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(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.

PROPOSED UNIT CONSOLIDATION

1. INTRODUCTION

Cromwell EREIT Management Pte. Ltd., as manager of Cromwell European Real Estate Investment Trust (“**CEREIT**”, and the manager of CEREIT, the “**Manager**”), wishes to announce the proposed unit consolidation (the “**Proposed Unit Consolidation**”), details of which are set out below.

1.1 OVERVIEW OF THE PROPOSED UNIT CONSOLIDATION

The Proposed Unit Consolidation involves the consolidation of every five existing units in CEREIT (“**Units**”) held by unitholders of CEREIT (“**Unitholders**”) as at a record date to be determined by the Manager (the “**Record Date**”, and the existing Units held as at the Record Date, the “**Existing Units**”) into one Unit (the “**Consolidated Unit**”). The number of Consolidated Units which Unitholders will be entitled to, based on their holdings of Existing Units as at the Record Date, will be rounded down to the nearest whole Consolidated Unit and any fractions of Consolidated Units arising from the Proposed Unit Consolidation will be disregarded. Each Consolidated Unit will rank *pari passu* with each other.

1.2 RATIONALE FOR THE PROPOSED UNIT CONSOLIDATION

Increase in the market interest and attractiveness of CEREIT and its consolidated Units

The Manager believes the Proposed Unit Consolidation will generally be beneficial to CEREIT and its Unitholders as it would improve the attractiveness of CEREIT and the Units.

The Proposed Unit Consolidation will rationalise the capital of CEREIT by reducing the large number of Units in issue from 2,788,638,656 Existing Units in issue as at the date of this announcement to a maximum of 557,727,731 Consolidated Units following the completion of the Proposed Unit Consolidation.

In addition, the Existing Units have historically traded between €0.425 and €0.51 per Existing Unit in the period from 17 September 2020 to the date of this announcement. Following the Proposed Unit Consolidation, the Manager expects that, all other things being equal, the theoretical trading price and the net asset value (“NAV”) of each Consolidated Unit would be higher than the trading price and NAV of each Existing Unit, taking into account the decrease in the number of Units in issue following the Proposed Unit Consolidation.

For illustrative purposes in this announcement and based on the illustrative historical price of €0.435 per Existing Unit, the Manager has assumed that the theoretical trading price of each Consolidated Unit following the Proposed Unit Consolidation would be €2.175 per Consolidated Unit.

The volume weighted average price (“VWAP”) and the theoretical adjustment to the VWAP of CEREIT’s Units for the six-month period up to and including the date of this announcement are as follows:

VWAP for the six-month period up to and including the date of this announcement	€0.4652
Assuming that the Proposed Unit Consolidation was carried out prior to the six-month period up to and including the date of this announcement	
Adjusted VWAP for the six-month period up to and including the date of this announcement	€2.326

The Manager believes that, immediately following the Proposed Unit Consolidation, with the reduction in the number of Existing Units in issue and the resulting increase in the theoretical trading price of each Consolidated Unit, the Proposed Unit Consolidation is likely to improve the attractiveness of CEREIT and the Units, particularly among institutional investors, research houses and fund managers.

Potential reduction of magnitude of fluctuation in CEREIT’s Unit trading price and market capitalisation

The Manager believes that the Proposed Unit Consolidation will reduce the percentage point fluctuation in the trading of CEREIT’s Units, reduce excessive volatility in its market capitalisation and allow for Unit price movements that are more consistent with general market movements in terms of percentage changes.

As an illustrative example:

- Since the initial public offering of CEREIT, CEREIT’s euro-denominated counter CNUU.SI has traded in the range of €0.28 to €0.59.

- Using a rounded Unit trading price of €0.50 within the above-mentioned range for illustrative purposes, the mandated SGX bid-ask spread of €0.005 for counters below €1.00 will result in a 1.0 percentage point change in Unit trading price.
- Applying the Consolidation Ratio, the new theoretical price of a CEREIT trading Unit would be €2.50. With a unit trading price above €1.00, a €0.01 bid-ask spread will now apply, resulting in a much smaller percentage point impact of 0.4 percentage point change in Unit trading price.

