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CROMWELL EUROPEAN REIT

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Cromwell European REIT Outperforms Forecasts and Sets Stage for Further Growth

- Gross revenue and net property income exceed IPO Forecast[1] by 1.3% and 3.7%, respectively
- 13-month distribution per unit adjusted for rights issue[2] is 4.70 Euro cents, up 1.4% from IPO Forecast[1]
- Recent €377 million acquisition demonstrates CEREIT's execution strength and sourcing abilities
- 22 newly acquired properties to start contributing to earnings in coming quarters, providing stable and recurring income
- Active portfolio management, potential acquisitions, and responsible capital management to support long-term growth

	Actual 30-Nov-17 to 31-Dec-18	IPO Forecast[1] 30-Nov-17 to 31-Dec-18	Variance
Gross Revenue (€'000)	135,286	133,525	1.3%
Net Property Income (€'000)	90,180	86,973	3.7%
Income Available for Distribution to Unitholders (€'000)	74,370	73,356	1.4%
13-Month Distribution per Unit Adjusted for Rights Issue[2] (Euro cents per unit)	4.70	4.64	1.4%

[1] The prospectus of Cromwell European REIT dated 22 November 2017 ("**Prospectus**") disclosed a 1-month profit forecast for the period from 1 December 2017 to 31 December 2017 ("**December 2017 Forecast**"), and a full-year profit projection from 1 January 2018 to 31 December 2018 (the "**FY2018 Projection**"). The "IPO Forecast" figures in this media release refer to the summation of the December 2017 Forecast and the FY2018 Projection.

[2] The 13-month distribution per unit adjusted for rights issue compares the actual distribution per unit excluding the rights issue units to IPO Forecast on a like-for-like basis for the financial period.

SINGAPORE – Cromwell EREIT Management Pte. Ltd., the manager (the "**Manager**") of Cromwell European Real Estate Investment Trust ("**Cromwell European REIT**" or "**CEREIT**"), today announced CEREIT's financial results for the period 30 November 2017 (being the date of CEREIT's listing) to 31 December 2018 (the "**Financial Period**").

CEREIT generated gross revenue of €135.3 million during the Financial Period, 1.3% above the IPO Forecast[1] of €133.5 million, while net property income ("**NPI**") came in at €90.2 million, 3.7% higher than projected[1]. This was mainly attributable to the strong performance of its light industrial / logistics portfolio, which recorded higher-than-expected gross revenue and NPI, which were 2.2% and 7.9% above their respective IPO Forecast[1]. The light industrial / logistics properties in the Netherlands, Germany, and France did particularly well, achieving better-than-projected leasing outcomes. Overall, the light industrial / logistics portfolio's occupancy rate increased to 86.6%, up 1.4 percentage points from 85.2% as at 30 September 2018.

Income available for distribution to unitholders amounted to €74.4 million, 1.4% above the €73.4 million forecast during the IPO[1]. Given the Manager's intent to distribute 100% of CEREIT's income available for distribution until the end of 2019, this equates to a distribution per unit ("**DPU**") of 4.10 Euro cents for the Financial Period. Excluding the impact of a rights issue in late 2018 that enlarged CEREIT's unitholder base[3], the DPU would have been 4.70 Euro cents, 1.4% higher than projected[2].

CEREIT pays out its distributions semi-annually. A DPU of 2.53 Euro cents for the period from 30 November 2017 to 30 June 2018 was paid out on 28 September 2018, and a DPU of 1.57 Euro cents for the period from 1 July 2018 to 31 December 2018 will be paid out on 29 March 2019.

The Manager's Chief Executive Officer, Mr. Simon Garing, commented, "Cromwell European REIT ("CEREIT") has delivered year-to-date above the IPO Forecast, on a like-for-like basis, reflecting the strength of the Cromwell Property Group in Europe. This is an encouraging start for our first year of operations and we will continue working to provide unitholders with stable distributions over the long term. Our "barbell approach" to portfolio management and diversification across geographies, sectors, and myriad tenants hedge the risks from the uncertain global macro environment. We remain steadfast in our efforts to actively manage CEREIT's portfolio of properties while keeping a lookout for accretive acquisition opportunities."

[3] CEREIT has 2,181,978,000 issued units as at 31 December 2018, compared to 1,573,990,000 issued units as at 30 November 2017.

