitions advance CEREIT's pivot towards a 50% portfolio weighting towards the light industrial / logistics sector
- Consistent with CEREIT's investment strategy, which is focused on maintaining a portfolio allocation of least 75% within Western Europe

2

Attractive price and risk-return profile

- Blended 5.6% net operating income ("NOI") yield¹ and an aggregate purchase price of € 57.8 million² (S\$ 88.4 million), 3.9% below independent valuation³ on average
- Risk rating of acquisitions compares favourably to CEREIT's internal risk rating thresholds, enhancing the portfolio's risk-return profile

3

Fully-leased out on a long-term basis to high-quality tenant-customers

- 65,360 sqm total floor area across the three properties, all fully-let on long-term single leases (blended WALE⁴ of nearly 8 years) to three high-quality tenant-customers:
 - Thorn Lighting Limited ("Thorn Lighting"), a leading global supplier of integral lighting solutions
 - Kleertjes.com B.V. ("Kleertjes.com"), a fast-growing e-retailer
 - Agile B.V. ("Agile"), a well-established fashion conglomerate

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Strategic locations in the UK and the Netherlands

- Strategic locations in the well-established and highly-liquid logistics markets of the UK and the Netherlands
 - The UK acquisition's attractiveness is enhanced by its strategic location in a well-established manufacturing hub in North East England, which benefits from the highly-educated labour force and robust growth rates
 - The Netherlands is its core market for Western Europe supply chains, given its strategic connectivity between its large ports and distribution network, which results in a record-low logistics vacancy rate of only c. 2.0%

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Competitive funding


- The acquisitions have been funded from part of the proceeds of the recent successful S\$100 million inaugural perpetual securities issue, which in Euro terms provide competitive funding at 3.55% per annum
- CEREIT can thus continue to capitalise on the exceptional fundamentals of this sector while advancing the pipeline of opportunities identified in Western Europe

Acquisitions Highlights

Freehold light industrial / logistics properties in the UK and the Netherlands; fully-leased out on a long-term basis to high-quality tenant-customers; acquired at blended NOI Yield of 5.6%

€ **€57.8 million**
Aggregate purchase price

 **5.6%**
Blended NOI yield

 **100%**
Occupancy rate

 **~8 years**
Blended WALE

 **65,360 sqm**
Total floor area



Spennymore, Durham,
North East England, the UK (“**Thorn**”)

Tenant-customer: **Thorn Lighting**

45,611 sqm total lettable area

135,820 sqm site area



De Immenhorst 7, 's-Heerenberg,
The Netherlands (“**s-Heerenberg**”)

Tenant-customer: **Kleertjes.com**

15,111 sqm total lettable area

21,913 sqm site area



Rosa Castellanosstraat 4,
Tilburg, The Netherlands (“**Tilburg**”)

