

NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, DIRECTLY OR INDIRECTLY, IN OR INTO THE UNITED STATES, EUROPEAN ECONOMIC AREA, CANADA, JAPAN OR AUSTRALIA.

This announcement is not for publication or distribution, directly or indirectly, in or into the United States, European Economic Area, Canada, Japan or Australia. This announcement is not an offer of securities for sale in the United States, European Economic Area, Canada, Japan, Australia or any other jurisdiction. The securities referred to herein have not been and will not be registered under the United States Securities Act of 1933, as amended (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. Any public offering of securities made in the United States would be made by means of a prospectus that would contain detailed information about the Manager (as defined herein) and Cromwell European Real Estate Investment Trust, as well as financial statements. There will be no public offering of securities in the United States.



(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.

ACQUISITION OF 13 VIA JERVIS, IVREA, ITALY

1. INTRODUCTION

Cromwell EREIT Management Pte. Ltd., in its capacity as manager of Cromwell European Real Estate Investment Trust (“**CEREIT**”, and the manager of CEREIT, the “**Manager**”), wishes to announce that Perpetual (Asia) Limited, in its capacity as trustee of CEREIT, has entered (through Cromwell Investment Services Limited, acting as the alternative investment fund manager of Cromwell Europa 1) into a preliminary sale and purchase agreement dated 23 April 2018 (the “**SPA**”) with Savills Investment Management SGR P.A., acting as management company of C3 Investment Fund – FIA italiano immobiliare riservato istituito in forma chiusa, an alternative investment fund established in Italy with 100% of its units held by Cerberus SICAV-SIF (a third party corporate partnership limited by shares incorporated in Luxembourg) (“**Cerberus**” or the “**Vendor**”), in relation to the acquisition of the property located at 13 Via Jervis, Ivrea, Italy (the “**Property**”).

Goldman Sachs (Singapore) Pte. and UBS AG, Singapore Branch are the joint issue managers for the Offering. DBS Bank Ltd., Goldman Sachs (Singapore) Pte., and UBS AG, Singapore Branch are the joint global coordinators for the initial public offering of the units in Cromwell European Real Estate Investment Trust (the “**Offering**”). DBS Bank Ltd., Goldman Sachs (Singapore) Pte., UBS AG, Singapore Branch, Daiwa Capital Markets Singapore Limited and CLSA Singapore Pte Ltd are the joint bookrunners and underwriters for the Offering.

2. INFORMATION ON THE PROPERTY

The Property is an office building comprising three levels above ground and a basement, with traditional reinforced concrete structures and a flat roof. The building has a net lettable area of 17,990 sq m, was originally built in 1955 and has been extensively refurbished over the years, with the most recent refurbishment still in process.

It is located in Ivrea, which is a city approximately 45 km north-east of Turin, and benefits from accessibility by public transport (4 minutes walk from the train station which connects directly to Turin) and by a road network (connection to Milan via A4 and approximately 30 minutes' drive to Turin Airport via A5 Turin-Courmayeur).

The Property is a freehold property which is leased to two tenants: Vodafone Italia ("**Vodafone**"), the second largest mobile network operator in Italy by market share¹ and La Direzione del Benessere, a fitness and wellness centre. The Property is currently 100% let and the weighted average lease expiry is in excess of five years as at 23 April 2018.

The Property was independently valued by Colliers International Valuation UK LLP ("**Colliers**") (commissioned by CEREIT) at €16.90 million (approximately S\$27.35 million²), as of 1 April 2018, using the income capitalisation method taking into account comparable market transactions.

3. DETAILS OF THE ACQUISITION

The purchase consideration for the Property is €16.90 million (approximately S\$27.35 million) (the "**Purchase Consideration**") which was arrived at on a willing buyer and willing seller basis and based on the independent valuation of the Property, and takes into account the amount required for capital expenditure works on the Property and outstanding incentives to be funded by the Vendor. CEREIT may pay (subject to certain allowable deductions) an additional consideration for the purchase of the Property upon occurrence of an earn-out event³.

