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1H 2021 Distributable Income +3.6% to €46.2 million; +5.9% Rent Reversion; NPI +4.9% Like-for-like; 2Q 2021 Eurozone GDP +13.7% Q-o-Q

- 1H 2021 net property income ("**NPI**") up +11.4% year-on-year, and up +4.9% on a like-for-like basis[1]
- 2Q 2021 distribution per unit ("**DPU**") up +20.7% and 1H 2021 DPU up +4.1%, both on a like-for-like basis[2]
- Portfolio occupancy at 94.9% as at 30 June 2021, unchanged for the past six months
- Rent reversion[3] of +5.9%, accelerating to +10.0% in 2Q 2021, up from -1.3% in 1Q 2021
- Eurozone gross domestic product ("**GDP**") up +2.0% in 2Q 2021 quarter-on-quarter and up +13.7% year-on-year

	1H 2021	1H 2020	Variance
Gross Revenue (€'000)	99,019	93,660	5.7%
Net Property Income (€'000)	64,287	57,721	11.4%
Income Available for Distribution to Unitholders (€'000)	46,159	44,565	3.6%
DPU (Euro cents)	8.502	8.717	(2.5%)

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 six months ended 30 June 2021 ("**1H 2021**").

CEREIT's NPI rose 11.4% year-on-year to €64.3 million in 1H 2021, up from €57.7 million in the first half of 2020 ("**1H 2020**"). The uplift was mainly due to higher revenue from newly-acquired assets in Italy, the Czech Republic and Slovakia and the absence of doubtful debt provisions in 1H 2021. Like-for-like[1], 1H 2021 NPI was up +4.9%, supported by rent reversion rate of +5.9%, which accelerated to +10.0% in 2Q 2021, up from -1.3% in 1Q 2021.

Income available for distribution to unitholders was €46.2 million, 3.6% higher than the €44.6 million recorded in 1H 2020. Cash collection rate remained high at ~96% since February 2020, with no material rent abatements agreed in 1H 2021.

DPU for 1H 2021 was 8.502 Euro cents[4], 2.5% lower than the prior corresponding period. This was due to the gap between the recent private placement and the completion of acquisitions, higher interest costs as a result of the November 2025 EMTN[5] (which increased CEREIT's WADE[6] to ~4 years) and zero distribution of capital gains in 1H 2021. Like-for-like[2], 2Q 2021 DPU and 1H 2021 DPU increased +20.7% and +4.1% year-on-year, respectively, after adjusting for the €2.8 million capital top-up in 2Q 2020.

Unitholders will receive a distribution of 5.602 Euro cents per unit for the period from 5 March to 30 June 2021, with an ex-distribution date of 20 August 2021 and a payment date of 28 September 2021. The advanced distribution of 2.900[7] Euro cents per unit for the period 1 January to 4 March 2021 was paid out on 31 March 2021.

CEREIT's distribution reinvestment plan ("**DRP**"), which was introduced in February 2021, applies to the 1H 2021 distribution. It provides existing unitholders with an opportunity to reinvest into new units at a discounted price without incurring transaction costs. The DRP price, to be announced on 24 August 2021, will be at a 2% discount to the 10-day volume-weighted average price from 10 August 2021, adjusted for the above-mentioned 5.602 Euro cents distribution.

Independent valuations were conducted for 80 properties[8] as at 30 June 2021, representing ~80% of CEREIT's portfolio by value as at 31 December 2020. The net valuation increased by 1.9% or €31.8 million, as compared to their December 2020 valuations. This resulted in a €2.51 net asset value ("**NAV**") per unit, with adjusted NAV excluding distributable income unchanged at €2.46 per unit as compared to 31 December 2020. Fair value gains on CEREIT's portfolio have cumulatively increased 9.6% compared to original purchase prices (exceeding €100 million), most significantly in Germany (+41.7%), Denmark (+21.4%), France (+21.4%) and the Netherlands (+12.8%).