Tenant-customer: **Agile B.V.**

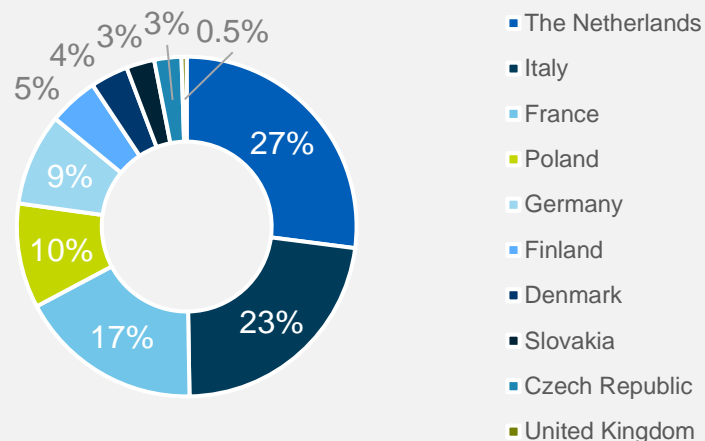
8,638 sqm total lettable area

14,139 sqm site area

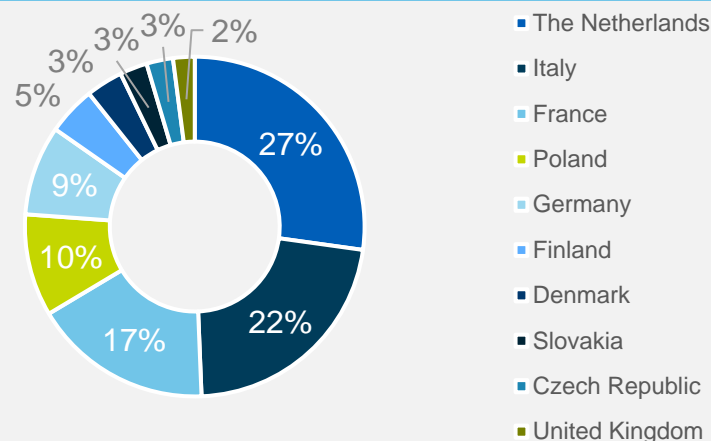
CEREIT Portfolio Composition – Before and After

Consistent with CEREIT's strategic objective of increasing its portfolio weighting of light industrial / logistics segment

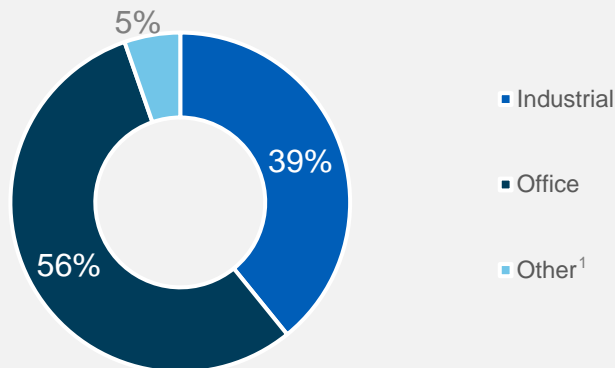
Portfolio composition by geography (existing)



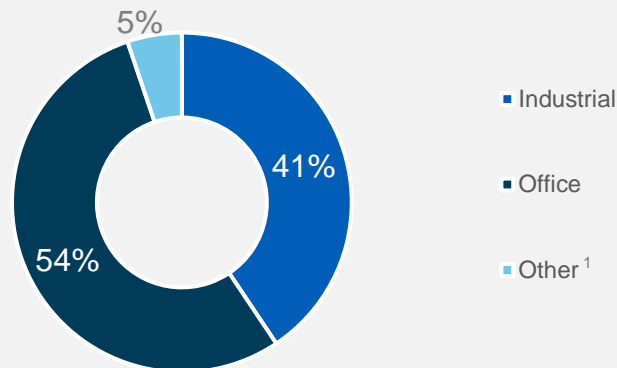
Portfolio composition by geography (incl. Acquisitions)



Portfolio composition by sector (existing)



Portfolio composition by sector (incl. Acquisitions)



2. The UK Acquisition and Economic and Market Overview



Thorn, Spennymore, Durham, North East England

Fully-occupied on a long-term lease to high-quality tenant-customer Thorn Lighting

Freehold light Industrial / logistics property in Durham, North East England

- The property was built in 2008 on a 135,820 sqm site, with a low site coverage of 30%
- Consists of two buildings with a total lettable area of 41,611 sqm – one is the principal unit that comprises a purpose-built large factory facility with a two-storey office-and-amenity block, and the other is a self-contained warehouse / factory unit
- Has two yards with loading facilities that serve both units, a total of 10 loading doors and a large car park with 415 spaces
- While the property does not have a BREEAM¹ rating yet, findings from the sustainability due diligence carried out as part of the acquisition process indicate that the site can achieve a 'Very Good' BREEAM¹ In-Use certification which the Manager intends to obtain imminently
- The property has an EPC² rating of 'B', well above current legislative threshold limits of 'E', likely compliant with future legislation changes



Strategic Location in North East England

Durham is a well-established manufacturing hub with economic growth expected to reach 13% in the next 5 years

Good connectivity to major motorways and transport hubs

- Situated in the well-established manufacturing hub south of Durham, North East England, Thorn (the property) is approximately 8 km away from the A1, which is the main motorway linking the North and South of the UK
- Thorn (the property) is easily accessible from the A1 motorway via the A688, which is part of the primary link road connecting Durham and Newcastle to the M62 motorway in the North West, providing convenient access to Manchester, Liverpool and other major cities
- Two airports, Newcastle International Airport and Teesside International, are both conveniently located within 50 km from Thorn (the property)
- The Port of Tyne, the biggest commercial port terminal in the north-east and Teesport, the UK's largest freeport, are both located within 45 km of the Asset