The smaller percentage point impact from Unit trading price fluctuations may facilitate tighter price discount ranges during corporate actions which will provide long-term benefits to all Unitholders. The Proposed Unit Consolidation may then result in increased market interest and activity in the Consolidated Units and generally enhance the attractiveness of the Consolidated Units to investors, including institutional investors.

Potential reduction of percentage transaction cost for trading in each board lot of Consolidated Units

Trading in Units with small denominations results in higher transaction costs for investors, relative to the trading price due to bid-ask spreads.

As an illustrative example:

- Assuming a Unit trading price of €0.50, if an investor puts in an order to purchase €1,000 worth of Units, at €0.005/unit bid-ask for Units below €1.00, the transaction cost is a 1.0 percentage point spread, resulting in €10.0 of transaction costs for every €1,000.
- Following the Proposed Unit Consolidation, the new theoretical price of a Unit would now be €2.50. If an investor puts in an order to purchase €1,000 worth of Units at this theoretical price, the €0.01/unit bid-ask for Units above €1.00 will apply and the transaction cost is a spread of 0.4 percentage point, resulting in €4.00 of transaction costs for every €1,000.
- The Proposed Unit Consolidation would therefore save an investor €6.00 per every €1,000 traded. The effect on bid-ask spreads from the Proposed Unit Consolidation may then result in increased cost savings to all Unitholders.

Lower Brokerage Trading Costs to Investors

Trading in Singapore's stock market involves certain minimum fixed expenses (including but not limited to minimum brokerage fees, clearance fees, and settlement fees). Consequently, trading in the Units with small denominations results in higher costs relative to the trading price, for each board lot of Units and also results in greater price fluctuations. The Proposed Unit Consolidation will result in higher Unit price denomination, therefore reducing the brokerage trading costs as a percentage of each board lot of Consolidated Units.

Unitholders should note, however, that there is no assurance that the Proposed Unit Consolidation will achieve the above desired results, nor is there assurance that such results (if achieved) can be sustained in the longer term.

For the avoidance of doubt, the Proposed Unit Consolidation **will not**:

- (a) affect the total distributable income of CEREIT;
- (b) affect the total net asset value of CEREIT, with the exception of anticipated costs of €35,000 relating to the consolidation exercise;
- (c) require any payment from Unitholders;
- (d) result in any return of capital to Unitholders; and
- (e) dilute the unitholdings of Unitholders.

1.3 FINANCIAL EFFECTS OF THE PROPOSED UNIT CONSOLIDATION¹

The pro forma financial effects of the Proposed Unit Consolidation on the distribution per Unit (“DPU”) and NAV per Unit of CEREIT presented below are strictly for illustrative purposes and were prepared based on the audited financial statements of CEREIT for the financial year ended 31 December 2020 (“FY2020”) and assuming that the Proposed Unit Consolidation was completed on 31 December 2020.

Pro Forma DPU

The following table sets out the pro forma financial effects of the Proposed Unit Consolidation on CEREIT’s DPU for FY2020, assuming that the Proposed Unit Consolidation was completed on 31 December 2020.

	Before the Proposed Consolidation	After the Proposed Consolidation
Distributable Income (€’000)	89,143	89,143
Total number of Units in issue⁽¹⁾	2,556,080,556	511,216,111
DPU⁽¹⁾ (cents)	3.484	17.420

Note:

- (1) Refers to the 2,556,080,556 Existing Units assumed to be in issue before the Proposed Unit Consolidation and the 511,216,111 Consolidated Units assumed to be in issue after the Proposed Unit Consolidation.

Unitholders should note that the Proposed Unit Consolidation will not affect the total distributable income of CEREIT.

Pro Forma NAV per Unit

The following table sets out the pro forma financial effects of the Proposed Unit Consolidation on CEREIT’s NAV per Unit for FY2020, assuming that the Proposed Unit Consolidation was completed on 31 December 2020.

1 The financial effects of the Proposed Unit Consolidation are based on the total number of Existing Units in issue as at the date of this announcement. However, new Units will be issued on 31 March 2021 to Unitholders who have elected to receive their distribution of €2.324 cents per Unit for the period from 1 July 2020 to 4 March 2021 pursuant to the distribution reinvestment plan announced on 23 February 2021. The updated financial effects of the Proposed Unit Consolidation will be reflected in the Circular to be despatched to Unitholders.