The Manager's Chief Executive Officer, Mr. Simon Garing, commented, "We are pleased to report an excellent set of results, considering the prolonged effect from COVID-19. CEREIT's quality diversified portfolio has supported its income resilience, maintaining a high portfolio occupancy at 94.9%. The second quarter saw a substantial pick-up in leasing activities which resulted in +10% rent reversion, leading to an overall +5.9% rent reversion in 1H 2021, partly reflecting the +13.7% year-on-year Eurozone GDP growth for 2Q 2021. This stronger consumer price index and GDP growth led to a DPU increase of +20.7% in 2Q 2021 and +4.1% in 1H 2021, on a like-for-like[2] basis."

Active Leasing across the Portfolio

Over the first six months of 2021, CEREIT's portfolio occupancy was stable at 94.9%, despite the impact of protracted COVID-19-related restrictions across Europe. The Manager secured 75 new leases covering 38,132 square metres ("**sqm**") and renewed 38 leases spanning 47,036 sqm in 1H 2021, accelerating in the second quarter of 2021. 41% of headline rent expiries and breaks up to 31 December 2021 have been de-risked as at 30 June 2021.

Positive rent reversion in the light industrial / logistics sector has been recorded in 12 out of past 14 quarters, with +5.8% rent reversion in 2Q 2021 and +4.0% in 1H 2021. The office sector registered +17.7% rent reversion in 2Q 2021 and +13.7 in 1H 2021, following a major lease renewal by McDermott (a global premier energy engineering company) at Haagse Poort, the Hague, the Netherlands.

Key leasing successes include the renewal of 6,330 sqm of space in Frickenhausen, Stuttgart in Germany to a single tenant-customer and an additional 6,874 sqm expected to be renewed by the same tenant-customer. In Denmark, the country's largest beverage distributor, Ambrosia, signed a new 6.5-year lease for 6,100 sqm in Priorparken 700, Copenhagen. An additional 2,200 sqm was leased in the same asset.

The CEREIT portfolio continued to maintain a long WALE[9] of 4.7 years as at 30 June 2021, despite an ongoing market trend for higher flexibility in the form of shorter lease terms across the office sector. The Manager achieved 74% tenant-customer retention rate by estimated rental value, reflecting the capabilities of Cromwell Property Group's[10] extensive on-the-ground asset management team.

Strategic Acquisitions and Divestments

In June 2021, the Manager announced that it had acquired a modern freehold logistics asset in Hradec Králové, the Czech Republic, for €10.1 million at an attractive 6.4% net operating income ("**NOI**") yield, below two independent valuations. The acquisition expands CEREIT's presence in the emerging markets in Central Europe to 15.3% of its portfolio. The region is benefitting from deepening integration of its logistics networks and manufacturing supply chains with its neighbouring Western European countries.

In August 2021, the Manager made its first acquisition in the UK – Kingsland Estate, a freehold logistics property in Warrington for £10.0 million (approximately €11.7 million[11]) at a 5.6% NOI yield. UK is one of the most liquid real estate markets in the world and the largest logistics market in Europe. The strong fundamentals of the UK logistics market are expected to provide stable cashflows, attractive running yields and income growth through active asset management.

Since the beginning of 2020, the Manager has completed approximately €242 million in light industrial / logistics acquisitions at a 6.7% blended NOI yield, bringing CEREIT's light industrial / logistics sector portfolio weighting to 39%. The active pipeline of opportunities in Western Europe, including the UK, will bring it closer to its stated target of a 50% portfolio weighting to this sector. These aspirations can be funded by CEREIT's cash position of €80.8 million and access to diverse funding sources and capital recycling.

Asset Enhancement Initiatives

CEREIT has a number of redevelopment opportunities in its portfolio. The Manager is in advanced planning for an estimated €20 million asset enhancement initiative at Via Nervesa 21 in Milan, Italy. The Manager expects the local council to award CEREIT an additional 20% in net lettable area due to the design efficiency and 'Green Credit' bonus schemes, bringing the NLA to a total of ~9,900 sqm and repositioning the property as a LEED[12] Platinum A+ grade quality. Subject to securing final approvals and pre-lease commitments, the planned asset enhancement is expected to be completed in mid-2023.