Strengths of the UK's Investment Market



Real estate investment market

One of the largest, most liquid markets in Europe, consistently ranking above or alongside Germany in terms of investor activity; accounts for 25% of all deals in Europe over the long-run average, attracting global capital



Economic size and growth potential

Fifth largest economy in the world, and the **second largest economy in Europe**. Growth forecast of 4.9% in 2022, with growth in 2021 still seen at 6.9%



Occupier base

The breadth and depth of companies drawn from a wide-reaching spectrum of industry sectors enables the creation of a **resilient tenant-customer portfolio**



Business framework

Ranked first in JLL's 2020 Global Real Estate Transparency Index with focus on **sustainability** and anti-money laundering regulations, **stable and democratic political system** and a regulated market-orientated economy



Employment

The UK offers a **skilled and diverse labour market**, is home to a number of world-renowned universities and has a highly educated population, with 40% of working-age people possessing a degree



The UK is part of Europe

The UK may have left the European Union but is still part of Europe – geographically and historically. It has a trade agreement with the EU and is now free to negotiate its own trade deals with other countries

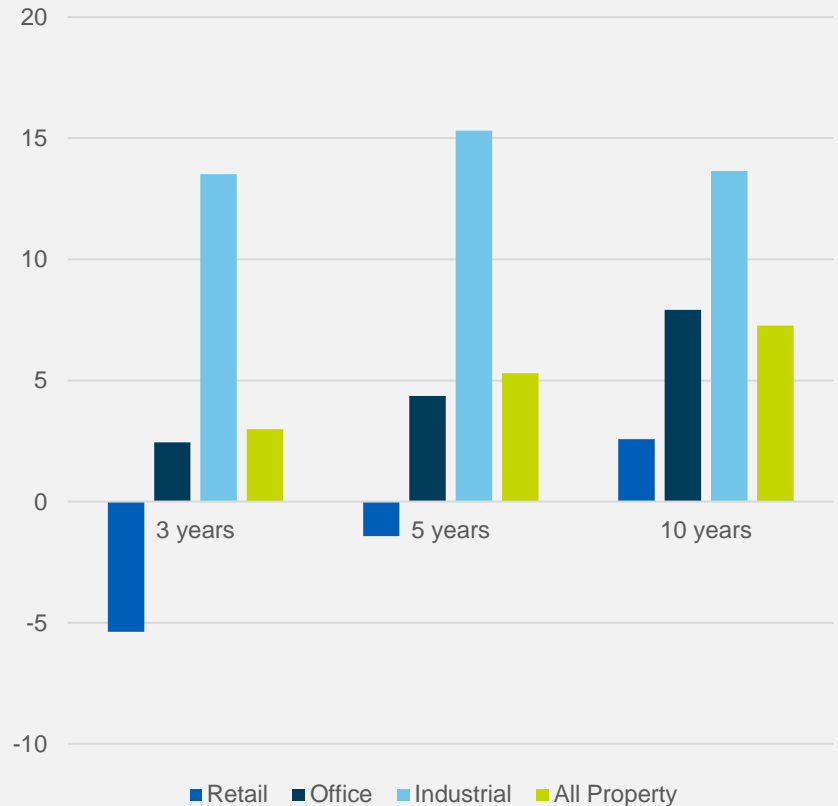
Strengths of the UK's Logistics Sector

Strong investment performance compared to other UK real estate sectors

Long-term market fundamentals in place

- MSCI data shows **industrial total returns have exceeded all other sectors** over the past three, five and ten-year periods
- **Stable** cashflow, **attractive running yields** and **income growth** through active asset management
- **Structurally evolving UK logistics market** is driven by the continued rise of e-commerce, technological advances which facilitate the smoother integration of efficiencies and environmental, social and governance goals into communities
- Strong supply and demand dynamic has fostered an environment for **positive rental growth**
- Market is **defensive and resilient** and continues to outperform initial market expectations in the face of disruption
- Brexit **opportunities outweigh risks** – new trade deals, stock-piling, domestic growth
- **Increasing occupier demand** and continued investor appetite have been accelerated by COVID-19 pandemic
- Logistic yields offer a more **significant margin** compared to the 10-year UK government bond rate

UK annualised total returns by sector (%)