Active Asset and Portfolio Management

During the fourth quarter ended 31 December 2018, the Manager successfully renewed 12,893 square metres ("**sq m**") of leases in the light industrial / logistics portfolio. In line with its proactive tenant management strategy, the Manager also extended more than half of the leases subject to expiries or breaks in the first half of 2019, thereby helping to de-risk the portfolio. As at 31 December 2018, CEREIT's portfolio has an occupancy rate of 90.8%, up 3.1 percentage points compared to the occupancy rate stated in the Prospectus.

The Manager also implemented several major asset enhancement initiatives to improve the returns from the properties. Enhancement initiatives at Parc du Bois du Tambour in Nancy, France, led to the anchor tenant taking up more space and extending its lease, while refurbishment works for a new tenant at Duisburg Hochstrasse in Duisburg, Germany, resulted in the property being fully leased.

Mr. Garing added, "The improving occupancy rates of CEREIT's properties reflects our value-add strategy, underpinned by our in-depth research and local presence in each market – Cromwell Property Group's unique Pan-European proposition. We will continue to drive organic growth by optimising leases and augmenting the competitive positioning of our properties via asset enhancement initiatives that improve operating efficiencies and enhance valuations."

Accretive Acquisitions

Over the course of 2018, the Manager announced the acquisitions of 24 properties, 16[4] of which were completed during the Financial Period. The acquisitions completed during the Financial Period comprise predominantly office properties, with two situated in the Netherlands, 11 in Finland, and three in Italy[5,6]. Factoring in these completed acquisitions, the number of properties in CEREIT's portfolio increased from 74[7] as at its IPO to 90 as at 31 December 2018, and its portfolio value increased 25.2% from €1,354 million to €1,695 million over the same period. Significantly, the cumulative value of the 74 IPO properties and an office property in Ivrea, Italy acquired in June 2018, rose 6.3% from their €1,333 million purchase price to €1,418 million as at 31 December 2018.

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4 Excluding Firenze, an office property located in Tuscany, Italy, as that property is part of the IPO portfolio.

5 The acquisitions of the properties in the Netherlands and Finland were announced on 30 October 2018 and completed on 28 December 2018.

6 Transactions in Italy comprise (i) the acquisition of a freehold office property in Ivrea on 27 June 2018 and (ii) the acquisition of two freehold predominantly office properties (in Bari and Genova) that were announced on 30 October 2018 and completed on 5 December 2018.

7 Including Firenze, an office property located in Tuscany, Italy that was acquired in February 2018, in line with the Manager's stated intent during the IPO.

The acquisition of seven of the remaining eight properties were completed in early 2019. These comprise four predominantly logistics properties in France and three predominantly office properties in Poland[8]. The last property, in France, will no longer be acquired as the Manager was not satisfied with the outcome of the detailed due diligence process.

Including all completed acquisitions, the number of properties in CEREIT's portfolio increased from 74 as at IPO to 97 as at 14 February 2019, and its portfolio value increased 32.6% from €1,354 million to €1,795 million over the same period. CEREIT's portfolio now spans approximately 1.4 million sq m across seven countries in Europe; and 90.4% of the portfolio by value comprises freehold and continuing / perpetual leasehold properties.

"The acquisitions are expected to be accretive to unitholder value and will also provide CEREIT with lower concentration risk as well as higher income resilience," noted Mr. Garing. "The new office properties also give us access to two new markets – Finland and Poland, which have economic growth rates that are expected to outpace the Eurozone average[9], while increasing the tenant and trade sector diversity of the portfolio. In addition, we expect further upside as we work to raise occupancy levels, realise positive rental reversions, and selectively refurbish properties."

Responsible Capital Management

The Manager continues to adopt a responsible approach towards capital management. During the Financial Period, the Manager reduced CEREIT's gearing by 3.8 percentage points, from 36.8% as at 30 November 2017 to 33.0% as at 31 December 2018, largely as a result of a €224.1 million 38-for-100 rights issue in December 2018. This provides CEREIT with sufficient headroom for further investments.

CEREIT continues to benefit from the Eurozone's negative interest rate environment. 100% of its borrowings are Euro-denominated with a weighted average term to maturity of 3.0 years as at 31 December 2018, and over 87% are now hedged. As at 31 December 2018, CEREIT's annualised cost of debt (excluding its revolving credit facility) stands at ~1.4% and it has a very conservative interest coverage ratio of 8.9 times.