The Manager has also completed several value-add asset enhancement initiatives in In 1H 2021. Highlights include properties in Germany and Denmark, where the asset enhancements resulted in significant valuation uplifts. At Hochstraße 150-152, Duisburg in Germany, an original structural void was converted into flexible office, production and warehouse areas, resulting in an almost two-fold increase of its valuation from purchase price, to €9.6 million as at 30 June 2021. In Denmark, the ground floor office space of Stamholmen 111 in Hvidovre was converted into flexible warehouse space, thereby de-risking the asset with a multi-let strategy and causing the valuation of the asset to increase 74% from its purchase price to €7.5 million as at 30 June 2021.

Responsible Capital Management

CEREIT reported 37.9% aggregate leverage[13] as at 30 June 2021, which remains comfortably within the board-approved range of 35-40%. Its interest coverage ratio[14] stands at 6.0 times, well in excess of the covenants for its loans and EMTN[6]. The total all-in interest rate remains low at ~1.72%.

Following the successful bond issuances in November 2020 and January 2021, CEREIT has no debt expiring until November 2022. Its WADE profile stands at 3.8 years as at 30 June 2021. The €200 million revolving credit facility remains fully undrawn, providing flexibility and ample liquidity.

The Manager's transformational capital management initiatives since 2019 have resulted in 91% of CEREIT's debt being unsecured as at 30 June 2021, with only one legacy secured facility remaining. The bond issued in November 2020 continues to trade strongly with a current bid yield price of 1.14%[15]. CEREIT's 'BBB-' investment-grade credit rating from Fitch Ratings remains stable.

CEREIT's 5:1 unit consolidation was completed in May 2021 and its units have seen an effective 76% increase trading liquidity on the SGX-ST over the past three months. Subject to maintaining the appropriate liquidity and free float levels, CEREIT is a step closer to being included on the EPRA Nareit Developed Asia Index.

Recognised for Excellent Corporate Governance

CEREIT retained its 'Top 10' position amongst all Singapore-listed REITs and business trusts in the Singapore Governance and Transparency Index 2021, the leading index for assessing the corporate governance practices of Singapore-listed companies and trusts. The Manager also received a 9% year-on-year increase in GRESB[16] with 73 points, exceeding management KPIs and ranking CEREIT 8th amongst its 26 'Diversified – Office / Industrial (Europe)' peers.

These achievements bear testament to the Manager's commitment to ensuring high levels of corporate governance and proactive approach to sustainability, in line with the values of the Sponsor and with guidance from the Board.

Outlook

The Eurozone GDP is projected to expand by 4.9% in 2021 as vaccination programmes continue pace, movement restrictions ease and business activities gradually resume, barring unforeseen circumstances such as the spread of new variants and renewed lockdowns. Preliminary flash estimates from Eurostat show that the Eurozone's 2Q 2021 GDP is up +2.0% quarter-on-quarter and +13.7% year-on-year. Over the next few months, broader economic recovery remains linked to vaccination rollout and the unblocking of the global supply chain. The EU 27 countries have already achieved 72.9% cumulative uptake of at least one vaccination and 62.2% of the population are fully vaccinated[17] (adults aged 18 and above). At the current rate, supported by proactive government initiatives, the European Union is ahead of its target to fully vaccinate 70% of adults by the end of September[18].

In the European office sector, the average vacancy rate across key cities increased to 8.6% in 2Q 2021 from 8.3% in the prior quarter (still well below the 10.6% seen after the Global Financial Crisis), mainly due to challenging business conditions and companies reassessing their space needs. Despite the average increase in availability, office rents in prime locations remained stable, albeit incentive levels are varied across cities, as recently reported by CBRE.

The Manager is also monitoring the trend of companies looking for increasingly flexible leasing terms to accommodate the growing number of tenant-customers adopting hybrid work models. With close to 70% of CEREIT's office portfolio green-certified with appeal to post-pandemic office tenant-customers' requirements, the Manager is confident that the CEREIT portfolio is able to adapt to the changing environment of office design and technology.