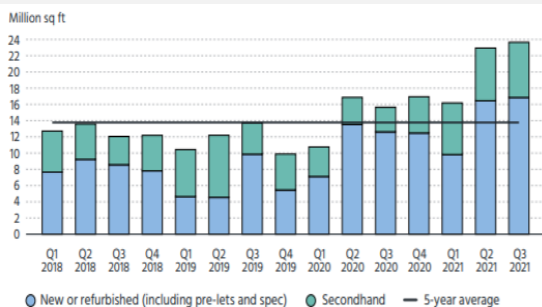
Resilience of the UK Logistics Sector

Occupational demand is underpinned by robust fundamentals

Occupier demand

- Take-up reached a record-high of 23.7 million sq ft (2.2 million sqm) in 3Q 2021, representing a small 3% increase from the previous record quarter in 2Q 2021 and a massive 72% jump above the five-year quarterly average
- Transactions were predominantly focused on new stock in 3Q 2021: pre-lets accounted for 44% and new speculative buildings accounted for 27% of deals
- This is reflective of the immediate need for good quality buildings and the acute shortage of second-hand space

Logistics take-up by building quality

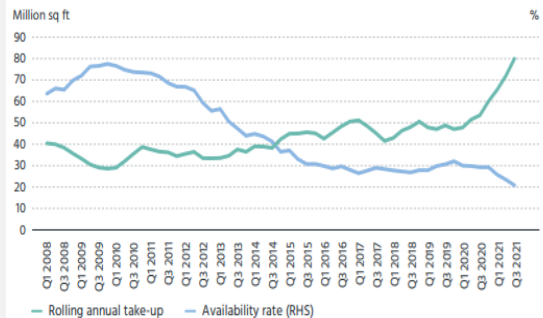


Source: Gerald Eve, 3Q 2021

Supply

- The overall rate of availability fell further to 4.6% in 3Q 2021, the lowest on record
- The volume of second-hand space in the market fell for the fourth consecutive quarter, where a large proportion of space is old and more suitable for redevelopment than immediate occupation
- The supply of up-and-built new stock is also low, especially in the London, South East and Midlands markets. Occupiers in desperate need of immediate space therefore have very few options

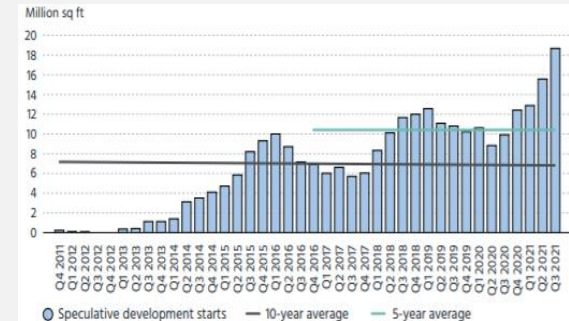
UK rolling annual take-up and availability rate



Development

- 15.3 million sq ft (1.42 million sqm) in development started in 3Q 2021, of which 6.4 million sq ft (0.59 million sqm) or 42% was speculative
- New speculative development in 3Q 2021 was focused in the Midlands, especially in the East Midlands, where there is proportionately more land space that has been granted planning permission
- More speculative developments have started over the last 12 months, than in any past given year, since Gerald Eve's records began in 2006

Rolling annual speculative development starts



3. The Netherlands Acquisitions and Economic and Market Overview



's-Heerenberg, De Immenhorst 7, 's-Heerenberg

Fully-occupied on a long lease to high-quality tenant-customer Kleertjes.com

Freehold logistics property along the Dutch-German border

- Built in 1993, extended in 1999 and substantially renovated in 2019, the Property sits on a 21,913 sqm site and has a gross floor area of 15,111 sqm
- A large-scale warehouse with ancillary office space, a free height up to 9 m, eight loading docks, five overhead doors and ample manoeuvring and parking spaces
- Substantially renovated in 2019 to include upgrades and additions such as new electricals, heating and cooling installations, a full office fit-out, as well as sustainability improvements as LED lighting
- 's-Heerenberg (the property) has an EPC rating of 'B', with potential for further improvement

