



CROMWELL EUROPEAN REIT

Acquisition of Three Freehold,
Light Industrial / Logistics Properties in Germany

20 December 2019



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EUROPEAN REIT

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Notes:

1. "GDP" refers to Gross Domestic Product
2. "sq m" refers to Square Metres; "km" refers to kilometres
3. "p.a." refers to Per Annum

Acquisition of Three Light Industrial / Logistics Properties in Germany

- **Attractive location:** Assets located in the state of Baden-Württemberg, Germany's third-largest state and one of the country's leading economic regions with a GDP of €511 billion and an unemployment rate of just 3.1%
- **Strong, growing and long-term cashflow:** 15-year, 100% index-linked, triple-net leases
- **Competitively priced:** Assets are being acquired at 4% below the independent valuation and below estimated replacement costs

Property Type	Light Industrial / Logistics
Land Lease Tenure	Freehold
Leasable Area	29,734 sq m
Occupancy (as at February 2020)	100%
WALE ¹ (as at February 2020)	15 years
No. of Tenants (Key Tenant)	2 (both subsidiaries of Felss Group GmbH)
Purchase Price	€38.0 million
Purchase Price (per sq m)	€1,278
Total Purchase Costs	€40.9 million
Net Operating Income ("NOI") ² p.a.	€2.36 million
NOI Yield (NOI/Purchase Price)	6.2%
Completion Date (Estimate)	February 2020



