**Media Release**
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# Cromwell European REIT Makes Third Italian Logistics Acquisition

- Acquisition price of €19.6 million (approximately S$30.6 million[1]) represents an attractive 6.5% net operating income ("**NOI**") yield[2] and is at 6.7% below independent valuation
- Asset is a freehold, light industrial / logistics warehouse on a long lease exceeding eight years to Reckitt Benckiser Group, a major global fast-moving consumer goods ("**FMCG**") company
- Asset is located in Greater Venice, Veneto, one of the wealthiest regions in Northern Italy and a major manufacturing hub
- Acquisition is CEREIT's third Italian light industrial / logistics asset, further building logistics scale in this market

**SINGAPORE** – Cromwell EREIT Management Pte. Ltd., the manager (the "**Manager**") of Cromwell European Real Estate Investment Trust ("**Cromwell European REIT**" or "**CEREIT**"), announced today that CEREIT has entered into a sale and purchase agreement and simultaneously completed the acquisition of a light industrial / logistics asset in Italy (the "**Asset**" or the "**Acquisition**").

The Manager's Chief Executive Officer, Mr. Simon Garing, commented, "This is a valuable off-market opportunity for CEREIT to acquire a fully-leased freehold logistics asset in the strategic Greater Venice market in Northern Italy, at an accretive 6.5% NOI yield. Cromwell's on-the-ground transaction team has secured the centre at well below independent valuation, with relatively low risk characteristics. The attractiveness of the acquisition is further underpinned by a long lease to Reckitt Benckiser Group, a leading multinational FMCG company, with an equity market capitalisation of £39 billion (S$72.2 billion[1]) and a S&P[3] credit rating of 'A-'. This prime property is a significant Italian logistics centre for Reckitt Benckiser Group, adjacent to their manufacturing plant and research and development centre. We are pleased to welcome them to CEREIT's diversified roster of over 800 quality tenant-customers.

"This is CEREIT's third light industrial / logistics asset in Italy, which further builds CEREIT's light industrial / logistics scale in Italy accretively. We also have under review an advanced pipeline of opportunities in Western Europe, including Germany, the Netherlands, Italy and the UK, which if materialised, is set to bring CEREIT closer to the stated target of a 50% portfolio weighting to this sector, up from the current 40%".

## The Asset

The Asset is a freehold, light industrial / logistics property occupying a site area of 47,787 square metres ("**sqm**"). The Asset consists of a warehouse and small office component spanning 27,938 sqm in gross floor area, and an external area of approximately 21,000 sqm. The warehouse has 21 loading bays (out of which 17 have electromechanical platforms and automatic doors) and includes an extensive 'state-of-the-art' automated system for goods storage and distribution to the benefit of the landlord. The warehouse floor has exceptional load bearing of 15 tons per sqm with a high storage area under-beam height of 11.65 metres. While the Asset is currently not equipped with a BREEAM[4] certification, based on current asset technical specifications, an 'Acceptable' level with a score of 20.15% could be achieved. The Manager plans to undertake works that will lead towards an improved BREEAM[4] certification as part of its commitment to its ESG[5] targets and future-proof CEREIT's core assets.

The Asset was developed in 1998 as a build-to-suit warehouse for British FMCG multinational Reckitt Benckiser Group to serve as a key Italian logistics centre. As one of the leading manufacturers of health, hygiene and nutrition products in the world, Reckitt Benckiser Group oversees an impressive portfolio of globally established consumer brands, including Dettol, Scholl, Strepsils and Veet, among others[6]. Reckitt Benckiser Group has a market capitalisation of £39 billion and 43,000 employees in over 60 countries.

The Asset is located in Mira, Greater Venice, in the Veneto region, less than an hour's drive away from Venice and Padua and 18 kilometres away from the Marghera harbour (the commercial and logistics port of Venice). The Asset is easily accessible and served by the Mira-Oriago junction on the Mestre ring road A57, that is connected to the A4 motorway and is in close proximity to four train stations. The Turin-Milan-Venice-Trieste A4 motorway is Italy's main west-east communication road across the industrialised North, and is part of the broader TEN-T Mediterranean corridor that runs from Spain to central and eastern Europe. The Veneto corridor logistics market is one of the core markets in Northern Italy developed along the A4 and benefits from a strategic position with access to a number of important crossroads between the Mediterranean Corridor, the Scandinavian Corridor and the Baltic-Adriatic Corridor. With a century-long legacy of being a manufacturing hotspot, Veneto has proven to be a location of choice for key Italian and global multinationals looking to establish their headquarters and production sites in the region.

The Asset was independently valued by CBRE (as commissioned by the Manager and Perpetual (Asia) Limited in its capacity as trustee of CEREIT) using the income capitalisation method at €21.0 million (approximately S$32.8 million[1]).

### Rationale and Benefits

The Asset is acquired at an attractive 6.5% NOI yield[2] and 6.7% below independent valuation. With prime yields in Northern Italy recently compressing to 4.5%[7], the Acquisition presents a highly attractive opportunity for the Manager to add a quality light industrial / logistics asset that is fully leased to a major global MNC[8] tenant-customer to CEREIT's portfolio. The purchase price of €702 per sqm is significantly below the estimated replacement cost of approximately €1,342 per sqm (including land and the current estimated cost of the automation storage system included in the purchase price).

In addition, Reckitt Benckiser Group is a very high-quality tenant-customer who has a long lease exceeding eight years, with typical extension options and specific early withdrawal notice periods. The British company is well-established in Mira, having invested extensively into its proprietary product manufacturing site located adjacent to the Asset, which makes the Asset essential to its Italian and southern European operations. Moreover, the Asset is also within the vicinity of its European research and development centre. All these factors combined make the Asset strategically valuable to the tenant-customer.