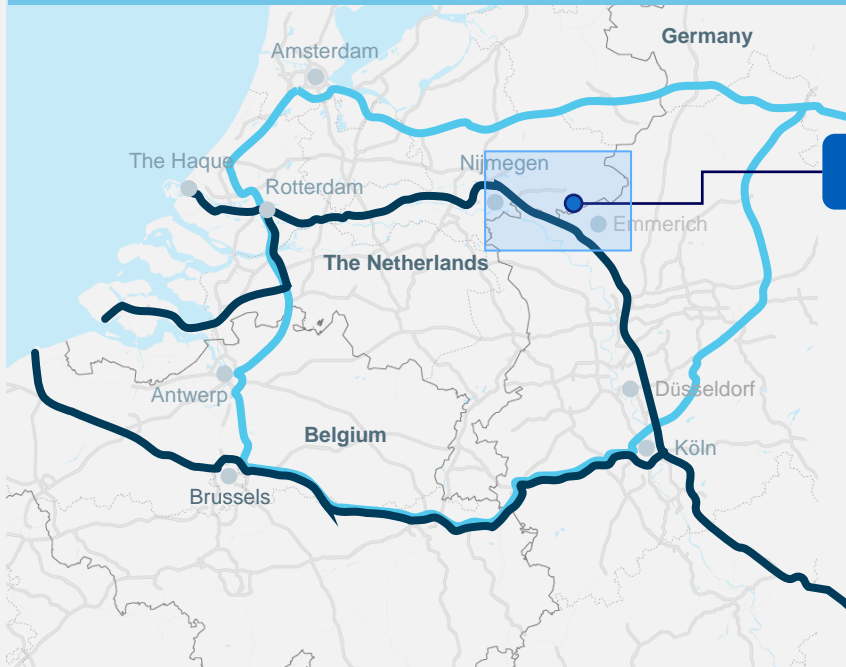


Strategic Location along the Dutch-German border

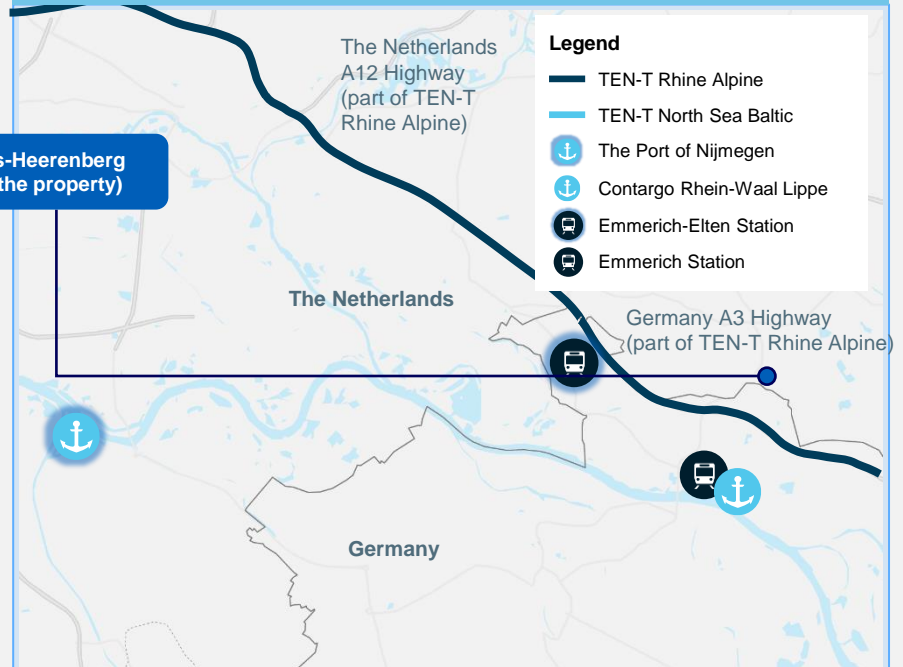
's-Heerenberg is a sought-after logistics hotspot with tri-modal distribution access

- Strategically located on the Dutch-German border in the Province of Gelderland, 's-Heerenberg (the city) is a sought-after logistic hub with tri-modal distribution access encompassing road, rail and water
- 's-Heerenberg (the property) is situated next to the Dutch A12 motorway and approximately 15 kilometres away from large barge and rail terminals. The A12 is one of the key logistics routes from the Port of Rotterdam to its hinterland and joins with the A3 Highway in Germany to form part of the Rhine-Alpine Corridor of the Trans-European Transport Network (TEN-T), which connects major cities in the Netherlands, Belgium, Germany, Switzerland and Italy

