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(a real estate investment trust constituted on 28 April 2017 under the laws of the Republic of Singapore)

Managed by Cromwell EREIT Management Pte. Ltd.

CROMWELL EUROPEAN REIT CONTINUES PIVOT TO LOGISTICS WITH €68.3 MILLION OF ACQUISITIONS IN ITALY AND GERMANY

Capitalised terms used herein, unless otherwise defined, shall have the meaning ascribed to them as defined herein.



ABB Industrial Site
Vittuone, Milan, Italy



Bialetti Headquarters
Coccaglio, Brescia, Italy



Saalepark Jena
Löbstedter Str. 101-109, Germany

- Three modern assets acquired for an aggregate purchase price¹ of €68.3 million (S\$101.5² million), 12.7% below the aggregate independent valuations
- Blended 6.8% net operating income (“**NOI**”) yield³, 100% occupied, with blended weighted average lease expiry (“**WALE**”) of 5.4 years to a mix of high-quality and reputable tenant-customers
- 126,752 square metres (“**sqm**”) total gross lettable area across the three properties
- The two Italian properties are situated in strategic logistics/manufacturing locations in northern Italy, while the German property is located in the growing biotech city of Jena in central Germany
- Acquisitions are funded through a combination of CEREIT’s existing cash balances and drawing down on CEREIT’s indirect and wholly-owned securitisation vehicle’s revolving credit facility, allowing CEREIT to further capitalise on the strong logistics sector fundamentals and advance its pipeline of opportunities in Western Europe

1. Introduction

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 has, through its indirect and wholly-owned subsidiaries, entered into three separate sale and purchase agreements and completed the acquisitions of three light industrial / logistics properties (collectively, the “**Acquisitions**”), two of which are in Italy and the third in Germany, for an aggregate purchase price of €68.3 million (approximately S\$101.5 million²). Of the two Italian properties acquired (the “**Italian Acquisitions**”), one is in Vittuone, Milan (“**ABB**”) and the other is in Coccaglio, Brescia (“**Bialetti**”). The German property (the “**German Acquisition**”) is located in Löbstedter Str. 101-109, Jena (“**Saalepark Jena**”).

Commenting on the Acquisitions, the Manager’s Chief Executive Officer, Mr. Simon Garing, said, “I am pleased to share that CEREIT has acquired three new economy properties that are located in the well-established and highly liquid real estate markets of central Germany and northern Italy. Our experienced, on-the-ground team sourced and secured the investments at a favourable average 6.8% NOI yield* 12.7% below independent valuation, with a WALE of 5.4 years. The properties are fully-leased to global companies including ABB, Bialetti and Abbott Diagnostics.

The Acquisitions are part of the €100 million advanced pipeline that we announced with CEREIT’s FY 2021 results, and further build CEREIT’s light industrial / logistics scale in core Western European countries. The addition of these properties brings CEREIT’s portfolio to a 43% light industrial / logistics weighting⁴, in line with the Manager’s stated strategy to pivot towards a majority weighting in this sector.

The Acquisitions have been funded through a combination of CEREIT’s existing cash balances and funds drawn down from CEREIT’s indirect and wholly-owned securitization vehicle’s revolving credit facility, allowing us to capitalise on the exceptional fundamentals of this sector in a timely manner while advancing the pipeline of opportunities we have identified for CEREIT in Western Europe”.

2. The Acquisitions

The three properties are all freehold and span 126,752 sqm in total gross lettable area.

ABB’s attractiveness is enhanced by its strategic logistics location and proximity to the Milan city centre, which presents a longer term potential redevelopment opportunity for urban logistics that may further unlock the asset’s value.

Also situated in the Greater Milan region, Bialetti’s attractiveness is boosted by a long WALE profile of 12 years with no break option.

The attractiveness of Saalepark Jena is underpinned by a roster of 13 tenant-customers that operate in the highly desirable life sciences industry, that includes medical, precision engineering and biotechnology companies. Saalepark Jena is also well-positioned to leverage the strong fundamentals of the German life sciences and light industrial market and benefit from Jena’s high gross domestic product (“**GDP**”) growth rates, highly-educated labour force and thriving innovative industries.

