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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 DIVESTS VIALE EUROPA 95 IN BARI, ITALY
FOR €94.0 MILLION; €188 MILLION IN DIVESTMENTS AT
AN AVERAGE 10.2% PREMIUM TO VALUATION COMPLETED SO FAR IN 2023**

1. Introduction

Cromwell EREIT Management Pte. Ltd., the manager (the “**Manager**”) of Cromwell European Real Estate Investment Trust (“**Cromwell European REIT**” or “**CEREIT**”), refers to the announcement dated 15 June 2023 relating to the divestment of Viale Europa 95, Bari, Italy (the “**Divestment**” or “**Bari Europa**”). The Manager is pleased to announce the completion of the Divestment for €94.0 million (S\$135.4¹ million) (the “**Sale Consideration**”).

The Manager’s Chief Executive Officer, Mr. Simon Garing, said, “I am pleased to announce that we have completed the divestment of this large and bespoke Italian government campus asset at a healthy premium to the December 2022 valuation.

“The Divestment is consistent with our previously stated strategy of targeted asset sales, reducing exposure to the office and ‘other’ sectors and focusing more on the logistics/light industrial asset class. We have so far completed €187.6 million of divestments in 2023, at a healthy €17.4 million or average 10.2% premium to December 2022 valuations, representing almost half of our targeted €400 million divestment programme to 2026.

“Viale Europa is one of CEREIT’s largest non-core ‘other’ assets, representing 6.9% of CEREIT’s net asset value (“**NAV**”) as at 30 June 2023. CEREIT’s portfolio is now majority-weighted to logistics/ light industrial, sectors that REIT investors continue to largely price at a premium.

“Post the Divestment, CEREIT’s proforma NAV / Unit would have increased by 3.6 Euro cents, and aggregate leverage would have fallen to 36.8%², further underpinning the balance sheet strength. By lowering CEREIT’s leverage proactively, we enable further funding options for CEREIT’s accretive

development and AEI pipeline. We also align with investors' preference for lower-gearred S-REITs and the preservation of NAV during higher interest rates times. The flipside of this deleveraging strategy is a slight decline in DPU in the short term until we complete the new projects and they become income-producing again, while we deliver a more future-proof and sustainable portfolio in the long term.

"CEREIT's Units currently trade at a 50% discount to NAV / Unit and a high 13% 12-month trailing DPU yield³, at levels like those of far more troubled 'foreign' S-REITs. I believe that CEREIT's track record of high cash generation, investor-aligned strategy and stronger market fundamentals as compared to the US and China merit greater recognition. For example, European Grade A office market fundamentals and current market vacancy rates are less than 3% for pan-European logistics and less than 4% for CEREIT's gateway grade A office markets (source: CBRE).

"I would also like to acknowledge the expertise and deep local relationships of Cromwell's Italian team that enabled them to divest the asset off-market.

"We look forward to providing market updates on further divestments, portfolio performance and development opportunities at the appropriate time."

2. Principal Terms of the Divestment

CEREIT (through Cromwell Europa 1, an indirect and wholly-owned real estate investment fund of CEREIT) has completed the sale to the Italian Tax Police (*Guardia di Finanza*) on behalf of the Italian State Property (*Demanio dello Stato*) ("the **Buyer**") of Bari Europa.

Following the signing and execution of the SPA on 14 June 2023, the SPA's required final customary approval and settlement took place on 6 October 2023, a month ahead of the previously expected November 2023.

3. Bari Europa Details

Bari Europa is a 123,260 square metres ("**sqm**"), 22-year-old campus comprising 11 buildings with different uses, indoor and outdoor car parking areas, indoor and outdoor sports facilities, a large parade ground and external areas used for road network. *Agenzia del Demanio* let 100% of the campus under a master lease agreement.

4. Rationale for the Divestment – aligned to strategy

a) Maintain gearing in policy range 35-40%:

The Divestment aligns well with CEREIT's previously stated strategy to divest up to €400 million of assets over the next 2-3 years to maintain its long-term aggregate gearing within 35-40% Board policy range and pivot to a majority weighting to logistics/light industrial sector, while reducing exposure to the non-core and non-strategic office and 'other' assets. The Manager further aims to recycle capital into redevelopments and asset enhancement initiatives to provide superior risk-adjusted returns and drive longer-term sustainable DPU and NAV/unit growth.

b) Achieve strategic target of majority weighting to logistics/light industrial sector:

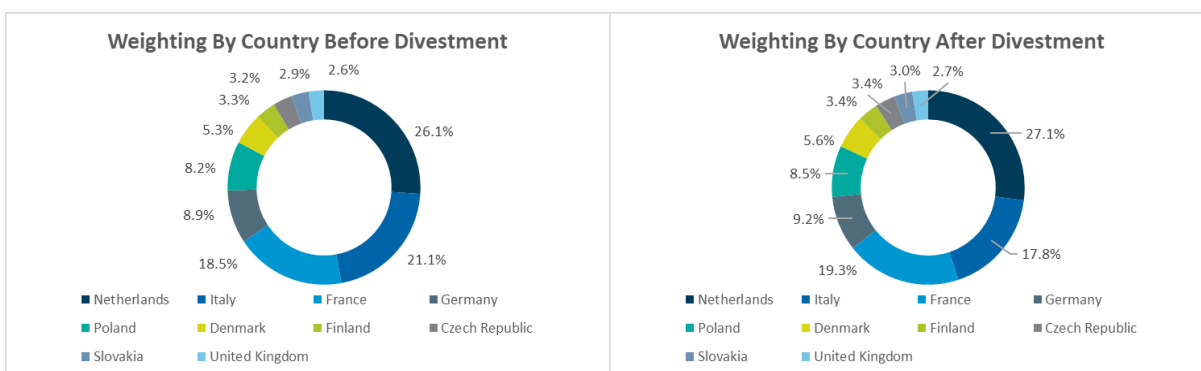
CEREIT's portfolio weighting to the logistics/light industrial sector (based on valuations as at 30 June 2023) will increase to a majority weighting following the Divestment and reduce "other assets" to only 2.0%, as illustrated in the table below:

	The weighting of each asset class as at the date of the announcement, based on valuations as at 30 June 2023	
	Before the Divestment	After the Divestment
Office	45.1%	46.9%
Logistics/light industrial	49.0%	51.0%
Others*	5.9%	2.0%

*Other assets comprise a Greater Milan Hotel, a Greater Milan cinema-anchored retail centre and two smaller barracks/campuses

c) Reduce exposure to Italian government-leased non-core assets:

The Divestment will reduce CEREIT's portfolio weighting to Italy from 21.1% to 17.8% based on 30 June 2023 valuations. The total proforma rent collected from the Italian government will drop to 4.0% (from 8.5%) as a proportion of total headline rent.



This reduction factors in the previously announced 15% rental decline on the eight assets leased to the Italian government that came into effect in 2022 and 2023 as part of a nationwide decree across all its tenanted buildings. Another benefit of reducing the exposure to the Italian government properties is that its leases are now on shorter rolling six-monthly break notice periods to expiries in 2028/2029. 2023 is also the first year for which no further annual inflation indexation applies to rents, providing a drag on growth to the rest of the portfolio.

d) Reduce reliance on Top 10 tenant-customers:

The Top 10 tenant-customers now make up 24.7% of CEREIT's total headline rent (down from 28.2%), a reflection of the well-diversified nature of CEREIT's income sources, an important credit strength metric.

5. Pro forma financial effects of the Divestment

FOR ILLUSTRATIVE PURPOSES ONLY: The pro forma financial effects of the Divestment on the distributions per unit ("DPU") and net tangible asset value per unit ("NTA/unit") presented below are strictly for illustrative purposes only and were prepared with reference to the audited financial statements of CEREIT and its subsidiaries for FY2022.

The pro forma financial effects are for illustrative purposes only and do not represent CEREIT's DPU and NTA per Unit following the completion of the Divestment.

5.1 Pro forma DPU

FOR ILLUSTRATIVE PURPOSES ONLY: The pro forma financial effects of the Divestment on CEREIT's DPU for FY2022, assuming the Divestment was completed on 1 January 2022, are as follows:

	Effects of the Divestment for the 12 months ended 31 December 2022	
	Before the Divestment	After the Divestment
Distributable Income (€'000)*	96,667	94,079
DPU (€ cents)	17.19	16.73
DPU Accretion (%)	-	-2.7%

*Distributable income is lower due to the assumption that the property is sold on 1 January 2022 based on the current rental paid by the tenant, partially offset by lower interest expense based on the average all-in interest rate applicable on 31 December 2022 of 2.38%. If the proceeds were used to repay the debt on the revolving credit facility drawn down at the applicable all-in interest rate today of 6+, the impact on DPU would in fact be positive.

5.2 Pro forma net tangible assets/Unit ("NTA/unit")

FOR ILLUSTRATIVE PURPOSES ONLY: The pro forma financial effects of the Divestment on CEREIT's NTA for FY2022, assuming the Divestment was completed on 31 December 2022, are as follows:

	Effects of the Divestment as at 31 December 2022	
	Before the Divestment	After the Divestment
NTA (€'000) attributable to unitholders*	1,358,717	1,378,887
Issued Units ('000)	562,392	562,392
NTA per Unit (€)	2.416	2.452

*Pre-tax basis and before any post-closing costs

6. Sale consideration and use of proceeds

Bari Europa was divested for a sale consideration of €94.0 million (approximately S\$135.41 million). The Sale Consideration was arrived at on a willing buyer and willing seller basis, taking into account the valuation of the property.

The Sale Consideration is 13.1% above the 30 November 2017 purchase price of €83.1 million (or €20.2 million including divestment costs).

The net proceeds of approximately €93.5 million from the Divestment reflect the transaction costs of €0.5 million, made up of the Manager's €470,000 disposal fee and €60,000 professional fees. No agent was engaged, given the off-market nature of the transaction.