Macro-location (the property)



's-Heerenberg (the city)



Tilburg, Rosa Castellanosstraat 4, Tilburg

Fully-occupied on a long-term lease to high-quality tenant-customer Agile

Freehold logistics property in Tilburg – Waalwijk

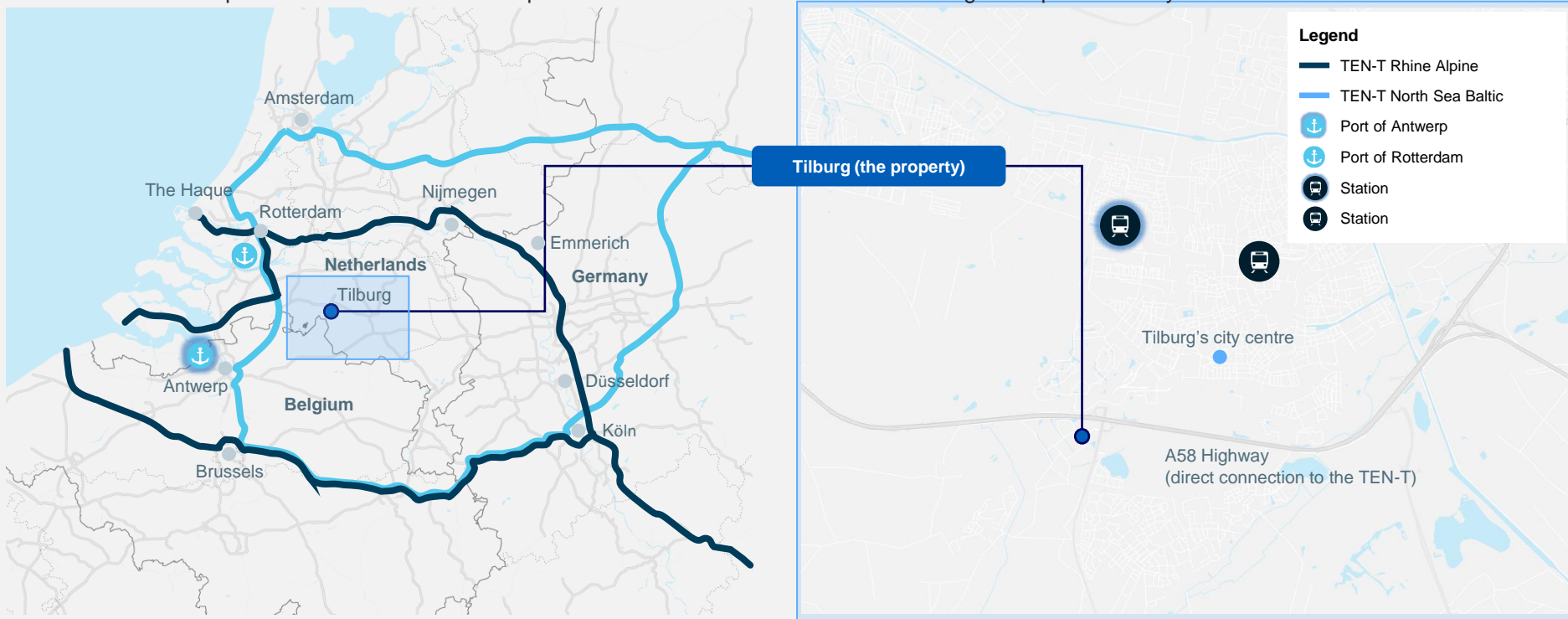
- Modern freehold, logistics property built in two phases in 2012 and 2019 and has 8,638 sqm of total floor area on a 14,139 sqm site
- The property comprises a warehouse and a small ancillary office and benefits from core logistics specifications with regard to free height, floor load capacity, loading dock ratio and manoeuvring space
- Tilburg (the property) is awarded with an A++++ energy label, the highest efficiency band. Recently, c. 1,700 solar panels were installed on the roof to further improve the sustainability standards of the property



Strategic Location in Tilburg - Waalwijk

A prime logistics location in Tilburg – Waalwijk with direct highway connection to Rotterdam and Antwerp