	Before Proposed Consolidation	the Unit Proposed Consolidation	After Proposed Consolidation	the Unit
NAV (€'000)	1,302,152		1,302,117	
Total number of Units in issue⁽¹⁾	2,556,080,556		511,216,111	
NAV per Unit^{(1),(2)} (€)	0.509		2.547	

Notes:

(1) Refers to the 2,556,080,556 Existing Units assumed to be in issue before the Proposed Unit Consolidation and the 511,216,111 Consolidated Units assumed to be in issue after the Proposed Unit Consolidation.

(2) NAV per Unit is equivalent to Unitholders' funds per Unit.

FOR ILLUSTRATIVE PURPOSES ONLY, assuming that prior to the Proposed Unit Consolidation, a Unitholder owned 1,000 units and the trading price of a Unit was equal to the NAV per Unit as at 31 December 2020 of €0.509, the Unitholder's 1,000 Units would be worth a total of €509.00. Post the Proposed Unit Consolidation, the Unitholder would own 200 Consolidated Units and the revised NAV per Consolidated Unit as at 31 December 2020 would adjust to €2.547 per Consolidated Unit such that the 200 Consolidated Units held by the Unitholder would still be worth a total of €509.00.

Assuming that such Unitholder received a distribution of €3.484 cents per Unit for FY2020, or €34.84 in total for the 1,000 Units held prior to the Proposed Unit Consolidation, post Unit Consolidation, the FY2020 *proforma* DPU would be €17.42 cents per Consolidated Unit, and €34.84 in total for the 200 Consolidated Units, equivalent to the amount received pre-Unit Consolidation.

Unitholders should note that the Proposed Unit Consolidation will not affect the total NAV of CEREIT with the exception of anticipated costs of approximately €35,000 relating to the Proposed Unit Consolidation exercise.

2 APPROVALS AND CONDITIONS FOR THE PROPOSED UNIT CONSOLIDATION

The Manager will be seeking the approval of Unitholders by way of an ordinary resolution at an extraordinary general meeting ("**EGM**") to be convened. The Manager will also be seeking the in-principle approval of Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for the listing and quotation of the Consolidated Units created pursuant to the Proposed Unit Consolidation. An announcement on the outcome of the application will be made in due course.

3 DESPATCH OF CIRCULAR

Upon receipt of approval from the SGX-ST, a circular containing further details of the Proposed Unit Consolidation and the EGM will be despatched to Unitholders in due course.

By Order of the Board

Simon Garing

Executive Director and Chief Executive Officer

Cromwell EREIT Management Pte. Ltd.

(Company registration no. 201702701N)

(as manager of Cromwell European Real Estate Investment Trust)

17 March 2021

IMPORTANT NOTICE

The value of units in CEREIT ("**Units**") and the income derived from them may fall as well as rise. Units are not investments or deposits in, or liabilities or obligations, of the Manager, Perpetual (Asia) Limited (in its capacity as trustee of CEREIT) (the "**CEREIT Trustee**"), or any of their respective related corporations and affiliates (individually and collectively "**Affiliates**"). An investment in Units is subject to equity investment risk, including the possible delays in repayment and loss of income or the principal amount invested. Neither CEREIT, the Manager, the CEREIT Trustee nor any of the Affiliates guarantees the repayment of any principal amount invested, the performance of CEREIT, any particular rate of return from investing in CEREIT, or any taxation consequences of an investment in CEREIT. Any indication of CEREIT's performance returns is historical and cannot be relied on as an indicator of future performance.

Investors have no right to request that the Manager redeem or purchase their Units while the Units are listed. It is intended that investors may only deal in their Units through trading on the SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units. This material 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 several risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of occupancy or property rental income, changes in operating expenses, governmental and public policy changes and the continued availability of financing in amounts and on terms necessary to support CEREIT's future business. You are 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 for information purposes only and does not have regard to your specific investment objectives, financial situation or your particular needs. Any information contained in this material is not to be construed as investment or financial advice and does not constitute an offer or an invitation to invest in CEREIT or any investment or product of or to subscribe to any services offered by the Manager, the CEREIT Trustee or any of the Affiliates.