



CROMWELL EUROPEAN REIT

Acquisition of a Freehold,
Light Industrial / Logistics Property in Germany

28 February 2020



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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
4. "CAPEX" refers to capital expenditure

Acquisition of a Light Industrial / Logistics Asset in Sangerhausen, Germany

- **Location:** Asset located in the town of Sangerhausen, within the state of Saxony-Anhalt, Germany and 100 km from major cities (such as Leipzig and Erfurt)
- **Fully let:** Asset will be completely occupied by a single tenant-customer until 2024
- **Competitively priced:** Being acquired at 0.5% below the independent valuation and ~50% below its estimated replacement cost based on independent reinstatement valuation

Property Type	Logistics
Land Lease Tenure	Freehold
Leasable Area	30,557 sq m
Occupancy (as at February 2020)	100%
WALE¹ (as at 31 December 2019)	4.1 years
No. of Tenant-customers (Key Tenant-customer)	1 (Euro Pool System International GmbH)
Purchase Price	€16.6 million
Purchase Price (per sq m)	€543
Total Purchase Costs	€18.2 million
Net Operating Income (“NOI”)² p.a.	€1.05 million
NOI Yield (NOI/Purchase Price)	6.3%
Estimated Completion Date	April 2020

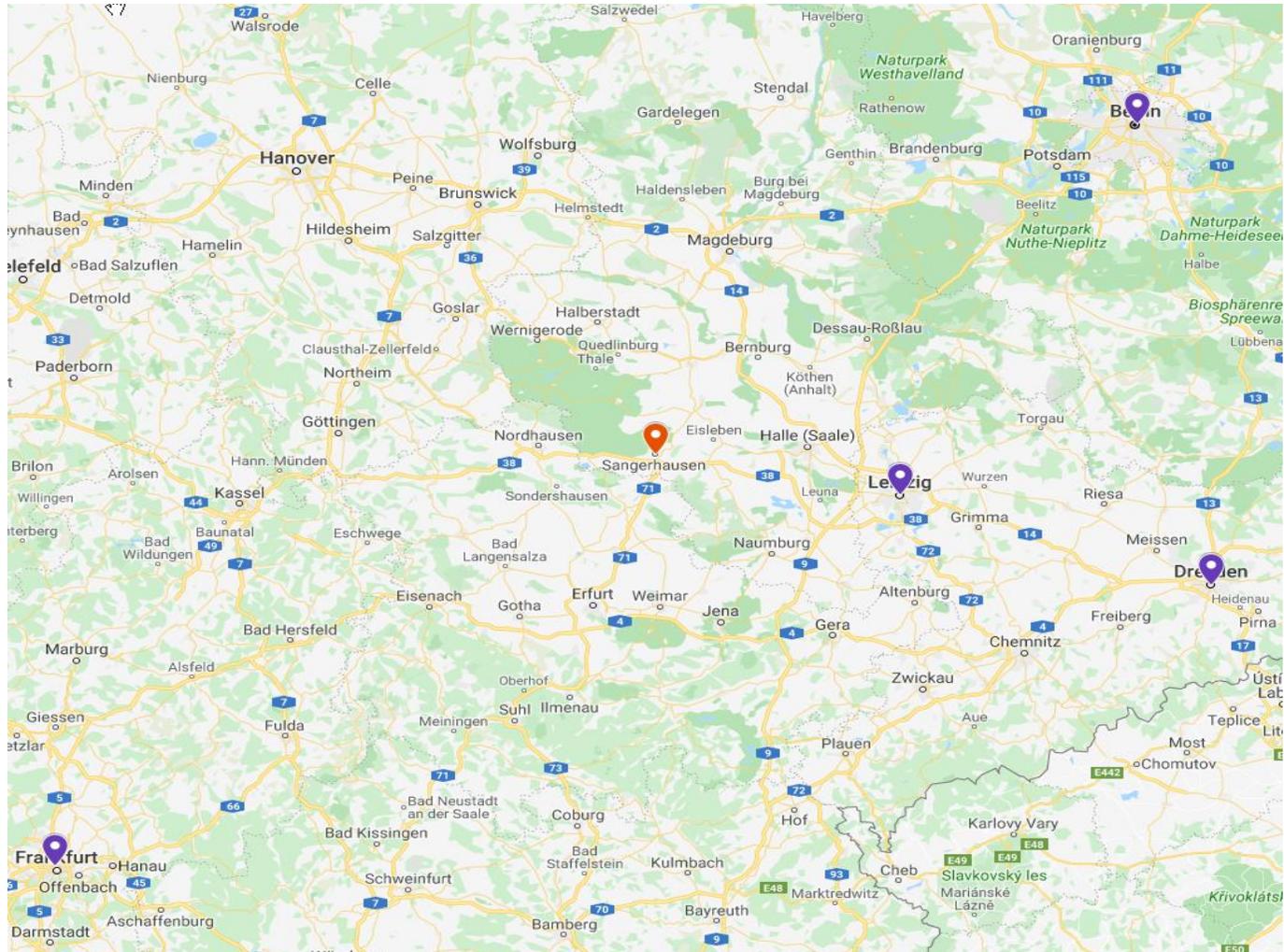


1. WALE is defined as weighted average lease expiry by headline rent based on the final termination date of the agreement (assuming the tenant-customer does not terminate the lease on any of the permissible break date(s), if applicable). CEREIT's portfolio has a WALE profile of 4.4 years, as at 31 December 2019
2. NOI Yield is calculated as the first-year net operating income pre asset management fees divided by the purchase price excluding transactions costs incurred in connection with the acquisition

Location

Legend

-  Sangerhausen
-  Frankfurt
-  Berlin
-  Dresden
-  Leipzig



Sangerhausen Asset



Micro-Location



- Located in the town of Sangerhausen, Germany, which has a population of 31,000
- Was constructed in 2017, therefore maintenance and CAPEX cost forecast to be low in the next few years
- Construction specification is high, modern and relevant; can easily be repositioned to suit a multi-tenanted strategy if necessary
- Benefits from excellent accessibility being located directly at junction of A38 motorway (east-west) and only 4 km from the A71 (north-to-south)