- The property is strategically located in the prime logistics region of Tilburg-Waalwijk in the Netherlands. This region is one of the most important European logistics hubs, also ranked the number 1 logistics location in the Netherlands by the leading logistics experts of logistiek.nl
- The property is situated in the logistics park Katsbogten just south of Tilburg city centre and is ideally situated at the entrance of the A58 highway, linking with the A27, A16, A2, A67 and A65 connecting Rotterdam / Antwerp, Amsterdam and Eindhoven economic zones. The property is just 25 km from three Trans-European Transport Network (“TEN-T”) routes - Rhine-Alpine, North Sea Baltic, and North Sea Mediterranean - connecting major cities in the European Union
- The property’s location further benefits from its close proximity to superb logistics amenities such as barge and rail terminals providing direct access to the ports of Rotterdam and Antwerp and a direct rail connection eastward through Europe all the way to China



Strengths of the Netherlands Investment Market



Real estate investment market

One of the most liquid markets in Europe, with the average annual investment inflows and outflows into real estate consistently exceeding €15 billion over the last decade



Economic size and growth potential

The Netherlands is ranked the **17th largest economy in the world** in 2021 and has a population of about 17 million, according to the World Bank. GDP growth is projected at 3.5% in 2022, with 2021 unchanged at 4.5%, with near-term downside risk from Omicron rising



Business friendly environment

The Netherlands was ranked fourth in the world on IMD's World Competitiveness Ranking 2020. Home to 15,000 foreign companies, the Netherlands is a world-class business destination and has a strong competitive international climate. Notably, 50% of the Netherlands' Gross Domestic Product is derived internationally



Competitive economy

According to the World Economic Forum's (WEF) Competitive Index 2019, the Netherlands has the most competitive economy in Europe and is one of the top countries for business investments in the world. WEF ranked the Netherlands as having the highest level of macroeconomic stability and additionally recognised the country's excellent performance, particularly in infrastructure and business dynamism



Well-connected to extensive consumer markets in Europe

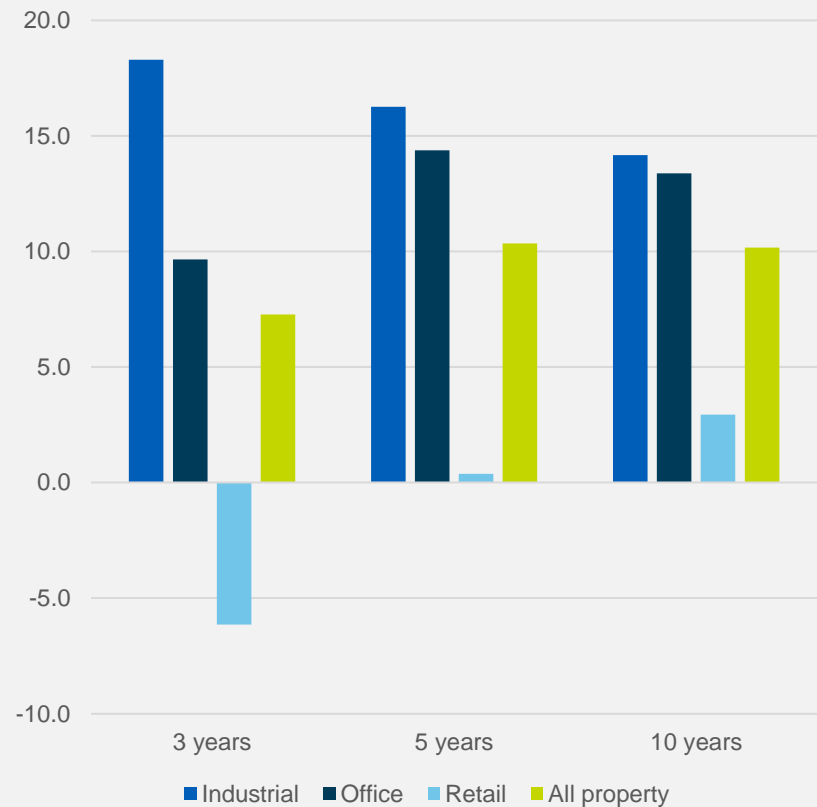
The Netherlands is geographically well linked to numerous European markets and provides access to 95% of Europe's most lucrative consumer markets, which are situated within 24 hours of Amsterdam or Rotterdam