Bari Europa was independently valued by Savills Ltd (as commissioned by the Manager and Perpetual Asia Limited, in its capacity as trustee of CEREIT) at €73.3 million as at 31 December 2022, using the discounted cash flow method.

The use of proceeds from the sale of Bari Europa is likely to be initially earmarked towards repaying CEREIT's existing debt facilities and/or held for working capital purposes.

7. Disclosures under Rule 1010 of the Listing Manual

The Divestment could fall into any of the categories set out in Rule 1004 of the Listing Manual of Singapore Exchange Securities Limited ("SGX-ST") depending on the size of the relative figures computed on the following applicable bases of comparison:

- (i) the net asset value of the assets to be disposed of, compared with CEREIT's net asset value;
- (ii) the net profits attributable to the assets to be disposed of, compared with CEREIT's net profits; and
- (iii) the aggregate value of the consideration received, compared with CEREIT's market capitalisation.

The relative figures for the Divestment using the bases mentioned above of comparison are set out in the table below:

	The Divestment (€mil)	CEREIT FY2022 Results (€mil)	Relative Figure (%)
Book value of the Divestment vs total net asset value attributable to unitholders	73.3	1,358.7	5.4%
Net property income of the Divestment vs total net property income ^a	5.0	136.8	3.6%
Sale consideration against total market capitalisation	94.0	703.0 ^b	13.4%

Notes:

- a. In the case of a real estate investment trust, the net property income is a close proxy to the net profits attributable to its assets.
- b. Based on the closing share price as at 4 October 2023

Under Rule 1010 of the Listing Manual, where any relative figures computed on the bases set out above exceed 5% but do not exceed 20%, the Divestment is regarded as a discloseable transaction.

8. Interests of Directors and controlling Unitholders and Directors' service contracts

Other than the Units held by the directors of the Manager ("Directors") and Controlling Unitholder (as defined in the Listing Manual of the SGX-ST), none of the Directors has an interest, direct or indirect, in the Divestment.

No person is proposed to be appointed as a director of the Manager in connection with the Divestment or any other transaction contemplated in relation to the Divestment.

9. Documents for inspection

Copies of the following documents are available for inspection during regular business hours at the registered office of the Manager at 50 Collyer Quay, #07-02, OUE Bayfront, Singapore 049321, from the date of this announcement up to and including the date falling three months after the date of this announcement:

- (i) the SPA; and
- (ii) the independent valuation report from Savills Ltd in relation to the Divestment.

10. Other information

A divestment fee of €0.5 million (0.5% of the sale consideration) is payable to the Manager in accordance with the trust deed constituting CEREIT.

As previously disclosed in November 2017, certain vendor earn-out agreements were entered into upon the acquisition of certain Italian properties, which include Bari Europa. The maximum payable under all of these earn-out agreements is €15.83 million, however it is uncertain whether the terms of this sale of Bari Europa crystallise any earn-out payment. The Manager will make further announcements in future if required.

While CEREIT remains a long-term investor in real estate, divestments from time to time are consistent with the Manager's proactive asset management strategy to improve the risk-return quality of CEREIT's portfolio. This is in line with CEREIT's primary purpose to provide CEREIT's unitholders with stable and growing distributions and net asset value per unit over the long term.

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)

9 October 2023

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 logistics/light industrial and office sectors. CEREIT currently targets a majority investment weighting to the logistics/light industrial sector while also investing in core office assets in gateway cities. CEREIT strives to be a resilient, ethical, and socially responsible organisation that contributes positively to all stakeholders, leading to higher risk-adjusted returns while maintaining an appropriate capital structure.

CEREIT's €2.3 billion portfolio comprises 110+ predominantly freehold properties 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 Group⁴, a real estate investor and fund manager with operations in 14 countries, listed on the Australian Securities Exchange Ltd.

IMPORTANT NOTICE

This announcement is not for distribution, directly or indirectly, in or into the United States and is not an offer of securities for sale in the United States or any other jurisdictions.

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.

This announcement is not an offer for sale of the Units in the United States or any other jurisdiction. The Units have not been and will not be registered under the Securities Act and may not be offered or sold in the United States unless registered under the Securities Act, or pursuant to an applicable exemption from registration. There is no intention to register any portion of the offering in the United States or to conduct a public offering of securities in the United States.

This announcement is not to be distributed or circulated outside of Singapore. Any failure to comply with this restriction may constitute a violation of United States securities laws or the laws of any other jurisdiction.

1 Based on an exchange rate of \$S1.44 : €1.00 as at 5 October 2023

2 On a pro forma basis based on the 31 December 2022 balance sheet

3 Based on the 4 October 2023 closing price of €1.25 and actual 1H 2023 / 2H 2022 distributions

4 Cromwell Property Group is a stapled group of Cromwell Corporation Limited and Cromwell Diversified Property Trust (the responsible entity of which is Cromwell Property Securities Limited)