- Accessibility will be further improved by the impending new connection between the A38 and A14 motorways providing even better access to the north-east of Germany
- Proximity to the motorway increases its visibility, further increasing its attractiveness to potential tenants-customers
- The tenant-customer is anticipated to occupy the asset in the long term due to the integral nature to its operations and its recent investment of €2.8m in the asset
- The asset also has strong re-letting prospects as occupier demand is expected to be high due to the asset's central location and its good access to the motorway network giving connection to cities and regions throughout Germany

Economic and Market Information on Sangerhausen, 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 0.5% in 2020.
- Sangerhausen is a centrally located town in Germany with a population of 31,000. It is also home to manufacturing company, GMT Gummi-Metall-Technik GmbH, a leading worldwide specialist in the field of anti-vibration technology.
- Sangerhausen is located in the south of the region of Saxony-Anhalt and close to the logistics hubs Leipzig (Saxony) and Erfurt (Thuringia). Saxony-Anhalt and Thuringia have a total population of ~4.4 million. The unemployment rate in the region has gone down from over 20% in the 1990s to less than 7% in September 2019. GDP of Saxony-Anhalt has increased from €20.3 billion in 1991 to €63.5 billion in 2018 and the GDP of Thuringia has increased from €16.9 billion in 1991 to €63.8 billion in 2018.
- Neighbouring city, Leipzig, offers a strong logistics market with an area turnover of 343,000 sq m in 2018. Rental levels in Sangerhausen are materially lower than in Leipzig and this is reflected in the lower land values in Sangerhausen. Sangerhausen's emerging status is also proven by the higher yields in the town. Looking forward, infrastructural developments and growing demand in the region are expected to drive rental growth and yield compression.



THANK YOU

If you have any queries, kindly contact:
Cromwell EREIT Management Pte. Ltd.,
Chief Operating Officer & Head of Investor Relations, Ms Elena Arabadjieva at
elena.arabadjieva@cromwell.com.sg, Tel: +65 6920 7539,
or Newgate Communications at cerelit@newgatecomms.com.sg.



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