Strengths of the Netherlands' Logistics Sector

Long-term market fundamentals in place

- **Stable cashflow, attractive running yields and income growth** through active asset management
- CBRE data shows that total returns for the industrial sector have exceeded that in all other sectors over the past three-, five- and ten-year periods
- **Structurally evolving logistics market**, driven by the continued rise of e-commerce and technological advances that facilitate the smooth integration of efficiencies as well as environmental, social and governance goals into communities
- Favourable dynamic of reduced supply and strong logistics demand that allows Dutch logistics environment to be poised for **positive rental growth**
- **Defensive and resilient** market, with continued performance demonstrated in the face of disruption and outperforming initial market expectations
- **Increasing occupier demand** and continued investor appetite have been accelerated by COVID-19 pandemic

The Netherlands' annualised total returns by sector (%)



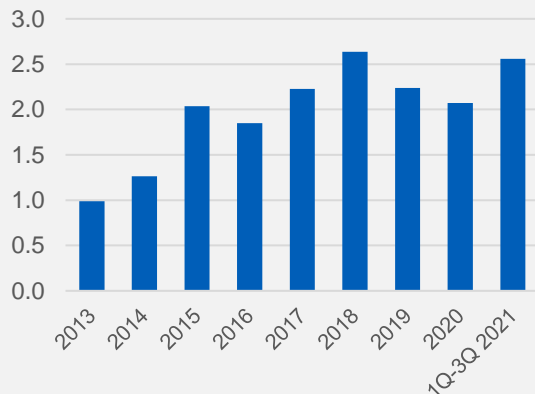
Resilience of the Netherlands' Logistics Sector

Occupational demand is underpinned by robust fundamentals

Occupier Demand

- Logistics companies operating in the Netherlands are growing rapidly and in the first three quarters of 2021, take-up increased by 34% from the previous year
- In 2020, 80% of take-up consisted of newly built properties, of which, the majority was built-to-suit
- After third-party logistics companies which collectively occupy the most logistics space, leasing activity is mainly driven by fresh food companies

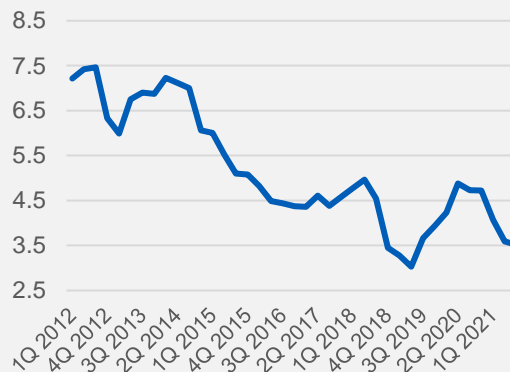
Logistics take-up (million sqm)



Supply

- Market conditions in the logistics market are relatively tight
- A number of development completions led to a rise in the vacancy rate between the third quarter of 2019 until the end of 2020
- Vacancy rates have since fallen for three consecutive quarters in 2021, from 4.7% in December 2020 to 3.5% in September 2021 and most recently a record low of 2.0%

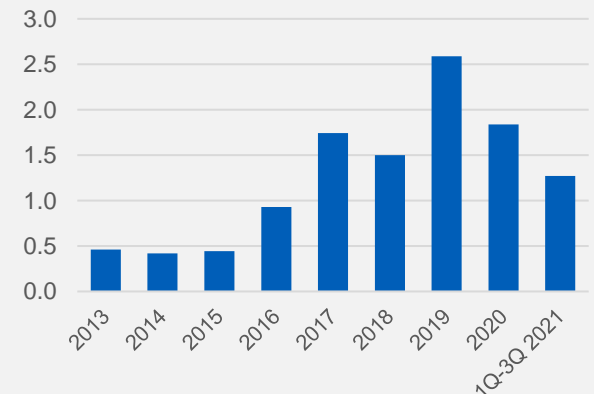
Vacancy rate (%)



Development

- Development activity has eased ever since it peaked in 2019, when 2.6 million sqm of new logistics space was delivered to the market,
- 1.8 million sqm of space was newly completed in 2020, while only 1.3 million sqm was newly completed during the first three quarters of 2021

Development completion (million sqm)



Disclaimer

This presentation shall be read only in conjunction with and as supplementary information to Cromwell European Real Estate Investment Trust's ("CEREIT") announcement dated 5 January 2022, published on SGXNET, relating to Cromwell European REIT's € 57.8 million of acquisitions in the UK and the Netherlands

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