2.1 ABB, Vittuone, Milan, Italy

Located only 25 kilometres (“**km**”) west of the city centre Milan, ABB is a freehold, light industrial / logistics property. It was recently refurbished in 2021 and occupies a 99,760 sqm site, presenting a potential redevelopment opportunity for urban logistics. The property has a total gross lettable area of 63,221 sqm and consists of a principal main building for industrial activities, as well as several associated attached and detached office buildings. The property has dual vehicular access via Via dell’Industria and Via Giuseppe Mazzini, staff car parks, and ample manoeuvring space in front of the loading bays. The property hosts more than 7,000 sqm of office space, representing more than 11% of the gross lettable area. It also has spacious under-beam ceiling heights of nine metres (“**m**”), in addition to a high floor loading capacity that can withstand more than five tonnes per sqm.

ABB is close to the A4 Turin-Trieste motorway, which runs through Milan and Venice, providing excellent access to the property. Situated at the northern periphery of Vittuone's urban area and the southern boundary of Arluno's urban area, ABB is easily accessible, being merely 2.5 km away from those metropolitan areas.

The property is let to a single tenant-customer, under a "full repair" lease and with no break option till the lease expires on 31 December 2023. The asset's sole tenant-customer ABB is a Fortune 500 company traded on three stock exchanges – Zurich, Stockholm and New York. ABB currently uses the premises for three of its business divisions, including Electric Engine manufacture, Industrial Robots and EV charging stations, including demonstration and research and development facilities.

2.2 Bialetti Headquarters, Coccaglio, Brescia, Italy

Bialetti is a freehold, light industrial / logistics property built on a 74,533 sqm site. The property consists of two buildings with a total lettable area of 44,644 sqm. The main building is an L-shaped warehouse, while the other is a two-storey building which houses office, showroom and staff amenities and occupies approximately 16.5% of the total lettable area. The property's specification standards are comparable to a modern grade A warehouse, with 8.5 m of ceiling height, 12 loading doors as well as a large car park with 289 public parking spaces and 78 private parking spaces.

The property attained a SA8000 certification – the world's leading social certification – in November 2021, after the building adopted an Energy Data Management system and consequently reduced energy consumption by 7%.

Bialetti is located in a well-developed industrial area in Lombardy, approximately 72 km east of Milan and adjacent to the Brescia and Bergamo international airports, with a six-million population within a one-hour drive. Lombardy is one of the wealthiest regions in Italy, with a century-long legacy of being the home base of firms focusing on automotive, steel, energy and food. Lombardy accounts for 19% of Italy's GDP and the region's household consumption and household income are 16% and 19% higher than the national average, respectively. Provisional regional unemployment is low at 4.7%.

Bialetti is situated on the strategic Trans-European Transport Network ("TEN-T") Mediterranean corridor that runs from Spain to Eastern Europe and is well-served by some of the most significant logistics corridors in Italy, including the A4 highway connecting the main Italian northern cities from West to East (Turin, Milan, Bergamo, Brescia, Verona, Venezia, Trieste) and the A35 connecting Bergamo, Brescia and Milan.

At the time of acquisition, CEREIT has also entered into a new 12-year long-term lease agreement (with no break option) with Bialetti Industrie SpA, a leading Italian coffee and houseware products manufacturer and the owner of well-known premium brands like Bialetti, Aeternum, Rondine and CEM, amongst others.

2.3 Saalepark Jena, Löbstedter Str. 101-109, Germany

Saalepark Jena is a freehold, light industrial business park occupying a site area of 23,328 sqm. With the gross lettable area of 18,887 sqm, the asset consists of two four-storey buildings, one of which has six warehouse units and three office units, while the other is subdivided into four warehouse units and one office unit. The office / laboratory floors can be split into two units accessible via the central stair hall or lift. In addition, the property has 188 external parking spaces and 91 parking units in the garage. The warehouse units, which collectively occupy a lettable area of 8,601 sqm, have a ceiling height of between four to six metres and a maximum floor load capacity of three kN per sqm. The office / laboratory units cover an aggregate 7,682 sqm in lettable area and boast a modern design accommodating the latest research and development facilities.