In the European logistics sector, the COVID-19 pandemic accelerated the shift to e-commerce, which in turn fuelled occupier demand from related sectors, such as third-party logistics and warehousing companies. The rise in demand, coupled with low supply and vacancy rates, has driven rent increases and expected capital value growth. In 2Q 2021, average vacancy rates fell marginally to 4.2%, down from 4.5% in the previous quarter. As more businesses look to move the supply chain closer to the end-consumer for delivery and collection, there is greater demand for “last mile” logistics and for warehousing space specifically dedicated to improving customer satisfaction, including time-to-delivery, reducing delivery costs and product return convenience.

CEREIT’s light industrial / logistics assets are strategically located within European gateway cities. CEREIT’s current light industrial / logistics occupancy of 94.3% is the highest to date, up from 85.4% in late 2017, reflecting the Manager’s ability to capitalise on this shift.

Mr. Garing concluded, “The 1H 2021 results reaffirm our positive outlook towards the continuing strength of the light industrial / logistics segment, based on the structural shift towards e-commerce and global trade soon to re-emerge. This supports CEREIT’s current pivot towards a 50% portfolio weighting to the light industrial / logistics sector. With high cash holdings and access to substantial funding, we look forward to securing further attractive acquisitions. The Manager’s track record demonstrates Cromwell’s execution capabilities and validates our focus on active asset and capital management, acquisitions, divestments and redevelopments, supporting long-term growth in DPU and NAV per unit.”

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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 income-producing real estate assets in Europe that are used primarily for office and light industrial / logistics and retail purposes. The investment strategy of CEREIT is focused on a long-term target portfolio of at least 75% or more within Western Europe and at least 75% or more in office and light industrial / logistics. CEREIT's purpose is to provide unitholders with stable and growing distributions and net asset value per unit over the long term.

CEREIT's portfolio comprises 109[19] properties with an appraised value of approximately €2,349 million[20] 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[10] 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[11], a real estate investor and manager with operations in 14 countries, listed on the Australian Securities Exchange Ltd.

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1 Excluding acquisitions completed in 2H 2020 and 1H 2021 and 12-asset disposal from 1H 2020
2 Excluding €2.8 million capital top-up paid out in 1H 2020
3 Calculated as a percentage with the numerator the new headline rent of all modified, renewed or new leases over the relevant period and denominator the last passing rent of the areas being subject to modified, renewed or new lease
4 Post 5:1 consolidation
5 Euro medium-term note
6 Weighted average debt expiry
7 In relation to the 24 February private placement; actual 0.58 Euro cents, adjusted for 5:1 consolidation
8 CBRE valued 50 properties in Finland, Germany, Italy and the Netherlands and Savills valued 30 properties in Denmark, France, Poland and Czech Republic; Hradec Králové in Czech Republic was only purchased in June 2021 and therefore was carried at its purchase price; the rest of the portfolio are carried at the Directors' valuation.
9 WALE is defined as weighted average lease expiry by headline rent based on the final termination date of the agreement (assuming the leases are not terminated on any of the permissible break date(s), if applicable).
10 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)
11 Based on exchange rate of £1:€1.17
12 Leadership in Energy and Environmental Design
13 Calculated as per the Property Funds Appendix ("**PFA**"). Leverage Ratio as per the EMTN prospectus is 36.8%, defined as consolidated net borrowings (including capitalised finance leases and excluding cash and cash equivalents) divided by consolidated total assets
14 Calculated as per the PFA based on net income before tax, fair value changes and finance costs divided by interest expense and amortised debt establishment costs
15 Source: Thomson Reuters Eikon as at 6 August 2021
16 Global Real Estate Sustainability Benchmark
17 European Centre for Disease Prevention and Control as at 11 August 2021
18 Reuters article: "EU says it is on track for 70% vaccination target by end summer" published on 27 July 2021
19 Also including Parc de Popey as the divestment is announced but not yet completed
20 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 1H 2021 and any other adjustments. This is with the exception of the new acquisition in Czech Republic acquired on 3 June 2021 (Hradec Králové) and the new acquisition in the UK, which are recorded at their purchase prices and the French asset held for sale (Parc de Popey) carried at its sale price