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8 The acquisition of the properties in France was announced on 30 October 2018, with three completed on 23 January 2019 and one completed on 14 February 2019, and the acquisition of the properties in Poland was announced on 30 October 2018 and completed on 14 February 2019.

9 Oxford Economics

Best Practice Approach to Sustainability

In September 2018, CEREIT participated in its inaugural Global Real Estate Sustainability Benchmark ("**GRESB**") assessment, achieving a satisfactory baseline score on which the Manager strove to improve.

Since then, CEREIT conducted its first customer satisfaction survey, and established measurable targets in line with its GRESB assessment. The survey results showed that overall customer satisfaction came in at an encouraging 58% and that more than 70% of tenants value their relationships with their respective country asset managers. More importantly, the customer satisfaction survey highlighted the key areas of improvement for the Manager and the property manager to focus on.

Looking Ahead

Though economic growth in the Eurozone is anticipated to be lower at 1.5% in 2019, this slowdown is partially driven by transitory factors, and the economy is expected to recover as the year progresses. Investors are undeterred by global and geopolitical headwinds and continue to look for real estate investment opportunities in Europe.

Mr. Garing concluded, "The intrinsic quality of CEREIT's IPO portfolio has been validated by its exceptional performance thus far and we remain optimistic about the prospects of the markets in which we operate. Europe's real estate markets are recording high levels of foreign capital as investors continue to be attracted to Europe's low cost of debt, as well as its deep and liquid markets, with our target properties offering stable yields of 5–7%. Our recent €377 million acquisition demonstrates our execution strength and our ability to source attractive assets. The 22 properties that we acquired have already been onboarded by our teams on the ground and their positive impact on CEREIT's earnings will be evident in the coming quarters. Leveraging our sponsor's extensive property management expertise, in-depth local market knowledge and disciplined research analysis, we are well-positioned to capitalise on further yield accretive acquisitions opportunities and will continue striving to deliver unitholder returns above CEREIT's cost of capital.

ABOUT CROMWELL EUROPEAN REAL ESTATE INVESTMENT TRUST

Cromwell European REIT is a real estate investment trust ("**REIT**") with the principal investment strategy of investing, directly or indirectly, in a diversified portfolio of income-producing real estate assets in Europe that are used primarily for office[10], light industrial / logistics[10], and retail purposes[11]. With a portfolio of 97 properties in or close to major gateway cities in Denmark, Finland, France, Germany, Italy, the Netherlands as well as Poland, and a balanced focus on the office[10] and light industrial / logistics[10] sectors, it is also the first REIT with a diversified Pan-European portfolio to be listed on Singapore Exchange Securities Trading Limited.

CEREIT's portfolio has an aggregate lettable area of approximately 1.4 million sq m with over 900 tenants and a WALE[12] profile of around 4.6 years. Comprising primarily freehold or ongoing leasehold[13] assets, the portfolio has an appraised value of approximately €1,795 million as at 14 February 2019[14].

CEREIT 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 15 countries, listed on the Australian Securities Exchange Ltd.

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[10] "Office" properties refer to real estate that are predominantly used for office purposes, whether in existence by themselves as a whole or as part of larger mixed-use developments and "light industrial / logistics" properties refer to real estate that are predominantly used for light industrial, warehouse, and logistics purposes, the majority of which may have an attached office component.

[11] "Retail" properties refer to real estate that are predominantly used for retail purposes.

[12] "WALE" is defined as weighted average lease expiry by headline rent based on the final termination date of the agreement (assuming the tenant does not terminate the lease on any of the permissible break date(s), if applicable).

[13] Classified as Continuing Leasehold or Perpetual Leasehold. A Continuing Leasehold is agreed in principle for an indefinite period of time but has a fixed ground rent paid to the land owner which must be re-agreed at the end of a certain period, which may result in a termination if the leaseholder and the land owner do not agree on the new ground rent. A Perpetual Leasehold is for an indefinite period of time and the ground rent has been paid off perpetually (which type of leasehold is most similar to a freehold situation).

[14] Valuation as at 31 December 2018 for the IPO portfolio and the property in Ivrea, Italy. For the 22 newly acquired properties, valuation dates are as follows: 27 September 2018 for the new properties in the Netherlands, Finland and Poland; 30 September 2018 for the new properties in Italy; and 19 October 2018 for the new properties in France.

[15] Comprising Cromwell Corporation Limited and the Cromwell Diversified Property Trust (the responsible entity of which is Cromwell Property Securities Limited).

IMPORTANT NOTICE

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