Constructed between 1993 and 1994, Saalepark Jena is well-maintained and has had partial refurbishments conducted progressively from 2014 to 2020. Its building quality and technical building equipment, such as heating and air-conditioning, remain in good condition.

Saalepark Jena is situated within an established commercial area in Jena, in the second largest city of Thuringia in central Germany, with other business parks and logistics and retail properties in its proximity. Jena is a university town and, along with Erfurt and Weimar, forms the central metropolitan area of Thuringia, which has approximately 500,000 inhabitants. As a large part of Jena is zoned for nature conservation, the

city lacks available land for building expansions or new developments. This, coupled with the city's reputation as a centre for scientific research, is expected to sustain rental rates in Jena at higher levels relative to other nearby towns such as Erfurt or Weimar.

Saalepark Jena is well served by the B88 federal highway, which connects to the B7 federal road and the A4 motorway – key routes traversing between eastern and western Germany – and the A9 north-south motorway. The central train station is located 3.6 km away from the property, connecting to the nearby Halle and Saalfeld region. Jena is linked by air to the Erfurt-Weimar Airport in the adjacent city of Erfurt, the capital city of Thuringia, and the Leipzig / Halle Airport, the second busiest airport by cargo traffic in Germany.

Saalepark Jena is currently fully-let to 13 tenant-customers, most of whom are well-established names who operate in the life sciences, medical and industrial equipment industries, and the precision engineering and biotechnology space. The largest tenant-customer in Saalepark Jena by gross floor area is Cross Match Technologies, a US-based manufacturer of biometric identifiers and related bio security equipment and a subsidiary of Assa Abloy AB, a major Swedish Access control security company with a US\$28 billion market cap.

Other significant tenant-customers include:

- Vistec Electron Beam, a Jena-headquartered provider of solutions for advanced electron-beam lithography systems used for semiconductor applications and advanced research in silicon photonics and integrated optics
- Abbott Rapid Diagnostics, (the diagnostic subsidiary of Abbott, a US\$207 billion market cap company) which develops cutting-edge diagnostics systems to support healthcare operations such as medical diagnostic instruments, sample laboratory tests, automation and informatics solutions for hospitals, laboratories and blood banks
- QUANTIFOIL Instruments is a German biotechnology company that develops, produces and distributes systems for use in life-science research and histology, cytology and drug discovery laboratories around the globe.

All these well-established names now form part of CEREIT new tenant-customers.

3. Economic and market overviews

3.1 Italian economic and market overview

The third-largest economy in the European Union (“EU”) and the eighth largest in the world by nominal GDP, Italy is recovering steadily from the COVID-19 crisis due to the vaccination campaign and generous fiscal support to households and firms. The country's GDP grew by 6.3% in 2021, following a 9% contraction in 2020. Oxford Economics forecasts that Italy will record a further 2.9% growth in 2022, before slowing to 2.3% growth in 2023⁵.

According to CBRE Research, Italy's commercial property market recorded an investment totalling €10.2 billion in 2021, up from €8.7 billion in 2020, with the industrial sector attracting the largest share of investment in 2021. The industrial sector attracted €4.1 billion in 2021, more than double that recorded in 2020. Investor interest remains focused in northern Italy as the focus has moved from city centre office assets towards industrial assets, which tend to be located outside cities. Northern Italy is considered favourable due to its strong economic links and infrastructure connectivity with international markets.

Robust fundamentals and investors' confidence in the logistics sector are driving development, helping to boost the stock of investment-grade assets and thus driving further investment into the sector. Prime yields in Italy are currently around 4% in Milan and 4.25% in Rome. Despite significant compression over the past couple of years, prime yields continue to offer a premium over more established European markets where they have compressed to around 3% to 4%.

Online shopping in Italy is forecast to increase 34% over the next five years, to €18.2 billion by 2026, according to Mintel, Centre for Retail Research. This increase in online shopping will fuel future demand for distribution centres and urban logistics in key hubs across the country. In response to market growth, pure-play e-commerce retailers and distribution companies have expanded their Italian presence. The expansion

of the e-commerce market and rising demand for home delivery options is driving demand for both big-box and smaller distribution centres located close to urban populations.