The acquisition of the Property is expected to be completed by 30 June 2018, subject to the non-exercise of the Italian's state pre-emption right within 60 days of the date of the SPA.

1 Source: Vodafone Group plc Annual Report 2017.

2 The S\$ equivalent of the € figures in this Announcement has been arrived at based on an exchange rate of €1:S\$ 1.6187.

3 There will be an earn-out amount plus applicable taxes ("**Earn-out Amount**") payable by CEREIT to Cerberus in cash for the purchase of the Property. The whole or part of the Earn-out Amount, capped at €652,000, would only be payable if CEREIT is contractually entitled to receive rental income from the incumbent tenant over a period of up to six years immediately following the expiry of the current term of the relevant lease (being 30 April 2023), whether as a result of renewal or extension of the existing lease or events which have a similar economic effect as a renewal or extension of the lease.

The total cost of the acquisition is estimated to be approximately €17.69 million (approximately S\$28.64 million), comprising the Purchase Consideration, the acquisition fee payable to the Manager and the professional and other fees and expenses in connection with the acquisition (which includes the real estate transfer tax but excludes the recoverable value-added tax).

The Manager intends to finance the acquisition through a combination of a third party loan to be granted by Banca IMI S.p.A. and a drawdown on the €75.00 million unsecured revolving credit facility granted by ING Bank N.V..

4. RATIONALE FOR AND KEY BENEFITS OF THE ACQUISITION

The Manager believes that the acquisition of the Property will bring the following key benefits to the unitholders of CEREIT (the “**Unitholders**”):

- (i) the Property complements the current office portfolio of CEREIT in Italy in terms of lease length term, further enhancing the stability of the CEREIT portfolio’s cash flows; and
- (ii) the Property adds diversification to the tenant base with a blue-chip tenant in the form of Vodafone.

5. FINANCIAL EFFECTS OF THE TRANSACTION

The Manager is of the view that the acquisition of the Property is in the ordinary course of CEREIT’s business as the Property being acquired is within the investment strategy of CEREIT and does not change the risk profile of CEREIT.

The acquisition of the Property is not expected to have any material effect on the net tangible assets or the distributions per unit of CEREIT for the current financial year.

6. OTHER INFORMATION

Based on the relative figures as computed on the bases set out in Rule 1006 of the listing manual of Singapore Exchange Securities Trading Limited (the “**Listing Manual**”), the acquisition of the Property is a “Non-Discloseable Transaction” within the meaning of Rule 1008 of the Listing Manual.

7. INTERESTS OF DIRECTORS AND CONTROLLING UNITHOLDERS

Based on information available to the Manager, as at the date of this announcement, none of the directors of the Manager or the controlling Unitholders has any interest, direct or indirect, in the acquisition of the Property.

No person is proposed to be appointed as a director of the Manager in connection with the acquisition of the Property.

8. DOCUMENTS FOR INSPECTION

A copy of the SPA and the valuation report of Colliers on the Property are available for inspection during normal business hours at the registered office of the Manager at 50 Collyer Quay, #07-02, OUE Bayfront, Singapore 049321 for a period of three months commencing from the date of this announcement.

By Order of the Board
Philip Levinson
Executive Director and Chief Executive Officer

Cromwell EREIT Management Pte. Ltd.
(Company Registration No.: 201702701N)
As manager of Cromwell European Real Estate Investment Trust

24 April 2018

IMPORTANT NOTICE

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, the Joint Issue Managers, Joint Global Coordinators, the Joint Bookrunners and Underwriters 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 Singapore Exchange Securities Trading Limited (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 or sale of the Units in the United States. 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 absent registration except pursuant to an exemption from, or in a transaction not subject to, the registration requirements under the Securities Act. Any public offering of the Units in the United States would be made by means of a prospectus that would contain detailed information about CEREIT, the Manager and its management, as well as financial statements. 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. The Units are being offered and sold outside the United States (including to institutional and other investors in Singapore) in reliance on Regulation S under the Securities Act.

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.