1-Bretten, 2- Königsbach Stein, 3-Pforzheim



1 – Bretten



2 – Königsbach Stein



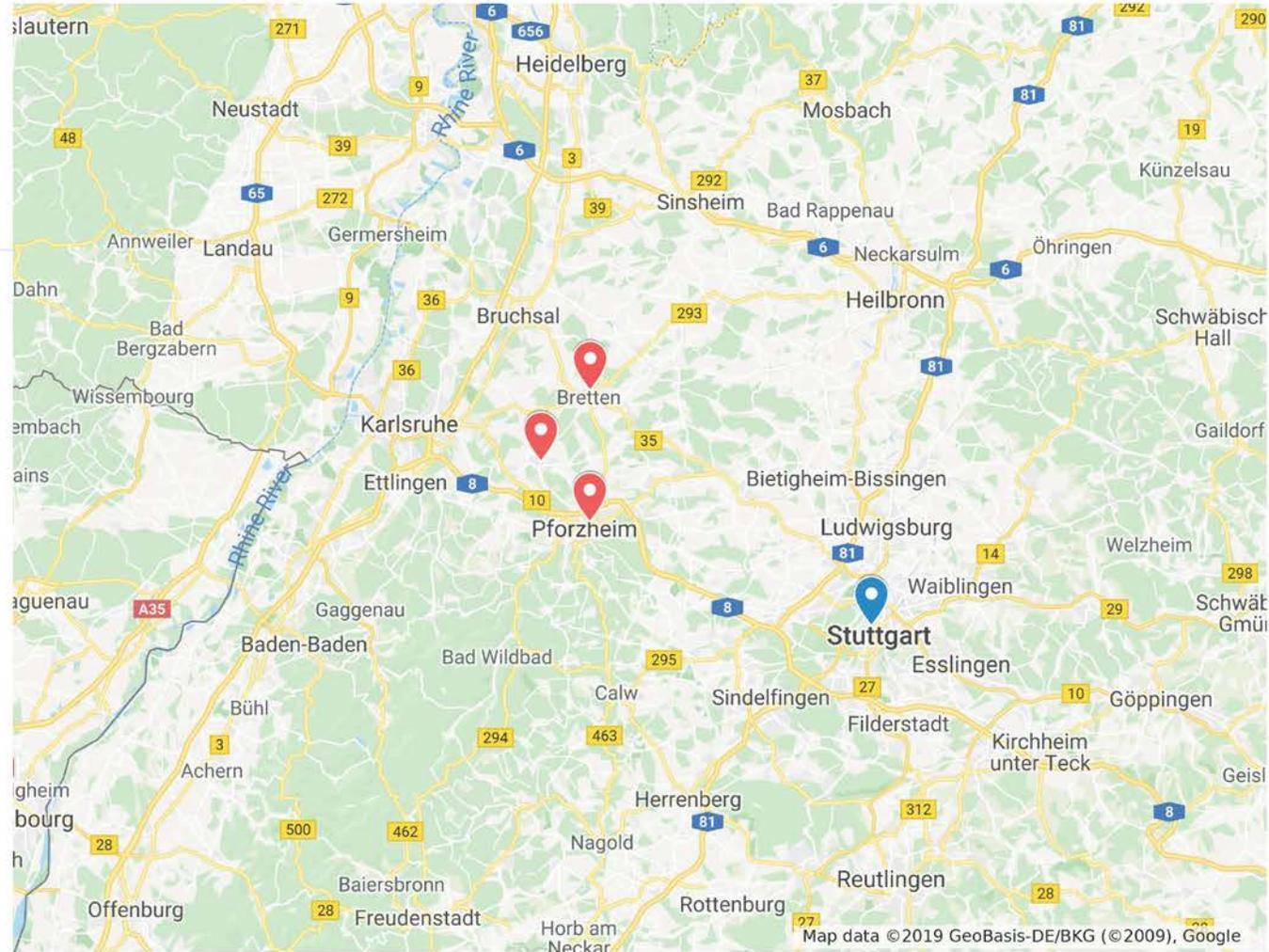
3 – Pforzheim

1. WALE is defined as weighted average lease expiry by headline rent based on the final termination date of the agreement (assuming the tenant-customer does not terminate the lease on any of the permissible break date(s), if applicable). The WALE of CEREIT's portfolio as at 30 September 2019 was 4.6 years
2. NOI Yield is calculated as the year 1 net operating income pre asset management fees divided by the purchase price excluding transactions costs incurred in connection with the acquisition

Location

Key Locations

-  Bretten
-  Königsbach-Stein
-  Pforzheim
-  Stuttgart



Bretten Asset



Bretten is a mid-sized town with a population of around 30,000 people and its surrounding administrative district has a population of approximately 430,000 people. Bretten is located just 15 km north of Pforzheim, 25 km east of Karlsruhe and about 45 km north-west of Stuttgart.

The Bretten asset was built between 2004 and 2015 and is well located within a designated commercial / industrial zone. The municipality plans to expand the zone due to strong demand for commercial, specifically industrial space, in this region.

The site is ideally located and easily accessible as five federal roads cross directly through Bretten.

Micro-Location



Pforzheim Asset



Pforzheim has a population of around 130,000 and is one of the industrial centres of Baden-Württemberg with a very high density of industrial activity. It is located 27 km south-east of Karlsruhe and 47 km north-west of Stuttgart.

The Pforzheim asset is well located in the middle of a large industrial / commercial cluster and is surrounded by other producers of industrial goods. The asset is conveniently located along the major A8 motorway, connecting Luxembourg to Austria and running directly through Stuttgart.

There is strong demand for industrial space in the region with very limited availability of space for occupiers.

Micro-Location



Königsbach-Stein Asset



The asset in Königsbach Stein is well located just 10 km north of Pforzheim. Pforzheim is one of the major industrial hubs in Baden-Württemberg, located just 47 km north-west of Stuttgart. The administrative district around Pforzheim has a population of around 200,000.

The Königsbach Stein asset is located in the middle of a commercial area with various commercial and manufacturing businesses.

The location benefits immensely from its proximity to Pforzheim, because the supply of industrial floor space is very limited in the Pforzheim and neighbouring Karlsruhe regions. As a result, even commercial areas in smaller villages are well occupied. This contributes to the strong economic performance of the region.

Micro-Location



Economic and Market Information on Baden-Württemberg, Germany

- Germany's economy is still in good health notwithstanding the slowdown in the industrial sector, and is still Europe's largest with a GDP of €3.4 trillion. The country recorded an average GDP growth rate of 1.5% between 2011 and 2018, outperforming Eurozone's 1.2% average growth rate over the same period. Furthermore, Germany's GDP is still anticipated to edge up by 0.6% in 2019 and 0.7% in 2020.
- Baden-Württemberg is one of the leading economic regions in Germany and Europe. It had a GDP of €511 billion in 2018 and a current unemployment rate of just 3.1% as at November 2019. It is home to many global companies such as Bosch, Daimler, Porsche, SAP, and German multinational industrial control and automation company Festo, as well as many successful and innovative small and medium-sized companies.
- The assets are located in or near Pforzheim, a city within Baden-Württemberg with a high density of manufacturing companies. The assets benefit from the apparent space shortage in the neighbouring Karlsruhe and Stuttgart cities.
- Pforzheim has a population of 125,000 and is home to some 6,000 companies. The unemployment rate for the Pforzheim region is 3.1%. The unemployment rate for the Karlsruhe region, which is more relevant for the Bretten asset, is 2.8%.
- High levels of investments in research and development (5.6% of GDP) and the largest number of patents in Germany (133 patent applications per annum per 100,000 inhabitants in 2018) make the region one of Europe's most innovative clusters.
- The Pforzheim area benefits from excellent accessibility as it is located on the A8 (east-west) motorway that joins the A5 (north-south) motorway to Frankfurt, France and Switzerland.



THANK YOU

If you have any queries, kindly contact:
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