In Italy, the market is polarised between large distribution spaces at strategic intersections in the northern part of Italy and small logistics areas close to urban populations. Modern, investment-grade warehouse stock for distribution services is located along the main motorway corridor that connects Milan, Turin, Bergamo and Venice and the port city of Genoa. Milan and northern Italy benefit from their proximity to other European markets and a strategic location on trans-European transport routes between the hubs in northern Europe and further south into Italy, and between Eastern Europe and west along the Mediterranean coast.

The highest rents in Italy are found in the north of the country, particularly close to urban centres. Prime rents in Milan are currently around €57 per sqm and marginally lower in Rome at around €56 per sqm⁶.

3.2 German economic and market overview

The largest economy in Europe and the fourth largest globally by nominal GDP, the German economy contracted by 4.9% in 2020 due to COVID-19, but soon returned to growth in 2021, recording GDP growth of 2.7% that was just 2% shy of its pre-pandemic level. Further expansion is forecast for 2022 and 2023 at 2.4% and 3.2%⁷, respectively.

The German investment market is highly liquid, supported by a decentralised structure with multiple large cities serving as business hubs and population concentrations. Investment activity is shared across the “Big-5” (Hamburg, Berlin, Frankfurt, Munich and Düsseldorf) or “Big-7” markets (which also include the cities of Stuttgart and Cologne). While these areas have been generally preferred by investors due to their higher liquidity, there has been rising interest in second and third-tier cities such as Dresden, Nuremberg, Bremen, Hanover and Leipzig. Intense competition for assets in the core markets and slowing capital growth rates have driven many investors to look for opportunities beyond the core markets.

According to Knight Frank Research, logistics properties are highly desirable for investors and investment in the sector rose to €8.3 billion in 2021, up from €6.9 billion in 2020⁸. COVID-19 has accelerated the shift towards online retail and home deliveries, underpinning strong occupier demand in the logistics sector.

In 2021, the take-up of German industrial and logistics units totalled 8.7 million sqm, the highest annual total on record, and reflected an increase from 6.9 million sqm recorded in 2020⁹. Demand for warehousing and logistics in Germany is driven by retailers, distribution and manufacturing, contributing to a balanced occupier market.

Although occupier demand remains robust, the available stock levels were depleted in 2021, and a shortage of modern logistics facilities and development sites is likely to limit take-up in 2022. Companies must be more flexible regarding their requirements to secure space immediately or agree to a pre-lease and await completion. Occupiers are also looking beyond the core markets to locations that may traditionally have been considered peripheral or secondary.

4. Other Information

The aggregate purchase cost of the Acquisitions is estimated to be approximately €72.6 million (S\$107.9 million²), comprising the aggregate purchase consideration of €68.3 million (S\$101.5 million²), the acquisition fees payable to the Manager and the professional and other fees and costs in connection with the Acquisitions.

The purchase price¹ of ABB was €26.5 million (approximately S\$39.2 million²), and CBRE independently valued the property at €29.4 million (approximately S\$43.5² million) on 1 February 2022. The purchase price¹ of Bialetti was €24.5 million (approximately S\$36.3 million²), and CBRE independently valued the property at €30.6 million (approximately S\$45.5 million²) on 30 November 2021. The purchase price¹ of Jena was €17.3 million (approximately S\$26.0 million²), and CBRE independently valued the property at €18.3 million (approximately S\$27.1 million²) on 30 September 2021. The blended purchase price equates to €539 per sqm, which is significantly below the valuers’ and technical due diligence service providers’ estimated blended replacement cost of approximately €849 per sqm (excluding land) or €1,035 per sqm (including land)¹⁰. The Acquisitions were progressively completed between 15 February and 21 April 2022.

The valuations were commissioned by the Manager and Perpetual (Asia) Limited (in its capacity as trustee of CEREIT), using the investment capitalisation method.

The purchase consideration for the Acquisitions was arrived at on a willing buyer and seller basis in each case. The Acquisitions were funded by a combination of CEREIT's existing cash balances and drawing down from CEREIT indirect and wholly-owned securitisation vehicle's revolving credit facility.