The Asset's location in Greater Venice, Veneto, one of the wealthiest and most heavily industrialised regions in Italy, is highly desirable by both industrial and logistics occupants and international investors. The region accounts for 10% of Italy's gross domestic product and is supported by robust household consumption and income levels, which are 11% and 12% above the national averages respectively[9].

Due to its strategic location, the Veneto region is among the top three logistics markets in Italy[10] and is becoming an increasingly attractive destination for logistics operators, who are mainly oriented towards locations near major communication roads (the A4, A13, A22 and A31 motorways) and large population centres. The highest concentration of Veneto region warehouses is along the A4 motorway and around the cities of Verona, Vicenza, Padua and Venice-Mestre, which together create a major national economic hub.

The Core Veneto Corridor area has approximately 1,548,000 sqm of logistics stock[11], while the Greater Veneto Corridor area has around 979,000 sqm of logistics stock and 5.2% vacancy rate. In 2020, some 140,000 sqm was absorbed within the Veneto Region, which accounted for 7% of national take-up and came in as the third-highest market in terms of take-up volumes recorded on a national level. Notably, the take-up in 1H 2021 surpassed the entire 2020, recording some 167,000 sqm. Third-party logistics players accounted for the most take-up in 2021 and 2020, with e-commerce a close second[12].

## Funding and Financial Effects

The total cost of the Acquisition is estimated to be €20.9 million (approximately S$32.6 million[1]), comprising the purchase consideration of €19.6 million (approximately S$30.6 million[1]) (the "**Purchase Consideration**"), the acquisition fee payable to the Manager, as well as professional and other fees and costs in connection with the Acquisition. The Purchase Consideration was arrived at on a willing buyer and willing seller basis. The Acquisition will initially be funded from available cash reserves.

Based on the relative figures as computed on the bases set out in Rule 1006 of the Listing Manual, the Acquisition is a "Non-Disclosable Transaction" within the meaning of Rule 1008 of the Listing Manual.

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

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## ABOUT CROMWELL EUROPEAN REAL ESTATE INVESTMENT TRUST

Cromwell European Real Estate Investment Trust ("**Cromwell European REIT**" or "**CEREIT'**) is a diversified pan-European real estate investment trust ("**REIT**") with a principal mandate to invest, 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. 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 maintains a long-term target portfolio weighting of at least 75% or more within Western Europe and at least 75% or more in the office and light industrial / logistics sectors.

CEREIT's portfolio comprises 109[13] properties with an appraised value of approximately €2,368[14] 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. CEREIT's portfolio has an aggregate lettable area of approximately 1.7 million sqm, 800+ tenant-customers and a WALE profile of approximately 4.7 years as at 30 June 2021.

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 Group[15], a real estate investor and manager with operations in 14 countries, listed on the Australian Securities Exchange Ltd.

## INVESTOR ENQUIRIES

**Cromwell EREIT Management Pte. Ltd.**

| | |
|---|---|
| Elena Arabadjieva | Regina Firman |
| Chief Operating Officer & Head of Investor Relations | Assistant Manager, Investor Relations |
| +65 6817 9589 | +65 6950 7192 |
| elena.arabadjieva@cromwell.com.sg | regina.firman@cromwell.com.sg |


## MEDIA ENQUIRIES

**SEC Newgate Singapore**

| | |
|---|---|
| Karin Lai | Cherie Hui |
| Associate Director | Consultant |
| karin.lai@secnewgate.sg | cherie.hui@secnewgate.sg |

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Applicants in Permitted EEA Jurisdictions or the UK who wish to invest in CEREIT must qualify as a "professional investor" under the AIFMD and the implementing national legislation in the investor's Permitted EEA Jurisdiction or under the UK AIFM Regulations, as appropriate. Interests are not offered to investors who are domiciled in or with a registered office in the EEA but not in a Permitted EEA Jurisdiction. Interests are not offered to investors in a Permitted EEA Jurisdiction or the UK who are not professional investors. Neither CEREIT nor the Manager is subject to supervision by the competent authorities of the Permitted EEA Jurisdictions or the UK.

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This announcement has not been reviewed by the Monetary Authority of Singapore.

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1 Based on exchange rate of 1€:S$1.56 and 1£:S$1.85
2 NOI yield is calculated as the annualised Day 1 net operating income pre-asset management fees divided by the purchase price including transaction costs
3 Standard and Poor's
4 Building Research Establishment Environment Assessment Method
5 Environmental, Social and Governance
6 Source: Company website
7 Source: CBRE, 2021
8 Multinational Corporation
9 Source: GVA Redlico, 2021
10 Source: CBRE valuation report
11 Source: CBRE valuation report
12 Source: CBRE valuation report
13 Including the Acquisition and the acquisition in the United Kingdom on 4 August 2021 (Kingsland Grange) and excluding Parc de Popey as the divestment is completed
14 Valuation is based on independent valuations conducted by CBRE and Savills as at 30 June 2021 for 80 assets, the remaining assets are carried at their 31 December 2020 valuation plus any capital expenditure incurred during the period from 1 January 2021 to 30 June 2021, and any other adjustments. This is with the exception of the new acquisition in Czech Republic on 3 June 2021 (Hradec Králové) and the new acquisition in the United Kingdom on 4 August 2021 (Kingsland Grange) and the new acquisition in Germany on 1 November 2021 (Mira), respectively, which are recorded at their purchase prices
15 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)