Based on the relative figures as computed on the bases set out in Rule 1006 of the Listing Manual, the Acquisitions are "Non-Disclosable Transactions" within the meaning of Rule 1008 of the Listing Manual.

The Acquisitions are not expected to have any material effect on CEREIT's net tangible assets.

By Order of the Board

Simon Garing

Executive Director and Chief Executive Officer

Cromwell EREIT Management Pte. Ltd.

(Company registration no. 201702701N)

(as manager of Cromwell European Real Estate Investment Trust)

22 April 2022

ABOUT CROMWELL EUROPEAN REAL ESTATE INVESTMENT TRUST

Cromwell European Real Estate Investment Trust (“**Cromwell European REIT**” or “**CEREIT**”) has a principal mandate to invest, directly or indirectly, in income-producing commercial real estate assets across Europe with a minimum portfolio weighting of at least 75% to Western Europe and at least 75% to the light industrial / logistics and office sectors. CEREIT’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. CEREIT currently targets a majority investment weighting to the light industrial / logistics sector while also investing in core office assets in gateway cities.

CEREIT’s portfolio comprises 115¹¹ predominantly freehold properties with an appraised value of approximately €2,511 million¹² in or close to major gateway cities in the Netherlands, Italy, France, Poland, Germany, Finland, Denmark, Slovakia, the Czech Republic and the United Kingdom with an aggregate lettable area of approximately 1.8 million sqm and 800+ tenant-customers.

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 Group¹³, a real estate investor and global real estate fund manager with operations in 14 countries, listed on the Australian Securities Exchange Ltd.

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This announcement is for information purposes only and does not constitute or form part of an offer, invitation or solicitation of any securities of CEREIT in Singapore or any other jurisdiction nor should it or any part of it form the basis of, or be relied upon in connection with, any contract or commitment whatsoever.

The value of the Units and the income derived from them may fall as well as rise. Units are not obligations of, deposits in, or guaranteed by, the Manager, Perpetual (Asia) Limited, in its capacity as trustee of CEREIT, the Cromwell Property Group as the sponsor of CEREIT, or any of their respective affiliates.

An investment in the Units is subject to investment risks, including the possible loss of the principal amount invested. Unitholders have no right to request that the Manager redeem or purchase their Units while the Units are listed. It is intended that Unitholders may only deal in their Units through trading on the SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

This announcement may contain forward-looking statements that involve assumptions, risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Predictions, projections or forecasts of the economy or economic trends of the markets are not necessarily indicative of the future or likely performance of CEREIT. The forecast financial performance of CEREIT is not guaranteed.

A potential investor is cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager’s current view of future events.

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- 1 Before purchase costs
 - 2 Based on exchange rate of 1€:\$1.48 as at 11 April 2022
 - 3 NOI yield is calculated as the annualised Day 1 net operating income pre-asset management fees divided by the purchase price including purchase costs
 - 4 Portfolio breakdowns are based on portfolio value
 - 5 Source: Oxford Economics, 24 March 2022
 - 6 Source: CBRE Research, Valuation Report for Bialetti, 30 November 2021
 - 7 Source: Oxford Economics, 15 March 2022
 - 8 Source: Knight Frank Research, Real Capital Analytics, 14 March 2022
 - 9 Source: CBRE Research, ERIX, 1Q 2022
 - 10 The estimated blended replacement costs (including and excluding land) are based on ABB's and Bialetti's respective reinstatement valuations as performed by CBRE and Jena's reinstatement valuation based on Gleeds Deutschland GmbH's technical due diligence
 - 11 115 properties include 112 properties as at 31 December 2021 and the Acquisitions
 - 12 Valuation of 115 properties includes 108 properties with valuation as at 31 December 2021 and seven recently acquired properties recorded at purchase price (including the Acquisitions): two in the UK (acquired in August 2021 and December 2021), two in the Netherlands (both acquired in December 2021), two in Italy (acquired in February and March 2022) and one in Germany (acquired in April 2022)
 - 13 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)